

## Exploring Local Impact Investing and Setting a Delaware Strategy

### Philanthropy Delaware Workshop

#### Learning Objectives

- Understand the swelling impact investing movement and what it means for Delaware.
- Review the broad set of tools you can use to deploy impact capital across Delaware including loan guarantees, direct lending, intermediary lending, integrated capital (loans and grants), deposits and loan loss reserves.
- Identify critical issues in the state that can be addressed using foundation investments.
- Work through exercises to take stock of your “readiness” to move toward local investing and create an action plan.

#### Agenda

<b>10:00 AM</b>	<b>Introductions</b>
<b>10:20 AM</b>	<b>Introduction to Place-Based Impact Investing</b>
<i>60 minutes</i>	What is impact investing and how does it relate to local impact investing? Why are foundations doing it and how are they doing it? Frankly, this isn't all that different from grantmaking. You'll hear a few stories of foundations like yours that are doing this work in community across the country.
<b>11:20 AM</b>	<b>Catalytic Delaware Capital</b>
<i>20 minutes</i>	<p><i>In what ways might Delaware need impact investments?</i> For example, investments can be used to build affordable housing, weatherize homes, finance small businesses, acquire real estate, support fresh food initiatives, etc. Foundations will break into small groups – clustered by impact areas – to identify partners working to address the desired impact area, share lessons learned from prior grant or investment experiences, understand how other foundations have used impact investing to further desired outcomes in the impact area.</p> <ul style="list-style-type: none"> <li>▪ Who might identify and brings specific investments to the attention of others?</li> <li>▪ How do we involve the community to uncover unmet needs?</li> <li>▪ Who shares and mitigates risk?</li> <li>▪ Who are technical assistance providers?</li> <li>▪ Who is in the position to play a community leadership role?</li> </ul>
<b>11:45 AM</b>	<b>Break for Lunch</b>
<b>12:15 PM</b>	<b>Catalytic Delaware Capital, continued</b>
<b>12:45 PM</b>	<b>Investing Together for Delaware</b>
<b>1:00 PM</b>	<b>Next Steps for Delaware Philanthropy</b>
<i>45 minutes</i>	Participants will spend time identifying critical next steps as Delaware Foundations. They will also discuss how Philanthropy Delaware might help support Delaware foundations working together over the next 12 to 24 months. As a part of this exercise and conversation, the group will identify resources to support their exploration.
<b>1:45 PM</b>	<b>Final Question and Wrap Up</b>



# Local Impact Investing Snapshot

Let's Get Started:

1. What is your interest in local impact investing?

- Want to learn more about it
- Seek advice to do it better
- Need help to address specific challenges
- Other: \_\_\_\_\_

2. Do you currently make investment decisions with the intention of generating positive social, environmental, or other impacts in your community?

- Yes
- No

On the scale, how strongly do you agree or disagree with the following statements?

