

TO: All IIC Members & Partners
FROM: Amit Bhatia, CEO- IIC
DATE: 14 August 2015

IMPACT INVESTORS COUNCIL: JULY 2015 UPDATE

Dear All,

Happy Independence Day! India turns 68 tomorrow and is counting on you to ensure that Impact Investors collectively invest in excess of \$1 billion annually before her 75th birthday or Platinum Jubilee!

It gives me great pleasure in enclosing for you the July 2015 Updates for IIC members. The highlight of the month was the quarterly Members' Convention in Mumbai. The key takeaways for July 2015 are outlined as follows:

- I. Minutes of Members' Convention on 23 July
- II. Minutes of Research Sub Committee Meeting on 16 July
- III. Minutes of Membership Sub Committee Meeting on 20 July
- IV. Speaking Engagements
- V. Next Members' Convention & Significant Dates

The rest of the memo details these key takeaways.

I. MINUTES OF THE MEMBERS' CONVENTION ON 23 JULY

IIC had its third Members' Convention on 23 July 2015 in Mumbai. Twenty-one members, two guests and myself attended the meeting. The key takeaways were:

- ¶ **Whose voice does IIC represent?** The most important discussion was on whose voice does IIC represent and it was concluded that we are first and centrally the voice of impact **capital**. It was further concluded that we will invite other stakeholders to IIC to represent a broader voice- e.g., entrepreneurs and LPs but that should not dilute IIC's core and therefore, other non-impact investing members will not hold official positions or be entitled to vote.
- ¶ **Raison D'être:** Members once again reflected on the core proposition of IIC and what brings them together- Advocacy and Research were unanimously elected as our raison d'être.
- ¶ **Impact Investing Market Size:** It was agreed that for reporting purposes, IIC will reconcile core impact investments (approximately \$2 billion) with GIIN/G8 numbers of approximately \$8 billion after including non-core investments in renewable energy and other infrastructure.
- ¶ **Key Objectives:** It was agreed that key objectives of IIC will remain as agreed and the following were highlighted again:
 - Recognition of IIC

- Self Governance by IIC including Consumer Protection and Self Declarations (audited)
 - Increased capital flows to Social Enterprises
 - Advocacy for bringing CSR funds into Impact Investing
 - Clarification of Social Ventures definition to clearly specify for-profits and non-profits.
- ¶ **Royston's request from Membership Sub-Committee:** Royston Braganza, Grameen Capital, who Chairs the Membership Sub Committee requested members to introduce new members to the IIC Secretariat so that the Secretariat can bring all Impact Investors on board and represent a broader voice. Can you please start the process of new Member introduction- I will be delighted to follow up with new Funds and infact, will send you all a list of such prospects separately.
- ¶ **Geeta's request from Research Sub-Committee:** Geeta Goel, MSDF, on behalf of the Research Sub-Committee unveiled our Data Collection template, which is attached herewith. I once again request all our Members to please start sending us the data as soon as possible and definitely all 2014-15 data (including for your social enterprises) by end-September 2015. The aggregated data will form part of our Advocacy representations to the Government of India. No individual data will ever be released.
- ¶ **Update from McKinsey & Company:** Toshan Tamhane, Principal at McKinsey & Company presented their research findings of their recent report *Indian Private Equity: Route to Resurgence*. The presentation was much appreciated by IIC members especially their analysis of returns, holding periods, exits, sectors, and economic impact on the nation. I am attaching the presentation herewith for your reference.
- ¶ **Update from SEBI:** To keep our engagement with regulatory institutions, IIC invited SEBI to share its learnings from AIF and SVF activities and emerging trends. Ms. Barnali Mukherjee, General Manager from Investment Management division made a much appreciated presentation, which allowed members to better appreciate the regulation and trends. It emerged that we have opportunities to better articulate the "investor or LP" definition for LPs for which IIC will give a representation to SEBI in due course. I am attaching the presentation from Barnali Mukherjee for your reference.

Update from Vikram Gandhi regarding expanded G8 taskforce on Impact Investing: Vikram Gandhi, Founder of Asha Capital represented IIC at Social Impact Investment Taskforce convened by Sir Ronald Cohen in London. Vikram observed that it is critical that India continues to engage with the rest of the world; noted that from presentations of G8 + 5 (13 nations in all), India was well ahead in its thinking and more organized than most countries; that IIC formation was a key way to represent our strength; that the major themes in London were around how Impact Investing is disrupting traditional philanthropy and how the trends were clear that Governments would increasingly pay for outcomes and not activities. I am attaching the detailed Minutes of the London meeting for your reference. Presentations from this meeting are available on

<http://www.socialimpactinvestment.org/subject-papers.php>

The members agreed to meet next on **8 October 2015** for the next Members' Convention.

