



Sustainable Financing for Esperanza Social Venture Club

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For over a year, Esperanza has operated its 10-week gang reintegration program in Casco Viejo

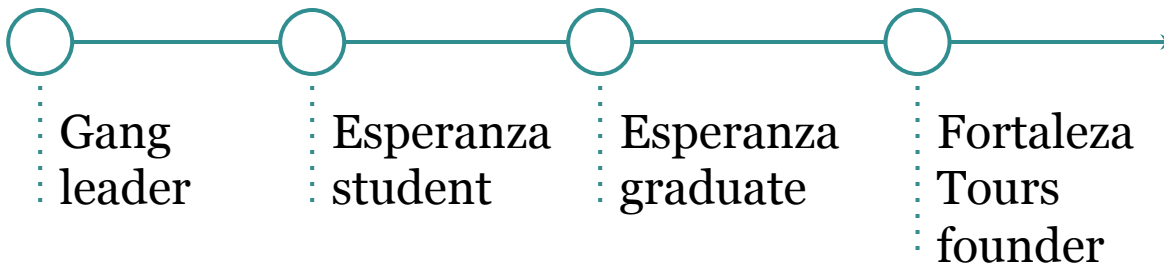
	<i>1. Gang Reintegration Program</i>	<i>2. Social Venture Fund</i>
<i>Program Scope</i>	10-week program to reintegrate gang members to society	Impact investment fund that provides capital for former gang members' business ventures
<i>Funding Sources</i>	Donations from individuals and organizations	Investments from individuals and organizations
<i>Legal Structure</i>	Non-profit organization	For-profit organization

Esperanza has successfully dissolved 2 Casco Viejo gangs and supported the creation of 3 profitable businesses



Ricky's story:

From gang leader to business founder



- ✓ 1 year in operation
- ✓ \$1,200+ monthly profits

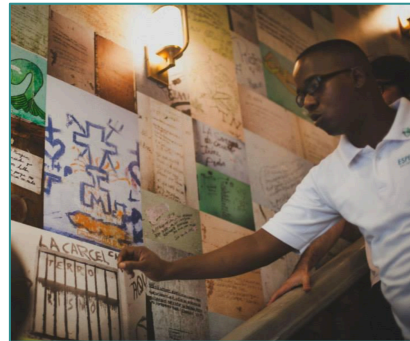
We see an opportunity to confidently lend capital to these businesses to help enable their success

We made 3 key discoveries

1. The businesses need a reliable source of capital to finance their startup and growth activities



2. Treating ex-gang leaders as responsible businessmen provides them with the dignity they seek as contributing members of society



3. The businesses can be profitable enough to repay loans with interest



Esperanza is establishing the Social Venture Fund (SVF) to finance new loans for these businesses

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As an impact investment fund, Esperanza's SVF aims to provide a positive social impact and financial return

Case studies show momentum for impact investing to promote urban entrepreneurship and to reduce recidivism of at-risk male populations

Case Study 1: Village Capital	Case Study 2: Roca's Social Impact Bond
<ul style="list-style-type: none">• Raised \$15MM fund• Provides investments (\$50-100k) for socially-minded ventures in developing countries <p>www.vilcap.com</p>	<ul style="list-style-type: none">• Goldman Sachs' Social Impact Fund provided \$9MM investment to Roca through social impact bond• Roca aims to reduce recidivism for at-risk youth <p>http://www.thirdsectorcap.org/our-work/massachusetts-juvenile-justice-pfs/</p>

Esperanza's SVF will raise its capital from private investors, and will provide an expected return of 2%



