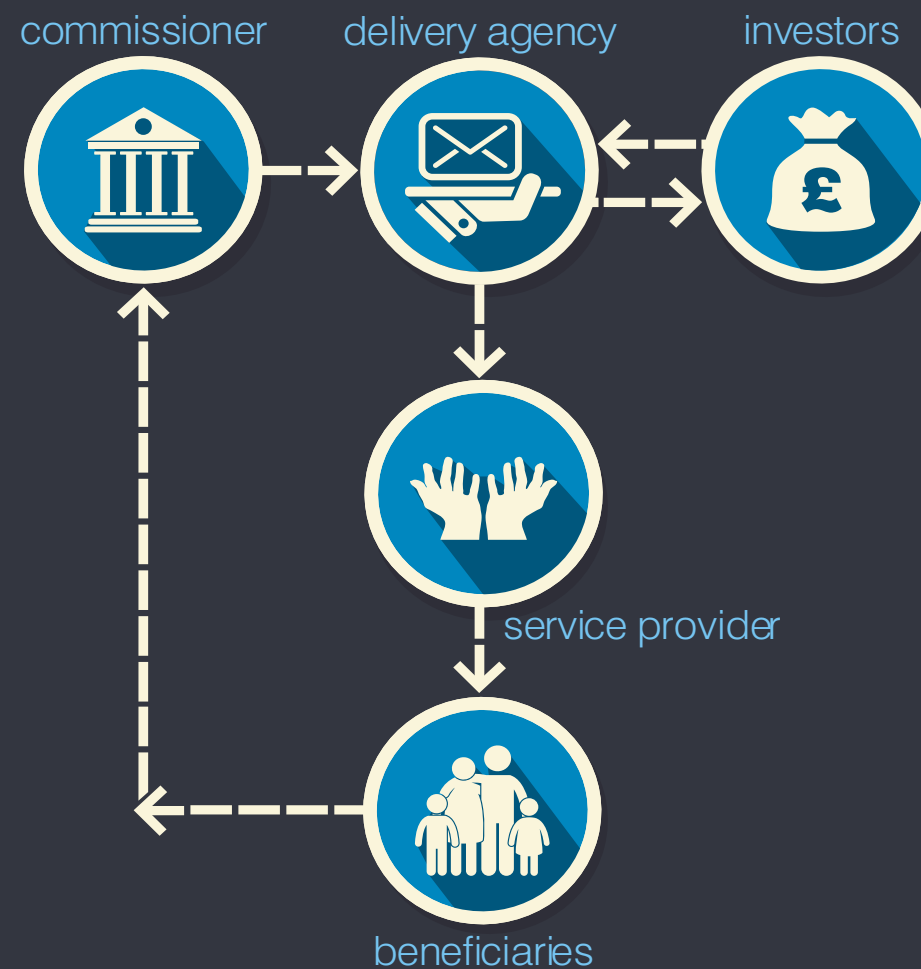


SOCIAL IMPACT BONDS ...The state of play

1 What is a Social Impact Bond (SIB)?

A form of payment by results (PbR) contract: The commissioner pays for the outcomes achieved, not for the interventions made. The working capital needed to fund the intervention comes from external investors who receive a return on their investment if the intervention is successful.



Peterborough Prison SIB (first in UK)

