



# **IMPACT INVESTING**

## **Potential Tool for Development**

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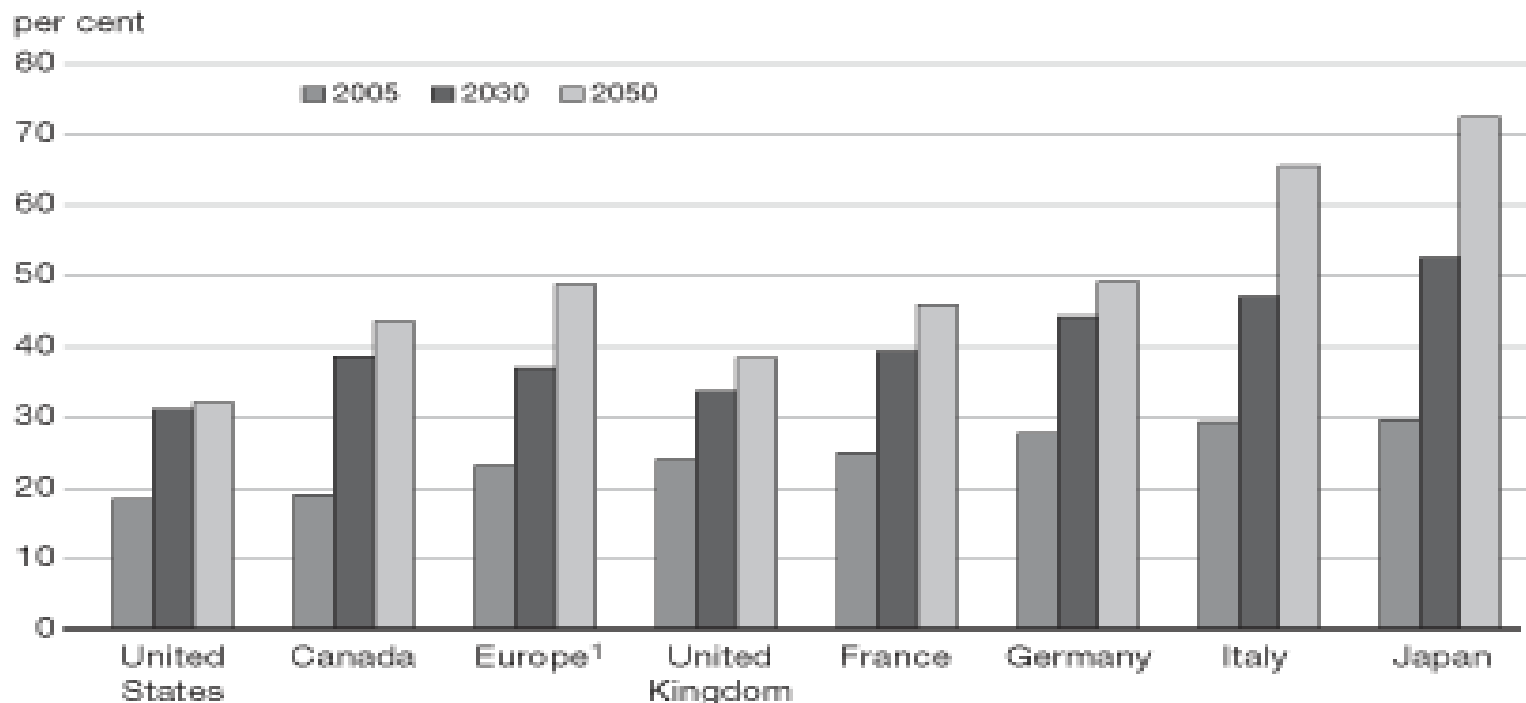
*May 18 / 19th 2013*

