

# Beyond Intention: Structuring Capital For Real-World Impact

TSIC's Approaches to Innovative Finance  
August 2025



# The Challenge & The Opportunity

What if capital could do more than just generate profit? What if our investments could actively build a better world, tackling entrenched issues like poverty, climate change, and inequality?

This is the promise of **impact investing**: the commitment to generating positive, measurable social and environmental impact alongside a financial return<sup>1</sup>.

But as the scale of global challenges grows, a critical question emerges: How do we mobilise capital for complex problems that traditional markets have failed to address? Simply having the right intention isn't enough. We need a more sophisticated, creative, and effective approach.

This is where **innovative finance** comes in. It is the essential next step, the architect for the impact investing journey. As defined by industry leaders like Aunnie Patton Power, innovative finance is about creating and using alternative investment strategies and products to bridge the financing gaps for impactful entrepreneurs and businesses<sup>2</sup>. It moves beyond intent to focus on the practical, often complex, structures that make impact possible.

<sup>1</sup> [GIIN: What you need to know about impact investing.](#)

<sup>2</sup> [Innovative Finance Playbook.](#)

# TSIC's Core Principles for Innovative Finance

At TSIC, we believe the true power of innovative finance lies in its ability to unlock new sources of capital, improve the efficiency of financial flows, and create markets that serve everyone, especially the most marginalised. Our vision is an impact investing ecosystem that is effective, efficient, and equitable in its pursuit of the Sustainable Development Goals (SDGs). To this end, we focus on three critical levers that we believe are essential for transforming the impact investing landscape:



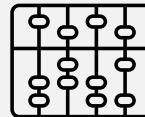
## Impact-Led Decisions:

Investment choices should be guided by where capital can create the most significant positive change, not just where it can generate the highest profit.



## Inclusive Capital:

Financial systems should be accessible to all. We work to create capital structures and flows that are inclusive, reaching marginalised communities and fueling the growth of emerging markets.



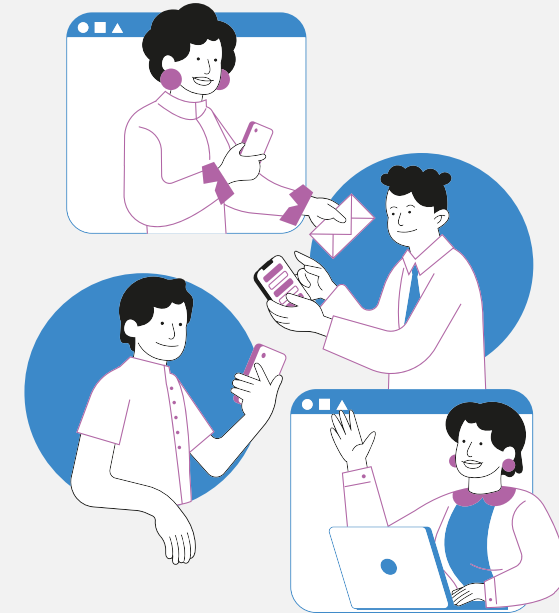
## Measure What Matters:

Beyond the balance sheet, the true measure of an investment's success is its social and environmental impact. We champion robust impact measurement and verification to ensure accountability and transparency.

# TSIC's Innovative Finance Toolbox

Applying innovative finance requires deep expertise across a range of instruments. At TSIC, we leverage a comprehensive toolbox to design bespoke solutions for our clients. Some examples are:

- **Blended Finance:** Strategically using catalytic capital from public or philanthropic sources to increase private sector investment for environmental and/or social impact.
- **Revenue-Based Financing:** An investment model where an organisation receives capital in exchange for a percentage of its future revenues, offering a flexible alternative to traditional debt or equity.
- **Impact-Linked Loans:** Loans where the financial terms, such as the interest rate, are tied to the achievement of pre-defined social and/or environmental impact targets.
- **Forgivable Loans:** Loans that can be partially or fully forgiven if the borrower meets specific, pre-agreed impact milestones or operational goals.
- **Community Shares:** A method for raising investment from a community by offering shares in an enterprise that serves that community, fostering local ownership and engagement.



# TSIC's Innovative Finance Toolbox

TSIC has a toolbox of the most widely used innovative financing instruments across the asset class of debt, equity, quasi-equity and grants. Below is a snapshot of examples.

