Business Fights Poverty

INVESTING FOR IMPACT

HOW CAN WE COLLABORATE TO UNLOCK INVESTMENT TO DELIVER THE SUSTAINABLE DEVELOPMENT GOALS IN CHALLENGING PLACES?

CDC Investment works

Standard Chartered

Challenge contributors:

FOREWORD

The UN's Sustainable Development Goals cannot be financed by the public sector alone. Based on current levels of investment, it is estimated that achieving the SDGs will require an additional $2.5 trillion a year.

While this is an immense challenge, it is also an extraordinary opportunity, particularly for the private sector. According to a 2017 report by the Business and Sustainable Development Commission, the Global Goals open up a market opportunity of $12 trillion – and that's only looking at four areas of food and agriculture, cities, energy and materials, health and well-being.

Furthermore, there is an estimated $37 trillion of capital tied up in the private sector available for investment in development.

The question is, how do we unlock that existing capital to take advantage of the opportunity that the SDGs present? We believe strongly that collaboration between different types of organisations from the private sector, governments, multilateral organisations, social enterprises and civil society is the best chance that we have in doing this and in turn making the Goals become a reality.

There are a number of examples of exciting and innovative partnerships and funding models that have led to successful investments. Many of these are in countries that traditionally do not attract foreign investment and typically lie at the bottom of the World Bank's Doing Business index.

This report showcases a selection of these successful collaborations, in order to share lessons with investors, beneficiaries and the development community.

These examples and lessons emerged out of the Investing for Impact Challenge supported by CDC Group– the UK's development finance institution, Shell and Standard Chartered Bank. It applied the Business Fights Poverty Challenge framework, which involves a process of ▶

Through its Challenge framework, Business Fights Poverty has identified three catalysts that help to maximise investors impact in development projects.

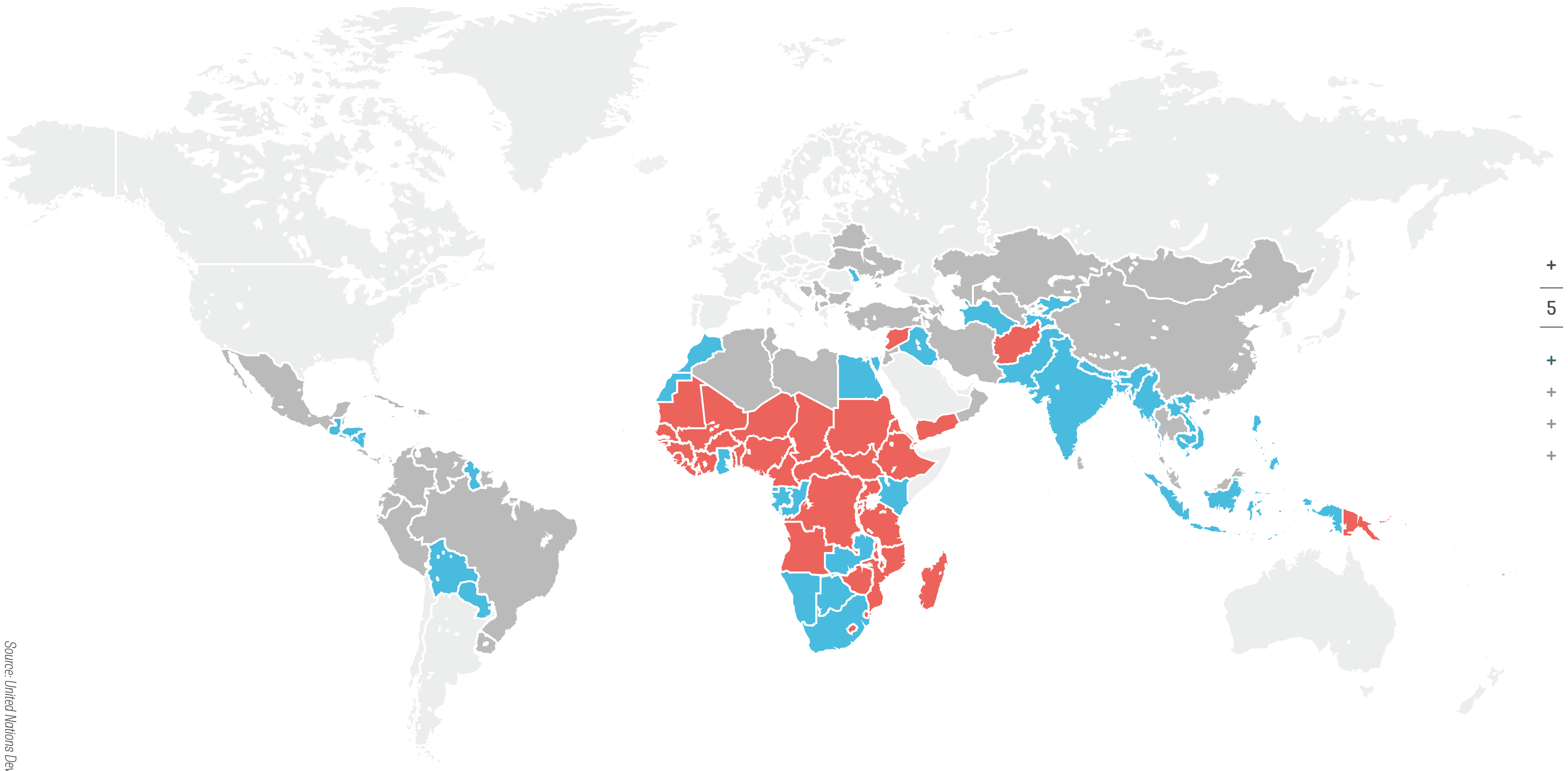
research, discussion, and engagement to identify solutions to specific questions on major, systemic global issues. This Challenge has, through a series of meetings, roundtable discussions, workshops and conferences, identified three catalysts that help attract investors and can help lead to a successful investment that has both financial and a developmental / social impact. These are reflected in the case studies in this report:

1.Partnerships – This catalyst goes a step further than collaboration, and recognises the equally valuable role that different types of organisations bring to an investment, from the provision of finance to giving insights on local environments.

2. Risk Mitigation – All investments involve some form of risk-taking and unfortunately many in the development space do not match the risk-return profiles that most institutional investors require. As such, new models and approaches are needed to appeal to mitigate risk and attract investors. Examples vary and can include mechanisms such as risk guarantee schemes all the way to forming joint ventures with local NGOs.

3. Readiness – Investors need certainty that their money will be effectively used in order to achieve their desired returns. In this case readiness can refer to the effectiveness of an enterprise's management team to run their business or the packaging of an infrastructure project to make it attractive to investors.

