Impact Investing Innovations to Support Sustainable Food Production

AK Food Policy Council Conference 2016

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Agenda

- What is Impact Investing?
- How does Impact Investing relate to food production?
- Fish 2.0
 - Case study Alaska Marine Conservation Council's Alaska Community Seafood Hub
- Questions
- An idea for your feedback
- Resources (handout)

What do all these ventures have in common?

- Stonyfield Farms (organic yogurt)
- Zipcar (environmentally friendly car-sharing)
- Honest Tea (responsible supply chain for iced tea)
- RecycleBank (curbside recycling meets couponing)
- Grameen Bank (microfinance pioneer)
- Iriquois Valley Farms (young farmer land access)
- Husk Power Systems (rural electrification)
- A to Z Textile Mills (anti-malarial bednets)
- Goldman Sachs Social Impact Bonds (early childhood education)
- Liberty and Justice (women-owned manufacturing)
- Catalyst AgTech (reducing agrochemical products)
- LifeSpring (low-cost maternity hospitals)
- Karenegera Coffee KZ Noir

What is Impact Investing?

- Impact investments are investments made into companies, organizations, and funds with the <u>intention to generate social and environmental impact alongside a financial return</u>.
- Provides capital to address the pressing challenges in sectors such as sustainable agriculture, fisheries, clean technology, microfinance, and affordable and accessible basic services including housing, healthcare, and education.



Who Makes Impact Investments?

- Diversified financial institutions
- Pension funds
- Private foundations (making program and/or mission-related investments)
- Insurance companies
- Development finance institutions
- Specialized financial institutions
- Large-scale family offices
- Fund managers
- Individual investors

What is current scale and potential?

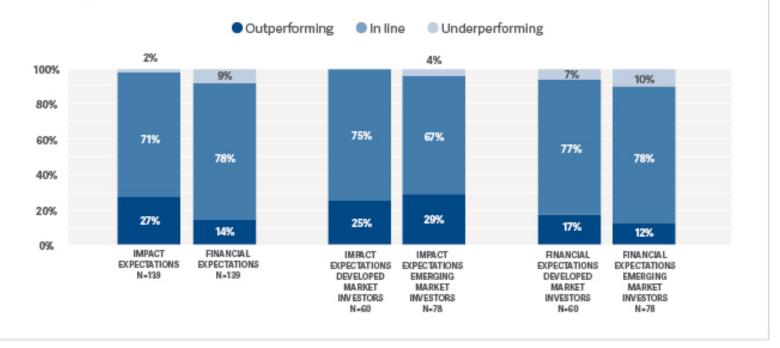
- Estimated that \$60Bn was invested via impact investment funds globally in 2015 (c.f. \$54Bn by US private foundations in 2014)
- Major Focii of Impact Funds:
 - Housing (27%)
 - Energy (10%)
 - Healthcare (5%)
 - Food and Agriculture (5%)



How Are Impact Investments Performing?



Number of respondents is shown under each category; some respondents chose "not sure" and their responses are not considered here.



Challenges

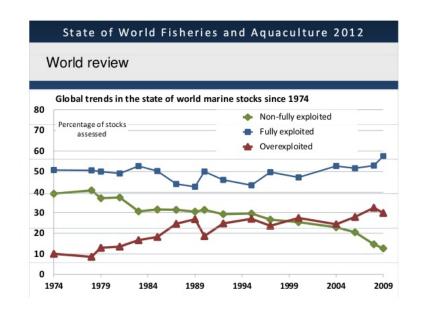
CHALLENGES TO THE GROWTH OF THE IMPACT INVESTING INDUSTRY TODAY (N=146; RESPONDENTS RANKED TOP THREE)

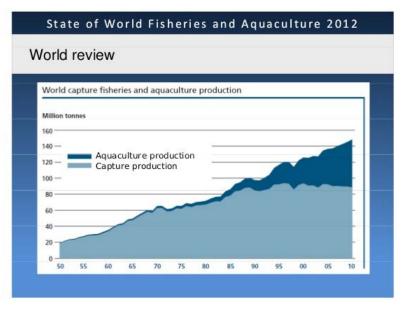
RANK SCORE

1	193	Lack of appropriate capital across the risk/return spectrum
2	174	Shortage of high quality investment opportunities with track record
3	115	Difficulty exiting investments
4	97	Lack of common way to talk about impact investing
5	87	Lack of innovative deal/fund structures to accomodate investors' or portfolio companies' needs
6	76	Lack of research and data on products and performance
7	67	Inadequate impact measurement practice
8	57	Lack of investment professionals with relevant skill sets

Source note: GIIN, J.P. Morgan, "Eyes on the Horizon," 2015.

