

Innovative Finance for Development IF4D

May 25, 2017

Bulbul Gupta

Day 1

Innovative Finance for Development is ...

The Rockefeller Foundation

The use of financing mechanisms to mobilize private sector capital in new and more efficient ways for projects to create a more resilient and inclusive world.

WEF/OECD:

The strategic use of development finance and philanthropic funds to mobilize private capital flows to emerging and frontier markets.... channels private investment to sectors of high-development impact While at the same time delivering risk-adjusted returns.

Dalberg:

A range of approaches to mobilize resources and to increase the effectiveness and efficiency of financial flows that address social and environmental challenges.

World Bank:

Innovative financing involves risk mitigation and credit enhancement through the provision of collateral (either existing or future assets), spreading risk among many investors, and guarantees by higher-rated third parties. Innovative financing is not limited to financial engineering.

Our Project Team



BULBUL GUPTA

*Social Innovation Advisor,
USAID, Packard,
Asia Foundation,
Clinton Global Initiative,
Upaya Social Ventures*



**ALICIA
MANDAVILLE
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VP, Interaction



LUISA CORDOBA

*Manager, Private
Sector Working
Group*



ELINA SARKISOVA

*Social Finance
Consultant*

Let's get started!

- ❖ Name
- ❖ Organization
- ❖ One Word Status on where Org is on IF4D:
Cool/Warm/Hot?
- ❖ 1 Key Learning Objective for Training (sticky)
(Project/Instrument/Approach/Investor, etc.)
- ❖ 1 Fear/Concern (sticky)
(ADD/Group ALL on STICKIES Wall)

Agenda – Day 1 - Learning

8:30 – 9:00	Breakfast
9:00 – 9:30	Introductions
9:30 -10:15	Review Survey Findings & Training Objectives
10:15 - 11:15	Instruments for Innovative Finance (Part 1)
11:15 - 11:30	Break
11:30 - 12:30	Case Studies (Part 1)
12:30 - 2:30	Lunch & Panel – Learning from Industry Track Record
2:30 - 3:30	Instruments (Part 2)
3:30 - 3:45	Break
3:45 - 5:00	Case Studies (Part 2)
5:00 - 5:30	Report Back – What Instrument/Case Most Interesting from Day 1? Why?

Agenda – Day 2 - Applying

8:30 – 9:00	Breakfast
9:00 – 9:30	Review Day 1
9:30 – 11:30	Lean Startup Meets Skinny Budget – An Innovation Journey, in Context
11:30 – 12:00	Exercise – SWOT Analysis (Individual)
12:00 - 1:00	Lunch
1:00 – 2:15	Tell Your Story through Impact Metrics for Deals
2:15 – 2:30	Break
2:30 – 3:30	Telling Your Story Externally: Stakeholder Relations
3:30 – 4:30	Fireside chat with Seema Patel, Division Chief, Innovation Design and Advisory, USAID Global Development Lab
4:30 – 5:00	Wrap-up, Feedback, Exit Survey

Groundrules

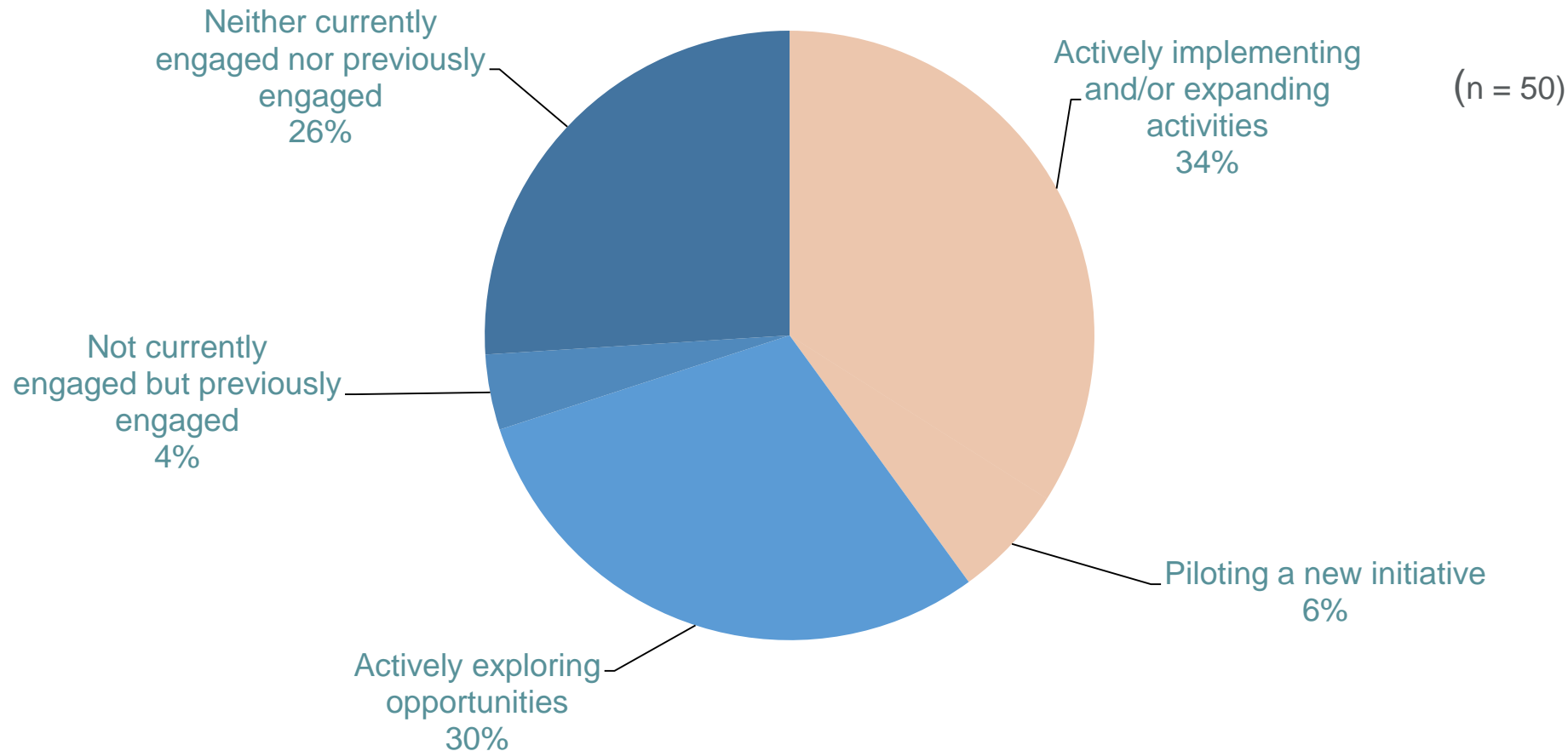
- Punctuality
- Technology
 - Please self-regulate
- Respect
 - Actively Listening and in Speaking
- Active, Inclusive Participation
 - Practice your pitch; Keep jargon to a minimum
 - Make a proposal; don't just ask what you can do.
- Honest Feedback – constructive criticism is the only way we can serve you better!

Survey Findings & Insights

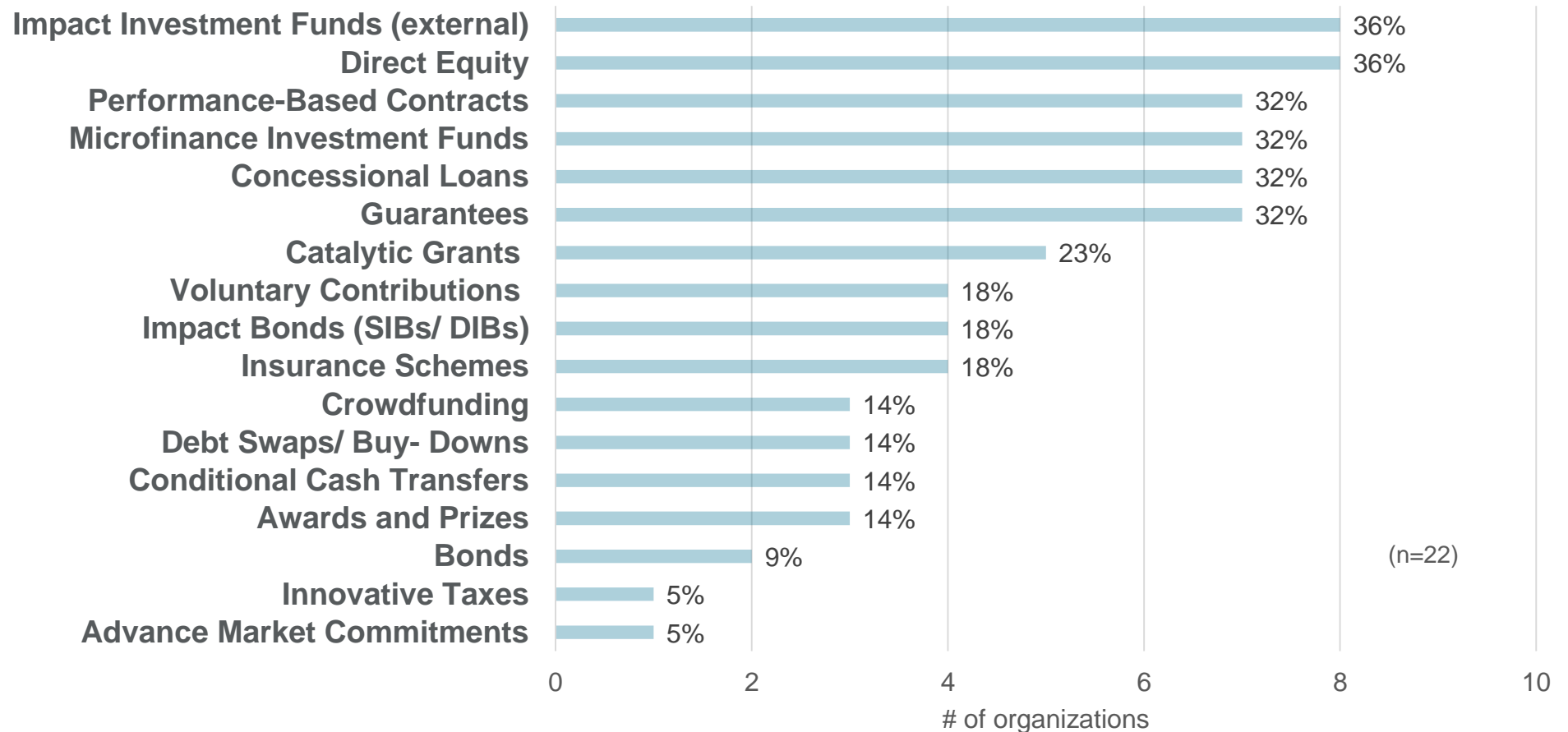
Phase I of Interaction – Rockefeller Engagement

