

Where is the

**Private /
Institutional
Money**

to reach the

**Sustainable
Development
Goals**

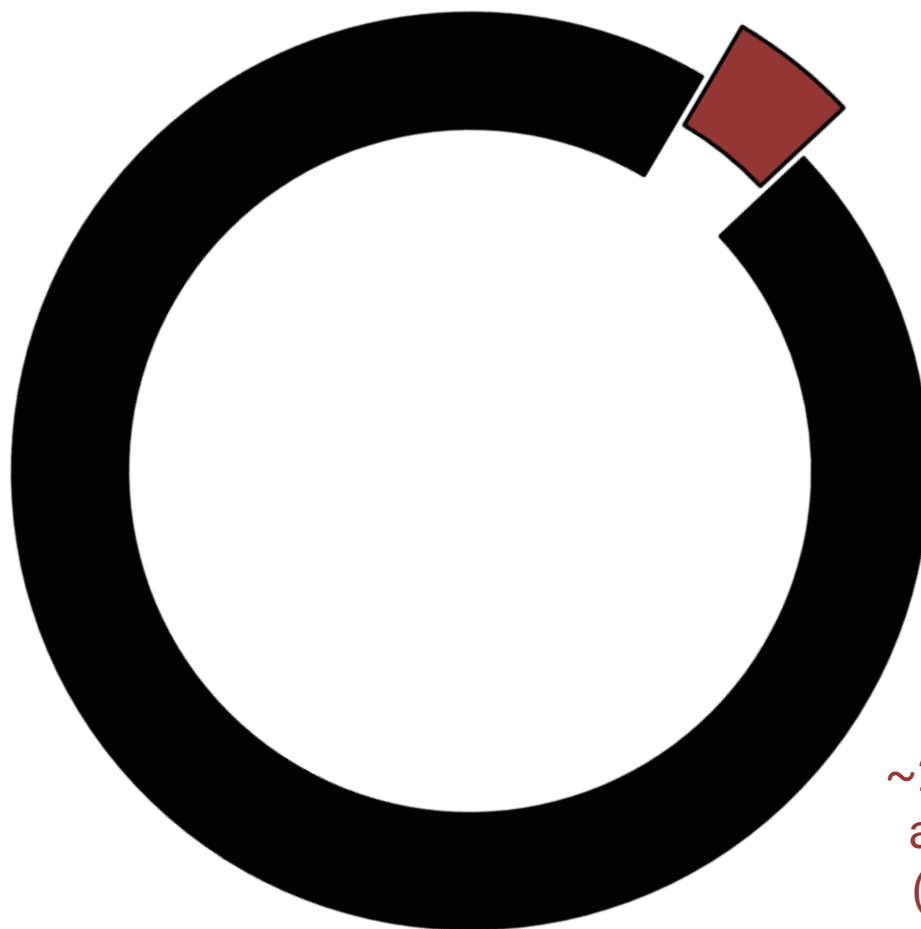
and / or the

Climate Goals?

Starting with the Big Picture:

-> Total global Capital Markets are ~288 trillion USD...

... out of which
~13 trillion USD (10%)
are in Private Markets
(PE, VC, etc.)



while

~275 trillion USD (90%)
are in Public Markets
(stocks, bonds, etc.).

Zooming in & splitting Private Markets into Asset Classes

... shows that the 13 trillion USD in global Private Markets ...

... are half invested in Private
Equity ~6.5 tr USD (50%)

