

The challenge of Social Impact Bond: the state of the art of the Italian context

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Abstract— This paper aims to investigate Social Impact Bond (SIB), as a specific social finance tool able to involve various stakeholder groups in generating social value.

The theoretical framework is the study of the outcome-based commissioning models of Anglo-Saxon origin and rapidly spread throughout Europe.

The research question concerns the main opportunities and challenges posed by the SIBs in the perspective of Italian public decision-makers. The results of the research consist in clustering of the various roles that the PA can assume in an SIB and in the analysis of the strengths and weaknesses of the Italian context with respect to the development of this tool.

Keywords: Social Impact Bond, PA, Italian context, Social Finance

I. REVIEW OF THE LITERATURE AND THEORETICAL FRAMEWORK: NEW OUTCOME-BASED GEOGRAPHIES

The financial crisis, the consequent policies to contain public spending, the attempted spending review and the slowdown in economic growth have heavily stressed the financial management and the PA welfare policies with a significant reverberation on the economic and financial management of Third Party organizations. Sector. The increasing scarcity of public resources has led to an innovation in economic relations between public bodies and private organizations: we have thus moved from subsidies and public funding, to interventions dedicated to specific projects and specific results achieved, or through public-private partnerships based on the level of performance achieved (payment by results). SIBs represent a research field within the broader area of social finance and impact investing, though there is little published research in this area compared with the body of research existing for foundations, observatories and government agencies. This paper is unique in that it attempts to analyse the function of SIBs from the perspective of possible innovations of the PA.

Meneguzzo and Galeone (2016) state that since the economic crisis, more studies have explored impact finance for social enterprises, new welfare systems, and contemporary social challenges. In the OECD's report on "New investment approaches to meet the social and economic challenges" (Wilson, KE, 2014), they found that *impact investing* has

declined as a result of the changing relationship between finance and philanthropy.

They have also found that social investment has had an impact on public spending, and that private resources continue to be given to strategic sectors that have general interest.

These changes present a challenge in the form of a hybrid market, with unexplored potential, involving financial intermediaries and local bodies, small-medium sized enterprises (SMEs) and large enterprises, social enterprises and civil society (Brown and Swersky, 2012). The Social Impact Bond is one of the finance tools that has the greatest impact, and originated in the UK impact market following the establishment of a *Social Investment Task Force* by the government. The so-called Social Impact Bond (SIB) is configured as a partnership between different actors dedicated to raising private capital to promote social initiatives in the public and non-profit sectors (OECD 2014).

Before in-deepen the discourse it is important it is important to point out that the evidences about SIBs are still very few since this tool has been fully experimented in very few cases. As pointed out by Christian Berndt and Manuel Wirth (2018, 28):

“the scholarly debate about SIBs is still only in its infant stage, observers being largely interested in technical issues and focusing on how to improve a promising market for more socially inclined investors. By and large, academic and more policy-oriented contributions paint a positive picture. SIBs are represented as a powerful tool that is capable of overcoming “inefficient” state intervention, bureaucracy and “unreliable” social service provision. Against this, SIBs are celebrated for their rationalized, evidence-based approach and their promise to introduce financial discipline and entrepreneurial spirit to public service delivery (Liebman, 2011; Mair and Milligan, 2012, p. 27)”.

Burand (2013) claims that SIBs are obligations that arise essentially for two reasons:

- a) - An attempt by the public sector and non-profit organisations to access the resources they need to finance projects with a social impact;
- b) - The request of investors who desire responsible and transparent investment instruments.

Gustaffson-Wright, Gardiner and Putter (2015) define SIBs, in their survey of 125 global investors, as "a contract with the public sector or governing authority, whereby it pays for better social outcomes in certain areas and passes on part of the savings achieved to investors". In contrast, the OECD (2017) defines SIBs as "a mechanism that harnesses private capital for social services and encourages outcome achievement by making repayment contingent upon success".

The Government Outcomes Lab (GoLab)¹ of the University of Oxford defines SIBs as "one form of outcome based commissioning. What differentiates SIBs from other forms of outcome based commissioning is the involvement of social investors to cover the upfront capital required for a provider to set up and deliver a service. The service is set out to achieve measurable outcomes established by the commissioning authority, for example a Local Authority or a central government department, and the investor is repaid only if these outcomes are achieved".

