



***Our learning
journey in
Socioenvironmental
Impact Investments
and Businesses
continues***



***For foundations and institutes
that want to support and
invest in this ecosystem***



***Learnings and Transformations
of the 2nd Year of FIIMP
(Impact Foundations and Institutes)***

FIIMP



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INTRODUCTION

We have reached the second year of **FIIMP – Foundations and Institutes for Impact** with a new array of learnings and results. While in the first year of our journey we saw the organization of the group, selection of intermediaries and allocation of resources, in our second year our experience was that of the investor who follows the investment in its maturation and, in our case, also seeks to strengthen the ecosystem and transform his own intervention by doing this.

The possibilities of working with impact business are many and there is already an ecosystem focused on solving social and environmental problems, seeking economic models that are profitable and sustainable. We immersed ourselves in this ecosystem and had, also, to face many challenges. Today we have a better understanding of what an impact investment is and that the results achieved can be huge. **Our collective action made us more confident of this path, we expanded the space of this theme within our organizations, and we made new partnerships and went to many places to share our experience.**

To share our learnings, this publication presents the developments of the mechanisms used and the processes of measurement of the financial results and socioenvironmental impact carried out during 2018. It also attempts to answer a series of questions that will help other institutes and foundations to tread the path of the impact investor.

***Shall we
continue the
journey?***

1.

RECAP

WHAT IS FIIMP AND WHAT IS ITS PURPOSE

Inspired by the Social Finance Innovation Lab, promoted by the Social Finance Task Force (now called **Alliance for Impact Investments and Businesses**)¹ in 2014, and by the Recommendation No.2 of the Alliance, dealing with the role of institutes and foundations in the **theme**², 22 institutions got together to create the FIIMP – Foundations and Institutes for Impact.

The starting point of our projects was the workshop *Venture Philanthropy and Impact Investing – A BMW Foundation Workshop for Brazilian Foundations and Institutes*³, carried out in October 2016, where we structured a collective form of governance based on working groups, through which we defined action strategies. Our main objective was to come together to learn, monitor and understand the results of impact investments, through the allocation by each participant of around R\$ 33.5 thousand Brazilian Reais (at that time US\$ 10 thousand) and that this amount could generate experiments in the use of different financial instruments.

1 The Alliance for Impact Investment and Businesses (Aliança pelos Investimentos e Negócios de Impacto), new name for the Social Finance Task Force (Força Tarefa de Finanças Sociais, FTFS), is an initiative created to identify, connect and support organizations and strategic agendas to strengthen the field of social finance and impact business in Brazil. In October 2015 the Task Force launched 15 recommendations to advance in the field, with goals for 2020. This content was created based on global references and consulting many Brazilian agents involved in this agenda. For more details: <https://aliancapeloimpacto.org.br/>.

2 FTFS recommends corporate, family and independent Foundations and Institutes to make donations and investments so as to enable pilot and innovative initiatives in the field of Social Finance and Impact Business. Available at http://forcatarefafinancassociais.org.br/wp-content/uploads/2015/10/ICE_FTFS_Recomenda%C3%A7%C3%B5es_dig_simples.pdf.

3 For more information see: https://bmw-foundation.org/wp-content/uploads/2017/06/vpworkshop_brazil2.pdf.

Our objectives are:

- Encouraging foundations and institutes to direct a percentage of their investments and donations to the development of the social finance and impact business field, increasing the amount of capital available in the field.
- Trying out the application of different social finance mechanisms in a practical and collaborative way.
- Tracking and systematizing the experience, to ensure the learning of the group's Foundations and Institutes.
- Testing financial mechanisms that are appropriate in the context of Brazilian foundations and institutes.
- Experimenting with support strategies for social and environmental projects using returnable funds.
- Increasing the knowledge of philanthropic organizations with little background in impact investing.
- Promoting and working with experienced intermediary organizations that could accelerate the group's learning.
- Expanding the range of approaches used by foundations and institutes, above all in attracting other investors to businesses that solve social and environmental problems.
- Strengthen the impact businesses pipeline in Brasil.

The 22 Foundations and Institutions that make up the FIIMP are: **Childhood, BMW Foundation, Grupo Boticário Foundation for Nature Protection, Lemann Foundation, Otacílio Coser Foundation (FOCO), Raízen Foundation, Telefónica Vivo Foundation, Tide Setubal Foundation, Vale Fund, Ayrton Senna Institute, Coca-Cola Institute, Cyrela Institute, Corporate Citizenship Institute (Instituto de Cidadania Empresarial, ICE), EDP Institute, Holcim Institute, InterCement Institute, Phi Institute, Sabin Institute, Samuel Klein Institute, Vedacit Institute Votrantim Institute and Oi Futuro.** The group had the technical support of **GIFE, Phomenta and ANDE (Aspen Network of Development Entrepreneurs).** In addition to these, in the workshop of 2016 also participated and, therefore, contributed to the groups structuring **AOKA, SITAWI Finance for Good and Broota⁴.**

In the first year of the experience, we deepened the understanding of investment in impact business, a learning which was important for each one of the institutes and foundations, as we had different levels of understanding in regard to this theme. This journey included workshops and meetings about investment modalities, legal restrictions and orientations, intermediaries and businesses. These learnings can be found in more detail in **FIIMP's first guide⁵.**

⁴ Now called Basement: <https://www.basement.io/>.

⁵ Available at: http://www.mdic.gov.br/images/GuiaFIIMP_ENG_14aug2018.pdf

“ A lot is spoken about co-investment between institutes and foundations, but, in practice, it is a great challenge. FIIMP was brave to provide this.”

Fabio Deboni
(Sabin Institute)

WE WERE A SELF-GOVERNED GROUP

Our governance was organized according to principles of **collaboration and consensus**, having an Assembly (open to any member), a Coordination Nucleus and an Expanded Governance Group. In addition, we created nuclei made up of representatives of the organizations involved in the initiative, who shared the tasks set previously by the overall group. These nuclei operated since the first year and had as themes: Budget and Operational Management, Communication and Learning, Legal and Future.

The institutes and foundations participating in FIIMP went through very different experiences in their history and had different levels of knowledge about impact investing. Working together as a group was very important to **increase the confidence** of those who had never worked in the field and to **make the learning process possible** with the new financial mechanisms, with a much smaller financial investment and more encompassing actions than if these organizations were acting alone.

Face to face meetings were always very rich in content and some of them were attended by the partner financial intermediaries and the invested businesses. In the first year, there were more face-to-face meetings to get to know these important agents and understand the legal issues affecting philanthropic organizations when making an impact investment. With most of the contributions made in 2017, in the second year we dedicated ourselves more to monitor investments, mainly through updates received from the intermediaries.

“ A great learning from FIIMP was our model of governance. It worked very well. The organizations who participated were there with a shared focus, which remained constant the whole time. We had very little differences about the execution of FIIMP and the way we established governance was the reason for that.”

Filippe Delarissa Barros
(Votorantim Institute)

HOW WERE THE INVESTMENTS MADE?

One of the great learnings in the preparatory phase before making investments in impact businesses were the **legal matters** which must be observed by private institutes and foundations. We learned that we must start by reading our own statutes to understand what is allowed and what is not. We also learned that cases not specifically covered must be promptly discussed with legal departments or attorney offices that specialize in these matters and, as this is a field under construction, there are several possibilities to enable these investments.

Some organizations made changes in their statutes, due to this learning, to enable direct investments during or after the FIIMP. For participants of the agenda who preferred not to make changes in the legal or statutory structures, the solution was to provide resources to the intermediaries in the form of donations. Other institutions made a simple loan agreement with the financial intermediaries, instrument by which the investor transfers capital or assets to a third party, with an option of getting them back in a date and conditions previously defined.

In FIIMP, we decided to make investments through partnerships with intermediary organizations from the field and selected those supporting businesses in management, governance, mobilization of capital, impact assessment and networking, so as to have a broader view of the whole cycle of investment. One of the **practical learnings** of this stage was to notice that choosing which financial instrument to use is a question of **balance between risk, financial return and desired socio-environmental impact**, and that this balance may vary from one institution to another. In addition, the desired maturity of supported businesses and the intended use of the resource may also be key elements when choosing the right instrument.

We tested two investment models – direct and indirect – with three different Intermediaries: Bemtevi, a company providing socioenvironmental loans, where they exchange interest for positive impact; SITAWI Finance For Good – a civil society organization managing social and environmental funds in the expansion and scalability phases; Din4mo – an impact *venture builder*. This diversity was intentional, to allow our resources to flow to different types of social business and through different types of financial mechanisms, optimizing our learning.

Each intermediary has its own portfolio, process and method for finding and selecting impact businesses in which to invest in, but commonly used tools include **Theory of Change or Impact Thesis – a comprehensive description and illustration of how it operates and what impact indicators and changes it wants to make in a particular context**⁶.

In the portfolio of invested businesses we also chose not to focus on any given region or sector. In addition, we decided that the best way to know at what moment a business is ready to access investment mechanisms was not to influence their choice and only follow each intermediary's natural process.

Together, we contributed to the initiative a total of **R\$ 737 thousand Brazilian Reais**, which include the investments in the businesses, hiring facilitation services for the workshops and systematization of the learnings, audit service to check hiring processes, as well as the operating costs of the workshops and bank charges, which will be detailed later.

⁶ Concept available at: <https://www.theoryofchange.org/what-is-theory-of-change/>.

2.

CONTINUING
THE JOURNEY

In 2018, we monitored the businesses in their post-investment with the three selected financial intermediaries: Bemtevi Negócios Sociais, SITAWI Finance for Good and Din4mo.

Bemtevi, decided to work through **debt instruments**, making socioenvironmental loans to those businesses that evolved in the process called “Jornada Bemtevi” of approach, state of maturity and monitoring of social businesses.

SITAWI aimed to **structure the first Social-Environmental Loan Guarantee** for an impact business in Brazil, a great challenge that went through several setbacks during the process. Although it did not complete the granting of the guarantee, the experience brought many learnings and partners to the group. Also, SITAWI continued with the additional role of managing FIIMP’s resources, especially those related to

contracted services and disbursements for the group’s maintenance activities. These responsibilities belonged to a different team than the one who was directly engaged in investment-related activities, and there was consequently no interference.

Din4mo intended to validate **equity crowdfunding as an investment instrument** for social impact businesses already operating in the so called “Valley of Death”, meaning, they still didn’t reach their equilibrium point and were therefore, under great risk of discontinuity of their operations. FIIMP’s resources produced three successful leverage operations.

As we had a clearly defined periodicity and focal point in our group for investment monitoring, we were allowed to conduct this more timely. But, even though the meetings were less frequent, most members remained participative and learnings continued to happen, as we will see later.

HOW DO WE MONITOR OUR INVESTMENTS?

To keep track of the investments we followed a calendar of **updates on the progress of each business** and monitored the evolution of the investments through the methodologies agreed upon with each of the intermediaries. Also, we received updates through instant messaging and online sharing of documents.

Our monitoring of the businesses supported with each of our partners took place in the following way:

BEMTEVI: We received a month-to-month monitoring of the financial and socioenvironmental goals of each loan, including the monitoring and selection of new businesses with potential to receive investments.

SITAWI: They monitor the goals of each of their businesses with varying periodicity, ranging from monthly to quarterly, depending of their complexity and maturity. However, as the focus was on the establishment of the guarantee instrument, we were mainly informed about the landmarks of this specific process. Additionally, SITAWI compiles their activities in an **annual report**⁷, which was published on their website and sent to the members of FIIMP and all their clients.

⁷ SITAWI Annual Report: 2017 — https://sitawi-assets.s3.amazonaws.com/uploads/2018/06/SITAWI_RelatorioAnual2017.pdf and 2018 — https://s3-sa-east-1.amazonaws.com/sitawi-assets/uploads/2019/05/SITAWI_RelatorioAnual2018.pdf

“ FIIMP is strengthened by a collectively built knowledge. We consider the group a lab which connects institutes and foundations to study, reflect and find the best ways to leverage purposeful businesses. It is an initiative that brings closer the organizations and adds together their efforts through joint investments and learnings.”

Flávia Vianna
(Oi Futuro)

DIN4MO: We had a representative participating in the meetings of the Investment Committee together with the founders and three other investors. These meetings took place every two months or upon extraordinary summons. In addition, we received the Investors Report on a quarterly basis or every four months, depending on the business, which informed on social impact and financial indicators.

It was this combination of methodologies and the relationship with the intermediaries that allowed us to get to know the new invested businesses, receive feedback on the evolution of the indicators, on the compliance with the payment schedule by the businesses, and on the support work of the financial partners to the invested businesses.

The synergy developed in the first year of FIIMP gave confidence to institutes and foundations to monitor the process virtually during the second year. The participants report that, in this way, they could look inside their own organizations and start to apply the acquired knowledge.

