



## EXECUTIVE SUMMARY

Social Impact Bonds (SIBs) are often portrayed as providing both social benefits and financial returns. However, as SIBs are a relatively recent invention, they have yet to prove their ability to bring about effective, innovative, and long lasting solutions for social change. Despite this, governments and philanthropic organizations around the world continue to be attracted to the promises made by proponents of SIBs. In the context of the increased discussion of and interest in SIBs, this policy paper explains the development of the growth and motivations behind various stakeholder involvement in SIBs and examines current SIB activities across sectors, particularly education. The paper also explores the appeal of SIBs and concludes with policy recommendations for governments to be able to get the most from a SIB initiative.

# A New Funding Mechanism: Social Impact Bonds and the Implications for the Public Sector

*Dr. Natasha Ridge, Susan Kippels, and Brian Jaewon Chung, Al Qasimi Foundation*

## Introduction

Social Impact Bonds (SIBs) have been growing in popularity around the world over the past eight years, receiving greater attention from policymakers, philanthropic institutions, governments, non-governmental organizations (NGOs), and researchers (Galitopoulou & Noya, 2016; Gustafsson-Wright & Atinc, 2014; OECD, LEED, netFWD, & European Commission, 2015). SIBs are experimental pay-for-success structures that use private funding to fund social initiatives. The first SIB, which aimed to reduce prison recidivism rates, was implemented in the United Kingdom (UK) in 2010. Since then, the number of SIBs has grown, and today, there are roughly 90 SIBs operating in 19 countries (Ainsworth, 2017; Social Finance, 2017). Most SIBs are valued under USD \$5 million, but some are valued at more than USD \$30 million (UNDP, 2017). In total, all SIBs in the world currently represent approximately USD \$400 million (Ainsworth, 2017). Fueled by their rapid expansion, SIBs are emerging in an increasingly wide range of social sectors, including employment, health, and education.

Although the SIB model is often characterized as an "innovative" new funding mechanism for carrying out costly social and philanthropic endeavors (Disley, Giacomantonio, Kruithof, & Sim, 2015), it is not without its shortcomings. This paper first defines what a SIB is and analyzes how various actors operate within a SIB structure. It then examines the global spread of this new funding model and summarizes the various social sector areas where they are active. Next, it explores the introduction of SIBs in the education sector. The paper then examines why SIBs are attractive and some of their possible pitfalls. It concludes with recommendations for organizations considering using SIBs as part of their social or philanthropic strategy.

## What is a Social Impact Bond?

A Social Impact Bond (SIB), also known as a pay-for-success bond,<sup>1</sup> is a financial tool that seeks to simultaneously deliver social and financial returns. A SIB typically

<sup>1</sup> The language used to describe SIBs is inconsistent. They are also called "pay-for-success bonds," "social bonds," and "social benefit bonds." In addition to SIBs, development impact bonds (DIBs) are increasingly common. According to UNDP (2017), in a SIB, investors are repaid by the government while in a DIB, an aid agency or other philanthropic funder is responsible for paying if the initiative is successful.

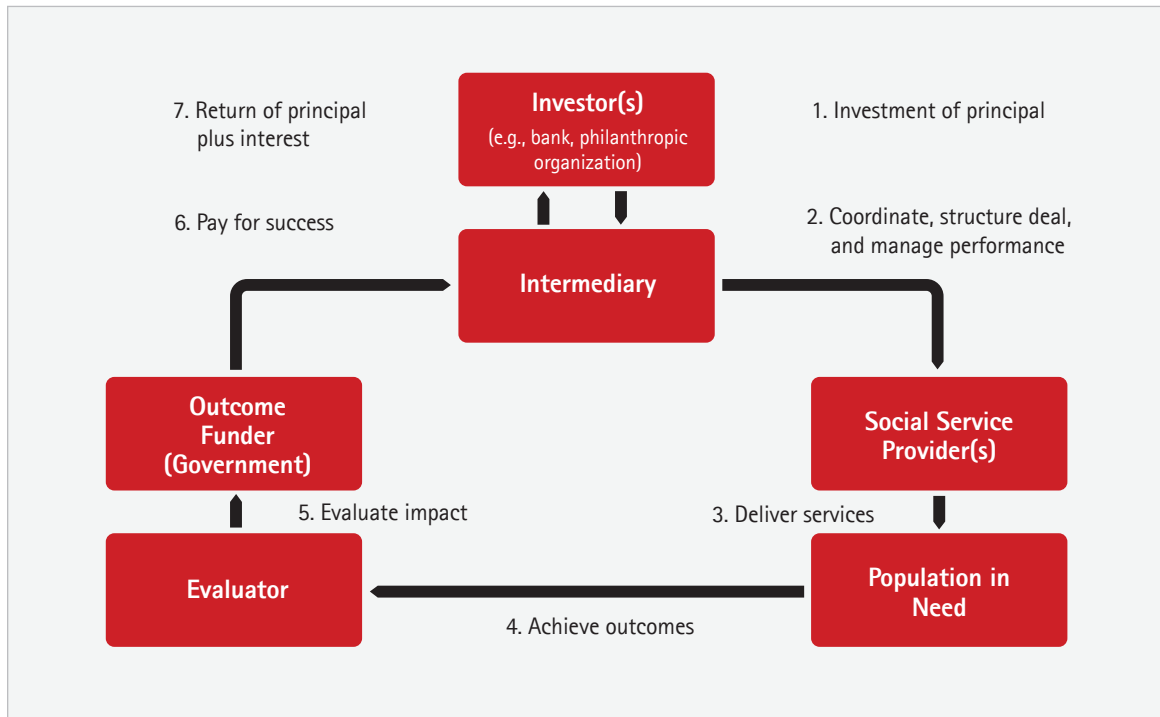


Figure 1. Example of a SIB<sup>2</sup> model. Adapted from *The potential and limitations of impact bonds: Lessons from the first five years of experience worldwide* by Gustafsson-Wright, Gardiner, & Putcha, 2015, p. 6.

provides funds for a prevention program and is designed to reduce more costly remediation in the future. Contrary to what its name may suggest, SIBs are not bonds in the traditional sense of the word but future contracts based on social outcomes (Galitopoulou & Noya, 2016). In a SIB, the government or public sector enters into an agreement with a social service provider, and investors pay the social service providers for the delivery of certain social outcomes (Galitopoulou & Noya, 2016; Investopedia, 2017). In turn, when pre-defined outcomes are met, the investors are paid a prior agreed-upon return on investment (ROI) based on the predicted savings from avoiding the future cost (Investopedia, 2017). While some of the more recent SIBs do not publicly disclose specific details of their terms, known ROIs for those that do disclose often fall around 7.5%. However, this varies depending on the estimated amount of their assessed risk, and for some SIBs in the United States (US) and UK, known ROIs have reached 12.5% and 13% (UNDP, 2017). In addition, SIB agreements can also include extra bonus payment arrangements for successful interventions (UNDP, 2017).

Since SIBs are relatively new, there is no single, definitive SIB model. Figure 1 shows one possible model.

As can be seen in Figure 1, each actor serves a particular function in a SIB. The intermediary's role is typically to raise funds and convene stakeholders to agree upon the terms and conditions of a SIB (Gustafsson-Wright et al., 2015). After all stakeholders agree to the terms, investors (e.g., from philanthropic foundations, equity funds, investment banks, and/or individuals) provide the initial capital to a social service provider, which may be independent government entities, nonprofits, NGOs, and/or private enterprises (UNDP, 2017). The social service provider then executes the intervention program with the allocated funding to support the target population in need. Following this, there may be an evaluation conducted by a third party – usually a consultancy company, research institution, or university – that tracks the progress of the SIB in relation to the outcomes required to release repayments (UNDP, 2017). Based on the findings, the evaluator determines if the pre-delivered outcomes have been met. If the intervention is deemed successful, the outcome funder (typically the government) repays the investors, plus interest (Gustafsson-Wright et al., 2015).

## The Growth of SIBs

Over the past decade, outcome-based models of social service delivery have garnered significant interest

<sup>2</sup> Not shown in Figure 1 is that there is sometimes a guarantor who provides a loan guarantee to limit the investor risk. For example, in the US, Bloomberg Philanthropies acted as guarantor for a SIB focused on incarcerated youth (see Table 1). According to UNDP (2017), guarantees have backed anywhere from 9% to 75% of the capital expended in SIB structures.

