Bridgespan
Social Impact

The Bridgespan Group

When Impact-First Investments Are the Right Tools for Social Change

By Michael Etzel, Charlotte Mabe, Atharva Sinha, and Roger Thompson

Collaborating to accelerate social impact

September 2026

Table of Contents

Introduction 1

Making the Case for Impact-First Investing 3

Sustain Funding 6

- Sustainable agriculture case study 6
- Affordable housing case study 9

Maintain Impact Fidelity at Scale 11

- Virtual tutoring case study 11
- Pediatric mental health case study 13

Build New Markets 16

- Geothermal energy case study 16
- Employee ownership case study 18

Recycled Impact-First Investments "Outperform" Grants or Return-Maximizing Investment Over Time 21

Putting More Impact-First Capital to Work 23

Appendix. Methodology 24

- Selection of sectors 24
- Selection of company examples 24
- Calculating impact 24
- Limitations 25

Endnotes 26

*Impact-investing services are provided by Bridgespan Social Impact, Inc., a wholly owned subsidiary of The Bridgespan Group.

Introduction

John Arnold, a former hedge fund manager, was not always fully convinced of the potential for impact-first investing. As of 2020, Arnold Ventures—the philanthropic vehicle for John and Laura Arnold—had put money into half a dozen bespoke investments that sought impact, not just financial returns. These investments measured success by achieving change in the world.

At the time, John Arnold approached this style of impact-first investing with a blend of curiosity and skepticism: curiosity about deploying financial assets where capital shortages or misaligned incentives block the realization of valuable social outcomes and skepticism about an investment approach that accepted greater risk, longer time horizons, and potential losses. Historically, like most of his peers, he maintained a mental separation between investment and grantmaking.

"People want returns and do not want to lose principal," John Arnold says, adding that "it's hard to break through the two-pools-of-money dynamic," where investing and grantmaking occupy separate silos.

Fast-forward to 2026, and the mental tide has turned. Arnold Ventures has built a team to deploy mission-aligned capital and support the Arnolds' philanthropy. The Arnolds noticed a greater need in the issue areas they cared about—including criminal justice, K–12 education, and housing—for solutions that could not be addressed by grantmaking or existing return-maximizing financial investments.

"We were seeing an increase in the number of deals that didn't fit cleanly into 'give a grant and get back zero dollars,' nor into 'make an investment and get market-rate or better returns.' There was kind of this messy middle of deals," John Arnold explained in a *Barron's* interview.[1] The messy middle is where he sees impact-first capital being distinctive in its ability to achieve impact that otherwise would not be realized.

Like the Arnolds, many family offices are uniquely positioned to harness their investment and philanthropic know-how to pursue impact-first investing. Unlike the Arnolds, most have yet to make the mindset shift from curious skepticism to a disciplined embrace of the impact-first approach. They navigated the shift by starting with the purpose, learning by doing, connecting across silos, and taking risks.

More may follow as many family offices have begun to wonder whether there are additional ways to channel money to the issues they care deeply about, such as education, health care, or the environment. The finite nature of grants can only take nonprofits so far. By contrast, impact-first investing enables families to advance philanthropic aspirations and values while delivering an investment return that can be recycled for impact-focused purposes.

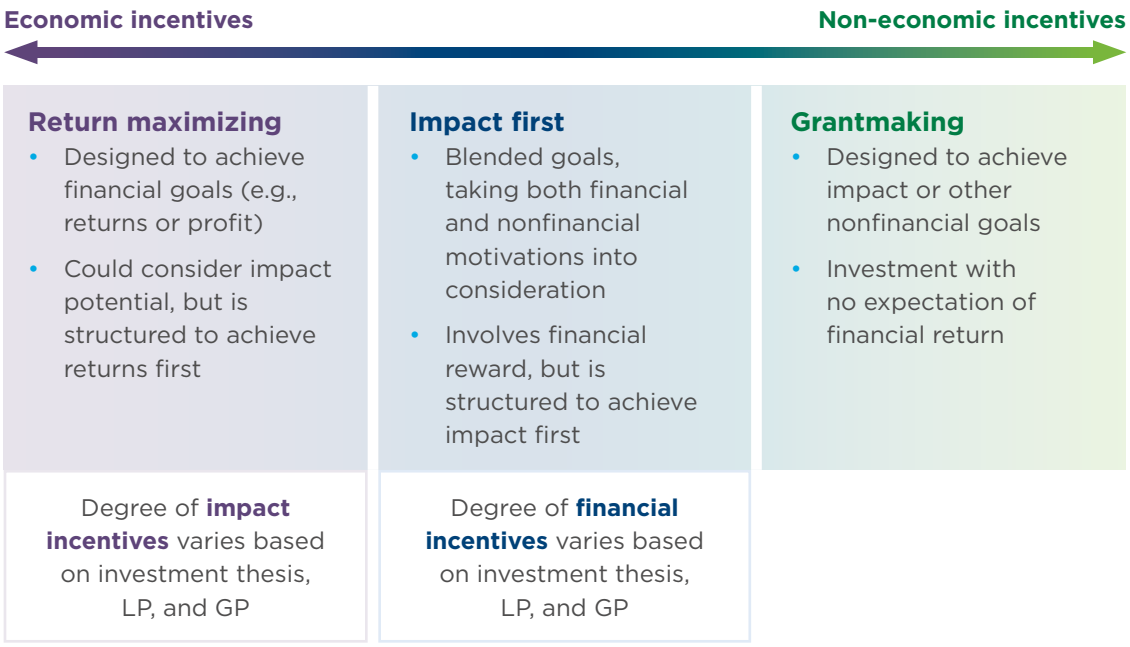
Advocates see a role for the impact-first approach alongside both philanthropic grantmaking, which typically seeks no return of grant dollars, and conventional investing, which seeks to maximize financial returns. They see impact first as complementary to philanthropy and

conventional investing in its ability to create change that otherwise would not happen. (See Figure 1 below.)

The impact-first approach adapts conventional investing terms to the needs and context of the problem at hand. It might include extending investment time horizons, lowering the cost of loans, increasing risk tolerance, or adopting blended finance structures involving multiple players with different risk-adjusted return expectations. Even so, impact-first investing can deliver attractive financial returns while steadfastly working to generate beneficial, measurable social change in the messy middle where grants and conventional investing do not work.

Skeptics of the impact-first approach worry that those adaptations—which some dismiss as concessionary—amount to bad investments. After all, some of them reason, if they grow their wealth the old-fashioned way, they can write bigger grant checks in the future. Would they not have more impact if they maximized their investment returns to fund that grantmaking? Indeed, those return-maximizing investments could themselves be in social enterprises—making them finance-first impact investments with no concessionary terms.

Figure 1. Impact-First Capital Is Differentiated by Its Balance of Economic and Non-Economic Incentives



Note: LP = Limited Partner, GP = General Partner.
Source: Bridgespan

Admittedly, impact-first investing won't appeal to those whose main goal is to grow their wealth as much as possible. Over the past 25 years, we have worked with many high-net-worth individuals and families who are engaged in significant philanthropic work and increasingly wonder whether they could do more with their capital.

The idea of putting investment capital to work specifically for social change is not new. The Ford Foundation pioneered program-related investments in the late 1960s, and community development financial institutions in the United States have been providing critical services since the 1970s. A more recent wave of practitioners (i.e., Acumen Fund, Omidyar Network) has built on these early leaders over the past 20 years, adopting a variety of forms and labels, including impact investing, catalytic capital, and blended capital.

Despite the evolution of these sometimes overlapping or similar ideas, the impact-first approach does not benefit from decades of portfolio construction and academic research. The thin track record gives investors pause. We hear again and again questions that boil down to this: How do I know impact-first investing is worth the trade-offs compared to the simplicity and familiarity of combining return-maximizing investments with grantmaking?

That question inspired us to launch a research project in hopes of providing helpful insights to those stuck on the sidelines. We focused our research on two objectives.

First, can we identify market conditions where an impact-first orientation enables impact that otherwise would not be achieved? Specifically, when does grantmaking reach the limit of its ability to help those in need? And when does a return-maximizing approach create incentives that sideline important social and environmental impacts to grow a more profitable business?

Second, do impact-first investing approaches that recycle investment returns back into impact-first investments generate as much or more impact than grants or return-maximizing investments over the same timeframe?

Making the Case for Impact-First Investing

When we began this research project, we held a simple belief: grantmaking, impact-first investing, and finance-first impact investing can each produce positive social or environmental impact when the conditions are right—and, at their best—can complement one another.

Philanthropic grantmaking excels when there is little to no financial upside associated with an activity that delivers desired benefits to those in need. Grantmaking endeavors range from funding direct services and policy advocacy to humanitarian aid and basic scientific research. Such activities often have little chance of attracting investment capital.

The return-maximizing approach can have a significant impact when business success and impact outcomes are closely aligned. In markets such as copper recycling or solar panel manufacturing, where the desired impact is already embedded in commercial incentives, the primary constraint is access to large pools of capital to fuel growth. Thus, when an enterprise's economics are strong and impact trade-offs are limited, investors have financial incentives to provide capital.

