

PE ROUND-UP

Bertelsmann backs meat ordering start-up Licious

Bengaluru-based Delightful Gourmet, which operates online meat and fish ordering platform Licious, has secured \$25 million in a Series-C funding, a company statement said. The round was led by investment firm Bertelsmann India Investments and Temasek-backed Vertex Ventures Southeast Asia and India.

BS REPORTER

SAIF leads \$2 mn round in infra intelligence firm Sensehawk

Infrastructure intelligence platform Sensehawk Technologies has raised \$2 million (₹13.6 crore) in a Series A round led by venture capital and growth equity investment firm SAIF Partners. Angel investors also participated in the round, Sensehawk said in a statement.

BS REPORTER

IDG in talks to sell stakes in 4 portfolio firms to NewQuest

IDG Ventures India is in talks to sell stakes in four portfolio companies to private equity firm NewQuest Capital Partners in a rare block deal that could see it return significant capital to its investors, or limited partners, *The Economic Times* reported.

BS REPORTER

India becomes test case for impact bonds

SUDIPTO DEY
New Delhi, 26 September

Impact Bonds, an outcome-based finance mechanism, has caught the fancy of social impact investors and global philanthropic funds in India. Earlier this month, UBS Optimus Foundation launched its third impact bond in the country, along with a clutch of international and Indian donors, which included the British Asian Trust, Michael & Susan Dell Foundation, Tata Trusts, Comic Relief, the Mittal Foundation, and British Telecom. The \$11 million fund will target three NGOs in the education space.

According to Richard Hawkes, chief executive of the British Asian Trust, India is on the cusp of attracting many such impact bonds. “We are open to doubling the funds deployed in Quality Education India DIB, depending on the outcome,” said Hawkes. Outcome-based investments would help attract new and strategic funds in the social impact space in India, he added.

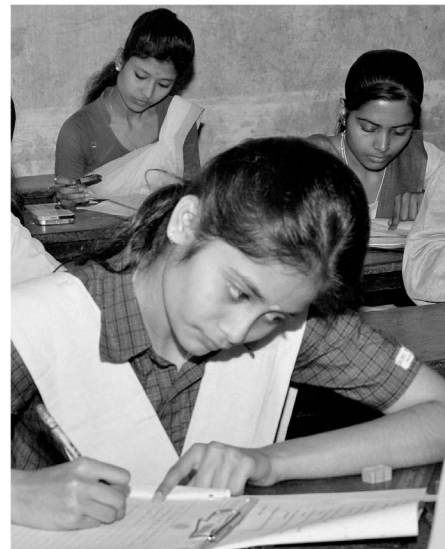
In impact bonds, the risk investor picks up the tab for funding the project with a small return on investment. What works for donors is that they pay only if the programme meets the pre-decided outcome. This ensures that the service providers, namely the NGOs, get working capital to meet the objectives. Globally, there are around 130-odd impact bonds, large-

ly in sectors such as employment, social welfare, health, education, and criminal justice, among others.

“Linking funding to outcomes will attract even for-profit investors in the social impact space,” said Geeta Goel, country director, (India), Michael & Susan Dell Foundation.

According to Phyllis Kurlander Constanza, CEO, of UBS Optimus Foundation, India is uniquely positioned to attract funding through the impact bond route given the maturity of the social investing ecosystem. “This will be our third impact bond in India, the other two are in education and health care,” she added. The foundation has been testing this innovative finance mechanism over the last three years. Educate Girls Development Impact Bond was the first financed by UBS Optimus between 2015 and 2018. Another one was launched in the health space earlier this year.

Prateek Kanwal, head, strategic partnerships, Educate Girls, points out that the success of Educate Girl DIB has become a test case for other impact bond investors in the offing. “We surpassed target outcomes. That has given confidence to investors and service providers on the ground,” he said. Omidyar Network is one such impact investor looking to enter space, said director-investments Bharath Visweswariah. Many stakeholders in the impact investor space feel the need for more home-based philanthropic institutions to participate



in this new funding mechanism. According to a McKinsey study, released in 2017, India is an important impact investing destination, with cumulative investments of \$5.2 billion during 2010-2016. Annual investments in the impact space touched \$1.1 billion in 2017, with the potential to grow 20-25 per cent a year. Around \$6-8 billion of funds are expected to be deployed in India by 2025, the study said.

HOW IMPACT BONDS WORK

- Risk investors provide upfront capital to local service providers to deliver a programme with clear measurable outcomes
- An independent evaluator assesses the results
- The outcome funders (or donors) repay the investors if the metrics are achieved
- The risk investor gets a small return on their investment

**IN THE WORKS
'Quality Education India' Development Impact Bond (DIB)**

Size of first phase: \$11 million

Funders/Donors: HRH Prince Charles's British Asian Trust, Michael & Susan Dell Foundation, Tata Trusts,

Comic Relief, the Mittal Foundation, and British Telecom

Investors: UBS Optimus Foundation

NGOs/service providers: Kaivalya Education Foundation, Gyanshala and Society for All Round Development

Educate Girls' DIB (Three-year project 2015-18)

Size of Fund: \$2,70,000

Funders/Donors: Children's Investment Fund Foundation

Investors: UBS Optimus Foundation

NGO/service provider: Educate Girls

Omidyar Network, Educate Girls are among half-a-dozen investors/donors planning to launch impact bonds in India