In many instances, all three of these catalysts need to be present in order for an investment to be setup for success. This report builds on work being done by organisations such as the UN Global Compact, and aims to help share best practice and give examples of the types of projects that have succeeded in delivering the SDGs in challenging places.

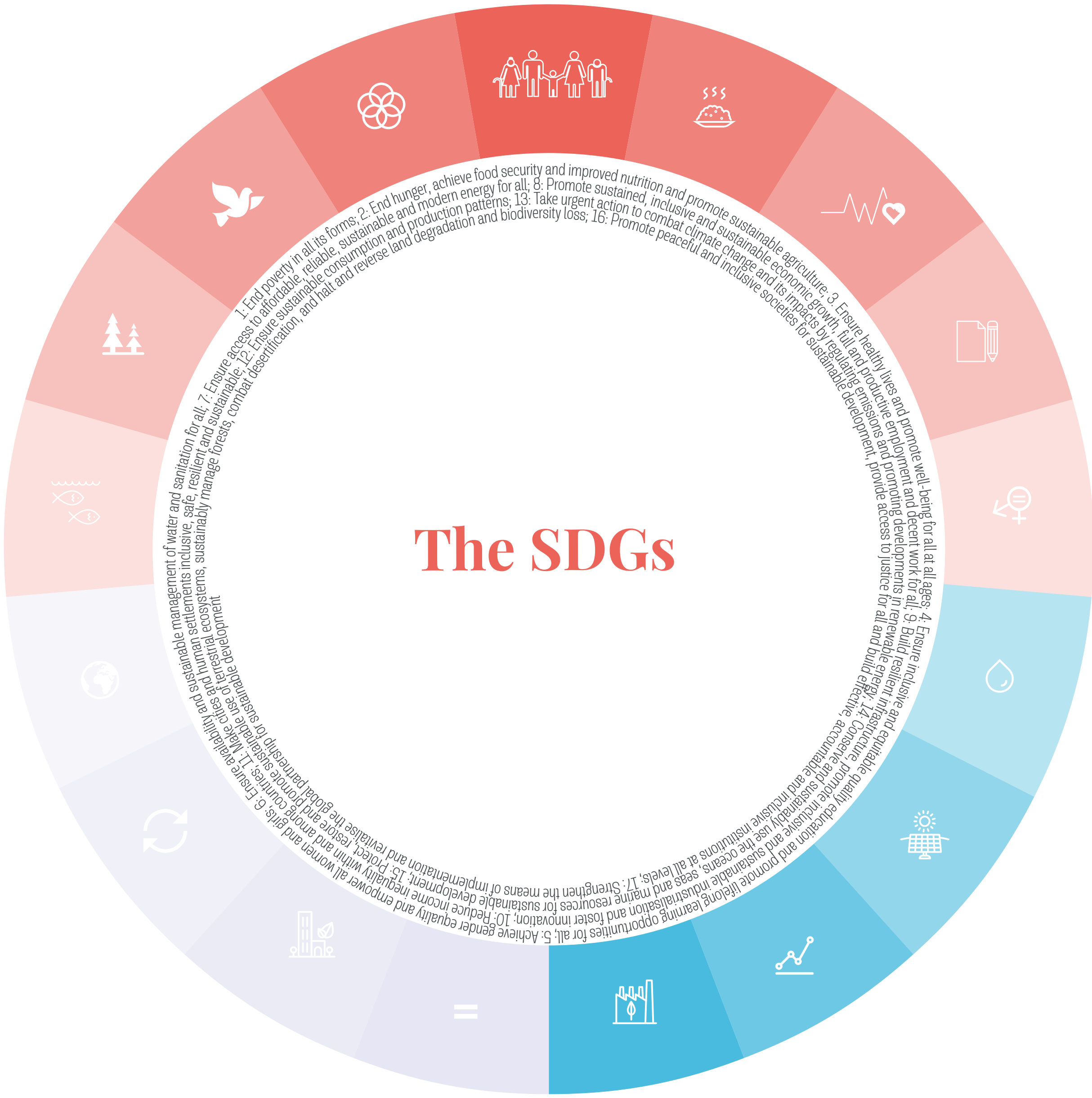


Source: United Nations Development Programme

Very high human development
High human development
Medium human development
Low human development

A global development challenge

Hundreds of millions of people worldwide live in nations with low or medium human development.



$12 trillion opportunity

Achieving the SDGs represents an enormous economic opportunity.

Case studies

Finance unlocked

$37 trillion available

There is capital available in the private sector to invest in development, but it needs to be unlocked.

Development outcomes

With institutional capital brought to bear, achieving the SDGs comes into reach.

POWERING UP NIGERIA

COMPANY: ALL ON
SPONSOR: SHELL*

As many as 28 million households and 11 million SMEs in Nigeria are either off the electricity grid or are supplied less than four hours of electricity per day.

A long-running shortage of power is a major drag on growth in the country's $405 billion economy (2016), adding costs, stunting the development of businesses of all sizes, and contributing to dismal social development outcomes. In Nigeria's smaller towns and in rural areas, that lack of access is more acute. Less than 30% of the country's rural population has access to grid power. The technology exists to plug that gap.

For example, standalone renewable systems for households and SMEs, mini-grids and small-scale power plants powered by clean energy can serve isolated communities without the need for expensive connections to the dilapidated national power infrastructure.

Bringing these solutions to where they are needed can be challenging, however. Small-scale project sponsors, communities and businesses often struggle to access appropriate financing instruments.Though the legacy of the large-scale, recently privatised power infrastructure means that government policy is often not conducive to innovation in the sector, new regulations are creating a more enabling environment for distributed power solutions.

419 TW/h

Energy demand in Nigeria is forecast to almost double by 2025

30%

Less than 30% of rural inhabitants have access to power.

11m

Small and medium-sized enterprises are without reliable access to electricity in Nigeria.

All On, an off grid energy impact investment fund seeded by Shell, invests in innovative power companies to help to roll out solutions for energy access that are scalable and commercially sustainable. All On invests in off-grid energy solutions spanning solar, wind, hydro, biomass and gas technologies deployed by both foreign and local access-to-energy companies that complement available grid power across Nigeria and help bridge the significant energy gap.

All On provides debt and equity capital to early and growth-stage businesses in Nigeria's nascent off-grid energy sector. Due to the scale of the energy gap in Nigeria, All On also partners with development financing institutions to develop enabling finance facilities that all businesses in the Nigerian off-grid energy sector can access.

To ensure an enabling environment for sector players and further de-risk All On investments, the company works with partners to carry out market-building activities for off-grid energy including advocacy, regulatory support, research, consumer awareness, and capacity building to solve Nigeria's perennial problems with electricity, and to empower the country's households and entrepreneurs.

