



# DISTANCE LEARNING MANAGING INTERNATIONAL INVESTMENTS

ANDREW MILNER | OCTOBER 2009

Published by the European Venture Philanthropy Association

This edition October 2009

Copyright © 2009 European Venture Philanthropy Association

ISBN: 0-9553659-6-1

Email : info@evpa.eu.com

Website : evpa.eu.com

Commissioning Editor: Beate Trück

Editor: Andrew Milner

Design and typesetting: Transform (transform.uk.com)

Printed and bound by: Warwick Printing (warwickprinting.co.uk)

**The EVPA would like to thank the following for contributing to this paper:**

Anne Holm Rannaleet, Director, IK Aid and Relief Enterprise Ltd

Deirdre Mortell, Co-founder, The One Foundation

Pascal Vinarnic, Founder, Fondation Demeter

Gerry Elias, Trustee, The Children's Investment Fund Foundation

Tera Terpstra, Director, and Saskia van der Mast, investment analyst, d.o.b foundation

Wolfgang Hafenmayer, Managing Partner, LGT Venture Philanthropy

Further information on the projects discussed in this article can be found on the websites of the respective member organisations:

[www.ikininvest.com/IKARE](http://www.ikininvest.com/IKARE)

[www.onefoundation.ie](http://www.onefoundation.ie)

[www.ciff.org](http://www.ciff.org)

[www.dobfoundation.com](http://www.dobfoundation.com)

[www.lgt.com/de/private\\_kunden/philanthropie](http://www.lgt.com/de/private_kunden/philanthropie)

Fondation Demeter has no website, but for further information, contact Pascal Vinarnic at

[pascal@ceresfinance.com](mailto:pascal@ceresfinance.com)

# CONTENTS

DISTANCE LEARNING

5

CASE STUDIES

14

Fondation Demeter

15

IKARE

17

LGT Venture Philanthropy

18

The One Foundation

19

# DISTANCE LEARNING MANAGING INTERNATIONAL INVESTMENTS

The EVPA Knowledge Centre is kindly sponsored by Natixis



EVPA is extremely grateful to Fondazione CRT, Noaber Foundation and Invest for Children for their generous support

FONDAZIONE CRT

NOABER  
foundation



ANDREW MILNER | OCTOBER 2009



High engagement and the provision of non-financial support are perhaps the chief distinguishing features of venture philanthropy. How are these things achieved when the investee is in another country, even on another continent? This paper addresses these questions through the experience of a number of EVPA's member organisations with international investments and asks how they managed them, what problems they encountered and what were the main lessons they learned from them.

### Why work internationally? Motives and opportunities

Gerry Elias, Trustee of The Children's Investment Fund Foundation (CIFF) says CIFF has chosen only to fund initiatives aimed at children in developing countries because that is where children's needs are greatest. Developing countries, particularly in Africa and India, have amongst the highest incidences of under nutrition and amongst the lowest outcomes in child survival and educational attainment. d.o.b foundation in the Netherlands, whose purpose is to try and create opportunities for people in circumstances where opportunities are far to seek, identifies Africa as the biggest challenge, partly, say Tera Terpstra and Saskia van der Mast, because of the level of deprivation but also because of its lack of infrastructure.

As Anne Holm Rannaleet puts it, IKARE 'stumbled into' its one overseas investment, the Campaign to Stamp Out Sleeping Sickness in Uganda. One of IK Investment Partner's (IKARE's main donor) portfolio companies, the veterinary pharmaceutical laboratory Ceva Santé Animale approached them for help when they were alerted to the emergency situation in Uganda during 2006. Since then, IKARE's involvement has progressed from a straight donation and CSR effort to what Anne calls a 'semi-investment'. The positive outcomes of the initial involvement suggested the possibility of building something sustainable through educating local farmers and ensuring the availability of treatment products. In the next phase, they are preparing to fund five start-up private veterinary practices/drug dispensaries to facilitate the provision of veterinary services in previously unserved areas. IK has offices in a number of European countries and a pan-European Partner group, so it's not always easy to get, say, the French Partner office, excited about a homelessness project in Stockholm, but with Africa, says Anne Holm Rannaleet, 'everyone can buy in.'

For Pascal Vinarnic at Fondation Demeter, 'it's simple maths.' Demeter is a small fund and 'with €20-50,000 you can reach many more Indians or Africans than you can Europeans.' Increased impact was also a factor in LGT Venture Philanthropy's considerations, says Wolfgang Hafenmayer. Its mission is to help increase the quality of life of less advantaged people. The potential number of beneficiaries is higher in developing countries, hence more impact can be created there. LGT Venture Philanthropy's choosing to be active in Latin America, Africa, South East Asia, India and China was based on prior knowledge, existing networks and interests of the founding team.

