

Beyond Capital Concerns: Ideas to Move the Market

As identified in the Blended Value Map, there are a number of initiatives in motion that promise to help advance the agenda of building a more robust capital market in support of blended value investing and organizations. From our interviews and research, we identified a number of steps the field can take to continue to build upon these individual initiatives:

1. There is a need to clearly map the total capital market, articulating which specific sources of capital are looking for in terms of types of returns, terms of investment and risks associated with them.
2. Research is needed to more accurately define the market for a new asset class providing investors with a blended return. This research should explore investor motivation and risk profiles.
3. The policy environment that shapes both domestic and international capital markets is worth exploring in order to better advance policy frameworks supportive of practitioner needs and investor interests.
4. Efforts need to be taken to help overcome “mindset issues” that prevent us from exploring and executing viable strategies for capital diversification (e.g. the fact that investors may receive a full market return on securities offered by nonprofit organizations such as Habitat for Humanity).
5. The role of funding intermediaries could be expanded around the world. These entities can function in funding, capacity building and field development roles in order to connect work at the local, regional and international levels.
6. There is an opportunity for foundations to take the lead on working with their grantees to create and introduce new investment instruments structured to generate multiple returns for both the investor and investee.
7. Foundations could capture the opportunity to create new investor collaboratives capable of creating greater efficiencies, balancing risk profiles, mobilizing significant amounts of new investment capital, sharing emerging practices and so forth. These initiatives should be leveraged against the investment strategies of other institutional investors (pension funds, religious organizations, etc.) in order to maximize their market impact.
8. Practitioner groups should work to increase the financial sophistication of enterprise managers and finance officers in order to position these enterprises to more effectively access traditional capital markets to diversify the capital base of their corporations.
9. An international “Fund of Funds” might be created to provide secondary financing to micro-finance, community loan and other funds. The foundation community could take the lead in working with the World Bank, the Inter-American Development Bank and other providers of capital in order to create such a Fund of Funds. Corporate and individual donors as well as local philanthropies could also play a role.
10. The definition of “fiduciary responsibility” should once and for all be expanded to include not simply financial stewardship, but institutional stewardship in

advancement of organizational and foundation value that includes economic, social and environmental performance.¹^[1]

¹[1] See the Initiative for Fiduciary Responsibility website: <http://www.theglobalacademy.org/ifr.asp> for additional information on this issue.

Visit the Blended Value Map event on Social Edge: <http://skoll.socialedge.org/?293@@.3c3e7cf4>

Visit the Capital Challenge discussion thread at Social Edge: <http://skoll.socialedge.org/?13@@.3c3edc51/0>