

# Canadian Perspectives on Impact Investing in Vietnam: Reflections on the Advanced Study

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Global Affairs  
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Canada



## Key Canadian Actors in Impact Investing in Emerging Markets



International Development Research Centre  
Centre de recherches pour le développement



Global Affairs  
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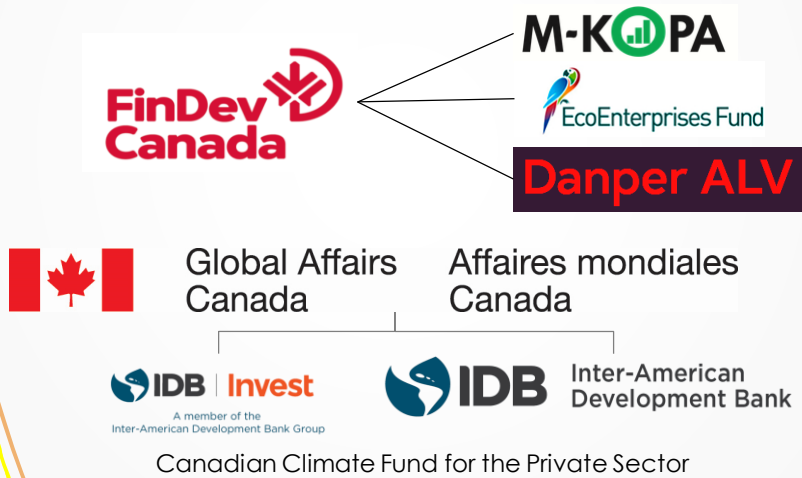
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Grand Challenges Canada®  
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### 3 Strengths in Agriculture, Climate Finance and Gender Equality



### 4 Canada Forum for Impact Investment and Development



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## 1. Construct and execute a ten-year strategy



avpn



Over a ten-year timeframe to 2030, including ESG and venture philanthropy, sequence initiatives using grant, debt and guarantees early, moving toward less well-known and more complex instruments and policies in the middle and latter parts of the decade, with regular, independent reviews of progress prior to each new phase.

\$45 Bn in  
Potential ESG  
Investment

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## 2. Combine awareness-building strategies and early-stage financing

To increase public awareness and an appetite among social enterprises to compete for early-stage financing, examine the potential adaptation to Vietnam of the successful weekly television series in Sri Lanka, Alt Pavura (The Tuskers), where social entrepreneurs pitch their businesses to individual impact investors who, when convinced, provide small investments for early-stage and growth social ventures.



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Education Changes the World



### 3. Remove geography as a barrier, build customer-responsive TA capacity

In Canada, with support from the McConnell Foundation, the federal government and major corporates, the Community Economic Development Technical Assistance Program provided small, quick grants to CED organizations and social businesses to test or expand their business models, ramp up marketing or seek capital. A prequalified pool of TA organizations was developed, strengthened and animated. A follow-on instrument designed by McConnell is Innoweave, an online platform that offers coaching in social innovation and social finance, in response to sector needs, via training and tools provided by experts, again on a responsive basis.



### 4. Create a multigenerational, multidisciplinary talent pool

Integrate skills and knowledge for ESG and impact investing, SME and social enterprise management, and social and public policy, targeting current and future professionals in finance and investment, business management, technology, public policy, non-profits and philanthropies, evaluation, gender equality, urban planning and agronomy, among others, from all parts of the country. This new cohort of impact practitioners should be able to obtain successively more advanced and specialized training and certification as their careers progress over 15-20 years.





## 5. Increase awareness of the business case for gender lens investing

Through webinars, courses, blogs and research, leading external actors and their local partners should make the business case for supply- and demand-side capacity building of products, policies and investment professionals to boost gender lens investing in WSMEs, social enterprises and larger companies.



## 6. Build impact measurement and management capacity in gender lens investing

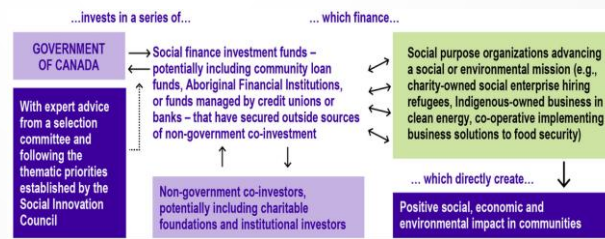
A priority should be placed on the development of usable guides, tools and metrics to enable private, public and philanthropic funds and businesses to measure-efficiently, tech-enabled and in real time-the impacts of GLI by business stage, sector and geography. Provide training and education programs to support investment professionals, especially women, and other ecosystem actors, to adopt and utilize them.





