

# Social Stock Exchange

Webinar: 28-July-2020

Organised by:

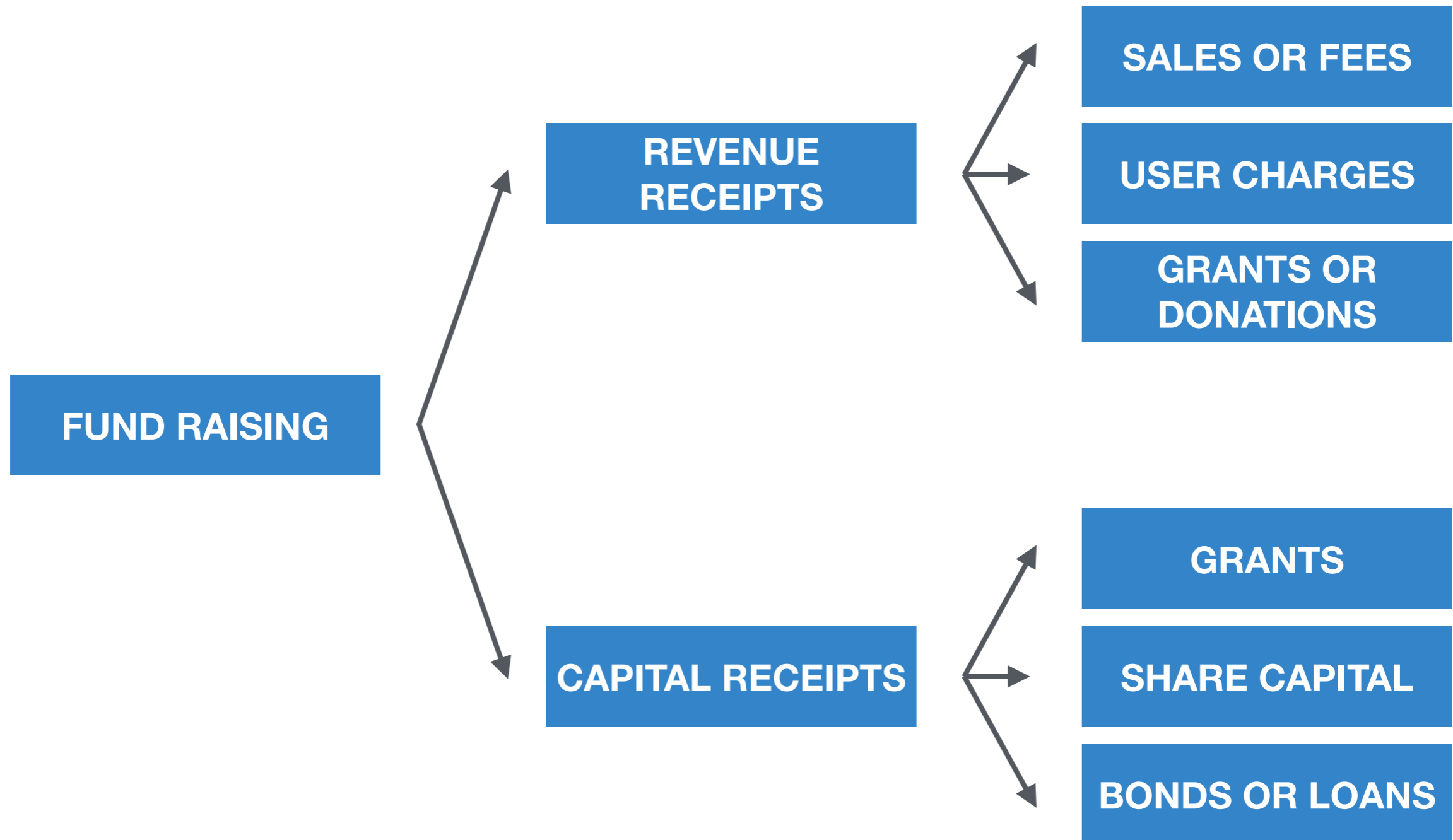
Sulabh & DevelopAid

## CAUTION

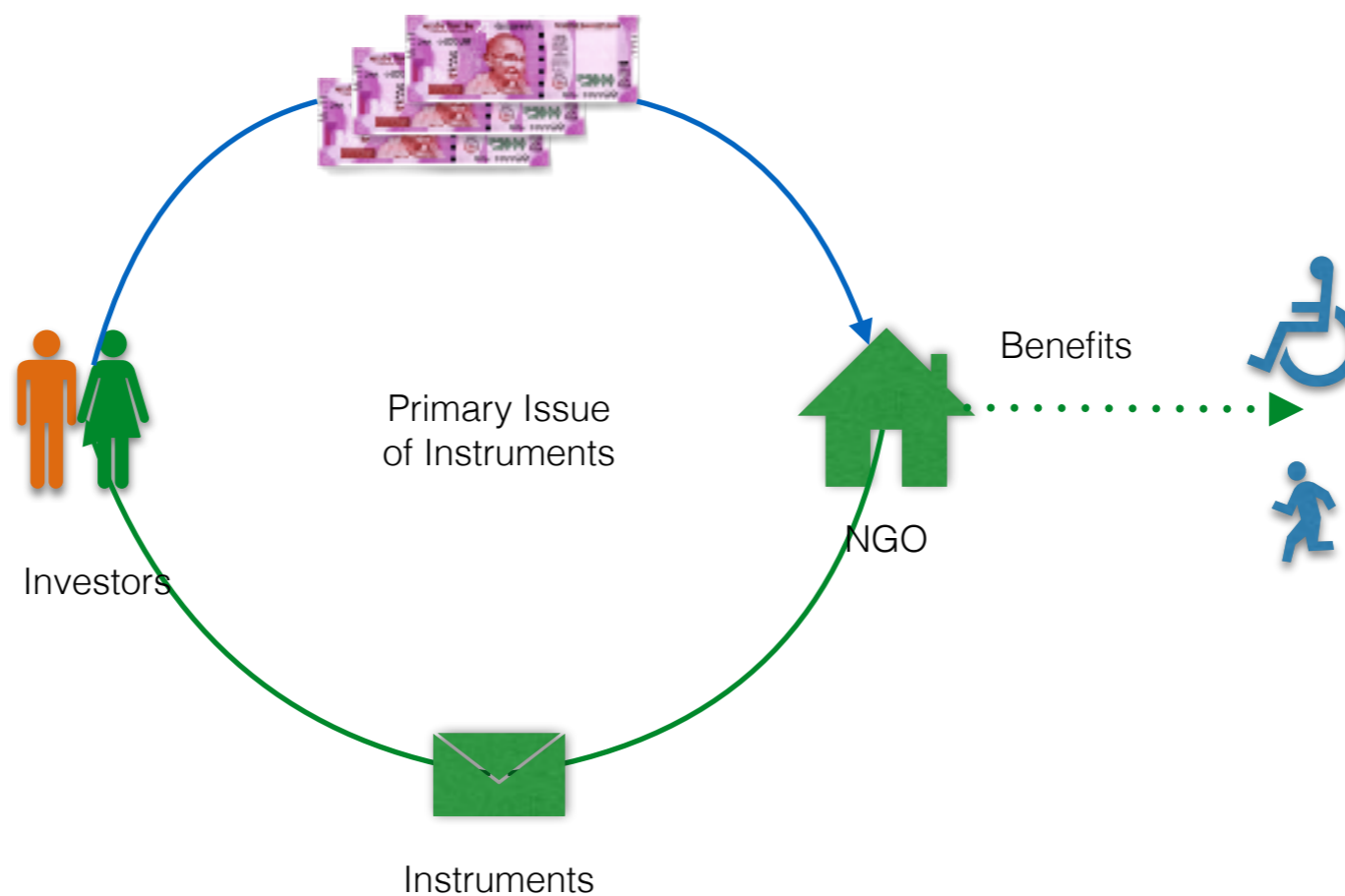
DevelopAid believes in socially responsible and accountable philanthropy. It supports compliance with both letter and the spirit of the law. This presentation is meant to help improve understanding of the law. Please do not use this understanding to bypass the law.

