



Pay for Success: From Policy to Practice

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BUILDING FAMILY ECONOMIC SECURITY AND IMPACT INVESTING

Going Beyond the Hype

What is the current level of **investment activity and interest in the U.S.** related to **education, economic security,** and **health and well-being?**

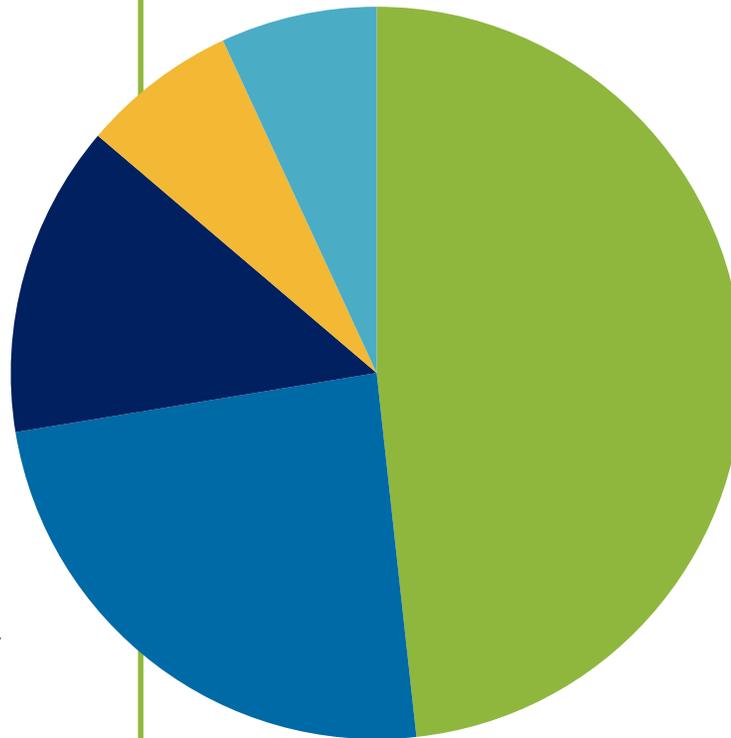
What **tools, strategies, and models** can be distilled from early investments that could lead to better results for children and families?

How can strategies be **effectively shared** with on-the-ground innovators, foundations, policy makers, and impact investors?

Survey Respondents

Respondents include:

Ford Foundation
F.B. Heron Foundation
JP Morgan Chase & Co.
Elevar Equity
Renewal Funds
Melville Charitable Trust
The CAPROCK Group
Santa Fe Community Foundation
Community Foundation for Muskegon County
NewSchools Seed Fund
Virginia Community Capital



- Private Foundations
- Community Foundations
- Boutique Investment Funds
- Private Banks
- Private Wealth Managers

Target Social Impact Areas

Education (n = 8)	Economic Security (n = 11)	Health & Well-Being (n = 7)
<ul style="list-style-type: none">• K-12 Education• Early Childhood Development• Facilities Financing	<ul style="list-style-type: none">• Housing• Microenterprise, self-employment, and/or small business• Access to credit, getting banked, education and literacy• Path-to-employment/workforce development• Facilities financing• Access to technology	<ul style="list-style-type: none">• Access to health services• Food and nutrition• Facilities financing

