

PS 2 FINANCE:

Exploring Opportunities and Effective Partnerships from Emerging Impact Investment and Blended Finance

Impact Investment and RAS/AIS

Impact investments are investments made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return. A recent survey conducted by Global Impact Investing Network indicates that the impact investing industry is growing, with USD 228.1 billion assets under management (AUM) by 2017. Within the whole package, most of AUM were invested in developing countries, 18% in Asia (South, SE and East), 17% in Africa and the Middle East, 16% in Latin America and the Caribbean, and 10% in East Europe and Central Asia. More than half (56%) of the impact investors reported investment in food and agriculture, although its share overall AUM is rather small (6%). As RAS is not limited in the sector of food and agriculture, the potentials and opportunities from the emerging impact investment are immense and growing.

Source: 2018 Annual Impact Investor Survey of Global Impact Investing Network (GIIN).

Blended Finance and Effective Partnership towards SDGs

Blended finance is the strategic use of development finance for the mobilization of additional finance towards sustainable development. Blended finance unlocked additional USD 81 billion in private finance for development during 2012-2015. To leverage investment, knowledge and capacities, between 2000 and 2016, a total of 167 facilities that engaged in blending were launched, with a combined size as measured by commitments of approximately \$31 billion, accounting for 64% of mobilized capital and 74% of the transactions. Agriculture and rural sector accounts for a significant share of blended finance deals but the value is rather small, less than 15%. At the global and regional level, 53 newly launched facilities have a sectoral focus on food and agriculture.

Source: OECD. (2017) "OECD DAC Blended Finance Principles for Unlocking Commercial Finance for the Sustainable Development Goals"; OECD. (2018). Making Blended Finance Work for the Sustainable Development Goals: Paris: The Organisation for Economic Co-operation and Development (OECD) Publishing.

Examples of Innovative Finance Facilities Related to RAS/AIS

Integrated Facilities: Agrica Guarantee Fund (AGF), launched in 2013 by ADB, AECI and DANIDA, with a size of \$ 66.5 million; Beira Agricultural Growth Corridor (BAGC) Catalytic Fund (AgDevCO), launched in 2010 by DFID, the Embassy of the Kingdom of the Netherlands and Royal Norwegian Embassy, with a size of \$23 million; Fund of Agricultural Finance in Nigeria (FAFIN), launched in 2014 by AfDB, KfW through the

Federal Ministry of Agriculture and Rural Development (FMARD), with a total volume of \$66 million.

Linked Facilities: Africa Agricultural Capital (Pear Capital), launched in 2011 by Rockefeller Foundation, the Bill and Melinda Gates Foundation, the Gatsby Charitable Foundation, JP Morgan Chase Social Finance and USAID, with a total size of \$25 million; Africa Agriculture and Trade Investment Fund (AATIF), launched in 2011 by KfW, Deutsche Bank and private investors (and managed by Deutsche Asset & Wealth Management), with a total size of \$152 million; African Agriculture Fund (AAF) SME Fund and Technical Assistance Facilities (TAF), launched by EC, AGRA, UNIDO and governments (and managed by IFAD and TechnoServe); Food Securities Fund, launched in 2017 by private investors, companies and USAID through Convergence (and managed by Clarmondial), USAID just confirmed USD 37.5 million credit guarantee, which covers a portfolio of up to USD 150 million, on Oct. 17th 2018 .

Independent Facilities: Agro Innovations Zimbabwe, launched in 2010 by Nduna Foundation and Delta Corporation (and managed by TechnoServe); Partners in Food Solutions, launched in 2010 by General Mills, Cargill, DSM Buhler, Hershey, USAID, etc. (and managed by TechnoServe).

Source: Blended Finance Taskforce, “Better Finance, Better World”, in partnership with the Business & Sustainable Development Commission and SYSTEMIQ; Dalberg. (2017). Blended finance tools to catalyze investment in agricultural value chains: An initial tool box: Dalberg Global Development Advisors.

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