



SOCIAL OUTCOMES CONTRACTING Advisory Platform

Fostering Social inclusion across the EU

2020 update

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European
Investment *Advisory Hub*
Europe's gateway to investment support

Social Outcomes Contracting Advisory Platform

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What is Social Outcomes Contracting (SOC)?

Responding to emergent and established social challenges, SOC is an innovative financing mechanism and social services procurement method based on outcome rather than output.

SOC offers opportunities for combining and directing public and private resources towards positive social impact. Typically, in SOC operations the service provider's compensation is linked to a measurable social impact rather than to the delivery of a specific set of tasks.

SOC ensures the effective use of tax revenues, enables investments in proactive and preventive measures and promotes knowledge-based management. Where conventional social policy intervention falls short of the mark, SOC schemes invite promoters to shift perspective.

With its focus on monitoring and measuring social outcomes, Social Outcomes Contracting represents an effective way to tackle social challenges, promoting alternative outlooks on financing social projects, which are often considered as a cost and not as an investment with positive long-term socio-economic impact.



Introducing the SOC Advisory Platform

To support countries in developing outcome-based approaches, the European Investment Advisory Hub (EIAH) hosts The Advisory Platform for Social Outcomes Contracting – a joint initiative between the European Commission and the European Investment Bank Group.

Launched in 2019, the SOC Advisory Platform supports the development and use of SOC as a strategic operational tool for delivering social impact and innovation. To date, few countries make full use of SOC as a mean to address social challenges and experiment in social innovation.

With access to the Advisory Hub's SOC Platform, many EU Member States have seen remarkable progress addressing key social inclusion challenges across Europe. Since its launch, the Advisory Platform has piqued interest in SOC in public administrations in Finland, Belgium, the Netherlands, France, Spain, Italy, Ireland and Lithuania, among others.

However, different types of SOC pose specific challenges in terms of services provided to the target population, outcomes to be achieved, and types of investors and service providers involved, resulting in related advisory needs. The SOC Advisory Platform promotes the effective implementation of outcomes-based schemes, through a wide range of advisory services.

How has the SOC Advisory Platform delivered support?

Since the beginning of 2020, several public authorities have requested the assistance of the SOC Advisory Platform in the implementation of their schemes. The platform has seen great engagement despite the COVID-19 outbreak and related challenges. Below, are four examples of SOC assignments that have been initiated thanks to the support provided by the SOC Advisory Platform.





Lithuania: addressing the increasing demand for social services

A dedicated workshop was organised in December 2019 in Vilnius in support of the Lithuanian Ministry of Finance in the development of a SOC scheme. Since then, the Ministry has refined its nationwide social strategies to foster the use of outcome-based schemes.

In particular, Lithuanian authorities are interested in launching a holistic Social Innovation Initiative as well as complementary funding measures to develop the national ecosystem for social innovation and impact investing. It is expected that this initiative will use SOC to address the increasing demand for social services in responding to challenges, to be identified, such as population ageing, youth unemployment, mental health and social exclusion.

Throughout the development of this project, the SOC Advisory Platform is supporting the Ministry through a large-scope feasibility study – thus allowing this innovative project to attain the desired social impact.

Spain: improving temporary accommodation for vulnerable groups in Madrid

In July 2020, the EIB and the Municipality of Madrid came to an agreement under which the European Investment Advisory Hub will support the municipality in the implementation of innovative financing and procurement tools to address homelessness in Spain's capital. This agreement seeks to improve the effectiveness of Madrid's services for vulnerable people residing in temporary accommodation. EIB experts, mobilised by the Hub, will provide the Municipality of Madrid with a comprehensive feasibility study on the launch of a Social Impact Bond (SIB).

SIBs provide an innovative financing solution enabling vulnerable groups to become self-sufficient, allowing them to leave such accommodation more quickly – freeing up space for others in need. As the procurement of service providers will be carried out through SOC, the Municipality is only required to pay for the services if the social outcomes are achieved, delivering real impact through innovative financing instruments. This is a key example of how advisory services provided by the SOC Advisory Platform can support the Municipality in bringing about real change for the vulnerable population of Madrid.



Italy: EIB and Italian Ministry of Justice join forces to stimulate job creation for convicts

The SOC Advisory Platform is supporting the Italian Ministry of Justice in launching a SOC scheme to foster job creation and the social inclusion of convicts, so as to reduce reoffending rates after release from custody. In October 2020, experts from the EIB and the Ministry agreed on a number of activities to be carried out under this assignment. These include: a feasibility study to assess the preconditions for setting up a SIB; identifying the desired outcomes; and establishing the demand for social investors and carrying out of a cost-benefit analysis. While the geographical focus of this agreement is limited to Lombardy region, it bears the potential to be adopted on a larger scale in other Italian regions and across Europe.

Multi-country SIBs: a pilot initiative

In line with the European employment strategy to promote policy coordination and set common priorities across the Member States, the SOC Advisory Platform has launched a feasibility study to verify whether a multi-country SIB would be viable in Belgium, the Netherlands and France.

