

Advancing Venture Philanthropy and Social Investment in Latin America

The proposal is to **create a Latin American network of philanthropists and social investors** to transform and advance the practice of venture philanthropy and social investment across the continent with the ultimate goal of **creating more positive social and environmental impact**.

What this is about

Throughout the world, **venture philanthropy and social investment (VP/SI) has proven to be a powerful way to create social impact** by deploying private funds with discipline, transparency and accountability. Conditions are ripe for VP/SI to play a major role in improving lives in Latin America, and the right kind of organization **could greatly expand the amount of capital deployed and enhance its effectiveness and impact**.

The proposed organization will be a **catalyst and facilitator** for member impact, by doing the following:

- **Attracting and connecting** diverse parties across the region desiring to engage in VP/SI
- **Providing value-added services** that enable these parties to increase their social impact, e.g. an annual conference, knowledge dissemination, training, webinars and deal sharing
- Linking efforts in Latin America to similar **networks in Asia, Europe and Africa**.

To deliver real, sustainable impact, this network will be **based in Latin America, led and exclusively governed by Latin Americans and substantially funded from Latin American sources**. Membership will be open to any provider of **financial, human and intellectual capital** with the **aspiration to make a real difference in the world** and readiness to engage-- whether private investment funds, high-net-worth families, foundations, corporations, professional services firms, universities or public agencies.

Why this platform will make a difference for Latin America

Although new to Latin America, this model is based on two organizations that have been **successful in Europe and Asia**: the European Venture Philanthropy Association (evpa.eu.com) and Asian Venture Philanthropy Network (avpn.asia), which together now have well **over 900 members in over 50 countries, and since their inception have catalyzed more than \$7 billion in social investment across both regions, and have enabled and inspired many new initiatives, alliances and new funds**.

Conditions in Latin America are ripe for such a network: The region is not short of capital with impact aspirations (philanthropic and other forms of capital) but the ecosystem is fragmented – there is inadequate collaboration and very little transfer of ideas, insights and best practices. As a result, the deployment of such capital is much less effective than it could be, and not enough impact is achieved.

Why is this unique and value-adding?

After a year of exploratory conversations with over 350 senior leaders across México, Colombia, Brazil, Perú and Chile we are confident that the conditions are in place in Latin America for such a network of to add substantial value to the region. There is **no other network or platform in Latin America that**:

1. **Connects the entire continuum of capital** – from philanthropic grants to full market rate return impact investment, including talent and intellectual capital
2. **Connects providers of capital across all “silos”** – from foundations to corporates, investors, family offices, professional services, academia and public sector actors (there are associations within each of those segments, but none across)
3. **Is rigorously focused on how to achieve “impact first”** (there are established networks of organizations that prioritize financial returns)

4. **Connects seamlessly to the largest community of global social investors** – 800+ organizations who are members of EVPA and AVPN
5. ... and is **based out of Latin America and truly Latin-America-led**. The proposal is not to create a chapter or franchise, but a 100% Latin American organization that is well connected to EVPA, AVPN.

How the network will enable positive impact

To achieve its mission, the network will support a variety of **specific programs and services**, all geared to helping social investors create a greater positive impact in several key ways, **leveraging capabilities from the Asian and European networks**, including the following:

