Leveraging the full spectrum of philanthropic capital towards impact

Case studies from Asia Pacific and the US

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We are also grateful to the following staff members at The Sasakawa Peace Foundation for their support and comments:

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Published by AVPN in June 2018.

About the Report

Foundations are well-positioned to take the lead as market catalysts and ecosystem builders. This report documents the extraordinary journeys taken by three leading foundations in the US and five in Asia Pacific to scale their impact by leveraging the full spectrum of financial and non-financial resources.

FOREWORD

"It is time for foundations to think deeper on how they can leverage the full spectrum of financial capital towards impact."

Impact investment and mission-aligned investments are still at a nascent stage among foundations in Asia but is gaining traction, thanks to efforts made by pioneers in the region. For decades, endowed foundations have been operating with the traditional philanthropy financing model whereby they deploy grants on the programme side and conduct traditional investment activities on the endowment management side. Despite its long history, this model is subject to several risks. While grant-making is paramount to achieving a foundation's vision, sometimes it hampers recipients' incentive to seek for sustainability. On the endowment management side, without careful scrutiny, foundations bear the risk of having their assets be invested in such firms whose activities go against a foundation's mission. It is time for foundations to think deeper on how they can leverage the full spectrum of financial capital towards impact.

In recent years, several foundations across the globe have started to carve out a portion of their endowment for impact investments. For example, the Ford Foundation announced that it would deploy USD1 billion for impact investments over the next ten years, and the Kresge Foundation has set aside USD350 million for such investments. Drawing inspiration from such role models and by identifying the need to embrace new models of philanthropy, we at The Sasakawa Peace Foundation are taking steps to embark upon the journey of impact investing by carving out around USD100 million of our endowment and set up 'Asia Women Impact Fund' to make investments that empower women and improve gender equality in Asia.

Learning from peers is one of the effective ways to start the journey. Earlier this year, we commissioned AVPN and Amala Paradigm to conduct eight case studies in Asia and the US to learn about the various pathways of how foundations started with impact investing, and the lessons they have drawn throughout the way. We hope that this report will inform, encourage and engage like-minded peers in the region so we can together push the frontiers of impact investing to its next level.

Shuichi Ohno
President
The Sasakawa Peace Foundation

“The rise of impact investment and mission-aligned investment has opened a window of opportunity for foundations to optimise their entire portfolio”

Since 2011, AVPN has been committed to building a vibrant and high impact social investment ecosystem across Asia from philanthropic foundations to impact funds, corporations and governments. Making up about 23% of AVPN membership as of 2017, foundations are uniquely positioned to leverage their philanthropic capital to foster market-based solutions to social and environmental challenges. The rise of impact investment and mission-aligned investment has opened a window of opportunity for foundations to optimise their entire portfolio, including endowments in certain cases, towards 100% impact.

This report on *Leveraging the full spectrum of philanthropic capital towards impact – Case studies from Asia Pacific and the US*, provides deep dives into eight foundations and their journeys to deploy various forms of philanthropic capital to maximise impact through direct investments and ecosystem building. In addition to documenting the different pathways, the report captures key learnings and recommendations for those aiming to embark on similar journeys. We hope that this report will be a useful resource not only for foundations, trusts and family offices, but also other organisations looking to collaborate and partner with them.

We are grateful to The Sasakawa Peace Foundation for their generous partnership as well as the following members who provided valuable insights to the report:

- Japan Social Impact Investment Foundation (SIIF)
- Lord Mayor’s Charitable Foundation
- Narada Foundation
- Social Alpha, an initiative of Tata Trusts
- The Happiness Foundation

We thank Amala Paradigm for contributing three case studies on foundations in the US.

Naina Subberwal Batra
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AVPN

ACKNOWLEDGEMENTS

This report would have not been possible without the generous contribution of the following individuals:

Catherine Brown	Lord Mayor's Charitable Foundation
Ron Cordes	Cordes Foundation
Richard Fahey	Skoll Foundation
Tracy Kartye	Annie E. Casey Foundation
Jisun Kim	The Happiness Foundation
Nanako Kudo	Japan Social Impact Investment Foundation (SIIF)
Manoj Kumar	Social Alpha
Julie Muraco	TBLI Group Holdings B.V.
Yanni Peng	Narada Foundation
Robert Rubinstein	TBLI Group Holdings B.V.
Eric Stephenson	Cordes Foundation
Topher Wilkins	Opportunity Collaboration

We are grateful to the following AVPN staff members and associates who helped with connections, comments, discussions and research to shape this report:

- Naina Subberwal Batra
- Moushumi Banerjee
- Patti Chu
- Sunkyung Han
- Allison Hollowell
- Ken Ito
- Ruth Jones
- Amanda Kee
- Hana Lee
- Caroline McLaughlin
- Meeta Misra
- Binali Suhandani
- Kevin Teo
- Cindy Wang

ABBREVIATIONS AND ACRONYMS

ACNC	Australian Charities and Not-for-profits Commission
CDFI	Community Development Financial Institution
CIG	Capricorn Investment Group
CSEIF	China Social Enterprise and Investment Forum
CSR	Corporate Social Responsibility
ESG	Environmental, Social and Governance
FISE	Foundation for Innovation and Social Entrepreneurship
GP	General Partner
GSG	Global Social Impact Investment Steering Group
HNWI	High Net Worth Individual
IRS	Internal Revenue Service
KIIN	Korean Impact Investing Network
LMCF	Lord Mayor's Charitable Foundation
LP	Limited Partner
MRD	Mission-Related Deposit
MRIs	Mission-Related Investments
NAB	National Advisory Board
NGO	Non-Governmental Organisation
PRI	Principles of Responsible Investing
PRIs	Programme-Related Investments
SE	Social Enterprise
SEFA	Social Enterprise Finance Australia
SIB	Social Impact Bond
SIIF	Japan Social Impact Investment Foundation
SIMI	Social Impact Measurement Initiative
SMBC	Sumitomo Mitsui Banking Corporation
SME	Small and Medium-Sized Enterprise
SPO	Social Purpose Organisation
US	United States
VC	Venture Capital

CONTENTS

KEY FINDINGS

Social investment is gathering momentum globally evidenced by the increasing multitude of players with a variety of financial instruments and methodologies. Although the size of the industry is contested, its contours are coming into focus and its growth potential is clear. The European Venture Philanthropy Association (EVPA) estimated a total capital allocation of EUR6.5 billion as of 2016. According to a 2017 survey by the Global Impact Investing Network (GIIN), the global impact investment market reached USD114 billion of assets under management. In Asia, foundations made up 23.5% of AVPN membership at the time of writing. The potential of social investment for maximising impact has motivated an increasing number of foundations to broaden their tools and adopt innovative approaches.

This study looks at five foundations in the Asia Pacific and three foundations in the US and their journeys to deploy the full spectrum of philanthropic capital towards impact. Overall, foundations in Asia Pacific strive to meet the needs and address gaps in the local markets while US foundations have both an international and local focus. Asian foundations covered in this study are largely agnostic about impact areas while US foundations place emphasis on several impact areas, especially education and employment and community and economic development.

The eight foundations covered in this study have moved beyond traditional grant-making to diversify financing instruments, in addition to extending non-financial support, to effectively nurture social ventures. For US foundations, legislation provides an important impetus to their journeys. In particular, the Internal Revenue Service (IRS) allows programme-related investments (PRIs) to count towards the 5% annual payout requirement that advances the mission of the foundation if "the production of income is not a significant motivating factor." Foundations in Asia Pacific appear to be primarily driven by the lack of capital for social enterprises. They recognise that innovative solutions to social and environmental challenges might take the forms of for-profits, non-profits as well as hybrids and aim to support all. They also emphasise the need to attract mainstream investors in their journeys.

Overview of Foundations' Activities

This study looks at eight foundations from the Asia Pacific and the US and their journeys to deploy the full spectrum of philanthropic capital towards impact. Their activities range from mission-aligned investments to building the social impact investment market at a national and global scale. They recognise that impact can be generated in multiple ways and commit to using diverse instruments towards supporting innovative solutions to social challenges.

Organisational profiles

The eight foundations focused on in this study are diverse in terms of countries they are based in, origins, legal registrations as well as the activities in which they are involved.

Foundations in Asia Pacific

- Social Alpha, an initiative of Tata Trusts, India
- The Happiness Foundation, South Korea
- Narada Foundation, China
- Japan Social Impact Investment Foundation (SIIF) (established by The Nippon Foundation), Japan
- Lord Mayor's Charitable Foundation (LMCF),

Australia

Foundations in the US

- Skoll Foundation
- Cordes Foundation
- Annie E. Casey Foundation

While there are commonalities among US foundations which are registered as 501(c)(3) charitable organisations that are tax exempt, Asian foundations are legally registered in different ways. The Happiness Foundation and Narada Foundation are set up as private corporate foundations while SIIF is in the process of obtaining a public organisation certificate as of April 2018. SIIF was established by The Nippon Foundation which is a public foundation that deploys revenue from boat racing activities. LMCF is a registered charity that receives funds from bequests and public donations. Social Alpha is a special case as it is registered as an Alternative Investment Fund under the Regulation 2(1)(b) of Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012. It was, however, established by the Foundation for Innovation and Social Entrepreneurship (FISE), a Section 8 entity under Tata Trusts, one of the most respectable public charities in India.

Key Activities

While the Annie E. Casey Foundation in the US and Asian foundations primarily focus on the countries they were established in, Cordes Foundation and Skoll Foundation are also active outside the US, especially in emerging economies.

In terms of sectors, Skoll Foundation, Cordes Foundation, Annie E. Casey Foundation and LMCF focus on the following key areas:

- Education and employment – Annie E. Casey, LMCF, Skoll
- Affordable housing – Annie E. Casey, LMCF
- Community and economic development – Annie E. Casey, LMCF
- Environmental sustainability – LMCF, Skoll
- Health and ageing – LMCF, Skoll
- Micro and small business financing – Annie E. Casey
- Financial services – Cordes
- Women empowerment – Cordes

South Korea-based The Happiness Foundation and China-based Narada Foundation are largely sector agnostic. Social Alpha supports for-profit ventures that apply a science and technology-based model to solve social issues, especially in underinvested areas. SIIF focuses on building the social impact investment market in Japan by investing in impact funds, supporting intermediaries and launching social impact bonds (SIBs).

How do Foundations Optimise Philanthropic Capital for Impact?

The eight foundations covered in this study have moved beyond traditional grant-making to support and scale social innovations with a full spectrum of direct investments and non-financial support.

They make grants, provide debt and equity

investments and in some cases loan guarantees to non-profits, social enterprises (SEs) and other funds. The Annie E. Casey Foundation, for instance, leverages on a diverse set of social investing tools to further philanthropic goals including below market-rate PRIs and strategic PRIs, mission-related investments (MRIs) targeting market returns, and loan guarantees. Cordes Foundation provides

loan guarantees to emerging market small and medium-sized enterprises (SMEs) and microfinance institutions. LMCF currently allocates 2.5% of their strategic assets to impact investment in the form of both debt and equity. LMCF also invests its endowments with an exclusionary screen. It has excluded tobacco and armaments and reduced its exposure to gambling.

Their philosophies towards unlocking the full spectrum of philanthropic capital are rooted in their local contexts, driven by legal requirements, the foundations' origins, capital structures and sometimes public perceptions. This in turn has influenced their respective activities and journeys. Overall, the eight foundations' activities documented in this report can be broadly classified into: market catalyst and ecosystem building.

Market Catalyst

In Asia, Social Alpha, The Happiness Foundation and Narada Foundation have actively identified gaps in their respective markets and started to broaden their tools and instruments to fill these gaps.

Social Alpha's mission is to correct market failures in relation to the funding gap for early-stage SEs in India, which face a severe lack of patient capital as very few investors are interested in high-impact, high-risk investments with potentially low or no financial returns.

In South Korea, the government has launched multiple funds focusing on early-stage SEs since 2011 while support for growth-stage SEs has been lacking. The Happiness Foundation seeks to fill this gap by setting up a dedicated impact fund for enterprises ready for pre-series A and later stages.

Meanwhile, Narada Foundation supports social ventures from early to growth-stage. This is based on its observation that the number of social purpose organisations (SPOs) in China has grown rapidly, but their capacities and access to markets and external resources remain limited.

LMCF, Social Alpha and Narada Foundation also place special emphasis on providing a wide array of non-financial support to their investees. For example, Social Alpha offers strategy advice, legislative support, access to finance, loan guarantees and access to a professional network including the Tata group of companies and Tata Trusts' network of 500 non-governmental organisations (NGOs) to help its investees validate their business models. Narada provides training, networking activities and resource matching while LMCF focuses on access to networks, personalised connections and facilitating collaboration.

SIIF is a special case as it provides risk capital through investments and guarantees to other impact funds. As part of this effort, SIIF is currently investing in 2 funds as a wholesale impact investor, both of which are at the due diligence phase. It also supplies both financial and non-financial capital to intermediaries developing innovative impact investing products and schemes to effectively support the sustainable growth of impact-driven businesses.

Ecosystem Building

The eight foundations covered in this study recognise that acting alone is not enough and impact can be amplified through the availability of ecosystem infrastructure and cross-sector collaboration. This has motivated them to initiate various ecosystem building activities.

Skoll Foundation, for example, has been widely recognised as a global ecosystem builder. In 2003, it set up the Skoll Centre for Social Entrepreneurship at the University of Oxford to provide high potential individuals with the inspiration, skills, knowledge, and network to effectively pursue careers of positive social impact. The following year, the inaugural Skoll World Forum on Social Entrepreneurship was launched to convene players from the ecosystem,

including the private and public sector, academia, the media, philanthropists and funders, and connect them to drive partnerships around SEs.

In China, Narada Foundation has become one of the most influential philanthropy and social investment ecosystem builders. It has been actively funding organisations that build ecosystem infrastructure, improving SPOs' networks and capacity and supporting research and policy advocacy. In 2014, Narada launched the China Social Enterprise and Investment Forum (CSEIF) to convene different stakeholders in the ecosystem, organise training to enhance sector capability and share the best practices in China with the international community.

SIIF produces thought leadership and engages in policy advocacy to promote social impact investment in Japan. It also conducts annual research on the "Impact Investing Landscape in Japan" and co-leads the Social Impact Measurement Initiative (SIMI). This is a multi-sector platform launched in 2016 with about 150 members to discuss the current state and challenges of social impact measurement as well as to take the lead in putting social impact measurement into practice. It has also launched two full-fledged SIBs with the Kobe and Hachioji city governments with investments from Sumitomo Mitsui Banking Corporation (SMBC), DigiSearch and Advertising Inc. and high net worth individuals.

