



Brazil



In September 2020, the Aspen Network of Development Entrepreneurs (ANDE)

published a study titled “Impact Investing in Latin America”, which examines trends in the region during 2018 - 2019 and features deep dives into three focus countries. Read below about data collected on impact investing in Brazil.

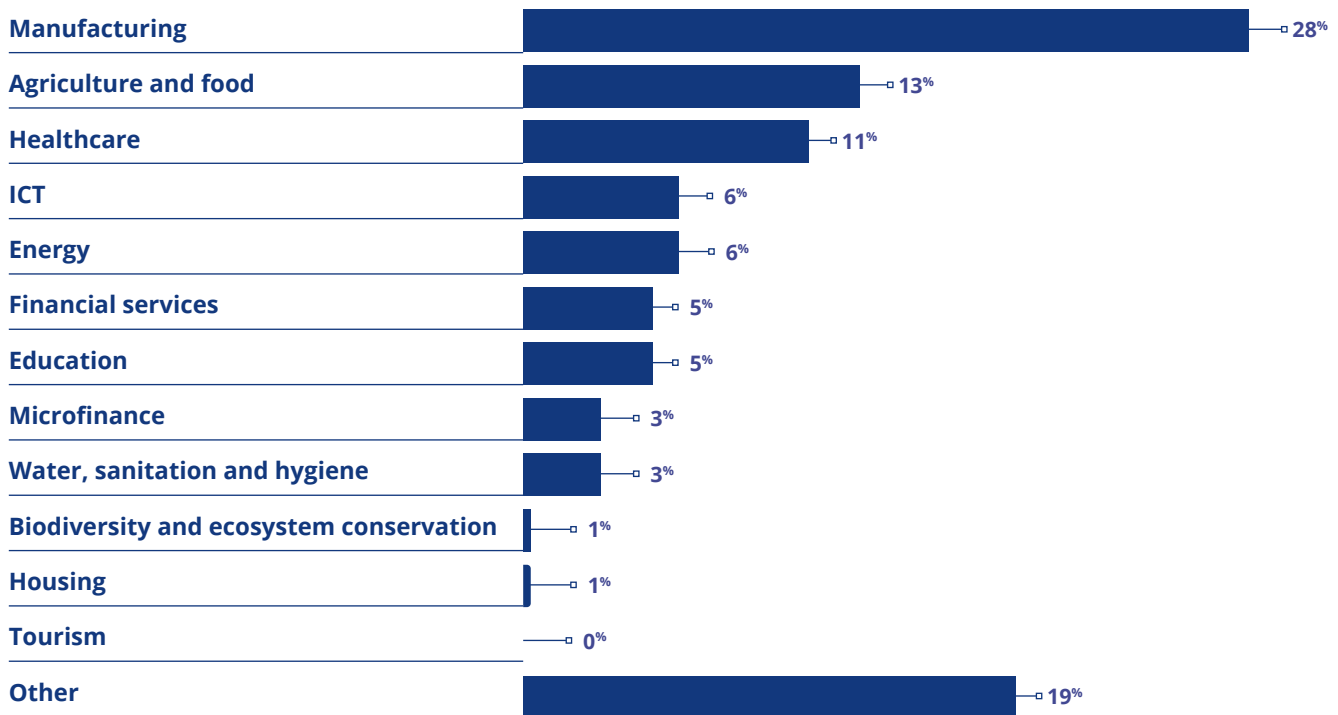
To view the full report, visit ANDEglobal.org

This study includes 34 impact investors who have dedicated AUM to investments

in Brazil; 23 are investors based in Brazil and 11 are based outside of Latin America. No other respondents based in Latin American have AUM dedicated to the country.

Twenty-eight investors shared their AUM specifically dedicated to Brazil, totaling \$785 million.²³ As shown in Figure 17, roughly one quarter (28%) is targeted toward companies in the manufacturing sector, followed by agriculture and food (13%) and healthcare (11%).

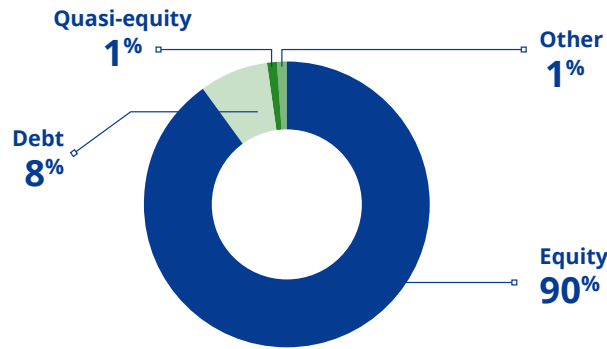
Figure 17: Percent of AUM directed toward Brazil by sector



N=27 investors with AUM of \$735 million targeting Brazil

While a similar number of investors use debt and equity, because of a few larger investors that use equity, this instrument makes up over 90% of total AUM targeted toward Brazil (Figure 18).

