

CASE STUDY

From goal setting to driving real impact

Designing capital to fit your impact goals

Juliana Koh · Center for Sustainable Finance and Private Wealth
Jonathan Harris · Center for Sustainable Finance and Private Wealth
Bjoern Struwer · Roots of Impact



ABOUT THIS CASE STUDY

This case study draws together two leading frameworks — *The Investor's Guide to Goals-Based Investing and Philanthropy* and Roots of Impact's *Impact by Design* framework — to offer a practical path from clarifying your impact goals to designing capital that delivers on them.

It is written for wealth holders, capital allocators and capital providers, and for the people who advise them.

AUTHORS

Juliana Koh

Director of Research, Center for Sustainable Finance and Private Wealth

Jonathan Harris

Director of Total Portfolio Project, Center for Sustainable Finance and Private Wealth; Research Affiliate, MIT Sloan

Bjoern Struwer

Founder and Co-CEO, Roots of Impact

CONTENTS

Executive summary	03
Introduction	05
Step 1. Identify: What are your goals?	08
Step 2. Plan: Do your choices reflect your goals?	14
Step 3. Implement: Designing capital fit for purpose	18
Clarifying goals, use cases, and capital responses	27
Step 4. Learn: The living strategy	30
Endnotes and references	33

+ *The shift is from asking only how much capital you are deploying to asking what you are designing it to achieve.*

Executive summary

\$1.57 trillion

Estimated size of the global impact investing market¹

21%

Annual impact investing growth over the past six years²

\$770 billion

Deployed each year by private philanthropy³

Impact investing and philanthropy have grown rapidly. The global impact investing market now stands at an estimated \$1.57 trillion¹ and has grown by roughly 21% annually over the past six years.²

Private philanthropy deploys about \$770 billion each year, but its potential to generate impact has yet to be fully realized.³

Yet growth has not resolved a fundamental tension: too much capital is still deployed without a clear sense of what it is meant to

achieve, leaving investors and philanthropists exposed to impact washing and diluted outcomes.

This article draws together two leading frameworks: *The Investor's Guide to Goals-Based Investing and Philanthropy* and Roots of Impact's *Impact by Design framework* to offer a practical path from clarifying your impact goals to designing capital that delivers on them.

It presents a four-step process: Identify, Plan, Implement, and Learn.

A four-step process

1

Identify goals

Clear goals are foundational. Defining goals across six dimensions (who, what, when, why, risk, and how much) provides a compass to shape the purpose of your capital.

2

Plan for coherence

Investors and philanthropists are less consistent than they think, applying different logic to assess different pots of capital. Creating a “coherent competition for capital” helps capital providers apply consistent criteria and identify the most effective way to deploy capital in pursuit of impact and return goals.

3

Implement via Impact by Design

The article presents five strategies for designing capital: unlocking innovation, scaling with evidence, sustain capital and impact, enabling beyond finance, and linking finance to impact.

4

Learn and iterate

Goals and understanding of impact evolve over time. This is a continuous, iterative process. Where goals and circumstances warrant, capital owners may consider approaches such as systemic investing and multicapital deployment.

Introduction

The adage “make your money work hard for you” now translates into making your capital work toward your goals, including creating real-world impact. For wealth holders and capital providers, this means designing capital to achieve meaningful outcomes.

This is especially important because the global impact investing market now stands at \$1.57 trillion⁴, and has grown by around 21% annually over the last six years.⁵

Yet as the field grows, so do concerns about the field's integrity and effectiveness.

Among investors surveyed, 62% identified impact washing as the leading industry challenge, and 54% believed it had worsened over the previous three years.⁶

Philanthropy is just as important here. Across the capital spectrum, from concessionary grants and first-loss catalytic capital to impact-first and traditional market-rate investments that seek to do no harm, capital providers can select the approach that best fits their return, risk, and impact objectives. They can also deploy capital through foundations, investment arms, family offices, or operating businesses, depending on which vehicle best supports their impact goals.

Investing for impact is often reduced to a choice between maximizing returns and maximizing impact. But the real question is how to deploy capital so that it delivers the greatest possible impact in line with the priorities and goals of those who provide this capital.

CONCERNS ABOUT INTEGRITY

62%

of investors surveyed identified impact washing as the leading industry challenge⁶

54%

believed it had worsened over the previous three years⁶

Source: Global Impact Investing Network, State of the Market 2025.



CSP PROGRAM

Impact Investing for the Next Generation, April 2025

+ *How can you help your capital meet your impact goals?*

This raises a practical question: How can you help your capital meet your impact goals? The shift is from asking only how much capital you are deploying to asking what you are designing it to achieve.

This is where Goals-Based Investing and Philanthropy meets Impact by Design, which focuses on using capital deliberately to achieve direct, indirect, and systemic impact. It begins with knowing your goals.

What follows draws on and translates *The Investor's Guide to Goals-Based Investing and Philanthropy*, which highlights the importance of clarifying your goals and structuring your approach for success⁷. Once you know your goals, Roots of Impact offers a set of Impact by Design use cases, which can help you design capital to pursue those goals across a spectrum that includes grants to catalytic capital, blended finance, impact-linked finance, and impact investments⁸.

THE CAPITAL SPECTRUM



01

STEP ONE

Identify: What are your goals?

The starting point is simple. What are you really trying to achieve? What specific difference are you trying to make? How can your capital help?

INSIGHT 1

Clear goals are foundational.⁹

A clear goal gives your capital direction. It is a compass.

Most investors and philanthropists carry their impact intentions as feelings, not goals. You may know that you care about climate, health, livelihoods, education, or poverty alleviation, but caring is not yet a goal.

A clear goal gives your capital direction. It is a compass. It prompts you to assess the additionality of your capital: How will your capital create positive change that would not otherwise occur? It reflects your moral ambition and how you choose to use capital to serve others through your own impact goals. It helps you to decide what to fund, which instruments to use, what trade-offs to accept, what risks are worth taking.

