



**Beyond a research agenda for  
think tanks and impact  
investing: Fostering the impact  
investing ecosystem in  
emerging markets**

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## INTRODUCTION

The impact investing (II) sector is a young industry, and, as such, it still faces many challenges. Many commendable efforts have been made to ensure the industry grows with integrity and steps up to the challenge of contributing to the delivery of the Sustainable Development Goals (SDGs) by 2030. The current COVID-19 and climate crises have only deepened and confirmed the urgency to act as well as the importance of the private sector to addressing the crises. It has also become clear that the magnitude of our challenges cannot be solved by a single actor and collaboration is needed more than ever. In such a spirit of collaboration, we propose that think tanks would be well placed to help nurture this young industry and help it learn in a more systematic, rapid, and sustainable manner.

The think tank label includes a broad range of organizations with the shared purpose of informing policy making and debates on issues of public interest, with arguments based on evidence. Think tanks typically conduct interdisciplinary research on public policies and seek to influence the formation of policies. The type of research they do takes a problem-based approach and includes macro-economic, sector-focused analyses that differ from market research. Think tanks have traditionally focused on informing public and private decision-makers on issues of public interest to improve decision-making and ultimately benefit societies; yet they remain largely absent from the impact investing ecosystem.

We contend that local think tanks, in collaboration with existing actors in the II sector, can help to address many of the challenges that are limiting the sustainable and inclusive growth of the impact investing sector.

In parallel, Canada's International Development research Centre (IDRC), in collaboration with actors in Canada's development finance and impacting investing sectors, is interested in developing a southern-led knowledge agenda on impact investing. While this knowledge agenda will be grounded in the experience and knowledge of Canada's development finance sector, it is equally important that actors in the impact investing sector in the Global South inform and drive the agenda based on contextual realities of the challenges that are inhibiting growth as well as the opportunities that can help to promote the growth of the impact investing sector at a national and regional level. IDRC is interested in exploring the role that southern think tanks can play in developing and implementing this knowledge agenda on impact investing.

Throughout this report we elaborate our research method, key causes and challenges and articulate a research agenda – including key questions and next steps – to engage local think tanks in developing markets in Latin America and Africa. Our agenda prioritizes think tanks' field building capacities, including helping to address gaps in research or knowledge dissemination, building bridges between policy, markets and communities, and facilitating greater involvement of local think tanks in impact investment globally.

## OBJECTIVES

The objectives of this study are to:

1. Understand the market characteristics and challenges facing the II industry in Africa and Latin America with special emphasis on assessing the sources, types and commissioners of publicly available research and knowledge products on the impact investing sector in these regions.
2. Identify challenges/gaps not addressed by current II actors where think tanks could play a role.
3. Determine whether think tanks have a role to play in advancing impact investing in emerging markets.
4. Propose an agenda for think tanks to contribute to the II sector.

## IMPACT INVESTING DEFINED

This study sought to identify the potential role of local think tanks in supporting the development of the impact investing industry in the Global South, specifically in relation to the impact investing sector in Africa and Latin America. Impact investments, as defined by the Global Impact Investing Network (the GIIN) ‘are investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return’.<sup>1</sup> This definition is intentionally broad; yet to be considered as such, impact investing should meet the following four core characteristics:<sup>2</sup>

- Intentionality: An impact investor’s aim is to generate a positive social and/or environmental impact through the investment (CRIGGER 2019;<sup>3</sup> GIIN).
- Financial returns: Impact investments are expected to generate a financial return. This return can be below, at, or above market rate (risk-adjusted market rate).
- Range of asset classes: Impact investments can be made across asset classes including: grants, equity, loans, guarantees etc.
- Impact measurement: Investors are committed to measuring and reporting the actual social and environmental impact of their investments.

It is important to note that there is a distinction between environmental, social and governance (ESG) investors, socially responsible investing, and impact investors. ESG investors are concerned with environmental, social and governance factors only so far as they might impact on the performance of the company, and therefore the investment. ESG analysts monetize ESG risks and opportunities in integrated cash flow statements and even valuations of investee companies. Socially responsible investors actively select investments based on a set of ethical guidelines that may reflect personal or political values and beliefs. Only impact investors seek investments that contribute to a positive impact in the world and commit to measuring and reporting on this impact alongside financial returns.<sup>4</sup> Impact investors argue that they help bridge the finance gap to achieving the SDGs. Despite impact investing’s distinction from ESG and socially responsible

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<sup>1</sup> See: <https://thegiin.org/impact-investing/need-to-know/#what-is-impact-investing>.

<sup>2</sup> See: [https://thegiin.org/assets/Core%20Characteristics\\_webfile.pdf](https://thegiin.org/assets/Core%20Characteristics_webfile.pdf).

<sup>3</sup> See: [www.etf.com/sections/features-and-news/esg-impact-investing-not-same](http://www.etf.com/sections/features-and-news/esg-impact-investing-not-same).

<sup>4</sup> See: <https://toniic.com/impact-investing/>.

investing, these efforts have the potential to jointly establish a socially inclusive standard in developing markets that recognizes the value of positive ESG performance, which intersects with impact. In the years to come, think tanks can play an important role in unpacking and repacking the ESG–impact intersection in emerging markets.

## METHODOLOGY

### Phase I: Data collection

1. The review focused on identifying publicly available research and knowledge products related to impact investing<sup>5</sup> as defined above with a focus on Africa or Latin America.
2. From the available literature, main characteristics, key challenges and gaps in the impact investing market were identified and the roles different actors were playing to help overcome barriers that are limiting II growth were explored.
3. Using a snowballing approach, key informants from the II sector in three countries in Africa and three countries in Latin America were identified to undertake interviews. The aim was to better understand the challenges, and to explore which actors were playing important roles and whether there was a role for national think tanks to address these challenges and gaps. (See Annex 2: List of key informant interviews). Key informant sample included:
  - a. Africa: 2 regional interviews
    - i. Kenya: 5 interviews
    - ii. Nigeria: 8 interviews
    - iii. Senegal: 3 interviews
  - b. Latin America: 5 regional interviews
    - i. Colombia: 4 interviews
    - ii. Peru: 7 interviews
    - iii. Mexico: 6 interviews
4. The 40 total interviews with II sector key informants in each country and across each region were used to substantiate the findings from the scan of available research and knowledge products to deepen understanding of the challenges and gaps and to explore the possible role that think tanks could play.
5. Using OTT’s database of national think tanks, the think tank websites were reviewed to identify think tanks with a research agenda focused on impact investing, or, in the absence of a focus on II, think tanks whose research agenda aligned with national development, competition and regulation, foreign direct investment, business climate and investment-enabling environment, financial inclusion, access to finance, gender, clean tech, etc. Based upon this, a shortlist of key think tank informants was identified. (A list of the think tank informants can be found in Annex 2)
6. Interviews with think tanks explored their awareness and understanding about II, and explored possible linkages and connections with their existing agendas, a summary of challenges that the II sector faces, and the think tank’s interest in engaging in the II space.

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<sup>5</sup> The review of publicly available literature was focused on Google searches using keywords including: impact investing, gender lens investing, sustainable funds and sustainable fund managers, venture capital, incubators, accelerators (see Annex X). The review did not undertake a systematic review of ESG investing, socially responsible investing, social enterprises, SMEs, start-ups, blended finance, or private equity. While there is likely extant research focused on this latter list of keywords, if the article or publication was not tagged as impact investing then it was not captured in this review.

## Phase II: Analysis

7. Findings from both sets of key informant interviews were integrated into the scoping and needs assessment review.
8. The challenges/gaps that emerged were mapped at the systems level and grouped into categories (the “parts” of the system analysed). This served to define relevant aspects of the problem.
9. Then we determined relationships between related and unrelated parts (causality) and created a model outlining the relationships identified.

## Phase III: Findings and recommendations

10. Finally, areas where think tanks could add value were identified based on the analysis. The findings and information gathered also confirmed the hypothesis from the [OTT Concept Note](#) in terms of the gaps and challenges identified.
11. Based upon the data gathered, the recommendations for how think tanks could contribute to strengthening the II sector were developed: specific roles were identified and prioritized in terms of ease of implementation and potential impact.
12. The relevance of the findings and the specificity for each country was discussed and determined with local actors (i.e.: donors, impact investors, sustainable fund managers), who shared country-level insights on the most relevant roles for think tanks and practical examples of areas to focus upon. See Annex 2: List of key informant interviews.

## RELEVANT BACKGROUND

### Conceptual framework

This section presents the data for the two regions and the six countries within them. As the data are the basis for the recommendations, we have taken a systems approach to structuring them. This approach facilitates decision-making and prioritization as it considers the connections and interdependencies among the system’s parts. Within the bounds of the impact investing ecosystem depicted in Figure 1, we have defined its main “parts” (see the list below) and then analysed relationships between the parts to better understand connections and interdependencies that ultimately affect the system performance.

**Figure 1: Characteristics of a vibrant ecosystem**



*Source: Study of Impact Investing in Peru commissioned by Global Affairs Canada, 2021, Deekten, SVX Mexico, SVX Canada, Impacto.*

The data from this study has been organized around five characteristic elements (“parts”) from a vibrant impact investing ecosystem<sup>6</sup> to facilitate the analysis:

1. Supply – refers to the offer of capital, which includes investors' risk appetite and capital availability (both in terms of volume and products offering).
2. Demand – covers the investee readiness, including the entrepreneurial culture and human capital.
3. Intermediaries – specifically refers to the role of accelerators, incubators, and organizations that support the match between supply and demand.
4. Ecosystem – covers cross-cutting dimensions such as visible success (data, evidence, studies, and interconnections such as those facilitated by champions and networks).
5. Enabling environment – includes regulatory framework and policy ownership.

