



# MISUM

NO. 2025-1, MAY 2025

# WORKING PAPER SERIES

## EXAMINING SOCIAL IMPACT BONDS: AN EMPIRICAL ASSESSMENT OF IMPLEMENTATION EXPERIENCES

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# Examining Social Impact Bonds: An Empirical Assessment of Implementation Experiences

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Working paper

April 2025

## **Abstract**

Social Impact Bonds (SIBs) demonstrate the growing interest in innovative financing solutions that seek to address complex social challenges through cross-sector collaboration. This paper reviews experience of implementing SIBs, drawing insights from case studies and interviews to identify the lessons learned that can inform the design and implementation of future SIBs. Our analysis reveals inherent tensions between flexibility and standardization, between stakeholder expectations and outcome attainability, as well as between the context-specific nature of SIBs and the scope for creating a replicable model. A thematic analysis of qualitative data from 30 SIB case studies contributes to the empirical literature on social financing, providing actionable insights for policymakers, investors and service providers engaged in or considering SIBs as a mechanism for social change.

Keywords: social impact bond, pay-for-success, outcomes-based contracts, social financing

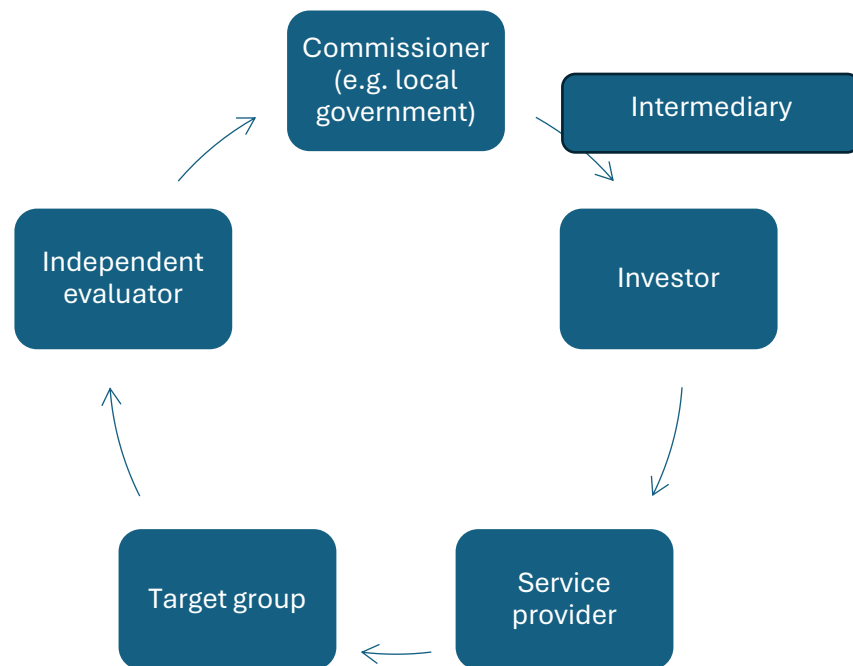
## Introduction

Social financing, or the use of financial capital to tackle social challenges, is gaining increased attention from investors and policymakers. It can be found at the intersection of mounting societal challenges, a strained public sector and the rising interest of private investors in contributing to impactful outcomes in the real economy that support sustainable development. Researchers have noted that traditional financing models have struggled to adequately address complex social and environmental problems (Nicholls, 2010; Daggers & Nicholls, 2016). Governments and non-profit organizations often lack the resources to scale up solutions to pressing issues such as poverty, inequality and climate change. Meanwhile, there is growing recognition among private investors that generating positive social impact can go hand-in-hand with financial returns (Hebb, 2013; Clarkin & Cangioni, 2016). Social finance vehicles have emerged to bridge this gap and direct private capital towards public good (Maier & Meyer, 2017; Hazenberg et al., 2016).

