

Sustainability and Resiliency

Using **Pay for Success** to generate positive sustainability and resiliency outcomes.

THE CONTEXT

From intensifying forest fires to rising sea levels, the environmental challenges we face today are unprecedented. As the costs associated with climate change become clearer, our communities are increasingly recognizing the need to build greater resilience. This requires innovation, cross-sector partnerships, and, importantly, alternative financing models. Philanthropy and public funding alone cannot drive the change we need — mobilizing catalytic capital is necessary to achieve our desired environmental outcomes.

PAY FOR SUCCESS

One solution is Pay For Success (PFS), a set of innovative financing strategies by which investors provide upfront capital to scale effective environmental interventions and payment is tied to outcomes.

Social Finance is a leading intermediary within the PFS space, mobilizing over \$150 million in impact capital to support evidence-based interventions. We're experts in identifying and valuing social outcomes, and leveraging that performance lens to build sustainable and resilient solutions for vulnerable communities. The application of PFS principles — defined outcomes, data-driven decisions, cross-sector partnerships, strong governance, and catalytic capital — can unlock crucial funding for green initiatives to address the world's most intractable environmental challenges. Here's how it works:

1. Investment
Impact investors provide upfront capital to tackle an environmental issue such as coastal erosion.

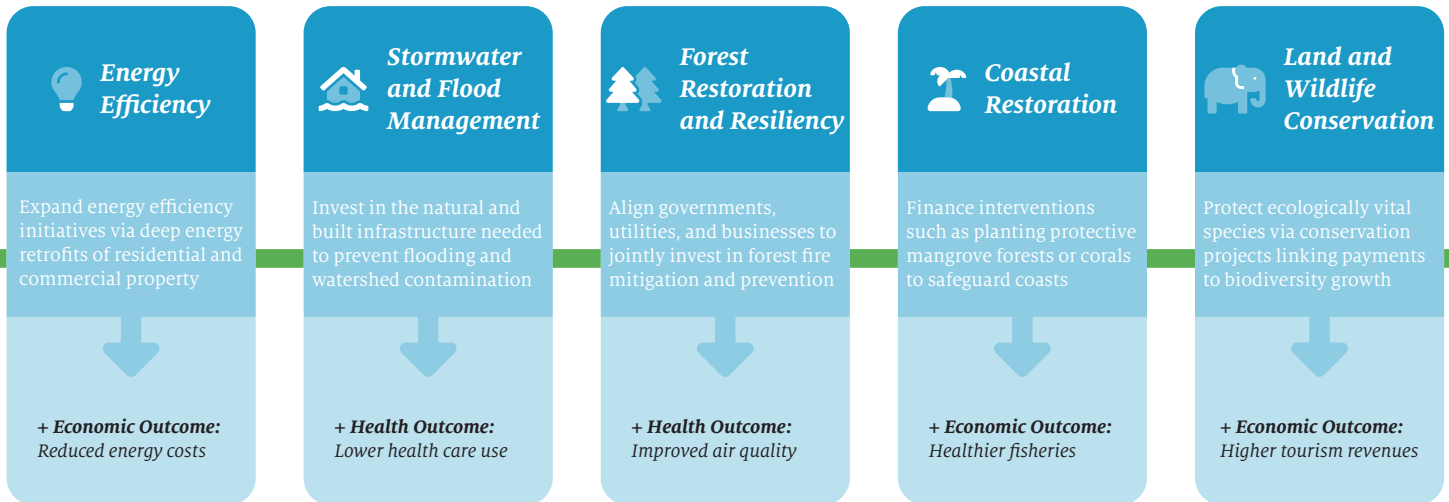


3. Repayment
If outcomes are achieved, payors repay investors (e.g., government or philanthropy pays for reduced erosion).

2. Service delivery
A service provider scales and executes an intervention (e.g., a nonprofit restores coral).

WHY PFS

PFS facilitates innovative, outcomes-based financing opportunities designed to channel funding toward the social and environmental outcomes they care about most. Unlike traditional financing or more recent green bonds, PFS directly links payment to performance, shifting risk from outcomes payors (e.g., government agencies) to investors. In addition to environmental outcomes, PFS is uniquely positioned to value and measure the interconnected social and economic cobenefits outlined in the examples below:



OUR WORK

We offer our public, private, and social-sector partners assessment, design, and financial structuring services designed to scale environmental sustainability and resiliency solutions. Some examples of our work include:

NYSERDA Energy Retrofits

Social Finance and the New York State Energy Research and Development Authority (NYSERDA) collaborated to assess environmental, economic, and social outcomes related to energy efficiency and the potential of PFS to scale NYSERDA's energy efficiency programs.

The project will deploy deeper energy retrofits within low-income communities as well as provide related workforce services to amplify key outcomes such as residential energy savings, job creation, and reduced greenhouse gas emissions.

Rockefeller Foundation Resilience Screen

Social Finance was part of a group of impact-oriented organizations that developed a resilience screen for 100 Resilient Cities and the Rockefeller Foundation. The screen is now used for the Rockefeller's \$500 million Urban Resilience Fund (TURF) to identify and evaluate the resilience value of infrastructure projects.

We leveraged our expertise to develop the portion of the tool that evaluates an infrastructure project's negative consequences, along with its positive social cobenefits.

WHY SOCIAL FINANCE

We have secured more than 100 PFS engagements worldwide, including 75 advisory projects and eight social impact bonds (SIBs), and are now navigating 14 new PFS initiatives through the development phase. Through this work, we have cultivated a track record of raising, managing, and deploying impact capital.

Get In Touch

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