

A Work Project, presented as part of the requirements for the Award of a Master's degree in Impact Entrepreneurship and Innovation from the Nova School of Business and Economics.

Evolving Approaches to Impact Investment: a focus on EU philanthropy

Sofia Castagna 56163

Work project carried out under the supervision of:

Prof. Miguel Alves Martins

Prof. Tomé Salgueiro

17 – 05 - 2024

i. Abstract

This thesis investigates impact investing's evolving strategies with a particular focus on philanthropic cases. By examining two foundations across the European Union, this study delves into the mechanisms, behaviours, and drivers that shape impact investment within these philanthropic organisations. Following this analysis, the study will also compare these findings with other companies in the philanthropic realm and those within capital markets. This comprehensive examination reveals the strategies adopted over time, highlighting how impact investments can align with broader social objectives. The findings offer valuable insights for all actors in the impact investing ecosystem, aiming to enhance the effectiveness of these investments.

Keywords

Impact Investing, Evolution, Strategy, Philanthropy, Capital Markets, Impact Measurement

This work used infrastructure and resources funded by Fundação para a Ciência e a Tecnologia (UID/ECO/00124/2013, UID/ECO/00124/2019 and Social Sciences DataLab, Project 22209), POR Lisboa (LISBOA-01-0145-FEDER-007722 and Social Sciences DataLab, Project 22209) and POR Norte (Social Sciences DataLab, Project 22209).

ii. Acknowledgments

First and foremost, we would like to express our heartfelt gratitude to our supervisors, Prof. Miguel Alves Martins and Prof. Tomé Salgueiro, for their constant support, guidance, and patience throughout the research process. Their insightful feedback and continuous encouragement have been invaluable in shaping this thesis. Additionally, we are grateful for the incredible journey of learning and discovery shared with our friends and university mates. Our experience at NOVA SBE has enriched us and provided us with knowledge and memories that we will carry with us into our professional and personal lives.

iii. List of abbreviations

AGM - Annual General Meeting
AUM - Assets Under Management
BSR - Business for Social Responsibility
CDP - Carbon Disclosure Project
CSRD - Corporate Sustainability Reporting Directive
CSR - Corporate Social Responsibility
DNSH - Do No Significant Harm
EKS - Eberhard von Kuenheim Stiftung
EROI - Environmental Return on Investment
ESG - Environmental, Social, and Governance
FRE - Fee Related Earnings
GAAP - Generally Accepted Accounting Principles
GHG - Greenhouse Gas
GIIN - Global Impact Investing Network
GIIRS - Global Impact Investing Ratings System

GRI - Global Reporting Initiative
ICE - Intercontinental Exchange
IMP - Impact Management Project
IRR - Internal Rate of Return
ISS - Institutional Shareholder Services
KPI - Key Performance Indicator
LEED - Leadership in Energy and Environmental Design
LIS - Social Investment Laboratory
MSCI - Morgan Stanley Capital International
MRI - Mission-Related Investment
MSM - Mustard Seed Maze
NAV - Net Asset Value
NGO - Non-Governmental Organization
NOK - Norwegian Krone (currency)
PCAF - Partnership for Carbon Accounting Financials
PE - Private Equity
PRI - Program Related Investment
PPP - Public-Private Partnership
ROI - Return on Investment
RPA - Rockefeller Philanthropy Advisors
SASB - Sustainability Accounting Standards Board
SDG - Sustainable Development Goals
SFDR - Sustainable Finance Disclosure Regulation
SIB - Social Impact Bond
SME - Small and Medium-sized Enterprises
SRI - Socially Responsible Investing
SROI - Social Return on Investment
SSIR – Stanford Social Innovation Review
TCFD - Task Force on Climate-related Financial Disclosures
UNEP PI - United Nations Environment
PFI - Program Finance Initiative

iv. List of figures

Figure 1: Functioning of SIB.....	12
Figure 2: BMW Foundation Herbert Quandt timeline	33
Figure 3: Calouste Gulbenkian Foundation timeline	40
Figure 4: Summative Average Return Comparison EU-US	86
Figure 5: US-EU impact funds by asset class	89

v. List of tables

Table 1: Impact Investing industry framework	9
Table 2: : Initial Exploratory Phase 2011 – 2016 BMW Foundation	34
Table 3: Strategic Expansion Phase, 2016 – 2021 BMW Foundation	35
Table 4: SDG Outcomes and Contributions BMW Foundation.....	36
Table 5: Strategic Sustainable Alignment Phase, 2021 - Present BMW Foundation	38
Table 6: Overview of the Academia de Código Júnior SIB.....	41
Table 7: Overview of the first edition of SIBs	43
Table 8: SDG Alignment in Gulbenkian Foundation’s SIB Projects.....	45
Table 9: Comparative Analysis of Philanthropic Foundations in the US and EU	80
Table 10: Comparative Analysis of capital markets’ players in the US and EU.....	84
Table 11:US-EU Impact investing funds overview.....	88
Table 12: Regulatory and Measurement Approaches in US vs EU Impact Investing	94

TABLE OF CONTENTS

i. Abstract.....	1
ii. Acknowledgments	2
iii. List of abbreviations	2
iv. List of figures.....	3
v. List of tables	3
1. INTRODUCTION.....	5
1.1 Theoretical setting.....	6
1.1.1 From Humble Beginnings to Trillion Dollar Market.....	6
1.1.2 Industry dynamics.....	8
1.1.3 Impact Measurement	10
1.1.4 Different Investment Instruments	11
1.2 Thematic Insights into Impact Investing	13
1.3 Methodology	16
2. SEGMENT ANALYSIS	18
2.1 EU philanthropic institutions.....	31
2.1.1 BMW Foundation Herbert Quandt.....	32
2.1.2 Calouste Gulbenkian Foundation	40
2.1.3 Comparison of EU philanthropic institutions	46
2.2 Global trends' analysis	79
2.2.1 Global Trends in Philanthropy.....	79
2.2.2 Global Trends in Capital Markets.....	83
3. DISCUSSION AND MAIN FINDINGS	87
3.1 Impact funds' development.....	87
3.2 Government regulations.....	90
3.3 Impact measurement and management	93
3.4 Conclusion	97
vi. Appendix.....	112

1. INTRODUCTION

Impact investments stand at the confluence of philanthropy and investment, aiming to generate social and environmental benefits alongside financial returns. This dual-purpose approach has attracted a diverse range of investors, from foundations to capital market participants, each bringing their unique goals, strategies, and mechanisms to the table. While considerable research has been devoted to financial outcomes and societal impacts of these investments and the possibility of their simultaneous achievement, there is a paucity of studies exploring the foundational drivers that facilitate and shape their evolution in different regulatory and geographic contexts. This thesis addresses the gap by posing the central research question: What are the key drivers shaping the evolution of impact investment strategies in philanthropic and capital market entities across the US and the EU, and how do these drivers influence the effectiveness and development of impact investing?

Through a meticulous analysis of eight case studies, this work investigates various dimensions of impact investments. The case studies are categorized into four groups: philanthropic organizations and capital market entities in both the US and EU regions, with two examples from the US and two from the EU for each category. Each case study delves into capital sourcing strategies, investment mechanisms, risk management practices, and impact measurement frameworks across different time periods. This longitudinal perspective allows the analysis to reveal the nuanced ways in which these entities approach impact investing over time, identify potential problems or conflicts of interest, and offer suggestions for enhanced performance. The temporal aspect of this work is crucial as it highlights how strategies and practices have evolved, reflecting changes in regulatory environments, market conditions, and overall investment philosophies.

The investigation reveals significant regional variations in how these drivers are manifested, particularly in the role of government regulations and the challenges of

standardizing impact measurement. Preliminary findings suggest that the European entities face stricter regulatory environments than their American counterparts, which has several noticeable implications for their investment patterns. Moreover, the persistent difficulty in standardizing impact measurement across regions underscores the need for a more unified global approach to enhance the efficacy of impact investing.

The importance of this research therefore lies not only in its contribution to academic discourse but also in the guidance it provides to policymakers and practitioners to provide greater clarity to investors and the public. Hence, understanding the drivers of impact investment can help stakeholders navigate its complexities, develop more effective investment strategies, and ultimately contribute to a more sustainable and equitable global financial system.

1.1 Theoretical setting

1.1.1 From Humble Beginnings to Trillion Dollar Market

Impact investing, defined by the GIIN as “investments made with the intention of generating positive, measurable social and environmental impact alongside a financial return”, was coined in 2007 at a Rockefeller Foundation conference held in its Bellagio Conference Center in Italy. This gathering of investors, entrepreneurs, and philanthropists was centered on brainstorming ideas for more efficiently allocating capital for social and environmental benefits, marking a significant step toward the creation of a new, cohesive global industry that unifies diverse initiatives across multiple sectors. This movement underscores the increasing recognition within both public and private sectors that the complex 21st century challenges require a collaborative approach to sustainable development and societal well-being (Social Impact Investment Taskforce 2014).

The industry has seen substantial growth: as reported in GIIN (2022), the worldwide impact investing market is valued at approximately \$1.164 trillion in assets managed by 3349 organizations, making this a significant milestone as the value surpassed one trillion dollars for the first time. Moreover, according to GIIN regular market surveys, since 2012, assets under management in impact investing have increased by over 1000%, reflecting its rising popularity (BMW Foundation Herbert Quandt 2021). Despite gaining momentum only in the last decade, due to a wider trend in modern market economies advocating for a more ethical and socially inclusive form of capitalism, the concept of impact investing traces its roots back to the 1970s, when there was a first explicit desire for incorporating social or environmental values into financial investments following events like the oil crisis and apartheid in South Africa, hence initiating the need for alternative energy sources and social justice mechanisms. This is when the term “sustainable investing” was first used: in the 1980s, investors began screening out industries with negative impacts on society and the environment, although these methods often led to potential underperformance and reduced diversification (Snider 2016).

The concept further evolved in the early 2000s with the advent of socially responsible investing (SRI), which included positive screening by proactively seeking out investment opportunities in companies with exemplary Environmental, Social, and Governance (ESG) practices (Fire Capital Management n.d.). The term “ESG” was introduced in a 2004 report, and it has since then become a critical component of political, social, and economic discussions, especially with the European Union’s emphasis on Sustainable Finance under the European Green Deal (Yaşar 2021).

Impact investing, often confused with sustainable or ESG investing, stands out due to its clear, outcome-focused approach which actively measures and engages with the impacts of investments. Unlike the more passive, avoidance-based strategies of socially responsible investing (SRI), which mainly avoid harmful industries, impact investing aims for direct and

measurable positive contributions; however, despite its growing popularity, a unified definition of impact investment is reportedly absent, as well as a clear understanding of what the term stands for (Höchstädter and Scheck 2014).

1.1.2 Industry dynamics

When considering the overall framework of the impact investment industry, like any other market it is predicated on a combination of demand (for capital to finance impact-driven organisations), supply (of impact capital) and intermediaries that help to connect supply and demand. The interplay between these two sides of the social impact investment ecosystem is intricate, characterized by a multiplicity of actors and instruments; these interactions are not only financial but also deeply influenced by the socio-political context, where policy frameworks, market dynamics and community values influence the flow and effectiveness of impact capital.

The industry framework can be summarized as follows: *(i) Impact-seeking purchasers* such as governments, foundations, and socially engaged corporations provide the revenue that fuels *(ii) impact-driven organizations*; these organizations range from nonprofits with specific social goals to businesses blending profit with purpose, e.g. a renewable energy startup aiming to reduce carbon emissions. *(iii) Forms of finance* fulfil these entities' varying needs, with instruments like secured loans for asset-rich projects and social impact bonds (SIBs) for innovative social programs. *(iv) Channels of impact capital*, like social banks and community finance institutions, bridge the gap between investors and these organizations, ensuring that capital reaches where it's most needed. Lastly, the *(v) sources of impact capital* — from governmental funds to individual investors — supply the investments necessary to spur social change (Social Impact Investment Taskforce 2014). This capital might support anything from

large-scale public infrastructure projects promoting inclusivity to small, local initiatives improving community health.



Table 1: Impact Investing industry framework (Social Impact Investment Taskforce 2014)

This intricate yet complete ecosystem ensures that financial resources are effectively mobilized to generate positive, measurable social and environmental impacts.

Regarding the geographic location of the beneficiaries, a reportedly common view would associate impact investing mainly with investments in developing and emerging markets. In contrast, a number of practitioner reports explain that impact investing can span geographies and can also target beneficiaries in the developed world. Indeed, underserved populations also exist in developed countries, such as low-income households, individuals with disabilities, and other minorities, and environmental projects can benefit society at large, independent of a person’s socioeconomic status (Höchstädter and Scheck 2014). In some countries, aspects of impact investing have a long history such as community development finance in the US, the credit union and Quebec social economy movements in Canada, or the thriving cooperative movement in the EU. Each country has its own ecosystem where

government, foundations, individual investors and both public and private sector play different roles. These differences affect the driving forces behind impact investment; for example, in France and Italy the *social sector* is the driving force, while in Japan *large corporations* have historically been at the forefront of the movement.

1.1.3 Impact Measurement

Despite being typically associated with investment sectors such as agriculture, clean energy, education, healthcare, microfinance, and housing, the applications of impact investing are not limited to these areas. It can also be applied to technology access, job creation, and broader community or international development, indicating its versatility in addressing diverse goals (Höchstädter and Scheck 2014). Measuring social and environmental impact is crucial to evaluate the effectiveness of investments and maintain accountability. As impact investing gains popularity among a wider variety of investors, standardisation efforts in impact measurement are intensifying. This includes the development of an ecosystem highlighting the role of investor networks like the GIIN, reporting standards like the Impact Reporting and Investment Standards (IRIS), evaluative bodies like the Global Impact Investing Ratings System (GIIRS), and databases like ImpactBase.