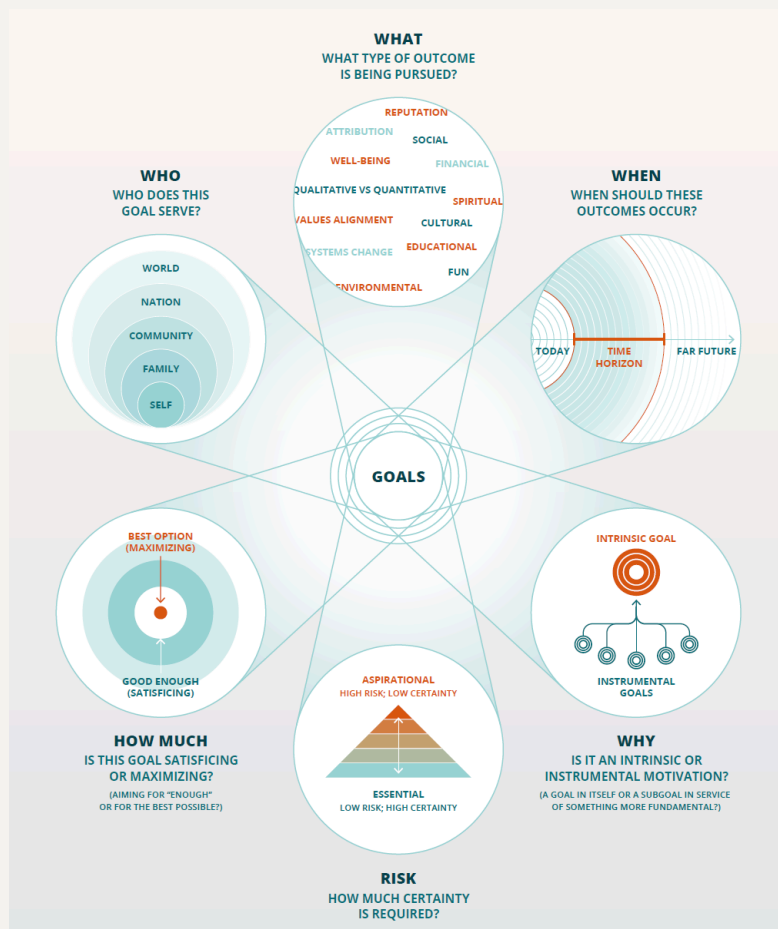
Investors and philanthropists struggle to make progress not because they lack conviction or good intentions, but because they do not clearly define what they are trying to achieve. A broad intention such as “I want to support climate solutions” can lead to almost any strategy in capital deployment. A clearer goal like “I want to help low-income coastal communities build climate resilience and adaptation over the next decade” starts to shape a different design for capital.

What does a clear goal look like? Inspired by Impact Frontiers' five dimensions of impact,¹⁰ *The Investor's Guide to Goals-Based Investing and Philanthropy* offers the framework opposite for clarifying and understanding goals across six dimensions: who, what, when, why, risk, and how much¹¹.

FIGURE 1

Dimensions of goals

Source: *Investor's Guide to Goals-Based Investing and Philanthropy*.



Reflecting on the goals dimensions

Who

Who does this goal serve? Is it for you, your family, local community, nation, or the world?

What

What specific outcome are you seeking? Examples include reputation, values alignment, systems change, poverty alleviation, skills, or job creation.

Why

Why is this goal important? Is the goal intrinsic, meaning an end, such as reducing suffering, or instrumental, meaning a subgoal that supports a broader objective?

When

What is the time horizon? Does the goal concern immediate or short-term relief, or long-term systems change?

Risk

How much certainty do you need? Is this an Essential goal (low risk, high certainty) or an Aspirational goal (high risk, lower certainty, ambitious and disruptive)?

How much

Is the goal satisficing or maximizing — a fixed threshold of “enough,” or an open-ended pursuit of the best possible outcome?

Before you can design your capital for impact, whether to make a grant, a first-loss commitment, a revenue-based financing deal, an impact-linked loan, or a market-rate investment, you need to know what impact means to you and what your impact goals are.

These dimensions matter as they reveal where your priorities lie and what trade-offs you are willing to make. They help determine the capital design your goals may require.

REFLECTIONS

- + Start with an area that is close to your heart.
- + Clarify your goals across six dimensions (who, what, when, why, risk, and how much).
- + Then ask yourself, how much is enough?

Having enough

Enough financially for you and your family's life and lifestyle, and for your essential, non-negotiable goals.

Doing enough

Use the resources beyond what is needed for your "enough" to help address the world's problems and pursue your impact goals, in line with your sense of responsibility.

Being enough

Find a personal balance between having enough and doing enough that brings a sense of peace.

INSIGHT 2

Even small differences in goals can have major practical consequences.¹²

Shifting the “when” dimension from helping children today to helping children in the future requires different time horizons, instruments, risk appetites, and collaborators.

Goal setting is not free of conflict. The same dimensions that help you shape and clarify your goals are also potential sources of conflicts between family members, board members, and co-investors. One may prioritize deep systems change, another wealth preservation, and a third business growth.

A small shift in one dimension can lead to a completely different portfolio. Shifting the “when” dimension from helping children today (funding proven malaria bed nets) to helping children in the future (funding R&D) requires different time horizons, instruments, risk appetites, and collaborators.

Differences in goals can create tension and conflict within families. Goal alignment, supported by difficult and honest conversations, is key to success.

REFLECTIONS

Think back on a recent experience where you had a conflict in investment or grant making.

- + What led to the tension or conflict? (family dynamics, different mindsets about wealth and impact, different goals)
- + What was important to you vs. to the other person? Why was it important to you vs. to them?
- + How can the different goals be reconciled or put together? For example, consider how individual and collective goals might coexist.
- + What are the implications for your capital deployment?



CSP PROGRAM

Impact Investing for the Next Generation, April 2026. © CSP. All rights reserved.