From these three definitions, it would appear that the essential elements of social impact bonds are:

- A programme of interventions in the social field capable of generating a social impact and saving public expenditure;
- A loan with return of principal and remuneration only if the programme is successful.

It is important to note that service providers, both social enterprises and other companies, can count on reliable resources over a period, from a minimum of three to a maximum of 10 years, considerably longer than that foreseen by traditional programmes that ranged from 1 to 3 years. The SIB is like other forms of "payment for results" contracts in that it is a financing mechanism in which the return for the investor is determined by the positive impacts generated by a certain social activity (Burand 2013). The performance of the SIB changes according to the performance achieved by the social enterprise. In this case, the remuneration is linked to the results of the activity financed in terms of value created for society (Brown and Swersky, 2012).

It is a sophisticated financial instrument that is born to promote social innovation. The complexity of the instrument in this case is not linked to the difficulty of being able to predict the success or failure of an investment, but to the network of relationships between the actors taking part in the process. These are in fact linked by a partnership, recognised under the contractual profile, where the perceived variable of 'financial risk' of a traditional investment is added to the variable of trust between partners who participate in the game. The investor believes in the ability to a certain social service provider to achieve a certain result. The Public Administration believes that the innovative service has value in economic terms as well, and all the actors trust in the validity and certainty of statistical surveys that measure the performance of a certain service, and which are carried out by an independent third party.

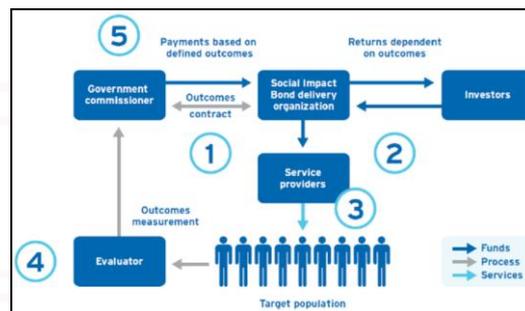


Figure 1. The SIB model. Source: So, I., & Jagelewski, A. (2013).

Figure 1 shows the process of SIBs. The intermediary, in agreement with the public body, issues a Social Bond placed with private investors, who provide the necessary capital to support a social project. In turn, the intermediary transfers the funds obtained through the SIBs to non-profit organisations who provide the services required by the project. The evaluation of the effectiveness of the results obtained from the project is entrusted to a third party. This third party, along with the intermediary, defines the system for monitoring and measuring final performance. If the project meets the quality standards established at the time of issuance of the obligation, the public body is required to pay the amount due, giving the intermediary a percentage of the costs avoided due to the reduction in public expenditure determined by the programme, plus a predetermined additional percentage to the intermediary, who will in turn pay the investors who provided the initial capital².

SIBs are characterized by an outcome oriented approach, that is, they aim to maximize social impact through appropriate interventions and are instruments characterised by a set of complex contracts in a multi-stakeholder partnership (GoLab 2018). Whilst SIBs have been well-researched, it is only since 2016 that their effectiveness has generated critical debate. The main criticisms to the use of SIBs concerns the effect of transformation that might generate on the third sector and social enterprises (Neil McHugh et al 2013), the effect on the public bodies (Berndt C., Wirth M., 2018), the effect on the services users, such as a distortion in the selection of the beneficiaries. The OECD report (2016) describe this distortive phenomenon as 'cherry picking' or "Cream skinning". The criticisms to SIBs lies on the idea that the actors involved in the process cannot have the same interest and to merge it some of them have to modify its nature as Maier F. and Meyer M. (2017) pointed out in their paper "Social Impact Bonds and the Perils of Aligned Interests". Anyhow, qualitative and quantitative studies on this effectiveness are still missing, even if it is starting a lively debate on technical issues as mentioned

² www.socialimpactbond.it

¹ GoLab <https://golab.bsg.ox.ac.uk/>

by Roy et al. in their paper “A Critical Reflection on Social Impact Bonds” (2018).

II. THE ITALIAN CONTEXT AND THE RESEARCH QUESTION

The research question focuses on the Italian context and the perspective of public decision makers regarding the adoption of the SIB tool. In Italy, SIBs are in an embryonic state of study and experimentation. As of today, it is not possible to report a complete SIB initiative, but only for signs of interest from various still not systemic experiences. In 2017, two feasibility studies were conducted on Social Impact Bonds:

- *Fondazione Sviluppo e Crescita CRT* and Human Foundation have drawn up a feasibility study on the profitability of a Pay By Results contract in the field of social and work reintegration of former prisoners;
- *Finpiemonte*, Next Level, Forum of the Third Sector and the Piedmont regional government conducted a feasibility study to establish the first Social Impact Bond to counter the abandonment of migrant students. The study was conducted during the “Sib for Growth” project, funded by the EaSI European program. The results are a model contract in compliance with the Italian public regime and the design of a tender procedure.

