



# From Venture Philanthropy to Impact Investing

18 January 2020  
*Beirut, Lebanon*

# Agenda

- WHAT IS A SOCIAL ENTERPRISE?
- WHAT FORMS CAN IT TAKE?
- WHAT ARE THE FINANCING MECHANISMS AVAILABLE FOR SOCIAL ENTERPRISES?
- CLARIFYING YOUR THEORY OF CHANGE
- CAN SELF-GENERATED REVENUE FIT INTO YOUR IMPACT MODEL?

# What is Social Enterprise?



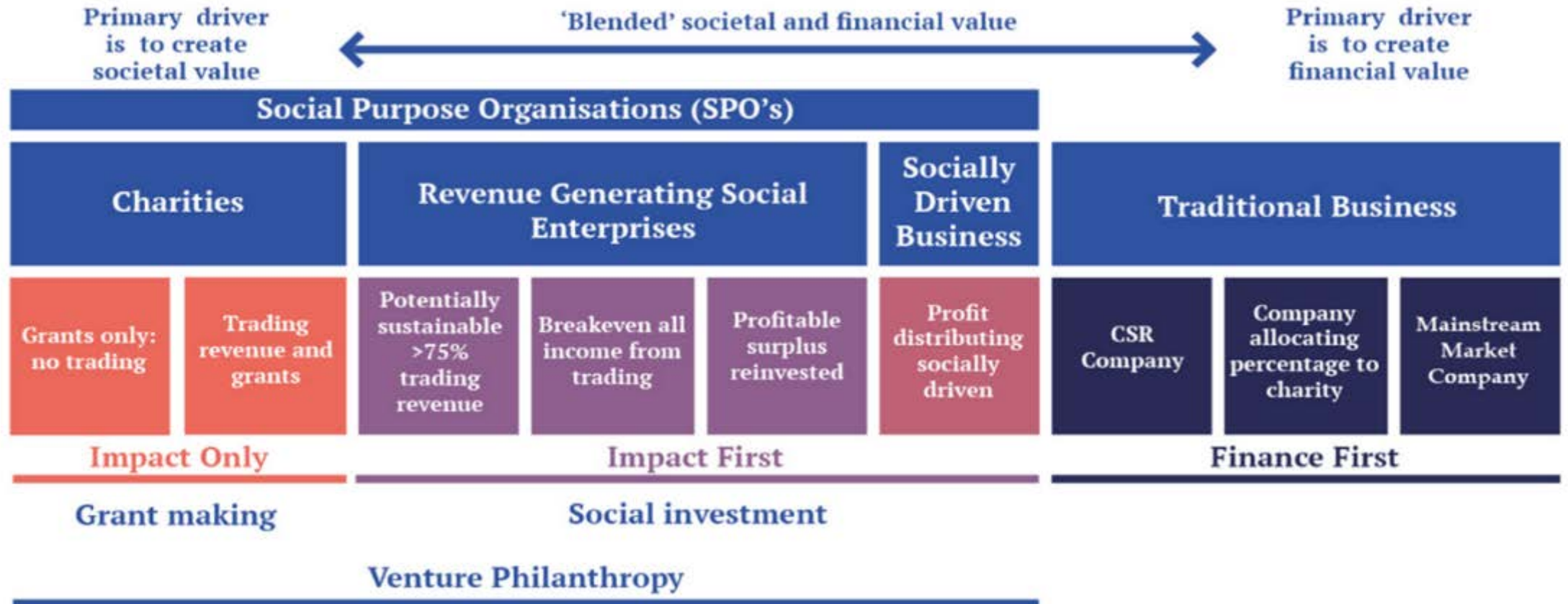


# The Double/Triple Bottom-Line Social, Financial & Environmental

- Social enterprises occupy the space **between old-school commerce** and **old-school charity**
  - Have a clear social and/or environmental mission set out in their governing documents
  - Generate the majority of their income through trade;
  - Reinvest the majority of their profits;
  - Autonomous of the state;
  - Majority controlled in the interests of the social mission;
  - Accountable and transparent.
- NGOs create **social value**, while a social enterprise aims for sustainability in the financial, social and environmental sense.
- Social Enterprises differ from traditional business in that they often respond to **market failures** versus **market opportunities**



