

FOR IMMEDIATE RELEASE

**Massachusetts Selects Third Sector Capital Partners for
First-in-the-Nation “Pay for Success” Contracts**

Boston, MA (August 1, 2012) – The Commonwealth of Massachusetts announced today that it has selected Third Sector Capital Partners to develop its two groundbreaking Social Innovation Financing pilots, more commonly known as “Pay for Success” contracts. Massachusetts is the first state in the nation to issue a competitive process to obtain services using social innovation financing.

Third Sector will serve as lead intermediary, in partnership with New Profit Inc., for a youth recidivism initiative and as partner to the Massachusetts Housing and Shelter Alliance (MHSA), lead intermediary for a chronic homelessness project. Roca, United Way of Massachusetts Bay and Merrimack Valley, and Youth Options Unlimited will also participate in the youth recidivism project. The Corporation for Supportive Housing and United Way will partner with MHSA and Third Sector for the homelessness initiative.

“We are thrilled to reach this important next step in the process, and we look forward to productive negotiations,” said Secretary of Administration and Finance Jay Gonzalez. “Through this innovative public-private partnership and financing arrangement, the Commonwealth will pay only if better social outcomes are achieved at lower cost- a true ‘win-win’ for taxpayers.”

Third Sector Capital Partners provides advisory and project structuring services for government, service providers, investors and project intermediaries pursuing social innovation financing strategies, including Pay for Success initiatives. Founded in 2010, Third Sector’s mission is to deliver capital market solutions that will accelerate America’s transition to an evidence-based social sector.

“Third Sector is excited to build collective leadership around this new concept to generate better outcomes for Massachusetts’ most vulnerable populations. Our communities deserve to receive the most effective social services available, and innovative financing techniques can help make that happen,” said Third Sector CEO George Overholser.

“The team at Third Sector are experts in the groundbreaking field of social innovation financing, and are uniquely positioned to contribute to the development and success of the Massachusetts pilots. New Profit is proud of our longstanding relationship with Third Sector and excited to partner with them on the juvenile justice initiative,” said Tripp Jones, Managing Director of New Profit Inc.

These pioneering projects in Massachusetts build upon years of work by Third Sector to foster an evidence-based social innovation financing industry. Third Sector is currently working with government officials to design and pilot Pay for Success programs in Cuyahoga County, Ohio. In addition, Third Sector has been a national thought leader in advancing social innovation financing models. The organization’s work has included educating stakeholders by speaking at conferences and the White House, and publishing various articles including with the Federal Reserve Bank of San Francisco.

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“We bring a flexible and customized approach to social innovation financing, by focusing on actively listening to our partners to build shared governance models, and emphasizing the social outcomes that affect communities as much as the potential financial benefits to investors and taxpayers,” said Caroline Whistler, Co-Founder and Associate Partner.

The Massachusetts initiatives are a unique opportunity to scale impact-driven programs through a financing partnership between government, philanthropic and private investors. “This is really an opportunity to adapt existing financial market techniques to help communities thrive,” commented Rick Edwards, Partner.

Massachusetts Governor Deval Patrick agrees. “We need to invest in innovative ideas and strategies to tackle challenging, long-term social issues. The results-oriented nature of Social Innovation Financing contracts will help us improve services and build a better Commonwealth for the next generation.”

About Third Sector Capital Partners

Third Sector Capital Partners is a nonprofit firm that delivers strategic and financial solutions to accelerate America’s transition to an evidence-based social sector. The Third Sector team is playing a catalytic role in this transformation by arranging and advising on social innovation financing and Pay for Success initiatives across the country. The organization provides transaction advisory services, deal construction, intermediary services, impact evaluation, and fundraising expertise to nonprofit, for-profit, and government stakeholders.

The Third Sector staff has extensive experience in finance, project management, rigorous evaluation methodologies, and cross-sector collaboration. Previously, as part of Nonprofit Finance Fund’s Capital Partners division, members of Third Sector’s team helped high-performing nonprofits raise over \$320 million in philanthropic growth capital.

George Overholser introduced the concepts of Pay for Success and Social Innovation Financing at New Profit’s *Gathering of Leaders* in 2007 and has been a longtime advocate for smarter social investing. He was on the founding management team of Capital One Financial Corporation and was Co-Founder of North Hill Ventures. Rick Edwards brings extensive experience in structuring public-private partnerships from his time as Global Head of Project Finance and Advisory for JP Morgan Chase, where he built #1 market share for the division. Caroline Whistler previously worked at Nonprofit Finance Fund, and brings five years of experience in innovative social financing for high-performing nonprofits.

Third Sector Capital Partners is designed to operate primarily under a fee for service economic model. Our nonprofit growth capital has been generously provided by philanthropic supporters, which include The George Gund Foundation, Mission Throttle, New Profit Inc., The Rockefeller Foundation, and The William and Flora Hewlett Foundation.

For further questions on the Massachusetts Social Innovation Financing program or Third Sector’s work across the country, please email info@thirdsectorcap.org or call 617-252-2920.

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