



INNOVATIVE FINANCE FOR ACCESS TO ENERGY

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**Educating
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The 2016 Switching on Finance for Off-grid Energy report played an important role in answering the industry-wide question ‘What type of capital would it take to move the needle on access to energy in Eastern and Southern Africa? It also came at a time when USD 30 billion had been committed to the energy access sector in Africa from 2016-2021. Since then, the industry continued to debate the types of capital needed as well as the key bottlenecks for deploying capital. One of the recurring themes of the debate was the need for last mile distribution, as vendors increasingly drift towards peri-urban customers and, ultimately, more revenue and more customer.

This has created a need for more innovation and creativity in order to realise the ambition of delivering energy to the poorer, more distant areas. With an urban electrification rate of 70% and a rural electrification rate of 28% across the continent, we need to place more emphasis on unlocking solutions and innovations that are community-driven and go beyond basic energy needs. These energy access solutions and innovations are necessary to contribute to long-term livelihood improvements and income-generating opportunities in communities.

More research needs to be done to answer the question ‘How might we as an industry deploy capital effectively to community-driven energy access across the African continent?’ The Bertha Centre is aiming to understand the community needs and investor preferences, related to the business models as well as the financing needs. A key component of this research is to explore enabling technology that could, for instance, be used to lower the cost of financing communities directly, thereby allowing them to invest in, or pay for, their preferred services.

□ **PROJECT KEYWORDS**

Access to energy, Inclusion, Community-driven, Innovative Finance, Impact Investing.

□ **INTENDED AUDIENCE**

The Energy Access Sector, Investors, Energy Access Enterprises, Academics, etc.

□ **FUNDERS / SPONSORS**

Wallace Global Fund

**WALLACE
GLOBAL FUND**
For a sustainable future

PROJECT TIMELINE

June **2016**

May **2019**

GREEN OUTCOMES FUND

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The Bertha Centre recently launched a Green Outcomes Fund (GOF) in collaboration with the World Bank Group, World Wide Fund for Nature South Africa (WWF-SA), and GreenCape. The Green Outcomes Fund is a first of its kind structure, which incentivizes and supports local South African fund managers to increase investment in green Small and Growing Businesses (SGBs) by paying for outcomes such as green job creation, climate mitigation, and improved water and waste management. It creates demand for verified, pre-agreed green outcomes generated by SGBs and purchased through local fund managers. Simultaneously, it creates a common base for growing the South African green impact investing market.

PROJECT KEYWORDS
Climate, Finance, Inclusion, Green, SMEs.

INTENDED AUDIENCE
Local fund managers, green Small and Growing Businesses.

PROJECT TIMELINE

2016 Developed as part of the World Bank's Climate Technology Program

2017 Launched as a legal entity

STATISTICS/METRICS

2

learning documents released in partnership with the World Bank.

R2 million

seed funding secured to pilot the Green Outcomes Fund; secured partnerships with five local recipient funds.

RECENT DEVELOPMENTS



The Green Outcomes Fund recently secured a R 2 million grant from the FirstRand Trust as a core funder, to further catalyse capitalisation towards green Small and Growing Businesses.

INVOLVEMENT OPPORTUNITIES



Share networks/connections of relevant foundations or innovatively-minded grant funders willing to support an outcomes-based structure.

Share networks/connections of relevant fund managers across Sub-Saharan Africa with an explicit focus on early-stage Small and Growing Businesses.

PROJECT WISHLIST



Further catalyse grant funding to scale and replicate the Green Outcomes Fund pilot.

FUNDERS / SPONSORS:

FirstRand Fund



KEY PARTNERS & STAKEHOLDERS:

Design Partners: World Bank; GreenCape; WWF-SA



Recipient Funds: Business Partners, Inspired Evolution, Mergence, Edge Growth, Tshiamo



EARLY CHILDHOOD DEVELOPMENT IMPACT BOND INNOVATION FUND (IBIF)

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A social impact bond typically involves an agreement between government and service providers, such as social enterprises or non-profit organisations, and investors, to pay for the delivery of pre-defined social outcomes. Socially-motivated investors shoulder the risk knowing that repayment is dependent upon the meeting of agreed targets.

