National Task Force for Impact Investing

Inception meeting

3 May 2018

Attendees

Basel Maseko	National Treasury
Elias Masilela	DNA Economics
Heather Jackson	Ashburton Investments
Jon Duncan	Old Mutual
Jonathan First	DBSA
Khulekani Mathe	BASA
Mamphele Ramphela	Independent
Martie Janse van Rensberg	Independent
Monique Mathys-Graaff	PIC
Nazmeera Moola	Investec Asset Management
Nkanyezi Makhani	Sifiso Learning Group
Olano Makhubela	FSB
Pat Pillai	LifeCo
Paul Currie	DBSA
Shepard Muzamba	National Treasury
Taffy Adler	WITS
Tracey Austin	Omidyar Network
Barry Panulo	UCT GSB Bertha Centre
Solange Rosa	UCT GSB Bertha Centre
Susan de Witt	UCT GSB Bertha Centre
Tine Fisker	UCT GSB Bertha Centre

Apologies

Wendy Lucas Bull	ABSA
Isaac Ramputa	Financial Sector Charter Council
Sizwe Nxasana	Sifiso Learning Group
Tshediso Matona	NPC
Ismail Momoniat	National Treasury

Introduction

The purpose of the meeting was to cement delegates' support for the initiative by creating a better understanding of the landscape, potential intervention areas, global momentum and logistical requirements. It was agreed that the time was opportune for such an initiative and would be complementary to existing initiatives whilst having a clear focus on inclusive rather than trickle down growth. Most people in the room had experience of developing or implementing impact investment deals.

Keynote: Elias Masilela (NPC Commissioner)

- The National Development Plan and Sustainable Development Goals (SDGs) align.
- South Africa has to contend not only with poverty and unemployment but most significantly with inequality. This pertains strongly to SDG 16 which speaks to socio-economic justice and strong governance.
- We can only succeed if public and private sector partner in terms of financial resources, intellectual capital and institutional strengths. This pertains strongly to SDG 17 which describes developing partnerships in order to achieve goals - this includes south-south and north -south partnerships as well as local intersectoral partnerships.
- Development investment needs to last long past 2030 but we can create credible short (2 years), medium (5 years) and long term (>10 years) goals.
- The NPC has the task over overseeing the implementation of the NDP but no tools in order to do the work itself. This is where initiatives like this fit in.
- It is important to understand the broader risk environment to determine where most impact can be created.

Keynote: Sir Ronald Cohen (Chairman of Global Steering Group)

- There is currently a big shift in the world as the scale of the problems supersede governments ability to address them.
- Modern Portfolio Theory requires updating as impact is added to risk and return in order to calculate true value.
- Impact investing has become a mainstream conversation in developed and developing markets and as such money is likely to move in large quantities. He foresees $30 trillion moving within the next 30 years ($20 trillion into sustainable investing, $10 trillion into high impact bonds, $1 trillion into performance based instruments etc).
- Increasingly companies and asset managers have to comply with and report on sustainability, ESG and impact indicators. Eg Larry Fink at Blackrock
- The growth in the market is likely to come from profit with purpose companies in developing markets as opposed to non-profit organisations.
- We cannot do anything without government, but can't rely solely on them. Government can be brought in as partners with philanthropists and investors initially making the investments.
- The GSG is launching a number of flagship initiatives in India such the $1 billion education outcomes fund and a $1 billion debt-based Funds of Funds.
- Dormant assets have been used to build the impact investing market in UK, India, South Korea and Japan.
- Regulation is changing as the role of fiduciary duty is clarified, thus trustees are being forced to consider non-financial issues when making investments.
- GSG is revolutionary organisation that is leveraging learnings from across the world and sharing with all participants. South Africa is the first African country to consider joining.

General comments

- How does the group define Impact Investing? Can we rely on existing local and international definitions or will we need to create our own? The discussion centred on understand the difference between Investing for Impact (limited objective + non-intentional job creation) and Impact Investing (intentionality + impact measurement). Some considered this critical and others less so in being able to clearly delineate the scope of the potential recommendations.
- There was some disagreement over the necessity for intentionality on the part of the business or investor to create impact; although all agreed that measuring outcomes was essential to prove impact if organisations wanted to substantiate their claim of impact creation.
- There needs to be a clear timeline of achievement that reflects the lifespan of this group.
- The focus needs to be on action and not words.
- There is sufficient experience in the room to enable a tangible outcome within the given timeframe.
- Impact Investment will not grow if the economy does not grow as a whole. Focussing on specific impact sectors such as housing may support that general growth and thus the rest of the market.

Principles when selecting focus areas

- Should we take a sectoral approach?
  - Cognisance needs to be taken of existing sectoral initiatives e.g. water infrastructure working group spearheaded by ASISA and Black Business Council
  - Product design needs to be sector specific
- Enforcement of institutional investment reporting has been instigated but how can asset owners be supported to invest in development (and thus avoid the ever-present threat of prescribed assets)?
- How could different asset holders and managers assume leadership in the market? e.g. Asset owners coupled with internal asset managers integrating impact management into all aspects of their business; or independent asset managers actively creating products that attract institutional investment etc
- Should we narrow the focus by size of investment?

Constitution and Role of Task Force

The role of the Task Force was explained (see slide deck) along with that of the working group and secretariat. Delegates were interested in playing a hands-on role in the strategic and operational processes involved.
A timeline was suggested which included 3 face-to-face meetings (alongside individual interactions) in the first 6 months with more frequent working group meetings thereafter (see slide deck). The timeline will be ratified at the first plenary meeting.
Delegates were asked to sign a register of commitment if they were keen to continue with the process.

Next steps

The secretariat was to send out a list of next steps via email which includes the following:

- Link to shared folders
- Booking details for one on one interview
- Google Sheet link to names of Task Force members
- Date for first plenary meeting
- ToR and work-plan to follow