



IILA as a network of strong partners



Dear reader, prezada leitora e prezado leitor,

We are glad to present the 11th Impact Investing newsletter, which focuses on the latest activities of the Impact Investing Latin America Platform (IILA). In this edition, we will also highlight the activities of some of our network partners to share and promote the exchange of ideas.

“**Knowledge Generation**” presents three researchers who are currently working on projects in social business or Impact Investing. **Paulina Widmer, Marion Sottas** and **Linda König** will elaborate on their Bachelor and Master thesis to provide unique insights into the front-line research projects.

The chapter on “**Knowledge Transmission**” focuses on the course “**Impact Investing: Redefining the Mean of Return**” at the University of St.Gallen which is taught by network member Ernst von Kimakowitz for Master students. We would like to inform as well that from the **6th to the 8th of July in São Paulo**, there will be an [Intensive Impact Investing Course](#), part of the partnership between the University of St.Gallen and Insper.

We are also pleased to announce the **Impact Investing conference** on **Tuesday, April 28th 2015**, for the first time at the University of St.Gallen, Switzerland. Please find more information on the event “[Building Bridges for Further Impact](#)” on our webpage.

And in the chapter about “**Knowledge Dissemination**” we will present the publication “[Guide to Socio-environmental Impact Assessment](#)”, which was spearheaded by Insper Metricis featuring the contribution of other members of the IILA platform (Dec. 2014).

Additionally, we report on the activities of two of our network partners [oikos - students for sustainable economics and management](#) and [Social Business Club](#) who are promoting the topic of Impact Investing and Social Entrepreneurship to the students at the University of St.Gallen.

We hope you enjoy reading our newsletter

Linda Koenig, Newsletter Editor

Knowledge Generation – Research Projects on Impact Investing



Paulina Widmer

Bachelor candidate in Business Administration at University of St. Gallen (Exchange semester at Fundação Getúlio Vargas – EAESP, Brazil)

Paulina has been working as the marketing and media relations responsible of the ILLA platform during her traineeship at the University of St.Gallen Hub São Paulo.

Contact: paulina.widmer@student.unisg.ch

Thesis supervisor: Prof. Dr. Sabrina Bresciani (Univ. St.Gallen)

How did you get first involved in Impact Investing?

I have always been interested in environmental and social causes. Growing up in Ecuador has allowed me to see first-hand the struggle of people in need and how little help and support could improve their quality of life. I was determined to do something about it. So, at the university I chose courses like Corporate Sustainability and Sustainability Marketing, attended several conferences and lectures concerning environmental and social issues, and participated in student associations. I learned about different approaches such as Corporate Social Responsibility, Triple Bottom Line, Social Responsible Investment, Inclusive Business, among others. However, the first time I came across the term *Impact Investing* was during my traineeship at the University of St.Gallen Hub in São Paulo. I immediately thought (and still do) that Impact Investing was a promising and sustainable solution for our world's issues since it combines the social and environmental impact with a financial return.

What led you to pursue a BA thesis in this area?

Through my traineeship I had the opportunity to meet various players of the ecosystem that are active in Latin America. That is how I came into contact with [NESsT](#), an organization that develops sustainable social enterprises that solve critical social problems in emerging market economies. What really caught my attention was their multifaceted approach that includes financial investment, capacity support, and social capital. I wanted to learn as much as I could about the organization and the social enterprises they support in order to deepen my understanding about Impact Investing and its mechanisms. My ultimate goal is to apply all this knowledge in the future and to contribute to a fairer world.

What is the topic of your thesis?

NESsT has various units spread around the globe and have to deal with different contexts and challenges. However, they all share the same methodology in their processes and keep each other up to date on their progress. Recognizing the vital role of knowledge in an organization as the primary source of competitive advantage, my thesis focuses on the intra-organizational knowledge sharing practices of NESsT Brazil and NESsT Peru.

How do you experience to do research in this area?

I feel very privileged to be able to conduct a front-line project in my area of interest. Not everyone has the opportunity to be on the field and specially to learn directly from experiences players.

Do you plan to work in the field afterwards?

Certainly! If I am not working specifically with Impact Investing my plan is to remain in the field of sustainable environmental and social solutions.

What are the biggest challenges in Impact Investing in your opinion?

I believe that as for now, the biggest challenge for Impact Investing is to reach the mainstream investor's portfolio and being considered as valid as tradition investments that are purely focused on financial return.

How do you see the future development of the sector?

I have big hopes for Impact Investing. It satisfies the demand of a financial return, while also generating a positive change in our world that is so much needed. And how could you not find that appealing?



