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UNDERSTANDING SOCIAL IMPACT BONDS FROM THE PUBLIC ADMINISTRATION PERSPECTIVE: HOW AND WHY? CASE STUDY OF FINLAND

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ABSTRACT

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Social Impact Bonds (SIBs) have been a growing phenomenon in the last years. Developed in the United Kingdom as a response to the social issue of reoffending, during times of economic crisis, they have quickly been accepted in other countries around the world. They represent a financial tool where private capital is used to bring welfare to the people. Based on a strict contract and involving different actors, SIBs do remain a trouble to define.

In this research, I have studied the phenomena in the Finnish context, understanding the motivation and experiences of the public administration employees working on the SIB projects. Even though the perspective of the public administration employees presents only a small fragment of the whole SIB picture in Finland, it serves as a good basis to contribute to the literature body on the topic, in the case of Finland. Moreover, another reason to conduct a study on this topic presents the understanding that the already implemented SIB projects in Finland have not been characterized as successful, but only as bringing a positive impact in the society. Thus, the question of why the Finnish public administration is still implementing this tool rises.

Using narrative interviews, I was able to approach the topic more in-depth and collect the necessary data. I interviewed eight public administration workers that still are or previously have been involved in a total of three SIB projects. Moreover, the respondents come from different public administration entities and have overseen different phases of the project, either planning and modeling, or implementation.

To make a conclusion, I used thematic narrative analysis. In a nutshell, this means I have established the main themes occurring in the narratives and identified them over the interviews. Secondly, I analyzed deeper each of the themes, extracting sub-themes. Consequently, I compare the themes across the interviews and literature before presenting the findings of this study.

The data focuses on personal experiences and opinions on the matter and tries to capture all the important segments of the SIB implementation in Finland. The results resemble their stories divided into two major parts - motivation and experiences, and two following ones – SIB background and establishment in Finland and it's future. Moreover, in each of these segments, there is one specific theme that has emerged and provided contributions.

The main conclusion could be summed up as follows: SIBs in Finland had a curvy path of establishment, but the implementation continued and has been growing ever since. The main motivations to implement such an approach have been diving/avoiding risks and providing prevention services for people. When it comes to experiences, the approach has good and bad sides, in addition to a specific way of implementation that differs from other countries. Finally, to have SIBs in Finland in the future is certain, but they will not become the main tool. Moreover, to be more successful, different segments of the implementation need to be changed.

Keywords: Social Impact Bonds, SIB, Finland, public administration, motivation, experience, narrative

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1. INTRODUCTION

In 2010, the city of Peterborough in the UK decided to take a new path in tackling the issue of re-offenders with short time serving sentences in prison. The lack of suitable services for this group resulted in offenders being back in prison in less than a year. However, one of the umbrella organizations in the field took the initiative of collecting funding from private sources in order to offer more out-of-traditional services, basing them on the contract, outcomes evaluation, and pay-by-result investments. This is considered to be the first Social Impact Bond (SIB) project (Social Finance, 2017).

Since then, many scholars have been trying to define SIBs. However, due to its broad nature and complicated structure, there is not only one definition of it. For example, Dey and Gibbon (2018) define SIBs as an 'alternative mechanism for financing welfare projects and enterprises that have an explicit social purpose'. Similarly to this, Fraser et al. (2020) find SIBs to be a good solution for governments to save money and pay only for the interventions that are proven to be successful. However, more narrow definitions focus on characteristics that SIBs bring to governance nowadays. First, emphasis is put on the source of funds for service implementation and provision, and the contractual relationship among the actors. Secondly, after the implementation phase, SIBs have another aspect that differs from the traditional service provision - result evaluation and investment refunds based on the successfulness of the project (Chamaki et al, 2019; Pastore and Corvo, 2020; Hevenstone and von Bergen, 2020).

Considering the fact that SIBs involve many different actors in the process, one can expect that each one of them has their motivation to join the process. For example, governments, local municipalities, and cities support the initiative to pay only for successful implementations, save money, and allow more preventive services for their citizens (OECD, 2016; Dey and Gibbon, 2018). On the other hand, private investors find making a profit and increasing the well-being of society as the main reasons to join. Similarly, service providers find new ways for service provision, make a difference, and collaborate with governmental bodies (OECD, 2016).

Another aspect of the debate between scholars is the actual value of the SIBs. They are both considered a 'win-win' option for everyone (Katz et al, 2018). However, there is a strong criticism of this view, such as Huckfield (2020) and Sinclair et al (2021) claiming that SIBs are not as innovative tools as presented and that cost transfers are not as efficient in practice as in theory.

In addition to finding a proper definition of the Social Impact Bonds, it is hard to find the theoretical roots of it. SIBs are strongly connected with different aspects of public administration and public governance strategies, policies, and reforms. For example, del Giudice and Migliavacca (2019) claim that 'SIBs are the financial response to the New Public Management's emphasis on outcome-based contracts in the public sector and an evolution of PPPs'. According to the scholars, New Public Management served only as a transiting phase between traditional governance and New Public Governance strategy; characteristics of both New Public Governance and New Public Management do overlap (Osborne, 2006; Carre and de Lisa, 2019). Despite all the matches and similarities, still, Social Impact Bonds cannot be considered a direct consequence of either New Public Management or New Public Governance (Albertson, et al, 2020).

In Finland, the first SIB was organized in 2010, by SITRA. It focused on the improvement of occupational well-being. Yet, at the end of the evaluation process, the project did not reach the set aim, though the impact it made was positive (SITRA, 2019a). Despite this, the initiative of providing welfare service via SIB methodology continued and it has resulted in multiple ongoing projects ongoing at the moment of writing of this study.

However, not enough understanding of why SIBs are still in practice is present in the literature, especially in Finland. Therefore, the aim of this study is to contribute to the knowledge and understanding of the general motivation of public administration actors (governments, think-tanks, state-owned companies, local municipalities, and cities) for joining and implementing the SIB project. Along with the motivation, the experience of the same group of actors is of crucial importance when it comes to deciding whether the SIB will be implemented or not. Hence, the second aim of this study is to collect information on what is the overall experience of the public administration actors in the SIB projects. Based on this, I aim to answer the question: *why and how has the Finnish public administration implemented Social Impact Bonds?*

The significance of knowing the answer to this question can be summed up to several different points:

- A better understanding of the uprising phenomena in the world, as argued by Andersen et al (2020) and OECD (2016)
- A better understanding of the rising popularity in Finland
- Knowledge sharing potential for future studies and implementation attempts.
- Development of the field in the future

To do this, I have conducted a narrative study, putting narrative interviews into practice and collecting the relevant data for this research study. In total, there have been eight interviews with public administration servants, coming from different regions and organizations in Finland. The interviews have been conducted anonymously and the results are presented following the clauses of anonymity and confidentiality.

The findings section answers the research question focusing on four narratives, each responding to one of the interview topics. The interview data has related to the already existing literature on the topic and conclusions were made. The main finding could be summed up as (1) SIBs in Finland had a complex development path, but also smooth and data-driven decision-making regarding the implementation; (2) prevention of the issues in the society is the highest motivation to use the alternative funding, followed by financial benefits of the approach; (3) Finnish way of SIB implementation is unique, but the difference brings a lot of advantages to the implementation, still, some of the downsides are still visible; (4) SIB is Finland will not become the main financial tool yet, despite the change in the mindset and understanding is in progress, and for it to survive, certain improvements and changes should be made.

The study has the following outline: In the first chapter, I offer an explanation and understanding of SIBs, focusing on their characteristics, definition, origin, evolution, advantages, and disadvantages. Then, the focus is switched to explaining the theoretical framework of the SIB as a phenomenon, in the context of New Public Management, New Public Governance, and Austerity policy. Next, I present a justification of the methodological approaches and define the research question. Following this, I focus on the data explanation and presentation, findings, and connection of the findings of this study and already existing literature. Lastly, I make conclusions and offer recommendations for further studies.

2. SOCIAL IMPACT BONDS

This Chapter aims in providing a basic understanding of Social Impact Bonds, how and when they developed, and their definition. In addition, the Chapter will tackle the current stage of SIB development, as well as present a critical perspective on the topic. Finally, in brief, the case of the application of SIBs in Finland is discussed, pointing out further knowledge of the topic in the following chapters of this study.

2.1. Origin, definition, and evolution of SIBs

Until 2010, the city of Peterborough (UK) was dealing with a high rate of re-offenders that spent less than a year in prison. Most often, these people were with no place to work and live, and no family to reunite with. However, after leaving the prison, they needed assistance with everyday life, as many of them were mentally ill or substance abuse. That caused them to be back in prison in just a few months. In 2010, the umbrella organization for this targeted group was founded by raising money to tackle the issues of re-offenders. In the next seven years, the goal of the project was achieved by cooperation between the public authorities, the city, ministries, and private organizations. This is considered the first Social Impact Bond (SIB) project (Social Finance, 2017).

Different authors have different definitions of Social Impact Bonds (SIBs), but the main characteristics could be spotted in all of them: a social impact bond is an innovative approach to financing social interventions, intending to increase the well-being of the people. It is a contract between the public authority and a non-profit organization to implement the project, with all the financial risks taken by external investors. Finally, the invested money is paid back when the goals set by the government are reached. This decision is made by the independent evaluator (Chamaki et al, 2019; Pastore and Corvo, 2020; Hevenstone and von Bergen, 2020).

However, the initiative can be unsuccessful or less successful than expected. In some cases, despite the implementation of the SIBs providing desirable or positive outcomes, the project will be considered not successful, as the outcomes do not reach the expectations of the contract. This can easily cause disruption of the project. However, this is advised only in cases when the services are causing more harm than good to the targeted group. Concerning the financial aspect of the SIB, disrupting or having an unsuccessful project means losing the invested capital. Yet, different agreements have different ways of regulating the cost refund (OECD, 2016).

Social Impact Bonds contracts are based on a pay-for-success basis, making the refund of the financial resources on the ground of results, not on the grounds of inputs. After all, the approach aims at putting less pressure on the taxpayers. Doing that, public-private partnerships (PPPs) are formed within the SIBs. PPPs transfer more risks to private investors allowing public finances to be pointed toward other purposes or saved in times of crisis and limited resources (Chamaki et al, 2019; Warner 2013). Finally, SIBs are in close connection with New Public Management (NPM), as both require contractual obligations firmly set and put a lot of emphasis on the outsourcing schemes (Andersen et al, 2020).

Government, investors, and service providers are the most important actors. However, it is important to mention the target groups, which can vary in many aspects. Firstly, by size. The project can be pointed towards the big social groups, covering hundreds and thousands of people, while on the other hand, it can be designed to impact only a handful of people. SIBs are used on the occasions when the former initiatives could not reach the targets for improving the wellbeing and welfare of society in general. The initiatives have been applied to the social groups that are easy to distinguish, and where the outcomes can be objectively measured. That is the case with issues such as homelessness, family support, immigration, etc. (OECD, 2016).

During the SIB process, there are several phases. First, it is needed for the government to define the social problem and set the goals to be achieved. After that, it is necessary to find social partners, and organizations willing to provide the service designed to make the project implementation successful. Investors must be identified so the financial resources are at their disposal for the implementation. For the final stage of the initiative, independent evaluators are assigned to the case, to measure the reached goals level (Warner, 2013).

To have everyone on the same page, actors sign the contract that specifies the obligations and rights of each party. Contract poses strict rules and regulations. Regulations are necessary to make the project ethical, and not harm any of the participants or beneficiaries, while external evaluations act instead of the competition in the regular market circumstances (ibid). Contracts are mainly intended for the public authorities and service providers, chosen on the grounds of the best proposal to achieve the aim. However, other actors are included as well (Chamaki, 2019).

The second phase implies the implementation of the project - providing the target groups with the services. At the same time, "gathering the data on the delivered impact, and the sharing of performance information among partners" takes place (La Torre et al, 2019, p. 6). After the implementation, evaluators use specific methodologies to assess the data and inform the stakeholders and investors of the success of the initiative (ibid).

In general, SIBs have become popular in 2012, through implementation in various countries and continents. One of the questions asked among the scholars is the purpose of the initiative. In other words, it is not clear whether the SIBs have been used as tools for prevention of the social problems or the cure for them. As it is argued in OECD's (2016) study, SIBs are almost always used in the stage of prevention when a problem is recognized as a potential weakness of society. Still, it is highlighted that SIBs can serve as solutions for already serious and existing problems.

Since 2010, when the first SIB project was launched, the popularity of the approach has been constantly rising. In 2016, 30 SIBs were started globally (ibid), making that number 170 SIBs in total by 2020 (Andersen et al, 2020). Based on different factors (political models, welfare models, public services, etc.) a variety of different SIB models have been established, each varying in one of the main characteristics. Therefore, there is no unique definition among scholars of how much the mechanism has changed. Andersen et al (2020) in their article present a SIB case from Denmark, trying to make a comparison between the first model of the SIB, and the current model developed in Denmark. This case has been used as the prototype for Scandinavian SIB. The authors have distinguished four dimensions for comparison: roles, responsibilities, service provision, payment structure, and evaluation. The following table shows the findings of the comparison.

Based on this, it is clear that changes are present, and that the first SIB model is not implemented in its original form. The number of actors has increased, having overlapping roles and responsibilities, and changing the funding structures. The Danish model demands more collaboration and coordination among the actors, making the SIB model more complex. It also supports the theories that not only market-based governments can implement SIB and that the logic of the organization, "impact-first/profit-first" decides on the process development (Andersen et al, 2020).

As a new way of resolving social issues, SIBs involve a lot of actors, and having multiple factors deciding on the result of the outcome of the project must have ethical guidelines to follow. This is even more important referring to the fact that SIBs aim to impact the lives of people and establish welfare. As with every other social mechanism, it brings risks and benefits applying it. Still, we need to understand all of them well to be able to make decisions, but decisions must also be in line with ethical standards. Morley (2021) claims that despite SIBs being ethical in theory, in practice these initiatives are at a high risk of turning out to be unethical. This is due to the fact that SIBs are characterized by all four prerequisites to be unethical: information asymmetry, power imbalance, and individual and social harm opportunities.

Table 1. SIB evolution

Social Impact Bonds	The first SIB model (UK)	Current SIB model (Denmark)
Actors	Triangular partnership (investors, service providers, public authority) + intermediary organizations and evaluator	SCF (initiator of the project), municipalities, and consultancy firm
Roles	Public authority as outcome funder; service provision, intermediation, and evaluations are done by individual actors	Public authority and external organizations as outcome funders; SCF partly took roles of service provisioner, intermediator, and evaluator [conflict of interest]
Funding	External investors	The local municipality and four organizations, depending on the stage of the project
Service provision	The service provider is an external actor	Two service providers: SCF and local job centers run by municipalities
Payment structure	The fixed payment provided depends on the outcome of the implementation	Fixed and variable payment, depending on three factors
Evaluation	Results measured on a specifically targeted group	Results measured on different targeted groups Challenges: two types of measurements (company measurement and municipality measurement); external factors making the influence

For SIBs to be ethical, it is necessary to allow all the participants to receive enough information to make decisions, have equal power in decision-making, and not harm individual or societal needs (ibid). It is often the case that investors do not have enough knowledge about the intentions of a project or the choice of the implementation is made under the impact of what will make a profit. On the other hand, sometimes it is necessary to keep the information from certain actors for the project to be successful. These situations can make SIB unethical, as multiple participants are included in the process and have the power of making decisions that impact the outcome of the project. As a consequence of this, it is possible that by withholding the information, one of the actors can have more power and use it in ways that can be recognized as exploitation of others. The power imbalance can be twofold - between organizations and beneficiaries (1) and between two of the actors of the SIB (2) (ibid). In the first case, subjects of the SIB are not able to give the informed consent necessary for being a part of the initiative, due to their vulnerable position (disadvantaged people, minors, etc), hence not being able to decide by themselves. Despite some of the SIBs having the opt-out option, it still borders on unethical doing, as vulnerable subjects have been convinced to take part in some of the activities that are harmful to them. The imbalance between the organizations usually comes from the possession of different skills needed for the initiative (ibid).

Based on this, it is important to have equal power relations among the participants within the SIBs structures and establish good communication and knowledge sharing while maintaining relationships based on respect and empathy with the beneficiaries, as well as highlighting the importance of informed consent, regardless of the opting-out possibilities. Under the ethical principles, it is considered to have a lack of the services needed by people or having the high eligibility criteria for service access, all to make the initiative more financially stable and successful. Apart from this, individual harm is likely to occur in cases when delivered services are short-term and do not cause a deeper social change. This is one of the characteristics of societal harm, when the aims of the intervention are superficial to save financial resources, despite possibly having positive outcomes for the targeted group in such a short time. Therefore, the "societal harm criterion needs to be extended to accommodate the long-term benefits and costs to local communities associated with the financialization of social care taking into account the extent to which the political and institutional setting will affect the risk of exploitation" (ibid, p. 53).

