Insitor Impact Asia Fund

The Insitor Impact Asia Fund finances companies that offer low-income families options for increased access to healthcare, education, affordable housing, water sanitation, and clean energy. The Fund will also invest in companies whose business models increase the earning potential of vulnerable communities. A percentage of the portfolio may be invested in financial institutions specialized in providing finance solutions to these sectors.

www.insitorimpactasiafund.com

Organization type: For profit (impact venture fund)
Country focus: Cambodia, Myanmar
Type of finance: Equity, Mezzanine
Stage of enterprise: Early stage, growth stage
Sector focus: Clean energy, Clean water, Clean cooking, Sanitation, Others
The Insitor Impact Asia Fund finances enterprises that offer increased access to healthcare, education, affordable housing, water sanitation, and clean energy to low-income families. Additionally, the Fund finances business models that increase the earning potential of vulnerable communities.

The Insitor investment approach is to offer early stage financing, managerial expertise, mobilizing co-investment and access to multiple rounds of funding. Insitor seeks significant minority equity stakes with co-ownership by the company’s founders and another investor. The impact fund aims to be involved in the company, to build relationships with the founders and become partners with the entrepreneurs, not only to be investors. Especially in the first year, Insitor will provide hands-on assistance to the investee such as helping to set up a board, financial management, fundraising, setting up legal framework or other types of non-financial support.

Insitor recently co-invested into SolarHome, a renewable energy company seeking to expand in Myanmar.

### Structure of the financial scheme

**Insitor Impact Asia Fund**

- **Private Investors**
  - Impact return

- **Insitor Impact Asia Fund**
  - Equity and Debt
  - Non-financial support

- **SMEs in Southeast Asia**

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**Financial tools used**
- Co-investment, majority or significant minority equity stake, mezzanine finance, technical assistance.

**Launch date and maturity**
- 2015, ten year fund life

**Fund size**
- 34 million USD

**Average size of investment**
- Equity investments in the range of approximately 250k – 2million USD

**Timeline of investment**
- Generally 4-6 months to complete the investment process, from the first meeting with an entrepreneur to final signing and disbursement of funds.

**# of investments to date**
- Six (as of December 2018)

**Example**
- Insitor Impact Asia Fund invested in Khmer Water Supply Holding, a Cambodian company that operates small-scale piped water networks that distribute drinking water to households in rural Cambodia.
Risk
Pre-Investment: A thorough analysis of the entrepreneur’s business model, competition, the regulatory environment, Environmental, Social, and Corporate Governance (ESG), and other factors is standard before investment to highlight risks and develop mitigation strategies where possible. An ESG Action Plan is developed with the investee focused specifically on environmental, social, and governance improvements. A more commercially oriented action plan is developed to implement mitigation strategies.

Post-Investment: After a deal is completed, the fund works closely with the entrepreneur to identify potential risks as quickly as possible, and to formulate appropriate responses. Action plans are monitored.

Learnings
One of the most important things is that having flexibility in structuring and financing options is crucial to success. Entrepreneurs have a wide range of business models and goals, both financially and in terms of impact, and being able to structure the appropriate investment framework for them is key to achieving the company’s full potential.

Impact Measurement
The fund generally follows the framework and metrics laid out by GIIN’s IRIS program, but designs impact measurement on a case-by-case basis depending on the investment. A number of key metrics covering impact are discussed and decided on with the entrepreneur before investment, and are used to measure impact over the course of Insitor’s fund life. Entrepreneurs appreciate the customized approach as it allows for a model that more closely mirrors the intricacies of their operations.

Flexibility in structuring and financing options is crucial to success.
Explore our Finance Solutions Map to discover more schemes

The Finance Solutions Map provides an overview of 100+ financial schemes dedicated to clean energy, water, and sanitation entrepreneurs in Southeast Asia.

https://nexusfordevelopment.org/lift/finance-solutions-map/