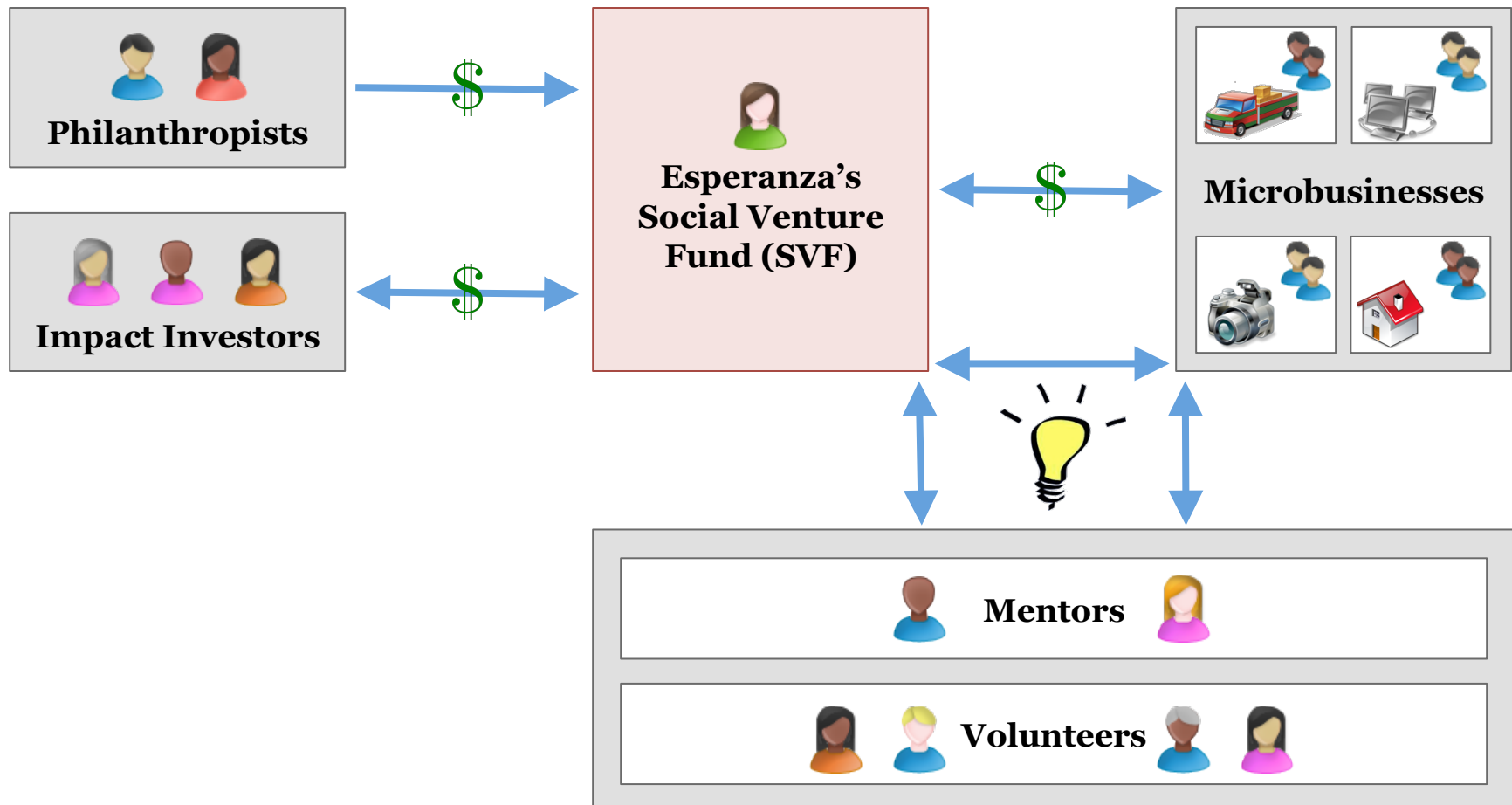
Investment details

Size of fund	\$50k
Liquidation period	5 years
Annualized dividend target	2%

Loan assumptions

Loan number and size	5 loans issued for \$10k each
Loan maturity	2 years each
Annualized interest rate	21%

Esperanza's SVF will help establish an ecosystem to allow new businesses to prosper