1. **Increasing connectivity**, helping social investors connect, learn from each other, and partner. This is done through global, regional and smaller convenings and webinars.
 - EVPA and AVPN convene ~ 1800 social investors annually from 50+ countries, with 200+ inspirational speakers, 20+ webinars. AVPN has hosted 200 events in 3 years.
2. **Capturing and disseminating knowledge and best practices for a greater impact**, through the establishment of a robust **Knowledge Center**. Learning and capacity building will be enabled through the above events and webinars, in addition to expert roadshows, seminal publications and issue-themed convenings on topics such as education, fintech, ageing, youth employment, health.
 - EVPA/AVPN have published 50+ seminal publications (all free) including leading pieces in Corporate Social Investment, the Continuum of Capital and others.
3. **Training and capacity development for practitioners** on topics such as Venture Selection/Due Diligence, Funding Models, Portfolio Management, Impact Measurement and others.
 - Excellent training academies in both Europe and Asia which can be deployed in Latin America. 100% approval rating from delegates in Europe; Major online provider in Asia.
4. **Promoting the establishment of new VP/SI funds**:
 - The Asian and European networks have inspired close to 100 funds structured by their members. Examples include Hong Kong’s SIP & SIEF, Japan’s SIP, CEE Taskforce funds.
5. **Helping social investors share and find opportunities to co-invest**. Member only searchable on-line Deal Share Platform. It does not certify, Members decide whether/what to invest in.
 - From 14 November to 19 December 2018, 42 deals were closed in Asia involving 25 social investors who collectively deployed US\$ 346 M in capital.
6. **Engaging governments for discussions of policies that create a more enabling environment** for philanthropy and social investment.
 - Asia Policy Forum: 25+ Governments engaged. EU Strategic Partner of EVPA to develop social investment in Central and Eastern Europe.

Key success factors for Latin America

First, for its success, **Latin American leadership is essential**: The network needs to be led by Latin Americans, governed by Latin Americans, have its own strategy adapted to the specific needs of the region, and be substantially funded out of Latin America. Hence, the key will be the establishment of a Board (initially an informal advisory board) of well-respected leaders across the region, who are truly committed to social impact.

Second, it requires a **small dedicated team** that in a systematic way facilitates the connections, packages and disseminates the knowledge and best practices, conducts the trainings and seminars and delivers the value-added services such as the deal share platform. The services provided by the network are not complex but require active facilitation and dedicated and professional management.

Third, in terms of **know-how, contents and capabilities**, much can be leveraged and translated from the European and Asian networks (IVPC will help facilitate that), but there is also a wealth of relevant experiences in Latin America than can be better leveraged and transferred across the region.

Fourth, to build and do all the above **some seed grant funding is needed for the first 3-5 years**. IVPC estimates that around US\$ 1.5 Mn p.a. is needed to ramp up the team, systems and processes during that period. Over time the network will build other sources of funding through membership fees and products that can be monetized. IVPC is ready to source from international partners 40% of the seed funding needed, but for its success it is essential that the network be majority funded (60%) by a coalition of Latin American funders, which will secure true ownership of the strategy and agenda.

IVPC and its role

The International Venture Philanthropy Center (IVPC) is a **not-for profit UK-registered organization** whose mission is mission is to increase a) the flow of human, intellectual and financial capital to address critical social challenges; b) the effectiveness of that capital in generating meaningful social impact. IVPC is a facilitator of collaboration, connection, capacity building, resource mobilization and advancement of VP/SI globally, and pursues its mission primarily by building and strengthening the social investment community through regional membership associations aiming to increase social impact. IVPC's Chairman is the founding Chairman of both the European and Asian networks.

With regards to Latin America, **the IVPC team is supporting a core group of committed leaders in Latin America to establish the network on entirely pro-bono and philanthropic basis**, deploying its know-how, it's team's time, access to its networks and part of the seed grant funding to start up this platform.

Next steps

The IVPC team is currently:

1. Working with a newly established Strategic **Advisory Board** to:
 - a. finalize the **strategy** and implementation **plan** for the Latin American network.
 - b. Raise initial **seed funding** to build the core organization team and services
2. **Preparing the delivery of initial value-added services in 2020**, including:
 - a. Transfer of relevant content from the European and Asian networks.
 - b. Map of the VP/SI ecosystem and best practice case studies in selected countries.
 - c. Venture Philanthropy fundamentals Training
 - d. Expert roadshows
 - e. Study tour to meet key players from the social investment ecosystem in Europe
 - f. Webinars and other dissemination tools
 - g. Regional convening
3. **Preparing basic architecture once initial funding is in place**: Legal entities, hiring of core team, development of key systems and processes

IVPC contacts for Latin America

Alejandro Álvarez: aalvarez@ivpc.global

Carolina Suárez: carolina@ivpc.global

José Luis Ruiz de Munain: jruizdemunain@ivpc.global

David Ferreira: david@ivpc.global