However, despite established methods for assessing financial returns, impact investing sector struggles with the lack of a universal standard for quantifying intangible social or environmental outcomes. Leading organizations such as the Rockefeller Foundation and the World Economic Forum are actively working to overcome these challenges by developing metrics like Social Return on Investment (SROI) and Environmental Return on Investment (EROI), alongside other methods that assess changes through qualitative stakeholder engagement (Addy et al. 2019). Together with these standardisation efforts, various frameworks have been introduced to simplify impact assessment. The IRIS provides a

foundational taxonomy for impact measurement, while the Impact Management Project (IMP) develops specific norms and standards helping investors classify, measure, and manage the social and environmental performance of their investments effectively. Additionally, the adoption of the Sustainable Development Goals (SDGs) is promoting uniformity and guidance in the sector. In fact, according to a 2023 GIIN report, 76% of impact investors use the SDGs to shape their impact strategies, and 78% employ IRIS+ for measurement and management (Hand, Sunderji, and Yeung 2023).

1.1.4 Different Investment Instruments

As impact investing focuses on investments with an explicit willingness to reach both financial and environmental and societal returns, the choice of the proper asset class assumes a paramount role and is strongly dependent on the impact objective of the investor. A widespread belief considers impact investing limited to private debt and equity; among others, this view is supported by an insightful definition by the *Rockefeller Foundation* according to which an impact investment is “capital that is placed outside of public equities markets” (Höchstädter and Scheck 2014). In fact, a significant percentage of investments are directed towards private debt and private equity; funds investing in this asset class typically have a minimum entry level, as well as a longer investment horizon, making it more complex for smaller investors to diversify their assets across multiple investments (Levitt 2011).

While it is true that private debt and equity investments are widely used for impact investments, investments in the public sphere do exist. Indeed, many experts expressed their belief that, as the market matures, more publicly traded investment opportunities would have become available, a scenario that appears to have materialized (Höchstädter and Scheck 2014). Actually, there are no limitation regarding the financial instruments and asset classes impact investors can employ; some examples include cash, fixed income, debt, equity, private loans,

guarantees, venture capital and real assets. In other words, the belief that impact investing represents an asset class on its own lost popularity during last years, implicitly favouring the treatment of impact as an investment philosophy that can span almost any asset class. More innovative structures, such as so-called social impact bonds (SIBs), first launched in the UK, are also mentioned among them (Hochstadter and Scheck 2014).

Social Impact Bonds (SIBs) represent a novel approach to funding social services, that implies a collaborative model involving a *private entity* that finances the intervention, a *social entity* that implements it and a *public entity* which defines the results to be contracted and – in case of success – reimburses the investors, as summarized in the table below.



Figure 1: Functioning of SIB (IES 2014 adapted from Social Finance 2011 and MaRS Centre for Impact Investing 2013)

This financial instrument is truly distinctive, as it shifts the risk to private investors, thus not compromising the public budget. Moreover, by operating on an outcome-based model, it encourages a culture of evaluation and monitoring, meaning that returns to investors are contingent upon achieving specific social objectives, such as enhanced educational outcomes or improved public health metrics. Its functions involve optimizing the operations and finances of public services with the help of private players under strict accountability clauses.

Illiquid asset classes feature prominently in the impact investing industry, i.e. investments that cannot be traded on a daily basis on mainstream trading platforms; as such, these asset classes need a longer and more complicated due diligence process, considering that unlisted organisations do not share information so easily, and thus public data have often limited availability (Levitt 2011). The research capacity needed will naturally augment as investors would probably diversify their assets across multiple fund investments, rendering this process even more time-consuming and expensive. Accordingly, investing in a *fund of funds*¹ prospectively allows for a higher extent of diversification, helping in addressing usual minimum investment fees and subdividing the costs of research and monitoring across multiple investors.

1.2 Thematic Insights into Impact Investing

This section explores the key drivers and challenges shaping the evolution of impact investments. With this analysis, we aim to provide a thorough understanding of the dynamics at play in the impact investing space, drawing attention first to the inherent conflicts and inefficiencies of the market and secondly to critical factors pivotal in guiding the sector forward. A prominent theme that consistently emerges in the literature on impact investing is the tension between simultaneously achieving social impact and generating market-rate returns. This dual objective highlights the sector's ambition but also underscores its inherent challenges. One major issue is the persistence of traditional fund structures and return expectations, which often prioritize financial gains over social outcomes.

Despite the foundational goal of impact investing to support early-stage companies, there remains a significant gap between the supply of capital provided by investors and the

¹ A *fund of funds* (FOF) is an investment strategy where a fund invests in a portfolio of shares of other funds, rather than investing directly in other securities, with the main aim of achieving broad diversification and asset allocation, offering investors a wider exposure with reduced risks (Corporate Finance Institute 2024)

demand from businesses that target underserved populations. While capital flow into impact investing has increased, only a limited subset of players are willing to accept the high risks and modest returns associated with these investments. The preference of many investors towards opportunities that promise quicker returns contributes to a market inefficiency where high-quality goods and services remain inaccessible to the poor (Dichter et. al 2013).

While the rhetoric in impact investing often promotes achieving 'market' rates of return, this goal can be unrealistic when investing in underprivileged markets. Such expectations result in a misalignment between the true objectives of impact investing and the financial strategies of investors. Bolis and West (2017) suggest that a broader market could be addressed if return expectations were adjusted to be more realistic.

While philanthropic grants could play a significant role in funding early-stage businesses, the total amount of money available from these sources may still be insufficient to effect change on a global scale. To bridge the previously mentioned gap between supply and demand, structural changes in the capital market are essential to attract more investors by possibly adjusting expectations to more realistic levels and prioritizing investments with the highest social returns. This would be the opposite of what is currently happening in the sector, where businesses are primarily focused on financial returns and are required to meet minimum social impact objectives. However, implementing these changes is challenging as investment committees need time to adjust their strategies and risk tolerance. A mindset shift towards maximizing social impact with more modest financial returns is required to better align impact investing with its social objectives and realize the potential of the impact investing market (Dichter et. al 2013).

Another hot topic which is vividly present in literature is the issue of impact creation and measurement. There is an open debate regarding the ability of social investments to generate an impact and how to track it. Despite significant efforts to establish universal

standards to quantify this impact, these standards prove insufficient for academic discussion. A document published by the SSRI (Brest and Born 2013), points out that the Impact Reporting and Investment Standards (IRIS) and the Global Impact Investment Rating System (GIIRS) offer standardised metrics focused more on company operations than on the impact of the products offered.

Efforts to evaluate the concrete results of market-oriented social enterprises have been limited, and the paucity of data makes it complex for investors to evaluate the social impact of the companies in which they invest (Brest and Born 2013). The literature suggests that, except where robust market mechanisms such as measurement of greenhouse gas reductions or contracts based on the results of remedial measures against environmental damage or social injustices are in place, the incentives for investors and firms to collaborate in developing effective measurement standards are relatively weak (Reeder et al. 2015). From the analysis of the literature, one of the most significant challenges for organizations such as IRIS/GIIN and Big Society Capital, and for the entire impact investing ecosystem, is to reach consensus and make substantial progress towards greater standardisation in the measurement of impact. The absence of international standards portrays impact as subjective, complicates benchmarking and undermines the use of impact data in decision-making.

Lastly, a key topic emerging from previous research is the role and importance of industry regulation. Indeed, politicians have a crucial role in the advancement and progress of the impact investment market. Governments can help create an enabling regulatory environment and encourage greater transparency for impact investing (Liu and Wu 2023). Several countries have approved tax relief programs and special organizational structures for social enterprises, to simultaneously promote the development of the social impact capital industry.

1.3 Methodology

As outlined in the introduction, the primary goal of the thesis will be the one to investigate and analyse the key drivers that have shaped and are to shape the evolution of impact investments. Indeed, our research examines the evolution of the investment strategies of institutions that have implemented impact investing within their portfolios. The entities analysed were categorized by origin (philanthropic or capital markets) and by geographical location (European Union and United States). Two cases were studied for each origin in each geographical region, for a total of eight cases.

The research design will be comparative. Initially, each case study will be analysed based on a common theoretical framework shown in detail in Appendix 1. This framework breaks down the investment methods of the investigated entities into smaller parts, to identify the driving forces behind the evolution of the different investment strategies. The elements incorporated into the framework were chosen based on key factors like inflows (e.g. source of capital), outflows (e.g. financial performance) and the mechanisms (e.g. investment criteria) that organizations use to make investment decisions. These components reveal important variables that direct the investigation and highlight the decisive factors affecting the analysis, allowing for a more detailed evaluation of shifts in investment strategies across different periods.

Once the individual case analyses were completed, a comparative assessment was conducted to identify similarities and differences among the approaches of these entities. Direct comparisons were made only between similar organizations – i.e. philanthropic and capital markets respectively – as the two categories of investors analysed differ significantly in their investment techniques. Therefore, a cross-category comparison based on the same geographical location would not be methodologically valid.

The case studies chosen for this thesis concentrate particularly on entities that are acknowledged as key players in their markets and industries. These actors are significant not just because of their size and market share but also because they have stood out for their continuous interest and commitment towards impact investment, trying to adapt their strategies with industry developments and positioning themselves as leaders and pioneers of the sector. Most of the entities were chosen considering their long history with impact investing, thereby making it possible to analyse the different temporal phases they went through and better understand the evolution of their strategy in the given time frame.

The choice of the geographical context is based on the pioneering role of the United States in the impact investing industry and on the importance of the European Union as another globally active ecosystem in the sector. Therefore, the analysis is focused on these two regions as they host markets where impact investing strategies are particularly advanced and consolidated. It is intriguing to explore whether there are developmental differences or distinct approaches between these regions, given the ongoing evolution of this field.

For this paper the main source of data collection will be through secondary sources. The data will be mainly collected through reports and other studies already conducted by important institutions, such as the GIIN; the need to use external sources that can provide general information becomes evident considering that the analysis of just eight cases is not sufficient to draw generalized conclusions, due to the limited size of the sample. Therefore, the reports produced by the individual organizations are not enough to obtain a complete view of the overall trends at the ecosystem level but are nonetheless informative and relevant.

The structure of this study is outlined as follows: first, US philanthropy will be analysed, followed by an exploration of EU philanthropy. Then, the focus will shift to capital markets, analysing US and EU scenarios in turn. Once the individual analyses are complete, a comparison between similar entities in different geographies (foundations and capital market)

will be conducted to highlight key trends identified throughout the study. Finally, the study will transition into the final discussion where the past and future key drivers of impact investing will be exposed and examined.

2. SEGMENT ANALYSIS

2.1 EU philanthropic institutions

European foundations have become pivotal in addressing societal challenges, with over 180,000 established mostly in the last two decades, signaling a shift towards innovative financing and a transformation in the global philanthropic landscape (Šrsen 2024). These organizations act as strategic players, uniquely positioned to bridge the gap between traditional philanthropy and sustainable, long-term impact. The next section will examine two European foundations to explore how their impact investing strategies have evolved, illustrating their roles in adapting and innovating to utilize capital for financial and societal gains. This analysis will contribute to a better understanding on the transformative capacity of European foundations in refining and optimizing their investment strategies for philanthropic missions in the 21st century.

2.1.1 BMW Foundation Herbert Quandt

Founded in 1970 in Munich and Berlin, the BMW Stiftung Herbert Quandt was established to honour Herbert Quandt's entrepreneurial spirit and contributions, as in 1959 he took significant financial risks to ensure BMW's independence, laying the groundwork for the company's future success. Thirty years later, BMW AG launched the Eberhard von Kuenheim Stiftung (EKS) as another corporate foundation to recognize Eberhard von Kuenheim's longstanding leadership as chairman of BMW's management and supervisory boards. These

two foundations, each with its unique heritage and principles, have embodied and extended the commitment to social responsibility deeply ingrained in BMW's corporate identity into the philanthropic world, carrying forward BMW's values of sustainability, community involvement, and innovation with global outreach.

At its core, the BMW Foundation advocates for responsible leadership on a worldwide scale to foster a more equitable, peaceful, and environmentally sustainable future, aligning with the UN's 2030 Sustainable Development Goals. It empowers leaders through the Responsible Leaders Network and invests in solutions to critical global challenges, emphasizing sustainability and social justice. Actively involved in the Coalition for Impact, a global network promoting impact investing and responsible leadership, the BMW Foundation works to redirect capital towards impactful initiatives and establish sustainable finance as the new standard, addressing systemic financial challenges and bridging funding gaps for transformative initiatives (BMW Foundation Herbert Quandt n.d a.). As a pioneer in building the impact investing ecosystem within the European Union's philanthropic sector, the foundation has demonstrated profound dedication to impact investing.

