Re-thinking risk to finance boundary-pushing PPPs

Karel Nierop | Fund Manager | Triodos Investment Management
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Triodos Investment Management
A thematic approach to improve **quality of life**

Funds entrusted by individuals and institutions

Loans and investments

- **ENERGY AND CLIMATE**
- **ARTS AND CULTURE**
- **SOCIALLY RESPONSIBLE INVESTMENTS**
- **INCLUSIVE FINANCE**
- **SUSTAINABLE FOOD AND AGRICULTURE**
- **SUSTAINABLE REAL ESTATE**
SHOW ME THE MONEY!!
SHOW ME THE BANKABLE PROJECTS!!
SHOW ME THE IMPACT!!
Impact – Risk – Return
A balancing act
What does investing with impact mean?

By connecting investors with innovative businesses, impact investing seeks to generate **both** measurable impact in society and the environment and a financial return.
Hivos-Triodos Fund
Our own “PPP” since 1994

Complementarity

EUR 75m revolving

Catalyzed EUR 800m in funds

10,000 Dutch depositors engaged

Patience

EUR 250m disbursed to date

Financial Inclusion
What’s happening around us?
3 trends changing the impact investing landscape
Leapfrog?
Accelerating pace of technology adoption
From MFIs to SMEs

Why focus on the “Missing Middle”? 

Over $2 trillion finance gap in emerging markets

Traditional financiers do not invest in SMEs

VC and PE funds
“SMEs are too expensive and too small”

Local banks
“SMEs are too risky and offer no collateral”

“Missing Middle”
Small and Medium Size Enterprises (SMEs)

Two-thirds of jobs
Half of GDP
9 out of 10 of business

Employ between 10 and 300 people
Require $100k-3m in growth funding

$100k-3m

MFIs and donors
“SMEs are too large”

Triodos Investment Management
Sounds easy, but…
Hurdles for investments

High impact, high risk, low return

Technical assistance

Not our own money

Fit within the investment mandate

Alignment on long term focus
(not project-minded)

Realistic projections

Scalable and proven business models

Sourcing and monitoring
(local presence!)

Donor-driven

Not our own money

High impact, high risk, low return

Technical assistance

Not our own money

Scalable and proven business models

Sourcing and monitoring
(local presence!)
Twiga Foods
Reducing food loss in East Africa

40% of food loss occurs before food even reaches the market
M-KOPA Solar
Access to clean energy in East Africa

* Key indicators as of 30 March 2017

2.4 BILLION PEOPLE LACK PROPER ACCESS TO ENERGY
Bina Artha
Sanitation loans in Indonesia

MORE PEOPLE HAVE A MOBILE PHONE THAN HAVE A TOILET
Our agenda
Two pillars to build on

Increasing the (qualitative) impact of our financial institution investments

Direct investments in basic needs themes (mainly renewable energy and sustainable food & agriculture)

Example: “Green Credit Lines?”
Thank you!
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