

UNCLASSIFIED



Cabinet Office



Status of the Social Impact Investing Market: A Primer

Prepared for the UK Cabinet Office

By Dr Maximilian Martin, Impact Economy

June 2013

UNCLASSIFIED

Disclaimer

Unless specifically attributed to other sources, all statements and conclusions are those of the author. They do not necessarily reflect the opinions of the UK Cabinet Office.

About the UK Cabinet Office

The Cabinet Office sits at the very centre of government, with an overarching purpose of making government work better. It supports the Prime Minister and the Cabinet, helping to ensure effective development, coordination and implementation of policy and operations across all government departments.

About Impact Economy

Founded by Dr Maximilian Martin, [Impact Economy](http://www.impacteconomy.com) is an impact investing and strategy firm based in Lausanne with operations in North and South America out of New York and Buenos Aires. For more information, please visit www.impacteconomy.com.

Acknowledgments

The author and Impact Economy gratefully acknowledge the support and insights of the [UK Cabinet Office](#) on this report. We are especially grateful to the leaders in the field of social impact investing, mainly from the G8 member countries, which made themselves available to participate in the online survey. By understanding their views, aspirations, and experiences, we were able to gain deeper insights into the current status of the social impact investing industry and its potential.

Research and Support

The author thanks William Burckart, Managing Director of Impact Economy (North America) LLC for many valuable insights, and the Impact Economy Research Group (IE RG) for skillfull research assistance.

Photo credits are gratefully acknowledged: www.liliancaprez.ch

Table of Contents

Executive Summary	4
1. Introduction to Social Impact Investing: Definitions, Landscape and Opportunities	5
1.1. What Is Social Impact Investing?	5
1.2. Challenges and Opportunities	6
2. Megatrends.....	7
2.1. Pent-up Demand at the “Bottom of the Pyramid”	7
2.2. Resource Efficiency and Green Growth	7
2.3. New Approaches to the Provision of Public Services	8
3. The Social Impact Investor Ecosystem.....	9
3.1. Philanthropic Investors.....	9
3.2. Angel and Early Stage Investors.....	9
3.3. Professional Investors.....	9
3.4. Institutional Investors	9
3.5. Private Sector Corporate Partnership.....	9
3.6. Financial Industry.....	10
3.7. Government.....	10
Author Information.....	11
Endnotes	12

Martin, Maximilian – Impact Economy
“Status of the Social Impact Investing Market: A Primer”
Impact Economy Primer Series, Vol. 1, 1st Edition
Geneva 2013
© Crown copyright 2013
www.impacteconomy.com

Executive Summary

The market for social impact investments – investments made with the intention to generate measurable social and environmental impact alongside a financial return – holds great promise as a tool to grow the economy and fund the provision of public goods.¹ The practice of social impact investing has grown into a USD 36 billion market since the inception of the foundational term “impact investment” in 2007—with USD 4.3 billion worth of impact investments made in 2011, USD 8 billion in 2012, a planned USD 9 billion in 2013, and an estimated potential to advance to USD 400-1000 billion by 2020.²

This report provides an overview of the social impact investment market. The findings are based on several research activities, including a screening of almost 200 social impact investment-related reports in the major languages of the G8, a dedicated online survey distributed to over 250 market players from around the world, and a media search of 26 terms (translated across the G8 languages) related to “social impact investment”. A companion piece provides curated suggestions from this research for further reading.

The report first describes the landscape of social impact investing and defines the term. It then places social impact investing in the broader context of three megatrends identified through the research: massive pent-up demand at the “Bottom of the Pyramid”, the need for radical resource efficiency and green growth, and new approaches to the provision of public services. The report finishes by looking at the role different groups of investors play in the market, ranging from philanthropic investors such as foundations, angel and venture stage investors, private and institutional investors, and financial services institutions to government.

At a time when the reputation of mainstream finance has been called into question, social impact investing provides a major opportunity to demonstrate a new role for finance and financial innovation. This new role will be fundamental to the emerging imperative for sustainable growth and to the stewardship of society’s assets in the twenty-first century.³

1. Introduction to Social Impact Investing: Definitions, Landscape and Opportunities

Social impact investing is based on the principle that private capital can intentionally create positive environmental and social outcomes as well as financial returns.