Elina Sarkisova

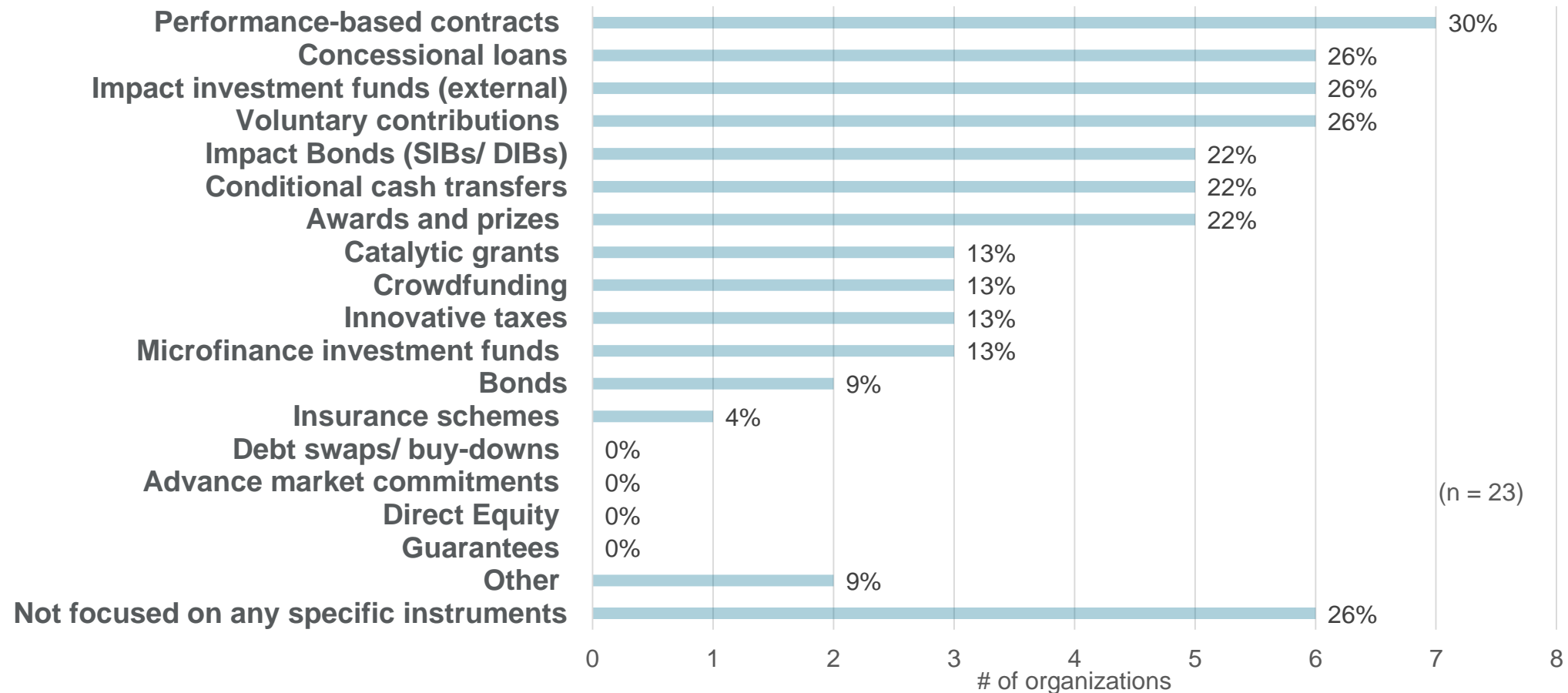
40% are implementing IF4D activities;
88% are looking to expand/enter the market



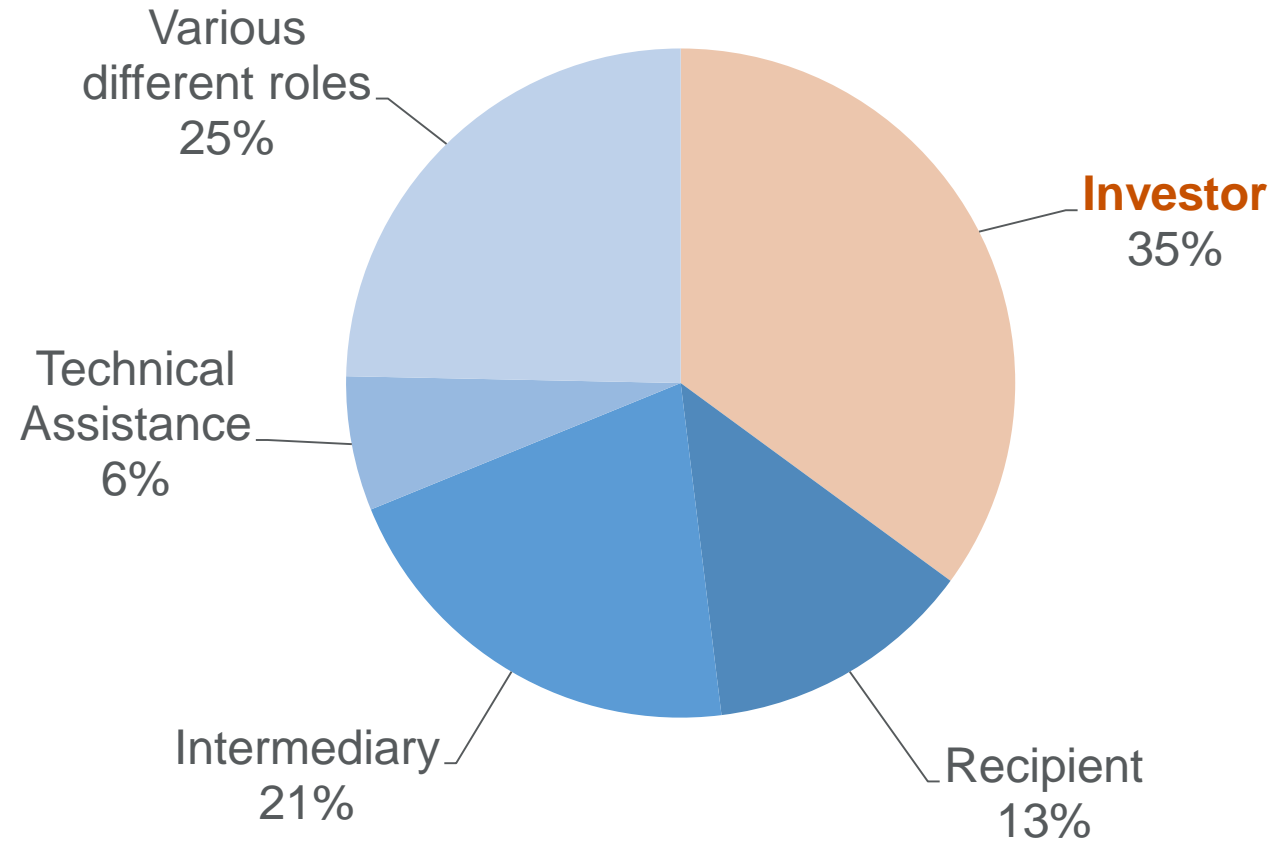
Implementers: PBCs and impact investing tools; the least common are results-based approaches



Non-Implementers: results-based approaches and voluntary contributions; the least common are impact investing tools

