



2018 CONFERENCE REPORT

THIRD VATICAN CONFERENCE ON IMPACT INVESTING

*Scaling Investment in Service of Integral
Human Development*



“Impact investment at its center is investment in real human values. When Ban Ki-moon presented the SDGs in 2015 at the United Nations, he referred to the SDGs as a human dignity narrative that leaves nobody behind. How can that be achieved? With integral human development and impact investing. Integral human development refers to not only economic needs, but also the spiritual and cultural needs of each person and everyone around them.”

—HIS EMINENCE, CARDINAL PETER K.A. TURKSON, DICASTERY FOR PROMOTING INTEGRAL HUMAN DEVELOPMENT

“The priorities which the Catholic Church has set on health, education, the environment, refugees, and migration are central to the challenges that our society faces. I think the reason for which, or because of which, impact investment was created was that we all came to feel that the system cannot continue to operate in its present form. Governments are unable to cope with the scale of social issues.”

—SIR RONALD COHEN, GLOBAL STEERING GROUP FOR IMPACT INVESTMENT

I. INTRODUCTION

On July 8–10, 2018, the Dicastery for Promoting Integral Human Development (Dicastery) and [Catholic Relief Services](#) (CRS) hosted the Third Vatican Conference on Impact Investing (VIIC2018). VIIC2018 is the latest in a biennial series of conferences that serve as a vital, long-term, global platform around Pope Francis’ vision of “placing the economy at the service of peoples.” The conference was co-sponsored by the [Omidyar Network](#) and [Caritas Internationalis](#).

VIIC2018 welcomed 160 participants, including leaders representing large investment firms, social enterprises, investment advisory firms, government, institutional and family foundations, and the Catholic Church. The primary objective was to move more money into the impact investing sector with an emphasis on targeting the most poor and vulnerable. VIIC2018 profiled investment opportunities and initiatives across asset classes (e.g., debt, equity, grants) in four key issue areas: Health, Youth Employment, Migrants & Refugees, and Climate Change. The conference generated dynamic discussion and momentum with more than 50 people and organizations pledging almost \$1 billion in new impact investment to be raised or deployed over the next several years. More than 100 additional pledges were made to conduct due diligence, mentor social enterprises, strengthen the ecosystem, and more (see “Commitments” in Section V). CRS will be tracking commitments and sharing out progress.

II. FRAMING THE CONVERSATION

On Sunday evening, the conference opened with an informal armchair discussion among Sir Ronald Cohen, Cardinal Peter K.A. Turkson, and Sean Callahan, moderated by John Allen, Jr. The discussion was a high-level overview of how actors in the impact investing sector are affected by global policy, in particular the Sustainable Development Goals (SDGs). The SDGs are not solely focused on poverty alleviation; they also include more holistic goals such as reducing inequality and achieving peace and justice.



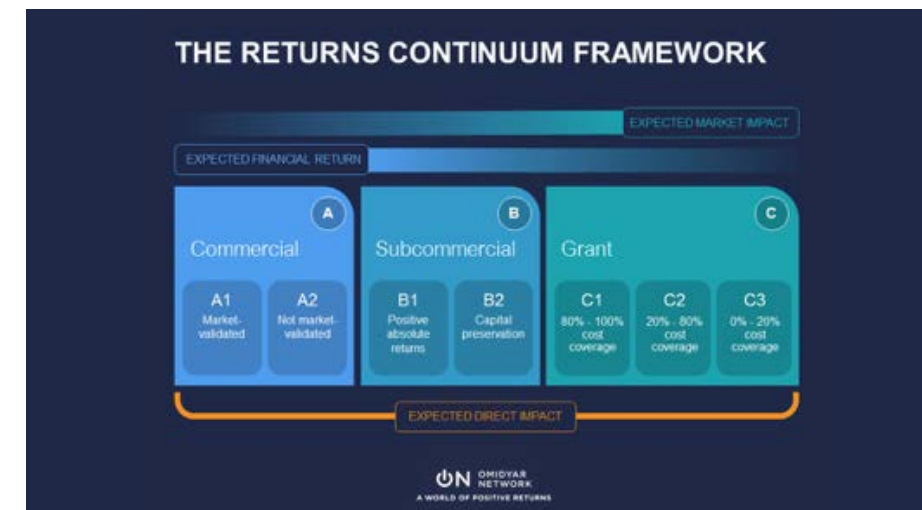
Left to right: Sir Ronald Cohen (Global Steering Group for Impact Investment); His Eminence, Cardinal Peter K.A. Turkson (Dicastery for Promoting Integral Human Development); John Allen, Jr. (CNN; Crux Catholic Media); Sean Callahan (CRS). Photo by Remo Casilli.

