

**INTERREG ALPINE SPACE-
ASP397 ALPSIB
CONFERENCE «INVESTING ISSUES»
PORDENONE 18 APRIL 2018**

MINUTES

Date and time	18th April 2018, from 14.00 pm to 15.45 p.m.
Location	Pordenone Municipality Cultural sector unit meeting room
Attendees	All 14 project partners plus observers, see attached list
Speaker	Mr Marc BAUMANN from private investor (INVETHOS AG) Focus on investing issues and Social Impact Bonds in Switzerland

Marc Baumann started the presentation with general trends in the investment industry. Social Impact Bonds are just one of the current trends in the investment industry.

He differentiated between responsible investment, negative screening, ESG integration (most popular trend) and impact investing. For each of those, the most important benefit and the risk it entails was identified.

- Responsible investment: fairness → moralism
- Negative screening: purity → exclusivism
- ESG integration: pragmatism → technocratism
- Impact investing: meaning → arbitrariness

Traps of the sustainability industry

- Technocratism (lose the purpose, too technical)
- Limited added value (my portfolio is on BBB, but benchmark is BBB+)
- Moralism
- Trivial results



Towards a “definition” of impact investing

Many of the globe’s social and ecological challenges can be solved. (very optimistic)

Charity alone cannot do it. Entrepreneurship is a positive and necessary force.

Investors can nurture positive change by channeling money into innovative solutions – in various fields, with various risk/return combinations.

Risk that the same happens as to sustainability → everything is sustainable; everything is impact investing
→ if a clear definition is missing

Social Impact Bond Structures and Investors

You can build a social impact bond with two different models, namely with a bond model or with an equity model. A bond model is closer to a loan. The loss is limited, but also the possible gains. Within an equity model you have the risk of losing everything, but you also have the potential to gain more.

For the SIB that was implemented in Switzerland, the first suggestion was an equity model. The idea was that through solving a social problem, the state can save money and these savings could be given to the investors. However, in many areas, this is not possible as you do not have the exact costs of what the government saves. Difficult to say how much the costs are of a person being dependent on social services or to bring them in the labour market. The political partners said they could not pay a premium based on this. That is why they moved to a bond model for the SIB in Switzerland.

Bond model

The bond model has the advantage of a lower loss probability or even a capital guarantee. The capital guarantee can compensate for the difficulty in assessing the probabilities of the social outcomes. The draw-down is a rather low return and lower incentive for all stakeholders. A further challenge of the current low interest environment. The costs of setting up and running the structure can hardly be covered.

Equity model

The equity model has a broader distribution of possible gains and losses. There are the possibilities of a complete loss or a high double digit return.

Furthermore, not only the model itself is important, but also the payout structures matters.

If you could lose everything, you have the risk of implementing a so-called “Donation SIB”, where it will be difficult to attract investors. Investors prefer at least the same chances of losses and gains.

Different kind of mindsets and investors

Marc Baumann differentiated between three different types of investors with different mindsets.



Different kind of mindsets and investors



Individual investors who are convinced of the project and want to do something meaningful could be interested in impact investing. They can decide for themselves what to do. Big investors with impact investing guidelines in place, could also invest in SIBs. Very often ESG guidelines are implemented and they are often confused with impact investing.

Social Impact Bond Canton of Berne

The idea was to solve a social problem by creating some sort of public private partnership structure. The initiative started in the private sector and the project was launched by Invethos AG and Focus Berne – an association of entrepreneurs in the Canton of Berne.

Obstacles:

- Benchmark data are scarce or fragmented
- The proposed equity – premium model was not well perceived
- The introduction of target success rates were perceived as criticism by the social institutions
- The idea of measurement was perceived as "introducing capitalism" into the social world
- Finding investor was not easy



Compromises:

As a consequence a lot of compromises had to be made, for example on the target group, the levels of possible gains, the levels of bonuses and maluses of the social institution and the comparison group. You can lose 5% of the investment and you can get a premium of 5%.

The target groups of the SIB are temporarily admitted immigrants and the refugees in the canton of Berne. The employment rates of these groups are between 10 to 20%.

