



elea

Impact through Entrepreneurship

elea & SwissCham Indonesia

Supporting Impact Ventures to fight
poverty through Philanthropic Impact
Investing

December 14, 2023

Welcome



Agenda

The need for Philanthropic Impact Investing

The elea Model & Approach to Social Impact Measurement

Impact Ventures in practice

Q&A

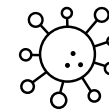
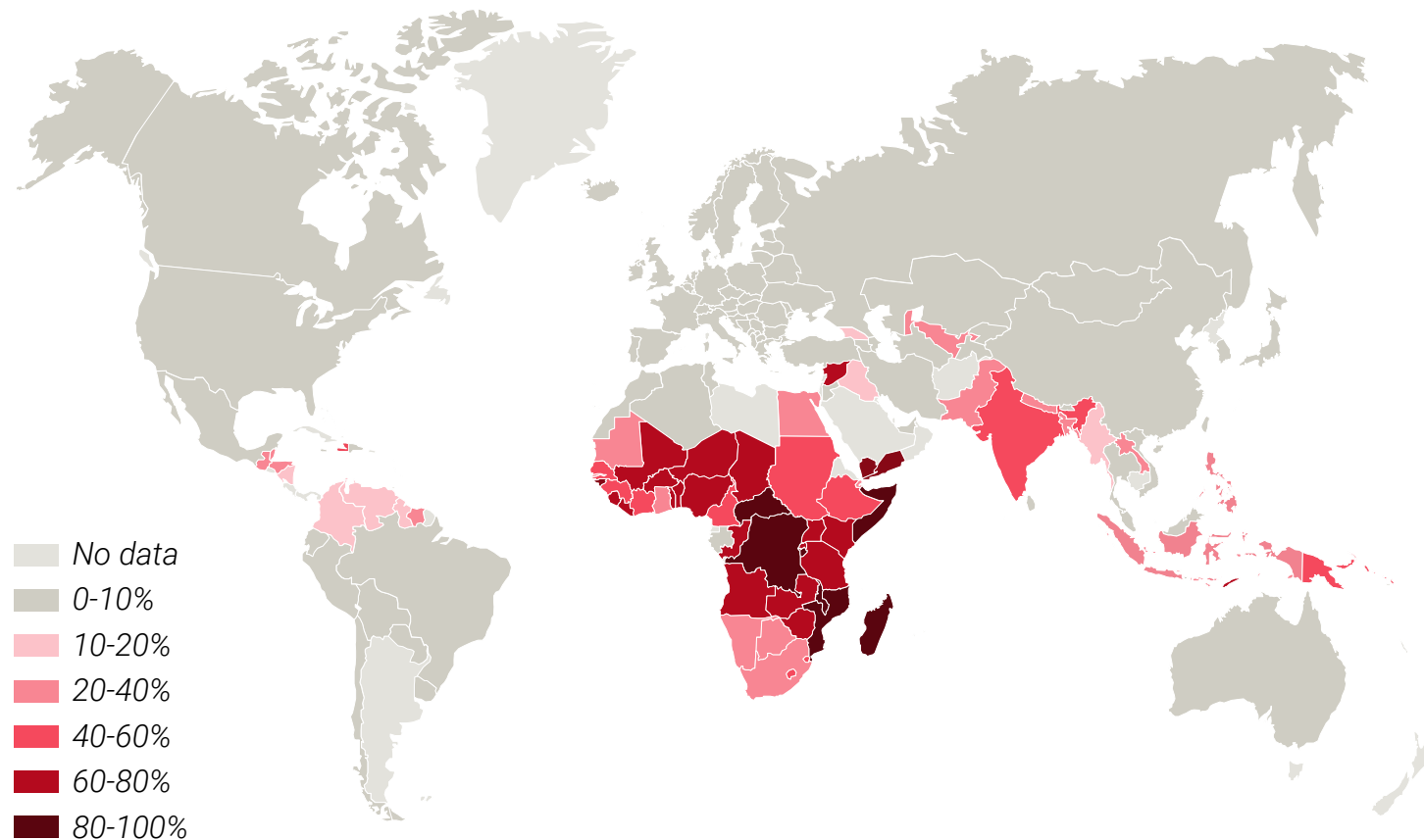
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The need for philanthropic Impact Investing



