



**SIBdev Network**

Social Impact Bond Development for  
Improved Public Service Delivery

# Handbook for Cities Developing SIBs

31 May 2022



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# INTRODUCTION

## SIBdev Network

'Are Social Impact Bonds (SIBs) going to be the new secret tool for providing adequate public services?' - asked eight European cities in May 2020. Then they set out together on a journey to explore how SIBs can contribute to more efficient public services. Their joint trip promised to be rough from the start, which became even so due to Covid-19. The pandemic meant that the face-to-face meetings, which provided the basis for knowledge transfer and experience sharing, could only occur somewhere far in the unknown future. But the difficulties also brought new opportunities: the masterclasses enabled experts with extensive practical experience to join the cities in their collaborative work through online meetings. As a result, Aarhus (Denmark), Baia Mare (Romania), Fundão (Portugal), Heerlen (the Netherlands), Kecskemét (Hungary), Pordenone (Italy), Võru (Estonia) and Zaragoza (Spain) now have a solid knowledge base in the field of social impact bonds.

Due to the lack of experience with SIBs, acquiring knowledge on social impact bonds was paramount. Therefore, it seemed appropriate to focus on an intensive learning process at the beginning of the project. In this respect, masterclasses based on the methodology developed in the AlpSib project (AlpSib, 2019) funded by the Interreg Alpine Space Programme assisted cities in this process.

The first masterclass aimed to provide cities with a general theoretical understanding of SIBs, helping them absorb and understand subsequent presentations and providing deeper insight into the topic. This initial session also helped cities define the focus of their integrated action plans. The introductory lecture was followed by case studies of social impact bonds in five countries and six different areas and a pioneering Portuguese initiative providing funding for the development of several impact bonds.

The purpose of the second masterclass was to introduce participants to the theory and practice of outcome measurement. It focused on the concept of impact measurement and its application in practice, combining lectures, workshops and the illustration of a case study.

The third masterclass focused on SIBs as instruments of social change and innovation. As SIB commissioners or outcome payers, cities learnt how to engage, select, and manage provider organisations that deliver social interventions and game-changing solutions to social problems. They also learnt how to identify and stratify the target groups of such innovations according to varying levels of risk.

The purpose of the fourth masterclass was to analyse SIBs as an impact investment tool, focusing on the financial aspects and the perspective of the investor as a SIB contracting party.

During the fifth masterclass, cities analysed SIBs as an opportunity for innovation in public procurement. They explored advantages, barriers and challenges experienced by a public commissioner or outcome payer in undertaking the solutions explored.



## What is a SIB?

The 2016 Social Impact Bonds: State of Play & Lessons Learnt Working Paper published by the Organisation for Economic Co-operation and Development (OECD, 2016a) defines SIBs as “a contract with the public sector or governing authority, whereby it pays for better social outcomes in certain areas and passes on part of the savings achieved to investors”.

## How do SIBs work?

Social Impact Bonds use private sector investment to finance social projects. Suppose a project achieves specific pre-agreed results, i.e. an improved social outcome that generates a cost-saving. In that case, the government (this can be local or national) pays the investors with the money saved. If a project does not achieve its contracted outcomes, the investors lose their money, and the government pays nothing.

## How do SIBs encourage collaboration?

Why might SIBs solve the three challenges identified in the previous chapter? Regarding the challenge of fragmentation, SIBs solve this by increasing collaboration. Increased collaboration brings about a more efficient and effective form of joined-up care.

SIBs can do this in two ways: “One way in which SIBs can enable collaboration through the measurement and monitoring of outcomes at the heart of the SIB model [...] By refocusing on social outcomes, the development of SIBs may enable several different departmental commissioners or heads of services to come together and jointly identify – and then jointly pay for – the outcomes

they hope to achieve. A focus on mutually dependent or aligned outcomes may provide a mechanism to coordinate a variety of commissioners across different units and levels of government.” (Carter et al., 2018)

As the measured outcomes determine the investors’ payment, both commissioner and investor are incentivised to ensure the service is as effective and joined-up as possible. This improves data-sharing, identifying and filling gaps, refining referral and enrollment mechanisms, and improving delivery mechanisms.

## How do SIBs encourage prevention?

Regarding the challenge of short-termism, SIBs solve this by increasing the focus on prevention. As the authors of the report note, a fundamental way of improving social outcomes is to prevent issues from arising or stop existing problems from worsening. As well as improving short-term outcomes, prevention generates savings by reducing costs down the line. SIBs bring this about by enabling the ‘double-running’ of budgets, with investors funding upstream interventions that, if successful, will decrease the reliance on further services in the future.

## How do SIBs inspire innovation?

Regarding the challenge of a lack of innovation, SIBs have the potential to solve this by creating room for innovation, transferring financial risk to the investor and away from both commissioner and service provider. According to the GO Lab’s report, SIBs can achieve this in three ways. First, the investor’s capital allows smaller providers to bid for contracts. The commissioner is free to consider

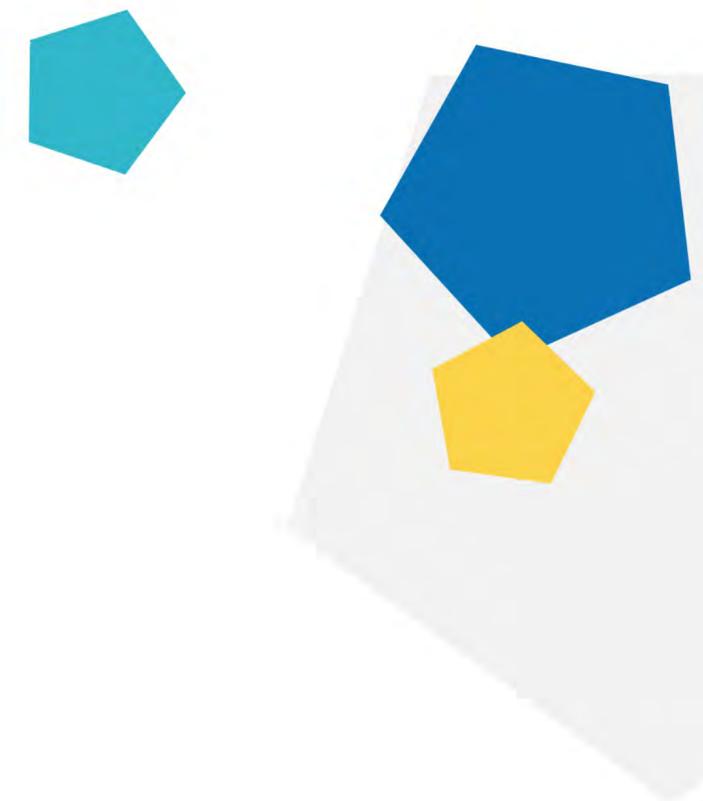
more innovative and risky providers (because only successful outcomes will be paid for, thus minimising the political risk). Second, the focus on outcomes (rather than inputs and outputs) that comes with SIBs frees service providers to offer innovative interventions and even modify them during implementation if necessary. Third, because performance measurement and management are central to SIBs, investors are uniquely incentivised to protect their investment and pursue a return. This creates “novel performance measurement and management forms that commissioners may not routinely have the capacity or skill to support”.

## Benefits contested

Many critics contest these benefits, saying that SIBs do not encourage genuine innovation. Investors will be looking for low-risk models that have been proven to deliver, as they want their money back. Moreover, SIBs are expensive to develop, lack transparency after procurement and lead to the financialisation of the public sector, which is – for many - incompatible with the public service ethos.

## In which policy areas can SIBs be used?

As a knowledge database of GO Lab shows, there are many policy areas where SIBs have been tested. Most of them are related to employment and training (including projects related to migration). There is also a significant share of projects related to child and family welfare, homelessness, health and well-being, education and early years development and criminal justice.



## Why dealing with SIBs?

Providing more effective public services with less public money is a challenge for many EU countries today. Between 2009 and 2017, total government spending decreased from 50% of GDP to 45.8% in the EU-28. Similarly, local government expenditure fell from 12% to 11% between 2009 and 2015. Meanwhile, demands on services have remained intense; spending on social protection as a proportion of total expenditure increased from 38.8% to 41.2% between 2009 and 2017. Spending on health increased from 14.7% to 15.3% (Eurostat). Cities provide many such services, and doing so while running on tight budgets causes heavy strain.

Change is required to meet these challenging circumstances, but what kind of change? Carter et al. identifies three fundamental sub-challenges:

- fragmented and siloed agencies and budgets
- overly short-term political and financial focus
- aversion to risk and difficulty creating change

### Fragmented and siloed agencies and budgets

Regarding fragmentation in service delivery, the report states that “service provision is often fragmented both across the complex provider landscape and amongst commissioners. Providers may struggle to align their services to meet complex needs. Commissioners may have overlapping and inter-related responsibilities.” Furthermore, because services are often split between different departments, “synergies and connections across the ultimate objectives of provision are difficult to manage. This may result in gaps for service users, provision may be duplicated, and citizens may be

buffeted between several different agencies or service providers.”

### Short-term political and financial focus

Regarding short-termism in service delivery, the report states that “[a] key way to improve social outcomes is to prevent issues from arising or stop existing problems from getting worse. [...] However, commissioners often face challenges in running preventive interventions alongside existing services. Resources are often fully committed to meeting current needs and reacting to crisis-point situations. Prevention is often the ‘Cinderella service’, coming last in allocating limited resources.”

### Aversion to risk and innovation

Regarding aversion to risk and innovation, this has many facets. One of the most significant is the risk of public failure. Few politicians will risk implementing a relatively unknown intervention with millions of euros in upfront costs. If the intervention fails, serious questions will be asked about their judgement.

## A new trend: impact investment

The idea of ‘socially responsible’ or ‘impact’ investment had been emerging amidst a low interest rate environment in the 2010s. The trend of investing in the social environment has become a way for investors to give back to the community. Very often, companies are trying to expand their social responsibility. As a result, many investors are looking for forms of impact investments to stand up for their beliefs and make a profit. The relatively new tool for bringing together the investor and the public sector is the Social Impact Bond.



# LEARNING ABOUT SIBS

## Basic concepts of SIBs

### Social impact investments

Social Impact Investments are investments in companies, organisations, or funds to generate measurable social impact and a financial return. Social Impact Bonds are just one of the many social impact investment tools available. Their suitability for impact delivery should be carefully assessed in every case.

### Impact investment space

Different investment models (loans, equity, bonds) suit various social enterprise business growth stages. These investment models can also be defined in a space defined by two variables: the focus on financial return and the emphasis on social impact. Combining impact and financial return gives rise to different situations, from an expected marginal social return to a focus on the social return. The former is the case of more traditional investments such as commercial bank impact bonds and ESG funds. The latter is the case of Social Impact Bonds, where both investors and investees are more interested in impact than financial return.

### Definition of SIBs

Beyond the definition already presented, there are several others. Another definition (OECD, 2016b) states that: "The SIB is a type of Social Outcome Contract, an innovative financing mechanism in which governments or commissioners enter into agreements with social service providers, such as social enterprises or non-profit organisations, and investors to pay for the delivery of pre-defined

social outcomes". This definition highlights the most innovative feature of SIBs, the focus on outcomes rather than outputs. The SIB "revolution" consists in being an "outcome-driven contract", which implies a shift in public sector culture, from paying for services to paying for results, paying for success. In this respect, SIBs have also been defined as a change management process designed to encourage all partners, public and private, to focus on outcomes. "SIBs are not a financial model but a change management model to support multiple actors collaborating towards a common outcome. It is a framework for systematic innovation and development".

Together with accountability for outcomes, another innovation is triggered by SIBs:

- Focus on prevention rather than reaction. Prevention is critical if the burden of public expenditure is to be reduced. Public resources are mainly spent on crisis intervention, with fewer resources left for early interventions. The result is that social problems grow into a vicious circle. However, prevention can generate savings for the public purse.

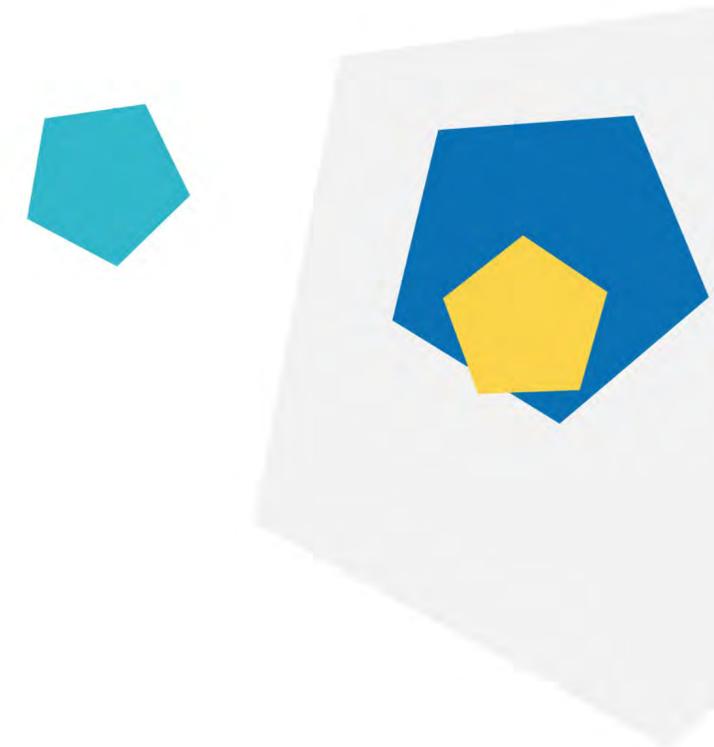
- Focus on social innovation. We often know how to treat but not how to prevent. Prevention requires innovation, but innovation is a "risky business". SIBs are meant to foster innovation in the social sector because the financial risk of new interventions is transferred to investors.

