



Financing
economies
of the future



INTRODUCING
SECONDMUSE CAPITAL

SecondMuse Capital is committed to activating, resourcing, and accelerating economies that are both robust and inclusive. We envision future economies that safeguard our planet, uplift all cultures and communities, and drive innovation.

WE BASE OUR WORK ON THE FOLLOWING CORE BELIEFS:



Investments, and the broader capital system, only truly succeed when they are financing economies that are good for people and the planet and returning value to investors and ecosystems.



A collaborative, transparent, diverse, and inclusive approach to designing and managing capital helps to generate value, increase returns in the long term and decrease risk.



Blended capital uncovers markets that were previously deemed uninvestable, enables partnerships with a wider group of investors, and facilitates a whole systems approach to investing for impact.

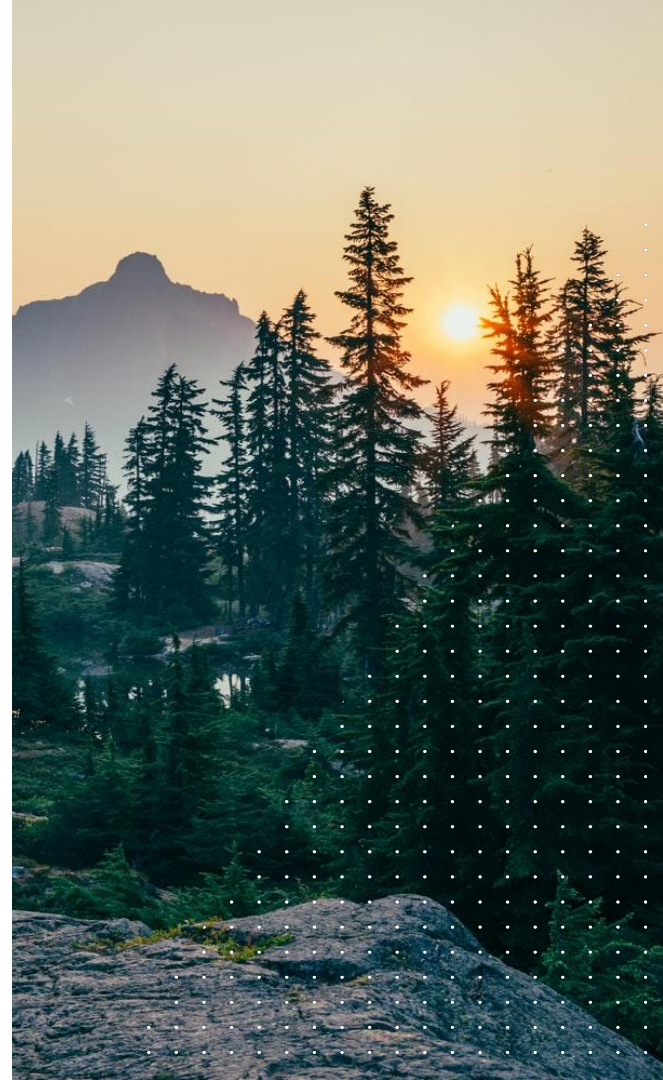


Nascent economies and markets – across multiple geographies – or economies undergoing important transitions offer the strongest opportunity to foster greater connectivity, innovation, and trust.



FUTURE ™
ECONOMY
LAB 
By SecondMuse Capital

The **Future Economy Lab™** (FEL) was launched in 2020 to innovate the way we finance the development of economies — and to pioneer new ways of growing inclusive and resilient economies. It recognizes the imperative to design *with communities rather than only for them* to ensure equitable outcomes. We believe that these outcomes can generate higher returns for both communities and investors.





FUTURE ECONOMY LAB

By *SecondMuse Capital*

OUR APPROACH

We begin by deeply understanding a particular system or sector, and then develop a common vision of our desired future state. We then collaboratively create the financial mechanisms and investment strategies to reach that goal. This *community-centered design approach* actively involves a wide variety of local stakeholders, including investors, government entities, entrepreneurs, and community members.

