



GOVERNMENT
OUTCOMES
LAB

Social Outcomes Conference 2022

8-9th September
Online and in-person in Oxford

WELCOME



@golaboxford
#SOC22



golab.ox.ac.uk

Welcome to Day 2 of SOC22!



GOVERNMENT
OUTCOMES
LAB

- Live from the Blavatnik School of Government in Oxford and online on Zoom
- If you are joining us in-person, you can still join Zoom **BUT please keep your speakers muted.**
- We will stop throughout the session to take questions both from the online and in-person participants.
- Do use the Zoom chat to introduce yourselves and to share your thoughts and questions; on Zoom, please make sure we can see your name & organisation.
- All sessions will be recorded and shared on the GO Lab website.
- Programme, slides and Zoom links are all on the GO Lab website.
- The GO Lab team is ready to help you both online and in-person.



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GOVERNMENT OUTCOMES LAB

Academic Symposium: Governance & institutional logics in outcomes-focused partnerships

Chair: Dr Eleanor Carter



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Welcome to “Governance & institutional logics in outcome-focused partnerships”



08:15 Welcome by chair (Dr Eleanor Carter, Government Outcomes Lab)

08:20 Introductory presentations by the panel:

Cornelia Nyssing, Project Manager Sustainable Social Market Economics, Bertelsmann Foundation

Julia Bahlmann & Antonia Muhr, PhD Candidate, University of St Gallen; PhD student Vienna University of Business and Economics

Luigi Corvo; Lavinia Pastore & Giulio Pasi, Associate Professor, Milan-Bicocca University; Co-founder, Open Impact; Policy Officer for Social Investment European Commission

Alec Fraser, Lecturer King's College London Business School

Franziska Rosenbach, Research Associate Government Outcomes Lab

08:45 Panel discussion

09:10 Round-up and close

Admin!



Please display your name on your Zoom window if possible.



Please keep your microphone muted except when invited to speak. You may have your video on or off.



Please use the Chat to type questions or to indicate that you would like to ask a question. Questions will be addressed during the panel discussion. Please also use the Chat to raise any technical issues.



This session is being recorded and will be available online. Feel free to Tweet using our handle @golaboxford with the hashtag #SOC22.

Bertelsmann Stiftung initiated two Social Impact Bonds in Germany

- Bertelsmann Stiftung was a **pioneer** in the field of impact investing in Germany and has been active in this field in various roles since 2013
 - bulding knowledge > basic research
 - building networks > peer learning
 - most recently as **practical tester of social impact bonds**
- first SIB in Germany: **JuMP - Youth with perspective 2013 – 2015**
 - entry into training or employment for 25 NEET youngsters
- Bertelsmann Stiftung initiated two local SIB pilots from **2017 - 2022**
 1. Prevention in **Family Assistance Programmes** in the district of Osnabrück
 2. Strengthening **Educational Opportunities** for Children in the City of Mannheim

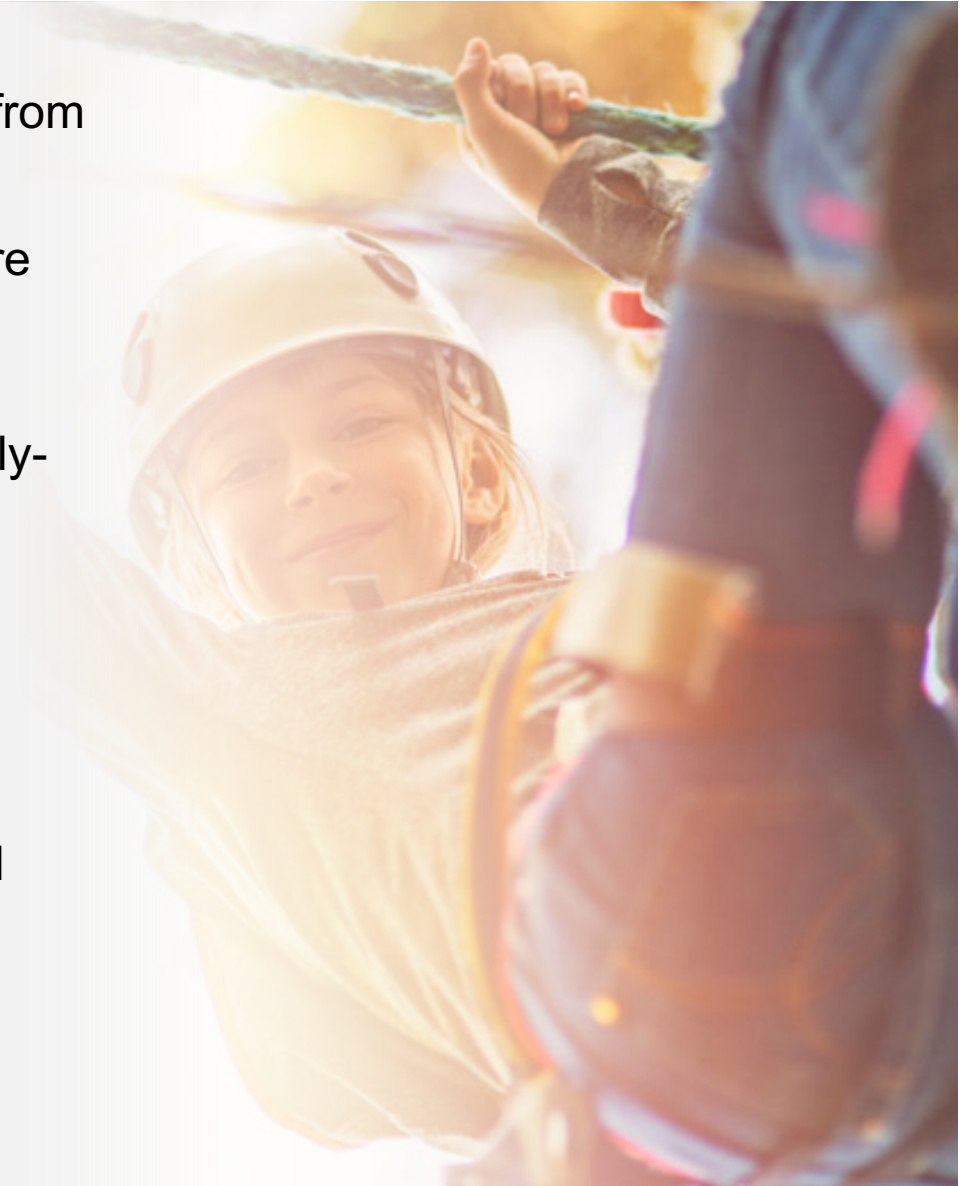


1.

