

Social Finance: Driving Accountability



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History of Social Finance



Founded in 2011 by Tracy Palandijan, David Blood, and Sir Ronald Cohen.



The goal was to mobilize capital to drive social change by working at the intersection of finance and policy.



Palandijan states that there was already enough money in the market but generating positive outcomes with existing resources required establishing new kinds of partnerships.



Social Impact Bonds



It was a contingent payment arrangement between private, public and social sectors.



Government agency develops a measurable policy goal.



Then an intermediary raises money from private investors to fund this intervention.



The investors would be getting back their money plus premium if the program was successful.



DIDN'T WORK!!



SHIFT TO WORKFORCE FINANCE



Social Finance pivoted from Social Impact Bonds (SIBs) to **Career Impact Bonds (CIBs)** due to better measurability and short-term outcomes.



CIBs finance job training for underserved individuals, with payments tied to **graduation and employment success**.



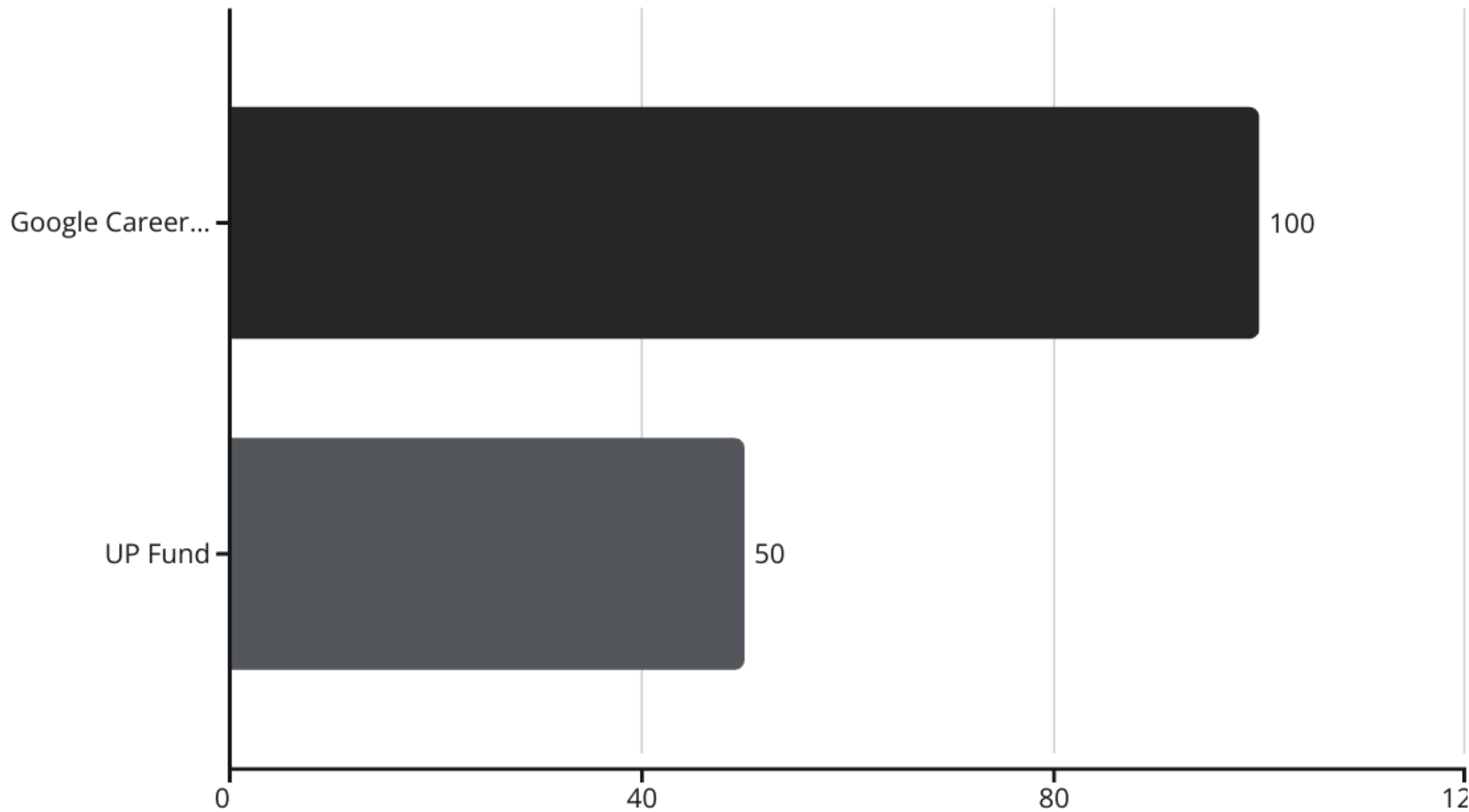
Major initiatives launched:



Google Career Certificates Fund: \$100M to support 20,000+ learners in digital skills.



UP Fund: \$50M in return-seeking capital for careers in IT, healthcare, clean energy, and skilled trades.



Growth, Strategy & Labor Gaps

\$225M

Raised by 2022

115

Staff across 5 offices

12M

Job openings in 2022

Social Finance launched the Social Finance Institute. They lead in advocacy and thought leadership.