Language plays a central role in this process, serving as both an enabler and inhibitor of understanding, communication and most importantly, accessibility. Our approach *intentionally readies all stakeholders* to engage in meaningful dialogue, regardless of their level of finance expertise.

HOW IT WORKS

We begin by deeply understanding how capital is currently deployed in a particular sector and developing a shared vision of the preferred future state. We then collaboratively create the financial mechanisms and investment strategies to reach that goal.



Envision

The FEL team and our partners kickstart our process together by defining the current state of capital in the target sector and **developing a common vision** of our desired future state of capital.



Define

We use various research tools—such as desk research, interviews, and landscape mapping—to **understand the ecosystem's needs and challenges**. We synthesize the data during sense-making sessions with partners and begin creating initial models of potential solutions.



Design

Together with investors, entrepreneurs and other stakeholders, we develop an investment strategy, establish a **risk framework**, construct both a **financial** and **impact model**, and identify a sample pipeline of investments and potential collaborators.



Launch

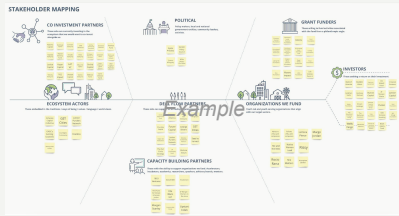
To bring the mechanism to life, we develop **collateral for fundraising**, including a pitch deck, a term sheet, and a data room outline. We also work with our client to define the **strategy for raising capital** and begin making investments.

WHAT WE DELIVER

Our deep expertise in innovative finance allows us to design robust, values aligned investment vehicles for communities and fund managers.

Envision

Key Deliverable:
Preliminary Landscape Map



Define

Key Deliverable: Summary of Findings Report

The cover page features a photograph of a farmer in a field. Below the image, the text reads: 'Based on the research and key opportunity areas uncovered, we have developed the following concepts that will be explored in further detail: (see upcoming stakeholder workshop and the subsequent "Design" phase of the project.)' Below this, there are six numbered boxes, each with an icon and a title: 1. Technical Assistance Facility for I&D; 2. Business Correspondence Model with I&D/C&S desks; 3. Blended Finance Equity Fund with alternative model for collateral; 4. Impact Linked Blended Debt Fund with technical assistance; 5. Blended Finance to Increase Bank Loans in Montana; 6. Revolving Grants for I&D with high growth potential.

Design

Key Deliverable: Investment Strategy Guide

The screenshot shows a financial dashboard with several tables. The top table is 'Key Metrics' with columns for 'Metric', 'Target', and 'Actual'. Below it is a 'Portfolio Performance' table with columns for 'Fund Name', 'Fund Type', 'Annual Return', and 'Risk Rating'. The bottom section contains a 'Detailed Portfolio' table with columns for 'Fund Name', 'Fund Type', 'Annual Return', 'Risk Rating', and 'Investment Focus'.

Launch

Key Deliverable: Pitch deck and other fundraising collateral

The slide is titled 'Executive Summary' and features the 'CORE CLIMATE FUND' logo. It includes an 'OVERVIEW' section with '\$50 million + North American Climate Tech Seed Fund' and a 'CONTEXT' section with 'Example 75% of the technologies funded in 2024 are either in early adoption or not commercially viable.' There is also an 'OPPORTUNITY' section and a 'SUSTAINABILITY GOALS' section with icons for various metrics.

OUR PRINCIPLES FOR FINANCIAL MECHANISM DESIGN

We incorporate a set of specific design principles across our labs and evaluate the impact of all aspects of the investment strategy - including management, governance, area of focus and geography. We believe that the most effective solutions need to focus on *how* we invest as much as *what* we invest in.



DESIGN IN SERVICE OF DEMAND TO BUILD RESILIENCE ON THE GROUND

Have a demand driven approach to financial design that is rooted on and understands the need as experienced by people and the planet. Dive in and explore assets within a community/region both prior to design and continuously throughout the life of the financial mechanism.



