

Dan Sidy

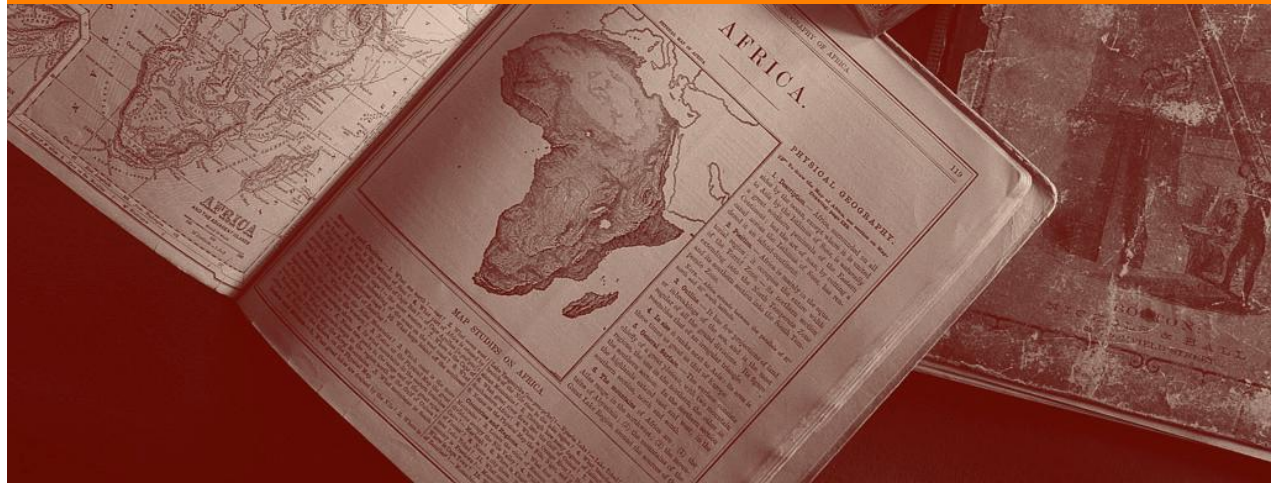
Director

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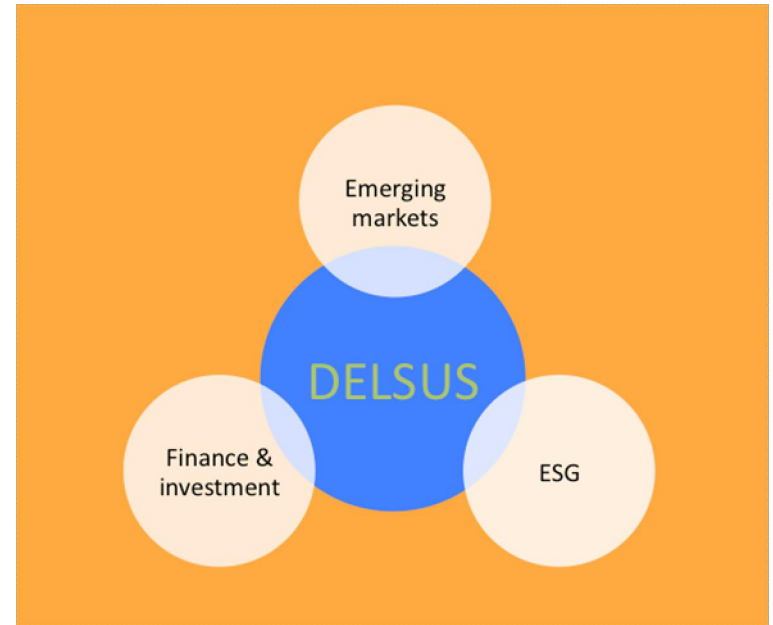
Investing for impact in developing countries:

