

White Paper

# Humanitarian Investing – Mobilizing Capital to Overcome Fragility

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World Economic Forum  
91-93 route de la Capite  
CH-1223 Cologny/Geneva  
Switzerland  
Tel.: +41 (0)22 869 1212  
Fax: +41 (0)22 786 2744  
Email: [contact@weforum.org](mailto:contact@weforum.org)  
[www.weforum.org](http://www.weforum.org)

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# Introduction



**Børge Brende,**  
President, World  
Economic Forum

Existing humanitarian response mechanisms are insufficient to keep up with the increasing scale, duration and complexity of crises and communities in need. It is clear that collaboration not only across humanitarian and development organizations but also with investors and corporate partners is necessary to support and co-design more effective, shared solutions to challenges of fragility, conflict and violence.

As co-chairs of the World Economic Forum's humanitarian investing initiative, we see the need to stimulate new thinking to tackle long-term challenges of fragility, protracted crises and forced displacement. Building on the current momentum for new financing models, this initiative aims to shift the narrative from funding to investing to unlock new capital. Through engaging governments, donors, humanitarian-development organizations, investors and corporates in an ongoing collaboration, the initiative plans to build a pipeline of investable opportunities and, ultimately, to deploy a new investment theme that supports the most vulnerable communities.



**Kristalina  
Georgieva,**  
Chief Executive  
Officer, World Bank

This paper offers an articulation of the humanitarian investing landscape and its main actors and guiding principles, building upon ongoing work that promotes new models and multistakeholder dialogue to complement, not replace, existing humanitarian response mechanisms. It aspires to broaden our thinking about investment opportunities that can support vulnerable people and communities along the humanitarian-development nexus – from those living in disaster-prone areas or fragile environments to those who have been forcibly displaced or who are seeking to integrate into new communities after resettlement. In doing so, it challenges the humanitarian and development communities, and investors and corporates alike, to rethink their roles in driving human impact and financial return.



**Peter Maurer,**  
President,  
International  
Committee of the  
Red Cross

# Executive summary

With over 2 billion people living in countries where development outcomes are affected by fragility, conflict and violence (FCV), there is a critical need for new models and resources for humanitarian aid and development assistance to meet these challenges.

At the same time, while there is growing demand among investors for sustainable and impact-driven investing, there are often too few investment-grade opportunities, especially in emerging markets, to fill that demand for impact and risk-adjusted returns.

We propose building on successful examples of humanitarian investing to establish a market, with engaged stakeholders and a pipeline of investable opportunities where donor capital brings in additional investment capital to benefit the people and communities affected by fragility and crises while generating returns.

There are several challenges currently preventing the humanitarian investing market from growing, such as the insufficient number of truly investable opportunities, the need for more awareness of new financing approaches, issues of collaboration among stakeholders, and the lack of organizational capacity among many actors in the space.

We propose building on existing efforts and establishing new collaborations and support structures that will help the humanitarian investing market overcome its key challenges to growth by:

- Activating market catalysts to build deal pipelines
- Bringing in donor capital from existing and new facilities and funds to de-risk humanitarian investments
- Creating a humanitarian investment theme
- Accelerating existing organizational readiness efforts

Each type of stakeholder has a part to play in building the humanitarian investing market. Development finance institutions and development banks play especially important roles as market catalysts, bringing contextual understanding of fragile situations and frontier markets in addition to access to the mechanisms and facilities that can kickstart the market and make projects investable.

Investors are also an important stakeholder in building this market, providing perspective on requirements for investability as well as expertise in developing, diligencing and structuring deals. We recommend that they be brought into the process early enough to ensure the end product is of a high enough quality to be funded.

National and regional governments in relevant areas as well as international organizations whose regulations affect displaced persons and communities in fragile contexts will also be necessary partners in providing better enabling environments for the investable opportunities. While these

reforms will be difficult to secure, they are important to the scale of this market.

In the months ahead, we plan to develop a new collaboration platform or draw on an existing one to form dedicated tracks that will engage stakeholders to co-develop investable opportunities as proofs of concept that will enable future deal pipelines.

Though it will take time, as we collectively grow this market, it promises to help many millions of people to become resilient to potential crises, overcome fragility, recover more quickly and completely after crises, and integrate more fully after resettlement, with dignity, independence and full market participation.

This is a call to action to join the humanitarian investing effort to create and invest in these opportunities to build this market, harness this capital and help those in greatest need.

# Problems and opportunities

## Growing fragility and humanitarian need extending beyond specific crises

Two billion people live in countries where development outcomes are affected by fragility, conflict and violence (FCV), and the Organisation for Economic Co-operation and Development (OECD) predicts that, without intervention, 80% of the world's poorest people will be living in such situations by 2030.<sup>1</sup> Currently, more than 80% of FCV countries are not on track to achieve, or lack data on progress to achieve, even the most basic Sustainable Development Goals (SDGs), pointing to a real human cost to fragility and increasing the risk that the 2030 Agenda will not be achieved.<sup>2</sup> There is a growing realization that peace and stability are not just general goals, but necessities with benefits that spread across borders and communities.

With rising fragility, conflict and instability, the global community faces growing humanitarian crises. The number of forcibly displaced persons has grown to more than 70 million due to new and protracted conflicts. Between 2005 and 2017, the number of active crises receiving an internationally led response has almost doubled from 16 to 30.<sup>3</sup> In 2016, more countries were embroiled in violent conflict than at any time in the past 30 years.<sup>4</sup> Meanwhile, the principles underlying international cooperation and humanitarian aid have come under immense pressure, stemming from racism and xenophobia, the rise of nationalism and reductions in funding to, or acceptance of, migrants, refugees or other affected populations.

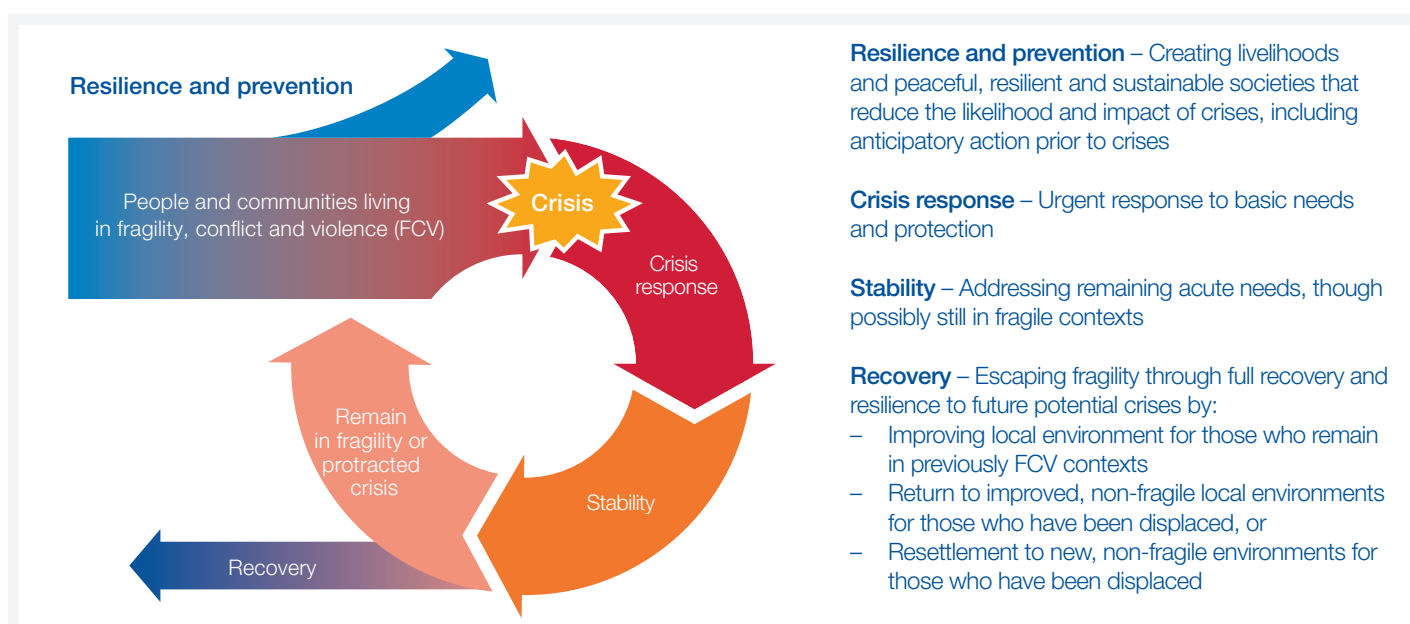
The pressures that create humanitarian needs and fragility over sustained periods of time are likely to intensify, fuelled by conflict, ideological shifts, demographic changes, climate change and food insecurity. These stresses have also had a significant impact on economic volatility around the world. The scale of these challenges will continue to have a profound effect on economic growth, stability and security and social cohesion.

**Fragility and humanitarian needs cannot, therefore, be solved through existing humanitarian or development mechanisms alone.** Protracted crises and increasing vulnerability are stretching mandates and resources so that traditional approaches to financing humanitarian-development efforts are not commensurate with the sharp increase in needs nor in a comprehensive strategy to address the underlying drivers of FCV. For example, the proportion of the UN-coordinated appeals that have gone unfunded rose from 15% in 2007 to 40% in 2018 – a gap of \$10 billion.<sup>5</sup> Where humanitarian funds have increased, for instance, as a proportion of official development assistance (ODA), there has not been a matching increase in non-humanitarian ODA, meaning that development assistance has been traded for humanitarian assistance rather than both amounts increasing.<sup>6</sup>

## Fragility-crisis cycle

FCV often contributes to or exacerbates crises that result in individuals and communities being forcibly displaced. While humanitarian aid is often needed to save lives in crisis contexts, much of the effort to help people in the fragility-crisis cycle should be focused on enabling them to escape fragility altogether, whether by building resilience before a crisis hits or in aiding a full recovery post-crisis (see Figure 1).