Poverty remains a significant challenge of our time

1.8bn people (23% of the global population) survive on less than \$3.65 per day



Covid-19 **increased poverty**, eliminated 10 years progress

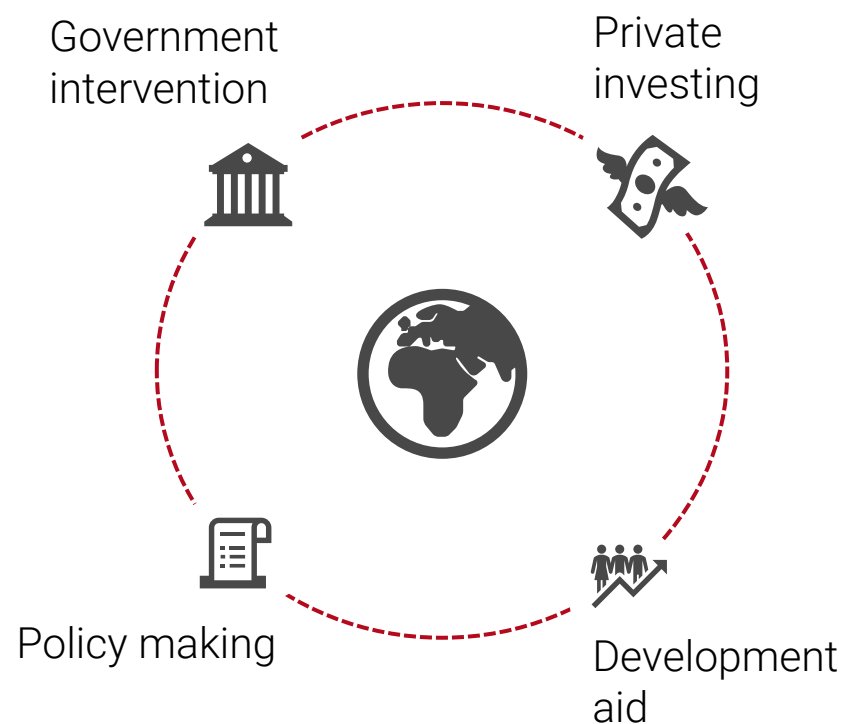


Climate change as added challenge, **low- and middle-income countries most vulnerable**

More capital needed to effectively address challenge

Financing gap for SDGs almost doubled to \$4.2 trillion¹, partly due to Covid-19

Complementary approach needed ...



... with outsized private capital as lever

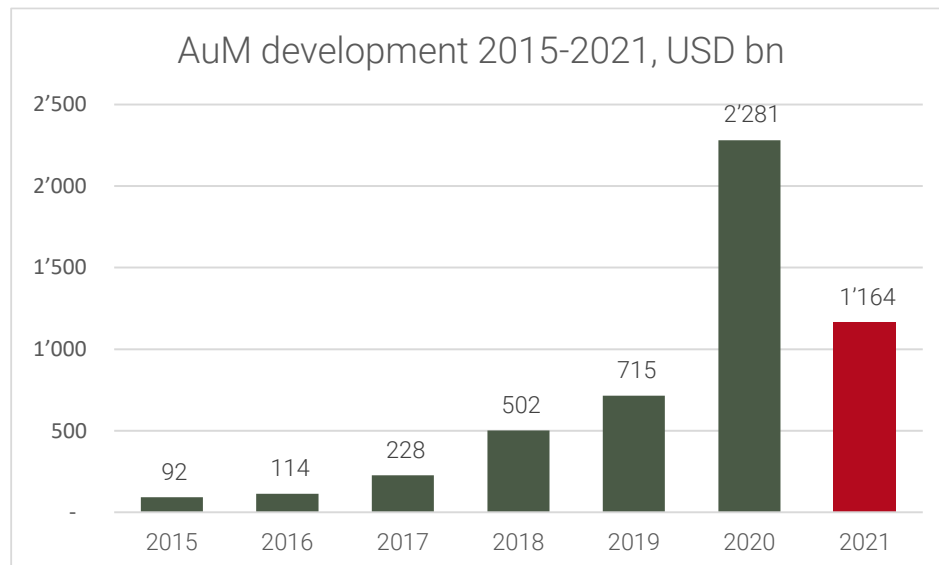
\$12bn	Development aid Private aid in 2021 ²
\$176bn	Government intervention Official development aid ³
\$1.2tn	Private impact investing⁴ 1% of \$112tn global AUM ⁵
 Mobilizing more private capital as a key lever in poverty reduction	