**The companies in which Royal Dutch Shell plc directly and indirectly owns investments are separate entities. In this publication the expression "Shell" is sometimes used for convenience where references are made to those entities individually or collectively.*

Picture Credit: Shell / Getty Images

Piciture Credit: Live Well

CREATING ACCESS TO HEALTHCARE IN ZAMBIA

PROJECT: LIVE WELL
SPONSORS: BARCLAYS, CARE, GSK

In 2014 Barclays, GSK and CARE International came together in a unique partnership between a bank, a healthcare company and an NGO. The aim of the collaboration was to work together using each partner's expertise and resources to increase access to healthcare and create economic opportunities in some of the world's most underserved communities.

Currently, two billion people globally lack access to medicines and by 2035, the world will face an estimated shortfall of 13 million frontline health workers. The challenges are especially pervasive in Africa.

The partners chose to focus their efforts in Zambia, where the average life expectancy is 59 years, 42 per cent of the population live in extreme poverty and 24 per cent of the population is unemployed.
With a physician ratio of 0.2 per 1,000 people, and the country's size and infrastructure, many people are simply out of reach of health facilities.

Together, Barclays, GSK and CARE established a social enterprise called Live Well that addresses health needs at the community and household level by raising awareness of health issues, increasing access to health products and providing entrepreneurship opportunities for men and women to help them generate supplementary income.

Live Well aims to align to the government's priorities for healthcare to avoid duplicating efforts so that it can reduce the burden on overstretched public clinics. Live Well recruits, supports and trains a network of Community Health Entrepreneurs, or CHEs, drawn from Zambia's existing pool of community volunteers.

430+

Entrepreneurs have been given training and support.

The training programmes comprise business skills, financial management, basic healthcare and product knowledge. With this training, CHEs are then able to buy products from Live Well and go into rural communities to raise healthcare awareness and sell their health impact products.

To date Live Well has been able to train over 430 entrepreneurs, around 60 per cent of whom are women. Through this network, Live Well is reaching roughly 45,000 people a month. Since Live Well started operating the business has sold over 100,000 products. Demand is ever increasing. Communities are now being able to access reliable and quality products that address local health needs, such as diarrhoea, malnutrition and dental disease, all of which are treatable and preventable.

The enterprise is governed by its own board which includes representatives of each organisation. This provides Live Well with a solid support structure that brings together CARE's ability to work with remote communities living in poverty and Barclays' and GSK's understanding of the consumer health markets, supply chains and how to establish new businesses.

Live Well also receives additional support from health based social enterprise Living Goods, who offer valuable knowledge and expertise.

Live Well aims to be sustainable and scalable to reduce dependence on donor funding. Building on from the success and learnings of this collaboration, Live Well continues to look for new innovative, forward-thinking partnerships that will help it become a sustainable business and help reach thousands of underserved communities across Zambia. This is a new way of business working with an NGO, moving away from traditional philanthropy to working in real partnership to create shared value.

www.livewellzambia.com

BRINGING ELECTRICITY TO EASTERN CONGO

PROJECT: VIRUNGA ENERGY
INVESTORS: CDC GROUP
INVESTMENT SIZE: $9 MILLION

Virunga National Park in the eastern Democratic Republic of Congo is a UNESCO World Heritage site and home to extraordinary biodiversity. However, the area has suffered from decades of civil conflict and remains in drastic need of investment in infrastructure and sustainable economic development.

The region suffers from a chronic lack of electricity, even by the standards of the rest of the country. The electrification rate in North Kivu, where Virunga is situated, is just 3%, compared to 9% nationally.

Local industry runs on diesel generators, which is costly and polluting. Households rely on charcoal, which can have a detrimental impact on health. The trade in charcoal also contributes to deforestation and is a source of income for armed gangs and militias.

CDC is investing up to $9 million into Virunga Energy, a hydro-electric power business that initially backed by grant funding from the Howard G. Buffett Foundation, the Virunga Foundation, the European Union and the Belgian government, who remain invested in the project.

The investment, which is being made through the UK Department for International Development's Impact Accelerator (IA), aims to establish power infrastructure in a region that has been held back in part by its lack of electricity. CDC manages the IA.

3,000

Households, businesses and service providers have been connected to the power grid.

8,000

The project hopes to help reintegrate 5,000-8,000 former combatants into the workforce.

The 10-year loan will support the development of the electricity grid and the construction of two new plants, totalling 50MW in generation capacity. An initial $2.5 million investment will be used to expand grid infrastructure around a recently-opened power plant, the 12.5MW Matebe hydroelectric plant. Contingent on a number of conditions being met, another $6.5 million will be released to construct hydro plants near Lubero and Butembo. Further capacity support is provided by the IA Technical Assistance Facility.

To date, over 3,000 customers have been connected to the grid, including households, SMEs and social infrastructure. Businesses have moved into the area as a response to readily available electricity, and public lighting has been provided in neighbouring villages, which is a first for many.

By establishing more accessible, affordable power infrastructure, DfID, CDC and the other partners want to jump-start the wider economy in North Kivu, which suffers from high unemployment, particularly among former combatants in the country's civil war. CDC estimates that the investment could ultimately help to generate up to 100,000 sustainable jobs, and help to reintegrate 5,000-8,000 former combatants into productive activities by 2022.

The project's backers hope that Virunga can leverage their support to attract further private sector capital to fund its next phase of growth.

Picitture Credit: CDC Group

PARTNERING TO EXTEND MICROFINANCE IN ASIA

PROJECT: RISK PARTICIPATION IN MICROFINANCE
SPONSORS: STANDARD CHARTERED; ASIAN DEVELOPMENT BANK
INVESTMENT: $325 MILLION

In 2013, the Asian Development Bank (ADB) and Standard Chartered launched a unique Risk Participation deal to increase the flow of credit to microfinance institutions (MFIs) across Asia.

By increasing the capital available, partner MFIs are able to reach more unbanked individuals as well as finance additional micro enterprises – something which has a huge knock-on effect on livelihoods.

Under the first phase of the risk sharing programme, Standard Chartered aimed to originate and service a $150 million portfolio of MFI loans across Asia by the end of 2018, with the ADB sharing 50% of the risk on the portfolio.

Due to the success of the programme, in 2016 the ADB increased their risk participation ceiling from $75m to $120m, allowing Standard Chartered to increase the total programme size to $240m outstanding at any given time. The programme has now been recognised as part of the ADB's mainstream operations with no specified end date.

Together, Standard Chartered and ADB have provided approximately 125 loans totalling $325 million to 13 MFIs in Bangladesh, Indonesia and India, with the potential to expand to additional markets in Asia. This was the first deal of its type for the microfinance sector in Asia.

Based upon the success of the programme, the ADB has expanded this type of risk participation partnership to include additional local and international banks in the region.

125

Standard Chartered and ADB have extended 125 loans to 13 MFIs in three countries, totalling $325 million.