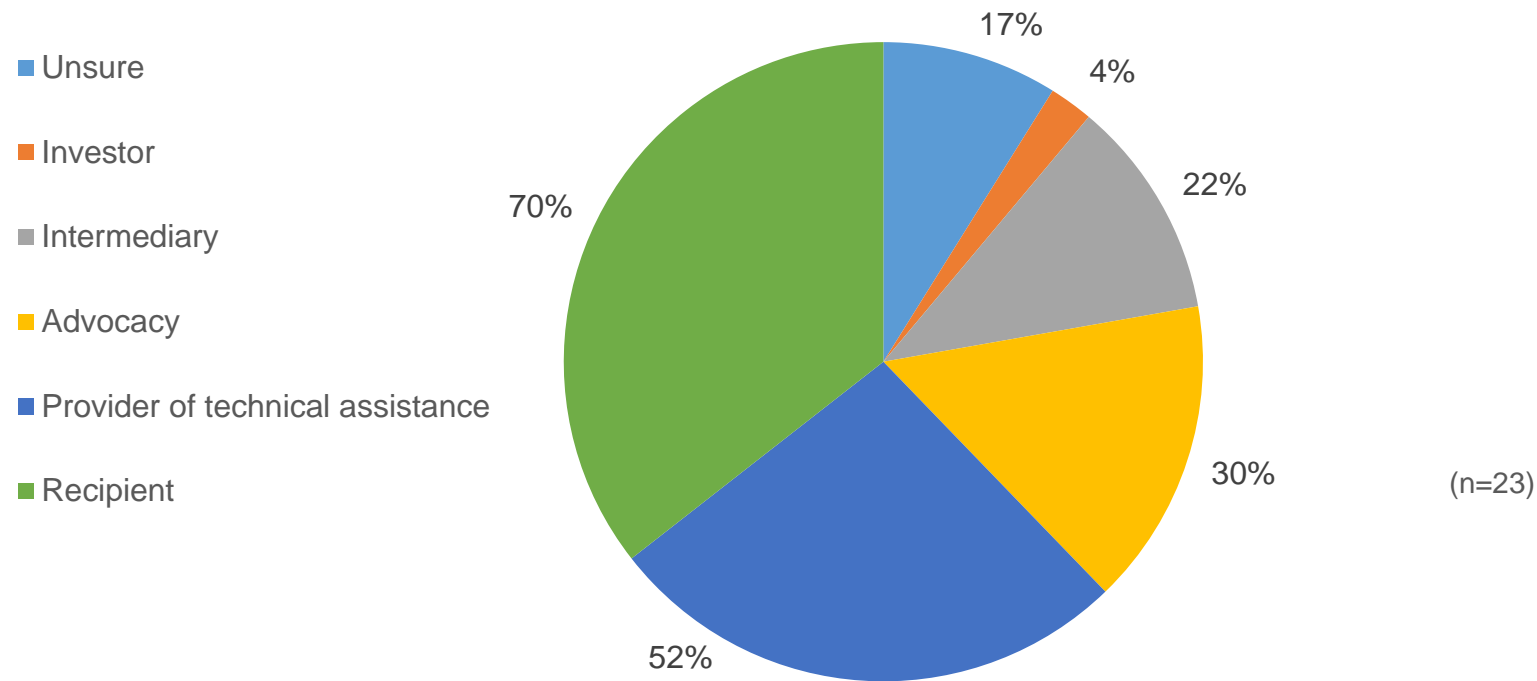


Among implementers, the most common role was investor

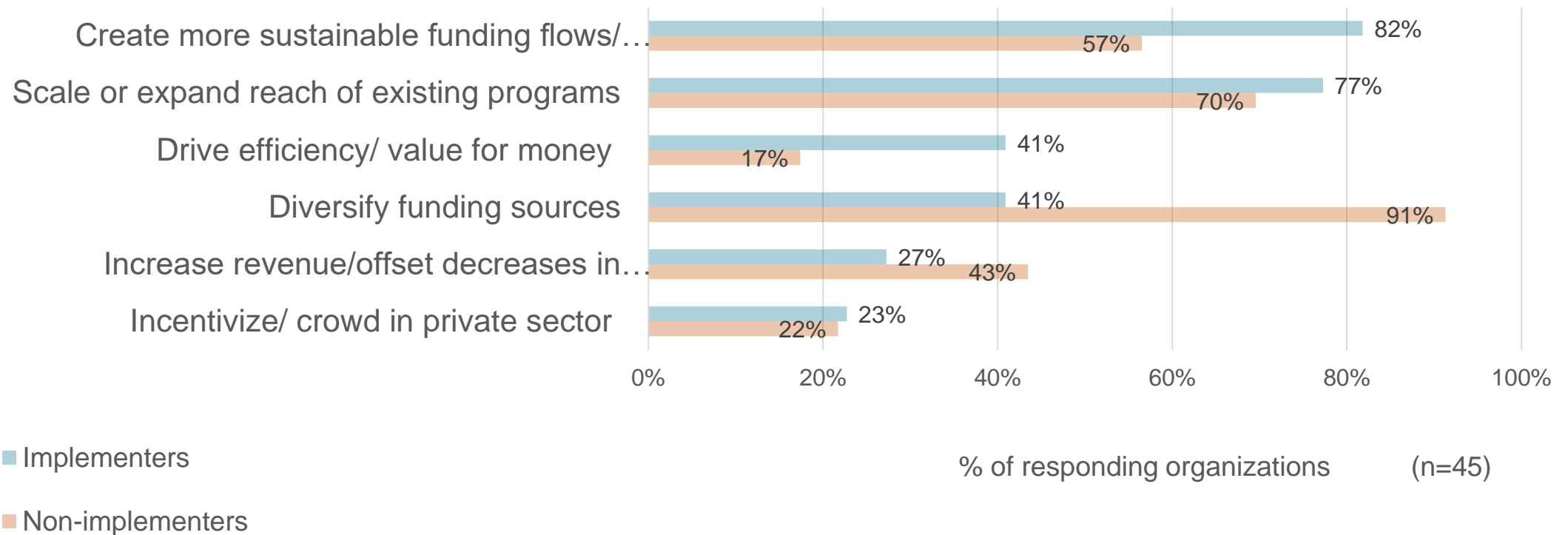


(n = 77)

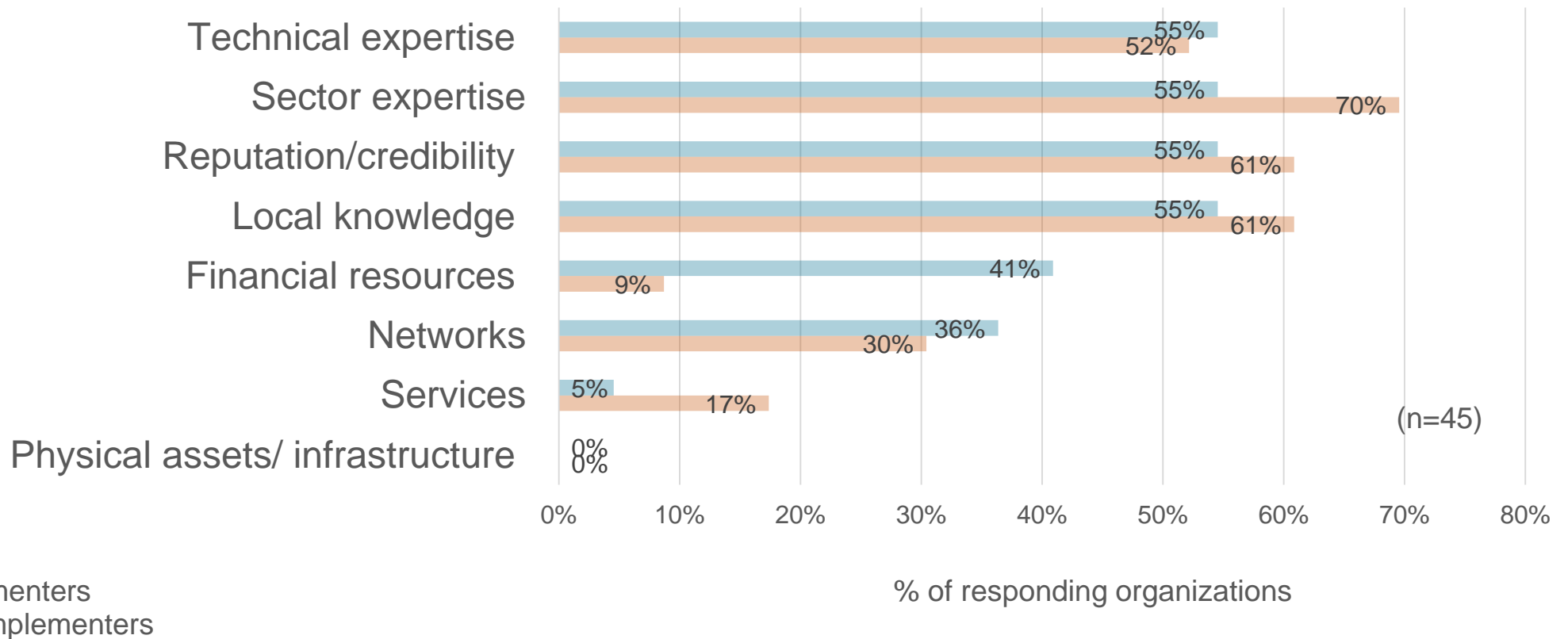
Among non-implementers, the role of most interest was recipient (70%). Only 4% wanted to play an investor role.



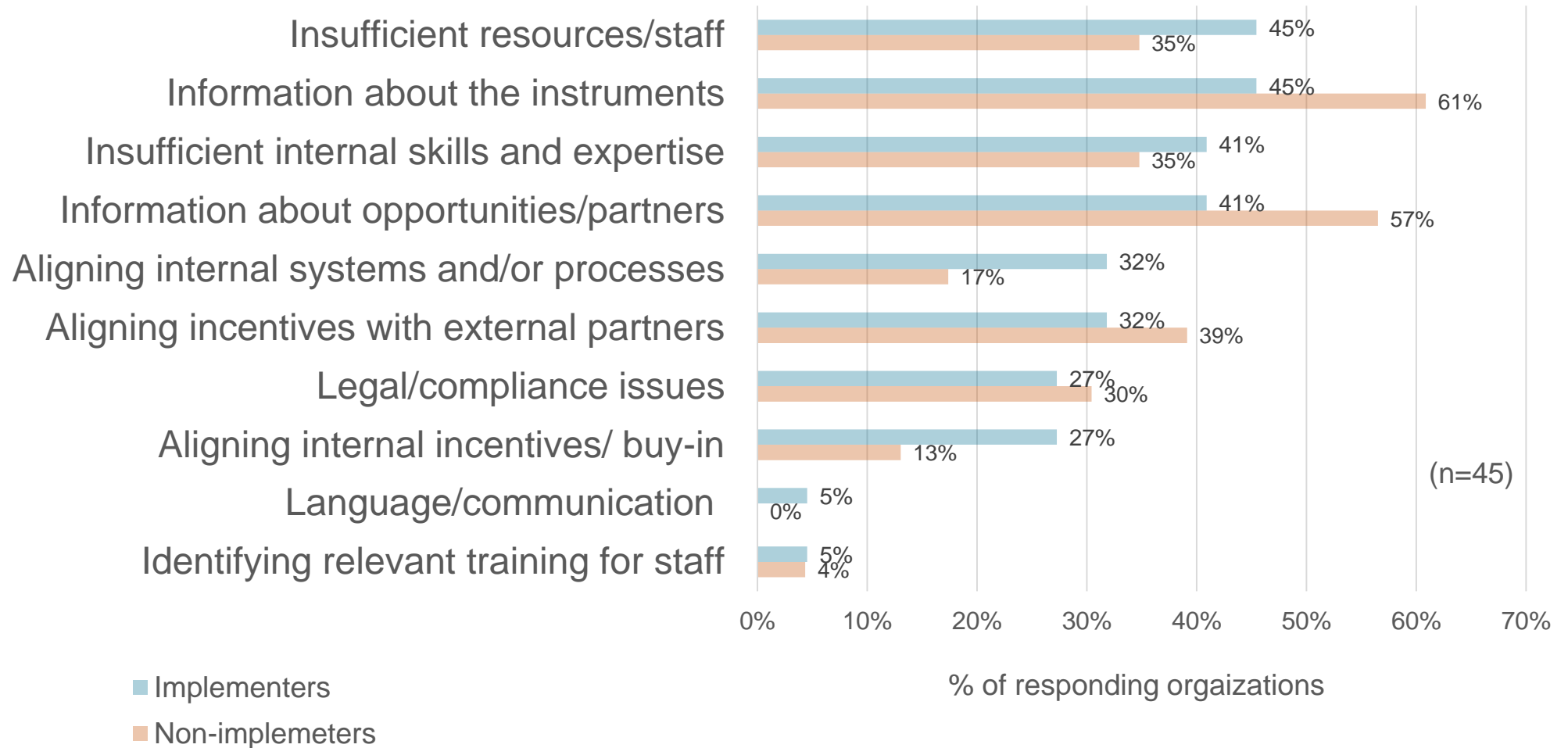
Implementers are most motivated by recycling capital. Non-implementers are most motivated by diversifying funding



