

Masterclass Investing *for* Impact

6 July 2021 – The Switchers Talks

Agenda of the Masterclass

Welcome

Investing for Impact: **The Fundamentals**

Investing for Impact: **The Practice**

Investing for Impact: **The Conversation**

Wrap up & Closing

Speaking about best practices



Zeineb Fakhfakh
Senior Project Manager

Yunus Social Business
Tunisia - Impact
Partner



Myrna Atalla
Executive Director

Alfanar



Martijn Blom
*Impact Funds Initiative
Lead*

EVPA



Florian Tuder
*Training Expert &
Coordinator*

EVPA

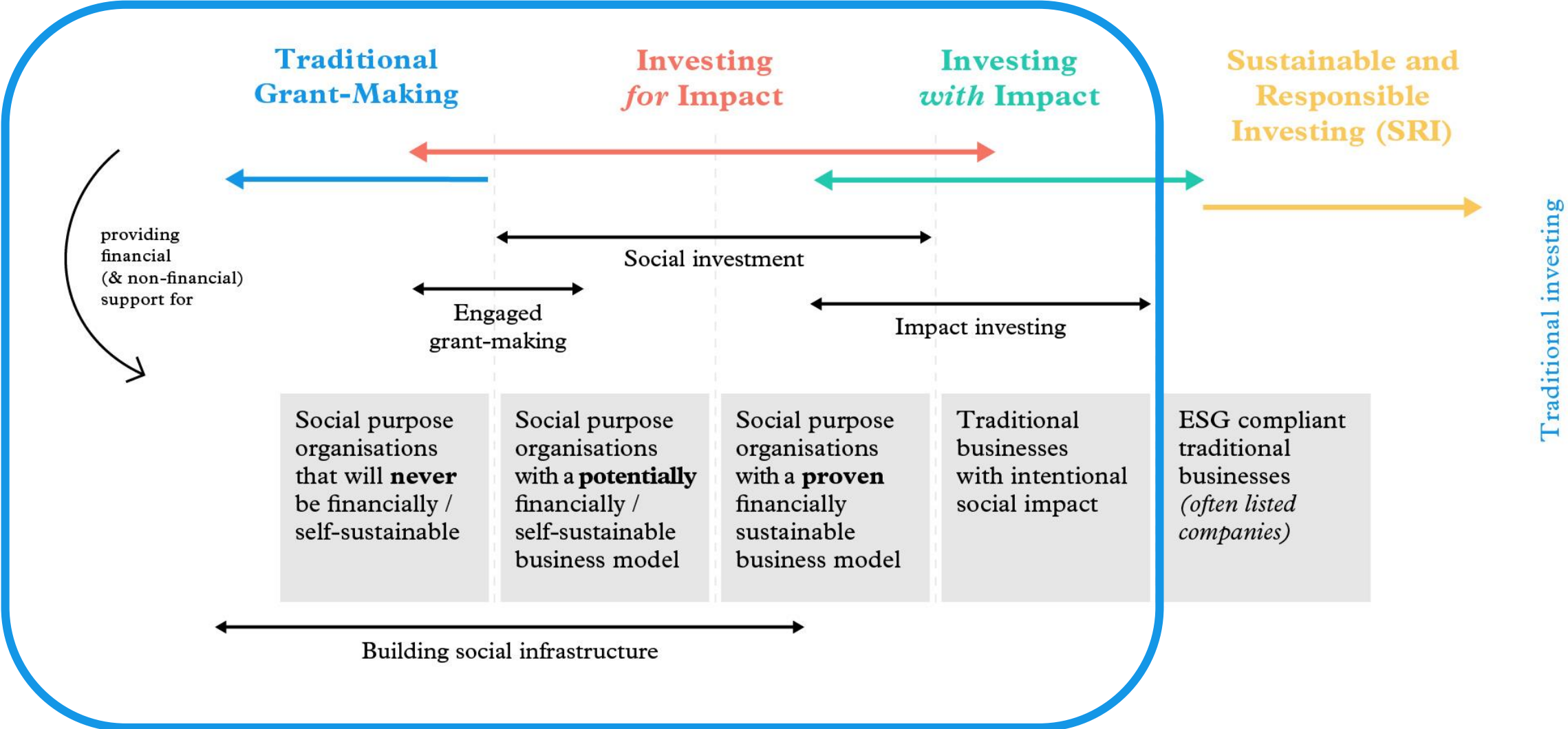
Investing for Impact: The Fundamentals

Venture Philanthropy or Investing for Impact?