2.2. Do SIBs bring advantages - what does the theory say?

As mentioned, SIBs are multi-actor initiatives, within which each of the involved parties has its interests, gaining the benefits from the participation and facing the downsides. However, their motivations are changing and depend on a variety of factors. For example, governments take part in the SIBs in times of economic crises, as a way of saving money, but it is noted that the SIBs have been implemented as well in times of economic prosperity. SIBs allow public actors to invest in "preventive programs and social interventions" (OECD, 2016, p. 9). Finally, this is an opportunity to support the cooperation between different sectors and authorities and provide accountability of taxpayers' funds and value-for-money. Additionally, governments find SIBs as an appealing option counting on the measurable outcomes, better services, and opportunity to provide preventive services to groups in need (Dey and Gibbon, 2018).

On the other hand, private investors participate in SIBs in order to represent the interests of the clients, while at the same time making benefits to society and making a profit. Finally, they are willing to receive the publicity and visibility that participation in SIB projects brings and the security of the refund based on the contract with the government. Yet, investors are facing more possible downsides than the other actors. Service providers in SIBs value the opportunity to implement new programs, conduct preventive actions, and deliver effective and efficient outcomes for their target groups. Secondly, SIBs give them an opportunity to make social change, as well as to collaborate with other organizations in the same field, and governmental bodies (OECD, 2016).

Lastly, intermediary organizations take part as it is an opportunity for them to test, evaluate and contribute to the implementation of the new financial approach and important social outcomes. It is interesting to mention that the motivation of the intermediaries depends on the development stage of the SIB market (ibid). Consequently, if the SIBs are more developed the higher motivation is higher to participate. Regarding the reasons for new solution implementation, both for intermediaries and investors, the motivation is lower as the solution becomes mainstream (Gustafsson-Wright et al, 2015).

On the other hand, there are two groups of scholars arguing about the effectiveness of the SIBs. One party says that an innovative approach is a 'win-win' solution for society and government, while others say that SIBs carry more disadvantages than benefits during the implementation. Some authors even argue that all the advantages are actually 'myths' (Huckfield, 2020) about the SIBs and that in practice, the picture is completely different.

One of the main reasons why SIBs should be implemented is service provision by saving the state's money. Through collaboration with private actors, governments can keep the resources they have for another purpose. At the same time, by implementing a successful or unsuccessful project, governments learn about good practices and save time and money trying different strategies (Katz et al, 2018). Secondly, "SIBs are also said to improve program delivery by promoting the use of evidence, increasing accountability, facilitating flexibility, and encouraging collaboration" (Katz et al, 2018, p. 211).

As well, SIBs are classified as Business Model for Sustainable Finance, fulfilling the requirements needed - involvement of the different actors in the process (La Torre et al, 2019). They all work together to reach and satisfy social needs, obeying the contractual clauses and "act in line with their personal goals [...] on the condition that they harmonize their goals with the agreement made on outcomes" (Schinckus, 2015). Apart from this, SIBs improve the social and environmental needs of a society (La Torre et al, 2019), and therefore could be considered a valuable sustainable solution, while at the same time responding to the economic situation. Furthermore, the innovative component of SIBs is always pointed to as the main advantage. However, it can be with different purposes and outcomes, as Smith (2013, as cited in Fraser 2020), explains, Social Impact Bonds have a 'chameleonic' characteristic. It depends on the SIB user whether social or financial innovation will be the primary one (Fraser, 2020).

Financial innovations are a product of the changes in the investor's demands, that are often caused by numerous factors, and like that, they can contribute to the financial crisis or be a way out of it. Social impact bonds are considered an example "which could contribute to the stabilization of financial activity" (Schinckus, 2015). However, some authors argue that SIBs have been developed when the need for satisfying social needs is overreaching the governmental budget to address such issues (Albertson et al, 2020).

According to Schinikus (2015), SIB in times of financial crises represents a hidden form of the austerity policy, lowering the levels of government funding to social programs, and at the same time increasing the level of the citizens' welfare and wellbeing. SIBs act as the 'economic stabilizers', allowing the state to point money to other purposes, while the investors are helping in the social sphere. On the other hand, during the state's economic prosperity, non-governmental investors allow the government money to be invested for other purposes and be repaid later to the private funders.

Also, Schinckus (2015) argues that SIBs could be used in issues of the accumulation of capital obtained in capitalist societies. This can produce economic growth, but it will be non-complementary to society if the growth does not impact or resolve any of the social issues. Still, funding throughout the SIBs cannot substitute the traditional ways of welfare state funding, but only help them be more efficient. However, SIBs do have an important role in balancing between the public and private sectors and improving the society and welfare of people, as the main values of the approach are solidarity and citizens' rights.

Apart from introducing new ways of funding, this approach allows different ways of thinking about policy outcomes (ibid). SIBs, in addition, open new opportunities for third-sector organizations to do experiments and build new innovative services, with a lower financial risk than before, as the main risk is on the private investors (Edmiston and Nickholls, 2017). Yet, when it comes to social innovation and its evaluation, scholars raise a debate, providing arguments that it is not always clear if implementing a project as SIB was the crucial aspect of the successful practice, due to different ways of making a social impact: different characteristics, multiple actors, and possibilities to make an outcome.

Consequently, it is hard to make the evaluation and report which action or innovative approach made a direct change. Therefore, the data on the results of the SIBs tends to be poor, with not much precise information (Albertson et al, 2020). Moreover, there is no unique way to measure and conduct the evaluation of the impact, due to the shortcoming of various approaches in practice (Antadze and Westly, 2012). Of the newest ways, developmental evaluation proposes evaluating a social innovation as a process, since due to the "constant movement back and forth between problem and solution […] social innovations are emergent and cannot be defined in advance" (ibid, p. 146).

According to Albertson et al (2020), the best way to evaluate the outcomes of the social experiment is to conduct research in collaboration with users and citizens. Edmiston and Nickholls (2017) in their study show how collaboration with target groups can lead to the knowledge of the final social outcomes. Lastly, Huckfield (2020) and Sinclair et al (2021) claim that there is no crucial difference in service provision between SIB and non-SIB-funded projects.

However, Katz et al (2018), distinguish several risks brought by SIBs. Often, these programs are recognized to bring a high cost to the governments, as they have been previously tested, with high chances of being successfully implemented. Secondly, the SIBs projects cover only a limited group of people in a previously defined time frame. As well, these programs help the 'fragmented policy making', as a specific structure of the SIBs only adds a new obstacle to policymaking, on top of the market demands, and cost-saving principle.

Huckfield (2020), in her article, presents different myths about the SIBs, among which she focuses on the innovation perspective. She argues that most of the SIBs are using the same methods in a service provision, replicating them rather than providing a new approach. Usually, she claims, there is no difference between the SIB-based projects and the regular service provision projects. This claim is supported by Sinclair et al (2021), as they state there is not sufficient evidence to understand if the innovations are present in the approach. Finally, both articles make claims about the risk transfers from public to private. Sinclair et al (2021) claim that public authorities provide 'subsidies' for private investors to take part in the SIBs. Governments provide up to 50% of the cost coverage in the case of project failure. To this, Huckfield adds the possibility of funding via "public guarantees, subsidies or philanthropy", so that "little actual risk transfer takes place" (Huckfield, 2020, p. 169).

2.3. Social Impact Bonds in Finland

In Finland, SIBs were implemented in 2015, aiming to promote occupational wellbeing and capacity to work. More than 1600 people were impacted by this project, in four different organizations during five years (SITRA, 2019a). Even though the project was not characterized as successful, funding was increased for the other projects as well. Until today, there have been different initiatives covering different fields such as immigrant integration into the labor market and long-term employment, and improving children and youth's well-being (SITRA, n.a.).

So far, in Finland five SIB projects have been organized, focusing on different target groups. Each project is done with the help of the intermediary organization and has a different origin of funds. Projects, naturally, have different aims and different implementation strategies. Yet, all of the projects focus on the prevention of social issues in Finnish society (GSG, 2019). More details about each SIB project and the emergence of the methodology are available in section 5.1. and 5.2., as part of the 'Why and how has Finnish public administration implemented Social Impact Bonds?' chapter. The lack of theoretical data in this section is a consequence of two connecting reasons - lack of the literature in English about the Finnish case and the author's lack of Finnish language knowledge to access the literature in the original language of the country.

3. SIBS AS PART OF THE BIGGER PICTURE: THEORETICAL FRAMEWORK

Social Impact Bonds have been recognized as an extension of the New Public Management (NPM) throughout the literature (Carre and de Lisa, 2019). As well, austerity and retrenchment theories align with different aspects and characteristics of SIBs. Therefore, the purpose of this Chapter is to go a bit deeper into understanding the ways SIBs share the framework with New Public Management, New Public Governance (NPG), and Austerity policy.

3.1. Social Impact Bonds, New Public Management, and New Public Governance

As already mentioned, SIBs have been recognized as a product of the administration reform from the 1970s and early 1980s, New Public Management. The reform has brought many different changes in the way governments manage the public sphere and which role they are taking. The debate in academic circles points out different advantages and downsides of the New Public Management, along with argumentation why the NPM is not a new idea (Dunleavy and Hood, 1994; Lane, 2000).

New Public Management has emerged as an idea in the United Kingdom, during the time of the Prime Minister, Margaret Thatcher. At the same time, similar reforms have spread throughout the world, US, Australia, and New Zealand in the first wave (Gruening, 2001). Soon, the reforms have flown over to Scandinavia and Continental Europe (Lane, 2000). A while after the reform was present worldwide, it caught the attention of scholars. It resulted in finding common changes in most of the places, and unifying them under the name - New Public Management (Gruening 2001). Some of the main characteristics are budget cuts, performance measurement, privatization, and contracting (see Table 2 for more information).

In short, NPM found traditional public administration patterns and public policy to be problematic and “unreasonable democratic constraints onto the management and provision of social services” (Osborne, 2016, p. 380 as in Mayer 1997). NPM aims to learn from the private sector, including them in policy implementation while keeping it away from public organizations. Control and evaluation of outcomes and cost management are important features that NPM brings into the governance, along with growing markets, more competition, and contracts (Osborne, 2016).

Table 2. New Public Management Characteristics (adopted from Gruening, 2001)

Undisputed characteristics (identified by most observers)	Debatable attributes (identified by some, but not all, observers)
Budget cuts	Legal budget and spending constrains
Vouchers	Rationalization of jurisdictions
Accountability for performance	Policy analysis and evaluation
Performance auditing	Improved regulation
Privatization	Rationalization or streamlining of administrative structures
Customers (one-stop shops, case management)	Democratization and citizen participation
Decentralization	
Strategic planning and management	
Separation of provision and production	
Competition	
Performance measurement	
Changed management style	
Contracting out	
Freedom to manage (flexibility)	
Improved accounting	
Personnel management (incentives)	
User charges	
Separation of policies and administration	
Improved financial management	
More use of information technology	

The public-private partnership, contracting, and performance measurement are the basics of both NPM and SIBs (Carre and de Lisa, 2019). To this understanding, Albertson et al (2020) add the direct implications of SIBs in the main components of service delivery according to the NPM - measurement, and market, while SIBs indirectly bring innovation to management. Following this, Dickinson (2016) argues that 'business-like' governing structures, namely service provision by 'commercial and community organizations' and not just by the public sector is one of the main characteristics of New Public Management. Based on the previous literature mentioned in this study, it is easy to conclude that is the core role of the SIBs as well - service provision by non-state actors (Chamaki et al, 2019; Pastore and Corvo, 2020; Hevenstone and von Bergen, 2020).

On the other hand, New Public Governance is a phase following the reforms done during the NPM times. Moreover, NPM has been considered a passing phase between traditional governance and the NPG paradigm (Osborne, 2006). Having a "strong focus on collaboration and horizontal ties between individuals and agencies" (Dickinson, 2016, p.43), New Public Governance allows different actors to take part and contribute to the service provision.

As the initial change in both NPM and NPG is giving more opportunity for third sector parties to design policies and provide public services to people, the reforms have established a competitive market for service provision (ibid). Consequently, in the NPG era, governance is more fragmented, independent, and based on trust, contracts, and rewarding outcomes (Dickinson, 2016; Trofing and Triantraffilou, 2013). As well, governance is seen as plural and pluralistic, making a distinction between public and private parties (Dickinson, 2016).

Naturally, similarities between SIBs and New Public Governance, especially concerning trust, relational capital, and contracts have been noticed. As well, within the NPG, multiple actors can provide services (Dickinson, 2016). However, NPG, as the NPM cannot serve as the base to frame the Social Impact Bonds (Albertson et al, 2020).

3.2. Social Impact Bonds and Austerity Policy: the neoliberal idea

Austerity policy represents decreases in the state budget in order to tackle the financial crisis of one country. Usually, it reflects in the reduction of wages, pensions, and public spending (Blyth, 2013). Public spendings include, but are not limited to the reduction of the finances for the welfare state. However, even though it sounds like a logical solution in times of crisis, austerity measures, in most cases, were less effective in practice than in theory. Still, they are considered to be the 'zombie' policies as they are implemented over and over again (ibid). The financial crisis in 2007-2008 was one of the recent occasions when austerity was implemented in Europe (ibid).

Considering that austerity has become a popular measure in the majority of European countries, not only the "countries with over-dependence on the financial crisis [...] and countries of the Eurozone crisis" (Farnsworth and Irving, 2012, p. 134), the new austerity age is defined as the "unaffordability of the welfare state" for the individual countries (ibid, p. 135). As SIBs do contribute to the welfare state provision, they could be considered both as a supplement to the austerity ideas (Broom, 2021) or as an opposing measure to austerity (Ogman, 2016).

As Broom (2021) argues, the main purpose of the SIBs is to contribute to saving government money, but it is not clear if the aim is accomplished or not. The SIBs compensate for a small part of the state's budget, therefore they cannot have the impact they are designed for, at the moment. SIBs could be seen as portraying governments as they are solving problems while using private money and not increasing public funds for needed services.

In addition, Joy and Shields (2018) claim that SIBs are used to "decontextualize policy from its social roots", supporting the transition of collective societies to individual responsibility issues. This certainly fits with the base of austerity policy - too much expenses for the state to finance the social services - making a need of finding funding solutions outside of the state. However, during the austerity times, it is even easier to implement SIBs.

On the other hand, Ogman (2016) provides a brief argument emphasizing that SIB prevents austerity measures from coming to fruition fully, making new ways and opportunities for third parties to contribute to the service provision of services. SIBs are a “social neoliberal solution” (Ogman, 2016, p. 67).

4. METHODOLOGY OF THE STUDY

This chapter outlines a basic understanding of the methods used for data collection and data analysis, and their justification, but also establishes the study design, poses the research question, and provides the initial overview of the data. It consists of three sub-sections: study design and research question, data collection method, and data analysis method.

4.1. Study Design and Research Question

Since the initial implementation of the SIB projects in the UK in 2010, its popularity of it has been steadily growing, and spreading to other countries in the world, including Finland. However, despite the non-successful implementation in Finland at first, this tool of bringing social welfare to people has been used until today, thus opening a lot of questions and space for debate. In this study, I aim to answer the following question: *why and how has Finnish public administration implemented Social Impact Bonds?*

As emphasized in the research question, I focus on the qualitative case study analysis of the Finnish case, especially on the public actors in the SIB projects. Relaying to the previously mentioned number of actors in SIBs, I conduct the study and make the final results by keeping in mind that it represents only a fragment of the very complicated and bigger phenomenon and that the findings I present do not apply to all the other SIB actors in Finland, or SIBs in other places (Levy, 2008).

The case study approach brings valuable contributions to the topic. A case study can "explore, describe or explain" (Yates and Leggett, 2016) currently occurring phenomena within real-life context, as SIBs are. Moreover, it is a good path to include one or more individuals as an information source.

For a better understanding of the case, I have conducted semi-structured narrative interviews. Interviews have been conducted within the focus group – public administration employees. The goal of the study, as expected due to the data collection method, is to go beyond the literature and understand the practical aspect of the SIB implementation. The main focus is on the personal experiences of the employees in different local municipalities, ministries, and other governmental bodies that are actively participating in the SIB project implementation. As well, it is a suitable way to understand the motivation of the Finnish government to install this tool in the first place. Secondly, it is a good start in understanding the benefits and downsides of SIB in Finland, summing up the lessons learned and providing a general overview of the topic.

4.2. Data Collection Method

As mentioned previously, the data collection method was the semi-structured narrative interview. Semi-structured interview in their nature allows the interviewees to lead the conversation, give personal input and decide the way the story is leading to. This means important aspects of one's experience are determined by the interviewee, not by the interviewer (Hyvärinen, 2012). The role of the interviewer is to keep the conversation in place, ensure the topic is relevant to the research and establish the overall frame of the conversation. However, the interviewer should not have any perception or hypothesis on the outcome of the interview, as it aims to point out the facts that are not obvious after the literature review (Gill et al, 2008).

Therefore, this interviewing technique seems to be the most appropriate one, considering the aims and goals of this research study – to better understand the experiences of the people through direct interaction, while allowing them to bring the important aspects of their work, give subjective opinions and present less known and obvious facts about SIB projects in Finland (Yates and Leggett, 2016).

Corresponding to this, narrative interviews add significant aspects of freedom and subjectivity to the study, as well. In addition, it presents the opportunity to ask follow-up questions and additional clarification (ibid). This was a valuable opportunity as not all of the respondents have been in this situation before. For some, storytelling was an easy task. They were guiding the story and providing all the necessary information, while for the others leading the conversation was a bit harder. They would give very short and straightforward answers, where asking for more clarification, information, or description from my side was needed.

