



TOTAL IMPACT
CAPITAL



PRESENTATION – ARTHUR WOOD
2019 – JANUARY 30TH

A PARADIGM SHIFT FOR DEVELOPMENT FUNDING

AWOOD@TOTALIMPACTCAPITAL.COM AND UNOPS / WSSCC
PROJECT1800.ORG

THE LESSONS OF HISTORY

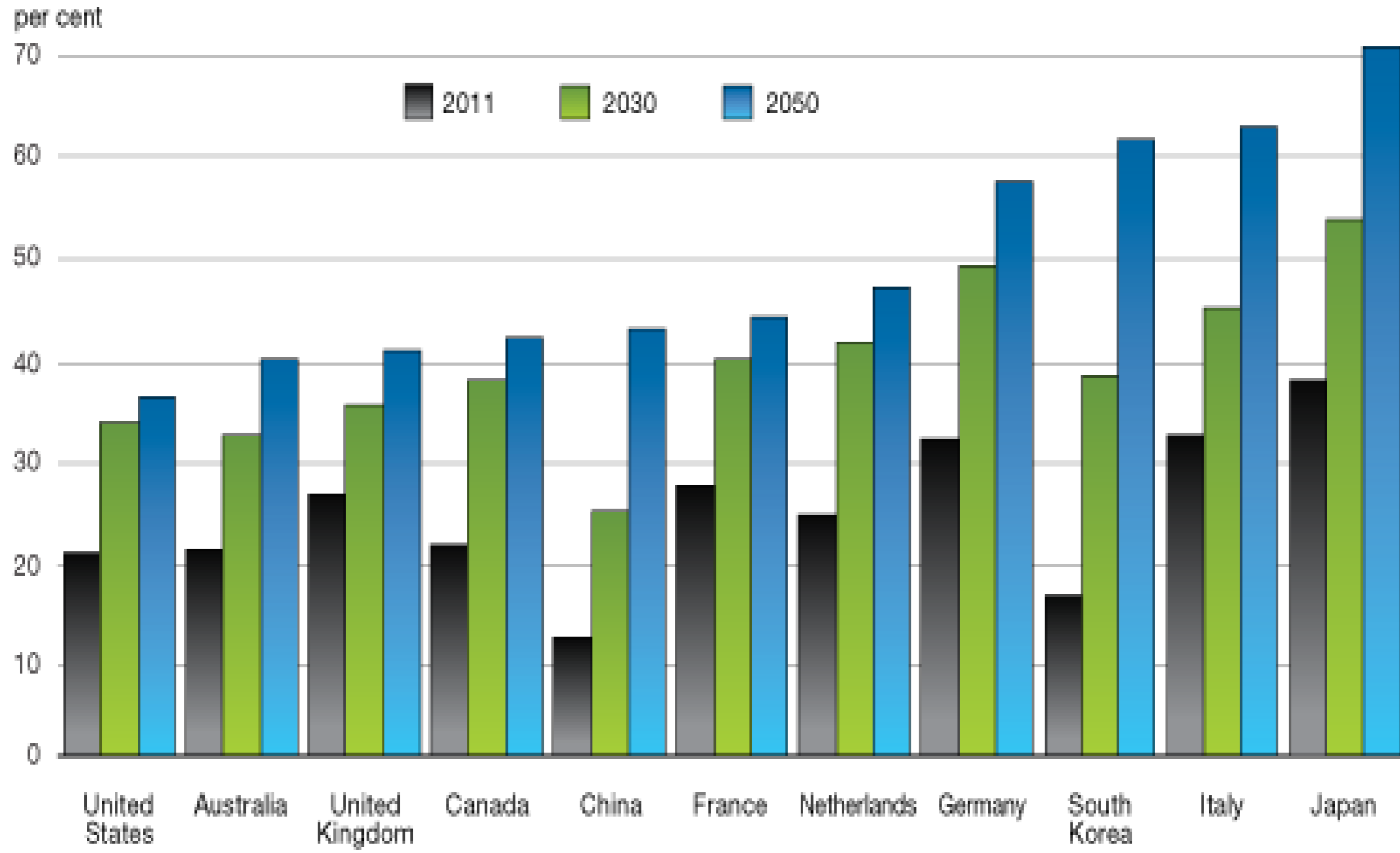
OECD BLOG - DEVELOPMENT MATTERS

<https://oecd-development-matters.org/2018/09/03/it-is-time-for-a-new-finance-paradigm-in-development/>



Niccolo de Mechilino 1472 – Dante Paradiso et Inferno

BRETTON WOODS SYSTEM IS NEARLY BANKRUPT - AGEING POPULATION – RATIO OF POPULATION – 15 – 64 / over 65 = UNFUNDED UNACCOUNTED LIABILITIES + MIGRATION = DECLINING BUDGETS
(SOURCE : UN & CANADIAN TREASURY)



PROJECT 1800
Applicable to any
Social Issue

19 GLOBAL EXPERTS IN 4
WORK STREAMS

METRICS, FINANCE, LEGAL
SYSTEMS

(Ashoka, Civil Society,,
Finance, Metrics, Lawyers,
Systems specialists,
Former Regulators to UN)

“THIS IS DOABLE”