This study focuses on social impact bonds (SIB), which are an instrument in social financing that has gained traction in many countries (Gustafsson-Wright & Painter, 2025). While some frame these as part of impact investment, others highlight that they are not first and foremost a financial vehicle, but a collaborative model for delivering social services, as they bring together the public, private and nonprofit sectors to address social challenges. In a typical SIB, a public sector body – often a municipal or regional government – identifies a social issue, such as homelessness, health or unemployment. It contracts with a service provider, often a non-profit organization, to deliver interventions aimed at improving outcomes for a specific target group. Investors provide the upfront capital to fund these services.

The key feature of an SIB is that repayment to investors is contingent on the achievement of pre-agreed social outcomes. If the project succeeds in meeting or exceeding these outcomes, the commissioner repays the investors with a return on investment, typically using the cost savings generated by the improved social outcomes, such as reduced healthcare costs or lower incarceration rates. However, investors bear the financial risk and if the outcomes are not achieved, they may receive reduced returns or no return at all. Figure 1 shows the main actors involved in an SIB arrangement.

This version of a pay-for-success model aligns the interests of the public sector, private investors and service providers to create measurable social impact. The model allows local government to address social issues without putting strain on their budgets or bearing the full financial risk. It offers investors the opportunity to contribute to societal impact, achieve financial returns and diversify their portfolios. While the funder is often an institutional impact investor, it can also be e.g. development finance institutions or charities.



*Figure 1: Actors involved in social impact bonds*

Since the first SIB was launched in the United Kingdom in 2010, more than 250 SIBs have been initiated globally, spanning 40 countries and six continents. They are particularly common in the US (Gustafsson-Wright & Painter, 2025). The average upfront capital is around US\$ 3 million (ibid.). The reach of an SIB can vary widely. An education-focused impact bond in India has served 200,000 girls, while in Denmark an SIB focused on unemployed people diagnosed with autism has targeted 10 beneficiaries.

The term “Social impact bond” can be misleading, as it differs from a traditional financial bond. In conventional finance, a bond is a fixed-income instrument where an investor lends money to a borrower in exchange for regular interest payments and the return of the principal at the end of a set period. For SIBs, however, instead of providing guaranteed interest payments or principal repayment, the return is contingent on the achievement of social outcomes, as explained above. The term bond was adopted because, like traditional bonds, SIBs involve investors providing capital upfront (Fraser et al., 2018), and the use of the word bond could be helpful in attracting private investors (Warner, 2013). They are sometimes referred to instead as Pay-for-Success Contracts (mostly in the US), Social Benefit Bonds (in Australia), Development Impact Bonds (DIBs, when used in developing countries) or "Outcome-based Contracts".

## This study

The academic literature on SIBs is growing (see Dahbi et al., 2024) and is largely concerned with the benefits and limitations of SIBs as an instrument for delivering social welfare. While this research is pertinent, this study seeks to contribute to calls for more empirical research (e.g. Walker et al., 2023). The dearth of such research might be a consequence of the limited number of concluded contracts (Broccardo et al., 2020), but – well over a decade after the first SIB was launched – there is now more data available. Specifically, our aim is to draw on individual case studies of SIBs to identify and aggregate the lessons learned from implementation of SIBs. By examining the enablers and barriers, and reflecting on the experiences of implemented contracts, the study seeks to enhance applied insights on the SIB market.

The Impact Bond Dataset, managed by the Government Outcomes Lab (GO Lab) at the University of Oxford, collects data on all known SIB projects globally. A subset of these has been particularly extensively documented by the GO Lab in qualitative case studies, each of which contain a “project insights” section. The case studies are based on a mix of interviews and secondary data. As of mid-2024 when our project was initiated, there were 30 such case studies available (see Appendix A). This is to our knowledge the only comprehensive database to have systematically documented insights on a case-by-case basis on many SIBs globally, and therefore a useful data source for our project. We have used it as the main input to our cross-project analysis.

In addition, we contacted representatives of each of the 30 SIBs to request an interview. Seven people responded to our inquiry (see Appendix B). The purpose was to corroborate and expand on the insights from the written case studies. Due to geographical distances, all the interviews were conducted online, in October and November 2024. Each interview lasted for 30–60 minutes and was recorded. The interviews were transcribed verbatim.

