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Investing in Flourishing Design Team Glossary

"Airbags" refers to systems of health and social services that trigger for an individual, a system reaction, such as an intervention, when a special need arises, e.g., behavioral healthcare.

Attributable lives: A specific group of identified people for which an organization, or collaboration of organizations, assumes the responsibility and risk of thriving over a material period of time. In the case of this Design Team, it is an identified group of youth and their families. This could be a community controlled membership organization (for example, a "Flourishing Club").

Community/neighborhood level: Actions, activities, or other Uses of funds that benefit all the members of a particular neighborhood or community, geographical or otherwise. Typically, these are investments in Vital Conditions. These are distinguished from actions or activities directed to, applied to, specific "attributable lives."

Community/neighborhood level - wealth building: These are actions, activities or other Uses of funds focused on the specific Vital Condition of increasing the financial capacity of individuals and organizations within the community. https://www.communitycommons.org/collections/Meaningful-Work-and-Wealth-as-a-Vital-Condition

Community/neighborhood level – other vital conditions: These are actions, activities, or other Uses to implement the other six Vital Conditions. https://rippel.org/events/webinar-an-introduction-to-the-vital-conditions-for-health-and-well-being/

Contextual risk reduction: There could/should be less risk and a greater chance of success when investing in a group of people and/or in a specific project in a community where other parallel, supporting work is being undertaken. The challenge is how to design, present and quantify that supportive effect so it is recognized by investors.

Debt investment or loan: The lender extends capital to a borrower on certain contractual terms, especially terms for repayment, interest rate, and rights if failure occurs. The borrower is responsible to repay the lender per the terms, even if the borrower organization fails. Rights can be adjusted by contract. Loans can be structured with "equity-like" terms, such as requiring repayment only as the borrower gains the financial stability or success to be able to repay.

Equity investment refers to an investor having an ownership stake in an entity. The equity investor shares risk with the investee and only experiences a financial return to the extent that the investee organization is successful. Typically, equity investors have some degree of control. IIF is promoting lending to advance flourishing in communities, not providing equity stakes to investors.

Financing: A third party, an intermediary, providing money so that an actor (that does not have sufficient funding) can accomplish a Use. Financing is to be reimbursed/paid off by Funding. For example, in the case of a home purchase, the mortgage provided by a lender is a financing.

Fiscal Partner/Broker: An organization that puts complex, cross sectoral, financial deals together for the benefit of community level collaborations. It designs an appropriate capital stack and raises funds from multiple investor sources with different risk and return profiles. It negotiates pay for success arrangements with the organizations that will achieve savings or other benefits when and if the life trajectory of an attributable group of people turns towards flourishing. It is likely that such an organization will serve collaborations in multiple communities.

Funding: The source of payment for the Use, for the activity. Could be from a consumer, government, or employer. Using a home purchase as an analogy, the homeowner's personal money that pays the mortgage is the funding. The proceeds from shared savings contracts with downstream beneficiary organizations are the sources of funding most relevant to the IIF investment model. Medicaid reimbursement (or savings from avoided costs) is funding.

"Guardrails" refers to programs in a neighborhood/community that are available to all youth such as libraries, recreation programs, and parks.

Integrated capital: Combining grants and/or investments of different kinds and terms in strategic combinations that enable solutions and organizations focused on a particular community or population to succeed.

Investment: Use of capital for contemporaneous actions (or Uses) that produce behavioral and/or economic results in the future. Can take the form of having an ownership stake (equity) or providing a loan (debt). IIF is focused on debt.

Layer: IIF's separation of activities/actions in specific neighborhoods/community into three fundamental tiers: (1) those aimed at advancing specific, attributable lives of youths and their families; (2) those aimed at advancing Vital Conditions for all that live within the specific neighborhood or community; and (3) those designed to build the vital condition of wealth for those people and businesses who are located within that geography.

(People with) lived experience: people who have experience living in under-resourced, marginalized communities, in the communities disproportionately likely to face adverse health and wellbeing outcomes, and with experience using the systems related to flourishing.

Pay for success: A form of outcomes based financing. Here a lender lends capital to a borrower that will implement a solution that aims to produce savings in the future (or upside benefits, e.g., improved reading) in one or more organizations (usually, but not limited to, government agencies). The lender is only repaid if the borrower achieves success. Here the lender has "equity-like" risk because it will only be repaid if the borrower succeeds. These are typically used by single agencies in contracts for specific, relatively narrow/discrete interventions to achieve a specific result.

Return on Investment (ROI): Measurable monetary results that are produced in multiple sectors of the society and economy by investments in Uses that are successful in helping youth and their families flourish. Some use a broader definition (e.g., "social ROI") to describe all benefits to society. IIF uses the narrow definition.

Shared savings contracts: Contracts between a Flourishing Council (or its Fiscal Partner) and the downstream organizations in multiple sectors that are expected to benefit financially from a population/attributable lives having success in flourishing. The Council will negotiate for a share of those benefits when and if they occur, typically based on the organization's KPIs. The share could be a percentage of the savings (e.g., of total cost of care) or set amounts for specific events (e.g., $4000 per avoided ER visit).

Social impact bonds: A particular form of "pay for success" financing. The funds to repay the SIB investment come from success in achieving the contracted outcomes. IIF is not proposing to use SIBs.

Sources provide different forms of financing. These can range from loans by banks and others at commercial rates, to impact investing, to anchor institutions making lower interest loans, to philanthropy.

Capital Stack: A "layer cake" of different forms of financing that come with different terms (rates, priority of payment, guarantees, etc.) able to meet the different risk and reward requirements of investors in a specific project, business, or organization, e.g., a Flourishing Club or a child care business/program. Example of a stack (ascending in risk): senior secured loan, subordinated loan, junior subordinated loan, philanthropic contributions (grants, forgivable loans, credit enhancements).

Uses: Uses of capital to fund actions that contribute to youth and their families flourishing. Uses encompass the full range of interventions and supports for communities, individuals, and families.

"Wrong pocket" is the mismatch between the cost of creating flourishing and the receipt of its benefits. The organization that spends money upstream to create some part of flourishing has the satisfaction of improving the lives of a person or people, but often does not receive any part, much less all, of the downstream savings. Often these savings or other economic benefits occur in multiple public and private organizations in multiple sectors. The IIF model is explicitly designed to solve the wrong pocket problem.