As all investments, transferring resources to impact business has its challenges, but there are **several ways to reduce the possibility that these risks actually materialize**. The work of our partner intermediaries was essential to give us more assurance – from business analysis, advisory services and preparation for them to receive the resources, to the monitoring of financial and impact results. In this experience, we learned that the process involves to know the business profile, evaluate the business plan, understand the stage the potential business is in and if it is ready to receive a refundable resource.

When it comes to impact investments, businesses can present unique complexities, acting on more than one socio-environmental theme, and, therefore, the financial structure necessary to maintain their operation must be evaluated. **Capital, most often, cannot be dissociated from technical advice**. We also realized that in some cases it is critical that *first-loss*⁸ is available to allow intermediaries to continue acting in default cases.

Even though investments with financial resources have been important, we realize there are many other opportunities for institutes and foundations to support business, as for example: to offer intellectual capital, connect important agents for their development, identify synergies between their mission and the Theory of Change of the business, or even be a contracting party or a bridge for business generation with the organization itself or with their supporting members.

⁸ First-loss capital is the resource invested in accordance to the risk mitigation strategy which stipulates that, if there is a loss in the investment, the resource to cover this loss, up to a pre-defined amount, must come from a certain investor or group of investors. In many countries, development agencies, foundations and institutes operate by investing first-loss capital as a means of stimulating the flow of capital to impact business, improving their risk-return profiles and thereby encouraging others to invest.

Bemtevi's journey to the socioenvironmental loans

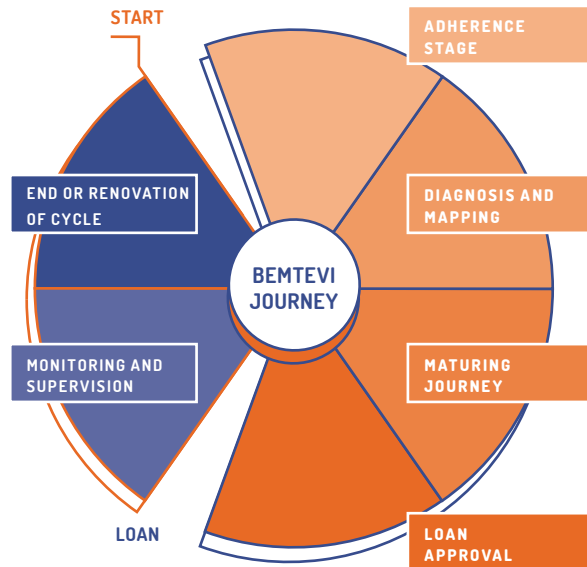
Bemtevi Negócios Sociais received a contribution from FIIMP of R\$ 167,5 thousand Brazilian Reais in July 2017. The largest share of these resources was committed to **loans for impact businesses** and another part to a low risk financial application. The goal is that the return of this application covers the operative costs of Bemtevi and any default of the loans granted to the businesses, in case they happen.

THE BEMTEVI JOURNEY OF APPROXIMATION, MATURATION AND MONITORING OF SOCIAL BUSINESSES

The process of approximation and maturing Bemtevi designed for social businesses involves four stages. In the first, starting already with the first contact, the compliance with the business model is verified, and also the intended impacts it wishes to achieve and the convergence of the entrepreneur with Bemtevi's objectives.

Next, the business goes through the Mapping of the Journey and Commitment, where the data collection and analyses, diagnosis and design of the journey and commitment are carried out. In this stage the Business Plan, Theory of Change, metrics and goals of the enterprise are defined, always with the support of Bemtevi.

The third stage is the Maturing, when the network of partners is activated and the criteria of maturity for investment are defined. Lastly, the business moves on to Presentation to the Council, where the analysis and approval of the investment will be carried out. After the loan, Bemtevi continues monitoring and supervising on a monthly basis.



In the process designed by Bemtevi businesses start to be monitored since first contact, but they keep the pace their strategy and entrepreneurs demand for the support. For this reason, the investment originally planned (Agência Solano Trindade, PanoSocial, Flavia Aranha, Descarte Correto and ASID) went through some changes. At the end of 2018, the intermediary had already granted six loans with the participation of capital from FIIMP, of which two, the advance of receivables for PanoSocial and for ASID, had been already ended by December of that year.

The funds invested in Bemtevi were donated by FIIMP to the intermediary, when loan repayment is finalized, it stays with the partner and it can be used for its own development.

“ The perception of change in the social capital of the businesses is very clear, especially in those with whom we were able to interact with more frequency and contribute to more directly.”

Fernando Simões
(Bemtevi Negócios Sociais)

FINANCIAL TRANSACTION DETAILS

NAME OF THE BUSINESS: AÇÃO SOCIAL PARA IGUALDADE DAS DIFERENÇAS
(SOCIAL ACTION FOR EQUALITY OF THE DIFFERENCES, ASID BRAZIL)

Business model based on the institutional development of charity organizations, Corporate Volunteer Program and Program of Inclusion and Promotion of Diversity, charging businesses for the service provided and assisting institutions at no charge. The loan was taken to facilitate working capital.

Type: socioenvironmental loan

Start: Oct/2017

End: Dec/2018 - Payment of the loan ended

Amount invested by the Fund: R\$ 60 thousand

Rate of return expected by the investor (FIIMP): return of invested capital*

Administration fee: 2% per year

ASID advanced payment, ending the process in December 2018.

*The rate of return expected by the investors from Bemtevi is zero. In the Fund where FIIMP participated in, the partner intermediary will return the invested capital in all businesses.

NAME OF THE BUSINESS: NÚCLEO DE TINGIMENTO NATURAL FLÁVIA ARANHA
(NATURAL DYEING CENTER FLÁVIA ARANHA, NCV)

The Núcleo de Tingimento Natural aims to make natural dyeing on a large scale, investing also in research and development of new products. With natural dyeing, Flávia Aranha also recovers native Brazilian forest for her raw materials and works with the neediest rural producer families in northern Minas and southern Bahia. The loan was taken for investment in machinery, renovation and working capital.

Type: socioenvironmental loan

Start: Apr/2018

End: Apr/2020

Amount invested by the Fund: R\$ 250 thousand

Rate of return expected by the investor (FIIMP): return of invested capital

Administration fee: 2% per year

NAME OF THE BUSINESS: PANOSOCIAL (SOCIAL FABRIC)

Promotes resocialization of former inmates contracting them for the production of clothes, uniforms, accessories and customized products using ecological raw materials and sustainable production processes. The first loan was assigned to investment in machinery and working capital, the second only for working capital.

Type: socioenvironmental loan

Start: Dec/2016

End: Jun/2018 (overdue)

Amount invested by the Fund: R\$ 170 thousand

Rate of return expected by the investor (FIIMP): return of invested capital

Administration fee: 2% per year

Type: Advance of receivables – Short-term loan

Start: Nov/2018

End: Dec/2018 - Payment of the loan ended

Amount invested by the Fund: R\$ 20 thousand

Rate of return expected by the investor (FIIMP): return of invested capital

Administration fee: 2% per year

Creation of a new product by Bemtevi.

NAME OF THE BUSINESS: ACREDITAR

A Civil Society Organization for Public Interest that offers guided productive micro-credit, incentives to entrepreneurship and financial education in Pernambuco. The loan has the objective of providing working capital (loan funds).

Type: socioenvironmental loan

Start: Sept/2018

End: Jul/2020

Amount invested by the Fund: R\$ 150 thousand

Rate of return expected by the investor (FIIMP): return of invested capital

Administration fee: 2% per year

NAME OF THE BUSINESS: COZINHA COMUNITÁRIA DA AGÊNCIA POPULAR SOLANO TRINDADE
(COMMUNAL KITCHEN OF THE POPULAR AGENCY SOLANO TRINDADE)

The goal of Cozinha is to bring healthy and accessible food to the inhabitants of Campo Limpo, in the outskirts of Sao Paulo, and also train women from the community who work with food. The loan is for renovation and working capital.

Type: socioenvironmental loan

Start: Nov/2018

End: Jul/2020

Amount invested by the Fund: R\$ 80 thousand

Rate of return expected by the investor (FIIMP): return of invested capital

Administration fee: 2% per year

From loan guarantees to development of new products: what we learned with SITAWI Finance for Good

FIIMP contributed with R\$ 167.5 thousand to the Innovation and Socioenvironmental Fund of SITAWI in July 2017 for the development of a loan guarantee for socioenvironmental impact businesses. **The main goal was to raise more capital for the impact investments field, improving conditions for businesses to access financial resources and reducing risk for who finances them.** Even though public guarantee funds exist in Brazil, they still do not work with the theme and have more institutional obstacles to operate at a small scale and carry out a pilot project. We are talking, therefore, of the first initiative of this kind in Brazil.

The process to create the guarantee turned up to be more **complex and long** than we initially expected, **so up to the completion of this Guide this modality has still not been implemented or tested.** Yet, the experience has provided much learning to all agents involved.

Structuring the guarantee consisted essentially of a process of **collaboration between two agents, the guarantor and the financier.** To do this, it was necessary to understand how guarantee funds worked in Brazil, talk to various financial

organizations and/or who work with guarantee funds and know the criteria of the institutions to understand their functioning and opportunities of partnership. A great learning here was to recognize that potential partners must show compliance to the theme of impact business, to the element of innovation and experience in working with guarantee funds. Desenvolve SP fitted in this profile and was more open to financing using the guarantee offered. Other of these dialogues became long-term partnerships for SITAWI.

Between the end of 2017 and early 2018, took place the process of evaluation of the business by the funding institution and the negotiation for the possible signature of a guarantee contract.

“ Along the way, we developed innovations and established strong partnerships with entrepreneurs, other investors, development banks, foundations, institutes, programs of support for entrepreneurship in the Amazon region and individual co-investors.”

Andrea Resende
(SITAWI Finance for Good)

NECESSARY COMPONENTS TO TEST THE GUARANTEE OF THE LOAN



Source: Prepared by SITAWI

SITAWI started in an environment of 70 organizations interested in receiving the resources with the guarantee. From these, three were selected to go through the due diligence process, two were approved and, finally, one was selected to receive the guarantee.

Due to the organizational profile of development agencies, we noticed that they usually ask for a longer period of time than the market time available. As a result, the combination of the evaluation period of both institutions was longer than the period of time of the business. After all the approval period in SITAWI and with the analysis process for financing of Desenvolve SP still in progress, in May 2018, the business potentially to be invested withdraw from the operation.

Based on the learnings of the first process and with the intention of formalizing the guarantee in a shorter period of time, SITAWI selected an organization already in their portfolio and took responsibility only for the social impact analysis, so Desenvolve SP carried out the financial and business evaluation by itself. In this process, there was also an improvement of SITAWI in its offer of consultancy for the business to ensure its flowability. Simultaneously, it also negotiated a **memorandum of understanding with Desenvolve SP** to promote funding of impact business, which was formalized in June 2018.

The business selected by SITAWI produces medical equipment and received approval for financing from Desenvolve SP in January 2019. Despite the interest of the business to contract financing using SITAWI's guarantee, as the resource would go for a specific equipment to be leased by a third party and this party went through a restructuring, the operation was set on hold, leading, in this way, to the **non-completion of the operation of financing and guarantee**.

“ FIIMP’s resource gave us confidence to innovate. The experience stimulated us to partner and get closer to other intermediaries, both from the field as from the financial market, and we also got closer to programs for supporting entrepreneurs which other foundations use. It’s the power of networking.”

Andrea Resende
(SITAWI Finance for Good)

Even though the two attempts of SITAWI to carry out the process of guarantee were not completed, our partner is still committed to test the modality. With the experience and perception that the period of time for the operation had to be further accelerated, SITAWI **identified the opportunity of reversing the process order**. In this option, SITAWI would offer the guarantee to clients of the financial partner with impact potential which already were in the final stage of the process of loan approval. The process, then, would be similar to the operation of traditional guarantor funds, adding an impact analysis carried out by SITAWI. In addition, **partnering with an agent already familiar with or committed to impact investments can also shorten the response time**. To this end, **in May 2019, SITAWI signed a Term of Cooperation with Yunus Negócios Sociais**, specifically for the promotion and expansion of the guarantees for financing impact businesses.

Apart from these learnings, SITAWI produced other results for the ecosystem. **While the guarantee events succeeded, the partner made investments through the Social Innovation and Socioenvironmental Loans Fund (FES) where the resources from FIIMP were located.** The resources provided by FIIMP to this Fund represented an increase of 42% of the total volume of assets under its management. With a stronger Fund, SITAWI can carry out different loan modalities and all of them must return to FES with interests when paid by the businesses, increasing in this way the available capital for new loans.

Also, new partnerships were created with individuals and Family Offices who coinvested with SITAWI, or other organizations, like **Rede Dinheiro e Consciência (Money and Awareness Network, RDC)** and **Plataforma Parceiros pela Amazônia (Partners for Amazonia Platform, PPA)**, coordinated by IDESAM, which added resources to the investments. In total, the contribution made by FIIMP helped to raise R\$ 729 thousand, and contribute to leverage more than R\$ 1.172 million in the platform **Rede Dinheiro e Consciência (RDC)**.

