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INSIGHT INTO THE SOCIAL IMPACT BOND MARKET: AN ANALYSIS OF INVESTORS*

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***Abstract**: In the last five years, the public and private sectors have shown considerable interest in Social Impact Bonds (SIBs), a financial innovation that enables the mobilization of private financing for public sector programmes. A SIB involves a contractual agreement for the provision of public services by a private sector consortium, 'optimal' risk sharing between the public sector and the private sector, and innovative design and delivery of public services by the private sector. A large number of actors – such as governments, social organizations, impact investment intermediaries, and banks – have contributed to the development of the global impact bond market over the last six years. Recent research efforts have explored the topic of SIBs from different theoretical perspectives. However, empirical studies are still lacking, and their limits, potential and effectiveness need to be explored. Many attempts have been made to map the SIB market. Moving from the widely varying results in both number and execution of SIBs around the world, this work aims to provide an updated analytical map of this promising field of activity worldwide, with a focus on the investors consciously pursuing a blend of economic, social and/or environmental value. Finally, this study identifies the issues investors face and suggests areas for future research in this field. These preliminary results are encouraging and offer several starting points for future works.*

***Keywords**: Social Impact Bond, Impact Investment, Impact Investors, Financial Innovation*

Introduction

In the last five years, the public and private sectors have shown considerable interest in Social Impact Bonds (SIBs), a financial innovation that enables the mobilization of private financing for public sector programmes. SIBs are based on the idea that private investors can inject capital into traditionally public activities or initiatives, producing more cost-effective practices in both sectors. The best candidates for private funding are programmes with large upfront costs, programmes that serve large numbers of people, and programmes with a strong evidence base. SIBs are basically structured as a mix between traditional bonds with exceptional features (Nicholls & Tomkinson, 2013; Novak & Sulemankhil, 2012; Brandstatter & Lehner, 2016) and PFI/PPP schemes. Fox and Albertson (2011:395) and Jackson (2013a) define SIBs as a form of payment by results - which allows the financing of social outcomes via private investment

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– and as a form of pay-for-success financing, respectively. In SIBs, the up-front financing for the contract is provided by third-party investors, usually social investors, rather than by the providers.

Since 2011, research on social investment, impact investing and social impact bonds has been published by academics (Arena et al., 2015; Nicholls et al., 2015; Schinckus, 2015a; Schinckus, 2015b; Brandstetter and Lehner, 2016; Daggers and Nicholls, 2016; Lehner, 2016; Weber, 2016), practitioners (Disley et al., 2011; Saltuk et al., 2012; Disley & Rubin, 2014; Goodall, 2014; Gustaffson-Wright et al., 2015; Disley et al., 2016) and institutions (Social Finance, 2014; OECD, 2015; OECD, 2016; Social Finance, 2016). In recent years, many SIBs moved into execution (OECD, 2016; Social Finance, 2016).

By analysing the social impact investing landscape, Rizzello et al. (2016) have identified SIBs as one of the most promising pillars of the impact investing research. At the same time, many attempts to map the SIB market have been made, and many database have been built, such as the Canadian SIBs tracker website, the Instiglio online database and the interactive map on the Social Finance UK website.

Moving from the widely varying results in both the number and execution state of SIBs around the world, this work aims to provide an updated analytical map of this promising field of activity worldwide, with a focus on the investors consciously pursuing a blend of economic, social and/or environmental value.

To the best of our knowledge, this is the first work that provides a complete overview of the phenomenon. Our research is based on a qualitative approach. The final sample has been compiled from a review of published reports (Social Finance, 2014; Big Lottery Fund, 2014; Wilson et al., 2015; Gustafsson-Wright et al., 2015; Clifford & Jung, 2016; Non profit finance fund, 2016; Wilson, et al., 2015; Tan et al., 2015; Social Finance, 2016) integrated with information from official documents and online databases (e.g., Instiglio, NSW Premier and Cabinet, UK Cabinet Office).

Investments have been selected by excluding grants and non-recoverable grants. For every SIB, a complete assessment of the investors involved is provided. This work represents the first research analysis focused on the financial actors engaged in SIBs funding, providing preliminary data and considerations on future lines of research on SIBs. The paper is structured as follows. The first section provides an overview of the topic of Social Impact Bonds. Subsequently, the second section provides an analytical map of the market and focuses on the investor profile. Finally, the third section provides directions for future research based on the main findings.

SOCIAL IMPACT BONDS: AN OVERVIEW

Social Impact Bonds: a growing phenomenon in the Social Impact Investing landscape

Impact investing is defined by the Canadian Task Force on Social Finance (2010:5) as 'the active investment of capital in businesses and funds that generate positive social and/or environmental impacts, as well as financial returns (from principal to above market rate) to the investor'.

Impact investing goes by many names (Rizzello et al., 2016), such as mission-related investing, program-related investment, blended value investing, economically targeted investing and social finance (Viviers et al., 2011; Hebb, 2013; Mendell & Barbosa, 2013; Höchstädter & Scheck, 2015). SIBs are among the most promising pillars of the Impact Investing industry (Trotta et al., 2015).

In their bibliometric analysis, Rizzello et al. (2016) embedded the SIB concept in the broader Social Impact Investing (SII) landscape and noted three main “domains” of research in this field: sustainable finance, impact entrepreneurship and public policy in the social sector. SIBs are enclosed in the third domain – public policy in the social sector – which includes other important terms as Social Policy, Politics of Austerity, Social Outcomes, New Public Management, Payment by Results, and Pay for Success, but play a crucial role in connecting the three domains (Trotta et al., 2015). For this reason, SIBs can be considered a promising field of practice deserving of the specific analysis provided in the following sections.

Defining Social Impact Bonds

SIBs arise from the desire to facilitate private sector involvement in the delivery of social services (Fox & Albertson, 2012). As one of the many innovative financing schemes garnering attention in the social finance field (Demel, 2012), SIBs represent an expansion of the New Public Management approach into social programme delivery through the use of its three main aspects: contracting, performance measurement, and Public-Private Partnerships (PPPs) (Warner, 2013:305). Joy and Shields (2013:45) underline that SIB has many contact points with the New Public Governance and represents a new PPP model for the non-profit sector. SIBs are characterized by i) the participation of private and public actors in Public Private Partnership(s); ii) an initial monetary investment; and iii) an action programme (Trotta et al., 2015). Fox and Albertson (2012: 356) underline that SIBs "will allow the government, in theory, to privatize the up-front costs of social innovations and the associated risks, thus reducing taxpayer expenditure in the short-term and eliminating the risk of government money being spent on interventions which do not deliver the desired outcomes". Furthermore, an interesting point of view is provided by Schinckus (2015:105), underlining that "SIBs are not a miracle way of financing welfare, they can significantly contribute to an improvement of society. By redesigning social programs through market-based solutions, SIBs enhance transparency and evaluation of expenditures made by government, and they can stabilize economic activity and they can contribute to the self-realization of disadvantaged people".