### Actors of SIBs

Complex problems, such as the ageing society and unemployment, cannot be solved with a single solution. More effort is needed to build partnerships among the various levels of government: different departments within public bodies, service providers,

intermediaries, investors, and technical advisors. SIBs are multi-level, multi-actor partnerships that usually involve the following actors:

- the public commissioner or outcome payer: a public administration issuing the outcome-based contract and repaying investors
- investors, providing the upfront capital
- intermediary managing the contracts and the SIB performance
- social providers delivering the innovative practice
- beneficiaries/target groups
- evaluators assessing impact



## SIBs principal structures

SIB structures, types, and contracts can vary significantly across different SIBs in different cases (OECD, 2016b).

### Direct SIBs

In the case of a direct SIB, the contract is signed between the public commissioner and the social provider or a services provider-controlled special purpose vehicle. This was the case of Healthy Workplace (Sweden) and Ways to Wellness (UK), even if here, the provider operates through a newly created Special Purpose Vehicle (SPV).

### Intermediated SIBs

In the case of intermediated SIBs, the contract is signed between the public commissioner and the investor or an investor-controlled special purpose vehicle (SPV) or an intermediary. The Coding Academy Bootcamp SIB (Portugal) and BeCode SIB (Belgium) envisaged a direct agreement with investors.

### Managed SIBs

Managed SIBs are signed between the public commissioner and an intermediary, who manages the entire process.

## Differences between SIBs and similar structures

There are similar models, such as Pay by Results (PbR) - or Pay for Success, Pay for Performance

- schemes. In these cases, public commissioners contract directly with service providers and pay only for delivered outcomes. However, SIBs also require financing innovation through the involvement of private investors who provide the upfront capital for the service providers. The financial risk - loss of the capital or a significant part thereof - is thus primarily taken by the private investors if the outcomes are not achieved. If private investors are not involved, the social providers mainly take the risk. Therefore, referring to this financing scheme as a "Social Outcome Contract" or a PbR contract is correct.

### Main steps of setting up a SIB

Setting up a SIB is a challenging, time-consuming and expensive process that can be showcased as a change management process or a policy cycle (Bokström, 2020). This process comprises 6 phases:

1. Defining the challenge: defining the need, target groups and outcomes.
2. Readiness for change: drawing up a hypothesis on intervention and financial models.
3. The decision to change: drafting procurement and contracts, finalising models.
4. Preparation: planning the implementation and monitoring.
5. Change: monitoring, managing, learning and disseminating.
6. Knowledge transfer: scaling and ensuring long-term sustainability.

## Defining and measuring outcomes

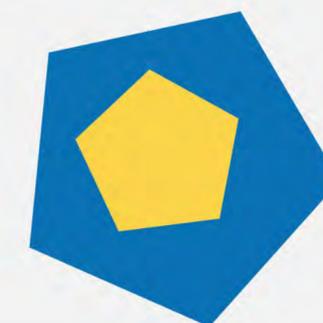
### Outcome measurement

Measurability of outcomes is a crucial feature of impact investments of all kinds, as investors are willing to supply the capital to solutions with proven effect. A reliable measurement method provides the conditions for mutual trust among the partners involved in the investment. In the case of SIBs, outcome measurement is even more critical since the repayment of investors is linked to the achievement of the outcomes detailed in the contract.

Designing an outcome measurement framework requires three steps:

1. Defining the outcomes, where outcomes are the desired social changes.
2. Selecting the metrics to measure outcomes, i.e. identifying the indicators that demonstrate whether the expected outcomes have been achieved or not.
3. Setting an outcome threshold or target, which is the value of the outcome to be reached to confirm success and trigger the repayment of investors.

In SIBs, an outcome threshold is set up through a negotiation process among partners based on the research methods illustrated in part B of this document. For instance, in the "Cuidar de Quem Cuida" SIB (Anselmo, 2021), the expected outcome was the improved life quality of informal caregivers. The outcome target value was defined as a 5% improvement in the average test score administered before and after the intervention.



## Primary and secondary outcomes

Target values are set for the primary outcomes of SIBs as these trigger the repayment of investors. Primary outcomes are the most important results for the public commissioner as they generate financial benefits. For instance, one primary outcome could be reducing unemployment rates and, consequently, unemployment benefit expenditure. However, secondary outcomes are often listed in the agreement since these might capture other relevant dimensions of a successful intervention reinforcing the primary outcomes. Measuring the satisfaction with the new job, as a secondary outcome, can inform us about the sustainability of the above-mentioned primary outcome over time. Secondary outcomes may also reflect different stakeholders' interests and an opportunity to maximise learning from the SIB experience. In the SIB "Cuidar de Quem Cuida", the 5% improvement in life-quality score was identified as the primary outcome (Anselmo, 2021). However, improved caregiving competencies and decreased anxiety/stress among the beneficiaries were considered practical secondary outcomes as feedback to social providers.

Creating a set of metrics to measure social outcomes is one of the most challenging tasks in the evaluation process. Therefore it is essential to understand the different kinds of metrics.

## Direct vs proxy metrics

Direct measures are irrefutable evidence that the outcome has been achieved. Direct measures of employment outcomes could be considered the contract signed and the number of paid working days. However, identifying direct measures might be difficult for many social outcomes, especially when evaluating preventive interventions. The time frame necessary to observe the outcomes of

a specific preventive intervention could make the assessment of direct outcomes impossible. This case was illustrated by the "Ways to Wellness" SIB, which focused on preventing long-term diseases (Case, 2020).

A proxy measure is a surrogate for the direct measure. For instance, in the "Ways to Wellness" SIB, the "Well-Being Stars" score measured well-being, preventing long-term diseases.

## Objective vs subjective measures

Objective measures, such as number of contracts signed, number of working days, number of children in foster care etc., are collected through administrative data. Subjective measures concern subjects' perceptions, responses and self-evaluations gathered through tests and questionnaires. In the "Ways to Wellness" SIB, the percentage of hospital admissions was used as an objective metric (Case, 2020). At the same time, the score on the "Well-Being Stars" was a subjective one. The Portuguese "Cuidar de Quem Cuida" SIB adopted a subjective metric (Anselmo, 2021)

Both objective and subjective measures can be scientifically constructed and validated by quantitative metrics. Still, they involve different levels of uncertainty, with subjective measures, such as self-reporting significantly open to bias. For this reason, SIB primary outcomes, those triggering the repayment of investors, are often framed as a small number of objective results.

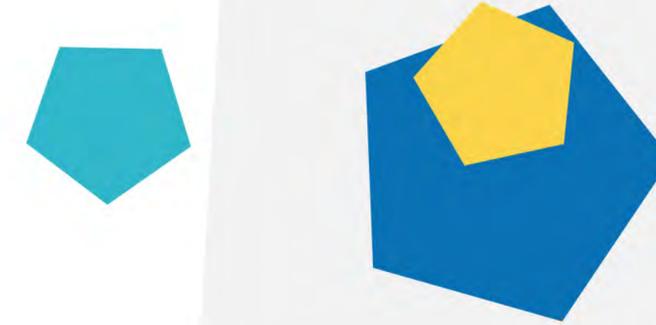
## Binary vs frequency outcomes

The target value for repayment under a SIB scheme can be expressed as a binary outcome. A binary outcome describes the project's success using two options: the beneficiary meets the criteria, such as "having signed an employment contract" or "having reoffended" or not. Frequency outcomes are measured by counting how often the desired action has taken place. These outcomes answer questions such as "how many days children spent in institutionalised care" or "how many times a person reoffended". Therefore, frequency outcomes are more realistic and fit better the purpose of acknowledging the beneficiaries' improvements.

It is worth stressing that developing a SIB contract on binary outcomes exposes social providers to perverse incentives such as "cherry-picking" and "parking". Social providers might support beneficiaries who have the highest chances of meeting the target and park those who have already missed the target. Through "cherry-picking", the social provider only selects the 'easiest' members of a beneficiary population to work with. This way, they maximise outcome payments at the expense of the harder-to-help groups. Through "parking", the service provider ignores the harder-to-help groups, depriving them of the service because it is harder to earn outcome payments with them.

## Individual vs cohort outcomes

SIBs can frame success as individual or cohort success, which means paying for individual achievements or paying when a percentage of people within a cohort achieves the expected results. A cohort outcome was selected in the "Cuidar de Quem Cuida" SIB: improved caregivers' life quality was defined as the target group's "average score" (Anselmo, 2021). The pros and cons of these approaches are described in the slide below.



## Impact measurement

Sebastianelli (2020) has defined “impact” as that part of the outcomes that can be attributed to the social intervention, above and beyond what would have happened anyway. Measuring impact demonstrates the causal relationship between the outcomes achieved and the intervention financed through the SIB mechanism.

This means that social changes can be attributed to the intervention, and positive change could not have been observed without it. As Anselmo (2020) put it: “To understand the true meaning of an improvement, we need to understand what would have happened, anyway, without the intervention”.

An assessment carried out at the end of the intervention does not measure impact as it does not answer many questions. Did the intervention generate the changes, or would they have happened anyway, even without the intervention? Are public commissioners paying for an effective intervention or something else? How can public commissioners be sure that they are not paying for changes generated through a spontaneous or physiological development? How can they be sure that they are not paying for outcomes caused by other circumstances, such as other services to which the target group has been exposed? Measuring impact is, therefore, crucial to answering these questions. For this reason, estimating deadweight and assessing attribution is also essential.

To estimate the deadweight, “a benchmark that shows how things are in a situation where the social intervention does not occur” is needed (Sebastianelli, 2020). There are several methods for estimating deadweight that can be ranked according to their capability of providing scientific evidence of what would have happened to the target group if they had not been exposed to the intervention.

The pyramid below shows that the best methodology for creating a benchmark is the

“counterfactual” research design. This compares the experimental group’s outcomes with those of a control group. However, the control group needs to be similar to the experimental one, except for not being exposed to the program.

## The definition of target groups

The target group is the population on which the commissioner intends to intervene to have a causal impact. Defining the target group is a central part of a SIB closely intertwined with other phases. According to Bokström (2020), the first step in determining the target group is identifying evidence-based risk factors and protective factors in the target population. This involves answering the question: “How do we know that we have found the right target group, who are truly at risk or experiencing the problem?”

## Needs assessment and root causes analysis

This work starts with a needs assessment and robust root causes analysis (analysis of causal factors), ensuring that the social problem’s causes will be tackled, not the symptoms. A literature review of previous interventions and assessments is necessary to understand better what is driving poor outcomes. This helps identify the sequence of events leading to the problem, the conditions allowing it to occur, and other co-existing issues with the main topic and potentially contributing to it.

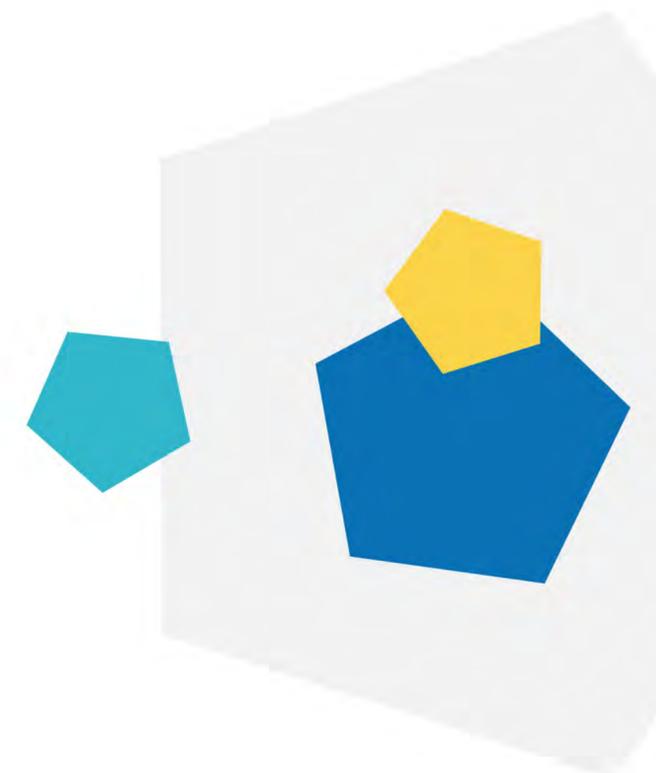
## Stratification of the target population

The second step in smart targeting is to stratify the target population using risk factors. Identifying a subset of the general population and sub-groups within a larger target group is often necessary. Conducting a root cause analysis and needs assessment in local contexts can be challenging due to the lack of data on the local population. However, regional and national data sources can be used. It is also strategic to focus on the critical topic areas (e.g. prioritising among multiple issues) and consider the data used. The quality of the data available should constantly be scrutinised.