The IBIF impact bond, that represents a first for the global South, has been set up to drive Early Childhood Development (ECD) targets linked with school readiness in the Western Cape. This 3-year contract, launched in December 2017, is the culmination of more than four years of research and discussion between the Western Cape Department of Social Development (DSD) and the Bertha Centre for Social Innovation and Entrepreneurship at the UCT Graduate School of Business.

PROJECT KEYWORDS

Outcome-based Contracting, Impact Bonds, Early Childhood Development, Public Procurement, Western Cape.

INTENDED AUDIENCE

Children aged 3-5 from the communities of Atlantis and Delft in South Africa's Western Cape Province.

PROJECT TIMELINE

December 2017

November 2020

STATISTICS/METRICS

R20.4 million

contract over

3

years

Serves 1000

children a year.

RECENT DEVELOPMENTS



The IBIF recently reached its first year of operation.

INVOLVEMENT OPPORTUNITIES



Research and evaluate the mechanism further down the line.

FUNDERS / SPONSORS:

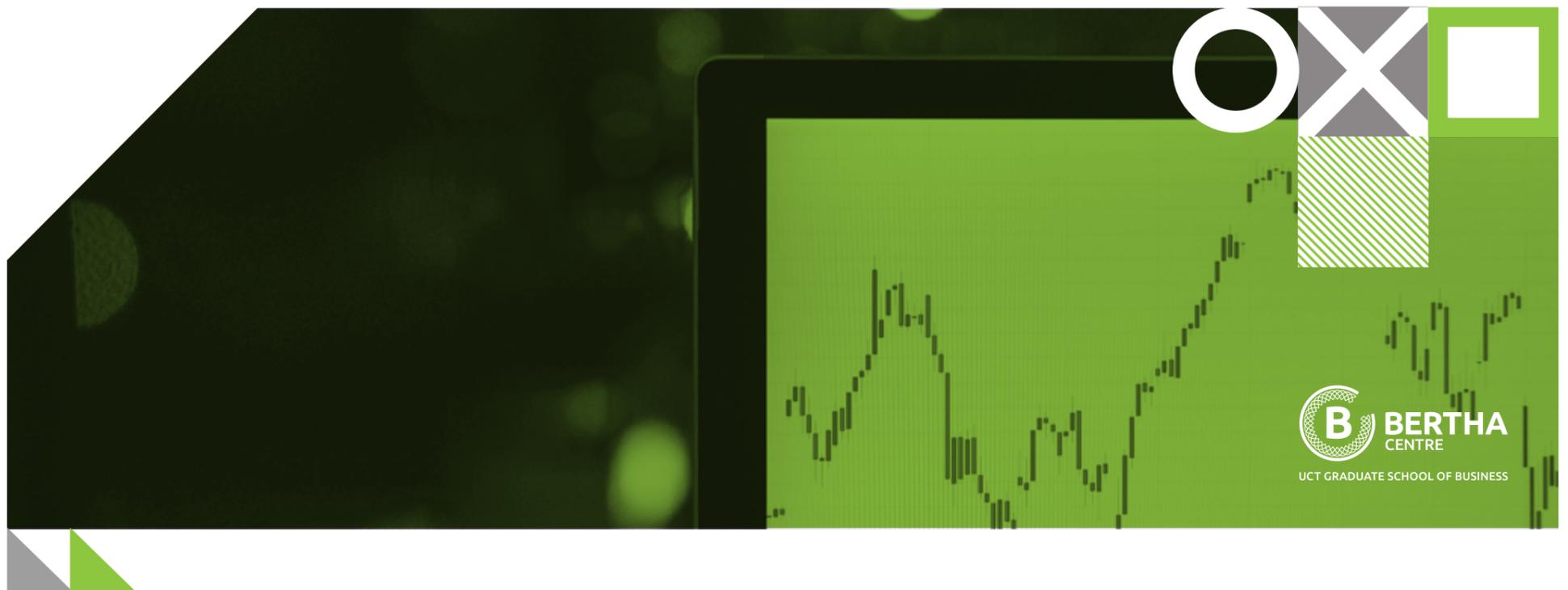
Innovation Edge
Lego Foundation



KEY PARTNERS & STAKEHOLDERS:

Outcomes Funders: Department of Social Development, ApexHi Charitable Trust. Service Delivery Partnership: Foundation for Community Work, Volta Capital, mothers2mothers, LGT Venture Philanthropy, Futuregrowth Asset Management, Standard Bank Tutuwa Foundation





NATIONAL TREASURY OUTCOMES-BASED CONTRACTING PILOT

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National Treasury is developing a two-year Outcomes-based Contracting (OBC)

pilot project. Project development work commenced in late 2017 and implementation is scheduled to start in 2019/2020.

The Government of Flanders has provisioned an amount of €1,011,373 to pay for the outcomes of a selected pilot project. The objective of this OBC pilot project is to increase capacity to design and implement OBC instruments in the South African public sector and among civil society organizations, and development partners. If successful, there is a possibility that the National Treasury will develop specific guidance to facilitate the use of OBCs in Public Procurement.

RECENT DEVELOPMENTS



The project team is working towards a feasibility study to establish which pilot opportunity, maternal and child health promotion or foundation phase literacy, should form the focus of the pilot.

□ PROJECT KEYWORDS

Public Finance, Results-based finance, Outcomes Based Funding, Procurement.

□ INTENDED AUDIENCE

Health promotion for pregnant women and mothers with young children. Supporting literacy in Foundation Phase education.

PROJECT TIMELINE

2017

- Q2: Project approved
- Q3: Project governance and project identification framework developed
- Q4: Training and knowledge building on OBC for public officials

2018

- Q1: Further training and request for information on pilot projects
- Q2: Pre-feasibility analysis and evaluation of 12 public sector programmes submitted as pilot candidates
- Q3: Two programmes, in Health and Education respectively, selected for a full feasibility analysis
- Q4: Developed terms of reference to guide full feasibility study

2019

- Q1: Feasibility and stakeholder consultations
- Q2: Feasibility and stakeholder consultations and pilot project selection
- Q3/Q4: Procurement and pilot pre-implementation activity

2020

- Q1: Pilot Implementation

2021

- Q4: Pilot close

2022

- Q1: Post-pilot evaluation activity

□ FUNDERS / SPONSORS:

Government of Flanders
(Project Funder, Development Funder)



□ KEY PARTNERS & STAKEHOLDERS:

Government Technical Advisory Centre (GTAC) – Project Manager, Public Finance, National Treasury (Project Commissioner)





IMPACT INVESTING AND IMPACT MEASUREMENT

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Impact Investing in Africa and Impact Measurement for Investors are two exciting, upcoming courses offered by the Bertha Centre for Social Innovation & Entrepreneurship through the University of Cape Town's Executive Education Program. Tailored to suit the needs of a diverse range of participants interested in impact investing, these courses equip participants with the knowledge and skills to navigate in this evolving sector with a deeper understanding.

□ **PROJECT KEYWORDS**

Impact Investing, Impact Measurement, Innovative Finance, Social Finance, Investment Training.

□ **INTENDED AUDIENCE**

Practitioners in impact investing.

PROJECT TIMELINE

2014 Course development was started

2016 First course ran in February

INVOLVEMENT OPPORTUNITIES



Write case studies.

Provide updates.

Work on course administration.

STATISTICS/METRICS

4

Impact Investing courses
have taken place to date.

115

participants in total.

□ **FUNDERS / SPONSORS:**

Government of Flanders was first funder. The course is now self sufficient and run through UCT GSB Executive Education Department.



