

From the Chairman

Welcome to our second newsletter. The last several months have been very busy in implementing services to our members and expanding the EVPA's profile in our target markets of private equity, hedge funds and foundations.

Specifically:

- The Research Report - Opportunities and Obstacles for Venture Philanthropy in Europe - is progressing well and initial results will be presented at our London Conference on 15th June (see p. 2 for more detail).
- Two working groups have been established to explore two critical issues:
 - 'Adding value through advisory services'
 - 'Social impact and performance measurement'These groups are still defining their working briefs and need additional members. Please contact info@evpa.eu.com if you have an interest (p. 5).
- Seventeen participants, mainly from the private equity industry, including two EVPA founders, successfully completed a trek up Mount Kilimanjaro. This has resulted in considerable publicity in the private equity press and so far, and has raised in excess of €250,000 for the EVPA and several other charities (p. 4).
- A number of EVPA members attended the Skoll World Forum for Social Entrepreneurship, and

several participated on panels and a specially convened private lunch on funding the non-profit sector. The conference participants seemed excited and supportive of our new initiative (p. 4).

- Three members of the EVPA will participate on a panel during the Annual Meeting of the European Foundation Centre in Budapest. Over 300 foundations are expected to attend from over 20 countries. This panel will focus on new ways of funding the non-profit sector, and will give the EVPA excellent exposure to the foundation community (p. 6).
- We have organised two Country Meetings on venture philanthropy in the next six months. One of the BMW Group foundations is hosting our conference on 12th May in Munich, while Unicredito has offered to host a similar conference in Milan for late October (p. 2).
- The EVPA membership drive has been opened with an excellent initial response. Our target is 25 members by June 2005 and a total of 50 members by June 2006. So far we have members from UK, France, Germany, Netherlands, Italy, Ireland, Hungary and Belgium. For information on membership, visit our website www.evpa.eu.com (p. 2).
- Our Annual Conference will be held in London on 15th June and will be hosted by JP Morgan. The Agenda is being finalised with high-profile speakers and interesting breakout sessions. Over 100 attendees are expected (p. 1).

Thank you for your interest in our efforts. We see the EVPA as having a tremendous opportunity to inform, engage, and impact by building bridges between individuals, foundations and the non-profit sector. Collectively, we believe that we can make a more significant impact. Please engage with us and refer us to any other individuals or groups you think we should know about.

Doug Miller

EVPA announces keynote speakers for 2005 annual conference

EVPA has announced the keynote speakers for its Annual Conference on 15 June 2005. Luc Tayart de Borms, CEO of the Brussels-based King Baudouin Foundation (www.kbs-frb.be), will speak on the way venture philanthropy is viewed by grant-making foundations, and how they can work together. Sir Peter Lampl will speak on his personal motivations for setting up the Sutton Trust (www.suttontrust.com), an educational charity in the UK, and his experiences in applying his business skills to the charity and public policy arenas, as well as influencing his business peers to become engaged philanthropists.

The Conference, to be held in London and hosted by JP Morgan Private Bank, will feature three breakout sessions: Venture Philanthropy - the UK perspective; Measuring Performance and Social Impact; and Venture Philanthropists and

Foundations - Working in Partnership. EVPA expects over 100 participants from 10 countries.

EVPA to hold first countrywide seminars

EVPA will hold country seminars in Germany and in Italy this year for EVPA members and others interested in venture philanthropy. The **Germany country seminar** will be held at the BMW Pavilion in Munich on 12th May, hosted by Eberhard von Kuenheim Stiftung, a BMW Group-related foundation. Heiner Baumann, Chief Knowledge & Learning Officer for New Profit Inc (NPI), a US venture philanthropy firm, will be the keynote speaker, and will also lead a workshop on 13th May that will offer an in-depth study of the NPI model. The **Italy country seminar** will be held in Milan in October 2005, and will be sponsored by Italian financial institutions. Visit the EVPA website for up-to-date information on both seminars.