Differences in goals can create tension and conflict within families. Goal alignment, supported by difficult and honest conversations, is key to success.

02

STEP TWO

Plan: How can you ensure your choices truly reflect the goals you care about?

Once you know your goals, how can you ensure that your actions match them?
The answer is coherence.

INSIGHT 3

Without coherence, you leave value on the table.¹³

A grant, a catalytic investment, and a market-rate investment are not morally ranked. Their value depends on the task the capital needs to perform.

CASE

Gates Foundation

When the teams considered a program-related investment in a high-risk venture, both the investment and grantmaking teams came together to calculate a “risk share”, the part of capital unlikely to be recovered. This helped make each investment decision coherent with the foundation's philanthropic strategy. The expected financial cost, or “risk share”, is charged to the grant budget so that it competes directly with alternative grants for the same philanthropic capital.¹⁴

Investors and philanthropists are less coherent than they think. They justify different decisions using different values, which complicates their ability to meet their original goals.

A grant, a catalytic investment, and a market-rate investment are not morally ranked. Their value depends on the task the capital needs to perform.

A philanthropist practicing impact investing may accept below-market returns for ambiguous impact. In

such cases, the goal may be better served by a grant. Conversely, an investor seeking market-rate returns from a sustainable fund may generate less impact than through a catalytic allocation.

The Investor's Guide proposes a more disciplined approach called “coherent competition for capital”. Within each goal or focused structure, every opportunity should earn its place against relevant alternatives, judged using consistent priorities and decision rules.

Reflections: making coherent decisions

Use the following questions to support coherent decision-making.

1

Use the following questions to support coherent decision-making:

- + “Is the impact we expect this investment to generate worth the expected financial cost, compared to what an alternative grant could achieve?”
- + If this investment has “below-market” returns, does the combination of its impact and financial return make it a better choice than an alternative investment or grant?
- + If this investment has “market-rate” returns and significant impact, can I increase my allocation to do more of it?

2

Anchor every decision to two reference points — one high impact, one high return, so comparisons stay consistent.

3

Run each opportunity through a dual test: Is the impact worth the financial cost compared to a grant alternative? If returns are below market, does the combined impact-plus-return still outperform other options? If you cannot answer these questions, your goals are not yet doing their job.

4

Create structures to ring-fence high-impact goals. Separate high-impact goals into dedicated structures with their own risk and return expectations. This allows market-rate opportunities to scale where impact and returns align.

INSIGHT 4

Pursue goals separately to enable coherence.¹⁵

Essential goals

Must be achieved. Structure your portfolio to allow you to meet those goals with high certainty.

Aspirational goals

Failure is tolerable. Create a separate structure without risking your financial stability.

To increase your chances of achieving multiple goals, distinguish between goals that must be achieved (essential goals) and those for which failure is tolerable (aspirational goals). Do not combine them in an undifferentiated pool governed by the same logic, benchmarks, and timeline. Doing so creates compromises and may prevent either goal from being achieved.

If sustaining your family's lifestyle and multigenerational needs, funding a foundation's operations, or preserving an institution's balance sheet is essential, design that need explicitly as part of your non-negotiable goals. If taking catalytic risk to support systemic change is aspirational, then keep it in a separate portfolio and pool of capital that can have the time horizon, uncertainty, and catalytic posture that it needs.

In this way, you will not overprotect capital that could be working harder for impact, and at the same time, ring-fence and safeguard capital needed for your non-negotiables.

REFLECTIONS

- + **Establish your non-negotiables.** Work out what is enough for you. What is enough for your lifestyle? How much impact is enough when using surplus capital to help address the world's problems? This will help establish how to allocate surplus capital to your aspirational impact goals.
- + **Aspirational goals.** Find the “sweet spot” for your impact goal using the Ikigai framework, which looks for the intersection of what you love, what you are good at, what the world needs, and what can generate a return on capital.

03

STEP THREE

Implement: Having clarified your impact goals, how can you design capital that is fit for purpose?

Clarifying goals and intentions is only the beginning. The challenge is to move from your goals to disciplined deployment of your capital.

What kind of capital design will help us get there?

Once we are clear on what we are trying to achieve, the next question is: what kind of capital design will help us get there?

IF YOUR GOAL IS

Essential financial security

If your goal is to preserve essential financial security for yourself and your family, the right design may prioritize resilience, liquidity, diversification, and certainty for a specific proportion of your capital.

Roots of Impact describes this as “Impact by Design”,¹⁶ that is about designing and deploying capital deliberately to drive the greatest possible impact, from strategy to execution.¹⁷

It draws on five levers to translate intention into results:

- + Where capital goes

IF YOUR GOAL IS

Aspirational impact

If your goal is aspirational impact for underserved communities, the right design may involve catalytic capital, patient timelines, higher risk tolerance, or lower expectations of financial return for a defined portion of your capital.

IF YOUR GOAL IS

Shifting a system

If your goal is to shift a system, you may need not only money, but networks, field-building, advocacy, and convening power.

- + How capital is structured
- + How incentives are aligned toward shared outcomes
- + How mission and outcomes are sustained over time
- + What capabilities are needed to unlock even greater impact

Impact by Design starts from a simple recognition: different impact goals need different financing structures, incentives, and deployment strategies to maximize impact. Some goals require capital providers to back innovation. Others ask us to scale only what evidence supports, to build for longer time horizons, to bring more than money to the table, or to connect financing terms directly to the outcomes we want to see. The nature and dimensions of your goals, including whom you seek to serve, your time horizon, and the degree of certainty you require, will help narrow the relevant strategies.

Good design starts with understanding the realities of the enterprise receiving capital, including its cash-flow needs, revenue model, working-capital cycle, mission vulnerability, impact-related risks, and stage of maturity. This context helps you decide what mix of capital, incentives, governance, and technical support is needed, and which tools may be relevant, such as steward-ownership, golden shares, self-liquidating structures, and impact-linked terms.¹⁸

In thinking through your impact goals, apply the six dimensions of goal clarification.