According to Bokström (2020), data is often available only on people who have been diagnosed with health or social problems. In contrast, no information is available on those who have not yet developed the symptom or have not been diagnosed with it but who might still be at risk. This is a limitation for preventative interventions making it challenging to answer crucial questions such as: “How early does the prevention need to be implemented to be effective?” or “What is the connection between a preliminary symptom, such as pre-diabetes, and the problem, full-blown diabetes?”.

## Characteristics of the target group

The steps previously described should lead to a final decision on the characteristics of the target group, based on the literature and analysis of the data available. It should also be considered which target allows the most significant impact and a mandate to work with it. The definition of the target group is closely intertwined with the intervention logic and the level of prevention.



## Universal prevention

Universal prevention means that everyone is receiving the intervention to improve life quality. For instance, a teacher delivers innovative teaching to all students, or a stress management course is offered to all employees. No specific target is identified, but a context for the intervention is chosen.

## Selective prevention

When screening detects disease in an early phase, a preventive intervention could be set up to avoid worsening the problem by delivering moderate support to the population at risk. In this case, there is no overt problem. Symptoms have not yet appeared, but individuals at risk of developing this condition can be identified (e.g. living in a disadvantaged area or belonging to low socioeconomic status families). Demographic indicators pointing to potential risks allow optimal targeting, and a preventive intervention is put in place to avoid negative trajectories for the target group.

## Indicated prevention

The indicated prevention happens when early problems have been observed but not diagnosed or referred for treatment. These are addressed by intervening as early as possible, mainly through individualised support of a team of professionals. In this case, target groups are stratified, and intervention is customised precisely based on risk factors.

An early identification or risk assessment system is needed to deliver an indicated prevention. Professionals (teachers, counsellors, social workers, etc.) use many risk assessment or screening tools with different target groups.

There are also self-rated questionnaires and group check-up tools. It is of the utmost importance to be transparent on why and how data are gathered and give the participants feedback on the results.

## Measurement tools and target size

However, not all tools are constructed and tested rigorously. Brief questionnaires, for instance, although more practical, reduce the measurement precision. A literature review can validate the measurement properties of a tool.

Before adopting a risk assessment or screening tool, the following questions should be answered (Bokström, 2021):

- Does the instrument fit the intended target group and cover the entire spectrum to be measured? For instance, does the instrument measure both very high and very low levels of well-being?
- Does the instrument work equally well for different demographic sub-groups (stratified by age, sex, ethnicity, etc.)? People with other demographic characteristics may interpret the meanings of questionnaire items differently.
- How well can the instrument differentiate between individuals or groups? Approaching the end of the scale - for instance, very high levels or low levels of depression - the uncertainty grows because fewer items detect the end of the spectrum.

The size of the target group also affects the statistical power of the experiment. The target group size needed to achieve adequate statistical power must also be considered. However, sometimes there is a "natural limit" on the possible sample size (e.g. the size of the population in need in a local area).

## Example of the importance of a robust root analysis

Bokström provided an example of the importance of a robust root analysis, the case of school-based prevention of the use of alcohol, narcotics and tobacco implemented in Sweden in the 1980s. It aimed to provide timely information concerning alcohol, drugs, and smoking risks. Surprisingly, at the end of the intervention, their use was increased. It happened because the assumptions about the causes of the problem were incorrect: the reason was not a lack of information. Later, a more robust root cause analysis led to different results: several symptoms (such as academic failure, peer rejection, etc.) were found rooted in poor self-regulation skills generated by non-nurturing environments. Targeting these environments and promoting self-regulatory skills would have more likely delivered a change in drug and alcohol abuse. As a result, a universal elementary school program called the "Good behaviour game" was established. The target group were children aged 7-8 since research findings had shown that this was a pivotal moment, allowing maximum results from the intervention on self-regulation. The follow-up, 15-years after the intervention, demonstrated a significant decrease in drug, alcohol and smoking abuse and other antisocial behaviours in the target group compared with the control group. This example shows that strong evidence leads to optimal target group definition and a strong intervention logic.

## Example of data use for target group stratification

An intervention focusing on the prevention of sick leave among employees in Swedish public administrations showcases an example of data use for target group stratification. In this instance, data showed that 20% of employees accounted for 80% of sick-leave cases. Data also demonstrated that sick leave was not evenly distributed among different workplaces but overrepresented in some probably unhealthy organisational environments.

In contrast, data did not make it possible to understand how early to intervene, even though the first sick leave taken is a good predictor of reoccurring sick leave. Data also helped exclude some hypotheses: gender, age and type of work were not good stratifiers of the target group since there were no significant differences among males and females or across age groups or public departments. This research optimised the target group's stratification as "employees with more than three instances of short-term sick leave over 12 months, and working at workplaces with high or increasing short-term sick leave." (Bokström).

## Engaging service providers

A SIB is a contractual arrangement; however, it should be considered a multi-actor partnership throughout the project's entire life. It is vital to engage with provider organisations (POs) from the early stages of building a SIB construction, consulting them to identify the social problem and figuring out what solutions might lead to the desired outcomes. Early engagement with POs is also crucial to understanding the needs of target groups at the local level and mapping effective practices.

Once the target groups and expected outcomes have been identified, the definition of the success threshold, which triggers the repayment of investors, is the next matter of negotiation between the commissioner, POs and investors. These actors should agree upon the level of success, which should be both ambitious and achievable for the providers. Outcomes cannot be defined without the engagement of POs. They must be consulted to balance the estimated price and value of the outcome to the commissioner.

## Criteria influencing service provider participation

Not all providers are ready to get involved in SIBs. For many POs, the SIB is still a very innovative way to pay for a social program, and there is a lack of knowledge of how it works in practice. Moreover, there are skills and expertise which service providers need to demonstrate for successful delivery. These skills and expertise overlap with the requirements envisaged by grant-awarding or traditional service procurement. Still, there are also elements unique to SIBs. Research conducted by GOLAB (Anastasiu, 2021) has identified four key criteria which influence service provider participation.

## Selecting service providers

SIBs could be 100% outcome contracts or - less frequently - a mix of fees for services and payment on the outcome. A higher percentage of the payment for success can incentivise POs. Still, it can push them to experience additional pressure from investors.

## Increasing the number of non-profit organisations in public service provision

The nature of the capital used to fund services determines the type of POs participating in the arrangement. Larger providers may have the financial power to enter Pay-by-Result contracts, being directly re-paid for success, but smaller ones lack that. Smaller organisations with a strong track record could raise upfront capital from investors under a SIB scheme. In that case, a requirement for provider organisations will be their capacity to raise capital from investors, meet their requirements, and team up with them.

## Strong social intent by the social provider

POs involved in SIBs could be for-profit, non-profit or voluntary organisations. A good reason to limit SIB partnerships to the latter two is the intent of the outcome payer to ensure the providers' commitment to social benefit. The commissioner may prefer restricted access to support the third sector by improving social providers' performance management, their capacity to partner with investors, and facilitating their access to new funding. However, competition cannot be restricted to the local area. But the outcome payer may want to enable the local ecosystem by asking bidders to demonstrate a knowledge of local needs and

context. Hence, they can facilitate the participation of local providers, sometimes in partnership with larger organisations at the national level.

## Performance management

Investors or intermediaries who manage the SIB are often responsible for monitoring activities and data management. However, POs must have performance management procedures (or the capacity to develop them) and a data-led delivery model. Other organisations, such as intermediaries or external evaluators, could also be involved. Thus, POs need to learn different ways to work with different actors, provide feedback, and share data on beneficiaries and results.

## Contracting service providers

Tenders for selecting provider organisations must be open and transparent to all organisations. The position of POs in these contract models varies significantly according to responsibilities and decision-making power.

## A direct contract with a PO

A direct contract with a PO is between the outcome payer and provider. In this case, the provider decides how to access investment. This option works well when an individual PO can deliver the intervention and raise funds.



## A direct contract with Investors

The commissioner teams up with one or more investors, and they jointly appoint providers. This option is preferable when the social issue needs a multi-provider approach. In this case, the investor manages both the SIB performance and the providers. If one organisation underperforms, the investor is entitled to switch to another one.

## Intermediary contract

When multiple outcome payers (e.g. local and national authorities), investors and providers take part in a SIB, an intermediary is appointed to manage this complex system and SIB performance. This model is easier for the outcome payer since it delegates the intermediary to handle all matters but implies additional costs.

## Multi-party Contract

Another option for handling multiple actors is a framework contract with all partners, referring to side contracts between partners (e.g. commissioner-investor, provider-intermediary etc.). In this case, it is recommended for providers to agree with contracting parties in the early negotiation phase to allow for revision of the contracts.

## Financial development of SIBs

### Pricing outcomes and structuring payment

Since a SIB is an outcome-based contract, calculating the economic value of the expected outcomes underpins the entire business case. The price of the outcomes - or the success fee - is estimated based on the savings generated for the public purse by the social intervention financed through the SIB. For instance, the success fee for positive employment outcomes is often calculated based on the amount saved in unemployment benefits.

Savings calculations are not the only basis for pricing outcomes; a successful intervention's economic value and revenues are often considered. For example, under the second round of the Finnish SIB on "Prevention of social exclusion of children/teenagers", the contracting parties agreed on a success fee per person graduating from secondary school based on the average national economic value of graduation in terms of future tax revenue. The investor could claim a share of that extra revenue in the event of the SIB's success. Other SIBs on unemployment build on the same logic; the success fee is based on unemployment benefit savings and a share of tax revenues generated (Nykänen, 2021).

SIBs use a success fee multiplier to calculate the outcome price in some cases. In the case of a SIB on employment of long-term unemployed people, the success fee was based on their salaries multiplied by various factors. These factors considered how long the person was unemployed, their educational level, age, and geographical area (since employment in rural areas is more problematic). This solution recognises that different target groups have other risk profiles. Achieving success with a long-term unemployed person is more challenging for the service provider and riskier for the investor.

The payment structure is most relevant to investors. It includes the outcome price, the return on investment and the repayment time frame. The time horizon should be reasonable and based on previous experience in achieving similar outcomes and on the time frame for savings. This means considering when savings will be available in the public budget. A SIB's average repayment time scale is 3-5 years. However, a programme's time frame and the repayment period might be longer than that. In such cases, investors with long-term horizons and adequate financial background were involved and ran the risk over several years.

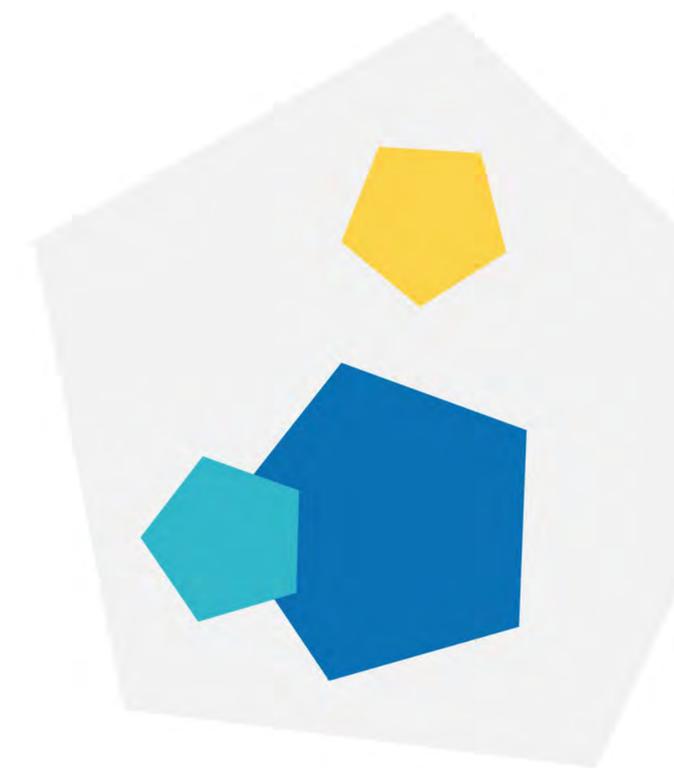
### Return on Investment

Should the SIB be successful, investors expect the repayment of the original amount of capital plus a Return on Investment (RoI). In the Finnish SIBs, the RoI is often capped, and it rarely reaches double digits. Impact investors are interested in impact, and "their return expectation is between 5 to 10%, which is competitive in a general risk-adjusted investment market" (Nykänen, 2020)

Under SIB schemes, many mission-driven impact investors expect that the original amount of capital is paid back and accept a lower or minimum profit. The SIB on "Reduction of long-term unemployment" set the targeted annual return around 6-8%. However, an inversely proportional relationship was established between the share of savings and the RoI. If the yearly return rose, the investors' share of total savings fell.