Prevention in **Family Assistance**

Programmes in the district of Osnabrück from 2017 - 2022

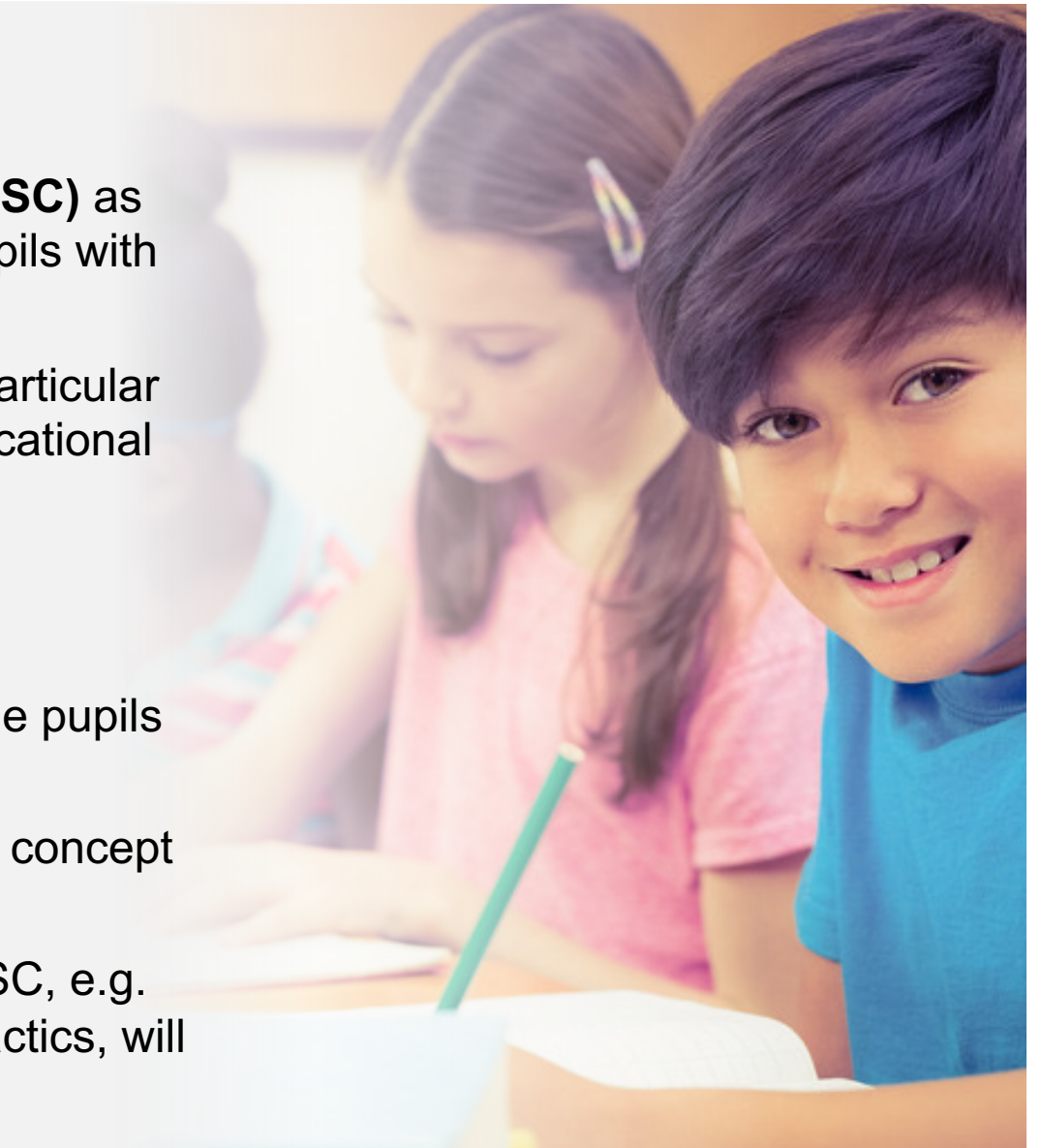
- piloting the **parenting program Triple P level 4/5** as a more effective and quick family assistance intervention than conventional more invasive ones
- **for 33 families** in need of individual assistance due to family-related challenges
- in the statutory area
- outcomes:
 - about 2/3 of the families improved their situation in a sustainable, measurable way
 - net savings of almost 50% in comparison to conventional programmes
 - Triple P has already been integrated in regular range of family assistance services
 - Saving and repayments will be used again for preventive work in the district of Osnabrück



2.

Strengthening **Educational Opportunities** for Children in the City of Mannheim

- piloting the **Integrative Campus Pestalozzi School (ISC)** as an additional, needs-based support programme for pupils with educational disadvantages due to their origins
- **two cohorts of primary school children (~150)** in particular with a migrant background who are at risk of poor educational performance
- in the voluntary area
- outcomes:
 - improvement of German, math and social skills of the pupils (according to evaluation)
 - elements of the ISC were taken over into the school concept of the Pestalozzi School
 - transferable findings on individual elements of the ISC, e.g. on the successful improvement of mathematics didactics, will be used to advise and develop other schools



Welfare states between tradition and innovation: Opportunities and challenges of establishing Social Impact Bonds in Germany

Social Outcomes Conference

Academic Symposium: Governance & institutional logics in outcomes-focused partnerships

9 September 8:15am BST

Antonia Muhr & Julia Bahlmann

I. Research Design

Research Question: Which challenges arise from the welfare state characteristics of Germany as conservative/corporate welfare state and from the different institutional logics of the actors involved?

Status quo:

- Germany shows a hesitant development in the implementation of SIBs with only 3 SIBs successfully implemented
 - strong welfare characteristics
 - SIB development stayed niche
 - commitment of the federal government to strengthen Germany as a role model for sustainable finance

Theoretical lens:

- Welfare state theories (Esping-Andersen/Anheier et al.)
 - focus on the structures and interdependencies of Germany
- Institutional Logic Perspective (Thornton et al.)
 - perspective to understand different field logics of actors and the complexity within

Method:

- Phenomena driven research (Eisenhardt & Graebner) based on a single case study
- Expert interviews with actors involved in SIBs, data evaluation with qualitative content analysis method (Mayring)

II. First Key Results

- Structural and cultural factors hindering the establishment of SIBs
 - Structural: multi-level problem (subsidiarity), financing problems (public sector & investors)
 - Cultural: missing social investment culture, lack of cultural embedding of SIBs
- Clash of different logics increases the complexity of the situation and open potential room for conflict (transparency & communication issues), which could be balanced out by intermediary structures
- Narrative of SIBs insufficiently clarified: Are SIBs needed in Germany and if so, which function can they fulfil? → Need for joint debate among all stakeholders