Working in partnership with multi-country stakeholders towards similar goals, service providers are expected to be able to coordinate their actions, share their expertise on the solutions that work best in their respective country, and help improve local programmes.

Through the issuance of SIBs, local public authorities will have the opportunity to share best practices and lessons learned with other public administrations facing similar societal challenges.



Achievements of the SOC Advisory Platform

Since its launch, the SOC Advisory Platform has been involved in a number of feasibility studies and SOC initiatives enhancing social inclusion and wellbeing in EU Member States. For example, since 2020, the SOC Advisory Platform has been supporting the delivery of a feasibility study for the launch of the first SOC in Slovenia, with the support of DG REFORM (under the Structural Reform Support Programme-SRSP).

The Koto-SIB Programme in Finland, which benefits from funding under the European Investment Fund's "Payment by Result" instrument was implemented by the Finnish Ministry of Economic Affairs and Employment and by Sitra (the Finnish Innovation Fund) to accelerate the integration of migrants.

Koto-SIB has helped more than 1 000 migrants to find jobs, while reducing the financial burden on the Finnish government by approximately EUR 20 million since 2016. With a view to raise awareness on this case, the SOC Advisory Platform prepared a video and a case study both available on the [dedicated webpage](#).



Boosting the outreach and strengthening the SOC network

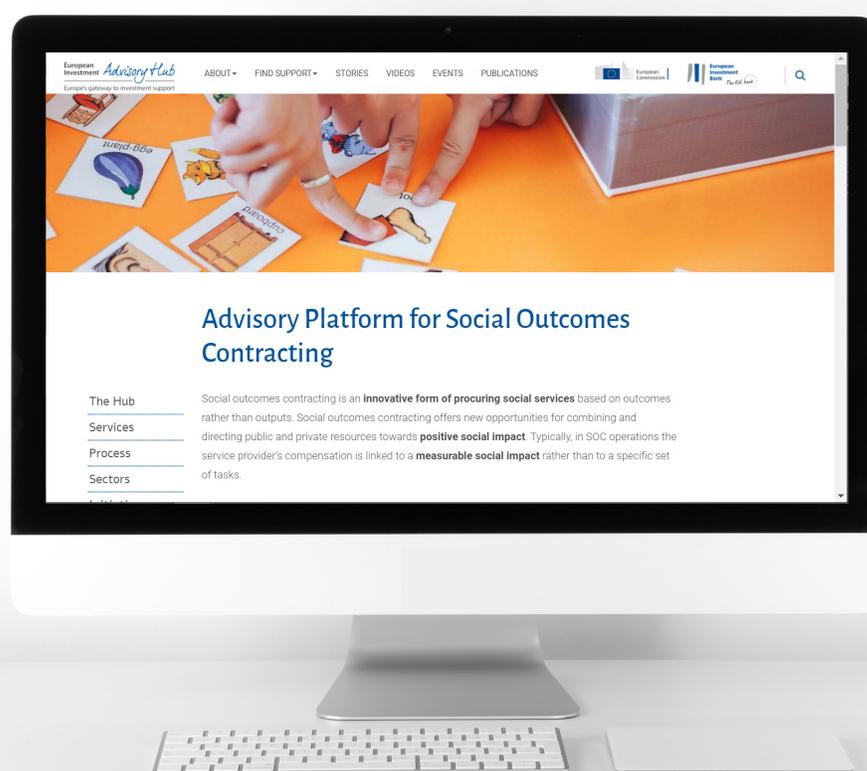
To raise awareness of the tools available to European Member States in the implementation of SOC schemes, the Advisory Platform has taken the following steps:

SOC Platform webpage online

Since mid-2020, the SOC Advisory Platform has enjoyed a dedicated online section within the Advisory Hub's website. The webpage, which already displays some communication materials as well as other sets of information, will be constantly enriched with further data and information on the work carried out under the SOC Platform.

EVPA collaboration

In October 2020, the EIB and the European Venture Philanthropy Association (EVPA) signed a cooperation agreement whereby the EVPA will make its expertise available to the SOC Advisory Platform. Under this agreement EVPA experts will work together with the EIB to raise awareness among local social investors and stakeholders in the EU Member States, identifying potential investors and service providers that can contribute to SOC schemes supported by the SOC Advisory Platform.



Shared insight from GoLab UK

The SOC Advisory Platform will draw on expertise delivered from Government Outcomes Lab (GoLab) UK, an institution at the forefront of SOC research and practice. Established by the British government alongside the University of Oxford, GoLab UK has supported UK central and local governments by providing research-to-practice activities related to the application of SOC.

GoLab will share guidance materials on SOC with the Advisory Platform.

These reader friendly publications will range from introductory and procurement manuals, to specific case studies and will complement tailored training to support public authorities and stakeholders interested in implementing SOC schemes.

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