

National Task Force for Impact Investing

First Working Group Meeting – Supply Side
02 August 2018

Attendees

Anusha Pillay	ABSA
Heather Jackson	Ashburton Investment
Jonathan First	DBSA
Juana Hatfield	DBSA
Khulekani Mathe	BASA
Micheline Ntiru	GSG
Pat Pillai	LifeCo SA Group
Sizwe Nxasana	Sifiso Learning Group
Taffy Adler	WITS
Tanya van Lill	SAVCA
Tine Fisker Henriksen	UCT GSB Bertha Centre
Barry Panulo	UCT GSB Bertha Centre

Apologies

Elias Masilela	DNA Economics
Jon Duncan	Old Mutual
Monique Mathys-Graaf	PIC
Wendy Lucas-Bull	ABSA

Meeting objectives

- It was agreed that the meeting outcomes suggested in the presentation were suitable. The meeting would focus on narrowing down the working group focus areas with the option to carry-over the discussion to a further meeting if necessary

Key challenges

- Members accepted the key challenges captured on the PowerPoint presentation. There was an observation that policy and measurement are cross cutting issues likely to affect the way challenges are addressed.

Discussion on focus areas

Should the size of the funding pool determine areas of focus?

- It was suggested that the size of funding that can be unlocked in various segments needs to form part of the consideration and forming groupings based on stakeholder type may be helpful as it allows the approaches taken to factor in different investment mandates..
- It was noted that specific objectives will need to be formed at working group level as it is challenging to clearly formulate objectives at the present high-level supply side grouping.
- It was also agreed that there would be value in partnering with and strengthening projects and initiatives in the market with momentum in order to strengthen impact and system lens.

The cross cutting role of stakeholder education

- DFI questionnaire has surfaced lack of knowledge in market that IISA could play a significant role in resolving.

- It was suggested that educational efforts could also be useful for other stakeholders including endowment/foundation/pension fund trustees who command a significant amount of capital locally.
- The nature of the education required was queried, and it was noted that different stakeholder segments may require different educational approaches but there are precedents for using education as a market building tool e.g. the efforts of the Ford Foundation in the US, that can be drawn upon to formulate the approach.
- One possibility is for the Taskforce to act as a knowledge repository for best practices, it need not administer a course itself but playing a collation and curation role. The Taskforce can rely on the Taskforce members, the organisations they represent and connections to help propagate the information.
- It was agreed that the Taskforce should consider objectives beyond education to ensure that increasing awareness translates into concrete actions.

Emerging focus areas

- 1) Building a pipeline of bankable projects
 - Focus on DFIs whilst pulling in AMs, institutional funders, demand side players, policy makers
 - The DBSA team recently contacted 9 DFIs and obtained feedback from several about how they view impact investing, their own involvement and the barriers they face in engaging with it.
 - Initial findings from this process suggest education to familiarise DFIs with the state of impact investing, its development potential and uses would be helpful. It was suggested that local DFIs, who aren't well represented in the initial conversations, be further engaged.
 - South Africa has been increasingly deprioritised by DFIs due to its middle-income status. It was observed that the conditions for getting DFIs to engage with local impact investment opportunities would need to be scrutinised.

Next steps

- Continue collecting on DFIs responses and collate into concept note

- 2) Engaging institutional investors through National Treasury Sustainable Finance Initiative to unlock investment into impact:
 - Develop workstream that will complement existing initiative with a focus on impact rather than just risk mitigation through ESG.
 - The National Treasury has just issued policy discussion document for comment and invited work stream recommendations
 - This is likely to be a policy focused group
 - The IFC Sustainable Finance initiative which has membership from a number of industry bodies, was identified as a potential means of interfacing with the rest of the market.
 - There is a possibility that the IISA could influence the use of dormant assets provided it formulate and provides well considered inputs to regulators.
 - SAVCA is doing research piece on PE funds which could inform any policy recommendations

Next steps

- Read policy discussion document circulated by Heather and saved in Dropbox
- Engage with Sustainable Finance Initiative about submission of concept note for work stream (timelines and requirements)
- Engage with SAVCA to link into existing global research projects and tap into accepted analytical frameworks whilst strengthening impact aspect of research piece.

- 3) Identifying and engaging funding of corporate origin
 - This will likely focus not only the BEE trusts but also on other pots of corporate funding such as the ESD and skills development that can be re-orientated to maximise impact.
 - BASA is looking at options around the use of R100bn in funding for Black Business Growth from the Financial Services Charter and there may be an opportunity for the Task Force to inform the use of this funding.

Next steps

- Engage with Isaac on details of FSC opportunity

First Working Group Meeting – Demand Side
02 August 2018

Attendees

Elias Masilela	DNA Economics
Martie Janse van Rensburg	Independent
Monique Mathys-Graaff	PIC
Pat Pillai	LifeCo SA Group
Sizwe Nxasana	Sifiso Learning Group
Tracey Austin	Omidyar Network
Tshediso Matona	NPC
Susan de Witt	UCT GSB Bertha Centre
Tine Fisker Henriksen	UCT GSB Bertha Centre
Barry Panulo	UCT GSB Bertha Centre

Apologies

Nyangwe Ajusi	22Sloane
---------------	----------

Meeting Objectives

- Participants indicated agreement with the meeting objectives specified in the presentation.

