



Innovations in Philanthropy

Pearl Initiative Webinar

November 2020



OUTLINE

1. Our World
2. Unpacking next generation philanthropy
3. Engaging the younger generation
4. From philanthropy to impact investing
5. Aligning Impact with family values
6. Governance
7. Case Studies
8. Innovest Advisory
9. Questions



OUR WORLD

DRIVING FORCES

UN SDGs

SDGs IN PRACTICE

DRIVING FORCES

01 Growing Consciousness

There is greater global awareness of social inequality and the escalating climate crisis. There is a build sense that it our duty to contribute to solutions. Key movements that have moved mainstream opinion include The Greta Effect; The Attenborough Effect; Covid-19; Black Lives Matter and #MeToo

02 Beyond aid and ESG

Recognition that traditional models of development aid and philanthropy alone are not enough bridge the billions to trillions SDG financing gap. Private capital is more intentionally focussing their resources to tackle challenges through investment based approaches

Investing in world's most challenging problems will not be achieved by ESG investing and more capital is needed in deep, intentional and measurable impact investments

03 Transparency and Technology

Technology is providing greater access to information, offering new products and services, visibility of real time global challenges, transparency and quicker response times. Uptake is being driven and shaped by the next generation

04 Boomers and millennials

Largest ever intergenerational transfer of wealth as the Boomers move into the later stages of their lives and are wanting to leave positive legacies. Millennials are amongst the beneficiaries, largely intent on being more conscious about how they live and wanting to make a positive impact on the world

05 Need to determine impact

Effective impact measurement is essential to ensuring legitimacy and accountability of impact investments. Increasingly specialist third party impact advisors and tools are being deployed to prove impact outcomes





UN Sustainable Development Goals

- The 2030 Agenda for Sustainable Development
- A shared blueprint for peace and prosperity for people and the planet
- An urgent call for action by all countries in a global partnership
- People, Planet, Prosperity, Peace, Partnership
- Innovest Advisory is guided by these, providing a framework to develop bespoke interventions and impact measurement tools

SDGs IN PRACTICE



Societal Challenges	Impact Themes	Alignment with SDGs
<ul style="list-style-type: none"> 2 billion people lacking access to savings, credit, pension and insurance services 	Financial Inclusion	
<ul style="list-style-type: none"> 1.2 billion people occupying crowded, inadequate and/or unsafe housing 	Affordable Housing	
<ul style="list-style-type: none"> 1.4 billion people without access to electricity, using unsafe and environmentally unfriendly energy solutions 	Energy Access	
<ul style="list-style-type: none"> 800 million people affected by food insecurity, a majority of whom are subsistence farmers 	Food & Agriculture	
<ul style="list-style-type: none"> 1 billion lacking access to healthcare, clean water & sanitation 	Healthcare	
<ul style="list-style-type: none"> 263 million children and adolescents without access to quality, affordable education 	Education	
<ul style="list-style-type: none"> SMEs, the engine of employment contribute just 16% to GDP in emerging markets 	SME Growth/Job Creation	
<ul style="list-style-type: none"> 13 million hectares of forests are being lost every year and more than 60% of the planet's coral reefs are under threat due to overfishing, destructive practices, ocean acidification and development. 	Climate Change & Biodiversity	



UNPACKING NEXT GENERATION PHILANTHROPY

KEY CHARACTERISTICS

KEY STRATEGIES

KEY CHARACTERISTICS



01 Wealth transfer underway

The greatest ever intergenerational passing of wealth estimated at \$30 trillion is underway. Next gen's are now having a greater say over how families manage and allocate wealth. Whilst legacy and alignment with family values is important to those who inherit, millennials bring fresh thinking and innovation

03 Accountability focussed

Millennials are hyper-focused on knowing where their funding goes and why. They want their funding to move the needle with respect to the issues they are passionate about. Results-based approaches to funding that demonstrate the success of solutions and highlight areas for continuous improvement are preferred

05 Collaboration Mindset

Millennials are much more likely to engage in collaborative effects to solve global challenges than to create siloed initiatives. Such a desire for collaboration stems from a recognition that key challenges of our time such as the climate crisis require collective and sustained action to make a meaningful difference

