

Maximizing Impact: An Integrated Strategy for Grantmaking and Mission Investing

Presented by **Mark Kramer** and **Adeeb Mahmud, FSG**
with discussion by **Charly Kleissner** and **Gregory Miller**

June 10, 2010 2:00-3:00 PM EST

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Quick Live Poll #1

Q *Have you participated in mission investing activities?*

Please choose from ONE of the following answers:

- I have participated in several mission investments**
- I have participated in a few (less than five) mission investments**
- I have never participated in mission investing**

Agenda

- 2:00 – 2:10** **Welcome & Introductions**
Adeeb Mahmud, FSG
- 2:10 – 2:20** **Overview of findings from *Maximizing Impact***
Mark Kramer, FSG
- 2:20 – 2:40** **Panel Discussion with Charly Kleissner,
Gregory Miller, and Mark Kramer**
Moderated by Adeeb Mahmud
- 2:40 – 3:00** **Audience Q & A**
Moderated by Adeeb Mahmud

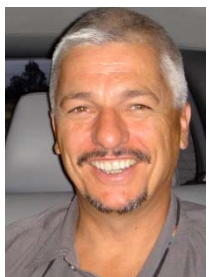
Introductions



Mark Kramer is the Founder and a Managing Director of FSG, Senior Fellow at Harvard's Kennedy School of Government and the founder and initial Board Chair (2000-2004) of the Center for Effective Philanthropy.



Adeeb Mahmud is a Senior Consultant at FSG, and has experience in conducting strategic planning, evaluation, and research for some of the leading funders, including the Bill and Melinda Gates Foundation, the David and Lucile Packard Foundation, and the World Bank Group.