# Aiding a wide spectrum of enterprises



# How Can Social Enterprises Be Structured?

100% social

100% commercial

## **NON-PROFITS WITH INCOME-GENERATING ACTIVITIES**

- Shareholders or trustees do not benefit financially
- Any income earned must be retained by the organization, and used for its own expenses, operations, and social purpose programs



Inaash works to promote Palestinian cultural heritage through the production of high-end traditional embroidery, and to create economic opportunities for women living in Palestinian refugee camps in Lebanon. Its network of highly skilled embroiderers produces beautiful handmade goods including apparel, home and fashion accessories that are sold across the world. It is registered in Lebanon as a charitable association, with members and a Board of Trustees

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## ***SOCIAL PURPOSE BUSINESS***

- Aims to generate the majority of its income through trade
- No structures in the Arab world like CIC (UK) or Benefit Corporation (Some US States)



Hippocampus LearningCentres (HLC), is a private limited company registered in Bangalore, India. Launched in 2008, the organization provides children and youth from low-income rural communities with high-quality prospects enabling them to make the most of their power of choice. Currently HLC operates over 350 affordable private schools in India, and in 2016 launched a franchise in Mexico. They have a board of directors, investors, and operate as a commercial entity that provide a much needed service to an underserved population.

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## **HYBRID OR BLENDED MODELS**

- For-profit revenue cross-subsidises social purpose work run out of the non-profit
- Helps weather inconsistencies in and unpredictability of cash flow with grants
- Manages taxes efficiently



The Grameen Foundation is a charitable organisation registered in the US that was funded by and based on the mission of the Grameen Bank. It works to increase access of poor people to microfinance. In 2013 they launched a limited liability company called TaroWorks that sells an advanced mobile data platform to help organizations enhance data collection, monitoring, sales and inventory management in the field. TaroWorks LLC is a wholly-owned company of Grameen Foundation