# THE KEY MESSAGES

- THE SCALE OF THE PROBLEMS WE FACE AND THE INADEQUACY OF THE CURRENT SOCIAL CAPITAL MARKET
- IMPACT INVESTING IS SIMPLY THE INJECTION OF NEW CAPITAL MARKET TOOLS TO CHANGE INCENTIVES
- SOME OF THESE TOOLS ALLOW A TRANSITION FROM BILATERAL TO TRUE MULTILATERAL COLLABORATIVE SOLUTIONS = OUTCOME MODELS AND NEW CAPITAL SOURCES
- SANITATION HAS MANY ASPECTS THAT MAKE IT ATTRACTIVE NOT LEAST OF WHICH IS AGREEMENT OVER METRICS

# In the Developed World (and China)- Things are worse than we think!! 66% of the debt is unaccounted for - 50% + of Budgets are in Health and Pensions

## Elderly (65+) as a Proportion of the 15-64 Population, International Comparison in 2005, 2030 and 2050

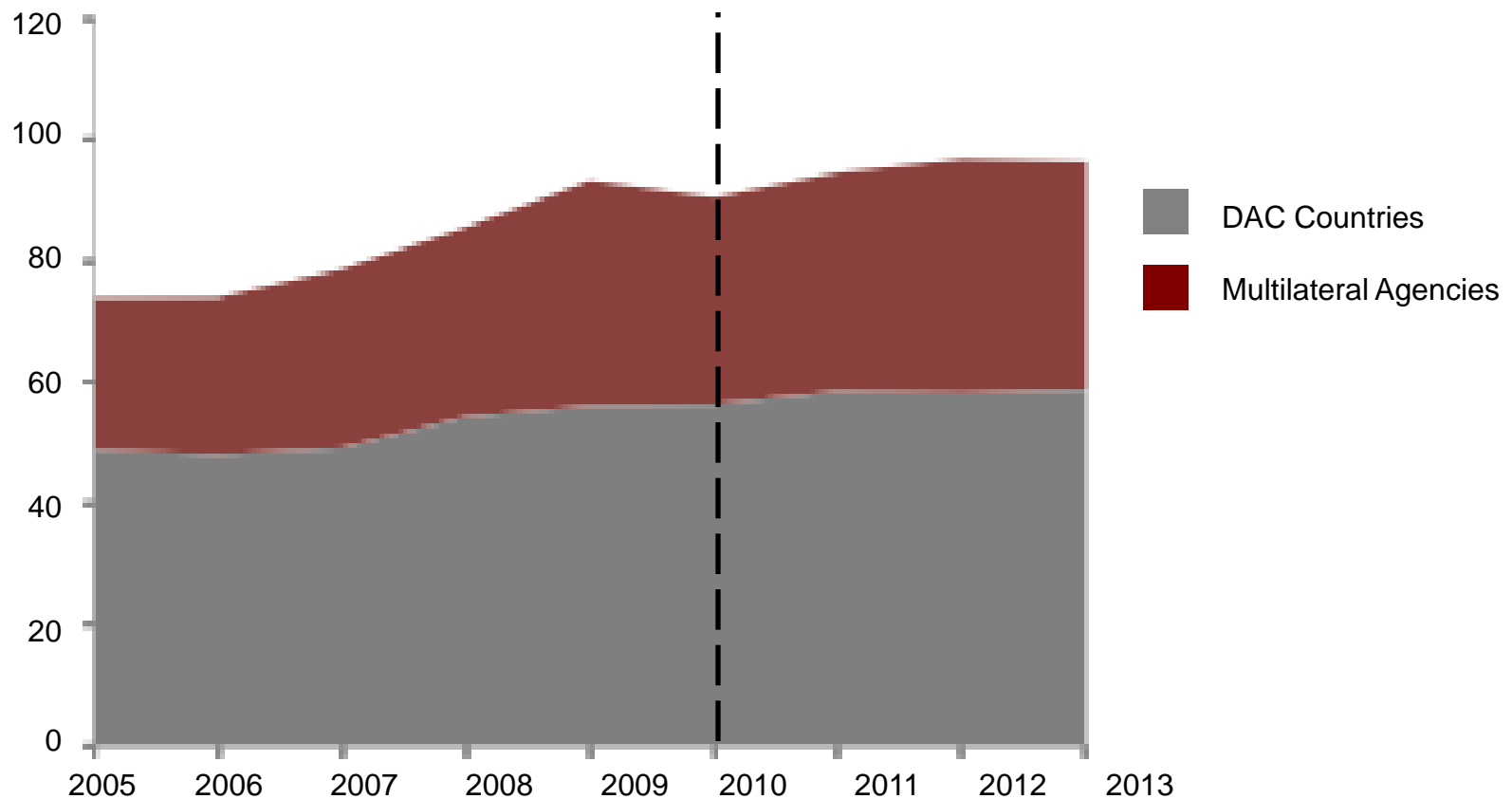


<sup>1</sup> Includes 47 European countries.

Source: United Nations.

# Foreign Aid is Hitting a Plateau

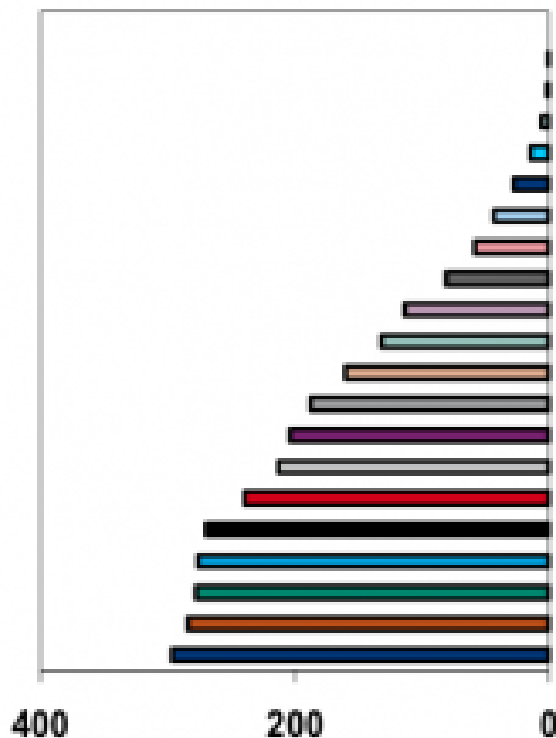
## Country Programmable Aid: Actual and Planned \$ Billions



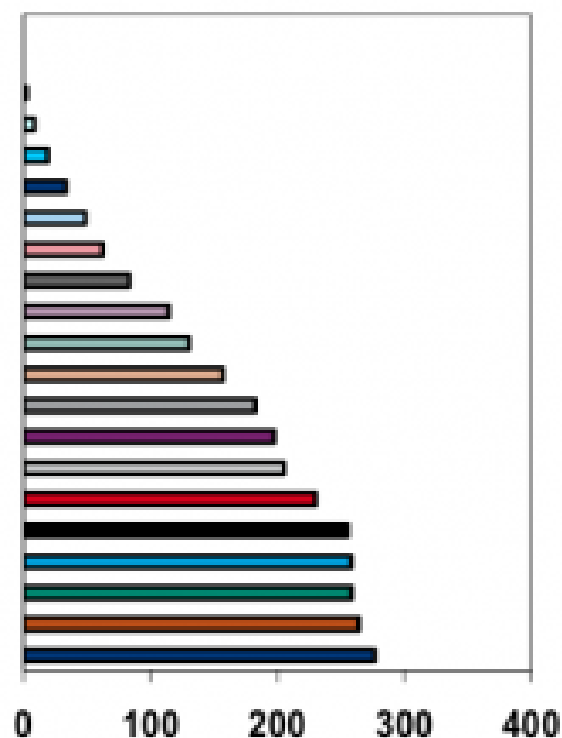
# DEVELOPING WORLD – The Second Pincer of Demographics – Youth Radicalisation or Youth Empowerment ?