followed
by

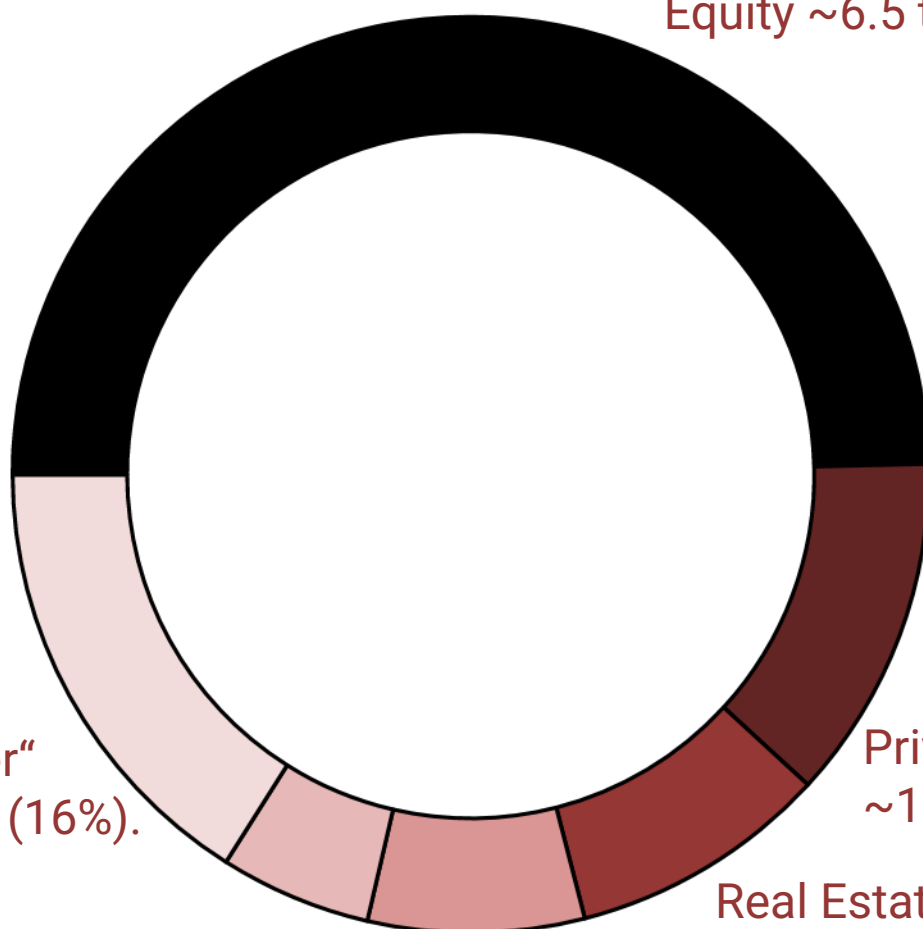
... and „Other“
~2.1 tr USD (16%).

Private Credit
~1.6 tr USD (12%)

Real Estate
~1.2 tr USD (9%)

Infrastructure
~1.0 tr USD (8%)

Venture Capital
~700 bn USD (5%)



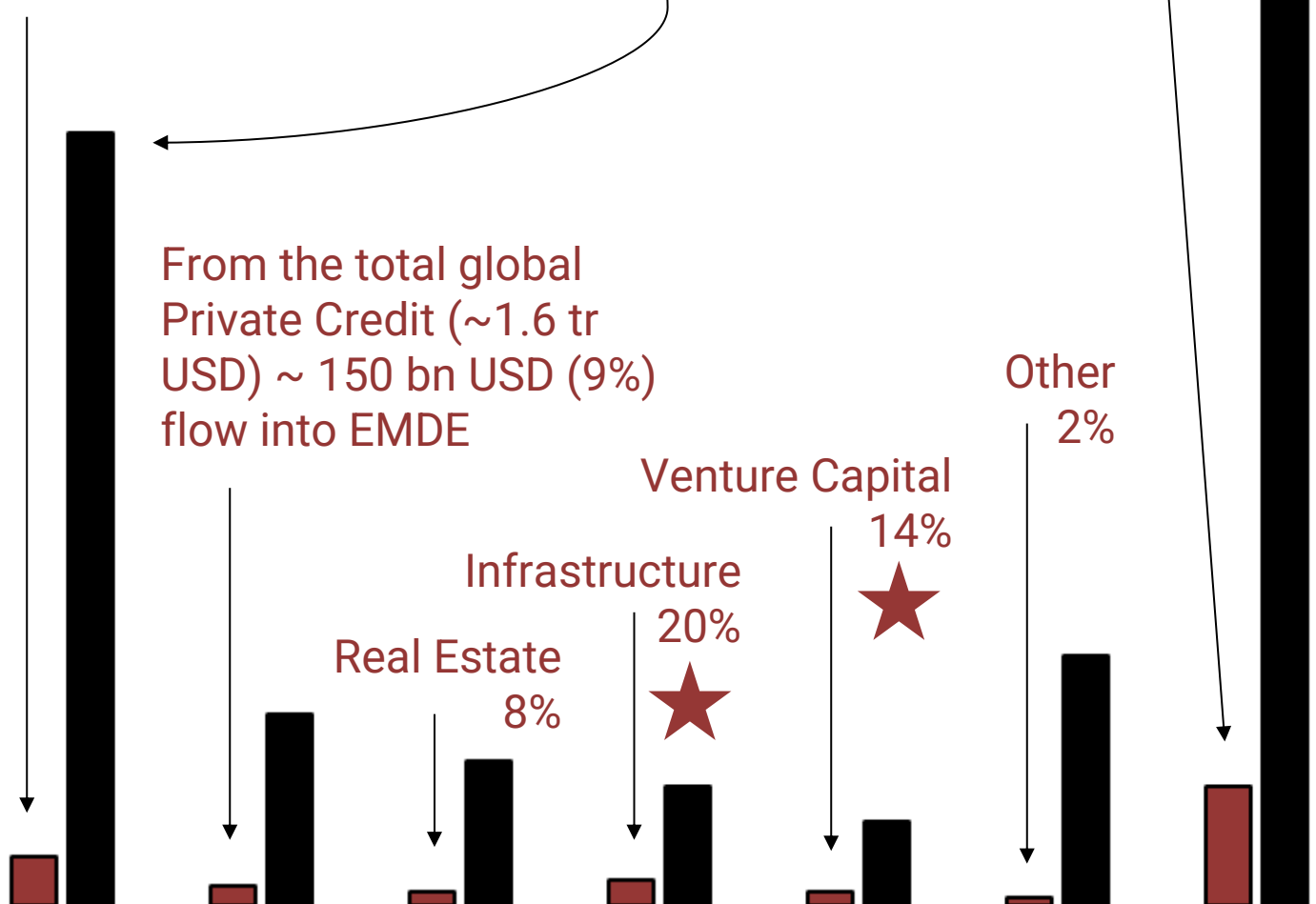
How much of the Private Market Capital flows into Emerging Markets?