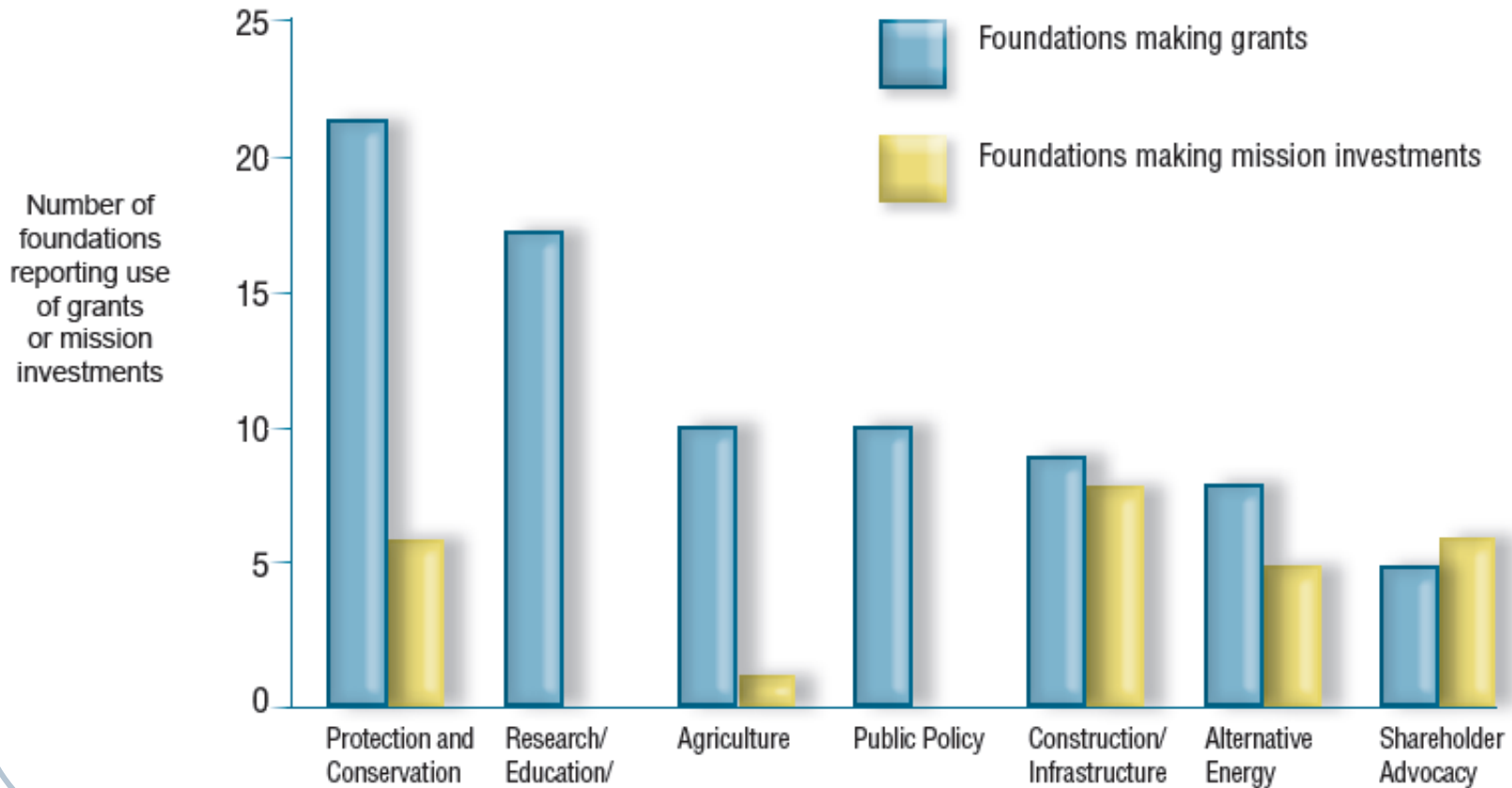


Dr. Charly Kleissner is a philanthropic entrepreneur and the co-founder of the KL Felicitas Foundation and the Social-Impact initiative, helping social entrepreneurs worldwide to accelerate and increase their social impact. Dr. Kleissner serves on the Advisory Board of multiple not-for-profit companies, including the Acumen Fund, Global Social Benefit Incubator, and The Global Philanthropy Forum. He is also an advisor to multiple social venture capital funds and serves on the board of Giving Assets Inc.



Gregory Miller joined Google in early 2006 as Dr. Larry Brilliant's first key hire when launching Google's philanthropic arm, Google.org. Greg was Managing Director at Google.org through late 2009, leading its philanthropic investments, grants, and legal teams. As a part of the executive leadership team, Greg helped initiate and develop Google.org's programs and funding initiatives addressing global economic development, global public health, and climate change.

Activities Likely to Be Funded with a Grant Versus a Mission Investment



Source: FSG survey of 26 foundations working on the climate-change issue.

FSG interviewed dozens of foundation staff, climate change experts, and investment advisors for this research

The Three Types of Mission Investing

1. **Conventional mission investments** offer risk adjusted market-rate returns

- Environmentally screened publicly traded debt or equities
- Green venture capital or private equity funds

2. **Subsidized mission investments** offer below-market returns

- Low or no interest loans to nonprofits to buy conservation land

3. **Transformative mission investments** are innovative investment vehicles that have the potential to attract conventional capital

- Financial products that pay for retrofitting buildings from future energy savings

Quick Live Poll #2

Q *Which of these types of mission investments have you participated in?*

Please check ALL THAT APPLY:

- Conventional mission investments**
- Subsidized mission investments**
- Transformative mission investments**
- None of the above**

Strategy to Link Grants and Mission Investments



Grants are most appropriate for...

- Capacity building for grantees
- Supporting research opportunities
- Policy advocacy
- Education and awareness to change public behavior



Mission Investments are most appropriate for...