**Question or ideas?
We are happy to connect!**



Antonia Muhr

PhD-Candidate

Vienna University of Economics & Business

antonia.katharina.muhr@s.wu.ac.at



Julia Bahlmann

PhD-Candidate

University of St. Gallen

julia.bahlmann@student.unisg.ch

SOC22

Social Outcomes Conference 2022

IN-PERSON & ONLINE EVENT

8-9 SEPTEMBER

Oxford, United Kingdom



**The controversial relationship between public value and social impact bonds:
Insights from an Italian social innovation program**

Luigi Corvo – University of Bicocca Milan

Lavinia Pastore - University of Bicocca Milan

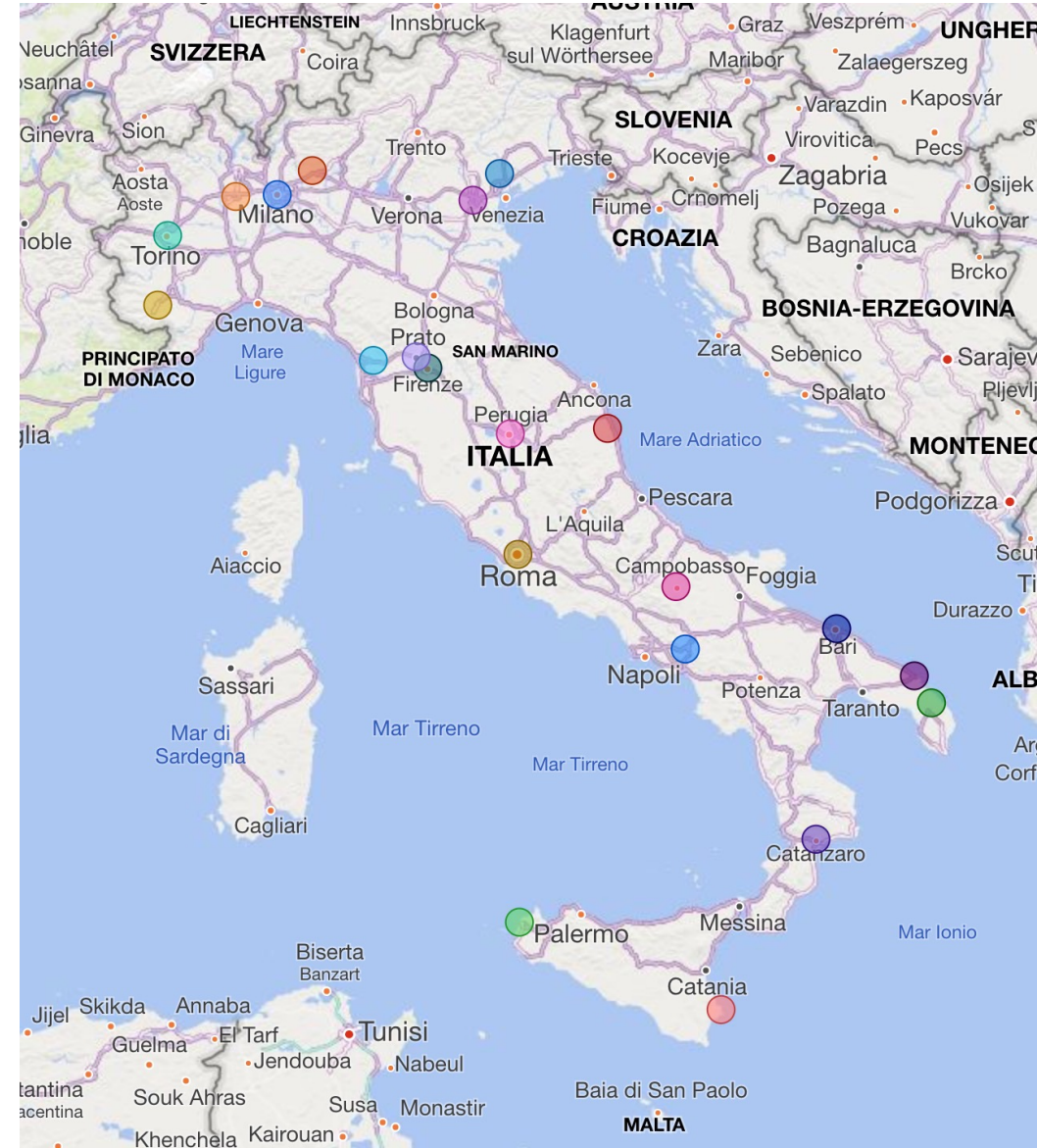
Giulio Pasi – European Commission

Public Value and Social Impact

- Are these two concepts convergent?
- SIBs are in line with public value purposes?
- This paper investigates the possible convergences and conflicts among the SIBs and the public value space
- The literature has highlighted the concept of public disvalue (Esposito and Ricci, 2015)
- Here we discuss the possible contradictions between public value and the value of the public

Italian Social Innovation Fund (FIS)

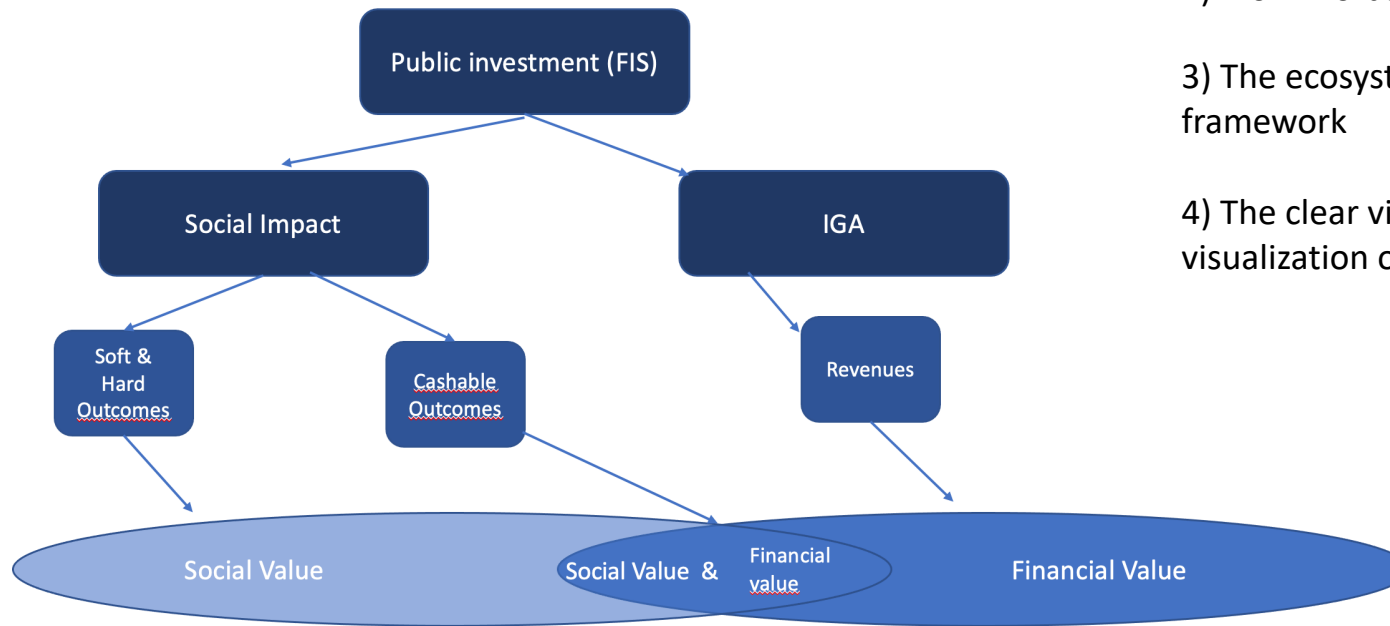
- FIS is a Public Policy issued by the Italian Presidency of Council of Ministries
- Its aim is to boost social innovation approaches within local governments through a 3 years investments programme
- 21 local projects lead by Municipalities have been selected
- The projects are focused on 3 social issues: social inclusion, cultural participation, education
- Each project is composed by several partners:
 - Local Government
 - Social Enterprise and/or SME
 - Private funder
 - Impact evaluator
- The 3 years are scheduled as follows:
 - 1) Feasibility study
 - 2) Impact experimentation
 - 3) SIB for scaling the impacts



