GRANTMAKERS IN HEALTH

Guide to Impact Investing

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Introduction

Grantmakers In Health's 2011 *GIH Guide to Impact Investing* offered a framework to help funders think strategically about the potential of impact investing and move forward with investment strategies that could enhance achievement of their missions. It gave examples of nontraditional funding techniques and provided a framework for considering new types of investments. The report was grounded in the view that impact investment strategies offer funders tremendous power to shape, accelerate, and scale up desired results, and as such are an effective means of leveraging scarce resources.

This update builds on the 2011 report with new information about the growth of the impact investment field, case studies of recent innovative investment techniques and projects, and an appendix on terminology, investment portfolio approaches, and strategies for financing impact investments.

> Impact investments are "…investments made into companies, organizations, and funds with the intention to generate measurable social and environmental impact alongside a financial return." Core to this definition is the idea that investment capital and philanthropy can work in tandem and that creating economic value does not have to be mutually exclusive with creating social value (Global Impact Investing Network 2016).

Growth of the Impact Investing Field

Since the term impact investing was first coined 10 years ago, the market for these investments has grown to about $60 billion. Projections estimate the impact investing market to be $400 billion to $1 trillion by 2020, and to be nearly $2 trillion in the long term (GIIN 2016). In the philanthropic sector, there are assets of nearly $800 billion that could theoretically be directed into impact investments.

The basic principle of impact investing continues to ring true: through this approach, organizational assets can be effectively used to meet a social mission and serve people in need, while also achieving a financial return. These returns essentially recycle invested funds, which is an important difference from grants, which do not do so (GIIN 2016). Impact investments can be used as catalytic resources, to help provide a proof of concept, or to help scale up a project to the level of traditional investment. They are a demonstrated means for funding projects that might not otherwise receive sufficient capital through traditional grantmaking or market operations (GIH 2011).

In the five years since GIH's original report, knowledge and use of impact investing have spread significantly, and the strategy is no longer in its infancy. An increase in partnerships among sectors, including business, housing, philanthropy, and all levels of government, has accompanied growing recognition of the important role of collaboration for successful impact investments. There is still untapped room for growth, however. Because many potential investors are wary of perceived risks, the number of available transactions remains relatively small.

A chief concern for many potential investors is that their investments will profit at the expense of communities. They see a risk that affected groups will not have a say in the development and execution of impact investments, and that impact will be defined by investors and entrepreneurs rather than by the people they are serving (Simon 2014).

The case studies in this report illustrate strategies to address this concern. In addition, as a general principle, communities will be served more effectively if funders develop better methods for defining and measuring positive investment outcomes and involve community stakeholders in that process (Case Foundation 2014).

Case Studies

The following case studies illustrate several impact investment strategies motivated funders can utilize, including partnership with Community Development Financial Institutions (CDFIs), the Pay for Success model, and foundation-based investment funds. In many instances, outcome data are not yet available, but findings to date are promising.

Community Development Financial Institutions

Community development financial institutions (CDFIs) are private financial institutions that deliver affordable lending to help low-income, low-wealth, and other disadvantaged people and communities join the economic mainstream (OFN 2016). A product of the civil rights movement and War on Poverty of the 1960s, they aim to make accessible financial services and investment capital not available from traditional lenders.

For borrowers in underserved communities, CDFIs offer products with more flexible underwriting standards and interest rates at lower than market level, while also providing technical assistance to help borrowers make financially sound decisions (Salamon 2014). The total number of CDFIs is currently just under 1,000; they generally fall under the following categories (CDFI Fund 2016):

Types of CDFIs	2015
Bank or Thrift	119
Credit Union	267
Depository Institution Holding Company	67
Loan Fund	524
Venture Capital Fund	14
Total	991

CDFIs are a valuable potential partner for health philanthropy, and the number of collaborative projects between the sectors is on the rise. CDFIs now fund projects to support several areas in health, including health care centers and clinics, grocery stores in former food deserts, and healthy housing. They are often a source of in-house expertise for health funders interested in nontraditional funding strategies. Health funders have much to provide CDFIs as well; they act as conveners, and as sources of initial funding and community knowledge (Dann 2015).

Capital Impact Partners

Since GIH's 2011 report, NCB Capital Impact has become Capital Impact Partners (Capital Impact). It has invested about $2 billion over the past 30 years, including over $750 million in health clinics. More than 500 clinics serving 2 million patients have benefited from Capital Impact support. Capital Impact also invests in affordable housing, education, aging, and healthy food initiatives (Capital Impact Partners 2016).