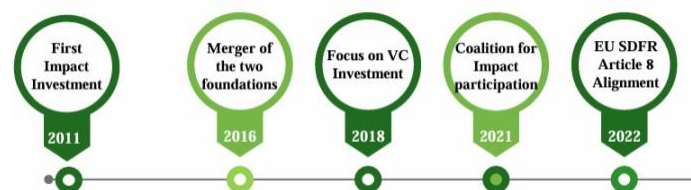


Figure 2: BMW Foundation Herbert Quandt timeline

The BMW Foundation channels its financial assets in two keyways: firstly, by aligning its endowment with ESG principles to mitigate negative effects throughout the portfolio, and secondly, through impact investing aimed at generating positive outcomes in line with the SDGs, as it recognizes the urgent need for transformative action, especially in light of the UN's call to annually invest US\$ 5-7 trillion across all sectors to achieve the SDGs. In addition to its involvement in impact investing, the BMW Foundation partners with renowned

organizations such as Social Finance UK, FERD Social Entrepreneurs and the OECD to examine cross-sector collaboration examples in the EU, aiming to understand how such partnerships can produce better outcomes (BMW Foundation Herbert Quandt n.d. b). Over time, this commitment to impact investing has undergone various stages and progressive strategies, motivated by BMW's goal to optimize social value delivery and promote economic transformation to advance the UN 2030 Agenda.

Over time, this commitment to impact investing has undergone various stages and progressive strategies, motivated by BMW's goal to optimize social value delivery and promote economic transformation to advance the UN 2030 Agenda.

CATEGORY	DETAILS
Focus	Learning through direct investments
Areas of Investment	Environment, education, impact ecosystem; variety of SDGs
Expected Return	Payback prioritized over financial return
Profit Formula	#3 paid short term, #3 long term (still in portfolio)
Risk Appetite	Low
Key Resources	Co-investment by both foundations
Key Processes	Handpicked ventures (#6), use of SIB, MRI, debt instruments
Antecedents for Change	High initial costs and learning curve during the pilot period

Table 2: : Initial Exploratory Phase 2011 – 2016 BMW Foundation (BMW Foundation Herbert Quandt 2021)

The journey started in 2011 when the endowments of the two BMW foundations were leveraged to gain experience in impact investing and explore sustainable investment models to drive social change. During this initial exploratory phase, the Foundation’s investment strategy was characterized by a hands-on, learning-centric approach, focusing on direct investments to understand how various investment structures could facilitate both financial returns and societal impact. Throughout this pilot phase, the Foundation diligently sought co-investment opportunities that aligned with its broader programmatic objectives, selecting six small strategically significant investments across various asset classes. These investments addressed

a broad spectrum of themes such as the environment, education, and the impact ecosystem, embracing a wide array of Sustainable Development Goals (SDGs). Out of these six investments, three have been paid, while the other half are still in the portfolio.

The financial mechanisms employed were marked by prudence, with a preference for Mission-Related Investments (MRI) and a reliance on debt instruments to maintain a low-risk profile, including pioneering efforts like the first continental European Social Impact Bond (SIB) in Augsburg, Germany. Despite this careful approach, the Foundation was prepared for a lower probability of financial return, prioritizing impact creation over financial gain. This initial phase laid the groundwork for the Foundation's impact investing, setting the stage for more strategic expansion in the years that followed, all while keeping the philanthropic mission at its core.

The subsequent phase (2016-2020) marked a significant evolution in the impact investing journey of the BMW Foundation, as its enhanced understanding of impact investing has led to a more sophisticated deployment of capital for social and environmental impact.

CATEGORY	DETAILS
Focus	Financial returns integrated with impact
Areas of Investment	2/3 of portfolio focused on SDGs 1, 3, 8, 10
Expected Return	3% financial return plus impact measurement
Profit Formula	Investments targeted for 10 years or more
Risk Appetite	Medium
Key Resources	Merger of the two foundations; special funds created
Key Processes	Private equity, venture capital in underserved markets Core and satellite investment strategy
Antecedents for Change	Standardization of IMM, scaling up

Table 3: Strategic Expansion Phase, 2016 – 2021 BMW Foundation (BMW Foundation Herbert Quandt 2021)

This period began with the merger of the two BMW foundations, leading to a unified entity called BMW Stiftung Herbert Quandt & Eberhard von Kuenheim Stiftung aimed at amplifying the collective impact on a global scale. The BMW Group escalated the Foundation's assets

from €50 million to €100 million, further complemented by a generous €30 million infusion from the Quandt family. This financial support was strategically targeted, with €20 million of the endowment specifically allocated to impactful investment opportunities, marking a decisive step in the foundation's commitment to leveraging its assets for social and environmental good (BMW Foundation Herbert Quandt n.d. a).

The Foundation's investment approach was characterized by a meticulous strategy that sought to maximize impact, operational efficiency and scale through fund investments with a focus on opportunities that demonstrated additionality—creating positive impacts along with financial returns (Patton 2021). Investments covered a wide range of themes, from healthcare for dementia patients in Central Europe to educational access for underprivileged communities in India. However, the Foundation strategically narrowed its focus by dedicating almost two-thirds of the invested capital towards specific Sustainable Development Goals (SDGs), notably SDGs 1, 3, 8, and 10. These goals, addressing No Poverty, Good Health and Well-Being, Decent Work and Economic Growth, and Reduced Inequalities, reflected an effort to concentrate resources where they could have the most significant impact.

SDG	IMPACT HIGHLIGHT
SDG 1: No Poverty	<ul style="list-style-type: none"> - 70,000 individuals supported with financial services in LATAM, Africa, and Asia - 501,000 households electrified with solar solutions
SDG 3: Good Health and Well-being	<ul style="list-style-type: none"> - 71,000 individuals provided healthcare services - 8,000 hospital visits avoided with digital healthcare in southwest Europe - 138,000 hours of elderly care service in central Europe - 32,000 people breathing cleaner air with efficient energy systems
SDG 8: Decent Work and Economic Growth	<ul style="list-style-type: none"> - 4,000 jobs created by supported enterprises - 8,000 enterprises and organizations supported - Salaries 3x the minimum wage in Uganda, Kenya, Lesotho, and Cambodia
SDG 10: Reduced Inequalities	<ul style="list-style-type: none"> - Investments facilitate inclusion of previously excluded groups as beneficiaries, workforce participants, or capital recipients - Focus on reducing inequalities in the workplace, including gender wage equity - Targeting various stakeholders, including young people, the very poor in rural areas, senior citizens, entrepreneurs and MSMEs, people with disabilities, and the environment

Table 4: SDG Outcomes and Contributions BMW Foundation (Bmw Foundation Herbert Quandt 2021)

In this phase, the BMW Foundation's investment strategy follows a precise "core and satellite" model, a common approach in portfolio management balancing risk and return while targeting specific thematic opportunities. Core holdings consist of larger, well-diversified impact investments, providing stability within the portfolio, while satellite investments involve smaller, more innovative ventures, where the Foundation acts as a strategic partner to enhance impact. Up to now, the portfolio has consisted of 10 impact investments: 3 of them were direct debt investments that have already been returned, while the other 7 are still present on the EKF portfolio. Within these 7, one of them is a "core" holding, while the other 6 are "satellites". With a long-term investment horizon of at least 10 years, the Foundation reaffirms its commitment to sustained impact over short-term gains, emphasizing its dedication to driving positive change on a global scale.

Since 2018, the BMW Foundation's investment portfolio reflects a strategic allocation to private equity or venture capital investments, comprising 49% of assets, which has proven advantageous to minimize the costs associated with extensive due diligence and research that were prevalent in the earlier phase. Moreover, an additional 83% was deployed in equity investments in impact funds addressing the lack of investable capital for funding underserved SMEs and markets. Geographically, investments span the globe, with investees operating for 57% in emerging markets, and 43% in developed ones. The absence of a standard approach to Impact Measurement and Management (IMM) in the initial phase underscored the challenges in consistently measuring and comparing impact across investments. To enable comparison and benchmarking, and to streamline the impact measurement process, the Foundation gave priority to standardisation, which resulted in the development of standard metrics in the subsequent period. Indeed, motivated by the desire to build a robust impact investing ecosystem while encouraging responsible leadership, the BMW Foundation began refining its risk management strategies, employing tools like the Impact Management Project (IMP) framework and IRIS+ Metrics.

The outcomes of this strategic phase were profound. Tackling impact creation, the Foundation's efforts contributed significantly to various SDGs, notably in reducing poverty in Latin America and Asia, improving health and well-being in southwest Europe, fostering economic growth, and reducing inequalities. Additionally, as shown in Appendix 2, evaluations through the IMP matrix by both investees and through a survey facilitated by the BMW Foundation confirmed that approximately 94% of the portfolio effectively contributed to addressing pressing global challenges. Speaking of return on investment, the three direct debt investments belonging to the portfolio have already been returned, showcasing both impactful outcomes and an impressive ROI of almost 3% annually on average. This has exemplified the Foundation's success in balancing financial returns with impactful outcomes, setting a precedent for the potential of philanthropic foundations to drive meaningful change through strategic impact investing.

Starting from 2021, the BMW Foundation has entered a new chapter, characterized by a renewed focus on impact maximization and alignment with evolving global challenges.

CATEGORY	DETAILS
Focus	Maximizing impact aligned with global challenges
Areas of Investment	Strategic focus on SDG 11 and 13
Expected Return	Long-term alignment with Paris Agreement targets
Profit Formula	Long-term investment horizon
Risk Appetite	Medium
Key Resources	Integrated strategies with global sustainability goals
Key Processes	Collaborations with RISE Cities and RESPOND Accelerator Focus on satellite investments
Antecedents for Change	Shift to addressing climate action and sustainable cities

Table 5: Strategic Sustainable Alignment Phase, 2021 - Present BMW Foundation (BMW Foundation Herbert Quandt 2021)

Motivated by the need to adapt to changing global dynamics, the Foundation strategically further narrowed investment opportunities to contribute specifically to SDG 11 (Sustainable Cities and Communities) and SDG 13 (Climate Action), realigning the portfolio with the Paris

Agreement by increasing the percentage of investment assets supporting these critical SDGs. Indeed, while so far the Foundation has been investing in a total of 12 SDGs, this switch involved shifting significant parts of the portfolio aiming to limit global warming to well below 2 degrees Celsius, preferably 1.5 degrees Celsius.

Moreover, the focus of this phase is mostly on satellite investments, in order to strengthen the thematic alignment both with the mission and investment strategy of the foundation as a whole. During this phase, the BMW Foundation Herbert Quandt has intensified collaboration with RISE Sustainable Cities and RESPOND Accelerator, advancing responsible leadership and sustainable business practices within environmental, economic, and social challenges. The RESPOND Accelerator supports entrepreneurs with technology-driven, sustainable business models for Future of Work and Sustainable Urbanization, while RISE Cities Fellowship brings together sector leaders to develop resilient and sustainable through public-private partnerships, focusing on urban sustainability goals.

Regarding impact creation, the Foundation has committed to aligning its endowment strategy with the EU Sustainable Finance Disclosure Regulation (SDFR) Article 8, promoting ESG factors for sustainable finance in public market investments.

Moreover, the Foundation aimed to inspire stakeholders through their impact report published in 2021, advance Impact Measurement and Management practices, and advocate for transparency and standardisation. As each investee has been relying on their own customized metrics, impeding consolidation across the portfolio, the Foundation plans to collaborate closely with fund managers to standardise data collection. Moreover, in moving towards a more integrated impact management approach, the BMW Foundation aims to transition from ex-post measurement to a proactive strategy. This will involve focusing on sharing up-front impact

indicators with entrepreneurs, in order to facilitate their integration into ongoing operations and, eventually, achieve a streamlined measurement system and improve outcomes.

To sum up, looking ahead, the Foundation aspires to adopt standardised industry-led frameworks for impact measurement across all investees and integrate impact metrics at the investment evaluation stage, signalling a commitment to drive continuous improvement in the field by sharing insights and lessons learned so far (BMW Foundation Herbert Quandt 2021).

2.1.2 Calouste Gulbenkian Foundation

The Calouste Gulbenkian Foundation, established in 1956, is a prominent Portuguese institution headquartered in Lisbon dedicated to enhancing quality of life through arts, charity, science, and education. Named after Calouste Gulbenkian, an Armenian businessman and philanthropist, the foundation has emerged as a cornerstone in European philanthropy that has been instrumental in promoting cultural and scientific advancements both in Portugal and internationally. Within its philanthropic mission, the Foundation has shown a profound commitment to impact investment, particularly emphasizing Social Impact Bonds (SIBs) as a preferred financial instrument.



Figure 3: Calouste Gulbenkian Foundation timeline

Since 2015, the Gulbenkian foundation has invested in 5 SIB to not only pioneer and validate new financial instruments in Portugal, but also to foster business models integrating

social impact with financial returns and develop innovative funding approaches for public services that align the public, private and social sectors. The Calouste Gulbenkian Foundation's investment in SIBs extends beyond financial contributions, embodying a form of advocacy for innovative social financing, reflecting a strategic effort to influence policy, encourage public sector engagement, and foster a supportive ecosystem for impact investing in Portugal and across the broader European philanthropic sector (Calouste Gulbenkian Foundation 2020a). The evolution of the Calouste Gulbenkian Foundation's advocacy efforts has resulted in a variety of strategies in structuring impact investments, each stage reflecting a deepened understanding of the most effective ways to drive social change.

To begin with, in 2014, together with Instituto de Empreendedorismo Social and in partnership with Social Finance UK, Calouste Gulbenkian launched the Social Investment Laboratory (LIS), an initiative aimed at becoming a reference knowledge center in the field of social investment by exploring innovative financing mechanisms for the third sector, sharing best international practices, and evaluating their applicability in Portugal (Calouste Gulbenkian Foundation 2014). Furthermore, in 2015, the Calouste Gulbenkian Foundation launched the first Social Impact Bond (SIB) in Southern Europe, named Academia de Código Júnior, which is explored in more detail in Appendix 3. As the sole philanthropic investor, Gulbenkian prioritized social impact over financial return, accepting the inherent risks of such pioneering investments. The table below outlines key characteristics of the project.