Venture Philanthropy (VP) is a **high-engagement** and **long-term** approach whereby an investor *for* impact supports social purpose organisations (SPOs) to **maximise green & social impact**.



The Impact Ecosystem



For or With Impact?

INVESTORS *FOR* IMPACT

- Are highly-engaged grant-makers or social investors
- Support innovative solutions for pressing societal & environmental issues;
- Take risks that most actors in the market are not prepared to take;
- Provide in-depth non-financial support.



Role in the ecosystem

- **test** (and **scale**) new solutions to social issues
- support SPOs that have **no market outlet**
- build social **infrastructures**

INVESTORS *WITH* IMPACT

- Need to guarantee a certain financial return alongside social impact;
- Invest in proven solutions and/or organisations with viable business models;
- Have access to larger pools of resources.



Role in the ecosystem

- **scaling** proven business models, making sure impact considerations are part of all investment decisions

Complementary approaches!

The Three Core Practices

- ✓ **Impact Measurement & Management**
- ✓ **Tailored Financing**
- ✓ **Non-Financial Support**

Impact Measurement & Management

Measuring and monitoring the change created by an organisation's activities, and **using this information/data** to refine activities in order to increase positive outcomes and reduce potential negative ones.



Impact Measurement & Management

EVPA developed a **5 steps approach** acknowledging the importance of impact measurement and management:

1. Setting objectives;
2. Analysing stakeholders;
3. Measuring & monitor results;
4. Verifying and valuing impact;
5. Reporting.



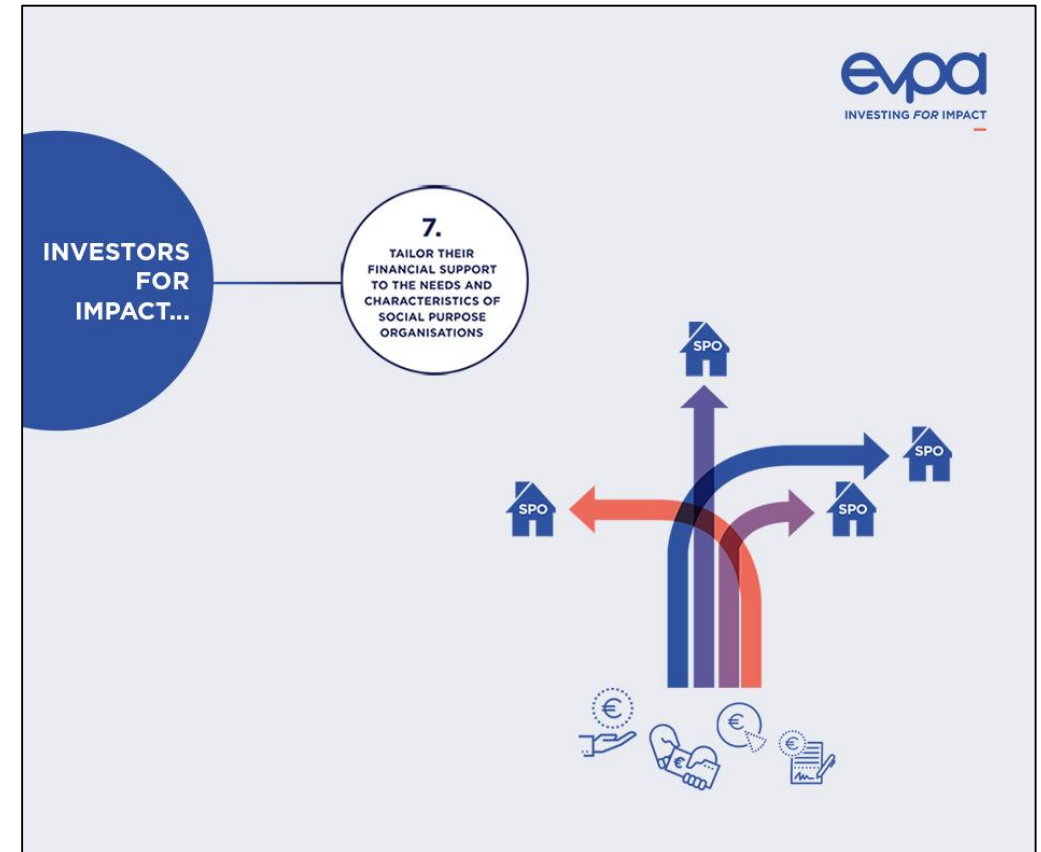
<https://www.evpa.ngo/insights/practical-guide-measuring-and-managing-impact>



