PRAXIS
EUROPEAN VENTURE PHILANTHROPY IN PRACTICE

Sponsored by 3i Group Plc

KIMBERLY OCHS | FEBRUARY 2009

CONTENTS

Kimberly Ochs started her career in technology research at Gartner and transitioned into technology private equity in 1997, working at UBS Capital Americas and General Atlantic, where she was Director of Research. She is founder of The BeneFactory, which incubates new social enterprises in education and provides advisory services to improve the impact of philanthropy, aid and policy in education globally. She holds a doctorate from the University of Oxford, MA from Boston College, and has held appointments at the University of Oxford, London School of Economics, and German Institute for Global and Area Studies.

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3i is an international leader in private equity investing in Buyouts, Growth Capital, Infrastructure and Quoted Private Equity (QPE) across Europe, North America and Asia. The business which has c £10bn of assets under management has a strong heritage of pioneering and is proud to have been a founder member of EVPA. Our competitive advantage comes from our international network and the strength and breadth of our business relationships. These underpin the value that we deliver to our portfolio, to our shareholders, to our fund investors and also to the many social enterprises that we work with.

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PRAXIS
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FOREWARD

As an enthusiastic founding sponsor we have been delighted with the progress that EVPA has made in promoting the concept of venture philanthropy and in developing and disseminating best practice. Applying the mindset and techniques of private equity and venture capital to enhance the effectiveness of charities or social enterprises is a simple but powerful idea.

This book, and the inspiring and encouraging case studies it contains, illustrates the speed with which the idea of venture philanthropy is spreading in Europe. Although it is still at an early stage, the expansion in the numbers of VP funds and practitioners involved has already created a pool of experience from which to learn.

I was delighted to read in Kimberly Ochs's introduction that many different methods are proving to be successful. The emphasis on "context specific" solutions seems to me to be absolutely right. Combining an understanding of the organisation with the engagement, purpose and ambition integral to the private equity approach must increase the chances of success.

There are many interesting little nuggets in this book, and the pace of change achieved by the organisations profiled is to be applauded. These VP pioneers will serve as role models to inspire others, and illustrate the potential for venture philanthropy techniques to make a difference to communities throughout Europe.

Baroness Hogg

Chairman, 3i Group Plc

PREFACE

It belongs to the tasks of philanthropists to contemplate what might be learnt from others, from practice 'elsewhere'. With its focus on current and emerging practices in Europe, PRAXIS provides an introduction to, rather than an analysis of, the different applications of engaged philanthropy in a European context. The fifteen featured case studies profile the practices and business models of selected organisations in Europe, which follow the principles of venture philanthropy in their support of projects and social entrepreneurs. Organisations profiled in this publication were selected from the membership of the European Venture Philanthropy Association (EVPA) to reflect a wide scope of practices across Europe, based in the UK, Germany, the Netherlands, France, Italy, Estonia, Spain, Ireland and Switzerland. The global reach of these organisations extends beyond continental Europe to Latin America, Africa and South East Asia.

Interviews were conducted with each of the profiled organisations. Additional data were collected from published documents, press releases, websites, and internal reports. Where appropriate, additional interviews were conducted with portfolio/ partner organisations to further explore the relationship with and services provided by the venture philanthropist. Each of the fifteen case studies reports on the organisation's model, search and selection process, support provided (financial and non-financial services) to the project and/or social entrepreneur and impact assessment strategies.

Defining venture philanthropy

The European Venture Philanthropy Association (EVPA) defines venture philanthropy as 'a field of philanthropic activity where private equity/ venture capital models are applied in the non-profit and charitable sectors'. There are many different forms of venture philanthropy but the EVPA believed it can be characterised as:

- The active partnership, or engagement, of donors, volunteers and/or experts with charities to achieve agreed outcomes such as organisational effectiveness, capacity building or other important change;
- The use of a variety of financing techniques in addition to grants, such as multi-year financing, loans or other financial instruments most appropriate for a charity's needs;
- The capability to provide skills and/or hands-on resources with the objective of adding value to the development of a charity; and
- The desire to enable donors to maximise the social return on their investment whether that be as a financial donor or as a volunteer of time and expertise.

Each of the organisations featured in this publication conducts its business according to these common principles, but their specific activities and approaches to engaged partnership varies. Additional terms related to venture philanthropy are provided in a glossary at the end of the publication.

PREFACE

The cases featured in Praxis reflect the greater association of organisations and membership of the European Venture Philanthropy Association, which can be classified into three categories:

1. Primary practitioners of venture philanthropy that provide financial support and non-financial support, as defined above, to social entrepreneurs and organisations. These include: BonVenture Management Group GmbH (Germany), CAN-Breakthrough (UK), d.o.b. Foundation (Netherlands), Good Deed Foundation (Estonia), Impetus Trust (UK), Invest for Children (Spain), Noaber Group (Netherlands), Oltre Venture (Italy) and the Sutton Trust (UK).

2. Secondary VP players either provide capital or non-financial services, but not both, to an organisation at the time of investment. This might be a grantmaker which provides co-investment, or a consulting organisation that provides services. These include: Ashoka Europe and UnLtd (UK).

3. Tertiary organisations include advisory organisations (e.g. wise), private equity firms, foundations that support venture philanthropists, business schools and research organisations.

New questions and continued practice

Common themes across the case studies reveal emerging models, challenges and new questions that emerge in response to the local context. In conjunction with continued practice, the European Venture Philanthropy Association is seeking to play a role to encourage debate and find answers to these and other questions:

- How can social impact be measured – for an organisation and/or across a portfolio of VP investments?
- What training does the social entrepreneur need to succeed at the different stages of the social enterprise?
- How can the VP organisation facilitate synergies across the portfolio and/or leverage the resources within the portfolio and network?
- How can financial services to support the allocation of capital to the third sector become more efficient?
- What types of exit are possible, from both the perspective of the social entrepreneur and the venture philanthropist?
- What partnerships need to be in place ahead of time for the planned exit to be effective?
- Could the exit strategy potentially span all sectors of society, including for-profit companies, NGOs and/or aid organisations, or government programmes for wide-scale adoption?
- In addition to asking how can social impact be measured, is it important to ask if cross-portfolio measurements are meaningful? Or, how can measurements be made to be meaningful for cross-organisation, or even cross-national comparisons?

- What platforms are necessary to create the exchanges needed for venture philanthropy?
- What makes an effective VP board member? Are there different skills required than in the traditional venture capital or traditional philanthropy realms?
- How can different segments of philanthropy and/or different players in the philanthropy markets work together? For instance, could you construct structures where foundations provided equity financing with other participants providing recoverable debt?
- Could different structures be developed where foundations put in a certain level of grant financing (equity capital) and high net worth individuals put in mezzanine financing, structured in such a way that it is repayable to keep up with inflation? New, innovative structures might create opportunities for money to be better leveraged and recycled.

CASE STUDIES

ASHOKA EUROPE

Ashoka pioneered the concept of social entrepreneurship in 1980 and has since identified and invested in over 2,000 social entrepreneurs in 70 countries around the world. Since 2006, Ashoka has launched operations in France, Germany, Spain and Ireland, which sit alongside its more established operations in Poland and central Europe. In 2007, Ashoka elected its first fellows in the UK, Switzerland and Belgium, and plans to elect fellows from the Netherlands. Whilst Ashoka is a global organisation, separate entities have been incorporated in most countries to meet local legal and financial requirements. Within Europe, there are incorporated entities in France, Germany, UK, Spain and Poland, as well as plans to roll out in Scandinavia and Portugal in the next year or so.

ASHOKA EUROPE
30 Kensington Church Street
London W8 4HA
United Kingdom

www.ashoka.org

Year founded: 1980

Applied venture philanthropy

Ashoka's operations are modelled on early forms of venture capital, which emerged in the US in the late 1970s and early 1980s. The classic intervention point in venture capital is after the business model is proven but before the company has gone to scale. Ashoka's intervention point is similar, but in the social and ecologic sector. It is interested in finding the social entrepreneur with a proven idea on the cusp of fast growth.

Ashoka's philosophy, as it was defined in the 1980s, is that the highest point of leverage of any new idea is the individual social entrepreneur, rather than the organisation. This is a person who is introducing a brand new, innovative idea able to move people's thinking from curative to transformative to shift the paradigm. Ashoka's core work - the Venture programme - is coordinated across geographies to search, select and elect the most social entrepreneurs and adopt them into the Ashoka Fellowship programme.

Ashoka attributes its success to its rigorous selection process, which was developed by founder Bill Drayton in the 1980s and emerged out of his work in India. Social entrepreneurs are evaluated against five key criteria:

The Knockout Test: A New Idea – This is a new idea, solution, or approach that will change a pattern in the field.

Creativity – This is a personal quality of the social entrepreneur that has existed since youth: the person is visionary, a problem solver and has a history of creating other new visions.

Entrepreneurial Quality – The leader is obsessed with the idea, willing to spend the next decade or longer to make an historical development take place. Ashoka believes that total absorption is critical for the new idea to become a reality, and insists upon this total commitment from elected Fellows during the launch phase.

Social Impact of the Idea – The idea itself will significantly change the field and trigger broad, systemic change.

Ethical Fibre – The social entrepreneur has to be trusted, and if there is any doubt that the candidate is not trusted absolutely, then the person will not pass the selection process.

A social entrepreneur who successfully meets all five selection criteria is elected an Ashoka Fellow. The financial investment goes towards funding a living stipend or three years salary for the social entrepreneur on the condition that the individual remains

THE SOCIAL ENTREPRENEUR IS A PERSON WHO IS INTRODUCING A BRAND NEW, INNOVATIVE IDEA, ABLE TO MOVE PEOPLE'S THINKING FROM CURATIVE TO TRANSFORMATIVE, TO SHIFT THE PARADIGM.

CASE STUDIES

FELLOWS ARE GIVEN ACCESS TO A GLOBAL NETWORK OF SOCIAL ENTREPRENEURS, FOSTERING COLLABORATION AND THE OPPORTUNITY TO SHARE INFORMATION AND BUILD SUSTAINABILITY.

100% committed to responsibilities associated with the organisation (not undertaking additional work or additional employment). Financing provided to Ashoka Fellows and their organisations comes exclusively in the form of a stipend set at a level agreed with the Fellows after a financial assessment.

In addition to receiving unconditional funding, the Ashoka Fellow receives non-financial services, including training in business planning, communication, public relations and legal advice. Such services are typically delivered by strategic partners (e.g. McKinsey & Co., Hill & Knowlton, Latham & Watkins) rather than by in-house staff. The financial support of Fellows is delivered one-to-one in country, with additional support through pro bono non-financial services coordinated across Europe. Additionally, Fellows are given access to a global network of social entrepreneurs, fostering collaboration and the opportunity to share information and build sustainability. This facilitates exchange between similar organisations within a given region, but also the replication of Fellows' work across countries, including incorporation and identifying sources of seed financing for the organisation's expansion into a new geography. Additionally, Ashoka facilitates continental events to bring together Fellows and organisations across Europe, South America and Africa.

Ashoka implements its core venture programmes based on three fundamental principles:

(1) Social entrepreneurs are the engines of change and are role models for the citizen sector;

(2) Groups of social entrepreneurs working together to accelerate and spread social impact; and

(3) A global community of 'changemakers' requires supportive systems to deliver sustainable social solutions.

In addition to its core business of venture, Ashoka also runs a series of programmes, which are coordinated across continents. These include:

Full Economic Citizenship Programme, which defines systemic approaches that could help create participating, active economic citizenship;

Changemakers.net to identify best practices across the citizen sector; and

Social Financial Services, designed to improve access to financing and sustainable capital in the citizen sector.

Assessing impact

In 1997, Ashoka designed a tool to measure its impact, which is distributed to Fellows as a multiple choice, self-response questionnaire. Some Fellows are also interviewed to provide additional data. The indicators used in the survey are structured into the following categories:

Continued work, assessing the Fellow's ongoing effort. Fellows are asked if they are still working towards their original vision five or ten years after they were elected;

Replication, assessing if the Fellow's ideas have impacted the way other groups in society approach the issue;

Policy Change, identifying changes in government policy, or the adoption of the Fellow's idea in the public sphere; and

Relationship with Ashoka, asking how the Fellow's relationship with Ashoka contributed to the success of his/her work.

The most recent 2004 'Measuring Impact' study reports the following achievements from Fellows, five years after their election:

94% of Fellows continue to work towards their original vision;

89% have had their idea replicated by independent organisations;

57% have influenced policy, producing changes;

75% are considered leaders in their field of work; and

80% answered that Ashoka made a significant or critical contribution to the development of their project.

Engaged partnership: Ashoka Fellow - Luke Dowdney, Fight for Peace

Brazilian Ashoka Fellow Luke Dowdney is founder and director of Fight for Peace Inc. that works in Brazil and elsewhere to offer children and youth real alternatives to involvement in armed groups and gun violence. The project started within Viva Rio in Brazil, and now Luke is expanding his work to set up Fight for Peace as an independent project in the UK. As a Fellow, Luke receives a stipend every month for three years and extensive support from Ashoka and its partner organisations. In conjunction with opening operations in the UK, Luke has received support from Ashoka UK in the form of introductions and guidance. After learning about UnLtd through Ashoka, he applied for and received a Level II award, which has helped to subsidise his increased living costs in London. Through Ashoka Brazil, Luke identified lawyers who have been providing pro bono services to Fight for Peace.

94% OF ASHOKA FELLOWS CONTINUE TO WORK TOWARDS THEIR ORIGINAL VISION.

CASE STUDIES

BONVENTURE MANAGEMENT

BONVENTURE MANAGEMENT GmbH
Pettenkoferstrasse 37
D-80336 Munich
Germany

www.bonventure.de

Year founded: 2003

The BonVenture Group, based in Munich, Germany funds companies and organisations with a social purpose in German-speaking countries. It looks to invest in projects that are innovative, have a strong social or ecological impact, and are led by motivated and committed social entrepreneurs. BonVenture expects these organisations to be financially self-sustaining in the long-term. Its mission is to tackle and contribute to the reduction of social and ecological problems, improve the efficiency and transparency in the social and ecological sector, and set an example for sustainable and social investments combining humanity and economic efficiency.

The Group includes four organisations: BonVenture I GmbH & Co. KG and BonVenture II GmbH & Co. KG (form of incorporation for German venture capital funds) and BonVenture gGmbH (similar to a foundation), which are managed by BonVenture Management GmbH. Investors can either become limited partners in the venture capital fund or they can make tax-deductible donations and charitable contributions to the foundation. The advisory board of BonVenture Management GmbH decides on the investment decisions of the venture capital fund. The Board of the Trustees of the BonVenture Foundation decides on investments of the foundation entity. BonVenture Management GmbH staff screen and implement the investments into the partner organisations.

