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State and Local Governments Receive Assistance to Launch Social Impact Bond Projects Across the Country

Six state and local governments selected as winners of national competition from The Rockefeller Foundation and Harvard Kennedy School's Social Impact Bond Technical Assistance Lab to receive assistance to develop new social impact bonds

New York, 10 June 2013 – The Rockefeller Foundation and the Social Impact Bond Technical Assistance Lab (SIB Lab) at the Harvard Kennedy School (HKS) today announced the six winners of a national competition to provide state and local governments with technical assistance to develop pay-for-success contracts using social impact bonds (SIBs). The competition, run with support from The Rockefeller Foundation, received 28 state and local government applications, demonstrating the growing demand for new ways to fund and scale effective social services in a time of economic constraint.

In the SIB model, governments partner with service providers and private sector investors to fund prevention focused social programs that help address pressing problems. Investors are then repaid only if and when improved social outcomes are achieved. SIBs have the potential to open new funding sources for programs that deliver measurable social benefits and save tax payer dollars in the process.

"Social impact bonds have traveled from concept to execution faster than any other social innovation in recent history, and have caught the attention of federal, state, and local governments throughout the country – from Connecticut to South Carolina to Colorado and beyond," said Kippy Joseph, associate director for innovation at The Rockefeller Foundation. "The SIB Lab Competition is the next big leap forward for SIBs in the United States, demonstrating the power of public-private partnerships to provide sustainable solutions to the funding problem for critical social services, while creating an environment for impact investors to test this exciting new form of innovative finance."

"The SIB Lab is excited to work with these innovative governors and mayors who are trying to achieve better outcomes for their citizens and make more effective use of taxpayer dollars," said Jeffrey Liebman, professor of public policy at Harvard Kennedy School and SIB Lab director. "In these challenging fiscal times, governments around the country are looking for new strategies to finance preventive investments and spur social innovation. The pay-for-success approach has the potential to generate scalable solutions to some of our nation's most pressing social problems."

Established with support from The Rockefeller Foundation, the SIB Lab at Harvard Kennedy School conducts research on how governments can foster social innovation and improve the results they obtain with their social spending. Over the past year, the SIB Lab has helped Massachusetts and New York become the first states to develop pay for success projects. The six winning state and local governments will receive pro bono technical assistance to help design,

procure, and implement these policy initiatives, and plan to address issues ranging from early childhood education to helping seniors remain in their homes longer.

The winners are:

- Colorado/Denver
- Connecticut
- Illinois (additional support provided by the Dunham Fund)
- New York
- Ohio
- South Carolina

Projects were chosen by a distinguished selection committee made up of former Indianapolis Mayor Stephen Goldsmith, former Massachusetts Secretary of Administration and Finance Jay Gonzalez, and Harvard Kennedy School Professor Jeffrey Liebman. The committee evaluated the proposals based on the level of commitment and readiness demonstrated by the government, the feasibility of the proposed projects, and the extent of interest in applying the SIB model to new policy areas. The SIB Lab will provide each winning government with a full-time Government Innovation Fellow to be based for one year in the government agency that is spearheading the city or state's pay-for-success initiative, pro bono advising from Professor Liebman and other senior experts, up to six months of programmer and data analyst time, and a small pool of flexible funding that can be used to remove barriers to implementation of SIBs.

The Rockefeller Foundation has supported social impact bonds from the very beginning, and has been working to build the ecosystem to support the testing of this innovative tool in the United States – working simultaneously to build the capabilities and knowledge among governments, investors, and non-profits. SIBs sit at the nexus of social innovation and impact investing, and have the potential to substantially transform the social sector, support poor and vulnerable communities, and create new financial support for social service delivery by offering a more sustainable way to scale what works.

Comment from Winning State and Local Governments:

Governor John Hickenlooper of Colorado: "Colorado is excited to be among this collective to strategically look at the role social impact bonds might play in solving some of our more complex social issues such as homeless and early childhood development."

Governor Dannel Malloy of Connecticut: "Social impact bonds can potentially be an innovative way to help governments expand access to social services during challenging fiscal times. We are excited to be a part of the conversation, and look forward to working with partners in our state on next steps in the days and months ahead."

Governor Pat Quinn of Illinois: "Illinois has successfully launched a social impact bond project which will help tackle major social problems and strengthen our communities. This innovative model is a unique way to invest in our community priorities without dipping into the pockets of our residents. I extend gratitude to The Rockefeller Foundation and the Harvard Kennedy School for recognizing Illinois as a pioneer in social innovation."

Governor Andrew Cuomo of New York: "Social impact bonds provide an innovative way to encourage smart and cost-effective solutions to social problems. By attracting private investment to fund programming, this approach also ensures that solutions that work can be brought to scale. I am proud to

have been an early advocate of this approach and look forward to our partnership with the SIB Technical Assistance Lab."

Governor John Kasich of Ohio: "We're constantly looking for new ways to innovate in order to provide better value for taxpayers, and the social impact bond model can help us do that. Not only does this approach help pursue solutions to tough problems, but it does so in an accountable, results-oriented way. The Rockefeller Foundation and Harvard's Kennedy School have worked hard to fine tune and advance this unique public-private strategy and I'm excited about how we can use it in Ohio."

Governor Nikki Haley of South Carolina: "South Carolina is excited to participate in the SIB Lab because we see public-private partnerships as the best way to bring innovative solutions to government. This is another reason for South Carolinians to celebrate as we move to the national forefront in creatively finding ways to improve maternal and child health."

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About The Rockefeller Foundation:

The Rockefeller Foundation aims to achieve equitable growth by expanding opportunity for more people in more places worldwide, and to build resilience by helping them prepare for, withstand, and emerge stronger from acute shocks and chronic stresses. Throughout its 100 year history, The Rockefeller Foundation has enhanced the impact of innovative thinkers and actors working to change the world by providing the resources, networks, convening power, and technologies to move them from idea to impact. In today's dynamic and interconnected world, The Rockefeller Foundation has a unique ability to address the emerging challenges facing humankind through innovation, intervention and influence in order to shape agendas and inform decision making. Please visit www.rockefellerfoundation.org for more information.

About the Harvard Kennedy School SIB Lab:

The Social Impact Bond Technical Assistance Lab (SIB Lab) at Harvard Kennedy School (HKS) conducts research on how governments can foster social innovation and improve the results they obtain with their social spending. An important part of our research model involves providing pro bono technical assistance to state and local governments implementing pay-for-success contracts using social impact bonds. Through this hands-on involvement, we gain insights into

the barriers that governments face and the solutions that can overcome the barriers. These insights are ultimately published in academic papers and policy briefs. By engaging current students and recent graduates in this effort, we are able to provide experiential learning as well. For more information, please visit: www.hks-siblab.org.