In support of healthy aging, Capital Impact funded facilities at the Washington County Green House in Akron, Colorado in 2015. With 10 to 12 residents each, Green House homes are designed to look and feel like private homes, and to return control, dignity, and a sense of well-being to elders and their families, while providing high-quality, personalized care. The project cost about $10 million for four homes. The financing combined state and county grants; loans from Capital Impact, the Colorado Health Foundation, and Colorado Housing Investment Fund; a program-related investment from the Robert Wood Johnson Foundation; and New Market Tax Credits allocations in partnership with JPMorgan Chase (Capital Impact Partners 2016).

Capital Link

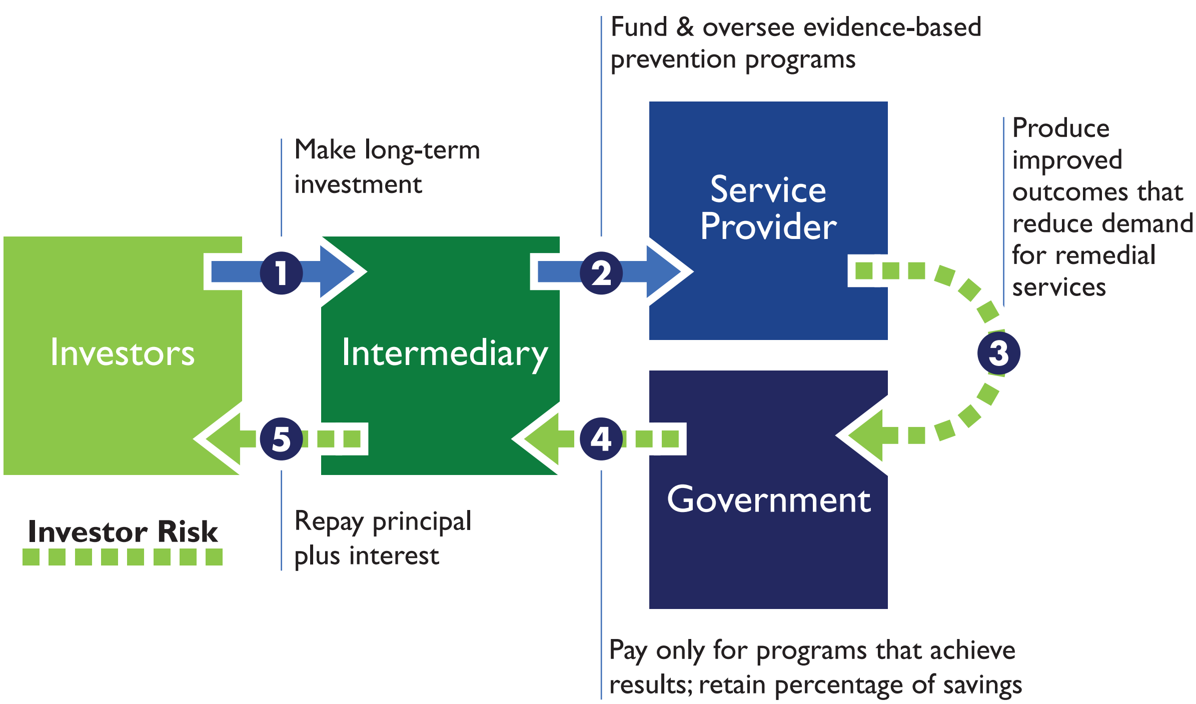
A CDFI intermediary, Capital Link works with funding groups and partners to develop financing and technical assistance resources to help Federally Qualified Health Centers (FQHCs) meet the health care needs of their low-income, uninsured, and disadvantaged communities. To assist FQHCs in closing their capital funding gaps, Capital Link works with lenders, foundations, CDFIs and other sources of capital to leverage additional low-cost capital. The organization has grown from helping 170 health centers in 2010 to 216 by 2015. In that five-year period, Capital Link provided technical assistance to more than two-thirds of health centers nationally and leveraged over $1 billion for 216 capital projects totaling over $1.3 billion (Capital Link 2016).

Pay for Success Financing

Pay for Success (PFS) financing and Social Impact Bonds (SIBs) are different terms for the same process. Both use public-private partnerships to support preventative programs through performance-based contracts.