It is also worth noting that the impact measurement and its management, which is a key aspect of the implementation of the SIB, is rapidly spreading in Italian social policies adopted by public authorities and in important private organizations, for instance the Social Enterprise public-private *Impresa sociale con i bambini*. In December 2017, a social innovation fund of 25 million euro was set up through the Finance Act, with the aim of supporting impact agreements.

Considering this evolving scenario, the research question concerns the public decision-makers. More generally, regards the PA's perspective the use and implementation of this tool, or similar, in the Italian context: What are the strengths and weaknesses of the adoption of this tool for the Italian PA?

Trying to answer this first research questions has emerged as an implicit one, i.e. what is the role of the PA in an SIB?

III. METHODOLOGY

The research was carried out using qualitative-ethnographic methodology (Bales 1950, Hammersley 1989; Corbetta, 1999). This was selected as it comprises documental analysis (Bowen GA, 2009), workshops with key actors (Breen 2006) and semi-structured interviews (Kvale, 1996). The research was launched in July 2017 and is currently underway. This article is part of a wider research project involving the study of the Alpine regions of five countries: Italy, France, Germany, Switzerland and Slovenia.

As a research group Government and Civil Society (GCS)³, we have been involved in a project that has been questioning

the financing of social impact and projects and SIBs. The European project, AlpSib⁴, focuses on five countries in the Alpine area of Central Europe. The project aims to identify a common methodology for Social Impact Investing (SII) policies, adapting social finance approaches to the organizations involved. This contribution summarizes and analyzes the research results with respect to the Italian context. The methodological phases related to this contribution were three:

- 1) Document analysis of SIB models in Europe, with particular attention to the role of the PA;
- 2) Focus Group with Italian public decision-makers called to discuss the SIB device, with particular attention to the challenges and opportunities offered by this tool;
- 3) European workshop with research centers specialized in impact finance and experts in which to compare and validate the results of individual countries.

The document analysis (phase 1) involved the study of 14 SIBs carried out in Europe and described through specific reports. They were chosen starting from the most complete Impact Bonds database available, using the open source data provided by the Social Finance platform. On 17/06/2018 the platform certifies 108 SIBs active in the world, in the period related to data collection the active SIBs were 98, but there were no significant variations from a distribution point of view that interfere with the methodology used. The analysis was initially restricted to the 62 European SIBs, among which there is a high number of English experiences (40), and then the choice of the 14 SIBs based on criteria of territorial distribution and social area of intervention.

Below is the table with the references of the 14 SIB analyzed:

TABLE I: SIB FOR DOCUMENT ANALYSIS

N	Country	Intervention Area	Region
1	UK	Socio-occupational reintegration of former prisoners	Peterborough
2	UK	Services sanitised for minors	Birmingham
3	Holland	Socio-occupational reintegration of former prisoners	Amsterdam
4	Holland	Training for professional retraining	Utrecht
5	Belgium	Socio-occupational insertion of migrants	Bruxelles
6	Germany	Social assistance to families	Osnabruck
7	Germany	Job placement of NEETs	Augsburg
8	France	Socio-economic integration of rural areas	(National policy)
9	Switzerland	Socio-occupational insertion of migrants	Berna
10	Austria	Socio-economic support for women subjected to violence	Upper Austria

³ <http://gcs-group.it/>

⁴ <http://www.alpine-space.eu/projects/alpsib/en/home>

11	Sweden	Contrast to educational poverty	Norrköping
12	Finland	Socio-occupational insertion of migrants	(National policy)
13	Finland	Organisational wellbeing of public employees	Helsinki
14	Portugal	Contrast to educational poverty	Lisbona

Source: Own processing.

This analysis made it possible to compare the key dimensions taken into consideration in European experiences and to map which public administrations are involved as outcome funders. This document analysis showed that, considering that some SIBs have designated more PAs as outcome funders, there is a prevalence of involvement of local (5) and regional / federal administrations (3). In the case of central administrations (5), essentially two types of ministries prevail: justice and economy/labour.

