Support for Social Outcomes
Contracting - Current developments and future outlook

Jelena Emde, Financial Instruments Advisor, European Investment Bank

#ficompass
Terminology

Social Outcomes Contract ("SOC") – a contract to pay for the outcome which government cares about (the term includes Payment-ba-Result contracts, Social Impact Bonds, Social Impact Incentive Contracts, etc.)

Social Impact Bond ("SIB") - a partnership involving investors and service providers, that undertake a SOC and, as a result, are remunerated by the government when those contracted outcomes are achieved
Key Benefits of SOC

✓ Incentivises **collaboration and co-creation of solutions** with social economy participants.

✓ Provides the social economy with the **funding and freedom needed to test innovative solutions** to social problems.

✓ Drives the robust measurement of outcomes and creates a reliable **evidence base on ‘what works’** in social policy.

✓ Mobilises that evidence base to **drive replication of effective interventions**.

✓ Supports investment in **prevention and helps to realise savings for the government**.
Social Outcomes Contracting Advisory Platform

☑ Platform launched in partnership with the Finnish Ministry of Social Affairs and Health and the Finnish Innovation Fund – Sitra
  • Knowledge sharing amongst public sector officials undertaking SOC projects
  • Fostering cooperation and developing insights in areas of common interest
  • Awareness raising on the SOC approach and related support opportunities
  • Supporting pilot projects in Member States

☑ Initiative supported by the EC and the EIB Group under the European Investment and Advisory Hub, part of the Investment Plan for Europe

☑ Preparing the ground for scaled investments under InvestEU

#ficompass
Key interests of the stakeholders’

✓ Use of Outcomes Funds as a key policy tool to stimulate SOC ecosystem development

   (Outcomes Fund— a Single Fund, to procure Social Outcomes, across a portfolio of multiple Social Outcomes Contracts)

✓ Use of European Structural and Investment Funds to support the set-up of SOC mechanisms

✓ Overcoming common challenges in procurement

✓ Further testing and applying co-creation methodology for SOC development
Outcomes Funds – **what and why**

- Provides predictable, LT revenue stream for Providers, and deal flow for social financial Intermediaries
- Pooled resources into a single fund to support the purchase of outcomes for multiple projects, across a geography
- Overcome 'whose pockets' problem

**Market development**
- Drives the pooling of knowledge and know-how of what works

**Capacity Building/TA**
- Encourage innovation
- replication with lower cost
- scaling with higher impact/certainty
- carry across geography

**Learning**
- Delivery of TA for PA for setting up SOC schemes, support R&D efforts
- Overcome Capability Gaps

**(Co)-pay**
- Provides predictable, LT revenue stream for Providers, and deal flow for social financial Intermediaries

**European Investment Bank**
Need for EU support programme

✓ to raise awareness and support capacity building for procuring authorities
✓ to gather and share emerging know-how at EU level
✓ to attain critical mass, avoid fragmentation and duplication of efforts
✓ to help overcome common challenges
✓ to support international collaboration and peer-to-peer knowledge sharing
✓ to support development of national SOC ecosystems
EIF’s Investments in SOC projects under EFSI / InvestEU

Example: KOTO SIB for inclusion of immigrants and refugees

https://www.youtube.com/watch?v=rtLwxmKpVtY

The European Fund for Strategic Investments /
Thank you #ficompass