



29 July 2016

Mr Peter Harris AO
Productivity Commissioner
Australian Productivity Commission
GPO Box 1428
Canberra ACT 2601

Dear Commissioner Harris

Public Inquiry: Data Availability & Use
Submission of the Australian Advisory Board on Impact Investment

The Australian Advisory Board on Impact Investing and Impact Investing Australia welcome the opportunity to make a submission to this Productivity Commission Inquiry into data availability and use.

The purpose of this submission is to inform the Commission on the pivotal role data can and should play in realising opportunities to mobilise private capital for public good and encourage more innovative and effective approaches to tackling social issues. In particular, the opportunity to encourage and enable the growing market for investment that can promote innovation, prevention and collaboration to tackle major issues affecting society and to direct more and different resources to delivering goods and services that benefit the community and scaling what works.

Targeted and useful data is critical to this development of the impact investment market and for its effective and efficient operation. Global momentum is building and Australia has already established a leadership position in the global effort. Australia has an important opportunity to be competitive regionally and globally in this growth market. Australia already has a global leadership role, which reflects the quality of thought leadership and transactions, dynamism of the social sector and its role on the G8 Social Impact Investment Taskforce, and on its successor Global Steering Group. Leadership and interest from across sectors provides a strong foundation for action before the window of opportunity contracts and interest wanes.

The Australian Advisory Board on Impact Investment and Impact Investing Australia welcome opportunities to engage with the Productivity Commission as the inquiry progresses.

Yours sincerely,

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DATA AVAILABILITY & USE

Submission to the Australian Productivity Commission
July 2016

Australian Advisory Board on Impact Investing

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Introduction

The **Australian Advisory Board on Impact Investing** and **Impact Investing Australia** welcome the opportunity to make a submission to this Productivity Commission Inquiry into data availability and use (the *Inquiry*).

We also welcome the Australian Government's commitment to publish, link and share public data to stimulate innovation and increase competition.

The government holds a huge amount of unique data and it's time we put it to good use. Publishing, linking and sharing public data can help make government more citizen-focused, create new and innovative products and services, and increase efficiency. National Innovation & Science Agenda, 2015

The purpose of this submission is to inform the Productivity Commission (the Commission) about the pivotal role data can and should play in realising opportunities to mobilise private capital for public good and encourage more innovative and effective approaches to tackling social issues.

In particular, there is a window of opportunity to promote innovation, prevention and collaboration to tackle major issues affecting society and to direct more and different resources to delivering goods and services that benefit community and scaling what works. The growing field of investment directed to positive benefit for society as well as financial return - *impact investment* – is a critical enabler for this. It addresses the lack of appropriate resource that is often a barrier to focused research and development to improve outcomes in complex areas and to extending the reach and scale of successful approaches.

Data is a fundamental building block for impact; it plays a significant role in identifying opportunity, targeting effort and measuring both financial and social impacts. **Improved access and availability of data is critical to enabling new solutions to pressing issues and expanding the toolkit to deliver public value.** This submission outlines why data matters for:

- building and informing an effective and efficient market for investment designed to deliver positive benefits to society, including by addressing market failures;
- incentivising innovation, entrepreneurship and scale in addressing social issues; and
- enabling effective commissioning for outcomes.

It also outlines the need to develop an evidence base that can inform transparent and comparable evaluation of what works, and assessment of value for money.

Data collection and building the evidence base is ultimately a shared responsibility. Governments have a valuable role to play, including in providing leadership, contributing data and standard setting.

Developing data and information infrastructure for the market to develop and enable more consistent delivery of better outcomes for society is critical. There is a clear opportunity to create common platforms and infrastructure to link Australia's market to the region and to global markets. Development of this infrastructure will need to be a collaborative exercise or they will not attract data and users. Measures could include:

- Support for development of market building infrastructure, such as IT systems to collect, analyse, and aggregate relevant data;
- Contributions to developing data protocols for greater standardisation and comparability including guidance and frameworks; and
- Regulation and policy support that guide the development of information sharing systems and associated data sensitivity and privacy protection norms.

Impact Investment

The growing field of investment purposefully designed to deliver both positive social impact and a financial return is collectively referred to as ‘impact investment’. Impact investment is not an end in itself. It is an important tool for mobilising more talent and resources for public good. It can encourage new approaches for tackling old problems and enable greater scale for approaches that work. Impact investment often involve collaboration across different sectors and disciplines to answer the question: how can we achieve a better result? This is fundamentally about enhancing productivity by moving beyond what have been ‘*presumed trade-offs between economic efficiency and social progress*’ (Porter & Kramer, 2011).

Impact Investment is about expanding the total pool of social and economic value, not redistributing what already exists. IMPACT – Australia, 2013.

Growth in impact investment is being driven by a confluence of major global trends: pressures on government budgets at the same time that there is increased focus on evidence and what is being achieved for public expenditure; growing consciousness from investors about the impact of their investments at the same time that a new wave of entrepreneurship is building focused on solutions to issues affecting society and delivering public goods.

These trends are reflected in the Australian context. Government budgets are under increasing pressure with demand in some areas of social service rising faster than gross domestic product (GDP). The time to mobilise new sources of capital is now, before it is too late for adjustment. Attention is needed to areas where successive policies have failed to deliver material improvements in outcomes for people and communities: homelessness, lack of affordable housing, long-term unemployment, intergenerational disadvantage including for Aboriginal people and those in the care system. Forward looking community organisations are looking to new sources of capital to prioritise prevention, understand what works and finance solutions that work to scale. Entrepreneurs and enlightened businesses are seeking ways to tackle issues that affect society and deliver purposeful solutions. The World Economic Forum commissioned report, *Breaking the Binary*, points to a “*window of opportunity that cannot and should not be missed*”¹ to move beyond binary approaches to public and private delivery of social services to ‘*transform the prevailing model*’.

The world is on the brink of a revolution in how we solve society’s toughest problems. The force capable of driving this revolution is ‘social impact investing’ which harnesses entrepreneurship, innovation and capital to power social improvement.’ G8 Social Impact Investment Taskforce, 2014

The Financial System Inquiry concluded there is ‘*merit in government facilitating the impact investment market*’:

Changing community expectations about the role of government and the financial sector in funding social service delivery highlight a need for this funding mechanism in Australia... Importantly, impact investing has the potential to benefit government and taxpayers by reducing costs and improving social policy outcomes. It can change the role of government from paying for inputs to paying for outcomes. It can also benefit not-for-profits by diversifying their funding sources and helping them to develop technical expertise in benchmarking and measuring outcomes, as well as improving governance and accountability. Financial System Inquiry Report, 2014

Brief background on impact investment, how it works, where it is being used and to whose benefit is provided in **Appendix 1**. The Commission is also referred to the reports of the G8 Social Impact Investment Taskforce and the Australian Advisory Board on Impact Investment² and to relevant initiatives being led by governments, agencies such as the OECD and by a range of other organisations globally.³

¹ Breaking the Binary, p6

² See www.impactinvestingaustralia.com and www.socialimpactinvestment.org

³ See section on Global Developments and Appendix 2

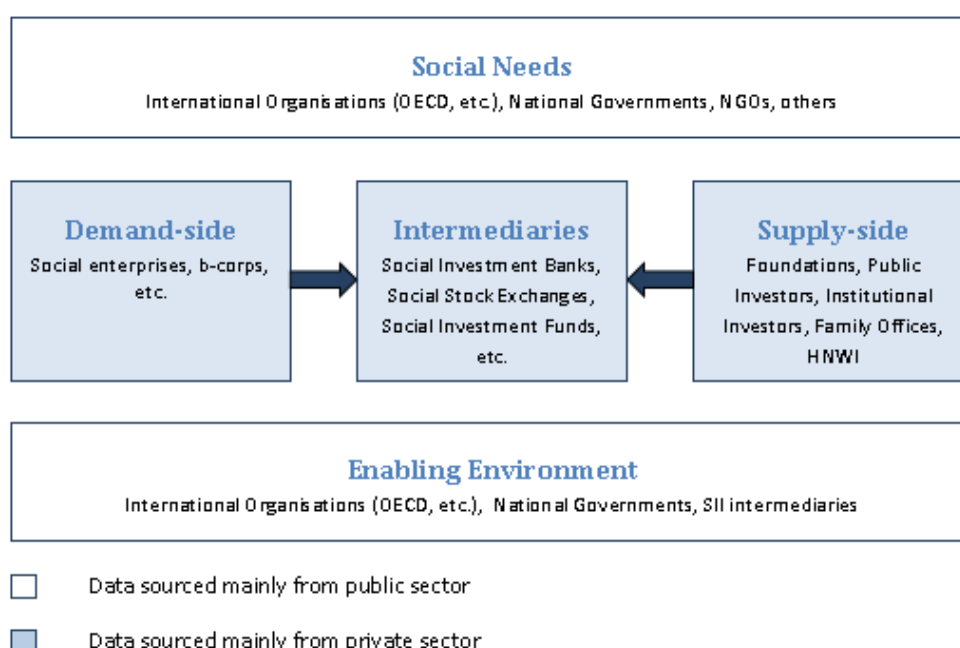
Use of Data

Informing & enabling the market

Like mainstream investment, impact investment has a market context. Key features of a well-functioning market include: confident and informed demand; efficient matching of supply and demand; a variety in investment mechanisms; and resilient supply of capital. Effective and efficient flows of useful data are critical to achieving this, particularly through relatively early stages of market development. This limits the market potential and stops transactions that could be undertaken from being done.

Public data needs to be part of the mix given the significant reach of government services. This creates an opportunity for governments and communities to purposefully channel the growing market interest to focus on public policy priorities and increase confidence of investors by de-mystifying the market and improving transparency. Availability of that data will build confidence and encourage new activity; absence of that data will constrain innovators, delivery agencies and investors alike (Figure 1, OECD, 2015).

Figure 1: Data needed to inform the impact investment market



Source: OECD, Developing the Evidence Base, 2015

Central to the case for availability of public data is the nature of the benefits that accrue. While the financial returns on investment may accrue to individuals, the impact component and efficiency gains are public as illustrated in Figure 2 (OECD, 2015).

Figure 2: Social Returns from impact investment

Impacts at the individual or societal/systemic level

Degree of publicness	Individual efficiency gains	Systemic efficiency gains
Social impact on the individual	PRIVATE	Possible SII
Social impact on the society	Possible SII	PUBLIC

Source: OECD.

Source: OECD, Developing the Evidence Base, 2015

Quality data is necessary for identification and definition of the target social problems and mobilisation of capital and latent investor interest (Impact Investing Australia Investor Report, 2016). Reliable and comparable data is essential for impact investors to make informed assessments of the risk, likely return and ultimately the viability of specific investments. Frameworks for assessment of commercial risk and measurement of financial return are well established, but collection of the data on performance of impact investments is new. In particular, comparable performance information and benchmarks are not yet well established in relation to societal impact. Work has commenced, including development of taxonomies for impact⁴ and measurement systems (such as the Outcomes Matrix,⁵ Global Impact Investing Reporting System metrics,⁶ Social Return on Investment⁷⁸). However, not only are they still evolving, all inevitably rest on the ability to access data and use this to measure the outcomes of intervention.

Breaking the Deadlock: A Social Impact Lens on Reducing Costs of Road Trauma and Unlocking Capital for Road Safety FIA Foundation

This work commissioned by the London based FIA Foundation highlights the role of public and private data in directing greater investment toward prevention of death and serious injury on the roads.

