



## Puerto Asís Investments

an investing for purpose platform that operates across the continuum of capital

**Puerto Asís Investments** is an Argentinian investing for purpose platform operating by means of different strategies across the continuum of capital. It makes investments to create opportunities, empower people, and transform problems into innovative, scalable, sustainable solutions. As a family office, it manages—with a long-term global vision—wealth preservation and growth, aiming to instill a vocation for entrepreneurship, innovation, and commitment among the members of the family.

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### LOCATION:

Local – Buenos Aires, Argentina

**Note:** This infographic related only to its Venture Philanthropy mandate.



### MAIN PARTNERS:

#### IDB

- Banco Galicia
- IRSA
- Banco Ciudad
- Government of the City of Buenos Aires
- Forge
- Pescar
- Reciduca
- AMIA
- Acrux Partners
- Beccar Varela
- Social Finance
- Alimentaris



### SECTOR:

Contribute to the employment of youth from vulnerable contexts in the City of Buenos Aires.



### MOTIVATION/PROBLEM TO TACKLE:

Participate in the outcome-based mechanism in Argentina. A public-private tool whose disruption is anchored in changing the logic with which governments address public-policy programs and the way the rest of the stakeholders form synergies to achieve the expected results regarding a priority problem—in this case, youth unemployment.



### NON-FINANCIAL SUPPORT OFFERED:

- Governance
- Impact management and measurement
- Business strategy and/or models



### FINAL BENEFICIARIES:

Youth from vulnerable contexts in the City of Buenos Aires.



### LEADING ENTITY – TYPE OF INVESTOR/SILO:

Family office



### DURATION:

**2018**  
–now



### TYPE OF FINANCE:

Hybrid finance

### RESOURCES INVESTED OR DONATED:

**USD 150,000**

### IMPACT:

The Project is still ongoing; hence, impact results are not available yet.



**SDGS ADDRESSED**

*“Venture philanthropy is an evolution stemming from all of our social investment learning and journey, public-good generation, and impact investment. It allows us to capture all that value we often identified in ideas with high potential for transformation, but that we could not invest under an impact investment approach because of their early stages and their below-market return expectations. Pushing for a new mandate like venture philanthropy was a source of guidance in keeping the focus and thoroughness of each mandate.” Fabiana Oliver, Head of Impact & Sustainability*



## BACKGROUND AND CONTEXT

In the 1960s, the Roman family began its path in the transportation and large-component assembly sectors with its first company, CSM. This Company participated in some of the major and most complex infrastructure projects in Argentina. In the past few years, it focused particularly on transportation and assembly of wind farms and thermal power plants. In 1995, it founded International Trade Logistics (ITL), the first private port for containers in Argentina, and in 2008, the family began a strategic partnership with PSA (Port Singapore Authority), one of the main operators in the world, which chose Argentina and ITL for their operations in the region. It was then that the Román Organization was created to manage wealth as a multi-generation project, which would evolve—after more than ten years’ experience—into the current investing for purpose platform: Puerto Asís Investments.

Throughout its journey, the family seeks to contribute to solving social problems in areas of influence by fostering and funding initiatives alongside strategic partners to make concrete improvements for the community. Access to basic infrastructure and the development of people in terms of education, health, and job opportunities have become their priority. Today, through its investing for purpose platform, Puerto Asís Investments reaffirms this commitment, clearing an innovative impact path by creating value with each investment it makes.

