

AVPN South Asia Social Investment Summit 2022

Panel Discussion on
**Unlocking Capital Through Social Stock Exchange –
Best Practices from Asia and the Way Ahead for
India**

Key Takeaways



Session Rapporteur
Anurupa Mukherjee
Associate
GameChanger Law Advisors

Moderator – Rathish Balakrishnan, Co-Founder, Sattva Consulting

- The primary challenge lies at the heart of **old capital and new innovation**.
- It is essential to **enable innovation through optimization of capital**.
- India is the **8th country** to embrace Social Stock Exchange
- Social capital offline can help to build buzz online

Speaker – Vineet Rai, Founder and Chairman, Aavishkaar Group

- How to address impact and social enterprises in light of SSE?
 - There are lots of problems and not enough capital for problem solving entrepreneurs. As India gets richer, **an allocation of more than 2% CSR** could be beneficial through more transparency, accountability and heavy penalties.
 - **Social Venture Fund (SVF)** structure can receive and give equity, debt and grant and is the first of its kind in India. There exists an inherent uncertainty around the phrase “muted returns” which discourages investors. SEBI has since removed the word “muted” which is encouraging for the sector.
 - India’s approach is to not invent an SSE but to use existing Stock Exchange (NSE, etc.) by including SSE into its fold.

Speaker – Vineet Rai, Founder and Chairman, Aavishkaar Group

- Will SSE create money?
 - It would likely **inspire new investors** and thereby make money.
 - Issues of **FCRA** can be addressed as SSEs would be SEBI regulated
 - **CSR <> SSE** : Not-for-profits (which operates on the spirituality of impact) and for-profits operate very differently and cause lopsided allocation of capital (CSR) and SSE might just give them this flexibility that CSR hasn't quite been able to achieve.

Speaker – Ingrid Srinath, Director, Centre for Social Impact and Philanthropy, Ashoka University

- As a pre-requisite for SSE, it is essential to raise overall trust and credibility by providing more **comparable data and impact reporting**
- **Social Venture Fund can be to non-profit what Mutual Fund is to the for-profit sector.** The funding could finance a portfolio of organizations (research, community development, etc.) and even offer a curated solution.
- **Capacity Building Fund** to make investors and listees SSE ready (for eg., through AI/Tech specific funds); To enable demand-side readiness, CBF needs to address the needs and concerns of both non-profits and new investors by packaging in investor friendly ways and gaining disproportionate first-mover advantage.

Speaker – Ingrid Srinath, Director, Centre for Social Impact and Philanthropy, Ashoka University

- How do non-profits across sizes look at SSEs?
 - With **raised transparency/accountability** non-profits can stand to benefit from the SSE
 - **Distinctiveness** to catch the fancy of new investors would also be essential.
- In terms of **Impact Measurement** the SSE's flexibility in framework lends itself well to the sector's varied needs resulting in a happy marriage of being flexible while providing sufficient structure and standardization.



Disclaimer:

The intent of these slides is to merely share some of our learnings/notes from the session. We may not have covered all points touched upon by the panelists. Reader discretion is advised.

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Panel Discussion on Catalysing Domestic and Diaspora Philanthropy via Place-based Approaches

Key Takeaways



Session Rapporteur
Saket Rachakonda
Associate
GameChanger Law Advisors

Moderator – Mr Anant Bhagwati, Partner, The Bridgespan Group

- There is a growing sentiment that traditional philanthropy paternalistically excludes those they seek to help
- Place-based philanthropy – approach where funder cedes complete, or partial, decision-making power over the allocation of funds to the people and communities they seek to help
- A place based approach can shift the balance in favour of locally led NGOs and proximate leaders leading the change

Speaker – Mr Omer Hejazeen, CEO & Co-Founder, Quest ME FZE

- Use of local businesses and local manpower makes place-based philanthropy a more sustainable model
- Chances of success are high in a place-based approach, since focus is concentrated on one place
- From a philanthropist's perspective adopting this targeted approach, allows for more time to see and interact with the community and understand where the deficiencies lie
- Ensures lesser leakage of funds, compared to traditional philanthropy
- Downside – place-based philanthropy works only in certain places and under certain circumstances and cannot always be replicated

Speaker – Ms Ruchi Mathur, CEO, Pune City Connect

- What we need is transformation instead of incremental change and a place-based approach enables this.
- Why does the place-based approach enable transformation?
 - (a) one can work in a holistic manner – development verticals intersect (e.g. enabling livelihood is connected with education, health – place-based approach allows to build collaboratives between intersecting development verticals such as livelihood, education, and health and a support
 - (b) allows for the building of ecosystems
 - (c) allows you have to have the northstar goal of ensuring meaningful change for a particular place

Speaker – Ashish Shah, Senior Director, Philanthropy & Community Engagement, Indiaspora

- There is currently a growing trend of high net-worth diaspora donors engaging in place-based philanthropy
- A certain section of high net-worth individuals and seasoned philanthropists are becoming increasingly strategic about their giving and the way they are thinking about impact certain. Their focus is not just on geography, but also looking for lasting impact in that targeted geography. They want to get to the bottom of systemic issues in local communities. Once they have this understanding, they are ready to make long term impact by investing their time and funding.



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