ENHANCING CORPORATE GOVERNANCE USING PUBLIC-PRIVATE PARTNERSHIPS (PPPS) INCORPORATING SHARED INCENTIVES AND SOCIAL FINANCE MODELS TOWARDS STAKEHOLDER AND SHAREHOLDER VALUE IN A POST-SUBPRIME CRISIS ERA

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Abstract

This paper focuses on the question of how to enhance corporate governance using public-private partnerships (PPPs) incorporating shared incentives and social finance models towards stakeholder and shareholder value in a post-subprime crisis era? Through the Complexity Science framework, this article argues that the implementation of social finance, generally, and social impact bonds (SIBs), specifically, can represent a viable model to achieve such objective — a model in which value is furthered and potentially maximized between relevant public and/or private sector networks on behalf of both stakeholders and shareholders through the pursuit of an efficient combination of shared incentives. **

Keywords: Social Finance, Social Impact Bonds, Public-Private Partnership, Shared Incentives, Loosely Coupled Systems, Complexity Science, Brinkerhoff

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Introduction[1]

This paper focuses on the question of how to enhance corporate governance using public-private partnerships (PPPs) incorporating shared incentives and social finance models towards stakeholder and shareholder value in a post-subprime crisis era? Through the Complexity Science framework, this article argues that the implementation of social finance, generally, and social impact bonds (SIBs), specifically, can represent a viable model to achieve such objective—a model in which value is furthered and potentially maximized between relevant public and/or private sector networks on behalf of both stakeholders and shareholders through the pursuit of an efficient combination of shared incentives.

Part I of this paper overviews the nature of the Complexity Science framework and the concept of the term, "loosely coupled systems," which is defined as neither an entirely decoupled nor tightly-bound relationship. Part II suggests social finance and social capital, as opposed to traditional finance, as a modest solution towards better efficiency in the public and private sectors, including among stakeholders and shareholders. In Part III, this paper concludes that achieving stakeholder and shareholder value by enhancing corporate governance through public-private partnerships (PPP) incorporating shared incentives and social finance is a viable model through which to enhance efficiency and restore transparency and accountability in our current post-subprime crisis era.

In this paper, the author suggests that a "Brinkerhoff-Style Partnership" be used as a foundational model for "social impact bond" (SIBs) financing in the capital markets (representing one additional funding source option in addition to, but not in substitution of others, in the global capital markets)--a subset of social finance representing an enhanced model of corporate governance that seeks to efficiently pursues stakeholder and shareholder benefits through the network formed among a diverse potential range of stakeholders and shareholders.

[1] The terms "civil society organizations" (CSOs) and non-governmental organizations (NGO) are used interchangeably to mean both national NGOs and international NGOs. The terms "government" and the "state" are also used interchangeably to refer to the public sector, and denote the same term.

I. Complexity Science Framework

Complexity science was initially a means through which to understand the dynamics and processes of change found in a range of physical and biological phenomena (Min, 2006)[2] Such a framework has recently been developed to include concepts through which to understand social, economic and political phenomena, which continue to display complex networks. Here, the underlying assumption is that actors within a framework, such as in the global financial system, behave as complex adaptive systems in that they are driven mainly by "chaotic" interactions between the interdependent elements of the system. Under the appropriate conditions, however, such interactions result in *self-organized* structures that "emerge" spontaneously without prior design or external compulsion (Urry, 2003)[3].

Urry (2003) claims that systematic change initiatives in global governance may thus continue to encounter frustration[4] because of the limited scope for top-down, *planned* actions to result in change within the system. As Woods states, the global governance debate is still focused heavily on the reform and creation of international institutions, yet global governance is increasingly being undertaken by a variety of networks, coalitions and informal arrangements, which lie a little further beyond the public gaze and the direct control of governments (Held and McGrew, 2002)[5]. Koenig-Archbugiin *Governing Globalization: power, authority, and global governance* (2002) further argues that the world is now faced with a complex architecture of governance that is characterized by a high degree of diversity and complexity – heterogeneous and at times contradictory[6].