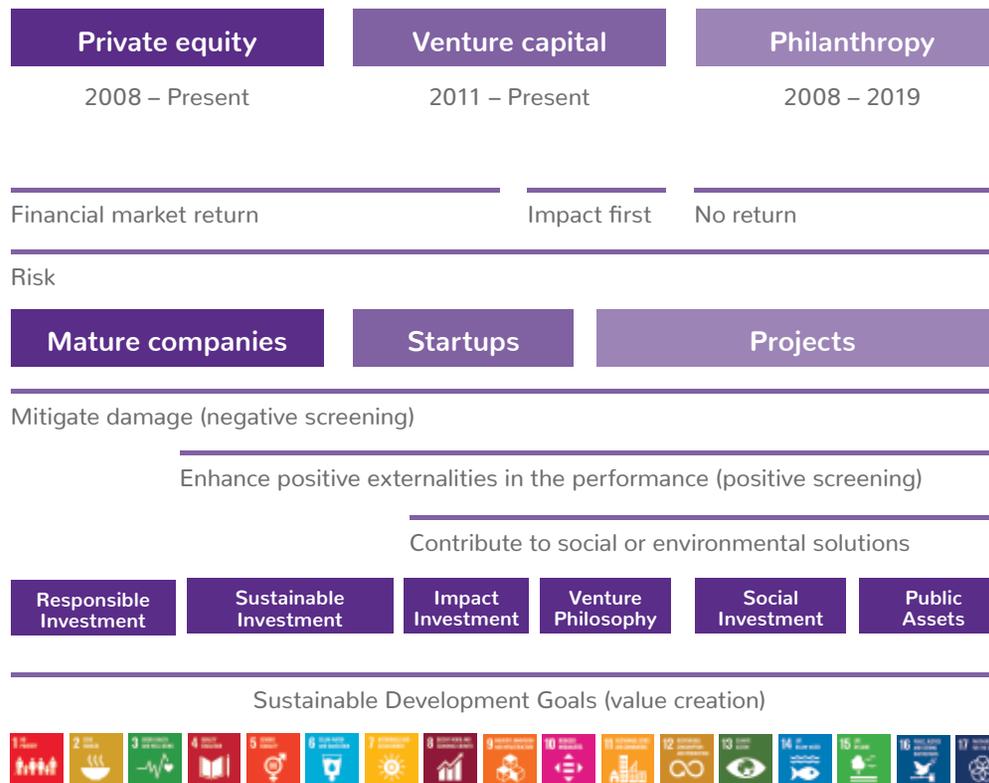


## DESCRIPTION

Puerto Asís Investments works towards contributing to a competitive, responsible, equitable economy by investing in profitable and purposeful businesses. For this purpose, it invests under a continuum of capital logic, and it has designed its portfolio with a diversified exposure to strategies, sectors, and geographies. Based on the mandate, it assumes different risk, return, and impact profiles.



### Investing for purpose platform



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Its strategy is present both in its private equity portfolio—engaging the companies in which it has invested in sustainability matters—and in its venture capital mandate—under which Puerto Asís Investments has fostered impact investment geared exclusively towards market solutions that address social or environmental challenges—and, more recently, in its venture philanthropy mandate, in order to leverage disruptive models with a high social impact.

This continuum-of-capital vision is the result of a constant evolution process and reflects the permanent attention devoted not only to the needs and vocation of the family members, but also to global investment trends.

The investments made by Puerto Asís Investments, regardless of their approach, are aligned with the Sustainable Development Goals (SDGs); it therefore promotes the contribution of each investment to one of the more than 170 targets that the SDGs endeavor to achieve by 2030.

Within this framework, Puerto Asís Investments designed its theory of change with a focus on:

- ... Pioneering long-term value-creation practices along the entire continuum of capital, assuming various risk, return, and impact profiles.
- ... Channeling part of its capital towards new business models aimed at the solution of critical social or environmental problems, demonstrating how the market can bridge the gap that the finite resources of governments and philanthropy cannot close.
- ... Defining patterns that explain how investments can have a positive impact on society and the planet to the extent that they contribute to the global challenges set out by the SDGs.
- ... Helping to strengthen an investing and entrepreneurial ecosystem that incorporates sustainability and impact perspectives in its decision-making processes and in the conduction of its businesses.

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*“As a family, we choose to invest for purpose because we value the creation of shared value. We want our economic, social and environmental system to be sustainable for future generations, and we look for increased awareness in the business world.” Karina Roman, Chair, Puerto Asís Investments.*



## IMPLEMENTATION

This case study focuses on the implementation and management of the Puerto Asís Investments venture philanthropy mandate. This mandate was added to the investment platform as a result of the lessons learned over more than ten years doing philanthropy and—in the past three years—venture capital for impact.

