

WHAT IS SOCIAL SECTOR FINANCE?

Social Sector Finance (SSF) – or Sustainable Investment or Socially Responsible Investment – is unlike traditional finance in that it has a “triple-bottom line” investment approach. This means that SSF is geared towards achieving three investment objectives: (1) financial return; (2) social return; and (3) environmental return.

In contrast to traditional investing, which considers financial return only, SSF takes into account additional criteria related to social return (serving larger societal goals and well-being) and environmental return (decreasing or mitigating the environmental impact of business activities). SSF opportunities focus on building scalable, sustainable solutions for individuals and companies throughout the world. Many SSF initiatives focus on serving the world’s poor and underserved communities.

KEY SOCIAL SECTOR FINANCE SECTORS COVERED BY ORRICK

- **Microfinance:** A system of providing access to financial products and services to the world’s “unbanked,” such as credit (small loans or micro-loans), insurance, remittances, and savings
- **Water:** Water supply and distribution infrastructure; clean water technologies; sanitation solutions; natural resource (watershed) management
- **Housing:** Scalable, profitable housing for marginalized communities in developing countries (e.g., urban slums); energy-efficient materials; cost-effective construction techniques
- **Education:** Investment in private schools in developing countries; innovative student loan financing structures for poor students to pursue degrees in developed and developing world contexts
- **Energy:** Clean and renewable energy funds (e.g., wind, air, geothermal, biomass); energy infrastructure projects; grassroots, low-cost energy solutions
- **Health:** Health care products and services targeted to the needs and ability to pay of the world’s poor (e.g., vaccinations and pharmaceuticals, vision screenings, rapid-response ambulances)

WHY ORRICK?

Worldwide, enormous challenges face the sectors covered by SSF. Despite the importance of access to finance, education, water, housing, health care and other basic needs of the world’s underserved communities that SSF seeks to serve, funding for SSF organizations is often difficult to obtain, structure and invest. Recognizing the importance of SSF, Orrick is committed to working closely with SSF stakeholders to facilitate the delivery of basic goods and services to underserved populations. Part of our goal, and commitment to community responsibility, is to ensure that the “triple-bottom line” investment objectives of SSF are met – that financial return achieves economic growth; social return achieves societal progress and improves community well-being; and environmental return focuses on ecological impact mitigation.

Our long-standing pro bono work has allowed us to leverage and expand our knowledge and capabilities as well as develop relationships with non-governmental organizations (NGOs) and governmental agencies involved in SSF sectors. To this end, we actively support cross-sector collaboration and public-private partnerships (PPPs). Through our prior pro bono work, we have discovered that few law firms operate in this space, and we view this as a unique opportunity for us to better support organizations pursuing SSF objectives.

Our SSF Group is broken down into four regional areas (described below), each of which is headed by a regional leader who oversees all matters. This approach enables constant and close supervision, monitoring and client support.

INTERNATIONAL CAPABILITIES

As a global law firm, with 21 offices in Asia, North America and Europe, Orrick is able to leverage its international footprint and broad expertise in finance to facilitate the delivery of basic goods and services to underserved populations. Orrick lawyers assist domestic and foreign companies with their Social Sector Finance needs within local jurisdictions and, with the assistance of local counsel, research and analyze foreign exchange, tax, banking and other regulations in a wide variety of jurisdictions including:

- **Africa:** Cameroon; Egypt; Ghana; Kenya; Mozambique; Nigeria; Togo; Uganda
- **Asia-Pacific:** Bangladesh; China; India; Indonesia; Mongolia; Nepal; Philippines; Sri Lanka; Tajikistan; Thailand; Vietnam
- **Europe and Middle East:** Israel, West Bank and Gaza; Lebanon; England; France; Italy; Ukraine
- **Americas:** Argentina; Brazil; Colombia; Paraguay; Venezuela; USA

REPRESENTATIVE CLIENTS

- **BlueOrchard (Microfinance):** Advised BlueOrchard, a Swiss microfinance consultancy and investment fund promoter, on a number of areas relating to the establishment of its U.S. operations.
- **BRAC USA (Microfinance):** Assisted BRAC USA in preparing contracts for its international operations.
- **Calvert Foundation (Microfinance/Energy/Housing):** Serving as outside counsel in a wide variety of financing transactions, primarily those in its “green portfolio,” focused on community-based strategies to address climate change, reverse environmental degradation and promote sustainable development strategies.
- **CHF International (Microfinance/Health/Housing):** Representing CHF, an international development organization, on several cross-border joint ventures and initiatives to provide micro-lending facilities in Eastern Europe, the Middle East and Africa.
- **Enzi (Education):** Closed a groundbreaking education finance transaction that created a “human capital contract” to enable investment in graduate students’ professional development.
- **Global Partnerships (Microfinance):** Advised Global Partnerships, a microfinance promoter focused on Latin America, on the formation of an unregistered investment fund and the private placement of tranching debt securities to investors.
- **Kiva (Microfinance):** Acting as outside general counsel and assisting in researching and analyzing local laws and regulations in the countries where Kiva and its field partners operate.
- **Lend for Peace (Microfinance):** Assisting with organizational incorporation, filing for tax-exempt status, and general corporate governance matters.
- **Lumni (Education):** Advising on the development of two small loan funds to enable students in a school in the San Francisco Bay Area to obtain funding for college.
- **Mercy Corps (Microfinance/Health/Education):** Advised Mercy Corps in connection with its operations in the Commonwealth of Independent States (CIS).
- **MFX Solutions (Microfinance/Foreign Exchange):** Acted as counsel to this global consortium of leading microfinance investment vehicles (MIVs) to structure an investment vehicle that provides access to currency hedging products to consortium members.
- **MicroPlace (Microfinance):** Acted as counsel to new issuers preparing to use the MicroPlace online lending portal and site.
- **Overseas Private Investment Corporation (Microfinance):** Represented OPIC in connection with BlueOrchard’s groundbreaking securitization in 2004, which was the first large-scale international structured finance transaction for MFIs.
- **Progreso Financiero (Microfinance):** Advised Progreso Financiero, a financial services company focused on the needs of the Hispanic market in the US, on prospective finance transactions and compliance with banking and securities laws.
- **PlaNNet Finance (Microfinance):** Advised on a wide range of U.S. and E.U. tax and corporate matters, including negotiation of agreements through which PlaNNet Finance originated and serviced loans to MFIs.
- **Unitus Capital (Microfinance):** Advised on structuring and formation of the organization.
- **Unitus, Inc. (Microfinance):** Advised on a variety of finance, tax, corporate, employment and intellectual property issues.
- **Vittana (Education):** Providing governance and other regulatory advice to Vittana, a non-profit organization that allows investors to make small loans to students in developing countries.
- **Water.org (Water/Microfinance):** Advising Water.org on a range of regulatory and other commercial matters, including its WaterCredit initiative which enables MFIs to develop portfolios to meet the water and sanitation needs of their clients.
- **Women’s World Banking (WWB) (Microfinance):** Advised WWB on its potential international expansion.

CONTACT US

For additional information regarding Orrick’s Social Sector Finance practice and lawyers, please contact Cam Cowan, Financial Markets Partner, at 202-339-8488 or by e-mail at ccowan@orrick.com; Rene Kathawala, pro bono counsel, at 212-506-5100 or by e-mail at rkathawala@orrick.com; or visit www.orrick.com.