

An aerial photograph of St. Peter's Basilica and St. Peter's Square in Rome. The basilica's large dome is prominent in the upper left. The square below is a large, elliptical plaza with a central obelisk and radiating paths. The square is surrounded by a curved colonnade of white columns. The surrounding city of Rome is visible in the background.

The Intersection of Faith & Enterprise: Engaging the Catholic Community in Impact Investing

**17th ACWECA PLENARY ASSEMBLY
Tuesday 29th August, 2017**



“Impact investors are those who are conscious of the existence of serious unjust situations, instances of profound social inequality and unacceptable conditions of poverty affecting communities and entire peoples. Investments of this sort are meant to have positive social repercussions on local communities, such as the creation of jobs, access to energy, training, and increased agriculture productivity.”



-Pope Francis,
June 16, 2014

2nd Vatican Conference on Impact Investing



- 170 people from all religions
- Mainly Catholic investors and leadership
- Region and Country level:
 1. leadership training
 2. entrepreneurship training
 3. mentor networks
 4. online tools
 5. access to investment financing



Vatican Pre-Conference Workshop – June 23-25, 2016



What is the Relevance of Impact Investing to the Social Ministry of the Church?



Life and Dignity of the Human Person

Freedom from poverty, dignity of the investor and investee

Community and Solidarity

Serving the common good not just self-interest; multiplier effects of clean water, better healthcare, sustainable agriculture

Option for the Poor and Vulnerable

Closing the rich/poor gap; the poor as entrepreneurs, innovators, producers, and consumers

Dignity of Work and the Rights of Workers

Increasing the quantity and quality of jobs, providing skills and training for a better life

Care for God's Creation

Preserving natural resources, preventing pollution, improving water and waste management, sustainable energy

Catholic Relief Services - Overview

CRS acts to promote human development by responding to major emergencies, fighting disease and poverty, and nurturing peaceful and just societies; and, serve Catholics in the United States as they live their faith in solidarity with their brothers and sisters around the world.

INCREASE IMPACT
& INFLUENCE IN
**3 SIGNATURE PROGRAM
AREAS:**



Emergency
Response & Recovery



Agriculture &
Livelihoods



Health &
Social Services

DEEPEN
EXPERTISE IN
**5 CORE
COMPETENCIES:**

Partner Collaboration & Support

Justice & Peacebuilding Integration

Monitoring, Evaluation, Accountability & Learning

Information & Communications Technology for Development

Global Brand Management

CRS Impact Investing Activities

INVESTMENT
(FUNDS, PROGRAM-ALIGNED)

GRANT SUPPORT

CAPACITY BUILDING
(CRS LEADERSHIP/STAFF, CHURCH)

SECTOR INFLUENCE & PARTNERSHIPS

What is Impact Investing?

Impact Investing is placing money in *social enterprises* that *intentionally* create positive social benefit and financial return

- Provide money – in the form of loans (debt financing)
- Provide money in return for a share of ownership (equity financing)
- Expect a financial return
- Expect to achieve *measurable* social and/or environmental impact through the operations of businesses being supported



Why Impact Investing?

- Huge social and environmental issues
- Not enough government and donor funding
- Private sector has more funding available
- Private sector is funding social enterprises
- Donors are funding more blended capital: public and private; grant and investment
- Global effort to find sustainable solutions to problems of poverty and the environment

What is a Social Enterprise?



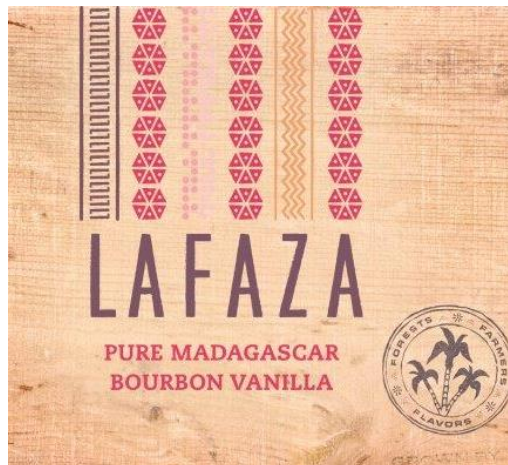
A social enterprise is a business created to further a social purpose in a financially sustainable way:

- Product or service with measurable social impact
- Addresses a problem that affects many people
- Not completely reliant on philanthropy
- Integrates its impact and business model

Social enterprises differ from charities/social ministries in their:

- ✓ Financial sustainability
- ✓ Ability to access investment capital

Lafaza Investment – Vanilla Farmers Need Secure Access to Markets.



CRS Program:
Small holder vanilla farmer
and curer beneficiaries



Impact: 5,250 people

Impact Investment:
\$1.75M Working Capital
Facilitated DCA Guarantee

Lafaza sells vanilla under its
own label and to
international buyers

Most Aligned Organizations for Support and Investing

Foundation

Ford, Argidius, Heron, Tony Elumelu, Omidyar, Gates, Skoll

Non-Governmental Org.

CRS, Cordaid, BRAC, AKDN, Mercy Corps, ACDI/VOCA, Pact, CARE

Impact Fund Manager *

Oikocredit (Coop), Skopos, Acumen, Root Capital, Bamboo Finance, D-Capital

Development Finance Inst.

European Development Bank, IFC, OPIC, AfDB, Asian Development Bank, IADB, FMO (Dutch), IsDB

Family Home Office (FHO)

Bessamer, Blue Haven, Aspiriant, KL Felicitas, Porticus

Individual Investor

Toniic, PYMWYMIC, Investors Circle, Women Effect

* Does not include government institutions: USAID, DIFID, SIDA, etc.

* Many are organized as an NGO

Impact Investor Profile – Oikocredit



Oikocredit came out of the **1968 meeting of the World Council of Churches calling for an ethical investment channel that supports peace and universal brotherhood**. It has the goal to promote social justice by providing credit.

Provides long-term capital and other support needed to build businesses that support families, sustain communities, and help protect the planet.

Today:

- **over € 1 billion** in loans and investments
- **\$80k to \$5 million** investment size
- Latin America, **Africa** and Asia.
- Invests in microfinance institutions, cooperatives, fair trade organizations, agriculture enterprises and renewable energy projects.

Agriculture SME Kenya



Greenforest Foods
L I M I T E D



Natural Beeswax



Honey



Peanuts



Peanuts as a life changer

Greenforest Foods
Nairobi, Kenya

www.oikocredit.coop

 **OIKO**
CREDIT
investing in people

2017 ACWECA Plenary Assembly – Leadership Workshop

Catholic Ministries and Social Impact Investing – An Introduction

SATURDAY, SEPTEMBER 2, 2017

SELECT SESSIONS

What is Social Enterprise and Impact Investing?

Significance of Social Enterprise and Impact Investing to the Church

Moderator: Mary Mwang (ANDE)i; **Panelists:** Sr. Priscar Mantenga, DOR; Sr. Betty Grace Atim, LMSIG

Serving the Poor: Social Enterprise Impact & Measurement

What Does It Take to Run a Successful Social Enterprise?

Guest Speaker: Bahati Masuruli (Private Agriculture Sector Support), Richard Bruno (PASS-AIC), Juan Guardado (Natural Extracts Industries)

Types and Providers of Investment Capital / Impact Investing Landscape

Guest Speakers: Mary Mwangi (ANDE), Fr. Celestino Bundi (Pontifical Mission Societies / PMS)

HANDOUT



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What is Social Enterprise and Impact Investing?

17th ACWECA Plenary Assembly: Catholic Ministries and Social Impact Investing – An Introduction Workshop

Dar es Salaam, Tanzania

September 2, 2017

faith. action. results.



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June 16, 2014

CST & Impact Investing



“The purpose of a business firm is not simply to make a profit, but is to be found in its very existence as a community of persons who in various ways are endeavoring to satisfy their basic needs, and who form a particular group at the service of the whole of society.”

~ John Paul II, Centesimus annus, 35



On Profit

“Naturally, profit is legitimate and, in just measure, necessary for economic development.”

—Benedict XVI, Angelus (September 23, 2007)

“The Church acknowledges the legitimate *role of profit* as an indication that a business is functioning well.”

—John Paul II, *Centesimus annus*, 35

“Profits are necessary.... They make possible the investments that ensure the future of a business and they guarantee employment.”