Puerto Asís Investments gained much experience by managing more than thirty philanthropic initiatives with strategic partners for a decade. Its actions have focused on the one hand on encouraging the development of people by means of three pillars: education, employability, and habitat; on the other hand, they have revolved around improving institutional quality in the country (public administration and citizen empowerment). These actions have resulted in the creation of numerous public assets.

They invested more than USD 2 million in this project portfolio, and an additional investment of about USD 22 million USD was mobilized thanks to joint efforts with more than 350 stakeholders from different sectors (government, international organizations, civil society organizations, private sector, and academia).

Simultaneously, the vocation to find market solutions to sustainably tackle social or environmental challenges encouraged them to explore other investment models. Is why, in 2017, aligned to a global trend—although new to the country—it was decided that capital would be allocated to seek impact investment opportunities.

Under this mandate, Puerto Asís Investments has already invested in five start-ups whose mission is to put an end to social challenges and who are on the lookout for opportunities to expand their businesses to the regional and/or global market. Under a venture capital logic, Puerto Asís Investments aspires to complete, in the next three years, a diversified portfolio of twenty companies in different industries (so far, it has invested in health, education, and employability, all of them with a strong technological side).

Based on this path, and through the learnings gained with both strategies, it continued exploring alternative investment models. In this regard, it was attractive to have the chance to invest in models that were highly innovative and disruptive, able to change the rules of the game for a social or environmental



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problem and which, based on their design, could envision their own sustainability. Clearly these were impact initiatives, which did not allow, however, to define the investment as venture capital for impact (very early stages and below-market financial return expectations).

To make value creation through investment in this type of projects possible, a new mandate was added in 2018: venture philanthropy, which expanded the continuum of capital of the platform.

The profile of this mandate is marked mainly by the following attributes:

- ... Looks for highly innovative and disruptive investment opportunities led by entrepreneurial teams that are problem-focused and results-oriented, since its transformation capacity lies there.
- ... Assumes risks to test innovations considered to be capable of “pushing barriers”, but not yet proven.
- ... Provides support through patient capital and assistance through instruments tailored to the needs and characteristics of each investment opportunity.
- ... Provides non-financial support. It is highly valuable to stay close to entrepreneurs in the different growth opportunities of the enterprise.
- ... Monitors and measures impact to generate information on transformation traceability, allowing the initiative to be scaled or replicated.
- ... Promotes scenarios for collaboration and creation of infrastructure for the social ecosystem.

Financial return expectations under this venture philanthropy mandate are different from the rest in that a return on capital is expected, plus a rate that may be below-market. As for the return generated, the vocation is to reinvest it in new opportunities.



Under the venture philanthropy mandate, investments have been made in two initiatives, and a third one is being considered. For instance, under this mandate, an investment was made in the first Social Impact Bond in Argentina in October 2018.



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International experience had shown the efficiency generated by these tools in the use of public resources, the impact social programs can have when they are results-oriented, and the innovation that can result when the approach of the social agenda changes; hence the wish to participate as an investor in this first experience in the country.

After almost a year of structuring, in October 2018, a public-private articulation tool was launched. Named Vínculo de Impacto Social (VIS), it was developed in collaboration with other investors—IRSA (Inversiones y Representaciones Sociedad Anónima), Banco Galicia, Banco Ciudad, a private investor, the IDB FOMIN, and the Secretariat of Strategic Planning of the City of Buenos Aires. It sought to promote better employability conditions and contribute to the employment of young people from vulnerable neighborhoods in the city.

The work model design considered the participation of four NGOs specializing in the issue, now in charge of the program execution for two years. As the goals set are achieved, the government pays investors (who advanced their funds to finance the implementation of the program).

A universe of more than 1000 youths aged 17 to 24, representing the population segment with the highest rate of unemployment, was reached. These young people are trained to develop technical and socio-emotional skills, and they receive guidance and support for their employment.

The program is still in an implementation stage, so there are no impact evaluations. Nonetheless, thanks to exchanges created for VIS stakeholders to share knowledge, some achievements have been capitalized on—the involvement of State teams; the role of specialized civil society organizations, who showed high adaptability to adverse circumstances for the sake of reaching the goals; the commitment shown and the risks taken by investors.

Throughout its execution, VIS has had to face adverse macro-economic contexts and the critical scenario of the 2020 pandemic, yet it has been able to sustain the program with a successful employment rate of 32%—significantly higher than the successful rates recorded by other employment programs in 2017.

