Strong Roots, New Branches: Transition in Action

Impact Appalachia, A Regional Impact Investing Initiative
State of Impact Investing

- **Impact Investments**: investments made into companies, organizations and funds with the intention to generate positive social and environmental impacts alongside the financial returns.
- $117 billion in impact investing assets currently under management.
- 40% of all impact investing dollars are in North America.
Marketplace Building is Appalachia’s Opportunity

• One-third of impact investors targeted below market rate returns
• Impact-motivated investors recognize the important role below-market capital can play.
• GIIN’s highlighted the need to:
  • expand products for investors and products that better meet the needs of investees.
  • advance blended-finance vehicles to fill gaps in capital supply and support the emerging ecosystem
Community Participatory Process

Impact Appalachia

**Our Goal:** To move a region of persistent poverty and historic underinvestment forward, we seek to create a new vehicle for investment that simultaneously addresses deep capacity challenges, emerging sectors and support investment ready businesses.

This “Market-Making Fund” will address multiple levels of the impact investing ecosystem to strengthen the region’s sustainable economic growth through increased alignment, leveraging new investment and expanding public private partnerships opportunities.

**Our Values:** This process and its outcomes should be:
- participatory, **embedded** in existing community infrastructure
- **transparent & democratic** in process and structure
- **accessible & geographically representative**
- with a focus on **equity & local ownership**
- to build **self-sufficient enterprises** and **wealth building jobs**.
Impact Appalachia Platform Overview

• Serve the geography of Central Appalachia, including WV, Southern OH, Western VA, Eastern KY, and Northwestern NC.

• Will to coordinate, execute, and report on a $100M initiative to expand impact investing in Central Appalachia.

• Aggregate and align $57 million, including a $40 million investment fund targeting key economic sectors.

• Increase the region’s capacity to absorb capital and our participation as impact investors.
Legal Structure

Impact Appalachia
(501c3)

Investment Funds (LLC)

Catalytic Community Funds

Aligned Impact & Investment
Investment Theory: Catalytic Capital Stimulates Opportunities and Unlocks Investment

**Regional Market-Making Fund**

- **CATALYTIC CAPITAL**
  - (30% OF FUND)

**POSSIBLE TRANSACTION**

- **REPAYABLE INVESTMENT CAPITAL**
  - (70% OF FUND)

**TRANSACTIONS**
Pipeline Opportunities: Energy Efficiency & Food Security

- Increase catalytic funds to support energy audits
- Technical assistance with USDA REAP applications
- Co-lend/expand lending capacity of intermediaries

- Saves $19,752 annually
- Loan $750,000 @ 5.25% for 7 years
- 54% reduction in energy consumption
- Preserves 18 jobs
Pipeline Opportunities: Downtown Revitalization

- Financial Support for under-resourced "anchors"
- Regionally increase talent pool
- Provide technical assistance packaged to communities working & learning together
- Potential aggregation & packaging of projects for financing
- Credit Enhancement

Hazard, KY

**Murphy Building**
Richwood, WV
$700,000 Loan

St. Paul, VA
Pipeline Opportunities: Renewable Energy

- Pre-development funding to advance high potential sites
- Better collection & dissemination of impact data
- Workforce & enterprise development
- Credit enhancements

- Solar Holler, Shepherdstown, WV
- Appalachian Voices, SWVA
- Coalfield Development
- $1M - LLR
Pipeline Opportunities: Restoration, Recreation & Tourism

- Strategic & technical support for high impact, community-driven opportunities
  - Targeted technical assistance to cultivate local entrepreneurs
  - Partial matching funds
  - Loan Loss Reserve for small businesses

- Appalachian Wildlife Center, KY
  - $7-16M loan

- Clinch River Ecological Center

- Hatfield McCoy Trail
Next Steps

• Continue to collect pipeline opportunities
• Feedback: *How will this further your work? How do you see yourself engaging? Who else should we engage?*
• Seek ongoing financial support advance the model
• Create a formal governance structure
• Initiate an expert vetting process
• Begin investor outreach
• Launch by end of 2018
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