On the basis of this analysis it was decided to involve public decision makers through a Focus Group (phase 2) trying to have a correspondence between the public key players highlighted in the European experiences and the Italian champion. The Focus Group was held on October 26, 2017 in Turin and was a moment of deepening and reflection aimed at understanding the perspective of public decision-makers with respect to SIBs.

The workshop participants were selected according to the following criteria for adherence to the European champion:

- policy makers and main PA managers involved in areas of possible application of the SIB (welfare area);
- Homogeneous representation between local and central PA (compared to the proportion found in the analysis of the European sample);
- Inclusion also of non-public but strategic actors with respect to the management of an SIB.

In total, 90 subjects were selected throughout Italy and invitations were sent one month before the event. 32 people, comprising, attended the seminar:

- 20 PA policy makers, managers and officials, from:
 - Four Regions - *Piemonte, Friuli Venezia Giulia, Valle d'Aosta, Puglia*, with two representatives per region, almost all of whom were managers at the time except one, who was a decision maker in the Valle D'Aosta region.
 - One Faculty of Economics, University of Rome "*Tor Vergata*" in the Department of Management and Law, and three members of the research group of Government and Civil Society.
 - Two City: the metropolitan city of Turin, including two representatives – one political and one technician, and the city of Pordenone, again, including two representatives – one executive and one official.

- One representative of the Regional Agency for Social Housing (*Regione Piemonte*).
- One consultant from a private company for the public administration on the European structural funds.
- One official from a cohesion agency.
- One official from the Ministry of Labour.
- Two representatives of the Association of Local Governments (ANCI) and the Financial Institute for Local Governments (IFEL)
- Five experts on the topic from the *Università della Svizzera Italiana* - one participant, the University of Rome 'Tor Vergata' - two participants, and from the Human Foundation Giving and Innovating - two participants.
- Seven representatives of three partners of the Alp SIB project: *Finpiemonte* – four participants, and the Next Level Association - three participants, and the Municipality of Pordenone (already listed).

The program of the day was divided into two parts: the first dedicated to the study of the SIB tool and the presentation of European cases, with particular attention to the role of the PA involved; the second part consisted in the analysis of possible opportunities and challenges regarding the implementation of the SIBs in the Italian context.

Following the day of the focus group, a discussion paper was prepared containing the main results that emerged from the debate among the public decision-makers that was submitted to the group involved to have a validation of the results.

Furthermore, the discussion paper was presented in Ljubljana (5 December 2017), where the European Workshop was held including the 5 countries of the AlpSib project.

The European workshop involved 40 people: project partners (European Municipalities and Regions of the Alpine Space), academics (including 2 representatives of GoLab - University of Oxford), and practitioners (consultants in the economic-financial and legal fields).

On this occasion, the results that emerged in each country were presented and were compared and systematized thanks to the feedback of the academics present and the involved practitioners.

IV. RESEARCH RESULTS AND CRITICAL DISCUSSION

The results of the research are divided into 3 sections emerged from phase 1 and 2 of the research (presented and validated in phase 3 of the European comparison):

1) Analysis of the roles of the PA in an SIB:

- PA as producer-investor
- Pa as controller-controller
- Pa as enabler-facilitator

2) Analysis of the weaknesses / limits of SIBs from the perspective of the PA, divided into objective (or system) and subjective (or cultural) weaknesses;

3) Analysis of the strengths / opportunities of SIBs from the perspective of the PA.

During the analysis of the results, it was tried to cluster the categories of analysis with respect to the roles that a PA can have, very often simultaneous, on which PA-PA relationship problems depend. The analysis of the roles of the PA refers to the possible application of an SIB, although it could also be extended to other contexts.

The role of PA: Not just a payer

In order to grasp the role of a PA in the SIB process, it is necessary to first analyze the value chain of the underlying project or service that is the intended recipient. The first distinction concerns the willingness to pay the recipients of the project or service. Where there is no willingness to pay, or where such availability is limited, by not allowing the project or service investment to be remunerated, the role of the PA becomes central to ensuring economic and financial sustainability.

In the case of the willingness to pay recipients, however, the PA assumes a different role. In this instance, the PA enables the initiative and facilitates the reproduction of the initiative in other areas. An SIB requires more than one type of process to occur within the PA, and in this, we find the root of the complexity discovered during the Turin workshop.