EVPA research project moves forward

EVPA's research into "Obstacles and Opportunities for Venture Philanthropy in Europe" is underway. Having completed a review of written materials on venture philanthropy, a series of interviews with venture philanthropists and people working with philanthropists are taking place during March and April. Meetings have been held in Brussels and Amsterdam, and are planned for Paris and London. The Skoll World Forum on social entrepreneurship, held in March at Oxford University, provided an opportunity to meet with people from other countries who are engaged with venture philanthropy. If you have any thoughts or contacts which might be helpful for the research, then please contact Rob John (rob.john@oba.co.uk) or Paola Grenier (p.m.grenier@lse.ac.uk).

EVPA welcomes its first members

Since launching its membership in January 2005, EVPA has welcomed 15 new members from eight countries. An additional 12 applicants are being considered by the membership committee. Profiles of the new full and associate members are below. EVPA has named three honorary members: the European Venture Capital Association (EVCA) and the European Foundation Centre (efc), both based in Belgium; and David Carrington, an independent consultant based in the UK.

EVPA membership categories

- *Full Membership* is open to organisations or individuals whose primary activity is venture philanthropy.
- *Associate Membership* is open to organisations or individuals with a serious interest in venture philanthropy, but for whom it is not their primary activity.
- *Honorary Membership* is at the discretion of the EVPA Board, and may be offered to those individuals or organisations who the Board believes can provide valuable insight and/or assistance in helping the charity or non-profit organisation achieve its mission and goals.

Full Members

The One Foundation, Ireland

Set up in 2004, Dublin-based The One Foundation funds organisations and individuals that tackle disadvantage in both Ireland and the developing world. In Ireland, One focuses on the areas of disadvantaged children, mental health and early stage social entrepreneurs working to create social change. One practices "active philanthropy", investing in building the core capacity of

organisations and individuals by providing funds, access to skills, expertise, and networks. One intends to fully distribute all its resources over the next ten years. www.onefoundation.ie

Impetus Trust, UK

Founded in 2003, Impetus Trust is the UK's first general venture philanthropy fund. The fund supports medium-sized charities to make a step-change in their performance, through the provision of long-term funding for core costs, bespoke management support, and capacity building. It aims to enable charities to have a greater impact on the lives of more people in need by improving the quality, efficiency, and effectiveness of their services. Impetus typically invests £100,000-£500,000, primarily in grants, over a period of between three and five years. www.impetus.org.uk

BonVenture Management GmbH, Germany

BonVenture funds companies and organisations with a social and/or ecological purpose in German-speaking countries. The foundation seeks projects that are innovative with a strong social impact, are led by motivated and committed social entrepreneurs, and will be financially self-sustaining in the long-term. Utilising an investment approach, BonVenture aims to invest €100,000-€500,000 per project, together with co-investors, through equity, mezzanine financing, and loans. It also offers infrastructure support to its investees. www.bonventure.de

Fondazione Oltre Onlus, Italy

Launched in 2002, Fondazione Oltre is the first venture philanthropy fund in Italy. Oltre aims to strengthen the non-profit sector by applying venture capital investment principles to the charities and social enterprises it supports. The fund has invested in nine organisations to date, in

Milan and northern Italy, focusing on social issues. Oltre typically invests €15,000-€60,000 in grants over a period of two-to-three years. www.fondazioneoltre.org

Fondation PhiTrust, France

Founded in February 2004, Fondation PhiTrust seeks projects around the globe that take an entrepreneurial approach to generating social, cultural, or environmental impacts, and which can be self-sustaining after PhiTrust exits its investment in three-to-five years. Basing its investment criteria on venture capital investment principles, PhiTrust typically funds projects referred by its partners, which include Ashoka, Habitat for Humanity, and WWF France. PhiTrust aims to raise a €5 million fund, with operating costs financed by its partners. www.phitrust.com