More than 1.2 million people currently die on the world's roads each year, at an estimated cost of 2-3% of global GDP. Road fatalities are projected to increase to almost two million by 2020 without substantial efforts to improve road safety. The toll is highest in developing countries, where ninety percent of fatalities occur. Road Safety has been included in the Sustainable Development Goals (SDGs) and is key indicator in the Social Progress Index.

The actions to improve road safety are well understood: build safer roads, improve vehicle safety, reduce speeds and encourage safe road user behaviour. Still, there are major gaps in capacity to deliver the elements for safety in many countries and, critically, in the evidence base that can unlock implementation of those elements at scale.

There is a lot of data on road safety and safe systems and there are significant gaps. Where the data exists, it does not clearly track the impact of specific interventions in specific places to demonstrate what works and transferability across settings. The available economic analysis lacks granular data on who bears the costs of road trauma including governments, insurers, employers, donor organisations as well as families and communities. That obscures the case to demonstrate benefit for those parties to invest in prevention.

This analysis indicates that clear evidence of the financial return on the investment may assist in mobilising additional international or country level investment in road safety. The investment case requires data to show the relationship between the cost of preventive measures, reductions in road trauma and the resulting cost savings. This adds another lens to the social and economic analysis currently used.

Making the shift to an integrated approach to impact will require development of the evidence base to fill in the missing pieces relating to cost, effects of interventions and stakeholder interests. This is needed not only to validate who has a financial or broader stake in achieving better outcomes, but also to inform design of the social impact component of investments and establish a track record for what is an appropriate risk and return relative to particular interventions and their impact.

Collaboration with the Transport Accident Commission in Victoria, the International Road Assessment Program and The Asia Injury Prevention Foundation that included analysis of sample data sets and development of case studies (to be published in coming months) have enabled the approach to be tested and demonstrated and provided insight into the data required to inform a more robust evidence base.

Source: Impact Strategist & Social Finance UK for the FIA Foundation:
<https://www.fiafoundation.org/connect/publications/breaking-the-deadlock>

Relevant and useful data is also critical for social purpose organisations of all kinds dealing with limits on government resources and increasing focus on outcomes. Organisations wanting to optimise evidence-based planning and decision-making are challenged by a lack of public data that can be accessed and applied meaningfully. This impacts on program design, implementation and delivery, and ultimately social benefit to individuals, families and communities. Increasingly, these organisations also need to be able to demonstrate the efficacy of their work and be clear about what it costs to deliver outcomes for the people they serve in order to attract different and more sustainable funding and finance.

Measurement of impact is a foundation stone of impact investment. Data is necessary for effective and comparable measurement. Australia investors surveyed in 2015 indicate they expect well-documented evidence of the societal impact of impact investments. Many indicated they seek third-party verification of impact and/or reporting that aligns with global standards (Impact Investing Australia Investor Report, 2016).

Over time, the evidence base for impact investment as a field, will also need to develop. Both public and private data will contribute to this. Early efforts are being made to collect and analyse impact investments and their performance and efficacy.⁹ Datasets related to impact investing are likely to become a source of valuable data in their own right, including for public policy, researchers, academics, investors and the community.

Incentivising innovation & entrepreneurship to benefit society

The role of governments in promoting innovation is relatively well established, although not yet routinely applied in the social policy domain. The important contribution of public data to an innovation system is expressly recognised in the Australian Government's Innovation & Science Agenda and Public Data Policy Statement¹⁰ and initiatives of State Governments including the data and "Statements of Opportunities" now being made available by NSW, Queensland and Victorian Governments¹¹.

As more entrepreneurs seek to tackle social issues, there is much to gain from providing them with baseline information and a target to shoot at, in terms of the costs of the social issues, current initiatives to tackle them or deal with their effects and relative performance.

Cost data starts to show not only what the financial consequences are but where they fall. This can highlight the different parties and budget areas affected and encourage different commissioners and service providers working together.

"Access to appropriate quality data is vital to better understand the implication of our most complex social issues, subsequent appropriate investment levels and responses that will be effective. The data needed for better understanding the costs of social issues must at a minimum include, volume locations and cost related elements to further enrich this data more granular client and service related data should also be made available. Data must also be available in a form that is accessible and is easy to analyse. Data, information and knowledge are key to addressing our complex social issues." Natasha Doherty, Partner, Deloitte, 2016

The type of actuarial analysis being undertaken by the Australian Government Department of Social Services and others can assist in identifying the needs of target groups most at risk and identify areas where there is significant potential for preventive interventions to improve lives and reduce costs.

⁴ See for example, www.iris/thegiin.org

⁵ http://www.bigsocietycapital.com/sites/default/files/pdf/3%20Income%20and%20Financial%20Inclusion_0.pdf

⁶ <https://iris.thegiin.org/b-impact-assessment-metrics>

⁷ <http://socialvalueuk.org>

⁸ And see the section on moving towards an evidence base

⁹ See, for example reports by the Global Impact Investment Network & Cambridge Associates, 2015, Wharton Business School Centre for Social Impact, 2015, OECD Developing the Evidence Base, 2015 and Phase 2 work in development, Australian Advisory Board on Impact Investing initiative on market and performance data (pending, 2016)

¹⁰ See https://www.dpmc.gov.au/sites/default/files/publications/aust_govt_public_data_policy_statement_1.pdf

¹¹ See www.ossi.dpc.nsw.gov.au; www.treasury.qld.gov.au/projects-infrastructure/initiatives/sbb/index.php; www.dtf.vic.gov.au/Victorias-Economy/Social-Impact-Bonds-in-Victoria

But the actuarial data is not enough on its own. Data that helps to measure progress towards outcomes and impact is also necessary. This helps to measure the distance travelled in addressing social issues rather than delivering programs and to have a clearer picture of the difference made for people's lives.

Organisations and entrepreneurs need cost, targeting and outcomes data to identify opportunities to do things better; to innovate and improve service design and measurement. The data can be used to direct providers to target groups and areas in a meaningful way, including the most disadvantaged and at risk, and create incentives to service those groups.

The caliber of entrepreneurs willing to direct their energy toward addressing social issues and developing public goods and the capacity of their enterprises to attract investment is being demonstrated by the Impact Investment Readiness Grants program (Appendix 2).

That data is also useful to investors and intermediaries who can design financial solutions to mobilise more and different resources for public benefit. For example, data relating to rates of vaccination for children and the forward commitments of governments and aid agencies to fund vaccine delivery was used to design a financial product that has raised over US\$6 billion to bring forward vaccination of over 300 million children. Investors are repaid from the funding stream of government commitments.¹²

Widening access to quality data about social issues provides social innovators and entrepreneurs with the starting point necessary to conceptualise and design new targeted interventions. Improving access to public and private data about complex human systems provides the impact investing market with raw materials from which to shape new responses to old problems.

Enabling effective commissioning for outcomes

The extent of services funded and contracted by governments distinguishes the role of governments from other market activity. Shifts in the way services are commissioned, to place greater focus on outcomes are increasingly evident globally.¹³

This is not just about finance; it goes to broader and more fundamental shifts in the traditional roles for government, social sector and business (Shergold, 2013; Eggers & Macmillan, 2013; G8 Social Impact Investment Taskforce Mission Alignment Working Group, 2014). The net result is a move away from 'purchaser-provider' models employed by governments to a focus on commissioning where government is a catalyst and aggregator of resources (Delivering on Impact, 2014).

A decisive move to focus on purchasing outcomes (by governments and other commissioners) is the clearest way of simulating flow of revenue to impact-driven organisations that rewards them more directly for the social value they create... This can have a profound effect on the way impact is delivered as well as ensuring that innovation and effectiveness is incentivised.

G8 Social Impact Investment Taskforce, 2014

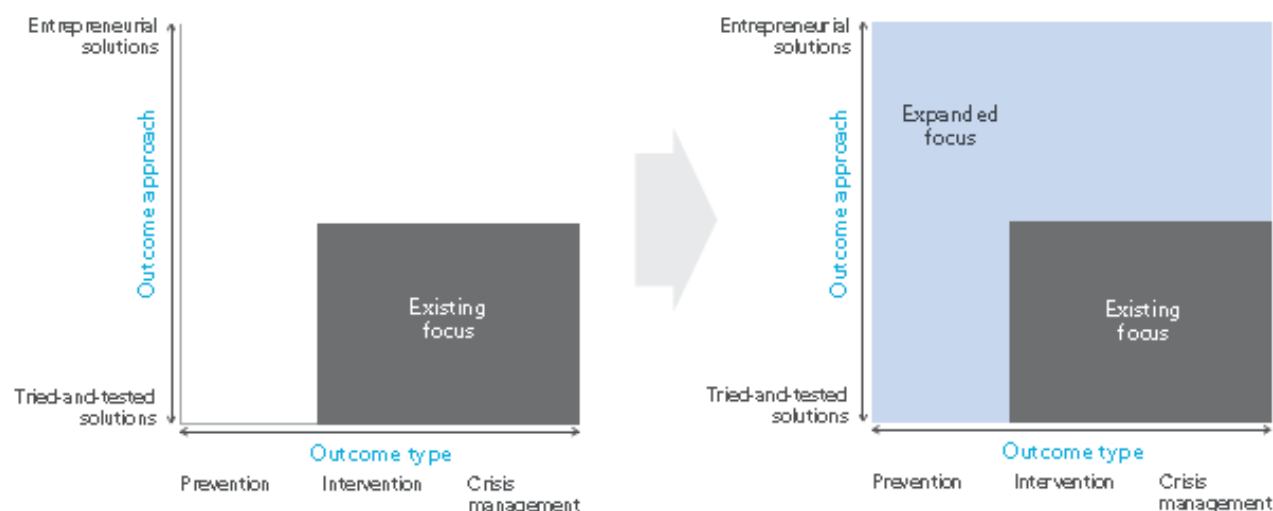
The focus is to be much clearer about the outcomes achieved with public funds, to encourage those with workable solutions to build scale and those with ideas to innovate and develop new solutions. In its simplest form the rationale is illustrated in Figure 3 (Bridges Impact+ & Bank of America, 2015).

¹² See International Finance Facility for Immunisation <http://www.gavi.org/funding/iffim/>

¹³ See G8 Social Impact Investment Taskforce, 2014; Brookings Institute, 2015; Social Finance, 2016

Figure 3: Expanded focus of outcomes based commissioning

Outcomes-based commissioning unlocks an expanded focus



Source: Bridges Community Ventures & Bank of America: Choosing Social Impact Bonds: A Practitioners' Guide 2014

The Harper Review of Competition Policy (*Harper Review*) concluded that more flexible delivery of social services would be needed, in particular with greater capacity for private and market based delivery of services. To ensure this promotes innovation, efficacy, access and quality in service provision rather than entrenching a public/private dichotomy, it will be important to design the commissioning process and promote market conditions that align incentives with those goals.

