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Central America as a Burgeoning Impact Investment Opportunity



by Jenn Pryce, President and CEO on October 06, 2016



Of the \$6.4 billion that U.S. philanthropic foundations give to international causes, only 1.1% is directed to Central America. This was the opening salvo of the 2016 [Central](#)

[America Donors Forum](#) (CADF) held in Antigua, Guatemala last week. The CADF conference is hosted by the [Seattle International Foundation](#), an extension of the support they have been providing to the region to educate donors and bring more support to the region.

In attendance was a mix of government and development finance professionals, as well as donors. From the lens of an impact investor this is the ideal mix of partners that private capital looks to collaborate with when investing in nascent sectors or underserved markets. Together they provide the necessary regulatory and policy frameworks, as well as the financial and non-financial risk-mitigation to support investing in solutions to complex environmental and social needs in challenging markets.

The enthusiasm for impact investing at CADF was energizing, but unfortunately, far outpaces the current flow of investment dollars into the region and the reality of the dollars invested to date. A [recent survey](#) of impact investors from Aspen Network of Development Entrepreneurs (ANDE), LGT Impact Ventures and Latin American Private Equity & Venture Capital Association (LAVCA), reported that \$1.2 billion was invested in the Latin American region from 2014-2015, and the majority of that capital went to four countries: Brazil, Columbia, Mexico and Peru. Similar to philanthropic trends around the region, only a small percentage of impact capital has been directed to the Central America.

The time has come for this to change, because not only is enthusiasm for impact investing high in Central America, opportunities to invest are abundant. In particular, [investable solutions](#) to address climate change are now seeking capital to scale and replicate throughout the region. For example, we recently closed an investment in HREEF, Honduras Renewable Energy Financing Facility, which finances small-scale renewable energy projects to deliver off-grid and grid connected power generation to rural businesses and households in Central America.

At a time when Central America offers a growing number of solutions to address its challenges, it still remains severely underinvested – a problem that not only affects the region but ultimately the world. Our environment, our economies and ultimately, our

success are inextricably linked. As the regional market has matured, the opportunity to consider Central America as a destination for great social and economic impact for both Central America and the U.S. is a good one. An impact investment in Central America is an investment in opportunity, security, equality and prosperity for us all.

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