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Social Impact Bonds: Financing Grassroots Sports

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ABSTRACT

This paper **aims** to analyze the foreign experience of using social impact bonds (SIB) and formulate proposals for the application of this tool in financing projects aimed at developing mass sports and increasing physical activity on a national scale. The **scientific novelty** of the article is confirmed by the limited application of such a mechanism in Russia and its insufficient study. This research aims to fill this academic and applied gap. The author uses the **methods** of deconstruction and aspect analysis. The article analyzes in detail the foreign experience of using social impact bonds, reveals the advantages and disadvantages of this model. In the absence of SIB sports projects, the model of social impact bonds is considered through the example of a New York City-based program aimed at reducing the recidivism rate among young people. This example allowed the author to describe the interaction scheme for all participants and stakeholders and to illustrate related advantages and disadvantages. In the future, this model can be introduced into Russian practice and used as a model for launching a similar project in the field of grassroots sports. The analysis of successful projects implemented abroad allowed the author to substantiate the possibility of using social impact bonds in financing programs aimed at increasing population levels of physical activity. A system of target indicators is proposed, including such a metric as social return on investment (SROI). The author describes in detail the methodology for calculating SROI and provides examples of calculating this indicator for mass sports projects. The author **concludes** that the advantages of SIB prevail over the disadvantages and about the high potential of this tool. Further research in this area can be aimed at clarifying the methodology for calculating the SROI for sport interventions promoting physical activity at the population level and evaluating specific projects in the field.

Keywords: sports economics; social return on investment; sports development strategy; sports financing; SIB; SROI

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INTRODUCTION

The Presidential Decree of the Russian Federation has determined the national development goals for the period up to 2030.¹

- ensuring sustainable population growth;
- increasing life expectancy up to 78 years;
- increasing the share of the population engaged in physical culture and sports on a regular basis, up to 70%.

Interestingly, achieving the third goal will ensure the first two. According to the World Health Organization (hereinafter referred to as “WHO”), insufficient physical activity is one of the leading risk factors for death and the development of non-communicable diseases.²

According to the Ministry of Sports of Russia, in 2012 the share of the population regularly engaged in physical culture and sports amounted to 22.5% (32.2 million people). By 2030, it is planned to increase more than threefold – up to 70%.

At the same time, the basic values of the target indicators differ from the assessment of the Accounts Chamber,³ obtained on the basis of Rosstat data, by 2–2.5 times. There are also a number of inaccuracies. For example, according to the Ministry of Sports, the number of people engaged in sports at the age of 15–18 in 2018 exceeded the actual number of people of this age by 194 thousand people (according to Rosstat). A similar issue was identified with respect to the consistency of data on the use of sports facilities.

The main set of measures aimed at the development of mass sports is implemented within the framework of the state program

“Development of physical culture”, as well as the federal target program “Development of physical culture and sports for 2016–2020”, the federal program “Sports – the norm of life” and related regional programs. In addition, to develop physical culture and mass sports, a number of events are envisaged within the framework of the national projects “Accessible environment”, “Development of education”, NP “Demography” and “Education”.

According to the Accounts Chamber of the Russian Federation, for the period 2018–2020 spending on funding mass sports amounted to 249.9 billion rubles. Both at the federal and regional levels, the bulk of the budget funds is directed to the development of sports infrastructure.

Despite a number of programs and impressive amounts of funding, there are not enough funds in Russia for the development of mass sports.

The strategy for the development of physical culture and sports for the period up to 2030 provides for ensuring the availability of sports and physical culture and health services through a public-private partnership (PPP) model. According to the Ministry of Sports of Russia, in the period 2018–2020 using PPP mechanisms, 13 projects were implemented in 11 regions.

Expanding the use of PPP practice for the creation of sports facilities will not only ensure the commissioning of new sports facilities, increase the level of provision of the population with sports facilities, but also create conditions for the availability of sports facilities and services for privileged categories of the population. One of the instruments that is widespread abroad, but is not entirely used in Russia, may become social impact bonds (SIB).

SOCIAL IMPACT BONDS

Social impact bonds involve the financing of a specific program ordered by the state. At the same time, investors can count on payments provided pre-agreed results are achieved.