Figure 1: Current fragility-crisis cycle



Too often, today's crises are so acute and overwhelming that the majority of resources are spent on responding to immediate life-saving needs, with insufficient resources focused on prevention, resilience and recovery that can support communities in the long term. Helping people and communities escape the fragility-crisis cycle requires near-term resources beyond current humanitarian-development approaches and actors, but the return on investment is clear, with 64% of UNICEF and World Food Programme (WFP) preparedness investments improving cost and response time.<sup>7</sup>

## Sustainable investing opportunity – growing demand for sustainable and impact-driven investing not yet matched by investable project supply

While complex global problems mount, many more investors want their resources to address these problems while also achieving market returns. **Sustainable investment strategies have experienced tremendous growth in the past few years**, with global assets under management showing more than 30% growth over the past two years in particular, and assets under management now reportedly estimated at \$30 trillion.<sup>8</sup> Sustainable and impact investing both enable investors to consider social and environmental factors alongside financial returns, and with varying risk-return expectations.

This rise in sustainable investing has been driven by environmental, social and governance (ESG) risks to investment returns (generally underweighted in classic investment considerations), increased focus among investors on seeking more purpose-oriented investment options, shifts in stakeholder demands and expectations, and global trends of lower interest rates and higher market volatility.

Within sustainable investing, impact investors focus on the societal and environmental impact of their investments to a greater degree, with some, at times, accepting below-market returns to fund particularly impactful projects or companies, such as affordable housing, food security and financial

inclusion. The impact investing market, while smaller than sustainable investing writ large, is still estimated at more than \$500 billion.<sup>9</sup>

While demand for such high-impact investable projects has grown dramatically, potential investable opportunities have often not kept pace, especially in lower-income countries.<sup>10</sup> The number of high-impact projects and total dollars invested in emerging markets that involved private capital actually fell by one-third between 2012 and 2018.<sup>11</sup> This drop, when combined with the findings of an OECD report that all pension funds surveyed were unable to meet infrastructure investment targets because of a lack of projects, shows a mismatch between available projects and investor demand. A 2018 Boston Consulting Group (BCG) article summed up this sentiment, **“The imperative is clear: Put the [investable] projects on the table. The capital will follow.”**<sup>12</sup>

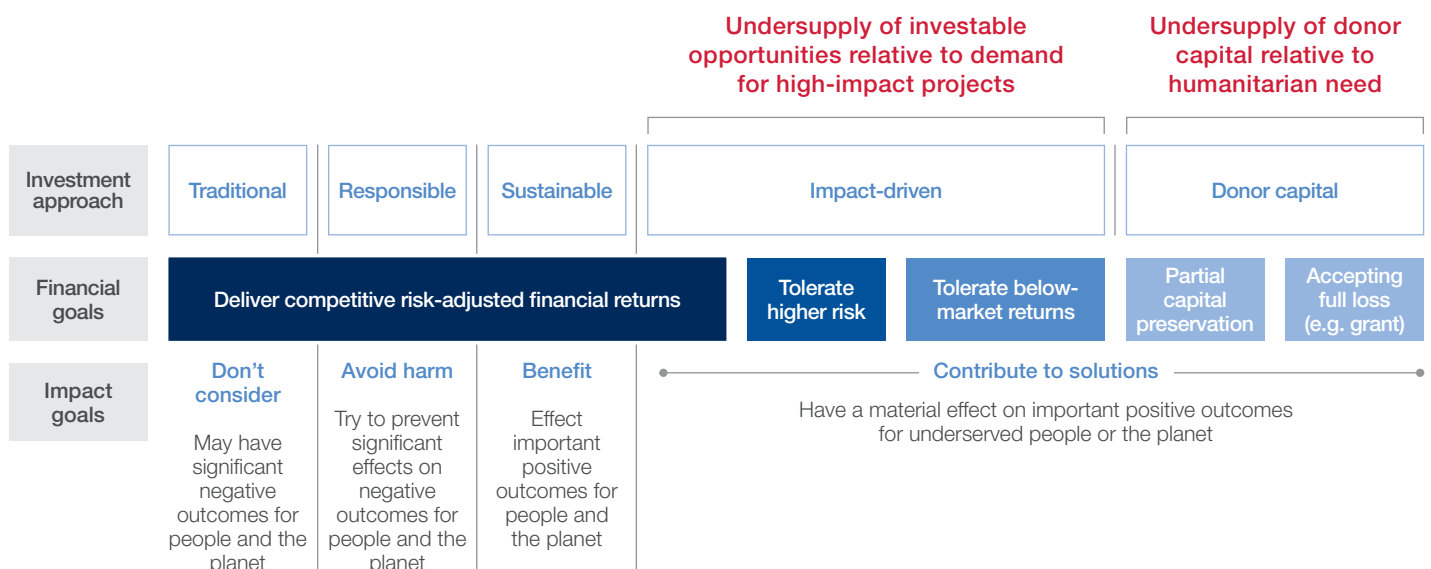
The challenge of expanding investable opportunities is even greater in fragile and conflict-affected countries that often have the least attractive investment environments, highest transaction costs and highest investor risks, and which are frequently the least familiar to investors. Humanitarian-development organizations that work in fragile and conflict-affected countries, in turn, are often unfamiliar with investor perspectives and requirements. This suggests greater levels of partnership are needed between humanitarian-development organizations and investors as well as other relevant actors.

Looking across the spectrum of capital (Figure 2), there are two distinct challenges:

1. Too little donor capital relative to humanitarian and fragility needs
2. Too few investable opportunities that meet impact-driven investor requirements

With increasing humanitarian and development needs and increasing pools of capital looking to have an impact in addition to providing a return, there is an opportunity to bridge the two through a market for humanitarian investing.

**Figure 2:** Humanitarian need and sustainable investing supply-demand mismatch, mapped on to the spectrum of capital





# Humanitarian investing – a change already under way

## What is humanitarian investing?

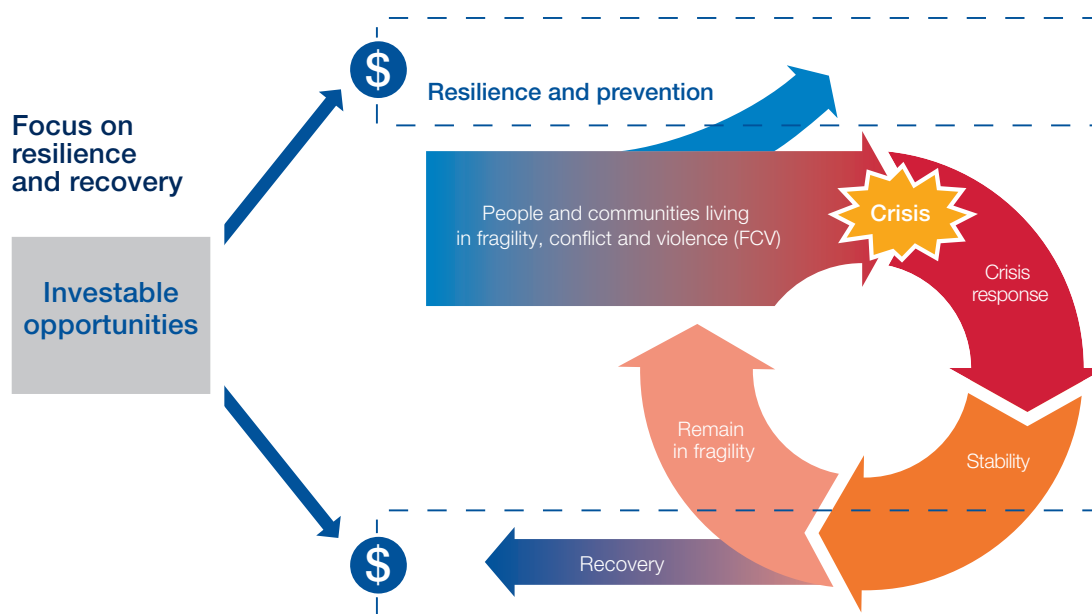
For several years, there have been efforts to bring investment capital into projects that benefit those in humanitarian need, though the term “humanitarian investing” (HumIn) is relatively new and has not yet attained widespread use.

**We define humanitarian investing as capital invested in ways that measurably benefit people and communities in contexts of displacement and fragility, conflict and violence (FCV), while creating a financial return.**

Humanitarian investing will often involve blended financing, a combination of investment capital seeking risk-adjusted returns and donor or concessionary capital. It will benefit people both in humanitarian contexts of forced displacement and in fragile settings.

Humanitarian investing unlocks financing for interventions (e.g. projects, innovations, companies or portfolios through funding strategies) that benefit people and communities in the fragility-crisis cycle, focusing especially on improving resilience and supporting full recovery and sustainable development in fragile contexts (see Figure 3), and seeks a return on that investment.

**Figure 3:** Humanitarian investing opportunities in relation to the fragility-crisis cycle



## Underlying trends

There are several existing trends and specific project examples that have laid the foundation for the humanitarian investing market to grow.

The [World Humanitarian Summit](#), the [High-Level Panel on Humanitarian Financing](#) (which paved the way for securing the [Grand Bargain](#)) and the [Global Compacts for Migration](#) and [Refugees](#) have all added positive momentum towards viewing today’s humanitarian crises as tomorrow’s development challenges, creating stronger partnerships between humanitarian and development actors, donors and the business community.

There are also examples of international organizations and development finance institutions investing in solutions for humanitarian needs and people in fragile situations, such

as the [World Bank’s International Development Association \(IDA\) Private Sector Window](#), [Famine Action Mechanism](#) and [Refugee Investment and Matchmaking Platform \(RIMP\)](#). A number of new private-sector players have also emerged to form networks for investment in humanitarian contexts, such as the [Tent Partnership](#), the [Business Refugee Action Network](#) and the [Refugee Investment Network \(RIN\)](#).

Many traditional asset classes and investment instruments are highly relevant for humanitarian investing, such as infrastructure, project-based financing, private equity, venture capital and fixed income from small and medium enterprise (SME) finance. In addition, there are some non-traditional instruments more closely applicable to humanitarian investing, such as financial intermediary funds, outcomes-based funds, advanced market commitments and insurance as an investment, not just as a risk-protection mechanism. (Please see Appendix A for



explanations of asset classes and investment instruments most relevant to humanitarian investing and see the ODI report “[New financing partnerships for humanitarian impact](#)” for how investment instruments can map on to crisis stage and context). In the long run, public equities will become more relevant for humanitarian investing as the portfolio of fragile and humanitarian context projects and investments by publicly traded companies increases, but in the near-term, it is less of a focus for the market.

