WOMEN & IMPACT INVESTING

Experiential Education in Impact Investing
WHO WE ARE

Impact Finance Center
WE TEACH MONEY TO INVEST FOR GOOD

Catalyzing Impact Investing

The Impact Finance Center is dedicated to catalyzing investments that produce enduring value for the investor, society, and the environment. We hold that capital deployment – whether through grants, direct investments, or public and private securities – should be evaluated as an investment. Because every investment has impact, investors can integrate these transactions across their portfolios.
WOMEN

Venture Capital's Funding Gender Gap Is Actually Getting Worse

"Women-led businesses are the fastest growing segment of entrepreneurship in the U.S., but they comprise a small percentage of the companies funded by venture capital. According to a Babson College study, most women-led businesses have been funded by the founder herself, or by friends and family. While this is true of start-up's in general, recent data show that in the U.S., firms that receive VC funding tend to be founded and led by white and Asian men. Indeed, fewer than 5% of all VC-funded firms have women on their executive teams, and only 2.7% had a female CEO."

"Some have observed that, despite the rapid growth in women-owned businesses, the VC funding gender gap has actually increased in the past year, both in terms of number of deals and amount of funding. This lack of outside investment is a major barrier for many aspiring female entrepreneurs, especially in the technology sector."

INVESTING IN WOMEN

Women-led businesses are the fastest growing segment of entrepreneurship in the U.S.

Women-owned businesses receive only 7 percent of venture capital investment money.

Loan approval rates for female entrepreneurs is 15 to 20 percent less than it is for men.

The number of women-owned firms has grown 68 percent since 2007, much higher than the national average of 47 percent.

Overall, women-owned businesses account for about one-third of all types of businesses in the United States. Among employer firms, however, women-owned businesses are only about 16 percent of the total.

Among high-growth firms women usually account for less than 10 percent of founders in any given sample.

*Data from http://www.oecd.org/cfe/leed/Audretsch_determinants%20of%20high-growth%20firms.pdf*
**SECTI0N ONE - THE NEED**

**SMALL POOL**

- Giving ranges from 2-4% of personal income and 5-7% of foundation assets
- Overall government spending on research is declining*
- Collectively not enough to address critical needs or affect systems change

**HUGE POOL**

- Nearly ALL institution and private assets
- 93-95% of foundation assets

Private capital is ABSOLUTELY NECESSARY to address our critical needs and affect systemic change – and yet almost all of our economic activity is currently focused only on market rate returns.
50 MILLION

What if we could identify 50 million in debt and equity investment opportunities in women owned and benefiting businesses?
Moving the Money

Impact Finance Center (IFC), has established a proof-point for creating impact investing “marketplaces” at state-wide scale across all sectors, asset classes, and stages of growth. This strategy is promising to become the most efficient and effective way to:

1) quantify the available supply of impact investment capital,
2) gauge demand for that capital from social ventures, and
3) connect the capital to viable ventures in order to benefit communities, the economy and the environment.
ACTIVATING IMPACT INVESTING FOR WOMEN

Experiential Education in Impact Investing

IFC seeks to catalyze impact investments across the spectrum of women owned business needs by implementing some or all of a multi-phase plan to:

1) raise awareness and capacity;

2) Identify philanthropists and investors interested in investing in Women led businesses and provide an experiential learning environment called an Impact Investing Giving Circle (IIGC) where investors gain valuable first hand knowledge of impact investing;

3) identify and connect this pool of investors to valuable women owned or oriented organizations and social ventures (projects, nonprofits, for profits, and funds) in through a process called an “Impact Scan”
Women around the world invest 90% of their income back into their families and communities, which translates into greater access to nutritious foods, education, healthcare, and increased economic activity. Put simply, investing in women is just smart economics.

*Calvert Impact Capital*
SECTION THREE: THE MODEL

HOW OUR MODEL WORKS

Harnessing the power and tradition of philanthropic giving circles and community lending circles, IFC has developed a model to educate would-be impact investors in a low risk, low barrier to entry environment: the Impact Investing Giving Circle or IIGC (structured as a donor advised fund).
Hosts the Donor Advised Fund for the Impact Investing Giving Circle. Shares their network and gains access to shared network of other IIGC participants.

Provides education to all participants in Impact Investing Giving Circle. Leads "Impact Scan" to source deal flow. Helps ideate and execute unique funding mechanisms. Connects circle to experts for due diligence and deal making.

Drives the purpose and vision of the Impact Investing Giving Circle and helps to source donors and deal flow. Participate in education and networking opportunities.

Donate funds into the Impact Investing Giving Circle. Participate in education and networking opportunities. Gain access to subject matter deal flow and potential co-investors.
STEP 1: AWARENESS BUILDING

IFC and Community Partners, potentially with the support of financial institutions or other intermediaries, will host events in key regions focused on awareness building around Impact Investing generally, with a portion of the presentation introducing the Women & Impact Investing Giving Circle project. The invite list for these events will be generated by all partners and will include potential fund hosts, potential donors, and key intermediaries who will be able to support the deals as they arise.

Initial donor commitments and contacts will be generated during awareness building.
STEP 2: THE CIRCLE

- IFC will release an RFP to find the most aligned fund host (community foundation or otherwise) to host the IIGC and support the goals and vision.
- The DAF/IIGC will be established, with Community Partner and IFC determining the broad goals of the IIGC.
- Partners will use collaborative process to continue identifying and recruiting donors.
- Commitments will be raised for donors and continued education and awareness events will encourage networking and deal sourcing within the circle.
**Step 3: The Scan**

- IFC has developed "Impact Scans" to provide more information about the number and quality of social ventures (e.g. projects, nonprofits, for profits, and funds) available in a determined area of interest.
- IFC’s team of experts and fellows will perform as narrow or broad an Impact Scan as is desired by the IIGC.
- IFC will bring in outside experts as necessary to conduct due diligence on some or all identified social ventures.
- The scan will include a final report with ranked options for investment.
STEP 4:
THE INVESTMENTS

- IFC stands ready to support community partners, hosts, and participants in identifying the right investments to support the goal of the IIGC.
- IFC has a robust network of experts in all elements of deal making and will help facilitate any introductions and connections necessary to facilitate seamless execution of investments.
- Donor Advised Funds are allowed and encouraged to make impact investments per IRS guidelines.
- IIGC participants and advisors will evaluate proposals and make investments.
- Any investment returns will replenish the IIGC.
SAMPLE PROBLEM: LENDING FOR WOMEN FOUNDERS

- Loan approval rates for female entrepreneurs is 15 to 20 percent less than it is for men.
- What might solutions look like?

1) Finance a revolving loan fund to provide microfinance, small business, affordable housing and community development loans to women.

2) Use a guarantee model to help women obtain financing at more favorable terms.

3) Directly invest in a woman-led startup where the founder has struggled to find financing.
Once people have invested through this philanthropically funded vehicle they are more likely to seek out additional investments with community impact, and the community is more likely to create more impact investment opportunities.
WHEN THESE INVESTORS ARE READY FOR THEIR NEXT STEPS...

IFC is ready to provide quality education and assistance. IFC has found that once investors take the first step into impact investing (here the IIGC) the next steps are more accessible and come sooner.
WHAT FOLLOWS

The IIGC is the first step in an evolving process that we anticipate will lead to the creation of multiple vehicles and impact funding mechanisms that may include:

- IIGCs in other communities of interest, place, or identity
- Community Note
- Guarantee Model
- "Main Street Loan Fund"
- National Summit
HOW DO WE MOVE $50 MILLION DOLLARS INTO BUSINESSES OWNED BY AND BENEFITING WOMEN?

1 million at a time.