Typically, a government agency enters into an agreement with a financial intermediary who coordinates the development of the

¹ Presidential Decree of the Russian Federation of July 21, 2020 No. 474 “On the national development goals of the Russian Federation for the period up to 2030” (hereinafter referred to as “Decree No. 474”).

² WHO Global Action Plan to Increase Physical Activity 2018–2030. Increasing the level of activity of people to promote health in the world. URL: <https://apps.who.int/iris/bitstream/handle/10665/279655/WHO-NMH-PND-18.5-rus.pdf?ua=1> (accessed on 11.10.2021).

³ Report on the results of the expert and analytical event “Assessment of the availability in 2018–2019 and the expired period of 2020 of physical culture, health, and sports services”. URL: <https://ach.gov.ru/upload/iblock/6e5/6e511dc47c06c51ed264d685900538a8.pdf> (accessed on 11.10.2021).

program and attracts investments. The mediator, in turn, turns to a service provider, usually a charitable (non-profit) organization that implements the program [1].

To implement a social program, as a rule, a separate legal entity is created, whose employees are engaged in its direct implementation. The target group of the program is agreed upon prior to its launch with the aim of further substantiating the result. Other intermediaries, often invisible in standard models, are the accountants and lawyers needed to launch and implement the SIB [2].

Results, i.e. the number of positive changes in a specific metric, measured by an independent evaluator, compared with approved benchmarks determined by best practices and past experience, and recorded in strategic development documents. How close the program's results are to meeting benchmarks will determine the income paid to investors by the government agency that ordered the program. If the targets are not met, investors get nothing (in the "classic" scheme). The main rationale for using the SIB is shifting all financial risks associated with the implementation of social programs onto the supplier: the state will have to pay only for the results achieved.

Most often, social impact bonds target specific groups of the population in the following areas: fighting unemployment and poverty, helping the homeless, welfare of children and families, health care, education and fighting crime. To date, 138 social impact bonds worth \$ 441 million have been issued worldwide, helping more than 1.7 million people.⁴ The maturity of social impact bonds varies from 3 to 10 years [3].

The income on social impact bonds is determined based on the savings in government spending — the budget will not have to pay for social services that would have to be financed "without the program" [4].

Social impact bonds were first issued in the UK in 2010 as part of Prime Minister David Cameron's Greater Society program. The first

program implemented was the Peterborough SIB program aimed at combating crime [5].

New Zealand economist Horesh [6] suggested that governments use the so-called "social policy bonds" back in 2000. In his example, the government could issue a bond with a maturity of \$ 10 that would be paid off to the bondholder whenever the crime rate drops 50% from the current level. Due to the fact that the target at the time of the issue is very distant, investors will be able to buy these bonds at a large discount. An additional incentive to purchase can be the achievement of important social results, i.e. the investor not only gets the opportunity to earn money but also helps society. An alternative option could be self-financing of a certain social program, but in this case, the volume of investments will be much larger, and profitability is not provided at all.

Interest in social impact bonds has been driven by various macroeconomic trends over the past decade. Recurring (since 2008) crises lead to two oppositely directed consequences: on the one hand, the emergence of new and more acute social needs, often accompanied by a decrease in the population's income and an increase in the unemployment rate, and on the other, a reduction in government spending. This situation has highlighted the urgent need to change the government's approach to the provision and purchase of social services, prompting policymakers to view non-profit organizations and private sector companies as viable external providers that can be more efficient. At the same time, the financial market is witnessing the growth of a new generation of investors who want to consciously seek social impact along with financial profit [3].

Despite the growing interest in social connections and the positive reaction of politicians at the international level, it is worth noting that they cannot and do not seek to replace traditional methods of funding social projects.

Social impact bonds can be defined as hybrid instruments with elements of capital and debt [7, 8], which are characterized by

⁴ URL: <https://sibdatabase.socialfinance.org.uk> (accessed on 11.10.21).

three distinctive features: (1) emphasis on preventive interventions; (2) pay by performance; (3) the development of a complex network of stakeholders, including public and private organizations.