- ➔ Incentive to work efficiently
- ➔ 5 year time frame
- ➔ Public submission
- ➔ 2.7 million

Participants divided in three groups – low, medium and high employability. If you have high employability, your aim has to be higher to avoid cherry-picking.

Characteristics of the SIB Switzerland

Bond Model

The SIB is a loan where the repayment and the interest depend on the question how a specific social problem could be solved.

Benchmark

The target achievement is measured against predefined measures.

1.5% or 41.000 CHF

Public private partnership

The SIB is a way of cooperation that includes private and public stakeholder to solve a specific social problem.

Invethos AG is an intermediary, clients of Invethos invested.

There was a public call for the social service provider and the scientific advisory board.

Another possible target group in Switzerland would be teenager moms. In general, it is rather difficult to implement further SIBs in Switzerland as the social security system is quite good.

In a nutshell, if you set up a SIB structure, you face some issues in the investment world. SIB is too small to finance all the regulation, if you stay in the private investment area, the size is lower.





How are SIBs perceived?

- The fact that it is a public private partnership and that many different stakeholders are involved, is seen positive.

Can we close gaps in the social system?

- The government sees it negatively if it leads to having to spend more money.



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**INTERREG ALPINE SPACE-
ASP397 ALPSIB
CO-CREATIVE LAB
PORDENONE 19 APRIL 2018**

Date and time	19th April 2018, from 8.30 pm to 12.30 p.m.
Location	Pordenone Municipality Cultural sector unit meeting room
Attendees	All 14 project partners see attached list
WP Leader PP12	Métropole Nice Côte d'Azur
Co Lab Seniors	PSP PACA <i>Report: Petra Pavšič</i>
Co Lab NEETs	Eckert School <i>Report: Damjan Kavaš</i>

CO-CREATIVE LAB SENIORS MINUTES

At the beginning of the workshop the objectives of the previous co-labs were repeated:

- 1. 1st co-lab in Augsburg**
 - The major challenges related to seniors (ageing and prevention).
 - Develop ideas of potential SIB projects (activities) for seniors.
 - Focus ideas on specificities of senior users (and their needs/expectations).
- 2. 2nd co-lab in Dornbirn**
 - Develop 3 proposals of potential SIB projects (activities) for seniors: reusing the results of the 1st co-lab.
 - Imagine ourselves as actors in a concrete implementation of a SIB activity (1st co-lab as senior

users / 2nd co-lab as a SIB actor).

- Focus about impact measurement and impact evaluation for each potential SIB project.

3. 3rd co-lab in Ljubljana

- Work about a SIB project (elderly prevention field) / 1 project form by country about the same social issue.

- Focus about identify real players (investors, service providers, intermediary, ect) at local level.

- Compare national context for the same social issue to highlight local specifics.

- Specify potential involvement of the identified actors.

4. 4th co-lab in Pordenone

- Finalize the technical specification (link with SII methodology WP T2).

- Finalize the local technical specification for a SIB on Senior.

- Identify opportunities and challenges of developing a proposal of transnational / transalpine SIB on Senior.

After the introduction, 3 groups of 3 people were created. Each group studied one good practice, a real SIB project that is being carried out in Europe. Those three project case studies competed for the European Award Project under the Social Innovation for Active and Healthy Ageing in EU, launched by the King Baudouin Foundation).

Title:	Pari Solidaire	Kindred by Choice	Good Gym
Area of activity:	Habitation & Intergenerational	Intergenerational	Health & Volunteering
Country:	France	Germany	UK
Description:	Pari Solidaire links young people who need an affordable space to live in Paris with older people living alone in family homes, with an aim to reduce the loneliness of older people and to improve intergenerational relationships.	In response to reduced and sometimes artificial contact between generations within families, Kindred by Choice provides joyful spaces for childcare, the care of older people and civil engagement, all under one roof.	Good Gym connects people who want to get fit, with good deeds, that need to be done in their area, such as pairing runners with isolated and less mobile people in their community whom they can visit while completing their weekly run.

● **First task – Disaster scenario**

First task for the 3 groups was to imagine a disaster scenario (development and implementation of potential SIB project on seniors) according to several scales of intervention and stages of SIB development. Participants had to discuss what are the factors/events/situations, which prevent the successful SIB development, for the national and international SIB projects.