#### Application of conceptual framework with regional and country data

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<sup>6</sup> Adapted from Study of Impact Investing in Peru commissioned by Global Affairs Canada, 2021.

For each country, the list of challenges identified reflects existing literature and analysis as well as interviews with key stakeholders. (See table summary of findings and full regional and country reports available as Annex A). The analysis showed that the challenges are similar across countries and regions in the Global South. Tale 1 summarizes the challenges identified and their relevance for the countries assessed and at the regional levels.

**Table 1. Challenges of impact investing in the Global South**

	<b>Challenges</b>	<b>Africa</b>	<b>Kenya</b>	<b>NI</b>	<b>SEN</b>	<b>LA</b>	<b>CO</b>	<b>PE</b>	<b>MX</b>
<b>D E M A N D</b>	Low investment readiness. Dearth of II opportunities. Limited support.	X	X	X	X	X	X	X	X
	Insufficient human capital. Technical and soft skills.	X	X	X	X	X	X	X	X
	No explicit value/interest/ awareness of impact and impact investing.	X	X		X	X		X	X
	Lack of/limited capacity and/or knowledge to measure and manage ESG and/or impact, for all stakeholders.	X	X	X	X	X	X	X	
	Limited information/ability to access impact funding. Asymmetry of information.	X	X	X	X	X	X	X	X
	Lack of resources/education support in impact investing	X	X	X	X	X	X	X	X
	Enterprises not aware of alternative capital, yet there are limitations to accessing traditional forms of capital (no collateral/high interest).	X	X	X	X	X	X	X	
	Most investees that get II capital are expats.		X				X		
<b>S U P</b>	Limited capital & financial instruments. Unrealistic expectations.					X	X	X	X
	Sub optimal, concentrated growth of the sector.	X	X	X	X	X	X	X	X
	Dearth of pipeline for funds. No systematic/ more opportunistic	X	X	X	X	X	X	X	X
	Lack of exit opportunities, secondary markets.	X	X	X	X	X	X	X	X



<b>P L Y</b>	Diversity in expectations about impact and returns, lacking or limited evidence.	X	X	X	X	X	X	X	X
	Limited focus on post-seed segment (missing middle – 50k to 500k deals).	X	X	X	X	X	X	X	X
	Geographic concentration of investments.	X	X	X	X	X	X	X	X
	Funding concentrated in a few sectors.	X	X	X	X	X	X	X	X
	Risk aversion and lack of flexibility. Unclear what works and what does not.	X	X	X	X	X	X	X	X
	Lack of local currency financing for II. International funds dominance and decision making.	X	X	X	X	X	X	X	
	Lack of awareness about ESG and/or impact investing. Underdeveloped mainstream markets (in general, beyond II)	X	X	X	X	X	X	X	
	Limited capacity of fund managers.	X	X	X	X	X	X	X	X
	Limited information to set up Impact Management and Measurement systems (IMM)						X	X	
<b>I N T E R M E D I A R I E S</b>	Focus on startups (early-stage incubation, esp. fintech) not impact businesses.	X	X	X	X	X	X	X	X
	Resource limitations (quantity and quality).	X	X	X	X	X	X	X	X
	Financial experts lack experience with II's social aspects.	X	X	X	X	X	X	X	X
	Limited number of intermediaries supporting II.	X	X	X	X	X	X	X	X

<b>E C O S Y S T E M</b>	Lack of coordination and/or collaboration, with each other and/or with government.	X	X		X	X	X	X	X
	Limited Gender Lens Investing	X	X	X	X	X	X	X	X
	No culture, discourse of transparency and accountability and disclosure in investment.	X	X	X	X	X	X	X	X
	Size of II market is small.	X	X	X	X			X	
	Mismatch. Information asymmetry between supply & demand and local & international actors.	X	X	X	X	X	X	X	X
	Collaborations driven by personal connections, not institutionalized.	X	X	X	X	X	X	X	X
	Limited links between investors and entrepreneurs, is there a bridge (accelerators/ investors) between enterprises and investors?	X					X	X	X
	Ecosystem concentration in capital/major cities.	X	X	X		X	X	X	X
	Need to strengthen legitimacy of II.					X	X	X	X
	Cost of matchmaking and due diligence.	X	X	X	X	X	X	X	X
<b>E N A B L I N G  E N V I R O</b>	Fragility and political instability.	X	X	X	X	X		X	X
	High dependency on Development Finance Institutions	X	X	X	X	X	X	X	
	Restrictive policies and regulations (limits on institutional investors)								
	There is no perceived benefit of being an ESG/impact company.	X	X	X	X	X	X	X	X
	Inadequate supportive policies, incentives, clear regulations i.e.: funds only set up as limited partnership. Gaps in policy and regulatory framework to promote II.	X	X	X	X	X	X	X	X

N M E N T	Need for more active government role in developing II industry.	X	X	X	X	X	X	X	X
	Lack of legal & financial incentives for social entrepreneurs and investors.	X	X	X	X	X	X	X	X
	Lack of integrated strategic government vision or ownership for II.			X		X	X	X	X
	Currency and foreign exchange risks.	X	X	X	X				
O T H E R S	Lack of understanding about II, which is relatively new.	X	X	X	X	X	X	X	X
	Limited data and research.	X	X	X	X	X	X	X	X
	Limited IMM capacity.	X	X	X	X	X	X	X	
	Too many IMM approaches.	X	X	X	X	X	X	X	X
	Academia and think tanks mostly missing.	X	X	X	X	X	X	X	
	Untapped potential with other investors like Venture Capital and philanthropic funds.	X	X	X	X	X	X	X	
	Untapped potential to expand beyond current II actors.	X	X	X	X	X	X	X	X
	Lack of recognition of current II activities as II by actors.	X							

### Macro takeaways related to challenges

1. One salient feature in all countries is the **lack of analysis distinguishing symptomatic problems from their root causes** and how the combination of factors affected the ecosystem performance.
2. Another interesting finding is the **lack of prioritization** regarding the challenges faced. Such lack of systems or high-level perspective translates into isolated efforts or solutions that do not necessarily focus on areas that can be the most transformative and beneficial to the impact investing ecosystem. While this would typically be the responsibility of national II associations/networks/steering groups/advisory boards, these bodies in emerging markets are at varying levels of development and many lack capacity to do everything that is needed.
3. It became evident in this study that the **root causes and challenges faced by the impact investing sector were consistently emerging across both regions and all six countries of focus**. While some challenges seem more acute in some countries

than others, further analysis would be needed to prioritize. However, there is room for further addressing the root causes at the system level to overcome the persistent challenges across both Latin America and Africa. We elaborate these root causes below, as they explain pressing challenges related to the size and impact evidence of the market. We will develop the relationship between these challenges, root causes, and prioritization in our proposed research agenda.

### Root causes

A combination of factors (the “system parts”) interact to generate such challenges. Figure 2 summarizes how they interact when representing them as a list of challenges and their root causes. The study has identified the following root causes as key determinants of the industry’s current challenges:

1. Insufficient programs/initiatives with enough funding to support early stage companies and/or project finance support.
2. High reliability on personal networks to overcome the existing asymmetry of information between supply and demand.
3. Lack of systematized access to information about potential financially attractive and impactful investment opportunities.
4. Lack of/limited access to education opportunities for entrepreneurs (mainly in management, business, and financial skills).
5. Limited resources and capacity of private equity funds, start-ups, and small enterprises.
6. Unrealistic investor expectations on financial return, risk, and impact.
7. Lack of or limited capacity for measuring and managing impact at the ecosystem level in the Global South. This includes limited know-how to incorporate sustainability and impact considerations into investors’ and enterprises’ decision making and practices, including continuous improvement mechanisms. This is especially relevant considering limited evidence of impact (what works and what does not).
8. Difficulties/high transaction costs of finding and engaging with investors and raising funding.
9. Insufficient involvement of the beneficiaries/stakeholders (entrepreneurs, employees, suppliers, customers, etc.) experiencing the impact in the decision-making process and actual impact assessments.
10. Lack of awareness/ limited access and/or use of thresholds assessment in terms of local priority areas that would be catalytic to sustainable development when selecting impact/SDGs investing priorities.
11. Ecosystem operates in silos, especially from mainstream investment and capital markets, business, policy and regulations. Usually, there is no integrated, articulated and coherent impact investing strategy supported by the governments in the Global South. Also, the industry’s relationship with academia is primarily linked to support to entrepreneurs (e.g. Peru) or based on the initiative of some business schools but there is no systematic inclusion of ESG or impact investing. It is also mainly focused on business schools rather than a broader range of disciplines, such as economics, sociology, development studies or gender studies. Finally, local research centres and think tanks are mostly absent from the conversation, except some specific cases. For instance, in Mexico Ethos has an active role in the National Advisory Board (NAB) and has participated in key dialogues and led studies.

12. Limited research capacity in the sector. Also, when research related to impact investing is available and could be useful, there is no or limited dissemination for impact investing actors.

None of the factors listed as root causes explains the current state of the industry but the combination, interdependencies, and interactions among them constitute serious challenges that seem to exist and persist across countries in the Global South.

#### Underlying challenges: size and impact evidence

For the purposes of this study, we will focus on two performance dimensions of the impact investing industry: market size and impact evidence. All challenges identified are implicitly linked to the “size” of the impact investing industry which is mostly estimated by the Assets Under Management (AUM) in US\$ or relevant currency. AUM is used as a key proxy of success and increasing interest in the industry is measured in terms of its volume in US\$ (or relevant currency). Evidence from our study indicates that the size of the impact investing market has been growing but has not reached desired levels. The growth of the impact investing industry could be considered a proxy of the impact investing system performance – the case is similar in regards to ESG investing. From the financial perspective, risk adjusted return is another key variable of the industry performance, but data is limited in terms of public availability. Still, according to the GIIN latest Impact Investing Survey, 67% of impact investors who responded to the survey indicate they expect above market returns, 18% below market return but close to market rates, and 15% expect below market returns close to capital preservation (GIIN 2020).