Growth, Strategy & Labor Gaps



By 2022, Social Finance raised over **\$225M** and expanded to 115 staff across 5 offices.

Launched the **Social Finance Institute** to lead in advocacy and thought leadership.

Rising demand for **middle-skill labor** (roles requiring more than high school but less than a degree):

By 2022, job openings hit 12M, with a 55M shortfall in middle-skill workers projected.

32M new workers needed in infrastructure & construction over the next decade

Policy Support & Green Economy Focus



U.S. policies like the Inflation **Reduction Act**, **CHIPS Act**, and **BIL** authorized **\$2T+** in infrastructure and clean energy investments.



Risk: **Skilled Labor shortage** could limit impact of these investments.

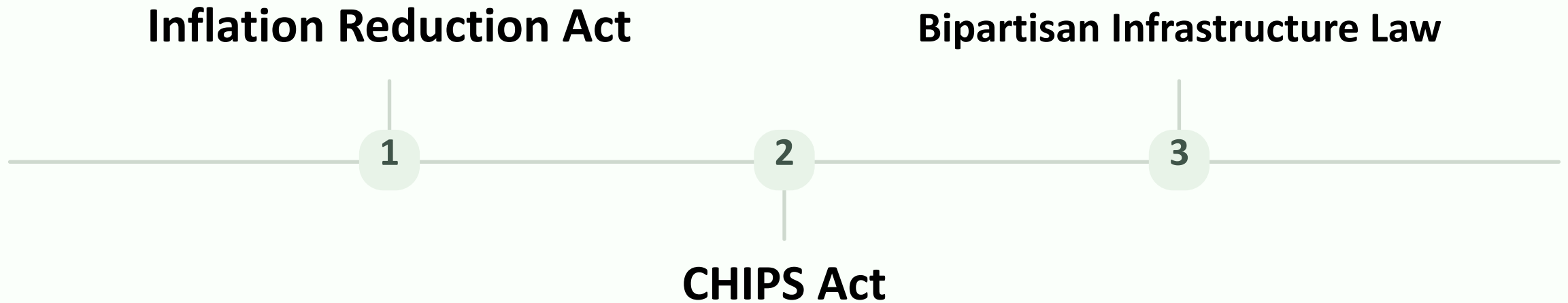


Growing sectors: EV techs, environmental engineers, solar installers — many roles **don't require a degree** but offer strong salaries.



Social Finance aims to bridge the gap by aligning training with evolving market needs.

Policy Support & Green Economy Focus



These US policies authorized \$2T+ in investments. The investments went to infrastructure and clean energy.

Critical Challenges in US Workforce Development

Core Issues: Fragmented system, misaligned with employer needs & skills gaps, weak industry-education links.

Systemic Failures:

- Chronic Underinvestment (US 0.07% GDP vs. OECD avg. ~3x higher).
- Lack of Accountability & evidence-based spending; weak performance data.
- Funding Bias: Financing (Pell Grants, loans) heavily favors degrees over shorter-term skills training.

Cultural/Policy Factors:

- "College for All" emphasis potentially devalues skills training & inflates degree requirements.
- Apprenticeship Gap: US lags significantly behind peer nations in effective work-based learning.

Program Performance Deficits:

- WIOA: High overhead costs reduce funds for actual training.
- WIBs: Often outdated; fail to show significant wage gains for participants.
- Job Corps: Questionable efficacy, high cost per student, poor job placement quality reported.



New Jersey's Pay It Forward Program (Est. 2022)

Program Overview & Structure

Partnership between
Social Finance,
Governor Phil Murphy,
and NJ CEO Council

**Innovative Funding
Model:** Zero-interest,
zero-fee student loans

Key Feature: Loans
repaid only if
graduates secure
employment above
income threshold

If threshold not met
within 5 years,
balance is forgiven

Target: 40% return rate
to create sustainable,
recycling fund

Student Protections



Payment pauses
during unemployment



Living stipends for those needing
additional support



Access to existing financial aid
options (FAFSA, Pell grants)



Supports training in high-demand fields:
cybersecurity, nursing, welding, HVAC

Implementation & Outcomes

Funding & Impact

- Initial funding: \$5M from NJ state + \$5M from corporate philanthropies
- Additional \$2.5M committed for fiscal years 2023-2024
- Funded 70 learners in Fall 2022 semester

Early Results & Testimonials

- Promising anecdotal evidence from first participants
- Example: Nursing student Eunice Rivera secured intensive care position

Challenges & Expansion

- Program requires significant scaling to achieve statewide impact
- Regulatory environment and data collection still evolving
- Success led to \$8M sister program in Colorado
- Additional states exploring similar models: CA, FL, MD, MA, NC
- Leadership focused on creative solutions to balance growth with implementation quality

The image features a central large circle with a thin white outline and a thick light green inner border. Inside this circle, the words "LOOKING FORWARD" are written in a white, bold, sans-serif font. Surrounding the central circle are several abstract elements: two white wavy lines to the left, a small solid light orange circle to the bottom left, a small double-lined light orange circle to the top right, and a rectangular grid of small white dots to the bottom right.

LOOKING
FORWARD





**THANKYOU!!
ANY QUESTIONS?**