## 7. Establish multi-level government-sector policy vehicles

Implement a collaborative approach involving leaders from government, impact investing and social business at the global, national and provincial levels, moving from planning and design to implementation at an accelerated pace and using adaptive management.

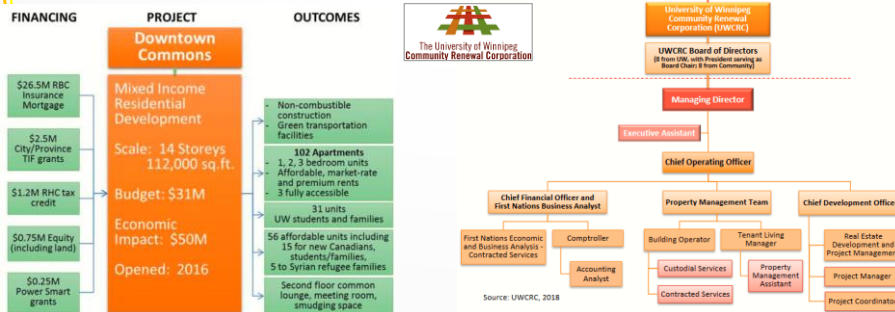


Social Finance Fund



## 8. Recruit higher education institutions as investors, investees and builders

In addition to academic and professional education, training, action research and internships, higher education institutions, can adopt social procurement policies and build community-partnered social infrastructure projects like mixed-use, mixed-income affordable housing, offering impact investors lower risk, hard-asset investments, creating new social facilities, and generating local jobs.





## 9. Additional observations on building the impact investing industry in Vietnam

1. To build *locally driven impact investment ecosystems*, secure multi-year grant funding, nurture home-grown champions, and animate reciprocal local-external partnerships.
2. To engage *institutional investors*, use ESG as the entry point, tailor product risk and tenor factors, facilitate green infrastructure deals, and ensure mission-aligned exits.
3. To integrate *impact management and measurement* into funds and companies, follow IFC principles for impact management, align metrics with the SDGs, and collect comparative data for outcome evaluations.



## 10. Potential external sources of grants and investment capital

### **Convergence Blended Finance Platform** (<https://www.convergence.finance/>)

- Indo-Pacific Design Funding Window/DFAT
- Asia Natural Capital Design Funding Window/RS Group
- Emerging Markets Design Funding Window/GAC

### **Investing in Women/DFAT** (<https://investinginwomen.asia/>)

- Impact Investment Component (Equity/Debt for WSMs)

### **Emerging Markets Impact Investment Fund/DFAT** (<https://www.dfat.gov.au/about-us>) (Financing for SME Funds)

### **The 2X Challenge** (DFI financing for funds/WSMEs that meet the 2X criteria) (<https://www.2xchallenge.org/>)

### **Catalytic Capital Consortium** (MacArthur (<https://www.macfound.org/>), Rockefeller (<https://www.rockefellerfoundation.org>), Omidyar (<https://omidyar.com/>))

### **The RS Group** (natural capital philanthropy) (<http://www.rsgroup.asia/>)

### **International Finance Corporation** (<https://www.ifc.org/>)

- Women Entrepreneurs Opportunity Fund with Goldman Sachs 10,000 Women Initiative

### **Asian Development Bank** (<https://www.adb.org/>)

- Issuance of first gender bond, 2018
- Investment in private equity fund targeting WSMs, 2019



## Appendix: Impact Investing in the Canadian Economy

- Overview
- Key players in the Canadian ecosystem
- Impact assets by organization type
- Impact asset allocation by asset class
- Sector allocation
- Barriers to the growth of impact investing in Canada
- Products and tool innovation
- Policy innovation



## Overview

### ***Domestic experience in Canada with impact investing***

- Steady progress over 15 years in ecosystem development and key product areas
- Creative product and tool innovation
- Notable policy innovation at both federal and provincial levels
- Converging, mutually-reinforcing trends for ESG and impact
- Challenges with fragmentation, scale and institutional engagement

### ***Canadian overseas experience with impact investing***

- Strong orientation to gender equality and impact measurement
- Increasing coordination among Canadian government, NGO and private actors, and collaboration with international partners
- Challenges with slow delivery, underdeveloped local networks