The results were as following:

	National SIB on seniors		
	Pari Solidaire	Kindered by Choice	Good Gym
Actors			
Service providers	<ul style="list-style-type: none"> - Incorrect mismatching. - Not good employees. - Lack of staff or rotation of staff. 	<ul style="list-style-type: none"> - Not skilled for both groups (children/seniors). - Not enough money to cover all the costs. - People stop attending the programme. 	<ul style="list-style-type: none"> - Difficult to find funding. - Not able to reach target group. - Difficulty to find employees (target groups).
Investors	<ul style="list-style-type: none"> - Do not give the promised money. 	<ul style="list-style-type: none"> - Not enough return on investment. 	<ul style="list-style-type: none"> - Causality cannot be shown → do not receive the money back. - No reimbursement if the project fails.
Outcome payer (public)	<ul style="list-style-type: none"> - Complicated administration and they do 	<ul style="list-style-type: none"> - Choose bad partners. 	<ul style="list-style-type: none"> - What are the avoidable costs → not

sector)	not believe in the project.		measurable.
Target groups (beneficiaries)	- They do not like the project and they think it is not useful and that it damages them.	- Problems with trust/fear/problems mixing seniors with cognitive problems with kids. - To stressing environment for older people.	- For the elderly → not enough visits (robberies); decreasing attractiveness; no improvement). - For the children → visits as unpleasant distraction; no improvement of health.
Evaluator	- They have no experience. - They make mistakes.	- Not clear indicators/difficulty in setting indicators. - How to evaluate two groups that have problems expressing themselves.	- Self – assessment not reflecting the truth. - Personal data protection – no access.
Programme manager and/or intermediary	- No experience in social issues. - Different fields.	- Managing people/projects of different age groups. - Coordination of all actors involved.	- Difficult to identify and reach target group, especially the seniors. - Difficulty to find investors. - Early withdrawal from the investors.
Stages			
Define the social issue	- Any linkage between older people and the young adults.	- Not appropriate defined social issue.	- On what study is the social issue defined? - Not adequate definition of social issue. - No avoided costs.
Project activities	- Not good matching between the needs.	- Inappropriate activities for two different groups.	- Not solving the problem/issue. - Difficult to find investors/public institutions. - Seniors – still lonely.

			- Seniors – lack of interest/not interruptions
SIB length	- Not feasible time length to set and to involve the target group.	- Not appropriate time for developing successful projects.	- Too short – not possible to see results. - Too long - lack of motivation, people stop attending the project.
Results indicators	- Poor estimation. - Drop out activities of seniors.	- Different to assess results of two different groups.	- Choosing wrong indicators. - Not measurable. - Causality.
Assessing methods	- Incorrect assessment of evaluation phases.	- Not appropriate assessing method for two different groups.	- Self-assessment not enough. - Personal data – privacy issue. - Avoided costs – difficult to measure. - Causality.
Level			
Policy level	- Legal normative framework.	- Not having a political support.	- Difficult views about the problem. Maybe already addressed.
Economic and financial	- Economic and financial crisis.	- Not enough money for the normal activity of the centre.	- Not able to find investors.
Legal framework	- Different laws between national and regional level. - Safety problems.	- National rules for the child care and for care of people with cognitive problems.	- Target seniors → personal data (health problems). - No authorisation of the problem. - Procurement process. - Profit distribution.

			<ul style="list-style-type: none"> - Coaches are not qualified. - No insurance/responsibility.
On the ground	<ul style="list-style-type: none"> - Domestic accidents (not being prepared to approach). Domestic violence (sexual abuse). 	<ul style="list-style-type: none"> - Conflicts within the staff (kids/seniors). 	<ul style="list-style-type: none"> - Early termination by investors/target group. - Evaluation fails.

It was acknowledged that it was quite easy to identify all the possible scenarios that may cause problems when planning, developing, carrying out and assessing the SIB project on the national level. It was further concluded that SIB projects are even more difficult to carry out on the international level due to all the factors listed above plus language barriers, cultural differences, differences in national laws and rules, difficulties in finding a common problem and formulation of objectives, finding stakeholders and investors with transnational approach, more complicated coordination of all actors and activities involved, lots of travel and high administrative costs.