There are two levels of such complexity: multifunction and multilevel, with the latter concerning the complexity of collaboration between different areas of institutional competence within the central and local PAs.

The first element of orientation is marked, as anticipated, by the willingness to pay the recipients. The willingness to pay creates a fundamental bifurcation that determines a different intensity of the PA's intervention. The first question that must be asked, therefore, is: does the considered SIB concern a project or service for which the recipients have the willingness to pay? Who can remunerate the investment? This differentiation enables us to understand the role that social finance investors have in the specifics of a SIB.

The extent to which SIBs can develop in the Italian context is determined by the weakness of the coordination mechanisms that exist between different public actors, functions and roles that a PA assumes in an SIB initiative. The main complexity of the role of PA in a SIB model can be seen in the plural configuration of its processes, which reflects the plural configuration of its functions. According to Rebora (2015), the PA macro-processes can be classified as follows:

- 1) Direct services;
- 2) Indirect services;
- 3) Allocation functions;
- 4) Remote regulation;
- 5) Power regulation; and
- 6) General administration services.

Where it is able to reimburse the SIB's investment base, the PA will assume less involvement in processes related to direct,

indirect and allocation services and a greater coordination burden in regulatory and power processes. In contrast, where there is no willingness to pay by the recipients, the PA will emphasize the direct delivery processes, and, consequently, indirect processes and allocations, but it cannot reduce the effort in terms of coordination and adjustment. Availability to pay, therefore, determines what PA intervention is required. The first question that is addressed is whether the SIB is considered a project or service for which recipients are willing, or able to, pay in return for the investment. This differentiation enables us to better understand the role of private actors in the field of impact finance, specifically with SIBs. SVC funds are allocated to projects that are willing to pay as beneficiaries, while philanthropic funds tend to finance projects where there is less willingness to pay for results.

Differences arise around willingness to pay based on the nature of the project and on target recipients. A co-housing project, for example, has greater chances to find willingness to pay from the recipients than a project on immigrants where recipients are unable to pay. A SIB targeted at a central school and higher-income families will see greater willingness to pay than a SIB targeted at schools in peripheral or internal areas. The PA may thus focus its efforts on securing funding itself in instances of reduced or absent remuneration of the SIB investment through market logic.

A second orientation element is represented by the plurality of roles that the PA performs in a SIB, due to the plurality of processes that characterize it. By crossing these processes with the needs of an SIB initiative, three PA role configurations emerge:

- A. Producer-buyer;
- B. Regulator-controller; and
- C. Enabler-facilitator.

The PA as Producer-investor

The PA plays a role in producing and delivering services where value generated, in its plural sense, by the direct intervention of the state is higher than the value that the market would be able to generate. In many direct intervention areas, service beneficiaries do not have the economic viability to pay for the service. Therefore, public service is considered crucial to re-balance the distribution of value among citizens through resources collected by general taxation. In this case, SIBs are an important tool for redesigning public spending towards an "outcome-based commissioning" approach.

The PA as Regulator-controller

Above all, the PA has a role in regulating social relations in order to ensure compliance with shared rules and conditions of social cohesion. A particularly important aspect emerged during the workshop: the risk of fracture within the public system. Indeed, several involved actors and regional policy makers referred to the major criticalities of SIB experimentation on the difficulty of dialogue with other actors, which, in the specific case of Italy, are the Court of Auditors and the ANAC. During the debate, it appeared as if these two bodies were not part of the same PG system as the regions

involved, as if they were talking about entities separate from them.

This dynamic indicates ineffectiveness in PG systems and draws attention to the need to understand not just "society-government" relations, but also government-government relations. To this end, the topic of the governance arrangements needed to enable SIB experiments has been introduced.

SIBs, by their nature, require a significant shift in regulation and control. For the effective management of a SIB, the regulatory function should be accompanied by a significant programming capability, and the control function should be guided by an important evaluation capability. Both steps refer to a shift first to cultural governance, and therefore to managerial governance. It is, therefore, necessary to move from a perspective oriented to formal aspects, namely accounting-administrative, to an outcome-based management perspective. This latter perspective should be integrated into the cycle throughout the SIB process, from initial programming to final evaluation.

The PA as Enabler-facilitator

In the Italian context, the least considered function of PA is that of enabler-facilitator. As an enabler, the PA should simulate new relationships from which innovative projects can emerge, including SIBs. The PA's role extends beyond that of one who merely funds initiatives and decides the legitimacy of an initiative. The PA is primarily the subject that works to generate value, so it has an intrinsic interest in all projects that can generate social impact. This aspect, which can be technically defined as the PA's multiple outcome of governance and impact, is the basis for the PA's enabling role.