Methods

- Research ethnography has been applied.
- The authors have actively participated to the FIS activities:
 - Focus groups with local governments and their partners (more than 50)
 - 12 Semi structured interviews with key actors
 - Policy design co-working session (more than 20)
- These activities have followed the policy flow and its aims are:
 - set up an impact-based model for addressing social needs;
 - engage private investors to enhance current impact investing schemes;
 - build impact-based arrangements among stakeholders;
 - share the lessons learned among stakeholders to favour the development of new impact investing schemes.

Findings



1) The semantic issue about impact and outcome

2) From words to thoughts: the impact thinking perspective

3) The ecosystem approach as complexity management framework

4) The clear visualization of Public Disvalue vs the unclear visualization of Public Value

Conclusions

1) The contraddiction among Public Value and Value of the Public

2) High public budget attention for cutback plans and scarce capacity of imagining the public value creation processes (problems in applying the Next Generation EU)

3) The FIS has revealed 3 levels of generative conflicts:

1) federal conflicts between local and central govnrnments

2) temporal conflicts between shorttermism and medium-long term view

3) political conflict about the role of the Public and, consequently, the emergence of an implicit tension between slow reformism view vs reinventing the public space

Thank you!

Luigi.corvo@unimib.it

Can the use of outcomes-based contracts lead to the implementation of more effective HIV services?

KING'S
College
LONDON

Alec Fraser & Clare Coultas
King's College London, UK

NIHR | National Institute
for Health Research

KING'S
BUSINESS
SCHOOL

Background

- The Elton John AIDS Foundation Zero HIV SIB programme ran in South London from 2018-21.
- The goals of the programme included improving the health outcomes of people living with HIV by linking them into HIV treatment either as a new diagnosis or through re-engagement with NHS services if already diagnosed but not receiving treatment.
- Mixed methods service evaluation combining descriptive statistics, documentary analyses and 31 stakeholder interviews conducted towards the end of the SIB programme.
- This research was funded by King's Business School and supported by the South London NIHR Applied Research Collaboration.

Alec Fraser, Clare Coultas & Alexis Karamanos
Final report March 2022

Service Evaluation of the Elton John AIDS Foundation's Zero HIV Social Impact Bond intervention in South London:

An investigation into the implementation and sustainability of activities and system changes designed to bring us closer to an AIDS free future.



Findings

ED testing
identified 124 new
diagnoses & 53
LTFU cases

**Hospital HIV
services**
re-engaged a
further 153 LTFU
patients

**Primary care (GP)
practices**
identified 26 new
diagnoses and 45
LTFU cases

**Community
organisations**
identified 46 new
diagnoses and 5 LTFU
cases



The programme successfully mitigated many of the existing organisational and financial factors that had led to fragmented local HIV services through:

1. Improved inter-organisational networked working and effective leadership.
2. Informants perceived the increased use of data and monitoring and the realignment of incentives as positively promoting collaboration and better outcomes.
3. More flexible financing through the SIB negated many aspects of the existing siloed payments systems for various aspects of HIV services.
4. There were challenges too - for instance with SIB contracts complicating existing contractual commitments for some community providers.

Policy implications and next steps

- This service evaluation suggests that outcomes-based contracts can lead to the implementation of more effective HIV services through radical changes to the 'outer-setting' (Damschroder et al., 2009) of the implementation context in S. London encouraging improved inter-organisational collaboration and better targeted funding for specific HIV services.
 - The programme has had wider implications and impacts upon regional (ICS) HIV service redesign and national (NHS England) HIV policy funding decisions.
- **Further research needed!**
 - The *health economics* implications of the different HIV interventions developed through the programme (+/- SIB financing element) require detailed analysis.
 - Questions remain about the wider *transferability* of learning from this case (both in terms of HIV services and outcomes-based contracts).
 - Questions remain about the *sustainability* of these improvements in S. London *after the SIB financing has gone*.



GOVERNMENT OUTCOMES LAB

Governance as a moderator to institutional pluralism in public service networks

Social Outcomes Conference 9 September 2022

Franziska Rosenbach, Felix-Anselm van Lier, Fernando Domingos & Eleanor Carter



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- Case study approach: Kirklees Better Outcomes Partnership
- Primary data source: 32 expert interviews
- Coding: mixed inductive-deductive strategy
 - 1. Stage of analysis: Identification of competing **institutional logics** using the IL framework by Thornton et al. (2012); *applied logics: market and community*
 - 2. Stage of analysis: SIB's response to logic multiplicity using the lens of organisational governance
 - How did governance **structure, processes and members** (Battilana et al., 2017) feature a practice of **logic integration, differentiation or a combination of both** (e.g. Battilana et al., 2015; Smets et al., 2015) ?

The SIB's Competing Logics

Conflicting concepts	Payment-by-result	Personalisation
Basis of strategy	Efficiency	User Responsiveness
Basis of attention	Achievement of KPI targets	Frontline Staff Discretion
Ideal Logic	Market Logic	Community Logic

The SIB's Organisational Response to Logic Multiplicity

Governance mechanism	Ideal Logic underpinning governance	Mitigation mechanism	Response
Member	Market & Community Logic	Hybrid professional expertise creating legitimacy & trust to implement mgmt. strategies aligned to both logics	Integration
Board	Market Logic	N/A	Differentiation
Process	Market & Community Logic	Use of control- & empowerment - oriented processes	Combination of Differentiation & Integration

Tentative Implications

- Importance of ‘pluralist’ managers (Besharvo, 2014) to mitigate tensions and create unifying force across providers for delivery under a Payment-by-result arrangement
- Further investigation on board dynamics is needed to examine whether and how SIB boards maintain an attention to both logics
- Limited generalisability

Thank you!

