

This Thursday's Impact Investing Forum to lead national conversation around investment

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The endorsement of the Impact Investment Forum that will take place the day before the South African Investment Summit signals recognition at the highest levels that growth for growth's sake is not going to be enough to lift South Africa out of the doldrums.

The inaugural South African Investment Summit that will take place this week in support of the president's investment goals, will be preceded by the launch of the first ever South African Impact Investment Forum. This will position impact investing as a meaningful part of the country's investment drive.

Impact investing, the practice of investing money in order to generate social or environmental impact alongside a financial return, has been gaining momentum globally and has the potential to change the way we address the country's fundamental problems of poverty, inequality and unemployment says organiser Elias Masilela, Executive Chairman of DNA Economics and Chair of the South African Impact Investing National Task Force.

"In South Africa, we are on a collision course unless we address these issues. We have the resources to change that trajectory. But will we do what is necessary to put them to work?" he said.

"President Cyril Ramaphosa wants to raise R1.2tn in new investment into South Africa over the next five years. Raising the money is one thing. Knowing where it will make the most impact is another. By linking these two, President Ramaphosa has shown an appreciation that growth for the sake of growth is not enough!"

According to the Global Impact Investing Network, the amount of money committed to impact investing globally has more than doubled in the last year. From \$114bn in mid-2017, there is now \$230bn in funds targeting investments that not only generate a financial return, but deliver positive environmental and social outcomes as well.

As a developing country with significant socio-economic challenges, South Africa is exactly the kind of place where impact investing can be most fruitful – both for investors and the entrepreneurs developing innovative business models, said Masilela.

To build support for this sector, South Africa has established its own Impact Investing National Task Force, made up of high profile representatives from government, research institutions and private capital. It includes the likes of Absa chairman Wendy Lucas-Bull, and the former CEO of the FirstRand group Sizwe Nxasana.

"We need to build momentum in this sector through research, advocacy and by fostering relationships between those who have capital, and those finding strategic ways to deploy it," said Susan de Witt, Innovative Finance Lead at the Bertha Centre for Social Innovation and Entrepreneurship at the UCT Graduate School of Business and head of the Impact Investing National Task Force Secretariat.

"The owners and managers of capital are coming to recognise that not only are current trajectories unsustainable, they are also not financially viable in the long term. At the same time, the business opportunities associated with delivering positive outcomes are significant. The links between financial returns, and addressing societal and environmental imperatives have become clear."

Speaking ahead of the Impact Investment Summit, Lucas-Bull, who will be a keynote speaker at the event, said that you can't have inclusivity without growth, but in the past we have had periods of growth that were not inclusive.

“The imperative now is that we have to work together to stimulate economic growth and make sure that that growth is much more inclusive than our previous experience has been. This is aligned with the president's call to action to think differently. It's not just a government issue by itself, and it's not just a business issue by itself. It needs government, business, and social and labour partners to be pulling in the same direction.

“We have a crisis in South Africa, and that has been recognised and resulted in the call to action from the President. We have a crisis of growth, as well as a crisis of employment and inclusivity. We have to address these things with a different mindset and a different sense of urgency to what we have in the past.”

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