Bridging these two worlds, the impact-first approach operates in the space where philanthropic grantmaking reaches its limits of scale and finance-first investing has no financial incentive—or holds the wrong incentives—to provide more capital. Within that space, we sought to identify specific market conditions that create fertile ground for impact-first

investments and to demonstrate how this approach can produce more long-term change when investment returns are recycled for future impact. Our research and experience advising impact-investing clients pointed to four variables that describe market conditions:

1. Market or intervention maturity
2. Strength of economics (e.g., risk and return, market size, revenue certainty, unit economics, regulatory environment, availability of public funding or subsidies, liquidity)
3. Degree of alignment between financial incentives and impact outcomes
4. Amount of capital required

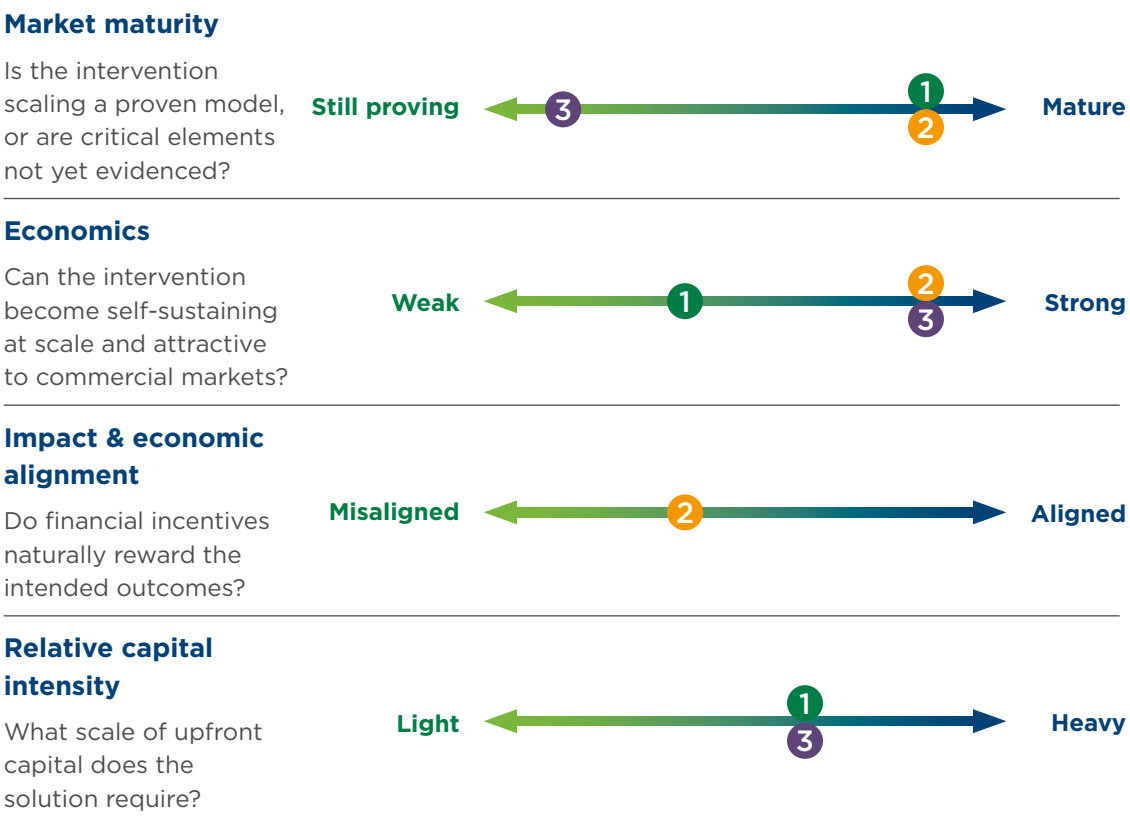
For each variable, we determined the level of intensity that most closely correlated with distinctive results for impact-first investments. (See Figure 2 below.)

Figure 2. Market Conditions That Favor Impact-First Investments

1 Sustain funding
Where a large amount of capital is required, and the underlying economics are unattractive to commercial investors

2 Maintain impact fidelity at scale
Where market incentives prioritize returns over impact, particularly as an enterprise scales

3 Build new markets
Where a large amount of capital is required to bridge the financing gap between start-up and commercialization



Source: Bridgespan

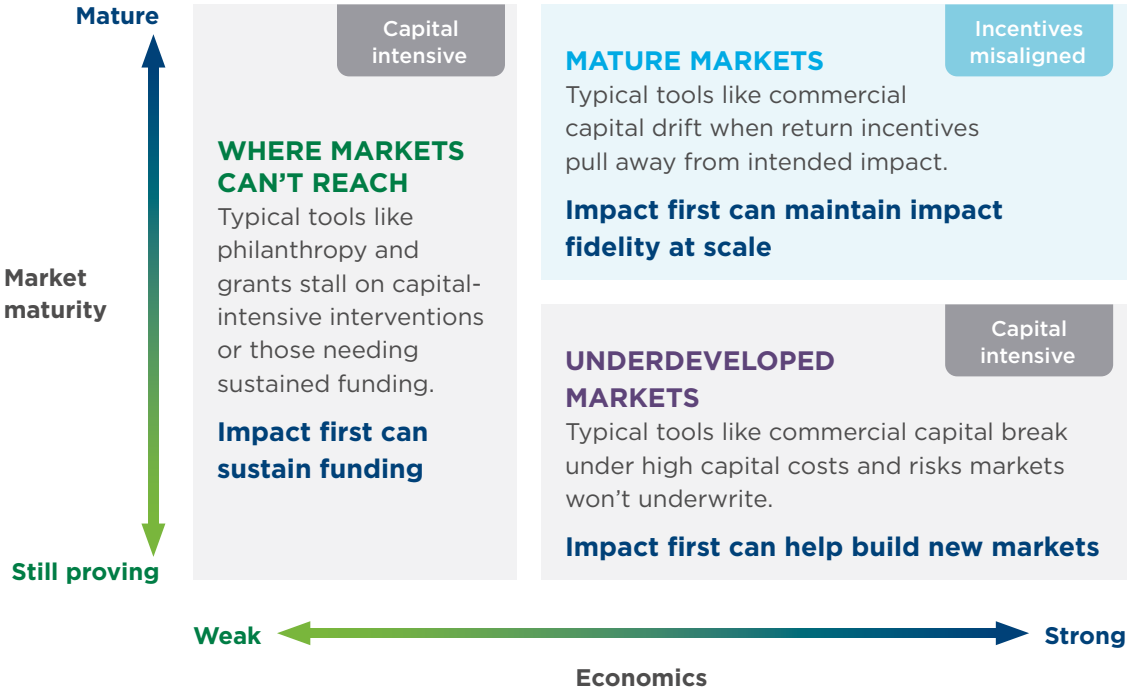
We found three combinations of market conditions in which impact-first investing excels (see Figure 3 below):

1. **Sustain funding**. Where a large amount of capital is required, and the underlying economics are unattractive to commercial investors.
2. **Maintain impact fidelity at scale**. Where market incentives prioritize returns over impact, particularly as an enterprise scales.
3. **Build new markets**. Where a large amount of capital is required to bridge the financing gap between start-up and commercialization.

These combinations work when grantmaking and return-maximizing approaches do not. That is not to say they are the only combinations conducive to impact-first investing; others most likely exist. This simple market-conditions framework can help others explore how impact-first investing might fit other circumstances.

Figure 3. Impact-First Investing Is a Better Fit in Capital-Intensive Markets or When Incentives Are Misaligned

Secondary market conditions that lead traditional capital types to fail



Source: Bridgespan

We then examined six issue areas with favorable market conditions: sustainable agriculture, affordable housing, virtual tutoring, online pediatric mental health counseling, next-generation geothermal, and employee ownership. For each, we identified actual philanthropic grant, impact-first, and finance-first examples with similar intended impact

and operating in similar contexts, making them roughly comparable. We used public and proprietary data for comparative analysis, alongside interviews with practitioners and funders. (See the "Methodology" on page 25.) After we crunched the numbers, we concluded that impact-first investments can deliver distinctive impact where markets do not work and grantmaking alone cannot reach sufficient scale.

Further, unlike grantmaking, impact-first investments can put the same dollar to work multiple times. As a result, over a 10–15-year period, a portfolio allocation to impact-first investments can generate more cumulative impact than a grant or a similarly sized allocation to return-maximizing investments.

In the sections below, we provide examples of actual deals in which impact-first capital, in certain combinations of market conditions, produced distinctive impact compared to grantmaking and return-maximizing investments. We then make the case at the portfolio level that recycled impact-first investment dollars, under the right conditions, have a greater cumulative effect than grantmaking and commercial investments alone.

Sustain Funding

Where a large amount of capital is required and the underlying economics are unattractive to commercial investors.

