



# WELCOME TO ARIEES WEBINAR





Alliance for Responsible and  
Impactful Investment  
in Eastern Europe



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**Co-funded by  
the European Union**

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## THE PROJECT

The project main objectives

### **Main objectives of the ARIEES project**

Help universities (and potentially adult training centers) to improve their entrepreneurship courses by infusing impact investment know-how and upgrading the digital competencies of lecturers/trainers to ensure that the impact investment knowledge can be properly infused into the learners.



## THE PROJECT

### The project specific objectives

#### Specific objectives of the project:

- Establish alumni network at an international dimension and therefore international cooperation can maximize this effort;
- Establish a network of 4 ARIEES certification centers across Eastern Europe, this can be strengthened via this transnational cooperation;
- Maximize the dissemination and impact capacity of the entire consortium at a wider scale;
- Create and/or extend contacts and cooperation with organizations coming from similar and/or different fields across the EU.



## THE PROJECT

### The project Partner Organizations

## List of Partner Organizations in the ARIEES project

- University of Lodz (Poland) – Leader
- European Business Angel Network (Belgium)
- Helixconnect Europe S.R.L (Romania)
- Universitatea De Vest Din Timisoara (Romania)
- ISQe (Portugal)
- Foundation for Promotion of Entrepreneurship (Poland)



For more details about the ARIEES project go to: <https://ariees.eu/>



# WEBINAR

## SHORT DESCRIPTION R2 ACTIVITIES

- WEBINAR 1 - Impact investment in clean tech and sustainable startups - by UOL
- WEBINAR 2 - Impact investment in deep tech ICT (artificial Intelligence) Startups - by UOL
- WEBINAR 3 - Impact investment in cultural and creative startups - by WUT
- WEBINAR 4 - Impact investment & startup business model transformation - by FRP
- WEBINAR 5 - Engaging private impact investors for your startup - by EBAN
- WEBINAR 6 - Engaging public impact investors for your startup - by HELIXCONNECT





## WELCOME TO R2 WEBINAR 6

Engaging public impact investors for your startup

## IMPACT INVESTMENT IN CULTURAL AND CREATIVE STARTUPS

### **Aim and objectives of the webinar**

- The aim of the webinar is to help learners understand why and how to engage impact investors in a cultural and creative startup.



## WELCOME

### AT THE END OF THE COURSE, YOU SHOULD BE ABLE TO:



Understand what  
social innovation  
and social  
enterprise mean



Understand  
what impact  
investing is



Have the tools to  
start your own  
venture



Know how to engage public impact  
investors for your startup

## IDEAS AND OPPORTUNITIES

Spotting opportunities for responsible startups that would attract impact investment



## KEY TOPICS

- 01 BUSINESS AS USUAL IS NOT AN OPTION ANYMORE
- 02 SOCIAL INNOVATION
- 03 SOCIAL ENTREPRENEURS
- 04 SOCIAL ENTERPRISE VS 'RESPONSIBLE BUSINESS'
- 05 WHAT IS IMPACT AND HOW DOES IT HAPPEN?
- 06 THEORY OF CHANGE
- 07 STAKEHOLDER ANALYSIS AND MAPPING
- 08 SUSTAINABLE DEVELOPMENT GOALS
- 09 THE ESSENCE OF ENTREPRENEURSHIP
- 10 IMPACT MANAGEMENT PROJECT
- 11 SUSTAINABILITY IN SMES
- 12 SOCIAL ENTERPRISES



## IDEAS AND OPPORTUNITIES

Spotting opportunities for responsible startups that would attract impact investment

### **Business as usual is not an option anymore**

For decades businesses have been flourishing without systematically compensating their negative externalities. It's time for mainstream business to onboard the sustainability path.

Moreover, the current climate crisis and social inequalities need to be addressed urgently. Governments and philanthropy alone cannot solve the world's problems.

We need businesses to step in.

We need social enterprises and social innovation.



## IDEAS AND OPPORTUNITIES

Spotting opportunities for responsible startups that would attract impact investment

### What is impact and how does it happen?

- Impact refers to a planned change for better social and/or environmental outcome(s) that can be traced back to a certain measure (intervention) taken.
- Causality refers to the relationship between cause and impact, and therefore also applies to a series of interrelated events and conditions.
- Impact can be positive or negative, intended or unintended, direct or indirect.
- An activity can have immediate and direct impact on certain people (beneficiary) but it can also have a more far-reaching effect on people, organizations, institutions and entities which are not directly engaged. They might not even know they are being affected at all, but the 'impact' of the action might be very significant to them (cf stakeholder analysis).
- Usually, social entrepreneurs use what we call 'A Theory of Change' to explain and demonstrate their pathway to impact'.

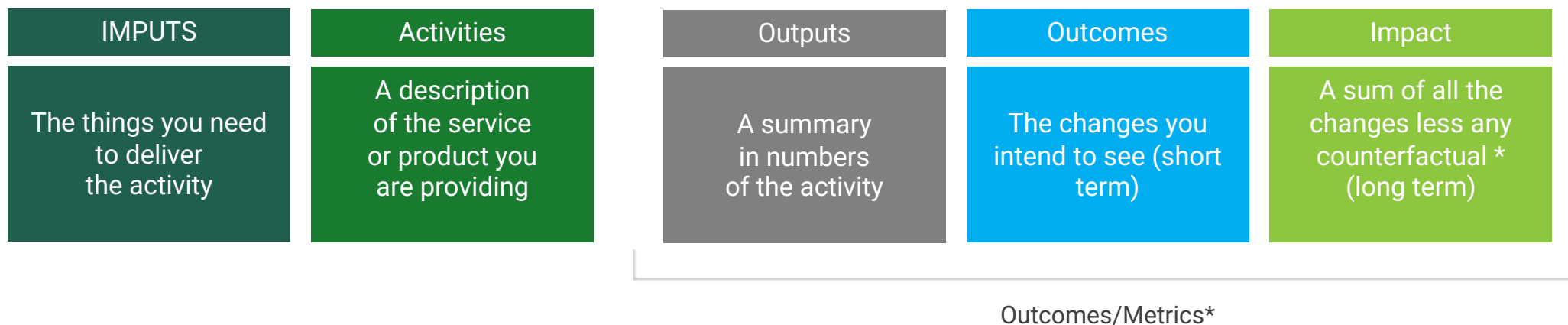


## IDEAS AND OPPORTUNITIES

Spotting opportunities for responsible startups that would attract impact investment

## Theory of change

- Theory of Change (ToC) or Impact Value Chain is a methodology for planning and demonstrating how a desired change is expected to happen in a given context.
- Theory of Change defines long-term goals (impact and then outcomes) and then maps backward to identify necessary preconditions (outputs, activities and inputs).



\* What would have happened anyway without the intervention.

## IDEAS AND OPPORTUNITIES

Spotting opportunities for responsible startups that would attract impact investment

### Stakeholder analysis and mapping

A stakeholder analysis and mapping is an important step of any social enterprise or responsible business to look beyond shareholders and understand who can be impacted (positively/negatively) by your business. Stakeholders include your clients/beneficiaries, suppliers, shareholders, employees, your community, your local government, your bank... it can even go as far as the family of your beneficiaries.

**Stakeholder identification:** Mapping and selection, analysis of their expectations

**Stakeholder engagement:** Understand their expectations and then verify if these are met



## IDEAS AND OPPORTUNITIES

Spotting opportunities for responsible startups that would attract impact investment

## Sustainable development goals



To achieve that, the UN adopted in 2015, the 17 Sustainable Development Goals (SDGs) (formerly called the Millennium Development Goals) which are set to be achieved in 2030. The SDGs are defined in a list of 169 targets.

They have been widely adopted by governments, the profit and non-profit sectors.

## IDEAS AND OPPORTUNITIES

Spotting opportunities for responsible startups that would attract impact investment

### The essence of entrepreneurship: seeing problems as opportunities:

We know the world is facing many ecological and social challenges. Business is one of the solutions to address them.

If you are looking for an opportunity to start a social enterprise, you can start looking what are the problems in your community, region, country. Is there one that is particularly painful or unbearable for you based on your values or history?

For aspiring social entrepreneurs, it is recommended to look at the SDGs and understand in your current context which one(s) could be tackled.

Topics that can be addressed include notably access to education, food waste, climate change mitigation, inclusion of minorities/refugees, women empowerment.

## IDEAS AND OPPORTUNITIES

Spotting opportunities for responsible startups that would attract impact investment

## Impact Management Project

The Impact Management Project (IMP) began in 2016 as a time-bound forum for building global consensus on how to measure, assess and report impacts on people and the natural environment. This is another widely used framework that helps organization to understand what is their impact.

The frameworks developed by IMP can be used by any organizations and any type of investors. We will focus on the framework for organizations in this section (later to come on investors).

The IMP reached global consensus that impact can be deconstructed into 5 dimensions: What, Who, How Much, Contribution and Risk. Answering the 5 dimensions will help entrepreneurs classify the impact of their business into 3 categories (next slide).

Source: adapted from the IMP website

What	Who	How much	Contribution	Risk
<p>What outcome occurs in the period?</p> <p>How important is the outcome to the people (or planet experiencing it)?</p>	<p>Who experience the outcome?</p> <p>How underserved are the affected stakeholders in relation to the outcome?</p>	<p>How much of the outcome occurs - across scale, depth and duration?</p>	<p>What is the enterprise's contribution to the outcome, accounting for what would have happened anyway (counterfactual)?</p>	<p>What is the risk to people and planet that impact does not occur as expected?</p>

## IDEAS AND OPPORTUNITIES

Spotting opportunities for responsible startups that would attract impact investment

### Impact Management Project

- The IMP provides a useful model for classifying organizations into 3 impact classes – A B and C (based on the 5 dimensions of impact have been addressed) that reflect the enterprise intention.
- Using this language will help impact organizations discuss with investors on how they will create impact on people and/or the planet (combined with building their Theory of Change and targeted SDGs).

Act to avoid harm

Benefit stakeholders

Contribute to solutions

Source: adapted from the IMP website



## IDEAS AND OPPORTUNITIES

Creativity in attracting impact investors

# Creativity in attracting impact investors

## Introduction

This module will help you understand what impact investing means. We will also cover the impact investing ecosystem, concrete examples of impact investors and how to communicate your message to investors.



## IDEAS AND OPPORTUNITIES

Creativity in attracting impact investors



## KEY TOPICS

- 01 UNDERSTANDING IMPACT INVESTORS
- 02 SPECTRUM OF CAPITAL
- 03 UNDERSTANDING IMPACT INVESTORS
- 04 ZOOM IN
- 05 FINDING IMPACT INVESTORS

## IDEAS AND OPPORTUNITIES

### Creativity in attracting impact investors

The Global Impact Investing Network defines impact investments as investments made with the **intention** to generate positive, **measurable** social and environmental impact alongside a **financial return**. Impact investments can be made in both emerging and developed markets and target a range of returns from below market to market rate, depending on investors' strategic goals.

Impact investing is different from ESG which is a lens applied to monitor and mitigate Environmental, Social and Governance risks when investing, there is not the same intention to generate positive impact.



