

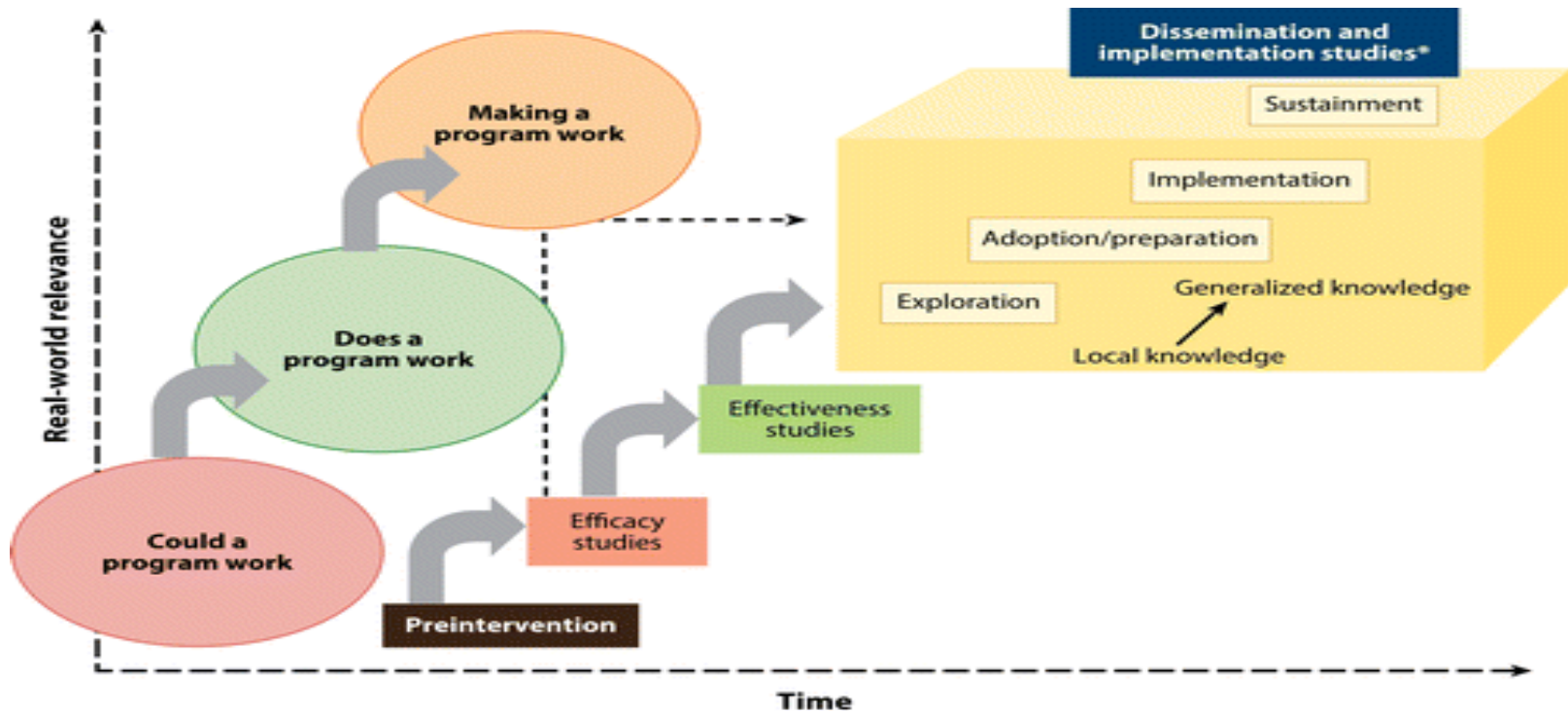
Emerging Trends and Issues in Incorporating Pay for Success/Social Impact Bonds to Increase Collective Impact of Prevention Programming

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Outline

1. Problem Statement: The implementation and dissemination gap
2. Core challenges preventing the large scale adoption of evidence-based programs
3. Introduction of Pay for Success (PFS)/Social Impact Bonds (SIB)
4. PFS/SIB as a possible solution to alleviate core challenges
5. Concluding remarks