Another key variable when analysing the impact investing system performance is actual impact. Data on impact at the industry level is limited and, when existing, it is mainly available at the asset manager or funds levels. Actual impact is not systematically considered as a proxy of the success of the industry. Furthermore, there are fundamental limitations in terms of demonstrating actual impact as well as the incorporation of impact considerations into investment and business decisions and practices. Such aspects will not improve at the pace needed if they are not considered fundamental aspects when assessing the success of the industry.

### Challenges for current and potential stakeholders

When analysing the impact investing industry under the lens of market size and impact data and practices, there are two dimensions to consider: (i) stakeholders participating in the impact investing ecosystem and (ii) those outside the industry but that could potentially enter it.

Below is a synthesis of the most pressing challenges faced *by stakeholders participating in the impact investing ecosystem*:

1. Investors and potential investees/enterprises have difficulties finding each other (asymmetry of information).
2. When they meet, there are two main challenges: (i) enterprises are not “investment ready” and/or (ii) investors do not have a suitable product (including return expectations).
3. There is a general challenge in setting IMM systems as well as collecting and assessing impact data in a systematic and comparable way.
4. Data on impact is often limited in terms of measuring the perspective of those experiencing the impact. Access to ultimate beneficiaries is limited as well as information about how they experience outcome changes.
5. While there is data being collected via methodologies like lean data to represent beneficiaries and adherence to international standards by some (Develop Finance Institutions) these approaches and standards are not mainstream. A standard, accessible and legitimate repository for compiling data does not exist.
6. Exit strategies, especially with impact intent intact, are limited.
7. The impact investing sector tends to concentrate in a few sectors (and even investments in some cases).
8. Impact investing priorities do not seem to be systematically driven by actual country needs and priorities. There seems to be a disconnection between asset owners’ and asset managers’ priorities and the country’s priorities.

The growth and ultimate impact of the industry is also *dependent on actors currently outside of the industry*. This relates directly to the structuring challenge of size (that the market is still small and growing). The study has identified three main challenges that affect actors who could potentially enter the industry:

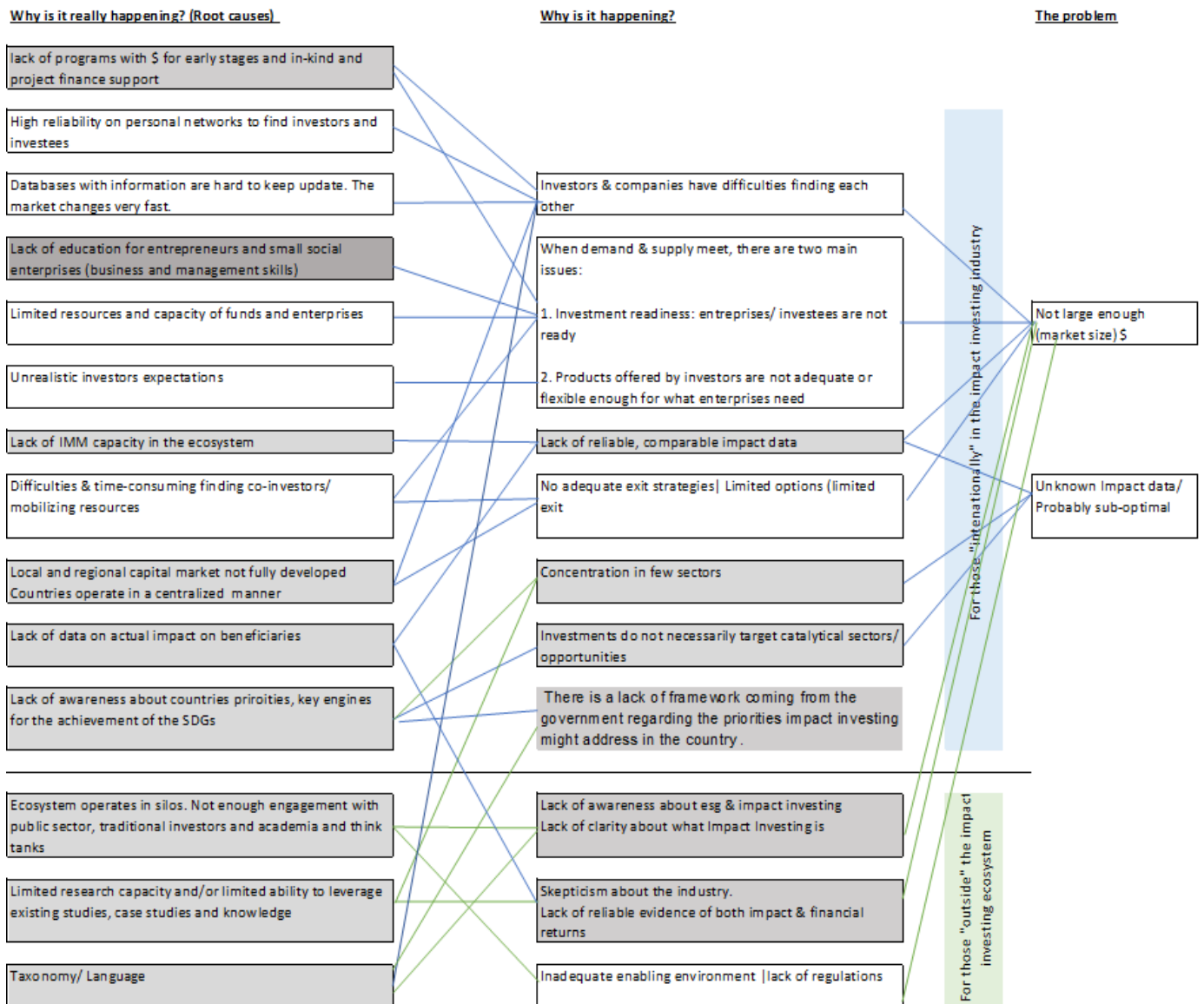
1. Lack of clarity of what the impact investing industry is, how it differs from ESG investing and other types of non-traditional investing. As background research identified, there are a large number of definitions, blogs and white papers available online relative to the smaller number of recognized impact investing resources (such as the GIIN). This volume of information relative to the number of credible and readily available resources creates barriers to entry not only in terms of volume of information to review but also in terms of the lack of homogeneity in taxonomy, among others.
2. Lack of reliable and sufficient evidence of both impact and financial return. This generates an overall scepticism about the industry. The evidence available is limited. First, there is limited availability of public impact reports, second, the information presented is mostly focused on outputs and/or intermediate outcomes and presented as cases. Data on actual financial returns is limited and many times confidential. At the aggregate level, there is very limited evidence of both impacts achieved alongside financial returns. Recent studies

have showed evidence of a link between ESG and financial performance when focused on financial materiality.<sup>7</sup>

3. Lack of government support, adequate policy and/or regulation. Impact investors are overwhelmingly headquartered in the United States and Europe,<sup>8</sup> where governments have facilitated investment. Attracting these investors to developing markets requires policy and facilitation from local governments.

Figure 2 summarizes how root causes generate the challenges that hamper the growth and impact of the industry.

**Figure 2: Root Causes Related to Challenges**

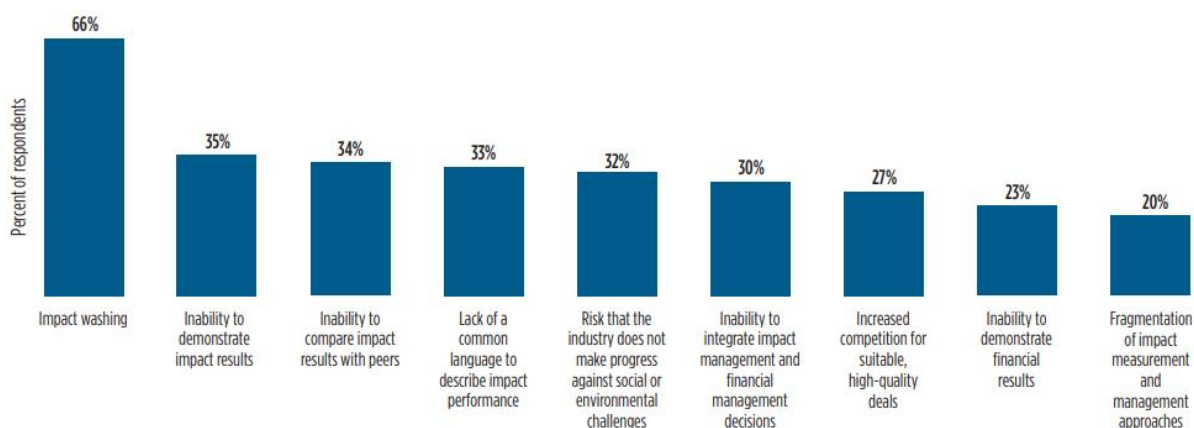


<sup>7</sup> Nicolas Madison and Eduardo Schiehl; [The Effect of Financial Materiality on ESG Performance Assessment](#), 2021

<sup>8</sup> From the GIIN's Sizing the Impact Investing Market Report, 2018

It is interesting to note that many of the challenges identified as relevant in the Global South were also identified as the greatest challenges facing the market over the next five years based on the latest impact investing survey performed by the GIIN (2020). This suggests that many challenges are characteristic of the industry and also exist in developed countries.

**Figure 3. The greatest challenges facing the market in the next five years**



Note: Each respondent selected three challenges. Indicators are ranked in order of the number of respondents that selected each as a challenge.

