Frequently Asked Questions about the Investing in Flourishing Model

IIF is advancing a unique model to attract substantial and sustainable commercial financing to enable youth and family flourishing. We believe a comprehensive wraparound 2Gen intervention program designed to produce flourishing will produce as a byproduct multi-sector, multi-organizational return on investment (ROI). A reasonable share of that ROI (pursuant to shared savings contracts signed by downstream benefiting organizations with local Flourishing Councils) should be more than enough to repay with interest commercial loans/bonds for the cost of that comprehensive intervention program.

Because this holistic, multi sector intervention approach has not been tried before, today we do not have the comprehensive outcome data (especially ROI) that we believe would be required to convince sources of commercial capital to fund all the costs of this model[1]. However, we do have substantial research on savings in different sectors. Therefore, we are asking philanthropists to partner with impact and commercial lenders (e.g., share the risk by philanthropy reducing lending risk by using its balance sheets) to give IIF and partner communities grants and loans for three related purposes: (1) $ 6 million for two years for the IIF national leadership, model development, and infrastructure to support pioneering communities; (2) $1 million each to select communities for planning and prototyping their version of the IIF model; and (3) c. $30-$50 million per community to deploy the comprehensive model for 3-4 years and develop the multi sector ROI results.

Who is the grantee/borrower?

A community Flourishing Council or its designee or partner. Revenue bonds may be issued by quasi-governmental, or other public-private entities on its behalf.

What are the local funds used for?

Upstream investments to implement the community's flourishing plan. Specifically:

1. To pay for the difference between amounts currently expended related to specific children and families' well-being and the amount needed by the Council and its participating provider members to help those families to achieve flourishing, starting with the costs of comprehensive collaboration and coordination of wraparound, individualized family "success plans."

2. Actions affecting all members of specific neighborhoods, including #1; funds may be part of the capital stack for separate but related actions, e.g., a day care center.

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[1] This is true even though most data on ROI from upstream interventions is from single sectors and we believe some of the largest data gaps are the additional ROI that would result from cross sectoral synergies.

Who are the investors?

IIF is proposing a comprehensive demonstration of a new financing model which will not only increase upstream investment in children and their families, but create income for lenders in doing so. If successful, it will demonstrate the level of multisector ROI created by progress towards flourishing, thus making the case for commercial upstream investment nationally. It is an opportunity for philanthropies to cause a transformation. They can minimize their cash outlays by leveraging their balance sheets through partial or total loan guarantees to commercial lenders who provide the funds for other layers of the capital stack. Organizations providing the financing for the comprehensive demonstrations and future deployments could include:

- Commercial lenders and impact investors: an opportunity for them to be on the ground floor of what could be a vast new flourishing market.
- Local anchor institutions like large employers: an opportunity to invest in the future of their community and their future workforce.
- Philanthropists/foundations: opportunity to maximize philanthropic R&D through leveraging their balance sheets. Other financing sources can outlay the cash while philanthropies can enable the project by guaranteeing against losses, or by limiting them (e.g., capping losses on loans for the demonstration).

How will the loans be paid back?

The Flourishing Council will enter into shared savings agreements with as many downstream beneficiary organizations as it can. This will produce a highly diversified revenue stream from multiple organizations in multiple sectors with a wide range of timing, variability, and risk. These funds can be used to repay the interest and principal on loans, as well as other priorities of the Flourishing Council.

What drives the future shared savings?

In addition to the individuals served, downstream beneficiary organizations will save money and/or incur other benefits due to progress towards flourishing made by three overlapping groups:

1. members of a community-owned Flourishing Club(s): infants, siblings and parents.
2. members of downstream beneficiary organization or people served by them.
3. residents of a geography for which a Beneficiary Organization is responsible or affected by, e.g., a ward or city boundary.

Primary ROI (savings and measurable benefits) in the first six years from a full wraparound support program for children from preconception to age 5 and their families comes primarily from five sectors: health, education, child welfare, corrections/justice, and employers. Other savings will occur in public safety, homeless programs, and a few others.