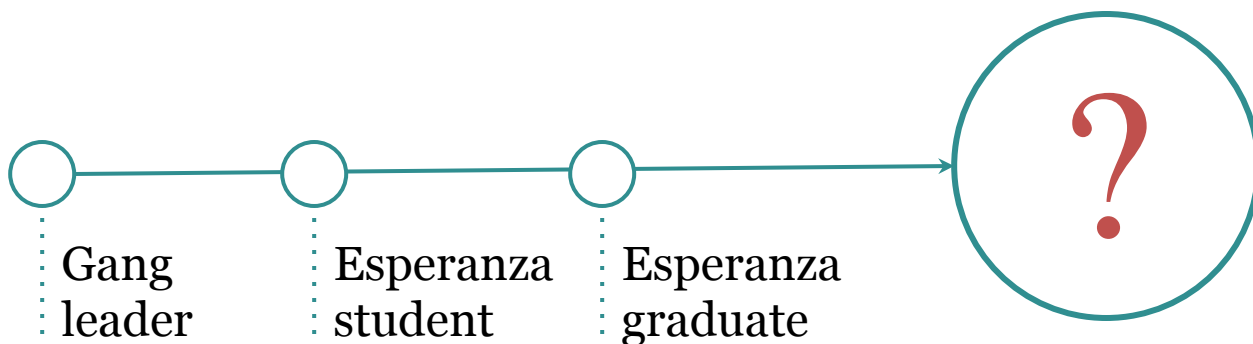


Looking forward, the SVF will provide Esperanza graduates the opportunity to realize their aspirations



Juan's story:

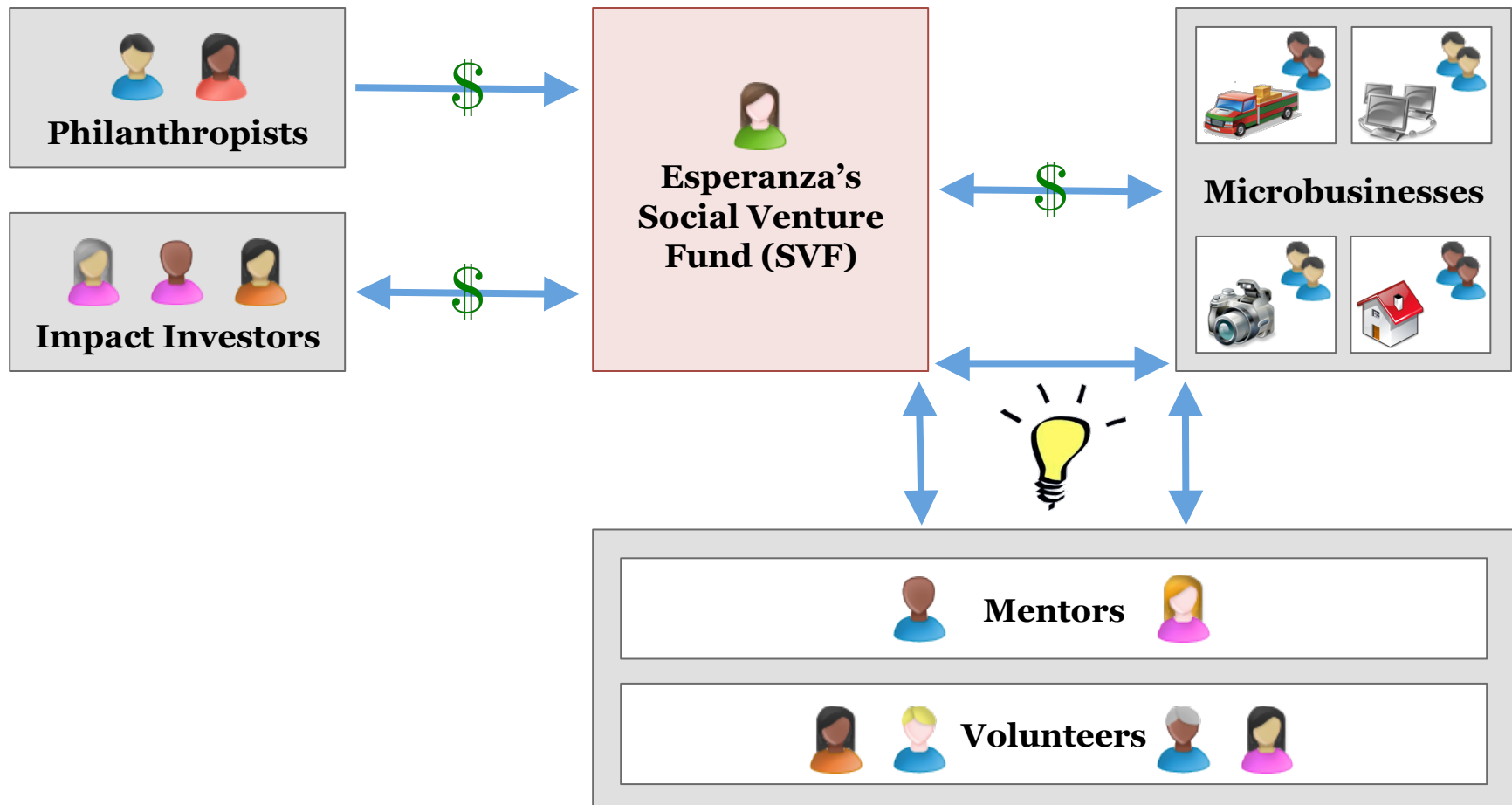
On schedule to graduate in 2 weeks, Juan hopes to launch his own seafood distribution company. With SVF's financing, he can purchase the vehicle he needs to start his business



