IMPACT INVESTMENT EXCHANGE ASIA
BRIDGING THE GAP BETWEEN DEVELOPMENT AND FINANCE
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SETTiNG THE CONTEXT

ASIA: THE CURRENT NARRATIVE

Over the last five decades, Asia has enjoyed one of the highest economic growth records in the world, despite a multitude of political challenges and economic shocks. With the support of global organizations such as the United Nations (UN), Asia has led the world in the drive to achieve the Millennium Development Goals (MDGs), with the proportion of people living on less than $1.25 per day projected to have fallen from 53% in 1990 to 12% by the end of the 2015.

However, there is still much to be achieved to maintain the momentum for the post-2015 era. Asia is at a crossroads with many of the MDG targets remaining unmet. Rising inequality poses a dire threat to continued prosperity in the region, where an estimated 500 million people remain trapped in extreme poverty, most of them women and girls. The huge gap between rich and poor hinders holistic growth, undermines democratic institutions and magnifies the risk of conflict – making these not just social problems, but also significant economic and political concerns. In the global context, the world has entered into the age of the Anthropocene, where natural resources consumption is on an unsustainable trajectory, climate change is creating irreversible damage to the environment and the future of our planet and humanity as a whole is in question.

Traditional development players (governments, donor agencies, foundations, INGOs, among others) continue to face a funding gap, with many endemic social and environmental issues competing for a limited pool of resources. It is imperative to mobilize new resources that can achieve scalable and sustainable impact and address large-scale, persistent and emerging social and environmental problems that are straining the economy. Without creating capital markets that allow for the convergence of social progress and economic growth, Asia will compromise its ability to achieve the new Sustainable Development Goals (SDG) targets. This mandates a need to redefine Asia's current development narrative and rethink the way the region leverages the power of finance to generate holistic value.

IMPACT INVESTING: AN EMERGING PARADIGM

Impact investments are investments made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return. Impact Investing is the manifestation of two emerging trends in the development space: an increased focus on programs that deliver sustainable value and a desire to support collaboration between the public and private sector. The practice of impact investing is further defined by the following four core characteristics:

- **Intentionality**: An investor’s intention to have a positive social or environmental impact through investments is essential to impact investing.
- **Investments with return expectation**: Impact investments are expected to generate a financial return on capital or at minimum, a return of capital.
- **Range of return expectation and asset classes**: Impact investments target financial returns that range from below market to risk-adjusted market rate, and can be made across asset classes, including but not limited to cash equivalents, fixed income, venture capital, and private equity.
- **Impact measurement**: A hallmark of impact investing is the commitment to measure and report the social and environmental performance of underlying investments, ensuring accountability.

While impact investing aims to mobilize supply of mission-oriented capital, it is equally important to develop the demand side of the equation. The recipients of impact investments are termed as ‘Impact Enterprises’ (IEs) which can be classified either as mission-driven for profits (such as high-impact Small Medium Enterprises or Social Enterprises) or revenue-generating non-profits (such as NGOs that are financially sustainable). While traditional development approaches alleviate symptoms of social issues, IEs diagnose the issue and create paths to address the root causes of these problems. The growing impact investment market provides capital to IEs operating in high-impact sectors such as sustainable agriculture, clean technology, microfinance, and affordable and accessible basic services including housing, healthcare, energy, water and education.
The rationale for Asia to support the growth of the impact investing movement is based on the potential of the space to achieve three main outcomes:

1. **Mobilize Large-Scale Capital and Integrate Multiple Stakeholders into the Development Equation:**
   With a global market size of Impact Investing (investments that are intended to create positive social impact beyond financial return) expected to reach $1 trillion by 2020 (JP Morgan, 2010), impact investing represents an untapped pool of capital for Asia to complement existing government funding earmarked for sustainable development. The impact investing space also presents an opportunity to bring new stakeholders into the development equation, in particular from the private sector. Impact investment has attracted a wide variety of investors, both individual and institutional.
   - Diversified financial institutions
   - Pension funds and insurance companies
   - Development finance institutions
   - Large-scale family offices
   - Fund managers
   - Individual investors
   - Private foundations making program-related investments