—*Catechism of the Catholic Church*, 2432 (584)

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Characteristics of a Social Enterprise

Business Model



Revenue Streams

Contributed Income

- Grants
- Donations

Earned Income

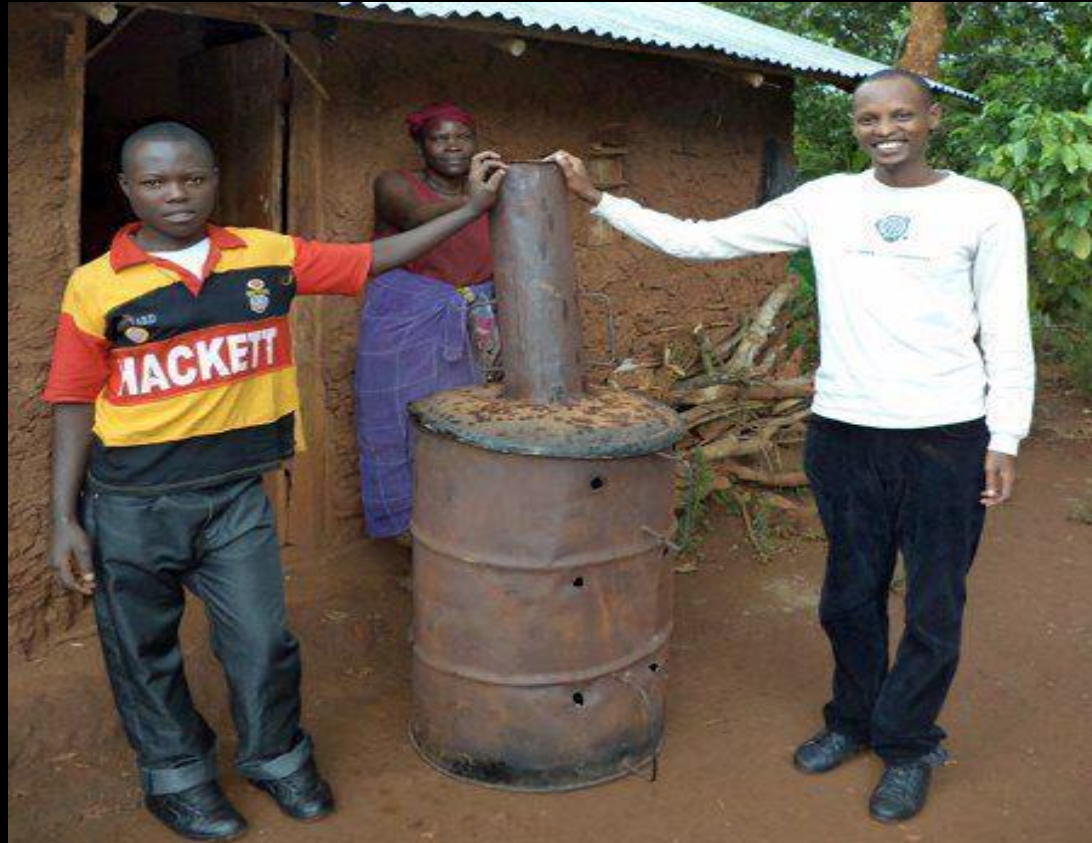
- Product sales
- Service sales

Source: www.devbattles.com

Elements of a Social Enterprise

- Mission
- Problem Statement and Solution
- Business Model
- Challenges
- Impact Capital “Ask”





**Mission: Agricultural waste to affordable clean, cooking fuel
for low-income households in Uganda**



Problem Statement

35M people, 80% are farmers living in poverty

75% of the forest are already lost

Cooking fuel is 40% of household income



Solution: Green Briquettes



Produced from agricultural waste

65% cheaper than charcoal

Usable in any cook stove

Burns cleaner and longer

Business Model: Increased Income along the Value Chain



Farmers

- Increase income by 23% on average



Eco-fuel Africa

- 50% gross margin



Micro-Retailers

- Increase disposable income by 50%



Households

- Increase disposable income by 30%



Challenges: Increase Capacity, Lower Cost



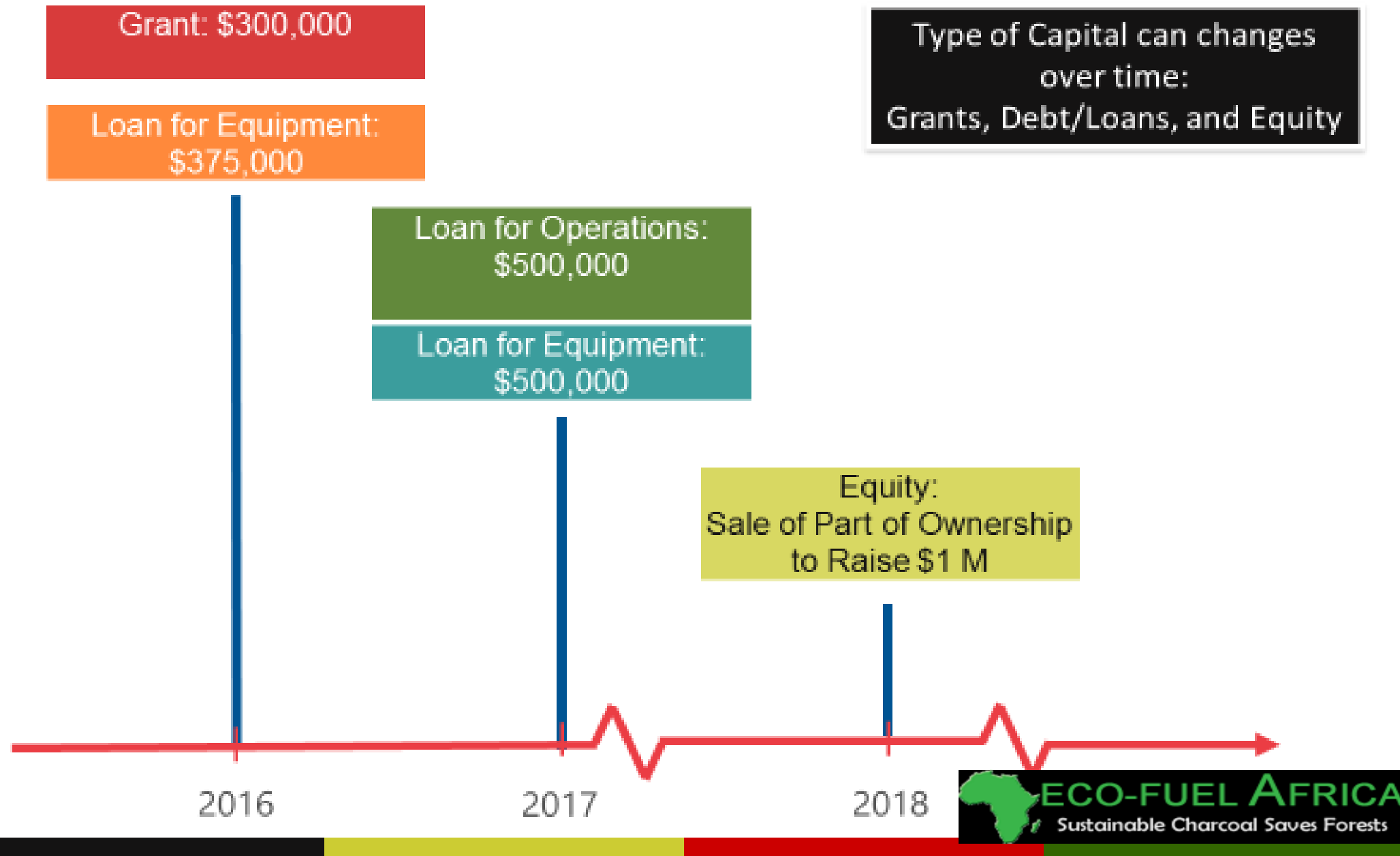
Challenges: Increase Capacity, Lower Cost



- Manual, batch process transition to inline automation
- Cost effective, reliably available product



Needed a Combination of Grants and Investment Capital



Reflection (35 mins)

- Break into groups
- Take 20 minutes
- Each group share one point for each question (2 mins each)

Questions

- ✧ How do social enterprises differ from your current social ministries?
- ✧ What are some examples from your congregation of activities that can become social enterprises?

The Journey from Social Program to Social Enterprise



- *“People good at developing a social project may not be good at developing a social enterprise.” -- Nicholas Colloff, Argidius Foundation*

Model	Focus	Key Challenges	Skill Sets Required
Traditional Charity	Maintaining Programs	Maintaining quality and funding	Empathy, Fundraising, Program Implementation
Transitional Mode	Testing/Piloting	Developing new model and finding internal advocates	Market Research and Analysis; Internal Advocacy; Organizational Design and Change
Social Enterprise	Implementing /Expanding New Model	Institutionalizing new culture, norms, processes	Human Resource Management, Marketing, Sales, Financial Management, Audit/Evaluation

Pop Quiz:
Are these Impact Investments?

Is this an Impact Investment?

Lundin Foundation lent \$175K to Rent-to-Own Zambia, which profitably rents agricultural equipment to small shareholder farmers. Farmers gain ownership of the equipment by the end of the rental period and increase their volume of goods sold, revenue, and gross profit.

YES!

1. Lundin **did** make an investment (loan / debt)
2. Lundin **does** expect a financial return (interest)
3. Lundin **does** expect to create a positive social benefit/a social return (increased farmer income and assets)

Read more about this deal, [here](#).

Is this an Impact Investment?

CRS Aruba is working with 5000 small shareholder corn farmers to improve their production. CRS wants to sign an MoU with Kellogg to buy from its farmer cooperatives. This project will increase farmers' revenue, gross profit, and volume of goods sold.

NO!

1. CRS Aruba and Kellogg did not make an investment
2. CRS Aruba and Kellogg did not expect a financial return
3. CRS Aruba and Kellogg **did** expect a measureable social return (more income to farmers)

>>This is Corporate Engagement.

Is this an Impact Investment?

Acumen Fund invested \$1.79M in the company, Sproxil, to expand its technology company from East Africa to India in return for partial ownership. Sproxil uses a mobile phone app to authenticate pharmaceutical drugs and decreases the number of people harmed by counterfeit drugs.

YES!