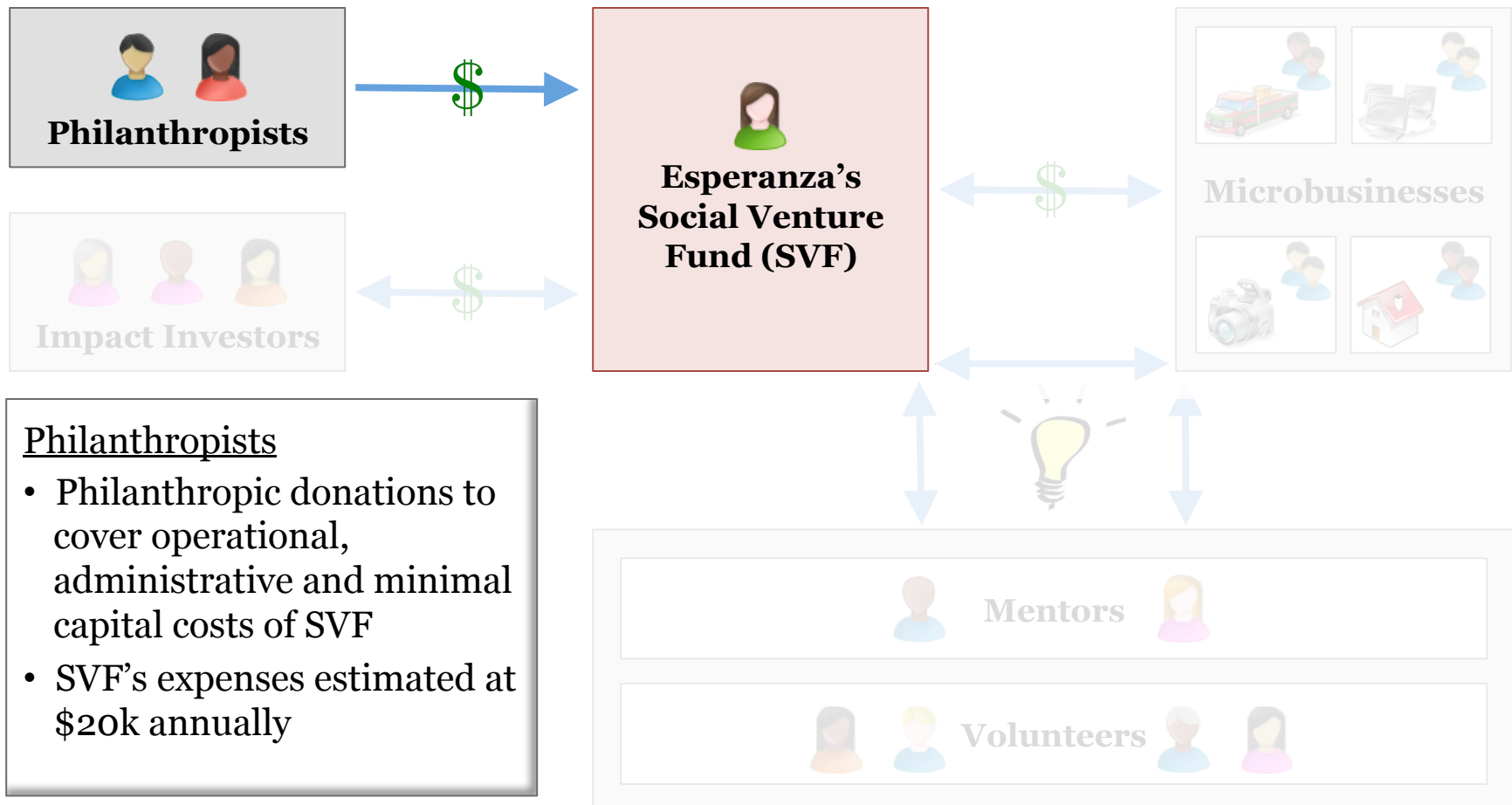


Appendix

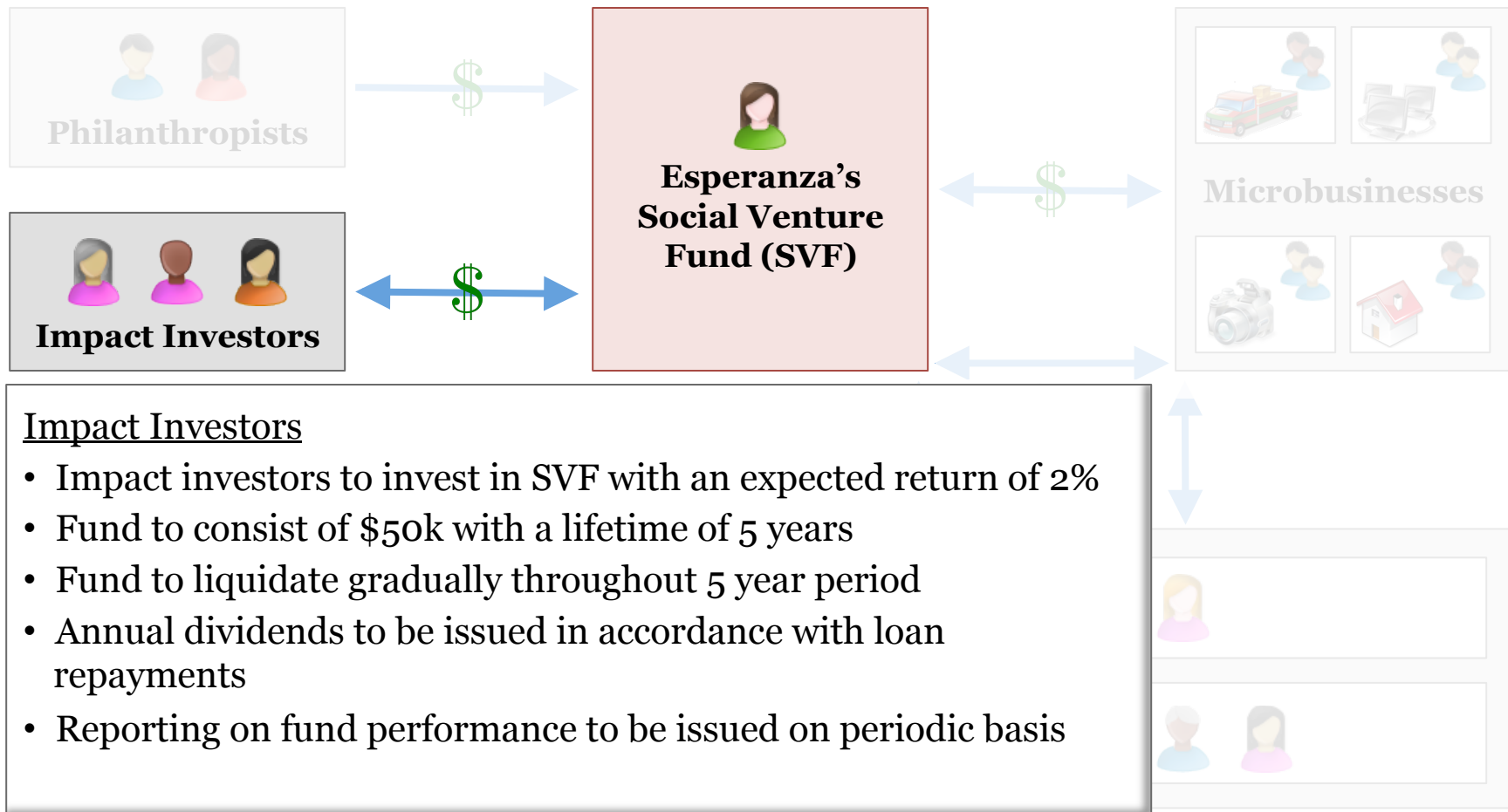
Esperanza's SVF will help establish an ecosystem to allow new businesses to prosper