Chateau de Bogis Bossey – Dec 2017

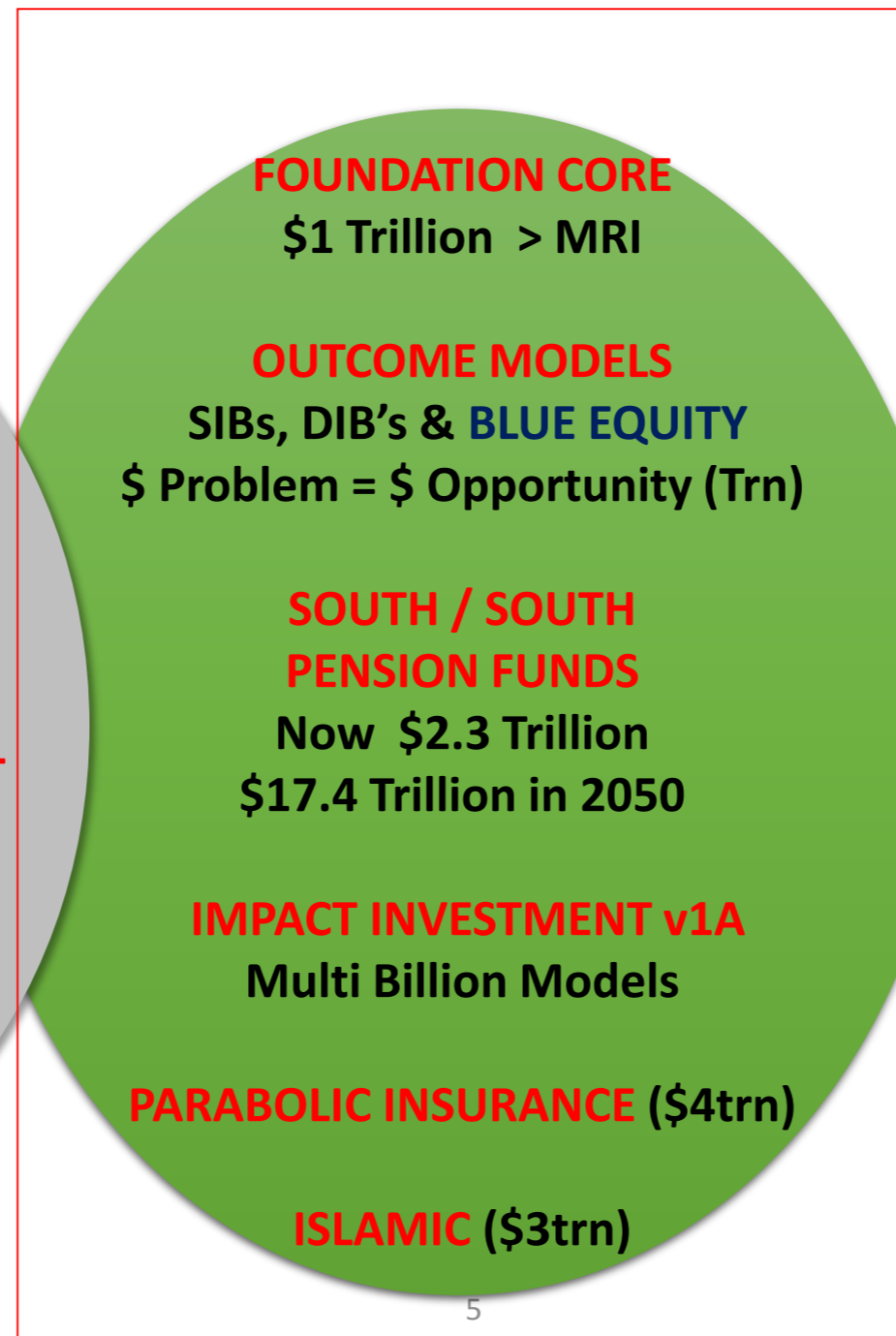
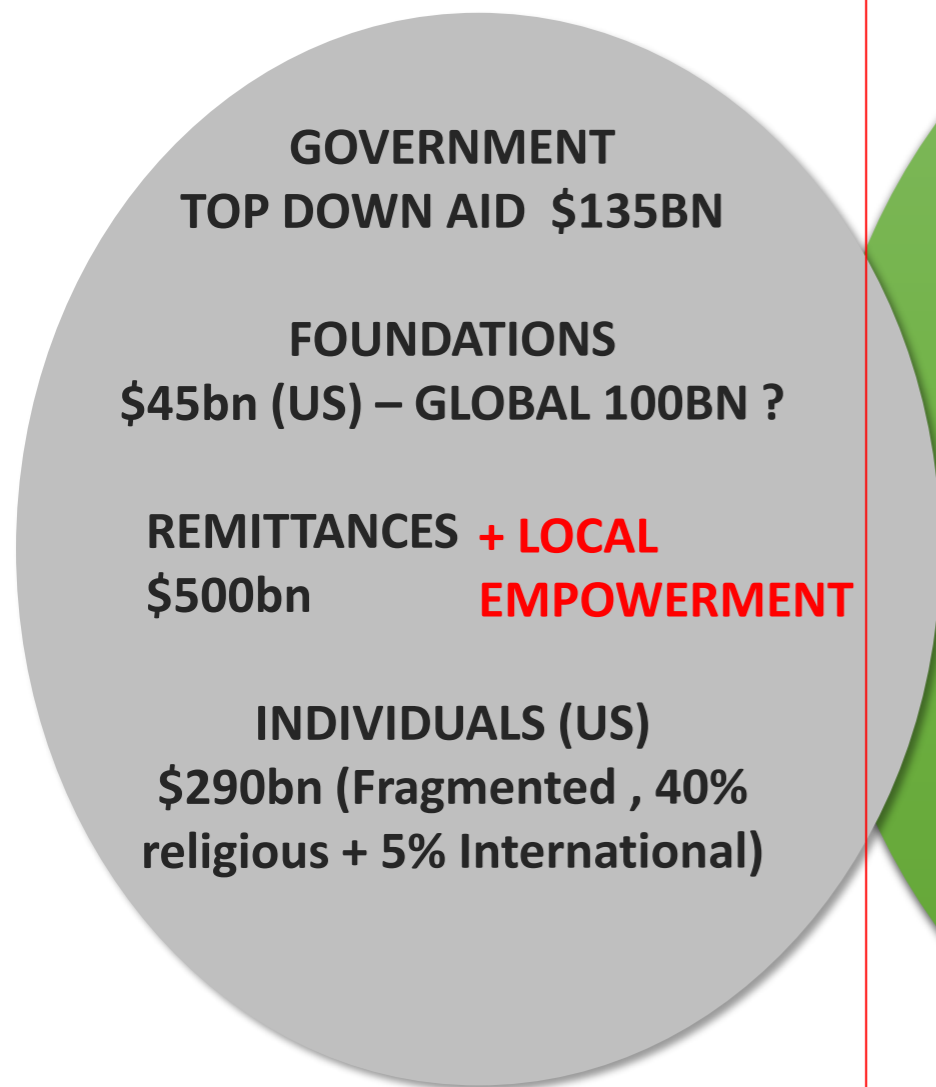
- To create a **Systems** approach to development – a **Collaborative** Scale able Outcome Model.
- **Apply New Economy Model - Cost effective open architecture** “plug and play”
- **Metrics Frame** - priced by and from the community **measured by** the delta of **reducing all the negative externalities**
- A **standard equity security which captures both Economic and Social Value** and trades (Like Carbon) as a function of the achievement of economic aggregation **AND** the Social outcome.

BILLIONS TO TRILLIONS - INTL DEVELOPMENT - SO WHERE IS THE MONEY VS THE CAPITAL PROBLEMS TO ADDRESS THE ISSUES OF SDG 2.5 TRILLION PA, DEMOGRAPHICS PINCERS, CLIMATE, RESOURCE USAGE 1.7?