We used thematic analysis to identify recurring patterns, unique insights and cross-cutting themes. A systematic coding process ensured robust and reliable categorization of themes (Williams & Moser, 2019). Using NVivo software, we qualitatively coded the written documentation for each case to produce first-order codes for overall themes. In a second step, this code tree was used for more granular coding. Third, we triangulated the results with our interview informants, again using NVivo, resulting in a synthesized coding tree. This led to the identification of three main tensions presented in the results section of this paper.

## Previous research

While academic interest has not kept pace with the increase in the number of SIBs implemented globally, the number of publications has still grown significantly since 2010 (Dahbi et al., 2024; Carè et al., 2023; Broccardo et al., 2020). Most of the research focuses on the UK and the US, where the majority of SIBs have been implemented. Italy is also a notable focus, despite the fact that there are few active SIBs there, probably due to specific interest in how SIBs might be adopted in the context of fragmented public services. Authors have highlighted that research on SIBs in the Asia-Pacific region is largely non-existent (Moldogaziev et al., 2022). Studies can predominantly be found in finance, economics and public administration journals (Dahbi et al., 2024). There are also many articles in interdisciplinary journals that focus on areas such as social policy, public management and sustainability (ibid.).

Much of the current academic research is occupied with the potential of SIBs (e.g. Fox & Albertson, 2012; Burand, 2013; Tse & Warner, 2018). Particular concerns have been raised regarding the marketization and financialization of social services (Dahbi et al., 2024; Broccardo et al., 2020). There are claims that neoliberal rationalities are colonizing public services, and that the SIB logic turns social issues first and foremost into business opportunities, and everyone involved apart from those targeted by the intervention into entrepreneurs (Cooper et al., 2016), but also that SIBs and similar instruments are subjecting social policy to the volatility of global financial markets (Dowling, 2017). Such concerns align with what Fraser et al. (2018) identifies as a *cautionary narrative*, which they find to be the most prevalent of all in the literature on SIBs. This narrative critiques SIBs by highlighting not only the financialization of public services, but also the potential undermining of public sector values, as well as concerns over the transparency and long-term sustainability of SIB-funded interventions. The cautionary narrative also questions the alignment of investor and service user interests.

There is also some commentary on the mainstreaming of SIBs. One study suggests that without a stable, dominant design, SIBs might struggle to achieve broader adoption (Arena et al., 2016). Walker et al. (2023) highlight the lack of empirical evidence on the effectiveness of SIBs and suggest that to more firmly establish SIBs as a financial tool for social welfare, it will be necessary to enhance data transparency, reduce costs and standardize outcome measurements.

A few academic studies empirically address SIB implementation. Walker et al. (2023) reviews three prominent SIB projects: the Peterborough SIB, the Rikers Island SIB and the London Rough Sleepers SIB. The article underscores the variability in SIB performance across different social issues and settings. The case studies demonstrate that the likelihood of achieving positive social outcomes is influenced by external factors, stakeholder commitment and the initial structuring of the bond. Based on the case

studies, the authors recommend that future SIBs incorporate flexible funding mechanisms to allow for program adaptation, invest in capacity building for service providers and ensure that outcome measurements are both rigorous and adaptive to changing conditions.

A survey-based study of 12 experts with experience of SIBs pinpoints several key elements essential for successful implementation (Carè et al., 2020). Among other things, it emphasizes that robust contractual schemes that clearly define terms and the expectations of all the parties involved are crucial for limiting uncertainties and managing expectations throughout the project's lifecycle. Furthermore, efficient cooperation among stakeholders, including public sector agencies, private investors, service providers and intermediaries, is fundamental as it ensures that all the parties are aligned with the project's goals and work synergistically to achieve them. Clearly allocated responsibilities and duties prevent conflicts and foster accountability, while support from government and institutional bodies provides the necessary backing for SIB projects. The credibility and capacity of intermediaries, who bridge the gap between investors and service providers, along with access to expert technical and legal advice help to navigate the complexities of SIBs. The authors assert that continuous monitoring and adaptability are essential to managing the dynamic environments in which SIBs operate, ensuring that projects stay on track and adjustments are made to address any deviations from the set goals.