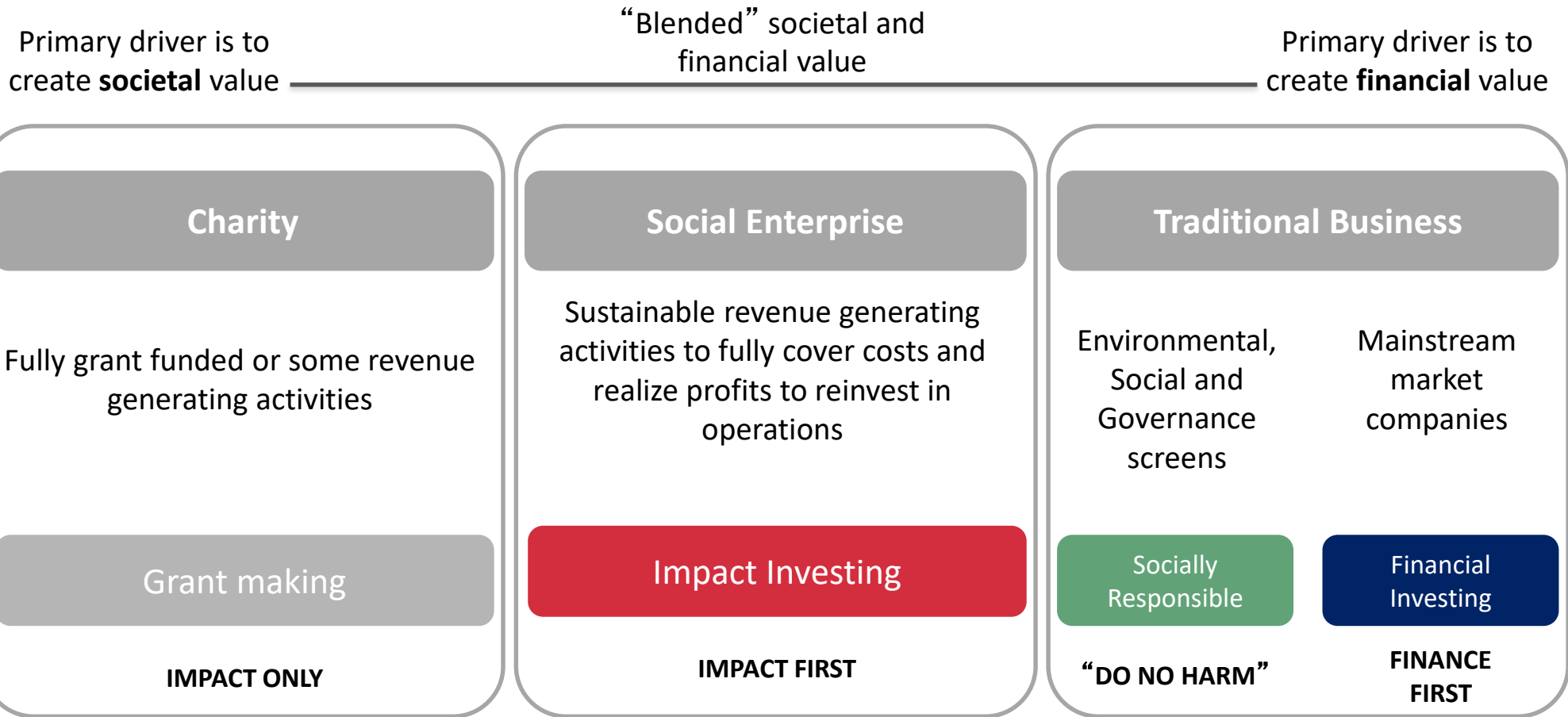
1. Acumen **did** make an investment (equity)
2. Acumen **does** expect a financial return (profit)
3. Acumen **does** expect a measureable social return (decreased number of people harmed by counterfeit drugs)

Read more about this deal, [here](#).

Why Impact Investing?

- Huge social and environmental issues
- Not enough government and donor funding
- Private sector has more funding available
- Private sector is funding social enterprises
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- Global effort to find sustainable solutions to problems of poverty and the environment

How does Impact Investing & Social Enterprise Fit into the Financial Landscape?



Caritas Internationalis – Select Examples

Entity	Activities
CRS	<ul style="list-style-type: none">• 5% of reserve allocated for existing Impact Fund investments• \$2M for mission-aligned enterprise investments• Capacity building skills and tools for CRS staff
CORDAID	<ul style="list-style-type: none">• Investing in enterprise since 1997; 63 million Euro invested to date• Raising \$30m fund to invest in enterprises in fragile African states• Business Development Services trainings for enterprises
CAFOD	<ul style="list-style-type: none">• Enterprise Development training and tools; “CAFOD Guide to Enterprise Development”• Pilots in Nicaragua and Ethiopia
Caritas Italia	<ul style="list-style-type: none">• Enterprise capacity building across 7 Eastern European countries in partnership with local Caritas: Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Montenegro, Serbia + Greece

Pontifical Mission Societies (PMS)



The Pontifical
Mission Societies are
"One Family in Mission"



- 10 investments made: several in Kenya (\$25-\$60k) and Uganda (\$100 - \$200k)
- Vision: 9 countries, 1000 projects, \$50 million fund
- They work closely with ACWECA and other woman's religious to fund MBA candidates and programs through Tangaza University. This work is possible through funding from Hilton Foundation.
- PMS has tried several training activities, but is shifting to a mentor / incubation model. Entrepreneurs (including Church) submit a proposal online and those that qualify receive 6 months of early stage business training or 'incubation'.
- After incubation, PMS may invest in the enterprise.
- The program and investing focuses on agriculture at the moment, but hope to move into health and education.

Additional Catholic Funds / Associations



Established by Missionary Oblates of Mary Immaculate to provide professional faith consistent investment management. Majority of funds are in commercial rate return vehicles, but 1% in impact funds.

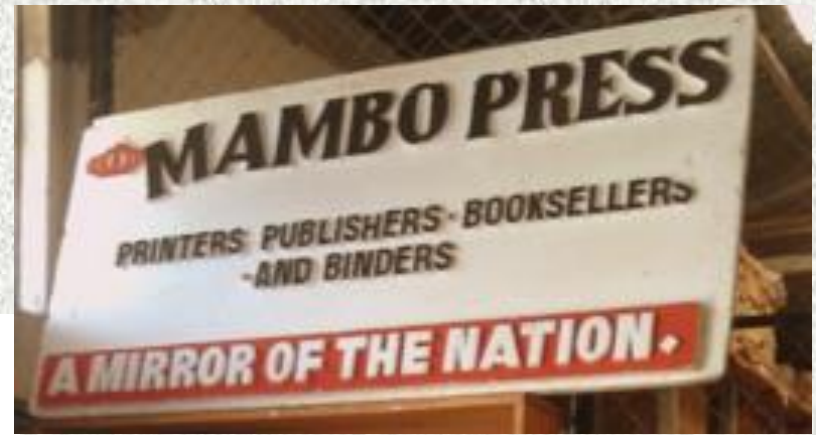


Impact Fund Goal: to make investments that will generate beneficial social and/or environmental impact, while seeking a market-based return for investors (e.g. food and nutrition, health, financial services, education, renewable energy, clean water)



CIIC is now looking to broaden its relationships and connections, spreading a message of the power and potential of Impact Investing to further the mission and values of Catholic institutions. Participants in CIIC collectively manage over \$50 billion in assets.

A look at the Church's Experience with Enterprises



Social Group FEPP



- **Country:** Ecuador
- **Church Relationship:** Catholic Bishops Conference of Ecuador
- **Company Summary:** The Fondo Ecuatoriano Populorum Progressio (FEPP) was a private foundation sponsored by the Catholic Bishops Conference and created by priests and lay people. The Social Group FEPP was formed in 2000, based on several programs formerly operated by the FEPP Foundation. FEPP currently operates 8 social businesses, which began operations as early as 1981 and as recently as 2004.

The group's businesses include an agro importer, microfinance bank, fair trade retail network, construction service provider, entrepreneurship school, ICT service provider, legal services provider and printing house.

- **Social Impact:** Through its various enterprises, FEPP serves approximately 100,000 rural and peri-urban families.
- **Annual Revenue:** \$20 million
- **Website:** <http://fepp.org.ec>
- **Employees:** 480



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Serving the Poor: The Social Impact of Social Enterprise & Measurement

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Learning Objectives

What is the social impact of social enterprise?

How is measuring the impact of social enterprise useful?

How is this similar to impact measurement for social programs?
How is it different?

Where can I learn more about social enterprise impact measurement?

Who is in the room?

Pre-Survey Results (15 Respondents; 52% Response Rate)

- 65% of you have experience in monitoring and evaluation or performance management for the social impact of education, health or other social services.