Impact-first capital fills a void where philanthropic grantmaking ends and commercial investors steer enterprises toward more profitable, often higher-income segments of the population, leaving out lower-income households. We see such dynamics in the United States across Medicaid-heavy programs like home care for low-income seniors,[2] community solar for low-income renters,[3] and rural broadband.[4]

Impact-first investments fill this void in two ways. In some instances, investors take on financial complexity that others avoid, even though there is a pathway to profitability. In others, impact-first investments aim to achieve a catalytic effect by taking on first-loss risks to attract additional capital from more risk-averse investors. This approach sustains deals that provide predictable income streams but are perceived as too risky by most investors. We saw this at work in developing-market sustainable agriculture and the preservation of affordable housing in the United States.

Sustainable agriculture case study

In smallholder agriculture, there is often a mismatch between the economic realities of subsistence farmers and the return requirements of commercial investors. As a result, lending to smallholder farmers requires grants or impact-first capital because farmers' needs and lenders' demands are so far apart.

In many East African countries, for example, agriculture contributes roughly 25 percent of GDP and accounts for about 40 percent of employment. Smallholder farmers make up the majority of agricultural producers.[5] However, increasing farmers' subsistence incomes is difficult given the variability of crop yields, the small size of farms, and fragmented

production and distribution systems. As a result, farmers need a bundle of support: better seeds and fertilizer, training, crop insurance, improved distribution channels, and credit matched to the seasonal nature of the agricultural cycle.

For the most part, the credit needs of smallholder farmers go unmet. Lending to them is difficult because revenues arrive only once a year at harvest, cash flows are irregular, loan sizes are small, administrative costs are high, and weather shocks can damage or destroy a season's harvest. Commercial lenders prefer to work with lower-risk farmers. Philanthropic grants can support high-impact programs for smallholders, but they typically reach only a fraction of those in need.

Impact-first capital, in contrast, can help higher-risk farmers at a greater scale. Research has shown that programs that bundle support services for smallholders produce significant income gains and provide reliable income for debt repayment. Thus, bringing together investors with different return expectations can create a lending pool that serves many smallholder farmers. This is where impact-first investors can absorb risks to attract other investors. We compared three organizations in Rwanda that serve smallholder farmers but use different interventions and forms of financing:

- **Company A** is a technology-forward lender that provides direct seasonal credit to relatively low-risk, near-bankable smallholder farmers—those just shy of meeting requirements for formal financial services. Company A strives to deliver market-rate returns to investors.
- **Company B** is a nonprofit that distributes farm inputs, such as seeds and fertilizer, on credit and bundles them with training and insurance. It funds the model through roughly equal shares of philanthropic grants and debt, including an impact-first loan that helped attract additional debt investors seeking market-rate returns.
- **Company C** is a philanthropic, grant-funded program that trains coffee farmers in agronomy, helps cooperatives build coffee bean processing mills, and connects them to specialty export markets. The program was designed to wind down, leaving sustainable income gains.

In our analysis, we defined impact as incremental annual farm profit relative to non-participating comparison groups. Company B came out on top by delivering the largest total annual farmer income increase, balancing depth and scale.

Figure 4. Sustainable Agriculture: Three Rwanda Providers Compared on Income Gain, Reach, and Impact Per Dollar

Metric	RETURN MAXIMIZING Company A	IMPACT FIRST Company B	GRANTMAKING Company C
Depth Annual farmer income increase	**+$17/yr**	**+$130/yr**	**+$171/yr** HIGHEST INCOME GAIN
Scale Farmers served	**~200Th**	**~1Mn** BROADEST REACH	**~33Th**
Total annual impact *Depth x scale (farmer income gain per year)*	**~$3Mn** $17 x 200Th	**~$130Mn** $130 x 1Mn	**~$6Mn** $171 x 33Th
Annual investment Capital deployed per year (excludes senior debt for Company B)	**~$5Mn** ~$25 per farmer	**~$30Mn** ~$30 per farmer	**~$2Mn** ~$70 per farmer
Impact per $1 of impact-first capital *Excludes senior debt mobilized by impact-first subordination*	**$0.68** ~$3Mn ÷ ~$5Mn	**$4.33** ~$130Mn ÷ ~$30Mn	**$2.44** ~$6Mn ÷ ~$2Mn

Note on Company C (Grantmaking): Persistent income gains could raise the impact of $1 of grantmaking in Company C to $4.

Source: Bridgespan

Company A, the return-maximizing opportunity, delivered relatively weak per-farmer income gains due to its focus on near-bankable farmers and a market-rate lending structure. **Company C**'s philanthropic grants provided the strongest per-farmer income increases (particularly when accounting for persistent income gains), but its focus on smallholder farmers cultivating a high-income crop (coffee) limited the number of farmers it could serve.

Company B, the impact-first approach, blended different types of capital to align the economics of the intervention. In 2020, it supplemented philanthropic grants with first-loss loan financing. Over the next five years, for every dollar in first-loss loans, **Company B** raised three dollars in market-oriented debt, powering a 20 percent annual growth rate while maintaining strong income gains per farm.

By aggregating different types of capital, **Company B** maintained a steady flow of investment, with returns that it recycled into new loans. Without the layer of impact-first debt, its options were to remain grant-funded—limiting scale—or to move toward a more commercially bankable farmer base, diluting impact.

The smallholder example demonstrates how impact-first investors can work alongside grantmakers and return-maximizing investors to take on risks and achieve greater scale in markets where some level of grant or impact-first capital is required. In these situations,

impact-first capital is the catalyst that draws investors with different return expectations to create a lending pool that provides goods and services to a larger number of people.

Affordable housing case study

The rental housing market faces both supply and affordability shortages, which are particularly acute for those earning less than 60 percent of area median income (AMI). In the United States, for instance, only 49 homes are affordable and available for every 100 households at or below 50 percent AMI.[6] Preserving apartments already restricted by lender covenants to low-income tenants is a fast and cost-effective way to protect affordability. However, this approach only addresses shortages when it prevents conversion to market-rate rents, extends or deepens affordability covenants, or repairs deteriorating properties that might otherwise fall out of the housing supply.

Preservation typically requires navigating a combination of public subsidies, regulatory agreements, local approvals, rehabilitation needs, and resident protections. The work is difficult to finance at lower income levels (as defined by households earning less than 60 percent of AMI) due to this market complexity. While commercial capital will participate in affordable housing, investors tend to favor deals at higher-income thresholds (e.g., up to 80 percent AMI) with limited repairs needed. Impact-first capital can take on more deteriorated properties and house lower-income residents. We compared three preservation strategies in the same high-cost city:

- **Property A** was preserved by a return-maximizing affordable housing fund that acquires existing developments producing stable cash flows. This particular development has approximately 225 units rented to households earning 50-60 percent of AMI, and the property was in good condition. There were 27 years remaining on the affordability covenant.
- **Property B** was preserved by an impact-first fund that acquired a deteriorated 300-unit property renting to households earning 50–60 percent of AMI. It extended its affordability covenants for 36 years.
- **Property C** was acquired by a philanthropic grant-funded community land trust that preserved a 20-unit affordable housing complex for residents earning less than 40 percent of AMI. It extended affordability covenants for 55 years.

Figure 5. Affordable Housing: Three Preservation Strategies Compared on Per-Unit Depth, Units Preserved, and Lifetime Savings Per Dollar

Metric	RETURN MAXIMIZING Property A	IMPACT FIRST Property B	GRANTMAKING Property C
Depth Present-value lifetime housing-cost savings per unit	**~$45Th** 27 yrs of affordability	**~$180Th** 36 yrs of affordability	**~$500Th** DEEPEST PER UNIT 55 yrs of affordability
Scale Units preserved	**~225**	**~300** MOST UNITS	**~20**
Total lifetime impact *Depth x units (lifetime resident savings)*	**~$10Mn** ~$45Th x 225	**~$52Mn** ~$180Th x 300	**~$9Mn** ~$500Th x 20
Impact/sponsor capital Excludes senior debt	**~$10Mn** of ~$40Mn total project cost	**~$35Mn** of ~$70Mn total project cost	**~$6.5Mn** of ~$11Mn total project cost
Lifetime impact per $1 of sponsor capital *Total lifetime savings ÷ sponsor capital deployed*	**$1.00** ~$10Mn ÷ ~$10Mn*	**$1.50** ~$52Mn ÷ ~$35Mn	**$1.40** ~$9Mn ÷ ~$6.5Mn

*Attribution-adjusted: ~$0.01 (only ~5% of LIHTC units in this state face real conversion or foreclosure risk)

Source: Bridgespan

Property B delivered the greatest total lifetime housing cost savings for low-income residents. The impact-first fund invested in a 300-unit deteriorated building, preventing it from leaving the housing supply by making $10 million in renovations—including repairs to core building systems—and expanding resident services. While the fund targets market-rate returns, it is designed around the economics of affordable housing, enabling it to underwrite restricted rents, accept a longer return timeline, and tap into public subsidies. It is governed by a focus on affordability and resident stability, with investors who see those goals as part of the investment case and the path to economic success.

On the other hand, **Property C**, the philanthropic grant-led model, delivered the deepest per-unit rental cost savings for the lowest-income residents, but only for 20 units and at a high cost per unit. The return-maximizing **Property A** model bought a 225-unit building in good condition with no extension of affordability covenants. It proved to be a valuable commercial opportunity but with limited impact.