Such views can thus be juxtaposed with the recent analysis on "multilevel governance" and "devolution," or the spread of power among non-state actors and its sub units (Min, 2008)[7]. Similarly, under this framework, international development cooperation is found to display a multi-layer structure, which inevitably incorporates a complex network among diverse actors and regimes (Kim, 2012)[8]. The "self-organized," patterns produced here are not finite, orderly or predictable (Rihani, 2005,55)[9] but instead situated in between the two extremes of wasteful chaos and stultifying order (137)[10].

Despite the level of actual complexity, much criticism has been directed at a bias towards and reliance on simplistic models that pervade the funding and financial system. At the global level, there are a number of competing and overlapping institutions that shape global governance and social policies – including businesses, not to mention broader civil society organizations, NGOs, NODDs (non-DAC-donors), and other private actors, which are increasingly involved in the process (Deacon, 2007)[11]. This signals a pressing need to better understand the complexities found in the current structures and through it a need to better enhance the quality of best practices.

Loosely Coupled Systems

At the heart of all complexity phenomena there is a network of elements and dimensions, and the degrees of interconnectedness, interdependence or patterns of interaction among them are therefore central to understanding complex systems (ODI, 2008)[12]. Here, the term "loosely coupled systems (Orton and Weick, 1990)[13]" specifically describes the relatively low degree of interdependence between the elements that form an organization. If elements are loosely coupled, they are responsive to each other but each also preserves its own identity and distinctive features. One main example of loosely coupled systems has been vividly portrayed through the case of an educational organization, more specifically through the example of the counselor's office, which is loosely coupled to the principal's office (Weick, 1976)[14].

Although elements of an organization may neither be tightly connected, nor explicitly bounded, this does not necessarily affect its stability. In other words, independent elements of the organization would work harmoniously while remaining physically distinctive. From an organizational perspective, the concept suggests flexibility – even those that seem ideologically incompatible can join forces and create need-based, composite services regarding a social

[2] Min, Byung won, ed. 2006. *Complexity Network Workshop*. SERI.
[3] Urry, John. 2003. *Global Complexity.* Polity Press
[4] Ibid p.15
[5] Held and McGrew. 2002. *Governing Globalization: power, authority, and global governance.* Polity Press
[6] Ibid p.62
[7] Min, Byung won. 2008. The Transformation of the State and Policy Mechanisms: an Understanding of the Network State and Metagovernance. *The Institute for National Security Strategy*. (156).
[8] Kim, Taekyun. 2012. The Social Construction of International Development Cooperation: The Politics of Global Governance and Network Complexities. *International Development and Cooperation Review*.4 (1).p.8
[9] Rihani. 2005. Complexity Theory: a New Framework for Development is in the Offing. *Progress in Development Studies.* p. 55.
[10] Ibid p.137
[11] Deacon, Bob. 2007. *Global Social Policy and Governance.* London: Sage. pp.143-144.
[12]Overseas Development Institute. 2008.Exploring the Science of Complexity: Ideas and Implications for Development and Humanitarian Efforts (Working Paper).pp.9-15.
[13]Orton, Douglas and Weick, Karl.1990. Loosely Coupled Systems: A Reconceptualization.*Academy of Management Review*.15(2):pp. 203-223.
[14] Weick, Karl.1976. Educational Organizations as Loosely Coupled Systems. *Administrative Science Quarterly*.21(1). pp. 1-19.

issue (Sharp, 2009)[15]. However, the counterargument would be that their incompatibility and mere nominal structural links could lead to a quicker disassembling of the exchange relationship.

There is plenty of slack in terms of time, resources and organizational capacity (Urry, 2003)[16]. As a counterargument to Weick' principal's office analogy, institutions such as primary school or even university educational organizational infrastructures can be viewed as needed, but not always entirely efficient organizations. This may perhaps be due to the fact that not enough transparency and/or coordination exists internal and external to the existing framework.

