

EQ
Enabling
**Qapital**

# Enabling Qapital (EQ)

# Theory of Change

# Theory of Change - Methodology & Process

**A roadmap that shows how we expect to create meaningful change:**

It outlines the logical connections between the activities we undertake, the outputs we produce, and the outcomes and impact we aim to achieve

## INITIAL CONDITIONS

Current situation / problem that needs to be addressed



## ASSUMPTIONS

Beliefs about how and why the change will happen



## ACTIVITIES

Actions taken to bring about change



## OUTPUT

Direct results / deliverables from the activities



## OUTCOME

Short- to medium-term benefits or changes due to the outputs



## IMPACT

The larger, lasting changes or effects on the community or system



## CHALLENGES

Potential obstacles or barriers to achieving the desired change



# Enabling Qapital (EQ) - Theory of Change

***A World Where Investment Empowers People and Embraces the Planet***

1 2 3 4 5 6 7

## 1. Initial Condition

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- Changing world requires social and environmental actions for a more sustainable future.
- UN Sustainable Development Goals as leading framework for sustainable future.
- Open-minded corporate culture with servant-leadership at heart.
- Investors seeking to combine financial and social returns.
- Development Financial Institutions and donors interested in facilitating access to essential products and services in emerging markets.
- Financial intermediaries and SMEs in emerging countries have limited access to investment and financing opportunities, which results in financing gaps for vulnerable populations and businesses.

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## 2. Assumptions

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## 2. Assumptions



- Emerging/frontier markets will pose challenges to our business environment.
- Timing of the investment matches needs of investee.
- Regulation, legal/economic environment are conducive for business activity, and foreign investments are protected by the rule of law.
- Adequate capacity at EQ to concurrently manage several funds.
- Ability to conduct on the ground investment risk assessment.

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## 3. Activities

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## 3. Activities



- Identify investment and financing opportunities with a potential for promotion of SDG achievement.
- Structure, market, manage and invest multi-instrument funds (debt, equity, mezzanine) in businesses & projects in emerging countries aimed to support achievement of SDGs.
- Identify, measure, monitor and mitigate credit, market, operational, legal, reputational, environmental, social and governance risks stemming from investees and markets where they operate.
- Collaborate with organizations and experts to enhance existing products and design new innovative solutions for SDG achievement like blended finance.
- Market, source, screen and manage potential investees.
- Recruit, train and manage skilled investment team. Build global outreach via a diversified team to have a good understanding of regional context and broader perspective.
- Integration of open-minded, future-oriented targets to push ESG principles forward in our daily business practices.

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## 4. Output: Products & Services

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## 4. Output: Products & Services



- Multi-instrument, multi-product, and multi-sector funds equipped with state-of-the-art tools to mitigating risks.
- Advisory services aimed to improve visibility and investment prospects in emerging countries for investors and donors.
- Funding available for working capital, capital expenditures and on lending to micro, small and medium businesses.
- EQ strives to supports all SDGs with their products.

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## 5. Outcomes: Benefits from Activities

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## 5. Outcomes: Benefits from Activities

Corporate:

- Uniform implementation of ESG & impact strategy aligned with corporate values across the organization.
- Internationally recognized certifications are achieved and maintained through our ESG Strategy.
- High staff motivation.

Funds:

- Achieve ESG objectives as well as financial return.
- Strengthen attractiveness to investees.
- Increase awareness among investors, DFIs and donors about investment opportunities in emerging countries.

Investees:

- Increase visibility with investors.
- Embrace ESG principles / SDGs within organization as well as products/services provided to clients.
- Continue to operate & offer employment.
- Provide access to essential products & services.
- Optimized capital allocation.
- ESG principles at core of business practices.
- Regional teams working through a global network of offices primarily located in emerging countries.

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## 6. Impact: Broader or Longer-Term Effects

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## 6. Impact: Broader or Longer-Term Effects



- Investees increase resilience, maintain or grow business capacity & expands local governments ability to provide public benefits.
- ESG principles are further integrated into emerging markets.
- Investment facilitates achievement of SDGs.
- High quality services provided to all stakeholders.
- Staff serve as agents of change in their localities.
- Improved capacity to contribute to SDG achievement.
- New industries are developed, which become attractive for commercial investments, and decrease dependency on public institutions.

