The INGO Impact Investing Network was formed in 2015 by the Aspen Network of Development Entrepreneurs, GOAL, Humentum, Mercy Corps, and Pact, as a consortium of INGOs working together to gather and share knowledge about using private investment capital to solve pressing global development challenges. Since that time, recognizing opportunities to accrue new value to their missions through impact investing, more than 55 INGOs have joined and participated in activities, information sharing, and regular network forums.

In 2016, the Network published its first report, entitled Amplify: The INGO Value Proposition for Impact Investing. With two years of progress and 45% more INGO participants than the inaugural report, Amplify: The Next Mile of Impact Investing for INGOs tells the story of how INGO offerings to the impact investing ecosystem are maturing and what this new activity means for the process of disruption and innovation currently underway in the international non-profit space. This document provides a brief summary of the report’s findings.

executive summary

In recent years, international non-governmental organizations, traditionally known for implementing donor-funded programs for social and environmental impact around the world, have begun to make a distinctive imprint on the impact investing ecosystem. By leveraging assets unique among other stakeholders in impact investing, INGOs add value that differentiates them from other investors and intermediaries.

INGO’s main strengths lie in their understanding of local context and operating realities in emerging markets, global footprint, ability to leverage grant or concessionary funding, grassroots connections with potential customers, and long-standing commitment to impact first. Much of this remains unchanged from the value proposition laid out in the 2016 report, except that there are now more proof points of what this value looks like when put into practice, many of which will be explored through the chapters and case studies scattered throughout this report.

Yet, the story of INGOs in impact investing is evolving in a number of important ways:

INGO involvement is growing.

Since the INGO Impact Investing Network launched in 2015, there has been explosive growth in interest and activity in impact investing among INGOs. For this year’s survey, 45 INGOs submitted responses, a 45% increase from the 2016 survey. These organizations collectively represent $10.5 billion in annual revenue with 98,000 employees globally. INGOs are increasingly playing the role of investor and currently manage at least $916.7 million in assets.

Geographic Presence of INGOs and their Programs (n=45)

Read the full report at http://bit.ly/Amplify2ii
Why do INGOs matter in impact investing?

While INGOs conduct many different types of investment activity, increasingly, they are filling a specific niche that provides distinctive value to the impact investing ecosystem. By investing in difficult to reach companies, markets, and industries, INGOs are leveraging assets unique within the impact investing ecosystem.

• Global presence, networks, and local knowledge: With offices and staff all over the world, including in some of the most challenging operating environments, INGOs have a footprint quite different from the average investor that can be leveraged to work effectively with hard-to-reach companies in emerging markets.

• Sector expertise: INGOs have experience building programs and conducting research on impact areas as diverse as agriculture, basic education, and global health. Their deep knowledge of best practice can lead to more sustainable impact.

• Measurement: With decades of experience measuring their impact in a variety of impact areas and geographies, INGOs bring a uniquely informed perspective to the conversation about the best way to measure impact.

• Capacity development: Many INGOs have made capacity development for their local partners a core tenant of their value proposition on their grant-funded work. This same skillset can be adapted to provide value to investee companies through technical assistance.

• Blended finance: INGOs know how to access and leverage grant and philanthropic capital, which can be used to de-risk investments or provide technical assistance or other support services to impact businesses.

• Impact Focus: INGOs were built for impact. Their activity within the impact investing ecosystem tends to be highly impact-first.

INGOs are focusing on the unique niche they can fill.

In their early explorations of impact investing, INGOs brought their traditional resource development lens to the ecosystem, seeing impact investments as potential sources of revenue for their organizations. As their understanding of the field has matured, INGOs have begun to be involved in increasingly sophisticated ways, including structuring complex blended finance deals, creating multi-stakeholder social impact bonds, and providing nuanced technical assistance to social businesses. Network conversations center on creating new approaches to facilitating capital flows to high impact businesses.

INGOs are increasingly focusing their investing and technical assistance activity on difficult to reach markets or hard to structure investments, with the justification that their role is to de-risk high impact investments and attract additional capital that would not flow to that type of deal without the INGO’s involvement. Examples of the types of investments INGOs often target include companies in the pioneer gap or missing middle, impact-first companies generating below market rate returns, early stage companies requiring technical assistance to become investment-ready, or companies operating in frontier markets, fragile states or conflict zones.

Expectation of Returns (n=29)

- Market Rate 24%
- Concessionary Returns 48%
- Capital Preservation 28%
- Concessionary Returns 48%

INGOs are evolving, with impact investing as just one example of the business model innovation underway.

The way international development is funded and delivered is in the midst of a profound period of disruption that is pushing INGOs to experiment with new business models. In addition to their impact investing activity, INGOs are designing next generation corporate partnerships, launching new revenue models for their organization’s existing services, and innovating new products and services. As we see the traditional lines between sectors increasingly blur, INGOs involved in impact investing are defining themselves less and less by where they came from and more and more by what they can do and where they want to go. Impact investing is just one piece of the exciting story of INGO transformation.

INGOs are taking impact investing the next mile to extend impact investing’s reach to new companies and markets and to further the innovation already underway within the non-profit sector.
Why does impact investing matter to INGOs?

The traditional INGO, headquartered in the United States or Europe, and operating throughout the developing world, funded by private donations and government grants, is in a period of profound disruption. As INGOs seek to evolve, impact investing provides a new pathway to advance their missions.

- **Access to private capital**: As grant funding changes and competition increases, impact investing offers a way for INGOs to experiment with how they can use private, return-seeking capital for impact.

- **New partners**: Unlikely alliances with investors and companies push INGOs beyond their list of usual partners, creating new opportunities for cross-fertilization of ideas.

- **New approaches**: To end global poverty, INGOs must find ways to effectively support small and growing businesses in target markets, encouraging job creation and economic growth.

- **Experimentation with new business models**: As INGOs evolve, they are in an exciting period of experimentation as they test new business models that can create mission-aligned impact and sustain their operations. Impact investing offers one vision for what may come next.
 chapters within this report

- The Effects of Impact Investment Laws and Regulations on INGOs
- Post Investment Support Maximizes Outcomes
- Gender Lens Investing
- Beyond Building Capacity: Leveraging Impact Investing to Transform INGOs into Tri-Sector Organizations
- Social Impact Measurement: Making Results-Based Financial Decisions
- The Case For INGO-Run Accelerators
- An In-Depth Look At Blended Finance
- Communicating the Impact in Impact Investing
- How Ready Is Your Organization to Engage in Impact Investing? An Organizational Readiness Tool

Amplifyii is a joint effort of more than 55 international non-governmental organizations working together to bring the scale, skills, and resources of the international social sector to amplify the impact of impact investing.

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Read the full report at http://bit.ly/Amplify2ii

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