

A low-angle, close-up photograph of a man with a beard and short hair, looking upwards with a hopeful expression. He is holding a glowing, modern lightbulb in his right hand, which is raised towards the ceiling. The lightbulb has a warm, yellowish glow. In the background, another unlit lightbulb hangs from the ceiling. The man is wearing a red and black patterned shirt. The overall tone is inspirational and hopeful.

2020–2022

Strategic Plan



Calvert
Impact Capital®

“Calvert Social Investment Fund **has a vision that the world can be different. And it’s going to make the world different.** Calvert’s source of power is in the belief and knowledge of this vision. High social impact investing is one way the Fund is encouraging change. Currently, the Fund has placed \$210,000 in high social impact investments with 13 organizations including Accion International, the Boston Community Loan Fund, the Low-Income Housing Fund, and the Capital District Community Loan Fund, to name a few. As we enter the 1990s, we see the area of community credit undergoing rapid growth. We are already looking at a sizeable and growing universe of micro-enterprise, self-employment, community credit union, and community development loan funds...

...In a very real way we can all be about changing the world. **Poor people need a chance, not charity. By sharing a chance and making change, the paradigm shifts.** We can solve poverty in this country. We can solve poverty in the world.”

-Rebecca Adamson

Former trustee of the Calvert Social Investment Fund¹ and founding board member of Calvert Impact Capital, as part of a speech to the Calvert Social Investment Fund’s annual shareholder meeting in 1990.

¹ Calvert Social Investment Fund was the first Fund of Calvert Research and Management (formerly Calvert Investments). The founders of Calvert Research and Management founded Calvert Impact Capital to offer investors more direct ways to invest in communities.



CONTENTS

01 Introduction

03 Reflection

05 Strategic Context

07 2020-2022 Strategy

Introduction

The prior page shares an excerpt from a speech given by Rebecca Adamson, former trustee of the Calvert Social Investment Fund and founding board member of Calvert Impact Capital, to the Fund's annual shareholder meeting in 1990. In her full speech, Rebecca made a compelling case for a one percent allocation from the mutual fund's assets to be invested in "high social impact investments," investments in businesses and non-profits serving communities. The shareholders overwhelmingly approved the resolution, launching what would eventually become Calvert Impact Capital. It was this vision—and the passion infused in our walls by our founders—that has driven us for the past 30 years and continues to push us forward.

We have come a long way since this speech—our \$210,000 in loans to 13 organizations is now cumulatively over \$2 billion raised from investors to support 522 borrowers. But as our assets have grown, so have the complexity and breadth of our global challenges.

Our 2020-2022 strategy was crafted to build a bridge between this past and our future to ensure we are getting closer to achieving our mission: to use private capital in innovative and collaborative ways to create an equitable and sustainable world.

We are far from recognizing this reality. We operate within a broader global context where the assumed dominant systems of capitalism and democracy are in question. Our economic system has produced unprecedented breakthroughs and advancements while simultaneously yielding social and environmental outcomes that are unsustainable: wealth and income inequality, a climate crisis, unequal access to opportunity, gender and racial inequity, among other ills. The structure of our financial markets is a core contributor to these problems. Too many companies are managed to appease equity analysts and enrich their largest shareholders instead of supporting a broader set of stakeholders. Investment products often misprice risk and ignore externalities in pursuit of profit alone.

In addition to—or because of—these economic challenges, the Western democratic system has started to splinter, with sharp increases in divisiveness, hatred, fear of other, and apprehension of the future for a significant portion of the population.

One measure of our progress to address these global challenges are the 2030 Sustainable Development Goals (SDGs). They have reminded us that while we have come a long way, there is still a long way to go. The SDGs serve as organizing principles that clarify the urgency of action required and magnify the scope and scale of the resources needed to adequately respond. And the global response to them—across the philanthropic, social, political, and financial sectors—indicates a willingness to leverage our collective strengths to meet their lofty objectives.

We view 2020—the 25-year anniversary² of our organization and the beginning of a new decade—as an opportunity to reflect on the evolution of our work while looking ahead to what we hope to accomplish over the next 25 years and beyond.

We do this by reflecting internally and externally. We look inward to analyze what we have accomplished, the challenges we have faced, and the role strategy has played in shaping the realities of our work. We review our core business and the new business units that it has engendered to understand and expand our collective impact. Simultaneously, we look outward to understand the changes in the markets around us and what those changes mean for our business today and the future. **We know we must be bold and act with the urgency that this moment requires.**

² Our work first existed within the Calvert Social Investment Fund until it was spun out into a separate 501(c)(3) organization in 1995. So while the portfolio has existed for more than 30 years, we mark 1995 as our founding year.