However, earlier work suggests the dysfunctions of loose coupling need not be overemphasized in that it allows some parts of the organization to persist. Similar findings have been made in the study of social structures, such as Hirschman's study on the functions of "slack" (1970),[17] defined as a gap of a given magnitude between actual and potential performance of individuals, firms and organizations. "Slack" permits firms to ride out adverse market or other developments as it acts like a reserve – excess costs will be cut, innovations will be more easily introduced. Granovetter's (1973) survey of job seekers also suggests "the strength of weak ties[18]," whereby a "tie" is defined as a combination of the amount of time, the emotional intensity, the intimacy (mutual confiding), and the reciprocal services.

Findings conclude that weak ties, while often denounced, are in fact indispensible in generating opportunities.[19]Thus, perhaps the relevant issue is what level of "slack" would create the most stakeholder as well as shareholder value. As such, the author in this article notes that although slack may be helpful, as Hirschman (1970) asserts, a notable level of slack surplus (a state of existence in between loosely coupled systems and systems with strong ties) may arguably be problematic in that the relevant stakeholders and shareholders may not derive maximize efficacy for the benefit of corporate transparency, sustainability, and verifiability of certain programs, which may counter Hirschman's (1970) claim that "slack" is always or nearly always preferable.

Nonetheless, the distinctive functions of this "loosely coupled" relationship are best captured in Brinkerhoff's (2002) study on certain actor relationships. Here, four types of partnerships are identified based on two criteria: "Mutuality" and "Organization identity (Brinkerhoff, 2002)[20]." "Mutuality" is defined as interdependence or mutual dependence "which entails respective rights and responsibilities of each actor to the other's," in addition to a strong commitment and support for the joint goals, mission and objectives of the partnership. "Organization identity" describes features, which are "distinctive and enduring" in a particular organization, and something that is believed to be essential to long-term success. Out of the four types, the ideal state, or "Partnership," is found where both Mutuality and Organizational Identity of the government and nonprofit organization are strong.[21]

II. Brinkerhoff Model Applied In Enhancing Corporate Governance And Achieving Stakeholder And Shareholder Value

Given the various challenges of the current \partnership-relationship structure, and given Brinkerhoff's "mutuality" category as one defined as interdependence or mutual dependence "which entails respective rights and responsibilities of each actor to the other's," this section offers a possible extension of Brinkerhoff's mutuality category. (Brinkerhoff, 2002). Specifically, one possible subsection in which related parties — including stakeholders and shareholders--can find interdependence, commitment, and support for joint goals could exist by incorporating aspects of social finance (defined as the "making of financial investments intended to achieve social objectives as well as well as to deliver financial

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[15] Sharp. 2009. Theoretical and Practical Application of Loose Coupling: a Study of Criminal Justice Agencies in the State of Florida. The Southwest Journal of Criminal Justice. 6(1): pp.45-58.

[16] Urry, John. 2003. *Global Complexity*, Polity Press.

[17] Hirschman, Albert. 1970. *Exit, Voice and Loyalty*. Cambridge: Harvard University Press.

[18] Granovetter, Mark. 1973. the Strength of Weak Ties. *American Journal of Sociology*. 78(6): pp.1360-1380.

[19] Strong ties, on the other hand, were found to bring overall fragmentation. Clearly, some "slack" is needed so that coordination can have some elements of flexibility, freedom, and coordination.

[20] Brinkerhoff, Jennifer. 2002. Government-Nonprofit Partnership: A Defining Framework. *Public Administration and Development*, 22: pp.19-30

Brinkerhoff's example of the "Partnership" is of one established between INMED (International Medical Services for Health) Brasil, a separately registered Brazilian NGO, and the Ministry of Education and the Ministry of Health. INMED works closely and successfully with both ministries in treating children for parasitic infection, teaching them about health and hygiene to prevent re-infection, and training them to take these health lessons to their families and communities. As this paper earlier concluded, in "loosely coupled systems," even those that seem ideologically incompatible can join forces and create need-based, composite services regarding a social issue[21]. Similarly, the INMED partnership is also formed "on a case-by-case basis as need and opportunities arise." Here, the government agencies base their policies on INMED's existing program, information and expertise, rather than imposing their own structure or requirements. The autonomy of the NGO is preserved in that INMED Brasil is free to proactively lead the partnership based on its own findings. Meanwhile, the main strategy of INMED's health program relies heavily on access to the government education system – granted by the government agencies involved. Here, the comparative advantages of both actors are maximized through an adequate level of interdependence and distinctiveness. Although INMED relies on core government support, this does not automatically imply that the NGO is to be *vertically* placed under existing government structures. Instead, it continues to function fully as *an independent partner* and a provider of invaluable information.

