



# LGT Venture Philanthropy

Introduction by Natija Dolic

Zurich, 29. April 2016



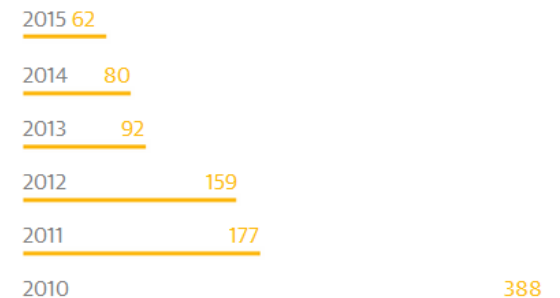
# 1% of people own more wealth than the other 99% combined



The 62 richest billionaires own as much wealth as the poorer half of the world's population.

## The wealthy few

The number of people whose wealth is equal to that of the poorest half of the world's population since 2010



Guardian graphic

Source: Forbes and Credit Suisse Global Wealth Databook 2014 and 2015



# Billions of less advantaged people lack access to products and services to cover their basic human needs

We create positive impact by supporting innovative social organizations that have a scalable model and provide less advantaged people with access to affordable products, services and programs to cover their basic human needs.



# LGT Venture Philanthropy is a global impact investor supporting organizations with outstanding societal impact

## Our mission: **Create positive societal impact**

We strive to improve the quality of life of less advantaged people, contribute to healthy ecosystems, and build resilient, inclusive and prosperous communities.

## Our work: **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.”

(source: Global Impact Investing Network)

## Our approach: **Venture Philanthropy**

“Venture philanthropy builds stronger social purpose organizations by providing them with **both financial and non-financial support** in order to increase their societal impact. The Venture Philanthropy approach includes **both the use of social investment and grants**. [...]”

(source: European Venture Philanthropy Association)



# Our global team is based in six regions and passionate about creating social and environmental impact



- LGT Venture Philanthropy (LGT VP) is supported administratively by different competence centers within LGT such as legal department, HR, accounting, marketing and asset management.
- LGT is the largest private wealth & asset management group in Europe that is entirely owned as a family business. The LGT Group Foundation (including LGT VP) is wholly owned by the Prince of Liechtenstein Foundation, and has a strong global presence with around 2148 employees in more than 22 locations in Europe, Asia and the Middle East, with assets under management of USD 134.0 bn (as at December 31<sup>st</sup>, 2015).

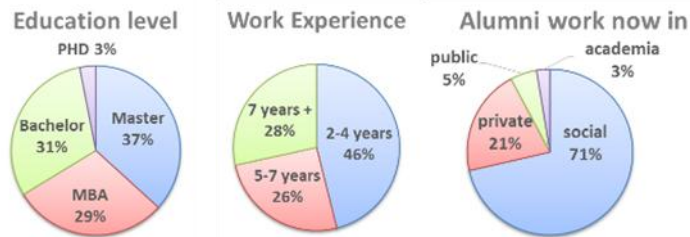
# By applying a multi-step investment process we focus on deep analysis to select the best portfolio organizations





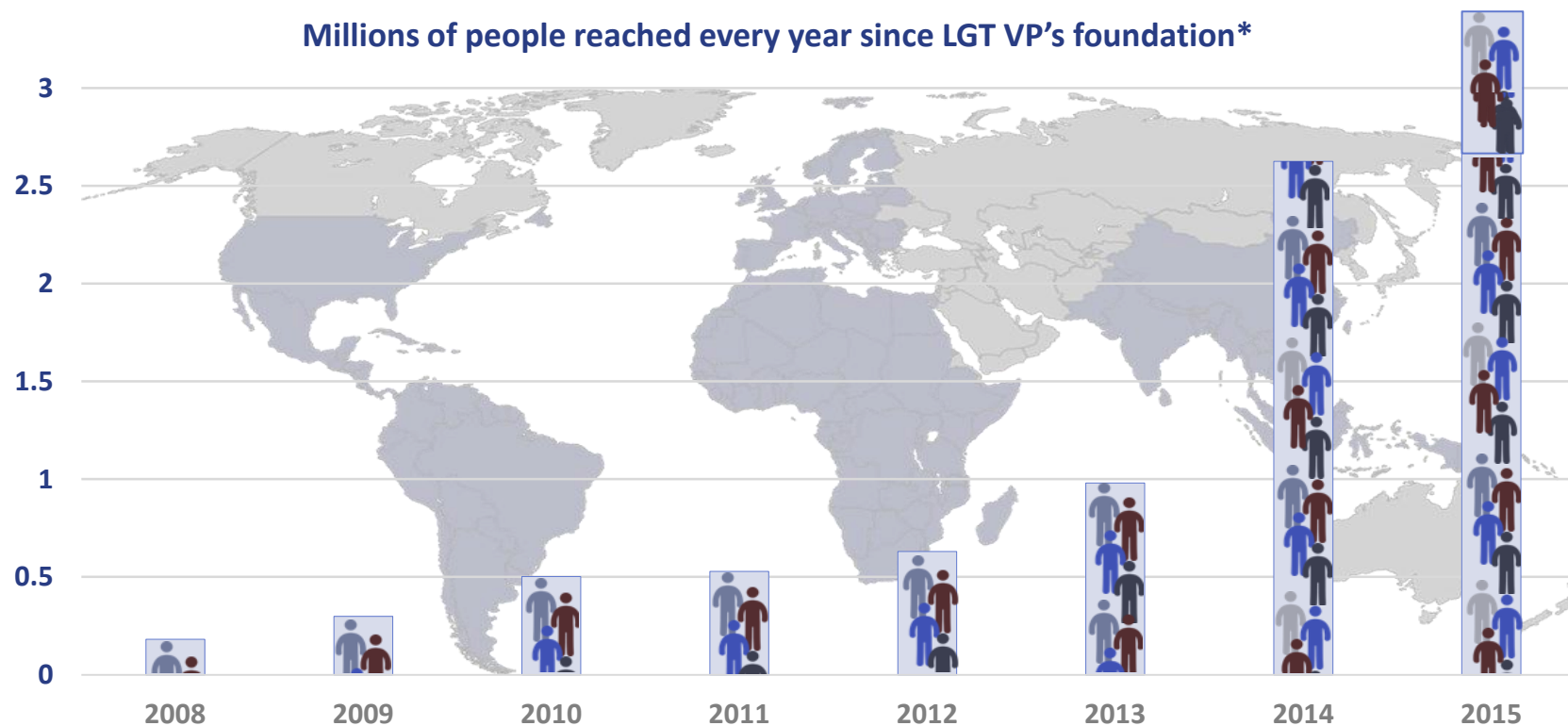
# Know-how provision is an integral part of the LGT VP's investment support