Reflection

Our 2017–2019 Strategic Plan included aggressive goals for our core business and our growth engine, all of which we have met or exceeded. The core business—raising and deploying capital from our balance sheet—continued to meet the needs of both sides of the market, as evidenced by the following achievements:

17%

portfolio growth from 2017 to 2019 making \$340 million in loans to 73 borrowers through 373 transactions

21%

growth in the balance of our Community Investment Note® between 2017 and 2019

\$18

million (approx.) in net income reinvested between 2017 and 2019, as we ran a self-sufficient business³ starting in 2017



We upgraded our Impact Measurement and Management (IMM) practices, implemented a new impact due diligence model, and became a founding signatory to the new Operating Principles for Impact Management



We built and launched a new online investment platform to improve access and transparency for our investors



We made major investments in systems, processes, and procedures to create the operating infrastructure for scale

Over the last three years, our borrowers cumulatively:

- ➔ served more than **150 million** people
- ➔ created or retained **3.2 million** jobs
- ➔ avoided **47.9 million** tonnes of CO₂ or equivalent
- ➔ generated **804 million** kWh of renewable energy
- ➔ disbursed **\$16.7 billion** in responsible loans
- ➔ created or preserved **129,600** units of affordable housing
- ➔ financed more than **4,600** community and healthcare facilities

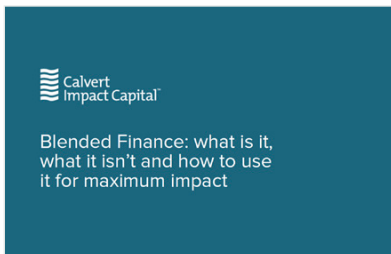
³ Self-sufficiency is defined by our operating revenue fully covering our operating costs, without any need for grants or other forms of subsidy.

We launched two new business lines—loan syndications and thought leadership—both of which saw exciting growth over this period. Since we launched in 2017, our syndication services have facilitated the flow of more than \$200 million across thirteen facilities, creating efficiency and access for more than 30 institutional investors.

Our thought leadership work has focused on topics at the nexus of our institutional knowledge and our observations of where there is widespread confusion or misunderstanding in the industry. The main topics we have explored thus far include gender lens investing, blended finance, and sector-based insights. Sample publications include:



[Just Good Investing: Why gender matters to your portfolio and what you can do about it](#)



[Blended Finance: what is it, what it isn't and how to use it for maximum impact](#)



[Dear Impact Investors, Consider Affordable Housing](#)

As we enter our 25th year, we have enjoyed reflecting on our company's purpose and the common principles that have remained true throughout our history.

These four principles set the stage for our new strategy.

MARKET LEADERSHIP

We have continually pursued new products, sectors and strategies early in their maturation cycle in risk-appropriate ways. The breadth and depth of our work allows us to see trends early and capitalize on new opportunities with the hope that others will follow our lead.

MARKET CREATION

We focus on building capacity and market infrastructure to create long-term solutions to long-term challenges. We maintain a systems mindset, pursuing the path that may require patience in the near-term, but keeps the bigger vision and desired results in mind.

NO MARGIN, NO MISSION

We reject the common bifurcated mindset that requires a choice between financial results and positive impact. We prioritize both with the goal to generate financial resiliency and lasting impact, driven by more inclusive and accessible markets.

TRANSPARENCY & COLLABORATION

We share our work to demonstrate what can be done, being cautious not to overhype. We work collaboratively with others to jointly address common challenges.



Strategic Context

[Our previous strategic plan](#) segmented our industry into two distinct ecosystems—what we called “philanthropy plus” and the “impact capital markets”—to emphasize the need for the right infrastructure to serve each ecosystem’s purpose and to contextualize our work within the latter, the impact capital markets.