returns"), generally, and social-impact bond finance. Specifically, such model can combine to form a strategic model of enhanced corporate governance, in which the various stakeholders, shareholders, networks, and community enter into various agreed-upon investment programs vis-à-vis shared interests in the pursuit of both financial and societal gain.

Under the traditional purview of finance ("traditional finance," as espoused in the financial markets and business programs, initiated by the theory of modern corporate structures from Berle and Means (1932) in the early twentieth century), the stated objective of entities and its products and services was a very narrow one: to "maximize shareholder value," with a focus on "shareholder primacy." (Roe 2001, Friedman 1970, Berle and Means 1932).

Scholar Michael Jensen and business school dean William Meckling (1976) went further by describing shareholders as "principals," which strongly suggested that shareholders concern should be paramount to other parties, such as employees, customers, and the greater community at large. (Jensen and Meckling 1976). The shareholder, essentially the end investor, was the core concern for the entity, including the entity's board of directors, officers, and employers. The shareholder was also primarily concerned with maximizing returns on investment (ROI), which in turn, generally was construed to mean the pursuit of maximizing one's own individual financial gain, rather than the financial and non-financial gain of stakeholders, including shareholders, but also the state, CSOs, local community, and greater society. For example, the local community in which a private sector entity is domiciled can be a very visible stakeholder, in which social enterprises (both private sector and NGOs) attempt to contribute to the social welfare of a particular project, person or other effort (referred to as "constituents" in social finance lingua franca).

However, in the post-subprime crisis era, leading business scholars, including pre-eminent Harvard Business School professor, Michael Porter (2011), has argued for a more expansive definition of "shareholder" to include other parties who may have a relationship between business and society. (Porter, 2011). However, Porter (2011) did not go as far as redefining the traditional finance maxim of "maximizing shareholder value."

Table1. Social Finance v. Traditional Finance[22]

	Social Finance	Traditional Finance
Maxim	Maximize *stakeholder** value (* stakeholders include: - constituents (assistance project, program, or persons) - service providers - impact investors - advisors - assessors - community / society)	Maximize *shareholder**value (*shareholders are deemed the "equity residual owners" to a particular entity, typically a stock corporation)
Objectives	• Increase coordination of state-CSOs through social finance investments • Seek societal benefits • Seek financial benefits	• Increase coordination of primarily private sector actors (private firms with private consumers) • Does not seek societal benefits • Seek financial benefits

[22] Under the social finance model took the conceptual framework one step further by redefining the maxim of "maximizing *shareholder v*alue" held by the traditional finance model school of thought, with the newly-formed social finance school of thought maxim of "maximizing *stakeholder* value." The replacement of "shareholder" with "stakeholder" is not insignificant since it strongly suggests a much broader framework of actors involved in decision-making processes, specifically, that the goal of a firm may be more than just to increase profits for a narrow bandwidth of select shareholders. Moreover, the definition of "value" is also notably broader under the social finance model than the traditional finance model, since it incorporates social as well as financial considerations. As mentioned, some may view the concept of loosely coupled systems with skepticism, noting that such relational structure may lack true impact on a particular project, may not possess verification metrics upon which to measure the sustainable success factors of a particular constituency or project, and still does not proffer new lines of funding for such constituency or project.