The financing mechanism is determined by the project's need and if it is an investment (BonVenture I and BonVenture II) or a project of the BonVenture gGmbH that can give donations (if any money at all, it may also be a project that gets only support in the form of business coaching etc.). The current size of the fund is €15 million, with a target to grow to €20 million within the next one or two years. BonVenture takes a double-bottom-line investment approach, setting financial and social objectives as benchmarks. The primary objective is to reach a high social impact. The financial objective is capital preservation, with an expected rate of return between 6% and 10% per year.

Applied venture philanthropy

Following traditional venture philanthropy principles, BonVenture applies venture capital techniques to the social and ecological sectors and provides its projects with long-term financial resources, non-financial services and access to its network. Typically, BonVenture invests €100,000 – 500,000 per project, at the same time as other co-investors, through equity financing, mezzanine financing, or loans with or without collateral. At the same time, BonVenture is a non-profit activity for its investors as returned capital is reinvested.

BONVENTURE APPLIES VENTURE CAPITAL TECHNIQUES TO THE SOCIAL AND ECOLOGICAL SECTORS AND PROVIDES ITS PROJECTS WITH LONG-TERM FINANCIAL RESOURCES, NON-FINANCIAL SERVICES, AND ACCESS TO ITS NETWORK.

Currently, BonVenture supports projects that address the following themes:

- Children and teenagers, disabled or elderly people as well as socially disadvantaged individuals;
- Unemployment and education;
- Innovative social services;
- Food and water quality;
- Solar and regenerative energy;
- Environmental protection and recycling;
- Protection of nature and species; and
- Other ecological technologies.

Projects are based in Germany, Austria or Switzerland and can be at the start-up, early or expansion stage. A main selection criterion is that the social entrepreneur who initiated the project is accelerating the project. Prospective applications undergo extensive due diligence during the pre-investment stage before any commitment is made.

A MAIN SELECTION CRITERION IS THAT THE SOCIAL ENTREPRENEUR WHO INITIATED THE PROJECT IS ACCELERATING THE PROJECT.

Selected projects are financed in tranches, according to pre-defined milestones, and are actively supported through close co-operation. The typical investment period is three years for expansion with mezzanine financing, and eight years if the organisation starts with seed financing. Financial resources are to be spread over 15-20 portfolio organisations, thus reducing BonVenture's risk. The venture philanthropy portfolio currently includes: DialogMuseum GmbH, email charity GmbH, JobTV24 GmbH, Parlamentwatch GmbH, Kinderzentren Kunterbunt e.V., and Solarlite GmbH. Investments made through the Foundation currently include: AETAS Lebens- und Trauerkultur GmbH & CoKG, BISS e.V. (Citizens in Social Difficulty), LobbyControl e.V., Kulturbunt e.V., studienaktie.org, and Violence Prevention Network.

In addition to financing, BonVenture supports its projects with non-financial services, such as individual counselling on various business issues and infrastructure support. It provides them with access to a network of experts, other social entrepreneurs and people who are active in the field of venture philanthropy. The so-far bi-annual 'BonVenture Forum' is a one-day event bringing together all of the people in the greater BonVenture network. Starting in 2008, BonVenture will hold annual get-togethers for its social entrepreneurs. This meeting will give them an additional opportunity to meet each other and the representatives of BonVenture.

Assessing impact

BonVenture presently measures social impact using key performance indicators regularly submitted by its projects. These include financial data or data depending on the actual focus of the project. For example, DialogMuseum reports data on the number of visitors and disabled employees, Parlamentwatch GmbH reports on visitors to the project's website, and Kunterbunt e.V. on the number of participants in recreational activities offered. BonVenture is working on refining its key performance indicators to adequately measure social impact.

Engaged partnerships: DialogMuseum and JobTV 24

DialogMuseum GmbH, for example, was granted a loan to bring its concept of 'Dialogue in the dark' to 'DialogMuseum' in Frankfurt, where a permanent exhibition allows visitors to take a tour in complete darkness in order to experience the world as a blind person does. The tour is guided by a blind person, which not only facilitates open-minded encounters but also provides an innovative way of creating opportunities for disabled and disadvantaged people.

An example of an equity investment is JobTV 24, the first German broadcaster and video portal dedicated to providing round the clock advice on jobs, careers and self-employment, which began broadcasting in January 2006. While since January 2008 operating as a video portal only, JobTV24 provides a wide range of interactive information services.

CASE STUDIES

CAN – BREAKTHROUGH

CAN – BREAKTHROUGH
32-36 Loman Street
London SE1 0EE
United Kingdom

www.can-online.org.uk/pages/breakthrough.html

Year founded: CAN founded 1998; Breakthrough fund launched 2005

Breakthrough provides strategic support and growth capital to established social enterprises with the ambition and potential to scale up their businesses and maximise their social impact. Breakthrough was founded by CAN (formally known as Community Action Network) and the private equity firm Permira in 2005. CAN, founded in 1998, runs CAN Social Investment, leveraging business support from leading private sector companies, as well as CAN Mezzanine, which provides shared office space for more than 115 charities and social enterprises in sites in central London. To date, more than 20% of the Permira staff in the UK have worked on Breakthrough. In July 2007 Permira renewed its contribution to the Breakthrough Fund until 2010. Breakthrough recently received the commendation from the 2007 Charity Awards (UK) in the innovative grant-making category for 'achieving a breakthrough for social enterprise'.

On 30th October 2007, CAN and Permira launched Breakthrough II, their second social investment fund. The objective of Breakthrough II is to invest in 10 to 15 social enterprises over a three-year time frame, from 2007 until 2010. It is a £5 million fund, of which 30% has been put forward by Permira. The expected result is significant growth in scale and social impact of portfolio organisations addressing a wide variety of social and environmental problems.

Applied venture philanthropy

Breakthrough was set up to address four primary growth barriers facing social enterprise:

(1) Lack of external stimuli to grow (including lack of market analysis or risk adverse management);

(2) Access to skilled resources;

(3) Confidence in product or service; and

(4) Appropriate finance, such as a lack of access to long-term finance for growth beyond initial grants. Breakthrough aims to address these issues to help those social enterprises with huge potential but that are struggling to scale up.

Breakthrough provides high-engagement funding, peer support (from Breakthrough CEO), advisors (through Permira staff), and strategic support (through CAN and external consultants) to established social enterprises in the UK with a minimum of three years' trading history, £500,000 in turnover, and a profitable, scalable business model. Its objectives are to:

Showcase and support diverse, established social enterprises to become more sustainable and scale up their social impact;

Deploy permanent, unrestricted capital into the enterprises in the form of equity, as well as long-term strategic support;

Raise the profile of the organisations and their chief executives; and

Communicate lessons to the UK social enterprise sector and policy makers.

BREAKTHROUGH WAS SET UP TO ADDRESS FOUR PRIMARY GROWTH BARRIERS FACING SOCIAL ENTERPRISE.

Breakthrough provides high-engagement funding, which is invested against the organisation's growth plan. Investment size varies according to the specific needs of the portfolio organisations, which are given access to top quality business expertise when needed through access to the CAN network and corporate partners. Almost 40% of the financial support, across the portfolio, is allocated to working capital, with additional funding directed towards building increased management capacity, expansion capital, and outsourced project support. 40% of non-financial support, in terms of time, is allocated towards mentoring, with additional time allocated towards CAN project support, peer support, and pro bono project support.

THE SOCIAL ENTERPRISES SHOULD ALSO HAVE CREDIBLE BUSINESS MODELS, WHICH ARE SUSTAINABLE, WITH PROFITS REINVESTED INTO THE COMPANY OR COMMUNITY.

In Breakthrough I, the financial turnover of the portfolio organisations increased, on average, by 20%. However, more importantly their social/environmental impact grew by 40%.

Breakthrough solicits interest from social enterprises that meet its investment criteria. Organisations must be creating social impact primarily in the UK or Europe, with a clearly differentiated and innovative model of social change. The social enterprises should also have credible business models, which are sustainable, with profits reinvested into the company or community.

The selection process begins with an initial screening, to clarify the social mission, business model, and growth plans. Qualifying organisations are invited to enter a development and pre-investment (due-diligence) stage. The CAN Social Investment team works closely with the management team and trustees of the enterprise to identify and build consensus on the barriers to growth, agreeing to a plan to tackle these, which will include funding, advice and capacity building. A Breakthrough Advisory Panel approves the investment, which includes the former chief executive of CAN, managing partner of Permira, a senior partner of Ernst & Young and a partner at Bain. CAN deploys the Breakthrough funding and resources and monitors performance, whilst Permira's team of professionals provides financial and strategic support. To date, six enterprises have received support from Breakthrough:

FareShare – working to relieve food poverty by providing quality food and other support services to organisations working with disadvantaged people in the community.

Law For All – providing high quality and cost effective social welfare law services to clients with limited means.

Training for Life – helping people who have faced difficulties to make positive changes in order to thrive in employment.

Green-Works – striving to ensure that redundant office furniture from the commercial world is passed on at very low cost to charities, schools, community groups and start-up businesses across the UK.

TimeBank - connecting people to share and give time.

Speaking Up - the UK's largest Third Sector provider of advocacy work, supporting and empowering people with learning difficulties, disabilities and mental health problems.

CASE STUDIES

Assessing Impact

Breakthrough maintains an open relationship with the leadership teams of its portfolio organisations and its trustees. Social entrepreneurs are expected to provide regular communication and reporting on their social, environmental, and economic performance, and deliver against their business plan. Metrics for assessing impact reflect the business. For example, TimeBank tracks the impact of its Time Together Programme with the number of volunteers acting as mentors for refugees. Green-Works tracks the tonnes of CO_2 saved through avoiding the landfill. Breakthrough estimates that the value of its consulting is at least 20% of the grants made.

Engaged partnership: Law for All

Law for All (LFA) provides high quality and effective social welfare law services to clients of limited means, advising 12,000 social welfare legal cases each year. LFA is notable for its culture, operational efficiency and success in delivering legal aid in 'unattractive' areas of law. It has established a robust operating model, which has potential for national rollout. Before receiving support from Breakthrough, its challenges to growth included: limited access to capital to pay for recruitment and training of additional lawyers, and meeting new quality requirements of Legal Services Commission contracts. To overcome these growth challenges, Breakthrough provided financial assistance in the form of £82K to recruit and train new lawyers and their support staff, £41K to recruit an external consultant and a full-time staff member to implement a quality management system; and £171K to cover costs of providing legal services in Cambridge during 2007. Additionally, the CEO of Law for All received mentoring from a Permira partner. As a result of this support, a new quality management system is in place, a new office in Cambridge is up and running and the level of legal help provision is significantly exceeding expectations.

D.O.B FOUNDATION

d.o.b foundation, based in the Netherlands, is a private non-profit organisation for development co-operation. **d.o.b** foundation invests in social entrepreneurs who identify commercial opportunities in social issues in Africa and the Netherlands.

Applied venture philanthropy

d.o.b foundation applies the venture philanthropy model to investments: **d.o.b** offers risk-bearing capital with a focus on social and financial results, and an active involvement over the long term. **d.o.b** is building a portfolio of 15 investments by 2011, providing different showcases to prove that it is possible to create social and financial return and to share innovative business models that can be scaled and replicated with those interested.

Most investments are in Africa where **d.o.b** works together with organisations with local representation. In the Netherlands **d.o.b** identifies a small number of large-scale projects that have the potential for breakthroughs in thinking or doing. Investments have a capable entrepreneur or management team responsible for the business, are financially sustainable, innovative, scalable and have the potential to directly impact the lives of 500,000 people. Each investment requires tailor made financing. In a first stage, donations can fund research and development trajectories. Further along, **d.o.b** provides debt and equity for investments. In all investments **d.o.b** looks for co-investors.

The foundation provides multi-year financial and non-financial support. **d.o.b** has an inter-disciplinary team working on investments. Besides this the foundation is surrounded by a large network of people with knowledge and expertise on different issues. **d.o.b** has established different strategic partnerships with companies that provide their knowledge and experience pro bono or for adjusted tariffs to the portfolio. As an example, Howrey LLP provides expertise in the field of intellectual property.

d.o.b foundation is based on De Nijensteen farm, which serves as a meeting place for bringing organisations with the same mission together to work around specific projects and issues.

Currently, **d.o.b** supports a number of projects in the Netherlands and Africa and looks for the possibility to apply lessons learnt to a broader context. Current projects include:

Tanga Fresh Limited, a dairy factory in Tanzania, which is embedded in a cooperative network of farmers, a clever breeding programme and credit system to make it possible for farmers to expand.

HandsOn Micro Credit, based in the Netherlands, which stimulates entrepreneurship by providing small loans to people with a minimum income or social benefit.

MYC4, an online investment platform (HYPERLINK "http://www.MYC4.com"www.MYC4.com) connecting global investors; individuals, businesses and institutional investors to African entrepreneurs.

D.O.B FOUNDATION
Ijsseldijk 1
8194 LA Veessen
Netherlands

www.dobfoundation.com

Year founded: 1997

D.O.B OFFERS RISK-BEARING CAPITAL WITH A FOCUS ON SOCIAL AND FINANCIAL RESULTS, AND AN ACTIVE INVOLVEMENT OVER THE LONG TERM.

CASE STUDIES

MEASURING IMPACT IS IMPORTANT FOR ANY PROJECT BUT EVEN MORE IMPORTANT SINCE D.O.B FOCUSES ON INNOVATIVE PROJECTS.

Assessing impact

Measuring impact is important for any project but even more important since **d.o.b** focuses on innovative projects. Together with Noaber foundation and Scholten&Franssen, **d.o.b** foundation developed a social impact measurement tool based on the Social Return On Investment (SROI) methodology, the social e-valuator (www.socialevaluator.eu). The SROI tool can be used by potential partners to gain understanding of the stakeholders involved and the potential social and financial impact of their project. The tool also provides monitoring guidance during the project. At an organisational level the tool can be used to help make investment decisions.

Engaged partnership: Universal spectacles

Worldwide about one billion people have poor eyesight due to uncorrected eye defects. The consequences of this are huge. Many people go blind and end up living in poverty. Attending school is difficult or impossible. The solution is a pair of glasses. But where do you get glasses, with the correct strength, when you have hardly any money? Universal spectacles (U-specs) have been developed for people living at the base of the economic pyramid. Affordable polycarbonate glasses which can be adjusted, without the help of an eye specialist, from plus 3 to 0, from 0 to minus 3 and from minus 3 to minus 6.