Source: GIIN, 2020 Annual Impact Investor Survey

At the same time, it is also important to note the unique strengths and comparative advantages actors in the Global South can bring to the work of addressing these challenges. First, Southern actors benefit from more granular, real-time information on local risks and opportunities, prospective partners, and jurisdictional and regulator factors. Second, Southern champions are *permanently* committed to local markets; it is where they live and build their families and businesses. While most local fund managers and ecosystem leaders operate globally as well, they are rooted in a matrix of local social, cultural, political, and economic systems and navigate, triangulate and integrate these systems each day. Finally, local champions can efficiently turn to local think tanks, with their thick policy networks and proven track record in evidence-based research, to benefit from even more strategic and precise knowledge creation and mobilization to address the challenges faced by the impact investing industry.

## FINDINGS

### Recommendations

Most broadly, think tanks have an opportunity to act as facilitators of the impact investing ecosystem. This facilitation relates to three central roles – encouraging a minimum, socially integrated financial standard, convening actors and providing credible research. First, think tanks can undertake research and share evidence on the importance of integrating environmental and social impact into standards for all investments. In this way, think tanks can address both ESG risk management and impact investment approaches. With think tanks adopting this agenda in collaboration with other active members of the II community, there is an opportunity for countries/regions in the Global South to leapfrog past Western/Northern approaches that have led to the marginalization of impact investing into a niche/boutique sector that has become



disconnected from the mainstream financial markets/investment continuum despite increased focus on sustainable investing. Rather than developing and growing impact investing as its own siloed sector, the principles, approaches and practices of II could be mainstreamed into financial/investment decision making at large.

Additionally, think tanks can facilitate the process of mainstreaming impact investing by connecting the II community with country-level and regional actors from government, multilateral development agencies, foundations, bilateral development agencies, and others to bring II into the foreign direct investment and general investment space. This work to mainstream impact and ESG along the investment capital continuum can complement work to crowd in and stimulate the growth of the impact investing sector.

Think tanks have an important role to play working from both ends of the spectrum; however, the most critical point as they consider the opportunities to actively engage in the impact investing space is to start where they have the most legitimacy, credibility and relevance with other actors in their country or region. Focus group consultations for this study with stakeholders in Africa and Latin America confirm that think tanks could and should leverage their existing strengths in policy research, generating data and evidence, evaluation and impact assessments, to establish trust and credibility with actors who up until now have perceived the role of think tanks as limited to operating in the policy space.

Now, given that think tanks are not well known by members of the investment communities, they will need support to join if we want to avoid a perception that their contribution would be limited to research and evaluation functions. The following set of recommendations have been prioritized based on feedback from impact investor stakeholders, and considering think tanks' strengths as legitimate resources but also their capacity to leverage these resources in a more active facilitation role in developing markets. The first two opportunities centre on think tanks' research capabilities – specifically as they relate to social impact – and the last three connect this expertise to facilitation and brokerage in the broader impact investing ecosystem.

1. **Consolidate, communicate, and facilitate research into practice:** Since the impact investing sector has **limited research capacity and/or limited ability to leverage existing studies and knowledge**, this gap presents an immediate opportunity for think tanks. While most think tanks in emerging markets have targeted neither traditional investors nor impact investors as key audiences for their research, many have a wealth of research already completed on key sectors. From interviews with representatives from think tanks it is evident that think tanks have relevant knowledge, data and analysis on sectors such as clean tech, financial inclusion (fintech), agriculture, and gender issues, on the enabling environment and investment climate at national and sub-national levels, and on the regulatory and competition policies that create incentives or barriers to private sector investment and foreign direct investment – much of which could serve to inform investor decision-making. While most think tank research has tended to have a policy focus, there is an immediate opportunity for think tanks to understand the needs of investors and **repackage and communicate existing research** reports and studies to both impact investors and mainstream investors. In Peru, asset managers mentioned the need to prepare their own research and welcome the proposal of having

local actors with research experience to support the ecosystem with their capabilities. However, there is also recognition that resources for research are limited.

- 2. Identify sector opportunities:** Given the **concentration of II in only a few sectors**, and that impact investments are not necessarily **targeting catalytic sectors/opportunities**, think tanks can provide deep sectoral expertise and analysis on the key sectors where II investments are concentrated, strengthening investor understanding of these sectors. Think tanks can do this through research on the effectiveness of approaches to lessen pipeline challenges, such as examining the effectiveness of incubation and acceleration. They can also help to map the existing enterprises in those sectors and could carry out market studies for impact opportunities in specific product areas or value chains in key sectors. This can be done by undertaking political economy analysis on the determining factors that affect why some sectors have gained the attention of II investors and why other sectors are yet to emerge on the radar. Think tanks can contribute data and evidence to broaden the scope of II by identifying successes and failures useful for current and new opportunities that expand reach into new areas with high potential. Disseminating research on high potential sectors not yet on the radar of most impact investors would contribute to market growth. Most II funds are concentrated in two or three key sectors that align with the national development plan of the country and with Sustainable Development Goal priorities, for example, in Senegal, II focus aligns with the Plan Senegal Emergent that focuses on agriculture value chains, fintech, financial inclusion and renewable energy. The II industry there has typically left education, health and housing aside with the expectation that these social sectors will be priority investments for the public sector.

Think tanks can develop research and identify opportunities in less known/under-researched sectors that have the potential for high social and environmental impact. Through raising awareness about these opportunities, think tanks can play a role in catalysing investment and expanding the scope and growth of II. By developing the business case and issuing policy briefs to attract more people to begin to look at these potential catalytic sectors, think tanks could stimulate the expansion and growth of II in these sectors. Think tanks could advocate for more government incentives to stimulate investment in these sectors.

For example, affordable housing is an area identified by the SDG Investors Map in Nigeria that requires more investment of private capital. Nigeria is looking at enhancing the flow of private capital into low-income housing. However, the data and modelling to date show that what is being considered is not affordable to most citizens based on economic indicators. There is not sufficient robust, rigorous information on the low-income housing sector. Most available data on this sector is government data. However, there is a lack of trust in government sources of data by the investment community and therefore a reluctance in relying on government data to inform decisions to pursue these types of sector specific opportunities at the country level. Think tanks could generate research and analysis on these types of potentially catalytic sectors to inform the decisions of investors and impact investors alike. By communicating more data and evidence on the gaps and opportunities for II, these could become catalytic sectors that would attract greater flows of private capital. Currently the UN SDG Impact is developing [investor maps](#) that identify investment opportunity areas in alignment with the country's sustainable development

priorities and the SDGs. For instance, in LATAM, a map has been developed for Colombia and Brazil. The UN is partnering with local actors to develop the investor maps.

3. **Inform and connect policy and markets:** As trusted actors in the research to policy and policy formulation space, think tanks have the potential to **contribute to the development of national and regional capital markets** by bridging the space between the private sector and government. Think tanks can contribute, and in some cases are already contributing, research and analysis to inform decision-making on improving the enabling environment for areas that are critical for II and investment growth more generally, such as foreign direct investment, venture capital, start-up acts, business tax reform, etc. They can also lead research on education policy reform including in tech and innovation policy and access. With this research, think tanks are well connected with government agencies to whom policy reforms can be proposed and advocated for and through dialogues and convening of both public and closed-door meetings they can use their research to promote change to drive investments in high impact sectors. This area is a key role for think tanks since they can generate the evidence and then negotiate with policy decision makers on options and recommendations for strengthening the capital markets with an emphasis on impact and ESG. Think tanks can potentially transform how traditional financial sectors perceive ESG and impact investing and study the potential for the sector to adopt ESG investing as the “new normal” while promoting the incorporation of impact considerations into decision making, practices, and learning. While company valuation and cash-flow projections have increasingly embedded ESG-integrated risk and opportunity analysis, which have shifted beyond “do no harm” to Social Return on Investment analysis, there are many facets of the issue that could benefit from think tank research to contribute towards further transformation in financial markets.
4. **Facilitate social impact evidence:**
  - a. **Consolidate and communicate existing IMM knowledge products:** To address the issue of **a lack of reliable, comparable impact data**, and **lack of independent IMM capacity** in most emerging markets, think tanks can build on their evaluation expertise to compile, consolidate and translate data at the sector, fund and company levels to bring an independent approach to the assessment of impact. Until now, IMM has been managed mostly at the fund level with data collected, analysed and communicated by the fund manager to its investors or through platforms like IRIS plus. Most often, these approaches are not consistent or compared. Some efforts to systematize this process and adopt and customize standard IMM frameworks are progressing, but the industry lacks an independent, comprehensive landscape of impact management approaches. Compiling IMM approaches and data will enable comparison and the transparency necessary to address current industry criticism of impact washing and the overall legitimacy and authenticity of impact claims. Think tanks’ extensive experience in monitoring and evaluation in relation to impact makes them well placed to help organize IMM systems for industry through data collection, comparison and user facilitation. Many think tanks have extensive experience conducting impact evaluations of public policies and programs, and these approaches to impact investing will help to improve the credibility of impact across different levels within the industry. Local think tanks could play a potential role in the following areas:

- a. **Databases:** Think tanks could develop and manage national databases of impact data and keep the data current through annual or bi-annual assessments of impact. This is an area where think tanks could immediately begin to work.
- **IMM for mainstream investors:** Communication and engagement on impact studies and impact data should also be targeted at mainstream investors such as venture capitalists, angel investors, traditional investors and mainstream fund managers as availability of impact data and evaluations may slowly start to shift the pendulum on integrating impact and ESG along the investment continuum.
  - **Facilitate IMM capacity:** Once think tanks disseminate, communicate and engage stakeholders with the findings from these evaluations and impact studies, think tanks will be well-positioned to develop training and capacity building services to II fund managers, and support investors, companies and government agencies to improve the rigor of their own approaches to IMM and/or their interpretation and use of impact data. Those think tanks that have sector specific expertise and strong relationships with sectoral actors (public and private) can also add value to this emerging area by offering training and capacity strengthening sessions on evaluation, how to build data sets, analysis on the impact of the sector, funds, companies, etc. This training could be offered to a range of actors including: government agencies, industry associations, chambers of commerce, SME centres, Sustainable Fund Managers, as well as mainstream fund managers. This may be less feasible for think tanks that have limited evaluation and training expertise.
  - Notwithstanding the opportunity for training and capacity building, it is recommended that think tanks start by strengthening their own capacity and demonstrating the added value they can provide by conducting these impact studies and how this work can help strengthen the legitimacy of the II sector. For instance, in Peru, there is interest for universities to develop impact investing courses both in business and public policy and administration schools. From the asset managers side, PECAP has indicated a high interest in building its members' access to training about ESG risk management and reporting tools. This is an area where they are interested and indicated the need for support.
- b. **Beneficiary representation:** Think tanks can contribute to improve **the lack of data on the actual impact on beneficiaries**, by raising the voices of groups or sectors whose needs and interests are not often heard, but that are affected. Local think tanks can help assess and incorporate the perspective of stakeholders experiencing the impact (whether positive or negative, direct or indirect, intended or unintended). Think tanks are well positioned to raise the profile and amplify the needs and interests of intended beneficiaries of impact investments. Think tanks know the national realities of where investments are made and have experience collecting data and engaging with beneficiaries and stakeholders at the national and local level. Particularly on issues of gender, inclusion, and diversity, think tanks have demonstrated their expertise in channelling the voices of beneficiaries to ensure their interests are considered in public policy decision-making and holding the government accountable to citizens. This accountability role is especially important for impact investing; think tanks can help to evaluate the

impact of both II and financial sector and capital markets in general to hold them accountable for impact on populations, communities, and citizens. This role focuses on engaging beneficiaries as part of the evaluation and assessment of impact at the sector, fund and company levels. This role has been deemed a priority by stakeholders engaged in focus group discussions to ground-truth the recommendations to the realities in their national and/or regional contexts, as is connected to the role of generating data, research, analysis and evaluation that focuses on surfacing and sharing perspectives of less-heard beneficiaries. In Colombia, Alive Fund hired a global consulting firm 60 Decibels to collect data on the beneficiaries' perspective of the impact experience resulting from its investment portfolio. The study is still in progress.

5. **Broker and facilitate:** Think tanks are well positioned to convene and facilitate dialogues with different actors in a national context and, as independent actors, think tanks can also play the role of trusted broker. They can bridge dialogue between government agencies, private investors, intermediaries and enterprises (through SME associations and/or industry associations or chambers of commerce) to improve coordination and collaboration in the II ecosystem and for specific sectors/populations. This role may be feasible for some think tanks in particular contexts where the impact investing ecosystem lacks coordination and where there is an absence of actors already actively engaged. However, in many markets where the II sector is becoming more organized and the connections with government and mainstream investors are well established, this role may be better addressed by other actors. For example, in West Africa, this is not an advisable role for think tanks since they are perceived by the private sector as NGOs and would reinforce the perception of traditional investors that impact investing is a philanthropic area that yields below market returns in pursuit of impact. If think tanks play this convening role, there is a risk that their involvement will confirm the mindset of traditional investors. The challenge posed by traditional investors' perceptions is limiting growth of impact investing and in these circumstances think tanks could perpetuate these challenges rather than dispelling this perception. In many markets, there are already credible actors connecting and facilitating engagement. For example, in Senegal l' Association des Investisseurs en Capital is a group of investors, fund managers and the local sovereign wealth fund (FONSIS), who are actively engaging traditional investors and impact investors and the government. They are already playing this convening and facilitation role and will be the logical place to house the National Advisory Board and to convene multi-stakeholder dialogues on impact investing in the future. It is important to consider that the think tanks that could play a role in impact investing are those focused on rigorous research and learning and that ideally have worked in private sector development topics. In some countries, a number of actors mentioned concern about think tanks being perceived as "private sector" supported – in other words no longer independent and objective.

## RESEARCH AGENDA

One of the main challenges for the two regions is the limited availability of data to assess the specific nature of impact investors and deals taking place across the regions. Overall, research related to impact investing in these markets is lacking. In addition to the nascent development and modest scale of the sector, this can also be attributed to the absence of knowledge brokers and knowledge generators in the region's impact investing ecosystem. Data gathered for this report supports the proposal that think tanks can play an important role in the impact investing ecosystem through research, knowledge consolidation and translation, and facilitating connections

between public policy, regulatory environments and the impact investing sector. These efforts will make it easier for impact investors to assess potential investments with a broader understanding of the impact investing ecosystem.

We know that this is currently lacking, because impact investors interviewed for this research indicated that the lack of information and analysis on relevant topics such as regional and country-level priorities, "forces" them in some cases to conduct their research (usually paying international or regional consulting firms) to fill the gaps, which results in higher costs of investment and in-country operations. The lack of research and evidence also results in the voices and perspectives from beneficiaries and other actors being absent from the impact investing discussion. This deficiency can deepen transparency and accountability concerns that undermine the sector's credibility in the medium and long term. Conversely, think tanks are known for their capacity and legitimacy in research, evaluation and translation.

There are clear opportunities for think tanks and other research organizations to fill the impact investing research gap in the Global South. Some think tanks are already doing research relevant for impact investors, especially at the national or subnational level. This could be an opportunity for think tanks to catalyse funding and attract interest in their work. Impact investors can use their expertise to inform their strategies and approaches. There is an opportunity for think tanks to stimulate demand from traditional investment actors for their research/data and evidence on the impact investment sector. Existing technology and expertise applied to impact could make a significant difference for actors of the impact investing ecosystem. There is a need to share more experiences and successful cases of impact investing. At the national and regional levels, research institutions and networks are uniquely positioned to gather this information and disseminate it.

Table 2 incorporates feedback from the interviews with experts in Latin America and Africa. Interviewed experts were asked about key areas, issues, or questions that need to be addressed to foster the growth and consolidation of the regions' impact investing ecosystem. These helped us to establish the recommendations listed above, which structure the research agenda's priorities. To bring these recommendations to fruition, two sets of questions have been identified: foundational questions and research questions. Foundational questions will help to further assess the opportunity for think tanks, what type of think tanks, in what contexts, and in collaboration with what other actors, can contribute what kinds of knowledge and knowledge products to advance knowledge production and use for the impact investing sector. The research questions will be developed and refined by think tanks based on input from impact investing actors in specific countries or regions. These research questions serve as a guide for the types of research that could be useful for the development of the impact investing ecosystem.

**Table 2: Recommendations and corresponding topics/research questions**

Recommendations	Topics	Foundational questions	Research questions
<p>Consolidate and communicate research into practice</p>	<p>The role of think tanks</p> <p>Good practices and successful experiences</p>	<ul style="list-style-type: none"> <li>• What kind of think tanks are most suited to engage with II? Are there any preconditions? What are the benefits?</li> <li>• What are the costs of entry, who will fund think tank work, who are the key competitors?</li> <li>• How should think tanks change/adapt/modify their approach to increase relevance to the sector?</li> <li>• What research products and what areas of expertise do think tanks have that is applicable to the impact investing sector?</li> </ul>	<ul style="list-style-type: none"> <li>• What is the relationship between ESG/impact and financial returns in emerging markets?</li> <li>• What is the track record of successful impact deals in emerging markets? What are the conditions for “success”?</li> <li>• How can ESG/impact be integrated into mainstream investment decision-making? How can think tanks mobilize traditional investors?</li> <li>• How can current research be disseminated to clarify impact investing?</li> <li>• What are the components of a coherent and locally appropriate impact investing strategy? How can one be established?</li> <li>• What actors and resources best facilitate transparency in regional contexts?</li> <li>• How can information asymmetry between investors and entrepreneurs be addressed?</li> <li>• What local practices/resources can help enterprise readiness for investment?</li> <li>• How can local resources/actors be used to set appropriate investor expectations for the area?</li> </ul>
<p>Identify sector opportunities</p>	<p>Good practices and successful experiences</p>	<ul style="list-style-type: none"> <li>• What are successful examples of investments/instruments/collaborations (NABs for example) that demonstrate the business/impact case?</li> </ul>	<ul style="list-style-type: none"> <li>• What are the most relevant sectors at the country and local levels in terms of potential impact and financial return?</li> <li>• Do country/local priorities align with investor priorities? If not, what can be done to encourage alignment?</li> <li>• What financing structures and models work best in different sectors to achieve both impact and return?</li> <li>• What exit strategies with impact intent can be documented in the region? What barriers to impactful exit strategies exist? What can be done to address these barriers locally?</li> <li>• What has worked in a sector (e.g. early childhood education) that can</li> </ul>

