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SOCIAL IMPACT BONDS 2.0?

SIBS COULD PROPEL RECOVERY AND TACKLE PANDEMIC INEQUITIES





The first Social Impact Bonds were launched about ten years ago. Much has happened since. Economic and social upheavals followed the 2008 financial crisis. Then came the COVID-19 pandemic.

These events compounded new and increasing social needs including ageing populations, the rise of long-term health conditions such as diabetes, high rates of unemployment for young people, a mental health epidemic, plus loneliness across the generations and homelessness. This transformed landscape makes now a timely moment to think again about Social Impact Bonds and their future development.

This series of briefings on the future of Social Impact Bonds has been produced by the Policy Evaluation and Research Unit at Manchester Metropolitan University and the Price Center for Social Innovation at the University of Southern California. The series editors are Professor Chris Fox and Professor Susan Baines from the Policy Evaluation and Research Unit and Professor Gary Painter from the Price Center for Social Innovation.

SIBS COULD PROPEL RECOVERY AND TACKLE PANDEMIC INEQUITIES

They could address inequalities in employment and digital access, exacerbated by COVID, and build on the pandemic's policy developments such as basic income experiments.

Gary Painter and **Megan Goulding** set out how collaboration and innovation – so valued in the crisis – can be reinvigorated during the recovery by developing Social Impact Bonds.

The COVID crisis has made a case for Social Impact Bonds on many levels. There were plenty of people – such as racial minorities and women in the workplace – who bore the brunt of the pandemic's devastation over the past year. Their needs require the laser-like targeting that SIBs can provide to tackle inequities effectively.

There were also COVID policy developments that SIBs could help scale, such as experiments with basic incomes via stimulus checks in the US and furlough payments in Europe. However, perhaps, the pandemic's most compelling message concerned the effectiveness of working together in new partnerships, be it to develop and distribute vaccines or to ensure that children were fed at lunchtime when school was closed. We have glimpsed the capacities of collaboration to overcome stubborn bureaucratic hurdles – a calling card for SIBs in the post-pandemic world.

PROBLEMS HIGHLIGHTED BY THE PANDEMIC

Let's think first about those who were hit hardest by the pandemic. Racial minorities suffered not only the worst in terms of health outcomes. They also endured the highest rates of job loss. In short, existing inequalities across multiple measures were

exacerbated. We already know how to use SIBs to tackle some of these issues – SIBs have frequently focused on issues of workforce development, for example. Now would be a good moment to consider how SIBs can expand collaboration between agencies and institutions to address not only workforce development issues broadly, but also the systemic racism and other inequalities laid bare by the pandemic. For example, SIBs could bring together the criminal justice system and those involved in workforce development to overcome employment barriers for young African American men exiting the justice system.

In the U.S. alone, millions of women – particularly those with young children – had to leave the workforce during the pandemic because childcare responsibilities fell disproportionately on them. There is now plenty of experience about how to use SIBs to create incentives for innovation to reconnect this group of people – as well as others – into the workforce. It may be, for example, that a SIB should experiment offering more flexible job schedules that can better accommodate diverse demands on mothers' time, flexible paid leave options, or piloting expanded access to backup childcare services that some employers offer.

PERU Policy Evaluation & Research Unit

The Policy Evaluation and Research Unit at Manchester Metropolitan University is a multi-disciplinary team of evaluators, economists, sociologists and criminologists. We specialise in evaluating policies, programmes and projects and advising national and local policy-makers on the development of evidence-informed policy. We have a long-standing interest in social investment and Social Impact Bonds. See www.mmuperu.co.uk for details of relevant publications.

USC Price *Sol Price Center for Social Innovation*

The Sol Price School of Public Policy at the University of Southern California is a leading urban planning, public policy, public administration and health policy and management school. The Sol Price Center for Social Innovation is located within the School and develops ideas and illuminates strategies to improve the quality of life for people in low-income, urban communities.

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ACCELERATED DIGITISATION EXCLUDED MANY PEOPLE

The pandemic accelerated digitisation of employment, education and social relationships. As a result, it increased, and made explicit, inequities in all three – adding to the joblessness, educational disadvantages and loneliness experienced by those who lack access to, or skills in, digital technologies.

Here is fertile ground for innovation. Many HR departments seem to be making permanent the pandemic shift to interviewing would-be recruits via digital platforms rather than by phone and face-to-face meeting. Having broadband access, a laptop and a comfortable environment gives better-off job hunters an advantage not only in such interviews but also in job-searching and developing applications for which smart phones are inadequate. One can imagine SIB mechanisms being useful to tackling such inequities and creating a more level playing field for those seeking work.

The same applies particularly for children in education. Before the pandemic, we knew that digital access gave young people routes to educational resources. This advantage was writ large over the last year as some families struggled to follow even basic curricula on cell phones or laptops shared between their children. Even after the pandemic, education will remain a hybrid service – delivered partly face-to-face, partly online – so routes to accelerate online connection, via, for example, SIBs – are urgent.

LONELINESS INCREASED

There is also a social component to this digital divide. Digital media softened the blow of not being able to see loved ones face-to-face. The widespread adoption of Zoom even improved some existing long-distance relationships, which had previously relied on phone calls. But those who lacked digital access experienced relationship poverty and enhanced isolation in comparison with peers. In the UK, SIBs have been developed to tackle loneliness. We need the learning shared.

MAINTAINING COVID 'GAINS'

How can we also maintain some of the 'best bits' from the pandemic in the post-COVID economy, using SIBs? There was a spirit of inclusiveness

during the health crisis that should not be lost. Services were, for example, confronted with the need for children to get meals that would normally have been delivered to them at school. New partnerships – and new suppliers such as local restaurants – emerged to solve the problem in ways that might also help tackle climate change through more local sourcing and smaller carbon footprints. What role might SIBs play in building on these innovations? Could SIBs be developed to assure, for example, family or child wellness – not only delivery of a free lunch, but also health check-ups and vaccination?

Such a project would face a problem that plagues all such overarching programmes – who is the backend payer? Is it one of the government departments responsible for health or education or agriculture – or probably all three together, co-producing the outcome? SIBs could be used to develop frameworks to bring these different government payers to work collaboratively.

They might also be well-suited to helping a regional or national government to institute, at scale, a basic income experiment which drew on the lessons of COVID, which suggested that such provision might have really wide-ranging benefit, that should be further examined.

MOBILISING PHILANTHROPY THROUGH SIBS

During the pandemic, in the US, we have seen philanthropy step up with significant funding for not-for-profit organisations working to support vulnerable households and communities, as well as to accelerate the development of vaccines. Here again, post-pandemic, SIBs may provide an opportunity to mobilise investor and philanthropic resources to take some risk to tackle systemic inequalities and the needs of recovery.

MAKING THE MOST OF THE OPPORTUNITIES

The pandemic produced extraordinary hardships, partnerships, opportunities and losses. It reframed how institutions could work together. It showed how universalised solutions, implemented at speed, could easily leave lots of people stranded, needing more bespoke approaches. SIBs have the

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collaborative component, admired during the crisis, as well as the capacities to focus on those who can easily be left behind. Clearly, there is plenty for SIBS 2.0 to achieve from the disbenefits, benefits, insights and transformations that the pandemic has brought.

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