



For Immediate Release

GIIN REPORT HIGHLIGHTS THE POWER OF GUARANTEES IN IMPACT INVESTING AND GIVES RECOMMENDATIONS FOR THEIR USE

The in-depth study of guarantees in impact investing includes case studies featuring key industry players, the Kresge Foundation, Citi, Fannie Mae, and more.

NEW YORK, April 25, 2017 – A study published today by the [Global Impact Investing Network](#) (GIIN) takes an in-depth look into the application, benefits, and scalability of financial guarantees in impact investing. [Scaling the Use of Guarantees in U.S. Community Investing](#) provides examples of how guarantees have been successfully used to leverage additional capital into high-impact deals, allowing investors with varying risk appetites to productively engage in impact investing.

The report shows how impact investors are utilizing guarantees as a credit-enhancement tool to stimulate increased private-sector investment in solutions to social and environmental problems.

Key findings of the research include:

- Guarantees are a powerful financial tool that can help channel private capital into impactful deals at the right terms to meet investees' needs.
- Guarantees help mitigate risk for certain impact investors, thus enabling greater amounts of capital to reach organizations generating positive social and environmental impact.
- Guarantees enable investors to gain experience in a new sector, help prove the viability of a business model that generates social impact, or facilitate access to capital at favorable terms for nonprofits.
- Promising areas for greater use of guarantees include energy efficiency, community-based renewable energy, healthcare, healthy food access, and expanding small business lending.
- The main providers of guarantees in U.S. community investing have been foundations and the lenders gaining protection have been banks.
- Guarantee use in U.S. community investing has been concentrated in the affordable housing and community real estate sectors.
- The median size of a guarantee is USD 2 million and the median fund or project size is USD 20 million.

The research includes case studies that showcase the use of guarantees and other unique deal structures:

- **Healthy Neighborhoods Loan Pools I and II** – In order to revitalize undervalued Baltimore neighborhoods, Healthy Neighborhoods created two loan pools, partially guaranteed by a group of foundations, totaling USD 53.6 million over a six-year period. This has resulted in increased home sale prices and numbers of rehabilitation permits issued, and shortened the time homes stay on the market.
- **The Collaborative for Healthy Communities** – The Kresge Foundation provided an unfunded guarantee to support co-lending among three CDFIs to expand financing for healthcare centers in high-need states.
- **M-PIRE Pilot and Green Rewards** – Multifamily Property Improvements to Reduce Energy (M-PIRE) leveraged a loan-loss reserve from New York City Energy Efficiency Corporation (NYCEEC) to assist Fannie Mae in incorporating projected energy savings into its underwriting practices. This enabled Fannie Mae to provide larger loan sizes to finance efficiency improvements and develop its green mortgage products.
- **Housing Partnership Equity Trust (HPET)** – The MacArthur Foundation provided a stand-by purchase agreement to ensure a liquidity source for senior investors participating in high-impact, affordable and sustainable housing investments. The agreement assisted HPET in purchasing properties worth USD 244 million as of September 2016.

The report also includes a list of key considerations to be used in structuring a guarantee. This resource was developed by leading practitioners who participated in the GIIN's Guarantees Working Group, comprising 34 individuals representing 23 organizations.

This report was produced with the support and guidance of the Kresge Foundation.

“The use of guarantees is not new in impact investing, but this valuable tool is extremely underutilized,” said Amit Bouri, CEO and co-founder of the GIIN. “Increased awareness of successful examples of investor collaboration through guarantees—and blended capital more broadly—could help spur much-needed, additional investment into solutions to pressing social and environmental problems. There is an enormous opportunity for different types of investors to collaborate to amplify impact.”

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About The Global Impact Investing Network

The Global Impact Investing Network (GIIN) is a nonprofit organization dedicated to increasing the scale and effectiveness of impact investing around the world. Impact investments are investments made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets, and target a range of returns from below market to market rate, depending upon the circumstances. The GIIN builds critical infrastructure and supports activities, education, and research that help accelerate the development of a coherent impact investing industry. For more information, please visit www.thegiin.org.

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