NESsT Europa, Hungary

NESsT Europa, the European branch of NESsT International, combines the tools and strategies of business entrepreneurship with the mission and values of non-profit entrepreneurship to support the development of social enterprises in emerging democracies. The NESsT Venture Fund for Central Europe currently supports social enterprises in Croatia, the Czech Republic, Hungary, and Slovakia. NESsT International also offers consulting services; educational opportunities through NESsT University; and a global, online shopping portal for social enterprises. www.nesst.org

Venturesome, UK

Venturesome, a £3.5 million fund in the UK, provides risk capital and financial advice to small and medium charities and other social enterprises that are UK based. The fund uses investment mechanisms such as underwriting, unsecured loans, and equity-like instruments, and aims to recycle its funds four-to-five times. Investments

EVPA in the press

A round-up of recent press coverage for EVPA and European venture philanthropy:

- The EVPA and member NESsT are listed as venture philanthropy case studies in a new paper by John Pepin and Associates: 'Good Results Will Be Addictive—High Engagement Giving/Venture Philanthropy: Future Trends', published March 2005. Pepin is an EVPA associate member.
- The Skoll World Forum was featured in a Public Opinion piece in UK newspaper *The Times* (29 March 2005). The article, written by EVPA consultant Rob John, highlights the EVPA and its Chairman Doug Miller.
- The financial press covered EVPA's Mt Kilimanjaro trek, which was featured in *Private Equity International* (March 2005) and *Real Deals* (10 Feb 2005) magazines.
- *Alliance Extra* (January 2005), a journal for "information and ideas about philanthropy and social investment across the world," reported on EVPA's December 2004 conference in Amsterdam in an article by Susan Mackenzie, an EVPA consultant: www.allavida.org/alliance/axjan05d.html.
- The *EVCA Conference Journal*, published for the EVCA Investor Forum held in Geneva in March, included a tombstone inviting EVCA members to the EVPA Annual Conference in June. The tombstone was the Journal's only advert.
- UK magazine *Charity Times* featured an article in its February 2005 issue by Rob John on the status of and outlook for venture philanthropy in the UK: www.charitytimes.co.uk.

typically range between £20,000 and £150,000. Since its launch in 2002, Venturesome, a division of Charities Aid Foundation (CAF), has committed over £4 million to 70 charities. www.venturesome.org

Associate Members

Peter Scholten, the Netherlands

Peter Scholten of Scholten & Franssen is an Amsterdam-based consultant to non-profits and social enterprises. A member of the European Social Return on Investment Network, Scholten specialises in social return on investment methodology. He is chair of EVPA's Social Impact and Performance Measurement Working Group. www.scholtenfranssen.nl

UnLtd, UK

UnLtd uses its £100 million endowment from the Millennium Commission to help fund and support over a thousand social entrepreneurs a year across the UK. UnLtd Ventures, a division of UnLtd, has helped a number of these entrepreneurs grow and replicate some of the most successful ventures from the local to the regional or national level. www.unltd.org.uk

New Philanthropy Capital, UK

New Philanthropy Capital (NPC) is a UK registered charity that seeks to develop and encourage more effective philanthropy. NPC carries out independent research and analysis on where and how donors can target their resources most effectively. Building on its research, NPC also

provides bespoke, fee-based donor advisory services to foundations, corporations, and high-net-worth individuals. www.philanthropycapital.org

John Pepin & Associates, UK

John Pepin, President of John Pepin & Associates, is a UK-based charity and social enterprise consultant. He advises on strategic planning and revenue generation, including 'readiness for venture philanthropy', and has written on venture philanthropy. Pepin has served as chief executive of several Canadian non-profits. www.pepin-associates.com

Skoll Centre for Entrepreneurship, UK

The Skoll Centre for Entrepreneurship at Oxford University's Said Business School was established in 2004 through a grant from the Skoll Foundation, which was founded by Jeff Skoll, the first president and employee of eBay. The Centre has a research interest in the funding of the non-profit and social enterprise sectors, and is exploring setting up its own venture philanthropy fund as a teaching vehicle for its MBA classes. www.sbs.ox.ac.uk/html/faculty_skoll_main.asp

Venture capitalists climb Mt Kilimanjaro for charity

On a trek organised by EVPA, a group of 17 venture capitalists, their family members and business associates raised over €250,000 (£170,000) for charity by climbing Mt Kilimanjaro in February 2005. The participants, all of whom made it to the top, walked 75 kilometres (46 miles), up 4,000 metres (13,000 feet), in eight days to reach the 5,895-metre (19,340 feet) summit.