Because of mass production, these can be sold for only a couple of Euros and can help people with poor eyesight by improving their social position and giving them easier access to education and jobs. Local production, assembly and distribution also help stimulate local economies. In addition to this we aim to prove that it is profitable to invest in creating valuable products for the world's poorest people.

The project was carried out in partnership with VU Medical Centre in Amsterdam and Philips DAP. **d.o.b** foundation has invested €1.3M to date in the research and development phase and in project management and execution. A product field test and commercial pilot are being held in India and Guatemala. After testing the optical and functional elements of the glasses, 5,000 to 10,000 pairs will be produced to be used in the commercial pilot. For these tests, **d.o.b** is working in close cooperation with VisionSpring (formerly Scojo Foundation) in India and Guatemala.

FONDATION DEMETER

FONDATION DEMETER
44, rue Vaneau
75007 Paris
France

pascal@fondationdemeter.com

Year founded: 1995

Founded in 1995, Fondation Demeter is named after the Greek goddess Demeter who is credited with teaching humans how to grow and preserve the fruits of the soil. The foundation aims to help charities improve their operating processes and governance principles so as to make the best use of their resources and to become self-sufficient. It focuses on supporting organisations across the globe that are involved in humanitarian, social and economic work. To date, the main area of funding has been sponsoring new and innovative microfinance institutions in India, Africa and Latin America. In 2007, Fondation Demeter started to focus its programmes towards at-risk youth.

Applied venture philanthropy

Demeter provides financial support to investee programmes until self-sufficiency is achieved. Additionally, relationships with beneficiaries range between five and seven years, usually beginning with advisory services provided during the first six to twelve months. A funding is made thereafter in the form of interest-free loans and grants. Typically, 80% of the investment comprises an interest-free loan to support operating programmes and 20% comes in the form of a grant to cover part of the overhead or start-up costs. Annually, Demeter invests between €10,000-30,000 per programme over a three year period. The Foundation is exclusively financed by its founders, who see themselves as risk-takers focussed on assisting committed organisations/entrepreneurs to develop new initiatives and innovations in their domain. To date, Demeter has directly or indirectly supported around 40 non-profit organisations.

In addition to financial support, Demeter provides non-financial services. Demeter works actively with the organisation as an advisor to management and/or active Board member. Demeter professionals include people working in finance, consulting, industry and media, who help social entrepreneurs target the development of their income generating activities. Funding recipients are also given access to classes and training when necessary so that the social entrepreneur has the necessary skills to develop the business plan. Additionally, Fondation Demeter has been active in helping organisations to set up systems of corporate governance and an infrastructure to provide ongoing reports. Included in an investment contract is a statement that Demeter intends to find an exit for its investment within a certain period of time, usually three years after the end of the investment period. An exit strategy could be refinancing of the 'investee', purchase of the loan portfolio or an instalment-based repayment scheme. Exits take a further three years to occur after the end of the investment period. Demeter expects portfolio organisations to return the loan portion of the funding, and therefore typically get it back, six years after the original investment.

The main investment criterion is the potential social impact of the funded programmes, which are being assessed on the ground by tracking social data as applicable, such as school attendance, vaccination rates and nutrition or housing quality. Such social data is analysed during the pre-investment phase. Demeter seeks to back social entrepreneurs/leaders who are 'utopian but pragmatic enough to execute, and who are both amenable to and capable of change'.

Selected social entrepreneurs are expected to report their progress to Demeter on a monthly or quarterly basis, and are also expected to provide services to other organisations within the portfolio that might need help. As an example, a CEO of one of the microfinance programmes spent three weeks in India to share his experiences, which

FONDATION DEMETER FOCUSES ON SUPPORTING ORGANISATIONS ACROSS THE GLOBE THAT ARE INVOLVED IN HUMANITARIAN, SOCIAL, AND ECONOMIC WORK.

CASE STUDIES

DEMETER SEEKS TO BACK SOCIAL ENTREPRENEURS/ LEADERS WHO ARE UTOPIAN BUT PRAGMATIC ENOUGH TO EXECUTE, AND WHO ARE BOTH AMENABLE TO AND CAPABLE OF CHANGE.

was found to be mutually beneficial to both organisations. Over the years, beneficiary organisations have included:

The Florence Trust, based in London, which offers young painters and sculptors ten-month internships in its premises, during which period the artists prepare exhibitions. In addition to providing funds, Demeter provided expertise and assistance in developing new income-generating programmes to enable Florence Trust to return to financial equilibrium.

Fondo de Inversion Social (FIS) is based in Buenos Aires, Argentina. Demeter's investment helped them to set up operations in urban slums, offer additional products and services (such as solar panels), measure social impact and create a governance structure as well as organise the exit through the sale of the structure to ACP – Mi Banco (Peru) early 2008.

Massard, based in Bangalore, India, is an NGO active in education and nutrition programmes for slum and street children in order to establish a microcredit activity targeting the mothers of its existing programmess. The work evolved to self-sufficiency and was then structured into autonomous self-help groups.

Interrupción, in Argentina, sponsors micro-enterprises in marginalised communities and generates work by empowering, training and investing in individuals to become entrepreneurial, capable suppliers – typically focusing on organic fruits and vegetables then resold onto the US premium retail market. The organisation works with existing producers in Patagonia and runs a socially responsible wholesale network on their behalf (US$4m in revenues by 2008 for its second year of activity). Fondation Demeter provided an interest-free loan of US$30,000 for three years as well as active support in fundraising.

Engaged partnership: Fondo de Inversion Social (FIS)

In 2003, FIS was about to expand from a rural 300 client microcredit activity within an NGO to an urban microfinance corporation in Argentina´s largest city (Greater Buenos Aires, with a population of 12 million people). Prior to expansion, FIS received refundable interest-free loans from Demeter. Additionally, Demeter assisted with the consolidation of FIS's Advisory Board, and then created a Board of Directors to offer important advice, strategic vision and access to networks. Management coaching was delivered in the form of monthly meetings and learning opportunities through travelling experiences and formal training. This included sending one of the management team members to graduate school for an international MBA in order to develop his skills to take the company to the next level. As of 2007, FIS scaled to serve nearly 5,000 clients, with three branches and seven agencies, as well as four product ranges (group and individual loans, home improvement loans as well as solar panel financing in the rural branch), and a distressed portfolio with a default rate under 2%. Following Demeter's investment, FIS went on to raise 1 million Euros from Ford Foundation, Unitus, Oikocredito and over one hundred private Argentinean investors. Early in 2008, to accelerate its growth, FIS opened its capital to ACP – Mi Banco, Peru's largest microfinance organisation to become their development platform in Argentina.

GOOD DEED FOUNDATION

The Good Deed Foundation (GDF) was set up in 2003. The mission of the organisation is to develop the field of social entrepreneurship in Estonia and to foster the growing interest in philanthropy and social investment from individuals and companies (international and local). Individual partners commit to contributing €200-€500 every month to the Good Deed Foundation for a two year period. The main selection criterion for partners is that they are committed to GDF's theory of change – finding high impact social purpose organisations and supporting them with a venture philanthropy model. Some of the partners may choose to get involved as volunteer experts (supporting portfolio organisations or building the organisational capacity of the Good Deed Foundation), but this is not required.

GOOD DEED FOUNDATION
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10137 Tallinn
Estonia

www.heategu.ee/eng

Year founded: 2003

Applied venture philanthropy

The Good Deed Foundation works with a small number of high-performing social enterprises or non-profits, providing them with a long-term financial investment and non-financial services to raise the organisational capacity and maximise the social impact of their work. GDF estimates there are about 1,500 public benefit organisations in Estonia that are solving social problems. Most of these are small organisations with less than five paid employees, but a handful of these organisations are already having significant impact in the society. Whilst there is a multitude of social needs in transitional countries, there is no tradition of philanthropy.

The Good Deed Foundation selects its new projects in three ways. First, staff members evaluate existing not-for-profit organisations, by interviewing experts and meeting with CEOs of recommended organisations. These organisations then go through a thorough pre-investment stage review, or due diligence process, to determine if they meet GDF's investment criteria. One full-time staff member performs both the due diligence of potential investees and the evaluation of existing portfolio organisations. Second, GDF organises a social entrepreneur competition to identify entrepreneurial people with new projects. Third, GDF staff initiate new projects as founding members.

The Good Deed Foundation provides seed financing in the form of grants (typically €4,000-6,000); and alternative methods of financing include underwriting, loans (€50,000-€150,000) and co-funding (up to €750,000 for 3 years). GDF reports that the evaluation phase itself provides value to the social entrepreneurs, who receive feedback about the strengths and weaknesses of their organisation, challenges and possible improvements. During the pre-investment stage, which usually takes three to four months, the Good Deed portfolio manager and a team of consultants provide strategy consulting and business planning services. Throughout the lifetime of the investment, typically three to five years, the portfolio manager and volunteers from strategic partners (including Hill & Knowlton, Swedbank, and Fontes) provide capacity-building support in the areas of financial management, human resources, marketing and communications, sales and legal affairs. To date, some social entrepreneurs/ non-profit organisations have asked for advice on information technology issues, which is something Good Deed would like to help provide through its network in the future.

THE GOOD DEED FOUNDATION WORKS WITH A SMALL NUMBER OF HIGH-PERFORMING SOCIAL ENTERPRISES OR NON-PROFITS, PROVIDING THEM WITH A LONG-TERM FINANCIAL INVESTMENT AND NON-FINANCIAL SERVICES TO RAISE THE ORGANISATIONAL CAPACITY AND MAXIMISE THE SOCIAL IMPACT OF THEIR WORK

CASE STUDIES

WHILST THERE IS A MULTITUDE OF SOCIAL NEEDS IN TRANSITIONAL COUNTRIES, THERE IS NO TRADITION OF PHILANTHROPY.

To date, the Good Deed Foundation has made six long-term investments; in three social enterprises and in three entrepreneurial non-profits.

Examples of our portfolio organisations:

Youth to School is modelled after Teach First in the UK, which encourages outstanding university graduates to teach in challenging secondary schools. The best university graduates can apply to become teachers for two years, acquiring skills in leadership, managerial training and receive a pedagogical certificate.

The Re-Use Centre collects, fixes, and resells used goods, thereby financing environmental education and training sessions. Additionally, the centre aids fire victims, child support centres and low-income families.

Health Estonia Foundation engages businesses in carrying out HIV-prevention programmes at the workplace.

A new initiative of the Good Deed Foundation is a pilot youth programme for social entrepreneurs aged fourteen to nineteen. Its mission is to support a new generation of social entrepreneurs that will be solving social issues in Estonia (and hopefully beyond) in the next 20 to 30 years. Additionally, GDF is looking into ways in which it can support the development of social entrepreneurship and venture philanthropy in the Baltic region and Central and Eastern Europe in the coming years.

Assessing impact
The portfolio organisations and GDF, together, agree upon specific performance indicators. These include financial as well as social indicators. A regular reporting system requires that the portfolio organisations report on a monthly basis, but some indicators may be reviewed more often. GDF does not currently track a Social Return On Investment (SROI) across its portfolio. Future plans include developing tools to measure the long-term impact of the Foundation and individual portfolio organisations.

Engaged partnership: Youth to School
In its pre-stage launch, GDF assisted in the development of a professional framework to identify teachers, as well as provide resources to conduct the detailed market analysis necessary to launch the project. These skills were provided by GDF's partner Hill & Knowlton. GDF has a board seat and continues to provide assistance as an engaged partner through the development of its growth strategy.

IMPETUS TRUST

Founded in 2003, Impetus couples strategic funding with expertise to transform the performance of charities and maximise social impact. Funding is provided by Impetus Trust and selected co-investors. The expertise is provided in-house by the Impetus team and two founders who remain involved and help on a voluntary basis. The Impetus network includes over 100 experts who work with the portfolio charities on a pro bono basis. As of June 2008, Impetus Trust has raised £5.3 million in funding commitments from its donors (mainly individual donors, but also from trusts and foundations) and an added expertise value of £3.9 million. Currently, there are eleven charities in the portfolio. By 2012, Impetus plans to build its portfolio to 30 charities and raise £30 million, with £10 million each from donors to Impetus, co-investors and in pro bono support from associates.

IMPETUS TRUST
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United Kingdom

www.impetus.org.uk

Year founded: 2003

Applied venture philanthropy

Impetus looks to invest in not-for-profit organisations that are turning around the lives of a substantial number of economically disadvantaged people. They also look for ambitious leaders who are keen to engage with the Impetus model. The investee organisation's headquarters and a significant portion of management must be in England, turnover needs to be over £250,000 and the organisation should have been operational for at least three years.

Impetus has an engaged relationship with the charities it supports by providing strategic funding, management support and expertise. Any investment Impetus makes is underpinned by a detailed plan for the relationship, developed by the prospective portfolio charity in collaboration with Impetus, which specifies goals and milestones. This plan is finalised prior to the formal sign-off of the investment. Progress against the plan is monitored on a quarterly basis and failure to meet agreed milestones could affect the continuation of the relationship. The first four portfolio organisations received funding from Impetus alone but since its fifth investment, Impetus has engaged co-investors. The specifics of each co-investment agreement are designed on a case-by-case basis with Impetus as the lead partner in the relationship. The first investee charity, Speaking Up, exited the Impetus portfolio in December 2008, having seen its revenue grow from £643K to £3.050 million over four years. There will be additional charity exits in 2009.

Current portfolio organisations are:

Speaking Up provides training and support to people experiencing learning difficulties, mental ill health or other disabilities to help them better represent themselves and shape their own lives.

St Giles Trust reduces re-offending through a range of innovative projects. The foundation of its work is training ex-offenders to help others in need.

beat helps people beat eating disorders, by campaigning for greater awareness and better services, and by giving people with eating disorders the help and support they need.

Leap builds the skills of young people to prevent violence and better manage conflict in their lives, schools, and communities. Programmes include work with gangs, peer mediation, restorative approaches in schools, reducing knife crime and training for adults.

IMPETUS LOOKS TO INVEST IN NOT-FOR-PROFIT ORGANISATIONS THAT ARE TURNING AROUND THE LIVES OF A SUBSTANTIAL NUMBER OF ECONOMICALLY DISADVANTAGED PEOPLE.

CASE STUDIES

MANY ORGANISATIONS CONTACT IMPETUS TRUST DIRECTLY BASED ON INFORMATION PROVIDED ON ITS WEBSITE OR IN THE PRESS, BUT THE STRONGEST SOURCE OF DEALFLOW IS THROUGH REFERRALS.