II. MINUTES OF THE RESEARCH SUB COMMITTEE MEETING ON 16 JULY

The Research Sub Committee met in Delhi on 16 July. Geeta Goel and Jinesh Shah were present along with myself. The sub committee did the following:

- ¶ **Reviewed Metrics Approach with Mathew Titus of Sa-Dhan:** The research sub-committee is meeting all experts in the metrics / social impact area to ensure it does not reinvent the wheel. In this context it met Mathew Titus, long-term Founding Head of Sa-Dhan, the association of community development financial institutions (CDFIs). His advice was around the following:
 - Identify key issues for IIC and some research must be regarding threats and the perpetually challenging issue of “financial returns”
 - Keep an eye on Government’s paranoia of foreign funds, whom they may perceive as leveraging concessions given by Indian Government with respect to PSL since perceptions matter
 - Disaggregate Government for advocacy
 - Don’t call your initiative “research”; should we call it “Impact Measurement”?
 - Donors perspective too much in research- need to do research from regulators perspective- work with regulators to arrive at questions
 - Budget for dissemination of research is very important- also packaging in smaller capsules vs meta research
 - Best research: Delivery cost difference between MFIs vs RRBs vs Co-ops; AP Study in 2007 re households (ICFAI);
 - Research which was “Lost Opportunity”: SIDBI 7-year study, MFIN 2010 Study (NCAER)
 - For IIC: Difference of PE/VC vis-à-vis Impact Funds
 - Poverty Score Card, PPI, etc. tools in Financial Inclusion- not looked at by Government
 - Planning Commission came out w/Porous Districts or Backward Districts
- ¶ Finalized the Data Collection Template:
- ¶ Kick-started One-Page Social Enterprise Report Cards:

Over and above these, during the month, we **identified “five” potential commissioned research projects** which are being planned and developed:

- ¶ The Impact Investing Industry in India- exploring with a leading global Management Consulting firm
- ¶ The new Financial Inclusion industry- exploring with a leading global Corporate Foundation

- ¶ The Social Investment sector- exploring this with a leading Data Journalism player for sizing of the larger social investment in India (Government, Non-Profits, Corporates, Retail, Impact Investing, etc.) by State & Sector
- ¶ Best Practices in Impact Assessments- exploring this with a leading Global University's impact investment arm
- ¶ Creating standards for "Impact Assessment" with a leading global ethical standards non-profit
- ¶ Finally, we are developing some basic Balanced Score-Card reporting in-house to ensure IIC is on top of the game for Impact Assessments

For all of the above projects, we welcome others who'd like to support the research and partner IIC. We expect the IIC research engine to get cranking before end of 2015-16 with its first set of reports.

The Research Sub-Committee will meet next in the week of 17 August.

III. MINUTES OF THE MEMBERSHIP SUB COMMITTEE ON 20 JULY

The Membership Sub Committee (Royston B, Srikrishna Ramamoorthy and Sanjib Jha) along with Amit B had a brief call on which the process of developing our Value Proposition to our Members was discussed and the strategy to bring-in new members. It was decided that the discussion must be taken to the broader member base and this discussion took place during the Members Convention for which the Minutes have already been outlined above.

The Membership Committee will meet next on Monday, 31 August.

IV. SPEAKING ENGAGEMENTS

IIC will be represented in the following Speaking Engagements this month and IIC needs many more of these to build visibility for the organization:

- ¶ **IIFT, New Delhi-** Omnivore and Intellectap will be participating
- ¶ **India Health & Wellness Summit and Awards:** This is an opportunity to showcase HealthCare entrepreneurs and investors on 10 September @ Taj Palace, New Delhi. Elevar, Lok and Acumen will be participating

Please contact me as soon as possible if you'd like to attend the Health & Wellness Summit in New Delhi so I can arrange some complimentary passes for you.

V. NEXT MEMBERS' CONVENTION & SIGNIFICANT DATES

IIC has the following significant meetings lined up for the next quarter:

- ¶ IIFT Panel Discussion- 18 August (Indian Institute of Foreign Trade or IIFT, New Delhi)
- ¶ EC Meeting/ Call- 10 September (New Delhi)
- ¶ India Health & Wellness Summit & Awards- IIC Panel on 10 September

- ¶ Membership Committee- Call on 31 August
- ¶ Research Committee- TBD
- ¶ Advocacy Committee- TBD
- ¶ IIC-MSDF Roundtable on K-12 Education- 14 October (New Delhi)
- ¶ **EC Meeting- 14 October (New Delhi)**
- ¶ **Members' Convention- 15 October (New Delhi)**

I request all to please put the following dates on your calendar so that you can plan for the next 3-4 months without missing an IIC meeting.

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In summary, IIC will next meet as a larger group on 15 October in New Delhi. Please let EC / myself have your feedback if any. Also, we continue to post all materials on our website www.iic.in

Please do visit our website and if your investee companies are missing, please urgently send me the details so we can update our website.

Thanks for all your support.

Regards,

Amit Bhatia
Chief Executive Officer