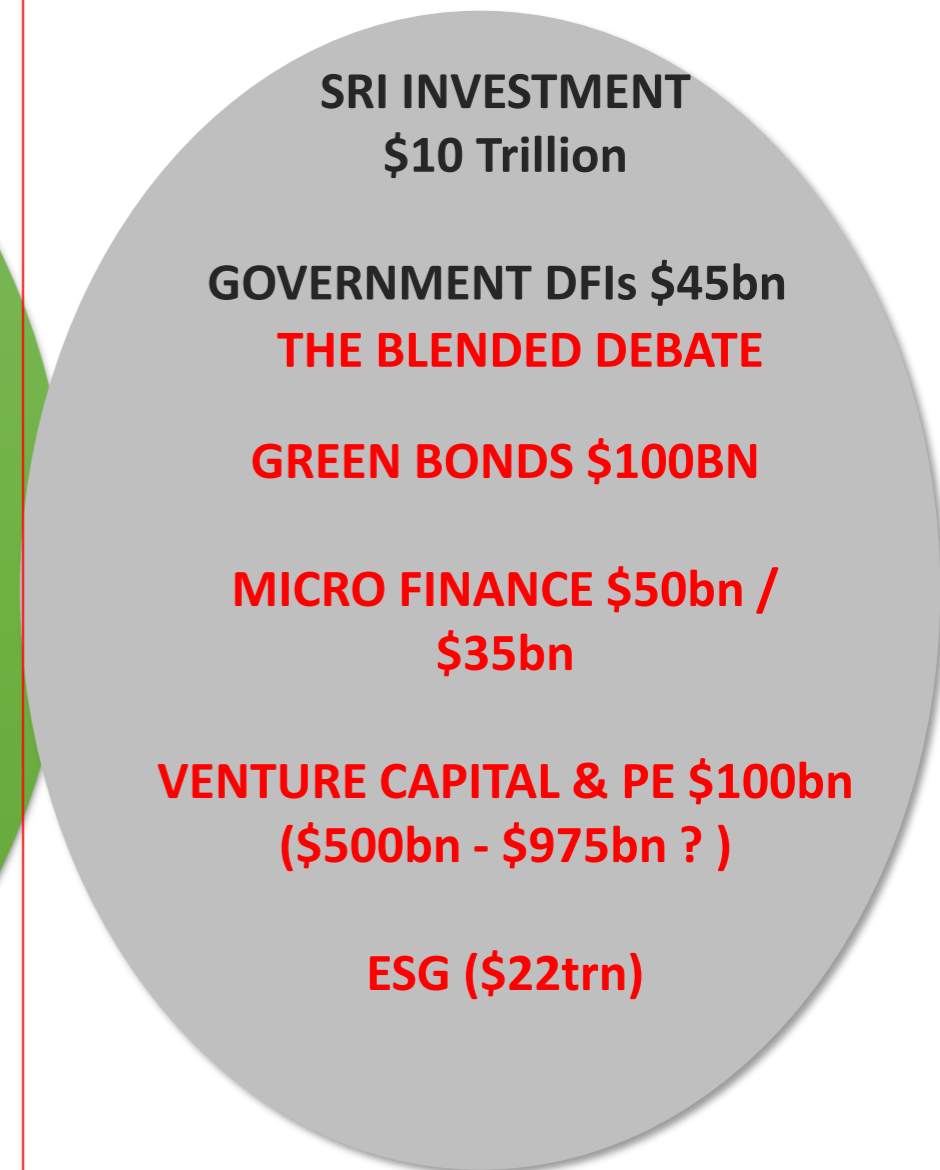
CURRENT + The profitable “new” **impact investing v.1 + v.1A + v.2**

