

# Mobilizing social investments for social enterprises

# Social Investments

- Impact investing
- Responsible investing
- Socially responsible investments

**Investments** made into companies, organizations, and funds with the intention to generate **social** and **environmental** impact alongside a **financial** return



# Social investment sectors

- Sustainable agriculture
- Renewable energy
- Conservation
- Microfinance
- Affordable and accessible basic services including housing, healthcare, and education

# Core characteristics of social investments

- Intentionality
- Investment with return expectations
- Range of return expectations and asset classes – “Impact first” versus “financial first” social investors
- Impact measurement



# Wide variety of investors making social investments

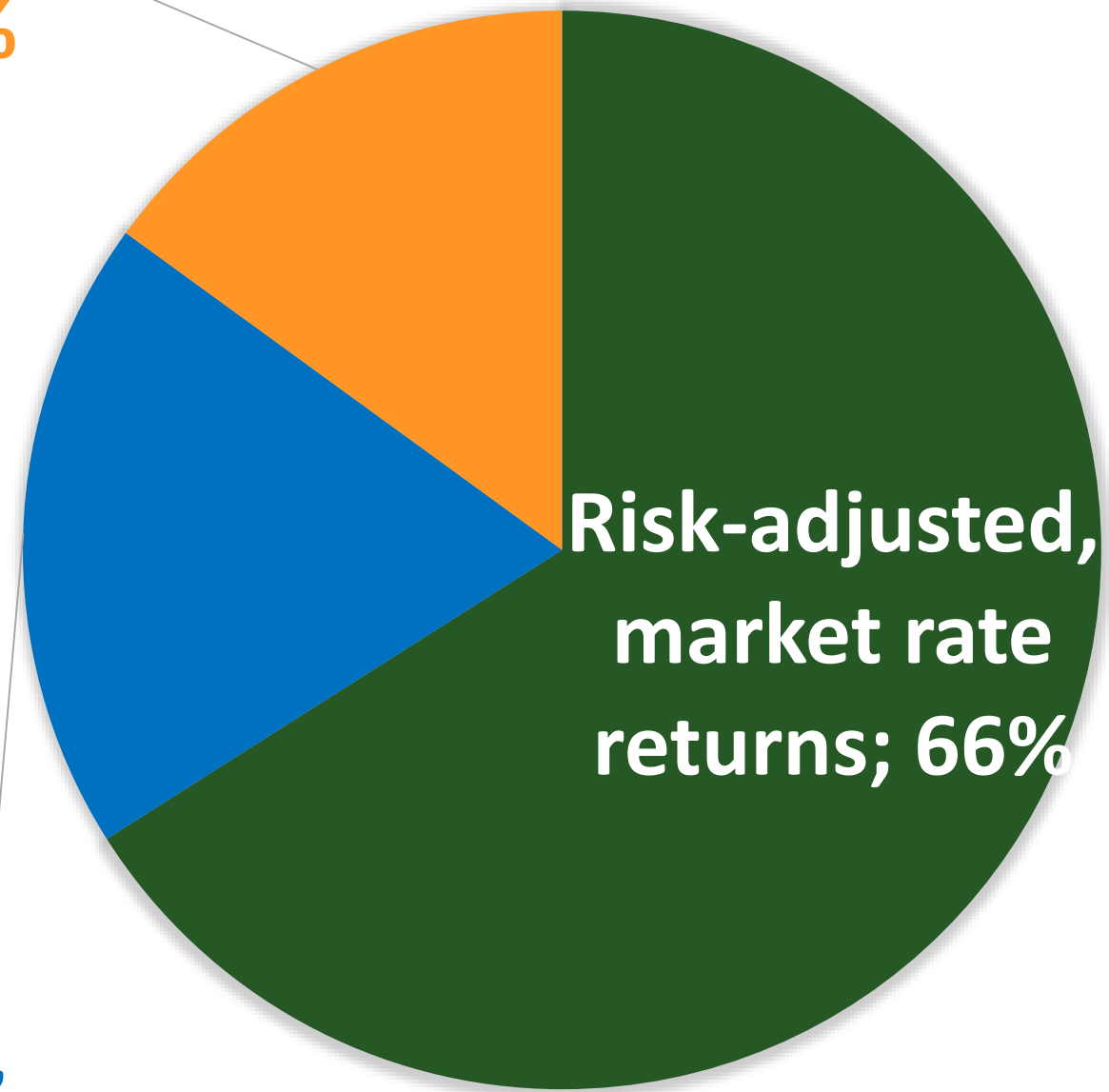
- Fund Managers
- Development finance institutions
- Diversified financial institutions/banks
- Private foundations
- Pension funds and insurance companies
- Family Offices
- Individual investors
- NGOs
- Religious institutions



**Below-market-rate returns, closer to capital preservation; 15%**

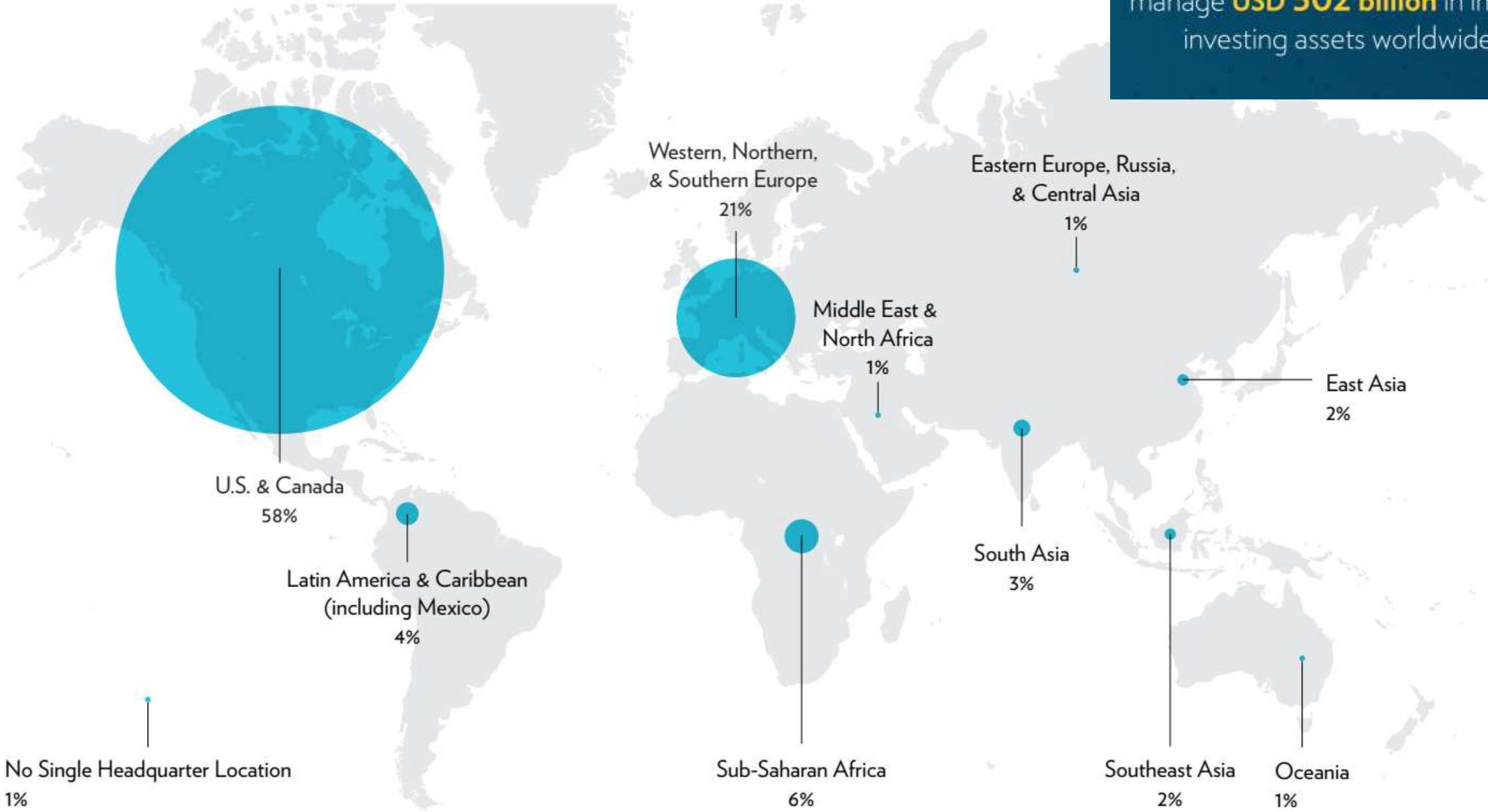
## **Target financial returns principally sought**

**Below-market-rate returns, closer to market rate; 19%**



n = 1102; excludes organizations for which headquarters location was unknown.

