

# Humanitarian and Resilience Investing

*Nordic Innovative Finance Forum*

# Positive trends amongst key stakeholders

## Humanitarian Ecosystem

- Experimenting with new financing models
- Building coherence across humanitarian-development efforts
- Business as a partner, not only a funding resource

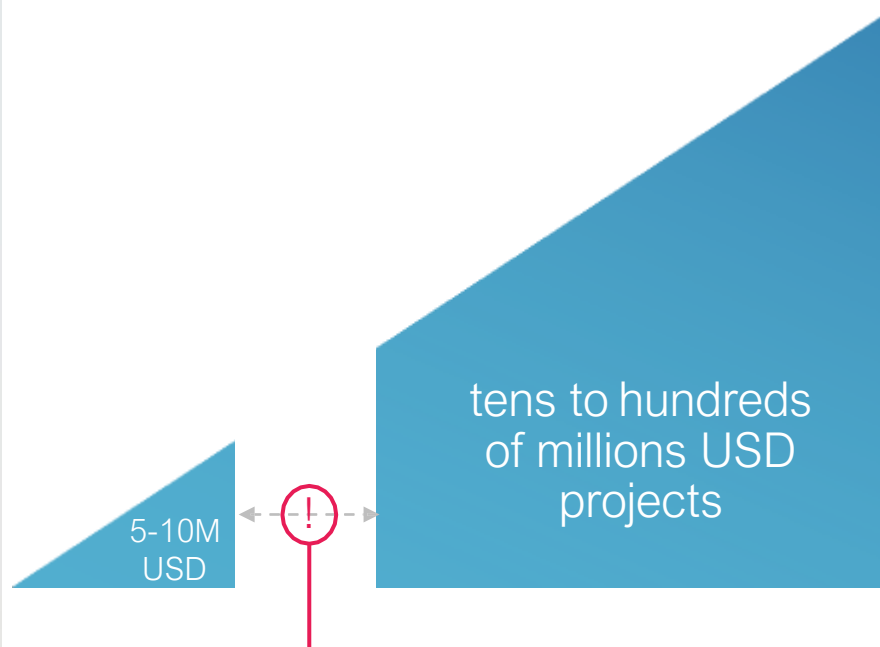
## Development Community

- Growing presence in contexts of fragility, violence and conflict
- Deployment of new mechanisms to de-risk and catalyse private investment
- Mobilisation of Development Finance Institutions to work collaboratively

## Corporates & Investors

- Strong growth in sustainable and impact investing
- Institutional investors are seeking to strengthen the “S” in Environmental, Social and Governance (ESG) metrics
- Combining social impact with financial return

# Key challenges remain



Financing gap  
*due to lack of scalability  
and bankability*

1

Lack of bankable and scalable projects to deploy private capital

2






Lack of organizational capacity to drive projects to maturity from innovative pilots

3

Lack of awareness, early-stage financing and downstream investor guidance

# Humanitarian and Resilience Investing (HRI) Initiative

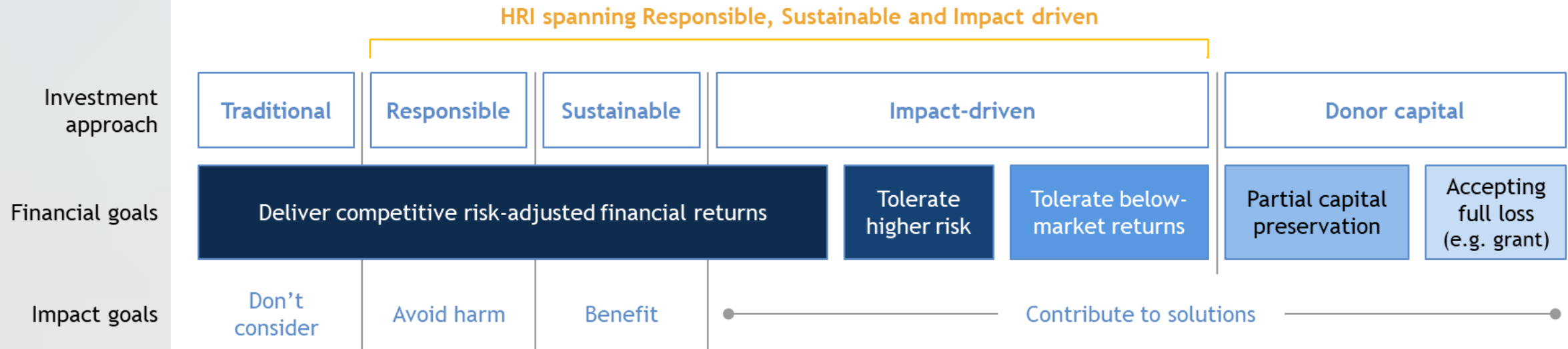
Launched in 2019, the HRI Initiative is unique in its approach to addressing the needs of the +2B living in fragility:

-  Working with projects in the most **fragile contexts**
-  Combining **return seeking** and **impact** at bankable scale
-  Changing the **donor approach**
-  Enabling the **wider ecosystem**
-  Involving investors and donors very **early in the process**





*HRI is defined as capital invested in ways that measurably benefit people and communities in contexts of fragility, conflict and violence, while creating a financial return*



# Spectrum of capital



# Innovative Finance can be deployed using numerous instruments

Desired Portfolio Impact		Example Instrument	
 <p><b>Financial products</b></p>	<p>Applicable as traditional tools for project-based financing and with enhancements to accommodate new risk equations</p>	<b>Loan</b>	Funds require repayment and interest with secured and un-secured variations
		<b>Counter-cyclical loan</b>	Debt payments automatically reduced or temporarily cancelled should a crisis occur
		<b>Debt swap</b>	Creditor can convert capital to be received into a contribution (viewed as ODA)
 <p><b>Risk Mitigation</b></p>	<p>Transfer risk to other stakeholders or capital markets to enhance project bankability and accommodate different risk appetites</p>	<b>Insurance</b>	Protects against risk, includes parametric, non-parametric, CAT Bonds, and more
		<b>Guarantees</b>	Backing to facilitate financing to non “bankable” entities
		<b>Securitization</b>	Assets that are pooled to generate scale and divided along risk tranches
		<b>Blended finance</b>	Combination of investment and concessionary capital
 <p><b>Results-Based</b></p>	<p>Align payouts with predetermined results to maximize impact and quality of interventions</p>	<b>Impact bonds</b>	Outcome-based or pay-for-success tools where investors provide capital, and return depends on execution against predetermined outcomes
		<b>Advanced market commitments</b>	Binding contract used to guarantee a viable market for a product once it is developed
 <p><b>Technology-Enabled</b></p>	<p>Encourage idea-generation from untapped sources and broaden scope of fund sourcing and deployment</p>	<b>Challenge funds</b>	Prizes used to source solutions for problems from a wide array of innovators
		<b>Crowdfunding</b>	Fundraising mechanism that is donations-based, rewards-based, peer-to-peer, or equity-based

# Catalyzing growth of the HRI space through three mutually reinforcing objectives

## Cultivate compelling proofs-of-concept

Pipeline of projects that leverage investor capital to build resilience across WASH, food & agriculture, and energy, accelerated as exemplars for the broader ecosystem

## Mainstream HRI in the investor community

Articulated standards, data, and frameworks to help the investor community conceptualize how best to allocate capital for HRI impact



## Enhance organizational readiness

Community equipped with tools and capabilities required to strengthen public-private collaboration