Contrary to the fears of some, impact investment is not about government relinquishing responsibility for social issues, it is about government encouraging innovation, paying for successful interventions and driving down the cost of achieving a successful outcome. Nor is it about privatisation... If government can pay for success, hold onto more than half the savings from innovative interventions funded by outside investors, increase the number of successful outcomes and improve citizens' lives in the process, this is an attractive model. At a national level, government is increasing the social capital of our country. It is improving our productivity, competitiveness and strengthening the values that bind our society. Sir Ronald Cohen, Chair of the G8 Social Impact Investment Taskforce, Mansion House Speech, 2014

Commissioning for outcomes is one tool which, when designed well, can achieve this. Governments invest to ensure specified outcomes are improved, do not eventuate or are significantly reduced. There are a range of mechanisms for outcomes based contracting or payment for results. In the context of impact investment, two particular approaches have gained prominence and attention: (social) impact bonds and blended finance. Both rely on data-driven design and implementation.

Impact bonds are a social and financial innovation; the structure links financial performance of an instrument to the improvement in social outcomes achieved. There are now more than 60 impact bonds globally and more in development, including in a number of Australian jurisdictions and they are providing significant learning (Social Finance, 2016).

Significantly, the experience with impact bonds to date has highlighted the potential for cultural change and continuous improvement for both the public commissioners and the delivery agencies. A key enabler of this change is the flow of critical decision making data that enables adaptation and responsiveness to client need on an informed basis. In the most successful cases, performance data is being utilised in learning cycles that drive active performance management (Brookings Institute, 2015; Social Finance, 2016). This is reflected in the experience of the early Australian impact bonds, the Social Benefit Bonds in NSW.

Brief history of impact bonds

These innovative financial mechanisms tie financial performance to improvement in social outcomes. The first impact bond was developed in the UK in 2010 working through service providers in Peterborough to break cycle of re-offending and better enable those leaving prison to reintegrate into society. Since then, close to 60 impact bonds have been developed across jurisdictions as diverse as the US, India, Finland, Portugal, Israel, Netherlands, Germany, the UK, Uganda and Australia to implement and scale approaches to issues from employment to child protection, early learning to literacy and numeracy outcomes, recidivism, access to education, treatment of diabetes, asthma, and sleeping sickness..

Australia's first two impact bonds were launched in 2013 in New South Wales (NSW). These Social Benefit Bonds (SBB) as they are known, aim to improve outcomes for families at risk. The structure and delivery for each is different. Additional impact bonds and related approaches to outcomes driven practice are in development in NSW. Other State Governments have also announced impact bonds and with initiatives at various stages of development.

NSW Government has committed to at least two tranches of impact investment each year. The Government, through the Office of Social Impact Investment, makes available to the market Statements of Opportunity which include data to inform interest and formulation of proposals. Queensland and Victorian Governments have also made data available to the market.

Sources: Brookings Institute, 2015; Social Finance, 2016; www. <http://www.osii.nsw.gov.au/>

Newpin Social Benefit Bond

UnitingCare Burnside (now called Uniting NSW.ACT), Social Ventures Australia

The bond has funded the maintenance and expansion of Newpin, a program established in 1998 to work with families where child abuse and neglect is intergenerational so it is possible to safely restore children in out-of-home care to their families and prevent children from entering care.

The bond has been designed to deliver, and is structured on, considerable financial savings to government (largely on the costs of foster care, as well as a competitive return to investors. The SBB raised a total of \$7 million. Expansion of the program (from 4 up to 10 centres) is contingent on achieving restoration benchmarks.

At the end of its second year (financial year ending 30 June 2015), 66 children in care had been restored to their families and children from a further 35 families had been prevented from entering the care system. Those results have delivered an 8.9% return to investors in year 2, up from a 7.5% return in the first year.

Source: Impact Investing Australia case study of Newpin and notes from Uniting

The Benevolent Society Social Impact Bond

The Benevolent Society, Westpac and Commonwealth Bank

The Resilient Families program is an intensive family support program aiming to keep children with their families and out of foster care, where it is safe to do so. The program is designed to reach up to 400 families over a 5 year period.

This bond has been designed to deliver and is structured based on financial savings to government and a competitive return to investors. However the structure is quite different. One difference is that payments are not made to investors until the end of the bond period. Another is that investor could opt for greater capital protection with lower levels of return or to put more capital at risk and receive a higher return if the program delivers targeted outcomes. Investor reports indicate positive progress in the first two years.

Source:

<http://www.benevolent.org.au/about/social--benefit--bonds>

Data Availability & Use in the SBBs

The SBBs have enabled Uniting and Benevolent Society, for the first time, to have clear baseline, benchmarking and performance data for these programs as part of the collaboration with the NSW Department of Family & Community Services. This enables them to have better data to inform program delivery and to understand what happens to families after they exit their program.

The data available under the SBBs enables the service providers to be more responsive as issues arise, to undertake practice innovation, and to learn from comparative analysis of the family's journey with those of other families who are similarly at risk of having their children removed. When analysed in combination with the service providers' own service data, this provides new insights to evaluate the impact of this program and improve services.

The measurement requirements which determine investor returns also inform different disclosure to the market. Both service providers report to investors annually and make a report available publicly.

Public data, including administrative data is a key ingredient in the measurement of progress toward outcomes for impact bonds. The Brookings Institute found that validated administrative data is one of the most common evaluation methods currently being employed, including to determine payments in outcomes oriented contracts with governments (Brookings Institute, 2015).

Blended financial models are also a feature of impact investment approaches. This often involves public or philanthropic funds providing cornerstone risk capital to mobilise private capital that would not otherwise be available for public purposes. For example, the Australian Social Enterprise Development & Investment funds 2010-11 utilised \$20 million in grant funding to establish three new investment funds with a total capital of \$40.6 million to provide finance for social enterprises. The New York Housing City Acquisition Fund¹⁴, Healthy Futures Fund¹⁵, Living Cities¹⁶ and Real Lettings Property Fund¹⁷ are all examples of how combining different types of capital can deliver leverage for social change and community infrastructure. Data about the magnitude of the issue, social needs and outcomes based performance is used to inform the design and performance management of these instruments to ensure an integrated approach to financial and social performance.

Availability of Data

Without good data, the evidence about what works and what does not cannot be determined. Investments from whatever source should be based on the evidence of what is working, and the data which creates that evidence should be further utilised to progress our understanding and further investments. Over time, this will be a vital, and hopefully reinforcing, part of building not only the momentum of the impact investment market but other positive benefits including better and more effective use of public funds, and, critically, better outcomes for people and communities.

The necessary data is currently lacking. In particular, data on social needs, on costs of delivery, of poor outcomes, and on performance, particularly to inform assessment of progress towards outcomes and impact is not readily available. Even in areas where there has been significant analysis of the social issues, their economic cost and potential solutions, the data that can inform and encourage breakthroughs, to invest in prevention and deliver better outcomes can be lacking.¹⁸

¹⁴ See <http://www.nycacquisitionfund.com/>

¹⁵ See www.healthyfuturesfund.org/

¹⁶ See <https://www.livingcities.org/>

¹⁷ See <http://www.reallettings.com/property-fund.html>

¹⁸ See for example, Breaking the Deadlock, 2015

The collective experience of the Australian Advisory Board on Impact Investment and its working groups is that relevant, useful data is currently hard to come by, everywhere. Where data is available - it is limited, fragmented, voluminous and difficult to navigate. In addition, access to the available data is often restricted and costly. Also, there is little integration across silos. Recent experience collaborating with Deloitte Access Economics to develop *A Practical Guide to Understanding Social Costs* (2016) underscored these issues.

Challenges for organisations seeking to optimise evidence-based planning and decision-making

Our partner community organisations report a number of ways in which their capacity to focus on outcomes and seek funding and finance that rewards the social value they create can be complicated by lack of access to appropriate and useful data.

“The financial and social costs of crime are a major concern of governments and communities in Australia. Research indicates that high criminal reoffending rates by youth are a strong predictor of adult crime. While there is some limited data on youth offender rates, data is generally not collected on the proportion of youth offenders that progress to the adult criminal justice system. This data gap constrains the ability to estimate savings that would accrue from interventions that prevent young offenders from becoming entrenched in a life of crime.” Robyn Kennedy, Life Without Barriers

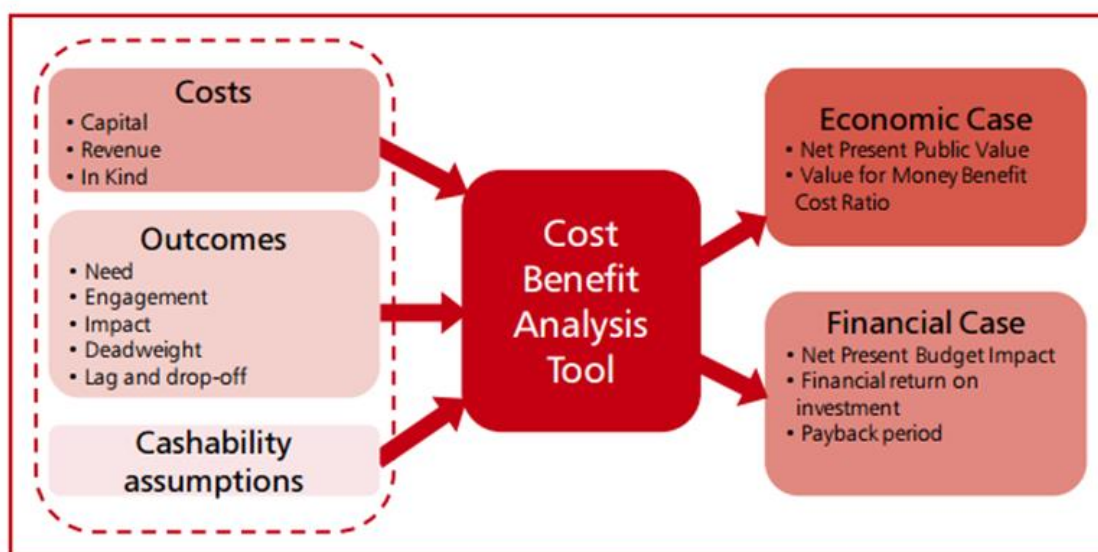
“An effort to gather and analyse data on Family Life’s early intervention home visiting program for vulnerable infants and their families, Community Bubs, is just one example of the challenges facing community organisations attempting to understand the social cost savings of programs and services. Finding meaningful data was time-consuming including needing to source, assess and interpret often confusing datasets. A high level of data needed to be discounted as it was irrelevant, inadequate, repetitive, or not appropriate for the required purposes. Having a central repository of datasets would have made the process more efficient and effective; having the repository aligned to a broader outcomes framework that had been designed in consultation with key stakeholders in the community sector would optimise engagement with the data and strengthen the achievement of social impact. Such broad outcomes framework are best aligned across the life cycle which enables all parts of government to be involved - like a Blueprint.” Jo Cavanagh OAM, Family Life

Access to quality, linked-up data will position governments and impact investors to make cost-effective investment decisions, and to commission for impact. Over time, more robust and widely shared data can contribute to greater focus on prevention rather than dealing with the symptoms and effects of issues affecting society. At a minimum, the areas of data need to be capable of informing a cost benefit analysis on a financial as well as economic and impact basis (Figure 4, UK Treasury, 2014).

To promote innovation and better outcomes, we need governments to play a greater role in capturing and sharing data relating to social issues and spending. Recent commitments by governments to make more data available, including the Australian Government’s commitment to ‘*making appropriately anonymised and non-sensitive public data openly available by default so the private sector can use it to create new products and business models*’, are welcome but they are just a start. More needs to be done to make useful and comparable data available that can transparently inform design and evaluation for efficacy and impact.

