A Practitioner's Guide to Effective Blended Finance Solutions for Social Enterprises

White Paper & Design Guide
for Implementation

Desai & Associates
Research Partner

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Foreword

At The Lemelson Foundation, we believe that invention and innovation from diverse people and places are critical to solving not only today's problems but also those of the future.

And the problems we face today — particularly those in the social and environmental realms — are enormous. To have significant impact, we must develop market-based, replicable solutions at scale.

Social enterprises that address challenges from a local context, and are financially self-sustaining and profitable, are important and evolving actors in sustainable development. For more than two decades, Villgro has been a pioneering Entrepreneur Support Organization, helping to create an enabling ecosystem for local innovators first in India, and then taking these lessons to countries and regions around the world.

Attracting the right kinds and amounts of capital and funding is a key challenge for social enterprises. As the sector evolves, financing systems must also evolve to acknowledge and value the contributions that these small and growing businesses provide beyond their economic benefit — they are also improving lives, communities, and economic opportunities.

Blended finance — the use of development finance to mobilize additional private financing — is emerging as a promising area of opportunity to help scale social impact investment and attract more commercial funding to the development sector. It allows for bringing together of diverse forms of capital and stakeholders — but with that comes a range of specific barriers that have limited the potential of blended finance. Drawing upon its vast implementation experience, Villgro has conducted a comprehensive analysis of the challenges that each key stakeholder group faces when trying to put the idea of blended finance into action. This study also makes a pragmatic set of recommendations based on Villgro's own first-hand experiences, specific to enabling impact through social enterprises within India. These recommendations are a blueprint for how we can — and should — consider sustainability more intentionally when designing blended finance solutions, and they encourage us to rethink how we can simplify measurement of impact.

When it comes to solving social and environmental challenges through invention, innovation, and entrepreneurship, blended finance is a critical tool that can achieve astonishing impact. It is our hope that this study starts conversations and generates more ideas in the impact investing field that will be shared and put into action. We are proud to be a long-time partner with Villgro and appreciate and thank them for putting forth these recommendations to help accelerate the conversation and generate more ideas to help address the challenges of today and tomorrow.

Robert MH Schneider

Executive Director,
The Lemelson Foundation

The Lemelson Foundation
improving lives through invention

About the Authors

Vibha Sharma

Vibha Sharma leads the impact finance practice at Villgro. She is working on financial structures that use philanthropic capital to reduce enterprise level risk thereby unlocking commercial capital for social impact enterprises.

Vibha holds a B.Com. Hons. degree from MS University Baroda and is a Chartered Accountant from the Institute of Chartered Accountants of India, as well as a CFA charter holder from the CFA Institute, USA. Vibha's experience includes working with multinational companies such as British Gas and Schlumberger, where she provided crucial insights for business decision-making. She then moved on to work with social organizations such as Friends of Women's World Banking and UnLtd India. Working closely with the CEO and the board at both organizations, Vibha provided critical information to develop and implement restructuring plans at critical junctures.

As a teacher at The Valley School, run by the Krishnamurti Foundation, Vibha designed teaching methods to explain the fundamentals of financial statements, their preparation, and their uses in business and investment decisions.

Kartikeya N Desai

Kartikeya N Desai is the Founder and CEO of Desai & Associates (D&A), an innovative finance advisory and market building firm. He is a visiting faculty at Ashoka University and other varsities and has played a key role in the development of social finance in India through his leadership of pioneering impact investing firms since 2005. Previously he led Asha Impact, a multi-family office and think tank for UHNIs and business leaders in India.

He was Partner in charge of Asia at KOIS, a global innovative finance advisory firm, and Vice President at pioneering impact investment firms Aavishkaar and Lok Capital. He started his career in investment banking and private equity with Merrill Lynch after graduating from the Wharton School and Columbia University and working in global development with the Rockefeller Foundation in the US and the UNDP in Africa.

Mehak Bhargava

Mehak Bhargava is Senior Associate at D&A. She is a graduate in Political Science from Ashoka University and has worked on intersectional climate justice issues and mobilizing capital for youth and community-led climate solutions as a volunteer with youth-based organisations.

At D&A, she is part of the advisory team focused on both social inclusion and climate action and has worked on projects including developing a gender lens investing strategy for a large fund, developing solution toolkits on SMEs blended finance for a leading social enterprise incubator, and building a climate taxonomy and climate philanthropy database in India.

About Villgro

Villgro is India's foremost impact-first incubator with expertise in 4 sectors — Healthcare, Agriculture, Climate Action, and Gender Inclusion. Villgro addresses the pressing social and environmental challenges by rapidly mobilizing innovations in India. It engages with early-stage inventors and entrepreneurs, across the country, to build their ideas and create impact at scale.

Villgro works to maximize the potential of social enterprises building disruptive solutions through its highly customized, hands-on approach to incubation. It enables innovative partnership models & financing solutions that bring all stakeholders in the marketplace to actively engage and support these innovations.

23 Years

20.8 Mn Lives Impacted

387 Startups Supported

INR 4.08 Bn Investments Raised

87 Women-led enterprises

8,175 Direct jobs created

About Desai & Associates

Desai & Associates

Desai & Associates is an innovative finance focused research, advisory and advocacy firm helping funders, founders and policy makers identify structure and deploy innovative solutions to sustainable development challenges in climate, inclusion and livelihoods.

Our mission is to drive better capital allocation and tri-sector collaboration on intersectional development issues and help democratize knowledge to deepen the capacity of the innovative finance ecosystem in emerging markets.

Leveraging its inter-disciplinary expertise and strong partnership network D&A works across three areas:

- Thought leadership on development economics and innovative finance via research, academia and media.

- Advising founders and funders to facilitate impact investing, blended finance and venture philanthropy.

- Engaging with government and international bodies on developing social capital markets for inclusion

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Executive Summary

Small and Medium Enterprises (SMEs) and Social enterprises are important drivers of inclusive growth and impactful outcomes in India. They create jobs, drive innovation, and serve underserved communities in difficult geographies. Social enterprises, with their profit-driven business models, can sustainably address major national challenges such as climate change, at scale. However, these enterprises struggle to raise commercial capital due to their inability to meet requirements such as collateral, track record on profitability and high return expectations. Philanthropic capital is limited to a few themes, is often constrained by their mandates and not adequate or sustainable.

Thus, financing gaps remain, particularly for early-stage and impact-focused enterprises operating in challenging geographies with unique business models.

Sector specific nuances compound these difficulties with an enterprise taking longer to become sustainable and facing increased risk of capital loss. Designing a full range of blended finance solutions can potentially address several of these challenges. The table below summarizes challenges faced and potential solutions.

