

ACTION GUIDE

National Advisory Boards: A handbook

National Advisory Boards: A handbook

for establishing and driving a
highly effective National Advisory
Board on Impact Investing

NAB Action Guide from
The Global Steering Group for Impact Investment

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Developed by



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ABOUT THE GLOBAL STEERING GROUP FOR IMPACT INVESTMENT (GSG)

The GSG is an independent global steering group catalyzing impact investment and entrepreneurship to benefit people and the planet. The GSG was established in August 2015 as the successor to, and incorporating the work of, the Social Impact Investment Taskforce under the UK presidency of the G8. The GSG currently represents National Advisory Boards in 21 countries plus the EU as members. Chaired by Sir Ronald Cohen, the GSG brings together leaders from finance, business and philanthropy to ensure measurable impact is considered in every investment and business decision. Our mission is to harness the energy behind Impact Investment to deliver impact at scale.

ABOUT IMPACT STRATEGIST



Impact
Strategist

LEADING - ENABLING - INSPIRING

Impact Strategist is led by Rosemary Addis, who has a storied track record for bringing the value of extensive global expertise and networks and a unique blend of commercial acumen, policy insight and impact strategies to the boardroom, government and multi-lateral decision-making forums and into the public arena.

Her global portfolio includes Trustee of the Global Steering Group for Impact Investment and Senior Advisor to United Nations Development

Programme's SDG Impact. She was ranked among Australia's 100 Women of Influence by the AFR for achievements in innovation (2015) and among the top thought leaders in finance as finalist for Women in Finance Thought leader of the Year (2017).

Rosemary's 30+ years track record spans sectors, disciplines and geographies, from a global legal career ranked among the world's leading lawyers, to first Social Innovation Strategist for the Australian Government and member of the Social Impact Investment Taskforce. She was founding Chair of the Australian Advisory Board on Impact Investing, founding Chair of Impact Capital Australia and of Impact Investing Australia which was recognised as Impact Investing Asia Pacific Market Builder of the Year (2018).

ABOUT THE INITIATIVE FOR RESPONSIBLE INVESTMENT



INITIATIVE FOR
RESPONSIBLE
INVESTMENT

The Initiative for Responsible Investment at

the Hauser Institute for Civil Society (IRI) is a project of the Centre for Public Leadership at the Harvard Kennedy School. The IRI supports the social purpose of finance through research and multi-stakeholder dialogue, with the goal of catalyzing leadership and action that creates long term, values-driven wealth. Led by Director David Wood, the IRI serves as a research centre on fundamental

issues and theories underlying the ability of financial markets to promote wealth creation across asset classes, while creating a stronger society and a healthier environment. The IRI accomplishes its mission by developing and presenting original research, providing a platform for dialogue, and taking practical action around issues of importance to the responsible investment community. David Wood and Katie Grace-Dean of IRI researched the experience and contribution of National Advisory Boards 2014-17; the findings are published as: **National Advisory Boards and Impact Investing: The Power of Cross-Sector Collaboration**

ACKNOWLEDGEMENTS



MacArthur
Foundation

This work was made possible with generous support from the John D. and Catherine T. MacArthur Foundation as a practical extension of the research into

National Advisory Boards conducted by the IRI. Thanks especially to Debra Schwartz and Urmi Sengupta for their commitment to this work and their contributions.

This work is also supported by the UK's Department for International Development, through the Impact Programme which aims to catalyse the market for impact investment in Sub-Saharan Africa and South Asia.

Thanks to the National Advisory Boards and all who support them in driving impact investment forward; they are the vanguard of the impact movement and this material is intended to reflect and evolve with their experience.

Thanks to the GSC team for practical support in producing this Handbook and for the work they do as the frontline facilitators working with country leaders establishing a National Advisory Board.

Thanks to all who have contributed to this work, directly and indirectly, especially Jason Hu for research and Donald Simpson for his skilful editing and advice that has made this a more usable and useful resource.

Foreword

In 2014, we devised the term National Advisory Board to describe the groups of leaders from across sectors being brought together in countries in the G7, Australia and the European Union to inform the work of the Social Impact Investment Taskforce established under the UK Presidency of the G8 (which quickly became the G7).

An initially functional innovation to enable that Taskforce to meet ambitious goals and timelines, these (so-called) NABs have become much more.

NABs are catalytic, individually and collectively, in the true sense of the term; an alchemy of vision, commitment, experience and tenacity from across sectors to drive forward impact investment as an enabler of better outcomes for people and the planet. They represent a growing movement of people across more than 22 countries and all sectors who are optimistic that we can drive toward solutions and make more of our resources count toward social progress and environmental sustainability as well as financial sustainability.

My colleague, David Wood, who has collaborated on this initiative, led

a study on these national advisory boards with his team at the Initiative for Responsible Investment at Harvard's Kennedy School. They concluded this is a bold experiment in cross-sector collaboration which have quickly become the go to resource for promoting impact investment. As powerful change agents for developing impact economies that benefit people and the planet, NABs have demonstrated their potential to unlock new sources of impact capital and develop national impact infrastructure and policies.¹

Having founded and led one of the original national advisory boards in late 2013, I feel privileged to have this opportunity to share what we have learned in a practice guide for others who want to establish and lead highly effective NABs as agents of the impact revolution in their country.

We set out to consolidate the considerable experience accumulated about establishing and driving NABs to distil what is most effective and bring to life the dynamic relationships between what these bodies do, how they do it and who comes together to lead and drive the effort.

We understand that there is huge interest in how to translate interest and commitment to impact into action. National Advisory Boards need to do that with a national and global perspective; to pay attention to the whole ecosystem and where the energy is and open the playing field for many to participate and to grow solutions and the resources available for them to reach more people and scale the effects.

This handbook documents what will be only the first chapters of practice for how to approach that task. And it celebrates that above all else NABs and their leadership embody the fundamentals for leading major change: committed people showing up for the change they want to see; raising their voices and speaking up for what's needed; looking up to create a singular vision based in clear values; lifting others up by raising awareness and creating pathways for participation; teaming up with partners and collaborating to ensure things happen that would not otherwise be achieved and never giving up.²

This Handbook is dedicated to all of the leaders who have founded and led national advisory boards and to those who dare to take the first step. As our Global Steering Group Chair Sir Ronald Cohen reminds us often - there is only one direction of travel - onwards and upwards. May the tailwinds be strong and frequent and the headwinds few. We'll look forward to travelling with you on the road to a brighter and more prosperous future.



Rosemary Addis

GSG Trustee, Founding Chair of the Australian Advisory Board

¹ Wood D. & Grace Dean, K. National Advisory Boards and Impact Investing: The Power of Cross-Sector Collaboration, 2018. Initiative for Responsible Investment, Harvard Kennedy School

² With acknowledgement to Harvard Professor Rosabeth Moss Kanter and her work on 6 Keys to leading positive change

“

This is an evolution in thought and a revolution in means. If we are successful, it will change the whole nature of our system. National Advisory Boards are the vanguard of the revolution.

”

SIR RONALD COHEN

Global Steering Group for Impact Investment Chair³

“

There is both a need and an opportunity for industry leaders to join together to catalyze a powerful further acceleration – a surge in the rate of growth – across a wider range of dimensions, in order for the field to reach maturity, scale and sustainability.

”

EDWARD JACKSON & KARIM HARJI

Accelerating Impact, global field scan 2012⁴

³ Global Steering Group for Impact Investment, Annual Summit, Chicago, 2017

⁴ Jackson E & Harji, K. Accelerating Impact: Achievements, Challenges and What's Next in Building the Impact Investing Industry, E.T. Jackson & Associates for Rockefeller Foundation 2012

⁵ Jackson E & Harji, K. Unlocking Capital, Activating a Movement: Final report of the Strategic Assessment of Rockefeller Foundation's Impact Investing Initiative. E.T. Jackson & Associates for Rockefeller Foundation 2012

⁶ Mancini, E. Design for social innovation: An interview with Ezio Manzini www.shareable.net, 26 July, 2011

“

The leaders of the impact investing field should institutionalize developing country voice and governance in the movement, accelerate the velocity and expand the volume of impact capital, sustain the public goods infrastructure of the industry, and develop its talent pool.

”

EDWARD JACKSON & KARIM HARJI

Unlocking Capital, Activating a Movement, strategic assessment of Rockefeller Foundation's Impact Investment Initiative 2012⁵

“

Behind each of these promising cases of social innovation there are groups of people who have been able to imagine, develop and manage them... They are all groups of people who co-operatively invent, enhance and manage innovative solutions ... recombining what already exists, without waiting for a general change in the system (in the economy, in the institutions, in the large infrastructures).

”

EZIO MANCINI

Design for social innovation, 2011⁶

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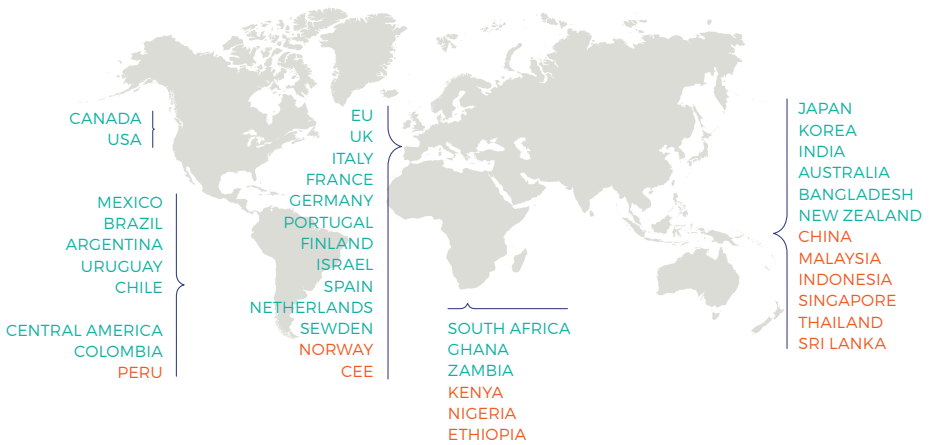
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The landscape of National Advisory Boards around the globe

Figure 1: Landscape of National Advisory Boards around the globe

NAB Development

The GSG currently represents **33 countries** and the **EU**



COUNTRY/ REGION likely joining in 2019

Introduction

This Handbook is a practice guide designed primarily for those actively engaged in developing and leading a National Advisory Board (NAB) in their country.

For those at the early stages of that journey, it sets out the purpose and value of NABs and maps out the process of engagement, development and delivery. For those already actively engaged with a NAB, it consolidates the lessons and practice to inform its evolution and effectiveness and its strategies and work program.

NABs were first established in 2013; eight boards informed the Social Impact Investment Taskforce instituted under the UK Presidency of the G8. Thirteen boards, further, joined the successor of this taskforce, the Global Steering Group for Impact Investment, and more boards are in planning. They have a clear and shared vision to achieve that measurable impact is embraced as a deliberate driver in every investment and business decision affecting people and the planet.⁷ That means, to drive change at a scale to enable nations to become impact economies: alleviating poverty, leading inclusive sustainable economic growth and social progress. In a nutshell, to create happy citizens and a protected environment.

This aspiration to drive impact at scale is the unifying theme that is mobilising people around the world to join and get behind impact investment. NABs

have been formed in recognition that mobilising capital and solutions at such scale requires focus, action, courage and collaboration well beyond what can be delivered by individual projects and organisations, even sectors.

NABs are playing a significant role in galvanising this movement, motivating people to join, stay and participate more actively because they are tracking the progress being made. Their success in attracting motivated leaders from across sectors and their capacity to draw from a growing international body of evidence, literature and practice provides a unique platform to engage governments and policy makers. The success of the NABs across different countries and cultural settings is encouraging leaders in more countries to step forward with confidence and purpose to adapt what has been learned to their own context, further driving global momentum.

This Handbook builds on what the pioneering NABs have achieved and suggests arrangements that will be applicable to situations where the context and market dynamics are unlike what have existed before. As more countries join the global effort, more people can contribute their voice and experience to the growing body of knowledge and practice. The material focuses on promoting NAB effectiveness by shaping an understanding of how best to proceed to motivate and unite leaders in action.

ABOUT THIS HANDBOOK

This Handbook is designed to be a dynamic resource that, like NABs, can develop and be refined over time informed by input and experience from around the globe.

This first edition is written from the perspective of NAB practitioners seeking to establish and lead a NAB. It is guide to practice and not a manual. It is supplemented with guidelines, protocols and procedures of the Global Steering Group for Impact investment in the Appendices.

The Handbook comprises four sections:

- 1 The purpose and value of NABs
- 2 Cycles of a NAB: Getting started and keeping going
- 3 Bringing together a well-functioning NAB
- 4 Design and delivery of effective field building strategies for impact investment

Each section consolidates practice from the considerable experience now accumulated in establishing and driving NABs with an orientation to what is most effective. Core lessons are illustrated with examples from existing NABs that show how the common functions are prioritised and brought to life in different contexts.

The material is intended to inform the structure and professionalism that will assist those leading NABs to shape goals and demonstrate progress that will encourage others to join and stay with the impact movement.

Recognising that there is no fixed path to success, material is organised to facilitate exploration and adaptation of approaches to NABs and their functions, grounded in a common purpose to grow and develop impact investment. The figures and tables are designed to assist in stepping through planning, process design and review. A quick guide to additional reference material and tools is provided at the end of each section.

Take inspiration from what others have done and made possible, and ground that in pragmatism about what it takes to deliver significant change in your country and sustain that effort over time. Come back to the materials and tools and adapt and employ them with fresh eyes and as your experience grows.

Readers of this Handbook are encouraged to become contributors.

The Global Steering Group for Impact Investment and colleagues in other NABs look forward to learning from your experience.

This is designed to evolve and develop as a tool to guide NABs and enable them to:

- ▲ ADOPT AND ADAPT what others have learned and done
- ▲ SHARE WHAT YOU HAVE LEARNED in the process
- ▲ COLLABORATE with other countries to accelerate progress

Get in touch with the GSG Team!

1. The purpose and value of NABs

The NABs and the Global Steering Group for Impact Investment (GSG) have a shared purpose to harness the energy behind impact investment to spark a movement around the world.

The objective is to have measurable impact embraced as a deliberate driver in every investment and business decision affecting people and the planet.

The work is catalytic; an alchemy of people and purpose and opportunities to accelerate development of the field. Each NAB is a catalyst to grow and develop impact investment as an enabler of enterprise, innovation and better outcomes to societal challenges. NABs come together in and with the GSG to provide and encourage *bold enlightened leadership to catalyse a dynamic global social impact investment movement*.⁸

Creating, leading and contributing to a NAB is a unique opportunity that can touch the lives of many. This is pioneering work and requires creativity, resilience and tenacity to face challenges that come with a major change initiative.

Most mature fields of market-based activity benefit from groups that deal with issues above the individual firm, exchange information and advocate policy on behalf of their field. NABs are often the first body in a country to look across the field of impact investing.

Their role is to create a proactive and trusted 'go to' presence in the market that:

- ▲ Raises awareness of impact investing across a broad range of constituents;
- ▲ Identifies opportunities to drive toward critical mass of activity, talent, practice exchange, supportive policy and infrastructure for impact investing;
- ▲ Creates a proactive, catalytic platform for influence and action that focuses on developing the overall effectiveness and performance of the field;
- ▲ Engages with and is accountable to the collective of people and organisations making up the field—investors, foundations, entrepreneurs, service delivery organisations, intermediaries, policy makers and government - and its beneficiaries.

Despite the title 'board', NABs are not like a corporate board because they have no shareholders and no direct authority for management of actors in the field. They are unlike other advisory boards because they are action oriented. They have some similarities with representative associations and industry bodies but show a greater orientation to foresight for what will be needed next to catalyse the market.

⁸ Social Impact Investment Taskforce. 2014. <https://impactinvestingaustralia.com/wp-content/uploads/Social-Impact-Investment-Taskforce-Report-FINAL.pdf>

17 PARTNERSHIPS FOR THE GOALS



NABs are an embodiment of UN Sustainable Development Goal 17, *Partnership for the Goals*.⁹ Well executed

they create a platform of partners working together to solve complex

issues at the scale of a country¹⁰ and leverage national and international assets and expertise.

Through the GSG, each NAB benefits from the growing know-how of people working across similar and different settings and each NAB contributes to impact beyond its own country.



When your country builds a NAB you get this whole network and the GSG committed to developing the ecosystem in your country.



AMIT BHATIA
CEO GSG



All the players of the impact revolution in Italy (social cooperatives, bank foundations, institutional investors, banks...) whose histories and activities are disparate, are sharing the NAB as a platform of action to boost our impact investment ecosystem.



GIOVANNA MELANDRI
CEO Human Foundation, Italian NAB



This only works as an ecosystem. You can't just develop impact investment if you don't develop the demand side and you can't develop frontline organisations without having investment opportunities. NABs have that broad ecosystem view and the diversity we need.



CLIFF PRIOR
CEO Big Society Capital,
Practitioner's Council to the UK NAB

⁹ <https://www.un.org/sustainabledevelopment/globalpartnerships/>

¹⁰ And recommended by the G20 Eminent Persons Group on Financial Governance - See Proposal 2 of the report "Making the global financial system work for all" October 2018 <https://www.globalfinancialgovernance.org/>

“

Our local NAB and the GSG is important because they enable the critical momentum, buy-in, and cross-sectoral cooperation needed to effect the kind of large-scale social and environmental impact that is so desperately needed in our time.

”

YARON NEUDORFERB

CEO Social Finance Israel, Israeli NAB

“

A concrete success of the French NAB: in 2016, the Impact Investment Lab was created as the operational arm of the French NAB. It is funded by both private and public money. It helps social sector organizations and local authorities understand and implement the French version of social impact bonds, the “contrats à impact social”. Thirteen “contrats” have been approved since 2016 and two have already been launched.

”

CYRILLE LANGENDORFF

Credit Cooperatif, French NAB

“

The biggest achievement of the New Zealand NAB has been the emergence of six different impact investment funds at regional level, helping hugely to develop and nurture a culture of investing instead of simply giving. The main action point for the NAB to deliver the Tipping Point is to join that grass roots social impact evolution to larger scale environmental impact transactions, so that the ecosystem grows across the whole spectrum.

”

DAVID WOODS

Impact Enterprise Fund, New Zealand NAB

“

Greatest value is the chance to work together with different countries – the global movement is much stronger than a single country or single movement.

”

RODRIGO VILLAR

Mexico NAB

“

In the past year, we've seen tremendous progress on impact investing policy in the United States – with the creation of new tax incentives for community investing, a new federal outcomes fund, and a new and modern development finance institution. These achievements come in spite of a tensely divided political landscape, and it speaks to the important role of the U.S. Impact Investing Alliance – and NABs across the world – to elevate and advance innovative solutions that can bridge ideological divides.

”

FRAN SEEGULL

Ford Foundation, US NAB

“

If we were not affiliated with the GSG there would be less interest in the country.

”

DR. SUSAN DE WITT

South Africa NAB

“

Great to be part of a global movement that is leading a new revolution!

”

LATIN AMERICAN NAB

“

It is an excellent vehicle to bring to domestic markets the global learnings of others. Since 2014, the GSG has been paramount to the national ecosystem in inspiring our decision-makers.

”

EUROPEAN NAB

“

A NAB is the fastest possible way to get the impact economy idea to start in a country, and it does carry international recognition.

”

ASIAN NAB

“

The GSG enables local NABs to promote best practices, based on its global experience, research and networking.

”

EUROPEAN NAB

1.1 Adapt the value proposition to your country context

NAB leaders need to set priorities and develop strategies that ensure that the NAB and its work have a strong value proposition and are grounded in its cultural and market context.

That involves finding the right mix of ambition for what impact investing could be and a goal-oriented '*make it happen*' approach that people can get behind with confidence. The central, and recurring, question is '*What does the field most need now to change the game?*'

NABs can make their value proposition tangible through:

- ▲ What they do and deliver
- ▲ Developing a role as part of the infrastructure and executing that role with professionalism
- ▲ Establishing their structure and composition to build confidence and trust
- ▲ Actively developing links between their work in country and the GSC and global networks.

Of these, the fundamental value proposition for each NAB comes from what it does and delivers. This is where the promise of the board becomes tangible. The value of a NAB increases with its delivery of field intelligence, essential infrastructure, such as impact funds and policies, practice knowledge, network connections and other concrete deliverables.

Discovering the most effective and practical ways of delivering and adding value takes time. NABs can

draw from research on how other field builders establish value¹¹ as well as the experience of other NABs to identify concrete opportunities to craft an action-oriented agenda:

- ▲ **IDENTITY:** Creating shared identity anchored in the field,
- ▲ **DEFINITION:** Defining and mapping the field of impact investing in the country
- ▲ **STANDARDS:** Developing, codifying and disseminating standards and practice
- ▲ **KNOWLEDGE:** Developing and disseminating knowledge base built on credible research
- ▲ **EDUCATION:** Educating and raising awareness about impact investing with various audiences
- ▲ **POLICY:** Facilitating enabling policy frameworks.
- ▲ **LEADERSHIP:** Generating leadership and grass roots support that advances the field
- ▲ **NEW CAPITAL:** Attracting capital to drive field development
- ▲ **NEW IDEAS:** Creating interfaces for integrating ideas and engaging new actors into the field

NABs can establish value as part of the impact investing market infrastructure, including professional capacity to:

- ▲ Focus on the things that others in the market or broader ecosystem cannot achieve acting alone, making it their job to tackle challenges to impact investment and champion opportunities for growth.

- ▲ Work on priorities which have not yet been dealt with on a national level and get support, endorsement or knowledge from global leaders and organisations to do so
- ▲ Be more proactive and delivery oriented than communities of practice
- ▲ Be more catalytic than industry bodies in more established fields
- ▲ Be more efficient at convening and engaging stakeholders especially at the highest levels of decision making

In addition, NABs create value by finding ways to ground and make impact investing meaningful within their political and cultural context.¹²

Agendas and capacity are one thing; quality of execution is another. There is tangible value in how each NAB goes about its work. To become a trusted advisor and inspire others to action, each NAB has a leadership role in professionalising the field, including by its example. That entails demonstrating organisation, discipline, productivity and energy that engage people and build credibility and trust.

So too, the membership of a NAB is an expression of its orientation to add value. NABs create value through their composition and structure; they actively develop a membership with leadership and influence that takes advantage of connections into different parts of the ecosystem and creates bridges between different actors whose collaboration is required for successful development of impact investment. As they become more experienced and more in touch with

the market, successful NABs adapt the way to serve.

NABs augment their own capacity with the connections and experience available through the GSG and its international networks of NABs and network partners. These networks offer leadership and insights to NABs, allowing them to move faster and more effectively and to find ways to accelerate the progress of others in their market.

¹¹ Hussein, T, Plummer, M, Breen, B, How Field Catalysts Galvanize Social Change, Stanford Social Innovation Review, Winter 2017; see also Koh, H, Hegde, N, Karamchandani, A, Beyond the Pioneer: Getting Inclusive Industries to Scale, <https://www.fsg.org/publications/beyond-pioneer>

¹² Wood D. & Grace Dean, K, National Advisory Boards and Impact Investing: The Power of Cross-Sector Collaboration, 2018, Initiative for Responsible Investment, Harvard Kennedy School

1.2 Translate the value and purpose to actionable functions for the National Advisory Board

NABs are still relatively new institutional formations. However, there is sufficient experience to identify a set of core functions that underpin execution to their purpose.

The experience of existing NABs is that the greatest value comes through a combination of:

- ▲ playing a legitimising role for the field,
- ▲ mapping and defining the field,
- ▲ leading policy development and engagement; and
- ▲ delivering key infrastructure that can help the field move forward.

NABs also make important contributions to gathering and sharing intelligence, practice development and to awareness raising, education and outreach.

Each of the functions that a NAB performs suggests opportunities for something concrete the NAB does or delivers for its field that adds value. Common areas of focus reflect strategies highlighted in research on effective field building¹³:

- ▲ Focus on scaling change rather than an individual organisation
- ▲ Set a vision bold enough to make a measurable difference and design a road map for change
- ▲ Build capacity to win rather than to last and make deliberate choices about where to focus
- ▲ Marshall stakeholder effort and influence the direct action of others rather than acting directly, making many heroes not just one

- ▲ Concentrate on getting things done and fill key capability gaps across disciplines
- ▲ Aim to appeal to multiple funding sources to build independence and resilience.

Six core functions (Table 1) collectively describe activities required to touch each part of the role and objective of field development. NABs employ them in combination and adapt the priority and focus of activities for their context and conditions.

For example, a country with low willingness of government to be involved will focus on different aspects of policy and government engagement than one with a developed policy frame. Field mapping, essential to understanding where and how to prioritise, will vary according to the availability of reliable information and level of engagement of different actors. A high-income country with developed market systems will be in a different catalysing environment to a low-income country, and the needs will differ.

As progress is made over time, old challenges will be addressed, and new imperatives will arise. The purposes that shape the NAB's priorities must be thought through intelligently and revisited with reference to the changing conditions and what has been learned and achieved.

¹³ See research on practice of field builders and catalysts including The Strong Field Framework and Building Fields for Policy Change - links in the Quick Reference section for this Part

Table 1:
Six core functions of a National Advisory Board in Impact Investment

Function	Opportunities to add value
1. Legitimising the field	Provide credibility and legitimacy to the field as a national leadership body with influencing power, and connected to the Global Steering Group and shared global goals
2. Mapping and field definition	Identify the contours of Impact Investing in a country to bring clarity to: who is active, what the activity is; what further potential exists; what structural opportunities and challenges are desirable (including market sizing data, trends and projections)
3. Policy development and engagement	Provide a platform for policy development, recommendations and engagement, bringing together different voices into joint submissions, resulting in clear priorities for governments
4. Development of the ecosystem including key infrastructure	Provide infrastructure and drive engagement and development of new or complementary infrastructure to support, develop and accelerate the field
5. Intelligence Gathering and Practice Exchange	Be a source of information, tools and exchange, including between practitioners and across sectors; provide a gateway and organising platform to help constituents navigate the field, including international experience and expertise
6. Awareness raising, education and outreach	Organise outreach and education to raise awareness and encourage participation

Source: David Wood and Katie Grace Dean, *National Advisory Boards and Impact Investing: The Power of Cross-Sector Collaboration*, 2018, Initiative for Responsible Investment, Harvard Kennedy School

1.3 Commit to collective action as part of a global movement

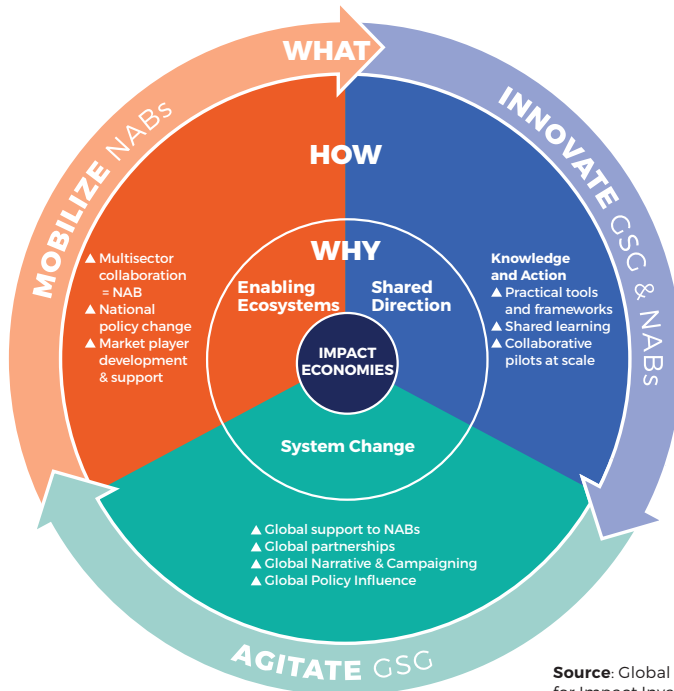
In addition to the work they lead in country, each National Advisory Board contributes to development of impact investing globally as a member of the Global Steering Group.