These holistic goals align the SDGs with the Catholic principle of integral human development: putting the person at the center of development and looking beyond material needs to the spiritual, cultural, political, and social aspects of our lives.



Left to right: Vineet Rai (Aavishkaar-Intellect Group); Mezuo Nwuneli (Sahel Capital); Tracy Palandjian (Social Finance US); Maya Chorenge (The Rise Fund, TPG Growth); Matthew Bannick (Omidyar Network). Photo by Remo Casilli.

Matt Bannick, Omidyar Network (ON), opened the first full day with a presentation on Omidyar’s Returns Continuum Framework, pictured below. He described how ON deploys the type of capital that is the best fit for the impact it wants to achieve; there is a place for Commercial (Type A), Subcommercial (Type B), and Philanthropic (Type C) capital to finance social entrepreneurs and support the impact investing ecosystem. Bannick also noted that while there has been substantial capital flowing into A1-type enterprises, other segments have been underfunded. Throughout the conference, participants deliberated on this question as well as on how to bring overall return expectations down for scalable social impact, and what collaborations are needed to realize this impact.



The framing of the conference continued with a discussion of progress within the Church since 2016, including the creation of the Caritas Internationalis Impact Investing Working Group. Church leaders have been pursuing capacity development in impact investing and social enterprise in their own regions. Additional conversation on how to scale impact for the poor and vulnerable followed. KL Felicitas, MacArthur Foundation, Investisseurs & Partenaires, and the Oblate International Pastoral Investment Trust (OIP Trust) discussed increasing the use of blended finance, structuring retail vehicles to finance the high-impact missing middle, and creating local jobs to increase impact on the most poor and vulnerable.

“There’s a \$2–3 trillion gap in financing the SDGs. We have to do something differently to get these resources to change lives with dignity and in a sustainable manner. The Holy Father said in 2014 at the World Economic Forum, ‘I ask you to ensure that wealth is there to serve people, not to rule people.’ We need to ensure that those of us who have benefited from wealth are not here to rule people and tell them what to do, but rather to serve them.”

—SEAN CALLAHAN, CATHOLIC RELIEF SERVICES

“Impact investors are driven to tackle the world’s most gnarly social challenges. Social impact bonds are investment opportunities that help the most vulnerable people in our communities achieve integral human development.”

—TRACY PALANDJIAN, SOCIAL FINANCE US

“Sisters are always there. Others come and go, but the Sisters will always remain. We have a vision of why we are there for the people; our desire is to transform their lives and to make a difference.”

—SR. ENELESS CHIMBALI, SBVM, ASSOCIATION OF CONSECRATED WOMEN IN EASTERN AND CENTRAL AFRICA



Left to right: Bishop Lucius Ugorji (RECOVA); Sr. Eneless Chimbali, SBVM (ACWECA); Rev. Séamus Finn, OMI (ICCR, OIP Investment Trust). Photo by Remo Casilli.