Impact-first capital proved valuable in a capital-intensive market where grantmaking could not meet the scale of need and commercial investors had little reason to operate. Impact-first capital brought approximately $70 million to a deal most return-maximizing investors would avoid because it was complex, slow, and constrained by regulated rents. The deal, however, offered a steady path to repayment for investors willing to accept longer-term returns.

Maintain Impact Fidelity at Scale

Where market incentives prioritize returns over impact, particularly as an enterprise scales.

Even with strong business models backed by evidence-based market research, enterprises can take time to prove outcomes, secure customers, and refine their service models. Without access to the right capital, mission-focused entrepreneurs can gravitate toward faster-growing, lower-intensity offerings that are more financially attractive. We see dynamics like this in workforce training, where commercial models can optimize for enrollment in short courses for workers with less demanding retraining pathways.[7] In health care, conventional investors gravitate toward providers that have lower staffing ratios, leading to less supervision and larger caseloads, or that serve families with better insurance.[8]

Impact-first investors can back founders committed to social and environmental outcomes and give those enterprises more runway to demonstrate those outcomes. We saw this dynamic in virtual tutoring and pediatric mental health counseling.

Virtual tutoring case study

Education technology is designed to improve student learning, but evidence shows results vary significantly. For online tutoring in the United States in particular, short-term profit incentives only partially align with long-term student outcomes.

Learning gains take time to assess, making it challenging for school districts and public systems to make procurement decisions based on improved outcomes. This leads online tutoring companies to focus on convenience, enrollment, and delivery costs per student, as opposed to learning gains. As a result, providers have financial incentives to schedule fewer tutoring sessions, bring together larger groups of students, or replace teachers with software. These moves lower costs, but also weaken impact because students benefit most when they have frequent sessions, qualified tutors, and smaller groups.[9]

Higher-cost models that stay true to their impact mission can still be profitable, especially if they demonstrate real improvements in student learning. But that takes time. We compared three online tutoring organizations:

- **Company A** is a commercial platform with return-maximizing investors. It offers a broad suite of products, including frequent tutoring and lighter-touch support such as on-demand help, essay review, adaptive assessment, and AI-enabled tutoring sessions.
- **Company B** is a growth-oriented commercial enterprise with investors focused on impact *and* expecting a competitive long-term return. Its service model is built around credentialed classroom teachers, frequent student sessions, small groups, clear standards, and close coordination with school districts.
- **Company C** is a philanthropic grant-funded nonprofit. It provides a more intensive one-on-one model with family engagement, relationship continuity, and an explicit focus on vulnerable students.

Figure 6. Virtual Tutoring: Three Providers Compared on Depth, Scale, and Impact Per Dollar

Metric	RETURN MAXIMIZING Company A	IMPACT FIRST Company B	GRANTMAKING Company C
Depth Percentile-point increase in standardized test score	**+5 pts**	**+10 pts**	**+22 pts** DEEPEST GAIN PER STUDENT
Scale Students served annually	**40Th** WIDEST REACH	**30Th**	**~1.5Th**
Total annual impact *Depth x scale (student-percentile points)*	**~20Th** 5 x 40Th	**~300Th** 10 x 30Th	**~33Th** 22 x 1.5Th
Cumulative investment Outside capital deployed to the company	**~$22Mn**	**~$15Mn**	**~$8Mn**
Annual impact per $1Mn invested *Total impact ÷ cumulative investment*	**~9Th** 200Th ÷ $22Mn	**~20Th** 300Th ÷ $15Mn	**~4Th** 33Th ÷ $8Mn

Source: Bridgespan

Company B's impact-first approach produced improvements in test scores that remained consistent even as it scaled. Its founders sought clear impact outcomes alongside profitability. Investors provided patient capital and connected the company to researchers and experts who helped build a knowledge base around its impact goals. The investors' impact-first approach enabled the founders to remain committed to an evidence-based approach rather than drift toward higher-margin but lower-quality programs.

Company A began with a strong tutoring core but over time shifted to free basic services delivered by AI tools while seeking to grow the number of students paying for more advanced services. This occurred as return-maximizing investors pushed for user growth, a key driver of valuation for an eventual public offering.

Company C had the strongest per-student outcomes but, given the cost of the intervention and its target population's low willingness to pay, it would have required ongoing school district, state, or federal funding to reach large populations.

Our analysis shows that impact-first investments anchored in evidence-based approaches can build a profitable business model to scale the enterprise. This is especially true when a provider has mission-aligned investors who take the time to build evidence of outcomes rather than optimize for easier growth.

Pediatric mental health case study

Rates of anxiety, depression, and suicidal ideation among children and adolescents rose sharply during and after COVID-19, driving demand for online care models designed to reach more young people at lower cost in the United States. Research shows that mental-health outcomes depend on delivery by licensed clinicians, no-waitlist access, care coordination with trusted adults,[10] and cultural and linguistic competency.

Clinical outcomes deteriorate when the push for scale compromises these features. A focus on profitability creates incentives to pursue higher-income patients and provide lighter-touch digital interventions even when these are not the strongest drivers of clinical impact. However, scale and profitability can converge when outcomes-oriented service providers secure reimbursement contracts from outcomes-aligned payers, principally Medicaid and public school systems. We looked at three different approaches to financing pediatric mental health services:

- **Intervention A** is an adolescent mental health platform backed by return-maximizing investors.
- **Intervention B** is a narrower model that places licensed clinicians in schools through school district and Medicaid partnerships. It was initially funded by mission-aligned and impact-first investors.
- **Intervention C** is a nonprofit funded by philanthropic grants and government funding that was incubated at an academic institution and trains school staff to support student mental health.

When comparing the three models, we found impact-first funders scaled a high-fidelity model through **Intervention B**. However, the philanthropic grant-funded **Intervention C** delivered the greatest outcomes per dollar because it secured sizable state funding.

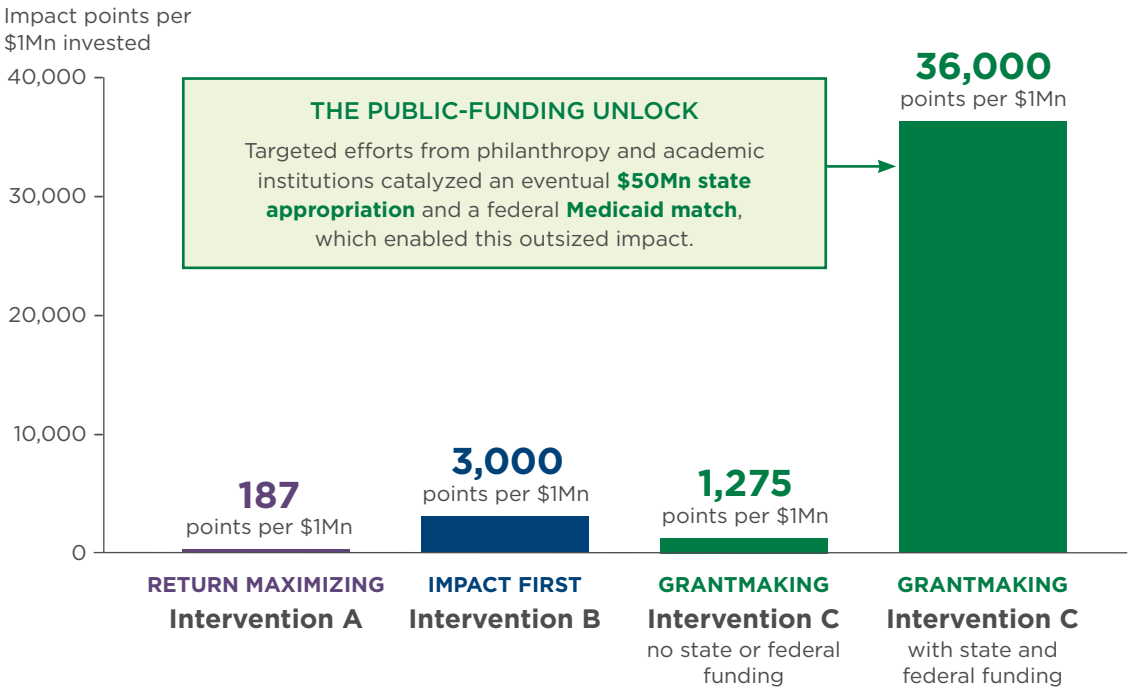
Intervention B's impact-first investors sustained the higher-fidelity intervention features, including licensed clinicians, while the provider developed a commercially viable business model that retained depth-of-impact outcomes. Evidence of significant impact led to securing Medicaid reimbursement contracts, which enabled the program to expand its reach to serve more young people.

The return-maximizing **Intervention A** scaled quickly through employer and health-plan contracts, expanding access to a larger market of lower-need patients. However, the pathway struggled with low utilization, meaning many families never received the full care model. The company later pulled back, showing that rapid expansion did not translate into stronger outcomes or a more durable business model.

Intervention C is designed for prevention, rather than the clinical treatment provided by **Intervention B**, and did not serve higher-need students. The success of its care model led one state to fund the company's statewide expansion. In that state, **Intervention C** delivered the most clinical impact per dollar invested by an order of magnitude, while the impact-first **Intervention B** model was more effective when state funding was not accessible. However, statewide scale came with strain, as implementation through state and district bureaucracy proved uneven and difficult to replicate in other states' political environments.