Intentionality



Evidence and  
management

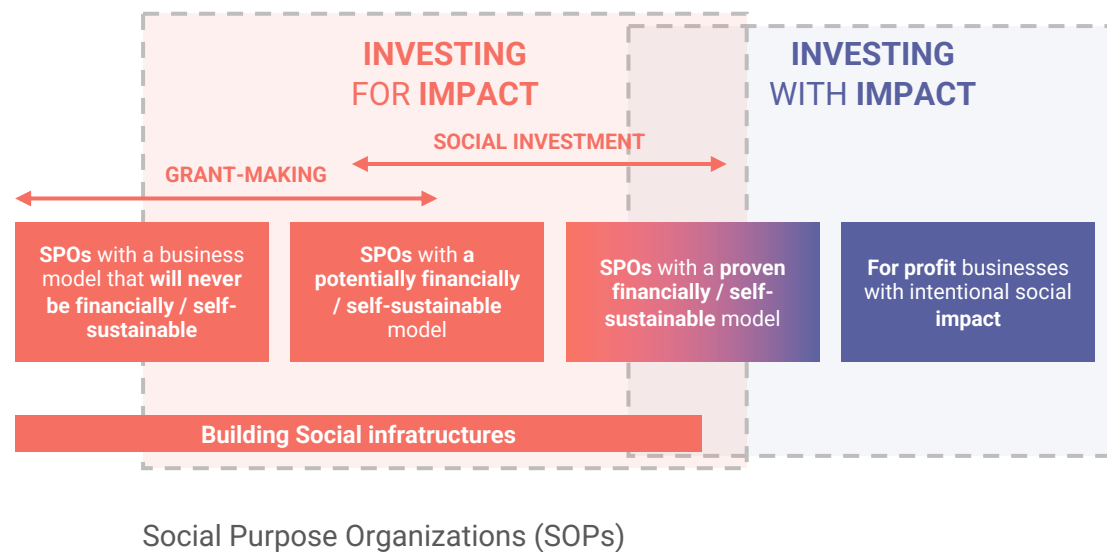


Additionality

## IDEAS AND OPPORTUNITIES

Creativity in attracting impact investors

# Understanding impact investors



## Understanding impact investors

- Venture philanthropy (VP) is a high-engagement and long-term approach whereby an investor for impact supports a social purpose organisation (SPO) to help it maximise its social impact. VP not only invest in social entrepreneurs but also in charities and NGOs. They are not motivated by financial returns.
- For a broader overview of the spectrum of capital, take a look at the next slide

## IDEAS AND OPPORTUNITIES

Creativity in attracting impact investors



## Finding impact investors

- Several networks exist where you can look for impact investors. First you need to understand where you sit in the investment readiness spectrum.
  - As an early stage start up you might want to look at impact business angels or incubation/acceleration programs with an investing arm or early-stage impact funds.
  - If you have a hybrid business model with for profit activities and not for profit you can also look at foundations and venture philanthropists.
- You can start by asking your local/national business angel network and look for impact business angels.



## IDEAS AND OPPORTUNITIES

Vision for responsible startups

# Vision for responsible startups

## Introduction

In this module we will talk about sustainable leadership and corporate culture.



## IDEAS AND OPPORTUNITIES

Vision for responsible startups



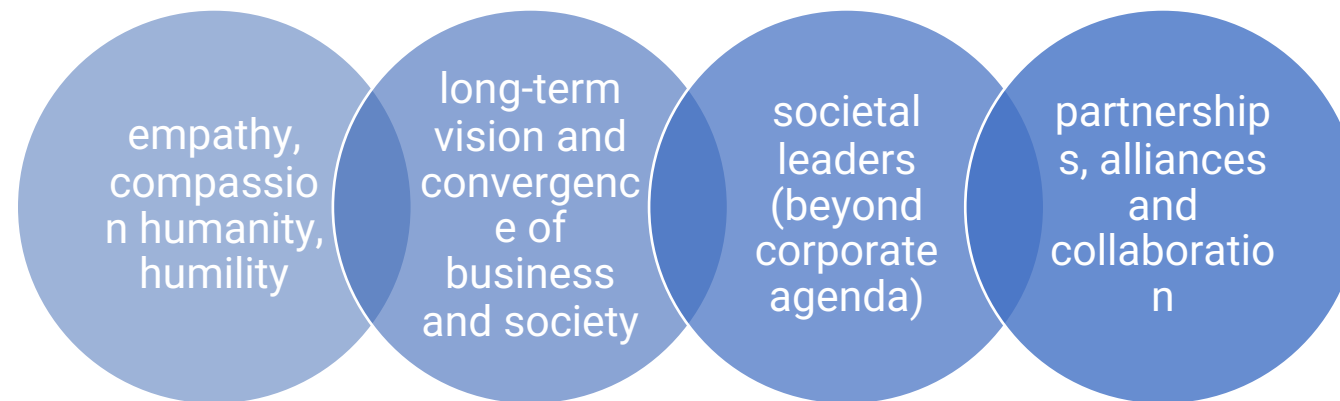
## KEY TOPICS

- 01 KEY CHARACTERISTICS OF SOCIAL ENTREPRENEURS
- 02 SUSTAINABLE LEADERSHIP
- 03 SETTING THE VISION: WHY?
- 04 CREATING SHARED VALUE (CSV)
- 05 UNDERSTANDING IMPACT INVESTORS

## IDEAS AND OPPORTUNITIES

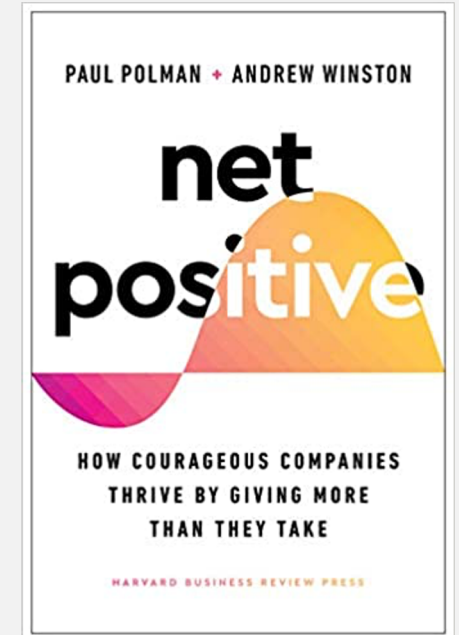
Vision for responsible startups

### Sustainable leadership: key characteristics



*"Sustainable Leadership refers to those behaviors, practices and systems that create enduring value for all stakeholders of organisations including investors, the environment, other species, future generations and the community."*

Source: Institute for Sustainable Leadership, Macquary





## IDEAS AND OPPORTUNITIES

Vision for responsible startups

### Setting the vision: why?

Being an entrepreneur takes courage and vision. As mentioned earlier using the Theory of Change is an excellent start on explaining your journey to impact and formulate your vision.

These are a critical steps that will help you:

- Serve at best your beneficiaries
- Attract and retain talents
- Attract impact investors
- Align with your stakeholders
- Attract and retain clients
- Select the right partners (e.g. suppliers, financial advisors) aligned with your purpose

Vision could be stated on your website, social media, marketing & fundraising material, in an impact/sustainability report.



## IDEAS AND OPPORTUNITIES

Vision for responsible startups

### Creating shared value (CSV)

Corporate social responsibility (CSR) is a well-known term that can be perceived as a cost centre. CSR is focusing on giving back or mitigating harm a business has on society and the planet.

Building on the need to move from ‘mitigating risks’ to ‘creating positive impact’ a new strategy is making more sense: Creating Shared Value (CSV). It’s a game changing shift that can accelerate the achievement of the SDGs.

“Shared Value is not social responsibility, philanthropy, or sustainability; but a new way for companies to achieve economic success.”

Source: Michael Porter, professor at Harvard Business School

Please refer to the table on the right which displays the differences between CSR and CSV.

CORPORATE SOCIAL RESPONSIBILITY CSR	CREATING SHARED VALUE CSV
Addressing societal need and challenges by giving back + doing no/less harm	Addressing societal needs and challenges with a business model
Doing good	Doing well by doing good
Discretionary or in response to external pressures, no relation with competitiveness	Integral to competing: propels competitive advantage in new, unlocked markets
Separate from profit maximizing philanthropy	Integral to profit maximizing
Agenda determined by external factors and often personal or departments’ preference	Agenda company, sector and market specific
No real influence on innovation, other than incremental	Initiates radical innovation and incremental innovation at scale
Operational and tactical issue	Strategical priority, at the heart of business
Scalable, but from cost perspective	Scalable, with profit increasing
Seen as cost and legitimization of operations for investors	Seen as commercial opportunities for investors

Source: Porter and Kramer

## IDEAS AND OPPORTUNITIES

Vision for responsible startups

CORPORATE SOCIAL RESPONSIBILITY CSR	CREATING SHARED VALUE CSV
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## IDEAS AND OPPORTUNITIES

Vision for responsible startups

### Understanding impact investors

According to the Deloitte Global 2021 Millennial and Gen Z survey, 44% of millennials and 49% of Gen Zs said they have made choices over the type of work they are prepared to do and the organizations for which they are willing to work based on their personal ethics.

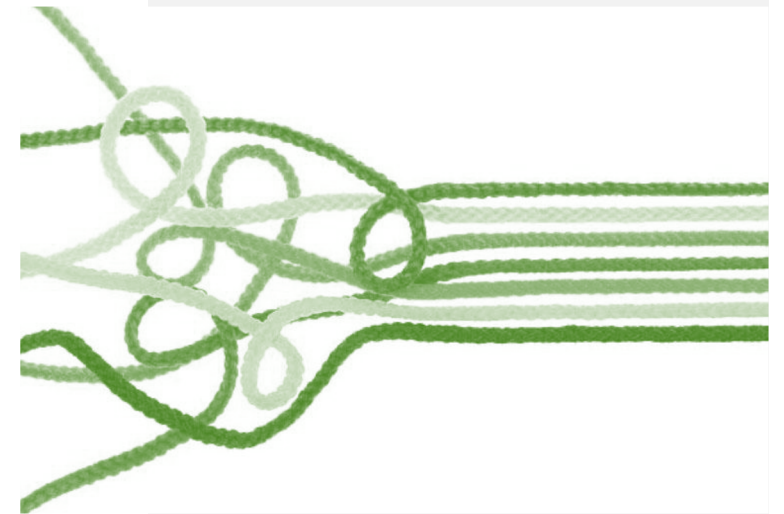
Aligning personal values with corporate values is a factor that should not be underestimated.

Corporate values should be defined and transparently communicated. Ethical corporate values should be genuine and embedded into the organization's DNA.

**A risk though with overpromising is to be perceived as greenwashing:**

- Impact washing can take many shapes. But failing to consider a negative impact or exaggerating the importance of a positive impact are two malpractices that can be avoided by using a clear and sound methodology dedicated to impact.

Evidencing your impact with clear metrics & data on how your organization contribute to SDGs through its core operations or in the way the organization is conducting its business will support your impact claims.



## IDEAS AND OPPORTUNITIES

Valuing ideas that can bring impact investment

# Valuing ideas that can bring impact investment

## Introduction

In this module we will talk about the social and environmental value of investments.



## IDEAS AND OPPORTUNITIES

Valuing ideas that can bring impact investment



## KEY TOPICS

- 01 THE GENESIS OF THE IMPACT INVESTMENT CONCEPT
- 02 IDENTIFICATION OF THE SOCIAL IMPACTS
- 03 IDENTIFICATION OF THE ENVIRONMENTAL IMPACTS
- 04 NON-FINANCIAL REPORTING STANDARDS – GLOBAL REPORTING INITIATIVE
- 05 THE GRI GUIDELINES INCLUDE THE ECONOMIC, ENVIRONMENTAL AND SOCIAL IMPACTS
- 06 NON-FINANCIAL REPORTING STANDARDS
- 07 LIFE CYCLE ANALYSIS AS A TOOL USED IN ENVIRONMENTAL IMPACT EVALUATION
- 08 ENTERPRISE EUROPE NETWORK



## IDEAS AND OPPORTUNITIES

Valuing ideas that can bring impact investment

### The genesis of the impact investment concept

- Economic crisis
- Loss of confidence in the markets
- Deteriorating condition of the natural environment
- Growing social disproportions
- Uneven development of selected areas in the world

In return for specific positive social or environmental changes, investors are willing to accept lower than market rates of return on invested capital and decide to bear a higher risk.