On Tuesday, audience members received a firsthand look into U.S. government activities from David Bohigian, executive vice president, Overseas Private Investment Corporation (OPIC), and Sean Jones, senior deputy assistant administrator, Bureau for Food Security, United States Agency for International Development (USAID). OPIC and USAID are both focused on catalyzing impact investment by mitigating risks, creating multi-stakeholder approaches, and focusing on sustainability. Bohigian stated, “Our most difficult challenge is trying to address the scale of today’s global problems. The same thinking that created these problems will not solve them.” In March 2018, OPIC launched its 2x Women’s Initiative, which will deploy \$1 billion in capital for woman-owned, -managed, and -empowering businesses. USAID recently established its Journey to Self-Reliance initiative to reorient its policies, strategies, and program practices to better support countries to plan, finance, and implement solutions to their own development challenges. Both agencies have also worked with the Catholic Church to achieve development objectives. Jones cited the Church as “a leader in development with a particular ability to influence in a way that few other organizations can, across different socioeconomic classes around the world.”



Left to right: Sean Jones (USAID); David Bohigian (OPIC); Jennifer Pryce (Calvert Impact Capital). Photo by Remo Casilli.

III. SECTOR FOCUS AREAS

The conference focused on four areas of great interest to the Catholic Church and the wider development community: Health, Youth Employment, Migrants & Refugees, and Climate Change. Each discussion opened with an overview of issues within the sector followed by examples of how the investment community and private sector are addressing these barriers. You can find a full posting of the plenary session videos and additional information on the conference website, viiconference.org. Brief overviews of the social enterprises, investment vehicles, and initiatives highlighted during the conference are included on the next four pages.



Photo by Jake Lyell/CRS.

HEALTH: SCALING HEALTH CARE ACCESS FOR THE POOR

Consolata Hospital Kyeni is a Diocesan-run health facility in Kenya. PharmAccess Foundation provided technical assistance to improve its quality of care and management, which enabled the hospital to access loans through the Medical Credit Fund. The loans allowed Consolata to upgrade its facilities and expand, increasing the number of outpatients it serves from 12,000 to 72,000 and its revenue growth from -2 percent to +51 percent between 2015 and 2017.

Ascension Investment Management (AIM) provides investment and consulting advice to institutional investors based on a foundation of faith. AIM provides investment solutions that expect a commercial rate of return and social impact; its current portfolio includes a retail pharmacy in Kenya that provides safe and affordable pharmaceuticals.

The **Utkrisht Impact Bond** supports frontline health workers in Rajasthan, India, to improve maternal and newborn care in 440 private health facilities, reaching up to 600,000 pregnant women and saving as many as 10,000 lives. USAID is one of the outcome payers.

“Today, more than half of the world’s population lacks access to essential health services. Almost a hundred million people are pushed into extreme poverty every year because of the costs of paying for care out of their own pockets.”

—DR. TEDROS GHEBREYESUS, WORLD HEALTH ORGANIZATION

“There are 290 million youth between the ages of 15 and 24 who are not participating in employment, training, or education. That is larger than the population of Indonesia. It is almost equal to the population of the United States. And it’s going to grow.”

—JERI ECKHART QUEENAN,
THE BRIDGESPAN GROUP



Photo by Oscar Leiva/Silverlight for CRS.

YOUTH: INCREASING ACCESS TO JOBS

Digital Divide Data (DDD) employs youth from low-income families in developing countries and military spouses and veterans in the United States, providing access to professional opportunities to earn lasting higher incomes in the digital field. DDD provides services including digital content development, data services, and research to its corporate clients.

iMerit provides underserved youth in India and the United States with the opportunity to build meaningful careers in technology. It trains employees to become capable digital professionals and provides the technology sector with a highly motivated, engaged, and scalable workforce.

PeopleShores/RuralShores empowers young adults in economically challenged communities in India and the United States by developing, honing, and enhancing their professional skills in the technology sector. RuralShores alone has now scaled to 16 centers across nine states in India, currently employing more than 4,000 youth and providing a professional career path to nearly 10,000 youth.