- Influence corporate behavior
- Support small or emerging for-profit businesses
- Support grantees with limited access to investment capital
- Develop new investment Instruments

Combining grants and investments in a mutually reinforcing program strategy can create greater combined impact than either grants or investments alone

Mission Investments at KL Felicitas Foundation

- KL Felicitas Investment Philosophy
 - Values and Principles
 - Mission
 - Approach
 - History
 - Status, Results, and Plans
- Grants, Social Capital, and Commercial Capital
 - Impact First vs. Financial First Investments
 - Hybrid Investments
 - Examples: Beartooth Capital, Pico Bonito & Ecologic, Healthpoint Services



KL Felicitas Foundation



Mission Investments at Google.org

- Mission investments part of integrated program strategy
 - Goal: more entrepreneurs to work toward the solution
 - Supported variety of organizations
 - Only considered for-profit investments
- For climate change, asked the question whether Renewable Energy could be like other technologies
 - What can we do to get renewables to ~6 cents / kWh in years, not decades?
- Focus on three utility-scale areas
 - Wind
 - Solar thermal
 - Geothermal

google.org



Discussion and Questions

Moderated by Adeeb Mahmud, FSG



Charly Kleissner
Co-Founder, KL Felicitas
Foundation



Mark Kramer, FSG



Gregory Miller
Managing Director,
Google.org Investments, 2006-2009



Adeeb Mahmud, FSG

Other FSG Resources on Mission Investing

INVESTING FOR IMPACT MANAGING AND MEASURING PROACTIVE SOCIAL INVESTMENTS

Prepared for the Shell Foundation
By Mark Kramer and Sarah Cooch
Foundation Strategy Group
January 2006



2006

Research on measuring performance of mission investments conducted for Shell Foundation

November 2007

Guide to mission investing using intermediaries

Aggregating Impact:
A Funder's Guide to Mission Investment Intermediaries
November 2007

Sarah Cooch and Mark Kramer



April 2007

Data on US foundations' mission investment trends over nearly 40 years

October 2008

Comprehensive analysis of relevant laws, IRS regulations, letter rulings, and case law pertaining to mission investing

Risk, Return and Social Impact:
Demystifying the Law of Mission Investing by U.S. Foundations

October 2008

Anne Stetson & Mark Kramer



Compounding Impact:
Mission Investing by US Foundations

March 2007



Sarah Cooch & Mark Kramer
with Fi Cheng, Adebbe Mahmud, Ben Marx and Matthew Rehing

FSG SOCIAL IMPACT ADVISORS



Fall 2007

Stanford Social Innovation Review article on strategic mission investing

the POWER of Strategic Mission INVESTING

A growing number of foundations are offering low-interest loans, buying into green business ventures, and investing in other asset classes to advance their missions. Yet most mission investing remains haphazard and inconsequential. To bring about real change, foundations need to take a fundamentally different approach, making strategic mission investments that complement their generating and leverage market forces.

Foundations usually try to solve the major social problems of our day—such as poverty, homelessness, global warming, and lack of health care—by making grants to nonprofits. In the traditional grant model, all we count there, social problems, but that's not all that's needed. We need to change the way we think about social problems, when a mission-driven investor can provide what a grant cannot: the ability to create and sustain a business that can generate revenue and create jobs.

One of the most effective ways to address and overcome even the most intractable social problems is to create a business that can generate revenue and create jobs.

Foundations can advance their social goals by making grants, but also by using their endowments of cash and securities to invest in social problems. Some foundations have already begun to do this, investing in social problems by making grants to nonprofits, but also by investing in social problems through their own investments. This is a fundamentally different approach, making strategic mission investments that complement their generating and leverage market forces.

THE 2007 STANFORD SOCIAL INNOVATION REVIEW 43

Maximizing Impact:
An Integrated Strategy for Grantmaking and Mission Investing in Climate Change

Mark Kramer, Adebbe Mahmud, Sarah Makka
May 2010



FSG SOCIAL IMPACT ADVISORS



May 2010

Guide for integrating mission investing and grantmaking strategy

These are available for free download at www.fsg-impact.org
please see “Ideas” → “Mission Investment”

Thank you for joining us!

To access the full FSG report, visit www.fsg-impact.org

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www.primakers.net



www.moreformission.org