Email: franziska.rosenbach@bsg.ox.ac.uk

Panel Discussion

— overarching questions



- How do different welfare traditions influence the implementation and dissemination of SIBs?
- How do diverging welfare traditions shape the manifestation and response to different institutional logics?
- What role does governance and leadership play in mediating different institutional logics?

We hope to see you at the SOC22 closing public talk 9 Sept 6pm BST



Social Outcomes Conference

Public Talk: How do we making things happen on the ground: In conversation with Stefan Dercon

9 September 6:00pm BST



Professor Stefan Dercon
University of Oxford

Join us for a conversation with Professor Stefan Dercon on how to achieve mission alignment from senior stakeholders and shared commitment to action from those involved in the implementation, as well as building in timely learning practices. Find out more: <https://golab.bsg.ox.ac.uk/soc22>



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Thank you!

We would love your feedback!



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Roundtable 2.1 Evidence and practical insights from the UK's Life Chances Fund projects

Chairs: Dr Eleanor Carter & Andreea Anastasiu,
University of Oxford



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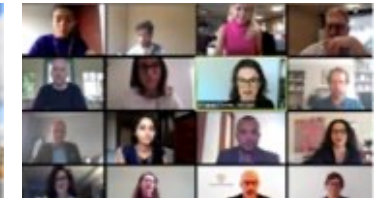
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Welcome to SOC22



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The Government Outcomes Lab



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Overview of the session

A brief introduction to the Life Chances Fund

Practical insights & emerging evidence from the LCF projects' journey so far:

Unlocking collaboration at local level & empowering civil society

The value added of outcome-focused partnership working

Sustainability & legacy

An overview of the Life Chances Fund



James Magowan
DCMS, UK Government



Roger Winhall
The National Lottery
Community Fund



Dr Eleanor Carter
University of Oxford



Department for
Digital, Culture,
Media & Sport

The Life Chances Fund



Department for
Digital, Culture
Media & Sport

The **overall aim** of the Life Chances Fund is to help people in society who face the most significant barriers to leading happy and productive lives.

By **supporting locally-designed approaches to complex social issues** through central government top-up funding, the LCF is helping to **promote collaboration between local and national actors** working to improve social outcomes for citizens. The LCF's overall ambition is underpinned by a number of objectives:

Increase the number and scale of social impact bonds in the UK

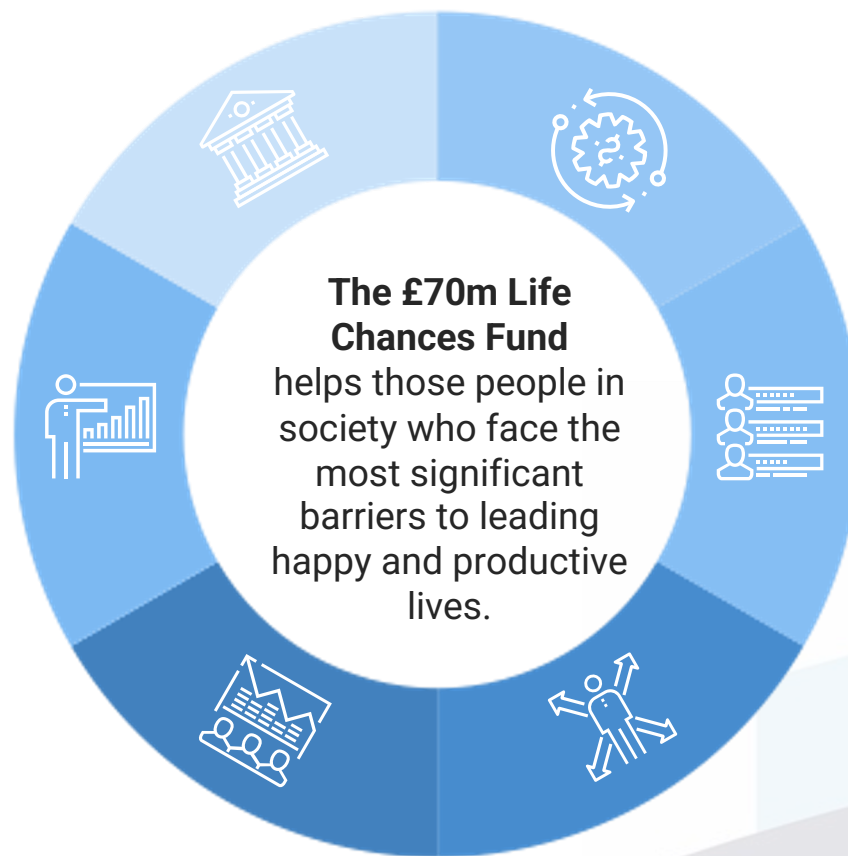
01

Make it easier and quicker to set up a social impact bond

02

Grow the scale of the social investment market

03



04 Generate public sector efficiencies by delivering better outcomes

05 Increase social innovation and build an evidence base about what works

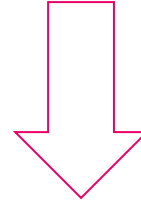
06 Increase the amount of capital available to voluntary and community sector providers to enable them to compete for public sector contracts



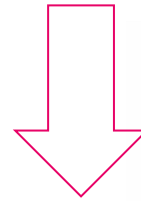
Department for
Digital, Culture
Media & Sport

