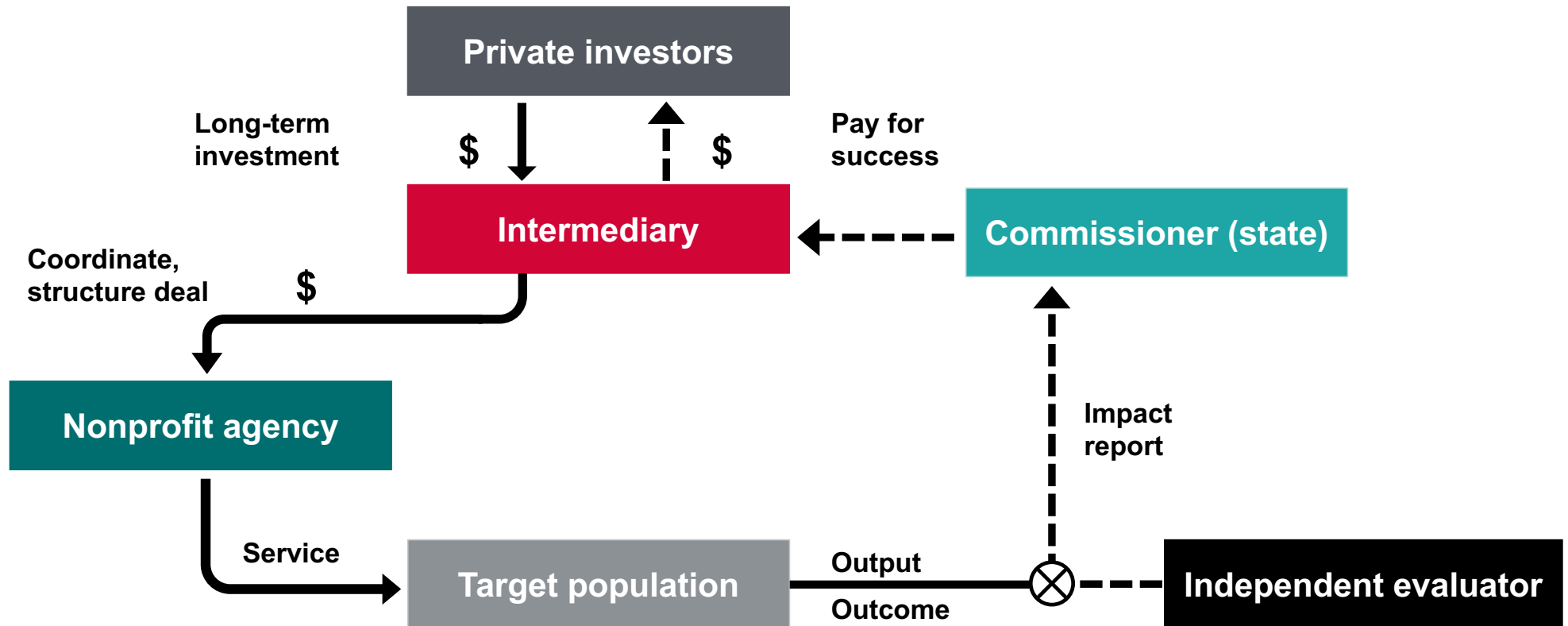


**University  
of Basel**

# **How does a Social Impact Bond work?**

Prof. Dr. Georg von Schnurbein

# Social Impact Bond model



# Key issues of a SIB

- The service provided
- The definition of the target group
- A defined timeframe of the project
- The definition of outcomes in advance as benchmark for the payouts
- A objective evaluation of the project outcomes

# Advantages of the SIB

- State as commissioner can be sure to either finance a well-functioning service or save the money for other tasks
- Private investors know that they support an innovative project
- Get a good evaluation of the project
- Nonprofit as service provider gets support for its innovative prevention project
- Can prove that its theory of change is right
- For the general public, there is the chance that more private money is used
- Target group gets a better service

# Challenges of the SIB

- Rather complex system with many parties involved  
(Many parties always mean higher costs)
- Nonprofit service provider has moral hazard for cream skimming when selecting the participants in the project
- Challenge of period of duration