Applying the purview of Brinkerhoff's (2002) model, it is proposed here that social finance would fall under the "partnership" matrix section in which "organizational identity" and "mutuality" would be classified under the "high" category. As will be explained in the subsequent section, and as the term denotes, with social finance and smart social capital, a partnership is formed. Unlike in traditional finance models, the social finance model tightens the "slack" and the "loosely coupled systems" structure somewhat, but not unnecessarily so. Rather, such slack adjustment is tightened through the invisible hand of shared incentives, in which the stakeholders to a particular social finance project serves as an additional possible method upon which to increase state-CSO relational structures in an effort to pursue societal benefit, including overseas assistance. Social finance can serve as one (of several) possible approaches to more highly calibrate the coordination, verification, and sustainability of public-private partnership projects in a post-subprime crisis era. One subset of social finance involves the use of social impact bond (SIB) funding that involves PPP models, which the next section describes.

Table 2. Brinkerhoff Model: Mutuality Model

2	1
Contracting	**Partnership** **Social Finance** **Social Impact Bonds**
3 Extension	4 Co-optation & Gradual Absorption

Mutuality

Source: Brinkerhoff, Government-Nonprofit Partnership: A Defining Framework, 2002

III. Brinkerhoff-Style Partnership Model: Using social impact bonds (SIBs)

A social impact bond is a legal and financial funding and social funding structure is implemented for a particular project or group of persons ("constituency," which represents one of the structure's stakeholders). (Evans, 2012; McKinsey 2012). Such constituency typically would require the need for a specified improvement in an effort to rectify a particular stated objective. Another SIB component is the (social) "service provider" that would provide the assistance, program, or other related effort on behalf of the constituents. Often, but not always, the service provider is a CSO or the state, acting separately or together.

Similar to traditional financing methods, the social finance driven SIB structure requires the need for investors.[23] However, unlike traditional finance investors, in the social finance SIB structure, the typical social finance SIB investor would be a "social impact investor" (an investor that takes into consideration social as well as financial impacts related to the investment made for a particular assistance program). Although not much history in the SIB market exists, the impact investor may include, but not be limited to a philanthropic organizations or charitable entities. (Evans, 2012).

The next stakeholder in the legal SIB and social finance structure is the "intermediary" that serves as the hub that connects the various stakeholders involved. (McKinsey 2012). Often, the intermediary is a private sector financial institution that has experience dealing with similar (but not necessarily identical) legal and financial structures and issues. For instance, a financial institution that has had experience dealing with structure products involving asset backed securities (ABS) or special purpose vehicles (SPVs) may already have some broad familiarity with those existing already related to SIBs. In a typical ABS structure, somewhat similar to the SIB structure, a financial intermediary sets up an entity (e.g., an SPV domiciled in a tax-efficient jurisdiction) that issues structured bonds to investors. (Jobst, 2007).

Evaluation "advisors" are also part of the SIB and smart social capital structure, which provide guidance and advice relating to setting and implementing the SIB's performance criteria (metrics), particularly between the service provider(s) and impact investors. An independent "evaluator" is

[23] McKinsey & Co., McKinsey on Society, From Potential to Action: Bringing Social Impact Bonds to the U.S.: A 12-month research and analysis into the opportunity for social impact bonds in the U.S., May 2012 (available at http://mckinseyonsociety.com/social-impact-bonds/).

also employed in the process. It is the evaluators' mandate, as objective independent evaluator on an arms-length basis, to determine whether or not the SIB has met its stated objectives. If the independent evaluator's conclusion is "yes" to the stated objectives — based on predetermined and agreed contractually-agreed upon terms, conditions, and verifiable metrics by all involved stakeholders-- the impact investors are paid principal plus interest. Unlike the evaluation advisors, who play a relatively active, hands-on, day-to-day management type role, the independent evaluator's purpose is to be at an arms-length such that its decisions are objective, fair, and reliable. (McKinsey 2012).

The final, but not least in terms of importance, stakeholders and networks are the local community and greater society relating to the particular program, project, or persons. While the constituents benefit directly from the funding provided by the SIB program, the local community and greater society can also benefit, directly and/or indirectly, from the outcome of the funded constituents.

In broad terms, the main legal SIB and smart social capital structure stakeholders (social and financial networks) include:

- constituents (assistance project, program, or persons)
- service providers
- impact investors
- intermediary
- advisors
- assessors
- community / society.