Year 2010E

Male, in millions



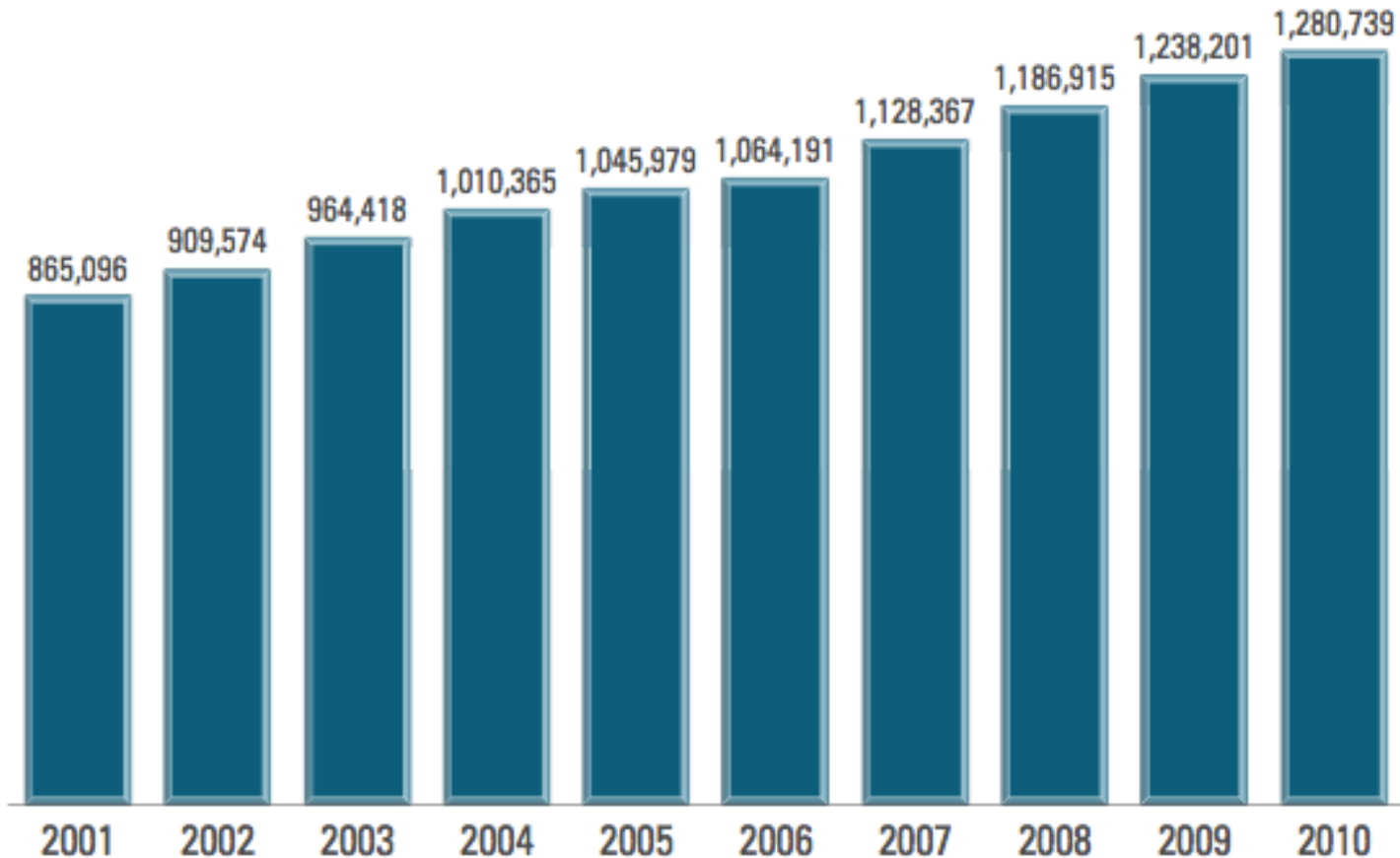
Female, in millions



# Growing Claims / Growth of Civil Society but less than .0007% have reached \$50m + in Revenue post 1973

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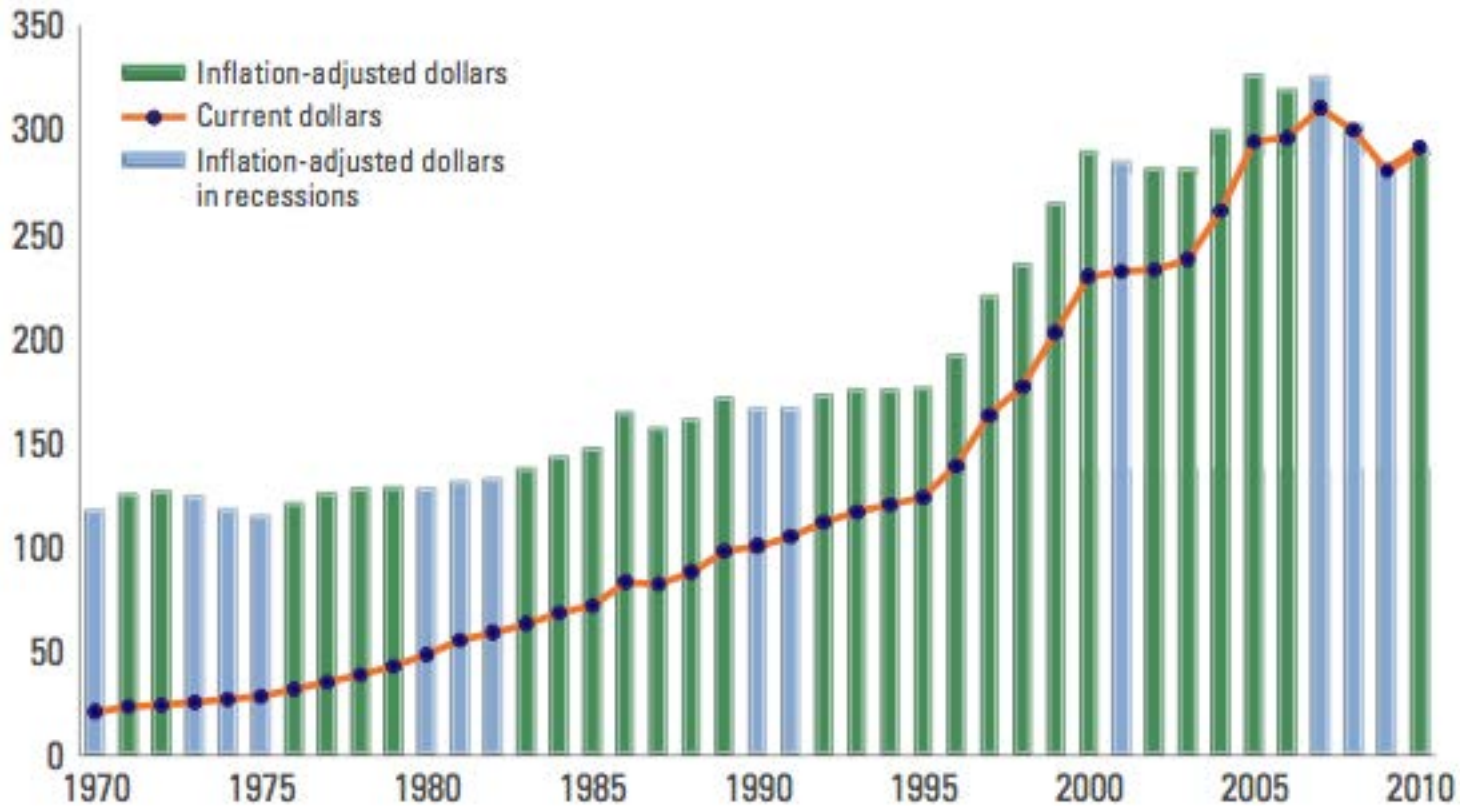
The number of 501(c)(3) organizations, 2001–2010



Source: Giving USA 2010 Report

# Philanthropic Trends (USA) - Current Plateau + Largest transfer of Wealth in Human History(\$41 Trillion by 2050) – BUT Only Creates \$5-10bn per annum

