

Background on the White House Roundtable on Impact Investing: Executive Actions to Accelerate Impact Investing to Tackle National and Global Challenges

From combating childhood obesity to fighting climate change, from preparing American students for a 21st Century economy to doubling access to power in sub-Saharan Africa and ensuring all hard-working Americans have the opportunities to get ahead, our biggest national and global challenges require an all-hands-on-deck approach. The magnitude of our most important problems require not only public and philanthropic resources, but private capital deployed for public good. A fast-growing movement of “impact investors” are leading the way with investments that intentionally generate measurable, social or environmental impacts alongside financial return.

Today, at a White House roundtable on impact investing, senior members of the Obama Administration will hear from more than 20 investors answering the President’s call to action by announcing significant public and private sector steps to galvanize and grow the global impact economy. Investors and foundations will announce more than \$1.5 billion in new impact investments. The Administration will take a number of significant steps to unlock even more impact investment by removing regulatory barriers that keep capital on the sidelines, supporting private sector investment in high-impact sectors and underserved communities, and making innovative impact enterprises investment-ready. A major new private sector report released today will underscore the critical role of government in realizing the full potential of the global impact economy, concluding that smart policy interventions could grow the global impact economy significantly.

Today’s announcements build on President Obama’s year of action using his pen and phone, and his Administration’s past work under the National Impact Initiative to increase the magnitude and strategic impact of investments at home and abroad. The Healthy Food Financing Initiative, a series of Pay-for-Success pilots, and the National Incubator Initiative for Clean Energy all have created jobs and catalyzed impact investment into underserved communities across America. In emerging markets, the Administration has bolstered impact investment to advance the President’s global development goals through the launch of Power Africa: Beyond the Grid, support for entrepreneurs tackling development challenges, and nearly \$2.7 billion in investments in high-impact sectors in 2013 alone by the Overseas Private Investment Corporation (OPIC) – the largest impact investor in the U.S. Government..

OBAMA ADMINISTRATION COMMITMENTS

Unlock Additional Private Impact Investment

Increase the Reach of the \$1 billion Small Business Investment Company (SBIC) Impact Fund. Launched by the Small Business Administration (SBA) in 2011, the SBIC Impact Fund seeks to provide capital to private equity funds making impact investments. Impact SBICs currently manage \$176 million in assets and have invested in 17 companies that collectively employ nearly 1,500 people. The SBA is preparing to refresh the program, broadening the definition of impact

with an emphasis on measurement and standards as well as sharpening the economic incentives for professional investors. This new flexibility should mobilize greater private sector investment in high-impact sectors as well as low-to-moderate income, rural, and economically-distressed communities.

Catalyze Loans to Green BOP Businesses in Developing Countries. This fiscal year, the U.S. Agency for International Development (USAID) Development Credit Authority will launch a \$60 million loan guarantee facility to spur lending to businesses that sell environmentally-friendly household technologies. Eligible household products – from solar lamps to clean cook stoves to water filters – are critical for families lacking basic services at the base of the pyramid (BOP) in Africa, Latin America, South Asia, and Southeast Asia.

Energize Foundation and University Impact Investments. The Treasury Department will confirm in their Priority Guidance Plan commitment to finalizing guidance that will clarify how mission-driven charitable institutions, including foundations and universities, can use their estimated \$750 billion in endowment assets for program-related investments (PRIs). As part of this process, Treasury and the IRS plan to clarify that foundations can make certain mission-related investments in businesses furthering charitable purposes [without running afoul of the prohibition on jeopardizing investments]. Today’s announcement builds on Treasury’s 2012 release of the first updated PRI examples in 40 years.

Strengthen the Impact Investment Pipeline

Aid Small Businesses Aiming for Increased Impact. The Corporation for National and Community Service (CNCS) and B Lab are developing a public-private partnership that will use national service like AmeriCorps to provide support and training to entrepreneurs and small business owners who seek to adopt innovative and sustainable operating practices to help expand economic opportunity, increase social capital, and build stronger communities.