# Enabling Qapital (EQ) - Theory of Change

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## 7. Challenges

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## 7. Challenges



- Emerging markets are extremely volatile to economic shocks and climate risks.
- Insufficient awareness about ESG risks among investees in emerging countries.
- Limited capacity and resource base of investees and their clients to meet social and environmental standards.
- Limited availability of locally sourced data for social and environmental reporting.
- Limited availability of public data on outputs and outcomes for benchmarking & comparison of results.
- Language barriers increase difficulties of conducting business.

# Enabling Qapital (EQ) Theory of Change

## A World Where Investment Empowers People and Embraces the Planet

### INITIAL CONDITION

Changing world requires social and environmental actions for a more sustainable future.

UN Sustainable Development Goals as leading framework for sustainable future.

Open-minded corporate culture with servant-leadership at heart.

Investors seeking to combine financial and social returns.

Development Financial Institutions and donors interested in facilitating access to essential products and services in emerging markets.

Financial intermediaries and SMEs in emerging countries have limited access to investment and financing opportunities, which results in financing gaps for vulnerable populations and businesses.

### ACTIVITIES

Identify investment and financing opportunities with a potential for promotion of SDG achievement.

Structure, market, manage and invest multi-instrument funds (debt, equity, mezzanine) in businesses & projects in emerging countries aimed to support achievement of SDGs.

Identify, measure, monitor and mitigate credit, market, operational, legal, reputational, environmental, social and governance risks stemming from investees and markets where they operate.

Collaborate with organizations and experts to enhance existing products and design new innovative solutions for SDG achievement like blended finance.

Market, source, screen and manage potential investees.

Recruit, train and manage skilled investment team. Build global outreach via a diversified team to have a good understanding of regional context and broader perspective.

Integration of open-minded, future-oriented targets to push ESG principles forward in our daily business practices.

### OUTPUT
Products & Services

ESG principles at core of business practices.
Regional teams working through a global network of offices primarily located in emerging countries.

Multi-instrument, multi-product, and multi-sector funds equipped with state-of-the-art tools to mitigating risks.
Advisory services aimed to improve visibility and investment prospects in emerging countries for investors and donors.

Funding available for working capital, capital expenditures and on lending to micro, small and medium businesses.

### OUTCOMES
Benefits from Activities

Corporate:
- Uniform implementation of ESG & impact strategy aligned with corporate values across the organization.
- Internationally recognized certifications are achieved and maintained through our ESG Strategy.
- High staff motivation.

Funds:
- Achieve ESG objectives as well as financial return.
- Strengthen attractiveness to investees.
- Increase awareness among investors, DFIs and donors about investment opportunities in emerging countries.

Investees:
- Increase visibility with investors.
- Embrace ESG principles / SDGs within organization as well as products/services provided to clients.
- Continue to operate & offer employment.
- Provide access to essential products and services.
- Optimized capital allocation.

### IMPACT
Broader or Longer-Term Effects

High quality services provided to all stakeholders.
Staff serve as agents of change in their localities.
Improved capacity to contribute to SDG achievement.

New industries are developed, which become attractive for commercial investments, and decrease dependency on public institutions.

Investees increase resilience, maintain or grow business capacity & expands local governments ability to provide public benefits.
ESG principles are further integrated into emerging markets.
Investment facilitates achievement of SDGs.

### ASSUMPTIONS

- Emerging/frontier markets will pose challenges to our business environment.
- Timing of the investment matches needs of investee.
- Regulation, legal/economic environment are conducive for business activity, and foreign investments are protected by the rule of law.
- Adequate capacity at EQ to concurrently manage several funds.
- Ability to conduct on the ground investment risk assessment.

### CHALLENGES

- Emerging markets are extremely volatile to economic shocks and climate risks.
- Insufficient awareness about ESG risks among investees in emerging countries.
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### EQ strives to supports all SDGs with their products



# Get in Touch With Us

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*Have questions or thoughts about our Theory of Change? We'd love to hear from you.*

*Interested in partnering with us to create positive change? Reach out to discuss opportunities.*

**For any inquiries about our Impact Investment Services, contact us:**

**Email:** info@enabling.ch

**Phone:** +41 81 515 04 36