

SANDY BRAUNSTEIN

My name is Sandy Braunstein and I am the director of the division of Consumer and Community Affairs here at the Federal Reserve Board, and we are very pleased to be co-hosting this conference with the Federal Reserve Bank of San Francisco. The Federal Reserve has been involved in the impact investing, investments intended to create positive social impact beyond financial return for over 30 years starting with the passage of the Community Reinvestment Act, which mandated that banks affirmatively provide fair and equal access to capital and financial services to under-served communities. Since that time, the Federal Reserve has been actively involved in putting forward best practices and good ideas to facilitate the flow of sustainable capital to under-served markets. This has included a series of meetings and publications on a range of issues including the development of a more robust secondary market for community development loans, raising private equity capital for rural development, proof-of-concept investment opportunities in charter school finance, green, affordable housing development and projects fostering community health and the examination of the CDFI sector in general. These are just a few of the very important topics that have been explored in recent years by both the board the Reserve Bank's Community Development Programs. Despite the challenges currently facing the community development finance sector in recent years, and those challenges are considerable, it has been gratifying to see the various ways that practitioners operating in this

sector continue to find ways to craft innovative solutions and take steps to bring good ideas to light. For example, Mercy Housing, an organization with a long history of affordable housing development has recently been working to scale its efforts to keep low income individuals out of nursing care and instead, into assisted housing where they enjoy a higher quality of life while still reducing public health costs. They are interested in exploring emerging funding vehicles such as social impact bonds that could help raise capital to help low income seniors live in dignity and provide an incentive to generate public health cost savings. New impact investing strategies like this one are worth considering as a source of capital for community development. With these advancements, we see a nexus between the innovative work of the still nascent impact investment sector as it develops a system to improve capital flow with similar efforts in the community development field. In looking at the wide range of participants and panelists at today's conference, it's clear that there are some newer players as well as some organizations that have been doing this work for a very long time. Our hope is that today's session will provide an opportunity to exchange views and ideas across a number of dimensions including between the public, private and non-profit sectors, between new and more established participants and between longstanding and new approaches. We believe that the starting point to begin this dialogue is around the common challenge of validating and measuring impact. We hope to have a robust discussion today on what constitutes impact and whether tools

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can be developed to track it, what the role of the public sector can play and whether impact measurement can increase the level of the investments. First I'd like to take the opportunity to acknowledge the individuals who helped organize this meeting. John Moon, Heidi Kaplan and Shelise [?] Frier [?] from the staff of the Federal Reserve Board were very involved, and David Ericson [?] of the Federal Reserve Bank of San Francisco. I would also like to recognize the leadership of Scott Turner, Joseph Firschein and Anna Alvarez Boyd [?]. We believe that we have brought together the right people and institutions to go beyond some of the hype surrounding impact investments and to substantively engage one another on the actionable steps that bring the best ideas forward. We want to encourage vigorous dialogue that raises both opportunities as well as challenges for these efforts to be better aligned. Again, I want to thank you for coming out, for taking the time to attend this session, and we look forward to the discussions today. And with that, I'd like to turn it over to Joseph Firschein who's going to bring up – make some remarks and then bring up the first panel.

### JOSEPH FIRSCHEIN

Thank you, Sandy. So if I could ask the first panel to please come up, and while they're doing that, I'm going to just say very few brief remarks. Um, so you can see if everyone should have an agenda at your place setting, and you can see that our first panel is going to be Ben Thornily [?], Colby Daily and

Margaret Brandenburg and they're going to be providing a survey of a lot of what you're going to be hearing from today. And after their remarks, we're going to have a panel that has some – it's going to have some great discussion on building tools. That's Panel 1. Panel 2 roughly described as developing systems. Panel 3 is around some intermediate steps, certification and ratings. And finally Panel 4 which is really – it's called Next Steps but it's really about just listening throughout the day and seeing if we can find ideas that maybe help move us forward. So let me just say, before I turn it over to this panel, a couple logistical matters. One is we're videotaping today's proceedings and so we will plan to use the video. One, it's being streamed live to board staff because there's a lot of staff at the Board of Governors that are wanting to watch it. We're also going to be hosting it later so that others who aren't able to be in this room which has limited capacity, can have the opportunity to hear these remarks. One of the things we're proud of is not just having some of the best panelists in this field at today's conference, but our audience, everybody who's sitting here, some of the leaders in this field, and so we're going to be encouraging all of you to participate. We have microphones and we really encourage your active participation. We're going to be doing – San Francisco Federal Reserve is going to be doing the proceedings afterwards and the remarks, not just of the panelists, but also the audience, these idea, we plan to include in that, so we really encourage your active participation. So with that, I think I've covered all the housekeeping details, so let me just go ahead and

turn it right over to our panel, and we look forward to their remarks. Thank you.

[END OF VIDEO]