## Key Players in the Impact Investing Ecosystem in Canada



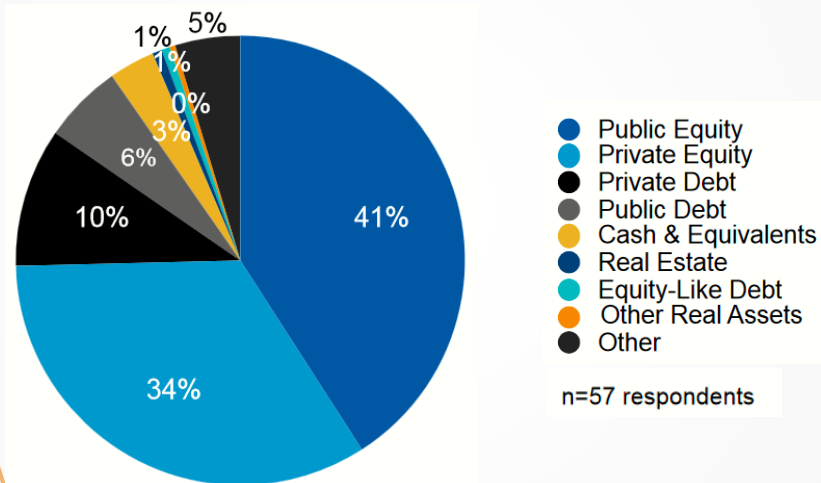
## Impact Assets by Organization Type

Organization	Assets (millions)
Impact Funds/Managers	\$7,894.4
Credit Unions	4,645.5
Quebec Solidarity Finance	1,179.2
Community Finance Organizations	337.5
Aboriginal Financial Institutions	329.0
Other	8.5
Community Futures/CBDCs	301.7
Non Profit (non-foundation)	135.6
Foundation	118.6
Cooperatives	90.5
Other	50.0
<b>TOTAL</b>	<b>\$14,752.9</b>

Source: RIA, 2019



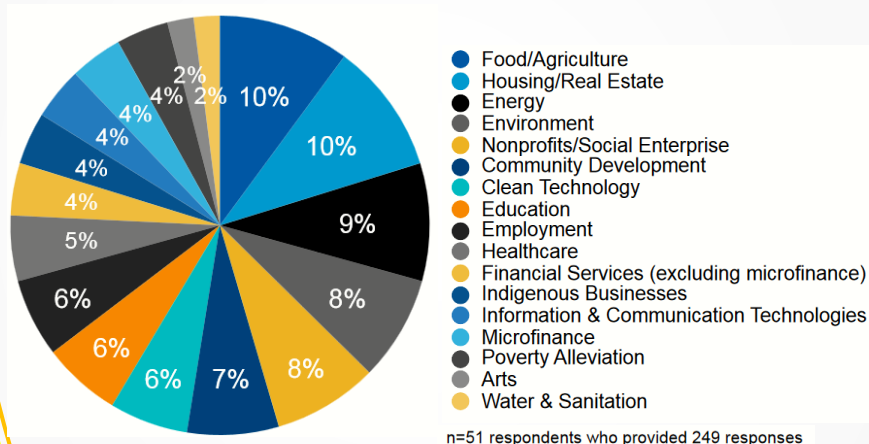
## Impact Asset Allocation by Asset Class



Source: RIA, 2019



## Sector Allocation Pie Chart



Source: RIA, 2019

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## The Top Barriers to the Growth of Impact Investing in Canada

Rank	Score	Factor
1	90	Shortage of high quality investment opportunities with track record
2	45	Lack of investment professionals with relevant skills
3	37	Other
4	32	Lack of innovative deal/fund structures to accommodate investors' or portfolio companies' needs
5	24	Lack of common way to talk about impact investing
6	21	Lack of research and data on products and performance
7	19	Inadequate impact measurement practice
8	5	Difficulty exiting investments

Source: RIA, 2019

n=46 respondents

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## Product and Tool Innovation

- Private foundation model portfolio (mission-related investments, program-related investments), McConnell Foundation
- Impact guaranteed income certificates, VanCity
- Social purpose real estate lending, VanCity
- Mixed-use, mixed-income affordable housing, University of Winnipeg Community Renewal Corporation
- Employee ownership trusts, Social Capital Partners
- Common Approach to Impact Measurement, Carleton University
- Gender Equality Monitoring Framework (International), MEDA



## Policy Innovation

- Solidarity Fund, Quebec Federation of Labour
- Patient Capital Trust for the Quebec Social Economy (La Fiducie-Quebec/Canada)
- Community Economic Development Investment Funds (Nova Scotia Provincial Government)
- Registered Disability Savings Plan, Government of Canada Provincial Governments
- Social Finance Fund, Government of Canada



## Acronyms

- CAFID Canada Forum for Impact Investment and Development
- CED Community Economic Development
- CEDTAP Community Economic Development Technical Assistance Program
- EMIIF Emerging Markets Impact Investment Fund
- ESG Environmental, Social and Governance (Investing)
- GLI Gender Lens Investing
- GSG Global Steering Group
- IDRC International Development Research Centre
- MEDA Mennonite Economic Development Associates
- WSME Women-Owned/-Led Small and Medium-Sized Enterprises
- WUSC World University Service of Canada



## Further Reading

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