● **Second task – success scenario**

The second task was to deduce success factors for the two SIB models (national and transnational) according to several scales of intervention and stages of SIB development. The purpose of this task was to identify factors, events, situations, which encourage the SIB achievement.

	National SIB on seniors		
	Pari Solidaire	Kindered by Choice	Good Gym
Actors			
Service providers	<ul style="list-style-type: none"> - Good organisation. - Well defined setting of work. - Well trained staff. - Career opportunity. - Well paid. 	<ul style="list-style-type: none"> - Perfectly skilled for all groups. - Plenty of money. - A nice number of people constantly attending the activities. 	<ul style="list-style-type: none"> - Get funding. - Help target group.
Investors	<ul style="list-style-type: none"> - Committed investors. 	<ul style="list-style-type: none"> - High return and low cost for a new social service. 	<ul style="list-style-type: none"> - Get their money back with high rate. - Good publicity/diversified portfolio.
Outcome payer (public sector)	<ul style="list-style-type: none"> - Take care of the relations with the public authority. 	<ul style="list-style-type: none"> - Very competent and complementary partners. 	<ul style="list-style-type: none"> - Avoided costs higher than spent money. - Manage and implement by yourself.
Target groups	<ul style="list-style-type: none"> - Very good communication plan. 	<ul style="list-style-type: none"> - Very nice interaction between two groups benefiting from each other + 	<ul style="list-style-type: none"> - Receive help.

(beneficiaries)	- Very good set of requirements and needs.	creating a cognitive progress for all groups.	
Evaluator	- Good selection.	- Clearly defined indicators. - Objective criteria of success or failure.	- Possible to measure outcome. - Success.
Programme manager and/or intermediary	- Good experts of managements and social skills.	- Smooth coordination and maximum self-management of partners involved.	- Project is a success.
Stages			
Define the social issue	- A pragmatic overview of the social issues and needs. - Find out a social resource.	- Defining a clear positive social issue.	- Clearly defined social issue. - Measurable objective. - Good and clear indicators.
Project activities	- Planning the activities based on needs. - A good analysis of the scenario.	- Perfectly prediction of possible activities. - Very well trained staff for the project activities.	- Relevant – improvement of the social issue. - No delays.
SIB length	- According to a good planned activity, the time length will be developed.	- Perfectly defined length.	- Adequate – results are visible within the project duration.
Results indicators	- Smart indicators.	- Simple, smart indicators.	- Informative indicators that fit the objective. - Smart indicators.

Assessing methods	- External assessment.	- Clear, scientifically approved/proven method.	- Those that allow measuring the impact. - You can control for other factors (causality). - Used in communication with public sector.
Level			
Policy level	- Ongoing changes at the policy level.	- Having a political background in favour of SIB projects.	- New standard for the social issue. - Relevant and important social issue addressed.
Economic and financial	- Economic stability.	- Having a sufficient budget for the planned activities.	- Avoided costs clear and higher than intervention costs – ROI.
Legal framework	- Homogeneity between the national and local level.	- Clear legal rules.	- Legal framework adopted to SIBs/impact investing in general. - Open questions clarified in regards to procurement.
On the ground	- Be sure that you can do the activity that you are planning.	- Good relations between the staff, two groups involved and project managers.	- Helping people in need. - Good collaboration of stakeholders. - Acceptance of stakeholders.

Several factors of success of the three case studies were identified. It was acknowledged that the same factors apply for the transnational SIB project, accompanied by the compatible legal rules, no language barriers and the fact that different countries share homogenous indicators.



● **Third task – compare success and failure factors**

Lastly, an overview table was completed to compare success and failure factors according to treated issues (ageing issue or not) and the area covered (national or transnational).

It was assessed that most of the factors identified under the first and second steps are relevant for carrying out national or international SIBs and that carrying out a SIB project is a challenging experience for all the partners involved.

● **Last task - presentation and discussion**

At the end all three groups presented their results. It was also debated that case studies offered very innovative approaches, which should be seen as pilot/experimental projects.