## Landscape map of humanitarian investing actors

There are many examples of already funded or potential investments in areas with fragility and humanitarian needs. Appendix C presents a non-exhaustive list of prominent examples and various actors involved in them (Figure 4). These examples can be classified as humanitarian investing based on two main criteria: 1) they involve significant investment capital seeking positive financial returns; 2) they aim to create positive effects on people and communities anywhere in the fragility-crisis cycle.

As a result of the first-selection criteria, grants and guarantees that did not bring in investment capital are not included in the selected examples. However, it is important to note that many, if not most, of the examples included reflect the situation today, which is mainly comprised of blended finance because they use philanthropic and/or public donor capital to reduce the risk of deals that would not be considered commercially viable otherwise. For more context and recommendations on blended financing, please see the Forum’s [Blended Finance Toolkit](#),<sup>13</sup> created in collaboration with many public- and private-sector partner organizations through the [Sustainable Development Investment Partnership \(SDIP\)](#).<sup>14</sup>

While some examples of humanitarian investing affect more than one part of the fragility-crisis cycle, this landscape map focuses on the parts for which they have the highest relevance. It is important to note that this non-exhaustive list of examples draws upon prior work done by groups such as the International Finance Corporation (IFC), in its [Pathways to Scale](#) report, and also looks forward to work that other actors will undertake to continue to build an understanding of the growing humanitarian investing market.





**Figure 4:** Landscape map of selected actors in recent, current and near in-development humanitarian investments (for more information on an illustrative list of investments, please see Appendix C)



## Illustrative humanitarian investing case studies

From these examples, we highlight several below that show investments in various industries, from energy to insurance, and with various actors, from development finance institutions (DFIs) to investment banks to governments.

**Figure 5:** Example investable opportunities by fragility-crisis cycle stage and investment instrument

 <p><b>Insurance</b></p>	<p><b>Global Index Insurance Facility (GIIF)</b></p> <p>GIIF is a World Bank Group program that is funded by the European Union/ACP and the governments of Germany, Japan, and the Netherlands. The program facilitates risk transfer and index-based insurance in developing countries to protect and provide financial access to smallholder farmers, micro-entrepreneurs, and microfinance institutions during weather-related and catastrophic event-related losses.</p> <p>GIIF is a strong example of the potential for market catalysts to create and collaborate on investable and scalable products across contexts. To date, GIIF has facilitated more than 4.6 million contracts, with \$730 million in sums insured, covering approximately 23 million people, primarily in Sub-Saharan Africa, Asia, and Latin America and the Caribbean.</p>
 <p><b>Debt</b></p>	<p><b>Sunfunder</b></p> <p>Sunfunder acts as a financial intermediary between major debt funders such as FMO, OPIC, Baldwin Brothers, Deutsche Bank, and Iberdrola and solar enterprises in frontier and emerging markets, filling a gap in funding and guidance for the SMEs, and allowing investors to diversify their portfolio.</p> <p>With \$100 million raised to fund solar projects across sub-Saharan Africa and other regions, the business demonstrates the potential for market-rate returns while expanding known investment into underserved energy markets, often in fragile contexts.</p>
 <p><b>Equity</b></p>	<p><b>InFrontier</b></p> <p>InFrontier is a private equity firm that invests in frontier markets. Today it has investments of £30 million in Afghanistan and has recently opened offices in Pakistan and Uzbekistan. It plans to increase its investments to £150 million within the next couple of years. It subjects its investments to diligence and compliance standards as would a private equity firm investing in developed markets, adding a triple bottom line measurement of impact. InFrontier's investors are a mix of public and private: CDC Group, Dutch Development Bank, and high-net-worth individuals. The current expected return is 10-15%. This shows the potential for blended financing to set up an equity investment mechanism, at scale, in some of the toughest markets in the world.</p>
 <p><b>Non-traditional finance</b></p>	<p><b>Livelihoods Fund for Family Farming (L3F)</b></p> <p>The Livelihoods Fund for Family Farming (L3F) invests in large-scale projects enabling small holder farmers to produce greater yields of higher quality crops through sustainable agricultural practices. Investors commit to purchasing the commodities originating from these projects over a 10-year period. The projects also create benefits for society as a whole through biodiversity preservation, water resources management, and carbon sequestration.</p> <p>The investment highlights the potential role of corporations to act as both investors and enablers, improving their supply chain while driving humanitarian impact. In the case of L3F, many corporations are partnered with the initiative, also showing the potential for collaboration across many stakeholders.</p>

Given the favourable trends, the gravity of the problems and the capabilities of organizations already starting to solve them, the time is right to draw on market forces and harness momentum to establish the humanitarian investing market.

## Challenges to overcome

Several important challenges, however, need to be overcome to establish the humanitarian investing market:

- **Insufficient number of truly investable opportunities** in the pipeline that meet investors' standards: e.g. projects are too risky compared with investors' portfolios (outsized political risk, lack of functioning economic markets, counterparty risk, lack of acceptable collateral etc.); too little data exists on potential projects; too few projects have been identified; projects are too small; difficulty in benchmarking the opportunities against other investments etc.
- **Insufficient application of de-risking capital**, preventing development of potential opportunities (e.g. for sourcing, data collection, due diligence etc.) or not supporting the risk-return profile of those opportunities enough to make them investable.
- **Lack of organizational readiness**, with many potential partner organizations operating in fragile contexts not ready to manage the size and scope of projects and capital needed to attract large-scale investment (often larger than \$100 million) or otherwise facing organizational obstacles such as bureaucratic inertia, legal barriers, restrictive policies on investment or compliance, low risk appetite, or lack of required skill sets.
- **Limited awareness of new financing instruments and approaches** among main stakeholders, both those who could create or execute on investable projects and those who could finance them.
- **Lack of collaboration among main stakeholders**, with many keeping to traditional paths of collaboration without bringing all of the necessary actors together (investors, corporates, DFIs, non-government organizations (NGOs), international organizations etc.). If investors and corporates are brought into the process, their entry is often too late to co-develop opportunities.

# The new world of humanitarian investing

## How to address the challenges humanitarian investing faces

We propose building on existing efforts and establishing new collaborations and support structures that will help the humanitarian investing market overcome its main challenges to growth. The humanitarian investing initiative aims to do this by:

- Activating donors, development banks, development finance institutions and humanitarian-development organizations to act as market catalysts for collaboration among stakeholders, develop a pipeline of investable opportunities, enable increased de-risking capital to flow and further investment capital to follow
- Articulating humanitarian investing as a discrete investment theme and market, which will raise awareness and encourage collaboration
- Expanding the perspective of humanitarian investing beyond traditional humanitarian crises to build resilience in contexts of fragility, conflict and violence, which will grow the pipeline of potential investable opportunities and potential sources of investment capital
- Accelerating existing efforts to improve organizational readiness in the space

## How market catalysts can establish the humanitarian investing market by creating pipelines and mechanisms for investable opportunities

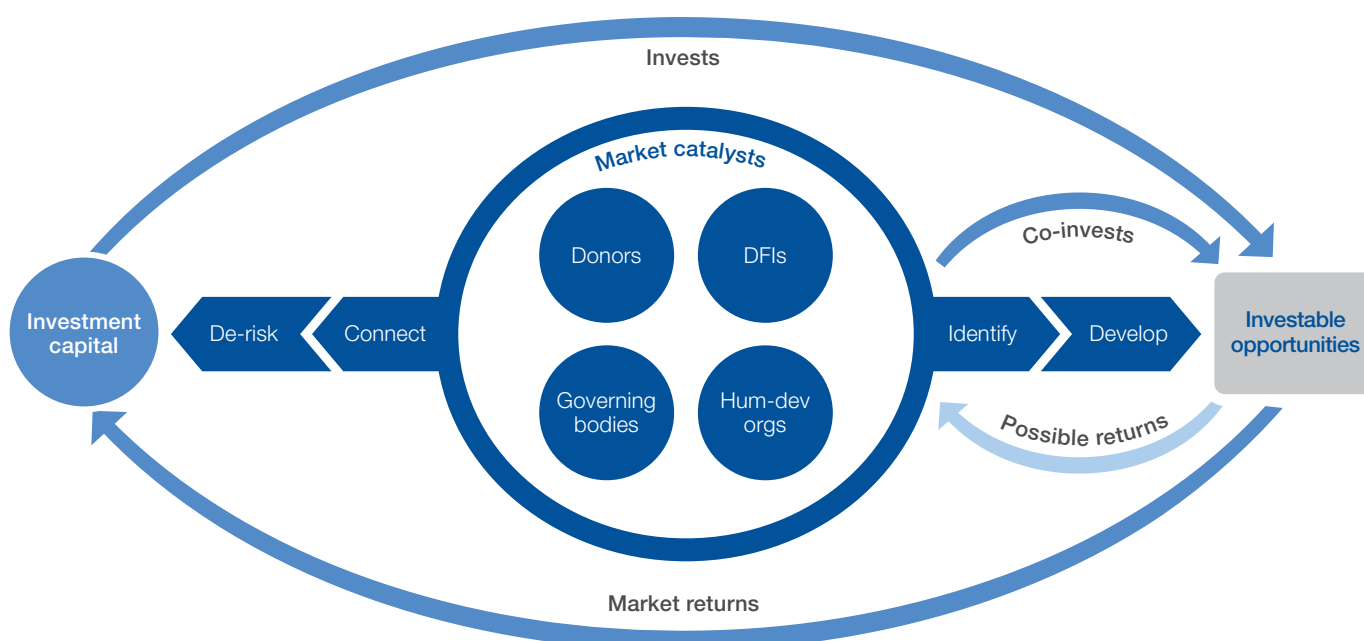
To overcome the difficulty of mobilizing capital, the humanitarian investing market needs organizations to act as market catalysts to develop and de-risk investable opportunities that bring investment capital to the fragility-crisis cycle.