NOT FOR PROFIT

= GRANT & AID



FOR PROFIT



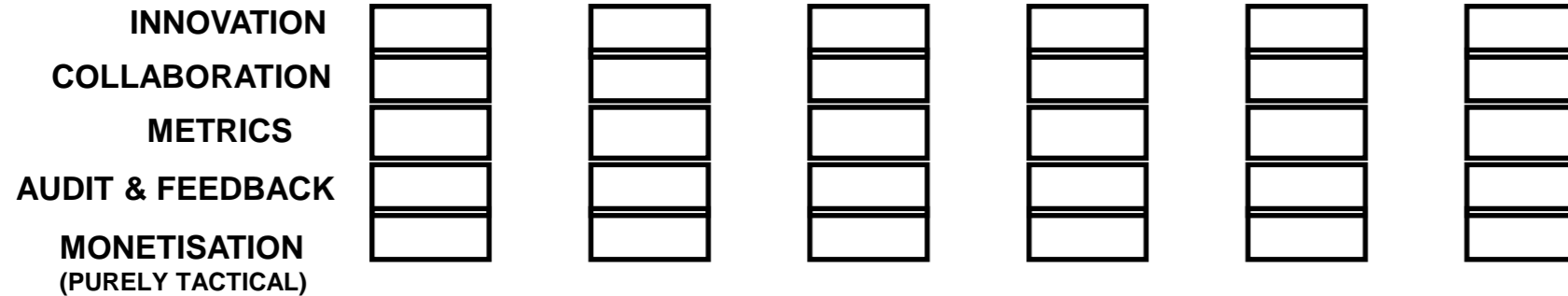
TODAY

SOLUTIONS AND MONEY IN SILOS DISINSENTIVES TO SCALE AND COLLABORATION

**BILATERAL AND
HIGHLY
FRAGMENTED**

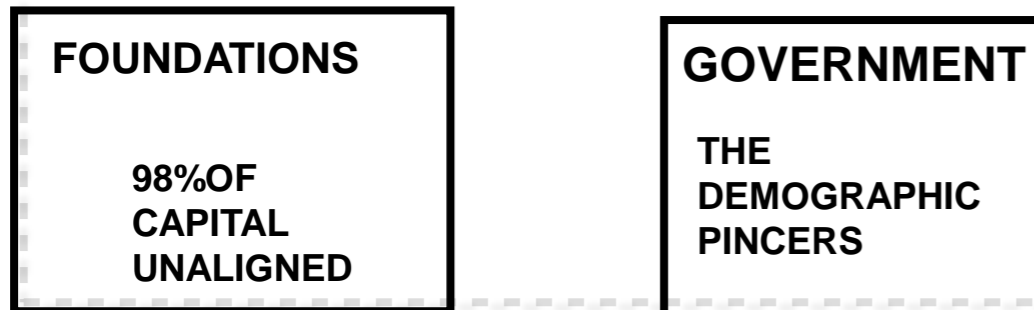


**LIMITED REASON FOR
LARGE SCALE
REPLICATION &
COLLABORATION**



ISSUE, PROCESS, COUNTRY SECTORAL SILOS - ALL UNALIGNED

NOT FOR PROFIT



**BOTH FLAT IN
REAL TERMS OR
NEGATIVE**

FOR PROFIT

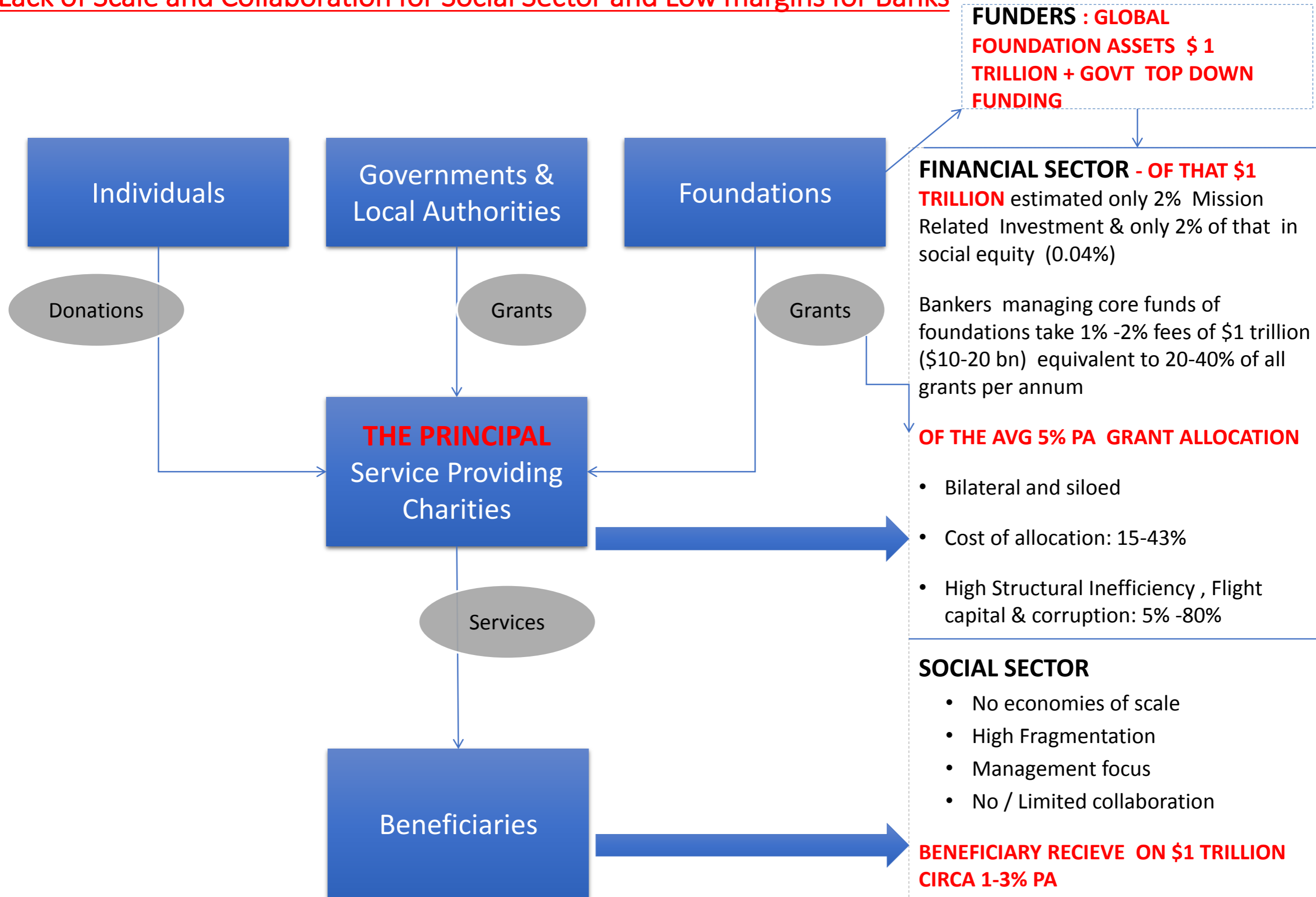


FRAGMENTATION

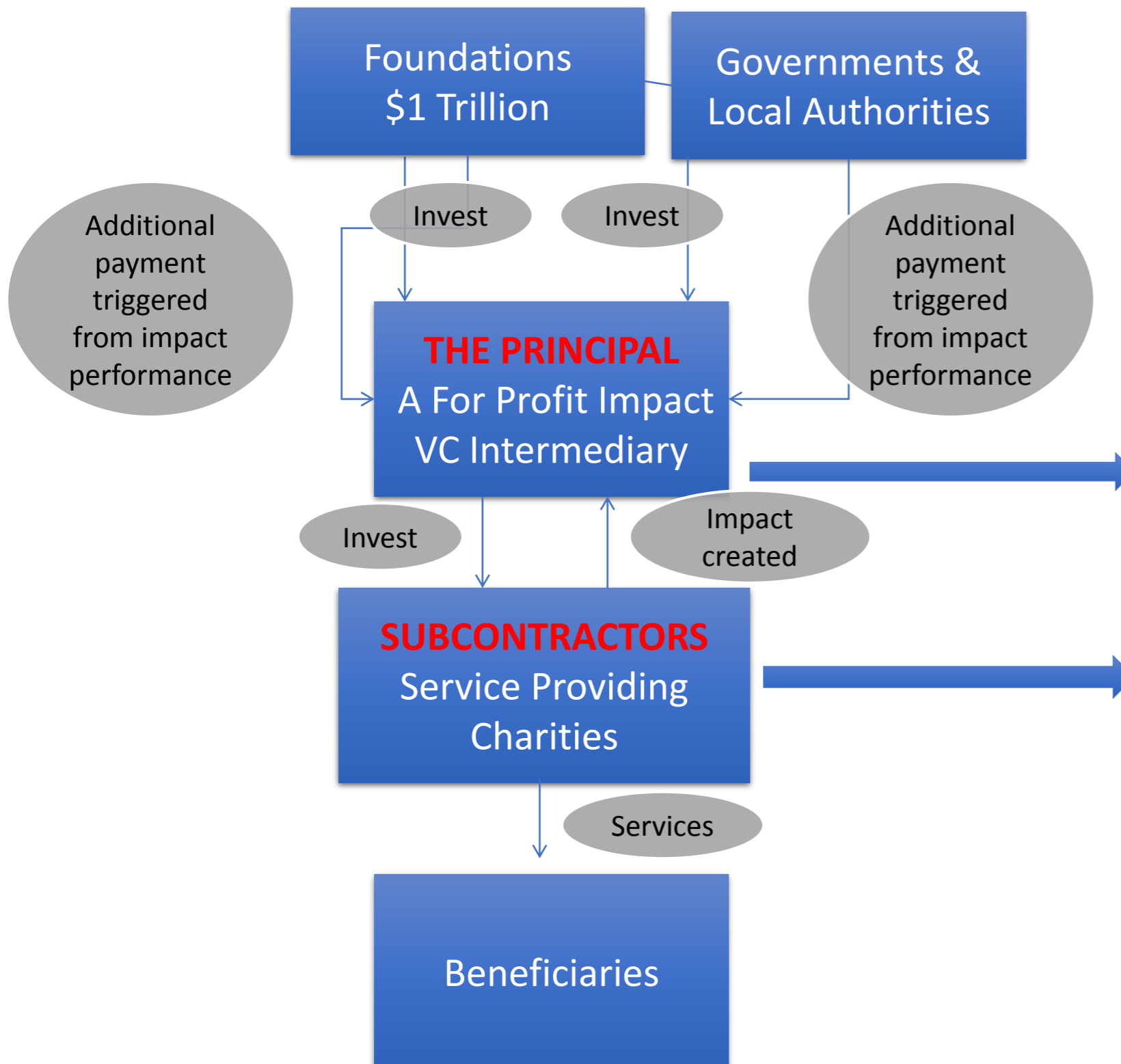
**SEE LACK OF
SCALE &
CULTURE GAP**

**NARROWLY
DEFINED IMPACT
INVESTMENT
(VC / ESG AND
BLENDED)**

TODAY : Foundations - A Self Imposed Capital Famine - \$1 trillion + Unaligned with Social Mission - Circa 1-3% pa only to Social causes, (the same as the Bankers return)
Lack of Scale and Collaboration for Social Sector and Low margins for Banks



TODAY - WHERE IMPACT INVESTMENT HAS CURRENTLY GONE – THE G8 IMPACT INVESTMENT MODEL (2014)



FUNDERS- ALIGNMENT OF \$1 TRILLION FOR SOCIAL GOOD. GOVERNMENT OUTSOURCING ON BASIS OF EFFICIENCY, INCENTIVES TO COLLABORATION AND SCALE