FINANCIAL TRANSACTION DETAILS

NAME OF THE BUSINESS: 4YOU2 IDIOMAS
(4YOU2 LANGUAGES)

Network of English schools focused on providing an adaptive, accessible and high quality education to low income population, with native foreign teachers.

Modality: socioenvironmental loan

Start: Aug/2017

End: Apr/2019 - Payment of the loan ended

Amount invested: R\$ 70 thousand

Percentage of FIIMP on the amount invested: 30%

Interest rate: simple interest of 1% per month

Evaluation fee: 5% paid by the entrepreneur

Loan made with resources from the Innovation and Socioenvironmental Loans Fund (FES), where the resources from FIIMP were allocated. After this operation, SITAWI made a second loan from Família C Fund and also a direct investment in equity, becoming shareholder of the organization.

NAME OF THE BUSINESS: REDE ASTA
(ASTA NETWORK)

Social business supporting the prominence of women artisans in the creation and development of sustainable solutions related to the reuse of waste materials.

Modality: socioenvironmental loan for working capital

Start: Oct/2017

End: Dec/2017 - Payment of the loan ended

Amount invested: R\$ 70 thousand

Percentage of FIIMP on the amount invested: 30%

Interest rate: simple interest of 1% per month

Evaluation fee: 2% paid by the entrepreneur

Loan made with resources from the Innovation and Socioenvironmental Loans Fund (FES), where the resources from FIIMP were allocated. Possibility of new product if there is an identified demand.

NAME OF THE BUSINESS: ATINA

Develops an innovative teaching methodology focused on an active learning related to the reality of the student, disseminated through the training of teachers from the public sector. The loan had the goal of giving continuity to the development of this teaching method.

Modality: socioenvironmental loan with investment

Start: Jul/2018

End: Jul/2020

Amount invested: R\$ 280 thousand

Percentage of FIIMP on the amount invested: 5%

Interest rate: simple interest of 1% per month

Evaluation fee: 5% paid by the entrepreneur

Investment made from donations of individuals to the fund and co-investment through the Innovation and Socioenvironmental Loans Fund (FES) with a fund managed by *Family Office*.

COLLECTIVE LOAN IN THE PLATFORM OF REDE DINHEIRO E CONSCIÊNCIA (RDC)

NAME OF THE BUSINESS: IMPACT HUB

Brazilian organization connected to a global network which offers collaborative programs and spaces to support entrepreneurs and promote causes related to the goals of sustainable development.

Modality: collective loan in the platform of Rede Dinheiro e Consciência(RDC)

Start: Nov/2018

End: Nov/2020

Amount invested: R\$ 450 thousand

Percentage of FIIMP on the amount invested: 2%

Interest rate: simple interest of 1% per month

Evaluation fee: 5% divided between Rede Dinheiro e Consciência and the platform, paid by the entrepreneur

SITAWI collaborated in the call for investments and process of analysis of the organizations and as anchor investor through the Innovation and Socioenvironmental Loans Fund (FES). The R\$ 32 thousand anchor investment in the platform included resources from FIIMP and other sources that comprised the Innovation and Socioenvironmental Loans Fund (FES).

NAME OF THE BUSINESS: MORADA DA FLORESTA (FOREST DWELLING)

Develops educational content, projects, products and services which collaborate directly in the reduction and transformation of waste materials.

Modality: collective loan in the platform of Rede Dinheiro e Consciência (RDC)

Start: Nov/2018

End: Nov/2020

Amount invested: R\$ 300 thousand

Percentage of FIIMP on the amount invested: 1%

Interest rate: simple interest of 1% per month

Evaluation fee: 5% divided between Rede Dinheiro e Consciência and the platform, paid by the entrepreneur

SITAWI collaborated in the call for investments and process of analysis of the organizations and as anchor investor through the Innovation and Socioenvironmental Loans Fund (FES). The R\$ 10 thousand anchor investment in the platform included resources from FIIMP and other sources that comprised the Innovation and Socioenvironmental Loans Fund (FES).

NAME OF THE BUSINESS: VELA BIKES

Designs and produces electrical high performance bicycles, combining design, comfort and cutting-edge technology, promoting an alternative way of urban transportation.

Modality: collective loan in the platform of Rede Dinheiro e Consciência (RDC)

Start: Nov/2018

End: Nov/2020

Amount invested: R\$ 500 thousand

Percentage of FIIMP on the amount invested: 2%

Interest rate: simple interest of 1% per month

Evaluation fee: 5% divided between Rede Dinheiro e Consciência and the platform, paid by the entrepreneur

SITAWI collaborated in the call for investments and the process of analysis of the organizations and as anchor investor through the Innovation and Socioenvironmental Loans Fund (FES). The R\$ 36 thousand anchor investment in the platform included resources from FIIMP and other sources that comprised the Innovation and Socioenvironmental Loans Fund (FES).

COLLABORATION WITH PPA AND IDESAM

NAME OF THE BUSINESS: MANIOCA

It takes native ingredients from the Amazon region to all Brazil, generating sustainable development for this region.

Modality: socioenvironmental loan with investment

Start: Dec/2018

End: Apr/2021

Amount invested: R\$ 200 thousand

Percentage of FIIMP on the amount invested: 10%

Interest rate: simple interest of 1% per month

Evaluation fee: N/A

SITAWI collaborated in the call for investments of the Plataforma Parceiros pela Amazônia (PPA) and also co-invested with IDESAM, Conexsus and individual investors. SITAWI co-invested with R\$ 70 thousand from the Innovation and Socioenvironmental Loans Fund (FES), which included resources from FIIMP and other sources. It is an opportunity of long term collaboration intending to increase SITAWI's presence in impact investments in the Amazon region.

Validating Equity Crowdfunding with Din4mo

Five participants of FIIMP (Cyrela Institute, ICE, InterCement Institute, LafargeHolcim Institute and Phi Institute) contributed with a total sum of R\$ 167.5 thousand to Din4mo Ventures, holding company and arm of investment and direction of capital for impact businesses of Din4mo.

One of the main goals of the investment made by FIIMP and other investors in Din4mo Ventures, was to **validate equity crowdfunding as an investment instrument for social impact businesses in the “Valley of Death” stage**.

In this operation Din4mo Ventures was what **current legislation**⁹ dealing with *equity crowdfunding* defines as a leader investor, that is, a natural or legal person with proved experience in investment

⁹ Instruction CVM n° 588, of the 13th of July of 2017, concerning the public offerings of transferable securities distribution issued by small business companies done with registration exemption through an electronic platform of collaborative investment. Available at: <http://www.cvm.gov.br/legislacao/instrucoes/inst588.html>.

and authorized to lead a syndicate of collective **investment**¹⁰.

In this experience, Din4mo Ventures made calls for investment **through the online platform Basement**¹¹, in which interested parties could invest various amounts in the syndicates of the presented businesses. Since FIIMP made the allocation of resources and started monitoring the process, three calls for investment were made, for the following businesses:

- **Mais 60 Saúde**, business in the health and care area for people over 60 years old;
- **Vivenda**, a business in the area of low-income housing renovation; and
- **Simbiose Social**, a platform aiming to optimize investigation, evaluation and management for businesses.

Another participant of FIIMP (Childhood Foundation) invested directly in the syndicate of Vivenda through Basement, with an amount of R\$ 33.5 thousand.

The investment thesis of Din4mo Ventures was to contribute up to 20% of the target value (total investment) and leverage the other 80% in the *equity crowdfunding* platform of distributed investors. In total, R\$ 500 thousand were provided by this intermediary who was able to mobilize R\$ 2.285 million more for the three businesses. On this experience, we saw how it is possible **to increase access to impact investment**.

¹⁰ According to the same Instruction CVM, syndicate is a “group of investors related to an investor-leader (“supporting investors”) and comes together with the objective of making investments in small business companies”.

¹¹ In march 2018 the Broota platform modified its structure and changed its name to Kria. In decemeber 2018 they launched a new infrastructure solution with Blockchain technology to control investments of businesses not listed in the stockmarket, changing their name to Basement. More information at: <https://www.basement.io/>

“ The resource from FIIMP came at the right time, as it allowed us to survive while we were structuring with Din4mo the debenture. At that moment we were leaving the subsidized model to go to the financed, to start to do direct selling.”

Fernando Assad
(Vivenda, invested by FIIMP)

The average minimum ticket of the three investments was R\$ 2.5 thousand, small amount for venture capital operations, which generally open opportunities for investors with amounts of thousands of Brazilian Reais. In this way, a group of 400 investors of different profiles was achieved. Basement is not focused on impact investments and it was a learning to see there is a significant proportion of investors in the platform who seek to combine positive impact with financial return.

FINANCIAL TRANSACTION DETAILS

NAME OF THE BUSINESS: PROGRAMA VIVENDA
(HOUSING PROGRAM)

Carries out housing renovation in up to 15 days for low income population using renovation kits developed by themselves and with prefabricated materials. Vivenda also offers consultancy in planning, workforce and financing. Fund-raising was carried out for marketing and sales promotion, working capital and expansion of facilities.

Modality: Basement - mutual convertibles instruments

Start of fundraising: Jan/2017

Deadline for conversion: Jan/2022

Total amount invested via platform: R\$ 750 thousand

Platform fees charged to the entrepreneur: R\$ 4 thousand at the point of funding approval, for structuring the offer. If the case of a successful offer, 1 to 2% of the amount raised if it is private or 2 to 4% if it is public.

Din4amo administration fee charged to investors: they do not charge an administration fee.

Performance rate charged by Din4mo to investors: 15% on what exceeds the IPCA

Performance rate charged by the platform to investors: 5% on what exceeds the IPCA

Rate of return expected by the investor (FIIMP): 82% of ROI based on the increase of the latest *valuation*¹² of funds raised (2019)

¹² In the equity crowdfunding operations by Din4mo, there is indication of valuation at the moment of the operation and when there are new investment possibilities. In the case of Vivenda, as they had already a fundraising before FIIMP there was already a reference.

**NAME OF THE BUSINESS: MAIS 60 SAÚDE
(MORE 60 HEALTH)**

Specialized clinic in care for the elderly and which includes medical and multidisciplinary attention. The funds raised had the goal of increasing marketing and sales, infrastructure and technology, apart from providing working capital.

Modality: Basement - mutual convertibles instruments

Start of fundraising: Oct/2017

Deadline for conversion: Sep/2022

Total amount invested via platform: R\$ 1.02 million

Platform fees charged to the entrepreneur: R\$ 4 thousand at the point of funding approval, for structuring the offer. If the case of a successful offer, 1 to 2% of the amount raised if it is private or 2 to 4% if it is public.

Din4amo administration fee charged to investors: they do not charge an administration fee.

Performance rate charged by Din4amo to investors: 15% on what exceeds the IPCA

Performance rate charged by the platform to investors: 5% on what exceeds the IPCA

Rate of return expected by the investor (FIIMP): There is still no new valuation done after this round.

**NAME OF THE BUSINESS: SIMBIOSE SOCIAL
(SOCIAL SYMBIOSIS)**

Platform that offers information, evaluates social responsibility projects and connects them to businesses that have interest in investing via incentive laws. Demand for capital sought investment in marketing and sales, infrastructure and technology, expansion of the team.

Modality: Basement - mutual convertibles instruments

Start of fundraising: Jul/2018

Deadline for conversion: Sep/2023

Total amount invested via platform: R\$ 515 thousand

Platform fees charged to the entrepreneur: R\$ 4 thousand at the point of funding approval, for structuring the offer. If the case of a successful offer, 1 to 2% of the amount raised if it is private or 2 to 4% if it is public.

Din4amo administration fee charged to investors: they do not charge an administration fee.

Performance rate charged by Din4amo to investors: 20% on what exceeds the IPCA

Rate of return expected by the investor (FIIMP): There is still no new valuation done after this round.

3.

IMPACT

MEASUREMENT

MEASURING THE RESULTS AND IMPACTS OF BUSINESSES

For an impact business to prove it has fulfilled its goals a **measurement of the financial results and socioenvironmental impact** is essential. In accordance to the Charter of Principles for Impact Business in Brazil, an impact business is defined by having the purpose of generating a positive social and/or environmental impact and by the economic rationale that allows generation of revenue, by the governance which takes into account simultaneously the interests of the investors, the clients and the community, but also by knowing, measuring and evaluating **periodically their impact**¹³.

The measurement of the impact must be, apart from something to be aware of, a priority of the business, the financial intermediaries and the investors. If done correctly, this measurement validates the practice as an impact business, **generates more value for the business and interested parties**, being in the commercialization of its products and services or attracting new investments, compiles strategic information enabling better decision making and improves transparency and responsibility by the delivery of the intended impact.