Market catalysts perform three vital tasks:

1. Identifying and structuring large, high-quality investable opportunities (in collaboration with investors to ensure the quality of investments)
2. Connecting investors to the opportunity pipeline
3. Mitigating uncertainty and risk for investors: e.g. through offering guarantees, signing first-loss agreements or taking other subordinate investment positions, providing investment-related data especially regarding risks etc.

Given the need for both understanding humanitarian contexts and the ability to deploy resources to attract investment capital, several types of stakeholders will need to partner to stimulate the humanitarian investing market, such as DFIs, donors, humanitarian-development organizations and governments and governing bodies.

**Figure 6:** The market catalyst role is central to establishing the humanitarian investing market and may be played by one or more organizations in partnership



Each type of actor plays a role in building and sustaining the humanitarian investing market.

**Development Finance Institutions (DFIs)** sometimes already work in fragile and conflict-affected areas and have capital to deploy, perhaps in a concessionary way, positioning them to act as important market catalysts to build the humanitarian investing market. To stimulate the market, DFIs would increase their presence in fragile areas, developing facilities and investable opportunities that would enable private-sector investors to participate. This would happen through a mix of deploying existing funds in ways that bring in investment capital and benefit those most in need as well as by creating new purpose-built facilities, drawing on their access to capital and understanding of how to de-risk and structure investments for private investors.

**Donors (donor governments, private foundations, development banks, regional organizations etc.)** are critical for de-risking investable opportunities in the humanitarian investing market. They can also convene actors and influence policy development by governments and governing bodies that create an enabling network for the market. For example, donor governments can stimulate the market by allocating a certain percentage of development ODA to provide matching funds or de-risk follow-on investment capital, or private foundations could create grants to de-risk such investments. Development banks can draw on a mix of grants and concessionary loan facilities, bridging donor and investment capital. Donors may also be able to invest in the piloting of innovative solutions.

**Humanitarian and development organizations and other NGOs** have a crucial role given their understanding of the needs and environment of displaced persons and others experiencing FCV. They are needed to identify or help generate and implement a pipeline of investable opportunities that benefit and support those in need while generating economic value. This is likely to require a different way of working, including partnering with new organizations and companies, adapting timelines, crossing traditional boundaries such as those between humanitarian and development work or those between non-profit, for-profit and public-sector actors. These organizations are also critical to monitoring and evaluating the human impact of the investable opportunities.

**Governing bodies (host governments, home governments, international organizations etc.)** set the enabling ecosystem for the investable opportunities as well as the people in need. They can provide the conditions for more private-sector investment and support of affected people or they can discourage them if policies and regulations are ill-conceived or absent. The relevant governing bodies determine, to a large degree, a portion of the risk profile of humanitarian investing opportunities. Governments and organizations that set policies and regulations which enable humanitarian investing will see more investment capital flow in.

In addition to organizations acting as market catalysts, the market is incomplete without private companies or organizations that execute on the investable opportunities and the investors that provide investment capital for them.

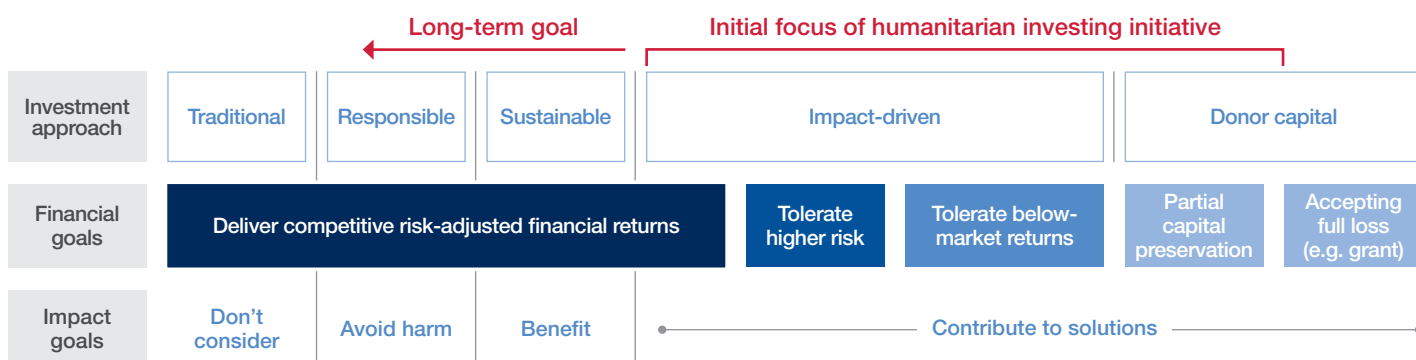
**Private companies and organizations (including local and multinational)** form and execute on the investable opportunities: e.g. managing the investable project to completion, taking out then repaying loans to fund the projects, or offering to sell equity in their business that benefits those in fragility or humanitarian need. The investable opportunities may be product offerings, specific projects, supply chain shifts etc.

**Investors** provide return-seeking capital that helps fund investable opportunities and generate the desired impacts. Especially as the market is in its early stages, investors can take an active role in sharing their investment requirements to make sure they fit the investors' risk profile, return requirements, time frame, capital structure etc. and possibly co-develop investable opportunities, e.g. through sharing their expertise and perspectives to ensure the pipeline of opportunities is attractive.

## Where humanitarian investing fits in the spectrum of capital

The breadth of potential opportunities within humanitarian investing spans return-seeking, impact-driven investment across many investment approaches (see Figure 7), from impact investors looking for risk-adjusted market returns, through philanthropies making mission-related investments, to DFIs offering concessionary loans.

**Figure 7:** Initial and long-term focus of humanitarian investing initiative mapped on to spectrum of capital



Over time, the goal is to expand humanitarian investing offerings into sustainable and responsible capital, requiring a strong track record of financial returns from humanitarian investing opportunities and a material link between the impact on people and communities in fragile situations and the financial performance of investable assets. This will help the humanitarian investing market grow from occasional one-off deals into more large-scale commercial deals and a broader offering of syndicated and securitized investments, providing investors with more diverse humanitarian investing portfolios.

## How humanitarian investing addresses underlying problems in the humanitarian and investing spaces

Combining the humanitarian-development and investor perspectives into one humanitarian investing overview framework (Figure 8) gives a view of how humanitarian investing works:

1. Market catalysts (often more than one organization) develop and de-risk investable opportunities
2. Investors, DFIs, donors, and others collaborate to ensure the quality of investable opportunities and then provide capital to fund those opportunities
3. Companies and other organizations execute on the projects, improving resilience and recovery of affected communities while also generating returns
4. Over time, as the market grows, donors are able to refocus a greater portion of capital on higher-risk contexts such as efforts in crisis response and stability, which will remain the purview of donor capital

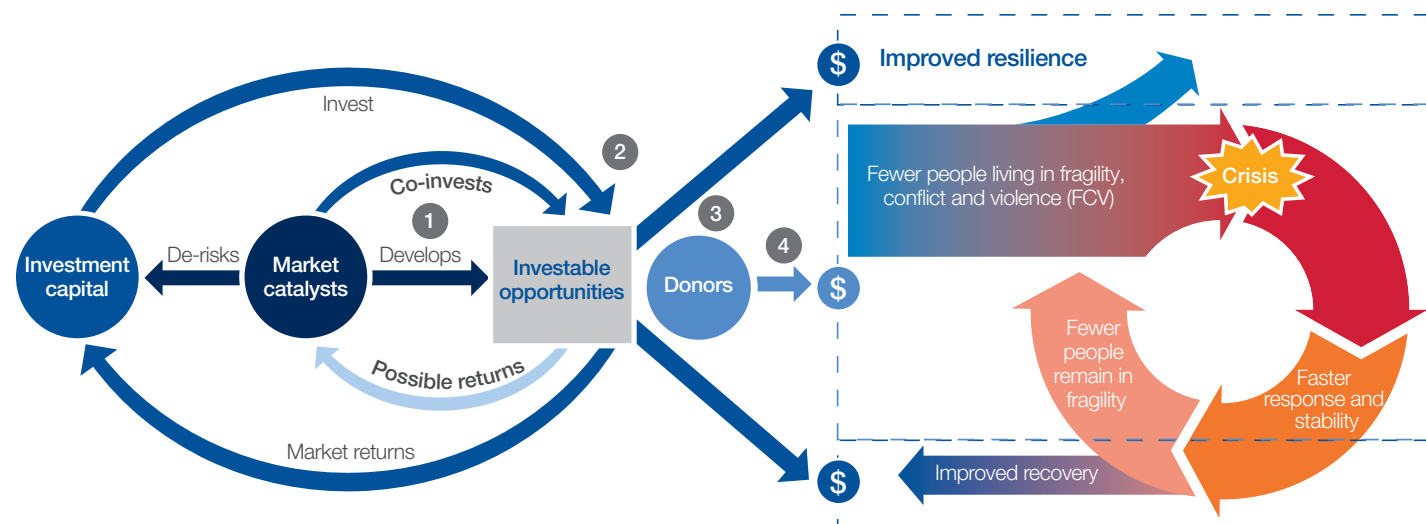
The direct impact of humanitarian investing is to close critical funding gaps for resilience and recovery, increasing the number of communities and people who escape fragility.

The indirect impact of humanitarian investing is to crowd-in investment capital, which frees up a greater portion of donor capital to focus on the riskier areas of crisis response and stability improving support for people and communities in each of those steps in the cycle, further helping people escape fragility.

### Humanitarian investing can also bring important benefits, such as:

- Being responsive to the needs of affected people, as market-based products respond to the needs of customers
- Ensuring the dignity and agency of affected people, as market competition places customers in a role with power and choice
- Addressing inefficiencies in aid and aid-delivery systems through financial performance pressuring improvement and innovation
- Overcoming restrictions on the nature of aid given, coming from outside traditional aid systems
- Advocating for high-need communities and facilitating stability as investors' interests align with those of affected people

**Figure 8:** Humanitarian investing framework showing the development of investable opportunities and their impact on the fragility-crisis cycle





## Caveats for investing in contexts of fragility and humanitarian need

While there are many benefits to humanitarian investing, there are also important caveats to deploying investment capital in the fragility-crisis cycle:

- A well-functioning local market is often needed to realize the potential benefits investment capital can bring to areas with humanitarian needs, requiring the cooperation of governments and governing bodies to provide sufficient enabling environments for markets to function, which can be particularly difficult in fragile settings.
- People need resources to be consumers, which may limit the application of humanitarian investing to areas in which consumers have sufficient resources or in which institutions can provide the necessary capital.
- Investment capital needs to be paid back at market rates (or near-market rates for some impact or concessionary investors), which could require a blended finance structure with supporting capital in the humanitarian investing market's early stages, making it a complement to, but not replacement for, donor capital.
- There is a need for clear ethical standards for investment in areas of fragility, aligned with the humanitarian principles of humanity, neutrality, independence and impartiality, and guided by the principle to do no harm.
- There is a need for accountability mechanisms to ensure investable opportunities respond to the needs and interests of affected people and communities.