Overview of responsible investment in developing countries



About Delsus Limited

- Formed in 2006 by former IFC staff
- Operates internationally from headquarters in Oxford, UK
- Specialises purely on the intersection between finance & investment, emerging markets and ESG
- Long-term relationships with clients and business partners
- Bespoke services only
- Deliberately runs a limited number of projects at any one time in order to focus on depth and quality
- Extensive international network of high-level contacts
- In-depth practical knowledge of the ESG aspects to emerging market private equity, including Africa



We work with:

Development finance institutions
Institutional investors
Charities, foundations and HNW individuals
Stock exchanges
Asset managers
Private equity funds
Hedge funds
Banks
Research firms and rating agencies
Government departments and international agencies
Major league NGOs

Our focus areas

Strategic

Improving the enabling conditions for sustainable & responsible investment in emerging markets

- Macro research & analysis
- Identification of strategic barriers to long-term investment and development of practical solutions
- Improvement and harmonisation of ESG policies among DFIs, institutional investors, etc.
- Institutional strengthening and capacity building
- Inter-agency partnership and collaboration
- Capital market profile raising

New ventures

Development of new emerging market investment strategies, funds and products based on ESG principles and opportunities

- Market and trend analysis
- Competitor analysis and benchmarking
- Product design and development
- Business introductions and relationship brokerage
- Fund raising
- Communications strategy

Operational

Implementation of sustainable & responsible investment

- Advisory and sub-advisory roles
- Dealflow generation
- Ad hoc transaction support
- Integration of ESG in investment policy, procedures and management systems
- Investment officer training
- Portfolio monitoring and reporting
- Identification, placement and mentoring of local ESG experts