The advantages of the social impact bond model include (*Table 1*):

- firstly, it does not rely on the government to cover the initial cost of providing services;
- secondly, the SIB model changes the relationship between partners involved in the provision of social services [9, 10], and promotes the alignment of the interests of many stakeholders with different experiences and powers — the state, non-profit organizations, financial intermediaries and investors [9, 11]. Through this new network of relationships, SIBs can foster innovation by empowering service providers to develop new initiatives to achieve expected social outcomes, leveraging synergies between different actors, restructuring service delivery, creating opportunities for mutual growth between different sectors of government [12].

On the other hand, opponents of the SIB model highlight several problems associated with this tool [13]. The measurement of results is doubtful — primarily its objectivity and possible manipulations. In addition, it can be difficult to establish a link between a program and its outcome, due to the influence of external factors and possible alternative measures. Several government departments may be interested in the same result at once, which complicates funding and distribution of powers. Finally, the cost of capital of private investors is higher than that of the state, and the complexity and high cost of this partnership may not be balanced by sufficient benefits [14].

Given the aforementioned requirements of the SIB model, few programs and population groups actually have the prerequisites for its application [12, 14].

M. Arena et al. [3] distinguish several aspects that make it possible to characterize SIB:

1. The uniqueness of a social problem: SIB can be aimed at solving a social problem,

which (1) cannot be solved due to a lack of resources; (2) it is not solved due to the absence of such a task at the level of federal, regional or local strategic documents/programs; (3) is resolved, but the results cannot be considered satisfactory.

2. Level of program implementation: the geographic area targeted by the SIB: macro (nationwide), meso (regional), micro (local).

3. Nature of the promoter: this parameter indicates whether the SIB was promoted by (1) government administrations at different levels or (2) by private organizations.

4. Mediator involvement: high or low level of involvement.

5. Risk sharing: the risk is borne by private investors or it can be shared among different actors (public and private).

6. Allocation of potential savings: (1) reduction of a specific cost item, (2) reduction of several cost items related to different departments.

The same authors identify several potential problems preventing the implementation of the prototype (classical) SIB structure:

1. Legislative framework — in many countries, organizations with social goals have to change their legal status. These restrictions reduce the number and types of organizations that can be involved in the SIB.

2. Prevailing approach to public procurement — current public social procurement rules tend to favor the “lowest price” criterion over quality. Critical aspects such as innovation, user orientation, and community relations, which typically characterize organizations with a clear social purpose, may not be considered at all. Obviously, this circumstance reduces the possibility of involving subjects seeking to innovate in the provision of social services or expand their range.

3. Measurement infrastructure — an underdeveloped culture and practice of social performance measurement, which means that program initiators will have to develop suitable metrics and indicators from scratch.

To overcome these barriers, the SIB developers were forced to make significant changes

Table 1

Advantages of SIB projects

For non-profit organizations	For investors	For the state (regions)
1. The ability to scale up activities 2. Stable source of funding for the entire duration of the project 3. Implementation of methods for measuring social effects	1. Possibility of earning income (upon reaching the target indicators). 2. Ability to contribute to positive social change and the accompanying image effect. 3. Formation of an administrative resource, GR tools	1. Payment only in case of proven effect. 2. Budget funds savings. 3. Formation of a number of indirect effects: the creation of new jobs in the region, an increase in tax revenues

Source: compiled by the author based on VEB.RF data.

to the original structure. At the same time, the absence of a reference model slows down or prevents the spread of SIB.

EXAMPLE OF IMPLEMENTING A SOCIAL PROGRAM USING SIB

As noted by Pandey et al. [15], the public as a whole benefit from improved social outcomes of the target population. This can manifest itself in a decrease in crime or morbidity, a decrease in the number of homeless people, employment of young people, or vulnerable groups of the population. The financial driver is the predicted cost savings, for example, in the maintenance of prisons or the treatment of certain diseases.

Using the example of a program implemented in New York and aimed at reducing the crime rate among young people, the amount of payments depends on:

- (a) the total number of juvenile offenders enrolled in the program;
- (b) a percentage reduction in the number of young offenders who would otherwise re-offend and require additional remedies;
- (c) the marginal cost of “fixing” each juvenile delinquent.

