

ALEEM WALJI

Thank you. I wasn't able to be here this morning because I was at a conference at the World Bank called listening to Arab Voices that we co-sponsored with Al Jazeera [...?...] And even though I wasn't there—I wasn't here, I feel like it was very relevant to what I'm about to say, which is I heard that Egypt was doing really well actually according to all the metrics that we pay attention to at the world bank and at the IFC. Investment was up, returns were good, we were investing in all the right sectors or so we thought. But I think Lester's question about the end user and who the end user is really important. One of my colleagues talked about the politics of dignity. He talked about the fact that public services were not available to people. He talked about the fact that there was no means to be able to even complain about public services. And he talked about the lack of resources in key public services areas. So the what that I want to talk about is a little bit different I think and Antony and I have actually had this conversation about you know, he talked about the importance of putting a ring around impact investing and how you think about impact investing. But to refer to some of the colleagues that spoke earlier, I'm actually talking about the other end of the spectrum. I'm talking about public goods that we subsidize in rich countries. And I'm talking about public goods that often don't exist in the developing world whether it's health, water, sanitation etcetera. And so in those areas you actually need non-public money, you need to look at the models for how non-public actors are providing public goods,

which you often don't have to think about as much in the United States, and what kind of money makes sense for that kind of investment. And so a lot of what we've been doing at the World Bank is we support governments to provide public goods. I think we know that that often doesn't work very well. And so where is there room for both commercial actors and non-commercial private actors to support this scaling good of public good provision. And we've been supporting a program called the development market place for over ten years. We've deployed over 60 million dollars in over 90 countries to support 600 or so social entrepreneurs. But the World Bank making two-hundred thousand dollar grants, which is what my unit does, makes about as much sense as well, we have the same due diligence for a two-hundred million dollar loan as we do for a two-hundred thousand dollar grant. It's almost a painful thing to win actually when you win the World Bank's development marketplace competition because you think that you've gotten something good and then nine months down the road you ask so when do I get the resources. And so we're kind of moving away from sort of what I call early, early grant making and trying to connect to this impact investing community. But one of the things that I hear and I was in India not too long ago with some of my sort of Andy and gin [...?...] colleagues is that there's no deal flow in this sector. There's a lot of money but there's no deal flow. And I literally sat at a table that I felt like it was the typification of that problem, which is that on one end of the table you had all these Indian social entrepreneurs that represent pipeline saying we need

resources. We have all kinds of ideas. And on the other end of the table you had this sort of Gin [...?...] investor saying there's no deal flow. We have a million dollars to invest per deal and there's nobody to invest in. Well there's a huge gap there, right. You've got all kinds of people that are looking for 25,000 dollars, 50,000 dollars, 100,000 dollars, often grants to get to the point that maybe in five years they can talk to a Gin investor. And you've got you know, kind of Gin investors saying that there's no deal flow. So in as much as this is not a criticism of Gin, it's a recognition of a huge gap in the market place. And that's the gap that I'm interest in trying to address is that how do you get, and it's a numbers game. I think you have increase originations by an order or magnitude. But how do you take those deals that are left on the table today and say which ones are almost there and how do you get them to deal closed. So our whole approach now in India and in East Africa is not to run large competitions, which is what we've been doing for 10 years. But to go to all the Andy Gin members and say which deals didn't you do last year? And how many of them were close and how can we get those done. And it may seem like a rather un sexy way to kind of operate, but I feel like there's a lot of pipeline on the table that with a little bit of sort of targeted bespoke technical assistance can maybe get a lot more deals done. And that requires all kinds of money not just commercial money. And so having been in India there's a lot of what I call charities that are not necessarily strategic, right. So can you take charitable money as Lester might say, how do you turn an philanthropy into a kind of

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philanthropic bank and how do you put them on the conveyer belt of capital as Rockefeller calls it. And say how do you use kind of early stage grant sort of money to sort of move companies and enterprises along the pathway so that one day a subset of them is investible. So I think the timelines, the time horizons become important. When you think about the three circles that we all see about what's commercially viable, what's scalable and what's sort of impactful in terms of poor facing. Everybody wants the sweet spot. I think we need a subset of us to look outside of the sweet spot as to what might eventually get to the sweet spot and realize that if we are going to prevent more Egypts from happening, one of my colleagues recently said Aleem for now, us at the World Bank all paths leads to Cairo. We were in bed for 30 years with the wrong people. We now need to figure out what it means to start supporting not just state actors but non-state actors so that you don't have Egypts happening all over the world. And if they do that there are institutions there in place to take over, thank you.