

Investor social outcome guidelines

First draft

May 10th 2016, Webinar



1. Timeline
2. Outline
3. Contents (selected)
4. Feedback

Timeline

1. Meeting #1

e-MFP, Luxemburg, Nov 2015; Feedback on outline

2. One-to-one calls

Individual calls with investors & material sharing

3. Meeting #2

SPTF Investors, NYC, Mar 2016; feedback on first contents

4. Draft guidelines

May 2016

5. Feedback on draft

May 2016

6. Meeting #3

SPTF, Marrakech, May 2016

7. Final guidelines

Sep 2016

8. Dissemination

Nov 2016

Done; On-going; Not started

Outline

1. Gap analysis

2. Why doing outcome management

- A. Manage social mission and risks
- B. Asset owner driven accountability
- C. Asset manager driven accountability

-Reference to FI guidelines;
-SPTF indicators in annex

3. How to do outcome management

- A. How to obtain social outcome data
- B. Use of social outcomes in investee decision making
- C. Use of social outcomes in investors decision making

7 case
studies

English mother tongue review, editing and layout: planned for the final stage

Contents

1. Gap analysis

Reviewed
in NYC

2. Why doing outcome management

- A. Manage social mission and risks
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Webinar
focus

3. How to do outcome management

- A. How to obtain social outcome data
- B. Use of social outcomes in investee decision making
- C. Use of social outcomes in investors decision making

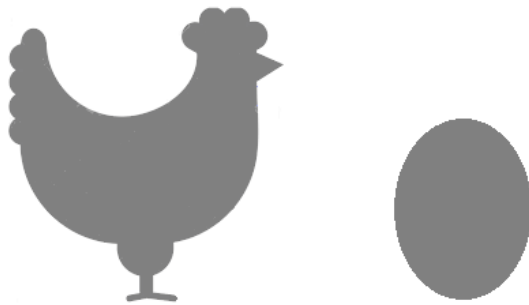
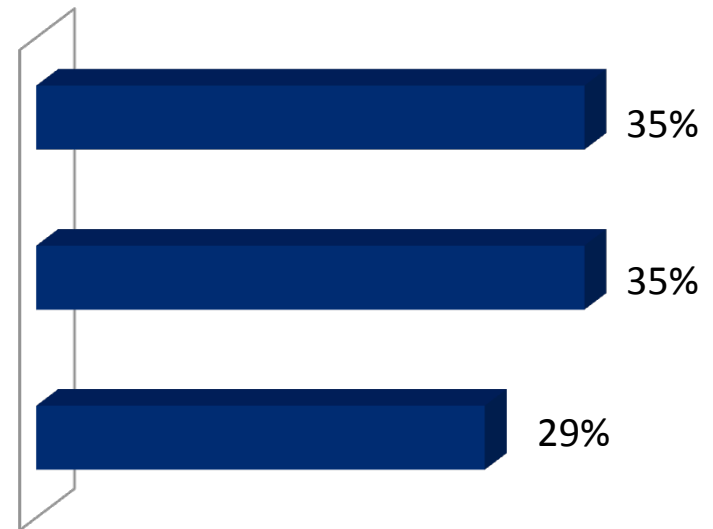
To review
in Morocco

Social outcome management rationale

1. Financial Service Provider (FSP)
encourage FSPs to manage their risks and missions

2. Asset manager
manage the asset manager mission and risks

3. Asset owner
be accountable for social outcomes to asset owners



Asset owner driven accountability

Asset owners will increasingly expect outcomes



New generation



Learning by doing



Appetite comes with eating

“From an asset owner point of view, you choose an investment based on risk and return: an investment with evidence of social return (i.e. outcome) will be preferred over an investment with only proxies of social return (i.e. output), other things equal.”
Margot Quaegebeur, Anthos asset management

“In the long term, it will be much more normal to measure outcomes.” **Narina Mnatsakanian, Sarona A. M.**

Asset manager driven accountability

Asset manager incentive to be accountable for social outcomes



≠ mainstream



Set rules of the game



Re-define returns



Asset owner resilience

“Investors are increasingly under pressure to invest in companies that behave responsibly. ... We see a huge demographic shift (that) companies are feeling. (...) The hallmark of the BlackRock platform will be around measurement. So this reliance on data is going to be a real driver of impact investing.”
*Deborah Winshel, head of the new **BlackRock Impact** unit created in 2015.*

*“All things being equal, interest rates paid by clients and profits / returns to investors are linked”. Jean-Gabriel Dayre, **Proparco**.*

*“Equity fund expectations are still generally at 20-25%+, which can mean 40%+ ROE at company level”. Paul di Leo, **Grassroots**.*

Benchmarking funds' social value

Asset owners have a hard time comparing the social value proposition of alternative funds.

→ Opportunity to distinguish:
-finance first funds (do no harm)
-social first funds (do good)

| | Social | Do no harm | Do good |
|-----------------|--------|------------|---------|
| Financial | | | |
| > market return | | | |
| Market return | | ? | |
| < market return | | | |

*"If an asset owner asks me if one fund is more social than another, all I can say is that this asset manager is a member of the SPTF while the other is not. Or take other proxies. But I don't have a comparable indicator of social return to really answer the question". Bjoern Struwer, **Roots of Impact** - investment advisory firm.*

"We need to learn to over deliver and under promise."
Ximena Escobar de Nogales,
Bamboo Finance.

Feedback

Thanks

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