Responsible

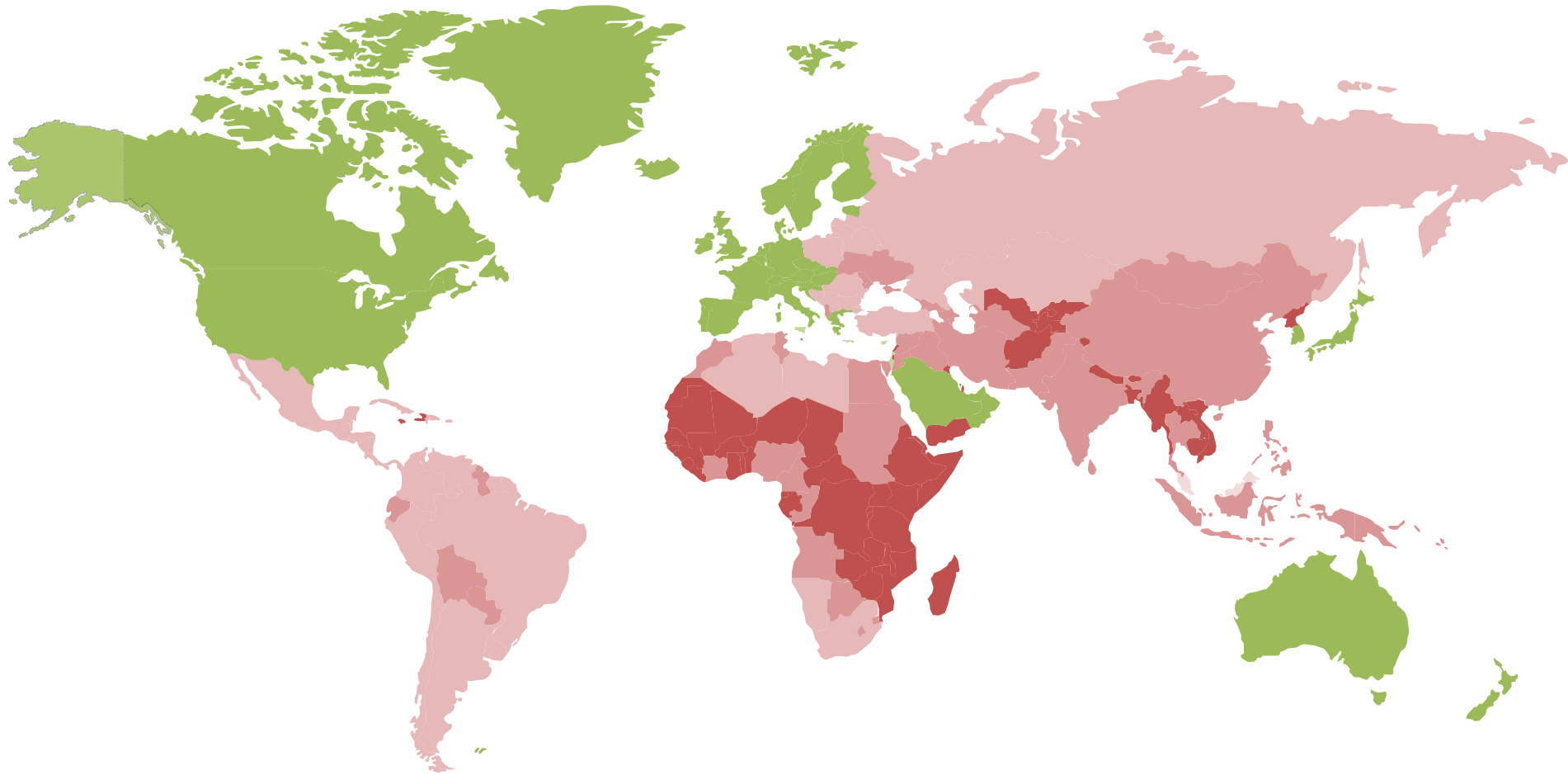
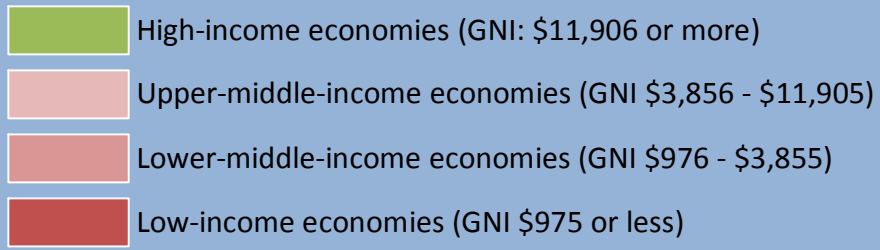
Investment

**Developing
Countries**

Low income

Lower-middle income

Upper-middle income





Responsible

Investment

Developing Countries

Millennium Development Goals

Low income

Lower-middle income

Upper-middle income

“Passive” social mission (do no harm)

“Active” social mission (do good)

Frameworks include:

- UN Global Compact
- Equator Principles
- ILO standards
- Human rights standards
- Corporate governance codes

Responsible

Investment

Developing Countries

Millennium Development Goals

Low income

Lower-middle income

Upper-middle income

“Passive” social mission (do no harm)

“Active” social mission (do good)

Key themes may include:

- Microfinance/SMEs
- Social enterprises
- Climate change
- Sustainable energy
- Health & education