- The ICats Program connects social organizations in need of professional know-how with experts who have the desire to apply their knowledge in a meaningful way
- Experts stay for **11-14 months** on the ground and work **full-time** with the senior management team of the social enterprise in order to build capacity and train their talents
- Since 2009 we have matched **118** ICats Fellows with our portfolio organizations to bridge their business know-how needs



# Since inception we have supported over 50 social enterprises across 6 world regions reaching 4.2m less advantaged people in 2015

Millions of people reached every year since LGT VP's foundation\*



| USD committed (cum.)      | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014  | 2015  |
|---------------------------|------|------|------|------|------|------|-------|-------|
|                           | 2.2m | 5.3m | 8.3m | 12m  | 16m  | 19m  | 41.7m | 57.1m |
| # organizations supported | 1    | 10   | 18   | 24   | 31   | 36   | 46    | 52    |

 Regions with activity and networks

\*Our long-term approach implies that our beneficiaries are impacted for more than one year.



## Case study



How to provide **sustainably** safe light and power to millions of people in Sub-Saharan Africa who live on less than US\$ 2 per day?



## PROBLEM

Over 63% of Sub-Saharan Africa's population are rural, lower-end consumers with **small inconsistent incomes**/revenue streams.

They can barely afford basic goods and services but nevertheless spend up to **70% of their income on inefficient, low-quality goods**.

About 110 million households across Africa spend approximately **USD 200 per year on kerosene for lighting** despite the poor quality of light provided by kerosene lamps alongside the related health risks of smoke fumes.



## PHONE CHARGING - a constant inconvenience

In Kenya, the mobile phone penetration is 90%, however, the electricity penetration is only 20%

Cost of single phone charge is ~ €0.20

Most Kenyans charge their phone twice a week



© G Goodwin 2014



## KEROSENE

- the main lighting source

Cost of one day worth of kerosene ~ €0.50



© G Goodwin 2014

## SOLAR

### - the better solution

Kenya is a perfect market for solar, due to reliable sunshine.

But, a good quality solar home lighting and phone charging system costs at least €125, more than the monthly wage of many Kenyans.



© G Goodwin 2014

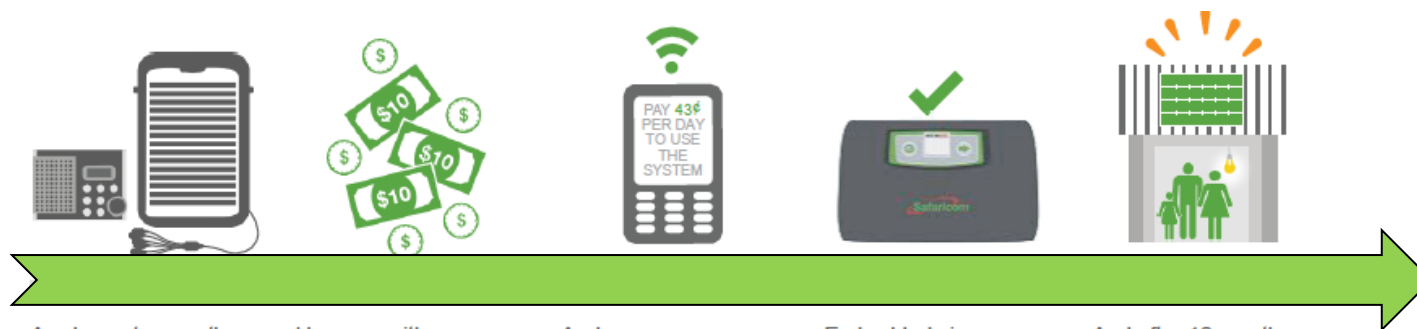
## SOLAR - a financing challenge

If solar units are to sell, they need to be financed at a price that approximates the customer's current kerosene spending – which is the cost they will be displacing with the solar unit.