Over 1,340 organizations currently manage **USD 502 billion** in impact investing assets worldwide.



Source: GIIN



# SEDPI

Group of Social Enterprises

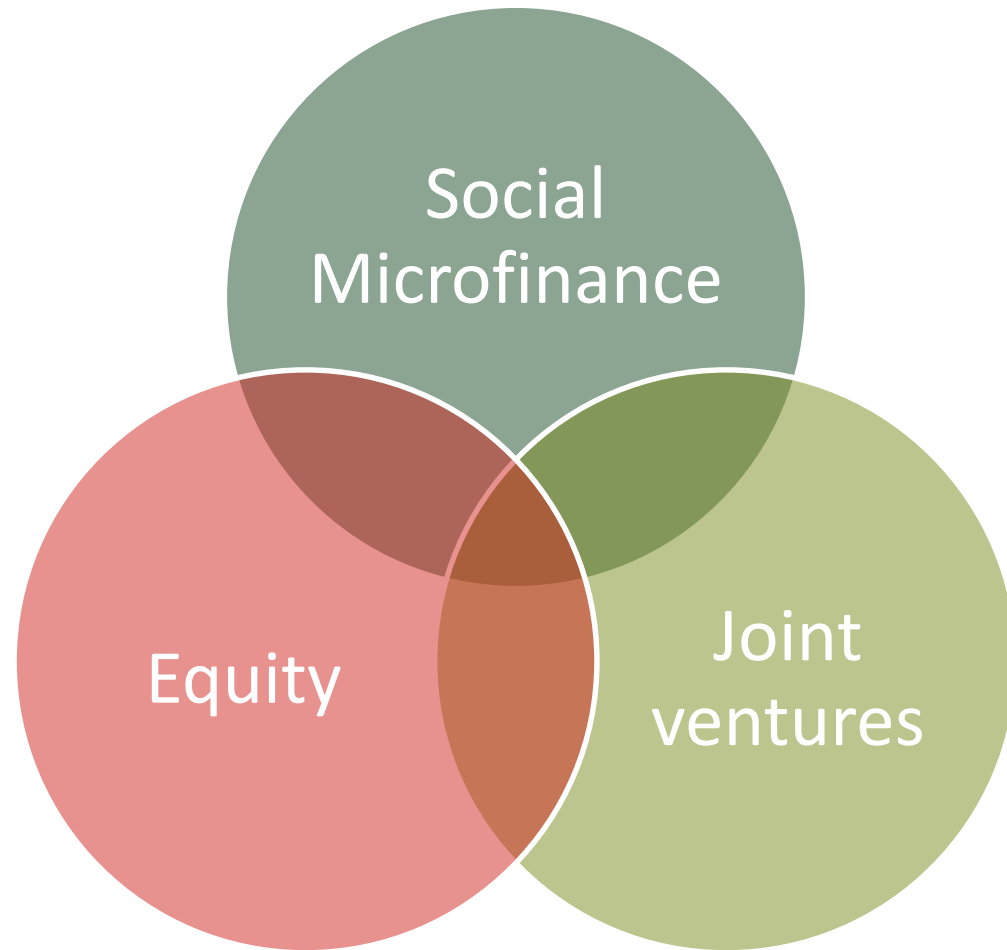




## Empowerment to marginalized Filipinos

Orgs	Services	Year
SEDPI	Training, research and consulting	2004
SDFI	Financing	2008
SSEVI	Real estate	2012
SFI	Publications and advocacy	2013
ARDCI	Banking	2015
SEDPI Pte	Training and publication in Singapore	2016

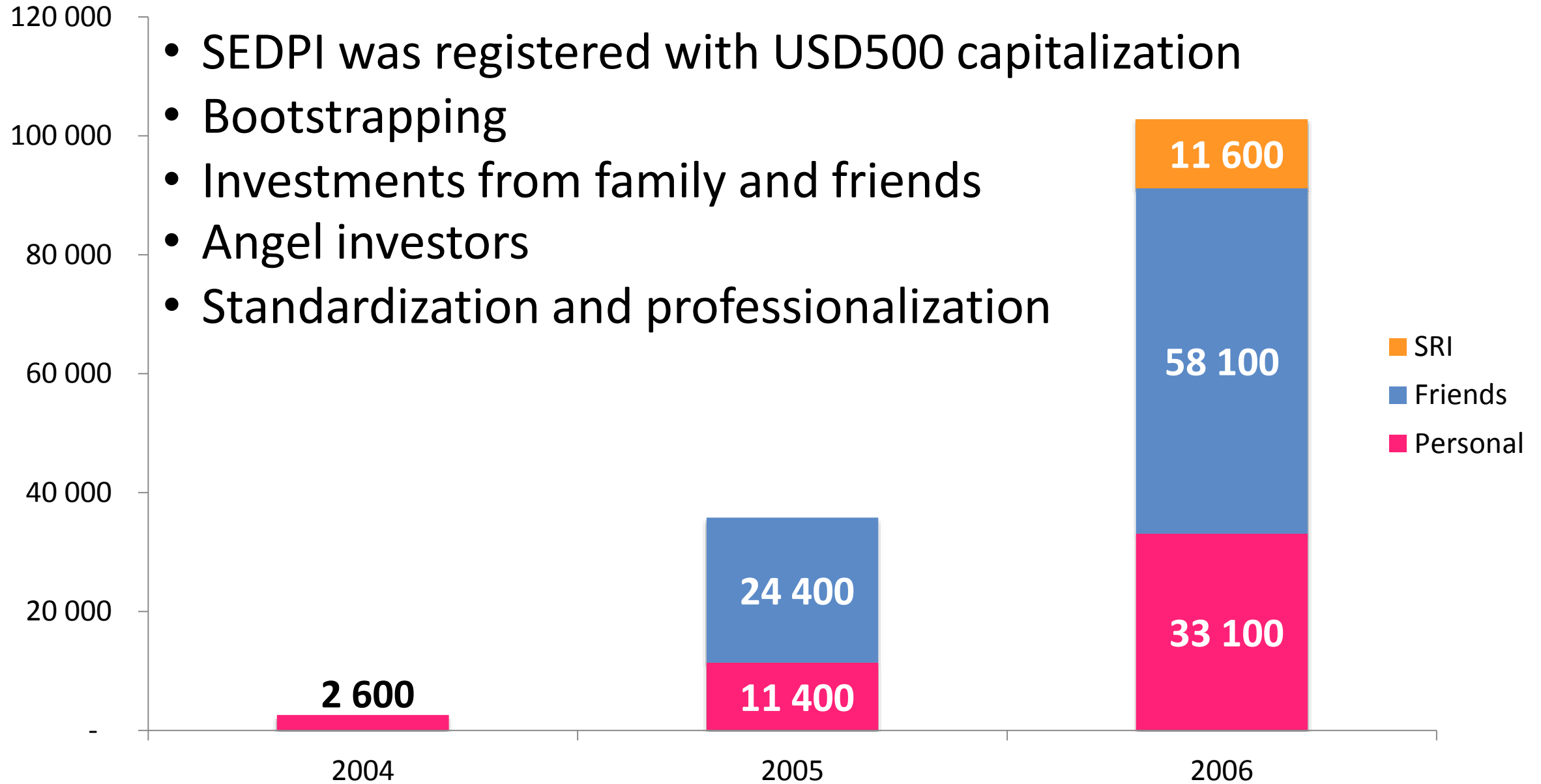
# SEDPI Development Finance, Inc.



