Impact Investing Innovations to Support Sustainable Food Production

AK Food Policy Council Conference 2016

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Agenda

- What is Impact Investing?
- How does Impact Investing relate to food production?

- Fish 2.0
  - Case study – Alaska Marine Conservation Council’s Alaska Community Seafood Hub

- Questions
  - An idea for your feedback

- Resources (handout)
What do all these ventures have in common?

- Stonyfield Farms (organic yogurt)
- Zipcar (environmentally friendly car-sharing)
- Honest Tea (responsible supply chain for iced tea)
- RecycleBank (curbside recycling meets couponing)
- Grameen Bank (microfinance pioneer)
- Iriquois Valley Farms (young farmer land access)
- Husk Power Systems (rural electrification)
- A to Z Textile Mills (anti-malarial bednets)
- Goldman Sachs Social Impact Bonds (early childhood education)
- Liberty and Justice (women-owned manufacturing)
- Catalyst AgTech (reducing agrochemical products)
- LifeSpring (low-cost maternity hospitals)
- Kareneggera Coffee - KZ Noir
What is Impact Investing?

- Impact investments are investments made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return.

- Provides capital to address the pressing challenges in sectors such as sustainable agriculture, fisheries, clean technology, microfinance, and affordable and accessible basic services including housing, healthcare, and education.
Who Makes Impact Investments?

- Diversified financial institutions
- Pension funds
- **Private foundations** (making program and/or mission-related investments)
- Insurance companies
- Development finance institutions
- Specialized financial institutions
- Large-scale family offices
- Fund managers
- **Individual investors**
What is current scale and potential?

- Estimated that $60Bn was invested via impact investment funds globally in 2015 (c.f. $54Bn by US private foundations in 2014)
- Major Foci of Impact Funds:
  - Housing (27%)
  - Energy (10%)
  - Healthcare (5%)
  - Food and Agriculture (5%)
How Are Impact Investments Performing?
### Challenges to the Growth of the Impact Investing Industry Today
(N=146; Respondents Ranked Top Three)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Score</th>
<th>Challenge Description</th>
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<tbody>
<tr>
<td>1</td>
<td>193</td>
<td>Lack of appropriate capital across the risk/return spectrum</td>
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<tr>
<td>2</td>
<td>174</td>
<td>Shortage of high quality investment opportunities with track record</td>
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<tr>
<td>3</td>
<td>115</td>
<td>Difficulty exiting investments</td>
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<tr>
<td>4</td>
<td>97</td>
<td>Lack of common way to talk about impact investing</td>
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<td>5</td>
<td>87</td>
<td>Lack of innovative deal/fund structures to accommodate investors' or portfolio companies' needs</td>
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<tr>
<td>6</td>
<td>76</td>
<td>Lack of research and data on products and performance</td>
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<td>7</td>
<td>67</td>
<td>Inadequate impact measurement practice</td>
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<tr>
<td>8</td>
<td>57</td>
<td>Lack of investment professionals with relevant skill sets</td>
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Fish 2.0

Context

Current global fisheries management regimes not working:

- inadequate market incentives to support sustainable wild fisheries
- Inadequate mechanisms to expand sustainable aquaculture

How to incentivize change in the way we produce fish?

- Profitable
- Enhance beneficial social impacts
- Reduce negative environmental impacts
Fish 2.0 Process

**Fish 2.0**

**Phase 1:** Jan-April 2015
- Apply to Fish 2.0
  - Competitors register to participate on www.fish20.org
  - Submit a short entry online describing their business.
  - Deadline is April 27

**Phase 2:** May-June 2015
- Describe business model and opportunity
  - Eligible businesses grouped into 3 tracks: early stage pre-revenue, early stage post-revenue, and growth stage.
  - Competitors complete online questionnaire, specific to track.
  - Early-stage companies describe the opportunity, customers, profit potential, go-to-market strategy and management team.
  - Growth companies upload existing decks and documents
  - Webinars offered to provide guidance on key topics

**Phase 3:** July-Aug 2015
- Demonstrate impacts and growth potential
  - Investors review and judge competitor entries online
  - All businesses with passing scores move to the next phase

**Phase 4:** Sept-Nov 2015
- Develop compelling investor pitch
  - Competitors matched with advisors to provide 1:1 feedback.
  - Competitors provide info to demonstrate the impacts of their business, growth strategy, investment risks and exit strategies for investors.
  - Webinars and resources offered for guidance on key topics

**Nov 10 & 11, 2015**
- Finals Event
  - Investors review and judge all entries online
  - 36 businesses selected from all three tracks to be finalists and runners up, based on cumulative Phase 2 and 3 scores

**Post Fish 2.0**
- Professional Service Awards and Media
  - Finalists pitch to a panel of investor judges.
  - Two finalists in each track will win a $5,000 prize ($30,000 total)
  - Runners will provide short pitches.
  - Multiple networking opportunities and panels.
  - Sponsors will offer at least two professional service awards per track to any of the finalists or runners-up ($150,000 total)
  - Businesses continue private conversations with investors
  - Fish 2.0 provides ongoing media & promotion of competitors
Fish 2.0 2015 Winners

• **TRACK A - Pre-Revenue Business - Cash Prize Winners:**
  - Kampachi Farms Mexico - Strongest Market Potential
  - The RiverBox, by SabrTech, Canada - Greatest potential for social and environmental impact

• **TRACK B - Early Stage Businesses - Cash Prize Winners:**
  - Salty Girl Seafood, USA - Strongest Market Potential
  - Bureo, Chile and USA - Greatest potential for social and environmental impact

• **TRACK C - Growth Stage Businesses - Cash Prize Winners:**
  - *Alaska Community Seafood Hub, USA* - Greatest potential for social and environmental impact
  - ALFA Fishing, Vanuatu - Greatest potential for social and environmental impact
8,500: Commercial Fishing Vessels Homeported in Alaska

1 in 7: Alaska residents are employed by the seafood industry
Alaska Marine Conservation Council

Connector!

Community-Based Fishermen

Restaurants

Alaskan Consumers
Seafood Mongering with a Mission

• **15** local fishermen
• **53,000 lbs.** of traceable, low-impact seafood
• **$25,000** in bonuses paid back to fishermen
• **700** loyal subscribers

Growing base of advocates for healthy fisheries & thriving coastal communities
Questions?
AK Food 2.0?

- **Concept**
  - innovation contest (modelled on Fish 2.0)
  - designed to promote impact investments in AK Food System

- **Timing**
  - 2017 AK Food Policy Council Conference presentation

- **Need:**
  - Sponsor(s)
  - Mentors
  - Applicants
  - Judges

- **Reaction/Thoughts?**
Impact Investing Resources

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- Global Impact Investors Network - https://thegiin.org
- GIIN Metrics Database (IRIS) - https://iris.thegiin.org/metrics
- GIIN Deal Database - http://www.impactbase.org
- Case Foundation - http://casefoundation.org/program/impact-investing
- Mission Investors (private foundations) - https://www.missioninvestors.org
- Calvert Foundation’s community investment note – a vehicle for “crowd funding” through partnerships with community development organizations – see https://www.vested.org
- Case Foundation - http://casefoundation.org/program/impact-investing
- Omidyar Network - https://www.omidyar.com
- Fish 2.0 - http://www.fish2o.org
- Statewide Impact Investing - https://www.missioninvestors.org/events/colorado-impact-day
- Local AK Opportunity - http://www.akacceleratorfund.com/about