Helping nonprofits select impact investing structures

Team: Mike Schember, Cameron McCully, Georgiana Vancea, Jess Newman
Mentor: Bethany Patten

Rare, an international conservation NGO founded in 1973, works to promote sustainable behaviors in rural communities, with a particular focus on fisheries and agriculture. Rare has worked on more than 250 projects across 56 countries. Each sustainability project or Pride Campaign, follows a Theory of Change model to achieve conservation results.

Our Project

Rare wants to develop an impact investing vehicle, that is closely connected with their NGO, and allows them to invest directly in fishery supply chains around the world. For Rare, impact investing is not a question of if they should do it, but rather how they should do it. To help Rare, as well as other nonprofits considering entering the impact investing space, we sought out to answer the following key questions:

1. What should the structure of the impact investing fund be?
2. How should investors access the fund?
3. In what ways can the fund be marketed?

Our Methodology and Findings

After interviewing 12 leading impact investing organizations with nonprofit backgrounds and unique strategies, we determined 4 potential structures (off balance sheet, on balance sheet – integrated and separate, and facilitator) and 3 decision criteria organizations should use to determine what impact investing structure is right for them: capacity, efficacy, and alignment.

Our Recommendation

Start as a Facilitator, with the intention to transition to an Off Balance Sheet structure over time
Prove the model, establish deal flow, build a team, and set expectations in a lower risk environment
Use success as Facilitator to raise capital and acquire experts to support Off Balance Sheet transition