has reduced re-offending rate by **8.4%** compared to comparison group

Key Tools to Help with SIB Development

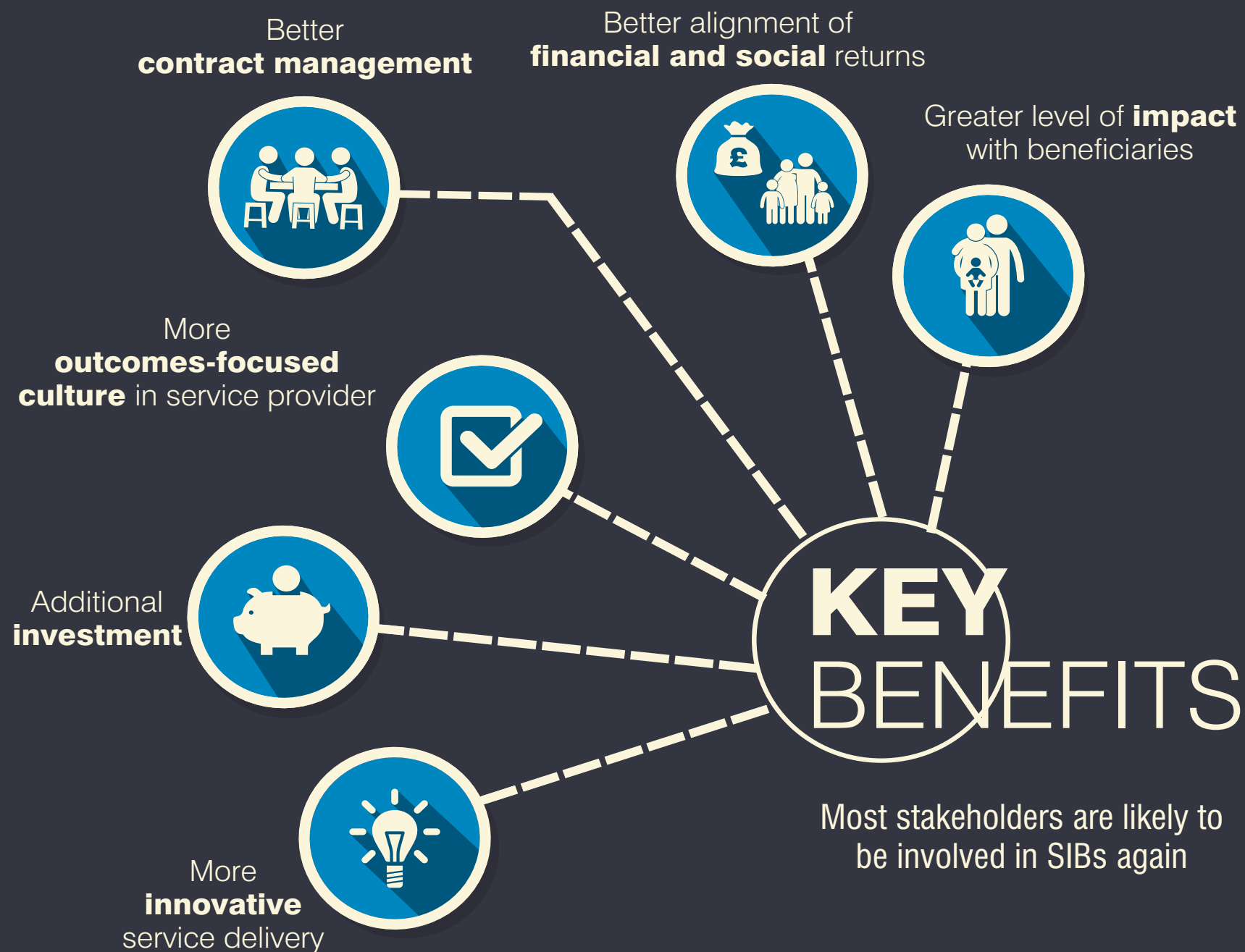
- BSC's Outcomes Matrix
- HM Government/New Economy Unit Cost Database
- Cabinet Office template SIB Contract
- Support from external consultants

Adapted from the Cabinet Office Centre for SIBs Knowledge Box: http://data.gov.uk/sib_knowledge_box/sib-definition

2

Stakeholders' Perceptions of SIBs: The Benefits and Challenges

Most stakeholders involved in SIBs had a positive experience (especially service providers).



MAIN CHALLENGES

- Commissioners and service providers **don't understand the role of investors or intermediaries**
- Service providers **struggle to generate evidence** that convincingly demonstrates to commissioners and investors that their interventions are successful
- Scale** of SIB needs to be large to justify resources
- Agreeing **contracts** to suit all parties