### The contract with the commissioner

This preliminary calculation underlies the contractual terms between the commissioner and the fund manager or investors. Payment-related



parameters written in the contract should be as simple as possible. The contract should be flexible and forward-looking regarding potential changes in organisational or operational requirements during the implementation phase.

Achievement of outcomes can be influenced by external factors, which may be predictable, as in the case of elections, or unpredictable, such as a pandemic crisis or unforeseen aspects emerging during the intervention. A lesson learnt in the SIB on “Public Sector Workplace Wellness” is that specific periods of extraordinarily high or low number of sick leaves should have been excluded from the impact measurement plan.

## Reducing the risk for investors

Considering different targets’ risk profiles, defining different success fees has already been presented as a strategy to mitigate risk for investors. However, trust in service providers remains the main guarantee for impact investors. Through a direct contract between the commissioner and the fund manager or investors, the SIB partnership gives investors the power to select the service suppliers and dismiss them in case of underperformance.

However, the contracting parties agreed to appoint four providers coordinated by one leading supplier in the first Finnish SIB. With one provider supervising the others, this hierarchical structure was slightly problematic. It did not serve the investors’ purpose of directly managing performance. The fund manager has developed, over the years, a more flexible structure for managing the portfolio of providers. Networking many organisations which can reach target groups reduces the risk of failure for investors.

Reaching and engaging the target group is often a challenge for a fund manager handling a SIB. Data

sharing between public administrations and fund managers or investors is crucial. These data are usually owned by different administrations, some of them lacking the human resources required for data analysis. Moreover, the need to comply with privacy laws might hinder the process. Ethical and legal issues related to protecting the SIB beneficiaries’ identities limit the communication of the impact. At the same time, investors are interested in being visible. As Nykänen (2021) stated, “Investors are not looking only at financial results, but want to hear the stories of the families”, how SIB changed their lives. On the other hand, disclosure of beneficiaries’ identities could be harmful. Therefore, the dilemma of communicating impact and protecting target groups at the same time needs to be discussed within the SIB partnership.

## Investors

There is a wide array of investors, from traditional investors focusing on return only to philanthropy organisations interested in impact. However, SIBs can mainly attract organisations that pursue both financial and impact goals, such as large companies with a social profile and mission-driven organisations, like foundations.

Large companies are more interested in impact than in financial return. Still, they wish to gain maximum visibility from the initiative, especially at the local level and avoid negative results. An effective strategy to engage companies could be focusing on beneficiaries’ “stories”, the challenges they face, and the positive social changes thanks to the companies’ contributions. When viable, it is better to target those companies whose business interests relate to the SIB issue or whose employees might have an interest in it. Such companies can sometimes invest from their corporate social responsibility (CSR) or marketing budgets.

Mission-driven investors often have preferred issues (like education, health etc.) or work in

specific geographical areas. As such, impact and target groups are their primary concern, sometimes outweighing questions of capital returns. However, their interest could be restricted to particular social problems. While publicity is naturally an added value for them, it is not central to their investment strategy.

Lastly, it is important to stress that national financial laws can regulate the investment market and the types of investors engaged in financing a SIB. In Finland, for instance, large funds are regulated by the Financial Supervisory Authority, which regulates what kind of investors a fund manager can approach. So far, these must have been professional investors, investing not less than 100,000 euros. The law aims at protecting non-professional investors by making sure that they can understand vehicles such as the SIB. Compliance with national financial laws should therefore be always considered.

## Building a SIB Partnership

### Conducting a literature review

Researching SIBs is a preliminary activity that can capitalise on the considerable volume of knowledge developed globally since the first SIB was launched. Likewise, investigating SIBs implemented in neighbouring countries can prove helpful in exploring differences and similarities in policies and regulatory frameworks.



## Proving that a SIB is the best way to solve a problem hitherto unsolved

The first SIB in Flanders was driven by the necessity to tackle the growing phenomenon of young people who are not in education, employment, or training (NEETs). The Flemish Service for Employment and Vocational Training (VDAB) decided to investigate this issue more deeply to understand its magnitude. They discovered that the NEET rate in the Municipality of Antwerp was 20% higher than the average for Flanders in 2016 (Dewae, 2021). Compared to other unemployed individuals, the NEETs were invisible to society and challenging to reach and help.

NEETs were also a heterogeneous group composed of highly educated, Flemish-speaking but unemployed people, poorly educated and non-Flemish-speaking individuals, or migrant and radicalised young people at risk of ending up in jail. Despite the funds invested in addressing the problem, it continued to worsen. A different approach was necessary, especially with higher-risk targets such as unemployed migrant women with children. Many studies have reported resistance to SIBs in the public sector, mainly based on the fear that social policies will become marketised. However, the compelling rationale demonstrated the need for policy innovation in NEETs helped overcome such resistance and gain commitment within the organisation. However, SIBs allow interventions with a high risk of failure and increased costs for society to be outsourced and thus financed by private investors.

## Financing and carrying out a feasibility study

A sound feasibility study also allows building trust internally to create allies in the commissioner organisation. Feasibility studies are expensive,

and, as such, applying for a grant at the national or EU level is often a meaningful way to support the establishment of the SIB. In the case of the Flemish SIB, the ESF Program awarded VDAB funding under a call for innovation in the public system. This grant was crucial to creating a road map for setting up the SIB and carrying out all the preparatory activities.

## Sharing information and teaming up internally

It is crucial to make a strategic plan within the public commissioner organisation to ensure the support of managers and chief executives. It is not only a matter of informing them but of engaging them in steering the whole process. Moreover, the setting-up of a SIB requires the contribution of a multi-disciplinary team, including staff from departments of Strategy and Policy, Finance, Legal Office, Procurement Management, Research and Data System, and Communication. The involvement of the Communications Department from the very outset is paramount as a public audience can easily misunderstand SIBs. For instance, the public usually pays the cost of failure, but this is not the case with the SIB. If the project fails, the mechanism of the SIB works, as the public commissioner does not have to pay for unachieved outcomes.

## Partnering with key actors, lobbying at a political level, and seeking professional advice

Early engagement of service providers, promoted by the public commissioner, is vital to better understanding the target group, the social players' expectations, and the support they need. Presenting the mechanism to potential investors is

also crucial, but gaining endorsements at a political level is of even greater strategic importance.

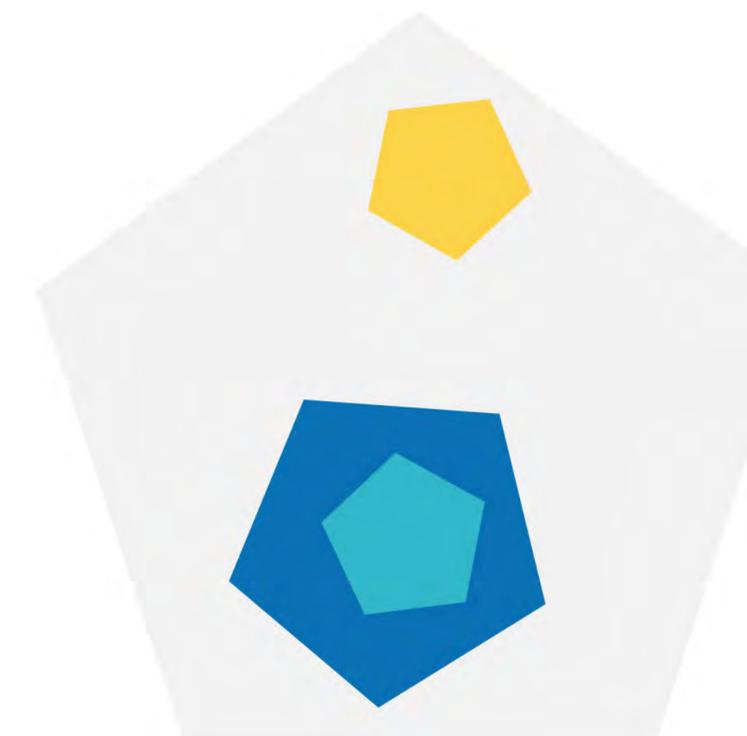
Clarifying the legal aspects and financial engineering are the most challenging part of the SIB design. Often the public commissioner requires support from high-level professionals.

## Identifying the outcome payer and estimating the budget

SIB establishment implies deciding which public body will repay investors should the intervention be successful. The savings calculation is a crucial step that the public commissioner must undertake to estimate the SIB budget and the outcome price. In the case of the Flemish SIB, VDAB demonstrated that the public unit cost of unemployment per year was € 36-38,000. Therefore the expected financial outcome of a SIB aimed at employing 270 people in 5 years could amount to € 48 million saved (Dewae, 2021).

## Designing the procurement procedure

Teaming up with a procurement specialist within the organisation is extremely important, as the public sector's culture is strongly risk-averse in this field. The terms of reference of traditional tenders and calls are narrow and specific to avoid any interpretation. In the case of the Flemish SIB, VDAB tried to keep the procurement as flexible and open as possible. That way, they maximised the learning and innovation opportunities created by SIBs and met the service providers' requests for a more open call. Efforts to adapt and flexibility are essential also because public procurement law may change, as happened in Belgium one year after the start of the SIB project. For all these reasons, procurement design might take longer than expected.



One specific challenge in SIB procurement is outsourcing the financial risk and transferring it to investors. Investors might refuse to risk their capital on a social organisation that they did not select if the public commissioner chooses to procure the service provider directly. For this reason, in the Flemish SIB, VDAB opted to procure a “provision of service” rather than procuring a service provider. A public tender was issued to purchase a service provision from a partnership composed of a service provider and an investor, co-signing the contract.

This approach brought innovation into the public procurement modus operandi and fostered cross-sectoral networking between social service providers and financial actors. As Dewae (2021) pointed out, “Investors and service providers usually do not know each other; they even speak different languages. However, investors could become more sensitive to social impact by making them meet and work together. In contrast, service providers become more entrepreneurial”. Under this innovative procurement procedure investors take responsibility for assessing the providers’ financial capacity through a due diligence process. It is in their interest to support providers in developing the business plan and efficiently managing the capital provided.

The first Flemish Sib envisaged a one-stage call and negotiation with the selected applicants and received two proposals. One application was submitted by a bank and a service provider with considerable recruitment experience; the other was by a philanthropic entity with a service provider with a strong background in training. VDAB attempted to assign the provision of service to both to take advantage of the complementarity of both partnerships. Still, in the end, only one partnership was awarded the contract.

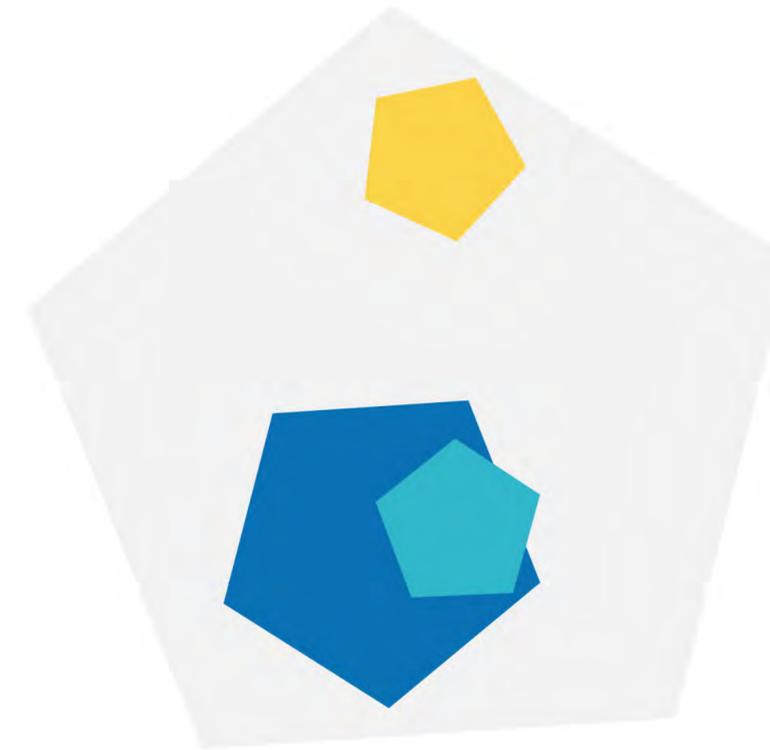
Lessons learned from this experience allowed VDAB to improve the SIB procurement process. A second SIB was contracted through a two-stage process, with an open call aimed at individual applicants or partnerships, followed by an

information round. The ten applicants from the first stage were invited to a brokerage event to learn about the SIB mechanism and to meet each other so they could partner for the second phase. This procedure helped VDAB save time, ensure more equity in sharing knowledge, and broaden the competition.

### Negotiation with the contracting party

The negotiation with the investor might be conducted differently by the outcome payer, depending on the nature of the investor itself, since institutional investors and mission-driven organisations have different motivations.

Negotiating the RoI is also challenging since the contracting parties might accept a high-interest rate in the case of a successful result. They might even decide to increase the RoI if a high-risk profile target group achieves the desired outcomes. However, increasing the interest rate could raise ethical issues and endanger investors’ reputations. In the Flemish case, the difficulty in finding a satisfying agreement for all the parties involved made one investor step out. The process ended with the contract signed by the philanthropic entity and the associated service provider.