# The core objectives are operationalized by an activated multi-stakeholder community

## Co-Chairs



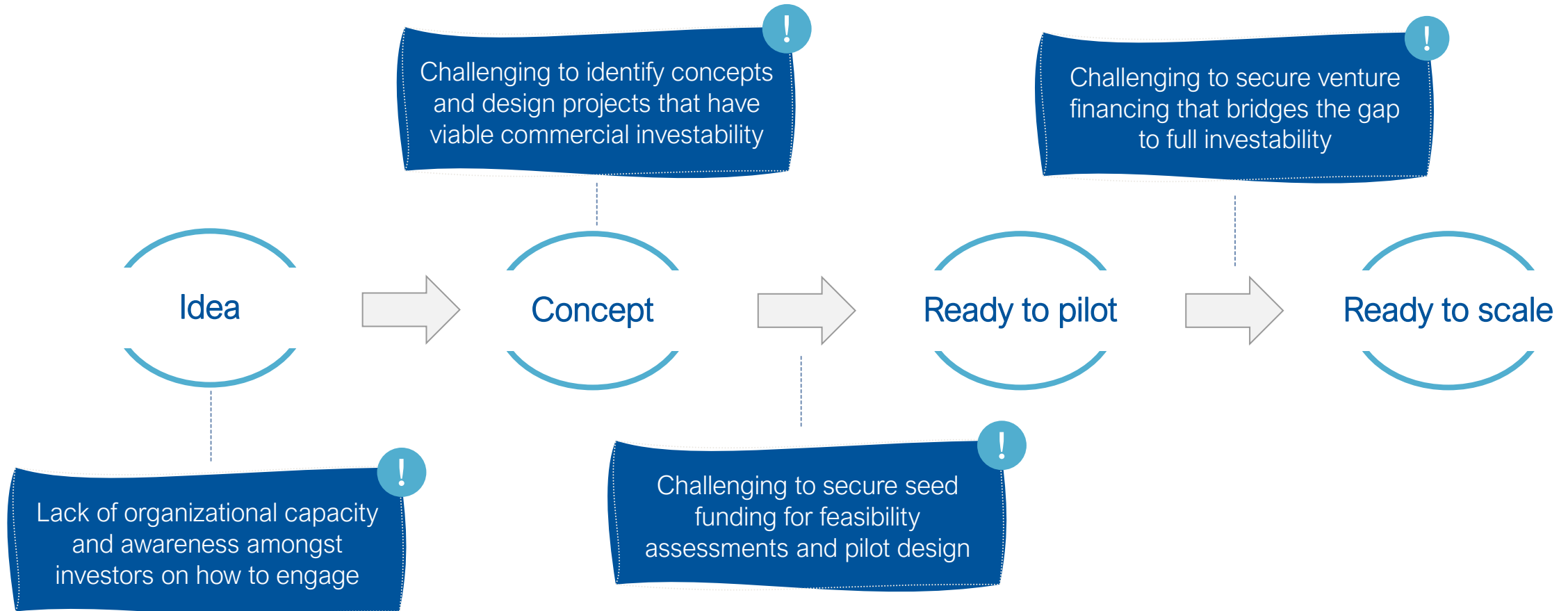
## Supported by





# We identify four key challenges across the project lifecycle

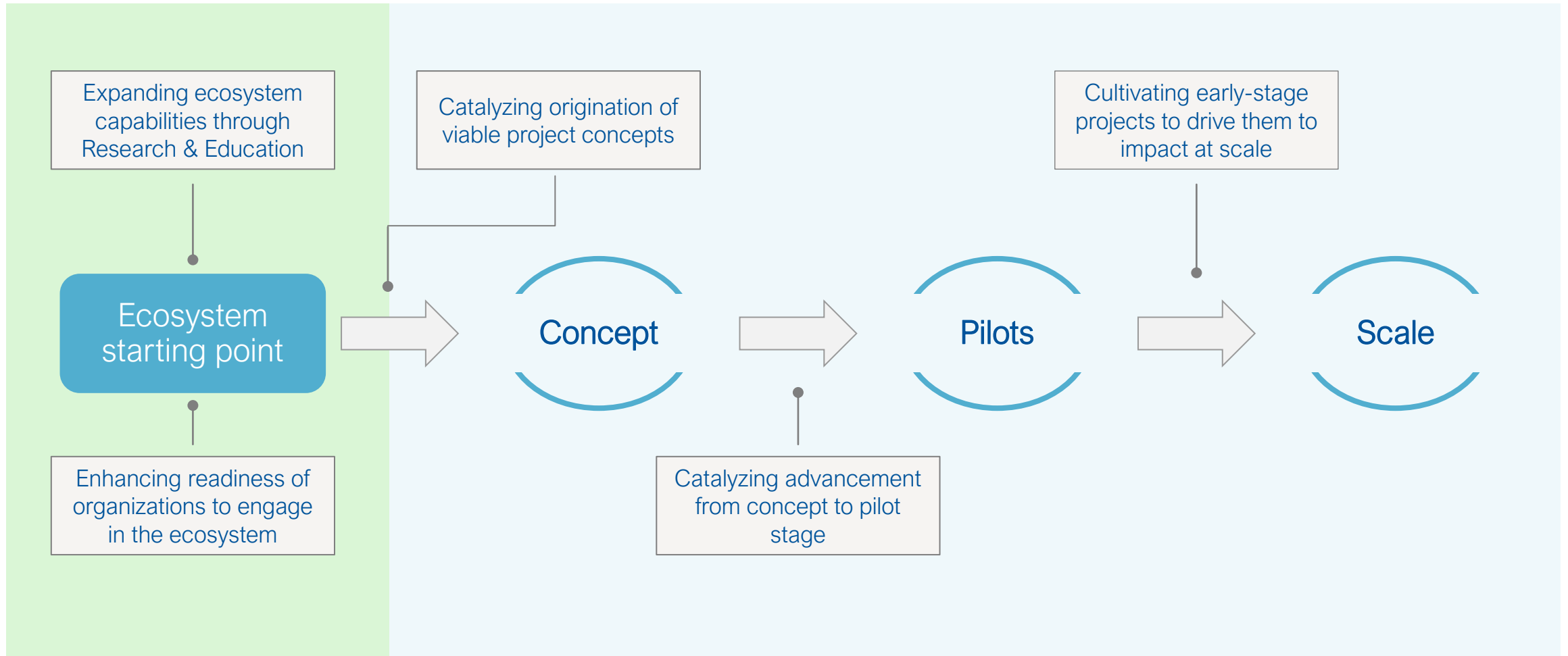
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# Interventions are required across the project lifecycle to unlock a deeper pipeline of projects