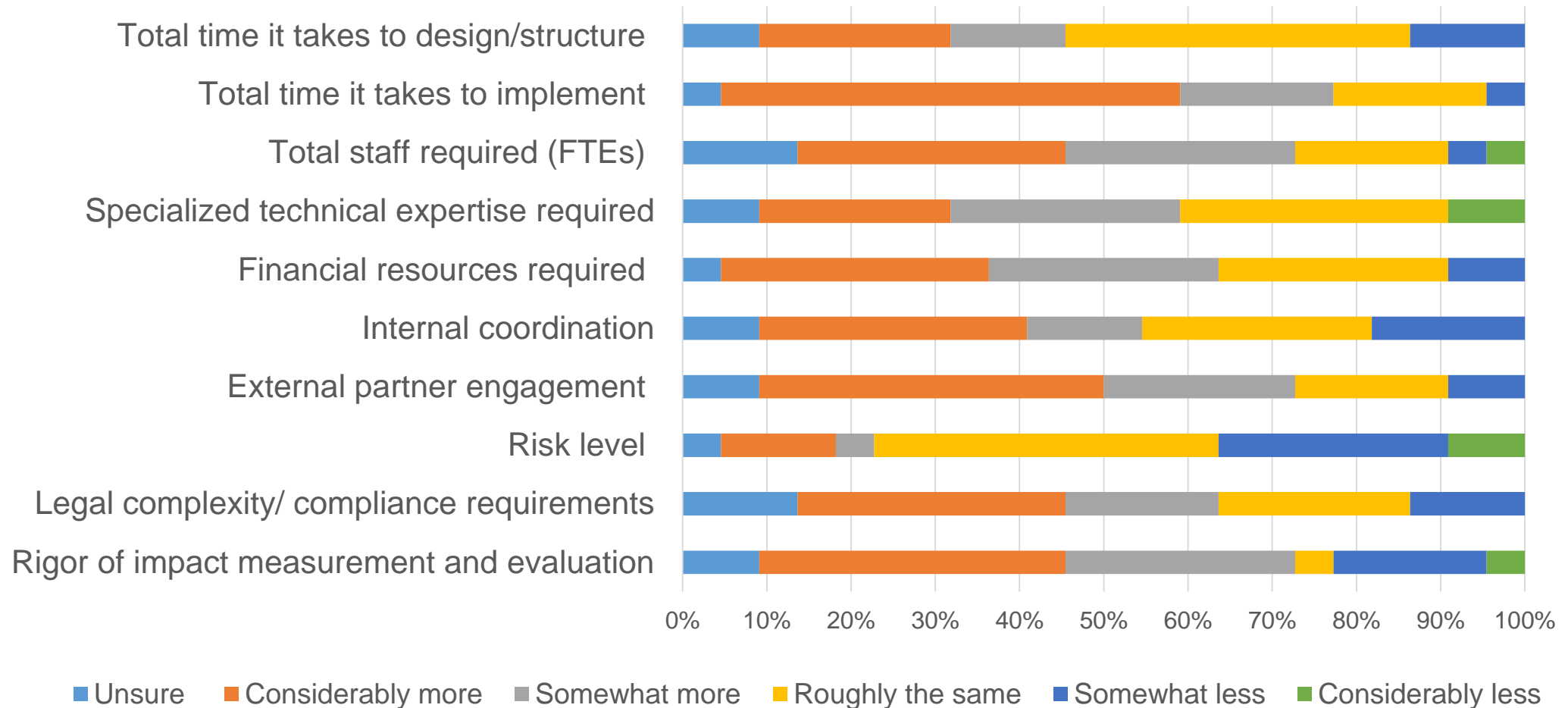
With the exception of financial resources, there is broad convergence on what NGOs bring to the table



Informational barriers are significant for both groups



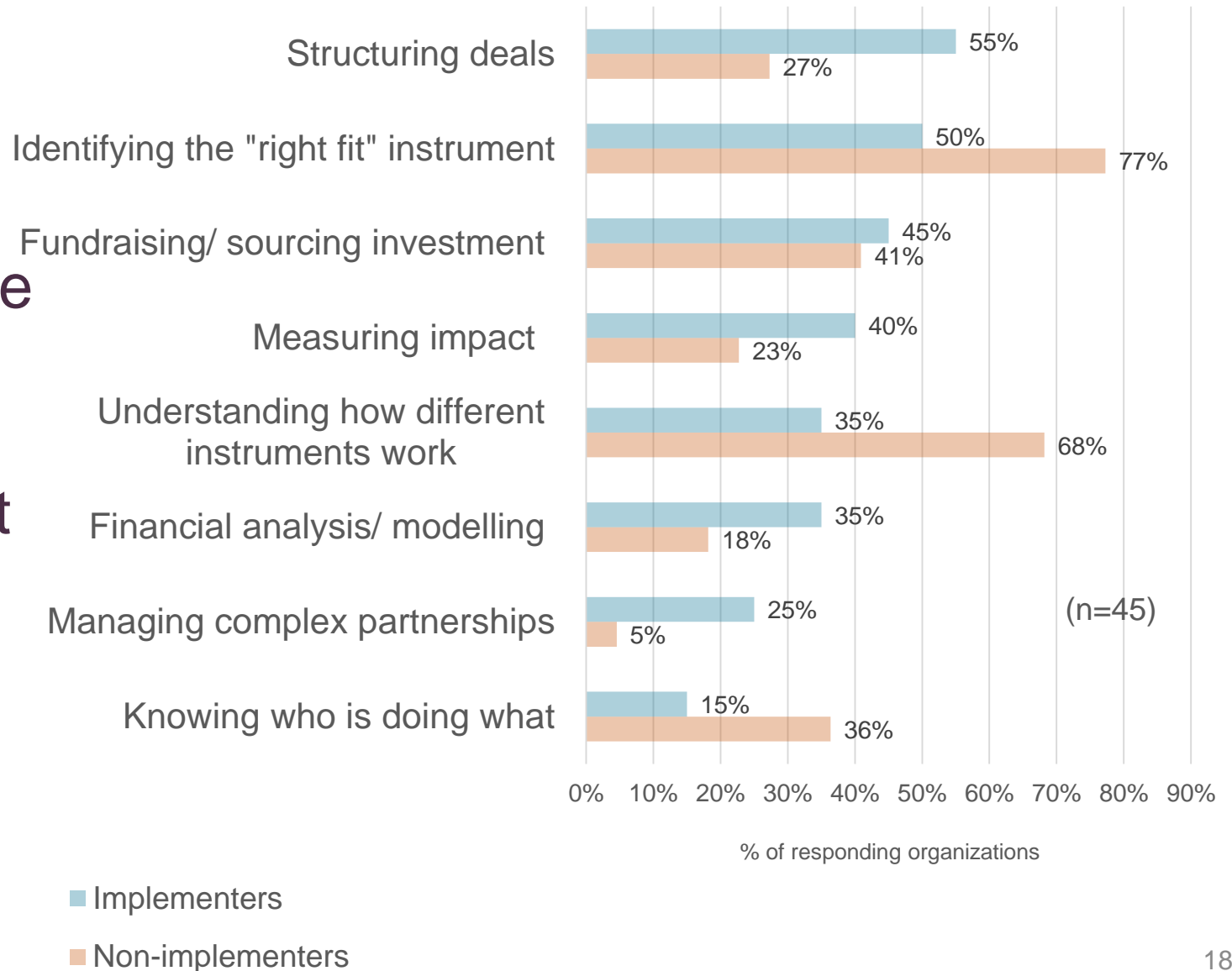
IF4D activities place a greater burden on NGOs compared to traditional grants