## Lessons learned from the 30 case studies

Based on our analysis of the GoLab case studies, complemented by the interviews, a number of key themes emerge which are discussed below. While there is some overlap between these, we find that six themes are recurrent: collaboration and coordination of stakeholders, the important role of the initial phase, the careful consideration of metrics and valuation, the necessity for flexibility and adaptation, budgetary considerations, the scope for learning from past projects, and ripple effects from SIB implementation.

### **Collaboration and coordination**

In the experience of those who have implemented SIBs, effective programs start by clearly defining the roles and responsibilities of everyone involved. Several case studies emphasized involving all participants upfront to avoid confusion and align goals. Furthermore, workshops and continuous communication have proved essential to creating consistent messaging and understanding across different stakeholder groups.

Despite the potential for collaboration, aligning the diverse interests of multiple stakeholders remains a challenge. Some initiatives needed extensive negotiations to align objectives and define key performance indicators, which underscores the complexities of multi-stakeholder engagement.

*So that's why you need the planning phase. You need to bring everybody together and make it...it becomes a little bit like a compromise and balancing act, that everybody is happy, and the incentives are so aligned that everybody is working on the same goal. (Interviewee 03)*

The success of some social initiatives hinges on regional collaboration. In one project, neighboring councils shared resources and intelligence, which was pivotal for tactical commissioning and addressing children's social care across multiple jurisdictions. Such collaborations, however, bring challenges in relation to data-sharing and coordination.

The role of central coordinating bodies or expertise hubs can be crucial in overcoming challenges and ensuring that the interests of all parties are aligned. These bodies provide essential support, gather data and convene stakeholders, contributing to the broader development of outcome-based contracting.

These experiences highlight the importance of preparatory work, as discussed below.

### **The importance of the set-up-phase**

Interviewees expressed that in hindsight they should have allowed more time to set up the SIB.

*I think the hardest thing is the length of time it takes to set one up. They're not a quick fix. It did take an awful lot of time to set up, not just going through the fund application process, but even when we knew we got that, setting up the contract and agreeing on the outcome rates was pretty time-consuming. (Interviewee 06)*

*I think it was the time. If we'd had more time, if we took our time on building those relationships more with the market and better conversations with investors, that might have changed the outcome slightly. Hindsight, again, is a wonderful thing, isn't it, but we were pushed. And that's my learning from that process, is that, you know, we should have taken longer, but I think we were under some pressure from [the funder]. (Interviewee 02)*

A key element of the set-up phase is the actual design, and here the case studies and interviews emphasize the importance of user voice. For example, a case study on a Finnish SIB supporting refugees into employment explains that, as refugees may be in a state of trauma and exhaustion, and now find themselves in a foreign land, possibly also dealing with asylum processes, they may not be ready to immediately enter the job market, and therefore not be a suitable cohort for a job market project, at least not in the short term. Young and old refugees may also have different propensities to work rather than go into education first, while some might not even be planning to stay in the country.



*It is therefore crucial to understand these different needs and motivations before designing the service and cohort, as these have a direct impact on engagement and outcomes. (KOTO case study)*

Representatives of an SIB on multi-systemic therapy in the UK noted that when setting up an SIB, it is important to involve frontline staff and key stakeholders at an early stage. In this way, relevant insights can be drawn from different perspectives to give commissioners, investors and providers a clear sense of relevant issues to be considered.

Similarly, case studies emphasize that it is vital to engage operational stakeholders early on in the commissioning process, and to introduce an element of co-production. Others pointed out that a lot of time and financial resources were spent in the beginning on consulting lawyers and accountants, and suggested that establishing a specific legal framework for contracting by results could facilitate this process in future projects.

### **Metrics and valuation**

Robust mechanisms for tracking and evaluating outcomes are crucial to the SIB model. The case studies and interviews consistently highlighted the importance of robust, clear and adaptable outcome measurement and evaluation mechanisms to ensure accountability and facilitate ongoing improvements.

One respondent argued that building on what is already being measured is key to designing outcome metrics, as is including the service providers' viewpoint at an early stage.