Linda Koenig

Master candidate in Marketing, Services & Communications, University of St.Gallen and CEMS Master in International Management (Double Degree with Fundação Getúlio Vargas – EAESP, Brazil). Bachelor in Business Administration at University of St.Gallen (exchange semester at NOEMA Rouen Business School, France).

Contact: linda.koenig@student.unisg.ch

Supervisor: Prof. Dr. Yvette Sánchez

How did you get first involved in Impact Investing?

During my exchange semester at FGV in 2013, I worked as a volunteer for the HSG Hub São Paulo being responsible for the IILA newsletter. As a total newcomer to the topic who has never taken a course on this idea, I had a steep learning curve, getting to know all the involved players and concepts.

What led you to pursue a MA thesis in this area?

During my internship at the HSG Hub São Paulo, I was constantly around other inspiring students who conducted research in this area. When Antonella Vischer Notari (President of the Swiss foundation “[Womanity](#)”) in a meeting presented the gender empowerment projects they are supporting through capacity building, I was really intrigued by the NGO “[Mulher em Construção](#)” which provides vocational training for women for the construction industry. I had gotten the impression for a long time that vocational training is an overlooked opportunity in Impact Investing and jumped to this front-line field research in Porto Alegre (South of Brazil). I wanted to conduct research that really benefitted someone and was not only written as a requirement for my master’s degree and for the academic challenge’s sake.

Often Investors think about improving the quality of public schools with IT or offer after school-activities for elementary school children. However the impact is hard to measure due to other influencing factors and the years passing until the student earns a (monetary) income, which is generally accepted as measurement of socio-economic progress due to the investment. Vocational training focuses on adolescents and adults in order to place them in the labor market generating an income within a relatively short time period which is often a pre-requisite in this socio-economic class lifting them out of poverty. It is my goal to raise awareness and present a case study for vocational training as an Impact Investing opportunities.

What is the topic of your thesis?

The topic of my thesis is “Vocational Training for Brazilian Woman as Impact Investing Opportunity: Measuring Impact and Business Model Transformation”. I use the case study of “Mulher em Construção” to research the socio-economic impact of the project through a multi-perspective study based on interviews with the women and the other stakeholders. Generating income in form of receiving a salary in a paid job or saving money by repairing the house themselves instead of paying someone is crucial in this socio-economic class and results in the aspired women empowerment due to reduced dependency.

How do you experience to do research in this area?

I have identified three crucial success factors for doing research in this area: Language skills, understanding of the socio-economic environment and trust. All front-line research projects should be conducted in the local language, as the content might get lost in translations. Questions should be adapted to the vocabulary, level of education and social environment of the interviewees in order to generate valid research results. Trust needs to be established, after all the researcher records the interviewee telling the life story incl. the difficult moments marked by low self-esteem and the lack of money.

Do you plan to work in the field afterwards?

I really want to contribute to raise awareness for the opportunities of Impact Investing and social capital through vocational training as many developing countries face a shortage of skilled craftsmen. It is the goal of my thesis to point out vocational training as the opportunity for a financially sustainable model

generating a measurable social impact. However, I have no immediate plans to work in the field afterwards due to numerous other career interests. *(continued. Linda Koenig)*

What do you think are the biggest challenges in the Impact Investing?

In my opinion the measurement challenge is still not being overcome as the known industry-standards (IRIS, GIIRS aso) are too generalistic or focused rather on governance than on the actual impact. I do believe that in the short term impact needs to be measured in a monetary manner (e.g. enabling someone to earn a living who would with normal demographic projections have been depending on welfare (ex. Bolsa Familia). This could result in saved spending which can be attributed to a vocational course.

How do you see the future development of the sector?

As soon as the measurement challenge has been overcome, the sector will also grow because of the tangible results and because it finally offers the opportunity of “doing well by doing good” to investors, entrepreneurs and employees who do not have to choose between working for the greater good or for money.



Marion Sottas

Master candidate in Economics at the University of St. Gallen (Switzerland), Bachelor in International Relations at University of Geneva (exchange semester at Freie Universität Berlin, Germany).

During her exchange semester at Fundação Getúlio Vargas - EESP, she conducted projects at the HSG Hub São Paulo as an Impact Investing Latin America research trainee.

Contact: marion.sottas@student.unisg.ch

Supervisors: Dr. Peter Vogel and Prof. Dr. Christine Benesch

How did you get first involved in Impact Investing?

The first time I heard about Impact Investing was when Frédéric Kuonen presented the activities of the HSG Hub during an oikos & pizza event in St. Gallen. I found this subject particularly interesting and I wanted to learn more about it. I became a reporter at Pro Journo (formerly Student Reporter) during the TBLI Conference about Impact Investing in New York to get a first insight into the topic. Then, I worked as intern in Strategy and Development at New Ventures México, a social business accelerator and Impact Investing fund based in Mexico City. During both experiences, as well as during my trainee at the HSG Hub in São Paulo, I got involved in various projects that allowed me to gain a deeper insight into different fields: Social Finance, Socially Responsible Investment, ESG (Environmental, Social, Governance) and Corporate Social Responsibility.

