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CALL FOR PROPOSALS: RESEARCH COLLABORATION ON IMPACT-LINKED FINANCE

ABOUT ROOTS OF IMPACT

Roots of Impact is a specialized advisory firm dedicated to making finance work for positive impact on people and planet. We collaborate closely with public funders and impact investors across the globe to scale high-performing enterprises and innovations with strong potential for impact.

As pioneers of Impact-Linked Finance, we are passionate about the most effective use of public funds and catalytic capital. Our mission is maximize ‘impact leverage’ by mobilizing private investment for high-impact opportunities and shaping innovative public-private investment partnerships. While we are primarily working with investors and funders, we deeply understand and care for the needs of impact entrepreneurs, too.

Our team is specialized in all aspects of innovative and blended finance. This enables us to be a strong source of support to our partners as they pursue their missions to unlock capital for impact at scale. Our role is to design and implement innovative solutions that make use of public and catalytic funds to mobilize much-needed private investment for sustainable development.

You can read more about our work in general by following the links [here](#).

You may also be interested [to read about Impact-Linked Finance generally](#) or look [more specifically at what we have done with SIINC](#) since co-developing it with the SDC in 2015. Also, you can read about our perspective on using Impact-Linked Finance as an effective Blended Finance practice [here](#).

INFORMATION ABOUT THE SPECIFIC OPPORTUNITY

Since its founding in 2015, Roots of Impact has been developing and piloting Impact-Linked Finance instruments. We began our first transactions with SIINC in three countries in Latin America in 2016 and have since expanded to sector-specific SIINC programs in vocational skills development and agriculture in Latin America, off-grid energy in Africa, and water, sanitation, and health (WASH) worldwide. Our partners in these endeavours are the SDC, EnDev, and Aqua for All, respectively. We have also launched a countrywide, sector-agnostic market building program using SIINC and other Impact-Linked Finance instruments in Bangladesh in cooperation with the SDC and LightCastle Partners. In addition, we have branched out to new funding instruments, including Impact-Linked Loans to combat Covid-19 in Latin America and a gender-focused SIINC with DEG. We are also on the cusp of launching an outcomes fund using SIINC for off-grid solar energy, the first of several planned sector-specific funds (the others, at this stage, being for gender-focused FinTech and WASH).

In its relentless pursuit of its mission for more effective impact finance, ROI has come to be considered one of the most progressive actors globally in the field of innovative finance for development impact. Our solutions are increasingly recommended and adopted by leading actors and agenda setters. The time is right to ask the hard questions about whether we truly have the impact we are setting out to achieve, to understand how we are succeeding and where we are failing. Impact is a science: we recognize the need not only to *do* but also to *understand*. We are thus taking the opportunity to align rhetoric and action and reach out to academic researchers who can use rigorous methodologies to examine our track record. We believe that such a process is necessary to help us discover when exactly blended and innovative finance (and in particular Impact-Linked Finance) solutions are needed, how they can be optimized, and what effect they actually have. Ultimately, we expect to be challenged, to grow, and to launch into the next phase of our development with hard information on what we can and can't do and what should be explored further.

With this in mind, the current call for applications is intended to reach academic researchers working on topics that relate to our own organizational research agenda, which is specified further in the sections below. We see this as a massive opportunity for researchers interested in being at the forefront of knowledge generation about a subject that will become increasingly relevant as funders of global development increasingly look to private sector partnerships to catalyse the changes the world urgently needs to see. We have already defined some questions that interest us; however, we are also open to co-designing projects of mutual interest and benefit based on the specific interests of the researcher and associated institutions.

We intend to provide our partner researchers will full access to the enterprises with which we work and the data that pertains to the impact they have generated and their own evolution as an enterprise. Researchers will also be granted access to stakeholders with

whom we work and other ecosystem actors that we have connections to. Researchers will use this data to answer questions relevant to our research agenda. They will also be granted permission to use this data in an anonymized way to answer questions that may relate to their own area of research, even if they are not a part of Roots of Impact’s own agenda.

SPECIFIC RESEARCH QUESTIONS

As mentioned above, Roots of Impact has already taken the first steps to define a research agenda for the organization. These should be taken as a *strong indication of our current interests*; however, they should *not be taken as an absolute indication of our only interest*. We welcome applications from researchers who see the potential to expand on these or related questions.