LEGAL PRACTICE FOR IMPACT INVESTING FREE WEBINAR SERIES

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The Bertha Centre for Social Innovation and Entrepreneurship partnered with the Grunin Center for Law and Social Entrepreneurship at NYU School of Law to equip impact investing professionals, particularly lawyers, with the knowledge and skills to effectively serve high impact organisations wanting to raise capital.

This 3-part webinar series provided opportunities to learn from international and local legal experts in the field. Participants were exposed to lecture-style sessions and panel discussions covering a broad range of impact investing vehicles and gained insights into the practical legal issues that come about when making and living with an impact investment.

Sessions for the first edition of the Legal Practice for Impact Investing webinar series were held in July 2018, October 2018 and January 2019. A follow-on edition is expected in future.

□ PROJECT KEYWORDS

Impact Investing, Legal Practice, Innovative Finance, ESG, Structuring.

□ INTENDED AUDIENCE

Legal professionals and others interested in the legal aspects of structuring impact investing deals.

PROJECT TIMELINE

2018

SESSION I - Embedding Impact into Deal Structures (July 2018): In this first webinar of the series, participants learned about legal approaches to putting together and managing an impact investment throughout its life cycle - from due diligence to exit (and beyond).

SESSION II - Blending and Scaling Capital (October 2018): In this second instalment of the webinar series, participants learned how to address key legal issues that arise in blending and scaling capital – from documenting and managing pooled capital structures across investors with different risk appetites, to negotiating with International Financial Institutions (“IFIs”) and Development Financial Institutions (“DFIs”) and structuring transactions that involve blended finance.

2019

SESSION III - Mainstreaming Impact (January 2019): To close the webinar series, participants learned about different governance models being used by impact investment funds as well as best practices, challenges and lessons learned from the field. Participants looked ahead and explored the potential consequences of blurring and mainstreaming impact and ESG factors, including the impact on fiduciary duty, reporting mechanisms and other risks.

PROJECT WISHLIST



Live meeting rooms with quality room microphones and sound setup to host interactive webinars at various locations.

STATISTICS/METRICS



Individuals from across Africa and beyond attended the webinar series.

RECENT DEVELOPMENTS



The last session of the webinar, Mainstreaming Impact was held on 31 January 2019.

INVOLVEMENT OPPORTUNITIES



Attend future webinar sessions.

□ FUNDERS / SPONSORS:

Ford Foundation



□ KEY PARTNERS & STAKEHOLDERS:

NYU Grunin Centre for Law & Social Entrepreneurship



Venue partners (at various points in the series)
Stratigos Consulting (Lagos, Nigeria) Adams&Adams (Johannesburg, South Africa) Bowmans (Johannesburg, South Africa) EAVCA (Nairobi, Kenya)



EVALUATION OF IMPACT ANGEL INVESTMENT MODELS PROJECT

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The Bertha Centre, in partnership with Duke University's Case Center, has been funded by USAID to research the Angel Investing landscape in Southern Africa and East Africa. The goal of the study is to understand how development organizations can help to grow the Angel Investing market in these two regions.

- **PROJECT KEYWORDS**
Angel, Impact Investment, Early Stage, Innovative Finance, SME Funding.

- **INTENDED AUDIENCE**
Early stage enterprises, impact investors.

PROJECT TIMELINE

2018

Started June 2018.

2020

Ending June 2020.

□ FUNDERS / SPONSORS:

USAID 

□ KEY PARTNERS & STAKEHOLDERS:

Duke University 

TECH FOR IMPACT REVIEW

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The Tech for Impact review will explore how technology and the fourth industrial revolution can change the way we create, measure, finance, and scale impact across the world, with a spotlight on African initiatives. By highlighting the pinnacle of innovative tech solutions to development challenges, it will demonstrate the future of tech-enabled innovative finance and new solutions to age-old challenges. The review will investigate how the fourth industrial revolution will reform impact investing, from tech-based investment opportunities in education, health, financial inclusion, agriculture and food security, and energy, to innovative ways to streamline the impact investing process.

□ **PROJECT KEYWORDS**

Tech, Fourth Industrial Revolution, Impact Models, Social Innovation, Inclusion, Impact Investment.