The SIB model

The SIB model is based on i) the relationship between the involved parties in the commissioning and provisioning of social services (Nicholls & Tomkinson, 2013; Palandijan & Hughes, 2014; Arena et al., 2016); ii) the common interests between a wide range of stakeholders such as governments, private organizations, investors, and financial intermediaries (Kim and Kang, 2012; Nicholls & Tomkinson, 2013; Arena et al., 2016). A SIB involves a contractual agreement for the provision of public services by a private sector consortium, ‘optimal’ risk sharing between the public sector and the private sector, and the innovative design and delivery of public services by the private sector. A large number of actors – such as governments, social organizations, impact investment intermediaries, and banks – have contributed to the development of the global impact bond market over the last six years (Social Finance, 2015; OECD, 2016; Social Finance, 2016). Recent reports shows that are there are now approximately 60 SIBs worldwide supporting tens of thousands of beneficiaries in areas such as youth unemployment, mental health and homelessness (OECD, 2016; Social Finance, 2016). The market is still young, and most investors are foundations, impact investors and banks with a higher tolerance for the risk associated with early participation in this market (Social Finance, 2016). In SIBs, investors are motivated by social and financial returns, with some variation across the spectrum of finance-first vs. impact-first motivations (Goodall, 2014;

Gustaffson-Wright et al., 2015; Oleksiak et al., 2015). Investors could experience a loss of principal, a return of principal, or a return of principal plus interest (Gustaffsson et al. 2015). However, as stated by Oleksiak et al. (2015), the classic bifurcation into finance-first and impact-first concerns is moving towards a total performance approach. Each investor has different motivations and can invest at various stage of the project with the aim of satisfying different risk/return impact combinations. In the wide range of SIBs investors, Hughes and Scherer (2014:7) highlight that "foundations that have chosen to engage with this nascent market are doing so for a number of reasons and in a variety of ways", such as making grants or investing through recoverable grants or other forms of investment. At the same time, some businesses that have traditionally practiced CSR have moved into the SIB landscape. In this sense, a recent report, Big Society Capital (2016), includes SIBs in the wide range of Corporate social impact programmes. SIB investors can put their money in different financial structures by combining equity-like and bond-like tranched investment (Steinberg, 2015).

Moreover, the transfer of risk – under circumstances in which the private sector is best placed to manage that risk – is a primary objective of SIBs. Risk is central to the investor perspective, as it determines the rate of return that investors require. As stated by Damodaran (2010), risk is defined as the quantified possibility that *actual* costs and revenues will vary from those *projected* at a given point in time. More generally, risk is uncertainty about outcomes or events, especially with respect to the future (Quiry et al., 2011; Vernimmen et al., 2014). This uncertainty is one of the key elements that governments should seek to reduce to attract capital and investors. Modern Portfolio Theory has long served as the guiding framework of portfolio management (Maginn et al. 2007; Cooper et al., 2016). The Markowitz approach (Markowitz, 1952; Markowitz, 1959) formulated the portfolio problem as the choice of the mean and variance of a portfolio of assets (Elton and Gruber, 1997). However, many aspects are not considered, such as investor behaviours and motivations. More recently, Laing et al. (2012) proposed a two-dimensional approach that expands the traditional risk/return relationship into "*combined risk*" and "*combined return*". On the contrary, Saltuk (2012) proposes a three-dimensional approach – based on risk, return and impact – to classify investment. Specifically, in this approach, Saltuk (2012) highlights that for any impact investor, it is critical to articulate a set of well-defined "impact goals" for the portfolio that have to be integrated into the "mission of the portfolio" and further articulated into a set of defined impact objectives. After defining the impact mission, investors will set the scope of the investment universe that they will consider, as determined by the drivers of target returns and the drivers of risk to those returns (Saltuk, 2012). There are many factors that affect the risk of the impact portfolio, such as the early stage of the market and the reputational and legal risks (Saltuk, 2012). Emerson (2012) highlights that impact investors are concerned with traditional risks – such as financial risk, enterprise risk and market risk – and with various aspects of risks within the context of impact investing, such as liquidity risk, impact risk, measurement and reporting, exit risk, thematic area risk, asset class risk, subordinate capital risk, manager risk, fund development risk, social enterprise risk. Some scholars, such as Cooper et al. (2016), propose incorporating a three-dimensional curve defined along the axes of risk, return, and social impact into the traditional two-dimensional efficient frontier of modern portfolio theory. These approaches, though not still completely defined, appear more able to explain the choices of the different types of investors in the SIB field. Thus, it seems clear that these issues are able to capture the attention of Academics. According to Nicholls (2010), a neo-classical economics approach is not well suited to explaining or analysing social investment. The Author provides a crucial scheme for the diverse patterns of institutional logics that are evident in the current social investment landscape and a classification of social investments. These works are particularly useful for understanding the typology of investors. As stated in Lehner (2013:292): "Nicholls (2010a) examines types of social investors and their respective investment logics based upon a Weberian analytic lens between value and purpose. He creates a matrix of nine distinct models and captures early evidence of the actual flow of capital within the social investment landscape in the UK". In particular, by starting from the neo-institutional approach, Nicholls (2010) draws a *Social Investment Matrix* that captures the range and diversity of current social investment practice by distinguishing investments designed to maximize the financial return to the investor from investments aiming to bring about social change exclusively for target beneficiaries. This matrix can be considered the first attempt to systematize the field to help practitioners identify market opportunities through clear segmentation of demand- and supply-side factors. In this model, SIBs are included in the "Systemic Social Investment" category that reflects systemic investor rationality and aims to balance means-ends calculations and values-driven consideration by seeking returns that benefit both the investor and the investee/beneficiary (Nicholls, 2010:81). In his work, Nicholls (2010) provides the first attempt to conceptualize the social investor's logic. In subsequent work, Nicholls and Tomkinson (2015) note that in social finance, financial risk and return do not appear to be clearly positively correlated. With regard to the concept of social risk, Nicholls and Tomkinson (2015) distinguish among (1) probability risk, defined as the likelihood that social impact will be achieved; (2) variance risk, defined as the standard deviation of the impact predicted for the programme; and (3) uncertainty risk, defined as risk factors that cannot be known.

Based on these considerations, it seems clear that few works have tried to overcome the limits of classical portfolio theory. The development of social impact investment markets cannot overlook this important theoretical and normative step. Further research in this area should be based on this challenge.