INCUBATE IDEAS, PEOPLE, AND ENTIRE ECOSYSTEMS, NOT JUST BUSINESSES.

Focus on creating an enabling environment for innovations and businesses to thrive. Design in ways that support the long-term health of the whole society and the environment -- not just one off businesses.



LEARN RELENTLESSLY; BE FLEXIBLE AND ADAPTIVE IN DESIGN TO INCORPORATE LEARNINGS ALONG THE WAY.

Embrace experimentation and learning. Include and integrate a phased approach to allow for learning along the way seeking feedback constantly both from our partners (investors) and businesses and projects we serve.



SHIFT FROM A COMPETITIVE TO A COLLABORATIVE AND REGENERATIVE MINDSET.

In building economies we go further together. We recognize the interdependencies of an economy and that collaboration increases innovation and decreases risk.



UNDERSTAND AND COMMIT TO INCLUSIVE PARTICIPATION.

Sustainable economies and innovation require participation of inclusive and diverse perspectives. Understand who is and isn't at the table and reflect on the history of this representation; design critically to include and increase participation of groups; act responsibly and with humility.



COMMIT TO GOOD GOVERNANCE MODELS THAT COUNTER TRADITIONAL POWER DYNAMICS.

Ensure strong governance principles are implemented at all levels. We believe that novel governance models can foster inclusivity and encourage multidirectional accountability and learning -- resulting in greater resilience for businesses, funds, economies and people.

To Date, Across Our 7 Labs

The figures in this section shed light on various aspects of our FEL process. It is crucial to prevent potential misinterpretation by stressing that these numbers, while valuable, provide only a limited glimpse of the process and are not intended to quantify our impact.



18

WORKSHOPS
FACILITATED



332

PARTICIPANTS
IN WORKSHOPS



148

DIFFERENT ORGANIZATIONS
INTERVIEWED



275+

SOURCES OF **SECONDARY**
RESEARCH REVIEWED



31

FINANCIAL MECHANISM
CONCEPTS GENERATED



6

PUBLIC REPORTS



594

SURVEY RESPONSES
ACROSS THREE SURVEYS

6

DIFFERENT TYPES OF
ECOSYSTEM ACTORS WHO
ENGAGED ACROSS WORK
(not mutually exclusive)

Academic institutions; financial institutions and investment entities; small business owners; Government entities; girls, femmes, and gender expansive youth of color; foundations and other philanthropic organizations

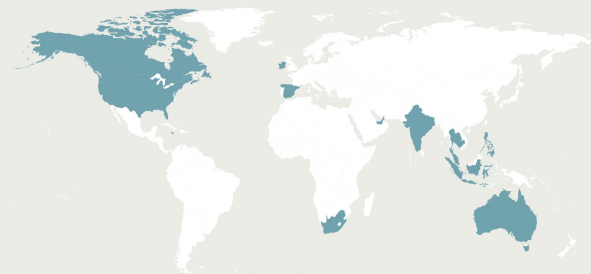


DESIGNED \$144M IN TARGET AUM

ACROSS 4 FINANCIAL MECHANISMS CURRENTLY IN
THEIR LAUNCH PHASE

15 COUNTRIES

REPRESENTED BY INDIVIDUALS
WHO HAVE PARTICIPATED IN A LAB



Australia	Philippines
Cambodia	Spain
Canada	Singapore
Cayman Islands	South Africa
Hong Kong	Thailand
India	UAE
Indonesia	U.S.
Ireland	

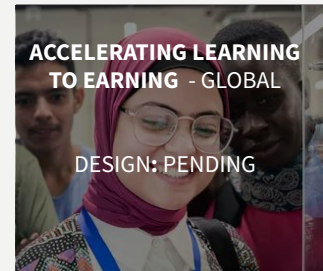


None of this work would be possible without the incredible support of our partners.

These partners - representing leading financial institutions, philanthropies, venture support organizations and more - provide the networks, expertise and funding that are critical to bringing each lab to life.