Today, social impact investing is still a nascent market, estimated at around USD 36bn. Evidence suggests that we are on the verge of a very significant movement. According to a prominent estimate, the social impact investing market is expected to grow to USD 400-1000bn by 2020.⁴ This, however, would amount to only about 0.1 per cent of all financial assets by the end of the decade, estimated at USD 900 trillion.⁵

The opportunity for social impact investing might be much larger than suggested by these figures. Increasing economic demand at the poorest levels of society, climate change and a growing population coinciding with a strained welfare state may expand the potential of the market. Social impact investing has the potential to play a catalytic role in the myriad challenges facing education, healthcare, unemployment and the environment – leveraging innovative entrepreneurs, trillions of dollars in public and private capital, and financial innovation to benefit society at large.

A Gap in Public Funding

A recent study by Accenture and Oxford Economics projected a public services expenditure gap between expected demand for services and the ability to pay through the year 2025. The results were startling: for Canada, the gap was USD 90 billion; France, USD 100 billion; Germany, USD 80 billion; Italy, USD 30 billion; the UK, USD 170 billion; and the US, USD 940 billion. Private capital will be critical to addressing this emerging gap, and intentionally investing for both social impact and financial return provides a way to engage that capital.

1.1. What Is Social Impact Investing?

The term "impact investing" was coined in 2007 and is defined by the Global Impact Investing Network (GIIN) as: "investments made into companies, organisations, and funds with the intention to generate measurable social and environmental impact alongside a financial return."⁶ The word "intention" differentiates these investments from socially responsible investments, which aim to *avoid* social or environmental harm, while still pursuing a single bottom line: profit.⁷

A social impact investment can be made in both developed and emerging countries and seeks below market or market-rate returns. This characteristic makes it different from a grant, which is simply a donation of funds with no expectation of financial return. Specific variations within these classifications include program-related (PRI) and mission-related investments (MRI), which are types of social impact investments made by charitable foundations.⁸

The social impact investing market today is still small, but growing fast. Approximately 2,200 impact investments worth USD 4.3 billion were made in 2011, USD 8 billion in 2012, and a planned USD 9 billion in 2013.⁹ The potential returns of social impact investments in emerging markets are compelling. A 2010 study by J.P. Morgan, based on a survey of impact investors, found the expected returns of many existing social impact investments in emerging

markets fall largely in the 8-11.9 per cent bracket for debt investments, and the 20-24.9 per cent bracket for equity. This compares to developed market return expectations of 5-7.9 per cent and 15-19.9 per cent in debt and equity respectively.¹⁰

Historically, private foundations, through grants, PRIs, and MRIs, have played an important role in building the social impact investment market to the current size, as have high net worth individuals and families. Apart from a few champions, large financial institutions including banks and pension funds are only gradually beginning to join the effort. Social impact investing is also a powerful idea for reconciling the world of investment with the greater public good, and draws much more significant media attention than the size of the market alone would suggest, as well as an inflow of talent from other industries.

Thus far, professional investors, specialised funds, and governments have been the main capital providers for social impact investing. Their motivations are diverse, ranging from an interest in segments of the market uncorrelated with mainstream global benchmarks, sector-orientation (such as education, healthcare, housing, or water), or achieving social or environmental objectives more efficiently via investments rather than grants. Depending on whether the financial or social impact objective takes precedence, investors have been characterised as “finance first” or “impact first” investors.¹¹ Next to capital providers and capital recipients, the social impact investment market also involves intermediaries, government and professional service providers.¹²

A final market component includes those entities creating demand for impact investments – such as small and medium-sized businesses, entrepreneurial non-profits with an earned income, and cooperatives. In many cases these entities are referred to as ‘social enterprise’. Rather than their legal form, the common denominator is typically that these entities work under the premise of attaining both a financial and a social impact. However some governments are also exploring various legal forms that could help to better identify social enterprise.