NABs are members of the GSG and the GSG operates as an independent steering group with them to bring together the collective effort to drive the impact movement globally. The GSG and NABs create value for each other and across the global network of NABs and partner organisations through the common strategic

priorities of bringing in a system change, building enabling ecosystems, and ensuring a shared direction towards building impact economies.

NABs promote development of impact investing in and from their countries and regions. The GSG coordinates the efforts globally and draws from the work of NABs and others in the field to promote impact investing, amplify the collective calls to action of the NABs and partner organisations and drive collective action at a global level to build the field and engage policy makers (Figure 2).

Figure 2:
The GSG drives collective action toward impact economies



Source: Global Steering Group for Impact Investment, 2018



GSG Leadership Meeting May 2019

Each NAB commits to the global agenda and provides input to shape the GSG's priorities for global action. Part of that commitment relates to the development and maintenance of the NAB:

- ▲ Create and maintain a NAB or equivalent body (which may or may not be a legal entity), structured, resourced, and with processes that meet the circumstances and priorities of that country;
- ▲ Form and maintain a NAB, whose members represent leading experts of at least three of the five key ecosystem areas set out by the GSG—supply of capital, demand for capital, intermediaries, policy and field building;
- ▲ Develop and implement a strategy and program of work focused on building the ecosystem for impact investment in their country, consistent with the GSG objectives for a global market.

NABs commit to support the global field-building effort by:

- ▲ Participation at GSG events (such as the GSG Annual Summit or the Mid-year leadership meeting).
- ▲ Supporting other NABs, including those new to the network or in the process of getting established.
- ▲ Sharing lessons, data and developments with other countries and stakeholders through the GSG;
- ▲ Participating in the GSG governance and strategic development and contributing to the collective global leadership and joint initiatives such as working groups; and
- ▲ Making a voluntary financial contribution to the GSG's core costs in coordinating and accelerating the movement and contributing to collective fundraising.

FROM THE FIELD

A former **UK** NAB Chair led a 2018 GSG Working Group on policy which brought together the lessons and achievements from NABS globally since 2014.

Australia's NAB Chair led a 2018 GSG Working Group on widening participation and deepening practice to grow impact investment to scale, led development of this NAB Handbook and supported a range of new NABs to set up.

In 2017, **Brazil** published a report on how Financial Institutions in Brazil and around the world are developing impact investment strategies and products, providing a large range of cases and examples.

With leadership from the **US** Impact Investing Alliance, The Presidents' Council on Impact Investing co-developed and launched the USD 150M Catalytic Capital Consortium.

The **Portuguese** NAB guided the Spanish taskforce through its application to the GSG, by providing sharing their own learnings and expertise through meetings and events.

The GSG provides a strategic and coordinated mechanism to engage existing and new NABs and partners to develop the global movement for impact, including by:

- ▲ Acting as a knowledge and learning centre, providing the means for the NAB community to grow, share learning and be more impactful
- ▲ Facilitating and enabling discussions, webinars, peer-support, sharing of learning and resources among NAB members
- ▲ Coordinating and delivering NAB support activities; ensuring that the support needs of NAB initiatives are matched to relevant support or resources.
- ▲ Providing a platform for the future sustainability and expansion of the impact investment field, especially at NAB level

- ▲ Identifying innovations and opportunities to accelerate the transformation of economies into impact economies
- ▲ Soliciting NAB feedback to better organize GSG-NAB relationship and actively engaging NABs in setting strategic agenda and priorities.

¹⁴ <http://ice.org.br/wp-content/uploads/2018/07/Paper-Produtos-Financeiros-ICE-Ita%C3%BA-IngI%C3%AAs.pdf>

¹⁵ <https://www.macfound.org/programs/catalytic-capital-consortium/>

Figure 3:
GSG's Role in building the global impact ecosystems, in the words of NABs



Source: From graphic facilitation of GSG Leadership Meeting, London, May 2018

QUICK REFERENCE 1: THE PURPOSE AND VALUE OF NABS

About how the GSG and NABs operate

- ▲ Appendix A provides an overview of key information about the GSG and the process for membership
- ▲ For the initiatives of the GSG and existing NABs, see www.gsgii.org and <http://gsgii.org/nab-countries/>
- ▲ For background on the impact revolution at the heart of NABs' purpose see *On Impact* www.onimpactnow.org/the-complete-guide-index/
- ▲ For the genesis of NABs and their role see work of the *Social Impact Investment Taskforce* established under the UK Presidency of the G8 <http://gsgii.org/reports/impact-investment-the-invisible-heart-of-markets/>
- ▲ For analysis of the experience of NABs 2013-2017 - see *The Power of Cross-Sector Collaboration and Analysis of the Taskforce contribution and what comes next*. See https://iri.hks.harvard.edu/files/iri/files/iri001_report_rnd6.pdf and http://iri.hks.harvard.edu/files/iri/files/impact_investing_policy_in_2014_a_snapshot_of_global_activity_2014_full_report.pdf

About the Sustainable Development Goals - a framework for priority issues affecting people and the planet

- ▲ The United Nations provides a significant resource base about the SDGs <https://www.un.org/sustainabledevelopment/>
- ▲ The *SDG Impact Initiative* is advancing a global effort to authenticate SDG-enabling investment

as part of the *Impact Management Project*

structured network. See <https://sdgimpact.undp.org/> and <https://impactmanagementproject.com/>

About Field Building

- ▲ There are resources on *practice of field builders and catalysts* including *The Strong Field Framework* and *Building Fields for Policy Change*. See https://ssir.org/articles/entry/field_catalysts and <file:///C:/Users/krizs/AppData/Local/Microsoft/Windows/InetCache/Content.Outlook/RX2U66Wl/The Strong Field Framework: A Guide and Toolkit for Funders and Nonprofits Committed to Large-Scale Impact> and <https://www.scribd.com/document/45111709/Building-Fields-for-Policy-Change>
- ▲ Resources on *industry facilitation and scaling inclusive economies*. See <https://www.fsg.org/publications/beyond-pioneer> and <https://www.fsg.org/publications/beyond-pioneer>

Other Field Building initiatives and resources for Impact Investment

- ▲ The *Global Impact Investment Network Roadmap for the Future of Impact Investing: Shaping Financial Markets* <https://thegiin.org/research/publication/giin-roadmap>
- ▲ *The Impact Management Project*, Building consensus for how we measure and manage impact <https://impactmanagementproject.com/>
- ▲ The *OECD Social impact investment initiative* <http://www.oecd.org/dac/financing-sustainable-development/development-finance-topics/social-impact-investment-initiative.htm>

2. Cycles of a National Advisory Board: getting started and keeping going

NAB members will want to focus on the practical issues for establishing a successful NAB and for maintaining energy and relevance as the NAB becomes more experienced and more in touch with the market. Most obviously practical are the need to:

- ▲ Articulate the clear, compelling reason to initiate the NAB
- ▲ Identify where the energy is, determine who will start and launch the NAB, and use field mapping to collect data and accelerate engagement
- ▲ Take stock and reinvigorate the NAB periodically
- ▲ Review and reset strategy as needs and opportunities develop and shift over time.

There is no right time to launch a NAB. Do not wait until the system is 'ready', or it will never happen.

The GSG experience is that exceptional leaders in each country have needed to chart a proactive course and push for recognition. The process is more nuanced than jumping straight into putting together a NAB. Those considering a NAB will benefit from first:

- ▲ Undertaking, at least preliminary, mapping of the field to identify who is actively engaged and where the major opportunities and challenges lie.

- ▲ Bringing together a coalition of willing actors to join in the effort and take things forward.

This groundwork helps identify motivated people who are willing to put in time and effort and gains insight into what is important to the field and what is achievable. It grounds a process for testing the feasibility and readiness for a NAB and mapping the work program and milestones (Box 1). The combined effect will create stronger foundations from which the NAB can more quickly develop momentum and move to action.

The horizon to achieve scale for impact investing is years not months. Once established, each NAB, its role and how that is executed needs to evolve responsively to developments, guided by the same key questions:

- ▲ What is it the right time for?
- ▲ Where are the greatest opportunities to move forward?
- ▲ Who are the key players to help make it happen?

It is a dynamic process and the answers will change over time for each market and relative to opportunities made more possible by what is being achieved globally and in other countries, so they need to be posed again as things proceed.

This process of review and resetting can also provide valuable opportunities to check in with the field and gain a

bottom-up view of what has changed, what is happening and what is needed next.

Box 1:

Common building blocks and phases to establish an effective and sustainable NAB

- 1 Determine who will drive the process
- 2 Formalise a coalition of willing actors with the common goal to set-up a NAB; this may be called a Working Group, Steering Committee or Taskforce as appropriate to the context and mandate
- 3 Use field mapping to collect data and accelerate engagement
- 4 Articulate a clear compelling reason to initiate a NAB and engage with others
- 5 Co-create a shared purpose and action plan for the future NAB that includes a clear vision, leadership and capacity to execute, robust governance, strategy and priority actions
- 6 Apply to join the GSC and formally establish a NAB
- 7 Launch the NAB and transition from coalition of willing actors to a more formal structure and governance
- 8 Lead the NAB strategy and implementation
- 9 Take stock and reinvigorate periodically, including assessment of NAB performance and impact
- 10 Review and reset strategy as needs shift and the ecosystem develops

2.1 Identify where there is energy to get started

In the early stages of field development, it is typical, and expected, to encounter limitations of immature markets and market failures such as information asymmetries and fragmentation.

A coalition of willing leaders can start to bring together energy for field building. That coalition can work together to start bringing shape to field building and develop a platform for the NAB. Working together, leaders can start conversations and commence field scanning to gather data to answer

- ▲ What does the current environment look like?
- ▲ Who is willing to act?
- ▲ What will be required to act with influence and legitimacy?
- ▲ Who has the resources to assist?
- ▲ What relationships can be activated?.

The above answers will inform an assessment of what the system is ready for.

Momentum can be created through a combination of outreach and engagement to bring practitioners, leaders and influencers into the process via targeted mapping or field scanning. This process engages practitioners and others interested in the field in an assessment of who is active, what is happening, what is needed and where action and influence is required to make progress. In many cases there will be activity underway, coming from different parts of the ecosystem and which is often fragmented. Developing a NAB can be a means to bring the actors together in their shared purpose to see impact investment grow and develop as a force for change.

2.2 Articulate a clear, compelling reason for the NAB that engages others

The GSG recommends documenting the purpose and value proposition for the NAB so that the people being invited to join and contribute to the process have a shared expression of the purpose to which they are committed.

This statement of purpose should be dynamic. Existing NABs have reflected a combination of leading with aspiration based on what impact investing could and should be as part of a broader global movement. They have also grounded that aspiration in their country or regional context, recognising the factors, actors, potential and challenges.

The process of writing down, sharing and working up the purpose amongst the group is part of the process of building support for the NAB. It is an important exercise to encourage a dynamic coalition among those involved and prepare them to lead proactively.

There is nothing soft about this task; it requires strong communication skills and insight into what will resonate with and motivate diverse audiences to join in the vision for the NAB. The core components include

- ▲ Articulating a compelling vision with ambition for what can be achieved
- ▲ Adapting core messages and emphasis for local context to engage practitioners and stakeholders from across sectors
- ▲ Embedding the value proposition and values for the NAB in the statement
- ▲ Including stepping stones for delivery and performance such as first targets, forging alliances, striving for breakthroughs and trying new approaches.

The GSG is developing communications resources from which NABs can draw. Each NAB also needs to develop messages and collateral tailored for its own context.

2.3 Formalise the effort to set-up a NAB

The GSG recognises there are many factors that will influence how and when a NAB should come to life in any country or region. The impetus to develop a NAB has generally come from some combination of the following:

- ▲ one or more motivated individuals with links to the impact ecosystem;
- ▲ an existing organisation, with a local or global presence, with a mandate to grow impact investment that has provided the platform to support early work;
- ▲ a major philanthropic foundation that has provided the platform.

Whatever the starting point, the GSG recommends having a clear process and leadership to drive the process of NAB development.

The process and the subtleties of stakeholder engagement are the foundations of a successful NAB. This is not a linear process. Taking appropriate time to build trust and shared ownership and to co-design the vision, governance, strategy and action is a critical success factor. Where there is a strong base of activity to build on and stakeholders willing to contribute time and resources to push the agenda, the process can take as little as 6 months. In other circumstances where there is more work needed to put the building blocks in place, the process can take at least 2 years.

DRIVE A CLEAR PROCESS TO SHAPE A NAB

Wherever the impetus comes from, one or more players need to take ownership and leadership of the process. The leadership to initiate things has come from different places in different countries (Figure 1: Map of NABs around the globe; Box 2). The original NABs were brought together by each country's sector representative on the Taskforce. Since 2014, the diversity of origins in NAB leadership has increased.

In several countries, the initial effort has been led by one or more motivated individuals or ecosystem actors. In other cases, an existing national organisation, with leaders committed to seeing impact investment grow, has supported early work. For example, in Germany and Japan a major philanthropic foundation has provided the platform; in Israel the NAB was initiated by Social Finance Israel an intermediary organisation. (Box2; Box 3)

Even within a sponsoring organisation, someone needs to lead the effort. Until it is someone's job, it is difficult to maintain the drive and coordinated effort to build shared ownership and move the agenda forward. Ideally, there will be shared leadership from a core group of highly committed people and organisations willing to dedicate some time and resources to the task.

The GSC recommends formalising the effort to develop a NAB to bring structure and focused attention to the process and make it visible and credible. This may take the form of a Steering Group or Taskforce or similar with leadership responsibility for the agenda.

The members of that group may not be the members of the NAB; it may be part of the role of this group to identify suitable NAB members and expand the leadership for the field building work based on an assessment of the required skills, experience and influence (Figure 3).

FROM THE FIELD

- ▲ In **New Zealand**, a small group of leaders commenced engagement of the field. They formed an Impact Investment Network that commissioned a field scan to map the state of activity.¹⁶ The mapping exercise drew upon and brought into frame the experience of other countries. The launch was planned to coincide with the Social Enterprise World Forum in 2017 and leaders from other countries who were in New Zealand for that event, including the GSC team, brought their experience and voices to the event.

The mapping and engagement process led to Akina Foundation securing funding to undertake feasibility for a NAB and continue the engagement process. Announcement of a NAB was planned 6 months later to coincide with other events bringing together the philanthropic, investment and social enterprise communities. Launching the NAB was designed as part of engaging local stakeholders and potential funders behind further strategy development and a proposal for GSC membership at its annual Summit that year.

- ▲ The **Kenyan** taskforce was led by the UN SDG platform. This platform was created with the core objective to convene, connect and catalyse concrete partnerships that unlock private, philanthropic and intellectual capital for the Government's priority SDG agenda. The clear crossover between this entity and a NAB resulted in the SDG Platform leading the NAB formation process.
- ▲ In **Ghana**, where comparatively few ecosystem players exist, the field mapping was put together more informally. A workshop was organised with the top 35 players in the ecosystem. A few participants volunteered to become part of an active Taskforce to set-up the NAB. They met every two weeks over 6 months, nominated NAB members, eight of whom agreed to join the board of the NAB. These 8 players defined the terms of reference in their first meeting, and subsequently met every month until the formal application to the GSC.

¹⁶ Akina Foundation with EY and JB Were Growing Impact Investment in New Zealand: Impact Investment Need, Practice and Opportunity, September 2017

Developing a shared sense of commitment to action is crucial for setting the foundation for an effective and functional NAB equipped to drive the national agenda and participate as a member of the GSG. The NAB development process typically includes:

- ▲ Identifying people in the field who can comprise and inform the NAB and carry its message wider and creating alignment of purpose and vision (Section 3).
- ▲ Field mapping to ground the group's work and engage stakeholders.

- ▲ Co-creation of a vision, governance and strategy including identification of shared priorities and securing resources to enable execution of a work program.

When a shared commitment, clear priorities and a robust foundation and capacity for action has been achieved, the development process leads to formation of a NAB and application to the GSG for membership (see GSG Membership Application Requirements in Appendix A).

Box 2:

Practice Snapshot – Who has led development of National Advisory Boards

LEADERS AND PRACTITIONERS FROM THE FIELD

The National Advisory Boards for **Argentina** and **Uruguay** and for **Bangladesh** are examples of NABs being developed by proactive practitioners.

Country



Initiating body

GRUPO DE TRABAJO
DE INVERSIÓN DE IMPACTO
CONO SUR



EXISTING INSTITUTIONS AS A PLATFORM

The National Advisory Boards for **France**, **Canada**, **Israel** and **Finland** have all been initiated and hosted by existing organisations active in impact investment.

Country



Supporting Institution



MaRS | CENTRE FOR
IMPACT INVESTING



In **Kenya**, the UN SDG Platform is leading the NAB with Intellectap hosting the secretariat and both providing in kind support to the NAB formation process.

FOUNDATIONS AS A PLATFORM

The National Advisory Boards for **Portugal, Germany, Japan** and **New Zealand** were all initially supported by leading foundations; some have now developed a more independent platform over time.

Country



Supporting Foundation



CALOUSTE GULBENKIAN
FOUNDATION

| BertelsmannStiftung



日本 THE NIPPON
財団 FOUNDATION

ākina
Supporting Social Enterprise

OTHER APPROACHES

Other approaches to leading the development of a National Advisory Board include **India**, which has been led by an industry council.

Country



Supporting Institution



The National Advisory Board of **Finland** is the first to have been initiated by a government agency.



SITRA

USE FIELD MAPPING TO GROUND THE PROCESS AND ENGAGE STAKEHOLDERS

Field scanning and mapping provides critical input into each NAB's strategy and work program.

The purpose of field scanning or market soundings is to bring together a picture of the ecosystem, where there are gaps and challenges and what is likely to be most effective to move things forward. In the early stages of developing the groundwork for a NAB, early mapping is also an

important engagement tool and a way of providing immediate value to those active in the field and those who would like to become active.

Mapping can also provide a discrete initial project to attract funding and people in a focused way with concrete deliverables and timelines that still inform feasibility and planning for a NAB. The outputs provide a canvas on which to illustrate what has been done where and show linkages between the local and global stories and likewise local and global market building efforts.

FROM THE FIELD

In 2019 practitioners in the **Netherlands** led by Social Finance NL collaborated to bring together observations and findings from desk research and interviews with a variety of stakeholders of the impact investment field in the Netherlands to assess whether setting up a National Advisory Board in the Netherlands is of added value to the Dutch, but also to the global field of impact investment. Their work engaged stakeholders in consultation on the value proposition, core activities, design principles, structures and governance and next steps toward a Dutch NAB.

GEARING UP FOR A DUTCH NATIONAL ADVISORY BOARD FOR IMPACT INVESTMENT

THE DUTCH PERSPECTIVE ON THE ROLE OF A NAB IN FURTHERING THE IMPACT INVESTMENT ECOSYSTEM

The GSG recommends publishing field mapping to inform the market, for example, in a report or online platform. This provides tangible collateral that can be shared and used in further engagement, fundraising and strategy development. It also documents the impact investing field at a point in time which can provide a valuable benchmark for the NAB's work and to

reflect on how the field develops over time.

Events, including to launch field mapping or the commitment to form a NAB, are opportunities to bring practitioners and others interested in the field together, build a sense of momentum and showcase what is and could be happening.

FROM THE FIELD

- ▲ **South Korea** held a public forum in December 2016 to signal the intention to develop a NAB, engage stakeholders in the process and build momentum. Other NABS were represented and helped to build understanding of the value of establishing a NAB. Another event in February 2018 launched the NAB with the GSG Chair and team members and representatives of other NABs in attendance.
- ▲ **Bangladesh** also used its first Impact Investing Forum in November 2016 to bring similar focus to building momentum and engaging stakeholders including to put formation of a NAB on the agenda.
- ▲ The **Kenyan** taskforce and the GSG worked on a field mapping document which outlined the state of play in Kenya, with information about the building blocks of the ecosystem (supply, demand, intermediation, policy and regulation), recent changes in each and recommendations for changes.

Inviting the GSC and other NAB leaders to share their experience is a powerful way to generate enthusiasm for and reinforce the purpose and value of a NAB and of links to the global movement. Colleagues can bring a fresh face and voice to the message, reinforce the mission of in-country leaders and illustrate track record and the potential.

CO-CREATE A VISION, GOVERNANCE AND STRATEGY

Beyond engagement to develop a basis of support for a NAB and its value, a critical function of this initial steering group or Taskforce is to:

▲ articulate the vision;

- ▲ engage potential NAB members and influencers;
- ▲ determine an appropriate structure and governance;
- ▲ agree a financial and operating model to resource the work program; and
- ▲ map out a strategy and priority actions for the NAB.

This primary aim of this work program is to anticipate what will be required for the NAB to be effective in the country or region. It needs to take into account the expectations for GSC membership, which are distilled from the experience to date of what is required for a NAB to be successful. (See Appendix A)

FROM THE FIELD

In **Sweden**, PWC were commissioned to review options and recommend an appropriate legal structure for a NAB with guidance about legal form, structure and management. The options were informed by guiding principles heard from members of the working group tasked to develop the NAB, including that the NAB must have a transparent organization and a simple structure; that the NAB should not be owned by anyone; and that the Governance should be democratic, transparent and non-political.¹⁷

¹⁷ PWC report for the proposed NAB for Sweden, January 2019, unpublished

Box 3: Where other National Advisory Boards got started

In **Brazil** a Taskforce undertook early field engagement to map the field and develop an agenda to build support for a NAB and joining the GSC

KNOWLEDGE PRODUCTION
AND SISTEMATIZATION
August 2014 – May 2015

Consolidation of
recommendation reports
from the GSB and other
international Task Forces

Study on the role of
development banks

Creation of Guiding Principles
for Impact Business in Brazil

Mapping capital supply
available for social finance
(Deloitte)

Study on inclusion of impact
businesses in corporate and
government procurement
(FGV Business School)

Mapping products & services
of intermediaries in the social
finance field (Deloitte)

CONSULTATION WITH
STRATEGIC GROUPS
May to July 2015

250
people

Higher Education
Institutions

Individuals and family
foundations/institutes

Impact business
entrepreneurs

Corporations and corporate
foundations/institute

Business leaders
and investors

Accelerators and
incubators

Local credit providers

Investment funds

Public-sector Managers
(Federal & State-level)

OPEN CONSULTATION
August 2015

220
participants

110
comments

795
votes

OFFICIAL LAUNCH
October 2015

Seminar: "Social Finance
– Global Trends and
Recommendations for
Brazil", with the presence
of Sir Ronald Coase
(President of the Global
Steering Group on Impact
Investing)

Source: Social Finance in Brazil: Solutions to social and environmental challenges, 2015. Brazilian Social Finance Taskforce

Finland adopted a practical approach. Sitra, the government's innovation agency got initiatives into the market co-designing the first social impact bond in Finland with key stakeholders and launched an Impact Accelerator to support mission-driven organisations develop their capabilities which helped build the platform to launch a NAB.

The **Portuguese** adopted a hybrid approach working on a Taskforce to develop a blueprint for the market and targeted initiatives to demonstrate the value including a social impact bond pilot targeting primary school retention in Lisbon and successful advocacy with the Portuguese Government to apply European Union funding to establish Portugal Inovação Social, a €150 million impact investment fund.

In **Kenya**, a formal report on the state of the sector (funded by DFID) was the starting point. This highlighted the needs for the country and brought together actors from different fields. The taskforce was developed and used the report as a base from which to create its strategy and action plan.

2.4 Transfer ownership of the purpose and value proposition to the National Advisory Board

To move from the feasibility and development process to a NAB requires transfer of ownership of the purpose and value proposition for the NAB to its members. Once a country is ready to take this step, it applies for admission to the GSG. Once the application or membership has been approved (see process overview in Appendix A), formalities typically include a launch event and communications to bring profile to the NAB and its role and plans.

Then begins the process of consolidation of teams for strategy development and execution, clarification of roles, and the setup of effective governance structures.

SECURE GSG MEMBERSHIP AND LAUNCH THE NAB

A NAB is admitted as a member of the GSG on the approval of the application by the GSG Trustees based on a recommendation of the Council of NAB Chairs representing all of the current GSG member NABs. Applications are first vetted by the GSG team based on a formal application that usually follows a close working relationship through the development process. An overview of the process is set out in Appendix A.

The official public welcome of new NABs takes place at GSG's annual Summit. Onboarding begins immediately after the decision and NAB members have direct access to the GSG's activities, resources and services.

CONSOLIDATE AND DRIVE THE NATIONAL AGENDA

Once a NAB is established there is a process of consolidation. Even where there has been extensive consultation and field mapping, do not assume that everyone has the same understanding of the field or of the NAB's role.

Translating ownership of the purpose and value proposition for the NAB to its members is an important step to building an effective and functional NAB that can develop and steward a forward strategy and work program. Without this, it is less likely NAB members will have a shared sense of urgency and commitment for taking up the action-oriented part of their brief beyond participating in meetings and events.

Key dimensions of this process during the first phase of the NAB's work include:

- ▲ Repeat the process of articulating the purpose: 'why are we here?' and 'what is our role?' with the NAB as a group
- ▲ Bring the understanding of the field, state of development and what's needed next
- ▲ Ensure there is a functioning secretariat that can curate material and meetings, develop agenda material and drive the process of option generation and strategy development
- ▲ Bring the field dynamics to life and create connections between the NAB and broader groups of practitioners and stakeholders

- ▲ Create links between the NAB and the global impact investment community, in particular the GSG and colleagues in countries that have some cultural and market alignment

These are inter-related parts of the process, e.g. bringing practitioners to the table in groups working in different parts of the field (on the supply side, as intermediaries, from social enterprise, or in issue areas like health and education). Such groupings can build relationships and provide a more nuanced view of activity in the field and the challenges and opportunities. Engaging with other NABs who have been active for longer can illustrate the way forward, highlight strategic options being adopted elsewhere and help accelerate progress using lessons they have learned.

The NAB will need to move relatively quickly through consolidating as a team around its role and purpose to putting governance arrangements in place strategy development and then execution. The window to get to an action-oriented agenda is generally less than 12 months.

If field mapping has already been done, the NAB can move more quickly to assess options to respond to what the field is ready for and what is needed next. If not, field mapping is the logical place to start. The next phases focus on strategy development with a plan of action that clearly delineates what the NAB will drive and do as a broader call to action.

Engaging with international colleagues can be useful at many stages of a NAB's work, particularly in the early stages of the NAB understanding its role and working through how to implement. The GSG recommends NABs encourage their members to attend the annual Summit and build networks and broaden their understanding of the global objectives and of what others are doing to drive the field forward. Other opportunities include participation in, or hosting, regional forums, and invitations to members of the GSG team and NAB leaders from other countries to visit or to join local NAB meetings by video or phone.

2.5 Take stock and reinvigorate the National Advisory Board

Each NAB needs to develop and refresh its role and energy over time, responding to what is needed next and how its value proposition has developed. Experienced NABs reflect that there is an energy cycle of the people and the work, so the evolution of the NAB can involve changes in composition and structure for the NAB.

Some of this will happen organically as the NAB matures, and some people deepen their commitment and the priorities of others shift. A number of the original NABs have undergone a deliberate process of redesign and renewal: the UK, USA Germany and Japan all provide examples (Box 3).

Most change is episodic by nature, building to tipping points from which the next wave of development must be recalibrated to sustain energy and push forward to the next stage. Even where no formal changes are made to an initial plan, the GSG recommends a process of review at 2-3 years intervals. This provides focus for assessing what is needed to facilitate the next episode of market engagement and growth. It helps keep the commitment of NAB members fresh and reset expectations for engagement of the next wave of strategy and delivery.

