

Impact Finance Intro

[Leehe Skuler](#)



Venture
Philanthropy

DOUBLE BOTTOM
LINE

Social
Bonds

Corporate Social
Responsibility (CSR)

SDGs

CARBON
CREDITS

REGENERATION

ESG

Sustainability



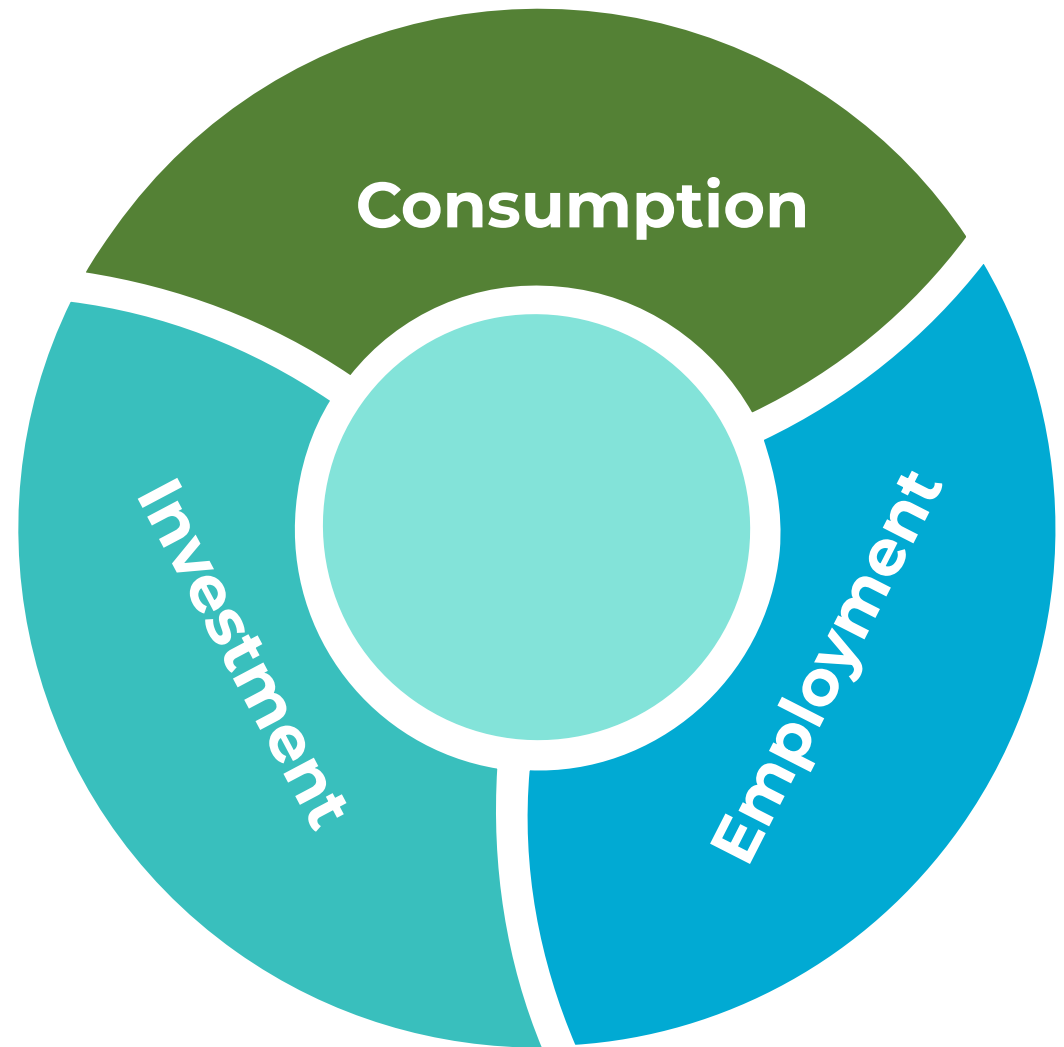
IMPACT

INTRODUCTION: The impact economy as a revolution



AN IMPACT ECONOMY

“A holistic theory of how we create, exchange and distribute ‘value’, while recognizing the necessary interdependence of all social, natural, human, manufactured and financial capitals in generating wealth and wellbeing”