¹ OECD, 2020 ; ² Statista, 2023; ³ Statista, 2023; ⁴ GIIN, 2022; ⁵ Statista, 2022

Considerable growth of impact investing...

Intentionality and Additionality as key characteristics of impact investments

Impact investments are investments made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return.



Core characteristics

Intentionality

—

Materiality and additionality

—

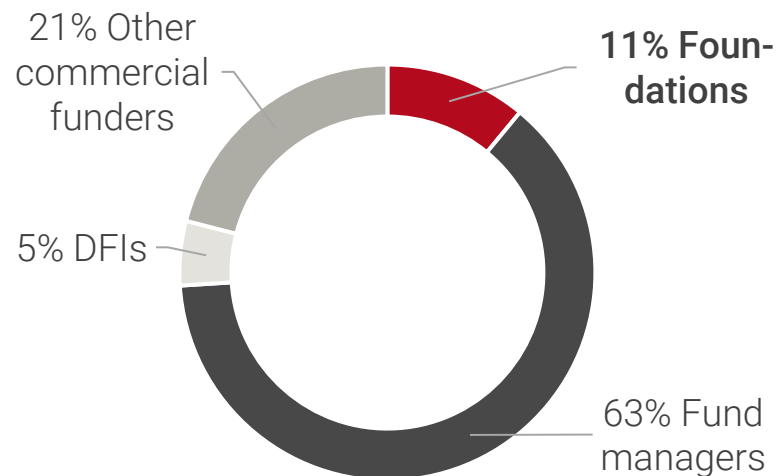
Impact measurement

—

...but most impact capital expects commercial return

\$1.2tn estimated AUM across ~3'350 organizations (across all impact targets)

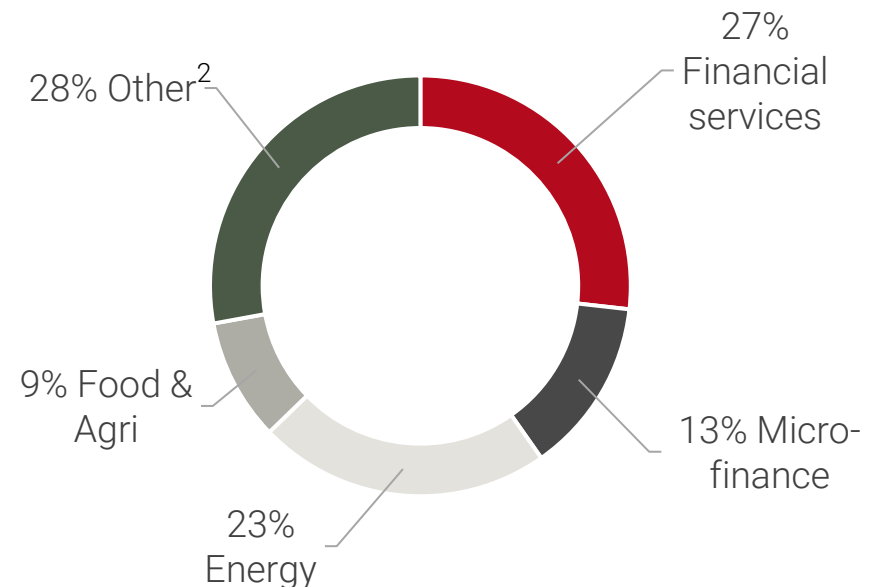
LPs demand return ...