The Happiness Foundation has successfully crowded in commercial financial institutions to invest in its impact fund focused on scaling SEs. KEB Hana Bank and Korea Growth Investment Corporation, a fund-of-funds established by 18 commercial banks in South Korea, co-invest in the fund as limited partners (LPs).

Key Learnings

The overall learning from the eight cases is that foundations are uniquely positioned to provide patient, catalytic capital in the form of grants, debt, equity and loan guarantees as well as non-financial support to effectively nurture innovative solutions to social challenges. Furthermore, their primary focus on impact means that they can lend more credibility to social investments and pave the way for mainstream capital to enter the space.

Foundations are also well-placed to build ecosystem infrastructure and capacity for different stakeholders as well as foster cross-sector collaboration for large-scale impact. These initiatives require long-term commitment but have enormous potential to create multiplier effects and facilitate ecosystem growth. Therefore, foundations have the capabilities and resources to undertake such endeavours.

In addition, all foundations provide funding with a combination of non-financial support. They recognise the importance of non-financial resources, such as of mentorship, capacity building, impact measurement and access to networks to the healthy and sustainable development of their investees at different stages. Such support prepares the

organisations to be ready for follow-on investments and enable foundations to maximise their impact.

The foundations covered emphasise the need for continuous learning as they unlock more tools to create impact as well as the importance of engaging the right people along this journey. Skoll Foundation, for example, believes that there are always lessons along the way as a foundation learns how to optimise its assets towards a mission. LMCF is of the view that foundations should start in a manageable way and seek advice from experts along the path, especially those with expertise on investment return and risk analysis. Narada Foundation highlights the need for different skill sets in the team, in particular, investment professionals. SIIF consciously appoints those who are knowledgeable about investing but not on the social sector and vice versa to its advisory board, thereby avoiding any conflict of interest and gaining both perspectives of social impact and financial returns.

Lastly, foundations showcased in this report dedicate a lot of time and effort to educate their stakeholders and raise public awareness about social impact investment. In Asia, public perception around impact investing is that it is for profit. Due to its origin from Tata Trusts, a renowned public charity in India, Social Alpha decided to carve out a new path in-between philanthropy and impact investing by funding social start-ups with no financial return expectations, and took the time to educate regulators, investors and other stakeholders about their model. Similarly, to avoid public misconception, Narada Foundation experimented with innovative impact investing measures, such as issuing interest-free loans in the form of grants and revolving funds, and established the China Social Enterprise and Investment Forum (CSEIF) to convene key players in the ecosystem and raise public awareness. Committed to broadening their tools towards impact, Nippon Foundation set up SIIF to focus on building the social impact investment market in Japan and to educate government officials and other stakeholders.

Recommendations

1. Innovative solutions to social challenges are emerging in every sector and philanthropy must be open to new ideas, approaches and tools to effectively catalyse impact.
2. Raise public awareness, carve out a clear positioning and enhance transparency to change public perception around foundations making investments.
3. Continuous learning is important as foundations embark on a journey towards aligning 100% of their portfolio to their mission.
4. Get buy-in from internal stakeholders by asking "Why are we doing this?" and "What do we want to achieve?"
5. Acting as a bridge between the global and local market might be useful in educating stakeholders about impact investing and mission-aligned investing.
6. Find the right talent and engage the right advisors, especially those with an investment background, while aligning them towards the foundation's social mission.
7. Aligning foundations' investments with grant-making might be necessary to avoid mission drift.

ASIA PACIFIC

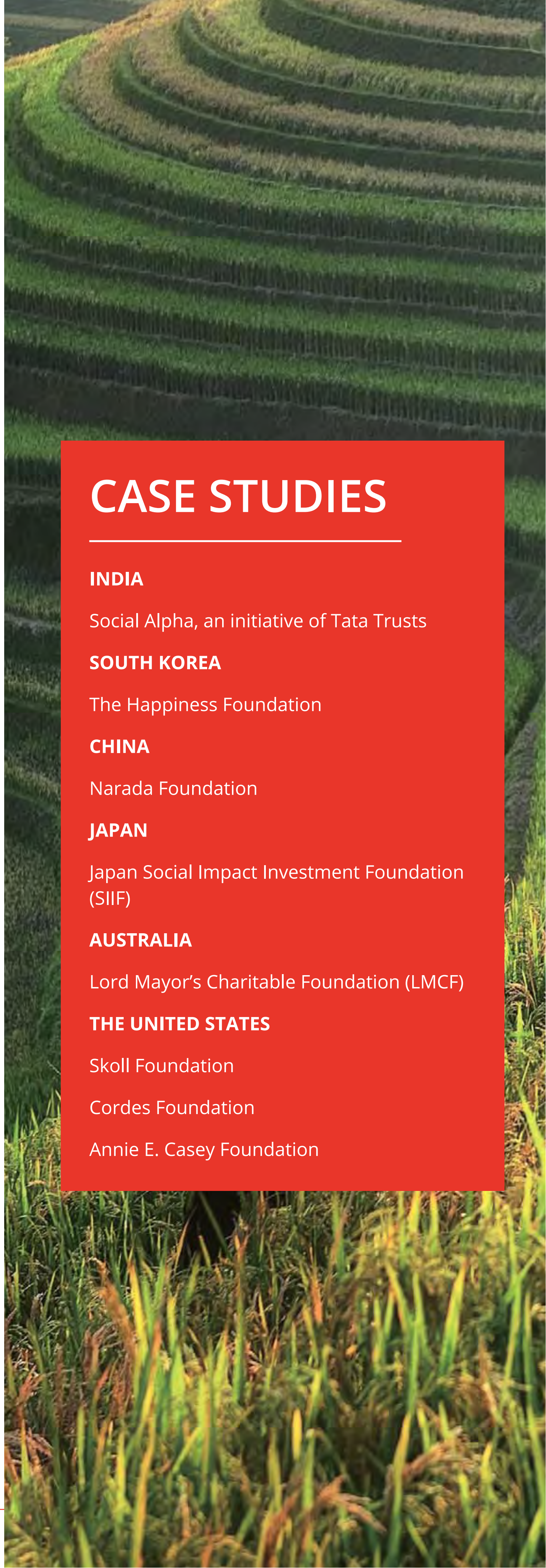
OVERVIEW

As more and more organisations in the region deploy financial and non-financial resources into the social investment ecosystem, foundations are well-positioned to take the lead as market catalysts and ecosystem builders. In the following case studies, we highlight the extraordinary journeys taken by five leading foundations in Asia Pacific to scale their impact by leveraging the full spectrum of their philanthropic capital. These foundations are selected to reflect a variety of geographical locations, legal registrations as well as activities.

- Social Alpha[1] in India is an initiative of Tata Trusts, a reputable public charity, to promote social innovations and scale impact.
- The Happiness Foundation[2] in South Korea is a corporate foundation originating from the corporate social responsibility (CSR) arm of the SK Group.
- Narada Foundation[3] in China is a registered private foundation with an initial capital from the Shanghai Narada Group Co., Ltd.
- SIIF[4] was established by the Nippon Foundation, a publicly funded foundation, as an independent entity dedicated to fostering social impact investing.
- LMCF[5] in Australia is a publicly funded foundation.

By showcasing these different types of foundations in Asia Pacific and the journey each has taken, we hope to support and encourage other foundations to diversify their practices and optimise their resources towards maximising impact.

1. *http://www.socialalpha.in/*
2. *http://www.skhappiness.org/eng/main.do*
3. *http://www.naradafoundation.org/index.php*
4. *http://www.siif.or.jp/en*



CASE STUDIES

INDIA

Social Alpha, an initiative of Tata Trusts

SOUTH KOREA

The Happiness Foundation

CHINA

Narada Foundation

JAPAN

Japan Social Impact Investment Foundation (SIIF)

AUSTRALIA

Lord Mayor's Charitable Foundation (LMCF)

THE UNITED STATES

Skoll Foundation

Cordes Foundation

Annie E. Casey Foundation

INDIA

SOCIAL ALPHA (AN INITIATIVE OF TATA TRUSTS)

FILLING THE GAP ACROSS THE CONTINUUM OF CAPITAL

Organisational Profile

Social Alpha was launched by the Foundation for Innovation and Social Entrepreneurship (FISE), which was set up in 2016 as a not-for-profit company under Section 8 of Indian Companies Act. FISE promotes innovation and entrepreneurship with a mission to create large-scale and sustainable social impact through a nationwide network of technology and business incubation infrastructure, sponsored and enabled by Tata Trusts.

FISE searches for entrepreneurs and innovators having a strong focus on addressing India's major development challenges and remains engaged with them throughout their product life cycles.

Tata Trusts are amongst India's oldest non-sectarian public philanthropic organisations established by members of the Tata family. The Trusts own two-thirds of the stock holdings of Tata Sons, the apex company of the Tata group of companies. The wealth that accrues from this asset supports an assortment of causes, institutions and individuals in a wide variety of areas. In this manner, the profits that the Tata companies earn go back many times over to the communities they operate in. These funds have been deployed towards a whole range of community development programmes across the country for over 100 years.[6]

In line with these origins, Social Alpha's mission is to correct market failures in relation to the lack of funding for high-risk, high-impact early-stage social ventures. It does so by funding social business models that fail to attract impact investment money as risks are too high, gestation is too long compared to commercial investments (5-10 years typically), liquidity is poor, and the returns are low. In doing so, Social Alpha puts impact first without any targeted financial return expectations. The co-founder and CEO of Social Alpha, Manoj Kumar, is adamant that its DNA is "in-between philanthropy and impact investing, impact-first, and while we want the business to be financially sustainable there is no target IRR."[7] Social Alpha believes philanthropic capital is unique in de-risking social ventures over the long term.

Guided by this impact-first philosophy, Social Alpha's architecture comprises three tiers of support:

1. The first tier is a public charitable trust providing grants, which is part of Tata Trusts.
2. The second tier is the FISE which is a Section 8 registered entity[8] providing seed capital to social ventures in the form of grants, equity, convertibles and debt.
3. The third tier is the Social Alpha investment fund providing equity and equity-like instruments.

This three-tier model is unique as it layers different types of capital depending upon the maturity and needs of the start-up. For instance, under the first tier Tata Trusts makes institutional grants which in turn fund innovation projects. Under the second tier, FISE deals with both non-profit and for-profit start-ups and provides them grants as well as equity depending upon the case.

As of March 2018, Social Alpha has evaluated 250 ideas, incubated 26 companies, invested in twenty companies, exited one company, secured follow-on capital for six entities and won over forty awards for its portfolio.[9] Social Alpha aims to continue to grow the scale of their funding by setting up a network of incubators. Its future ambition is to fund and scale 500 companies in 5 years as well as spread the word about the Social Alpha model.[10] Social Alpha believes that science and technology-based social innovations multiply the impact of philanthropy through their high-quality and affordable solutions in areas of social need.[11]

Social Alpha's model has gained notable traction nationwide in India. According to Manoj Kumar, the Government of India is also supporting Social Alpha's model of nurturing social ventures, which may lead to government adoption and enable systemic change. Other philanthropic organisations also approach Social Alpha to better understand how it creates impact through fostering early-stage social innovations.

Key Activities

Social Alpha focuses on science and technology-based innovations as well as business process and financial innovations for social impact.[12] With the primary objective to rectify market failures and develop solutions for underinvested areas[13], Social Alpha supports the entire spectrum of SPOs from non-profits to SEs. It has coined a new term – not-for-loss, for organisations which are for profit but are driven by an impact-first mission.

Due to Social Alpha's three-tiered structure, support for organisations varies depending on their development stage, spanning a wide range of financing instruments from grants to equity with customised non-financial support.

There is no limit to grants but they are usually around USD100,000 – USD200,000. Tata Trusts spends more than USD20 million every year on promoting innovations in universities and research institutions. For seed capital, Social Alpha tends to be the first investor and provides USD50,000 to USD150,000, as well as incubation and focused capacity building with the aim of converting ideas into business models and getting them market-ready[14]. For early-stage and growth-stage enterprises, Social Alpha's third tier offers investments from USD500,000 to USD3 million.

Social Alpha is flexible about its investment duration as it depends on the products and investees. Typical investment periods are either 4-5 years or 8-9 years. One exit has occurred as an impact investor came in and invested heavily in the organisation, after which Social Alpha exited as the organisation has attracted market rate investments and thus is no longer operating in the area of market failures.

In terms of non-financial resources, Social Alpha provides a wide array of support like strategy advice, legislative support, access to finance, loan guarantees and access to networks. This includes access to the Tata group of companies and Tata Trusts' network of 500 NGOs to help their investees validate their business models in labs and in the real world. In addition, it also helps its portfolio companies pick and choose their investors without drifting away from their mission.

Overall, Social Alpha has the following characteristics:

- It is aggressive in risk under-writing in science and technology-based models.
- It is patient in its investment horizons.
- It is willing to accept sub-optimal returns. While any upside is welcome, in practice getting 2-4% IRR is considered very positive.

The entire architecture is created in such a way that only LPs may receive any positive returns as outlined above. Internally within Social Alpha, portfolio managers receive a fixed salary – low by comparison to market rate - and a variable compensation or bonus. No bonuses are linked to financial performance and staff compensation is linked to impact. Impact is defined in the business plans of portfolio companies. If the companies achieve more than is published in the business plans, it adds to the performance of portfolio managers and affects the variable compensation of the managers. The CEO Manoj Kumar is working pro bono and all of the staff members are strongly mission aligned. Whatever profit is generated, it is reinvested to create more social impact and is not paid to any stakeholders other than LPs. Even if LPs get paid, most of them reinvest it back into the next round of funding to generate more social impact.

Journey to Optimise Philanthropic Capital

Social Alpha embodies Tata Trusts' focus on philanthropy and social impact as opposed to making financial gains as per a typical impact fund. It was set up as a vehicle to de-risk social ventures and crowd in private commercial capital by providing philanthropic capital and capacity building support.

Exploration stage

The co-founder and CEO of Social Alpha Manoj Kumar builds on his 25 years of experience in investment banking, fintech and entrepreneurial experiments.[15] Between 2013-2014 he advised Tata Trusts, while running his own companies doing angel investing and strategy consulting. This allowed him to gain a deep understanding of issues surrounding social innovations and entrepreneurship. The predominant one was that a lot of entrepreneurs approached

Tata Trusts as they could not access finance and incubation support. Furthermore, Manoj Kumar realised that, despite the accumulated demand from the community and market, few social investors are working on complex areas such as healthcare, agriculture, water, energy and that the market is not coming close to solving these problems.