2. **Catalyze Growth of Market-Based Solutions that Achieve Scalable and Sustainable Impact:**
   Impact investment capital fuels the growth of IEs which effectively shift the development narrative on creating demonstrable outcomes on the lives of Asia’s most marginalized or disadvantaged communities. These entities represent a shift away from the traditional NGOs, that are grant-based or reliant on philanthropic capital, towards more market-based solutions that can create transformative change from the bottom-up. IEs challenge the status-quo by using innovative models that can scale impact and sustain results. As such, impact investing can refocus the conversation from reactive relief to proactive resilience.

3. **Improve South-South Cooperation and Trans-Boundary Solution Sharing:**
   At a national level, embracing the impact investing space presents an opportunity for Asian countries to work towards a new paradigm of South-South Cooperation (SSC). As Asia’s political and economic realities continue to change rapidly, SSC has gained increased importance and momentum in the region, going beyond infrastructure investments to support impact investing focus sectors such as agriculture, food security, affordable healthcare, education and renewable energy, among others.

**IMPACT INVESTMENT EXCHANGE ASIA: MARKET LEADER IN THE REGION**
Impact Investment Exchange Asia (IIX) has been at the forefront of the impact investing movement in Asia, with the mission to impact 100 million lives by 2020 by bridging the gap between development and finance. As the regional market leader, IIX has created a robust ecosystem to effectively mobilize supply of mission-oriented capital, develop demand to absorb and deploy the capital and bridge the gap between the two. IIX is facilitating over USD 40 million in impact investing capital and has developed a network of over 30,000 ecosystem partners, including the UN, to support the eradication of poverty and create resilient nations. The following section outlines how IIX is leveraging its expertise in impact investing and innovative finance to expedite Asia’s sustainable development agenda.
CASE STUDY: THE IIX MODEL
CASE STUDY: THE IIX MODEL – CHANGING FINANCE AND FINANCING CHANGE

OVERVIEW

IIX has three overarching mandates described in brief below:

MANDATE 1: MOBILIZING CAPITAL FOR DEVELOPMENT

IIX works across the social capital markets value chain, ensuring alignment between supply of capital from impact investors and demand for capital from IEs and ensuring the capital reaches the millions of people in disadvantaged communities [Figure 1]. The key objective of IIX’s platforms are to enable the transition between various stages of maturity of IEs to help them grow and to push the impact investing space from the margins to the mainstream. To achieve this objective, IIX has four key platforms: Impact Accelerator, Impact Partners, IIX Growth Fund and Impact Exchange.

MANDATE 2: KNOWLEDGE MANAGEMENT

IIX and its sister entity Shujog (focused on impact assessment, research and advocacy) are positioned as thought-leaders in the space owing to their significant access to critical data and a breadth of experience of practically applying knowledge to solve problems on the ground. As such, IIX and Shujog achieve their knowledge management mandate through four key initiatives:

- Shujog Impact Assessment: Quantifying social and environmental outcomes to magnify impact
- Impact Academy: Educating ecosystem actors on their role in the impact investing movement
- IIX Advisory: Equipping key stakeholders with the tools to navigate the impact investing space
- Shujog Research: Action-oriented research to map the landscape and inform decision-making

MANDATE 3: EMPOWERING STAKEHOLDERS

Additionally, IIX also works to catalyze the entire impact investing ecosystem in a holistic way, going beyond investors and entrepreneurs. This more expansive definition of the ecosystem includes
public, private and third sector participants that can play a role in developing the space. To effectively empower diverse stakeholders to participate in and play an active role in catalyzing the impact investment movement, IIX and Shujog provide a suite of different initiatives:

- Shujog ACTS: Innovative revolving credit facility to fund the upfront cost of technical assistance
- IIX Impact Enhancer Program: Enabling corporates to create strategic CSR initiatives
- Impact Forum: Convening stakeholders to spark the dialogue and cross-pollinate ideas

The following section shows the key geographies where these programs operate and outlines these different platforms, products and services in brief.