□ **INTENDED AUDIENCE**

Impact investing and social innovation community at large.

PROJECT WISHLIST



Contributions from industry experts.

INVOLVEMENT OPPORTUNITIES



Share your connections/networks to investors or social enterprises leveraging the fourth industrial revolution for impact.

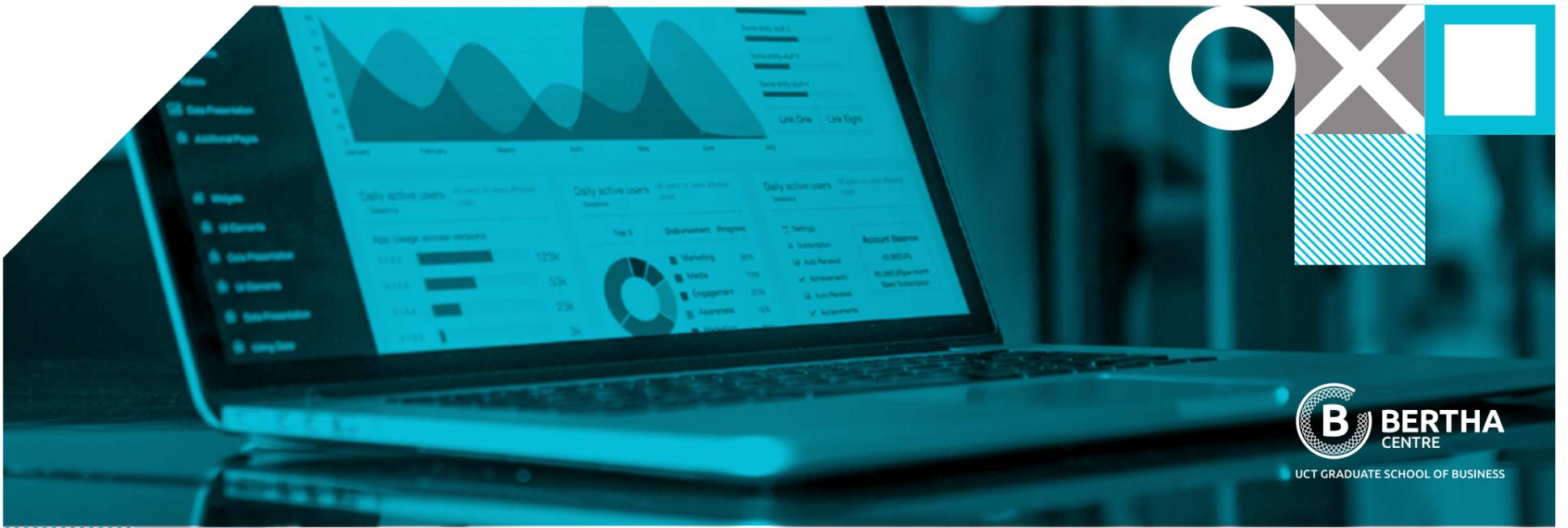
PROJECT TIMELINE

2018

Project kick-off in 2018.

2019

Expected launch mid-2019.



CONVERGENCE LEARNING PARTNERSHIP

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Launched in January 2016, Convergence is a deal-sourcing platform that allows public and private investors to find and connect with one another around co-investing in blended finance deals in emerging and frontier markets. Part of Convergence's approach is to provide grant funding to practitioners with the goal of stimulating the design of innovative financial products and mechanisms. The Bertha Centre has partnered with Convergence in the role of learning partner, working with design fund grantees to distil key learnings and outcomes from the design process, and package these learnings into succinct knowledge briefs hosted on Convergence's Knowledge Library. These outputs, in the form of Case Studies, will be used to further the education of the finance industry and package blended finance in a digestible format.

□ **PROJECT KEYWORDS**

Blended Finance, Case Studies, Innovative Finance.

□ **INTENDED AUDIENCE**

Public and private investors, institutional investors, foundations, grant funders, and the finance and funding ecosystem at large.