What led you to pursue a MA thesis in this area?

With a strong interest in Impact Investing and social finance, it was pretty obvious for me that I wanted to write my master thesis about a related subject. Moreover, I was willing to work on a specific project that I could find with the help of the HSG Hub São Paulo.

What is the topic of your thesis?

The topic of my thesis is the role played by entrepreneurship in solving youth unemployment and in fostering regional development. To explore this subject through a front-line project, I did a field research about the “Centro de Educação e Inovação Tecnológica”, located in Santa Cruz Cabraliá (Bahia, Brazil). Fishing is one of the main economic activities in the region. Overfishing and lack of investment has resulted in diminishing opportunities, reducing the income of the fishing communities and resulting in the emigration of young people to other cities in search of jobs. The center is an incubator for technology-based ideas and supports the implementation of new economic activities through the use of ICT (Information and Communication Technologies). It offers technical training workshops on innovation and creativity, digital content development, programming techniques, and entrepreneurship skills to the young people of the region.

How do you experience to do research in this area? (Marion Sottas continued)

Spending time at the “Centro de Educação e Inovação Tecnológica” was a great opportunity to better understand the difficulties that the young people living in Santa Cruz Cabraliá are facing and to figure out what are the potential impacts of this project in the region. However, doing a research in the field of impact investing presents some challenges since research methods are not yet well established and data collection is not an easy task in an uncertain environment.

Do you plan to work in the field afterwards?

Yes, I would like to work in Impact Investing afterwards. However, I think it is difficult to start a career in this field. First, I would like to gather some experience in the mainstream finance in order to better understand the challenges of this sector, and then turn to social finance.

What are the biggest challenges in Impact Investing in your opinion?

In my opinion, Impact Investing is a very promising way of putting together two concepts that seem incompatible at first: financial returns and social impact. However, Impact Investing is still a marginal practice in the financial sector. Moreover, some main issues, such as impact measurement, are still to overcome.

How do you see the future development of the sector?

In my opinion, Impact Investing needs to gain visibility and receive more consideration from the mainstream finance sector. I think impact investing can gain scale by being included in the every-day practice of mainstream finance institutions.

Knowledge Transmission: Academic Courses

Impact Investing - Redefining the Meaning of Return

Master Course in Contextual Studies at the University of St.Gallen

(By Ernst von Kimakowitz, Humanistic Management Center)

It is a great pleasure to contribute to the IILA Newsletter and briefly outline the content, method and structure, and main goals of this course that got off to a great start only a few days ago. I am also grateful that Luciana Lucena de Lima, a Brazilian PhD candidate at the HSG, is supporting me in delivering this course.



Students of the course at kick-off session with lecturer Ernst von Kimakowitz (front row, middle)

Content: The currently dominant investment paradigm is based on the presumption that investors always seek the highest financial return within the boundaries of their risk appetite. Impact investing questions this paradigm arguing that the investor's objective can very well be to generate positive social and / or environmental impact alongside financial returns. This course provides an introduction to Impact Investing before student teams are asked to conduct research and develop an investment structure for an existing social enterprise.

Method and Structure: The course is focused on facilitating an environment where participants drive and share an activity based learning experience. The introductory session is followed by two blocks of two days.

In the first block small teams pitch their investment proposals to the class assuming the role of investment managers of an Impact Investment fund. The rest of the class acts as the fund's investment board and all proposals are discussed before an imaginary investment decision is taken by each participant.

During the second block we will visit a leading Impact Investor, LGT Venture Philanthropy in Zurich. In addition, Angélica Rotondaro, HSG Hub São Paulo, and further guest speakers will present their work before the course ends with an open discussion and reflection on Impact Investing and the results of the class work.

Goal: The goal of this course is to introduce students to impact investing and provide a broader perspective on finance as a means to generate positive social and / or environmental impact as well as financial return. It aims at enhancing the reflective capacity of participants and provides a learning opportunity on this niche in finance that has received much attention over recent years.

Our global community needs successful social enterprises, which in turn need access to finance. I am therefore glad to see a full classroom with over 40 highly engaged students demonstrating their interest in rethinking fundamental paradigms in finance and eager to make a difference in their future career.

Knowledge Dissemination: Publications and Conferences

Knowledge dissemination is one of the key pillars of the IILA platform. Thus we aim at presenting the findings of the recently developed research to the interested audience through different channels.

