



# Knowledge Exchange Series

The Impact Investing Institute's Knowledge Exchange Series is a series of roundtables providing a platform for mutual learning and practical knowledge sharing between impact investing National Advisory Boards in different countries, to help strengthen impact investing markets globally.

# Engaging the supply-side of capital and responding to investors' needs

This session of the Knowledge Exchange Series explored the role of impact investing National Advisory Boards (NABs) as market navigators. The discussion focused on how NABs can engage with and strengthen their value proposition for the supply-side of capital (including investors, asset managers and asset owners) – and featured an intervention from [BlueOrchard Finance](#), a leading impact investor.

Global NABs and other market-building organisations shared experiences of identifying and responding to investors' needs and teased out peer advice in dealing with practical situations.

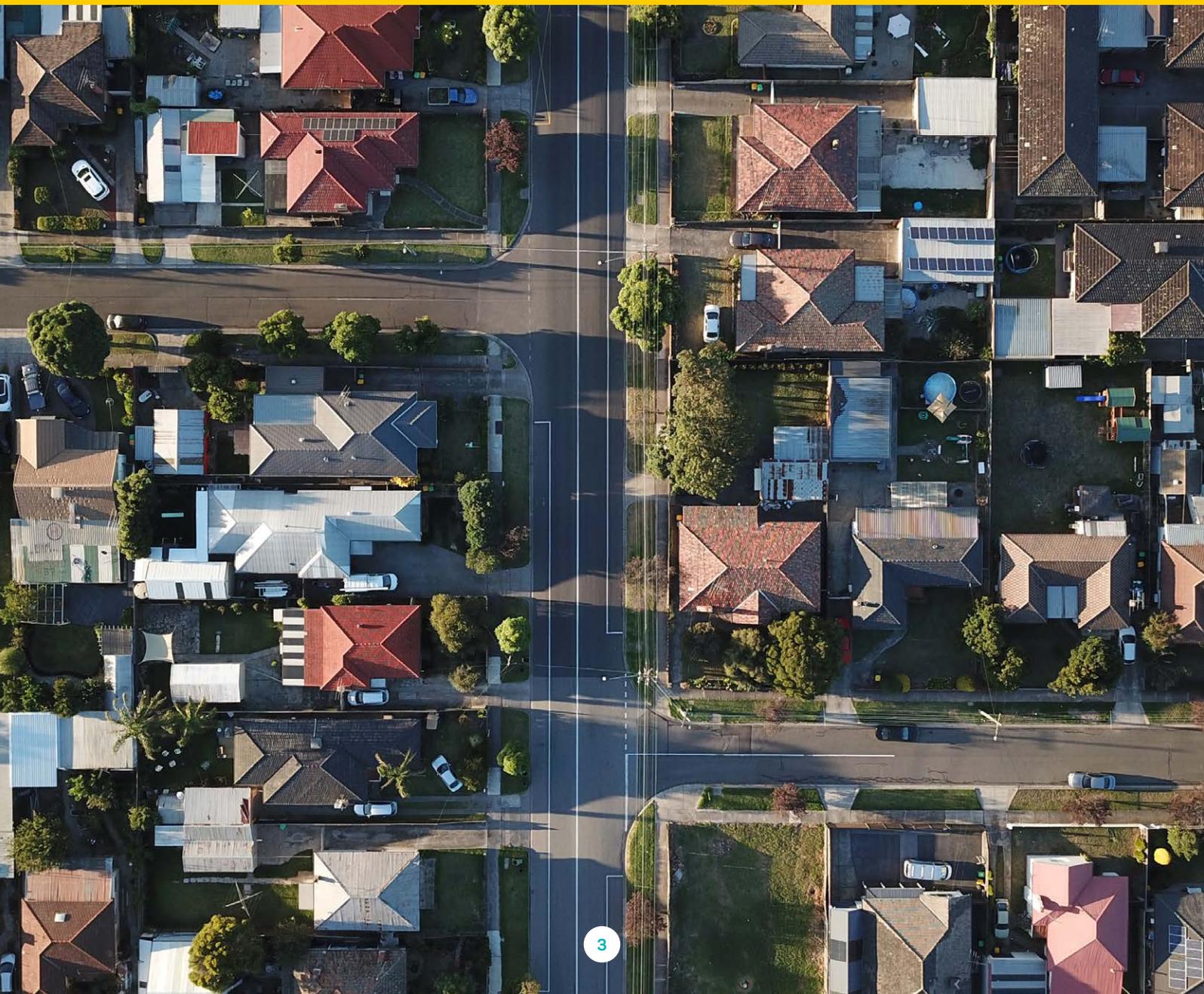
## Top tips: responding to investors' needs