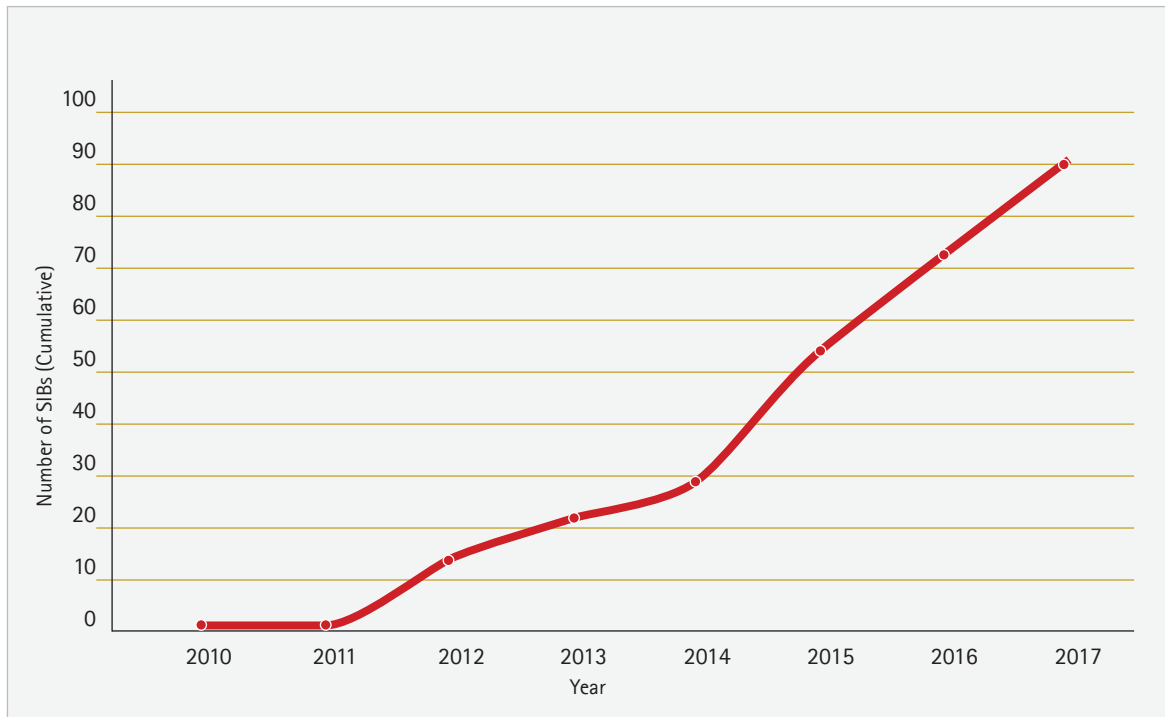


Figure 2. The Cumulative Worldwide Growth of SIBs Implemented from 2010 to 2017. Adapted from *Impact bond global database* by Social Finance, 2017 and *Fresno's social impact bond for asthma* by Quelch and Rodriguez, 2017.

among governments and philanthropic organizations worldwide, primarily driven by a desire to increase the efficiency and effectiveness of social interventions (Edmiston & Nicholls, 2018, p. 1; Gustafsson-Wright & Gardiner, 2016; Ross, 2014). This has led to various iterations of experimentation with outcome-based mechanisms, and SIBs are viewed as the most recent manifestation of this trend (Edmiston & Nicholls, 2018). Figure 2 illustrates the cumulative worldwide growth in the number of SIBs implemented over time. Starting with the first SIB in 2010, the number of SIBs has grown steadily, with 90 different SIBs implemented across six continents by the end of 2017. While the year-on-year growth has not been linear, the figure demonstrates how governments and philanthropic organizations are increasingly looking to SIBs in addressing social challenges in their own contexts.

As of 2018, most of the SIBs accounted for in Figure 2 are still ongoing, while some have been terminated early. These early terminations include the Rikers Island SIB (US) and the Peterborough SIB (UK) (Cohen & Zelnick, 2015; Porter, 2015; Roy, McHugh & Sinclair, 2017). SIBs may be canceled for a variety of reasons, such as failing to meet reduction targets (Rikers Island SIB) as well as overlapping with new or

existing government provision (Peterborough SIB). Box 1 details the Peterborough SIB in the UK and its early dissolution.

## Global Trends in SIBs

Figure 3 further breaks down the worldwide year-on-year growth of SIBs and shows the gradual spread of SIBs across different geographic locations. Up until 2012, SIBs only existed in the UK. However, other regions with advanced economies, such as North America, Europe,<sup>3</sup> and Oceania, started implementing their own varieties of SIB in 2013, followed by Asia, South America, and the Middle East in 2015, and Africa in 2016. The year 2015 also marked the largest number of SIBs implemented in a single year with a total of 25 SIBs established across the UK, North America, Europe, the Middle East, and South America.

Figure 3 shows that since the launch of the first SIB, the UK has been a key driver of the SIB movement. The UK implemented 36 SIBs from 2010 to 2017, the highest number of SIBs in any country in the world. The second highest number of SIBs was implemented in the US, where 16 different SIBs were launched from 2013 to 2017. In total, North America has seen

<sup>3</sup> In the context of this paper, Europe refers to all European nations except the UK. While the UK is located in Europe, it is mentioned separately in the paper due to its key position in the SIB movement.

## Box 1. The first SIB: Peterborough SIB to reduce recidivism in the UK

In 2010, the first SIB was introduced by Social Finance UK with the goal of reducing prison recidivism rates at the Peterborough Prison in England. Initially, USD \$6.7 million was planned to be invested in a package of services targeting 1,000 prisoners who were about to be released from Peterborough Prison after serving sentences of one year or less (Ainsworth, 2017). For investors, the return on investment was set at 13% (UNDP, 2017). Nearly ten organizations, including the Young Men's Christian Association (YMCA), were involved in the delivery of the program, and there were over 15 investors backing the SIB<sup>4</sup> (Ainsworth, 2017).

While the Peterborough SIB was initially scheduled to last for seven years, the UK government terminated it after only three. Early evaluations showed that recidivism rates reduced by only 8.4%, which was below the minimum requirement of 10% reduction that would allow a payoff to the investors (Roy et al., 2017). Nonetheless, investors argued that the target rate would have been met had the government allowed the SIB to operate for the full seven years (Roy et al., 2017). One reason often given for the early termination of the Peterborough SIB was that another government-led program called Transforming Rehabilitation had a mandate that directly overlapped with that of the Peterborough SIB (Roy et al., 2017). This overlap revealed one of the risks of SIBs operating in traditionally government territory. Despite the unsuccessful execution of the first SIB, the SIB model continues to be widely promoted by both the government and investors in the UK (Cabinet Office & Department for Digital, Culture, Media & Sport, 2017).

a total of 20 SIBs implemented. Galitopoulou and Noya (2016) found that SIBs are more prevalent in countries where privatization of the state is more common, such as in the UK and the US, and less common in nations with a stronger welfare and public sector ethos, such as in the European Union (EU) countries and Canada.

### United Kingdom

Home to the largest number of SIBs in the world, the UK has been a committed supporter of the SIB model. The UK is also headquarters of Social Finance UK, which developed the first operational SIB offering (Peterborough SIB) (Dear et al., 2016). In the context of the worldwide SIB market, one factor that distinguishes the UK from other countries is the bipartisan government's unwavering financial and legislative support for SIBs (see Box 2).

To support the development of SIBs, the UK government established the Centre for Social Impact Bonds within the Department for Digital, Culture, Media and Sport (DCMS). In addition, the UK government also made significant public funding commitments to developing SIBs. For example, it committed approximately

USD \$41 million (£30 million) to fund two major national SIB grants called the Youth Engagement Fund and the Fair Chance Fund to stimulate youth employability and tackle youth homelessness, respectively (UK Government, 2014). These grants were then complemented by an additional USD \$139 million (£100 million) in government funding to set up a social investment foundation called Access, an organization that advocates for social investment and helps to bridge the gap between investors and social enterprises (Access, 2016). With strong support from the government, favorable legislative frameworks, and the presence of SIB advocates such as Social Finance UK, SIBs in the UK are likely to continue proliferating in coming years.

