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Impact Financing: Small Businesses on a Large Scale

Written by Geoff Thompson



(L-R) : **Alain Kinsch**, Consul General of the Philippines to the Gd-Duchy of Luxembourg ; **Michel Vandevor**, co-founder of meso IMPACT Finance ; **H.E. Philippine Ambassador Victoria Bataclan** ; **Christina Rola**, Second Secretary and Consul Philippine Embassy in Brussels ; **George Petty**, co-founder of NPFC, Philippines ; **Xavier Heude**, President of SAKURA Initiative, asbl

meso IMPACT Finance organised an evening seminar at the premises of the BGL BNP Paribas (Agency Monterey) on Monday evening, focusing on the funding of small companies in emerging countries.

The Philippines are poised to be among the world's five fastest-growing economies in 2014; behind this good news, there is another reality: those of the missing-middle, i.e. the small enterprises which are striving to find funding for their business growth, while they significantly contribute to create jobs, thus reducing migration flows to urban areas with the (high) risk of ending up in slums.

Xavier Heude, President of **SAKURA Initiative** asbl, welcomed everyone and introduced the guest speakers which included Alain Kinsch, Consul General of the Republic of the Philippines to Luxembourg, who spoke on growing relationship in perspective between Luxembourg and the Philippines. Also in attendance was Victoria Bataclan, Ambassador of The Philippines to Belgium and Luxembourg.

George Petty, MD of **Venture South International**, a Swiss holdign company, described how his company operates, preferring to provide finance in the firms by loans rather than seeking equity stakes. They have supported various projects in the Philippines as well as in Colombia, with 7% and 3% returns respectively, which he explained was higher than the banks but less than microfinance houses.

Michel Vandevor, co-founder and President of meso IMPACT Finance, talked about investing while respecting social and environmental issues. Impact investing is the act of investing capital with the intention to address problems and challenges if social and environmental issues, as well as seeking a financial return.

He gave examples of asset classes used for impact investing, differentiating between financial-first and impact-first impact investors; he also explained that there is not always a trade-off between financial and social/environmental returns.

meso IMPACT Finance focuses on the lower middle class population which is innovative and the scalability and impact of the project concept should be able to be measured. They take minority stakes (10-25%) and encourage co-investirs, mostly through a network of co-investors who have teams on site that can support the ventures professionally.

Xavier Heude concluded by moderating a Q&A session, with questions from the audience on many issues that had been raised by the presenters, prior to retiring to the 7th floor for a networking cocktail.

<http://www.chronicle.lu/categoriesworkingbusiness/item/5978-impact-financing-small-businesses-on-a-large-scale>