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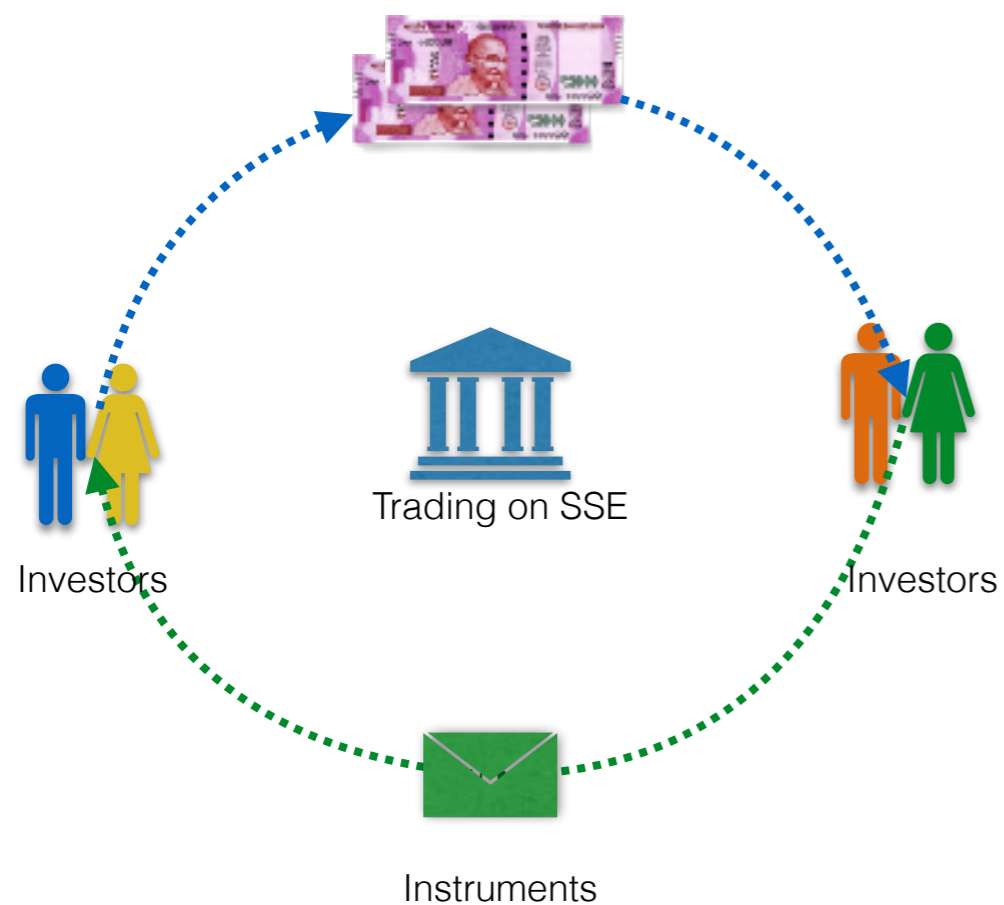
# Fund-raising



# How?



# How?



# Why do People Invest

	Financial only	Responsible	Sustainable	Impact			Impact only
	Delivering competitive financial returns						
		Mitigating environmental, social and governance risks					
			Pursuing environmental, social and governance opportunities				
				Focusing on measurable high-impact solutions			
Grade	1	2	3	4	5	6	7
Focus	Limited or no regard for environmental, social or governance practices	Mitigate risky environmental, social or governance practices in order to protect value	Adopt progressive environmental, social or governance practices that may enhance value	Address societal challenges that generate competitive financial returns for investors	Address societal challenges where returns are as yet unproven	Address societal challenges that require a below-market financial return for investors	Address societal challenges that cannot generate a financial return for investors

Source: Adapted from OECD's Paper on Tackling Social Issues: Social Impact Investment in Emerging and Developing Economies (DCD/DAC/AGID(2016)4, October 2016 and Bridges Ventures (2015), "The Bridges spectrum of capital: How we define the sustainable and impact investment market", Bridges Ventures, London, <http://bridgesventures.com/wp-content/uploads/2015/11/Spectrum-of-Capital-online-version.pdf>.