## Principles for humanitarian investing

To achieve the benefits and mitigate potential issues of investing in fragile contexts, the main humanitarian investing stakeholders will need to adhere to guiding principles. This initiative proposes an initial set of principles for humanitarian investing, which can be used in conjunction with the [IFC's Operating Principles for Impact Management](#) and [Blended Concessional Finance Principles for Private Sector Projects](#):

*Apply capital to investable opportunities that:*

1. **Directly affect people** exposed to fragility and humanitarian challenges and the environments around them
2. **Address needs across the fragility-crisis cycle** from resilience to crisis response and recovery, including in FCV contexts
3. Are **context-appropriate** and **structured to take advantage of differences** in the mandates, return objectives, risk tolerances and investment horizons of capital and actors
4. Bring the **right partners, expertise and capabilities together**, public and private, to originate, structure, broker and execute successfully
5. **Create collaborations**, informed by humanitarian principles, an investment mindset and “contextual intelligence” of humanitarian and development actors
6. Help **transform the architecture and efficiency of the humanitarian system** through complementary responses and impact
7. **Empower beneficiaries** for resilience, access, inclusion and market participation
8. **Measure and report** on human impacts, financial performance and adherence to these principles

# Path to develop the humanitarian investing market

Given the exciting potential of a robust humanitarian investing market, this initiative puts forward three actions for its development:

1. **Develop a robust collaboration platform** enabling various stakeholders to engage with each other to identify, create, develop, collect data on, fund, execute and evaluate investable humanitarian investing opportunities and remove obstacles to investment in the space.
2. **Establish several investment tracks** within humanitarian investing to attract investors and market catalysts to focus on specific areas along the lines of their existing portfolio strategies, which will eventually develop a humanitarian investment theme to generate buy-in from the main stakeholders.
3. **Engage more stakeholders of all types** to join the effort to build the market, expanding among existing actors such as governments, DFIs, companies, investors, humanitarian-development organizations etc., while also including new actors such as standard-setters, assurers, rating agencies etc.

## Launch a robust collaboration platform to enable stakeholder engagement

The initiative will launch a new platform or leverage an existing platform or initiatives to enable stakeholders from all the main groups to work together on developing potential investable opportunities and building the humanitarian investing market. It will include the landscape of previous and in-process investable opportunities, actors in the space and some of the roles they play and an ability to comment and collaborate on those opportunities within that environment. This will build on lessons from, and digital infrastructure employed by, similar efforts led by the Forum on [plastics](#), [water](#), environmental, social and governance factors (ESG) and other topics. Over time, the data on the platform can be used to build a track record and benchmarks for the market.

## Develop tracks within humanitarian investing to develop and fund investable opportunities

The humanitarian investing initiative is initially organizing market-building efforts in tracks along sectors, regions and enabling ecosystems such as:

- Water and sanitation
- Agriculture and food security
- Health
- Employment and education
- Financial inclusion and capital markets
- Energy
- Insurance
- Digital and tech

For several tracks, the initiative will be convening initial working groups to identify and develop specific investable opportunities that show potential for similar investments in the future. Each working group will include representatives from the major actors identified previously, the market catalysts (DFIs, donors, humanitarian-development organizations etc.), investors and implementing partners. This multistakeholder approach, which includes investors early in and throughout the process, is currently relatively rare. The initiative will also convene a larger community of practice to share lessons among the working groups.

Given the existing efforts within humanitarian investing, as stakeholders establish the market, there are several options for market catalysts to build pipelines of investable opportunities, for example by:

- Directly developing new investable opportunities as outlined above for the tracks and working groups
- Leveraging existing efforts and mechanisms: e.g. IDA18 Private Sector Window, the Refugee Investment and Matchmaking Platform, Convergence etc.
- Creating new investment facilities, which would go on to fund many opportunities such as new FCV-focused loan facilities, new financial intermediary funds etc.
- Providing services that enable other stakeholders to engage in humanitarian investing, such as technical assistance, advisory services, developing standards and sharing methodologies



# Call to action

The unmet needs of people and communities in fragile and humanitarian situations today are significant. With billions living in fragile contexts and tens of millions forcibly displaced, we must act boldly and add new approaches to existing efforts. While the challenges seem daunting, there is a large and increasing appetite among asset owners for investments that benefit people in need and provide a financial return.

**You and your organization can play a role** in enabling that investment capital to flow to opportunities and projects that benefit those in fragile situations and humanitarian need. While **all organizations can join sector working groups**, there are specific and different roles each can play, depending on the type of organization:

- **DFIs should review their current project portfolios** to find potential scale-up and replication opportunities or research their current facilities and mechanisms to determine how they could be used for humanitarian investing
- **Development banks should review their current facilities and mechanisms** to identify which could provide project development support and de-risking capital to bring in investment capital, and review their project portfolio for potential investable opportunities
- **Investors should engage early in the process to share investment requirements and expertise**, e.g. in deal structuring, risk profile, etc.
- **Donors should review their current facilities and mechanisms** to determine how they could be used to de-risk or otherwise bring investment capital into humanitarian investment opportunities
- **Humanitarian and development organizations should share their understanding** of the needs that arise in fragile and humanitarian contexts that could be addressed with market-based solutions
- **Governing bodies should create an enabling environment** for people in fragile circumstances and humanitarian need by engaging with other stakeholders to understand what specific policies and programmes would be most helpful
- **Private companies and organizations should look for market opportunities** to offer products or services among those in fragile and humanitarian contexts

As we collectively grow this market, it promises to help many millions of people to become resilient to potential crises, overcome fragility, recover more quickly and completely after crises, and integrate more fully after resettlement with dignity, independence and full market participation.

This is a call to action to join the humanitarian investing effort to create and invest in these opportunities to build this market, harness this capital and help those in greatest need. Contact one of the report's contributing organizations to begin or continue your organization's engagement with humanitarian investing.

# Appendix A: Humanitarian investing lexicon

**Blended finance** – Use of a combination of investment capital and concessionary or donor capital to fund a project or opportunity

**Debt** – A financial arrangement by which an investor lends money to a borrower under the condition that the principal is to be paid back to the lender at a later date and often (though not always) with interest, e.g. interest-free, concessional and non-concessional debt

**Donor capital** – Capital granted to a recipient without expectation of return

**Equity** – A financial arrangement by which an investor transfers money to a company in exchange for a share of the company's common stock, which the investor can later sell to another investor or recover when the company is liquidated and the proceeds are distributed among shareholders, e.g. venture capital, private equity or public equity

**Fragility** – Having significant immediate physical, economic or other needs or being at risk of having significant physical, economic or other needs in the near term or in the event of a reasonably possible crisis

## Humanitarian Principles from the Geneva Conventions:

- **Humanity** means that human suffering must be addressed wherever it is found, with particular attention to the most vulnerable
- **Neutrality** means that humanitarian aid must not favour any side in an armed conflict or other dispute
- **Impartiality** means that humanitarian aid must be provided solely on the basis of need, without discrimination
- **Independence** means the autonomy of humanitarian objectives from political, economic, military or other objectives

**Insurance** – A risk transfer arrangement by which an insurance entity provides compensation to an insured entity for a specified loss in return for payment of a specified premium, e.g. parametric and non-parametric insurance

**Investable opportunity** – A bankable project, tradable equity, bond or other instance of an investment instrument that offers sufficient returns, has sufficient financial data and otherwise has the necessary characteristics for potential investment

**Investment capital** – Capital loaned or used to purchase assets that seeks a risk-adjusted return; may come from various sources: e.g. private, institutional, public etc.

**Market catalyst** – Organization that facilitates a humanitarian investment, e.g. by identifying or developing potential humanitarian investments, collecting and analysing data on humanitarian investments to build the investment case for them, securing donor or concessionary capital to de-risk a potential humanitarian investment etc.

**Non-traditional finance** – Unique financial instruments differing from traditional debt, equity or insurance products, e.g. outcomes-based funds, advanced market commitments, financial intermediary funds, trust funds, person-to-person lending, asset-backed securities etc.

