

The combined power of capital and philanthropy

Durreen Shahnaz is the founder and chairwoman of Impact Investment Exchange (IIX), the world's first stock exchange dedicated to social enterprises. She recently won the 2017 Oslo Business for Peace Award for her work in spearheading the transformation of financial and capital markets that goes beyond profit maximisation and focuses on social and environmental impact. Shahnaz, who describes herself as a "defiant optimist", talks to Nahela Nowshin of The Daily Star in an exclusive interview about the power of social impact financing.

Is it true that your foray into the field of social entrepreneurship is no coincidence? You have said that your formative years of growing up as a girl in a conservative society were deeply affected by the violence, poverty and instability left in the wake of Bangladesh's bloody Liberation War.

Yes, my commitment to doing good through business truly was inspired by my roots. I grew up as a young girl in Bangladesh, a post-war country at the time ravished by famine, and saw everyone trying to do their part to rebuild the country. My experience watching the country struggle to get back on its feet, both economically and politically, inspired me to be a relentless optimist and begin my search for a unique way to build a more equitable society. This search led me from working at Morgan Stanley as the first Bangladeshi woman on Wall Street to exploring microfinance at Grameen Bank, and from exploring academia and publishing to starting my own companies. In the end, I founded the Impact Investment Exchange (IIX), a company that brings the worlds of finance and development together. IIX is about promoting a more equitable society by building inclusive financial markets that work for everyone.

Do you remember the decisive moment in your career that eventually led you to establish IIX? Rather than a decisive moment, the inspiration to create IIX came from the evolution of my career from Wall Street to Grameen Bank and then establishing my first

company, oneNest, which was an e-commerce company that connected rural artisans worldwide to an online global marketplace. My various professional experiences brought to light in different ways how the existing traditional financial system was not inclusive and kept countless communities across the globe marginalised and trapped in poverty. After the financial crisis, me and a group of thought-leaders participated in a conference hosted by Rockefeller Foundation in Bellagio, Italy where we began conceptualising impact investing and how to harness the power of capital markets for good. Following this conference, the Rockefeller Foundation offered me the support to begin IIX and spearhead the impact investing movement from Asia. Hence, IIX was founded in 2009 and boldly began building the foundation for inclusive markets worldwide.

How has IIX pushed the limits of social capital markets?

IIX mobilises capital through its private placement platform, and innovative financial structures. IIX's Impact Partners platform is one of the world's largest private placement platforms with over 1,000 investors who value generating social and environmental impact alongside financial returns. To date, IIX has closed over 32 deals leveraging this platform, established a social stock exchange, designed a one-of-a-kind bond structure, and facilitated millions of dollars in investment capital for high-impact enterprises. Together,



Durreen Shahnaz

our programmes and platforms have impacted the lives of over 10 million people—bringing access to education, healthcare, sustainable agriculture, energy and clean water to communities in over 20 countries. We are also in the process of launching the IIX Growth Fund, a USD 50 million private equity fund focused on climate and women empowerment across Bangladesh, Myanmar, and Indonesia. Through our work, IIX is building an ecosystem to move impact investing,

investment with the intention of creating social and environmental good, from the margins to the mainstream. While it has not been easy, our achievements are a testament that it can be done and we will continue to boldly push the limits of capital markets until a more inclusive and equitable system exists.

How is it that IIX connects the dots between investors and enterprises?

IIX's business model and holistic approach to building inclusive markets includes three groups of activities: mobilising capital, advancing knowledge, and empowering stakeholders. We connect high-impact enterprises with investment capital through both our Impact Partners private placement platform that I mentioned earlier as well as through the creation of cutting-edge financial instruments, like the Women's Livelihood Bond. This USD 9 million bond will impact the lives of over 400,000 women across Southeast Asia by unlocking capital for a group of high-impact enterprises and microfinance institutions.

What many people don't realise is that raising capital is only a small part of what IIX does. Because of our deep commitment to the space, IIX, together with its sister organisation, the IIX Foundation, goes on the field with each enterprise we work with in order to refine their business models, measure and optimise their impact, and help the companies become investment-ready through our impact assessment and technical assistance programmes before we raise the

first dollar. IIX also has an educational arm, the IIX Impact Institute, which aims to strengthen the impact investing ecosystem by equipping individuals from the public, private, and philanthropic sectors with the knowledge and skills they need to play a catalytic role in the space.

Do you believe the social capital market—that IIX and Grameen are a part of—is the future for a developing country like ours? What would you say is the number one challenge for this market to grow?

Social capital markets are no doubt the future for the global market as a whole—including both developed and developing countries. It is about time that markets work for everyone and a more inclusive financial system is available—one that offers opportunity to even the most marginalised communities. While microfinance and impact investing have built a strong foundation for social capital markets, in order for an evolved financial system to exist—one that considers profit alongside people and the planet—we have to change traditional mindsets. We have to get people to acknowledge that there aren't enough dollars in philanthropy and not enough heart in capital markets to achieve sustainable development and recognise that financial profits and positive impact are not mutually exclusive. This has been and will continue to be the number one challenge to the growth of social capital markets.

WORLD NO TOBACCO DAY

Beat tobacco to save lives and reduce poverty

N. PARANIETHARAN and KELLY HENNING

GLOBALLY, more than seven million people die from diseases caused by tobacco use every year, including hundreds of thousands from secondhand smoke exposure. This is seven million too many, and yet still the number is rising. Every single death from tobacco is a preventable tragedy.