Figure 7. Philanthropic Grants that Unlock Public Funding Delivers the Most Clinical Impact Per Dollar by an Order of Magnitude

Annual impact = reduction in PHQ-8 & GAD-7 screening points across students treated, per $1Mn of capital deployed



Return maximizing (Intervention A): ~6,600 points reduced annually at ~$35Mn/yr of commercial captial, about 187 points per $1Mn.
Impact first (Intervention B): ~18,000 points at ~$6Mn/yr of patient capital, about 3,000 points per $1Mn.
Philanthropic grants, no public funding (Intervention C pilots in other states): ~5,100 points at ~$4Mn/yr of purely philanthropic captial, about 1,275 points per $1Mn.
Philanthropic grants with state and federal funding (Intervention C, post-appropriation): ~36,000 points against ~$1Mn/yr of philanthropic capital, about 36,000 points per $1Mn, because a $50Mn state appropriation and a federal Medicaid match now carry the cost of delivery. Impact is depth (~3 point average PHQ/GAD reduction) x scale (students reached); figures are illustrative, drawn from company-reported outcomes and financial-model estimates.

Source: Bridgespan

For pediatric mental health, as with virtual tutoring, markets can expand access to a program or intervention without necessarily preserving the features that produce desired outcomes. By contrast, impact-first capital and philanthropic grants backed high-fidelity mental health intervention models that succeeded in attracting significant public funding to expand and sustain them. These cases show that certain markets need to be anchored by institutional payers who care about impact to be commercially viable and to retain depth of impact outcomes.

Leadership and Governance Shape Commitment to Impact

Across the high-touch service models we reviewed, governance and leadership played a significant role in shaping an organization's long-term commitment to outcomes.

Tom Kuo, a partner at A-Street, a Pre K through 12 education-focused investment firm, describes the role of impact-first capital as finding outcomes-focused leaders and providing "a flavor of capital that understands what they want to do from a mission perspective" while still allowing them to pursue the economic incentives of founders and markets. "There is no daylight between improving student outcomes and business model." Organizations, he says, "must exist to achieve the outcome."

In some cases, we found organizations that achieved this without impact-first capital. These examples typically involved governance models that protected impact and allowed outcomes-oriented management to hold the line when return-maximizing incentives could have pushed the organization toward easier growth. Rob Waldron, the former CEO of Curriculum Associates, describes his approach: "Even after private equity ownership, I never made a decision that I didn't think was best for kids. The best decision for kids and educators has proven to be best, long-term, for investors." The standard, he says, was simple. "I wake up in the morning, and every decision I make needs to be in the best interest of the kids I serve."

Curriculum Associates' commitment did not come at the expense of performance. Under Waldron's leadership, the company became a commercially successful education business that also invested heavily in product quality, service, research and development, and student outcomes. His experience suggests that conventional capital can support impact when investors believe the mission is part of the long-term value creation strategy and when leadership has the authority to act accordingly.

Yet, he emphasizes that this only works when the leader has real control. "If you don't have control, you can't tell investors 'let's do the right thing,'" he says. In Curriculum Associates' case, control came from a base of multiple minority investors rather than one controlling investor, and from the reputation Waldron carried with them.

The importance of control recurred in our research. We found leaders who remained committed to impact but were constrained by early capital choices, investor liquidity needs, or structures that put outcomes and financial returns in tension. In some cases, the next phase of growth required buying out earlier investors. In others, leaders lacked the governance rights to resist pressure to pursue higher-margin customers, lighter-touch models, or lower-cost delivery.

Leadership and governance models that protect impact are essential for high-impact enterprises to succeed, allowing them to keep choosing impact even when easier paths to growth are available.

Build New Markets

Where a large amount of capital is required to bridge the gap between start-up and commercialization.

Some emerging enterprises can expect to turn a profit when they mature. Such a prospect is enough to attract some risk-taking, return-maximizing players, but most investors shy away from risky, capital-intensive, unproven business models. For their part, grantmakers often support innovative research and development with the potential to support pilot projects, but generally not those that require large sums to carry a project from pilot to scale. We see this dynamic in any first-of-a-kind enterprise, such as low-carbon cement and sustainable aviation fuels. It also applies to markets that need bespoke financing tools or infrastructure, like community solar or community ownership of real estate.

Caught in the middle are emerging enterprises passed over by grantmakers and finance-first investors, creating a "valley of death"[11] in which financing the transition from proof of concept to proof of commercial viability remains difficult. This dynamic is especially visible in emerging climate technologies, including next-generation geothermal, and in employee ownership transactions.

Geothermal energy case study

Geothermal heat provides a clean, continuous energy source, but it has been slow to catch on due to technological challenges, high investment costs, and site selection uncertainty. New technologies that tap heat from more than a mile below the Earth's surface hold promise for grid-scale electricity generation.[12] But next-generation geothermal electricity requires significant capital to develop commercialization-ready facilities.

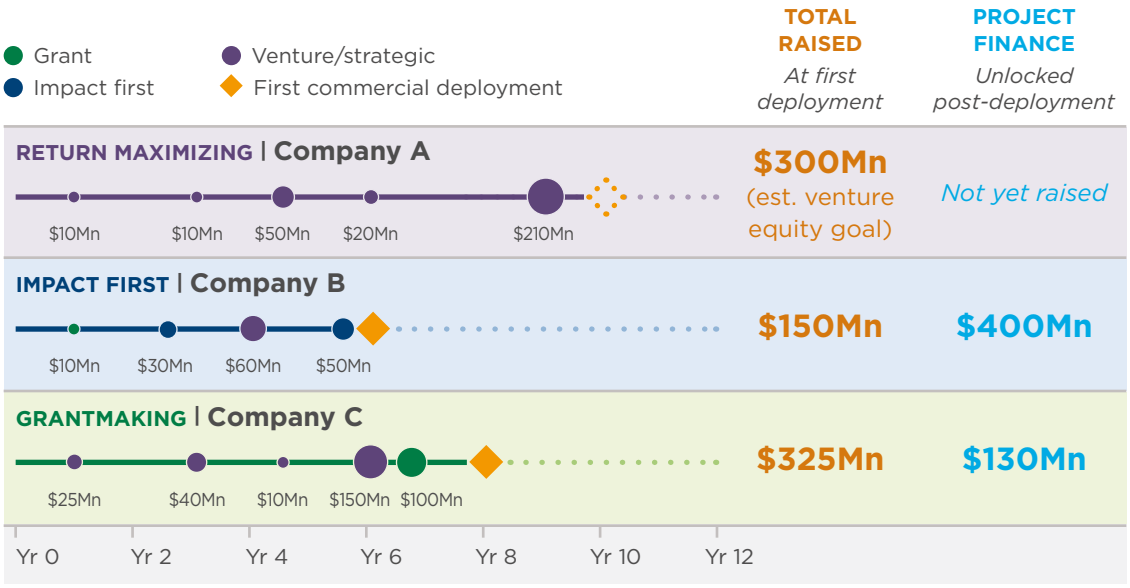
Grant funding is available for pilots and early demonstration projects but rarely for full commercial scale-up and buildout, given the amount of money involved. Pilots may require less than $10 million, while initial commercial deployment might require $100 million or more. Return-maximizing investors, including venture-capital and infrastructure investors, are more willing to invest once a company has demonstrated commercial viability.[13] This precommercial phase creates the valley of death, where enterprises stall for lack of capital.

Which type of capital gets next-generation geothermal projects up to commercial scale the quickest? We compared three geothermal companies operating in North America and Europe that use different capital and technical pathways.

- **Company A** was financed primarily through venture capital. Its model is capital-intensive because it is attempting to prove both new geothermal technology and novel power-plant design.
- **Company B** launched with federal grant support in its pilot phase. Impact-first climate investors followed during the valley-of-death pre-commercialization phase. Later, venture debt funded early commercialization. This was a novel financing pathway for a technology more familiar to energy investors but still first-of-a-kind in terms of the power plant design.

- **Company C** relied more heavily on grant funding, including government grants, for commercialization. It later shifted to venture capital and project finance. (Grant funding for **Company C** was exceptional, because of favorable industrial policies in North America and Europe.)

Figure 8. Next-Gen Geothermal: Three Pathways to First Commercial Deployment



Source: Bridgespan

Our analysis found that impact-first capital was key to advancing **Company B** to commercial deployment more quickly than companies A and C, strengthening its ability to attract subsequent capital. When **Company B** had not yet secured contracts for future electricity sales in the valley of death, impact-first investors provided patient capital to advance development. In addition, impact-first financing facilitated approval of US Inflation Reduction Act tax credits that were key to unlocking project financing.

By the time **Company B** advanced past commercial launch, **Company A** was still proving a new plant design on which its initial commercial deployment depended. Similarly, **Company C** was still raising grant funding that would eventually enable a commercial launch two years later.