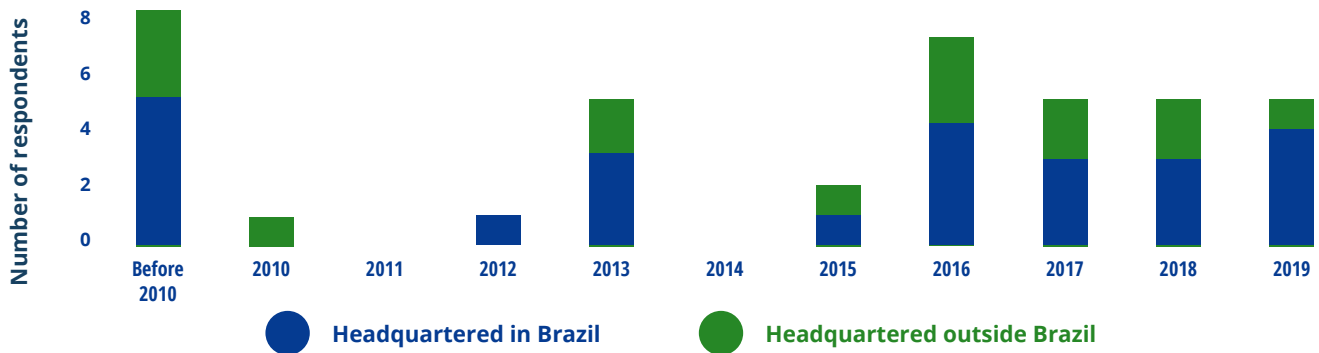
Figure 18: Percent of AUM directed toward Brazil by instrument



N=26 investors with total AUM of \$434 million targeting Brazil

Impact investors active in the country have been investing for decades; however, the majority only started investing in Brazil within the last four years (Figure 19).

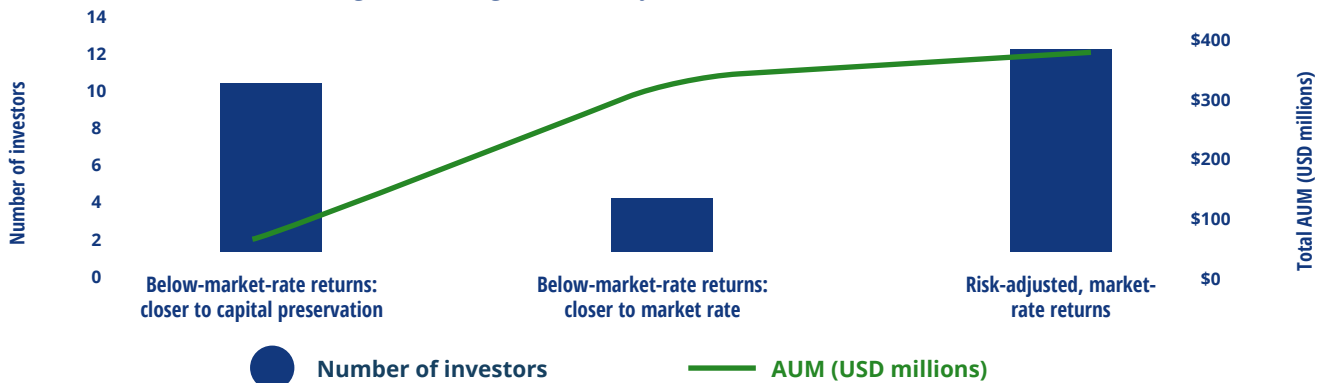
Figure 19: Year of first investment in Brazil by investor headquarters location



N=39 (includes some investors that no longer have AUM directed toward Brazil)

Investors are most likely to be targeting market-rate returns, both in terms of the number of investors and the total AUM represented by these investors (Figure 20). A slightly smaller number of investors are targeting below market-rate returns, though these investors represent significantly less AUM allocated for Brazil, suggesting that investors in this group tend to have smaller pools of capital. While both return targets represent important parts of the impact investing industry, the smaller amount of AUM in below market-rate funds may present a challenge in terms of the availability of truly patient capital, especially during the current crisis.