Narrative interviews are designed to put the respondent's perspective, thoughts, and feelings in the center, giving marginal importance to general ideas and aspects, in this case, SIB projects in general (Hyvärinen, 2012). As in the case of semi-structured interviews, narrative interviews offer a safe place for the interviewee to share their impressions and experiences, without references to the general knowledge (Anderson and Kirkpatrick, 2016). As de Fina (2009) explains, during the narrative interview, questions are asked in the open-ended form, followed by a free narrative where respondents were not expected to fulfill the interviewer's expectations or provide a satisfying answer. On the contrary, they are supposed to answer questions in the way how they understand them, regardless of what the interviewer wants to hear.

Besides this, narrative interviews give a social perspective and clear timelines of the events, providing a clearer picture of the events and development of the issues in question (Anderson and Kirkpatric, 2016). This can be particularly important in understanding why Finnish municipalities and ministries started the implementation of the SIB project in the first place, but also, why did the implementation continue until today.

As with every data collection method, semi-structured narrative interviews have their own downsides. However, the most common ones did not make a negative impact on this research. For example, one can argue that narrative interviews can be time-consuming as each respondent requires a separate interview slot, taking, in this case, from 45 minutes to an hour. However, as this is a small-scale study, I do not find it of crucial importance.

Another negative aspect of narrative interviews is the power imbalance between the interviewer and interviewee, in the sense that the interviewee will not be able to opt out of the interview, because they must answer all of the questions (Thunberg, 2020). Again, in this case, I am not dealing with sensitive stories and personal information that could be harmful to any of the respondents.

The final negative remark on the account of the narrative interviews is the fact that during the analysis, the non-verbal part of the conversation is left out (Polkinghorne, 2005). As this can improve the findings overall, I still believe that the outcomes of the analysis would be satisfactory and that the exclusion of the non-verbal cues does not affect the results drastically.

4.2.1. The interviews (timeline, structure, and settings), and respondents selection

All of the interviews have been conducted from the end of August until mid-October 2022. As well, all of the interviews were held online, either via Zoom or Teams. The interviews were done one-on-one, recorded, and transcribed afterward. The interviews lasted from 45 minutes to an hour, discussing an overview of the research, aims, and goals. To understand one's experience, the interview was built on four broader topics:

1. ***Background*** – this section of the interview focuses on the questions that allow a basic understanding of the specific SIB projects, their aims, goal, and implementation patterns, as well as organizational structures along with the respondent's specific role and duties within the SIB project.
2. ***Motivation*** – in this section, I aim to understand the motivation and background reasons of the organization (local municipality, Ministry, etc.) to implement SIB in the first place, and what was the path they took in the process. Here, personal opinion matters as well, as it is the

basic understanding the employees have at the beginning of the SIBs, regardless of the fact whether they have been involved in the decision-making process or not.

3. ***Experience*** – the highlight of this section is to understand one's personal experience regarding work on SIB projects, the good and bad sides of the implementation, overall cooperation and collaboration among the actors, but also to share what are the lessons learned, good and bad practices and give recommendations for the future SIB implementation.
4. ***Future, Comparability, and Recommendations*** – in the final section of the interview, the goal is to collect opinions on the future of SIBs. In other words, I aim to catch a glimpse of whether SIBs are seen as a tool that would be used more often in Finland, its sustainability aspects, why is the method (un)successful, but also to understand the difference between Finnish way of implementation and what practices as are other countries in the world using with the SIB methodology.

For each interview topic, there were general questions asked to all of the respondents, followed by more specific questions and specifications based on the provided answers. The aim of follow-up questions was twofold - to make sure shared information is understood in the correct way and also to make an incentive for sharing more details. Yet, my goal was to stay neutral towards the issues, not offer suggestions or imply things that might lead answers in different directions.

In this research, there was only one crucial criterion to select respondents in the research – they must have been or are still working on the SIB projects in Finland, as part of the public administration. In this research, none of the personal characteristics, such as gender, nationality, educational background, etc., was considered when choosing the respondents. As well, the region where the person is/was employed is not a crucial factor.

Overall, there were four employees from the local municipalities that were implementing SIB projects at the time and two from the Ministry of Economic Affairs and Employment. One interviewee is an employee of a state-owned company involved in impact investing in Finland, while the eighth respondent works as a representative of a governmental welfare organization. Regarding the roles in the SIB projects, four of the respondents work(ed) in a planning phase, while four are focused on the execution phases of the projects. The project's respondents are/were involved with covering different topics, focusing on different target groups.

The respondents were contacted via the official email address provided on the organizational website and LinkedIn. They have been introduced to the aims and goals of the research, what is the structure of the interview, but also about the confidentiality and anonymity aspects, and the terms of participation as an interviewee. However, more details on these aspects are available in the following section.

4.2.2. Ethics: Confidentiality and Anonymity

Concerning the ethical issues, I have touched upon them in the previous section. However, it is good to mention again that no personal information is used in this research, hence the clauses of anonymity and confidentiality will be obligatory. As well, the opt-out option was available for the participants, and they will give informed consent to participate in the research. This implies that they will be informed about the research, its aims, and goals, the way it will be conducted, and the purposes it will be used. In the same way, respondents were notified and have given verbal consent for the interviews to be recorded. The recordings have been used only for research purposes, transcribed for a better and easier analysis process, and stored safely throughout the research process. In addition, other guidelines provided by TENK in 2019 will be applied in this research - no harm to the individual participants shall not be made during the research, respect of dignity is a mandatory part of it.

To follow and ensure data protection, no personal names or workplaces were used in the data analysis. As well, areas of the local municipalities are left out in order to reduce chances of recognizability. However, titles, roles, and responsibilities within the SIB project will be mentioned, as well as the projects in question.

4.3. Data Analysis Methods and Process

As mentioned before, the main data analysis method for this study will be the narrative qualitative analysis. More specifically, I will apply the thematic approach to narrative analysis to formulate the results. In this section, I will justify why this method is the most suitable one for the research aims, how I plan to conduct the analysis, and what the process consists of.

4.3.1. Narrative Qualitative Analysis: Justification

Different scholars have different ways of defining the narrative and its significance in qualitative social research. As academia tends to focus more on understanding how people react in certain situations (Thorne, 2000), narratives are taking a bigger role in the research. There is a simple reason – the narrative is understood as "how we make sense of what we know, what we feel and experience in the world in which we live" (Suoto-Manning, 2014, p. 162), providing a systematic organization of one's experience (ibid). As narrative is a suitable option for the research aims of this study, the data collected fit the description of the narrative. However, narrative analysis provides a lot of value to the research aim, hence it will be used as a main data analysis model for this research study. Below, I will offer the justification for choosing that particular analysis model.

Firstly, narrative analysis offers a structural approach to the topic, following a timeline of the events. It provides an understanding of different factors and impacts of the past on the current and future happenings, offering meaning to each of the episodes (Sutherland, Breen and Lewis, 2013). Secondly, narrative analysis as a research method allows insight into individual people's lives, their personal stories, and the ways in which they perceive different things. An important component of the narrative analysis is the understanding of the societal contexts and intervening relations in a natural and structured way (Esin, Fathi and Squire, 2013). Finally, narrative analysis, unlike discourse analysis, for example, is interested in the story as a whole, not paying specific focus on the micro details of it (Sutherland, Breen and Lewis, 2013).

One can argue that the discourse analysis could be a good complementing method in this study. The main reason for such a decision is to allow a deeper understanding of the problem. As Souto-Manning states "discourse is […] not only what is said, but also how something is said within a certain structure" (2014, p. 160). Discourse is an integral part of the language and social context in which it is produced, and hence, cannot be understood outside it (ibid). Discourse analysis by its nature focuses on smaller details of the story, giving a new perspective to the analysis process. While contrasting to the narrative analysis in some aspects, discourse analysis serves as a nice complement to it, filling in the gaps narrative analysis leaves and adding another layer of perception to the issue. In a nutshell, discourse and narrative analysis do resemble the most keeping in mind all of the components of a qualitative analysis method (ibid). However, as the aim of this study is to understand the motives to implement SIBs and how it is done in Finland, applying discourse analysis could take the focus of the research in a different direction. Therefore, the only analysis method in this study will be narrative analysis, since the purpose of the narrative, (according to Gupta and Awasthy, 2021) is to collect "core ideas, concepts and facts" (p. 29) together.

More specifically, I will use the thematic narrative approach in this research study. In other words, I would identify patterns and themes in the story discussed during the interview. The prime concern is not how the narrative has been delivered, but what are the themes and topics mentioned in it. This approach is known as the Labovian model, answering the questions of what the story is about, and allowing easier comparison between the respondents. Using this method, data is analyzed based on the thematic criteria (Kim, 2016).

4.3.2. Analysis Process

After the initial data collection, the interviews have been transcribed with the help of the Otteri.ai transcribing platform. The style of transcription is defined as intelligent/edited transcription. This means that every word of the interview is transcribed, but the filler words, pauses, etc. are deleted. However, some of the grammar has been adjusted as well, in order to improve the readability and understanding of the texts.

Still, the following step was to manually check the transcripts, and make sure they are ready for analysis. Next, I started by reading the texts multiple times, establishing the main themes and topics. As expected, they correspond to the topics of the interview questions. Yet, in some cases, as not all of the respondents tell stories in chronological order at all times, themes have been often merged and overlapped (as recognized by Yates and Leggett, 2016). Hence, the following step was to put the data in a coherent story, by smoothing the data, and making it easier to follow for the reader (Kim, 2019). Finally, I extracted subtopics for each theme, underlying main ideas, and concepts that are relevant to answering the research question. To make it more structured, I used color codes for each theme and its subtopics.

Namely, I have highlighted all parts where one of the themes, and its subtopics, has been discussed in each of the eight interviews, recognizing the main ideas for the interview unit, using the narrative thematic data analysis method (Kim, 2019). As argued by Hargood, Millard and Weal (2008), themes are constructed of motifs and sub-topic. The main goal of the thematic narrative analysis is to divide them into smaller units and analyze the inner relations.

Next, I formulated the main narratives in each interview. This was done with the aim to make the comparison process more fluent. I summed up all of the interviews in a table, which allowed me a more structured approach to the comparison of the data.

The comparison was done in the following way: as all of the interviews, corresponding to the question themes, are composed of common topics, I have coded the parts that are the same. Often, one respondent would suggest several reasons for, for example, the motivation of their organization/institution to participate in the SIB project. Hence, they all have been taken into account, but also compared with other respondents' answers. I have been using both the interpretation of faith and the interpretation of suspicion approach (Kim, 2019). The interpretation of faith is based on the acknowledgment that the data respondents give us valid information about the issue. Contrasting to this, interpretation with suspicion goes one level deeper into the data, reading between the lines and looking for information that has not been explicitly mentioned.

In the last step, after I have reflected on the data and how they respond to my research question and the theoretical background I presented in the previous chapters, I composed the main narratives that will be presented in the next chapter. To do this, I have used the collected data, giving it meaning and using it to "support and explain themes and patterns that emerged" (Gupta and Awasthy, 2021, p. 23). As a result, I have established three main narratives - motivation, experiences, and future and recommendations. Data analysis was done following the inductive approach. The aim of it is to "discover patterns, themes and categories in one's data" (Yates and Leggett, 2016) and to provide generalizations about the phenomena in research. It helps while summarizing the data and establishing the connection between the findings and the research aim (Gupta and Awasthy, 2021).

Before providing a more detailed interpretation of both of the narratives, I, briefly, present the collected data that is important for understanding the arguments in the following subchapters. As emphasized in Gupta and Awasthy (2021), I keep the balance between description and interpretation. Both are fundamental and necessary parts of the data analysis process. Providing descriptive parts of data, in the form of quotations or paraphrasing, contributes to the understanding and supports the claims and conclusions of the study.

5. WHY AND HOW HAS THE FINNISH PUBLIC ADMINISTRATION IMPLEMENTED SOCIAL IMPACT BONDS?[1]

In this chapter, I present the results of the data analysis process, conducted as explained in the previous chapter, answering the research question: *why and how has the Finnish public administration implemented Social Impact Bonds?* The chapter is divided into different sections, covering one of the important themes extracted from the data. To start with, the first section of the chapter sums up all of the necessary information for a better understanding of the Finnish case, as the literature does not provide many resources. Secondly, I move to the analysis of the two main narratives - motivation and experience. Lastly, a discussion about the future of SIBs in Finland and recommendations for the implementations are briefly presented.

5.1. Overview of the SIB Background in Finland: contribution of the empirical data

In Finland, Social Impact Bonds were first implemented in 2015. However, the first idea of this innovative way of bringing social welfare was initiated in 2008, when the thought emerged within SITRA's team. Several years later, in 2013, they started the evaluation process of SIBs, trying to determine whether this approach is suitable for the Finnish context. The first model was done based on the experiences of other countries, with the main idea to use private venture capital to maintain the benefits of the welfare state. However, SIBs seemed like the easiest way to achieve those goals (interview 7).

In the SIB process, as identified by the respondents, the role of Sitra has crucial importance. As a parliamentary body in Finland, it focuses on the sustainable development of society, making decisions, and implementing solutions based on the parliamentary rules. The nature of the organization's board and other roles that its members have, gives Sitra a privileged position, to some extent. This, of course, is a helpful aspect when it comes to decision-making and support of the initiatives Sitra is having. It is important to note that Sitra is an innovation hub, a place where initiatives are born and tested, and if successful and desired by the society, transferred to other organizations and institutions for further implementation (SITRA, 2023; interview 7).

[1] All of the interviews used in this section have been conducted as a private communication, and have not been published anywhere. Due to the confidentiality clauses of this research, interviewees' names will not be mentioned in the in-text citation. The interviews have been conducted on the following dates: Interview 1 - 9.8.2022.; Interview 2 - 11.8.2022.; Interview 3 - 19.8.2022.; Interview 4 - 25.8.2022.; Interview 5 - 29.8.2022.; Interview 6 - 2.9.2022.; Interview 7 - 22.9.2022.; Interview 8 - 13.10.2022.

Therefore, the positions of Sitra's members in the society were one of the main determinants to have SIBs implemented in Finland. Personal relations, reputations, and connections helped with the process of the initial implementation, as well as with the transfer and continuation of this initiative. Finding a second home for the Social Impact Bonds was challenging due to different reasons. The main reason was the lack of trust and support for SIB to continue in Finland. The political support for the process was crucial, but still hard to get, as the following sections show (interview 7).

In 2020, the Center for Expertise was established in the Ministry of Economic Affairs and Employment. It continued with the implementation of the SIB projects until 2022 when SIBs were transferred to Motiva, a company providing consultation and advice in the field of sustainability for public and private companies (Motiva, 2019; Ministry of Economic Affairs and Employment, 2022). However, the Ministry of Economic Affairs and Employment was not the first choice where to transfer Social Impact Bonds. One of the reasons to do it was the fact that there was already one SIB project in planning at the time and the Ministry was interested in providing employment and integration services for immigrants through SIBs (as would be explained in the following sections) (interview 3, interview 8).

During the time that Sitra was coordinating the implementation of SIBs in Finland, more emphasis was on the education of investors, providing relevant information, and building the base for their involvement in the projects. On the other hand, in the Center of Expertise, the primary focus was on the public sector's participation (interview 8). However, still in the majority of the cases in this study, Sitra had a very important role in spreading knowledge about SIB methodology, offering workshops and training, but also as a recruiter of the local municipalities and cities interested to take part in the SIB, presenting and negotiating participation (interview 5, interview 6).

Overall, the Finnish welfare system is recognized as a good environment to implement the SIB projects (interview 6). Indeed, compared to other countries, and proportionally with the population and the size of the economy a country, Finland as a country has a much bigger budget for the Social Impact Bonds project than other countries that are implementing them (interview 7).

For SIB implementation in Finland, other countries, especially the UK, served as a learning example. Yet, quickly it was acknowledged that the Finnish context requires a specific methodology for the implementation of SIBs. Nowadays, other countries are taking it as a learning example, and even the UK, a country where the initial idea comes from, is starting to implement SIB in Finnish (interview 7, interview 8). In particular, what makes a distinction between Finland and other countries is process modeling of social services - a process, where “basis for the social life of SIBs” is created (interview 7).

However, one of the main differences between the Finnish style of SIB implementation, and, for example, implementation in the UK, was the competition of services. By design, SIBs in Finland were made so the services provided are not against the ones traditionally implemented by the government. The benefits offered through SIB are not in contrast with the welfare system, they allow a more “human-centric approach” (interview 4) to the issue and there is a possibility to adopt the service produced within SIBs in a ‘traditional’ service provision pattern and allow for them to be financed by public means (interview 4).

