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
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
<table>
<thead>
<tr>
<th>Time</th>
<th>Event</th>
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<tbody>
<tr>
<td>2:00 – 2:10</td>
<td>Welcome &amp; Introductions</td>
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<td><em>Adeeb Mahmud, FSG</em></td>
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<td>2:10 – 2:20</td>
<td>Overview of findings from <em>Maximizing Impact</em></td>
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<td><em>Mark Kramer, FSG</em></td>
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<td>2:20 – 2:40</td>
<td>Panel Discussion with Charly Kleissner, Gregory Miller, and Mark Kramer</td>
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<td><em>Moderated by Adeeb Mahmud</em></td>
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<td>2:40 – 3:00</td>
<td>Audience Q &amp; A</td>
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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.
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
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
Combining grants and investments in a mutually reinforcing program strategy can create greater combined impact than either grants or investments alone.

**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
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

Image Source: www.ecologic.org
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

Image Source: www.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

- **2006**
  - Research on measuring performance of mission investments conducted for Shell Foundation

- **April 2007**
  - Data on US foundations' mission investment trends over nearly 40 years

- **November 2007**
  - Guide to mission investing using intermediaries

- **October 2008**
  - Comprehensive analysis of relevant laws, IRS regulations, letter rulings, and case law pertaining to mission investing

- **May 2010**
  - Guide for integrating mission investing and grantmaking strategy

- **Fall 2007**
  - Stanford Social Innovation Review article on strategic mission investing

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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