PFS projects enable government to partner with high-performing service providers to access capital markets, which in return provide long-term capital to fund the costs of expanding services. If the program achieves pre-determined outcomes, government repays investors; if not, government pays nothing. The PFS model is thus designed to enable service providers to focus on core program activities, rather than fundraising, and for taxpayer dollars to be spent only on programs that work (see Figure 1).

Figure 1: The Pay for Success Model



Source: https://blog.centerforgiving.org/2013/08/26/understanding-the-social-impact-bond/

Pay for Success in Health Philanthropy

Foundations have played a critical role in building the PFS movement by aligning stakeholder interests and leading efforts to mobilize policymakers and government officials to support PFS. Moving forward, foundations will have a pivotal role in supporting PFS growth. Funder strategies for using PFS to ameliorate stresses on public health care systems illustrate its potential as a mechanism for scaling up innovative preventive interventions.

Asthma

More than 25 million Americans are estimated to have asthma, including 7 million children. Nationwide, direct costs associated with the disease exceed $50 billion annually, driven by millions of emergency department visits and nearly 500,000 hospitalizations. Asthma disproportionally affects children from low-income families and is the leading cause of school absenteeism.

Effective asthma management interventions can create meaningful and lasting social benefits, including improvements in school readiness and achievement, parental labor productivity, and quality of life for families. Furthermore, these interventions often create direct financial savings for public and private health insurers by reducing inpatient hospitalizations and emergency department visits. PFS financing can help to catalyze transformative investment in both home-based interventions and in the key social determinants of health that are critical to combating asthma.

With $600,000 in support from The California Endowment, two nonprofit organizations, Social Finance and Collective Health, launched a demonstration project in 2013 to show that upfront investments in asthma management and prevention can improve the health of low-income children with asthma and reduce the costs that result from emergency treatments. If successful, the intervention would result in insurers not only paying out far less in health care reimbursements than they would have otherwise, but also repaying investors a portion of the savings realized. Savings could also be used to provide preventive care to more patients (Clay 2016).

The pilot provided the families of 200 low-income children suffering from moderate to severe asthma with home-based care, educational materials, and support to reduce environmental triggers, such as dust mites (Quelch 2016). After analyzing the cost savings from the pilot, Social Finance and Collective Health plan to scale up the program up by 1,000 to 3,500 additional children, depending upon the capital raised, and The California Endowment agreed to contribute a second investment of $1.1 million to fund the expanded program.

Social Finance has launched similar pilot programs in Alameda County, California and Salt Lake City, Utah. Outcome data are not yet available, because the project is still a demonstration and has not become a full social impact bond.

Early Childhood

Most of a child's cognitive, language, and sensory development has taken place by the age of two, but low-income and vulnerable families often lack access to critical information and support systems during this pivotal period. As a result, children may suffer from adverse pregnancy, perinatal, and postnatal outcomes that are known to have detrimental effects on longer term family health and economic self-sufficiency.

PFS financing can support interventions of proven effectiveness, such as home visiting, which has been shown to generate significant short- and long-term public sector benefits across a variety of categories, including increased quality of life and parental labor productivity, and reduced costs associated with health care utilization, special education, child abuse and neglect, and involvement with the criminal justice system (Eckenrode et al. 2010).

In 2014, The Dorothy Rider Pool Health Care Trust (The Pool Trust) worked with several community-based organizations, including Community Services for Children, The United Way of the Greater Lehigh Valley, PBS39 (a community-owned public television station), and the Downtown Allentown Community Development Initiative, a private sector collaborative, on an early childhood-focused PFS initiative. The group, known as the Lehigh Valley Early Childhood Pay for Success Task Force (the Task Force), wanted to combine early childhood education interventions with early childhood health interventions.

Assisted by a consultant from ReadyNation, the Task Force worked with Third Sector Capital Partners on a response to the Commonwealth of Pennsylvania's call for proposals for PFS initiatives. The Pool Trust's involvement included serving as an early adopter of the PFS concept, educating and convening key community partners, and facilitating group logistics. There was a minimal outlay of direct financial support from The Pool Trust—predominantly related to underwriting travel and meeting expenses—but there was a significant investment of professional staff time. The Pool Trust has considered future support of the feasibility and evaluation components of an early childhood PFS project, and would be open to playing a role as a potential investor in such a project.