An essential principle is that this measurement must impact the performance management, generating learning, and maintaining clear the

¹³ The Charter of Principles for Impact Business in Brasil (Carta de Princípios para Negócios de Impacto no Brasil), prepared by the then called Social Finance Task Force (Força Tarefa de Finanças Sociais), is available at http://ice.org.br/wp-content/uploads/pdfs/Carta_Principios.pdf.

commitment of the entrepreneurs with those it intends to support and serve. Structuring an appropriate process of monitoring results and impacts requires time of the entrepreneur and financial resources of the business, and it is important the organization is careful in establishing monitoring metrics aligned to its size, capacities and plan of business expansion.

The process of measuring impact may start with building an **Impact Thesis or Theory of Change** and must evolve towards evaluative questions, metrics and an evaluation plan containing deadlines and methodologies. Depending on the stage of the business and form of approach of the intermediary, these aspects may be already defined by them, or not. The three intermediaries selected by FIIMP value these elements and keep practices of monitoring the impact generated by the invested businesses that are aligned to these concepts. The learnings compiled in this section are a result of this monitoring practice.

“ The greatest thing Bemtevi brought to us was their thoughts on impact. They look at the business plan, but they also look very carefully to the impact, and helped us define indicators, the Theory of Change, think and think again, do the adjustments. Their dedication to evaluate our impact and our Theory of Change was very intense and all the monitoring process was a very good experience.”

Alexandre Amorim, ASID
(invested by FIIMP)

THEORY OF CHANGE

An important practice for investors is to understand as soon as possible the Theory of Change of the business and financial intermediaries involved in an impact investment.

The Theory of Change is a description and an illustration about how and why an intended social transformation is going to take place in a specific context and this is done by filling in the route between activities carried out and expected impact with a detailed description of the goals and prerequisites that must be met during the process¹⁴. In this way, a map is created which can serve as reference for the agents whenever they need to review their activities, identify bottlenecks and achievements.

It is worth mentioning that the Theory of Change by itself will not guarantee the impact. When applied, **the scenarios which may materialize if the ideal conditions are met are made explicit¹⁵.** Therefore, **the Theory of Change is a tool used to support planning and evaluation of social business** because its process of logical construction is conducive to the selection or construction of the indicators which may prove most relevant at each moment of the initiative.

When selecting partners and businesses for impact investment, it is important to know the Theory of Change of each one and **evaluate if it is aligned to the objectives of your organization**. In FIIMP's case, we chose to support initiatives with varied approaches and impact objectives, and this decision expanded the scope of learnings because it made us monitor different processes of business selection and measurement of results.

Each of the financial intermediaries partnered to FIIMP also has its own methodology of supporting the building of the Theory of Change of the businesses and of monitoring the results and impacts.

¹⁴ Adaptation of the concept available at: <http://www.theoryofchange.org/what-is-theory-of-change/>

¹⁵ Métricas em negócios de impacto social: Fundamentos (Metrics in social impact business: Fundamentals). Move Social and Instituto de Cidadania Empresarial (ICE), 2014. Available in portuguese at: <http://ice.org.br/metricas-em-negocios-de-impacto-social-fundamentos/>.

FROM THEORY TO PRACTICE

“ We learned a great deal by doing this together with SITAWI and having internalized the Theory of Change has been a great benefit for our impact investment. We now know it is an instrument that must be alive. Its great value is the rationalization one obtains from then on to make decisions. It becomes an orientation for a more strategical view of the business. Today, the Theory of Change is part of our sales pitch and of the shaping of our projects”

Vinicius Saraceni, Atina Education
(*invested by FIIMP*)

Bemtevi works with businesses at various stages and which, because of that, follow the Journey they themselves developed at different paces. When the business arrives to the phase of Diagnosis and Mapping, one of the requirements it must meet is the structuring of their business plan in accordance to the standard of Bemtevi. This standard includes seven approaches and one of them is the Theory of Change and Indicators. With guidance from Bemtevi’s team, the business is responsible for the development of their Theory and will have to select environmental social and financial indicators, their metrics and goals. If they are approved at the end of the Journey to receive the loan, these goals will have to be monitored and reported monthly, as the interests of the debt will decrease as the contracted objectives are met.

When FIIMP started tracking SITAWI, the Theory of Change of a business which was going to receive investment was built by SITAWI’s team during the process of evaluation and delivered to the business when and if the loan was approved. During the year of 2018, SITAWI proposed another approach to the building of the Theory of Change with the businesses and Atina (invested by FIIMP) was the first to go through this new process. In a first meeting, SITAWI presented the concepts and started the development of the Theory of Change together with the entrepreneur. In the second workshop, the business presented what they had produced and received new guidance of the intermediary. Finally, the last meeting was of consolidation and validation of the Theory of Change by the participants.

“ The Theory of Change is a very important tool for validation and alignment of the team around that purpose which they want to achieve”

Andrea Resende
(SITAWI Finance for Good)

SITAWI's greatest learning with the new process was that when the tool is offered and the responsibility is given to a business to develop the Theory, the commitment and return are much greater. In the case of Atina, right now, the evaluation of the implementation of the projects is based on elements from the Theory of Change that was built with the participation of clients and recipients.

SITAWI includes in their loan contract that the business must release periodic reports of the impact indicators. The indicators in the Theory of Change are selected with that purpose in mind and the impacts are observed through two dimensions, called by SITAWI **extension and depth**. For SITAWI, the extension of the impact is, for example, the number of people the initiative will reach to related to the number of products or services delivered. Depth on the other hand shows the degree of change generated in the life of people by the intervention, product or service offered by the business.

Din4mo works with business that went already through a process of acceleration and built a Theory of Change. The relationship of the intermediary and the business starts with the registration of the business to a two month journey, in which **Din4mo will verify if the business sector is aligned to the Sustainable Development Goals (SDG) and with the Theory of Change it works with**, if the operation is already in progress and what is the perception of the entrepreneur of the impact.

In cases when the business is at the development stage, as the ones Din4mo handles, we learned that support is necessary to understand better the impact of the entrepreneur and the business. This support may include fostering dialogue and reflection on the intended impact and/or building of indicators that are more solid and capable of being shared, always being careful of aligning the priority agenda of the entrepreneur.

All invested businesses remain, at least, six months in the Innovators of Impact Program, which include weekly meetings focused on management, refining of the business, governance, financial and marketing models. During this period, the projections for the next five years are outlined, apart from identifying the need for capital and definition of business, operational and impact goals. These goals are monitored monthly by the program and are communicated periodically to the investors by way of the Investors Report.

“ Undoubtedly the greatest learning was getting to know the internal processes of the intermediaries for evaluation of results and impact. It was possible to notice that each one carries out the analysis in a different manner, and there is no right or wrong, but a way that is more appropriate for you investment thesis.”

Fernando Campos
(Grupo Boticário Foundation)

TABLE 1: OVERALL SUMMARY OF THE INVESTMENTS

BUSINESS	FIIMP PARTNER FINANCIAL INTERMEDIARY	MODALITY	AMOUNT INVESTED BY FUND/ MECHANISM	FIIMP'S PERCENTAGE OF INVESTED AMOUNT	AMOUNT INVESTED BY FIIMP	ADMINISTRATION FEE AND INTERMEDIARY COSTS	EXPECTED RATE OF RETURN (THEORETICAL)	DATE OF INVESTMENT	RETURN DATE/ CONVERSION
AÇÃO SOCIAL PARA IGUALDADE DAS DIFERENÇAS (ASID BRASIL)	Bemtevi	Socioenvironmental loan	R\$ 60.000,00	10%	R\$ 5.700,00	around 2% per year	0%	Oct/17	Dec/18
FLÁVIA ARANHA	Bemtevi	Socioenvironmental loan	R\$ 250.000,00	10%	R\$ 23.750,00	around 2% per year	0%	Apr/18	Apr/20
PANOSOCIAL	Bemtevi	Advance of receivables – Short-term loan	R\$ 170.000,00	10%	R\$ 16.150,00	around 2% per year	0%	Dec/16	Jun/18
PANOSOCIAL	Bemtevi	Advance of receivables – Short-term loan	R\$ 20.000,00	10%	R\$ 1.900,00	around 2% per year	0%	Nov/18	Dec/18
ACREDITAR	Bemtevi	Socioenvironmental loan	R\$ 150.000,00	10%	R\$ 14.250,00	around 2% per year	0%	Set/18	Jul/20
AGÊNCIA POPULAR SOLANO TRINDADE	Bemtevi	Socioenvironmental loan	R\$ 80.000,00	10%	R\$ 7.600,00	around 2% per year	0%	Nov/18	Jul/20
ATINA	SITAWI	Socioenvironmental loan with coinvestment	R\$ 280.000,00	18%	R\$ 50.000,00	5% for SITAWI paid by the entrepreneur	Simple interest 1% per month	Jul/18	Jan/21
IMPACT HUB	SITAWI	Collective loan in the platform of Rede Dinheiro e Consciência (RDC)	R\$ 450.000,00	7%	R\$ 32.000,00	5% divided between Rede Dinheiro e Consciência and the platform paid by the entrepreneur	Simple interest 1% per month	Nov/18	Nov/20

BUSINESS	FIIMP PARTNER FINANCIAL INTERMEDIARY	MODALITY	AMOUNT INVESTED BY FUND/ MECHANISM	FIIMP'S PERCENTAGE OF INVESTED AMOUNT	AMOUNT INVESTED BY FIIMP	ADMINISTRATION FEE AND INTERMEDIARY COSTS	EXPECTED RATE OF RETURN (THEORETICAL)	DATE OF INVESTMENT	RETURN DATE/ CONVERSION
MORADA DA FLORESTA	SITAWI	Collective loan in the platform of Rede Dinheiro e Consciência (RDC)	R\$ 300.000,00	3%	R\$ 10.000,00	5% divided between Rede Dinheiro e Consciência and the platform paid by the entrepreneur	Simple interest 1% per month	Nov/18	Nov/21
VELA BIKES	SITAWI	Collective loan in the platform of Rede Dinheiro e Consciência (RDC)	R\$ 500.000,00	7%	R\$ 36.000,00	5% divided between Rede Dinheiro e Consciência and the platform paid by the entrepreneur	Simple interest 1% per month	Nov/18	Nov/21
MANIOCA	SITAWI	Socioenvironmental loan with coinvestment	R\$ 200.000,00	35%	R\$ 70.000,00		Simple interest 1% per month	Dec/18	Apr/21
REDE ASTA	SITAWI	Socioenvironmental loan for working capital	R\$ 70.000,00	100%	R\$ 70.000,00	5% for SITAWI paid by the entrepreneur	Simple interest 1% per month	Oct/17	Dec/19
4YOU2	SITAWI	Socioenvironmental loan	R\$ 70.000,00	100%	R\$ 70.000,00	5% para SITAWI pagos pelo empreendedor	Simple interest 1% per month	Ago/17	Apr/19
PROGRAMA VIVENDA	Din4mo	Collective loan in the platform Basement	R\$ 750.000,00		Investments were made by Din4mo Ventures, who has more than one donor apart from FIIMP. That is why we were able to say the total amount invested but not separating what was cash only of FIIMP.	R\$ 3000 paid by the entrepreneurs to the platform	4% per year - forecasted	Jan/17	Jan/22
MAIS 60 SAÚDE	Din4mo	Collective loan in the platform Basement	R\$ 1.020.000,00			R\$ 3000 paid by the entrepreneurs to the platform	3% per year - forecasted	Oct/17	Sep/22
SIMBIOSE SOCIAL	Din4mo	Collective loan in the platform Basement	R\$ 515.000,00			—	4% per year - forecasted	Jul/18	Sep/23
			R\$ 4.885.000,00		R\$ 407.350,00				

To illustrate what type of indicators can be used, we compiled those which our partner intermediaries monitor in the invested businesses (Table 2).

TABLE 2: INDICATORS MONITORED BY THE PARTNER INTERMEDIARIES

	BUSINESS	INDICATORS MONITORED
BEMTEVI	AÇÃO SOCIAL PARA IGUALDADE DAS DIFERENÇAS (ASID BRAZIL)	<ul style="list-style-type: none">— Quantity of institutions served;— Number of people involved in volunteering;— Quantity of disabled persons impacted;— Quantity of disabled persons contracted;— Revenue;— Gross margin.
	NÚCLEO DE TINGIMENTO NATURAL FLÁVIA ARANHA	<ul style="list-style-type: none">— New dyeing technologies developed;— Revenue increase of supplier;— Native Brazilian forest used as raw material;— Revenue; Margin and others.
	PANOSOCIAL	<ul style="list-style-type: none">— Quantity of alumni contracted;— Quantity of hours of psychological assistance;— Quantity of training hours;— Quantity (kg) of organic cotton used;— Volume of pollution prevented;— Quantity of clothes sold;— Revenue;— Margin.
	ACREDITAR	<ul style="list-style-type: none">— Value (R\$) in microcredits;— Quantity of persons assisted;— Percentage of women clients;— Percentage of clients who are saving;— Improvement of self-evaluation about self-esteem and sense of belonging to the community.
	COZINHA COMUNITÁRIA DA AGÊNCIA POPULAR SOLANO TRINDADE	<ul style="list-style-type: none">— Quantity of meals served;— Percentage of raw material which is organic;— Quantity of trained women;— Revenue;— Margin.