## M-KOPA'S SOLUTION TO THE FINANCING CHALLENGE



A solar system worth **US\$200** would give a better and cheaper alternative, but upfront payment is tough...

However with M-KOPA Solar, customers just need to provide a small deposit of **US\$35** ...

And on a pay as you go basis, via their mobile phone, spend less daily than with kerosene...

Embedded sim technology activates the system when payment is received...

And after 12 months own the system for lighting and charging at no cost, or can reinvest in more solar power.

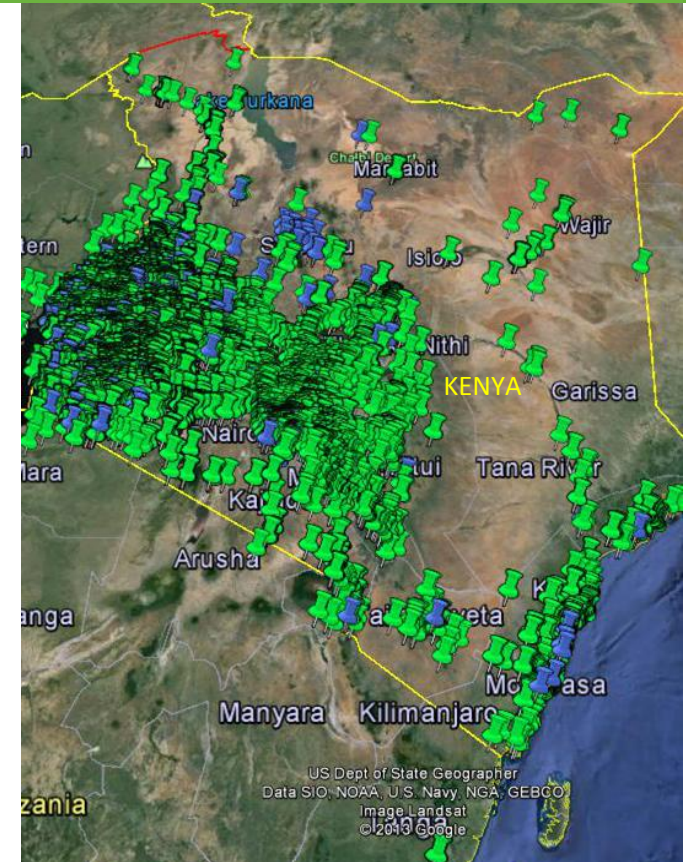
1. Leveraging mobile technology
2. Providing ownership through asset financing
3. Offering innovative solar products

## FROM ZERO TO 300,000

In less than 3 years from commercial launch, M-KOPA has connected over **300,000** homes in Kenya, Uganda and Tanzania to solar power.

As of March 2016 the company has made over 300,000 sales and is **adding 500 new homes per day**. While the majority of M-KOPA's customers live on incomes under \$2 per capita per day, the company's affordable proposition has led to ongoing **repayment rates of around 95%**.

M-KOPA has quickly become one of the world's largest users of mobile money with over **6 million payment transactions** to date and now generating over **20,000 payments daily**. The company currently has over 730 full time staff and indirectly employs another 1000+ independent sales agents.



## GROWTH PLAN

- **Kenya** is growing from 250,000 sales to reach **1 million households by 2018**
- **Uganda** has over 50,000 customers and is currently adding 500 new connections per week
- **Tanzania** piloting started in Q4 2014, and now has over 10,000 customers, adding 100 per week
- The Next Generation platform, MK4, was introduced in Q4 2015. M-KOPA is currently piloting 2,000 TV systems with full launch expected in Q2 2016
- Licensing of M-KOPA's platform technology to a partner in **Ghana** began Q4 2014





## LGT VP's engagement since 2011

**USD 500'000 debt** and **USD 37'500 equity** investment to fund roll-out of M-KOPA's inaugural commercial product

**USD 8m follow up investment** (Series D) from LGT VP to facilitate roll out new products and finance entry into new markets across the region

**USD 8m in debt funding** from LGT VP clients towards M-KOPA's working capital requirements

**3 ICats Fellows** were matched to work on Engineering, Sales & Marketing, IT



# Thank you!



**Natija Dolić**

Head of Marketing & Communications

Phone: +41 44 256 8120

Email: [natija.dolic@lgtvp.com](mailto:natija.dolic@lgtvp.com)

Website: [www.lgtvp.com](http://www.lgtvp.com)