In the contract of this program, the main controllable indicator is the number of bed-days in prisons: if it can be reduced by 40% (199,293 bed-days), this will lead to budget savings of \$ 22 million (\$ 110.30). per bed-day). At this level of efficiency, the proposed program will pay off based on the estimated

costs. The projected \$ 22 million in fiscal savings should reflect savings on margins rather than average costs. However, the contract does not explicitly state whether the cost savings are minimal or average.

To assess the effectiveness of the program, a classical approach to the analysis of investment projects is used, which involves forecasting and discounting generated cash flows. In the project described above, the flow is projected for 7 years and discounted at a rate of 3%, which is the usual discount rate used to evaluate social programs.⁵ At the same time, a higher discount rate (for example, 4%) leads to a negative value of the net present value (NPV).

The project described above involved the following participants (*Fig. 1*):

4. Roca is an “innovative and experienced social service provider ...” whose mission is “to help disadvantaged, disenfranchised young people moved out of violence and poverty through their cognitive-behavioral interventions.

5. YSI is a non-profit subsidiary of Third Sector Capital Partners, Inc. formed to operate the program; financial and information intermediary between investors, the Massachusetts Department of Labor and Roca.

6. Third Sector Capital is a non-profit organization that advises government

⁵ Office of Management and Budget. (2017). Regulatory impact analysis: A primer. URL: <https://obamawhitehouse.archives> (accessed on 01.10.2021).

agencies, service providers, investors and other stakeholders on social projects.

Roca and YSI will work with several government departments at the regional level: administration and finance, youth affairs, health and human services, public safety, labor and human development.

Roca receives \$ 27 million upfront funding. The Government of Massachusetts will pay YSI money only if Roca can reduce prison bed days.

Funding for the main loan is provided by Goldman Sachs (through the Social Performance Fund), and financing for the junior loan is provided by the Kresge Fund and Living Cities, each providing \$ 1.5 million. The interest rate on the first loan is 5% per annum, on junior loans — 2%. Financial support also includes charitable donors Laura and John Arnold Foundation (\$ 3.7 million), New Profit Inc. (\$ 2 million), and The Boston Foundation (\$ 300 thousand). The US Department of Labor has provided a compensation grant of \$ 11.7 million. Additional funding from the US Department of Labor is also provided to extend the project by 2 years to support an additional 391 young people (if the program is successful).

The cost structure is as follows (\$ 20.3 million⁶):

1. Roca Services: Roca's projected program-related costs (\$ 18.5 million).
2. YSI — Program Manager/Advisor (\$ 0.329 million).
3. Evaluation (\$ 0.51 million).
4. Validation — analysis of the results obtained by the appraiser (\$ 0.085 million).
5. Auditing and legal services — audit of YSI financial statements (\$ 0.59 million).
6. Financial Consulting: YSI one-time payment (\$ 0.25 million).
7. Department of Labor Fees: a one-time payment to the US Department of Labor (\$ 0.025 million).
8. Meetings: organizing meetings between stakeholders (\$ 0.014 million).
9. Unforeseen expenses YSI (\$ 0.03 million).

⁶ Here and further — in 7 years of project implementation.

Among the limitations of the considered project S. Pandey et al. [15] highlight the following points.

First, the 3% discount rate used for social services is low and applies to projects where benefits are realized over a longer period of time. Even a small increase in this rate to 4% results in a negative NPV.

Second, the aggregate cost of issuing and servicing social impact bonds will be higher compared to direct funding. One potential offsetting benefit is that the tool can provide the necessary funding for programs that would otherwise not be available to cash-strapped governments or local governments. Even with additional transaction costs, the fact that SIB funding comes from private, voluntary funding sources means there is no undue tax burden associated with fundraising for social programs.

According to M.E. Warner [1], the inability of the SIB to attract significant private venture capital may be associated with tight payback schemes and significant transfer of risk to the private investor. In the example described, a private investor, Goldman Sachs, received a \$ 7 million guarantee from Bloomberg Philanthropies, a fund backed by New York Mayor Bloomberg.

