



Progress on Recommendations  
and Reflections on Strengthening  
the Brazilian Social Finance and  
Impact Business Field.

2016 REPORT

---

F O R Ç A T A R E F A  
DE  
**Finanças Sociais**

## MESSAGE FROM THE SOCIAL FINANCE TASK FORCE

The Social Finance Task Force (SFTF) was created in May 2014, from a working group made up of organizations and specialists that wanted to attract more capital and stimulate entrepreneurship and innovation in order to solve social problems. With this goal in mind, in October 2015 the SFTF presented 15 recommendations for carrying out this agenda over the following five years.

In the time between these recommendations being presented and the publication of this report, the role of the SFTF has been to map, connect, and support agendas and players that could strengthen this new field called Social Finance and Impact Businesses.

In this document we want to show that investments in Social or Environmental Impact Businesses offering financial returns are already a reality in Brazil and in the world, and that several new players have become part of this ecosystem.

To share this global trend, we studied, learned, and partnered with the pioneering Task Forces – such as those in the United Kingdom, the United States, Canada, and Australia. We produced studies to quantify financial resources already invested and to map the ecosystem of organizations connected and working with this topic. We also organized various events for dialogue about the challenges faced, and to understand the catalysts that could jump start the movement in Brazil.

The effectiveness of these recommendations depends on employing the resources of different players and completing projects that complement each other. Thus, the SFTF has been responsible for encouraging new organizations to connect with this topic, creating spaces for innovation, and monitoring the progress in - and challenges to - making these recommendations a reality – not to mention the role of announcing and celebrating partners' achievements.

Throughout 2016 we ran a Social Finance innovation lab, which established and strengthened concrete partnerships and initiatives in the field. We deepened our integration with ecosystems that have synergy with our agenda, such as those for angel investors, institutes and business foundations, and the municipal administration. We also want to highlight the signing of the Agreement for Technical Cooperation with the Ministry for Industry, Foreign Trade, and Services. This has enhanced our connection and work plan with players from the Federal Government.

We are continuing onward and are certain that there are several milestones to celebrate, but also great challenges to guaranteeing that these investments generate real and effective improvements in the quality of life in communities. This is the impact we most desire.

This report describes the different initiatives that are the direct result of the SFTF's recommendations, and it includes reflections from various players involved with Social Finance and Impact Businesses. We take this opportunity to thank and congratulate the organizations mentioned in this report for the results they have obtained and for how generously they have collaborated to strengthen the field.

We hope you can learn more about the SFTF's recommendations and the progress made in 2016. If you have implemented or followed other initiatives related to the topics discussed in this report, do not hesitate to contact us. And if you want to join the movement, let's start a conversation.

### *Social Finance Task Force*

Andre Degenszajn | Daniel Izzo | Fábio Barbosa | Guilherme Ferreira |  
Luiz Lara | Marcos Vinícius de Souza | Maria Alice Setubal | Rodrigo Menezes

For three years now, the Social Finance Task Force (SFTF) has monitored the field of Social Finance and Impact Businesses. In this period, we have identified four catalysts that must be activated at the same time to realize our vision for the ecosystem by 2020. Below is an overview of the progress and the goals for this field, with regard to these catalysts:



## ↑\$ INCREASING THE SUPPLY OF CAPITAL

In 2014, a study by the SFTF and the Deloitte identified that 13 billion BRL were invested via Social Finance mechanisms (mainly microcredit)

A 2014 study by ANDE indicates that there are 22 active impact investors in Brazil, which control 177 million USD

Few Institutes and Foundations are aware of - or invest in - this field

Some high-income families are beginning to invest in impact investment funds

Itaú and BID officially become part of the Social Finance Task Force

A 2016 study by ANDE indicates that there are 29 active impact investors in Brazil, which add up to 186 million USD

21 Institutions and Foundations learn about Social Finance mechanisms and commit to allocating circa 700,000 BRL in a social fund for investing in Impact Businesses

Two models of Social Impact Bonds in the areas of education and health currently being studied for implementation

New mechanisms for investment in the field in pilot initiatives: equity crowdfunding and securitization.