And it is not just public data in issue. Other service providers and market participants also need to focus on good data gathering to drive better performance and to contribute to the evidence base for pre-empting problems and increasing impact. Relevant and accessible infrastructure can make this more achievable and more readily shared.

Figure 4: Cost Benefit Analysis Components



Source: Supporting Public Service Transformation: Cost Benefit Analysis Guidance 2014

While in many areas, private data is significantly more advanced than public data,¹⁹ impact investment is a different case because the market is in early stages of development. Private data, sector analysis and benchmarks are not yet as developed, as in other areas. It is also necessary to provide encouragement to the private sector and for infrastructure to build upon the early work done, in order to capture private data of impact investment performance.

Sensitivities

There are appropriate sensitivities about release and access to some data, including privacy considerations. These concerns are legitimate, important and capable of being addressed. Data protocols need to be protective of citizens' privacy and build trust in the protective protocols. The Public Data Policy Statement released by the Department of Prime Minister & Cabinet (2015) anticipates such protections being in place in connection with steps to make data held by the Australian Government more accessible.²⁰

Personal information is not required to inform the market or encourage innovation. In most cases, key categories of data can be identified as useful and relevant. Accepted protocols for confidentiality of client information can be used, where greater detail is needed for specific initiatives or services. Many governments already have relevant protocols for de-identifying information and administrative structures charged with the task of ensuring that data linkage is practiced safely: See for example the ABS Data Linkage Centre;²¹ and in the states and territories, primarily in relation to health data, CHeRel²² in NSW and Data Linkage in Western Australia.²³

Balancing public interest in data sharing and interests of individual organisations in developing and commercialising value from data will also be an important consideration where data is held by parties other than government. Principles designed to encourage transparency, accountability and appropriate reporting have a role to play in achieving this. Where public or philanthropic funds are provided or pay for the services in connection with the data collected that is also a relevant consideration for requirements on data sharing.

¹⁹ Productivity Commission (2016) notes that 90 per cent of the world's information was generated in the last two years and that this is likely to be private data.

²⁰ See https://www.dpmc.gov.au/sites/default/files/publications/aust_govt_public_data_policy_statement_1.pdf

²¹ <http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/1006.0~2015-16%20to%202018-19~Main%20Features~ABS%20Centre%20for%20Data%20Integration~44>

²² www.cherel.org.au

²³ www.datalinkage-wa.org.au

Work being led by the OECD on developing the evidence base for impact investment can provide a reference point here. The Australian Advisory Board on Impact Investing plays a role in the expert advisory group to this initiative and can provide further background to the Commission if required.

Towards an evidence base

Initiatives around the world are putting greater focus on measurement of the efficacy of social initiatives and on the imperative to move to more accessible and comparable data sets. These include initiatives as ambitious as the *Impact Genome Project* seeking to codify and systematize common units of measurement.²⁴

Inspiring Impact (UK) is a collaborative initiative between the UK Cabinet Office and others to drive more effective measurement and evidence based decision making. And there are initiatives driving common taxonomy for impact²⁵, and for impact investment.²⁶

Other initiatives are gathering data that can help to inform and direct activity and investment in relation to particular themes and issue areas.

The OECD is undertaking Phase 2 of the work in developing the evidence base for impact investment, extending the focus from the initial G8 Social Impact Investment Taskforce members (being G7 countries, Australia and the European Union) to a global focus grounded in the Sustainable Development Goals (OECD Expert meeting papers, unpublished 2015-16).

What Governments are doing

There are a range of examples where other countries are leveraging data to achieve improved value for money, encourage innovation and enterprise to tackle social issues, and deliver public goods and mobilise private capital. It is clear from examining the progress within Australia, for example at the Australian Bureau of Statistics (ABS), that Australia has some considerable distance to travel to catch up to the efforts of a number of international governments in respect of policy success in this area. This is re-enforced at the most senior levels of the Australia public service²⁷ as noted in the issues paper for this Inquiry.

Options for outcomes based contracting including impact bonds are being explored in a range of jurisdictions including Queensland, South Australia, ACT, NSW and most recently, Victoria. There are similar initiatives across counties as diverse as South Africa, Ghana, India and the UK and US (Brookings Institute, 2015; Social Finance, 2016).

Other examples of government activity include the following.

- In New Zealand, the whole of government policy around data integration ensures respect for citizens' privacy while still enabling the breaking down of the silos between administrative data - silos that have been disabling the ability of government itself - and other users to create a systemic 'person centred' approach to services.²⁸ The Department of Social Services has also been undertaking work on a similar approach with assistance from Price Waterhouse Coopers and announced an ²⁹investment approach to welfare through a Try, Test and Learn Fund among its budget measures.

²⁴ See www.missionmeasurement.com

²⁵ See, for example, www.missionmeasurement.com

²⁶ See, for example <https://iris.thegiin.org>

²⁷ https://www.dpmc.gov.au/sites/default/files/publications/public_sector_data_mgt_project.pdf

²⁸ www.stats.govt.nz/browse_for_stats/snapshots-of-nz/integrated-data-infrastructure.aspx

²⁹ www.budget.gov.au/2016-17/content/bp2/html/bp2_expense-21.htm

- In the UK, the government's data portal was available and launched in 2010.³⁰ That includes published data on the unit cost of over 600 areas of service provision to send signals to the market, and promote innovation and encourage new financing mechanisms based on results. Privacy protection and linking data safety are not mutually exclusive goals - the days of arguing that data cannot be made available due to privacy concerns should be long past with the increasing ability to create effective protocols which ensure both goals are met for citizens.
- Related work underway in NSW as part of its Social Impact Investment Policy will publish cost and performance data. Statements of Opportunities including data on areas of service delivery have been published regularly since February 2015 to inform market soundings and expression of interest design for impact investment opportunities. Portugal, through the Laboratório de Investimento Social is also undertaking analysis to develop a portal that will make comparable cost data available to the market.

Recommended actions

Data collection and building the evidence base is a shared responsibility. This is particularly so where public goods are being provided and where the stated intention of a service, initiative, organisation or financing tool is to deliver impact for society, as data collection and availability has an important role in ensuring accountability. At a minimum, development of systems and protocols will need to be a collaborative exercise or they will not attract data and users.

Governments have a role to play in addressing the challenges of availability and utility of data to support greater efficacy in approaches to tackling issues affecting society and to mobilise more resources for the public good. Governments clearly have a role making credible, reliable public data available on affordable terms.

Developing data and information infrastructure for the market to develop and enable more consistent delivery of better outcomes for society is critical.³¹ Without sufficient focus on market infrastructure, interest will fail to translate to action and willing capital and talent will be left on the side-lines.

Governments are not the only party that can contribute to this, but they have a valuable role to play. Relatively modest measures and the signaling effect of government leadership can create a significant multiplier effect. They also have a powerful leadership role to play to encourage, and where appropriate, regulate standards for contributions from other data holders.

How data is collected and made available also matters. Beyond contributing data, infrastructure needs to support ease of collection, data access, reliability, and standardisation of data. Ideally, the ways in which data is made available facilitates better understanding of the full costs of failing to intervene successfully - and moving away from siloed approaches to tackling issues, analysing costs and evaluating performance. There is a clear opportunity to create common platforms and infrastructure to link Australia's market to the region and to global markets. Measures could include:

- Support for development of market building infrastructure, such as: IT systems to collect, analyse, and aggregate relevant data;
- Contributions to developing data protocols for greater standardisation and comparability including guidance and frameworks; and
- Regulation and policy support that guide the development of information sharing systems and associated data sensitivity and privacy protection norms. That includes requiring that agencies of government themselves become part of the evidence creation for better social outcomes and lead national effort in this space through best practice³².

³⁰ <https://data.gov.uk>

³¹ See section Towards an evidence base

³² See example the directive from the Office of the President of the United States, Office of Management and Budget, which is attached at Appendix 2.

Conclusion

Developing the impact investment market and its potential to drive change will take time. The pace of development can and should be accelerated. Targeted and useful data is critical to this development of the impact investment market and for its effective and efficient operation. The time to act is now. Global momentum is building and Australia has already established a leadership position in the global effort. Australia has an important opportunity to be competitive regionally and globally in this growth market. Australia already has a global leadership role, which reflects the quality of thought leadership and transactions, dynamism of the social sector and its role on the G8 Social Impact Investment Taskforce, and on its successor Global Steering Group. Leadership and interest from across sectors provides a strong foundation.

The Australian Advisory Board on Impact Investment and Impact Investing Australia welcome opportunities to engage with the Productivity Commission in its formulation of policy advice regarding improving the availability and use of data.

Appendix 1: About Impact Investment

What is impact investing?

Impact investing is a growing field of investment that is helping to finance solutions to society's most pressing challenges. Impact investments are defined as investments made into organisations, projects or funds with the intention of generating measurable social and environmental outcomes, in addition to a financial return.

Impact investments are different from grants because a financial return is expected and different from mainstream finance because a measurable benefit to society is expected.³³

Why impact investing?

Impact investing expands the total pool of funds that are available for social purposes; it encourages innovative approaches to solving old problems and it brings greater accountability for the outcomes achieved.

It is a response to the growing awareness in both the public and private sectors that the challenges facing society are too large and too complex to be solved by government and the social sector alone. Impact investment provides the capital for innovation and enterprise tackling issues affecting society.

Impact investing provides government with a powerful tool for delivering better social outcomes for people and communities, as well as relieving structural challenges to the budget by leveraging private capital.

- *“Socially motivated entrepreneurs and organisations gain access to appropriate finance and support in ways akin to that available to commercially focused entrepreneurs;*
- *Mainstream financial markets benefit from access to appropriate finance for initiatives and services that create positive impact in the community;*
- *Communities benefit when they can finance new opportunities to develop services and infrastructure, and generate jobs – increasing the flow of capital into communities towards more positive cycles of employment and economic activity;*
- *Small to medium sized enterprises gain access to appropriate investment capital and business support that helps them grow their businesses, create jobs, and ride out difficult times;*
- *Philanthropists benefit with options to generate greater impact and leverage through their activities;*
- *Investors have greater choice and new opportunities to put their money to use in ways that make a financial return and also benefit society;*
- *Institutional investors have more options for fulfilling their duties as fiduciaries and diversifying their portfolios;*
- *Governments achieve better outcomes and greater flexibility to target spending and encourage more private capital into areas where there is a need for new solutions.”*

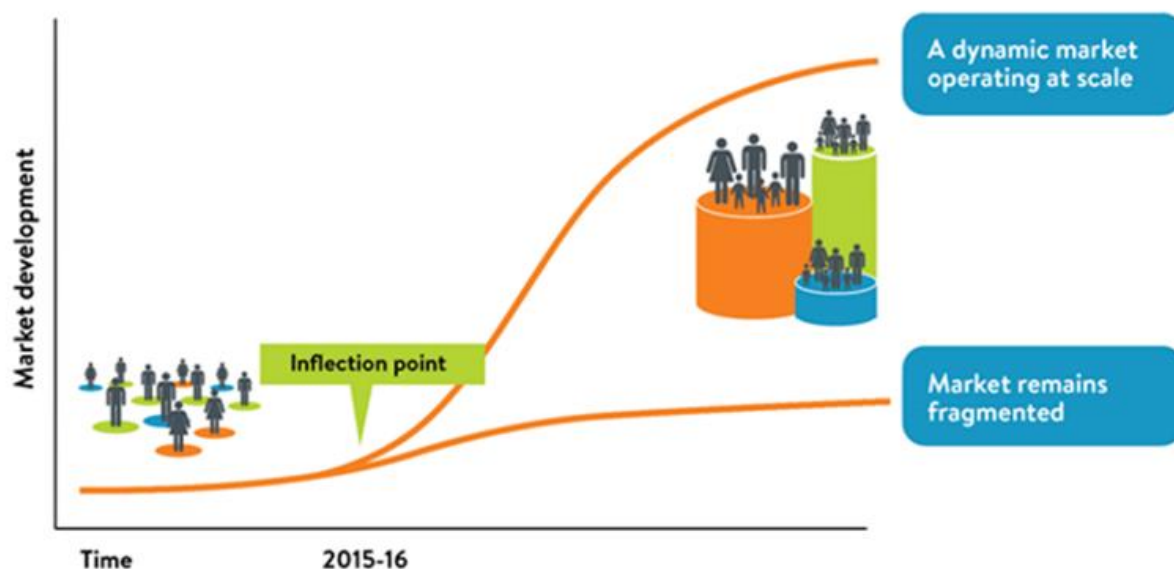
Australian Advisory Board Strategy: Delivering on Impact 2014

Why now?