Extract 1

> “I think that my first thought when I heard the SIB, because I heard examples from Great Britain, was that this is something that is against the welfare state. But then when SITRA brought this job, and also what we do in this project, I think it is not contrary to the welfare state. And I think that the difference in implementation in Finland, for example, to our young people in the SIB, they still get all the services that are there for them in legislation in our service system. The problem is that we have a gap in our service system, our welfare state does not succeed with them. It failed them. [...] So though, this is a kind of way of searching the ways of how we can improve our services, and in our case, there it goes, hand in hand with social services. [...] I think that that is one idea of after the SIB project, if the service is good, then we can get it in the traditional way. Then we know what to ask, what are the costs or what needs to be done in a traditional way and then also, others can also use the services.” (interview 4)

SIBs were intended as payment based, sustainable, and fact-driven, organized to serve as a prevention tool, and have not aimed to tackle the issues that already exist in the society and solve them with this innovative approach (interview 4, interview 7). It was necessary to ensure that the taxpayer’s money was used for welfare provision only when necessary. This way, SIB led to the creation of the new welfare state, focused on providing welfare and additional benefits to the society, not fixing the problems that are there, “[b]ut we can really create health and welfare” (interview 7).

5.1.1. SIB projects Background: the perspective of the interviewees

As explained, the interviewees in this study have different professional backgrounds, workplaces, and tasks in the SIB. Therefore, they have been involved in different projects, as well as in different stages of it, such as designing, planning, and executing. To understand the projects and the nature of work they demand, in the following subsections, I will present the cases on which the interviewers are/have been working. In total, there are three projects examined in this study. Moreover, the overview of the general project knowledge is presented, pointing to a few extraordinary examples and practices.

1. Children and Young People's SIB

Projects aiming at children and young people through the SIB methodology are one of the biggest groups of such an implementation. In total, there are seven cities implementing SIBs in this field. However, the target group for every city is different, starting with families with infants and toddlers, and reaching the children that have just left the foster care system.

Besides cities, in the implementation of these projects, an organization for children's welfare is involved as well, to act as an intermediary for the other actors in the process. The organization has been invited by the fund managers, as "they wanted to have someone who knows something about child protection [...] and family services" (interview 5). Yet, their role is focusing on the improvement of the SIB methodology, development of new services, ensuring the quality and effectiveness of the services provided, tailoring the services, and participating in the attraction of future service users (interview 5).

In this area, the fund for the implementation of the child welfare projects through the Social Impact Bonds is available until 2031. The planning of the first projects started in 2015, while the first project was implemented in 2018. All of the current children and youth SIB projects are in the implementation phase (interview 5).

Depending on the target group, there are different aims for the projects, that include, but are not limited to 80% of the target group completing secondary education by the time they are 25; 80% of the target group is employed or in higher education during the year they are 25; support children and families living in the "problem situations" (Lapset SIB, n.a.).

2. Elderly SIB

Services aiming to support most elderly people to live on their own, in their homes, have started only in two municipalities, with this aim. The planning of the project started in the Ministry of Economic Affairs and Employment's Impact Investing Expertise Center and then transferred to Motiva. However, even though the planning of the Elderly SIB started in 2017, the project was implemented in 2019 (interview 2). Yet, the project was implemented as a pilot study, hence not all requirements for the SIB project have been completed. The elderly SIB project did not receive any private investments (as it is necessary to say a project is not a social impact bond yet), but it serves as a pilot project to make estimations and predictions if it is to be implemented as a Social Impact Bond. Besides the private investments, all other aspects of the project, such as modeling and implementation, have been done according to the SIB (interview 2).

The elderly SIB project in Finland served as a case study to provide real-time data and estimations for the investments needed in the future. Data collection was completed at the end of 2022, hence it is not possible to include any information in that regard in this study (interview 2).

The goal of the project is to support 95% of the people over 75 years old to live in their own house, with occasional usage of service but are not included in the 24/7 care, and reduce the risks that demand people to join the care units (interview 2, interview 8).

3. *Employment and Integration of Immigrants (KOTO SIB)*

The Social Impact Bond project focusing on the integration and employment of immigrants and refugees in Finland started in 2016 and lasted until 2019. The project was done via a "managing firm" (interview 3), acting as a middle point between the Ministry of Economic Affairs and Employment and the private investors and service providers. As well, their tasks were the selection of service providers, recruitment of the participants for the target group, and collecting the funds for the project (interview 3).

KOTO SIB has been implemented in different regions in Finland. The biggest part of the target group, from 2000 to 3000 people, was receiving services in the capital area. At the moment of writing this thesis, the data about the outcomes of the project is still under evaluation. The goal of the project was to provide training, education, and language courses and find employment for 2500 immigrants.

Although different in nature, many of the SIB projects included in this study have a lot of common things. One among many - starting and ending date. Most of the projects started the planning and modeling in 2015-2016, allowing for at least a year until the implementation. In some of the cases, e.g. in the case of the Elderly SIB (according to the data, the modeling phase should have been done at the end of 2022, and started in 2018), the modeling process was done in this time frame. Most of the projects last longer than five years, and the last of the presented SIB projects in this study should be finished in 2031.

Consequently, the time frames of each project, they are currently in different stages. Elderly SIB was still in the process of modeling at the point of data collection, however, the implementation phase has begun during the process of writing, hence it can be counted as a project currently in the implementation phase. Child and Youth SIBs in this study are currently all in implementation phases, aiming for the goal that is already set. Finally, the implementation of the KOTO project ended in 2019, but the data collection of the project implementation and analysis process has been under work at the time of data collection for this research. Based on the data, usually, 4-5 investors are providing funds for the projects' implementation.

It is important to mention that not every SIB project has been implemented as an outcome contracting after the modeling phase. In one case, after the modeling work was done, the local administration realized that providing service via the SIB methodology would not bring any additional benefit to the target group, as they knew how to provide service with their own money. Hence, one contract was not signed because of that - there was no need to "have any counterparts, we just do it with our own money" (interview 4).

5.2. Why has Finland implemented Social Impact Bonds: motivations and perceived benefits?

Each respondent in the study was asked to reflect on the main motivations to implement SIB. The replies touched upon several issues, some of which were present in most answers (e.g., saving money, reducing financial risks) while others were sporadically mentioned. The overview of the motives for implementing SIB and the indicator of frequency mentions is provided in Table 3.

Table 3: Main motives for implementing SIBs and frequency of mentions.

Motive	**How many respondents have mentioned it**
Saving money, avoiding/reducing financial risks	6
Early prevention of potential social issues	6
Improving service effectiveness	5
Creating service efficiency	2
Creating higher inclusivity for target groups	2
Social innovation	3

When speaking about motivation, this study refers to different things. The basic division is between individual and organization's. Under the individual motivation, there are personal confessions of public administration employees, and their reasons to be part of the SIB. While, on the other hand, when talking about organizational motivation, the respondents were stating their impressions and understanding of why the SIBs are implemented. In this case, it does not necessarily mean that the reasons they have stated are the actual reasons, as only one of the participants was involved in the decision-making process. Moreover, organizational motivation is divided into a few themes, each one corresponding to one of the issues that have been touched upon in the literature. In the following paragraphs, more details can be found first on the organizational motivation, followed by a short discussion about the personal reasons.

One of the most commonly mentioned motivations refers to saving money and avoiding or dividing financial risks. This is manifested and possible to observe through prevention and sharing risks. In practice, as well as in theory (e.g. Warner, 2013), this is an important aspect when it comes to discussing reasons why actors, especially public actors, decide to implement social service through SIB. However, there is never a straightforward observation to avoid financial risks. In some cases, SIBs were implemented due to the unknown nature of the service in need.

Extract 2

> "Because there are too big financial risks. If you do not know what you should order, how can you even make a budget for it?" (interview 4)

As it was claimed by the same respondent, SIBs are a good solution for the missing services, where there is no idea how a service should be implemented and offered to the people (interview 4). Yet, in some cases, it was clear what needs to be done, and there was no need to provide service via SIB. One of the SIB-modeled projects was not implemented until the end, as the city administration realized that there is no need for additional capital, "there were no that kind of risk to share" (interview 4), that there is already a solution on how to provide the service.

Extract 3

> "And when *city A* understood that, 'okay, this is quite obvious that with this service, we can decrease these risks', then we do not want to have any other counterparts or, we just do it with our own money" (interview 4)

In this case, SIBs were not a good idea. That has been recognized by the city's administration as well as by scholars. Garcia, de Anstisst and Jones (2021) argue that Social Impact Bonds are a suitable solution only when "existing social policy interventions and service delivery are not achieving desired outcomes or there is no social programme or intervention in place at all".

Hence, one of the explanations for this could be, that, due to the fact that the cities and local municipalities have no clear understanding of what kind of service would provide positive results, and make a significant impact, they decide to put the financial risks away, in the private sector. In the end, the city has offered a service for its residents, and the service has a high chance of increasing the well-being of people. On the other hand, the private sector's returns depend on the success of the implementation. Therefore, a more careful research and testing process will be done by the service providers assigned, so that the service has low chances to fail, as argued by Katz et al (2018). Service is innovative, well-tested, and provided by third parties resources.

On the other hand, one can argue that the PPPs are applicable only in times of crisis when there are not enough recourses to implement certain service and bring it to people. In that case, private investors share risks with the public authorities, making sure that the public finances are used for different purposes (Chamaki et al., 2019). In the same manner, one can argue that the real benefits of SIB in regard to saving money are yet to come. In Finland, SIB is still a growing sector, and it takes time for the real benefits to be seen in the future. At that point, financial benefits could be considered as the most dominant motivation for the implementation of SIBs.

It is in the interest of the private investors for the service to be successful, so they could get back the money they have invested so far (Chamaki et al, 2019; Warner 2013). Hence, this would mean that service would be created in a more thoughtful and detailed manner, taking into account different aspects, and tailoring them to the needs of the target group.

Dividing financial risks between local municipalities and private investors, in the end, means bigger dedication to the goal, and better services to people. For that reason, it is safe to say that the consequence of the basic motivation to implement this approach brought more benefits than expected - tax-payers money was saved, and the citizens are getting extra value with this service.

> **Extract 4**
>
> "And the idea to create the new service with the young people, there was well, this could bring the extra value, because we will pay to the companies if, if the results are good." (interview 4).

Opposing this, one of the respondents claims that the services are more effective this way. Longer implementation time brings additional benefits that the traditional service could not, claiming that it is not only the origin of money that makes the difference, or that it must be the only benefit SIBs could bring.

Extract 5

> "It was not the money, actually. [I]t was also the time. It is very difficult because, for example, I worked on a key project that was only for the strategic period, like four years. So I could not start something that would last long enough to see if there is an impact or not. So I kind of needed a tool, or, a way of doing things that would somehow involve the city long enough. And it also included the research and all that. So, yeah, I think in whole, it was, it was something so much more than we could have organized otherwise." (interview 6)

Moreover, as Morley (2021) claims, SIBs can be less beneficial to the recipients of the service. The main argument is that giving effective services to people, during a short period of time, can be an uncomfortable and harmful experience. However, it must be kept in mind that in Finland, the implementation of SIBs lasts much longer than in other countries (interview 1). And, as seen, longer implementation time is a valuable beneficial factor as, not only reduces damage to the target group but at the same time, allows the public servants to have deeper insight into the service, find the right balance for the solution, and see the real impact of the work they have been doing. Finally, as it was mentioned by one of the respondents, SIB in Finland, if proved to be successful and bring value to the service group, has a chance of being provided as a service funded by public money, included in the services available by the law.

Extract 6

> "I think that is one idea after the SIB project. If the service is good, then we can get it in the traditional way. Then we know what to ask, what are the costs or what needs to be done in a traditional way and then also, others can also use the services." (interview 4)

From this, it is clear to see that often motivations complement each other. The financial aspect is interrelated with many other aspects of SIB, such as preventive advantage or, as seen in the example above, service effectiveness. However, it is important to note that the majority of the respondents have recognized financial aspects as the main ones. The answer to the question of why it is so could be found in contemporary administration systems, such as New Public Management. As we have seen in the literature, the main characteristics of NPM are budget cuts and budget constraints (Gruening, 2001).

However, the data points out the fact that one of the main benefits that can be directly connected with saving money is allocation of the funds to other services, or directly for the prevention. Prevention goes hand in hand with saving money. As we can see from the following examples, this seems to be an important aspect when it comes to the service provision for the children and youth in Finland. Costs for the traditionally implemented services tend to be much higher than if the preventive service was available for them.

Extract 7

> “[I]t is always also saving the money kind of thing, it is like a system, it goes together. Like, if you are saving the money from the child protection, you can have the money to the prevention.| (interview 5)

Extract 8

> “[I]f we can serve better services beforehand, then first aid raises the costs. But then we are saving because then they do not rise as much, because we know the costs are rising very, very strictly when children are about age 12-13.” (interview 4)

Preventive services reduce the costs for the services that are available and offered by law to everyone. This was one of the main financial reasons to implement SIB in different local municipalities. Not only in the case of children and youth, but also in the case of social protection of elderly, SIBs serve as a good tool to find ways how one entity can reduce the costs of the, usually, very expensive services.

Extract 9

> “[O]ne target was to reduce costs, because there will be more and more elderly people all the time. And (in) *city B* [...] amount is growing rapidly all the time. So we wonder how we can survive.” (interview 2)

Keeping this in mind, one could argue that providing services via SIB can have a twofold financial benefit. Firstly, the money that the state would allocate for the service at the moment of implementation for one type of service, can be used to provide another, related or unrelated service.

This is possible due to the fact that the public funds for SIBs are used only at the end of the project. In the case of Finland, that would mean postponing even up to 10 years, if it is assumed that the project would be successful. In the meantime, public administration can provide other services with that money, give benefits to different groups of people, and eventually, invest money in its own preventive services. Additionally, this would ensure that tax-payers money is used only when necessary, in a justified and legitimate way, as argued by Dey and Gibbon (2018). The authors claim that SIBs provide accountability for the usage of public money. It is safe to say, that this is the case in Finland. One of the main aims is to ensure that public money is used only to provide the necessary service to people.

Extract 10

> "And so, the basic idea should be that using taxpayers money, you can really produce to our society, to our people what is needed each year. And by using this approach, it is sure that taxpayers money moves only when we have bought what we really need in this society." (interview 7)

On the other hand, SIBs as a preventive tool have been used with different aims as well. The first intention of the SIB implementation in Finland was to contribute to the preventive services. However, some parts of the literature show that SIBs can be used to solve already existing issues, act as the cure to them, and offer solutions (OECD, 2016). But, in Finland, based on the data collected, that was never the case. SIBs were used only as preventive services.

Extract 11

> "And then when we are talking about Social Impact Bonds [...] for me, it means really strongly that we are focusing on proactive preventive controls. And that is what we are missing in our society. Because we have been talking already years, that it is a very human and it is very economic western, if we are able to focus on prevention." (interview 7)

The first argument in favor of why are SIBs implemented as the prevention tool is due to the fact that public administration employees in Finland are aware of the importance of preventive service, as well as that prevention should come first, regardless of the financial resources and their origins. Prevention should be a highly set aim.

Extract 12

> "[P]revention always should be first. It is, this is very important to have prevention first and [...] we have to keep it in our mind, that prevention always comes first." (interview 2)

Secondly, as discussed before, preventive actions do contribute to the reduction of financial costs. However, prevention can highly impact the well-being of people, especially when it comes to groups that are already disadvantaged compared to the general population. Preventive services would ensure them the opportunity to start their life on, more or less, the same footing as everyone else. Consequently, one can argue that SIB, besides contributing to the financial stability, can contribute to the general well-being in an equal manner (Schinckus, 2015). However, this is not necessarily the case in Finland. There, SIBs are implemented with the primary aim to prevent problems from arising in the future, and not necessarily to establish financial security for the welfare state (interview 7). In addition to this, as a second aim, SIBs are implemented as a saving tool.

Therefore, each society should have enough resources for preventive actions. Yet, throughout the interviews, reality in Finland has been presented differently. Many participants of the interviews have emphasized that welfare services that are available in Finland focus only on solving the already existing issues, while potential problems have marginal importance in the process.

Extract 13

> "[W]e wanted to be involved in this kind of new thing, because we thought that in Finland, we have this problem that we do not have like, enough services for preventing the social exclusion, or go into the child protection services, we kind of always say and think that, 'okay, the preventing services are really good'. But actually, the problem is that the budget, which is in the city using always, is always going to, in the end, it goes or goes always to the child protection as it is in law, but it is not in law, to give the preventing services. That kind of now, it has changed a little bit. But in the end, the major part of the budget always goes to the services, which are kind of only given to the problems not for preventing." (interview 5)

From this, it is clear that Finland does have a good base for providing social services to people in need. Yet, it is clear that not a lot of attention is put towards prevention when it comes to using public money for it. Still, it remains unknown why there is a lack of resources for preventive services to be provided.

The literature emphasizes (OECD, 2016) that SIBs are almost always used as a prevention tool. And in the case of Finland, that is true. Their biggest advantage and benefit is the opportunity they have when it comes to offering extra services for people. SIB would act as an additional, experimental, opportunity to provide more services to people. The idea of SIBs is to use private money to provide additional services, something that goes outside the standard services offered through the government and are not covered by the annual budget. Using SIB with the preventive tool explains why they are, at all, implemented in Finland.