Stages of the traditional translational pipeline

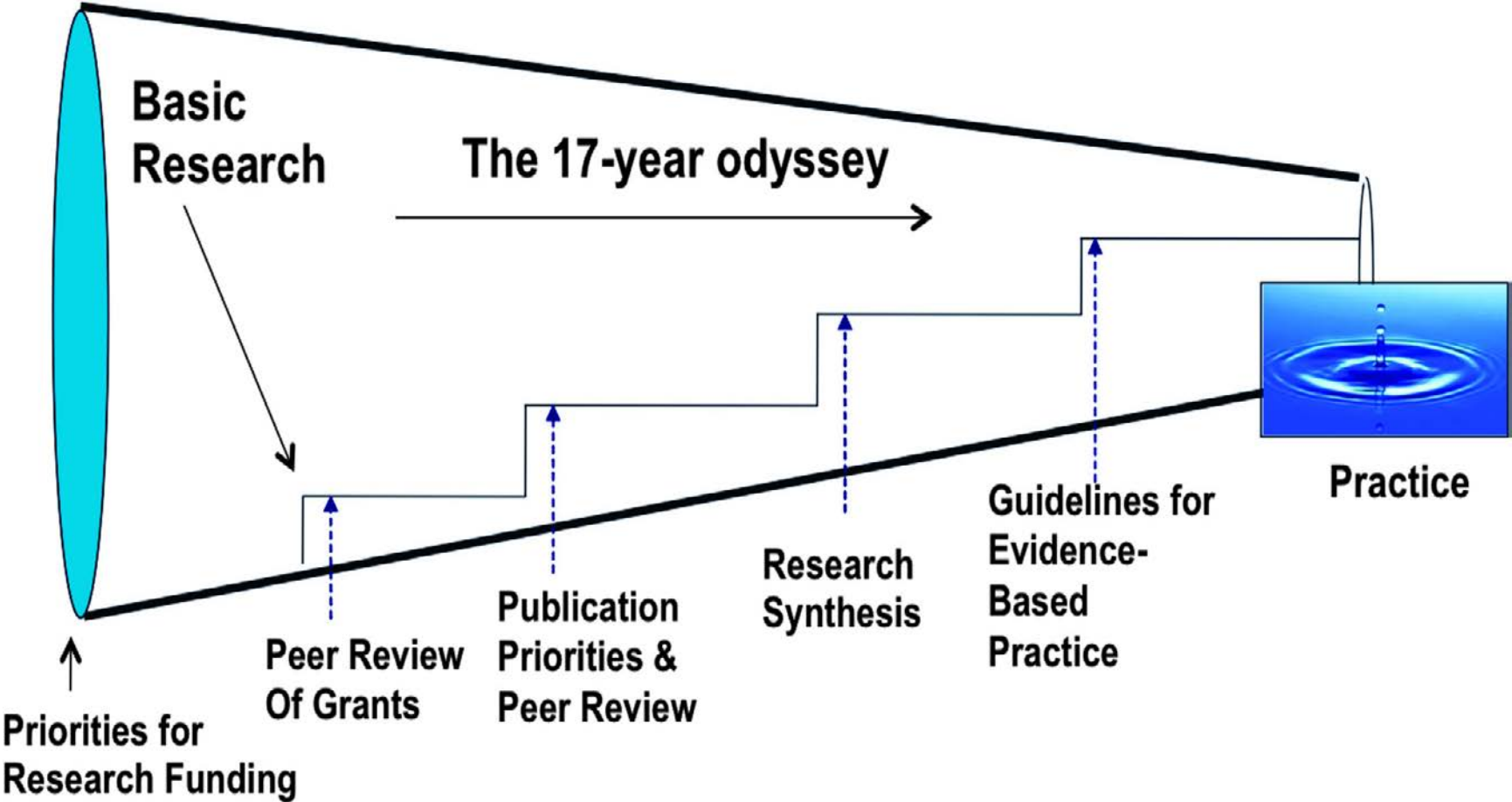


*These dissemination and implementation stages include systematic monitoring, evaluation, and adaptation as required.



Brown CH, et al. 2017.
Annu. Rev. Public Health. 38:1–22

The Implementation Gap



Influential Factors for the Gap

- Adherence to a sequential program development and evaluation design
- Translation:
 - Research implications are often times not appropriately translated for practitioner audiences
- Funding:
 - Insufficient and time limited funding for prevention programming
- Project design and characteristics:
 - Limited involvement of local stakeholders as champions
- Organizational setting:
 - Limited organizational capacity
- Broader community environment:
 - Limited engagement with and support from external community stakeholders

Pay for Success (PFS)/Social Impact Bond (SIB)

Potential Social Service Delivery Model



Delivered with visibility into indicators & outcomes, enabling dynamic adjustment and continuous improvement

Information Flows

Traditional - - - -

Future ————

“Pay for Success” (PFS) and “Social Impact Bonds” are tools to accelerate outcomes-oriented contracting



Pay for Success is a form of **performance-based contracting** where an entity (*often a government*) agrees to **pay for outcomes achieved** (*rather than on a traditional fee for service basis*).