 **SEDPI**  
Group of Social Enterprises

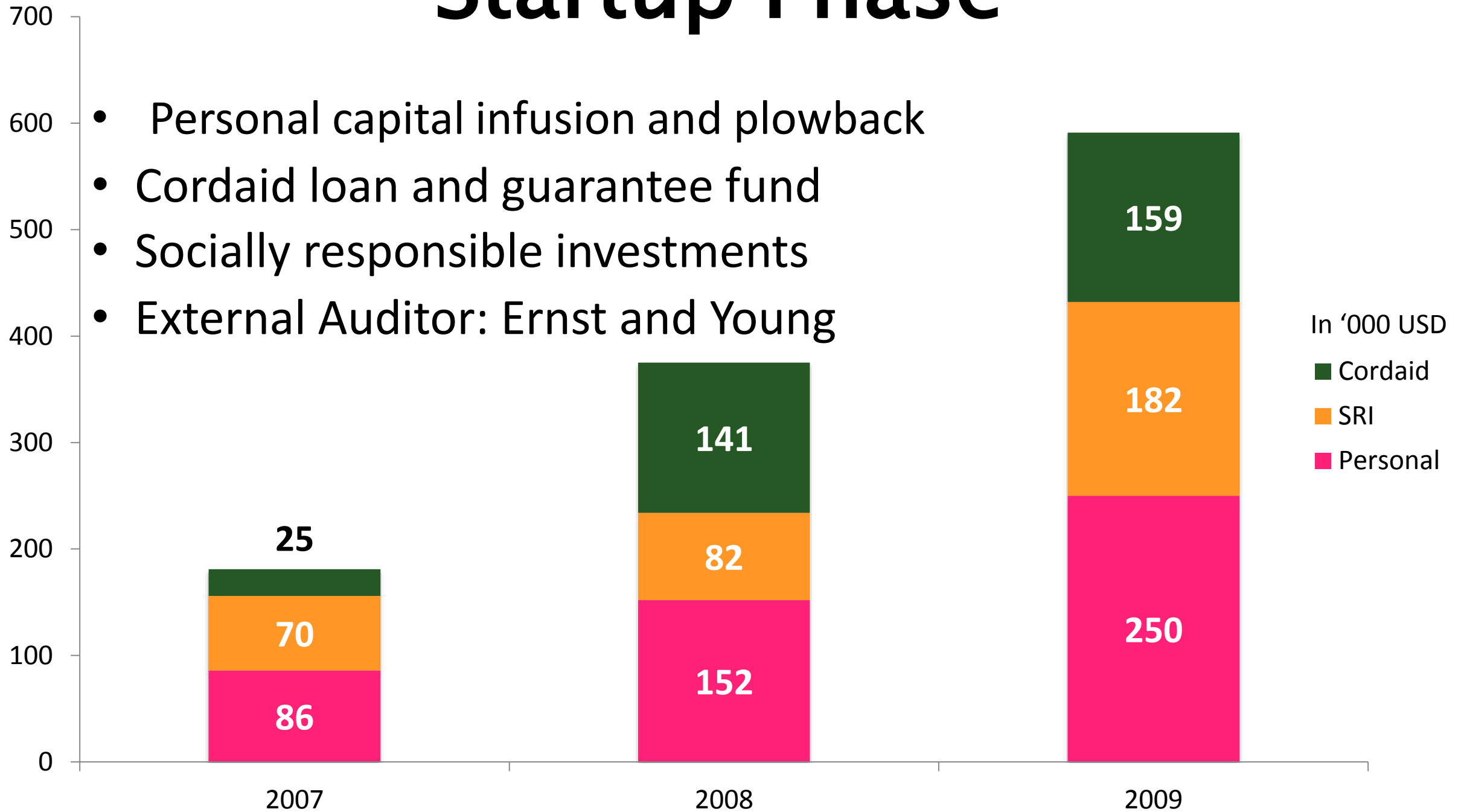
- Microfinance portfolio
  - Working capital to microenterprises
  - Access to government social welfare programs
  - Indigenous and commercial insurance schemes
- Social enterprise portfolio
  - Working capital to cooperatives, social enterprise corporations & non-government organizations
  - Equity in cooperatives and rural bank

# Start Up Phase



- SEDPI was registered with USD500 capitalization
- Bootstrapping
- Investments from family and friends
- Angel investors
- Standardization and professionalization

# Startup Phase



- Personal capital infusion and plowback
- Cordaid loan and guarantee fund
- Socially responsible investments
- External Auditor: Ernst and Young

# SEDPI

SOCIAL INVESTMENTS



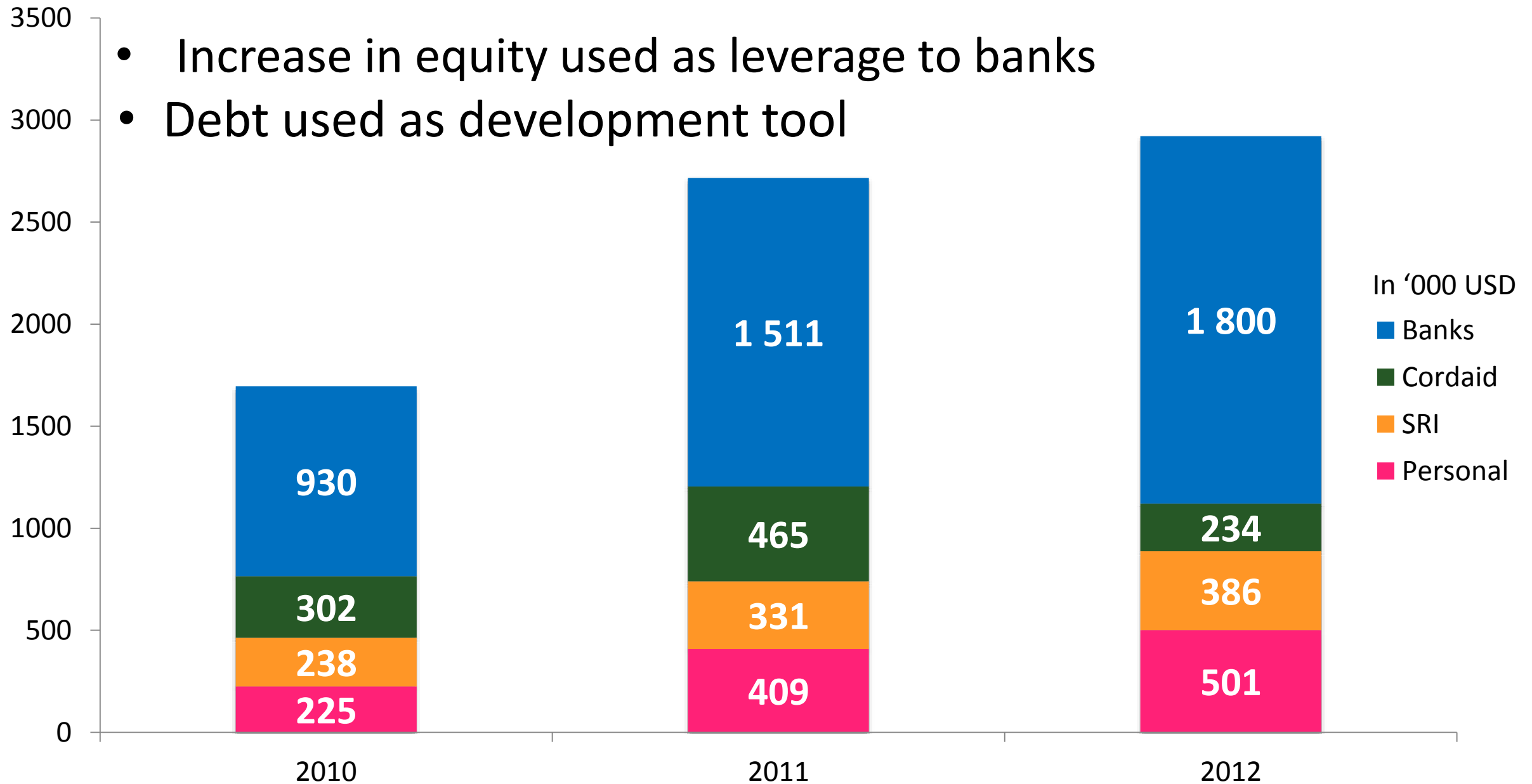
Pioneer in mobilizing **social investments** for microfinance and social enterprise stakeholders that economically **empower the poor** through **financial education**