STATISTICS/METRICS

2

Blended Finance Case Studies published.

RECENT DEVELOPMENTS



The latest case study was recently released on Convergence's Knowledge Library, profiling the USD 95M corporate sustainability bond for natural rubber production by the Tropical Landscapes Finance Facility.

□ **KEY PARTNERS & STAKEHOLDERS:**

Convergence





SMART CAPITAL SUPPORT FOR SGB FINANCE AND JOB CREATION

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Researching for Action



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This project is a research and design piece of work with the purpose of uncovering the smartest use of subsidies in alternative debt funds and to test whether an impact kicker for jobs would be an appropriate way to distribute that funding. The objectives of the initiative are to:

- Understand success factors of debt funds using Enterprise Supplier Development Funds as research cohort;
- Assess the use of subsidies required to maintain fund profitability considering small ticket sizes, fund sizes and early stage financing;
- Assess use of job linked incentives to distribute funding using Jobs Fund as test case;
- Design fund based on findings to support early stage businesses in Kenya;
- Create an enabling environment to increase the deployment of impact investment including impact measurement and management standards and regulatory enablers.

□ PROJECT KEYWORDS

Impact Investing, Impact Measurement, Innovative Finance, Social Finance, Early Stage Finance, SME Finance, Outcomes Based Contracts, Performance Based Payments, Impact Kickers, Job Creation.

□ INTENDED AUDIENCE

Impact Investing, Impact Measurement, Innovative Finance, Social Finance, Early Stage Finance, SME Finance, Outcomes Based Contracts, Performance Based Payments, Impact Kickers, Job Creation.

STATISTICS/METRICS

20

Funds interviewed in South Africa and Kenya.

□ FUNDERS / SPONSORS:

Shell Foundation



□ KEY PARTNERS & STAKEHOLDERS:

Drew von Glahn (World Bank), Shell Foundation, Collaborative for Frontier Finance, Enterprise and Supplier Development Funds, East Africa Venture Capital Association, Open Capital Advisors



IMPACT INVESTING SOUTH AFRICA

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The South African National Task Force for Impact Investing is the first African member of the Global Steering Group. The Bertha Centre raised support from Ford Foundation to seed a secretariat in order to convene a high level 17-person board that will use the guiding frameworks of the National Development Plan (NDP) and UN Sustainable Development Goals to increase the supply of private investment for public good.

The objectives of the initiative are to:

- Increase the supply of capital available for profit-with-purpose businesses and social enterprises;
- Improve the match between impact capital and investable opportunities;
- Support the development of a pipeline of businesses seeking to address challenges associated with NDP/SDGs;
- Create an enabling environment to increase the deployment of impact investment including impact measurement and management standards and regulatory enablers.

□ PROJECT KEYWORDS

Impact Investing, Impact Measurement, Innovative Finance, Social Finance, National Advisory Board (NAB), Global Steering Group (GSG) for Impact Investing.

□ INTENDED AUDIENCE

Supply-side Stakeholders: Institutional Investors, Asset Managers, Foundations, Banks.

Demand-side Stakeholders: Businesses, Social Enterprises, NGOs.

Eco-system Builders: Policy Makers, Accountants, Lawyers, M&E Specialists.

STATISTICS/METRICS

17

Task Force members

3

Working groups

3

Government departments

1

Conference

PROJECT WISHLIST



Funding and strategic partners.

INVOLVEMENT OPPORTUNITIES



Research.
Join the team as an intern.

RECENT DEVELOPMENTS



The National Task Force for Impact Investing opened the SA Investment Conference on request of the President's Investment's Mobilisation Unit. The Task Force also constituted the supply and demand of the Impact Measurement and Management working groups.

The Global Steering Group (GSG) announced that South Africa will host the global summit in 2020 which will be a Pan-African conference.

□ FUNDERS / SPONSORS:

Ford Foundation



□ KEY PARTNERS & STAKEHOLDERS:

Ford Foundation, Task Force members, GSG, UNPRI, OECD, National Treasury