<https://www.evpa.ngo/insights/navigating-impact-measurement-and-management>

Tailored Financing

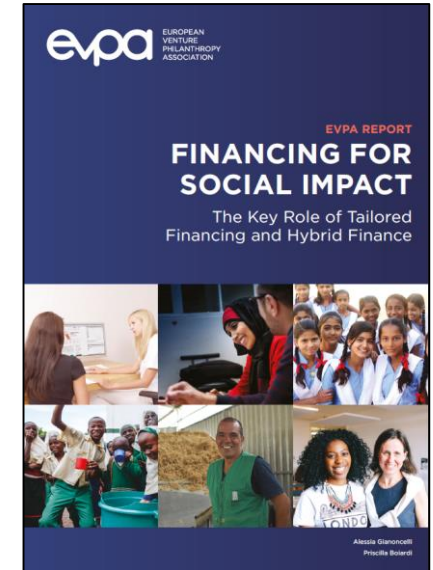
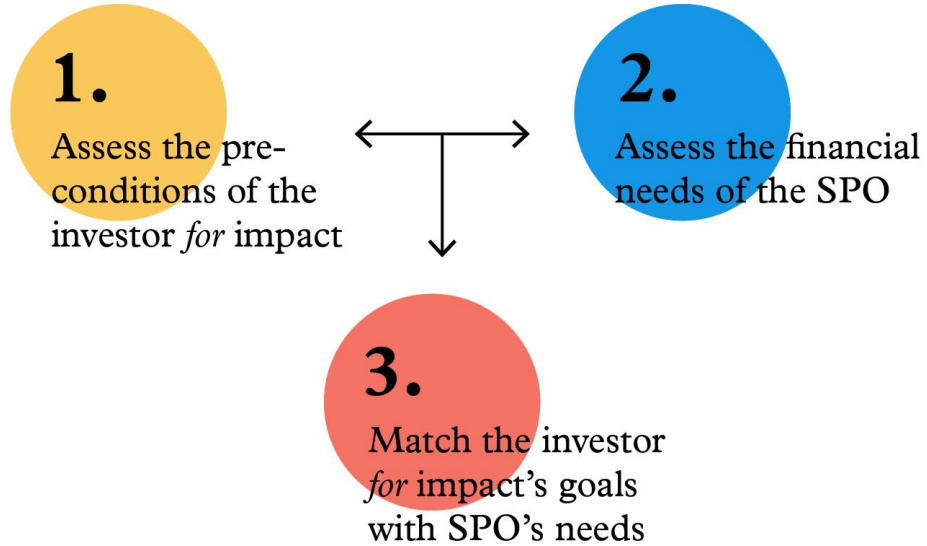
Choosing the **most suitable financial instrument(s)** to support an SPO. These instruments include **grants, debt/loan, equity, and hybrid financial instruments**. The choice depends on a number of factors, such as the investor's willingness to take **risk**, or the SPO's **business model** and **stage of development**.



