Can Financial Investments "Do Well" and "Do Good"? Blended impact: understanding the implications of impact investing for local economic development

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With the international community 2.5 trillion dollars short in reaching the Global Goals, the private sector has become a perceived saviour to the bureaucratic shortcomings of the state in the fight against poverty. However, underpinning the strategic mobilisation of the private sector for development is the economic paradigm that dangerously equates growth with development. Impact investing is a unique development finance solution that leverages private capital for positive social impact and financial returns. Despite its great potential to increase the amount of capital directed into social programmes, there are still growing pains that need to be addressed by the industry such as the consequences of being influenced by the market and its subsequent impact on welfare. The greatest challenge facing the industry is striking the blended balance between level of expected return for investors while keeping to the integrity of seeing local sustainable development. Previous literature has failed to critically assess if capital is truly being leveraged for the direct benefit of the most vulnerable. Using neoliberal theory as a framework for critical analysis, this empirical qualitative research interviews 15 impact investing professionals from development finance institutions, asset managers, to foundations to assess the dichotomy of the wealthy having the capital to invest in and receive the returns generated by communities. Findings depict the need for greater regulations to ensure continued local reinvestment for scalable social and environmental impact where capital does not perpetuate aid dependence nor a cycle of debt but rather builds in-country capacity.