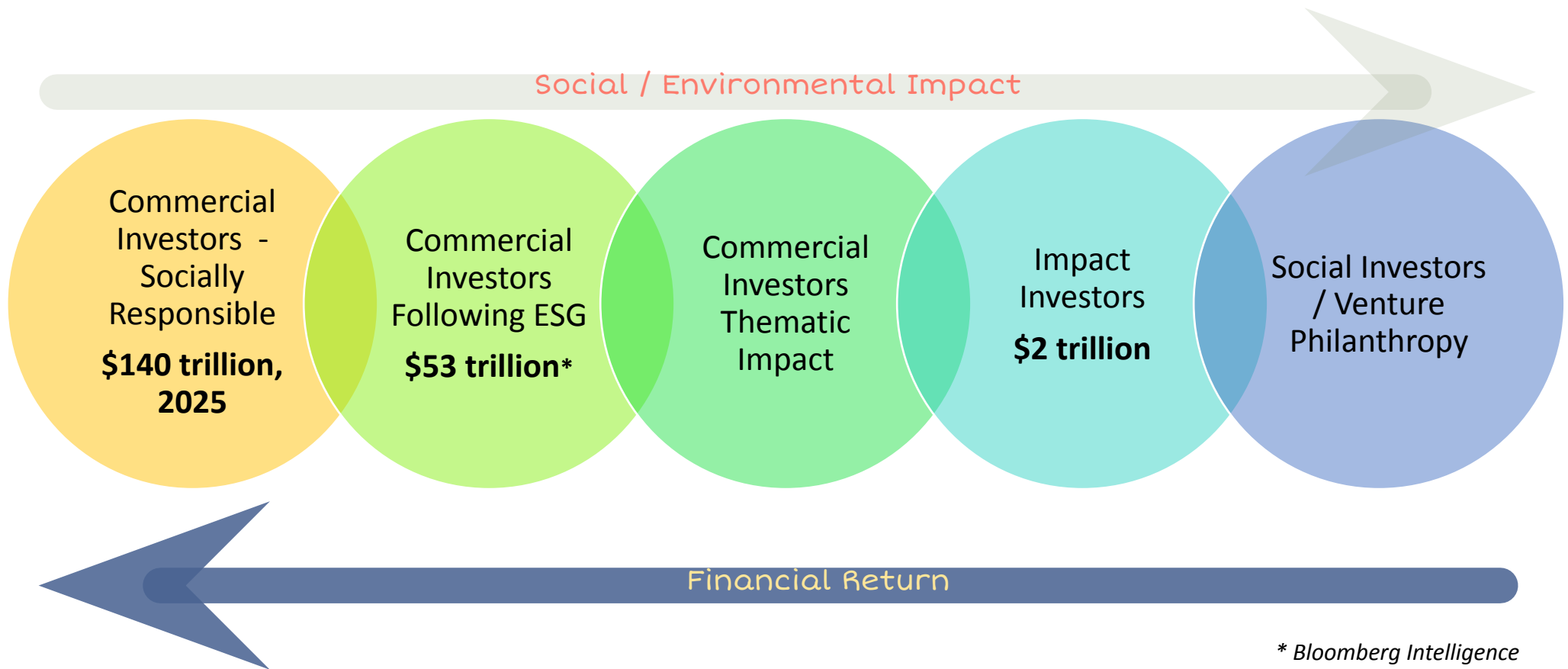


A quick intro into the
***Sustainable
Finance Sector...***

From “Regular” Finance to Impact Investing



AN IMPACT INVESTING SPECTRUM



WHAT IS IMPACT INVESTING?

1

PROFITABILITY

2

INTENTIONALITY: aim to address a social and environmental challenge

3

METHODOLOGY: Impact measurement of social and environmental impact objectives and indicators.

WHO? CAPITAL SOURCES

Fund of Funds / Institutional:

- Blackrock, Inc.
- UBS
- PGGM
- Citibank
- Deutsche Bank
- Calvert Equity
- Goldman Sachs
- JP Morgan
- Credit Suisse

Foundations

- Gates Foundation
- Rockefeller Foundation
- Ford Foundation
- Shell Foundation
- Omidyar Network (eBay)
- Halloran Philanthropies
- Calvert Foundation
- Citi Foundation
- Halloran Philanthropies