### Europe

So far, nine countries in continental Europe (Austria, Belgium, Finland, France, Germany, Netherlands, Portugal, Sweden, and Switzerland) have implemented a total of 21 SIBs that focus on a variety of issues ranging from education to domestic violence to homelessness. Of all the European countries participating in SIBs, the Netherlands has been the

<sup>4</sup> The Rockefeller Foundation was one of the investors in the Peterborough SIB, and the Foundation has been a prominent supporter of SIBs since then (Ainsworth, 2017; Saltman, 2016).

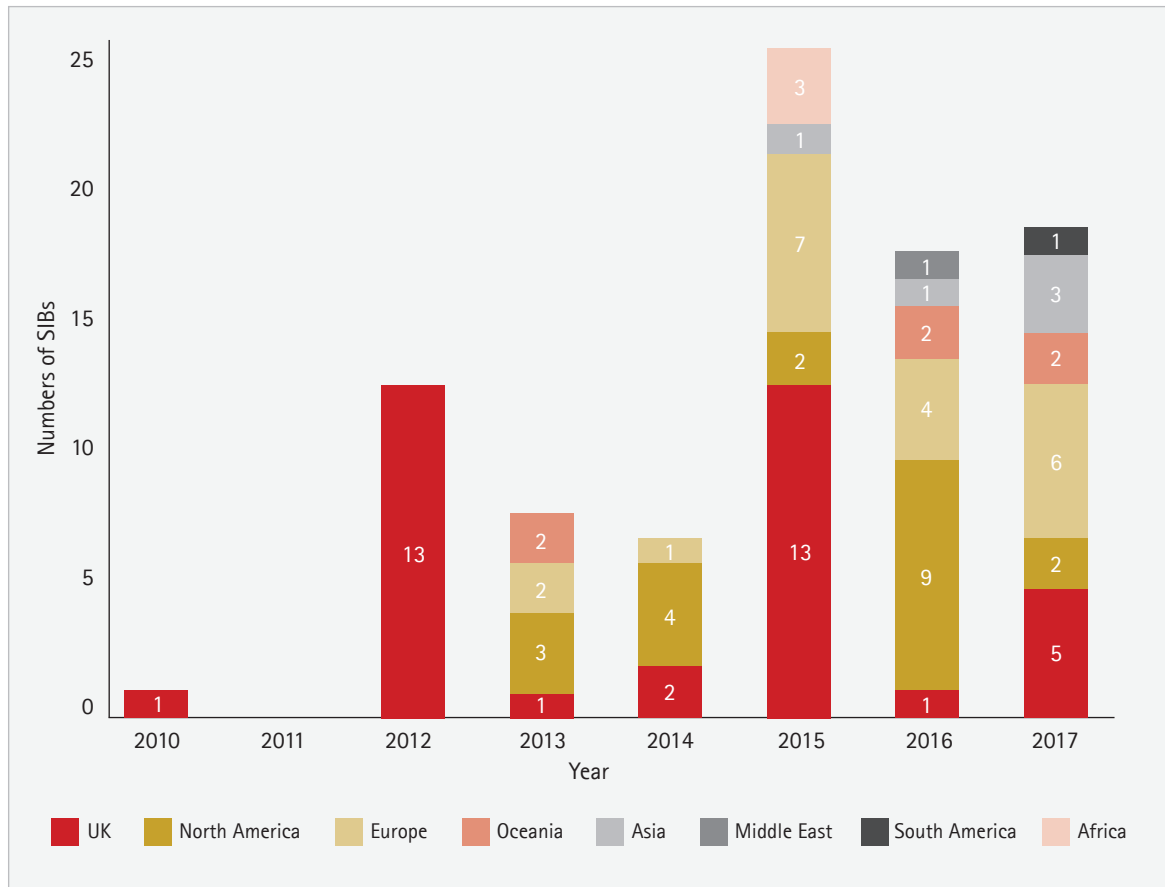


Figure 3. The worldwide growth of SIBs, by region. Adapted from *Impact bond global database* by Social Finance, 2017<sup>5</sup> and *Fresno's social impact bond for asthma* by Quelch and Rodriguez, 2017.

## Box 2. Social investments and tax benefits

With the rising popularity of social investment schemes worldwide, governments are increasingly working to establish favorable policy and regulatory environments for new financing mechanisms. In 2014, the UK became the first country in the world to introduce the Social Investment Tax Relief (SITR), a tax benefit program for investors participating in social investment initiatives designed to increase social investment capital (UK Government, 2014). Under this mandate, SIB investors can deduct 30% of the cost of their investment from their income tax liability under the condition that their investment is held for a minimum of three years (UK Government, 2014). In addition, SITR exempts gains made from social investment from capital gains tax.

As of February 2018, the UK is the only country that provides tax benefits to social investors. Since social investment mechanisms are relatively new, existing tax rules and policy frameworks in many countries do not specifically address how to manage and regulate various social investments. Nowadays, advocates of social investments are pushing for changes to the national tax laws to permit greater tax deductions for social investments. For instance, in examining the US tax law using a social investment lens, Mazur (2017) argues for greater tax concessions for SIBs, as the current US legal framework includes many bureaucratic complications that may hinder investors from funding social investment projects such as SIBs.

<sup>5</sup> According to Social Finance UK, there are currently two impact bonds operating in South America and six in Asia. However, the paper did not include one SIB in South America and another in Asia in its analysis, given that the two SIBs did not fit into the criteria of involving a government stakeholder.

most fervent supporter, implementing seven different SIBs since 2013 that have predominantly focused on youth employment and recidivism. Most Dutch SIBs have received funding from various investment banks such as ABN Amro, which has invested in five out of the seven SIBs in the country (ABN Amro, n.d.). The Dutch government, both at the national and municipal levels, has also stood out in Europe as a key stimulus in implementing SIBs, initiating such projects as the world's first binational SIB with Germany to provide employment opportunities in Germany to Dutch citizens (Koekoek, 2016).

Similarly, various institutions within the EU, such as the European Commission and the European Parliament, have taken active roles in promoting SIBs and facilitating exchange of ideas and experiences between EU member states on SIBs (Davies, 2014). In particular, the European Investment Fund (EIF), the EU's financial apparatus that helps small and medium-sized businesses (SMEs) as well as social enterprises to gain access to investment, has invested directly in several SIBs. In 2013, the EIF collaborated with several private investors to launch the Social Impact Accelerator (SIA), which provided equity finance of USD \$73.8 million (€60 million) for targeting social challenges across the EU (European Investment Fund, 2013). More recently in 2017, the EIF also partnered with the Finnish Ministry of Economic Affairs to invest USD \$12.3 million (€10 million) to help migrants integrate into the Finnish labor market (European Commission, 2017).

## North and South America

Since 2013, a wide variety of SIBs targeting issues ranging from juvenile recidivism to immigrant employment have been implemented across the US and Canada. With 16 SIBs implemented in the US to date, the SIB model has received significant attention from the US government as well as private financial institutions. In the past, the Obama Administration expressed strong support for SIBs by proposing multi-million dollar budgets to fund social investment activities in the country (US Office of Social Innovation and Civic Participation, n.d.). In 2016, the US Congress passed a bill called the Social Impact Partnerships to Pay for Results Act that dedicated USD \$100 million of its federal budget to facilitate and advocate for social impact investment and partnerships. This funding is scheduled to be funneled through eight federal agencies to provide support for state and local governments to conduct research and feasibility studies on SIBs, and in some instances, to directly pay for SIB

implementation costs (US Office of Social Innovation and Civic Participation, n.d.). In addition to government support, major philanthropic organizations, such as The Rockefeller Foundation, as well as private financial institutions, such as Goldman Sachs, have also actively supported the SIB model by participating in several SIBs (Joseph, 2013; Kasper & Marcoux, 2015).