In Bangladesh, tobacco shapes the ill-health of many people. More than 22 million Bangladeshis smoke, most being men. While very few Bangladeshi women smoke, 18.7 million women use smokeless tobacco and are at risk of cancer.

The deaths and the suffering from diseases that tobacco causes have wide-reaching impacts on the health and wellbeing of individuals and their families, the prosperity of communities, and equality within our societies. As in every country, tobacco acts as a bottleneck to escaping poverty, trapping households in cycles of spending that limit their ability to fund essentials. Studies have found that tobacco use in Bangladesh accounts for a significant proportion of household expenditures, resulting in lower expenditures for food and education in low-income households. In households that used tobacco, it has been found that approximately 5.5 percent of expenditures were for tobacco-attributable illness. Use of tobacco can impoverish families through high medical expenditures associated with tobacco-related diseases and lost household income due to illness and death.

Consequently, the economic burden of tobacco use falls disproportionately on the poor as they tend to be the least able to afford needed medical care.

Tobacco's public health and economic



SOURCE: IILVECLEAN.CO.UK

burden is increasingly carried by low- and middle-income countries (LMICs) rather than the prosperous ones. In LMICs, in particular, and especially those with similar economic profiles to Bangladesh, the burden from tobacco is only rising. Already, over 80 percent of global deaths from cancer, diabetes, heart and lung disease, all of which using tobacco increases the risk of, occur in LMICs. Coping with tobacco-related disease limits capacity to address other priority health areas, build sustainable health systems,

and provide basic health services. In Bangladesh, diseases and deaths from smoking are estimated to be responsible for 7 percent of total health costs or close to Tk 2,200 crores (Tk 22 billion) in avoidable health care expenditures per annum. The total economic loss from smoking is Tk 16,000 crores (Tk 160 billion) per year, equivalent to about 1.4 percent of annual gross domestic product (GDP).

Fundamentally, tobacco curbs the development of nations. This is why the

World Health Organization and partners have focused on the links between tobacco and development for this year's World No Tobacco Day, on May 31.

Despite the gloomy numbers and forecasts on the huge financial burden on health systems and economies, opportunities can be found in the economics of tobacco control. Revenue potential from tobacco taxation, for example, is substantial, as are the gains in reducing tobacco use prevalence. Revising Bangladesh's current tax structure for

cigarettes could create a 3-4 percent decline in cigarette smoking prevalence over two to three years and generate up to Tk 3,900 crore (Tk 39 billion) extra in tax revenue in the 2017-2018 fiscal year. This could be an important revenue stream to finance universal health coverage in Bangladesh and priority health prevention and promotion programmes of the government.

The economic and health gains of tobacco control in Bangladesh can be amplified further with stronger enforcement of the Smoking and Tobacco Products Usage (Control) Act, and implementation of article 5.3 of the World Health Organization Framework Convention on Tobacco Control, which calls for protection of tobacco control policies from commercial and other vested interests of the tobacco industry.

The economics of tobacco control is not only the concern of tobacco users, nor is it only the concern of those who set policy. It is unavoidably a multisectoral issue that must be tackled beyond the health sector, covering issues as broad as reducing poverty, building sustainable agricultural systems, environmental protection, international trade agreements, tackling the illicit flow of tobacco products and tax avoidance.

Bangladesh must prioritise and accelerate tobacco control efforts as part of the response to the 2030 Agenda for Sustainable Development, for tobacco control is more than a health issue; it is a matter that should be taken seriously for the development, future and prosperity of Bangladesh.

N. Paranietharan is World Health Organization (WHO) Representative to Bangladesh, and Kelly Henning is Director, Bloomberg Philanthropies Public Health programmes.

QUOTABLE Quote

DAVID FOSTER WALLACE
American writer and university instructor of English and Creative Writing

You will become way less concerned with what other people think of you when you realise how seldom they do.

CROSSWORD BY THOMAS JOSEPH

ACROSS

1 Years gone by	33 Genetic stuff	8 Big wave
5 Isolated	34 Pet perch	9 Eleven-year-old, e.g.
10 Think tank output	35 Sun Valley setting	11 Earth-shaking
12 Submerged	37 Queeg's ship	17 Arrived quietly
13 Skier's spot	39 Classical tongue	20 Pass
14 Golf feat	40 Bert's pal	21 Despairing cry
15 Pitching stat	41 Percolates	23 Colonnaded porch
16 Believer's suffix	42 Nourish	25 Parlor treat
18 Flamenco cheer		26 Highly decorative
19 Hate	DOWN	27 One way to shop
21 Small songbird	1 Stacked	28 Nasty guy
22 Cub Scout leader	2 Put on a pedestal	29 Flags down
24 Alvin of dance	3 Peaceful	31 Ignore the limit
25 Suburban parent	4 Playground game	33 Oxford VIPs
29 Damaged	5 Aid illegally	36 Roof joint
30 Dunne and Cara	6 Soup sphere	38 Pound sound
32 Curry on TV	7 1990s veep	

YESTERDAY'S ANSWER

S	W	I	S	B	A	S	E
L	A	N	C	E	A	G	E
E	L	S	I	E	R	I	C
E	L	I	M	C	E	N	R
P	E	D	S	A	X	E	R
S	T	E	P	P	A	S	T
P	A	D	M	A	P		
M	A	N	O	R	Y	A	K
P	A	S	W	O	S	E	T
E	S	S	E	N	C	E	S
S	H	A	V	E	A	D	A
T	I	G	E	R	R	O	G
S	E	E	R	S	E	E	P

BEETLE BAILEY BY MORT WALKER

BABY BLUES BY KIRKMAN & SCOTT