In summary, SIBs can be considered a milestone in the social impact investing landscape by providing important contact points for the concepts of sustainable finance, social entrepreneurship and public policy (Rizzello et al., 2016). The SIB model is essentially based on risk transfer from the public sector – especially taxpayers – to the private sector, which in many cases, has a higher tolerance of the risks associated with an investment project. However, few works – either theoretical or empirical – explain the main characteristics of SIB investors. The approach provided by Nicholls (2010) represents an interesting analytic lens through which to understand the investment logics of investors in the SIB market.

INSIGHTS INTO THE SOCIAL IMPACT BOND MARKET: A FOCUS ON MAIN INVESTORS

Methodological considerations

This research is based on a qualitative approach. The final sample has been compiled from a review of published reports (Social Finance, 2014; Big Lottery Fund, 2014; Wilson et al., 2015; Gustafsson-Wright et al., 2015; Clifford and Jung, 2016; Non profit finance fund, 2016; Wilson, Silva, and Ricardson, 2015; Tan, Fraser, Giacomantonio et al., 2015; Social Finance, 2016) integrated with official documents and online databases (Instiglio, NSW Premier and Cabinet, Centre for Social Impact Bonds - UK Cabinet Office, Pay for Success Learning Hub, Social Impact Bond Market in the UK). The data cover the period from 2010 to 2016 and include only SIBs for which the fundraising phase has been completed. We thus exclude some SIBs included in other reports because their fundraising phases are ongoing. Only investments are considered by excluding grants and non-recoverable grants; for every SIB, a complete assessment of the investors involved is provided. This represents the first analysis focused on the financial actors participating in SIB funding, providing preliminary data and identifying future lines of research on SIBs.

The tables and figures on the following pages detail the actual composition of the SIB market. Creating a record across the many SIBs issued around the world poses several challenges. The final sample has been compiled by assessing the available information for each SIB. The sample is composed only of launched SIBs. We then calculate the total amount of the bond in USD using the exchange rates on 30 August 2016 to facilitate our analysis. In the total amount of each SIB, we included only investments by excluding grants and non-recoverable grants. For every SIB, a complete assessment of the investors involved is provided.

Assessing the dimensions and characteristics of the SIB market

It is difficult to gather precise information on SIBs but a scan of the literature and web sites suggests that 65 SIBs have been implemented around the world. According to a recent Social Finance analysis (2016), the global Social Impact Bond market grew from approximately $ 100 million in 2014 to $ 216 million in 2016. Indeed, Table 1 counts only investments with a clear positive social and financial impact made by investors, without considering others forms of funding, such as public funding or non-recoverable grants, as noted in the methodological section. As Table 1 shows, SIBs have been financed by capital structures that include senior and subordinate investors (indicated in italics). Subordinate investors are repaid after senior investors, and they usually participate in SIB funding schemes with equity instruments, while senior investors do so with debt tools (Gustaffsson et al. 2015).

Table 1: Existing SIBs (as of August 2016)

#	SIB Name & Country	Year	Total investment raised (USD)	Investors
1	Hmp Peterborough (UK)	2010	3,788,166	Barrow Cadbury Charitable Trust, Esmèe Fairbairn Foundation, Friends Provident Foundations, The Henry Smith Charity, The Johansonn Family Foundation, The Lankelly Chase Foundation, the Monument Trust, Panahpur Charitable Trust, the Paul Hamlyn Foundation, the Tudor Trust.
2	Advance Programme (UK)	2012	2,272,899	Apm UK Ltd
3	Energise Innovation (UK)	2012	681,870	Big Society Capital, Barrow Cadbury Trust, Esmee Fairbairn Foundation, Bracknell Forest Homes, Berkshire Community Foundation, Buckinghamshire County Council.
4	Links 4 Life (UK)	2012	280,324	Bridges Ventures, Stratford Development Partnerships
5	Living Balance (UK)	2012	378,817	12 Private Investors
6	Nottingham Futures (UK)	2012	1,287,976	Nottingham City Council
7	Prevista (UK)	2012	227,290	Prevista

#	SIB Name & Country	Year	Total investment raised (USD)	Investors
8	3SC Capitalise Programme (UK)	2012	318,206	3SC, Big Society Capital
9	T&T Innovation (UK)	2012	606,107	Bridges Ventures, Impetus - PEF, The Esmee Fairbairn Foundation, Caf Venturesome, The Barrow-Cadbury Trust.
10	Triodos New Horizons (UK)	2012	1,136,450	Bridges Ventures, Big Society Capital, The Esmee Fairbairn Foundation, Charities Aid Foundation Knowsley Housing Trust, Helena Partnerships, Liverpool Mutual Homes E Wirral Partnership Homes
11	Think Foward (UK)	2012	681,870	Big Society Capital, Impetus-PEF
12	Essex Family Therapy (UK)	2012	2,348,663	Bridges Ventures, Big Society Capital, Barrow Cadbury Trust, Tudor Trust, Esmee Fairbaim Foundation, King Baudouin Foundation, Charities Aid Foundation, Social Ventures Fund.
13	Street Impact (UK)	2012	669,748	Caf Venturesome, Orp Foundation, Consortium Of Private Investors, St. Mungo’s broadway.
14	Thames Reach Ace (UK)	2012	1,818,320	Big Issue Invest, Department Of Health, Social Enterprise Investment Fund, Private/Retail Investors, Thames Reach.
15	IAAM (UK)	2013	1,515,266	Bridges Ventures, Big Society Capital
16	Ambition East Midlands (UK)	2014	507,614	Key Fund, Big Issue Invest, Private/Retail Investors, P3, The Y In Leicester, YMCA Derbyshire
17	Aspire Gloucestershire (UK)	2014	234,866	Caf Venturesome, Private/Retail Investors, P3 e CCP
18	Fusion Housing (UK)	2014	469,733	Bridges Ventures, The Key Fund
19	Home Group (UK)	2014	377,301	Northstar Ventures
20	Local Solutions (UK)	2014	416,698	Big Society Capital, The Key Fund, Big Issue Invest
21	Manchester Cc Vulnerable Children (UK)	2014	909,160	Bridges Ventures
22	Outcomes For Children (UK)	2014	757,633	Bridges Ventures
23	Rewriting Futures (UK)	2014	416,698	Big Issue Invest, Bridges Ventures, CAF Venturesome, Barrow Cadbury Trust, The Key Fund