In this case, impact-first investments filled the missing middle by providing patient, risk-tolerant capital before commercial launch. In these circumstances, impact-first capital is a catalyst for the emergence of an investable market. A similar dynamic occurs in other capital-intensive sectors that do not fit neatly into a venture model, where capital needs are too large and timelines too long, or into an infrastructure model where the technology is not proven enough to underwrite.

Employee ownership case study

Millions of small and medium-sized businesses in the United States will face ownership transitions in the coming decade.[14] These transitions create a major opportunity for employee ownership and wealth building as business owners retire. But the transition from owners to workers requires significant capital, which is hard to find. The financing tools these deals need are not widely available, and most lenders do not understand employee ownership.

These barriers look different depending on the size of the business and the shape of the transition. Transactions over $1 billion depend on investors seeking market returns. However, the economic benefits of sharing ownership with workers, such as higher productivity and employee retention,[15] require years of management effort to realize. This has slowed adoption of worker ownership among large businesses and made them reliant on fund managers and business owners with conviction.

For middle-market companies, employee ownership is linked to business resilience and employee stability,[16] but a transition requires bespoke financing. Banks will cover only part of the purchase, so either the departing owner must accept much of the price as an "IOU" paid back over years, or the business must take on expensive debt that undermines the financial stability the transition was meant to create. This puts employee ownership at a sharp disadvantage because other private market buyers can offer more at closing and pay a premium on the valuation.

The smallest businesses are difficult for anyone to buy, workers included. Accounting is often informal, departing owners are often critical to the business's success, and financing is difficult to find or prohibitively expensive. These transitions only happen when an intermediary can provide low-cost capital—a role typically played by government agencies such as the US Small Business Administration (SBA). However, SBA rules and other regulations around employee-ownership structures limit smaller businesses' ability to access this financing.[17]

We explored how each of these financing mechanisms works through three transactions. Given the variability of such deals, these transactions should be viewed as representative of the logic involved, not as proof that a particular transaction always works.

- **Fund A** is a large private equity fund that bought a manufacturer of building products **(Company A)** and set aside a small portion (roughly 5 percent) of the company's equity for employees. This strategy enabled them to align economic incentives for business growth between workers and the private equity fund.
- **Fund B** is an impact-first fund that bought an owner-operated landscaping business **(Company B)** and oversaw its transition to a 100 percent worker-owned employee stock ownership plan (ESOP). The fund financed the buyout, so the retiring owner received an up-front payout. The company then converted to an ESOP and repaid the fund's acquisition debt over time. After the riskiest early period of repayment, the company refinanced part of that debt with a conventional lender, allowing the impact-first fund to recycle capital into another ownership buyout.
- **Fund C** is a philanthropic grant-supported regional fund that buys or starts small businesses and converts them to worker cooperatives. In this instance, it converted a commercial laundry business into a cooperative **(Company C)**.

All three approaches created wealth for workers, but in different parts of the market.

Figure 9. Employee Ownership: Three Ownership-Transition Mechanisms Compared on Per-Worker Wealth and Impact Per Dollar

Metric	RETURN MAXIMIZING Company A	IMPACT FIRST Company B	GRANTMAKING Company C
Depth Present value of average wealth created per worker over a 7-year period	**~$290Th** LARGEST PER WORKER	**~$68Th**	**~$42Th**
Scale Number of employee owners	**~965** MOST WORKERS	**~100**	**~75**
Total wealth created *Depth x scale (worker wealth)*	**~$280Mn**	**~$6.8Mn**	**~$3.2Mn**
Investment needed Total capital raised at first deployment	**~$300Mn**	**~$4.5Mn**	**~$5.8Mn**
Annual impact per $1Mn invested *Total impact ÷ investment needed*	**$0.93**	**$1.51**	**$0.54**

Methodology: Impact is measured as the present value of wealth created per employee over a 7-year period, from company-reported outcomes and case studies. Where actuals were unavailable, forward projections were discounted at 3% and anchored to conservative targets based on management guidance.

Source: Bridgespan

Fund A allocated equity to employees as part of a private equity buyout, but the workers' share was a fraction of total value created. Even so, this approach produced the greatest total wealth per individual worker due to the growth in the company's valuation. Payouts depend on the deal's results: they scale with the company's value at sale and typically must clear performance hurdles. Once a sale occurs, the payout goes to those employed at the time and scales with tenure, meaning employees who leave during the hold period are compensated only with modest dividends.

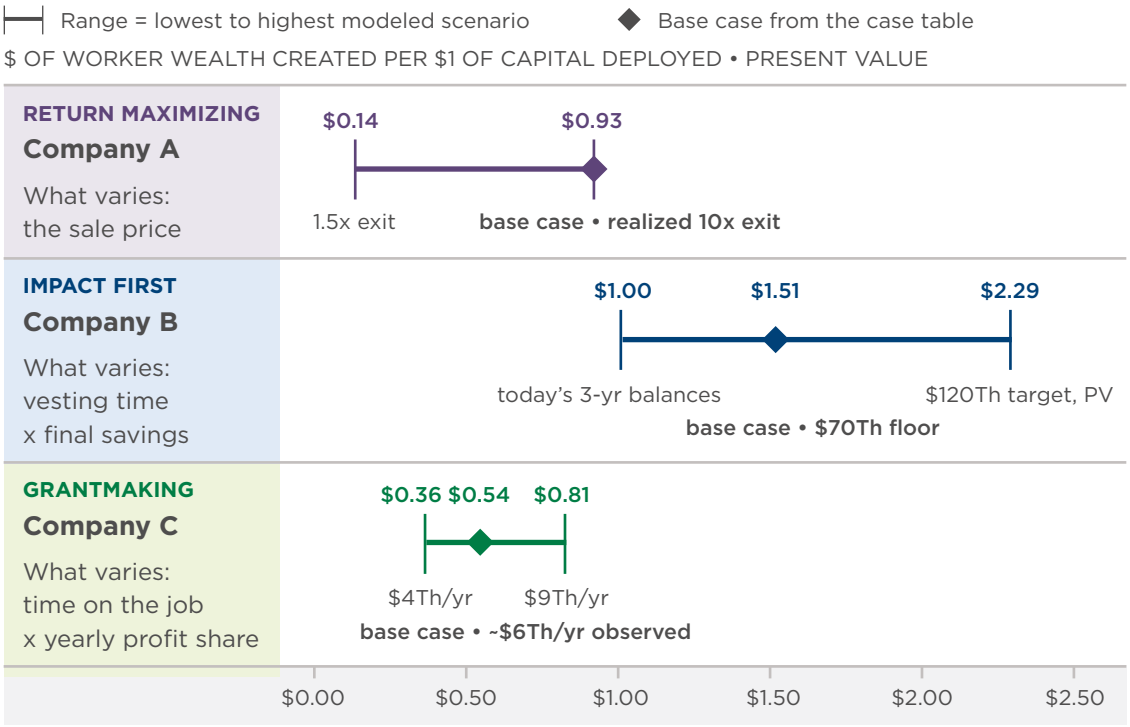
Fund B developed a financing tool purpose-built for ESOP creation. It provided a loan to Company B, enabling the retiring owner to be paid in full at closing. It then converted Company B into an ESOP, catalyzing additional senior financing. This helped the firm maintain long-term business stability, as evidenced by Company B refinancing the loan from Fund B at a lower interest rate, enabling Fund B to recycle its investment into another ownership transition. This approach created a replicable financial model that could attract institutional capital for future buyout-to-ESOP funds. In fact, Fund B's second vehicle's first close alone exceeded the full size of the first fund.

Company C demonstrated the ongoing need for grantmaking to support small-company transitions to employee ownership models—deals that are too small and bespoke to attract impact or conventional investors. The underlying laundry business performed well. It stabilized its customer base over time, but reaching that point took years of subsidized operations, technical support, and civic-based customer recruitment.

The examples show that workers benefit from all three approaches to employee ownership transitions. Return-maximizing capital can create substantial worker wealth when employee ownership fits within an already profitable transaction, as in large private equity buyouts. Philanthropic grants remain essential for the smallest and most complex ownership models, where the work requires technical assistance, local partnerships, and support that is unlikely to repay capital. Impact-first capital plays a distinct market-building role between the two: it can develop the financing structures, proof points, and lender confidence needed to make full employee ownership work for businesses that have real repayment capacity but do not yet fit standard capital market expectations.

Of course, outcomes can vary significantly on a deal-by-deal basis. To demonstrate that, we illustrate for each of the three opportunities how worker wealth created per dollar deployed could change depending on core assumptions. (See Figure 10 below.) **Company B**, the impact-first opportunity, leaves workers in a better position across a range of assumptions.

Figure 10. Worker Wealth Comes Out Ahead in the Impact-First Opportunity Under Most Scenarios



Company A: ~5% of deal value was allocated to employee wealth, so per-worker payouts scale with the sale multiple; the range runs from $0.14 per $1 at a 1.5x sale up to the realized $0.93 at 10x—the case base (~965 workers, ~$300Mn in equity). A typical PE sale (2.5-3x) creates ~$0.23-$0.28 of worker wealth per $1. **Company B:** scenarios vary vesting time (5–7 years) and Fund B's target retirement savings at the end of vesting ($70Th–$120Th), discounted to present value at 3%; the low end is today's observed ~$45Th balances after ~3 years, and the case base uses the conservative $70Th floor (~100 workers, ~$4.5Mn). **Company C:** per-worker patronage wealth scales with the yearly profit share, paid out when a worker leaves; modeled scenarios vary the accrual rate from $4Th to $9Th per year over the same 7-year window as the case base ($0.54, ~$42Th at ~$6Th/yr; ~75 worker-owners, $5.8Mn).