The programme supports the ADB's objectives of reducing poverty in Asia and the Pacific through inclusive economic growth and aligns with Standard Chartered's sustainability aspiration to support impact and sustainable finance across its markets.

This partnership demonstrates how the public and private sectors can collaborate to extend access to financial services and help advance the Sustainable Development Goals (SDGs).

Picture Credit: CDC Group

PROVIDING CAPITAL FOR RURAL ENTERPRISES

PROJECT: ORGANIC AFRICA
SPONSORS: CHRISTIAN AID; TRAIDCRAFT; TWIN; PRACTICAL ACTION; CHALLENGES WORLDWIDE

Picture Credit: Christian Aid

Established in Zimbabwe in 2005, Organic Africa was set up with the aim of facilitating socially responsible entrepreneurship through the production and marketing of high quality and high value organic products in an ethical and sustainable manner.

Organic Africa trains small-scale farmers, many of whom are women, in more efficient and profitable farming techniques, and then buys their produce to sell on to large-scale industrial buyers. The company supports farmers to achieve Organic and Fairtrade certification for their high value crops, which include organic oils, herbs and spices.

This certification helps small-scale producers to escape the cycle of reliance on expensive imported inputs, moves them away from environmentally unsustainable farming practices, and protects them from price instability in markets.

Organic Africa guarantees to pay a predefined price for produce at the start of every season, paying producers in cash on the spot, or through mobile money transfers. Reliable pricing, as well as the premiums that are paid to Fairtrade producers, allow farmers to better manage their finances and plan for the future.

Small farmers, particularly those who are women, are typically marginalised in Zimbabwe. By improving their incomes and moving them away from subsistence farming and into commercial agriculture, Organic Africa is empowering smallholders to raise their own standards of living and move out of poverty. The company's performance has been robust. Revenues grew from $25,000 in 2007 to a turnover of more than $750,000 today.

2,000

The number of farmers selling their produce into Organic Africa has grown from 1,500 since 2016.

$750,000

Revenues have grown from $25,000 in 2007 to $750,000 today.

However, Organic Africa faces considerable challenges in accessing the financial resources that it needs to grow sustainably. Political uncertainty makes Zimbabwe a difficult place to do business.

Interest rates in the local banking sector are prohibitively high, sometimes hitting 40%. Regional banks' strict capital adequacy requirements mean that few are willing to work with small and medium-sized businesses, particularly those in the agriculture sector.

Organic Africa turned to Access to Capital for Rural Enterprises (ACRE), a partnership between Christian Aid, Traidcraft, Twin, Practical Action and Challenges Worldwide. ACRE is an impact investment platform that offers business support and access to finance for rural SMEs in developing countries.

To help Organic Africa to overcome those obstacles, ACRE provided a technical assistance package that advised the business on how to increase its revenues, and to better align its work with the sustainable development goals.

By creating a coherent business plan and better articulating its social impact, Organic Africa was able to secure a multimillion dollar investment from a German institution in 2016. With that money, Organic Africa has been able to expand its out-grower scheme to new farming regions of the country, and to develop an 'in-grower' scheme, where it closely supports smallholder producers. The company has also established a farmer training centre for excellence in organic production.

The impact is already visible. The number of farmers selling their produce into Organic Africa has grown from 1,500 at the start of 2016 to more than 2,000, and is expected to reach 5,000 within four years.

SIERRA LEONE'S RECOVERY

PROJECT: SUPPORTING LENDING IN SIERRA LEONE
INVESTORS: CDC; STANDARD CHARTERED
INVESTMENT SIZE: $50 MILLION

After Sierra Leone's civil war ended in 2002, the country embarked on a remarkable recovery. Economic growth was rapid and sustained for more than a decade until, in 2014, disaster struck in the form of an Ebola outbreak that killed nearly 4,000 people.

The economic fallout from that catastrophe has put the brakes on the country's rapid progress. The World Bank estimates that the economic impact from lost growth and investment was nearly $2 billion, which is more than half the country's total gross domestic product.

By the end of the outbreak, an additional 9,000 wage workers and 170,000 self-employed workers outside of agriculture were unemployed in the country, which was already struggling to create high quality jobs for its young population.

The crisis was compounded by a commodity price slump that hit export earnings. In 2014, GDP growth fell from a projected 11.3% to 4%. In 2015, the economy contracted by 20.6%.

Sierra Leone was already a difficult place to do business, and enterprises struggled with poor infrastructure and a lack of access to capital. This was made worse by the Ebola outbreak, which left many companies with acute, short-term shortages in liquidity.

In the immediate aftermath of the crisis, CDC Group and Standard Chartered created a risk participation agreement to supply working capital to businesses in Sierra Leone by sharing the default risk on $50 million worth of new loans.

70%

Of Sierra Leone's youth are unemployed or under-employed, according to the UNDP.

The facility supported companies like Benco Trading, an importer and distributor of construction materials and foods. As many ships were unable to dock in Freetown during the crisis, Benco was unable to bring in cement from Senegal.

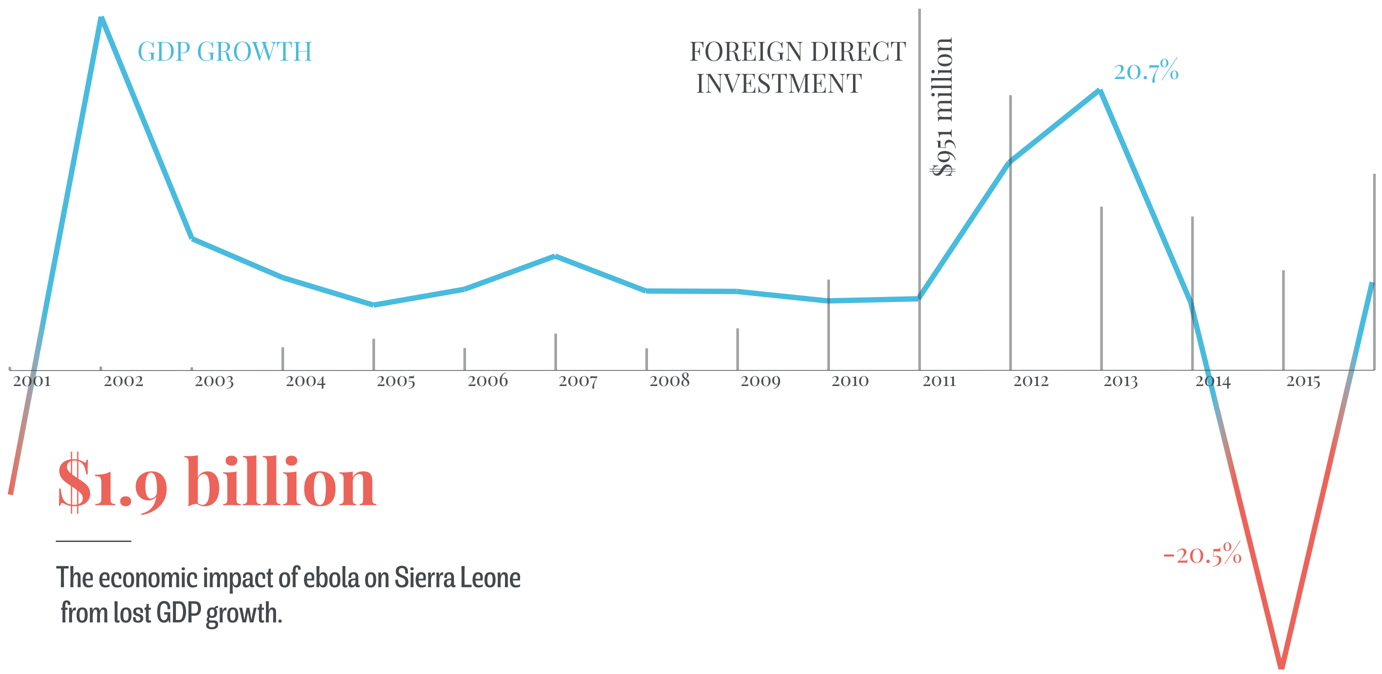
Benco borrowed $3 million, which enabled it to reorient its business to supply goods and services needed by the country as it recovers. The investment helped it to retain staff, and ultimately to add another 50 people to its workforce.