#	SIB Name & Country	Year	Total investment raised (USD)	Investors
24	Your Chance (UK)	2014	469,733	Big Issue Invest, Bridges Ventures, Montpelier Foundation
25	Ways To Welness (UK)	2015	1,250,095	Bridges Ventures
26	Reconnections SIB (UK)	2015	1,530,419	Big Society Capital, Nesta Impact Investments
27	Shared Lives (UK)	2015	833,396	Big Society Capital, The Esmèe Fairbairn Foundation, Jhon Ellermann Foundation
28	EBSI (UK)	2015	142,435	Big Society Capital
29	Futureshapers (UK)	2015	681,870	Montpelier Foundation, Key Fund
30	Unloking Potential (UK)	2015	1,022,805	Bridges Ventures
31	Prevista London (UK)	2015	227,290	Private investors (raised by Prevista ltd)
32	Teens And Toddlers (UK)	2015	2,272,899	Impetus, Bridges Ventures, The Esmèe Fairbairn Foundation
33	Mental Health And Employment SIB (UK)	2016	303,053	Big Issue Invest
34	Increasing Employment (US)	2013	13,500,000	44 Impact Investors (coordinated by Bank of America-Merrill Lynch)
35	Utah High Quality Preschool (US)	2013	7,000,000	Goldman Sachs' Urban Investment Group
36	NYC Able (US)	2012	9,600,000	Goldman Sachs' Urban Investment Group
37	Child-Parent Center PfS (US)	2014	16,700,000	Goldman Sachs' Social Impact Fund, Northern Trust Corp, J.B. and M.K Pritzker Family Foundation
38	Chronic Individual Homelssness (US)	2014	2,500,000	Santander Bank, CSH, United Way
39	Juvenile Justice PfS (US)	2014	12,000,000	Goldman Sachs' Social Impact Fund, Kresge Foundation, Living Cities
40	Partnering For Family (US)	2014	3,250,000	The Reinvestment Fund, The George Gund Foundation, Nonprofit Finance Fund, The Cleveland Foundation, Sisters Of Charity Foundation of Cleveland
41	Welcome Home (US)	2015	5,900,000	The Sobrato Foundation, The California Endowment, Health Trust, Reinvestment Fund, Corporation For Supportive Housing, The James Irvine FND, Google.org
42	South Carolina Nurse-Family Partnership US)	2016	17,500,000	South Carolina Foundation, The Boeing Company, Greenville First Steps, The Duke Endowment, Laura and John Arnold Foundation, Social Finance US

#	SIB Name & Country	Year	Total investment raised (USD)	Investors
43	Housing To Health Initiative (US)	2016	8,700,000	The Denver FND, The Piton FND, Walton Family FND, Laura and John Arnold Foundation, Living Cities, Non Profit Finance FUND; The Colorado Health FND; The Northern Trust Company
44	Benevolent Society (AUS)	2013	12,912,124	44 total investors coordinated by Commonwealth Bank of Australia and The Westpac Institutional Bank; Benevolent Society; Westpac Foundation; The Commonwealth Bank of Australia
45	Newpin (AUS)	2013	9,194,798	59 private investors
46	Rotterdam SIB (EU)	2013	601,557	ABN AMRO and Start Foundation
47	Workplace Rotterdam South (EU)	2015	11,500,354	FONDS DBL
48	Colour Kitchen Utrecht (EU)	2015	649,328	Start Foundation, Robobank Foundation
49	Utrecht Buzinezz Club (EU)	2015	1,857,749	ABN AMRO, Oranje Funds
50	Eleven Ausburg (EU)	2013	265,393	BHF – Bank Foundation, Bonventure GGMBH, BMW Foundation Herbert Quandt, Eberhard Von Kuenheim Foundation
51	Duo For A Job (EU)	2014	207,006	Private Investors through KOIS INVEST
52	Sweet Dreams (CAN)	2014	774,210	Conexus Credit Union, Wally and Colleen Mah
53	Junior Code Academy (EU)	2015	106,157	Calouste Gulbenkian Foundation
54	Educating Girl (INDIA)	2015	258,342	UBS Optimus Foundation
55	Focus Ireland (EU)	2015	442,321	Private Investors subscribers
56	Alumall (ISRAEL)	2015	2,121,396	Rotschild Caesarea Foundation, Bank Leumi, Beyond Impact Investing Company
57	Seoul SIB (KOREA)	2014	8,923	Mirae Asset Daewoo
58	Fokus Bern (EU)	2015	2,809,866	Groups of National Philanthropic Funders, more than 70 national corporations
59	Upper Austria SIB (EU)	2015	690,925	Erste Foundation, Scheuch Family Private Foundation, HIL Foundation, Schweighofer Private Foundation, Juvat gGmbH
60	FInland Occupational Wellness SIB (EU)	2015	619,250	Me-säätiö Foundation, Sitra Innovation Fund, Private Investors
61	Peru Sib (PERU)	2015	110,000	The Schmidt Family Foundation

#	SIB Name & Country	Year	Total investment raised (USD)	Investors
62	Preventing Type II Diabetes (ISRAEL)	2016	5,150,000	Private Investors (coordinated by UBS Banking Corporation)
63	Norrkoping SIB (EU)	2016	1,193,588	Leksell Social Ventures
64	Work After Prison (EU)	2016	1,061,571	ABN AMRO, Start Foundation, Oranje Fonds
65	Fresno Ashtma Management SIB Pilot (US)	2013	660,000	California Endowment

Source: Our elaboration

The diffusion of SIBs around the world

The first SIB was launched in 2010 (Clifford and Jung, 2016). The number of SIBs has been growing rapidly. Currently, 65 SIBs have been launched on all 5 continents. Of the existing SIBs, 33 have been launched in the UK, but a growing number of SIBs are available in the US and in Continental Europe. Markets keep growing, and the European area has shown significant growth in SIB market size over the last two years. Figure 1 highlights the total number of SIBs by geographical area.

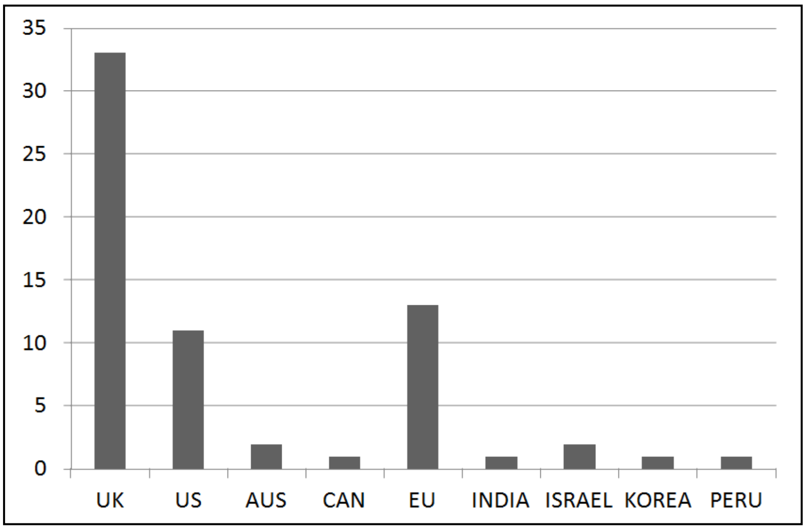

Figure 1: Activated SIBs per geographical area

Source: Our elaboration

One-half of outstanding SIBs were issued between 2014 and 2015. As illustrated by the above Figure 1, the UK has set up more than one-half of existing SIBs.