FINANCIAL SECTOR - THE PRINCIPAL IS NOW VC IMPACT INTERMEDIARY

- Proposed GP/LP Legal framework - No transparency
- Metric Proposal to legitimize social mission measures current level of inefficiency not future cash flows of scale and collaboration
- Inconsistent to have a Bilateral VC structure for Multi-stakeholder Outcome model
- No mission , No asset lock, No Profit lock
- The impact intermediaries with limited risk are the new bankers, judge, jury & beneficiary who also allocate the risk

SOCIAL SECTOR - NOW ARE SUBCONTRACTORS

- Future sizeable Cash flows of scale and collaboration and efficiency (See GAVI, US CRA, Compartementos) accrue to the Principal not charities / beneficiaries
- Operational Risk Subcontracted to Social Sector and Beneficiaries
- Social Sector with no annuity remains under capitalized
- Danger of Politicisation

TODAY - OPPORTUNITY

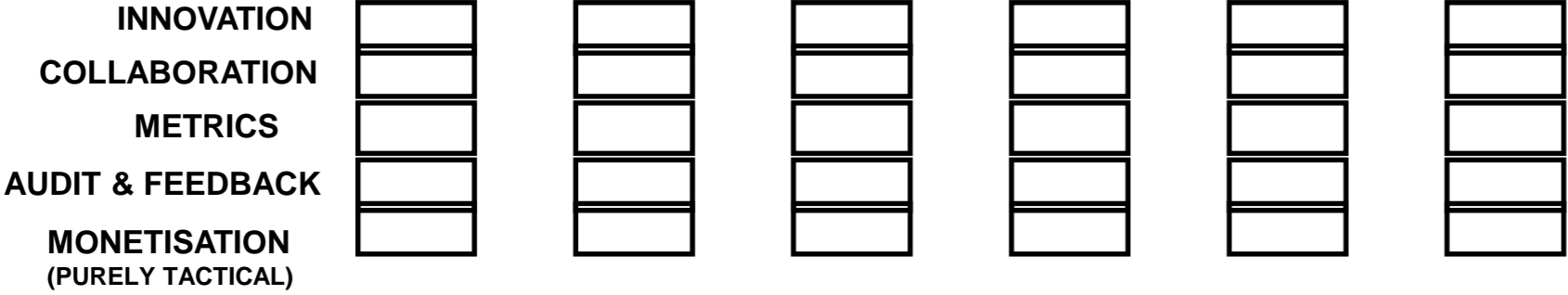
**SOLUTIONS AND MONEY IN SILOS
DISINSENTIVES TO SCALE AND COLLABORATION**

BILATERAL AND FRAGMENTED SILOS



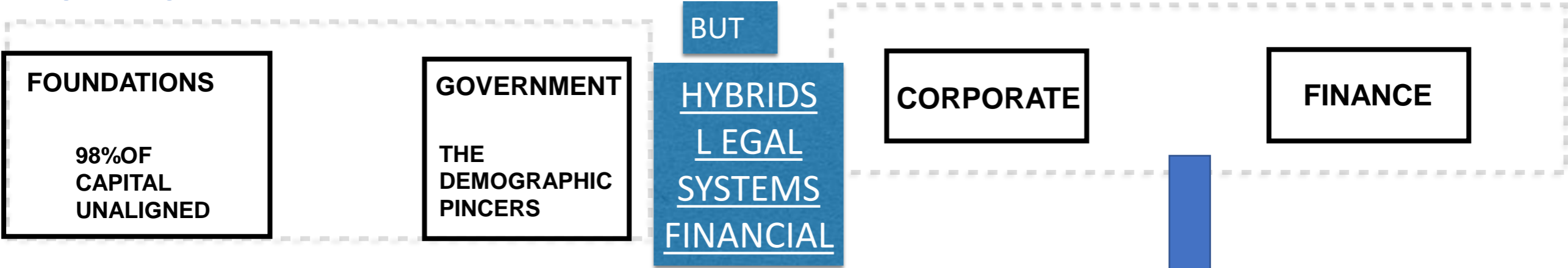
SOCIAL R&D IN GRANT AND VC MODELS HAVE NO ANNUITY VALUE