Extract 14

> "This is the only way to do some preventing work. There is no money from the regions or municipalities for prevention work, and SIB makes it possible. And I do not want to say that SIB is the only way to do it. But it is one of the only ways that we know to do it. Because no service provider has the capability to take a risk to be outcomes related at the moment. Hopefully, in the future, there is more service providers who can take the risk, but at the moment, we need SIBs." (interview 8)

The risk of privatization of the welfare state via SIB in Finland is minimal. This is due to the fact that, in general, in Finland, SIBs represent an insignificant part of the service provision (as argued in Broom, 2021). For it to become much bigger, interest in SIBs has to rise much higher. At the moment, the SIB sector in Finland is rather small, and cannot endanger the welfare state (interview 8). As earlier said, SIBs in Finland align with arguments of the literature (Care and de Lisa, 2019) that the privatization of the welfare service happens only to the extent that those services are more effective and beneficial for people. But, based on the data collected so far, no SIB project implemented in Finland contributed to the extension of the austerity policies.

To be more precise, regular governmental services in Finland deal with problems (interview 6), with almost no focus and space for the implementation of preventive services. Hence, additional funds are a suitable solution for this setting. With the private investors' money available within SIB budgets, local municipalities can afford to implement more services, and more variety of services, than is the case without SIB. With this approach, local municipalities attract additional sources to finance services that would, in the future, lead to having smaller costs even for the traditionally provided services (interview 6).

Extract 15

> "No, if we would need a SIB tool working with problems that we are also working with at the moment. I do not know if, of course, it would be interesting to hear what kind of examples you maybe know, or international examples, I do not know. But from my point of view, I think prevention is something we do not tend to do. And it is so much more difficult to start implementing. And for example, you know, we get lots and lots of different kinds of project money from different Ministries, and also from the city and all that. But I do not know if we really have, like funding we could use for such preventive actions that we actually could use in SIB. So that is definitely something we need. And we do not really have in our tool sets." (interview 6)

Thirdly, SIBs as prevention were used in other ways as well. For example, the KOTO SIB project had one strong reason to provide service through SIB: the social crisis in Finland at the moment. Namely, in 2015, the number of refugees in Finland seeking services would drastically rise, due to the International Refugee Crisis, when most of the countries in Europe, including Finland, accepted a bigger number of asylum seekers than their capacities. In order to prevent long waiting times and low-quality of services, SIB was used to collect private funds and ensure the provision of employment services to refugees outside of the national scope. In this case, it was clear that SIBs cannot completely replace public services, but they can improve them, and make them more efficient (Schinckus, 2015).

Extract 16

> "And then we wanted to try it, because the situation in 2015, and 2016, was very particular. Because over 32,000 asylum seekers came to Finland. Normally, we have had from 2000 to 5000 asylum seekers, but this time, the number was very big for Finland. And we thought that perhaps if they all get a residence permit, they will come as customers to employment offices. And then we will have a lot of customers there. And that is why we thought that perhaps this trial would be a good opportunity to some of them, to get services to get language training as quick as possible, in order to get a job and to go to work." (interview 3)

This, on the other hand, is directly related to the efficiency of the services, where SIBs can directly contribute to. In particular, private funds make it possible to provide additional services for people, meaning that the waiting times to include people in need in service this way can be much shorter than usual.

In the KOTO SIB example, it is clear that the SIB approach brought many advantages to, not only the target group but to the more traditional service providers. In this case, employment offices would not have enough resources for processing all the incoming requests. This, even though it might have not been the initial motivation for the SIB implementation, would have an impact on the service quality provided with the public funds. Unless the funds and capacities have been increased, service quality would have been much lower and service users would be less satisfied with it. Yet, in a way, implementing SIB was a way to expand the resources and capacities needed for this service.

Again, KOTO SIB is not the only case where this thinking has been applied. In the case of the provision of children and youth services, it has been recognized that one of the main reasons why SIBs are implemented is connected with the time aspects of the service provision.

Extract 17

> "[I]t is the question of money and time. And also, well, of course, we see that young people have, if they need something, some services, like mental health services or, substance abuse services, there might be that they have to wait very long to get into this services. And then might be a situation that if a young person has, like, problems with substance abuse, then that might affect that, that he or she will not get any mental health services. So it is quite difficult in some situations for young people to get services that they need." (interview 1)

When looking at this aspect of the SIB, it is possible to notice that, especially in the case of youth services, the main idea was not only prevention but also the efficiency of the service and the speed at which everyone can have equal access to the service, when needed. Prevention is demonstrated via the effectiveness of the services. Of course, the earlier someone receives the needed assistance, it is easier to tackle the issues. Consequently, this would require smaller budgets and other resources in the future.

Extract 18

> "And it was because that kind of understanding the efficiency of the services, how to kind of bring with value, how, how good they are, how good they serve [...]. Not only that, how big are the lines or are they existing or not, but how they are doing what we want them to do?" (interview 4)

As well, Schinikus (2015), highlights the importance of the SIB when aiming for solidarity and citizens' rights. In the case of Finland, where the strong emphasis of the welfare state is to provide equal opportunities as the highest aim, SIBs are perceived as a way to achieve it and keep the 'national philosophy' in high regard (interview 3). This means that, in the lack of public resources, private investments can be more than a valuable contribution to the aims of the national agenda, as it is demonstrated in the KOTO SIB project.

Extract 19

> "So this is philosophy - that everybody has the same rights and same services. It is very deep in our society, and perhaps we have thought that we should need private money for this. It has not been common. And well, that current situation in those years were that we were afraid that we are not able to give those services to everybody. That was the reason that we thought that perhaps we will try this that if there will be private firms who are interested in helping migrants." (interview 3)

Another aspect overlapping and closely related to preventive features of SIB is social innovation. SIB is seen as a tool that is suitable for out-of-the-box thinking, allowing it to provide more effective service on a higher level than would be possible with taxpayers' money. SIBs allow new opportunities for collaboration, and knowledge exchange between public and private organizations, only with smaller financial risks. Besides this, service providers have an opportunity to offer more creative services, with more creativity (Edmiston and Nickholls, 2017). Social innovation can be observed from two points – (1) the way how the service is applied in practice, and (2) what are the outcomes of the service.

Yet, the problem of the privatization of the welfare state rises again. However, the risk is at a minimum again as the public support and trust in the public administration in Finland is at a very high level. Therefore, citizens do believe that using private funds will not decrease the quality of other public services. As the Minister of Local Government, Sirpa Paatero, claims: "Government exists to serve citizens. The legitimacy of a welfare state with extensive public administration is based on people's trust that it will generate well-being. The OECD survey is valuable, as it tells us that government and public institutions are trusted, but at the same time it points out where we can make improvements, for instance in services" (Ministry of Finance, 2021). According to the OECD survey (2021), 66% of the public trusts civil services in Finland.

Extract 20

> "[B]ecause our public services are all about, well, they are not about preventing problems from growing. We do not work with possible problems. We work with problems. And even though we had, of course, some money to implement many things, still, I think we need it to be like a more effective tool to do something a little bit bigger and more effective. And, of course, it is also very interesting to start trying out something new, that does not actually involve using city money right at the moment, but instead of paying for the, like the impact we are trying to reach. So I think the whole concept was very, very interesting." (interview 6)

On the other hand, the lack of preventive service in Finland does exist as a problem. Besides providing new services for people, SIBs in Finland create a new welfare state, that is focused on the prevention of social issues. This can serve as an example that in the Finnish case, SIBs are not understood as support for austerity measures a country could have. They are not taken as a way to cut the governmental funding, nor privatize the service provision, but only to fill in the gaps that the national welfare system does not cover.

Extract 21

> "And what we need in Finland, and at least I was, I was saying in my presentation that by using social impact bond makes possible to really invest in preventive approach, which means that our society is going to change that we are not have to focus so much on [...] how to fix already existing problems. But we can really create health and welfare. So we are talking that by implementing this idea, it means that we are creating welfare states 2.0, new kind of welfare state that really creates welfare instead of focusing so much on core and fixing problems as we are doing at the moment." (interview 7)

Extract 22

> "The idea of this is [...]that we need to do something because we do not know what [...]. And the idea of creating the new service with the young people [...] was (that) it could bring the extra value." (interview 4)

Extract 23

> "Because in Finland, we produce employment services, through taxpayers money. So this way of organizing services that we have tendered a firm, private firm who had the task to organize integration, training, language training… And then, they had to seek those firms who were interested in employing those people, and also collect money for organizing everything. So this was very new to Finland, because normally, we do not use any private firms to do these kinds of things. We have our employment offices. And they do this normally." (interview 3)

Another advantage SIBs bring to the table relates more to the recipients of the services. Namely, it has been recognized that SIBs offer different treatments for the target group they are working with. It is perceived as a more humanizing approach. In a nutshell, it refers to the SIB implementation strategy where the target group of the project is included in the process of service building and implementation. Being part of it brings different benefits, including, but not limited to - active participation of the target group, more specific services tailored and targeted to the needs of the target group as much as possible, valuable feedback for service modification, a new perspective towards the problem and its solutions, and reducing the stigma that follows the service recipients.

Yet, it is interesting that an approach that brings multiple advantages to the initiative has been noticed as a reason only by two of the respondents, both directly working on the SIB implementation. However, in both cases, it has been noticed that the quality of the project implementation has drastically improved. A new perspective on the issue, especially coming from the people who are intended to use the service, improves the effectiveness of the service. This is contributing to the overall success of the SIB, providing an advantage for investors, cities, service providers, and target groups.

Extract 24

> "Because one big problem is that when they are in foster care, we kind of start to see them as objects. [...] [M]any times we do not even talk about young people. We [...] say - foster care kids. So it is very, very stigmatizing and an assault. That is why we at this time, we thought that SIB is very good model, because there are very high risks, because we do not have that service yet. And we need to put a lot of money at the very first end, and we don't know the success of it." (interview 4)

Extract 25

"So there is this idea to support young people who are in child welfare institutions or are placed in families, that they could reach that same kind of average education and employment rates that the other young people." (interview 1)

It is important to notice that innovation and prevention of the SIB approach served as a personal motivation for respondents to join this initiative.

Extract 26

"And this is something really new and innovative. And also the thing that you are kind of working with really different [...] organizations, but also the thing that we are kind of doing the work for preventing the using the services more than nowadays [...] This is the reason I was interested in this." (interview 5)

Extract 27

"And SIB turned to be one of the opportunities for us to really [...] see things in little bit more preventive perspective, because, of course, we are, as a city, we are entitled to provide services, certain services, and many of those services act somehow a little bit too late to actually prevent problems from growing. So that's why I got very interested in initiating the SIB." (interview 6)

This can be explained by the fact that the personal positions and understanding of these SIBs projects tend to be very important. SIBs are, even globally, still a growing sector, where, if actors working on it do not believe in any of its benefits, it is almost impossible to implement. On the other hand, it could be argued that employees in the Finnish public administration support the well-being of the general population, keeping in mind their needs and thoughtfully working on them.

Additionally, few of the respondents have emphasized similar organizational thinking, resulting in joining and implementing SIB.

Extract 28

"[T]he one to rule the fund, they wanted to have someone who knows something about child protection, and kind of children's and family services. So that is why we are together with them. And why we wanted to be together in this kind of new innovation thing is that we understood that it is better to be in, in this kind of thing, rather than kind of, say, from the outside how you should do this, and kind of criticize. And because we kind of thought that this is something new that it is going to come and become, it is better to kind of be involved with it, rather than kind of look from the background." (interview 5)

Besides the organizational thinking to join the SIB as it was perceived as something new and beneficial for society and the organization, it is interesting to notice that the investors were looking for experts in the field of service implementation. The first thought of such an action could be explained by investors' willingness to obtain as much of the invested funds back as possible. Yet, going a bit deeper, it could be argued that the investors are dedicating effort to creating something new, something good, and something beneficial for the whole society. Besides the fund returns, investors also gain a reputation. For them, this is also a gain, as the general public would see them in a different light after they have decided to make contributions to the social welfare.

Extract 29

"I think it is both things. They think it is always investment when you speak about private firms that it is not charity. But I think, of course, no, it is not [...] they wanted to also show that we care. And I think that it was really, it was not that just a commercial that now we are in this project. I think that strategy in the firms or the organization, they thought that it is a good way to do and good thing to do. And that is what they wanted to do, nobody forced them to do this. They were willing themselves to do this." (interview 3)

Extract 30

"And we were very glad that there were so many who said that, 'yes, we would like to give money'." (interview 3)

Extract 31

"Yes, they call it the investments, and they are in charge of the funds in this project. And the investors, of course, they take a huge risk, because this is not like traditional investing. Because there is more or less the idea of how to create something good in society." (interview 1)

When talking about the organizational reasons to join the SIB, it is necessary to refer to the aspect of transfers Social Impact Bonds had in Finland. From Sitra to the Ministry of Economic Affairs and Employment, to, finally, Motiva, each organization had its own reasons to take SIBs under the ruling. At the same time, there were outside reasons why these organizations had a chance to work on the SIB project.

For example, in the case of Sitra, the initiating organization for SIB implementation in Finland, the reputation of the organization itself was a main determinant to implement the SIBs for the first time. However, the reputation of its members highly contributed to the aim as well.

Extract 32

"Using Sitra's roll, and my personal connections, it was not easy, but it was possible to start to talk about this kind of new idea, and all these different important people that at least we should pilot this kind of idea. You know, we are quite small, country. And, I was used to work with high level politicians and that kind of people, so that make it possible to go forward quite quickly with our idea. Based on, really, Sitra's position, and also my personal connections." (interview 7)

Similarly, the reason why SIBs were transferred to the Ministry of Economic Affairs and Employment was based on the personal connections of members within the organization.

Extract 33

"But then the final decision was that the Ministry of Economic Affairs and Employment would be the best possible home base for these activities, etc. And one of the main reasons for that was that, at that time, the state secretary, not the political state secretary, but the civil servants state secretary voiced the highest levels in the Ministry. He was very much in favor for these. And he was also on the board of Sitra. So he knew a lot what is happening. And he liked the idea that he gave his strong support to this idea, that was a reason that Center of Expertise for Impact Investing was then established as the part of the Ministry." (interview 7)

Extract 34

"But the Ministry [...] was not the first choice. But I believe the second one, because they had this work related impact bonds going out already." (interview 8)

Finally, the reason why SIBs have been transferred to Motiva is quite similar, and based on the fact that the "CEO of Motiva really wanted the Center of Expertise to come here" (interview 8). Similarly, some of the local municipalities and cities administrations have been known as good places to put through the innovation, which was recognized as a good environment for the implementation of SIBs.

Extract 35

> "The Sitra Foundation had started a big project on how to implement the SIB model in Finland and [...] we were one of the very first cities that they talked with, because we have good reputation with innovative purchase." (interview 4)

However, nowadays, having a good reputation in trying something new and innovative is a desired quality a city/ local municipality can have. Hence, this could have been the reason for many other administrative units to join SIB. In most cases, this has not been as explicit a reason for implementation as other, more straightforward benefits SIBs can bring to it.

Despite the aim of the narrative interviews and narrative analysis, there were some expectations in the way SIBs have been portrayed compared to the expectations after the literature review. Firstly, the financial aspect was taking first place in both classifications. Similarly, social innovation and effectiveness were presented as the literature classified them - as an additional advantage of the SIB, along with the money savings. However, what appeared as a new perspective in the process of this study is prevention. The space it has in the literature is much smaller compared to the importance the respondents have given to it.

Keeping all above mentioned arguments in mind, it is clear that the Finnish welfare system has a good service base. However, the majority of the services offered to people only deal with existing problems, to some degree neglecting the potential problems that could arise due to different individual life circumstances, choices, or social crises.

The lack of preventive services as a big potential problem has been noticed by the employees in the Finnish public administration, where Social Impact Bonds have been recognized as a suitable tool to implement to tackle it. As seen in the literature, SIBs have features that are highly needed for this. Therefore, SIBs have been mainly implemented to provide missing services to the general population, with as few possible financial risks as possible (Dey and Gibbon, 2018). It is interesting to notice that the financial advantage of the SIB was the most mentioned reason why SIBs are implemented in Finland, while prevention motives provide the most arguments in favor of this approach. Finally, SIBs present opportunities for the ‘national philosophy’ and its values - solidarity, equality, equal rights, and opportunities - to be directly practiced through them.

As argued in the literature, (Dey and Gibbon, 2018) SIBs contribute to having more accountability for using tax-payers-money and more effective service that would increase the chances of the governments receiving better support from the people. Secondly, more effective services that SIBs produce mean more welfare for people and more support for the upcoming reforms (e.g. social service reform from January 1, 2023).

Forming the final conclusion about the motivation to join SIB is not an easy task. So many advantages and motives have appeared that it is almost impossible to find one, perhaps if the data were quantified. However, one conclusion can be made - there is no single, unified reason to implement SIBs. Motivations for all of the actors are strongly interconnected, interrelated, and complement each other. Often, there is one direct motivation that was a main determinant for the SIB to be implemented. Nonetheless, one can easily notice that out of one direct reason, that has been explicitly mentioned, there are indirect ones that are possible to find. In some cases, the indirect reasons turned out to provide more benefits to the implementation than the main one.

5.3. How has the Finnish public administration implemented SIB? Good practices and space for improvement

Besides the motivation, respondents were asked to elaborate on their personal experiences of the preparation and implementation of the SIB projects. When talking about the experiences, they were referring to the advantages and disadvantages of this approach, as well as good practices and spaces for improvement of the SIB. Additionally, one of the topics that have been mentioned only by a few respondents, a different approach to SIBs in Finland compared to other countries, will be discussed in this section as well.