SOCIAL INVESTMENT AS A TOOL FOR FUNDING MASS SPORT DEVELOPMENT PROGRAMS

Analysis of foreign literature did not reveal any issues of social impact bonds issued to finance programs aimed at the development of mass sports. At the same time, a number of international sports associations are actively implementing social projects. For example, the Union of European Football Associations (UEFA) is implementing the grassroots football Social Return on Investment (UEFA Grow SROI),⁷ model, which aims to analyze the costs and benefits of such investments, and allows governments and national football associations to assess the social benefits of the most

⁷ URL: <https://www.uefa.com/insideuefa/football-development/news/0264-10fe1ac0497c-ffe49c301d3e-1000-explainer-football-s-social-value/> (accessed on 01.10.2021).

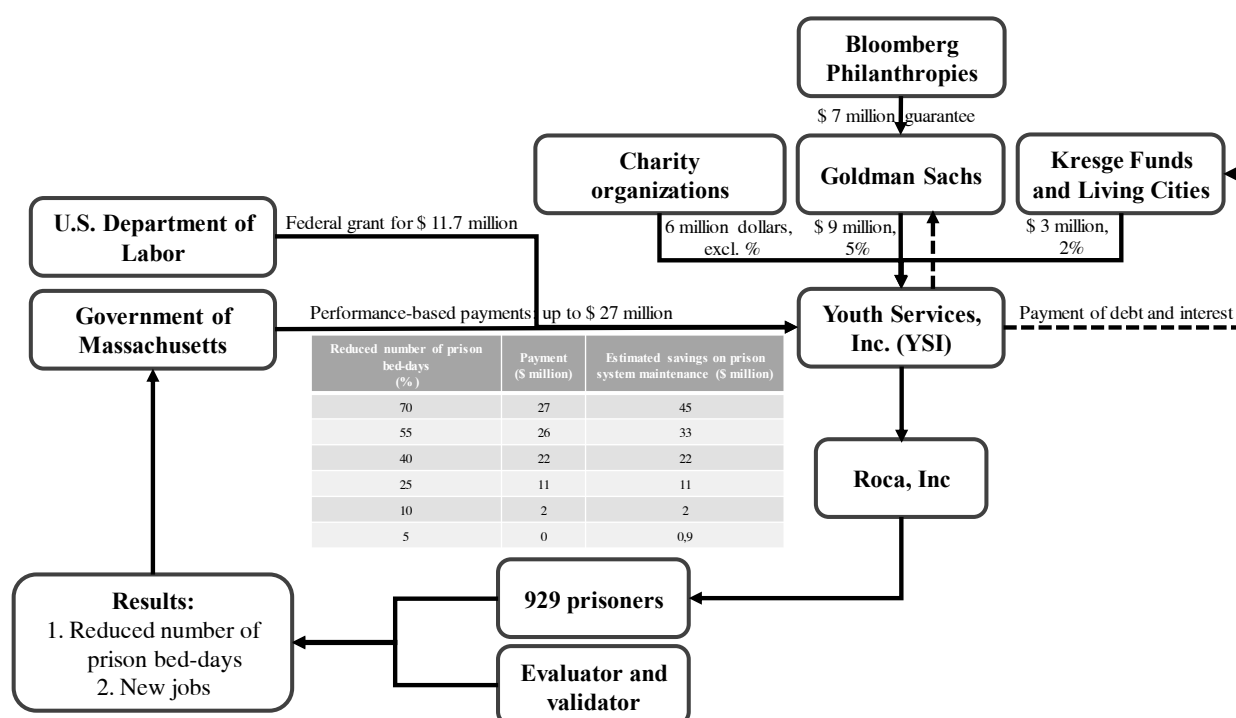


Fig. Interaction scheme of the main participants in the social program to reduce the recidivism rate among young people in Massachusetts

Source: compiled by the author based on S. Pandey's study [15].

popular sports in Europe. This approach was pioneered in the UEFA Grow program, which brings together a number of strategic development programs. To date, the model shows that 8.6 million registered amateur players from 25 European countries bring cumulative savings of € 39.4 billion to EU countries annually in the following areas:

1. Economy: € 10.8 billion from football, travel, food and drink, equipment and gear, and infrastructure investments.

2. Society: € 12.3 billion from the positive social impact of football on communities: improved educational achievement, increased volunteering, reduced crime.