Naz Project London (NPL) provides sexual health and HIV prevention and support services to culturally and linguistically distinct Black & Minority Ethnic (BME) communities in London, and campaigns for effective sexual health policy and good practice.

Keyfund Federation works with marginalised young people to re-engage them in society, help them reach their potential, and develop key life skills.

Camfed International is dedicated to breaking the poverty trap by supporting girls in rural Sub-Saharan Africa through their primary and secondary education and the post-school years, thereby raising their social and economic status.

Fairtrade Foundation works to improve the lives of poor and marginalised farmers in 59 developing countries by promoting fairer forms of trade.

IntoUniversity inspires and engages young people from disadvantaged backgrounds to attain either a university place or another chosen aspiration.

Acumen Development Trust promotes social and economic regeneration through learning, enterprise and employment. Acumen focuses on the long-term unemployed and people who are unable to rejoin the job market through mainstream employment services.

Street League uses sports as a hook to engage and motivate homeless and other disadvantaged people. Beyond engagement, it seeks to actively develop its players to build their confidence, improve their health, extend their social networks and develop their skills, with the ultimate aim of bringing them back into mainstream education and/or employment.

Many organisations contact Impetus Trust directly based on information provided on its website or in the press, but the strongest source of dealflow is through referrals. Typically, these come from other foundations, trusts or advisers such as New Philanthropy Capital. Impetus also proactively approaches some organisations themselves and this is likely to increase in the future.

Impetus works closely with the management teams in the portfolio charities to set the overall priorities for the organisation, clarifying their goals and ambitions towards future growth. Coaching and consulting services are provided by Impetus staff, as well as individual professionals and corporate partners who work on a pro bono basis. Non-financial services provided include support in strategic planning as well as advice on a wide range of operational issues such as marketing, communications or human resources (e.g. strengthening the management team or the board).

Assessing impact

The first eight Impetus portfolio charities have achieved average annual income growth of 29% which is more than six times the sector average and 53% average annual growth in the number of people helped. Since actively focussing on a 'leveraged' model of co-investment and pro bono expertise, alongside Impetus funding, from its fifth investment onwards £1 of Impetus funding has generated £6 for the portfolio charities (an additional £5 as a combination of co-investment and value of pro bono expertise).

Engaged partnership: Speaking Up

Speaking Up was founded in the mid 1990s with a mission to enable people with learning disabilities to take control of their lives, becoming more self-directing and independent. By 2004, it was well established as a local, Cambridge-based charity and had developed operations in three other locations. It had also started to attract national interest, winning a Guardian Charity Award in 2002.

Craig Dearden-Phillips, Founder and CEO, believed that there was huge potential for Speaking Up to grow further, as the government increasingly encouraged a move away from institutional care and invested in the type of services that Speaking Up had pioneered. However, he could see that to realise his future aspirations, the organisation needed to be put on a more sustainable footing. Speaking Up was organisationally threadbare - driven by a powerful vision and great ideas but without the basic infrastructure to really flourish. It needed to develop the internal capabilities to make the leap from what it was to what it could be. Faced with this challenge, Craig turned to Impetus. From the start, the relationship between Speaking Up and Impetus was distinctive.

The unrestricted core funding from Impetus was instrumental in enabling the organisation to grow its revenue over a four year period from £643K to £3.05 million and in expanding its service locations from four to seventeen. However, this pace of growth could not have been sustained without the programme of capacity building provided by the Impetus network of pro bono experts. Impetus took time to understand Speaking Up and Speaking Up was open to new ways of working, with each listening and learning from the other. By enabling Speaking Up to become more efficient, whilst retaining its mission and culture, Impetus facilitated a step change in its social impact, with five times the number of people now being helped.

Speaking Up has re-engineered its long-term sustainability and the organisation has ambitious plans to triple its beneficiary numbers and double in income terms by 2010-11. In addition, Speaking Up plans to introduce new thinking in the field of independent living, purchase a new property and publish a number of new resources about their most successful recent innovations.

During the four-year period Speaking Up has worked with Impetus, the organisation has changed in several crucial ways. It is now financially robust; the ratio of earned income to grant income rose from 30% to 70%; its systems and processes have been upgraded, creating the infrastructure for more effective management; and it has attracted new, high calibre talent throughout the organisation. Its growing national reputation is a testament to this change; and it has won a number of major sector awards, including the Queen's Award, the Charity Award and the Third Sector Excellence Award for Overall Strategy.

At a strategic level, Impetus has acted as a 'critical friend' and catalyst for change by challenging assumptions and encouraging clarity of thinking. Early on, for example, Impetus challenged Speaking Up to understand what parts of its operation generated income and what parts were loss making. By doing this, Impetus was able to facilitate a greater focus on 'Advocacy' as the strategic focus of the organisation. Speaking Up has now developed a much clearer sales strategy to expand its advocacy services business into sectors such as mental health, which were poorly served.

AT A STRATEGIC LEVEL, IMPETUS HAS ACTED AS A 'CRITICAL FRIEND' AND CATALYST FOR CHANGE BY CHALLENGING ASSUMPTIONS AND ENCOURAGING CLARITY OF THINKING.

CASE STUDIES

WORKING WITH IMPETUS IS LIKE PUTTING A TURBO-CHARGER ON YOUR ORGANISATION

In the first year of the relationship, Impetus funding enabled Speaking Up to put some fundamentals in place, moving to new premises and hiring key members of the Senior Management Team in the form of a Finance Director and a Sales and Marketing Director. Once these were in place, Impetus provided Speaking Up with support in a number of areas through its network of pro bono experts. For example, during 2005 it assisted Speaking Up with the introduction of Balanced Scorecard reporting and in an overhaul of its IT system. Later that year a pro bono expert supported a brand re-launch, which gave Speaking Up a much fresher image and clearer message – Voice|Action|Change for disabled people – and provided a clear signal, both internally and externally, that the organisation was changing.

'Working with Impetus is like putting a turbo-charger on your organisation. There are high expectations but also a massive sense of shared endeavour and risk. You never feel alone or lacking essential back-up. Impetus is everything you look for in an investment partner: trusting, committed and consistent' - Craig Dearden-Phillips, Speaking Up Founder and CEO.

INVEST FOR CHILDREN

INVEST FOR CHILDREN
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Spain

www.investforchildren.org

Year founded: 1999

Invest for Children (i4c) is an international non-profit organisation with a mission to help abled children and young adults with Down's syndrome achieve a better quality of life. Invest for Children was founded by Investindustrial, the private equity arm of the BI-Invest Group, to serve as a channel for its corporate giving. Investindustrial provides the support of its employees in planning and implementing charitable projects and in fundraising activities. Investindustrial devised the idea of giving 1% of what it made to charity – from the capital gain on the sponsor's commitment to funds, team's commitment to funds, carried interest earned on funds, profits of the management company, and founding partners' salaries. i4c is registered as a public foundation in the UK and Spain, with presence in London, Barcelona, and Milan.

i4c wants a society that integrates diversity, and supports projects that share this common objective. 75% of children diagnosed with Down's syndrome manage to attend normal educational programmes, and most companies in the EU are obliged or encouraged to contract disabled individuals. Yet, two out of every three disabled people are not actively employed.

Applied venture philanthropy

i4c takes, as it is known in the venture capital world, a fund-of-funds approach. It has identified five main areas of focus for supporting the integration of people with Down's syndrome: education; medical integration; labour integration; social; and sports integration. In each of these five areas, it has identified one vehicle or foundation that is already excelling in its delivery of services. i4c's core staff of five people works together to identify and screen candidates. Eligible organisations must have audited financial statements for at least five years, be based in Spain or Italy, and have a mission related to the integration of people with mental disabilities. To date, the selection of portfolio organisations has not been systematic, but this is something that will change in the future. Selected organisations are given support for three years. Regardless of the organisation's progress, there is no option for additional follow-on funding.

During the three-year period, i4c provides funding and non-financial services with the view of teaching each organisation how to be self-sufficient by the end of the three-year period. There is a strong focus on helping the social entrepreneur with fundraising skills, public relations, and communications. i4c's belief is that the organisation's image is very important to fundraising and foundation leaders need to be excellent communicators. i4c absorbs all of the costs for the portfolio organisation's website (re)design and maintenance as part of its support package for the first year, and has contracts with a public relations firm and web agency in Spain to provide these services. To date, Invest for Children has invested/guaranteed €1.5 million in its projects. The size of investment ranges from €1,000 to 250,000. Additionally, i4c connects foundations and businesses to promote social integration.

I4C WANTS A SOCIETY THAT INTEGRATES DIVERSITY, AND SUPPORTS PROJECTS THAT SHARE THIS COMMON OBJECTIVE.

I4c's current portfolio projects include:

Pension Plans In 2007, i4c offered five pension plans for life to the best ten employees with Down's syndrome who work for independent companies. The aim is to help the integration of these employees and to increase their motivation and self-esteem. i4c chose Foundation Projecte Aura to implement this project because Projecte Aura, which uses the Supported Employment methodology, provides a personalised service to over

CASE STUDIES

METRICS FOR TRACKING IMPACT AND PROGRESS ARE DEVELOPED FOR EACH OF THE PORTFOLIO ORGANISATIONS, BASED ON THE OBJECTIVES AND GOALS OF EACH PROJECT

100 people with Down's syndrome to help their integration into the labour market.

Special Olympics is an international non-profit organisation dedicated to empowering individuals with mental disabilities to become physically fit, productive and respected members of society through sports training and competition. Special Olympics offers children and adults with intellectual disabilities year-round training and competition in 30 Olympic-type summer and winter sports. i4c provided economic and PR support to help Special Olympics Spain send 86 athletes to the 2007 Special Olympics Games held in Shanghai, in October.

Assessing impact

i4c does not have one common way of measuring impact across the portfolio, such as an SROI or balanced scorecard. Instead, metrics for tracking impact and progress are developed for each of the portfolio organisations, based on the objectives and goals of each project. These metrics are not used to determine follow-on investment decisions. i4c commits to supporting an organisation for only a three-year, maximum period.

Engaged partnership: Projecte Aura

With its fund-of-funds approach, i4c remains committed to its few, chosen organisations, including Projecte Aura. Aura is an historic foundation that provides support for people with disabilities, specifically helping them to find employment, which is a key step in developing self-confidence. i4c has helped Aura in developing strategies to generate recurrent revenues, by supporting the production of 10,000 DVDs, which could be used by Aura in their communications and fundraising strategies to show images of their work and interviews with people directly impacted by their programme.

NOABER GROUP

NOABER GROUP
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Netherlands

www.noaber.com

Year founded: 2000

The Noaber Group takes its name from *noabership*, or the relationship between neighbours, which is the oldest form of society in the east and north of the Netherlands. More specifically, noabership refers to the sense of responsibility to offer help both in difficult times and in joyous times. There are two sides of this equation: asking for help and giving help. As the Group describes, 'it wants to abandon dependency and apply and develop new ways of noabership, one which promotes self-reliance and independence'. This includes supporting initiatives that bridge the gap between different groups of people using technology and supporting the application of creative and new business models. The Noaber Group, active since 2000, comprises three separate organisations with separate missions:

The Noaber Foundation – provides donations to projects, expecting a social and cultural return on the donations.

George Avenue – is a fund used for 'social venturing'. Organised as a Limited Liability Partnership, participants are looking for a blended return on investment (social and cultural, as well as financial).

Höchst Investments – invests in businesses expecting financial returns. This is a limited liability company with investments in a number of Dutch, Israeli and American companies.

All three entities are supported by Rosmersholm Professional Services, the service unit of Noaber, which generates and screens dealflow, for investment – and grants projects, prepares investment and grant decisions and performs project and investment management and monitoring.

Applied venture philanthropy

The venture philanthropy activities of Noaber Group are structured through Noaber Foundation and George Avenue. Noaber Foundation grants and George Avenue invests in innovative projects within the following sectors:

- **Technology** – with the emphasis on the development and application of information and communication technology that reduces the 'digital gap' for groups that are in arrears to society; this kind of technology is often referred to as being ' assistive' ('assistive technology').
- **Education, Culture and Community** – with a particular emphasis on products and projects that stimulate knowledge and development.
- **Health and Healthcare** – with an emphasis on the development of innovative forms of solutions and care that address the impacts of ageing of society, in which the use of information and communication technology plays an important part.

In addition to providing funding, Noaber Foundation and George Avenue provide non-financial services and management support through access to its network of advisors, potential clients and knowledge institutions. Through its activities, it has established a network of entrepreneurs who wish to achieve social outcomes through business initiatives. Noaber actively supports and participates in organisations that bring together (former) entrepreneurs who wish to develop and run social venturing initiatives.

THE GROUP WANTS TO ABANDON DEPENDENCY AND APPLY AND DEVELOP NEW WAYS OF 'NOABERSHIP', ONE WHICH PROMOTES SELF-RELIANCE AND INDEPENDENCE.

CASE STUDIES

THE EXPECTED RETURNS DEPEND ON THE PROJECT AND ITS GOALS. SOME ACTIVITIES ARE EXPECTED TO YIELD FINANCIAL RETURNS, WHILE OTHERS WILL YIELD SOCIAL RETURNS. OVERALL, THE WHOLE OF THE FOUNDATION AIMS FOR A BLENDED VALUE – ECONOMIC, SOCIAL, CULTURAL AND ENVIRONMENTAL RETURNS.

Noaber expects a result-oriented, entrepreneurial-driven approach from the organisations its supports, and assumes that innovation in products, services and methods are among the long-term goals. The portfolio organisation's values should also be aligned, or at least not conflict, with the Christian values of Noaber. Supported organisations are expected to contribute to a cooperative effort within the larger context of Noaber's wider activities (leverage between projects).

The initial evaluation of an application or project proposal is carried out by a programme manager (Noaber Foundation) or an investment manager (George Avenue and Höchst Investments) to put forward preliminary recommendations to support the decision-making and execution procedures. The Advisory Board, consisting of Dutch and international experts in the field of policy and strategy, adds its advice to the preliminary recommendations as needed. The Foundation's Board, ultimately makes the decision. The respective managers then implement the decision. Investment proposals may additionally be evaluated by an investment committee.

A grant contract sets out the milestones and social goals as agreed with the applicant, as well as reporting requirements. In addition to the financial support, the Noaber Foundation provides consulting services and board representation. Similarly, an investment contract with George Avenue sets out both the financial and social goals agreed with the investee, including milestones, reporting requirements and governance. Typically, George Avenue also provides consulting services and takes a seat on the board of the organisation.