Figure 20: Target returns by number of investors and AUM

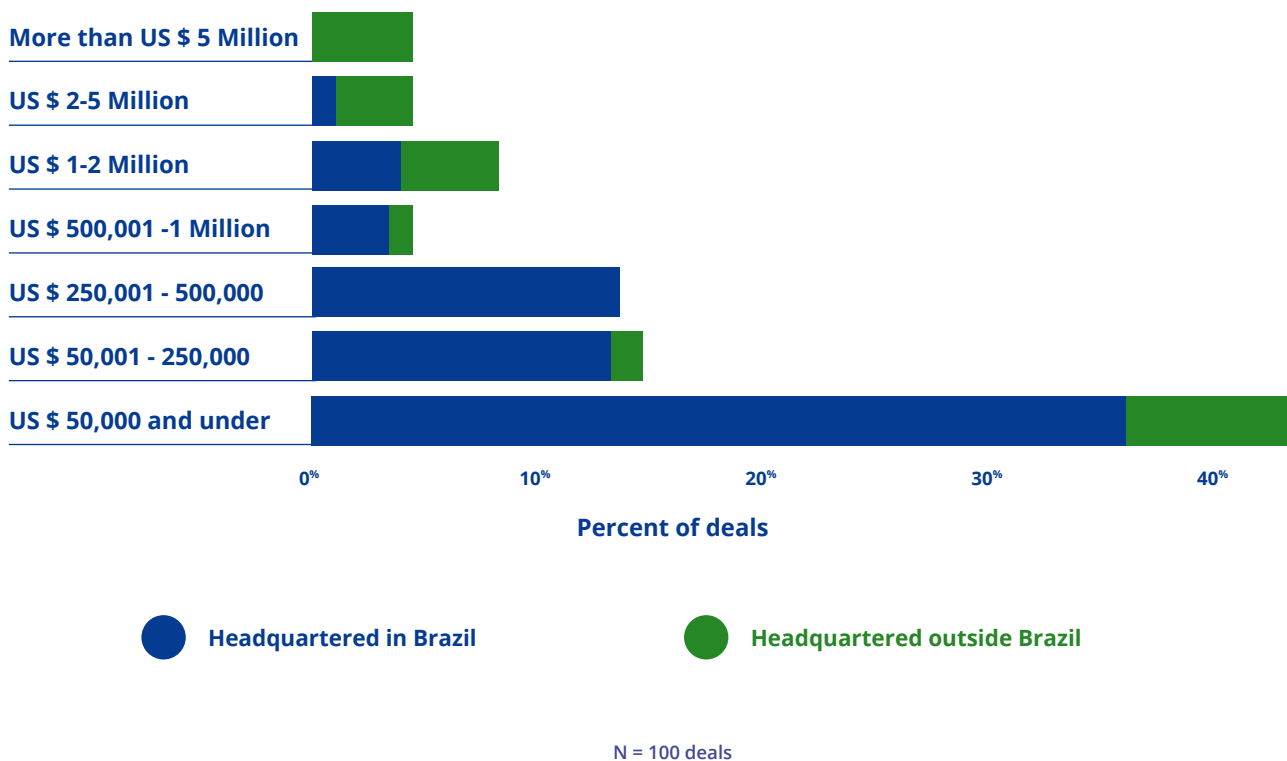


N = 28 investors with total AUM of \$785 million targeting Brazil

Twenty-three investors shared information about individual deals made in Brazilian companies in 2018-2019, including 107 deals totaling \$65 million. Half of these investments went to early stage companies, which is a notably higher proportion than across the regional sample as a whole. Thirty-seven percent of deals were directed towards expansion/growth stage companies, and only 11% of deals toward seed/incubator stage. Most deals were completed using debt (57%), followed by equity (36%) and quasi-equity (7%).

While the majority of deals were made by Brazilian investors, the majority of capital was deployed from investors based outside Latin America (Figure 21). This is largely due to non-Brazilian organizations investing with larger ticket sizes, making up the majority of deals over \$1 million.

Figure 21: Deals in Brazil by ticket size and headquarters location



The sectors that received the most deals were education (23%), ICT (13%), and agriculture (13%). The sectors that received the greatest proportion of funds invested were ICT (30%), microfinance (16%), financial services (9%), and healthcare (9%).

Of the investors based in Brazil, just over half (52%) measure their impact. Of those that measure their impact, proprietary measurement tools are most common (67%), followed by GIIRS/B Analytics (33%), and IRIS+ (17%). This reliance on proprietary measurement tools indicates that uptake of standard metrics systems lags in Brazil relative to the region as a whole.