**GEOGRAPHIC SCOPE**

IIX and Shujog have experience in over 15 countries across Asia [Figure 2]

**FIGURE 2: IIX AND SHUJOG’S GEOGRAPHIC SCOPE AND KEY INITIATIVES IN ASIA**

**KEY SECTORS**

IIX operates a sector agnostic model and has worked on a diverse array of pressing social issues ranging from sustainable peacebuilding to women empowerment. Key sectors that IIX focuses on and has expertise in include: (i) energy; (ii) agriculture; (iii) education; (iv) healthcare; and (v) water.
The purpose of this section is to outline the four platforms IIX has developed across the social capital markets value chain to enable IEs to transition from one stage of growth to the next.

**IMPACT ACCELERATOR: FROM SEED TO EARLY-STAGE ENTITIES**

Incubators and accelerators are fixed-term, cohort based programs that include mentorship and educational components and traditionally culminate in a pitch event or demo day. The aim is to generate investor interest, build a customer base or attract potential partners to scale operations. IIX has designed, supported and run its own incubators and accelerators across the region in Malaysia, Sri Lanka, Singapore and the Philippines.

<table>
<thead>
<tr>
<th>IIX’s Impact Accelerators provide the following services to IEs that go through the program:</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Serve as testing ground for innovative ideas</td>
</tr>
<tr>
<td>✓ Provide the mentorship necessary to scale</td>
</tr>
<tr>
<td>✓ Bring IEs closer to investor-readiness</td>
</tr>
<tr>
<td>✓ Connect IEs with investors and value chain partners</td>
</tr>
<tr>
<td>✓ Help IEs reach next stage in capital raising</td>
</tr>
<tr>
<td>✓ Increase Social Return on Investment by leveraging private sector investment capital</td>
</tr>
<tr>
<td>✓ Create market-based, sustainable models for social impact</td>
</tr>
<tr>
<td>✓ Provide IEs with a marketing strategy plus branding and communication tools</td>
</tr>
</tbody>
</table>

**IMPACT AND ACHIEVEMENTS**

To date, IIX has supported over 20 entities with the tailored services required to transform them from innovative ideas into high-impact entities with a clear value proposition and ability to sustain operations.
IIX’s Impact Partners is Asia’s largest equity crowdfunding platform for accredited investors, which has an extensive database of over 500 impact investors that seek a dual social and financial return. Many of these investors are based in Asia and are generally High Net Worth Individuals (HNWIs) or family offices interested in moving beyond traditional philanthropy to create more long-term impact. Based on IIX’s extensive experience with Impact Partners, IEs often require investment readiness support before they can be matched with investors. Technical Assistance Providers (TAPS) are capacity builders that provide IEs with a holistic suite of end-to-end investment readiness services - from strategic review and needs assessment to preparing investment terms and pitch presentations [Figure 4].

**FIGURE 4: IIX’S END-TO-END INVESTMENT READINESS SERVICES**

**IMPACT AND ACHIEVEMENTS**

Impact Partners has achieved a strong track record and has successfully raised over USD 12 million in impact investing capital over 26 high impact deals across Asia, impacting over 8 million lives.