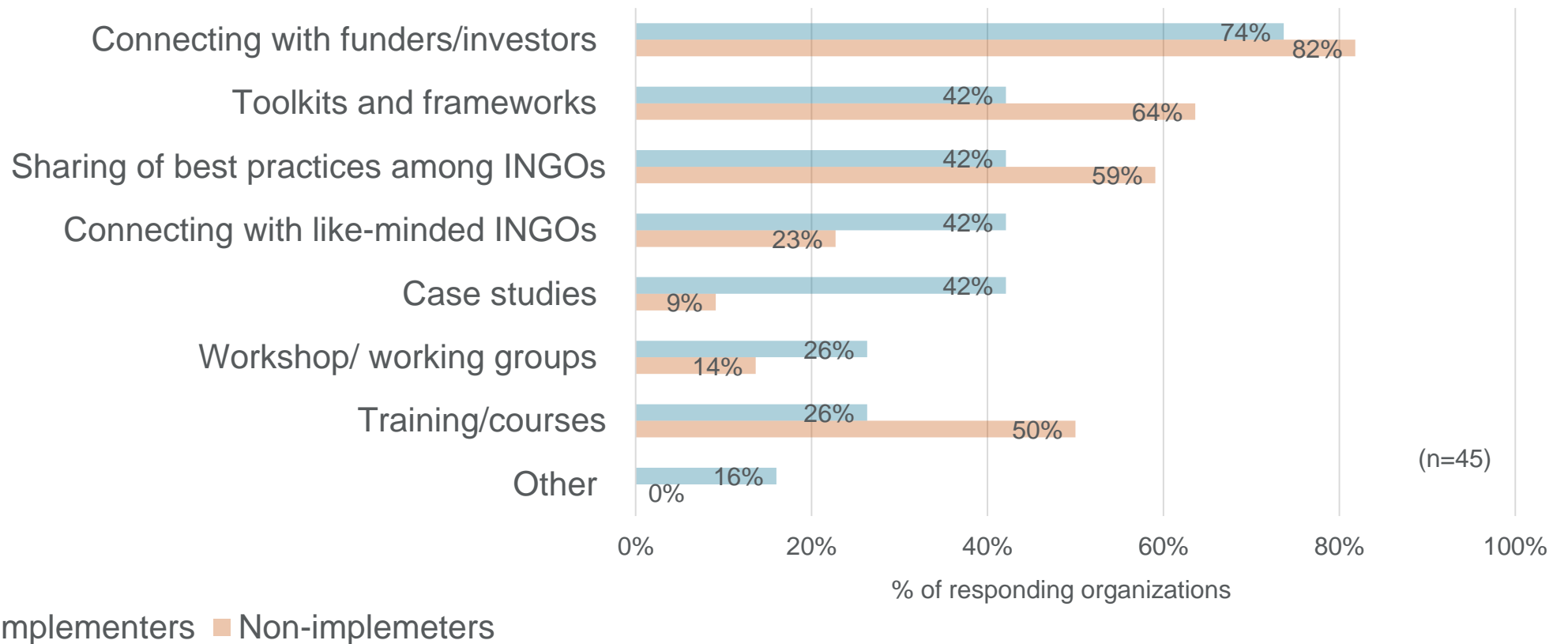
Implementers need more support with the **operational aspects** of IF4D

Non-implementers need more support **understanding the basics**

Both need significant support identifying the “right fit” instrument and sourcing investment



Both groups express similar resource needs: **connecting with funders and toolkits and frameworks**



Why gather today?

Why Innovative Finance?

Trends, Needs, Intentions?

Training Objectives

- Survey Says... “What” “Where” “How”
 - 1) The Ask: Learn from peers re Project-Instrument-Investor Fit
 - Delivery: Developed several original Case Studies
 - 2) Share challenges and innovate as an industry
 - Innovation in Resource Constrained times
- Understand INGO motivations for IF4D – “Why”
- Identify INGOs value-add in IF4D → *What is your Impact Thesis?*
- Fail Better, Faster, Differently → towards ever more sustainable development goals

IF4D Intent for INGOs. “Why?”

Intent

- Funding Diversification?
- Revenue Replacement?
- Donor/Board Driven?
- Sustainability of Programs?
- Maximize Social Impact/“Return”?
- Market Pressure?
- Other?

Benefits

- Resource Mobilization
Funds, Partners
- Financial Intermediation
Distribution of Risk
- Resource Delivery
Effective deployment of resources
- Advances
Products & Services
- Scale Impact
New customers & markets

IF4D Fears & Challenges for INGOs.

1. The Unknown – not your mom's USAID:
2. Learning the language of investors vs. answering RFPs
3. Unreliable funding stream
4. NICRA/Admin costs
5. Steering a ship off a cliff? Into a Golden Triangle?
6. Taking a calculated risk – invest to grow
7. Need to modify internal systems

NGO Value-Add in IF4D

Leading with Impact; Leveraging the Under-Leveraged

- Ability to deliver High Social Impact **w/ Intent**
- **User-Centric** (when we don't forget them)
- Global & Local Footprint of Staff & Operations
- Experience with Due Diligence; Impact **Measurement** thru Monitoring & Evaluation
- Elevating the “G” in E + S + G!
(Environmental, Social & Governance)
- Working in Scarcity – places & budgets → more innovation for impact expertise than we know we have

IF4D Roles for INGOs. “How?”

1. BUILD - Pipeline of Responsible Enterprises

- Internal Incubation – have the right internal expertise?

2. BORROW– Strategic Partnerships

- If not Build, leverage Partnerships team, Collaborate w/others?

3. BUY – M&A

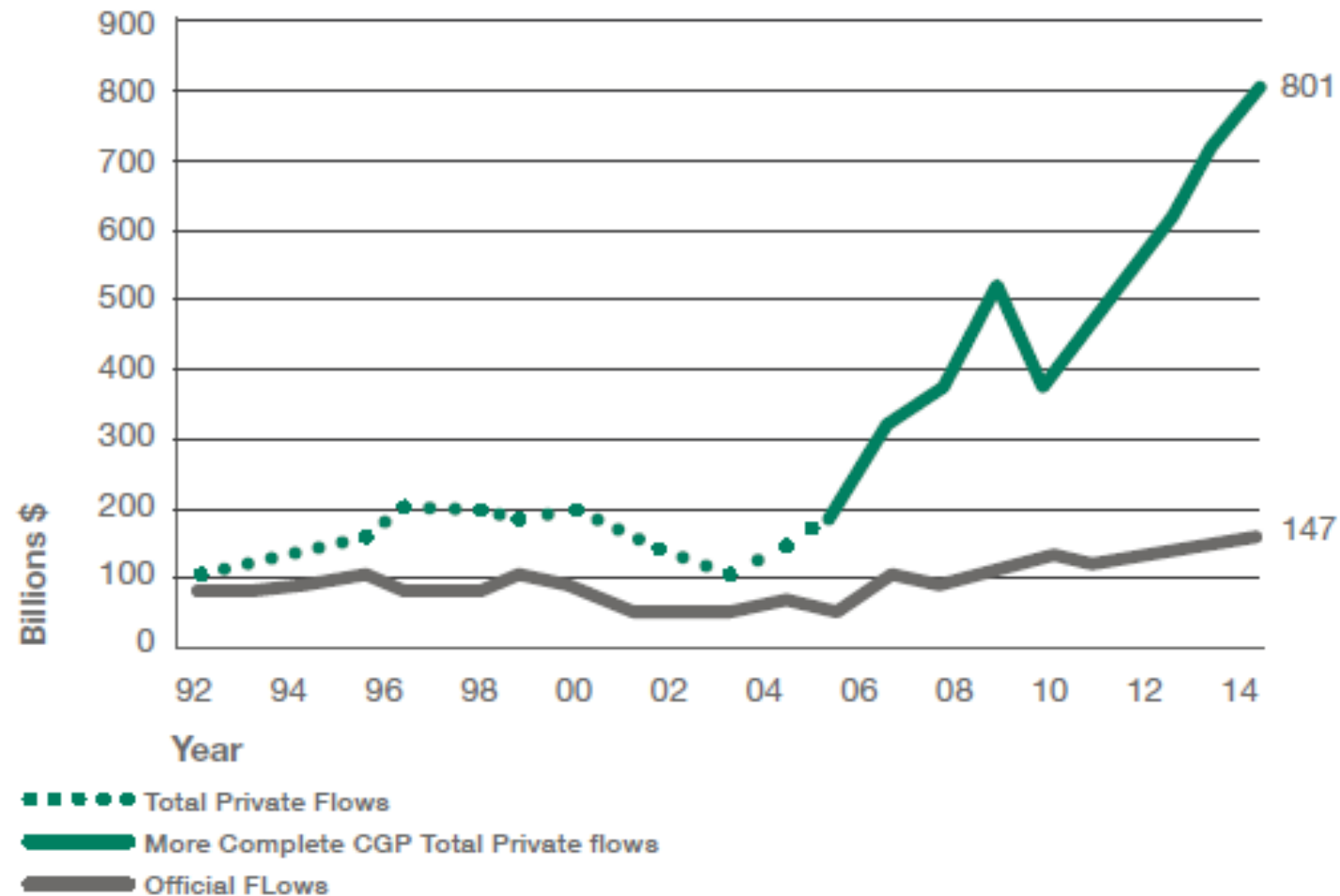
- If neither 1 nor 2, explore merger, or have cash to leapfrog & acquire innovation?
- Direct Investments - External Fund Launch

4. Technical Assistance; Independent Assessments, etc.

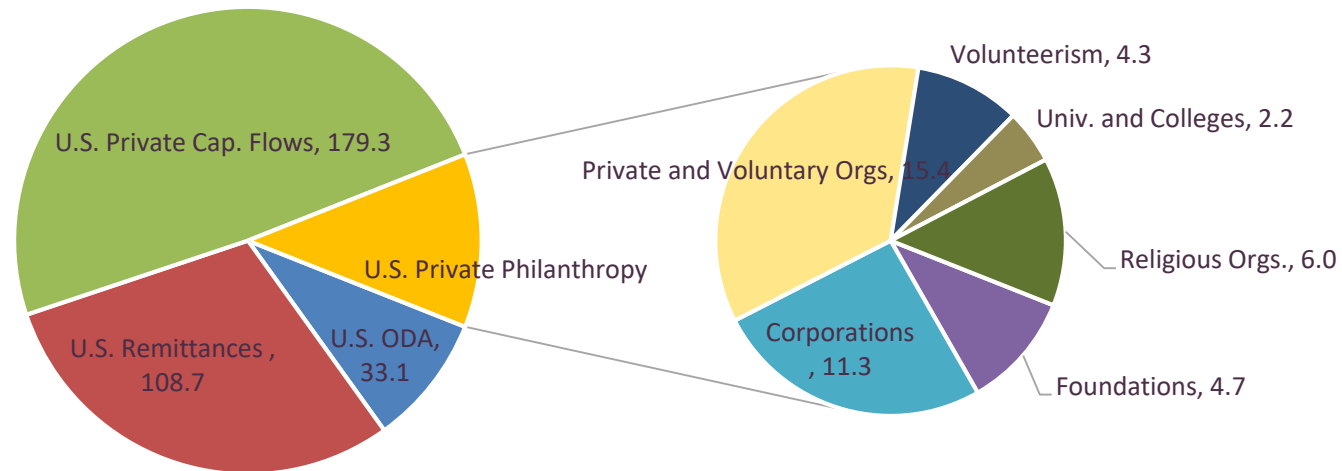
- Additive to one of the above

Trends in Financial Flows

Total Official and Private Flows from donor countries to developing countries
1992-14*



U.S. Net Economic Engagement with Developing Countries 2013-14 (\$Billions)



Private Philanthropy > ODA annually for more than 25 years.