This demand-side of the market is also growing. For example, in the UK, the RBS Social Enterprise 100 (SE100) index is now in its second year, with the goal of tracking the success of social enterprises across the UK. The SE100 Index has not only showed high average growth, but the growth in revenue by index entrants is thus far impressive when compared with both the FTSE100 and the SME sector.¹³

1.2. Challenges and Opportunities

Growth in the social impact investment market has been impressive, but significant challenges remain. In the survey conducted for this report, market players pointed to lack of track record of successful investments as the main concern, followed by too few established players active in social impact investing; no universally accepted ratings of social impact investments; a lack of appropriate products; as well as performance concerns and a lack of social impact investment opportunities. These findings are broadly aligned with other studies.¹⁴

2. Megatrends

Our research into social impact investing identified three megatrends that will shape the global market. These include (a) pent-up demand at the “Bottom of the Pyramid”, (b) the need for increased resource efficiency, and (c) new approaches to the provision of public services.¹⁵

2.1. Pent-up Demand at the “Bottom of the Pyramid”

The term “Bottom of the Pyramid” (BoP) was coined in the 1930s but has since evolved to describe the 4 billion people from mostly developing countries living on less than USD 2 per day. The efforts by the World Bank, donor nations, aid agencies, and others to eradicate the persistent problems of the BoP – such as those related to health, finance, and housing – have so far not provided adequate solutions.¹⁶

Private enterprise may be able to complement existing efforts and bring innovative, market-based solutions to these challenges. Unlocking the approximate USD 5 trillion in latent BoP demand may have the added advantage of stimulating their own domestic economies.¹⁷ Part of the funding to encourage innovation solutions at the BoP will come from traditional capital markets and established forms of public private partnerships. An example is the French electricity provider, Electricité de France (EDF). In 2002, it created a public-private partnership to bring renewable energy to the nearly 10 per cent of Moroccan citizens who, because of prohibitive costs, lacked access to electricity. By virtue of its presence in this market, EDF has gained important insight into developing country market dynamics, which will pay dividends as it strives to bring solutions to energy challenges, and others, faced by the BoP.¹⁸

Healthcare for the BoP

Globally, 37 million people are blind and approximately 150 million people have serious visual impairment. 90 per cent live in the developing world, and 1-2 million people lose their sight each year. Social impact investments can help scale solutions to treat cataracts, the leading cause of preventable blindness. To finance expanding eye care services to the poor in developing countries, Deutsche Bank closed the Eye Fund in 2010, a USD 14.5m fund launched in partnership with a collection of non-profit organisations.¹⁹ Commercial investors receive a market rate of return, while US foundations that make program-related investments (PRI) receive lower returns, but achieve their mission by mobilising new, non-grant capital for health outcomes.

2.2. Resource Efficiency and Green Growth

The percentage reduction in carbon emissions needed to limit global warming is 4.8 per cent per year.²⁰ The World Economic Forum and Bloomberg New Energy Finance estimates this will require USD 500 billion per year of funding to carbon-reducing projects by 2020. The investment gap is substantial: actual investment in this sector in 2010 was estimated at USD 243 billion.²¹

The needs of a global population estimated to reach 9 billion by 2050 will push natural resource limits and require investments in new infrastructure as well as radical resource efficiency. Investments in energy efficiency can produce cost savings and promote job growth. In Europe, one million jobs could be created from a 20 per cent cut in present energy consumption, the equivalent of EUR 60 billion annually.²² Layered investment structures and public-private-non-profit partnerships are often key to mobilising new capital and achieving viable investments.²³

Partnerships for Social Impact in the Green Economy

Partnerships with corporations, investors, non-profit organisations, and governments will help ensure robust green financing. Founded in 2010 by the former Governor of California Arnold Schwarzenegger, non-profit organisation R20 Regions of Climate Action has formed a strategic partnership with the Asian Development Bank (ADB) to develop a project pipeline. To be financed through various ADB facilities, R20 member regions, national governments and R20 partners such as the International Chamber of Commerce mitigate some of the risks associated with the potential projects and identify additional investors for low-carbon projects that could either co-invest with ADB or create their own syndicates.²⁴

2.3. New Approaches to the Provision of Public Services

The ratio of workers contributing to those benefiting from the welfare system peaked for the advanced economies of North America, Europe, East Asia between 2000 and 2010.²⁵ Other challenges, such as poverty and recidivism, also remain costly to national exchequers.