Ninety per cent of One Foundation's work is done in Ireland, but it also wanted to work in a much poorer country because, says Foundation Co-founder Deirdre Mortell, 'if you live on an island, you can think you're in the centre of the universe.' Its reasons for choosing to work in Vietnam were 'largely personal', she says. Both she and fellow Co-founder, Declan Ryan, had spent time in Vietnam, liked it and were prepared to put in the time travelling back and forth.

'IT'S SIMPLE MATHS...WITH  
€20-50,000 YOU CAN REACH  
MANY MORE INDIANS OR  
AFRICANS THAN YOU CAN  
EUROPEANS.'

PASCAL VINARNIC,  
FONDATION DEMETER

‘OUR LONDON-BASED INVESTMENT TEAM CONDUCTS ON-SITE DUE DILIGENCE WHICH REQUIRES THEM TO TRAVEL FREQUENTLY TO POTENTIAL PROGRAMME SITES’

GERRY ELIAS,  
CHILDREN’S INVESTMENT  
FUND FOUNDATION

### **Finding investments**

‘Unless you are a big organisation with offices and representatives throughout the world,’ says Pascal Vinarnic, ‘you need a good field network who can tell you where the programme is coming from.’ This is the first thing worth stressing from the combined experience of those we spoke to. Contacts, in one form or another, were crucial to most of their international operations, from identifying the investment, to helping monitor and steer it.

d.o.b also identifies investments mainly through its contacts, though it also works with strategic local partners (they have a partnership with social investor, the Ackerman Fund and are looking at partnering with E & Co). Like most of those we spoke to, d.o.b has made the decision not to start local offices because it’s a small organisation. They are also starting to use their endowment to make mission-related investments and are keen to approach investees to see if they can work together on the ground, using their local offices and also to consider co-investments.

Most of One’s investments in Vietnam have come through the network they built up through their experience of grantmaking in that country. It’s only for the last 6 to 12 months that One has been involved in what Deirdre Mortell calls venture philanthropy in Vietnam, initially supporting Vietnamese social entrepreneurs and now backing VP start-ups. For the previous five years they had been making grants to large international NGOs who were working on various child trafficking programmes. From this, they had built up an important network. ‘Hanoi is not that big a city and you can meet the same people again and again.’

IKARE did a brief due diligence – what Anne Holm Rannaleet calls a ‘human due diligence’ which involved meeting and assessing the people involved, whether they were capable and whether they had the necessary know-how and access to products and networks. In effect, this involved looking at the links in a chain. Ceva worked with Edinburgh University and the local university, Makerere, in Uganda, for years and all had links with the Ugandan Ministries of Health and Agriculture. IKARE knew Ceva, and could verify Edinburgh’s track record in sleeping sickness research and trusted their judgement on Makerere and the local people involved. Government buy-in was important, she feels, because it meant a cooperative rather than counter-productive attitude on their part.

Only LGT Venture Philanthropy and CIFF of those we talked to have a direct local presence. LGT Venture Philanthropy appoints a local team to handle their investments on the ground, keeping a small presence in Zurich. The individuals involved have a lot of experience and therefore strong local networks. These teams are still at the formative stage but eventually, LGT Venture Philanthropy will have what Wolfgang describes as a global team exchanging knowledge on a global scale, while being active locally with local people.

### **Due diligence – managing the risk**

Given the distances involved, and more importantly the difference in circumstances, how do funds ensure that the investment is a sound one? ‘Due diligence is done on the ground,’ says Wolfgang. The local team identifies investments, does due diligence and secures necessary legal and contractual advice. Likewise, ‘we have staff based in many countries in which we work,’ says Gerry Elias of CIFF, ‘and our London-based investment team conducts

on-site due diligence which requires them to travel frequently to potential programme sites. To date, a CIFF board member has also conducted site visits of every new grantee before funding has been approved.'

The others, lacking local presence, don't have this luxury. When a potential investee comes to d.o.b's notice, it does what Saskia and Tera call a 'quick scan' to see if it matches d.o.b's criteria. They then discuss the matter with the team and do an informal due diligence – they check through their contacts, make a field visit, look at the business model and the capacity of the entrepreneur and meet key people involved. Then follows a formal due diligence which can take anything from two to six months and is generally done through partnerships with local professionals, through their strategic partners, or perhaps by themselves. One thing Saskia stresses: 'get a second opinion on legal issues.' This can be crucial when working in a different jurisdiction.

