

# TECH4GOOD

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## MORE THAN A TREND, THE FUTURE OF INVESTMENTS FOR INVESTORS, ENTREPRENEURS AND BENEFICIARIES

Financier for the past 20 years in traditional banking and currently asset manager in impact investing (investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return)

### Ideas and concepts

The sustainable finance professionals are often seen by traditional finance stakeholders as utopist dreamers that do not have enough means to change the world. It can indeed be idealistic but it is useful to be reminded about the "drop in the ocean" concept where the collective effort of many drops has the power to have tremendous effect. *Tech4Good* is one such approach that can have huge impact through both the power of state-of-the-art developments in new technology breakthroughs and its reach in terms of access to numerous markets and geographies at the same time as well as in real time.

As its name implies *Tech4Good* means using technology to improve the lives of others. For example, remote and underserved populations gaining access to energy with off-grid solar panels with payment to the service with a "pay-as-you-go" solution through a mobile phone. Being able to bring financial inclusion to the unbanked populations through micro credits being reimbursed through one's cellular phone is another example.

### Technology and the importance of entrepreneurs both in developed and developing countries

In the last 20 years, technology was increasingly used to accelerate the reach and the expansion of products, their deployment and monitoring. This does not need to be further developed here because in 2020 and the 4.0 digital era we are living in, this is now a given. What is instrumental in the development of the technological innovations

in all industries is the importance of Small and Medium Enterprises (SMEs) in local economies as most of the tech breakthroughs are brought by start-ups/SMEs. This is even more true in developing countries and frontier markets and even more so with the COVID-19 crisis.

Indeed, recently released figures from the UN predict the downward pressure on foreign direct investment flows could range from -30% to -40% in 2020-2021, significantly more than previous estimates of -5% to -15%<sup>1</sup>. As financial conditions tighten and access to credit becomes more challenging, SMEs are at a particular disadvantage - yet their role in formal employment and livelihoods in the informal sector are vital. According to the International Labour Organization, more than 70% of the workforce in emerging markets works in micro and small enterprises or is self-employed<sup>2</sup>. In Asia alone, SMEs account for 96% of all businesses, employing millions of workers who lack protections and safety nets. Most SMEs do not qualify as "essential services" and are therefore shut down or operating only partially due to various lockdown measures, creating massive job and income losses for their employees. Priority sectors such as food security, financial services, and energy access will need to be significantly ramped up to provide momentum to the economic recovery efforts. Any economic recovery plans should therefore prioritize increasing access to funding of SMEs in those

<sup>1</sup> <https://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=2313>

<sup>2</sup> <https://www.ilo.org/empent/units/boosting-employment-through-small-enterprise-development/resilience/lang-en/index.htm>

## Kim-Andrée Potvin

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*A native of Canada, Kim has spent the last 20 years in Europe (Paris, Luxemburg, Geneva) in various C-level roles in asset management, private banking and fund administration services.*

*Prior to joining Bamboo Capital Partners, she was the Chief Operating Officer of Swiss Private Bank Landolt & Cie and for over 15 years at BNP Paribas, in roles such as Chief Operating Officer in Switzerland, Head of Asset and Fund Services in Luxembourg and Head of Internal Audit Benelux.*

*A dedicated conservationist, humanitarian and advisor to entrepreneurs in Europe and Africa, she is involved in numerous Boards on these continents.*

*Energetic and spontaneous by nature, Kim appreciates evolving environments where the status quo can be challenged.*

*She is enthusiastic, practical and enjoys working in varied teams that strive to innovate.*



sectors. Because SMEs are the backbone of developing economies, they have a key role to play in the recovery from the current crisis and it is crucial to address their liquidity needs and overcome the challenges due to the crisis while enabling them to strengthen their business and be more resilient to future shocks.

### COVID amplifying effects

Moreover, COVID-19 has led to a rise in the growth of innovative solutions, tools, and services, accelerating the global transition towards a digital economy. Social distancing and lockdown requirements, for example, have led to surging total Internet usage. Similarly, there has been an unprecedented burst of digital-based pharmaceutical solutions that need to be addressed by digital means, an increase in digital payment transactions (20% increase), an increase in delivery of food through agritech solutions, and the increase of e-commerce platforms use (75% increase)<sup>3 4</sup>.

These behaviour changes are likely to instil new norms and ways of doing business during and post-COVID-19. Businesses that integrate technology into the core of

their service and delivery models are best positioned to weather this storm and future disruptions. Digital technologies such as telemedicine, FinTech, or remotely monitored off-grid energy systems have enabled access to essential services, while digital communication tools have helped maintain interaction and continuity in vital economic and educational activities. For example, in Colombia, one of Bamboo Capital Partners' existing investees has been selected by the government as one of three institutions to channel government aid to the country's 2.4 million unbanked population - demonstrating that technology solutions are a critical tool to increase access to basic services for under-served populations.

Hence the necessity to directly respond to these COVID-19 impacts with funds that invest in tech-enabled companies that deliver products and services in financial services, clean energy, affordable medical services, inclusive and quality education, and sustainable farming.

### The importance of investments with a purpose and how to transform this "niche" market into a widespread vehicle accessible to various types of investors

The real question is how to make impact investing the new reference in investments so that more can be done to solve the issues addressed by the UN's Sustainable Development Goals (SDGs). Indeed, my 20 years in traditional finance have shown me that clients and investors increasingly want investments that matter BUT when comes the time to invest, they are still wary and most of the time prefer to invest in products that they are familiar

<sup>3</sup> <https://www.americaeconomia.com/economia-mercados/comercio/crisis-del-coronavirus-impulsa-minoristas-en-el-e-commerce-en-brasil>

<sup>4</sup> <https://www.crowdfunders.com/2020/03/159393-digital-banking-australia-tyro-payments-reports-that-its-transaction-volumes-are-steadily-increasing-during-coronavirus-outbreak/>



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with. The same is true with some institutional investors that find impact investing for instance very appealing and inspiring but still compare it to traditional products and since the latter promise higher returns over a shorter timeframe, they prefer not to change the status quo. It is worth mentioning that impact investments are competitive with non-impact ones as they can propose 2 figure returns WHILE delivering positive impacts to populations that need it as they gain access to the first needs of the Maslow hierarchy of needs (physiological and basic needs: food, water, shelter, security, safety). Moreover, coming back to the SMEs addressed above, contributing to doing good while investing in local entrepreneurs/businesses

that create (sustainable) jobs helps to build and maintain strong economies. It’s a positive virtuous circle/cycle. The next years will be crucial in building bridges between the traditional and impact finance worlds and the aim is that there is no longer a difference in its description so that it becomes the norm, regardless of the ticket size. How? Through platforms making it possible for investors of different realms to meet entrepreneurs/SMEs that address subjects to which they are sensitive too. There is nothing better than bringing people together to share their ideas and ways to transform the world we live in and want to leave to our children. This will be the beginning of a new financial era where everybody can make a difference. ■