	Social enterprise characteristics	Limiting access to capital	Addressed by blended finance
1	Social and environmental missions that lead to lower financial returns,	making it difficult to meet debt conditions and high return expectations of equity investors.	Collateral free concessional funding with risk mitigation mechanisms such as guarantees. Patient and risk-taking philanthropic funding for developing new technology solutions and models.
2	Innovative technologies and business models with long lead times,	lack proof of concept for equity and lack a track record or an asset base for debt.	
3	Longer adoption and profitability cycles that increase market failure risks,	misaligned with exit requirements of equity investors and profit history needed for debt funding.	Support mechanisms to strengthen the enterprise and reduce mortality. This will also make it ready for funding and implementation at scale. Alternate credit appraisal methods based on business model and cash flows assessment. Customized financing products to match the enterprise sales cycle.
4	Serving new or underserved markets with poor supply chains leading to longer sales cycles and higher risks,	are difficult to fund with grant funding focused on small pilot projects. making it difficult to meet equity and debt funding milestones.	

5	Inherent pricing caps due to limited paying capacity of their target customers,	make it difficult to secure debt or equity financing due to a weaker financial position.	Concessional funding instruments with longer maturities and flexible terms, to accommodate the lower returns, pricing caps and provide the necessary runway to demonstrate impact and sustainability.
6	Have detailed and expensive impact measurement and reporting processes,	is difficult to replicate or sustain due to limited resources and poor impact assessment ecosystem.	Simplifying impact measurement and technical assistance for implementing standard measurement frameworks.
7	Run the risk of impact washing,	due to the for-profit structure of social enterprises leading to low interest from philanthropy.	Outcome based structures to incentivize impact creation.
8	Higher and more complex business risks due to fragmented value chains,	affect access to all conventional forms of capital. These risks are difficult to overcome with relatively low levels of grant funding.	Designing instruments that take into consideration the entire value chain and enable appropriate funding. Promote collaboration between relevant stakeholders to bring accountability and sustainability in the implementation and achieve social and financial returns.

Blended finance solutions offer the potential to combine development capital with a variety of financial instruments such as impact bonds, concessional capital, and risk mitigation structures. We consistently see that deployment of these instruments is limited because of the inherent complexity and cost. But more so, due to a lack of awareness and standardization among capital providers. Without addressing these core issues, enterprises are deemed too risky, and the potential for social and financial returns may not be realized.

Through this report, we aim to raise awareness about the importance of enabling funding for social enterprises — understanding their unique characteristics and challenges in capital raising — and articulate the key issues involved in applying blended finance to SMEs. We hope to simplify current bespoke solutions to build replicable and scalable financing solutions.

We propose solutions that include building capacity of enterprises, embedding sustainability into the design of instruments, simplifying impact management, and creating open databases on blended finance transactions.

Chapter 1:

Introduction

Small and Medium Enterprises (SMEs) are vital to India's economy and society. They make up more than 60 million businesses, contributing 30% of the country's GDP and employing over 110 million people. Social enterprises are vital in addressing societal challenges such as poverty, healthcare, education, and environmental sustainability. They serve marginalized and vulnerable communities like women, farmers, and low-income populations, making a significant impact on millions of lives.

Despite government initiatives to support early-stage businesses and funding for impact investing, most social enterprises struggle to access commercial capital. Traditional funding approaches were not created for social businesses and hence do not understand their unique needs. They often fall short in meeting the requirements of these businesses, leading to a significant funding gap that limits their ability to create positive social and economic impact.

1.1 Introduction to the Study

Unlocking the potential of India's social enterprises requires innovative financing models that align with their goals and help them achieve their full scale. This is especially true given their distinctive risk, return and impact characteristics. Blended finance, combining philanthropic and commercial capital, can bridge funding gaps, reduce costs, and make more capital available and efficient. This study provides insights into scaling blended finance for social enterprises, designing better solutions for addressing the financing challenges to make a positive impact on society.

Study Methodology

The research was conducted over four months and involved three main activities.

Desk research

The team conducted secondary research on existing blended finance solutions, including the relevant literature and current transactions.

They mapped the applicability of various blended finance solutions based on the sector and stage of social enterprise.

Consultations

The team held one on one meetings with a diverse range of stakeholders, including social enterprises, global and domestic foundations, philanthropic donors, financial institutions, policy makers, and intermediaries.

Over 25 individual interviews were conducted & three closed-door group discussions with over 50 stakeholders were held across Mumbai, Delhi, & Bengaluru.

Analysis and Solutioning

The team analyzed the feedback and insights from the consultations along with the findings of the desk research. This was the basis of articulating the challenges and recommendations on possible solutions in scaling blended finance for social enterprises. These solutions are not conclusive or all inclusive, as blended finance is still an emerging field.

However, the team's observations and interpretations of interactions with different stakeholders led to specific recommendations, including regulatory references made in the Indian context. The team welcomes input from experienced professionals to further refine their solutions.

Chapter 2:

Decoding Social Enterprises

Social enterprises are different, but why? While most SMEs encounter financing challenges, is it necessary to create special financing structures for social enterprises? Moreover, does the industry in which a social enterprise operates affect its financing challenges? This chapter aims to provide insights into these questions and shed light on their significance.

2.1 Defining Social Enterprises

Social enterprises pursue social and environmental impact objectives alongside financial returns. They can be set up as either for-profit or not-for-profit entities. In the Indian context, social enterprises are generally considered a subset of Micro, Small, and Medium Enterprises (MSMEs), which are formally defined based on their investments in plant and machinery. They can also be classified as a subset of startups, which are defined based on their age, turnover, innovation, and scalability and are governed by departments such as the DPIIT.

Social enterprises exhibit characteristics which are distinct from MSMEs, startups and NGOs and ideally, must be recognized as a separate category for financing. This report will focus on innovative for-profit social enterprises. Some key features of a social enterprise are:

1. Social/ Environmental Impact Objective:

Social enterprises have a social and/or environmental objective that are measured and reported along with financial parameters. Their activities are focused on achieving an impact mission that is built into its business model and product offering.

2. New and Underserved Markets:

Social enterprises typically work in new or underserved markets with customers who have constraints on access to products, services or technologies.

3. Longer Gestation Period:

Social enterprises usually need longer to break even and become profitable. This is due to the concept sell and market building nature of their solutions.

4. Innovation Led:

Social enterprises are usually built around disruptive technologies and business model innovations as a tool to create impact. This leads to unconventional assets such as intellectual property which are not accepted as a collateral for funding.

5. Muted Returns:

Due to the nature of its business model and affordable products and services offered, there may be externally imposed caps on pricing leading to muted margins and returns.