OUR PORTFOLIO OF WORK





Investing in Global Education Innovation

Key Challenge

UNESCO estimates that 617 million children—nearly all in low-income countries—are not achieving minimum proficiency levels in reading and mathematics. To overcome this, education systems in the Global South require better and more effective teacher training, more gender equity, better learning processes and more efficient ways of using evidence to better inform planning in the education sector. The Global Partnership for Education (GPE) created the Knowledge & Innovation Exchange (KIX) to increase investment into solutions to solve these key educational challenges and encourage learning and knowledge exchange between countries.

Approach & Solutions

In 2018 SecondMuse was engaged by GPE to outline a strategy and structure for the Knowledge Innovation Exchange (KIX) grant funding mechanism (“KIX Fund”). As part of its work, SecondMuse conducted and documented personnel reviews, as well as interviews with subject matter experts and relevant stakeholders, resulting in a blueprint for use by GPE detailing recommended approaches on the operational design, governance structure, implementation, and monitoring and evaluation of the KIX Fund. Today KIX is the largest fund solely dedicated to meet global public good gaps in education, and its budget has growth to \$165M.

Our Impact

Utilization of SecondMuse’s blueprint led to:

Our Partners



WORLD BANK GROUP

\$165M

FUNDING available to invest into research and innovation globally

25k

Policy Makers

ENGAGED through over 800 knowledge mobilization and capacity strengthening activities

70

Partner Countries

Working with GPE to identify policy challenges, build evidence from local research and share knowledge



Building An Inclusive And Resilient Climate Economy In Quebec

Key Challenge

Research has found that in Québec, there is strong public consensus in favour of taking action against climate change. However, climate focused startups face a variety of challenges including:

1. Financing gap; 70% of startups surveyed by Bonjour Startup Montréal identified financing as a barrier.
2. Need for alternative sources of capital including more patient capital.
3. Access gap for indigenous peoples, visible minorities, and women.

Approach & Solutions

Our approach to research was multidisciplinary: video or telephone **interviews with over 20 stakeholders**, database analysis, report reviews, stakeholder mapping, and virtual **workshops with 30+ participants**.

Through this process we proposed a fund paired with ecosystem building programs including entrepreneur support, network building, and influencing policy. We believe that strengthening the entrepreneurial ecosystem through these initiatives will de-risk the investments made by the fund. **The \$50M fund - known as the Core Climate Fund (CCF)**, will invest into asset light to moderate innovations across AgTech, Built environment, Climate Management, FoodTech and Mobility. The CCF made its first investment in Q4 2023 and is targeting its first close in 2024. Learn more [here](#)

Key Insights & Learnings

This inaugural FEL taught us a great deal about the dynamics of collaborative research and design around innovative finance. A critical takeaway from this first lab was the importance of investing more time and resources into the design phase of the lab to ensure it is ready for a launch phase.

Our Partners

La Fondation
McConnell
Foundation

M/S

Maison
de l'Innovation
sociale

real
VENTURES

20+ Interviews

With Business owners, industry experts
and investors to inform designs

30+ Workshop
participants

Engaged in facilitated problem
definition and co-design sessions

\$50M

TARGET FUND SIZE: investing into
asset light to moderate climate tech
innovations



Impact Aligned Financing for K-12 and Postsecondary Education

Key Challenge

The U.S. K-12 and post-secondary market is ripe for transformation. But there are structural issues and barriers to increased investment and equitable solutions in the sector – particularly for entrepreneurs of color, women, and other marginalized populations who are more likely to use public education themselves. This lab sought to explore how financing solutions and supportive strategies could scale new business models and align stakeholder incentives in the education ecosystem.

Approach & Solutions

Our research included video or telephone interviews with over **25 stakeholders**, database analysis, report reviews, stakeholder mapping, and virtual workshops. Through this work we identified **14 building blocks** for transforming public education investment equitably and sustainably. These were then broadly grouped into ecosystem level interventions and entrepreneur level interventions.

