



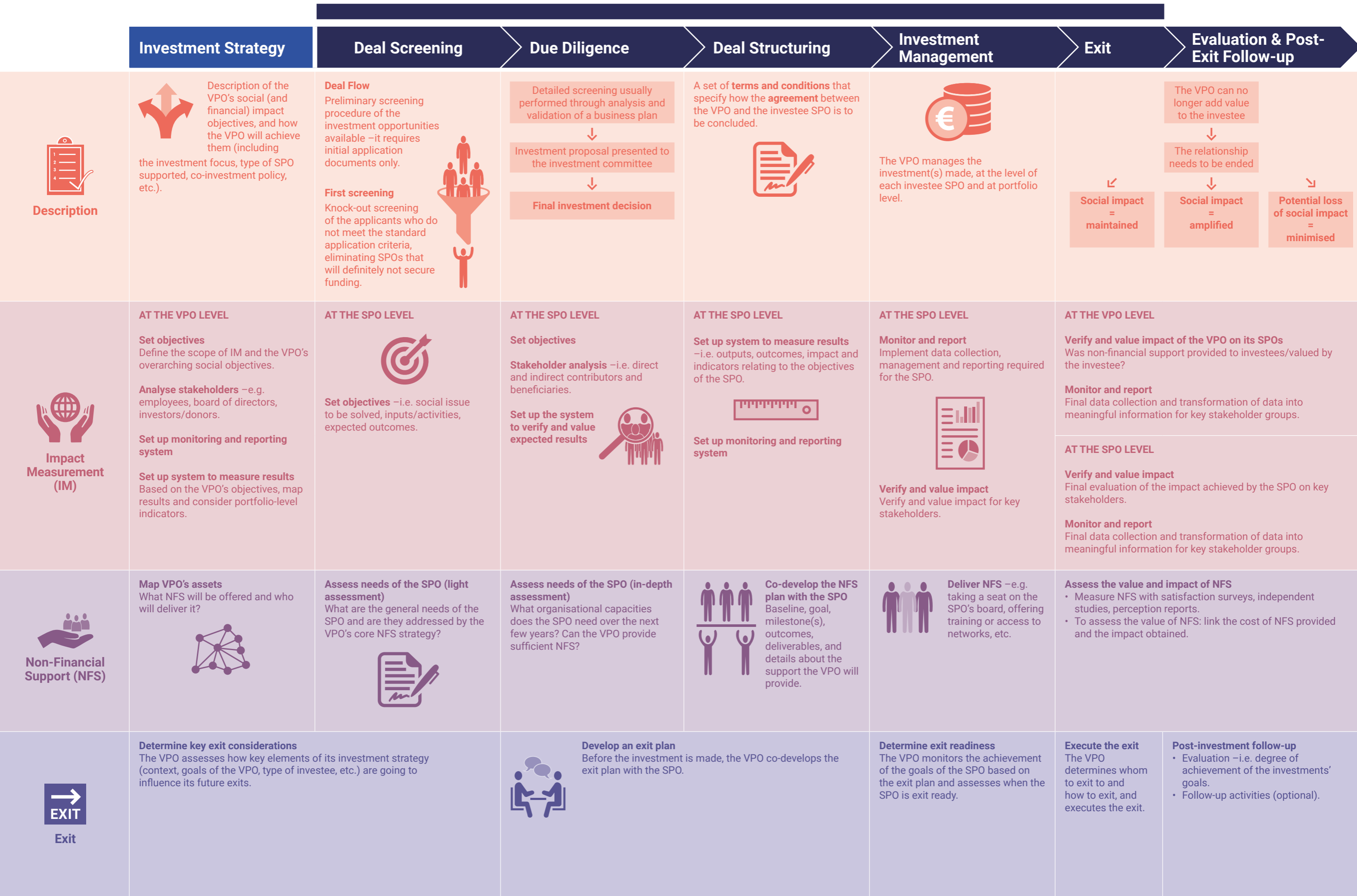
EUROPEAN  
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# VP in a Nutshell

## Overview



# The Investment Process



**Accelerator:** a programme through which an organisation supports investment-ready social enterprises by providing them with business development support, mentoring, infrastructure, and access to relevant networks in order to help them grow.

**Baseline:** the initial collection of data that describes the state of development of the SPO when the VPO starts investing in it. The baseline serves as a basis for comparison with the subsequently acquired data on the development of the SPO.

**Due diligence:** the process where an organisation or company's strengths and weaknesses are assessed in detail by a potential investor with a view to investment.

**Exit strategy:** the action plan to determine when a VPO can no longer add value to the investee (SPO), and to end the relationship while maintaining/amplifying the social impact, or minimising the potential loss of social impact.

**Financial sustainability:** the assessment that an SPO will have sufficient resources to continue pursuing its social mission.

**Impact investing:** a form of investment that aims at generating social impact as well as financial return.

**Impact measurement and management (IM):** measuring and managing the process of creating social impact in order to maximise and optimise it.

**Incubator:** a programme through which an organisation supports very early-stage social enterprises by providing them with business development support, mentoring, infrastructure, and access to relevant networks in order to make them investment-ready.

**Monetisation:** the process of giving monetary value to a service obtained free of cost.

**Non-financial support (NFS):** the support services VPOs offer to investees to increase their societal impact, organisational resilience and financial sustainability –i.e. the three core areas of development of the SPO.

**Organisational resilience:** the assessment of the degree of maturity of an SPO, in terms of the degree of development of the management team and organisation (governance, fund-raising capacity, etc.).

**Portfolio:** the collection of projects or organisations that have received sponsorship from the investor.

**Pro-bono contribution:** professional work undertaken voluntarily and without payment. Unlike traditional/unskilled volunteerism, it is a service that uses the specific skills of professionals to provide services to those who are unable to afford them.

**Social impact:** the attribution of an organisation's activities to broader and longer-term outcomes.

**Social Purpose Organisation (SPO):** an organisation that operates with the primary aim of achieving measurable social and environmental impact. SPOs include charities, non-profit organisations and social enterprises.

**Tailored financing:** financing mechanisms (grants, debt, equity hybrid financing) adapted to needs of the SPO.

**Theory of Change:** the definition of all building blocks required to bring about a given long-term goal. This set of connected building blocks is depicted on a map known as a pathway of change or change framework, which is a graphic representation of the change process.

**Venture philanthropy (VP):** a high-engagement and long-term approach to generating societal impact through three practices: tailored financing, organisational support and impact measurement and management.

**Venture Philanthropy Organisation (VPO):** an organisation that follows the venture philanthropy approach. A Foundation can be a VPO.