THROWING SILVER BULLETS AT THE FOUR HORSEMEN OF THE APOCALYPSE



NOT FOR PROFIT

FOR PROFIT



S

W

THE COLLABORATIVE OPPORTUNITY

T

INNOVATION
CAPITAL SUBSIDY
GROWTH OF CIVIL SOCIETY

INCENTIVES UNALIGNED
SILOS
R&D HAS NO VALUE
MC = MR

THE MARKETS OF FUTURE.
IMPACT INVESTMENT v.2
PRICE AND TRADE EXTERNALITIES
MILLENNIALS, ISLAMIC & WOMEN

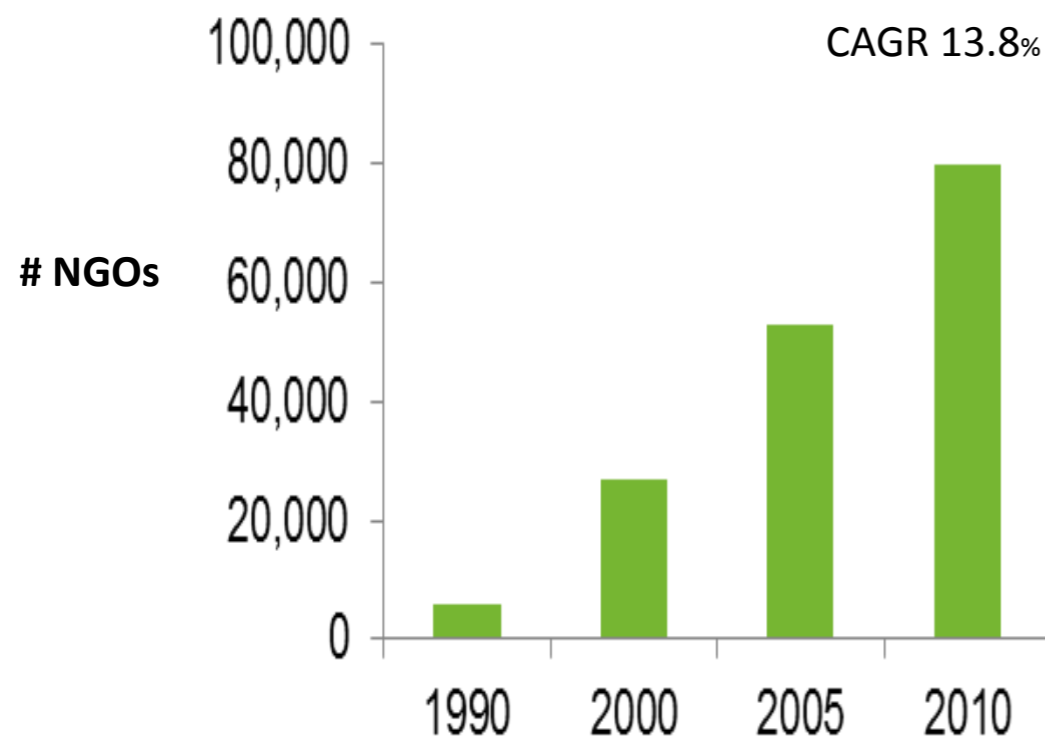
TWIN PINCERS OF DEMOGRAPHICS
COST OF EXTERNALITIES
YOUTH

Redefining the Social Contract by Hybrid Partnerships & driven by a Changing Economic Environment

4

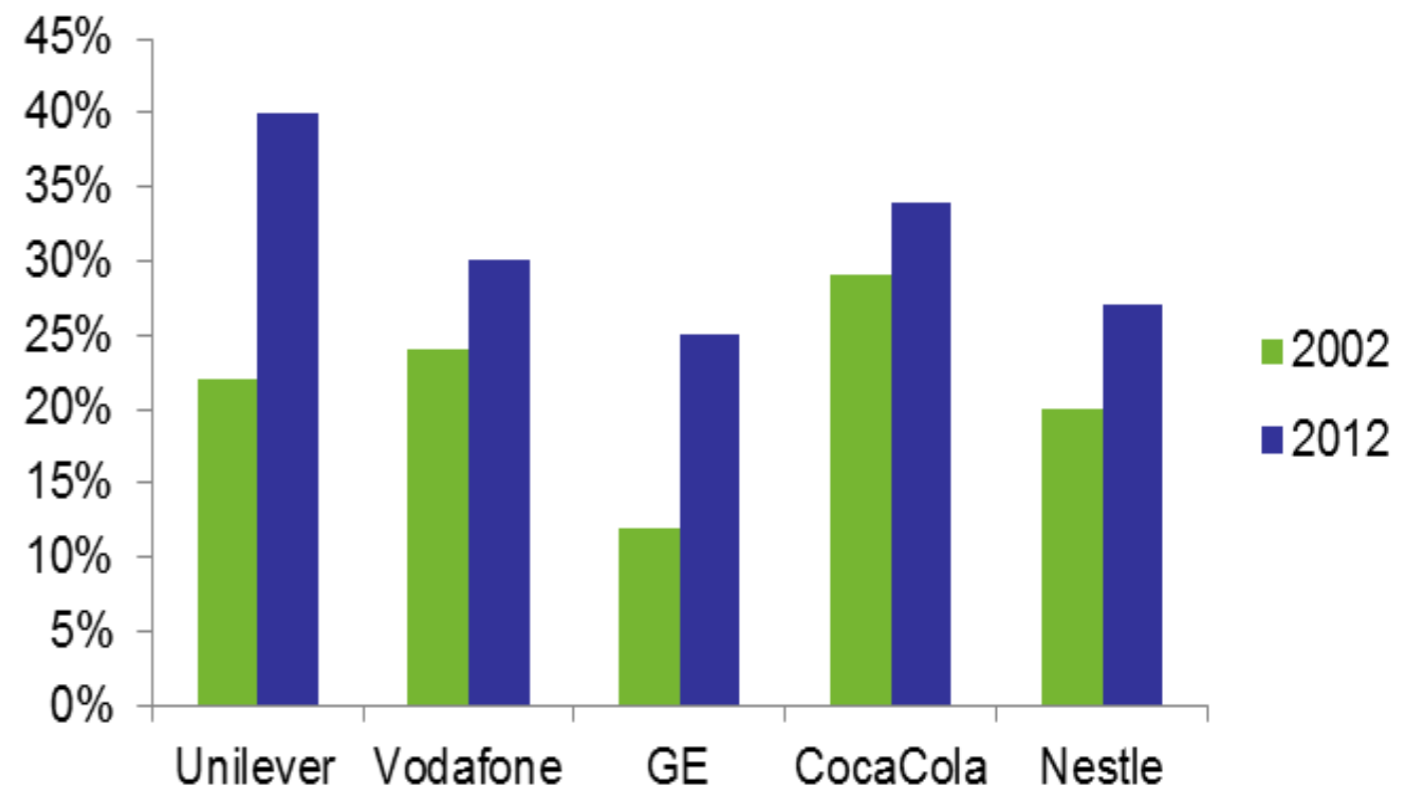
•Recent years have seen the development of Hybrid partnerships between the Citizen Sector and For Profits – some see it as the new driver of growth.