## IDEAS AND OPPORTUNITIES

Valuing ideas that can bring impact investment

In order to measure the effects of socially engaged investments, the classification of areas of interest of socially engaged investors adopted by the ImpactBase internet platform may prove helpful.	
Detailed objective of the investment	ESG area
Coal and environmental goods Financing of nature conservation Green houses, green building Sustainable use of earth's resources The quality of the water	Environmental
Electricity and other fuels Energetic efficiency Commodity science Transport / infrastructure Waste management, water-related technologies	Environmental
Green products and services, food	Environmental
Access to: housing, energy, water, education, health, media and digital services Agriculture and foodSocial amenities	Social
Social loans, microcredit, small businesses, fair finance	Social
Creation of jobs	Social



## IDEAS AND OPPORTUNITIES

Valuing ideas that can bring impact investment

## There are 22 Key Performance Indicators considered to be significant to businesses

Every business should also consider reporting on how it influences the environmental performance of its supply chain and products.

### EMISSIONS TO AIR

[More](#)

### EMISSIONS TO WATER

[More](#)

### EMISSIONS TO LAND

[More](#)

### RESOURCE USE

[More](#)

## IDEAS AND OPPORTUNITIES

Valuing ideas that can bring impact investment

# Non-financial reporting standards – Global Reporting Initiative

**GRI 3: Material Topics 2021** provides guidance on how to determine material topics. It also contains disclosures that the organization uses to report information about its process of determining material topics, its list of material topics, and how it manages each topic.

**GRI 3: Material Topics 2021** provides step-by-step guidance for organizations on how to determine material topics. It also explains how the Sector Standards are used in this process. Material topics are topics that represent an organization's most significant impacts on the economy, environment, and people, including impacts on their human rights.

Figure 1. GRI Standards: Universal, Sector and Topic Standards



# IDEAS AND OPPORTUNITIES

Valuing ideas that can bring impact investment

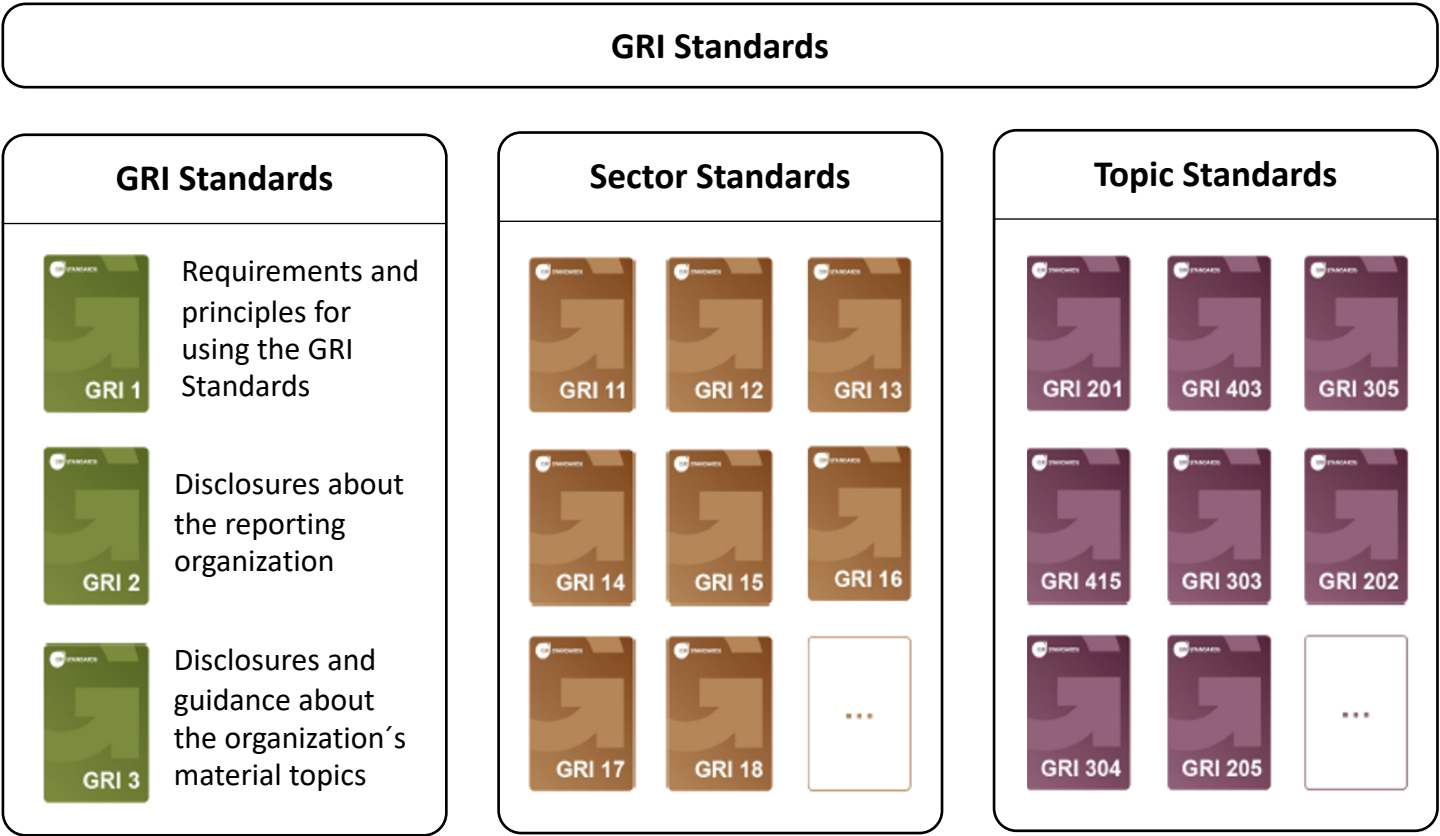


Figure 1: GR1 Standards: Universal, Sector and Topic Standards

## IDEAS AND OPPORTUNITIES

Valuing ideas that can bring impact investment

## Non-financial reporting standards – Sustainability Accounting Standards Board

SASB Standards identify the subset of environmental, social, and governance issues most relevant to financial performance in each of 77 industries. They are designed to help companies disclose financially-material sustainability information to investors.

<b>Consumer Goods</b> <ul style="list-style-type: none"> <li>Apparel, Accessories &amp; Footwear</li> <li>Appliance Manufacturing</li> <li>Building Products &amp; Furnishings</li> <li>E-Commerce</li> <li>Household &amp; Personal Products</li> <li>Multiline and Specialty Retailers &amp; Distributors</li> </ul>	<b>Extractives &amp; Mineral Processing</b> <ul style="list-style-type: none"> <li>Coal Operations</li> <li>Construction Materials</li> <li>Iron &amp; Steel Producers</li> <li>Metals &amp; Mining</li> <li>Oil &amp; Gas – Exploration Production</li> <li>Oil &amp; Gas - Midstream</li> </ul>	<b>Extractives &amp; Mineral Processing</b> <ul style="list-style-type: none"> <li>Asset Management &amp; Custody Activities</li> <li>Commercial Banks</li> <li>Consumer Finance</li> <li>Insurance</li> <li>Investment Banking &amp; Brokerage</li> <li>Mortgage Finance</li> <li>Security &amp; Commodity Exchanges</li> </ul>
<b>Food &amp; Beverage</b> <ul style="list-style-type: none"> <li>Agricultural Products</li> <li>Alcoholic Beverages</li> <li>Food Retailers &amp; Distributors</li> <li>Meat, Poultry &amp; Dairy</li> <li>Non-Alcoholic Beverages</li> <li>Processed Foods</li> </ul>	<b>Health Care</b> <ul style="list-style-type: none"> <li>Biotechnology &amp; Pharmaceuticals</li> <li>Drug Retailers</li> <li>Health Care Delivery / Health Care Distributors</li> <li>Managed Care</li> <li>Medical Equipment &amp; Supplies</li> </ul>	<b>Consumer Goods</b> <ul style="list-style-type: none"> <li>Apparel, Accessories &amp; Footwear</li> <li>Appliance Manufacturing</li> <li>Building Products &amp; Furnishings</li> <li>E-Commerce</li> <li>Household &amp; Personal Products</li> <li>Multiline and Specialty Retailers &amp; Distributors</li> </ul>
<b>Renewable Resources &amp; Alternative Energy</b> <ul style="list-style-type: none"> <li>Biofuels</li> <li>Forestry Management</li> <li>Fuel Cells &amp; Industrial Batteries</li> <li>Pulp &amp; Paper Products</li> <li>Solar Technology &amp; Project Developers</li> <li>Wind Technology Project Developers</li> </ul>	<b>Resource Transformation</b> <ul style="list-style-type: none"> <li>Aerospace Defense</li> <li>Chemicals</li> <li>Containers Packaging</li> <li>Electrical Electronic Equipment</li> <li>Industrial Machinery Goods</li> </ul>	<b>Services</b> <ul style="list-style-type: none"> <li>Advertising &amp; Marketing</li> <li>Casinos Gaming</li> <li>Education</li> <li>Hotels Lodging</li> <li>Hotels Lodging</li> <li>Leisure Facilities</li> <li>Media &amp; Entertainment</li> </ul>
<b>Technology &amp; Communication</b> <ul style="list-style-type: none"> <li>Electronic Manufacturing Services</li> <li>Original Design Manufacturing</li> <li>Hardware</li> <li>Internet Media services</li> <li>Semiconductors</li> <li>Software IT Services</li> <li>Telecommunication Services</li> </ul>	<b>Transportation</b> <ul style="list-style-type: none"> <li>Air Freight Logistics</li> <li>Airlines</li> <li>Auto Part</li> <li>Automobiles</li> <li>Car rental Leasing</li> <li>Cruise Lines</li> </ul>	