6. Risk:

Due to the challenging nature of the sectors, customer segments, pricing, supply chain issues, regulations, etc., social enterprises often face higher and more complex risks.

2.2 Financing Gap for Social Enterprises

India has emerged as the third-largest startup ecosystem in the world. Despite their potential for positive impact, social enterprises continue to face significant hurdles in accessing funding. Lack of collateral and limited access to venture capital and grant funds are just a few of the challenges they face. The issue can be compounded by their locations in remote and low-income geographies with limited capacity and access to investor networks.

As a result, adequate funding, and resources to prove and scale a business model beyond incubation remain an impediment in the Indian context despite the increasing level of funding activity in the impact investing and ESG space in India over the recent years.

Social enterprises face five major capital-raising constraints:

1. Investment Criteria:

Most social enterprises don't meet the revenue, growth and return on investment expectations of equity investors. They fail to qualify for most commercial debt lenders as they do not have the required collateral, track of revenue or profit generation, and credit history.

2. Lack of Data on Emerging Sectors & End-user Segments:

Social enterprises in emerging sub-sectors or serving low-income unbanked consumers lack data on the bankability and track record of their sectors, segments, and products.

3. High Perceived Risks:

Given the innovative business models of social enterprises trying to solve complex problems, commercial lenders hesitate to underwrite the risk due to poor understanding of their business.

4. Lack of Capacity, Awareness & Networks:

Many social entrepreneurs are unaware of the various government and private sector financing schemes and programs that may be available to them. In addition, the roll-out and deployment of these schemes tend to be slow. Entrepreneurs lack expertise to pitch to investors due to capacity constraints, thus limiting their ability to fundraise.

5. Regulatory Constraints:

Social enterprises do not have a legal definition and recognition as a separate category which leads to lack of regulatory clarity about funding from philanthropic institutions, and commercial banks (under priority sector lending). Hence in addition to the barriers faced by enterprises in raising commercial funds, they have challenges in raising concessional capital as well.

2.3 Sector-Specific Dynamics

The financing challenges faced by early-stage social enterprises are complex and multifaceted. These challenges are exacerbated depending on the sector of operation. Each sector has unique economic structures and regulation, requiring tailored solutions.

Agriculture

Social enterprises in agriculture cater to the needs of small and marginal farmers, who constitute 86% of all farmers in India as per the 10th agriculture census. They offer innovative solutions such as input management, farm data advisory, storage, and market linkages to reduce input costs and improve yields, leading to better realizations.

While the sector is experiencing increased interest from both impact and commercial investors, enterprises in this sector face difficulty in raising funds due to the following reasons:

- Low margins due to dependency on natural resources, seasonality and price fluctuations that limit the capacity of farmers to invest in new products and services.
- Long working capital cycles between investment in inputs and harvesting and sale to generate returns, which is mostly funded by informal lending channels.
- Seasonal cash flows that make it difficult for agricultural businesses to meet regular and fixed debt repayments.
- The perception of a high-risk sector due to the low margins and a history of market distortion due to reliance on subsidies.
- Lack of collateral, particularly for smallholder farmers who may not have land ownership titles.

> "The change in demographics and the political economy becoming more urban influenced means massive changes in agriculture. Financing solutions for agriculture will need to move from the benevolence of "priority sector" to the dynamics of the marketplace for food."

George Thomas

CEO, Menterra Venture Advisors, MD, Iron Kettle

MENTERRA Impacting India

IRON KETTLE

Healthcare

Social enterprises in healthcare focus on innovation to improve accessibility and affordability of healthcare services across the country, particularly in underserved areas. While there is vibrant support for innovation in healthcare solutions from the Government and increased investor interest, unique challenges in the segment hinder access to finance such as:

- Longer gestation period for new technologies such as medical diagnostics and drug discovery, which requires extensive clinical trials in a highly regulated market before approval and time to perfect product-market fit.
- Uncertain outcomes while funding innovation and R&D enterprises which means more reliance on patient risk taking capital.
- Access to markets are dominated by B2B channels with long sales cycles.
- Selling to public health facilities, the primary medium for reaching underserved populations, is challenging due to complex and multiple levels of decision making.
- Early-stage enterprises reliant on government procurement and integration into public health systems face working capital issues due to long payment cycles. Inability to fulfill the order due to capital constraints may end up killing the business.
- Medical equipment sales are usually through authorized distributors to help navigate the complex regulatory and compliance procedures. The eventual markup on the equipment can get high defeating the original purpose.
- The practitioners (doctors / hospitals) are often different from the decision makers on procurement which adds to the complexity of marketing and sales efforts.

All these challenges make financing healthcare solutions difficult, and suggesting a potentially outsized role for subsidized or outcome financing versus the traditional venture capital or project finance approach.

"There is capital available for medtech startups under 1 crore from BIRAC and other grant making organizations, but there is a Series A & B crunch, this may be attributed to other factors too - like fragmented distribution channels, long gestation time and lack of outsized returns in the sector till now.

Venture capital may not be the most appropriate source of capital for all medtech companies. Medtech needs multiple sources of scale up capital like credit guarantees, soft debt and outcome-based financing, to help finance the post product market fit journey of a device from the lab to the bedside."

Dr Abhishek Sen

Co-founder, Biosense Technologies and Butterfly Learnings

Biosense
A Tulip Diagnostics Company

butterfly
learnings

Climate

Social enterprises in this sector create solutions for multiple sub-sectors, such as decentralized renewable energy, sustainable mobility, circular economy, and waste-to-value. Villgro focuses on solutions that aim to benefit the environment and promote social inclusion through green livelihoods and community-based approaches. Climate tech social enterprises are seeing increasing interest from both foundations and climate-focused equity investors. However, they face challenges raising funds because of:

- Low awareness about emerging technologies, as well as a lack of trust in them due to insufficient real-world precedents, questions on availability of after-sales service and resale value.
- The need for end-user funding at the community level to incentivize the replacement of conventional technologies with climate smart solutions.
- Insufficient data on business value of innovative climate solutions.
- Extended payback periods for asset heavy investments in climate infrastructure which do not attract equity investors.
- The need for upfront funding to generate additional revenue streams linked to carbon and plastic offset sales, which is not available from conventional sources.

Overall, some themes are more attractive to investors due to their potential for social impact and financial return while some are less attractive due to their higher risk. Additionally, the size and maturity of the sector can also impact a social enterprise's ability to raise capital. A social enterprise operating in a well-established sector may find it easier to attract investment compared to one operating in a nascent or emerging sector. It is critical to understand the sector and theme specific risks and characteristics and factor the same while designing the funding support.