Prime the Pump for Future Pay-for-Success Deals. The Social Innovation Fund (SIF), administered by CNCS, will deploy \$11 million to support Pay-for-Success field-building activities, including for Social Impact Bonds. The SIF also will partner with the Laura and John Arnold Foundation to launch a “PFS Event Series” that will provide training and technical assistance to local policy makers and nonprofit executives to catalyze PFS expansion.

Seed Social Entrepreneurs. Today, USAID and Echoing Green will unveil the first of three classes of social entrepreneurs supported by the Priming the Pump Global Development Alliance. The [2014 Echoing Green Global Fellows](#) are pioneering innovative solutions to complex development challenges; nearly half are doing so through for-profit or hybrid models that can tap into the burgeoning field of impact investment.

Accelerate Entrepreneurs from Lab to Market. In partnership with the Bill & Melinda Gates Foundation, the Lemelson Foundation, and the National Collegiate Inventors and Innovators Alliance USAID will expand the Xcelerator, a hands-on training program that will prepare

promising innovators to successfully introduce and scale their innovations in developing countries and make at least 100 entrepreneurs investment-ready.

Launch the Impact Africa Initiative. The new U.S. Africa Development Foundation (USADF) Impact Africa Initiative will facilitate follow-on financing for up to 50 enterprises, including village-based cooperatives as well as entrepreneurs from the Young Africa Leaders Initiative and the USADF & GE Power Africa Off-Grid Challenge. By leveraging up to \$5 million in early-stage impact investment, USADF will grow market-based solutions to critical development challenges, making it possible for underserved communities to participate in Africa's growth story.

PRIVATE SECTOR COMMITMENTS

New Report Highlights Critical Role of Government

After extensive consultation and preparation, the private sector U.S. National Advisory Board to the Social Impact Investing Taskforce – born out of the 2013 G8 process – issued their new report, [Private Capital, Public Good: How Smart Federal Policy Can Galvanize Impact Investing – and Why It's Urgent](#). The Advisory Board, co-chaired by Omidyar Network CEO Matt Bannick and Social Finance US CEO Tracy Palandjian, includes a group of 27 leaders from a cross-section of the investment, business, philanthropy, academia and non-profit sectors. The new report highlights strategies for how the U.S. Government can partner with impact investors to unleash new capital, talent, and energy for economic, environmental, and social good.

More than \$1.5 Billion in New Impact Investments

More than 20 new commitments from investment firms, foundations, and family offices will drive more than \$1.5 billion into impact investments that tackle pressing problems at the national and global level. Over the next five years, these impact investments will seek to deliver affordable housing and healthcare for low-income communities, carbon footprint reductions for some of the America's least energy efficient buildings, fresh produce to food deserts, financial services and education to help lift millions out of poverty.

For example, **Prudential Financial** commits to building a \$1 billion dollar impact investing portfolio by 2020 to eliminate barriers to financial and social mobility. The **McKnight Foundation** and **Rockefeller Brothers Fund** both will dedicate 10 percent of their endowment assets to impact investment, including mission-related investing, deploying \$200 and \$84 million respectively. The **Capricorn Investment Group** will deploy \$100 million over three years in sustainable real assets, including renewable energy and energy efficiency. **The John D. and Catherine T. MacArthur Foundation** and the **Ford Foundation** will make impact investments to expand energy efficiency and to increase economic mobility respectively. See the full list of impact investors making new announcements below.

Going forward, the Center for the Advancement of Social Enterprise (CASE) at the Fuqua School of Management at Duke University will track the progress of the new impact investment commitments made today, and make that information publicly available. Although the

Administration does not endorse or support any specific investment vehicle, it does support policies and partnerships that will encourage more private capital to be deployed for public good.

New impact investment announcements were made by:

Abacus Wealth Partners
Arjuna Capital
Capricorn Investment Group
The Case Foundation
The Cordes Foundation
Drakes View
EcoAlpha Asset Management
Elevar Equity
The Ford Foundation
Forsythia Foundation
Franciscan Sisters of Mary
The Grantham Foundation
The John D. and Catherine T. MacArthur Foundation
The McKnight Foundation
MissionPoint Capital Partners
The Nathan Cummings Foundation
The Nia Community Fund
Omidyar Network
Prudential Financial
The Rockefeller Brothers Fund
Sustainable America
Transform Finance Investor Network
The Wallace Global Fund