Of the total donations raised, one-third will benefit EVPA; one-third will help Friends of Tanzania, a UK charity that supports impoverished

people in the Kilimanjaro area of Tanzania; and one-third will be distributed to 15 charities designated by the individual participants. Funds raised from the trek will be focused on "expanding the knowledge and practice of venture philanthropy throughout Europe," according to EVPA Chairman Doug Miller. Donations raised from the trek for Friends of Tanzania will directly fund a water project that will benefit a number of villages in Tanzania.

Trek participants, pictured below, were: **Doug Miller**, International Private Equity Limited and EVPA Chairman; his wife **Audrey Miller** and sister **Judy Miller**; **Ian Simpson**, Helix Associates and trek organiser, and his wife **Kate Utley**; **Anne Glover**, Amadeus Founder and Chairman of the British Venture Capital Association (BVCA); **Brian**

Larcombe, retired Chief Executive of 3i; **Stephen Dawson**, retired Managing Director of ECI, Chairman of Impetus Trust, and founder of EVPA; **Jonathan Blake** and **Josyane Gold**, both Senior Partners at SJ Berwin; **Marleen Groen**, Founder of Greenpark Capital; **Armando D'Amico**, Founder of Acanthus Advisors, and **Raphael D'Amico**; **Tessa Eastman**, daughter of SVG's Guy Eastman; **Alex Papadimitriou**, Kedge Capital; **Heiner Baumann**, New Profit Inc; and **David Jeffrey**, Bank of America.

EVPA members contribute to Skoll World Forum, 30 March - 1 April 2005

by Rob John

Said Business School in Oxford hosted the second Skoll World Forum on social entrepreneurship. The three-day event culminated in the 2005 Skoll Awards for Social Entrepreneurship presented by actor Sir Ben Kingsley. The conference focused on how networks, such as popular media, can be exploited by social entrepreneurs.

Fourteen EVPA member organisations were represented at the Forum, including three of the five founding trustees. Doug Miller (EVPA Chairman), John Kingston (Venturesome), and Nigel Harris (New Philanthropy Capital) contributed to the panel chaired by Charles Handy entitled 'Think like a Funder: how investors assess



risk and what motivates them to back social entrepreneurs'. The panel discussion highlighted three key points: the need for funders to publish better information about their priorities and criteria; the desire for funders to work together as consortia to provide funding packages for social enterprises; and encouragement for endowed foundations to use their assets for mission-related investing.

A group of Said Business School MBA students (led by Skoll Fellow and EVPA Advisor Rob John) presented their business plan for creating a 'venture philanthropy' fund housed at the business school, drawing on the skills of students, faculty, and alumni.

At a private working lunch chaired by Sir Ronald Cohen, chairman of Apax Partners, a number of thought leaders discussed how the non-profit capital market is evolving and how it can be accelerated. EVPA members Stephen Dawson (Impetus Trust), Luciano Balbo (Fondazione Oltre), Lee Davis (NESsT), Peter Wheeler (NPC), and Herman Daems (EVCA) participated in this high-level networking discussion.

EVPA working groups explore critical issues

EVPA has established working groups for its members to study in-depth areas of critical importance to venture philanthropy. Learning from the groups will be disseminated to the wider membership through conferences and papers. To date, three groups have been announced (see box below for more detail).

