



# IMPACT INVESTING IN THE U.S. AND THE FIFTH DISTRICT

**IMPACT INVESTING** is an investment strategy that finances companies, organizations and funds that generate a positive social or environmental impact, in addition to a financial return for the investor. While community development financial institutions (CDFIs) have historically funded socially impactful ventures, the term "impact investing" was coined in 2007 by the Rockefeller Foundation and impact investing has since grown into a more widely-pursued investment strategy. The net assets of investment funds pursuing an impact investment strategy have grown from \$12 billion in 1995 to \$4.3 trillion in 2014.

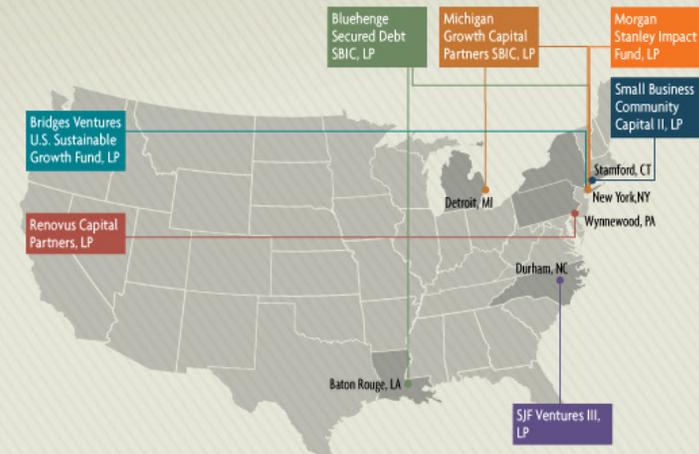
## HOW DOES THE FEDERAL GOVERNMENT SUPPORT IMPACT INVESTING?

The U.S. government has a long history of encouraging private investment that supports public goals. Federal legislation such as the Community Reinvestment Act, tax credits such as the New Markets Tax Credit, and targeted initiatives such as creating a framework for equity crowdfunding all serve to encourage impact investing.

### IMPACT INVESTMENT FUND (IIF)

The creation of the Small Business Administration's Impact Investment Fund in 2011 created a source of direct support for small business investment companies (SBICs) that pursue impact investing.

#### Impact SBICs supported by the Impact Investment Fund



### SOCIAL INNOVATION FUND (SIF)

The Social Innovation Fund is run by the Corporation for National and Community Service (CNCS), a federal agency that supports impact investing in three priority areas: economic opportunity, healthy future and youth development.

#### SINCE 2000, THE SIF HAS AWARDED



For more information, visit [http://www.richmondfed.org/publications/community\\_development](http://www.richmondfed.org/publications/community_development)

#### Sources

Corporation for National and Community Service, "About the Social Innovation Fund," updated 2015.  
 Crowdfunder, "The Guide to Equity Crowdfunding," updated 2015.  
 District of Columbia Water and Sewer Authority, "DC Water Awarded Grant from Harvard University to Develop Innovative Green Infrastructure Financing Model," 2015.  
 Federal Reserve Bank of San Francisco, "Social Impact Bonds: Using Impact Investment to Expand Effective Social Programs," 2013.  
 Nonprofit Finance Fund, "Social Innovation Fund Pay for Success Subgrantees Announced," 2015.  
 Nonprofit Finance Fund, "State of North Carolina Issues Request for Information," 2015.  
 SJF Ventures III LP, "Portfolio."  
 "State by State Status of Legislation," Benefit Corporation, updated 2015.  
 U.S. National Advisory Board on Impact Investing, "Private Capital, Public Good: How Smart Federal Policy Can Galvanize Impact Investing and Why It's Urgent," 2014.  
 U.S. SIF Foundation, "Report on U.S. Sustainable, Responsible, and Impact Investing Trends," 2014.  
 U.S. Small Business Administration, "Directory of Impact SBICs," updated 2015.