

Green Outcomes Fund launched to grow green SMMEs

The Green Outcomes Fund (GOF) is a first of its kind structure, which incentivises local South African fund managers to increase investment in green Small, Medium and Micro-sized Enterprises (SMMEs).

Through a partnership officially signed on 31 January 2020 between National Treasury's Jobs Fund and GreenCape, the new Green Outcomes Fund (GOF) provides outcomes-based matched (concessional) funding to local investment funds to support investments into local Small, Medium and Micro-sized Enterprises (SMMEs) that make a demonstrable contribution to South Africa's green economy, as well as job and enterprise creation in priority impact areas.



This has been made possible by catalytic grant support from the RMB Fund, a division of the FirstRand Foundation. The local catalytic finance partners of the Green Outcomes Fund are: Mergence Investment Managers, Edge Growth Ventures, Conservation International Ventures and Business Partners South Africa.

National Treasury's Jobs Fund partners with innovative, high-impact projects that contribute to accelerated job creation and offer practical and lasting solutions to South Africa's employment challenges.

Catalyst for innovation and investment

According to Najwah Allie-Edries, head of the Jobs Fund, "Through the Green Outcomes Fund partnership with GreenCape, we seek to be a catalyst for innovation and investment in activities which directly contribute to sustainable job creation initiatives, as well as long term employment creation in the green economy. This initiative will also provide the Jobs Fund with valuable learnings and appealed to us as public funds will only be triggered by the delivery of independently verified jobs."

The Green Outcomes Fund, in partnership with the Jobs Fund, will incentivise the local catalytic finance partners that it has partnered with to invest in green businesses, as well as track verifiable green metrics. Investment funds partnering with the GOF can choose from a portfolio of green outcomes metrics when selecting green SMMEs to invest in. The green outcomes have been developed in line with international impact investing standards.

“The Green Outcomes Fund aims to achieve clearly defined green outcomes, encourage greater capital allocation to green businesses by local fund managers, and catalyse increased and higher quality, consistent, reporting of green impacts,” said Megan van Vlaanderen, GreenCape.

“GreenCape is the Green Outcomes Fund implementation partner, primarily accountable to the Jobs Fund for delivery and reporting on the green outcomes measurement and evaluation.”

UCT GSB’s Bertha Centre for Social Innovation led the design and fundraising for the Green Outcomes Fund development and continues as the primary knowledge partner.

Positive social and environmental impact

“We are excited about the ground-breaking role of the GOF in demonstrating an innovative financial model that combines de-risking SMME investing with demonstrated positive social and environmental impact. It’s a first of its kind in the international impact investing landscape and we are thrilled to launch this unique blended finance partnership in South Africa, which is made possible through local contributions only,” said Tine Fisker Henriksen, Innovative Finance Lead, Bertha Centre for Social Innovation.

The Green Outcomes Fund is the result of a World Bank Climate Technology Program pilot initiated in 2016, with the Bertha Centre, GreenCape and WWF-SA as the main design partners, set out to test whether a green outcomes-based impact investing fund of funds mechanism would stimulate growth in the South African green economy. The Green Outcomes Fund is aligned with the UN’s Sustainable Development Goals (SDGs) and mobilises private capital in support of these global goals.

In addition to the founding members and funders, the GOF has attracted external experts to serve on the Advisory and Investment Committees. These include Jonathan First (managing director GFA Climate and Infrastructure), Itumeleng Merafe (head of Structuring, Investec) and Monique Mathys Graaff (senior advisor, Impact Management Project).

The partnership with the Jobs Fund is managed by GreenCape, a South African non-profit organisation that drives the widespread adoption of economically viable green economy solutions.

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