

The George Washington University
Institute for Corporate Responsibility
Impact Investing Initiative

Impact investing is the practice of making an investment with the expectation of generating both financial and social returns. It is a fast-growing industry. The Global Impact Investing Network's (GIIN) 2019 survey estimated there is approximately US\$511 billion in assets in this space. That level more than doubles the estimate from the 2018 survey. In Spring 2019 the George Washington University Institute for Corporate Responsibility (ICR) launched a new initiative of education, research, and engagement addressing impact investing with the goal of advancing learning, scholarship, and expanded impact investment opportunities.

Education

New GWSB Course - Impact Investing: Theory, Practices and Challenges

Beginning in Fall 2019, the George Washington University School of Business will offer a new undergraduate/graduate level course that investigates the fundamentals of impact investing, focusing on its different forms and financial instruments, examines the considerable challenges faced by both impact investors and investees, and explores emergent new techniques for making proposals more attractive to impact investors. **Contact: Prof. John Forrer, Director, GW ICR.** jforrer@gwu.edu

GWSB Course - Global Business Project: Impact Investments in Rwanda

This short-term study abroad program explores impact investments in Rwanda, a landlocked country in Sub-Saharan Africa known for its picturesque terrain as the “Land of a Thousand Hills.” This course studies the agriculture sector in Rwanda and requires students to work with agricultural processors and farmer cooperatives (“coops”). Student consulting teams will prepare impact investment memoranda on the selected agricultural processors for presentation to a U.S.-based impact investor. In this capacity, students will be trained and will act as investment officers for (potential) impact investment transactions. **Contact: Prof. Reid Click, International Business.** relick@gwu.edu

GW Socially Responsible Investment Fund (SRIF)

The GW Socially Responsible Investment Fund (SRIF) is a student led investment fund where students decide what investments to make into socially responsible firms with funds raised for SRIF to invest. The SRIF provides GW students a unique, structured, peer-to-peer learning experience and exposure to the perspectives and experience of practitioners. SRIF profits from investments are committed to the ICR for use as student scholarships. **Contact: Kian**

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Impact Investment Student Advisory Group (COMPASS)

The goal of the student-led Impact Investment Advisory group is to work with nonprofits and projects who were unable to receive government funding and assist and develop them with the end goal of attaining impact investor capital. Through this organization, students will work in an advisor capacity to provide the space for collaboration, new partnerships, and be involved in developing accountability and measurement frameworks. Additionally, Compass will consult on real projects and work with investors to support expanded possibilities for mobilizing private finance towards the SDGs. Contact: James Daley, President Jamesdaley@gwu.edu

Blockchains Beyond Bitcoin@GW

Reliable reporting on the social outcomes of impact investing can be difficult and expensive. Projects that cannot meet expected reporting standards pose to large a risk to impact investors. Block chains have been identified as an emergent technology that could expand the transparency of potential impact investments and reduce investment risks. Many “block chain” applications are coming to market, especially in support of sustainable supply chains. Yet many questions about the promise of block chains remain—both conceptually and practically. ICR is offering a new interdisciplinary learning platform to help students attain an understanding of “block chain” technology and its applications that transcends their selected discipline boundaries of inquiry. Contact: Rubin Roy rroy1@gwmail.gwu.edu

Research

Financing the SDGs

The most underserved communities are in the greatest need of investment capital, but have the hardest time attracting impact investors. ICR is exploring innovative approaches to designing, implementing, and funding proposals targeting these communities-- “high-hanging fruit”-- that will make them more attractive to impact investors. We call our new approach Investing in Innovation for Impact (I3). This value-creation model looks to optimize both social impact and financial ROI—not assuming success in one requires a sacrifice of the other. It is different than current impact investing and uses the Social Innovation Model for Partnerships (SIMPLE) Approach© to develop investable projects.