Another PFS project focused on early childhood was recently launched in South Carolina. Sponsored by the Nurse-Family Partnership, it will expand home visiting services for low-income, first-time mothers. The project will provide services to 3,200 qualifying mothers over the next six years and will be the first statewide Pay for Success initiative in the country. Project costs total about $30 million, of which $17 million is being provided by philanthropic donors, including BlueCross BlueShield of South Carolina Foundation, The Duke Endowment, and the Laura and John Arnold Foundation.

Foundation Investment Funds

Foundation-based investment funds support a variety of health-related programs and interventions, both mature and under development.

CHCF Innovation Fund

The California HealthCare Foundation's Innovation Fund is a $10 million impact investment fund that was started in 2010. The fund invests in early stage health care technology and service companies with the potential either to significantly improve quality of care, lower the total cost of care, or improve access to care for low-income Californians. It currently has a portfolio of about 10 entities, all of which fall in the range of $500,000 to $1,500,000 in initial investment (California HealthCare 2016).

The fund looks for existing products or services in use with at least one customer and requires that investees have the potential to provide new or more timely access to 100,000 Californians and/or deliver $25 million in annual cost savings to the California health care system; are in line with the foundation's mission to improve quality, cost of care, and access to care for low-income populations; and have the potential for significant growth and scalability (California HealthCare Foundation 2016).

In addition to loans with below-market interest rates, the foundation offers investees opportunities for networking and technical assistance. It also provides information about Medicaid, community health center finance, reimbursement guidelines, and policy issues to help them better understand the market they are serving (California HealthCare Foundation 2016).

Benefit Chicago

In April 2016, the Chicago Community Trust and the John D. and Catherine T. MacArthur and Calvert foundations joined together to launch "Benefit Chicago." This collaboration of a private foundation, community foundation, and financial institution aims to create a funding pool of approximately $100 million in new impact investments for nonprofits and social enterprises in the Chicago area (Levine 2016). The capital will provide low-interest loans and other investments to a variety of social enterprises in the community, including education and child care, healthy food access, affordable housing, energy conservation, and job training. The Calvert Foundation will provide its portion of the funding, an estimated $50 million, through what it calls Community Investment Notes, which are high-impact, fixed-income products that support a diversified portfolio of nonprofits, microfinance institutions, social enterprises, and loan funds benefiting underserved communities in the U.S. and around the world (Calvert Foundation 2016). The Chicago Community Trust has already purchased $15 million of the targeted notes, using a portion of donor-advised funds, and hopes its investment will encourage others to do the same. The MacArthur Foundation will be responsible for the other $50 million, all of which will come from a new special purpose fund (Levine 2016).

Partnering for Impact Initiative

In March 2014, the California HealthCare and Kresge foundations jointly sponsored the Partnering for Impact Initiative to increase collaboration between community health centers and companies that offer low-cost solutions to improve health care access, efficiency, and affordability. The partnership grew out of the Affordable Care Act and a realization that community health centers and clinics needed to expand their services and build capacity to support the newly insured (California HealthCare Foundation 2014).

The foundations pledged to invest at least $5 million in companies that had technology or service-based solutions that helped community health centers and clinics make their resources go further, increase patient access to care, or lower the cost of providing care. To be eligible for funding under the initiative, companies had to be currently serving health centers and had to be prepared to scale up. In addition to financial help, some companies were paired with community health centers and clinics that were ready to implement new solutions, along with mentors experienced in community health center management, technology, and public payment issues. Some companies also received a small amount of grant funding for technical assistance and evaluation purposes (California HealthCare Foundation 2014).

The initiative's grantees include Omada Health in San Francisco, California, which received a loan to extend the reach of an online pre-diabetes program to low-income populations via pilots in select clinics and increase access among Medicaid plans, and Seamless Medical Systems in Santa Fe, New Mexico, whose loan accelerates the development of a technology product designed to improve the quality of patient intake, assessment, and data, reduce billing errors and improve clinical office efficiency (Kresge Foundation 2016).

Marin Community Foundation Loan Fund

Created in 1989, the Marin Community Foundation (MCF) Loan Fund complements the foundation's grant programs and increases support for nonprofits in the San Francisco Bay Area county. Borrowers include important local endeavors like affordable housing, environmental protection, human needs, and education. The fund offers low-interest rates and works with borrowers on short- and long-term loans to finance organizations that would otherwise be ineligible for funding from commercial banks because of their perceived risk profile. The fund has had a zero percent default rate over the past 20 years and has provided more than $25 million in loans. The fund acts as a resource to the nonprofit community and offers technical assistance, educational workshops, and access to subject matter experts in addition to its loan products (Marin Community Foundation 2016).