YouthBuild International (YBI) creates viable, sustainable livelihoods for youth in 32 countries through training, education, employment, and self-employment. A primary area of youth employment has been through construction for affordable housing, and YBI is currently exploring a development impact bond focused on housing.

“Approximately 68 million people are displaced internally or externally today, which is higher than World War II. So, this is a serious, serious crisis.”

—RANDALL KEMPNER, ASPEN NETWORK OF
DEVELOPMENT ENTREPRENEURS

MIGRANTS AND REFUGEES: FINANCING SMES OWNED BY OR SERVING THE DISPLACED

Miller Center for Social Entrepreneurship at Santa Clara University launched Social Entrepreneurship at the Margins, a six-month accelerator program for social enterprises that serve or are led by migrants, refugees, and human trafficking survivors. The accelerator runs from May to October 2018, culminating with a showcase in San Francisco.

KOIS Invest is structuring a Development Impact Bond to fund livelihood interventions in employment and entrepreneurship for Syrian refugees and vulnerable populations in host countries. The bond targets more than 5,500 beneficiaries and the creation of more than 4,000 sustainable businesses to create a high-visibility proof of concept to help mobilize international funding.

Massachusetts Pathways to Economic Advancement Project is a pay-for-success initiative within the United States to increase opportunities for immigrants and refugees to progress up the economic ladder by making successful transitions to employment, higher wage jobs, and higher education.

The **Kiva World Refugee Fund (WRF)** was launched in 2017 with support from the Alight Fund, Tent Foundation, and USA for United Nations High Commissioner for Refugees (UNHCR). WRF mobilizes Kiva lenders to support refugees and internally displaced persons (IDPs) starting or running enterprises and counters the misperception that these borrowers are too risky. According to Kiva’s WRF 2018 Impact Report, “refugee and IDP borrowers have a high repayment rate on par with non-refugee borrowers.”



Photo by Karen Kasmauski/CRS.

The **Refugee Investment Network (RIN)** is the first impact investing and blended finance collaborative dedicated to creating long-term solutions to forced migration. The RIN provides investors with market research, deal sourcing, structuring, and facilitation and acts as a unifying voice for investors to improve refugee work and enterprise policies.

“If you are displaced today, you will be displaced for 26 years. So, this is not a temporary situation. ...You are potentially spending decades away from your home.”

—DR. CHRISTINE MAHONEY, FRANK BATTEN
SCHOOL OF LEADERSHIP AND PUBLIC
POLICY, UNIVERSITY OF VIRGINIA



Photo by Petterik Wiggers/CRS.

INTEGRAL ECOLOGY: CLIMATE CHANGE AND DEVELOPMENT

Dominican Sisters and **Morgan Stanley** are raising funds to combat climate change and test mechanisms to deploy capital in alignment with Laudato Si.

Social Investment Managers & Advisors (SIMA) Funds creates impact for low-income customers in off-grid solar and financial access markets. SIMA's Senior Debt Fund I provides financing to solar home system companies and advisory services for investors and foundations.

New Forests is a sustainable real assets investment manager that provides innovative strategies in forestry, land management, and conservation. It manages \$3.3 billion for a future in which landscapes will encompass both production and conservation values.

Maggie's Organics is a social enterprise that sources organic, fair trade cotton from emerging markets to make apparel such as socks and leggings. Maggie's has been chased from continent to continent by climate change to ensure its supply of cotton and sees first-hand the effect of climate change on its business and the livelihoods of small cotton farmers.

“Climate change is not only the greatest challenge of our generation, it is possibly the greatest challenge humanity will ever face. The changes that are happening to our planet are threatening nearly every aspect of our global community. They pose an existential threat to the 9 million species inhabiting this planet, including all of us.”

