

# Delegation of Finnish Impact Investment Study Visit

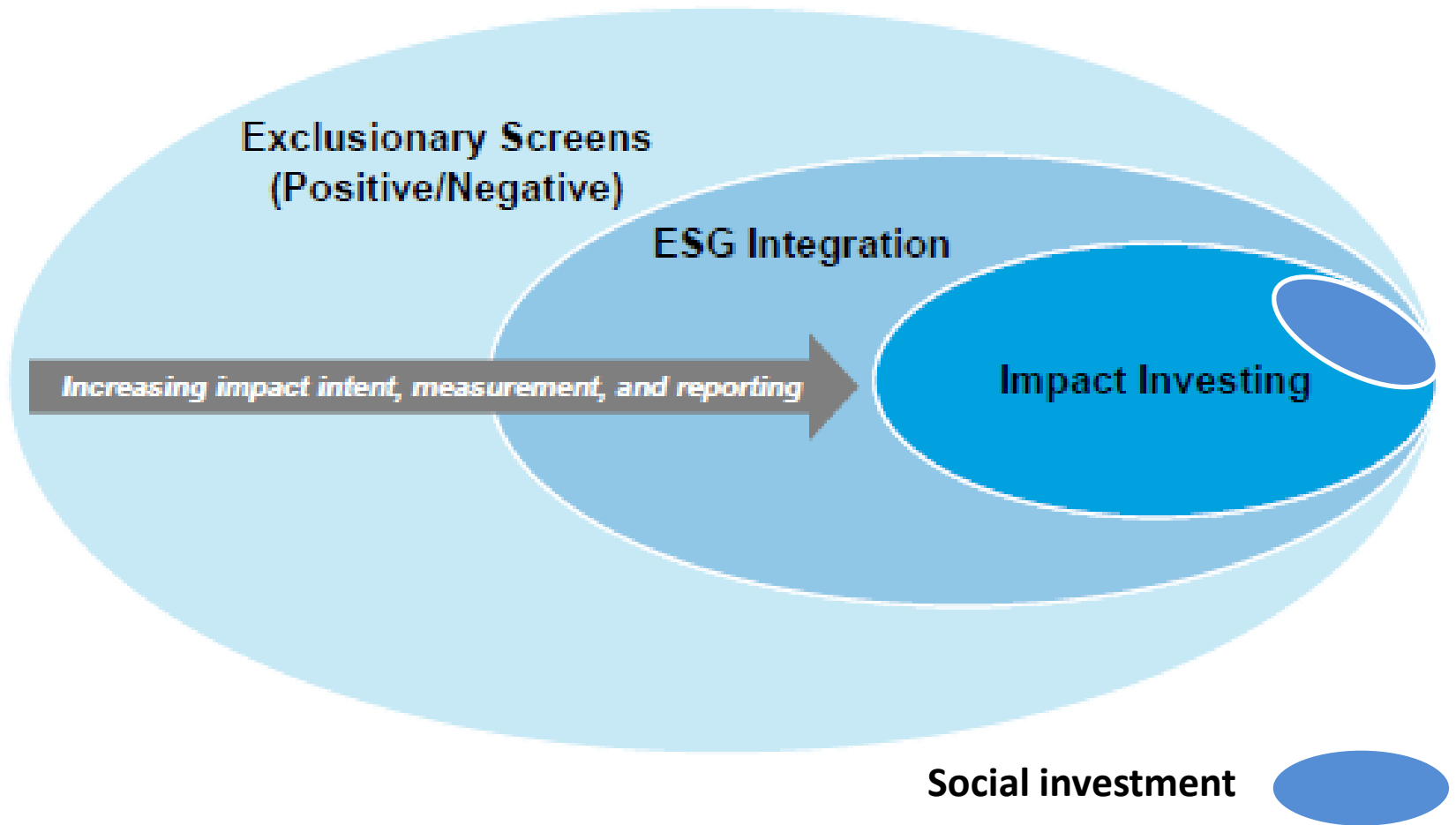
Katie Hill

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City of London Corporation



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# Spectrum of social impact investments



