

# The True Impact of Impact Investing: How do Investments Contribute to Change?

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# The True Impact of Impact Investing?

Investment strategies with the intention to generate a measurable, beneficial social or environmental impact alongside financial return

**TPG Seals Record \$2 Billion for Impact Fund**  
Co-Led by Bono -  
Bloomberg Oct 2017

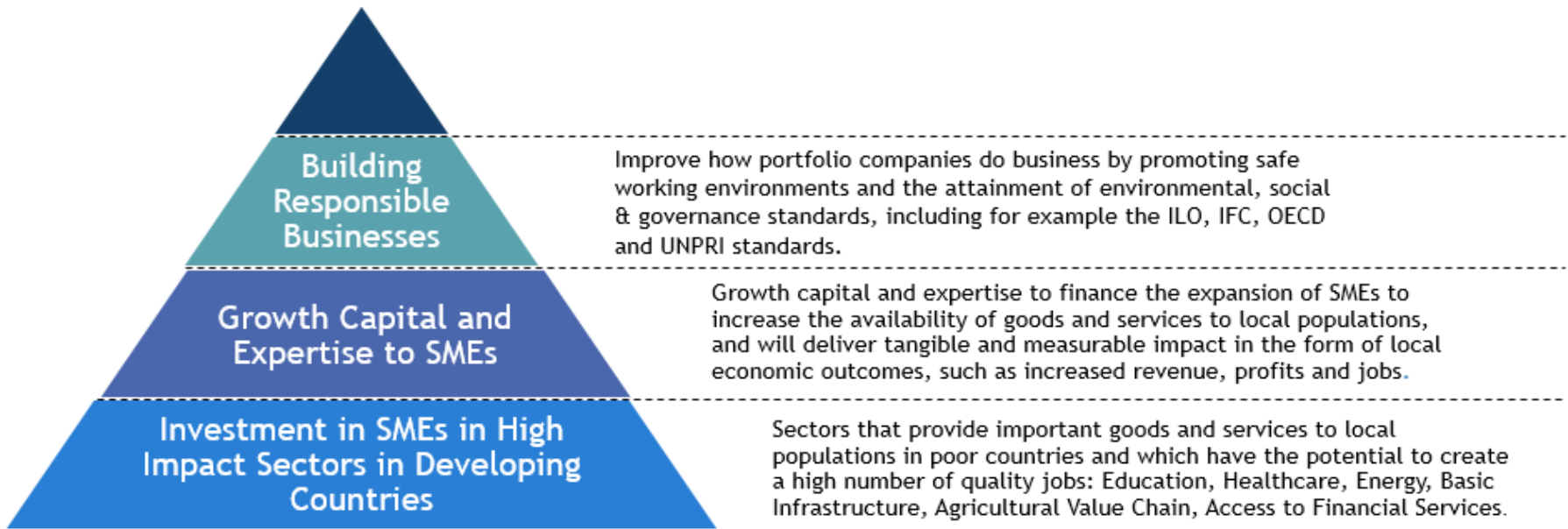
**Launch of the Robeco SAM Global Child Impact Equities Fund** -  
the first fund to focus  
on children's rights  
Nov 2015

**Bill & Melinda Gates Foundation invests \$200m alongside GlaxoSmithKline to cut the rate of malaria infection in small children roughly in half.**  
The product will probably never generate a profit -  
Forbes Oct 2011



# Development Finance Impact Strategy

Private Equity, Direct and Fund investments in SMEs, seeking to address fundamental global challenges in developing countries



