



# IIX IMPACT INSTITUTE

Spring 2017

23 February 2017 – 8 June 2017

## COURSE TITLE

Fundamentals of Impact Investing: A View from the Field

## INSTRUCTORS

- Professor Durreen Shahnaz
  - Founder, IIX & Shujog
  - Former Adjunct Associate Professor at National University of Singapore, Lee Kuan Yew School of Public Policy, Singapore
- Professor Antony Bugg-Levine
  - CEO, Nonprofit Finance Fund
  - Adjunct Associate Professor at Columbia Business School, USA
- Professor Edward Hartman
  - Co-founder, LegalZoom
  - Lecturer at Yale Law School and Stanford Law School, USA
- Professor Robert Kraybill
  - Managing Director, IIX
  - Former Adjunct Professor at Singapore Management University, Singapore
- Professor Alex Nicholls
  - Professor, Skoll Centre for Social Entrepreneurship at Saïd Business School, University of Oxford, UK

## COURSE DESCRIPTION

The Impact Investing market size was approximately US\$60 billion in 2015 (WEF, 2016) and is estimated to reach US\$1 trillion by 2020 (J.P. Morgan, 2010). What began as a niche has become a mainstream movement, effectively bringing finance and development together. The number of organizations and stakeholders getting involved with Impact Investment has been on a steady rise as well. This growth can be attributed to a desire to invest with a focus on impact goals, response to client demand, exploring a new asset class that can provide multiple returns (social, environmental and financial), disillusionment with traditional philanthropy, and sustainable approaches to both investment and grant making efforts.

Over the years, Impact Investing has grown beyond entrepreneurs and investors, and has increasingly attracted a diverse array of stakeholders looking to play a more catalytic role in the movement. This includes policy makers, government officials, corporate executives and CSR heads, foundation and INGO staff, representatives from donor agencies and multilaterals, among others.

However, as the Impact Investing movement passes from a stage of “uncoordinated innovation” into one of “marketplace building”, it raises a host of questions:

- What constitutes Impact Investing and how can interested stakeholders play a catalytic role in

the Impact Investing movement?

- What financial mechanisms are in place to fuel the growth of the Impact Investing sector?
- What sort of policy and market infrastructure undergirds Impact Investing?
- How can we measure the impact of the work that Impact Enterprises are carrying out?
- How do investors build Impact Investment strategies?
- How does the legal structure of enterprises affect growth and capital raise?
- How can innovative finance unlock more capital for sustainable social and environmental development?

The course will address these questions through both academic research as well as providing perspectives of practitioners in the field. The reading requirement will mirror both the academic rigor and field based case studies. The weekly webinars will be conducted in a lecture and discussion style which will heavily rely on the required readings for the week. The final week includes a hands-on group project. During that week the participants will converge in Singapore to interact and network with professionals in the field, and experience theoretical concepts in practice.

## ASSESSMENT

Each student participating in this course will be going through regular assessment of their understanding of the subject matter. Participants scoring a passing grade will earn a certificate from IIX Impact Institute. Grades will be calculated as follows:

- **Mid-term Examination: 25%**  
The mid-term exam will span content from the first 7 weeks of the course. Participants will have 10 days to complete the test and submit their responses online.
- **Final Examination: 25%**  
The final exam will span content from the entire course. Participants will have 10 days to complete the test and submit their responses when they arrive in Singapore for the Immersion on June 5th.
- **Group Project: 50%**  
The final project will be conducted in groups. Participants will have the chance to apply theoretical concepts into practice (impact assessment and investment readiness). More information about the final project will be released as we progress through the course.

## COURSE OUTLINE

### **Week 1**      **Impact Investing Current Landscape** (Professor Shahnaz)

Learning objectives:

- Define Impact Investing and explore its origins
- Understand Impact Investing's positioning in the investment spectrum
- Outline and explore the social capital market value chain

### **Week 2**      **Impact Investing: Key Trends, Players and Challenges** (Professor Shahnaz)

Learning objectives:

- Explore trends in Impact Investing, with a spotlight on Asia
- Outline the key Impact Investing ecosystem players and their positioning
- Understand the financial vs social thesis approaches to Impact Investing
- Discuss the challenges facing the Impact Investing movement and how to engage with diverse ecosystem players to build the industry

### **Week 3**      **Impact Enterprises: Gaps and Opportunities** (Professor Kraybill)

Learning objectives:

- Define Impact Enterprises and explore its similarities and differences with private sector companies and traditional NGOs
- Discuss the opportunities and challenges of market-based solutions to solve global social and environmental problems
- Explore the financing options available to Impact Enterprises

### **Week 4**      **Legal and Regulatory Issues** (Professor Hartman)

Learning Objectives:

- Theory and fact: why we have corporate entities
- Choice of entity
- Governance, maintenance and compliance, or how not to get in trouble
- Contract basics
- Additional contract considerations

### **Week 5**      **Monetization** (Professor Hartman)

Learning Objectives:

- Understand the importance of financial sustainability for Impact Enterprises
- Examine the Monetization Theory, with special attention to why it receives such little attention from entrepreneurs.
- Understand consumer utility – core of value creation
- Defy the myth of the 'monolithic consumer': creating offerings for consumer segments
- Explore price models and revenue models

## **Week 6      Impact Assessment Methodologies (Professor Shahnaz)**

### Learning objectives:

- Recognize the importance and challenges in defining metrics for social value creation
- Examine key elements of the assessment process
- Explore available approaches to evaluate the social impact of impacting investing and Impact Enterprises

## **Week 7      How to be an Effective Impact Investor (Professor Kraybill)**

### Learning objectives:

- Understand the Impact Investment process
- Discuss the key considerations when making an investment
- Discuss best practices for managing impact investments

## **Week 8      Raising Capital for Impact Enterprises (Professor Shahnaz)**

### Learning objectives:

- Outline what is capital raising and the financing options
- Explore the considerations of Impact Enterprises prior to capital raise
- Discuss the importance of platforms across the social capital value chain to enable effective capital raising
- Understand steps and factors to raise capital for Impact Enterprises

## **Week 9      From Philanthropy to Philanthrocapitalism (Professor Anthony Bugg-Levine)**

### Learning Objectives:

- Discuss the limitations of conflating impact investing with venture capital in Impact Enterprises.
- Explore how Impact Investing can support nonprofit organizations through loans.
- Describe the community finance movement in the United States and the policy and philanthropy leadership that has helped to create it.

## **Week 10     Enabling Environment: The Role of Policy (Part 1: Policy Context) (Professor Nicholls)**

### Learning Objectives:

- Understand how and why Impact Investing policy evolved in the United Kingdom and beyond
- Understand key policy innovations and examples of related financial structures and business models
- Explore where policy may be going in a range of countries

## **Week 11     Enabling Environment: The Role of Policy (Part 2: Policy in Practice e.g. Social Impact Bonds) (Professor Nicholls)**

### Learning Objectives:

- Understand how and why Impact Investing policy evolved in the United Kingdom

and beyond

- Understand key policy innovations and examples of related financial structures and business models
- Explore where policy may be going in a range of countries

## **Week 12 Create Impact Investing “Intrapreneurs” (Professor Shahnaz)**

Learning objectives:

- Understand the unique position of ‘intrapreneurs’ and the skills needed to carry out this role
- Discuss the critical success factors that can effect change within organizations

## **Week 13 Innovative Finance (Professor Shahnaz and Natasha Garcha)**

Learning Objectives:

- Define innovative finance and understand the innovative financing landscape.
- Discuss the challenges facing current innovative financing mechanisms
- Explore different types of innovative financial instruments for both for profit and not for profit entities.

## **IN-PERSON IMMERSION**

Dates: 4-8 June 2017

Location: Singapore

### Tentative Schedule

Day	Date	Activity
0	4 June 2017, Sunday	<ul style="list-style-type: none"> <li>• Participants arrive in Singapore</li> <li>• Hotel check-in</li> </ul>
1	5 June 2017, Monday	<ul style="list-style-type: none"> <li>• Submit final exam responses upon arrival</li> <li>• General overview of the course</li> </ul>
2	6 June 2017, Tuesday	<ul style="list-style-type: none"> <li>• Commencement of group project</li> <li>• Lectures by guest speakers</li> </ul>
3	7 June 2017, Wednesday	<ul style="list-style-type: none"> <li>• Visit to an Impact Enterprise to gain practical experience of Impact Assessment methodologies</li> </ul>
4	8 June 2017, Thursday	<ul style="list-style-type: none"> <li>• Group project presentations</li> <li>• Lectures by guest speakers</li> <li>• Graduation ceremony &amp; Networking Event</li> </ul>