WHO

Who is this goal for?

WHEN

When do the outcomes need to happen? Do you need near-term or long-run results?

HOW MUCH

How much impact and financial return are enough?

WHAT

What outcome matters? Is it already measurable or exploratory?

RISK

How certain do you need to be that the goal will be achieved? Is this impact an essential or aspirational goal?

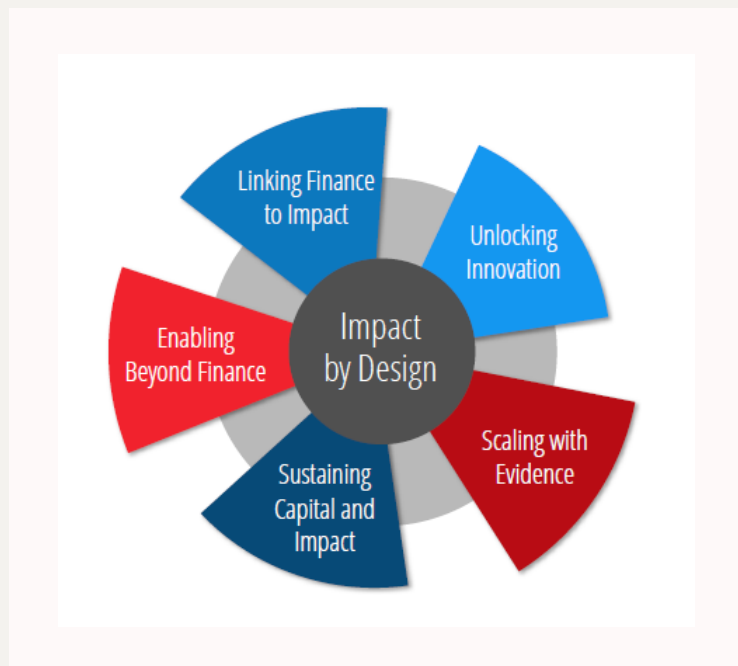
WHY

Why does the goal matter to you?

FIGURE 2

Impact-by-Design use cases

The five Impact by Design use cases by Roots of Impact illustrate strategies for shaping capital according to the nature and dimensions of your goals. Adapted from the Impact by Design webinar deck by Roots of Impact (2026).



1 Unlocking innovation

Create or protect the conditions for new solutions to emerge.

2 Scaling with evidence

Center impact in the business model so it grows with the business.

3 Sustaining capital and impact

Use philanthropic capital as catalytic investment and recycle returns.

4 Leveraging multicapital for impact

Combine capital with networks, expertise, convening power and advocacy.

5 Combining blended finance with impact incentives

Tie financing terms, rewards and incentives to impact performance.

The following cases illustrate how these approaches can be applied; they are not comparative evaluations of their effectiveness.

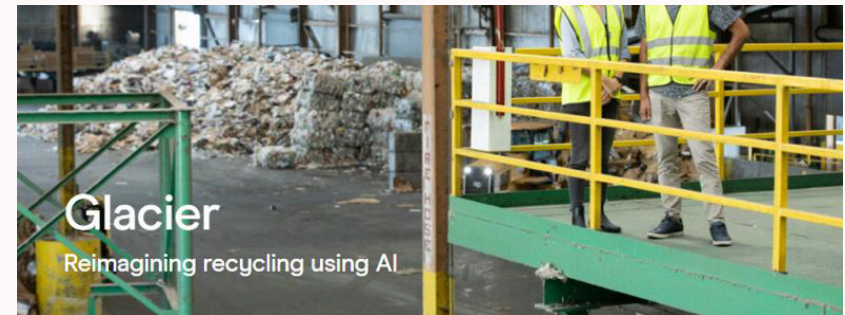
1 Unlocking innovation and keeping it on impact track¹⁹

If your impact goal is intrinsic and aspirational, has a long-term horizon, and seeks breakthrough change or benefits for underserved populations, you may consider an impact-by-design strategy of unlocking innovation and keeping it on track.

Much impact capital flows to proven “safe bets”. Systems change may also require capital that unlocks innovations that are perceived to be too risky for commercial capital and too large for grants.

Even in blended finance, where philanthropy may play a first-loss, pipeline-building role while commercial capital enters later for scale, philanthropy may end up subsidizing the risks borne by institutional investors, without changing how that capital works. Beyond cultivating investable pipelines, philanthropic capital can also seed and scale innovations that serve communities or contribute to systems change.

Early-stage enterprises may need room to explore, access to capital, and a lower cost of capital. Beyond patient and flexible capital, relevant tools may include redesigned repayment structures, such as revenue-based financing and profit-sharing agreements, and mission-protection mechanisms, such as steward-ownership models and golden shares.



PRACTICE

Elemental Impact's support for Glacier's innovation²⁰

Elemental Impact is a nonprofit investor that helps climate technologies move from promise to real-world deployment through catalytic capital, project support, local partnerships, and investor mobilization. Glacier, a recipient of capital, shows how impact-by-design capital can back what can change the system, not only what feels safe. Its AI-powered robotic sorters help recycling facilities recover more materials, reduce landfill waste, generate revenue, and create safer, higher-skilled jobs. This disruptive innovation has outsized impact potential but needs more than capital to move from promise to adoption. Elemental supported Glacier's largest single-site deployment in Seattle, helping install six robots with Recology King County. It also backed a train-the-trainer model for maintenance technicians, strengthening local capacity and right-to-repair. This support structured capital around Glacier's real needs: flexible funding, technical support, workforce readiness, and mission alignment, helping to keep innovation commercially viable and impact on track.

2 Scaling with evidence²¹

If your goal is to help an enterprise scale its impact for a particular underserved population, evidence matters.

Scaling with evidence means using capital to scale a model where impact is deeply embedded in the business model, so that impact can grow alongside the business or organization. Establish this link before deploying capital for scale. Many investors assume that if a business grows in size or revenue, its impact grows in parallel.