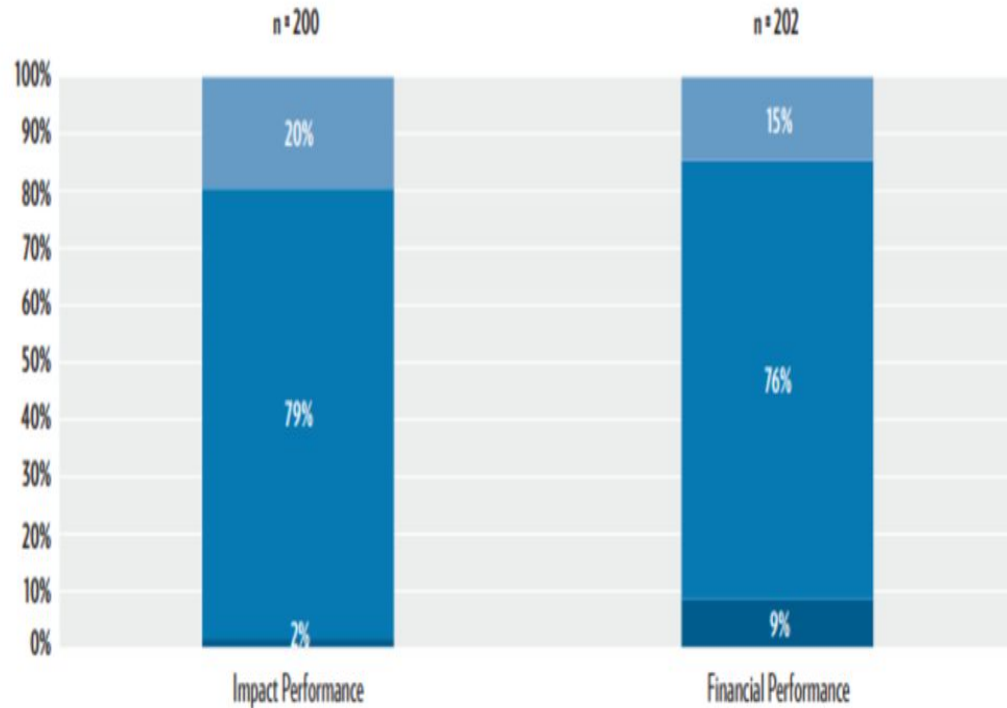
Investor and company legal structures



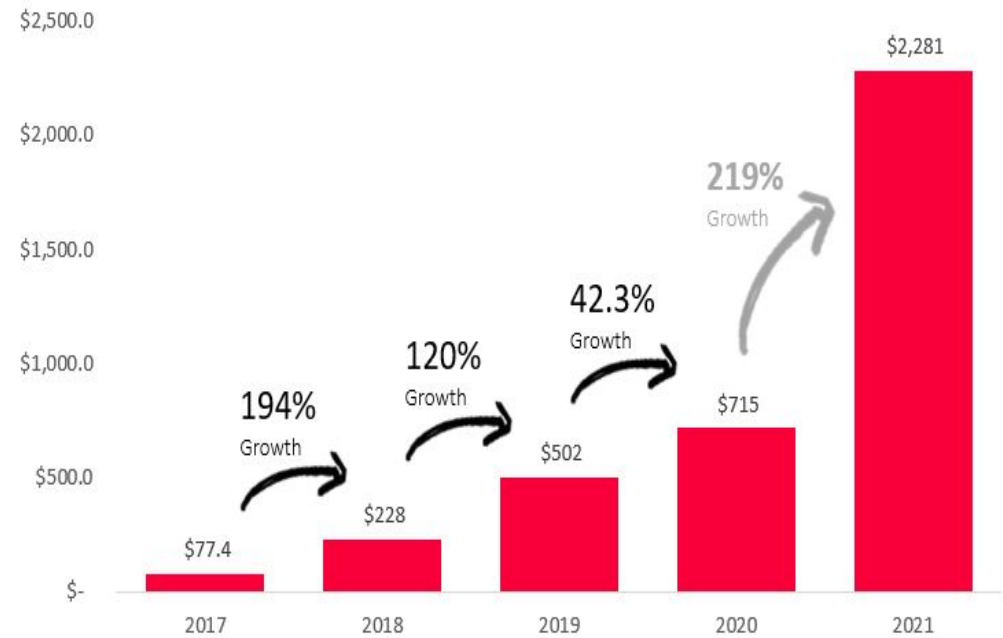
IMPACT INVESTING -> PATH TO SCALE

Figure 51: Performance relative to expectations

Number of respondents shown below each bar; some respondents chose 'not sure' and are not included.



Impact Investing Market Size in (\$B)



TRENDS AND CHANGES

Global ESG assets are on track to exceed \$53 trillion by 2025, representing more than a third of the \$140.5 trillion in projected total assets under management. A perfect storm created by the pandemic and the green recovery in the U.S., EU and China will likely reveal how ESG can help assess a new set of financial risks and harness capital markets.

EU Sustainable Finance & SFDR: making the framework fit for purpose

Eurosif Policy Recommendations for Article 8 & 9 product labels



Bloomberg Professional Services

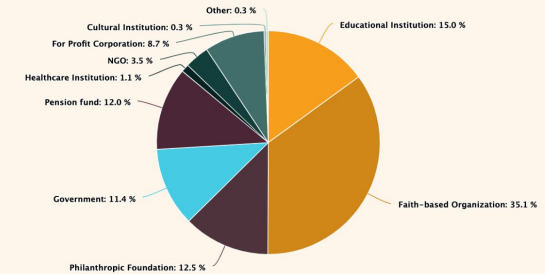
\$40.43 TRILLION

Approximate value of institutions divesting.

1508

Institutions Divesting

What kinds of institutions are divesting?



ESG-focused institutional investment seen soaring 84% to US\$33.9 trillion in 2026, making up 21.5% of assets under management: PwC report