CO-CREATIVE LAB NEETS MINUTES

1. Workshop NEETs (Lab leader: Eckert Schools)

1.1. NEETS Co-creative lab: objectives and guidelines

Objectives:

- Identification of policy fields that are the most suited for SIBs.
- Discussion on a common methodology for SII policies development.

Guidelines: A co-creative and participative session, based on a set of questions (outline provided by the Eckert Schools).

1.2. NEETS Co-creative lab: sessions

Session 1: Identification of policy fields that are the most suited for SIBs.

In general, fixed policy areas for SIBs are not determined, as social welfare varies from state to state, and depends on regions, time and financial background. Identification of policy fields that are the most suited for SIBs started with the analysis of the situation of NEETs in the particular country to detect potential policy fields for SIBs. Three groups based on nationality were created (Slovenia, Italy, France).

Steps:

1. Identification of the policy field:
 - Identify the NEET issue including the data of Eurofond.
 - What are possible policy fields for the issues?
 - How can these issues covered by a SIB?
 - Define the social issue, target population and the proposed intervention and create an idea for a SIB related to the questions (from Social Finance) below.
2. Identification of the social issue:
 - What is the key social issue to address?
 - What are the systemic causes and size of the problem?
 - What is the resource cost of the social issue?
 - Is lack of funding a blockage to delivering improved outcomes?



- What is the current provision and are there any service gaps?
 - Is there an engaged commissioner and other key stakeholders committed to tackling the social need and willing to pay for outcomes?
3. Definition of the target group:
- How should we define the target population to address the social need?
 - Is there a specific group whose outcomes have been poor and associated costs have been high?
 - What specific needs do those individuals have that prevent them from attaining better outcomes?
 - Can we identify and track these individuals?
 - What criteria could be used to define the target group objectively?
4. Proposed intervention:
- What interventions exist that focus on addressing the specific needs of the target population?
 - Are those interventions based on evidence?
 - What is the quality and robustness of the evidence base; over what time; for what target group; to achieve which outcomes?
 - Can the intervention be applied to the target population? Will modifications be necessary? What impact will this have on the evidence base?
 - What is the cost of the intervention –what resources need to be put in place, over what time?
 - Are there capable providers that can deliver the intervention as designed?

Results:

Identification of the policy field:

- Italy: dropping-out rate from schools among migrant's adolescence in Turin area.
- France: employment and social inclusion.
- Slovenia: Providing housing for young people in foster care who have reached the age of 18 years (or 26 if studying).





Social issue		Target population		Proposed intervention	
What is the key social issue to address ?		How should we define the target population to address the social need ?		What interventions exist that focus on addressing the specific needs of the target population ?	
What are the systemic causes and size of the problem ?		Is there a specific group whose outcomes have been poor and associated costs have been high ?		Are those interventions based on evidence ?	
What is the resource cost of the social issue ?		What specific needs do those individuals have that prevent them from attaining better outcomes ?		What is the quality and robustness of the evidence base; over what time; for what target group; to achieve which outcomes ?	
Is lack of funding a blockage to delivering improved outcomes ?		Can we identify and track these individuals ?		Can the intervention be applied to the target population ? Will be modifications be necessary ? What impact have this on the evidence base ?	
What is the current provision and are there any service gaps ?		What criteria could be used to define the target group objectively ?		What is the cost of the intervention – what resources need to be put in place, over what time ?	
Is there an engaged commissioner and other key stakeholders committed to tackling the social need and willing to pay for outcomes ?				Are there capable providers that can deliver the intervention as designed ?	



Session 2: Discussion on a common methodology for SII policies development

In the second part of the workshop, a common methodology for SII policies development was presented and discussed:

- Basis: literature review, discussion papers, co-labs.
- Process: how to run the process: steps, questions, content, tools.
- Content: common, country-specific
- Tools: link to the process, annex (cases of the methodologies, contracts, procurement procedures)

Results:

The participants agree that proposed structure is the very good basis for a common methodology for SII policies. In order to prepare, implement, monitor and evaluate SIBs methodological guidelines are very useful. Nevertheless, further discussion on selected issues as procurement, contract design, and outcome measurement during Transnational Policy Recommendation Workshop is needed.

