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1 The economic value of impact licensing agreements as a strategic instrument

Determining the economic value of licensing agreements serves multiple strategic purposes both for the technology owner and the clearing house or licensee.

1.1 Benefits for the technology owner

Quantifying Contribution to Sustainable Development Goals (SDGs)

Economic valuation enables technology owners to measure and communicate about their contribution to achieving the United Nations SDGs. This assessment aligns their technological advancements with global sustainability objectives, enhancing their reputation and demonstrating social responsibility.

Informed pricing & stronger negotiation position

It aids in determining a fair license fee or royalty rate based on real economic value and prevents underpricing (loss of potential income) or overpricing (discouraging licensees). A defensible, quantified valuation supports negotiations with licensees and investors, reduces arbitrary pricing and supports substantiated market value assessments.

Demonstrating the value of the IP portfolio & serving as a basis for Impact Investment

Investors seeking both financial returns and positive social or environmental outcomes rely on robust economic valuations to inform their decisions beyond the impact scope of the impact licensing agreement. Economic valuation strengthens the licensor's ability to attract partners, funding or buyers and provides the necessary data to assess the potential of investments, guiding investors toward opportunities that align with their economic and impact objectives. It is also useful for internal strategy, IP management or reporting to stakeholders.

Supports risk-sharing agreements

Risk-sharing agreements, in which two or more parties agree to share the financial, operational, or outcome-related risks of a project, investment, or commercial relationship, are common in sectors where uncertainty is high, such as pharmaceuticals, healthcare, R&D, public-private partnerships, and technology commercialization. Economic valuation aligns licensing terms (eg milestone payments or royalties) with future cash flow expectations.

1.2 Benefits for the clearing house or licensee (IP user)

Facilitating Co-Financing in Projects & due diligence preparation

IP valuation is a major asset in the facilitation of (co-)funding or acquisition. A clear economic valuation of a technology's societal impact can attract co-financing from various stakeholders, including governments, development agencies, and private investors. By measuring the economic value, technology transfer actors can leverage additional resources (subsidies, grants,...) to finance further innovations, technology transfer and absorption.

Supports rational investment decisions & the internal business case

Economic valuation assesses whether the licensing deal is worth the cost & helps avoid overpaying. It compares IP licensing vs. in-house development (build vs. buy). It justifies the expense to boards, investors, or financial controllers and provides a clear ROI forecast tied to specific product or service revenues.

Helps structure payment terms & improves risk understanding

Economic valuation encourages performance-based structures (e.g., royalties, success milestones) and ensures payments align with the expected value over time. It Shows where the value comes from (e.g., cost savings, market access, legal exclusivity) and identifies potential dependencies (e.g. patent validity or regulatory approval).

1.3 Shared benefits

IP valuation contributes to transparency, by building trust between parties and reduces the potential for conflict. It leads to better contract design by informing the licensing terms and aids in case of disputes, litigation or renegotiation.

In summary, economic valuation of impact licensing agreements is crucial, both for licensees and technology owners. It demonstrates contributions to global challenges, attracts collaborative funding, guide investments yielding both societal and financial benefits and supports rational and internal investment decision making.

2 Theory of Change Framework

2.1 Roadmap to identify pathways for Societal Value Creation of Impact Licensed technologies

A Theory of Change (ToC) is a foundational strategic framework in impact investing, functioning as a structured roadmap with causal pathways, delineating how specific investments in impact licensed technologies contribute to generate measurable, positive outcomes for society and the environment (Weiss, 1995; Clark et al., 2004).

By completing the theory of change framework, impact investors and partners possess a comprehensive, intervention logic that clearly articulates how an impact licensed technology leads to positive, measurable societal change. It provides a strategic roadmap, a basis for monitoring and learning, and a mechanism for accountability and communication with stakeholders by clearly defining the long-term impact goals, identifying intermediate outcomes and outputs, and outlining the necessary actions and mechanisms that connect investment to impact (Connell & Kubisch, 1998; Valters, 2015). Crucially, a ToC also surfaces the underlying assumptions, contextual factors, and potential risks that may influence the causal pathways.

Impact investors derive several key benefits from utilizing a Theory of Change (ToC) for an impact licensed technology:

1. **Clear Strategic Direction and Alignment with Impact Goals:** A ToC provides a structured roadmap that links the deployment of the licensed technology to specific, measurable, and long-term social or environmental outcomes. This ensures that the investor's capital is strategically aligned with their broader impact objectives, helping to focus efforts on meaningful, transformational change.
2. **Enhanced Accountability and Transparency:** By articulating the causal pathways through which impact will be achieved, a ToC helps investors track the effectiveness of their investments. This improves transparency by explicitly detailing the assumptions, conditions, and potential risks involved, allowing investors to assess the likelihood that the technology will lead to the intended societal value.
3. **Improved Risk Management and Adaptability:** A ToC identifies key assumptions and contextual factors that could influence the success or failure of the technology. By recognizing these potential risks early, impact investors can take proactive measures to mitigate them. Additionally, a ToC allows for adaptive management, enabling investors to adjust strategies based on new insights or changing conditions.
4. **Facilitated Impact Measurement and Evaluation:** A ToC provides a framework for monitoring and evaluating outcomes, enabling impact investors to assess both short-term outputs and long-term impacts. By establishing clear metrics for success, it helps investors track progress and make data-driven decisions on scaling or adjusting their investments.
5. **Informed Decision-Making for Scaling and Replication:** A well-developed ToC clarifies the conditions required for successful implementation and scaling of the technology. This helps

impact investors determine the scalability of the technology in different contexts, ensuring they are making informed decisions about expansion or replication in new markets or regions.