# Who?

- **Individuals**
- **Donor Agencies**
- **CSR Companies**
- **Banks / Institutional Investors**
- **Government Agencies**

# When?

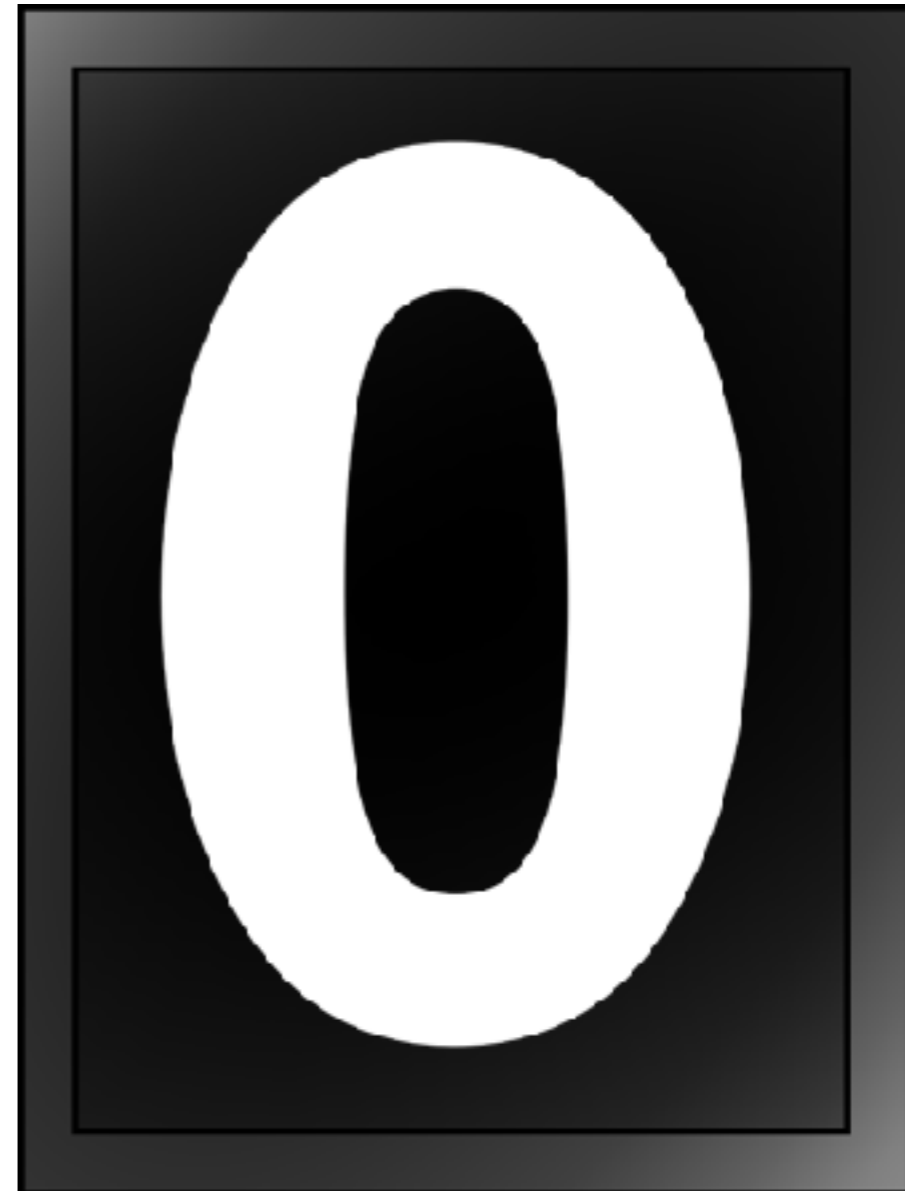
- **Working Group Report submitted**
  - **Open for public comments till 14 August 2020**
- **Redesign model**
- **Ordinance/Act**
  - **Rules and guidelines**
- **Issue and trading...Dec'21?**