"Strong business models can be built around climate innovations - but there is that initial viability gap as customers and financiers adapt to the models, and blended finance will help in bridging that gap. Increasingly, we are going to see premiums being paid for green outcomes, either voluntarily or driven by regulations. Blended finance can bring in the seed capital to unlock those premiums."

Ananth Aravamudan

Chief of Strategy, Sector Lead, Climate Action, Villgro

Chapter 3:

Social Enterprise Funding Challenges: Stakeholder Perspectives

Social enterprises face unique financing challenges that affect their operations, end-users, and value chain participants. It is in the interest of all stakeholders — the enterprises, equity investors, debt providers and philanthropic institutions — to work together to overcome these challenges. We bring forward the challenges from the perspective of these stakeholders.

3.1 Enterprise Perspective

Early-stage social enterprises often face a "valley of death" where a lack of funding leads to inadequate resources to overcome obstacles, and perversely, the potential existence of such a valley prevents funding. This creates a vicious cycle of funding constraints that hinder hiring skilled staff and investing in product development, ultimately impacting the enterprise's ability to attract the right investors and grow. Key challenges enterprises face are:

Lack of Diverse and Strong Execution Team:

Equity investors are highly attracted to businesses with a diverse and capable leadership team, which is often difficult for entrepreneurs to build due to limited funding and small team sizes. As a result, even with a solid idea and technical knowledge, the absence of a strong execution team may limit the attractiveness of the business venture for equity investors.

Lack of Adequate Financial Performance:

Many early-stage social enterprises do not have a consistent track record of profit generation. They are unable to meet criteria such as a growing revenue track and demonstrable stable cash flows which debt investors seek. They are also unable to demonstrate the potential for high and sustained growth which equity investors seek. This increases the perceived risk of investing in enterprises operating in new and emerging markets, serving underserved populations, or unfamiliar geographies.

Lack of Investment Readiness:

Impact entrepreneurs miss out on investment opportunities as they are unable to provide the expected business plans and financial models as their strategies are still evolving. Entrepreneurs are aware of the broad investment criteria but struggle to meet them.

Tradeoff between Impact and Returns:

Social enterprises are often confronted with difficult decisions, typified by the choice between risky innovation that creates social impact and lower risk solutions that provide predictable financial sustainability. The type of capital available is a crucial factor in determining the risk-taking ability. Philanthropic funding prioritizes impact, while equity and debt investors prioritize returns, sometimes at the expense of social impact. Given that social enterprises operate at the intersection of these two priorities, they may face difficulties in aligning both types of capital.

Classification as a SME:

Social enterprises are not currently classified as a separate category for commercial lending. The Government and financial institutions schemes are targeted towards SMEs which have different kinds of characteristics. Lack of understanding of social enterprises and their significantly smaller numbers than SMEs have made them an overlooked category.

Lack of Internal Processes:

Many enterprises do not have sufficient data or effective MIS systems to collect and manage crucial business data, analyze trends, increase operational efficiency, and aid strategic planning. This lack of internal capacity limits their ability to innovate and manage finances effectively, eventually making it hard for them to raise capital.

3.2 Commercial Capital Perspective

Beyond the enterprise-specific challenges, there are additional issues specific to equity and debt investors and how they operate that make funding social enterprises a tricky proposition.

Not meeting investment criteria

Equity Financing

Raising equity has a long-term implication on the direction of the enterprise. Equity providers look for:

- High return potential - IRR (Internal rate of return) in double digits
- Rapid scale and path to profits & exits
- A short holding cycle needed to create exits, say in, 5 years
- Quick follow-on rounds with attractive valuation mark-ups

Most social enterprises struggle to meet the requirements of equity financiers because of their characteristics.

The higher risk and longer value creation cycle of social enterprises either makes equity financing scarce or often causes a high dilution of founder's shareholding. In addition, entrepreneurs are also concerned about balancing social and environmental impact and achieving financial return targets.

Fear of Market Distortion

Commercial capital providers worry about the risk of market distortions caused by non-traditional funding methods such as:

- Subsidizing inefficient businesses leading to misallocation of resources
- Distorting the risk perception by making risky projects appear less risky
- Reducing returns in the long run as the market gets used to the subsidy

Debt Financing

While debt is non-dilutive capital and less expensive than equity, only enterprises with a robust financial profile and track record can access it. Debt providers look for:

A track record of revenue and profit generation, and adequate cash flows	Stable business with security through acceptable collateral	A credit history of the enterprise and its founders

Banks prefer asset-heavy enterprises however, not all types of assets are acceptable as collateral. For instance, a 10MT solar cold storage is not considered acceptable by banks. The need for conventional assets makes it difficult for many social enterprises to secure loans. The conventional credit evaluation methods is unlikely to suit these enterprises either. The cost of borrowing from NBFCs is much higher compared to banks. Add the risk premium of lending to social enterprises and this drives costs further up.

NBFCs, by regulation are usually non deposit taking and cannot have current or savings accounts for customers. Hence, they are not allowed to include products like overdrafts or cash credits which are a more cost-effective way for working capital financing. Usually, banks do not have the reach to service the remote rural customers which NBFCs or MFIs can. For remote markets, funding the enterprise's customers might be needed alongside financing the enterprise.

In short, banks are willing to offer credit at a lower cost but not willing to underwrite high risk and may not have high reach, NBFCs and MFIs are ready to take on some of the risk and penetrate remote geographies but can only offer limited credit at a high cost.

3.3 Philanthropic Perspective

Philanthropies are supportive of innovation and impact creation. But such funding is constrained by,

Mismatched Vision and Risk of Impact Washing

Social enterprises might indulge in impact washing and unsustainable impact measurement processes to access funding from philanthropies. This risk is increased due to the pressure from returns prioritizing equity investors. However, unlocking capital from philanthropic institutions is crucial for social enterprises to invest in innovation and new technology development to scale their impact.

Regulatory Restrictions

The restrictive nature of regulations and laws makes it complicated for philanthropic organizations to fund social enterprises. This is mostly due to their commercial profit-seeking business models.

Legislation in India mandates publicly listed companies meeting specific criteria to allocate 2% of their average profits to impact projects through Corporate Social Responsibility (CSR) activities. Although recent amendments permit the allocation of CSR funds to government-approved Technology Business Incubators to support social enterprises, the law's interpretation remains conservative among legal and financial professionals. There are ongoing debates about utilizing CSR funds for blended finance but there is still nascent.

Many Indian philanthropies have not accepted working with for-profit organizations yet. High-net-worth individuals and family offices could also provide significant philanthropic funding for blended finance. However, there is a lack of awareness and knowledge about the sector leading to little participation from them.

