University
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Introduction to impact investing

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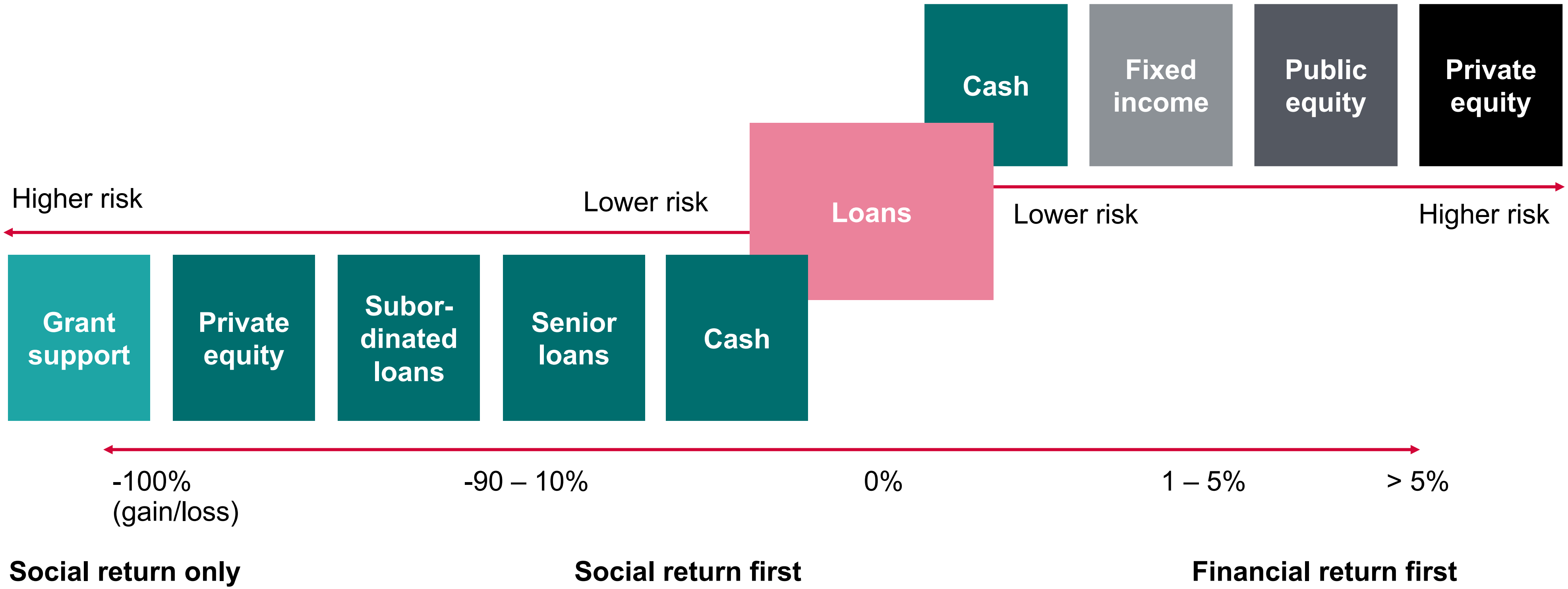
Traditional capitalism: You have two cows, you sell one and buy a bull. Your herd multiplies, and the economy grows. You sell them and retire on the income.

Nonprofit organization: A donor gives you two cows. You feed the poor with milk and meat. Next year, you ask the donor for two cows again.

Impact investing as continuum



F.B. Heron Foundation 2009

New funding models

Debt-/guarantee models

Pay for success models

Conditional conversion models

Debt-/guarantee models

- Enable an early launch of projects
- Reduce risks for grantees
- Deficit guarantee may help attracting other funding partners
- Incentivize the meeting of certain goals and adaption of entrepreneurial behaviour

Pay for success-models

- Require predefined conditions or milestones to be met in order to release payment
- Incentives for performance: improving internal organizational processes or expanding knowledge
- Reducing their financial risk for initiator

Conditional conversion model

- Grants or loans will later be converted into another type of financing
- Incentivizing goal achievement
- Match the financing type with specific stages of project development
- Allow for a life-cycle optimized type of funding