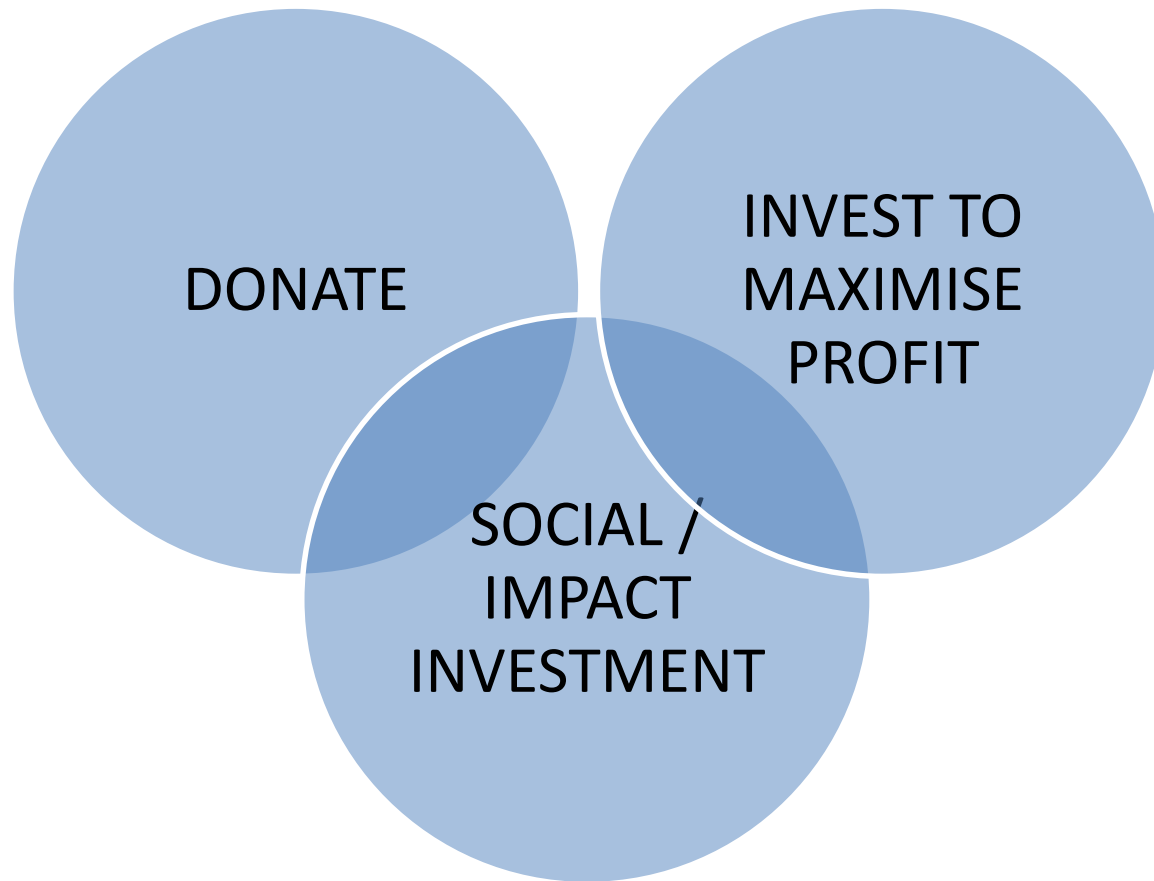
# What is the aim of social investment?

- It is changing the way money is used to meet the financing requirements of social needs
- To prevent further expenses to society, by investing in social issues
- Help the economy in the process – UK the social economy represents 5% of GDP

