NEW REPORT: THE GIIN FINDS OPPORTUNITIES FOR SIGNIFICANT IMPACT IN FRONTIER FINANCE

Report assesses features of frontier finance impact investments, noting important financial and impact motivations as well as identifying recommendations to scale the market to achieve global development goals.

NEW YORK, September 10, 2019 – The Global Impact Investing Network (GIIN) today released its newest report, Unlocking the Potential of Frontier Finance. Impact investors that invest in frontier finance do so to improve the lives of low- to lower-middle income people in emerging and frontier markets. These investors are compelled by the potential in these markets to create deep, lasting impact alongside strong financial returns, while also creating broader systemic change on the local and regional financial systems. In the context of global development, an estimated USD 2.5 trillion of capital is needed per year in just emerging markets to achieve the Sustainable Development Goals.

The GIIN’s newest report assesses the frontier finance investment landscape, presents five in-depth case studies featuring different frontier investment vehicles and transactions, and provides recommendations to build the market and overcome common challenges hindering the flow of additional capital into frontier markets.

Amit Bouri, CEO and co-founder of the GIIN, said, “Achieving the Sustainable Development Goals will require investing to go into areas where it has not historically gone. For us to be successful, it is critical to expand frontier finance and help develop business models that serve developing markets and communities that have been under-served by the global financial system. This report assesses the impact and financial drivers of these markets, allowing us to explore the potential of frontier finance to create substantial impact locally, regionally, and globally.”

Investors are motivated to enter this market to:

- **Contribute to global development goals:** The GIIN estimates the current size of the impact investing market as USD 502 billion, which is only a fraction of what is needed in just frontier and emerging markets alone, if global development goals are to be met.

- **Impact low- and lower-middle income populations:** Investors can create significant, long-term impact on low and lower-middle income populations through the products and services
investees produce, creation of quality jobs, fostering of sustainable supply chains, and empowerment of entrepreneurs.

- **Create broader systemic change:** Frontier finance presents compelling opportunities to positively impact the markets in which investees operate and develop local and regional financial systems, contributing to long-term economic development and catalyzing additional future investment.

- **Access large, often untapped markets:** Frontier and emerging markets often present high growth potential and growing middle classes of consumers, suggesting potential for significant financial returns. Around 75% of frontier finance investments primarily target market-rate returns, with a majority (87%) reporting meeting or exceeding financial performance expectations.

Rachel Bass, Research Manager at the GIIN, said, “Some of the most transformative innovations to address poverty, healthcare, and access to basic services have occurred in frontier and emerging markets – yet these markets consistently attract nominal amounts of impact investment capital. By embracing their role as both financers and field-builders, impact investors can catalyze unprecedented market growth and truly drive global development.”

This report analyzed a database of 40 frontier finance transactions, 10 interviews, and a workshop discussion with 39 investors and other ecosystem players.

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**About the GIIN**

The Global Impact Investing Network (GIIN) is the leading global champion of impact investing, dedicated to increasing the scale and effectiveness of impact investing around the world. The GIIN builds critical infrastructure and supports activities, education, and research that help accelerate the development of a coherent impact investing industry. Impact investments are investments made into companies, organizations, and funds with the intention to generate positive, measurable social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets and target a range of returns from below market to market rate, depending upon the circumstances. The GIIN builds critical infrastructure and supports activities, education, and research that help accelerate the development of a coherent impact investing industry. For more information, please visit [www.thegiin.org](http://www.thegiin.org).

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