For **social investors**  
who would like to **build**  
and **preserve** their  
**capital** with **modest**  
**returns** and want  
**positive social**  
**impact**

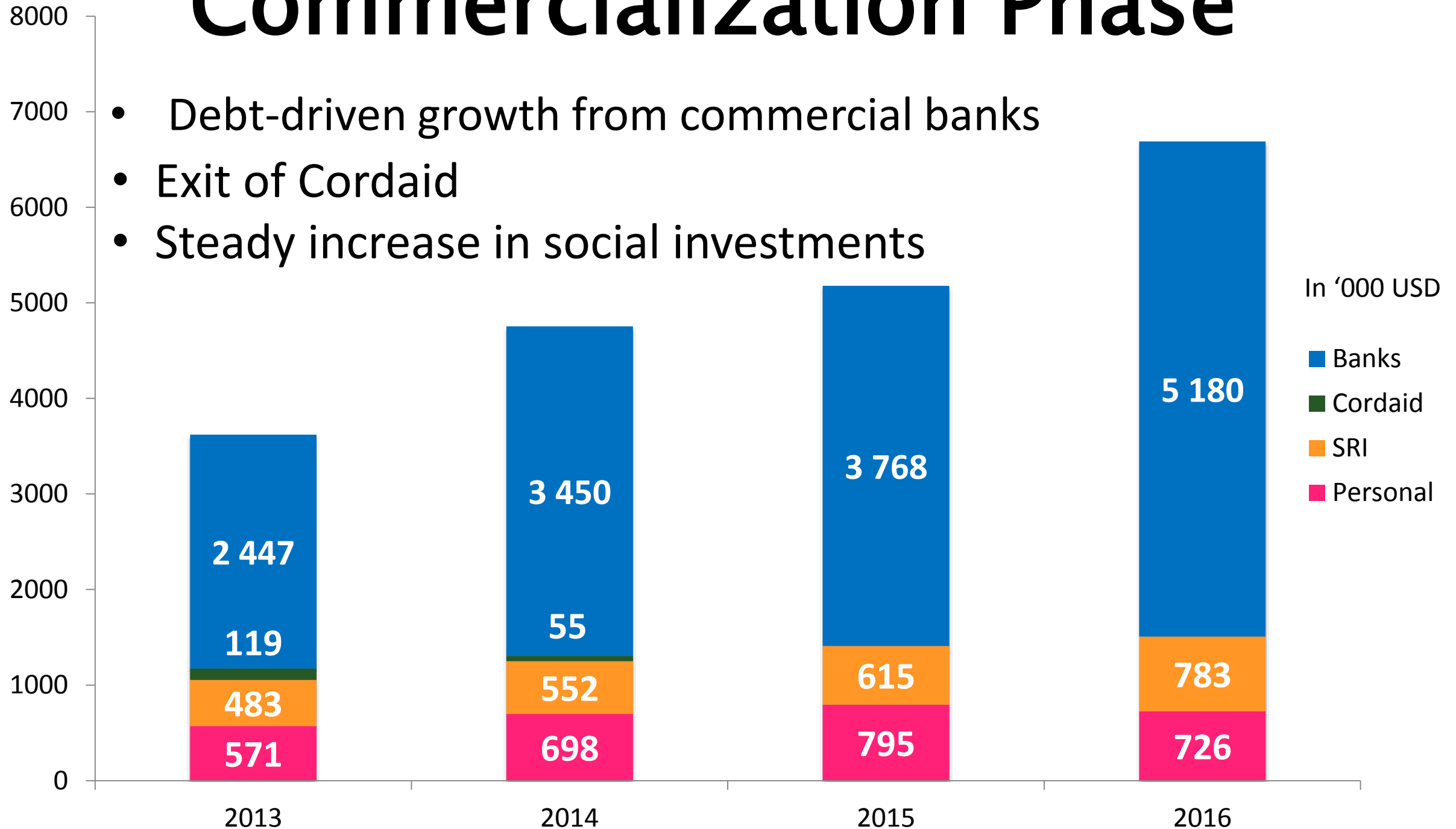
# Commercialization Phase

- Increase in equity used as leverage to banks
- Debt used as development tool



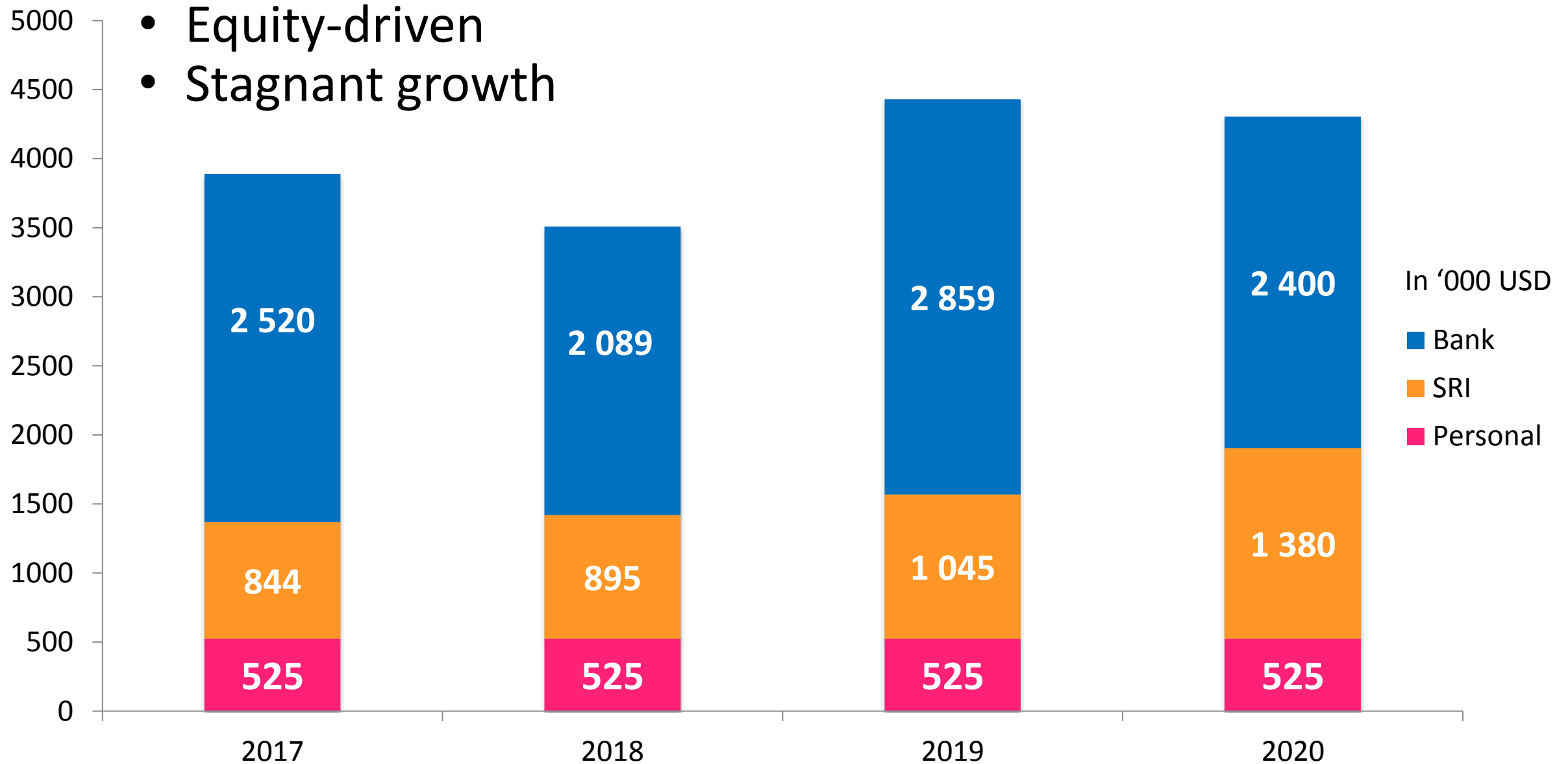
# Commercialization Phase

- Debt-driven growth from commercial banks
- Exit of Cordaid
- Steady increase in social investments