Existing NABs emphasise the need for the field to regularly return and renew a commitment to its core purpose. This includes re-grounding the narrative and the work of the NAB in the primary purpose of developing impact investing as a powerful enabler for achieving positive impact.¹⁸

The aim of a periodic review is to ensure the NAB retains an effective structure that adds value and that the market appreciates. This is especially important given the fast-paced changing nature of the sector in different countries. It is important to strike a balance between continuity to get the job done, accumulated history and relationships and refreshing the NAB and its support team. The priorities of the NAB will change and NAB composition may change along with such changes in priorities to bring in different skills and experience: for example, a priority on outreach and education will require different skills from a priority on delivery of market infrastructure such as investment funds and outcome platforms.

In addition, the more successful a NAB is at building interest and momentum, the greater the demands on some of its members and the team supporting its work. NAB members are often giving their time in addition to other roles and their commitment may include a personal opportunity cost. The teams supporting the NAB are often small and doing a big job with limited resources. Refreshing the NAB membership and team supporting it helps avoid burn-out and ensure the skills available are fit for purpose to deliver on current priorities.

¹⁸ Practitioner reflections on the importance of this were a strong theme that came through the research for Wood D. & Grace Dean, K. National Advisory Boards and Impact Investing: The Power of Cross-Sector Collaboration, 2018. Initiative for Responsible Investment, Harvard Kennedy School

As part of a review process, the GSG recommends consideration be given to:

- ▲ Who has been committed and most actively engaged in the work of the NAB?
- ▲ Who has stepped forward to advance the field, activated networks and action?
- ▲ Where is activation most needed next?
- ▲ What will add the greatest value in the next phase of delivery?
- ▲ What skills are likely to be required for the next wave of development?

The GSG recommends that NAB review include succession planning

and renewal for the role of Chair. Based on experience and the commitment required, 3-year terms are recommended for the Chair with a maximum of 2 terms.

Some NABs have used the review process to restructure, often to reflect the developing maturity of the market. Some countries have rationalised NAB membership from an initial structure designed to maximise inclusion to a more streamlined governance structure with more developed secretariat support. Others have introduced new, complementary groupings such as practitioner bodies to inform the work of the NAB. (Box 4)

2.6 Review and reset strategy over time

The GSG recommends that NABs seek to measure their effects and market development regularly. It is important for making assessments of whether the field has moved forward and goals are being achieved, despite that being a challenging task.

The review and assessment approach can combine:

- ▲ Concrete deliverables and, where possible their effects
- ▲ Proxy measures such as audiences reached
- ▲ Government engagement and policy measures adopted
- ▲ Enquiries received with broader indicators of levels of engagement
- ▲ Market sizing and benchmarking progress
- ▲ Further field scanning to assess overall ecosystem activity and development.

Existing NABs have found that a natural rhythm and energy cycle to

their work program emerges. The GSG recommends including a time horizon in the strategic planning for the NAB and considering the work cycle when the NAB membership is reviewed.

It can be useful to do another round of field scanning to get a sounding from practitioners and stakeholders about what shifts they have observed, the level of activity, new opportunities and remaining challenges.

This can contribute to measurement of the market building efforts of the NAB and whether it is making progress towards its stated goals. Catalytic strategies almost always send ripples through the system and a well-designed scan can capture some of these effects.

The data and insights from the field can be used to inform a fresh assessment of where the market is on a development and maturity spectrum and when is the right time for next moves.

QUICK REFERENCE 2: CYCLES OF A NATIONAL ADVISORY BOARD

Material on the initiatives of individual NABs available at www.gsgii.org <http://www.gsgii.org>

Examples of the evolution of NAB field scans and strategy:

- ▲ Australia
 - ▶ Field Scan: *IMPACT-Australia: Investment for social and economic benefit 2013* http://impactstrategist.com/wp-content/uploads/2015/12/impact-australia_nov_2013_2.pdf
 - ▶ NAB strategy: *Delivering on Impact – the Australian Advisory Board Breakthrough Strategy to Catalyse Impact Investment 2014* http://impactinvestingaustralia.com/wp-content/uploads/0109Delivering_on_impact.pdf
 - ▶ Field Scan: *Views From the Impact Investing Playing Field in Australia on What's Happening & What's needed Next 2017* http://www.australianadvisoryboard.com/wp-content/uploads/2017/12/20171215_VIEWS-from-the-Field-2017_FINAL.pdf
 - ▶ NAB Blueprint: *Scaling Impact: Blueprint for Collective Action to Scale Impact Investment in and From Australia* http://www.australianadvisoryboard.com/wp-content/uploads/2018/11/20181120_Scaling-Impact.pdf
- ▲ Netherlands
 - ▶ Pre-NAB: *Gearing up for a Dutch National Advisory Board for Impact Investment* http://socfin.nl/NAB_report_digital.pdf
- ▲ New Zealand
 - ▶ Pre-NAB: *Growing Impact in New Zealand* https://www.jbwere.com.au/content/dam/jbwere/documents/Growing-Impact-in-New-Zealand-September_2017.pdf
- ▲ Brazil
 - ▶ NAB Contributions to National Strategy: *National Strategy for Business & Impact Investing* http://www.mdic.gov.br/images/National_Strategy_for_Business_and_Impact_Investing_-_final_version_post_public_consultation_28.02.2018.pdf
- ▲ Canada
 - ▶ Pre-NAB Taskforce: *Mobilizing Private Capital for Public Good 2010* <https://www.marsdd.com/wp-content/uploads/2011/02/MaRSReport-socialfinance-taskforce.pdf>
 - ▶ NAB Strategy: *Mobilizing Private Capital for Public Good: Priorities for Canada 2014* https://www.marsdd.com/wp-content/uploads/2014/09/MaRS-National_Advisory_Board_Report_EN.pdf
- ▲ UK
 - ▶ Pe-NAB: *Social Impact Investment Taskforce 2000-2010 and Commission on Unclaimed Assets* <https://sirronaldcohen.org/commissions-taskforces/>
 - ▶ NAB Strategy: *Building a Social Impact Investment Market: The UK Experience* <http://gsgii.org/reports/uk-advisory-board-to-the-social-investment-taskforce-report/>
 - ▶ NAB 5 year on strategy: *The Rise of Impact 2017* <https://static1.squarespace.com/static/5739e96207eaa0bc960fcf52/t/59e9b572b7411c0d793bd466/1508488629602/NAB+Report+FINAL.pdf>

- ▶ NAB Contributions to Government Taskforce: *Creating a Culture of Social Impact Investment* <https://www.grow-impact-investing.org/>
- ▲ German NAB
 - ▶ Initial Report: *Social Impact Investing: Financing Social Change* <https://www.bertelsmann-stiftung.de/en/publications/publication/did/social-impact-investing-financing-social-change/>
 - ▶ Second Wave: *Social Impact Investment in Germany - Market Report 2016* <https://www.bertelsmann-stiftung.de/en/publications/publication/did/social-impact-investment-in-germany-market-report-2016/>
- ▲ Japanese NAB
 - ▶ Initial Report: *The Social Impact Investment Landscape in Japan* <http://gsgii.org/reports/the-social-impact-investment-landscape-in-japan/>
 - ▶ Second Wave: *Current State of Social Impact Investment in Japan* <http://gsgii.org/reports/current-state-of-social-impact-investment-in-japan/>

References on setting up for Breakthrough

- ▲ MIT Sloan Management Review on *what sets breakthrough strategies apart* <https://sloanreview.mit.edu/article/what-sets-breakthrough-strategies-apart/>
- ▲ McKinsey on *Leadership as the starting point for strategy* <https://www.mckinsey.com/featured-insights/leadership/leadership-as-the-starting-point-of-strategy>

References and practical tools for Stakeholder Engagement

- ▲ <http://collectiveimpactforum.org/resources/backbone-starter-guide-summary-major-resources-about-backbone>
- ▲ https://www.fsg.org/publications/water_of_systems_change
- ▲ <https://thepartneringinitiative.org/publications/> and especially <https://thepartneringinitiative.org/wp-content/uploads/2014/08/TheBrokeringGuidebook.pdf>
- ▲ <https://diytoolkit.org/tools/>

GSG Tools to assist and guide the process of NAB development and shaping an early work program:

- ▲ Process Guidance for setting-up the first meeting (Key Steps)
- ▲ NAB Brochure
- ▲ NAB-GSG Partnership Principles
- ▲ NAB Self-Assessment Survey
- ▲ Taskforce invitation letter template for 1st meeting
- ▲ Half-day template for 1st meeting agenda
- ▲ Invitation to create a NAB signed by GSG Chair
- ▲ NAB Taskforce workplan template (Country Example)
- ▲ NAB Feasibility Study (Country Example)
- ▲ NAB Business Plan Template
- ▲ NAB 2020 Tipping Point 2 pager template (Appendix)
- ▲ NAB Application checklist

3. Bringing together a well-functioning National Advisory Board

Most NABs are multi-sector, multi-disciplinary institutions.¹⁹ How the NAB is composed affects everything from internal dynamics to its capacity for influence and successful delivery. A highly effective and functional NAB needs:

- ▲ Legitimacy and proactive focus through the leaders involved and their networks and influence
- ▲ Clear governance that directs the energy and time of those involved to a common purpose toward effective strategy and delivery
- ▲ An agile and high performing secretariat with resources and capability to drive day-to-day activity and keep the NAB and work program focused
- ▲ Effective engagement with broader networks of practitioners, stakeholders and people interested in the field and its potential

The aim is to achieve and maintain a composition that is agile enough to be responsive, engaged enough to get things done and diverse enough to reflect different views and areas of the field that are active or need to be engaged.

The process of ensuring the NAB has the composition, structure and operating capacity for success comes into different stages of NAB development from initial engagement

to composition and capacity of the NAB and reinvigorating the NAB.

Ideally, NABs will be structured to achieve maximum legitimacy, influence and effectiveness from the outset. In early stages, the ideal may need to be tempered with pragmatic considerations including who has time and is committed to the field and who needs to be involved for the NAB to achieve early legitimacy within and beyond the field as it exists then. Aim to achieve a solid foundation from which to develop the NAB as it becomes more established.

“

Our first achievement was to unify all key stakeholders. Before that, every stakeholder was working differently.

”

MASATAKA UO

Vice-Chair Japan NAB

¹⁹ Wood D. & Grace Dean, K. National Advisory Boards and Impact Investing: The Power of Cross-Sector Collaboration, 2018. Initiative for Responsible Investment. Harvard Kennedy School

“

The most significant thing about the AAB (Australian Advisory Board on Impact Investing) is leaders from across sectors being proactively engaged in a transformative discussion about how we can do things differently.

”

DAVID CROSBIE

Community Council of Australia, Australian NAB

“

All the players of the impact revolution in Italy (social cooperatives, bank foundations, institutional investors, banks...) whose histories and activities are disparate, are sharing the NAB as a platform of action to boost our impact investment ecosystem.

”

ITALY NAB

3.1 Determine the composition of a National Advisory Board

NABs bring together national leaders with decision making power and networks at the highest levels with practitioners recognised and valued as experts, that together have an informed perspective and capacity for influence across the field.

NAB membership is generally cross-sectoral, drawn from a combination of:

- ▲ Investment professionals and investors
- ▲ Philanthropic foundations
- ▲ Entrepreneurs and accelerators
- ▲ Socially motivated business
- ▲ Service delivery organisations
- ▲ Beneficiaries of impact investing
- ▲ Academics and other thought leaders
- ▲ Policy makers and government
- ▲ Network/Membership organisations

FROM THE FIELD

The **Italian** NAB membership has representation from all five building blocks of the ecosystem. The local and central government and representatives of the public sector are observers on the NAB. Italy has developed several activities with the aim of involving this pillar. On the demand side, two of the largest networks of social cooperatives and enterprises are part of the NAB.

Experience has shown that it is in the best interest of the NAB to have strong representation from the demand side and the voice of people at or close to the ground to ensure the voices often least represented are heard. The credibility of the NAB often rests on it having full and strong representation from all of the 5 building blocks of the impact investment ecosystem.

While not representative bodies, NABs need legitimacy with key constituencies to be effective in communicating with and mobilising different groups who are active, and who need to be activated.

- ▲ Those already active in the field to build cohesion among pioneering practitioners;

- ▲ Government to influence the policy agenda; and
- ▲ The different sectors and segments within the field.

Successful NABs depend on exceptional leadership in key positions capable of making things happen. More so, because the nurturing and maturing of impact investment as a field requires unusually strong and adaptive leadership to establish structures and influence in places where these have not existed before, demonstrate new ways of doing things and bridge sectoral boundaries.

The first step is to identify a pool of potential candidates for NAB

membership. Logic trees or matrices can be used to assist this process to work through what skills and networks the NAB needs now (Figure 3) and then drill down further on candidate credentials (Figure 4).

Err on the side of a longer list and then prioritise who to approach first. There are lots of reasons people may not be available or open to joining the NAB, so it is preferable to have a deep pool of candidates to start with.

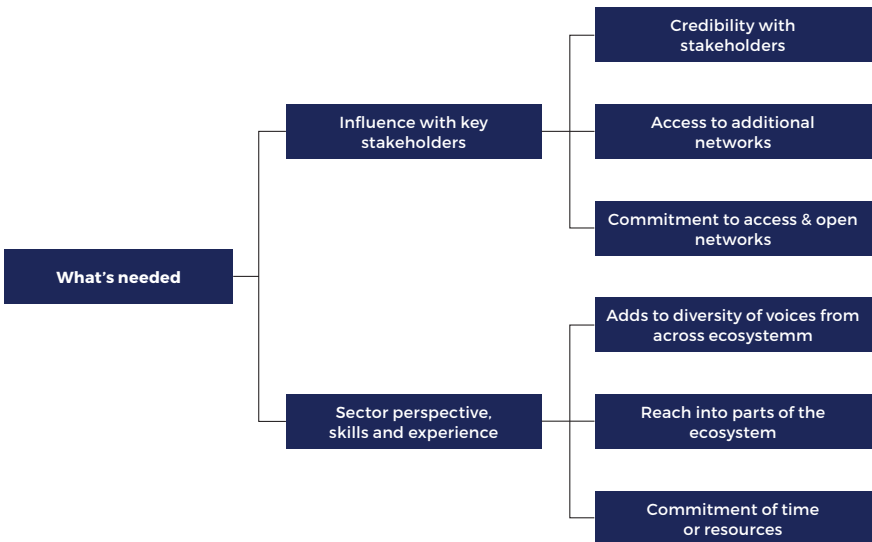
Stress-test the list of potential members and priority candidates to confirm the NAB will have a strong mix of skills and influence in key areas then conduct due diligence. A capability

matrix is a useful tool to highlight areas of concentration and gaps.

Impact investing brings together actors in the field in new and different combinations. When considering the composition of the NAB, look beyond who the key influencers are in different parts of the ecosystem and consider influencers who span boundaries. Look for people with credibility across sectors and who can take ideas from one place to another, for example corporate and philanthropy.

The selection process can also be applied to identify candidates for positions within the NAB, in particular the Chair, and at future review points.

Figure 4:
Working through skills and networks the NAB needs now



SECURE COMMITMENTS TO MEMBERSHIP

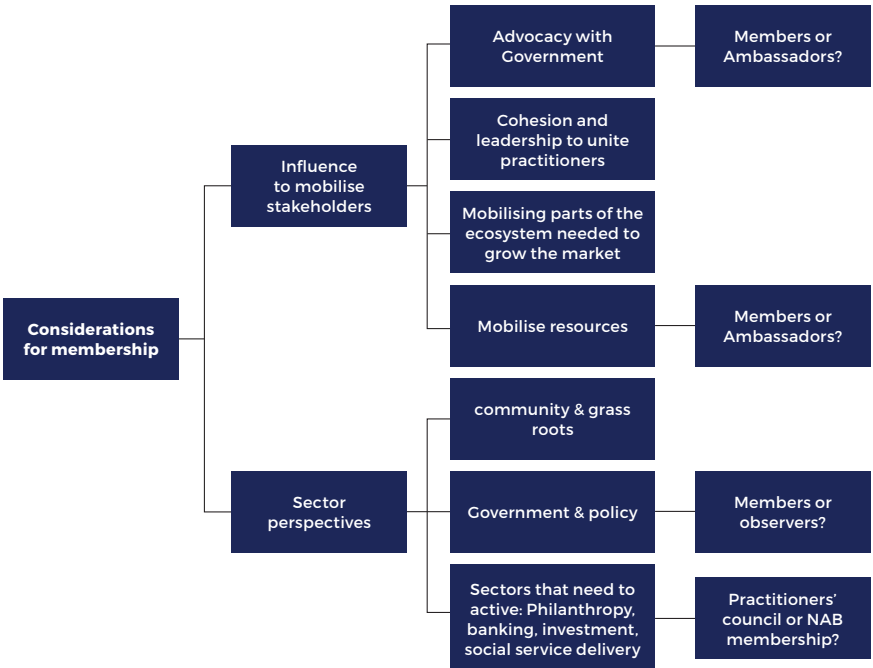
The recruitment process typically involves a combination of direct outreach, referrals through networks, and raising awareness and interest through events that reach a number of people at once.

Recruitment is a two-way process: on the one hand, raising awareness of candidates about impact investing and the role of the NAB and, on the other hand, assessing the alignment and commitment they would bring to the NAB. It is also an opportunity

to expand the pool of candidates by asking individuals who they know or recommend that may have the right mix of interest, time and skills.

As the GSC grows and the governance develops, NABs are developing clearer processes for member selection. This is a matter of NAB governance. While there is not a standard process applied uniformly across countries, some combination of appointed and elected positions is being utilised by NABs. Some have used expression of interest processes to solicit interest from the field and broaden the pool of candidates.

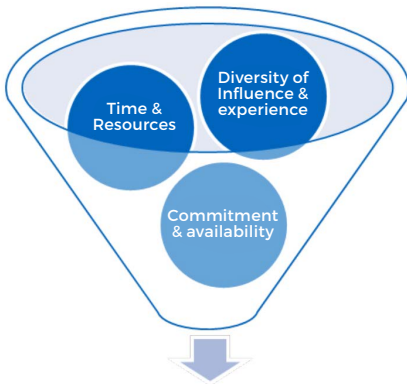
**Figure 5:
Drill down on candidate credentials**



Identifying people who are genuinely motivated to see impact investing grow and who are willing and able to make a proactive commitment of time, energy and resources to that goal is critical for an engaged and effective NAB. (Figure 5).

Inevitably, there are numerous one-to-one meetings to canvas individual appetite and suitability. The process can be time consuming, so it is important to plan and target the outreach.

**Figure 6:
Practical considerations in NAB
composition**



Matrix of Potential Candidates

Source: Impact Strategist, 2017

The starting point may be a 'good enough' NAB that can be developed with strong leadership and governance in place to facilitate confidence and delivery, over time. NABs evolve and need to be reinvigorated over time. The composition and definition between

roles can be sharpened as the NAB matures and adapts to the developing needs of the field.

It is essential to have a core of committed members who will engage proactively with the agenda. These are active positions and require a commitment of time and engagement. The Chair in particular needs to have time to work with NAB members, stakeholders and the secretariat and represent the NAB in national and international forums.

Overall, the NAB will need access to skills that can mobilise a range of stakeholders and set the agenda across a mix of strategies to drive impact. Skills that are useful include the following; they may come from the secretariat or affiliate service providers as well as the NAB membership:

- ▲ Understanding of the impact investment landscape;
- ▲ Stakeholder engagement to bring together design for impact with public policy objectives and the likely needs of investors and investee organisations
- ▲ Capacity to identify and broker fit-for-purpose collaborations and partnerships;
- ▲ Communications;
- ▲ Policy and Government engagement; and
- ▲ Capacity to navigate local market conditions including the finance community, service delivery, philanthropy and government.

3.2 Structure the NAB for legitimacy and effectiveness

To make good on their value proposition, NABs need a structure to organise efforts and enable delivery. There are two key elements.

- ▲ How the NAB itself is structured
- ▲ How the NAB is resourced and equipped to carry out its operations

STRUCTURING A NAB

Current NABs employ 3 core models (Box 4):

- ▲ A smaller group of NAB members to set the agenda and directions in combination with a Practitioners' Council
- ▲ NAB membership focused on people who can commit time to the agenda, combined with Ambassadors who champion the agenda in their circles of influence
- ▲ A focused NAB overseeing a work program through working groups designated to particular activities and tangible products.

Some NABs move from one structure to another as they evolve and mature (Box 5: From the field—How some National Advisory Boards have restructured).

Within a NAB, role clarity is important to help members relate responsibilities to the NAB's value proposition and functions and give form to what they need to do between meetings.

The role of the NAB Chair is critical. In addition to chairing responsibilities such as convening and chairing regular meetings and ensuring accountable and transparent governance, the Chair

has a proactive role in influencing, priority setting and driving the agenda forward in consultation with the NAB members and Secretariat.

The Chair maintains effective links with the GSG and with the Chairs of other NABs. That includes representing the NAB on the Council of NAB Chairs (the GSG membership body) and participating in GSG governance and in leadership forums.

Alignment of purpose and vision, willingness to commit time and energy to the task and to draw on personal and professional networks and a capacity for consensus building are key attributes of an effective Chair. Priorities for the Chairing role vary based on the composition of the NAB, available support in the Secretariat, life cycle of the NAB and its agenda, including key points where legitimacy and influence is needed. Early stages of NAB development may require more proactive and entrepreneurial drive; in some cases, access and influence with Government may be a priority. The Chair needs to have time to work with NAB members, stakeholders and the secretariat.

Driving a proactive agenda is a team effort. Some NABs have found it useful to develop other roles in their structure, including:

- ▲ Vice chairs to complement the Chair's role and strengths
- ▲ Leads on key areas of NAB work including strategy development and advocacy

- ▲ Working Group or initiative Chairs to lead specific pieces of work
- ▲ Sector liaisons who provide a bridge between the NAB and practitioners and stakeholders in their sector
- ▲ Practitioner Council to provide a forum for practitioners to share practice, advice and challenge the NAB

NABs can utilise working groups or sub-groups to facilitate delivery of NAB priorities from time to time. These should also be structured to have carriage of a clearly scoped aspect of the NAB's agenda.

Sub-groups are most useful where a subset of the NAB is tasked to undertake a piece of work, lead interaction with key stakeholders or lead in a function. Working groups are useful to create extra capacity and engage stakeholders in a co-design process or delivery. To ensure continuity and accountability, it is advisable to have at least one NAB member on a working group who can bring the views of the NAB to the table and report back to the NAB.

FROM THE FIELD

The Social Impact Investment Taskforce in 2014 established 4 working groups to explore cross cutting themes that informed its work: asset allocation, impact measurement, mission alignment and international development. The Working Groups reported alongside the Taskforce and their work informed key elements of its recommendations.

In 2017, the **UK** NAB utilised working groups that combined skills and experience from the NAB and its Practitioners' Council to develop the substance of the 5 key steps which are the framework for action in its 2017 report: *The Rise of Impact*.

The **Indian** NAB is a membership-based example, led by impact investment practitioners through the Indian Impact Investors' Council. Working Groups supplement the Executive Council and Secretariat capacity.

The NAB structure needs to facilitate engagement and interaction with key stakeholder groups:

- ▲ Practitioners
- ▲ Impact driven organisations, service providers and entrepreneurs
- ▲ Beneficiaries

- ▲ Mainstream financial services and investors
- ▲ Government and policy makers.

For some groups, the focus of the engagement is ensuring voices are heard and their experience is reflected. For others, the focus is on developing

champions and mobilising actors in the field that will be necessary partners in achieving scale.

Practitioners, particularly the pioneers of impact investing, have a unique perspective informed by significant professional and personal commitments to early development of the field. To ensure their voices and experience are heard, NABs employ approaches including:

- ▲ a practitioner led NAB;
- ▲ a practitioners' council or similar groups that meet separately and provide structured input or recommendations to the NAB;
- ▲ practitioner-led or informed delivery of specific actions under the NAB umbrella; and
- ▲ opportunities for practitioners to meet with the NAB and present their experience.

NABs acknowledge that engagement has not yet been evenly distributed and there is more to do to engage entrepreneurs, social organisations and beneficiaries.

Impact-driven organisations and providers are a diverse group ranging from community organisations to for-profit service delivery agencies to impact-driven businesses and social enterprise. How they will be engaged is an important consideration for any NAB. Under-representation of these critical delivery organisations can make NAB engagements less robust. It can reinforce a finance-led orientation which may leave important gaps in

understanding of the NAB and in its work program.²⁰

Beneficiaries are at the heart of a NAB's work, yet the most difficult group to engage effectively, particularly given the breadth of interests. While NABs are unlikely to be able to accommodate all groups and beneficiary experience, they should pay attention to how end users and beneficiaries of impact investment can be effectively engaged.

Engagement of impact driven organisations and beneficiaries is one of the least developed areas for NABs so far. The practice has tended to be engagement through:

- ▲ peak member or sector bodies as a point of engagement;
- ▲ networks of investee enterprises and civil society organisations focused on grass roots engagement with access and frequent engagement of multiple communities and perspectives;
- ▲ utilising consultation processes at key milestones to inform the work program or on issue areas.

²⁰ See the experience so far documented in Wood D. & Grace Dean, K. *National Advisory Boards and Impact Investing: The Power of Cross-Sector Collaboration*, 2018, Initiative for Responsible Investment, Harvard Kennedy School; *Importance of the Beneficiary Perspective and Value Chains in The Impact Management Project* www.impactmanagementproject.com and *Reflections on Balancing the Push and Pull in the Impact Ecosystem* in Hill, R. & Addis, R. *Views from the Impact Investing Playing Field in Australia on What's Happening and What's Needed Next*, 2017

Box 4:**Practice Snapshot – Common structures and composition adopted by NABs****1. A REPRESENTATIVE BODY OF PRACTITIONERS**

Focus: Broad representation of existing activity in the field by drawing participants from active practitioners seen as leaders of their field.

Examples: Canada, UK, USA, Japan

Benefits	Challenges
<ul style="list-style-type: none"> ▲ Broad representation of activity in the field ▲ Diverse community of practice to draw upon ▲ Generates highly tactical, actionable and clear policy proposals 	<ul style="list-style-type: none"> ▲ Aligning diverse stakeholders around a common understanding of the field ▲ Keeping size and focus of work manageable ▲ Balancing existing practices of different sectors

2. A BROAD MULTI-SECTOR STAKEHOLDER CONSULTATION ON NATURE AND VALUE OF IMPACT INVESTING

Focus: A vehicle to socialise and interrogate the concept of impact investing by engaging advocates, potential adaptors and sceptics.

Examples: France, Germany, Italy, Portugal

Benefits	Challenges
<ul style="list-style-type: none"> ▲ Promotes impact investing in public, private and civil society actors, as well as educating the broader community ▲ Drives intense discussions on field definition and mapping 	<ul style="list-style-type: none"> ▲ Building a robust group that showcases differing perspectives which can also come to useful and concrete conclusions

3. AN ORGANISING PLATFORM

Focus: NAB membership as a means of building the voice of influential actors in broader stakeholder communities in support of impact investing.

Examples: Argentina/Uruguay, Australia, Brazil, Japan, Mexico

Benefits	Challenges
<ul style="list-style-type: none"> ▲ Socialises impact investing with influential stakeholders ▲ Incorporates insights from global exchange with Taskforce into national conversation on policy and the field 	<ul style="list-style-type: none"> ▲ Much of the work is concentrated in secretariats which may face resourcing challenges

Governments are critical stakeholders, but not always involved directly in the NAB. Existing NABs operate either.

- ▲ independent of governments and engage as a trusted source of expert advice and recommendations; or
- ▲ negotiate an authorising environment and engagement with government necessary for the NAB to operate effectively and with credibility; or
- ▲ with active engagement and sponsorship from government, including the NAB being led by government officials and supported by a government agency.