At a future date, the working groups plan to hold professional development seminars for members only. For more information about the working

groups, or to express an interest in joining a group, contact info@evpa.eu.com.

EVPA working groups

- **Social impact & performance measurement:** Explores performance assessment tools, such as social return on investment and the balanced scorecard, that are of particular interest to VP organisations. Chaired by Peter Scholten, an EVPA associate member and consultant to non-profits and social enterprises.
- **Adding value:** How VP organisations can provide advisory services and other capacity-building support to add value to funding. Chaired by Patrick Dunne, Communications Director of 3i.
- **Funding and fundraising:** How funds are raised for VP operations, and what kind of financing VP organisations can provide for their investees. To be launched soon.

Impetus Trust makes two investments

EVPA member Impetus Trust has announced two new investments. The UK-based venture philanthropy fund will invest £330,000 in St Giles Trust over three-and-one-half years, to support the charity in its transformation from helping the homeless to assisting offenders "turn their lives around and make a positive contribution to society." The Impetus investment also includes management and capacity-building support, focusing on business planning, branding, management development programmes, and performance measurement.

Impetus is also investing in the Eating Disorders Association (EDA), a UK charity that provides information and support to people affected by anorexia, bulimia, and other eating disorders. To

support the charity's re-branding campaign, Impetus will provide £325,000 in infrastructure funding through March 2009. Non-financial support will include trustee and management development, financial systems, business planning, and performance management. For further information, visit www.impetus.org.uk.

UnLtd Ventures studies replication of social enterprises

by Thomas Schmittzehe, UnLtd Ventures

With funding from The Baring Foundation, UnLtd Ventures has launched a practical, 'hands-on' research project into the replication of social enterprises. UnLtd-the Foundation for Social Entrepreneurs-will work with three-to-four fast-growing ventures, concentrating efforts to successfully support different replication models.

The lessons from this 'action-based learning' will be captured and shared with two key audiences. On the one hand, social entrepreneurs will benefit from widely available practical tool-kits, which will help guide them around the obstacles and pitfalls of replication. Funders and support organisations of social projects, on the other hand, will be engaged through the development of frameworks and discussions in the possible form of white papers and seminars. The study will be carried out over three years, but regular dissemination throughout this time will ensure that the latest knowledge is shared with those who can most benefit from it. As shared understanding of the complex issue of replication grows, all parties can expect to gain.

EVPA member UnLtd supports and develops social entrepreneurs in the UK. UnLtd Ventures, a division of UnLtd, provides personal support,

EVPA founder profile: Luciano Balbo



After 18 years in the private equity sector, Luciano Balbo is pioneering a new frontier. Founder and president of B&S Private Equity, a leading Italian private equity group, Balbo retired in 2002 to launch Fondazione Oltre Onlus (www.fondazioneoltre.org), the first venture philanthropy fund in Italy. Oltre, a €1 million fund, aims to strengthen third sector organisations, supporting them with both financial and capacity-building resources while maximising social return.

The foundation has invested in nine projects to date, all charities and social enterprises in Milan and northern Italy, focusing on social issues, such as immigration, at-risk youth, family crises, and housing. For example, Oltre is currently supporting several volunteer associations that work with disadvantaged Italian and immigrant youth, as well as some social enterprises that operate in the health, social, and housing sectors. The foundation is also developing a multi-purpose community facility in central Milan.

Despite the prominent role of the State in funding the third sector, Balbo believes that non-profits can help grow charitable giving by increasing donors' confidence in and understanding of the sector. Balbo elaborated: "There currently is a lack of transparency among third sector organisations; and some management teams are relatively insular. By improving communication with donors, and being more open about their performance, non-profits can encourage more individuals to give, and to give more." Through its close, strategic relationship with its investees, Oltre addresses these concerns head-on. Balbo explained: "As in private equity, we are selective in choosing organisations, and remain proactive throughout the investment. However, we also still have a lot to learn."