			<p>inform investors’ strategies in that sector in a certain country?</p> <ul style="list-style-type: none"> <li>• To what extent do contextual factors influence the achievement of impact and return?</li> </ul>
<p>Inform and connect policy and markets</p>	<p>Impact investment and public policies</p> <p>Regulatory frameworks</p>	<ul style="list-style-type: none"> <li>• What are the connections between impact investing and public policy?</li> </ul>	<ul style="list-style-type: none"> <li>• What incentivizes and disincentivizes policy makers to support impact investing?</li> <li>• What are the existing regulatory and policy frameworks that affect impact investors?</li> <li>• Is there space for advocacy and research to change/modify these frameworks and regulations?</li> <li>• What role does government have to play in the creation of a more enabling environment for impact investing?</li> <li>• What specific policies can incentivize impact investing? What is the impact of corporate social responsibility policies in enhancing impact investment? To what extent have policies have start-up acts and other VC policies had on impact investing? Have the following policies created incentives or disincentives for impact investing: start-up acts, venture capital policies, fiscal incentives, certification, public procurement, environmental, climate policy, employment policy, - other “social impact” oriented policies that could require additional analysis, research – agriculture, healthcare etc.</li> </ul>
<p>Facilitate social impact evidence</p> <ul style="list-style-type: none"> <li>• Translate IMM</li> <li>• Beneficiary representation</li> </ul>	<p>Impact measurement and methodologies</p>	<ul style="list-style-type: none"> <li>• Are think tanks positioned to play a third-party verification role?</li> </ul>	<ul style="list-style-type: none"> <li>• How can we better incorporate the voice of the beneficiaries in impact investing/funds’ design and practice?</li> <li>• What are the current IMM systems used in the region?</li> <li>• Of the IMM systems employed, which best incorporate beneficiary voice, in terms of understanding the impact of the investment on citizens and target beneficiaries?</li> <li>• How to raise awareness/interest in measuring impact among enterprises, investors, fund managers?</li> <li>• How to assess the impact of the various investment structures and models?</li> </ul>



Broker and facilitate	Coordination of initiatives/ efforts	<ul style="list-style-type: none"> <li>• Who is doing what in the region?</li> <li>• How to improve/strengthen the effectiveness of II networks?</li> <li>• What are the agendas of different actors? Can these agendas be aligned? To what extent?</li> </ul>	<ul style="list-style-type: none"> <li>• What are the most effective ways to align actors' agendas and country priorities?</li> <li>• Where are the research capacities in the region/country lacking? How can researchers, investors, entrepreneurs, policy makers and other actors work together to inform a prioritized research agenda for the region?</li> </ul>
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## WAY FORWARD

Overall, it is important to notice that the potential role that local think tanks could play in impact investing requires investments of time and resources, especially for think tanks to be ready to enter a space where until now they have been mostly absent. The table in Annex 1 summarizes the potential roles we have identified as well as the feasibility of each and its potential impact. Recognizing that there is stiff competition for financial resources in the sector, particularly among brokers and research actors, think tanks and impact investors will need to collaborate to assess the context and prioritize where think tanks can have the greatest impact at the national and regional level. The study suggests that working on communicating and disseminating knowledge on experience/practices in relevant sectors, elevating the voices of stakeholders experiencing impact, connecting the traditional financial sector actors (both public and private), generating evidence of impact and strong impact management practices, and facilitating ecosystem actors are critical areas for the development of the industry. These are areas where think tanks can help strengthen the ecosystem in significant ways.

Both think tanks and impact investment stakeholders have welcomed the idea of having think tanks join as a new player in the ecosystem. To that end, the following actions would be necessary:

1. Develop a strategic plan to bring local think tanks to impact investing at the global, regional and national levels.
2. Consider building on the [Think Tank Initiative](#) infrastructure and brand to deliver seed funding for local research, convening and training on impact investing.
3. The plan strategies would include:
  - a. Communications, including:
    - Expanding the [Open Think Tank Directory](#) to include data on think tanks working on impact investing.
    - Creating a dashboard, newsletter or a blog with articles commissioned from think tanks on impact investing. This could be similar to [Southern Voice's COVID-19 Digital Knowledge Hub](#) to connect with experts and their impact investing research and knowledge products.
  - b. Preparing Impact Investing 101 Training for think tanks targeted at different audiences:

- Managers: to learn about the industry, how it is funded, etc.
  - Researchers: to learn about the industry as a whole as a subject of study, sectoral interests and research/evaluation questions.
  - Communicators: to learn how best to communicate, disseminate and engage with impact investing stakeholders and to ensure think tanks include the impact investing community as key audiences.
  - Evaluators: develop an accreditation program for evaluating II projects.
- c. Developing a detailed and prioritized research and outreach agenda, with input from NABs and key leaders in impact investing.
- d. Increasing collaboration between local think tanks, academia, NABs and the GSG, GIIN, and/or ANDE among others by organizing annual meetings between the think tanks and impact investment community to present agendas, discuss challenges, and identify areas to work together.

## ANNEX I: SUMMARY OF CHALLENGES AND RECOMMENDATIONS

Challenge think tanks can address	Corresponding Recommendation(s)	Role	Stakeholder	Delivery Capacity (when?)	Potential Impact	When would impact happen?
Ecosystem operates in silos. Not enough engagement with public sector, traditional investors and academia and think tanks	Consolidate, communicate and facilitate research into practice and Broker and facilitate	Connector/Facilitator	Impact investing stakeholders	Short term	Medium	Medium term
Lack of awareness about ESG and impact investing	Consolidate, communicate and facilitate research into practice	Trainer	Investors and investees not interested/involved in II	Long term Medium term	High	Long term Medium term
Concentration in a few sectors	Identify sector opportunities	Researcher	Impact investors (asset owners & asset managers)	Short term	TBD – depends on the country economy	Medium term
Investments do not necessarily target catalytic sectors/opportunities	Identify sector opportunities and Inform and connect policy makers	Researcher/Influencer of Policy-making	Research, dissemination/ inform investors decision-making	Short term	High	Medium term
Lack of awareness about countries priorities, key engines for the achievement of the SDGs	Inform and connect policy makers	Communicator	Dissemination/Inform investors	Short term	High	Long term
Limited Research Capacity and/or limited ability to leverage existing studies and knowledge	Inform and connect policy makers	Researcher/Communicator	Impact investing ecosystem	Short term	Medium	Short term
Local and regional capital market not	Inform and connect policy makers	Researcher/Influencer of Policy-making/Trainer	Impact investing industry and financial	Short term	High	Long term
Lack of IMM Capacity in the ecosystem	Facilitate social impact evidence	Trainer	Impact investing stakeholders	Long term	High	Medium term Long term
Lack of reliable, comparable impact data	Facilitate social impact evidence	Evaluator of Impact at the company, fund, sector and other aggregate levels/Validator/Third Party/Trusted Broker	Impact investing industry and financial sector/capital market in general	Short term	High	Long term
Lack of data on actual impact on beneficiaries	Facilitate social impact evidence	Evaluator of impact on beneficiaries/researcher	Impact investing industry and financial sector/capital market in general	Short term	High	Long term
Lack of reliable evidence of both impact and financial returns	Facilitate social impact evidence	Researcher	Impact investing industry and financial sector/capital market in general	Medium term	High	Long term
Lack of clear definitions about impact investing (and how it compares to other types of investment), social enterprises and others	Broker and facilitate	Trainer	Investors and investees not interested/involved	Long term	High	Long term

## ANNEX 2: LIST OF KEY INFORMANT INTERVIEWS

Country	Date of Interview	Organization	Name	Type of Organisation
Nigeria	15.12.20	Ford Foundation, Founder of Impact Investment Foundation	Innocent Chukwuma	Donor
Nigeria	15.01.21	Lagos Business School – <a href="#">Impact Investing Project</a>	<a href="#">Henrietta Onwuegbuzie</a> – Director	Academia
Nigeria	12.01.21	GIZ NICOP Program	Ana Garcia Vinambres	Donor
Nigeria	15.01.21	Sahel Capital – Private Equity	Mezuo Nwuneli, CEO	Fund Manager
Nigeria	22.01.21	Nigerian Investment Promotion Corporation – Yewande Sadiku, Executive Secretary/CEO	Adeshina Emmanuel, Director Investment Promotion	Government
Nigeria	19.01.21	AfriHeritage	Ufo Okeke-Uzodike, Executive Director	Think tank
Nigeria	21.01.21	Centre for the Study of the Economies of Africa (CSEA)	Dr. Chukwuka Onyekwena, Executive Director	Think tank
Nigeria	28.01.21	Alitheia IDF	Temilade Denton	Fund Manager
Kenya	14.01.21	African Venture Philanthropy Alliance ( <a href="#">AVPA</a> ) –	Rachel Keller, Value Hub Director	Intermediary
Kenya	4.12.20	<a href="#">Intellectcap Advisory Services</a>	Karnika Yadav, Associate Partner	Consulting/Advisers
Kenya	13.01.21	Open Capital	Andreas Zeller, partner	Consulting/Advisers
Kenya	27.01.21	IEA Kenya	Kwame Owino	Think tank
Kenya	27.01.21	KIPPRA	Dr. Eliud Moyi, Senior Policy Analyst	Think tank

Senegal	28.01.21	<a href="#">Investisseurs &amp; Partenaires-</a> Michel Severino, CEO, (Impact Investor Francophone Africa)	Emilie Debled, Executive Director – Strategic Developments & Partnerships	Fund Manager
Senegal	25.01.21	WIC Capital – Fund for Women-Owned Enterprises	Evelyne Dioh	Fund Manager
Senegal	20.01.21	Consortium Pour La Recherche Economique Et Sociale	Abdouleye Diagne	Think Tank
South Africa	28.01.2	Bertha Centre for Social Innovation & Entrepreneurship – UCT	Natasha Dinham, Senior Project Manager, Impact Investing	Academia
Ghana	29.01.21	Venture Capital Trust Fund of Ghana	Hamdiya Ismaila, General Manager	Fund Manager

Country	Date	Name	Position and organization	Type of actor
Regional/ Argentina	14.12.20	Pablo Verra	<ul style="list-style-type: none"> <li>• Partner, Deloitte</li> <li>• Former IDB Invest and IFC</li> <li>• Academic Director, Adjunct Professor of Impact Investments</li> </ul>	Deloitte/ Consulting, Former MDB/ Impact Investor, University Torcuato Di Tella / Academia
Regional/ Brazil	17.12.20	Debora Souza Adriana de Almeida Salles	<ul style="list-style-type: none"> <li>• Instituto de Ciudadania Corporativa (ICE)</li> </ul>	Academia
Regional	13.01.21	Yuri Soares	<ul style="list-style-type: none"> <li>• IDB Lab</li> </ul>	MDB
Regional	19.01.21	Mosi Mosquera	<ul style="list-style-type: none"> <li>• IDB Lab</li> </ul>	MDB
Regional	19.01.21	Jessica Silva Rios	<ul style="list-style-type: none"> <li>• VOX Capital</li> </ul>	Impact Investor
Peru				
	10.12.20	Pia Morante	<ul style="list-style-type: none"> <li>• Senior Portfolio Associate, Acumen ALIVE Ventures</li> </ul>	Investor

