Impact Investment (IMIV) is widely considered a philanthropic strategy

We asked Jewish Funders Network (JFN) members and other social investors about their practices and attitudes towards impact investing (IMIV)

We thank JFN & Impact Investing Israel for their engagement in the preparation of this study and for hosting it during their annual conferences of 2015.

For further information
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Most philanthropists and impact investors consider it a philanthropic strategy (69%).

Amongst JFN members - 73% consider it a philanthropic strategy.

How would you consider an impact investment with a below market financial return?

- Philanthropic Strategy: 64%
- Market Investment: 23%
- Other: 13%
- Philanthropic Strategy: 77%
- Market Investment: 12%
- Other: 11%
How likely is it for you to consider impact investing as part of your philanthropic strategy in the near future?

- **Very Likely**: 31%
- ** Likely**: 29%
- **Undecided**: 23%
- **Unlikely**: 10%
- **Very Unlikely**: 7%

60% of respondents indicate they would consider impact investing as part of their philanthropic strategy in the near future.

The tendency to consider impact investing as part of their future philanthropic strategy is even stronger among Israelis (78%) and among young adults under 40 (74%).
**Have you made an impact investment in the last 12 months?**

76 respondents replied.

Yes 39%.

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<th>Investments</th>
<th>Respondents</th>
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<td>in Israel</td>
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<td>in other countries</td>
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<td>$1-$100k</td>
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<td>$100k-$500k</td>
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<td>More than $500k</td>
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It's an infant industry.

Most investors invest up to $100K.
What could encourage more engagement in impact investment?

Deal flow 42%
Trustworthy intermediaries 37%
Tax incentives 31%
Market standardization 25%
Government financial engagement 23%
Unique corporate forms 20%
Adjusted fiduciary duties 18%
Government standardization 13%

In the market we trust!

But also

WANTED!
Government direct & indirect engagement
In choosing to invest for impact, how likely are you to be motivated by:

- Sense of purpose: 97%
- Social responsibility: 96%
- Social justice: 86%
- Personal satisfaction: 79%
- Becoming a role model: 66%
- Tikun Olam: 61%
- Earning a profit: 50%
- Leaving a legacy: 33%
- Recognition: 29%

Among the personal motivations, a sense of purpose and personal satisfaction are strong motivations, much more than legacy & recognition.

Motivations for IMIV are consistent with those for traditional philanthropy.

Earning a profit was found significantly less important among Israelis (36%) than non-Israelis (64%).
Would you rather invest for impact or donate?

When we framed impact investing as a philanthropic strategy:

- 70% Low interest loan
- 30% Donation

When we framed impact investing as a market strategy:

- 50% Low interest loan
- 50% Donation

The tendency to choose to invest for impact, rather than donate, grows when IMIV is framed as a philanthropic strategy.
When we framed impact investing as a philanthropic strategy:

- Among impact investors: 86% for low interest loan, 14% for donation.
- Among Israelis: 78% for low interest loan, 22% for donation.

When we framed impact investing as a market strategy:

- Among impact investors: 52% for low interest loan, 48% for donation.
- Among Israelis: 51% for low interest loan, 49% for donation.

The tendency for traditional donations grows when IMIV is considered a market strategy.
Would you rather invest for impact or donate?

When we framed impact investing as a philanthropic strategy:

Among JFN members:
- 60% low interest loan
- 40% donation

Among non-JFN members:
- 91% low interest loan
- 9% donation

When we framed impact investing as a market strategy:

Among JFN members:
- 43% low interest loan
- 57% donation

Among non-JFN members:
- 60% low interest loan
- 40% donation

The general tendency towards traditional donations is stronger amongst JFN members.

Even so... JFN members also tend to choose to invest for impact when IMIV is framed as a philanthropic strategy.
Philanthropic strategy

New tools for philanthropy and social impact

Impact investment markets enable us to support companies, organizations, and funds that target pressing social or environmental needs alongside a financial return.

Impact investing is a frequently featured topic of conversation at forums or conferences on philanthropy today. Its popularity is linked to the potential for impact investing to cause a paradigm shift in the way we approach philanthropy—targeting investment capital as a complementary resource for achieving the social and environmental changes typically pursued by philanthropic organizations.

There’s a real role for the philanthropist to play in this field. In many cases, due to expected lower-than-market-rate returns investors who are waiting for investment-ready enterprises are going to be waiting a long time unless we do a better job at bringing grant— and philanthropy-based investment into actually building those enterprises. Accordingly some philanthropists use impact investing as a complementary tool with their grant-making as a way to diversify their philanthropy or to use the returns as a way to fund more giving.

Resource: GIIN1, GIIN2, Forbes, GPF, JFN

Market strategy

New tools for financial investment and social impact

Impact investment markets enable us to support companies, organizations, and funds that target pressing social or environmental needs alongside a financial return.

Impact Investment, which is intended to create positive social or environmental impact beyond financial return, may be considered either as a significant asset class or a strategy applied across asset classes. Impact investments are typically made in private markets by providing debt or equity to mission-driven businesses, and often provide a below market financial return.

Impact investing has gained traction among a wide range of investors, including large-scale financial institutions, pension funds, family offices, private wealth managers, foundations, individuals, commercial banks, and development finance institutions.

Resource: GIIN1, GIIN2, Forbes, GPF, JFN
Thank You

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