

BETWEEN US

A NEWSLETTER FOR MEMBERS BY MEMBERS

CANDID CONVERSATIONS

The VP/SI Approach

By Piet Colruyt:



Our first member dedicated newsletter features an interview with **Piet Colruyt** about the VP/SI space. Via **SI² Fund**, Piet has been a member since 2013 and has a substantial amount of experience. He is an (impact) investor and a Board member of several companies including **Korys**, the family holding controlling **Colruyt Group**. Piet is the founder of **Impact Capital NV**, an investment holding that focuses on enterprises and projects with a social impact in the field of ecology and social innovation. Impact Capital holds shares in **3E** (Brussels specialist in renewable energy and energy efficiency), **Re-Vive** (sustainable redevelopment of brownfields – Ghent), **SI² Fund** (the first Belgian social impact fund) and **Colruyt Group** (top three retailer in Belgium). Here is what Piet had to say about the VP/SI space.

My starting point is the many societal challenges I still see in this world. I believe we can change this. Everyone can be a changemaker.

I am a kind of “indignado”. Being an investor, it is my moral duty to try to use my money as a means to find solutions to these problems.

Therefore, the VP/SI approach is crucial: if we look at things with traditional risk/return expectations without taking into account the potential impact, we will never change the world.

We have to take bigger risks or accept to having lower financial returns in order to let these innovative solutions or social ventures grow. I started my journey in this space by discovering social entrepreneurs.

The book **“How to change the world”** by **David Bornstein** changed my world. This book is full of stories of social innovators who often are far ahead in finding creative solutions for the societal challenges we face, but too often their solutions are nice and sympathetic and they have difficulties in scaling.

I believe we need different types of support depending on the investor and their investment phases in order to help social entrepreneurs set up their enterprises. In addition, to scale these social enterprises to become robust impact enterprises we need other types of capital and coaching.

"It is my moral duty as an investor to try to use our money as a means to find solutions to these problems. Therefore, the VP/SI approach is crucial."

To really solve these societal issues the big players also have to come into the game: governments and large corporations have to be inspired by these innovations.

Solving societal issues is a growth market. Social is the new green. In the end, VP/SI can help to showcase the best solutions. Thus, more mainstream companies start working with social ventures on their solutions, so that they can copy, paste and become inclusive businesses themselves. I believe that in the future social entrepreneurship and impact investing will become mainstream.

Recommended reading and why it inspired me

"Revolution Justified" from **Roger Cox.**

This Dutch lawyer explains very clearly why politicians are in a catch-22 situation. Politicians know what is needed to prevent dangerous climate change, but they don't know how to combine that with winning the next elections.



In a democracy, the only solution is in using the third power, the judicial power, where the judge can take his/her time away from the pressure of social media full of populist quotes or dumb or trump tweets, to overview the scientific evidence and compare it with other cases like tobacco or asbestos. In the Netherlands, the government lost this climate case. Suing governments because they fail to protect citizens, is not aggressive or negative. It is an act of love: love for our planet and our children.

Snowball - giving the floor to Luciano Balbo

I propose **Luciano Balbo** as the next **Between Us** host. Here is my question for him: what are the two most important lessons learnt or key messages from your experience and wisdom for people who are joining the space?

INCREASING RESOURCES

Invest for Impact Matchmaking Event



On **24 April 2018**, we organised our first **Invest for Impact** event. The event brought 15 established impact funds together with 25 family offices and ultra high-net-worth individuals, in a matchmaking day held in Zurich, Switzerland.

Funds from eight countries (Belgium, Germany, Italy, Portugal, the UK, Switzerland, USA and the Netherlands) attended the event. Their impact investments focus on different geographies and multiple sectors such as education, health, agriculture, independent media, with investments ranging from €100,000 to €50m.

The funds showcased their work to 25 potential impact investors and they also had the opportunity to share their experiences on a variety of topics.

The following funds joined the first edition of Invest for Impact: **Ananda Ventures, BlueOrchard, BonVenture, Capital4Development, EspRare Foundation, Financing Agency for Social Entrepreneurship, Hivos Food & Lifestyle Fund, Kampani, Media Development Fund, Mustard Seed, Maze, Oltre Venture, Purpose Ventures, ResponsAbility, SI²Fund, and Swiss Philanthropy Foundation.**

The event was organised with the support of the **King Baudouin Foundation** and the **Swiss Philanthropy Foundation.**

You can find more details about the funds [here](#).