02 Focus on solutions not numbers

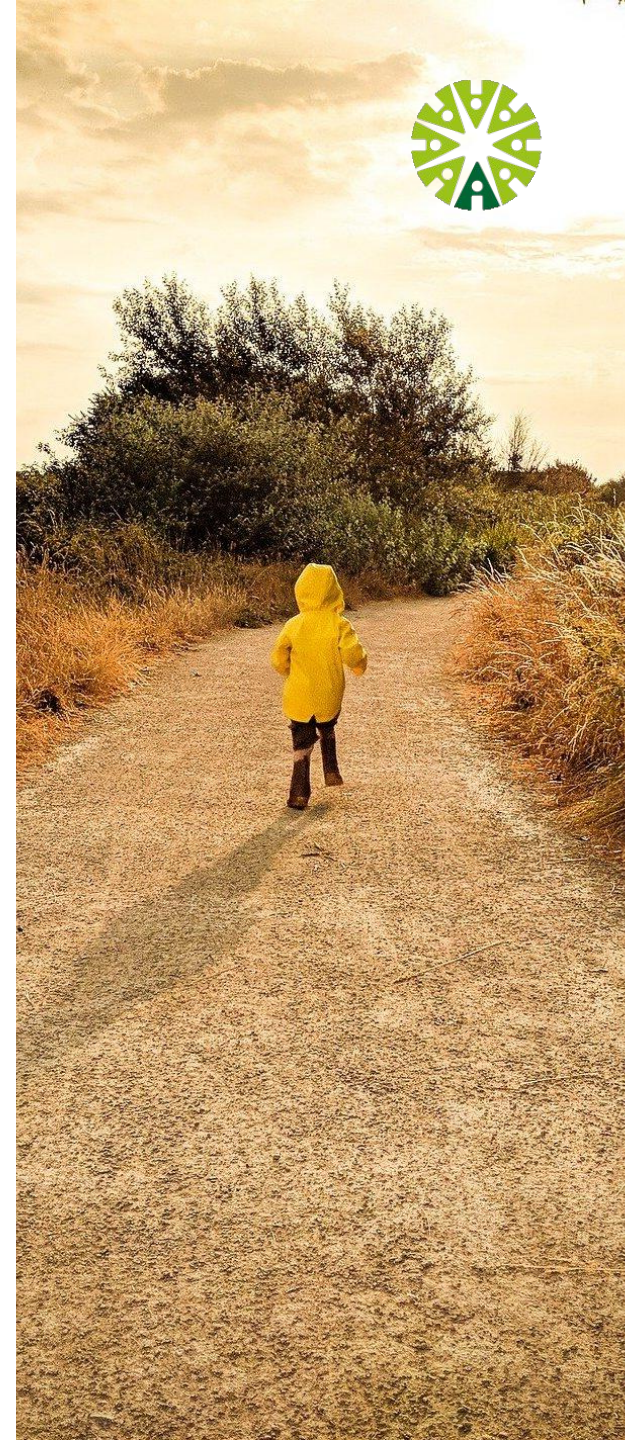
The next gen have less of a focus on products and services and increasingly on solutions. They take a human centred approach to development challenges based on empathy with beneficiary communities and supporting solutions that are designed from the bottom up

04 More than money

Increasingly next gen funders want to invest time as well as finance into causes that are important to them. These include volunteering, connecting to beneficiaries and lending business skills and expertise. Next gen's prefer an dialogue with beneficiaries to understand how best impact can be maximised

06 Tech Savvy

Technology is influencing philanthropic trends amongst next gens, with 51% of millennials regularly donating to charity via technology platforms and 43% doing so through social media. Tech is providing greater access to information, new products, visibility of real time global challenges and quicker response times





ENGAGING THE YOUNGER GENERATION

KEY STRATEGIES FOR ENGAGING THE NEXT GEN



Family Structures

Make use of existing family structures such as Family Offices, Charitable Trusts or Foundations to give next gens a voice and provide valuable life and business lessons through enabling them to create and manage impact portfolios that align with their values

Impact through Innovation

Use design thinking approaches to ideate around a problem with peers and develop potential solutions. Engage ultimate beneficiary communities in design sessions to ensure buy-in and relevance. Test, iterate and improve

Learning by Doing

Provide opportunities for next gen family members to learn about global challenges and the solutions needed through hands on experience. These include volunteering with charities, going on experiential learning trips or taking a board role in impact SME through an investment position

Drive Accountability via Data

Engage next gens in designing evidence based interventions, that have effective results frameworks in place and then use best in class impact measurement technology to track, measure and prove the long term positive impact of these interventions



FROM PHILANTHROPY TO IMPACT INVESTING

VENTURE PHILANTHROPY

IMPACT INVESTMENT

POSITIONING DEEP IMPACT

DIVERSE APPROACHES TO ACHIEVING IMPACT



DONATIONS

Develop robust selection criteria and rigorous monitoring and evaluation systems for donations

DE-RISKING

Using philanthropic funding to de-risk private investment into higher risk impact investments