# Aarhus

Aarhus is located in the western part of Denmark on the eastern shore of the Danish mainland Jutland and has a population of 277,086 inhabitants in the city and 349,873 in the municipality. The population of Aarhus is very young and highly educated compared to the national average, due to the high concentration of educational institutions.

The city has several transport connections. The port of Aarhus is Denmark's largest container port and one of the Top 100 globally, and the ferries of Mols-Linien have several daily departures back and forth from Aarhus to Zealand, the largest island in Denmark where Copenhagen is located. Billund and Aarhus Airport are within a one-hour drive from the city. Both airports have popular international destinations. The motorway E45 runs from the Northern part of Denmark down South to Germany and Europe and connects the city to the capital of Denmark, Copenhagen. Aarhus has one of the largest train stations in Denmark, located in the center, and it connects the city to the rest of Denmark.

## Our challenges

One of the leading social problems of Aarhus concerns the integration of non-Western immigrants into the labour market. Within this group, nearly 40% are unemployed and thus live on welfare dependency. The number for non-Western descendants is 15.6% which is lower but still shows that Aarhus faces social problems with getting these ethnic groups employed.

Another social problem in Aarhus is the rising rate of homelessness, especially among young people under the age of 30. The city has made a combined and coordinated effort across municipal, private and voluntary services to address this issue.

The employment policy of Aarhus entails a 'Company Strategy', which forms the basis for collaboration with companies on employment efforts. Aarhus municipality cooperates closely with companies for the benefit of both unemployed citizens and the companies. The mission of the corporate strategy is to provide a qualified service to citizens and businesses, so the unemployed get a job as soon as possible or receive education.

# Our Integrated Action Plan

Aarhus is currently working on Social Impact Bonds from a number of angles and with several supporting initiatives while actual Social Impact Bonds are already in effect. The Den sociale investeringsfond (The Social Investment Fund); Masterplan på hjemløseområdet (Masterplan on the homeless area); Dialog mod vold (Dialogue Against Violence) and Lær for Livet (Learn for your life) will be the topics of the IAP.

From them, the Social Investment Fund is a local municipal fund in Aarhus. It is supported by an external council Rådet for sociale investeringer (Council of Social Investments), appointed by the city council for the period 2020-2024. 40 mio. kroner (5,38 mio. Euros) are allocated for its investments during the period. The three members of the Council of Social Investments all have professional background with a lot of experience from multiple civil society organizations.

The aim is to identify and start up social initiatives which contribute to positive changes for citizens and reduce municipality expenses. This will be done in cooperation with both civil society organizations and private investors.

The new initiatives of the IAP will complement

the existing social initiatives in Aarhus Municipality. The initiatives are meant to be based on evidence and well-established methods. In a smaller scale there is room for being more innovative and testing less established solutions.

The social initiatives will be financed through the SIB-model: The initiatives will focus on results rather than services. The finance will come from external investors or funds, that will fully or partly take the financial risk in return for being paid if the objectives are achieved.

The Investment Fund is involved as initiator and co-investor of all SIBs that have so far been developed. In the future the aim is to expand the stakeholder circle around the Social Impact Bonds of Aarhus to even more public and civil partners: to invite private capital to the investor circle, and also to establish a closer cooperation with other public agencies so SIBs with a more complete model of repayment can be reached.



# Our Small Scale Action

The overall idea of this project is to create a community that connects the concepts of culture, health, and employment in the work with challenged young people. The project connects the experiences of three different actors in working with people with mental vulnerabilities in one place in order to create synergy effects which will greatly benefit the young people's development. The three actors are:

- Museum Ovariaci who besides housing one of Europe's biggest collections of I 'Art Brut also employs approximately 20 challenged young people every year.
- FO Aarhus who is experienced in helping challenged young people to get employed. (civic sector organization)
- Aarhus Municipality (Jobcenter Aarhus)

The concept the SSA tested was that young people who suffer from either educational, social or health problems can achieve great personal development through work with art and culture. It is therefore relevant to create a space where young people can get the help they need in a creative environment. The concrete questions to be

answered were: If we meet vulnerable youngsters in a different environment – can we create positive changes for the youngsters?

**How can creating art be a “common third” – where we meet vulnerable youngsters around something (creating art and events) that they find interesting?**

The experiences gained through the implementation of the SSA were positive: they have shown that if we create communities for vulnerable young people, they can be stepping stones to education and work. A Museum can be such a space where different sectors come together and create solutions.

The project is fairly simple so if the results are positive for the young people's development on the long term, it could be easily upscaled or transferred to further cultural institutions.



# What have we learned in SIBdev?

The project has provided learning and insight into several fields:

- High quality learning from top universities about SIBs
- It has provided a common language in the field of social work and economy
- Hands on experiences from other cities about SIBs
- Insights from other cities in Europe about cross sector work, co-creating and co-financing

## Contact information:

**City of Aarhus**  
Raadhuspladsen 2  
8000 Aarhus C  
Denmark

**Anne Marie Frederiksen**  
amfr@aarhus.dk

[www.aarhus.dk](http://www.aarhus.dk)





# Baia Mare

## Our challenges

Situated in North-Western Romania, Baia Mare is Romania's 18th largest city and 3rd in size in its region, with a population of 144.925 inhabitants. It is situated on the Săsar River valley, surrounded by mountains.

Baia Mare is a city of second rank, having an inter-county and regional importance. Baia Mare is an urban development pole, a status which indicates that the city acts as a hub for regional and local growth, ensuring development in adjacent areas. The status of capital of the county bordering Ukraine, together with the context of geographic proximity to Hungary, gives the municipality an opportunity to develop as a transit hub.

The economic activity of Baia Mare has been based on the mining activities located in the surrounding areas. However, after the 1989 Revolution and industrial changes, mining declined considerably.

In recent years, Baia Mare has experienced decreasing population and ageing, poor economic competitiveness but also an increase in tourism (40% in 10 years). As the former mining

capital of Romania, Baia Mare is now isolated from TEN-T, has limited alternative transport, and no green-blue corridor.

The strengths of Baia Mare are its surrounding natural and anthropic sites favoring tourism, as well as the forestry potential. On the other hand, the foremost challenges are the underdeveloped infrastructure, insufficient transformation after its industrial past, and environmental issues.

After its impressive growth in population and importance throughout the 20th century, the city has faced migratory and population ageing challenges for the past 30 years, mostly due to the vicinity of Cluj-Napoca as a magnet city and the abrupt discontinuance of the mining industry and industrial processing related to it.

Confronted with an accelerated demographic decrease, the most important challenges are increasing cooperation with neighboring rural areas and preventing the brain-drain through employment and creation of job opportunities.

However, Baia Mare has not been able to make the most of its potential due to a lack of local economic initiatives caused by insufficient knowledge, culture and education. Still, the unemployment rate is low, around 2%.

Social problems of the city are poverty and social exclusion, especially related to Roma people settled in ad-hoc housing in well-organised districts or near brownfields, housing problems, and regeneration of urban deprived areas and neighborhoods.

The main challenge is to make public spending more efficient and to build on participatory approaches. Baia Mare wants to create a new model in the field of the local funding policies for the citizens and NGOs working with the youth, culture and education, and social services.

# Our Integrated Action Plan

Baia Mare's IAP objectives were built in tight connection with the city's Local Development Strategy and Smart City Strategy. Its design, based on the Smart City Model, includes using Social Impact Bonds for each of the Smart City components, including Governance, Environment, Economy, Lifestyle, Population and Mobility. The aim is to promote SIBs as a promoter of sustainable local development.

## **The main objectives include:**

- Increased community involvement in public decision making
- Expand local funding according to Social Impact Models
- Promote environmental-friendly action
- Support companies and individuals promoting repair-reuse-recycle business models and action
- Increase employability of the younger generation
- Stimulate ActiveAgeing among retired people

- Boost alternative transport within the city
- Co-creation of public spaces
- Local development fund for Start-ups functioning as SIBs

## **The main actions were designed to support objectives delivery, mainly:**

- Increased citizen involvement in public decision making
- New policy for public funding of SIB (Local Funding Law)
- Promote environmental-friendly action
- Support repair-reuse-recycle business models and action
- Increase employability of the younger generation – Small Scale Action
- Stimulate ActiveAgeing among retired people
- Teach the concept of Impact vs Result
- Boost alternative transport within the city
- Co-creation of Public Spaces
- Boosting creativity for the local community
- Local development fund for Startups functioning as SIBs
- Address Corporate Social Responsibility in a SIB manner

**The timeframe for delivery is 2023-2030.**

# Our Small Scale Action

Currently, education in Romania, as a whole, fails to respond adequately to the requirements of the labor market and those of society. The distribution of students by areas of expertise, as well as the university programs in which Romanian students are trained, do not fully reflect the realities of the labor market. Learning outcomes should include not only knowledge but also professional and personal skills and competencies. It is a well-known fact that student-supported practice is not always of the highest quality. Students frequently do not acquire the skills required for the actual work they will perform after graduation.

To better prepare for a job interview, students need vocational and soft skills training. This is the main conclusion after implementing a pilot program designed to increase the employability of young people in Baia Mare Municipality, a program run by Baia Mare Municipality and the Technical University of Cluj-Napoca through the North University Centre of Baia Mare.

A series of activities in the Baia Mare - Small Scale Action "CONNECT YOUTH & JOBS", including a contest of entrepreneurial ideas, simulation of job interviews with representatives of the private sector, research, identification and testing of

social services for training students, focused on the development of socio-professional soft skills.

A total of 73 students were included in the pilot program of non-formal education. The soft skill program included five training sessions: time management, teamwork, creativity and critical/synthetic thinking, communication and focus and self-esteem. Because of the COVID 19 restrictions activities were conducted online on the Zoom platform, between November 24 and December 13, 2021, within the Small Scale Action - "CONNECT YOUTH & JOBS". Between 68 and 52 students enrolled the courses, but the actual presence was between 38 and 29.

Initially, 56 students from the North University Centre of Baia Mare (CUNBM) enrolled in the job interview simulations. The main conclusion of the students was that they do need this type of programs to increase their chances of being employed. According to the feedback provided by companies, after the trainings and the job interview simulations the percentage of students likely to be employed has increased by 35%.



# What have we learned in SIBdev?

We have learnt the difficulty of a good quality continuous work with the ULG group. People lose interest, they will only participate at specific actions: this is why our small scale action was a successful action and will hopefully inspire the community to take the process further.

## Contact information:

**Baia Mare Municipality**  
37, Gheorghe Sincai street,  
Baia Mare, 430311  
Maramures county, România

**Râjnită Sonia**  
sonia.rajnita@baimare.com  
[Facebook](#)

[www.baimare.ro](http://www.baimare.ro)

[Facebook group SIBdev on baimare.ro](#)





# Fundão

## Our challenges

Fundão lies in the Centro Region of Portugal about 260 km from both Lisbon and Porto and only 50 km from the border with Spain. It has a territory of 700km<sup>2</sup> with 26521 inhabitants and a population density of 42 inhabitants/km<sup>2</sup>. In the past decades the city has registered population ageing and loss and also economic activity weakening. In this context, Fundão decided to design and implement a strong strategy to reverse this scenario, having focused on creating an ecosystem favourable to attracting investment, encouraging people to stay in the region, creating jobs and conquering new markets.

To attract people to the territory, the Municipality has defined as its objective for the coming years to consolidate itself as a “host land”. Since April 2016, Fundão has started an ambitious project to welcome migrants – from the European Union and third countries – and asylum seekers/refugees. Until today, the Municipality has hosted 227 asylum seekers/refugees and continues to increase its capacity. At the same time, through its Business and Services Centre, the municipality already welcomes around 1000 highly qualified foreign citizens. Furthermore, the Municipality provides

adequate facilities for around 240 seasonal workers per year and, in partnership with Fundão Professional School, hosts around 100 students from Guinea-Bissau, Cape Verde and São Tomé and Príncipe.



Since 2015, and for the first time in many decades, Fundão has recorded a positive migration balance. However, the Municipality is still a territory demographically aged making active and healthy ageing a strategic priority for Fundão. The city aims to foster new project ideas, new partnerships and new ways of promoting active and healthy ageing in the city. Thus, Fundão decided to become a “Friendly City for the Elderly”, working out a strategy (Fundão Sénior, Território Maior) with the purpose of attracting emigrants in senior age and non-residents to settle and live in the city.

The migratory flows to Fundão represent an opportunity for economic, social and cultural development. In fact, the business structure in the Municipality faces several difficulties in recruiting human resources for the local industries, construction and agriculture. Thus, the Municipality aims to promote itself as a model destination for migrants’ integration and to reverse the rural exodus that it has been facing. The Municipal Plan for the Integration of Migrants (PMIM), funded by the Fund for Asylum, Migration and Integration, promotes multi-level integration of new and existing nationals at local level.