At the beginning of what Deirdre characterises as its VP phase in Vietnam, One Foundation were only doing what she termed 'light grantmaking' (\$5-10,000) on which it wasn't worth doing due diligence. They'd do a site visit (though often, as Deirdre points out, with start-ups, there's nothing to see) and an informal check through their network to make sure 'we weren't dealing with gangsters.' This has changed as they are now taking on bigger projects: KOTO, a social enterprise which offers training in the skills of the tourism and hospitality industry for vulnerable young people; the Centre for Social Initiatives Promotion, a fund to support social entrepreneurs, similar, she says, to Social Entrepreneurs Ireland; and Streets International, which aims to extend the KOTO project through South East Asia. With KOTO, they could and did do a due diligence. Streets International is led by an expatriate with whom One worked in a previous project. 'We wouldn't get involved in start-up, especially one involving a serious amount of money unless we knew someone involved personally.'

### Work methods

CIFF has 'Portfolio Managers assigned to every programme we fund,' says Gerry Elias, 'who actively engage with investees throughout the entire funding period.'

d.o.b foundation is a small organisation so, to apply the venture philanthropy model, it decided to build a portfolio of around 15 investments (3 in Netherlands, 12 in Africa). While, in common with most of our respondents, it has no thematic focus, those investments must be scaleable and capable of being learned from and, most importantly, have the potential to have a social impact on 500,000 people. d.o.b has built up a team with capabilities in different spheres – a lawyer, an accountant, a venture capitalist, a business analyst, a communications specialist, some of whom have specific experience in Africa. One investment manager manages 3-5 investments so it is very intensive and means they can spend probably a day a week on each. Another stipulation d.o.b makes is that it won't make an investment unless it can add some value to the organisation beyond the simple provision of money.

This has been a challenge for One Foundation. Their investment money was hard to back up with non-financial support in the characteristic VP way because they did not have personnel on the ground or a business network in Vietnam. Deirdre and Declan simply said to the social entrepreneurs they worked with that if they needed anything else, they could talk to One to see if there was anything it could do, and this sometimes produced

'WE WOULDN'T GET INVOLVED IN A START-UP, ESPECIALLY ONE INVOLVING A SERIOUS AMOUNT OF MONEY UNLESS WE KNEW SOMEONE INVOLVED PERSONALLY.'

DEIRDRE MORTELL,  
ONE FOUNDATION

**‘ONLY A CONSTANT FLOW OF INFORMATION FROM AND TO THE ORGANISATIONS ALLOWS US TO BUILD TRUST AS WELL AS TO REALLY SUPPORT AND ADD VALUE TO THEM.’**

**WOLFGANG HAFENMAYER,  
LGT VENTURE  
PHILANTHROPY**

unexpected results. One is close to Atlantic Philanthropies in Ireland as well as in Vietnam and when the latter hosted a dinner in Hanoi, they asked One if there was anyone they wanted to attend. The result was that one of its investees who had been training young people in IT skills ‘on a wing and prayer’ got his first-ever commercial contract from the Irish Embassy as a result of sitting next to the ambassador at the dinner.

#### **Co-investment**

‘LGT Venture Philanthropy aims to be a specialist in philanthropic advice, in due diligence, selecting the right financing model (equity, loan, grant) and supporting an organisation during the engagement to make sure the promised impact is achieved, which requires continuous monitoring and measurement of impact,’ says Wolfgang Hafenmayer. He believes constant contact between LGT Venture Philanthropy and its portfolio organisations is crucial: ‘only a constant flow of information from and to the organisations allows us build trust as well as to really support and add value to them.’ It is also their intention to bring in co-investors at the earliest opportunity. Once LGT Venture Philanthropy has a track record with 10 to 20 portfolio organisations, it will approach LGT clients and, as he put in a recent interview with Alliance magazine ‘invite them to engage with these selected organisations alongside the Princely family’.

Fondation Demeter, too, tends to look at elements of the organisation, rather than at the programme (provided, of course, that the programme itself makes sense to them). Typically, they will concentrate on fundraising, reporting, strategy and management. This tightness of focus also has a geographical element. Most of the programmes in India are in the same region and they try to foster the cross-fertilisation that this can produce. They are keen that the experience of their investees benefits others and that they should constitute a kind of informal support network in a given region.