New social impact financing mechanisms are emerging to address these challenges. The UK, like many countries, struggles with the issue of recidivism: about half of all crime is committed by people who have already been through the criminal justice system. The cost to the UK taxpayer of reoffending is estimated to be GBP 9.5 to GBP 13 billion per year.²⁶ One potential solution for these challenges are "social impact bonds"—a public private partnership where private investors finance service delivery upfront, and government ensures a financial return if a non-profit service provider can achieve certain outcomes over a set time period. The UK has pioneered this model to decrease recidivism rates, and at least six US states are exploring using the approach.²⁷

Government Supporting Social Innovation

In order to facilitate this new approach to investing in public good and to coordinate across the necessary agencies and sectors, several governments have developed initiatives to support social innovation markets. The US White House Office of Social Innovation and Civic Participation (SICP) promotes service and volunteerism, increases investment in new solutions that demonstrate outcomes, and encourages innovative partnership models.²⁸ In the UK, Big Society Capital (BSC) supports the development of social investment finance intermediaries and works to increase awareness of and confidence in social investment by promoting best practices, sharing information, and improving links between social investment and mainstream financial markets.²⁹ In Canada, the Community Economic Development Investment Funds (CEDIFs) were created to surmount financial hurdles facing local entrepreneurs and to generate economic development in Nova Scotia.³⁰

3. The Social Impact Investor Ecosystem

This section describes key aspects of the social impact investor ecosystem.

3.1. Philanthropic Investors

Much of the work to develop the social impact investing market has been pioneered by foundations. This includes grant funding social impact investment infrastructure (e.g., pilots, studies, technical support, and intermediaries) and engaging in program-related investments (PRI). Foundations typically use PRIs to invest in seed- or early-stage social enterprises. However, due to cost and complexity, these are rarely used.³¹ For example, in 2009, only five one hundredths of one per cent of US foundation capital deployed went to equity PRIs.³² As the market matures, foundations will continue to play an important role by disseminating knowledge on best practices and capacity building to support deal flow and reduce transaction costs.³³

3.2. Angel and Early Stage Investors

In the US and Europe, angel investors have served as a reliable source of financing for high-growth companies. Although venture capital draws the majority of the attention from policy makers, it is angel investment that is the primary supply of external seed and early-stage equity financing in many countries. Angel investors also tend to be less sensitive to market cycles than venture capitalists.³⁴ Angel investors can do much more than just provide money, for example by bringing expertise in assessing deals.

3.3. Professional Investors

Professional investors increasingly want to both "do good" and "do well" with a part of their portfolio. This can be achieved through ethical funds, "socially responsible investments" (SRI), estimated at about USD 3.74 trillion worldwide), and social impact investments.³⁵ Policy makers can best stimulate professional investor engagement by facilitating social impact investing products with clear risk-return characteristics, product quality and tax transparency. For example, the EU's new EuSEF law provides a designation for funds that allocate at least 70 per cent of their capital towards "social undertakings."

3.4. Institutional Investors

Institutional investors are gradually entering the social impact investment market. A recent UK survey of 4.5 million pension holders revealed that 47 per cent of all respondents expected to have some form of social impact investments in their portfolio within the next two years. Despite this, many investment managers feel discomfort both in pursuing something other than the highest risk-adjusted financial return, as well as the lack of track record of social impact investments.³⁶

3.5. Private Sector Corporate Partnership

Most start-ups struggle in bringing their business to market, as established customers are wary to adopt products and services from unproven and young companies, and sales cycles can be lengthy.³⁷ As a result, "a partnership with a large corporation can deliver immediate and significant benefits for any type of start-up, whether socially focused or not. Not only can the partnering corporation be a client and first customer, but it can also open doors for the start-up with other corporations, reducing the sales cycle. Often enough, the start-up can tap additional resources such as advice, resources, and sometimes executives from the corporation. The company is subsequently a potential buyer for the start-up."³⁸

3.6. Financial Industry

Leading financial institutions are now starting to offer more social impact investment products. The social impact investment market presents an attractive opportunity for profit over the long term and offers a response to consumers looking to align investments with personal values. Examples of large banks entering the social impact investing space are the JP Morgan Social Finance unit launched in 2007 to service the growing market for social impact investments and the Morgan Stanley "Investing with Impact Platform" launched in April 2012. This latter platform has been designed to allow investors to have access to a range of investment products which have been evaluated for financial risk and return potential as well as societal impact.³⁹