+ *This is a myth. More capital and more growth do not automatically translate to more impact.*

Sometimes, growth can weaken impact in an enterprise if it shifts to easier-to-serve or more profitable customers in pursuit of revenue targets.

When designing for impact, assess the additionality of the investment, meaning the impact that would not otherwise have occurred. Capital can then bridge gaps that maximize impact before additional financing supports wider scale.



PRACTICE

Global Innovation Fund and Lively Minds' play-based learning program in Ghana²²

Global Innovation Fund (GIF) shows Scaling with Evidence in action. GIF backs scalable, sustainable innovations for underserved communities with flexible capital and post-investment support. In Ghana, GIF first supported Lively Minds in 2016 to test play-based learning with the Ghana Education Service. It did not fund scale on promise alone. It funded evidence first. A randomized controlled trial across 80 schools found gains in school readiness, including numeracy, executive functioning and fine motor skills, especially among poorer households. GIF then provided venture support and a catalytic \$2.7 million grant that helped unlock over \$14 million for expansion. By embedding the model in government systems, Lively Minds moved from pilot to policy, reaching 250,000 children annually and aiming to reach 1.1 million children annually.

3 Sustaining capital and impact²³

Traditional philanthropic funding is often deployed through grants under defined eligibility criteria and a plausible theory of change. The Sustaining Capital and Impact use case explores when philanthropic capital might instead use investment structures that can accept greater risk, longer time horizons, more flexible terms, or concessionary returns than conventional investors may accept.²⁴

Where an investment structure is better suited to the impact goal than a grant, philanthropic capital can be deployed as a catalytic investment. Any returns can then be recycled into future rounds of support. The aim is not to replace grantmaking, but to use the structure that best fits the impact goal and the enterprise's needs.²⁵

Sustaining Capital and Impact therefore connects mission, financial structure, and long-term stewardship. Where returns are generated, they can support future interventions as well as current ones.



PRACTICE

Prime Coalition's Trellis Climate²⁶

Prime Coalition is a nonprofit organization that helps donors advance untapped climate solutions with speed and scale. Prime Coalition's Trellis Climate is an impact-first catalytic capital program designed to help novel climate infrastructure solutions reach commercial scale. The program addresses financial and systemic barriers to financing first-of-a-kind commercial plants, which may be too costly or offer returns that are too low for venture capital and too risky for traditional infrastructure finance. By absorbing early-stage risk, philanthropy helps climate technologies cross the difficult gap between demonstration and commercial deployment. The model is designed not simply to fund individual projects, but to crowd in commercial capital and enable repeated scaling. Where investments generate repayments or returns, the funds are recycled into future climate solutions that support net-zero targets by 2050.

4 Leveraging multicapital for impact²⁷

When your goals involve systems change, market-building, or field-building across multiple stakeholders, financial capital alone may be insufficient. In these cases, your role is not limited to financial support. You may need to connect partners, strengthen governance, and support capacity-building for the enterprise.

Leveraging multicapital for impact recognizes that you may hold many forms of capital: social capital (networks that open doors), cultural capital (knowledge that builds capacity), and symbolic capital (reputation that lends credibility)²⁸. These forms of capital can be deployed through technical assistance and other forms of enterprise support.

Multicapital strategies can support systems change and can also be applied at the enterprise level, helping individual organizations scale their operations and increase their impact.

Social

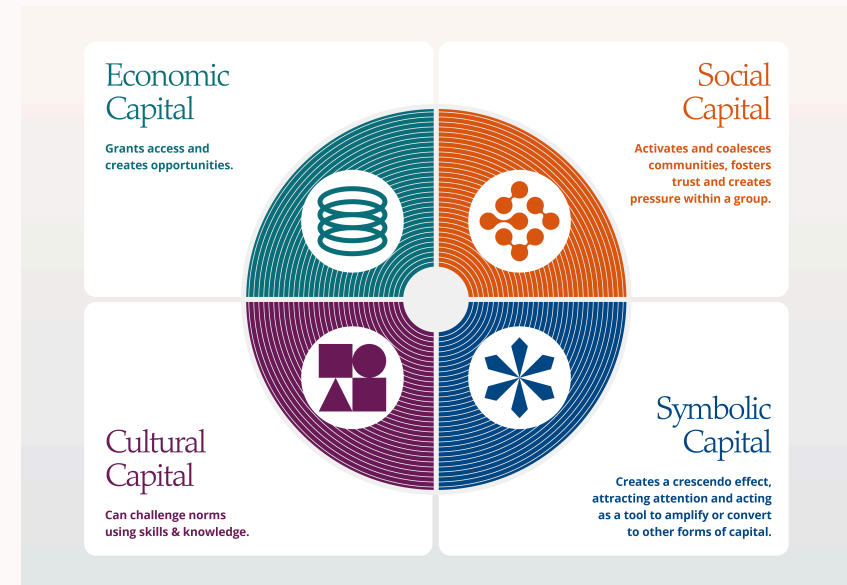
Networks that open doors

Cultural

Knowledge that builds capacity

Symbolic

Reputation that lends credibility



PRACTICE

Deploying multicapital²⁹

For a family office, this might mean using your networks to help a climate enterprise access customers, researchers, and capital. For a foundation, it might mean funding research and advocacy or sharing your knowledge of community building. For a fund manager, it might mean helping portfolio companies build impact management systems rather than merely reporting on metrics.

5 Combining blended finance with impact incentives³⁰

If your goal is to encourage the enterprise to consistently center, improve, and grow impact, you will need to design incentives that support this behavior.

Many investors are keen to increase the mobilization of capital and may engage in blended finance to de-risk and attract additional capital. The aim is for first-loss capital and guarantees to crowd in capital from commercial investors. However, this quest often ends up protecting investors' returns and may not lead to greater risk-taking or more flexible capital for investees.

