

## Invest in social impact - increase investable projects

### The challenge - limited impact investment in EM

Reaching the SDG:s require the mobilization of significant funding; it is calculated that the current funding gap is close to USD 2 trillion. One promising financial instrument is the Social Impact Bond (SIB), a tool for investment in socially beneficial projects and organisations. SIB:s are quickly growing, but so far investment have almost exclusively been focused on developed countries.

Developing countries have some of the largest funding gaps in the efforts to reach the SDG:s. Local funding is however often severely limited. Current government-funded foreign aid is not sufficient to cover the funding need, and finding solutions to get private capital onboard is a priority.

A majority of impact investment and SIB:s are in hard currency, and never reaches developing countries because financial risks makes investments to costly. These risks could however be efficiently managed, as services and solutions are available.

### The solution - lower risks to increase investable projects

By making risk management solutions available to actors implementing impact projects a significant increase of activities could be presented to investors working in hard currencies.

#### Activities

- Find best practices where solutions have been used
- Set up cases with organisations and financial partners to provide practical examples.
- Produce guides, handbooks and easily accessible material to build capacity. Design training packages.
- Incorporate an impact project risk assessment component into AidHedges financial management platform

AidHedge has a unique experience working with risk analysis and risk management for funding of foreign aid and sustainable development.