Tailored Financing

EVPA's approach follows a model with 3 steps:

1. Assess the pre-conditions of the investor for impact
2. Assess the needs of the SPO
3. Match goals and needs



<https://www.evpa.ngo/insights/financing-social-impact-key-role-tailored-financing-and-hybrid-finance>

Non-Financial Support

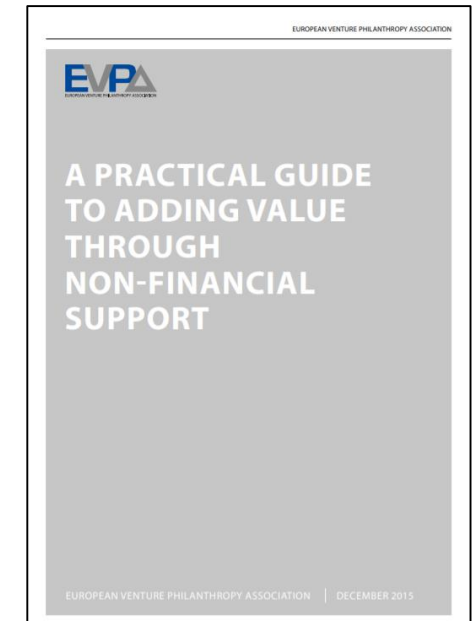
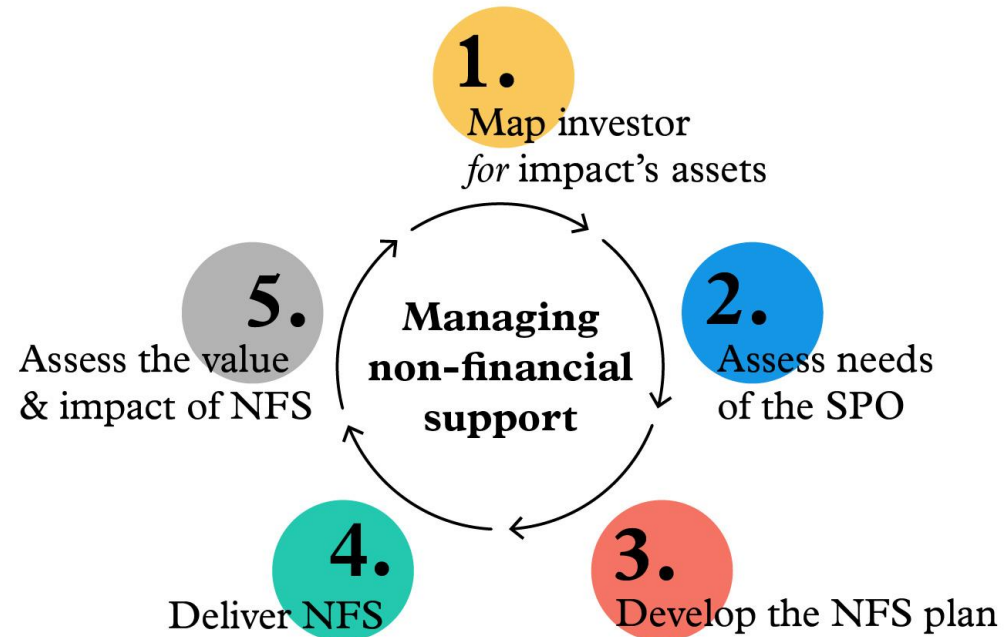
Providing support services to a social purpose organisation in order to **maximise** its green & social **impact**, **increase** its financial **sustainability** or **strengthen** its organisational **resilience**.