ACWECA Strategic Plan 2017-2022 Theory of Change

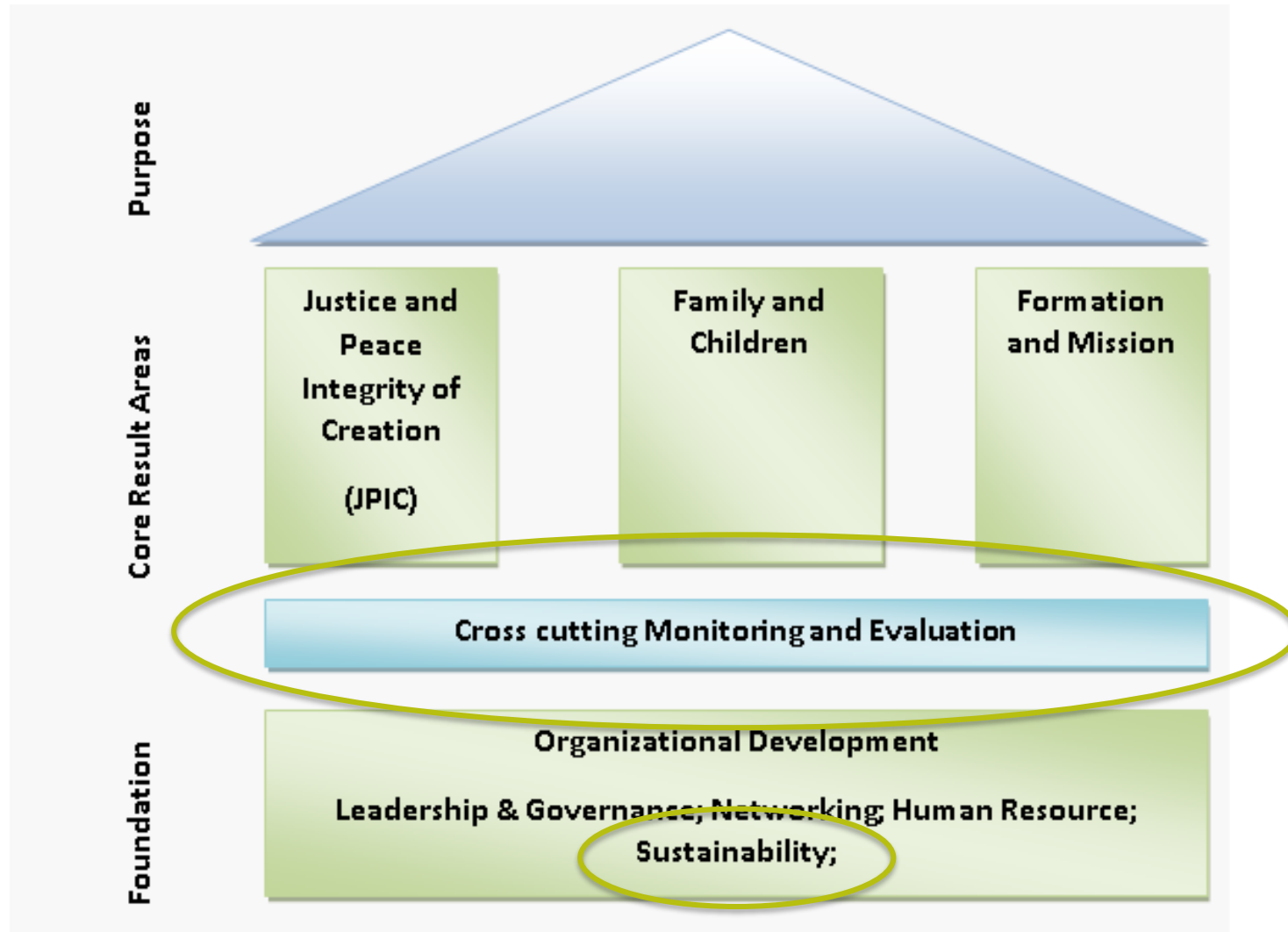


Figure 1: ACWECA Strategic Plan 2017-2022 Theory of Change (TOC)

ACWECA Strategic Plan 2017-2022: Sustainability

- **SWOT Analysis Weakness #5: Low self sustainability:**
ACWECA relies heavily on external funding and this is also from just a few donors.
- **Objective 4.3: Enhanced Sustainability (Resources, Organizational, Results). Key Strategies:**
 - Resource mobilization and development of a fundraising strategy
 - Capacity strengthening on fund raising (e.g. mission appeals)
 - Ongoing Staff development (training needs assessment)
 - Exploring avenues of generating more own funds.

ACWECA Strategic Plan 2017-2022: M&E

Objective 4.4: Enhanced M&E at all levels as an integral part of performance management. Key Strategies:

- Develop and roll out a suitable M&E system (Framework, tools and plans) at ACWECA level and promote the same amongst members.
- Ensure the necessary capacities and conditions are in place for effective M&E function (knowledge and skill, resources, motivation for involvement and management support)
- Support M&E learning forums such as progress review forums, sharing of M&E outputs like reports.
- Ongoing M&E skills upgrading and continuing education for key personnel

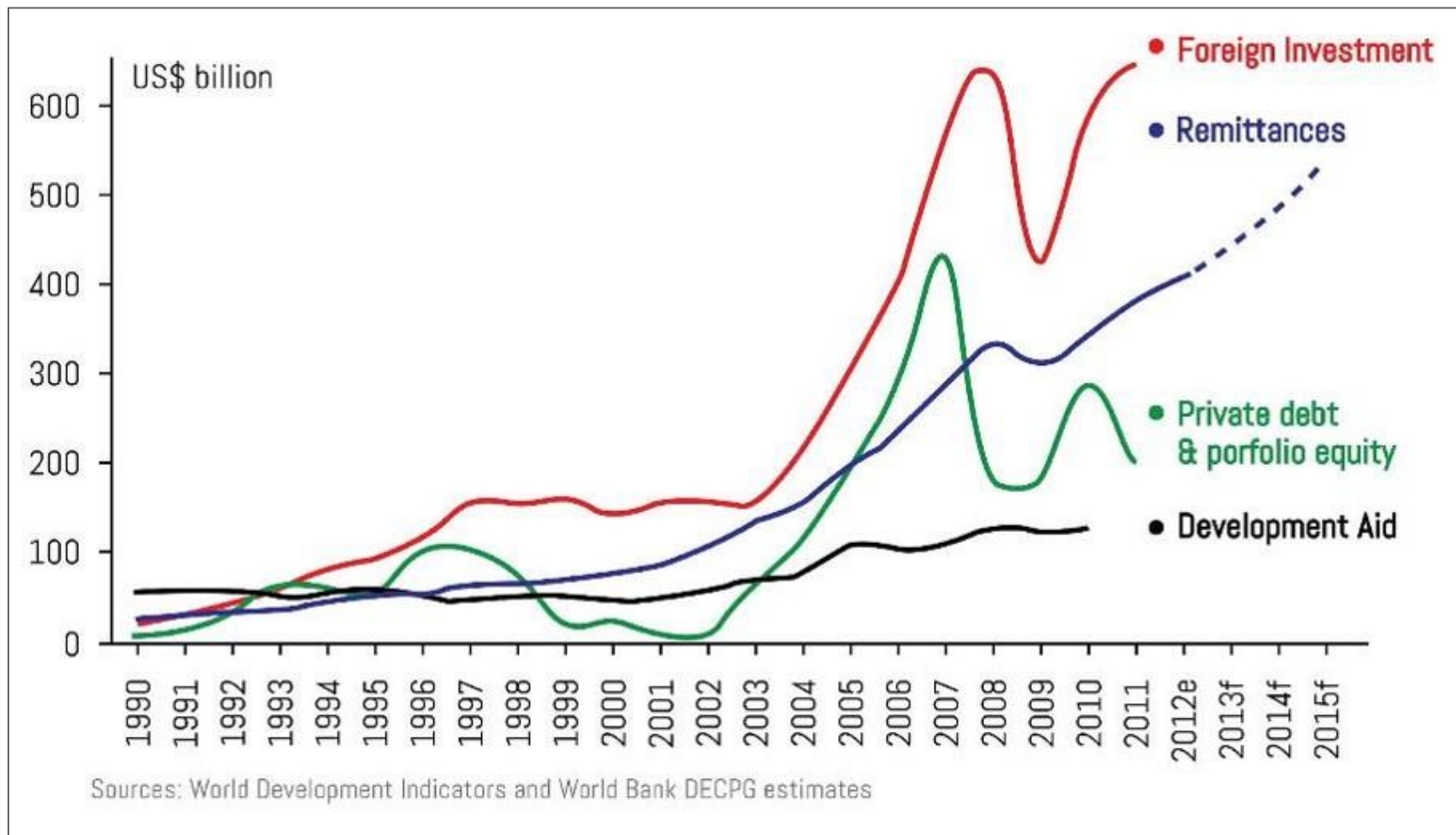
Social Impact of Social Enterprises

Sisters already have a social mission to serve the poor and vulnerable, high social impact on the poor and vulnerable, and strategy for social programs and Congregations to be more sustainable.

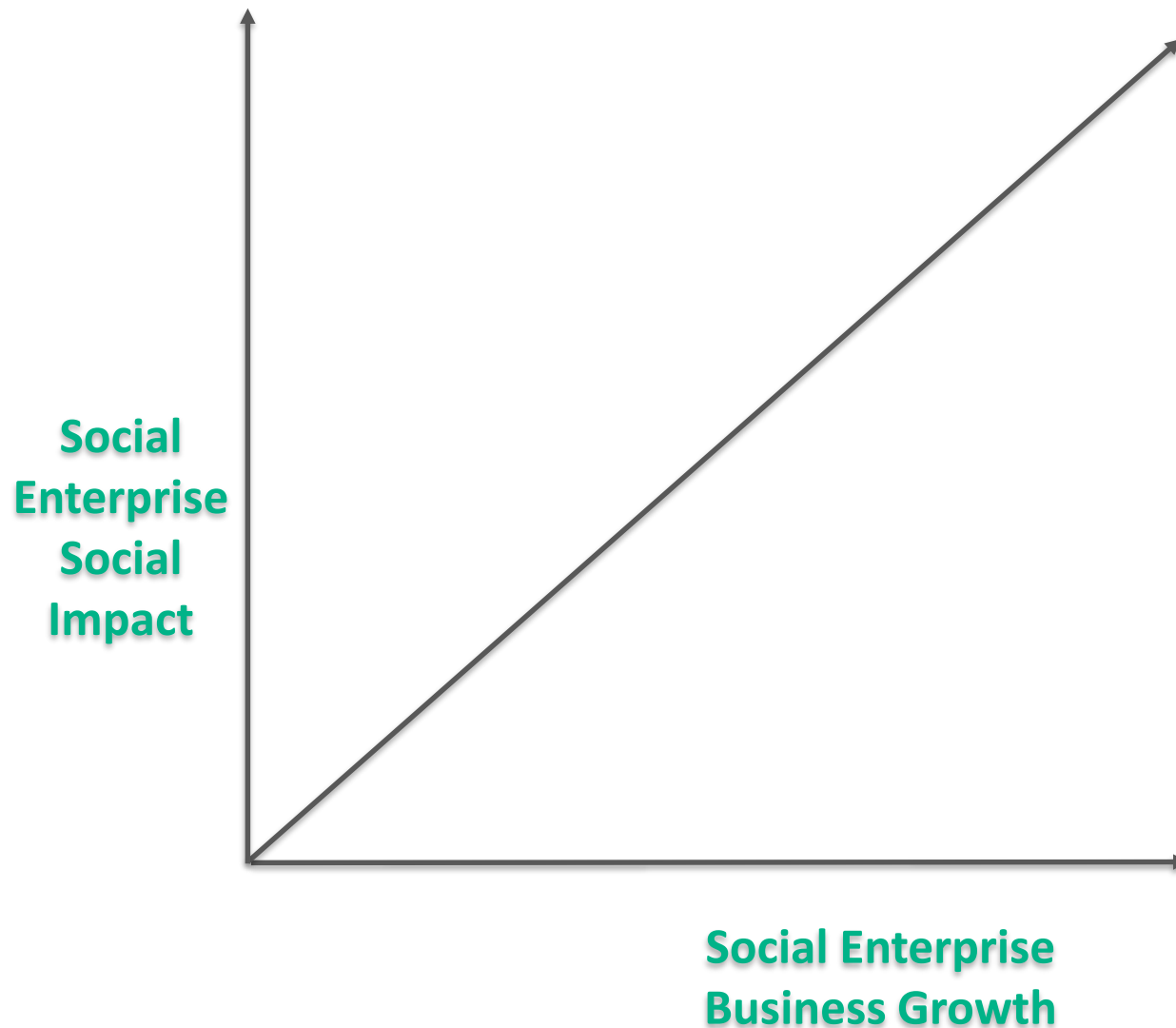
In appropriate cases for use of social enterprise, social enterprise can further scale and sustain the quantity and quality of this impact for 3-reasons...