According to GIIN – JPMC 2016:

- > USD \$15.2 billion was committed by impact investors in 2015; 7,551 deals
- 16% increase in the committed \$ by investors; 55% increase in the number of deals.

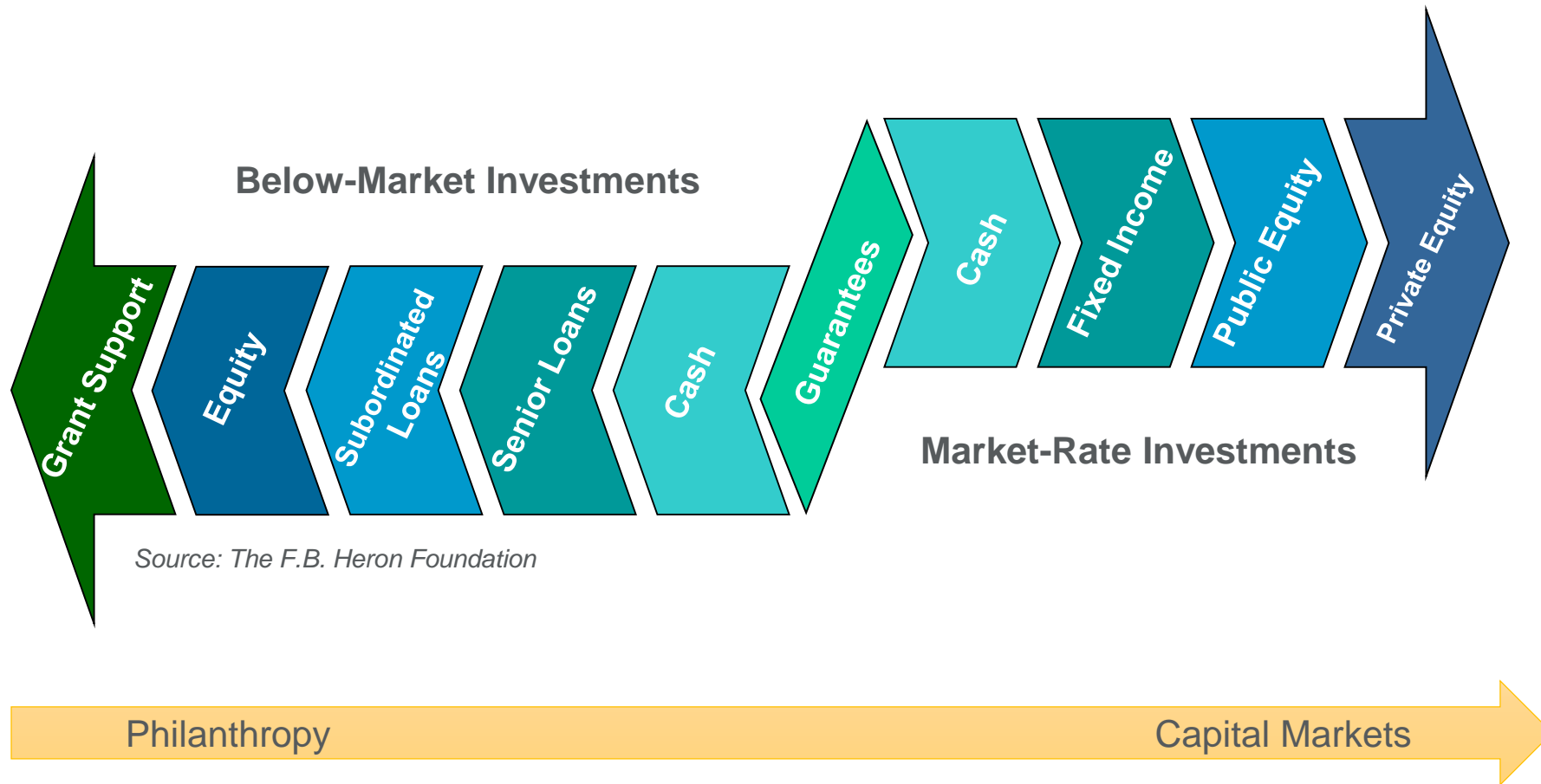
Session 1:

Catalytic Capital

IF4D Instruments

Part 1

Continuum of Investments with Impact



DEVELOPMENT OBJECTIVE*

	Private Sector Entry	Incentivize Innovation	Improve Service Delivery	Reduce Cost of Capital to Operator	Improve Aid Effectiveness	Raise Capital for Impact
CATALYTIC APPROACHES	Investment Funds	✓	✓			✓
	Direct Equity	✓	✓			✓
	Concessional Loans	✓			✓	
	Guarantees	✓			✓	
	Insurance Schemes	✓			✓	
	Catalytic Grants	✓	✓			
	Crowdfunding	✓	✓		✓	✓
	Voluntary Contributions	✓			✓	✓
RESULTS-BASED APPROACHES	Performance-based contracts		✓	✓	✓	
	Impact Bonds (SIBs/DIBs)	✓	✓	✓	✓	
	Debt-Swaps/ Buy-Downs				✓	
	Conditional Cash Transfers			✓	✓	
	Awards and Prizes	✓	✓		✓	
	Advance Market Commitments	✓	✓	✓	✓	✓
OTHER	Innovative Taxes					✓
	Bonds					✓

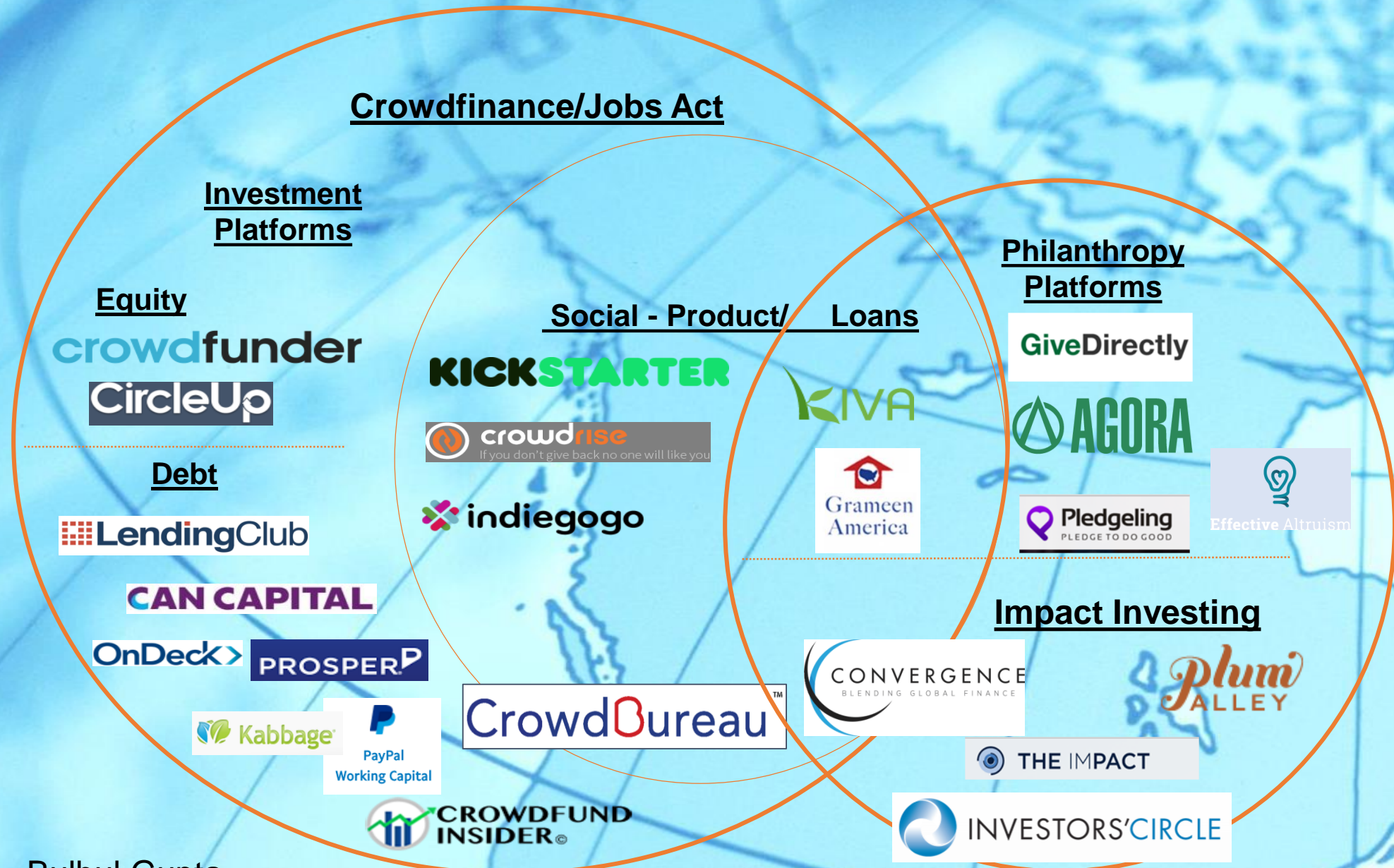
Voluntary Contributions

Definition	<ul style="list-style-type: none">• A part of consumer purchases that take the form of donations
How does it work?	<ul style="list-style-type: none">• 'Micro-contribution' towards saving lives by fighting life-threatening diseases among the world's most vulnerable with every travel service purchase.
Benefits	<ul style="list-style-type: none">• Resource mobilization, Issue awareness, New donors
Risks	<ul style="list-style-type: none">• Unpredictable capital flows, High startup costs, High advertising costs
Example	<ul style="list-style-type: none">• Massivegood; <i>Investor</i> – UNITAID; <i>Implementor</i> - Millennium Foundation, Amadeus
Types of Investors	<ul style="list-style-type: none">• Individuals (As donors, consumers, etc.), other gifts, donors.
Potential Use	<ul style="list-style-type: none">• Sector agnostic, Scale proven business models