His starting point was to examine the quadrant of high-risk, high-impact investments with potentially no or low financial returns, where hardly anyone seems to invest (unlike the traditional quadrant of high-risk, high-return investment that mainstream impact investors typically look for). More importantly, he emphasised the need to bring social ventures to the mainstream and attract commercial capital. The key question was how one creates this high-risk, high-impact with unknown-return quadrant and then get venture capital (VC) on board to hand over to them. Tata Trusts and Manoj Kumar started working on this in 2014.

There were four key issues during this phase. First, their origin within Tata Trusts was useful in terms of funding but had to be carefully navigated. Tata Trusts is one of the most respected philanthropic organisations in India and its trustees were very concerned about its reputation and credibility. Social Alpha was thus created to focus on impact with no financial return expectations.

The second issue was that the government had to be convinced Social Alpha is a non-profit in order for it to obtain the tax-exempt status. After a lot of negotiations, Social Alpha was able to demonstrate its non-profit model and granted the tax-exempt status.

The third hurdle was obtaining the right registration. Regulators of venture capital and impact investment did not have a category to classify Social Alpha. The structure was then registered as an Alternative Investment Fund under the Regulation 2(1)(b) of Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.[16]

Finally, finding the right kind of human capital was challenging. Social Alpha is not an impact fund with a dual bottom line of financial and social return, but rather it invests in social ventures with an impact-first philosophy and thus needs people who have a passion to create impact.

Preparation stage

In 2015, Manoj Kumar decided to quit his other roles and focus on his advisory role for Tata Trusts, who decided to prepare for the launch of a special social investment vehicle by sharing ideas and bringing selected people onto their platform while obtaining approval from the chairman and registering Social Alpha. In 2015, Social Alpha finished registration and obtained regulatory approval and tax-exempt status in 2016. From there, the government and foundations came on board.

The biggest issue during this phase was the organisation's public perception amongst government, investors, and entrepreneurial actors, who thought Social Alpha was an impact fund. While also looking at potential financial returns, Social Alpha is impact-first. Investees therefore have to pass impact due diligence first. "Philanthropy has huge risks of being seen as VC if we support entrepreneurs. We try to make the process of making impact financially sustainable. Financial sustainability is only the baseline. Foundations, philanthropy should be impact-first," Manoj Kumar outlines.[17]

Post-launch

Once the first tier was launched and FISE was established, the third tier was advertised and prepared. Since 2016, investments have been made from the seed and grant side. A roadshow was held in 2017 with the aim to get LPs on board and close the first fund which makes up the third tier. LPs included foundations, high net worth individuals (HNWIs) and corporates.[18] Social Alpha aims to close the first round of fundraising between April and August 2018.

The current challenge is setting up incubators. Manoj Kumar's plans are to scale the supply side of social enterprises aggressively and unlock philanthropic and commercial capital for sustainability: "We are doing one each [incubator] for health care, agriculture and energy. I need to scale my supply side. I need support from corporates, philanthropy and government. We are also investing into a health care grant fund. If I can convince global foundations and individuals to join as our LPs, that would be our biggest challenge and success. We also need to make sure that for the money Tata Trusts invests in the pipeline, we can also get scalability support, which Social Alpha cannot do. For that we need commercial capital."[19]

Key Learnings and Recommendations

Social Alpha learned two things in the process. First, philanthropic foundations have a huge risk to be seen as impact investors. Social Alpha is a new category that sits between philanthropy and impact investing. It combines grant funding, strong capacity building through a foundation and an equity fund with almost no or low financial returns, which may be reinvested to create more social impact depending on the LPs.

Second, since Social Alpha pioneers a new path towards correcting market failures and fostering early-stage social ventures, scepticism is high. The existing categories either ignore the new category that Social Alpha has created or see it as an existing category. As mentioned, many thought Social Alpha was an impact fund. Without the right recognition, Manoj Kumar believes that Social Alpha's model will take time to establish itself. It is therefore critical to help people understand how Social Alpha operates and get them to support its model. In this light, Social Alpha has created a precedent in India for others to follow.

Another learning is creating the deal flow. Everyone wants to invest in a winning stock, but who will create and curate a pipeline of investment-worthy ideas? Social Alpha is working in the upstream to create a constant supply of innovations. Tata Trusts makes institutional grants which in turn fund innovation projects. FISE deals with start-ups, both non-profits and for-profits, and provides them with grant money as well as equity depending upon the requirement.

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SOUTH KOREA

THE HAPPINESS FOUNDATION

ATTRACTING MAINSTREAM INVESTORS INTO IMPACT INVESTING

Organisational Profile[20]

The Happiness Foundation was established in 2006 as the CSR arm of the SK Group. Its activities have been largely two-fold. One is an educational and cultural project, which aims to provide opportunities for underprivileged youngsters with leadership and vocational training programmes. The other is the SE and ecosystem support arm, and this is where the impact investing activities mainly occur.

The Happiness Foundation has received numerous business proposals from the public sector such as the Ministry of Employment & Labour, Ministry of Justice and the Municipal Education Commissions. In partnership with the South Korean government, The Happiness Foundation has jointly set up 16 SEs while maximising their synergistic effects with the SK Group's existing affiliated companies. The Happiness Foundation also strives to foster the SE ecosystem by educating social entrepreneurs and developing new business ideas. To that end, it supports SEs through direct and indirect investments as well as providing accelerator services.

Key Activities

Since its inception in 2006, The Happiness Foundation has been through three phases in its SE ecosystem support initiative. Initially it was established to run two programmes: Happy Meals, which provides high quality meals to underprivileged people, and SK Sunny, a college student volunteer programme to foster young social innovators.[21]

In 2009, SK Group chose supporting the SE ecosystem as their main theme to making social contributions, along with its corporate model, "to pursue sustainable happiness to all stakeholders within our society". It was based on their belief that SEs generate bigger and more lasting social value. In 2010, The Happiness Foundation launched the SE Office and experimented with two funding approaches.

In the initial phase from 2010 to 2012, it focused on early-stage SEs which were preparing to launch or just starting operations. Around that time, the SE ecosystem was still in its infancy in South Korea. The Happiness Foundation's goal was to establish the ecosystem and foster more entrepreneurs by supporting them in the form of grants, particularly seed money to build up new SEs. It also participated in government-run SE funds as an LP since 2011 as it hoped to create a pipeline of SEs. One of its discoveries during this time was that some SEs struggle to scale up their businesses as there were not enough capital providers focusing on SEs at this stage. Moreover, one key challenge was that funds barely met the minimum rates of return and most of their profit came from residual investments on commercial enterprises, not SEs. This is an obstacle in attracting more investors into impact investment. To deal with this, the GPs and LPs agreed that more successful cases that achieve both financial and social profit are needed.

Consequently, in the second phase from 2013 The Happiness Foundation's focus was on scaling enterprises raising funds in pre-series A or later with sustainable business models. It started an investment contest for SEs called Sesang Impact Investment Contest (IR Camp), which helps SEs to prepare for investor pitching. The Happiness Foundation invests in SEs covering a wide range of industries including health, sanitation and agriculture.

Journey to Optimise Philanthropic Capital

As of end 2017, The Happiness Foundation has dispersed impact investing capital in three ways:[22]

- USD4 million in direct investments (KRW4 billion)
- USD2 million in SE funds run by the government (KRW2 billion)
- New impact fund (PEF, 'Social Progress Leaders Fund'): USD4 million (committed) (KRW4 billion)

The Happiness Foundation's first foray into impact investment started in 2010 when it launched the SE Office and invested in government funds for early-stage SEs as an LP. By 2013, The Happiness Foundation decided to make direct investments into SEs at the scaling-up stage in light of the lack of financial capital available to these enterprises. Since 2017, its primary focus has been to mainstream impact investing by crowding in financial institutions.

The Happiness Foundation invests in many SEs in the form of loans, convertible bonds and preferred shares by initially setting the targets for social and financial values to motivate the entrepreneurs to create social impact while achieving financial stability. If the organisations outperform, it will reduce the interest rates payable on the bonds, loans or dividends.[23]

Exploration stage

The Happiness Foundation has proactively explored the impact investing market by observing public and private sector activities and identifying gaps in the market.

Since 2011, the government launched five SE funds as part of its efforts to build the SE ecosystem with an emphasis on those in early stages. The Happiness Foundation participated in those funds as an LP and invested USD6 million (KRW6 billion) in indirect investments, and USD4.15 million (KRW41.5 billion) in direct investments.

By 2013, more intermediaries started focusing on building up early-stage businesses as part of the country's creative economy movement. The Happiness Foundation identified a gap in the movement and started to look for SEs with strong business models who can survive without government support. Its second criterion was that the SEs can create measurable social impact. For example, the Happiness Foundation invested in Todo-works, which develops and provides a small-sized wheel kit that converts manual wheelchairs to electric ones. The Foundation found that the company improves the accessibility of the disabled with its relatively reasonable price, and calculated its social value using the difference in prices between the existing electric wheelchairs and the company's new product. The Foundation links this to the financial investment by applying an incentive scheme to deduct dividend rates along with their financial/social achievement.[24]

The number of SEs has increased dramatically over the years, and many of these SEs have reached a stage where they need growth capital to scale up. To accommodate their needs, the Foundation launched an impact investing programme for scaling SEs in 2013. As SEs' investment demand is increasing, the Foundation started to consider shifting its role to draw more investors and capital into the impact

ecosystem. Meanwhile, the new government's support for SEs has been reinforced, especially by way of providing a significant amount of capital around 2017-2018. The SK Group and the Foundation therefore decided to promote and encourage capital inflows from private/commercial sectors.[25]

Preparation stage

Once the decision was made, SK Group and The Happiness Foundation moved towards securing additional funding from mainstream institutional investors for a new USD11 million impact fund. KEB Hana Bank and The Happiness Foundation participate in the fund as LPs. Korea Growth Investment Corporation, a fund-of-funds established by 18 commercial banks in South Korea, participates as an LP in this fund as well. The Happiness Foundation is committed to investing USD4 million, Korea Growth Investment Corporation and KEB Hana Bank invests USD6 million and USD1 million, respectively. IBK Securities Co. Ltd. was appointed to manage the fund.

Since 2016, KEB Hana Bank has provided USD4.3 million to support SEs in the country while Korea Growth Investment Corporation supplies risk capital to start-ups and SMEs at various stages. IBK Securities Co. Ltd. is part of the IBK Group, which provides loans to cooperatives. Overall, these mainstream financial institutions represent a mix of financial and social expertise, which is a significant value add to the new impact fund given its emphasis on balancing financial and social returns.

One challenge during this time was to find partners. The Happiness Foundation met some LPs and GPs who were interested in impact businesses. In addition, understanding about SEs and impact investment has been growing, and support for SEs from many different fields in the South Korean society was progressing. The Happiness Foundation believes that partnerships could be reinforced both internally and externally. As a first step, The Happiness Foundation encouraged the partners to join by participating in events with beneficiaries.[26]

Another key challenge during this stage was the lack of information for investors to make decisions to invest in SEs. Investors needed to evaluate SEs' social outcomes as well as financial achievement. To deal with this obstacle, the fund uses SK's social value measuring system called "Social Progress Credit," which was developed and applied to its incentive programme for SEs. The fund will release the overall performance including social values and financial profit generated from its portfolio.[27]

Post-launch

The impact fund was launched in December 2017 and was mainly driven by the private sector. After the launch, The Happiness Foundation and its partners focused on finding innovative start-ups that generate social impact while achieving high business performance.[28] As of March 2018, SK Group and the Foundation were looking for more partners to set up the next fund that pursues high returns in both financial and social values. The Foundation plans to create success stories that demonstrate both social and financial values, so as to attract more investors into the social investment ecosystem.

The Happiness Foundation also continues to do direct investments. For example, it invested in Todo-works in 2017, which participated in Social Innovators Table, a networking programme the Foundation runs for social innovators.

Meanwhile, The Happiness Foundation and other impact investors in the Korean Impact Investing Network (KIIN) agreed to collaborate to draw a consensus on the criteria for impact businesses, assuming that the framework for measuring SEs' impact is essential to promote impact investment. As of April 2018, the Network was planning to share various measurement methods and cases to contribute to the design of a collective framework within 2018.

Key Learnings and Recommendations

The Happiness Foundation emphasises that the fund characteristics and the way of providing capital need to change along with the SEs' growth stages. Evolving its role to support and foster the SE ecosystem since 2010, the Foundation now focuses on attracting mainstream capital to scaling SEs to ensure they are viable in the long term.

The Happiness Foundation's journey also highlights that the criteria and standards to approve and measure the social values SEs are creating is one of the most important conditions that need to be met to expand the impact investing ecosystem.

Along with active participation of capital providers and the market consensus on impact index, more innovative start-ups that generate social impact with significant financial values will flow in. The Foundation believes the impact ecosystem will expand through this virtuous circulation that it is building up.

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CHINA

NARADA FOUNDATION

PROMOTING CROSS-SECTOR COLLABORATION FOR A THRIVING ECOSYSTEM

Organisational Profile

Established in May 2007, Narada Foundation (Narada) is the first grant-making foundation in China that is dedicated to providing financial support to grassroots SPOs.[29] Narada is registered as a private foundation under the supervision of the Ministry of Civil Affairs of China with an initial capital of RMB100 million (approximately USD15.79 million) donated by the Shanghai Narada Group Co., Ltd.[30] With a mission of "fostering the civil society", Narada has supported 451 organisations and individuals with a total of 783 projects in 26 provinces, autonomous areas and direct-controlled municipalities across China (excluding Hong Kong, Macau and Taiwan).[31]

Since its inception, Narada has undergone three major strategic transformations, paving the way to become one of the most influential social investment ecosystem builders in China. Its forward-looking vision, innovative spirt and pragmatic approaches are manifested in its different phases of development:[32]

Phase 1: Supporting the disadvantaged

In 2007, Narada started the New Citizen Programme, which aims to promote equal access to education for migrant children via the establishment of New Citizen Schools. As of 2016, the programme has built a network of schools, teachers and employees of migrant children community centres in 15 cities nationwide, supported five educational organisations and funded related research.[33]

Phase 2: Supporting individuals and organisations that help the disadvantaged

To enable a greater leverage effect of its grants, Narada shifted its strategic focus to supporting grassroots leaders and organisations that generate strong social impacts. Following the 2008 Sichuan Earthquake, Narada started supporting NGOs' efforts in disaster relief and recovery. In 2010 and 2011, Narada launched the Gingko Fellow Programme and the Bright Way Programme for SPOs at different stages of development. In 2015, Narada spun off the Gingko Fellowship Programme and co-founded the Gingko Foundation with the Gingko fellows and three other organisations to attract more support from external donors and share a sense of ownership among the Gingko fellows.