Reason #1 – Investment capital and enterprise now more financially sustainable

Reason #2 – May help social enterprise scale and have increased impact more quickly

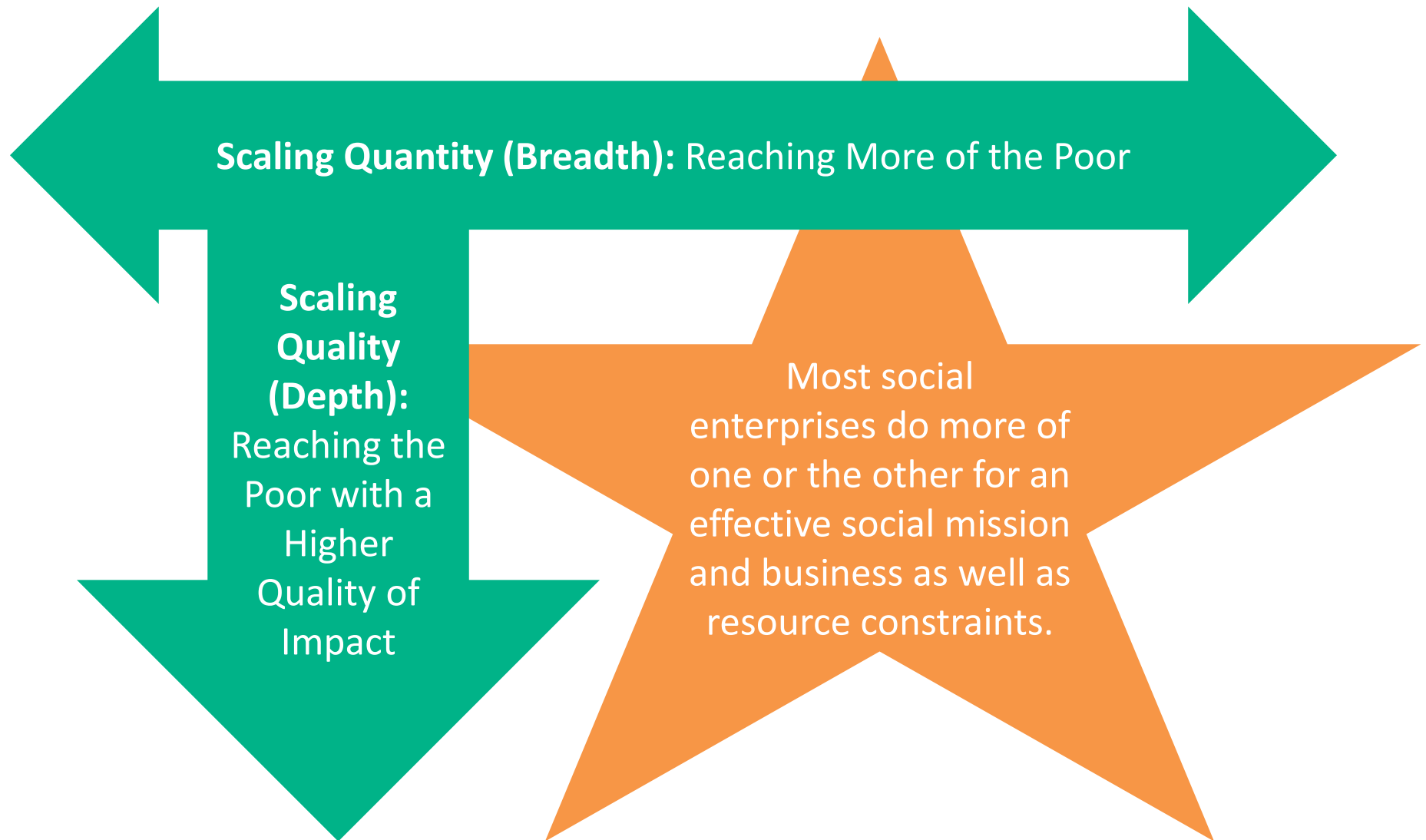


Scale of Social Enterprise



Reason #3:
For a social enterprise - where social impact is a part of the business model – as the business scales, the social impact scales.

Types of Social Impact Scale



Impact Measurement

Why measure?

- Data to improve social ministry impact
- Data to make business decisions
- Communicating impact to stakeholders and attracting financing

From the impact investor perspective, impact considerations have two components:

1. Intention to create social and environmental impact

2. Impact measurement

Measurement for Social Programs versus Social Enterprise

Key Similarities

- Overlap between development, impact investing, and M&E sectors.
- Can use same M&E skillsets, expertise, and tools.
- Shared goals between the capital provider and the capital recipient.

Key Differences

- Different way of perceiving a beneficiary and different types of beneficiaries.
- Different level of measurement: enterprise vs. household.
- Addition: business metrics.
- Additional standards, frameworks, and tools to consider.
- Development and impact investing sectors can use different terminology for the same concepts.
- Culture around communicating impact in non-profit and for-profit sectors.

Many social enterprises focus on achieving different types of social and / or environmental impact

	Groups impacted	Example considerations
Social impact	Suppliers	<ul style="list-style-type: none"> Does your business source from underserved groups, such as smallholder farmers? What % of suppliers are women or youth?
	Customers	<ul style="list-style-type: none"> Is your target market within the BoP¹ segment? Does your product / service solve a social challenge faced by your customers?
	Employees	<ul style="list-style-type: none"> Does your business generate jobs in economically disadvantaged areas? Is your business locally owned, and do you prioritize diversity and inclusion in your employment strategy?
	Env. areas affected	
Environmental impact	Water/air pollution	<ul style="list-style-type: none"> Do your business processes enhance pollution reduction efforts?
	Energy use	<ul style="list-style-type: none"> Does your business incorporate / promote use of renewable energy, e.g. solar energy?
	Land use	<ul style="list-style-type: none"> What conservations efforts does your business make for land and soils used for agricultural activities?

Problem Statement



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living in poverty

75% of the forest are already
lost

Cooking fuel is 40% of
household income



Solution: Green Briquettes



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Business Model: Increased Income in Value Chain



Farmers

- Increase income by 23% on average



Eco-fuel Africa

- 50% gross margin



Micro-Retailers

- Increase disposable income by 50%



Households

- Increase disposable income by 30%

Example: Impact investors use social and environmental impact measured by individual investees to meet overall investment goals

- Root Capital lends to agricultural Small and Growing Businesses (SGBs)
 - Measures its overall performance by the social and environmental impact of its investments
 - Individual SGBs that receive funding from Root Capital tracks and reports across a number of impact metrics

Social and environmental metrics	Result	Full year target	Results as % of target
Number of producers reached	744K	760K	98%
Producers supplying inputs	612K	601K	102%
Producers buying inputs	132K	159K	83%
Purchases from producers	\$1.0B	\$1.0B	97%
Total revenue of businesses	\$1.2B	\$1.3B	96%
Sustainable hectares under management	639K	669K	96%

When making investments, Root Capital prioritizes companies that help meet and exceed overall targets

Free, Online Resources to Learn More or Get Started

Impact Investing and Reporting Standards (IRIS)

- Catalogue of 500+ indicators in 12 sectors, with guidance, for impact investors and social enterprises to measure their social, environmental, and financial performance.
- <https://iris.thegiin.org/>

Acumen Lean Data

- Approaches and tools to define indicators and utilize low-cost technologies to collect data from beneficiaries quickly for social enterprises to make decisions.
- Lean Data Field Guide and Course
- <http://acumen.org/ideas/lean-data/>

B Impact Assessment

- Platform for social enterprises to easily measure their impact via a multiple choice questionnaire, report it to investors, compare it similar businesses around the world, and make an improvement plan.
- <http://bimpactassessment.net/>



Thank You!
Questions? Comments?