MISSION ALIGNED INVESTING

Mission aligned investment strategy for assets held by the charitable venture

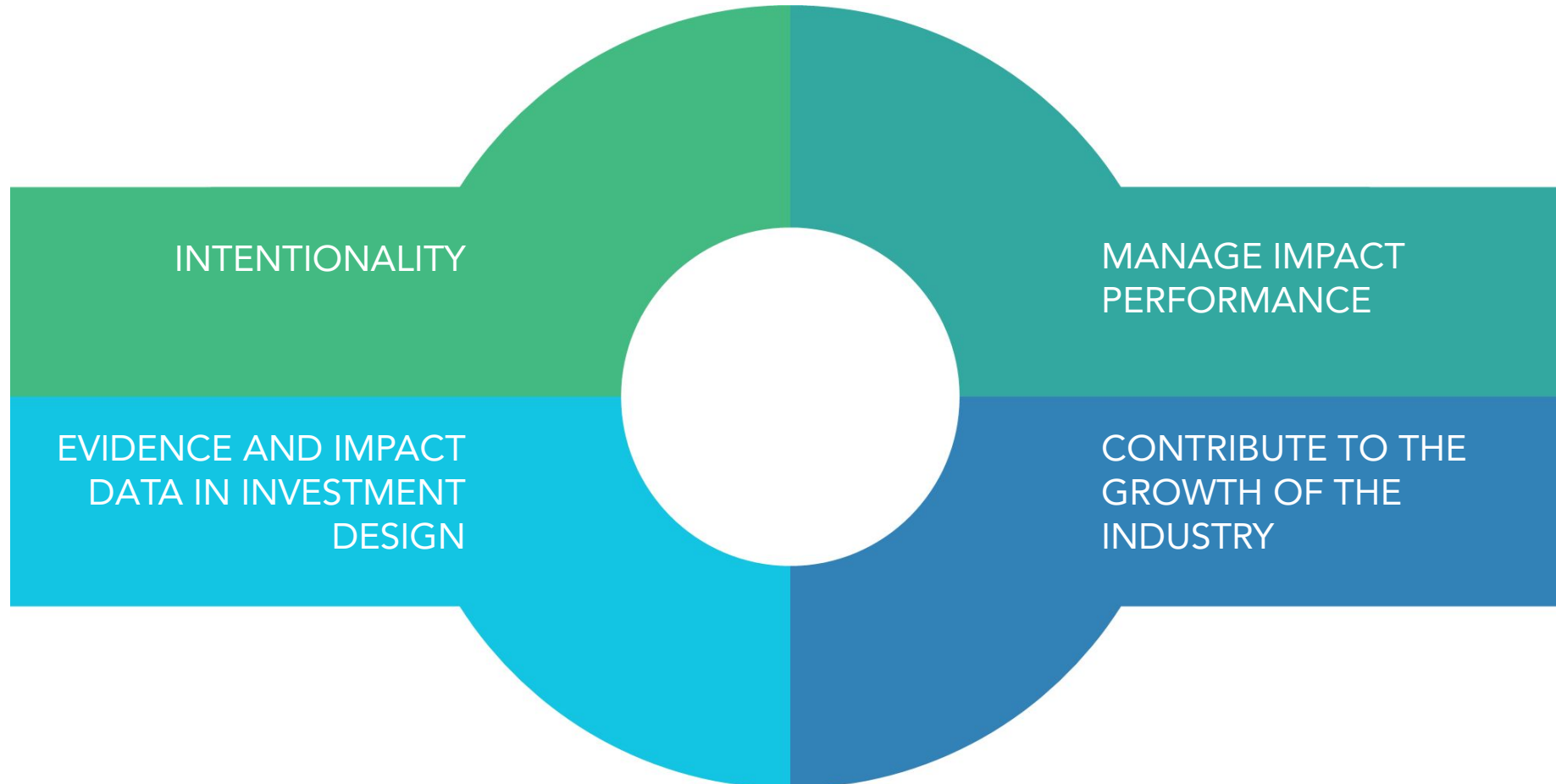
IMPACT INVESTMENT- EVERGREEN APPROACH

Structure and manage investments so as to grow the assets of the charitable venture and increase the entities impact on society

VENTURE PHILANTHROPY MODEL



WHAT IS IMPACT INVESTING?



DIVERSE STRATEGIES TO IMPACT INVESTING



PORTFOLIO APPROACH

“Carve out” of an existing investment portfolio to achieve agreed stated environmental and social impact goals via a range of investments. These investments may vary in risk, return, liquidity and type (direct, intermediary, debt, equity etc) according to investor preference and their investment advisors advise.

SEED INVESTOR APPROACH

Use of investment as a catalytic seed capital to design and anchor an impact investment vehicle such as a fund or bond issuance.

This seed investment is then leveraged to bring in third party investors and/or donor funds. The seed investor may also have a stake in the investment vehicle to monetise their initial funding commitment.

