



# Health Funders Guide to Mission Investing

Grantmakers In Health (GIH) is preparing a practical guide to how funders with health missions and programs can use mission investing to drive and reinforce mission goals. Publication is planned for Summer 2010.

Broadly defined as foundation financial investments that further a foundation's mission and earn a financial return, mission investments are typically privately held, proactive investments that recycle philanthropic dollars, promote investee scale and sustainability, and help funders to align resources with mission and values. Some funders and other institutional investors refer to these investments as impact or social investments. While not all charitable activities can repay an investment—so grants remain an essential tool—funders have made successful mission investments across all asset classes and with both market-rate and below market-rate risk-adjusted expected returns.

Recent U.S. health care legislation points the way for improved access to health care over time. In the meantime, costs continue to rise and disparities in health status along racial and economic lines persist. Mission investing offers strategies for scaling successful models to improve health care, health coverage, and healthy communities. These can complement policy initiatives focused in areas such as prevention, health equity, cost reduction, and improving the value of health services.

Health-focused mission investments include a range of options that promote a vision of better health for all. They encompass projects that focus on innovation and capacity building in the delivery of health care services, as well as those designed to create healthy, sustainable communities that avoid toxic building materials and environments, while offering access to services, nutritious food, human development, and physical activity. Illustrative examples include loans for expansion of community health centers; private equity investment in biomedical companies, pharmacies, and providers of nutritious school meals; purchase, financing, or guarantees of real estate to provide service-enriched, transit-oriented, or safe and affordable housing for various populations; and guarantees of loans to a range of nonprofit organizations that offer services correlated with improved health outcomes, such as quality child care, charter schools, supplemental educational services, and supervised recess for low-income public schools.

To assist more health funders to evaluate, design, and implement mission investing strategies, the GIH guide will:

- Briefly frame the field of mission investing, including terminology, history, recent trends, and performance data (including during in the economic downturn), and health-focused mission investing to date.
- Define the landscape, geographic distribution, and programmatic focus of funders that can use health-focused mission investing, including national and state health funders, local and community foundations, corporate philanthropies, and individual philanthropists.
- Outline the range of social impact that mission investing can add to the health-focused funder's traditional toolkit, whether the programmatic focus is health care, health coverage or healthy communities.

- Address in particular how mission investing can counter social, economic, and environmental factors that undermine health (the adverse social determinants of health). Here health-focused funders can build upon the forty-year track record of mission investing in other sectors that has largely focused on dismantling racial, social, and geographic barriers to opportunity, providing successful models and partners for health-focused investors.
- Show through some 12 thematic profiles how health-focused funders are advancing a range of health care, health coverage, and healthy community goals through investments across asset classes and expected return levels, including both below market-rate program-related investments (PRIs) and market-rate mission-related investments (MRIs) in real estate, private equity, fixed-income (debt), guarantee, and deposit (cash equivalent) investments. These profiles will highlight:
  - The chosen mission investing strategy
  - Funder goals for the strategy
  - Funder champions
  - Investment thesis: asset class, expected return, repayment source, maturity, and performance to date (including leveraging of public and capital market resources)
  - Social thesis, ranging from prevention and expanded access to quality care for the underserved to innovations that improve the health of all people
  - How both large and small funders can source and make the investment
  - Lessons learned
- Provide practical suggestions for how funders of all sizes and structures can plan and implement a mission investing program. Using a mission investing roadmap, this section will include insight from practitioners to frame the strategic choices funders face, such as whether to use PRI, MRI or both, whether to invest through intermediaries or directly, how to determine and track desired social impact, how to choose “first steps,” how to staff a mission investing program and/or to work with external professionals, how to structure collaborative investments or syndications, and how to link to peer networks that support the overall process.

The GIH guide is designed to provide a platform for networking activities that help health-focused funders take action, such as webinars, conference and/or training sessions, identification of health-related investment opportunities, tracking of foundation investment activities, and a range of relevant web content and/or links on the GIH site.

*GIH is preparing the guide in partnership with GPS Capital Partners, LLC, a consultancy focused on helping funders and other institutional investors to design and implement financially sound mission and public purpose investment strategies. For further information, contact Lauren LeRoy, president and CEO, Grantmakers In Health, [lleroy@gih.org](mailto:lleroy@gih.org), 202.452.8331 or Lisa Richter, principal, GPS Capital Partners, LLC, [lrichter@gpscapitalpartners.com](mailto:lrichter@gpscapitalpartners.com), 626.318.1129.*