REVOLUTION IN PUBLIC-PRIVATE PARTNERSHIPS: THE NEW BUSINESS MODEL OF SOCIAL IMPACT BONDS

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RATIONALITY OF THE ANALYSIS

- **Business Models for Sustainability** (BMfS) are gaining an increasing attention among practitioners and scholars

- The evolving nature of social problems, the extent and complexity of social and environmental issues, as well as the failure of isolated governments' and social sector organizations' actions have drown the span of **Cross Sector Partnership for Sustainability** (CSPfS)

- Few contributions analyzed BMfS in the financial industry. Yip & Bocken (2018) focus on BMfS archetypes in the banking sector. Among them, the innovative sustainable financial products, as green bonds, crowdfunding, socially responsible funds and **impact investing** (Yip & Bocken, 2018)

- Missing link between BMfS, CSPfS and **Social Impact Bonds** (SIBs) and how collaborative models may vary across sectors

AIM

The research aims at

introducing the SIB model under the framework of BMfS

and

analyzing how SIB's collaborative model varies across sectors and contexts

METHOD

- Given the relevance of the topic and the exploratory nature of the work, the use of **qualitative research method** (Strauss, 1987) - based on a multiple case study - results appropriate to capture a wide range of information and to create in depth insights of SIBs.

- **Multiple case study analysis** allows us to apply rigor and comparative logic (Eisenhardt, 1989; Eisenhardt, 1991; Eisenhardt & Graebner, 2007) useful for explanation building (Yin, 2009 & 2013).

- According to the best methodological criteria defined in the literature, case study analysis is particularly useful for understanding unknown (or partially known), complex and messy phenomena (Yin, 1993; Yin, 2014).

DATA

- Our sample consists of four SIBs located in several geographical areas, tracking different social issues, and characterized (among others) by the different stages of implementation
- Multiple source of data (public reports; interview).

Name	Location	Phase	Aim
NYC ABLE	U.S.A. – New York City	Early termination	Aimed to extend to 16-18 year olds attending school while detained at Rikers Island an an evidence-based intervention that focuses
KOTO SIB	Finland	Implementation	Supports the integration migrants and refugees into Finnish labour market through the provision of training and job-matching assistance
NEWPIN	Australia	Implementation	New Parent Infant Network is an intensive child protection and parent education program that works therapeutically with families under stress.
PERSPEKTIVE: ARBEIT	Austria	Concluded	Addressed poverty and marginalisation among women affected by violence by helping them to them to find a long-term job

Rq1: Introducing SIB within BMfS

BMfS

Value proposition	Value creation & delivery	Value capture
Sustainable value proposition to its customers, and all other stakeholders	How it creates and delivers this value	How it captures economic value while maintaining or regenerating natural, social, and economic capital beyond its organizational boundaries

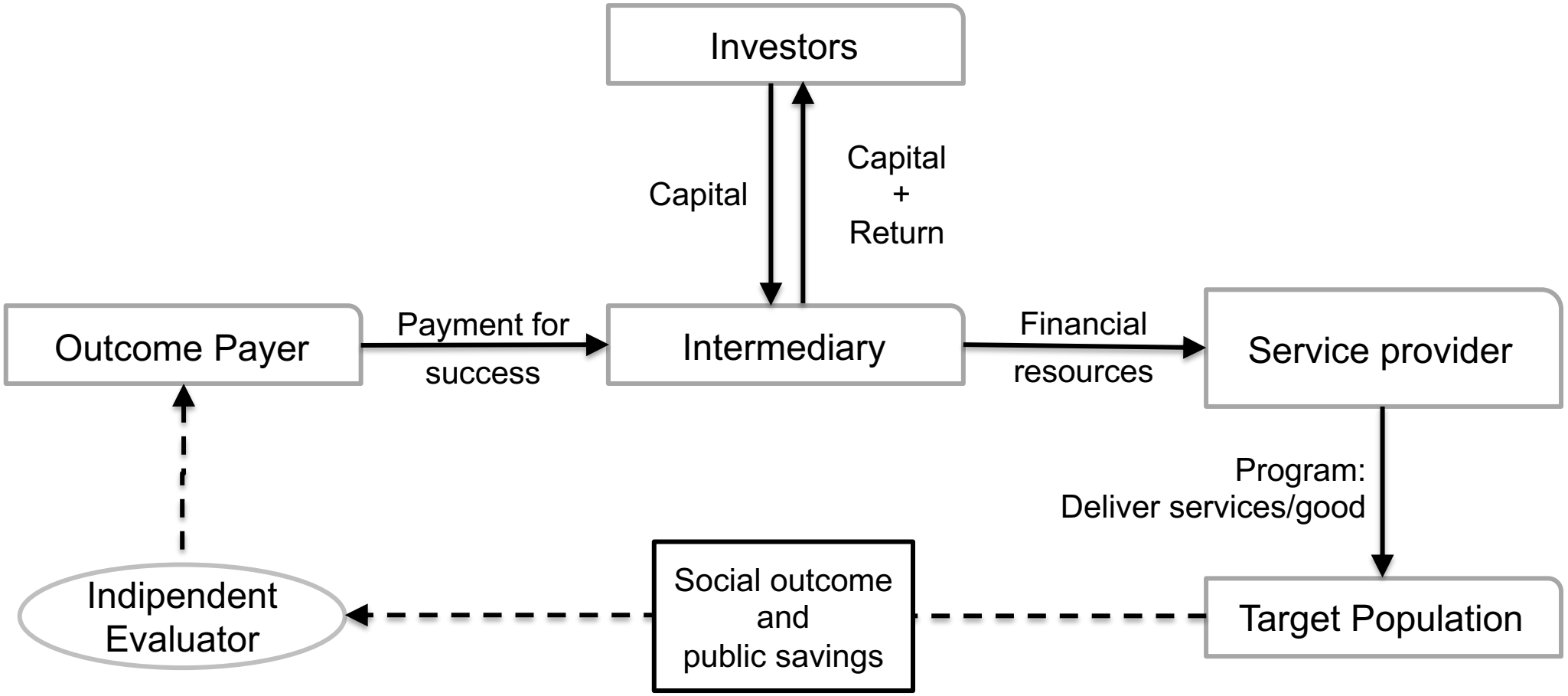
Source: Shaltegger et al. (2016)