Its typical modus operandi is that it will identify an investment using its field networks and bring them to break-even point. Once they reach that level, they are then in a position to attract local institutional funding – exit Demeter. Its first programme was a microfinance programme in Bangalore, India. Demeter invested €25-30,000, got the organisation to break-even point whereupon it became the Bangalore branch for Grameen Bank. The same general pattern was observed with the Fondo de Inversion Social (FIS) in Argentina which, following investment by Demeter, has recently opened up its equity to Grupo ACP, owner of MiBanco which has some 500,000 customers throughout Latin America. Co-investors are perhaps even more important to Demeter than they are to LGT Venture Philanthropy. First, they are crucial to its exit strategy - ‘there’s so much to be done,’ says Pascal Vinarnic, ‘and we need to find people to replace us’ – second, (in Demeter’s case they are always local) they can help smooth out the difficulties of local custom and practice and, third, they provide a presence on the ground.

#### **The difficulties of communication - ‘no substitute for face-to-face meetings’**

This brings us to another challenge. Where there are no local staff – and even when there are – the difficulties involved in managing an investment on another continent are clearly greater than managing one that’s round the corner. ‘You use technology more,’ says Pascal Vinarnic, ‘because you can’t be travelling all the time.’ However, a good deal of travelling is inevitably involved because the face-to-face contact, as many stressed, is crucial.

‘We travel a lot,’ says Wolfgang Hafenmayer. He spent more than 20 weeks in non-

European countries last year and team members are normally on the road for at least three months a year. Pascal Vinarnic now lives part of the year in Argentina, so his involvement with FIS is considerably easier. For a year, however, he found himself, as he puts it, commuting between Europe and Argentina. Otherwise, the general pattern is two visits a year, one by a field expert and one by a Demeter board member.

d.o.b tries to visit Tanga Fresh, for example, its dairy project in Tanzania, two or three times a year. Other board meetings take place through conference calls, but, ultimately, insist Tera and Saskia, there is no substitute for face-to-face meetings. These are always the basis of any investment decision.

Anne Holm Rannaleet has been to Uganda three times in two years and concedes that she 'could definitely go more often.' E-mail helps a lot, and there are 'next-to daily exchanges of emails.' The travelling can be a strain but, in the absence of local staff, you have to do it. The Sleeping Sickness campaign takes up, she estimates, some 20-25 per cent of her time. Deirdre Mortell agrees that it's essential to spend time in the place. She goes about twice a year to Vietnam and 'won't spend less than a week there.' That length of time is very important in finding people and projects. You can meet them two or three times, get to know them and determine mutual expectations. Also, she says, it takes that time to adjust: 'for the first four days, I make decisions based on an Irish context, which won't work in Vietnam. It's only on days 5, 6 and 7, that I start making Hanoi decisions.'

### A seat on the board

Taking a seat on the board of an investee organisation is also a characteristic of VP funds and many respondents, as we've seen, try to maintain this with projects in other countries. Fondation Demeter has done this in the past, but tries not to do it so often now. For One, it's often not an option because there is no board. For d.o.b, however, it's an absolute requirement. The investment manager is paired up with a moderator from among d.o.b's network of contacts, (who might be local to the project or not, but is at any rate closely involved with the investee organisation). These are chosen to provide an objective balance and also to have complementary skills to the investment manager. The selected moderator has knowledge or experience in the field of the investment, and is thus able to be of additional value to the business.

### Reporting

Given the distances involved, reporting becomes especially important. You have to 'ensure there is a method to track desired impact from the start,' says Gerry Elias, 'like any investment, you want to make sure your money is working for you.' Demeter gets clear agreement from the outset about reporting, which is often done monthly and quarterly, and according to objectives which 'are defined in very precise terms... We don't compromise on reporting,' not least because, as he points out, it is the basis for fundraising. If your reporting is no good, then the data derived from it will not convince other funders.

However, Demeter's reporting requirements are by no means inflexible. There is what he describes as a general framework, especially for the microfinance programmes they support, but Pascal also 'likes each organisation to put their personality into the way they want to report'. Even in microfinance, you have to look at the figures on repayment delays or defaults in a wider context. 'You have to match them with school attendance and the

**'FOR THE FIRST FOUR DAYS, I MAKE DECISIONS BASED ON AN IRISH CONTEXT, WHICH WON'T WORK IN VIETNAM. IT'S ONLY ON DAYS 5, 6 AND 7, THAT I START MAKING HANOI DECISIONS.'**

**DEIRDRE MORTELL,  
ONE FOUNDATION**

## 'WE ONLY STEP OUT WHEN WE THINK THE ORGANISATION CAN DO WITHOUT US'

TERA TERPSTRA,  
D.O.B FOUNDATION

health status of the family to find out why the loan was defaulted.'