Figure 1. Brinkerhoff-Style Partnership Model Enhancing Corporate Governance: Mutuality Through Shared Incentives (vis-a-vis Specific Roles, Agreement, Trust, and Verification

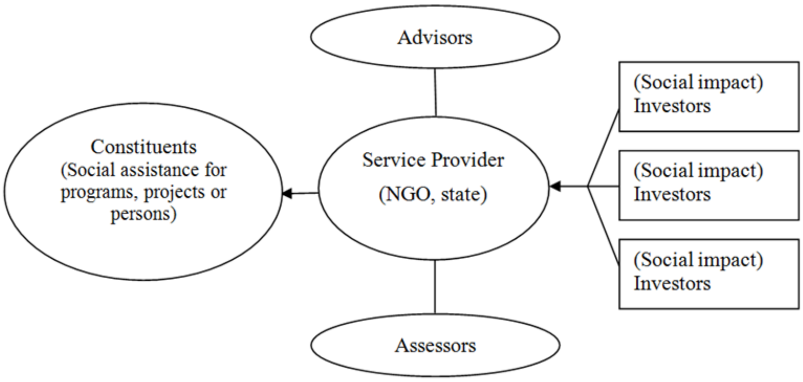
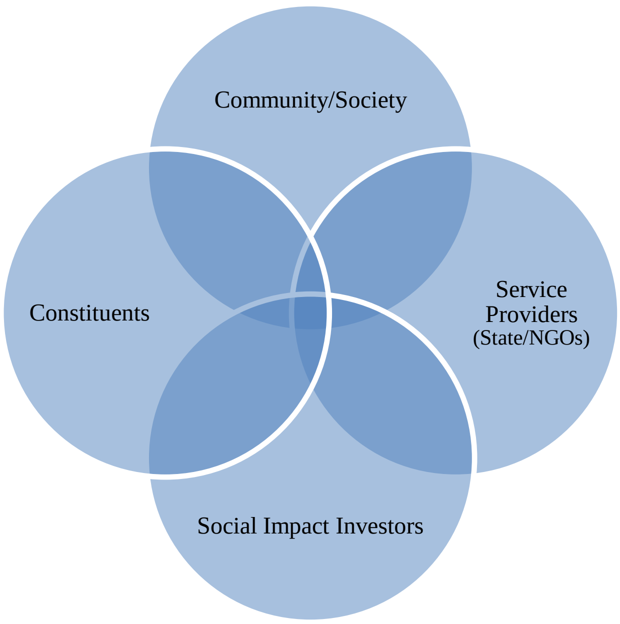


Figure 2. Shared interests



*Shaded area = Shared Interests [Investors, Community/Society, Service Providers, Social Impact Investors, Constituents]

From the perspective of shared incentives, the benefits of social finance utilizing smart social capital and SIBs include:

- Target transparency: service providers, such as government (public) organizations only need to fund projects (services) that are deemed successful. In the past, such horatory terms as objectives were difficult to measure. However, under the SIB social finance structure, clear predesignated targets are set, which will typically include quantitative targets (in addition to mere horatory language). This provides a very clear aspirational target for all parties involved--impact investors, intermediaries, service providers, advisors, outside assessors, and the constituents--upon which to make the relevant analysis and conclude whether the particular project relating to the SIB investment was successful or not. Throughout the SIB transaction tenor (life cycle), the internal advisor provides the necessary due diligence to ensure transparency, while the external assessor calculates and determines whether the project (transaction) has met its stated target levels or not.

- Economically efficient use of resources: with the SIB structure, the relevant resources are allocated by the related parties and social networks to the transaction in a relatively efficient manner. The service providers--most likely public entities and/or NGOs only pay for services that are efficient (i.e., have met its predesignated target levels). The social finance impact investors provide (invest) the original funding amount in exchange for the possible (but not guaranteed) economic benefit of a return on investment greater than its original investment amount. According to scholars such as Lynn Stout (2011), this would be the focus of those with a *homo economicus* approach. (Stout, 2011).