Financing Instrument	Description	Impact Case	Business Case	Operational Considerations	
				Structuring Difficulty	Risk Exposure for Investors
Revenue-based financing	Loan that is based on recent revenue numbers and is repaid as a percentage of future revenues or cash flows.	Support fast-growing, post-revenue and usually small companies' impact growth prospect.  Potential to have an impact on wealth disparity among underserved founders.	Access to loan before the investee has a credit history.  Demonstrate credit history when the loan is repaid.	Medium	Low
Redeemable Equity	Equity that can be repurchased by founders at an agreed multiple or price.	Able to acquire voting power.	Establish valuation for the company and attract venture capitalists, but entrepreneurs are able to buy back the shares.	High	Medium – as there is a clear exit strategy
Convertible grants	Grants that can be converted into equity ownership.	Support the company to develop innovative high-impact products before raising investment.	Possibility to recycle grant capital for new innovations, if the company raise investment capital later on.	Low	Low

## TSIC Example

# Diversifying an International Foundation's Investment Toolbox

Our client is an endowed foundation advising and managing over 1,000 grants worldwide.

In 2022, they sought to evolve beyond traditional grant-making to achieve its systemic change objectives. They engaged TSIC to explore how venture philanthropy and social investment could amplify their impact. We guided them through a comprehensive strategic process, conducting deep research into the journeys of other endowed foundations and engaging key internal and external stakeholders through interviews and workshops. We also worked closely with their legal and operations teams to build a bespoke assessment process for social investment deals.

The result was a clear strategic plan, a practical manual for staff, and a guide for designing innovative finance instruments, empowering the foundation to confidently integrate a powerful new set of tools into their philanthropic efforts for years to come.

TSIC Example

# Structuring a Blended Finance Fund in Southeast Asia



Wedu is an NGO dedicated to enabling women leaders in South and Southeast Asia through providing leadership development programmes, a community of support, and education funding.

Previously, they relied primarily on grant funding to support its mission. To scale their impact, they partnered with TSIC to design a more sustainable and scalable financial model. We have structured a blended finance fund to expand their use of Income Sharing Agreements (ISAs), an innovative tool that provides educational funding in exchange for a share of future income.

This new structure is designed to attract a diverse range of investors beyond traditional grant-makers. By pioneering this initiative, we are helping Wedu transition from grant dependency to an innovative, revenue-generating financial scheme that can support the growth of countless more women leaders across the continent.






# TSIC Example Championing Demand-Led Investment in India



200 Million Artisans is an impact-first, ecosystem enabler supporting India’s craft-led enterprises to become global powerhouses of inclusive and green production. For the artisan economy in India, often led by women, access to the right kind of capital is a major barrier. As a research partner for 200 Million Artisans, funded by the Catalytic Capital Consortium (C3)<sup>1</sup>, TSIC set out to understand the investment readiness needs of these enterprises.

Our research identified critical gaps in working capital and growth financing. But we went a step further, educating enterprises on innovative finance structures like revenue-based financing and impact-linked loans. By surveying their interest and championing a "demand-led" approach, we ensured that the needs of the investees directly informed the design of financial instruments.

Our work resulted in [a published report](#) and a new investment readiness framework (C.R.A.F.T.) to accelerate appropriate investment into this vital sector.

The C.R.A.F.T. Lens - Traditional Financing Misfit			
	<b>C</b>	Collateral Requirements	Traditional finance requires assets as collateral but HCMs often do not have access to personal assets.
	<b>R</b>	Return Expectations	Traditional finance is only looking at financial returns but HCMs also deliver social and environmental returns.
	<b>A</b>	Access	HCMs do not have access to traditional networks of financing – investors, funders, intermediaries.
	<b>F</b>	Financing Instruments	Traditional finance is either debt (fixed payments on a regular basis) for companies with regular and steady cash flow, or equity (dilution of stake in high-growth firms). HCMs don't fit in either of these moulds.
	<b>T</b>	Ticket Sizes	HCMs require capital across a diversity of ticket sizes along the 'Expanded Missing Middle' (too big for microfinance, too small for bank loans, impact and commercial investors).

<sup>1</sup> C3 is an investment, learning, and market development initiative to promote greater and more effective use of catalytic capital and enable a more just, equitable, and resilient world.

# Partner with us

Navigating the world of innovative finance requires a partner with deep expertise, a global perspective, and a commitment to putting impact first. At TSIC, we bring our lived experience and our extensive networks to help you design and implement financial solutions that create lasting change.

Ready to explore how innovative finance can help you achieve your goals? Let's start a conversation.

## Get in Touch

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# About TSIC

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The Social Investment Consultancy (TSIC) is a global social impact consultancy. We partner with clients to create systems change and an equitable society that puts impact first. Founded in 2008, TSIC has worked with over 500 clients in 50 countries, including impact investors, foundations and social purpose organisations. With a global network, we deliver local-minded solutions while leveraging our global knowledge and lived experience.

Our clients include:



One of the 62 founding B Corps in the UK in 2015

Featured in global media :