6. **Maximized Social and Environmental Returns:** By defining and testing the pathways to impact, the ToC helps investors identify the most effective ways to achieve their desired outcomes. This increases the likelihood of generating measurable and sustained social and environmental returns, ensuring that the technology deployment benefits the intended communities.
7. **Supported Long-Term Impact and Sustainability:** A ToC encourages a long-term view, which is essential for creating sustainable change. Impact investors can use the ToC to ensure that the technology is not only delivering immediate results but also contributing to enduring improvements in the targeted social or environmental issues.

In summary, a Theory of Change provides impact investors with the clarity, transparency, risk management tools, and evaluation mechanisms they need to ensure their investments lead to meaningful, scalable, and sustainable societal benefits.

2.2 Various Approaches to Developing a Theory of Change

In this instrument we propose to types of theory of change (TOC's): 1. The intervention logic model and 2. The transformative theory of change.

The distinction between an intervention logic and a transformative Theory of Change lies primarily in their underlying assumptions, conceptual depth, and intended purpose within the field of development and impact evaluation. Intervention logic, often articulated through a linear results framework or a logframe approach, is a planning tool that outlines the sequential relationship between inputs, activities, outputs, outcomes, and impacts. It is primarily used to structure and manage programs with clear, measurable deliverables and is grounded in the assumption that causal pathways are predictable, linear, and largely controllable (OECD, 2002; DFID, 2011). The focus of intervention logic is to demonstrate performance and accountability by tracing whether planned outputs lead to intended outcomes and eventually contribute to predefined impact goals.

In contrast, a transformative Theory of Change (ToC) extends beyond the limitations of linear causality and embraces a systems-based and politically aware understanding of change. Rather than simply mapping programmatic steps, a transformative ToC seeks to interrogate and reshape the underlying structures, norms, and power relations that sustain social or environmental problems (Burns, 2007; Valters, 2015). It is designed not only to predict change but to understand how change happens in dynamic, complex, and often contested contexts. This approach is particularly relevant when the goal is to achieve deep, systemic, and normative change—such as redistributing power, enhancing equity, or shifting socio-political paradigms—rather than merely improving service delivery or efficiency.

One of the key differences lies in how each approach treats complexity. Intervention logic assumes that change can be planned and managed through well-defined inputs and outputs, making it suitable for bounded, technical problems where uncertainty is minimal. In contrast, a transformative ToC is premised on the recognition that change in real-world contexts is often emergent, non-linear, and influenced by feedback loops, shifting incentives, and contested interests. As such, it incorporates learning, reflection, and adaptation as core components of the change process (Patton, 2011; Vogel, 2012).

Moreover, the role of power and agency is typically externalized or minimized in intervention logic. These frameworks tend to be depoliticized, focusing on operational efficiency and performance metrics while overlooking the social dynamics and political interests that shape who benefits, who participates, and who decides. Transformative The transformative TOC, by contrast, explicitly engage with questions of power, justice, and voice. They recognize that development and innovation are not neutral endeavors but are embedded in broader struggles over resources, recognition, and rights (Gaventa & Cornwall, 2008; Eyben et al., 2015). As a result, transformative ToCs often involve participatory design processes, centering the knowledge and aspirations of marginalized stakeholders and local actors in co-creating the change pathways.

Another area of divergence is in the approach to monitoring and evaluation. Intervention logic typically relies on pre-defined indicators tied to specific outputs and outcomes, supporting accountability to funders but offering limited capacity for adaptive learning. In contrast, a transformative ToC integrates developmental and reflexive evaluation methods that track not only what changes but why it changes and for whom. This orientation enables a more nuanced understanding of both intended and unintended effects, allowing for continual course correction based on emerging insights and contextual shifts (Andrews et al., 2017).

In summary, while intervention logic serves as a useful tool for planning and tracking implementation in relatively stable environments, it is limited in its capacity to address complex, systemic problems. A transformative Theory of Change, by contrast, is both a conceptual and operational framework that seeks to enable systemic, inclusive, and sustained change. It does so by engaging critically with systems, power, assumptions, and learning—thus offering a more robust foundation for change processes that aspire to be not only effective but just and equitable.

3 Impact Investment Strategy

3.1 The Impact Licensing Studio

The Impact Licensing Studio (ILS) is a venture studio dedicated to developing asset-driven technology companies that create measurable impact toward the United Nations Sustainable Development Goals (SDGs). ILS builds scalable, investable businesses by integrating high-potential technologies with sustainable financial models. ILS operates in an agile investment model where it initiates venture programs with the purpose to develop multiple ventures within the program. The Studio has its own investment model for venture building activities and once the companies are spinned out, each program has its own investment capital raise.

3.2 Core Philosophy and Approach

ILS operates with a dual mission: generating substantial social or environmental impact while delivering strong financial returns for its investors. The foundation of each venture is built around key enabling technologies (KETs) licensed from R&D-driven companies and research centers, primarily in Europe and beyond. Technologies are selected based on “exponentiality” criteria: their ability to address significant societal or environmental challenges, scalability potential, and the capacity to impact at least 10 million people within eight years of commercialisation. These technologies also demonstrate strong market potential in terms of demand and productive use, potential of the technology to develop diverse applications to mitigate risks, and the potential for local innovation and production via technology transfer.