Small Group Discussion: 25 Minutes

Please discuss the following questions in your group (18 min):

1. What social outcomes are important to your Congregation for it's social ministries?
2. Do you measure those social outcomes? If so, what indicators do you measure?
3. Refer back to your existing enterprise activity, or idea for enterprise activity, on the wall from Session 1. If you have business activity, do you collect any data on the business (e.g. volume of crop produced, sales). If so, what indicators do you measure? If you have an idea for business activity, what data would you collect about your business?

Share Out (7 min): Please give one example of a social indicator someone is measuring or would measure and one example of a business indicator someone is measuring or would measure.



Types and Providers of Investment Capital / Impact Investing Landscape

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Landscape for Impact Investing in East Africa



- Report by GIIN and OCA
- Released Aug 2015
- Includes regional trends and country analysis
- Countries: Kenya, Uganda, Tanzania, Ethiopia, Rwanda, Burundi, Sudan, South Sudan, Djibouti, Eritrea, and Somalia
- Link: <https://thegiin.org/knowledge/publication/the-landscape-for-impact-investing-in-east-africa>

Definitions



DEVELOPMENT FINANCE INSTITUTION (DFI)

Government-backed financial institution that provides finance to the private sector for investments that promote development.



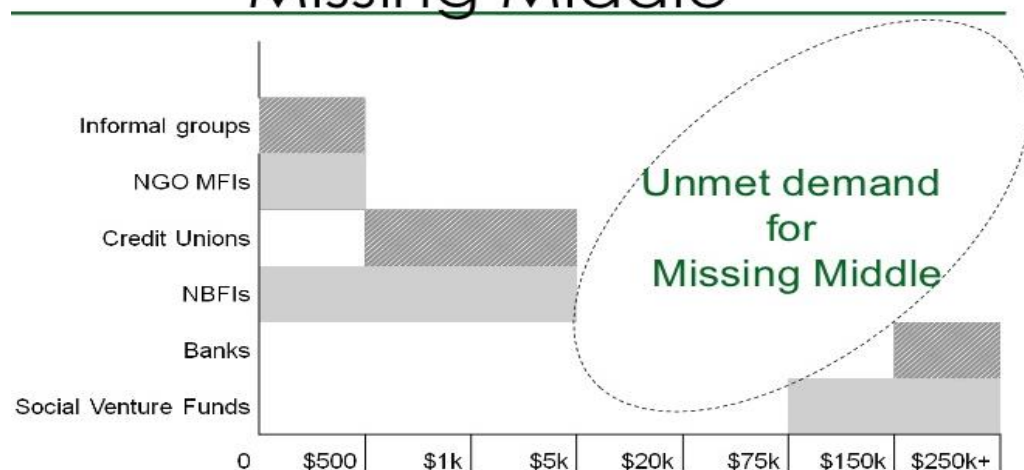
NON-DFI IMPACT INVESTOR

Organizations or individuals actively making impact investments directly or through funds. This includes family offices, foundations, fund managers, pension funds, and banks, but excludes development finance institutions.

Supply of Impact Capital in East Africa

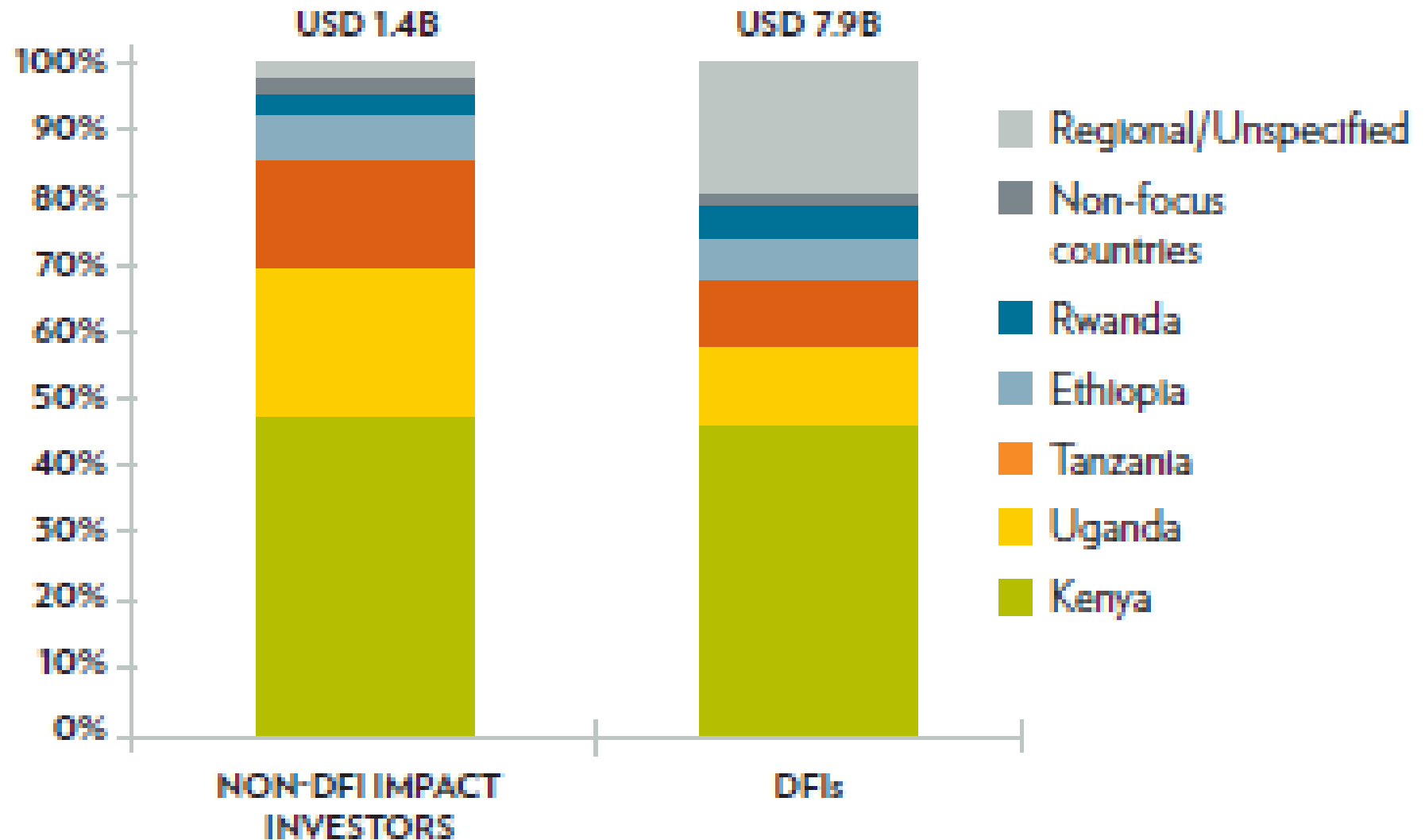
- 9.2 billion USD invested in 960 deals
- 135 impact asset managers
- 20 DFIs
- Kenya investment is >50%, followed by Uganda and Tanzania
- Majority of impact investors work across multiple countries