*My experience is that it's really important to be realistic as to what [the service providers] are already measuring, and to make it incremental. My experience is that outcome funders go in saying, 'I want these complicated metrics', and then service providers are like, well, we don't have this metric. So then, over time, there's just a disconnect. And then eventually they agree on something that they can actually deliver. But I think that actually the starting point, 'what do the service providers already deliver?' should be put in place sooner than it usually is. (Interviewee 07)*

A related point is the tension between incremental changes and complexity:

*I think with metrics, it's really hard, because with impact bonds, you don't do it for results in one year. You don't, but you also need to measure results in one year, right? So, it's really hard because I think it's this idea of incremental changes that you have to look for in impact measurement. So it's like, okay, well, year one, you need to provide some incentive for measurement, but that's not where the focus would be. Then year five, it has to be a better, or, like a more sophisticated way of measuring it, and also more weight has to be attributed to it.*

*So this idea of incremental is important, but you know, that also gets in the way of complexity, which is the other thing that I was saying earlier. So I would choose one or two metrics, max, and not more than that, and try and make them incremental. That's my way of saying, okay, I think incremental is important, but I also want to keep it relatively simple, so just choosing one or two indicators. (Interviewee 07)*

The nature of outcome-based contracts often requires innovative approaches to data collection and performance analysis to ensure that programs adjust strategies based on real-world effectiveness. A standardized evaluation tool offers concrete, measurable insights into the challenges encountered within social impact initiatives, effectively establishing a unified metric system for all parties involved. Case studies stress that this approach is particularly beneficial not only for field practitioners, but also for investors who may be less acquainted with the specific jargon used in sectors such as criminal justice. At the same time, stakeholders explain that a thorough evaluation should incorporate not only numerical data, but also qualitative feedback through interviews with program participants, their families and volunteers, thereby offering a more nuanced understanding of impact.

For example, the integration of qualitative data was emphasized as crucial in the case of the DN2 Children's Services SIB in the UK. The complexity of the children's needs meant that not all aspects of their care could be captured by quantitative metrics alone. Qualitative feedback from those directly involved in the services was seen as vital and should not be dismissed as anecdotal.

Similarly, with the Kotouttamisen SIB on refugee employment, stakeholders stressed the importance of not relying solely on hard metrics, but also incorporating softer, qualitative outcomes into evaluations. These qualitative measures are essential for understanding the broader context of an individual's well-being and progress, and offer a more comprehensive view of impact beyond quantifiable results.

### **Flexibility and adaptation**

Many case studies and interviews highlighted the importance of flexibility in contract terms, service delivery and metrics to allow them to adapt to changing circumstances and better meet the needs of beneficiaries. Unforeseen challenges such as the Covid-19 pandemic might also have changed the premise of the project.

Several interviewees explained how they had to re-evaluate along the way whether they had set the right set of metrics:

*We had to change the school attendance metrics a little bit. You have to in this type of project, in this type of contract. If it becomes apparent that an outcome measure is unworkable, the metric itself, or the design of the outcome is unrealistic or operationally it's not practical to*

*evidence, you have to work with your commissioners to find suitable solutions, otherwise achieving payment triggers will be very difficult. (Interviewee 05)*

*Most of the impact bonds I've worked on, there have been changes halfway through on the metric, and it's important for that to be in place because otherwise it just doesn't work. Like, honestly, if stakeholders aren't flexible, you won't create the incentive you want. The importance of more qualitative evaluation halfway through, I think, is really important. (Interviewee 07)*

In another example, adjustments and revisions to initial plans proved necessary in a children's care program, where the complexity of needs extended the period of intensive care required from three to six months. Respondents suggested building in flexibility to negotiate outcome evaluation and metrics throughout the contract from the start, and setting up a governance structure that allows for discussions on amendments.

While the need for flexibility on outcome measurement and metrics was commonly stressed, there was also a contrasting view that emphasized the importance of having rigid, well-defined metrics from the start. This dichotomy highlights the tension between the need for adaptable responses to real-world challenges and the desire for predefined, stable criteria that guide project evaluation and funding. While flexibility should not be mistaken for arbitrariness, one respondent pointed out that it might be difficult for the outcome funder to avoid paying the investor even if all the criteria are not met, and that there have been situations over the years where targets have been softened to make the conditions a little more favorable.