Phase 3: Establishing platforms that support social innovations with the potential to scale-up

Over the years, Narada has observed that the number of SPOs has grown rapidly but their capacities and access to markets and external resources remain limited. In 2016, Narada jointly launched the China Effective Philanthropy Multiplier with a range of other organisations.[34] It is the first platform in China that supports the scaling up of effective social innovations by matching them with social needs and providing them with acceleration services and tailored capacity building support. Under Phase 3, Narada developed its current Strategy Plan 2017-19.

Key Activities

In January 2017, Narada launched a new three-year strategy plan (2017-2019) with the overarching objective of building the social investment ecosystem and enhancing cross-sector collaboration and innovation. The plan consists of three components:[35]

Sector Development:

Narada has been actively funding organisations working on sectoral information and data, enhancing SPO network and capacity and supporting research and policy advocacy for the sector.[36] As part of this effort, Narada has set aside RMB30,000 – RMB200,000 (approximately USD4,700 - USD31,600) in its annual budget to provide SPOs that build market infrastructure with two to three consecutive grants.[37] For important market infrastructures, longer-term grants have also been given, such as the 9-year grants to China Foundation Forum and China Foundation Centre, which has a total amount of about RMB900,000 (approximately USD142,100) and over RMB4 million (approximately USD631,600) respectively.[38] In addition, Narada funded research on the GDP of Chinese social organisations and advocacy of the New Charity Law.[39]

Scaling-up of Social Innovations:

Narada launched the China Effective Philanthropy Multiplier as a core programme of the new strategy plan. At the same time, Narada continues to allocate a large portion of its funds to support SPOs at different development stages. The Ginkgo Fellow Programme provides social entrepreneurs and leaders of early-stage SPOs with a grant of RMB100,000 (approximately USD15,800) as well as training and networking activities for three consecutive years. The Bright Way Programme provides growth-stage SPOs with the potential to scale-up and generate systemic social impact with an unrestrictive grant of up to RMB 1.5 million (approximately USD 236, 900) and tailored non-financial support such as capacity building and resource matching.[40] As of 2016, the Ginkgo Fellow Programme had funded 81 Ginkgo fellows for a total of RMB41.49 million (approximately USD6.55 million)[41] and the Bright Way Programme had funded 20 organisations for a total of RMB21.64 million (approximately USD3.42 million).[42]

Social Enterprises:

Narada has been actively supporting networks and organisations with the aim of mainstreaming the concept of social enterprise and catalysing cross-sector resources for social innovations. For example, Narada has been giving grants to Leping Social Entrepreneur Foundation to promote the B Corp movement in China since 2017.[43]

Journey to Optimise Philanthropic Capital[44]

Similar to its role in building up the philanthropy sector in China, Narada has started to venture into impact investment. To build a collaborative and enabling ecosystem for social investment, Narada launched the China Social Enterprise and Investment Forum (CSEIF) with 16 Chinese foundations and social investment agencies. Through its Ginkgo Fellow Programme and the Bright Way Programme, Narada Foundation draws on the concept of strategic investment to support SPOs at different development stages, bearing the first loss and building a pipeline of impactful SPOs. Some SPOs under the Bright Way Programme were able to secure follow-on investment from impact investors after the programme.

In 2015, Narada started to engage in direct impact investments at a concessionary basis with a very strong impact-first focus. Narada issued its first interest-free loan of RMB500,000 (approximately USD78,900) to Gong Yi Fang, an SE that provides financial and accounting services to NGOs, foundations and SEs. The loan was given in the form of a grant and was repaid to Narada in 2017 in the form of a donation. The consideration behind this arrangement was to avoid public misunderstanding and potential legal complications. With the loan, Gong Yi Fang was able to expand its service outreach significantly across China and provide more professional training and employment opportunities for young girls with limited education. In 2016, Narada extended another loan to Ermoo.com, an online career development platform for the disabled. The loan was channelled via one of the microfinance organisations under Leping Social Entrepreneur

Foundation and was structured as a revolving loan, in which case the principal will be lent to other SEs.

Narada has also formed strategic partnerships with other key players in impact investing and provided grants to promote social innovations and social enterprise development. Some of the examples are Leping Foundation's Leping Social Innovation Programme and Venture Avenue's SE incubator.

Exploration stage[45]

From 2010 to 2014, Narada has provided grants to a total of 24 SEs in China. As these SEs grew, discussions started in 2014 on how the Foundation could diversify its financing tools.[45] These discussions finally led to the decision to experiment with interest-free loans. The biggest challenge faced by the team in exploring the feasibility of interest-free loans was the legal restrictions in China, which limit foundations' ability to recycle capital and receive financial returns. To tackle the challenge, Narada experimented with two ways of issuing loans, both in the form of grants, but one to the investee directly, and the other through a microfinance company.

In 2011, Mr Yiongguang Xu, the Co-founder of Narada, started the discussion around creating a forum to facilitate multi-sector collaboration and catalyse flows of resources to the philanthropic and non-profit sector. Ms Yanni Peng, now Secretary General at Narada, came on board in 2013 to turn the idea into the present CSEIF. According to Ms Peng, one of the greatest challenges during the exploration stage was to identify key sector players, convey the mission of the forum and coordinate stakeholders with different agendas and methods of operation.

Preparation stage[46]

For its first interest-free loan, Narada sourced deals among its pool of supported SEs, conducted due diligence, drafted proposals and negotiated details of the contract, which included repayment methods, before giving the loan directly to the investee. Whereas for the second loan, after confirming the investee, Narada issued the loan to a microfinance company and allowed it to take charge of the rest of the process. The repaid principle will remain in the capital pool of the microfinance company.

During the preparation stage of CSEIF, the team at Narada further refined its strategic direction and set its dual objectives of advocacy and ecosystem building. Through CSEIF, Narada aims to connect different players within the ecosystem, including social entrepreneurs, investors, foundations, policy makers and researchers, organise trainings to enhance sector capability and share the best practices in China with the international community. As the initiator and the main driver of the forum, Narada dedicated considerable financial and human resources to designing, planning and executing programmes at the preparation stage, gathering all partners for meetings and signing of agreements.

Post-launch[47]

After the launch of CSEIF in 2014, the team mainly focused on its operation and management. Several adjustments to the governance structure have been made. CSEIF was initially run by staff from one of the founding organisations. However, after the first year, everyone agreed on the need for a dedicated secretariat to take charge of the forum. After a person was hired to form and lead the independent secretariat in 2015, the founding organisations further decided to register the forum as an independent entity. Hence, a non-profit registration application was submitted in 2017 for CSEIF and is likely to be approved in 2018. Once registered, CSEIF will undergo another round of governance restructuring.

In the future, CSEIF will continue to focus on advocacy and ecosystem building. However, the target audience will be expanded to include not only players from the social sector, but also those from the business sector including financial institutions and investors.

Following the launch of the interest-free loans, Narada continues to provide non-financial support to meet the needs of the investees. However, Narada has decided to stop issuing interest-free loans in the future. This is mainly due to human resource constraints and the decision to focus on its areas of expertise which are advocacy and ecosystem building. Instead, Narada has started funding intermediaries and foundations that support impact-driven businesses, such as the social enterprise incubator run by Venture Avenue and the B Corp movement led by Leping Social Entrepreneur Foundation. At the same time, Narada is also considering to engage in MRIs by investing part of their endowment into an impact fund, but internal discussions are still under way and there is no concrete plan at the moment.

Key Learnings and Recommendations

Along their journey of supporting social innovations and building the social investment ecosystem, Narada has learnt that:[48]

1. Foundations can maximise their impact and catalyse sector development through building ecosystem infrastructure. The construction of such infrastructure usually requires patient and long-term investment but can generate multiplier effects and facilitate exponential growth. Ecosystem infrastructure can be more effectively built through multi-sector collaboration.
2. Foundations can play an important role in filling the funding gaps by providing grants, first-loss capital and interest-free loans to SPOs at different stages of development.
3. Funding is important, but it needs to come with a combination of other resources. Foundations should also provide non-financial support including mentorship, access to networks and resources, to maximise the effect of financial support and prepare SPOs to be investment-ready for impact investors and mainstream investors.
4. Legal restrictions and policies may pose constraints to foundations moving towards investment with financial returns. Alternative approaches such as establishing a separate investment company or collaborating with intermediaries or other investors can be considered.
5. Foundations moving into social investment need to attract talent with different skillsets from those who work in the social sector. People with an investment and management background can be a valuable asset.

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46. *Interview with Yanni Peng, Secretary General, Narada Foundation, on 9 March 2018*
47. *Interview with Yanni Peng, Secretary General, Narada Foundation, on 9 March 2018*
48. *Interview with Yanni Peng, Secretary General, Narada Foundation, on 9 March 2018*

JAPAN

JAPAN SOCIAL IMPACT INVESTMENT FOUNDATION (SIIF)

BUILDING THE MARKET FOR IMPACT INVESTMENT

Organisational Profile[49]

Japan Social Impact Investment Foundation (SIIF) was established by The Nippon Foundation in 2017 as a dedicated entity to impact investment. Under the same foundation group, another foundation which puts its endeavour into impact investing is The Sasakawa Peace Foundation. While SIIF focuses on building the impact investing ecosystem within Japan, The Sasakawa Peace Foundation, through its flagship initiative 'Asia Women Impact Fund', which is a carve-out fund of around USD100 million that was launched in 2017, has its geographic focus of Asian countries outside of Japan.

Nippon Foundation has been promoting social impact investment in Japan since 2013 and every year engages in activities towards building their impact investing capabilities. In 2013, Nippon Foundation launched the Japan Venture Philanthropy Fund in partnership with Social Investment Partners. In 2014, Nippon Foundation and its partners represented Japan on the G8 Social Impact Investment Taskforce.

Since 2015, Nippon Foundation has become more active in building the impact investment market. It hosted a secretariat that manages strategic and day-to-day activities for the Japan National Advisory Board (NAB) as part of the Global Social Impact Investment Steering Group (GSG). It ran social impact bond (SIB) pilot projects in Yokosuka, Amagasaki and Fukuoka cities and founded the Social Finance team.

In 2016, Nippon Foundation began to lead the Social Impact Measurement Initiative (SIMI), a multi-sector platform with about 150 members, to discuss the current state and challenges of social impact measurement and take the lead in putting social impact measurement into practice. In 2017, Nippon Foundation founded the SIIF as an independent entity to further accelerate the impact investment market building activities.

Key Activities

SIIF's mission is to unlock private capital to invest in Japan's social and environmental problem-solving[50]. To this end, SIIF's key activities include:[51]

Funding

SIIF provides risk capital through investments and guarantees to other impact funds. It also contributes human and intellectual capital toward the development of public-private partnerships such as pay-for-success projects with the same aim of increasing the supply of impact capital. In 2017, SIIF launched first two full-scale SIBs in Hachioji and Kobe.

The Hachioji SIB launched in May 2017 aims to mitigate the effects of colorectal cancer through early detection screening.[52] The Hachioji city government is the outcome payer and Cancer Scan Co. Ltd., a private company, is the service provider. Upfront investment was provided by SIIF, DigiSearch and Advertising Inc. and an individual investor.[53]

The Kobe SIB was launched in July 2017 with a focus on chronic kidney disease and diabetes nephropathy mitigation. Its objective is to extend life expectancy and improve the quality of life for 100 high-risk patients with stage 3-4 kidney disease.[54] The Kobe city government is the outcome payer, and investment is made by SIIF, Sumitomo Mitsui Banking Corporation (SMBC) and high net worth investors brought in by SMBC. The programme is implemented by the private health care firm DPP Health Partners.[55]

Hub

SIIF supplies both financial and non-financial capital to intermediaries focusing on developing innovative impact investing products and schemes to effectively support the sustainable growth of impact-drive businesses. As part of this effort, SIIF is currently providing capital for 2 funds as a wholesale impact investor, both of which are at the due diligence phase.

Think-tank

SIIF produces thought leadership and engages in policy advocacy to promote social impact investment in Japan. It also conducts annual research on "Impact Investing Landscape in Japan" and co-host SIMI.

In other words, SIIF operates at the intersection of the public, private and civil society sectors, aiming to transcend existing boundaries to nurture the impact investment ecosystem.[56]

Journey to Optimise Philanthropic Capital[57]

SIIF's impact investing activity centres around building the market for impact investment with the dual goal of increasing the number of intermediary organisations and the flow of capital into the impact investment market. As of March 2018, SIIF operates with a budget of USD2.23 million, which might increase to more than USD 3 million in the next fiscal year starting April 2018.

Exploration stage

In 2013, there were discussions around a new strategy for Nippon Foundation to transition from pure grant-making to becoming a more active social innovation champion by adopting new approaches to solving social issues such as impact investing. Ms Nanako Kudo, now Executive Director at SIIF, submitted a proposal to the Foundation's board members. Nippon Foundation at the time saw this as an experimental effort as opposed to having a clear vision and mission.

Two factors motivated Nippon Foundation to experiment with impact investing:

1. As a public organisation, Nippon Foundation is not allowed to support for-profit companies even if they do impactful work. Impact investment was therefore seen as a tool for Nippon to expand their reach, which provides more opportunities to solve social issues.
2. The giving market in Japan, while increasing, is relatively small compared to that in the US or the UK. Grants are not sufficient to maximise social impact. Nippon Foundation was therefore looking to attract capital from impact investors as another funding source for impact.

In 2014, when the the GSG (formerly the G8 Social Impact Investment Taskforce) began work in Japan by founding the Japan NAB,[58] Nippon Foundation conducted a study on the impact investment landscape in the country, following which it established a social finance team. Three years later, Nippon Foundation decided to spin off that team into a new independent organisation committed to impact investment, which is 100% funded by Nippon. A separate organisation also allows Nippon to circumvent legal restrictions and do impact investing.[59]

Preparation stage

During the preparation stage, SIIF focused on drafting its vision and mission and identifying its strategic position in the market. It came to the conclusion that it should be a market builder rather than an investor. SIIF also came up with its 5-year strategy, action plans and activities.