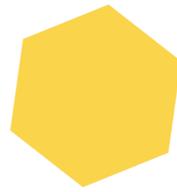
# Our Integrated Action Plan

Fundão IAP is the result of a participatory process carried out with the Local Action Group, composed of several public and private organizations, associations and education and knowledge institutions, among others, as well as the result of the capacity building, knowledge sharing and good practices identified during the Transnational Meetings.

Within the scope of SIBdev project, three axes were defined to explore how social impact bonds can be used to improve the delivery of public services: employment, ageing and migration. Fundão Integrated Action Plan will focus mainly on Ageing and Migration, as both topics represent a strategic priority for the Municipality.

**Within these topics four main areas were defined:**

- active ageing
- combating loneliness and social isolation
- migrants' integration in the society and
- mentality change towards migrants



# Our Small Scale Action

Memo Move, a project developed by the Municipality of Fundão, promotes active ageing through physical exercises for the elderly population. The intervention areas include cognitive stimulation, brain health monitoring (Brain on Track) and cognitive training (Cog Web), physical exercises, Dual Task training and Exergames. Since 2020, the project has enabled 2133 interventions.

Play Memo Move, proposed as a Small-Scale Action during Fundão Urbact Local Group meetings by the Memo Move project coordinator, is a new technological instrument of the Exergame style to be used with the elderly population, facilitating the practice of physical activity and providing these elderly an improved health and a more active lifestyle. The proposal of the SSA was to create, obtain, and consequently apply Exergames in a movable outdoor wall in the city centre and in a village in the municipality.

The sensorial equipment creation, as well as the platform to monitor the results, was developed and created by the MiniLab 3D startup based at A Praça Incubator, in Fundão.

Play Memo Move interactivity particularity is characterised by the need for active participation,

easy understanding (touching the capsules' light), planning and execution of appropriate responses to the demands of the game. Thus, the user is invited to demonstrate his physical and cognitive abilities. The data is monitored by the application created and always accompanied and streamlined by the Memo Move technical team.

Play Memo Move initial results seem very promising indeed, with 478 users in only one month, especially older participants.

Play Memo Move is linked to Fundão Integrated Action Plan under the thematic (1) Active Ageing, action (1) Neuro Motor Center - Memo Move X, which aims to rehabilitate Cidade Nova shopping centre second floor to create the first neuromotor center in the country dedicated to the elderly and to the active and healthy ageing promotion, based on active exercise, cognitive stimulation and other therapies related to mental health aimed at the elderly; and (3) Play Memo Move, which aims to extend the locations where Play Memo Move outdoor will be installed, namely in the Neuro Motor Center - Memo Move X new facilities and another 5, including 3 nursing homes, 1 day care centre and 1 Health Centre waiting room.

Play Memo Move brought greater motivation amongst users and better interaction between exercises, allowing to combine various exercise types and greater variability in the intervention exercise. The exergame allows the user to work by objective and promotes the exercises' overcoming. Additionally, it is easy to transport to other locations, cities and can be used by any age group. The platform can be improved by introducing other use variables, more exercises and games, as well as more stimuli.



# What have we learned in SIBdev?

All the cities gave Fundão the opportunity to learn something, however the most inspiring learnings came from Aarhus, where Fundão technical team got the opportunity to visit the Generation House, a building that gathers together several generations under the same roof; and Dokk1, a building where Aarhus Main Library is established, the municipal public services department, the theatre, the business incubator, and spaces dedicated to experimentation through technologies and the media. Some of the activities enabled by Dokk1 are a true inspiration for what the Municipality of Fundão would like to accomplish with the Neuro Motor Center - Memo Move X.

## Contact information:

**Municipality of Fundão**  
Praça do Município  
6230-338 Fundão  
Portugal

**Alcina Cerdeira**  
Councillor at Fundão Municipality  
ver.educacao.social@cm-fundao.pt

[www.cm-fundao.pt](http://www.cm-fundao.pt)

[Facebook](#)





# Heerlen

## Our challenges

Heerlen is a city in the south of the Netherlands, in the province Limburg. The city is part of a green urban area. It's the center city of Parkstad, an agglomeration with 250,000 inhabitants and 8 municipalities. Heerlen has 87,000 inhabitants.

Heerlen has a long history, starting in the Roman Period. It is also a former mining city. After the last mine closed in 1974, the city suffered from a huge economic decline and a social crisis. In the 20th century there was a lot of poverty, a high crime rate and there were many people with a drugs and/or alcohol addiction. But in the past twenty years Heerlen reinvented itself and created a new perspective and growth, focusing on local economy, culture and education. The city developed several business parks and focuses on medical logistics, smart services, culture and tourism.

Every neighborhood in Heerlen has a community center and a social team in which adult care, the youth service and social work are represented. Emphasis is put on the social and safety domains,

with an integrated approach. Heerlen is known as a social city, we provide support and care to young and old inhabitants in need, focusing on cooperation instead of market-driven thinking.



Heerlen has the highest number of inhabitants living on social assistance benefits in the Netherlands. Most people have a significant lower income compared to national average, many children grow up at risk of poverty (27% in Heerlen compared to 13% in the Netherlands). The average level of education is lower in Heerlen and people have an unhealthy lifestyle. The average life expectancy is 1.5 years shorter than for the average Dutch person, in some neighbourhoods even 6 years shorter.

As an aging city, Heerlen faces a lot of challenges, social as well as financial. The population is ageing and the loneliness number increases fast. The demographic pressure rises, as well as the costs for professional elderly care and support. People in Heerlen age in a less healthy manner, compared to other regions in The Netherlands. Elderly develop chronic illnesses and need care at an earlier age. Loneliness increases strongly from the age of 75, for example due to the death of loved ones or because people become less mobile. The percentage of lonely elderly is higher in our region than the national average, and in Heerlen it is even higher than in the other parts of our region.

# Our Integrated Action Plan

The specific mission and goals of the Urbact SIBdev project in Heerlen are focused on promoting a healthy lifestyle, lowering the costs of care, finding investors who are willing to participate in our search for methods that helps people age in a healthier way and experiment with interventions that contribute to accomplishing our vision and mission.

In the IAP we pay attention to LGBTQ+ (pink elderly), elderly with special needs and digital possibilities for the elderly in our city. Because LGBTIQ often are childless, the loneliness rate among pink elderly is high. The municipality offers several activities that are aimed at pink elderly and raises awareness about the situation of pink elderly in the city and in nursing homes. We also pay specific attention to elderly with special needs in our local Inclusion Agenda. Our city has to be accessible and safe for people with a disability. Becoming a dementia friendly city is one of the program lines of our elderly policy.

The digitization of society is progressing rapidly. Elderly citizens often do not keep up with the developments and feel isolated from the rest of society due to their lack of knowledge of digital and

social media. Our local University did a research on the possible role of social media in fighting loneliness. People who are digitally proficient can keep in touch with friends and family more easily and because of that, they are often less lonely. That's why the municipality supports projects that teach elderly to use a tablet or mobile phone, the PC or social media

# Our Small Scale Action

Heerlen has set up a collaboration with several general practices in two very different neighborhoods and with a large health care organisation. 24 Patients from five GP's in the city center and 11 patients from a GP in Hoensbroek (northern part of Heerlen) participated in the project, in the age of 55 or older. We chose two neighborhoods, because their population is quite different from each other. People living in the city center on average have a higher education and income level as compared to people coming from Hoensbroek.

## Focus and goals

We focus on loneliness. Opposed to providing a traditional medicine, a 'prescription' is issued for a few meetings with a neighborhood connector who helps to look for suitable solutions or activities in the neighborhood. The goal is to change the usual course of action, which is medicalization, into socializing.

This URBACT small scale action is being used to monitor whether the patient's vitality and feeling of happiness increase as a result of the prescribed intervention. The ultimate goal is for everyone in Heerlen to grow older in a healthy and happy way.

It is to be expected that this will lead to lower healthcare costs because people are less likely to end up in specialized mental health care.

## The intervention

After referral from the general practitioner, the neighborhood connector and the care recipient look for the underlying causes of the health complaints. The neighborhood connector acts in a very informal way, trying to recognize 'the question behind the question' and trying to offer activities or solutions that can help to battle loneliness. The connectors are the bridge to everything the neighborhood and the city has or might have to offer. That can be anything, for example joining a walking group or cooking club, getting acquainted with a yoga group, looking for a buddy or creating a new activity. The connector can accompany the patients when visiting a new activity or meeting new people. After a few times the elderly can join the activity alone.

## First results

Subjective measures show that the informal visits of the connector are very much appreciated by the participating elderly. Already early in the small



scale action we noticed differences between the situation in Heerlen Center and Hoensbroek. The elderly in the city center especially look for help in finding a solution themselves. They need shorter interventions than the elderly in Hoensbroek do. Concrete results show that some participants joined activities together, other participants started volunteering in their neighborhood and some people found new friends or even a new partner. The number of visits or calls to the general practitioner went down. The elderly participants, as well as the neighborhood connectors and the general practitioners are very positive about the effect of the intervention.

# What have we learned in SIBdev?

Urbact SIBdev gave us the opportunity to exchange knowledge and good practices with our partner cities who are dealing with social issues too and the very informative masterclasses taught us about SIBs.

## Contact information:

### Municipality of Heerlen

Geleenstraat 25, 6411 HP Heerlen

### Rob Smeets

r.a.j.smeets@heerlen.nl

[www.heerlen.nl](http://www.heerlen.nl)

[Facebook](#)

[Instagram](#)

[More info](#)





# Kecskemét

Kecskemét is the eighth-largest city in the country with 110,621 inhabitants and one of the few Hungarian cities with a growing population. The city lies in the Southern Great Plain Region, close to the geographical centre of Hungary and Budapest, at a distance of 90 km. It is connected to the capital by a highway. Still, it can be easily accessed by train and air (via the Budapest Airport).

The city's development received a boost when Mercedes-Benz decided to open a new plant in 2012, followed suit by many other plants of its suppliers. The considerable investment made by the German car manufacturer has raised many challenges for the city, which had to rethink many aspects of its development and daily operation. However, the economic growth led to a shortage of skilled workforce, despite the significant influx of workers. Thus, the unemployment rate is low compared to the national average.



## Our challenges



The most prominent social problem of Kecskemét is ageing; every second citizen will be over 50 in 2030. Therefore, the city has started a program to uphold retired people into the workforce in partnership with a local civil initiative named CédrusNet. Employees above 50 are often underrated on the job market, and pensioners develop a sense of “uselessness” after they retire. Another social problem is emigration, especially around the age of 18 to 25. Even though Kecskemét has a University, Budapest and the EU countries offer a much broader range of possibilities. Many of the youth leaving the city do not turn back. As the city has to deal with the lack of workforce and the ageing population in times of intense economic growth, a local civil initiative was started and later embraced (and partly financed) by the city. This initiative revealed that the city has to address the structural unemployment issues by applying innovative and holistic approaches.

# Our Integrated Action Plan

The key objective of the Integrated Action Plan is to alleviate the shortage of skilled workers in Kecskemét by reducing structural unemployment caused by the labour market situation of youth and the elderly.

Workers aged over 50 are in a disadvantaged and vulnerable position in the labour market. Employers are reluctant to hire elderly workers, partly because they lack some knowledge and skills compared to the youngest generation. However, many young workers also face difficulties at the start of their careers because they lack practical experience and sometimes even social and communication skills.

The city will tackle this issue by adopting complex measures. Some focus on the youth, such as career counselling and upscaling dual education, building bridges between education and workplace training. Other actions improve the employability of the elderly by enabling lifelong learning and skills development and supporting multigenerational, age-friendly workplaces. The intergenerational mentoring program supports both the youth and the elderly. Finally, the digitalisation of companies and workplaces serves the development of all companies in Kecskemét.

Partners responsible for carrying out each action have been identified in each action table.

The ULG will continue its activities in the form of regular meetings organised by the Municipality of Kecskemét to implement the Integrated Action Plan. The ULG will provide the organisational framework for coordinating actions. Concerned partners will conclude separate cooperation agreements on further development and implementation of each action. This organisational framework fits into the existing culture of cooperation in the city.

The actions of the IAP will be financed primarily through various ERDF and ESF sources available in the national operational programmes and some interregional cooperation programmes.



# Our Small Scale Action

As part of the Urbact programme, Kecskemét tested an intergenerational mentoring program; mentors over the age of 50 with significant professional and life experience met regularly with high school and college students. During these meetings, mentors taught the mentees soft skills essential for a successful start in the labour market.

The personalised mentoring process provided an opportunity to transfer the professional and human values accumulated by the older generation. This way, the youth can acquire the social and communication skills needed to start working successfully in their careers.

The mentoring programme aimed to determine which age group is more open to soft skills and how different generations can work together. The SSA was also helpful in testing the structure of the mentoring programme, the ideal length and frequency of the meetings and whether mentoring sessions are efficient enough.

The SSA was beneficial in testing a key action of the Integrated Action Plan aiming to alleviate the shortage of skilled workers in Kecskemét by reducing structural unemployment. The leading

causes of structural labour shortages are the disadvantaged labour market situation of young people and older people.