CHARACTERISTIC	DETAIL
Field	Education
Aim	Combat high rates of academic failure by enhancing math and Portuguese skills using computing and programming education
Beneficiaries	65 students from 3 primary schools in Lisbon
Investor	Gulbenkian
Public Entity	Lisbon City Council
Implementing Entity	Code for All (non-profit teaching computer programming)

Table 6: Overview of the Academia de Código Júnior SIB (Calouste Gulbenkian Foundation 2016a)

The initiative, facilitated by the Social Investment Laboratory (LIS) and evaluated by Universidade Nova de Lisboa, showed notable improvements in mathematics and logic, despite proving lesser progress in Portuguese language skills. Acknowledging the SIB's impact achieved, the Lisbon City Council reimbursed 25% of the initial investment, reflecting the Foundation's philanthropic commitment and risk-taking in pursuit of social betterment (Calouste Gulbenkian Foundation 2016a).

This pilot project not only provided valuable insights for future impact investments but also positioned Portugal alongside the UK, Germany, and the Netherlands in the European SIB landscape, emphasizing the potential for innovative financing models to promote social change (Calouste Gulbenkian Foundation 2016b). The transition to the next stage of the impact investing journey spanning from 2017 to 2019 was motivated by a desire for a more sustainable investment strategy, shifting from small direct philanthropic investments to utilizing the foundation's endowment to scale its impact through indirect investments via maze, thanks to which Gulbenkian externalizes its expertise and expands the scope of its investments beyond direct SIBs.

Maze is an impact investment firm that in 2018 evolved from the Foundation's Social Investment Laboratory (LIS), maintaining its original goals but expanding scope by focusing on empowering impact ventures, guiding investors, and assisting the public-sector in-service redesign toward impact. Indeed, the foundation, other than holding a golden share in it to ensure a long-term mission alignment, allocated €4 million of its €3.9 billion endowment to co-invest in maze and its €45M early-stage fund, Mustard Seed Maze (MSM), specialized in investments in startups across Portugal and Europe using technology to address social and environmental challenges (Calouste Gulbenkian Foundation 2021a). Within this phase, the Foundation, along with other partners, injected €450,000 into the so-called “first edition of Social Impact Bonds”, contracted through the Portugal Inovação Social initiative, a government-led program aimed

to stimulate the social investment market in Portugal by mobilizing EUR 150 million from the EU Social Fund (Calouste Gulbenkian Foundation 2020b). With the allocation of these funds for the implementation and experimentation of social impact bonds, Portugal stands out as the sole EU Member State that has utilized EU funds to promote innovation and social investment via innovative financial mechanisms up to the year 2020 (Portugal Inovação Social 2020). This new wave of SIBs differed from the first experiment from 2015 as it involved not only the engagement of other investors such as Caixa Economica Montepio Geral and Deloitte Portugal to scale impact, but also the diversification of investment in areas beyond education including social service and unemployment.

Maze’s role was pivotal in managing the 3 SIBs, all lasting three years, aligning them with a performance-based model to ensure risk management and effective outcomes, which were compared with goals defined by public entities and then reported by maze in 2021. The three distinct SIBs emerged during this phase are briefly summarized in the following table and further explored in Appendix 4, 5 and 6.

SIB	CHARACTERISTIC
Projeto Família	Aimed at preventing unnecessary institutionalization of at-risk children and youth in the Porto region, this SIB achieved a 90% success rate, significantly surpassing expectations and recovering 98% of the investment, despite a -7% ROI.
Faz-Te Forward	Focused on enhancing job-seeking skills among young NEET individuals in the Porto District, this SIB successfully integrated 40% of participants into the labor market within six months, with 53% retaining their jobs for at least six months.
Bootcamps Academia de Código	Targeted at requalifying unemployed young adults through computer programming training in the Fundão region, this SIB facilitated the entry of 101 out of 174 participants into the job market within four months post-training.

Table 7: Overview of the first edition of SIBs (Anselmo and Charro 2021; Anselmo and Charro 2020a; Anselmo and Charro 2020b)

When assessing the outcomes of the Social Impact Bonds by the Calouste Gulbenkian Foundation, it's essential to look beyond just the financial metrics to recognize the broader achievements. The -7% ROI obtained in Projeto Família rather than purely signalling loss illustrates the alignment of the foundation's mission on social gains over financial returns. Moreover, it can be seen as part as the learning curve, as the near-total reimbursement of initial investments from the Calouste Gulbenkian and the respective partners, with returns ranging from 91% to 99%, demonstrates the effectiveness and financial viability of the project. Indeed, a total of €437,000 out of the Foundation's initial €450,000 investment has been reimbursed. Additionally, as shown by both intermediate results published in 2020, and the final ones in 2021, all projects reached or surpassed the targets set. The outcomes obtained seem to underline SIB's capacity to merge social impact with financial sustainability (Calouste Gulbenkian Foundation 2021b). Moreover, the experience gained from these projects contributed to broader advocacy for impact investment: maze's benchmark analysis advocating for tax relief on SIBs in Portugal led to its approval in 2018 (Huynh 2022), making Portugal, together with the UK, the only EU Member State to provide such benefit for SIBs investors (fi-compass, 2018). This new tax incentive allows social investors investing in social impact securities to deduct 130% of their investments as expenses in their tax filings, up to a certain limit (Portugal Inovação Social 2020).

In 2019, during the third phase of its journey, the Calouste Gulbenkian Foundation, together with José de Mello Saúde Group and other partners, launched “Cuida de quem Cuida” (see Appendix 7), the first European SIB in the health sector, once again expanding the scope of their investments and their impact on a wider range of social issues (Calouste Gulbenkian Foundation 2019a). Addressing health-related challenges showcases the foundation's growing expertise, even among the inherent complexities of such investments. As the goals outlined in

the contract have been reached, the Foundation and other investors will have their original investment reimbursed (Calouste Gulbenkian Foundation 2023).

This most recent and still ongoing phase is also characterized by an intensified commitment to aligning with environmental and social values. This includes divesting from Partex Holding due to its oil-related operations in 15 countries (Calouste Gulbenkian Foundation 2019b), launching the Gulbenkian Prize for Humanity to honour climate change solutions and partnering with Rockefeller Philanthropy Advisors to sync the Foundation’s efforts with UN’s Sustainable Development Goals. As the RPA report suggests, this alignment will enhance the Foundation’s project planning and impact measurement, strengthening its leadership in the sector and providing new benchmarking possibilities to showcase its work (Carvalho et. al 2022). Indeed, since 2020, the Foundation has been specifying its contributions to the Sustainable Development Goals (SDGs) in its publications. The following table details the specific SDGs addressed by each of the Foundation's key Social Impact Bond (SIB) projects.

SIB	ALIGNED SDG & TARGET	FOCUS
Faz-Te Forward	SDG 4: Quality Education	Enhancing skills and employment opportunities
Bootcamps Academia de Código	SDG 4: Quality Education	Enhancing skills and employment opportunities
Cuida de quem Cuida	SDG 3: Good Health and Well-Being; Target 3.4	Reducing mortality from non-communicable diseases through prevention and treatment

Table 8: SDG Alignment in Gulbenkian Foundation’s SIB Projects (Calouste Gulbenkian Foundation 2020c; Calouste Gulbenkian Foundation 2020d; Calouste Gulbenkian Foundation 2020e)

In conclusion, the Calouste Gulbenkian Foundation's evolving journey in impact investing reflects its pioneering role in shaping the social finance field, particularly in Southern Europe. Through its engagement with Social Impact Bonds, by nature having clear, measurable social outcomes, the foundation sets a precedent for how philanthropic efforts can create sustainable change, blending traditional charitable giving with the rigor and accountability of

investment models. Their deep commitment to leveraging financial instruments for social good is evident in the strategic objectives for 2030, aiming for increased public sector engagement in innovative financing models and an increase of social entrepreneurship advocates to 750 by the year 2030 (Advisory Board of the National Competence Centre for Social Innovation 2022). These forward-looking goals further establish the foundation's influential position in inspiring other entities and guiding the way forward in the realm of social finance.

2.1.3 Comparison of EU philanthropic institutions

European foundations have increasingly adopted impact investing to strategically adapt their endowments to address societal challenges while achieving financial returns. Among these, the BMW Foundation Herbert Quandt and the Calouste Gulbenkian Foundation stand out as pioneers in the region's impact investing ecosystem.

Both foundations began their impact investing journey with a strong emphasis on furthering the philanthropic mission, using their own capital for small investments in impactful projects with higher regard on repayment of the principal rather than on obtaining immediate financial return. Nevertheless, over time both foundations went through some progressive stages that helped them gain experience in the field and understand how to best deploy capital for the creation of impact. Indeed, both institutions transitioned to using their endowments more strategically by investing into funds, ensuring the achievement of both higher impact and financial sustainability, and thus balancing the philanthropic goals with the need for financial returns.

However, the two foundations present several differences in how they structured their impact investment strategies. Their differing scopes can also be traced back to their inception dates; BMW began its impact investment journey in 2011, allowing more time to craft a robust strategy that might position them as a powerful institution in the industry.

Indeed, on one hand, the BMW Foundation has specialized in creating and enhancing the ecosystem by partnering with several relevant institutions in the field and several programs such as RISE and RESPOND. These initiatives aim to advance the overall impact investing industry by standardising impact management and assessment, streamlining data collection and ensuring benchmarking. Through its 2021 impact investing report and adherence to frameworks like the Sustainable Development Goals and the Impact Management Project, the BMW Foundation hopes to lead and guide the industry. On the other hand, the Gulbenkian Foundation has pioneered in a distinctly different way by focusing specifically on an innovative financial mechanism – the Social Impact Bond. This approach has positioned Portugal as a model for SIB expertise in Southern Europe. Moreover, its high-quality practices in impact investing have also been proved by the recent investments alignments with the Sustainable Development Goals framework.

Tackling the geographical scope of their investments, Gulbenkian foundation's efforts are more nationally focused, emphasizing local investment strategies and public-private partnerships to encourage public sector adoption of impact investing. This more nationally focused strategy contrasts with BMW Foundation's global approach, which included developing the ecosystem in regions like India and Latin America.

Speaking of the financial mechanisms applied, while initially experimenting with social impact bonds as well and debt instruments in general, the BMW foundation later decided to switch to private equity and invest mostly through funds, finding them less costly and more scalable compared to the challenging public sector collaboration. By switching from debt instruments to equity, BMW increased the riskiness of its investments, which is however under control thanks to its “core and satellite” investment strategy, which allows for a balanced investment distribution in the portfolio. Meanwhile, despite starting as a sole investor in the first social impact bond, by collaborating with other relevant investors such as Deloitte since

2017 with the “first edition of SIBs”, the Calouste Gulbenkian Foundation shared the financial risk associated with impact projects. This collaboration, coupled with operational support from maze – its personally-created impact investment firm – such as project monitoring, has strengthened the projects’ potential for success by uniting expertise and resources. Sector focus also varies: BMW has narrowed its investments to primarily target four specific SDGs after initially spreading its efforts across various areas. Recently, it has strategically shifted to focus on SDGs 11 and 13, aligning with the Paris Agreement. Conversely, Gulbenkian has expanded its impact scope, expanding from education to include unemployment and health through its innovative use of social impact bonds.

This analysis reveals the pioneering role that philanthropic organizations like the BMW and Gulbenkian Foundations can play in the impact investing field. By leveraging public-private partnerships and leading the standardisation of impact management, these foundations demonstrate how strategic investment can significantly foster societal benefits. Researchers should explore the effectiveness of these differing approaches in varying geopolitical contexts, investigating how regional characteristics influence the adoption and success of impact strategies. For practitioners, these case studies serve as robust examples of how to navigate and influence the impact investing ecosystem effectively.

2.2 Global trends' analysis

As anticipated, in the next section of this thesis a comparison will be made between similar actors from different geographical areas; this will allow us to identify past and current trends in impact investing, both for philanthropic foundations and for the capital markets.

2.2.1 Global Trends in Philanthropy

According to the Global Philanthropy Report, there are more than 260 000 Foundations in 38 countries, with 60% based in Europe, and 35% in North America. With over 75% of foundations established in the last 25 years, the philanthropic sector is growing rapidly and may eventually create more social and economic impact. According to the report, the industry spends about USD 50 billion a year and has global assets worth at least USD 1.5 trillion, heavily concentrated in the United States (60%) and Europe (37%) (Johnson 2018).

Historically, impact investing has not been widely adopted by philanthropic organizations because of their traditional emphasis on non-financial charitable goals. However, in response to growing criticisms about the unsustainability of traditional charity, philanthropic entities have been embracing impact investing to address more systemic solutions to social issues. Moreover, the development of a global infrastructure designed to enhance and professionalize philanthropy plays a critical role in advocating, raising visibility, and building capacity within the sector. Despite the challenge of balancing the traditional non-profit attitude with investment-oriented strategies, the philanthropic sector is ideally positioned to lead in impact investing because of its long-term, mission-driven investment perspective. To provide a clearer overview of the key differences and similarities between philanthropic foundations in the United States and European Union, the following table summarizes various aspects of their

impact investing strategies emerged from the comparative analysis, which will be explained later in detail.