ENTREPRENEUR APPROACH

Use of business principles to achieve impact aspirations through the purchase and holding (typically though a majority stake) of a business or holding company which is achieving social impact via a commercially viable model. The owner can then leverage this investment via raising debt, equity and donor funding.

SPECIAL PROJECT APPROACH

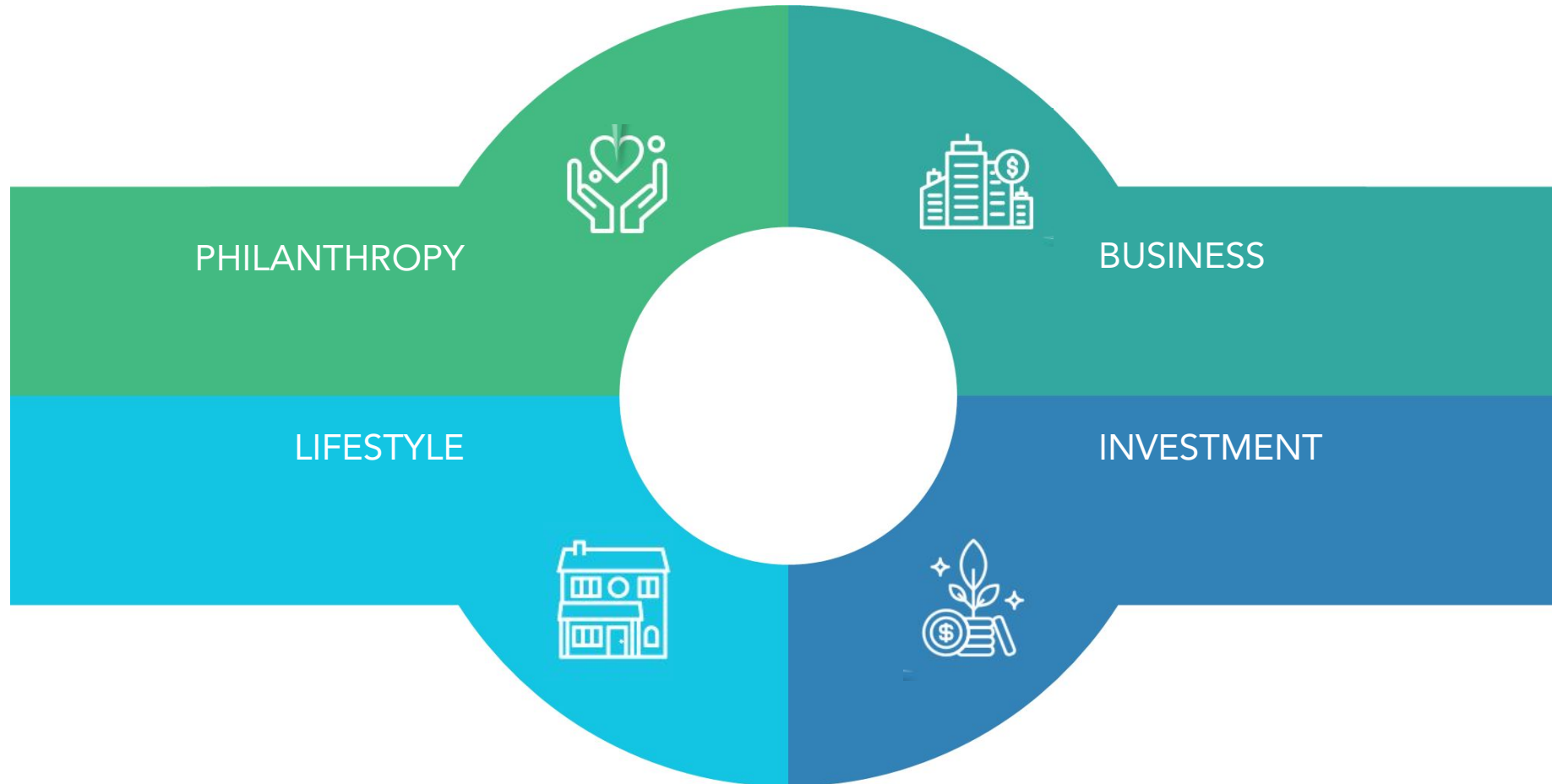
Development of a bespoke intervention which is needed to deliver on the impact aspirations of a client where no existing investment vehicles exist. This typically involves the creation of special purpose structures that are designed solely to execute on the impact strategy of a client.