Deciding which approach is most appropriate depends on the cultural and political context of the country. In some countries, an independent NAB is preferred by both government and the NAB to enable effective engagement and policy influence (examples include Australia and the US). In other countries government engagement is a necessary condition for legitimacy of the NAB (Examples include South Korea and Bangladesh). In other contexts, a government agency can effectively sponsor the NAB as part of the policy agenda (examples include Finland).

FROM THE FIELD

The majority of NABs operate at arm's length from government or have government participation with observer status. This enables the NAB to be a trusted adviser to policy makers and politicians and advocate for action.

In some countries, including **South Korea** and **Bangladesh**, government engagement is an important requirement for legitimacy of the NAB and to ensure an authorising environment for its work.

In **Finland**, the NAB is led by a senior official from the Treasury and supported by the Finnish Innovation Fund, SITRA, a government backed agency.

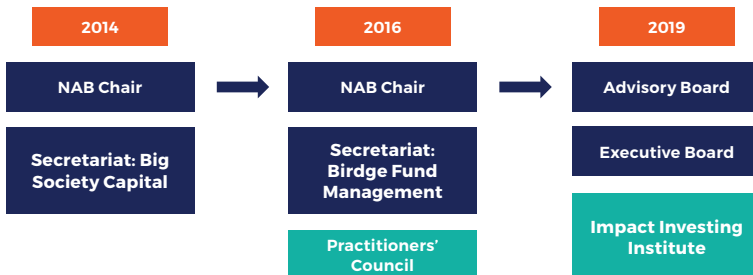
Box 5:**Practice snapshot – How some National Advisory Boards have restructured**

The **Japanese National Advisory Board** was hosted by the Nippon Foundation initially. In 2017, the Nippon Foundation seeded a new structure, the Japan Social Impact Investment Foundation (SIIF). In addition to supporting the NAB, SIIF provides a hub to promote performance based public private partnerships including social impact bonds, thought leadership and research to promote policies that promote impact investment, and provides flexible capital and know-how to promote participation and growth of impact investment.

The **US National Advisory Board** re-structured in 2016 from a relatively large board (20+ members) to a more streamlined board with more structured engagement of practitioners through an Industry Advisory Council and philanthropic leaders through a Presidents' Council on Impact Investing. The Chair and hosting organisation moved from the Omidyar Network to Ford Foundation and the NAB rebranded as the US Impact Investing Alliance and appointed an Executive Officer.



The **UK National Advisory Board** has reviewed composition and structure and rotated the Chairing role. In 2016, the size of the NAB was reduced and a Practitioners' Council established to inform the work of the NAB. In 2019 the NAB came together with the UK Government Implementation Taskforce on Growing a Culture of Social Impact Investing in the UK to form the Impact Investing Institute.

UK National Advisory Board on Impact Investing

OPERATING STRUCTURES

As NABs have increasingly established their value through ongoing initiatives designed to catalyse and institutionalise impact investing, it has become clear that NABs need execution capacity, including an appropriately resourced secretariat.²¹ NABs also need legal and operational capacity to transact and get things done, including to hire staff, enter partnerships and establish funding agreements.

The structural approaches to secretariat and operational support for NABs include the following:

- ▲ Support from a host organisation that has made available staff time and other logistical, operational and project support (e.g. USA, France and Portugal);
- ▲ Formation of an independent, usually non-profit, organisation created specifically for the purpose of supporting some or all of the NAB program and which may take on complementary activities (e.g. Australia, Japan);

- ▲ Resources from a Government agency willing to support the national effort (e.g. Finland).

A number of early NABs have started with a host and transitioned to an independent organisation (For example, Japan, Germany and the UK).

The GSG recognises that employment of one or more appropriately qualified staff full time has a marked positive impact on the effectiveness and achievement of the NAB. The GSG highly recommends that at least one dedicated person be responsible for this function. Some NABs employ a team and make use of additional volunteer time.

Over time, the experience of NABs in the field is informing a view about the core functions that contribute to operational effectiveness, including:

- ▲ Strong leadership and clear governance;
- ▲ Strategy and execution capacity;
- ▲ Communication, event management and stakeholder engagement;
- ▲ Policy and government engagement.

FROM THE FIELD

The **Ghana** taskforce was originally supported by the government's Ghana Venture Capital Trust. This was an organisation set up by the government to support the private sector in achieving the country's developmental goals. The Venture Capital Trust Fund informally supported the Taskforce's first 10 months of work through in-kind support, and the taskforce launched Impact Investing Ghana (IIGH) as a formal legal entity (Company limited by Guarantee), with the aim applying to the GSG as NAB. It has a membership model, with a central board of 9 people (considered by the GSG as the Board of the NAB).

²¹ Wood D. & Grace Dean, K. *National Advisory Boards and Impact Investing: The Power of Cross-Sector Collaboration*, 2018, Initiative for Responsible Investment, Harvard Kennedy School

3.3 Provide governance and resources for the National Advisory Board to be effective

NABs need a framework and rhythm to their work program that keep members and the agenda focussed and on track. The available resources, financial and in capability, influence choices about what each NAB can deliver, how much it can deliver and how it sets priorities. Governance and resourcing both affect the disposition and ambition of a NAB, positively or negatively.

A NAB's work involves a high degree of ambition, complexity and ambiguity. Governance tools and good processes reinforce purpose, facilitate accountability and streamline work and delivery of the NAB. Key elements include:

- ▲ Terms of reference, to map the functions, communicate expectations of NAB members and set out how the NAB will operate; this is also where the purpose and functions of the NAB can be expressed;
- ▲ A regular meeting schedule, at least quarterly and often more frequent in the first year, to keep focus, continuity and momentum for the work program;
- ▲ A work program oriented toward the delivery objectives and adaptable to facilitate delivery of key priorities; and
- ▲ Regular communication that keeps the NAB membership abreast of key local and global developments.

Aim to provide enough structure to ensure integrity and rigour, be supportive of the work program and

priorities at the time and keep the delivery agenda moving without making the process and focus of the NAB bureaucratic.

For example, some early NABs met frequently (6-8 weeks intervals) in the first year with a focus on understanding the field and identifying strategic priorities and actions that could build momentum and demonstrate efficacy. They then moved to quarterly meetings in Year Two supplemented by working groups for projects to deliver priority actions and/or a program of engagement. Some re-grouped or re-structured after that to drive the next wave of strategy and action.

The governance processes flow into the terms for NAB members and their roles. The governance processes need to support review and refresh of the NAB and its agenda. This includes periodic review of the role of the NAB Chair and office holders. The GSG have developed guidance on governance principles for NABs (Appendix A).

PUT RESOURCES IN PLACE TO SUPPORT FIELD BUILDING AND DELIVERY

Effective NABs need:

- ▲ a secretariat capable of curating, coordinating and leading strategy development and execution;²² and
- ▲ funding and operational infrastructure to resource its work.

Both of these features have increased in importance since 2015 as early NABs have taken a greater role in delivery. With that, the GSG has seen more concrete and ambitious targets agreed by NABs. NAB members rarely have time to drive individually all the demands on their time arising from their membership of the NAB, although in some cases they may contribute organisational resources.

Established NABs have reflected on

the need to be able to respond to a groundswell of interest in impact investment as the NAB gets established and its messages gain traction.²³

The GSG recommends a high-performing core team to drive the work program and 3-year resource commitments to ground the NAB's work. Identifying a secretariat is a high priority for the NAB leadership. Ideally, the team will have field building capacity.²⁴

Box 6:

Ideal Capabilities for a high performing NAB Executive Director of the Secretariat or operating entity

- ▲ Leader with alignment with vision and values
- ▲ Strategic capability for synthesis and influence
- ▲ Enjoys meeting, connecting people; naturally follows up
- ▲ Vision/passion for the sector—both in terms of product/outcomes and process (how players interact)
- ▲ Tenacity and comfort with ambiguity and uncertainty
- ▲ Strong communication and experience of communicating with diverse stakeholders
- ▲ Ability to think at system level; abstract thinking—but balanced by ability to implement quickly and keep multiple balls in the air at once (multi-tasker)
- ▲ Networker by nature; able to draw on others for support in the role
- ▲ Facilitator and relationship broker as well as doer; enjoys acting as catalyst and having others do joint problem solving
- ▲ Self-directed, self-aware and motivated, uses time well
- ▲ Comfortable with technology, excited about potential of mapping tools (and commitment to using them)

²² Ibid.

²³ Ibid.

²⁴ Scharmer, O & Kaufer, K. *Leading from an Emerging Future: from ego-systems to eco-systems*, 2013

In addition to relevant professional experience, NABs ideally develop secretariats that include the following.

- ▲ Clear values alignment with the purpose of the NAB
- ▲ Leadership skills such as tenacity, high tolerance for ambiguity and ability to navigate complexity
- ▲ Networks that enable them to connect with influencers
- ▲ Brokers who can connect individuals and organisations across traditional boundaries and in the process create trust and confidence in the NAB and its work.²⁵
- ▲ Ability to establish partnerships and pro bono arrangements to augment the secretariat and contribute to priority projects.

New NABs are advised to tackle

resourcing head on with the goal of securing resources for three years.²⁶ While some early NABs have bootstrapped their operations, this requires the NAB and its secretariat to manage potential for a disconnect between the aspirations and expectations for what the NAB can achieve and the available resources.

Established NABs have resourced their work from a combination of four main sources (see Table 2):

- ▲ philanthropic funding;
- ▲ resources of a pre-existing existing host organisation and other pro bono support;
- ▲ partnerships and collective funding including sponsorships or membership funding; and
- ▲ government funding (national or local)

Table 2:
Resourcing models–sources of NAB funding

1. Philanthropic support	<p>NABs in some countries were funded primarily through or more one major foundations for example a core group of foundation sponsors in the US and the Calouste Gulbenkian Foundation in Portugal.</p> <p>In Japan, initial support was provided by the Nippon Foundation, which has since seed funded a stand-alone foundation, the Social Impact Investment Foundation, which can also attract revenue and funding from other sources over time. In Germany, Bertelsmann Stiftung auspiced the first phase of the NAB work and development and assisted transition to a stand-alone NAB structure raising support from a range of donors and sponsors.</p>
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²⁵ Ibid.

²⁶ GSG, NAB Brochure, 2018

2. Host organisations	A number of NABs in Taskforce process had some form of auspicing environment. Other than foundations, these were often sector based bodies including Big Society Capital, and Bridges Fund Management in the UK and Crédit Coopératif in France.
3. Partnership and collective funding models	Some country NABs have brought together coalitions of stakeholders to fund and provide pro-bono resources. In Australia, partners include major banks and insurance companies, community sector organisations, philanthropic funding and Government departments. In Argentina, NAB members are asked to commit financial resources or in-kind equivalent.
4. Government support	During the Taskforce, a number of countries had Government representatives and in some cases, Government subsidised the effort. More recently, countries like Finland and South Korea which have greater government presence and engagement in the NAB development have also had some funding from government agencies. In Australia, the Department of Foreign Affairs & Trade has contributed to the NAB's participation in the GSG.

The most stable starting point for new NABs is an independent entity or a strong partnership with a philanthropic foundation or established organisation with resources and values alignment that is prepared to underwrite the early stages. Some NABs have secured partnerships with host organisations that have contributed financial and in-kind resources, including staff,

communications, office space and back office functions.

Other strategies NABs can employ include utilising skills and resources of the members' organisations. For example, some NABs have considered asking each member to make a financial contribution or commit equivalent value in time and expertise.

3.4 Engage actively with the field

NABs cannot build the field alone or in isolation from those who are already active. Engagement is a constant and integrated part of the way each NAB operates to achieve its purpose. It starts with the first conversations canvassing potential for a NAB and continues through every stage of the NAB's life cycle. This is critical to maintaining credibility and buy-in for the NAB and its work.

NABs themselves create a platform to facilitate dialogue that spans sectoral

and issue boundaries. The lesson from NABs so far is this is a medium-long term, high-touch engagement that requires continuity to build relationships and networks.

Engagement is a two-way process involving outreach and listening to voices from the field. Examples of the ways existing NABs have engaged with the field range from informal outreach to forums and structured working groups. (Table 3)

Table 3:
Points of Engagement and Collaboration

1. Invitations to present or speak with the NAB at their meetings	In some cases, that has been done as part of a relatively formal program that builds a dynamic picture of the ecosystem, focusing on actors from different parts of the ecosystem or working on particular issues. This can be particularly useful during the early phases when the NAB is developing a work plan and strategy to help build a shared understanding for NAB members of the whole ecosystem and the experience of particular actors within it.
2. Engagement in mapping and strategy development	The second stage of the UK NAB strategy focuses on 5 key levers and the case and dimensions of each were developed by a working group to the NAB drawing upon the NAB membership and Practitioners' Council. A number of countries have included structured engagement and market soundings as part of the mapping and strategy development process. The USA NAB led a significant engagement initiative to define policy priorities during the initial Taskforce Process.
3. Engagement in strategy execution	This enables expertise on the NAB to be supplemented with additional skills and experience relevant to specific initiatives. In Australia, working groups were established to design and deliver 5 key actions from the 2014 strategy, each chaired by a leader with relevant expertise. Several of the working group chairs later became NAB members.

4. Sector liaisons

Some NABs have asked NAB members who are leaders in a field such as philanthropy, institutional investment or community services or have expertise with different beneficiary groups to lead on outreach and engagement into that sector or field.

QUICK REFERENCE 3: STRUCTURING & DRIVING A NATIONAL ADVISORY BOARD

- ▲ Skills and capability matrix for NAB Membership
 - ▲ Skills and capability matrix for Secretariat
 - ▲ Wharton research on *goals, roles and norms* as the key to high performance teams
<http://knowledge.wharton.upenn.edu/article/mario-moussa-committed-teams-book-interview/>
 - ▲ *Aligning goals, resources and decision-making for good innovation* governance
<http://www.innovationmanagement.se/2013/05/03/what-is-innovation-governance-definition-and-scope/>
 - ▲ SSIR *The Essential Skills of Cross-Sector Leadership*
https://ssir.org/articles/entry/the_essential_skills_of_cross_sector_leadership
 - ▲ Institute for Development Studies on *meaningful participation*
<http://www.eldis.org/keyissues/what-participation>
- See GSG Guidance Material in Appendix A and in materials available from the GSG Team

4. Design and delivery of effective field building strategies for impact investment

Field building is not strategy-led in any linear or conventional sense. There is almost no part of the work of a NAB that is steady-state management and administration. No set of steps exist before the NAB does its first work to shape a vision and work out how to make the vision a reality. The analogy could be to build a tower, lay out a road or swim upstream. It is stimulating, pioneering work, and it calls for bold thinking and innovative leadership.

The stretch of the aspiration is great, so a focused and logical approach is called for that shapes a compelling case. The GSG recommends three core questions to frame an agenda for action: *'Where are we?'* *'Where do*

we want to be?' and *'How will we get there?'*.

- ▲ *Where are we now?* The first question will be answered through field definition and mapping that develops a fact base on the field, how it works and what the needs are.
- ▲ *Where do we want to be?* Answering this question calls for vision that embeds goals that people can get behind and a timeframe for achievement of those goals.
- ▲ *How will we get there?* The answer calls for an agenda with clear priorities and actions that grounds the NAB's purpose in the local context and engages a broader group of actors, including governments and policy makers.

Where are
we now?

How will
we get there?

Where do
we want to be?

4.1 Where are we now? - field definition and mapping

Most NABs have undertaken a field scan or ecosystem mapping exercise to ground their agenda. It is concrete and provides a structured and immediate way for the NAB to become active and engage people. Even champions of the field need to be encouraged and re-energised and those on the sidelines need to be encouraged onto the field. A well-planned field mapping exercise brings practitioners and others who are interested in impact investing together to create a shared understanding of the field and its current state.

Effective mapping will provide insight into:

- ▲ the current state of the field;
- ▲ where the energy and momentum are developing;
- ▲ who is active and the activity in which they are engaging;
- ▲ where there are gaps, challenges and opportunities; and
- ▲ connections to broader themes globally.

The purpose of field mapping is to paint a picture of the current dimensions of the field and what can or should be happening that then grounds a shared basis to engage different actors and move forward. For these purposes it does not need to be comprehensive and exhaustive. That can follow, for example some NABs have followed field scanning with more formal investor surveys and benchmarking of impact investment product in the market.²⁷

For the NAB specifically, the objective is to gather facts and insights from the field to inform the NAB's priority setting and delivery. The data points collected assist the NAB to identify strategies and actions employed in other countries that could prove suitable to their current context.²⁸

The ultimate objective is to identify those things which will enable breakthroughs and drive impact investment as an enabler of impact at scale.²⁹

²⁷ See, for example, the Australian NAB Strategy, Delivering on Impact, 2014 and subsequent Investor Survey and Benchmarking reports <http://www.australianadvisoryboard.com/publications>

²⁸ Addis, R & Koenig, A. Why the Social Impact Investment Taskforce Matters and What Comes Next in Impact Investing Policy: A Snapshot of Global Activity, 2014

²⁹ See the theory of change developed for the GSC that targets key breakthrough lever and actions which can be applied to the ecosystem in any country to drive scale by widening participation and deepening practice as set out in Appendix B and The Impact Principle: widening participation and deepening practice to drive impact investment at scale.

DEFINE THE DIMENSIONS OF THE MAPPING EXERCISE



There are three dimensions of mapping:

- 1 define the field of impact investing within the cultural and political context;
- 2 seek insight into the current dynamics; and
- 3 scope the approach to data and information collection.

The first dimension is defining the field within the cultural and political context for the purposes of the mapping exercise. This is important to establish relevance and value for the vision and narrative and coalesce stakeholders behind the purpose of the NAB.

Impact investing as defined by the GSG focuses on intention and measurement to optimise risk, return and impact to benefit people

and the planet. The decision for the NAB is what presentation will resonate authentically in the context. Approaches taken include presenting impact investment:

- ▲ in the context of opportunities to provide more that is positive for people and the planet and contribute new solutions;³⁰
- ▲ as overlapping with current political and cultural narrative, e.g. inclusive growth or reducing inequality;
- ▲ relative to a broader range of activity already active in a country e.g. community finance, ethical investing, microfinance, finance for social housing, development investment, blended finance, ESG investing, and active areas of socially responsible investment (SRI).

³⁰ See The Impact Management Project

FROM THE FIELD

Most NABs reflect cultural elements and existing practice that have framed their approach to ecosystem building for impact investing.

In some European countries, parts of **Canada**³¹ and **Latin America**, there is an established frame of the social or solidarity economy.

In **Germany**³² and some other countries there is a particularly strong welfare state. In some low and middle-income countries there is an active development finance or inclusive growth agenda.

In the **US**, community investment, housing and development finance all have their own practice and history.

In the **UK**, there are sensitivities to consider between access to appropriate finance for the community sector and social enterprise and other applications for impact investment.³³

In **Kenya** the mapping exercise was constructed based on the pillars of the ecosystem and included interviews with over 35 organisations as well as a review of all available literature published in recent years

Field mapping takes in common elements of the ecosystem, including the stage of market development, actors and products in the market and current opportunities, gaps and

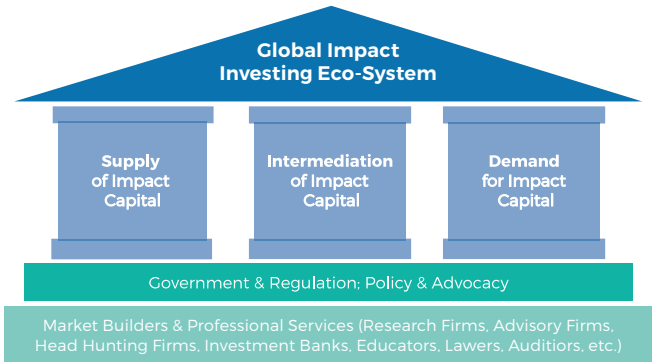
barriers (Box 6). The GSG recommends encompassing each of five foundations and pillars of the impact ecosystem in the mapping exercise (Figure 7).

³¹ <https://www.marsdd.com/wp-content/uploads/2011/02/MaRSReport-socialfinance-taskforce.pdf>

³² https://www.bertelsmann-stiftung.de/fileadmin/files/user_upload/Final_Report_NAB_Germany.pdf

³³ <https://www.bigsocietycapital.com/sites/default/files/attachments/UK%20Advisory%20Board%20to%20Social%20Investment%20Taskforce%20Report%20Sep%202020.pdf>

Figure 7:
Key frameworks for the impact ecosystem
GSG framework: pillars of the Global Impact Investment Eco-system



Source: GSG, 2017

The Impact Management Project spectrum of capital

Approach	TRADITIONAL	RESPONSIBLE	SUSTAINABLE	IMPACT-DRIVEN	PHILANTHROPY		
Financial goals	← Accept competitive risk-adjusted financial returns →				Accept disproportionate risk-adjusted returns	Accept partial capital preservation	Accept full loss of capital
Impact goals	Avoid harm						
	Benefit all stakeholders			Contribute to solutions			
Impact goals	Don't consider May have significant effects on important negative outcomes for people and the planet	Avoid harm Try to prevent significant effects on important negative outcomes for people & planet	Benefit Affect important positive outcomes for various people and the planet	Contribute to solutions Have a significant effect on important positive outcome(s) for underserved people or the planet			
Intentions	"I am aware of potential negative impact, but do not try and mitigate it"	"I have regulatory requirements to meet" "I want to behave responsibly"	"I want businesses to have positive effects on the world, and help sustain long-term financial performance"	"I want to help tackle climate change" "I want to help tackle the education gap"			
The 'impact economy'							

These pillars capture who is active in different parts of the field and activity that is occurring or needed for impact investing to grow.

The objective is to undertake a sampling sufficient to capture a sense of what is happening and what is

possible rather than to identify every actor or every transaction. The tools to achieve that sampling include:

- ▲ surveying practitioners and those who have expressed interest in the field;
- ▲ convening practitioners to discuss their work, other activity they are aware of

and where there is potential; and
 ▲ review of the available literature.

Frameworks are available relating to each of the elements: from the work of other NABs, in the impact investment literature and from the evidence base for development of other fields of market-based activity. These can help frame the sampling and discovery exercise.

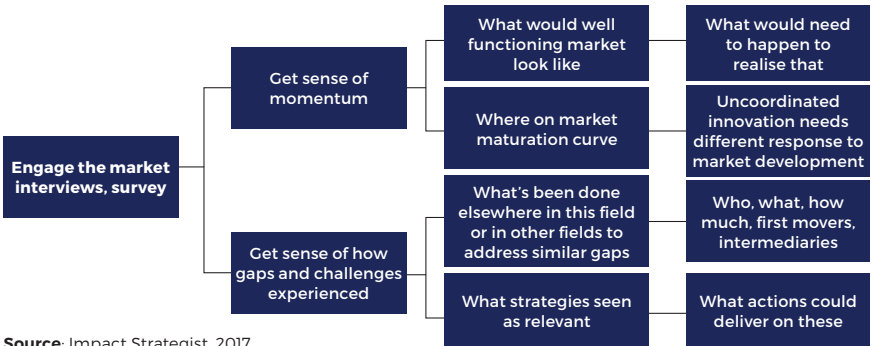
Some of the activity may not yet be named as impact investing, so it is useful to take a broad view encompassing areas of activity where the objectives are similar. These include Social Investing, Sustainable and Responsible Investing (SRI), Ethical Investing, Triple Bottom Line (TBL) investing, Blended Value Investing, Social Enterprise Investing,

Crowdfunding, Community Finance etc.³⁴ The Impact Management Project framework used by the GSG in field definition helps to break down these categories into more plain language, focusing on whether activity or investment is directed to:

- ▲ Avoiding harm;
- ▲ Benefit to stakeholders or planet; or
- ▲ Contributing solutions³⁵

The second dimension of mapping is insight into the current dynamics. Design the mapping process to capture a dynamic picture of where the momentum and energy is, how the gaps and challenges are being experienced on the ground and what can make the biggest difference to move things forward (Figure 8).

Figure 8: Informing an understanding of the dynamics of the field Behind the Process



Source: Impact Strategist, 2017

The experience of most NABs is that voices from the field are clearer about gaps and challenges than about opportunities and concrete actions to move things forward. It is useful to ask questions as part of the mapping process that seek input on

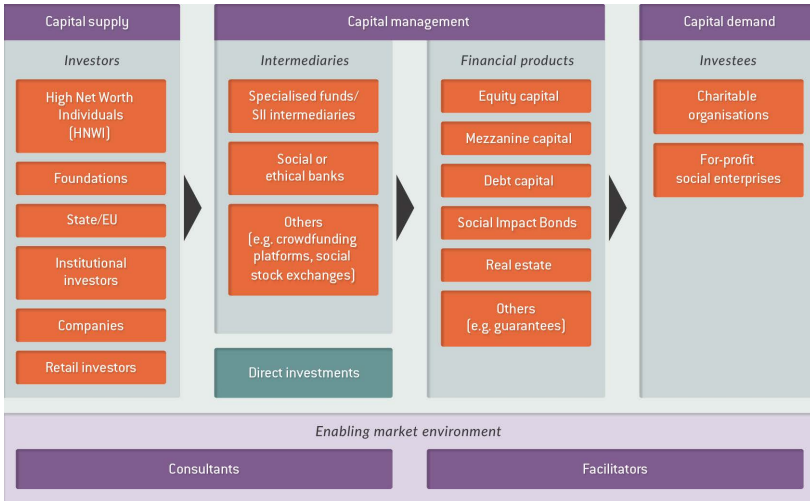
what strategies and actions could see challenges and barriers removed and opportunities realised.

³⁴ KPMG Policy Toolkit, Inception Report (2019)

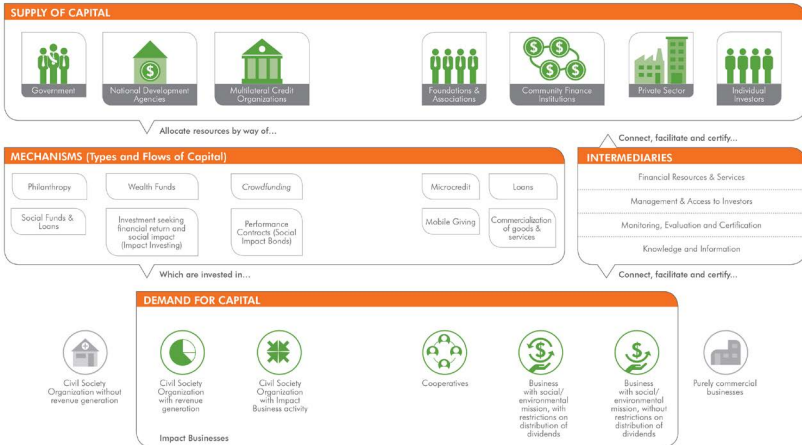
³⁵ See www.impactmanagementproject.com

Box 7:
Practice snapshot – Consistent themes in field mapping

Segmenting field data within the GSG framework



Source: German NAB ecosystem mapping (Bertelsmann Stiftung, Social Impact Investment in Germany: From momentum to implementation, 2016 at https://www.bertelsmann-stiftung.de/fileadmin/files/user_upload/Market_Report_SII_in_Germany_2016.pdf)



Source: Social Finance in Brazil: Solutions to Social and Environmental Challenges, October 2015 report <https://gsgii.org/reports/social-finance-in-brazil-solutions-to-social-and-environmental-challenges/>

The third dimension is the scope and approach to data and information collection. NABs have utilised a combination of desk research, interviews, public forums or convenings in mapping the field. The breadth and depth of enquiry depends on what information is already available and resources.