# Instruments

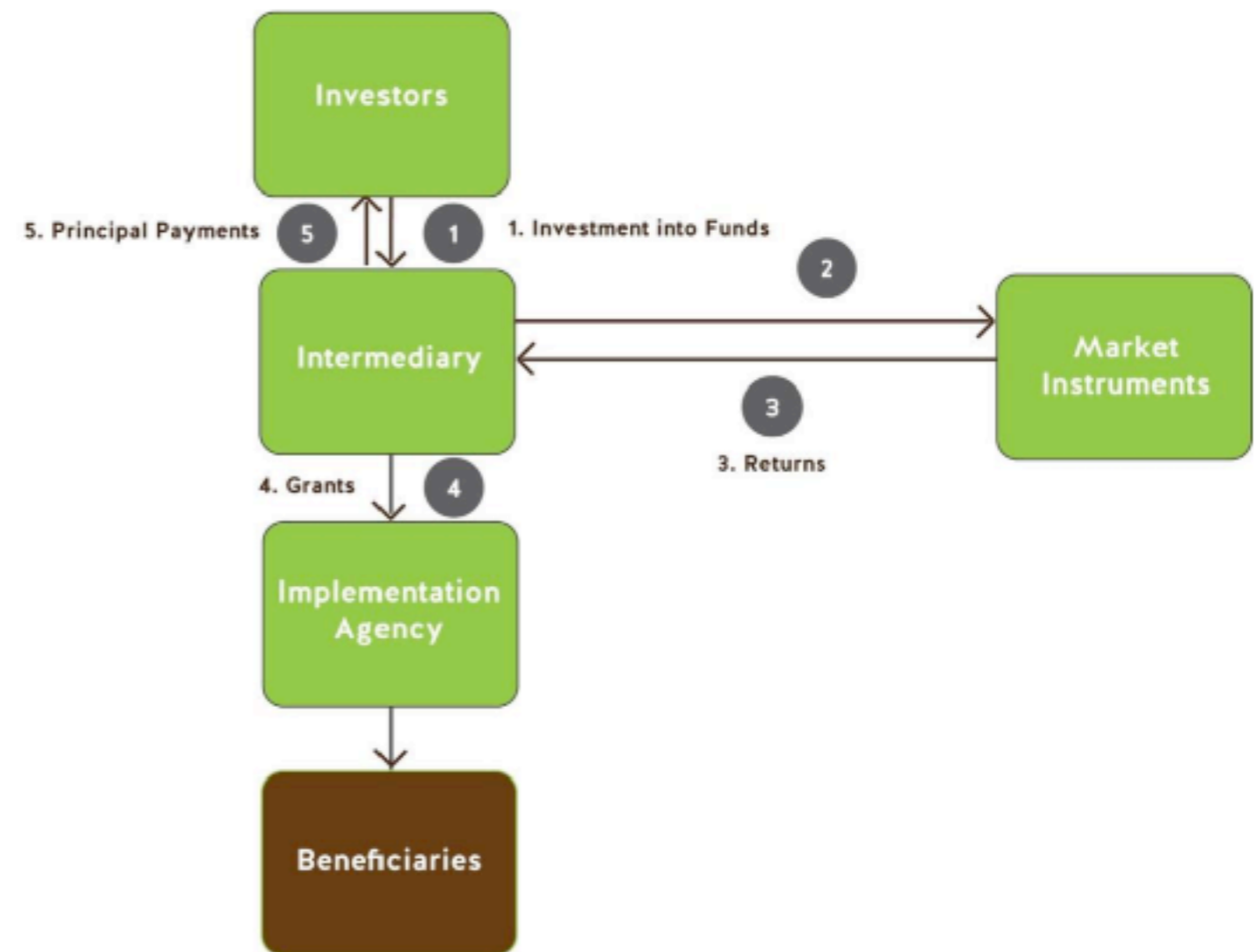
# Zero Coupon Zero Principal Bonds

- **Like project grants**
- **Carried as liability till project completed**
- **No money or interest paid to investors**