Investor Activity

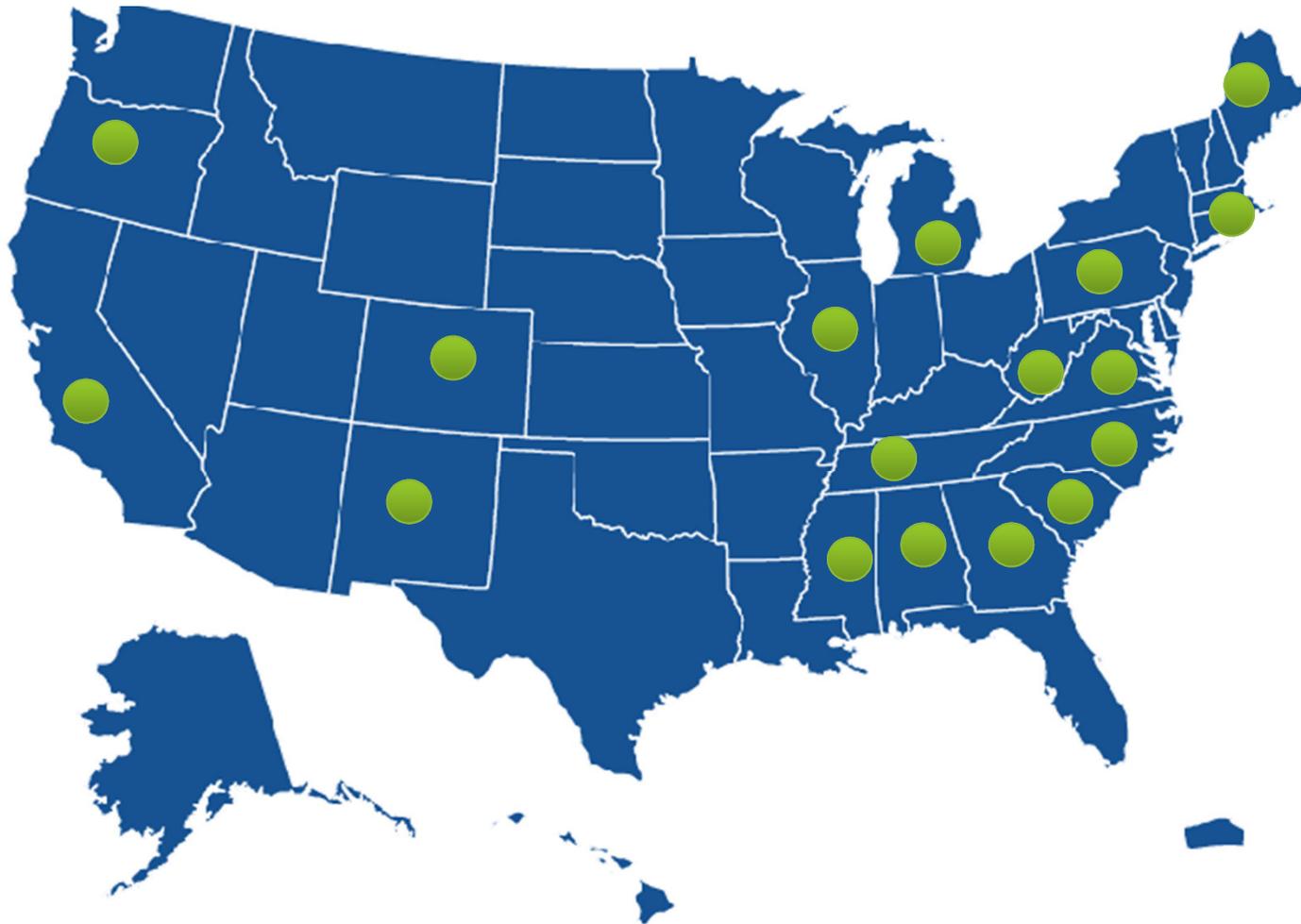
- **How long have investors been active?**
 - Nearly half of respondents indicated that they have been active impact investors for over 10 years.
- **What percentage of endowments or assets under management are investors allocating for impact?**
 - **Nearly 28%** of all respondents allocate between **1 and 5%** of their endowment or AUM for impact investments.
 - Industry respondents were more likely to allocate a higher percentage of their AUM for impact.
- **What is average investor transaction size?**
 - Nearly half of respondents have average transaction sizes **under \$1M**.

Investor Activity

- **What stage of investment are investors interested in?**
 - Respondents are more likely to invest in the enterprises that are past the proof of concept stage.
- **What investment vehicles are investors using?**
 - **Private equity (44%)** and **loans (38%)** are the most frequently used investment vehicles among respondents.
- **Are investors interested in social impact bonds and pay for success?**
 - Only one respondent indicated that they have allocated funds to a social impact bond/pay for success model.

Areas of Synergy

At least 13 respondents have geographic location priority for investments



Opportunities & Challenges

Opportunities

- Leverage place-based opportunities
- Utilize public levers to catalyze private support

Challenges

- Size of deal
- Duration of deal
- Deal pipeline

“This is an exciting time for impact investment, as more capital providers are intentionally seeking to make a positive social impact through their investments. The ecosystem continues to evolve as organizations focus on standardizing social impact metrics to enable better evaluation of investment opportunities and performance.”

Next Steps