10/10/22

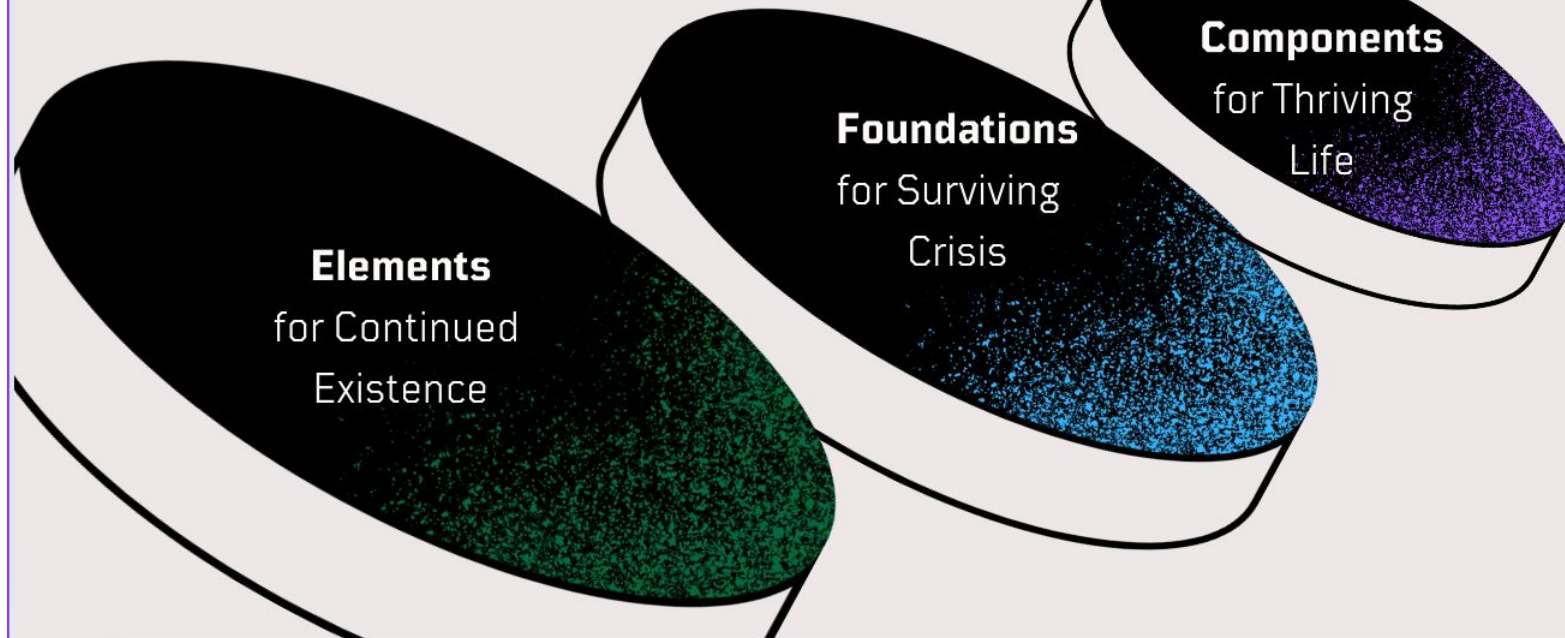


High-Level Fund Approach: MATURITY MODEL

Sustainable

→ **Resilient**

→ **Regenerative.**



Returning resources to
living ecosystems to
support social and
biological life

ABC IMPACT CLASSIFICATIONS

Enterprises' intentions relate to three types of impact: A, B or C

Illustrative example

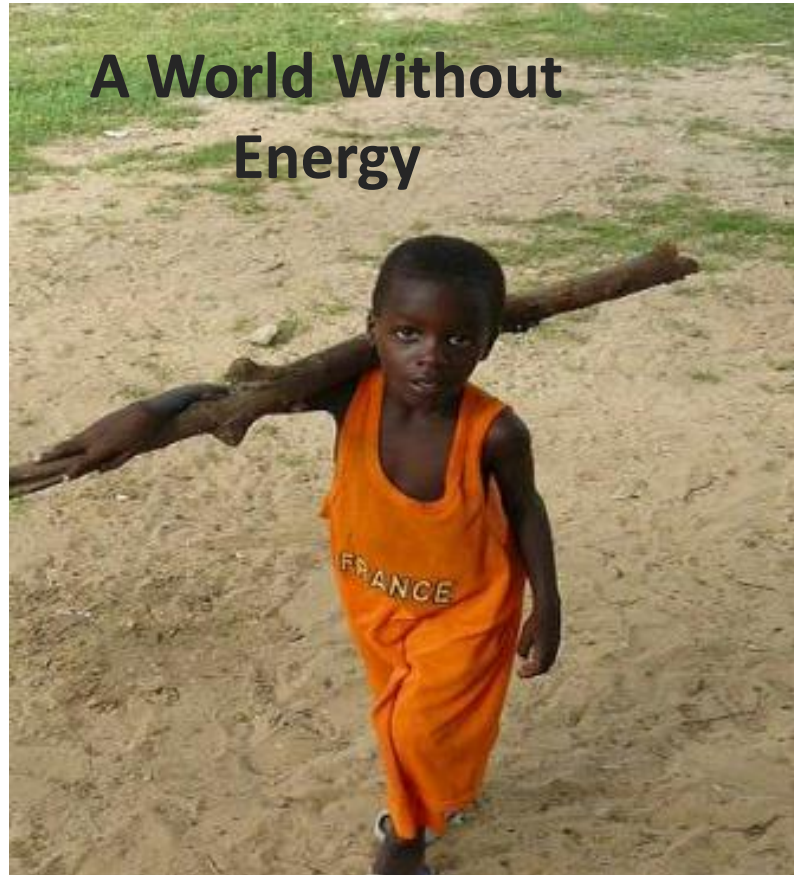


Source: Impact Management Project



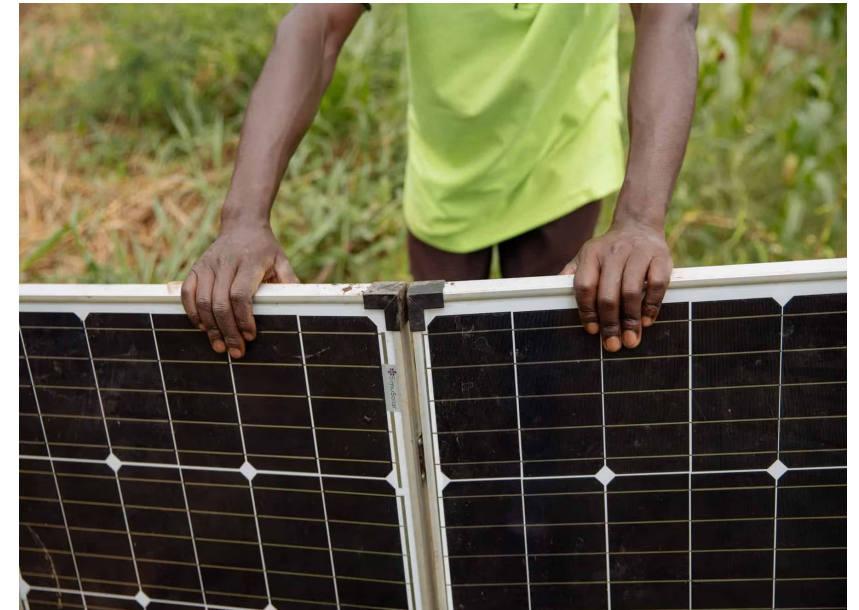
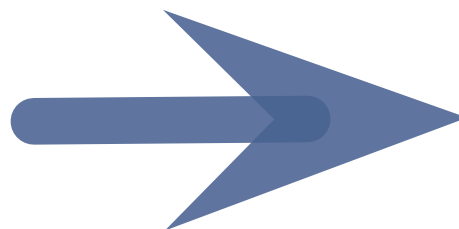
HOW??

TRANSFORMING HOW WE LOOK AT CHALLENGES



Over **1 billion** people lack access to electricity, hindering economic growth relying on expensive, polluting fuels like kerosene.