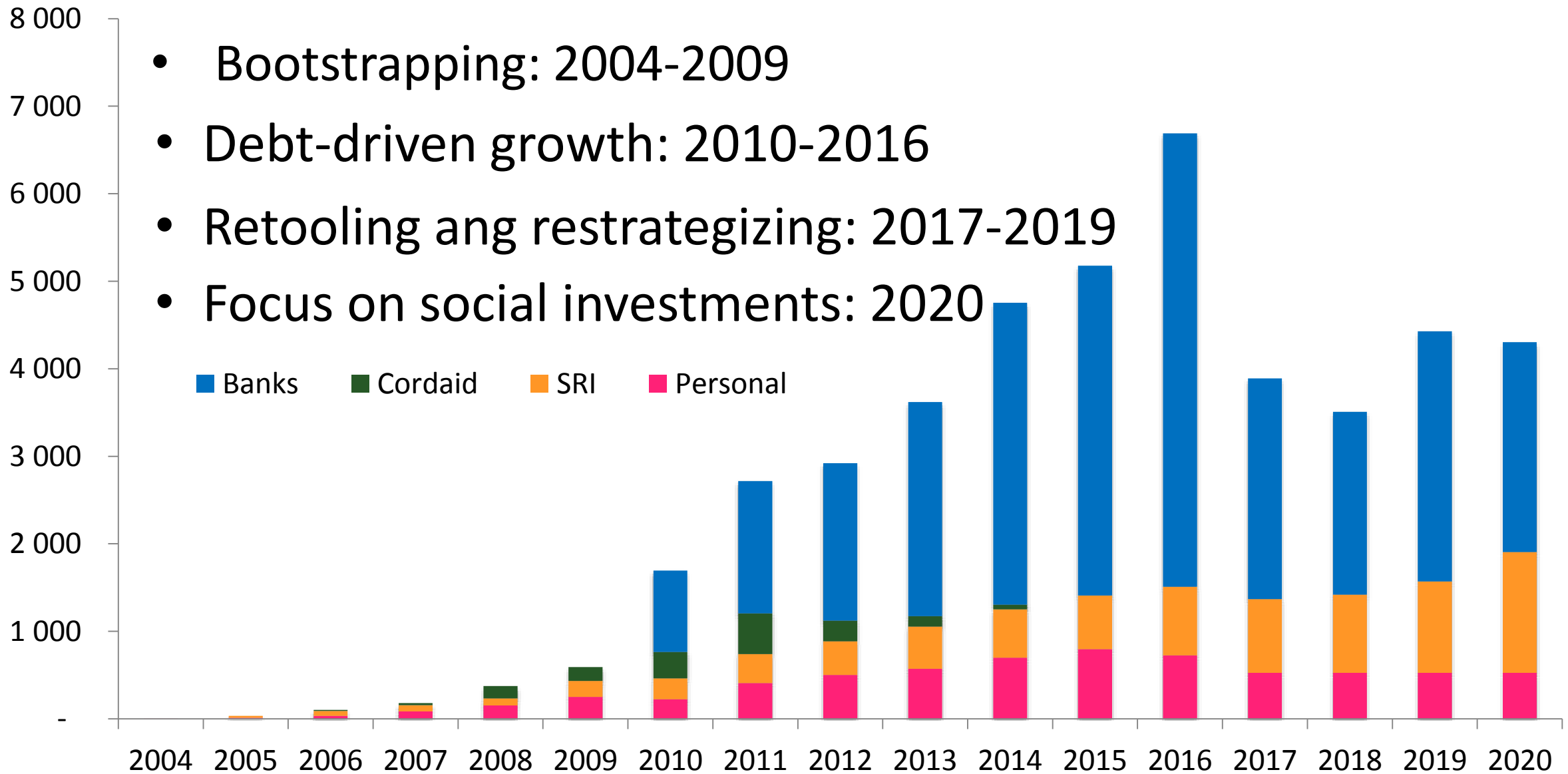


# Maturity Phase



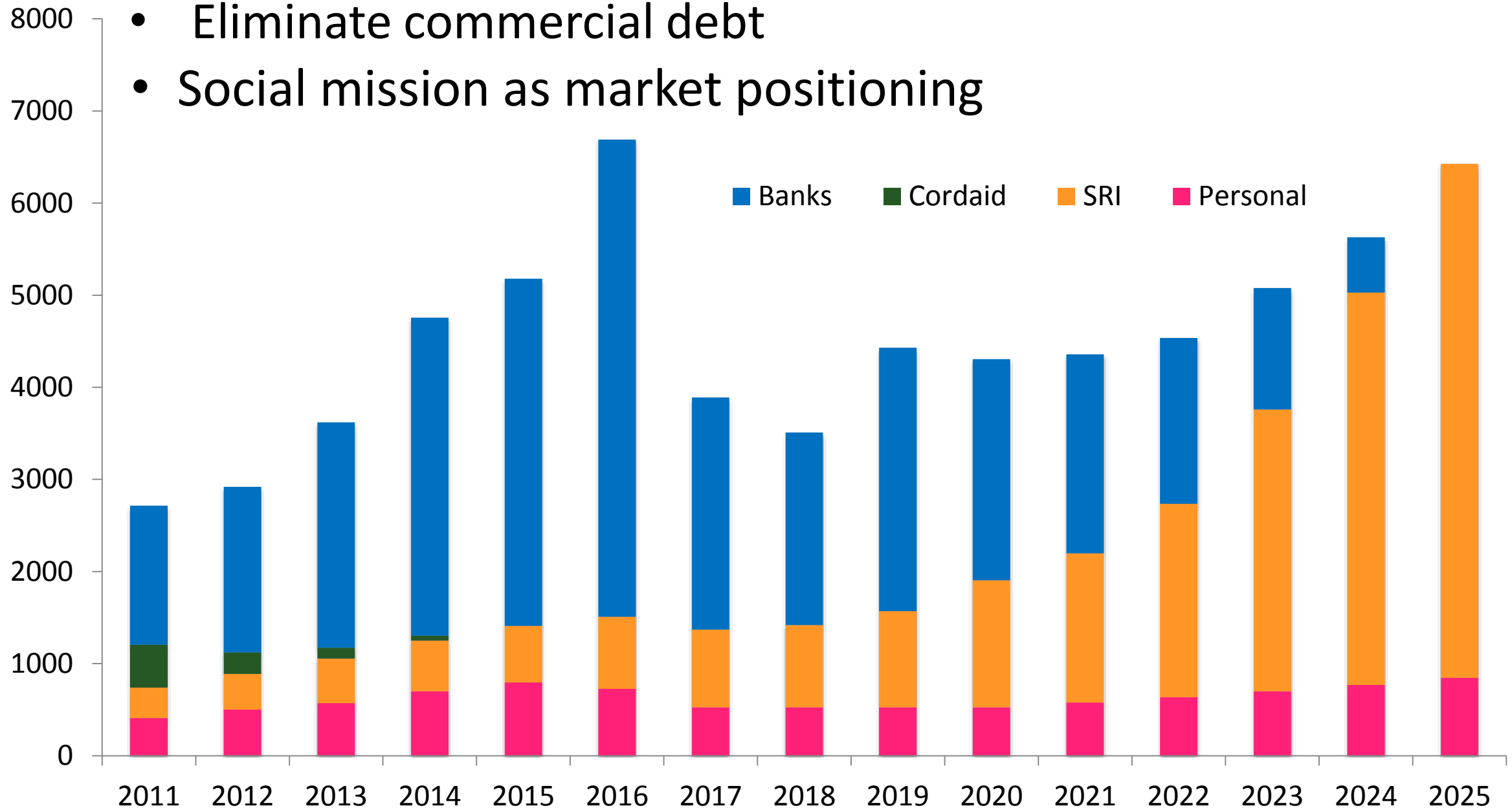
# Financial resources

- Bootstrapping: 2004-2009
- Debt-driven growth: 2010-2016
- Retooling ang restrategizing: 2017-2019
- Focus on social investments: 2020



