

SOCIAL IMPACT BONDS

CRITICAL ASSESSMENT



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Work in progress

OUTLINE



- Philosophy of Science and Methods
- Social Impact Investment
- Social Impact Bonds
 - Structure
 - Benefits
 - Risks
- Learnings

Outline

Research Design

Social Impact
Investment

SIB Structure

SIB Benefits

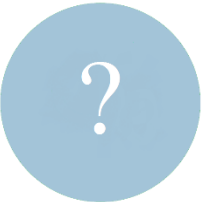
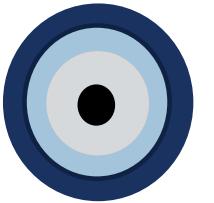
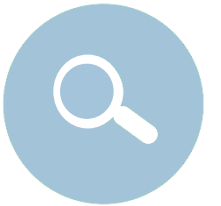
SIB Risks

Conclusion

This project is co-financed by the European Regional Development Fund through the Interreg Alpine Space programme

PHILOSOPHY OF SCIENCE AND METHODS

- Philosophy of Science: Critical Realism (Bhaskar, 2008 [1978])
Methods: literature review; semi-structured expert interviews
- Research Aim: Critical Assessment of Social Impact Bonds



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SOCIAL IMPACT BOND - LITERATURE



Social Impact Investment



Social Impact Bonds



Origin: UK



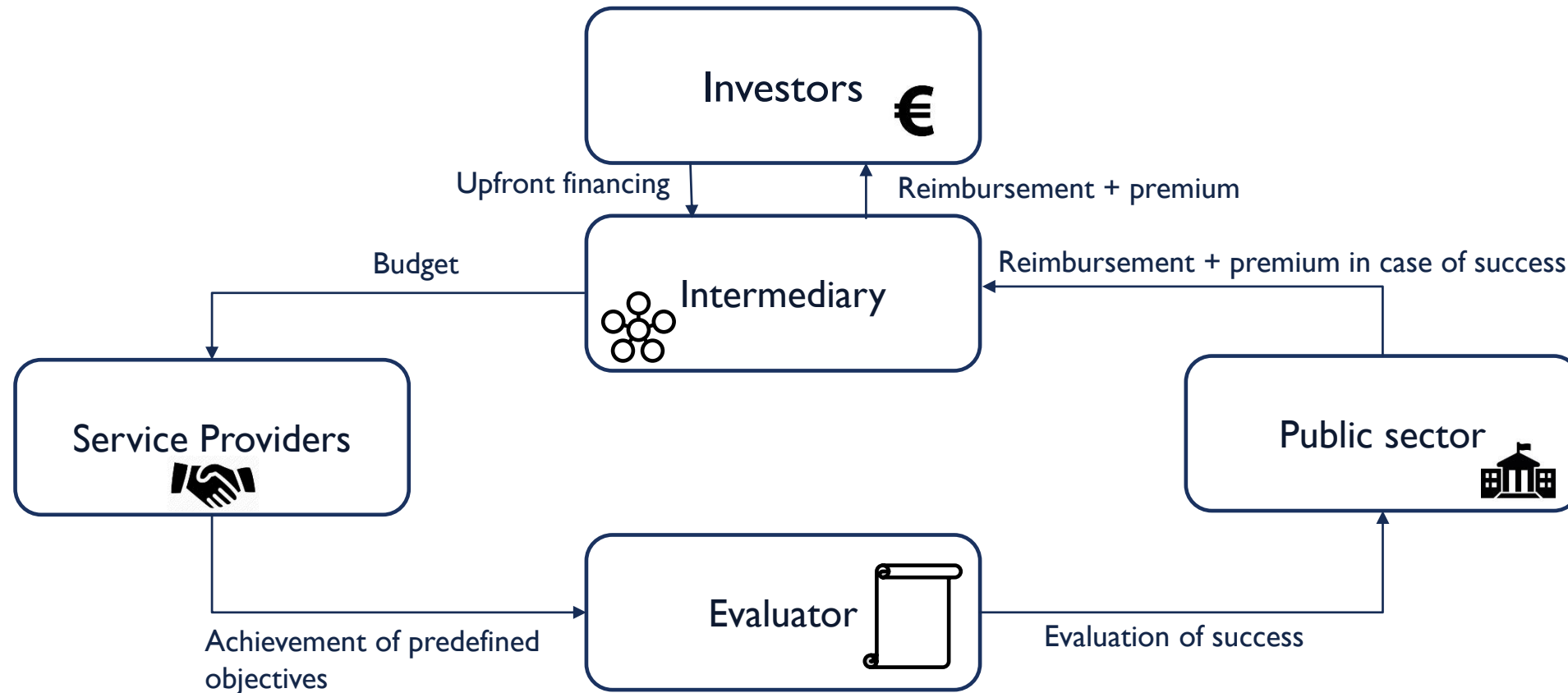
60 implemented SIBs

(Own graphic based on Social Finance, 2016)



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SOCIAL IMPACT BOND - STRUCTURE



(own graphic adapted from Gustaffson-Wright et al., 2016)

ASSESSMENT OF SOCIAL IMPACT BONDS



Benefits and Opportunities

- Service provided to at-risk individuals
- Establishing preventative interventions (Social Finance, 2016)
- Possible cost savings for states (Azemati et al., 2011)
- Shifting the financial risk from the public to the private sector (OECD, 2016)
- Helping people while making money (Bugg-Levine & Emerson, 2011)
- Service providers can focus on service provision (Social Finance, 2016)
- **Visibility** (Gustaffson-Wright et al., 2015)
- **Flexibility** (Myers & Goddard, 2016)

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ASSESSMENT OF SOCIAL IMPACT BONDS



Risks and Obstacles

- ,Creaming‘ or ,cherry-picking‘ or ‘parking‘ (Lower-Basch, 2014; OECD, 2016)
- Tunnel vision (Lower-Basch, 2014)
- Premature termination of the service provision (OECD, 2016)
- Reverse effect – financial risk back to the public sector (OECD, 2016)
- Policy shift (OECD, 2016)
- Legal Framework
- Measurability and Monetisation
- Contracting



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CONCLUSION



What is needed?

- Careful implementation
- Clear political and legal framework
- Communicating the instrument
- Additional instrument
- Establish clear impact measurement methodology and methods

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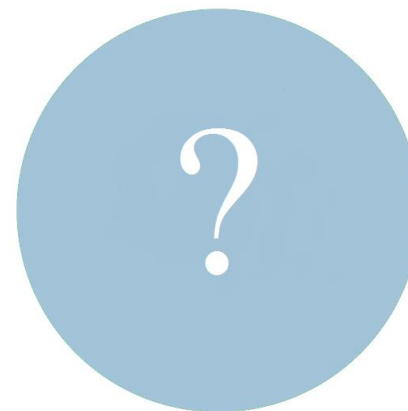
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DISCUSSION



Any Questions?



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