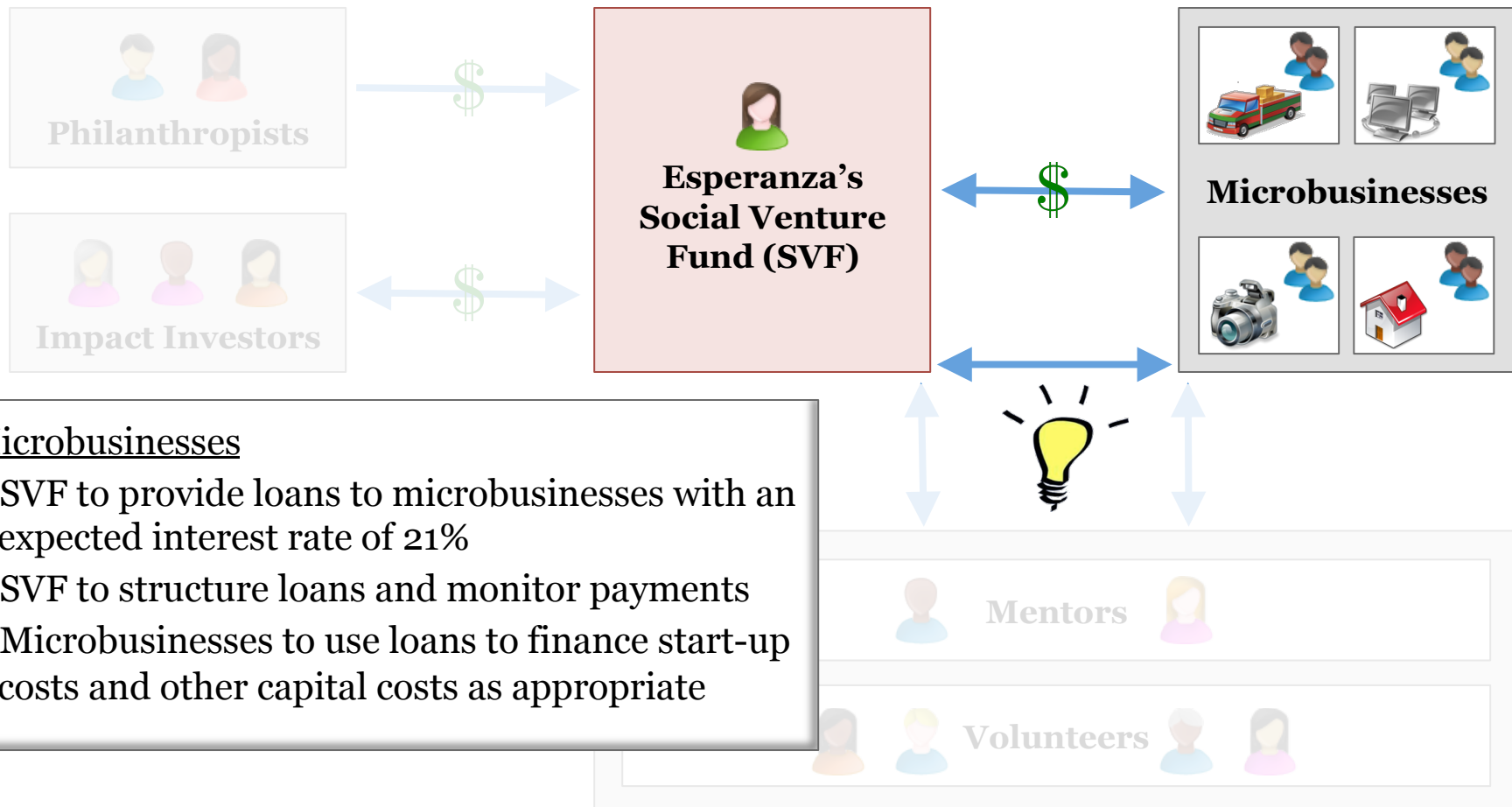
Philanthropic support of \$20k annually will pay for SVF's operations