While there are fewer SIBs in Canada compared to the US, Canada has taken its own steps to pilot SIBs and has implemented four to date. The SIBs range from targeting hypertension, such as the Heart and Stroke SIB in Ontario and British Columbia (Farthing-Nichol & Jagelewski, 2016), to providing single mother care, such as the Sweet Dreams SIB in Saskatchewan (Government of Saskatchewan, 2014). Similar to the UK and the US, the Canadian government has supported SIBs, particularly at the provincial level. In 2013, the Government of Ontario launched a new Social Impact Strategy for the province, which included specific steps to implement one or more SIBs by 2019 (Government of Ontario, 2016). As part of this vision, in 2016, Canada's Ministry of Economic Development, Employment and Infrastructure launched an open call for SIB proposals to various local governments and organizations in Ontario. The call for proposals led to the selection of two ideas that will be developed into fully functioning SIBs in coming years (Government of Ontario, 2016).

In contrast to North America, South America has yet to fully embrace SIBs. So far, there has been only one SIB implemented in South America, launching in Colombia in March of 2017. This SIB, named the Colombia Workforce SIB, aims to improve employability of vulnerable individuals in Colombia, paying particular attention to those unemployed and aged 18 to 40, as well as those displaced by armed conflict (Gustafsson-Wright & Boggild-Jones, 2017). While it is still early to predict whether South American countries will embrace SIBs in the future, Colombia's first SIB represents the potential for the implementation of future SIBs across the continent.

## Asia

Various countries in Asia have also opted to trial the SIB mechanism. In total, there are five SIBs currently operating in three Asian countries. Interestingly, there has been an effort in the predominantly Muslim nation of Malaysia to adapt the SIB model to fit the local religious and financial context.<sup>6</sup> In 2015, the country adopted the

<sup>6</sup> The total of five SIBs in Asia does not include SIBs.



SIB model to comply with Islamic Finance to create a sharia-compliant social impact bond called a "social impact *sukuk*" (SIS) (Al-Za'tari, 2016; Mohamad, Lehner, & Khorshid, 2015). This first SIS was launched with the aim of improving access to quality education in the country (Azman & Ali, 2016). By being the first country to implement a SIS, Malaysia may help pave the way for SISEs in other parts of the Muslim world, including Middle Eastern countries (Boey, 2015; Danbatta, 2016).

## Middle East

As of February 2018, Israel is the only country in the region that has officially implemented SIBs, with one focusing on health and another on education. To launch the education-focused SIB, an intermediary, a foundation, a bank, and an investment company worked with two higher education institutions to address high dropout rates of students studying engineering, computer science, and science (Grave-Lazi, 2015). The SIB was designed to finance mentoring and support programs for computer science students in order to reduce the number of dropouts and, in turn, increase tuition revenue (Cohen, 2016). The USD \$2.3 million SIB is scheduled to operate for eight years and is still ongoing (Grave-Lazi, 2015). According to the intermediary involved in this SIB, the pilot saw a decrease in the number of dropouts in the targeted student population (News, 2015). However, the SIB's long-term impact remains unclear, and a closer examination of the instruments used to measure impact will be necessary to evaluate the ultimate outcomes.

## Africa

The first SIB in Africa was implemented in 2016, when the Departments of Social Development and Health of South Africa committed USD \$1.62 million to three different SIBs targeting maternal and early childhood development in the Western Cape province (Gardiner & Gustafsson-Wright, 2016). The SIBs were designed to focus on improving outcomes not only in health issues that affect mothers and children (such as antenatal care, HIV transmissions, and growth stunting), but also in cognitive development issues for children (such as language and motor development) (Gustafsson-Wright

& Gardiner, 2016). While other governments in Africa have not yet embraced the SIB model, several other non-governmental organizations have set up development impact bonds (DIBs) in other African contexts.<sup>8</sup>

## Oceania

With six SIBs implemented across three different regions in the country, Australia has been the primary nation adopting the SIB mechanism in Oceania. The Australian SIBs focus on issues ranging from providing intensive support for at-risk youth to addressing homelessness. Australia also enjoys significant governmental support for social impact investment mechanisms. For example, in 2013, the New South Wales (NSW) regional government established the Office of Social Impact Investment, an official body that aims to facilitate the growth of the social investment market in Australia and advise the NSW government on matters related to social impact investment (NSW Office of Social Impact Investment, 2018). Since its establishment, the Office of Social Impact Investment has helped to set up national policies for social impact investment, as well as actively sponsoring a variety of SIBs in NSW. Australia is also home to Social Ventures Australia (SVA), which works cross-sectors to not only engage businesses, governments, and philanthropists to collaborate on social impact ventures, but also design and implement SIBs (Social Ventures Australia, 2018).

## Focus Areas of SIBs

As SIBs are growing in number, the key focus areas of SIBs are also changing and increasing in variety. Many of the earliest SIBs focused on crime-related interventions, as they yielded clear and measurable outcomes as well as strong political commitment due to the negative impact of crime on society at large (Porter, 2015; Gustafsson-Wright et al., 2015). Since then, other types of SIBs have been implemented and surpassed crime-related SIBs in number. Figure 4 shows the categorical breakdown by focus area of all 90 SIBs implemented. As of 2017, 28% of SIBs focus on employment, 18% on homelessness, 17% on children and family care, 12% on health, 9% on education, and 9% on criminal justice.

<sup>7</sup> A *sukuk* is an Islamic financial certificate, similar to a bond, which is sharia compliant.

<sup>8</sup> According to Social Finance UK's impact bond database, there are two additional impact bonds currently in operation in Africa: one focusing on people with disabilities in Congo, Mali, and Nigeria, and another focusing on the provision of cataract surgeries in Cameroon (Social Finance, 2017). However, these SIBs were not included in our analysis because they were funded and commissioned by non-governmental bodies, which would effectively categorize them as DIBs rather than SIBs.

Currently, employment is the most common focus area for SIBs (28% of all SIBs). Most of the SIBs targeting employment issues have focused on youth unemployment through a variety of intervention methods, such as skills acquisition, entrepreneurship training, and regional labor market development. The UK is the leading country in terms of implementing employment-related SIBs as it has launched nine different SIBs dedicated to solving various employment challenges. Several European countries, such as Belgium and Switzerland, have also tackled the regional issue of migrant unemployment through SIBs.

Homelessness is the second most common focus area (18% of all SIBs). The UK has initiated 11 out of 16 SIBs seeking to address homelessness, most of which have focused on solving youth and chronic homelessness by providing stable accommodations and extra safety nets such as sustained mentorship and monetary support (Department for Communities and Local Government, 2014). The third most common focus area for SIBs is children and family care (17% of all SIBs). This area has gained particular interest in recent years, with five new SIBs on children and family care established in 2017 alone. As the SIB is a relatively new mechanism, it is difficult to predict the future direction of the SIB market. However, education may be an emerging area of focus for SIBs.

## SIBs in the Education Sector

While only 9% of SIBs currently focus on it, education is increasingly becoming a key area of focus within the SIB arena. So far, a wide range of both national and international institutions, including the UK Department for International Development (DFID), the Dutch Ministry of Foreign Affairs, the Asian Development Bank, and the World Bank, have supported and funded a variety of pay-for-success models in the education sector (Gustafsson-Wright & Gardiner, 2016). According to Social Finance UK, there have been a total of seven SIBs implemented globally that explicitly target education, with many specifically focusing on improving access to education for at-risk and marginalized young people. Some possible implications of SIBs operating in the education sector are revealed by examining the case of the first early childhood SIB.