An Unmet Need



*Traditional investors perceived the off-grid solar sector as too risky and unprofitable. Impact investors supported **d.light's Pay-As-You-Go (PAYG)** business - solar affordable for low-income customers. The initial investment made d.light more interesting for other financial institutions.*

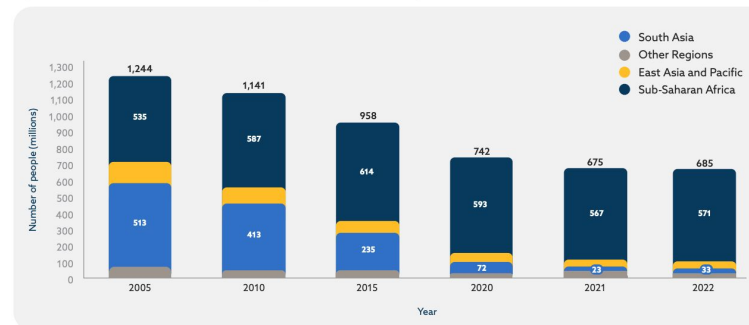
Market Failure

Leehe Skuler / Terra

MEASURING IMPACT

- Social & Economic Impact:
 - Lives Impacted: d.light has served over 175 million people - 68% of customers reported their quality of life had "very much improved".
 - First-time Access: 58 million people gained access to modern energy for the first time.
 - Income/Savings: Households reported 20% increased income / savings
 - Job Creation: 500 new jobs
- Environmental Impact:
 - CO2 Avoided: 38 million tCO2


Figure 1: Total number of people lacking electricity access by region, 2005 - 2022 (millions)⁶




Powering Africa's Energy Transformation: Off-Grid Solar & Mobile Payments

The Energy Gap

600 million Africans still lack electricity







Mobile Money: Driving Access

- 1.1 billion mobile money accounts in Africa handling \$1.1 trillion annually.

Off-Grid Solar Adoption

- 43 million people in sub-Saharan Africa have electricity access via off-grid solar by 2024.






Global Impact

- 190 million tonnes of CO₂e emissions avoided by off-grid solar as of 2022 .

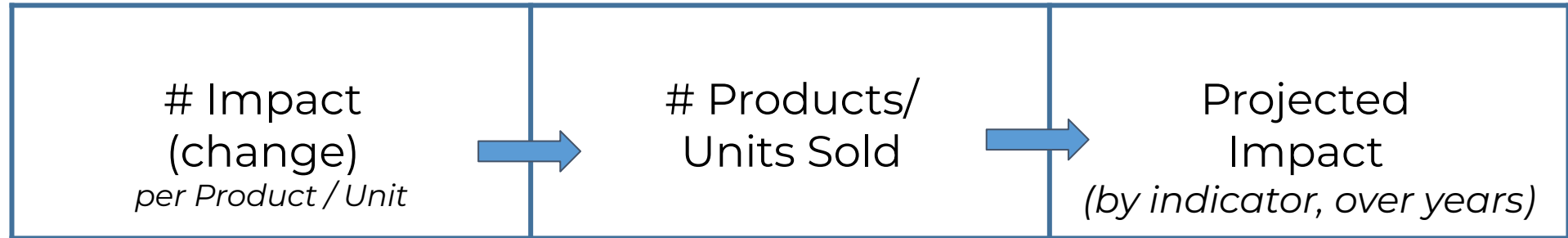
Investment Needs & Climate Impact

- \$21 billion in public funding needed annually to reach 398 million people by 2030.



* <https://www.esmap.org/sites/default/files/esmap-files/2024-Off-Grid-Solar-Market-Trends-Report.pdf>

Embedding Impact: 1st Steps for Measurement



Emissions Reduction Potential

= (Total system emissions in scenario without the new venture's product
– total system emissions in scenario with the new venture's product)

$$= \sum_{y=1}^{30} \left[\left(\frac{\text{Emissions of Displaced Product in year } y}{\text{Unit of Product Sold}} - \frac{\text{Emissions of Product in year } y}{\text{Unit of Product Sold}} \right) \right]$$

* (Penetration of Product in year y) * (Market Size of Product in year y)

HOW? AN IMPACT STRATEGY

WHY

- Values & Ambition
- Core business SDG potential

WHAT

“WHAT IS THE PROBLEM”?

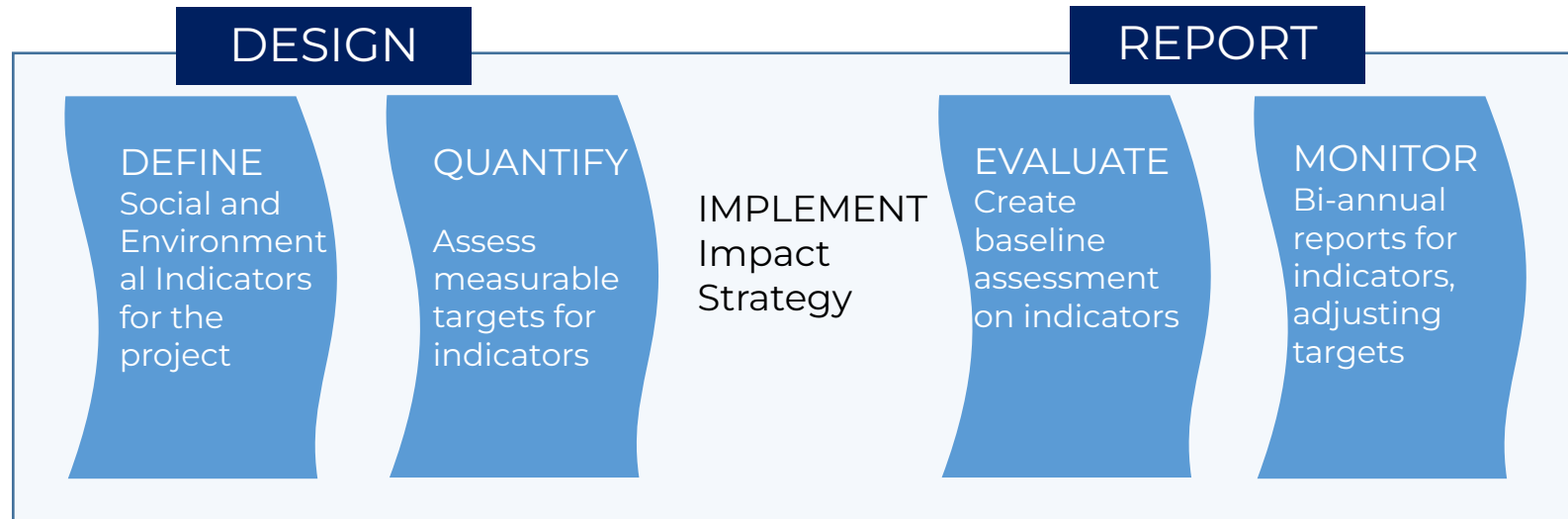
Operational questions:

- THEORY OF CHANGE
- Research and awareness

HOW

- Measurement- data based STRATEGY
- Roadmap, timeline, partnerships
- Marketing & communication

COUPLING
IMPACT
AND
REVENUE



WHAT IMPACT? THE SUSTAINABLE DEVELOPMENT GOALS



169 Targets

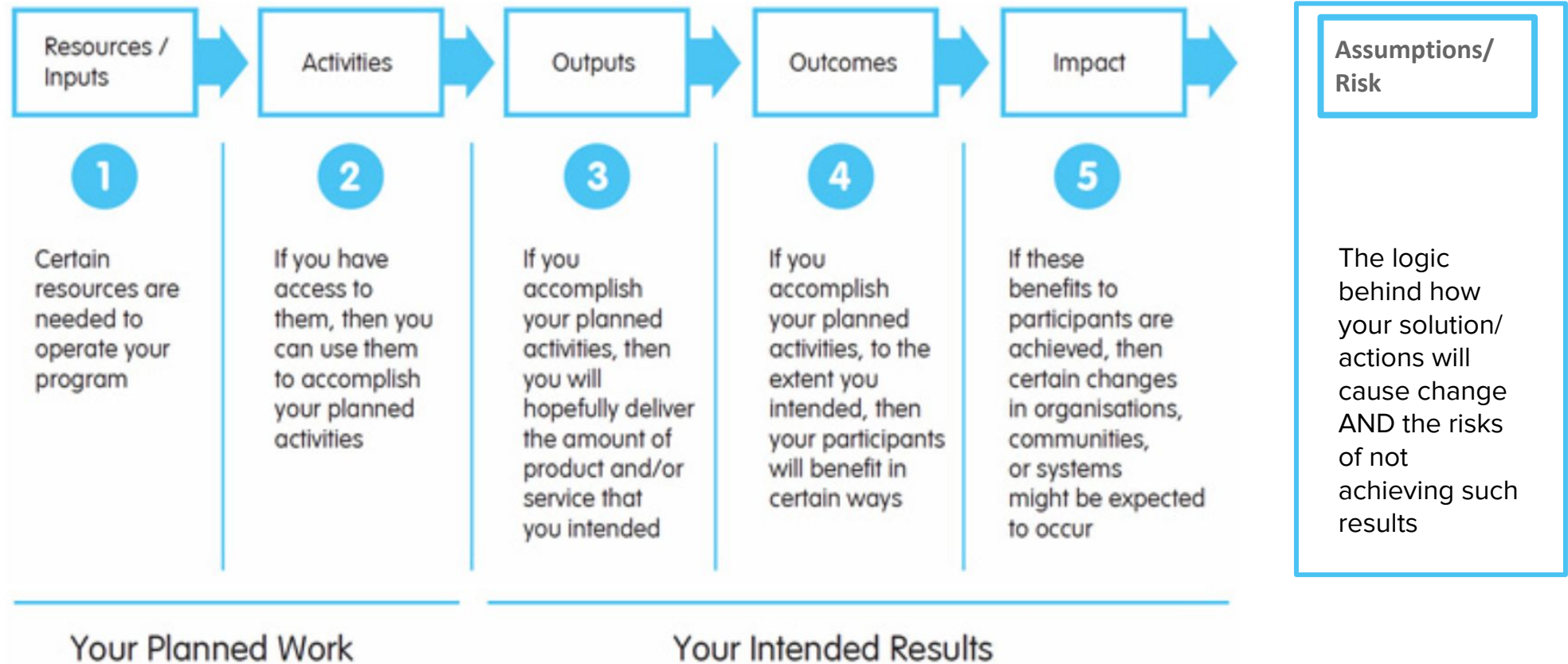


232 Indicators



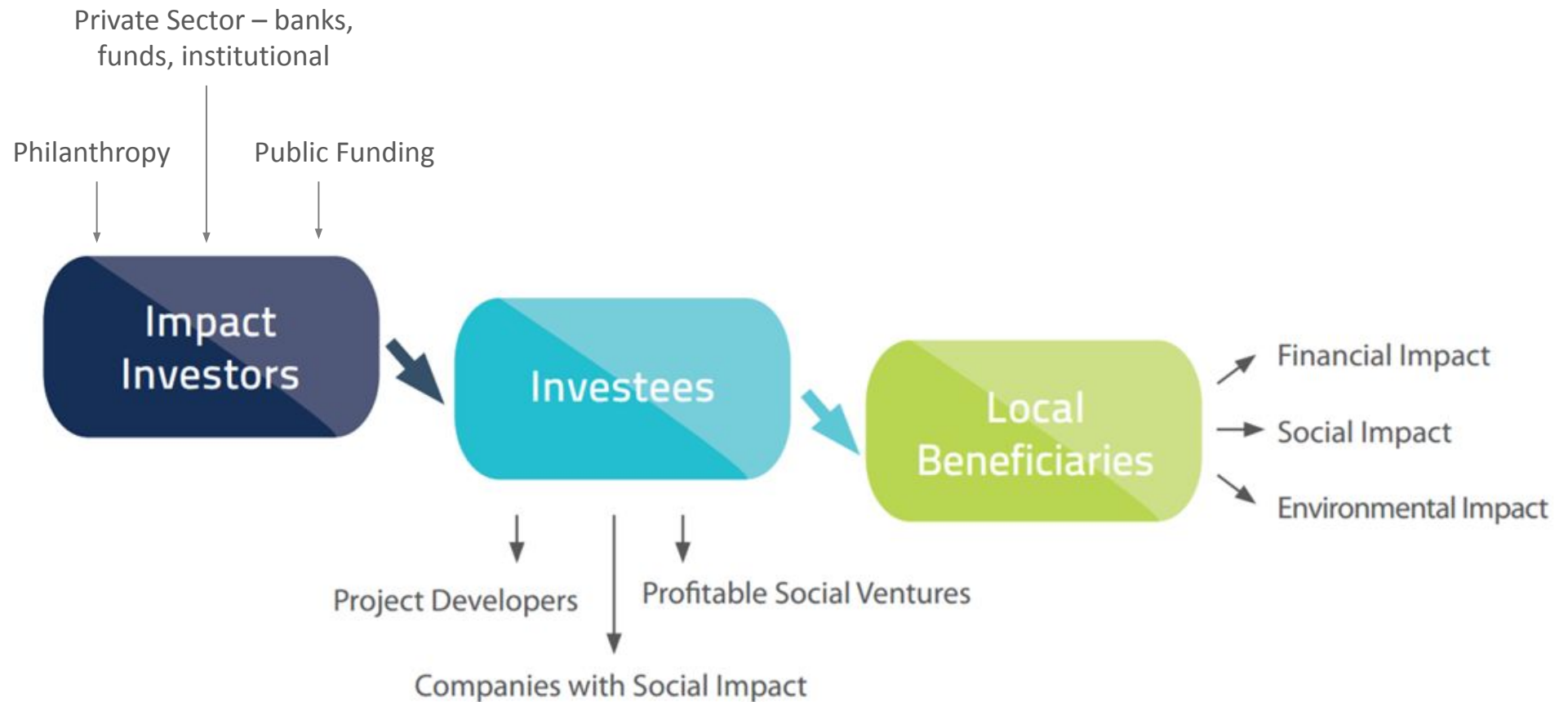
\$12 Trillion

How: A LOGIC FRAMEWORK



HOW? A BUSINESS MODEL MECHANISM

An Unmet Need → **A Market Failure**