	UNITED STATES	EUROPEAN UNION
Investing Ecosystem	Mature; reliance on advisory firms for strategy implementation.	Less pervasive; Gulbenkian and BMW innovate as pioneers
Impact Measurement	Initial screening; sometimes lack of a structured framework	Commitment to precise impact management; standard used are IRIS+ or SDG
Investment Strategy	Preference for direct investments to control operations and outcomes; fear of mission drift from indirect investments	Preference for indirect investments through funds to increase scalability and operational efficiency
Operational Role	Act as active investors, sometimes taking board positions to influence outcomes	More passive; ensures proper channeling of funds through intermediaries
Adaptation and Strategy	Adapting strategies towards outcome-based models (e.g., Kellogg with KKS Advisors).	Strategic alignment with global standards like the Paris Agreement (e.g., BMW)

Table 9: Comparative Analysis of Philanthropic Foundations in the US and EU

By analyzing the first aspect, it emerges that in the United States the already existing impact investment market ecosystem has played a crucial role. Both the Kellogg and Heron foundations have developed their investment strategies by drawing on the practices of other players that preceded them and by using the help of specialized advisory firms to achieve their objectives. This dimension is absent in the European philanthropic environment, since both the Gulbenkian and BMW foundations are considered precursors of the topic; in fact, the methods adopted by both are highly innovative and singular. While impact investing was present in the EU, it is less pervasive than in the US. Nevertheless, the influence of the impact investing ecosystem can also be noticed in Europe. For instance, the first social impact bond in history was created in the United Kingdom for the Peterborough prison case (Schinckus 2018). This pioneering initiative has certainly influenced other players like the Gulbenkian Foundation and their approach to building its models. This divergence highlights a key factor guiding the evolution of impact investments: the emphasis on building a cohesive community that leverages collaboration and partnerships. Despite the challenges in establishing and sustaining

such alliances, it is through these that foundations are able to align strategies and achieve significant objectives, as can be seen in public-private partnerships (PPPs) and strategic government collaborations.

A second reflection considers the differing emphasis placed on impact measurement by foundations across regions. Indeed, European foundations have demonstrated a commitment to precise impact management and assessment. For instance, the BMW Foundation has been dedicating itself to standardising practices to improve benchmarking among impact investing players, to consequently enhance collective impact in the ecosystem. Similarly, the Gulbenkian Foundation has focused on a specific financial tool that employs an outcome-based approach, therefore placing a high value on the utilization of metrics. Additionally, both players have been using clear frameworks such as the Impact Management Project (IMP) framework and IRIS+ Metrics from the side of BMW Foundation Herbert Quandt, and the SDG framework from the side of both companies.

Conversely, foundations in the United States have proven to successfully carry out the initial screening process and the decision of where to allocate funds, but they generally lack a structured framework for measuring the impact created by their investments. Nevertheless, while the Heron Foundation has openly admitted their unpreparedness when it comes to their impact measurement strategies, stating that they are “all over the place when it comes to measuring”, the Kellogg Foundation is actively working towards implementing an outcome-based model, with the assistance of KKS Advisors.

A further difference between the strategies of foundations in the United States and Europe involves the approach to direct and indirect investments. Indeed, in the United States what was notable was a preference for direct investments to maintain a tighter control on both operational directions and financial outcomes, after having experimented indirect investments and recognized a higher risk of losing control over the projects they finance. Indeed, both

Kellogg and Heron feared mission drift with their indirect investments, with Heron realizing through its Portfolio Examination Project that some unscreened investments might have supported ventures contrary to its goals, as seen in the example of the Corrections Corporation of America. In contrast, in Europe, the BMW foundation utilizes indirect investments through funds to its advantage, finding this approach the best way to increase scalability and operational efficiency.

The point just discussed leads us to the next phase of our analysis. In the American foundations examined, with particular emphasis on Kellogg, it can be observed how their predilection for a more direct investment strategy has led them to operate more like real investing institutions, sometimes even taking positions within the board of their investee. The case studies involving Kellogg and Heron demonstrate that American foundations wish to be active and engaged operational investors within their deals, so as to have a complete vision of what their investments are generating and to be able to influence the course of events if necessary. Again, this dimension does not emerge so strongly in the two cases of the European foundations examined. Unlike their American counterparts, the two European foundations, investing mainly through intermediaries, do not take on the roles of lead or active investors. Instead, they focus on ensuring that their funds are properly channelled into target entities to achieve the desired impact.

Lastly, a common theme emerges across all philanthropic foundations examined, which is an approach to investment strategy that consistently prioritized the philanthropic mission over financial gains during the initial exploratory phases. In the United States, this pattern emerges from the fact that both foundations started with PRIs rather than MRIs, reflecting a focus on impact rather than profit from the start. Similarly, in the EU, in both cases the foundations started out with smaller investments prioritizing the achievement of impact objectives, even without the promise of financial returns. Even after the exploratory stages, as

the impact investing field has evolved, all foundations have continuously adapted their strategies to deploy capital more effectively for creating impact. Furthermore, the philanthropic institutions highlighted in our case studies have shown a deeper commitment to impact creation by aligning their investment portfolios more closely with their core values. This is evidenced by actions such as the Gulbenkian Foundation's divestment from operations inconsistent with its values and the Heron Foundation's strategic adjustments following the discovery of negative impacts from its indirect investments. Additionally, some foundations have adapted their strategy to meet specific contextual demands; for instance, the BMW Foundation has recently aligned its portfolio with the Paris Agreement to promptly respond to global environmental challenges.

2.2.2 Global Trends in Capital Markets

By now, the extent of complexity that characterize this particular and relatively new industry seems clear, influenced by a multiplicity of actors who shape their operations based primarily on government regulations, return seeking strategies and strong community pressures. These driving factors often differ depending on the geographical area where players operate, thereby causing the application of several diverse approaches for ultimately reaching the same financial-impact result, thus highlighting also those features that could be regarded as homogeneous in the market. Accordingly, the sustainability initiatives and investment strategies among prominent funds in the United States and the European Union show many similarities and some differences, both reflecting a significant commitment to integrating financial performance with environmental benefits; these funds have developed unique approaches to sustainability, direct impact investing, and innovative measurement techniques.

	UNITED STATES	EUROPEAN UNION
Timing of commitment	KKR and TPG initiated sustainability efforts around late 2000s and early 2010s	Nordea and AXA IM began their commitments early 2000s and in 2002
Type of fund / asset class	KKR and TPG focus on private equity funds aligning with UN SDGs	Nordea and AXA IM started with public equity and debt, expanding into diverse impact strategies
Innovative features	KKR uses third-party and internal ESG metrics; TPG employs Y analytics for impact measurement	Nordea and AXA IM use custom ESG training and advanced screening tools like AXA's "Altitude"

Table 10: Comparative Analysis of capital markets' players in the US and EU

In the United States, both KKR and TPG have shaped their paths towards sustainability with serious intent. To begin with, KKR began its commitment to sustainability through its Green Portfolio Partnership Program and was an early adopter of the Principles for Responsible Investment (PRI), influencing guidelines across American private equity firms by 2008. TPG entered a bit later and established its policy sometime between 2012, but with the same intent to produce positive societal impact across sectors such as education and healthcare. In the EU, Nordea and AXA IM demonstrated an earlier and stronger commitment to sustainability: as early as the first 2000s, Nordea incorporated corporate social responsibility into its core strategy and developed its first impact investing strategy in 2008. AXA IM started on sustainability nearly at the same time, in 2002; by 2012 it had an official impact strategy in place, and years later expanded their investment criteria in order to cover multiple asset classes, significantly increasing its impact investing portfolio. Overall, the US impact investing landscape witnessed a slightly later interest towards sustainability, which resulted in a later establishment of specific impact strategies; despite this minimal delay, the type of approaches to this emerging industry seemed to be similar.

In the US, both KKR and TPG have relied on *private equity funds* as their main vehicles for pursuing sustainable impact activities aligned with internationally accepted principles as the UN SDGs, covering a variety of themes, from climate action to inclusive growth. On the other hand, European counterparts like Nordea apparently favoured the creation of *public equity* – and, to a smaller extent, public debt – article 9 (SFDR) investment funds, since considered more effective in raising capital for impact purposes; afterwards, they started expanding their core activities to other investment types, consistently launching direct alternative funds along with tailored climate and impact strategies to follow closely. AXA, though beginning its direct impact efforts some years later, showed a definitely higher effort in issuing a wide and diverse range of impact funds, reflecting a robust strategy to cover multiple sectors, asset classes and investment approaches. AXA’s Social bond fund is a perfect example of such a commitment, as newly established impact financial instrument like SIBs started being comprised among funds’ asset portfolios.

To add on, both regions and cases demonstrate innovation in how they assess the results of their investments but do so in different ways. On one side the US players – like KKR and TPG – have developed extensive, sophisticated impact measurement systems that incorporate relevant third-party standards and use metrics to make investment decisions, quantify and monitor results. While both firms fully comply with the 9 operating principles for impact management in their investment criteria, along with the general sustainable banking principles and other ESG standards, they differentiate substantially in how they measure impact. KKR bases independent reports on the produced impact performance on third-party frameworks’ metrics, such as Blue Mark, in addition to using its internal ESG scorecard. TPG uses an internal tool, Y Analytics, which is an innovative and clear example of leveraging quantitative data to score the environmental and social goodness of investments with a robust measurement base. Apparently, the European counterparts also prefer to develop their own custom-made

measurements: this includes a broad range of initiatives, spanning from Nordea’s internal ESG training ‘curriculum’ to pioneering practices like including other impact funds within their fund portfolios to broaden their influence and reduce risk. This gives them almost total control over how investments are measured, which helps them to closely align assessments with their investment philosophies using any relevant tool in the box; this ranges from networking enhancements (AXA Impact Hub) to cutting-edge ESG screening platforms – e.g. AXA’s ‘Altitude’ – or techniques, such as Nordea’s revenue-based and DNSH screening. By analysing closely these cases, it becomes apparent the widespread willingness to employ own measurement techniques rather than using common frameworks, both in US and EU; arguably, the lack of an *ad hoc* common framework for assessing impact could represent one of the main reasons why the development of the industry still maintains a moderated pace.

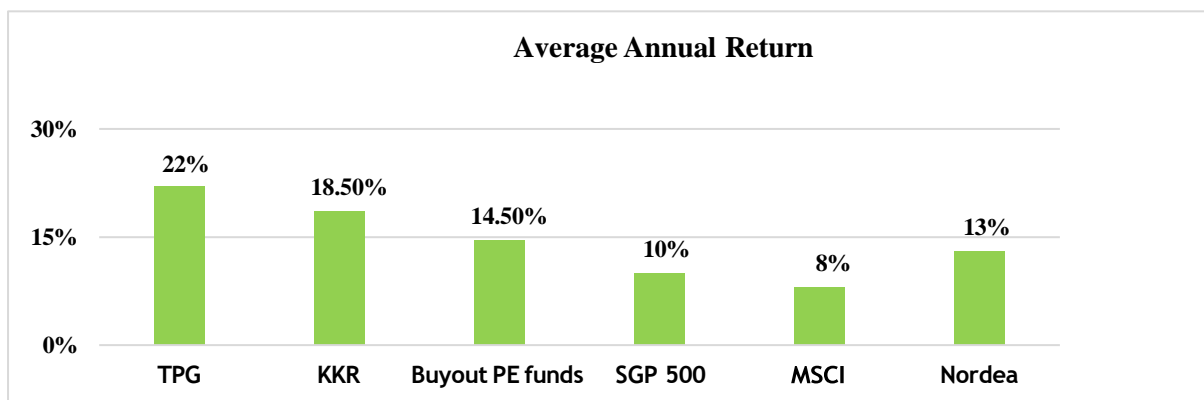


Figure 4: Summative Average Return Comparison EU-US

When considering the financial performances of the players at stake, the results are definitely promising. The Average Annual Return seems to be overall higher in US than in EU, suggesting a possible higher focus of US players in financial return in respect to impact achievements, compared to EU entities. For instance, KKR Global Impact Fund reached a promising 18.5% positive return, outperforming its main benchmarks which stood at 14.5% and 10%, respectively. In Europe, performances appear to be less outstanding than US ones, yet remaining absolutely positive. Through the funds analysed we can ultimately infer that the

financial performances of EU players are more similar to their respective benchmarks, even though in certain cases they have also been outperformed (e.g. Nordea's global climate and environment fund having a cumulative yearly average return of around 5% more than its benchmark, i.e. the MSCI index).

3. DISCUSSION AND MAIN FINDINGS

As stated in the intro of the paper, the main aim of this study is to analyse the drivers that have caused and keep contributing to the development of the impact investment industry as a whole, also differentiating it between geographical areas (US and EU) and organisation type (philanthropic or capital market player). To do so, we decided to analyse and comprehend the 'impact journey' these organisations undertook, focusing on key metrics we believed are crucial in shaping the characteristics of impact investing landscapes.

Having said that, the findings we are about to discuss can be regarded as representative of the general impact investing framework, as we believe the actions of the companies we chose will probably be replicated by many smaller actors with similar objectives and will consequently set a standard the whole market will follow closely. We hope to provide useful insights on the sector development, along with inputs that may help predict the most probable paths impact investing will follow.

3.1 Impact funds' development

Since the early 2000s, impact investing has developed into a widespread phenomenon in both the European Union and the US. The investment strategy has evolved from major capital market players adopting ESG policies aligned with SDGs, to refined practices by leading firms like KKR, TPG, Bain Capital, Citi, AXA, and Nordea. The practice consists in

the creation of specific funds structured to achieve respectable financial performance together with a noteworthy measurable social and environmental goal as opposed to funds that merely satisfy ESG criteria.