LCF Programme Overview

29 projects in delivery

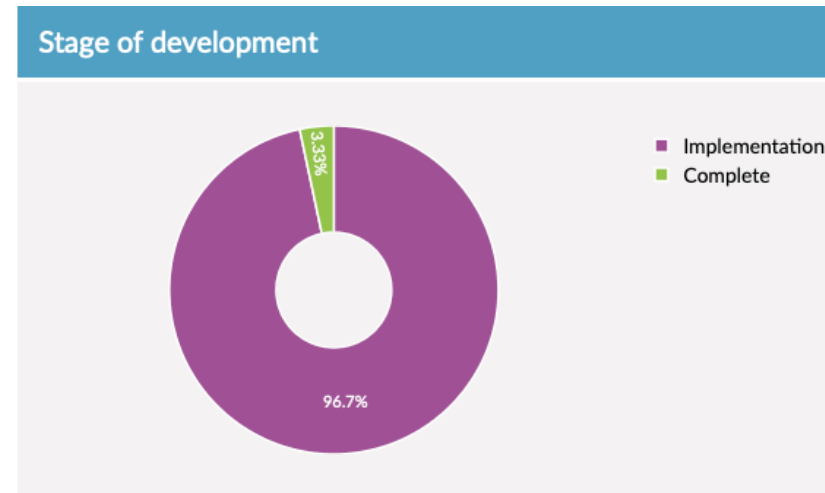
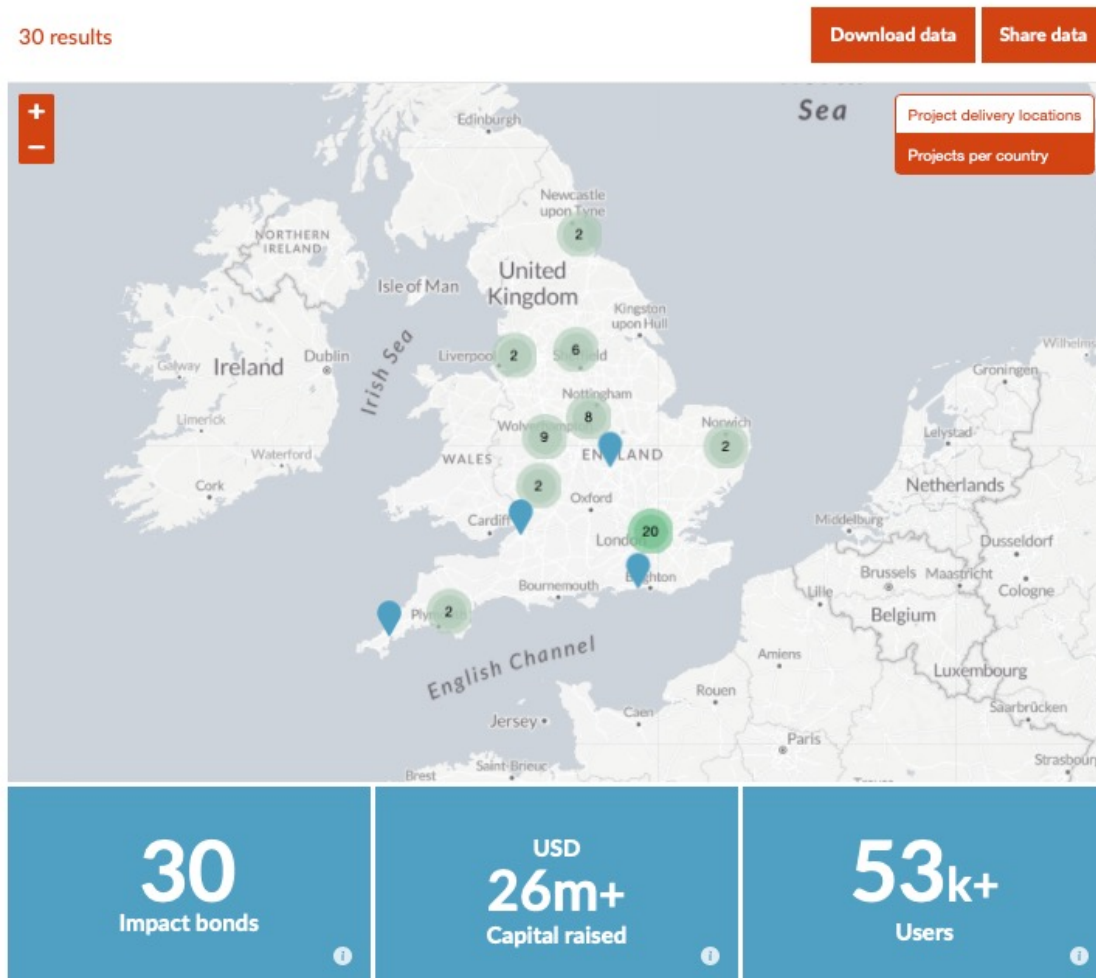


**LCF funding is being used in tandem
with £114m committed by other
commissioners to support locally-
designed solutions to complex social
issues**

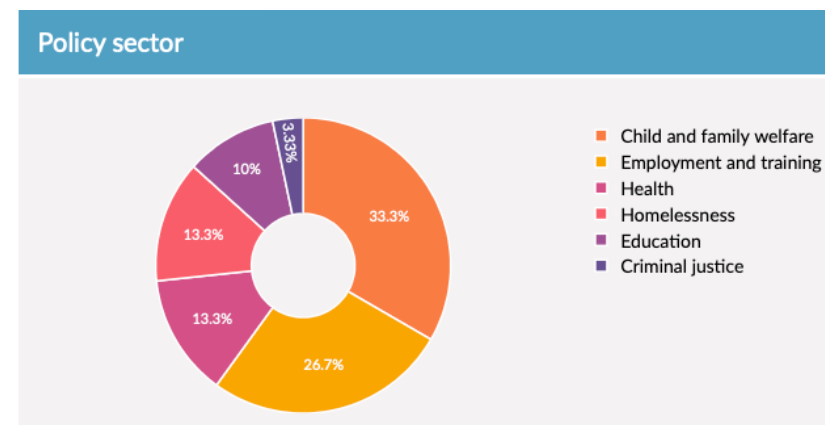


**Over 51,000 people are expected to
achieve improved social outcomes as a
result of the interventions being
delivered via the LCF**

Life Chances Fund - A snapshot



golab.bsg.ox.ac.uk/indigo



Source: GO Lab Global Impact Bond Dataset, September 2022

Research and Learning: Case studies & knowledge resources



Chances >

The Chances SIB aims to use sport and physical activity to provide new opportunities and alternative life pathways for children and young people in disadvantaged areas whilst improving their health and wellbeing.

Impact bond Health and wellbeing Child and family welfare UK

Last updated 31 May 2022



Future Impact >

The Future Impact SIB aims to support young people aged 15 to 24 with special educational needs in Nottingham and Nottinghamshire through education and training programmes to ultimately move into and sustain employment or voluntary work.

Impact bond Employment and training Education UK

Last updated 22 Jun 2022



Kirklees Better Outcomes Partnership (KBOP) >

The Kirklees Better Outcomes Partnership (KBOP) impact bond aims to secure better outcomes for disadvantaged Kirklees residents.

Impact bond Homelessness Health and wellbeing Employment and training UK

Last updated 3 Aug 2022



Mental Health and Employment Partnership (MHEP) >

MHEP involves five place-based outcomes contracts (i.e., five SIB projects) that support people experiencing mental health issues or learning disabilities to find and remain in competitive, paid work in the UK.