80%+ of organizations **need to deliver return**¹ and are not impact-first focused

¹ Fund Managers, Pension Funds, Diversified Financial Institutions
Partly DFIs, Family Offices, & Others

... leading to focus on lucrative sectors



60%+ capital is invested in **financial services (incl. microfinance) & energy**

² Other: Housing, healthcare, water, sanitation, etc

Philanthropy needed to address absolute poverty

Philanthropic investing plays a critical role in seeding and de-risking social ventures



Finance gap

Insufficient capital allocated to meet SDGs – catalytic, patient funds to mobilize private capital as multiplier¹



Risk gap

Early-stage ventures with a focus on BoP with higher risk profile – philanthropic funds as society's “risk capital”²



Expectation gap

Return expectations and timelines of commercial investors are often not met³ – patient capital needed



Capability gap

Need of support at an early stage is often overlooked – resources and skills for value creation required

¹ Blended finance leveraged on average \$4 of commercial capital for every dollar of concessionary capital ([Convergence, 2023](#)).

² With investing early and instruments like guarantees or first-loss capital philanthropic funds can de-risk investments ([Blended Finance Taskforce](#)).

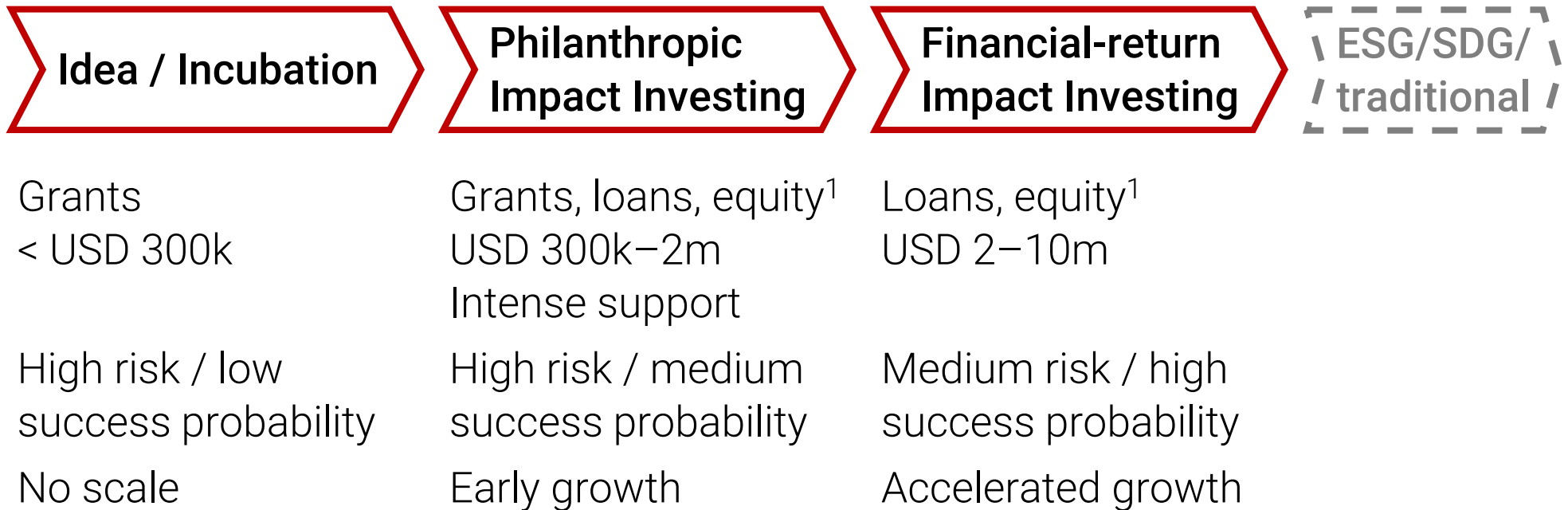
Example: In Indian Agriculture 72% of first institutional investors are impact investors, leading interest of conventional PE/VC to invest ([McKinsey India, 2018](#)).