Impact investing has predominantly developed through the private sector, with a notable emphasis on private equity as a key avenue for such investments. According to a study by Höchstädter and Scheck (2014), which utilized the Rockefeller Foundation's definition, impact investing was characterized as mainly confined to these private channels, distinctly separate from public markets.

	EU FUNDS	US FUNDS	TOTAL
FUNDS	1160	773	1933
EU INVESTORS	775	433	1208
PRIVATE EQUITY FUNDS(1)	484	450	934
PUBLIC EQUITY FUNDS (2)	179	52	231
CAPITAL RAISED(1)	€65 bn	€76 bn	€141 bn
CAPITAL RAISED(2)	€197 bn	€24 bn	€221 bn

Table 11: US-EU Impact investing funds overview (Phenix Capital, 2023)

By looking at the Phenix Capital report table, this trend is clearly confirmed: it is evident that private equity funds are the predominant asset class in impact investing in both EU and the United States. In total, there are 934 PE funds in these two areas which count for 48% of all impact funds. However, it is interesting to notice that this asset class is more relevant in the United States. They constitute 60% of all impact funds in the US, raising a total of \$76 billion. This is not unexpected, given the general preference for private equity in the US also for conventional investment sectors. The US benefits from a more favorable regulatory framework and better tax incentives for carried interests (Barber and Goold 2007) which creates a more conducive environment for private equity funds. TPG Capital is a perfect example of this dominance, standing as the world's largest impact investing platform with \$14 billion raised solely through private equity funds.

Nonetheless, the EU is undeniably leading the sustainability path. With 1,160 impact funds, the European Union significantly surpasses the 773 in the US. Additionally, the capital raised underscores this regional imbalance; European funds have collected about €262 billion, over twice the €100 billion by US funds. This significant gap highlights not only the European larger number of funds but also a deeper financial commitment to impact investing compared to the US.

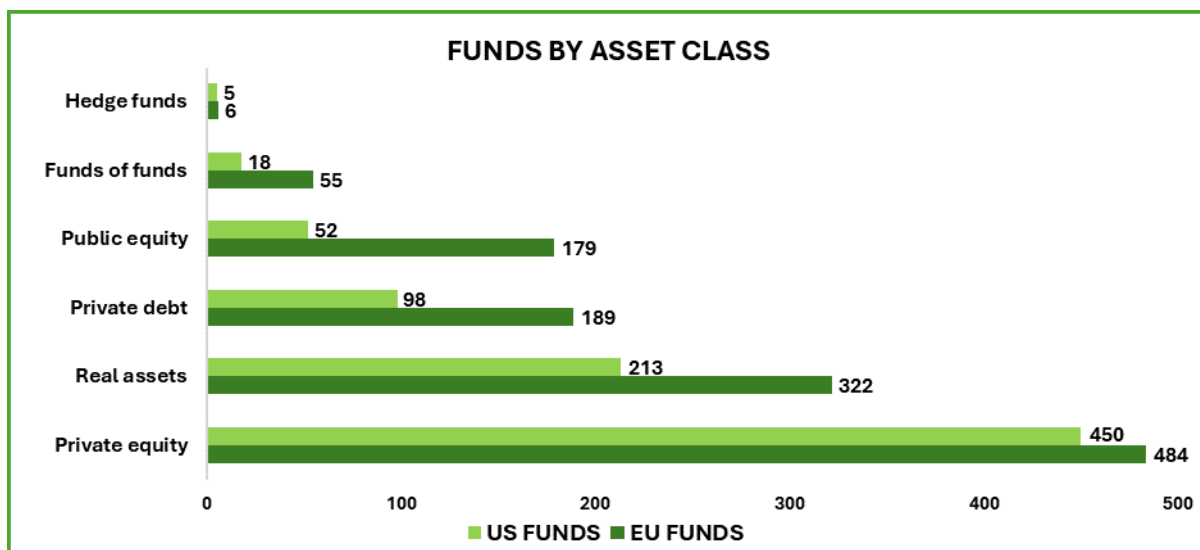


Figure 5: US-EU impact funds by asset class (Phenix Capital, 2023)

Private Equity funds are prominently recognized as the primary vehicles for impact investing, but they are not the only available option. The table above, shows that real assets represent the second most common asset class, followed by public debt and public equity. The EU has notably advanced its public equity funds in the impact investing sector, showcasing a significant distinction in fund distribution compared to the US. Specifically, the European 179 public equity impact funds considerably exceed those in the US and raised a total amount of €197 billion against the €24 billion managed by US public equity fund, reflecting the greater openness of the EU to the public development of impact investing. However, despite the public nature of these investments, barriers to entry are not low. In fact, these types of investments require a high minimum investment commitment, complicating diversification for smaller

investors (D. Levitt 2011); for example, Nordea Asset Management's Global Climate and Environment Fund, sets a minimum investment threshold at £75,000. This indicates that while the market is more inclusive, significant capital contributions are still required, which may be out of reach for many individual investors. It would be beneficial for both the EU and the US to make impact investing more accessible to average investors, given the ease with which substantial amounts of capital could be raised.

Finally, it is vital to understand why major capital market players have started to massively turn to impact investing. There are three main reasons behind this statement. Firstly, private equity firms would like to avoid the risk of their investments becoming stranded assets due to toughening environmental regulations. The second reason is the need to get a reputation premium. It is no longer a market secret that ethical issues and responsibility have started to play an essential part in the success of the business. This means that firms with a Stronger ethical standing in this regard will trade better in the market. Lastly, there is a financial aspect to consider. Impact investments often focus on environmental solutions, which have shown potential to provide financial returns above the market average. Indeed, 79% of impact investors have reported that their financial performance has met or exceeded their expectations (GIIN 2023). This is clearly demonstrated in the performance of the chosen cases; for example, KKR and TPG's impact funds have consistently outperformed benchmarks. Similarly, in the EU, while AXA's funds have closely followed benchmarks, Nordea's funds have exceeded them, further validating the financial viability of impact investing.

3.2 Government regulations

A crucial aspect that emerges from this research, as already anticipated earlier in our study, is the fundamental role of government regulations in the field of impact investing. Government policies influence how institutional asset owners invest their capital. These

regulations establish the regulatory framework that governs investment decisions and can also generate co-investment opportunities, increasing credibility and security for the government in guiding investments towards specific social objectives. From an applied policy perspective, regulations can direct capital towards specific products or transactions, influencing markets primarily through incentives such as tax credits and subsidies for sectors that meet certain impact objectives. Such sectors may include for example access to affordable housing, energy efficiency, public transport-oriented urban development, urban and rural regeneration, as well as health and education (Wood , Thornley and Grace 2013).

On the demand side, policies can expand investment opportunities by promoting the development of robust, investable companies, projects and intermediaries. They can also make investment products more financially attractive through credit guarantees or facilitate the identification of institutions generating positive social impacts through certification systems. These policies are vital to communicating the existence and appropriateness of social impact investment opportunities (Wood , Thornley and Grace 2013). This factor emerged and was positively verified by the cases examined by this research. During the period examined, this type of regulation has in fact always proven to be an important lever of action for the profiling of the market. For example, the innovative approach adopted by Portugal has played a key role in promoting social enterprises.

Since 2013, Portuguese governments have worked intensively on creating a favourable ecosystem through the "Portugal Inovação Social" (PIS) programme, an integral part of the broader "Portugal 2020" (Bagnulo et al. 2019). This program was designed to implement the recommendations of "Europe 2020", a ten-year strategy proposed by the European Commission on 3 March 2010 to promote "smart, sustainable and inclusive growth". In this context, 'Portugal Inovação Social' has carried out a critical role in enabling the Gulbenkian Foundation to refine and expand its impact investing strategy. Creating an enabling

environment through 'Portugal Inovação Social' has allowed the foundation to leverage crucial resources and networks, thus facilitating the development and implementation of innovative intervention models, such as Social Impact Bond. Furthermore, to encourage and promote the social impact bond initiative, Portugal implemented significant legislative changes in 2018 by introducing a tax relief measure that provides significant deductions for investments in social impact securities.

At the same time, in the United States, the 2015 legislation relating to Mission-Related Investments (MRI) marked a turning point for the entire industry. This law has significantly increased both the volume of investments and the total capital invested in the sector, demonstrating how government policies can effectively stimulate the expansion of the impact investment market. These illustrious examples clearly demonstrate that, depending on the specific regulations and public initiatives adopted, it is possible to significantly influence the growth trajectory and effectiveness of impact investing globally.

Although all the actors examined have adopted international standards such as SASB, GRI, and others, it is important to recognize that these frameworks are indicative in nature and do not impose implementation obligations. These standards offer guidance on best practices to follow but are not a strong enough incentive to generate real change. In addition, the panorama of frameworks that allow companies to outline and communicate ESG issues to external stakeholders is extremely varied. Among these, the GRI standards, the Task Force on Climate-related Financial Disclosures (TCFD) and the SDGs are the most used for sustainability reporting. However, the diversity and lack of direct comparability between these frameworks can make it difficult for investors to form an objective opinion. An example of this issue can be seen in the sustainability reports published by large US companies in 2021, which vary greatly in length, from 12 to 243 pages, according to a 2021 Teneo report (Teneo 2022).

The case of AXA examined in this study provides a further example: the company adopted the SASB principles in 2012 and these standards have not undergone significant changes since then. As highlighted in the document, what emerges from this observation is the critical need for government regulations with a more unified and incisive level of impact and guidelines, so that players can truly generate a substantial and tangible impact.

This study suggests that a key factor that will shape the industry within the near future is the establishment of a comprehensive supranational framework to guide and monitoring impact investing. It is essential that regulations are not only indicative but also mandatory and universally applied, thus ensuring consistency and comparability between different market players. If this would be implemented, the way in which impact investing is conducted will change in a positive and more impactful way.

3.3 Impact measurement and management

As we delve into the intricacies of impact measurement and management, the interconnection between these practices and the need for robust regulatory frameworks becomes even clearer. Since common standards and metrics are essential for controlling the achievement of impact goals and ensuring the accountability of projects and intermediaries, the measurability of social impact is an essential aspect of impact investing.

When comparing impact investing between the US and the EU, several differences regarding the approach to sustainability disclosures can be seen and analysed in the following table.

CATEGORY	UNITED STATES	EUROPEAN UNION
Regulatory Approach	Laissez-faire attitude Private-sector-led initiatives Market-driven	On the way to a regulated approach; Mandatory directives and regulations such as CSRD and SFDR
Impact Measurement	No clear common framework; Reliance on internal tools	Aims for comprehensive sustainable development
Regulatory Influence on Investments	Minimal: 13% of investors consider regulatory/ tax requirements when selecting impact metrics	Strong; 42% of investors consider regulatory or tax requirements when selecting impact metrics
Stage of Regulatory Development	Early stage of impact-related regulations development	Advanced Requiring detailed reports on environmental and social aspects
Investment Objectives	Desire to be viewed as sustainable and accountable businesses	Political objective of attracting private funding to shift to a net-zero economy

Table 12: Regulatory and Measurement Approaches in US vs EU Impact Investing

The case studies analyzed exemplify these trends in practice. Indeed, in the US, the engagement of KKR with the American Investment Council’s Guidelines for Responsible Investing underscores the significant role private sector initiatives play in shaping sustainability practices without stringent regulatory oversight. Such initiatives are primarily motivated by industry standards and the drive to be perceived as sustainable and accountable leaders, rather than by compliance with public guidelines.

On the other hand, the EU's adoption of a more systematic and centralized approach towards impact measurement is underscored by the implementation of the Corporate Sustainability Reporting Directive (CSRD) and the Sustainable Finance Disclosure Regulation (SFDR). These regulations not only demand rigorous sustainability reporting and sustainability risk integration but also require detailed reports on environmental and social aspects, contributing to the EU’s goal of attracting private funding to make the shift to a net-zero economy. European entities like Nordea and the BMW Foundation exemplify European examples that deeply integrate sustainability factors in their investment strategies. Indeed,

Nordea aligned with SFDR Article 9 and BMW Foundation adhered to Article 8 to promote ESG factors in public market investments, advancing sustainable finance.

One concern is that the emphasis of regulations such as SFDR is predominantly on environmental sustainability, which may overlook the social impacts vital to European impact investing. As regulatory frameworks evolve, they must be designed to ensure a balanced approach between environmental and social priorities to foster a comprehensive sustainable development (Hehenberger 2023). Conversely, the US is in the earlier stages in the development of regulations and disclosure related to impact considerations. Indeed, only 13% of investors in the US and Canada select impact metrics by considering regulatory and/or tax requirements, a strong contrast to the 42% in Europe (Hand et. al 2023).

The EU's rigorous regulatory framework not only ensures that EU-based or operating companies adhere to stringent sustainability standards but also encourages them to lead in transparency, accountability, and the development of innovative benchmarks and data-driven initiatives that shape and inform the regulatory environment.

This has been proved by our analysis when studying the impact investing strategies of BMW Foundation. The organisation is working towards some field-building efforts on initiatives related to impact measurement and management by fostering a collaborative environment enhancing transparency and comparability, aiming at leading the industry through its detailed impact reports. Among the details to improve, such comprehensive disclosures should go beyond merely listing outputs such as jobs created or the SDG tackled, but they should rather focus on analyzing the changes these investments bring to the communities involved.

Despite these efforts, the industry is still facing the challenge of the lack of a uniform methodology for comparing investment opportunities, which has been highlighted by 36% of investors according to GIIN report (2023) as an obstacle to peer comparison of impact outcomes. The absence of a common framework is particularly evident in the US, where

companies adopt different approaches up to the point of using their own internal tools to report results, as visible in the case of TPG.