Both mentors and mentees found the mentoring programme very useful. The advantages were evident for the mentees, but mentors also gained a new perspective and inspiration from the mentees. The mentoring programme proved suitable for transferring soft skills, and some improvements were suggested. Based on participants' experience, the programme's duration should be increased. Group training sessions should be introduced to improve the learning and practice of specific soft skills.

The program can be upscaled by increasing the number of participants, both mentors and mentees. Additional program elements, such as training sessions and workshops, can deepen knowledge. Another option for upscaling is to provide mentoring to students and unemployed or newly hired young people.

The mentoring programme can be easily adapted to other cities. It requires only know-how and minimal investment above the existing infrastructure usually given in all cities. Based on the experience of the SSA, a methodological guide for the transfer of soft skills needs to be developed.



# What have we learned in SIBdev?

Participation in the programme has brought a level of cooperation between local organisations unprecedented in Kecskemét. The ULG started thinking together, which could be the basis for further joint projects.

## Contact information:

**Municipality of Kecskemét**  
6000 Kecskemét Kossuth tér 1.

**Zoltán Balogh**  
balogh.zoltan@kecskemet.hu

[www.kecskemet.hu](http://www.kecskemet.hu)





# Pordenone

The City of Pordenone is located in north-eastern Italy, in the western area of Friuli Venezia Giulia Region, bordering Veneto Region, very close to Slovenia and Austria. Pordenone Municipality extends over a territory of 38,23 Km<sup>2</sup>. The wider area of Pordenone Province is situated between the Carnic Alps and the wide valley which is bounded by the Tagliamento and Livenza Rivers. It expands over a territory of 2275,4 Km<sup>2</sup>, including 50 municipalities.

Pordenone was the river port - from the Latin Portus Naonis - and was mentioned for the first time in 1204. Ruled by several families it passed to the Austrian Habsburg domain in 1276. In this period, many historical monuments were built including the "Palazzo Comunale" (1291) and the Cathedral. In 1508 Pordenone passed to Venice during the conflict with Austria. In 1866 Pordenone was made part of Regno Lombardo Veneto and became part of the Kingdom of Italy. In the early decades of the 1900s the city experienced a strong industrial development in the metal, chemical and wood working industries. In 1968, it became the capital of the newly created Province of Pordenone.

## Our challenges

It is worth stressing that the largest group taken into care by the social services is represented by the elderly. 1029 elders were supported in 2017 (compared to 277 minors). Aging population is one of the main social challenges faced by Pordenone Municipality and it will be described in detail in the following paragraphs. Ageing population is one of the main challenge faced by Pordenone Municipality, the Province and the "Noncello" UTI. The mean age of Pordenone City's population is 46.2. Average life expectancy is 83.3: 85.7 for females and 81 for males. The city old-age index is 198,94 (this is the number of people of more than 65 years per 100 children aged 0-14). The old-age index has increased by 13.1 points in the last 10 years, while the mean age has increased by 1,7 years in the same period. The old-age dependency ratio is 41,3 (this is the ratio between the number of persons aged 65 or over, when they are economically inactive, and the number of persons aged 15-65, which is considered the working age) (Statistical Office of Pordenone, 2016).

# Our Integrated Action Plan

The main objectives of the IAP are the following: develop new housing solutions for active aging; avoid loneliness and sense of isolation within the community; revitalize a marginal neighborhood in the city; guarantee a minimum essential level of home services to the whole population.

The means of doing this are reducing the risk of isolation and loneliness among the elderly, by integrating different welfare solutions for an active aging among elderly-people: residential homes with co- and social- housing solutions involving youngsters.

The IAP was created through the following process: co-design an active aging plan with a multi-dimensional approach (health, social life, technology, alternative residential solutions) and with the aim to build a bridge between generations; study the feasibility of a social impact bond to finance the co-housing integrated plan and piloting of a small-scale integrated co-housing project and assessment of its results.

On the larger scale the above strives towards designing a new welfare model where the city can find innovative solution for residential housing model for elderly. A relevant input from the ULG

activity was the issue of the need to move towards a new welfare model called “community welfare ” where citizens, associations and the community jointly plan the responses to various emerging social needs. Another relevant key during the debate was the opportunity to build a network between different social stakeholders in the city and establish a link between generations and cultures.





# Our Small Scale Action

The project was born in a peripheral neighborhood, where there is a community with rural roots. In this context, a **“house of activities”** has been renovated, in a neighborhood problematic for its isolation where popular settlements have been built, welcoming mainly citizens from third countries. It is a mix of ethnic groups, religions, cultures inserted in a rural culture rooted and proud of its traditions. A very interesting cultural and human material that the Administration intends to enhance and strengthen avoiding situations of marginality and social discomfort. For this reason, we have created a place that could accommodate all this potential, a place where to develop educational and socialization activities to capitalize on the skills of local elderly people for the advantage of younger people, especially immigrants. The project is aimed at active aging through intergenerational exchange activities. A path that sees the elderly “wise men of the place” who pass on knowledge in a creative and interactive “Bottega” where young people, newcomers and not, can replenish and regenerate themselves with the contribution of the elderly through: the discovery and enhancement of cultural heritage, history, traditions; the promotion and confrontation on individual issues between generations and different cultures to promote a sense of belonging to the community; civic

awareness and personal background regarding knowledge of the territory, development of good practices for good neighborliness, promotion of healthy behaviors and good practices at family and social level; learning “skills” from those who have lived a lot and done a lot in their lives. They could be called soft skills.

The idea tested was to improve civic engagement and participation in a peripheral area trying to build a bridge between generations: over 65 residents and young adults and newcomer families.

SSA has been designed by the ULG and working on active aging is linked to the vision and the mission the city had already. The main lesson learned from SSA was the emerging need to integrate city visions between generations, active aging is pretty present already but at the same time there is a strong need to co-design activities to develop inside the community to avoid loneliness and share experiences. Due to the positive output that has been generated by first set of the SSA in Vallenoncello, the Municipality is very much motivated to scale-up in other different neighborhoods, in particular where there is more need of social inclusion and risk of isolation.



# What have we learned in SIBdev?

Learning from the transnational exchange during SIBdev project was an important opportunity for our staff to enrich knowledge from other cities in order to transfer best practices as much as possible in Europe.

## Contact information:

### **Municipality of Pordenone**

Corso Vittorio Emanuele II,  
64 33170 Pordenone

### **Anna Ulian**

politiche.europee@comune.pordenone.it

[www.comune.pordenone.it](http://www.comune.pordenone.it)

[Twitter](#)

[Facebook](#)

[Youtube](#)

[Instagram](#)

[Telegram](#)



# Võru

## Our challenges

Võru County is a rural area situated in southern Estonia. It is bordered by Valga county and Põlva and is the only Estonian county bordering two countries - Latvia (Alūksne Municipality and Ape Municipality) in the south and Russian Federation (Pskov Oblast). Today Võru County consists of 5 municipalities that work together to facilitate the county's balanced and sustainable development. 5 municipalities are divided for one urban - Võru - and 4 rural municipalities (parishes) - Antsla, Rõuge, Setomaa, Võru. In Võru County there are two towns - Võru and Antsla and approximately 570 villages. In Võru County, there are 95.3% Estonians, 3.3% Russians and 1.4% other nationalities.

Võru County is rich and well-known for its nature and cultural heritage. Two indigenous ethnic groups live in Võru County – the Võro people and the Setos. Both ethnic groups have their own language (Võro, Seto) and cultural heritage in traditions. The population density is approximately 13 inhabitants per km<sup>2</sup>. Võru county has 34 900 inhabitants (-1,5% between 2020-2021).

Some of the main challenges in Võru county region are the increasing percentage of elderly people and the disabled people. The population of Võru has been decreasing significantly over the last decade (by 8.46% between 2007-2017). It has one of the oldest populations in Estonia, the lowest rate of healthy life years and one of the highest rates of poverty. The proportion of vulnerable group of elderly people (over 65 years of age) has increased, reaching 21.6% of the population (compared to 19.3% in the Estonian population). The proportion of disabled people is higher in Võru county than in Estonia on average, forming 21.9% (Statistics of Estonian Social Insurance Board 2018), whereas across Estonia the proportion of disabled people is 11.4% of the population.

The elderly 65+ group has risen, this puts pressure on local government budgets and raises the need to increase the budget for services. The sustainability of the age structure of all local governments in Võru County is questionable, as the whole value of the demographic labor market pressure index in the county is less than 1. During the period 2007-2017 the value of the index has decreased by -0.25 points, falling short of the country by -0.13 points in 2017 to the average. For local governments the value of the labor market pressure index to the growing pressure on the working age population.

# Our Integrated Action Plan

The topic of dementia is 'hidden' in society, there is lack of public discussion about this, and stigma is still perceived. Caregivers perceive false shame and exclusion, there is low awareness of elderly's mental health issues. Mental health disorders in the elderly are underdiagnosed, which is partly due to the fact that these problems are not recognized or ignored by people close to or in contact with elderly. Therefore, no specialist is consulted and early intervention is not possible.

In order to implement the project on a larger scale, we need the support of the health insurance companies. We need large funds where we want to reach out to all elderly that are struggling with psychosocial problems. Health insurance companies may not want to invest, but will still profit from the project (goal: decrease in care costs because people pay less visits to their practitioner and need less drug prescriptions).

Interventions from the various parties (local government, state, health care system, private service providers) do not work in integrated way, but it should be done in cooperation with both public sector, health care-systems, civil society organizations and private investors.

The main aim in the future is to expand the stakeholder circle with citizens and social entrepreneurs to reach up to the complete model of Social Impact Bonds as a one good solution to reduce municipality expenses. With a closer cooperation and co-creation build up approach to deliver social services with positive impact in quality and complete repayment.

Voru's vision of the IAP is a sustainable and cohesive society, where municipalities work together and develop integrated solutions to common urban challenges. The main goal of the Vöru Integrated Action Plan is to examine the readiness of the social impact of bonds to be used to improve the delivery of public services to address the aging problem of dementia among the elderly group. Further goals are the increased awareness of investment in the living environment and support services for people with disabilities and the elderly.

The main expected result is a change or shift in public sector. Population aging is not a problem but a new opportunity. It is possible to create a high-quality future for everyone at a high level of employment in vulnerable groups in society. Local authorities have better understanding of approach how to deal with different social challenges in an integrated way. To provide more effective public services with less public money. Sustainable local government services, where social challenges are approached more solution-oriented and within cooperation between social entrepreneurs, citizens, and investors. The public sector's policy awareness of the challenges posed by an aging population has increased, and the public sector is ready to understand the SIB methodology and willing to test the SIB methodology.

# Our Small Scale Action

The main idea of this project was to introduce new tools and technologies and approaches for providing better social services. The main change was to move from booklet to tablet. All five local municipalities of Võru County received two tablets + car holders (a total of ten tablets) to start testing software of Fleet Complete.

These tablets and software are mainly used by municipal social workers who provide day-to-day home care for clients. In this program, the GPS guides the employee to the client (service recipient), where the social worker marks the start of the service, notes all the actions provided to the client at home, and can make any necessary remarks or reminders about the client. For example, visiting a doctor or going to a pharmacy, shopping, etc. With tablets, the customer can also make video calls to their loved ones who live far away or in another country. It relieves the client's loneliness and has a positive effect on his daily life. An overview of the work done is automatically created and a report on the work done can be taken out, where the head of the social department can get a better overview of the needs of the clients and with this information to prepare budget and needs about social services. Thanks to the use of software, it is easy to take over the list of jobs in case an employee falls ill or

drop out.

The main question is - are local municipalities at all ready for the transition to new digital technologies? What are the barriers to the introduction of new solutions? What could be the expected impact on the local government budget? Is the digital solution at the home of the person in need of social service provision better in terms of service provision?

We learnt that switching to technological solutions may not be as easy as it may seem in the beginning. Municipal specialists need additional IT training, supervision, explanations, and continuous team support.

In principle, there is no data on the scale of the problem, nor is there an analysis of how many relatives are affected by in the county and what the real impact is on employment. The data is important for local authorities and policy makers.

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# What have we learned in SIBdev?