Assessing impact

The expected returns depend on the project and its goals. Some activities are expected to yield financial returns, while others will yield social returns. Overall, the whole of the foundation aims for a blended value – economic, social, cultural and environmental returns. Noaber expects social and/or cultural returns from donations and blended returns from investments in social enterprises, many of which are start-ups. Any financial returns, however, are put back into other investments or channelled into donations.

The Noaber Group applies the social return on investment (SRoI) methodology to assess the social impact of its projects and participations. Noaber and d.o.b foundation have developed a 'hands-on' Social Return on Investment (SRoI) tool, called 'The social e-valuator'. The SRoI tool can be used by (potential) project partners to gain understanding on the stakeholders involved and the potential social impact of their project. An SRoI analysis is made pre-investment to support transparent and objective decision making. During project execution, monitoring and evaluation of the SROI is used in investment and program management.

Engaged partnership: Inclusion Group

Inclusion Group focuses on the development of mass-market financial infrastructures in emerging countries based on the Dutch giro-model, which is one of the most efficient in the world. The company initiates and develops projects that contribute to the sustainable development of the financial sector. Both an enabling and accelerating role is fulfilled in these projects. The approach is to get involved in the business by investing in local joint ventures that realise and operate inter-banking structures.

Most emerging countries lack an efficient financial system for the mass market. This is reflected in a high proportion of cash in circulation, which is unproductive for the local economy. Up to 70% of money in circulation is in cash, whereas in a well-developed financial sector this is less than 15%. Whilst in Western countries electronic payments account for the vast majority of transactions, in developing countries cash-less payment instruments are only in use by corporations, institutions, and a small group of high-income individuals. The majority of the population is excluded from financial services. As a result, people spend a lot of time making and receiving payments. Furthermore, cash in circulation limits the ability to finance productive investments. Development of the financial sector in developing countries is regarded a prerequisite for social-economic development. Basic bank accounts are fundamental to daily life, providing identification, basic payment transactions, cost savings, access to loans and mortgages, and inclusion in the formal society.

DEVELOPMENT OF THE FINANCIAL SECTOR IN DEVELOPING COUNTRIES IS REGARDED A PREREQUISITE FOR SOCIAL-ECONOMIC DEVELOPMENT.

Banks, as far as retail is concerned, are mainly focusing on the high-income segment of the market. A public savings bank is often the only vehicle for attracting cash from larger groups of the population. Due to the lack of an efficient financial infrastructure to address the mass market, stakeholders – e.g. employers, utility companies and governmental institutions – suffer high opportunity costs including the collection and distribution of cash money, transport costs and security. Addressing the mass market to get people banked has a massive impact on float and has a huge market potential. Although the holder does not own these funds, they are a sizeable source of income for financial institutions. Float and the multiplier effect of Giro circulation also have a strong positive impact on the economy in general. Besides that, float will create positive spin-offs in the market of financial products (such as loans to consumers and small/medium enterprises). For the general public, Giro means convenience and inclusion in economic growth and social development.

A first joint venture is active in Egypt. Giro-Nil, in co-operation with Egypt Post and a number of local banks, has processed its first payments recently and will pass the 100,000 payments/month mark before the end of 2008. Employees can now receive their salary on a bank account, not having to stand in line for hours to receive payment. Together with a development bank, George Avenue invested new capital in Inclusion to enable the company to further rollout its giro-model in Egypt and to a number of developing countries. George Avenue is committed to support Inclusion in this ambition.

OLTRE VENTURE / FONDAZIONE OLTRE

OLTRE VENTURE / FONDAZIONE OLTRE
Corso Vercelli 11
Milano
Italy

www.oltreventure.com

Year founded: 2002

Oltre Venture is the first Italian social venture capital fund, which invests in social entrepreneurs who work to address and solve social needs following market or nearly market approaches in pursuing both social objectives and financial sustainability. Its current areas of investment are: social housing, social and health services, microfinance, and enterprises in poor areas with high levels of unemployment. Oltre has an €8 million fund and works exclusively in Italy. Fondazione Oltre is a small foundation that works as an incubator of social enterprises, given small grants and capacity building support to incubate interesting projects with leading social entrepreneurs.

Applied venture philanthropy

Oltre distinguishes itself as one of the few philanthropists that has a 'nearly market model', reporting that it is similar to that of Venturesome in the UK. It invests in organisations that have the medium- and long-term objectives of financial sustainability and proactively looks for portfolio organisations in its designated areas of interest to date: social housing and developing microcredit in Italy. A newer initiative has been to examine the health system to define the gaps in service between national (public) services and private options. Many social entrepreneurs are identified initially through Oltre's informal network.

Following the traditional venture capital model, Oltre bundles equity financing and extensive support through services, working together with the management team to identify their specific needs. Services are provided in-house by a staff of four professionals and through its large association of partners. As investors in the organisation, Oltre's responsibility is not to manage the social enterprise, but rather provide the social entrepreneurs with the necessary skills, knowledge and contacts for the organisation to achieve long-term financial sustainability. In the medium term, financing can also come in the form of loans and donations from Oltre or from one of the co-investors. Oltre recognises that the social needs in Italy are complex and diversified, and as a result, each requires its own appropriate financial tools, requiring flexibility and creativity on the part of the venture philanthropist to allow a better use and allocation of resources. This is a distinctive feature, as more traditional foundations tend to be less flexible. The size of an investment ranges from €200,000 to €1 million, which might be staged over tranches according to the development of the organisation. Typically, Oltre remains an engaged investor for five to six years. The involvement and level of responsibility depends on its stake as a shareholder.

At this stage in Italy, venture philanthropy is more of a concept than a reality, as interest continues to grow and discussions continue to evolve. The State plays a prominent role in funding the third sector, but there is a lack of transparency among third sector organisations. The venture philanthropy approach helps to improve the transparency in Italy, given the underlying importance of measurement, as well as regular communication among donors and between donors and the portfolio organisations. Another issue in Italy is the legal framework, and the different expectations of shareholders. For social cooperatives, each shareholder may only have one vote, which can raise issues when it comes to the best legal structure to support corporate governance. Typically in Italy, a non-profit organisation is either a voluntary association or social cooperative.

OLTRE VENTURE IS THE FIRST ITALIAN SOCIAL VENTURE CAPITAL FUND, WHICH INVESTS IN SOCIAL ENTREPRENEURS WHO WORK TO ADDRESS AND SOLVE SOCIAL NEEDS FOLLOWING MARKET OR NEARLY MARKET APPROACHES IN PURSUING BOTH SOCIAL OBJECTIVES AND FINANCIAL SUSTAINABILITY.

Assessing impact
Each of the supported projects has its own social and economic goals and targets to monitor. Oltre works with the portfolio organisations to monitor progress, which is reported monthly or quarterly at Oltre's request, depending on its involvement. Currently, Oltre does not track any global metrics across its portfolio. For each investment, targets towards economic stability and social impact are developed and tracked. Financial and economic impact is reflected in the organisation's Profit and Loss Statement. Social impact is measured to reflect the mission of the organisation, such as the number of people who were helped by temporary housing, or the progress of people. Another challenge in measuring social impact is that the organisations supported are still in their early stages, so more time is needed to have complete data to measure the long-term impact.

Engaged partnership: PerMicro
Current investments in the field of microfinance include PerMicro and MicroVentures. PerMicro makes microfinance available to immigrants wanting to start new businesses in Italy. Additional pilot projects include: Premessa, Solidare, Yoni, La Cordata and Kairos.

THE ONE FOUNDATION

THE ONE FOUNDATION
4th Floor Research Building
National College of Ireland
Mayor Street
Dublin 1
Ireland

www.onefoundation.ie

Year founded: 2004

The One Foundation is a private, philanthropic organisation founded in 2004 with a ten-year fund. Its mission 'is to improve the life changes of disadvantaged children and young people in Ireland and Vietnam. One Foundation invests in mental health, the integration of minorities and social entrepreneurship. The majority of the investments to date are in the Republic of Ireland, and focus on the following four areas: minority immigrants; disadvantaged children and families; youth mental health; and social entrepreneurship.

Applied venture philanthropy

The One Foundation takes an active role in supporting the organisations and social entrepreneurs with funds, access to skills, expertise and networks. One Foundation's investment model is based on the model developed by New Profit Inc., based in Cambridge, Massachusetts in the US. The One Foundation intends to fully distribute all of its resources by 2014.

The Foundation's current focus is on four programmes in Ireland:

Disadvantaged Children & Families: Families living in disadvantage should be supported so that their children have the best start in life. To do this The One Foundation invests in organisations that provide Parenting Programmes and Direct Family Support, using proven early intervention and prevention models that are ready to replicate and scale in organisations that advocate for children's rights and to end child poverty.

Minority Communities & Integration: Ethnic and religious minorities should be integrated into Irish society so that their children have the same rights and opportunities as other children.

Youth Mental Health: To give young people the resilience to make good choices and allow them to get help when they need it.

Social Entrepreneurship: To support a flourishing social entrepreneurship movement where the next generation of social entrepreneurs have the practical and moral support they need to succeed and thrive.

Additionally, the Foundation supports social entrepreneurs in Vietnam.

The Foundation does not accept unsolicited proposals, but proactively approaches organisations of interest or embarks on its own initiatives. As an example, in 2006, the One Foundation set up Headstrong (the National Centre for Youth Mental Health in Ireland), with a mission to empower communities to support young people in Ireland aged 12-25 to achieve better mental health and wellbeing. One Foundation commissioned a feasibility study, hired a CEO and seconded a member of its own staff to support the start-up team. Based on models in Australia and the UK, Headstrong works with existing health, youth, and other services to ensure that young people in local communities around Ireland can get the help they need when they need it. A co-founder of One Foundation led the business planning process to secure start-up investment. One Foundation holds the Chair and both co-founders sit on the board. Headstrong has leveraged One Foundation's investment by 75%: a start-up investment of €1.32 million enabled the Headstrong management team to secure a further €1 million from the state for its first year. Further investment by One Foundation is envisaged.

THE FOUNDATION DOES NOT ACCEPT UNSOLICITED PROPOSALS, BUT PROACTIVELY APPROACHES ORGANISATIONS OF INTEREST OR EMBARKS ON ITS OWN INITIATIVES.

The One Foundation provides support in the form of grants, non-financial services and skills inputs to help the organisation build capacity. Typically, the investments cover multiple years, ranging from €50,000 upwards. The average total grant size is €1 million, awarded over a three-year period. The Foundation places a great emphasis on investing against a solid business plan. Recognising that most non-profits do not have the resources to develop a plan, One Foundation's core offering is a business planning process led by high calibre consultants, with full participation by a member of the portfolio management team. This will typically take three months part-time. Recognising this, One Foundation can offer financial support to enable the full participation of the non-profit's management team. The Foundation is also involved in CEO selection, takes board seats and supports organisations to implement performance measurement tools. It supports organisations to problem solve on issues such as performance management, financial systems and processes, human resources and organisational development, and also to evaluate strategic choices and opportunities.

Projects supported to date have included the following:

Kids & Youth programmes: Barnardos Ireland; Big Brother Big Sister Ireland (in partnership with Foróige); NFTE Ireland, www.spunout.ie, Alcohol Action Ireland

Minority communities programme: Integrating Ireland; Irish Refugee Council; Migrant Rights Centre Ireland, NASC

Mental health programme: Headstrong, Irish Mental Health Coalition, Amnesty International Ireland

Social Entrepreneurs: Social Entrepreneurs Ireland, Ashoka Ireland
Vietnam: ActionAid Vietnam; Save the Children Fund UK, KOTO (Know One Teach One), PWD Soft / IT Training centre for People with Disabilities.

Generally, One does not accept unsolicited proposals, but identifies candidates through its network. A new initiative, the Minority Kids Integration Fund, was launched in 2007 to solicit applications to a new, small grants programme via its website. In 2007, the call was to provide once-off funding (€5,000 – 20,000) for work to support and promote the inclusion of minority children and young people into the on-going activities of child and youth-serving organisations in Ireland. A small number of large grants (c €100,000) were also offered by invitation only to national organisations. The Foundation is most interested in funding innovative best practices, which have a model that can be replicated to carry out the long-term strategy. Recipients are expected to attend convenings to share their learning and experiences, and also to participate in an external evaluation.

Assessing impact

The One Foundation measures the impact of its investments using the balanced scorecard tool (for more mature organisations) or key performance indicators (for earlier stage organisations). Quarterly reviews are conducted against targets, and board seats are taken in some cases.

THE FOUNDATION PLACES A GREAT EMPHASIS ON INVESTING AGAINST A SOLID BUSINESS PLAN. RECOGNISING THAT MOST NON-PROFITS DO NOT HAVE THE RESOURCES TO DEVELOP A PLAN, ONE FOUNDATION'S CORE OFFERING IS A BUSINESS PLANNING PROCESS LED BY HIGH CALIBRE CONSULTANTS.

CASE STUDIES

FOR THE ONE FOUNDATION, BUILDING TRUST WAS CRITICAL TO THE PROCESS, REQUIRING EXTENSIVE TIME AND RISK-TAKING BY ALL PARTIES.

Engaged partnership: Big Brother Big Sister Ireland

Big Brother Big Sister (BBBS) is the world's largest youth mentoring scheme, which aims to improve the life chances of young people (Littles) at risk by matching them with a volunteer mentor (Bigs). In Ireland, there are two programmes: one is community based and the other is school based. The One Foundation formed a partnership with Foróige, a community based, not-for-profit, voluntary organisation in Ireland, founded in 1952 with the mission to enable young people to involve themselves consciously and actively in their own development and in the development of society. Foróige has an annual budget of €16 million (90% of which is from the Irish Government), 250 staff, and 4000 volunteers. Foróige had identified mentoring as a real, unmet need in Ireland and piloted BBBS after researching various models. BBBS is made available throughout Foróige as part of their mix of programme offerings, targeting disadvantaged youth between 10 and 18 years old. The One Foundation (co-investing with The Atlantic Philanthropies) provided cash needed upfront to scale the programme, as well as skills and expertise. A requirement of the investment was rigorous planning, which also required a firm partnership between the One Foundation and Foróige, given that Foróige did not have the internal resources needed to apply to the planning process. For the One Foundation, building trust was critical to the process, requiring extensive time and risk-taking by all parties. Foróige's infrastructure enabled rapid growth of the programme, in contrast to the growth of a stand-alone programme.

SUTTON TRUST

The Sutton Trust was established in 1997 as a grantmaker to programmes aimed at improving access to education and supporting social mobility. Its programmes span the field of education to include support for early years, primary and secondary schooling, higher education, access to the professions and beyond.