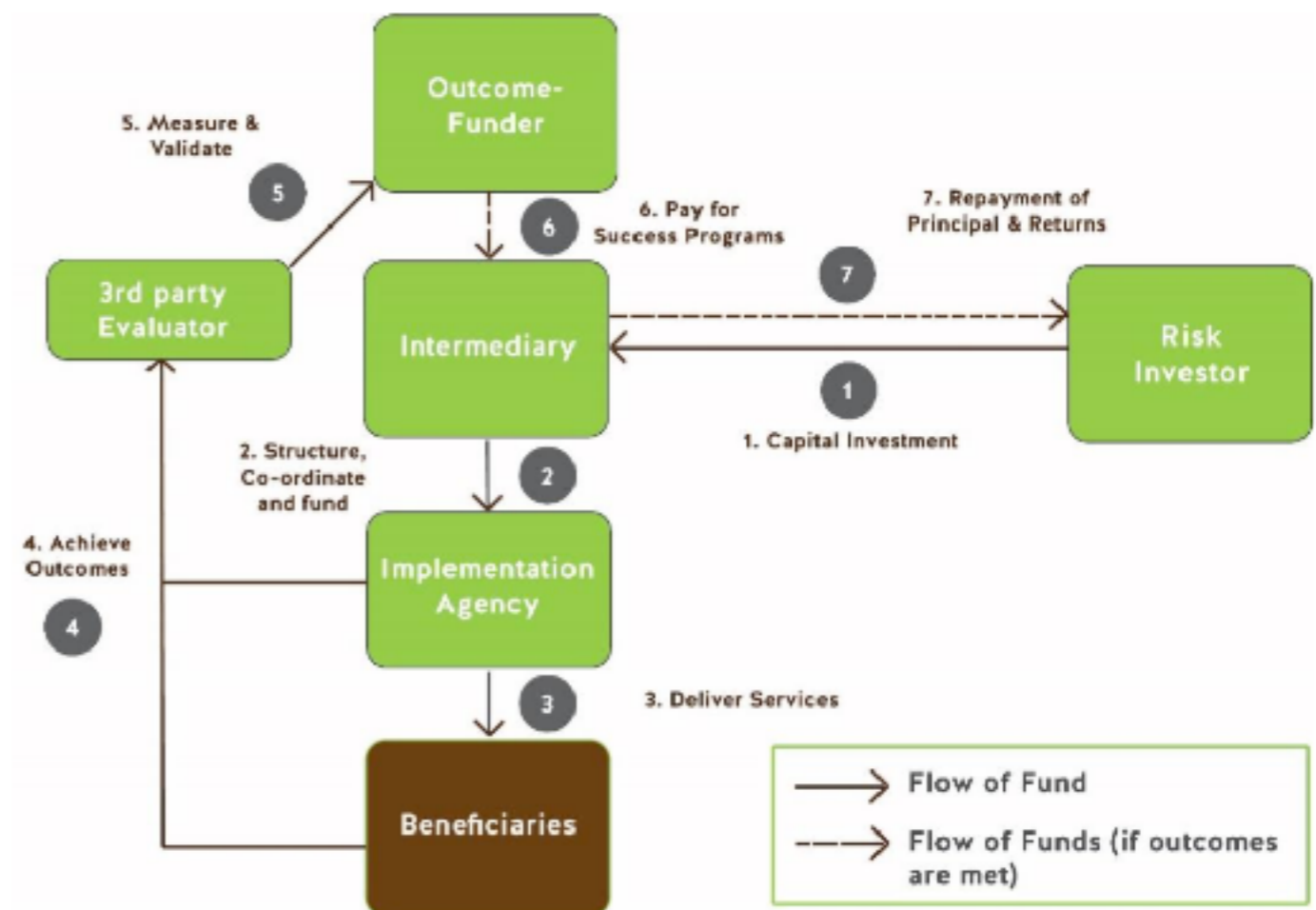
# Mutual Funds

- **Raise funds for projects**
- **Money given by retail investors**
- **Funds invested in commercial securities**
- **Income used to make grants to NGOs**



