

# *Investment Impact: an idea who's time has come*



Discussion paper  
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## Lately I've been thinking...

- For all the time, talent and treasure that NGOs apply to the pressing social and environmental issues of our time, what is really holding us back from lasting impact?"
- How can we see more integration around purpose driven goals? Between government, NGOs and the private sector?
- What's going on with philanthropy in Aotearoa?
- How can we use ALL the resources of our community to get solutions to the problems?
- Where are the platforms for shared thinking, shared language and shared information?
- Who exactly is in the Impact Investment eco system?
- What role can CID play?

So why have I got all these questions now?

I've been helping Hui E! with the final push towards release of the [People's Report on the 2030 Agenda and the Sustainable Development Goals](#). This is an important, compulsory read and huge credit to the editors and contributors who made it happen. It is also a fitting reminder that caring for people and planet isn't the sole domain of NGOs. There are many caring, conscious business people out there, and we know it is the private sector that has the resources to drive progress to achieve the SDGs. Now that the report is published, the challenge is how to create action together and build a movement around a collaborative, impactful, innovative alliance towards Agenda 2030.

And I've been talking to some activators in different sectors who are all trying to 'do good better'. Like Bill Murphy setting up the [Purpose Impact Fund](#) to mobilise new capital for systemic social and environmental change and John Holt, an entrepreneur setting up a digital platform to bring stakeholders together around purpose. I heard about Bill English, Emily Mason and the team

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combining big data with human stories to shape impact measurement tools at [Impact Lab](#) and I came across the Chapman Tripp [report](#) on Impact Investment in Aotearoa.

I found all these meetings and initiatives fascinating so I wanted to share them. This is a download of my take-outs; initiatives to learn from, trends to be mindful of, links to related sites and other information. It's by no means an exhaustive list but an indication of the fast moving eco-system of impact investment.

Impact Investing is generally described as when social and environmental good is generated alongside a financial return.

## **Who are the players?**

It's a community of investors, private equity, asset management, businesses, foundations, philanthropy, governments, institutions, social entrepreneurs and NGOs.

It's multi sector, and organisations keen to work together to address issues at a systemic level.

## **Investors**

Institutions like foundations and investment companies are responding to the call for divestment from fossil fuel companies and industries. They want opportunities to reinvest in the local, green, and cooperative economy. Globally, it's a growth area worth over \$35 trillion in capital. This is money that will be transferred to purpose driven consumers over the next five years. And with the money will come a demand for responsible investment products as younger investors seek to align their portfolios with their personal beliefs and convictions.

In Aotearoa we are likely to see an increase in focus and funding in this space. In fact, the ball's rolling with [New Zealand Green Investment Finance](#) (NZGIF) launching just last month, and set to accelerate low emissions investment in Aotearoa.

Wealth management firms, like [JBWere](#) are growing their philanthropic teams in response to both listed companies and clients keen to focus more on environmental, economic and social sustainability (ESG) principles.

## **Private companies**

Influential leader and head of mega corporate Salesforce, Marc Benioff was quoted last month as saying "Capitalism as we know it is dead... we're going to see a new kind of capitalism and that new

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kind of capitalism that's going to emerge is not the Milton Friedman capitalism that's just about making money.'

As companies gain millennials as customers and employees, corporate social responsibility and impact measurement will no longer be peripheral to mission.

[Aotearoa Circle](#) has sustainability at its core. This is a new alliance of leaders from the public and private sectors collaborating to investigate the state of our natural resources, and to commit to priority action. The heartbeat of this circle are leading New Zealand companies including Air New Zealand, Fonterra, Spark and Vector.

In the Government space, [The Social Impact Agency](#) works with the social sector to create tools and practices that improve people's wellbeing.

## **Consumers**

Consumers are actively seeking out opportunities where private investment can have positive social and environmental benefits. There's a groundswell for change and they want a pipeline of enterprises and causes to choose from.

## **Philanthropy**

Philanthropy is a changing landscape. Philanthropists are moving from grant giving to strategically seeking impact. They are starting to talk to responsible investors (via, for example JB Were's Philanthropy Services). They are actively asking about where the endowment funds get invested. They are exploring how to share data and discussing opportunities for investment capital to support grant capital especially when investor values are aligned with enterprises. If philanthropists can demonstrate to broader capital markets they can invest with confidence then there's an opportunity to bring much larger scale to enterprises trying to solve social and environmental issues. This means being bold with funding and looking to support the connective tissue of research, advocacy and capability building. It's great to see [Philanthropy NZ](#) has embarked on this; funding a specialised research and policy function to support a stronger eco-system for giving.

Philanthropy is also helping to change the narrative around giving to include Māori models such as manaaki and to explore what makes organised generosity for both giver and receiver in Aotearoa unique.

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## So where do NGOs fit in the system?

Giving is being revitalised and NGOs would do well to be part of the movement. People are thinking twice about donating to charities, and thinking deeper about where the money really goes and how to take informed actions that strive to create social good. Rigour will come when donors demand it. Now more than ever, NGOs need to be disciplined and strategic and articulate about achieving impact. Like we read in [Engines of Impact](#), the four most important things are; clarity of mission, a theory of change, a strategy for how you are going to do it, and monitoring performance. Boards of NGOs are being also challenged to understand governance as leadership...to oversee the mission. The provocative presentation from JB Were's [Shamal Daas](#), Australian head of Philanthropy is a must watch.

## So can Council for International Development (CID) be a leader in shifting the system?

CID should continue to be a thought leader and to be active in shaping how other sectors are viewing the impact space. It should continue to face the challenge of bringing together NGOs in more collaborative ways to interface with others in this system. If we want to see positive change across the sector, CID's work to scale up influence on driving policy is critical.

Like [Forum for the Future](#) in the UK, what if CID could look to conducting local-led inquiries in the Pacific to express a new set of environmental and societal norms for the sector to operate to? Perhaps, map out the impact investors in the clean energy space in the Pacific? There are certainly exciting new frontiers for funding impact. CID could be a leader in not only exploring the futures-led process but facilitating collaboration and communicating the findings.

If you'd like to talk more, I'd love to hear from you.

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*Communicating and educating about impact investment so more of us can do good better*