3.7. Government

Government plays an important role in creating the framework conditions and stimulating the social impact investment market. There are three primary ways that government can "invest in" or support the social impact investment industry, including: stimulating supply, directing capital and regulating demand. Government can use supply development policies in order to increase the amount of social impact investment capital supplied. These policies can take the form of incentives to invest through co-investing or risk sharing with the government, creating investor requirements for social impact investing, or directly providing funding for social impact investments or the intermediaries that invest in them. Seeding intermediaries in particular is an important early step to enable a liquid domestic social impact investment market to get off the ground. Alternatively, government can direct how capital is used and can better leverage its own investments and expenditures for social impact, for example through its own procurement, privatisation, and investment policies. These policies change the risk and return features of social impact investments by adjusting market prices, and improving transaction efficiency and market information, such as harmonising impact measurement standards. Lastly, by stimulating the demand for social impact investment and promoting investment readiness, government can further encourage its growth. Demand development policies increase the demand for social impact investment by building the capacity of impact investment recipients to absorb capital.⁴⁰

Author Information

Dr Maximilian Martin is the Founder and Global Managing Director of [Impact Economy](#). He created Europe's first global wealth management philanthropic advisory and impact investing platform, UBS Philanthropy Services and the UBS Philanthropy Forum, and the first university course on social entrepreneurship in Europe, at the University of Geneva. As Global Head at UBS Philanthropy Services, Dr Martin conceived, created and led the Service from 2004 to 2009, built a global team in various booking centres, established the Service as the bank's global lead offering for the ultra-high net worth segment and an industry benchmark, and created numerous sub-platforms such as the Visionaris Social Entrepreneurship Award in Latin America and the publication Viewpoints. Other engagements have included serving as Head of Research at the Schwab Foundation for Social Entrepreneurship, where he was responsible for Sub-Saharan Africa and research, Senior Consultant with McKinsey & Company, instructor at Harvard's Economics Department, and Fellow at the Center for Public Leadership at the Harvard Kennedy School.

He also serves as Founding Faculty in Residence at Ashoka U (USA) and Lecturer in Social Entrepreneurship at the University of St. Gallen, in Switzerland. Max serves on several international boards and has authored over [one hundred articles](#) on social business and philanthropy, corporate responsibility, social impact investments, and related topics. He holds a MA in anthropology from Indiana University Bloomington, a MPA from the Harvard Kennedy School and a Ph.D. in economic anthropology from the University of Hamburg.