—AMIT BOURI, GLOBAL IMPACT INVESTING NETWORK

IV. SPOTLIGHT—AZURE

CRS and the Inter-American Development Bank's Multilateral Investment Fund (IDB/MIF) announced their partnership on Azure, a blended finance facility catalyzing both investment and grant capital to improve water and sanitation services for under-served communities in El Salvador. Azure is composed of two integrated components: 1) Azure Source Capital, LLC, a U.S.-based finance company founded by CRS and IDB/MIF that will provide loan capital for local water service providers (WSPs) to improve or expand water and sanitation infrastructure; and 2) Azure Technical Services, a technical assistance facility that provides engineering, project management, and business and financial support to WSPs. Azure will support 150 WSPs to improve water services for 300,000 rural and peri-urban residents in El Salvador over the first three years, with the intention to expand to other countries in Latin America. An overview video of Azure and its impact can be found [here](#).



Left to right: Top: Sarah Forcino (CRS); Paul Hicks (CRS); John Simon (Total Impact Capital). Bottom: Steve Walsh (CRS); Beth Collins (CRS); Oscar Armando Rodriguez (Azure S.A.). Photo by Remo Casilli.

“Opportunities like Azure are long overdue. The Catholic community needs to find more ways to match available funding sources to existing local solutions, through institutional-quality, impactful investment structures.”

—BRYAN PINI, MERCY INVESTMENT SERVICES

V. COMMITMENTS

VIIC2018 was designed as a results-oriented conference to move more capital into the impact investing sector and increase its impact on the most poor and vulnerable. Fifty-three participants responded to the conference's challenge, and made one or more impact commitments, including:

INCREASE THE AMOUNT INVESTED IN IMPACT OR IMPACT FOCUS ON THE POOR AND VULNERABLE. Participants pledged to increase investment or impact for their personal portfolios and family foundations, to grow their organization's asset allocations, increase related philanthropic funding, and potentially pursue creating new vehicles.

Commitments from organizations included **Vineet Rai, Aavishkaar-Intellectap Group**, who pledged to raise and invest \$700 million by 2022 with increased impact for the world's poorest. Currently, he is raising a \$100 million fund for India and a \$150 million fund for Africa. **Laurie Spengler, Enclude Capital**, and **Thane Kreiner, Miller Center for Social Entrepreneurship**, committed to creating a "pooled investment vehicle to provide working capital to first-mile distributors in clean energy, safe drinking water, and other products to improve the lives of the poor." **Cornelius Türk, Caritas Austria**, is planning to become a new impact investor "with one to two fund investments in 2019 followed by, most likely, one to two direct investments in 2020."

John O'Shaughnessy, Catholic Impact Investing Collaborative (CIIC), committed to "personally increase my equity allocation invested in impact to 50 percent." **Randall Kempner, Aspen Network of Development Entrepreneurs**, shared, "On a personal level, I will deploy 10 percent or more of my assets to impact investing."

BECOME A MENTOR. Participants committed to mentor Church and other entrepreneurs, organize trainings, and create dedicated teams to move impact investing forward. For example, immediately following VIIC2018, **Miller Center for Social Entrepreneurship** began working with the **Association of Consecrated Women in Eastern and Central Africa (ACWECA)** to plan social entrepreneurship trainings for 10 ACWECA member congregations in East Africa starting in 2019.

FILL A RESOURCE GAP IN THE ECOSYSTEM. Pledges came in for creating tool kits, grant programs, an off-grid solar investing consortium, a Refugee Investment 101 resource, and more. **Pat Dinneen, CRS Board of Directors and Emerging Markets Private Equity Association**, committed to "form a team to explore the creation of a Catholic impact investing platform, possibly as a holding company structure with different funds for sectors (e.g., healthcare, education, agribusiness) and asset classes (e.g., equity, debt, infrastructure)." **Debra Schwartz, MacArthur Foundation**, spoke of efforts to bring large-scale institutional capital together with impact for the most poor and vulnerable by "developing a grant program to support research, tools, and a community of practice that informs and increases the use of catalytic capital." In addition, there will be new opportunities to discuss impact investing for migrants and refugees due to commitments by **Amit Bouri, Global Impact Investing Network (GIIN)**, and **Randall Kempner, Aspen Network of Development Entrepreneurs (ANDE)**, to include dedicated sessions at their organizations' respective 2018 conferences.