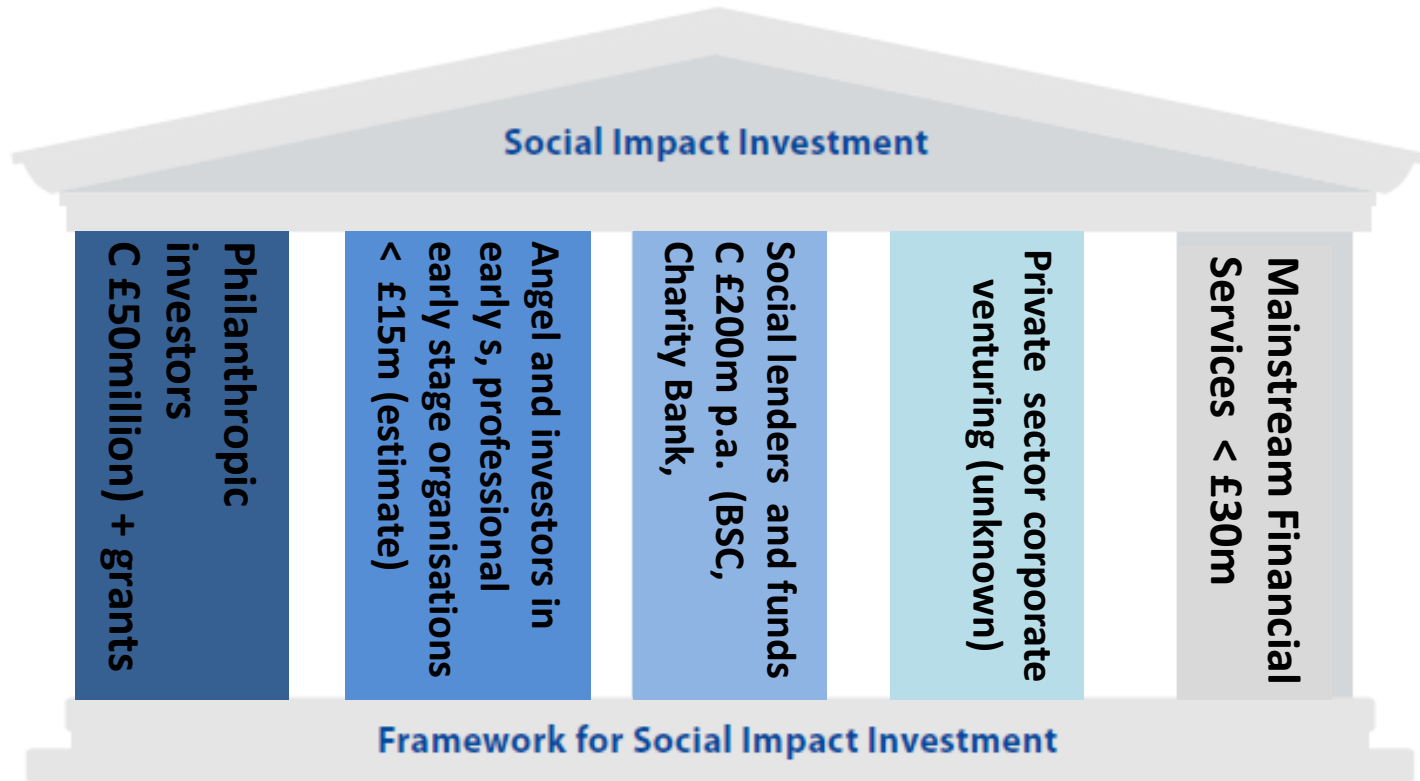
## G8 Summit on Social Investment, 2013



# Social Impact Investment – where does it sit?

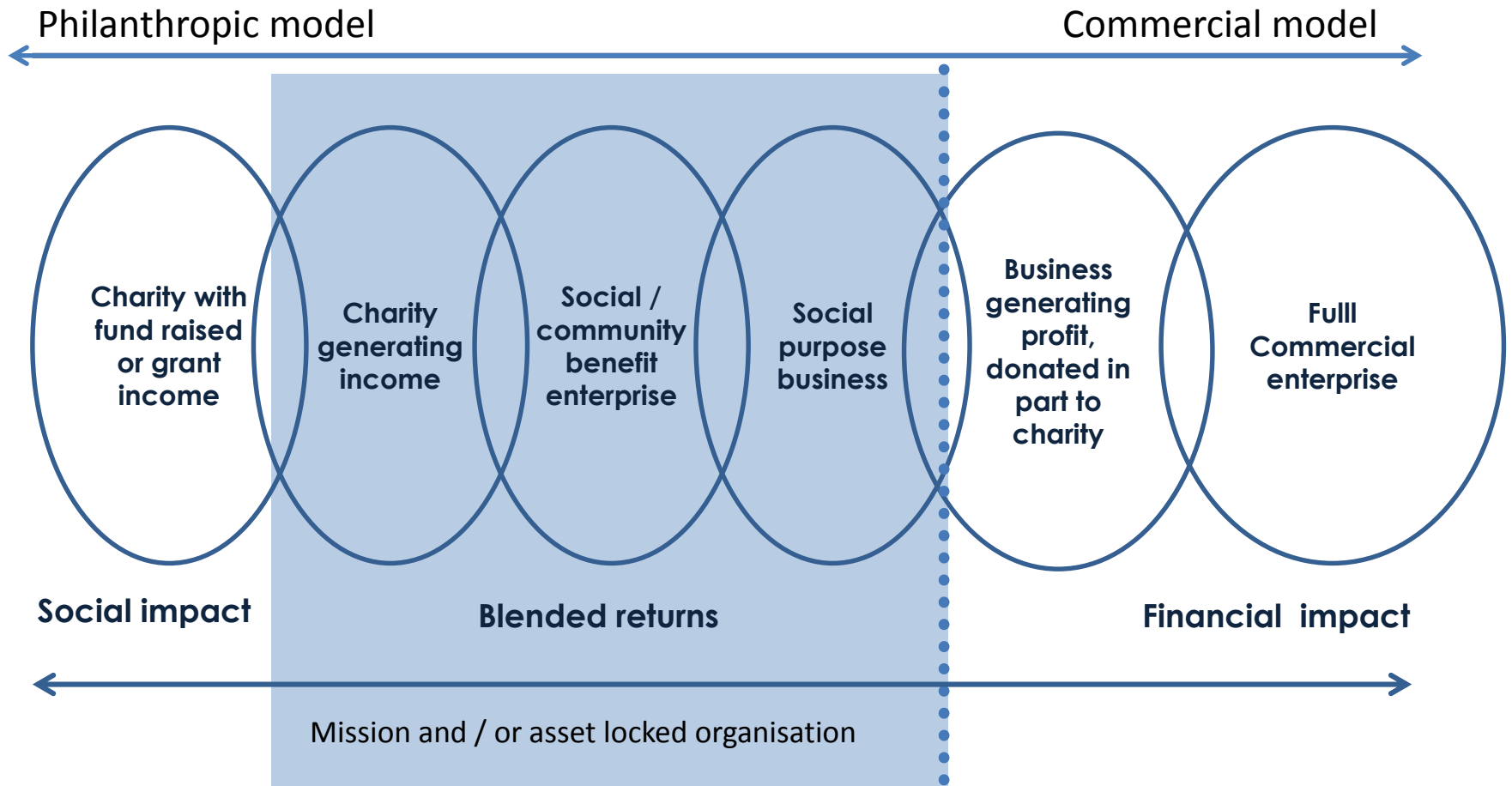


# Who provides social investment capital in the UK?



Source: adapted from EVPA, 2014

# Who uses this capital ?

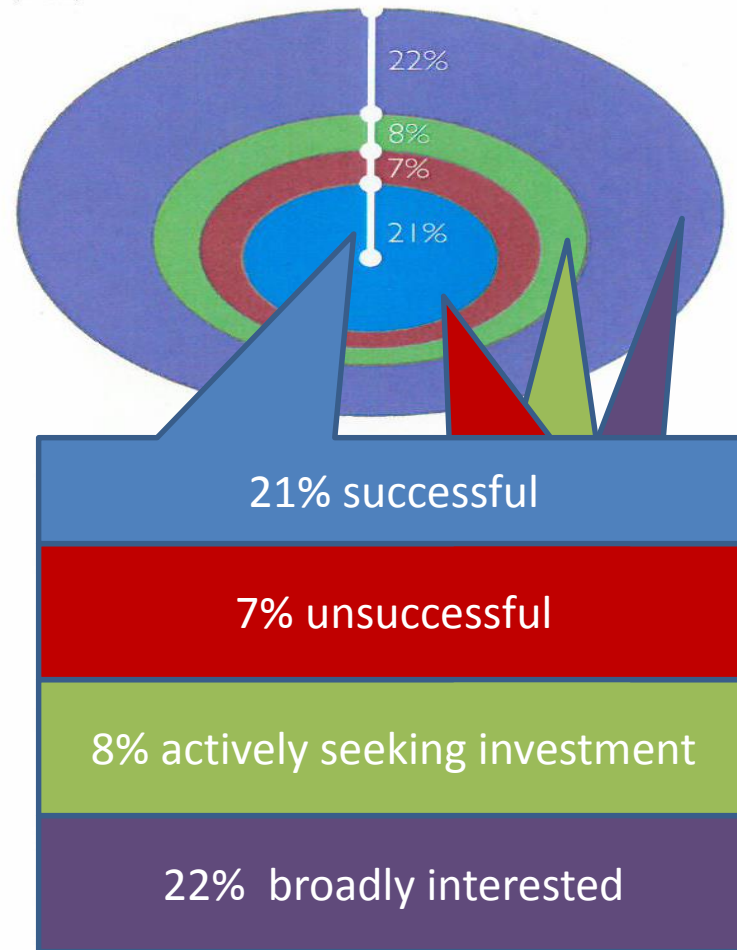


## VCSE survey: pursuing social investment finance

Not interested in pursuing social investment  
(43%)\*

43% of 1255  
not interested in  
social investment

Interested / Successful in securing social investment  
(58%)\*



\* N.B total does not add up to 100% due to rounding



# Building the sector from the bottom up



Round Peg

# Mismatches

Square Hole

**Investors and potential investees had key mismatches:**

1

access to support with the organisations' ability to draw on it

1

2

perception of skills and attributes needed and those required by investors to be ready for investment especially financial skills

2

3

the availability of support and advice for investors and what they require for them to engage in social investment