**IIX GROWTH FUND: FROM EXPANSION TO PRE-IPO STAGE ENTITIES**

IIX is currently in the process of launching the IIX Growth Fund (IGF), which will help direct funds from Impact Investors to other parts of the region including Bangladesh, Cambodia, Indonesia and
Philippines. The Fund will make direct investments ranging in size from US$0.250 - US$5 million. This will leverage further private sector investments into portfolio enterprises in high-impact sectors such as energy, water, healthcare, agriculture and education with a cross-cutting thematic focus on last mile distribution, technology and urban resilience (Figure 5):

**Figure 5: IIX Growth Fund Focus Areas**

Launched in June 2013, IIX’s Impact Exchange was the world’s first social stock exchange and is the only public social stock exchange for IEs to raise capital for a public market and for impact investors to have liquidity. Impact Exchange is operated by the Stock Exchange of Mauritius in cooperation with IIX and regulated by the Financial Service Commission Mauritius. Listing securities on a Social Stock Exchange brings with it significant benefits for the borrowers, investors, and most importantly, the end beneficiaries of the underlying bond funded programs:

- **Secondary liquidity** - Liquidity offers early investors in impact entities the opportunity to exit their investments.
- **Mission protection** - Listing demonstrates an organization’s commitment to its social and/or environmental mission as all listed entities meet rigorous impact criteria prior to listing and commit to ongoing impact reporting.
- **Access to Global Investors** - Raising capital on Impact Exchange will increase the issuer’s exposure to retail and institutional impact investors, the media and the general public.
- **Priority Alignment** – Impact Exchange provides a unique opportunity for impact entities to raise investment capital to scale and deepen their impact while offering impact investors the opportunity to invest in and trade securities issued by organizations that reflect their values.

**Impact and Achievements**

The first instrument to be listed on the Impact Exchange and to mobilize large scale capital will be IIX’s $20 million Women’s Livelihood Bond in Q2 2016. This will be the first in a series of instruments
called IIX Sustainability Bonds. IIX Sustainability Bonds (ISBs) are innovative financial instruments that effectively mobilize large scale private sector capital by pooling together a group of Impact Enterprises – defined as revenue generating non-profits or mission driven for-profits, and Microfinance Institutions. ISBs are designed to finance change and change finance via three overarching objectives:

- **Availability of mission-oriented capital**: To open the floodgates of mission-oriented investment capital available to high-impact organizations that are equipped to create sustainable impact.

- **Accessibility of mission-oriented capital**: To bring together capital supply from investors with demand from high-impact organizations through an innovative, replicable financial instrument.

- **Affordability of mission-oriented capital**: To provide high-impact organizations access to relatively low-cost capital that is more affordable than capital available from public debt markets.

**THE FIRST ISB: $20 MILLION WOMEN’S LIVELIHOOD BOND**

The first ISB will be the Women’s Livelihood Bond (WLB) that aims to empower women to make the transition towards sustainable livelihoods. Officially launched at the 2014 Clinton Global Initiative (CGI) annual meeting, the WLB represents IIX’s commitment to the CGI. The structuring of the WLB was funded with support from the Rockefeller Foundation and Japan Research Institute. IIX is anticipating a bond size of $20 million, a tenor of four years and a target coupon rate of between 6% and 7% that will be paid to impact investors who buy the bond (Figure 5). The WLB focus countries are in South-East Asia, namely Cambodia, Indonesia, the Philippines and Vietnam. Key partners include:

- **Guarantors**: USAID (providing a 50% pari-passu guarantee)
- **Banking Partners**: Deutsche Bank and ANZ Bank
- **Legal Partners**: Sherman & Sterling and Hogan Lovells
- **Academic Partners**: University of Pennsylvania and University of Oxford (advanced discussions)

**CUSTOMIZATION AND REPLICABILITY**

ISBs are replicable instruments that can be customized to suit different geographic contexts from both a regulatory and a needs-based standpoint. Although the first bond is focused on women’s livelihoods in South-East Asia, ISBs can be replicated in different geographies, sectors or focus areas. For instance, ISBs can be customized to address a region’s most pressing development issues in high-impact sectors such as sustainable agriculture, clean energy, access to education, affordable healthcare, water and sanitation, among others.