In general, respondents agreed that SIBs are a beneficial tool for the service provision, but also for the advancement of administration and implementation practices in Finland. The overall impression is that involvement in the SIB brought many new experiences and lessons learned, both in terms of how to improve the practices of one’s own organization, but also to collaborate with the NGO sector, multiple actors, and the private sector.

Extract 36

> "And after that there is no SIB, but hopefully you have learned something from this - analyzing the data, analyzing the target groups, thinking about the effects and the effectiveness and learning about these and maybe change a little bit of the services in the end so that the welfare will increase the city." (interview 5)

Yet, people in different roles have different perspectives on the knowledge exchange process. The person working closely on the first attempts of SIBs in Finland claims that there were not many differences in the approach of the sectors, allowing smooth collaboration.

Extract 37

> "There is no very broad gap between the private and public sector in general. So it was easy to start. And for example, when we started our activities in Sitra, I remember one of our first meetings which was really for investors. [...] [T]hey were biggest investors from Finland discussing with us that what is impact investing, what are the biggest threats coming from investor side. So we started that discussion already very beginning with, for example, with investors [...] During the process, all the time, I met a lot of civil servants, people from private sector, I was updating them what is going on and we organized smaller or bigger meetings and that kind of update events in order to tell that what is going on." (interview 7)

With a bit of difference, people working directly on the implementation, as demonstrated in the following examples, have characterized a process as beneficial, but more demanding and challenging.

Extract 38

> "And I think that this managing firm, they had a lot of duties to do and to realize how we work here in the public sector and how they work in the private sector. We had to learn a lot of things. And then it wasn't so easy. In the beginning, the cooperation between the employment office and intermediary had a lot of meetings. [...] I think the end of this cooperation between the public and private sector was good [...] It was very fruitful to understand how they work and also this model of, of organizing services, I think it was very interesting to get in touch with this. " (interview 3)

Extract 39

> "…and collaborating with these different organizations, this is kind of a really big change in the city. Also kind of like a bigger system change. So I think this kind of working together with different organizations, as we have the same measurements and same thinking about what is the target of this work is a really good change for the social services field." (interview 5)

The process was challenging, demanding a lot of adjustments and learning on the way. Yet, despite that, it was a positive experience that brought value and improvement to the services. Due to the knowledge exchange, different practices have been established. Some of the recognized consequences could be perceived as better services, higher quality, opening of new perspectives, and adopting new ways of handling usual tasks. Thus, it could be argued that this represents one of the basic aims of the New Public Management (Gruening, 2021). It is desired for public authorities to adopt more private sector practices and enrich their work, modernize, and develop.

When speaking on the topic of collaboration with different actors, it is worth mentioning the attention and recognized gains as a result of the inclusion of the target group in the modeling and implementation of services.

Extract 40

> "[T]here are still over 100 young persons of this target group who are not involved. And of course, it is our target, also to reach these young people. So maybe that is one thing that we could have done differently from the beginning. Because in the beginning, when, for example, [...] there was this [...] brochures made for some kind of info sheets made for young people about the project. And afterwards a couple months ago, we started to look at those info papers, [...] with some new eyes. We look with the young persons who are already involved in this project. And they thought that it looked [...] awful, because it was written from the perspective of an adult person who works in a city office, and it was not at all interesting for young people to read. So in the beginning, we should have had like a couple young people who had for example, experiences with child social services and even though there were young people involved in the in the planning of this project, but maybe we could have use them more like in designing this [...] so that it might have looked more interesting." (interview 1)

However, one of the main things about the inclusion of the target group in the process of modeling is to achieve higher quality of service, but also to receive feedback regarding the work that is being done. As presented in the interviews, feedback from the target group was valuable on many occasions, and it has been positive. To start with, feedback serves to get a glimpse of the real impact the service is making on people's lives.

One of the examples that this was especially visible is when it comes to the education and employment of young people. In this case, not only that the material well-being of these young people is improved for the future by their acquisition of skills and knowledge. Also, self-image and self-perception.

Extract 41

> "... young people in our group who make all the preparations for this project, she also said that she valued that we set that goal high, because she said that also gives the message to the young people 'hey, you can do it also', because the message is, sadly, quite opposite. At that moment, it was normal that young people from foster care do not get an education. It is ridiculous, it is just wrong." (interview 4)

Furthermore, this way of thinking can be applied to other groups as well. Services provided via SIBs are almost always targeted at people who are in a vulnerable position, as has started with the re-offenders in the UK (Social Finance, 2017). In such cases, there is often more than one problem to address. And, perhaps, starting the early ages of the groups that could be in potential risk or disadvantaged situations later in life would prevent other uprising problems. In this case, it can be clearly seen how the prevention of social problems, especially via SIB models, can have a much broader impact and value than just financial aspects.

Continuing in this light, another benefit recognized from the experience of public servants is increased well-being and service effectiveness. The same in theory, SIBs aim at bringing higher welfare and contribute to a higher life quality of for people. As highlighted by one of the participants, working on the service effectiveness evaluation, and being in touch with the target group helped in many ways.

Extract 42

> "I think the good sides are really for example, that when we asked 'What do you think? Have you got good services?' and they are always saying really positive things. I like that all the people who are involved, our target groups - the families and the youth [..] they always say positive things and [...] kind of thought that 'This is really good for and

this is best I have ever got'. [...] People who are getting the services from SIB, they are really happy. And, also the services they get, seems the welfare is getting better all the time. So the system seems like it is effective. And also the effectiveness, it seems like it is good. So these are really good things. And also, I think the kind of thinking of effectiveness, as we are, doing it together with the cities and the service providers, [...] is not common yet. And we are kind of talking in social services mainly about the quality of the service. And in the end, I think the quality is if you, for example, give a service for the family who needs something, and we have measured that, and this service provider gives quality work. But if the work is not targeted for the problem that the family really needs, it is not effective. [...] I think this is why I think we should also talk together about the effectiveness and the money and welfare. Because in the end, if we do effective things, we have more resources to help the others as well." (interview 5)

Firstly, the feedback of the target group should be one of the main determinants of the service effectiveness, as they have firsthand knowledge of what kind of support they need, and what kind of service should be provided.

Extract 43

"… when we think about it from the SIB view, I think the main thing is thinking about effectiveness. [...] we are always talking in the cities as that 'Okay, this SIB is actually kind of a laboratory'. So, we kind of try to understand what should we do with this target group to make the services as effective as we can, and also to get the welfare for the people in this target group, to get as good welfare as possible. And we are kind of like this is kind of lifelong learning in in SIB." (interview 5)

And SIB implementation methodology does allow this aspect to be covered. Flexibility to change things often (interview 5, interview 7) provides the opportunity to constantly overlook the situation. Hence, without direct feedback from the target group, it would be hard to find the right aspect to change, so that the service is more effective. Therefore, this can be one of the main arguments when it comes to settling the debate among scholars, and regarding whether there is a visible difference between SIB and non-SIB implemented services (Huckfield, 2020; Sinclair et al, 2021). Based on this example, one could argue that the difference is clear and that SIB-based services can provide bigger advantages than the ones offered in an already strongly established way. Moreover, the data collected for the evaluation purposes of one of the SIB projects points to the same conclusion.

Extract 44

> “Because I heard that this first evaluation of *name of the project* say that the difference in SIB projects in Finland, and with traditional services, it was that SIB projects are more close to the target group. They have more power in the kind of how the services were modeled to them.” (interview 4)

Finally, SIBs were recognized as a tool that can highly contribute to the economic aspects, especially in the smaller cities in Finland.

Extract 45

> “... we have lots of funding for doing many things to improve social welfare. But we do not really have tools to do it as preventive as at the moment. And I think for smaller municipalities, because well *city C* is rich city, we have lots of tax money. But there are small cities that have big problems, but they do not have tax money, because the people are getting older and they are unemployed, etc. So I think in Finland, in general, SIB would be very useful for smaller towns, if the measures are set right. [...] And from like, economical perspective, it would be very useful for more small and poor municipalities as well, because they would not necessarily have to pay if they would not reach the results they are searching for.” (interview 6)

As in the big cities, private sources can be used to pay for extra services for the residents of those areas. Often, small cities and municipalities have difficulties in providing out-of-law services for their residents as the income of the taxpayers' money is not enough to maintain the needs, leaving no space for bringing extra welfare to the people. Hence, additional funding would allow them to provide more targeted services for the needs of the local residents.

On the other hand, respondents have highlighted some of the disadvantages of the process, as well. At first, they mentioned that the SIB process is complex, and differs significantly from the way the services are provided usually. As indirectly shown through the literature, SIBs are a hard term to define, and a complicated process to implement. During the implementation in practice, several aspects of SIBs' complexity have been shown, such as detailed contracts, multiple actors' engagement, multilayered relations between the actors, etc. Despite this, SIBs were not perceived as a bad way for service delivery, per se, but the complex structure is taken more in the light of additional obstacles for easier implementation and use (interview 6).

Extract 46

> "...it's so bureaucratic. Because of all the contracts and all that. So I do not think we would very easily use it again. [...] I do not think we will use it again, unless it gets lighter." (interview 6)

Extract 47

> "It involves money from private investors, and it includes making contracts with so many different bodies. So it is an [...] involvement for so many years to come. [...] It is much, much more complex than any of the other tools that we are using for funding and starting or developing new services." (interview 6)

Extract 48

> "It needs a lot of work from different experts [...] And so that is also it is, like I said, it is a lot of work. It is not an easy process, or a simple contract." (interview 4)

SIB implementation means working closely with different people, from different backgrounds and different interests in the issue. It demands different contractual forms, that are more often than not, complicated, and difficult to adjust to the already existing system. All of this produces a need for a longer time to prepare a project for the implementation phase. Consequently, the need for more time and a longer process to achieve the aim requires the need for more resources.

Extract 49

> "... it was something that we actually had to take lots and lots of time to really figure out, how much is this going to cost us if we really reached the amount of people joining the program and stuff like that? And I do not know if we still are exactly aware of maybe how much money we would be using for the program or not. [...] It is more difficult than paying now, knowing maybe you have to pay later, or maybe you do not. So that is maybe the difficulty in the whole set when it comes to economical perspective." (interview 6)

This, on one hand, increases the financial costs of modeling, but on the other, decreases the well-being of the employees at the position (interview 6, interview 7).

Extract 50

"And we have used lots and lots of hours, people working for the city have used lots of hours. And that is something we are criticizing. Because we were kind of promised that [...] people do not have to work more. Or it should be something that is helping our people to focus more on their work and stuff. So that was not actually how it is. But instead, our people are actually under lots of pressure, and they have to do long hours to really make the program work." (interview 6)

The second aspect of complexity that SIBs are bringing is the process of onboarding new actors, attracting them, and integrating them into the already existing structures.

Extract 51

"But then again, it also took lots of time to explain to all the people everywhere in the city. I work in the education division, but our SIB also includes the social and welfare division. [...] So we had to actually explain the whole thing to so many people for so many times. And it was a lot of work to do." (interview 6)

Extract 52

" it was sometimes quite challenging to get those people who make a decision to understand the way how, Social Impact Bond works" (interview 7)

One of the reasons, as shown above, is the complexity of the process itself, especially in regard to the collaboration with different actors, both inside and outside the local public administration. However, another issue of it can be unstructured decision-making in the local entities.

Extract 53

"…of course, when you are starting something new, it always is that nobody knows anything and we are in [...] lifelong learning kind of project, because nobody knew how to do it. So it takes a lot of work. [...] The first problem is, for example, when the city has decided, for example, some managers, from the high level have not decided, 'Okay, we are part of this SIB', my work is to implement the SIB in the city [...] we kind of started from the zero. Because the chair people who are working in the SIB are not the people who decided, so we had to start all over again, you know, like, now you have

> read about the SIB it is not, it is really complicated. And, it takes a lot of time to have the people to understand it. Also because there is always someone who criticizes it. So to change the people's opinions in the end, it always takes about a year when we go to the city, this is my personal experience.” (interview 5)

This example indicates that decision-making in the local environment is difficult to adjust to the new changes in the service provision. In other words, local public administrations have, of course, hierarchical structures, and the decision-making is done on a higher level. Yet, the implementation of the service, with or without SIB, is done on a lower level, by civil servants. Often, they are not familiar, in this case, with the concept of Social Impact Bonds at all, but are just delegated the responsibility of implementation. Familiarizing with the system takes time and resources. Indirectly, this can impact the effectiveness of the services, as well as the efficiency. Services would start later, due to the longer modeling period, and possibly, people working on the implementation would have difficulties understanding the purpose or aims a SIB should have.

To prevent this, one of the ways for local municipalities to tackle this issue is, before making final decisions, to involve the employees intended for working on the implementation in the decision-making. This way, in case the SIB is implemented, it would take less time to start with the implementation. Moreover, they would have better knowledge of which issues and in which situations SIB would be a valuable tool to use.

A bigger challenge for the SIB implementation is the attraction of other actors to join. After the decision to undertake the SIB implementation in the local entity, they must ensure that other actors follow them and support them in the way, mainly the target group and the investors. Yet, both of the groups have their own obstacles and difficulties when it comes to their engagement in the project. Here, we focus on the inclusion of the target group first.

As mentioned by two of the respondents, the target group can be difficult to persuade that they need service, especially when it comes to preventive service. Sometimes, it is not a question of whether the service is good or bad in quality. The main issue is that they are not aware of the importance the service can have on their lives.

Extract 54

> “We have thought a lot about how are we going to convince those young people that this could be something good for them. And we knew that we need support from their own social workers and other adults that work with them.” (interview 1)

Extract 55

> “Maybe it is also that families are not used to join preventive services [...]. They don't experience it like that themselves. [...] So maybe, I do not know, marketing, preventive services. It is difficult, of course. When we were starting the service, I could not imagine how difficult it would actually be. And also, one problem was that maybe for the people working in daycare *(where the families were supposed to come to the service from)*, it was difficult for them to start speaking to the families where they saw like, ‘Maybe you will have problems in a few years, if you do not join the service now’. It is very difficult to say things like that for a family, or bring up problems that you might see that maybe the family does not see themselves. So it is also a very difficult topic.” (interview 6)

Both examples give a vivid picture of how important collaboration is with other sectors, and with other service providers who work with the target group. In these cases, besides other professionals with service provision and support tasks outside the SIB project, it was necessary to collaborate with the other sectors in the local municipality. More specifically, with marketing and communications teams (interview 6).

In cases like this, it is of crucial importance to have a clear message sent to the target group. They should have the understanding of the service as something good, something that is beneficial for them. Mainly, the target groups covered with SIB projects have sensitive personal backgrounds, thus it is of higher importance for the message to be clear and relevant for them, showing how it will target their own issues and problems.

Secondly, and in close connection to the delicate aspect of the target group, besides the importance of communication and collaboration with different professionals, it is crucial to have the correct approach to the subject. As noticed by interviewee 6: “It is very difficult to say things like that for a family, or bring up problems that you might see that maybe the family does not see themselves. So it is also a very difficult topic”. One of the ways to tackle this issue is to provide training and education for the collaborators on the SIB project on how to approach and address the problem they see. By this, a big improvement in the service quality can be achieved, as well as encouraging more people to join the service.

However, an extraordinary difficulty occurred during the SIB implementation in Finland. Namely, the attraction of the target group was even more difficult due to the Covid-19 pandemic. The service design was to recruit families with children to join the service from the daycare, where the SIB-based service would be presented to them. Yet, during the implementation, this was a major issue. Moreover, the Covid-19 pandemic impacted the preparation and modeling timeframes of other projects, extending them much longer than expected (interview 8).

Extract 56

> "... we had the COVID-19 at the same time as we started the service. And of course, that affected because we were supposed to get people to join the service from the daycare. And you could not actually go to daycare. No one was in daycare in the spring 2020, when the whole thing started here. So, I do not know how much the schedule actually affected, maybe it would have been different if we would not have Covid-19. I don't know." (interview 6)

As well, political support of the idea makes a big difference when it comes to implementing SIB. People making final decisions usually have a much shorter position, than the implementation or the evaluation of the service would take. Hence, in some cases, it is hard to convince them to try something that will make a difference long after their time in the office. When it comes to well-being, political leaders prefer to have a fruition of the process and having all its benefits to the people during the time they are holding the position (interview 6, interview 7, interview 8). Even so, SIB projects are lasting much longer than the election period, in some cases even up to 10 years (interview 1). This means that the results of the process would not be visible in time for them to gain political credit with the citizens.

Extract 57

> "The thing is that the people who are leading, the political people, they are there only for a certain period of time. [...] It is difficult to work with political leaders when you talk about long perspective projects, like SIB." (interview 6)

However, the interviewees are optimistic that this could be changed. One of the observations is that the focus of the services has to be on the long term, thinking has to be pointed to what should happen in 10 or 20 years.

> **Extract 58**
>
> "I say that we need in the whole whole ecosystem, the whole public sector and focus more, what is going to be in 10 years, in the long term. This four-year term of political elections and everything like that does not see the effects in 10 years or in 20 years or longer than that. So I hope the whole system changes to see more benefits in 10 years or in the long term. But we should not change our way of thinking. We should change as a system, as a whole."

On the other hand, another respondent already sees this happening. Yet, it is just the beginning of the long process of change.