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www.suttontrust.com

Year founded: 1997

Applied venture philanthropy

The Sutton Trust is not a general venture philanthropy fund, but started as a grantmaker that has grown organically into an engaged investor, applying principles of venture philanthropy within its model. The Trust provides grants, usually for multiple years, to fund new and innovative projects in the education sectors. Typically, the grant is used to pilot and test a project idea, with a view towards larger scale replication and eventually to influencing policy. Grants are not provided to individuals, but to educational organisations, community organisations, universities and schools. The Trust does not provide loans to the organisations for further growth, but works closely with partners such as Impetus Trust (also in the UK) to help them secure funding for development.

The Sutton Trust focuses exclusively on the education sector, with the main objective to fund projects that provide educational opportunities for young people from non-privileged backgrounds. The programme areas of focus include:

- Research
- Early years and parenting
- School projects, including curriculum enrichment, mentoring and outreach
- Open Access to independent day schools
- Access to university, including summer schools, teacher weeks and outreach
- Access to the professions

A unique feature of the Sutton Trust is the organisation's emphasis on research and impacting policy. By funding and publicising the achievements of its grantees, it has been able to attract the attention of government and to change education policy within the UK. As an example, its research revealing how few children from less privileged homes are taught in top performing comprehensive schools placed the Sutton Trust at the heart of the debate informing the 2006 Education Act. Included in the policy provisions were an extension of school transport rights to children from low-income homes and a strengthening of the school admissions code – two key measures the Trust had been advocating. The Sutton Trust's university summer schools also provided the model for the government's own summer school programme, which now reaches most UK universities as part of a £60 million scheme.

Within the Sutton Trust there is extensive expertise and knowledge of the educational sector. Additionally, Sutton Trust works in partnership with other organisations to support the further expansion of some of its projects. An example includes a partnership with the Goldman Sachs Foundation to expand the Academic Enrichment Programme and with the College of Law on the Pathways to Law initiative. The exit point for many grants is in getting the project working, embedding into an institution (such as a university or school), or effecting a change in policy.

THE SUTTON TRUST IS NOT A GENERAL VENTURE PHILANTHROPY FUND, BUT STARTED AS A GRANTMAKER THAT HAS GROWN ORGANICALLY INTO AN ENGAGED INVESTOR, APPLYING PRINCIPLES OF VENTURE PHILANTHROPY WITHIN ITS MODEL.

CASE STUDIES

FUND MEMBERS ALSO CONTRIBUTE TO THE STRATEGIC DIRECTION OF THE TRUST AND HAVE THE OPPORTUNITY TO TAKE PART IN HIGH-LEVEL SEMINARS AND BRIEFINGS.

In April 2006, Sutton Trust set up a Strategic Philanthropy Fund for individuals to collectively support new initiatives. The Fund is currently supported by 25 individuals and organisations, each of whom committed a minimum of £20,000 per year, for two years, to co-invest with Sutton Trust on new projects going forward. Fund members also contribute to the strategic direction of the Trust and have the opportunity to take part in high-level seminars and briefings. The Trust is looking to build the Fund and recruit additional co-investors.

The Sutton Trust becomes very involved in the design and management of projects, but not in their delivery. There is no requirement for the Sutton Trust to take a position on the board of its portfolio organisations, but there have been cases where a board seat has been offered by a grantee who feels that their governance would benefit from the involvement of the Trust.

Examples of supported projects under each of its focus areas are as follows:

Early Years – Room to Play, which is a free, informal drop-in centre in the most deprived area of Oxford for parents and children aimed at encouraging parents to better understand and assist children's learning; Peers Early Education Partnership (PEEP) Home Programme, which targets isolated families in their home setting to promote healthy communication between children and adults to encourage play and development.

School Projects – Into University, which is an out-of-school programme of long-term learning and welfare support for children and young people; Teachers on Track, which seeks to enhance the quality of teaching and higher education advice on offer in state schools.

Open Access at the Belvedere School in Liverpool, which awards all places at this high-performing private school on merit, with parents paying a sliding scale of fees according to their means.

University Access, including summer schools to offer a week-long taster of academic life and demystify the university experience for people from families with little or no experience of higher education.

Access to the professions, including Pathways to Law, designed to attract fresh talent to the legal profession by targeting students from state schools who will be the first in their family to attend university.

Research, including a study on the educational and career trajectories of assisted place holders (conducted by the Institute of Education), and investigation into how primary schools can build on children's early progress (by the Social Market Foundation).

Assessing impact

Evaluation is a very important dimension of this work, which includes helping portfolio organisations to establish systems of reporting and monitoring. Typically up to 10% of the total budget cost of a project may be allocated to evaluation. Usually, an independent third party is contracted to do the evaluation, such as the Institute of Education (London), University of Oxford, National Foundation for Educational Research or the London School of Economics and Political Science. Recently, the Boston Consulting Group conducted an analysis of twelve projects in the Sutton Trust portfolio, looking at the present value financial return to the individuals who take part. It found that the average return on a Sutton Trust project is £15 for every £1 invested.

THE AVERAGE RETURN ON A SUTTON TRUST PROJECT IS £15 FOR EVERY £1 INVESTED.

Engaged partnership: Children's University

The Children's University aims to foster high quality out of school hours activities for children between the ages of seven and fourteen in deprived areas, facilitating the transition from primary to secondary schooling and fostering a love of learning. The activities take part after the school day, at weekends and in holidays, and might include extra classes in mathematics, languages, dance or music, plus other activities, sports, lessons and visits aimed at improving children's soft-skills and building confidence. In Hull, the Children's University programme is becoming linked with adult literacy programmes so parents and others can become accredited leaders and gain a further education qualification.

The Sutton Trust has invested in building the capacity of the national Children's University organisation and has provided funding for the development of activities in local centres. The Trust is looking for other investors who might be interested in getting involved with this organisation.

UNLTD

UNLTD VENTURES
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www.unltd.org.uk

Year founded: 2003

UnLtd is a UK charity that supports social entrepreneurs - people with vision, drive, commitment and passion who want to change the world for the better. They do this by providing a complete package of funding and non-financial services to help these individuals make their ideas for social change a reality. UnLtd was formed in 2000 by seven leading non-profit organisations working with social entrepreneurs in the UK and abroad: Changemakers, Community Action Network (CAN), Comic Relief, The Scarman Trust, Ashoka, SENSCOT and The School for Social Entrepreneurs. To date, UnLtd has funded over 7000 social entrepreneurs.

UnLtd uses the income from a £100 million endowment from the Millennium Commission to seed fund projects run by 'potential' social entrepreneurs. The income from the endowment is held by the Millennium Awards Trust, of which UnLtd is the sole trustee. The permanent endowment generates sufficient income to fund UnLtd's Millennium Awards in perpetuity. Additional funding comes from a variety of sources including the Big Lottery Fund, Comic Relief, Vodafone UK, European Refugee Fund, South East England Development Agency and various charitable trusts and local governments.

Applied venture philanthropy

UnLtd supports individual social entrepreneurs rather than organisations, following the philosophy that individuals are the real changemakers who have the power and will to change the world. These individuals must be at least 16 years of age and living in the UK, and can apply as individuals or as an informal group.

UnLtd looks for projects that:

- Benefit the public or a community in the UK
- Need an UnLtd Award to ensure its success
- Offer a learning opportunity for the applicant(s)
- Are a new and innovative initiative

There are three levels of awards: Level I awards are between £500 and £5000, designed to help launch new ideas into projects. The money is used to help with running costs, while Development Managers offer one-to-one guidance during the award period. Level II awards are made for up to £20,000, which are aimed at projects with a proven concept that are looking to expand. This money can be used towards living costs of the social entrepreneur to enable him/her to devote more time to the project. Level III awards are limited in number and help social entrepreneurs build the operational capacity of their social ventures.

UNLTD SUPPORTS INDIVIDUAL SOCIAL ENTREPRENEURS RATHER THAN ORGANISATIONS, FOLLOWING THE PHILOSOPHY THAT INDIVIDUALS ARE THE REAL CHANGEMAKERS WHO HAVE THE POWER AND WILL TO CHANGE THE WORLD.

UnLtd Ventures also falls under the UnLtd umbrella. UnLtd Ventures is the in-house consultancy division of UnLtd which provides business support to a number of outstanding social entrepreneurs to help them to scale up or replicate their organisations. Non-financial services are provided in the form of strategic development, business and financial planning and management, replication and growth models, development of organisational structure and governance. Support is provided through an in-house team of consultants and experienced practitioners as well as through an exclusive group of industry specialists and partnerships with external providers. UnLtd Ventures also acts as a broker to match social entrepreneurs and external service and fund providers where appropriate and also offers some awards of up to £60k. Social entrepreneurs are given support for up to three years. UnLtd Research conducts short and long-term research projects for award winners.

Recent UnLtd Venture clients include:

The Hub, an innovative incubator that provides access to space, knowledge and resources to enable social innovators to function more effectively and grow their businesses. This is achieved through imaginatively constructed shared work space and tenancy based on a time utilisation rather than square footage.

Wastebuster, an inspirational waste education programme for schools, using new generation games, workshops, films and online media to inspire behavioural change in children.

Motiv, which provides incentive schemes to dramatically increase school attendance via popular culture, music and corporate sponsorships.

Get Well UK, which was set up in 2004 to promote the use of alternative medicine across the UK's public health system for the benefit of those unable to access it privately.

Assessing impact

Drawing on the latest figures from September 2007, UnLtd Research has found that its grant making programmes have a dramatic effect on individual capacities and confidence levels. They found that 93% of award winners reported gaining confidence and 98% reported gaining new skills relevant to their project. In terms of social impact, as much as 54% of all the projects resulted in new services and facilities.

Engaged partnership: Slivers of Time

Slivers of Time (SoT) is a commercial technology organisation with a social mission: it matches anyone who has 'spare hours' of work to sell with organisations that need fast access to a pool of flexible workers to meet ad hoc staffing needs. SoT is a company limited by shares, defined as a social enterprise in which some of the profits will be reinvested into the work. Since there is a mix of social and financial return, investment can come from grants and commercially minded investment sources. In the long term, SoT wants to be run on commercial lines.

Workers benefit by earning extra money and gaining different skills from exposure to various local employers. For many, this way of working enables them to go at their own pace, gaining valuable social skills and confidence along the way. For some it also leads to full time employment. There are no fees or charges to the person providing the work. Organisations buying the service have access to a pool of local people to be bought by the hour and pay only for time used. SoT does not facilitate the payment between the employer and employee, but serves as the middleman and works with multiple agencies and local employers. This creates a marketplace for 'spare hours' to sell to local employers. To date, there are over 102 organisations in the UK buying the time from 1073 local individuals. SoT has identified a number of markets with sufficient labour supply and buyer demand already running, including: London, Huddersfield, Leeds, Hull and

UNLTD RESEARCH HAS FOUND THAT ITS GRANT MAKING PROGRAMMES HAVE A DRAMATIC EFFECT ON INDIVIDUAL CAPACITIES AND CONFIDENCE LEVELS.

CASE STUDIES

Liverpool. Most new markets are backed by local authorities and other governmental bodies, then bolstered by commercial buyers. In addition to providing economic value, SoT provides a social value to the people who offer their skills by helping to empower them. For example, there are people who are able to manage childcare responsibilities, but also continue to bring in an income. There are also immigrants to the UK who have started by moving boxes but developed their work experience, and have subsequently been able to advance to other career opportunities.

In 2007, SoT received a Level III award from UnLtd Ventures of £35,000 to fund one person's salary. Additionally, and arguably worth even more, UnLtd pledged to provide hours of consulting time, business development assistance and introductions to investors. During the first year following the investment, SoT was able to use 30-40 days worth of consultancy, having the option to extend the services if certain milestones are met. To date, SoT staff has worked with UnLtd Venture's in-house consultants, and also with a professor in London who had been recommended by UnLtd Ventures. In exchange for receiving services, SoT agreed to spend time with other UnLtd projects to share their knowledge and experience, particularly in the areas of software development, patent protection and commercial development to provide guidance to other award recipients. Additionally, SoT has contributed to speaking sessions at UnLtd sponsored events.

Within the next twelve months, SoT will be looking for additional institutional investors who have a social outlook and are positioned to be open to venture capital later on. UnLtd Ventures has facilitated various initial dialogues to introduce SoT to different types of investors, including social investors, grantmakers and more commercial venture capital organisations.

VENTURESOME

Venturesome provides risk capital and financial advice to small and medium-sized charities and other social enterprises that are based in the UK. Launched in 2002, its mission is to increase the range of financing options available to charities, to help build the social investment market and to demonstrate to potential new donors the attraction of a risk capital model. Since its launch, Venturesome has made 200 offers, worth £12.5 million. The first fund raised by Venturesome (the Venturesome Investment Fund) now totals £8 million, supported by the Charities Aid Foundation (CAF) and 12 others, including two mainstream banks, foundations and private individuals.

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www.venturesome.org

Year founded: 2002

Applied venture philanthropy

Venturesome looks to create value through: selecting organisations that address urgent or overlooked problems; signalling successful organisations to attract new donors; engaging with charities; and learning from its experience to grow the social investment market. Instead of providing a one-off grant donation, Venturesome aims to reuse its funds a number of times and at the same time accepts higher risk than more traditional lenders. To date, Venturesome has offered over £12.5 million of financial support to 200 organisations, of which £10 million has been taken up and around £6 million has already been recycled. It aims to recycle 80% of its investments.

The £8 million Venturesome Fund uses investment mechanisms such as underwriting, unsecured loans, and equity-like instruments, and aims to 'recycle' its funds four to five times. It does not make grants. Investments typically range between £30,000 and £350,000. Funding comes in three forms: bridge finance to allow more time for fundraising (30%); working capital to help manage risk and stabilise cash flow/finance (40%); and development capital to be used to build new streams of income (30%). Venturesome aims to achieve a long-term strategic social impact, leading to the development of the social investment market, and a short- to medium-term direct social impact by assisting organisations.

Venturesome funds charitable organisations based in the UK, including those with international operations, and places an emphasis on high social impact. The selection process involves the following steps:

- Reaching a good understanding of the mission, activities, and management capabilities of the organisation, in order to understand the social impact of the work. Typically, this involves two meetings with key members of staff and the Trustee body, one of which takes place on site.
- Reviewing the organisation, which is seen as a customer, not an applicant.
- Identifying the nature of the funding need and the type of money to meet the need (i.e. loan, underwriting, equity, quasi-equity).
- Sign posting to others where appropriate (e.g. Venturesome does not make grants).
- Assessing financial risk and providing risk funding.

