

People to people links driving impact investing forward in Samoa
(Credit: PTI Australia)



The Pacific diaspora as drivers of impact investment

By Caleb Jarvis
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In an earlier [blog](#) I explored how the impact investment model is well suited to the Pacific.

Two impact investments facilitated by [PTI Australia](#) - [Tanna Coffee](#) and [Coconut Cluster](#) - have shown the potential of impact investing to drive sustainable economic growth and support the development of value chains. However, not all Pacific businesses are ready to take on the level of private investment required for impact investing, due to not having appropriate financial and governance systems in place.

Post-GFC, finding investors has been difficult. With a lack of investment-ready opportunities and market understanding, there's the perception that Pacific investment is high risk. A view that's forced many in the Pacific to reassess their investor strategies.

While the big end of town remains well funded and microbusinesses are supported through microfinance agencies, friends, and family, a gap in support for small to medium businesses persists.

Small to medium sized businesses present the ideal conditions for impact investment, where investors, attracted to the social and/or environmental return, are more patient about seeing financial returns. But impact investment readiness is highly variable.

While remittances play a vital role in Pacific economies, a growing number in the Pacific diaspora are seeking ways to contribute to the region beyond remittances. That is, using their expertise, networks, and capital to prepare businesses for impact investment. This investment (financial or otherwise) enables businesses to grow and change their risk profile and, in so doing, fills a vital gap in the impact investment ecosystem.

Connecting with diaspora

The Pacific diaspora in Australia play a vital role in growing the impact investment space in the Pacific, driven by their strong cultural and emotional connection to the region.

The value that the Pacific diaspora brings was reinforced when I led PTI Australia's Business Mission to Samoa in October 2018. Together with a delegation of Australian-based

Samoan business people, Australian impact investors, and business executives, we spent an intensive four days engaging with key stakeholders and Samoa's private sector to explore investment opportunities.

The Mission showcased the breadth of professionals and businesses in Samoa, and left both the delegation and participating Samoa private sector actors feeling positive and inspired about future opportunities.

Young entrepreneurs and their start-up concepts made a particular impression, demonstrating proactive business ideas, often with positive social and/or environmental impact – characteristics that are important to the diaspora.

Given their unique position, members of the Samoan diaspora played an important role – able to explain the concept of impact investment to Samoan entrepreneurs while drawing on their innate understanding of the language, culture and sensitivities of Samoa businesses –, and were able to demonstrate to the Australian impact investors how many of these businesses had a social or environmental impact without even knowing it.

A number of Samoan businesses, each with significant impact, stood out during the visit. [Mana Care](#) make reusable environmentally-friendly and safe menstrual care products. [Ei8ht Sports](#) is raising awareness of mental health and breaking down gender barriers to sport through athletic compression wear that allows Samoan women to cover their malu (a tattoo of cultural significance). [Samoa Market](#) provides an alternative to traditional remittances for Samoa diaspora to support their families, as well as an avenue to support families in need in Samoa. These impactful businesses received an immediate investment of mentoring support from diaspora members of the [Pacific Business, Sport & Entrepreneurs](#) (PBSE) network in Australia, as well as financial investment to support the development of business models and capacity to scale. The investment members of PBSE have placed, and are placing, into these businesses means that within two years the businesses will be in a position to take on impact investment from larger intermediaries.

A number of financial impact investment opportunities are going through due diligence following the mission. The PBSE network envisions a future impact investment fund that members of the Pacific diaspora can contribute to for reinvestment into the region.

Seeing these tangible outcomes from the visit reinforces the importance and often underestimated role of facilitating connections and creating practical opportunities to meet face-to-face, to create mutual understanding, especially when working across cultures.

Driving impact investment forward

The story of Pacific impact investment is just beginning, and much of the activity in the region is receiving support from Australian Government funded projects such as [Pacific RISE](#) and [innovationxChange](#).

The Pacific diaspora's contribution to the impact investment ecosystem is incredibly important to the region's economic development. To date, deals facilitated with members of the diaspora have been low in dollar value, but in many cases have had a much higher social impact than other major investments.

Knowledge sharing remains key. A shift from aid to trade and ecosystem has seen development efforts move away from grant funding to a focus on supporting the development of sustainable businesses and the ecosystem that businesses can tap into to grow. Ensuring that Pacific businesses understand this shift, and that the Pacific diaspora in Australia are aware of the opportunities to reinvest and create positive social and environmental impacts, is crucial.

The Pacific will continue to become more connected. As it does, the flow of information, ideas and impact investment opportunities will grow – as will demand for mentoring and capital to empower these entrepreneurs.

This will require us to further engage with the Pacific diaspora throughout Australia and facilitate more business missions to connect them with businesses and entrepreneurs in the region.

Together with members of the Pacific diaspora, we have the opportunity to build an ecosystem of impact investors, filling the gap for small to medium businesses and driving impact investment in the region forward.

About the author/s

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Caleb Jarvis is Pacific Trade Invest Australia's Trade and Investment Commissioner. Founded in 1979, [PTI Australia](#) is an agency of the Pacific Islands Forum Secretariat, funded by the Australian Government, that facilitates trade and investment in the Pacific islands. PTI Australia is working to facilitate growth of the Australian Government's Pacific Labour Mobility initiatives through collaboration with the Pacific Labour Facility.

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