³ VC Impact Investments yield 4.7% lower IRR – Investors ex ante accept 2.5-3.7%, showing an expectation gap ([Journal of Financial Economics, 2021](#)).

Return realities of working with BoP clients are not conducive to fast and high returns – capital beyond 10yr funds needed ([Oxfam Discussion Papers, 2017](#)).

elea is part of an integrated impact value chain

Three stages of social enterprise development



¹ Including hybrid forms

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The elea Model



elea exists to fight absolute poverty

Creating an ecosystem of social entrepreneurs and philanthropic investors

“
*elea exists to
fight absolute
poverty with
entrepreneurial
means, capita-
lizing on the
benefits and
opportunities of
globalization*
”

We...

- 🔍 select economically scalable, and innovative business models
- 👥 deploy our team's expertise in value creation
- 📈 help to create profitable, sustainable high social impact businesses
- ⚙️ engage philanthropic capital from individuals and organizations
- 🌐 contribute to and further develop the ecosystem

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Impact ventures at the core of our daily work

Deep Dive: Investment process



We focus on four purposeful investment themes (1/2)

In order to achieve deep and broad impact



Agricultural value chains

Access to income and market opportunities for smallholder farmers



Last-mile retail and services

Access to affordable, productivity-enhancing goods and services in underserved communities

We focus on four purposeful investment themes (2/2)

In order to achieve deep and broad impact



Employable skills

Access to training in practical and 21st century skills and employment opportunities



Climate and livelihoods

Access to livelihood opportunities through innovative solutions that increase climate resilience and mitigate climate change

Our global portfolio includes 31 Impact Ventures



23

Emerging economies

31

Impact ventures

46.1 million

Impacted people



Impact data key to our work

We systematically target real & lasting change

Systematic impact measurement

Annually audited impact reporting to



Track performance



Guide investment decisions



Communicate results with investors

A decade of learning

Using the methodology over more than ten years, elea has been able to deepen its understanding of impact measurement

Measurement builds on tested theories of change ...

Impacted people categorized along four main theories of change



Skilling enabling employment

People are equipped with relevant skills and connected with formal employment opportunities within the venture or on the market



Employment

People are provided with a job within the venture ensuring a regular income.



Value chain integration

People are integrated into a value chain improving their income and, depending on the model, receive capacity building