ALIGNING IMPACT WITH FAMILY VALUES

AN IMPACT FRAMEWORK

AN IMPACT FRAMEWORK



PHILANTHROPY



BUSINESS

LIFESTYLE



INVESTMENT





GOVERNANCE

IMPORTANCE OF IMPACT DUE
DILIGENCE

IMPACT MEASUREMENT

IMPORTANCE OF IMPACT DUE DILIGENCE



IMPACT DUE DILIGENCE

- Assessment and screening of impact initiative options.
- Use of impact scorecards, due diligence questionnaires, in-country expertise.
- Establish procedures and processes to ensure continued verification of impact.

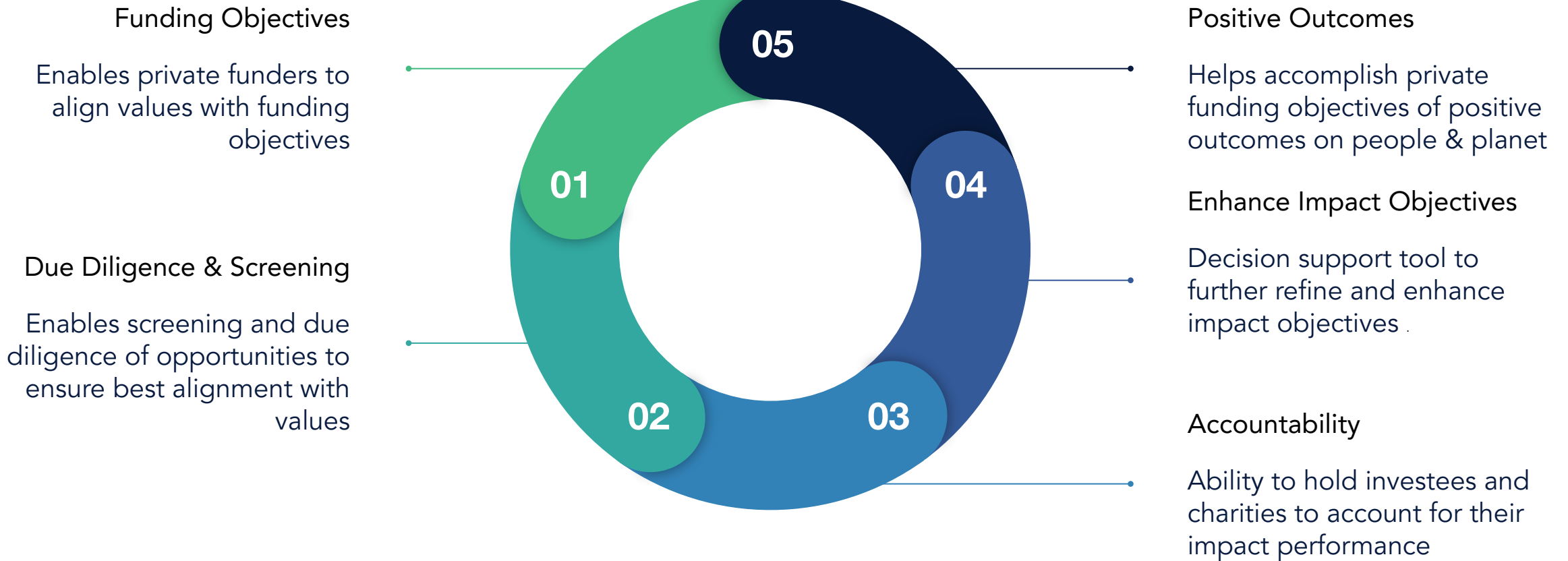
SAMPLE OUTPUTS

- Impact Due Diligence Report on shortlisted portfolio
- Project management as to introducing client to grantees / investees

ELEMENTS OF DUE DILIGENCE

Integrity & background checks	Overall business strategy & market position	Operating efficiencies & inefficiencies	Potential externalities
Sponsors & owners	Projected financial performance	Environmental & social risks	Legal due diligence
Company management	Financial management strategy	Governance structure	Potential risks analysis
Current & historical financial performance	Market environment	Overall impact strategy	Opportunities For growth & improvement

WHY MEASURE IMPACT: PRIVATE WEALTH





CASE STUDIES

REFUGEE INCLUSIVE INVESTMENT

MIDDLE EAST JOB IMPACT FUND

FINANCIAL INCLUSION IN THE
HORN OF AFRICA

SYRIA RECOVERY TRUST FUND

BETTER SHELTER FOR REFUGEES

SAMPLE CLIENT:



REFUGEE INCLUSIVE INVESTMENT STRATEGY

WHO

Ultra-High Net Worth Individual
Family Office

CLIENT AIMS

To create a bespoke impact investment strategy which would seek to make investments in both funds and businesses which provide both direct and indirect employment opportunities for refugees and host nationals.