Responsible

Investment

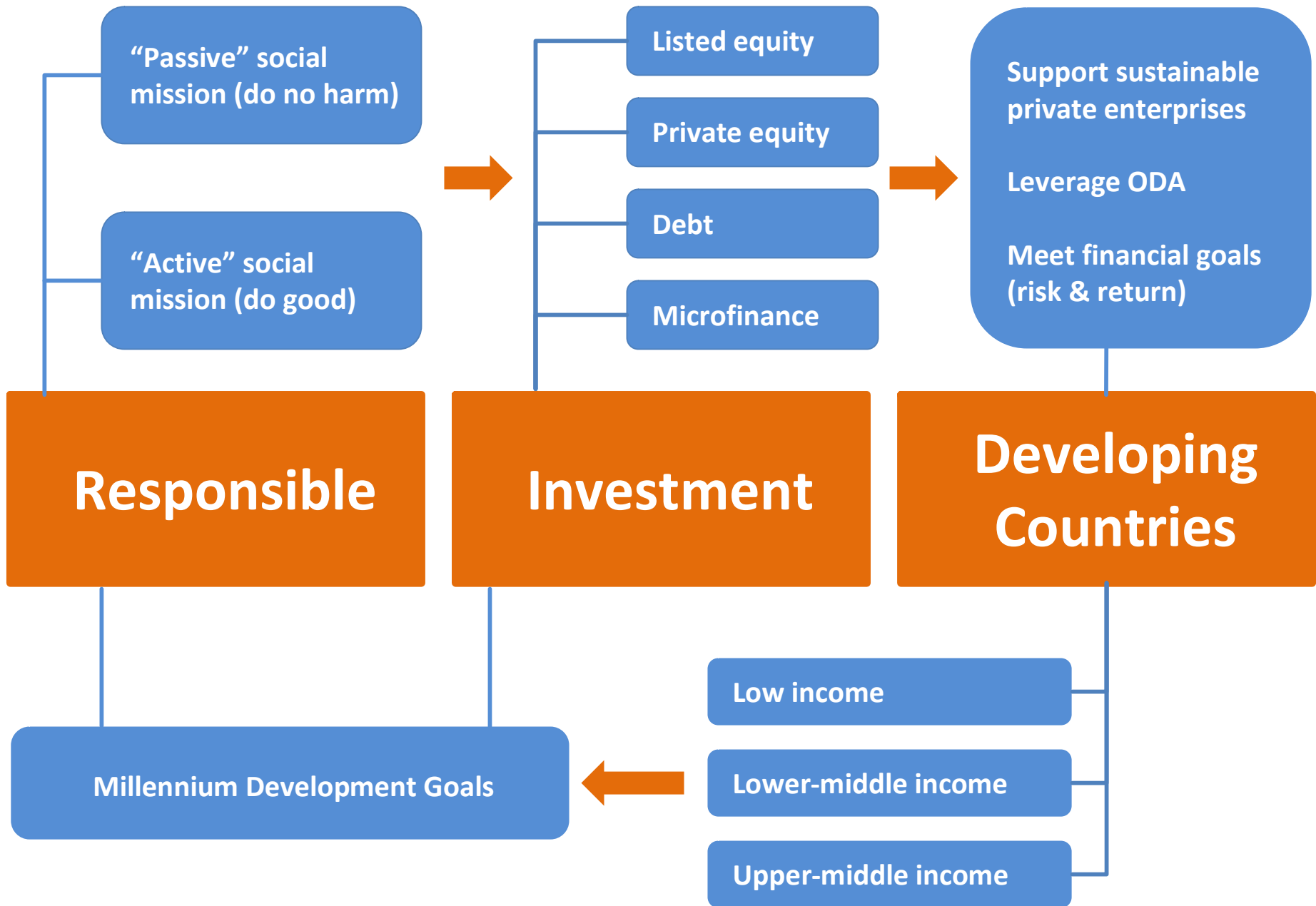
Developing Countries

Millennium Development Goals