Core elements of Pay for Success:

- A clearly defined target population experiencing adverse social outcomes
- An intervention that can improve the selected outcomes for the target population
- Rigorous evaluation of intervention’s impact on the selected outcomes
- Payments linked to performance on the selected outcomes



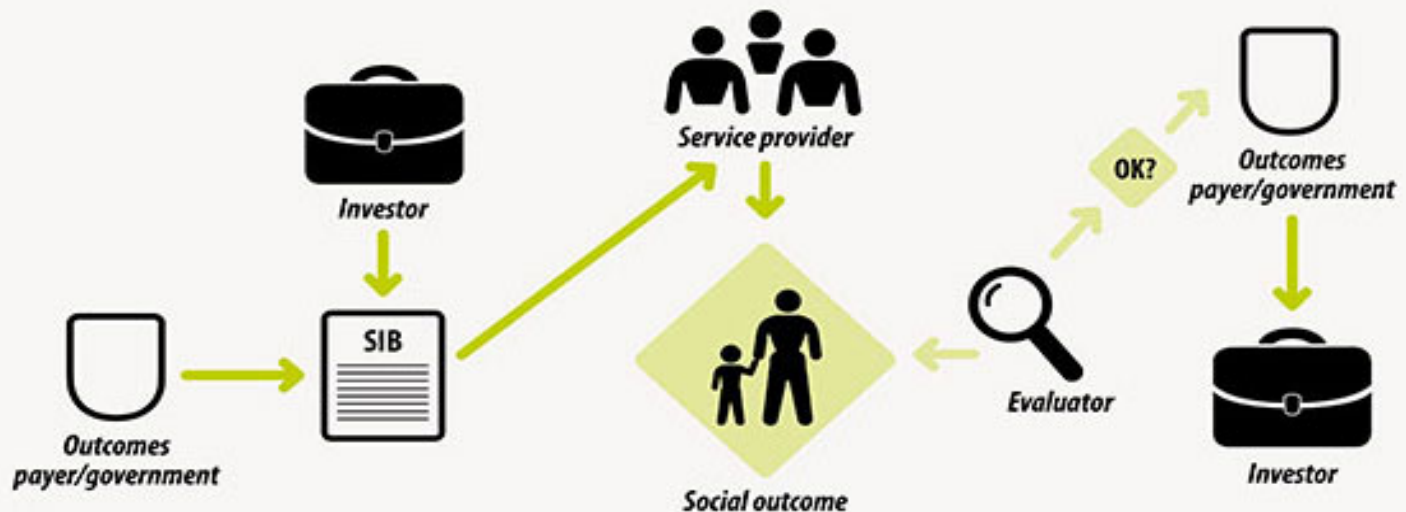
3rd Party Funding (often philanthropic) is a way to bridge timing gap between government payments and the upfront capital needed to run PFS programs.

- Financing is also referred to as “Social Impact Bonds”
- Not a requirement for a PFS project

Pay for Success/Social Impact Bonds

Impact investing: SIB model

One of the impact investing instruments is the *Social Impact Bond (SIB)*. In SIB, the investor bears all the financial risks and the public sector pays only for the proven outcomes. The investment capital raised is used to promote the achievement of specific outcomes.



1 A community faces a challenge and government makes it a priority.

2 The investors raise the necessary capital.

3 Capital is used for the practical implementation of services.

4 An independent body determines how effective the program has been.

5 If the goal is achieved, local government returns the investment capital to the investors and pays an agreed interest. If the goal is not achieved, local government pays nothing.

PFS/SIBs are going mainstream around the world

SIBs agreed worldwide (non-UK)

1 Rikers Island - New York City - USA
Young ex-offenders

2 New South Wales - Australia
Families with children in care

3 New South Wales - Australia
Families with children in care

4 Granite School District - Utah - USA
Early childhood education

5 Rotterdam - The Netherlands
NEETS aged 17-27

6 New York State / Department of Labor - USA
Employment for ex-offenders

7 Massachusetts - USA
High-risk young men

8 Brussels - Belgium
Employment for young migrants

9 Saskatchewan - Canada
Single mothers

10 Augsburg - Germany
NEETS

11 Chicago - USA
Early childhood education

12 Cuyahoga County - USA
Children of homeless families

13 Massachusetts - USA
Homeless people

14 Portugal
Primary education

15 Santa Clara County - USA
Homeless people

16 Israel
University retention



(Emma Tomkinson)

Are PFS/SIBs making an impact?