Table 2: SIBs by geographical area and year of activation

	2010	**2012**	**2013**	**2014**	**2015**	**2016**	**Total**
UK	1	13	1	9	8	1	33
US	0	1	3	4	1	2	11
AUS	0	0	2	0	0	0	2
CAN	0	0	0	1	0	0	1
EU	0	0	1	0	10	2	13
INDIA	0	0	0	0	1	0	1
ISRAEL	0	0	0	0	1	1	2
KOREA	0	0	0	1	0	0	1
PERU	0	0	0	0	0	1	1
Total	1	14	7	15	20	6	65

Source: Our elaboration

During the last two years (2015/2016), 4 new countries joined the SIB market: India, Israel, Korea and Peru. They jointly added 7,648,661 USD to the market. More than one-half of the total invested capital came from the US and Canada, with 98,084,210 USD invested and 12 SIBs launched. The relationship between the number of SIBs issued and the total investment differs in the case of the UK, where 33 SIBs have raised 30,835,669 USD (Table 3).

Table 3: Total capital raised by geographical area and year of activation (in USD)

	2010	2012	2013	2014	2015	2016	Total per country
US and North America	-	9,600,000	21,160,000	35,274,210	5,900,000	26,200,000	30,471,669
UK	3,788,166	12,708,539	1,151,266	4,559,436	7,961,209	303,053	22,106,922
Continental Europe	-	-	866,950	207,006	18,675,950	2,255,159	22,005,065
Asia (including Israel)	-	-	-	8,923	18,785,950	5,150,000	98,134,210
Australia	-	-	22,106,922	-	-	-	110,000
Others	-	-	-	-	110.000	-	23.944.873
Total per year	3,788,166	22,308,539	45,285,138	40,049,575	51,433,109	33,908,212	196,772,739

Source: Our elaboration

In the North America area, the first 3 SIBs were the "South Carolina Nurse-Family Partnership PfS", which raised 17,500,000 USD; the "Child-Parent Centre PfS", which raised 16,700,000; and the "Increasing Employment" programme, which raised 13,500,000 USD (Table 4).

Table 4: First 10 SIBs for total investment raised

#	SIB Name	Country	Year	Investment (USD)
1	South Carolina Nurse-Family Partnership PfS	US	2016	17,500,000
2	Child-Parent Center PfS	US	2014	16,700,000
3	Increasing Employment	US	2013	13,500,000
4	Benevolent Society	AUS	2013	12,912,124
5	Juvenile Justice PfS	US	2014	12,000,000
6	Workplace Rotterdam South	EU	2015	11,500,354
7	NYC Able	US	2012	9,600,000
8	Newpin	AUS	2013	9,194,798
9	Housing To Health Initiative	US	2016	8,700,000
10	Utah High Quality Preschool	US	2013	7,000,000

Source: Our elaboration

SIB investor profile: main features

As shown in the overview in Table 1, in many cases, the SIBs illustrated include more than one of impact investor. However, SIB funders have different characteristics. For this reason, we tried to classify all investors involved into a typology of impact investors, as in Table 5. In the simplified version, SIB investors comprise six categories of financial actors: trusts and foundations, corporate and social enterprises, banks, impact funds/social venture capital funds, local entities (social investment financial vehicles) and private/retail investors. In the 65 deals included in this study, the types of investors in each SIB can differ greatly. Table 6 shows the SIBs funded by multiple investor types.

Table 5: Categories of SIB investors

Categories of SIB investors
Trusts and foundations
Corporates and social enterprises
Banks
Impact funds/social venture capital funds
Local entities (social investment financial vehicles)
Private/retail investors

Source: Our elaboration

Table 6: SIBs funded by more than one investor

SIB Name & Country	Year	Total amount raised (USD)
Energise Innovation (UK)	2012	681,870
Links 4 Life (UK)	2012	280,324
3SC Capitalise Programme (UK)	2012	318,206
T&T Innovation (UK)	2012	606,107
Triodos New Horizons (UK)	2012	1,136,450
Essex Family Therapy (UK)	2012	2,348,663
Street Impact (UK)	2012	669,748
Thames Reach Ace (UK)	2012	1,818,320
Ambition East Midlands (UK)	2014	507,614
Aspire Gloucestershire (UK)	2014	234,866
Local Solutions (UK)	2014	416,698
Rewriting Futures (UK)	2014	416,698
Your Chance (UK)	2014	469,733
Shared Lives (UK)	2015	833,396
Futureshapers (UK)	2015	681,870
Teens And Toddlers (UK)	2015	2,272,899
Child-Parent Center PfS (US)	2014	16,700,000
Chronic Individual Homelssness (US)	2014	2,500,000
Juvenile Justice PfS (US)	2014	12,000,000
Partnering For Family (US)	2014	3,250,000
Welcome Home (US)	2015	5,900,000
South Carolina Nurse-Family Partnership US)	2016	7,500,000
Housing To Health Initiative (US)	2016	8,700,000
Benevolent Society (AUS)	2013	12,912,124
Rotterdam SIB (EU)	2013	601,557
Colour Kitchen Utrecht (EU)	2015	649,328
Utrecht Buzinezz Club (EU)	2015	1,857,749
Eleven Ausburg (EU)	2013	265,393
Sweet Dreams (CAN)	2014	774,210

SIB Name & Country	Year	Total amount raised (USD)
Alumall (ISRAEL)	2015	2,121,396
Fokus Bern (EU)	2015	2,809,866
Upper Austria SIB (EU)	2015	690,925
Finland Occupational Wellness SIB (EU)	2015	619,250
Work After Prison (EU)	2016	1,061,571

Source: Our elaboration

As Table 6 demonstrates, 38 SIBs received funding from different types of impact investors. On the other hand, 27 SIBs involved no more than one type of impact investment (Figure 2). Specifically, 2 SIBs received investments only from trusts and foundations, 6 from individual/retail investors, 2 from only corporate/social enterprises, 3 from banks, 13 only from impact funds and 1 from a local entity (Social Investment Financial Vehicles).