Appointing board members was also key to SIIF's successful launch. SIIF recognised the need to involve key stakeholders that would make key strategic decisions. It also decided to engage influential figures in its advisory board. Nonetheless, SIIF encountered a challenge in forming its board. SIIF saw a conflict of interest in inviting those who were already doing something around impact investing while finding good people was already challenging. Therefore, SIIF decided to appoint those who are knowledgeable about investing but not on the social sector and vice versa. By doing so, SIIF was able to make decisions from both perspectives of social impact and financial return as well as to avoid conflict of interest.

SIIF's biggest challenge has been to change public perceptions around public foundations engaging in social impact investment. As of March 2018, SIIF was in the process of applying for a public organisation certificate. Without this certificate, SIIF is unable to collect and use donations. There is a common perception held among government officials, some board members and other stakeholders that public organisations should not invest in social enterprises. This has come up when the Nippon Foundation started looking at social impact investment. SIIF therefore has to change this perception in order to be able to register as a public organisation. One way of doing so has been through external parties. For instance, SIIF set up meetings for the GSG and the Cabinet Office for the latter to gain a better understanding about impact investing. SIIF also invites foreign speakers to speak in Japan and links the information to the local context.

Another strategy SIIF has been deploying to change public perceptions of impact investing is through supporting internal champions as well as finding external champions. Mr Shuichi Ohno, Board of Director of SIIF, has been an internal champion. SIIF is looking to use their resources to also help external champions do their work in their positions.

Post-launch

After the launch, SIIF focuses on increasing the number of intermediary organisations to 30-40 with the aim to channel more mainstream capital into impact investment. By April-May 2018, SIIF will start investing in impact funds post-due diligence. SIIF also aims to fund its own investment, promote policies and conduct more research on impact funds and SIBs.

Challenges remain, however, especially in relation to the status of the public organisation certificate. SIIF will therefore continue advocacy work to raise awareness about impact investment in the country.

Key Learnings and Recommendations

SIIF's journey towards building the impact investment market sheds light on the following learnings:[60]

1. Foundations are in a unique position to build a sustainable market for impact investment because other institutions are usually risk-averse.
2. In addition to investing into impact funds and/or social enterprises, foundations can undertake impact measurement and policy advocacy, which benefit all market players. These common assets are vital to the market but remain undersupplied.
3. High-quality human capital is key to a successful journey. Finding passionate and capable people and building good teams are vital in foundations' transitioning into impact investment.
4. It is important to connect to key people in the sector around the world and learn from them. In doing so, foundations can disseminate their learnings in their countries and influence stakeholders.

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49. *Information on Japan Social Impact Investment Foundation (SIIF) provided by Nanako Kudo on 28 February 2018.*
50. *http://www.siif.or.jp/en, accessed 6 March 2018.*
51. *Information on Japan Social Impact Investment Foundation (SIIF) provided by Nanako Kudo on 28 February 2018.*
52. *http://www.digisearch.co.jp/news/release/20170814_sib01.pdf, accessed 3 April 2018.*
53. *Information on Japan Social Impact Investment Foundation (SIIF) provided by Nanako Kudo on 28 February 2018.*
54. *http://www.siif.or.jp/wp-content/uploads/2017/07/sib_kobe_170720.pdf, accessed 3 April 2018.*
55. *Information on Japan Social Impact Investment Foundation (SIIF) provided by Nanako Kudo on 28 February 2018.*
56. *Interview with Nanako Kudo, Executive Director, SIIF on 2 March 2018.*
57. *This section is based on an interview with Nanako Kudo, Executive Director, SIIF on 2 March 2018.*
58. *Global Steering Group for Impact Investing, http://gsgii.org/nabs/japan/ accessed on 15 March 2018.*
59. *Traditionally all Nippon's projects have to be individually approved by the Ministry of Home Affairs and there was uncertainty around whether or not the government would approve impact investing projects.*
60. *Interview with Nanako Kudo, Executive Director, SIIF on 2 March 2018.*

AUSTRALIA

LORD MAYOR'S CHARITABLE FOUNDATION (LMCF)

ALIGNING IMPACT INVESTMENT WITH GRANT-MAKING

Organisational Profile

Established in 1923 by the then Lord Mayor Sir John Swanson, the Lord Mayor's Charitable Foundation (LMCF) is the oldest and largest community foundation in Australia.[61] Based in Melbourne, it is a charity registered with the Australian Charities and Not-for-profits Commission (ACNC).[62] LMCF holds funds from bequests and donations. Its corpus is AUD240 million.[63]

LMCF focuses on four impact areas:[64]

- Education and Employment - access to education and work for youths and older people
- Environment and Sustainability - food, water and sustainable energy
- Healthy and Resilient Community - supporting ageing, building climate change resilience and strengthening social cohesion
- Homelessness and Affordable Housing - increasing the supply of affordable housing and prevention of homelessness

75% of LMCF's grants go into these four areas, the remaining 25% is donor advised.[65]

LMCF positions itself as part of a continuum of social investment ranging from grant-making to impact investment.[66] As of March 2018, it has a strategic asset allocation of 2.5% to impact investment.[67]

Key Activities

With a dual approach of grant-making and impact investment, LMCF supports social purpose organisations of various development stages from social start-ups to established social enterprises and not for profits. In addition to providing financial capital in the form of grants, debt and equity, the Foundation also implements capacity building, influences policy, conducts research and shares knowledge with other funders and the community.[68]

Grant size for the Thrive programme, which supports grassroots charitable organisations operating in the above mentioned four impact areas,[69] is around AUD40,000 (USD30,856) for a duration of up to three years.[70] Innovation grants for non-profits and early-stage social enterprises are around AUD150,000 (USD115,710) for two years.[71] The Foundation also provides challenge grants of up to AUD1 million (USD771,400) for special projects.[72] Loan size is around AUD2 million (USD1,542,800), while ticket size for equity investment is AUD100,000 – 250,000 (USD77,140 - USD192,850).[73] Time horizon for impact investment is five years for loans and longer for equity.[74] It might take more than five years for an investment to yield some financial return. In some cases, LMCF funds social start-ups and continues

Lord Mayor's Charitable Foundation's Philanthropy Toolbox

Source: LMCF's Annual Report 2017

injecting different types of funding at key points of development.[75]

LMCF also provides non-financial support to non-profits including: access to networks, personalised connections and facilitating collaboration.[76]

Journey to Optimise Philanthropic Capital

LMCF currently allocates 2.5% of their strategic assets to impact investment in the forms of both debt and equity. For debt, LMCF initiated the AUD2 million (USD1.54 million) Affordable Housing Loan Fund in 2016 in partnership with Social Enterprise Finance Australia (SEFA) with the aim to increase the supply of affordable housing. The Fund has invested AUD1.9 million (USD1.46 million) so far into Habitat for Humanity.[77]

LMCF has also made equity investments through Impact Generation Partners into two social enterprises, Hire-up in June 2016 and Yume in December 2016.[78] Hire-up provides a technology platform for people with disabilities to choose and manage their own careers.[79] Yume connects excess food that doesn't meet supermarket standards to people who are willing to consume it, as well as provide food at risk of going to waste to food charities.[80] Impact Generation Partners plays an advisory role to LMCF in terms of where to direct funds to.[81]

LMCF also invests its endowments with an exclusionary screen. It has excluded tobacco and armaments and reduced its exposure to gambling. LMCF is planning to review its ESG lens in the next six months.[82]

Exploration stage

LMCF's first exposure to impact investment was through the Skoll Foundation and Peter Hero from the Silicon Valley Community Foundation in the 2000s.[83] LMCF organised a forum with the Skoll Foundation and its investment arm, which resulted in more confidence in impact investment among LMCF's board members. LMCF was also inspired by the Rockefeller Brothers Fund during its visit to Australia.

It took LMCF 3 years from talking about impact investment to doing their first deal – setting up the Affordable Housing Loan Fund in collaboration with SEFA.[84] LMCF was in discussions with SEFA to understand what was possible to invest in in line with its impact areas, especially around affordable housing.[85] LMCF then took steps to develop its impact investing policy and slowly passed project after project through its Investment Committee. The Fund was co-designed with Ben Gales, SEFA's former CEO.[86]

In 2016, the Investment Committee approved the Affordable Housing Loan Fund with an initial amount of AUD2 million. LMCF started making equity investments in Hire-Up and Yume in June and December 2016, respectively. With these investments, LMCF has successfully begun to implement its 2.5% asset allocation in line with its impact priorities through impact investing.

Challenges LMCF was facing during its exploration stage were primarily the lack of information on impact investment on the part of the board and the public.[87] One of the most significant hurdles, according to Catherine Brown, CEO of LMCF, was convincing the Investment Committee that LMCF should be making a financial return as well as social and environmental impact.[88] Initially, LMCF aimed for a 4% financial return.[89]

LMCF found it helpful to involve independent experts from visiting foundations and Impact Investment Australia.[90] Researching on what other foundations were doing also went a long way in helping LMCF to gain confidence and convince the board.[91]

Preparation stage

In the lead up to the launch of the Affordable Housing Loan Fund, LMCF's first impact fund, it did a lot of work with SEFA on documentation and what social impact and financial return should look like. LMCF also sought guidance from Frontier Advisors, their strategic asset allocation advisor.[92]

The lack of information on structuring an impact fund continued to pose challenges to LMCF at this stage.[93] However, LMCF was able to identify investment opportunities in alignment with its impact areas. LMCF also emphasised bringing the rest of the Foundation on its journey towards impact investing.[94]

Post-launch

Following the launch of impact investment initiatives, LMCF focused on asset allocation with quarterly reporting to the investment committee.[95] LMCF continued to seek advice and embed impact investing in the way it works without making additional hiring.

During this phase, LMCF came to the realisation that social start-ups might take a while to get things going and hence as an investor it had to be patient. LMCF found that their loan fund was going well. It decided to make very small amounts of equity investment as part of its learning process. Frontier Advisors continued to advise the investment committee.[96] The Foundation continues to be open to finding other advisors who can assist in due diligence reviews of impact investment opportunities.

LMCF has identified possible new opportunities in guarantees and loans in the area of affordable housing and energy efficiency. Management would like to raise its impact investment allocation to 5% of its assets within the next year or two with the belief that if all foundations put in 5% of their assets towards impact investment, it holds a lot of potential to maximise impact.[97]

Key Learnings and Recommendations

One of LMCF's key learnings during their journey towards impact investment is that disruption is happening in every sector and philanthropy must be open to new ideas and approaches to foster innovative solutions to social challenges.[98] LMCF sees impact investment as another tool to increase the impact of a foundation. Through impact investment, LMCF has been able to unlock greater impact – more affordable houses built with the Loan Fund, higher consumption of surplus food with Yume, more opportunities for people with disabilities with Hire-Up.[99]

LMCF emphasised the importance of taking the time to educate stakeholders and getting advice from the right kind of advisors with expertise on investment risk and return analysis. It is also crucial that foundations start impact investment in a manageable way and keep learning as they go along.[100]

Equally critical is the need to align impact investment with grant-making.[101] Before embarking on impact investing, LMCF had done a lot of grant-making. It sees impact investment as another tool to build on the impact grant-making has generated.

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61. *Lord Mayor's Charitable Foundation, 2017, p.3*
62. *http://www.abr.business.gov.au/SearchByAbn.aspx?Search-Text=63635798473*
63. *https://avpn.asia/organisation/lord-mayors-charitable-foundation*
64. *https://www.lmcf.org.au/how-we-help*
65. *https://avpn.asia/organisation/lord-mayors-charitable-foundation*
66. *Lord Mayor's Charitable Foundation, 2017, p.12*
67. *Interview with Catherine Brown, CEO, Lord Mayor's Charitable Foundation, on 7 March 2018*
68. *Lord Mayor's Charitable Foundation, 2017, p.12*
69. *https://www.lmcf.org.au/apply-grant/thrive*
70. *Interview with Catherine Brown, CEO, Lord Mayor's Charitable Foundation, on 7 March 2018*
71. *Interview with Catherine Brown, CEO, Lord Mayor's Charitable Foundation, on 7 March 2018*
72. *Interview with Catherine Brown, CEO, Lord Mayor's Charitable Foundation, on 7 March 2018*
73. *Interview with Catherine Brown, CEO, Lord Mayor's Charitable Foundation, on 7 March 2018*
74. *Interview with Catherine Brown, CEO, Lord Mayor's Charitable Foundation, on 7 March 2018*
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76. *Interview with Catherine Brown, CEO, Lord Mayor's Charitable Foundation, on 7 March 2018*
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78. *Interview with Catherine Brown, CEO, Lord Mayor's Charitable Foundation, on 7 March 2018*
79. *Lord Mayor's Charitable Foundation, 2017, p.12*
80. *Lord Mayor's Charitable Foundation, 2017, p.13*
81. *Interview with Catherine Brown, CEO, Lord Mayor's Charitable Foundation, on 7 March 2018*
82. *Interview with Catherine Brown, CEO, Lord Mayor's Charitable Foundation, on 7 March 2018*
83. *Interview with Catherine Brown, CEO, Lord Mayor's Charitable Foundation, on 7 March 2018*
84. *Interview with Catherine Brown, CEO, Lord Mayor's Charitable Foundation, on 7 March 2018*
85. *Interview with Catherine Brown, CEO, Lord Mayor's Charitable Foundation, on 7 March 2018*
86. *http://www.socialtraders.com.au/news-and-events/lord-mayors-charitable-foundation-meet-catherine-brown*
87. *Interview with Catherine Brown, CEO, Lord Mayor's Charitable Foundation, on 7 March 2018*
88. *https://impactinvestingaustralia.com/impact-profiles/impact-profile-catherine-brown*
89. *Interview with Catherine Brown, CEO, Lord Mayor's Charitable Foundation, on 7 March 2018*
90. *https://impactinvestingaustralia.com/impact-profiles/impact-profile-catherine-brown*
91. *Interview with Catherine Brown, CEO, Lord Mayor's Charitable Foundation, on 7 March 2018*
92. *Interview with Catherine Brown, CEO, Lord Mayor's Charitable Foundation, on 7 March 2018*
93. *Interview with Catherine Brown, CEO, Lord Mayor's Charitable Foundation, on 7 March 2018*
94. *Interview with Catherine Brown, CEO, Lord Mayor's Charitable Foundation, on 7 March 2018*
95. *Interview with Catherine Brown, CEO, Lord Mayor's Charitable Foundation, on 7 March 2018*
96. *Interview with Catherine Brown, CEO, Lord Mayor's Charitable Foundation, on 7 March 2018*
97. *Interview with Catherine Brown, CEO, Lord Mayor's Charitable Foundation, on 7 March 2018*
98. *http://www.socialtraders.com.au/news-and-events/lord-mayors-charitable-foundation-meet-catherine-brown*
99. *Interview with Catherine Brown, CEO, Lord Mayor's Charitable Foundation, on 7 March 2018*
100. *Interview with Catherine Brown, CEO, Lord Mayor's Charitable Foundation, on 7 March 2018*
101. *Interview with Catherine Brown, CEO, Lord Mayor's Charitable Foundation, on 7 March 2018*