Prior to structuring an ISB, the impact investment intermediary structuring the bond will have to diagnose the market need and relevant value chain to assess key gaps that can be addressed by the ISB, estimate the profile of potential pipeline of underlying borrowers and identify regulatory constraints that need to be considered while designing the mechanism. This would ensure the ISB is aligned to address local needs, designed to bring in private sector investors from both within and beyond the region and well positioned to mobilize large-scale capital to accelerate the region’s development agenda.
The purpose of this section is to provide an overview of the four key products and services that IIX and Shujog provide as part of the knowledge management mandate.

**IMPACT ASSESSMENT**

Shujog Assessments follow Shujog’s proprietary methodology, which incorporates industry tools such as the Impact Reporting and Investment Standards (IRIS) metrics and the Social Return on Investment (SROI) calculations. This methodology adopts a forward looking approach that seeks to marry impact creation with the ability of the entity to raise capital. The Framework employs a broad set of sector, country, and enterprise-specific indicators in order to take a bottom-up approach that focuses on quantification of social and environmental outcomes achieved at the grassroot level. The Shujog Impact Assessment methodology can be customized to assess the sustainability and impact of IEs, CSR programs, government initiatives, INGO programs, among others.

**IMPACT AND ACHIEVEMENTS**

To date, Shujog has conducted over 80 impact assessments, equipping entities with the tools to create demonstrable social and environmental outcomes and effectively introducing increased transparency, efficiency and accountability into the impact investing space in Asia.

**IMPACT ACADEMY**

Impact Academy is a one-stop learning opportunity for individuals and organizations who are seeking to understand their role in growing the IEs and Impact Investing space. With courses ranging from impact measurement to organizational strategies and inclusive growth, Impact Academy exposes participants to the various ways they can create a sustainable social and environmental impact and contribute to building vibrant social capital markets. Impact Academy modules are taught by experts from the IIX and Shujog team as well as other experts from the field that are part of the organizations’ ecosystem network. Modules and/or packages may also be customized based on specific needs and requirements (Figure 6).
FIGURE 6: IMPACT ACADEMY SELECTED MODULES AND TARGET LEARNING OUTCOMES

IMPACT AND ACHIEVEMENTS

To date, IIX and Shujog have conducted over 25 impact academies and have trained over 500 individuals from public, private and third sector.

IIX ADVISORY

The objective of IIX’s Advisory Services is to facilitate progressive problem solving and decision making by forming a baseline understanding of social issues and designing potential solutions to development problems that can be addressed by impact investing. The IIX advisory team develops roadmaps to facilitate program implementation, designs innovative mechanisms to unlock private capital for development and diagnoses systemic gaps to develop initiatives that challenge the status quo to create disruptive positive change.

IMPACT AND ACHIEVEMENTS

Selected projects include: (i) IIX advisory team has worked with Agensi Inovasi Malaysia to develop a five-year ‘Social Finance Roadmap’ which is designed to act as the cornerstone of the 11th Malaysia plan and inform the government on a systematic way to catalyze the impact investing space to achieve its goal of becoming an advanced nation by 2020; (ii) IIX advisory team worked with the United Nations Development Program (UNDP) to design and implement the IIX-N-Peace Innovation Challenge with the objective to identify and promote IEps that are building sustainable, scalable and inclusive peace in Asia through market-based solutions. Target countries included Afghanistan, Indonesia, Myanmar, Nepal, Pakistan and the Philippines.

SHUJOG RESEARCH

Shujog Research provides key stakeholders with the information required to design, fund and implement high impact solutions. The research team develops extensive landscape mapping, diagnosis and comparative analysis between different interventions addressing some of the world’s most pressing issues. Theoretical research is further strengthened by inputs from practitioners on the ground from Shujog’s network of +30,000 partners as well as IIX to ensure each paper provides an understanding of the practical challenges of implementation.
IMPACT AND ACHIEVEMENTS

To date, Shujog has written over 20 research papers, mapping the impact investing landscape in a variety of South and South East Asia countries, providing in-depth sector analysis to inform decision making for both investors and governments and providing key stakeholders with insights into key development challenges that impact the region as a whole. Organizations Shujog has worked with include the Asian Development Bank, the Rockefeller Foundation, Omidyar Network, Oxfam and the British Council, among others.