	BUSINESS	INDICATORS MONITORED
SITAWI	4YOU2 IDIOMAS	<ul style="list-style-type: none"> – Number of benefitted teachers (with gender perspective); – Number of benefitted students; – Drop-out rate; – Percentage of scholarship students.
	REDE ASTA	<ul style="list-style-type: none"> – Number of employees in Rede Asta (with gender perspective); – Number of artisans participating in Rede Asta (with gender perspective); – Number of artisans who received training of Rede Asta through the Business School; – Total value of wages paid to employees during the year; – Value of sales revenue of products or services during the year.
	ATINA	<ul style="list-style-type: none"> – Number of benefitted teachers (with gender perspective); – Number of benefitted students; – Total hours of teacher training; – Indicator of trade (number of proposals); – Indicator of teachers perception of students performance after action of Atina; – Indicator of motivation of the teachers after action of Atina; – Participation of students in science fairs and contests.
	IMPACT HUB	– In process of definition by Rede Dinheiro e Consciência.
	MORADA DA FLORESTA	– In process of definition by Rede Dinheiro e Consciência.
	VELA BIKES	– In process of definition by Rede Dinheiro e Consciência.
	MANIOCA	<ul style="list-style-type: none"> – Number of farmers introduced into the production line; – Number of trained producers; – Total number of suppliers; – Number of families benefitted; – Total of food produced; – Total hours of training for farmers; – Revenue generated for farmers; – Number of hectares preserved.
DIN4M0	PROGRAMA VIVENDA	<ul style="list-style-type: none"> – Number of renovations performed; – Percentage of renovations delivered in 15 days; – Average value of financing offered for family; – Proportion of families with family income lower than two minimum wages receiving financing; – Client satisfaction; – Volume of resources the renovations leave in the community (local workers, services and products purchased locally).
	MAIS 60 SAÚDE	<ul style="list-style-type: none"> – Percentage of patients with controlled hypertension; – Percentage of patients with controlled diabetes; – Percentage of hospitalizations due to conditions sensitive to primary care; – Net promoter score¹⁶.
	SIMBIOSE SOCIAL	<ul style="list-style-type: none"> – Volume of resources transacted in the platform for social projects; – Number of supported projects; – Proportion of projects originating from more vulnerable regions (North and Northeast)

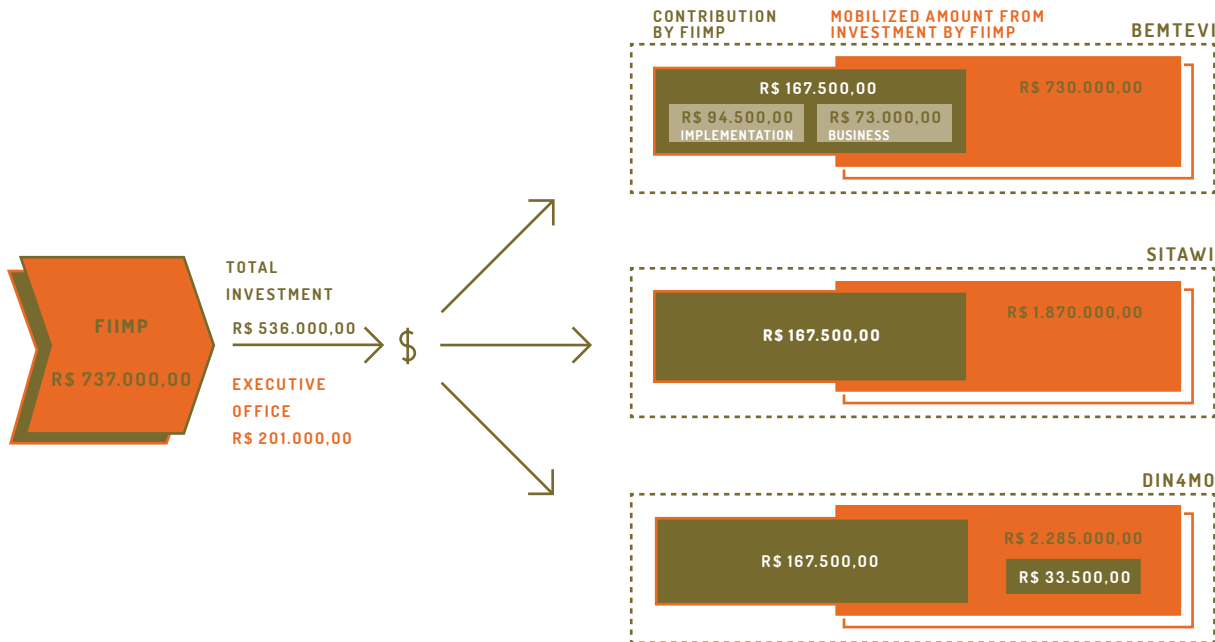
¹⁶ Net Promoter Score (NPS) is a metric created in 2003 by Fred Reichheld in the USA, to measure the satisfaction and loyalty of the clients.

The 22 institutes and foundations participating of FIIMP contributed with a total sum of R\$ 737 thousand in the experience. Of this amount, 73% was assigned to the intermediaries and to the investments in impact business, of these R\$ 167.5 thousand to Bemtevi Negócios Sociais, R\$ 167.5 thousand to Din4mo Ventures, R\$ 167.5 thousand to the Innovations and Socioenvironmental Loans Fund (FES) of SITAWI, and R\$ 33.5 thousand directly to the platform Basement. The remaining amount of R\$ 200.5 thousand was dedicated to the maintenance activities of the group, including the payment for the financial management of the resources of SITAWI, the record and the systematization of the learnings, which include the production of the two guides by Prowa and their layout, the auditing and checking of the processes by Ernst & Young, apart from all the costs related to meetings and workshops.

Bemtevi invested in the businesses a total of R\$ 730 thousand, of which around 10% were resources originating from FIIMP during these two years. This partner, as described in Guide 1, allocates at least 50% of the amount contributed by investors in a low risk financial application and its return has the goal of covering potential defaults of the loans made to the businesses and the costs of Bemtevi.

Adding the capitals, mobilized and leveraged, R\$ 1.9 million were invested in impact businesses with participation of SITAWI. Of this amount R\$ 338 thousand were direct investments from the Fund in which FIIMP contributed resources, R\$ 391 thousand mobilized with other investors and R\$1.172 million leveraged through the platform of RDC.

Din4mo Ventures contributed with R\$ 500 thousand as leader investor to the constituted syndicates through the Basement platform, of these FIIMP contributed with R\$ 167.5. This amount mobilized in the three *equity crowdfunding* operations a total sum of R\$ 2.285 million, which include the other R\$ 33.5 thousand invested by one of the organizations of our group directly in the platform.



It is not possible to specify to what extent **the resources from FIIMP collaborated to mobilize other financial resources for the three intermediaries and the invested businesses. However, the contribution of the group helped to create the conditions that attracted to the fifteen impact businesses eight times the amount invested by FIIMP.**

In addition, the work carried out by the financial partners, although they had quite different methodologies, **contributed to the strengthening of the business structures and the development of the entrepreneurs.**

In this process, we learned that the entrepreneur will not always have all the expertise necessary to make the business grow. It is essential to support him or her in building a team and in the internalization of the Theory of Change and of the impact indicators, not only for the development of the activities, but also for the systematic monitoring of the impact results.

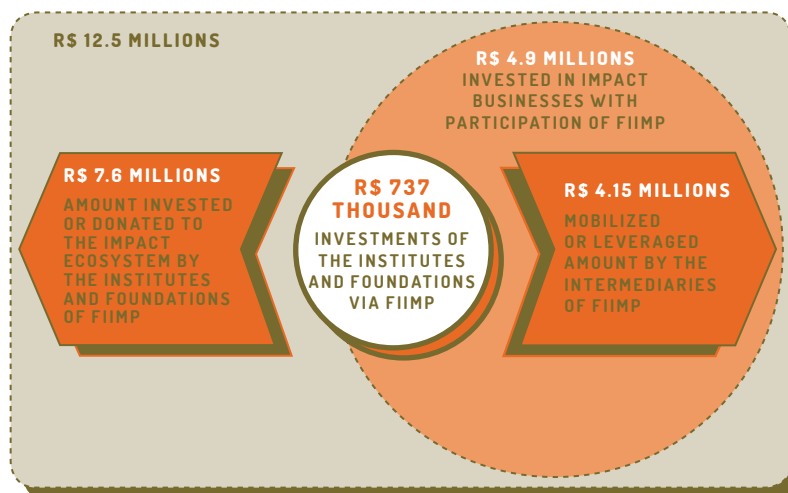
A STEP FURTHER IN THE INITIAL PATH: FIIMP REPERCUSSIONS WITHIN THE ORGANIZATIONS

In these two years of FIIMP, we notice a **growing interest in impact investments**, both inside our own organizations as also from other institutions. Many doors opened for us and we went to many places to talk about FIIMP, implemented actions in our organizations and established new partnerships. While investing and committing to the theme of social finance we generated repercussions which we didn't even imagine and still don't know how to measure, but which motivate us to keep going.

Leaving FIIMP aside, in 2018, the impact investments of the participants via their organizations exceeded R\$ 6.6 million, direct or indirectly in the businesses, and there were more than R\$ 2.5 million donated to the ecosystem. Some members of FIIMP still do not stratify in their budget the participation in the theme, and of those who decided to spend a specific amount on impact business the value is still very variable, from 5% to 70% of the annual budget.

Some of the institutes and foundations already worked with the theme of impact business and said that **FIIMP helped them expand the field of action, the learning and the repertoire of initiatives**. Through the absorption of more knowledge it was possible to refine the destination of the budget of some of them.

LEVERAGE EFFECT OF FIIMP



For **Oi Futuro**, participation and learning through FIIMP made them go deeper into impact business. In July 2017, the institute launched **Labora – Social Innovation Laboratory**, a hub that strengthens and connects entrepreneurs seeking solutions for the problems of society. In 2018, Labora carried out two cycles of acceleration of social impact business in technical partnership with Startup Farm, oriented to social business with technology and innovation, and Ekloos Institute, specialized in entrepreneurship in Creative Economy, cosponsored by Oi and Rio de Janeiro State Secretariat of Culture and Creative Economy. Also in 2018, Oi Futuro inaugurated for the public **Lab Oi Futuro**, a physical space that receives the residents of Labora selected by public notice.

The **Lab Oi Futuro** was one the hubs that the team of the Tide Setubal Foundation tracked to restructure the **Galpão ZL**, which reopened in May 2019. The new Galpão features a coworking space (shared working environment) and offers technical services, fiscal residence and partnerships in microcredit, and is directed to the promotion of periphery entrepreneurship and of social impact business in the East Zone of São Paulo.

“ The connections and learnings of FIIMP contributed to the repositioning of Oi Futuro in regard to social innovation. In the last two years, we mapped opportunities, identified challenges and promoted the impact ecosystem with acceleration programs, events and publications. Our role is to boost the potential of entrepreneurs and connect them in a network committed to transform the society”

Flávia Vianna
(Oi Futuro)

“ A new opportunity we noticed since we started looking at the [impact business] ecosystem is to connect it to the periphery and periphery businesses, which is the main mission of the Foundation.

FIIMP helped us a lot to learn about the different type of investment mechanisms, what they represent in legal terms, what opportunities are there, and how other institutions have done it. That is incredibly important!”

Greta Salvi
(Tide Setubal Foundation)

The **Sabin Institute** was also already working with impact business, but considers that since FIIMP they have expanded their action and refined their budget implementation. An unfolding of this change of repertoire was the partnership with SITAWI to create a **Collective Loan Platform**¹⁷, launched in June 2019, which enables people and organizations to invest directly from R\$ 1 thousand in positive socioenvironmental impact businesses, with a payment forecast of less than two years.

Another partnership with Din4mo gave place to **Enzima LAB**, an acceleration program for Institutes and Foundations, consisting of one day face-to-face meetings guided by Din4mo and remote mentoring with different agents, aiming to work as training and deepen the dialogue between institutions in regard to the theme of socioenvironmental impact business. The pilot project was run between September and November 2018, funded by Sabin Institute and a registration fee for the four participating institutions.

The **Grupo Boticário Foundation** participated in the initiative with people of intermediary areas, seeking to gain more knowledge about the theme inside the Foundation. The model of Enzima LAB proved to be viable and the partnership with the Sabin Institute and Din4mo must be maintained so as to carry out a second edition of the program.

¹⁷ For more information, visit www.emprestimocoletivo.net.

The **Grupo Boticário Foundation** did not invest in impact business until 2017 and included a specific strategic goal in its most recent organizational map (2019-2023). The Foundation was one of the cases where FIIMP collaborated in the understanding of impact business investments as a complementary strategy so that institutes and foundations kept moving towards their mission.