	15.12.20	Mariella Beli	<ul style="list-style-type: none"> <li>● Mapping of actors and ecosystem in Peru</li> </ul>	Consultants commissioned by GAC
	21.12.20	Mariella Belli	<ul style="list-style-type: none"> <li>● Impact investment specialist, Impacto Consulting</li> </ul>	Consulting
	04. 21	Elsa Galarza	<ul style="list-style-type: none"> <li>● Universidad del Pacifico</li> </ul>	Academic think tank
Colombia			<ul style="list-style-type: none"> <li>●</li> </ul>	
	09.12.20	Juan Benavides	<ul style="list-style-type: none"> <li>● Senior researcher, Fedesarrollo</li> </ul>	Think tank
	27.01.21	Santiago Alvarez	<ul style="list-style-type: none"> <li>● Co-founder, Managing Partner</li> </ul>	Investor ALIVE Ventures
	11.12.20	Fernando Cortez	<ul style="list-style-type: none"> <li>● Grupo Bolivar, Fundacion Bolivar Davivienda</li> </ul>	Investor, Foundation
	03.21	Luz Mila Lancheros	<ul style="list-style-type: none"> <li>● Director of strategic alliances, 2811</li> </ul>	Consultant
	23.12.20	Clemente del Valle	<ul style="list-style-type: none"> <li>● Uiversidad de los Andes, Centro Regional de Finanzas Sostenibles</li> </ul>	Academic think tank
Mexico			<ul style="list-style-type: none"> <li>●</li> </ul>	
	09.12.20	Mariella Belli, Martin Gonzales, Ramses Gomez	<ul style="list-style-type: none"> <li>● Academia B, Tec Monterrey</li> </ul>	Networking meeting
	20.01.21	Laura Ortiz	<ul style="list-style-type: none"> <li>● Chief Purpose Officer, SVX Mexico</li> </ul>	Investor
	14.01.21	Itziar Amuchastegui	<ul style="list-style-type: none"> <li>● Executive Director, Impact Investing Alliance Mexico (AIIMX)</li> </ul>	Coordinator of National Advisory Board
	conducted	Ramsés Gómez Molina	Executive Director, Sistema B Mexico	Education
	conducted	Martin Gonzales	<ul style="list-style-type: none"> <li>● Tec Monterrey</li> </ul>	Academia
	20.01.21	Laure Delande	<ul style="list-style-type: none"> <li>● Innovation Director, Ethos</li> </ul>	Think tank

## ANNEX 3: LIST OF RESEARCH CENTERS FOCUSED ON IMPACT INVESTING

### Research centres across Africa doing impact- investing-related work

Name	Areas/Issues covered	Regions covered
Bertha Centre at UCT	Impact investing	Africa
Strathmore Business School, Nairobi	Roundtables on II	Kenya and East Africa
Lagos Business School	Social entrepreneurship	Nigeria
African Economic Research Consortium (AERC)	Policy, private sector engagement	Africa
African Centre for Technology Studies – Nairobi	Sustainable development	Kenya & Africa
The Institute for Sustainability Africa (INSAF), Harare	ESG	Africa
Genesis Analytics	Economics-based consultancy	Africa
HOPin Academy – Tamale, Ghana  Ghana Institute of Management and Public Administration (GIMPA)	Incubation and accelerator programs  Impact investing	Ghana  Ghana
AlphaMundi Foundation	Catalyzing investments in social enterprises	East Africa and Latin America
The Mohamed bin Zayed Centre for Innovation and Entrepreneurship		Senegal
Environnement et Développement du Tiers Monde (ENDA Tiers-Monde)	ESG	Senegal

Centre for Frugal Innovation in Africa (CFIA) – Nairobi	Clean energy, social enterprises	Kenya
Centre for Research, Innovation and Technology (CRIT) – Jaramogi Odinga University	ESG, Clean tech	Kenya
Institute for Development Studies, University of Nairobi	Green infrastructure	Kenya
International Institute of Tropical Agriculture (IITA)	Agriculture	Africa
ECOWAS Regional Centre for Renewable Energy and Energy Efficiency (ECREEE)	Energy	West Africa

#### List of policy research centres in Nigeria

1. Centre for the Study of the Economies of Africa ([CSEA](#))
2. Nigerian Institute of Social and Economic Research ([NISER](#))
3. African Heritage Institution ([AfriHeritage](#))
4. Initiative for Public Policy Analysis ([IPPA](#))
5. Center for Public Policy Alternatives ([CPPA](#))
6. Centre for Population and Environmental Development ([CPED](#))
7. [Enyenaweh](#)
8. Nigerian Economic Summit Group ([NESG](#))
9. International Centre for Energy, Environment and Development ([ICEED](#))
10. O-analytics Research and Development Initiative ([ORADI](#))
11. Centre for Health Economics and Development ([CHECOD](#))

#### List of policy research centres in Senegal

1. African Institute for Economic Development and Planning ([IDEP](#))
2. Center for Research on Political Economy ([CREPOL](#))
3. Consortium for Economic and Social Research ([CRES](#))
4. Council for the Development of Social Science Research in Africa ([CODESRIA](#))
5. Initiative prospective agricole et rurale ([IPAR](#))

#### List of policy research centres in Kenya

1. African Institute for Development Policy
2. African Centre for Technology Studies ([ACTS](#))
3. Tegemeo Institute of Agricultural Policy and Development ([Tegemeo](#))
4. Institute of Policy Analysis and Research
5. Kenya Institute for Public Policy Research and Analysis ([KIPPRA](#))
6. Institute of Economic Affairs ([IEA](#))
7. African Centre for Economic Growth
8. African Economic Research Consortium ([AERC](#))
9. Africa Policy Institute ([AfricaPI](#))
10. Agha Khan University Centre of Excellence in Women and Child Health in East Africa ([COE-](#)



WCH)

11. Innovation for Poverty Action (IPA)
12. Kenya Medical Research Institute (KERMI)
13. Kenya Forestry Research Institute (KEFRI)
14. World Agroforestry Center (ICRAF)
15. Center for Consultancy Research and Development Enterprise (CCORD)

**List of research centres in Latin America doing impact-investing-related work**

Name	Geo focus	Type of organization	Website	Relevant activities	Impact Investing related topics
APEC Canada Growing Business Partnership	Peru		<a href="https://apfcanada.msme.ca/research">https://apfcanada.msme.ca/research</a>	Research	Social entrepreneurship/SMEs /startups
Universidad de los Andes, Facultad de Administración	Colombia	Research centers in universities	<a href="https://repositorio.uniandes.edu.co/handle/1992/31915">https://repositorio.uniandes.edu.co/handle/1992/31915</a>	Research	Social entrepreneurship/SMEs /startups, value chains
Universidad del Pacifico, Centro de Investigación	Peru	Research centers in universities	<a href="https://ciup.up.edu.pe/temas/empresa-y-gestion/emprendimiento-y-emprendedores/">https://ciup.up.edu.pe/temas/empresa-y-gestion/emprendimiento-y-emprendedores/</a>	Research	Social entrepreneurship/SMEs /startups, PPPs, Tech/Innovation, Impact investing, Regulatory frameworks
Research Centre - Universidad del Pacifico	Peru	Research centers in universities	<a href="https://ciup.up.edu.pe/">https://ciup.up.edu.pe/</a>	Research	Tech/Innovation, Fintech, value chains, Social entrepreneurship/SMEs / startups, climate change/climate finance
Centro de Innovacion Social, Universidad de San Andrés	Argentina	Research centers in universities	<a href="https://udes.edu.ar/centro-de-innovacion-social/publicaciones">https://udes.edu.ar/centro-de-innovacion-social/publicaciones</a>	Research	Social entrepreneurship/SMEs /startups, Impact investing

EGADE Business School, Tecnológico de Monterrey	Mexico	Research centers in universities	<a href="https://egade.tec.mx/">https://egade.tec.mx/</a>	Research	Venture capital, Social entrepreneurship/SMEs /startups, Impact investing, Private capital
INCAE Business School	Latam	Research centers in universities	<a href="https://www.incae.edu/es/inicio">https://www.incae.edu/es/inicio</a>	Research	Social entrepreneurship/SMEs /startups, Gender lens investing, Impact investing, Transparency
Centro de Desarrollo del Espiritu Empresarial, Universidad ICESI	Colombia	Research centers in universities	<a href="https://www.icesi.edu.co/centros-academicos/cdee/#tab-423">https://www.icesi.edu.co/centros-academicos/cdee/#tab-423</a>	Research	Social entrepreneurship/SMEs /startups
Viva Idea	Latam	Think Tanks	<a href="https://www.vivai.dea.org/">https://www.vivai.dea.org/</a>	Research, Skills development	Social entrepreneurship/SMEs /startups, Impact investing
Fundación Avina	Latam	Think Tanks	<a href="https://www.avina.net/en/home/">https://www.avina.net/en/home/</a>	Research	Health, Energy
Center for Financial Inclusion	Latam	Think Tanks	<a href="https://www.centerforfinancialinclusion.org/">https://www.centerforfinancialinclusion.org/</a>	Research	Fintech, Gender lens investing, Public policy, Social entrepreneurship/SMEs /startups, Covid-19 recovery
Centro de Investigaciones Economicas-CINVE	Uruguay	Think Tanks	<a href="https://cinve.org.uy/">https://cinve.org.uy/</a>	Research	Tech/Innovation, Energy
GRADE	Peru	Think Tanks	<a href="http://www.grade.org.pe/en/research-areas/">http://www.grade.org.pe/en/research-areas/</a>	Research, Convening/events, Projects/initiatives local level	Regulatory frameworks, Public policy, Covid-19 recovery, Health, value chains, Gender