Stringent Impact Measurement Standards and Lack of Enterprise Capacity

Philanthropic funding comes with rigorous impact measurement requirements which are difficult and expensive for enterprises to meet. This requires robust impact management structures, quality data availability and collection mechanisms for a long duration. These can become unsustainable for social enterprises striving to create impact while balancing financial sustainability, irrespective of their stage.

“Access to debt financing can be enhanced and deepened into the underserved critical impact sectors by blending different pools of capital that have varied risk appetite.

This would require collaboration between the private sector, development sector and the public sector.
The financial/impact returns would meet the requirements of the different providers of capital.”

Arindom Datta
Senior Advisor - Climate finance

Chapter 4:

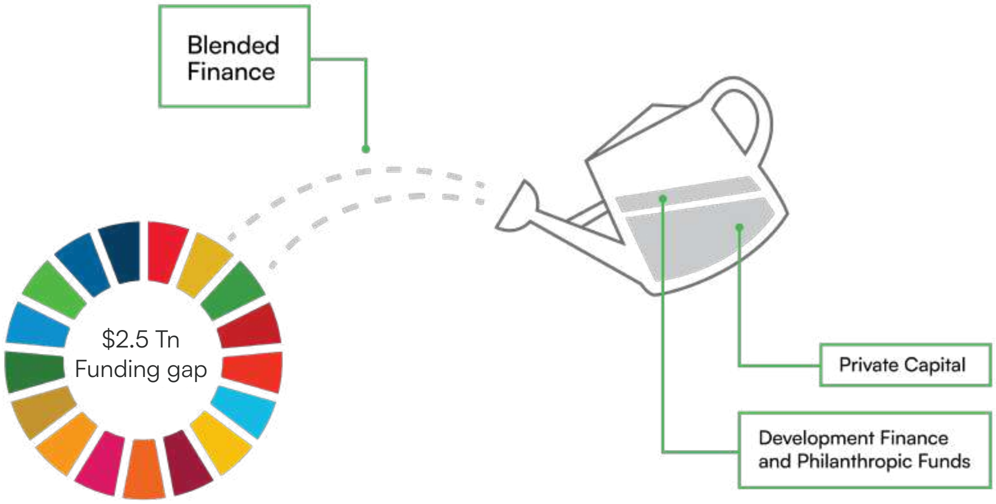
Potential of Blended Finance for Social Enterprises

According to the United Nations, it will cost $3.9 trillion per year to achieve the SDGs in developing countries. However, current levels of public, private, and philanthropic funding only cover $1.4 trillion, leaving an estimated $2.5 trillion annual gap. Clearly, there is a need to bring in more private capital to meet the funding deficit to meet Sustainable Development Goals by 2030.

As defined by the OECD, blended finance is the strategic use of development finance and philanthropic funds to mobilize private capital flows in support of SDG-related investments in developing countries. Blended finance paves the way for private sector players to invest in projects or enterprises that are too risky otherwise, by leveraging public or philanthropic capital.

This creates financial additionality and improves the risk-return profile of the project or enterprise, making it more attractive to commercial investors who are interested in creating impact while receiving moderate returns.

4.1 Blended Finance as a Solution



Blended finance has the potential to be the solution for social enterprises struggling to access capital for various reasons,

- By bringing together commercial investors and philanthropy, blended finance can address financial and business risks and encourage commercial solutions while strengthening impact delivery.
- The component of philanthropy can increase accountability by linking funding to impact.
- It can build efficient markets by supporting development of new financial instruments that mobilizes private capital to support impactful innovation.
- It can diversify funding sources by combining different types of capital with different risk and return profiles, attracting investors with different investment objectives and constraints, and reducing the dependence on a single source of funding.
- By leveraging commercial capital and reducing the quantum of philanthropic capital in development projects, impact capital is freed up for underserved sectors.

Blended finance models are perfect for enterprises that are too big for grants but too small for commercial investments. In the application of blended finance, identifying the relevant model is a necessary step. Applicability of an instrument depends on the sector, stage, and requirement of the enterprise.

A 'blended finance readiness tool' which helps select the right funding instrument and method of intervention can be of utmost help to this sector.

Key Concepts

Additionality

means extra benefit or effect that can be directly attributed to an intervention or financial structure. "Financial additionality" is extra capital raised due to a financial arrangement, and "impact additionality" is extra social or environmental benefit achieved due to an intervention.

Leverage

Refers to attracting commercial capital from the private sector using development and philanthropic funds. The amount of commercial capital unlocked for each unit of philanthropic capital is called leverage.

Concessionality

Refers to capital offered at more favorable terms such as debt with lower interest rates, favorable tenure, or customized terms; equity with asymmetrical returns, non-return seeking grants, used on its own or in conjunction with other instruments.

4.2 Blended Finance Approaches

Blended finance is a structuring approach that allows for layering multiple interventions. Broadly, the approaches can be grouped into four categories - concessional capital, risk mitigation, outcome-based funding, and support mechanisms. Some use cases for blended finance include:

Addressing market failures:

Blended finance can help to address market failures caused by perceived risk of social enterprises. It does so by shifting risk from commercial to philanthropic capital through different forms of mitigation such as guarantees or making capital affordable through concessionality.

Filling funding gaps:

Blended finance can help fix critical funding gaps faced by enterprises by enabling access to finance and making funding affordable.

Encouraging innovation:

Concessional financing can be deployed to support development of new technologies and innovations which can create large scale impact. It also comes as risk capital to allow commercial capital to play a role.

Preventing impact washing and making capital more efficient:

Through blended finance approaches such as result-based financing capital can become more efficient and accountable. Funding is linked to impact achievement and is not based on the inputs or activities undertaken.

The next table provides an overview of the different blended finance approaches and their key features.

"$30 trillion is needed to meet the SDGs funding gap globally. And that number has escalated, (no) thanks to COVID. We need to save the SDGs.

No one can do this alone — neither governments, nor philanthropists, nor corporates... but together it is possible. Innovative financing products are needed which bring together different pools of capital — true blended finance is one such innovation."