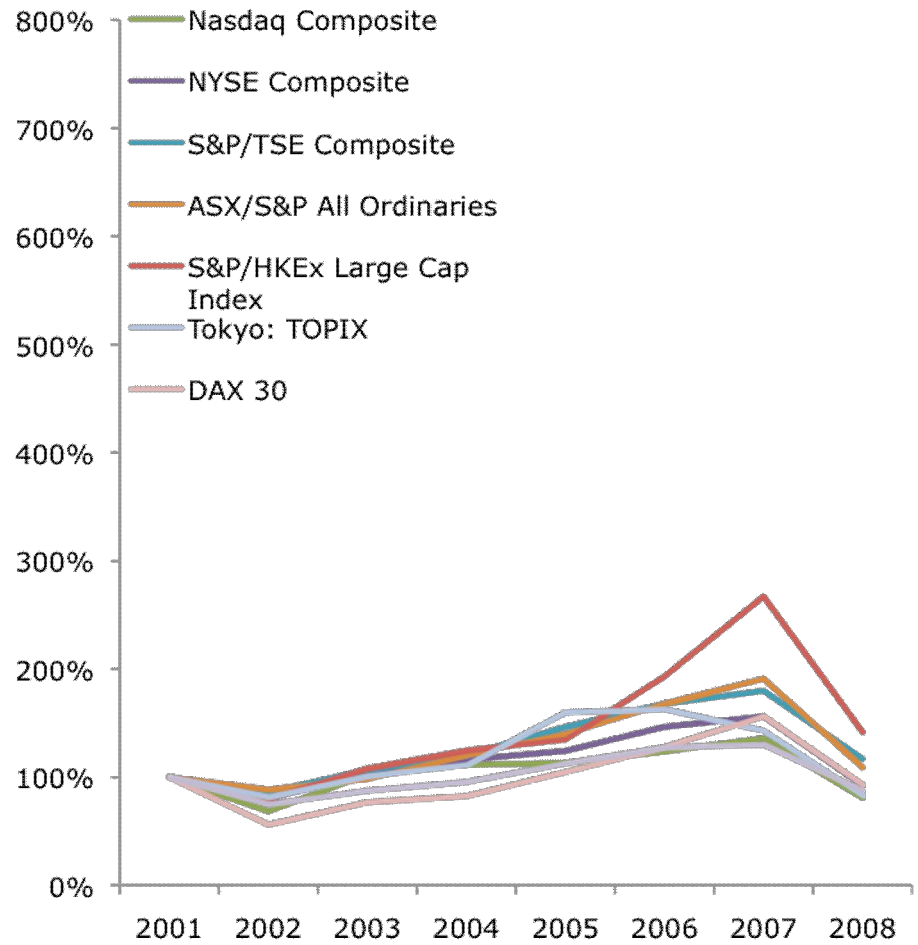
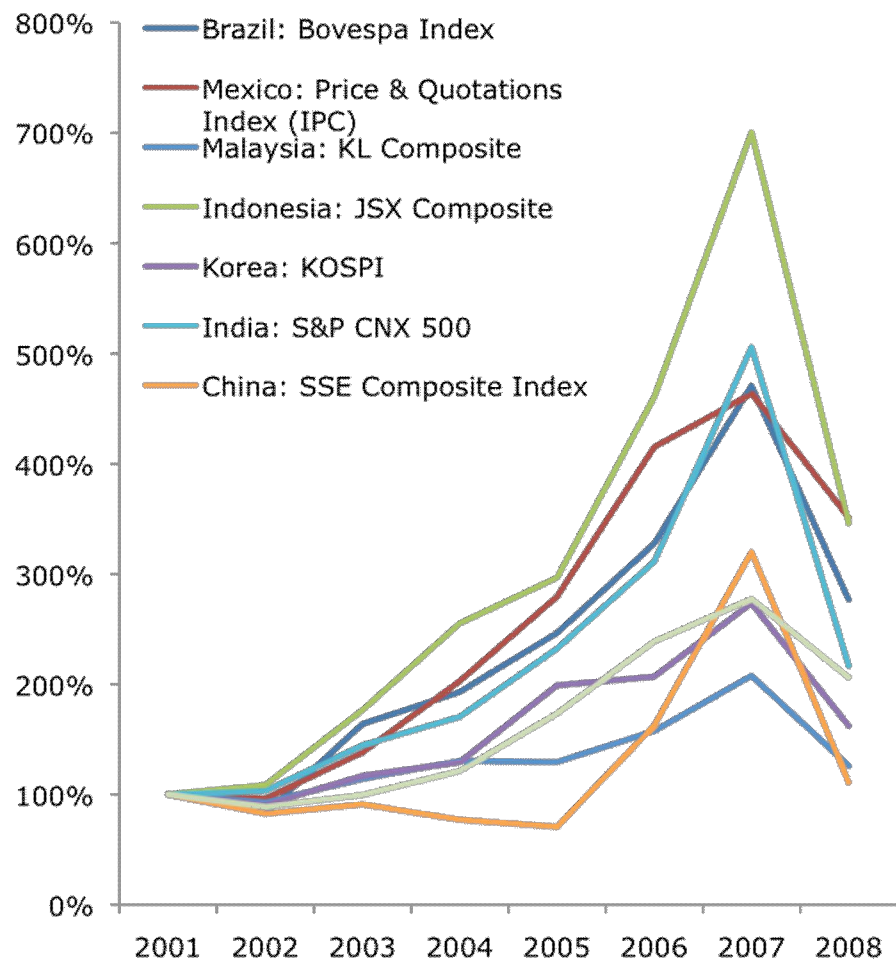
Low income