Existing NABs have found some combination of the following devices useful:

- ▲ Crafting a set of hypotheses about the strengths and challenges for the field that can be tested with practitioners and stakeholders. These hypotheses can be synthesised from available data and the field work in other countries.
 - ▲ Quantification of activity and potential helps get the attention of investors and policy makers. Being clear about what can be quantified and what the numbers represent is important because the numbers can quickly become a focal point for what people understand from the mapping.
 - ▲ Market sizing as a specific aspect of quantification, provided there
- is sufficient data to ground that sizing with credibility. Global market sizing commissioned by the GSC in 2017 is one reference point.³⁶ Other countries have modelled potential for domestic growth using assumptions based on the growth rates experienced in comparable countries (e.g. Australia's first field scan in 2013³⁷).
- ▲ Framing and methodology from other survey data including the Global Impact Investing Network annual surveys that now have sufficient track record to show growth trends.
 - ▲ Case studies that bring the actors and activity into relief that can inspire people about the potential.
 - ▲ Asking practitioners and stakeholders to identify strategies and actions that could remove barriers and build on strengths. What has been heard from the market provides another input to the NAB menu of options.
 - ▲ Engaging consultants to support with the work, this may also be low or pro bono. McKinsey, PWC and KPMG have all been engaged with the GSC in the past.

³⁶ Global Impact Investing: Market Size and Forecast - From 2015 till 2020, 2017

³⁷ Addis, A, McLeod, J & Raine, A. *IMPACT-Australia: Investment for Social and Economic Benefit*. 2013; Australian Department of Education Employment & Workplace Relations; see Appendix 4

4.2 Where do we want to be? – set goals and make the vision concrete

Based on the analysis of the mapping, each NAB develops a vision to take the field to a better functioning, more developed state and greater scale in a reasonable timeframe.

The strategic agenda must be:

- ▲ Targeted, so that effort concentrates to where it will be effective;
- ▲ Overarching so that advances are felt across the field, or in significant parts of it;
- ▲ Well-developed so that the impact will be significant;
- ▲ Inspirational so that participants will lend their support to implementing the agenda (Figure 6).

Strategies of this kind in the impact investing field no longer need to be devised in isolation. The precedents

and experience base are developing rapidly and available as part of the knowledge offering of the GSG.

Current NABs can move with greater speed and confidence by accessing the increasingly convergent core global narrative of impact investing. Likewise, the GSG membership can share insights into the means by which NABs can most readily add value and develop the market infrastructure needed to drive impact investing forward. Not least, the lessons learned by the global practitioners are instructive for boards and their stakeholders who want to avoid the pitfalls and accelerate the uptake of productive action that is recommended by success in similar countries and contexts.

Figure 9:
Framing a strategic agenda grounded in where the field is now and focused on where it needs to go next



The vision for where impact investing is headed needs to draw in individual actors and institutions and provide an integrated perspective of their contributions on what a dynamic, mature and impactful field could look like.

The NAB's strategic agenda needs to invite and encourage participants to work with the NAB to make the field as a whole perform better together. The benefits are tangible for everyone and contribute to a virtuous cycle of improvement and efficiency, such as:

- ▲ standardisation of measurement that allows easier planning, management and benchmarking,
- ▲ synergies captured through cross-learning,
- ▲ realising the benefits of scale through increased impact per cost input,

- ▲ development of capability,
- ▲ and joint approaches to government and public institutions.

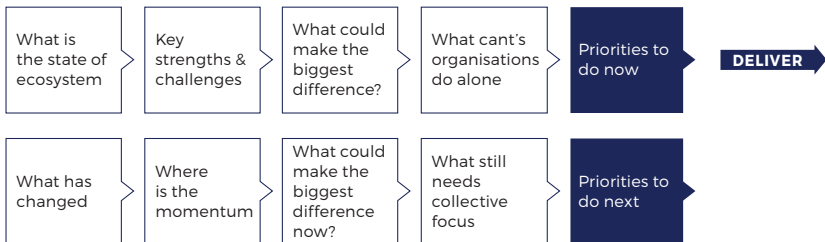
The NAB, by integrating these higher-level potential benefits into the agenda, draws attention to the greater opportunities to participate and the greater impact that can be delivered with scale.

The agenda needs to take the field forward, which requires a willingness to go where the evidence and experience points, anticipate what will be needed next and trial new things.

To drive toward significant growth requires the NAB to consider breakthrough, experimental and disruptive measures beyond what can be achieved by logical, incremental development.

Figure 10:

A National Advisory Board's agenda springs from the question 'What does the field most need now?'



Source: Impact Strategist 2017

This means a process of exploration to arrive at options then translating those into goal-oriented interventions that show and encourage others how to reach the envisioned future.³⁸

The agenda is not merely a working paper for the board; it is a focal point for alignment of support to objectives and actions. The NAB has a vital role in communicating the strategic agenda and priorities for the field. Most NABs have laid out their strategic agenda in an initial report which captures

the plan of action and provides a reference point to which the NAB's achievements can be related back, and which builds credibility and trust.

The communication role goes further to include delivering information about what is needed and what is working, highlighting notable practice (known and new), linking people with others interested in the field and with useful information on developments and continuing to enthuse people to find a way to the goal.

³⁸ Adapted from Voros, J. A Generic Foresight Process Framework, 2005 adapted from an earlier version of that paper in Foresight, vol 5, no 3, p1, 2003

4.3 How will we get there? – Create a strategic agenda with clear priorities and actions

The agenda-setting and mapping processes inform development of the NAB strategy and work agenda. The objective for the NAB is to work up priorities across the identified current needs and possibilities sufficiently to form an agenda for action that field participants will recognise as useful, inspiring and achievable.

The process involves the NAB developing considered and intentional actions, a logical sequencing of those actions, and a reasonable pacing of ambitions to move the field forward and achieve positive improvements. Keeping focus on the core functions for NABs enables attention to where the emphasis can be directed and then re-balanced and adjusted over time as the field develops.

IDENTIFY OPTIONS TO DRIVE IMPACT INVESTING FORWARD

Building a field requires a combination of mutually reinforcing tactics. Options for what can take the field to from one stage of development to the next have 3 main sources:

- ① What has been heard from the field through the mapping process about what is happening and what needs to happen next.
- ② What has been done across industries to identify actions that accelerate market development.
- ③ Actions identified by the Taskforce, GSG and in other countries to drive impact investment.

A well-designed mapping process will generate ideas from practitioners and stakeholders about what is needed. Ideas generated through the consultation process need to be mapped against the goals that have been defined by the NAB.

Understanding the stages of field development helps target and prioritise action and infrastructure to help move things to the next stage. There is an accumulated literature and evidence base from other fields of market-based activity to draw upon including venture capital, clean and renewable energy, infrastructure development as well as fields related to impact investing such as community development finance and microfinance that have longer track records.

The original 'Monitor Report' which coined the term *impact investing*³⁹ looked at the field as a market system and laid out key stages of market development and the key requirements to move from each stage to the next. The work of the GSG and NABs to date has coalesced around two key points in this evolution: the transitions from uncoordinated innovation to marketplace building and from marketplace building to driving toward greater value creation and impact. Progress has been made

³⁹ Freireich, J & Fulton, K. Investing for Social & Environmental Impact: A Design for Catalyzing an Emerging Industry. 2009, Monitor Institute

in a number of areas which enable new countries joining to identify opportunities to accelerate progress (Figure 11).

The options identified by the Taskforce, GSG and other NABs concentrate on actions to mobilise different parts of the field, which can be synthesised as follows.

- ▲ Incubation of infrastructure to encourage intermediaries and demonstrate new models (e.g. impact wholesale institutions, impact funds of funds, outcomes platforms);
- ▲ Design or adapt initiatives to engage institutional investors (e.g. '90/10' approach for pension funds in France; reporting requirements);
- ▲ Mobilise philanthropic foundations to take a system development role as well as to embrace impact in the investment as well as grant making side of their activities (e.g. catalytic funding);
- ▲ Develop programs to enable impact driven enterprise (e.g. investment readiness support; accelerators);
- ▲ Design and implementation to demonstrate efficacy of impact investment instruments (e.g. SIBs or funds);
- ▲ Provide regulatory frames for impact driven businesses (e.g. B Corp legislation and other corporate forms);
- ▲ Work with the government to enable outcomes-based procurement on a national scale, or to implement policies that will have a transformational industry-wide effect (e.g. modification of the CSR law in India to invest not only in non-profits but also in impact enterprises)
- ▲ Encourage the retail market (e.g. movement building campaigns)
- ▲ Encourage donor and development agencies to promote innovation, enterprise and investment as part of inclusive social and economic growth agendas (e.g. credit enhancement, targeting ecosystem gaps, facilitating technical assistance, capacity building and enterprise development);
- ▲ Develop impact management and measurement tools and encourage their uptake (e.g. benchmarking, socialising impact management frameworks).
- ▲ Some NABs have developed options that build on topical issues in their country context. The focus on the different parts of the ecosystem that makes up field capacity has been supplemented with deeper dives into issues that have currency locally.

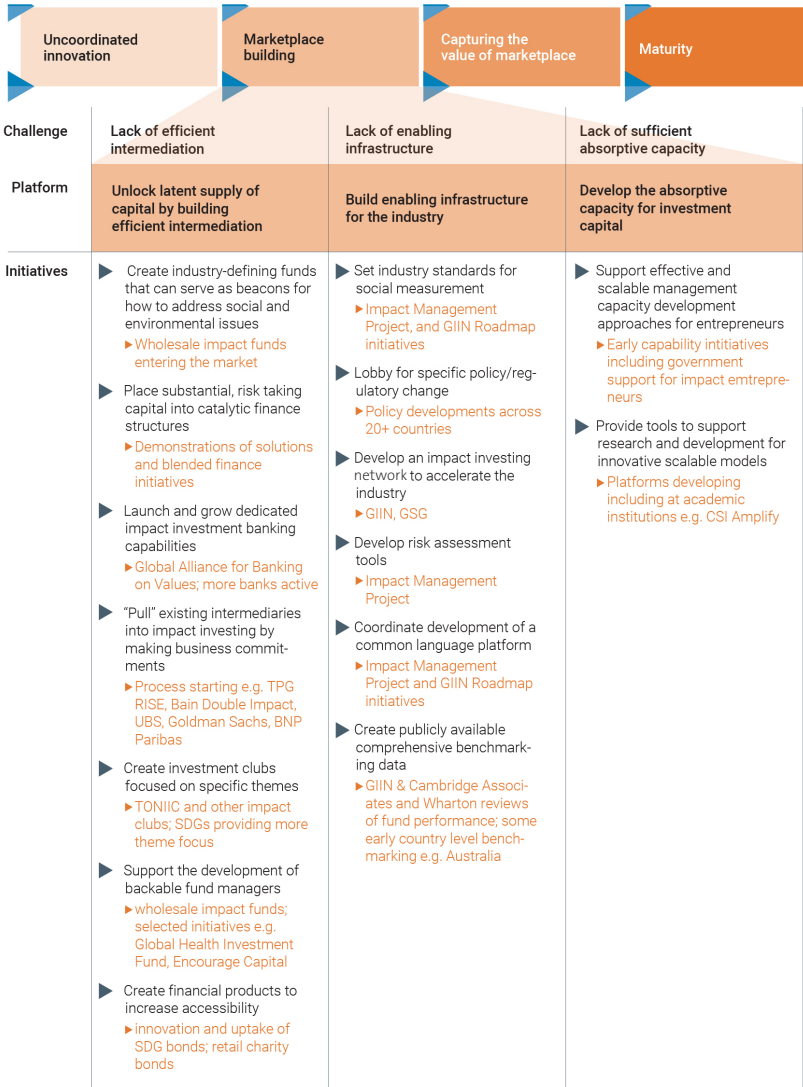
FROM THE FIELD

There are a number of examples of issues focused approaches to drive ground breaking initiatives. The current GSG focus on incubating platforms at scale focuses on education. In **Finland**⁴⁰ and Italy initiatives have focused on refugee resettlement and several countries brought together ideas and experience on that issue at the 2016 GSG Summit in Lisbon. In **Australia**, the NAB has made contributions to developing momentum relating to housing and to transformative reforms in the disability sector.

In emerging markets such as in **Ghana, Kenya**, or in **South East Asia**, the starting point of NABs or future NABs building their national strategy and priorities of action is very often aligned to the SDGs, especially when the government has aligned its own priorities to them. For instance, the NAB in Kenya will link its national strategy to the “Big 4 Agenda” of the national government, intimately linked to the SDGs: Food Security, Healthcare for All, Affordable Housing, and Inclusive Manufacturing.

⁴⁰ Koto-SIB, <https://kotosib.fi/en/#yleista>

Figure 11:
Key Initiatives to Build a Marketplace for Impact Investing and examples of what market building organisations have been doing to advance these.



Source: Addis, R, Michaux, F and McCutchan, S, *Scaling Impact: Blueprint for collective action to scale impact investment in and from Australia*, 2018, Impact Investing Australia, adapted from Freireich, J & Fulton, K, *Investing for social and environmental impact*, 2009, Monitor Institute

PRIORITISE ACTIONS AND SHAPE THE WORK PROGRAM

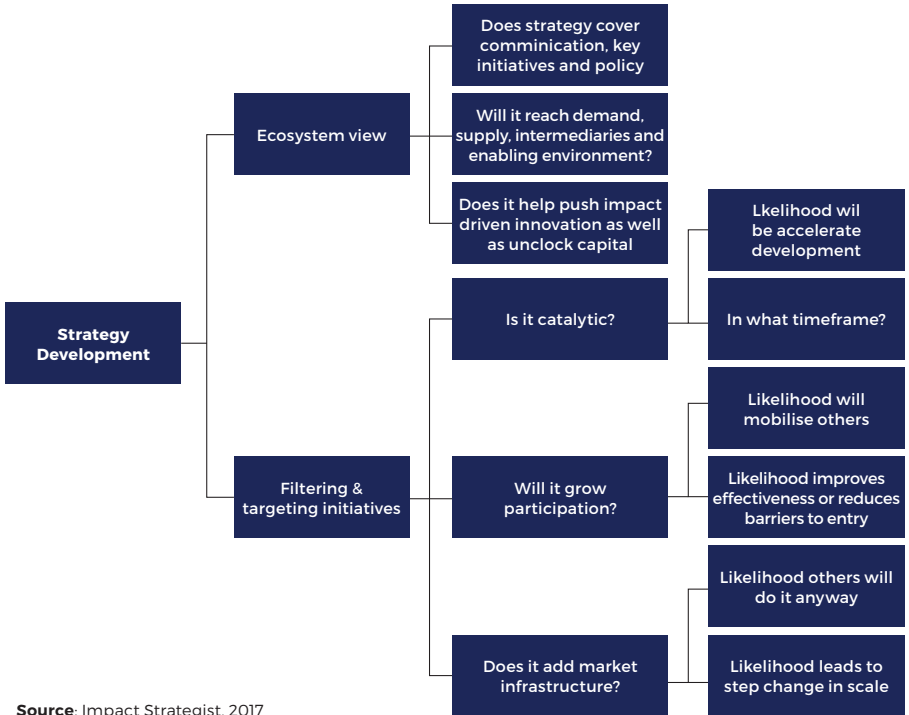
Filtering the options through local and global lenses enables the NAB to target an achievable stretch beyond the status quo and combine quick wins that build confidence with high value actions that can break through to drive scale. Deciding which opportunities to pursue and in what order will involve a mix of discipline, pragmatism and opportunism.

The first step is to ensure the priority actions are grounded in the reality of

the local context (Figure 10) based on the answers to:

- ▲ What is the field in this country ready for?
- ▲ Who is mobilising and what are they ready for?
- ▲ Where is greater awareness, engagement and education needed to mobilise the field?
- ▲ What is actionable now that can move things beyond incremental growth?
- ▲ What will enable the field to break through to the next stage?

Figure 12:
Selecting priorities and actions to drive impact investing forward



Source: Impact Strategist, 2017

The next stage of prioritisation draws on where the global momentum is coming from which can accelerate progress locally and ensure the country is equipped to participate in the developing global market. That assessment draws upon:

- ▲ Global objectives shaped by the GSG.
- ▲ Where the weight of activity and knowledge or expertise is across other GSG member countries.
- ▲ What has been successful in driving development of other markets (e.g. venture capital, infrastructure, clean energy) at an analogous stage of development.
- ▲ Engaging governments as partners in design and development of key market infrastructure can have a powerful catalytic effect to mobilise the market.

FROM THE FIELD

A number of NABs have worked proactively to secure government funding as a foundation for an impact wholesale fund. NABs in **Portugal, Japan, South Korea, Canada** and **Australia** have followed the lead of the **UK** and **EU** in seeking foundations investment to seed an impact wholesale fund for their jurisdiction.

The case for impact wholesale funds and experience drawn from different jurisdictions is documented by one of the GSG working groups as a resource for NABs and other stakeholders: Building Impact Investment Wholesalers.

The starting point for each of these initiatives has been different. Japan focused initially on securing access to funds from unclaimed bank accounts, then developed strategies for how they can be deployed to accelerate impact investing. Portugal allocated European Union structural funds to establish Portugal Inovação Social. Canada developed the case for an impact wholesaler through the Social Innovation and Social Finance Strategy Co-Creation Steering Group. The Australian NAB led co-design of a blueprint for its proposed wholesale fund. Impact Capital Australia, then engaged stakeholders and government in the shared vision and implementation-ready design. The Korean NAB advocated an impact wholesaler as a key policy initiative to drive market infrastructure.

Impact wholesale funds were the focus of a GSG Working Group Report in 2018, bringing together the lessons from across different countries and recommending the way forward for others.⁴¹

⁴¹ <http://gsgii.org/wp-content/uploads/2018/10/GSG-Paper-2018-Wholesalers.pdf>

The final aspect of priority setting is to identify what actions the NAB will lead and which may form the basis of a call to action that engages and activates a broader range of participants. This needs to reflect the engagement with the field in the process of strategy development and contributes a critical aspect of the frame for delivery and engagement flowing from the strategy.











Box 7 provides examples of the action-oriented agendas with clear priorities shaped by the NABs in GSG member countries. The experience gained by the GSG and existing NABs reinforces the need to focus on actions designed to mobilise the field or specific parts of it, complemented by awareness raising and engagement to drive participation and proactive engagement of governments and policy makers.

Box 8:

Practice Snapshot – Lessons from other NABs in setting the strategic agenda

The **UK NAB 2017** report the Rise of Impact outlines a highly functional playbook for stakeholders. It frames its strategic focus around 5 steps toward an inclusive and sustainable economy and provides a blueprint for action for each that identifies the primary and secondary audience.

5 Steps toward an inclusive and sustainable economy

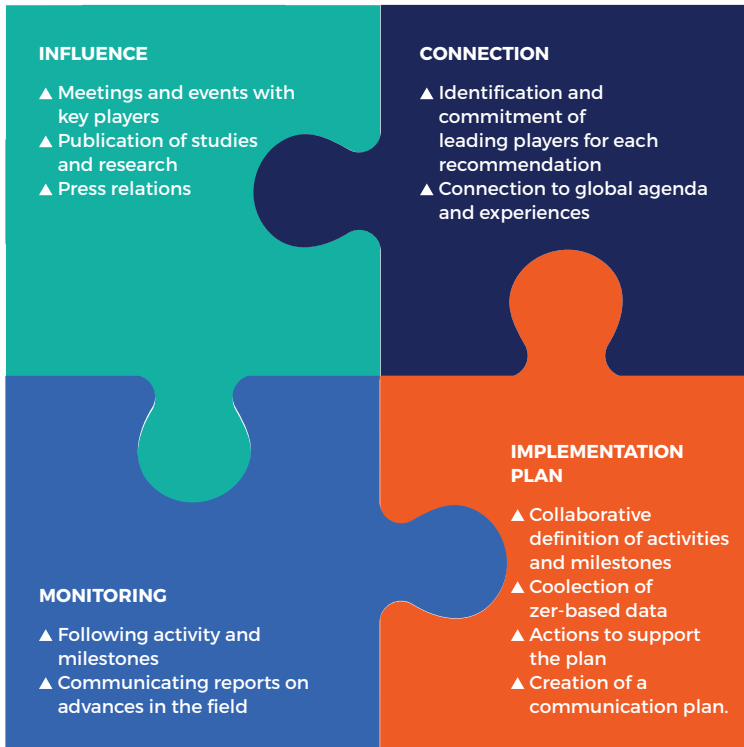
	Primary	Secondary
Step 1: Adopt an inclusive and sustainable UK investment agenda		
Step 2: Empower savers to invest in line with their values		
Step 3: Put purpose at the heart of public procurement		
Step 4: Accelerate the rise of purposeful business		
Step 5: Strengthen the UK's role in international development finance		

-  Government
-  Investors
-  Pension funds
-  Business & Entrepreneurs

Source: UK NAB, The Rise of Impact, 2017

The **Brazilian Taskforce (forerunner to the NAB)** created clear priorities for action distilled in 15 key recommendations from a comprehensive and wide-ranging survey of key stakeholders then clearly identified the role for the Taskforce. Each recommendation is coded by reference to the following framework for prioritising actions.

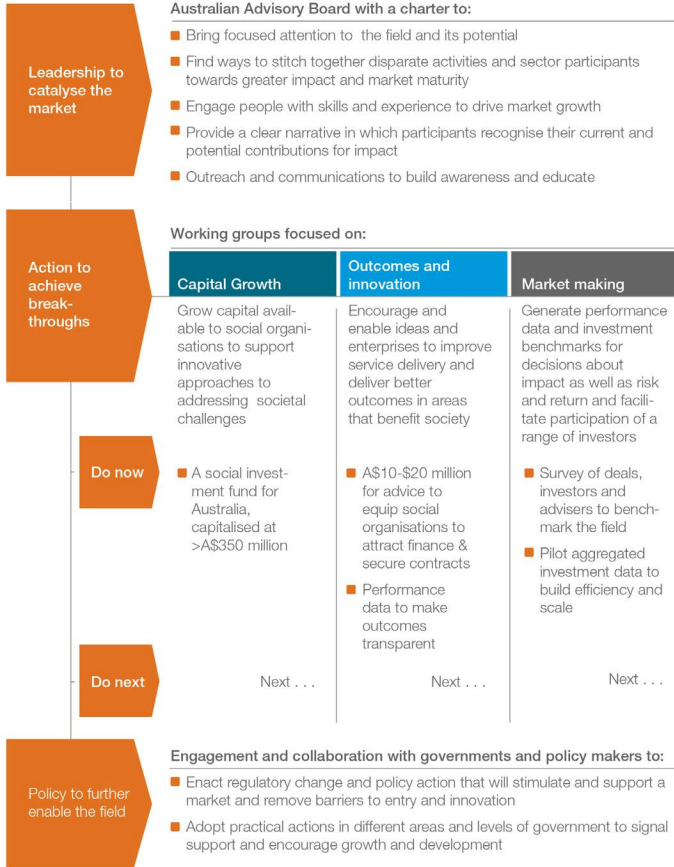
Proposed role for the taskforce after this publication



Source: Social Finance in Brazil: Solutions to social and environmental challenges, 2015, Brazilian Social Finance Taskforce

The **Australian NAB's** 2014 strategy to catalyse impact investment provides a framework of leadership, action and policy with key objectives for each. The action element included 5 concrete breakthrough initiatives which the NAB implementation arm, Impact Investing Australia, convened and curated working groups to co-create, then took on incubation and delivery.

Australian Advisory Board Breakthrough Strategy for Leadership, Action & Policy



In 2017 the NAB then undertook a field scan to assess what had shifted and what was needed next. This led to development of a 2018 blueprint for collective action across 3 themes:

***Scaling Impact & Investment *Building the Field *Making it easier to Participate**

The focus is on developing more distributed leadership under the auspices of the NAB as a central point for collaboration and collective action.

Source: Delivering on Impact: The Australian Advisory Board Breakthrough Strategy to Catalyse Impact Investing in and from Australia, 2014; Views from the Impact Investing Playing field in Australia on What's Happening and What's Needed Next, 2017; Scaling Impact: Blueprint for collective action to scale impact investing in and from Australia, 2018

REVIEW PROGRESS & PRIORITIES FOR WHAT'S NEEDED NEXT

Strategic agenda setting is a dynamic process that requires attention and review. Bringing focus to what it is the right time for and what is needed next to drive impact investment requires attention to:

- ▲ What has been achieved;
- ▲ Where practitioners are currently seeing opportunities and experiencing challenges;
- ▲ Where stakeholders see and are seeking value from the NAB;
- ▲ What are the current opportunities to break through in local context;
- ▲ Where the focus and momentum is in other countries with analogous contexts.

NABs are encouraged to measure and report on the impact of their own entities, as well as on the change of the broader impact investment market. The aim is to assess effectiveness of the NAB and its approach and refresh and re-set priorities and assess where strategic focus could move the field forward (Box 9).








In addition to refreshing the strategic agenda, this process requires attention to the energy of the NAB and whether its composition and operating capacity and structures are fit for purpose for the next stage of development. Most NABs have found that a process of review, refresh and renewal is necessary to maintain momentum. That includes changes to the composition of the NAB and roles within it to prepare for the next phase.

There is not a set timeframe, however, patterns from what has been learned so far indicate NABs should expect phases and time frames for the work program:

- ▲ Initial process of field mapping and agenda setting ~12 months
- ▲ Implementation and engagement ~2 years
- ▲ Review of what has been achieved, current state of the field and what is needed next, including for the NAB ~12 months
- ▲ Refreshed agenda and NAB take forward next steps

Box 9:**Practice Snapshot – Lessons from other NABs in reviewing progress**

The **Japanese NAB** surveyed the social impact investment landscape in 2014 to identify strategic priorities for development. In 2016, they reviewed the state of the field to identify areas for strategic expansion of the field.

Theme	Overview	Specific action and progress situation
Utilization of Dormant bank accounts	Enactment of the Dormant Bank Accounts Utilization Promotion Bill and support for the promotion of speedy project implementation after bill enactment.	 Under Consideration <ul style="list-style-type: none"> May, 2015 : Collected public comments concerning Dormant bank accounts. Sep, 2015 : Bill outline regarding utilization of funds provided by dormant bank accounts was made public. May, 2016 : Started deliberations on Dormant bank accounts in the ordinary Diet.
Introduction of SIB and DIB	Develop a suitable Japanese version of the SIB scheme in order to carry out projects introducing Social Impact Bonds (SIB)	 Under Consideration <ul style="list-style-type: none"> Apr, 2015 : Started 3 SIB pilot programs Jun, 2016 : Started development support for the official introduction of SIB in 2017 as a commissioned project by the Ministry of Economy, Trade and Industry (METI). Jun, 2016 : SIB utilization was mentioned in major policies.
Corporation systems and certification which facilitate social projects	Creating corporate systems and certification systems in order to facilitate the project implementation and financing of social corporations.	 Under Consideration <ul style="list-style-type: none"> Mar, 2016 : The first obtainment of B Corporation Certification in Japan Apr, 2016 : Establishment of the Nonprofit Organization Evaluation Center Apr, 2016 : METI Research Society issued a report about the state of service business entities which support the community
Establishment of a social investment tax reduction system	The tax reduction system will be established as a financial incentive in order to increase the motivation of private investors to invest in social projects.	 Not yet started <ul style="list-style-type: none"> Apr, 2016 : The new Economic Union proposed the expansion of social impact investments by a taxation system which promotes venture investment.
Permeation of social impact measurement	Establishing a measurable goal concerning the social impact caused by social corporations and improving the environment for monitoring.	 Under Consideration <ul style="list-style-type: none"> Mar, 2016 : Cabinet Office working group issued a report on social impact measurement. Jun, 2016 : The “Social Impact Measurement Initiative” platform was launched Jun, 2016 : The National Advisory Board released a social impact measurement tool set.
Clarification of fiduciary liability	Confirming that social impact investments do not violate fiduciary liabilities, institutional investors should also improve the environment	 Not yet started <ul style="list-style-type: none"> Sep, 2015 : The Government Pension Investment Fund (GPIF) signed the United Nations Principles of Responsible Investment (PRI).
Increasing private investors	Creating opportunities for society as a whole by heightening national investment literacy and actualizing potential investors.	 Not yet started <ul style="list-style-type: none"> May, 2015 : The entry requirements for stock investment-type Crowdfunding were relaxed. May, 2015 : The Cabinet Office’s “Guide to Furusato Investments” was published, and the utilization of small loans including Crowdfunding was promoted.