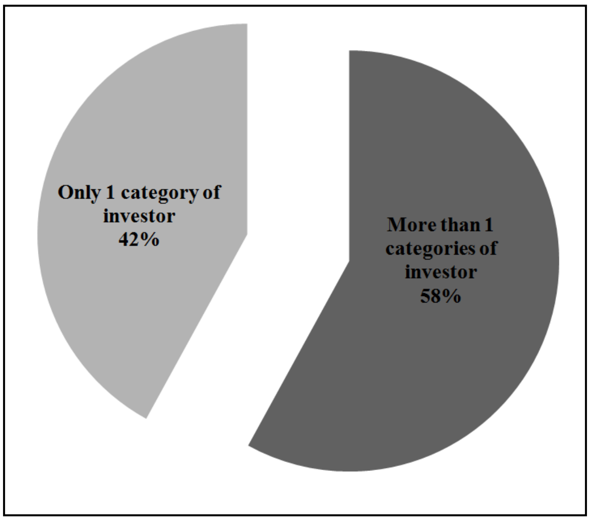

Figure 2: SIBs with single or multiple categories of funders

Source: Our elaboration

As shown in Figure 2, 42% of SIB funding engages only one of the types of impact investors that we identified. The details of such SIB investors are illustrated in Table 7.

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Table 7: SIBs funded by only one investor

SIB Name & Country	Trusts & Foundations	Individual investors	Corporate and social enterprises	Banks	Impact Funds/Venture Capital	Local Entities (Social Investment Financial Vehicles)
Hmp Peterborough (UK)	✓					
Fresno Ashtma Management SIB Pilot (US)	✓					
Living Balance (UK)		✓				
Prevista London (UK)		✓				
Increasing Employment (US)		✓				
Newpin (AUS)		✓				
Duo For A Job (EU)		✓				
Focus Ireland (EU)		✓				
Prevista (UK)			✓			
Mental Health And Employment SIB (UK)			✓			
Utah High Quality Preschool (US)				✓		
NYC Able (US)				✓		
Educating Girl (INDIA)				✓		
Think Foward (UK)					✓	
IAAM (UK)					✓	
Fusion Housing (UK)					✓	
Home Group (UK)					✓	
Manchester Cc Vulnerable Children (UK)					✓	
Outcomes For Children (UK)					✓	
Ways To Welness (UK)					✓	

SIB Name & Country	Trusts & Foundations	Individual investors	Corporate and social enterprises	Banks	Impact Funds/Ventur e Capital	Local Entities (Social Investment Financial Vehicles)
Reconnections SIB (UK)					✓	
EBSI (UK)					✓	
Unloking Potential (UK)					✓	
Workplace Rotterdam South (EU)					✓	
Seoul SIB (KOREA)					✓	
Norrkoping SIB (EU)					✓	
Nottingham Futures (UK)						✓

Source: Our elaboration

A full alphabetical list of SIB investors included in this study is provided in Table 8 by type and country where the SIB was funded.

Table 8: Actual investors in SIBs

SIB Investors type	Name	SIB Country
	Barrow Cadbury Charitable Trust	UK
	Berkshire Community Foundation	UK
	CAF Venturesome	UK
	The California Endowment	US
	Calouste Gulbenkian Fuondation	EU
	Charities Aid Foundation	UK
Trusts and Foundations	The Cleveland Foundation	US
	The Colorado Health Foundation	US
	The Denver Foundation	US
	The DUKe Endowment	US
	Erste Founfation	EU
	Esmèe Fairbairn Foundation	UK
	Friends Provident Foundations	UK

SIB Investors type	Name	SIB Country
	The George Gund Foundation	US
	Health Trust	US
	The Henry Smith Charity	UK
	HIL Foundation	EU
	The James Irvine Foundation	US
	The Johansonn Family Foundation	UK
	J.B. and M.K Pritzker Family Foundation	US
	Jhon Ellermann Foundation	UK
	King Baudouin Foundation	UK
	Knowsley Housing Trust	UK
	Kresge Foundation	US
	The Lankelly Chase Foundation	UK
	Laura and Jhon Arnold Foundation	US
	Living Cities	US
	Me-säätiö Foundation	EU
	Montpelier Foundation	UK
	The Monument Trust	UK
	Orp Foundation	UK
	Panahpur Charitable Trust	UK
	The Paul Hamlyn Foundation	UK
	The Piton Foundation	US
	Rotschild Cesarea Fuondation	ISRAEL
	Scheuch Family Private Foundation	EU
	The Schmidt Family Foundation	PERU
	Schweighofer Private Foundation	EU
	Sisters of Charity Foundation of Cleveland	US
	The Sobrato Foundation	US

SIB Investors type	Name	SIB Country
	South Carolina Foundation	US
	The Start Foundation	EU
	The Tudor Trust	UK
	United way	US
	The Walton Family Foundation	US
	The westpac Foundation	AUS
Corporates and Social Enterprises	APM UK Ltd	UK
	Big Issue Invest	UK
	The Boeing Company	US
	Benevolent Society	AUS
	Bracknell Forest Homes	UK
	CCP	UK
	Corporation for Supportive Housing (CSH)	US
	Google.org	US
	Greenville Fisrt Steps	US
	Helena Partnerships	UK
	Liverpool Mutual Homes	UK
	Northern Trust Corp.	US
	Prevista	UK
	P3	UK
	Stratford Development Partnerships	UK
	St. Mungo's Broadway	UK
	Thames Reach	UK
	Wirral Partnership Homes	UK
	The Y in Leicester	UK
	YMCA Derbyshire	UK
	3SC	UK
Banks	ABN AMRO	EU

SIB Investors type	Name	SIB Country
	The Commonwealth Bank of Australia	AUS
	Conexus credit union	CAN
	Goldman Sachs	US
	Leumi Bank	ISRAEL
	Robobank	EU
	UBS	INDIA
Impact Funds/Svc Funds and similar entities	Beyond Impact Investing	ISRAEL
	Big Society Capital	UK
	Bridges Ventures	UK
	Fonds DBL	EU
	Impetus Pef	UK
	Juvat gGmbH	EU
	The Key Fund	UK
	Leksell Social Ventures	EU
	Mirae Asset Daewoo	KOREA
	Nesta Impact Investments Fund	UK
	Non Profit Finance Fund	US
	Northern Ventures	UK
	Oranje Funds	EU
	The Reinvestment Fund	US
	Sitra Innovation Fund	EU
	Social Ventures Fund – Ananda	UK
Local Entities' Social Investment Vehicles	Buckinghamshire County Council	UK
	Department of Health Social Enterprise Investment Fund	UK
	Nottingham City Council	UK

Source: Our elaboration

SIB impact investors span a wide range of categories and geographical regions. They operate in emerging as well as developed markets, depending on their investment interest. In terms of total investment in USD, the bulk of total investment has occurred in 2013 and 2014, as shown in Table 4. Traditional financial actor, such as banks, impact funds and foundations, may invest in SIBs. They can also include local authorities (or publically owned financial vehicles), as well as corporate/social enterprise funding. More than one-half of analysed SIBs include multiple categories of investors.