Shankerdas & Sons, one of Sierra Leone's oldest businesses, also borrowed from the facility so that it could continue to operate during the crisis. Shankerdas manufactures a variety of goods, including drinks, water containers and candles, and employs around 1,000 people.

Since the end of the outbreak, the company has taken out a second loan with Standard Chartered to allow it to build a new factory in Freetown, which will create a further 250 jobs.

By using development capital, CDC was able to partially de-risk Standard Chartered's loans to mid-sized companies operating in a complex environment, facilitating the flow of private capital to support job creation and economic growth.

Following the success of their partnership in Sierra Leone, CDC Group and Standard Chartered created a new three-year African debt programme that extends the risk-sharing arrangement to support other businesses in Sierra Leone and across the continent.



Sources: World Bank, UNCTAD; Picture Credit: Simon Davis/DfID

$1.9 billion

The economic impact of ebola on Sierra Leone from lost GDP growth.

INNOVATIVE FINANCING FOR SOLAR POWER

PROJECT: CROSSBOUNDARY ENERGY
PARTNERS: CROSSBOUNDARY, USAID
INVESTMENT SIZE: $1.3 MILLION

Businesses across much of sub-Saharan Africa struggle with poor access to electricity supplies. On average, businesses suffer eight power outages per month, and around half rely on expensive, dirty and carbon-intensive diesel generators to get by.

Although solar technology has developed rapidly, and is often cheaper and more reliable than fossil fuel generation, businesses in Sub-Saharan Africa are deterred by the relatively high capital investment required to get projects off the ground, the perceived technical difficulties of setting up systems, and the lack of available financing options.

CrossBoundary Energy (CBE) was established in 2015 to invest in solar projects for commercial and industrial businesses.

The US Agency for International Development (USAID) provided CrossBoundary with a $1.3 million repayable grant contribution, which functioned as a subordinated equity funding tranche to anchor the fund, which sought to raise $10 million from private sector investors. USAID's grant acted as a de-risking mechanism for the fund, giving private investors an additional degree of comfort about what was an innovative and novel structure.

The project structure supporting an investment fund was new for USAID, which typically provides development assistance grants to non-profit organisations or entities with specialised technical expertise.

CrossBoundary raised money from impact-driven investors, including the Blue Haven Initiative, Treehouse Investments and Ceniarth, in 2016 reached a final close of $9.3 million, excluding project-level debt commitments.

The fund's investments are structured as special purpose vehicles, which can raise debt alongside CBE's equity stakes to build and operate solar projects.

The fund is targeting established businesses in sub-Saharan Africa that have consistent and significant power needs. That includes manufacturing, light industrial, commercial real estate, hospitality and agribusinesses.

It finances solar grid-tied systems, and solar-diesel or solar-battery hybrid systems, with ticket sizes typically falling between $1 million and $2 million.

Early investments included the Garden City solar carport, an 858kWp solar installation mounted on the rooftop carpark, which supplies energy to Nairobi's Garden City mall and surrounding buildings and a 20kWp solar system at the Kigali Genocide Memorial in Rwanda. Earlier this year, CBE also signed the first commercial solar power purchase agreement in Ghana with a local enterprise. CBE was awarded the Excellence in Climate Solutions Award at the FT/IFC Transformational Business Awards in June for its pan-African solar financing achievements.

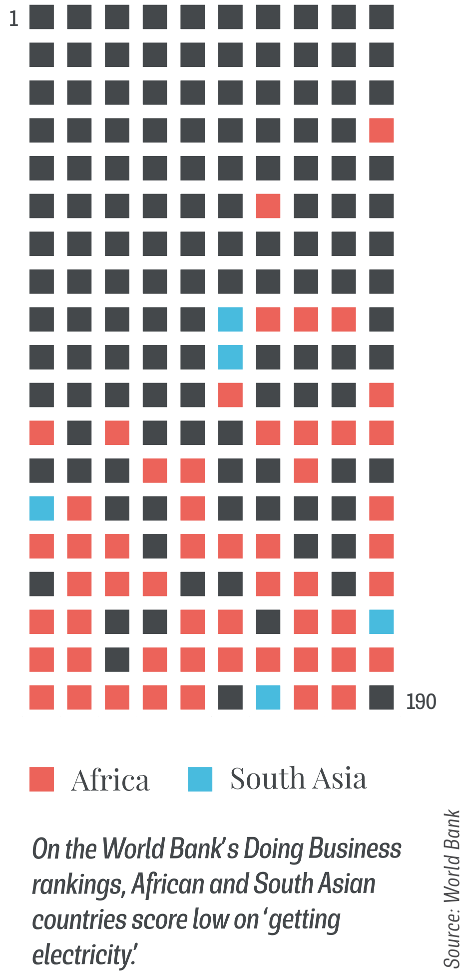
The fund's success shows that mitigating investment risks through subordinated capital is particularly important when investing in unproven sectors.

Foreign assistance agencies are well placed to provide this kind of funding, but their procedures and requirements have traditionally been complex and time consuming to navigate. However, organisations such as USAID are engaging investors in efforts to lower the risks of investments.

Investors should also look to leverage foreign assistance support beyond subordinate capital, tapping their contacts and networks to find other partners during and after fundraising.