 : In Progress  : Under consideration  : Not yet started

Proposals for the expansion of social impact investment in Japan
published by the National Advisory Board

Source: Current state of social impact investment in Japan, 2016. Japan National Advisory Board

▲ **Portugal:** Similarly to a few other NABs, the Portugal NAB produces an Impact Report for the NAB. The report highlights progress made to date on the 5 priorities of action of the NAB established in 2014, and areas where work is still needed. http://taskforce.maze-impact.com/wp-content/uploads/2018/09/Progress_report_EN_WEB_092018.pdf

▲ **Australia:** The NAB initiated the “Benchmarking Impact: Australian Impact Investment Activity and Performance Report” which is being continued by the Responsible Investment Association of Australasia. This report includes tracking SDGs. <http://impactinvestingaustralia.com/wp-content/uploads/Benchmarking-Impact.pdf> and <https://responsibleinvestment.org/wp-content/uploads/2018/07/Benchmarking-Impact-2018.pdf>

▲ **Italy:** Italy’s NAB produced an impact report for the sectors’ development in the country: <http://www.tiresia.polimi.it/social-innovation/tiresia-social-impact-outlook-2018-2/>



4.4 Engage others in the agenda

For impact investing to grow, leadership needs to come from relevant groups, top-down and bottom-up.⁴² This is such an important aspect of a NAB’s value proposition that it warrants dedicated focus as part of each NAB strategy with objectives to:

- ▲ Raise the profile of impact investing by raising awareness, communicating its value and educating relevant groups;
- ▲ Facilitate those interested to become active and those already active to extend and deepen their activity and effectiveness.

NABs should expect that people and organisations will need support through education and outreach to understand impact investing and become involved. Existing NABs have utilised combinations of the following media and channels:

- ▲ Develop country-specific communication tools including websites, newsletters, reports and other publications.
- ▲ Develop flagship events that create profile and generate interest for the field (Box 9).

⁴² Ibid

- ▲ Use tools ranging from case studies, stories of impact champions and pioneers, stories of beneficiaries, enterprise visits, field tours, visiting speakers, social media, conferences and other platforms to show what impact investing is and enables.
- ▲ Enlist NAB members and ambassadors to play a role in communication and outreach. As well as sharing the load, this broadens the reach of awareness raising. NAB secretariats can provide talking points.
- ▲ Connect people and organisations with one another and with tools to engage as leaders, practitioners and advocates. This includes connecting through the GSG and network organisations e.g. GIIN, the Impact Management Project, B Lab. Mapping

can be translated into resources that assist with this by directing people to appropriate organisations active in the field.

- ▲ Partner with industry bodies to deliver education for key stakeholders, e.g. sector specific or through industry bodies such as those for directors and advisers.
- ▲ Partner with education delivery partners including universities

There is a growing base of GSG communications and resources for NABs to draw on, including to share what the existing NABs have done, individually and collectively, to illustrate the potential of impact investment and inspire others to participate in the field.

Box 10:

Practice snapshot – How NABs are creating flagship engagement events

- ▲ **Brazil:** the NAB convened 600+ people from across Brazil (5% from outside Brazil) for three editions of its national impact investment event which takes place every two years. The event has a strong entrepreneurial focus and represents the national ecosystem.
- ▲ **India:** Impact Investors Council (IIC), India's NAB, organises a biennial LP-GP Conference. The event in 2018 included: 1) Limited Partners & General Partners (LP/GP) Meetings, 2) Immersive Grassroots tours, 3) A Deep dive into Five Impact Sectors.
- ▲ **Mexico:** the NAB organises and hosts the largest impact investment event in Latin America <https://www.inversiondeimpacto.org/>. The 2018 (9th) edition attracted 500+ people: investors, entrepreneurs and capacity builders from 26 countries around the world.

4.5 Engage proactively with government and policy

Engaging governments and policy makers is central to a NAB's value and functions. This also warrants dedicated focus as part of NAB strategy with objectives to:

- ▲ Constructively engage with governments to accelerate progress, send strong signals to other parts of the market and build confidence;
- ▲ Develop understanding and uptake of policy to develop impact investing as part of the policy toolbox.

The GSG recommends the following as part of a range of strategies.

- ▲ Design targeted forums to provide a platform for political leaders; this affords an opportunity to focus those leaders on impact investing.
- ▲ Encourage government to nominate a Ministerial champion to advance the dialogue, relationships into government and opportunities for policy development.
- ▲ Via the NAB, bring a collective stakeholder voice behind policy priorities through coordinated submissions to government inquiries and processes.
- ▲ Coordinate delegations that bring leaders and influencers together under the NAB banner to meet with policy makers and Ministers.
- ▲ Work through the GSG to reach multilateral forums (e.g. G7, G20, ASEAN); see for example the results of work led by the GSG with Latin American NABs to secure reference to impact investing in the G20 Communique November 2018.

- ▲ Connect policy makers to trusted agencies (e.g. OECD and Brookings Institute) and to leaders in other governments to build confidence and create networks.

Effective engagement is critical to gain traction in crowded policy agendas. Different actors in the impact investing field have their own language, stakeholders and interests, so when they approach governments separately, the messages can appear fragmented.

NABs can bring together the different voices in a unified way with clear messages about the value for governments, how the different parts of the field come together to deliver that value, and what action is needed from governments and through policy action.

The NAB can bring together an ecosystem view of how impact investing is additive to government funding, policy, and service delivery by enabling innovative delivery models, greater focus on prevention and achievement of outcomes and delivering a multiplier effect by leveraging private capital for public good. For example, NABs are uniquely placed to show governments how partnerships with the field can make possible new ways to tackle objectives that have been dealt with only within the traditional means of government, e.g. via welfare and public institutions. These overlaps and opportunities for innovative delivery are not obvious until worked through with a genuine concern to solve the

government's concerns alongside the field's own issues.

The process of engagement can be streamlined where governments nominate an area within the bureaucracy to take responsibility e.g. the UK⁴³ and New South Wales in Australia⁴⁴ and Brazilian⁴⁵

governments⁴⁶. NABs can highlight the benefit to governments of drawing together a dedicated capability within the administration that has a mandate to gain understanding of the opportunities and stakeholders, coordinate activity, attract talent, and mobilise departments.

FROM THE FIELD

The **State of New South Wales in Australia** was an early leader in impact investment and one of the first jurisdictions to have a whole-of-Government strategy. The State Treasurer has responsibility for impact investing and there is a dedicated Office of Social Impact Investment that works jointly across the Treasury and the Premier's Departments. This provides a go-to place within the Government to drive initiatives, develop expertise and provide a point of contact to the market, which also gives the Government clearer understanding of the appetite and opportunities.

The **Finnish** NAB has engaged closely with their Government. Their Ministerial Champion, Pentti Pikkarrainen who chairs the Finnish NAB, is also the Director General of the Financial Markets Department at the Ministry of Finance. Before the launch of the Finnish NAB, there was also close engagement with the Ministry of Finance on early social impact bonds.

⁴³ Unit originally located in the Cabinet Office with responsibility to the Minister for Civil Society and now located in the Department of Digital, Culture, Media & Sport working in collaboration with the UK Treasury

⁴⁴ The Office for Social Impact Investment, Government of New South Wales

⁴⁵ Government of Brazil, Agência Brasileira da Inovação

⁴⁶ World Economic Forum, Behind the Scenes of Impact Investment Policy-Making at http://www3.weforum.org/docs/Behind_the_Scenes_of_Impact_Investment_Policy-making_report_2018.pdf

EQUIP THE NAB TO NAVIGATE POLITICAL AS WELL AS POLICY TERRAIN

Networks of influence are important to achieve political traction. The work of the NAB is likely to outlive individual governments, so it is important to build relationships across the political spectrum.

Where there is not yet political commitment to impact investing, NABs can link the opportunity for impact investment to a government priority e.g. inclusive growth, job creation, economic innovation.

Approaches can include:

- ▲ Show examples where impact investment has played a role to deliver impact;
- ▲ Tailor opportunities to issues with policy currency;
- ▲ Initiate or contribute to thought leadership on key policy issues of the day to illustrate role of impact investing as part of the solution, e.g. affordable housing or resettlement of refugees

Where there is a stable political environment and developed system for delivery of social and community services, the NAB approach will clearly be different from countries that do not have that stability in the system. Where there is significant development investment, donor governments and agencies, including development finance institutions, are important allies for building the environment for impact investment to develop with some confidence.

BUILD UNDERSTANDING OF THE ROLES OF GOVERNMENT AND POLICY TOOLBOX

The GSG, other NABs and the OECD have framed a well-defined role for governments and a policy toolbox which can be adapted for new contexts quickly. (Figure 12).

The policy levers for impact investing often affect social, environmental and cultural policies.⁴⁷ They also expand policy settings for innovation from economic priorities to a broader range of social, environmental and cultural issues affecting society and government delivery.

While relatively few governments⁴⁸ have adopted a cohesive policy framework for impact investment, NABs can encourage this aspiration. It is also useful for the NAB to map what a comprehensive approach to enabling policy would look like to assist prioritisation and see where progress is being achieved and gaps remain.

Building on the work of the Taskforce⁴⁹ most NABs have placed emphasis on actions that:

- ▲ Create incentives for new investment (e.g. tax incentives);
- ▲ Remove regulatory barriers (e.g. clarification of fiduciary duty);

⁴⁷ See, for example, Wilson K & Silva, F, Policies for Seed and Early Finance: Findings from the 2012 OECD Financing Questionnaire, OECD Science, Technology and Industry Policy Papers, No. 9, OECD Publishing, 2013; Rosemary Addis The Role of Governments and Policy in Social Finance in Alex Nicholls, Jed Emerson & Rob Paton (eds) Social Finance, OUP, 2015.

⁴⁸ UK, Brazil and the State of New South Wales, Australia

⁴⁹ Social Impact Investment Taskforce, Policy Levers and Objectives, 2014

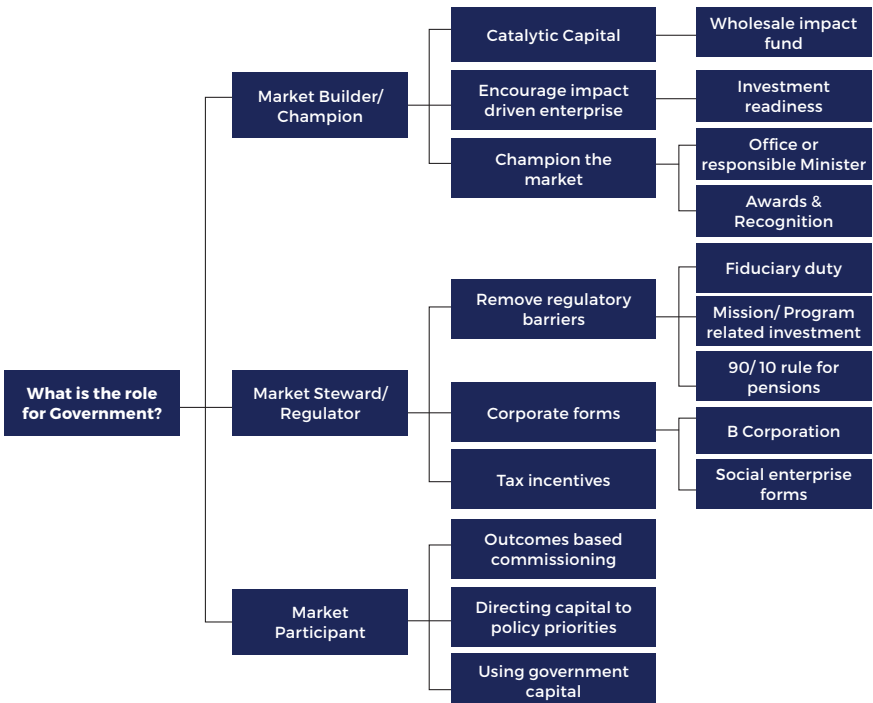
- ▲ Address failures common to new markets (e.g. catalytic funding and encourage private investment);
- ▲ Promote innovation and enterprise development (e.g. enterprise support and incentives for collaboration);
- ▲ Create new market opportunities (e.g. social procurement)
- ▲ Promote an outcomes orientation in commissioning (e.g. pay for success).

A GSG led working group in 2018 reviewed policy actions across countries where NABs are active

and developed an overview of the policy toolbox on which existing and new NABs can draw. (Footnote GSG Working Group, Catalyzing and Impact Investment Ecosystem: A Policymaker's Toolkit, 2018, GSG; see Appendix D

NABs can seek to encourage broader contributions from governments than regulation and money, for example: contributions of experience, data, research, and policy content and finding opportunities for collaboration, partnering, events and awards.

Figure 13:
Overview of Governments' role and key policy levers



Source: Adapted from Taskforce Policy Levers and Objectives, 2014; Addis, Role of Governments and Policy in Social Finance, Nicholls et al (eds.), 2015

FROM THE FIELD

The **US** National Advisory Board (now US Alliance on Impact Investing) has had an active focus on policy. Their 2014 strategy set out a framework for action that spanned the legislature and executive.

LEGISLATIVE ACTION	JOINT ACTION & INFLUENCE	EXECUTIVE ACTION
<p>Approve the Treasury's Pay-for-Success Fund. (p.29)</p> <p>Ongoing support for the Community Reinvestment Act (CRA). (p.16)</p> <p>Ongoing support for The Community Development Finance Institution (CDFI) Fund, along with the Capital Magnet Fund (CMF), and funding for the National Housing Trust Fund (NHTF). (p.33)</p> <p>Ongoing support for the Low-Income Housing Tax Credit (LIHTC) and the New Market Tax Credit (NMTC), including efforts to make the NMTC permanent. (p.35)</p> <p>Review the tax code to target opportunities to support impact investments. (p.35)</p> <p>Loosen regulatory and legislative constraints on the US Overseas Private Investment Corporation (OPIC). (p.26)</p> <p>Remove investment restrictions on USAID's Development Credit Authority. (p.26)</p> <p>Streamline access to development finance. (p.29)</p>	<p>Promote flexible funding within agencies. (p.27)</p> <p>Replicate model impact investing programs to stimulate private investment. (p.31)</p> <p>Encourage integrated public-private grant-investment capital funds for global development. (p.35)</p> <p>Use the influence of Congress, the White House, and federal agencies to celebrate impact-oriented entrepreneurs and businesses. (p.37)</p> <p>Clarify standards for assessing production of income. (p.24)</p> <p>Clarify that impact investing can be consistent with ERISA. (p.23)</p> <p>Clarify standards for exiting program-related investments. (p.25)</p> <p>Enable broader range of mission-related investments. (p.25)</p> <p>Experiment with impact-oriented procurement. (p.30)</p> <p>Support the growth and development of field-building intermediaries. (p.37)</p>	<p>Conduct further research on unclaimed assets. (p.28)</p> <p>Provide guidance regarding disclosure requirements. (p.23)</p> <p>Revise visa investment criteria to redirect funding toward qualified impact investments. (p.29)</p> <p>Broaden the scope of current federal capital access programs to include nonprofits. (p.32)</p> <p>Designate a third party to develop a visible public framework to identify key bureaucratic barriers to impact investing. (p.25)</p> <p>Endorse a framework for more robust impact measurement and standards. (p.38)</p> <p>Develop multilateral, pooled vehicles to fill gaps in early-stage risk capital. (p.34)</p> <p>Replicate innovative data-sharing efforts. (p.40)</p> <p>Encourage agencies to fund enterprises, not just projects. (p.28)</p> <p>Experiment with Development Impact Bonds. (p.30)</p> <p>Increase guarantees to mobilize greater US institutional capital for impact investing abroad. (p.33)</p>

	DOMESTIC
	INTERNATIONAL
	CROSS-CUTTING

In 2017-18 the US Alliance for Impact Investing played a significant role in securing incentives for new investment in low-income communities throughout the United States and seeing that initiative rolled out across US States.

Source: Private Capital; Public Good: How smart federal policy can galvanize impact investing – and why it's urgent. 2014 US National Advisory Board on Impact Investing; <http://impinvalliance.org/opportunity-zones>

QUICK REFERENCE 4: STRATEGY DESIGN & DELIVERY FOR A NATIONAL ADVISORY BOARD

Global Reports on the ecosystem and what's needed

- ▲ The first global field scan: *Accelerating Impact: Achievements, Challenges and what's next in building the impact investment industry* makes a series of recommendations about areas for attention and action
<https://www.rockefellerfoundation.org/report/accelerating-impact-achievements/>
- ▲ *Strategic Assessment of Rockefeller Foundation Impact Investing Initiative* which identifies what worked and where further attention needed
<https://assets.rockefellerfoundation.org/app/uploads/20150904105231/Impact-Investing-Evaluation-Report-20121.pdf>
- ▲ CAF Venturesome identified four pillars of an effective impact investment ecosystem and applied *lessons from micro-finance*. See <https://www.cafonline.org/charities/borrowing/social-investment> and https://www.cafonline.org/docs/default-source/personal-giving/impact_investor_report_2011.pdf?sfvrsn=2334f440_7
- ▲ Social Impact Investment Taskforce Report: *The Invisible Heart of Markets*
<http://gsgii.org/reports/impact-investment-the-invisible-heart-of-markets/>
- ▲ *OECD Social Impact Investment Initiative*
<http://www.oecd.org/dac/financing-sustainable-development/development-finance-topics/social-impact-investment-initiative.htm>
- ▲ OECD Social Impact Investment 2019. The Impact Imperative for Sustainable Development
- ▲ GSG Working Group: *The Impact Principle: widening participation & deepening practice to drive impact investment at scale* (and see theory of change in Appendix C) <http://gsgii.org/wp-content/uploads/2018/11/GSG-Paper-2018-Widening-Deepening-the-Market-Nov.pdf>
- ▲ The *GIIN Roadmap for the Future of Impact Investing: Re-shaping Financial Markets*
<https://theiiin.org/research/publication/giin-roadmap>
- ▲ Tools and resources available at the *Impact Management Project*
<http://www.impactmanagementproject.com/>

Other NAB initiatives and building impact investing in other markets

- ▲ What NABs around the world are doing
<http://gsgii.org/hab-countries/>
- ▲ *GSG Working Group Reports 2018* which bring together *lessons on impact investment wholesalers, product innovation, policy frameworks, theory of change to scale impact investing and roadmaps for different actors and approaches*. See <http://gsgii.org/news/>
<http://gsgii.org/wp-content/uploads/2018/10/GSG-Paper-2018-Wholesalers.pdf>
<http://gsgii.org/wp-content/uploads/2018/10/GSG-Paper-2018-Financial-Innovation.pdf>
<http://gsgii.org/wp-content/uploads/2018/10/GSG-Paper-2018-Policy.pdf>
<http://gsgii.org/wp-content/uploads/2018/11/GSG-Paper-2018-Widening-Deepening-the-Market-Nov.pdf>
- ▲ *GSG Resource Library* including resources on ecosystem development
<http://gsgii.org/resources/>

Lessons from other market building and inclusive development contexts

- ▲ OECD data, surveys and policy papers on finance, innovation and development
<http://www.oecd.org/>
- ▲ Oxford Review of Economic Policy: *Innovation Policy: What, Why and How*
<https://academic.oup.com/oxrep/article/33/1/2/2972712>
- ▲ *Initiatives of the Business Commission for Sustainable Development*, including Blended finance Taskforce
<http://businesscommission.org/our-work>

Resources relating to ecosystem pillars and actors in the impact ecosystem

There are a variety of organisations focused on different aspects of the ecosystem the role of actors within it. The GSG Resource Library can be searched by ecosystem pillar.

Glossary of definitions

<https://impactmanagementproject.com/glossary/#a>

References

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Appendices

APPENDIX A.

ORIGIN AND DEVELOPMENT OF THE GSG AND NABS

- ▲ **Global Steering Group for Impact Investment Frame and Priorities for Ecosystem Development**
- ▲ **How the GSG and NABs work together**
- ▲ **How the GSG sees the role of NABs in ecosystem development**
- ▲ **Process for joining the Global Steering Group**
- ▲ **GSG Membership Application Requirements**
- ▲ **India: Tipping point 2020**
- ▲ **GSG Brand Usage**
- ▲ **Typical Activities for NABs to engage in and contribute to**
- ▲ **GSG Guidance on NAB Governance**

APPENDIX B.

IMPACT INVESTING FIELD DEFINITION

APPENDIX C.

IMPACT ECOSYSTEM MAP & THEORY OF CHANGE TO WIDEN PARTICIPATION & DEEPEN PRACTICE

APPENDIX D.

TOOLS FOR NATIONAL ADVISORY BOARDS

- ▲ **Attributes of field catalyts & value of NABs**
- ▲ **Process Outline to establish a NAB**
- ▲ **Scoping terms of reference**
- ▲ **Capability matrices**
- ▲ **Field & stakeholder mapping**
- ▲ **Policy Frameworks**

A. Origin and development of the GSG and NABs

The Social Impact Investment Taskforce was established in 2013 with a remit to **catalyse a global market for impact investment and identify what can be done to grow the market.**

NABs were originally established as a way of coordinating the Taskforce work within a tight timeframe. They provided coordinated, country level effort to inform the Taskforce's work and lead and organise country level engagement and action. The original mandate of NABs set out their purpose:

The purpose of the National Advisory Boards is to bring together leaders of organisations active in the impact investment field, foundations, social enterprises, investment organisations and others who share a belief in impact investment. The Board needs to be composed of highly credible individuals who are perceived as leaders in their areas.

The objective is to get to an understanding of the eco-system in each country and the obstacles in the way of development of the market in each country and the steps needed to remove these obstacles and provide powerful incentives for capital to flow to impact investment organisations.

It is anticipated that these Groups will continue to meet to push their national agendas forward after delivery of the Taskforce's report in September 2014 and the leader of the group, who is the national non-governmental representative to the Taskforce, should

assemble a group that he or she considers to be motivated as well as cohesive for this purpose.⁵¹

With development of the GSG to take forward the global mandate to take impact investment to scale, NABs have moved from time-limited working groups into institutions actively contributing to the GSG and its mission. This has seen a significant shift in focus from reports and recommendations to delivery and action.⁵²

The GSG partners with other organisations working in different parts of the ecosystem. Current partner organisations include:

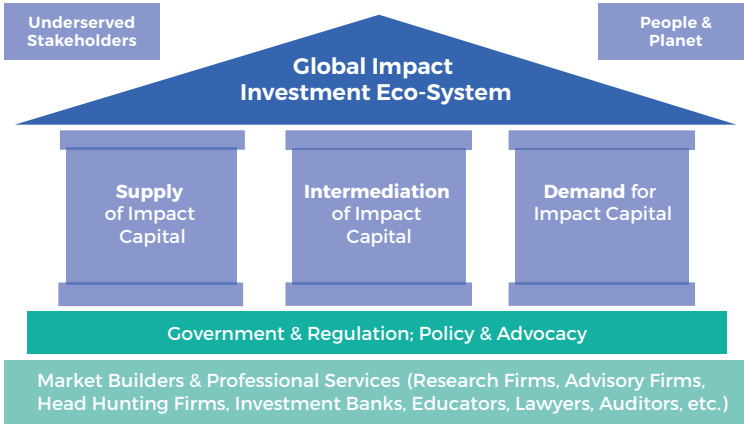
ANDE, AVPN, EVPA, GIIN, UNDP, UNESCAP, IMP, OECD, WEF, British Council, DFID

⁵¹ Cohen, R, Chair Social Impact Investment Taskforce, note to country representatives on mandate for original NABs, October 2013

⁵² Wood D. & Grace Dean, K. National Advisory Boards and Impact Investing: The Power of Cross-Sector Collaboration. 2018, Initiative for Responsible Investment, Harvard Kennedy School

GLOBAL STEERING GROUP FOR IMPACT INVESTMENT FRAME AND PRIORITIES FOR ECOSYSTEM DEVELOPMENT

Global Impact Investment Ecosystem



GSG has organized the impact investment ecosystem into five building blocks, all facing the underserved stakeholders, people and planet, whom we serve. These blocks include three vertical pillars of (i) Supply of, (ii) Intermediation of, and,

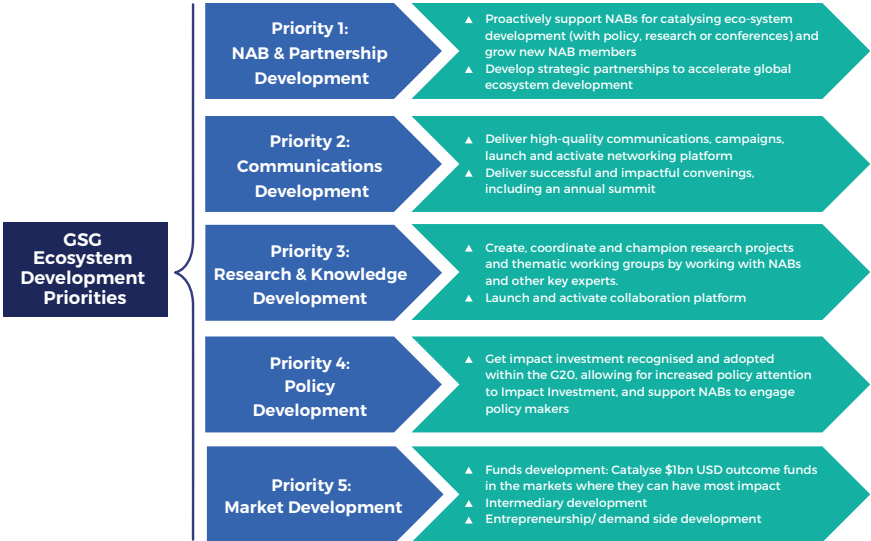
(iii) Demand for Impact capital. They further include two horizontal slabs of Policy & Regulation and Market Builders. Our strategies and programs are aimed at developing these five building blocks, working in partnership with our NABs and RABs.

.....

GSG's mission is to develop the global impact investment ecosystem to deliver the Tipping Point for

the movement. Therefore, it has operationally prioritized five strategies.

GSG Strategy: Eco-System Development Priorities



HOW THE GSG AND NABS WORK TOGETHER

Shared Support: Create value for each other. GSG creates a feeling of belonging to something important where everyone is working towards something together. It's about feeling valued and having people to learn with.

Shared Knowledge: Have areas of expertise. Knowledge is valuable, especially when it helps someone else or gets combined in a way that creates something new.

Shared Competencies: Enhance network learning. If NAB members are facing challenges, either there is a solution within the network, or we can build it together.

Shared Connections: Build a community. By working together, we shorten distances and create more opportunity for everyone.

Shared Resources: Collaborate. Given the limits on time, money and people, we can all collaborate to maximise efficiency – making precious resources go further to create more impact.

HOW THE GSG SEES THE ROLE OF NABS IN ECOSYSTEM DEVELOPMENT

▲ Fast forwarding impact investing in countries

GSG will help incubate National Advisory Boards with whom it will work to catalyse the national ecosystem- new wholesalers, new intermediaries, new instruments, new outcome funds, etc. - bringing internationally proven approaches and instruments to adapt in national contexts.

▲ Global credibility for national movements

The GSG was born out of a G8 Taskforce led by our Founding Chair, Sir Ronald Cohen, providing global gravitas to the GSG branding. The GSG's influence helps legitimize national movements and attract key stakeholders to join.

▲ Evidence-led Policy Making and Advocacy

Our global reach as well as our strategic partnerships with leading institutions enable the GSG to bring support, credibility and state-of-the-art developments in effective policy making from around the world. Our work also provides NABs a platform to collaborate with and influence the work of multilaterals such as the G8, G20, ASEAN, OECD, UN, etc.

▲ Voice to shape the Global Impact Investment Movement

GSG is driving the impact investing movement, campaigning actively and building the movement for impact investing. By participating in the GSG, NABs get their voice into

a global movement through our communications campaign and social media activism.