Mary Jane Creamer (CRS). Photo by Remo Casilli.

"We at KOIS will deepen our work on developing vehicles to attract private capital to be deployed in investments favoring refugees around the world, with the goal to have commitments of more than \$100 million by the next conference in 2020."

—FRANCOIS DE BORCHGRAVE,
KOIS INVEST



Sr. Jane Wakahiu, LSOSF, PhD (Conrad N. Hilton Foundation). Photo by Remo Casilli.

CONDUCT DUE DILIGENCE. Numerous participants expressed interest in conducting diligence on entities profiled at the conference, including Kiva's WRF, OIP Trust, SIMA, Azure, and refugee and migrant investment vehicles, among others.

Bryan Pini, Mercy Investment Services, has conducted initial due diligence meetings with Azure Source Capital, SIMA Funds, and several other managers. Additional meetings with environmental and refugee and migrant investments are anticipated for potential inclusion in the Mercy Partnership Fund, Mercy's concessionary global community investing program, and the Environmental Solutions Fund, its market-rate global environment impact program. **Alex Paul, Athena Capital**, will conduct diligence on SIMA Funds, and refugee and migrant investment vehicles, among others. **Winfried Hinzen, Hinzen Privatkontor-Consultant for Orders and Congregations** in Germany, will be conducting diligence on Kois Invest, Kiva, and OIP Trust, stating that he is "convinced investing in such vehicles or even collaborating in professional managed social impact projects is a convenient opportunity for religious organizations to expand their FIRE (financial and impact return on equity)."

In order to create a pipeline for investment, **John Kluge, Refugee Investment Network** and **Alight Fund**, will "profile an initial pipeline of refugee and migrant deals and make them available to VIIC participants."

BUILD NEW PARTNERSHIPS. Participants committed to following up with sector networks including GIIN, ANDE, CIIC, TONIIC, RIN, and the Interfaith Center on Corporate Responsibility. **John Kluge** has offered an "open invitation to any VIIC participant to join the Refugee Investment Network." **John O'Shaughnessy** expressed interest in multifaith engagements; for example, a CIIC collaboration with organizations like the JLens Investor Network.

"Explore ways to mobilize U.S. parishes to undertake impact investing programs locally and possibly to 'twin' with an overseas parish or diocese in frontier markets, for example a parish from Archdiocese of Boston with a parish from Archdiocese of Nairobi."

—DR. PATRICIA DINNEEN,
CATHOLIC RELIEF SERVICES AND
EMERGING MARKETS PRIVATE
EQUITY ASSOCIATION

“Thank you for bringing us all together from different parts of the world, Almighty God, to fulfill your promise of making humanity and the world a better place for each and every individual, no matter where they come from.”

—LILIAN M. OMOKE, DIGITAL DATA DIVIDE



Left to right: Lilian M. Omoke (Digital Divide Data); Laurie Spengler (Enclude Capital); Jeremy Hockenstein (Digital Divide Data). Photo by Remo Casilli.