Momentum around impact investing is building locally and globally; there are already many examples of successful impact investments in Australia delivering solutions in areas as diverse as education, aged care, employment, health, social housing, clean energy and child welfare. The challenge now is to build on these foundations of leadership, innovation and diversity.

The impact investing market in Australia is currently at an inflection point. Without scale, take-up of impact investing will remain fragmented and progress incremental and niche. This will limit the social and economic impact that could be delivered and prove detrimental to our productivity and communities.

³³ Addis, Mcleod & Raine, 2013



Australia is well positioned to develop the opportunities for impact investing at scale, given our significant capital markets, dynamic social sector, and growing social enterprise movement.

The Australian Advisory Board on Impact Investing, together with over 50 senior leaders from across sectors, has mobilized to grow impact investing. Informed by local and global experience, they have laid the groundwork for what is needed to accelerate the market for impact investments in and from Australia.

What is the size of the opportunity?

The G8 Social Impact Investment Taskforce found there was real potential for a global market in excess of US\$1 trillion. As at the end of 2015, respondents to the most recent Global Impact Investment Network (GIIN) Survey with JP Morgan ³⁴ collectively managed over US\$77.4 billion in assets for impact investment and committed US\$15.2 billion to over 7,500 impact investment transactions.

Analysis for the IMPACT-Australia report in 2013 forecast market potential of \$32 billion within a decade. The Impact Investing Australia 2016 Investor Report surveyed 123 investors, accounting for more than A\$333 billion of Australia's funds under management and concluded there is at least A\$18 billion in additional capital available for impact within Australia in the next 5 years.

Where is impact investing being used?

Impact investment is already being used to tackle a wide range of social and environment issues. Impact Investment is having a positive impact across sectors ranging from local jobs to health, education and agriculture, energy, sanitation and agriculture. Currently the weight of money is being directed toward housing, financial services including microfinance, and clean energy. A smaller proportion of investment is already targeting healthcare, education, food and agriculture.

Who are impact investors?

Impact investors span many sectors and include superannuation and investment funds, banks, insurance companies, progressive foundations and family offices, companies, governments and individuals. Impact investors typically have different priorities and varying appetites for risk and return (both social and financial). A common feature of impact investments is collaboration between different market participants and the forms of capital they control.

³⁴ GIIN Impact Investment Survey 2016, <https://thegiin.org/knowledge/publication/annualsurvey2016>

Types of impact investments

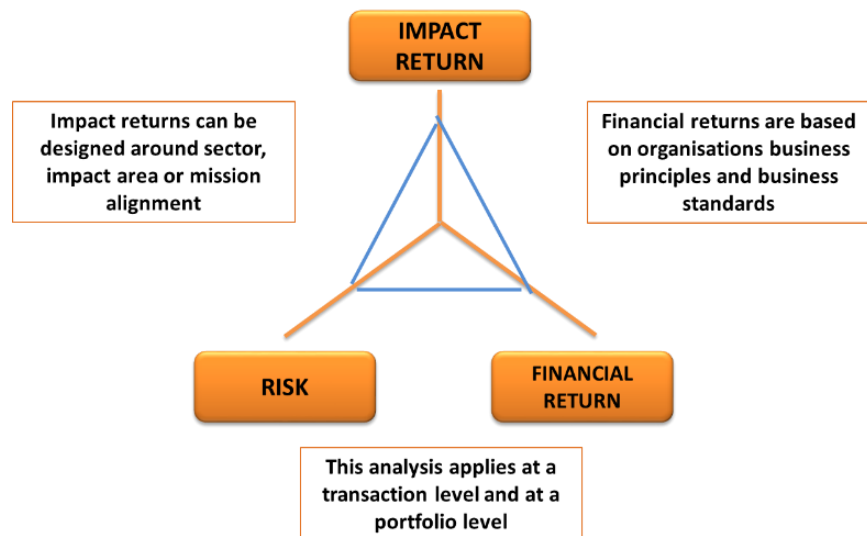
Impact investments can be found across all financial product types. The difference is that a third dimension - *impact* - is added to the more conventional dimensions of risk and return employed in investment decision making.

Impact investments can be made directly or via a managed impact investment fund (see examples).

Like other investments, impact investment products stem from three basic categories: cash, debt and equity. Different structures and conditions further segment the product types. Different investment products carry different expectations of risk and return.

Impact investing has also contributed to financial innovation, most notably social and development impact bonds. These instruments (often not technically bonds, despite the name) link financial performance to achievement and improvement of targeted social outcomes.

Impact investments can also be categorised by reference to the assets and activity they finance. Broadly, this can be grouped as: enterprise, services and infrastructure. Each classification lends itself to different outcomes, and attracts different market players, including different investors.



Where does impact investment link to government policy?

Targeted policy to build the impact investment market simultaneously expands the policy and financing toolbox for a number of priority areas for government.

Impact investment supports jobs, growth and productivity by providing access to appropriate investment capital for small and medium enterprises tackling social issues and operating in communities that need employment opportunities and improved economic resilience.

Government capital can provide significant stimulus to unlock private capital for housing and social infrastructure. It can encourage a range of intermediaries and approaches to meet growing demand for affordable stock and in key areas of reform where demand is growing such as aged care and disability support.

Impact investment is providing new opportunities to bring together different types of capital to achieve more effective results. For example, combining philanthropic or government capital and private capital to enable innovative public health solutions to be developed and to encourage health and service providers and housing providers to design and deliver together to create initiatives that deliver better outcomes and reach more people.

In addition to leveraging greater funding and financing, impact investing encourages innovative and collaborative approaches to tackling social issues where better outcomes are needed, ultimately increasing the effectiveness of services and reducing demand and costs over time.

Appendix 2: The Impact Investment Readiness Grant program

The Impact Investment Readiness Grant program

Seeded with \$1.75 million from National Australia Bank (NAB), the Impact Investment Readiness Grant (IIRG) program provides mission-driven organisations with funding for targeted advice and intermediation they need to raise investment capital or secure finance to scale their social or environmental impact.

Over 15 enterprises have received funding in the first year and those who have secured investment have achieved or are on track to achieve 20 x leverage on the grant funding.

Examples include:

Maths Pathway:

A cloud-based eLearning system that combines world class teacher training and support that aims to transform, rather than tweak how maths is taught and address a decline in the maths competencies of school students.

Grant Size: \$31,200 | Capital Raised: \$700,000 | Leverage: 22.4x

HireUp:

An online platform enabling people with disability and their families to directly find, engage, manage and pay for their support workers, becoming the empowered managers of their own lives.

Grant Size: \$70,000 | Capital Raised: \$2.5 million | Leverage: 28.5x

Ashoil:

An Indigenously owned manufacturer of an environmentally friendly fuel, biodiesel and fuel logistics/transport organisation. Their grant supported the negotiation of a fuel supply contract enabling the business to increase its scale and attractiveness to investors.

Grant Size: \$73,700 | Capital Raised: \$750,000 | Leverage: 10.2x

Kurrawang Aboriginal Christian Community Inc:

Kurrawang is a community housing group in Kalgoorlie with 31 properties housing 120 people. The Kurrawang Community Solar Project was created with the capital raised and has since reduced carbon emissions by 50 tonnes as well as provided short-term employment opportunities to community members.

Grant Size: \$4,500 | Capital Raised: \$55,000 | Leverage: 12.2x

These enterprises are among those demonstrating the range of entrepreneurial talent and focus driving organisations that benefit society are financially sustainable and making use of a range of funding and financing options to extend their impact. The entrepreneurs leading them have responded to challenges and opportunities including the need to accelerate numeracy development, greater flexibility through the NDIS, creating more opportunities for jobs in local communities, including aboriginal communities and growth in renewable energy and community enterprise.

Source: <http://impactinvestingaustralia.com/iirf/>; See also case studies at: <http://impactinvestingaustralia.com/case-studies/>

Appendix 3: Other Government Initiatives

NSW Social Impact Investment Policy

The New South Wales Government has developed a Social Impact Investment Policy and an Office of Social Impact Investment work to grow the social impact investing market in NSW.³⁵ The policy builds on the two social impact bonds already underway in NSW – Newpin Social Benefit Bond and the Benevolent Society Bond – and focuses on “better services and results for the people of NSW”.

The policy includes 10 actions designed to deliver more social impact investment transactions and grow the social impact investment market:

A. Deliver more social impact investment transactions	B. Grow the market and remove barriers	C. Build the capacity of market participants
1. Target delivering two new social impact investment transactions to market per year	5. Hold a series of social impact investment roundtables and market sounding sessions	8. Improve government agency readiness for social impact investment
2. Publish Social Impact Investment Principles	6. Aim to establish an Intergovernmental Taskforce on Social Impact Investment	9. Facilitate non-government sector preparedness for social impact investment
3. Publish benchmark costs and outcome data	7. Promote understanding of the social impact investment market	10. Publish a Statement of Success
4. Deliver a Social Impact Investment Statement of Opportunities		

Source: Office of Social Impact Investment, NSW Government

UK Unit Cost Database

The unit cost database forms part of the Social Impact Bond Toolkit of the UK Cabinet Office Centre for Social Impact Bonds³⁶.

This unit cost database brings together more than 600 cost estimates in a single place, most of which are national costs derived from government reports and academic studies. The costs cover crime, education & skills, employment & economy, fire, health, housing and social services. The derivation of the costs and the calculations underpinning them have been quality assured by New Economy in co-operation with HM Government. These costs can be used to inform proposals for the implementation of new interventions, the redesign of public services or their evaluation. Having access to such information helps project managers to forecast the costs and benefits associated with their programme or project, prior to the undertaking of more detailed Cost Benefit Analysis (CBA).