'Reporting allows me to help mentor an organisation,' says Wolfgang Hafenmayer. 'How can you support it if you don't know what's going on? That's the question for me.' LGT Venture Philanthropy defines key performance indicators at the end of each due diligence, and these are 'mostly monthly, basically showing if we are on track for our impact targets.'

One's requirements have tended to be more informal because of the type of projects they support and the level of that support. For the smaller projects, it is usually only a matter of asking them to send an email every month or so. However, for the bigger projects they are now taking, Streets International and the Centre for Social Initiatives Promotion, reporting is likely to take the form of a quarterly face-to-face meeting and written reports to previously agreed key performance indicators.

### Exit

The need to find funders to take over this or that investment is, as we've seen, one of the reasons why Demeter always works with a local co-investor, a practice also followed by d.o.b. As well as preparing for its eventual exit, d.o.b works with co-investors because they bring additional competencies. Normally, a d.o.b investment will be for 5-7 years in varying amounts and in various funding rounds. Eventually, they want to see local investors take over and make the running or to see the enterprise become fully self-sustaining. The details of the exit are not formally made part of the initial agreement, but the principle of exit is built in at the start and is conducted by mutual agreement once both parties feel the time is right. Did this ever cause problems? They have learned from experience that agreements notwithstanding, it's very easy to build up a dependency in an organisation, but problems are ironed out through the relationship which is well-established by the time of exit. 'We only step out when we think the organisation can do without us' says Tera.

### Picking winners – the organisation or the people?

Demeter saw from the start with FIS that they were very inexperienced but committed and, for Pascal, this was the crucial factor. Investing in a charity is different, he suggests, from investing in a company. With a company, you might expect the team to be in place from the start, but 'you can't expect a charity to have all the experience. Level of commitment is more important because you can always train or recruit to gain the expertise you need.'

Similarly, for d.o.b, the starting point is the entrepreneur who is, says Saskia, '80 per cent of the whole investment'. It's better, adds Tera, to have a good person with a bad idea, which can be improved or worked on to make it better, than the wrong person with a good idea.

There have been times, however, when they find it impossible to come to terms with the 'right' person. In one instance, they met a group who were 'great people to pull [the initiative] off'. However, they wouldn't agree to put in some of their own money – even a very small amount – to show their commitment to the idea. 'They felt that there was a lot of free money in Africa and they wanted to do it that way,' explains Tera.

### The biggest challenges

LGT Venture Philanthropy approaches the problem of management from the other side.

Ultimately, believes Wolfgang Hafenmayer, and despite the different sensitivities involved, managing is the same in a for-profit and non-profit company, and the biggest challenge is finding the right people, both for LGT Venture Philanthropy's local teams and for the management team of the organisations. One of the prime reasons, says Wolfgang, for not engaging is the lack of management capacity. An index of this is that LGT Venture Philanthropy has looked at around 500 funding requests and, in the first instance, will work with around seven. The fund provides finance to lift the whole organisation to the next level of impact, argues Wolfgang, therefore LGT Venture Philanthropy needs to be sure that it will be managed in an efficient way. In order to address this problem, the fund is launching the initiative iCats (Impact Catalysers), identifying experienced business people who would like to contribute their skills pro bono to LGT Venture Philanthropy's portfolio companies in five different roles. The most intensive of these is a fellowship, which is already running and under which fellows with business experience will spend a year with a social enterprise. Alternatively, people with business expertise will provide consultancy, implementation skills, mentoring and training on a more occasional basis.

Anne Holm Rannaleet agrees about the difficulty of finding the right people. As she points out, 'you can't have day-to-day micro-management,' and aside from specific technical difficulties like getting the import licences sorted out, transportation and logistics on the ground, etc, this is the biggest single difficulty.

Apart from the difference in culture, Deirdre Mortell sees two other special problems to working in Vietnam. First, it's communist and is as strict as it ever was. Civil society is frowned on and while international NGOs are tolerated for the money they bring in, local NGOs are not strictly legal. This has posed a problem for One in setting up the Centre for Social Initiatives Promotion. They hired a local Vietnamese person to find a way around this and she has now identified a legal structure they can use.

Second, because there's no NGO base, there's no tradition of either fundraising or philanthropy. This makes, as she points out, One's exit strategy 'very challenging.' It also means that they will have to galvanize their network around the new fund to provide it with the moral support it will need.