Source: Bridgespan

Recycled Impact-First Investments "Outperform" Grants or Return-Maximizing Investment Over Time

The six case studies help to contrast specific impact-first investments with comparable philanthropic grants and return-maximizing investments. (See Figure 11 below.)

Figure 11. Six Case Studies Illustrate Each of the Three Impact-First Roles in Action

Sector	RETURN MAXIMIZING Company A	IMPACT FIRST Company B	GRANTMAKING Company C	Relative impact of impact first *versus* OTHER CAPITAL TYPES
1 Sustain funding				
Sustainable agriculture Smallholder farmers in Rwanda	Lends to lower-risk farmers each growing season	Bundles inputs, training, and insurance for smallholder farmers	Trains coffee farmers and builds market access	the farmer income gains per $ of investment **1.8x VS GRANTMAKING** **6.4x VS RETURN MAXIMIZING**
Affordable housing Preserving affordable housing units in the same high-cost city	Acquires cash-flow positive affordable housing	Recapitalizes deteriorating affordable buildings	Converts privately owned units into long-term affordable housing	the lifetime housing-cost savings per $ of investment **1.1x VS GRANTMAKING** **1.5x VS RETURN MAXIMIZING**
2 Maintain impact fidelity at scale				
Virtual tutoring Online tutoring for K–12 students	Mass-market platform with light-touch and AI-driven tutoring	Credentialed teachers running high-dosage tutoring	Intensive 1:1 nonprofit tutoring for high-need students	the student learning gains per $ of investment **5x VS GRANTMAKING** **2.2x VS RETURN MAXIMIZING**
Pediatric mental health Tech-enabled care for children & adolescents	Virtual care sold through private employers and health plans	School-based clinical care paid through Medicaid and districts	Trains school staff to deliver mental-health support	the mental-health symptom reductions per $ of investment **~2.4x VS GRANTMAKING** **16x VS RETURN MAXIMIZING**
3 Build new markets				
Next-gen geothermal First-of-a-kind climate infrastructure	Venture-equity-only path to first commercial deployment	Layered grants, patient capital, venture, and project finance	Venture plus large industrial-policy grants	the progress to first commercial deployment per $ of investment **~2.2x VS GRANTMAKING** **~2x VS RETURN MAXIMIZING**
Employee ownership Building worker wealth through ownership transitions	Equity sharing inside private-equity buyouts	Employee-led buyouts of mature small and midsized businesses	Anchor-institution-backed worker cooperatives	the worker wealth created per $ of investment **2.8x VS GRANTMAKING** **1.6x VS RETURN MAXIMIZING**

Note on pediatric mental health: The multiples above compare impact-first against philanthropy **without** state or federal funding (about 1,275 points per $1Mn, Company C's purely philanthropic proof-of-concept pilots). Targeted efforts from philanthropy and academic institutions can catalyze a state appropriation and a federal Medicaid match, after which the same model delivers far greater impact per dollar. The pediatric mental health case breaks this out.

Source: Bridgespan

A careful reader may concede that a particular impact-first investment would have more impact than a grant or a return-maximizing investment—but still wonder whether a traditional investment portfolio that funds ongoing philanthropy or a comparable return-maximizing investment could have a more measurable long-term effect. This line of questioning prompted us to analyze whether recycled impact-first investment dollars can have a greater cumulative effect than a series of philanthropic grants or a similar-sized, return-maximizing investment. In short, yes.

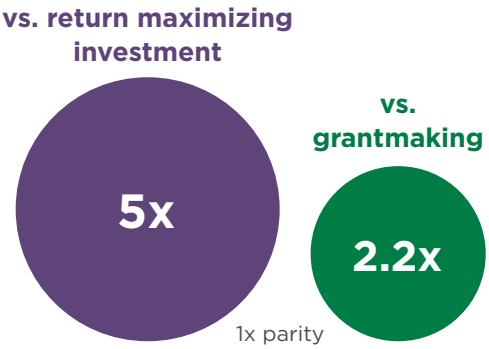
Our analysis shows that impact-first investing, in the right circumstances, can deliver, on average, twice the impact of a grant or return-maximizing investment. (See Figure 12 below.) Additionally, one dollar of impact-first investment can recycle multiple times over 15 years, deploying $3.4 for every dollar initially invested. Our findings are consistent with the framework behind the Impact-First Investing Tool developed by the Social Finance Institute and the University of Chicago.

Figure 12. Impact-First Investing Offers Advantages Over Return-Maximizing Investing and Grantmaking

Impact multiple

Our case studies show impact first can offer an outcome advantage over grants or return-maximizing investment in the right circumstances.

AVERAGE IMPACT OF $1 INVESTED IN IMPACT FIRST

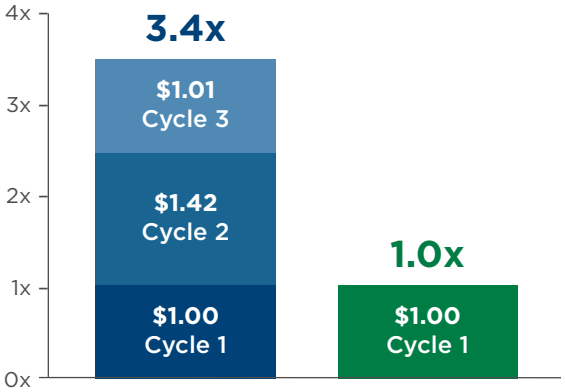


Mean impact multiple across all six completed case studies

Recycling

A grant dollar deploys once. An impact first dollar gets returned, allowing you to deploy it more than once.

CAPITAL DEPLOYED PER $1 COMMITTED • 15 YRS



Impact multiple: Impact per $1, impact first divided by each comparison, from six completed Bridgespan case studies; mean 2.24x vs philanthropy and 5x vs return-maximizing impact investment (shown as dashed lines).
Recycling: Impact first at 6% return redeploys every ~6 years, giving ~3.42x geometric deployment over 15 years. A grant deploys once (1.0x).
Proration: The third cycle starts at year 12, so only its first 3 years fall inside the 15-year window; we prorate that cycle to the remaining span, which is why the top segment of the impact-first bar is smaller.
Source: Bridgespan

Even if shifting part of a portfolio toward impact-first investments results in a lower corpus (and lower future annual grantmaking) or lower future wealth, the new portfolio's favorable impact premium and recycling characteristics lead to more cumulative impact over a 15-year period in most cases.

Putting More Impact-First Capital to Work

We set out to explore whether impact-first investing can deliver social or environmental change that would otherwise not occur with grantmaking or return-maximizing investing. That we confirmed its ability to do so came as no surprise. But that's not all we learned. Just as importantly, the practitioners we spoke with during our research helped us gain a clearer understanding of what it takes to pursue the impact-first approach and where it fits into an investment portfolio.

Start with a mindset shift. Impact-first investing deserves a place at the table not because it is better at impact than philanthropy or commercial investing, but because it is effective at doing what grantmaking and conventional investing cannot. It delivers the desired impact where the alternatives cannot operate effectively. Successful practitioners embrace cross-disciplinary thinking, a willingness to take risks and learn from failure, and a commitment to measuring results. It requires a mindset shift, like the one the Arnolds experienced, to see and act on the possibilities. As one practitioner summarized, "You should want to add impact first to your arsenal because it's so effective and complements philanthropic and conventional investing." We believe our quantitative analysis shows there is room in the marketplace for more impact-first investing under the right conditions, alongside grantmaking and return-maximizing investing. We hope the examples in this report demonstrate how impact first might fit into your own philanthropic aspirations and investment goals. Most importantly, we hope the report inspires you to give it a try. There is no substitute for learning that comes from doing.

Michael Etzel *is a partner and* **Atharva Sinha** *a manager in The Bridgespan Group's Boston and New York offices, respectively.* **Charlotte Mabe** *is a principal in Bridgespan's San Francisco office and* **Roger Thompson** *is an editorial director in the Boston office.*

Appendix. Methodology

We compared actual philanthropic grant, impact-first, and finance-first opportunities (i.e., specific organizations or projects) across six issue areas: sustainable agriculture, affordable housing, virtual tutoring, online pediatric mental health counseling, next-generation geothermal, and employee ownership. The selected opportunities operated with similar intended impact and in similar contexts. For comparative analysis, we used both public and proprietary data, along with interviews with practitioners and funders. We anonymized results so investors and interviewees could candidly share financial and impact data.

Selection of sectors

We first looked at several sectors identified through our research and consulting work. We narrowed that group to six with sufficient impact-first deal flow to support a comparison across all three capital types. We then conducted external research on each sector to understand its dynamics, identify appropriate comparisons, and plan our interviews with practitioners and funders.