*“Despite the adverse macro-economic conditions Argentina went through in 2019 and 2020, and in spite of the serious impact of the government’s measures in response to the health*



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*crisis caused by the pandemic, the success of the program in achieving its goals has made it possible to pursue the development of the project, capitalizing on the learnings and replicating them for future performance contracts in the country or in the region.” Milton Hahn, Head of Investments*

### **Non-financial Support**

One characteristic that is prevalent throughout the continuum of capital is comprehensive guidance for companies, as the contribution extends beyond the invested capital. Puerto Asís Investments knows the value of contributing to different growth areas of the company. Its support strategy is tailored, responding to the needs of each team or each stage the company is at. Therefore, the demand varies from case to case, and the range of support actions performed is wide—including, for instance:

- ... Participating in strategic decision-making.
- ... Contributing to defining governance strategies.
- ... Collaborating in refining business models.
- ... Supporting the implementation of financial management models.
- ... Advising in the definition, monitoring, and assessment of impact indicators.
- ... Improving contact networks.



## **RESULTS**

The investment platform has evolved over the last decade, adding new mandates and assuming a vocation to account for value creation throughout the continuum of capital. Given the diversity of purpose strategies, it was decided that that value creation would be brought into the SDGs framework as it provides a global language and facilitates understanding when interacting with different sectors (other investors, entrepreneurs, authorities, international agencies, academia).

The challenge came up while defining the methodology and the indicators to monitor the impact of the investments and generate learning, as there is no global consensus as to what the best tools for these purposes are. Puerto Asís Investments decided to combine already-existing tools in the market and tailor them according to the needs in the continuum of capital.

As for the private equity mandate, for example, the aim is to make the companies invested in account for a socially and environmentally sustainable performance (by using tools such as the Global Reporting Initiative or Sistema B, which involve ESG indicators). Meanwhile, under the impact venture capital and venture philanthropy mandates, and given that the companies and projects are already born to solve social or environmental challenges from the market, Puerto Asís looked for more specific measurement methodologies, such as the metrics provided by the Impact Reporting and Investments Standard (IRIS) and the logical framework provided by the Impact Management Project (IMP). Today, both of them constitute the basis to define how to monitor of the initiatives run under these two mandates.

Puerto Asís Investments asserts that accounting for that value creation is no easy task and is currently building a framework to monitor it alongside the teams of each business it has invested in.



## LEARNINGS AND PERSPECTIVES

As an investing for purpose platform that manages a wide array of mandates, Puerto Asís Investments would like to share some of the lessons it has learned:

- ... Be highly **flexible**. Each mandate has its premises; each purpose strategy has its focus; each company has its business model, stages, and contexts; each entrepreneurial team has its needs.
- ... Understand **the limits of the platform** and, within it, those of each mandate. What risks one is willing to take; what financial return expectations one has; what purpose one wants to accomplish.
- ... Be **meticulous**. Know that investing in a continuum of capital means measuring every opportunity with the same yardstick: the degree of innovation and transformation, the scalability potential,

the value proposition differential, the team's profile and experience, among other requirements to select the projects.

- ... Have **one management team** for the many mandates, which are in turn crosscut by various purpose strategies. This allows to ensure cross-cutting quality.

Similarly, Puerto Asís Investments would like to share some future perspectives regarding the investing for purpose ecosystem. In this vein, it considers that the social and environmental challenges will keep on worsening, and the resources to face them will be increasingly scarcer. Thus, it considers that it will be important to do the following:

- ... Transcend the frontier of knowledge and be open to new paradigms.
- ... Encourage entrepreneurs to explore new scenarios and develop market solutions that contribute to solving social and environmental challenges.
- ... Motivate forward-thinking investors to lead pioneering initiatives in the market, contributing venture capital.
- ... Promote the use of standardized impact-measuring tools that allow to evaluate, learn, compare, and share best practices.
- ... Generate success stories that can be scaled so that this impact perspective is not limited to a specific niche.
- ... Intertwine ecosystems that demand new logics to address the development of people and communities and the sustainability of our planet.



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