VENTURESOME AIMS TO ACHIEVE A LONG-TERM STRATEGIC SOCIAL IMPACT, LEADING TO THE DEVELOPMENT OF THE SOCIAL INVESTMENT MARKET, AND A SHORT-TO MEDIUM-TERM DIRECT SOCIAL IMPACT BY ASSISTING ORGANISATIONS.

CASE STUDIES

IT DOES NOT MEASURE OR TAKE CREDIT FOR 'NUMBER OF CHILDREN SAVED', BUT INSTEAD ASSESSES WHETHER OR NOT VENTURESOME HAS HELPED TO DEVELOP THE CHARITY'S CAPACITY.

Examples of Venturesome's partner organisations to date include:

Sefton Carers' Centre (2005) – Sefton Carers' Centre provides support services to carers in Sefton, Merseyside. It is a successful organisation delivering, in Venturesome's opinion, high social impact work. Having rented its building for a short period (the only suitable premises in the area), the charity had the opportunity to purchase the property but was competing with another purchaser on a short timescale. It had raised bank lending for 85% of the purchase price and required funding to complete the budget for the purchase of the building. Venturesome provided a facility to enable the purchase to be completed. It was hoped that donations would fund out Venturesome, but in the event, the loan is being repaid in monthly instalments over three years.

Mental Health Media (2006) – Mental Health Media uses the media to raise awareness of mental health issues and empower people with mental health problems to represent themselves. The charity had recently refocused its activities and its unrestricted reserves were low. It needed to raise additional unrestricted income to meet its expenditure. Venturesome provided a £50,000 standby facility (high risk, high social impact) to underpin the charity's reserves over twelve months in case the money was not raised as expected. The charity has raised the funding it requires and the facility remains undrawn.

Assessing impact

Venturesome does not contribute directly to the outputs and outcomes achieved by the organisations with which it works, but rather aims to contribute to their capacity to deliver. It does not measure or take credit for 'number of children saved', but instead assesses whether or not Venturesome has helped to develop the charity's capacity. Venturesome uses a three pronged approach to assess the social impact of the client-organisation:

(1) social imperative, which incorporates the vulnerability of the beneficiaries;

(2) scale, which takes into account the numbers currently and potentially reached, as well as the replicability of the work proposed; and

(3) an assessment of the impact of the work.

Engaged partnership: Global Action Plan

Global Action Plan (GAP) is an environmental charity that helps people make positive, practical changes at home, work, school and in the wider community. It was launched in the UK in 1993 and now offers a range of programmes, tools, and advice to enable people to work together to make small changes that have a big impact on environmental problems. Faced with a shortfall in grant funding in 2004/5, GAP decided to increase their income from trading. They used a £75,000 loan from Venturesome to bridge the income gap in the short-term and to establish a longer-term growth path, which uses a mixture of grant and loan finance. They developed new products such as the 'Carbon Gymnasium', a collection of equipment, like weights and an exercise bike that helps people make the connection between their lifestyles and carbon emissions. By December 2006 they had paid back over half of the loan and by the end of the financial year were close to break even. Trading activities now generate £800,000 a year and the split between grant income and trading income is 50:50.

The increase in trading activity has meant that staff numbers have also increased. This led to cash flow difficulties, as wage demands were constant, but trading income fluctuated. So, in view of the growth in income, and Venturesome's recognition of the importance of their work, Venturesome offered them a second loan of £50,000 in January 2007 for working capital. Venturesome introduced a pro bono consultant who has encouraged more robust pricing and helped to develop a three-year business plan. Market demand is accelerating as environmental concern grows. The charity is achieving a surplus in 2008/9. GAP Director Trewin Restorick praises Venturesome's 'hands on' approach and believes that the benefits provided by Venturesome go beyond the financial assistance that has enabled them to grow.

In January 2008, given GAP's growing success in trading income, Venturesome and Esmee Fairbairn (co investment) offered £250,000 to GAP by way of a quasi-equity investment (i.e. the financial return to Venturesome/Esmee is structured as a percentage of GAP's future revenue streams).

WISE

wise
4 rue des Corps Saints
CP 174
1211 Geneva 4
Switzerland

www.wise.net

Year founded: 2004

wise LLC, launched in 2004, is named for the notion of Wealthy Individuals, Social Entrepreneurs (wise) and aims to create fresh opportunities for social development by connecting people wishing to invest their personal finance resources with others who act with insight, specific knowledge and leadership in the field of social development projects. In addition to providing guidance to donors and philanthropists, **wise** also provides services and technical support to social entrepreneurs. Though based in Switzerland, **wise** has an international scope and to date has supported organisations in Europe, South East Asia, Latin America and Africa.

wise serves the families and donors, and remains independent from financial institutions and banks. The model resembles that of a broker providing services, rather than raising funds and providing money like a traditional venture philanthropy organisation. Services are tailored to the needs of the individual donor. Additionally, **wise** has developed management tools for donors, based on their know-how of more than fifteen years. As **wise** defines, their services are directed at families and donors who:

- Seek to give strategically in order to create change;
- Decide to share part of their wealth during their lifetime in order to witness the results of their choices;
- See philanthropy as a way of engaging their children and bringing together the family around common values; and
- Wish to be part of a meaningful adventure and derive pleasure from being useful to others.

Applied venture philanthropy

wise operates mostly as a broker in helping donors to identify what they like to do and potential partner organisations who can benefit from the donations and support. Partner organisations are positioned to receive funding from donors. Each is evaluated based on a specific set of criteria such as: the management of operations and its resources; transparency of action; reputation and past experience; efficiency of the management of financial and human resources. Impact is measured by: relevance of interventions; efficiency of achieved results; social impact; autonomy provided to beneficiaries; and duration of actions. To date, **wise** has concentrated on working with partner organisations that are focused on the themes of childhood, education, health, environment, access to water and human rights. They do not deal with, and are not in a position to deliver services related to arts, setting up museums or centres for medical research.

WISE OPERATES MOSTLY AS A BROKER IN HELPING DONORS TO IDENTIFY WHAT THEY LIKE TO DO AND POTENTIAL PARTNER ORGANISATIONS WHO CAN BENEFIT FROM THE DONATIONS AND SUPPORT.

Worldwide experts provide referrals. **wise** has formal agreements with Ashoka and Avina to provide referrals. Additional sources within the **wise** network include Skoll Centre at the University of Oxford, Schwab Foundation, Insead, and IMD. **wise** is not necessarily looking for the best organisation working on a given issue, but the ones that best fit a given donor's interest. Organisations with great potential that are on the cusp of moving to the next stage are often of great interest. At the same time, **wise** is in a position to recommend its partner organisations to other organisations that might be interested in supporting their work. To date, the social entrepreneurs of two partner organisations were recommended to, and awarded fellowships from, Ashoka.

wise applies principles of venture philanthropy in providing skills and non-financial services to the partner organisations supported by their donor clients, such as technical advice, strategic planning, and access to their formal and informal networks. This includes making site visits and working with the partner organisations on their strategy and methodology and involving donors at various levels. If skills are not available in-house (from its staff of six and interns), **wise** will introduce the partner organisation to other people within its network to provide the needed service. Occasionally, **wise** staff also work with external experts when specific skills are needed.

wise works with donors in helping them to define their engagement profile, thinking about their aspirations, motivations, convictions, and terms of engagement. Using a proprietary methodology, 'the Philanthroscope', the staff work closely with the donors from the very beginning to help them think about their expectations and structure, including: interest in engagement, potential involvement of family members, size of the donation, giving vehicle needed, interest in being public or private, skills and networks they can bring, and amount of time available to spend with a project, among others. Donors are always invited and encouraged to do field visits of potential organisations. Of growing interest is the population of 25-35 year olds, who are the targeted 'next generation' donors or 'new philanthropists' in Europe. As **wise** describes, new philanthropists tend to give throughout their lifetime, rather than waiting until later in life. Today's donors set specific objectives, which might result in making donations or investments with an expectation or a blended or social return. More than supporting causes, new philanthropists wish to have an impact. **wise** considers philanthropy to be a means, and not an end, to ensure social impact. Donors who are looking to build portfolios are also advised accordingly.

After establishing the donor's profile, **wise** introduces its portfolio of partner organisations fitting the donor's interests, for him/her to make a first choice. **wise** works with the partner organisation's management team to develop a strategic plan, including concrete targets, benchmarks and planned exit, so that the donor can understand how the resources are being used and track the progress. Finally, the partner organisation's project is launched and **wise** keeps the donor informed of its progress, and facilitates meetings between the donor and partner organisation. Typically, **wise** partner organisations benefit by receiving three to five years of financial support from the donors, allowing organisations to focus on their long-term objectives. As a service organisation, **wise** collects fees from donors rather than taking a percentage of the donation or taking money from the partner organisations themselves. The work required for a given partner organisation may not be directly linked to the size of the donation.

As a broker, **wise** is able to advise donors and partner organisations in a way that best meets their agreed objectives. For example, the theoretical 10% rule of funds going to administration does not apply. Donors, in fact, may choose to allocate a large percentage of their money to go towards the organisations institutional development, infrastructure, training or software, and are supported to allow for this flexibility.

USING A PROPRIETARY METHODOLOGY, 'THE PHILANTHROSCOPE', THE STAFF WORK CLOSELY WITH THE DONORS FROM THE VERY BEGINNING TO HELP THEM THINK ABOUT THEIR EXPECTATIONS AND STRUCTURE.

Most donors approach **wise** after learning about the organisation by word of mouth. To date, **wise** has had targeted media coverage. Additionally, **wise** works closely with private banks that are thinking about their philanthropy services. The majority of donors are based in Europe, with links to Switzerland and Luxembourg, but interest is also growing in Asia.

Assessing impact

wise evaluates the progress of its partner organisations based on criteria, defined at the outset, which are related to the organisation's objectives. These measures can be both qualitative and quantitative, and **wise** encourages donors to participate in site visits to see the projects for themselves. **wise** does not yet conduct comparisons across organisations, or use an SROI index, given the differing contexts across the various projects.

Engaged partnership

wise is trying to work hard with the younger generation and the people who are, and will be, investing in philanthropy for the next 30-40 years. The view is that there is a unique opportunity to get young people, between the ages of 25-35, to understand the context of philanthropy from the beginning. Another important aspect of this work is in linking the younger and older generations to enhance learning opportunities and collaboration.

GLOSSARY OF TERMS

Balanced Scorecard

The Balanced Scorecard was developed by Professor Robert Kaplan (Harvard Business School) and Dr David Norton in 1992 as a 'performance management framework that added strategic non-financial performance measures to traditional financial metrics to give managers and executives a more "balanced" view of organisational performance… [it] transforms an organisation's strategic plan from an attractive but passive document into the "marching orders" for the organisation on a daily basis', helping people to identify what should be done and measured.

Source: www.balancedscorecard.org
New Profit Inc, based in Boston, MA, in partnership with Professor Kaplan has adapted the Scorecard for the non-profit sector adding the 'social impact' perspective.
See also: www.newprofit.com

Blended Value

As defined by Jed Emerson, who coined the term, 'the Blended Value Proposition states that all organisations, whether for-profit or not, create value that consists of economic, social and environmental value components – all that investors (whether market-rate charitable or some mix of the two) simultaneously generate all three forms of value through providing capital to organisations. The outcome of all this activity is value creation and that value is itself non-divisible and, therefore, a blend of these elements'.

See: www.blendedvalue.org

Co-investment (also known as Co-funding)

In private equity, co-investment is the syndication of a financing round or investment by other funders alongside a private equity fund. In venture philanthropy, it involves the syndication of an investment into a social purpose organisation (SPO), by other funders (e.g. grant-makers or individuals) alongside a venture philanthropy fund.

Deal flow

Deal flow refers to the number and/or rate of new proposals presented to the investor. This term is used with respect to venture capital/private equity funds, venture philanthropy funds, and has also been borrowed and used by philanthropists in reference to 'deals' or potential projects to be awarded grants.

Debt financing (also see Loan)

Debt financing is borrowed money used to finance a business, either traditional or social enterprise. Usually, debt is divided into two categories: short-term debt for funding day-to-day operations, and long-term debt to finance the assets of the business. The repayment of short-term loans usually takes place in less than one year. Long-term debt is repaid over a longer period.

Due diligence

Due diligence is the process of verification / inspection of the target organisation. The relevant areas of concern may include the financial, legal, labour, tax, environment and market/commercial situation of the organisation, as well as the quality of management. Other areas include intellectual property, real and personal property, insurance and liability coverage, debt instrument review, employee benefits and labour matters, immigration, and international transactions.

Equity financing (see also Quasi-equity)

Funding provided by an investor to an organisation that confers ownership rights on the investor. These rights allow the investor to share in the profits of the organisation, usually in the form of dividends. Equity investors are diverse, including the organisation's founders, friends, family, institutions and angel investors. Venture philanthropy funds may provide a source of equity financing for social enterprises.
Newer, and still experimental, means of ownership (e.g. a Community Interest Company in the UK) allow equity purchase but place a cap on the financial return.

Exit

The end of the relationship between the venture philanthropy investor and social purpose organisation (SPO). The nature of the exit will normally be agreed before the investment is completed.
In the case of a charity, the venture philanthropy funder will ideally be replaced by a mix of other funders (see financial sustainability). The time scale for the exit can be agreed upon at the outset. In the case of a social enterprise, exit may require the repayment of a loan, for example, and the timing will depend on the commercial success of the enterprise.

Financial sustainability

Financial sustainability for a social enterprise is the degree to which it collects sufficient revenues from the sale of its services to cover the full costs of its activities. For charities, it involves achieving adequate and reliable financial resources, normally through a mix of income types.

Grant financing

Non-returnable money, property, services or anything else of value that is transferred to an organisation without conferring any form of ownership rights on the donor.
Note that some VP funds and grant-makers do use 'returnable grants' from time to time. This may involve

GLOSSARY OF TERMS

the return of all or part of a grant, contingent upon an agreed event. For example, a grant might be given to enable fundraising but if the fundraising is successful or exceeds agreed levels, a portion of the grant may be returned.

Grant-maker
Grant-makers include institutions, public charities, private foundations, and giving circles, which award monetary aid or subsidies to organisations or individuals. Generally known as foundations in Continental Europe, grant makers also include certain types of trusts in the United Kingdom.