Individuals can invest in SVF's first \$50k fund; capital will be used for microbusiness lending



Microbusinesses will receive SVF loans that require repayment with interest



Microbusinesses

- SVF to provide loans to microbusinesses with an expected interest rate of 21%
- SVF to structure loans and monitor payments
- Microbusinesses to use loans to finance start-up costs and other capital costs as appropriate

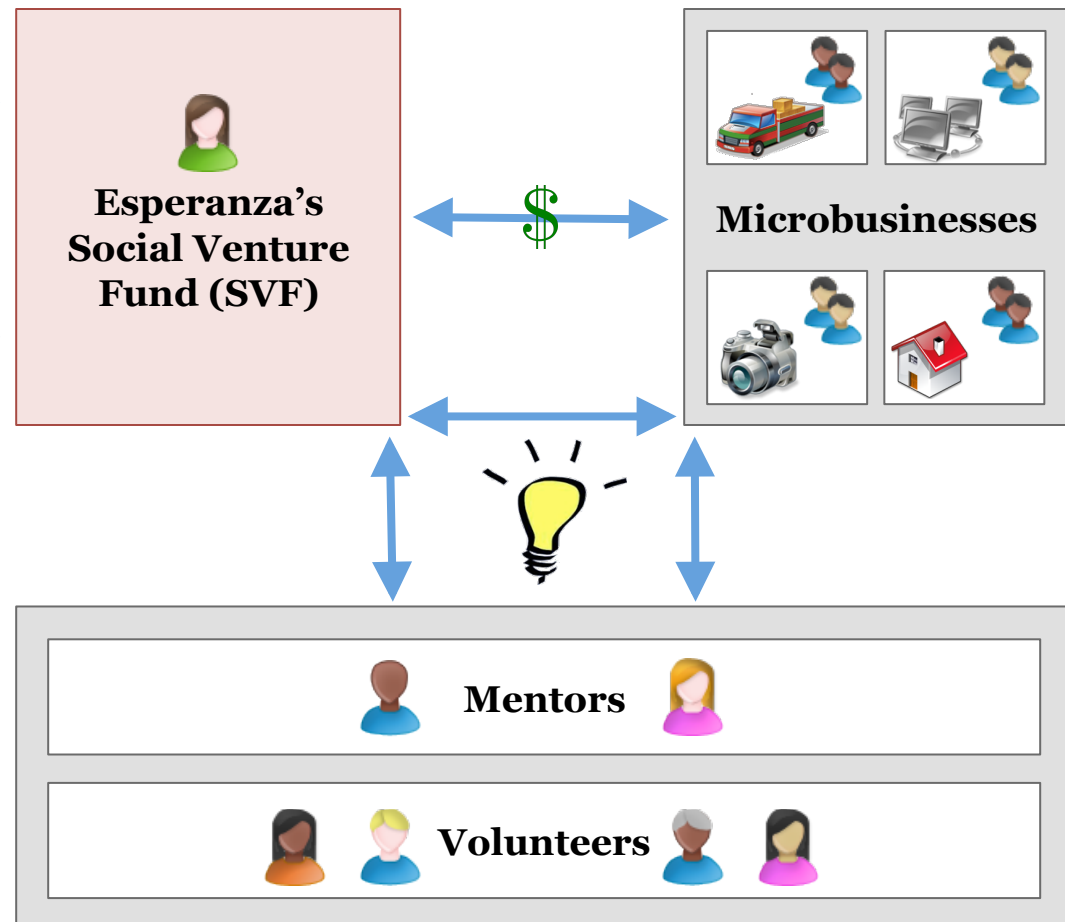
Mentors and a network of volunteers will be available to support microbusiness growth

Mentors

- One mentor assigned to each microbusiness
- Mentors to provide operational and financial advice, including loan advice

Volunteers

- Network of volunteers accessible for all microbusinesses
- Volunteers to provide diverse skillsets, such as graphic design, accounting, and marketing to enable business growth



SVF will work to grow the entire business ecosystem

Social Venture Fund

- Build and manage donor relations
- Build and manage investor relations, provide periodic reporting
- Manage all fund cash flows, including fund liquidation and administration of dividends
- Create a volunteer and mentor network and facilitate their relationship with the microbusinesses