1. IMPACT-LINKED FINANCE

Question	Illustrative project	Timeline
Are ILF instruments an efficient use of funds?	Compare ILF transaction outcomes to those achieved by other types of (blended) finance.	Short-term, immediate engagement
What are the appropriate levels of incentives?	Design and implement a research protocol that tests different incentive levels for entrepreneurs engaging in different types of ILF transactions in Bangladesh.	Long-term, multi-year engagement
What is the long-term effect on business models of participation in an ILF transaction?	<p>Use data from before, during, and after a transaction to determine counterfactual changes in impact orientation of a business in Latin America working in the health sector.</p> <p>Use data from before, during and after a transaction to determine counterfactual changes in impact orientation for a series of businesses in various sectors and different countries.</p>	<p>Short-term, immediate engagement (for closed transactions);</p> <p>Long-term, multi-year engagement (for ongoing or upcoming transactions)</p>

Question	Illustrative project	Timeline
What factors can we use to create a benchmark for impact performance in an ILF transaction?	Use data from before, during, and after a variety of transactions to tease out the factors that affect overall impact performance and benchmark “acceptable” levels of performance.	Medium-term and long-term engagements
Are ILF transactions catalysing further investment?	Examine transaction in Latin America and/or Bangladesh and/or Africa and determine the effect on propensity to raise further investment.	Short-term engagement (closed transactions); Long-term, multi-year engagement (for ongoing or upcoming transactions)

2. MARKET & CAPACITY BUILDING

Question	Illustrative project	Timeline
How are investment readiness and impact management training effective?	Follow successive cohorts of incubators and accelerators who have received training to provide services to enterprises in Bangladesh and evaluate the outcomes that result.	Medium-term to long-term, multi-year engagement
What contextual elements create a fertile environment for market building activities around impact entrepreneurship and impact finance?	Do a literature review on country contexts in markets relevant to Roots of Impact and provide an assessment of market maturity, key outstanding issues, and other factors likely to increase (or decrease) potential success of engagement.	Depends on the nature of the research to be undertaken

3. OTHER

Question	Illustrative project	Timeline
What sectors can the private sector efficiently and effectively engage in?	Do a metanalysis or literature review of evidence regarding private sector projects in one or multiple sectors and provide recommendations regarding the factors that positively or negatively influence their ability to address development issues.	Short-term and medium-term, depending on the nature of the project

WHAT WE ARE LOOKING FOR

We are looking for researchers with the following interests:

- Blended finance, impact investment, innovative finance, or Impact-Linked Finance
- The intersection of development (either generally, or specific sub-sectors such as WASH, VSD, education, employment, etc.) and business
- Social or impact entrepreneurship generally

We have a strong preference for professors or PhD students actively engaged in research at universities worldwide or for academic practitioners working for recognized research institutions around the world. In exceptional cases, and only with the full and explicit support of a professor willing to publish any results, we will also consider Master’s students. Roots of Impact welcomes researchers working individually or researchers seeking to embed this research in larger research projects covering a more expansive range of topics.

Ideally, researchers will already have experience conducting research projects independently or they will enjoy the support of an institution with experience in this area.

NEXT STEPS AND TIMELINE

Interested researchers should send an expression of interest indicating the mentioning:

- Their current institutional affiliation
- Their research interests and relevant previous publications
- The research question or questions that they are most interested in

- A broad proposal for how they would go about researching the question they are interested in, specifying the minimum requirements in terms of data and access that would be necessary

We will keep this call for applications open for the foreseeable future. If you are interested, please get in touch at bwest@roots-of-impact.org

- We intend to screen applications as they come in and to select a first cohort of research partners by **November 30, 2020**.
- At this point, we will schedule individual calls with researcher to discuss how to move forward. We anticipate that these **calls will take place through mid- and late November**.
- **Detailed planning** for the to-be-developed research project would then take place **through the end of December**.
- The first projects would then **launch at the beginning of the 2021**.

TRANSPARENCY AND LIMITATIONS

We at Roots of Impact see this as the beginning of a journey to embed evidence generation in the work we do and improve. Ideally, these projects can result in the establishment of long-term relationships with the researchers and/or their associated institutions so that this work can be planned more proactively and longer-term in the future.

That being said, at this stage, researchers should apply with the assumption that Roots of Impact is not able to dedicate financial support to these projects except, where relevant, to cover certain costs related to data collection. Depending on the project, it may be possible to pay a small stipend; however, this will not be possible for all projects.

Contact:

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