EMPOWERING STAKEHOLDERS

Shujog’s award winning Access to Capacity building and Technical assistance Services (ACTS) program helps IEs achieve investment readiness by advancing the cost of technical assistance and managing a network of technical assistance providers (TAPs). In administering the program, Shujog supports IEs to showcase their financial and operational strength to impact investors with technical assistance that includes a tailored package of investment readiness services from TAPs and a rigorous impact assessment conducted by Shujog. As IEs become successful in raising capital, they reimburse the program to allow Shujog to support even more IEs in a sustainable way. At the same time, the program also expands the broader impact investing ecosystem by bringing in new TAPs. Priority is given to women-led IEs or entities that predominantly support female beneficiaries. ACTS is supported by a diverse set of partners including Bank of America Merill Lynch, J.P. Morgan, the Rockefeller Foundation and USAID.

IMPACT AND ACHIEVEMENTS

To date, Shujog ACTS has supported over 13 IEs in 6 countries in South and South East Asia and has also successfully expanded the pool of TAPs servicing the sector and brought in partners from the private sector (such as financial institutions) to expedite growth of the impact investing space. The program has facilitated over USD 1 million in investment capital raise for IEs with a leverage ratio of 1:5 (grants to follow-on investment capital raised).
IIX’s Impact Enhancer Program helps corporates create strategic CSR initiatives by engaging them in the impact investing space. Beyond financing technical assistance for IEs, IIX engages employees by providing a platform for them to lend their skills to support the investment readiness process. This helps the corporate to create demonstrable social and environmental outcomes that are aligned with their core skills, it also helps them to attract and retain young talent that are increasingly inclined towards jobs that go beyond business as usual.

**IMPACT AND ACHIEVEMENTS**

Through its Impact Enhancer Program, IIX has previously partnered with the Asia operation of New York-based financial institution, Kohlberg Kravis Roberts & Co. (KKR) to provide capacity building support to three IEs. Additionally, KKR employees were involved in the capacity building process, lending their skills and expertise to help the IE maximize its impact. All three IEs raised capital from impact investors as a result of the services received.

**IMPACT FORUM**

Impact Forum is IIX’s annual conference that brings together a diverse spectrum of ecosystem players form public, private and the non profit sector to facilitate the dialogue on world problems, allowing them to exchange ideas, brainstorm and find solutions to global economic, social and environmental issues; and work together to energize the growing impact investing movement and catalyze the IE space.

The next Impact Forum will be held in Singapore this November and be based on the theme of resilience – urging global leaders, impact investing pioneers and industry experts to shift the conversation in Asia from reactive relief, recover and rehabilitation to proactive resilience creation. The objective will be to improve lives today and save larger amounts of future capital outlays by investing in tomorrow. Issues that will be highlighted during the conference include climate change, sustainable peacebuilding, food security, preventative healthcare and urban poor.

**THE IMPACT**

To date, Impact Forums have been held across the world and exposed over 2,000 participants to opportunities, new ideas and high-impact solutions to pressing global issues [Figure 7].