Royston Braganza
Senior Advisor - Climate finance

Approaches	Principle	How it works	Instruments
Risk Mitigation	Transfers risk from commercial capital to risk taking philanthropy.	Reduces risks associated with a transaction or enterprise by assuming losses for specific negative events like loan defaults to make the transaction attractive for commercial capital.	• Guarantees - full or partial; first loss or pari-passu • Insurance • Buyback
Results Based Financing	Link impact creation with financial rewards.	Measurable impact targets are set and funding is linked to achieving these targets. It involves rigorous impact measurement.	• Impact Bonds • Outcome Funding • Impact linked funding
Concessional Finance	Financing with favorable terms - high risk taking, lower cost, or longer time horizon.	Concessional capital helps bring affordability to the funding. Subordinate capital bears higher risk and helps crowd in commercial capital.	• Concessional Debt • Subordinate Debt • Concessional equity
Support Mechanisms	No return expectation funding given to support achievement of impact goals and make funding more catalytic.	Funds risky activities such as technology development. Technical assistance can address specific enterprise risks to help build sustainability and attract commercial capital.	• Grants • Technical assistance

4.3 Institutional Perspectives on Blended Finance Approaches

The different stakeholders have a key role to play to make blended finance successful. A quick summary of this from a social enterprise perspective is as below:

Institution	Role in Blended Finance Transaction	Institutional Priorities	Institutional Constraints
Philanthropic Organizations	Provide capital for • Risk mitigation such as guarantees, subordinate funds • Bring in concessionality • Technical assistance • Outcome funding	• Enable more sustainable and scalable impact through multiplier effect of mobilizing private capital • Measure and attribute impact related to their funding	Measurable outcomes; Impact Additionality
Commercial Investors	Provide necessary leverage by: • Funding de-risked projects • Bring concessionality by pooling low-cost funds • Create data on bankability and investability of the enterprises	• Selecting right enterprises with financial discipline to avoid losses • Limited use of concessionality • Bringing in scale and volume to make transactions viable	Need larger scale of transactions to justify high fixed costs
Intermediaries such as project managers and implementers	• Bring the multiple stakeholders together • Structure the instrument / facility based on assessed risks • Manage the project including documentations, ensure the promised impact and returns are achieved	• Getting right funding for the project, proper instrument implementation and enterprise selection • Provide needed technical assistance to ensure success of the intervention	Managing different priorities of the stakeholders and high costs associated with the structure

Institution	Role in Blended Finance Transaction	Institutional Priorities	Institutional Constraints
Enterprises	• Receiver of the funding intervention • Understand risks and work with the intermediary to mitigate the same	• Survival and sustainability • Seek grants/TA for development costs and financial/ knowledge support for capacity building	Capacity constraints
Risk Funder	• Provides initial funding to project • Bear financial risks associated with the project in exchange for potential returns	• Maximize financial return while managing risk exposure • Diversifying their portfolio	Limited investment mandate and restrictions on type of investment
Outcome Funder	• Provides funding to project based on achievement of specific results	• Measurable social and environmental impact • Selection of relevant and high impact projects	Availability of funding and demonstration of outcomes

Chapter 5:

Three Pillars of Blended Finance

Blended finance has three core pillars - returns, leverage, and impact. We examine how constraints in achieving these pillars have prevented blended finance from scaling up.

5.1 Returns

Financial returns are an important requirement for private capital providers. It is important that blended finance structure factors in competitive returns to enable commercial capital participation. Some identified constraints are:

Inability to get risk-adjusted returns:

Risk mitigation measures create a 'risk floor' where investors have downside protection but do not have sufficient upside. Risk mitigation can never be 100% hence the risks are not fully diminished, and financiers are unable to price the risk.

Definition of returns:

In impact-led businesses, returns come in two forms: social and financial. However, during the evaluation process, commercial financiers consider only financial returns, while the social returns are ignored.

Uncertain returns:

In outcome-based structures, the return for commercial capital is dependent on the achievement of the impact. This is usually uncertain and hence not satisfactory for financiers.

5.2 Leverage

Leverage is a crucial lever for a successful blended finance transaction. The intention is to get maximum commercial capital participation to amplify funding to the cause and accelerate its achievement. Below are some factors leading to low leverage:

Lack of Market-Level Data:

Accurate risk assessment for a transaction requires market-level data, which is often lacking. Without such data, investors may be hesitant about risk mitigation measures, reducing leverage and discouraging private investment in projects.

High Cost:

Many of the blended finance structures are complex, incur high cost and take a long time to implement. In addition, many structures require third party outcome verifications which are expensive. These costs are usually borne by philanthropic capital and end up reducing the leverage achieved.

Questions on Sustainability:

The participation of philanthropy is not adequate as there is no definite path to sustainability beyond the project timelines. This raises questions on the creation of impact in the long run.

Limited Bank Participation:

Banks are ideal investors for blended finance, with large capital pools, availability of low-cost funds, and broad reach. However, regulatory restrictions limit their risk-taking ability. Small loan sizes and lack of volume make it hard to customize schemes for social enterprises. Banks may be hesitant to implement government schemes due to the risk of distorting their track record, and they lack flexibility in credit appraisal methods thus limiting deal flow.

5.3 Impact

Impact creation is a key goal of blended finance. Impact measurement and additionality are critical to attract philanthropic funding. The challenges with impact are:

Lack of Impact Standardization:

Standardizing impact measurement is crucial for easy and accurate data collection, accountability, and transparency. However, there is no standard definition or measurement method for impact which makes it difficult for enterprises to collect, analyze and report data. Measuring outcomes instead of outputs is more complex and time-consuming but is often the demand.

Non-Acceptance of Impact Proxies:

While there have been efforts towards standardizing impact, this is an emerging field and there is still a dearth of standards, experts and solutions. Impact creating organizations have tried to simplify impact measurement and have experimented with sampling and formulas to represent outcomes. However, such proxies for impact measurement have not been widely accepted, especially in outcome-based structures, and there is still demand for more traditional outcome measurement from philanthropic funders.

Impact Trade-off:

It's hard for social enterprises to meet both high impact delivery standards and be financially sustainable, which makes philanthropic investors less likely to invest in them. Philanthropic organizations prefer transactions with less ambiguity on impact goals to avoid impact washing.

Attribution / Contribution:

There are multiple stakeholders involved in blended finance structures. It might be difficult to uniquely attribute impact to individual parties. Outcomes are longer term and deeper impact of the intervention. These are usually measured beyond the project completion time with external factors in play. This makes attribution trickier.

> “While social enterprises have massive financing needs, the potential risk-adjusted returns are mostly not in tune with expectations of commercial capital providers.
>
> Innovative use of blended finance has the potential to unpack risk and redistribute it among different categories of funders that may have differential risk appetites; in the process creating value for all the stakeholders.”
>
> **Kalpesh Gada**
> *Advisor, Climate Policy Initiative*

5.4 Instruments and Structures

We also examined the challenges faced by different blended finance instruments and structures.

