21st Session of the UN Commission on Science and Technology for Development

Approaches to finance innovation for the Sustainable Development Goals

Andrea Marmolejo

Managing Partner

Blue Topaz Capital

May 16, 2018

Responsible Investments are growing fueled by strong performance, women, and millennials

Overall acceleration in growth rate of responsible investments

- Globally, there are $22.89Tn of assets managed under responsible investment strategies, an increase of 25% since 2014 comprising 26% of all professionally managed assets globally
- Responsible investing is increasingly driven by the recognition that ESG factors play a material role in determining risk and return.
- Investor attention growing faster than consumer attention

Growing women investors have a strong preference to generate positive social and environmental impact

- 84% of women compared with 67% of men are more likely to focus on positive social and/or environmental impact alongside rates of return, as opposed to a strict focus on the financial rate of return
- Over the next 35 years unprecedented $58.7Tn wealth transfer to women and to millennials. Fully 70% of this wealth will go to women across generations

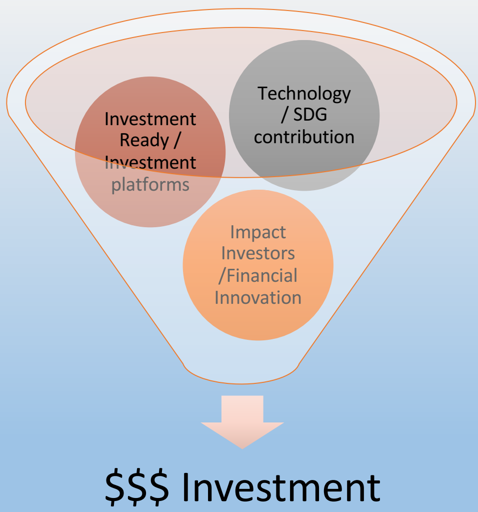
Millennials to continue to intensify pressure on sustainability issues

- purchased from a sustainable brand 2X more, were 3X more likely to have sought employment with a sustainably- minded company, invested in companies targeting social/environmental goals 2X more often

SDGs are impacting investment and corporate strategy

- Phenomenally strong and coherent call to all agents to act responsibly in the face of the dramatic social and environmental problems that we are facing
- Set new standards for what it means to be a 'good citizen', from being compliant, to best in class, to proactively doing good
- Provide an 'impact map' for investors big and small
- Asset managers, endowments and corporations prompted to support SDGs and make investments that accelerate their impact

There are steps to de-risk an investment and to leverage trends in the financial sector to accelerate the funding cycle



1. Leveraging SDGs: articulate, measure and monitor the contribution to SDGs
2. Engaging with 'Impact Investors' who are looking to invest for social and environmental impact
3. Exploring investment platforms and partnerships to accelerate the 'investment readiness' process
4. Embracing financial innovation

1. Leveraging SDGs to find operational partners and capital

- Investors are aligning to selected SDGs or clusters of SDGs, articulating the SDG impact of the deployment of a given technology
- Increasingly exploring how to systematically target as many SDGs as possible with one investment
- Empowering women may be one of the ways to achieve this and technologies that support women on education, financial inclusion, access to health, etc. could benefit from additional interest from the investor base

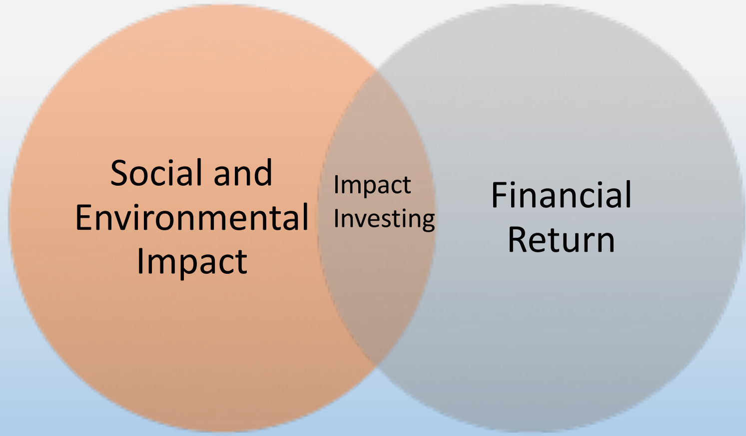
- Drawdown, Paul Hawken
http://www.drawdown.org

- Decade of Women is an organization dedicated to empowering women by bringing frontier technology –Blockchain and token assets- for women to leap frog with to next level
https://www.decadeofwomen.org