THE ADD-VENTURE OF THE MONTH

MDIF Media Finance I & II



"More than 85% of the world's population (more than 6 billion people) do not have access to free media"

Loans typically finance investments in software, equipment, content production and workspace, as well as working capital and short-term cash-flow needs. They help small and medium-sized enterprises in the media sector compete with a government- and oligarch-controlled outlets, and provide the news, information and debate that people need to build free, thriving societies. With current loans ranging from \$50,000-\$850,000, borrowers are limited to media in OECD Development Assistance Countries.

Fund notes pay 4% p.a. coupon and come due 7 years from first close. The Funds benefit from first-loss subordinated financing provided by MDIF and a guarantee from Sida, together providing investors with 55% first-loss protection. Sida also provides grants for technical assistance to help investees optimise loan financing and subsidise the cost of operating the Fund.

With anchor investors including Soros Economic Development Fund and Sida, MMF I had a first close at \$3m October 2017 and second close in January 2018 at \$6m. MMF II is targeting \$6m, with a first close at \$3m in October 2018.

MDIF Media Finance I and II are \$6m debt funds for independent news businesses in countries with limited access to free and independent media. With 55% first loss protection for investors provided by MDIF and the Swedish International Development Cooperation Agency (Sida), they provide affordable loans supported by technical assistance to critically important news companies.

More than 85% of the world's population – more than 6 billion people – do not have access to free media. In countries where the funds operate, domestic capital frequently seeks to subvert editorial integrity. MMF financing provides an alternative that helps to safeguard independent ownership and content, building companies that advance press freedom, accountability, transparency and access to information (Sustainable Development Goal 16).



MDIF has managed its own debt and equity fund for more than 20 years, investing \$160m in independent media in 39 emerging and frontier markets, and is organised as a New York tax- exempt non-profit corporation.

It has a highly developed impact measurement approach and for more than a decade has published the Media Development Impact Dashboard, a longitudinal analysis of the impact of its work on client businesses in terms of audience reach, sales and financial viability.

It also tracks investees' social impact in areas including corruption and accountability, elections and social issues such as the environment, gender and LGBT.

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VENTURING FAR AND WIDE

The SwitchersFund



Impact Challenge Fund for Green Start-ups in the Mediterranean

The SwitchersFund is the first “impact-first” Fund for Green Entrepreneurs in the Mediterranean. Its main goal is the development of green start-ups while having a financially sustainable strategy that gives investors a limited return in exchange for high social and environmental impact.

Impact Challenge Fund for Green Start-ups in the Mediterranean

The MENA region offers plenty of untapped opportunities for investors who are concerned about environmental innovation and sustainability. And while entrepreneurs and initiatives from around the Mediterranean region grow to formulate an eco-minded region, The SwitchersFund and The Switcher Support Services help these pioneers emerge, grow, and spread.

The Switchers is the community of inspiring green entrepreneurs and changemakers in the Mediterranean region. Switchers are individuals, enterprises or civil society organisations implementing innovative and ecological solutions that contribute to sustainable and fair consumption and production models. They are active in a variety of fields, such as organic farming, green tourism, renewable energy, or waste management. They are the portfolio of The SwitchersFund.

The SwitchersFund has been designed to offer both seed Funds (grants) and a Support Programme (technical assistance) to those individuals looking to build their own sustainable startup.

The Fund also includes a set of Switcher Support Services to facilitate development and marketing of sustainable products. Concretely, it provides business development services (*Green Business Model and Plan Development, Mentoring and Technical Expertise*), networking opportunities (*#TheSwitchers, SwitchMed Connect*) and most importantly, access to finance tools (*Green Start- Ups Meet Investors, CrowdFunding Campaign Support*).



Call for Action: Impact first for Investors, patient capital for Green Entrepreneurs

The SwitchersFund combines grants with investments in order to maximise the impact of the Fund. This is particularly critical for start-ups that are developing new technologies or concepts and cannot be financed purely on a commercial basis but need at times grants for experimentation and patient capital to have the time to develop and implement innovations.