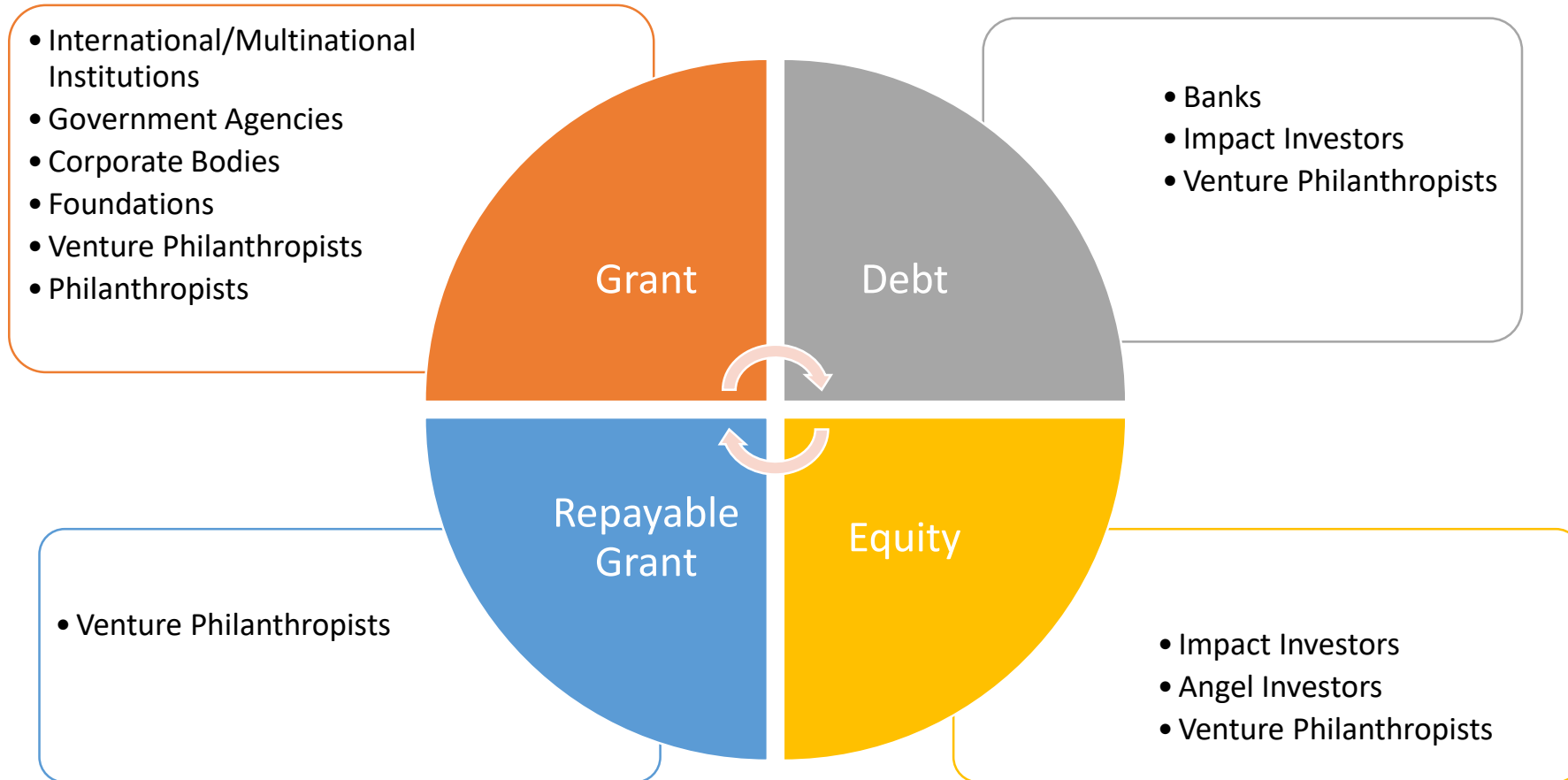
# Social Enterprise in the Arab World

- Tend to be led by young, urbane entrepreneurs over organisations serving the ‘Bottom of the Pyramid’ or rural areas
- Tend to face government barriers and misunderstanding in the community
- Face difficulty in securing “smart” capital
- Lack of growth capital, ticket sizes of \$150-500k
- Hard to identify unusual suspects,
- Social enterprise lacks proper definition in Arabic or understanding in the region

# Financing Social Entrepreneurship



# Who are the funding bodies?



# Applying Venture Philanthropy



# What is your Theory of Change?





# The 20/20/20 Exercise

*Imagine if you were going to describe, in 20 words or less, what the organisation did in twenty years' time, but only had twenty seconds with which to do it, what would you say about what the organisation has achieved?*



# Benefits of a TOC

**Anchor** – makes sure you are always tied to your original vision, meaning that you never drift too far away and start losing your focus as an organisation



**Roadmap** - if you imagine that your vision is a bright light in the distant horizon, your Theory of Change is what lays out the clearest route to get to it.

# Define The Problem You Are Tackling

• WHAT IS  
THE  
PROBLEM  
THAT YOU  
WANT TO  
ADDRESS?

• What are  
the causes?

# Define Your Target Group

•What impact do you want to achieve?

Who/what would be impacted?

How could you reach/influence/impact the identified groups?

# Define Your Strategies

•What tools or processes would you need to impact the identified groups?

•What skills, knowledge and other resources do you need to develop?

•Who else is working in the field? Potentials for cooperation? Competition?

What resources (financial, time, skills and knowledge) do you need?

•Which resources do you already have?

•Can you/do you want to work in partnership with others?