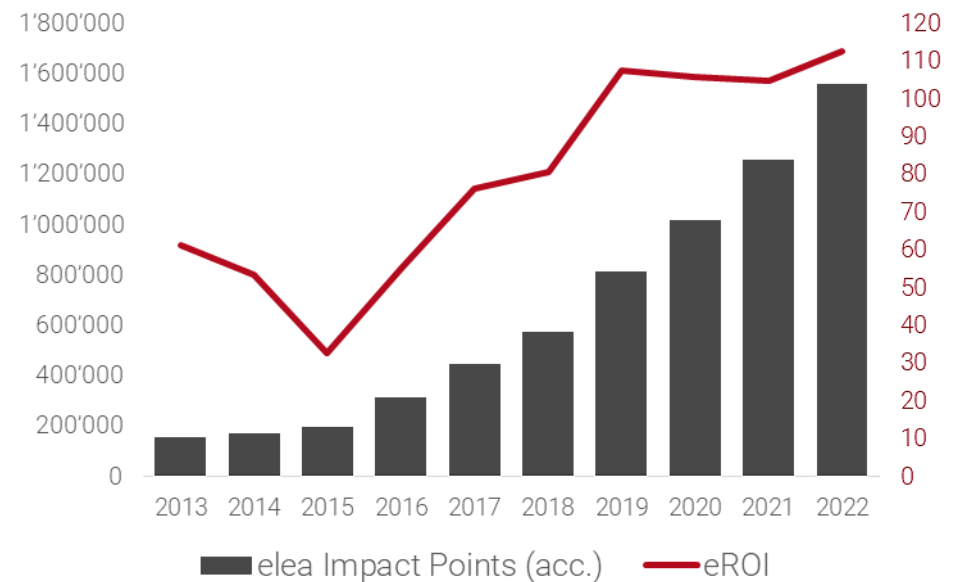
Access to products and services

People receive access to products and services that improve their productivity or that increase their disposable income

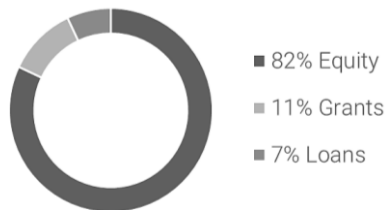
... and ultimately yields our overall performance

elea Impact Points continue to grow despite global uncertainties

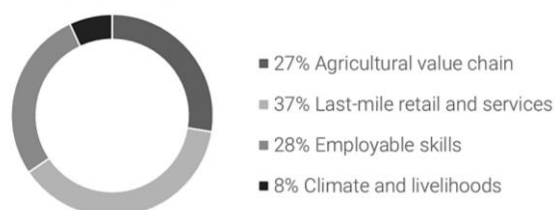
- **49 philanthropic investments** across Latin America, Sub-Saharan Africa, India, and South-East Asia
- **1'561'367 elea Impact Points** and an overall stable elea Return on Investment (eROI)
- More than **46m lives touched**



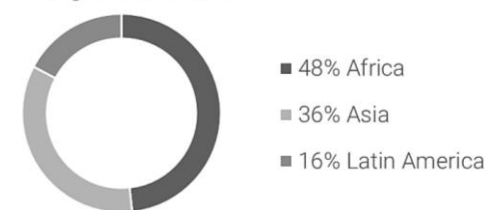
Investment structure



Sectoral allocation



Regional allocation



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Impact Ventures in practice



Making expensive infrastructure available for the BoP

Oorja provides affordable, reliable solar irrigation



Problem

- **Lack of access to reliable energy** in rural India
- Farmers **irrigate with** expensive, polluting and inconvenient **diesel pumps** and tend to underirrigate

Solution

- Oorja sets up, operates and maintains **solar-powered clusters**
- Irrigation, milling and cooling as a service **on a pay-per use basis**

BoP: The bottom of the economic pyramid refers to the poorest two-thirds of the population in the world.

Oorja creates outstanding impact

Model starting with significant impact, additional expectation to behavior change



20% savings on irrigation costs
(contributing 20-40% of costs for SHF*)



30% higher yield per season



Time savings and **increased convenience**



Reduced carbon emissions and enhanced
climate resilience



Oorja currently serves **2'800+ farmers**, generating
~30% income increase with expectation to grow

* Smallholder farmers

Oorja aspires to empower 1 million farmers by 2030

elea actively supports Oorja's leadership team

Oorja's Mission

Empower **1 million farmers globally by 2030** with the agricultural services they need to sustainably increase their income and quality of life.



How elea supports on the journey



Governance



Leadership & OrgDev



Vision & Strategy



Finance & fundraising



Impact

How do we find impact ventures?

Scouting Tour in Indonesia conducted



Venture selling wild-harvested rainforest products from West-Kalimantan



Platform for home-chefs in Bali and East Java

Thank you!

We look forward to connecting with you



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Q&A



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Thank you!