Approach / Structure	Criticism
Risk Mitigation	• Temporary measure - returns to status quo if support is withdrawn before risks are addressed. It doesn't address the fundamental risk of the enterprise • Difficulty in balancing impact and crowding in funds
Results Based Financing	• Extremely complex structures • Involves expensive external impact validation and outcomes pricing • Less replicable structures
Concessional Finance	• May lead to market distortions • Applicable for funding ready enterprises to reduce cost, does not work for enterprises above the risk threshold • Not scalable or sustainable due to limited concessional funds
Support Mechanisms	• Less effective standalone when not linked to results

Chapter 6:

The Path to Solutions and Sustainability

Critics and enthusiasts of blended finance have grappled with barriers and challenges in implementing these solutions in India for a long time. There has been some progress and initiatives from capital providers such as receivables-based financing, alternate credit assessments, and revenue-based financing.

6.1 Case Studies: Existing Approaches by Innovative NBFCs

Inclusive NBFCs are making efforts to improve financial inclusion by lending to underserved SME segments and sectors. They are using blended finance and risk mitigation to access new lending segments and lower lending rates for SMEs, with the help of philanthropic funders. Capital providers are also providing collateral free loans, receivables and revenue-based financing and using alternative credit assessments based on factors like business model, cash flow, leadership team, and net worth assessmet.

Case Study:

Villgro - Caspian Debt Access Program

Description

Technology-based innovations can have a profound impact on society and the environment and should be able to access timely and relevant funding. This program aims to provide that at two crucial stages:

- when they need funding to start meeting commercial orders after demonstrating proof of concept, and
- when they need financing to expand their market presence after achieving early commercial market validation

By supporting the growth of these invention led enterprises, the program seeks to drive positive social and environmental impact.

Solution

Caspian Debt and Villgro jointly created a program to enable fast-tracked loans (up to INR 5 Mn) for early-stage, technology-driven social enterprises.

Villgro provided a first loss guarantee to Caspian. In addition, it recommended enterprises with demonstrable social impact which were unable to access commercial debt, based on a cash-flow based assessment. Caspian conducted due diligence and evaluated metrics beyond profitability such as business model, leadership team, investor backing before approving the loan. The key features of the program are:

- Expedited credit framework for collateral free working capital loans
- Risk sharing mechanism from philanthropic funds
- Interest rate - 15-17%
- Loan tenure up to 18 months
- Leverage of 3x in the first cycle

Applicability

Across sectors for any market ready social enterprises with unconventional assets

Impact

- Mobilized debt which helped stabilize the operations
- Created a credit history for the enterprise
- Unlocked further funding from investors and financial institutions

Through this study, we realized that to create impact, the entire value chain must collectively move towards sustainability. This requires the financing of manufacturers, distributors, and end customers. This value chain approach involves development of financing products tailored to each participant's needs, such as asset financing for customers, distributor financing for demonstrations and sales, grants for capital investments, and working capital financing for social enterprises.

Case Study:

Villgro - Samunnati - End Consumer Financing for New Leaf Technologies

Description

Climate change impacts everyone, but the most vulnerable are those at the bottom of the pyramid. To build resilience in these communities, promoting green livelihoods is crucial. Distributed renewable energy (DRE) products provide reliable energy access and reduce vulnerability to climate change. However, accessing asset financing for purchasing these products is a challenge for these communities.

New Leaf Technologies provides biomass-powered cold storages, with their flagship 20MT product meeting the capacity needs of farmer producer organizations. Despite FPOs recognizing the value of the INR 1.5 Mn product, cash flow constraints necessitated financing. Samunnati was hesitant to fund relatively high-value loans due to uncertainty about the business value, utilization, and repayment from the FPO segment.

Solution

Villgro identified the necessity for financing the FPO or intermediary to facilitate technology adoption and promote climate resilience among vulnerable communities. Initially, due to the product's novelty and unique demand, Samunnati offered to fund only 40% of the product value with a 50% first loss guarantee support. However, the productivity improvements and revenue growth of the FPOs convinced Samunnati about the business value of the product and credit worthiness of the FPOs. They increase the loan value to 80% of the product cost with a 20% first loss guarantee support for subsequent loans.

Applicability

- Across the value chain for different sectors where the end customers are unable to avail of the products and services due to funding gaps.
- Areas where product viability and customer bankability needs to be demonstrated.
- Enable new technology products and services to be adopted by the customer.
- Room to supplement this intervention with interest subvention to bring costs down.

Impact

- Enabled farmer communities to buy the cold storage which helped the food stability goal & farmers to sell at the right price.
- Opened avenues for additional interventions such as warehouse financing for the produce and better market linkages.
- Created a credit history for the FPOs.
- Increased sales and operational stability for New Leaf.

“Blended Finance has been a catalyst for Samunnati to propel our mission of making markets work for smallholder farmers. The credit guarantees we have received from philanthropic agencies helps mitigate the risk costs of our lending, often to new-to-credit and under-served customers in agri value chains.

This creates a safety net for the organization- in turn, helping us take bigger bets and venture into uncharted waters.”

Hari Rajagopal

Head- Treasury and Strategic Alliances, Samunnati

Samunnati

6.2 Scaling Blended Finance Solutions - Recommendations and Way Forward

To make blended finance solutions more accessible to social enterprises, we propose interventions at the enterprise level and at the ecosystem level. The following are the recommendations based on the consultations and feedback from various stakeholders:

Improving investment readiness of social enterprise

Investors and intermediaries can add critical value to help social enterprises sustain and scale. Funding alone won't solve fundamental business risks. Capacity building is key. For instance, adoption of new technology and products is challenging. Customers are often hesitant about the effectiveness of the product and the availability of after sales support. This is a critical area where technical assistance from marketing and sales experts can design product demonstrations specific to the demographics, help the enterprise set up after sales service, put a return / exchange policy in place and communicate the same effectively.

The areas where technical assistance for capacity building can be provided are vast and can be generic or specific. Some areas where subject matter experts can be engaged are:

- Product development and validation.
- Product life cycle analysis to help develop strategies to optimize sales and allocate resources efficiently.
- Market linkages including product market fit, demand analysis, product demonstrations, after sales support.
- Building proof points and collateral to aid successful product adoption, business models around the product and customer satisfaction.
- Financial management including setting systems, MIS, cash flow and CFO services to ensure availability of accurate and timely data to manage finances better and meet investor demands.
- Impact measurement to better collect, analyze report data.
- Incorporate gender lens into the enterprise operations which can bring inclusivity and tailor efforts to include women customers.

Creating awareness on blended finance

Welcoming innovation, building competence, and raising awareness about blended finance among stakeholders can help build the blended finance ecosystem in multiple ways.

- By understanding that potential benefits outweigh challenges, stakeholders can reduce their reluctance to participate in blended finance transactions.
- Building capacity to understand the different mechanisms can lead to instruments being tailored appropriately to boost their utilization and effectiveness.
- By moving from the current conservative interpretation of relevant laws by professional practitioners such as CSR contribution to incubators, there can be greater willingness, and unlocking of blended finance solutions.