The first SIB to target early childhood education was launched in the US state of Utah in 2013 (Goldman Sachs, J. B. Pritzker, the State of Utah, & United Way, 2015). The SIB, entitled the "Utah High Quality Preschool Program," was designed to increase school readiness and academic performance of 110 preschool children designated as "at-risk" of needing special education later in their schooling (Goldman Sachs et al., 2015;

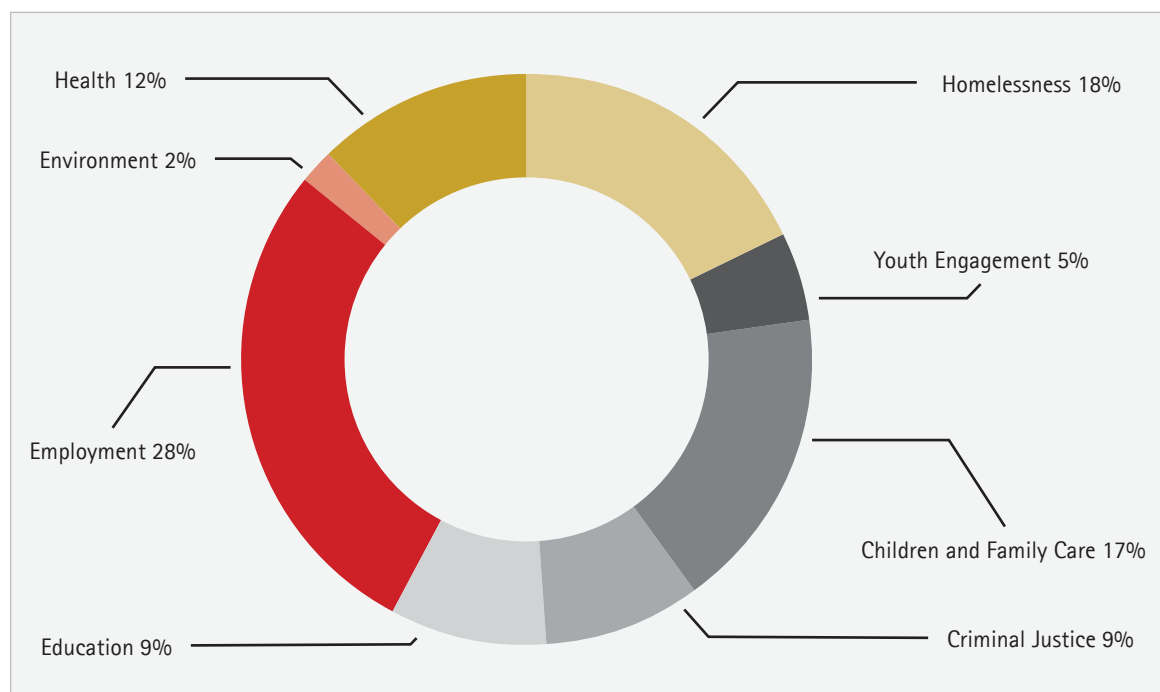


Figure 4. Categorical breakdown of SIBs around the world by focus area. Adapted from *Impact bond global database* by Social Finance, 2017 and *Fresno's social impact bond for asthma* by Quelch and Rodriguez, 2017.



Savedoff & Keller, 2015). The SIB agreement stipulated that investors would be given an annual payment based on the number of children who improved from "at-risk" to not requiring special education (Stevens, 2015). Specifically, the payment rate was set at 95% of the special education budget that the government was estimated to save per student, which was determined to be USD \$2,470 per child per year from kindergarten through Grade 6 (Stevens, 2015; Stewart, 2013). Overall, the conditions led to a rate higher than what the Utah government would have had to pay through a traditional bond market (Popper, 2015).

After one year of operation, investors announced that the SIB was a success because 109 out of 110 children that participated did not require special education support in kindergarten – a 99% success rate (Goldman Sachs et al., 2015). Despite this much-touted success, the Utah SIB came under criticism for relying on faulty assumptions of the treatment cohort and for not aligning its metrics with meaningful outcomes. For instance, students were considered to "need special education in the future" if they had received a score of 70 or lower on the Peabody Picture Vocabulary Test (PPVT) (Popper, 2015). However, the SIB overlooked the fact that non-native speakers of English were more likely to score low on the PPVT, despite having no learning disabilities. In fact, 30–50% of the 110 students identified as at-risk in the SIB came from non-English speaking homes, yet the PPVT was conducted only in English (Popper, 2015).

Existing research on reducing special needs in preschools casts doubt on the 99% success rate of the Utah preschool SIB, as it significantly outweighs the typical success rates of interventions that target special needs, which usually vary between 10% and 50% (Popper, 2015). The Utah early childhood education SIB highlights concerns related to the selection of SIB participants and the risk of SIB evaluation structures incentivizing metric distortion. The case of the Utah SIB highlights why there is a need to understand the motivation for entering into SIBs while also considering possible challenges.

## Understanding and Questioning the Appeal of SIBs

There are many reasons why various actors, including the government, investors, intermediaries, social service providers, and evaluators, enter into a SIB arrangement. In a report by Social Finance UK entitled,

*Social Impact Bonds: The Early Years*, Toby Eccles, the cofounder of Social Finance UK, gives three main reasons for the appeal of SIBs (Dear et al., 2016). He argues that SIBs "have enabled government innovation, encouraged cross governmental funding[,] and been used as a means to improve the rigor in spending decisions" (Dear et. al., 2016, p. 17). The rest of this section explores each of these three rationales.

*"Enabling government innovation" (Dear et. al., 2016, p. 17)*

SIBs reduce public sector risk and allow governments to pilot more innovative interventions since governments only have to pay if the SIB "succeeds" (Dear et al., 2016; Galitopoulou & Noya, 2016; Rodin, 2014; Social Finance, 2018). According to Eccles, "Social Impact Bonds provide politicians with a route to encouraging public servants into trying something new" (Dear et al., 2016, p. 17). Yet, Saltman (2017) argues that this transfer of risk from the public to the private sector can also be accompanied by a shift in policy governance from the public to the private sector, through which funders can exercise a greater level of influence in how social interventions are delivered. While the private sector dictating the course of social goods delivery may not necessarily be a problem in itself, it is accompanied by concerns relating to public accountability. When for-profit private sector funding enters the governmental sector, there is considerable risk that, without proper strategies to dilute the focus from the SIB's financial returns, SIBs may concentrate on profit making rather than on benefitting communities and individuals most in need (Canadian Union of Public Employees [CUPE], 2017; Miller, 2015).

Proponents of SIBs also argue that SIBs bring new opportunities to pilot innovative approaches in solving social issues (Disley et al., 2015). Social Finance (2018) asserts that SIBs "bring in impact investors, who want to test innovation and scale successful programmes" (p. 1). For instance, in the case of the Peterborough SIB, Disley et al. (2015) found that "[s]takeholders reported a number of innovations in the pilot. Innovations included the flexibility of funding and the resultant adaptations of the service in response to local conditions and service user needs" (Disley et al., 2015, p. 8). However, these characteristics are not unique to the SIB model, as other non-SIB initiatives often show similar flexibility (Disley et al., 2015). More importantly, research by Saltman (2016) and Sanchez (2016) finds that many SIBs do not necessarily pilot new or unique intervention methods. Instead, they find that they tend

to stick to proven, more traditional implementation methods, which implies that governments run the risk of paying for an intervention method that has already been shown to work rather than something new (CUPE, 2017; Saltman, 2016; Sanchez, 2016).

*"Incentivizing other funders or departments" (Dear et al., 2016, p. 17)*

Eccles argues that it is easier to garner group support for a central pool of funding than it is to attract individual entities to tackle a social project on their own (i.e., from a single government department) (Dear et al., 2016). He explains that certain social issues, such as mental health and employment, do not always neatly fall under a single department's responsibility and, therefore, assistance can fall through the gaps (Dear et al., 2016, p. 17). As such, he argues that SIBs allow government departments to unite to address certain social issues under the same umbrella.<sup>9</sup> However, McHugh, Sinclair, Roy, Huckfield, and Donaldson (2013) find that when governments outsource social service delivery to external providers, state accountability may be reduced as direct government oversight and influence diminishes. Furthermore, the multi-stakeholder nature of SIBs can complicate management processes and even require stakeholders to act beyond their own boundaries. In such situations, in the words of Smeets (2017), the stakeholders may find themselves "galloping in the dark regarding their role and the roles of others in an SIB cooperation" (p. 70).

In terms of incentivizing other funders and investors, Big Society Capital (2015) argue that the SIB model provides an investment channel that allows for generating healthy rates of returns in addition to several other benefits, such as favorable tax breaks and positive branding (Rodin, 2014). In one study, the majority of potential SIB investors stated that an acceptable return on an SIB investment is one aligned with market rates, between 5–15% per annum (Deloitte & MaRS Center for Impact Investing, 2013). However, as it is challenging to accurately predict the outcomes and savings from SIBs, governments risk overspending on SIB initiatives (Department for Communities and Local Government, 2014). Popper (2015) and CUPE (2017) have found that governments may spend less if they obtain funds for social

programs through traditional capital markets and run the intervention themselves or directly provide the financing to a social service provider rather than through a SIB intermediary.