Financing gap for Missing Middle



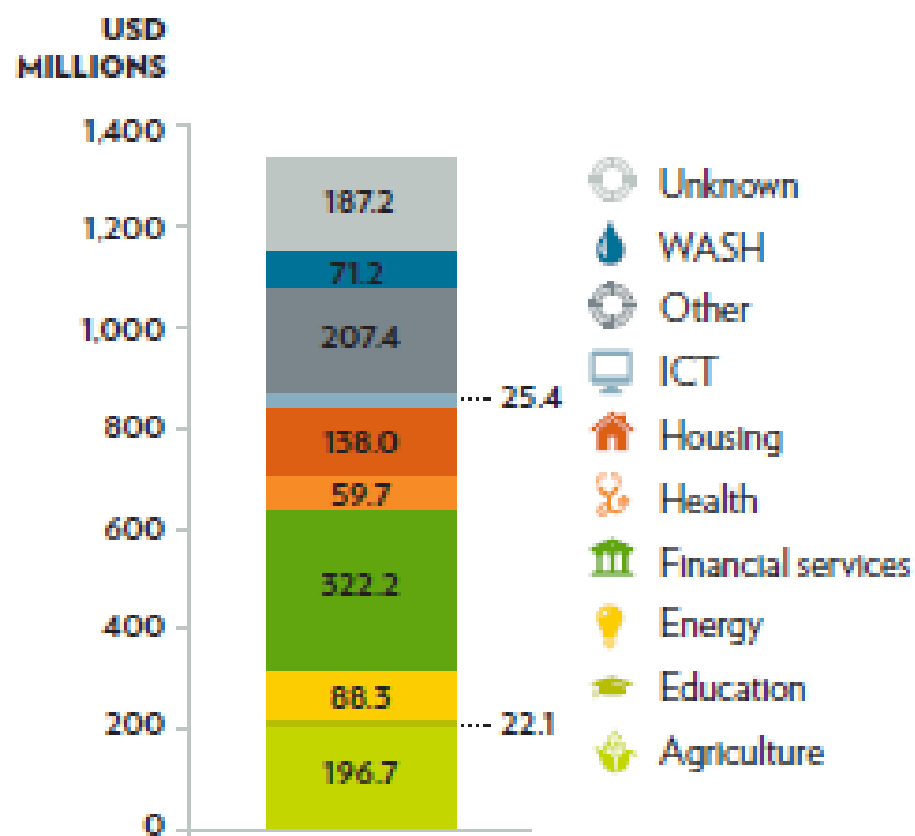
Only 25% of deals
are under 250k USD

FIGURE 1: PROPORTION OF TOTAL DIRECT IMPACT CAPITAL DISBURSED BY COUNTRY



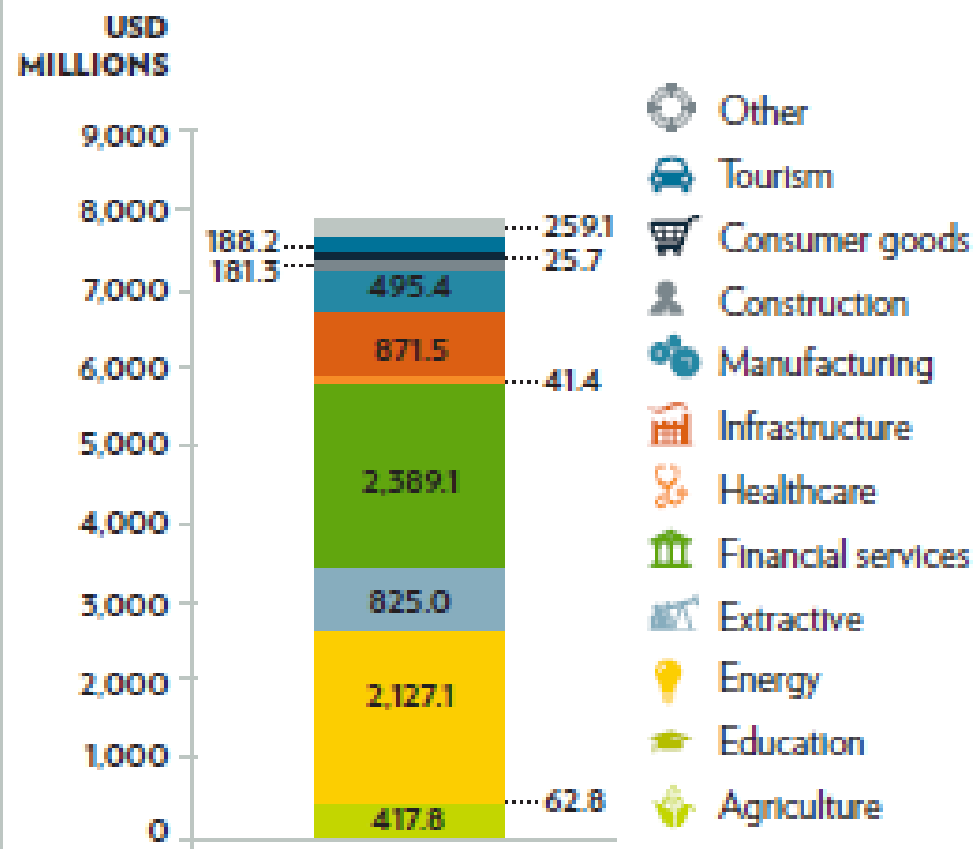
Source: Open Capital Advisors

FIGURE 2: NON-DFI IMPACT CAPITAL DISBURSED BY SECTOR



Source: Open Capital Advisors

FIGURE 3: DIRECT DFI IMPACT CAPITAL DISBURSED BY SECTOR



Source: Open Capital Advisors

Deal Characteristics

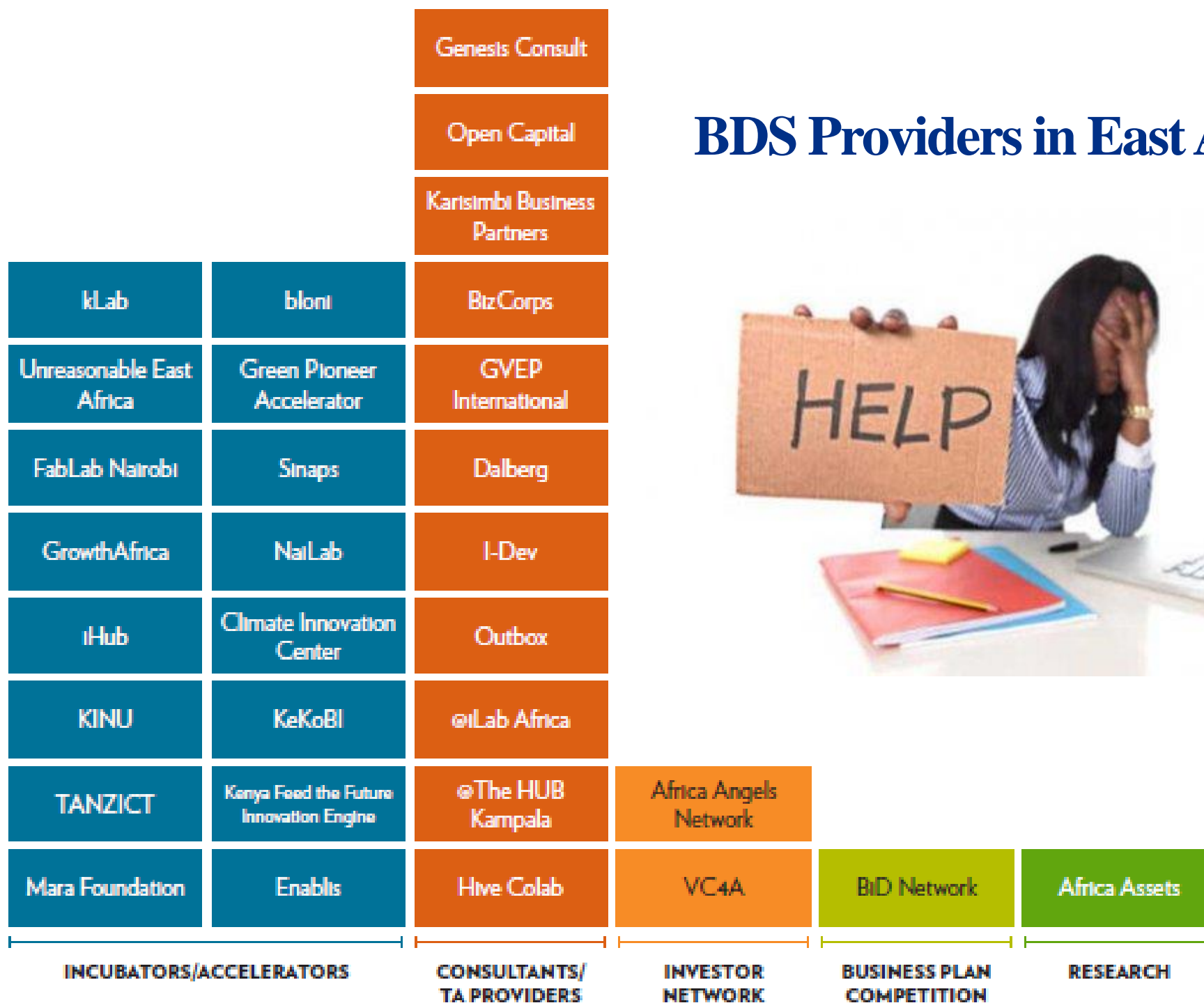
Deal size range	Typical financial products	Typical sectors	Example providers in East Africa
Less than USD 500K	Debt, convertibles	ICT, Agriculture, Health, Energy	Small social VC and debt-finance funds targeting early-stage businesses
USD 500K - 1M	Equity, debt, quasi-equity, convertibles	Agriculture, Financial Services, Health, Energy	Private equity funds, VC funds and foundations targeting social businesses with some track record
USD 1M - 5M	Equity, debt, quasi-equity, convertibles	Agriculture, Financial Services, Health, Energy	Larger impact funds and foundations
USD 5M - 10M	Equity, debt, quasi-equity, guarantees	Financial Services, Energy	Smaller national DFIs and large impact funds
USD 10M - 50M	Equity, debt, quasi-equity, guarantees	Financial Services, Infrastructure, Manufacturing	Regional and national DFIs
Over USD 50M	Debt, guarantees	Financial Services, Infrastructure, Energy	Large regional and national DFIs

Sector Opportunities Across East Africa

	Kenya	Ethiopia	Uganda	Rwanda	Tanzania	Non-focus
AGRICULTURE	●	●	●	●	●	●
RENEWABLES	●	●	●	●	●	●
AQUACULTURE	◐	○	◐	◐	◐	●
TOURISM	◐	●	◐	●	◐	○
FAST-MOVING CONSUMER GOODS	●	◐	◐	◐	◐	○
URBAN DEVELOPMENT	○	◐	●	◐	◐	○
BASIC SERVICES	○	●	◐	◐	◐	●

○ Some opportunity ◐ Medium opportunity ● Strong opportunity

BDS Providers in East Africa



[illegible]

Impact investors place funds using the same structures as commercial and philanthropic funders


Structure	Description
Equity	<ul style="list-style-type: none">• Capital in exchange for a share of a business (e.g.: \$5M for 50% stake in a company worth \$10M)
Quasi-equity	<ul style="list-style-type: none">• A form of a loan which has traits of equity, e.g. a loan which gives an investor the option of converting the loan into ownership (equity) in the investee
Debt	<ul style="list-style-type: none">• Capital that must be repaid on an arranged schedule with interest due while the loan is outstanding
Grants	<ul style="list-style-type: none">• Concessionary funding, including repayable or non-repayable cash, services such as technical assistance, and / or goods such as manufacturing equipment
Guarantees	<ul style="list-style-type: none">• Assurance provided to a lender / capital provider in case of borrower default; can unlock capital for social enterprises by reducing lenders' risk

Note that impact capital is not necessarily cheaper than local commercial capital, especially if in hard currency