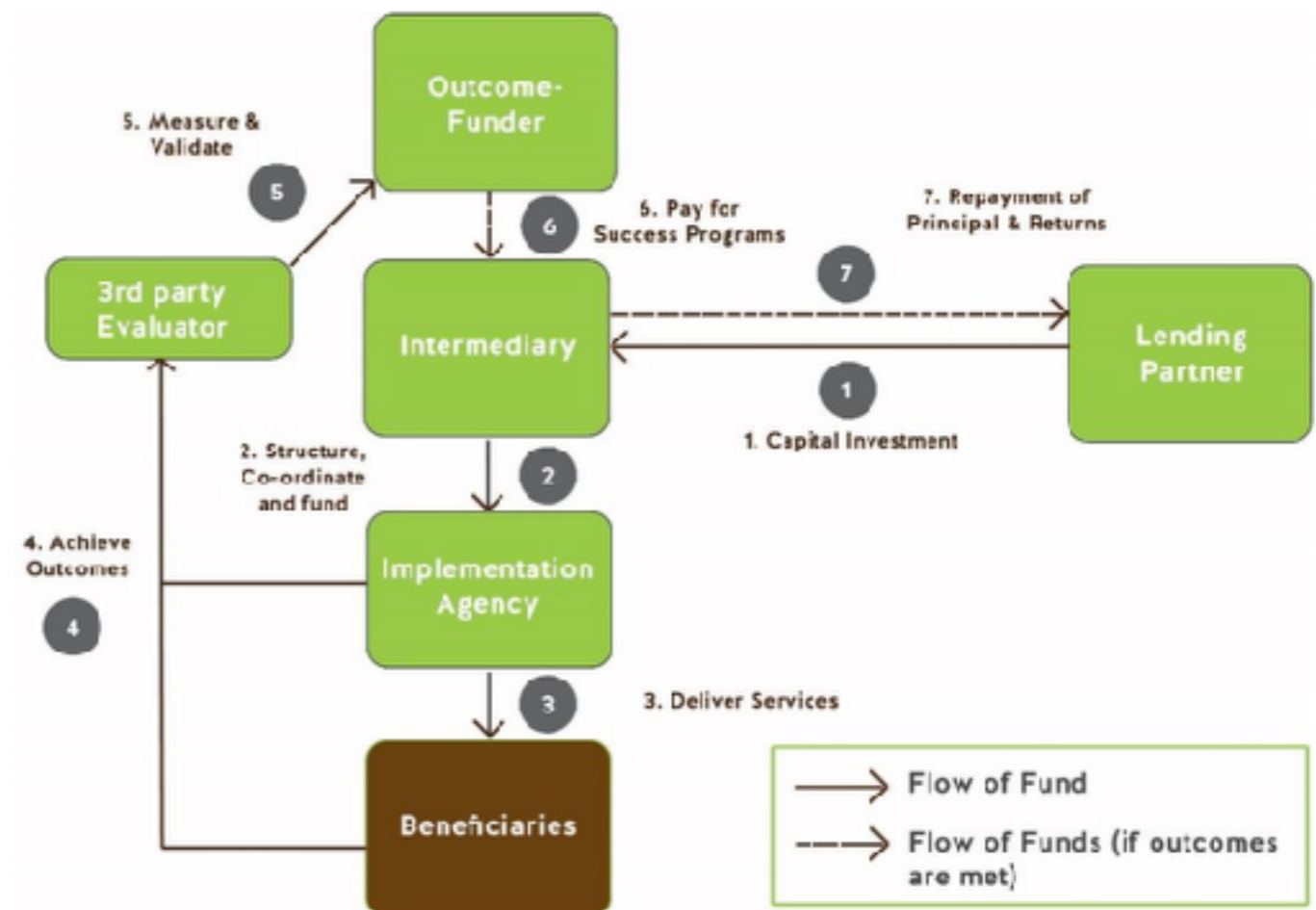
# Social Impact Bonds

- Intermediary issues social impact bonds to risk investor
- Gives grant to NGO
- Impact certified by 3rd party
- Outcome Funder pays intermediary for bonds
- Intermediary repays principal and returns to risk investor