What's Your Impact?

1. Can You Define the Problem

- Drivers, causes, downstream vs upstream,
- The systems
- Find the numbers

2. What is your solution/intervention

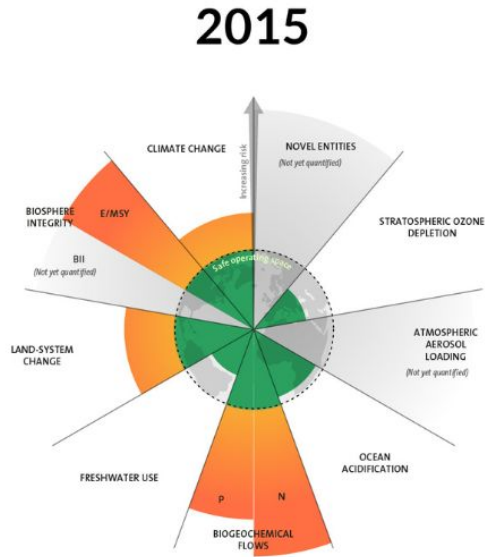
- What is the product and what will it do
- Is there a business model?
- Theory of change

3. How does the world look after you succeed

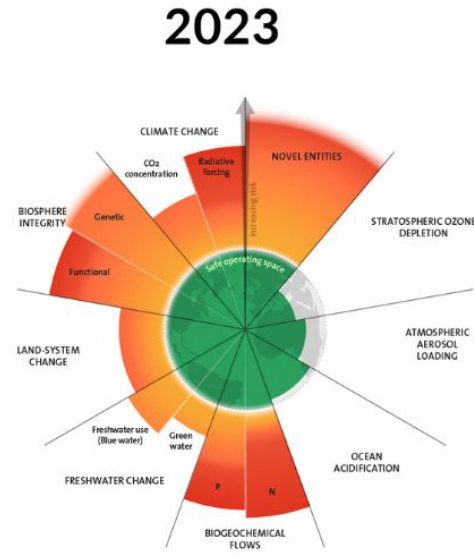
- Who?
- Where?
- When?
- How much?

