

Overheard at the 2013 Brookings Blum Roundtable

From the private sector..



Richard Blum

Chairman and CEO, *Blum Capital Partners*

“I think you need to bring US government agencies and offices together that are working on development finance, commit a lot of money and make a one-stop shop so that it can respond like a commercial bank and give potential investors who want to partner with the US government an answer in a reasonable period of time and lay down some basic rules.”

Shannon May

Chief Development Officer, Chief Strategy Officer & Co-Founder, *Bridge International Academies*

“Can you really do business with the poor? From where I stand, I find that such a crazy question, because that is all we do. The per capita income of parents of our pupils ranges between 65 cents a day and \$1.25 a day, which is then shared across 2 or 3 children. And we are able to sell them something they desperately want, because we built our entire pricing mechanism around knowing what they already pay out of pocket today for pre-school and primary education, and then ensuring that we offer them a world-class service that will radically change their child's life, for a similar price point.”



Bert van der Vaart

Executive Chairman and Co-Founder, *Small Enterprise Assistance Funds*

“Over the last 23 years, SEAF has developed a number of principles through its investment activities. My first principle would be that local entrepreneurs, in the environment where the poor live, generally know best what the poor need and can adapt quickly to their demand. The second principle is that scale is not only resulting from good design, but, most importantly, from delivery. Finally, technology that is developed in developing countries is great, but there is also proven technology in the West—or in the East—which we believe can improve the lives of the poor in energy, food, education, housing, and health.”



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Runa Alam

Chief Executive Officer, *Development Partners International LLP*

“What I have seen in the last 20 years is a wholesale change in the attitude of people in developing countries. People in these countries have changed their point of view in terms of professional aspirations. It used to be that if you were very smart, whether you were poor or rich, you wanted something very secure like working for the government. Now people want to be entrepreneurs. And it is true up and down the whole strata of poor, middle class, and rich. I get approached by people who are driving me somewhere, who have a business plan. And it is pretty extraordinary.”

Robert van Zwieten

President and CEO, *Emerging Markets Private Equity Association*

“The good news is that people who have done work in both the private sector and in economic development increasingly acknowledge that there is actually a lot of alignment between the legitimate needs of for-profit businesses that are investing in emerging markets, and the development goals that we all agree are important. I think it is important to find ways to facilitate many more dialogues—and this is part of what the Brookings Blum Roundtable has been about—amongst private and public sector representatives.”



Ajaita Shah

Co-Founder and CEO, *Frontier Markets*

“I think that social businesses end up becoming a very interesting bridge between the gap of the public sector and the private sector because they are in that mindset of thinking about risk mitigation, time value for money, and they are also trying to really work with that local consumer base that they believe is a consumer and not just a charitable case.”

David Bonderman

Founding Partner, *TPG Capital*

“With respect to emerging markets, there are the usual problems which you all know about—corruption, lack of property rights, et cetera. Private equity guys can actually deal with all of those. The most difficult problem, though, is the size of the markets. If you go to a country like Nigeria, it has every possible problem ranging from civil war to corruption, but it is also a big market. There are 150 million or so people. There are people you can sell things to. If you go next door to Burkina Faso, there are only four million people in the market. Pursuing viable investment there becomes very hard to justify for private equity guys.”





Vineet Rai

Managing Director, *Aavishkaar Venture Management Services Pvt Ltd*

“So the question is: Who exactly is an impact investor? My definition is investors who can innovatively rework the risk-reward paradigm and do so with a frugal investing thesis. And frugality is very important because the moment you start doing things differently from a traditional commercial investor, you have to reconsider many things including the salaries that you pay to your partners and hence the team that you build will look quite different. But if you can mix these two things (risk-reward paradigm with frugality) effectively, there is a chance that you may be able to build a model that can invest in companies that are considered commercially uninvestable because of issues beyond the business model.”

Laurie Spengler

President and CEO, *ShoreBank International (now Enclude)*

“When I hear that private investors are in it for the money, this point resonates, but the good news is that I also increasingly speak to business people who are reframing their mandate to say, ‘I am in it for my total return.’ So people in the private sector are now defining return in a much more nuanced and complex way than just profit. The growing language around the diverse universe of impact investing, for example, clearly shows people being purposeful and deliberate in their allocation decisions of capital and using indicators of return that are beyond financial.”



Jean-Louis Warnholz

Co-Founder and Managing Director, *fastafrika Ltd*

“When we talk about blended finance, I think a big opportunity that we are not yet capturing sufficiently, is actually forming joint deal and project teams, where donors, NGOs, private investors, and international financial institutions come together as one implementation team, with a clearly defined target list of deliverables for each party and an overarching objective to make some of these complex, transformative investment projects happen.”

Viswanathan Shankar

Group Executive Director and CEO, Europe, Middle East, Africa & Americas, *Standard Chartered Bank*

“You can do well by doing good, by integrating sustainability into your core business agenda. If my company invested in a mine that did not adhere to the Equator Principles, or if we invested in a palm oil producer that did massive deforestation and killed orangutans, or if we invested in a petrochemical factory that polluted the atmosphere—guess what? It is not just a question of being environmentally unfriendly. We will also suffer financial losses because the projects will be eventually shut down.”