Endnotes

- ¹ “About Impact investing,” Global Impact Investing Network, accessed May 19, 2013, URL: <http://www.thegiin.org/cgi-bin/iowa/resources/about/index.html>.
- ² “Perspectives on Progress,” Global Impact Investing Network, accessed May 19, 2013, URL: <http://www.thegiin.org/cgi-bin/iowa/resources/research/489.html>.
- ³ The Task Force for Global Health, “Collaborate and Innovate to Transform Global Health: 2012 Annual Report,” *The Task Force for Global Health* (2012), accessed May 19, 2013, URL: http://www.taskforce.org/sites/default/files/final_tfgh_ar12updated.pdf.
- ⁴ Nick O’Donohoe et al, “Impact Investments: An emerging asset class,” *J.P. Morgan* (2010): 6, accessed May 23, 2013, URL: <http://www.rockefellerfoundation.org/uploads/files/2b053b2b-8feb-46ea-adbd-f89068d59785-impact.pdf>.
- ⁵ Bain & Company, “World Awash in Money: Capital trends through 2020,” *Bain & Company* (2012): 3 and 7, accessed May 20, 2013, URL: http://www.bain.com/Images/BAIN_REPORT_A_world_ash_in_money.pdf.
- ⁶ “About Impact investing,” GIIN, accessed on May 19, 2013, URL: <http://www.thegiin.org/cgi-bin/iowa/resources/about/index.html>.
- ⁷ This report uses “social impact investment” as coterminous with “impact investment”, unless otherwise specified.
- ⁸ David A. Levitt, “Investing In The Future: Mission-Related and Program-Related Investments for Private Foundations,” *The Practical Tax Lawyer* (2011). Accessed May 19, 2013, URL: http://www.adlercolvin.com/pdf/PTXL1105_Levitt.pdf.
- ⁹ Maximilian Martin, “Making Impact Investible,” *Impact Economy Working Papers* 4 (2013): 5, accessed May 31, 2013, URL: <http://ssrn.com/abstract=2272553>.
- ¹⁰ “Impact Investing in Emerging Markets,” *Responsible Research* (2011), accessed May 20, 2013, URL: <http://www.willowimpact.com>.
- ¹¹ Monitor Institute, “Investing for Social & Environmental Impact: A Design for Catalyzing an Emerging Industry,” *Monitor Institute* (2009): 31, accessed May 19, 2013, URL: http://www.monitorinstitute.com/downloads/what-we-think/impact-investing/Impact_Investing.pdf.
- ¹² E.T. Jackson and Associates Ltd., “Accelerating Impact: Achievements, Challenges and What’s Next in Building the Impact Investing Industry,” *Rockefeller Foundation* (2012): 9, accessed May 19, 2013, URL: <http://www.rockefellerfoundation.org/uploads/images/fda23ba9-ab7e-4c83-9218-24fdd79289cc.pdf>.
- ¹³ Social Enterprise, “The RBS SE100 Data Report 2011: Charting the Growth of the UK’s Top Social Businesses,” *Social Enterprise and RBS Community Banking* (2011), accessed May 20, 2013, URL: <http://www.socialenterpriselive.com/section/se100/management/20110711/vibrant-sector-defies-downturn-powerful-growth>.
- ¹⁴ John Simon and Julia Barmeier, “More than Money: Impact Investment for Development,” *Center for Global Development* (2010): 3, accessed on May 19, 2013, URL: http://www.cgdev.org/sites/default/files/1424593_file_More_than_Money_FINAL_web.pdf.
- ¹⁵ This section is based on Maximilian Martin, “CSR’s New Deal: A Blueprint for Your First Hundred Days in the World of Impact Economy,” *Impact Economy Working Papers* 3 (2013): 4-13, accessed May 20, 2013, URL: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2259632.
- ¹⁶ C.K. Prahalad, *The Fortune At The Bottom Of The Pyramid: Educating Poverty Through Profits* (New Jersey: Pierce Education, Inc., 2010), 27.
- ¹⁷ CNNMoney.com, “What Will the Global 500 Look Like in 2021?,” accessed May 19, 2013, URL: <http://money.cnn.com/galleries/2012/news/companies/1207/gallery.global-500-future.fortune/index.html>.
- ¹⁸ Kai Hockerts and Mette Morsing, “A Literature Review on Corporate Social Responsibility in the Innovation Process,” *Copenhagen Business School (CBS), Center for Corporate Social Responsibility* (2008), accessed May 19, 2013, URL: http://www.samfundsansvar.dk/file/318819/a_literature_review_corporate_social_responsibility_innovation_process_september_2008.pdf.
- ¹⁹ Deutsche Bank Corporate Social Responsibility, “Eye Fund finances eye care for the poor,” *Deutsche Bank Corporate Social Responsibility* (2010), accessed May 19, 2013, URL: https://www.db.com/csr/en/social_investments/eye_fund_finances_eye_care_for_the_poor.html.
- ²⁰ PWC, “Counting the cost of carbon: Low carbon economy index 2011,” PWC (2011): 4, accessed May 19, 2013, URL: http://www.pwc.com/en_GX/gx/low-carbon-economy-index/assets/Low-Carbon-Economy-Index-2011.pdf.
- ²¹ PWC, “Counting the cost of carbon,” 12.
- ²² European Commission, “Europe 2020: A European strategy for smart, sustainable, and inclusive growth”, European Commission (2010): 13, accessed on May 30, 2013, URL: <http://ec.europa.eu/eu2020/pdf/COMPLET%20EN%20BARROSO%20%202007%20-%20Europe%202020%20-%20EN%20version.pdf>
- ²³ Maximilian Martin, “After Copenhagen: Perspectives on Energy,” *Viewpoint* (2010): 54-65, accessed May 19, 2013, URL: <http://ssrn.com/abstract=1532825>.
- ²⁴ “Programs in Action,” *Regions of Climate Action*, accessed May 19, 2013, URL: <http://regions20.org/programs-action/finance-action/creating-dedicated-financial-vehicle>.
- ²⁵ David E. Bloom and David Canning, “Demographics and Development Policy,” Harvard Program on the Global Demography of Aging (2011), accessed on May 19, 2013, URL: http://www.hsph.harvard.edu/pgda/WorkingPapers/2011/PGDA_WP_66.pdf.
- ²⁶ “Reducing reoffending and improving rehabilitation,” Home Office and Ministry of Justice, accessed May 19, 2013, URL: <https://www.gov.uk/government/policies/reducing-reoffending-and-improving-rehabilitation>.
- ²⁷ Luther Ragin and Tracy Palandjian, “Social Impact Bonds: Using Impact Investment to Expand Effective Social Programs,” *Federal Reserve Bank of San Francisco* (2013), accessed May 19, 2013, URL: http://www.frbsf.org/publications/community/review/vol9_issue1/social-impact-bonds-impact-investment-expand-effective-social-programs.pdf; Maximilian Martin, “Four Revolutions in Global Philanthropy,” *Impact Economy Working Papers* 1 (2011): 29-33, accessed on May 19, 2013, URL: <http://dx.doi.org/10.2139/ssrn.2209746>.
- ²⁸ “Office of Social Innovation and Civic Participation,” The White House, accessed May 27, 2013, URL: <http://www.whitehouse.gov/administration/eop/sicp>.
- ²⁹ “Big Society Capital: Transforming Social Investment,” accessed May 27, 2013, URL: <http://www.bigsocietycapital.com/>.
- ³⁰ “Community Economic Development Investment Funds,” accessed May 27, 2013, URL: <http://www.gov.ns.ca/econ/cedif/>.
- ³¹ “Program-Related Investment,” Ford Foundation, accessed May 20, 2013, URL: <http://www.fordfoundation.org/grants/program-related-investment>; Community and Economic Development, “Program-related investments (PRIs): A potential funding source for community economic development?,” *UNC School of Government*, accessed May 20, 2013, URL: <http://ced.sog.unc.edu/?p=4515>.