Key Insights & Learnings

Our research identified three main gaps in the education ecosystems:

1. The sector needs more capital in total, more types of capital, and more capital managed by people who reflect the diversity of the populations served by public education.
2. In addition to mentoring and educational resources, entrepreneurs need holistic assistance such as back office support and roadmaps to sustainability.
3. Better impact management tools and practices are needed to measure and track outcomes, which is key to driving change within the education sector.

Learn more [here](#).

Our Partners

BILL & MELINDA
GATES foundation



25 Stakeholders
Interviewed

Representing startups in the edtech sector, non profits,
entrepreneur support organizations and impact investors

14 Building
Blocks

IDENTIFIED for education system transformation covering
investment, technical assistance and impact measurement



Strengthen Ecosystem for Early Stage Climate Technology

Key Challenge

New York state has ambitious goals for becoming a leader in climate action. Achieving these goals requires a broad expansion in climate technologies. However, the funding landscape for early stage innovations remains nascent. Working alongside the Venture for Climate Tech incubator, this lab sought to expand the pool of investors financing the most promising climate technologies across the globe. Our ultimate goal was to identify what financial mechanisms and supportive strategies create a sustainable ecosystem around early stage climate technology innovation and innovators.

Approach & Solutions

We began our define phase by conducting desk research and building a database of over **350 climate tech investors**. Leveraging that data, we conducted **30 interviews with investors spanning angel groups, VCs, accelerators, foundations, and banks**. Additionally, we convened over **100 funders** of climate innovation for a deep dive into climate investment trends and technologies, held an **implicit bias training for over 20 climate investors**, and participated in global industry forums gathering the top global funders in sustainability from COP26 to Milken Institute. Learn more [here](#).

Key Insights & Learnings

Through this work a number of critical insights emerged. Our analysis showed that early-stage climate tech startups need a **mixture of both non-dilutive funding and private capital** to achieve the best outcomes. Climate is faced with a complex regulatory market and, at times, hard to build technologies with a long path to market, **all of which make risk hard to quantify** and further highlights the need for non-dilutive funding. In addition to grantmaking, governments can play a critical role in establishing cross-cutting standards for how startups are measured so that startups can focus on clear and consistent objectives different stakeholders. There is a need to **increase investment into funders from underrepresented communities** given their closer proximity to the challenges of climate change and ability to solve them.

Our Partners



NYSERDA

**100+**

FUNDERS in climate innovations convened to explore investment trends and technologies

350+

CLIMATE TECH INVESTORS captured in database to inform research insights

30 Stakeholders
Interviewed

Ranging from angel groups, VCs and accelerators to banks and foundations



Enhance Access to Capital for Collectively Owned Organizations

Key Challenge

The flow of capital into collectively owned enterprises lags significantly behind more traditionally private for-profit ventures due to barriers such as unwillingness of traditional financial institutions to offer early stage lending services as well as hesitancy by angel and other equity investors to invest into what they consider ‘unfamiliar structures’.

Approach & Solutions

In this lab, we wanted to better understand how to unlock greater access to capital and technical support for collectively-owned organizations with the ultimate goal of all collectively-owned organizations having sufficient and affordable access to capital regardless of differentiating factors (i.e. size, industry, stage).

Our approach included literature review of **35 different sources**, video or phone **interviews with 24 stakeholders**, a survey to collectively-owned orgs with **59 respondents**, virtual **workshops with 32 participants**, and ongoing sensemaking conversations with a **design committee**. We leveraged the insights from this phase to launch the [P6 Capital Cooperative](#), a deal syndication platform that facilitates investment into emerging collectively owned organizations. Within four weeks of launch P6 Capital had on boarded over 25 investors each ready to commit \$100k in capital. **Since its inception the platform has facilitated over \$35M in deal activity.**

Key Insights & Learnings

There was a common theme of a mismatch between capital supply and demand. From the entrepreneur’s perspective there is not enough growth capital; from the investor’s perspective, there is not enough qualified demand for their specific product, which then gets generalized to “there’s plenty of capital and not enough deals”. This highlighted the importance of not only having a new product but also having a platform that can bring the sector together. Learn more [here](#).