Access to energy

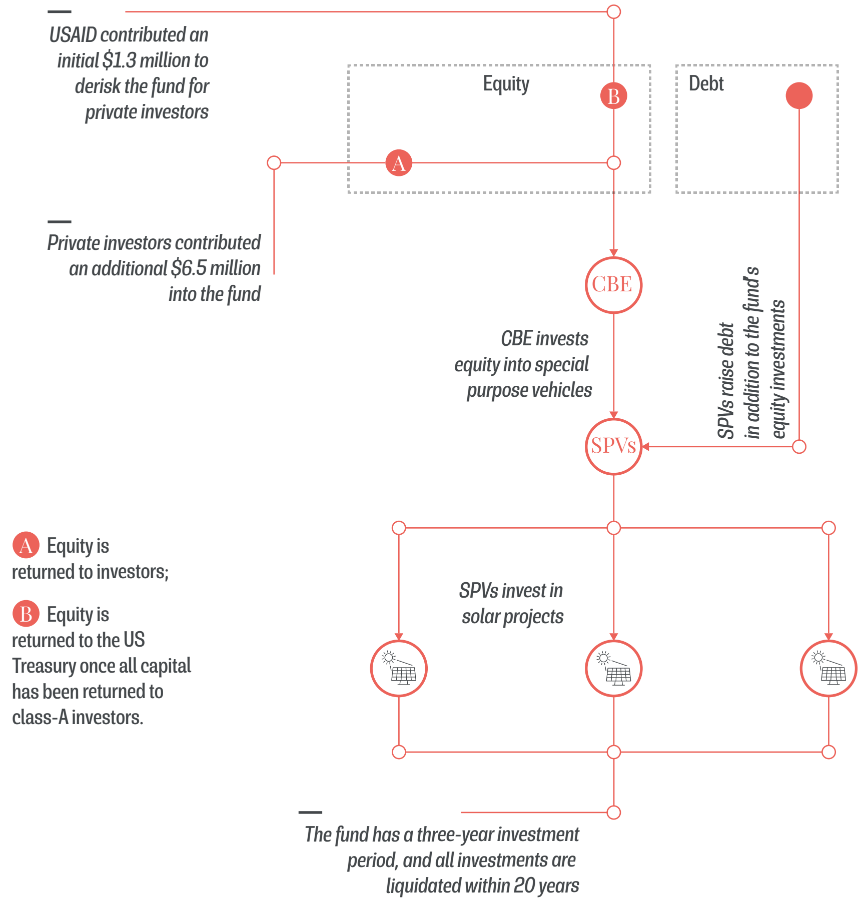
The cost and difficulty of accessing power is a significant drag on doing business in the developing world.



On the World Bank's Doing Business rankings, African and South Asian countries score low on 'getting electricity.'

An innovative financing structure

CrossBoundary Energy was able to leverage development money from USAID to attract private sector investments.



BACKING BUSINESSES IN AFGHANISTAN

PROJECT: INFRONTIER AFGHANISTAN FUND
INVESTORS: CDC GROUP; DUTCH GOOD GROWTH FUND
INVESTMENT: $22 MILLION

The withdrawal of international troops from Afghanistan in 2014 was followed by a decline in aid flows to the country. Economic growth fell to 1.1 per cent, and unemployment rose to 40 per cent. Although growth has started to pick up, investment is sorely needed to help businesses to expand and to generate the jobs that the country will need if its economic recovery is to be equitable and sustainable.

Afghanistan is one of the most challenging places in the world for the private sector. The World Bank's Doing Business index ranks Afghanistan at 183 out of 190 countries, due to a range of challenges, including poor investor protection and the difficulties in enforcing contracts.

Despite the security challenges, Afghanistan has a strong entrepreneurial culture, and certain businesses have endured, demonstrating that there are opportunities for those able to mitigate risks. Positioned between the Middle East, South and East Asia, Afghanistan has abundant mineral resources, substantial agricultural potential and a population of 35 million.

In December 2016, CDC Group and the Dutch Good Growth Fund, an initiative of the Dutch Ministry of Foreign Affairs, invested in the InFrontier Afghanistan Fund, one of the country's first dedicated private equity vehicles.

The fund, which raised $22 million in its first close, is managed by a team that has previously invested in Afghan businesses, including the country's first and largest pharmacy chain.

40%

Of Afghanistan's population is under 15, and 40% of the population is unemployed.

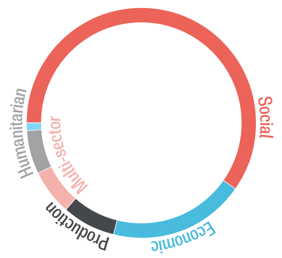
It will focus on making investments in companies that will be vital for underpinning the Afghan economy, including financial services, agribusiness, health and education and exporters. The fund is preparing to make its first investment– into a company which provides technology infrastructure for businesses–in September 2017.

Patient capital from the public sector, deployed through private equity funds, can help to demonstrate that doing business is possible even in complex contexts, and can help to attract even more private sector investment.

AID DEPENDENCE

Afghanistan has been a major recipient of official development assistance, but has struggled to attract private sector investments.