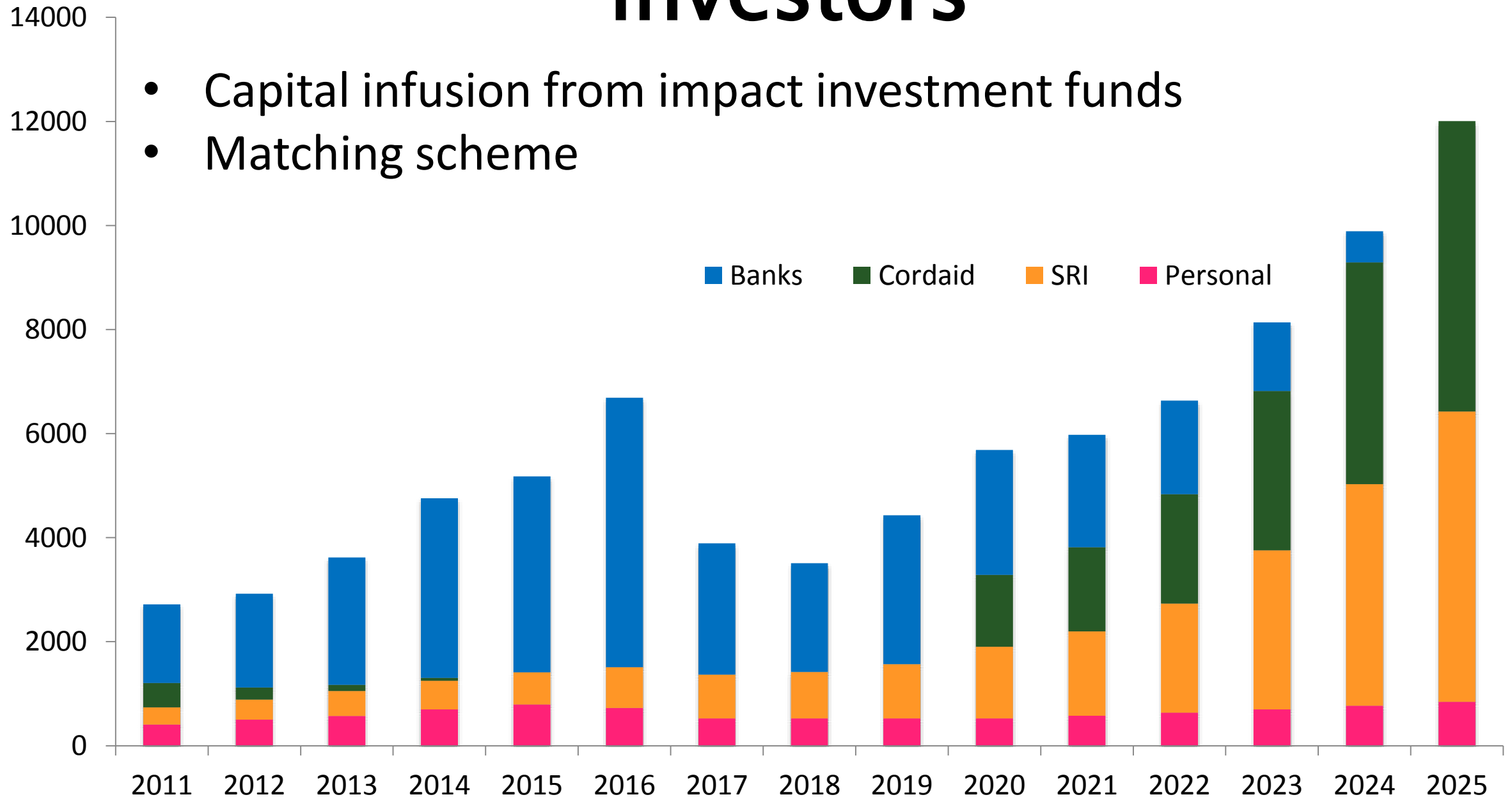
# Way forward

- Eliminate commercial debt
- Social mission as market positioning

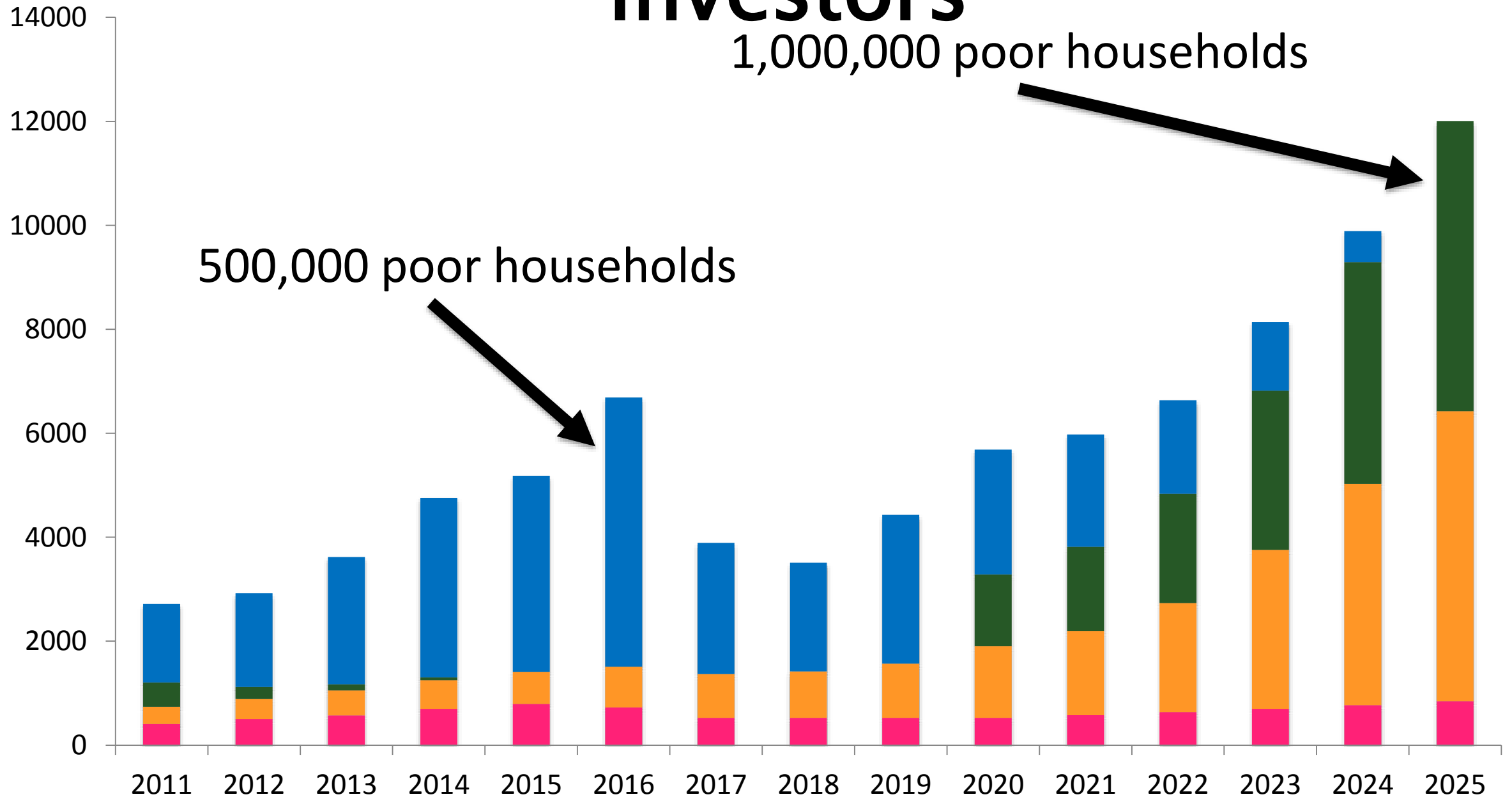


# Support from impact investors

- Capital infusion from impact investment funds
- Matching scheme



# Support from impact investors



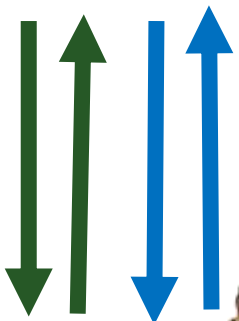


Social Enterprise Ventures



**Social investment**

**Profit/  
Risk  
sharing**



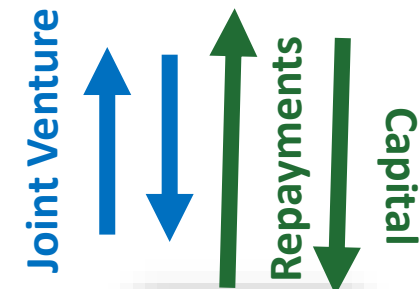
**Joint  
venture**



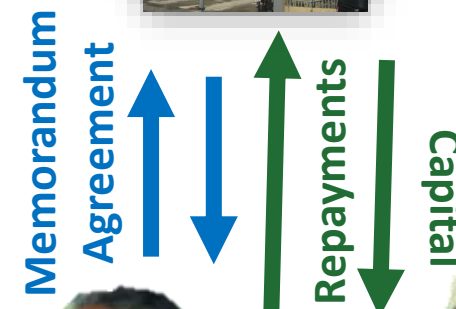
OFWs / Social investors



Development Finance, Inc.



Organic Options,  
MFIs & SES



Micro and small enterprises, farmers,  
fisherfolks, artisans etc.



Training, research and consulting

# The poor helping the poor



Women  
microentrepreneurs  
in rural areas



Women migrant  
domestic workers



# SEDPI

Group of Social Enterprises



Social Enterprises