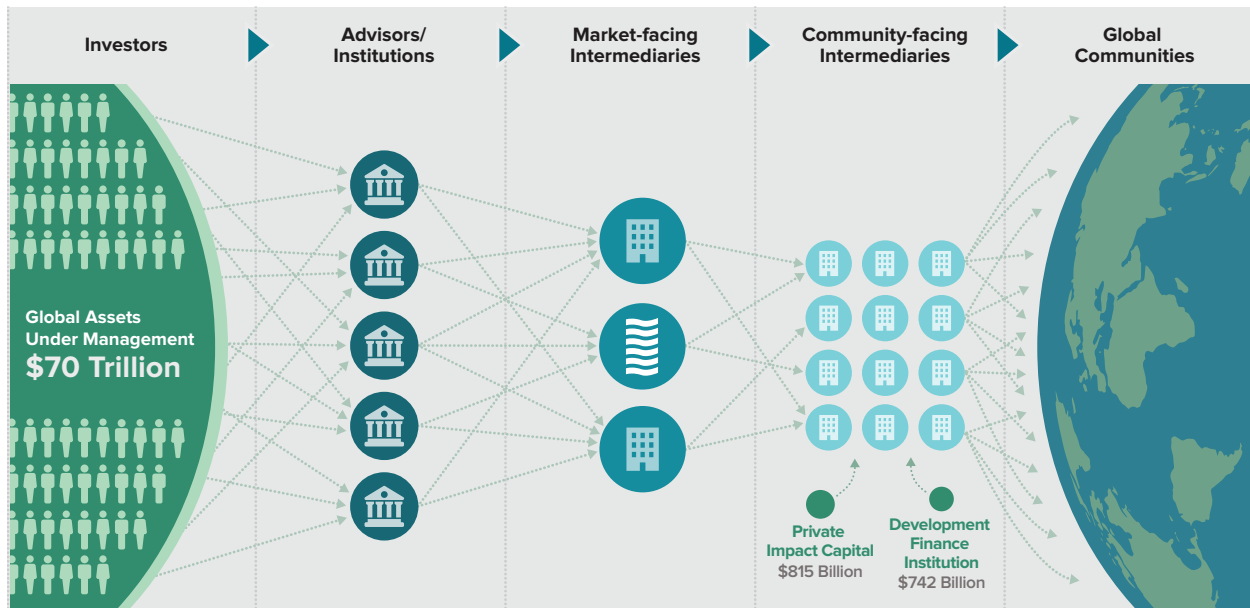
As we outlined, we have seen the industry grow from early adopters to field builders to “big tent” believers, each phase bringing exciting milestones and significant growing pains. Many of the industry’s challenges that we highlighted in 2016 remain true today: the need for better segmentation and definitions to reduce confusion, a focus on market demand over niche investor preferences, greater urgency, and a more robust product suite.

But above all, what we see most acutely today is a lack of appreciation for how to effectively and efficiently move money within our existing economic system. The latest estimate of the size of the impact investing industry by the Global Impact Investing Network (GIIN) was approximately \$500 billion. This marks progress, but it pales in comparison to the industry’s potential. As a global financial system, we need to move \$5-7 trillion annually to address the Sustainable Development Goals and we should not stop there.

To reach the scale we need requires is an understanding of how the system works—how financial products are built, distributed, and sold; how investors—institutional and individual alike—make decisions; how new markets develop. The importance of this understanding is grossly underestimated within our industry today, as most product creation and capital raising occurs in an ad hoc, discretionary, or “carved out” manner with disregard for how mainstream capital is flowing. If we, as an industry, remain disorganized and out of touch, we will never achieve our ultimate mission—to get inside and change the system itself.

Moving Money at Scale

Levels of intermediation required to responsibly move money at scale into communities



To effectively move money from the left to the right, we need to understand financial plumbing. Today, the pipes between global wealth and global communities are broken. To connect them, we need two layers of intermediation. We need “community-facing intermediaries” who live and work in under-resourced communities and creatively shape capital to meet the unique needs they see on the ground. We also need “market-facing intermediaries” who can structure and build products that connect the community-facing intermediaries with the global capital markets. The client of the community-facing intermediary is the woman-led business that can’t access traditional credit or the affordable housing project that needs new financing. The client of the market-facing intermediary is the wealth advisor for a family office or a mission-driven insurance company. When they come together, the pipes align and capital can flow more efficiently.

Investors

Investors are all of us—people who have money sitting in a savings or retirement account.

Advisors / Institutions

Advisors and institutions manage money on behalf of hundreds or thousands of people. For example, a pension fund manages money on behalf of its beneficiaries, an insurance company manages the money of its policy holders, and a wealth advisor helps a family invest their savings.

Market-facing intermediaries

Market-facing intermediaries structure, build, and sell products that meet the requirements of advisors and institutions. This includes considerations like liquidity, diversification, risk/return profile, and volume. The funds raised from the market are invested in community-facing intermediaries.