# Obviam AG

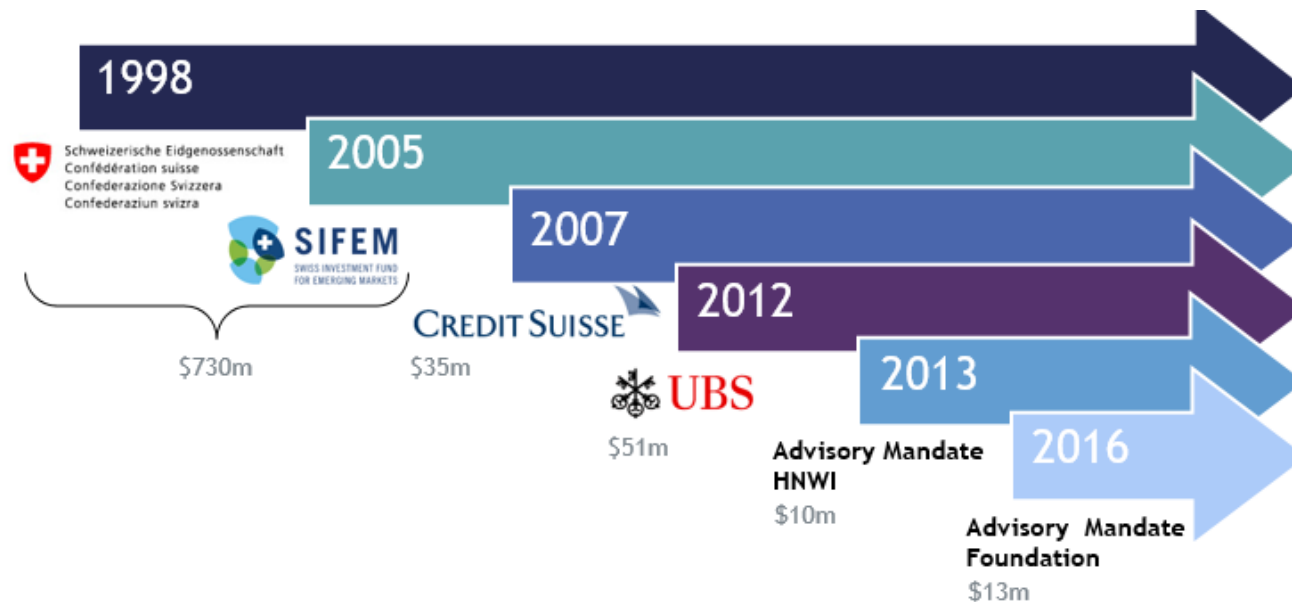
## Independent Impact Investment Advisor with a DNA in development finance

### Institutional Pedigree

- Investment advisor to the Swiss DFI (SIFEM) since 2005
- Current team is responsible for overseeing over 80 EM fund investments since 1998

### Proven Track Record

- Current team has overseen in excess of USD 900m in commitments
- Net IRR of 9.6% achieved since 1998. ESG and impact reporting are a core part of the investment process



# Impact Reporting

How do investments contribute to change?

Obviam rating and Benchmarking Tool



High Impact Sector Indicators

- 8 development areas
- 36 sub-indicators

• 1) Employment

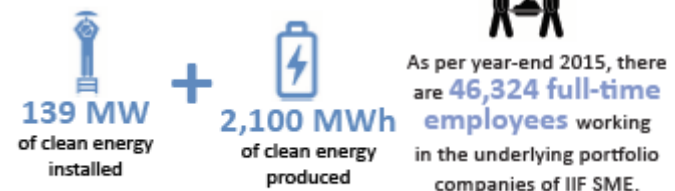
• 2) Gender Equality

• 3) Training

- **Education**
  - A) Education facilities
  - B) Teachers employees
  - C) Students enrolled
- **Health**
  - A) Health facilities
  - B) Patients treated
  - C) Caregivers employed
- **Agri Value Chain**



Impact Investing Focus SME 2010 vintage, FOF, USD 51m (2015 report)



# Case Study: Renewable Energy in Africa

Seeking high impact investments that tackle fundamental global challenges

- Access to affordable and **reliable energy** is fundamental for **poverty reduction** can improve productivity and health and promote economic growth
- According to the IEA, **two-thirds of Africa's\* population lack access to electricity** and only a handful of countries have electrification rates above 50%
- The entire installed power generation **capacity in Africa\* is just 68 gigawatts**, no more than Spain's
- Investing in **renewable energy** is a sound opportunity to invest in a **high impact** sector of strategic importance to tackle global environmental challenges.