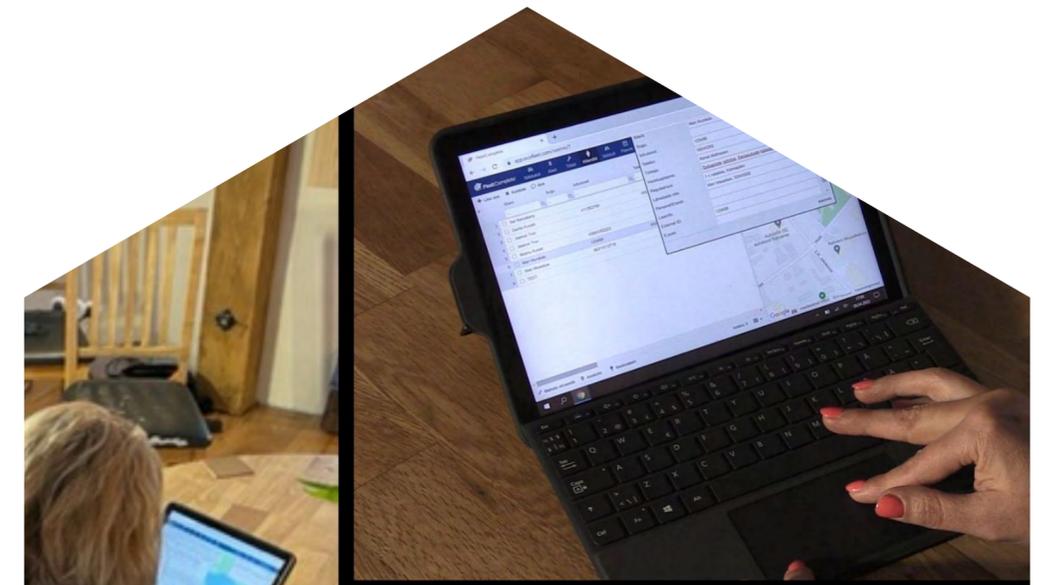
The project helped to build up better cities capabilities with new approaches and tools about monitory systems, impact measurements and and better knowledges about funding strategies, how to find investors to projects or how to find alternative solutions about funding.

## Contact information:

**The Development Centre of Võru**  
Jüri 12, 65605, Võru City  
Estonia

**Merilyn Viin**  
personmerilyn.viin@vorumaa.ee  
[Linkedin](#)

[www.vorumaa.ee](http://www.vorumaa.ee)





# Zaragoza

Zaragoza, located in north-eastern Spain and approximately halfway between Madrid and Barcelona, is the fifth most populous city in Spain, with an estimated population of 684,686 as of January 2022. An estimated 21.2% of the total population of Zaragoza is 65 years-old and above.

The city is the capital of the The Autonomous Community of Aragon, it is composed of the provinces of Huesca, Teruel and Zaragoza. It is the fourth largest Autonomous Community in Spain in terms of area (47 720 km<sup>2</sup>). According to provisional data from the municipal register from early 2019 compiled by the INE, this Community has 1 318 453 inhabitants and a population density of 28 inhabitants/km<sup>2</sup>, which is one of the lowest in the country and well below the national average which stands at 93 inhabitants/km<sup>2</sup>. The population is spread among 731 municipalities, just over a quarter of which have over 500 inhabitants. Over half of the population lives in Zaragoza. In addition to being a sparsely-populated region, it has an ageing population and a high dependency rate.

The non-national population currently accounts for 11.28 % of the total and has grown by 8.8 % over the last year. The largest number of non-nationals are from Romania, Morocco, Nicaragua, China, and Colombia.

## Our challenges

The percentage of older people in Zaragoza has consistently been higher than the average in Spain (on average 2.3 percentage points higher between 2000 and 2018). While the gap seems to be narrowing, it is expected that the share of older people among the total population in Zaragoza will continue to be larger than the average in Spain, at least until 2030.

The city of Zaragoza went through a major expansion starting in the 1960s, as thousands of people left the rural areas to support the rapid industrialization that took place in Spain during the 1960s and early 1970s.

According to data from the Network Aging Report, March 2020: "A profile of the elderly in Spain 2020", issued by the Spanish National Research Council (CSIC) and the Center for Human and Social Sciences (CCHS), the percentage of people over 65 years old represents 19.3% of the population in Spain. Aragon is one of the autonomous regions with the highest aging rates, with proportions exceeding 21%, and this percentage is expected to increase significantly in the coming years, and according to the Municipal Observatory of Statistics, and the exploitation data of the Municipal Register, there are more than 37,000 people over 65 years old, registered alone in their homes, and of these almost 11,000 are 85 years old or more.

# Our Integrated Action Plan

People who do not have access to ICTs are not only at a disadvantage when it comes to information, they are also at a disadvantage when it comes to the possibilities for leisure and social interaction that ICTs offer: video calls, social networks, etc.

The goal of most seniors is to be autonomous and stay at home as long as possible, to remain in their environment. As an enabler of this goal, which offers a wealth of opportunities for achieving this goal, it is of utmost importance to adapt digital technologies to the elderly and not the opposite, as is currently being done. In our opinion, this adaptation is more important than some of the health measures currently being proposed or the advances offered by home automation. It is necessary that the ICTs can be operated by any person beyond limitations due to physical or psychological criteria. To this end, it is essential to develop more intuitive and visual systems with better controls and telecare support, accessible and domestic home systems.

This is how the mechanisms and areas of participation of older people as well as other groups of interest related to them (professionals, businessess...) in the diagnosis process were defined. The objective was to develop a diagnosis

that would allow, first of all, to measure the age-friendliness of the city, secondly, to involve the participants in the analysis process and gather proposals for improvement in terms of programs, services and features of the city for the elderly and finally, to generate a series of proposals that would allow to articulate an action plan adapted to the needs and demands of the elderly in the city.

The goal of adapting digital technologies to the elderly will be integrated in the Action Plan that Zaragoza has been implementing since 2018 as a commitment with the Global Age Friendly Cities and Communities Network of the World Health Organization.



# Our Small Scale Action

The idea Zaragoza wanted to test was the capacity of older people to deal with new technologies using them for two purposes: to socialize with other people through videoconference platforms and to stimulate cognition. The main objective is to reduce the feeling of loneliness.

To this end, the Zaragoza City Council implemented a project aimed at 36 elderly people that intended to reduce their feeling of loneliness, increasing their social network through videoconference conversation groups, in addition to their cognitive stimulation. This service was provided, responding to the structure of the Social Impact Voucher, by a specialized company (Atenzia). The University of Zaragoza, through the Research and Digital Communication Group (GICID) was responsible to measure the impact of the project.

The intervention consisted of group talk therapy and cognitive-behavioral counseling focused on specific problems and aiming to provide the people in the groups with the necessary skills to deal with the problems arising from their loneliness. The above was carried out through videoconference sessions. On the other hand, the cognitive stimulation sessions were provided

through specific software (Confnifit and Kwido-Mementia), supervised and managed by a team of psychologists who will carried out a previous assessment of the person and were in charge of assigning the corresponding sessions (3 per week approximately) and supervising the performance of the sessions

General cognitive index, measured through the Cognifit and Kwido tests:

Feeling of loneliness, measured by the Loneliness Test developed by the University of Zaragoza. Composed of 20 indicators, it includes control indicators and four dimensions of analysis: objective loneliness, perceived loneliness, reaction to a situation of loneliness, use of technologies (as a means to combat loneliness).

Improvement was observed in all dimensions except in the reaction to the feeling of loneliness. It remains to analyze the net effect of the intervention, isolating the external effects on the users.

The scalability of the NGHO (Nos gusta hablar -también online) project to a larger number of users, is associated with a social impact that, although at first, is difficult to quantify, it can be sketched



in a first approximation. Reductions in feelings of loneliness such as those found in the present study, with average decreases of between 4% and 9%, would imply, assigning these decreases to the decrease in the probability of finding oneself in a situation of unwanted loneliness, a reduction of this order of magnitude in the previously estimated additional costs. In addition, the improvement in the ability of the elderly to use ICTs, as well as in cognitive aspects in general, in the medium term also translates into the availability of a valuable tool for subsequent and sustained improvements in the situation of loneliness, both objective and perceived. This aspect, due to the duration of the project and the short time elapsed after its completion, could not be evaluated or quantified.



# What have we learned in SIBdev?

The most important learning is that of Social Impact Bonds.: what they are, how they work, how in some countries they managed to implement them and how in Spain, in spite of efforts from the part of several public administrations, it has still not been possible to put them into practice.

## Contact information:

**Zaragoza City Council**  
**UNIDAD DEL MAYOR**  
Edificio Casa Jiménez  
C/ Casa Jiménez  
ZARAGOZA 50004. SPAIN

**Francisco Rivas** / **Lourdes Alquézar**  
fjrivas@zaragoza.es / lalquezar@zaragoza.es

[www.zaragoza.es](http://www.zaragoza.es)

@zaragoza\_es



## Photo credits

### Aarhus

1. Creative space located near by the cityhall - *Colourbox.dk*
2. From the SSA – creative work - *SIBdev Aarhus*
3. From the SSA – creative work - *SIBdev Aarhus*
4. From the SSA – creative work - *SIBdev Aarhus*
5. Meet your colleague session - *SIBdev Aarhus*
6. Visit at the House of Generations - *SIBdev Aarhus*
7. From outside the Dome - *SIBdev Aarhus*

### Baia Mare

1. Baia Mare - *Dan Mezok*
2. The winner of the entrepreneurial contest in Baia Mare - *Andrei Buda*
3. SSA banner entrepreneurial contest
4. Transnational Meeting ion Baia Mare: visit at the UIA Spire Hub. - *Cristi Serban*
5. ULG meeting Baia Mare - *Sonia Rajnita*
6. The SIBdev partenrship at the Painters' Colony in Baia Mare - *Alin Heres*

### Fundao

1. Fundão Civic Centre - *Municipality of Fundão*
2. Elderly interaction during pandemic - *Municipality of Fundão*
3. Migrants rescued by Aquarius welcome by Fundão Migrations Center - *Municipality of Fundão*
4. Shepherd leading his sheep to the pasture - *Municipality of Fundão*
5. Universal human rights declaration 70th anniversary celebration with refugees and students - *MoF*
6. XVIII Senior Universities National Meeting in Fundão - *Municipality of Fundão*
7. Play Memo Move | Memo Move technical team monitoring elderly user - *Municipality of Fundão*
8. Play Memo Move | With two users - *Municipality of Fundão*
9. Play Memo Move | Age selector - *Municipality of Fundão*
10. Play Memo Move | Gender selector and results dashboard - *Municipality of Fundão*
11. Phase 1 Final Meeting in Fundão - *Municipality of Fundão*
12. Phase 1 Final Meeting in Fundão | SIBdev Network - *Municipality of Fundão*
13. Phase 1 Final Meeting in Fundão | Cultural moment where SIBdev partners learn world dances with the migrants - *Municipality of Fundão*

### Heerlen

1. Maankwartier southside - *un assignment of municipality of Heerlen*
2. *Leandra Mackintosh un assingment of Municipality of Heerlen*
3. The team of the SSA general practioner, neighbourhood connectors and part of the municipality Sibdev team - *Leandra Mackintosh un assingment of Municipality of Heerlen*
4. ULG meeting designing and discussing the SSA - *Leandra Mackintosh un assingment of Municipality of Heerlen*
5. Meeting with elderly in neighbourhood - *Leandra Mackintosh un assingment of Municipality of Heerlen*

### Kecskemét

1. Town Hall - *Róbert Banczik*
2. Skilled workforce in factory - *Róbert Banczik*
3. Skilled workforce in factory 2 - *Róbert Banczik*
4. Senior university program 1 - *Róbert Banczik*
5. Senior university program 2 - *Róbert Banczik*
6. Senior university program 3 - *Róbert Banczik*
7. Final meeting with participants in SSA - *Róbert Banczik*
8. Final meeting with participants in SSA - *Róbert Banczik*

### Pordenone

1. City of Pordenone - *Municipalty of Pordenone*
2. Young angels at podenonelegge.it - *pordenonelegge.it festival*
3. House of activities under construction - *Tiziana Da Dalt*
4. Meeting with people over 65 participating in the Small Scale Action - *Municipality of Pordenone*
5. CAPITELLO - over 65's photo
6. PELLEGRINAGGIO - over 65's photo
7. ARGINE - youngsters photo
8. TRONCO - youngsters photo

### Voru

1. Town Square of Võru - *Priit Lehes*
2. Transnational Meeting in Voru
3. Photo collage of testing a new digital tool and software - Fleet Complete in Võru (Small Scale Action of the SIBdev project) - *Merilyn Viin*
4. Transnational Meeting in 14-16 September in Võru. - *Merilyn Viin and Nora Kebel*
5. TNM Voru - *Municipality of Heerlen*

### Zaragoza

1. Aljafería Palace, in Zaragoza - *Dani Marcos. Municipality of Zaragoza*
2. Staff: Councillor for the Elderly, Paloma Espinosa, attending to the media. In the background, Javier Viela, head of the Major's Unit. - *Dani Marcos. Municipality of Zaragoza.*
3. Participants of the SSA in the courtyard of the Pablo Gargallo Museum on 18 January 2022, presentation of diplomas of appreciation for their participation in the project. - *Dani Marcos. Municipality of Zaragoza.*
4. Female participant of the SSA receiving her diploma of appreciation for her participation in the project.- *Dani Marcos. Municipality of Zaragoza.*
5. Point URBACT meeting in Madrid. September 7th 2021. At the round table, Javier Viela and Francisco Rivas, representatives of Zaragoza Urbact Team - *Urbact Spain*
6. Presentation of the ulgmeeting in the reception hall of the town hall on March 25th, 2022 - *Fernanda Blasco. Municipality of Zaragoza.*
7. ULG meeting at la Azucarera, Nov 23rd , 2021 - *Lourdes Alquézar. Municipality of Zaragoza.*

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