UK Cabinet Office, Centre for Social Impact

³⁵ www.osii.nsw.gov.au

³⁶ data.gov.uk/sib_knowledge_box/toolkit

Memo from the US Office of Management & Budget, 2013



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503


THE DIRECTOR

July 26, 2013

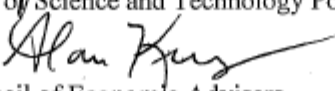
M-13-17

MEMORANDUM TO THE HEADS OF DEPARTMENTS AND AGENCIES

FROM: Sylvia M. Burwell 
Director, Office of Management and Budget

Cecilia Muñoz 
Director, Domestic Policy Council

John Holdren 
Director, Office of Science and Technology Policy

Alan Krueger 
Chairman, Council of Economic Advisers

SUBJECT: Next Steps in the Evidence and Innovation Agenda

Executive Summary

The President recently asked his Cabinet to carry out an aggressive management agenda for his second term that delivers a smarter, more innovative, and more accountable government for citizens. An important component of that effort is strengthening agencies' abilities to continually improve program performance by applying existing evidence about what works, generating new knowledge, and using experimentation and innovation to test new approaches to program delivery. This is especially important given current fiscal challenges, as our nation recovers from a deep recession and agencies face tough choices about how to meet increased demand for services in a constrained resource environment.

To help agencies move forward in harnessing evidence and evaluation, this memo:

Provides guidance for 2015 agency Budget submissions and describes plans to prioritize Budget requests that strengthen the use of evidence and innovation.

Invites agencies to participate in a series of workshops and interagency collaborations organized by the Executive Office of the President to help agencies develop and strengthen proposals that catalyze innovation and learning. While much of the focus will be on proposals that can be implemented without additional resources, there will be limited funding available in the President's 2015 Budget for strong proposals that require some new funding.

Using Evidence and Innovation to Improve Government Performance

2015 Agency Budget and Performance Submissions

Agencies are encouraged to both: (1) draw on existing credible evidence in formulating their budget proposals and performance plans and (2) propose new strategies to develop additional evidence relevant to addressing important policy challenges. Agency requests are more likely to be fully funded if they show a widespread commitment to evidence and innovation.

Evidence in agency budget submissions and performance plans.

Agencies are encouraged to allocate resources to programs and practices backed by strong evidence of effectiveness while trimming activities that evidence shows are not effective. In addition, major new policy proposals, and agency performance plans, should be accompanied by a thorough discussion of existing evidence, both positive and negative, on the effectiveness of those proposals in achieving the policy objective or agency priority goal. Such evidence includes evaluation results, performance measures, and other relevant data analytics and research studies, with a preference for high quality experimental and quasi-experimental studies. (Please include citations for evidence discussed.) Moreover, evidence should be regularly considered during agencies' data-driven reviews led by their Chief Operating Officers and in annual strategic review processes.

New proposals for developing evidence

In their budget requests, agencies are also encouraged to include new proposals for developing evidence that can be used to improve existing programs or to inform decisions about new programs. (This includes proposals that build on and enhance current efforts.) Recognizing the current budgetary pressures on agencies, OMB encourages agencies to focus their energies on a small number of high-quality proposals that meet one or more of the following tests:

- They address important policy questions and generate evidence that could be actionable. In particular, evaluations should measure the outcomes that are relevant for judging whether a program or intervention is achieving its goals.
- They will yield credible evidence of program or policy impacts, for example by utilizing randomized controlled trials or carefully designed quasi-experimental techniques. They will help agencies direct a larger share of resources towards evidence-based practices, for example by modifying grant criteria or better disseminating information.

Agencies are encouraged to consider the following cross-cutting strategies. Specific examples of each strategy are provided in Attachment A.

1. **Harnessing data to improve agency results:** Proposals should enable agencies and/or researchers to access and utilize relevant data to answer important questions about program outcomes while fully protecting privacy. For example, by linking data on program participants to administrative data on earnings, college-going, health, or other outcomes, agencies may be able to improve their understanding of program performance and ultimately improve results. Projects should build on the recent Executive Order, "Making Open and Machine Readable the New Default for Government Information," as well as on the Memorandum "Sharing Data While Protecting Privacy" (M-11-02). We especially encourage proposals that use administrative data to track important outcome measures for federal grant programs, and we are open to proposals that substitute higher quality administrative data for existing grantee reporting requirements.

2. **High-quality, low-cost evaluations and rapid, iterative experimentation:** Proposals should help agencies improve the quality and timeliness of evaluations, for example by building evaluation into ongoing program changes; reducing costs by measuring key outcomes in existing administrative data sets; and drawing on private sector approaches that use frequent, low-cost experimentation to test strategies to improve results and return on investment. Proposals should utilize randomized controlled trials or careful quasi experimental techniques to measure the effect of interventions on important policy outcomes. We particularly welcome proposals that draw on behavioral insights to improve results and lower costs in direct operations.
3. **Using innovative outcome-focused grant designs:** Proposals should expand or improve the use of grant program designs that focus Federal dollars on effective practices while also encouraging innovation in service delivery. These include tiered-evidence grants, Pay for Success initiatives and other pay for performance approaches, Performance Partnerships allowing blended funding, waiver demonstrations, incentive prizes, competitive incentive funds that encourage the use of evidence-based practices in formula grants, or other strategies to make grant programs more evidence focused.
4. **Strengthening agency capacity to use evidence:** Proposals should strengthen agency capacity by promoting knowledge-sharing among government decision-makers and practitioners through clearinghouses that help translate strong research into practice; enhancing the skills of managers, program officers, and review panels to assess and use available evidence; and developing common evidence frameworks to better distinguish strong from weak evidence and measure cost effectiveness.
5. **Other agency-specific needs:** Agencies may propose other strategies that would significantly improve their capacity to use or build evidence to achieve better results or increase cost-effectiveness in high priority programs. In addition to developing strategies to use evidence to promote continuous, incremental improvement, agencies are also encouraged to submit proposals that would test higher-risk, higher-return innovations with the potential to lead to more dramatic improvements in results or reductions in cost.

While agencies are encouraged to submit proposals that can be implemented within current statutory authorities, legislative changes will also be considered. (Please note where a proposal would require legislative changes.) Agencies may also propose new investments in evidence-building infrastructure for high-priority areas in cases where the benefits substantially outweigh the costs. Agencies may wish to consider new financing approaches, set-asides that designate a small fraction of funding for evaluation and evidence development; and partnerships with other federal agencies, state and local governments, non-profit organizations, and academic institutions. We particularly encourage proposals that cross agency boundaries or other functional silos.

Agencies should work with their OMB contacts to agree on a format within their 2015 budget submissions to: (1) explain agency progress in using evidence and (2) present their plans to build new knowledge of what works and is cost-effective. An example of a template that could be used to provide this information to Resource Management Offices is available at <https://max.gov/omb/evidence>.

Workshop Series and Interagency Collaborations

To support agencies in developing and refining proposals, this September we will begin an interagency collaboration process with a kick off briefing or call followed by a series of workshops (see Attachment B for details). An initial list of workshop topics is below; we may schedule additional workshops based on agency demand and continue this series after agency budget submissions are finalized to support implementation. Versions of these workshops may be tailored to agencies at different stages of experience with evidence-based practices.

- Workshop I: How can agencies focus evaluation resources on the most important program and policy questions?

- Workshop II: How can agencies use administrative data sets from multiple programs and levels of government to answer important questions while protecting privacy?
- Workshop III: How can agencies conduct rigorous program evaluations and data analytics on a tight budget?
- Workshop IV: How can agencies use their existing authority to turn a traditional competitive grant program into an innovative, evidence-based one?
- Workshop V: How can agencies harness research findings from the social and behavioral sciences to implement low-cost approaches to improving program results?

The workshops will be designed to build and share knowledge across the Federal government as well as to identify expertise and resources to help agencies implement strong proposals. Beyond the workshops, OMB, DPC, CEA, and OSTP are available to provide other forms of assistance:

- **Technical assistance in designing evaluations and improving tools.** This may include connecting your agency with Intergovernmental Personnel Act (IPA) assignments or consultation from outside experts to help design and implement your proposals. For example, a number of external organizations, such as the NYU Governance Lab, J-PAL North America, the Pew-MacArthur Results First initiative and the Coalition for Evidence-Based Policy are seeking Federal partners for evidence and innovation initiatives designed to improve results at the Federal, State, and local levels.
- **Guidance and/or technical assistance in meeting government-wide requirements,** including the Federal Acquisition Regulation, grants policy circulars, and Paperwork Reduction Act clearance requirements. For example, OMB helped USDA develop a generic clearance package to facilitate review and approval of behavioral insights research covered by the Paperwork Reduction Act.

Additional, up-to-date information on the workshop series, as well as on other available resources, can be found at <https://max.gov/omb/evidence>.

Next Steps

Agencies should work with senior leadership, including Deputy Secretaries; budget, performance and evaluation officials; program officials; and other relevant staff in order to (1) fulfill the requirements of the memo within your 2015 Budget submission; and (2) ensure participation in the EOP workshops and interagency collaboration.

As follow up, please designate up to two agency leads to work with policy, program, budget, evaluation and management support offices to coordinate agency participation in the workshops and send these to Dan Rosenbaum and Andy Feldman of OMB at evidence@omb.eop.gov by August 15th. Agency leads should be well positioned to ensure workshop participants are able to engage with senior agency leadership on potential applications of new tools and approaches. If agencies have suggestions on other topics for workshops, would prefer to have less formal exploratory meetings to discuss preliminary ideas, or are interested in accessing the types of technical assistance mentioned above, please send those suggestions and requests to evidence@omb.eop.gov or to your OMB Resource Management Office points of contact.

Attachment A

Examples of Evidence and Innovation Strategies and Tools

A. Harnessing data to improve agency results

Administrative data collected by Federal, State, or local agencies to run programs can be a valuable resource for program improvement and for helping agencies, consumers, and providers make more informed decisions.

(1) Linking data across programs and levels of government while fully protecting privacy

Linking data across programs can lower evaluation costs and improve their quality, streamline reporting requirements for program providers and participants, and answer important questions about program performance. A number of Federal agencies are currently developing or using protocols and processes to share personally identifiable data to permit such linkages in ways that fully adhere to laws, regulations, and policies designed to protect individual privacy and confidentiality.

- Example: The Department of Housing and Urban Development has partnered with the Department of Health and Human Services to match HUD administrative data with Centers for Medicare & Medicaid Services data. The two agencies recently completed a successful match that will improve understanding of the characteristics of seniors living in publicly subsidized housing and how supportive housing interventions may affect their health care use.

(2) Provider scorecards

Reliable data from government agencies can be used to create provider scorecards that compare how well different service providers perform. Scorecards are a tool for agencies and consumers to make more informed decisions and choices-and for providers to better understand and improve their performance. If data on participant characteristics are available, such as education level or income, scorecards can go a step further by enabling more detailed comparisons of alternative providers that serve people with similar characteristics.

- Example: The College Scorecard, launched earlier this year, highlights key indicators about the cost and value of colleges and universities to help high school students choose a post-secondary school that meets their needs. It is produced by the Department of Education and posted on its web site. The Scorecard includes data on costs, graduation rates, loan default rates, and average student debt-and average earnings of recent graduates will be added soon.

B. High-quality, low cost evaluations and rapid, iterative experimentation

Many innovative companies use rapidly conducted randomized field trials to identify high impact innovations and move them quickly into production. In the public sector, low-cost, frequent field tests do not replace longer-term, rigorous evaluations -they supplement them. They allow innovative administrators to say: "Might this help boost results? Let's try it and see if it works. "

(1) Applying behavioral insights to improve results and lower costs in direct operations

Human decision making is central to many public policy interventions. Major advances have been made in research regarding the influences that drive people's decisions and choices, and these new insights can significantly improve policy outcomes at a lower cost.