Healthy Futures Fund

The Healthy Futures Fund (HFF) is a $200 million project focused on improving community health by expanding health care access through jointly located health centers and affordable housing projects. Services such as grocery stores, education or job training, and fitness and wellness services are often part of the projects as well.

The fund was created in 2012 as a $100 million joint effort between the Local Initiatives Support Corporation (LISC), Morgan Stanley, and The Kresge Foundation (New Markets Support Company 2016). After all of the funds were deployed, the fund partners agreed in 2015 to provide another $100 million. Dignity Health joined as an additional lender in the second round of funding (Kresge 2016a). The funds comprise a mix of Low Income Housing Tax Credit (LIHTC) equity, New Market Tax Credit (NMTC) equity, loans, and grants.

The Brockton Neighborhood Health Center, south of Boston in Massachusetts, is a current HFF project. In late 2015, the Brockton Neighborhood Health Center opened in partnership with nearby Vicente's Tropical Grocery. The grocery store provides access to healthy, affordable foods, and collaborates with the health center, where residents can attend cooking and nutrition classes in addition to receiving traditional medical care. HFF provided $8 million in NMTCs for the health center, and LISC, the Massachusetts Housing Investment Corporation, Boston Community Loan Fund, The Reinvestment Fund, and JPMorgan Chase invested $3.6 million in the grocery store (New Markets Support Company 2016).

The Conway Center in Washington, DC, a second HFF project, broke ground in late 2015. Once complete, it will offer affordable housing, medical and dental care, and employment training under one roof (New Markets Support Company 2016). The development is projected to offer over 200 affordable apartments, reach 15,000 patients annually in the health center, and feature shops and green space, all in an easily accessible location. HFF's largest single investment to date, the fund is contributing $34 million of the total $90 million required to build and open the Conway Center. Over $20 million will come from LIHTCs and another $13.5 will come from NMTCs (Kimura 2015).

F.B. Heron Foundation

The F.B. Heron Foundation has committed to putting its endowment of approximately $300 million into mission-aligned investments, with the goal of reaching this milestone by the end of 2017. Instead of thinking of its funding as either grant or endowment related, the foundation has merged the two into one "capital deployment unit" so that all investments are mission-aligned. The foundation makes direct and indirect investments in public and private debt and equity across a diverse set of enterprises in order to maintain a diverse portfolio and minimize risk (Heron 2016).

Conclusion

With time, accumulated evidence will enable us to identify impact investing best practices with more specificity. The variety of investment goals that are being pursued, and diversity of organizational investors, community settings, and receiving organizations will provide a wealth of lessons learned. In the meantime, the availability of alternative mechanisms to traditional grantmaking is building an encouraging track record of benefits for communities, funders, and intermediaries.

Appendix

Excerpted and revised from *Essentials of Impact Investing: A Guide for Small-Staffed Foundations* (Muller and Toner 2015)

Essential Impact Investing Terms

Below-Market Rate: A concessionary investment made primarily for program purposes without the expectation of a risk-adjusted market-rate return.

Cash (Below-Market): Deposits are made at below-market rates to banks, credit unions, or small or emerging community development credit unions. For example, a foundation can make a cash deposit in a community development credit union. The credit union can then use that capital to provide affordable mortgages or loans to small businesses.

Cash (Market-Rate): Market-rate FDIC-insured deposits are traditionally offered by banks, credit unions, and full-service community development banks. Most often these cash deposits serve as the backing for lending to low- and moderate-income communities.

Equity (Stock): A below-market equity investment example would be buying stock at a time when a company is starting out and returns are much less certain or expected than buying at a time when the future of the company and its success are clearer.

Fixed Income: The most common type of fixed-income instrument is a bond, typically issued by governments, municipalities, or corporations. These bonds are contractual obligations that the investor will receive fixed interest payments over a set period of time with the additional expectation that the bond issuer will repay the principal upon maturity of the bond.

Grant Support: A sum of money given by an organization, usually a philanthropic or government entity, in pursuit of a particular social or economic purpose. There is no financial return.