From the 13 trillion USD total global Private Markets...

... ~1 trillion USD (8%) flows into Emerging Markets & Developing Economies (EMDE).

From the total global Private Equity (~6.5 tr USD)
~400 bn USD (6%) flow into EMDE

From the total global Private Credit (~1.6 tr USD) ~ 150 bn USD (9%) flow into EMDE



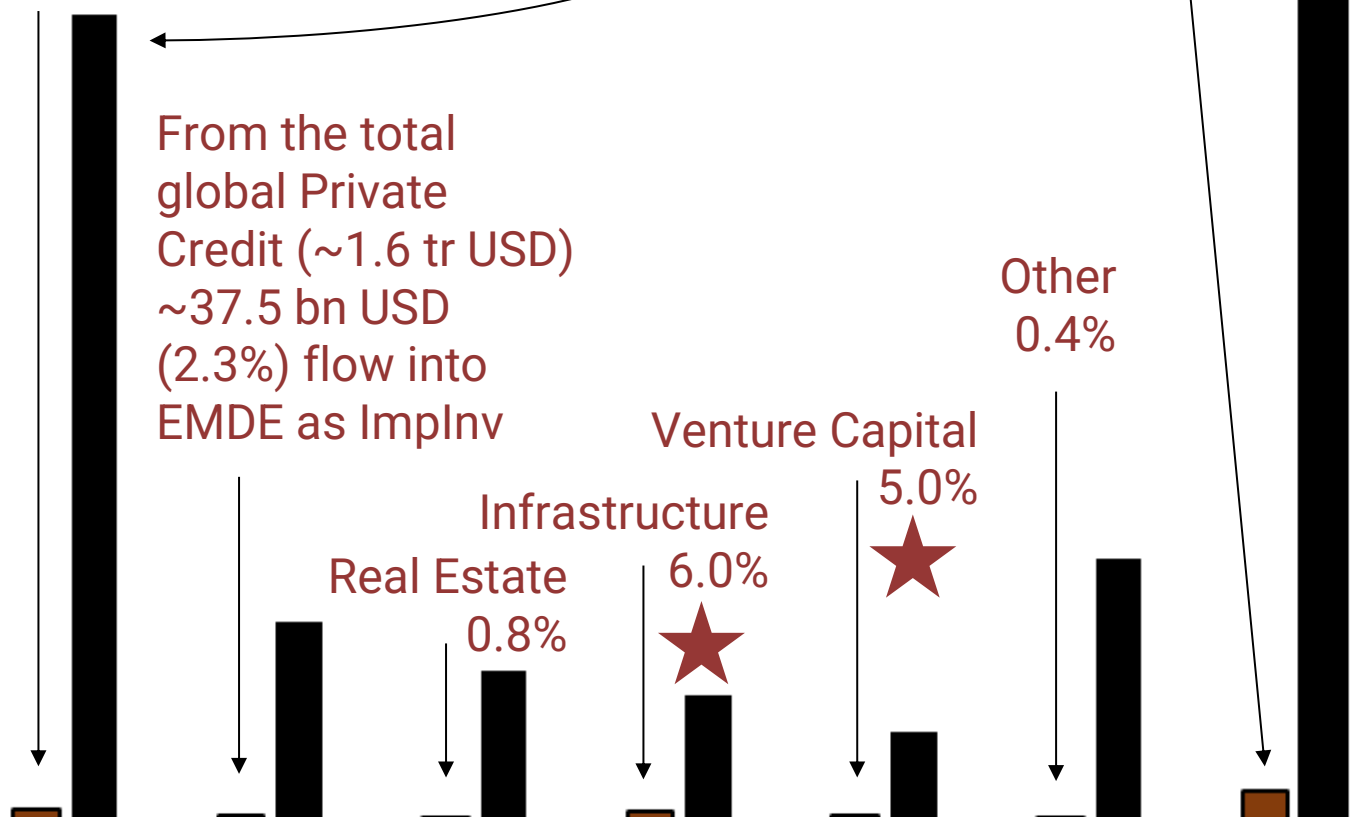
How much of the Private Market capital flows into Emerging Markets as Impact Investments?