Additionally, despite the majority of investors (76%) adhere to the Sustainable Development Goals to craft their impact strategies, the COVID-19 pandemic has increased the funding gap needed to achieve the SDGs by 2030, with recent data showing that only 15% of SDG targets are on track (Phenix Capital 2023). This calls for the critical need to ensure that the SDGs are not only targeted but achieved; an effort towards unified methodologies is therefore needed to drive global sustainable development. Moreover, as the BMW Foundation and others push for more detailed and transparent reporting, there is a growing need within the industry to prioritize the collection and use of robust impact data. It is crucial that impact data receives as much emphasis as financial data in the tools – such as dashboards and scorecards – that guide decision-making processes, in order to avoid misallocation of substantial resources on ineffective projects.

By emphasizing the need for quantitative, evidence-driven targets and leveraging publicly available data, investors can refine Impact Measurement and Management (IMM) practices to set and assess targets more effectively. However, while company reports primarily focus on how financial resources have been utilized, they often fail to include crucial details on what strategies did not succeed, which limits the opportunity for organizational learning and innovation. To foster a culture of transparency and improvement, companies need to enrich their reports with comprehensive data that encompasses both successes and failures from their programs, encouraging open discussions with the community about these findings (Hehenberger 2023).

To sum up, as impact investing continues to emerge within the financial sector, the accumulation of comprehensive datasets is still critical. The future promises a landscape where impact data will be as commonly available as financial data. To bridge the gap between the

diverse approaches to impact measurement and management across the globe, it is essential to cultivate and disseminate best practices in impact management, measurement and reporting, and to share experiences in designing and implementing financing mechanisms and structures that have been successful in either region. By replicating and adapting these good practices across different contexts, it would be easier to foster a more unified global impact investment market.

3.4 Conclusion

This research highlights the key drivers behind the development of impact investing, with a particular focus on the differences between philanthropic and capital market organisations in the US and the EU. The results show that the continuing challenges in standardising impact measurement highlight the need for a more cohesive global strategy to improve the effectiveness of impact investing. Moreover, government legislations play a significant role in determining investment patterns, with European countries implementing stricter regulations than American ones on investments that have a significant impact. Another key takeaway for impact investing from this study is the imperative role of comprehensive impact data which will be crucial in guiding decision-making processes and ensuring the accountability of projects. By fostering a culture of transparency and learning from both successes and failures, the impact investing sector can evolve more effectively and sustainably.

The findings of this paper suggest several directions for future research on impact investing. The impact of regulatory frameworks on impact investing needs to be explored, with a particular focus on regional differences. In addition, research into the contribution of different asset classes to the achievement of social and environmental outcomes could provide useful information. Finally, evaluating the long-term outcomes of impact investments can shed light on their sustainability and effectiveness, providing crucial guidance for investors and policymakers.

BIBLIOGRAPHY

Addy, Chris, Maya Chorenge, Mariah Collins, and Michael Etzel. 2019. "Calculating the Value of Impact Investing." *Harvard Business Review*. January-February. <https://hbr.org/2019/01/calculating-the-value-of-impact-investing>.

Advisory Board of the National Competence Centre for Social Innovation. 2022. *2030 Agenda for Impact - National Strategy for Social Investment and Innovation*. Lisbon. https://cdn.gulbenkian.pt/wp-content/uploads/2023/01/API30_EN_v2.pdf

American Investment Council. 2024. "About the AIC." American Investment Council. Accessed May 15, 2024. <https://www.investmentcouncil.org/about-the-aic/>.

Anselmo, Margarida, and Inês Charro. 2020a. "Título de Impacto Social Faz-te Forward." maze impact. <https://cdn.gulbenkian.pt/wp-content/uploads/2020/07/TIS-FFWD-Relatorio-Intermedio-PT-Final.pdf>

Anselmo, Margarida, and Inês Charro. 2020b. "Título de Impacto Social Bootcamps Academia de Código." maze impact. <https://cdn.gulbenkian.pt/wp-content/uploads/2020/07/TIS-BAC-Relatorio-Intermedio-PT-Final.pdf>

Anselmo, Margarida, and Inês Charro. 2021. "Título de Impacto Social Projeto Família." maze impact. <https://www.mdvida.pt/pdfs/projetos-financiados/relatorio-tis-projeto-familia.pdf>

Aspara, Jaakko, Risto Rajala, and Virpi Kristiina Tuunainen, eds. *The Future of Banking Services*. Aalto University publication series BUSINESS + ECONOMY 1/2012. Helsinki: Aalto University, 2012. ISBN 978-952-60-4654-9 (pdf) Accessed May 16, 2024. <https://aaltodoc.aalto.fi/handle/123456789/12345>.

Barber, Felix, and Michael Goold. 2007. "The Strategic Secret of Private Equity." *Harvard Business Review*. <https://www.google.com/search?client=safari&rls=en&q=The+Strategic+Secret+of+Private+Equity&ie=UTF-8&oe=UTF-8#ip=1>

BMW Foundation Herbert Quandt. 2021. *Impact Investing Report*. <https://storage.googleapis.com/bmw-foundation/1/2021/06/bmw-foundation-impact-investion-report-1.pdf>

BMW Foundation. n.d. a. "About the BMW Foundation." BMW Foundation. Accessed May 15, 2024. <https://bmw-foundation.org/about-us/about-the-bmw-foundation>.

BMW Foundation. n.d. b. "Shifting Capital Toward Impact." BMW Foundation. Accessed May 15, 2024. <https://bmw-foundation.org/programs/sustainable-finance>.

Bolis, Mara, and Chris West. 2017. "Marginalized Returns." *Stanford Social Innovation Review, Fall*: 55-56. <https://doi.org/10.48558/xm4e-q890>

Brest, Paul, and Kelly Born. 2013. "When Can Impact Investing Create Real Impact?" *Stanford Social Innovation Review*: 22-31. <https://doi.org/10.48558/jfwq-gz70>

Buchanan, Phil , Jennifer Glickman, and Ellie Buteau. 2015. *Investing and Social Impact Practices of Private Foundations*. Center For Effective Philantropy <http://cep.org/wp-content/uploads/2015/05/Investing-and-Social-Impact-2015-1.pdf>

Calouste Gulbenkian Foundation. n.d. "Gulbenkian Prize for Humanity." Accessed May 15, 2024 <https://gulbenkian.pt/en/the-foundation/gulbenkian-prize-for-humanity/>

Calouste Gulbenkian Foundation. 2014. "Social Investment Laboratory (Laboratório de Investimento Social). April 14." <https://gulbenkian.pt/sem-categoria/social-investment-laboratory-laboratorio-de-investimento-social/>.

Calouste Gulbenkian Foundation. 2016a. "*Relatório de Atividades 2015 - Programa Gulbenkian de Desenvolvimento Humano*." Lisbon. https://cdn.gulbenkian.pt/wp-content/uploads/2013/11/PGDH_Relatorio2015_PT.pdf

Calouste Gulbenkian Foundation. 2016b. "A Turning Point for Social Investment." July 4. <https://gulbenkian.pt/en/news/turning-point-for-social-investment/>.

Calouste Gulbenkian Foundation. 2019a. "2019 Highlights." Lisbon.
https://cdn.gulbenkian.pt/wp-content/uploads/2020/07/2019_Highlights_ENG_web.pdf

Calouste Gulbenkian Foundation. 2019b. "The Calouste Gulbenkian Foundation Announces the Sale of Partex." June 17. <https://gulbenkian.pt/en/news/the-calouste-gulbenkian-foundation-announces-the-sale-of-partex/>.

Calouste Gulbenkian Foundation. 2020a. "Social Impact Bonds: Why Invest in This Financing Model?" July 23. <https://gulbenkian.pt/en/news/sustainable-development-news/social-impact-bonds/>.

Calouste Gulbenkian Foundation. 2020b. "New Financing Instruments." June 3. <https://gulbenkian.pt/en/initiatives/sustainable-development-programme/new-financing-instruments/>.

Calouste Gulbenkian Foundation. 2020c. "Faz-Te Forward." June 17. <https://gulbenkian.pt/projects/faz-te-forward/>.

Calouste Gulbenkian Foundation. 2020d. "Bootcamp Academia de Código." June 5. <https://gulbenkian.pt/projects/bootcamp-academia-de-codigo/>.

Calouste Gulbenkian Foundation. 2020e.. "Cuidar de Quem Cuida." July 21. <https://gulbenkian.pt/projects/cuidar-de-quem-cuida-2/>.

Calouste Gulbenkian Foundation. 2021a. "MSM Fund." July 27. <https://gulbenkian.pt/en/news/turning-point-for-social-investment/>.

Calouste Gulbenkian Foundation. 2021b. "Annual Report 2021." Lisbon. https://cdn.gulbenkian.pt/wp-content/uploads/2022/06/RelatorioGLBKN2021_EN_web_low.pdf

Calouste Gulbenkian Foundation. 2022. "About the Foundation." Accessed May 15, 2024. <https://gulbenkian.pt/uk-branch/about-us/the-foundation/>.

Calouste Gulbenkian Foundation. 2023. "Annual Report 2022." Lisbon. https://cdn.gulbenkian.pt/wp-content/uploads/2023/07/FCG_AnnualReport_2022_Vdigital_EN_20-07.pdf

Carbon Credits. 2024. "The Ultimate Guide to Understanding Carbon Credits." Carbon Credits. Accessed May 15, 2024. <https://carboncredits.com/the-ultimate-guide-to-understanding-carbon-credits/>.

Carvalho, Amélia, Alexandra Braga, João Campos, and Carlos Ferreira. 2022. "Fundação Calouste Gulbenkian. Uma abordagem estratégica, sustentável e colaborativa." In *Casos de Marketing Público y No Lucrativo*, vol. 9, 171-182. 178-179. <https://doi.org/10.5281/zenodo.7359106>

Chris Addy, Maya Chorenge, Mariah Collins, and Michael Etzel. 2019. "Calculating the Value of Impact Investing." *Harvard Business Review*. <https://hbr.org/2019/01/calculating-the-value-of-impact-investing>.

Dichter, Sasha, Robert Katz, Harvey Koh, and Ashish Karamchandani. 2013. "Closing the Pioneer Gap." *Stanford Social Innovation Review*: 36-43. <https://doi.org/10.48558/xm4e-q890>

fi-compass. 2018. "The Portuguese Social Innovation Initiative." Brussels, Luxembourg, 22. <https://www.fi-compass.eu/sites/default/files/publications/fi-compass%20study%20on%20the%20Social%20Impacts%20Bond%20programme%20under%20the%20Portugal....pdf>

fi-compass. 2019. "Equity for Social Innovation." https://www.fi-compass.eu/sites/default/files/publications/04.%20Jo%20C%20A3o%20Santos_Equity%20for%20social%20innovation.pdf

Fire Capital Management. n.d. "Finance 101: A Brief History of Sustainable and Impact Investing. Accessed May 15, 2024. <https://www.firecapitalmanagement.com/finance-101/a-brief-history-of-sustainable-and-impact-investing>.

Global Impact Investing Network. (GIIN) 2010. "Investor Spotlight: W.K. Kellogg Foundation." August 25, 2010 <https://thegiin.org/research/spotlight/investor-spotlight-w-k>

kellogg-foundation/.

Global Impact Investing Network. (GIIN). 2023. *Growth and Increasing Diversity of Impact Investing Strategies*. New York: GIIN.

<https://thegiin.org/assets/GIINsight>, https://thegiin.org/assets/GIINsight%20launch%20and%20OICAM%20press%20release_FINAL.pdf.

Hand, Dean, Ben Ringel, and Alexander Daniel. 2022. "Sizing the Impact Investing Market: 2022." The Global Impact Investing Network. New York. <https://thegiin.org/assets/2022-Market%20Sizing%20Report-Final.pdf>.

Hand, Dean, Sophia Sunderji, and Natalia Maria Pardo. 2023. "GIINsight 2023: Emerging Trends in Impact Investing." The Global Impact Investing Network (GIIN). New York https://thegiin.org/assets/Vol%204_2023%20GIINsight%20%E2%80%93%20Emerging%20Trends%20in%20Impact%20Investing.pdf

Hehenberger, Lisa. 2023. "Prioritizing Impact Measurement in the Funding of Social Innovation." *Stanford Social Innovation Review, Spring*: 74-75. <https://doi.org/10.48558/shq7-vk20>

Höchstädter, Anna Katharina, and Barbara Scheck. 2014. "What's in a Name: An Analysis of Impact Investing Understandings by Academics and Practitioners." *Journal of Business Ethics* 132 (2): 449–75. <https://doi.org/10.1007/s10551-014-2327-0>.

Huynh, Thanh Phuc. 2022. "The Game Changing Act of Impact Investing - The Case of MAZE." Master's Thesis, Universidade Católica Portuguesa, pp. 28-29. <https://repositorio.ucp.pt/bitstream/10400.14/39054/1/203038380.pdf>

Impact Principles. 2024. "The 9 Principles." Operating Principles for Impact Management. Accessed May 15, 2024. <https://www.impactprinciples.org/9-principles>.