## IDEAS AND OPPORTUNITIES

Valuing ideas that can bring impact investment

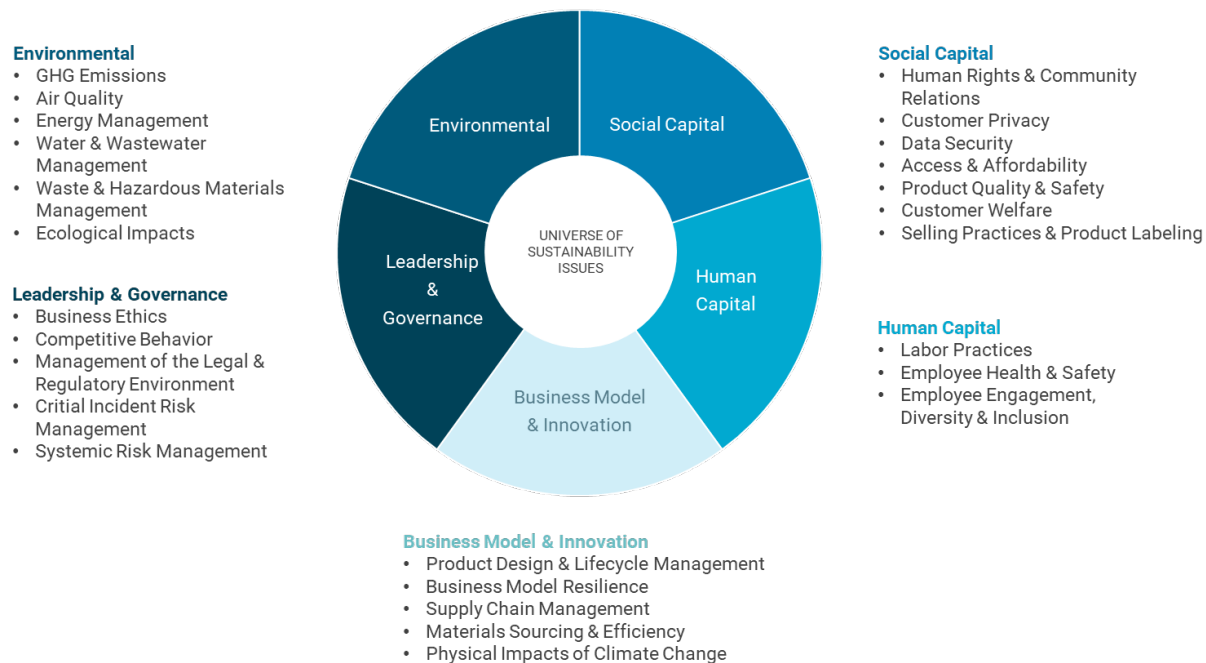
# Non-financial reporting standards – Sustainability Accounting Standards Board

**SASB's sustainability topics are organized under five broad sustainability dimensions.**

These topics include:

- Environment
- Social Capital
- Human Capital
- Business Model and Innovation
- Leadership and Governance

Figure 2 – SASB's Materiality Map outlines the universe of sustainability issues for disclosers to consider



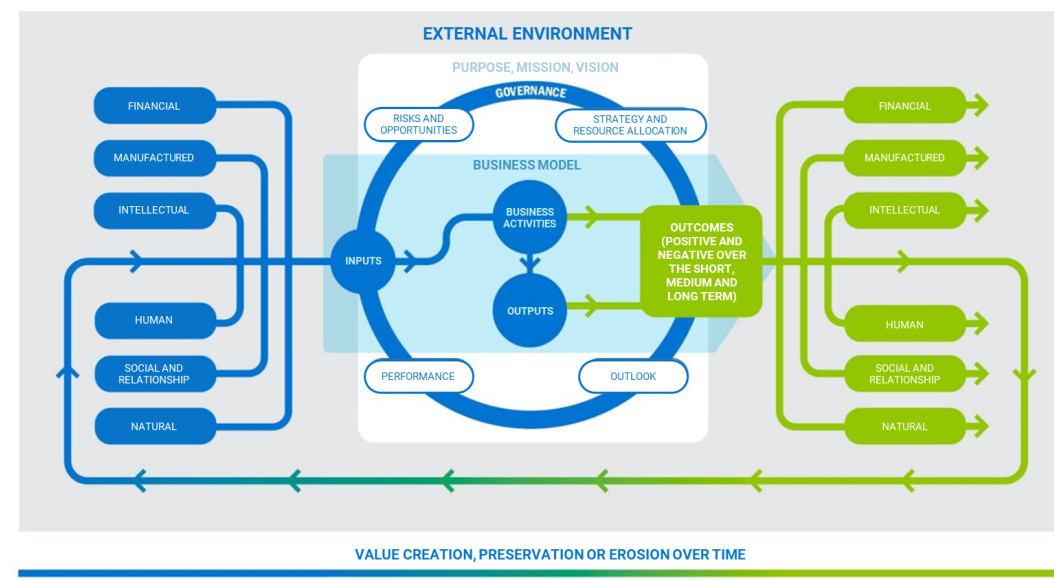
## IDEAS AND OPPORTUNITIES

Valuing ideas that can bring impact investment

# Non-financial reporting standards – International Integrated Reporting Council

The primary purpose of an integrated report is to explain to financial capital providers how an organization creates value over time.

The best way to do so is through a combination of quantitative and qualitative information, which is where the six capitals come in.





## IDEAS AND OPPORTUNITIES

Valuing ideas that can bring impact investment

### **Non-financial reporting standards – International Integrated Reporting Council**

HIP Investor's investment analysis method is based on assigning factors and their importance to each SDG target.

The five pillars of HIP Methodology, Health, Wealth, Earth, Equality and Trust -- relate to key issue areas in society.

More information: The Global Handbook of Impact Investing: Solving Global Problems Via Smarter Capital Markets Towards A More Sustainable Society co-edited by Elsa de Morais Sarmento & HIP CEO R. Paul Herman

## IDEAS AND OPPORTUNITIES

Valuing ideas that can bring impact investment

**In the ecosystem of impact investment, there are entities whose task is to develop and measure specific measures of created changes.**



Creator and manager of a catalog of measures called Impact Reporting and Investment Standards ([IRIS](#)).



[Click here to now more](#)



Creator of the Global Impact Investment Report System (GIIRS)\*



[Click here to now more](#)

## IDEAS AND OPPORTUNITIES

Valuing ideas that can bring impact investment

### **IRIS is the catalog of generally accepted performance metrics that leading impact investors use to measure social, environmental, and financial success.**

In the IRIS catalog, you will find metrics for:

- Financial performance, including standard financial reporting metrics such as current assets and financial liabilities  
Operational performance, including metrics to assess your investees' governance policies, employment practices, and the social and environmental impact of their day-to-day business activities
- Product performance, including metrics that describe and quantify the social and environmental benefits of the products, services, and unique processes offered by your investees
- Sector performance, including metrics that describe and quantify impact in particular social and environmental sectors, including agriculture, financial services, and healthcare
- Social and Environmental Objective performance, including metrics that describe and quantify progress towards specific impact objectives such as employment generation or sustainable land use

**Source:** <https://missioninvestors.org/sites/default/files/resources/Getting%20Started%20with%20IRIS.pdf>

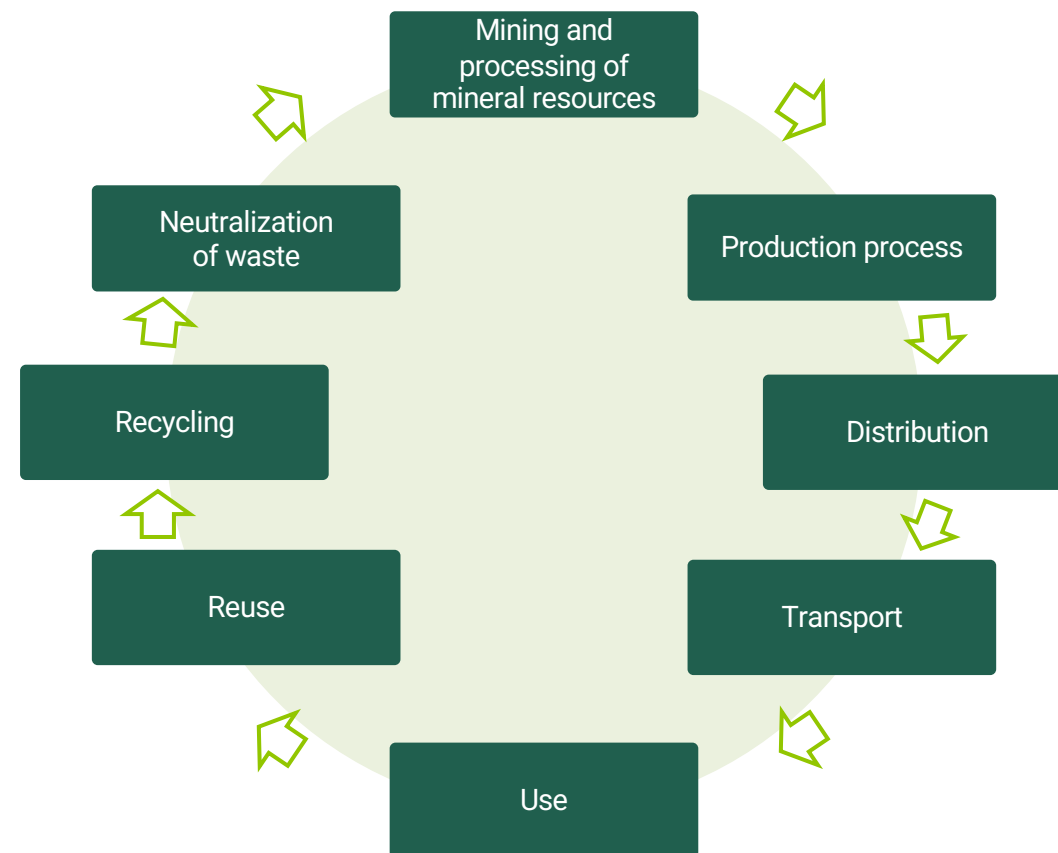
## IDEAS AND OPPORTUNITIES

Valuing ideas that can bring impact investment

### Life Cycle Analysis as a tool used in environmental impact evaluation

The main tasks of LCA include:

- Documenting the product's potential environmental impacts during all stages of its life.
- Analysis of the possible occurrence of interrelated environmental impacts to avoid contamination transfer.
- Establishing priorities in product improvement.
- Allowing different solutions to the same problem to be compared or different to implement the same process.



## IDEAS AND OPPORTUNITIES

Valuing ideas that can bring impact investment

### Enterprise Europe Network – Sustainability Assessment Checklist<sup>TM</sup>

**SAC** is a research designed by the **EEN** expert subgroups on scopes:

1. Business, technology transfer and R&I partnering.
2. In-depth advisory services, capacity building and individual sustainability support services for SMEs (“EIMC”-style services).
3. Access to finance/(EU) funding programmes for SME sustainability project.
4. Recommendations for mainstreaming sustainability support in the EEN client journey.



## IDEAS AND OPPORTUNITIES

Ethical and sustainable thinking to deliver impact investment missions

Ethical and sustainable  
thinking to deliver  
impact investment  
missions





## IDEAS AND OPPORTUNITIES

Ethical and sustainable thinking to deliver impact investment missions



## KEY TOPICS

### 01 THE PRESENTATION PLAN

The ecosystem in value building  
Ethics in the activities of impact investors  
The code of ethics as a tool helpful in the implementation of impact investment  
Reporting social and environmental performance to key stakeholders

### 02 VALUE-BUILDING ECOSYSTEM

## IDEAS AND OPPORTUNITIES

Ethical and sustainable thinking to deliver impact investment missions

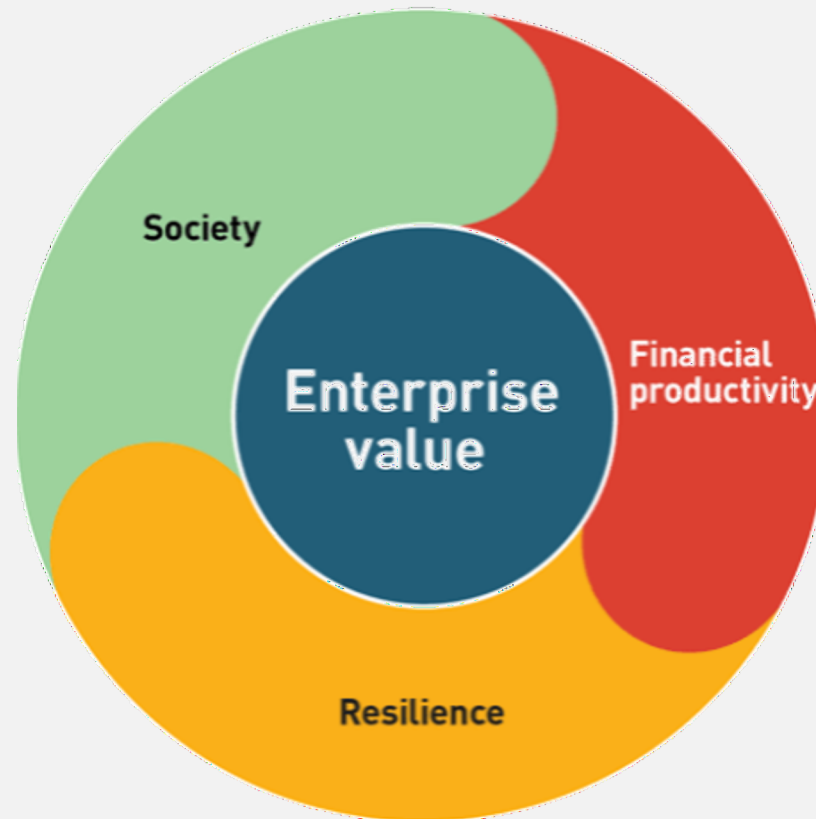
# The presentation plan

1. The ecosystem in value building.
2. Ethics in the activities of impact investors.
3. The code of ethics as a tool helpful in the implementation of impact investment.
4. Reporting social and environmental performance to key stakeholders.