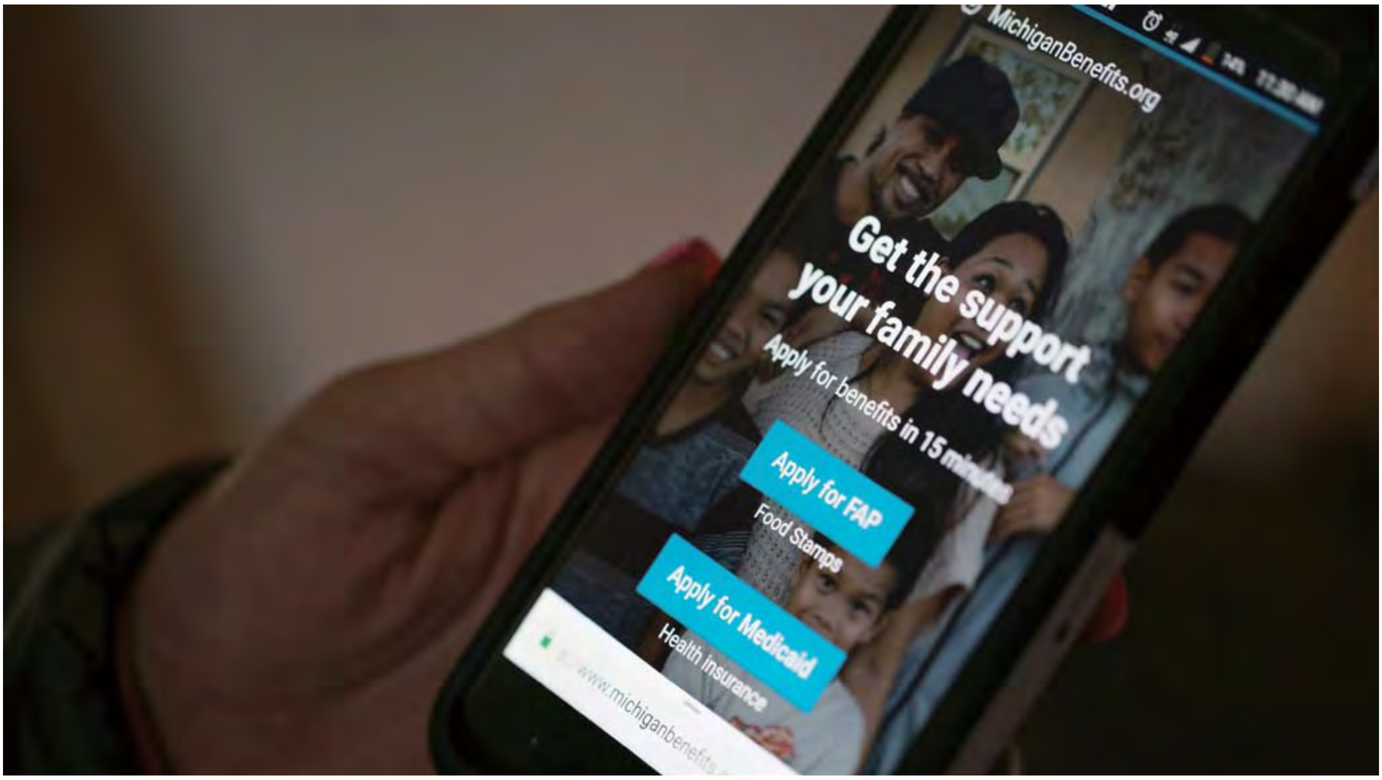
THE UNITED STATES

Overview

In this section, we highlight foundations based in the United States who are committed to mission-aligned investing. As an increasing number of organisations make a commitment to impact investments or investments classified by a myriad derivative terms which deliberately seek to make social and/or environmental impact along with a range of returns, it is imperative to examine how leading private foundations are aligning more of their endowments towards their overall programmatic mission to scale their targeted impact. Moreover, the commitment of these leading foundations goes beyond applying a percentage of their endowment towards impact investments. These private foundations are constantly optimising how they apply their talent, knowledge, influence, grants and programme-related investments (PRIs) along with their mission-related investment (MRI) capital to advance the objective or "mission" of their organisation.

Private foundations are a legal entity endowed by an individual, group or family as opposed to charitable foundations that raise funds. Under the Code of Laws of the United States, private foundations are 501(c)(3) organisations that are tax-exempt, approved by the Internal Revenue Service (IRS) and can conduct domestic and/or international activities. The IRS requires foundations to pay out 5% of their endowment every year in grants. The IRS also allows PRIs to count towards the payout that advances the mission of the foundation if "the production of income is not a significant motivating factor".

The following case studies are extracted and updated from Amala Paradigm's 2013 and 2017 internal research reports for the Sasakawa Peace Foundation. Amala Paradigm partnered with TBLI Group Holdings who provided access to many of the interviewees and subsequently participated in the compilation of the ESG section of our 2017 report. Collectively, Amala Paradigm conducted comprehensive research with institutions and individuals operating in five continents and representing over 50 foundations, impact investment funds, banks and asset managers, family offices, accelerators, government agencies, thought leaders, and ultra HNWIs. This resulted in over 500 pages of insight on how leaders are shaping and scaling impact and mission-aligned investments at their organisations. The 2013 report focused on how to commence impact investing within an organisation and included 31 cases studies; and the



2017 report focused on the mission-aligned and ESG investments of foundations and included 13 case studies.

The following three case studies are reflective of how several of the leading organisations examined in our research had gone about seizing the opportunity to become mission-aligned through directing more of their resources and capital towards furthering their purpose. These examples illustrate their evolution over time as they learned from the field providing them with greater insight, which then allowed them to scale their programmes and make broader and deeper impact towards their recipients. Among private foundations, the following themes dominated the strategies of the organisations interviewed:

1. Mission Alignment: a move beyond the 5% annual endowment payout for grants to a foundation's focused commitment of all resources towards advancing its purpose. Many of the foundations started the process by closely examining what they were invested in and the impact of their endowment.

2. Building Infrastructure/an Ecosystem: recognition that a foundation must empower intermediaries to facilitate funds and information and cannot act alone in scaling impact. Foundations are working with their peers and across sectors, including the government, regulators, media, financial institutions, etc.

3. Internal Expertise/External Collaboration: foundations need to evolve from a focus on grant-making to investment expertise and strategic partnerships. Foundations are emphasising educating their boards, leadership and staff on investment opportunities and using their networks to advance their mission.

4. Commitment to a spectrum of investments: foundations recognise that non-profits and social entrepreneurs require a range of capital from debt and equity investments to guarantees and philanthropic capital to scale their impact – which can evolve over time based on needs. Foundations are also committed to portfolio diversification as a risk management strategy.

Further insight into these themes is found in the following case studies. The leaders of these organizations were transparent in sharing their best practices and challenges through their commitment to knowledge sharing and collaboration in moving the sector forward.

SNAPSHOT

Mission: "The Skoll Foundation drives large-scale change by investing in, connecting, and celebrating social entrepreneurs and innovators who help them solve the world's most pressing problems."

Vision: "Our vision is to live in a sustainable world of peace & prosperity."

Year of Establishment: The Skoll Fund was established in 1999 and the Skoll Foundation in 2002, by Jeff Skoll, founder of eBay

Legal Registration: Skoll Foundation: 501(c)(3), Non-profit Foundation; Skoll Fund: Supporting Organisation associated with the Silicon Valley Community Foundation

Based In: Palo Alto, California, United States

Countries Active In: Globally (Africa, Asia, Middle East, Americas & UK)

Sectors of Focus: Economic Opportunity, Education, Environmental Sustainability, Health, Peace & Human Rights, and Sustainable Markets

Endowment/Assets: (Dec 2016) USD1.098 billion (total of Skoll Foundation's USD580 million and the Skoll Fund's USD518 million)

Mission-Aligned Investment Portfolio (Dec 2016): USD30 million total distribution of USD30 million allocation of Programme-Related Investments. Approximately USD120 million in clean energy and clean tech investments, accounting for majority of private equity and venture capital asset allocation of endowment

Funding: Debt, equity and other financial instruments including loan guarantees and deposits

Case Study

SKOLL FOUNDATION

Evolving a Foundation's Mission to Support the Vision of an Entrepreneur

Since creating the Skoll Foundation in 1999, Jeff Skoll, the first president of eBay, has contributed USD1.2 billion of eBay stock to pursue his vision of "a sustainable world of peace and prosperity". The Foundation has led the advocacy for and promotion of investment in social entrepreneurship; supporting social entrepreneurs are instrumental to solving some of the world's most pressing problems. By identifying the people and programmes already bringing positive change around the world, the Foundation empowers them to extend their reach, deepen their impact, and fundamentally improve society on a local to global scale.

The Skoll Foundation's assets rank it as the largest foundation for social entrepreneurship in the world. The Foundation has invested approximately USD400 million worldwide, including the Skoll Award to 118 social entrepreneurs and 96 organisations on five continents.[102]

Early on, the Foundation's mission was focused on driving truly transformative change by supporting social entrepreneurs who recognise the systems in need of change and then advance social progress by developing powerful models for change that disrupt a suboptimal status quo and transform our world for the better. In 2009, the Foundation modified its mission to "driving large-scale change by investing in, connecting and celebrating social entrepreneurs and the innovators who help them solve the world's most pressing problems". This recognises a responsibility to make high-impact and work with those institutions and players in the ecosystem that help scale and enable the impact of social entrepreneurs.

Building an Ecosystem to Empower Social Entrepreneurs

The Foundation is associated with the Jeff Skoll Group, which includes Capricorn Investment Group, Participant Media and the Skoll Global Threats Fund – all of which collectively work together to advance the founder's vision. The Skoll Foundation encompasses two separate entities: a private foundation, The Skoll Foundation, and a public charity whose legal name is The Skoll Fund. Together they are known as the Skoll Foundation. The Skoll Fund, created in 1999, is a supporting organisation associated with the Silicon Valley Community Foundation of Mountain View, California. The private foundation was launched in 2002. Each entity is governed by its own board of directors but share grant-making, programme and administrative resources.

Realising that transformative social change must be driven from collaboration and partnerships between leaders and innovators from all sectors, the Jeff Skoll Group and the Foundation has been active in developing various platforms over the years to build a social entrepreneurship ecosystem. In 2003, the Skoll Centre for Social Entrepreneurship was set up at The University of Oxford's SAID Business School through a Foundation grant to provide high potential individuals with the inspiration, skills, knowledge, and network to effectively pursue careers of positive social impact. The following year, the inaugural Skoll World Forum on Social Entrepreneurship was launched to convene players from the ecosystem, including the private and public sector, academia, the media, philanthropists and funders, and connect them to drive partnerships around social enterprises.

Since 2004, the Skoll Awards have provided nearly USD400 million to social entrepreneurs to scale their impact. Each year, the Foundation selects awardees from a list of referred social entrepreneurs provided by the Foundation's network. The Skoll Foundation provides USD1.25 million over three years in unrestricted funding and core grant support to those organisations which have already demonstrated significant and proven impact on one or more of the following areas: Environmental Sustainability, Education, Economic Opportunity, Health, Peace & Human Rights, and Sustainable Markets. The awardees also benefit from actively participating in the Skoll's ecosystem to help them achieve greater global impact and scale.

In 2009, the Skoll Global Threats Fund was set-up as a time-limited organisation to address threats that risk a large number of lives or have the potential to cause significant and harmful social and economic disruption. The Fund focuses on threats from climate change, water security, pandemics, nuclear proliferation and Middle East conflict. The Skoll Global Threats Fund's programmes were transitioned to other organisations in 2017 and ceased operations at the end of that year.

The Skoll Foundation also invests in media partnership platforms and marketing strategies that drive awareness of and investment in the work of their grantees. The Foundation has collaborated and partnered with numerous leading organisations, such as the BBC, Sundance, PBS, NPR and TED.

Since 2004, Jeff Skoll has invested hundreds of millions of dollars in Participant Media, which is a film production and media company 'dedicated to entertainment that inspires and compels social change'. Every movie produced is assessed for commercial profitability and social relevance and has social action campaigns where they partner with non-profit organisations. The company has also committed to carbon-neutral productions. As all this is housed inside a for-profit company, Participant Media can be seen as a triple bottom line investing.

As this group of Skoll organisations address their targeted issues and delve deeper into sub-issues, share insights and map out the key stakeholders, policies and institutions they are impacting, they continue to build a more robust ecosystem in support of social enterprises.

Commitment to Mission-Aligned Investments

In 2005, the then Foundation President, Sally Osberg, and COO (present Interim President) Richard Fahey engaged their Board to establish the Foundation's strategy for deploying its financial capital.   They recommended viewing the financial capital as a core strategic resource that should be deployed as much as possible in ways to advance the Foundation mission. They made a strategic policy decision to use more than the 5% annual payout requirement by the IRS. In looking at what other foundations were doing they understood that the majority of foundations have the binary approach of strict separation between the investment and programmatic side but others were more innovative. The latter were using negative screening, PRIs, shareholder engagement, and mission aligned investments. Since Jeff Skoll is an entrepreneur, the Board identified with a more

entrepreneurial approach to capital deployment while adhering to best practices, such as asset allocations, of a large endowment. There were also elements around reputation consideration or brand alignment. The Board did not want to be invested in areas that were in conflict with Participant Media's socially relevant films and documentaries. They did not want misalignment of promoting social change that was contrary to what they were invested in. As a grantor to Ceres, the Foundation is active as an engaged shareholder on proxy voting and policy solutions. The Foundation is a signatory of the Principles of Responsible Investing (PRI) and the Ceres Investor Network.