ESG and Financial Literacy

The goal of this research project is to facilitate the incorporation of ESG factors into investment decision making. But first we need to understand the supply of information about investments and their ESG effects and the demand for that same information by investors. We are particularly interested in the Millennials/Gen Z audience. On the supply side we are developing a database of

different ESG-related products that exist and identify how this information currently is made available to potential investors. Also, we will make a preliminary classification of these standards according to the current dimensions, typologies and characteristics. On the demand side we are developing a new survey to assess investor's financial and ESG literacy as well as their motivation for and expectations of investing in ESG products. A pilot survey will be conducted among Millennials Gen Zers in the U.S. Our analysis will look for gaps between the 'supply and demand' of ESG investing information and opportunities to close these same gaps. In collaboration with GW's Global Financial Literacy Excellence Center (GFLEC)

Translating SDGs into ESG

For investors, ESG is becoming an ever more important consideration in their investment decisions. Larry Fink, CEO of Blackrock, and most visible spokesperson on the importance of ESG to investors, predicts that the demand for ESG will transform investing in the near future as ESG metrics will become most important for assessing a company's value. While companies address environmental and social issues in a typical Sustainability Report, they have been developed in response to a diverse set of stakeholders. How well do the current metrics used to measure and message CSR activities translate when compared to the indicators used to assess ESG? How can firms most effectively and efficiently identify, collect, analyze and message information about their activities that is responsive to both CSR and ESG audiences?

VetsDriveVets

Living in a mobility dessert can have negative consequences for people and limit their access to health care facilities, places of work, and education facilities. Mobility deserts are not only geographic but can afflict communities of all types. ICR is working with partners to develop and help implement a business model that uses smart mobility networks to identify the needs and provide services to veterans in the DC area. The project—VetsDriveVets--will fund a “by-vets, for-vets” start-up—funded by impact investors--to provide services to veterans that are more responsive to their needs and at a lower cost. The research is being advanced at ICR by GWSB student veterans. Once launched VetsDriveVets will be expanded to other cities and other communities living in mobility deserts.

G as in ESG

Investors have developed ESG standards to guide their investment decisions in firms that create sustainable value. Many different standards have evolved, using metrics that are in harmony and in conflict. Firms face a challenge in deciding what standards to adopt when different investors have competing ideas about “best practices.” Around issues of governance these is another potential conflict for board members: what should they do when investor's standards on “good governance” conflict with corporate governance standards, and how do they stay faithful to their duties of care and loyalty? This project will analyze the multiple standards of good governance,

identify potential areas of conflict, and convene experts to make recommendations on how to reconcile such conflicts

Engagement

Impact Investing in Health Care

The need for greater access to healthcare services has no limits, and the healthcare sector offers unlimited impact investment opportunities. The Covid-19 crisis makes this situation even more so. Fully funding healthcare-related research, data infrastructure, analytics and education is critical. In order to successfully raise the funds necessary successes has to be measured with verified assessment tools that prove both social and business value is being created. We will work with a range of stakeholders, including leaders from the private sector, philanthropy, and non-profit organizations to define a global framework and associated metrics for healthcare impact investing and resources for funders and grantees.

Sustainable Supply Chains and Impact Investing

Making supply chains more sustainable is a priority for many firms. Working with NGOs, governments and community organizations, CSR programs have been adopted to address economic, social and environment issues. However, many of these programs require extensive and long-term funding support. But CSR programs can be redesigned (using the SIMPLE Approach) to bring about greater social impact and attract impact investors. Financing sustainable supply chains by impact investors reduces firms' CSR program costs without reducing their commitment to achieving their sustainability goals. Current projects are building impact investing opportunities for sustainable cocoa farming (e.g. Cocoa Bonds) and sustainable mining (e.g. Metallic Teal Bonds)

Impact Investor Roundtables

ICR convened its inaugural Impact Investment Roundtable meeting in Winter 2018. The Impact Investment Roundtable welcomes new participants as a venue to learn about new impact investing ideas and experiences, network with students and practitioners, and provide guidance and support of other ICR impact investing initiatives. The Impact Investor Roundtable is a semi-annual event.

Impact Investing GW Summer Hack

Proposals seeking impact investments that use innovative approaches in their early stages of development are hacked by students. Student groups research, analyze and make recommendations on project design, financing and operations that makes the proposal more attractive to impact investors. Students apply the SIMPLE Approach to improve the proposal in four ways: greater social impact, less risk, lower costs, more sustainable. Proposals to be hacked may be nominated by social entrepreneurs, NGOs, businesses, or development agencies.

For Summer 2020, three hacks are underway and address the following issues:

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- Sustainable Cocoa Supply Chains (in cooperation with the U.S. Department of State)
- Clean Energy Technology Supply Chains (in cooperation with the U.S. State Department)
- Business and Peace in Post-Conflict Zones

Each student team will produce a report on their findings and write a short paper published by ICR as part of the *Impact Investing in Brief* series

For more information please contact John Forrer, Director, Institute for Corporate Responsibility, at 202 994 5248 or jforrer@gwu.edu