Types of Capital Available

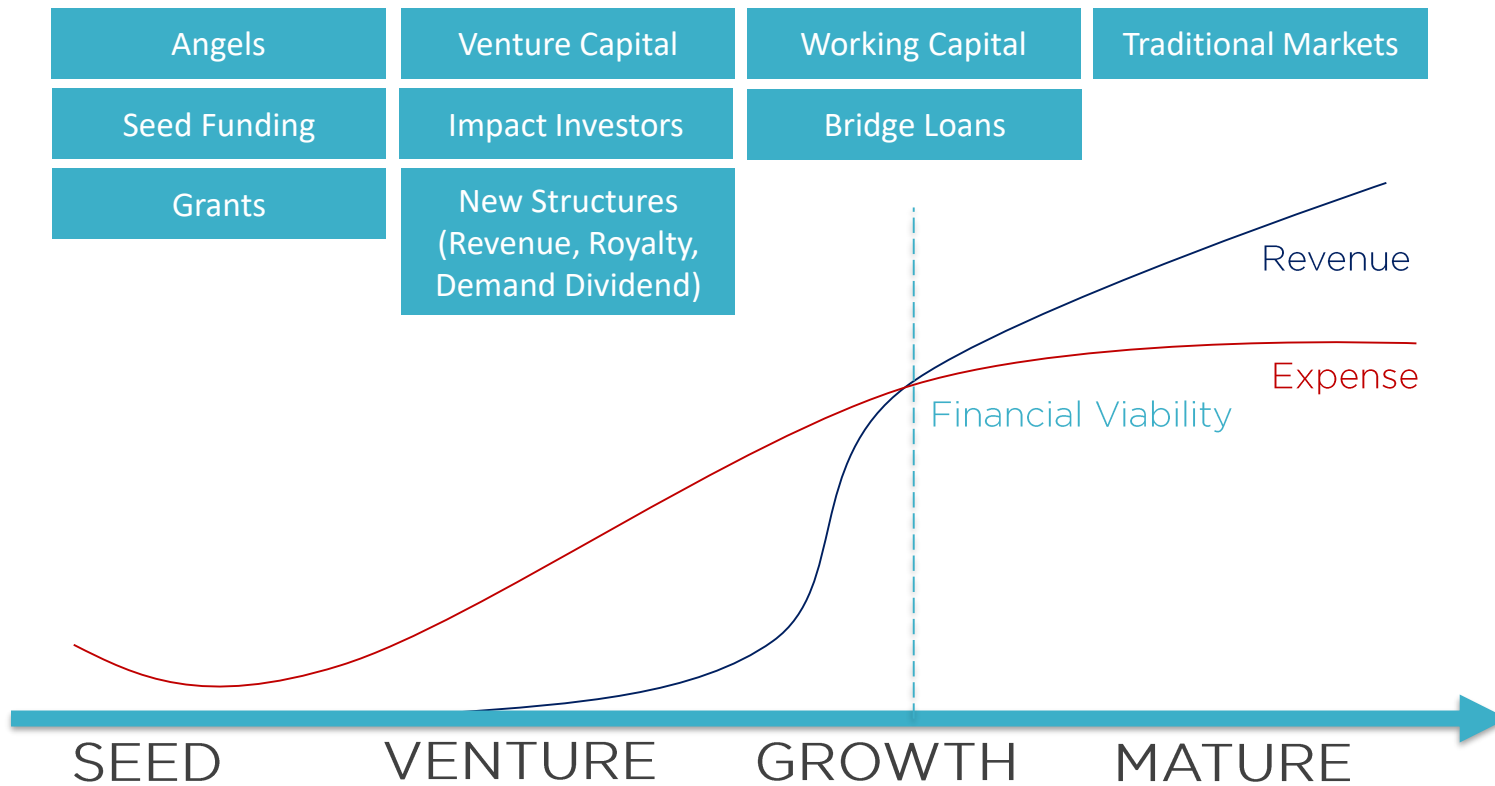
Social enterprise growth can often be accelerated if different types of capital finance it. All of these types of money can be used for impact investments, except grants and donations.

- ✓ Grant capital or philanthropic donation
- ✓ Soft or concessional loan (below market rate)
- ✓ Trade credit (short term debt)
- ✓ Microfinance or SME lending (usually debt)
- ✓ Equity (ownership share of the company)
- ✓ Commercial lines of credit (short or long term debt)



Blended finance is defined as the complementary use of grants and non-grant **financing** from private and/or public sources to provide **financing** on terms that would make projects financially viable or sustainable

Financing Life Cycle



How does Impact Investing & Social Enterprise Fit into the Financial Landscape?

Primary driver is to create **societal** value

“Blended” societal and financial value

Primary driver is to create **financial** value

Charity

Fully grant funded or some revenue generating activities

Grant making

IMPACT ONLY

Social Enterprise

Sustainable revenue generating activities to fully cover costs and realize profits to reinvest in operations

Impact Investing

IMPACT FIRST

Traditional Business

Environmental, Social and Governance screens

Mainstream market companies

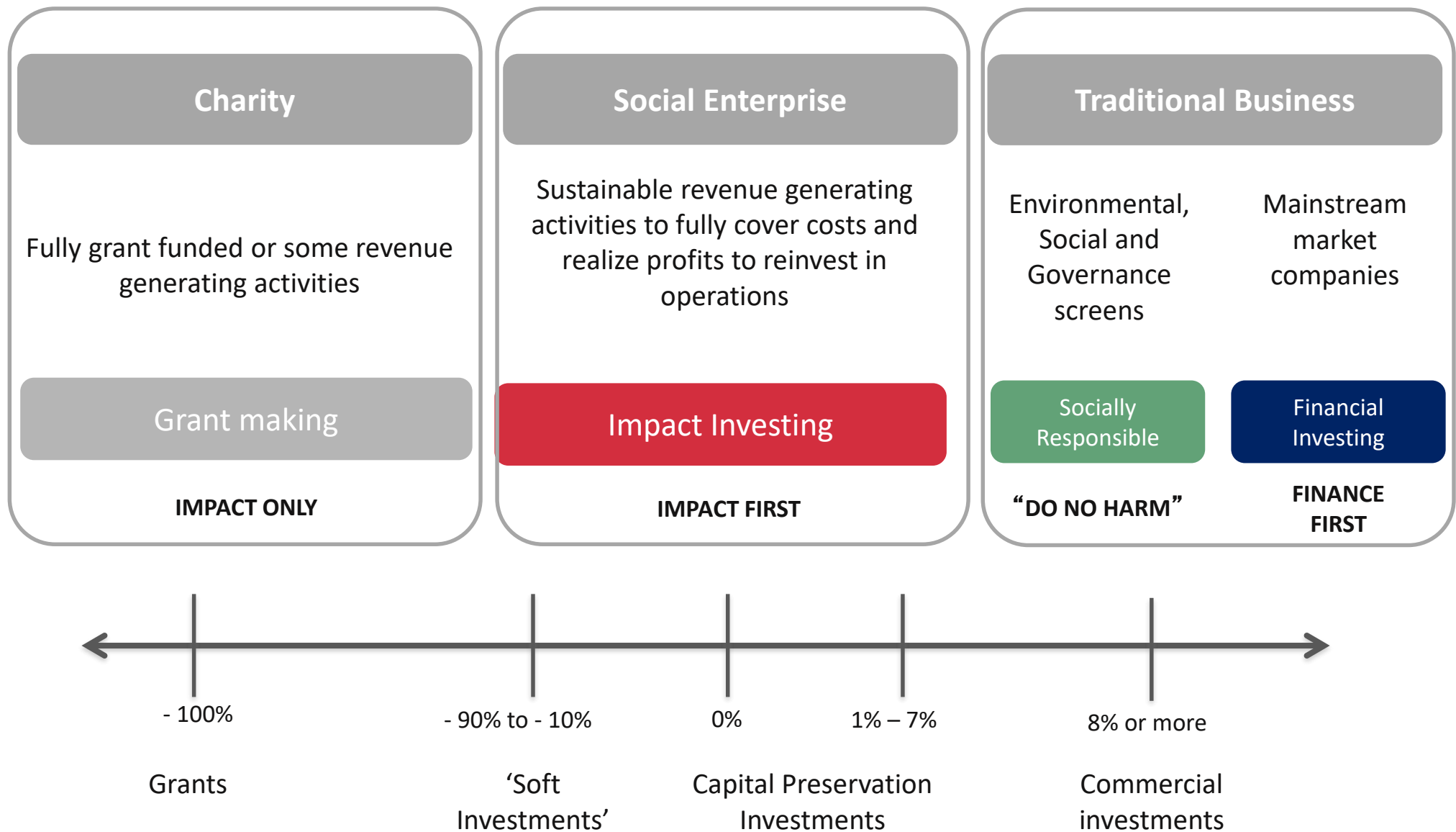
Socially Responsible

Financial Investing

“DO NO HARM”

FINANCE FIRST

Investor Return Expectations



Adapted from *European Venture Philanthropy Association: An Introduction*.



Who Cares Enough to Change Their Behavior &
Part With Their Money?



Active DFLs

African
Development Bank

Finnfund

Swedfund

European
Investment Bank

Norfund

BIO

OPIC

PTA Bank

IFC

CDC

Proparco

FMO

DEG

Most Aligned Impact Investor Groups*

Foundation

Ford, Argidius, Heron, Tony Elumelu, Omidyar, Gates, Skoll

Non-Governmental Org.

CRS, Cordaid, RAC, AKDN, Mercy Corps, ACDI/VOCA, Pact, CARE

Impact Fund Manager *

Oiko Credit (Coop), Skopos, Acumen, Root Capital, Bamboo Finance, D-Capital

Development Finance Inst.

European Development Bank, IFC, OPIC, AfDB, Asian Development Bank, IADB, FMO (Dutch), IsDB

Family Home Office (FHO)

Bessamer, Blue Haven, Aspiriant, KL Felicitas, Porticus

Individual Investor

Toniic, PYMWYMIC, Investors Circle, Women Effect

* Does not include government institutions: USAID, DIFID, SIDA, etc.

* Many are organized as an NGO