Lower-middle income

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EMERGING vs. DEVELOPED MARKETS: GROWTH (2001-08)

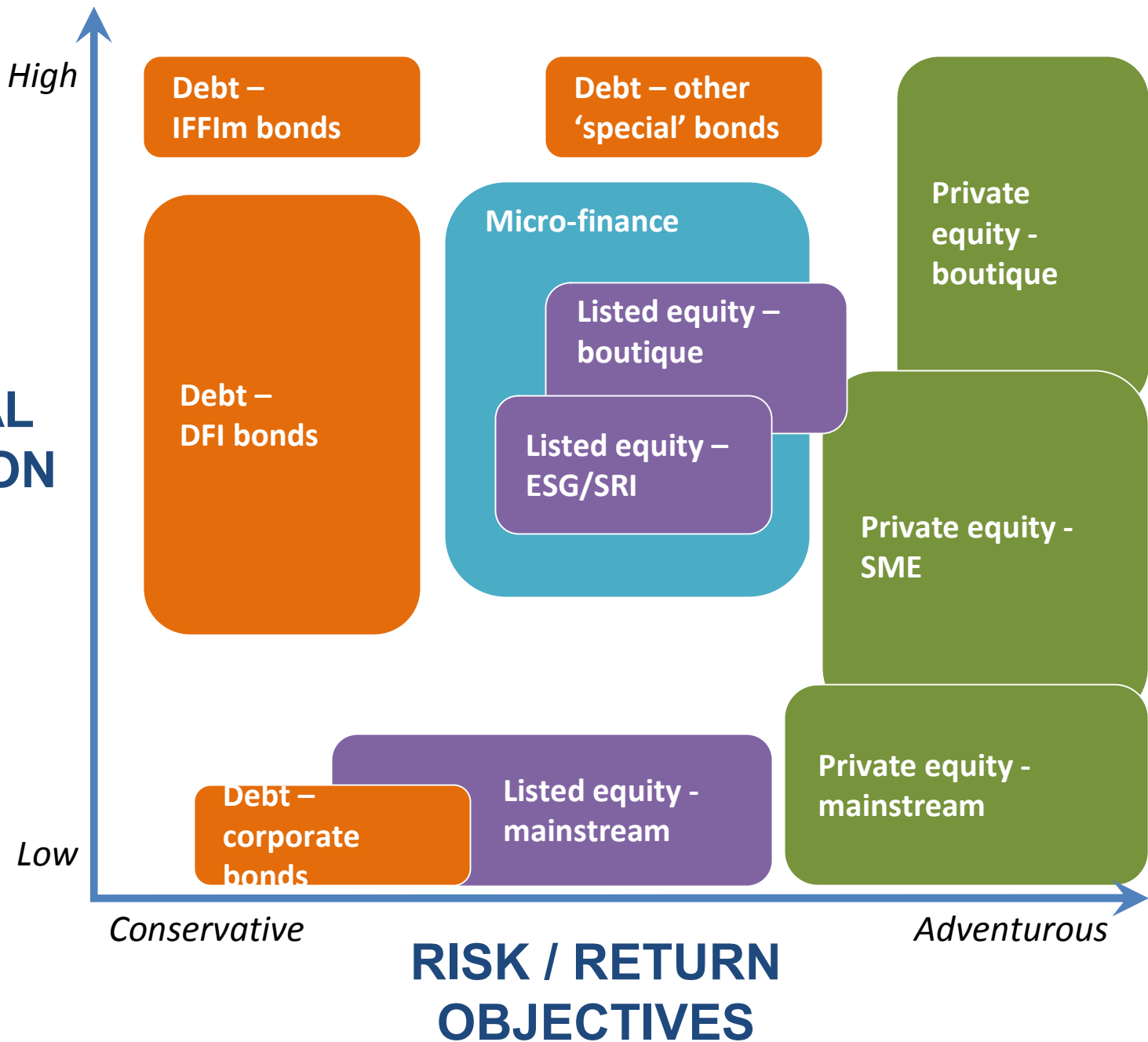


**BROAD STOCK MARKET INDICES:
EMERGING MARKETS**

**BROAD STOCK MARKET INDICES:
DEVELOPED MARKETS**



SOCIAL MISSION



Asset class	Type	Key characteristics	Examples
Private equity	Mainstream	Objective is a high rate of return Some funds have social & environmental policies A few may provide investors with information on development impact	Actis, Advent International, Carlyle, Darby, ECP
	SME	Objective is a good rate of return Most will have social & environmental policies and strive to measure/report on development impact	Aureos, Business Partners International, SEAF
	Specialist	Investment and development objectives vary Typically themed on e.g. base of pyramid, sustainable energy, cleantech, social enterprises	Evolution One, Grofin, Root Capital, Triodos, Inspire, Shared Interest, Shorebank
Listed equity	Mainstream	Long-term growth, sometimes active management Most do not focus on ESG issues	“Usual suspects”
	SRI/ESG	Long-term growth, usually active management Many are now integrating ESG into the process Some are specifically targeting socially responsible investments Research, indices and GRI reporting are improving the information environment A very few (e.g. Alquity/One Foundation) pass a proportion of management fees to foundations	Alquity Africa Fund, Baillie Gifford, Colonial First State, Robeco, Scottish Widows, Threadneedle, Rexiter,