The Foundation has intentionally chosen not to use the term "impact investing" since they found that there were various interpretations among different stakeholders. They adopted a viewpoint similar to the Heron Foundation's view of a continuum of opportunities along the capital structure of a foundation where they could use their capital to pursue its mission from grants all the way to fixed-income and equity investments. Skoll started to look at what they could do at different segments in this continuum. Their motivation was trying to use all of their resources assets including their capital to pursue their mission. This was not only the Foundation's mission but really Jeff Skoll's overarching vision of a sustainable world of peace and prosperity.

More specifically, investments are made according to "themes" such as clean energy and ESG filters. Skoll employs a spectrum of strategies some of which can be viewed as aligning with a particular asset class. ESG-type filters apply more to public equities. These are primarily made through fund managers, such as Generation. Investments in clean technologies are more apt to be in venture capital. Investments made primarily for charitable purpose are below-market PRIs. The Foundation believes it is important to be engaged responsible shared holders and will vote proxies in accordance with ESG related perspectives, particularly related to transparency and climate change risks.

The Foundation has a USD30 million bucket for PRIs that are managed separately from the investment capital. They are managed alongside the grants and operating programmes. The investment capital is managed by Capricorn Investment Group (CIG), which is a B-Corp primarily-owned by Jeff Skoll. CIG uses a principled investing approach based on a belief that superior investment returns can be achieved by incorporating ethical, social and environment factors and does ESG screening for the Foundation's endowment.

Approximately 25% of the Foundation's endowment is deemed to be mission aligned. This is spread across public equities, hedge funds, private equity, venture and natural resources. Skoll sees the risks

around impact investment to be similar to those of other investments in the relevant asset class. The Foundation does not classify MRIs as an asset class since once you define it this way, you are carving it out from everything else and that would necessitate correlation analysis with the other asset classes and how it serves diversification objectives.

Skoll's primary measure of financial performance is relative to their policy benchmarks (the benchmarks associated with the policy asset allocation), and secondary to similar endowments. Therefore, their objectives range from capital preservation to above market rate returns. In total, the mission-aligned investments have contributed more than non-mission-aligned investments, primarily due to outsized returns on a few venture investments.

The Foundation has significant exposure to impact investments in renewable energy, spanning innovations such as storage and fusion through to large-scale renewable power projects and income generating vehicles. One priority is to attract more capital to the innovation and infrastructure required to transition from fossil fuel to renewable energy, particularly in emerging economies. It is important to have policies and vehicles to facilitate this growth; hence, CIG is active in advocating for capital flows into renewable energy.

Skoll's advice to asset owners interested in ESG and Impact Investing is to get to the point where you feel responsible for deploying capital in a manner that advances an organisation's mission. Furthermore, there are always lessons to be learned along the way, as an organisation discovers how to optimise its assets towards a mission. Staff with strong enthusiasm for the mission combined with talent for their investment specialty are essential. The Foundation recommends collaborating with others on this journey as not one player can move the needle on large-scale impact and build an ecosystem to realise 'peace and prosperity for all'.

102. http://skoll.org/about/approach/

SNAPSHOT

Year of Establishment: 2006

Legal Registration: 501(c) (3)

Based In: New York, United States

Countries Active In: US and emerging economies

Sectors of Focus: Financial Services and Ethical Fashion

Assets under Management: USD10.6 million at 12/31/17

Funding: For a full list of investments please visit: http://cordesfoundation.org/impactinvesting

Case Study

CORDES FOUNDATION

In 2006, Ron and Marty Cordes created the Cordes Foundation following the sale of Ron's managed account investment platform, AssetMark. The family foundation operates in the United States and throughout the developing world and supports organisations delivering sustainable and scalable strategies for economic empowerment, addressing human rights issues and the empowerment of women. Realising that women and girls earning money reinvest 90% into their families and communities (according to the OECD 2010), the Foundation believes "elevating the role of women across all sectors is essential to building strong economics and improving the quality of life for women, men, families and communities".

Marty and Ron focus their efforts on driving the philanthropic and gender lens investing work of the foundation to advance economic opportunities for women. In 2014, the founders addressed how to engage the next generation and hired their daughter, Steph Cordes, who came from the fashion industry and created the Foundation's ethical fashion and sustainable supply chain initiatives. At this time, they, collectively with their Portfolio Director, Eric Stephenson, committed to activate 100% of their balance sheet for mission-aligned opportunities across multiple asset classes.

Growing Impact Investment Portfolio Commitment and Capacity Building

In 2006, the family was frustrated that traditional foundations deployed just 5% of their endowments as part of their annual grant budgets to address pressing social problems. They continue to see the need to augment the estimated USD3.9 trillion required to address Sustainable Development Goals by 2030 with public, institutional and philanthropic capital. In 2007, the Foundation allocated 20% of its endowment to align with their mission and by 2013 this grew to 40%. The transition of the endowment allocation to MRIs was supported by developing a network of resources to help them source funds as well as individual deals.

At the time, there was no organised way to access opportunities, no databases or indexes. While the impact investment field often cites not enough demand from investors or not enough supply of quality deal flow, the Foundation identified the primary obstacle is lack of infrastructure to connect investors with impact investments. As wealth managers do not have the tools and resources available to them and many are not familiar with impact investments, they naturally shy away. As a result, Cordes committed to building capacity among fund managers, awareness among wealth advisors and family officers, and developing consulting capabilities, databases and research. Notably the Foundation seeded ImpactAssets in 2011, a non-profit financial services company that aggregates impact investment opportunities and educational resources. The Foundation continues to work with several banks to share best practices, specifically with their financial advisors, and integrate impact investing into various existing, education curricula. Financial advisors are at a stage where they will need to start to understand impact in order to represent their clients better, who will increasingly be millennials and women, as well as more investors who will want to align their investments with their values. The question becomes how can they be proactive versus reactive.

Gender Lens & Diversification for Outperformance

Their gender lens investment thesis seeks to deliver market-rate financial returns because of, not in spite of, their impact investment thesis. Since August 2014, their ESG public equities portfolio has performed in line with its benchmark (a blended S&P 500 and MSCI EAFE). The Cordes Foundation does not use their required 5% annual grants payout for PRIs by design, as they do not see impact investing as a replacement for a grant but as a catalyst beyond their grant commitments. The Foundation's endowment MRIs has committed slightly more than 50% to a private portfolio of debt and equity with managers of funds, fund-of-funds and direct investments in early-stage social enterprises, the latter which they think of as their own internal venture capital fund. The other 50% of the portfolio is invested in publicly traded debt and equity strategies that analyse financial and ESG factors. Their eight public equity managers manage eleven different strategies with 70% domestic US and 30% international exposure. Nine out of eleven strategies have performed in line with or achieved some type of alpha against their benchmark. The Foundation understands how their underweight exposure to certain sectors caused two strategies to underperform slightly below the benchmark.

In addition, the Foundation puts their solid financial standing to work as a loan guarantor to emerging market SMEs and microfinance institutions. As a guarantor to MCE Social Capital, they feel they can go above 100% exposure to impact investments on their balance sheet. In fact, in 2008 and 2009 during the global financial crisis, the Board gained confidence in impact investments as the Foundation experienced no defaults in their heavy exposure to microfinance debt around the world and received back all their principal and interest payments, in contrast to the public markets crashing.

Impact Metrics and Focused Expertise

Ron is active as a "high quality chief impact evangelist" in educating various stakeholders and addressing the greatest challenges of the impact investment field.

Realising that impact measurements are still evolving, Ron is a big proponent of organisations that promote impact metrics such as B Lab, IRIS and GIIRs. It is not necessary that an organisation follow one of these standards but Ron advises to partner with organisations with an articulated theory of change and what their measurements are delivering. While investing in a small or mid-sized venture is inherently noble as it creates jobs, impact investing goes beyond this and focuses on intentionally addressing specific social and environmental problems. In this case, jobs creation would have to impact marginalised communities.

Both Ron and Marty suggest a great place to begin impact investing is to do an overall analysis of what an institution has in its current portfolio and start to measure the impact, see whether it is positive, negative or neutral and where to pivot. For foundations to commit 20% or more of their endowments to impact investments is aspirational. Moreover, organisations with a sizeable portfolio cannot invest into impact overnight. They suggest building a strategy to diversify into different geographies, sectors and align investments with the foundation's mission. Cordes started with a 20% impact allocation largely towards microfinance in 2008 to demonstrate how they can leverage their balance sheet, which proved to be an uncorrelated asset and led to an increased allocation of 40% in

2013. By the time the Foundation committed to 100% impact in 2014, it took them two years to invest in deals.

The Cordes Foundation is committed to “connecting, convening and catalysing” the impact investing field. They have focused their mission to advance economic opportunities for women via financial services and ethical fashion supply chains. With Steph Cordes’ background in fashion, which is the second largest industry in the world with 80% of its supply chain made up of women, the Foundation narrowed its focus to advocacy and support of the artisan space in emerging markets on the grant and direct investment side. Their investments target those companies which are leveraging technology with a great supply chain empowering women, and have an ethical fashion brand that feeds back profits to artisan groups, largely made of women working from home to take care of their families. The latter type of partnerships has increased wages up to four or five times.

Priming the Pump for Global Social Enterprises and Collaboration

The Foundation is also committed to building a pipeline of social entrepreneurs and established , the Global Centre for Social Entrepreneurship at the University of the Pacific in 2006. The programme has grown over the years and in 2017 moved to Lynn University in Florida and evolved into Lynn University’s Social Impact Lab, an experiential learning space where students and professionals can leverage the power of business to generate positive impact both locally and around the world. Marty and Ron Cordes also serve as Co-Chairs of Opportunity Collaboration [https://www.ocimpact.com/], a unique collaborative summit created in 2009 to empower the sharing of ideas and experiences between social entrepreneurs, family and institutional foundations, impact investors, the public sector, academics, corporates, media, and other field-building entities (incubators, accelerators, impact conferences, etc.) to move bold new initiatives forward. Each October, Opportunity Collaboration convenes global delegates representing leaders from over 40 countries and provides 60 Cordes Fellowships to the summit for exceptional social entrepreneurs and non-profit leaders on an application basis.

The Cordes Foundation continues to optimise their portfolio for both impact and financial performance while seeking new deals and support capacity building. They are extremely transparent with their portfolio to encourage other organisations to enter the impact investment space. With an impact investment focus in their asset management and ethical fashion expertise, they proved that it is possible to align 100% of their portfolio with a niche focus to empower women.

SNAPSHOT

Mission: "The Annie E. Casey Foundation is devoted to developing a brighter future for millions of children at risk of poor educational, economic, social and health outcomes."

Year of Establishment: 1948, by UPS founder James E. Casey and his siblings

Legal Registration: Private Foundation

Based In: Baltimore, United States

Countries Active in: United States

Sectors of Focus: Community & Economic Development, Affordable Housing Development, Community Facilities, Job Creation through Micro and Small Business Financing, Education and Child Welfare

Social Investment Programme Focus: Child Welfare, Economic Development, Access to Capital, Community and Housing Development

Endowment: USD2.6 billion (2016)

Social Investment Portfolio (Dec 2016): USD81 million deployed of USD125 million allocation

Social Investment Asset Allocation (Dec 2016): PRI Debt 39%, PRI Equity 3%, MRI Equity 12%, Strategic PRIs 46%. One-year MRI return: 13.6%, one-year PRI return 0.6%,

Funding: Deposits, debt, equity and guarantees

Case Study

ANNIE E. CASEY FOUNDATION

Leadership & A Growing Commitment to Social Investments

In 1998, the Annie E. Casey Foundation convinced its trustees to carve out USD20 million for social investments. The Foundation's president at the time, Douglas W. Nelson, had a strong belief that foundations should use as much of their assets as possible in pursuit of their mission. His belief was that even if the Foundation was to use its entire USD3 billion endowment at the time on grants, it was not going to solve poverty for children and families. Nelson was of the belief that they needed to do more towards the Foundation's mission with the assets they had while simultaneously continuing to grow their Foundation's assets.

In 2001, Casey's Director of Finance retired and the Foundation built into the successor's job description the responsibility to build a social investment portfolio in collaboration and alignment with the programming side. By 2002, the trustees felt more confident that the Foundation could deploy mission-aligned capital and formalised a Social Investment Programme. The following year, they increased the social investment commitment to USD100 million. By 2004, the Foundation increased its commitment to USD125 million. At present, the Foundation has committed 4% of its endowment towards social investments.

Internal and External Collaboration and Capacity Building to Scale Effectiveness

Nelson promoted social investing within the Foundation and externally among peers. Internally, the Foundation has spent a lot of time cultivating and educating its programme staff to have them understand what social investments are and how they can benefit their portfolios.

All social investments require a sponsoring programme officer who identifies a project opportunity that would benefit from a social investment. The programme officer can further mitigate risk by providing grants and technical support alongside an investment. The programme team drives social impact metrics and determines how they are going to decide success and the conversations that they will have with the fund manager.

The connection between social investment and programme teams is critical to effectively collaborate and communicate. A social investment committee was created and made up of programme and social investment staff where each investment is discussed. The social investment team deals with the structuring of the deals, financial underwriting and engages with the finance team on accounting measures.

The Foundation looks at both financial and social impact returns, programme fit and revenue streams to repay investments. They collect quarterly financial reports and annual social impact assessments from their investees. The Foundation has found that an investee's impact measurement process is reflective of its investment potential and ability to deliver financial and social impact performance. Strong impact measurements are reflective of an organisation's commitment to a theory of change and accountability. Still the Social Investment Programme takes a flexible approach to how it conducts impact measurements taking into consideration the focus of the investment and investee's current measurement practices. The social investment and programme officers along with investees set impact targets, which creates a dialogue on how the investment will align with the Foundation's mission and sets shared objectives in the investment. This also gives the Foundation further insight on the investees' strategies and processes to meet the objectives.

In 2007, the Annie E. Casey Foundation along with the Heron Foundation and the Meyer Memorial Trust launched the "More to Mission Campaign" which aimed to increase social investing by USD10 billion within 5 years; the following year a Campaign Resource Centre was launched. The same group supported the Cambridge Associates, an investment consultant, when it launched its mission-related investing group in 2007. The Foundation also co-founded the PRI Makers Network, which eventually merged with the More to Mission Campaign into the Mission Investors Exchange in 2012, which offers foundations resources on mission-related investing. The Foundation continues to financially support the Mission Investors Exchange and also provides funding research on social investment impact and performance.

This includes supporting impact measurement systems such as B Lab's Global Impact Investing Rating System (GIIRS) and the Aeris Cloud. Casey also has a small grant budget to educate other foundations through advocacy and shared learnings.