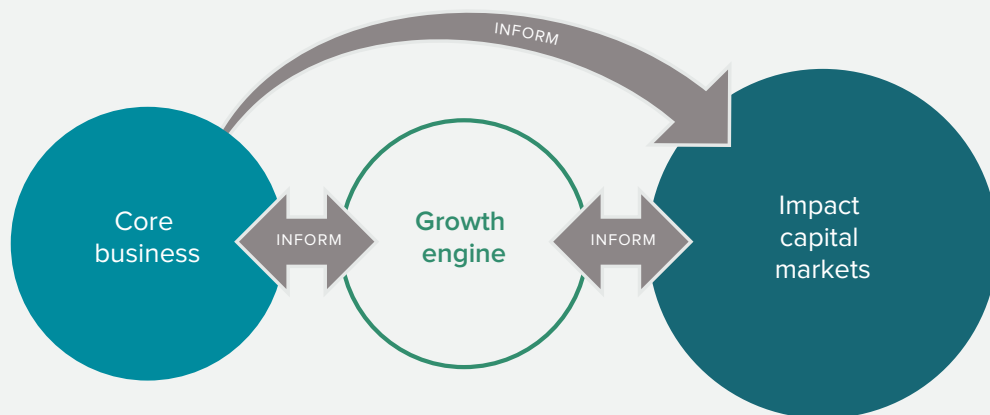
Community-facing intermediaries

Community-facing intermediaries invest directly into businesses, individuals, or assets that are traditionally overlooked by the capital markets. They customize their capital to address these market gaps and tailor solutions to meet local needs. They often provide advisory support in addition to capital.

2020–2022 Strategy

Our new strategy was built with the recognition of our unique value at this moment in the industry's evolution. **We build financial products that are attractive to investors and authentically serve communities.**

As a mission-driven financial institution, we know that developing products that mirror others currently in the market is not an option; we have to present solutions that challenge the ways in which capital is allocated, but understand how to move money at scale through existing structures. This strategy attempts to do just that.



The two pillars of our 2020-2022 Strategic Plan are an expansion of the pillars of our previous strategy with increased urgency to advance our work.

- 1 To leverage the strengths of our core business** to grow our reach, maintain our culture of innovation, and continue to lead in the markets we serve; and
- 2 To further expand our product and service offerings** to fill financing gaps while creating accessible solutions built for the capital markets that help translate growing interest into action.

With 25 years of experience, we are well-poised to offer new solutions. We have an aerial view of the industry and can see its flaws and opportunities; we have a deep commitment to the communities we serve; we have strong relationships across markets and stakeholders. It is time to capitalize on these strengths to expand our business and build a lasting, systems-changing institution.

Core business strategy

Portfolio management

Our portfolio is crafted to serve sectors, geographies, and populations that are often overlooked or underserved by the traditional capital markets. Our objective is to be an engine of inclusive growth in communities by filling financing gaps and bridging needs so that these communities can eventually access the mainstream financial system.

Our portfolio theory of change has stayed largely consistent with our previous strategy. We believe that by expanding the capacity of impact markets and the community-facing intermediaries working within them, we can increase the flow of private capital working to create positive social and environmental impact. This increased access to capital will strengthen communities, advance solutions to climate change and, in turn, create a more sustainable and equitable economic system.

We manage our portfolio across four dimensions

Impact

Every loan or investment we make aligns with our portfolio impact objectives to build, grow, and sustain community-based intermediaries across diverse impact sectors. Community and portfolio impact are embedded throughout the investment lifecycle from diligence to ongoing monitoring of sector specific metrics after capital is deployed.

Diversification

Intentional diversification is central to mitigating risk, enabling scale, and advancing our portfolio impact. This diversification enables us to hold both mature and nascent sectors in our portfolio via highly diversified funds and risk-mitigated structures.

Return

We target portfolio returns to reflect risk, cover our costs, and sustain our growth. We aim to meet the market, rather than distort it.

Risk

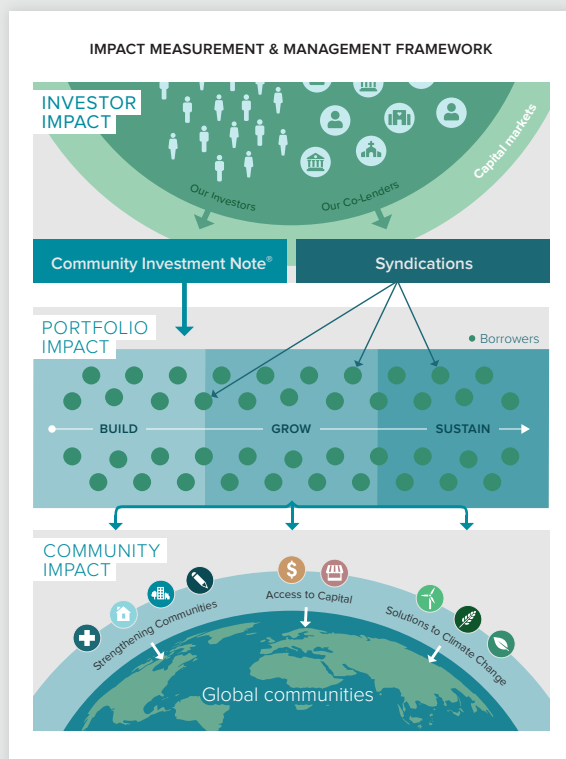
We employ creative structures to efficiently leverage risk capital to grow borrowers and markets, allowing us to expand our reach while appropriately mitigating risk.