Consider explicitly linking your financing terms to the impact outcomes you want the enterprise to create. Effective financing structures should balance the interests of entrepreneurs and communities while prioritizing genuine impact outcomes rather than conventional investor incentives and timelines.

In practice, linking finance to impact can be strengthened through blended funds paired with technical assistance and impact incentive facilities. For philanthropists, family offices, and catalytic investors, the opportunity is not simply to crowd in more capital, but to shape the architecture of finance itself.

Investors provide repayable capital through a blended impact fund, sometimes supported by first-loss capital or guarantees, while development and philanthropic funders provide catalytic funding through a parallel facility dedicated to technical assistance and impact incentives.³¹

Both streams of capital support the same enterprise, but in different ways. Investment capital finances growth and operations. The grant-funded facility helps enterprises build capability, absorb the cost of serving difficult markets, and rewards them for delivering stronger impact outcomes.

THE BIGGER QUESTION

\$20m catalytic capital

\$100m crowded in

Mobilizing capital is only part of the job. What is done with the \$120 million is the bigger question.

Combining blended finance with impact incentives in practice

PRACTICE

Acumen's Hardest-to-Reach initiative³²



Acumen's Hardest-to-Reach initiative uses blended capital to expand clean energy access across frontier markets in sub-Saharan Africa.³³ It pairs repayable capital with grant-funded technical assistance and impact incentives. Enterprises serving remote, off-grid, and first-time users may receive lower interest rates when they meet agreed access targets. This illustrates how financing terms can be linked to specified impact outcomes. Whether the initiative is appropriate for a particular investor depends on that investor's goals and on the evidence connecting energy access to the outcomes they ultimately seek.

PRACTICE

Purefresh and the Simple Agreement for Future Impact (SAFI)³⁴



Purefresh, a Kenyan water distribution company, needed capital to expand affordable water kiosks into underserved communities. Traditional equity would have diluted its founders and potentially pushed them toward more profitable urban markets. Instead, Purefresh received a Simple Agreement for Future Impact³⁵ (SAFI)³⁶, a flexible, revenue-based loan without collateral designed to reward impact creation. Repayment is structured through a revenue-sharing agreement linked to impact performance. Repayments decrease as impact increases, locking in both capital and mission.

TABLE 1

Clarifying impact goals, Impact-by-Design use cases, and capital responses

These examples and Impact by Design strategies are illustrative, not exhaustive. Created by adapting and integrating *The Investor's Guide to Goals-Based Investing and Philanthropy* and Roots of Impact's Impact by Design archetypes.

IF THE IMPACT CHALLENGE OR INTENDED INTERVENTION LOOKS LIKE THIS	GOAL DIMENSIONS AND OTHER FACTORS TO CLARIFY	IMPACT-BY-DESIGN USE CASE	WHAT YOUR CAPITAL MAY NEED TO DO
Back breakthrough solutions that could change a system where risk is high and the pathway is uncertain.	WHO: Underserved populations, including people in underserved places. WHAT: Innovation that can scale impact. Transformative, not incremental outcomes. WHY: Intrinsic goal. WHEN: Long-term. RISK: Aspirational, with a low requirement for certainty that the goal will be achieved; failure is acceptable. HOW MUCH: Directional or maximizing, rather than a fixed minimum target.	Unlocking Innovation: Best suited when the goal is to create or protect the conditions for new solutions to emerge. Key implication: Capital should absorb uncertainty without forcing early exit, premature scale, or mission drift.	+ Provide catalytic capital where conventional capital will not yet go. + Use revenue-based finance, Simple Agreement for Future Impact (SAFI), impact term sheets, steward-ownership, golden shares, or other mission-protection tools. + Separate this from essential capital pools so the risk is intentional rather than accidental.
Embed impact in a business, so that impact can scale with financial and business growth.	WHO: A defined beneficiary group that continues to be served as the business grows. WHAT: Clear, measurable, and attributable impact outcomes embedded in the business model. WHY: Intrinsic or instrumental, depending on whether impact is the end goal or supports a broader objective. WHEN: Near to mid-term, depending on when evidence can be gathered. RISK: Potentially essential if the goal must be achieved with high certainty; this requires strong evidence about the impact embedded in the business model. HOW MUCH: Satisficing if a defined threshold is enough, or maximizing if the aim is the greatest possible outcome.	Scaling with evidence: Best suited when evidence can be gathered and the goal is to center impact in the business model so that impact grows in tandem with business and financial growth. Key implication: Ensure the additionality, materiality and measurability of the impact generated by your capital.	+ Release capital in stages as impact evidence strengthens. + Measure impact and provide technical assistance and incentives that reward reaching intended people or outcomes. + Build feedback loops so growth decisions are based on both financial and impact performance. + Use impact-linked debt or equity, milestone financing, and technical assistance where implementation quality matters.

IF THE IMPACT CHALLENGE OR INTENDED INTERVENTION LOOKS LIKE THIS	GOAL DIMENSIONS AND OTHER FACTORS TO CLARIFY	IMPACT-BY-DESIGN USE CASE	WHAT YOUR CAPITAL MAY NEED TO DO
Sustain impact over time while preserving or recycling capital where appropriate.	WHO: A target population that needs sustained support over time, for example to build climate resilience. WHAT: Enduring change. WHY: Intrinsic or instrumental, depending on the underlying goal. WHEN: Long-term. RISK: Clarify how certain you need to be that the goal will be achieved. HOW MUCH: Satisficing or maximizing, depending on whether a defined level of sustained impact is enough.	Sustaining Capital and Impact: Use philanthropic capital through catalytic investments where this structure fits the impact goal and the enterprise's needs. Any returns can be recycled into future rounds of support. Key implication: This may enable funding for projects that are too costly or offer returns that are too low for venture capital and are too risky for traditional capital.	+ Use philanthropic capital for catalytic investment where appropriate and recycle any returns. + Philanthropic investing can be designed in a highly flexible way to meet the enterprise's needs.
Shift an ecosystem, build a field, strengthen an enabling environment, or address root causes.	WHO: Multiple stakeholders. WHAT: Systems change, field-building. WHY: Systems change may be intrinsic or instrumental depending on the underlying goal. WHEN: Medium-to-long-term. RISK: Clarify how certain you need to be that the goal will be achieved; this may vary across the interventions involved. HOW MUCH: Often maximizing, although specific subgoals may be satisficing.	Leveraging Multicapital for Impact: Best suited when money alone is insufficient and non-financial capital is central to the goal. Key implication: Capital should be combined with networks, expertise, convening power, governance, advocacy, or research.	+ Multicapital response: financial capital plus social, human, cultural, symbolic capital. + Bring networks, expertise, convening power, governance rights, reputation, advocacy, research or field-building support alongside finance.