Impact bond Health and wellbeing Employment and training UK

Last updated 2 Sep 2022



<https://golab.bsg.ox.ac.uk/knowledge-bank/case-studies/>

Life Chances Fund - research & learning



Fund-level programme evaluation
SIB mechanism evaluation
LCF project-led evaluation

Life Chances Fund - research & learning

Fund-level programme evaluation

**SIB mechanism
evaluation**

**LCF project-led
evaluation**

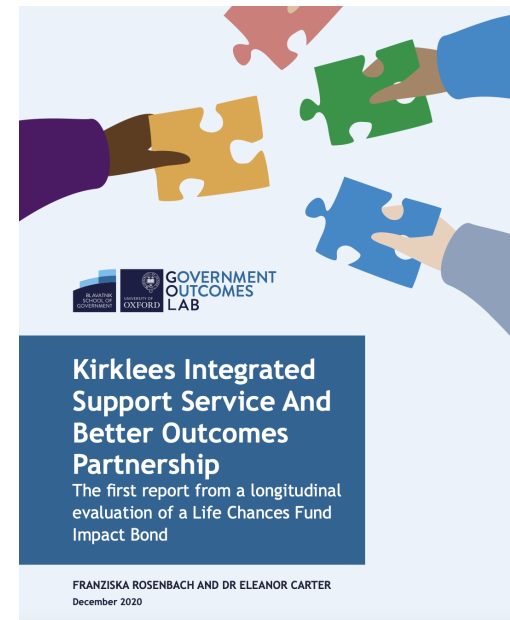
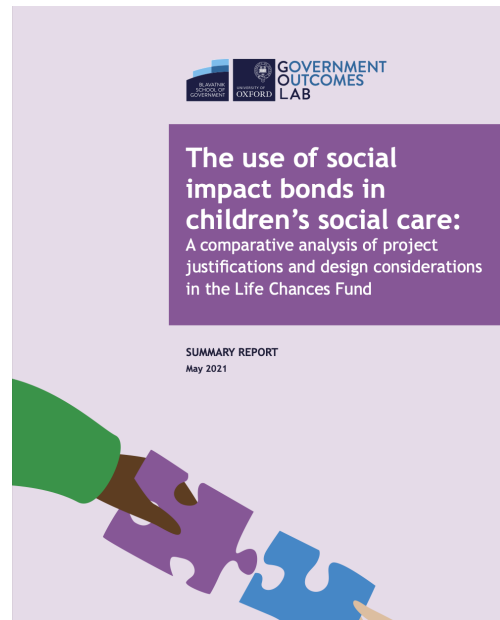
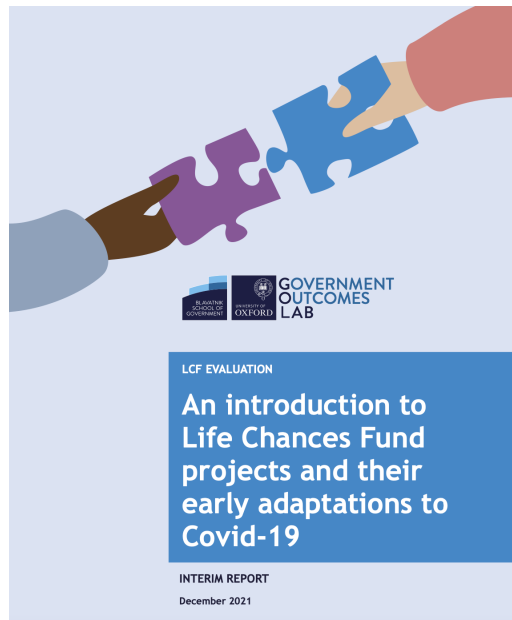


Frontline
intervention


Commissioning and
contracting mechanism

What are we evaluating? Did the Social Impact Bond make a difference to the outcomes achieved, compared to alternative commissioning approaches?

Our publications



We'll be publishing more reports so do keep an eye out!



<https://golab.bsg.ox.ac.uk/knowledge-bank/resources>



GOVERNMENT OUTCOMES LAB

Discussion: Practical insights & emerging evidence
from the journey so far

Unlocking collaboration at local level & empowering civil
society

The value added of outcome-focused partnership
working

Sustainability & legacy



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Practical Insights & emerging evidence from the journey so far

1. Unlocking collaboration at local level & empowering civil society

Kirklees Better Outcomes Partnership



Mila Lukic
Bridges Outcomes
Partnerships



Sarah Cooke
Kirklees Better
Outcomes Partnership

The Pause Project

Robbie Smyth
Bridges Outcomes
Partnerships (Pause Project)

Future Impact



Esther Murray
Future for You

Practical Insights & emerging evidence from the journey so far

2. The value added of outcome-focused partnership working

Analysis: The Value Created by SOC's in the UK



Neil Stanworth
ATQ Consultants

The Mental Health & Employment Partnership



Liam Thornton
Social Finance UK



Tanyah Hameed
Social Finance UK

Outcomes-based partnerships in Norfolk



Sarah Cubitt
Norfolk County
Council



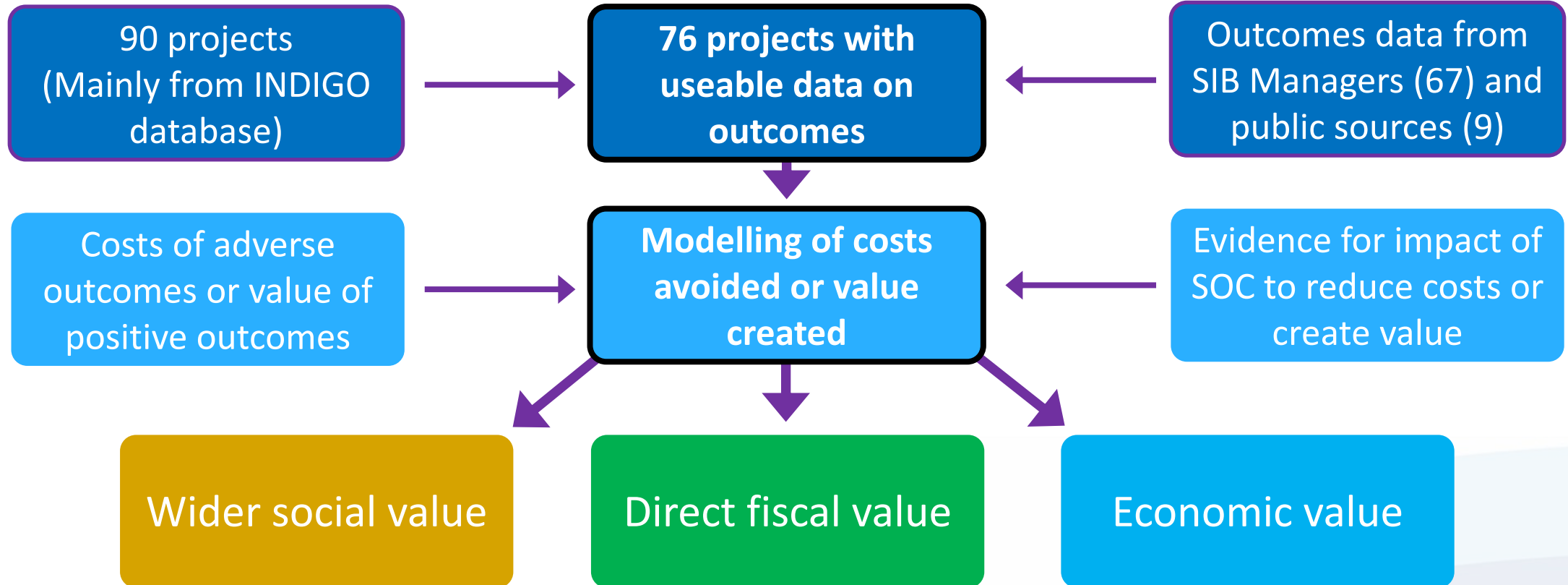
Victoria Jones,
Bridges Outcomes
Partnerships