\*Sub-Saharan Africa, ex- South Africa

# Case Study: Frontier Energy II

USD 250m, Vintage 2017, 10 year life

Fund	Frontier II
Countries	Kenya, Uganda, Rwanda, Tanzania
Focus	Renewable energy
Technologies	Hydro, Wind, Solar, Geothermal
Portfolio	16 projects between 4-70 MW diversified across technologies and geographies, at various stages of development, none operational yet
Strategy	Develop renewable energy projects. Generate clean energy, jobs and provide climate mitigation in Africa along with sound financial returns
Manager	Experienced Manager with track & proven ability to source and develop renewable energy projects in East Africa. Stable team with deep networks

# Case Study: Frontier Energy II

USD 250m, Vintage 2017, 10 year life





# Case Study: Frontier Energy II

USD 250m, Vintage 2017, 10 year life



# Case Study: Frontier Energy II

## How do investments contribute to change?

Fund	Frontier II
More and better Jobs	400+ permanent employees. Deals in the construction phase will play an important role in temporary job creation. Strong emphasis on ensuring safe working conditions with site personnel
Climate	Overall, the aggregate expected carbon emission savings are 1.4m tons CO2/ year. Besides the climate effects, the displacement of imported fossil fuels helps improve the self-sufficiency of local economies
Environment	The portfolio is expected to generate more than 2,700 GwH/ year of clean power, which is expected to be enough power to provide clean energy to nearly 2.5m households per year in the target countries
ESG	Despite the inherently high ESG risks of the sector, the Manager has demonstrated an ability to manage ESG issues well
Returns	Gross IRR 24%, net IRR 17% (yearly)

The investment will provide energy in some of the poorest countries in the world, whilst contributing to curb global warming, and generate attractive returns

# Case Study: Sustainable Forestry in Africa

## Seeking high impact investments that tackle fundamental global challenges

- **Nearly 80% of Africans rely on wood and charcoal** for their cooking needs, this is resulting in very rapid deforestation and land degradation
- Since 1990, over **3 million hectares of forest have been lost annually** on the African continent alone, representing over 10% of loss in 25 years
- Investing in the sustainable forestry value chain and **following FSC as an operating standard can be highly impactful**, including conservation initiatives, community investment, and worker training
- Sustainable forestry also contributes to supporting and **creating rural jobs and carbon sequestration**

# Case Study: Sustainable Forestry Fund II

USD 150m, Exp.Vintage 2018, 10 year life

Fund	Africa Sustainable Forestry Fund II
Countries	Pan-Africa
Focus	Sustainable Forestry Value Chain
Segments	Plantations, Sawmills, Wood Panels, Biomass Energy
Fund I	165k Ha of plantations (most of which had FSC certification), 63k Ha of conservation land, 6 sawmills, 3 plywood plants, 2 biomass energy
Strategy	Develop sustainable forestry products in Africa. Promote climate friendly growth through sustainable management of natural resources, create jobs
Manager	Experienced Manager with track and proven ability to invest throughout the sustainable forestry value chain. Stable team with deep local networks

# Case Study: Sustainable Forestry Fund II

USD 150m, Exp.Vintage 2018, 10 year life



# Case Study: Sustainable Forestry Fund II

USD 150m, Exp.Vintage 2018, 10 year life



# Case Study: Sustainable Forestry Fund II

How do investments contribute to change?

Fund	Africa Sustainable Forestry Fund II
More and better Jobs	4500+ employees expected in plantations, processing and biomass energy. Providing stable employment and skills development in rural areas
Climate	1m gross tons CO2 sequestered each year
Environment	Up to 50k Ha of conservation land
ESG	Despite the inherently high ESG risks of the sector, the Manager has demonstrated an ability to manage ESG issues well
Returns	Gross IRR 15%, net IRR 10% (yearly)

The investment tackles environmental challenges, promotes climate-friendly growth, whilst supporting thousands of jobs in poor rural areas in Africa, and providing returns

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Thank you!  
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