Regardless of the ability of a PA to support, from a financial point of view, a SIB, it is necessary to understand whether that same PA is primarily concerned with social impact. Too often, we concentrate almost exclusively on the demand for social impact assessment, ignoring the first lever of the process, that is, the significance of the impact through which we are going to generate the proposed SIB initiative. This step is crucial to creating the necessary commitment conditions to stimulate multifaceted and complex governance.

The Italian case shows that such a passage is often overlooked, which, in turn, creates a rebound in terms of the continued emergence of interventions related to the socio-environmental dimension. In some cases, the commitment required becomes automatic due to dramatic events, such as at times of natural disaster, hydro-geological disasters with their obvious damage and casualties, collapse in cultural sites, and sudden increases in poverty. A PA must have both a qualifying role and the ability to be a knowledgeable director of a SIB. There are three benefits that emerge from the emergence of the PA in this defined role of helping to direct SIBs:

The public entity is intrinsically concerned with the generation of social and environmental impacts, because they contribute to the achievement of the institutional goals of the PA itself;

1. The role of the institutions is, therefore, re-qualified, more efficiently responding to crisis of trust that is evident and well-measured by the OECD and other such observers; and

2. Through the incorporation of poorly utilized assets of the PAs, the PA are able to generate positive impacts in the form of public assets and common assets at large.

Limitations in implementing SIBs in the Italian context

The weaknesses and limitations in the Italian context were divided into two categories:

A. Objective, or systemic, limitations. These were further divided into four sub-categories:

A1. Poor flexibility of the formal legal framework

Focus on formal aspects inhibits the possibility of experimenting with SIBs. An example of inconsistency is the concept of public utility described in the Procurement Code. According to the code, public utility is the ability to generate accounting savings in the same year of the project. Therefore, for the implementation of a SIB, it should be able to demonstrate public utility, and not just the ability to generate positive impacts in a broader, albeit measurable and quantifiable sense.

A2. Short-term orientation

The short-term tension imposed by public finance constraints is in radical contradiction with SIB philosophy. Social impact, by its very nature, manifests its ability to create value and recalculate spending in terms of medium-term forecasting. Linking SIBs to the ability to generate savings in the short-term is a limitation that greatly reduces the potential of SIBs, especially when considering an apparent contradiction between this trend and the norm, requiring PAs to plan multi-annual economic and financial cycles.

A3. Lack of process management procedure

Considering both a partnership for innovation, co-planning and direct negotiation, there is some confusion about the device to be used to implement an SIB. More specifically, there is a lack of guidelines able to guarantee a shared procedure to all the subjects involved, including the Court of Auditors.

A4. Poor integration of the SIB process into the economic-financial planning cycle

In the post-2008 crisis, continuous logics of cutback management were applied, improperly called spending review, making linear cuts in spending. In Italy, the logic of basing decisions on public spending, and on spending reviews, on the impact of spending, and not on immediate savings, is still far away. For this reason, it is difficult to implement innovative tools that have, as their logical matrix, outcome based commissioning and PbR.

The second set of limitations in the Italian context was deemed 'Subjective or cultural limitations'(B). These were also further divided into four sub-categories:

B1. Weak managerial skills in the PA

These range from strategic planning to performance management, and impact management. While it is true that the PA sets a formal control on spending and short-term performance, it is also true that there is a lack of managerial skills within the PA. There is a lack of critical mass within the PA that can put pressure on transforming the PA and make sure that impact management, OBC and PbR are adopted.

B2. Poor financial literacy in the PA and in the TSOs

This lack of literacy leads to scepticism and fear for financial players.

B3. Difficulty in governance of multi-stakeholder processes

There is a tendency to fragment the processes and to lose the overall vision. The PA feels unable to manage complex processes in terms of actors involved, timescales and risks accrued. This aspect is partly linked to the objective lack of tested and safe devices and administrative procedures and is compounded by a strong aversion to the risk of PA, leading them to avoid the role of directing SIBs, which is crucial.

B4. Weakness of leadership, partly due to a lack of overall political strategy

The lack of leadership is reflected in the lack of coordination mechanisms, and, therefore, in the inability to manage complex processes. This aspect is closely linked to the previous point.