### Cultural differences

No matter how well you know a place and its people, cultural differences are apt to trip you up. 'You don't see the misunderstandings coming as quickly,' says Pascal Vinarnic, 'you don't pick up the signals early enough.' This is another key reason why a local co-investor is crucial, familiar with both the local culture and the local establishment. He gave an example: in one Indian microfinance programme Demeter had been involved in, there had been a high turnover of loan officers. He had asked why and had been given an answer which wasn't true, so as not to hurt his feelings as a donor. A local co-investor would have been alive to the true situation.

Anne Holm Rannaleet endorses this view. It's crucial to have a reliable local partner to 'get behind the answers' to the many questions. As an illustration, part of the work of the Sleeping Sickness programme is spraying cows on a regular basis against reinfection, which means knowing which cows have been sprayed and when. The European partners made the suggestion of adding a purple colorant to the spray, the wearing-off of which would signal that it was time to respray. Makerere said that this would not do because

## THE IMPORTANCE OF FINDING THE RIGHT PEOPLE - 'YOU CAN'T HAVE DAY-TO-DAY MICRO-MANAGEMENT'

ANNE HOLM RANNALEET,  
IKARE

**DON'T BE AFRAID TO ASK OR TO HAVE AN OPINION. ABOVE ALL, TAKE THE PRECAUTION NOT TO BE ALONE AND BE REALISTIC ABOUT WHERE AND HOW YOU ADD VALUE – IF YOU DO, 'THERE IS NO REASON WHY MANAGING A PROGRAMME ABROAD SHOULD BE ANY MORE DIFFICULT THAN MANAGING ONE IN EUROPE'**

**PASCAL VINARNIC,  
FONDATION DEMETER**

certain tribes could only have white cattle, while others would think that they had been cast under a spell if their hide was coloured purple.

The element of cultural difference is one reason why Deirdre Mortell feels it's vital to spend time in the country. It's very important 'to be as aware as you can...the whole way of communication is different, what people say and don't say.'

### **The importance of trust**

What are the main points of advice people would pass on from their experience of investing internationally? Perhaps even more than in other investments, 'trust is everything,' Pascal Vinarnic says. Other respondents highlighted this, too. Anne Holm Rannaleet stresses that it's 'always about the people' and whether you trust in them, not only in their probity, but as to whether they have the competence and the network to do the job. Ultimately, you have to have this trust if the investment is going to work. Make sure you go and meet the people and do the local 'due diligence' (even if this is human due diligence) to really understand what is going on, she says, or have someone working with you whose judgement you can trust – preferably both.

Use your networks, says Deirdre Mortell, whether these are personal, business or philanthropic, including fellow EVPA members, some of whom are also working internationally. Secondly, really be aware of the cultural differences – trust is so important in VP and misunderstandings can arise. As we've seen – but it's a point worth repeating – face-to-face relationships are critical. Have more than one meeting, urges Deirdre, be humble and take the time to get to know people – who they are, where they are from – rather than confining yourself to what she calls 'transactional' conversations.

Finally, counsels Pascal Vinarnic, don't be afraid to ask or to have an opinion. Above all, take the precaution not to be alone and be realistic about where and how you add value. As many have seen from recent events, often to their cost, investments of whatever kind always involve an element of risk, but the risk of making a social investment in another country or another continent needn't be unduly high, as the experience of our respondents shows. Indeed, if the precautions Pascal outlines are observed, he believes, 'there is no reason why managing a programme abroad should be any more difficult than managing one in Europe.'



---

# CASE STUDIES

# FONDATION DEMETER

---

## **Gente Nueva (Argentina)**

In Bariloche (Argentinean Patagonia), around one in four young people between 16 and 24 is underprivileged, has stopped studying and has no permanent job. Excluded or self-excluded, obviously these young people are highly vulnerable to falling into delinquency and all forms of addiction. Society stigmatises them, which reinforces the vicious circle of exclusion.

## **The programme for At-Risk Youth**

Gente Nueva, a non-profit supplying education support services to poor neighbourhoods in Bariloche, aims to help At-Risk Youth to become active citizens by helping them back into work and education. A 12-month programme is set up with both customised individual and group support to help the At-Risk Youth define a life project. From that initial phase, a step-by-step process is defined to include several vocational trainings, personal self-improvement workshops, school (or educative) support and active follow-on by a mentor to enable the At-Risk Youth to reach the last phase of the programme with actual field training periods that could lead to a permanent job. In addition, the programme promotes the At-Risk Youth within her/his community (family and peer groups) to restore her/his self-confidence.