High-engagement funding
High-engagement funding, as defined in a seminal article by Letts and Ryan, 'is first and foremost a performance-centred strategy where alignment, reliable money and strategic coaching are used together to convert a grant financing relationship into an accountability relationship that uses power to improve performance. High-engagement funders believe that improving the performance of non-profit organisations is the best means of achieving their social goals'. High-engagement funding has many of the features of venture philanthropy.
Source: Letts, C. W. & Ryan, W.P. (2003) 'Filling the performance gap. High-Engagement Philanthropy. What Grantees Say About Power, Performance, and Money'. Stanford Social Innovation Review. (www.srireview.com)

High-impact philanthropy
High-impact philanthropy refers to a 'hands-on relationship' with the ventures supported by the philanthropists, 'driving innovative and scalable models of social change. Some may take board places on these organisations, and all are far more intimately involved at strategic and operational levels than are traditional non-profit funders'.
Source: EVPA, in John (2007). Beyond the cheque: How venture philanthropists add value. Skoll Centre for Social Entrepreneurship, Working Paper, October.

In-house Resources
Resources provided within the venture philanthropy organisation itself, through its staff members or volunteers, as opposed to people within the greater network of the venture philanthropists, service providers, or portfolio organisations.

Investment
An investment is the use of money with the expectation of making favourable future returns. Returns could be financial, social, and/or environmental (See entry: Triple-bottom-line)

Investment phase
The investment phase is the period between the investment of monies into the project, organisation, or social entrepreneur, and the exit.

Key performance indicators
Key performance indicators are financial and non-financial, quantifiable metrics used to measure the progress against the objectives of the project, organisation, or company.

Loan (see also Debt)
A loan is a sum of money lent at interest, where financial return is sought. (It is common for venture philanthropy organisations (VPOs) to provide loans at reduced interest rates or have other 'softer' features, i.e. on repayment terms.)

Long-term investment
A long-term investment is made over a period of five years or more.

Mezzanine financing
Mezzanine financing is a hybrid of debt and equity financing, usually used to fund the expansion stage or an organisation. Although it is similar to debt capital, it is normally treated like equity on the organisation's balance sheet.

Non-financial services (value-added services)
Non-financial services, with respect to venture philanthropy, refer to the services offered by venture philanthropists in the high-engagement model, and are the 'litmus test for VP funds, as what primarily distinguishes them from most traditional and less engaged funders, such as grant-making foundations, statutory bodies and corporate donors' (John, 2007). These might include: strategy consulting, marketing and communications, information technology, fundraising strategy, financial management and accounting, legal advice, human resource management, governance, management of change, special advice, access to networks, estate management, and other services.
Source: John, R. (2007) 'Beyond the Cheque: How Venture Philanthropists Add Value'. Skoll Centre for Social Entrepreneurship, Working Paper, October. p.16.

Outcomes
Outcomes are the ultimate changes to people's lives that the social purpose organisation is trying to achieve, resulting in changes to the social system, or impact. This might include changes in attitude, behaviours, knowledge, skills, or status.

Outputs
Outputs are results that a company, non-profit, or project manager can directly assess or measure.

Portfolio
A portfolio is a collection of projects and/or organisations that have received sponsorship from the investor. A distinction is often made between 'active' and 'past' portfolio, to distinguish between the organisations with which the investor is actively involved. Usually, however, all portfolio organisations are included in the greater network of the investor.

Portfolio (or investment) manager
A portfolio manager is given the responsibility of tracking the performance of and maintaining communications with the various organisations and/or projects within the investor's portfolio.

Pre-investment stage
The pre-investment stage is the process during which the investor examines the operations and leadership of the project or organisation with a view towards making an investment. This might include a detailed review of the financials, operations, or reference checks for organisational leaders. The term due diligence is also used, which has a legal definition as a measure of prudence. In other words, the investor is assessing if it is likely to get what it thinks it is paying for.

Quasi-equity
Quasi-equity is a financial instrument that aims to reflect some of the characteristics of shares (preference or ordinary). However, it is neither debt nor equity, and is usually structured as an investment whereby repayment is linked to the investee's financial performance (e.g. repayment is calculated as a percentage of the investee's future revenue streams).
Source: Venturesome (Paul Cheng)

Return on Investment (ROI) (see also Social Return on Investment (SROI))
The Return on Investment (ROI) is the profit or loss resulting from an investment. This is usually expressed as an annual percentage return.

Seed financing
Seed financing is money used for the initial investment in a start-up company, project, proof-of-concept, or initial product development.

Short-term Investment
A short-term investment is made over a one-year period or less, or an investment that matures in one year or less.

Social (and ecological) sector
Social (and ecological) sector is an alternative term used in reference to the non-profit sector, non-governmental sector, voluntary sector, independent sector, or third sector.

Social enterprise
Social enterprise is the 'application of business models and acumen to address social issues, whether through non-profit or for-profit corporate structures'. A social enterprise does not distribute profits to its shareholders.
Source: Emerson, K. Freundlich, T. and Fruchterman, J. (2007). Nothing Ventured, Nothing Gained: addressing the critical gaps in risk taking capital for social enterprise. Skoll Centre for Social Entrepreneurship Working Paper, Said Business School, University of Oxford, Oxford: UK.

Social entrepreneur
Social entrepreneur is defined by the Schwab Foundation as 'a different kind of social leaders who: Identifies and applies practical solutions to social problems by combining innovation, resourcefulness and opportunity [and] Innovates by finding a new product, a new service, or a new approach to a social problem'.
Source: www.schwabfound.org

Social finance (or investment)
Social finance 'may be understood as a broad area wherein various forms of capital are structured in ways that consider and value both financial performance and social value creation'.
Source: Emerson, K. Freundlich, T. and Fruchterman, J. (2007). Nothing Ventured, Nothing Gained: addressing the critical gaps in risk taking capital for social enterprise. Skoll Centre for Social Entrepreneurship Working Paper, Said Business School, University of Oxford, Oxford: UK.

Social impact
The social benefit derived form the activities of an social purpose organisation (SPO) or venture philanthropy organisation (VPO).

Social indicators (see Social Impact, SROI, Balanced Scorecard)

Social Purpose Organisation (SPO)
The term SPO captures the entire spectrum of organisations whose primary purpose is to create social value (rather than shareholder value). The terminology for these different kinds of organisation varies enormously across countries and jurisdictions, and is therefore far from precise. The following types of organisation will fall under the banner of SPOs:

- Charity, non-profit, not for profit, foundation, association, company limited by guarantee, (having no trading activities, or where trading is of marginal importance)
- Social enterprise, Community Interest Company, (having trading

as a significant or exclusive part of their operations). Some do not make any financial returns to investors (or cap returns) but reinvest surpluses into the organisation. Even within social enterprise there are several different models.

- Socially driven business – profit distributing businesses but with clear and stated social objectives.

Social Return on Investment (SROI)

The Social Return on Investment (SROI) analysis was developed by REDF in 1996 in the US, a non-profit enterprise that makes grants to a portfolio of non-profit agencies. SROI places a dollar value on ventures in the portfolio with social as well as market objectives, combining tools for benefit-cost analysis (used by economists) and tools of financial analysis. SROI has also been used by other organisations in a modified form.

Social venture capital

Social venture capital is an enterprise approach to tackling social problems through investment to support the creation and expansion of commercially sustainable enterprises to maximise social and financial returns. In developing countries, this approach is used to create jobs and empower the poor.

Triple-bottom-line investment (see also Blended Value)

Triple-bottom-line investment is the simultaneous pursuit of beneficial returns along three dimensions: economic, social, and environmental.

Venture philanthropist

A venture philanthropist is engaged in venture philanthropy, either as an individual or in conjunction with a venture philanthropy organisation.

Venture philanthropy

Venture philanthropy is an approach to charitable giving that applies venture capital principles, such as long-term investment and hands-on support, to the social economy. Venture philanthropists work in partnership with a wide range of organisations that have a clear social objective. These organisations may be charities, social enterprises or socially driven commercial businesses, with the precise organisational form subject to country-specific legal and cultural norms.

As venture philanthropy spreads globally, specific practices may be adapted to local conditions, yet it maintains a set of widely accepted, key characteristics. These are:

- High engagement: venture philanthropists have a close hands-on relationship with the social entrepreneurs and ventures they support, driving innovative and scalable models of social change. Some may take board places on these organisations, and all are far more intimately involved at strategic and operational levels than are traditional non-profit funders

- Tailored financing: as in venture capital, venture philanthropists take an investment approach to determine the most appropriate financing for each organisation. Depending on their own missions and the ventures they choose to support, venture philanthropists can operate across the spectrum of investment returns. Some offer non-returnable grants (and thus accept a purely social return), while others use loan, mezzanine or quasi-equity finance (thus blending risk-adjusted financial and social returns)

- Multi-year support: venture philanthropists provide substantial and sustained financial support to a limited number of organisations. Support typically lasts at least three-to-five years, with an objective of helping the organisation to become financially self-sustaining by the end of the funding period

- Non-financial support: in addition to financial support, venture philanthropists provide value-added services such as strategic planning, marketing and communications, executive coaching, human resource advice and access to other networks and potential funders

- Organisational capacity-building: venture philanthropists focus on building the operational capacity and long-term viability of the organisations in their portfolios, rather than funding individual projects or programmes. They recognize the importance of funding core operating costs to help these organisations achieve greater social impact and operational efficiency

- Performance measurement: venture philanthropy investment is performance-based, placing emphasis on good business planning, measurable outcomes, achievement of milestones, and high levels of financial accountability

Venture Philanthropy Organisation (VPO)

A venture philanthropy organisation provides long-term financing to social purpose organisations (SPOs) operating with the principles of venture philanthropy.

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ARGENTINA

Interrupción
www.interrupcion.net

Fondo de Inversion Social (FIS)
www.fis.com.ar

ESTONIA

Good Deed Foundation
www.heategu.ee/eng

Youth to School (in Estonian only)
www.nooredkooli.ee

The Re-Use Centre (in Estonian only)
www.uuskasutus.ee

Health Estonia Foundation (in Estonian only)
www.terve-eesti.ee

FRANCE

Fondation Demeter
Contact: pascal@fondationdemeter.com

GERMANY

AETAS Lebens- und Trauerkultur
www.aetas-trauerkultur.de

Ashoka Germany
www.germany.ashoka.org

BISS e.V. (Citizens in Social Difficulty)
www.biss-magazin.de

BonVenture Management GmbH
www.bonventure.de

DialogMuseum
www.dialogmuseum.de

JobTV24
www.jobtv24.de

Kinderzentren Kunterbunt e.V.
www.kinderzentren.de

Kunterbunt e.V.
www.kunterbunt-reisen.de

LobbyControl
www.lobbycontrol.de

Parlamentwatch
www.abgeordnetenwatch.de

Solarlite
www.solarlite.de

studienaktie
www.studienaktie.org

Vermittlungscoach Gruppe (German Work Placement Coach Association)
www.vermittlungscoach.de

INDIA

Massard
Contact: welgifts@vsnl.com

IRELAND

Alcohol Action Ireland
www.alcoholactionireland.ie

Amnesty International Ireland
www.amnesty.ie

An Cosán
www.ancosan.com

Ashoka Ireland
www.ashoka.org/ireland

Barnardos
www.barnardos.ie

Big Brothers Big Sisters Ireland
www.foroige.ie

Headstrong
www.headstrong.ie

Integrating Ireland
www.integratingireland.ie

Irish Mental Health Coalition
www.imhc.ie

Irish Refugee Council
www.irishrefugeecouncil.ie

Migrant Rights Centre Ireland
www.mrci.ie

NFTE Ireland
www.nfte.ie

One Foundation
www.onefoundation.ie

Social Entrepreneurs Ireland
www.socialentrepreneurs.ie

SpunOut.ie
www.spunout.ie

ITALY

MicroVentures
www.micro-ventures.eu

Oltre Venture
www.oltreventure.com

PerMicro
www.permicro.it

NETHERLANDS

d.o.b. foundation
www.dobfoundation.com

HandsOn Micro Credit (only in Dutch)
www.handsonmicrokrediet.nl

Noaber Foundation
www.noaber.com

Inclusion Group
www.inclusiongroup.nl

Organic Apple Juice at DeNijensteen
www.dobfoundation.nl

Universal Spectacles
www.u-specs.nl

SPAIN

Fundació Projecte Aura
www.projecteaura.org

Invest for Children
www.investforchildren.org

Special Olympics Spain
www.specialolympics.es

SWITZERLAND

wise
www.wise.net

TANZANIA

Tanga Fresh Ltd
No website available

UNITED KINGDOM

Ashoka Europe
www.ashoka.org/unitedkingdom

Beat
www.b-eat.co.uk

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CamFed
http://uk.camfed.org

CAN – Breakthrough
www.can-online.org.uk/pages/breakthrough.html

The Childrens University
www.thechildrensuniversity.com

FairTrade
www.fairtrade.org.uk

FareShare
www.fareshare.org.uk

The Florence Trust
www.florencetrust.org

GetWell UK
www.getwelluk.com

Global Action Plan
www.globalactionplan.org.uk

GreenWorks
www.green-works.co.uk/

The Hub
www.the-hub.net

Impetus Trust
www.impetus.org.uk

IntoUniversity
www.intouniversity.org

Keyfund
www.keyfund.org.uk

Law For All
www.lawforall.org.uk

Mental Health Media
www.mhmedia.com

MOTIV
www.motiv.org.uk

Naz Project London
www.naz.org.uk
PEEP and Room to Play (Peers Early Education Partnership)
www.peep.org.uk

SchoolFriend etc.
www.schoolfriend.co.uk

Sefton Carers' Centre
www.sefton-carers.co.uk

Slivers of Time
www.slivers.info

SpeakingUp
www.speakingup.org

St Giles Trust
www.stgilestrust.org.uk

Sutton Trust
www.suttontrust.com

TimeBank
www.timebank.org.uk

Training for Life
www.trainingforlife.org

UnLtd
www.unltd.org.uk

Venturesome
www.venturesome.org

WasteBuster
www.wastebuster.co.uk

UNITED STATES

Blended Value.org
http://blendedvalue.org

New Profit
www.newprofit.com

VIETNAM

Action Aid Vietnam
www.actionaid.org.vn

Know One Teach One (KOTO Vietnam)
www.streetvoices.com.au

PWD Soft
www.pwdsoftvn.ning.com

EUROPEAN VENTURE PHILANTHROPY ASSOCIATION

EVPA has two main aims: to support its members in carrying out their venture philanthropy activities, and to promote venture philanthropy throughout Europe. To achieve this mission, EVPA:

- Provides a forum within which European-based philanthropists can network, exchange ideas and debate best practice;
- Informs potential donors and others of the role and benefits of venture philanthropy and facilitates its development, with the aim of increasing knowledge and acceptance of the benefits of venture philanthropy in the charitable sector;
- Facilitates and promotes new venture philanthropy efforts; and
- Seeks to increase the effectiveness of philanthropy through research, working groups and conferences.

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