HOW

The creation of a privately owned Islamic regional microfinance institution which prioritises vulnerable, low-income clients

INNOVEST ROLE

Develop impact investment strategy. Sourcing, screening and due diligence of refugee inclusive investments. Identification of strategic partners and potential co-investors.

OUTCOMES

Design of a social VC platform for investing into refugee owned SMEs in Turkey. Structuring of a mission aligned investment into a refugee education intervention in the Levant.



SAMPLE CLIENT:



MIDDLE EAST JOBS IMPACT FUND

WHO

Private Foundation in the GCC

CLIENT AIMS

Support large scale job creation for youth in the MENA region via an impact-first investment strategy with a requirement for capital preservation

HOW

Design and implementation of multi-million dollar impact strategy investing into SME funds, microfinance institutions that finance youth run businesses and and labour intensive SMEs with youth friendly hiring practices

INNOVEST ROLE

Development of an impact investment strategy. Sourcing, screening and due diligence of an investment pipeline. Identification of co-investors. Development of an impact measurement framework

OUTCOMES

The foundation and its co-investors (including charities, other foundations and UHNWIs) made over 35 investments in 12 Middle Eastern countries totalling more than \$50 million creating more than 200,000 new youth jobs



SAMPLE CLIENT:



FINANCIAL INCLUSION IN THE HORN OF AFRICA

WHO

High Net Worth African Diaspora Consortium

CLIENT AIMS

Supporting local economic development in the Horn of Africa through a microfinance based social enterprise model.

HOW

The creation of a privately owned regional microfinance holding company which prioritises vulnerable, low-income clients across countries of Horn region via a commercially viable business model.

INNOVEST ROLE

Long-term consultancy support to business plan development, financial forecasting, human resources, financial product development and social impact measurement. Support to grant and capital raising and strategic partnership development

OUTCOMES

Over 20,000 low income clients financed with \$20 million. 10,000 new jobs created and \$6million in donor and capital funding (DFIs, foundations and private investors) raised.



SAMPLE CLIENT:



CROWN AGENTS SYRIA RECOVERY TRUST FUND PROJECT

WHO

A not-for-profit empowering emerging markets leaders to accelerate self-sufficiency and prosperity for their communities, businesses, institutions and countries.

WHAT

The Syria Recovery Trust Fund (SRTF) is a multi-donor trust fund, responsible channeling grant funding from the international community into projects in Syria. Crown Agents has been implementing the Provision of Solid Waste Management in Deir Ez-Zor

HOW

Schools in the regions suffered extensive damage, often being used as barracks by ISIS. They remain unsafe for children to return to, Crown Agents is leading the program to clear solid waste and debris from schools, roads and public areas.

INNOVEST ROLE

In order to deliver phase 2 of this project, Innovest Advisory helped design and secure a working capital facility backed by a sovereign contract.



SAMPLE CLIENT:

Better
Shelter
.org



BETTER SHELTER

WHO

A world leading humanitarian shelter specialist, structured as a social enterprise. Formed out of a collaboration between UNHCR and IKEA foundation.

PRODUCT

Dignified housing unit using IKEA design principles and flat pack engineering capability. As a result they have sold 40,000+ shelters to UNHCR and other humanitarian actors over the last 7 years.

SAMPLE WORK IN SYRIA

In 2020, Syrian humanitarian organisation ATAA Relief contacted Better Shelter as they were looking to build a camp for displaced persons in the Jarābulus area on the Syrian-Turkish border. The aim of the project was to accommodate 182 families, all of which were in great need of a safe and dignified shelter solution that can withstand the harsh Syrian climate during both winter and summer.

In addition, in 2020, six quarantine centers for Covid-19 patients are being built across Syria so far.





INNOVEST ADVISORY

OUR IMPACT SOLUTIONS

HOW DO WE DO IT?

IMPACT SPECTRUM



DEEP IMPACT SOLUTIONS

IMPACT INVESTING

ESG OPPORTUNITIES

ESG RISK MANAGEMENT

COMPETITIVE RETURNS

● Traditional

● Responsible

● Sustainable

● **Thematic**

● **Impact-First**

● **Philanthropy**

FINANCE ONLY

IMPACT ONLY

MOTIVATION

Financial considerations only

MOTIVATION

To take ESG risk factors into account

MOTIVATION

To align with long term sustainable growth drivers

MOTIVATION

Targeted themes and financial returns drive investment selection. Commitment to measure impact.