Also, **ICE and Grupo Boticário Foundation** co-financed Move Social and Senselab to carry out workshops with accelerators and incubators and impact business and to generate **Model C**, a simplified methodology that connects the Canvas model to the Theory of Change. In addition, **Oi Futuro, Vedacit Institute, Sabin Institute, Inter-cement Institute, ICE, C&A Institute and GIFE** launched in 2018, the publication “**Olhares sobre a atuação do investimento social privado no campo de negócios de impacto**” (Perspectives on social private investment in the field of impact business), with systematized information so as institutes and foundations can understand and outline strategies of commitment with the field.

“ By participating in FIIMP we noticed many gaps of knowledge in our Foundation. We needed other people to know more about the theme, and Enzima LAB was a great opportunity to get their commitment.”

Fernando Campos
(Grupo Boticário Foundation)

Vedacit Institute was created the same year as FIIMP and was very influenced by it in the design of their Strategic Plan. Also, the Institute set as premise the decision to buy products and services whenever possible from impact businesses and already makes direct investments in this field. One of the initiatives it invests in is the **Aceleradora de Negócios de Impacto da Periferia (ANIP)** (Accelerator of Impact Business in the Periphery), seeking to understand how does low-income entrepreneurship of entrepreneurs from the communities work, and also participates in the second group of Impact Foundations and Institutes (FIIMP2).

At **Votorantim Institute** the agenda also gained a lot of space, and the organization has contracted impact businesses with suppliers.

For its part, **Vale Fund** started to design a refundable financial instrument and also improved its support strategy for sustainable businesses, which led to the support of important initiatives in 2018, such as **Climate Ventures, the Forum PPA - Plataforma Parceiros pela Amazônia and the Desafio Conexsus, of the Instituto Conexões Sustentáveis**. Apart from that, it got closer to the theme of Venture Philosophy.

“ FIIMP had a strong influence on the design of our strategic plan and premises for our activities with impact businesses, starting even a dialogue with the company about expanding the relationship with the businesses.”

Luis Fernando Guggenberger
(*Vedacit Institute*)

“ The Vale Fund had started a program focused on Sustainable Business in the Amazon when FIIMP was emerging. The timing was perfect, accelerated our knowledge of the subject and extended our relationship with ecosystem organizations. It worked as a kind of MBA, but based on practical experience.”

Márcia Soares
(*Vale Fund*)

Foundation Otacílio Coser (FOCO) also revised its planning and included the objective of making direct investments in impact business between 2019 and 2020. The theme of impact business was included in its internal projects, such as the program Sustainable Communities, which seeks to develop social capital and entrepreneurial skills, and has also promoted the creation of new initiatives. In December 2018, they carried out the **1st Meeting of Impact Investments and Businesses**, in partnership with the Federal University of Espírito Santo (UFES) and the Federal Institute of Espírito Santo (IFES), which also had the participation of Vale Fund and ICE. In the same month, they launched the first edition of “**Business + Community Meeting**”, with the executives from Grande Vitória, where they shared their experience of FIIMP and presented the challenge of creating the **Capixaba Fund of Social Impact Business**. For its part, **ConectaLAB** was an event carried out with the objective of getting to know the social impact initiatives of the Vitória region, map potentialities and involve communities in the solution of social, environmental and economic issues and was attended by leaderships and entrepreneurs from the state.

Grupo Boticário Foundation, InterCement Institute, Sabin Institute, Telefónica Vivo Foundation, and Votorantim Institute were co-sponsors of the Fórum de Finanças Sociais e Negócios de Impacto (Social Finance and Impact Investment Forum), largest event in this agenda, carried out by ICE, Vox and Impact Hub,. In addition to the Forum and the initiatives promoted by members of the group, we were invited to talk about FIIMP at several events, both in Brazil and outside. We accepted the responsibility of talking about our learnings in different contexts and noticed a growing curiosity for the theme, apart from the interest of other institutions of participating in similar experiences or together with us.

“ Participating in FIIMP opened for the Foundation the possibility of articulation with institutions who share common interests. We are now in position of understanding the capixaba ecosystem, establish partnerships, see what initiatives can be introduced into Espírito Santo and strengthen a network orientated towards impact business.”

Ana Paula de Carvalho
(FOCO Foundation)

InterCement, who was already looking into the theme and had committed since the design of the first model of FIIMP, expanded their practices and today have a portfolio of investment impacts, which includes using blended finance, and receives already financial return. The Institute is a good example of action through impact business to achieve socioenvironmental goals, as it is constantly seeking for opportunities to contract or invest in business which can resolve a local challenge, an environmental agenda and generate more positive socioenvironmental impact.

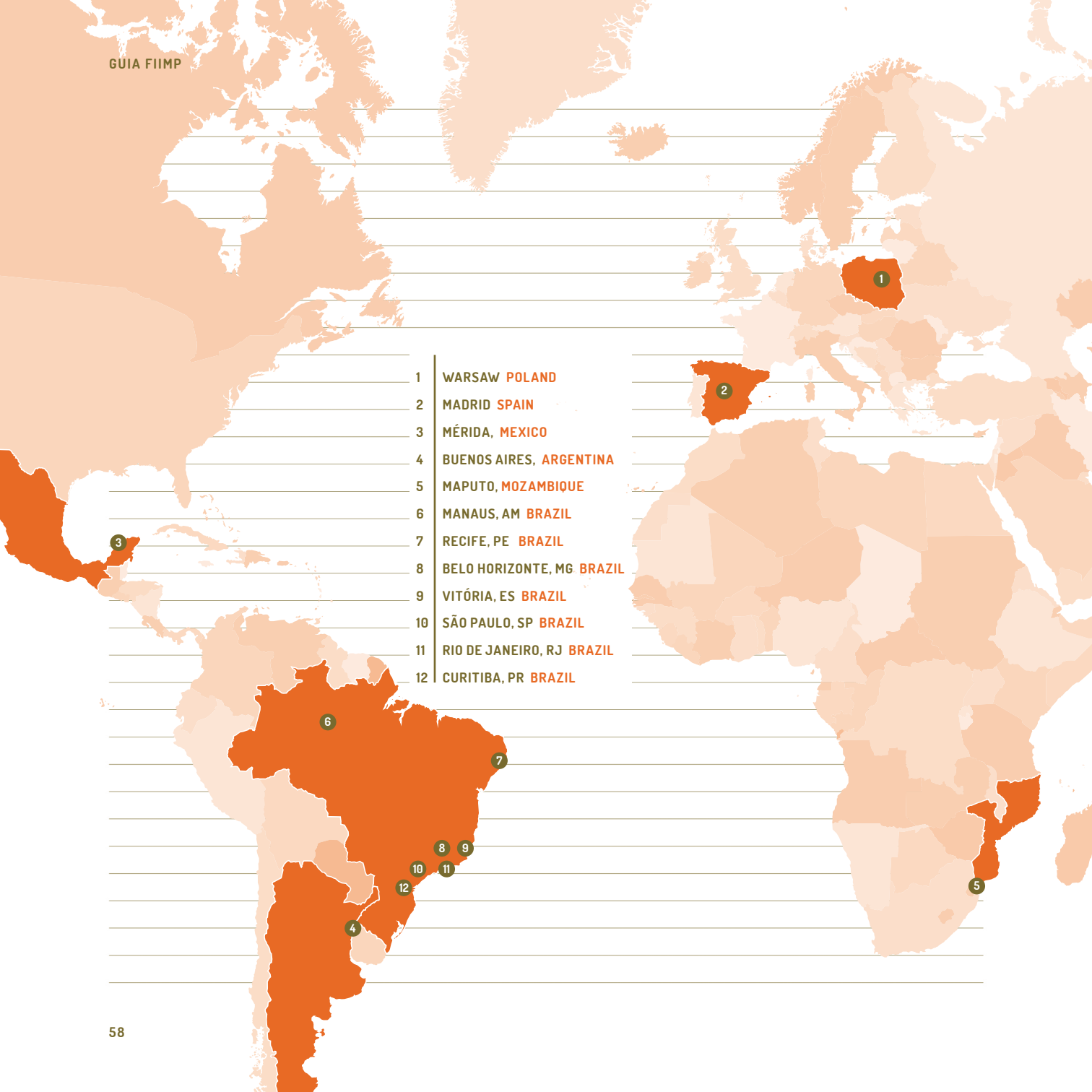
“ Participating in FIIMP gave us a way of understanding how to use tools of impact business investment in our individual projects, from implementation to strategies to mobilize resources for the investment to happen.”

Jair Resende
(*InterCement Institute*)

Aiming to extend the experience to the other links of the ecosystem of impact business and investments, some members of FIIMP - Tide Setubal Foundation, Group of Institutes, Foundations and Enterprises (GIFE), Corporate Citizenship Institute (ICE), Phi Institute, Sabin Institute, Vale Fund and InterCement Institute – started in November 2018 a mobilization to create **FIIMP2**. The idea was to add the participation of other foundations and institutes and invite funding businesses and organizations, apart from the some participating in FIIMP1, to generate more knowledge and security so foundations and institutes have a significant role in the theme, as well as expanding the work of the group to a national context, bringing new themes and causes.

The group is already working and has 19 members: Bank of Brazil Foundation, BMW Foundation, Brazilian Development Bank (BNDES), British Council, C&A Institute, Corporate Citizenship Institute (ICE), Climate and Society Institute (Instituto Clima e Sociedade, iCS), Dynamo Institute, Gerdau, GPA Institute, Grupo Boticário Foundation, Humanize Institute, InterCement Institute, Sabin Institute, Lab60+ Institute/ Semente Oré, Tide Setubal Foundation, Vale Fund, Vedacit Institute and Votorantim Institute. The group also has technical support from Aoka Labs and the Group of Institutes, Foundations and Enterprises (GIFE), as well as financial management support from Phi Institute.

The new arrangement of FIIMP selected six intermediaries, of different regions of Brazil and who work with various themes, as periphery, race and gender. Together, the group is mobilizing a total sum of R\$ 1.1 million for impact businesses in different phases of the entrepreneurial journey (Validation, Acceleration and Scale).



- 1 **WARSAW** **POLAND**
- 2 **MADRID** **SPAIN**
- 3 **MÉRIDA**, **MEXICO**
- 4 **BUENOS AIRES**, **ARGENTINA**
- 5 **MAPUTO**, **MOZAMBIQUE**
- 6 **MANAUS**, **AM** **BRAZIL**
- 7 **RECIFE**, **PE** **BRAZIL**
- 8 **BELO HORIZONTE**, **MG** **BRAZIL**
- 9 **VITÓRIA**, **ES** **BRAZIL**
- 10 **SÃO PAULO**, **SP** **BRAZIL**
- 11 **RIO DE JANEIRO**, **RJ** **BRAZIL**
- 12 **CURITIBA**, **PR** **BRAZIL**

TABLE 3: PARTICIPATION OF FIIMP IN NATIONAL AND INTERNATIONAL EVENTS

EVENT	WHERE	WHEN	ORGANIZED BY
FESTIVAL VOX	Recife, PE, Brazil	20-25/Nov/2017	Porto Social, Verda Impacto Positivo, ONG Novo Jeito
10º CONGRESSO GIFE	Sao Paulo, SP, Brazil	4-6/Apr/2018	GIFE
FÓRUM DE FINANÇAS SOCIAIS E NEGÓCIOS DE IMPACTO	Sao Paulo, SP, Brazil	6-7/Jun/2018	Corporate Citizenship Institute (ICE), Impact Hub and Vox Capital
FÓRUM DE INVESTIMENTO E NEGÓCIOS DE IMPACTO	Belo Horizonte, MG, Brazil	19/Sep/2018	Baanko, 22 Graus, ICE, HUB Social, NaAção
F20 HIGH-LEVELFORUM	Buenos Aires, Argentina	6/Sep/2018	F20, Fundación AVINA and GdFE
FESTIVAL DE IMPACTO	Curitiba, PR, Brazil	05-09/Nov/2018	Libria, Legado, RDC, Valente Branding, Marins Bertoldi Advogados, Inside.lab, Gloriosa Produção Cultural
CORPORATE VENTURE IN BRAZIL – APEX	Sao Paulo, SP, Brazil	2-3/Oct/2018	Apex-Brazil
1º ENCONTRO DE NEGÓCIOS DE IMPACTO SOCIAL ES	Vitória, ES, Brazil	07/Nov/2018	FOCO – Otacilio Coser Fundation, Federal University of Espírito Santo – UFES, Federal Institute of Espírito Santo, Íris Rede de Impacto.
FÓRUM DE INVESTIMENTOS DE IMPACTO E NEGÓCIOS SUSTENTÁVEIS DA AMAZÔNIA	Manaus, AM, Brazil	13-14/Nov/2018	Plataforma Parceiros Pela Amazônia (Platform of Partners of the Amazonia, PPA)
FORO DEMOS	Madrid, Spain	26/Nov/2018	Asociación Española de Fundaciones (Spanish Association of Foundations)
LANÇAMENTO DA PLATAFORMA DE IMPACTO SOCIAL MATCH & MATTERS DA DELOITTE	Sao Paulo, SP, Brazil	27/Nov/2018	Deloitte
INOVAÇÃO E IMPACTO SOCIAL: NOVAS PERSPECTIVAS PARA ATUAÇÃO EMPRESARIAL	Rio de Janeiro, RJ, Brasil	28/Nov/2018	Federation of Industries of the State of Rio de Janeiro (Firjan)
EVPA ANNUALCONFERENCE	Warsaw, Poland	29-30/Nov/2018	European Venture Philanthropy Association (EVPA)
CONECTA LAB	Vitória, ES, Brazil	07/Dec/2018	FOCO – Otacilio Coser Fundation, Federal University of Espírito Santo – UFES, Federal Institute of Espírito Santo, Íris Rede de Impacto.
FORUM LATINOAMERICANO DE INVESTIMENTOS DE IMPACTO	Mérida, Mexico	19-21/Feb/2019	Federal University of Espírito Santo – UFES,
FÓRUM DE INVESTIMENTO E NEGÓCIOS DE IMPACTO – EDIÇÃO MOÇAMBIQUE	Maputo, Mozambique	31/Jul/2019	Federal Institute of Espírito Santo, Íris Rede de Impacto.