▲ Field Building through Research & Standardisation

NABs engage in the GSG to build global definitions and standards, participate in cutting-edge knowledge development working with the pioneering experts of the global impact investing field, collaborate in research to deepen the understanding of the market and how best we can collectively progress impact investing. For instance, the GSG has signed a partnership with the Impact Management Project, to actively support and contribute to their work.

▲ Networking & Connecting

Joining the GSG is joining a group of "impact pioneers" working across sectors (Investors, Entrepreneurs, Intermediaries, Regulators & Market Developers): NABs and NAB members get to participate online and offline in activities with peers, meeting new partners, collaborators and supporters. GSG plays an important role in connecting the areas of the impact ecosystem together: supply, demand, intermediation, government and ecosystem building.

▲ Learning & Development

Thanks to inter-NAB sharing and collaboration, NABs and NAB members get opportunities for learning and development, online and offline, at our annual Summits, workshops, roadshows, working groups, online platform, etc.

▲ Innovation & Attracting Capital

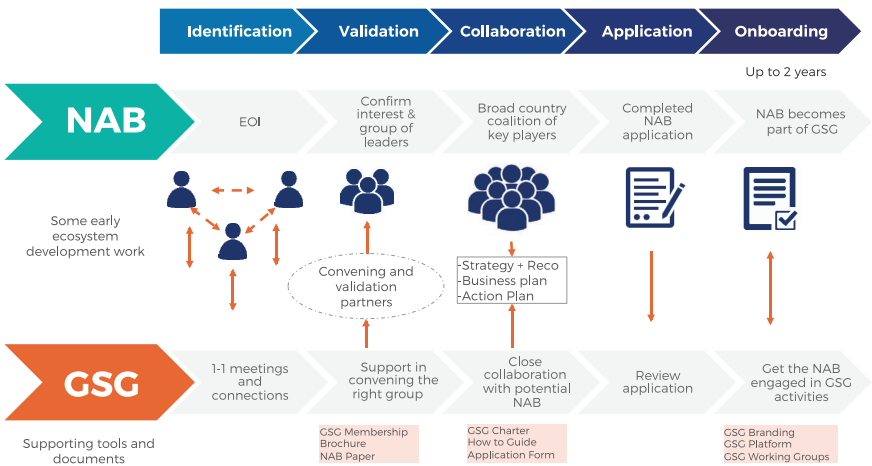
The GSG incubates innovative financial instruments (such as the new 1bn USD India Education Outcome Fund, USD 1bn Africa & Middle East Education Outcomes Fund) contributes to attracting capital (from new or existing players, from national or international sources) to develop the impact ecosystem in countries and globally.

PROCESS FOR JOINING THE GLOBAL STEERING GROUP

The GSG is not prescriptive about how National Advisory Boards come to life. The process is always driven by key local players who know the local context best. The GSG material for NABs inviting NABs to consider GSG membership can be accessed here.

Further information on joining the GSG can be requested by contacting the GSG team.

Process Map to obtain Global Steering Group membership



Further details about NAB formation process

STEP (AND APPROXIMATE TIMESCALES)	DESCRIPTION OF NAB ACTION	SUPPORT OR INTERVENTION FROM GSG
Early interest (up to 6 months)	Individuals in a country want to know more about the GSG and setting up a NAB	1-1 calls and connection to resources and/or other relevant players, invite to relevant events where appropriate
Express interest (up to 6 months)	Usually a handful of people representing 2 or 3 organisations who are interested and committed to launch a NAB. They produce a stakeholder mapping of the national ecosystem and design a short to mid-term plan for the NAB formation.	Group calls or meetings and close support in convening a representative and appropriate group to form a NAB (Share "NAB Brochure" and "NAB Paper")
Create the NAB (up to 1 year)	Broad country coalition with key players formed and creation of common national: <ul style="list-style-type: none"> ▶ Strategy ▶ Recommendations ▶ Business plan ▶ Action plan <p>This is a non-linear step, which can potentially take more time. In this step, the process of gathering the key stakeholders, getting them onboard, creating trust and shared understanding between them is actually more important than the outputs.</p>	Collaboration with NAB to support the development of the strategy, business plan, recommendations and action plan (Share "GSG Charter", "How to Guide", and finally "Application Form" when appropriate)
Apply to the GSG (up to 3 months)	Application to the GSG	Application circulated to all NAB Chairs for comments and thereafter to the GSG Board for approval
Join the GSG	Admission to the GSG + NAB signing of GSG-NAB Principles	Onboarding ("Branding guidelines" + tour of online platform)
Engage with the GSG	NAB members benefit from GSG activities and services. They carry out their action plan, driven by the Secretariat of the NAB. <ul style="list-style-type: none"> ▶ NAB members share an Annual Progress Review with the GSG 	Ensure and support progress of NAB's action plan (include NAB members in relevant Working Groups and other relevant collaborations, support their developments esp. new funds set up) <ul style="list-style-type: none"> ▶ GSG to share the self-assessment form with NABs for the Annual Progress Review

Source: Global Steering Group for Impact Investment, 2018

GSG MEMBERSHIP APPLICATION REQUIREMENTS

As part of the GSG membership procedure, at the application stage, a

India



NAB NAME	IMPACT INVESTORS COUNCIL		
Legal Entity	Yes	Website	www.iic.in
Chair & Board size	Geeta Goel + 5		
CEO & Team Size	Ranjna Khanna + 2		
Total Members (#)	35		
Annual Budget (USD)	34		

KEY STATISTICS (USD BN / #)	2015	2016
Size of Social Economy	119	127
- Government	110	114
- Philanthropy	8	12
- Impact Investing	1	1
No. of SCPs (Large investors with annual inv > USD 10M)	>500	500-700
- Philanthropies/ CSR		
- Impact Investors	45	50
No. of SSPs	~4 mn	~4 mn
- NGOs/Non-Profits	~3.6 mn	~4 mn
- Social Enterprises	>8,000	>10,000
No. of ESPs	>200	>200

2-page ecosystem overview has to be provided as per the following template for presentation to the GSG Board of Trustees.

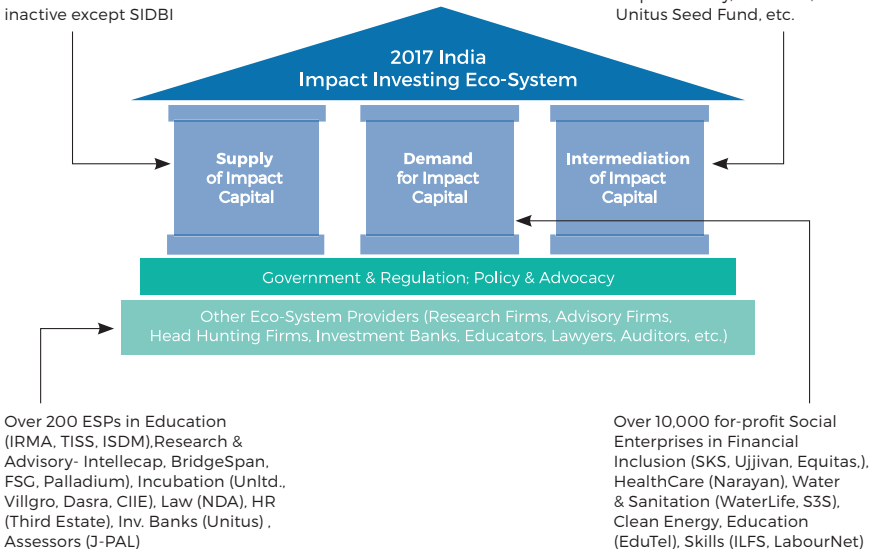
INDIA	
DEMAND SIDE TRENDS	<ul style="list-style-type: none"> ▲ Financial Inclusion and Renewable Energy enterprises attracting capital ▲ Education & Skills Development tough market with poor returns ▲ 300 mn ultra poor: II "sweet-spot" the next 300 mn low income population
Supply Side Trends	<ul style="list-style-type: none"> ▲ Government spend, 90% of social economy, stagnating (reducing as % of GDP), while Philanthropy & Impact Inv growing @ >20% CAGR, well functioning capital market ▲ Capital Raise tough as LPs expect mainstream returns ▲ 2% mandatory CSR to help grow Philanthropic Funds from USD 1 bn to USD 5 bn
Regulatory, Policy & Ecosystem Trends	<ul style="list-style-type: none"> ▲ Impact Investors & Social Enterprises have limited legal recognition. ▲ CSR & Philanthropies cannot do Impact Investing, can only make Grants ▲ Asset Managers allowed to invest upto 5% of AUM in unlisted equities
Key Accomplishments	<ul style="list-style-type: none"> ▲ Tax Pass-Through, Wider PSL Lending Definitions, SVFs ▲ Sir Ron Cohen Roadshow, India Roadshows in 5 countries, McKinsey Study, Prabhav2016 (launched biennial LP-GP event with ~200 from 14 countries)
Key Priorities	<ul style="list-style-type: none"> ▲ Recognition for SEs and Imp Investors, Annual publication on the state of the sector ▲ Road-shows with GIIN for domestic LP engagement. ▲ Prabhav2018 in Q3 along with GSG Plenary for international LP engagement.

INDIA: TIPPING POINT 2020



90% of Impact Capital from overseas, led by DFIs (e.g., KfW, DFID, CDC, FMO, OPIC, Proparco); Institutional Investors & Global philanthropies. Domestic Institutions inactive except SIDBI

Over 40 Impact-Dedicated Social VC Funds-Aavishkaar, Accion, Asha Impact, Aspada, Ankur, Acumen, Caspian, Elevar, Intellegrow, IFMR, Lok Capital, MSDF, Omidyar, Omnivore, responsAbility, Samridhi, Unitus Seed Fund, etc.



	WHERE WE ARE?	WHERE WE WANT TO BE IN 2020?	HOW WILL WE GET THERE?
Supply	Led by DFIs & Philanthropies	Institutional-led w/ new wholesalers	Evidence-led Advocacy; WS inst. Dev.
Demand	Over 10000 SSPs & Incubators	More R&D-led scalable SSPs	Education, Incubation, Seeding, R&R
Intermediation	SVC replicating VC model & International Debt	More structured and developed funding models like SIBs/DIBs	New Inst. Dev., Advocacy
Govt. & Regulation	Limited Recognition	100% Recognition & differentiated treatment	Advocacy, Impact's Demo. Effect
Other ESP	Taking shape/ Advisory-led	Specialist Institutions: Maturing	Institutional development

GSG BRAND USAGE

Brand usage before becoming a formal NAB accepted by the GSG:

▲ The name and any branding assets of the Global Steering Group for Impact Investment (GSG) cannot be used by any moral or legal person without written approval from the GSG.

- ▶ In particular, this rule applies also to anyone (individuals, organisations or taskforces) working to establish a National Advisory Board (NAB) in a given country (or a Regional Advisory Board – RAB- in a given region).

For example: if a taskforce setting up a NAB is creating a website or a webpage to showcase its activities, it is not allowed to use the GSG logo or name (or any other GSG branding assets). The same applies to any fundraising materials. Exceptions can be made for taskforces very advanced in the process towards establishing a NAB, and they need to be expressly approved in writing by the GSG.

- ▶ It is important to note that the GSG does not provide endorsement to any individuals or organisations working towards the establishment of a National Advisory Board. The GSG will encourage, support and guide collective, co-created, and inclusive efforts towards the establishment of a successful NAB (or RAB). The GSG will never mandate a specific person or organisation to establish a NAB in a given country. Should the GSG deem that efforts are driven

to benefit a certain individual, organisation or ecosystem segment, that they are not collective, participative or inclusive enough, or don't respect guidance provided by the GSG in the NAB Handbook and other GSG materials or communications, the GSG reserves the rights to stop any such support and guidance activities, and might resume them only if such concerns have been appropriately addressed. The GSG is not required to communicate why it stopped any of its efforts to any parties, except its Board of Trustees.

Brand usage after becoming a formal NAB accepted by the GSG:

▲ Once a NAB is formally accepted as a member of the GSG, the NAB can use the GSG branding guidelines as indicated in the GSG Branding Guidelines document available on the private GSG Networking Platform (available to all NABs) or on request via the GSG team.

- ▶ If the NAB (as a legal entity – or an individual or organisation member of the NAB) wishes to use the GSG branding in a way which is not specifically covered by the GSG branding guidelines, it should request written approval from the GSG.

For example: it is not allowed to change the colour of the GSG logo (apart from declinations used in the GSG Branding Guideline document) to match the colour codes of a NAB's website.

- ▶ It is important to note that NABs (with or without a dedicated legal entity) are totally separate legally from the GSG. A NAB becomes a member of the GSG once the NAB is formally approved by the GSG Board of Trustees. The NABs are not branches, franchises, or national offices of the GSG. A NAB cannot call itself “GSG in Country A” or any declination of such. Although NABs are at the heart of the GSG, a NAB (or a NAB member) cannot speak for the GSG (unless a NAB member is a Trustee of the GSG Board of Trustees – which is a separate case).

For example: a NAB can mention its membership to the GSG when fundraising but cannot commit to anything on behalf of the GSG. And the reverse is true.

TYPICAL ACTIVITIES FOR NABS TO ENGAGE IN AND CONTRIBUTE TO

Peer Support and Best Practices

GSG provides access to leading experts and peers in the impact investing field alongside a wide range of successful cases of developing national ecosystems for impact investing, thanks to policy making or new financial instruments for example.

Advocacy and Policy Support

By participating in the GSG, NAB members learn from each other what has worked in policy making in various national contexts. The GSG also enables NABs to influence or participate in high-level collaborative projects with organisations such as the UN, the OECD, etc.

Global Standards and Definitions

The GSG is collaborating and supporting key initiatives, that are already and will further bring standardisation to the impact investing industry (such as the Impact Management Project driven by Bridges Plus, in which many NABs have played a critical role in shaping the first phase of the work).

Knowledge Sharing and Online Collaboration Platform

The GSG Networking Platform is home to an interactive forum, a library of handpicked resources (ready-to-use tools and templates with demonstrated impact), digital events, webinars, and discussion groups. The online platform is also the home of the official GSG Working Groups.

GSG Working Groups

The GSG had formally established 6 Thematic Working Groups in 2018 which produced 4 working group Reports, significantly contributing to the knowledge in the field. For the year 2019, GSG has initiated two Special Working Groups (SWGs) Based on invitation by the Working Group Leaders, current and new NAB members, and key experts from the field, are invited to join and participate in the Working Groups, shaping essential new insights for the impact investment space.

Convening and Meetings

During a mid-year meeting, NABs and working groups meet to work together and dive deeper into specific ecosystem shaping activities. We

also hold a high-profile global GSC Summit each year. Previous events in London, Lisbon and Chicago attracted hundreds of executive level leaders from the field.

Research and Evidence Building

Collectively we progress towards measuring and demonstrating our global impact. We also conduct critical research on issues commonly identified by NAB members as essential levers to progress our collective goals and achieve the Tipping Point by 2020.

Innovative Projects and Strategic Partnerships

We broker partnerships, lead collaborative projects, offer content and support on the creation of innovative financial instruments (for instance on raising outcomes funds), and make key introductions to potential investors or partners that can unlock new sources of capital.

Global Reach and International Voice

NABs become part of a global cross-industry perspective on impact investing, making us uniquely placed to speak to mainstream and specialised media as well as policy makers. NAB progress reports get exposed to thousands of leaders and decision makers globally, expanding their reach through the GSC's newsletters, website, social media and campaigns. Conversely NABs access the latest developments internationally which can serve as inspiration for local adaptation.

GSG GUIDANCE ON NAB GOVERNANCE

1 Democracy and transparency

2 Representativeness and inclusivity

3 Shared leadership and action

1 Democracy and transparency

- ▲ Impartial, inclusive and transparent selection/ nomination process into the board (and if relevant other sub-groups of the NAB), captured in a formal governance document with special attention to Chair nomination or selection.
- ▲ Existence of an effective Secretariat (or operational capacity) to support the NAB and drive agenda setting and strategy execution.
- ▲ Formal governance document (publicly available or available on request) documenting the function of the NAB Secretariat, and how the NAB is organised, detailing the roles, democratic functions and set up of the various governance bodies (including details about exclusion processes for non-compliance)
- ▲ Rotation of Chairmanship every 2-3 years with a maximum of 2 terms.
- ▲ Impact reporting by the NAB on a regular basis (e.g. bi-annual)

2 Representativeness and inclusivity

- ▲ The NAB includes and engages the existing practitioners and stakeholders and seeks to widen participation: as much as possible all major key players from the impact

investment ecosystem are supportive of the NAB and its actions, even if they are not members of the NAB. Key players from other parts of the economy are engaging with the NAB and its initiatives.

- ▲ The NAB is providing legitimacy to the field: national consensus and recognition of the NAB as the go-to organisation when it comes to impact investment (or at least active progress towards this goal).
 - ▲ At least 3 of the 5 pillars are represented in the NAB
 - ▲ Proactive efforts engage at least 3 of the top 10 leaders and influencers in each of the 5 ecosystem pillars (supply capital, demand capital, intermediaries, policy and field building) to be part of and fully engaged with NAB - if not current then as work in progress (WIP)
 - ▲ Diversity and gender balance are at least WIP in the NAB: gender and other diversity criteria taken into account in the NAB composition or at least there is a plan towards such.
- 3 Shared leadership and action**
- ▲ Detail for all NAB members of why they are engaged with the NAB, how their engagement benefits the country and national ecosystem, and what is their commitment towards achieving the NAB's action plan
 - ▲ All NAB members engaged and contributing to delivering NAB action plan (not only Chair and/or NAB Secretariat)
 - ▲ At least 2 different NAB members travel to international meetings annually to represent the NAB and share its work (such as the GSG Annual Summit)
 - ▲ National leadership and influencing power of NAB members (the NAB Chair and/or others): The Chair and ideally others have the power to open doors at the highest levels of government, C-Suite executives etc
 - ▲ Shared ownership and leadership of the NAB and its strategy by a core group of highly committed organisations (not just one organisation).

B. Impact Investment Field Definition

We can achieve a future where no one lives in poverty and the planet thrives. We must adopt a simple unifying principle: it is the collective responsibility of all actors in the society to be aware of their effects on people and the planet, to prevent the negative externalities and increase the positive impact. This impact management principle⁵³ underlies the impact economy we envision. *An impact economy necessitates that measurement of social and environmental impact is integrated in all economic activity; and central to government policy, business operations, investor behaviour, and consumer consumption.* How far different enterprises⁵⁴ - and their investors - go in their impact management practice depends on their intentions, constraints and capabilities:

- A. At a minimum, enterprises can **act to avoid harm** for their stakeholders, for example decreasing their carbon footprint or paying an appropriate wage; such 'responsible' enterprises can also mitigate reputational or operational risk (often referred to as ESG⁵⁵ risk management), as well as respect the personal values of their asset owners.
- B. In addition to acting to avoid harm, enterprises can also actively **benefit stakeholders**, for example proactively upskilling their employees, or selling products that support good health or educational outcomes; these 'sustainable'

enterprises are doing so in pursuit of long-term financial outperformance (often referred to as pursuing ESG opportunities)⁵⁶.

- C. Many enterprises can go further: they can also use their capabilities to **contribute to solutions** to pressing social or environmental problems, for example enabling an otherwise underserved population to achieve good health or educational outcomes, financial inclusion or hiring and skilling formerly unemployed individuals⁵⁷.

In an impact economy, enterprises use their capabilities to optimise both their positive impact on the world and their financial performance. Likewise impact investors bring their own resources to bear in optimising enterprises' impact, within the context of their constraints and capabilities, above and beyond what the capital markets will

⁵³ This principle is based on consensus achieved through collaboration with over 2000 practitioners globally in The Impact Management Project <https://impactmanagementproject.com/>

⁵⁴ The term 'enterprise' is used to cover a wide range of delivery models, including multinational corporations, small to medium sized enterprises, infrastructure projects, social enterprises and charities

⁵⁵ Environmental, Social and Governance: also referred to as Responsible Investing

⁵⁶ Also referred to as Sustainable Investing which includes ESG Integration, Sustainability Themed Investing and Positive/Best-in-Class ESG Performance

⁵⁷ Enterprises can also 'contribute to solutions' by selling products that enable others to act to avoid harm (for example, an off-grid lighting company)

enable otherwise. Investors use various strategies to contribute to impact, often in combination:

▲ **Signal that measurable impact matters:** Investors can choose not to invest in, or to favour, certain investments such that, if all investors did the same, it would ultimately lead to a 'pricing in' of social and environmental effects by the capital markets. Often referred to as values alignment, this strategy expresses the investors' values and is an important baseline. But alone, it is not likely to advance progress on societal issues when compared to other forms of contribution.

▲ **Engage actively:** Investors can use expertise, networks and influence to improve the environmental and societal performance of businesses. Engagement can include a wide spectrum of approaches - dialogue with companies, creation of industry standards, taking board seats or creating board-level committees, using their own team or consultants to provide hands-on management support (as often seen in private equity). The 'engage actively' strategy involves, at a minimum, significant proactive efforts to improve businesses' impact on people and the planet.

▲ **Grow new or undersupplied capital markets,** by anchoring or participating in new or previously overlooked opportunities. This may

involve investment into sectors where there is little information or transparency, or those where there are investment teams with no or little experience in the space therefore requiring investors and investees to build their understanding of how investment can work for the context. This may involve more complex or less liquid investments, or investments in which some perceive risk to be disproportionate to return.

▲ **Provide flexible capital,** by recognising that certain types of enterprises do require capital which may be considered less likely to provide market rate return, less liquid, more risky, or in smaller sizes than would traditionally be invested to generate certain kinds of impact.

Hence, *Impact investments optimise risk, return and impact.*

The matrix below helps investors to understand and describe the impact performance (or, if a new product, the impact goals) of an investment, or portfolio of investments. Much like financial asset classes are a helpful heuristic for quickly conveying whether the characteristics of an investment opportunity match an investor's financial intentions, the boxes on this matrix are an equivalent shorthand for conveying whether the impact characteristics of an investment opportunity match an investor's impact intentions.

Figure 1:
Mapping the ABC of impact to the way investors can contribute
suggests opportunities for wider and deeper impact investment

IMPACT CLASSES		IMPACT OF UNDERLYING ASSETS/ ENTERPRISES			
		A	B	C	
		ACT TO AVOID HARM Prevent or reduce significant effects on important negative outcomes for people and the planet	BENEFIT STAKEHOLDERS Have various effects on important positive outcomes for people and the planet	CONTRIBUTE TO SOLUTIONS Have a significant effect on specific important positive outcome(s) for underserved people or the planet	
INVESTOR'S CONTRIBUTION	1	Signal that impact matters + Engage actively + Grow new/undersupplied capital markets + Provide flexible capital	E.g. Ethical bond fund	E.g. Positively-screened/ best-in-class ESG fund	E.g. Sovereign-backed bonds (secondary market) funding vaccine delivery to understand people or renewable energy projects
	2	Signal that impact matters + Engage actively + Grow new/undersupplied capital markets + Provide flexible capital	E.g. Shareholder activist fund	E.g. Positively-screened/ best-in-class ESG fund using deep shareholder engagement to improve performance	E.g. Public or private equity fund selecting and engaging with businesses that have a significant effect on education and health for underserved people
	3	Signal that impact matters + Engage actively + Grow new/undersupplied capital markets + Provide flexible capital	E.g. Anchor investment in a negatively-screened real estate fund in a frontier market	E.g. Positively-screened infrastructure fund in a frontier market	E.g. Bond fund anchoring primary issuances by businesses that have a significant effect on environmental sustainability, access to clean water and sanitation
	4	Signal that impact matters + Engage actively + Grow new/undersupplied capital markets + Provide flexible capital	<i>Investment archetype not widely observed</i>	<i>Investment archetype not widely observed</i>	E.g. Private equity fund making anchor investments in businesses that have a significant effect on income and employment for underserved people
	5	Signal that impact matters + Engage actively + Grow new/undersupplied capital markets + Provide flexible capital	<i>Investment archetype not widely observed</i>	<i>Investment archetype not widely observed</i>	E.g. Below-market charity bonds, or an unsecured debt fund focused on businesses that have a significant effect on employment for underserved people
	6	Signal that impact matters + Engage actively + Grow new/undersupplied capital markets + Provide flexible capital	<i>Investment archetype not widely observed</i>	<i>Investment archetype not widely observed</i>	E.g. Patient VC fund providing anchor investment and active engagement to businesses that have a significant effect on energy access for underserved people

Source: The Impact Management Project, 2018

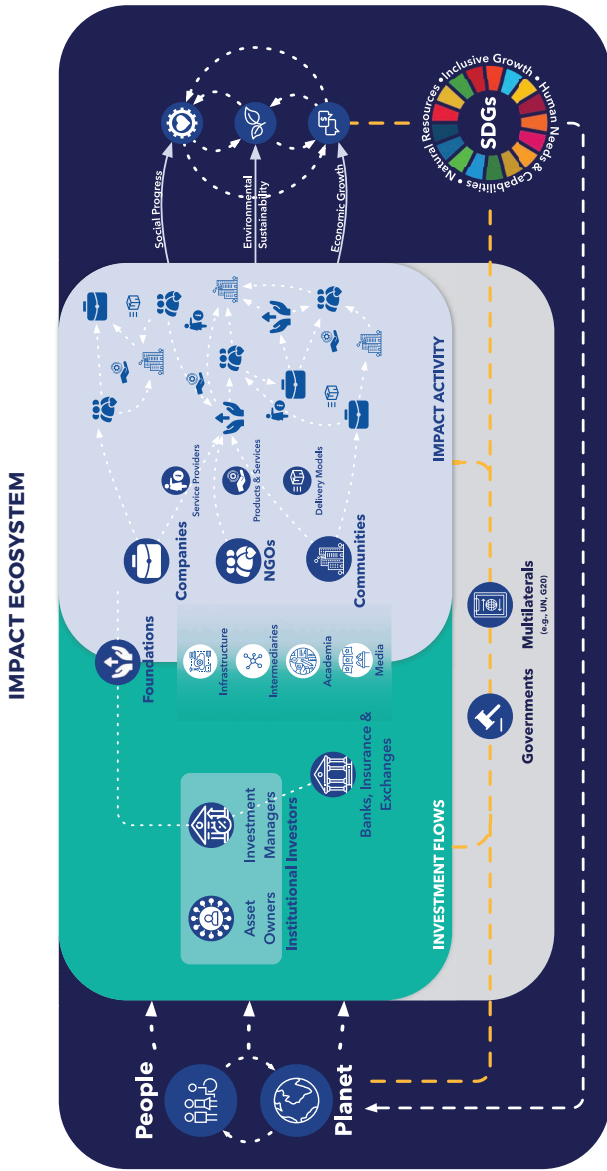
Impact investors therefore typically spend their energy in the right hand column of the matrix above, supporting and scaling enterprises that contribute to solutions and using their capabilities as investors to go beyond signalling. Such investors often find it beneficial to accumulate deep knowledge and understanding of the social or environmental problem they are looking to solve and the system within which it exists, and to build capacity within investee organisations. By doing so, impact investors play a catalytic role in the evolution of the impact economy. In the near-term, since impact management practice is nascent, investors can also contribute to positive impact in enabling large companies to avoid significant harm – for example, providing capital for environmental

retrofitting of carbon-intensive factories, or using shareholder activism to address poverty in a multinational corporation's supply-chain.

As we set our sights on a fully-fledged global impact economy by 2030, we can expect significant growth in impact investments, which enable enterprises to contribute to solutions, optimising their risk, return and impact. Given the rise of impact entrepreneurship and the encouraging response of enterprises and investors to the SDGs, it is becoming realistic to think that every asset class can include a percentage of impact investments which, taken together, would unlock capital at scale to address the world's most pressing social and environmental challenges.