ODA spending by sector

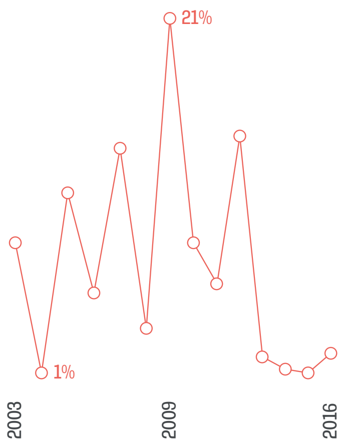


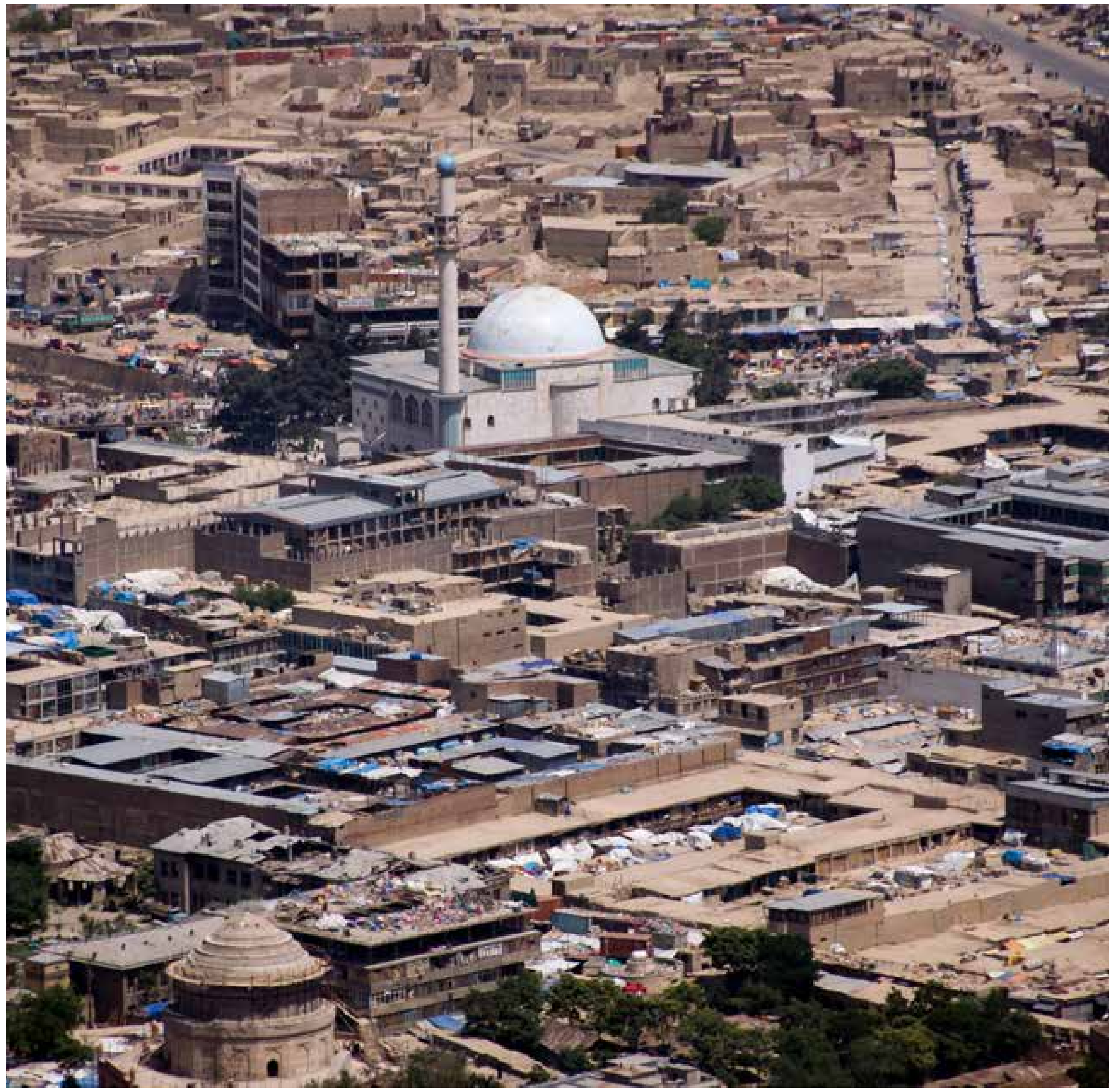
— 183/190 —

Afghanistan is 183rd on the Doing Business ranking

Volatile growth

Afghanistan's political turmoil has made GDP growth volatile





Picture Credit: CDC Group

Picture Credit: Kaah International

SUSTAINABLE FINANCIAL SERVICES IN SOMALIA

PROJECT: KAAH INTERNATIONAL MICROFINANCE SERVICES
SPONSORS: KAAH EXPRESS; UK AID; AFRICA ENTERPRISE CHALLENGE FUND; SOMALIA STABILITY FUND; THE PHARO FOUNDATION (UK); UNHCR

After two decades of civil war, Somalia has regained some peace and stability, however economic institutions are weak and the country remains vulnerable to political, economic and environmental shocks.

Somalia's GDP per capita of $435 is significantly lower than the SSA average of $1,570. In addition, 73 per cent of the population live in poverty, 80 percent live in rural areas, and 43 percent live on $1 per day or less.

Somalis are considered a highly entrepreneurial people, but recent market studies show that less than 5 per cent of the country's market demand for micro and small enterprise finance is currently being met, representing over 2 million potential enterprises and hundreds of millions of dollars.

Kaah Express, a leading international money service business serving the global Somali diaspora with operations in 17 sending countries worldwide and more than 300 branches and agents in Somalia, has recognised that financial inclusion in Somalia represents both a business opportunity and enabler for economic development, peace and security.

To meet this huge unmet demand, Kaah Express established Kaah International Money Services (KIMS) in 2014, creating the first dedicated, privately-owned microfinance institution in Somalia, providing commercially viable and responsible financial services to low income but economically active populations.

5,000

New jobs have been created through loans from KIMS.

KIMS has significantly improved financial access for vulnerable populations, particularly youth and women. KIMS only provides financing for economically productive activities, therefore having a direct impact on local economic development and sustainable job creation in line with SDG8.

As of June 2017, KIMS has reached more than 7,300 borrowers with loans totalling a cumulative $6.3 million.

KIMS has developed an effective public-private partnership delivery model, including partnerships with international institutions to support refugee returnees, as well as to mitigate the impact of the current drought through enabling alternative livelihoods for farmers and supporting youth who are at high risk of economic out-migration.

KIMS also has an active dialogue with key Somali government agencies in order to lobby for the introduction of an enabling regulatory environment.

KIMS seeks to adhere to international best practices in microfinance, enabling it to demonstrate readiness for further investment, which would enable it to grow to meet the unmet market demand. KIMS is currently working with several international institutions to use risk-mitigation instruments, such as guarantees, to bring international investors into Somalia.

OPPOSITE: Born in Kismayo, Ikran was forced by war to flee her home and resettle in Dadaab refugee camp in Kenya. After seven years Ikran was able to return home, but work was scarce. She received an $800 loan from KIMS, and bought construction materials and goods to build and stock a shop, which now provides her with enough money to pay for her children's food and schooling. She makes regular repayments, and is now looking to qualify for a second, larger loan in order to expand her business.

REVITALISING SIERRA LEONE'S AGRICULTURE

PROJECT: SIERRA AGRA, INC.—PROJECT 10,000
SPONSORS: SIERRA AGRA, INC.; TAIA PEACE FOUNDATION; INTERNATIONAL FINANCE CORPORATION; LOCAL INVESTORS

The Ebola crisis of 2014 had a profound economic impact on Sierra Leone, with the greatest burden falling on the agricultural sector. The crisis caused a tremendous loss of employment and income and led to a large-scale abandonment of farming, which pre-Ebola had accounted for around 45% percent of the country's GDP.

Post crisis, strenuous efforts have been put in place, with the support of the international community to rebuild the agriculture sector to pre-2014 levels with an emphasis on stimulating private business to engage in agriculture production and processing activities.

