



Support for Social Outcomes Contracting - Current developments and future outlook

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Terminology



Social Outcomes Contract (“SOC”) – a contract to pay for the outcome which government cares about (the term includes Payment-by-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**



Key interests of the stakeholders'



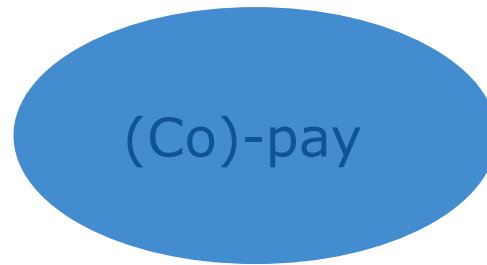
- ✓ Use of Outcomes Funds as a key policy tool to stimulate SOC ecosystem development
(Outcomes Fund– a Single Fund, to procure Social Outcomes, across a portfolio of multiple Social Outcomes Contracts)
- ✓ Use of European Structural and Investment Funds to support the set-up of SOC mechanisms
- ✓ Overcoming common challenges in procurement
- ✓ Further testing and applying co-creation methodology for SOC development





Outcomes Funds – what and why

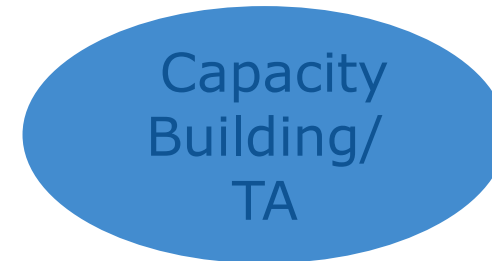
Provides predictable, LT revenue stream for Providers, and deal flow for social financial Intermediaries



Pooled resources into a single fund to support the purchase of outcomes for multiple projects, across a geography

Overcome 'whose pockets' problem

Increase size and speed to market for SOC, Better Served Beneficiaries



Delivery of TA for PA for setting up SOC schemes, support R&D efforts

Overcome Capability Gaps

Drives the pooling of knowledge and know-how of what works



Encourage
-innovation
-replication with lower cost
-scaling with higher impact/certainty
-carry across geography

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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



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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 /



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financial instruments
added value **ERDF** funding agreement revolving capacity building
governance **ESF** EU guidance
technical support seminars leverage financial intermediaries microfinance
co-financing case studies
investments **ESIF** fi-compass final recipients
business plan **Thank you** thematic objectives
advisory services guarantees banks loans **CF** equity
EAFRD private investors life cycle combination of support
conferences **EMFF** factsheets investment strategy
fund of funds managing authorities manuals