	Specialist	Long-term growth, almost always actively managed Typical themes are cleantech and energy Relatively few specialise in developing countries	BlackRock Merrill Lynch, HSBC,

Asset class	Type	Key characteristics	Examples
Debt	Corporate bond funds	Objective is a stable rate of return Very few have social & environmental policies	
	Development bank bonds	Provide a stable rate of return Some are issuing hypothecated bonds with proceeds directed to specific programs e.g. climate change	World Bank, IFC, EIB, EBRD
	Specialist	Provide a stable rate of return Leverage public sector donor funding Targeted at specific high-impact programs Very few products available	IFFIm, Brazilian Government's Amazon Fund
Micro-finance	Various	Risk/return and development objectives can vary significantly over the wide range of choices available Options for investors include funds, fund of funds, direct financing of microfinance institutions Wide range of choices e.g. geographic focus A few are gaining reputations for aggressive sub-prime lending	Developing World Markets, responsibility, Blue Orchard, Triodios, SEAF

Some sources of additional information (more at www.delsus.com)

- IFC/Mercer report on ESG practices by leading managers of emerging market funds (listed equity)
- UBS Wealth Management Research
- Delsus report for World Federation of Exchanges on stock exchange initiatives to promote responsible investment
- WRI New Ventures program
- Delsus reports for IFC on sustainable investment opportunities in Brazil and India
- Emerging Markets Private Equity Association
- UN Principles for Responsible Investment Emerging Markets Programme
- Microfinance Gateway
- Bellagio Forum