5.

LEARNINGS TO

MOVE FORWARD

At the end of our first year, **our objective was that more institutes and foundations could make their first steps in impact investment**, with the necessary security these types of investments demand. It was pleasing to see that not only was this **objective achieved**, but we were also able to **create new initiatives** from our own organizations.

When we intended to follow the recommendations of the Alliance and immersed in the theme, we noticed how many connections we already had with the rest of recommendations and how much each one of us can contribute to the advance of social finance in Brazil, or using the term we started to use –impact investment. **Some of those connections can take place when we contribute to co-investment operations with high income individuals in impact products or when institutes and foundations of our group or the business related to them include impact businesses in their supplier chain**¹⁸.

We learnt together about how **social finance can complement our strategies** and that there is an unmeasured market of potential investors that institutes and foundations can help to promote. In the experience with the new platforms of collective investment we noticed there is a **demand for social investments** also between the population who does not have high incomes. These platforms, which make possible investments starting at R\$ 1 thousand can, therefore, contribute to the **democratization of social finance**. Moreover, when we strengthen the intermediaries, we strengthen the whole ecosystem, as they are important links for the flow of financial resources and knowledge.

The investment and impact business ecosystem was born in a context of collaborative movements and collective construction of projects. Many of the participants, since FIIMP, carried out joint projects, which is an unexpected result and creates a valuable legacy for the field.

These two years of FIIMP gave us **more confidence** and, that is why, the journey does not end here. We will keep on monitoring our investments and dedicating ourselves to new initiatives. Let's go ahead!

¹⁸ These actions are in dialogue, respectively, with the Recommendation No.1 – Investment of high income individuals in impact products, and Recommendation No.5 – Inclusion of IB in the value chain of the businesses.

“ The experience of FIIMP was quite strong. For the Foundation, it was a great learning and gave us confidence to act in the theme. It got much easier to bring to our works council and board information on this theme. We were in a well-structured network, together with serious foundations, and each meeting was a lesson! Participating in FIIMP was of the utmost importance so that Grupo Boticário Foundation understood better the impact ecosystem and developed its institutional strategy of investment in this field.”

Fernando Campos
(Grupo Boticário Foundation)

“ I am trying to bring closer the work of the Foundation to the peripheries in regard to entrepreneurship, still very concentrated on the East Zone of Sao Paulo, to the opportunities of the impact business ecosystem. It was very important to guide FIIMP2 towards this theme of periphery and understand that this is well received. This new cycle we are beginning is going to be still more important for the improvement of our work. I started to see a great potential to have a bigger impact.”

Greta Salvi
(Tide Setubal Foundation)


“ I was very happy with the initiative. For us, it was very positive in terms of learning, visibility, networking. I sign up again and encourage other organizations to participate and do FIIMP2, FIIMP3, FIIMP15!!!”


Alexandre Amorim, ASID
(invested by FIIMP)


“ The structure of FIIMP allowed us to know what other foundations and institutes are doing in the area of impact business and take them as reference for the internal decision making process of the Institute. FIIMP brought a lot of fresh air to our day to day.”

Filippe Delarissa Barros
(Votorantim Institute)


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TO KNOW MORE (GLOSSARY)

Blended Finance: Blended Finance is a term with varying definitions. The GIIN considers, in their Blended Finance Working Group, that this is a strategy that combines capital with different levels of risk in order to catalyze risk adjusted, market-rate-seeking capital into impact investments. **Free adaptation of FIIMP from GIIN’s Blended Finance Working Group website.**

Due diligence: due diligence is the careful, thorough evaluation of a potential investment, whether on a corporate or individual level. This process helps people and organizations to understand the nature of the investment, their risks and how the investment fits with the investor’s portfolio. **Source: Free adaptation from Merriam-Webster.**

Convertible debt: the Bond of Convertible Debt gives the Investor collection rights against the issuing company. But it is not a common bond, since, even though issued as a debt (obligation), it can, within the terms provided in the issuing documents and at the option of the Investor, be exchanged for shares of the issuing company, transforming the Investor, who was listed as creditor, in a partner. **Source: Basement.**

Equity crowdfunding: modality of collective financing through digital platforms by which the investor, when making an investment, gains the right to acquire an equity stake in the invested company. **Source: Various.**

Guarantee Fund: A mechanism used for the provision of complementary guarantees for companies contracting credit operations to finance investments from financial institutions. **Source: Sebrae.**

First-loss capital: It is the resource invested in accordance to the risk mitigation strategy which stipulates that, if there is a loss in the investment, the resource to cover this loss, up to a pre-defined amount, must come from a certain investor or group of investors. In many countries, development agencies, foundations and institutes operate by investing first-loss capital as a means of stimulating the flow of capital to impact business, improving their risk-return profiles and thereby encouraging others to invest. **Source: Various.**

Financial intermediaries: Facilitating or intermediary organizations in the Social Finance ecosystem are those whose activities contribute directly to the connection between capital supply and demand. These organizations can operate directly with the social entrepreneurs (accelerators, incubators, law firms etc.) or systematically, fostering a more favorable environment for the creation and strengthening of Impact Business, in partnership with governments, academia and assessment and certification institutions. The support of facilitators contributes to the building of the different types of capital by the supported organizations. **Source: Charter of Principles for Impact Businesses in Brazil (Carta de Princípios para Negócios de Impacto no Brasil).**

Mutual convertibles: A legal instrument by which the loan (mutual) can be converted into a percentage of social capital, that is, participation in the company. It is used very often by particular investors of risk capital (angel investors) in their contribution to startups and is an instrument derived from the Convertible Notes (USA) and from convertible debentures possible on account of limited companies. **Source: Various.**

Outcomes: the measurement, generally qualitative, of the social impact associated to the results, to the changes seen in the target group after the intervention. In the example of a vocational course, outcomes could be associated with the knowledge acquired by students or the future consequences of such knowledge, such as gaining a job or returning to formal studies. **Source: Adapted from Kellogg Logic Model.**

Outputs: associated with “products” that are delivered by a social business, usually measured quantitatively. In a professional qualification program, for example, the output in a logical model is the course itself offered. This output could then be measured by means of frequency indicators, completion of the course or number of students. **Source: Adapted from Kellogg Logic Model.**

Impact thesis or Theory of change: in essence a comprehensive description and illustration of how and why change is expected in a particular context. In the world of social impact projects, we are generally addressing social change. The theory of change exists to map, or rather “fill in” and explain what will happen midway between the start of project (or social program) and its end. What a social initiative does (what are its activities or interventions) and how will these help achieve the desired goals (social transformations).

Source: Inkinspira.

Venture capital (VC): name used to describe all classes of risky investment. Even so, venture capital funds usually invest in mid-sized companies, which already have significant revenues, but which still need to make a leap in growth. With the investment, the goal is to help these companies expand and reach their full potential.

Source: Endeavor Brazil.

Venture Philanthropy: Is a high-engagement and long term approach to creating social impact through personalized funding, organizational support and impact measurement and management. **Source:** Free adaptation of FIIMP from the website of European Venture Philanthropy Association (EVPA).

Q&A – FREQUENTLY ASKED QUESTIONS ABOUT FIIMP

What is FIIMP?

FIIMP – Foundations and Institutes for Impact is a group of 22 philanthropic organizations – corporate, family-based or independent foundations and institutes – that have come together to learn, track and understand the results of investments in impact businesses, experiencing the use of different financial instruments. Its first initiative carried out collectively, with shared contributions, is the initiative “Learning with Impact Businesses.”

What is the main objective of the group?

The main objective of FIIMP is to strengthen the social field by investing in businesses with socio-environmental impact, inspiring other social actors to do so.

How was FIIMP born?

The FIIMP was originated in the Social Finance Innovation Lab organized by the Social Finance Task Force, which finished in November 2016. The focus of the Lab meeting was to reflect and build proposals that could contribute to Task Force recommendation No.2, which addresses the importance of institutes and foundations in supporting the development of the impact business ecosystem.

How did the group structure itself?

In order to structure the group and define its action strategies, a workshop was held in Rio de Janeiro in October 2016, with the support of the BMW Foundation. Social finance concepts and available tools were also discussed there, and the group’s objectives and operating model were defined, as well as the financial instruments and intermediary institutions that would receive investment. Since then, it has consolidated itself as an independent group with its own governance structure.

How does FIIMP governance work?

The group’s governance is based on collaboration and consensus, and is structured into an Assembly, a General Coordination Unit and an Extended Governance Group. In addition, it has working groups composed of representatives of the organizations involved in the initiative, which divide the tasks defined by the collective.

What are the specific objectives of this initiative?

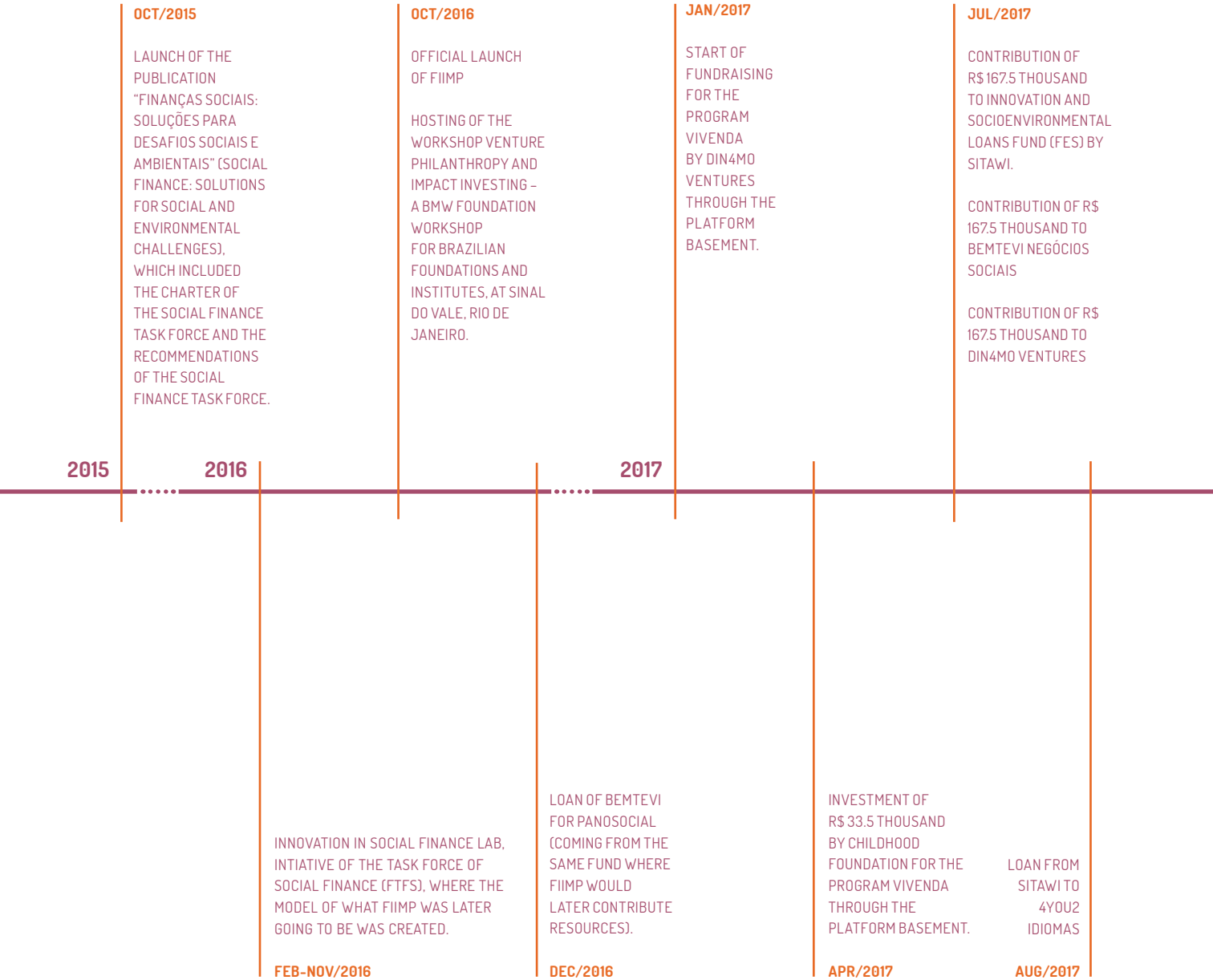
- Trying out the application of different social finance mechanisms in a practical and collaborative way.
- Tracking and systematizing the experience, to ensure the learning of the group of foundations and institutes
- Testing financial mechanisms that are appropriate in the context of foundations and institutes.
- Trying out strategies to support socio-environmental projects with returnable resources.