Johnson, Paula. 2018. "Global Philanthropy Report: Perspectives on the Global Foundation Sector." *Harvard Kennedy School*. https://www.hks.harvard.edu/sites/default/files/2023-09/global_philanthropy_report_final_april_2018.pdf

Letts, Christine, William Ryan, and Allen Grossman. 1997. "Virtuous Capital: What Foundations Can Learn from Venture Capitalists." *Harvard Business Review*. <https://hbr.org/1997/03/virtuous-capital-what-foundations-can-learn-from-venture-capitalists>

Levitt, David A. 2011. "Investing in the Future: Mission-Related and Program-Related Investments for Private Foundations." *The Practical Tax Lawyer*. <https://missioninvestors.org/sites/default/files/resources/MRIs%20and%20PRIs%20for%20Private%20Foundations.PDF>

Linnane, David. 2018. "Mission Driven Investing Accelerates Change." January 2018 <https://everychildthrives.com/mission-driven-investing-accelerates-change/>

Liu, Chen, and Serena Shuo Wu. 2023. "Green Finance, Sustainability Disclosure and Economic Implications." *Fulbright Review of Economics and Policy* 3 (1): 1–24. <https://doi.org/10.1108/frep-03-2022-0021>.

Lowry, William, Harry Humphreys, Quynhnhu Nguyen, and Rodney Schwartz. 2019. *Impact Investment: After 15 Years of Hype, What Has Actually Changed?*. London. <https://lincscot.co.uk/wp-content/uploads/2019/02/clearlyso-report-impact-investment-funds-1901.pdf>

Morera, Silvia, Andre Bagnulo, Andrea Boschetti, Rita Piludu, and Antonella Scotese. 2019. *Progettare l'innovazione sociale: Impact Investing e Fondi UE*. Milano https://www.socialimpactagenda.it/wp-content/uploads/2021/10/Progettare-linnovazione-sociale_visualizzazione-1.pdf

MSCI. 2024. *MSCI World Index Factsheet*. New York. <https://www.msci.com/documents/10199/178e6643-6ae6-47b9-82be-e1fc565ededb>

Patton, Anna. 2021. "Pressured Impact Funds Need to Stand Out from the Crowd. Here's How." November 9. <https://www.pioneerspost.com/news-views/2021/11/09/pressured-impact-funds-need-stand-out-the-crowd-heres-how>.

Phenix Capital. 2023. *Impact Report. EU vs US Impact Investing Market*. EU: Phenix

Capital.

<https://phenixcapitalgroup.com/download-impact-report-sep-23-eu-vs-us>

Porter, Michael, and Mark Kramer. 1999. "Philanthropy's New Agenda: Creating Value." *Harvard Business Review*. <https://hbr.org/1999/11/philanthropys-new-agenda-creating-value>.

Portugal Inovação Social. 2020. "Portugal Social Innovation." <https://inovacaosocial.portugal2020.pt/en/about-us/portugal-inovacao-social/>.

Preqin. 2023. *Private Capital Performance Data Guide*. London: Preqin
<https://docs.preqin.com/pro/Private-Capital-Performance-Guide.pdf>

Principles for Responsible Investment (PRI). 2024. "What Are the Principles for Responsible Investment?". PRI. Accessed May 15, 2024. <https://www.unpri.org/about-us/what-are-the-principles-for-responsible-investment>

Reeder, Neil, Andrea Colantonio, John Loder, and Gemma Rocyn Jones. 2015. "Measuring Impact in Impact Investing: An Analysis of the Predominant Strength That Is Also Its Greatest Weakness." *Journal of Sustainable Finance & Investment* 5 (3): 136–54. <https://doi.org/10.1080/20430795.2015.1063977>.

Schinckus, Christophe. 2015. "The Valuation of Social Impact Bonds: An Introductory Perspective With the Peterborough SIB." *Research in International Business and Finance* 35 (September): 104–10. <https://doi.org/10.1016/j.ribaf.2015.04.001>.

Snider, Anna. 2016. "Impact Investing: The Performance Realities." Merrill Lynch Bank of America Corporation. <https://olui2.fs.ml.com/Publish/Content/application/pdf/GWMOL/ME-impact-investing-white-paper.pdf>

Social Impact Investment Taskforce. 2014. *Impact Investment: The Invisible Heart of Markets*.

Šrsen, Zdravka Mihaljević. 2024. "How European Philanthropic Trends Are Boosting Giving Opportunities." April 17. <https://www.globalgiving.org/learn/philanthropy-in-europe>.

Teneo. 2022. "What's ESG Got To Do With It? The Current State of U.S. Sustainability Reporting". September 26, 2022 <https://www.teneo.com/insights/articles/whats-esg-got-to-do-with-it-the-current-state-of-us-sustainability-reporting/>

Wood, David, and Lisa Hagerman. 2010. "Mission Investing and the Philanthropic Toolbox." *Policy and Society*. <https://doi.org/10.1016/j.polsoc.2010.07.005>

Wood, David, Ben Thornley, and Katie Grace. 2013. "Institutional Impact Investing: Practice and Policy." *Journal of Sustainable Finance & Investment*. <https://doi.org/10.1080/20430795.2013.776256>

Yaşar, Burze. 2021. "Impact Investing: A Review of the Current State and Opportunities for Development." *Istanbul Business Research* 50, no. 1: 177-196. <https://doi.org/10.26650/ibr.2021.51.0117>

Zolfaghari, Badri, and Geraldine Hand. 2021. "Impact Investing and Philanthropic Foundations: Strategies Deployed When Aligning Fiduciary Duty and Social Mission." *Journal of Sustainable Finance & Investment* 13 (2): 962–89. <https://doi.org/10.1080/20430795.2021.1907090>.

vi. Appendix

Appendix 1: Framework used to investigate each entities investment strategy

Inflows:

Inflows refer to the capital that is being invested into the impact funds and to general objectives. Parameters to consider for inflows include:

1. CAPITAL SOURCING:

- Sources of capital invested: distinguishing between internal funds, external fundraising, or other financial instruments.
- Implications of the source: flexibility and restrictions associated with each funding source, fundraising strategy.

2. GOALS:

- purpose: what do I want to achieve (expected ROI, expected impact)
- motivation (brand exposure, rebranding towards impact)

Mechanism:

Mechanisms are the strategies and processes that the funds use to create impact through their investments. How the funds structure the investment. Parameters for mechanisms include:

3. SCOPE OF THE INVESTMENT:

- Overall strategy definition
- Scouting of opportunities (beneficiaries)
- Investment screening (criteria for selecting opportunities that align with the entities' missions and values; Partnerships, collaborations, or specific projects that align with the goals of the entities.)
- Diversification strategy (specific sectors, geographic regions)
- Type of approach: balanced, income-based, growth etc.

4. FINANCIAL PRODUCTS (asset allocation):

- Grant (no return), loan (no interest = returns only principal), loan (with interest = principal + interest), other (most interesting financial product for our study are SIBs - social impact bonds), MRI (mission-related investment) + PRI (program related investment), equity or debt.

5. RISK MANAGEMENT:

- risk appetite: level of risk an entity is willing to accept in pursuit of its objectives (risk tolerance). Also, assess how the company manages changes in previously calculated expected risk.
- level of control: process for regularly monitoring the portfolio's performance against benchmarks and objectives (financial and non-financial). Define triggers for rebalancing or adjusting the portfolio based on changes in market conditions or the investor's financial situation.

6. TIMING OF THE INVESTMENT:

- Investment horizon, whether it's short-term, medium-term, or long-term, and the strategy tailored accordingly.
- Exit strategy (how the funds exit their investments while maintaining or enhancing the impact, such as through strategic sales or public offerings)

Outflows:

Outflows refer to the distribution of financial returns and the realization of impact. Parameters for outflows include:

1. **ESG METRICS** (impact measurement):
 - Impact realisation: actual social and environmental outcomes achieved by the investments and how they are reported
2. **ROI:**
 - Financial performance of the impact investments and how they compare to traditional investments

Appendix 2: IMP Matrix Evaluation Results (BMW Foundation Herbert Quandt 2021)

INVESTOR'S CONTRIBUTION	IMPACT CLASSIFICATION			
	DOES / MAY CAUSE HARM	A CT TO AVOID HARM ○ ○ ○	B ENEFIT STAKEHOLDERS ○ ○ ○	C ONTRIBUTE TO SOLUTIONS ○ ○ ○
1 Signal that impact matters				
2 + Engage actively				Partners Group 59.6% Impact HUB 1.3%
3 + Grow new/undersupplied capital markets				Brain Capital 13.4%
4 + Engage actively + Grow new/undersupplied capital markets			Mustard Seed MAZE 2.7%	Mustard Seed MAZE 1.2% Ananda 12.8%
5 + Grow new/undersupplied capital markets + Provide flexible capital				
6 + Engage actively + Grow new/undersupplied capital markets + Provide flexible capital			Purpose Evergreen 3.3%	Purpose Evergreen 3.0% African Clean Energy 2.7%

Appendix 3: Academia de Código Júnior SIB Framework (Calouste Gulbenkian Foundation 2016a)

CHARACTERISTIC	DETAIL
Launch	January 2015
Length	2 years
Field	Education
Aim	Combat high rates of academic failure and retention; contribute to new learning techniques
Beneficiaries	65 students from 3 primary schools
Location	Lisbon
How	Test computing/programming teaching impacts on problem solving, Portuguese, and Maths performance vs control group Evaluated by Universidade Nova de Lisboa
Investor	Calouste Gulbenkian Foundation
Public Entity	Lisbon City Council (to reimburse Gulbenkian if goals met)
Implementing Entity	Code for All (non-profit teaching computer programming)
Promoter	Social Investment Laboratory (LIS) within Calouste Gulbenkian Foundation framework
Independent Evaluator of the Project	Nova School of Business and Economics
SDG	Framework not used yet; potentially linked to SDG 4 (Quality Education)
Impact Metrics	Improvement in math, Portuguese and logical reasoning
Result	Significant improvement in maths and log reasoning; Lisbon City Council reimbursed Gulbenkian ~25% of initial investment as outcomes were partially met

Appendix 4: Projeto Família SIB Framework (Anselmo and Charro 2021)

CHARACTERISTIC	DETAIL
Launch	July 2017
Duration	4 years
Field	Social services
Aim	Preventing children and youth at risk from unnecessary institutionalization
Beneficiaries	216 children and youth at risk
Location	Porto region
How	Intensive, home-based, collaborative interventions with families in crisis to develop parental and relational skills and prepare for family autonomy
Investors	Calouste Gulbenkian Foundation (87.5%); Caixa Economica Montepio Geral
Public Entity	Instituto da Segurança Social (ISS)
Implementing Entity	Movimento Defesa da Vida (MDV)
Promoter	maze
Total Investment	€433,276
SDG	10 (Reduced Inequalities)
Impact Metrics	Preservation of at least 12 children and youths in their family environment per administrative group (out of 9 groups)
Results Reached	Success rate of 90% (163 out of a group of 180 children), surpassing by more than 30% the results expected 98% of the investment was recovered, but ROI was -7%

Appendix 5: Faz-Te Forward SIB Framework (Anselmo and Charro 2020a)

CHARACTERISTIC	DETAIL
Launch	2017
Length	4 years
Field	Unemployment
Aim	Increase understanding of the labor market and enhance job-seeking skills
Beneficiaries	180 Young NEET people
Location	Porto District
How	Development of soft skills, coaching and mentoring
Investor	Calouste Gulbenkian Foundation and Deloitte Portugal
Public Entity	Instituto do Emprego e Formação Profissional
Implementing Entity	TESE
Total Investment	€387,848
Promoter	maze
SDG	4 (Quality Education); target 4.4 (By 2030, increase the number of young people and adults that have technical and professional skills, decent jobs, and entrepreneurship)
Impact Metrics	Entry into employment (40%); 6 month job maintenance (20%)
Result	Integration of 40% of each group of participants into the labor market within 6 months and 53% have retained their jobs for at least 6 months

Appendix 6: Bootcamps Academia de Código SIB Framework (Anselmo and Charro 2020b)

CHARACTERISTIC	DETAIL
Launch	January 2017
Length	4 years
Field	Unemployment
Aim	Requalify unemployed individuals through computer programming training
Beneficiaries	180 young adults
Location	Fundão region
How	14-week bootcamps
Investors	Calouste Gulbenkian Foundation, Associação Shared Services & Outsourcing Platform
Public Entity	Instituto do Emprego e Formação Profissional
Implementing Entity	Code for All
Promoter	maze
Investment	€723,500
SDG	4 (Quality Education)
Impact Metrics	Entry into employment
Result	Entry into the job market of at least 101 students (from a total of 174 participants) up to 4 months after the program

Appendix 7: Cuida de quem Cuida SIB Framework (Calouste Gulbenkian Foundation 2019a)

CHARACTERISTIC	DETAIL
Launch	April 2019
Length	3 years (up to 2022)
Field	Health (dementia and stroke)
Aim	To promote the well-being of and support informal caregivers of older people with dementia or in post-stroke care
Beneficiaries	240 informal caregivers
Location	15 municipalities in the northern part of Portugal (Districts of Porto and Aveiro; region of Entre Douro and Vouga)
How	Developing a psycho-educational program that includes care training, emotional support, mutual help groups, and a caregiver support office
Investors	Calouste Gulbenkian Foundation and José de Mello Saúde Group (CUF)
Public Entity	Administração Central do Sistema de Saúde
Implementing Entity	CASTIIS – the Centre for Social Assistance to the Elderly and Children of Sanguêdo
Promoter	maze
Total Investment	€ 239,660
SDG	SDG 3 (Good Health and Well-Being), target 3.4 (By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.)
Impact Metrics	5% improvement in average score of the overall quality of life of the caregivers
Result	Monitoring ongoing; Having achieved the results stipulated in their contract, the Foundation and CUF will have their original investment reimbursed