“Guide to Socio-Environmental Impact Assessment for Use in Impact Investing”

Insper METRICIS
Núcleo de Medição para Investimentos de Impacto Socioambiental

The guide (published in [Portuguese](#) and [English](#)) has the goal of being a useful tool for funds, companies and governments to evaluate the socio-environmental impact in order to attract and enhance interested impact investors.

Through clear and strictly project-oriented indicators, evaluated by an independent third party aims at creating impact contracts between the investors and managers of the projects. Based on quantitative analysis, the presented guide builds on a set of methodological rules (e.g. longterm and control group) and establishes an evaluation of the impact investment by the researchers of the research group Metricis.

Social Business Club Overview

As main topic areas the [Social Business Club](#) is pursuing inclusive business, meaning business that puts social progress at its core competence, and the financing of these businesses, commonly understood as social investment or impact investment.



SOCIAL BUSINESS CLUB

The core activity of the Social Business Club is split in two areas. On the one hand, the club tries to raise the awareness on these topics in general. Therefore the student association is organizing, partnering, and promoting events that have a big reach at the University of St. Gallen. Most recent example was the **“Leaders Forum – Shaping the Global Sustainability Agenda”**, which was organized by the Centro Latinoamericano-Suizo of the University of St.Gallen, Viva Trust and Avina Stiftung, brought together members from businesses, NGOs, and Governments to discuss together about the challenges faced in Sustainability. Six of eight students in the organizing committee were members of the Social Business Club.



Leaders Forum in St.Gallen in February 2015

On the other hand, the Social Business Club is aiming to grow a community of students that is interested in the topics of impact investing and inclusive business and tries to convey explicit skills through workshops.

Therefore, the association organized two workshops on impact investing together with leaders in this area (responsAbility and Credit Suisse). Further the Social Business Club initiated one of nine roundtables during the Leaders Forum, focused on Social Investment. This roundtable was conducted by Roots of Impact, a newly founded company that aims to establish a landscape and market place for social

enterprises, to be financed more easily.

As impact investing is often related to businesses in emerging or informal markets, the Social Business Club aims to build a bridge between the students of the University of St. Gallen and these markets. This is why the Social Business Club is partnering the Impact Investing Latin America Platform (IILA) as well as VIVA Trust to be able to bring together the students with organizations active in this field. For the future, the Social Business Club wishes to create an even stronger exchange with these partners in order to enlarge the opportunities for students to get active in these markets. (Florian Wieser)

Overview Oikos



Oikos organizes various events to raise awareness for sustainability across various fields for students. Especially Social Entrepreneurship has been in focus since 2013 presenting this career as meaningful alternative with a conference (incl. expert

speeches, workshops and a panel discussion) on "**Reduce/Reuse waste**" in the current semester. The second event builds on synergy potential in the social entrepreneurship community by promoting the "**Trade Fair**", where participants can exchange services without financial remuneration based on their skill level.

The career fair "Impact Careers" will take place on April 15th in St.Gallen offering a platform for companies in the area of social entrepreneurship, sustainability, social finance and impact investing. (Nina Damáso)

Upcoming Events

We would like to invite you to save **Tuesday, April 28th 2015** for our conference "**[Building Bridges for Further Impact](#)**" in St.Gallen. In case you would like to participate in the event, please get in touch with the Impact Investing Research Coordinator at the IILA, Johannes Boch (Johannes.boch@student.unisg.ch). The goal is to bring market players together who already have experience in the sector, expand networks to Switzerland, and introduce a broader audience to the topic. The conference of Impact Investing in Switzerland is being coordinated by the University of St.Gallen Hub São Paulo and the Center for Latin American Studies (CLS). It counts on the support of Vox Capital (a Brazilian impact investing fund), the Centro Latinoamericano-Suizo from the University of St.Gallen (CLS), the Social Business Club (Univ. St.Gallen), Oikos, the Impact Hub Zurich and Insper Metricis .

The next edition of this newsletter will be released in May 2015 with a special on the conference.

Useful links and contact information

The Impact Investing Knowledge Platform: www.impactinvesting.com.br
<http://impactinvestinginbrazil.blogspot.com.br>

Newsletter Editor: Linda Koenig

Photos: Florian Wieser and Linda Koenig

Impact Investing Platform Coordinator: Johannes Boch

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The Impact Investing Platform Latin America is incubated by the University of St.Gallen [Hub Office São Paulo](#) and formed by a network of academic partners, NGOs and privately owned foundations and institutes.

Partner organizations mentioned in this edition:

[Insper Metricis](#)

[Centro Latinoamericano-Suizo de la Universidad de St.Gallen](#)

[Vox Capital](#)

[Womanity Foundation](#)

[Fundación Telefonica \(Brazil\)](#)

[Humanistic Management Center](#)

[Social Business Club](#)

[Oikos](#)

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