Non-Financial Support

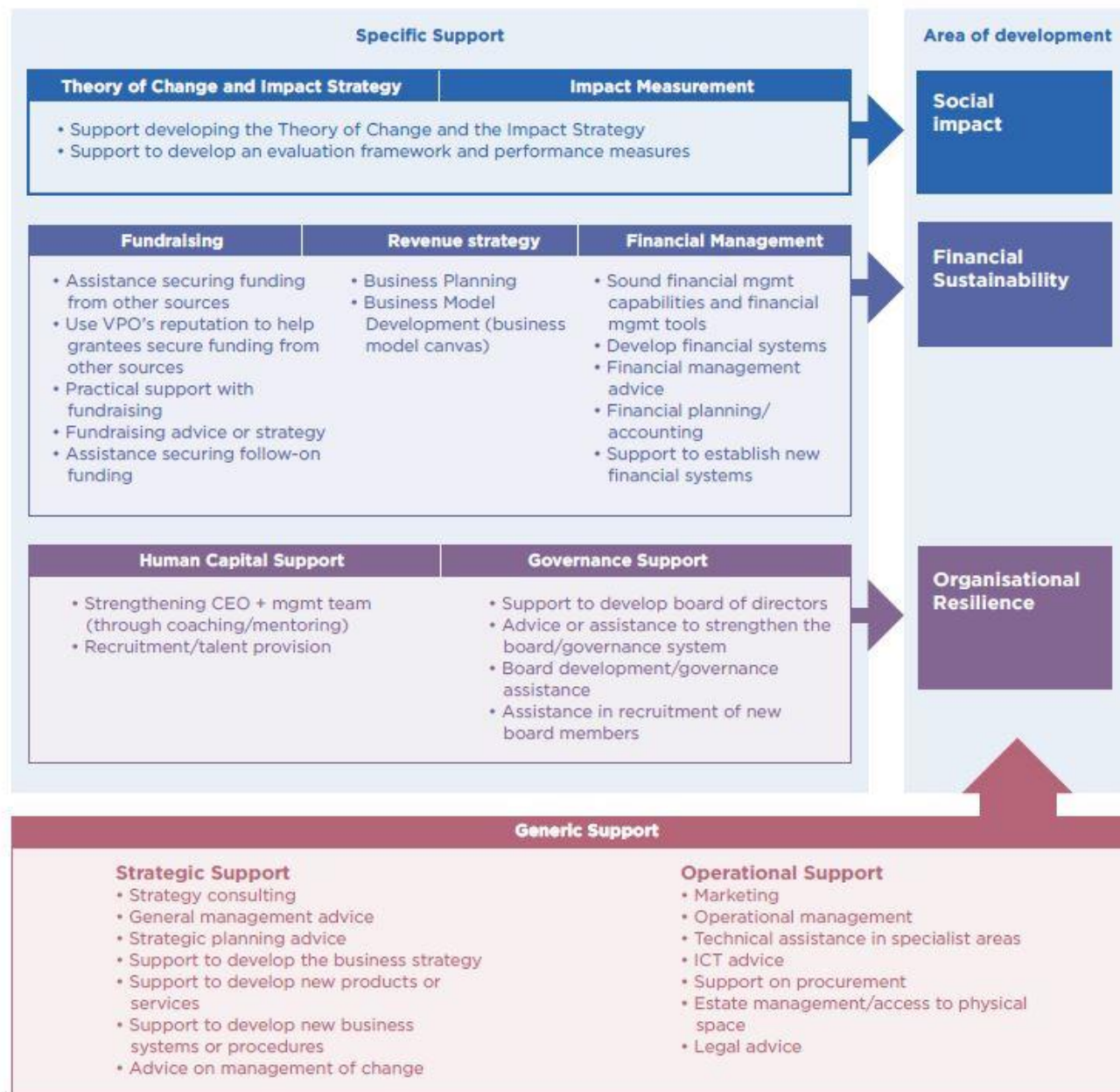
In order to successfully apply NFS, **EVPA developed a 5-steps framework:**