- Theory of change

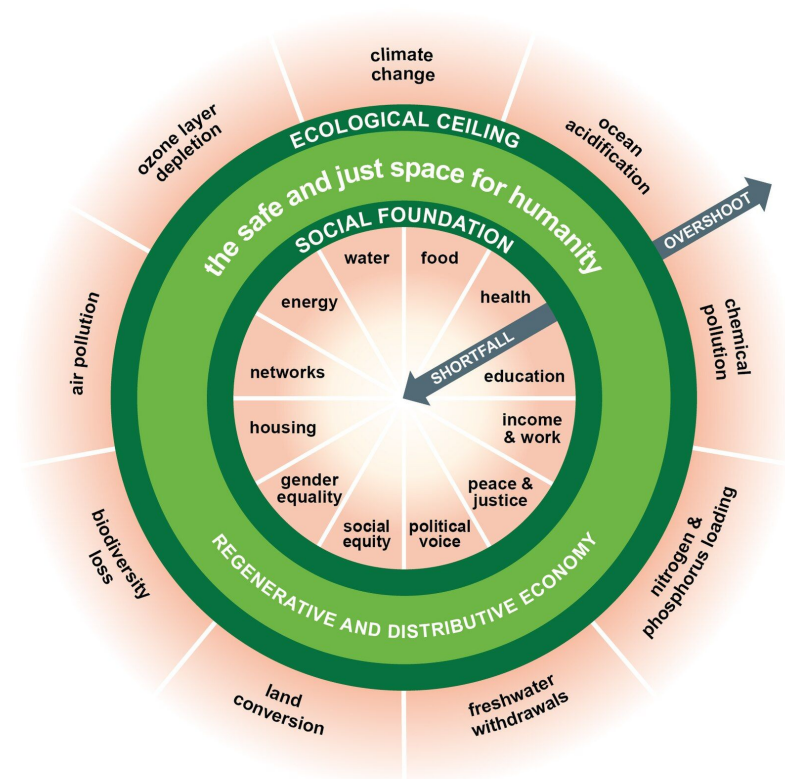
Framework for Climate Sustainability: Doughnut Economy / Planetary Boundaries



7 boundaries assessed,
4 crossed



9 boundaries assessed,
6 crossed



Tools & Resource: Impact

1. SDG Assessment

- o SDG Impact Assessment Tool
- o Planetary Boundaries

2. THEORY OF CHANGE






- o Theory of change canvas
- o IMP

3. MANAGING IMPACT

- o Climate impact: TCFD Climate Risk Assessment
- o General impact: CRANE (Prime Coalition)

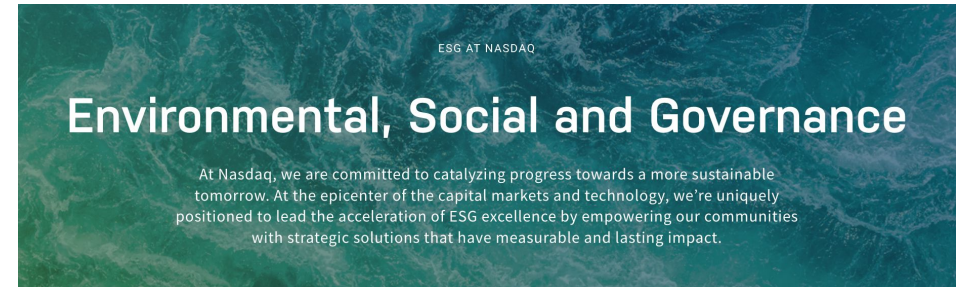


IMPACT MANAGEMENT PROJECT

IMPACT DIMENSION	IMPACT QUESTIONS EACH DIMENSION SEEKS TO ANSWER
 WHAT	<ul style="list-style-type: none">• What outcome occurs in period?• How important is the outcome to the people (or planet) experiencing it?
 WHO	<ul style="list-style-type: none">• Who experiences the outcome?• How underserved are the affected stakeholders in relation to the outcome?
 HOW MUCH	<ul style="list-style-type: none">• How much of the outcome occurs - across scale, depth and duration?
 CONTRIBUTION	<ul style="list-style-type: none">• What is the enterprise's contribution to the outcome, accounting for what would have happened anyway?
 RISK	<ul style="list-style-type: none">• What is the risk to people and planet that impact does not occur as expected?

Tools & Resource: ESG

- 1. CARBON MANAGEMENT (Net Zero)**
 - o Carbon Disclosure Project (CDP)
 - o Leaders for Climate Action (LCFA)
 - o Sustainability Accounting Standards (SASB)
 - o The Carbon Trust
- 1. SUPPLY CHAIN MANAGEMENT**
 - o Tools: EcoVadis, the Sustainable Purchasing Leadership Council (SPLC), Supply Shift
 - o Step by Step Guide to Sustainable Supply Chain Management (BMZ)
- 1. Diversity, Equity, and Inclusion (DE&I)**
 - o McKinsey “DE&I Featured Insights” / S&P “How Gender Fits into ESG?”
 - o DE&I certifications: EGDE (<https://edge-cert.org>)
 - o TechStars Toolkit
 - o SJF Ventures - Diversity Checklist



VentureESG

esgbook

KEY TAKEAWAYS

Impact Investing:

1. Profit!
2. Intentional
3. Measured



ESG



- risk mitigation
- here to stay

Impact economy is growing,
but less adventurous

regeneration
& system change



STRATEGY IS KEY

PROFESSIONAL TOOLS & BEST PRACTICES
required to maximize impact

ANALYZE

- Internal Impact on SDGs
- External Impact on SDGs (current)
- Market research: opportunities/challenges



CREATE STRATEGY

- INTERNAL ESG (employment, emissions, procurement)
- CORE BUSINESS IMPACT: Finance/Don't Finance (ESG, sustainable finance, impact investing vehicles), Advisory, Support, Advocate
- PARTNER

IMPLEMENT (SET TARGETS
REPORT!)

Thank
you!

Theory of Change CANVAS

