

Quick Case Guide

Public Foundation	Publicly Fundraising	Mostly Direct	Finance First
Private Foundation	Non-Fundraising	Mostly In-Direct	Blended
			Impact First

Catalyzing community impact through partnerships

In conversation with the D. Keith MacDonald Foundation, March 2017

The D. Keith MacDonald Foundation (DKM) is a grant-making private family foundation founded in 2012 with a mission to support scalable and sustainable solutions to the causes of poverty in the developing world. The foundation, which currently has assets of approximately \$7 million, makes grants and investments within its focus to support educational attainment and economic opportunity. Purpose Capital spoke with Danielle Gibbie, the foundation's Executive Director, about how this family foundation is engaging in impact investing.



How did your foundation first come across impact investing?

In a former role with a management consultancy focused on clean technology, I became familiar with the idea of impact investing and saw it as a meaningful way for the foundation to amplify its impact. As an entrepreneur himself, our founder Keith also became excited about the idea of investing in social businesses that align with our mission. He saw it as a way to get tangibly involved. We attended the Social Finance Forum in 2015. That experience opened our eyes to the various opportunities and ways the foundation could engage in impact investing. At that conference we met two outstanding social enterprises that had already received funding from Grand Challenges Canada and were seeking additional partners — they ended up being our first investments.

How did you begin?

As a smaller organization with no pushback from the board, we were able to be nimble. We actively began seeking investment opportunities. From attending events such as the Social Finance Forum and SOCAP we developed a strong network of organizations and individuals that were already deeply rooted in the space. They eagerly welcomed us along our journey to impact investing.

Becoming part of Toniic, a global network of impact investors, was highly influential in moving us from intention to action. We primarily joined Toniic for access to deal flow. We were focused on early stage investments in East Africa, and we knew it would be a challenge to find investment opportunities. Toniic was an ideal fit; they have a large membership based in Europe, many of whom actively invest in Africa. Ultimately we have found so much more than deal flow from joining Toniic. We were welcomed into a community of people who have significant experience with impact investing. It was a safe space to learn with no judgment from a network of remarkably skilled people.

“It worked well for us to continue learning through hands on experience... I think there are great opportunities to start looking at how impact investing can fit within your organizational goals.”

KEY STEPS

- *Build and draw on your networks to provide the information and confidence you need*
- *Join in with action-oriented communities to learn by doing*
- *Treat this as an ongoing learning experience on how to best create impact*

Were there any particular barriers?

The biggest initial barrier was getting regulatory clarity on what we can and cannot do. It took time for us to find appropriate legal advice that suited our goals and interests within impact investing. The other challenge was finding the right team to work with. As a small organization, we didn't have the capacity to move through the full investment cycle in house. Thus, we sought out individuals and organizations in our network with whom we could work in various capacities. ^[1] _[SEP]

What kind of impact investments have you made?

Our first investment was in Arbutus Medical, who we met at the Social Finance Forum in 2015 at a roundtable investor event co-hosted by the Impact Angel Alliance and Grand Challenges Canada.

Arbutus Medical grew out of a need for improved surgical equipment in Uganda, and now operates in many parts of the world. They make inexpensive covers for everyday hardware tools so that lower cost equipment can be safely used for surgeries. Working with Grand Challenges Canada was incredible for us. We relied on much of the due diligence they had already done. We saw them as a trusted partner who was already well versed within this space.

One of Arbutus' other investors was a former doctor who knew the medical technology space well. Both co-investors were amazing at sharing their due diligence, allowing us to lean on those supports and networks.

We were definitely uncertain before making our first investment. It felt like we were like a little kid standing on the edge of a high-rise diving board. But ultimately it's not that bad or scary. Arbutus was a great example investment for us because they have impact front and centre in what they do. For Arbutus, having both Grand Challenges and ourselves on board as investors really shows what they are intending to do. We filled a particular role by coming in early along with the other investors. As they develop and raise additional rounds of financing, other impact funds and investors can see that mission alignment from us.

How do you see this work at the foundation changing over time?

It's going to evolve over time. Since we began working in this space, we no longer look at our grants and investments as two separate entities. In two years of focusing on impact investing, we now view our grants and investments as integrated tools to use depending on which type of capital is appropriate.

Over the past six months, we've been focusing internally on our investment strategy. When we began, we were quite opportunistic in looking for investment opportunities. Developing a focused strategy will allow us to use an investment thesis and framework to work through the investment cycle. We understand that this work will continue to evolve over time as we learn and become better investors and grantors.

Despite being in learning mode, we take a very methodical approach once we're engaged to ensure that we are being rigorous. **You can read and research and talk to others, but until you start actually doing it, you don't really know what you're doing. Taking action creates comfort towards taking more action.**

What starting points would you recommend for other foundations to consider?

It worked well for us to continue learning through hands-on experience. This can be challenging for others with a more elaborate board and advisory council. If you are a smaller organization with more flexibility there are great opportunities to start looking at how impact investing can fit within your organizational goals. When considering a first investment, take your time, do your research, talk to as many people as you can, don't be

afraid to ask questions. Everyone we've met in this space has been incredibly helpful. We would not be where we are today without the support of others.