IMPACT INVESTING
BOON OR BANE?
WHAT IS IMPACT INVESTING?

Investments made with the intention to generate social and environmental impact alongside a financial return.

Impact investments can be made in both emerging and developed markets, and target a range of returns from below market to market rate.
VENTURE  IMPACT

INNOVATION  FRUGAL INNOVATION

ENTREPRENEURSHIP  SOCIAL ENTREPRENEURSHIP

INVESTING  IMPACT INVESTING
Social Entrepreneurship

Social

Entrepreneurship

Profit is a 4-letter word

The motive is Profit, Profit and Profit !!

Is There a Dichotomy Here? An Ambiguity?
Developing Markets need new approach to business – social entrepreneurship
Entrepreneurship in Emerging Markets

How is it different?
How do you achieve inclusive growth with emerging market consumers?

- New Products
- New Distribution Systems
- New Business Models
Hybrid Business Model

Trade-Off View

Financial return orientation

Max

0% IRR

No return

No focus

Primary focus

Traditional venture capital

Patient Capital

Traditional philanthropy

Matrix View

Financial return orientation

High

Low

Impact Orientation

Low

High

Impact Orientation

ExxonMobil

ebay

acumen FUND
Impact Investment Continuum: Priming the Pump

Source: Priming the Pump: Embracing the Full Investment Continuum, Omidyar Network
Impact Investor Spectrum

Donors/Investors
- Charitable Donor
- Strategic Philanthropy Donor
- Venture Philanthropy Donor

Screening
- Basic compliance
- High impact organization
- Organizations with potential to scale

Expected Financial Returns
- -100%
- Negative
- Negative

Expected Impact Intent
- Full
- Full with leverage
- Full with leverage

Donors/Investors Seeking
- Organizations with a mission they believe in
- Well-run organizations in donor's theory of change
- High-impact and scalable

Direct Impact Investor
- Social impact first, then seek a positive financial result
- Financial first, then seeking positive social impact

Indirect Impact Investor
- Financial + positive screen for ESG
- Financial + Negative screen
- Financial only (besides basic regulatory compliance)

Sustainable Investor
- (Almost) Market
- (Almost) Market
- Market (risk-adjusted)

Socially Responsible Investor
- Modest
- Neutral
- None

Financial Investor
- Market-rate returns that are socially targeted
- Maximize profit without provoking conscience
- Maximize profit with no regard to social impact

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Adapted from "Markets for Good" Brian Walsh, Liquidnet
HOW BIG IS THE MARKET?

$60 BILLION
impact investment assets of GIIN

$10 BILLION
2014 new committed impact investments

$12 BILLION
2015 new committed impact investments
WHO ARE SOME PLAYERS?

- Khosla Impact
- Root Capital
- Omidyar Network
- Michael & Susan Dell Foundation
- Better Ventures
- Acumen Fund
IT'S ABOUT IMPACT

RETURNS CHANGE

PEOPLE
WHO’S WHO

MARY MWANGI  INVESTING NETWORK & E. AFRICA
BITANGE NDEMO  GOVERNMENT & BUSINESS MODELS
SHAUN FERRIS  NGOS & AGRICULTURE
RADHA BASU  SOCIAL ENTREPRENEUR

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