Ethos	Mexico	Think Tanks	<a href="http://fundacionidea.org.mx/">http://fundacionidea.org.mx/</a>	Research, Convening/ events	Tech/Innovation, Social entrepreneurship/SMEs /startups, Regulatory frameworks, Health, Public policy
IdeasLab	Costa Rica	Think Tanks	<a href="https://ideaslabs.org/">https://ideaslabs.org/</a>	Convening/ events	Tech/Innovation
Espacio Público	Chile	Think Tanks	<a href="https://www.espaciopublico.cl/">https://www.espaciopublico.cl/</a>	Research, Convening/ events	Regulatory frameworks, Public policy, ESG, Transparency, Covid-19 recovery
CIEPLAN	Chile, Latam	Think Tanks	<a href="https://www.cieplan.org/">https://www.cieplan.org/</a>	Research	value chains, Covid-19 recovery, Public policy
Center for Climate and Resilience Research	Chile, Latam	Think Tanks	<a href="http://www.cr2.cl/">http://www.cr2.cl/</a>	Research	Regulatory frameworks, climate change/ climate finance
FUNDES	Latam	Think Tanks	<a href="https://www.fundes.org/">https://www.fundes.org/</a>	Research	Social entrepreneurship/SMEs /startups, Public policy, Covid-19 recovery, Gender lens investing
Value for Women	Latam	Think Tanks	<a href="https://promujer.org/blog/">https://promujer.org/blog/</a>	Skills developmt, Projects/ initiatives local level	Social entrepreneurship/SMEs /startups, Gender lens investing, Tech/Innovation
CIPPEC	Argentina	Think Tanks	<a href="https://www.cippec.org/tag/economia/">https://www.cippec.org/tag/economia/</a>	Research	Public policy, Transparency, Gender
CIEDS	Brazil	Think Tanks	<a href="https://www.cieds.org.br/biblioteca/artigos">https://www.cieds.org.br/biblioteca/artigos</a>	Research, Skills development	Social entrepreneurship/SMEs /startups

Conexsus	Brazil	Think Tanks	<a href="https://www.conexsus.org/quem-somos/">https://www.conexsus.org/quem-somos/</a>	Convening/ events, Projects/ initiatives local level	Social entrepreneurship/SMEs /startups, Impact investing, value chains
Promotora Social	Mexico	Think Tanks	<a href="https://www.psm.org.mx/">https://www.psm.org.mx/</a>	Research, Projects/ initiatives local level	Social entrepreneurship/SMEs /startups, Impact investing
Ethos	Mexico	Think Tanks	<a href="https://www.ethos.org.mx/">https://www.ethos.org.mx/</a>	Research, Convening/ events	Impact investing, PPPs, Social entrepreneurship/SMEs /startups, Transparency
Centro de Estudios Economicos	Colombia	Think Tanks	<a href="https://www.anif.com.co/">https://www.anif.com.co/</a>	Research	Social entrepreneurship/SMEs /startups
Fedesarrollo	Colombia	Think Tanks	<a href="https://www.fedesarrollo.org.co/">https://www.fedesarrollo.org.co/</a>	Research	Social entrepreneurship/SMEs /startups
Centro de investigacion en politica publica	Mexico	Think Tanks	<a href="https://imco.org.mx/">https://imco.org.mx/</a>	Research	Social entrepreneurship/SMEs /startups, Energy, Public policy
NESsT	Latam	Association/ Network	<a href="https://www.nesst.org/">https://www.nesst.org/</a>	Research, Skills developme nt, Convening/ events	Gender lens investing, Social entrepreneurship/SMEs /startups
ANDE Andean Chapter	Latam	Association/ Network	<a href="https://www.andeglobal.org/page/Andean">https://www.andeglobal.org/page/Andean</a>	Research, Skills developme nt	Impact investing, Social entrepreneurship/SMEs /startups, Gender lens investing, Fintech
LAVCA	Latam	Association/ Network	<a href="https://lavca.org/">https://lavca.org/</a>	Research, Skills developme nt,	ESG,Tech/ Innovation, Private capital, Regulatory frameworks

				Advocacy	
PECAP	Peru	Association/ Network	<a href="https://www.pecap.pe/nosotros">https://www.pecap.pe/nosotros</a>	Research, Convening/ events	Social entrepreneurship/SMEs /startups,Covid-19 recovery, Impact investing, Venture capital
ColCapital - Asociación Colombiana de Fondos de Capital Privado	Colombia	Association/ Network	<a href="https://colcapital.org/">https://colcapital.org/</a>	Research, Convening/ events	Private capital, Social entrepreneurship/SMEs /startups
KUNAN	Peru	Association/ Network			
Amexcap	Mexico	Association/ Network	<a href="https://amexcap.com/">https://amexcap.com/</a>	Research	Regulatory frameworks, Venture capital, Tech/Innovation, Impact investing, Fintech
Asociación de Emprendedores de Mexico-ASEM	Mexico	Association/ Network	<a href="https://asem.mx/">https://asem.mx/</a>	Research	Regulatory frameworks, Social entrepreneurship/SMEs /startups
Helvetas Peru	Peru	NGO	<a href="https://www.helvetas.org/es/peru/quienes-somos/programa-peru">https://www.helvetas.org/es/peru/quienes-somos/programa-peru</a>	Research, Skills development	Social entrepreneurship/SMEs /startups, value chains, Gender lens investing
Universidad del Pacifico, EmprendeUp	Peru	Incubator/Accelerator	<a href="https://emprendeup.pe/investigaciones/">https://emprendeup.pe/investigaciones/</a>	Research, Convening/ events, Skills development	Social entrepreneurship/SMEs /startups, Venture capital

## **ANNEX 4: ABOUT THE SCOPING AND NEEDS ASSESSMENT**

This review was made using a desk-based search of sources using single keywords or a combination of keywords in English and Spanish (for Latin America). The search terms included: *impact investing/inversión de impacto*, *social investment/inversión social*. In cases where the impact investing sector is in early stages, terms such as social entrepreneurship/emprendimiento social, emprendimiento/entrepreneurship were also used. The reviewed sources included reports, blog entries, and news from think tanks, news outlets, and public and private organizations. Semi-structured interviews were conducted to address the gaps and validate findings from the literature.

Depending on the market's maturity stage, narratives and data related to the impact investing ecosystem varies. Peru and Senegal have the youngest and least-developed impact investing markets among the analysed countries. The literature related to impact investing in these two countries is closely connected to entrepreneurship discussions and the national startup ecosystem. Hence, the focus of various actors, governmental and nongovernmental, is on strengthening social entrepreneurship, making gaps between financing sources and entrepreneurs visible, and introducing impact investing notions to the public discussion. Colombia, Mexico, Nigeria and Kenya have bigger markets with higher levels of maturity. This is reflected in the diversity of actors involved in the ecosystem and the amount of information/data available about their activities. There are more explicit discussions about impact investment; there are also more widespread discussions about impact measurement, access to information, accountability, and transparency. This topic is less present in the discourse in Peru and Senegal.

### *Gaps and trends in the literature*

Searches related to “impact investing” often frame impact investing along with terms such as “crowdfunding,” “fintech,” “venture capital,” “innovation,” or “social entrepreneurship.” There are no discussions about the implications of each of these and how they are or are not connected to impact investment. The literature's narrative revolves around presenting Latin America and Africa as an interesting/promising opportunity for impact investing. This shows increasing interest in the regions as potential markets for impact investing. Discussions about impact investment and the emergence of the impact investing sector in the region are often connected to venture capital investments in startups and technology-related investments. Academic literature on the topic of impact investing in both regions is not significant. However, a considerable amount of literature on social entrepreneurship, SMEs, innovation, and access to financial services in various countries was identified. This literature offers theoretical approaches to the mentioned topics and describes/analyses existing trends and challenges.

Across both regions, there is limited information about the II sector. Data is particularly limited with regards to market and deal sizes. At the regional level, available information is concentrated in a few knowledge brokers such as ANDE, LAVCA for Latin America and GIIN and AVPA in Africa. These organizations have produced the most up-to-date reports about the impact investment sector in the region. Reports present valuable information about the II market in the region and provide in-depth information about countries' selection mostly based on survey data. These surveys also provide insights into motivations behind II in the regions and the types of investors active in the regions, and discuss challenges for the sector's growth. It is important to note that

reports are based on surveys with relatively small samples. It is also worth highlighting that the predominant voices in these reports are from different types of investors; the voices/needs/challenges of other actors in the ecosystem are not particularly visible. This is understandable given the focus of the dominant II networks (investors); however, given the limited availability of information in the regions, this same focus creates essential information gaps. Another data challenge at the regional level is the concentration of information on bigger markets such as Brazil, Mexico, and South Africa. Regional data highly relies on information from a few countries and overlooks the realities and challenges of smaller markets in the region.

At the national level, information is highly scattered. Data availability in the impact investment sector varies from country to country. A few actors at the national level provide information, often found in various small reports and websites from the most active and well-known actors in each country. Information found on websites is minimal. In most cases, it is narrowly focused on specific actors' activities, particular events, or initiatives. With a few exceptions, national-level perspectives are lacking. (See Annex 4: Latin America Scoping and Needs Assessment and Annex 5: Africa Scoping and Needs Assessment).