In 2020, 50 billion BRL invested via Social Finance mechanisms

10 banks/wealth managers clearly positioned in Social Finances, including offering products

10% of the members organizations of GIFE (Grupo de Investidores Sociais do Brasil [Brazilian Social Investors Group]) (from a total of 136) allocate a minimum of 5% of their investments and donations to the field of Social Finance and Impact Businesses

Cities and consortia of cities buy and hire Impact Businesses to better serve their populations

## ↑ INCREASING THE NUMBER OF IMPACT BUSINESSES

A group of organizations establishes four principles that identify Impact Business models

Key organizations for supporting entrepreneurs, such as SEBRAE (Serviço Brasileiro de Apoio às Micro e Pequenas Empresas, [Brazilian Micro and Small Business Support Service]), introduce the topic to their network

Increased engagement of SEBRAE's national leadership with Social and Environmental Impact Businesses, with more than 6,000 impact companies (or potential impact companies) supported across 5 States

Launch of the 1st Impact Business Census by Pipe Social

Currently being studied: using System B tool to identify organizations with products and services for the base of the pyramid

Structuring the "InovAtiva de Impacto," which accelerated 16 Impact Businesses in 2016 (125 predicted for 2017)

200 new Impact Businesses incubated and accelerated per year by various organizations in the field

20 large companies with programs organized to support Impact Businesses (via purchases, investments, and incentives for startups)

10,000 entrepreneurs participate in various SEBRAE activities regarding Impact Businesses

InovAtiva de Impacto accelerated 600 Impact Businesses in their programs, and several are partnered with municipal, state, and federal governments



## STRENGTHENING INTERMEDIARY ORGANIZATIONS

Few incubators and accelerators are recognized for their work in preparing Impact Businesses

IBSF network (professors involved with Impact Businesses and Social Finance) with 23 professors in 4 Institutes of Higher Learning (FGV-SP, FEA-USP, Insper, and FGV-RJ) in 2 Brazilian states (São Paulo and Rio de Janeiro).

20 technology-based incubators and accelerators (from 4 regions of the country), mobilized and trained to select and support Impact Businesses

Impact Business & Social Finance Network has 50 professors from 28 Institutes of Higher Learning, in 10 Brazilian states

Network for Measuring Social Finance Impact, including 25 organizations that are interested in the topic

Impact evaluation centers active in all regions of the country

At least 10 active investment funds with impact theses

At least 40 Brazilian incubators and accelerators with specific strategies for selecting and supporting Impact Businesses

Institutions of Higher Learning train students in the areas of Social Finance and Impact Businesses (not only in business courses) in all regions



## PROMOTING A FAVORABLE MACRO-ENVIRONMENT

Few public-sector managers and leaders of big companies are familiar with the field of Social Finance and Impact Businesses

There is an absence of groups formed to formulate legislation that favors the field

The Technical Cooperation Agreement with the of Ministry Industry, Foreign Trade, and Services was signed; this document promotes Social Finance in Brazil

The "Social Finance in the Federal Government" working group was formed

Federal legislation protecting angel-investors was approved

A technical report was developed and disseminated concerning legal and tax risks relating to investments in Impact Businesses made by foundations and associations

Most public-sector managers (federal, state, and municipal) and leaders of big companies are familiar with and understand the topic of Social Finance and Impact Businesses

## OPEN CONSULTATION WITH THE TASK FORCE

The process of creating this report involved holding an open consultation through an online platform in November 2016. The consultation had the following goals:

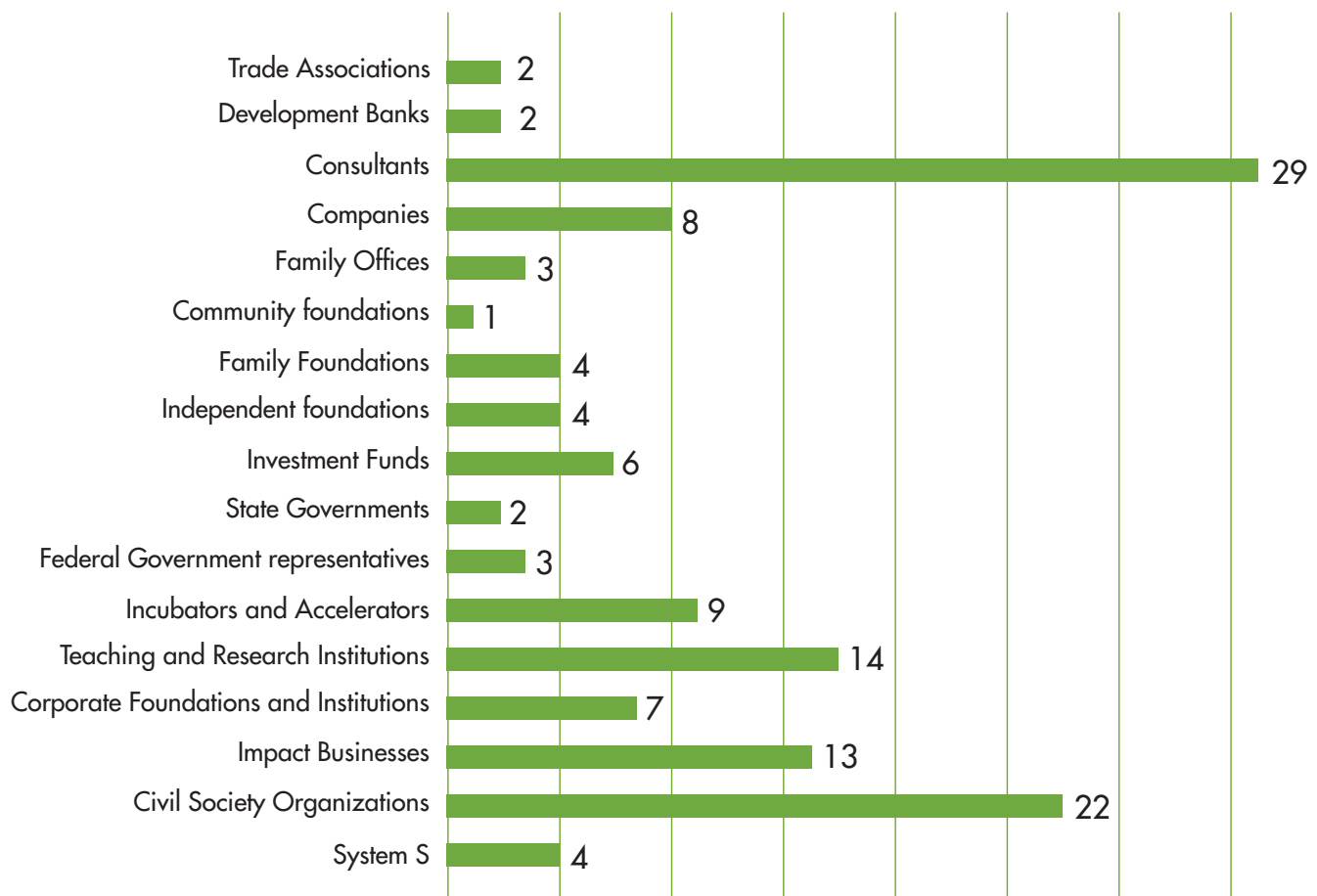
1. Map results and achievements, beyond the SFTF's connections, that support the progress of the recommendations.
2. Reflect on challenges and legislation that support the development of strategic topics.
3. Verify information used in creating this report with players in the ecosystem.

**133** visitors registered to interact in the open consultation

**253** visitors logged on to the open consultation

**47** Topics Created

**178** Interactions in the consultation



On pages 12 and 45 of this report, we list the advances and challenges mapped during the Open Consultation. Log on to [avancos.forcatarefainancassociais.org.br](http://avancos.forcatarefainancassociais.org.br) for more detailed information and links.

The site will continue to operate throughout 2017, and the SFTF will continue to map and record initiatives and achievements that support the progress of Social Finance and Impact Businesses. We invite everyone to help us keep the site updated.

## Executive Board



## Strategic partners



## Sponsors



[www.forcatarefaincassociais.org.br](http://www.forcatarefaincassociais.org.br)