Our Partners



32 Workshop Participants

Including banking institutions, cooperatives, and investors to inform research and design process

\$35M

IN DEAL ACTIVITY for collectively owned organizations enabled through P6 syndication platform

25 Investors

Onboarded to deal syndication platform, each ready to commit \$100k for coop formation and growth



Removing Barriers to Property Ownership for Small Businesses

Key Challenge

Small business owners who want to own property face unique challenges and a lot of red tape when trying to access affordable mortgages such as: a “wall of bureaucracy”, large cash down-payment requirements, lengthy financial statement provisions, and often biased and discriminatory lending practices.

Approach & Solutions

In this lab, we aim to generate innovative models for residential and commercial ownership by SMBs with the ultimate goal to mobilize financial capital and other resources to small business owners so they can purchase property. Our approach was multidisciplinary: literature review of **28 sources**, video or phone interviews with **35 stakeholders**, and ongoing meetings with a **12-person Design Committee as well as small business owners**. We landed on a two-fund structure called the **Collective Investment Fund (CIF)** - to be coupled with technical assistance that provides a lease-to-own product for property ownership. Investors have the option to participate in either or both funds, and they receive their annual returns in alignment with each fund’s underlying risk. SMBs, on the other hand, obtain a blended package of terms when they become property owners, consisting of a 5% fixed rate, 30-year amortization, and obligations to contribute to CIF’s reserve for maintenance.

Key Insights & Learnings

Small business owners were really interested in the idea of a collective investment fund that allowed them to not only purchase property for themselves but also for them to invest into real estate. This investment collective fund would allow the small business owners looking to purchase property to be member tenants. That is they would be following a lease-to-own model where at the end of the term of the fund the property title would be transferred to the small business owner. Learn more [here](#).

Our Partners

WELLS
FARGO

SILVER
LINING

12 Person Design
Committee

Created to ensure small-business first approach that could also successfully raise capital

35 Stakeholder
Interviews

Including major mortgage lenders, small business owners and entrepreneur support organizations

\$30M

TARGET SIZE for Collective Investment Fund



Abundantly Investing in Girls & Gender Expansive Youth of Color

Key Challenge

Girls, femmes, and gender expansive youth of Color are at the forefront of some of the most important social justice movements, including efforts to achieve racial justice, gender justice, climate justice, and economic justice - and yet they are consistently underinvested in.

Approach & Solutions

In this lab, we worked with **39 youth**, to explore the question “what do economies that center your wellbeing and justice for you and your communities look like?”. The end goal is to design financial mechanisms and strategies to increase investments into communities of Color that are designed *with* girls, femmes, and gender expansive youth of Color, and not only *for* them. Our approach, in addition to working directly with youth, was multidisciplinary: literature review of between **50 - 100 sources**, video or phone interviews with **26 stakeholders**, and **473 girls, femmes, and gender expansive youth of Color respondents** to our Catalytic Factors Analysis questionnaire. We landed on a \$35M early-stage venture capital fund targeting capital light pre-seed, seed, and pre-series A ventures. The fund, called **Abundant Futures Catalyst Fund I** - will target sectors for the ventures were identified by the youth of color as being critical to creating an abundant future, and they include creative industries, education, healthcare & mental health. SecondMuse Capital and our partner Grantmakers for Girls of Color are in the process of hiring a Managing Partner to lead the fund raise and management.

Key Insights & Learnings

Participants defined an abundant future as one *where we are consistently thriving in a tranquil world, surrounded by a sustainable society built on communal love reimagined, that is inclusive of all of us and our cultures*. For our young people this means that we have peace of mind, peace in society, and can be fearless; where justice and equity has been achieved through reparations and shifting power to the people and we feel healed; and everyone is seen and respects each other for generations to come. This vision serves as the anchor for our future investment thesis. Learn more [here](#).