3. Health: € 16.3 billion in health care cost savings due to football's role in reducing the risk of type II diabetes, cardiovascular disease and improving mental health and wellbeing).

The model, developed with support from nine European universities, is based on grassroots football data from 25 UEFA member countries, as well as over 100 peer-reviewed research papers in various disciplines such as health, education, employment, sociology

and sports. The European Union, the Council of Europe, the World Health Organization and the United Nations have confirmed the validity of this approach.

The developed Social Return on Investment Calculator enables associations to measure the economic, social and health benefits of amateur football for local communities. For example, spending on football kits at local stores; investments in football facilities (training equipment, fields, etc.); in-kind contribution of volunteer coaches to physical education.

The UEFA model proves that amateur football creates more added value for the national economy than professional football. The effect generated by German amateur teams is three times the revenues of all 18 clubs playing in the top division of the Bundesliga.

However, more than a third (35%) of UEFA member associations currently do not receive government support to develop grassroots football. Instead, these countries tend to place more emphasis on investing in professional football.

For example, in Eastern Europe, there is on average one registered amateur football club for every 44,000 inhabitants; in Western Europe, the equivalent ratio is one club per 6,500 people.

UEFA estimates that for every € 1 invested in football through the HatTrick funding program, national associations, governments, local authorities and clubs contributed an additional € 3.63.

In 2017, UEFA created an advisory group of academics and representatives from eight national associations to oversee the development and implementation of a social return on investment in European football. The group, including the author of this paper, develops a methodology for assessing the generated effects and monitors the results of the UEFA member countries.

The largest development institution — VEB.RF⁸ — announced its readiness to participate in the implementation of social impact projects in Russia. It is interesting that in addition to such “classic” areas of support as the employment of young people and people with disabilities, family support, early childhood development, improving the quality of education, VEB.RF identifies programs aimed at engaging them in regular sports activities.

Russia is implementing the Concept for Increasing the Efficiency of Budget Expenditures for 2019–2024 (Order of the Government of the Russian Federation No. 117-r dated January 31, 2019), within the framework of which the Resolution of the Government of the Russian Federation No. 1491 of November 21, 2019, “On the pilot testing of social impact projects by the subjects of the Russian Federation in 2019–2024” was adopted. This Resolution entrusts VEB.RF with the function of the operator of social impact projects in Russia, whose functions include structuring the project, preparing a financial model to assess the effects created, searching for investors, monitoring project implementation and organizing an independent assessment.

In June 2019, the first social impact project in Russia was announced, aimed at improving the educational results of schoolchildren in the Republic of Sakha (Yakutia). It is planned that about 5 thousand students from 27 schools of the municipal district “Khangalassky ulus” will take part in the project. VEB’s portfolio of projects also includes programs aimed at developing mass sports, at the initial stage of implementation.

Guided by the experience of foreign countries, we can conclude that the main problem of the social impact bonds is the control of results, namely the formation of objective target indicators and control of their achievement (including the reliability of the information provided).

As a basis for the development of such indicators, the Strategy for the Development of Physical Culture and Sports in the Russian Federation for the period up to 2030 can be used, which sets the target indicators presented in *Table 2*.

The issuance of social impact bonds will contribute to the achievement of the target value for such an indicator as the share of extra-budgetary funds in the total expenditures on the financing of physical culture and sports.

As noted earlier, measuring these metrics objectively can be a major challenge. This problem was noted in the report of the Accounts Chamber, published at the beginning of 2021, and can be solved only through regular and independent monitoring, which should be carried out in the context of the constituent entities of the Russian Federation.

An additional effective solution can be equipping sports grounds under construction with an electronic access system, combined into a single database. Among other things, registration in the system may provide for a number of benefits, including the recently approved personal income tax deduction.⁹

However, an increase in the number of people engaged in physical culture and sports is far from the only result that can be achieved and

⁸ URL: <https://вэб.рф/ustojchivoe-razvitie/socialnoe-finansirovanie/veb-i-socialnoe-finansirovanie/> (accessed on 01.10.2021).