Key challenges

- The SDGs and NDP were invoked as guiding frameworks although it was noted this still left a wide spectrum of possible focus areas. There is still a need to identify more specific role players or focus areas to target on the demand side. Delegates expressed an interest in gathering more information to help identify focus areas.
- It was noted that it is possible to juxtapose different sectors e.g health, education against the maturity (early, growth, mature stage etc) of enterprises within them to facilitate the identification of focus areas. This approach can inform a spectrum of possibilities that can then be matched to suitable pockets of supply side capital. The role of intermediation in facilitating the demand and supply side linkages would also bear consideration.
- It was noted that the Bertha Centre has conceptualised a demand side research project proposal focusing on identifying investment needs and capital gaps aligned to the NDP/SDGs.
- Some challenges faced by enterprises are not likely to not vary across sectors – for instance early stage enterprises are likely to struggle with access to finance and markets regardless of their sector location. Thus, it may be possible to formulate a demand side working group focused on the early stage enterprise in general.
- It was also noted that there are organisations like Ashoka and the South African Impact Entrepreneurs Network and knowledgeable entrepreneurs that are well placed to provide useful inputs on challenges, relevant interventions and even lead on work in this area.
- It was suggested the Taskforce attempt to identify projects that are low hanging fruit and can be tackled quickly. Then efforts can be made to identify the barriers that present to these shortlisted opportunities specifically and enable the identification of appropriate means to address them.
- Some examples of potential low hanging fruit include initiatives like the YES (Youth Unemployment Service) programme, ECD Sector efforts like the Social Impact Bond pilots, Smart Start, Ilifa

Labantwana or government grants, the NECT, the CEO forum and the SASME fund, National Treasury Jobs Fund and Harambee's workforce development efforts.

- A suggestion was made that the demand side can be thought of as impact enterprises (sustained by customer receipts) and enabling mechanisms (i.e. structures such as impact bonds that can be used to unlock more impact.)
- Efforts could be made to identify stakeholders in different sectors and consult with them and potentially draw them into thematic working groups at some point. Stakeholder engagement processes don't need to be strenuous - stakeholders can be consulted via conference calls if necessary.
- Grant capital is relatively plentiful in South Africa but enterprises are often disinterested in grants preferring to seek equity or debt. However, it would be helpful to see how grants can be used to incubate an investable pipeline and act as a gateway to other forms of capital.

Emerging focus areas

4) Social impact measurement and management:

- Using market makers such as PIC, DBSA and SAVCA to create best practices and benchmarks with which the market can align.
- The PIC's impact measurement work is ongoing and has led the organisation to a sector based, SDG aligned framework that they shared with members in a set of slides. A similar approach could serve as a starting point for demand side work.

Next steps

- Engage DBSA to understand the role they could play
- Connect to Impact Measurement and Management Course

5) Demand side research document identifying challenges, opportunities, frameworks which will underpin future work

- It was noted that any research project should also identify capital gaps, investable opportunities and demand side blockages such as capacity to absorb funding (in addition to measurement frameworks)
- NDP and SDGs could be used as guiding document
- It should be possible to expedite the information gathering process by finding organisations already doing baseline relevant work and inviting them to contribute information pro bono. National Treasury attempted to do some costing for the NDP and it may be possible to approach them to gather some relevant information. Multilaterals may also possess useful resources and the World bank may have done some work establishing a framework linked to the SDGs.

Next steps

- Engage NPC to see whether World Bank document aligning NDP and SDGs is available
- Develop and circulate research framework (simplified from initial demand side framework document)
- Identify research units to complete sections
- Populate a few sectors first including water, education and agriculture
- Identify low hanging fruit on demand side that IISA could get involved in or support

First Working Group Meeting – General information

General next steps

- Circulate workplan for each working group
- Set up individual and group calls to discuss different pieces of the work

Chairperson and governance arrangements

- To circulate description of voting process that culminated in Elias Masilela's selection for the role of chairperson
- A description of the voting process that culminated in Elias Masilela's selection for the role of chairperson will be shared with members.
- Members suggested time be taken to consider what other aspects of the governance structure need to be formalised. For instance, instituting a Deputy Chair and nominating working group leads.

- Members would like an opportunity to capture what the Chairperson's vision for their role is and a chance for the chairperson, secretariat and members to express their mutual expectations of each other.
- Members agree that GSG membership is desirable and suggested that funding arrangements and the legal structure of the Taskforce be tabled at the next meeting
- Several members are going to the GSG Summit 2018 in India and a call will be scheduled to align on how they communicate about the Taskforce at the Summit.

GSG Membership and Summit

- Members agree that GSG membership is desirable and suggested that funding arrangements and the legal structure of the Taskforce be tabled at the next plenary
- Acquiring formal GSG membership for the Taskforce requires submission of a workplan and an annual fee of GBP 5,000 - 10,000 (depending on level of voting rights).
- The benefit of being a member include being able to steer global conversation on impact investment in Africa, credibility associated with international group, and contribution to best practice. It is also a requirement of countries applying to host Summit.
- Several members are going to the GSG Summit 2018 in India and a call will be scheduled to align on how they communicate about the Taskforce at the Summit.

Plenary

- The next Plenary, scheduled for the 4th of September is to be shifted to the 11th of September instead and will potentially be held in Cape Town. A Doodle will be circulated to confirm date as we have discovered there is a clash on that date.