Our Partners



437 Youth of Color

Surveyed through catalytic factor analysis to understand key factors needed to create abundant future

\$35M

TARGET SIZE for the Abundant Futures Catalyst Fund I, investing in ventures led by and/or serving Youth of Color

26 Stakeholder Interviews

Representing investors, entrepreneurs and youth serving organizations to inform research and design process

Financing Gender-Smart Climate Businesses in Asia

Key Challenge

In Indonesia alone, MSMEs account for approximately 99% of existing businesses today and employ over 97% of the workforce, and more than 65% of these employees are women. Nonetheless, access to capital remains key barrier to their ability to meaningfully advance change in their communities. Smaller ticket sizes and innovative business models can struggle to attract capital providers due to relatively high transaction costs and high perceived risk. Meanwhile, the urgency of scaling climate-focused solutions in the region has never been greater. Countries classified as lower-to-middle income that also have coastal regions and rely on commodity trade, such as Indonesia, India, and Vietnam, face heightened vulnerability to the impacts of a warming world.

Approach & Solutions

SecondMuse Capital, supported by the VISA Foundation, is carrying out its Future Economy Lab to address financing barriers faced by gender-smart, climate-positive MSMEs in South and Southeast Asia, with an initial focus on Indonesia, India and Vietnam. Our design work has resulted in two mechanisms. The first is a **\$45M Blended Debt Fund** that combines commercial and philanthropic capital to provide affordable loans to impact focused MSMEs, with interest rates linked to impact outcomes. The second is an **\$8M Recoverable Grant Fund** serving MSMEs with high growth potential but also considered too risky for traditional bank loans. Both mechanisms are currently in final stages of design.

Key Insights

Our research surfaced several insights (see [Summary of Findings](#)) related to MSMEs and their climate, gender intersection. These include:

- Loans are the preferred financing source. For example, 80% of women-owned SMEs in Vietnam first looked to banks for capital
- Women are less likely to hold independent access to financial services and registrations, and face gender biases in accessing capital
- Many of the leading sectors in the region, including agriculture and waste management, have the potential to be climate positive

Our Partners




25+

 Interviews

With Business owners, industry experts and investors to inform designs

6

 Innovative Concepts

DEVELOPED AND EVALUATED, including a TA facility, and blended debt and equity funds

2

 Financial Mechanisms

CURRENTLY DESIGNING: \$8M Revolving Grant Fund and \$45M Blended Loan Fund



Accelerating Learning to Earning Outcomes for Underserved Youth

Key Challenge

We find ourselves at a tipping point in the youth employment system. Involving at once the education sector, labor markets and the workforce development industry, this system is failing to adequately meet the needs of both young learners and employers: one in five young people globally are not engaged in employment, education, or training; at the same time, employers struggle with persistent skills shortages.

The capital deployment strategies in this area compound these challenges, with an over-reliance on grant funding that promotes short-term solutions at the expense of long-term systemic change, and creates dependencies that shift power away from local stakeholders. A systems approach to investing is needed to navigate these complexities and design new financial instruments that can enable sustained changes

Approach & Solutions

In response to this urgent challenge, World YMCA, Generation Unlimited and SecondMuse Capital have joined forces through YMCA's L2E Initiative and SecondMuse Capital's Future Economy Lab. Our goal is to guide more underserved young people beyond skills training and into meaningful employment. We want to do this by increasing the flow of capital to initiatives helping underserved young people achieve meaningful work. Through this lab we aim to:

- **ADVANCE NEW FUNDING PRACTICES** to promote more inclusive, collaborative and community led approaches
- **ATTRACT NEW CAPITAL SOURCES** beyond government and philanthropy by mobilizing private, impact investing capital to meet the needs of the young people we seek to serve
- **DESIGN NEW FINANCING MECHANISMS** that can span across impact bonds, outcomes financing, income sharing and blended finance that bring together a range of investor profiles

Our Partners



1 in 5

 Young People

Globally not employed, in school or in training

87%

 Employers facing skills shortages

Today or in the near future



Join Us!

To build this, we need visionary partners like you.

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