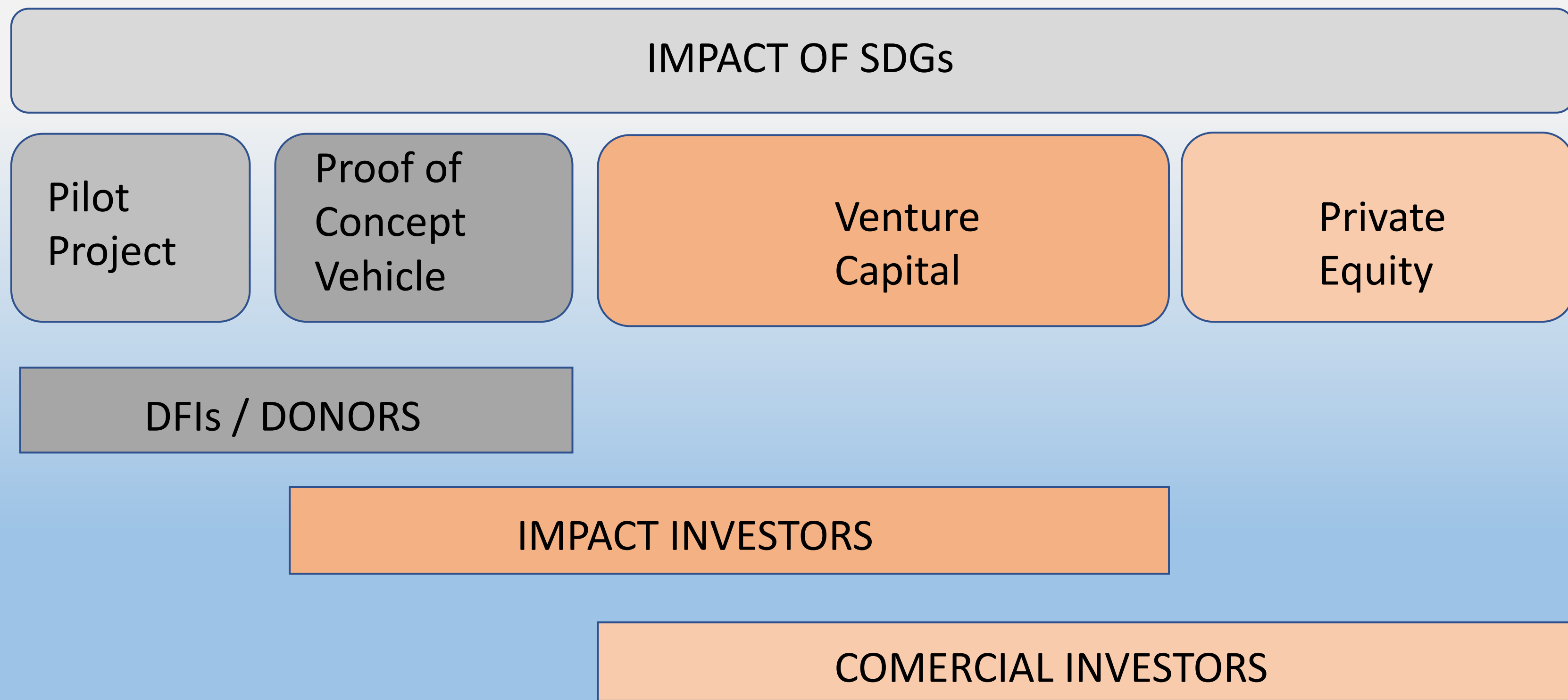
2. Targeting ‘Impact Investors’

In 2016, 209 of the world’s leading impact investors managed nearly **US$ 114 billion in impact investing assets**

- ✓ Avid emerging and frontier market investors
- ✓ Able to invest in small size investments
- ✓ Typically longer term investors with ‘patient capital’
- ✓ Typically offer hands on technical assistance where needed
- ✓ Usually require lower risk-adjusted financial returns
- ✓ Early adopters of financial innovation
- ✓ Increasingly moving mainstream