Clear Focus on Mission-Alignment

The Annie E. Casey Foundation is focused on empowering families and communities and enabling access to opportunities to realise better socio-economic outcomes for children. The Foundation's financial commitment to impact investing is much broader than its Social Investment Programme. The way they define impact is very tightly aligned to their mission and grant making strategy so while the Foundation does have investments in environmental sustainability and ESG investments, these do not count towards its Social Investment Programme as they are not aligned with its mission. Their endowment also has three negative screens where they do not invest their endowment in tobacco, weapons and private prisons.

Evolution of the Social Investment Portfolio

In 1998, the Foundation expanded its grant making strategy to mission-related deposits (MRDs) and PRIs from its USD20 million social investment allocation. Their MRDs primarily focused on community development financial institutions (CDFIs) to allow CDFIs develop products and services for low-income residents of the Foundation's target communities that are often unbanked, lack financial literacy, and targeted by predatory lenders. The Foundation used their loans to CDFIs to focus on preserving community stability and people remaining in their homes after the 2008 foreclosure crisis.

The Social Investment Programme has evolved from mainly investing in MRDs and equity funds early-on to debt PRIs forming the majority of investments in the mid-2000s and Strategic PRIs being introduced in 2009, which represents the largest share of investments since 2011. These Strategic PRIs are below market-rate investments that balance a very targeted, mission-aligned social impact with a higher risk profile. The Foundation now leverages a diverse set of social investing tools to further philanthropic goals without jeopardising its financial sustainability, including below market-rate PRIs and Strategic PRIs,

MRIs targeting market returns, and loan guarantees, while MRDs have been phased out to focus on more mission-aligned opportunities.

In cases when they were investing in projects where a considerable amount of grant money and technical expertise were going into it by the Foundation, they have made direct investments. The majority of their assets are invested in private debt and a much smaller percentage is in private equity. Since their first screen is to see whether the investment is mission aligned, and if it is, they have a great deal of flexibility in terms of how they can structure the investment. This flexibility to be able to structure the capital the way that they want is important so that they can facilitate both their financial objective but also their impact objective. The Social Investment Portfolio is managed for a return of capital, which allows for a portfolio of a large amount of concessionary rate return investments.

Most of the investments they find that are programmatically aligned to their mission tend to be pretty stable, well capitalised, with intermediaries that have a great deal of experience and expertise. Even as mainstream markets fluctuate in different sectors, the Foundation's social investment portfolio has produced consistent financial returns with very little volatility. Investments have resulted in stable, affordable housing and job opportunities for low-income families and communities.

It took a few years from their initial investments for the Foundation to feel that their systems were in place and that they had started to build the necessary relationships. In the past 5 years, as the portfolio has matured, they have successfully exited investments. The structure of their portfolio has enabled the Foundation to meets its spending over five-year cycles without depleting resources for the long term and continue without any major change in strategy.

By 2012, the Foundation's more than USD100 million in loans, deposits and equity investments raised an additional USD686 million through co-investments and leveraging additional funds. The funds and projects in which the Foundation has invested have raised an additional USD1.6 billion from private and public sources demonstrating how social investments can unlock new sources of capital to support impact objectives.

Encouraging Impact Investments

The Annie E. Casey Foundation is very transparent about their returns across all of their investments to encourage other foundations to pursue mission-aligned investments. It sees foundations playing an important role in the impact investment space 'by maintaining a focus on the social return throughout', proving concepts, building credibility and offering enhancements for mainstream investors to enter the space.

The Foundation encourages practitioners who will be driving impact investments internally to engage various divisions and achieve buy-in by asking "Why are we doing this?" and "What do we want to achieve?". Once this rationale is in place, it will be easier to move the Board, executive leadership and staff forward into impact investing.

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GLOSSARY

General partner

General partners are responsible for managing the investments within the private equity fund. The general partners can be legally liable for the actions of the fund. For their services, they earn a management fee, although there are exceptions when the rate is less. In addition to the management free, the general partners earn a percentage of the fund's profits, called carried interest. Carried interest is the general partner's share of the profits of the investments made within a private equity fund. It can range from 5-30% of the profits.

Hybrid

An organisation that has multiple entities combining non-profit and revenue generating activities.

Limited partner

A partner in a venture fund whose liability and loss protection are legally limited to the extent of their investment.

Mission-related investments

Market-rate investments that support the mission of the foundation by generating a positive social or environmental impact, while generating reasonably competitive rates of financial return.

Non-governmental organisation

A non-governmental organisation (charitable organisation/non-profit organisation) that can receive grants.

Programme-related investments

Investments that are made primarily to achieve a programme objective, rather than a significant financial return. These investments, however, are expected to be repaid.

Social enterprise

Term used to describe organisations with a social mission which are aspiring to or are able to generate revenues out of their products and services.

Social purpose organisation

Umbrella term used for NGOs, social enterprises and hybrids.

METHODOLOGY

The case studies on foundations in Asia Pacific are written by the research team at AVPN. The team used a combination of primary and secondary research methods. First, we conducted desktop research on the suggested foundations by The Sasakawa Peace Foundation, looking into their organisational profiles as well as philanthropic and social investment practices. Second, based on the secondary information, we designed the interview questionnaires for primary research.

During the primary research phase, the team conducted in-depth interviews with the key decision makers of the foundations. We enquired into the detailed stages of their inspiring journeys to maximise the impact of their philanthropic capital. After depicting the foundations in case studies, we further analysed their common characteristics, key activities, as well as key learnings and recommendations. Overall, we aimed to showcase the pathways that various types of foundations have taken to scale their impact by leveraging the full spectrum of philanthropic capital. Other foundations can then identify with those similar to themselves and be inspired to diversify their own practices.

NOTES

AVPN is a unique funders' network based in Singapore committed to building a vibrant and high impact social investment community across Asia. As an advocate, capacity builder, and platform that cuts across private, public and social sectors, AVPN embraces all types of engagement to improve the effectiveness of members across the Asia Pacific region.

The core mission of AVPN is to increase the flow of financial, human and intellectual capital to the social sector by connecting and empowering key stakeholders from funders to the social purpose organisations they support.

With over 480 members across 32 countries, AVPN is catalysing the movement towards a more strategic, collaborative and outcome focused approach to social investing, ensuring that resources are deployed as effectively as possible to address key social challenges facing Asia today and in the future.

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The Sasakawa Peace Foundation

The Sasakawa Peace Foundation (SPF) is a Japanese private foundation established in 1986 with an endowment from the Nippon Foundation to enhance international cooperation.

After merging with the Ocean Policy Research Foundation in 2015, SPF has set its focus on five key areas: to address a variety of societal challenges that fast-emerging Asian countries currently face, to stimulate greater socioeconomic progress through women's empowerment, to promote understanding and strengthen relationships with Muslim-majority countries, to further strengthen Japan – U.S. relations, and lastly, to develop programs to promote the long-term sustainability of the world's oceans. In 2017, SPF carved out about 100 million USD from its endowment to establish Asia Women Impact Fund (AWIF).

AWIF envisions a future where all women in Asia are empowered to reach their full potential. The fund aims to realize this vision by making investments to achieve favorable outcomes for women across Asia and to support women entrepreneurs in Asia.

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https://www.spf.org/en/

https://www.spf.org/awif/index_e.html

Amala Paradigm

Amala Paradigm is a philanthropic, impact investment, corporate responsibility and arts advisory for ultra-HNWIs and executives at foundations, public and private corporations, start-ups, nonprofits, and social enterprises. Our focus is on leveraging all of our client's resources – influence, people, knowledge, capital – to launch innovative partnerships and maximize the greatest impact towards our clients' stakeholders.

Our corporate experience represents working in North America, Asia and Europe on funding projects in over 30 countries on five continents, including being among the pioneer corporate sponsors of social enterprises, microfinance, and start-up & nonprofit accelerators in the Asia-Pacific region. We have established in-house sustainability platforms through frontline business functions, corporate foundations, wealth advisory, social media, CSR, digital, brand, asset management, IT services, business development, venture capital, research & development, marketing and executive offices.

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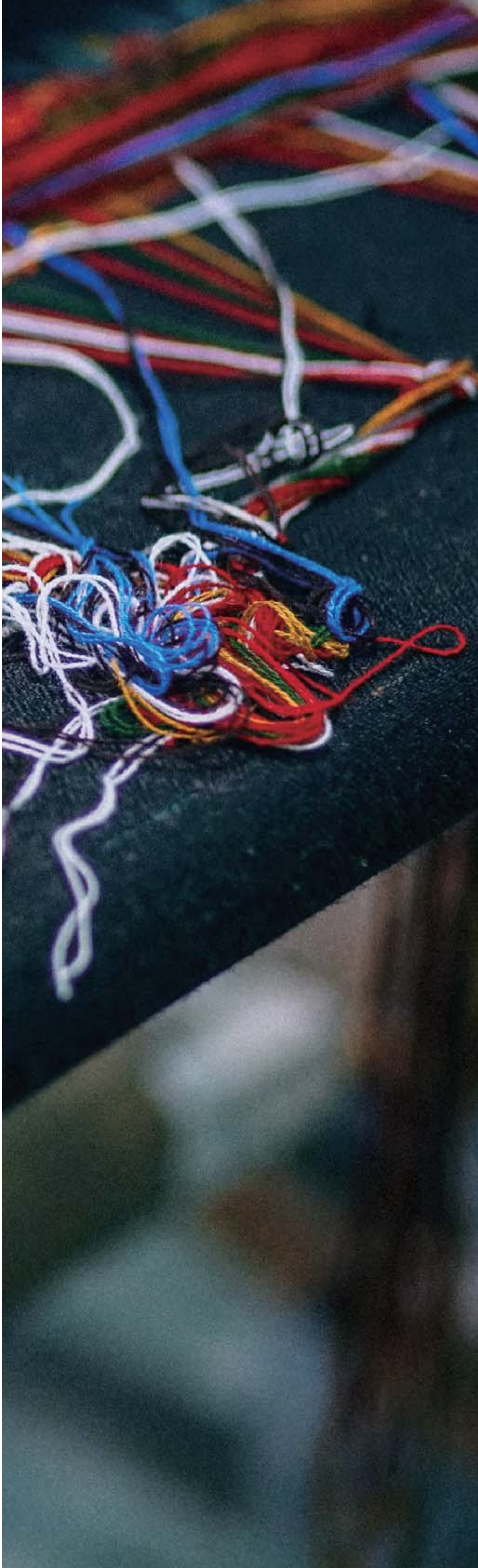

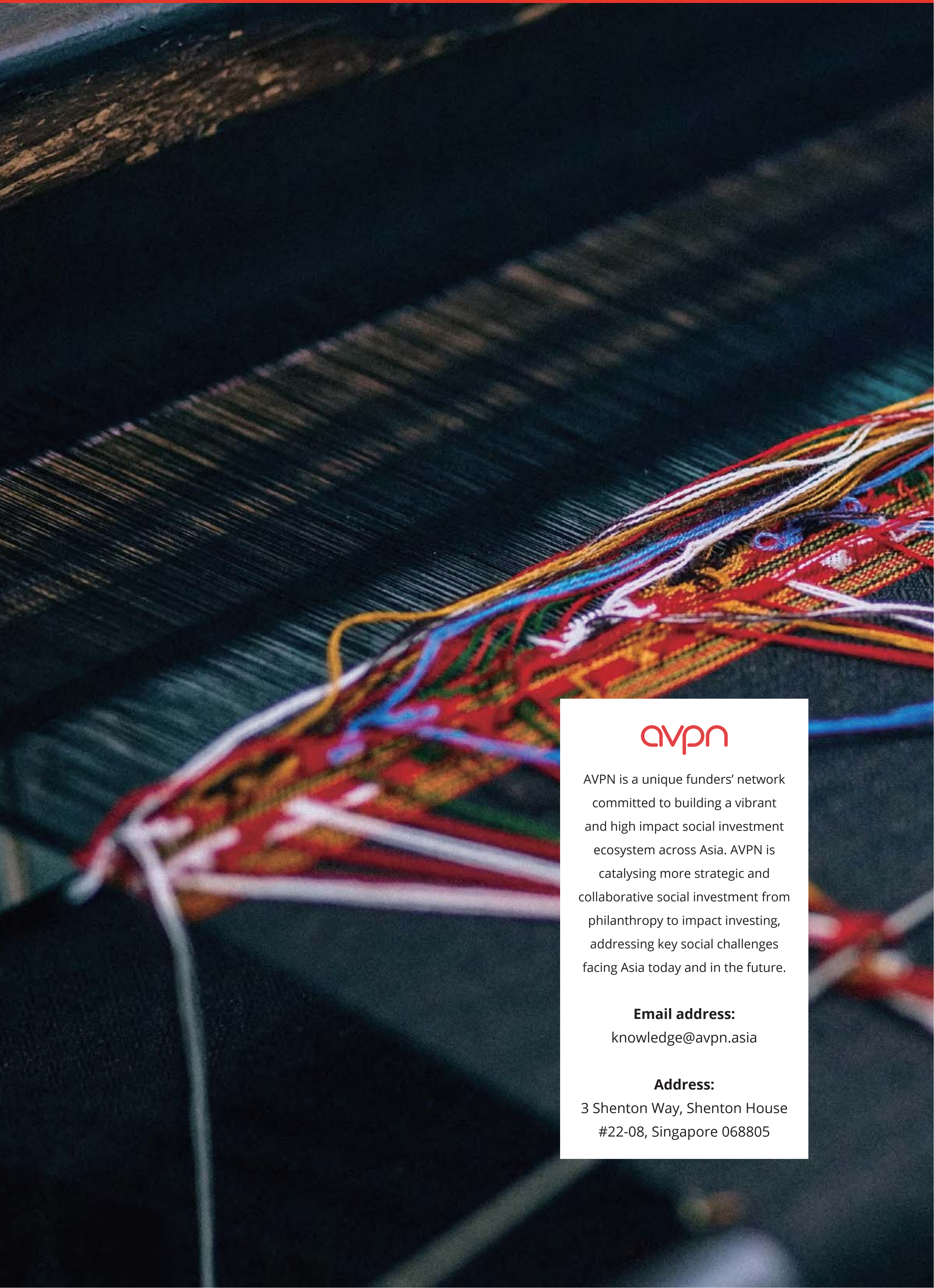

AVPN is a unique funders' network committed to building a vibrant and high impact social investment ecosystem across Asia. AVPN is catalysing more strategic and collaborative social investment from philanthropy to impact investing, addressing key social challenges facing Asia today and in the future.

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