Incorporating a plan to long term sustainability into the design of the financing instrument

An important consideration in any blended finance intervention is the sustainability of the program beyond its initial implementation. This is an inherent drawback in pure impact models. We will need a roadmap to sustainability from the design phase.

- Create a graduation approach where the enterprise moves from one stage to another based on pre-set milestones and assistance to meet the milestones. The reliance on philanthropic funds should reduce in each stage so over 2-3 cycles, the enterprises reliance on concessional funding is negligible and it can become sustainable.

- Develop an 'Enterprise Readiness Level' tool for blended finance which can evaluate the maturity of the enterprise and recommend the right instruments depending on its stage. This can bring effectiveness and sustainability into the solution. Similar tools have been developed in the past to gauge technology maturity for various applications.

Making blended finance structures replicable through templatization and standardization

There is criticism that blended finance is bespoke and requires multiple expensive intermediaries, hence diverting the funds from the core business and the impact delivery. The complex structures can be a barrier to the mainstreaming of blended finance. To unlock the potential of blended finance, we can,

- Simplify and standardize the financial structures so that they can be replicated and scaled across sectors and enterprise stages.

- Create a central database for industry stakeholders. For example, a central body like the Social Stock Exchange, that is in the process of being implemented in India, can enable platforms to implement blended finance transactions and maintain the central repository.

Adopting a multi-layered approach through a facility or platform

A single intervention may not be sufficient in the initial stages of an enterprise. There might be a need for multiple solutions such as technical assistance and different forms of funding for different purposes. A blended finance facility/platform, in the form of a centralized mechanism bringing stakeholders together could allow for multiple instruments to be layered. This can enable a stage-gate approach to drive viability.

Generate greater amount of data and create open-source database of blended finance interventions

The sector needs to generate greater amounts of data to grow the acceptance of blended finance. This will need a willingness to share details of transactions and results. Data on the actual costs of the prominent interventions can help dispel the perception that blended finance is expensive to implement. It can also foster innovation to reduce the time and costs to market.

Not many social enterprises have availed loans. Hence questions on their bankability remain. Data on loan repayment statistics is needed to build trust in alternate credit assessment methods, generate credit history, and promote future lending. Similarly, the data on performance of the social enterprises from an equity valuation, revenue, profitability and impact perspective can help attract more equity investors.

Better impact measurement and management systems

To support early-stage social enterprises in creating potentially disruptive solutions, impact management should be simplified to better fit their evolving and developing strategies. To achieve this, we suggest the following actionable steps:

- Identify the target beneficiary and incorporate plans to cater to this segment in the business model.
- Prioritize key impact data which can be collected without complex techniques and skilled people,
- Rely on data collected closer to output generation and use tested approaches and indicators / proxies to derive probable outcome,
- Establish the correlation between outputs and outcome with funders,
- Find solutions to automate data collection,
- Evaluate the information collected to refine the program and impact metrics needed.
- Provide technical support to address specific risks identified such as evidence risk or alignment risk.

For instance, in an early-stage diagnostic solution, collecting data on the number of tests administered is possible. However, gathering data on income segments, gender, and post-test treatment can be challenging since third parties administer the tests. In such scenarios, technical support can be provided to create evidence through a sampling approach.

“The impact investing sector has come a long way in impact measurement and management (IMM). Efforts to standardize metrics, collect and report data have matured considerably. Initiatives to make impact comparable & benchmark performance are receiving greater attention now.

However, we have a long way to go in incentivizing for impact at the fund manager level, using evidence to assess contribution of investors to impact maximization etc. I am certain we will reach there soon.”

Paul Basil

Co-Founder & Partner, Menterra Venture Advisors, & Founder, Villgro

villgro possible.

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We are grateful to the Lemelson foundation for recognizing the need to explore this field to further support innovation led social businesses, and funding the project.

We hope this report raises awareness of social enterprises and triggers focused partnerships and actions towards mainstreaming blended finance. We also hope the design directions prove useful in developing scalable and replicable blended finance instruments.

We look forward to building partnerships and implementing the report's recommendations at Villgro. Please reach out to us if this report resonates with you and you want to partner with us.

Warm regards,

Srinivas Ramanujam
Vibha Sharma Tilwalli

villgro possible.

Appendix 1

Consultations

Appendix 2

Abbreviations

B2B	Business to Business
B2C	Business to Customer
B2G	Business to Government
CFO	Chief Financial Officer
CSR	Corporate Social Responsibility
DPIIT	Department of Promotion of Industry and Internal Trade
FCRA	Foreign Currency Remittances Act
GDP	Gross Domestic Product
HNI	High Net-worth Individual
IRR	Internal Rate of Return
MSME	Micro, Small and Medium Enterprises
MIS	Management Information Systems
MT	Metric Tons
NBFC	Non-Banking Financial Company
NGO	Non-Governmental Organization
OECD	Organization for Economic Cooperation and Development
R&D	Research and Development
SMEs	Small and Medium Enterprises
SWOT	Strengths — Weaknesses — Opportunities - Threats
SDG	Sustainable Development Goals
TA	Technical Assistance

Appendix 3

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Appendix 4

Adapting Impact Management Framework for Social Enterprises

(Reference: Five Dimensions of Impact | Impact Frontiers).

1. Who is the target beneficiary?
Identifying the target beneficiary based on how underserved they are helps target the intervention to the ones who need it the most. This is critical to get right and must not be vague. Once the target group is identified, any changes in how the impact is created may change and be accepted if it continues to address the right group and need.

2. What is being impacted?
Exploring all positive and negative outcomes of an intervention and the relation between them. Based on this, decide on the outcome that has the most value and decide the right indicator to measure that. Here it is possible to have indicators which can be proxies for the actual outcome.

3. How much is the impact?
This seeks to quantify the depth, relevance and duration of the impact to indicate its significance. Testing this on a sample or using a dipstick approach is possible to replace continuous and complete impact quantification.

4. Contribution
This helps determine if the impact was the result of the said intervention and the role played by an intervention in achieving a certain outcome, especially when multiple players are involved. It also factors change that would have happened without any effort. If the contribution is not significant, then the resources can be allocated to other places where they can have a better impact.

5. Risk
This seeks to identify the likelihood of the impact created being different than envisaged in terms of quality, quantity or type. There are nine types of impact risks and an assessment of the likelihood and severity of each can help tailor solutions to address the most critical ones.

Join us in our mission to drive systemic change in gender inclusion through innovative solutions.

Reach out to us at partnerships@villgro.org and be a part of our collective efforts.

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