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**FIGURE 7: PAST IMPACT FORUMS ORGANIZED BY IIX**

<table>
<thead>
<tr>
<th>Impact Forum Bangladesh</th>
<th>Impact Forum Thailand</th>
<th>Impact Forum India</th>
<th>Impact Forum Singapore</th>
<th>Impact Forum France &amp; Singapore</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date: January 2011</td>
<td>Date: March 2011</td>
<td>Date: May 2011</td>
<td>Date: June 2012 &amp; 2013</td>
<td>Date: June 2014</td>
</tr>
<tr>
<td>Location: Dhaka</td>
<td>Location: Bangkok</td>
<td>Location: Mumbai</td>
<td>Location: Singapore</td>
<td>Locations: Singapore &amp; Paris</td>
</tr>
<tr>
<td>Attendees: 100</td>
<td>Attendees: 300</td>
<td>Attendees: 800</td>
<td>Attendees: 400 + 500</td>
<td>Attendees: 300</td>
</tr>
<tr>
<td>Accomplishments:</td>
<td>Accomplishments:</td>
<td>Accomplishments:</td>
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<td>Accomplishments:</td>
</tr>
<tr>
<td>Brought Impact Investing to Bangladesh</td>
<td>Brought Impact Investing to Thailand</td>
<td>Created a premium regional gathering on Impact Investing</td>
<td>Expedited transition of impact investing space from niche to mass</td>
<td></td>
</tr>
</tbody>
</table>
CALL TO ACTION
Asian countries need strong leadership from national heads, political leaders and policy makers to create a robust impact investing ecosystem that is equipped to address development goals and empower the people at the grassroots. However, it is imperative to adopt a structured approach with clearly defined goals, customized interventions and inclusive implementation strategies. The IIX model can be replicated in different countries and customized to the local context as required. A brief step-by-step guide to implementing the model in different Asian countries is outlined below:

1. **Define target development goals and milestones across short, medium and long-term**: The first step is to define the main outcomes the nation desires to achieve through impact investing. This involves a systematic gaps analysis to ensure the model is customized to the need of the nation and aligned with the broader macro-economic agenda. Define targets should be set for short, medium and long term.

2. **Assess maturity of ecosystem and design initiatives at appropriate points along the social capital markets value chain**: Each country will have a different level of ecosystem maturity and different requirements in terms of availability of supply of capital and presence of pipeline of deals that can effectively absorb and deploy the capital. Depending on these parameters, countries must introduce appropriate platforms across the social capital market value chain.

3. **Engage diverse stakeholders to catalyze the entire impact investing ecosystem in a holistic manner**: It is critical to coalesce and integrate diverse stakeholders into the various initiatives to reduce financial burden from the government by bringing in new participants and sources of capital to address development issues. By aligning seemingly disparate incentives, countries will be able create synergies and break down silos between public, private and third sector to expedite growth of the impact investing movement.

The overarching goal for countries seeking to implement the IIX model will be to transition the impact investing space from nascent stages to maturity by (i) developing both supply and demand for mission-oriented capital; and (ii) catalyzing the ecosystem through customized and inclusive interventions. This is detailed in the hypothetical example below (Figure 8):

**Figure 8: Strategy to Catalyze the Impact Investing Space (Hypothetical)**
This section outlines five recommended action items that countries can implement in the short term with the objective to unlock private capital for development:

- Replicate innovative financial instrument such as the IIIX Sustainability Bond that are designed to mobilize large scale capital from private sector participants and simultaneously create transformative impact on marginalized communities.
- Allow for the creation of more impact investing funds that are designed to provide scalable IEs with access to capital required to magnify their impact and sustain results over the long term.
- Optimize allocation of existing sources of mission-oriented capital to de-risk investments; for instance, governments or donor agencies can provide guarantees in order to effectively leverage resources multiple times over the committed amount and attract significantly larger amounts of private sector capital.
- Encourage linking impact related performance with financial returns by emphasizing the need for outcomes-focused models and strong focus on impact measurement and reporting; this will create greater transparency and accountability towards achieving results for IEs, INGOs or foundation initiatives, CSR programs and innovative financial instruments.
- Coalesce diverse stakeholders and empower them to redefine the dominant development narrative through forums, convenings and conferences that promote cross-border knowledge sharing and create a platform to catalyze south-south cooperation.

In summary, impact investing is set to revolutionize the development narrative, redefine the way capital markets create value and position Asia at the vanguard of the global dialogue on creating resilient nations, serving as the voice of progress across the world.