## Total giving, 1970–2010 (in billions of dollars)



Source: Giving USA 2010 Report

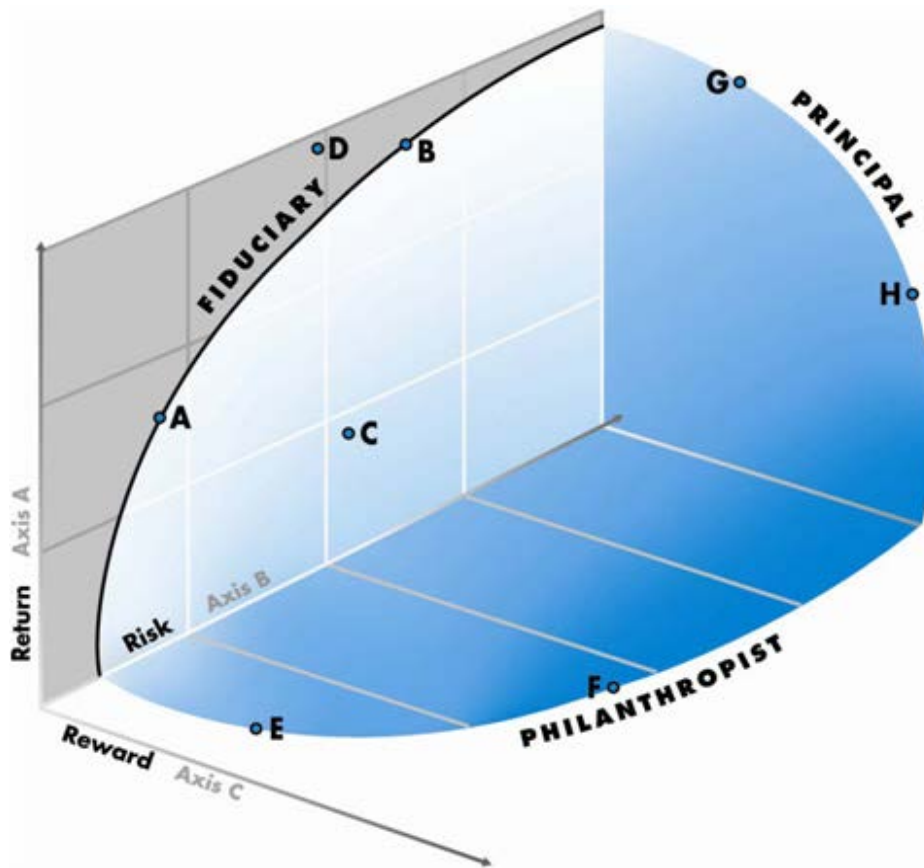


**IMPACT INVESTING  
MARKET TODAY**

**Injecting New Capital Market Tools  
New Players**



# The New Efficient Frontier becomes Tri-lateral



## ABCD – “Normal Investment”

Are current investing positions on a normal efficient frontier

⇒ **Cost of Raising Capital: 0% - 10%**

## EF – “Traditional Philanthropy”

Are Philanthropic Grant Investments reflecting two projects F being riskier than E

