

Impact Investment or Investing for Impact

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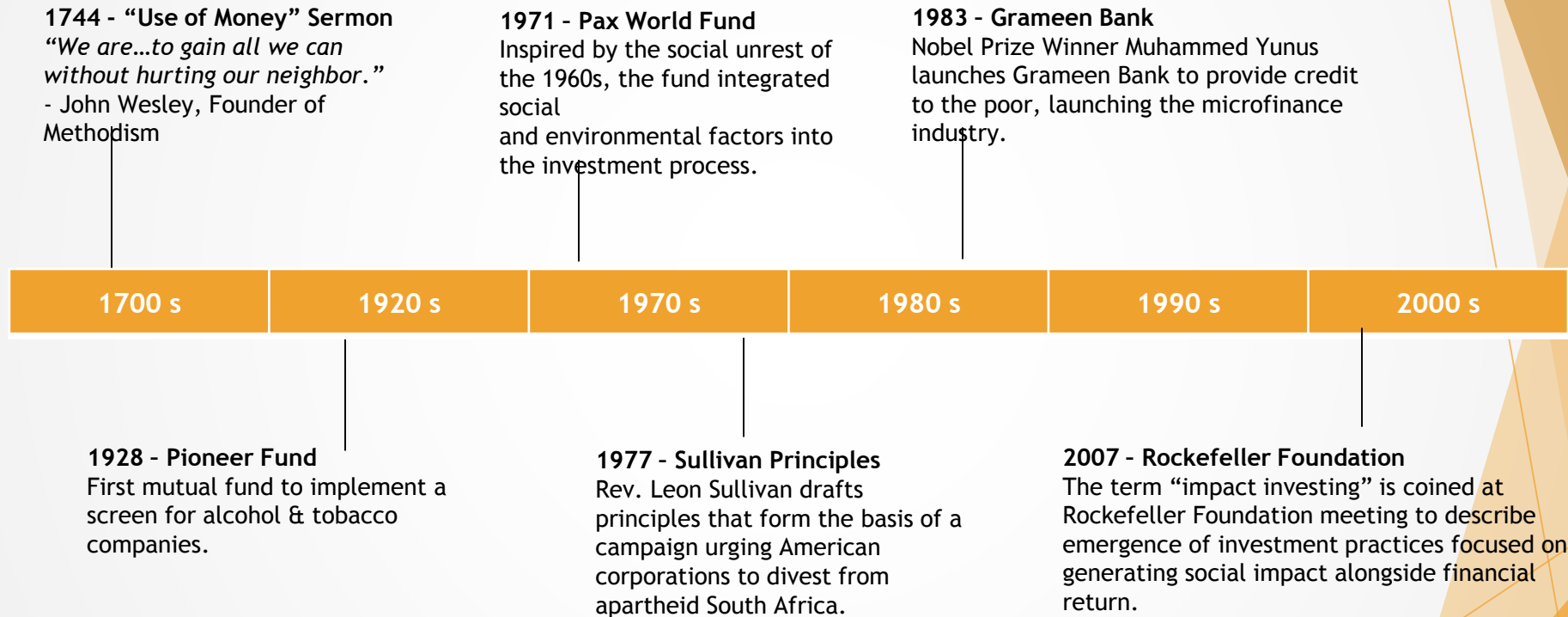
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The need for Impact Investment....

- ▶ The SDGs are a global effort to pursue an agenda for sustainable economic growth and address social needs including education, health, social protection and job opportunities, while also tackling climate change and other environmental issues
- ▶ Private sector investors, such as foundations, high net worth individuals and institutional investors are increasingly interested in making investments that can have both a social and a financial impact.
- ▶ Impact investing is occurring and gaining interest and attention.
- ▶ According to PRI data, more than 450 investors allocated US\$1.3 trillion to impact investments worldwide in 2016 and the increasing demand for impact investing products and services has opened a new commercial avenue for asset managers, fund managers and service providers interested in this growing market.
- ▶ Transactions demonstrate innovation, impact, diversity, and some scale; examples across market segments. However, the market still in early stages of marketplace building
- ▶ Government action has been limited, but important; current policy interest driven from the policy maker.

➤ ***Imperative to translate interest to action & fragmented activity to more coherent practice***

Impact Investing - Where Did It Come From?



Many Area of Impact Investments....



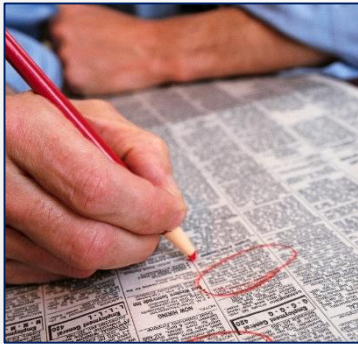
Disability



Aged Care



Health & Hospitals



Unemployment



Affordable Housing



Early Childhood



Indigenous programs

Impact Investing in Many Countries



Example of Impact Investing in Malaysian Case

Green Sukuk,
Green Bond for
Solar Project

Affordable
Housing

Entrepreneurial
Activities

Islamic Bank-
Value-Based
Intermediation

Sukuk
Education

IIUM Case Study- i-Taajir

- ▶ To develop entrepreneurship among the working local poor (wlp) through training and financial empowerment
- ▶ To provide students with community engagement that becomes part of education process
- ▶ To bridge theory-practice and university-community gaps
 - ▶ CIE-CIMB CSR Project called i-Taajir

Financing Modes: Target Group

ZIF

- poor individuals who do not possess steady businesses but have skills to start a specific business.

Al-Murabahah

- those who have steady business, and demonstrate capabilities of managing and keeping proper account of their businesses.

PLS

- IIUM graduates from poor families. They have deep interest in business, have proper skills and submit good business proposal.

Impact Investing Challenges

Supply

Barriers to entry Lack of available products and high transaction costs

Risk-return Insufficient information and understanding of risk and return for products is a barrier to take-up

Demand

Product development not yet delivering spectrum of quality investable propositions

Capacity building for entrepreneurs and non-profits to make ideas and initiatives investable is lacking

Intermediaries

More and better intermediation with scale, depth, diversity and reach needed

Aggregation and/or clearing capacity required to reduce inefficiencies and improve economies of scale

Ecosystem

Education Awareness of context, track record, potential, and practical entry points, remains low

Policy focus and targeted initiatives to catalyse the market, remove barriers and encourage participation lacking

Measurement

Measurement systems allowing comparisons between investments, is lacking

Benchmarking data required to enable investors to source and make useful comparisons on completed or prospective transactions

Leadership

Leadership required to develop beyond disparate activities and personal networks, into critical mass

Capability Attracting talented people requires entry points, skill enhancement and career path

Thank You.....