

# Is There an Upside to Mission-Related Investing in a Down Market?

Prepared for: **Investing with Impact**

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# What is MRI? Why Now?

## Mission-Related Investing:

Mission-related investing encompasses any investment activity designed to generate a positive social and/or environmental impact in addition to providing a financial return.

**“Should a private foundation be more than a private investment company that uses some of its excess cash flow for charitable purposes?”**

**Source: The F.B. Heron Foundation**

**YES!**

**\$38,000,000,000**

**\$(667),000,000,000**

## The Current Economy and its Impact

- In short, a huge negative impact on private foundation giving in the US
- In general, Foundation endowments are down 20-40%
- Foundation payouts will be down in 09 and 10 and perhaps beyond
- Government support will be down as well
- Will not be a pretty picture for the nonprofits -- some will shut down (or maybe merge with others)
- The Silver Lining: Opportunity for rethinking the way philanthropy works and how nonprofits work.

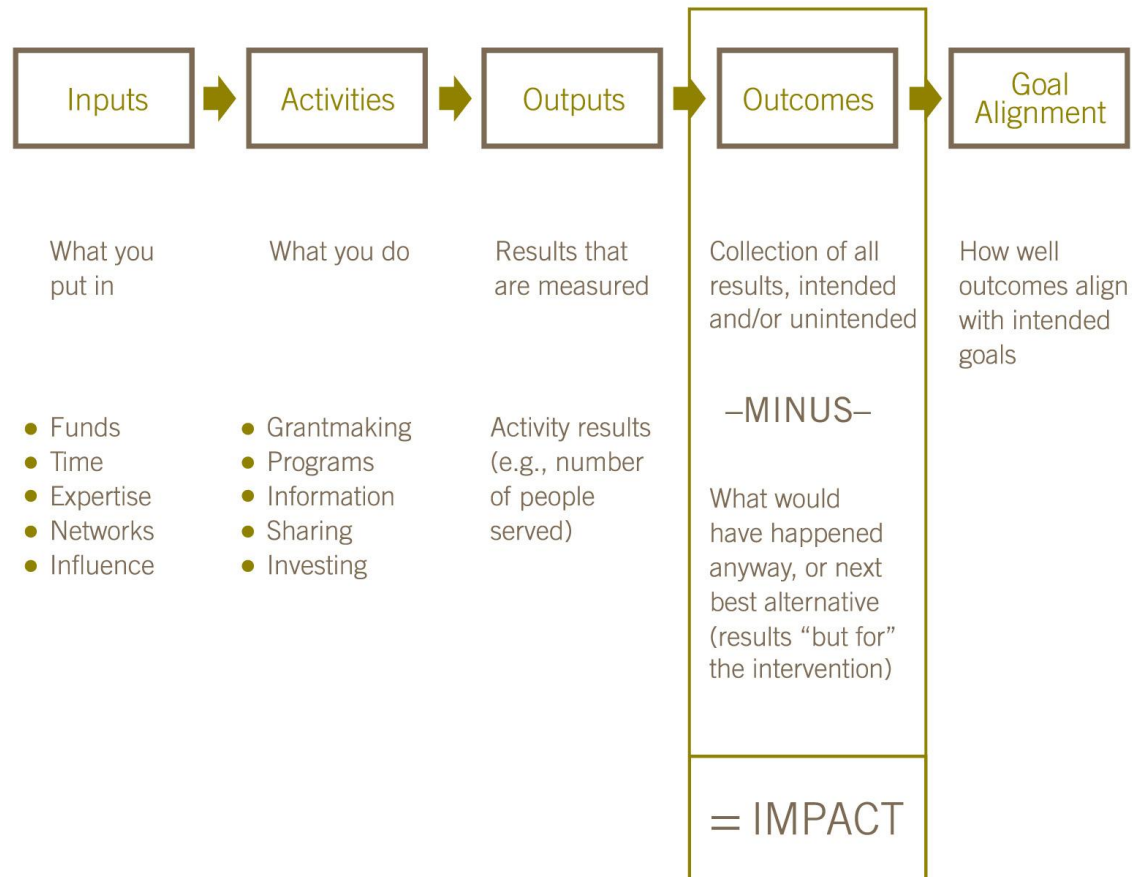
## Two Other Contextual Issues to Consider:

- **The Current (Old?) Model of Philanthropy: Still Effective Grantmaking?**
- **Can Marketplace Forces Play an Important Role in Your Work in California?**

# A Quick Case Study on Added Value and Impact

# Impact Value Chain

Impact = Measure of Change



## Case Study: E+Co

***Who:*** E+Co invests services and capital in energy enterprises in Africa, Asia, and Latin America. These investments yield measurable returns along a Triple Bottom Line, with social, environmental and financial results.

***Business Model:*** E+Co blends public and private capital to provide business development support and financing to energy companies.

***Organizational goal:*** To provide clean energy services to 100 million people by 2020.

Source: E+Co Annual Report

## Where does E+CO fit in programmatically?

**“Amidst accelerating global warming, economic uncertainty and an energy squeeze, there are two very different energy paradigms in contention. One is large, clumsy, dirty, often heavily subsidized, oriented to the past and ultimately destructive and completely unworkable. The second is lean, nimble, clean, affordable, future-oriented, reaches the poor and is ultimately constructive and sustainable. The first is old-style Energy, Inc – business as usual and dangerous climate destabilization for our children, the second is E+Co.”**

**-- Peter Goldmark, Program Director, Climate and Air Program, EDF  
and former CEO of the Rockefeller Foundation**

## How Does E+Co Measure Performance?

- **Input/Resources** (that E+Co has or needs to do the work)
- **Activities** (tasks that E+Co has to do)
- **Outputs** (direct products of program activities)
- **Short-term outcomes** (specific changes in behavior, skill, knowledge, level of functioning in the short term.)
- **Long-term outcomes** (specific changes in behavior, skill, knowledge and level of functioning in the long-term.)
- **Impacts** (Changes in Communities several years later)

Source: E+Co measurement indices

## E+Co's Triple Bottom Line Results

- **Social and Economic**
- **Environmental**
- **Financial**

## Bottom Line #1: Social and Economic

- **People with Access to Modern Energy Services: 4.3 mm**
- **Jobs Supported: 4,034**
- **Cumulative Clean Energy Generated (in MWh): 867,000**
- **Women Ownership/Shareholding: 108**
- **Improved Income: \$10mm**
- **Energy Saved from Efficiency Initiatives (in Mwh): 122,000**
- **Entrepreneurs Receiving Services: 984**

## Bottom Line #2: Environmental

- **CO2 offset by enterprises/tons: 3.4mm**
- **Kerosene displaced/liters: 10.9 mm**
- **Value of CO2 offsets for life of project: \$86.8 mm**
- **Oil displaced/barrels: 390K**
- **CO2 offsets for life of project/project tons: 17.3 mm**
- **Firewood and Charcoal Displaced/tons: 525K**
- **Reforested Land/hectares and trees: 280 hectares/320K trees**

## Bottom Line #3: Financial (as of Dec 2007)

- **Capital Mobilized: \$183,169,170**
- **Portfolio return after write offs: 7.9%**
- **Repaid to investors: \$5,306,289**

## For more information:

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