Guarantees: An instrument that a foundation can use to help a borrower who is not eligible for a loan obtain financing. It can be funded (the foundation provides capital up front) or unfunded (the foundation promises to provide capital if the borrower is unable to repay its loan). It is a way for a foundation to mitigate risk for the lending financial institution.

Market Rate: The risk-adjusted financial return on an investment that a conventional investor expects for a given type of investment. For example, the interest rate set for a market-rate loan may be the current or usual rate charged by commercial banks.

Mission-Related Investments (MRIs): Investments made with the expectation of generating social or environmental benefits and risk-adjusted market-rate returns. MRIs are part of the foundation's total assets, known as its endowment or corpus.

Payout: The minimum amount of funds that a private foundation is required by the IRS to expend each year on programs (grants) and program-related administrative expenses. PRIs and related expenses are eligible to be counted as part of the annual payout.

Program-Related Investments (PRIs): A specific category of impact investments that private foundations can use. These investments must meet the criteria established by the IRS: They must 1) be made primarily to accomplish one or more of the foundation's exempt purposes, 2) not produce income or appreciation of property as a significant purpose of the investment and 3) not be used for lobbying. PRIs may take many forms including loans, deposits, bonds, and equity investments.

Public Equity (Stocks): Individuals and organizations can buy shares or stock of a company through a public market such as the New York Stock Exchange or NASDAQ. Impact investors typically screen these investments for fit with mission.

Private Equity: The sale of stocks in companies not traded publicly on the stock market. Private equity can be used to fund new technologies, expand working capital within an owned company, make acquisitions, or strengthen a balance sheet.

Senior Loans: A senior loan is returned first to the lender, before all other claims against a borrower. In the event of a bankruptcy, senior loans are the first to be repaid, before any other parties receive repayment.

Socially Responsible Investing (SRI): An investment strategy that seeks investments that are considered socially responsible because of the nature of the investee company's business. Common themes of SRI include avoiding investments in companies that produce or sell products and services that could be considered harmful to the environment or society (alcohol, gaming, tobacco, oil) or seeking out companies engaged in environmental sustainability and other socially beneficial endeavors.

Subordinated Loans: A loan repaid last (or later than other loans) ranks below other loans with regard to claims on assets or earnings in the event of a bankruptcy. In a default situation, creditors with subordinated debt would not get paid out until after the senior debt holders were paid in full. Foundations making subordinated loans can attract other investors to the project by taking on relatively more risk than commercial investors are willing or able to do.

Finding a Portfolio Approach That Fits Your Strategy

The impact investing approaches that follow illustrate common ways foundations implement their strategies. Each approach involves different types of investments and different levels of capacity.

Individual or one-off transactions. Small-staffed foundations can sporadically make investments as opportunities arise that align with their goals and impact investing strategy. This allows the foundation to be flexible, but may cause it to run into capacity constraints when sourcing and conducting due diligence on transactions, since its staffing expertise and structures are not designed to support frequent impact investing.

Full-portfolio activation. Foundations may choose to activate their entire portfolio through program- and mission-related investments, socially-related investments, or screens for environmental, social, and governance factors (all terms described below). Full portfolio activation may require substantial staff capacity and often necessitates integrating consultants and advisors. When investing the entire portfolio, foundations may also encounter challenges sourcing the volume of transactions required to invest available capital. Despite the challenges and capacity requirements involved in activating a full portfolio, foundations that take this approach are able to use all of their available resources to achieve impact while realizing financial returns.

Mission-related investments. Mission-related investments (MRIs) aim to achieve social and environmental impact while targeting risk-adjusted market-rate returns. In some cases, an existing advisor can support these transactions. Foundations typically turn to MRIs for one or two primary purposes. The first is to align the organization's broader investable assets with objectives by actively seeking investments that advance social and environmental goals. The second is to actively use mission-related investments to grow the foundation's assets. It is less common for a foundation to use an MRI-only portfolio approach; foundations more commonly use MRIs in combination with program-related investments (PRIs) or alongside screens (see below).

Program-related investments. Private foundations can use a program-related investment approach by making investments that count as a part of their 5 percent annual payout—the portion of a foundation's endowment that the IRS requires it to disburse each year for charitable purposes. This approach consistently integrates impact investing into the foundation's broader goals and strategy while preserving capital. With this approach, foundations without in-house expertise can easily fill capacity gaps by bringing on outside consultants and practitioners to support PRI sourcing and due diligence.