*"Improve the rigor of a present area of funding" (Dear et al., 2016, p. 17)*

Another advantage promised by proponents of SIBs is improved rigor of funding outcomes and increased accountability of social interventions through evaluations (Butler, Bloom, & Rudd, 2013; Dear et al., 2016). Eccles states, "The key to improving services and outcomes is introducing data, rigor and feedback into delivery models. Impact Bonds are a tool for doing so." (Dear et al., 2017, p. 17). Greater accountability is seen as a trademark of SIBs because evaluation procedures are an inherent component of each model. SIBs may incentivize service providers to deliver better services with clearer results, enabling better adaptation and improvement of intervention methods (Bridges Fund Management, 2016). Yet, a paper by the Department for Communities and Local Government (2014) found that using measures to evaluate the impact of social projects is not possible in many situations as there may not be clear outcomes available to test the success of interventions with a high degree of certainty. Conversely, these strict accountability measures can act as hindrances to delivering social goods since measuring social impact is more complex than mere statistics.

The success of SIBs depends heavily on meeting specific expectations through consistent progress monitoring using robust metrics. In some cases, this has resulted in incentivizing SIB actors to skew metrics and reporting. Several SIBs have been accused of misrepresenting evaluation metrics to facilitate a more favorable outcome (Popper, 2015; Steketee, 2016). In the case of the early childhood SIB in the US state of Utah, there were accusations of selection bias for children who were enrolled in the program. Popper (2015) found that many of the children were likely never at-risk of requiring special support, making it almost inevitable that the SIB would "succeed." In another example, the Resilient Families SIB in Australia, which was working to improve unhealthy family environments,

<sup>9</sup> Even if various government entities enter into a SIB, a commonly explored issue with SIBs is the "wrong pocket problem," whereby one government department may pay for an intervention but not be the department that sees the savings (Gustafsson-Wright et al., 2015). This can occur on a horizontal and vertical level. One vertical example is how a municipal government in Portugal provided funding for a SIB, but the savings from the reduced numbers of students repeating grades was received by the national government (Gustafsson-Wright et al., 2015; Roman, 2015).

also reported misleading figures. Despite two out of three outcomes (the number of safety and risk assessments conducted on participating families and the number of reports to helpline) not meeting the SIB requirements for success, the Australian SIB was still reported as successful because there was a 27% reduction in children going into out-of-home care. However, according to Steketee (2016), what the report “doesn’t make clear is that the 27 per cent represents three children – a fall from eighteen to fifteen” (p. 1).

Overall, SIBs have generated debate over social service delivery, with strong opinions on both sides (Galitopoulou & Noya, 2016). Advocates of SIBs believe that they encourage innovation, incentivize stakeholders, and improve accountability. According to The Rockefeller Foundation, which has actively worked to foster the SIB ecosystem in the US, “SIBs partner with the government, private, and non-pro–fit sectors to deliver a measurable social benefit. SIBs represent a WIN-WIN-WIN [capitalization in original]...” (The Rockefeller Foundation, 2014, p. 1). However, those more cautious of SIBs have found several risks within the SIB structure, including increased private sector influence on social policy, payments to investors above market returns on investments, overspending on administrative costs, and incentivization of skewed metrics that lead to a redistribution of government aid from those most in need. The complex structure of SIBs may lead to increased distance between the government and the social service recipients. In many ways, SIBs are still relatively new and judgment should be reserved until more have been completed. As evaluated, several policy recommendations for SIBs are proposed.

## Policy Recommendations

If governments and policymakers are looking to use SIBs as a means of addressing social problems, the following recommendations are designed to help ensure that such initiative are not only sustainable and efficient, but also benefit those most in need:

1. Develop policies and legal structures that effectively manage how for-profit institutions (present in most SIBs) generate financial returns from social interventions.
2. Advocate for stronger internal program structures that support a balanced spread of decision-making power amongst stakeholders within the SIB ecosystem.

3. Mandate that SIBs include long-term plans to sustain and continue the targeted positive social effect beyond the project term.
4. Diversify the measures of target outcomes of social initiatives beyond simple numbers and statistics by employing more comprehensive evaluation structures to monitor change.
5. Strategize ways to better engage service beneficiaries in various levels of social intervention design and delivery processes.
6. Conduct additional research on how governments and philanthropic organizations can better support sustainable, long-lasting social initiatives. Among other topics, this could include in-depth studies of:
  - a. Initiatives that do not have a sole focus on readily measurable outcomes.
  - b. Approaches that the public sector can adopt as alternatives to SIBs.
  - c. Alternative social initiative structures that have the long-term wellbeing of beneficiary populations at the core of their models.

Ultimately, SIBs may seem like a promising, quick means to attract funding to support a specific social issue using “innovative” strategies to maintain financial sustainability and dissipate risk. However, there is a concern that SIBs are more designed to produce short-term, measurable results, which could limit the scope of social impact, dilute findings, and pervert incentives. As Roy et al. (2017) write, “society should not only be concerned about what works best from a narrowly economic standpoint, but about for whom policy instruments such as SIBs are supposed to work, and in what way” [emphasis in original] (p. 263).

## References

- ABN Amro. (n.d.). The Social Impact Bond: Investing in others. Retrieved from <https://www.abnamro.com/en/sustainable-banking/finance-and-investment/social-impact-bonds/index.html>
- Access. (2016). *Access - The Foundation for Social Investment: Our 10 Year Strategy (2016-2026)*. London, UK: Author. Retrieved from <https://access-socialinvestment.org.uk/wp-content/uploads/2017/01/Access-Strategy-new-V5.pdf>
- Ainsworth, D. (2017, June 27). Peterborough Social Impact Bond investors repaid in full. *Civil Society*. Retrieved from <https://www.civilsociety.co.uk/news/peterborough-social-impact-bond-investors-repaid-in-full.html#sthash.8CQOCQZq.dpuf>
- Al-Za'tari, U. (2016, October 4). Overview - The underexplored opportunity for social impact sukuk. Retrieved from [https://www.salaamgateway.com/en/story/overviewthe\\_underexplored\\_opportunity\\_for\\_social\\_impact\\_sukuk-SALAAM04102016123515/](https://www.salaamgateway.com/en/story/overviewthe_underexplored_opportunity_for_social_impact_sukuk-SALAAM04102016123515/)
- Azman, S. M. M., & Ali, E. R. A. E. (2016). Potential role of social impact bond and socially responsible investment *sukuk* as financial tools that can help address issues of poverty and socio-economic insecurity. *Intellectual Discourse*, 24, 343-364.
- Big Society Capital. (2015). First social impact bonds to qualify for social investment tax relief issued. Retrieved from <https://www.bigsocietycapital.com/sites/default/files/attachments/05.02.15%20First%20social%20impact%20bonds%20to%20qualify%20for%20social%20investment%20tax%20relief%20issued.pdf>
- Boey, K. Y. (2015). Khazanah to launch Malaysia's first social impact bond. Reuters. Retrieved from [www.reuters.com/article/asia-bonds/khazanah-to-launch-malaysias-first-social-impact-bond-idUSL4N0XQ2A420150429](http://www.reuters.com/article/asia-bonds/khazanah-to-launch-malaysias-first-social-impact-bond-idUSL4N0XQ2A420150429)
- Bridges Fund Management. (2016). *Better outcomes, better value: The evolution of social impact bonds in the UK*. London: UK: Author. Retrieved from <http://www.bridgesfundmanagement.com/wp-content/uploads/2017/08/Bridges-Better-Outcomes-Better-Value-2017-screen.pdf>
- Butler, D., Bloom, D., & Rudd, T. (2013). Using social impact bonds to spur innovation, knowledge building, and accountability. *Community Development Investment Review*, 9(1), 53-58.
- Cabinet Office, & Department for Digital, Culture, Media & Sport. (2017, November 14). Guidance: Social Impact Bonds. Retrieved from <https://www.gov.uk/guidance/social-impact-bonds>
- Canadian Union of Public Employees. (2017, April 12). Profiting from children: A child care social impact bond in Chicago. Retrieved from <https://cupe.ca/profitting-children-child-care-social-impact-bond-chicago>
- Cohen, D., & Zelnick, J. (2015, August 7). What we learned from the failure of the Rikers Island Social Impact Bond. *Nonprofit Quarterly*. Retrieved from <https://nonprofitquarterly.org/2015/08/07/what-we-learned-from-the-failure-of-the-rikers-island-social-impact-bond/>
- Cohen, T. (2016, March 14). Israel launches first social impact bond to prevent diabetes. Reuters. Retrieved from <https://www.reuters.com/article/israel-diabetes-bonds/israel-launches-first-social-impact-bond-to-prevent-diabetes-idUSL5N16L061>
- Danbatta, B. L. (2016, January 11). Social impact sukuk (SIS): Issues for thoughts. Retrieved from [www.inceif.org/research-bulletin/bulletin-volume9/social-impact-sukuk-sis-issues-for-thoughts/](http://www.inceif.org/research-bulletin/bulletin-volume9/social-impact-sukuk-sis-issues-for-thoughts/)
- Davies, R. (2014). *Social impact bonds: Private finance that generates social returns*. Brussels, Belgium: European Parliamentary Research Service – Members' Research Service. Retrieved from <http://www.europarl.europa.eu/EPRS/538223-Social-impact-bonds-FINAL.pdf>