⁹ URL: <http://duma.gov.ru/news/50599/> (accessed on 01.10.2021).

Table 2

Target indicators set in the Strategy for the Development of Physical Culture and Sports in the Russian Federation for the period up to 2030

No.	Indicator	Target value, 2030
1	The level of population satisfaction with the created conditions for physical culture and sports, %	70
2	The share of children and youth aged 3–29 years, regularly engaged in physical culture and sports in the total number of children and youth, %	90
3	The share of middle-aged people (women 30–54 years old, men 30–59 years old) regularly engaged in physical culture and sports in the total number of middle-aged people, %	70
4	The share of senior people (women aged 55–79 years, men aged 60–79 years) regularly engaged in physical culture and sports in the total number of senior citizens, %	45
5	The level of provision of people with sports facilities, based on the one-time capacity of sports facilities, %	74

Source: compiled by the author based on the Strategy for the development of physical culture and sports in the Russian Federation for the period up to 2030.

used as a target in the framework of the issuance of social impact bonds. As with the UEFA project, it is worth considering measuring the overall social return on investment — SROI.

SOCIAL RETURN ON INVESTMENT IN MASS SPORT DEVELOPMENT

Most scientific studies have linked the beneficial effects of exercise to reduced morbidity. Their results show that physical activity brings primary (preventive) and secondary (therapeutic) benefits to the physical and mental health of the general population. This includes the prevention and treatment of chronic diseases, including cardiovascular disease, stroke, diabetes, obesity, certain types of cancer, various neurological conditions, and clinical depression [16–19]. The available data suggest that there are also such negative effects as sports injuries [20].

There is also strong evidence that sports and volunteering can have a positive impact on people's subjective wellbeing. Research

shows that active people tend to be more satisfied and happier than people who are not physically active [21].

In other areas of social activity, including education, crime and social capital, there is sufficient evidence, albeit of lower quality, to suggest that sports and physical activity have net positive effects.

The literature suggests a positive relationship between physical activity and intermediate learning outcomes (such as behavior and attendance) and outcomes (such as achievement and progress) [22, 23].

Sport also has a positive effect on reducing antisocial behavior, especially in young men [24]. Nevertheless, some negative consequences are also highlighted, such as alcohol consumption by young people, and in some sports — aggressive behavior [25, 26].

There is evidence that physical activity and volunteering may increase social capital [17, 27].

Guided by all these effects, individual countries are investing in the development of mass

sports and setting appropriate goals. For example, in Quebec, \$ 64 million has been invested in various activities to promote physical activity with a focus on schoolchildren. The main goal was to provide 60 minutes of daily physical activity for all children and to improve the following indicators: cognitive skills, educational achievement, wellbeing, physical and mental health, social skills and relationship skills [28].

Guided by the experience of foreign countries, we can conclude that the main problem of the social impact bonds is the control of results, namely the formation of objective target indicators and control of their achievement (including the reliability of the information provided).

SROI is used to measure the social, economic and environmental value created by social programs for all stakeholders, and characterizes the performance of investments by comparing the value of all benefits with the value of the resources invested. For example, a 2:1 ratio means that \$ 1 invested generates \$ 2 of social value [29].

There are two types of SROIs: estimated, based on results achieved, and predictive. The first step for both types is to develop an impact map for all stakeholders (also called a theory of change or logic model) that shows the relationship between inputs and outputs and allows for the identification of target indicators. The next step is to evaluate the value of each result or monetize it. This is one of the main problems of the method since most of the generated effects are intangible (for example, subjective wellbeing or increased self-esteem). Financial proxies are used for calculations: they provide an estimate of the financial value of results or benefits that have no market value. The proxies themselves are justified by the use of a willingness to pay methodology, as

well as through an assessment of cost savings. For example, changes in health care costs or increases in income due to changes in employment status. Sometimes the results of the conducted research are combined into databases containing financial instruments for monetizing the results. For example, the HACT¹⁰ database helps determine how increased self-confidence or good overall health affects a person's wellbeing and how much needs to be invested to improve results. Finally, to establish a real effect on investments, it is necessary to consider all additional factors that may affect the target indicators even without the implementation of the assessed program.