Crowd Funding

Definition	<ul style="list-style-type: none">• To raise monetary contributions from a large number of people and leveraging their networks for greater reach & exposure.
How does it work?	<ul style="list-style-type: none">• Can be donation-, rewards-, or equity-based and helps finance projects that are too innovative or risky for traditional financing.
Benefits	<ul style="list-style-type: none">• Resource mobilization, diversify funding, issue awareness, new Donors, low fund raising costs
Concerns / Risks	<ul style="list-style-type: none">• Commission costs, effective campaigning needed, unpredictable flows, intensive competition
Example	<ul style="list-style-type: none">• Kiva, Indiegogo, Grants (\$5 million or more) – Google.org, Mastercard Foundation, Hewlett Packard Enterprise Foundation, HP Foundation
Type of investors	<ul style="list-style-type: none">• Individuals - as donors, or as retail investors – from debt to equity
Potential Use	<ul style="list-style-type: none">• Sector agnostic, proof of concept, validate models, suitable for well defined issues & outcomes

US Crowdfunding Ecosystem for Soc.Ent's



Bulbul Gupta

Catalytic Grants

Definition	<ul style="list-style-type: none">• Catalytic grants to organizations that are directly involved in the sale of goods and services to a market, but that also has specific social objectives that serve as its primary purpose.
How does it work?	<ul style="list-style-type: none">• Catalytic grants enable social enterprises to validate and scale operations.
Benefits	<ul style="list-style-type: none">• Resource mobilization, Market based approach, Incentivizes private sector and entrepreneurs, innovation in product and delivery, Return on capital, Right of 1st refusal
Concerns / Risks	<ul style="list-style-type: none">• Moral Hazard, Loss of capital, Mission drift, Reputation risk
Example	<ul style="list-style-type: none">• Sanergy; <i>Investors</i> – Acumen, MassChallenge, Novastar Ventures, The Eleos Foundation; <i>Grantors</i> – USAID, Peery Foundation
Type of investors	<ul style="list-style-type: none">• Individual, Foundation, Corporate, Impact Investors, Government, other grant makers
Potential Use	<ul style="list-style-type: none">• Sector agnostic, Proof of concept, Validate models, Growth capital

Awards & Prizes

Definition	<ul style="list-style-type: none">• Donors offer an award / prize for solutions in a competitive selection process
How does it work?	<ul style="list-style-type: none">• Poses a specific problem or asks a specific question, and crowdsources the solution. An award is offered to whoever best solves it.
Benefits	<ul style="list-style-type: none">• Incentivizes solution development, shifts risk from donor to solution developers, creates issue awareness
Concerns / Risks	<ul style="list-style-type: none">• Legal and non-legal issues in structuring prizes / awards
Example	<ul style="list-style-type: none">• Grand Challenges Canada; Investor – Government of Canada
Types of Investors	<ul style="list-style-type: none">• Governments, Foundations, Bilateral Organizations, Multilateral Organizations, Corporations
Potential Use	<ul style="list-style-type: none">• Sector agnostic, suitable for a well defined problem, validate proof of concept

Direct Equity

Definition	<ul style="list-style-type: none">• To take an ownership interest or stake in a separate for-profit entity.
Benefits	<ul style="list-style-type: none">• Access to capital, Mobilizes new investors, Right of 1st refusal, Ability to influence management
Concerns / Risks	<ul style="list-style-type: none">• Legal structuring needed, High risk, Loss of capital , Minimal return, Long investment period, Low level of covenant protection
Example	<ul style="list-style-type: none">• Mercy Corp's Social Venture Fund; <i>Investor</i> – Mercy Corps
Types of Investors	<ul style="list-style-type: none">• Individual, foundation, corporate, impact investors
Potential Use	<ul style="list-style-type: none">• Sector agnostic, validate models, growth capital for enterprises, missing middle financing

Impact Investment Funds

Definition	<ul style="list-style-type: none">• Vehicles structured and funded to target a specific social challenge, often blending investors with different risk and return profiles.
How does it work?	<ul style="list-style-type: none">• Investments that deliver financial as well as social or environmental benefits. Rate of return ranges from below-to above-market rates
Benefits	<ul style="list-style-type: none">• Mobilizes capital and new investors, targeted returns, risk diversification, Ability to invest in larger size transactions due to pooling of investments
Concerns / Risks	<ul style="list-style-type: none">• No control of investments made, low returns, inadequate impact measurement, key person risk, limited ability to influence management of portfolio cos.
Example	<ul style="list-style-type: none">• Global Health Investment Fund; Sponsors & Partners - GSK, Merck and the Pfizer Foundation, AXA, JP Morgan, Storebrand,
Potential Use	<ul style="list-style-type: none">• Sector agnostic, Scale proven business models

15-minute BREAK to 11:30

Next: CASE STUDY PRESENTATIONS & WORKSHOPS (Part 1)

Case Study: 1 hour

Each group: 1 Case presenter, 1 reporter, you

5 mins	Read case (individually)
30 mins	Ask clarifying questions
5 mins	Key challenge to group
15 mins	Group feedback
2 mins	Wrap-up. What would you have done differently if you knew then what you know now?



Habitat for Humanity

Model

HFHI launched the MicroBuild Fund (MBF) to provide capital to microfinance institutions who make housing microfinance loans to low income families. The funding is bundled with technical assistance to both the institutions and the borrowing clients. The institution technical assistance includes market research, housing microfinance product development, pilot launch and monitoring and evaluation. Clients receive construction technical advice and financial education.

Sector Focus

Affordable housing

Instrument Structure

Senior Debt; Non-Convertible Debentures

Investment Size

\$100 million housing microfinance fund and \$10 million for technical assistance

Investors

Habitat for Humanity International, Omidyar Network, MetLife Foundation and Triple Jump

Example Investment

In Kazakhstan, MBF funded a \$3 million fully hedged local currency loan in Kaz Microfinance (KMF). Terwilliger Center for Innovation in Shelter (TCIS), the advisory arm of HFHI provided market research and helped developed a new HMF loan product. TCIS also provided capacity building and training to KMF's loan officers and branch managers.

Oxfam: SME Financing

Model	Small Enterprise Impact Investing Fund targets small and medium sized enterprises in developing countries by investing in local financial intermediaries which focus on SME development. Oxfam's role is in the fund's governance and measuring the impact of the fund's investments.
Sector Focus	Women's empowerment, job creation and food security
Instrument Structure	Debt
Fund Size	USD 7.2 million
Investees	14 investees since inception, 11 current investees
Investors	Oxfam, Symbiotics, private and institutional investors
Minimum Investment	USD 200,000
Return	3%
Challenge	Impact measurement, fundraising

Catholic Relief Services

Model	CRS' model has three components. Firstly, it has committed five percent of its reserves to invest in established impact funds. Secondly, it has allocated resources for PRIs (loans or guarantees) in enterprises or funds and link directly to CRS programs. Lastly, CRS is integrating innovative financial mechanisms into its current and upcoming grant proposals.
Sector Focus	Agricultural Livelihoods, Health, and Emergency Response and Recovery
Challenge	An internal challenge that CRS faces is shifting the culture and mindset of a organization toward the use of private capital to solve large scale social problems through investment in social enterprises or businesses. To address this challenge, the organization has commenced staff education activities.
Investments	Investment in Ascension Investment Management's Impact Strategy and a mission-aligned investment with a loan to Lafaza
Investment Example	\$500,000 investment in Lafaza, a U.S.-based agriculture company that sells vanilla sourced directly from smallholder farmers in Madagascar. This investment will help Lafaza expand the number of farmers it buys from and extend its reach as an international supplier. Other Stakeholders: Root Capital, MGR Foundation, USAID's Development Credit Authority (loan guarantee)