**Recovery** – Attaining resilience after a crisis, meaning a sufficient level of well-being, resources and support after a crisis such that a future crisis is unlikely or would have limited impact

**Resilience** – Attaining a sufficient level of well-being, resources and support such that a future crisis is unlikely or would have limited impact








**Stability** – Reduction of immediate physical needs (physical security, water, food, housing, etc.) to non-emergency levels

## Appendix B: Abbreviations and acronyms

**AUM** – Assets under management  
**BCG** – Boston Consulting Group  
**CSIS** – Center for Strategic and International Studies  
**DFI** – Development financial institution  
**DFID** – UK Department for International Development  
**ECHO** – European Civil Protection and Humanitarian Aid Operations  
**EIF** – European Investment Fund  
**ESG** – Environmental, social and governance (indicators of the societal impact of companies or investments)  
**FCV** – Fragility, conflict and violence  
**GIB** – Gulf International Bank  
**GIIN** – Global Impact Investing Network  
**GSG** – Global Steering Group for Impact Investment  
**ICRC** – International Committee of the Red Cross  
**IDA** – International Development Association  
**IFC** – International Finance Corporation  
**MDB** – Multilateral development bank  
**NFM** – New financing model  
**NGO** – Non-government organization  
**OCHA** – UN Office for the Coordination of Humanitarian Affairs  
**ODA** – Official development assistance  
**ODI** – Overseas Development Institute  
**OECD** – Organisation for Economic Co-operation and Development  
**OPIC** – Overseas Private Investment Corporation  
**PE** – Private equity  
**RIMP** – Refugee Investment and Matchmaking Platform  
**RIN** – Refugee Investment Network  
**SDG** – Sustainable Development Goal  
**SDIP** – Sustainable Development Impact Partnership  
**UNHCR** – UN High Commissioner for Refugees  
**USAID** – US Agency for International Development  
**USIDFC** – US International Development Finance Corporation  
**VC** – Venture capital  
**WFP** – World Food Programme

# Appendix C: Examples of humanitarian investing opportunities

Title of each humanitarian investing opportunity includes hyperlink to more information

Global Agriculture and Food Security Fund – Private Sector Window				
 <b>Agriculture and food security</b>   <b>Debt</b>	<p>The GAFSP Private Sector Window uses blended finance solutions and concessional funding to support projects designed to improve the livelihood of smallholder farmers living in the world's poorest countries. Investing across the entire food supply chain, from farm inputs through logistics and storage to processing and financing, the Private Sector Window specializes in early-stage agribusiness projects with a high potential for development impact.</p>	<b>Market catalyst</b>	<b>Investor</b>	<b>Implementing partner</b>
		IFC	IFC and IFC clients	GAFFSP
Root Capital Investment in Musasa				
 <b>Agriculture and food security</b>   <b>Debt</b>	<p>In 2005, the Dukundekawa coffee cooperative, Musasa, became Root Capital's first client in Africa. Based on Musasa's contracts with leading specialty coffee buyers, Root Capital loaned the cooperative \$90,000 to purchase raw beans from its members. When the processed beans shipped and buyers sent their payment, a portion of the proceeds paid off the Root Capital loan. Since then, Root Capital has provided Musasa with more than \$1 million in financing.</p>	<b>Market catalyst</b>	<b>Investor</b>	<b>Implementing partner</b>
		Coffee sourcers	Root Capital	Musasa
Blue Marble Microinsurance in Africa				
 <b>Agriculture and food security</b>   <b>Insurance</b>	<p>Blue Marble incubates and implements microinsurance solutions that support the economic advancement of underserved populations. In Africa, they are addressing the financial vulnerability of smallholder farmers through the provision of affordable insurance protection against extreme weather conditions. They entered the market in 2016 with their first venture pilot in Zimbabwe and returned in 2017 with an improved and expanded offering, which was scaled up in 2018. In 2019, they are expanding the venture across southern and eastern Africa.</p>	<b>Market catalyst</b>	<b>Investor</b>	<b>Implementing partner</b>
		Cafe Export CLAC Fairtrade OXFAM Seguros Bolivar WFP	Nespresso	Blue Marble
Famine Action Mechanism				
 <b>Agriculture and food security</b>   <b>Insurance</b>	<p>The Famine Action Mechanism seeks to address famine prevention, preparedness and early action – interventions that can save more lives and reduce humanitarian costs by as much as 30%. The initiative will use state-of-the-art technology to provide more powerful early-warning systems to identify when food crises threaten to turn into famines. These alerts will trigger prearranged funding and action plans by donors, humanitarian agencies and governments to generate earlier and more efficient interventions. Top technology firms are providing expertise to develop a suite of analytical models called Artemis that uses advanced artificial intelligence (AI) and machine learning to estimate and forecast worsening food security crises in real time.</p>	<b>Market catalyst</b>	<b>Investor</b>	<b>Implementing partner</b>
		Google Amazon Microsoft	World Bank	World Bank UN ICRC

## Kenya Livestock Insurance Programme (KLIP)

 <b>Agriculture and food security</b>	 <b>Insurance</b>	<p>The Kenya Livestock Insurance Programme (KLIP) helps Kenyan pastoralists by providing insurance coverage for livestock mortality associated with drought and protects against prolonged fodder scarcity. Unlike traditional insurance, index insurance uses an external indicator to assess losses on an aggregate level over a particular area. After a pilot conducted in Marsabit and Wajir counties, KLIP was extended to cover six more counties and a total of 18,000 pastoralists representing more than 80,000 beneficiaries. The 2016/17 drought was the worst in Kenya in 16 years and KLIP paid out \$5.3 million to 14,000 pastoralists.</p>	<b>Market catalyst</b>	<b>Investor</b>	<b>Implementing partner</b>
			Cornell University DFID Kenya USAID Washington AusAID Kenya European Union (EU) World Bank Global Index Insurance Facility Index Insurance Innovation Initiative Syracuse University (Maxwell School) University of Wisconsin (BASIS Research Program)	Takaful Insurance of Africa Ltd. Africa Re Swiss Re APA Insurance	World Vision Kenya Mercy Corps – Wajir Kenya Markets Trust Solidarités International Kenya Meteorological Department Kenyan Ministry of Development Ministry of Livestock

## Livelihoods Fund for Family Farming (L3F)

 <b>Agriculture and food security</b>	 <b>Non-traditional finance</b>	<p>The Livelihoods Fund for Family Farming (L3F) invests in large-scale projects enabling smallholder farmers to produce greater yields of higher quality produce through sustainable agricultural practices. Investors commit to purchasing the commodities originating from these projects over a 10-year period. The projects also create benefits for society as a whole through biodiversity preservation, water resources management and CO2 sequestration.</p>	<b>Market catalyst</b>	<b>Investor</b>	<b>Implementing partner</b>
			L3F	Danone Firmenich Mars Inc. Veolia	L3F

## Nespresso Reviving Origins

 <b>Agriculture and food security</b>	 <b>Non-traditional finance</b>	<p>After a successful investment in South Sudan, Nespresso is investing CHF10 million over the next five years to revive the coffee industries in selected countries in their Reviving Origins Project. The project has already launched new single-origin coffees from Eastern Zimbabwe and Caquetá, Colombia. As a result of Nespresso's investment and the commitment of partners, coffee farmers in these two regions are starting to rebuild sustainable livelihoods, restore their local economies and bring much-needed development to their rural communities.</p>	<b>Market catalyst</b>	<b>Investor</b>	<b>Implementing partner</b>
			Nespresso USAID	Nespresso	Nespresso Colombian Coffee Growers Federation (FNC) Technoserve

## World Food Bank

 <b>Agriculture and food security</b>	 <b>Non-traditional finance</b>	<p>Food as an Asset Class is a unique investment that, before today, has lacked securitization. Through the advent of new drying, packaging and storage technologies, most grains, pulses, fruits and vegetables can be dried and stored – often with a shelf life of 20 or more years. The World Food Bank's purchasing programme supports smallholder farmers around the world when they are threatened by excess supply and low market prices, by providing guaranteed offtake. On the sale side, World Food Bank offers a network of strategically located warehouses with extended shelf-life food commodities capable of providing immediate supply into markets that have suffered from disaster, displacement or limited supply in local markets.</p>	<b>Market catalyst</b>	<b>Investor</b>	<b>Implementing partner</b>
			Awhere Eastern Africa Grain Council Global Livingston Institute Grainpro PacMoore Uganda Commodity Exchange World Vision/Makere University Kickstarter	World Food Bank	World Food Bank



## Colombia Workforce Social Impact Bond

 <b>Education and workforce</b>	 <b>Non-traditional finance</b>	<p>Colombia's social impact bond addresses unemployment of the most vulnerable people in the cities of Pereira, Cali and Bogota. The \$750,000 Social Impact Bond is structured so that its investors are repaid only if unemployed, vulnerable Colombians – including those who have been displaced by the armed conflict – find stable, formal employment.</p>	<b>Market catalyst</b>	<b>Investor</b>	<b>Implementing partner</b>
			Switzerland IDB MIF Instiglio Deloitte	Corona Foundation Mario Santo Domingo Foundation Bolívar Davivienda Foundation	Corona Foundation Instiglio

## Education Outcomes Fund (EOF)

 <b>Education and workforce</b>	 <b>Non-traditional finance</b>	<p>The Education Outcomes Fund for Africa and the Middle East (EOF) aims to pool \$1 billion to support governments to pay for results in education and youth employment over the next decade. Together with government, EOF will harness the capacity and capabilities of a range of actors that can strengthen the national education system and help deliver quality education for all by aligning the various actors across the system around a common set of outcomes.</p>	<b>Market catalyst</b>	<b>Investor</b>	<b>Implementing partner</b>
			Ford Foundation Amersi Foundation Big Win Philanthropy Omidyar Network High-net-worth individuals	EOF	Education Commission and the Global Steering Group for Impact Investment (GSG)

## Refugees Livelihoods Development Impact Bond

 <b>Education and workforce</b>	 <b>Non-traditional finance</b>	<p>With support from the Ikea Foundation, Kois is designing the first development impact bond to improve refugee livelihoods in Jordan and Lebanon by financing two organizations working to improve education and employment outcomes for Syrian refugees. If certain targets are achieved, such as job placements, governments and foundations will provide investors with a return.</p>	<b>Market catalyst</b>	<b>Investor</b>	<b>Implementing partner</b>
			Convergence Blended Finance Kois	IKEA	Near East Foundation



## Palestine Real Estate Investment Co (PRICO)'s rooftop solar energy facility

 <b>Energy</b>	 <b>Debt</b>	<p>One of the World Bank Group's first demonstrative solar energy transactions in West Bank and Gaza is the Palestine Real Estate Investment Co (PRICO)'s rooftop solar energy facility. IFC helped structure the investment and financed it. The Trust Fund for Gaza and West Bank provided a grant, and the Multilateral Investment Guarantee Agency (MIGA) de-risked the transaction. The project will create a new solar market in West Bank and Gaza and provide up to 80% of the electricity needs of the Gaza Industrial Estate, keeping factories running and creating almost 800 jobs.</p>	<b>Market catalyst</b>	<b>Investor</b>	<b>Implementing partner</b>
			MIGA Palestinian authorities The Trust Fund for Gaza and West Bank	IFC	World Bank