## IDEAS AND OPPORTUNITIES

Ethical and sustainable thinking to deliver impact investment missions

## Value-building ecosystem



Source: <https://www.strategy-business.com/article/A-CEO-guide-to-todays-value-creation-ecosystem>

## INTO ACTION

Ethical and sustainable thinking to deliver impact investment missions

### Ethical values in the activities of impact investors

- **responsibility**, which means that the company is ready to take responsibility for the impact it has on society and the environment,
- **transparency**, i.e. sharing information about decisions and activities related to those aspects of the company's operation that are related to society and the environment,
- **ethical behaviour** when all decisions are made and executed in an honest, reliable and credible manner,
- **ethical conduct** is also the personal values and sense of responsibility of the owner of the company, readiness to treat other people as equals, honesty and commitment,
- **active presence in the environment**, the company does not operate in isolation from the environment, engaging in pro-social and pro-environmental projects.



## INTO ACTION

**Ethical and sustainable thinking to deliver impact investment missions**

### Ethical principles for investing

- You should not get involved in investment transactions, the nature of which is unclear, in particular in terms of sources of potential income.
- You and other parties to the investment transaction should have access to appropriate sources of information, and this information should not be distorted.
- One should be sure that the undertaken investments will not finance activities that may be harmful or infringe the rights of other entities.
- As part of the investment process, the capital of some entities is most often dealt with directly or indirectly by other entities. These entities should act with integrity.



## IDEAS AND OPPORTUNITIES

Ethical and sustainable thinking to deliver impact investment missions

### **Advantages of applying the Code of Ethics by impact investors**

- influencing the prestige of the organization,
- acceleration of the decision-making process,
- defining and justifying the limits of deviations from legal norms,
- increasing customer loyalty,
- improving the image and reputation of the company / venture,
- impact on the development of local communities and the natural environment,
- impact on cooperation with contractors.



## IDEAS AND OPPORTUNITIES

Ethical and sustainable thinking to deliver impact investment missions

### **Standards for reporting non-financial data according to Global Reporting Initiative Sustainability Reporting Guidelines (GRI)**

1. Basic information (Foundation, GRI 101)
  2. Profile indicators (General Disclosures, GRI 102)
  3. Management Approach (GRI 103)
- 33 Topic-specific Standards:
- economic (GRI 200),
  - environmental (GRI 300),
  - social (GRI 400).

**Source:** <https://www.strategy-business.com/article/A-CEO-guide-to-todays-value-creation-ecosystem>





## IDEAS AND OPPORTUNITIES

Self-Assessment



**The time has come to test  
the knowledge acquired.  
Are you ready?**

---

Good luck!

## ASSESSMENT ACTIVITY

### Question 1

Impact Management Project

- a) Is a project that defines how to manage the impact of the global economy in your company
- b) Time-bound forum for building local consensus on how to measure, assess and report impacts focused on the natural environment
- c) **Time-bound forum for building global consensus on how to measure, assess and report impacts on people and the natural environment**

## ASSESSMENT ACTIVITY

### Question 2

What are the advantages of applying the code of ethics?

- a) Impact on the development of local communities
- b) Impact on the development of the natural environment
- c) **All the options are correct**

## IDEAS AND OPPORTUNITIES

End of module



**You have finish the Ideas and Opportunities module**

---

➞ *Click on the button to download the booklet of this competence unit.*





## RESOURCES

Mobilising others towards delivering environmental and social outcomes

# Mobilising others towards delivering environmental and social outcomes

## Introduction

This module will help you mobilise stakeholders towards delivering environmental and social outcomes



## RESOURCES

Financial and economic literacy to provide viability for environmental & social startups



## KEY TOPICS

- 01** ENVIRONMENTAL AND SOCIAL OUTCOMES AND THE BUSINESS
- 02** BUSINESS NETWORKS AND ENVIRONMENTAL AND SOCIAL VALUES

## RESOURCES

Financial and economic literacy to provide viability for environmental & social startups

### Environmental and social outcomes and the business

#### The need for stakeholder-centric perspective

The need to broaden the perspective of corporate management objectives:

The most companies still focus primarily on the bottom line of economic return - it can be a challenge to direct their attention toward social and environmental goals.

There are barriers to go from a **shareholder-centric** to a **stakeholder-centric** perspective.

It is one thing to intend to connect economic dimensions with positive social outcomes; it is another to successfully couple financial results with social and environmental contributions.

*Source: report (2021) "Time to deliver: mobilising private capital at scale for people and planet" prepared for UK Government*





## RESOURCES

Financial and economic literacy to provide viability for environmental & social startups

### Business networks and environmental and social values

Business networks as a mechanism for transferring environmental and social values:

1. Networked businesses provide more leadership and support for their communities than non-networked businesses (Besser, Miller, Perkins, 2016).
2. Networked enterprises are able to share knowledge more efficiently and effectively (Bergman et al., 2014; Richardson, 2013).
3. There are different exogenous incentives for business to network for sustainable development like NGO's, public policy or public investments and finance. However, the network for sustainable development depends finally on links which are negotiated as an independent business deal and are established only if they are expected to be economically beneficial (Wiśniewska-Paluszak, Paluszak, 2016).

Source: report (2021) „Time to deliver: mobilising private capital at scale for people and planet” prepared for UK Government



## RESOURCES

Financial and economic literacy to provide viability for environmental & social startups

# Financial and economic literacy to provide viability for environmental & social startups

## Introduction

This module will help you understand the differences between financial and economic analysis.



## RESOURCES

Financial and economic literacy to provide viability for environmental & social startups



## KEY TOPICS

- 01 MEASURES OF PROFITABILITY
- 02 RETURN ON CAPITAL (ROC)
- 03 RETURN ON EQUITY (ROE)
- 04 FINANCIAL PROFITABILITY
- 05 NET PRESENT VALUE (NPV)
- 06 INTERNAL RATE OF RETURN (IRR)
- 07 THE FINANCIAL ANALYSIS METHODOLOGY
- 08 ECONOMIC ANALYSIS
- 09 FISCAL CORRECTION
- 10 FROM MARKET TO SHADOW PRICES
- 11 THE SHADOW WAGE
- 12 EVALUATION OF DIRECT BENEFITS
- 13 EVALUATION OF NON-MARKET IMPACTS AND CORRECTION FOR EXTERNALITIES
- 14 THE RESIDUAL VALUE
- 15 ECONOMIC PERFORMANCE
- 16 THE DIFFERENCE BETWEEN ENPV AND NPV
- 17 THE FINANCIAL DISCOUNT RATE
- 18 THE SOCIAL DISCOUNT RATE

## RESOURCES

Financial and economic literacy to provide viability for environmental & social startups

### Measures of profitability

Financial analysis is carried out in order to:

#### Project profitability assessment

- Project profitability assessment for the project owner and stakeholders
- Verify the financial sustainability of the project

Profitability is measured by two basic indicators. One examines profitability relative to sales, by estimating a profit margin (ROC). The second examines profitability in relation to capital employed (ROE).



## RESOURCES

Financial and economic literacy to provide viability for environmental & social startups

## Return on Capital (ROC)

Table. Estimating Return on Capital

Years	1	2	3	4	5
EBIT	200	300	300	400	500
Book value of capital-average	1500	1300	1200	1200	1200
ROC	13.33%	23.08%	25.00%	33.33%	41.67%

Arithmetic mean ROC =  $13,33\% + 23,08\% + 25,00\% + 33,33\% + 41,67\% / 5 = 27,28\%$

ROC > WACC -> Accept projects      ROC < WACC -> Reject projects

Table. Estimating Return on Capital

WACC - Weighted Average Cost of Capital



## RESOURCES

Financial and economic literacy to provide viability for environmental & social startups

## Return on Equity (ROE)

**Return on Equity** examines profitability from the perspective of the equity investor, by relating the net income to the book value of the equity investment.

$$ROE = \frac{\text{Net income}}{\text{Book value of equity}}$$

Table. Estimating Return on Equity

Years	1	2	3	4	5
EBIT	200	220	250	200	300
Book value of equity	1100	1150	1250	1400	1350
ROE	18.18%	19.13%	20.00%	14.29%	22.22%

ROE > Cost of Equity -> Accept projects

ROE < Cost of Equity -> Reject projects

## RESOURCES

Financial and economic literacy to provide viability for environmental & social startups

### Financial profitability

Determination of revenues, operating costs, investment costs and financing sources enables the assessment of the profitability of the project.

The primary assessment indicators are net present value (NPV) and internal rate of return (IRR).

Net present value (NPV) and internal rate of return (IRR) compare investment costs to net revenues and measure the extent to which the project net revenues are able to repay the investment.





## RESOURCES

Financial and economic literacy to provide viability for environmental & social startups

### The financial analysis methodology

The methodology used in the example is the Discounted Cash Flow (DCF) method. The following principles were adopted for the calculation of cash flows:

- Only cash inflows and outflows are used in the analysis; accounting items that do not correspond to actual flows are disregarded
- The analysis is carried out from the point of view of the owner
- An appropriate Discount Rate (DR) is used to calculate the present value of future cash flows. The discount rate reflects the opportunity cost of capital
- The project's cash flow forecast covers a period appropriate to the economic useful life of the project and its long-term effects. The number of years of the forecast should correspond to the time horizon of the project
- The financial analysis is carried out at constant prices
- The analysis is carried out without VAT, both on purchase (cost) and sales (revenues)
- The residual value of fixed investments is included in the investment cost account at the end of the project. The residual value reflects the value of the service life of the fixed assets whose useful life has not yet been completely exhausted.
- The residual value is zero if the project time horizon is equal to the economic useful life of the asset

## RESOURCES

Financial and economic literacy to provide viability for environmental & social startups

### Economic analysis

In economic analysis, it is crucial to use shadow prices to reflect social opportunity costs. The prices observed in the market may be distorted. Potential sources of market distortion:

- Non-efficient markets (e.g. production subsidies, monopoly prices)
- Administered tariffs for utilities may not reflect the cost of the inputs
- Some prices include fiscal requirements (e.g. import duties, excise, VAT and other taxes),
- For some effects, no market and no prices (e.g. reduction of air pollution, time savings).