LUNCH Break 12:30pm

1-2:30pm Speakers Panel – Learning from Our Track Record



ALEXIS BONNELL,
*ACTING DIRECTOR,
OFFICE OF
ENGAGEMENT AND
COMMUNICATIONS,
USAID US GLOBAL
DEVELOPMENT LAB*



AMIE PATEL,
*DIRECTOR, GLOBAL
PARTNERSHIPS,
ELEVAR EQUITY*



LONA STOLL,
*DEPUTY VICE
PRESIDENT, SECTOR
OPERATIONS,
MCC*



MERRYL BURPOE,
*ACTING VICE
PRESIDENT,
OFFICE OF
INVESTMENT
POLICY,
OPIC*

Session 2: Results-Based IF4D Instruments

Part 2

Performance Based Contracts

Definition	<ul style="list-style-type: none">Results-oriented contracts that tie at least a portion of a contractor's payment to the achievement of specific, measurable indicators linked to outputs, quality or outcomes.
Benefits	<ul style="list-style-type: none">Templates available, Results based financing, Moderate R&D cost and development runway, Improved management of resources
Risks	<ul style="list-style-type: none">Multiple stakeholders required, Complex structures
Example	<ul style="list-style-type: none">Global Partnership on Output-Based Aid (GPOBA)<i>Investors</i> – DFID, DFAT, DGIS, IFC, Sida<i>Development Partners</i> – ADB, Cities Alliance, MCC, Public-Private Infrastructure Advisory Facility (PPIAF), Energy Sector Management Assistance Program (ESMAP)
Types of Investors	<ul style="list-style-type: none">Multilateral Organizations, Bilateral Organizations, Foundations, Governments, Corporates
Potential Use	<ul style="list-style-type: none">Suitable for projects with clear measurable outputs / outcomes, Scale proven models

Social Impact Bonds

Definition	<ul style="list-style-type: none">• A contract between private investors and donors who have agreed upon a shared development goal. Investors advance fund development programs with financial returns linked to verified development goals.
How does it work?	<ul style="list-style-type: none">• A government contracts with a private sector financing intermediary to obtain social services. The government pays the intermediary entirely or almost entirely based upon achieving performance targets.
Benefits	<ul style="list-style-type: none">• Leverages private investments, measurable results,
Concerns / Risks	<ul style="list-style-type: none">• Structuring. Legal requirements may vary with country, High startup costs, extensive coordination needed between partners and service providers, Requires a financial gain for the outcome funder
Example	<ul style="list-style-type: none">• Colombia Workforce SIB: <i>Investors</i> - Fundación Corona, Fundación Bolívar Davivienda, and Fundación Mario Santo Domingo. <i>Outcome Payers</i> - Prosperidad Social (Colombian Government) and SECO (Swiss International Development Cooperation). <i>Intermediary</i> - Fundación Corona
Types of Investors	<ul style="list-style-type: none">• Foundations, Bilateral Organizations, Multilateral Organizations, Governments, Impact Investors
Potential Use	<ul style="list-style-type: none">• Sectors – Education, Health, Agriculture, Scale proven models

Development Impact Bonds

Definition	<ul style="list-style-type: none">• A contract between private investors and donors who have agreed upon a shared development goal. Investors advance fund development programs with financial returns linked to verified development goals.
How does it work?	<ul style="list-style-type: none">• A donor contracts with a private sector financing intermediary to obtain social services. The donor pays the intermediary entirely or almost entirely based upon achieving performance targets.
Benefits	<ul style="list-style-type: none">• Leverages private investments, measurable results,
Concerns / Risks	<ul style="list-style-type: none">• Structuring? Legal requirements may vary with country, High startup costs, extensive coordination needed between partners and service providers, Requires a financial gain for the outcome funder
Example	<ul style="list-style-type: none">• Educate Girls DIB• Investor - UBS Optimus Foundation; Implementer - Educate Girls; Evaluator - ID Insight; Outcome Payer - Children's Investment Fund Foundation (CIFF)
Types of Investors	<ul style="list-style-type: none">• Foundations, Bilateral Organizations, Multilateral Organizations, Governments, Impact Investors
Potential Use	<ul style="list-style-type: none">• Sectors – education, health, agriculture, scale proven models

Concessional Loans

Definition	<ul style="list-style-type: none">• Loans extended on terms substantially more generous than market loans
How does it work?	<ul style="list-style-type: none">• This concessionality can be achieved in multiple ways such as interest rates below those available in the market, longer maturities, longer grace periods, lower collateral requirements or subordinated debt
Benefits	<ul style="list-style-type: none">• Mobilizes capital, Long term financing, Low cost capital
Concerns / Risks	<ul style="list-style-type: none">• Loss of capital, Loss of profit, Repayment risk, Misallocation of funds, Limited ability to influence management practices
Example	<ul style="list-style-type: none">• The Nature Conservancy• <i>Investor</i> – The David and Lucile Packard Foundation
Types of Investors	<ul style="list-style-type: none">• Individual, Impact Investors, Foundations, Multilateral Organizations, Bilateral Organizations
Potential Use	<ul style="list-style-type: none">• Sector agnostic, infrastructure projects, small business lending, scale proven models

Guarantees

Definition	<ul style="list-style-type: none">• A guarantee is a promise of indemnification up to a specified amount in the case of default or non-performance of an asset, e.g. a failure to meet loan repayments or to redeem bonds, or expropriation of an equity stake.
How does it work?	<ul style="list-style-type: none">• Guarantees are typically used to promote development, and can provide the measure of security needed to bring on board more private risk capital.
Benefits	<ul style="list-style-type: none">• Mobilize private capital, Political risk insurance, Risk sharing, Pre-existing templates available, Low R&D, Lower cost of capital
Concerns / Risks	<ul style="list-style-type: none">• Moral hazard, Difficulty in structuring guarantees, Challenges aligning the expectations and interests of various stakeholders
Example	<ul style="list-style-type: none">• <i>Healthy Neighborhoods Loan Pool I & II</i>• <i>Guarantors</i> – Annie E. Casey Foundation, Abell Foundation, Goldseker Foundation, Maryland Housing Fund, Maryland Department of Housing and Community Development
Types of Investors	<ul style="list-style-type: none">• Foundations, Bilateral Organizations, Multilateral Organizations, Institutional Investors Governments
Potential Use	<ul style="list-style-type: none">• Sector agnostic, infrastructure projects, growth financing for enterprises, scale proven models, PPPs

Conditional Cash Transfers → Direct Income

Definition	<ul style="list-style-type: none">• A donor makes a conditional cash transfer when the beneficiaries' fulfill certain conditions
How does it work?	<ul style="list-style-type: none">• Such cash transfers aim to reduce poverty and transfer cash, generally to poor households, on the condition that those households make pre-specified investments in the human capital of their children
Benefits	<ul style="list-style-type: none">• Improved management of resources, productive inclusion
Concerns / Risks	<ul style="list-style-type: none">• Potential for corruption, Design and program implementation require coordination with multiple stakeholders, Support services development needed / Development of social infrastructure
Example	<ul style="list-style-type: none">• Bolsa Familia (Brazil); <i>Investor</i> – Government of Brazil, World Bank• Direct Income + FinTech - GiveDirectly, Omidyar Network, Segovia Technology, Reid Hoffman, First Access; Elon Musk (Tesla)
Types of Investors	<ul style="list-style-type: none">• Governments, Multilateral Organizations//Impact Investor, Individual
Potential Use	<ul style="list-style-type: none">• Health and education sector, scale proven models

Other Instruments

- Advance Market Commitments
- Insurance Schemes
- Microfinance Investment Funds
- Debt swaps / Buy-downs
- Innovative Taxes
- Bonds
- Diaspora Bonds

15-minute BREAK to 3:45

Next: CASE STUDY PRESENTATIONS & WORKSHOPS (Part 2)

Case Study: 1 hour

Each group: 1 Case presenter, 1 reporter, you

5 mins	Read case (individually)
30 mins	Ask clarifying questions
5 mins	Key challenge to group
15 mins	Group feedback
2 mins	Wrap-up. What would you have done differently if you knew then what you know now?

Model	Launched NatureVest to source and structure investments that support the Conservancy's mission, raise capital from investors looking to generate both financial returns and conservation outcomes, and share its experience with the investment and conservation communities to accelerate the growth of the conservation investing marketplace.
Sector Focus	Environment
Instrument Structure	Varies; primarily off-balance sheet Special Purpose Vehicles
Investment Size	Varies; typically \$5-50M
Investors	Individuals, foundations, family offices, development finance institutions
Example Investment	The Seychelles Conservation and Climate Adaptation Trust – raised grant and loan capital to extend a loan to the Seychelles government, which then purchased a portion of its sovereign debt at a discount. The government is now repaying the trust on more favorable terms compared with official creditors, and in exchange makes commitments and payments toward marine conservation and climate adaptation. (Transaction size: \$20.2M)
Challenge	Creating structures and identifying financial returns that align with investor's expectations while still achieving conservation goals

Model

We started in 1978, to create opportunities for women in rural areas and to preserve traditional handicraft methods. We now have a network of over 65,000 artisans. Our products are crafted in dedicated rural production centres and through partnering with independent producers. We sell them through a chain of commercial retail outlets and through e-commerce. Profits are reinvested into BRAC development programs.

Sector Focus	Skills development, economic empowerment, women's empowerment
Enterprise Structure	Retail chain, whose profits are reinvested in core programming
Production Centers	535
Retail Stores	15 (2015)
Annual Sales	~\$62m USD (2015)
Employees	3000 (2015)



Alliance for Peacebuilding

Model	Exploring the use of a social impact bond to reduce gang violence through funding a program with proven results and tying outcome payments to reductions to costs related to violence. The Alliance for Peacebuilding's role with this social impact bond is to provide technical assistance in the creation of the bond.
Sector Focus	Gang violence reduction
Instrument Structure	Results-based financing
Investment Size	\$3 million
Investors	TBD
Return Target	Target net return 8.5% per annum USD
Example Investment	A social impact bond that funds programming for Cure Violence, a gang-violence reduction organization in Chicago. Capital is provided by local foundations and businesses and outcome payments are derived from healthcare savings due to reductions in gang related shootings
Challenge	Lack of buy-in from local and state government

Report Back

Take 2 minutes, jot down on Stickies:

- Any fears from morning addressed?
- Any training objectives met?
- Main objectives for tomorrow?
- What stood out as common themes from the cases?
 - Shared Challenges to overcome?
 - Common instrument / approach used?
 - Biggest innovations / market disruptions they made
- Any instruments seem totally irrelevant?
- Any instrument or Case jump out as MOST relevant to explore further first?

Thank you!

See you tomorrow.

8:00 am – breakfast

9:00 am – sharp start