A study conducted by V. Gosselin, D. Boccanfuzo, S. Laberge [28] identified 17 SROI projects that were implemented in the field of mass sports and physical activity in the period from 2010 to 2018. Almost all of them have been fulfilled in the UK (76%) by private consulting firms (41%). The results highlight the wide range of impacts of levels of physical activity on society, primarily social inclusion, but also physical health and economic development. The SROI for mass sports projects ranges from 1.7:1 to 124:1. This confirms that each intervention analyzed provides a positive return on investment for the community. If we exclude the highest ratio and select only high-quality studies, the ratio would range from 3:1 to 12.5:1. In comparison, the public health SROI ranges from 1.1:1 to 65:1.

L.E. Davis et al. [30] used the SROI model to measure the impact of sports and physical activity in 12 public sports and leisure facilities in Sheffield. The main effects were measured using surveys and measurements. The sample consisted of more than 15 thousand people. Following medical examinations, they completed a 12-week, instructor-led, individualized exercise program that included a gym exercise program. Five face-to-face consultations were held throughout the program. The study found that for every £ 1 invested, an SROI of £ 1.20 to £ 3.42 was generated.

¹⁰ HACT: Value calculator. URL: <https://www.hact.org.uk/value-calculator> (2018) (accessed on 01.10.2021).

An earlier study by Davies et al. [31] has already affected the whole of the UK and showed that the social value of physical activity is £ 44.8 billion, and the total financial and non-financial spending on sports was £ 23.5 billion, which is equivalent to an SROI ratio of 1.91.

The main purpose of the SROI model is to justify the financing of individual projects by the monetary valuation of all the benefits of sport to society. This will prove extremely useful in the context of social impact bond issuance and target setting. The main limitation remains the difficulty of assessing intangible effects, which leaves room for the manipulation of net profit.

CONCLUSIONS AND RECOMMENDATIONS

This paper considers the phenomenon of social impact bonds and provides an assumption about the possibility of using this tool in funding projects aimed at developing mass sports and increasing the level of physical activity.

The author analyzed in detail the foreign experience of issuing social impact bonds and revealed the following advantages of this model:

10. Possibility of attracting private capital for the implementation of social projects.
11. Larger volumes of funding, especially in comparison with regional budgets.
12. The need to pay only if the result is achieved.
13. Budget funds savings.
14. Formation of a number of indirect effects: the creation of new jobs, an increase in tax revenues.

The main limitations of the SIB model are related to the measurement and validation of the results of the implementation of social programs. Additional difficulties are caused by assessing the relationship between the program and its result: it is necessary to consider the influence of all external factors that can potentially affect the achievement of target indicators. Finally, it becomes necessary to pay additional costs, which would not happen in the case of direct financing from

the state: profitability and guarantees for private investors.

The SIB model was examined using a specific example — a program implemented in New York and aimed at reducing the crime rate among young people. This example described the scheme of interaction of all participants and stakeholders and illustrated the accompanying advantages and disadvantages. In the future, this model can be transferred to the Russian experience and used as a model for launching a similar project, but for the development of sports projects.

Based on foreign experience, it can be concluded that the advantages of SIB prevail over the disadvantages and high potential of this tool. This conclusion allowed the author to suggest the possibility of using social impact bonds to finance programs for the development of mass sports. Among other things, a system of target indicators was proposed, including such a metric as social return on investment — SROI.

For Russian conditions, the following recommendations can be formulated for launching the mechanism of social impact bonds:

1. Collection of up-to-date information on the number of people engaged in physical culture and sports in terms of gender and age; kinds of sports; duration and frequency of classes; health status; associated costs and willingness to pay; regions.
2. Justification of *real* target values for the period up to 2030.
3. Amendments to the relevant regulations governing the financing of mass sports.
4. Selection of regions for the implementation of pilot projects.
5. Search and attraction of private investors.

Particular attention should be paid to the reasonable spending of budgetary funds and control over payments when the target indicators are achieved.

Further research in this field may be aimed at clarifying the methodology for calculating the SROI for programs implying an increase in the level of physical activity of the population, and evaluating specific projects in this area.

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