## RESOURCES

Financial and economic literacy to provide viability for environmental & social startups

### Economic analysis - Introduction

In line with international practice, the adjustment of market prices consists of a transition from financial to economic analysis. The following corrections are required:

- Fiscal corrections

- Conversion from market to shadow prices

- Evaluation of non-market impacts and correction for externalities

After adjusting market prices and estimating non-market impacts, discount the project costs and benefits. The discount rate in economic analysis, the Social Discount Rate (SDR), reflects the public's view of how future benefits and costs should be measured.

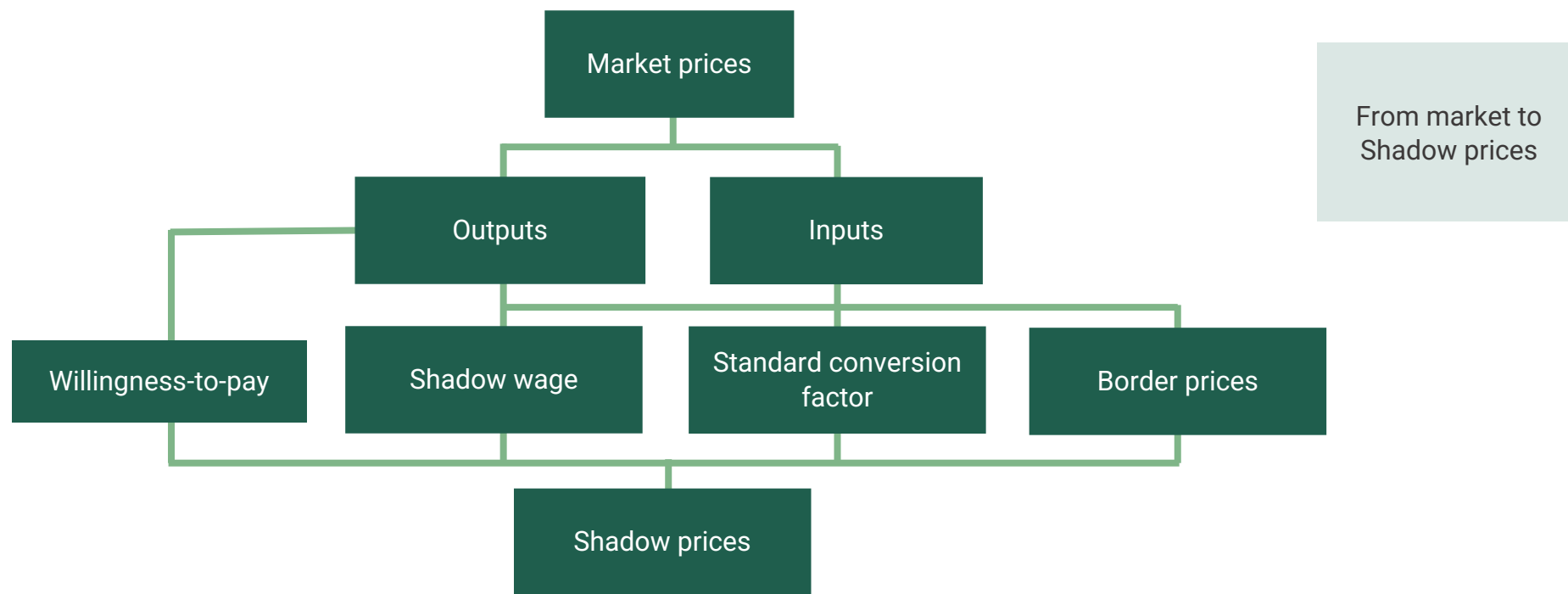
After using the SDR, it is possible to calculate the project economic performance measured by the following indicators: Economic Net Present Value (ENPV), Economic Rate of Return (ERR).



## RESOURCES

Financial and economic literacy to provide viability for environmental & social startups

When market prices in financial analysis do not reflect the cost of inputs and outputs, it is usually used to convert them to shadow prices. A simplified approach to estimating shadow prices is presented in the figure.



Source: Guide to Cost-Benefit Analysis of Investment Projects, European Commission.

## RESOURCES

Mobilising resources

# Mobilising resources

## Introduction

This module will help you effectively search for financial resources





## RESOURCES

Mobilising resources



## KEY TOPICS

- 01 RESPONSIBLE STARTUPS
- 02 WHAT IS AN INVESTOR LOOKING FOR?
- 03 PROJECT EVALUATION CRITERIA
- 04 VENTURE CAPITAL
- 05 TYPES OF VENTURE CAPITAL FUNDS
- 06 BUSINESS ANGELS VS. VENTURE CAPITAL FUNDS
- 07 BUSINESS ANGELS
- 08 THE DIFFERENCE BETWEEN ENPV AND NPV
- 09 BUSINESS ANGELS AND VENTURE CAPITAL FUNDS
- 10 CHOOSING THE VENTURE INVESTORS
- 11 PUBLIC-PRIVATE PARTNERSHIPS

## RESOURCES

Mobilising resources

### RESPONSIBLE STARTUPS

#### Came with:

- Fresh product ideas
- Technologies

#### Need:

Money for development of the company and products  
Sectoral and business develop. expertise



### INVESTORS

#### Came with:

- Money
- Sectoral expertise/management knowledge

#### Need:

Fresh business ideas  
Business proposal with development potential



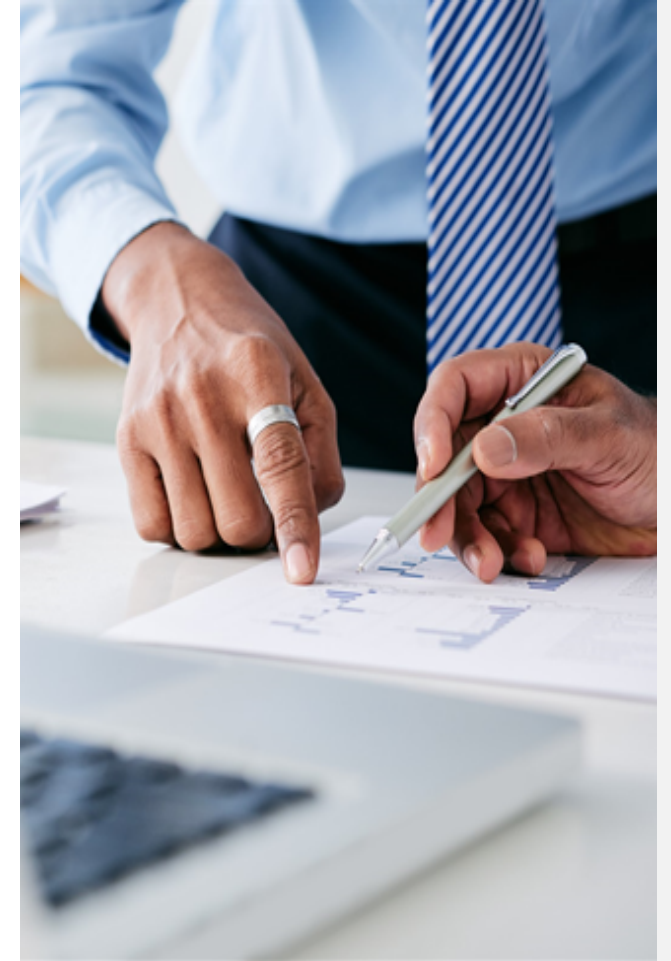
## RESOURCES

### Mobilising resources

## What is an investor looking for?

### Project parameters sought

- Return rate exceeding 20-25% per annum, and for new projects 60-90% per annum (different investor preferences)
- A combination of equity and debt instruments is welcome:
  - Equity instruments - a chance for an above-average return on investment
  - Debt instruments - risk protection
- Financing in tranches
- Possible control over the implementation of the project
- Optimal investment
  - Investors set the minimum and maximum amount of their capital involvement
- The project sector corresponding to the investor preferences



## RESOURCES

Mobilising resources

### Project evaluation criteria

#### Vc investor perspective

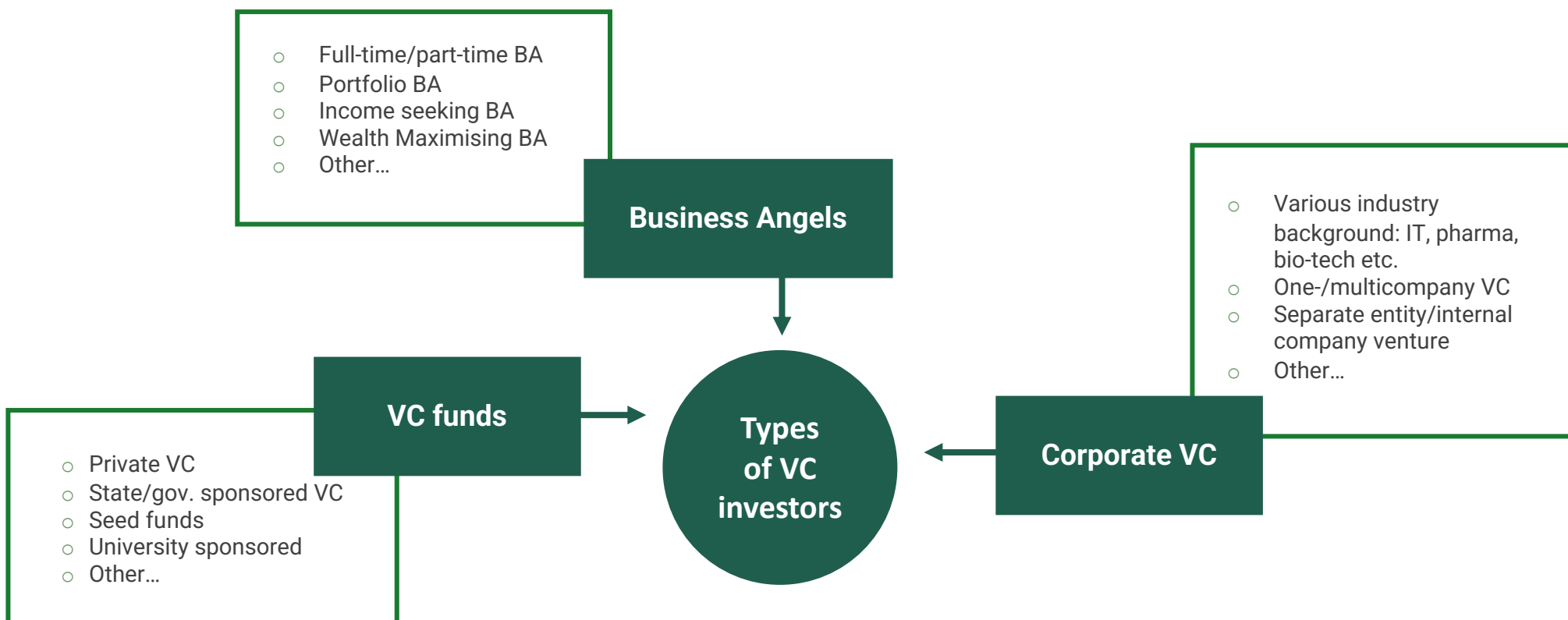
- Commercialisation potential of the market offer
- Growth potential and project development level
- Project team quality and experience
- IP protection
- Market orientation