C. Impact Ecosystem Map & Theory of Change to Widen Participation & Deepen Practice

High-level overview of elements and interactions of an impact ecosystem



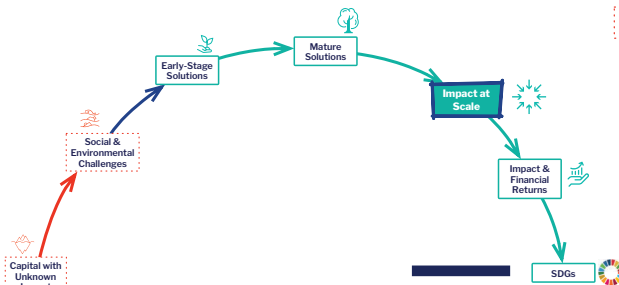
GSG Working Group, The Impact Principle: Widening Participation & Deepening Practice for Impact Investment at Scale, 2018

THEORY OF CHANGE FOR WIDENING PARTICIPATION & DEEPENING PRACTICE TO DRIVE IMPACT INVESTMENT AT SCALE

The theory of change starts from the world today where there has been significant progress but Investments that over-emphasise financial return still frame the dominant systems driving local and global economies. It brings focus to the levers that can provide a breakthrough to mobilise more actors, continue to take catalytic action to spur others to collective and

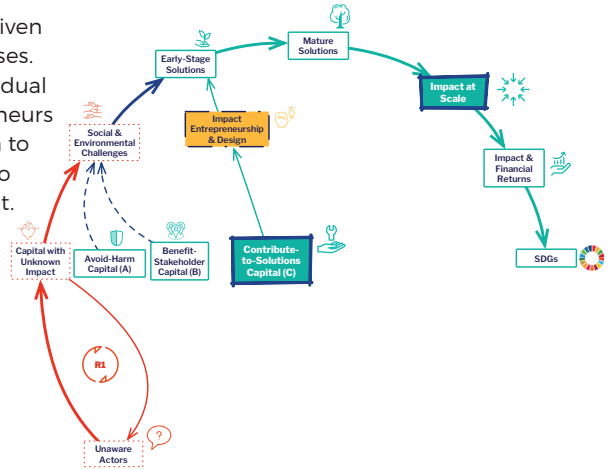
effective responses and drive positive effects at scale and bring clarity to where progress is being made. It paints the picture of possibility for a future defined by a system that fully integrates impact, where more capital flows to solutions capable of delivering impact at scale and meeting the aspirational targets of the SDGs.

The dominant approach in the current economic paradigm over-emphasises financial return. Some capital is managed to avoid harm and to have important positive outcomes that benefit people and the planet. However, a majority of investments do not contribute in an intentional and accountable way for effects on people and the planet.



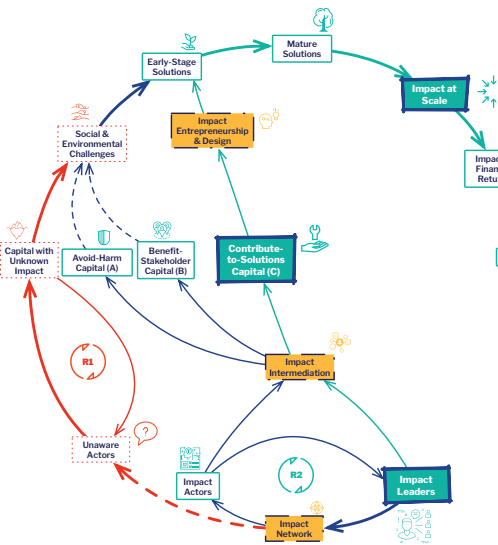
The goal of impact investment is to see a future where solutions can develop, mature and be disseminated to deliver positive impact at scale, achieving the SDGs, in a manner that meets the needs and aspiration of people and sustains the planet.

Some capital currently flows to solutions that have a significant effect on specific positive outcomes and to impact driven entrepreneurs and enterprises. Much of that relies on individual organisations and entrepreneurs to push through the system to grow and address barriers to maturity and greater impact.



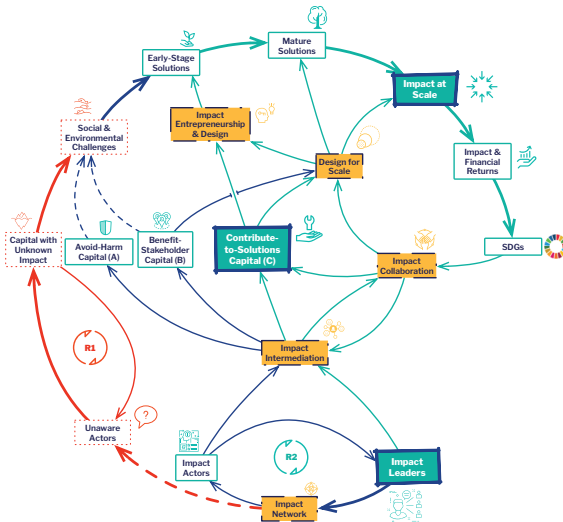
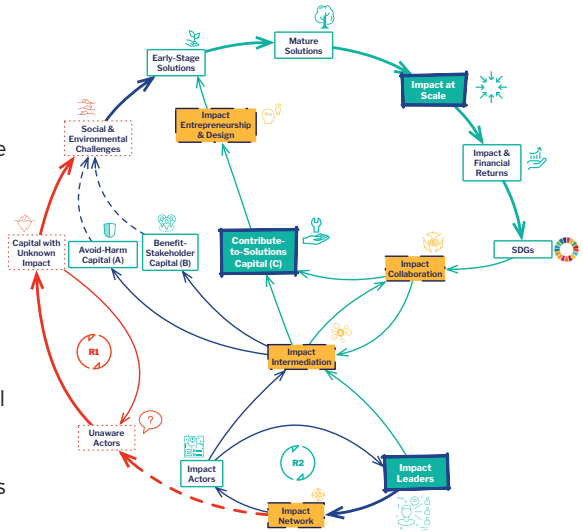
Mobilising more and different people and organisations (actors) to participate can grow the stock of solutions that drive more positive impact and the flows of capital toward them.

Focus on key levers can accelerate the cycle for mobilising actors, increasing their engagement and creating impact leaders. Those levers include: awareness raising, education, growing and strengthening impact networks, widening the opportunity set of investment products and solutions, and strengthening and deepening intermediaries who build expertise, advise and connect other actors.

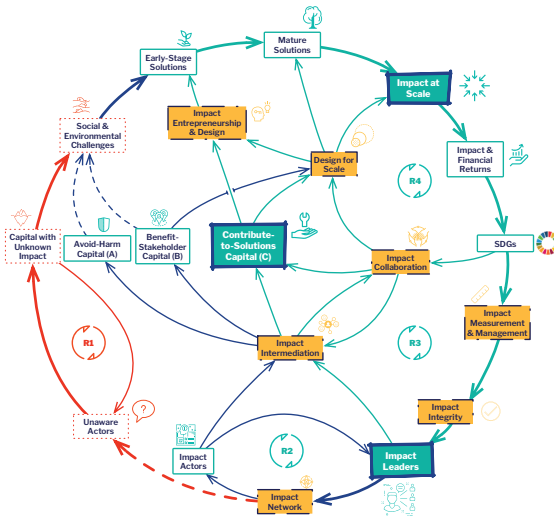


Impact investment will grow faster and with greater impact if some actors take targeted, catalytic action to spur others to act and enable more effective responses.

Focus on key levers to drive innovation and scale is critical to building the impact investment ecosystem. The key levers include: collaboration for new solutions, flexible capital to unlock innovation and investment and constructive engagement of governments and policy makers to further enable the impact ecosystem.



The effect is greater still with deepening of impact practice, starting with ensuring clarity of intentions and objectives expressed in clear impact goals. More potential for impact will be realised when solutions are designed to scale, opportunities are aggregated and effective collaboration enables more and better outcomes than would otherwise be achieved.



The call is for bold, enlightened leaders to join with shared purpose, urgency and optimism and be part of making sure that impact investment accelerates as a powerful force to drive the impact ecosystem to fulfil the vision for a more inclusive, prosperous and sustainable world.

LEGEND

Elements



Loops



Connections

Adding effects

Cause → Effect
Strengthening/increase of the cause leads to strengthening/increase of the effect

Subtracting effects

Cause → Effect
Strengthening of the cause leads to weakening of the effect

Today's dominant reinforcing feedback loop

Cause → Effect

Priority causes and effects to deliver impact at scale

Cause → Effect

GLOSSARY

Impact Actors are all actors entering the impact investment ecosystem and growing practice

Impact Leaders are those impact actors who are pioneers or develop deep specialisation and capacity for impact

Impact Network refers to the range of developing communities of practice and industry for impact

Impact Intermediaries refer to the range of roles and organisations that intermediate solutions, capital and connect, aggregate, advise on, measure and evaluate them

Avoiding Harm Capital, Benefit Stakeholder Capital and Contribute to Solutions Capital refer to the ABC of the impact management project

Design for Scale means design of capital or solutions or both for scaling effects, direct or indirect, including replication and dissemination to increase reach, driving changes in mindset, behaviours and networks and changes that increase capacity for reach and impact invading policy and regulation

Impact Collaboration means collaboration to drive greater scale and positive impact, including between non-traditional partners, with a focus on catalytic action and flexible capital to enable effects unlikely to occur otherwise

Impact Integrity means commitment to commitment to impact management and accountable impact practice and governance, including applicable principles and standards

Matching clarity of intentions with impact management will contribute data to inform understanding, frameworks and standards and enable more informed choices and drive accountability. Commitment to accountable practice and governance will encourage the learning, accountability and transparency necessary for an increasingly larger and more dynamic ecosystem to maintain confidence in what is contributing to solutions, building resilience for when things do not go to plan.

The system mapping to articulate the high level and complex theory of change for impact investment was developed by Joe Hsueh and Brian Blankinship. Complexity for JW McConnell Family Foundation and this Working Group in collaboration with Rosemary Addis and Erica Barbosa-Vargas. Graphics to translate the Theory of Change to Figures shown in this paper by Ryan Murphy PhD student at Memorial University, Canada.

D. Tools for National Advisory Boards

ATTRIBUTES OF FIELD CATALYSTS & VALUE OF NABS

Key attributes of Field Builders & Catalysts

Research on field building research highlights the following characteristics of successful field building initiatives

- ▲ Focus on scaling change rather than an individual organisation
- ▲ Set a vision bold enough to make a measurable difference and design a road map for change

- ▲ Make deliberate choices about where to focus
- ▲ Marshall stakeholder effort and influence the direct action of others rather than acting directly, making many heroes not just one
- ▲ Concentrate on getting things done and fill key capability gaps across disciplines
- ▲ Aim to appeal to multiple funding sources to build independence and resilience.

Capturing the value of a NAB

The goal of National Advisory Boards (NABs) is impact at scale enabled by impact investing into enterprise, innovation, assets and activities that deliver better outcomes for people and the planet

NABs come together in the GSG to provide and encourage *bold enlightened leadership to catalyse a dynamic global social impact investment movement.*

They fulfil key field building roles, providing intellectual cohesion across sectors and a unifying voice to governments

**NABs
Delivering
Value
through**

Legitimising the field

Mapping and field definition

Policy development and engagement

Development of the ecosystem including key infrastructure

Intelligence gathering, practice exchange & thought-leadership

Awareness raising, education and outreach

Source: See Hussein, T, Plummer, M and Breen, B How field catalysts galvanize social change, Stanford Social Innovation Review, Winter 2017 ; Wood, D & grace Dean, K, National Advisory Boards and Impact Investing; The Power of Cross Sector Collaboration, 2018, Initiative for Responsible Investment, Harvard Kennedy School

PROCESS OUTLINE TO ESTABLISH A NAB

Process before setting-up the first meeting (key steps)

- 1 Explore the relevance and appetite for the concept of a NAB for the country.
- 2 Map the key players (current & future) related to the impact investment space from the 5 pillars of the ecosystem: demand, supply, intermediation, policy and other market builders (e.g. academic institutions, business service providers etc).
- 3 Engage with identified stakeholders bilaterally to start familiarizing the concept and benefits of GSG NABs.
- 4 Identify where the energy is to push the national agenda through a collaborative effort.
- 5 Organise a first stakeholder meeting (one day or half-day) with 30-40 key people from the 5 ecosystem pillars who will be instrumental in the success of setting up a NAB.

Objective of the meeting: Launch a taskforce to lead the efforts with the GSG to set up a NAB

- ▲ Get ecosystem players committed to working together towards the establishment of a NAB
- ▲ Start exploring key questions around the ecosystem: key barriers and opportunities for change at scale. For this purpose, start gathering key data and information on the market mapping of what's missing

▲ Initiate the work plan with consensus on timeline, pace, roles, working groups etc. Ensure that responsibilities are shared ideally across a few committed organisations (and not just one)

▲ Verify that all voices are included and if not, invite new people to next steps

The first meeting and the following ones inform how to go about having a full picture of the ecosystem and defining the main priorities for a future NAB in terms of developing the ecosystem.

Taskforce invitation letter template (for 1st meeting)

Half-day template for 1st meeting agenda

Invitation to create a NAB

NAB Taskforce workshop template (Spain)

NAB Feasibility Study (Netherlands)

NAB Business Plan Template

NAB 2020 Tipping Point 2 Pager template

SCOPING TERMS OF REFERENCE

Sample Contents of Terms of Reference

Separate from organisational governance for the NAB entity.

Terms of Reference: National Advisory Board

1. CONTEXT

- 1.1 Impact investing
- 1.2 NABs & the GSG

2. ROLE & OBJECTIVES

- 2.1 Objectives of the National Advisory Board.
- 2.2 Priority Actions
- 2.3 Functions of the National Advisory Board
- 2.4 Sector Engagement & Advocacy

3. CHAIR, MEMBERSHIP [& AMBASSADORS]

- 3.1 Role of Chair
- 3.2 Term of appointment of Chair
- 3.3 Members of the National Advisory Board
- 3.4 Term of appointment of members
- 3.5 Commitment of members
- (3.6 Ambassadors of National Advisory Board.)
- (3.7 Term of appointment of Ambassadors)
- (3.8 Commitment of Ambassadors)

4. SECRETARIAT & SUPPORT

- 4.1 Secretariat & Support
- 4.2 Key Relationships
- 4.3 Resources
- 4.4 Establishment of working groups

5. MEETING ARRANGEMENTS

- 5.1 Location & Frequency of meetings
- 5.2 Decision-making.
- 5.3 Conduct of Meetings

ATTACHMENT A: MEMBERS & AMBASSADORS OF THE NATIONAL ADVISORY BOARD

Members:

[Ambassadors:]

ATTACHMENT B: GOVERNANCE PRINCIPLES

CAPABILITY MATRICES

Capability Matrix National Advisory Board

Sector & Focus	Impact Investment Practice	Government & Policy	Philanthropy	Institutional Investment	Banking	Funds Management	Advice & Intermediary	Service Delivery	Social Enterprise	Grass Roots & Beneficiary
Skills & Experience										
Networks & Influence										

Source: Impact Strategist, 2018

Capability Matrix Secretariat and Delivery

Skills	Capabilities
Emergent strategy	Proactive leadership
Project management	Deal with high degree of ambiguity
Communications	Stakeholder engagement
Government relations	Writing with influence
Public policy development	Strategy & policy development
Research	Knowledge management
Movement building	Clear communications
Marketing & fundraising	Business development

Source: Impact Strategist, 2018

FIELD & STAKEHOLDER MAPPING

Stakeholder mapping tools available to NABs



The GSG have developed a stakeholder mapping tool accessible to GSG members here.

Approaches to field mapping

Mapping the field often involves testing where there are gaps, strengths and challenges. Frameworks developed through work of impact investment field builders, the GSG and

NABs can be utilised and adapted by NABs to stress test conditions and priorities in their context. The following are examples:

Analysis of gaps along the financial services product development supply chain



Source: GSG Working Group, Investing for A Better World Strengthening the Financial Services Value Chain to Meet the Sustainable Development Goals Part I: Diagnosis, 2018

The existing frameworks and literature can be used to construct a set of hypotheses to test with different stakeholders to determine where there is activity and gaps and how strengths and challenges are being experienced in the field.

The structure and specifics need to be adapted for local context;

however, the areas of focus are usually similar across jurisdictions. Key differences for context may arise based on dynamics and issues such as general state of development of the ecosystem, whether the domestic landscape includes significant donor or development activity.

Sample hypotheses to inform consultation with practitioners and stakeholders about what is being experienced in the market and what matters to them

SUPPLY

- ▲ **Capital.** Availability of funds is not a constraint; there is untapped capital available
- ▲ **Barriers to entry.** Lack of available products and high transaction costs are limiting the competitiveness of returns
- ▲ **Risk-return.** A lack of information and understanding of risk and return for the asset is a barrier to take-up
- ▲ **Credit enhancement.** The only way that capital will be unlocked in the short term is with credit enhancement to make impact investments attractive

INTERMEDIARIES

- ▲ **Scale, depth, reach.** Lack of scale, depth and reach of intermediaries is a constraint to market development
- ▲ **Clearing.** Lack of clearing house or exchange holds back more transactions
- ▲ **Capability.** Subscale, ad hoc market development will continue until a critical mass of talented people is drawn in from other sectors

MEASUREMENT

- ▲ **Measurement systems.** Lack of accepted orthodoxy or consistency in social outcomes, impact or return undermines investor confidence and limits market potential
- ▲ **Benchmarking information.** Market participants cannot easily source information on completed or prospective transactions and the available information does not readily allow for benchmarking

DEMAND

- ▲ **Product development.** Range of products does not reflect the spectrum of existing asset classes
- ▲ **Investable propositions.** There is not enough support for capability-building for entrepreneurs to make their ideas investable
- ▲ **Culture block.** Many socially oriented organisations that may be able to utilise a broader range of financing options to support their work are constrained by operational and cultural issues

ECOSYSTEM

- ▲ **Identity and narrative.** Impact investment as a sector lacks an identity, narrative and common language
- ▲ **Education.** There is low awareness of context, track record and potential
- ▲ **Secondary market.** Lack of information and limited liquidity options constrain the market
- ▲ **Legal forms.** hybrid corporate structures that bridge across financial and social objectives are absent

LEADERSHIP

- ▲ **Practice.** Market development requires practitioners to move from disparate activities to an organised practice (e.g. share knowledge, channel opportunities, build common cause)
- ▲ **Talent pipeline.** There are not enough opportunities for skill enhancement and career paths to encourage talent to enter and develop the sector
- ▲ **Network reliance.** Reliance on personal networks as the de facto leadership in Australia is unsustainable and inhibits market development

This can inform inquiry focused on key questions such as:

- ▲ What factors would encourage and enable a more proactive approach?
- ▲ What's holding us back?
- ▲ How can Governments be encouraged to utilise significant levers to accelerate progress?
- ▲ What conversation if started today could ripple out in a way that creates new possibilities for the future?
- ▲ What are the big levers? If you could only do/change one thing to make

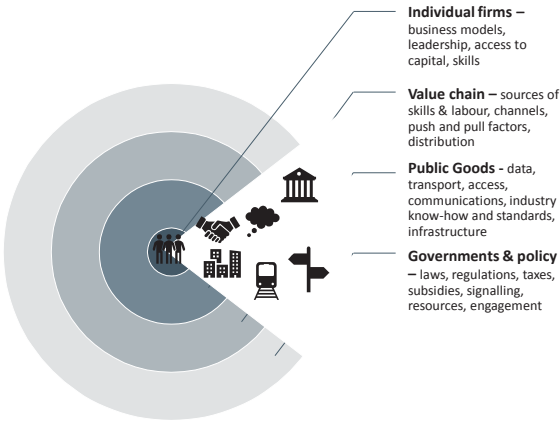
the biggest difference, what would you choose and why?

The inquiry can extend further to activate stakeholders:

- ▲ What's missing?
- ▲ Who do we need to activate?
- ▲ What are the tangible opportunities for leadership/action and who's well placed to take them up?
- ▲ How can we support each other in taking the next steps?
- ▲ What are you going to do?

Scaling barriers that can affect multiple practitioners and actors

Scaling barriers are often not at the level of the firm itself, but in the industry ecosystem around it. These barriers constrain growth at four distinct but related levels: the firm itself, the industry value chain of which the firm is a part, public goods relevant to the industry, and governmental laws, policies and actions.



Removing scaling barriers and building enabling infrastructure is an opportunity for different actors for different reasons

For philanthropic foundations, aid donor agencies and multilateral development institutions an opportunity to create greater impact on issues, by directing and modulating their resources most effectively to accelerate solutions to scale;

For service delivery and other mission-driven intermediaries working locally, to enhance effectiveness and understand wider context of what will influence capacity for scale;

For investors, to enhance the way they select and manage investments to deliver desired financial returns and social impact;

For governments, to understand how laws, policies and actions can influence the development of solutions and capacity for impact at scale, for better or for worse

For corporates, both large and small, to improve their chances of success at scaling innovative solutions to benefit people and the planet.

Impact investment will scale when the full range of scaling barriers is being resolved, encouraging current and potential future actors to participate with capacity to achieve scale.

Filtering opportunities for NAB action

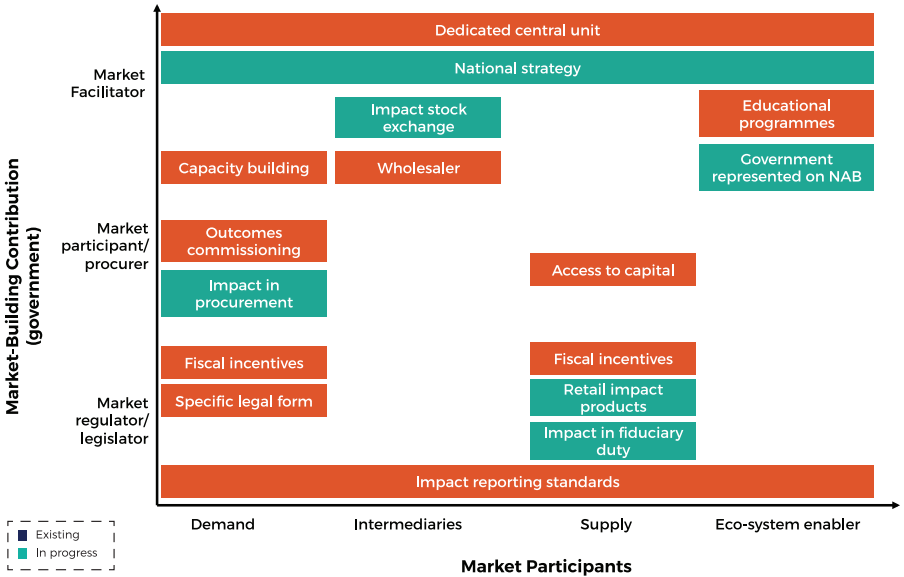
Identifying which actions to be taken forward by the NAB is a mix of discipline, pragmatism and opportunism.

Key questions can be structured to assist the NAB in priority setting based on considerations of likely impact and capacity to deliver.

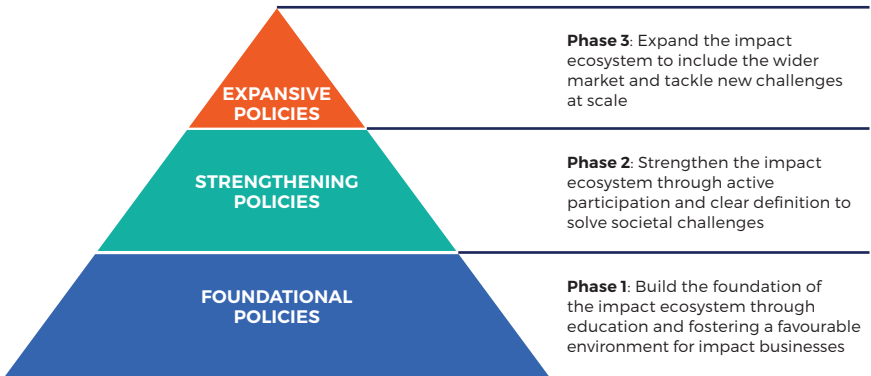
			PROJECT/INITIATIVES					
			A	B	C	D	E	
SUITABILITY CRITERIA	Ability to impact	Ability to leverage existing market conditions	▲ is there a supply/ demand gap?					
			▲ are there existing incentives?					
			▲ is there a clear opportunity?					
		Likely financial viability	▲ extent of financial appeal (ie ability to leverage existing/ attract new capital)?					
			▲ will it be financially sustainable longer term? Or will it be wholly/ party reliant on subsidies/ grants?					
		Community need	▲ to what extent does it address a real need within the community?					
			▲ how large is the gap between current supply and demand?					
		Demonstration effect	▲ To what extent is it replicable and/ or scalable?					
			▲ Is there and international precedent/ parallel?					
		Scale of impact on the market	▲ Does it have a catalytic effect?					
		▲ Does it remove a major barrier?						
		▲ To what extent does it have and impact on key stakeholders?						
Ability to implement	Likelihood of relevant stakeholder support/ engagement	▲ including investors, social sector organisations, government, intermediaries etc						
	Likelihood of engaging government	▲ as a key stakeholder?						
		▲ as a developer of policy?						
		▲ as a funder?						
		▲ as a procurer?						
	Leadership and resources	▲ what is the AAB's appetite to sponsor such a project?						
		▲ what kind of resources are required, and will these be readily available? (eg pro bono)						

POLICY FRAMEWORKS

The following policy frameworks and levers have been synthesised for the GSG based on work of the OECD and NABs.



Three phases of policy making



Summary of 15 Policy Tools

	Tools	Description	Example	Cost
Market Facilitator	Government represented on NAB / Private sector NAB membership (not one of the 15 policy tools)	Participate in discussions with the National Advisory Board to promote collaboration between the government and the private and non-profit sectors	Finland / Chile	
	1. Capacity building	Promote impact businesses by providing them tools to support and grow their businesses, includes incubators and accelerators	Argentina & Uruguay	\$\$
	2. Dedicated central unit	Establish a centre of expertise within the government, that withstands changing administrations, to develop and oversee impact investing policies	France	\$
	3. Educational programmes	Educate current market participants and future generations on impact investing	Italy	\$\$
	4. National Strategy	Design and implement policies to improve the impact investment ecosystem at a national level	Portugal	\$
	5. Wholesaler	Create a wholesaler (fund of funds) to provide catalytic capital to impact-driven investment funds	United Kingdom	\$\$\$
Market participant	6. Impact stock exchange	Provide a centralised database and crowdfunding platform that connects investors and impact businesses	Canada	\$\$
	7. Access to capital	Provide funding, through funding programmes and government-owned funds, to impact businesses or impact-driven funds	Australia	\$\$\$
	8. Outcomes commissioning	Procure payment-by-results contracts and create a government outcomes fund to streamline the payment-by-results procurement system	United Kingdom	\$\$\$
Market regulator	9. Impact in procurement	Embed social value in procurement decisions by procuring from impact businesses or integrating social and environmental metrics in procurement programmes	South Korea	\$\$
	10. Impact in fiduciary duty	Provide retail investors with the opportunity to invest in impact businesses by mandating asset owners to include impact as a consideration in their clients' investment decisions	United States	\$
	11. Impact reporting standards	Provide stakeholders with an ability to understand and benchmark the impact of an impact businesses by establishing a standardised approach to impact reporting	Brazil	\$
	12. Specific legal form	Define the impact investment universe by providing a clear legal form that focuses on their societal and environmental contribution rather than on their ability to generate profit	South Korea	\$
	13. Fiscal incentives (demand)	Incentivise impact businesses by reducing the tax burden or providing other fiscal incentives	France	\$\$
	14. Fiscal incentives (supply)	Incentivise impact investors by reducing the tax burden or providing other fiscal incentives	United States	\$\$
	15. Retail impact products	Catalyse the supply side by creating investable solutions in the impact investment field	France	\$