Growth of Civil Society¹



1. Number of International Associations (UIA)
2. Accenture, TIA Analysis, Company Reports

% of Total Corporate Revenues in Africa & Asia²



Company	CAGR %
Unilever	6.1%
Vodafone	2.3%
GE	7.6%
CocaCola	1.6%
Nestle	3.6%

NEW PARADIGM IMPACT PHASE v.2

[PHASE v.1 - Microfinance & GAVI & Private Public Partnerships]

IP MODELS

Intellectual Property techniques to capture a greater % of the 97% of Intangible value linking price received by Producers to final retail price Estimated **\$100bn** (ref: DfID, USAID, OAS) - Lightyears - Ethiopian Coffee, Divine Chocolate

Problem solved: Trade for Aid and get Paid / Redefine Corporate Relationship

GREEN BONDS

Reduced cost of capital - Estimated **\$100bn** (ref: Unilever)

Problem solved: reduced cost of capital because its green

CORPORATE VENTURE CAPITAL

Impact Investment 101 - G8 Model Invest in early and mid-stage or package through VC and PE Models and into Innovation Funds - **\$60 bn** growing 17% pa

Problem solved: Injecting innovation & bottom of the pyramid solutions

BLENDED MODELS

Or **Layered** models - Philanthropic capital prices risk out to bring in commercial capital (ref: Eye Fund, Nestle Colombian Mills)

Problem solved: price out the risk to draw additional capital

SOUTH CAPITAL MARKETS

Leverage \$9 trillion local capital markets - ie \$2.4 trillion pensions to fund their own infrastructure - mills, ports, transport, social goods. (ref: AMF). Estimated IRR 30%

Problem solved: leveraging local capital markets enabling growth

OUTCOME MODELS

(SIBs / DIBs / SYNs)

Funding and scaling by "Outcomes" the use of Structured product - the problem becomes a market opportunity - can be used for innovation & / or scaling. (ref: Danone, World Bank, Bloomberg, Accenture,)

Problem solved: collaboration between players, public-private; Ultimately SYN Creates Outcome Models by **Monetizing Negative Externalities** = Social Equity

Tomorrow -
Can a New
Economy
Paradigm now
be applied to
Development ?

The image features a central white signpost with four black arrows pointing outwards. Each arrow points to a company name and a descriptive sentence. The background is a solid green color.

- Uber** → The world's largest taxi company, owns no vehicles.
- ← **Facebook** The world's most popular media owner, creates no content.
- Alibaba** → The most valuable retailer, has no inventory.
- ← **Airbnb** The world's largest accommodation provider, owns no real estate.

Something interesting is happening.
TOM GOODWIN

wetp@int
creative digital solutions

@ /WetpaintMENA

HYBRID LEGAL FRAME SUPPORTING MULTI STAKEHOLDER INTER - INTRA AND CROSS COUNTRY OUTCOME MODEL

PERSONALISATION TO STAKEHOLDER

CUSTOMISATION PLUG AND PLAY

TOMORROW THE PREDICTIVE DATA / COLLABORATION LOOP

INNOVATION	COLLABORATION	METRICS	AUDIT & FEEDBACK	TACTICAL FINANCE	STRATEGIC FINANCE
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BLOCKCHAIN

TRACKING & PAYING GRANULAR VALUE

OF KNOWLEDGE

PAY GRANULAR RISK RETURN

OF FINANCE \$

R&D

DUE DILLIGENCE / KNOWLEDGE MGMT	COLLABORATE & INNOVATION MGMT
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METRICS

CLOUD & MOBILE

COMMUNITY

MEASURE DELTA EXTERNALITIES

COMPARATIVE & COMPETITIVE

VALUE

FIVE FINANCIAL VALUES

ENTREPRENEURS (Social & Financial)

COST STRUCTURE

COLLABORATION

EXTERNALITIES

INSURANCE

INSTRUMENTS

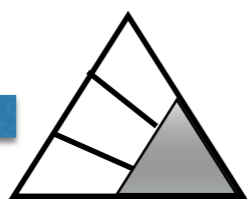
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COMPLIANT TRADEBALE



"BLUE EQUITY" - STANDARD EQUITY W DIFFERENT CLASSES

REPLICABLE AND LIKE ANY OTHER CAPITAL MARKET-

TRIGGERS CONTINGENT PAYERS FROM

- DAF
- GOV'T
- CORP
- FDN

CREATES

ALL MISSION ALLIGNED PERSONAL, GOVT, CSR & MRI

NEW ASSET CLASSES

The Building Blocks have been Built (See Slide 16 Videos) – Red script are P1800 Participants / Examples

LEGAL FRAME: – CREATION OF AN INTRA, INTER AND CROSS COUNTRY GLOBAL LEGAL FRAMEWORK ALLOWING DIFFERENT STAKEHOLDERS TO TAKE DIFFERENT ECONOMIC SOCIAL RETURN WITH SOCIAL MISSION HARDWIRED.

Mark Owens (US) – former head Exempt Unit IRS Bill Kelly- Ashoka, Chuck Muckenfuss – Gibson Dunn – Fmr Regulator; Tom Brunner - Leapfrog and Stephen Lloyd (UK)- Bates, Michael Webber - Fmr UK Charity Commissioner ,

KNOWLEDGE MANAGEMENT: - DUE DILLIGENCE AND CREATING INNOVATION FOCUSED NETWORKS . **Artha Networks / IIC and Induct Software / Accenture**

METRICS: – PRICED IN REAL TIME ON COMMUNITY FEEDBACK – **Integrity Action (2)**; CAPTURING ALL THE ECONOMIC VALUE OF A SOCIAL INTERVENTION / ESTABLISHING A TOP DOWN BENCHMARK– **Unicef /WSP/WHO (Guy Hutton)**; THE ECONOMICS OF CAPTURING THE VALUE OF EXTERNALITIES – TAX SUBSIDIZE OR TRADE (LIKE CARBON) – **Professor Roques**

MAKING THAT DATA COMPETITIVE AND COMPARATIVE AND INTEGRATING INTO SDGS – **Social Progress Imperative (2) – Michael Green - WEF / Porter**

PLUMBING
FACILITATATES
FIVE
FINANCIAL
VALUES

- 1 – SOCIAL ENTREPRENEURSHIP & IMPACT INVESTMENT INNOVATION (**Ashoka**)
- 2 – COST STRUCTURE – PLUG & PLAY ALL IMPACT INVST TOOLS (**Equity, debt, VC, SIBS, DIBs guarantees etc**)
- 3 - COLLABORATION – MODULAR & BLENDED MODELS EASIER TO SCALE (**OECD Blended Value, Finnish Mondial**)
- 4 – PROBLEM BECOMES THE OPPORTUNITY MAKING THE SOCIAL EXTERNALITIES THE TRADEBALE OPORTUNITY IN A STANDARD EQUITY FORMAT . (**Blue Equity / SYN**)
- 5 –ALLOWS SYSTEMIC USE OF RISK MANAGEMENT TOOLS, IE PARABOLIC INSURANCE, (**World Bank, Water Facility, AMF**)
- SYSTEMS: - THEN LINK FINANCIAL TOOLS TO THE GRANULAR VALUE THEY CREATE (**Distributed Ledger Technology / Blockchain / CRM**)
- >>ULTIMATELY DATA FLOWS CAPTURED LIKE ALL NEW ECONOMY MODELS DATA BECOMES PREDICTIVE (**Google, FB**)