Regular monitoring is important to enable timely adjustments that directly enhance program effectiveness and responsiveness. For example, in the Ministry of Justice SIB for juvenile parolees in Japan, regular multidimensional assessments are integral to the program's design, based on experience from the similar Peterborough SIB in the UK. These regular assessments foster rapid feedback loops, providing crucial data that inform ongoing refinements and improvements in program delivery, thereby maximizing the impact on targeted populations.

### **Financial strategies and budgetary considerations**

Some case studies highlight how projects introduced incentive structures, such as bonuses for overperformance or outcome achievements, to motivate service providers and stakeholders to prioritize long-term impacts. This approach could enhance the effectiveness of the services delivered and ensure alignment with the overarching goals of a project. For example, a 10 percent bonus was offered for job

retention beyond six months in a Colombian workforce project, promoting long-term outcomes over short-term achievements.

It has also proved beneficial to keep parts of the budget untied from specific outcome metrics to allow for program adjustments when needed. Such a financial cushion supports ongoing project modifications and the sustainable development of programs. The Quality Education India impact bond demonstrated this strategy by allocating funds that were not strictly outcome-based, which provided the financial flexibility necessary for the program's adaptive changes.

Funding distribution can be an issue in more complex projects: The Ways to Wellness program in the UK, on long-term health conditions, illustrates the challenges of funding an intervention that benefits multiple stakeholders. The fragmented nature of health commissioning made it difficult to measure and pay for all the beneficial outcomes, suggesting a need for broader cooperative funding strategies.

### **Leveraging past experience**

While SIBs tackle commonplace problems, linked to health, education or poverty, each SIB is still highly context dependent. Respondents explained that while they have certainly been able to build on previous experience, it would be difficult to copy other projects or develop an off-the-shelf product. One reason might be the need for links to local stakeholders, as engaging with the community and ensuring that services are aligned with local needs and conditions are critical to the acceptability and success of interventions:

*When liaison with existing statutory services is crucial for service delivery, as was the case for the Skill Mill SIB, partnerships will need to be developed region by region. (Skill Mill case study)*

Furthermore:

*Context-specific programs have more chances to succeed than programs that do not take into account specificities of the community or the geography. (Chances case study)*

Nonetheless, there is ample room to capitalize on previous experience of elements such as timeframes, structures and services:

*Now we have gained very good information on how much we need to invest, for example, for a young person who is at risk of dropping out of school, how much we would need to invest in order to for him or her to actually get a diploma from the school. And now we know that it's also sort of a fast pace, so he or she is in a project only for two or three, four years [and] we would need to invest this and this much money for services. So now we do know, and we would*

*be very confident, to sell this type of project or this type of service with the outcome-based agreement to many, many cities or municipalities or commissioners. But with the first few projects, we had, pretty much, not too much of an idea what they would look like. (Interviewee 01)*

This might be important as, according to one respondent, commissioners do not necessarily know the size of their problem in monetary terms.

Another respondent noted:

*Yes, because you just have muscle memory, right? [...] You're able to replicate some of the things that worked and learn from those that didn't work [...] so every contracting piece we've done subsequently has been faster. (Interviewee 04)*

### **Spillover effects from SIB projects**

The case studies show that SIBs can generate significant spillover effects that can enhance community welfare and system-wide efficiency, ranging from enhancing sector-specific practices and policies to fostering broader economic and community benefits. The Skill Mill program exemplifies these positive externalities by fostering job creation within the green economy and enhancing community cohesion and resilience. This SIB actively promoted the social integration of young people excluded from the labor market, which underpinned its success in nurturing community partnerships and expanded its impact beyond direct participants.

In the Humanitarian Impact Bond for physical rehabilitation services to victims of war, natural disasters and disease, the International Committee of the Red Cross introduced a digital “Centre Management System” to improve efficiency and maintain quality outcomes across its services. It is anticipated that this innovation will significantly enhance the organization's capacity in numerous physical rehabilitation centers, demonstrating how technological advances under one SIB can catalyze improvements across an entire network.