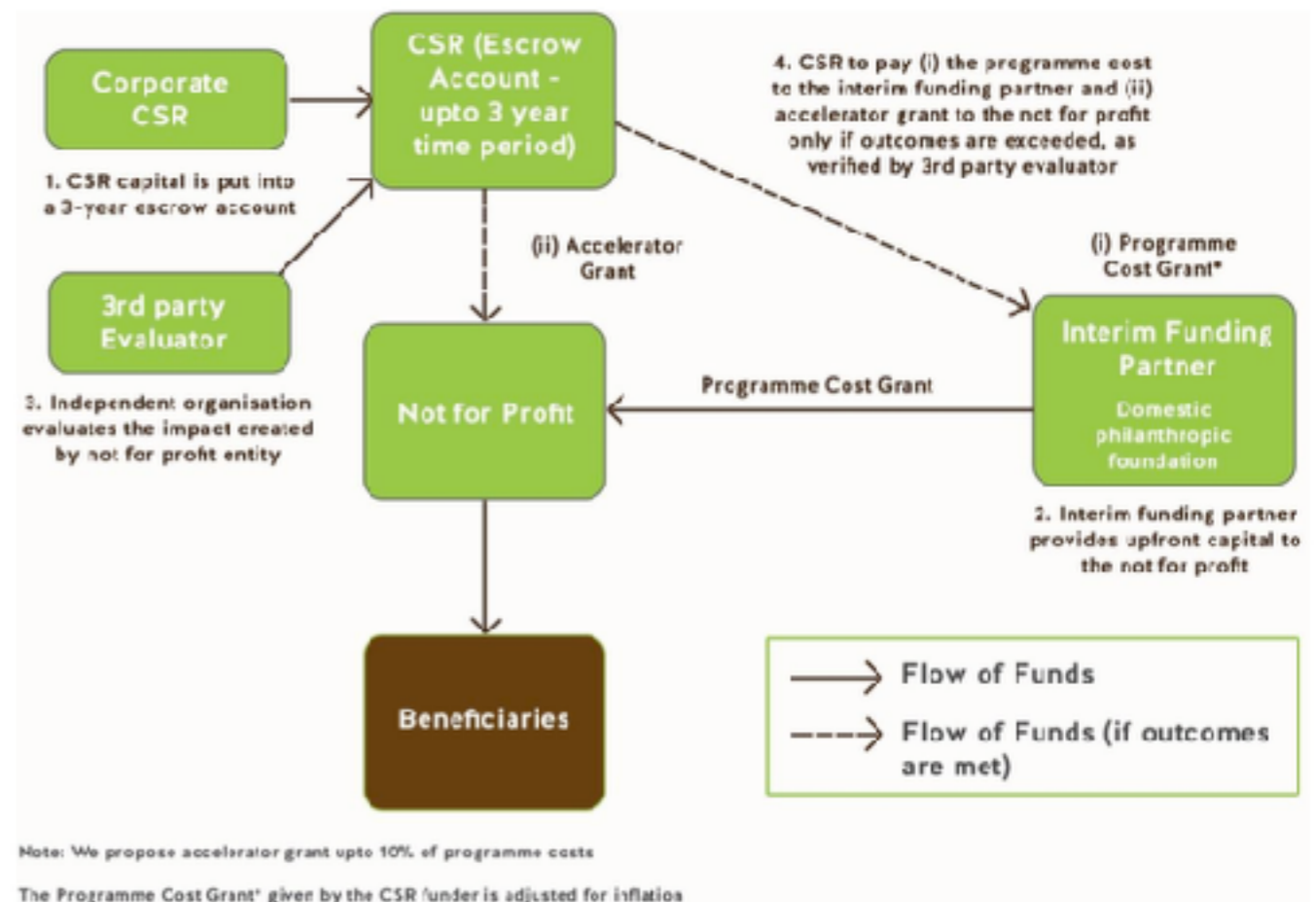
# Outcome Funding

- Same as previous
- Risk Investor replaced by bank which gives loan at fixed interest



# CSR Escrows

- Interim donor gives grant to NGO
- Impact certified by 3rd party
- Funds released to donor from escrow
- NGO gets another 10% as incentive



# Next Steps

- **Internal discussion**
- **Identify funding opportunities**
- **Review financials for proper fit**
- **Design instruments**
- **List instruments**
- **Report impact**
- **Keep investors connected**

# Doubts/Comments?

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## About DevelopAid

DevelopAid Foundation is a sec. 8 not-for-profit company, with a mission of enhancing public trust, accountability, financial literacy, governance, and understanding of relevant laws and regulations among philanthropic organisations and social enterprises in India.

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