3

4

the type of capital demanded (high risk, unsecured) and the available supply of this finance. Most finance on offer is asset backed capital

4



# What is City of London doing?



**£20 million  
social  
investment  
fund**

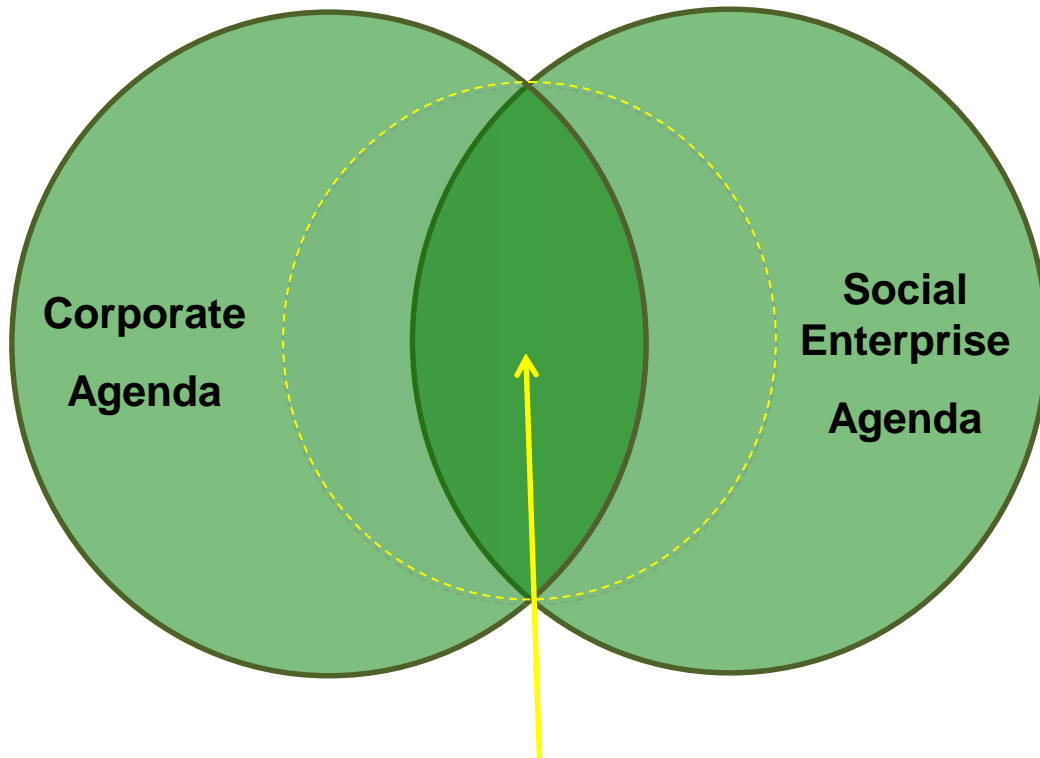
**Undertakes  
market research**

**Supports social  
enterprises**

**Represents  
London as a  
hub for social  
investment  
internationally**

**Help to shape  
the regulatory  
environment**

**Convenes  
interested  
parties to learn  
from each other**

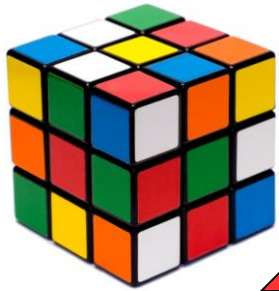


**COMMON AGENDA**

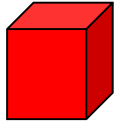
Waste, water, carbon mitigation/adaptation, climate change, community, individuals' health, well-being, employment, fairness.

**REASONS FOR  
INCREASING OVERLAP  
OF AGENDAS**

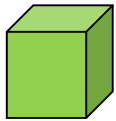
- pressure from urgent needs
- business resilience
- rising consumer expectations
- Innovation drive
- increasing reach of social enterprises
- evident advantages in collaboration



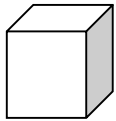
# The Rubik's cube of social investment



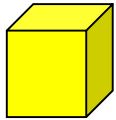
Attract investors to provide the higher risk type of capital that enterprises can use



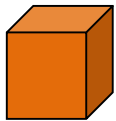
Be able to distinguish a social enterprise from a mainstream one;



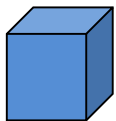
Measure and evidence the social returns an investment will expect to have generated over time



Develop sustainable revenue streams where there is weak or failing markets



Change the commissioning culture so that organisations are contracted to deliver services because of their ability to create social value.



Build a sustainable support structure for intermediaries and for enterprises