The Quality Education India and Educate Girls impact bonds illustrate how SIBs can foster collaboration among sector-leading experts, leading to advances in educational models and impact investing frameworks. Such collaborations not only address immediate educational needs, but also contribute to broader systemic change by enhancing the effectiveness of education systems.

Overall, there seems to be recognition among implementers that while SIBs are structured around specific outcomes, their real-world impact often extends beyond these initial targets.

## Discussion and conclusions

This study examined the implementation experience around SIBs, drawing insights from case studies and interviews. The findings confirm that SIBs often involve complex stakeholder environments where alignment of interests, strong coordination and robust outcome evaluation mechanisms are crucial. While the SIB model has promise as a financing vehicle for social services, we have identified three inherent tensions that must be carefully managed.

The first inherent tension is *flexibility versus standardization*. The findings underscore the need for SIBs to incorporate flexible structures that allow for adjustments in response to evolving conditions and unforeseen challenges. Such adaptability enhances the ability to achieve desired outcomes while accommodating the dynamic nature of social services. At the same time, it is central to maintain a level standardization that ensures the integrity of the SIB model and avoids bias. Standardization can also facilitate mutual understanding among investors, service providers and government entities. Such clarity helps to align expectations and reduce discrepancies in how success is assessed and rewarded. Adopting a pragmatic, flexible view and reaping the administrative but also trust-related benefits of standardization is a balancing act.

The second inherent tension is between *stakeholder expectations and outcome attainability*. Many experienced the pitfalls of overcomplicated agreements and misaligned expectations between diverse stakeholders. Overly ambitious or complex metrics can lead to disconnects between funders and service providers, which ultimately impacts the effectiveness of the interventions. At the same time, some stakeholders spoke of the need to soften metrics to be able to repay the investor. This could, however, harm the legitimacy of the entire SIB model. Finding the right balance between ambitious and realistic evaluation criteria therefore seems central.

The third inherent tension is between *the bespoke and context-specific*, on the one hand, and *replication*, on the other. While each SIB operates in a unique socio-political and economic context and therefore unlikely to become an off-the-shelf product, there is also opportunity to learn from past implementations. Case studies indicate that while replicating SIB models across regions can be challenging, due to localized stakeholder dynamics, certain structural elements—such as contracting mechanisms, funding strategies and evaluation frameworks—can be refined based on previous experience. Some spoke of having developed speedier set-up processes once they were able to capitalize on their learning from previous SIBs. For anyone seeking to facilitate the growth and standardization of this market, the ability to transfer knowledge and develop best practices across SIB projects will be critical.

## **Implications**

Our findings have at least three implications for stakeholders involved in designing, implementing and evaluation of SIBs. First, our results indicate that it would make sense to promote early stakeholder engagement; that is, to involve service providers and other key stakeholders in the discussion and decision-making processes at the earliest stages of SIB development. This approach would prevent misalignments and ensure that project objectives are realistic and achievable.

Second, it would be advisable to develop clear metrics and valuation strategies with built-in flexibility: Our study shows that robust, clear and agreed-upon metrics for measuring success that are understood by all parties are essential. To optimize outcomes, it will be helpful to design contracts that allow for adjustments based on performance data and changing circumstances. However, this should not come at the expense of solid evaluation.

Third, our analysis highlights the benefits of preparing for long-term engagement. Stakeholders would do well to plan for a long-term commitment to the SIB, in the understanding that substantial time and resources will be necessary to see tangible results. This includes preparing for a lengthy set-up phase and consideration of ongoing adjustments and refinements, as well as a long-enough period to assess outcomes.

While this research is based on a limited dataset and should be understood as an exploratory study, it provides initial empirical insights that can contribute to ongoing discussions on SIBs as a viable tool in social finance. Additional empirical studies with a more robust design (including more encompassing primary data) are encouraged, and future research should continue to investigate the tensions raised in this study.

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## **Acknowledgement**

This project was funded by a grant from *Skandia Livs 100-årsstiftelse* and received additional support from *Mistra*, the Swedish foundation for strategic environmental research.