PRI/MRI with screens. Foundations can also take a hybrid approach and make PRIs while also dedicating a portion of their broader portfolio to MRIs. Foundations may decide to develop a single strategy for their PRIs and MRIs or they may choose to create two separate strategies. Foundations may also decide to integrate socially responsible investments (SRIs) or screen for environmental, social, and governance (ESG) factors in their portfolios. While both program- and mission-related investing actively aim to achieve positive social and environmental impact, socially responsible investing applies criteria, or screens, to avoid investing in companies that produce or sell products and services that could be considered harmful to the environment or society. ESG investing also applies screens to investments, but instead of screening out investments with negative impacts, ESG screens are applied to invest in companies with positive environmental, social, and governance performance. While ESG investing focuses investment into companies that have positive environmental, social, and governance practices, it differs from mission-related investing in that these companies' activities do not intentionally generate social or environmental impact.

Taking a hybrid approach—incorporating PRIs, MRIs, SRIs, and ESG investing—can require significant staff capacity, especially if the foundation is implementing separate strategies for PRIs and MRIs. In addition, a hybrid approach often requires integration and coordination of consultants and advisors. While this approach requires more resources, it allows a foundation to activate a greater portion of its resources to achieving social impact.

Deal Sourcing and Finding Investments

Successfully investing for impact requires a steady pipeline of investable transactions. Because the field is relatively new, finding investment opportunities that are aligned with a foundation's interests and goals often requires extra effort and effective collaborations with colleagues, partners, and advisors.

Foundations active in impact investing have identified several ways to find or develop investable opportunities:

- **Conduct a landscape scan.** This will identify fund managers or investments that are aligned with the foundation's investment criteria (investment, program, geographic requirements). Peer funders are especially helpful to speak to when identifying specific investment opportunities within a foundation's area of interest. Industry platforms such as ImpactBase, Aeris, ANDE, and ImpactSpace are good resources as well.

- **Review the foundation's grantees.** Investment opportunities can be discovered by identifying grantee organizations that may benefit from impact investments. However, it is essential that grantee organizations have the capacity to manage a loan or equity investment so that a return can be realized.

- **Look to the foundation's grantmaking.** Grantmaking can help generate investable transactions. Grants can be used to analyze and conduct research on an issue area or specific investee needs, as well as to build capacity in nonprofits and social enterprises to help make them investable. For instance, field-building grants that generate market data can help make the local environment more conducive to impact investing.

- **Search databases and explore networks.** Because the field is new, many investors cultivate transactions through word of mouth and referral. CREO, Toniic, and other groups of like-minded investors may be looking for similar opportunities in the same field. Impact investing conferences and convenings are also places where ideas for investments and relationships with intermediaries emerge.

- **Issue requests for proposals.** Some foundations institutionalize the process of finding investments by developing requests for proposals and regular application forms.

- **Seed a new investment vehicle.** Where there are not enough investable opportunities to accomplish a foundation's impact investing goals or the foundation wants to help build capacity in a specific geographic area or on an issue where none exists, it can seed its own fund. To do this, it can partner with an intermediary or fund manager with the capacity to absorb investment capital and deploy investments into organizations and enterprises that align with its strategy. It can also use a new fund to attract and pool additional capital from like-minded investors. Community development financial institutions (CDFIs) make good partners because they have the existing staff, networks and relationships, and track records.

Impact Investing Resources

A Short Guide to Impact Investing—Written by the Case Foundation to encourage new impact investors to enter the field. This document contains a framework and simple taxonomy to lay the foundation for impact investing.

Community Foundation Field Guide to Impact Investing—A guide created by Mission Investors Exchange and the Council on Foundations to serve as a resource for foundations that want to learn about or design an impact investing program.

Essentials of Impact Investing: A Guide for Small-Staffed Foundations—A resource created in partnership with Arabella Advisors, Mission Investors Exchange, and Exponent Philanthropy to provide an overview of impact investing with a focus on opportunities for smaller-staffed foundations.

Global Impact Investing Network (GIIN)—Aims to increase the scale and effectiveness of impact investing through supporting activities, education, and research.

Impact Base—A searchable online database of impact investment funds that is managed by the GIIN.

Impact Reporting and Investment Standards (IRIS)—A catalog of generally accepted performance metrics for impact investors that is managed by the GIIN.

Pay for Success Portal—Created by the Urban Institute to provide toolkits and other support for service providers, investors, and government officials to provide evidence for Pay for Success projects and move the field forward.

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