One result of these efforts is the fact that one company known as Sierra Agra, Inc (SAI) now operates the country's only state-of-the-art fruit processing and juicing plant in the country. In late 2016 SAI acquired the shares and assets of Africa Felix Juice which went into receivership during the Ebola crisis. SAI is committed to an ambitious agricultural development project called Project 10,000 that aims to generate significant new employment opportunities through enhanced production and mobilising Felix Juice employees in the agriculture sector in line with SDG8. Project 10,000 seeks to generate 10,000 tons of processed fruit products annually, reclaiming and revitalising 10,000 acres of existing farm land and previously mined land for commercial organic farming. The company will initially employ 10,000 smallholder farmers producing organic and Fair Trade certified products, with a positive socio-economic impact on over 100,000 household members and others.

For this project to be successful, SAI focused on the creation of a multi-crop supply and processing approach that enables a continuous 12-month cycle of production. This ensures employment for smallholders, a steady revenue stream and an opportunity to open up new markets on a regional and international basis. In addition to this, their model includes strong provisions for re-investing profits into agri-businesses within their supply chain through micro-financing schemes.

SAI has strategically entered into a number of partnerships to enhance socio-economic impact and to mitigate risk. For example, SAI has entered a partnership with Taia Peace Foundation (TPF). TPF has a strong track record in training farmers engaged in rice and cacao planting. They also provide technical assistance in harvesting and marketing produce. SAI and TPF are working as a team to provide dedicated administrative and logistical support to local agriculture training NGOs, recognising the need to bolster farmer capacity after dramatic declines in performance due to the Ebola crisis.

Furthermore, SAI has entered into a partnership with the housing NGO Home Leone. SAI seeks to use some of Home Leone's land for commercial farming and to employ some of the Home Leone's qualified residents in full-time agriculture development jobs. This partnership has the potential to create thousands of farming jobs while simultaneously developing a sustainable commercial industrialised out-grower farming model to supply SAI with consistent fruit supply for processing, and in addition to build social infrastructure.

Building on seed capital investments from its founders, SAI has secured $1.25 million in bridge financing from local investors and $150,000 from a Sierra Leonean bank, and is now in active dialogue with a range of investors to secure the required equity investment which will provide SAI with capital necessary to reach its target of $20 million in annual revenue. SAI has also recent been recently approved by the African Guarantee Fund to make use of their guarantee products which will serve to de-risk third party investments into the business.

AGRICULTURE IN SIERRA LEONE

The rural economy is a major source of income and employment

61%

of Sierra Leone's workforce is employed in agriculture.

70%

of the rural workforce are women.

71%

of the country's GDP is derived from agriculture.

Picture Credit: Allan Gichigi/ Save the Children

SAVING ONE MILLION CHILDREN

PROJECT: REDUCING CHILD MORTALITY WORLDWIDE
SPONSORS: GSK; SAVE THE CHILDREN

In 2013 GSK and Save the Children came together to form an innovative, strategic partnership that combines the two organisations' global expertise, skills and energy to tackle the ambitious goal of helping to save one million children's lives. Almost 6 million children under five died in 2015, the majority from preventable causes. Together, the partners are finding new ways to help reduce child mortality; aligning with Sustainable Development Goal 3 (Good Health and Wellbeing) and Goal 17 (Partnerships for the Goals).

The partnership goes beyond the traditional corporate-charity model. As well as providing critical investment, GSK brings its global expertise in the research, development and supply of medicines and vaccinations. This, combined with Save the Children's global expertise in meeting the needs of remote and marginalised children and families, has resulted in a pioneering and powerful collaboration that is already improving the health of some of the world's most vulnerable children.

By June 2017 the global partnership had reached over 2.6 million children – 97,685 children under-five have been fully immunised, 187,873 children have been treated for diarrhoea, malaria or pneumonia, and over one million children have been screened for malnutrition.

Together, GSK and Save the Children are helping children in emergencies, upgrading health centres, training and equipping community health workers, empowering communities to understand the benefits of improved healthcare and using their united partnership voice to advocate for improved access to healthcare.

2.6m

Children have been reached by the partnership between GSK and Save the Children.

Innovation is at the heart of the partnership. GSK and Save the Children's ground-breaking partnership combines the expertise of both organisations to develop new products and introduce life-saving interventions for some of the hardest to reach mothers and children.

Infection is a major cause of newborn mortality, which can be caused by bacteria entering the body through a newly-cut umbilical cord. This is more likely to happen in low-income settings across sub-Saharan Africa and Asia where more births take place at home.

GSK has worked to reformulate chlorhexidine, the antiseptic ingredient used in their Corsodyl™ mouthwash, into a gel suitable for cord care. Insights and guidance from Save the Children, on how to reach some of the most marginalised children, informed key decisions in the development of the programme.

The partnership also a robust Measurement and Evaluation process in place which included conducting an extensive Business Benefit Analysis using external consultants Accenture. The Business Benefit Analysis found evidence that partnership-driven employee engagement has led to increased pride and trust in GSK and an enhanced corporate reputation with a range of stakeholders including business, government and development partners.

With the large global footprint of both GSK and Save the Children, the partnership intends to scale up and replicate its successes for the benefit of communities most in need. The ambition is to be a best-practice model for other businesses and charities that want to achieve significant social outcomes.

CONCLUSIONS

This report is the output of the Investing for Impact Challenge and is designed to serve as a basis for discussion for different players looking to invest in this space. For investors, it shares best practice from a range of investments, for investees it shows the types of things that attract financiers and for the wider community it demonstrates where support is needed to unlock investment to deliver the SDGs in more challenging places.

The case studies included in this report demonstrate that the catalysts we have highlighted–partnerships, risk mitigation and readiness–are all important parts of well designed projects and investments. In many cases it is, in fact, a combination of all three that are intertwined and collectively make up the ingredients for success.

This Challenge has engaged with a variety of organisations, many of whom have contributed to this report. For this type of useful exchange to continue and expand, platforms for investors, investees and other stakeholders should be encouraged in order to share best practice, understand the investment landscape, provide insights and to even give access to opportunities for collaboration and investment.

There is a recognition that the topic of this report is very broad and as such more focused work would be helpful. As a next step, BFP will explore options to continue the dialogue with partners around the three catalysts with a focus on identifying additional risk mitigation models that can help unlock investment to deliver the SDGs in challenging places. There will be opportunities for involvement for all organisations within the BFP community.

Business Fights Poverty

Achieving the ambition of the Sustainable Development Goals requires bold action and innovative thinking. We believe the best way to make the urgent progress needed is by rethinking the way we collaborate.

Founded over 10 years ago, we energise open collaboration around specific, fast-paced Challenges. We bring together the best thinkers and the most passionate practitioners from across our network of tens of thousands of business, non-profit and government professionals.

Together we drive action to unlock new opportunities for poor and marginalised people around the world.

The Business Fights Poverty community is committed to turning the promises of the Sustainable Development Goals into reality, one Challenge at a time.

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