Capital raising

Our capital raising strategy is focused on identifying a broad base of diverse and dedicated investors that allow us to support the existing and future growth of the portfolio. The investors and financial advisors who purchase our Community Investment Note® make all the activity in the portfolio possible. It is their trust in us as a company and issuer that provides us with the flexibility required to execute on our portfolio strategy.

The main objectives of our capital raising strategy going forward are to diversify our investor base, create a positive experience for our investors, and activate capital at a sufficient scale to fuel investment opportunities.

Impact management



Our three layers of impact that are described in detail in our [Annual Impact Report](#)

Against the backdrop of our quickly evolving industry and increased competition, we recognize that our ability to generate, measure, manage, and communicate impact across our products and services is critical to the overall success of our business. The integrity of our work and our ability to translate it to our investors and stakeholders is what makes us different and demonstrates what is possible. If we hope to create a world where everyone can invest their financial assets to generate a net positive impact on society and our planet, then our collective Impact Measurement and Management (IMM) practices must evolve to meet a new standard.

Our IMM strategy will focus on ensuring internal integrity in impact management, providing better reporting and enhanced transparency to all our stakeholders, and improving the clarity and accessibility of our unique impact.

You can find our inaugural **Impact Disclosure Statement and Verification** here:

calvertimpactcapital.org/about/reports

New business strategy

While we remain committed to our core business, growing the impact capital markets to meet their potential requires a broader array of products and services. Our new business strategy is to build new products and services that allow us to vastly expand our reach and influence over capital movements to address the Sustainable Development Goals and achieve our ultimate mission.

We will continue to invest in the growth of our syndications and thought leadership work, while exploring the creation of new products and services where we see viable demand in communities matched with the right profile and structure for investors.

As we explore new business development, we will evaluate opportunities against the following criteria:

✓ **Mission / vision alignment**

Any new product, service, or partnership must meet our mission test and contribute to our goal of using private capital to make the world more equitable and sustainable.

✓ **Strategic alignment**

There must be clear strategic alignment to bring the capital markets and underserved global communities closer together by working within the financial system to change behaviors and channel more traditional capital into impact. This leads us to prioritize access, distribution, and scale of solutions that are responsive to demand.

✓ **Financial sustainability**

We need to feel confident that any new activity contributes to the long-term financial sustainability of our company and does not put our current products and services at risk.

✓ **Operational feasibility**

We will assess the impact on our people (the required skillsets, roles, and teams engaged), our policies and processes, and our systems to ensure that we are committing to work that can be successfully executed.

Depending on the markets and needs, we will look to either build new capabilities ourselves or partner with existing organizations with complementary skillsets. We understand the value of collaboration and believe that—all too often—starting from scratch is neither necessary nor efficient.

Together we rise

We feel confident that this strategy will put us on a path to accomplish even more in our next 25 years than we have in our first. Global challenges abound, but public attention, institutional leadership, and a widespread thirst for change is creating a strong wind at our backs. We have laid the foundation, now we need to use it to maximize our collective impact.

➔ Join us. calvertimpactcapital.org



Photo credits (in order of appearance): Cover photo courtesy of Oikocredit USA (PEG: Capture Ghana); p.1 photo: Kate and Keith Photography, courtesy New Hampshire Community Loan Fund; p.3 photo courtesy of Oikocredit USA (PEG: Capture Ghana); p.5 photo courtesy of Sunfunder (PEG Africa: <http://pegafrica.com>); p.7 photo courtesy of Capital Impact Partners; p.11 photo courtesy of Sunfunder borrower QuestWorks.



7315 Wisconsin Avenue
Suite 1000W
Bethesda, MD 20814
Phone: 800.248.0337
calvertimpactcapital.org



[linkedin.com/company/calvert-impact-capital](https://www.linkedin.com/company/calvert-impact-capital)



[@calvertimpcap](https://twitter.com/calvertimpcap)



facebook.com/calvertimpcap