- Example: Research has revealed the power of “social norms” on behavior, meaning the influence of what others do on our decisions. Building on this insight, the Fiscal Service at the Treasury Department has recently updated the text and format of letters sent to individuals with delinquent debt to the federal government. The new letters, which will be tested against the older version using a randomized control trial, use simplified language, personalization, and a reference to social norms (i.e., the fact that 94% of outstanding debts are paid off on time and that the recipient is in the fraction that has not yet paid) to motivate a higher rate of debt repayment.

(2) Using high-quality evaluation to answer important policy and program questions

Rigorous impact evaluations, especially those using random assignment to program and control groups, can provide strong evidence on key policy or program questions within an agency. They can help determine whether a program works and whether an alternative practice might work better.

- Examples: Current Federal evaluations cover a diverse set of issues, including the Occupational Safety and Health Administration examining the effectiveness of on-site consultation, inspections, and corrective action letters on worker injury/illness rates, the Millennium Challenge Corporation examining the impact of road improvements in El Salvador or commercial training activities in Ghana, and the Department of Energy examining the effects of semi grids and dynamic pricing on household energy use.

(3) High-quality, low-cost evaluations that piggy-back on existing programs and datasets

By drawing on existing data to measure outcomes and on program changes that are being implemented anyway, agencies can conduct high-quality randomized evaluations at low cost. For example, when a program change is being phased in gradually or a program is oversubscribed, participants could in some cases be selected based on random assignment, allowing for rigorous evaluation.

- Example: Hawaii's Opportunity Probation with Enforcement (HOPE) Program is a supervision program for drug-involved probationers. The program was evaluated using a randomized control trial at a cost of about \$150,000 for the evaluation. The low cost for this rigorous evaluation was achieved by measuring outcomes using administrative data (e.g., arrest records) that the state already collected for other purposes, rather than doing costly new data collection. The study found that HOPE group members were 55 percent less likely than control group members to be re-arrested during the first year.

C. Using innovative outcome focused grant designs

Because many Federal dollars flow to States, localities, and other entities through competitive and formula grants, grant reforms are an important component of strengthening the use of evidence in government. The goals include encouraging a greater share of grant funding to be spent on approaches with strong evidence of effectiveness and building more evaluation into grant-making so we keep learning more about what works.

(1) Pay for Success

Pay for Success offers innovative ways for the government to partner with philanthropic and private investors to fund proven and promising practices and to significantly enhance the return on taxpayer investments. Under this model, investors provide the up-front capital for social services with a strong evidence base that, when successful, achieve measurable outcomes that improve the lives of families and individuals and reduce their need for future services. Government pays when these measurable results are achieved. The PFS model is particularly well-suited to cost-effective interventions that produce government savings, since those savings can be used to pay for results.

- Examples: The Department of Justice is coordinating PFS projects to use more effective prisoner re-entry interventions to reduce recidivism and its associated costs. And the Department of Labor has launched an effort to test new and more effective strategies for delivering workforce development and preventative social services that cut across existing program siloes, increase job placement and improve job retention.

(2) Tiered-evidence grant designs

"Tiered-evidence" or "innovation fund" grant designs focus resources on practices with the strongest evidence, but still allow for new innovation. In a three-tiered grant model, for example, grantees can qualify for 1) the "scale up" tier and receive the most funding; 2) the "validation" tier and receive less funding but evaluation support; or 3) the "proof of concept" tier and receive the least funding, but also support for evaluation. With a tiered-evidence approach, potential grantees know that to be considered for funding, they must provide demonstrated evidence behind their approach and/or be ready to subject their models to evaluation. The goal is that, over time, interventions move up tiers as evidence becomes stronger. So far five agencies have launched or proposed 13 tiered grant programs in the areas such as education, teenage pregnancy prevention, home visitation programs, workforce, international assistance, and more.

- Example: The Department of Education's Investing in Innovation Fund (i3) invests in high-impact, potentially transformative education interventions, ranging from new ideas with significant potential to those with strong evidence of effectiveness that are ready to be scaled up. Based on the success of i3, the Department recently issued proposed regulations that would allow its other competitive grant programs to adopt this three tiered model.

(3) Performance Partnerships and Waiver Demonstrations

Performance Partnership pilots enable States and localities to demonstrate better ways to use resources, by giving them flexibility to pool discretionary funds across multiple Federal programs serving similar populations and communities in exchange for greater accountability for results. With waiver demonstrations, Federal agencies suspend certain programmatic requirements in discretionary or mandatory programs to support State and local innovations that are then rigorously evaluated to learn what works and what is cost effective.

- Example: The 2014 Budget would authorize up to 13 State or local performance partnership pilots to improve outcomes for disconnected youth. Pilot projects would support innovative, efficient, outcome-focused strategies using blended funding from separate youth-serving programs in the Departments of Education, Labor, Health and Human Services, Housing and Urban Development, Justice, and other agencies.

(4) Using competitive grants to promote use of evidence in formula grants

Formula grant programs are often the largest grant programs in government, so they are a critical area for advancing more results-focused government. Agencies can improve the effectiveness of formula

grant programs by using competitive grants to encourage adoption of evidence-based approaches within formula grants. For instance, agency competitions can give preference points to State and local applicants implementing evidence-based practices with their formula funds. And formula grants to States can include set-asides for States to award competitively to promote use of evidence.

- Example: For HHS, the 2014 Budget proposes to require that States use five percent of their mental health block grant allocation for grants that use the most effective evidence based prevention and treatment approaches. The Senate Appropriations Committee adopted this policy in its recent bill.

(6) Multi-phase grant competitions

The quality of grant-funded projects can be enhanced by conducting a multi-phase selection process. In the first phase, before selection, agencies can share research findings with potential applicants to ensure they are integrated into project designs and implementation strategies. Expert input can also be used to develop program models or variations within models that the grant program could test and evaluate. Moreover, preference points can be given to applicants that implement research-informed models and agree to participate in a rigorous evaluation. Multi-phase designs are particularly useful when there are many applications of varying quality, where a streamlined pre-application process can identify leading proposals.

- Example: The Promoting Readiness of Minors in the Supplemental Security (PROMISE) program began with coordinated planning by the Departments of Education, HHS, Labor and the Social Security Administration to review existing research and gather input from experts to develop an integrated service delivery model that was incorporated into the grant solicitation. The next phases are grantee selection and rigorous evaluation of grantees' approaches.

D. Strengthening agency capacity to use evidence

Evaluation is useful only to the extent that it is being used for decision making. An evaluation plan that focuses evidence-building resources on the most relevant and actionable issues helps generate useful knowledge. Common evidence standards and What Works Clearinghouses, meanwhile, help make existing evidence more useful to decision makers.

(1) Agency-wide evaluation plans

An agency-wide evaluation plan developed with senior policy and program officials can focus evaluation resources on high priority issues—for example, questions that are most important for improving program results—and on rigorous methodologies that produce actionable insights.

- Example: The Department of Labor has a Chief Evaluation Office (CEO) that works closely with program offices to develop and implement evaluation agendas set by policy officials. It also promotes high standards for data systems; monitors and reviews research and evaluation plans initiated by DOL agencies to ensure they are consistent with departmental goals and the highest standards of empirical rigor; works to institutionalize an evidence-based culture through seminars and forums on evaluation topics and findings; and maintains an active connection with outside experts to ensure that the Department is aware of relevant research and evaluation findings and activities.

(2) Common evidence guidelines for various types of research studies

Common research standards and evidence frameworks across agencies can facilitate evaluation contracting, information collection clearance, and the strengthening or creation of research clearinghouses and repositories about "what works." They also help agencies use results from different types of high quality studies to identify effective programs, improve programs, and encourage innovative new approaches.

- Example: Evaluation officials from the Departments of Education, Labor, Health and Human Services, and the National Science Foundation are jointly developing common evidence guidelines for research studies that can be a resource for improving the quality of studies throughout the Federal Government.

(3) Cross-agency learning networks

Inter-agency working groups of evaluation and program officials within the Federal Government can share best practices, including helping spread effective procurement practices, developing common evidence guidelines, and better integrating evaluation and performance measurement efforts. Other cross-agency groups are forming learning networks around specific policy issues in order to share relevant research and develop shared evaluation strategies.

- Example: The Small Business Administration and the Departments of Agriculture and Commerce, with guidance from OMB and CEA, are working together with the Census Bureau to find more robust ways to evaluate the impact of Federal business technical assistance programs. The goal of the working group is to develop a standard methodology for measuring the impact of these types of technical assistance programs across the Federal Government.

(4) What Works Clearinghouses

"What works" clearinghouses are repositories that synthesize evaluation findings in ways that make research useful to decision-makers, researchers, and practitioners. Moreover, as Federal innovation funds and other programs provide financial incentives for using and building evidence, these repositories provide useful tools for understanding what interventions are ready for replication or expansion and disseminating results.

- Examples: Current "what works" clearinghouses include the Department of Justice's CrimeSolutions.gov, the Department of Education's What Works Clearinghouse, the Substance Abuse and Mental Health Services Administration's National Registry of Evidenced-based Programs and Practices, and the Department of Labor's new Clearinghouse of Labor Evaluation and Research.

Attachment B

Details on Overview Briefing and Initial Workshops

Overview briefing: A kick off briefing or call for agency leads will provide an overview of tools available to help programs strengthen their abilities to generate and use evidence to improve program performance. It will also preview the workshops. *(First week of September)*

The following is an initial list of workshops. OMB and White House policy councils will organize additional workshops on topics in Attachment A based on agency interest. An up-to date workshop schedule can be found at <https://max.gov/omb/evidence>.

Workshop 1: How can agencies focus evaluation resources on the most important program and policy questions? *(Second week of September)*

- **Overview:** This workshop will engage participants in a focused discussion about the strategies certain agencies use to focus rigorous, independent evaluation on high priority, actionable research questions. Examples will include the Department of Labor's use of a Chief Evaluation Officer to coordinate agency-wide evaluation plans, including working with policy, program, evaluation and performance management officials to create annual learning agendas for each division. Other examples will include the use of an evaluation policy statement by the Administration for Children and Families at the Department of Health and Human Services and the statutory structure of the Education Department's Institute for Educational Sciences, which led to significant improvements in the quality of ED's evaluations.
- **Agency preparation and takeaways:** Using a diagnostic checklist to assess the quality, relevance, and independence of their evaluation activities, participants in the workshop will assess the strengths of their own evaluation organizations and identify challenges and potential strategies for overcoming them.

Workshop II: How can agencies use administrative data sets from multiple programs and levels of government to answer important questions while protecting privacy? *(Date TBD)*

- **Overview:** This workshop will examine several case studies where Federal agencies have answered compelling programmatic questions by linking data at the Federal level or with a State or local government or other entity. The session will explore:
 - How to develop an effective partnership among all the parties involved, including policy officials, research experts, and legal counsel.
 - What steps must be taken to ensure compliance with statutes, regulations, and policies governing privacy and confidentiality.
 - How to design a data match to ensure it will answer key research questions, including strategies that use aggregated data.
- **Agency preparation and takeaways:** Participants should come to the workshop with at least one potential data sharing opportunity in mind that would help their agency to answer an important performance or evaluation question. They will fill out a planning template during or after the session to apply the concepts they learn and help their agencies identify clear steps for progress.