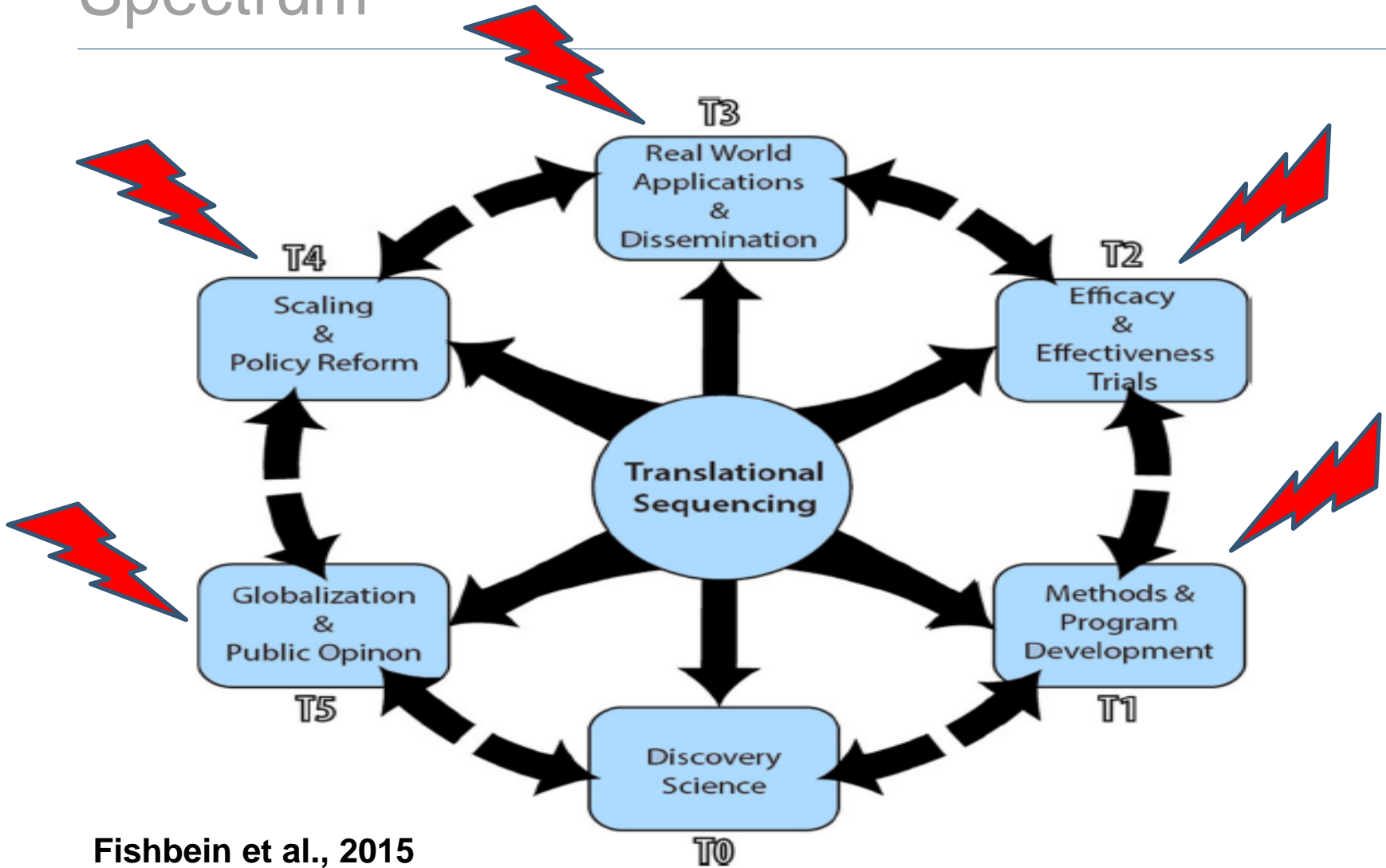


"My question is: Are we making an impact?"

Current PFS/SIB Challenges

- **Selection Challenge**: Intermediary organization (IO) do not use standardized tools and processes to assess organizational readiness and capacity for quality program implementation.
- **Inclusion Challenge**: Communities and organizations with less experience, capacity, and infrastructure (factors that might be part of a cursory review during selection) often do not have a competitive edge in competing for PFS funding.
- **Going-to-Scale Challenge**: Lessons learned may not be representative of other organizations and communities that are under-resourced and could benefit the most from PFS.

Situating PFS/SIB in the Translational Spectrum



Fishbein et al., 2015

PFS/SIB Strategies to Address Barriers to Scaling

Barrier	PFS Strategies
Lack of sustainable funding	Increase in private funding for welfare programs which helps to scale effective innovations more quickly
Project design and characteristics	Pilot testing interventions to make contextual corrections and adaptations (evidence-based and promising program)
Organizational Setting Factors	Capacity Readiness Assessments to focus Training/Technical Assistance Provision
Broader Community Environment	Co-operation across sectors (i.e., business, philanthropic, government, citizens) leading to alignment of all stakeholders and advocacy building

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