⇒ **Cost of Raising Capital: 25% - 85%**

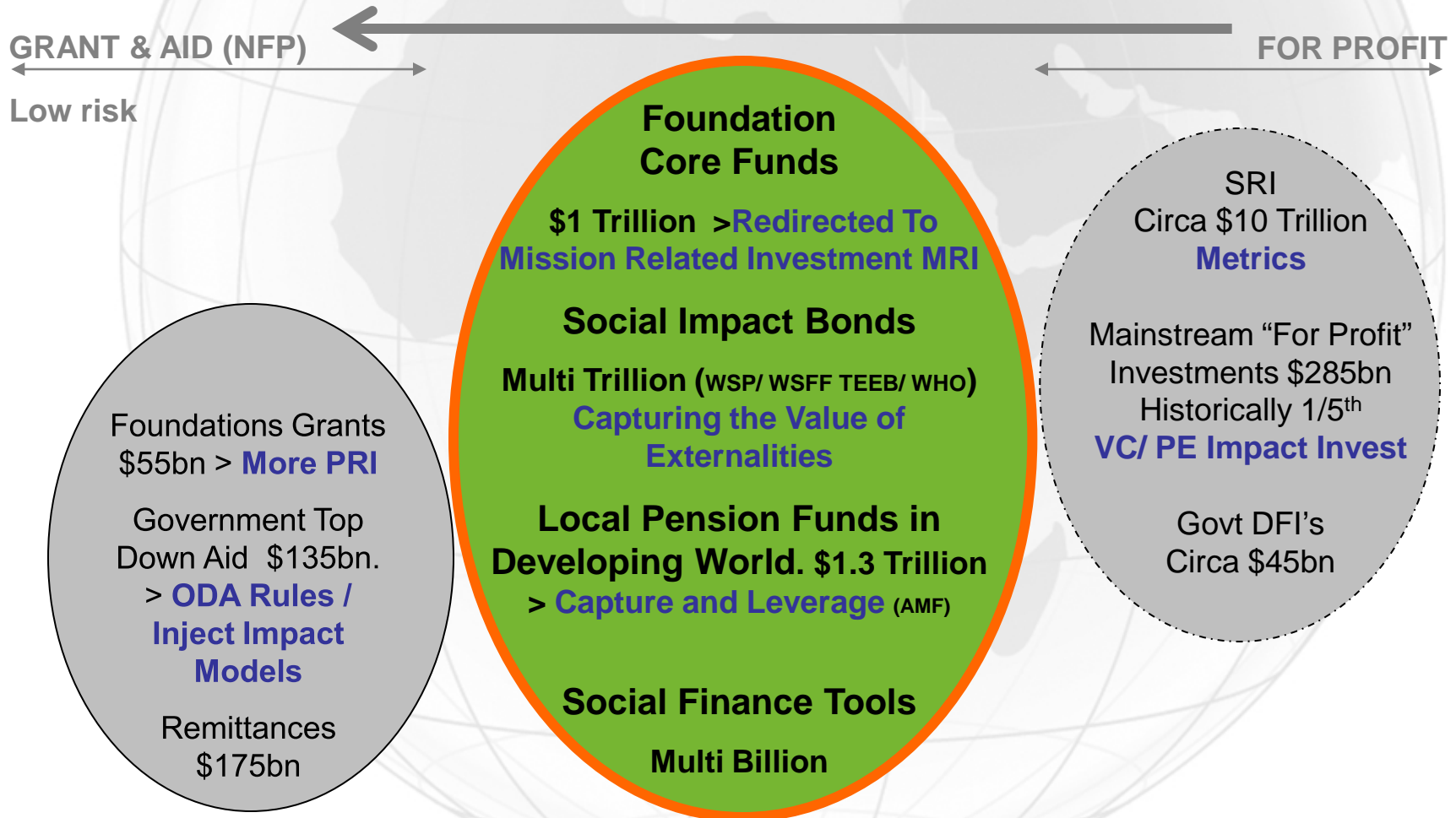
## GH – “Impact Investing” and with Externalities (SIBs) = GH plus