Workshop III: How can agencies conduct rigorous program evaluations and data analytics on a tight budget? (Date TED)

- **Overview:** What low-cost strategies can agencies use to: (1) conduct strong program evaluations, including experimental and quasi-experimental studies, to identify effective strategies for delivering services and achieving program goals or (2) support data analytics on ways to achieve better results at lower cost? This workshop will review ways that agencies can:
 - Embed testing of alternative strategies into their existing grant programs or direct operations.
 - Maximize the use of high quality statistical or administrative data currently being collected and reduce the need for costly special purpose surveys.
 - Form partnerships with academic experts, including using externally funded Intergovernmental Personnel Act (IP A) assignments, to design and conduct rigorous evaluations and data analyses and reduce evaluation costs.
- **Agency preparation and takeaways:** Participants should come to the workshop with one or more potential evaluation topics that focus on issues important to their agency. Participants will identify specific options to meet these evaluation needs based on the strategies discussed.

Workshop IV: How can agencies use their existing authority to turn a traditional competitive grant program into an innovative, evidence-based one? (Date TED)

- **Overview:** At this workshop, the Department of Education will explain how program and research officials partnered to design and implement the Investing in Innovation ("i3") program and how the same innovation fund (or "tiered-evidence") model is now being adopted by other programs across the agency. The Development Innovation Ventures (DIV) program at USAID, the Workforce Innovation Fund (WIF) at the Department of Labor, the Maternal, Infant, and Early Childhood Home Visiting (MIECHV) Program and the Teen Pregnancy Prevention Program (TPP) at the Department of Health and Human Services, and the Social Innovation Fund (SIF) at the Corporation for National and Community Service may describe their variations of the tiered model. The workshop will explore:
 - What features make a grant program a good candidate to become an innovation fund?
 - What are the perceived legal barriers and how might they be overcome?
 - What expertise and resources are needed compared to a traditional grant program?
 - What does an innovation fund grant solicitation look like?
 - How does the selection process differ from a traditional program?
 - How do these grant programs measure success?
- **Agency preparation and takeaways:** Participants should have at least one potential program candidate in mind when they attend the workshop. They will fill out a planning template during or after the session to apply the concepts they learn and help their agency consider which programs are the best candidates for the tiered-evidence approach.

Workshop V: How can agencies harness research findings from the social and behavioral sciences to implement low-cost approaches to improving program results? (Date TBD)

- **Overview:** This workshop will review ways in which agencies can apply empirical insights about human judgment and decision-making to federal programs and policies in order to improve outcomes or reduce costs. It will also explore how agencies can:
 - Design and evaluate rigorous experiments, using randomized control trials where possible, to test the efficacy of these interventions.
 - Form partnerships with academic experts, including using externally funded IPA assignments, in order to receive conceptual advice on cutting-edge research findings that should inform how policies are designed; and technical support on designing, evaluating, and iterating experimental field studies.

- **Agency preparation and takeaways:** Participants should come to the workshop with one or more potential program areas that could benefit from the application of low-cost behavioral solutions. Materials to help brainstorm about these areas will be provided in advance.

Original available at <https://www.whitehouse.gov/sites/default/files/omb/memoranda/2013/m-13-17.pdf>

Appendix 4: About the Australian Advisory Board on Impact Investing

AUSTRALIAN ADVISORY BOARD ON IMPACT INVESTING

The Australian Advisory Board on Impact Investing was established in 2014, and comprises a number of Australia's most experienced leaders from the investment, business, not-for-profit, philanthropic and community sectors.

The Board was established both to develop a strategy for accelerating the growth of the impact investment market in Australia, as well as inform global market development through the Social Impact Investment Taskforce established by the G8 (now the Global Social Impact Investment Steering Group). The strategy outlines a program of activity to catalyse the impact investing market in and from Australia. Impact Investing Australia drives strategy development and implementation for the Board.

Members

Rosemary Addis (Chair)	<i>Impact Strategist & Impact Investing Australia</i>
Adrian Appo OAM	<i>First Australians Capital</i>
Sandy Blackburn-Wright	<i>Social Outcomes</i>
Richard Brandweiner	<i>First State Super</i>
David Crosbie	<i>Community Council of Australia</i>
Belinda Drew	<i>Community Services Industry Alliance</i>
Steve Lambert	<i>National Australia Bank</i>
Fabienne Michaux	<i>Standard & Poor's</i>
Peter Munro	<i>A.T. Kearney</i>
Louise Sylvan	<i>University of Sydney</i>
Paul Steele	<i>Donkey Wheel Foundation</i>
Christopher Thorn	<i>Ernst & Young</i>
Simon Warner	<i>AMP Capital</i>
Andrew Tyndale	<i>Grace Mutual</i>

Ambassadors

Carolyn Hewson AO	<i>Non-Executive Director</i>
Carol Schwartz AM	<i>Women's Leadership Institute Australia</i>
Peter Shergold AC	<i>University of Western Sydney</i>

Working Group on Cost & Outcomes Data

Louise Sylvan, Chair
Rosemary Addis, Impact Strategist & Impact Investing Australia
Jo Cavanagh OAM, Family Life
Trevor Danos AM, (Acting) Chair NSW Government Social Investment Expert Advisory Group
Wendy Haigh, Impact Exchange
Robyn Kennedy, Life without Barriers
Jayne Meyer Tucker, Social Connect

Work on *Practical Guide to the Cost of Social Issues* provided by Deloitte Access Economics

G8 SOCIAL IMPACT INVESTMENT TASKFORCE & GLOBAL SOCIAL IMPACT INVESTMENT STEERING

The Social Impact Investment Taskforce was established by UK Prime Minister David Cameron under the UK Presidency of the G8.

I want to use our G8 presidency to push this agenda forward. We will work with other G8 nations to grow the social investment market and increase investment, allowing the best social innovations to spread and help tackle our shared social and economic challenges.

David Cameron Prime Minister, UK World Economic Forum, Davos 2013

Its Chairman, Sir Ronald Cohen, has been a pioneer of financial markets since the 1970s and of social impact investment since 2000. The Taskforce is made up of representatives from G7 countries, Australia and the European Union.

Each has a government and sector representative, except Australia which has had sector representation only. The Taskforce has been supported by four expert working groups and National Advisory Boards in each participating country.

This Taskforce is becoming the international vanguard of the revolution...More than 200 able figures are engaged across the G8, Australia and the EU, focused on establishing impact investment as a powerful force in each country.

Sir Ronald Cohen, Chair of the Social Impact Investment Taskforce

The Social Impact Investment Taskforce reported publicly on 15 September 2014.

The work of the Social Impact Investment Taskforce has engaged leaders from around the world as diverse and influential as His Holiness Pope Francis I and former US Treasury Secretary, Lawrence Summers.

It is urgent that governments throughout the world commit themselves to developing an international framework capable of promoting a market of high impact investments and thus to combating an economy which excludes and discards.

His Holiness, Pope Francis I, June 2014

In a complementary initiative, the Organisation for Economic Co-Operation & Development (OECD) launched a report on definitions, data and frameworks: *Social Impact Investment: Developing the Evidence Base* in February 2015.

Social impact investment has become increasingly relevant in today's economic setting as social challenges have mounted while public funds in many countries are under pressure. New approaches are needed for addressing social and economic challenges, including new models of public and private partnership which can fund, deliver and scale innovative solutions from the ground up.

OECD Report: Social Impact Investment: Building the Evidence Base, 2015

The Global Social Impact Investment Steering Group took the baton from the Taskforce in August 2015. Already 5 additional countries have formed National Advisory Boards and joined. A number of other countries as diverse as South Korea, South Africa, Bangladesh and the Nordic countries are in the process of getting National Advisory Boards in place.

A number of leading global organisations and forums have joined the Global Steering Group as Affiliate Members. These include: the World Bank, World Economic Forum, OECD, Global Impact Investment Network, B Lab, European Venture Philanthropy Network and the Asia Venture Philanthropy Network.

GLOBAL SOCIAL IMPACT INVESTMENT STEERING GROUP

Sir Ronald Cohen (Chair)

Chair's Executive Team

- Talitha Tanner, Sir Ronald Cohen's Office
- Jake Benford, Bertelsmann Foundation
- Nanako Kudo, Nippon Foundation
- Sarah Doyle, Centre for Impact Investing, MaRS

Vice-Chairs

- Nick Hurd (Policy)
- Peter Blom (EU)
- Nick O'Donohoe (UK)
- Matt Bannick (West Coast, USA)
- Jean Case (Washington DC, USA)
- Tracy Palandjian (East Coast, USA)
- Alejandro Preusche (Latin America)
- Africa: TBC
- Asia: TBC

Executive Group

Original Taskforce Countries:

- Australia: Rosemary Addis, Impact Investing Australia
- Canada: Tim Jackson, Centre for Impact Investing, MaRS
- France: Hugues Sibille, Crédit Coopératif
- Germany: Brigitte Mohn, Bertelsmann Foundation
- Italy: Giovanna Melandri, Human Foundation
- Japan: Shuichi Ono, Nippon Foundation
- United Kingdom: Michele Giddens, Bridges Community Ventures
- USA: Darren Walker, Ford Foundation
- European Union: Uli Grabenwarter, European Investment Fund

New Countries:

- Brazil: Roberto Carlos Scretas, Brazilian Social Finance Taskforce
- India: Amit Bhatia, Impact Investors Council
- Israel: Yaron Neudorfer, Social Finance Israel
- Mexico: Rodrigo Villar, Nw Ventures Mexico
- Portugal: Filipe Santos, Portugal Social Innovation

Government Observers

- Canada: Blair McMurren, Ministry of Employment and Social Development
- Japan: Seiichiro Takahashi supported by Hayato Moriyama, Ministry of Foreign Affairs (tentative)
- UK: Kieron Boyle supported by Alexandra Meagher and Claire Michelet, Cabinet Office
- EU: TBC
- USA: Dave Wilkinson supported by Laura Tomasko, White House Office of Social Innovation and Civic Participation
- Other: TBC

Network Organisations

- B Lab
- European Venture Philanthropy Association (EVPA)
- Global Impact Investing Network (GIIN)
- Organisation for Economic Cooperation and Development (OECD)
- World Economic Forum (WEF)
- World Bank
- Asia Venture Philanthropy Network (AVPN)

IMPACT INVESTING AUSTRALIA

Impact Investing Australia is an independent organisation dedicated to growing the opportunities for investments that deliver positive social and environmental impact alongside a financial return.

Our vision is for a healthy, equitable and prosperous Australia, supported by a dynamic market for impact investing that expands opportunities and creates innovative solutions to pressing societal challenges.

Impact Investing Australia was established in 2014 in response to an industry-identified need for dedicated leadership, facilitation and capacity building. From social enterprises and not for profit organisations in need of capital, to investors and philanthropist wanting to achieve social impact, we provide a focal point for market development in Australia, as well as participating in efforts to grow the global market for impact investing.

We lead Australia's participation in the Global Social Impact Investment Steering Group (successor to the Taskforce established under the UK Presidency of the G8). We established the Australian Advisory Board on Impact Investing that sits alongside National Advisory Boards of other participating countries, leading development of the market in Australia and contributing to global market development. A significant part of our work is in driving implementation of an ambitious strategy to grow the impact investing market in and from Australia. .

Impact Investing Australia invites individuals and organisations interested in being part of this promising market, growing new market opportunities for social and economic value, and establishing themselves as leaders in this growing field, to join with us.

We are grateful to the more 60 senior leaders who are collaborating in delivery of key actions to develop the market. Our supporters and many volunteers help make this work possible; without them we could not do this work.



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