## ENABLERS

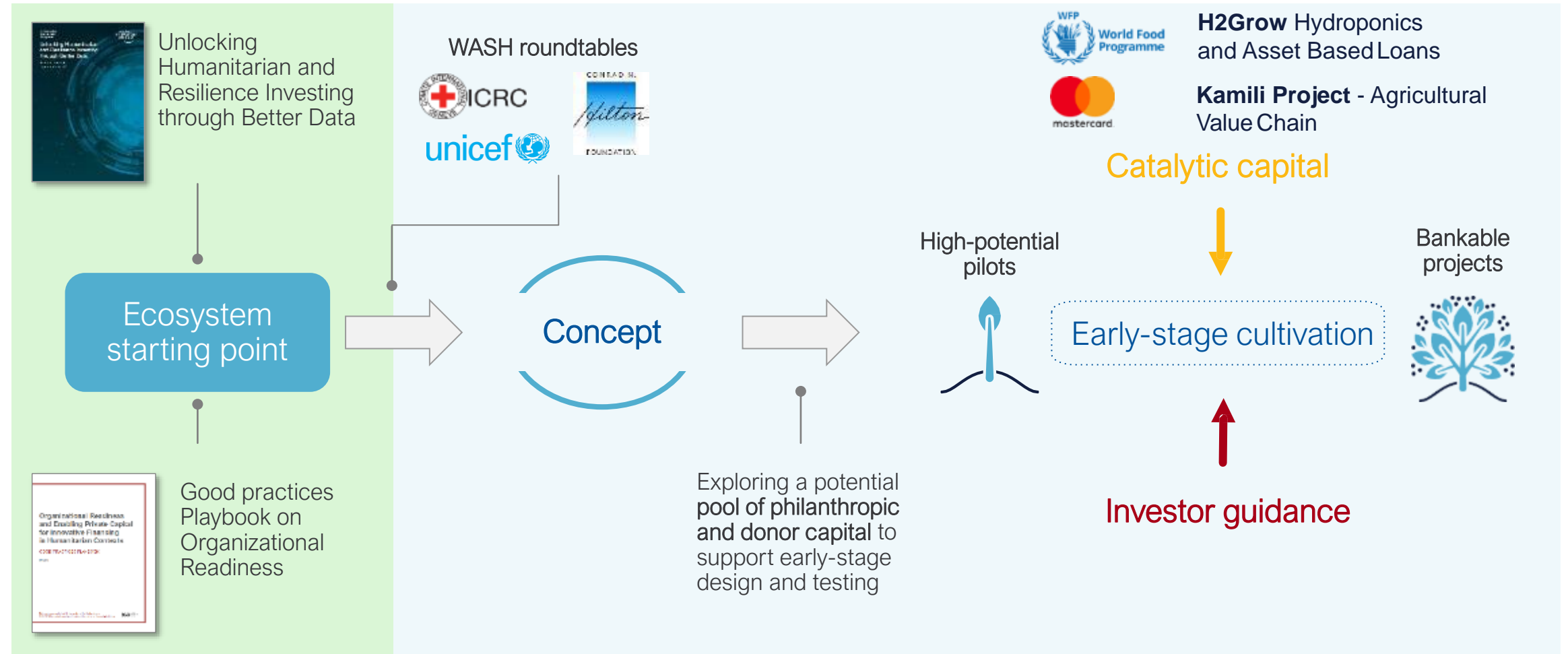
## PROJECTS



# Interventions are required across the project lifecycle to unlock a deeper pipeline of projects

## ENABLERS

## PROJECTS



# Opportunities for collaboration

## ENABLERS

## PROJECTS

*Activate community of practitioners and promote thought leadership through closer collaboration of similar fora*

Ecosystem starting point

*Join cohort of organisations to operationalize the org. readiness playbook and peer-to-peer learning*

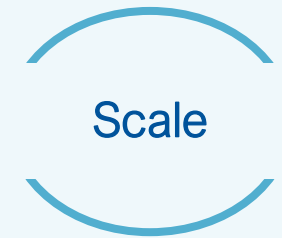
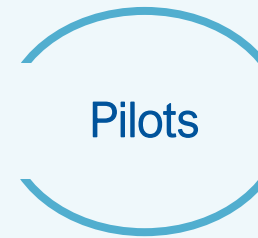
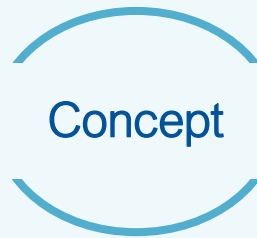
- *Bring projects to the table; ideas, pilots or ready-to-scale projects*
- *Provide investor guidance on financing structures*
- *Deploy catalytic capital to attract investors*

Concept

Pilots

Scale

*Advocate for greater alignment of donor and philanthropic capital to support early-stage design and testing*



The logo consists of a white circle with a horizontal line passing through its center, and a white arc at the bottom of the circle.

# WORLD ECONOMIC FORUM

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IMPROVING THE STATE  
OF THE WORLD

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