> **Extract 59**
>
> "But it seems to be that, mind changing is still in progress, because normally, this kind of process takes more then four years. And it is very difficult for politicians to decide something which is not happening during the one election period. And in Finland it is four years. [...] That is one reason that politicians have not given that kind of very strong support to this." (interview 7)

This can mean that without political support for the process, it would be difficult to have SIBs in the future. A contribution to having more SIB running in Finland is to get more positive results about national, but also international practices (interview 6, interview 8). This would motivate local politicians in Finland to study it deeper and try to apply it to a social-democratic concept of welfare state. However, this would be further discussed in the following subsection of this chapter, 5.4.

Besides the above-mentioned obstacles and challenges regarding the target group inclusion, lack of political support, and onboarding of the new actors, the implementation of SIB faces more challenges. For example, setting the measures for the result evaluation, lack of people interested in the SIB sector, and investing-related obstacles have been emphasized on several occasions during the interviews.

Firstly, regarding the previous discussion, the size of the SIB sector in Finland is small-scale. There are people currently working on SIB projects, but the number is not big enough to ensure that the projects will be as effective as possible. One of the reasons for that is the lack of interest in the public sector. Often, public administration, based on all of the above-discussed issues, has a hard time adapting SIB as a working practice for their unit.

> **Extract 60**
>
> "... public sector does not want to build it at the moment, or it is on a stall at the moment. So first we need public sector, that wants to create SIBs, and then we can see if there is enough investors or not to make this work. But of course, for the later question. We need more good news or positive news to tell people that this thinking works." (interview 8)

In the eyes of respondents, one of the most effective ways to solve this issue is to present more good, successful examples of SIB implementation, showing that the system works and brings benefits. Good examples should come from the SIBs implemented in Finland, but also from other countries. It is important to talk about it and show the results to the public (interview 6, interview 8).

Moreover, one can argue that in addition to positive models of SIBs, a way to tackle this issue is to organize the education and training of public administration workers. Due to the complexity of the approach, and difficulties to understand the logic behind it, model the project and start the implementation, expertise counseling would be a beneficial solution. A similar thing has already happened in Finland, at the beginning of the SIB implementation, when Sitra was approaching investors and presenting them with the case of SIB (interview 7). However, even though this was seen as a good aspect, the initiative has not continued in the long term.

According to one of the interviewees, the Ministry of Economic Affairs and Employment's aim for SIB implementation under their guidance was the education of the public administration to join the SIB project.

> **Extract 61**
>
> "I think that they were more interested in investors in Sitra time than in Ministry time. And in the Ministry, they are more interested in the public sector. If you compare it to the Sitra time. [...] [T]hey held more seminars or they briefed these investors more in the Sitra time than they did in the Ministry time." (interview 8)

Secondly, joining the initiative funded by private resources is still not a comfort zone for the Finnish public administration. Regardless of the good cooperation between the sectors, it is difficult to change the mindset that the investors are there to collect only benefits for themselves.

Extract 62

> "My personal view is that people, especially in the public sector, are afraid of investors [...] And, and that's the main thing that we need to fix if we want to make more impact bonds. [...] (They are) afraid of investors, that they just want big wins and more money from the welfare services." (interview 8)

In a way, this thinking has rational reasoning. Based on the information collected, only professional investors can participate in the funding of the SIBs in Finland.

Extract 63

> "Of course, these are some obstacles for example, the fund is [...] only for professional investors. So for example, in Sitra's SIBs there are a lot of, so called, ordinary people who would like to invest, for example, something between 500 euros to 10,000 a year. [...] but it's not possible because the understanding of our regulations coming from the officer entity based fund is only that kind of funds are only for professional investors. So, the ticket sizes is at least 100,000 euros. So, that is one of that kind of a disadvantage in this structure." (interview 8)

Being allowed only for private investors, the fund restricts smaller investments that could come only from altruistic reasons, aiming to help service provision for people in need. Yet, one could argue that, regardless of the level of professionality of investments, they could be made only with the aim to collect benefits for themselves. It is important to mention, that this way of investment was the most successful one of all the alternatives that were considered during Sitra's initial modeling of the SIB.

Finally, the last obstacle refers to evaluation. More specifically to the complex nature of the measurements that have been established.

Extract 64

> "The first cities who started this like *city B*, *city D, city E and city F*, focused on children a little bit younger than the two in the *city G and city A*, they are youth. So it is easier

to measure things when you are youth because for example, our measurement is effective even for the effectiveness is like ‘Have the young get the education? Do they have some job? And do they pay taxes?’ So it is really easier to calculate and measure the effectiveness, Rather than when you have the children who are under 10 years old. How do you measure it, if it is effective [...] And also in the end, when we start to calculate if it is effective, and it is [...] really important to have (measurements) as simple as possible. Because I kind of think that further, they are really simple in the last ones like city G and city A. You only measure did they get to education or not? It is easier for the people to understand, okay, this is really simple. And then you know, if they got the education or not, but if you are kind of measuring how much to use the other services, people kind of start to think that okay, did the SIB effect to the thing, or was it our service, which affected or kind of, it is more complicated, and then it is also harder to work on SIB and kind of implemented.” (interview 5)

Having complicated measures directly impacts the implementation of the services, motivation to do so, and the process evaluation. It is harder to attract both local municipalities and investors to participate in the SIB if there are no clear enough measures to refer to. For local municipalities, the obstacle can be a lack of understanding if the service is doing well or not. In those cases, it is hard to know how to change the service and what results to expect. Similarly, for investors, the uncertainty of the outcomes, or ways how to measure and reach them can be a determining factor when deciding whether to participate or not. Hence, in most cases, SIBs are implemented in areas where objective measures are possible. Yet, as mentioned in the interviews (interview 5), in the case of some SIBs in Finland, this has not been always the case.

Extract 65

“So it is easier to measure things when you are youth because, for example, our measurements, even for the effectiveness, is like ‘have the young get the education? Do they have some job? And do they pay taxes?’ So it is really easier to calculate and measure the effectiveness. Rather than when you have children who are under 10 years old - how do you measure it?” (interview 5)

The last segment of the experience of SIB implementation in Finland refers to the differences in approaches compared to other countries. Namely, the Finnish system of implementation differs significantly from the other countries in several aspects, such as the length of the project implementation, process modeling, and fund regulations.

One of the first things that was noticed in Finland cannot work as well as in the other countries, was the length of the project.

Extract 66

> "… the project was first for three years, and then we recognized very quickly that three years is much too short time to implement this kind of idea. And then we postponed the idea two more years. And after five years, we had an idea that maybe we need one more year, but then everything should be mature enough to move on." (interview 7)

This has been noticed during the implementation of the first SIB in Finland, by Sitra's team. Since then, all of the projects have been designed to last longer than five years. The reason for this, according to one of the respondents, is that (1) projects in Finland have been designed to last longer due to the aims they have - "because you can't really see crucial changes in your case for young people's employment within two years of implementing a project but it needs to be like longer time" (interview 1). And (2), SIB projects in Finland are still a new methodology of bringing welfare, hence having them running for a longer time ensures to see a clear development of the project. Moreover, it allows the chance to learn more about the project, and SIB as a tool, to find new ways to improve it and make effective services.

Next to the time aspects, one of the crucial differences between Finland and other countries is based on the process of tendering a fund manager. Other countries do have tendering processes, but only for service providers. Finland was the first country to implement such a step in the SIB organization.

Extract 67

> "... when we are talking about Social Impact Bonds from the public sector point of view, they are recruiting services [...] the system is very much different that they are normally using when they are running the tendering process. [...] They have to run a tendering process as a part of the implementing SIB from the procurement legislation point of view. And so we decided that the most useful and flexible way to do that is that the tendering process is run in order to choose [...] program or fund manager. And I think that this is one of the biggest differences compared to other countries. I do not know if any other countries are doing this in this way [...] If they are running some tendering

> process, they are running the tendering process in order to choose directly the service providers. [...] [T]his is the one crucial element. [...] (It) has been successful from, at least from my perspective, this is very good, because when this entity is chosen, we do not have to consider any more procurement legislation. So, this entity has free hands in in terms of doing whatever is needed.” (interview 7)

The second crucial difference is the type of the fund. In Finland, it is a limited partnership.

Extract 68

> “The fund and it's a limited partnership partnership has its legal status, because this is very familiar structure to Finnish investors [...] And that was a reason that we decided that in ourselves, the pool of private capital is limited partnership the fund’s legal status limited policy.” (interview 7)

It is important to stress that before Finland, SIBs were mainly implemented in countries with a liberal welfare system, where the position of the welfare provision is put more on individuals, than on the state as it is (Esping-Andersen, 1990). Therefore, coming from the system where the state takes major responsibility for providing welfare to its citizens, it is expected to implement modification when it comes to the organization of Social Impact Bonds projects in Finland. As Joy and Shields (2018) argue, SIBs do foster the transition to a more liberal society where everyone ensures welfare individually. As there is no sign that the current Finnish welfare system aims in that direction, SIB implementation has been modified and adjusted so that the main advantages of the implementation of this tool are visible in practice, but with a need to restrain the unwanted consequences.

Considering all of the experiences presented above, one can conclude that the balance between the good and bad sides of the SIB exists. As with every approach, SIB has the risks, but also the benefits. In some cases, the benefits are much higher than the downsides, which explains, to some extent, why are SIB implemented over and over again.

It seems like the literature takes a more negative and critical stand towards SIB (Katz et al, 2018; Huckfield, 2020; Sinclair, 2021) while in practice, in Finland, the situation is a bit different. Or, at least, different from the point of view of the people who are familiar with all the details of the structure. Therefore, to be sure whether SIBs are a good tool for certain aims or not, it is necessary to understand the methodology behind the implementation and make final decisions accordingly.

Keeping in mind the bias of the respondents, all of them believe that this is a useful tool for the Finnish welfare system and that is really changing the society for the better, as many of the advantages were recognized. Referring to the data of this study, despite all of the downsides of the process, all of the respondents have found SIBs to be useful, a good practice, a valuable learning experience, and a tool for the future. Finally, all of the experiences present in this section can serve as a new motivation to use SIBs in the future. They provide valuable lessons, and knowledge, that can be obtained only when the SIBs are put into practice. The next section discusses the perceived future of SIBs in Finland and gives recommendations for a more successful implementation.

5.4. Reasonings, predictions, and recommendations: Why and how should the Finnish public administration implement SIB in the future?

As indicated in the interview structure in chapter 4.2.1 of this thesis, all of the respondents presented their views on the future of SIB in Finland and compared the practices of the other countries with the Finnish way of implementation. Finally, this chapter gives an outline of all the recommendations for future implementation. Firstly, the comparison with the other countries is presented, followed by predictions and recommendations.

Based on the collected data, it could be noticed that not many civil servants working on SIBs actually have knowledge about the situation in other countries. However, respondents who are more familiar with the situation of the other countries work in different positions, making decisions about the SIB implementation, or working on the implementation directly.

In the first attempts for establishing SIB, other countries, and their practices were taken into account, serving as a base to build the SIB in Finland. Soon it was recognized that those practices are not a suitable way to continue the implementation and soon, they were changed. The changes in the implementation in Finland were explored more deeply in the previous section.

However, in the newest project, for example, the project that was in the planning phase at the time of the data collection, knowledge about the practices in the other countries decreased. Respondents are able to identify the basic difference and compare it with projects they are involved with. Most of the comparison is with the UK. Perhaps, the reason for this is the fact that, as mentioned earlier, the UK served as an example of how to build those services in Finland in the first place. Due to the different welfare states, the systems have their own differences (interview 3). As said before, the first countries that implemented SIB in the past were countries where liberal welfare state values dominate the provision of services and benefits (Esping-Andersen, 1989). One could argue that the aims for using the SIB are probably different than in Finland. Moreover, SIB tends to foster the transition towards a more liberal society (Joy and Shields, 2018). However, the transition has not happened in Finland yet, and the adjustments in the SIB implementation serve the purpose of acquiring as many benefits from it and preventing as many unwanted consequences of this tool.

The second difference comes from the approach. For example, the UK model is based more on altruistic methods, and other actors in the SIB process tend to be voluntary organizations that do not receive financial compensation for the work they are doing. For the Finnish model, this might not be a suitable solution as the social system and national values are strongly set on equal opportunities for everyone. It would not be considered a 'fair' system if one of the actors involved is an organization contributing to the private companies' gaining money, while not making a profit on its own.

Extract 69

> "In Anglo-Saxon countries, they have a lot of duties that we do, for example, in municipalities or in the state. They have a third sector, let us say, the Red Cross, and different kinds of societies who do this. I do not know if this is good, because they use voluntary people. And we pay people who help and I think, perhaps there is something good and something that is not so good, but at least they are different. And then private firms. They have this mentality of charities like in the United States, that if you are very rich, you give money to poor people, but when you have this kind of system that you have strong social security, like in Finland, I think it is better. [...] I see that it is efficient. And I think that it is fair for everybody." (interview 3)

This can be supported by the observations of another interviewee, claiming that the UK system is based more on charity (interview 8). In Finland, charity interventions do not have a big support, as it is understood that the state should provide basic welfare for everyone. Individuals should not depend only on their labor market performance or third-sector organizations to provide benefits and services for them. Therefore, the altruistic motives to produce welfare for others must be supported by the professional investment approach, due to the specific regulations of the SIBs in Finland (as discussed in the previous chapter).

It is interesting to mention the difference that has been noticed regarding the Dutch way of SIB implementation. Namely, they had an innovative service to offer to the people, starting it before setting the final aims. This was recognized as a nice possibility for Finland, in case there is some similar situation.

Extract 70

> "In the Netherlands, there was one SIB that caught my mind. [...] they had this intervention that they implemented in the Netherlands system. So it was kind of the other way around. They did not have the outcomes first, and then some service provided created some endurance." (interview 8)

Regardless of the difference in the system, there is a strong belief that the Finnish system of implementation is more efficient and better (interview 3, interview 8). As presented in the previous section, the specific aspects of the Finnish implementation system is what brings more advantages to the outcomes of the whole SIB process. This can be taken as proof that the adjustments of the SIB to the system were well made, suiting the context much better than the traditional ways. On the other hand, it could be considered that civil servants' lack of knowledge of the situation in other countries leads to assumptions that the Finnish system is better, giving better results.

The last difference that has been noticed among the countries is the size of the budget.

Extract 71

> "Our Social Bonds fund has been much broader and bigger than in any other countries. We are about ten times smaller than the UK, and our social safety and Social Impact Bond fund is about eight million euros. That means that in Britain, a similar kind of Social Impact fund would be 80 million euros, and there are not that big funds in the UK or any other countries." (interview 7)

Based on the understanding of the working pattern of SIB so far, it can be concluded that the budget sizes depend on the willingness of the private sector to invest in the well-being of the general population. As it was noted earlier, private investors are willing to invest money in Social Impact Bonds, or outcomes contracting more. However, it remains unknown what is the reason for that - pure altruism, gaining profit, or, maybe, satisfying other than financial needs a private investor could have. For example, in KOTO SIB, one of the main reasons why private investors have decided to invest the money was the shortage of the labor force. Therefore, refugees coming into the country have been seen as a good source to satisfy the needs of the market. But, the waiting time for them to fulfill all the criteria for entering the market was too long. Hence, one of the main motives was to provide fast training so that the workforce shortage would be avoided as soon as possible (interview 3).

Talking about the future prospect of SIBs, most of the respondents assumed a neutral future - SIBs would continue to exist but will not become the main financing tool (interview 2, interview 3, interview 6, interview 8). Despite that, the general opinion for the SIB is very pessimistic, not putting a lot of hope in the “bring future” (interview 6) of SIB. Nonetheless, both positive and negative explanations of the predictions were offered.

Talking about the negative predictions, lack of political support can be taken as one. Without political support, it is hard to maintain the implementation of the SIB. As explained earlier, political support is a necessary condition for the SIBs to be implemented. Hence, for the SIBs to take a crucial role in the society, it must go through a process of opinion changing about alternative financing, or the period of implementation should be cut shorter. At the moment, it seems that the mind-changing is happening, however, not as fast as necessary. The change would be gradual (interview 2), and it cannot happen “overnight” (interview 3). On the other hand, if the implementation process is shortened, it poses the question of the service quality, and whether it would be possible to maintain the same level in a more limited time frame (interview 8).

Extract 72

> “And it is very difficult, as you know, for politicians to decide something which is not happening during the one election period. And in Finland, it is four years. So that is one reason that politicians have, they have not given that kind of very strong support to this because the time span is normally so long. And that kind of traditional approach is so deep in people's minds that it seems to go forward very slowly.” (interview 7)

Secondly, reforms of the social service provision make a huge impact on the implementation of the service via alternative methods. For example, the reform that started on January 1st, 2023, would be a big change even to traditional service provision. The services would be offered through the local municipalities, hence they would have the power to decide if SIBs would be in force or not.

Extract 73

> “[I]t is a huge change to organize those services. [...] They are the key players, and they should think about whether we are going to use these kinds of models, but of course, we are working together all the time [...] but there is so big change coming now. [...] So, that is one reason that it is really, really hard to forecast anything in this field.” (interview 3)

The difficulties occur due to the lack of positive results and experience in this kind of intervention in the local municipalities. Unsatisfying results contribute to the lower chances of another entity undertaking this risk. Especially in the moment where Finnish SIBs are now.