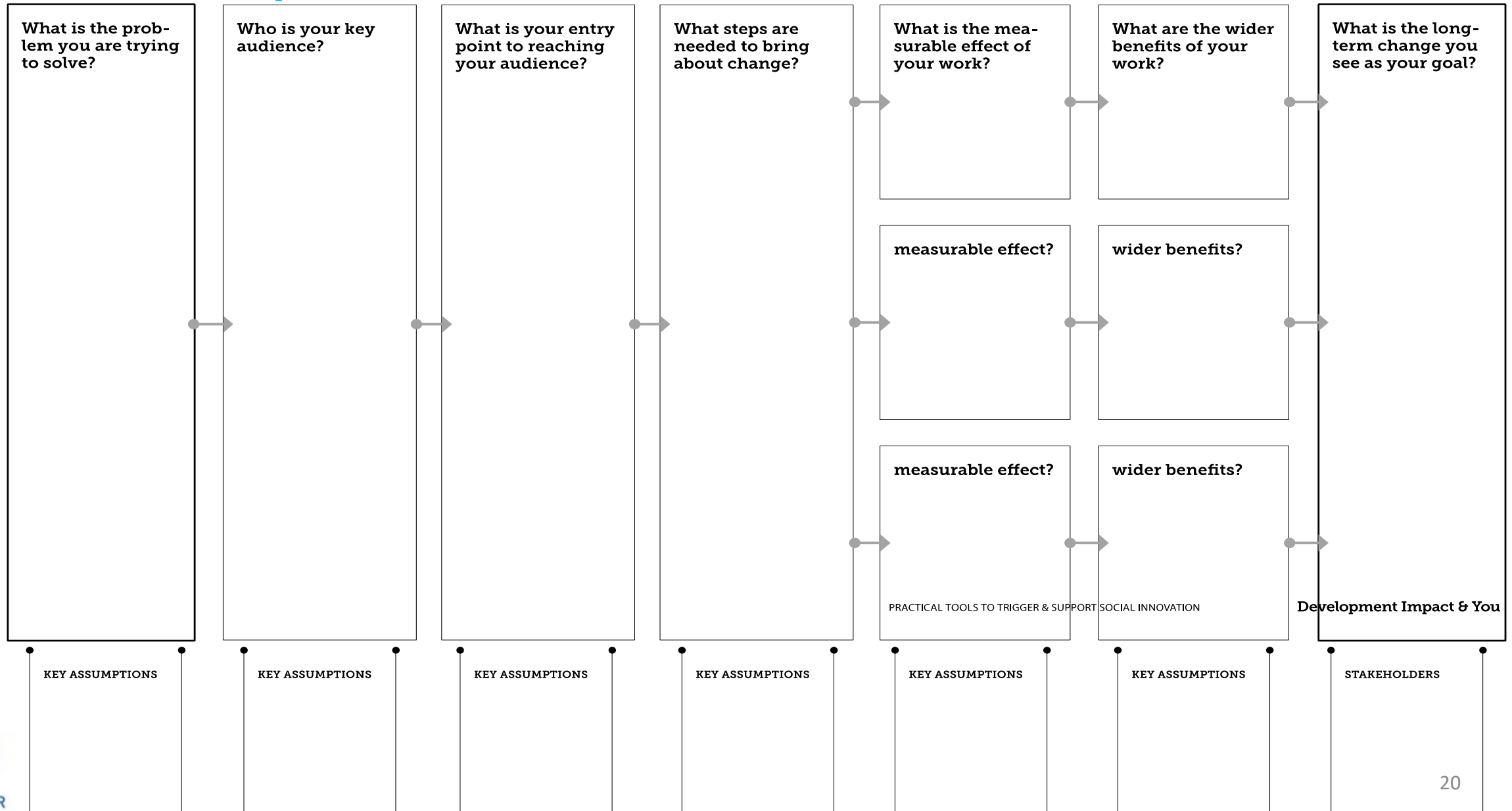


# Visualizing Outcomes & Success

What indicators will you use to measure achievements?

How will you know when you have succeeded?

# TOC Template



# Questions?