## RESOURCES

Mobilising resources

### Venture capital – a diversified sector



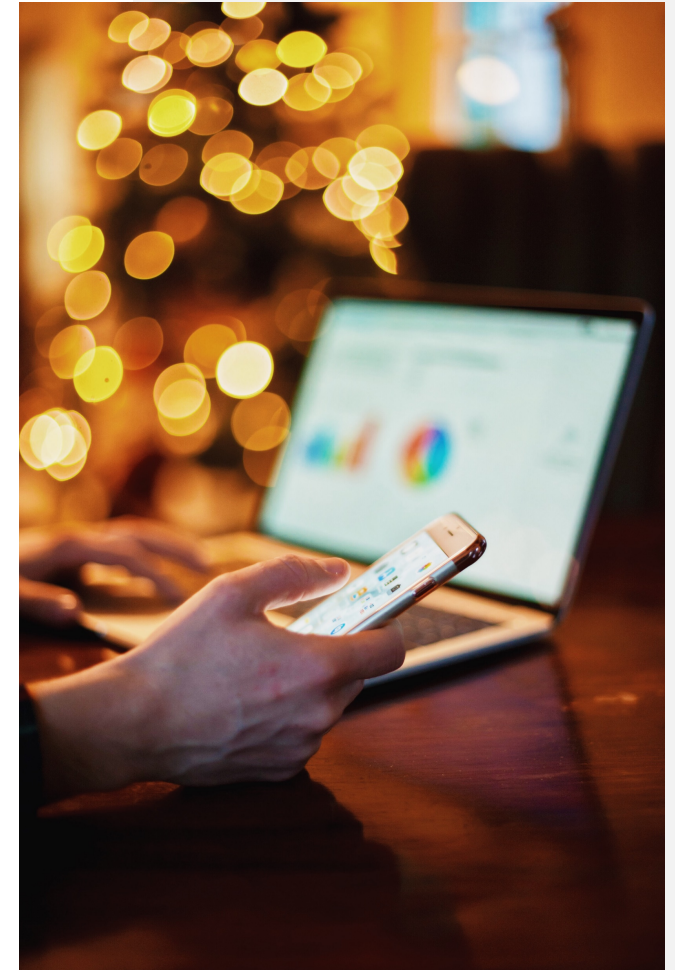
## RESOURCES

### Mobilising resources

## Venture capital funds

### General description

- Venture capital funds are private equity investment vehicles that seek to invest in firms that have high-risk/high-return profiles, based on a company's size, assets, and stage of product development.
- Venture capital funds differ other investment funds in that they focus on a very specific type of early-stage investment. All firms that receive venture capital investments have high-growth potential, are risky, and have a long investment horizon. Venture capital funds take a more active role in their investments by providing guidance and often holding a board seat.
- Venture capital funds have portfolio returns that resemble a barbell approach to investing. Many of VC funds make small investments on a wide variety of young companies, assuming that at least part of them will achieve high growth and reward the fund with a comparatively large payout at the end.



## RESOURCES

### Mobilising resources

## Financial investors as possible partners

- VC funds - investment focus
- Focus on early stage investments
  - Seed, start-ups, early growth
  - Seed vc funds
- Focus on expansion investments
- Focus on acquisition/buyout financing

- VC funds – ownership
- Private VC firms
- Industry sponsored VC firms
  - Financial investors or industry companies
  - Corporate venture capital companies
- State/government sponsored VC firms
- University sponsored VC firms

**RESOURCES**

## Mobilising others

## Public-private partnerships

An alternative for startups to mobilise resources with the support of private capital investment is to use various forms of public-private partnerships. For the small to medium company trying to reach IPO status, economic development assistance can be found in three forms:

1. Technology and scientific grants. Technology and science grants are monetary or in-kind compensation offered by a public or private source to advance a specific field of science and/or engineering deemed important to the grantor. If a small business's technology goals align well with those of the grant, then the funds can be used to grow the venture.
1. Government performance contracts. Government performance contracts take public/private partnership a step further, by creating a buyer/seller performance contracting relationship between a small business and a public player.
2. Economic development support. Economic development support is the process of utilizing public-sector programs aimed at generating job growth, to “optimize your company’s underlying business climate.” On the front end of a business’s growth, national and EU economic development programs bring discount financing, loan guarantees, infrastructure support, workforce development, and labor subsidies.



## RESOURCES

Mobilising others

### Public-private partnerships

Investor(s) - provides the capital to service providers to achieve agreed social outcomes for the term of the contract (eg. individuals, foundations, commercial banks, community development financial institutions)

Funder - ultimately pays for achieving an agreed outcome (usually a government or international donor institution)

Service provider - delivers the program (eg. NGO)

Intermediary - structures and coordinates the relationship between the parties including the investors

Evaluator - an independent third party who measures and/or validates the outcomes



Source: based on J. Troan, <https://www.areadevelopment.com/advanced-manufacturing/Q2-2016/Public-Private-Partnerships-Entrepreneurs-Ideas-Marketplace-.shtml>

## RESOURCES

### Mobilising resources

## Public investments

Governments invest directly or indirectly with the aim of improving the productivity of the economy and the welfare of regions and localities.

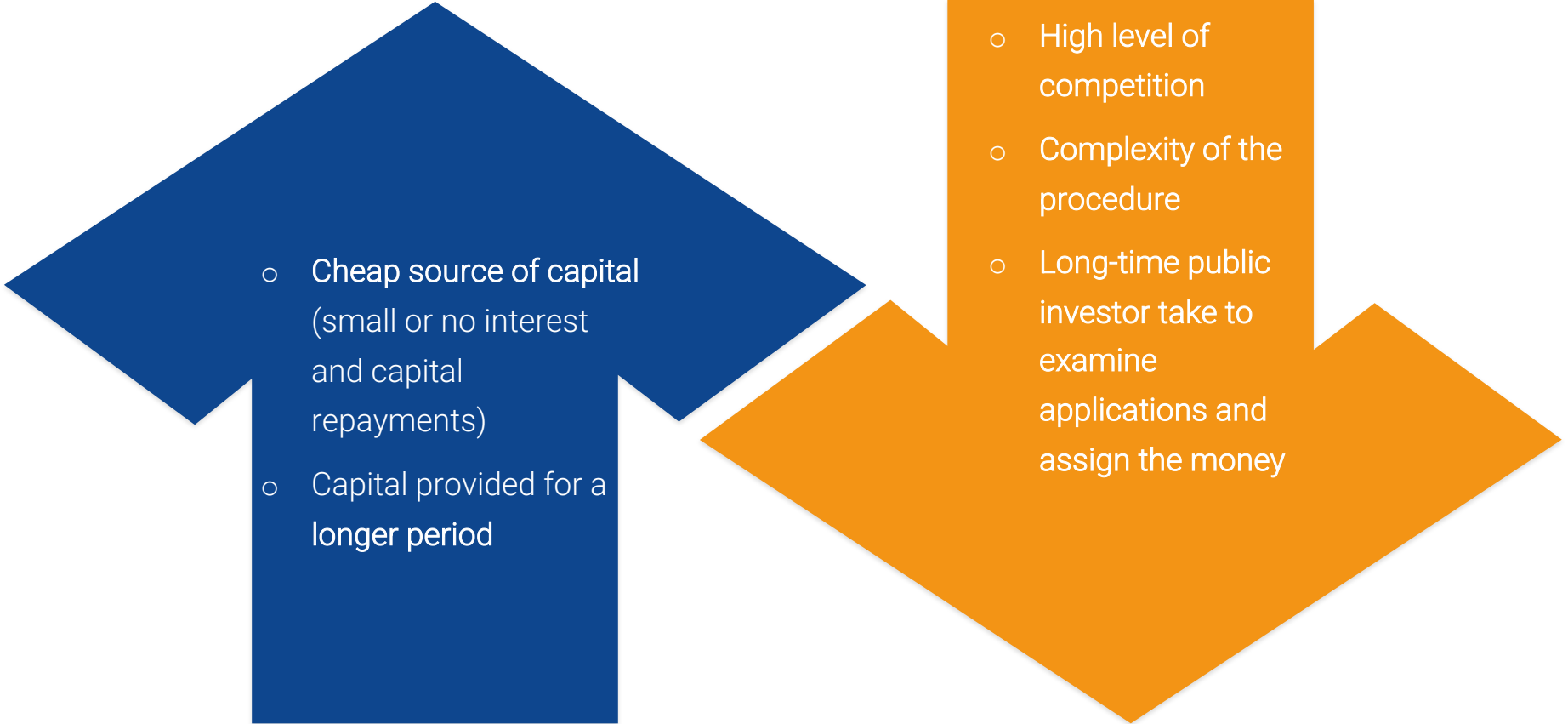
- Physical infrastructure: e.g. roads, government buildings, etc.)
- Soft infrastructure: e.g. human capital development, innovation support, research and development, etc.
- Direct investment: Gross capital formation and acquisitions, less disposals of non-financial non-produced assets during a given period
- Indirect investment: Capital transfers, i.e. investment grants and subsidies in cash or in kind made by subnational governments to other institutional units



## RESOURCES

Mobilising resources

### Public investments

- 
- Cheap source of capital (small or no interest and capital repayments)
  - Capital provided for a longer period

- High level of competition
- Complexity of the procedure
- Long-time public investor take to examine applications and assign the money

## RESOURCES

### Mobilising resources

## EU funding opportunities for small businesses\*

### Improving SMEs' access to finance and markets

The Single Market Programme aims to improve SMEs' access to finance and markets. The programme is managed by the European Innovation Council and SMEs Executive Agency (EISMEA).

### SMEs supporting the EU's energy, transport and digital networks

SMEs are also eligible for funding under the Connecting Europe Facility (CEF) programme, which finances projects related to energy, transport and ICT. The CEF strands are managed by the European Climate, Infrastructure and Environment Executive Agency (CINEA) and the European Health and Digital Executive Agency (HaDEA).

### SMEs in the field of research and innovation

The EU's principal funding programme for research is Horizon Europe, the successor of Horizon 2020. It supports research projects in numerous fields, carried out by organisations or individuals.

### SMEs in the European regions

EU Cohesion policy aims to reduce disparities in wealth between Europe's regions. It focuses on investing in regions, cities and the real economy to stimulate growth and jobs. It addresses climate change and dependence on energy imports and reduces poverty and social exclusion.

Supporting SMEs is a key priority of cohesion policy. Each EU country is responsible for managing cohesion funding on its own territory.