SDGs impact investors throughout the technology road map

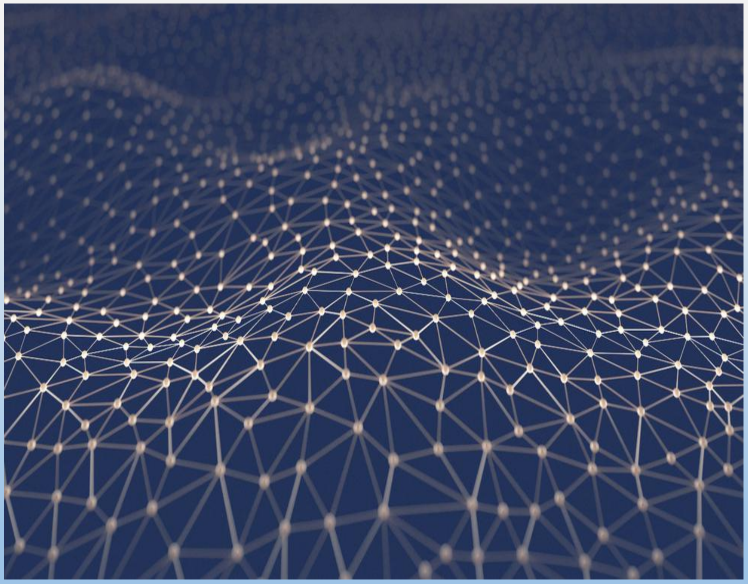


3. Exploring investment platforms and partnerships to accelerate the investment readiness process

- Partnerships with DFIs and Governments to create regulatory framework
- Cities as investment platforms: US$57Tn investment needed by cities into transport, energy, water, waste and telecommunications infrastructure between now and 2030
- Cities can issue municipal bonds or green bonds or offer concessions to the private sector
  - Cities 100, top sustainable urban solutions http://solutions.sustainia.me/cities/
  - SDG’s Cities Leadership Platform (20+5)
  - World bank to support investment in sustainable cities

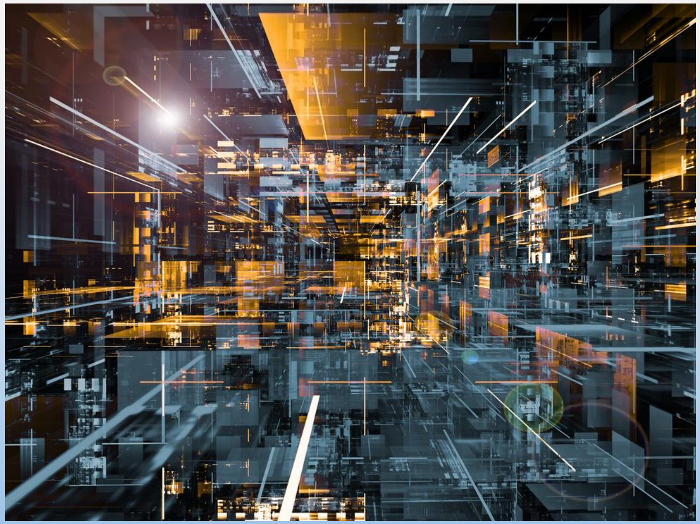
3. Exploring platforms and partnerships as part of the investment readiness process (cont.)

- Linking with accelerators and marketing platforms: according to SUSTANIA, achieving the Global Goals opens up USD 12 trillion of market opportunities within food, agriculture, cities, energy, materials and well-being - totaling 60 market “hot spots” http://solutions.sustainia.me
- Engaging and enlisting Local banks to access both customers and retail investors
- Using blockchain to create an economic passports for ‘last mile’ customers: BanQu already operating with small farmers and refugees http://www.banquapp.com



4. Embracing financial innovation

- Hybrid products: bespoke contracts that adapt to the needs of both the investee and investor
- ‘Pay for performance’ impact bonds
- Blended capital structures: allocating differentiated financial return to the different layers in the capital structure
- Crowdfunding tapping into domestic and international populations and developing a saving and investment culture at home
- Token assets: blockchain to reduce costs, increase transparency, enable the participation of domestic retail investors and increase liquidity, as in the case of BanQu



Conclusion

- Increasingly funding social and environmental investments, and trend is expected to accelerate further
- Impact investors are dedicated to targeting these types of investments
- A number of alternative avenues are emerging to accelerate technology funding for development which investors are increasingly supporting:
  - Blended capital structures for pilot and proof of concept vehicles for the deployment of new technologies
  - Linking with an already established investment platform such as a sustainable or smart city platform
  - Partnership with NGOs for pay for performance funding instruments
  - Partnerships with Accelerators, DFIs / DFI Guarantees
  - Financial innovation and technological innovation adopted into financial contracts will reduce costs, increase transparency, enable the participation of domestic retail investors and increase liquidity
- Both the challenges and opportunities are getting bigger and it is through cooperation and collaboration that we can close the gap between them

Thank you!

Andrea Marmolejo

andrea@amarmolejo.com

Tel. +44 (0)7968 065 711