1. Map the investors assets
2. Assess needs of the SPO
3. Develop a plan
4. Deliver NFS
5. Assess value & impact



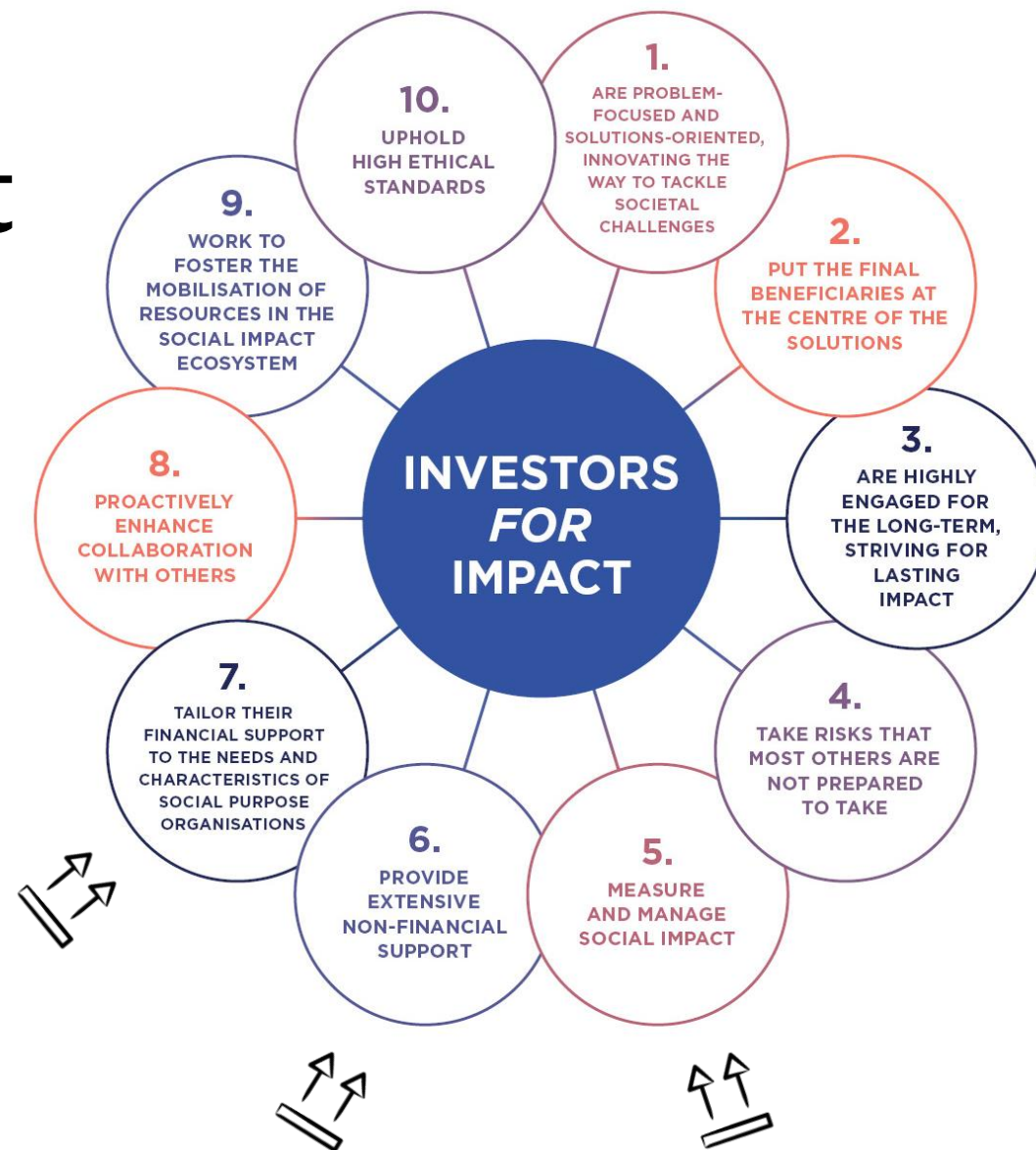
<https://www.evpa.ngo/insights/practical-guide-adding-value-through-non-financial-support>

Non-Financial Support Check List



The Charter of Investors for Impact

- Collective effort
- Guiding principles
- DNA of investors for impact
- Invitation to others to collaborate and co-shape the impact ecosystem



Navigate through the **Interactive Charter** to learn more about the principles:
<https://evpa.eu.com/knowledge-centre/publications/charter-of-investors-for-impact>

Quiz time

What are the 3 core practices of investing for impact? (1/3)

1. *Impact Management, Financial Measurement, Non-Financial Support*
2. *Impact Measurement & Management, Tailored Finance, Non-Financial Support*
3. *Tailored non-financial support, Impact Measurement & Management, Organisational Resilience*

What is the primary goal of investors for impact when supporting entrepreneurs? (2/3)

- 1. Immediate social & green impact with guaranteed revenues*
- 2. Revenue maximisation & ESG compliance*
- 3. Social/Green Impact*

Which of the 3 core practices are part of the Charter of Investors for Impact? (3/3)

- 1. Impact Measurement & Management + Non-Financial Support*
- 2. All three practices are part of the Charter*
- 3. None, because these are separate concepts*

Investing for Impact: The Practice

Presentation Zeineb

see separate slide deck

Presentation Myrna

see separate slide deck

Panel Discussion