## **Preliminary results and conclusions**

The first pilot year of the Programme involved 40 people, out of whom 38 finished the year with either a job or an academic commitment. Interestingly what is most valued by the beneficiaries are:

- Customisation of programme – especially at the onset, in order to enable the building of trust between the At-Risk Youth and the organisation and to let her/him express worries, difficulties or constraints she/he might not voice in a group environment;
- Active mentor follow-on as it is typically the first time for a long while the At-Risk Youth has had a positive relationship with an authority figure. In particular, the beneficiaries were very appreciative about the support of the mentor in restoring a relationship with their families and peer groups;
- The critical role of companies associated with the programme – they tend to be mostly local SMEs involved in retailing, tourism (Bariloche is a major tourist destination in Argentina) and services. The relationship they build with At-Risk Youth during the year she/he is in the programme (for training sessions) makes it easier for them to make job offers at the end of the programme.

The 'investment' is the At-Risk Youth her/himself. The funding has come in part from private sources (Fundacion Telefonica along with International Labour Organization OIT – part of the UN - and Fondation Demeter) but most is supplied by the state or local authorities which consider the programme to be not only socially responsible but far less expensive than placing such individuals within an institutionalised environment with basically no chance of reinsertion at exit.

## **Demeter's involvement with Gente Nueva At-Risk Youth programme**

Gente Nueva initially approached Demeter to start a microfinance programme aimed at the same audience but this was discarded due to the limited volume (maximum 150 persons per year when fully developed) that would have prevented its reaching self-

## CASE STUDIES

---

sufficiency. They came back with the At-Risk Youth programme which was capable of reaching self-sufficiency thanks to stipends received from state or local authorities (not as a grant but for services rendered). Demeter was keen to get involved as the model is substantially different from most At-Risk Youth programmes which typically are not sufficiently customised and do not accompany the beneficiaries from life project to full execution.

Demeter has been sponsoring Gente Nueva through an interest-free loan over two yearly instalments, to be reimbursed over the following two years. It is very actively involved in the programme's Steering Committee, especially where fundraising is concerned. Demeter's intention, once the second year pilot is successfully completed, is to duplicate the model with other NGOs either locally or in other geographies.

# IKARE

---

## **Creating private veterinary practices in rural Uganda – a follow-on from the SOS – Stamp Out Sleeping sickness - campaign**

The SOS campaign which was launched in October 2006 aims to control sleeping sickness in Uganda, the only country to be affected by both forms of this lethal disease, spread by the tsetse fly, which kills more than 100 people per day in Africa.

Further to providing emergency treatment to around 220,000 cattle in five districts in Northern Uganda, IKARE and its partners are focused on building sustainability through educating and teaching both local farmers and key stakeholders about sleeping sickness, the links between animal health and human health, as well as ensuring the availability of treatment products at affordable prices, allowing farmers to treat their cattle on a regular basis.

Since the start of these so-called '3 V Vet activities' in Northern Uganda in May 2008 some 60 spray teams have now been set up and are active in the area, ensuring regular spraying of cattle against tsetse infection of sleeping sickness and nagana (the animal form) as well as tick-borne diseases. Micro-credit financing is being provided by IKARE and Ceva Santé Animale through their local partner Heigh Hights Ltd to these farmers and animal health workers setting up spraying businesses. This enables them to purchase the spray pump and the initial supply of insecticide necessary to get started. To date, approximately half of all credits outstanding have been recovered with a number of spray takers having fully repaid their debts.

All five of the 3 V Vets have also come to identify an unserved market for veterinary services in these remote and rural areas and have developed business plans for the setting up of private veterinary practices and drug shops there. Farmers and cattle-keepers in these areas have basically had no access to veterinary services. Where these have been offered, usually through Government-sponsored programmes in connection with disease outbreaks, they have mainly been curative. The start of the 3 V Vet activities meant the introduction of pre-emptive veterinary as well as curative services much closer to the farmers. As the young vets are equipped with motorcycles, they are able to travel into remote areas to educate farmers and offer their services.

The young vets have also received some basic business skills training to make them better equipped for starting up their own business, like simple modelling, differences between income and cash flow statements, necessity of inventory-taking, etc. IKARE will be providing small-scale start-up financing to bridge the initial six-month period.

# LGT VENTURE PHILANTHROPY

## CASE STUDIES

### Mann Deshi: Empowering women in rural India through microfinance and business training \* Maharashtra, India

#### The problem

Rural women in India have limited access to credit and opportunities, which would enable them to develop themselves and their respective regions economically. Founded in 1997, Mann Deshi (MD) aims at improving the lives of poor and vulnerable women in rural India by providing a unique and innovative combination of financial and non-financial services which helps them and their families achieve financial independence and self-sufficiency. Over the last 10 years, MD has provided financial literacy to almost 14,000 women and offered financial services to 81,000 clients. However, MD's growth has been restricted significantly by the lengthy bureaucratic process of acquiring new branch licences.