The banks category includes commercial and investment banks, as well as credit unions, as in the case of the Sweet Dreams SIB in Canada. Goldman Sachs and ABN Amro have participated in the funding of 7 SIBs in the US and continental Europe, respectively. In such areas, they provide SIB investment leadership within the banking sector. Moreover, UBS engagement is not limited to the role of direct funder, as in the case of Educating Girls in India, but includes fundraising in the case of the Israeli SIB recently issued to prevent type 2 diabetes. Others banks involved in fundraising include retail investors such as the Commonwealth Bank of Australia for the Benevolent Society SIB and Bank of America Merrill Lynch in the case of the Increasing Employment SIB launched in the US. It should be of little surprise that this category of investors does not include any financial institutions included in the conceptual definition of social banks (Weber, 2011; Weber, 2016).

The impact fund category includes financial actors with a socially driven mission, as well as a portfolio strategy managed for both financial returns and a variety of impacts. British impact funds in particular, such as Bridges Ventures or the Key Fund, represent impact investors engaging total portfolio management by seeking integrated financial, social, and environmental returns considered as *holistic* performance. This approach is increasingly taken by almost all impact asset owners reviewed in our analysis and especially characterizes those funds operating in the British social investment market. Such impact funds invested in 25 of 34 SIBs launched in Britain. In this context, Big Society Capital, a quasi-governmental asset owner with a clear impact-driven portfolio strategy, is an interesting impact investor that incorporates policy objectives about the growth of the British SIB market, among others, into its mission. Moreover, this investor area includes Impetus – The Private Equity Foundation, which typically seeks competitive risk-adjusted rates of return unlike the typical impact-first investment strategy of traditional foundations.

Additionally, the foundations and trusts category includes actors defined as *impact-first investors.* In their investment allocation, they accept lower rates of financial returns beyond a specific level of expected social/environmental returns. In other words, their primary goal is to advance a social mission, and for this reason, they invest for impact rather than for a competitive financial return. Such actors played a fundamental role in the developing the SIB market, acting as pioneers investors in the SIBs launched during the early stage of the SIB market, as illustrated in Table 1. For example, the first-ever SIB launched, issued in Peterborough (UK), includes only philanthropic funders. Additionally, their predominant role is observable in the US, Australian and European SIB market lifecycles, where they provided early stage financing that is more risky but with the potential to allow SIB market growth and expansion.

Finally, emerging and promising SIB funding trends are represented by corporate and social enterprises. In some SIBs, the investment raised from these actors is due to the direct engagement of a single SIB service provider, such as St. Mungo's Broadway or Thames Reach. In other cases, the financial involvement of social enterprises corresponds to the direct connection of the investor with the social issue or intervention addressed by the SIB, as in the case of Liverpool Mutual Homes in the UK or Corporations for Supportive Housing in the US, both of which are homelessness interventions. More recently, investments from large corporations, such as Google or Boeing, represent pioneering cases of *corporate impact* *venturing* in the SIB market. Such investment, if not isolated, could have interesting considerations for the evolution of both CSR and sustainable investments practices and for the potential global growth of the SIB market overall, especially in developing and emerging regions. Similar considerations can be made with regard to the engagement of the retail investors already involved in four different SIBs.

OUTCOMES TO IMPROVE: PERSPECTIVES, CHALLENGES, AND RESEARCH AGENDA

Proposing a research agenda

The SIB market is therefore in a marketplace-building phase. There is no doubt that the social impact bond market has experienced significant growth since the launch of the first SIB in Peterborough. New funding investment models have been developed, and many investors have joined this trend. However, with the exception of practitioner grey literature, academic theoretical and empirical work concerning SIB investors is still scant. Several major challenges remain, particularly in this phase of market development where there is a special need for efforts focused on mobilizing and supplying capital. Our work highlights many challenges and opportunities in the SIB market. For this reason, the role of researchers in the next years is central. Thanks to the neo-institutional approach of Nicholls (2010) and his social investment matrix that captures the range and diversity of current social investment practices, our encouraging findings allow us to identify 5 critical themes that would benefit from more rigorous research. In particular, this research agenda shows that a number of promising opportunities exist for further examination, ranging from descriptive methodological approaches to explanatory methods based on the maturity of the theory (Edmondson and Mcmanus, 2007).

Type of impact capital invested in SIBs

The literature on Social Impact Investing (SII) is still at an early stage of development (Weber, 2016; Lehner, 2016), and the boundaries between social impact investing and other types of social investing are not well defined (Hochstadter and Scheck, 2014; Dagghers and Nicholls, 2016). In such a context, academic research is central to building a robust institutionalisation of the wider SII landscape by contributing to SII practice and market development. However, limited research efforts have explored the motivations and logics useful for distinguishing impact investment from others form of capital. Nicholls (2010) highlighted the SII institutional logic and emerging norms by conceptualizing investors' logics and rationalities through a Weberian analytic lens. At such a macro level, few scholars have provided frameworks for understanding the variety and complexity of this interplay of objectives (Lai et al. 2013; Brandstetter and Lehner, 2016). Others scholars have provided qualitative differentiations of SII from other forms of social investments based on the dimension and nature of the investment return expectation and risk-return profile (Hochstadter and Scheck 2014). More recently, the OECD (2015) created a new framework for SII useful for identifying a minimum standard that should considered in order to define an investment as a social impact investment. In such an evolving area of research, social impact bonds represents not only the most promising field of the SII academic landscape but also the most innovative form of capital within the impact investing market (Martin, 2016). As the reports conducted by the National Advisory Boards to SIITF in 2014 (Social Impact Investment Task Force, 2014; UK National Advisory Board to

Social Impact Taskforce, 2014) have demonstrated, in some more developed markets (i.e., UK or US) SIBs represent a more complex financial form of impact capital than those used in less-evolved social impact markets (Italy National Advisory Board to Social Impact Investment Taskforce, 2014; France National Advisory Board to Social Impact Investment Taskforce, 2014). Liebman (2011) and Warner (2013) describe SIBs as hybrid instruments with elements of both equity and debt, and the early empirical evidence (Gustaffsonn-Wright et al. 2015) show that SIB contractual arrangements concern risks, returns, subordination in the case of liquidation, and ownership rights. However, we do not know if the rationales and motivations for impact investment differ for certain types of SIB investments. The presence of different types of investors, as identified by our analysis, should therefore improve future studies that seek to investigate the nature of capital invested in SIBs as a form of social venture capital or venture philanthropy, as well as to determine how the commissioning approach influences the presence or absence of such capital. Such findings will allow the identification of specific financial approaches to attract and retain target SIB investors and audiences.