NGOs / Bank



Since 1967



Cooperatives





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Group of Social Enterprises

# Microfinance institutions

- Billionaire cooperatives and microfinance NGO
- ~700K combined outreach nationwide
- Released PhP1.8B loans to microfinance institutions serving 500,000 microenterprises



# Social enterprises

- Sustainable agriculture
- Farm tourism
- Renewable energy
- Food and handicraft

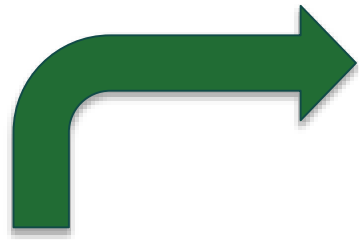


Organic Options, Inc.  
BUILDING A HEALTHY NATION





# Microenterprise development with financial literacy



Release JV contribution

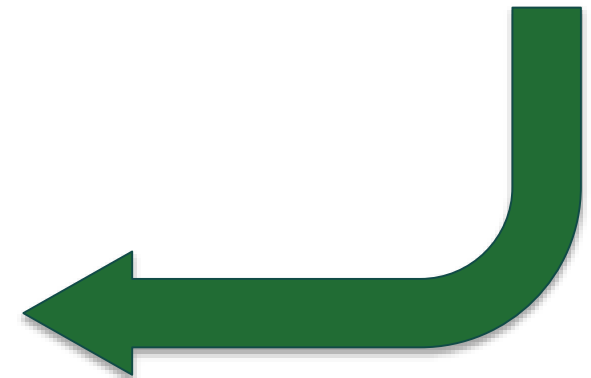


JV capital grows  
microenterprise



Life insurance coverage  
Access to government services  
Damayan: Fire and calamity

 **SEDPI**  
Social Microfinance



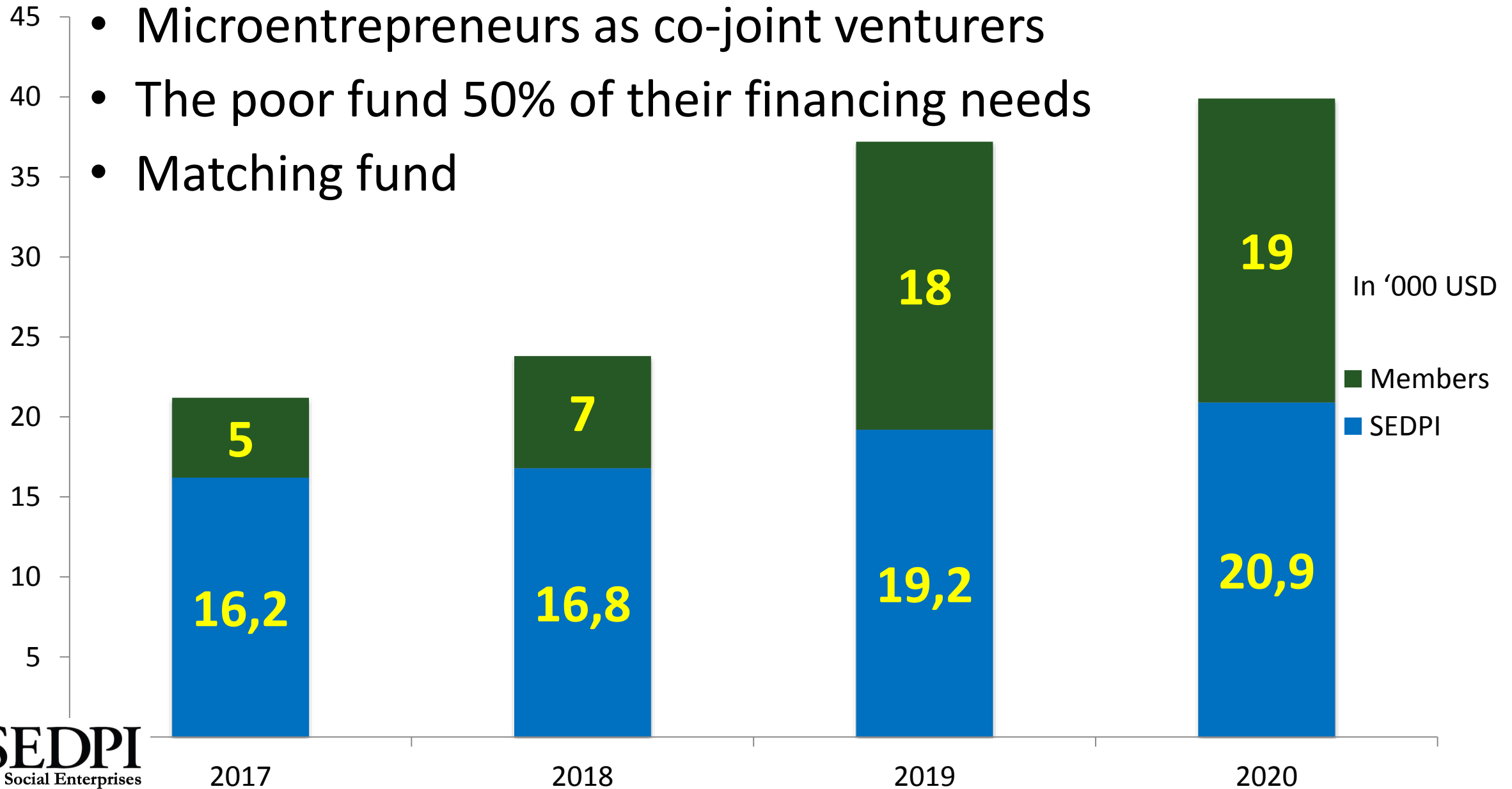
JV capital repayment  
JV counterpart accumulation