- |  | <b>Strongly<br/>agree</b> | <b>Agree</b>             | <b>Disagree</b>       | <b>Strongly<br/>disagree</b> | <b>Unsure</b>         |
|--|---------------------------|--------------------------|-----------------------|------------------------------|-----------------------|
| 3. Our Board is knowledgeable about local impact investing models used by foundations.   | <input type="radio"/>     | <input type="radio"/>    | <input type="radio"/> | <input type="radio"/>        | <input type="radio"/> |
| 4. Our Staff is knowledgeable about local impact investing models used by foundations.   | <input type="radio"/>     | <input type="radio"/>    | <input type="radio"/> | <input type="radio"/>        | <input type="radio"/> |
| 5. Is any portion of your endowment invested locally? (e.g., affordable housing, downtown buildings, local businesses, deposited in a local credit union, loaned to a community development financial institution, etc.) |                           |                          |                       |                              |                       |
|  | <input type="radio"/> Yes | <input type="radio"/> No |                       |                              |                       |
| 6. Please identify the <b>three</b> most motivating factors in your foundation's decision to explore or implement local impact investing:  |                           |                          |                       |                              |                       |
| <input type="checkbox"/> It is central to our mission to intentionally pursue impact through our investments.  |                           |                          |                       |                              |                       |
| <input type="checkbox"/> Local impact investing is part of our commitment to responsible investing.  |                           |                          |                       |                              |                       |
| <input type="checkbox"/> Local investments are an effective way to meet our impact goals.  |                           |                          |                       |                              |                       |
| <input type="checkbox"/> We are responding to demand from our donors or community partners.  |                           |                          |                       |                              |                       |
| <input type="checkbox"/> Local impact investments provide a way to advance specific sectors, like housing.   |                           |                          |                       |                              |                       |
| <input type="checkbox"/> Local impact investments provide a way to advance specific geographies, like rural communities or urban neighborhoods.  |                           |                          |                       |                              |                       |
| <input type="checkbox"/> The returns from local investments are financially attractive.  |                           |                          |                       |                              |                       |
| <input type="checkbox"/> Local investments help to diversify our portfolio.  |                           |                          |                       |                              |                       |

7. Does your investment policy currently include impact investing?
- No, we have an investment policy, but it includes no language providing for local impact investments.
  - Yes, we have an investment policy, and it explicitly allows for local impact investments.
  - We have no investment policy.
  - I don't know
8. What assets (if any) has your foundation committed to local impact investing?
- We have made no commitment of staff time or financial resources.
  - We have committed to learning about local impact investing through allocation of staff and/or board time.
  - We have committed to learning about local impact investing through allocation of staff and/or board time and additional financial resources (e.g., pay to attend conferences, receive professional advice, conduct site visits).
  - We have committed a fixed dollar amount of financial resources to impact investing.
  - We have committed a fixed percent of financial resources to impact investing.
9. In what ways would you need assistance on your local impact investing journey?
- Help build awareness of the local impact investing landscape and possibilities with staff, board and/or community partners.
  - Map local investment opportunities and assess those opportunities using the foundation's investment strategy.
  - Identify potential like-minded community investment partners.
  - Align foundation mission with community needs.
  - Develop and vet a foundation local impact investment policy.
  - Monitor and report on local impact and financial return to relevant stakeholders.
  - Other: \_\_\_\_\_
10. Where would you like your foundation to be with local impact investing in 12 months?
11. What do you think should be your foundation's next steps to get there?

# Delaware Capital Demand Worksheet

Working as a team, do your best to answer the following questions about your selected sector.

1. What is your sector focus area?
2. What roles in the sector focus area do your institutions serve? (Examples: Grantmaker, convener, practice-improver, data collector...)
3. What do you see as the biggest opportunities in Delaware related to the sector?
4. What are the biggest challenges?
5. What efforts in the sector are attracting investments – specifically investments that are generating an impact and earning a financial return for investors (so not grants!)?
6. Can you provide an example of things that haven't attracted investments but should? Maybe a specific deal related to the sector that did not happen for lack of capital or a deal that is currently in process but may be struggling to find the right mix of capital?
7. If you were flush with capital to invest in this sector, how would you deploy it?

As a group, think of an investment that generated financial return for investors (there may have been multiple) and beneficial community impact – a transaction – that has happened in your sector focus area in Delaware that is noteworthy? What is it?

1. What did the deal finance?

2. Who participated? (Users of capital, intermediaries, sources of capital, etc.)

3. What was tough/what were the challenges?

4. What worked well?

5. What innovations did the transaction produce?

# A Delaware Collaboration

Working as a team, complete the following instructions on your flipchart.

1. In five years, what does an ideal Delaware local impact investing ecosystem look like? Draw a picture!
2. In circles around your vision, list what steps as individual foundations you need to take in 2020. Think about your capital, your investments, and work with your board.
3. Together, below the drawing, list three steps that Delaware foundations might take together in the next two years. What help do you need? What resources does Delaware need?