Are Impact Investing Positions – offers both social and economic return

⇒ **Cost of Capital: < 10%**

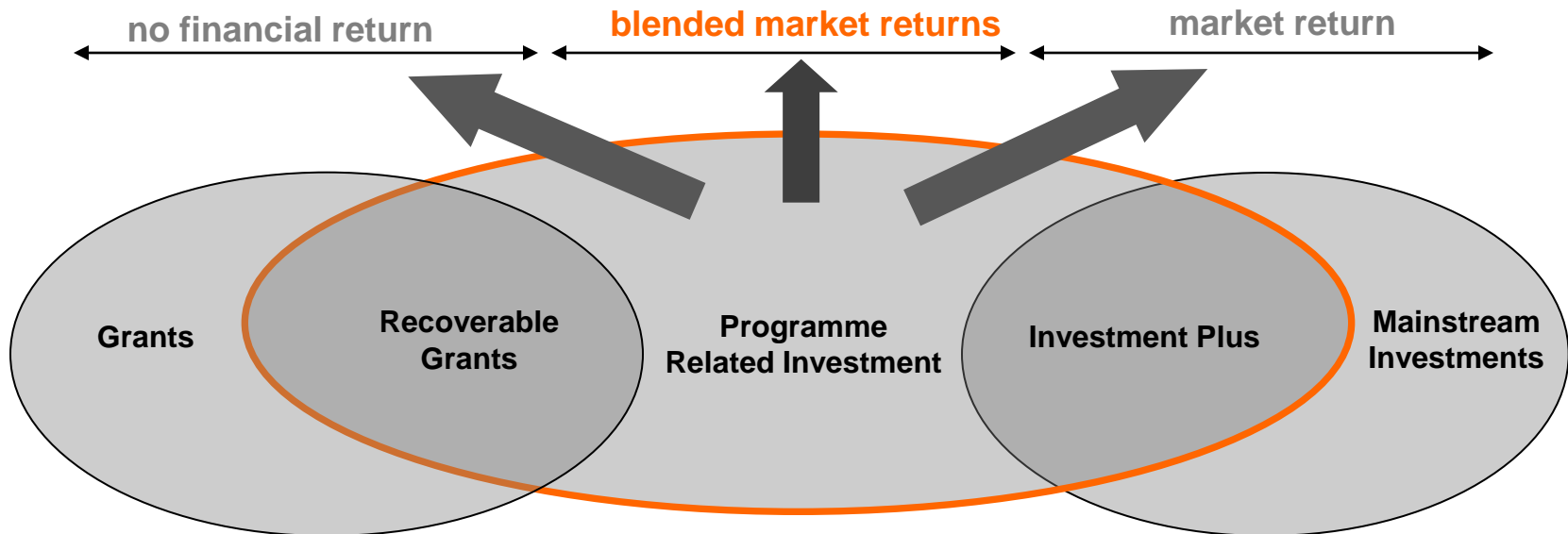
# What are the New Capital Market Opportunities ?

## THE NEW BLENDED OPPORTUNITIES



# THE MOVE TO OUTCOME MODELS - Delivering - Multi-Stakeholder solutions Based on the Delivery of Tangible Social Outcomes

CAPITAL MARKET INNOVATION – Impact Investing – Injecting Modern Capitalism into Social Market



OUTCOME MODELS - Contingent Models Capturing Future Cash flow (Social Impact Bonds ) x 10+

INTERMEDIARIES – Capable of Blending Different Sources of social capital

LEGAL Structures – Corporate (B Corp / CIC) and Partnership Structures (L3C / SELLP)

ENTREPRENEURSHIP – Social Entrepreneurship the R&D of Society

DISTRIBUTION – Leveraging Civil Society and Hybrid Corporate Delivery Mechanisms



**TOTAL IMPACT ADVISORS**  
**THANK YOU!**

# Political consensus across the Party Lines - but Action ?

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## Paul Martin – Ex PM of Canada

“ We have learned that entrepreneurship is an unbeatable force. Government unleashed the power of business entrepreneurs when it provided them with the wherewithal to succeed. What I would now ask, is that government unleash the power of social entrepreneurs.”

## Gordon Brown – Ex PM of UK with UN Sec Gen Banki Moon

“Our objectives cannot be achieved by government alone however well intentioned, or the private sector alone, however generous, or NGO’s or faith groups, however well meaning or determined. It can only be achieved in a genuine partnership together”

## David Cameron – UK PM

“ I believe that this generation could see a revolution in our social economy comparable to the revolution in the commercial economy in the 1980s. That is the revolution that I want to lead...Don’t we need the same transformation in the social sphere that we have seen in the economic sphere? “