Financial literacy trainings Joint  
venture formation  
Agriprenurship

# Grassroots-led financing

- Microentrepreneurs as co-joint venturers
- The poor fund 50% of their financing needs
- Matching fund



# 2019 SEDPI Impact Social Microfinance



70% improved education



82% improved business



81% improved nutrition



67% improved housing



82% increase in income



34% non-poor



partnership  
with  
government



SOCIAL SECURITY SYSTEM



DEPARTMENT OF AGRICULTURE  
PHILIPPINE CROP  
INSURANCE CORPORATION



PhilHealth  
*Your Partner in Health*



# SEDPI

Group of Social Enterprises



- Socialized housing loan at 3% p.a. interest rate (versus 15% p.a. market rate)
- Land acquisition fit for 300 housing units





# SEDPI

Group of Social Enterprises



*SOCIAL SECURITY SYSTEM*

- Social insurance for low income households
- Access to retirement benefits



- CLIMBS Life and General Insurance Cooperative
- Life insurance coverage to
  - Members and their families – microenterprises
  - Social investors, especially Overseas Filipino Workers



Social Enterprise Development  
Partnerships, Inc.



 **SEDPI**  
Group of Social Enterprises

## Social Enterprise Development Partnerships, Inc.



Microfinance



Social Entrepreneurship



Financial Literacy



Pro-poor market development



Disaster and climate change



Gender and development

# Capacity-building Reach

- Provided capacity building services to ~7,000 socially-oriented organizations in 21 countries
- Trained 25,000 Filipino migrants abroad (Overseas Filipino Workers)



# Government projects



## Climate Change Commission

- Conditional cash transfer to 500 poor households
- Climate smart agriculture and green financing
- USD100,000



## Department of Agrarian Reform

- Microfinance and agripreneurship to 35 agrarian reform beneficiary organizations
- Reach: 55,000 poor households
- USD1.8 million

# Trained 23 microfinance institutions nationwide



- USD7 million micro-agri loans released to 18,000 agrarian reform beneficiaries
- Generated USD1.5 million in savings and share capital

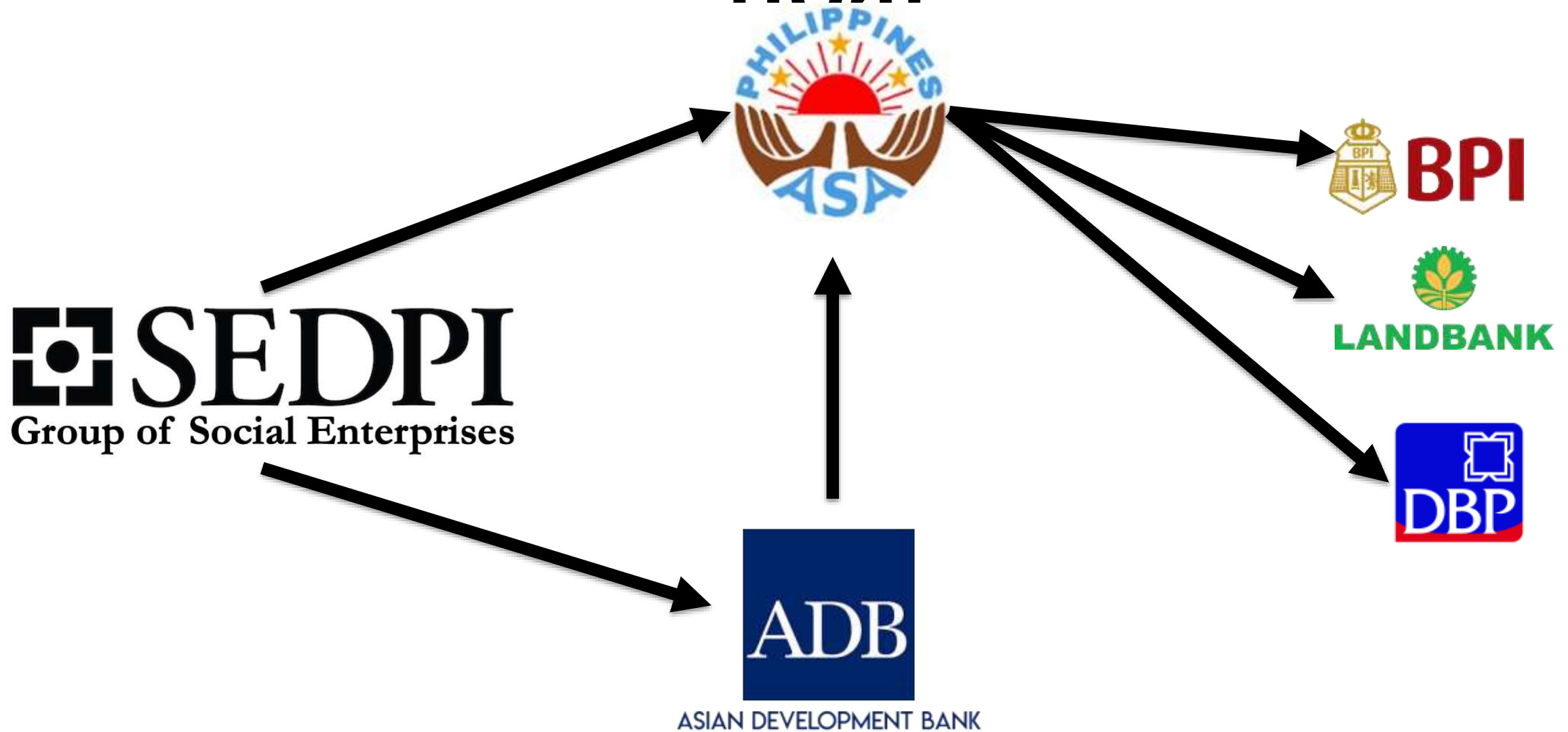
# Developed operations manual for microfinance for the National Confederation of Cooperatives

- Generated USD20 million in savings and share capital from farmers
- Replicated in 67 cooperatives nationwide
- Released USD40 million loans to 200,000 farmers





# Due diligence to ASA Philippines' USD80 million bond float



# The “new normal” in SE financing

- Social mission focus
- Shift from capitalism to risk–sharing and profit–sharing
- Grassroots–led solidarity financing
- Improving absorptive capacity on finance through capacity building