COLLABORATIVE LEGAL FRAME – Intra & Inter Sectoral and Pan National – Multiple Economic / Social Returns

Marc Owens (Former Head IRS Exempt Unit) - <https://goo.gl/9ky7Ai>
Stephen Lloyd (Former Advisor to UK Govt) - <https://goo.gl/3D1BXD>

**TOMORROW
THE PREDICTIVE
DATA /
COLLABORATION
LOOP**

KNOWLEDGE MGMT

DUE DILLIGENCE / KNOWLEDGE MGMT
COLLABORATE & INNOVATION MGMT

IIC & ARTHA NETWORKS
<https://goo.gl/D73VoT>
INDUCT
<https://goo.gl/5weZTg>

METRICS

COMMUNITY LOOP INTEGRITY ACTION
<https://goo.gl/xpZKuU>
<https://goo.gl/b3Zbzk>

VALUING EXTERNALITIES UNICEF / WSP / WHO / HUTTON
<https://goo.gl/hfvSTQ>

TRADING EXTERNALITIES
<https://goo.gl/kQXXK7>
 (3:18)

MAKING EXTERNALITIES COMPARATIVE & COMPETITIVE SOCIAL PROGRESS IMPERATIVE

<https://goo.gl/d8XrJt>

<https://goo.gl/AVY93j>

FINANCE

ENTREPRENEURS (Social) ie ASHOKA
<https://goo.gl/Ym8yvA>

COST STRUCTURE Plug & Play Impact invest Solutions, ARTHA, AZZURE ETC

COLLABORATION Blended Value (OECD) Finish Mondial / A4 All

EXTERNALITIES Blue (Social) Equity – the Economic value of Social Impact

INSURANCE Parabolic, Gaurantee Structures & Risk Management

TRACKING & PAYING GRANULAR VALUE OF KNOWLEDGE

MARRY

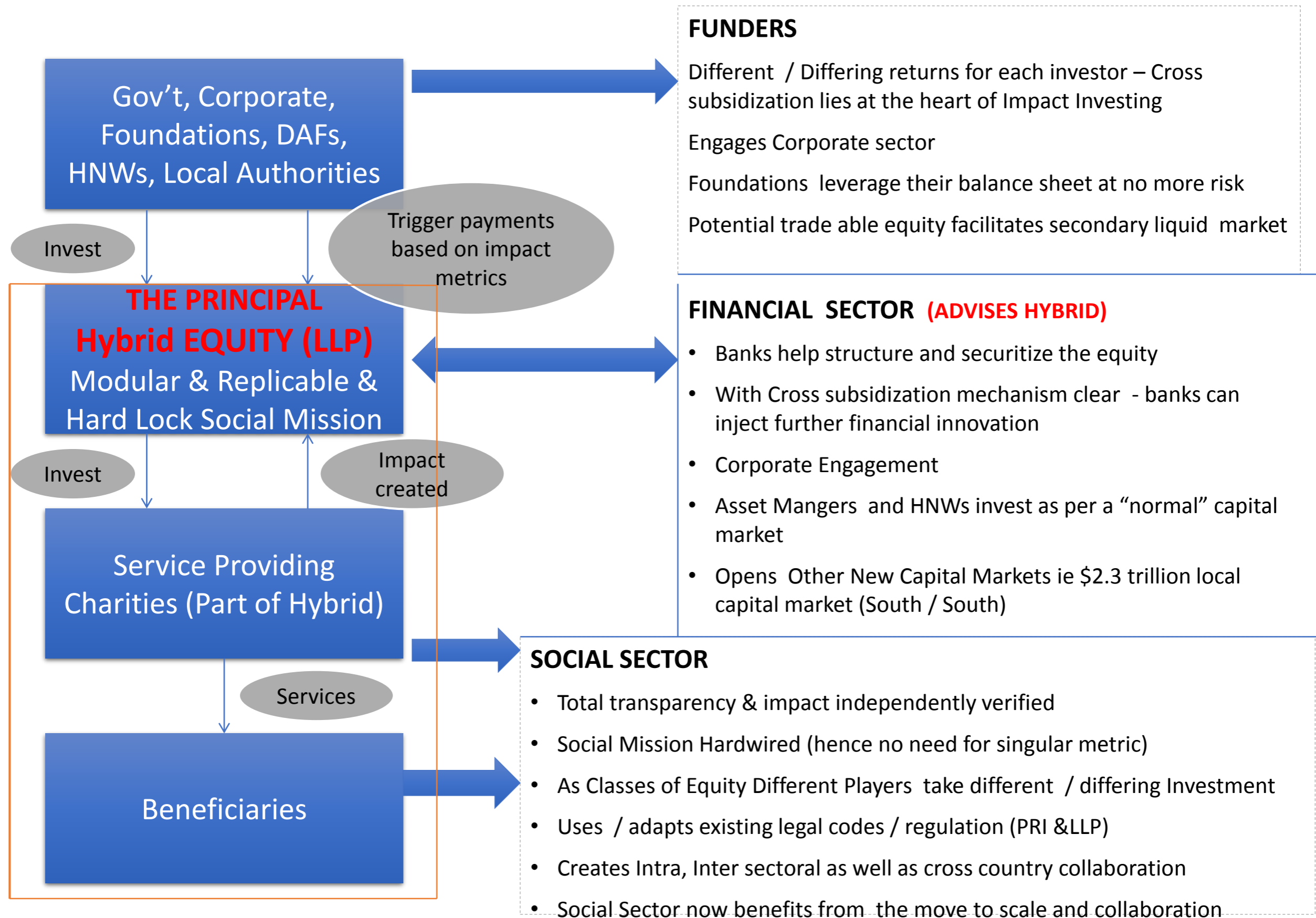
<https://goo.gl/tvZUCE>
SPHAERA PAY & MANAGE GRANULAR RISK RETURN OF FINANCE \$

CRM / DLT Accenture

<https://goo.gl/EnQwfY>

On the same Replicable Modular Frame work

THE ULTIMATE OPPORTUNITY FOR SOCIETY - SOCIAL ISSUES BECOME TRADEABLE—THROUGH SOCIAL EQUITY (SOCIAL & FINANCIAL) CREATING MARKET DEMAND OUT OF SOCIAL GOOD



Project 1800

“Nearly every problem has been solved by someone, somewhere. The challenge of the 21st century is to find out what works and scale it up.” – Bill Clinton