UNCLASSIFIED

Martin, Maximilian – *Impact Economy*. 2013. “Status of the Social Impact Investing Market: A Primer”

³² Matt Bannick and Paula Goldman, “Gaps in the Impact Investing Capital Curve,” *Stanford Social Innovation Review* (2012), accessed May 20, 2013, URL: http://www.ssireview.org/blog/entry/gaps_in_the_impact_investing_capital_curve.

³³ For more information about the role of foundations, and program-related investing, in the social impact investment market, please see Lester M. Salamon and William Burckart, “Foundations as Philanthropic Banks,” *New Frontiers of Philanthropy*, ed. Lester M. Salamon (Oxford University Press, forthcoming).

³⁴ OECD, “Financing High-Growth Firms: The Role of Angel Investors,” *OECD* (2011), accessed May 20, 2013, URL: <http://www.eban.org/wp-content/uploads/2013/03/OECD-Angel-Financing-Publication.pdf>.

³⁵ US SIF Foundation, “Report on Sustainable and Responsible Investing Trends in the United States,” US SIF (2012): 11, accessed May 20, 2013, URL: http://www.ussif.org/files/Publications/12_Trends_Exec_Summary.pdf; Michael Chamberlain, “Socially Responsible Investing: What You Need To Know,” *Forbes* (2013), accessed May 20, 2013, URL: http://www.ussif.org/files/Publications/12_Trends_Exec_Summary.pdf.

³⁶ Social Finance, “Microfinance, Impact Investing, and Pension Fund Investment Policy Survey,” *Social Finance* (2012): 4, accessed May 20, 2013, URL: http://www.socialfinance.org.uk/sites/default/files/final_pension_fund_survey_october_2012.pdf.

³⁷ Maximilian Martin, “CSR’s New Deal: A Blueprint for Your First Hundred Days in the World of Impact Economy,” *Impact Economy Working Papers* 3 (2013): 18, accessed May 20, 2013, URL: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2259632.

³⁸ *Ibid*, 18.

³⁹ “J.P. Morgan Social Finance,” J.P. Morgan Chase and Co., accessed May 20, 2013, URL: <http://www.jpmorganchase.com/corporate/socialfinance/social-finance.htm>; “Investing with Impact,” Morgan Stanley, accessed May 20, 2013, URL: <http://www.morganstanley.com/globalcitizen/investing-impact.html>.

⁴⁰ Ben Thornley et al, “Impact Investing: A Framework for Policy Design and Analysis,” *Insight at Pacific Community Ventures and The Initiative for Responsible Investment at Harvard University* (2011), accessed May 19, 2013, URL: http://www.pacificcommunityventures.org/uploads/reports-and-publications/Impact_Investing_Policy_Full_Report.pdf.

UNCLASSIFIED