## SunFunder – Kenyan Government Solar Debt Fund

 <b>Energy</b>	 <b>Debt</b>	<p>SunFunder is a solar energy finance business with a mission to provide financing for solar assets in emerging economies, including inventory, working capital, construction and structured finance loans. The company is now managing a \$30 million debt fund for Kenya's Ministry of Energy as part of the Kenya Off-Grid Solar Access Project (KOSAP). The project seeks to increase access to modern and clean energy in Kenya with KOSAP debt financing and \$12 million of results-based financing (RBF) grants that are available to companies distributing off-grid solar systems to households, enterprises and communities.</p>	<b>Market catalyst</b>	<b>Investor</b>	<b>Implementing partner</b>
			KOSAP	Kenyan Government	SNV SunFunder

## Inyenyeri

 <b>Energy</b>	 <b>Non-traditional finance</b>	<p>Inyenyeri improved home cookstove company planned to scale operations but had difficulty finding financing. The World Bank's Carbon Initiative for Development (Ci-Dev) offered a results-based climate finance commitment to purchase 1 million certified emissions reductions, which significantly reduced investment risks for potential private-sector financiers and catalysed an initial €8 million loan from private investor Althelia Ecosphere.</p>	<b>Market catalyst</b>	<b>Investor</b>	<b>Implementing partner</b>
			World Bank	Althelia Ecosphere	Inyenyeri



## Equity Bank in Kakuma

 <b>Financial inclusion and capital markets</b>	 <b>Debt</b>	<p>In Kakuma camp and town, Equity Bank has developed a common offer for both the refugee and host-community markets that includes bank accounts and access to credit. The business model has been profitable and, as a result, Equity Bank is interested in expanding its activities in Kakuma camp and expects to further grow its business with the development of the Kalobeyei refugee settlement.</p>	<b>Market catalyst</b>	<b>Investor</b>	<b>Implementing partner</b>
				Equity Bank	Equity Bank

## Kiva Refugee Investment Fund

 <b>Financial inclusion and capital markets</b>	 <b>Debt</b>	<p>To date, Kiva has mobilized philanthropic lenders on their crowdfunding platform to provide \$13 million to more than 15,000 refugee entrepreneurs, demonstrating the viability of lending to displaced populations. The Kiva Refugee Investment Fund ("KRIF") seeks to involve impact investors to scale the investments. This will be complimented by the KIVA protocol that will establish and record the credit history of refugee partners.</p>	<b>Market catalyst</b>	<b>Investor</b>	<b>Implementing partner</b>
			Kiva	Crowdfunding	Refugee entrepreneurs

## Microfund for Women – supporting refugee enterprises



 <b>Financial inclusion and capital markets</b>	 <b>Debt</b>	<p>Microfund for Women is the largest microfinance institution (MFI) in Jordan and an important contributor to the development of entrepreneurship among women and to support for refugees. Since 2016, the fund has extended loans to refugees in Jordan who do not have access to other MFIs in the country. As part of their financial inclusion strategy, they have extended their financial and non-financial services such as training, awareness and market linkages for Syrian women refugees to achieve economic self-reliance.</p>	<b>Market catalyst</b>	<b>Investor</b>	<b>Implementing partner</b>
			EBRD	Microfund for Women	Microfund for Women

## Supporting businesses during the Ebola crisis

 <b>Financial inclusion and capital markets</b>	 <b>Debt</b>	<p>The Ebola outbreak of 2014 was a public health crisis that threw Sierra Leone's economy into turmoil. To revive the economy and support flailing businesses, CDC partnered with Standard Chartered to set up a \$50 million loan facility from which Sierra Leone businesses borrowed.</p>	<b>Market catalyst</b>	<b>Investor</b>	<b>Implementing partner</b>
			CDC Group	Standard Chartered	CDC Group



## UNICEF USA Bridge Fund

 <p>Financial inclusion and capital markets</p>	<p>The UNICEF USA Bridge Fund is an impact investment tool that addresses the timing gaps that emerge between the commitment of a donor's support to UNICEF and the actual receipt of the pledged cash by UNICEF. The UNICEF Bridge Fund pools capital in the form of three- to five-year fixed-rate loans to speed the delivery of life-saving commodities to children in developing countries. When timing gaps emerge between the commitment of a donor's support and the actual receipt of cash, the Bridge Fund accelerates funds to enable procurement. As donors' funds are received, they replenish the Bridge Fund. These revolving loan funds multiply programmatic impact with each subsequent bridge.</p>	<b>Market catalyst</b>	<b>Investor</b>	<b>Implementing partner</b>
		<p>Fidelity Charitable Trustees Philanthropy Fund Mariner Investment Group High-net-worth individuals</p>	<p>Merck &amp; Co., Inc. New Summit Investments Prudential Financial, Inc. St Joseph Province TD Bank, N.A. Treehouse Investments, LLC. Futures Without Violence High-net-worth individuals</p>	<p>UNICEF USA</p>
 <p>Debt</p>				

## XSML Capital – Central Africa SME Fund

 <p>Financial inclusion and capital markets</p>	<p>The Central Africa SME Fund (CASF) is a \$19 million fund that invests in small and medium-sized enterprises (SMEs) in the Democratic Republic of the Congo (DRC) and the Central African Republic (CAR). Risk capital was provided in the period 2011–15 to more than 30 companies with an investment size between \$200,000 and \$1 million. With the creation of 960 direct jobs, CASF, as per Q3 2018, has returned some 63% of the capital invested to investors.</p>	<b>Market catalyst</b>	<b>Investor</b>	<b>Implementing partner</b>
		<p>XSML Capital</p>	<p>Bio CDC Group DGGF FMO IFC AHL Venture Partners Proparco</p>	
 <p>Debt</p>				

## World Bank Green Bonds

 <p>Financial inclusion and capital markets</p>	<p>The World Bank Green Bond raises funds from fixed-income investors to support World Bank lending for eligible projects that seek to mitigate climate change or help affected people adapt to it. The product was designed in partnership with Skandinaviska Enskilda Banken (SEB) to respond to specific investor demand for a triple A-rated fixed-income product that supports projects that address the climate challenge. Since 2008, the World Bank has now issued the equivalent of \$13 billion in green bonds through 150 transactions in 20 currencies. World Bank Green Bonds are an opportunity to invest in climate solutions through a high-quality credit fixed income product.</p>	<b>Market catalyst</b>	<b>Investor</b>	<b>Implementing partner</b>
		<p>World Bank</p>	<p>Skandinaviska Enskilda Banken</p>	<p>World Bank</p>
 <p>Debt</p>				

## InFrontier

 <p>Financial inclusion and capital markets</p>	<p>InFrontier is a private equity firm that invests in the private sector in frontier markets. Today, it has investments of £30 million in Afghanistan and has just opened offices in Pakistan and Uzbekistan. It plans to increase its investments to £150 million within the next couple of years. It adopts exactly the same investment approach in Afghanistan as would a private equity firm investing in Europe, with rigorous compliance. It has a triple bottom-line measurement impact. InFrontier's investors are a mix of public and private: CDC, the Dutch Development Bank and individuals. The current expected return is 10–15%.</p>	<b>Market catalyst</b>	<b>Investor</b>	<b>Implementing partner</b>
		<p>CDC Dutch Development Bank</p>	<p>CDC Dutch Development Bank High-net-worth individuals</p>	<p>InFrontier</p>
 <p>Equity</p>				

## Kinyeti Venture Capital

 <p>Financial inclusion and capital markets</p>  <p>Equity</p>	<p>Kinyeti Venture Capital is an investment company that makes risk capital investments in profitable enterprises in South Sudan. The company was established as a joint venture between Norfund and Swedfund. The investment company aims to deliver attractive returns to investors while creating wealth and employment in the country.</p>	<b>Market catalyst</b>	<b>Investor</b>	<b>Implementing partner</b>
		Norfund Swedfund	Norfund Swedfund	Kinyeti

## Peace Investment Fund

 <p>Financial inclusion and capital markets</p>  <p>Equity</p>	<p>The Peace Investment Fund (PIF), an innovative investment vehicle targeting multinational companies with important economic impact in fragile states, aims to employ financial tools to encourage peacebuilding. The fund only invests in companies that have a net positive impact according to the Peacebuilding Business Index co-developed by PeaceNexus and Covalence. This ranks the 300 most economically impactful listed companies in 76 fragile states according to peacebuilding criteria that extend beyond standard environmental, social and governance standards.</p>	<b>Market catalyst</b>	<b>Investor</b>	<b>Implementing partner</b>
		PeaceNexus Covalence	de Pury Pictet Turrettini	Covalence

## IDF Sovereign and Humanitarian Solutions

 <p>Financial inclusion and capital markets</p>  <p>Insurance</p>	<p>The Insurance Development Forum is a public/private partnership led by the insurance industry and supported by international organizations. Under the Sovereign and Humanitarian Solutions workstream led by Swiss Re, they are focused on the development of a portfolio of new insurance solutions for sovereigns, sub-sovereigns and humanitarian actors in partnership with the InsuResilience Solutions Fund and the Centre for Global Disaster Protection.</p>	<b>Market catalyst</b>	<b>Investor</b>	<b>Implementing partner</b>
		IDF	Multiple, including Swiss Re	NA

## World Bank Cat Bond – Pacific Alliance

 <p>Financial inclusion and capital markets</p>  <p>Insurance</p>	<p>In the Catastrophe Bond Transaction, the World Bank (International Bank for Reconstruction and Development) issued sustainable development bonds that collectively provide \$1.36 billion in earthquake protection to Chile, Colombia, Mexico and Peru. The issuance consists of five classes of World Bank bonds: one each for Chile, Colombia and Peru, and two classes for Mexico. The triggers are parametric and depend on data provided by the US Geological Survey. The transaction attracted more than 45 investors from around the world, with almost \$2.5 billion of investor orders.</p>	<b>Market catalyst</b>	<b>Investor</b>	<b>Implementing partner</b>
		World Bank	Swiss Re Aon Citi AIR Worldwide	World Bank

## Nomou Jordan Fund

 <p>Financial inclusion and capital markets</p>  <p>Non-traditional finance</p>	<p>The fund is committed to investing \$5 million over two years in SMEs in Jordan that are either owned by or employ refugees, in addition to providing business support to these organizations at pre-finance and post-finance stages.</p>	<b>Market catalyst</b>	<b>Investor</b>	<b>Implementing partner</b>
		USAID DFID Lundin Foundation	Norfund KfW Development Bank DGGF Anthos Capital	Nomou Jordan Fund