IF THE IMPACT CHALLENGE OR INTENDED INTERVENTION LOOKS LIKE THIS	GOAL DIMENSIONS AND OTHER FACTORS TO CLARIFY	IMPACT-BY-DESIGN USE CASE	WHAT YOUR CAPITAL MAY NEED TO DO
Encourage the enterprise to consistently center, improve, and grow impact.	WHO: Defined beneficiary groups, especially underserved or hard-to-reach groups. WHAT: Measurable, specific outcomes that can be linked to financing terms. WHY: Intrinsic or instrumental. WHEN: Near-to-mid-term, where performance can be tracked. RISK: Clarify how certain you need to be that the goal will be achieved; this may vary across the interventions involved. HOW MUCH: Satisficing or maximizing, depending on whether a defined performance threshold is enough.	Combining Blended Finance with Impact Incentives: Best suited when the financing structure, rewards and incentives encourage better impact performance. Key implication: Using \$20 million in catalytic capital to crowd in \$100 million is a good start, but what is done with the \$120 million is the bigger question.	+ Deepen impact by linking financing terms, rewards and incentives directly to impact performance, especially for underserved groups or in blended finance structures. + Go beyond crowding in more capital to shape the architecture of finance. Pair finance with technical assistance where needed. + Use impact-linked finance, outcome payments, interest-rate step-downs, repayment adjustments, outcome thresholds, incentive levels. + Attach grant-funded facilities for technical assistance and impact incentives.

Source: Created by adapting and integrating *The Investor's Guide to Goals-Based Investing and Philanthropy* and Roots of Impact's Impact by Design archetypes.

04

STEP FOUR

Learn: The living strategy

Insights 5 and 6: Clear impact goals unlock advanced strategies, and goals evolve.

THE WIDENING GAP

USD 2.5tn

Estimated annual investment gap in developing countries when the SDGs were adopted in 2015

USD 4tn+

Per year, according to UNCTAD's World Investment Report 2023³⁷

Systemic investing

Moving beyond financing individual organizations to deploying collaborative interventions that influence the deeper structures and feedback loops creating a problem.

Multicapital strategies

Deploying all forms of capital (economic, social, cultural, symbolic) to accelerate progress.

We are standing at a critical juncture in the evolution of global finance. When the Sustainable Development Goals (SDGs) were adopted in 2015, the estimated annual investment gap in developing countries was USD 2.5 trillion. According to UNCTAD's World Investment Report 2023, that gap has since widened to more than USD 4 trillion per year.³⁷

Aligning wealth with goals is an ongoing process that requires iterative learning. As capital owners learn, they may revisit both their goals and the tools they use.³⁸

These approaches are not stages in a maturity hierarchy. They are tools that may suit particular goals

and contexts.

Goals, values, and understanding of impact evolve with experience more, and become more aware of the world around you. What matters is not following a prescribed path, but revisiting goals and strategies as evidence and circumstances change.

Some capital owners may align portfolios more closely with their goals, adopt a systemic perspective, or deploy multiple forms of capital. Others may pursue different paths. Clarifying goals is not a final answer, but the start of an ongoing process of awareness, reflection, and learning.



How can we make each dollar work better for impact, by design rather than by accident?

Designing for impact means rejecting the old binary of profit versus philanthropy. It means looking at the full spectrum of capital at our disposal and asking, “How can we make each dollar work better for impact, by design rather than by accident?”

Whether you are managing a family office exploring catalytic capital, directing a foundation leveraging its endowment, or running a mainstream asset management firm that is launching an impact strategy, you have a role to play on this continuum.

By setting intentional, measurable, and evolving goals, we can increase the likelihood that our capital helps build the world we want to live in.

You identify your goals, build coherent structures, choose capital pathways that fit the purpose, learn from results, and refine your goals.