- **Know your market and keep your ear to the ground.** Market intelligence is key, as is nurturing relationships with investing and impact investing stakeholders. Ensure you fully understand the needs of your local investment market and specialise based on this. Ask yourself: how developed is the entire investment market (not just the impact market)? What are its pain points, obstacles and opportunities?
- **Identify your comparative advantage as a NAB – especially when operating in frontier markets.** NABs can add value by convening key players (investors, entrepreneurs, policy-makers), providing market intelligence and amplifying the voice of impact and other investors.
- **Create and reinforce your demonstration effect.** Tailor the evidence you are using to deliver a message that impact investing is not a niche philanthropic initiative, but a scalable one focused on financial, environmental and social returns.
  - Your demonstration must be adapted to the market you're operating in and should mobilise investment tools relevant to that market.
  - As a NAB, consider evidence building initiatives, e.g. creating an evidence base of what impact investment looks like across asset classes in your market(s).
  - Investors listen to other investors. Engage with impact investors and ask them to share their impact investing track record with their peers (impact and mainstream), as investors are keen to hear about examples where capital has been deployed.
- **Maintain your political independence and ensure your business agenda leads your work.** It is essential that a NAB is viewed as business-led when engaging investors.
- **Encourage, and where appropriate facilitate, conversation and mutual learning between and among investors and key impact investing ecosystem players.** NABs can help investors identify impact investment potential in their market. However, NABs must ensure they preserve their relationships and maintain credibility when doing so. One way of striking this balance is facilitating conversations that are grounded in content-sharing and learning.

# NAB FAQs

**How can NABs connect investors with ecosystem players whilst also preserving their independence and credibility?**

- This is a tricky balance to strike. NABs can build (or help to build) the tools for investment but they should not try to broker or be seen as endorsing specific partnerships or investments. A NAB's credibility lies in the preservation of its independence and market relationships.
- This can be achieved by paying careful attention to which audiences are invited to certain events and meetings. The Impact Investing Institute's experience has been that facilitating smaller conversations (e.g. between impact investors and a pension fund) grounded in content-sharing and mutual learning on a level playing field is a good way to do this.



# NAB FAQs

**What types of investors should NABs prioritise in their engagement, particularly in the context of a small impact investing market? Is it better to approach traditional capital markets actors, or focus on impact enterprises and organisations?**

- Focus your efforts on building market intelligence of the investing market as a whole. Perform ‘acupuncture’ of the market – identify its pain points and its strengths and focus your attentions on these. Use this to identify where you can add value as a NAB. It is difficult to ‘leapfrog’ the market building process – for example, you may have to begin with myth-busting and educating people on ESG, before you can turn your focus to impact.
- Invest time, energy and resources in less visible but strategic areas, such as the intermediary sector. Intermediaries can act as movers and shakers who will help build the market. Other key players (e.g. Big Society Capital in the UK) can help NABs to focus on relieving key pain points in a market.
- Look to other markets that have made these first steps, but remember that your approach should be determined by the context in which you operate. The Impact Investing Institute chose to focus on a capital markets approach. This was in part because of the make-up of its Board and members, which suggested that there was value engaging institutional investors. While it is useful to engage in dialogue with other NABs for advice, respond and adapt to the specificities of your market and what your positioning, configuration and network enables you to do.
- Segment the investors, not only by type of investor, but by how the investors look at investment opportunities in the local market. The goal is to ensure you are having honest conversations about the depth and breadth of impact opportunities available in your market. This helps investors ‘find their’ place, and often helps investors move further down the impact track. Tap familiar tools to support segmentation discussions, for example, the [five dimensions of impact](#) identified by the Impact Management Project (IMP) with a particular focus on understanding ‘who’ is being reached via a particular investment activity.



# In practice: case studies from the Impact Investing Institute

## Social housing

- Whilst social housing is a type of impact investment that has been attracting increased attention from institutional investors, the sector has not been effectively reporting on its impact. The Institute worked as part of coalition of practitioners, including investors and housing providers, to co-design a sustainability reporting standard for the UK social housing sector.
- Involving practitioner and investor voices in the design of the standard from the outset has played a large part in its success. This has ensured that those who would be adopting the standard felt they had ownership of the product.
- The Institute found the concept of early adopters useful – the framework was launched by engaging with people around it (investors, lenders, and housing providers) and this has helped it achieve credibility and take-up. By the time the standard launched, over 70 early adopters had signed up, including 30 investors and lenders.

For more information, see the [ESG reporting standard for social housing in the UK final report](#).

## Green+ Gilt

- The Institute and its partners saw an opportunity in COP26 and the UK's leadership of the G7 to put forward a proposal for a Green+ Gilt, i.e. a UK sovereign bond which considers both environmental and social impacts.
- Having identified the UK Government's challenges to issuing labelled bonds, the Institute convened 'think-ins' with fixed income market participants and used their expertise and knowledge to develop solutions to these challenges. These think-ins meant the proposal was tested throughout its development and enabled a range of endorsements and inputs.
- As a result, influential voices were able to publicly support the proposal – including stakeholders in environmental organisations, academia, policy makers and, perhaps most importantly, investors managing over £10 trillion in assets. This proved invaluable in further engagement of the government on the proposal.
- A key success factor was the high degree of specificity of the initiative. Sustained engagement proved important too: keeping investors involved throughout helped the Institute gain access to their expertise and secure their support.
- It also proved very important to meet stakeholders where they are, through the identification and focus on an asset class that is familiar (sovereign bond) to a wide range of investors.

For more information see the [Green+ gilt proposal](#).



The Impact Investing Institute is an independent, non-profit organisation which aims to accelerate the growth and improve the effectiveness of the impact investing market. Our vision is for lives to improve, as more people choose to use their savings and investments to help solve social and environmental challenges, as well as seeking a financial return.

We drive change through education and awareness raising, providing useful tools and resources, and advocating for supportive policies.

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