- Dear, A., Helbitz, A., Khare, R., Lotan, R., Newman, J., Sims, G. C., & Zaroulis, A. (2016). *Social Impact Bonds: The early years*. London, UK: Social Finance. Retrieved from [www.socialfinance.org.uk/sites/default/files/publications/sibs-early-years\\_social\\_finance\\_2016\\_final.pdf](http://www.socialfinance.org.uk/sites/default/files/publications/sibs-early-years_social_finance_2016_final.pdf)
- Deloitte, & MaRS Centre for Impact Investing. (2013). *Social Impact Bonds in Canada: Investor insights*. Toronto, Canada: Deloitte. Retrieved from <https://www2.deloitte.com/content/dam/Deloitte/ca/Documents/financial-services/ca-en-financial-services-social-impact-bonds-in-canada-investor-insights.pdf>
- Department for Communities and Local Government. (2014). *Qualitative evaluation of the London Homelessness Social Impact Bond: First interim report*. London, UK: Crown. Retrieved from [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/357785/Qualitative\\_Evaluation\\_of\\_the\\_London\\_Homelessness\\_SIB.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/357785/Qualitative_Evaluation_of_the_London_Homelessness_SIB.pdf)
- Disley, E., Giacomantonio, C., Kruithof, K., & Sim, M. (2015). *The payment by results: Social impact bond pilot at HMP Peterborough*. London, UK: Crown. Retrieved from [https://www.rand.org/pubs/research\\_reports/RR1212.html](https://www.rand.org/pubs/research_reports/RR1212.html)
- Edmiston, D., & Nicholls, A. (2018). Social impact bonds: The role of private capital in outcome-based commissioning. *Journal of Social Policy*, 47(1), 57-76. Retrieved from <https://doi.org/10.1017/S0047279417000125>
- European Commission. (2017, June 2). Investment plan for Europe: First social impact bond scheme in Europe supports integration in Finland [Press release]. Retrieved from [https://ec.europa.eu/commission/commissioners/2014-2019/katainen/announcements/investment-plan-europe-first-social-impact-bond-scheme-europe-supports-integration-finland\\_en](https://ec.europa.eu/commission/commissioners/2014-2019/katainen/announcements/investment-plan-europe-first-social-impact-bond-scheme-europe-supports-integration-finland_en)
- European Investment Fund. (2013). EIF launches a social impact investing fund of funds. Retrieved from [http://www.eif.org/what\\_we\\_do/equity/news/2013/social\\_impact\\_accelerator.htm](http://www.eif.org/what_we_do/equity/news/2013/social_impact_accelerator.htm)
- Farthing-Nicol, D. & Jagelewski, A. (2016). Pioneering pay-for-success in Canada: A new way to pay for social progress. *MaRS Centre for Impact Investing*. Retrieved from <https://www.marsdd.com/wp-content/uploads/2016/10/MaRS-Pioneering-Pay-For-Success-In-Canada-Oct2016.pdf>
- Galitopoulou, S., & Noya, A. (2016). *Understanding Social impact bonds (SIBs)*. Paris, France: OECD.
- Gardiner, S. & Gustafsson-Wright, E. (2016, April 6). South Africa is the first middle-income country to fund impact bonds for early childhood development. Brookings Institute. Retrieved from <https://www.brookings.edu/blog/education-plus-development/2016/04/06/south-africa-is-the-first-middle-income-country-to-fund-impact-bonds-for-early-childhood-development/>
- Goldman Sachs, J. B. Pritzker, the State of Utah, & United Way. (2015). Initial results released for first social impact bond for early childhood education show success. Retrieved from [www.goldmansachs.com/what-we-do/investing-and-lending/impact-investing/case-studies/sib-slc-fact-sheet.pdf](http://www.goldmansachs.com/what-we-do/investing-and-lending/impact-investing/case-studies/sib-slc-fact-sheet.pdf)
- Government of Ontario. (2016). *Piloting social impact bonds in Ontario: the development path and lessons learned* [Report]. Retrieved from <https://www.ontario.ca/page/piloting-social-impact-bonds-ontario-development-path-and-lessons-learned>
- Government of Saskatchewan. (2014, May 12). New home for single mothers opens in Saskatoon; Funding first of its kind in Canada. Retrieved from <https://www.saskatchewan.ca/government/news-and-media/2014/may/12/social-impact-bond>
- Grave-Lazi, L. (2015, November 4). Israel launches first ever social impact bond in field of higher education. *The Jerusalem Post*. Retrieved from [www.jpost.com/Israel-News/Israel-launches-first-ever-social-impact-bond-in-field-of-higher-education-432043](http://www.jpost.com/Israel-News/Israel-launches-first-ever-social-impact-bond-in-field-of-higher-education-432043)



- Gustafsson-Wright, E., & Atinc, T. M. (2014, April 2). Social impact bonds for early childhood development: Making "dollars and sense" in developing countries [Blog post]. Retrieved from <https://www.brookings.edu/blog/education-plus-development/2014/04/02/social-impact-bonds-for-early-childhood-development-making-dollars-and-sense-in-developing-countries/>
- Gustafsson-Wright, E. & Boggild-Jones, I. (2017, March 31). Colombia leads the developing world in signing the first social impact bond contracts [Blog post]. Retrieved from <https://www.brookings.edu/blog/education-plus-development/2017/03/31/colombia-leads-the-developing-world-in-signing-the-first-social-impact-bond-contracts/>
- Gustafsson-Wright, E., & Gardiner, S. (2016, June 24). Paying for success in education: Comparing opportunities in the United States and globally [Blog post]. Retrieved from <https://www.brookings.edu/blog/education-plus-development/2016/06/24/paying-for-success-in-education-comparing-opportunities-in-the-united-states-and-globally/>
- Gustafsson-Wright, E., Gardiner, S., & Putcha, V. (2015). *The potential and limitations of impact bonds: Lessons from the first five years of experience worldwide*. Washington, D.C.: Brookings Institute. Retrieved from <https://www.brookings.edu/wp-content/uploads/2016/07/Impact-Bondsweb.pdf>
- Investopedia. (2017). Social impact bond - SIB. Retrieved from [www.investopedia.com/terms/s/social-impact-bond.asp](http://www.investopedia.com/terms/s/social-impact-bond.asp)
- Joseph, K. (2013). *Innovation needs foundation support: The case of Social Impact Bonds*. Community Development Investment Review, 9(1), 75-78.
- Kasper, G., & Marcoux, M. (2015). *Case studies in funding innovation: Diffusing innovation*. N.P.: Deloitte University Press. Retrieved from <https://www2.deloitte.com/insights/us/en/topics/innovation/case-studies-in-funding-innovation-social-impact-bonds.html>
- Koekoek, R. (2016, October 14). World's first binational Social Impact Bond fosters Dutch-German collaboration. *Medium*. Retrieved from <https://medium.com/social-finance-uk/worlds-first-binational-social-impact-bond-fosters-dutch-german-collaboration-c5805dccc04b>
- Mazur, O. (2017). Social Impact Bonds: A tax-favored investment?. *Columbia Journal of Tax Law*, 9(1), 141-173. Retrieved from <https://taxlawjournal.columbia.edu/article/social-impact-bonds-a-tax-favored-investment/>
- McHugh, N., Sinclair, S., Roy, M., Huckfield, L., & Donaldson, C. (2013). Social impact bonds: A wolf in sheep's clothing?. *Journal of Poverty and Social Justice*, 21(3), 247-257. Retrieved from <https://doi.org/10.1332/204674313X13812372137921>
- Miller, C. (2015). Social Impact Bonds' slippery slope. *The Chronicle of Philanthropy*. Retrieved from <https://www.philanthropy.com/article/Opinion-Can-Social-Impact/228887>
- Mohamad, S., Lehner, O. M., & Khorshid, A. (2015). *A case for an Islamic social impact bond*. Paper presented at 15th FRAP Finance, Risk and Accounting and Perspectives Conference, Steyr, Austria. Retrieved from <https://doi.org/10.2139/ssrn.2702507>
- News. (2015, November 5). Israel's first social impact bond gets underway. Social Finance Israel. Retrieved from [www.socialfinance.org.il/news-item/97/israel-s-first-social-impact-bond-gets-underway](http://www.socialfinance.org.il/news-item/97/israel-s-first-social-impact-bond-gets-underway)
- OECD, LEED, netFWD, & European Commission. (2015). *Social Impact Bonds: Promises & pitfalls: Summary report*. Paris, France: OECD. Retrieved from [www.oecd.org/cfe/leed/SIBsExpertSeminar-SummaryReport-FINAL.pdf](http://www.oecd.org/cfe/leed/SIBsExpertSeminar-SummaryReport-FINAL.pdf)
- Popper, N. (2015, November 3). Success metrics questioned in school program funded by Goldman. *The New York Times*. Retrieved from <https://www.nytimes.com/2015/11/04/business/dealbook/did-goldman-make-the-grade.html>