The set of elements mentioned above hinders meetings with investors and other stakeholders who, in this context, do not feel guaranteed by a weak and contradictory public interlocutor.

Opportunities in implementing SIBs in the Italian context

In addition to the limitations identified in the workshop, the workshop also highlighted opportunities that should not be underestimated.

The first opportunity to be noted is the interest shown by the participants in the workshop, which, as mentioned, are important public organizations. In particular, regional representatives, engaged in a dual role of coordination - upwards with European and national policies, downwards with the municipalities - expressed interest in SIBs and their willingness to better understand the possibilities of implementation in their contexts.

The following three opportunities also emerged from the Italian context:

1. Availability of the ethical finance system

Banks, whose purpose is to support the development of the social economy, have shown a strong interest in SIBs and, more generally, in various SII instruments.

2. The Third Sector Reform (2016)

During 2017, the decrees implementing the reform were issued, which introduced important changes with respect to the methods of financing social enterprises and the logic of interaction between TSOs and the PA.

3. Creation of networks and centres of expertise that create greater awareness

In Italy, there are increasingly more centres of expertise, often started by universities and other research institutes, which aim to create conditions of greater awareness about the financial instruments linked to social innovation processes.

V. CONCLUSIONS, FUTURE RESEARCH DEVELOPMENTS AND POLICY RECOMMENDATIONS

During this first year and a half of research on the topic of SIB emerged considerations of a transversal nature compared to the Italian context that can be useful both as a basis for future empirical research and for policy recommendations with respect to the development of the use of outcome systems - based:

- There is keen interest in SIBs from regional representation, as evidenced by the prevailing participation in the meeting. Therefore, there is a willingness to experiment from a certain PA that has direct contact with the effects of the economic and democratic crisis that Italy, like other OECD countries, is going through;
- There is a diffidence regarding the preparation of the other actors involved in an SIB. The concern emerged that neither the PA nor the third Italian sector and social finance organizations are prepared to manage the complex processes of SIBs; and
- Government-government relations were identified as the main cause of difficulty in the development of SIBs and in any process that requires complex governance. The discrepancy between the directives of various public bodies creates a sense of loss and insecurity, which hinders the implementation of innovative tools such as SIBs. In particular, it emerged that the ANAC (National Anti-Corruption Authority) directives and the decisions of the Court of Auditors are not, to date, consistent with core elements of SIBs, that of multi-stakeholder intervention models and medium-long term economic-financial planning.

The issue of government-government relations is noticeable at local administration level, regional level and in the full complexity of the public system and roles that a PA covers.

The topic of the outcome based commissioning and the models deriving from it are included in the debate on the creation of shared value between the State, the market and the civil society. SIBs can be a collaborative device that contributes to the improvement and intensification of relationships between sectors. In the literature this topic has not yet been included in the public management line of co-creation and co-production because it is currently being addressed by the literature dedicated to impact finance. The broader objective of the research project is to verify, in the 5 countries under study, how much the SIBs contribute to improve the co-

creation of value by the stakeholders involved through the implementation of a formal model that defines the key variables of an SIB and their measurement.

Following this first research, in particular the comparison of the focus group, and numerous other opportunities for debate on the subject with experts and key players in the Italian context, we have come up with 4 areas of recommendation for the Italian scenario to develop and actually take form:

1. To create a knowledge management system on SIBs accessible to PAs

This would consist of an open source platform in which it is possible to simulate each step of the SIB process, with tutorials explaining how to overcome any possible obstacle.

2. To create a process format with accompanying tools for the replication of trials

In addition to the platform, it is strongly encouraged that a support and empowerment team of PAs who intend to start a SIB is created. The mechanism would be similar to that of social incubators, with respect to the creation and development process of start-ups.

3. To allocate a portion of the funds available from public financial institutions to SIBs

In addition to allocating specific funds, for example, from institutions like *Cassa, Depositi and Prestiti*, financial institutions would share virtuous experiences and with SIBs, matching SIBs and institutional programmes who share similar purposes, including urban regeneration, the promotion of active labour policy instruments, and the fight against educational poverty.

4. To promote the creation of networks of TSOs

These would drive the development of SIBs by acting in synergy even in different territorial contexts.

A key and delicate role will be the development and management of the Social Innovation Fund, will be instrumental in creating the basis for an outcome-based culture and to help PAs to experiment with complex governance models.

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