Extract 74

“I think that we have now in the situation that people are waiting for results. [...] I think many want to see how they work. And again, learn from that.” (interview 4)

Extract 75

“I do not see very bright future for SIB [...] at the moment. I think we should have some success stories to like, somehow show that this is something you actually should do. [...] If you want to make it very useful in the future, people should be convinced that it is useful. But municipalities have very good networks, and we talk a lot with others. And if there are mainly difficult experiences using SIB, of course it affects, then no one wants to join it.” (interview 6)

Finally, a difficulty to implement and make SIBs more popular is the fact that the sector is very small, and there are not a lot of chances for it to grow in the future.

Extract 76

“It is really small amounts of people that are interested in this business and see the future for the outcomes contracting. And I believe that's the main reason that we are here. I would like to see as optimistic and to go bigger and bigger and, and to evolve in the public sector. But I am a little pessimistic about it. First of all, because in Sitra, you can see there was at least 10 employees working for impact investing. And then in the Ministry was five. First there was five, then there was four. And here in Motiva is only two of us. So the public sector interest is going smaller and smaller at the moment. I will say that in Finland, the amount of sibs is not going to grow in next five years. But the outcomes contracting and thinking more impact wisely is going to grow, and that is the most important thing at the moment. [...] And sib is going to be one of the tools in the shed that we are going to use in future. (interview 8)

This can be understood as a direct consequence of the lack of political support for the idea. Civil servants sector and their attention is put on the parts of the system that are more strongly supported.

According to the interviews, even when there is space and time for the implementation, the local municipalities are busy with other aspects of their work and they do not have a lot of time to dedicate to the work with the SIB administration (interview 8).

Contrary to all the obstacles, there is still strong support from civil servants to implement this tool in the future, using it more often. SIB has been recognized as an efficient way to provide services and bring welfare in a sustainable way.

Extract 77

> "But anyway, there are a lot of civil servants in our system who are saying, this is the real approach, which should be implemented very broadly." (interview 7)

Thus, this leads us to the assumption that the SIBs as a tool will remain to exist and be implemented in Finland, but that there is no sign that it will be a main tool in the foreseeable future (interview 1, interview 2, interview 3, interview 8). Yet, a significant impact on the future of the SIBs in Finland have success stories on the national, as well as the international level, along with the political support for the initiative.

In order to implement SIBs in the future, certain things need to be changed. This has been recognized by all the respondents, and they have, besides identifying the downsides of the approach, offered solutions and ideas on how to make it better and more efficient. However, it is important to note that these recommendations have not been tested. They are based only on the respondents' observations, their experience, and predictions that the change might provide better results.

One of the first things that is necessary is to understand when to use and when not to use SIB. SIBs are not a good solution for many cases, and the quality and effectiveness of the outcomes depend on when they are used. In Finland, they have a preventive purpose, meaning that the situation when they should be done must be carefully observed, evaluated, and decisions made carefully. According to interviewee 4, SIBs are a good solution in the case where there is no knowledge of how and who can provide the service.

Extract 78

> "And what I think is, if you already know, what you want, and for example, who can can do it, I think you do not need a SIB project. [...] I think one big lesson is again, to

understand the whole process, what is your goal? And what is the city's goal, because [...] SIB contract can success only when all the parties win.” (interview 4)

Besides, SIBs should be used when there is no plan on how to improve already existing services or implement new ones. The best way to approach a problem with SIBs is just to define the final results that are needed. This way, the full potential of the SIB, regarding the innovation of service, and flexibility for service providers, can be used. Otherwise, the purpose of sharing financial risks and avoiding failure of the services does not serve the purpose. When there is data that the implementation of the service will be successful and provide certain results, one can be sure of their investment. Yet, SIBs should be used for the opposite issues.

Extract 79

“But now we only had [...] end result, nothing between us out there. And for this kind of occasion, I think, SIB model is very good.” (interview 4)

When the occasion is suitable for using the SIB, and when there are prerequisites to use its full potential of it, reaching results successfully depends also on the way how the SIB is implemented. Based on the experiences acquired so far, the respondents have identified different practices that will improve the implementation process in Finland.

Firstly, more careful and detailed preparation for the implementation should be done. The SIB process requires a complex path for implementation, and when it is done for the first time, the lack of experience makes some of the planning aspects pass unnoticed. Future implementation should be planned more carefully, and equal attention should be paid to all the planning aspects.

Extract 80

“So I think that should be much, much clearer in the future. Well, I think we did very good preparations. And we took lots and lots of time with different people working for the city of Helsinki and elsewhere, too. [...] [A]t this point, I noticed there are some things in the contract, for example, about resigning the contract or stuff like that, that are not actually there. So, even though we used lots and lots of time, maybe we did not use enough on some things. And then again, we use a lot of time on some things.” (interview 6)

Extract 81

> “Well, first of all, when we started to plan this open call for tender we should have with us representatives of employment offices, because they key partners here, but we did not [...] and we we tried to think that what kind of mathematical things we should do, when we calculate everything, whether this has been a good or bad trial. And we should have concentrated more on how to manage it [...] And I think that this managing, managing firm [...] they had a lot of duties to do and to realize that how we work here in the public sector and how they work in the private sector, we had to learn a lot of things [...] So I think that when, next time, if we make a kind of project like this, we should plan it very carefully and take all partners with us, in order to do just think beforehand, all those things that we should do together.” (interview 3)

With more careful planning and the inclusion of all the actors, a broader picture of the real situation in practice is available. All of the stakeholders have a chance to contribute with their knowledge and expertise, creating a strong database for a better understanding of the processes. At the same time, they make better predictions and assumptions about the success of the service before its implementation. More time dedicated to the planning aspects would make it for the involved parties to have an easier understanding of SIBs.

However, the planning process can be time-consuming. So far, the projects implemented in Finland, have taken a lot of preparation time.

Extract 82

> “We definitely need to speed up these processes. If you say that we have worked this Elderly SIB, for four years, it is way too long, even if there is a COVID pandemic in between. But still, we need to speed up this.” (interview 8)

However, spreading up the process should not regard the service implementation, its quality, or the approach chosen. It is necessary to keep the same level of effectiveness of services, and the same dedication to the goals. On the other hand, with more experience, it would be easier to model, predict and organize the SIBs. The current projects are already serving as a good base to build up, collect the success stories and make future implementations as effective but more efficient.

Finally, the last aspect of the SIB, the evaluation, should be thought through during the modeling phase. As evaluation is a crucial aspect of actual understanding if the service is effective and brings benefits to the people, measures should be set clearly, easily, and as simply as possible.

Extract 83

> "So, in the future, I think if the SIBs are made [...] it should be made as simple as possible, because it is always for all the target groups and cities and everyone who is involved, it is easier to understand." (interview 5)

Moreover, different parties in the process should collect the data in the same way, so that the analysis is much easier and straightforward. In addition to this, it is important to keep in mind the privacy of personal information during the data collection, ensuring that the private actors in the SIB projects can have access to the different personal information of the target group (interview 2).

6. CONCLUSION

The following chapter has aim to provide a brief summary of the study. It will reflect on the final results and conclusions of the research. Once again, I will justify the need to investigate this topic, along with the explanations on how I do collect data and analyze it. Finally, I establish the limitations of the study and suggest niches for future research on the same topic.

The first idea to implement SIBs emerged in 2008, in SITRA's team. The modeling phase of the first SIB in Finland started several years later, in 2013, and in 2015 the first actions toward the implementation have been taken. Since then, Finland has implemented seven SIB projects, the majority of which are still running to this day. Of course, some of the projects have been completed, but there is not a lot of data available regarding the evaluation of their success yet. The evaluation results of the project evaluated so far have not been described as a success, but rather as bringing positive results.

Hence, this study tries to understand why Social Impact Bonds, as a financial tool for welfare, manage to survive and develop over the years. In addition, answering the research question: *why and how has the Finnish public administration implemented Social Impact Bonds?,* I not only present the reasoning and experiences of the process but also provide deeper knowledge on the Social Impact Bonds in Finland, where the scope of the literature tends to be very narrow. Finally, with this study, I present arguments on how the Finnish way of SIB implementation differs and opposes the literature and criticism, including areas of Austerity policy and New Public Management.

In this study, in total, three projects have been covered - KOTO SIB, Elderly SIB, and Children and Youth SIB. Over the years, the organization of SIBs has been conducted in different places. It moved from SITRA to the Ministry of Economic Affairs and Employment, from where it continued to Motiva.

To collect the necessary data, I have been using the narrative interview technique, which allowed me to approach the topic from the best perspective based on my research aims. In total, eight interviews have been conducted. All of them have been held online and lasted between 45 minutes and an hour. All of the respondents are currently or have been, working on the SIB projects, on the public administration side. However, not all of the respondents have the same workplace background. Most of them are/were employees of the local municipalities and cities. Few are staff members of state-owned companies and organizations, while the rest are working at the Ministry of Employment and Economic Affairs of Finland.

Moreover, to make final conclusions, narrative thematic analysis is used. The thematic analysis allows a deeper understanding of the discussed themes, and more structure in approaching the information. Additionally, the narrative analysis gives insight into the personal perspectives of the employees and their own understandings of the topic in question.

I divide narratives into four themes - SIB Background in Finland, Motivation, Experience, and Future - highlighting the main themes, but, at the same time, finding subtopics that occur within one specific theme. As the interview structure corresponds to the themes that have emerged during the analysis, compare, and contrast the narratives across different interviews and make final conclusions. Additionally, I compared them with the already presented literature and provided aligning or opposing arguments according to the data collected.

When compared, it can be noticed that projects have a lot of similarities and differences. For example, all of the projects have been initiated by parties outside the local municipality. Most often by SITRA, but the Ministry of Economic Affairs and Employment, as well as investors have played an important role in attracting the participants. Secondly, as mentioned before, all SIB projects have more or less started planning in the period of time. Another common thing for all the projects is that they are implemented with the help of the intermediary organization, which is not a common practice in other countries. This, according to the data, turned out to be a beneficial practice for the Finnish system of implementation.

The main aspect that differs among the projects are the set targets. Naturally, different projects, focusing on different target groups have different targets. However, in the Finnish case, even projects that are focusing on the same group in the population (such as children), have different aims. The difference in the target group directly impacts the success of the project, as it has been emphasized throughout the interviews that some groups are easier to attract to take part in the projects, for others it is easier to establish the measurements, and for some, it is much easier to obtain funding.

Despite having financial factors mentioned most frequently as the motivation to implement SIB, the data showed another significant motivation. Based on the argumentation provided, the preventive advantages that SIBs bring to the table seem to be the strongest reason. One can argue that this is the case despite the good service provision by the state. Still, it has been recognized that the Finnish welfare system has gaps, but that they are more frequent when it comes to the prevention of the issues, than dealing with the already existing ones.

Having in mind the preventive purpose of the SIBs, with the values it brings to society, they represent a good fit for the Finnish welfare system gaps. By making possible values such as solidarity and equality emerge stronger in Finnish society, along with innovations and high service effectiveness, SIBs bring a lot of advantages. Moreover, their financial organization and possibilities for state money allocation only support the arguments for the implementation. It is important to note that there has never been only one reason to implement a project via the SIB methodology. All of the interviews have mentioned several reasons, each of them complementing the other. Often, those reasons have been seen as overlapping, e.g., prevention and financial benefits. In addition, when looking at personal and organizational motivation, one can find crucial differences. Regarding personal motivation, most often, it is based on altruistic motives, such as the implementation of innovative practices or increasing well being of the service recipients. While, on the other hand, the main reasons for the organization to implement the service with the SIB approach are dividing and avoiding financial risks and prevention. Finally, due to all of this, the Finnish welfare system is recognized as a good environment for such a tool.

Moreover, when it comes to the experiences, interviewees have presented both positive and negative sides of this approach, as expected. Yet, one of the things that have not been directly mentioned is the fact that, often, the positive sides of the implementation serve as an additional motivation to implement SIB-based projects.

Many of the respondents have noticed a specific implementation of SIB in Finland when compared to other countries. The need to change has been quickly realized, firstly seen through the need to have longer projects Secondly, Finland does not represent the same welfare regime as the first countries that have been using SIB to bring welfare to people. Hence, that was the reason for actors in Finland to develop a new, specific, adjusted, and modified way of implementing SIBs. The changes regarded a limited partnership as a legal status of SIB and using the intermediary organization, as was not the case before. Even though Finnish public administration has been following the example of other countries at the beginning of the process, nowadays the Finnish way of performing SIB is an example.

When it comes to talking about the experiences of working with the SIB projects, each respondent had their own impressions, highlighting the benefits and downsides of the process. However, the complexity aspect of the SIBs still prevails in the confessions. Namely, besides being bureaucratically demanding, involving a lot of parties, and actors, and asking for specific contract structures, SIBs have, so far less common, layers of obstacles for an easy implementation. One of the main ones is the onboarding of the actors - decision makers, public administration employees, and investors. Each group is equally important, and understanding the benefits, downsides, and roles they could have is a crucial aspect of the process.

When it comes to lobbying for the decision makers to implement SIB, the most usual obstacle is the fact that the process is very long, and, therefore, the service results and their fruition cannot be visible during their governing period. Hence, they have a hard time choosing a SIB implementation method over a way to reach the same outcome, even less permanent, but more quickly. Secondly, even when they decide to make a step into the world of Social Impact Bonds, they delegate the tasks to the administration workers. They, on the other hand, are often not familiar with the process, and their introduction to the SIB takes valuable time from the implementation. Yet, without political support and positive implementation results, SIBs do not have a chance of taking the place of the commonly used welfare tool.

Moreover, respondents have presented cases and arguments about when one should and should not use the SIB as an approach. As the intention in Finland was to use the SIBs as a tool for prevention, they do not seem suitable to be used in order to tackle issues that are already existing in society. Secondly, SIB should not be used in cases when there is knowledge of how and who can provide the service. Due to the structure and flexibility they bring, they are more suitable for situations when there are only the final aims and outcomes known.

On the other hand, the good sides of the SIB implementation in the Finnish case are defined as service effectiveness, along with innovative solutions, and adding value for the users. These advantages are particularly important, as they support the reasoning of the Finnish public administration to keep implementing SIBs, despite all of the above-mentioned downsides. Those advantages are what make a crucial difference between SIB and non-SIB projects.

Finally, as presented, one could argue that SIB counts more disadvantages/downsides of the approach, in comparison to advantages, Yet, despite that, they are considered to remain a tool to bring welfare and innovative services to people. The main reason for this is the effectiveness SIB brings to the service provision.

Based on the third narrative in this study, all of the respondents seem to have the same opinion when it comes to the future of SIBs in Finland - they will remain in use, but not as a main tool to bring welfare to people. They will be a supplement to the law-based service, as they are now.

However, for the SIBs to survive, improvements and changes must be made. Firstly, there must be a bigger public sector support for the initiative. This can be achieved from two aspects - political and outcomes. In other words, there must be more positive results in order to show the real impact of the SIB. As well, stronger political support for the idea and stronger advocacy would contribute to having a bigger number of SIB projects. In addition to this, the modeling and planning process should be faster, implementation better thought through and measures for evaluation modified.

Taking into consideration all of the above-mentioned information, it is possible to make several conclusions. Social Impact Bonds in Finland do not belong to the traditional way of implementation, as different strategies and approaches are used. The majority of the disadvantages, such as potential austerity measures, and privatization of the welfare do not have argumentative support when it comes to the Finish case. The privatization presented in the literature (Care and De Lisa, 2019) can be observed. Tax-payers' money is used more wisely, allowing governments to save money and provide effective services. On the other hand, SIBs in Finland do share some of the characteristics with the New Public Management ideas. For example, performance-based evaluation, contractual relations, citizens' participation, and division between politics and administration are some of the common aspects. Moreover, the Finnish way of SIB implementation presents a unique, uprising approach to it. In certain aspects, it corresponds to the more evolved way of SIB implementation. One of the most important reasons for implementing SIB are the financial benefits it brings as well as preventive measures. However, to continue with this in the future different things should be done differently. Yet, is certain that despite the changes, SIBs still will not become the main well-being implementation tool, but will remain to be used in the future.

Due to different constraints, this study has limitations. The biggest one - the study focuses only on one actor in the SIB project. Therefore, assumptions made in this research must be taken into consideration when discussing the motivation and experiences of other parties involved in the SIB implementation in Finland. Secondly, the lack of accessible theoretical data from previous research on the topic is limited, especially when taking into account the case of Finland. Yet, this is directly related to another downside of this research. None of the literature available in Finnish has not been used, due to the author not being the speaker of the language. Moreover, as all of the interview participants are not native English speakers, and the data has been collected in English, some of the messages might have been wrongly communicated in the process.

Regardless of this, there is still room for improvement and investigation on the same topic. For example, some future studies could focus on the impact of the administrative social service reform and how it impacted SIB implementation. Furthermore, it would be interesting to see how the changes from SITRA to the Ministry of Economic Affairs and Employment, and later to Motiva, have impacted the change in the implementation - what are the advantages, downsides, or changes of these transits. Finally, one of the projects taking part from 2020-2025 in Finland has not been taken into consideration in this study, and its implementation might contribute to the understanding of the motivation and experiences more deeply.

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