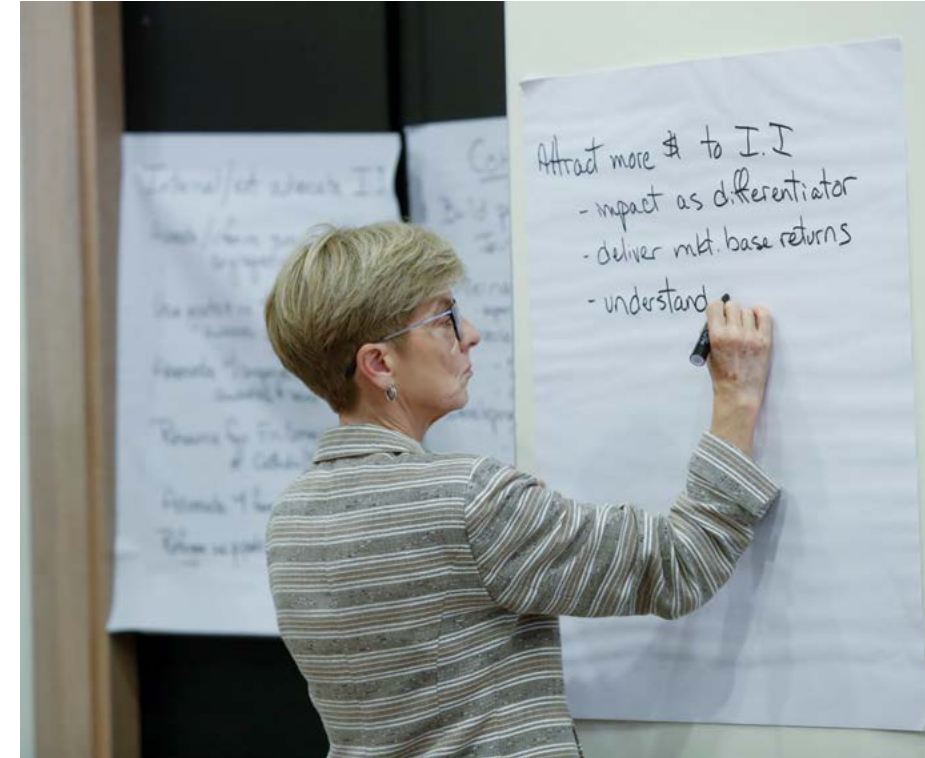
BECOME AN INTERNAL ADVOCATE. Participants from all sectors and backgrounds showed their commitment to furthering impact investing within their organizations, including government, investment advisory firms, ecosystem builders, networks, Church and religious entities, and foundations. **Matt Austin, USAID**, said that he will “work with the Center for Faith and Opportunity Initiatives to deepen USAID’s engagement with our faith-based partners around the topics of finance and investment.”



Rev. Augusto Zampini Davies, PhD (Dicastery for Promoting Integral Human Development). Photo by Remo Casilli.

“We need to change dramatically in order to promote an integral way of contributing to the development of the world; a proper human and Christian way of understanding growth. Throughout this conference and given the current situation in the world, please reflect on how you as individuals—who are extremely important in the eyes of God—can help the development of the world to be more integral and less, I would say, partial. Shifting instead to this promotion of integral human development, which helps those in need, especially those who are left behind.”

—REV. AUGUSTO ZAMPINI DAVIES, PHD, DICASTERY FOR PROMOTING INTEGRAL HUMAN DEVELOPMENT



Jeri Eckhart Queenan (CRS; The Bridgespan Group). Photo by Remo Casilli.

VI. NEXT STEPS

The Dicastery and CRS are grateful for the time, knowledge, and information shared during the Third Vatican Conference on Impact Investing, along with the inspiring commitments. CRS will be in touch to share progress and convene side meetings at three upcoming conferences: the 2018 ANDE Annual Conference (October 2–4 in New York); SOCAP18 (October 23–26 in San Francisco); and the 2018 GIIN Investor Forum (October 30–31 in Paris). These side meetings will be the first chance for participants or their organizations to communicate their plans and progress since the conference. CRS will continue to provide avenues to share new commitments, additions to existing commitments, and updates and progress, whether through in-person meetings, surveys, direct follow-up, or other outreach. We look forward to sharing the fulfilment of many of these commitments. We have no doubt that the stage is set for advancing the objectives of the 2018 conference: Scaling Investment in Service of Integral Human Development.

“Organize a 2020, or even 2019, conference. It was one of the best conferences I have ever attended.”

—HANN VERHEIJEN, CORDAID INVESTMENTS