## Appendix A – Overview of the 30 GoLab case studies

| <b>SIB</b>  | <b>Location</b>      | <b>Capital raised (MUSD)</b> | <b>Duration (years)</b> | <b>Service users</b> |
|---|----------------------|------------------------------|-------------------------|----------------------|
| The Skill Mill  | UK                   | 1.32                         | 4                       | 252                  |
| Proyectá tu futuro – Buenos Aires Youth Employment Social Impact Bond | Argentina            | 1.1                          | 3                       | 875                  |
| Humanitarian Impact Bond  | DRC, Nigeria, Mali   | 19.7                         | 5                       | 3K+                  |
| Ministry of Justice - Japan SIB Pilot                                 | Japan                | *                            | 2                       | 80                   |
| Quality Education India Development Impact Bond                       | India                | 3                            | 4                       | 200K+                |
| DN2 Children's Services Social Impact Bond                            | UK                   | 1.1                          | 4                       | 304                  |
| Educate Girls   | India                | 0.2929                       | 2                       | 18K+                 |
| In their hands  | Kenya                | 6.2                          | 1.5                     | 362K+                |
| Mental Health and Employment Partnership (MHEP)                       | UK                   | 1.19                         | *                       | 4K+                  |
| South Africa Impact Bond Innovation Fund                              | South Africa         | 1.04                         | 2                       | 4K+                  |
| Kirklees Better Outcomes Partnership (KBOP)                           | UK                   | 4.43                         | 5                       | 6K+                  |
| Future Impact   | UK                   | 0.636                        | 4                       | *                    |
| Chances   | UK                   | 1.54                         | 3                       | 6K+                  |
| Village Enterprise DIB  | Uganda, Kenya        | 2.33                         | *                       | 14K+                 |
| Cameroon Cataract Bond  | Cameroon             | 2                            | *                       | 18K+                 |
| Colombia Workforce Development Social Impact Bond - EMPLEANDO FUTURO  | Colombia             | 0.32538                      | *                       | 899                  |
| Kotouttamisen (KOTO) Social Impact Bond                               | Finland              | 16.11                        | 3                       | 2500                 |
| Cameroon Kangaroo Mother Care Development Impact Bond                 | Cameroon             | 0.8                          |                         |                      |
| Ways to Wellness  | UK                   | 2.52                         | *                       | 8K+                  |
| Singapore Social Impact Guarantee – Enhancing Youth Support Programme | Singapore            | 0.115                        | 1.5                     | *                    |
| Hémisphère Social Impact Fund   | France               | 222.35                       | 11                      | *                    |
| Atmah SIB   | United Arab Emirates | 0.54459                      | 14                      | 25                   |
| Asháninka – Peru Development Impact Bond                              | Peru                 | 0.11                         | *                       | 99                   |
| Children's Welfare Social Impact Bond                                 | Finland              | 5.73                         | 12                      | 400                  |
| Occupational Health Social Outcomes Contract                          | Sweden               | 1.47                         | 3                       | *                    |
| The Utkrisht Impact Bond  | India                | 2.9                          | 3                       | 13K+                 |
| Essex County Council MST  | UK                   | 4.89                         | *                       | 335                  |
| London Rough Sleepers (Thames Reach)                                  | UK                   | 1.9                          | *                       | *                    |
| West London Zone  | UK                   | 1.53                         | *                       | 2K+                  |
| It's All About Me (IAAM)  | UK                   | 3.13                         | *                       | 198                  |

\*data missing in the GoLab database

## Appendix B – Interviewees

| <b>Title</b>                                 | <b>Organization type</b>                               |
|--|--|
| Director, Alternative Investments            | Retail bank and wealth manager                         |
| Service Manager, Commissioning and Contracts | County Council   |
| Program Director, Impact Investments         | Retail bank and wealth manager                         |
| Executive director, Social Finance           | International development organization                 |
| Head of Programmes                           | Research and technology company                        |
| Senior Contracting & Procurement Manager     | Local council  |
| Consulting Director                          | Impact investment and innovative finance advisory firm |