Balbo says he enjoys the entire process of selecting and working with non-profits to help them address social needs. He credits his family with inspiring his philanthropy, and with instilling in him a recognition of the "obligations of wealth". Fortunately, an acceptance of the social responsibilities of wealth is increasing across the country, according to Balbo. In the past 50 years, there has been a substantial increase in private wealth, while State spending has declined. Coupled with the potential for tax incentives, these forces could provide an impetus for higher levels of charitable giving in Italy. Balbo hopes that Oltre will serve as a vehicle for attracting this new wealth, and for creating a healthier and more vibrant third sector.

organisational capacity building, and access to grant capital, and is considering launching its own venture philanthropy seed fund. For more information about the project, visit www.unltd.org.uk.

new economics foundation releases new SROI report, launches online tool

The new economics foundation (nef), a UK-based 'think-and-do tank', has released a social return on investment (SROI) analysis of *Getting Out to Work*, a Tomorrow's People programme in Liverpool that helps ex-offenders into long-term, sustainable employment. The report details the social outcomes and financial impacts of the programme. In addition, nef has collaborated with London Business School to launch the SROI Primer, a web-based audiovisual introduction to measuring social returns (<http://sroi.london.edu>).

nef is exploring SROI with a variety of organisations, including corporate CSR programmes and social investment funds. It is a partner in the Adventure Capital Fund (ACF), a government-financed provider of long-term capital and capacity building to community enterprises in the UK, which is using SROI to evaluate public investment in social enterprise.

SROI is one of a number of tools and approaches developed or co-developed by nef to capture economic, social, and environmental impacts. For more information on nef's Measurement and Evaluation portfolio of tools, or to access the *Getting Out to Work* SROI report, visit www.neweconomics.org.

NEWS IN BRIEF

EVPA to speak at European Foundation Centre (efc) annual conference: EVPA founder Luciano Balbo and consultant Rob John will represent EVPA in a panel session at the efc 2005 annual conference in Budapest, which runs from 3rd June to 6th June. The session, titled Organisational Capacity Building: New Ways of Financing Non-Profit Organisations, will explore how foundations, philanthropists, and corporate donors are using innovative ways of financing nonprofits, including loans, programme-related investment, and venture philanthropy to complement traditional grantmaking. Rien van Gendt of the Van Leer Group Foundation will chair the session. For the latest information, visit the efc conference website at www.efc.be/aga/aga2005.

Oxford MBA students plan launch of new VP fund: A group of MBA students at Oxford's Saïd

Business School presented a business plan for a new venture philanthropy fund at the Skoll World Forum in March. If launched, the fund would have a two-fold mission of being a social change investment vehicle and a teaching tool and VP learning laboratory. The project team has consulted widely on the plan, including the Social Edge online community (www.socialedge.org) as well as a formal board of assessors, comprised of Saïd representatives, venture capitalists, and multi-sector industry practitioners. After final consultations, the students will submit the final business plan in April.

New Profit Inc shares lessons learned with UK grant makers: Heiner Baumann, Chief Knowledge & Learning Officer for New Profit Inc (NPI), the US venture philanthropy fund, spoke to UK grant makers in November 2004 about the organisation's strategy and lessons learned, and its use of the Balanced Scorecard to monitor and evaluate its investments. Lessons learned highlighted the importance of an "intense" relationship between investor and investee, delivery of the right

consulting services for the investee's growth stage, and institutionalising knowledge held by individuals. Baumann also cautioned against "counting your fundraising chickens before they have hatched", as the capital market for scaling social innovation "remains to be developed".

New Profit is working with Dublin-based The One Foundation to develop a Balanced Scorecard approach to monitoring and evaluation. For more information about New Profit, visit www.newprofit.com. To read Baumann's recent article on the growth capital market in the US, published in the March issue of Alliance, visit www.allavida.org/alliance (subscribers only).

EVPA NEWS appears quarterly. If you have comments or article suggestions, please contact Susan Mackenzie, EVPA NEWS Editor, at susan@susanmackenzie.com.

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