- Ethical efficiency: Traditional finance is predicated on "rational" behavior, which is another way of saying to maximize one's own benefit through risk-taking in investments (products and/or services) that provide the opportunity to receive profit in exchange for such risk-taking behavior. That is, inter alia, ethical considerations and/or considerations related to other parties not directly privy to a particular financial transaction (i.e., the community) were not considered traditional interests to consider in determining investment behavior (i.e., where to allocate one's capital). According to scholars such as Lynn Stout (2011), this would be the focus of those with a *homo sociologicus* approach. (Stout, 2011).However, and in contrast, with SIB and other social finance-related transactions, considerations of such other party's interests are considered. Further, ethical considerations, including moral considerations (linked to "moral capital") are also driving incentive forces for SIB impact investors, which represents a new approach in terms of deciding how to allocate (invest) capital.

The benefits of social finance and SIBs include:

- Social Impact Investors: much like investors in traditional finance, investors in social finance transactions would seek to maximize profit. In slight contrast, however, social finance investors would consider not only factors related to maximizing profit, but also positive externalities, such as societal contribution of the investment and investment in smart social capital.

- CSOs/NGOs: The incentive for CSOs/NGOs in social finance transactions is that such groups only fund those projects that are successful in terms of meeting certain predesignated metrics. If such metrics are not met, then the end social impact investors fund the transaction.

- Constituents / Project: the constituents benefit since funding will be provided, which is clearly a better scenario than if funding is not provided. An additional benefit is that specific metrics are established in the social finance transaction involved such that sustainable and verifiable measures for success are instituted.

- Greater Society / Community: the social finance transaction can provide positive externalities in that a specified project receives needed funding. Moreover, the resources for such project combined with the incentive structure of the social finance transaction provides a more efficient way to allocate capital and ensure long-term measurable results that can benefit the local community. Less taxpayer resources may also utilized since only those projects that do not meet certain predesignated standards related to the project are funded by the government (or NGO, as the case may be).

The virtues of social finance-based public-private partnerships (PPPs) can be seen not just on a conceptual and theoretical level, but also at the practical level through various real-world programs in places like the UK and U.S. So far, although it is still in its early stages, the results of social finance assistance programs in such jurisdictions are promising. The next section discusses several such case studies of social finance assistance projects.

One of the first social finance projects in the U.S involved a program in the Rikers Island prison, which Goldman Sachs providing $9.6 million in funding.[24] Under the terms of the deal, if recidivism falls by more than 10 percent, then Goldman Sachs can earn as much as $2.1 million in premium (above and beyond its principal investment amount).[25] However, if recidivism does not fall by its social finance target rate of more than 10 percent, then Goldman Sachs could lose as much as $2.4 million. Other social finance projects include those involving the U.S.

[24] *Social Impact Bonds: I'll put 2.4m for recidivism to fall*, The Economist, August 6, 2012, available at http://www.economist.com/blogs/democracyinamerica/2012/08/social-impact-bonds.

[25] *Ibid.*

states of Massachusetts, Los Angeles, and Wisconsin.[26]

Conclusion

The author modestly suggests, drawing upon previous related literature and findings relating to loosely coupled systems, complex systems, and Brinkerhoff's (2002) partnership model, that the use of social finance generally, and social impact bonds specifically, may represent one possible solution to create stakeholder (non-private sector) and shareholder value (private sector) in the post-subprime crisis era. With SIBs, the end social impact investors provide the initial funding relating to a particular project and/or constituency.

Such enhanced corporate governance model furthering stakeholder (non-private sector) and shareholder value (private sector) using shared incentives through a public-private partnership (PPP) social finance structure would also, in many but not all ways, further transparency. The social finance PPP model also helps to bring related stakeholders and shareholders into greater alignment and clearly defined roles and responsibilities.

By enhancing corporate governance by utilizing PPPs incorporating shared incentives and social finance, including social impact bond funding, as modestly proposed by the author, greater transparency, efficiency, and sustainability can be achieved to further both stakeholder as well as shareholder value in our current post-subprime crisis era.

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