BMfS AND SIB

Value proposition	Value creation & delivery	Value capture
Social and environmental services are financed to meet social needs of a target population through the participation of a wide range of cross sector actors	Social and environmental services meet social needs of target population improving their living conditions	Allow public bodies to obtain a measurable social value and public saving Allow investors to obtain a measurable social value alongside a financial return

Rq2: How SIB's collaborative model varies across sectors and contexts

CPfS AND SIB


Investors
Capital
Capital
+
Return
Outcome Payer
Payment for
success
Intermediary
Financial
resources
Service provider
Program:
Deliver services/good
Indipendent
Evaluator
Social outcome
and
public savings
Target Population

MAIN FINDINGS
SIB DESIGN AND STRUCTURE: PROCESSES AND DYNAMICS

	NYC ABLE	KOTO SIB	NEWPIN	PERSPEKTIVE: ARBEIT
Identification of Social Intervention	Partially Collaborative	TOP - DOWN (Commissioner-led)	Collaborative	TOP - DOWN (Commissioner-led)
Collaborative Process in SIB Design	Medium	Medium	High	Low
Factors Determining Rigidity of Collaborative Processes During the SIB Design	National regulation on public procurement	National regulation on public procurement	Absent	National regulation on public procurement
Main Features of the SIB Governance Structure	Centrality of intermediary (through a Special Purpose Vehicle - SPV) as SIB manager entity	Centrality of the SIB Manager entity (which is also one of the main SIB investor)	Two lines of SIB contracts (Commissioner – Service provider; Commissioner - funders). Service Provider centrality	Centrality of intermediary (through a Special Purpose Vehicle - SPV) as SIB manager entity

MAIN FINDINGS
SOCIAL DIMENTION: PROCESSES AND DYNAMICS

	NYC ABLE	KOTO SIB	NEWPIN	PERSPEKTIVE: ARBEIT
Identification of Outcome Metrics	TOP - DOWN (Commissioner-led)	Collaborative designed	Collaborative designed	TOP - DOWN (Commissioner-led)
Identification of Outcome Thresholds	Collaborative designed	Collaborative designed	Collaborative designed	TOP - DOWN (Commissioner-led)
Adoption of Collaborative Performance Management Systems	Missing	Adopted	Adopted	Missing

MAIN FINDINGS
FINANCIAL DIMENSION: PROCESSES AND DYNAMICS

	NYC ABLE	KOTO SIB	NEWPIN	PERSPEKTIVE: ARBEIT
Identification of SIB Funding Scheme	TOP - DOWN (Commissioner-led)	Designed by the SIB specilised Intermediary	Collaborative designed	TOP - DOWN (Commissioner-led)
SIB Dimension Influencing the Amount of Financial Returns	Non-performance risk	Outcome thresholds	Outcome thresholds	Public Savings
Adoption of Financial Risk Management Systems	Missing	Adopted	Adopted	Missing
Presence of Capital Guarantee as Element of SIB Attractivness	Present	Absent	Present	Absent

DISCUSSION AND CONCLUSIONS

- ❑ Colloborative dynamics vary across implementation phases and aspects (social/financial)
- ❑ Non-collaborative processes are evident exspecially in the phase of SIB design
- ❑ Identification of outcome threshold shows high collaborative processes
- ❑ Investors become central in collaborative model
- ❑ Financial aspects may result not always collaborative designed (e.g. funding scheme; guarantee)
- ❑ Contribution to literature on BMfS
- ❑ How differences in collaborative models affect SIBs results?
- ❑ Extend the sample

Thank you for your attention!