Risks and returns in SIB investment decision making

The investment variables in SII differ from those considered in mainstream investment decisions, which are generally made in accord with widely recognized financial models. The balancing of financial return and social impact emphasizes the simultaneousness of these two performance dimensions. From a market perspective, there are areas where the correlation between profit and impact is quite high, such as Bottom of the Pyramid or green economy markets (Martin, 2013). However, in other areas, impact investment opportunities a trade-off may be clearly present, as in the case of SIB (Jackson 2013a). Specifically, investing in social impact bonds involves a high level of uncertainty as well as a high risk of failure given the high variability in the outcomes and in the performance of projects financed through an SIB contracting model (Clifford and Jung, 2016). For this reason, both the identification and the evaluation of the social risk “variables” in a SIB investment process become central. Recent studies have addressed the question of risk in the research field of SII (Nicholls et al. 2015; Brandstetter and Lehner, 2016). However, one of the effects of the lack of quantifiable social, financial and market data for existing SIBs is that SIB investment decisions are essentially based on estimations of the social impact of the intervention (Schinkus, 2015). Based on the concepts of social risks identified in SII literature, future research in this field should aim to develop a framework of risk perceptions and risk-reduction strategies in the SII sub-field of SIBs. Therefore, such contributions could explore investor perspectives in social impact bond evaluation and propose a model that is suitable for understanding the dynamics of social impact investments decisions. Further contributions to this topic could consider the perspectives of the impact investors in the deals identified in this study using qualitative interviews.

Asymmetric information in a SIB financial-contracting

The basic funding scheme of a SIB includes multiple stakeholders, as well as different variables associated with successful or unsuccessful SIB projects (Gustaffsson-Wright et al., 2015) and, consequently, with a particular SIB investment. As Goodall (2014) notes, SIB contracting mechanisms and governance scheme are often linked, and four SIB governance structure have been identified (Gustaffson-Wright at al., 2015; Chiodo et al. 2015). Moreover, SIB arrangements differ from traditional performance-based government contracts because payments are triggered by the achievement of designated performance outcomes rather than outputs, and consequently, SIB investors bear the financial risk of the project or of service provider underperformance. Based on these considerations, asymmetric information theoretical frameworks may capture the essence of the relationship between SIB founders and SIB investment holders. Such studies have shown that asymmetric information might lead to a situation in which the market selects low-quality items and may cause market failure in many circumstances (Akerlof, 1970; Spence, 1973). The other major informational asymmetry concerns moral hazard (Pauly, 1974), which is particularly important in situations where one party acts as an agent for another party, a condition partly explored in the case of SIBs by Warner (2013) and Shinckus (2015). Future studies in this area will need to look at financing contracting models and SIB investment practices in order to explore the uncertainty about payoffs and information asymmetries between SIB investors and entrepreneurs (or the SIB management entity). These results could be useful for building formal models dealing with SIB investment in the context of asymmetric information and adverse selection dilemma.

SIBs and impact metrics

Our analysis highlights a scenario characterized by the presence of different categories of impact investors (Table 5), such as trusts and foundations, banks, corporate and social enterprises, impact funds/social venture capital funds and many private/retail investors. The presence of this variety of investors requires the implementations of indicators and metrics based on accounting and reporting systems that are widely accepted.

There is consensus within the literature that the outcomes set by a SIB (and the related outcome payments) have a very strong influence on the way in which the SIB is designed (Warner, 2013; Clist and Dercon, 2014) as well as on SIB investment due diligence (Burand, 2013). Scholars have paid increasing attention to the appropriateness of the outcome set (Liebmann and Sellman, 2013; Crowe et al., 2014). Within the field of social impact investing, several innovations in measurement have been introduced, such as the standardized rating systems called IRIS (Impact Reporting and Investment Standards) and GIIRS (Global Impact Investing Report System) created in 2008 by the Rockefeller Foundation, Acumen Fund and B-Lab with support from Hitachi, Deloitte, and PricewaterhouseCoopers. GIIRS standardized data are based on self-reported (by entrepreneurs and investors) performance on a set of dimensions such as governance, environment or workers. For this reasons, SIB impact assessments based on such metrics may be too generic for SIBs, especially if their impact evaluation considers a control group. Therefore, feasible SIB projects require customized, and more expensive, assessments based on control groups. In addition, the relevance of the "value generated" becomes more central for all the stakeholders engaged in a SIB, and the lack of a recognized accounting framework and related indicators and metrics could seriously limit the diffusion of SIBs (Antadze and Westley, 2012). Based on these considerations, a key aspect of a SIB impact assessment is how to balance more precise, project-specific techniques and the cost of such assessments with the use of cheaper, standardized tools. As early empirical findings have revealed (Gustaffson-Wright et al. 2015; Social Finance, 2016), the adoption of SIB-specific assessment vary depending on the presence of consulting firms, research institutes and verification agencies that improve the existing tools and provide customized measurement practices. Thus, an important avenue of research has to map the evolution of such an SIB measurement ecosystem using longitudinal data and learning from the experience of previously implemented SIBs.

SIBs as new pillar of finance to deliver public service

The politics of austerity represent only one aspect of the context in which SIBs are being developed worldwide; their development is also due to a distinctive political and ideological climate. Such a narrative sees SIBs as a financial tool for policies to reduce public investment in social services while simultaneously encouraging investment from private sector financial actors and other intermediaries (Dodd and Moody, 2011). For these reasons, some scholars have explored SIBs within the larger discourses about the 'marketisation' of the third sector (Joy and Shields, 2012; Dowling and Harvie, 2014). Therefore, SIBs have emerged as one contracting instrument combining PbR and social finance schemes that have attracted, as shown in our analysis, large financial institutions, bringing capital from the financial market to the third sector and welfare programmes. However, an evidence base that informs policy developments should temper this nascent market. Thus, there is a need for further research that will explain the implications and outcomes, both negative and positive, of embracing this emerging funding approach. Future research in this theme need to be interdisciplinary, borrowing from the domains of sociology, public policy in the social sector and the funding of social services, examining the diverse fields of politics, law and social business, and applying theories such as new institutionalism or contract failure theory. Specifically, comparative work around SIB experiences in different countries could be a useful for understanding how such instruments engage investors in local needs through the project. Such findings will be useful for policy makers to assess the costs and benefits of proceeding with SIBs, as well as to build a track record of SIB success that demonstrates the capacity of the public sector as a successful SIB partner.

Conclusion

This paper provided an overview of the literature on social impact bonds, as well as an updated analytical map of the SIB market, focusing on the investor side. Specifically, our work highlighted how such innovative financial tool for welfare programmes vary worldwide, especially by dimensions such as the category of impact investors involved, the level of capital raised or the geographical distribution. The growth of this market reveals promising opportunities not only for public commissioners but also for impact investors, which are aligned with both the desired social outcomes and the expected, even if uncertain, future financial returns. Furthermore, our analysis noted that this research arena needs further exploration from scholars interested in this field. Based on the findings, the study proposed a research agenda consisting of five themes. Future studies should consider different theoretical and empirical perspectives that can be useful for policy-makers and impact investors alike.

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