From the 13 trillion USD total global Private Markets...

... ~230 billion USD (1.8%) flows into Emerging Markets & Developing Economies (EMDE) as Impact Investments (Implnv).

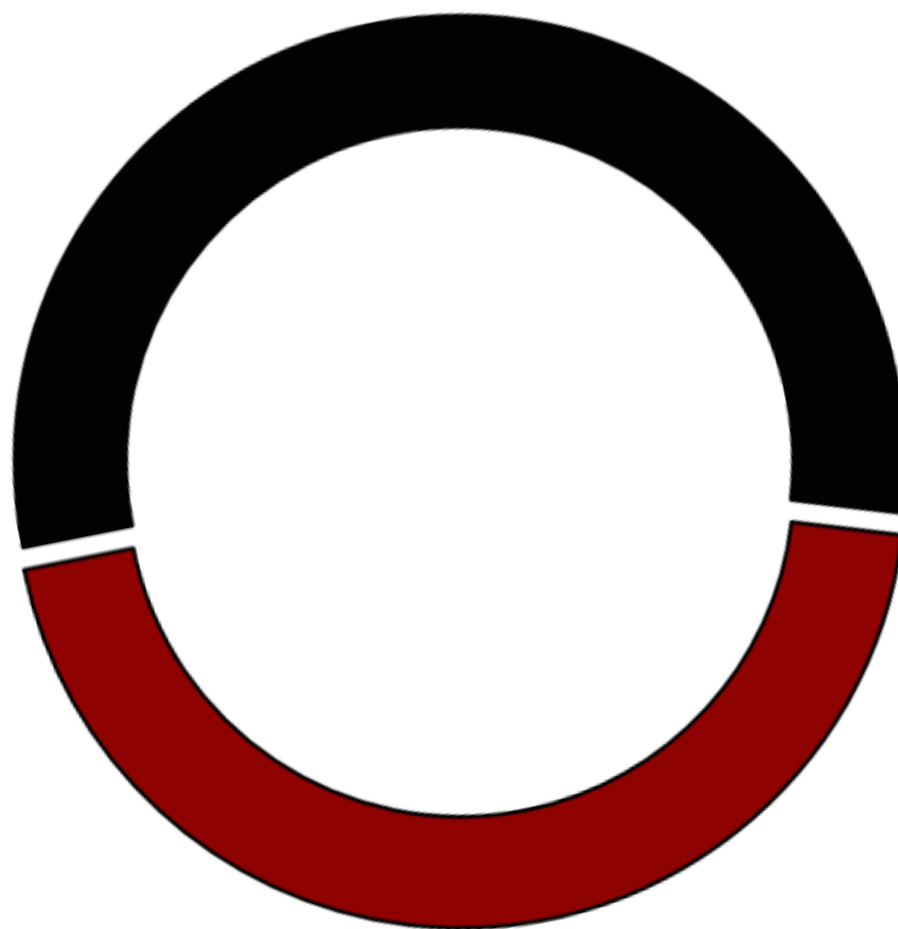
From the total global Private Equity (~6,5 tr USD)
~ 80 bn USD (1.2%) flow into EMDE as Implnv.