Endnotes

1. Global Impact Investing Network (GIIN). "Sizing the Impact Investing Market 2024." GIIN, 2024.
2. Global Impact Investing Network (GIIN). "State of the Market 2025." GIIN, 2025.
3. Citi Global Perspectives and Solutions. *Global Giving: Generosity and the Economics of Philanthropy*, Citi GPS, 2024.
4. Global Impact Investing Network (GIIN). "Sizing the Impact Investing Market 2024." GIIN, 2024.
5. Global Impact Investing Network (GIIN). "State of the Market 2025." GIIN, 2025.
6. Global Impact Investing Network (GIIN). "State of the Market 2025." GIIN, 2025.
7. Harris, J., Michalchik, V., Jay, J., Paetzold, F., & McCreless, M. (2026, May 26). *Investor's guide to goals-based investing and philanthropy*. Center for Sustainable Finance and Private Wealth.
8. Roots of Impact. "Impact by Design: Leveraging the Full Spectrum of Capital to Enhance Positive Outcomes." Roots of Impact webinar, 2026.
9. Harris, J., Michalchik, V., Jay, J., Paetzold, F., & McCreless, M. (2026, May 26). *Investor's guide to goals-based investing and philanthropy*. Center for Sustainable Finance and Private Wealth.
10. Impact Frontiers. *Five dimensions of impact*. Retrieved June 11, 2026.
11. Harris, J., Michalchik, V., Jay, J., Paetzold, F., & McCreless, M. (2026, May 26). *Investor's guide to goals-based investing and philanthropy*. Center for Sustainable Finance and Private Wealth.
12. Harris, J., Michalchik, V., Jay, J., Paetzold, F., & McCreless, M. (2026, May 26). *Investor's guide to goals-based investing and philanthropy*. Center for Sustainable Finance and Private Wealth.
13. Harris, J., Michalchik, V., Jay, J., Paetzold, F., & McCreless, M. (2026, May 26). *Investor's guide to goals-based investing and philanthropy*. Center for Sustainable Finance and Private Wealth.
14. Brest, P. (2016). Investing for impact with program-related investments. *Stanford Social Innovation Review*, Special Supplement.
15. Harris, J., Michalchik, V., Jay, J., Paetzold, F., & McCreless, M. (2026, May 26). *Investor's guide to goals-based investing and philanthropy*. Center for Sustainable Finance and Private Wealth.
16. Struewer, B., & Dinham, N. (2024). *Impact-linked finance: Learnings from eight years and ideas for the future*. Roots of Impact.
17. Roots of Impact. "Impact by Design." Roots of Impact webinar, 2026.
18. Roots of Impact. "Impact by Design." Roots of Impact webinar, 2026.
19. Roots of Impact. "Impact by Design." Roots of Impact webinar, 2026.
20. Smarter Machines, Safer Jobs: Glacier's AI is Reimagining Recycling. Elemental Impact.
21. Roots of Impact. "Impact by Design." Roots of Impact webinar, 2026.
22. From play to national policy: How Lively Minds scaled from a promising innovation to reach 1.1 million children. Global Innovation Fund.
23. Roots of Impact. "Impact by Design." Roots of Impact webinar, 2026.
24. Struewer, B., & Dinham, N. (2026, May 14). Moving impact capital from safe bets to 'impact by design'. *ImpactAlpha*.
25. Struewer, B., & Dinham, N. (2026, May 14). Moving impact capital from safe bets to 'impact by design'. *ImpactAlpha*.
26. Prime Coalition. Trellis Climate.
27. Roots of Impact. "Impact by Design." Roots of Impact webinar, 2026.
28. Andersen, K., Jay, J., Paetzold, F., & Khan, H. (2025). *Investor's guide to multicapital strategies*. Center for Sustainable Finance and Private Wealth.
29. Andersen, K., Jay, J., Paetzold, F., & Khan, H. (2025). *Investor's guide to multicapital strategies*. Center for Sustainable Finance and Private Wealth.
30. Roots of Impact. "Impact by Design." Roots of Impact webinar, 2026.
31. Roots of Impact. "Impact by Design." Roots of Impact webinar, 2026.
32. Acumen. (n.d.). *Hardest-to-Reach*. Acumen.
33. Acumen. (2026, January 6). Acumen's Hardest-to-Reach Initiative reaches target raise of \$250 million as Amplify completes final close.
34. Stein, E., & Pothering, J. (2025, August 27). Forget SAFEs. Impact investors are incentivizing growth and impact with SAFIs. *ImpactAlpha*.
35. Pothering, J. and Stein, E. "Forget SAFEs. Impact Investors Are Incentivizing Growth and Impact with SAFIs." *ImpactAlpha*, 27 August 2025.
36. Aqua for All. (n.d.). PureFresh.
37. United Nations Conference on Trade and Development. (2023). *World investment report 2023: Investing in sustainable energy for all* (UNCTAD/WIR/2023). United Nations.
38. Harris, J., Michalchik, V., Jay, J., Paetzold, F., & McCreless, M. (2026, May 26). *Investor's guide to goals-based investing and philanthropy*. Center for Sustainable Finance and Private Wealth.

References

Acumen. (n.d.). *Hardest-to-Reach*. Retrieved July 29, 2026, from acumen.org/programs/hardest-to-reach

Acumen. (2026, January 6). *Acumen's Hardest-to-Reach initiative reaches target raise of \$250 million as Amplify completes final close*.

Andersen, K., Jay, J., Paetzold, F., & Khan, H. (2025). *Investor's guide to multicapital strategies*. Center for Sustainable Finance and Private Wealth.

Aqua for All. (2025, August 26). *PureFresh scales up affordable water access in Kenya with support from ILF for WASH*.

Brest, P. (2016). Investing for impact with program-related investments. *Stanford Social Innovation Review*, 14(3), A19–A27.

Citi Global Perspectives & Solutions. (2024). *Global giving: Generosity and the economics of philanthropy*. Citi.

Elemental Impact. (2025, November 19). *Smarter machines, safer jobs: Glacier's AI is reimagining recycling*.

Global Innovation Fund. (2026, June 11). *From play to national policy: How Lively Minds scaled from a promising innovation to reach 1.1 million children*.

Hand, D., Ulanow, M., Pan, H., & Xiao, K. (2024). *Sizing the impact investing market 2024*. Global Impact Investing Network.

Hand, D., Ulanow, M., Remsberg, R., & Xiao, K. (2025). *State of the market 2025: Trends, performance, and allocations*. Global Impact Investing Network.

Harris, J., Michalchik, V., Jay, J., Paetzold, F., & McCreless, M. (2026). *Investor's guide to goals-based investing and philanthropy*. Center for Sustainable Finance and Private Wealth.

Impact Frontiers. (n.d.). *Five dimensions of impact*. Retrieved June 11, 2026.

Pothering, J., & Stein, E. (2025, August 27). Forget SAFEs. Impact investors are incentivizing growth and impact with SAFIs. *ImpactAlpha*.

Prime Coalition. (n.d.). *Trellis Climate*. Retrieved July 29, 2026.

Struwer, B., & Cheng, M. (2026, May). *Impact by design: Leveraging the full spectrum of capital to enhance outcomes* [Webinar]. Center for Sustainable Finance and Private Wealth.

United Nations Conference on Trade and Development. (2023). *World investment report 2023: Investing in sustainable energy for all*. United Nations.