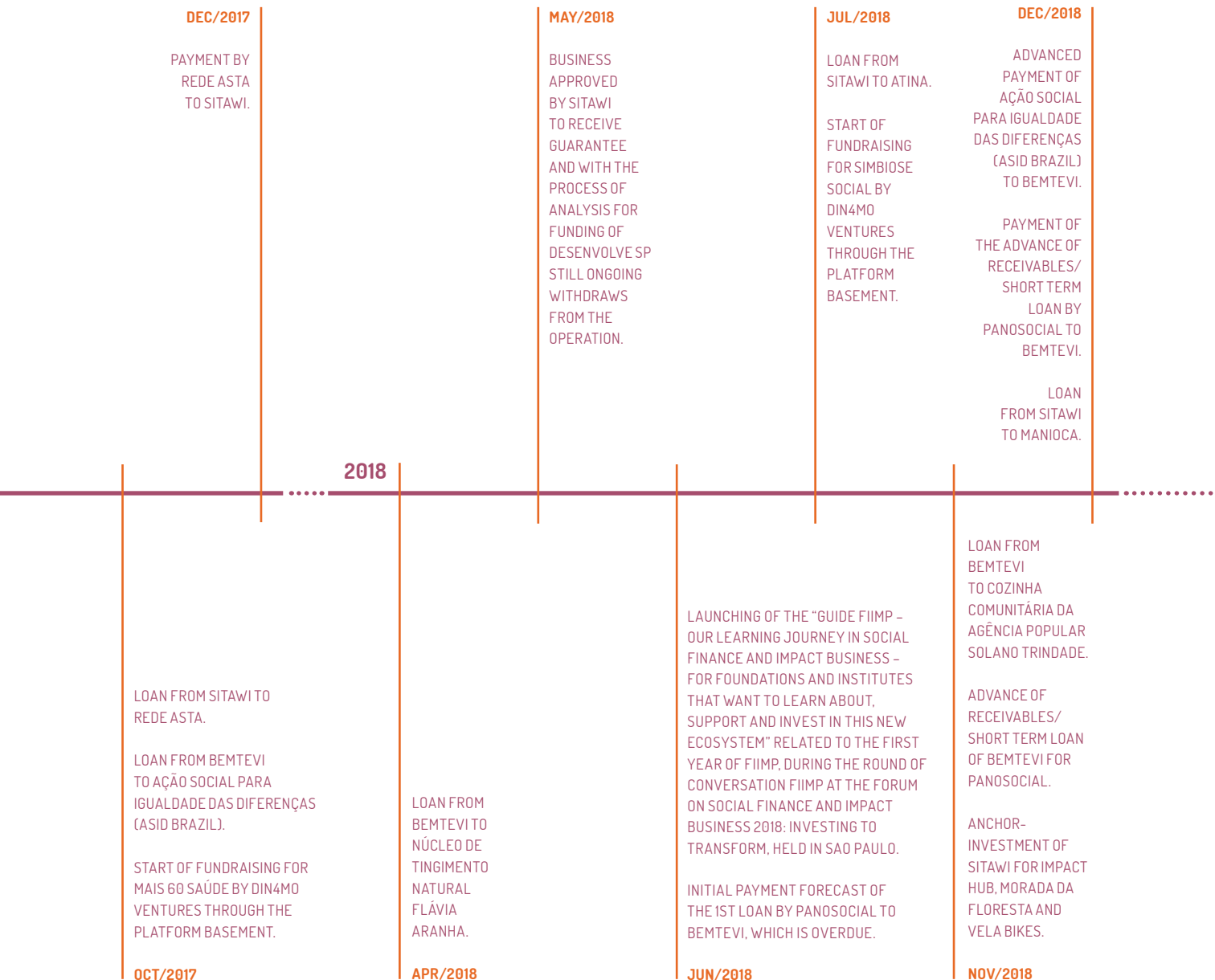
How much is each organization contributing?

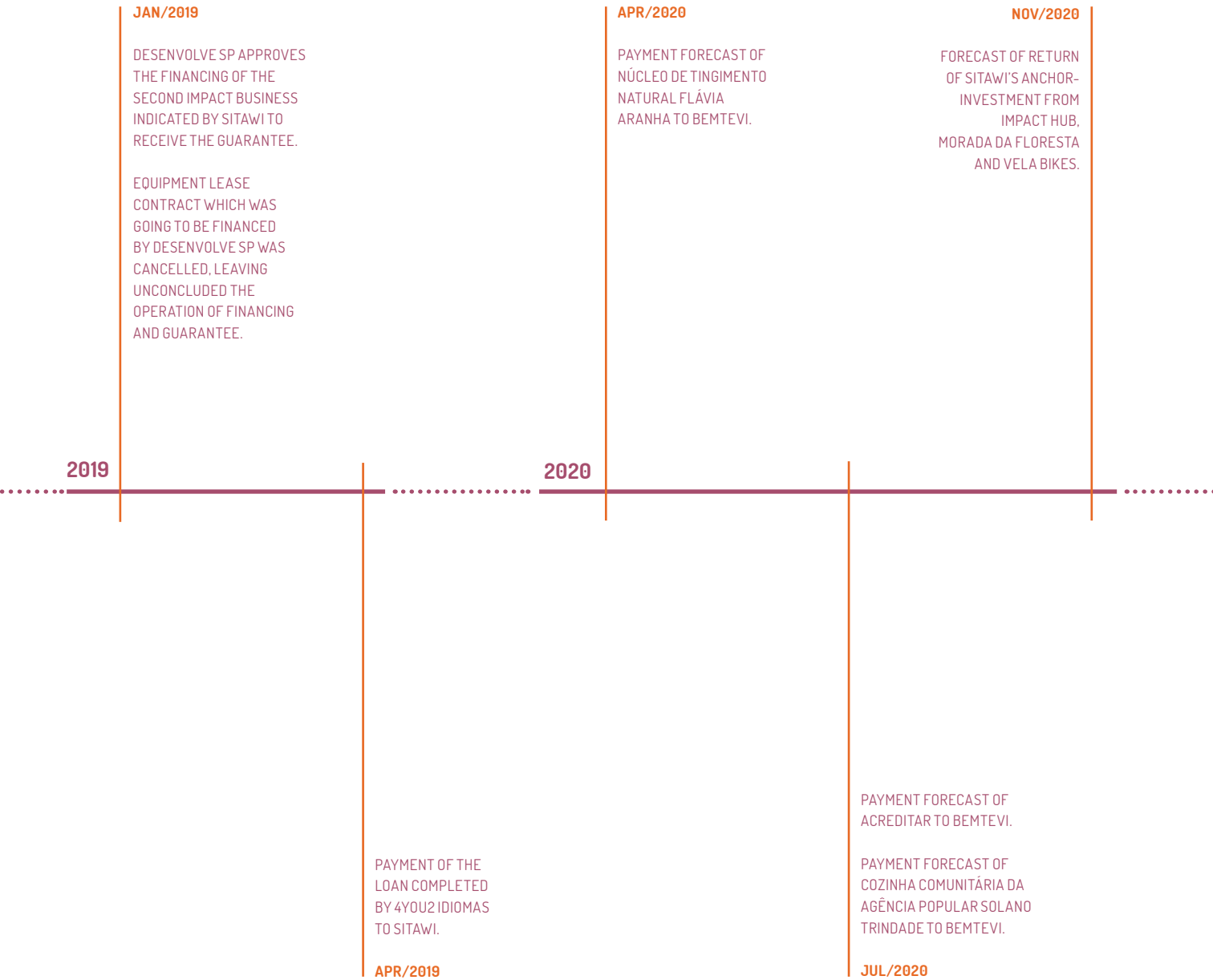
The pool of organizations raised a total of 737,000 Brazilian Reais (at that time approx. 180,000 USD), from individual contributions of 33,500 Reais, which was allocated in the learning process through investment in businesses of socio-environmental impact, via Intermediaries, and in the social finance ecosystem. The focus is learning, not maximizing the return on invested money.

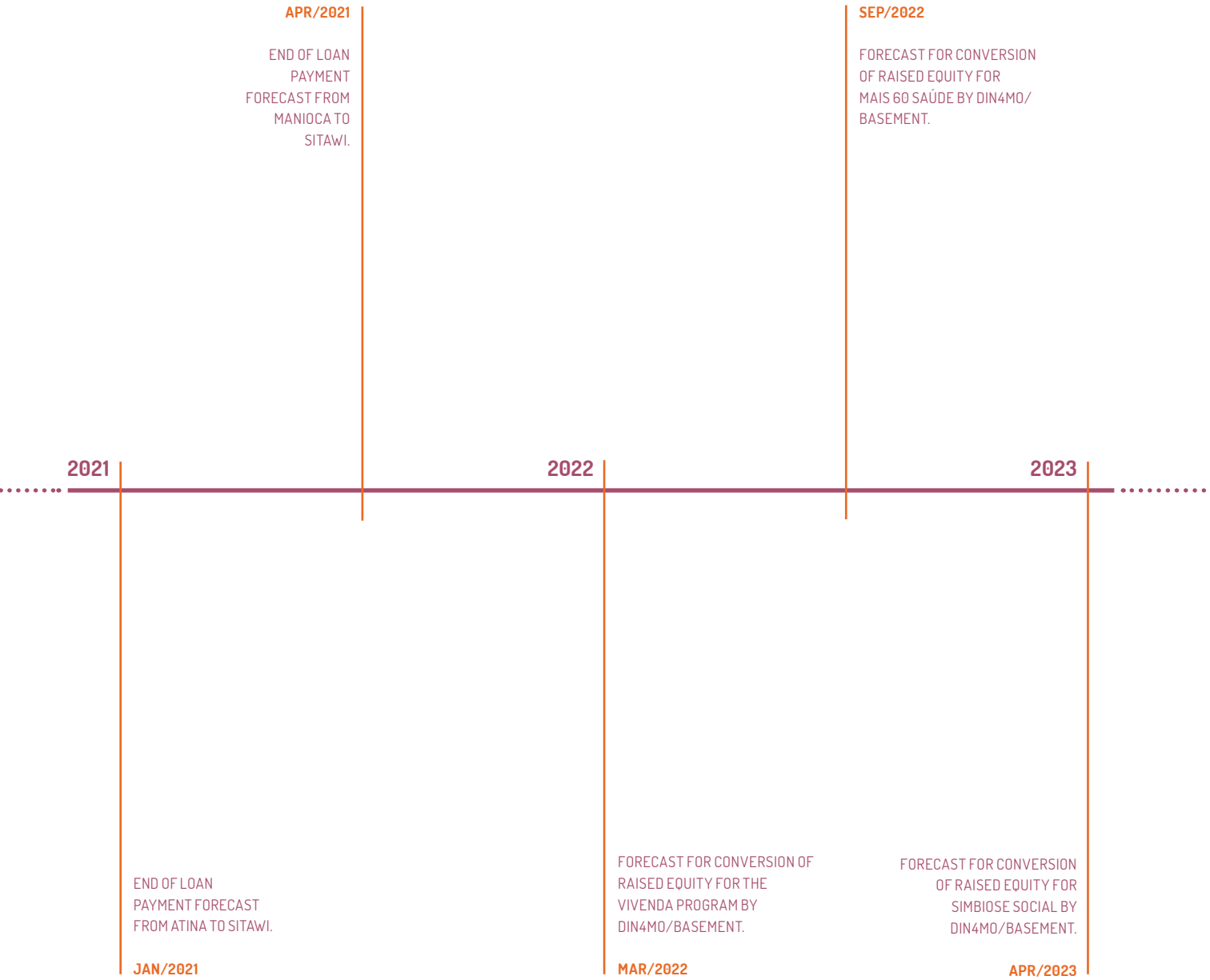
Isn’t the amount contributed by the members of the FIIMP (US\$ 10 thousand = R\$ 33,500) very small considering the size of many of these organizations? How was the contribution amount defined?

The main objective of this first initiative of the group is to learn and experience together. When the idea was conceived, the group decided that the process should start quickly, so the challenge was to join as many organizations as possible in a short time. Therefore, a relatively low value per organization was chosen, but which collectively is significant for the proposed objectives.









..... *See you soon!*