- Porter, E. (2015, July 28). Wall St. money meets social policy at Rikers Island. *The New York Times*. Retrieved from <https://www.nytimes.com/2015/07/29/business/economy/wall-st-money-meets-social-policy-at-rikers-island.html>
- Quelch, J., & Rodriguez, M. (2017). *Fresno's social impact bond for asthma*. Harvard Business School Case 515-028. Retrieved from <https://www.hbs.edu/faculty/Pages/item.aspx?num=47831>
- The Rockefeller Foundation. (2014). Social Impact Bonds. New York City, NY: Author. Retrieved from <https://assets.rockefellerfoundation.org/app/uploads/20140921195626/Rockefeller-Foundation-Social-Impact-Bonds.pdf>
- Rodin, J. (2014, September 5). Innovations in Finance for Social Impact. The Rockefeller Foundation. Retrieved from <https://www.rockefellerfoundation.org/blog/innovations-in-finance-for-social-impact/>
- Roman, J. K. (2015). *Solving the wrong pockets problem*. Washington, D.C.: Urban Institute. Retrieved from [www.payforsuccess.org/sites/default/files/resource-files/2000427-Solving-the-Wrong-Pockets-Problem\\_0.pdf](http://www.payforsuccess.org/sites/default/files/resource-files/2000427-Solving-the-Wrong-Pockets-Problem_0.pdf)
- Rosenberg, T. (2013, June 19). An investment strategy in the human interest. *The New York Times*. Retrieved from <https://opinionator.blogs.nytimes.com/2013/06/19/an-investment-strategy-in-the-human-interest/>
- Ross, D. (2014, April 2). Tackling mass incarceration. *The New York Times*. Retrieved from <https://opinionator.blogs.nytimes.com/2014/04/02/tackling-mass-incarceration/>
- Roy, M. J., McHugh, N., & Sinclair, S. (2017). Social impact bonds – evidence-based policy or ideology?. In B. Greve, (Ed.), *Handbook of Social Policy Evaluation* (263-275). Northampton, MA: Edward Elgar Publishing.
- Saltman, K. (2016, August 24). Wall Street's latest public sector rip-off: Five myths about pay for success. *Counterpunch*. Retrieved from <https://www.counterpunch.org/2016/08/23/wall-streets-latest-public-sector-rip-off-five-myths-about-pay-for-success/>
- Sanchez, M. (2016, May 16). Investors earn max initial payment from Chicago's 'Social Impact Bond' *The Chicago Reporter*. Retrieved from <http://chicagoreporter.com/investors-earn-max-initial-payment-from-chicagos-social-impact-bond/>
- Savedoff, W., & Keller, J. M. (2015, December 2). A social impact bond without the impact? Critics question success of early childhood development program [Blog post]. Retrieved from <https://www.cgdev.org/blog/social-impact-bond-without-impact-critics-question-success-early-childhood-development-program>
- Smeets, D. J. A. (2017). Collaborative learning processes in Social Impact Bonds: A case study from the Netherlands. *Journal of Social Entrepreneurship*, 8(1), 67-87. <https://doi.org/10.1080/19420676.2017.1299034>
- Social Finance. (2017). [Interactive map about impact bonds and their development]. *Impact bond global database*. Retrieved from <http://sibdatabase.socialfinance.org.uk/>
- Social Finance. (2018). Social Impact Bonds. Retrieved from <http://www.socialfinance.org.uk/what-we-do/social-impact-bonds>
- Social Impact Partnerships to Pay for Results Act of 2016, H.R. 5170, 114th Cong. (2016).
- Social Ventures Australia. (2018). About us. Social Ventures Australia. Retrieved from <https://www.socialventures.com.au/who-we-are/>

Steketee, M. (2016). Will social impact bonds change the world? *Inside Story*. Retrieved from [insidestory.org.au/will-social-impact-bonds-change-the-world/](http://insidestory.org.au/will-social-impact-bonds-change-the-world/)

"Stevens, K. (2015, December 9). Pay for preschool success. *U.S. News & World Report*. Retrieved from <https://www.usnews.com/opinion/knowledge-bank/2015/12/09/utahs-pay-for-success-preschool-a-step-in-the-right-direction>

Stewart, K. (2013, June 15). Utah public preschool push gets \$7 million from private investors. *The Salt Lake Tribune*. Retrieved from <http://archive.sltrib.com/article.php?id=56457077&itype=cmsid>

UK Government. (2014, April 30). £30 million boost to improve the lives of Britain's most vulnerable young people [Press Release from UK Cabinet Office]. Retrieved from <https://www.gov.uk/government/news/30-million-boost-to-improve-the-lives-of-britains-most-vulnerable-young-people>

UNDP. (2017). Social and development impact bonds (Results-based financing). Retrieved from [www.undp.org/content/sdfinance/en/home/solutions/social-development-impact-bonds.html](http://www.undp.org/content/sdfinance/en/home/solutions/social-development-impact-bonds.html)

US Office of Social Innovation and Civic Participation. (n.d.). Pay for success: An opportunity to find and scale what works. Retrieved from <https://obamawhitehouse.archives.gov/administration/eop/sicp/initiatives/pay-for-success>

---

The Sheikh Saud bin Saqr Al Qasimi Foundation for Policy Research Policy Paper Series is designed to disseminate ongoing research to individuals and institutions interested in the development of public policy in the Arab world. Findings and conclusions are solely those of the authors and should not be attributed to the Sheikh Saud bin Saqr Al Qasimi Foundation for Policy Research.

## THE SHEIKH SAUD BIN SAQR AL QASIMI FOUNDATION FOR POLICY RESEARCH

### *DEVELOPING RESEARCH, SUPPORTING MINDS*

Based in the emirate of Ras Al Khaimah, the Sheikh Saud bin Saqr Al Qasimi Foundation for Policy Research is a non-profit foundation that was established in 2009 under the patronage of His Highness Sheikh Saud bin Saqr Al Qasimi, United Arab Emirates Supreme Council Member and Ruler of Ras Al Khaimah. The Foundation has three broad functions:

- to inform policy making by conducting and commissioning high quality research;
- to enrich the local public sector, especially education, by providing educators and civil servants in Ras Al Khaimah with tools to make a positive impact on their own society; and
- to build a spirit of community, collaboration, and shared vision through purposeful engagement that fosters relationships among individuals and organizations.

Visit [www.alqasimifoundation.com](http://www.alqasimifoundation.com) to learn more about our research, grants, and programmatic activities.