From the total global Private Credit (~1.6 tr USD)
~37.5 bn USD (2.3%) flow into EMDE as Implnv



How much of the Private Market capital flows into Emerging Markets as Impact Investments stems from Public Investors?

Given the limitations in data, the best estimate of how the ~230 billion USD is split among investor types is as follows:



~127 billion USD
(~55%) from public
finance sources
such as: DFIs/ IFIs/
MDBs/ Government-
backed Investment
Vehicles and
Sovereign Funds

which leaves

~103 billion USD
(~45%) from private
/ institutional
investors.

Circulating back to our Starting Point:

Two observations:

1. : Out of the ~288 trillion USD total global capital markets, ~0.04% is Private / Institutional Capital in Implnv in EMDE

and

2. : Out of the ~13 trillion USD total global private capital markets, ~0.8% is Private / Institutional Capital in Implnv in EMDE.

Given the financing gap of the SDGs and Climate goals, it is up to Impact Investing Market Practitioners to develop solutions attractive and accessible enough to increase the flow of Private Institutional Capital to Impact Investments in EMDEs.

Dear Reader:

Leave your ideas on how you think this can be achieved as Comment to this LinkedIn Post.

Is it blended finance, tax incentives, better data, ...?

What now, if we want to Scale?

At Broadpeak we believe that a part of the challenge is the accessibility of investments products offered by the ~500 Impact Asset Managers focussed on Implnv in EMDE.

Dear Investor:

If you like to exchange on available products in the Impact Investment space, get in touch.

Dear Impact Fund Manager:

If you are building an investment solution with private / institutional investors in mind, get in touch.

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Definition of EMDE: The International Monetary Fund (IMF) defines EMDE as countries that are not categorized as advanced economies. At the IMF this grouping is primarily used for analytical and statistical purposes and the classification is not based on strict criteria. Instead, it considers a combination of factors, including: (a) per capita income level: Generally, countries with lower or middle income levels are included, (b) export diversification: Countries with diversified exports are more likely to be classified as EMDEs, whereas economies heavily reliant on a single commodity (e.g., oil) may not be, even if they have high per capita income, (c) Integration into the global financial system: This includes aspects like participation in international financial markets and openness to capital flows.

Definition for Impact Investments: The Global Impact Investing Network (GIIN) defines Impact investments are investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return. The four core characteristics of impact investing are: (a) Intentionality – Clear intention to generate social/environmental impact, (b) Investment with return expectations – Aimed at generating a financial return on capital, (c) Range of return expectations and asset classes – Can be below market or market rate, (d) Impact measurement – Commitment to measure and report the social/environmental impact.

Sources of the numbers we used: Alternative Credit Investor – Private Capital in Growth Markets | Bain & Company – Global Private Equity Report 2024 | BIS – Global Debt Statistics | Convergence – Blended Finance Reports | EQT Group – Emerging Markets Private Equity Outlook | Fidelity International – ESG in Private Markets (April 2024) | GIIN – Impact Investing Market Size 2024 | GIIN – Institutional Impact Investing in EMDEs | IMF – Global Financial Stability Report | McKinsey – Regional Private Equity Trends | McKinsey & Company – Global Private Markets Review 2024 | Mirova/BTG – Energy Access and Impact in EMDEs | Morgan Stanley – Sustainable Fund Performance & Flows (2024) | OECD – Blended Finance in Developing Countries | OECD – ESG Investment in Developing Countries | PitchBook – Private Markets Breakdown | Preqin – 2024 Global Private Capital Fundraising Reports | Preqin – ESG Fundraising Update (2024) | S&P Global – Global Equity & Bond Market Overview | S&P Global Market Intelligence | World Bank & IMF – Private Capital Flows to EMDEs | World Federation of Exchanges (WFE) | SS&C Intralinks – Asset Class Fundraising Trends.

Disclaimer: Our analysis combines data from the sources above. Definitions and methodologies in these sources vary. There are formidable rabbit holes waiting for those who want to dive deeper.