#### Solution

Mann Deshi plans to expand its financial services by setting up a Non-Banking Financial Company, called the Mann Deshi Leasing and Finance Company Limited (MDLFC). MDLFC would enable MD to provide microfinance services anywhere in India without constantly having to ask for additional licences. MD plans to open 16 MDLFC branches in Maharashtra and Karnataka over a period of five years.

#### Impact

MDLFC aims to attract at least 43,000 individual clients by 2013/14. It aims to be self-sustaining by 2013/14, providing USD4.3 million in loans. It will finance basic financial literacy courses for all its clients and support the establishment of approximately 12,000 new businesses.

Impact Mann Deshi	2010e	2011e	2012e	2013e	2014e
Number of branches	4 + 1 head	7	10	13	16
Total clients	5810	12240	20470	30500	43510
Staff	25	35	50	65	80
Agents	60	98	136	174	212
Graduates of business school	661	5905	8100	10620	14058
New businesses supported	496	4429	6075	8496	11949

#### LGT Venture Philanthropy's involvement

- Equity investment of USD 500,000 to be used to finance set-up and operation costs for the Mann Deshi Leasing and Finance Corporation
- A wireless banking system implementer for 2009, part of LGT Venture Philanthropy's Fellowship Programme
- Part of LGT's Employee Donation Programme
- Access to network and ongoing mentoring support

(\* This investment is still in the final stage of deal execution.)

---

# THE ONE FOUNDATION

---

## **Centre for Social Initiatives Promotion – Supporting social entrepreneurs in Vietnam**

On 1 June, the Centre for Social Initiatives Promotion (CSIP) had an official launch and Call for Applications from social entrepreneurs in Vietnam, focusing on Hanoi and Ho Chi Minh City (Saigon). Led by Ms Pham Kieu Oanh, with fifteen years' experience of the social sector in Vietnam, CSIP is the first organisation of its kind in Vietnam and will provide funds and other support to early-stage social entrepreneurs.

CSIP is grounded in the experience and learning of Social Entrepreneurs Ireland, which was incubated at One Foundation from 2004-6. The term social entrepreneur is unknown in today's Vietnam, but this was also the case in Ireland in 2004, where SEI was also a first-in-field investment for One.

### **The investment**

One had successfully funded NGO programmes in Vietnam since 2004, and Oanh had led one of these, building a relationship with both co-founders at One. With Oanh's interest confirmed, she undertook a Feasibility Study in 2008, which became a Business Plan and One Foundation recently committed up to US\$1 million over 3 years as a founding investor, with substantial challenge grants built in against fundraising targets.

### **The challenges**

CSIP will face significant challenges as it attempts to build a field of social entrepreneurship as well as an organisation, where philanthropy is not a tradition (under communism, there was no need for funding of independent initiatives, and for a long time there was no accumulation of wealth in the society anyway) and where the solving of social problems is traditionally the role of the state, leaving little 'official space' for social entrepreneurs to act.

Social Entrepreneurs Ireland has already contributed substantial human capital and intellectual property, and One Foundation brings experience of backing first-in-field investments on social entrepreneurship. KPMG Vietnam have come on board early with pro bono services and business networks. Oanh has recruited an advisory group of high-level Vietnamese from the business and social sectors, including a former government minister, to evangelise the idea.



EVPA is a fast-growing membership association supporting and promoting venture philanthropy across Europe. EVPA supports its members by providing a forum for mutual learning, data and research on venture philanthropy, and training programmes on topics relevant to all stages and activities of a venture fund.

The EVPA Knowledge Centre is the hub for European knowledge and thought leadership on venture philanthropy.

The Knowledge Centre:

- acts as the virtual hub for all exchange relating to the practice and study of VP;
- coordinates or commissions research and data collection on VP practices in Europe;
- nurtures, develops and disseminates the practical knowledge of VP through publications and training courses.

European Venture Philanthropy Association  
78 Avenue de la Toison d'Or  
1060 Brussels  
Belgium

[www.evpa.eu.com](http://www.evpa.eu.com)

The EVPA Knowledge Centre is kindly sponsored by Natixis



EVPA is extremely grateful to Fondazione CRT, Noaber Foundation and Invest for Children for their generous support



ISBN: 0-9553659-6-1

€50

VENTURE PHILANTHROPY  
SOCIAL ENTREPRENEURSHIP