Fish 2.0 Context





- Current global fisheries management regimes not working:
 - inadequate market incentives to support sustainable wild fisheries
 - Inadequate mechanisms to expand sustainable aquaculture
- How to incentivize change in the way we produce fish?
 - Profitable
 - Enhance beneficial social impacts
 - Reduce negative environmental impacts

Fish 2.0 Process



Phase 1: Jan-April 2015 Apply to Fish 2.0

- Competitors register to participate on www.fish20.org
- · Submit a short entry online describing their business.
- Deadline is April 27



 Eligible businesses grouped into 3 tracks: early stage pre-revenue, early stage postrevenue, and growth stage.

Phase 2: May-June 2015

Describe business

model and

opportunity

- · Competitors complete online questionnaire, specific to track.
- Early-stage companies describe the opportunity, customers, profit potential, go-to-market strategy and management team.
- Growth companies upload existing decks and documents
- Webinars offered to provide guidance on key topics



- Investors review and judge competitor entries online
- · All businesses with passing scores move to the next phase

Phase 3: July-Aug 2015
Demonstrate impacts
and growth potential

- · Competitors matched with advisors to provide 1:1 feedback.
- Competitors provide info to demonstrate the impacts of their business, growth strategy, investment risks and exit strategies for investors.
- · Webinars and resources offered for guidance on key topics



- Investors review and judge all entries online
- 36 businesses selected from all three tracks to be finalists and runners up, based on cumulative Phase 2 and 3 scores*

Phase 4: Sept-Nov 2015

Develop compelling

investor pitch

 Experienced pitch coaches help finalists and runners-up develop their investor pitch. Training is provided by phone and internet.



Nov 10 & 11, 2015 Finals Event

- · Finalists pitch to a panel of investor judges.
- Two finalists in each track will win a \$5,000 prize. (\$30,000 total)
- Runners will provide short pitches.
- · Multiple networking opportunities and panels.



Post Fish 2.0
Professional Service
Awards and Media

- Sponsors will offer at least two professional service awards per track to any of the finalists or runners-up. (\$150,000 total)
- Businesses continue private conversations with investors
- Fish 2.0 provides ongoing media & promotion of competitors

Fish 2.0 2015 Winners



- TRACK A Pre-Revenue Business Cash Prize Winners:
- Kampachi Farms Mexico Strongest Market Potential
- The RiverBox, by SabrTech, Canada Greatest potential for social and environmental impact
- TRACK B Early Stage Businesses- Cash Prize Winners:
- Salty Girl Seafood, USA Strongest Market Potential
- Bureo, Chile and USA Greatest potential for social and environmental impact
- TRACK C Growth Stage Businesses Cash Prize Winners*
- Alaska Community Seafood Hub, USA Greatest potential for social and environmental impact
- ALFA Fishing. Vanuatu Greatest potential for social and environmental impact



8,500: Commercial Fishing Vessels Homeported in Alaska





1 in 7: Alaska residents are employed by the seafood industry





Community-Based Fishermen



Connector!



Restaurants



Alaskan Consumers

Seafood Mongering with a Mission

- •15 local fishermen
- 53,000 lbs. of traceable, low-impact seafood
- \$25,000 in bonuses paid back to fishermen
- 700 loyal subscribers
- Growing base of advocates for healthy fisheries & thriving coastal communities





Questions?









AK Food 2.0?

Concept

- innovation contest (modelled on Fish 2.0)
- designed to promote impact investments in AK Food System

Timing

2017 AK Food Policy Council Conference presentation

Need:

- Sponsor(s)
- Mentors
- Applicants
- Judges

Reaction/Thoughts?

Impact Investing Resources

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- Global Impact Investors Network https://thegiin.org
- GIIN Metrics Database (IRIS) https://iris.thegiin.org/metrics
- GIIN Cambridge Benchmark study https://thegiin.org/assets/documents/pub/Introducing_the_Impact_Investing_Benchmark.pdf
- GIIN Deal Database http://www.impactbase.org
- Rockefeller Foundation https://www.rockefellerfoundation.org/our-work/initiatives/innovative-finance/
- Case Foundation http://casefoundation.org/program/impact-investing
- Mission Investors (private foundations) https://www.missioninvestors.org
- ImpactAlpha http://impactalpha.com/category/impact-investing
- Calvert Foundation's community investment note a vehicle for "crowd funding" through partnerships with community development organizations see https://www.vested.org
- Case Foundation http://casefoundation.org/program/impact-investing
- MaxImpact agriculture and agribusiness deals http://maximpactblog.com/cultivating-change-why-agriculture-needs-impact-investing
- Stanford Social Innovation Review (SSIR) http://ssir.org/topics/category/impact_investing
- Omidyar Network https://www.omidyar.com
- Fish 2.0 http://www.fish2o.org
- Encourage Capital http://encouragecapital.com/solutions-strategies/sustainable-seafood & http://investinvibrantoceans.org
- Statewide Impact Investing https://www.missioninvestors.org/events/colorado-impact-day
- Local AK Opportunity http://www.akacceleratorfund.com/about