\* source: [https://ec.europa.eu/info/funding-tenders/how-apply/eligibility-who-can-get-funding/funding-opportunities-small-businesses\\_en](https://ec.europa.eu/info/funding-tenders/how-apply/eligibility-who-can-get-funding/funding-opportunities-small-businesses_en)

## RESOURCES

### Mobilising resources

## EU funding opportunities for small businesses

### Supporting SMEs in the agriculture sector

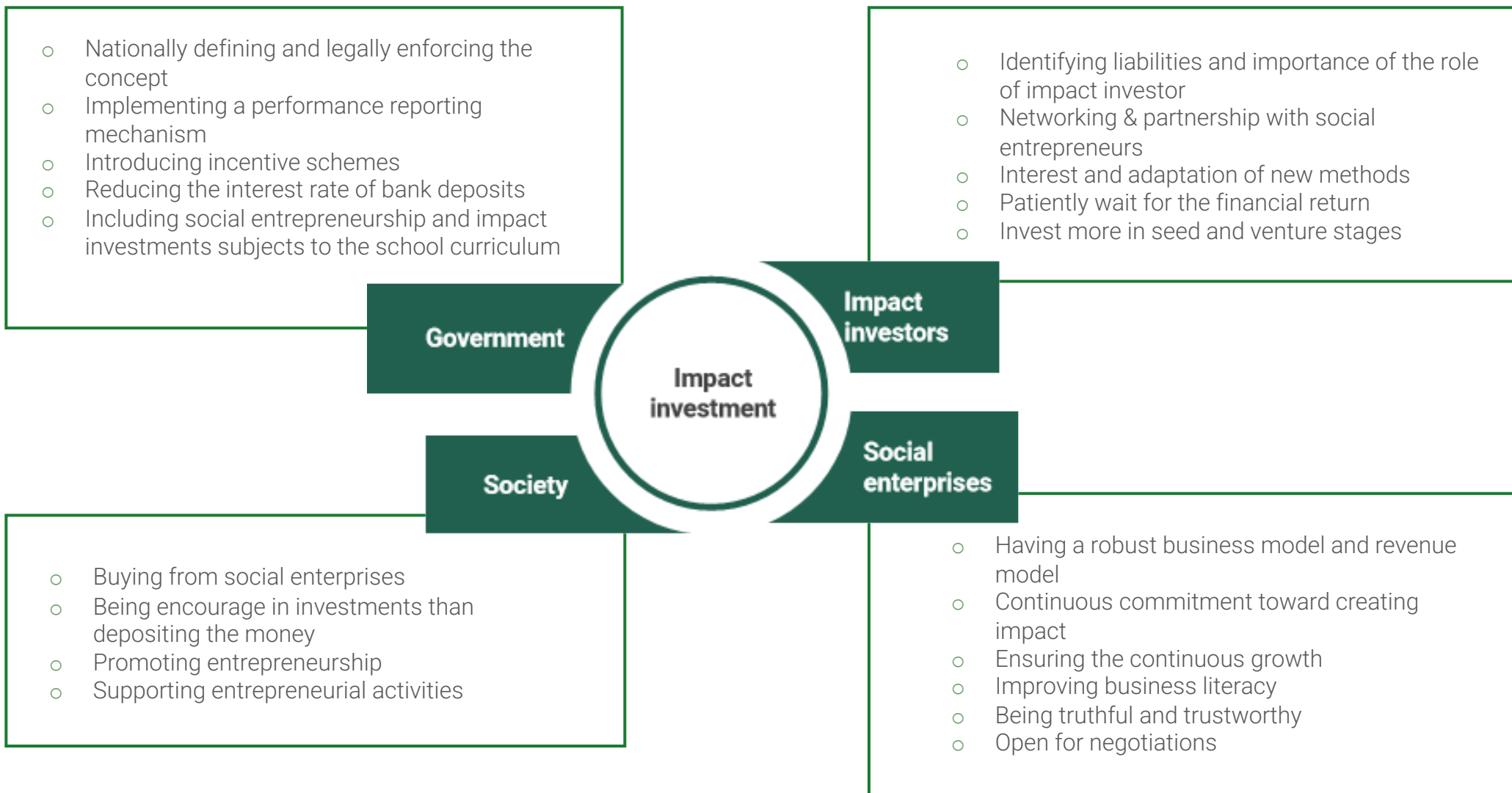
- The [Common Agricultural Policy](#) (CAP) makes funding available to small companies through:
- the [School fruit, vegetables and milk scheme](#) and the [Promotion of EU farm products](#)
- direct payment under the [European Agricultural Guarantee Fund](#)
- the [European Agricultural Fund for Rural Development](#)

### Other funding opportunities for SMEs

- The European Commission provides grants to support projects or organisations which further the interests of the EU. SMEs and other interested parties can apply by responding to calls for proposals under the [EU funding programmes](#). It also uses public contracts to buy goods and services. The providers are selected through [calls for tender](#).
- Support for entrepreneurs and businesses is available through a wide range of EU programmes, via local financial institutions. The [“Access to finance” portal](#) helps find EU financing for projects such as loans, guarantees, equity funding and many others.
- The [Microfinance Facility](#) of the Programme for Employment and Social Innovation (EaSI) helps the SME sector by providing loans of up to €25,000 to individuals for setting up or developing a small business.
- The [European Social Fund Plus](#) (ESF+) provides support to SMEs to help them improve their competitiveness, for example through training.
- The [European Maritime, Fisheries and Aquaculture Fund \(EMFAF\)](#) enables SMEs to benefit from higher levels of support as the vast majority of firms in fisheries and aquaculture are SMEs.
- the [LIFE programme](#) for climate action, managed by CINEA, helps companies bring their green products, technologies, services and processes to the market by financing the so-called [close-to-market projects](#)
- [Funding opportunities in the field of development](#)

## RESOURCES

### Mobilising resources





## RESOURCES

Mobilising resources

## Motivation and perseverance

### Introduction

This module will help you understand basic premises and conditions necessary to attract and preserve impact investments



## RESOURCES

Self-awareness and self-efficacy



## Key Topics

**01** DILEMMA

**02** CHALLENGES

**03** DIFFERENCES SRI, ESG, IMPACT INVESTING

**04** PAYMENT FOR SUCCESS CONTRACT

## RESOURCES

### Mobilising resources

# Dilemma

Impact investments focus mainly on involvement in private companies. They have problems finding companies that are willing to invest large amounts of capital. The assessment of these companies also proved difficult. They are very diverse, covering different sectors, risk levels and expected returns. And the numerous standards for measuring social and environmental impact can be overwhelming, even for industry professionals.

One of the most important problems in business development is achieving the scale effect. This is due to the need to cover the fixed costs of operations, which include administrative costs, promotion costs or research and development costs. Impact investments are often related to an economically difficult area, eg with high innovative values or related to the public good.

A common feature of such investments are difficulties in achieving economies of scale due to limited financing. This has a negative impact on the obtained rate of return on investment and discourages potential investors.

## RESOURCES

Mobilising resources

# Challenges

## Investments can Carry Significant Risk

As with traditional investments, influencing investments come with different levels and types of risk, and a firm is probably more ambitious in seeking to exert influence in two dimensions rather than one.

For example, some social enterprises looking for influencing investments may operate in underdeveloped markets where the enterprise or non-profit organization faces the challenge of helping to establish infrastructure and deliver services.

Source: Rockefeller Philanthropy Advisors.



**RESOURCES**

## Mobilising resources

## Differences SRI, ESG, Impact Investing

### Impact investing

Investing in companies and funds with an eye toward both financial returns and measurable social and/or environmental impact. Prominent in private markets investments, limiting access for smaller investors

### Environmental, social, governance (ESG) and GRI

Metrics used to measure a company's risks outside of a financial accounting framework

GRI (Global Reporting Initiative) is providing companies with the world's most widely used standards for sustainability reporting, the GRI Standards.

More public market funds and private market participants are incorporating these frameworks

### Socially responsible investing (SRI)

Investors use screening and exclusion, divestment, positive reinvestment and shareholder activism to achieve positive social or environmental outcomes  
Most commonly used in public markets, easily accessed by all investors

## RESOURCES

Self-awareness and self-efficacy

# Self-awareness and self-efficacy

## Introduction

This module will help you understand basic problems related to the assessment of the possibility of operating in the area of impact investment.





## RESOURCES

Self-awareness and self-efficacy



## Key Topics

- 01 IMPACT INVESTING MEASUREMENT
- 02 IMPACT INVESTMENT RISKS
- 03 ADVANTAGES OF BEING IMPACTED
- 04 PRIORITIZING OF RETURN VS IMPACT

## RESOURCES

### Self-awareness and self-efficacy

Prioritizing of Return vs Impact						
Profit only Investing	Responsible Investing	Sustainable Investing	Socially Responsible Investing (SRI)	Impact Investing		Impact Only Investing
<b>Returns Paramount</b>  No regard for ethics or impact	<b>Impact Risk</b>  Adopt ESG to mitigate risk and retain value	<b>Impact Opportunity</b>  Adopt ESG to enhance value	<b>Passive Impact</b>  Adjusting investments based on certain ethical guidelines – regardless of effect on returns	<b>Equal Priorities</b>  Seeking Specific positive impact & competitive return	<b>Lower and/or Uncertain Return</b>  Seeking Specific impact that requires lower return	<b>No Return</b>  Seeking specific impact, expectation of on return
EG, “Business as usual”	EG, screening for coal stock, given risk in long-term	EG, investing in renewables, b/c of market opportunity	EG, eliminating stock in firearms because of moral beliefs	EG, investing in market-rate entrepreneurs of color fund	EG, patient and/or low-cost capital for affordable housing	EG, 0% interest loan, recoverable grant, grant

Source: [missioninvestors.org](https://missioninvestors.org).

## RESOURCES

Self-awareness and self-efficacy



### INVESTORS FOR IMPACT

- Adopt the Venture Philanthropy approach (through highly-engaged grant-making or social investment)
- Support innovative solutions to pressing societal issues
- Take risks that most actors in the market are not prepared to take
- Provide in-depth non-financial support
- Build social infrastructures
- Test (and scale) new solutions to societal issues
- Support SPOs that have no market outlet

### INVESTORS WITH IMPACT

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

## RESOURCES

Self-awareness and self-efficacy

### Impact Investing Measurement

Impact investors look for financially viable businesses that have clear, defined and above all measurable social and/or environmental outcome targets. To succeed with impact investors, impact metrics need to be prominent in your business plan and your pitch.

Investors' approaches to impact measurement vary based on their objectives and capacities, and the choice of what to measure usually reflects investor goals and, consequently, investor intention. In general, components of impact measurement best practices for impact investing include:

- Establishing and stating social and environmental objectives to relevant stakeholders
- Setting performance metrics/targets related to these objectives
  - using standardized metrics wherever possible
- Monitoring and managing the performance of investees against these targets
- Reporting on social and environmental performance to relevant stakeholders



## RESOURCES

Self-awareness and self-efficacy

### Returns to all stakeholders in a company, not just shareholders

When a company sells a product, some of the revenue flows to employees, senior managers, suppliers, contractors, creditors, and, via taxes, governments. Is wealth being shifted to shareholders at the expense of contractors, direct employees, or a supplier's workforce? In other words, what are the returns to labor in addition to returns to capital? Reducing inequality of income within and across countries is at the heart of impact investing.





## RESOURCES

Self-awareness and self-efficacy

### Advantages of being impacted

Impact investing challenges the long-held view that market investments should focus exclusively on achieving financial returns.

Impact investment can catalyze additional capital flows into developing economies and stimulate private sector development where this is otherwise absent.

The impact investment market offers diverse and viable opportunities for investors to advance social and environmental agendas through investments that also produce financial returns.

Impact investments can compete with, and at times even outperform, traditional asset class strategies.

By combining various forms of capital with different return requirements, social challenges can be addressed.





## RESOURCES

### Self-Assessment



**The time has come to test  
the knowledge acquired.  
Are you ready?**

---

Good luck!

## ASSESSMENT ACTIVITY

### Question 1

The social discount rate is:

- a) Used in the economic analysis of investment projects to discount economic costs and benefits
- b) The social view of how future benefits and costs are to be valued against current ones
- c) **All of the above**

## ASSESSMENT ACTIVITY

### Question 2

Payment for Success contract is financed by:

- a) **Funder - usually a government or international donor institution**
- b) Service provider that delivers the program
- c) Evaluator who measures or validates the outcomes

## RESOURCES

End of module



**You have finish the Resources module**

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➞ *Click on the button to download the booklet of this competence unit.*





## CONCLUSION

End of course



## CONGRATULATIONS

You reached the end of this course. Please contact the organisation that provided you access to the course to receive your certificate.

Click on the RESOURCES AREA available on the upper right corner for additional contents.

2021-1-PL01-KA220-HED-000023017

Thank you!