MOTIVATION

Impact led-investment decision making, that seeks competitive market returns where possible

MOTIVATION

Provision of funding with no expectation of return to catalyse innovative development outcomes

INTENDED EFFECTS ON PEOPLE & PLANET

No consideration, may have negative outcomes

INTENDED EFFECTS ON PEOPLE & PLANET

Mitigate or reduce negative exposure

INTENDED EFFECTS ON PEOPLE & PLANET

Considers carbon footprint, resource use, reduce waste, compensation product safety, gender equality

INTENDED EFFECTS ON PEOPLE & PLANET

Seeks solutions to SDG aligned thematic challenges such as climate change, health, education, and poverty alleviation

INTENDED EFFECTS ON PEOPLE & PLANET

Seeks to create intentional and measurable positive outcomes for beneficiaries

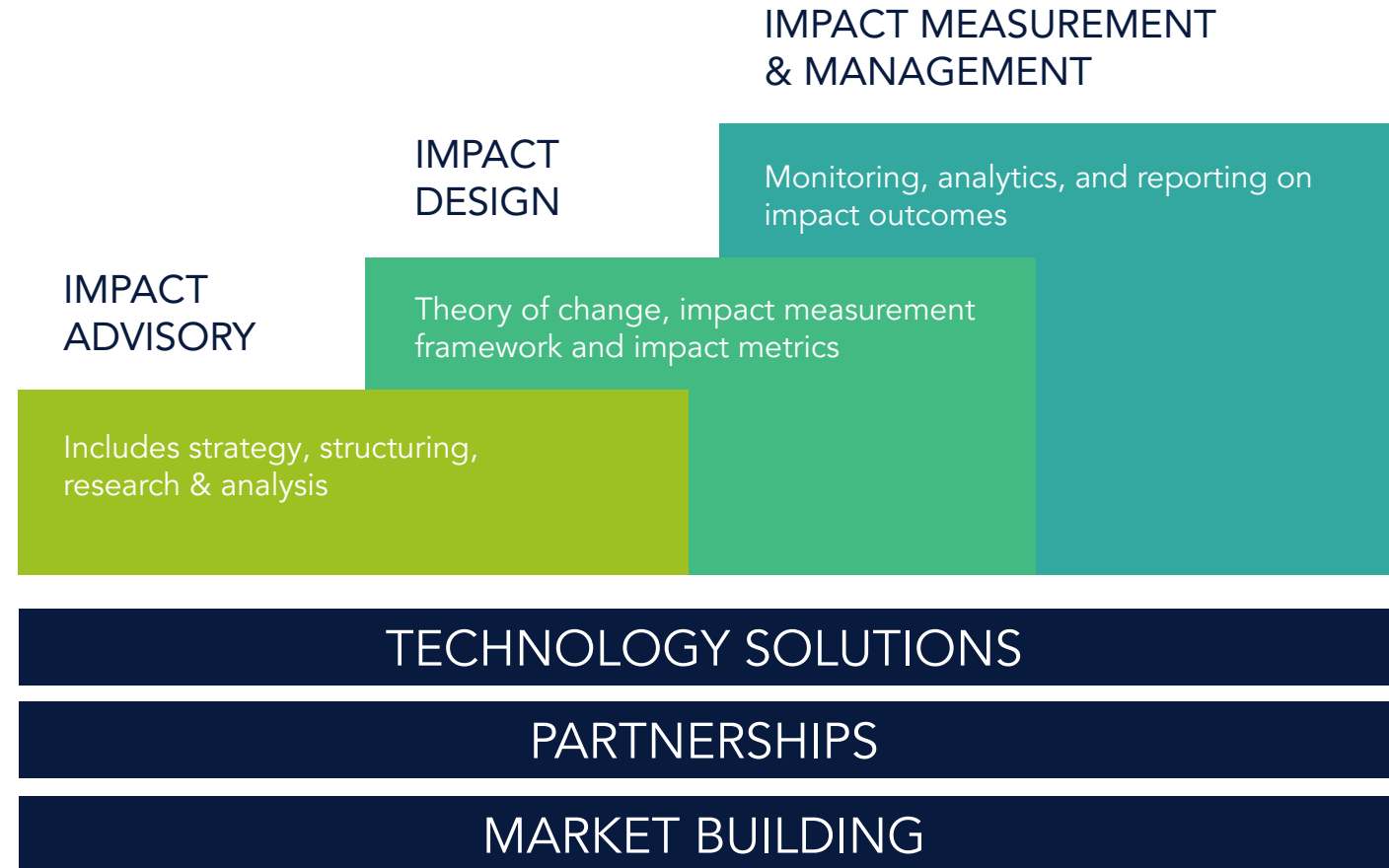
INTENDED EFFECTS ON PEOPLE & PLANET

Generate substantial positive impact at scale through systems change

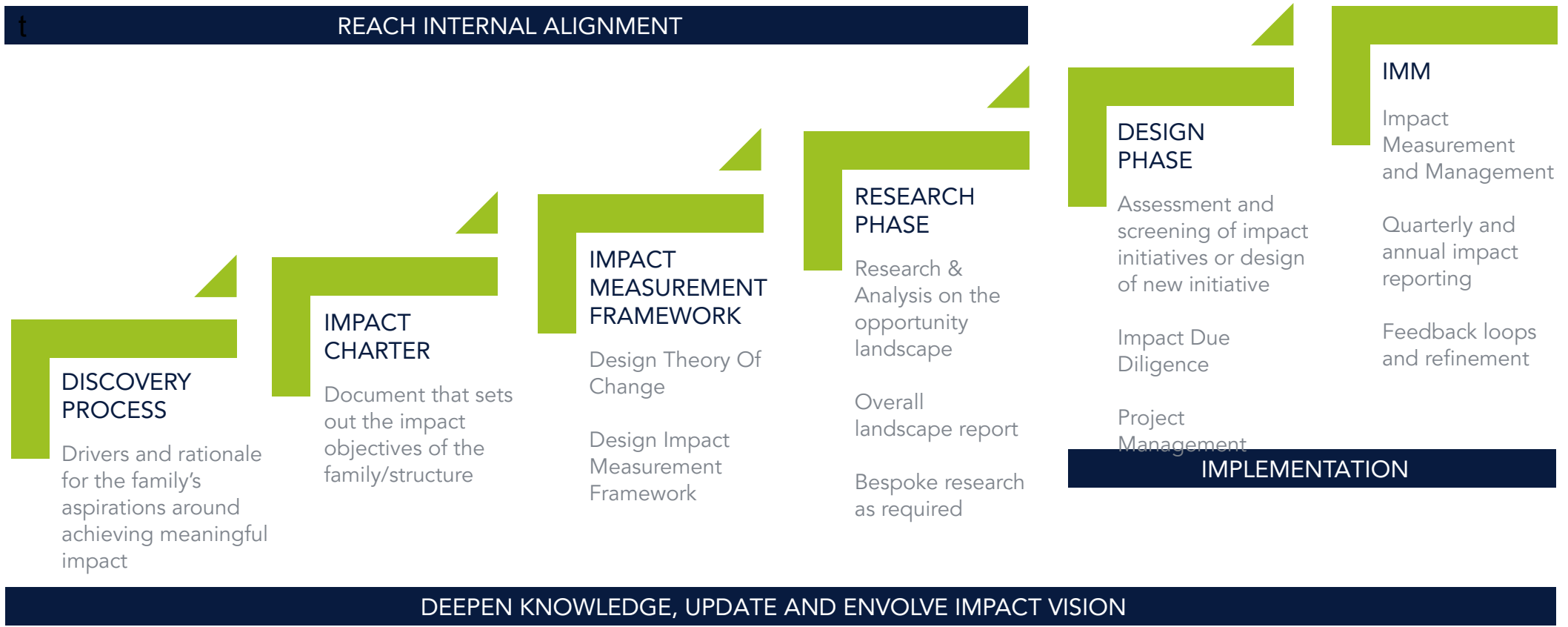
OUR IMPACT SOLUTIONS



- Innovest focuses on 3 core services
- Enabled and strengthened by technology
- Strategic partnerships that enhance impact
- Commitment to build the market



HOW DO WE DO IT?





“

**It always seems
impossible, until it is
done.**

”

NELSON MANDELA

QUESTIONS



OUR PRIVATE WEALTH TEAM



Justin Sykes
Founder and CEO

Justin is a social investment specialist with over 20 years experience in enabling large-scale private and public ventures deploy capital to create more and better jobs for vulnerable populations, often in fragile contexts.



Charlie Denton
Analyst

Charlie is an analyst for Innovest Advisory. Charlie plays a key role in leading Innovest Advisory's impact measurement and management offering.



Nele Bhebhe
Non-Executive
Director

Nele has a strong professional interest in impact investing in Africa. Nele has been involved in a number of impact investment corporate transactions in the African Agribusiness sector as well as being a founder of two African owned and operated social enterprises



Michelle McMahon
Partner

Over 25 years of legal, corporate finance and fiduciary experience. Serving as an advisor and fiduciary of nonprofits and social finance initiatives, strategic deployment of philanthropic and social investment capital to achieve social change.



Ali Buckland
Administration &
Communications
Officer

Ali supports the Innovest team in Guernsey in various capacities including project coordination, communication and client support.



Nisrin Metcalfe-Zerekli
Associate

Nisrin has experience in impact investing, working with businesses to position themselves to meet investors' requirements. Has worked with UHNWIs, family offices as well as institutions; identifying their investment needs and requirements in the investment space from funds to private placements.

OUR NETWORK



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THANK YOU