On the one hand, EVPA members are encouraged to support the Fund through grants or guarantees to increase the sustainability of the Fund. In return, the Fund gives priority to the environmental and social donors measuring and regularly evaluating the impact. On the other hand, the Fund is open to private shareholders that want to provide patient capital and are ready to accept a moderate financial return in exchange for high environmental impact.

The SwitchersFund launched its activities in 2017 with a first call for grants supported by the OSCE (the Organisation for Security and Cooperation in Europe).

Lately this March, Yara Yassin and Up-fuse, a brand that promotes eco-conscious lifestyle by designing and producing upcycled bags from discarded plastic waste in Egypt became one of the grantees and received **€15,000** to internationalise her green and social business.

The SwitchersFund is a joint initiative of the **UN Environment MAP Sustainable Consumption and Production Regional Activity Center (SCP/RAC)** and the **European Federation of Ethical and Alternative Banks and Financiers (FEBEA)** with a geographical scope including both the European countries and the neighboring countries such as Morocco, Algeria, Tunisia, Egypt, Israel, Palestine, Jordan and Lebanon.



The SwitchersFund would like to invite EVPA members to join the session on Venture Philanthropy in MENA Region at the **SwitchMed Connect on 13-15 November 2018** in Barcelona for discovering the impact achieved, future plans and the community of the Fund.

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VISIT TO LEARN



West Coast Trip

EVPA is happy to offer in partnership with Spring Impact, a first time journey that allows members to get acquainted with our social impact neighbours in the West Coast of the US (**San Fransisco and Silicon Valley**).

You can join us, while catching some California sun and seeing the sights alongside the Pacific Ocean. On this trip we give you the chance to be inspired, hear real stories of scalable impact and explore the possibilities of alternative social finance.

The event will take place on **the 22-26 October 2018**, having an exciting 5-day itinerary already planned; which gives you access to network and learn from our US counterparts.

The cost of this tour is **€2600**. With this offer you will receive marvellous benefits including:

- A **free ticket to the SOCAP Conference 2018**. SOCAP is one of the most anticipated, innovative conferences on impact investing and social enterprises.
- **Transportation** and **two dinners**.

Members should note that they will **need to cover** the cost of **flight and hotel**.

As this is a first time offer we would like to gauge the interest in this event before we provide a final confirmation.

If you would like to join please read the information and fill in the form below.

West Coast Trip Form



Trip to Good Deed Foundation (Estonia)

At the beginning of April, together with 13 representatives of EVPA members from Central Eastern Europe, we visited **Good Deed Foundation** in Tallinn, Estonia.

Good Deed Foundation was established in 2003. It has the mission of solving societal problems by increasing the capabilities of other impactful third sector organisations. The Good Deed Foundation has a vision of creating measurable positive change through venture philanthropy.

By visiting The Good Deed Foundation we had a great opportunity to get acquainted with the Estonian social sector. The visit started with a brief rundown of how the foundation started and developed: beginning as a capacity building organisation then evolving into a incubator of major social businesses in Estonia and developing acceleration programmes.

Our members gained many takeaways from the visit, here are some of their insightful observations after their trip to Tallin, Estonia:

Practice makes perfect

I had the realisation that it is more important to start a project than getting everything right on its launch. When you start you can always test the approach and then evaluate and improve.

The ecosystem is so important

I believe that the state of the business ecosystem is very important. Social impact engagement works better in societies with a solid and more developed business environment.

You must have a clear fundraising strategy

An insight from this trip is that it is crucial to have a clear fundraising strategy before starting a project. This includes having an expected success ratio and a communication strategy when you start your fundraising efforts.

Seeing issues with a fresh take and understanding the Estonian space

The trip gave me the opportunity to meet and connect with peers that have similar challenges. It was inspiring, meeting people who have a fresh take on issues, discovering how to improve and gaining an understanding of the Estonian social impact network.