## International Finance Facility for Immunisation

 <b>Health</b>	<p>The International Finance Facility for Immunisation (IFFIm), uses long-term donor pledges to issue vaccine bonds on the capital markets. The money raised from investors helps fund Gavi programmes to meet immediate country demand for vaccines. IFFIm has been able to raise \$5.7 billion from investors and secure \$6.5 billion from donors, which it used to repay IFFIm bondholders. With this solid financial base and the World Bank as its treasury manager, IFFIm is rated AA/Aa1/AA by FitchRatings, Moody's Investor Service and Standard &amp; Poor's.</p>	<b>Market catalyst</b>	<b>Investor</b>	<b>Implementing partner</b>
		Australia France Italy Netherlands Norway South Africa Spain Sweden UK	JP Morgan HSBC Securities Daiwa Securities Citi Crédit Agricole Goldman Sachs International	World Bank Gavi
 <b>Debt</b>				



## Leapfrog investments – AllLife

 <b>Health</b>	<p>LeapFrog Investments is an impact investor specializing in insurance and healthcare in Africa. In 2009, they invested \$6 million in AllLife. At the height of the AIDS epidemic in South Africa, almost none of the roughly 5.3 million people diagnosed with HIV could get life insurance and at least one in six adult South Africans was, in effect, uninsurable. AllLife was set up in 2005 to address this unmet social need and a business opportunity. Asking policy-holders to commit to taking the antiretroviral medication meant that patients lived longer – almost as long as people without HIV – and that AllLife had a large enough pool of paying policy-holders to make a profit.</p>	<b>Market catalyst</b>	<b>Investor</b>	<b>Implementing partner</b>
		Leapfrog Investments	AIG JP Morgan MetLife Morgan Stanley PartnerRe Prudential SCOR Swiss Re TIAA XL Catlin Zurich	AllLife
 <b>Equity</b>				

## Humanitarian Impact Bond

 <b>Health</b>	<p>The ICRC Humanitarian Impact Bond was launched in 2017 to address services for people with physical disabilities in conflict-affected countries. The investment raised has funded staff training and the building of three new rehabilitation centres. After five years, outcome funders will pay ICRC an undisclosed amount if the centres run more efficiently than existing operations.</p>	<b>Market catalyst</b>	<b>Investor</b>	<b>Implementing partner</b>
		Belgium Switzerland Italy La Caixa Foundation	Munich Re Lombard Odier	ICRC
 <b>Non-traditional finance</b>				

## Pneumococcal Advance Market Commitment

 <b>Health</b>	<p>Advance market commitment for vaccines (AMC) is an innovative funding mechanism to encourage vaccine makers to produce suitable and affordable vaccines often unavailable in low-income countries due to perceptions of insufficient demand and market uncertainty. In an AMC, donors commit funds to guarantee the price of vaccines once they have been developed. These financial commitments provide vaccine manufacturers with the incentive they need to invest in vaccine research and development, and to expand manufacturing capacity. In exchange, companies sign a legally binding commitment to provide the vaccines at a price affordable to developing countries in the long term.</p>	<b>Market catalyst</b>	<b>Investor</b>	<b>Implementing partner</b>
		Italy United Kingdom Canada Russia Norway	Bill & Melinda Gates Foundation	World Bank
 <b>Non-traditional finance</b>				

## InsuResilience Investment Fund

 <b>Infrastructure</b>	<p>The overall objective of the InsuResilience Investment Fund is to reduce the vulnerability of micro, small and medium enterprises (MSMEs) as well as low-income households in developing countries to extreme weather events. The InsuResilience Investment Fund has been set up as a public-private-partnership. It combines private debt and private equity investments in two separately investible sub-funds.</p>	<b>Market catalyst</b>	<b>Investor</b>	<b>Implementing partner</b>
		KfW Development Bank Celcius Pro Blue Orchard	Swiss Re Hannover Re Munich Re	InsuResilience Investment Fund
 <b>Equity</b>				

## African Risk Capacity

 <b>Infrastructure</b>	<p>ARC is an innovative African Union initiative aimed at combining the concepts of early warning, disaster risk management and risk finance to create an African-owned disaster response system. The African Risk Capacity is comprised of two entities: the African Risk Capacity Agency and the ARC Insurance Company Limited. Together, they provide ARC member states with capacity-building services and access to state-of-the-art early warning technology, contingency planning and risk pooling and transfer facilities.</p>	<b>Market catalyst</b>	<b>Investor</b>	<b>Implementing partner</b>
		33 African Union member states	33 African Union member states	African Risk Capacity
 <b>Insurance</b>				



## Caribbean Catastrophe Risk Insurance Facility

 <b>Infrastructure</b>	<p>Caribbean Catastrophe Risk Insurance Facility is the world's first regional fund using parametric insurance, giving member governments the unique opportunity to purchase earthquake, hurricane and excess rainfall catastrophe coverage with the lowest-possible pricing. It limits the financial impact of catastrophic hurricanes, earthquakes and excess rainfall events to Caribbean and – since 2015 – Central American governments by quickly providing short-term liquidity when a parametric insurance policy is triggered.</p>	<b>Market catalyst</b>	<b>Investor</b>	<b>Implementing partner</b>
		Japan Global Affairs Canada US Department of the Treasury European Commission Germany Ministry for Economic Cooperation KfW Development Bank Ireland	Caribbean governments	World Bank
 <b>Insurance</b>				

## Catastrophic Bond for Volcanic Activity

 <b>Infrastructure</b>	<p>The first pure-volcano catastrophe bond issued by the Danish Red Cross is structured using a parametric trigger based on the appearance of an eruption column (the plume or ejection from a volcano). By selling insurance-linked securities (ILS), the bond transfers risk, providing much-needed responsive risk capital to support recoveries from volcano-related disasters.</p>	<b>Market catalyst</b>	<b>Investor</b>	<b>Implementing partner</b>
		Global Parametrics Mitiga Solutions	DFID's Natural Disaster Fund	Danish Red Cross
 <b>Insurance</b>				

## WaterCredit Investment Fund 3

 <b>Water and sanitation</b>	<p>The WaterCredit Investment Fund 3 (WCIF3)'s investments target sustainable returns with high credit quality and are organized around three components: financial inclusion, gender-lens investing and social enterprise financing. By investing in financial institutions and water and sanitation enterprises throughout India, Indonesia, Cambodia and the Philippines, the fund aims to help 4.6 million people gain access to safe water and sanitation.</p>	<b>Market catalyst</b>	<b>Investor</b>	<b>Implementing partner</b>
		WaterEquity	Bank of America Hilton Foundation Niagara OPIC Skoll Foundation Johnson and Johnson IKEA Foundation	WCIF3
 <b>Debt</b>				

# Contacts

If you or your organization is interested in starting or continuing your engagement with humanitarian investing, please contact the co-authors:

- **Andrej Kirn**, Lead, Humanitarian Agenda, World Economic Forum  
[andrej.kirn@weforum.org](mailto:andrej.kirn@weforum.org)
- **Katherine Brown**, Head of Sustainable and Impact Investing Initiatives, World Economic Forum  
[katherine.brown@weforum.org](mailto:katherine.brown@weforum.org)
- **Juan Luis Coderque Gállico**, Head of New Financing Models (NFM), International Committee of the Red Cross (ICRC)  
[jcoderque@icrc.org](mailto:jcoderque@icrc.org)
- **Olivier Lavinal**, Program Manager, World Bank Group  
[olavinal@worldbank.org](mailto:olavinal@worldbank.org)
- **Carl Brinton**, Sustainable Investing and Social Impact, Boston Consulting Group (BCG)  
[brinton.carl@bcg.com](mailto:brinton.carl@bcg.com)

## Members of the High-Level Group on Humanitarian Investing

### Co-Chairs

**Børge Brende**, President, World Economic Forum  
**Kristalina Georgieva**, Chief Executive Officer, World Bank  
**Peter Maurer**, President, International Committee of the Red Cross (ICRC)

### Members

**Alok Sharma**, Secretary of State for International Development, UK government  
**David Beasley**, Executive Director, World Food Programme (WFP)  
**Filippo Grandi**, High Commissioner, United Nations High Commissioner for Refugees (UNHCR)  
**Ion Yadigaroglu**, Managing Partner, Capricorn Investment Group  
**Karin Finkelston**, Vice-President, Partnerships, Communications and Outreach, International Finance Corporation (IFC)  
**Katherine Garrett-Cox**, Chief Executive Officer, Gulf International Bank (UK)  
**Lars Rebien Sorensen**, Chairman of the Board of Directors, Novo Nordisk Foundation  
**Marisa Drew**, Chief Executive Officer, Impact Advisory and Finance, Credit Suisse  
**Mark Green**, Administrator, US Agency for International Development (USAID)  
**Mark Lowcock**, Undersecretary-General for Humanitarian Affairs and Emergency Relief Coordinator, United Nations Office for the Coordination of Humanitarian Affairs (OCHA)  
**Monique Pariat**, Director-General, Humanitarian Aid and Civil Protection, European Commission  
**Paul Van Zyl**, Chief Creative Officer, The Conduit  
**Per Heggnes**, Chief Executive Officer, IKEA Foundation  
**Sir Ronald Cohen**, Co-Founder and Chairman, Global Steering Group for Impact Investment  
**Sara Pantuliano**, Acting Executive Director, Overseas Development Institute  
**Sigrid Kaag**, Minister for Foreign Trade and Development Cooperation, Government of the Netherlands  
**Tara Nathan**, Executive Vice-President, Public-Private Partnerships, Mastercard

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- Inter-American Development Bank
- Lazard
- Munich Re
- New Zealand Super Fund
- Overseas Private Investment Corporation (OPIC)/US International Development Finance Corporation (USIDFC)
- PGGM
- State Street Global Advisors
- UBS
- Y Analytics

# Endnotes

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World Economic Forum  
91–93 route de la Capite  
CH-1223 Cologny/Geneva  
Switzerland

Tel.: +41 (0) 22 869 1212  
Fax: +41 (0) 22 786 2744

[contact@weforum.org](mailto:contact@weforum.org)  
[www.weforum.org](http://www.weforum.org)