Selection of company examples

Within each issue area, we selected three opportunities with the same intended beneficiary, intervention type, and region. The key segmentation was the type of capital each used: return maximizing, impact first, or grants. The selection process involved screening potential examples for comparability—using eight variables—and eliminating those with too many differences to allow for comparative analysis. We recognize that a true apples-to-apples comparison is not achievable, so we consider each set of three companies as a "quasi-matched analysis."

Calculating impact

For each of the three opportunities in an issue area, we calculated impact per dollar to compare what each capital type delivered relative to the dollars invested.[18] To arrive at an impact-per-dollar figure, we used the formulae below:

Scale x Depth = Total Impact

Total Impact ÷ Capital Invested = Impact per Dollar

We defined **scale** as the number of units the opportunity reached, such as people served or another metric that fits the sector. We defined **depth** as the extent to which the intervention changed each unit (person or "thing," such as CO2 emissions) measured as the outcome per unit relative to a comparison group. We derived depth from the strongest available evaluation and standardized the outcome to a common per-unit basis. We multiplied scale by depth to get the **total impact**, then divided that figure by the **capital** (total dollars deployed to produce the intended result) invested to arrive at the **impact per dollar.**

To isolate the impact per dollar of impact-first or philanthropic capital, we stripped out other sources of capital (e.g., private debt, state funding) before calculating.

We made sector-specific tweaks to the methodology where the standard impact-per-dollar calculation would yield a misleading figure. For example, we discounted for the likelihood that an outcome would have happened anyway, or credited the impact that persists after a funder exits. Across these adjustments, the directional results held. Tweaking the underlying numbers or methodology did not change which capital type proved distinctive in each case.

Limitations

Comparing three opportunities in each issue area reveals the differential role of capital types. The results are not a verdict on any one opportunity's effectiveness, since many raise all three types of capital over their lifespans. Many impact-first organizations exist today because grants funded them at an earlier stage, for example.

We also did not account for the true costs (e.g., fund operations and impact measurement) of impact-first investments. For details on this, see the Santa Clara University Miller Center for Global Impact's report, the *True Cost of Impact-First Investing*.[19]

Systems-level changes driven by advocacy, policy, or prevention have real impact but lack a clear methodology for comparability, so we do not capture them.

While we evaluated and accounted for confounding variables, there are still differences that can affect results. Thus, we do not assert that the findings are definitive.

In our broader calculations of how impact-first capital can fit within a portfolio, we do not account for the time value of impact because our case-study methodology uses annual impact figures or already-discounted lifetime impacts. If you are interested in exploring the implications of the time value of impact, the Social Finance Impact-first Investing tool provides those options.[20]

Endnotes

1 Abby Schultz, "This Former Hedge Fund Manager Sees Potential in Investments Others Ignore," *Barron's*, February 24, 2026, https://www.barrons.com/articles/hedge-fund-manager-potential-investments-others-ignore-climate-health-b8d67907.

2 Alice Burns, Maiss Mohamed, et al., "Payment Rates for Medicaid Home Care: States' Responses to Workforce," KFF, February 18, 2025, https://www.kff.org/medicaid/payment-rates-for-medicaid-home-care-states-responses-to-workforce-challenges/.

3 Eric O'Shaughnessy, Galen L. Barbose, et al., "Evaluating community solar as a measure to promote equitable clean energy access," Lawrence Berkeley National Laboratory, June 3, 2024, https://emp.lbl.gov/publications/evaluating-community-solar-measure.

4 Ankit Agarwal and Casey Canfield, "Analysis of rural broadband adoption dynamics: A theory-driven agent-based model," PLOS One, June 6, 2024, https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0302146.

5 "Rwanda Country Commercial Guide," US International Trade Administration, March 18, 2026, https://www.trade.gov/country-commercial-guides/rwanda-market-overview; Fabien Tondel, "Understanding the political economy of the EAC in the agricultural sector," European Center for Development Policy Management, March 2017, https://ecdpm.org/application/files/7416/5546/8771/EAC-Food-Security-Background-Paper-PEDRO-Political-Economy-Dynamics-Regional-Organisations-Africa-ECDPM-2017.pdf.

6 Raquel Harati, Dan Emmanuel, et al., *The Gap: A Shortage of Affordable Homes*, National Low Income Housing Coalition, March 2026, https://nlihc.org/gap.

7 Meredith Kolodner and Sarah Butrymowicz, "'Wasted money': How Career Training Companies Scoop up Federal Funds with Little Oversight," *The Hechinger Report*, February 25, 2023, https://hechingerreport.org/wasted-money-how-career-training-companies-scoop-up-federal-funds-with-little-oversight/.

8 Alexander Borsa, Geronimo Bejarano, et al., "Evaluating trends in private equity ownership and impacts on health outcomes, costs, and quality: systematic review," *The BMJ*, July 19, 2023, https://www.bmj.com/content/382/bmj-2023-075244.

9 Andre Nickow, Philip Oreopoulos, and Vincent Quan, "The Promise of Tutoring for PreK–12 Learning: A Systematic Review and Meta-Analysis of the Experimental Evidence," *American Educational Research Journal* 61, no. 1, 74–107, https://doi.org/10.3102/00028312231208687.

10 Graaf G, Gigli K, Hughes P, Thomas KC., "Adequate Care Coordination is Associated with Reduced Unmet Mental Health Needs for Children," *Child Adolescent Social Work Journal*, March 24, 2026, https://pubmed.ncbi.nlm.nih.gov/41333419/.

11 Parham Peiroo, Melissa Uhl, et al., "Traversing the Climate Technology Scale Gap," BCG, June 1, 2024, https://www.bcg.com/publications/2024/canada-traversing-scale-gap-climate-week.

12 MIT Energy Initiative, "Next-generation Geothermal Energy: Promise, Progress, and Challenges," MIT News, March 13, 2026, https://news.mit.edu/2026/next-gen-geothermal-energy-promise-progress-challenges-0313.

13 Office of Clean Energy Demonstrations, *Learning from Case Studies: Financing and Development Approaches from Recent First-of-a-Kind Projects*, US Department of Energy, November 2024, https://www.energy.gov/sites/default/files/2024-11/FOAK%20Financing%20and%20Development%20Approaches_112024_vf.pdf.

14 Ken Yearwood, Shelley Stewart III, et al., *The Great Ownership Transfer: A New Era of Business Stewardship*, McKinsey Institute for Economic Mobility, February 26, 2026, https://www.mckinsey.com/institute-for-economic-mobility/our-insights/the-great-ownership-transfer-a-new-era-of-business-stewardship.

15 Ana Kurtulus et al., *Employee Share Ownership, Management Practices, and Labor Productivity: An Analysis Using Establishment Level Micro-Data from the US Census*, Social Science Research Network, March 29, 2026, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=6490798.

16 "How Did Employee Ownership Firms Weather the Last Two Recessions?", W.E. Upjohn Institute for Employment Research, 2017, https://www.upjohn.org/research-highlights/how-did-employee-ownership-firms-weather-last-two-recessions.

17 "Main Street Employee Ownership Act Summary," Rutgers University School of Management and Labor Relations, May 14, 2018, https://smlr.rutgers.edu/sites/smlr/files/Images/News/3-21-18_main_street_employee_ownership_act_summary_5_copy.pdf.

18 Similar tools include Acumen's Best Available Charitable Option, Social Return on Investment calculations, and Impact Measure of Money—a methodology developed by The Rise Fund and Bridgespan to measure the potential social and environmental good of an impact investment.

19 Brigit Helms, Daniel Barker, et al., *The True Cost of Impact-First Investing*, Miller Center for Global Impact, June 16, 2026, https://millercenterglobal.org/wp-content/uploads/2026/06/Report-True-Cost-of-Impact-First-Investing.pdf.

20 "The IFI Tool: Illustrating the Value of Impact-First Investing," The Social Finance Institute, June 10, 2026, https://ifitool.org/.

THE BRIDGESPAN GROUP

BOSTON 2 Copley Place, 7th Floor, Suite 3700B, Boston, MA 02116 USA. Tel: +1 617 572 2833

JOHANNESBURG Bridgespan Africa, The MARC, Tower 1, 3rd Floor, Corner Maude and Rivonia Road, Sandown, Johannesburg, South Africa. Tel: +27 11 012 9280

MUMBAI Bridgespan India Private Limited (registered address), 11th Floor, Platina, G Block, Plot C 59, Bandra Kurla Complex, Mumbai, 400051, India. Tel: +91 022 6628 9624

NEW YORK 333 Seventh Avenue, 11th Floor, New York, NY 10001 USA. Tel: +1 646 562 8900

SAN FRANCISCO 88 Kearny St., Ste. 200, San Francisco, CA 94108 USA. Tel: +1 415 627 4500

SINGAPORE Bridgespan Southeast Asia Ltd., 38 Beach Road, South Beach Tower, Level 27, Singapore 189767. Tel: +65 6216 6000

WASHINGTON DC 1201 K Street NW, 4th Floor, Suite 444, Washington, DC 20005

www.bridgespan.org

contact@bridgespan.org
contactindia@bridgespan.org