TIPS & TRICKS

by EVPA Knowledge Centre



Expert Roundup - Commit Time not only Money. How SPOs grow through NFS

Experienced CEOs of leading Venture Philanthropy Organisations and Social Investors (VPO/SIs) have shared with us what works and what doesn't work in planning and delivering non-financial support (NFS) – and the challenges the sector faces going forward. Our Expert Roundup defines NFS and summarises the main learnings they shared, the open challenges for the sector, and how EVPA can help VPO/SIs tackle them.

6. To build the VPO/SI's pipeline. New potential investments are attracted to the VPO/SI by the NFS offered. Hence, NFS works to build a "referral network" for the VPO/SI.

Download the full **Roundup** to read the main learnings and challenges of providing NFS.

What is NFS and why does it matter?

- 1. To make sure the SPO/investee spends the money as well as possible,** by ensuring the investee has the capacity for decision making and helping them take the right decisions.
- 2. To prepare the investee for exit.** Exit happily is the final goal of the VPO/SI. By giving the SPO the tools to develop its own capacity the VPO/SI makes sure it doesn't let the SPO fall off the cliff once exit comes.
- 3. Help the social entrepreneur develop him/herself.** Social entrepreneurs invest their personal life into what they're working on – and sometimes burn out. Social entrepreneurs failing personally is a massive risk, so support is needed to strengthen the resilience of the entrepreneur, avoiding feelings of personal failure and ultimately burnout.
- 4. To build the foundations to scale.**
- 5. To prove impact to funders and investors.** Engaging the VPO/SI's own funders and investors directly in the work of the social entrepreneurs (i.e. by allowing them to use their professional skills) is the most tangible way of showing the impact the VPO/SI is having. This motive is particularly important for VPO/SIs that fundraise.

Recommended reading



A new report of Spring Impact, supported by the **Argidius Foundation**, and created in partnership with Numbers for Good, has been launched: **"What Small and Growing Businesses Need to Scale Up: The Case for Effective Technical Assistance"**. Small and growing businesses (SGBs) represent one of the most promising avenues for sustainable development and positive change across the world. However, SGBs face several barriers to reach a sustainable growth. Through a literature review and in-depth interviews, this report provides insights and practical recommendations to inspire practitioners – funders, technical assistance providers, and other intermediaries – to support SGBs in scaling up.

IN THE RIGHT PLACE AT THE RIGHT TIME



The Fundamental Course on Venture Philanthropy and Impact



Back to school! As you already know, the **Fundamental Course on Venture Philanthropy and Impact Investing (VP/II)** that we organise with **ESADE Business School** is approaching. As a member of EVPA, you have the chance to apply for one of the scholarships. Don't miss it! Join us **in Barcelona on 4-5 June 2018** in order to enhance your learning around the VP/II sector and to walk away with ready-to-use tools and practices to define your impact investment strategy and the entire investment process. Your staff can benefit from a **50% discount** over the regular course fee and have the chance to apply for one of the **scholarships reserved exclusively for you**.

The new deadline: **7 May 2018**. Find out more details here: <http://bit.ly/2uQVigP>

AVPN Conference 2018



AVPN Conference will be held in Singapore on **7-9 June 2018**. The conference's theme, "**Maximising Impact**", reflects the importance of strategic, collaborative and outcome-focused approaches to social investing. Find out more details on the conference here: <http://bit.ly/2ICXvIO>

Philanthropy Scrum



Join **Donors and Foundations Networks in Europe (DAFNE)**, **European Foundation Centre (EFC)**, **European Venture Philanthropy Association (EVPA)** for the first **Philanthropy Scrum** on **28 May 2018** in Brussels, Belgium. The high-level exchange between philanthropists, politicians and non-profit representatives. Find out more details here: <http://bit.ly/2FdfGZn>

Social Impact Measurement and Management

Social Impact Measurement and Management

20-21 September 2018
Brussels, Belgium



If you would like to learn more about impact, but missed the spring edition of the **Social Impact Measurement and Management Training**, then there is no need to worry! We've continued the strong partnership with **Social Value UK** so registration for the autumn edition has just opened! The course will be taking place in Brussels, between **20-21 September 2018**. Find out more details here:

<http://bit.ly/2vKmT11>

BRINGING THE COMMUNITY TOGETHER!



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EVPA updates



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