Bethany Small
NHS Norfolk and
Waveney ICB

Methodology



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High, medium and low confidence ratings
Net present social value (total value minus outcome payments)
Benefit cost ratio (total value relative to outcome payments)

Findings

High confidence £811 m
Med confidence £516 m
Low confidence £132m

Total value
£1.42 bn

Net Present
Social Value £1.28 bn
Benefit Cost Ratio 10.2

Wider social value
£323 m

Direct fiscal value
£406 m

Economic value
£729 m

By sector (Net present social value and Benefit cost ratio)

Child & family
welfare
£353 m
10.9

Education
£35 m
6.1

Employment
and Training
£566 m
17.7

Health
£157 m
8.6

Homelessness
£169 m
5.0

Introduction to the Mental Health and Employment Partnership (MHEP)

What is MHEP?

The Mental Health and Employment Partnership is a company set up by Big Issue Invest and Social Finance in 2015 to invest in individual placement and support and similar supported employment services.

Why was it set up?

At the point of its founding a strong majority of persons living with severe mental illness wanted to work, yet less than 10% were. MHEP seeks to address this inequity and improve access to employment for this cohort through commissioning individual placement and support services.

What is IPS?

Individual placement and support (IPS) is a model of supported employment which integrates & values employment as part of the treatment of severe mental illness (SMI). It involves intensive, individual support, a rapid job search followed by placement in paid employment, & time-unlimited in-work support for both the employee & the employer.

Who does MHEP work with?

MHEP partners with local commissioners, national funders and providers to deliver IPS, or IPS adjacent, services to persons with SMI, learning disabilities or a history of addiction. It has invested in 14 areas to date and currently commissions 5 operational services.

Insights from the Mental Health Employment Partnership (MHEP)

Social Outcomes Conference
9th September 2022

Liam Thornton and Tanyah Hameed



Introduction to the Mental Health and Employment Partnership (MHEP)

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What is the value added by the MHEP and SOC approach?

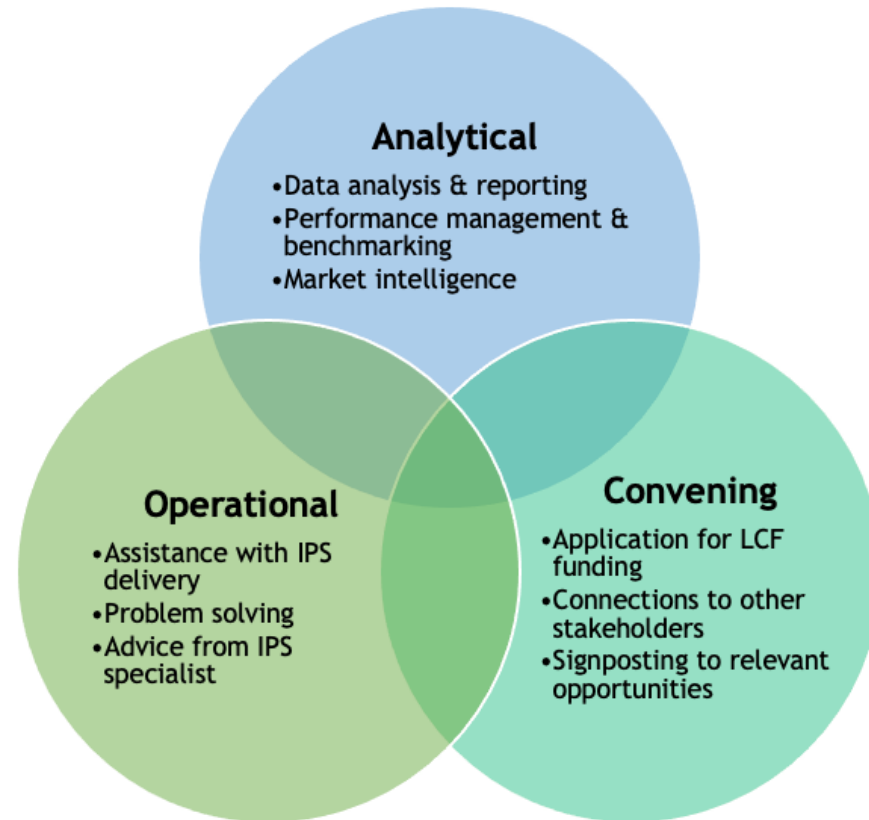


Figure 1 Three key types of support provided by MHEP to projects, as articulated by interviewees

Sustainability

● Roundtable 2.1 Evide...



Join at
slido.com
#SOC22



Sustainability

Kirklees Better Outcomes Partnership



Emma Hanley
Kirklees Council

The Chances Project



Sangita Patel
Substance

Practical insights from chairing SIBs in the UK & internationally



Richard Johnson
GO Lab Visiting Fellow of Practice



GOVERNMENT OUTCOMES LAB

Thank you!

We would love your feedback!



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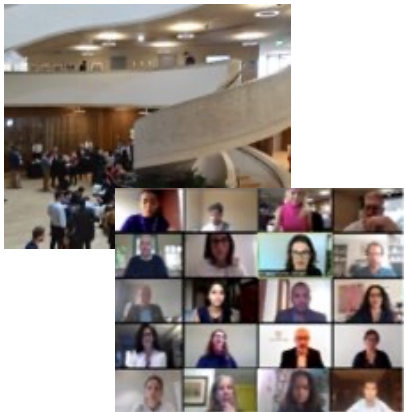
GOVERNMENT OUTCOMES LAB



Break

In-person: Join us in the Inamori Forum

COMING UP NEXT: Big Picture Session at 11.45 BST
Data with a purpose: Insights from an emerging learning collaborative for outcomes-based partnerships



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GOVERNMENT OUTCOMES LAB

Roundtable 2.2 Balancing act: measuring what matters in outcomes-based partnerships

Chair: Nigel Ball



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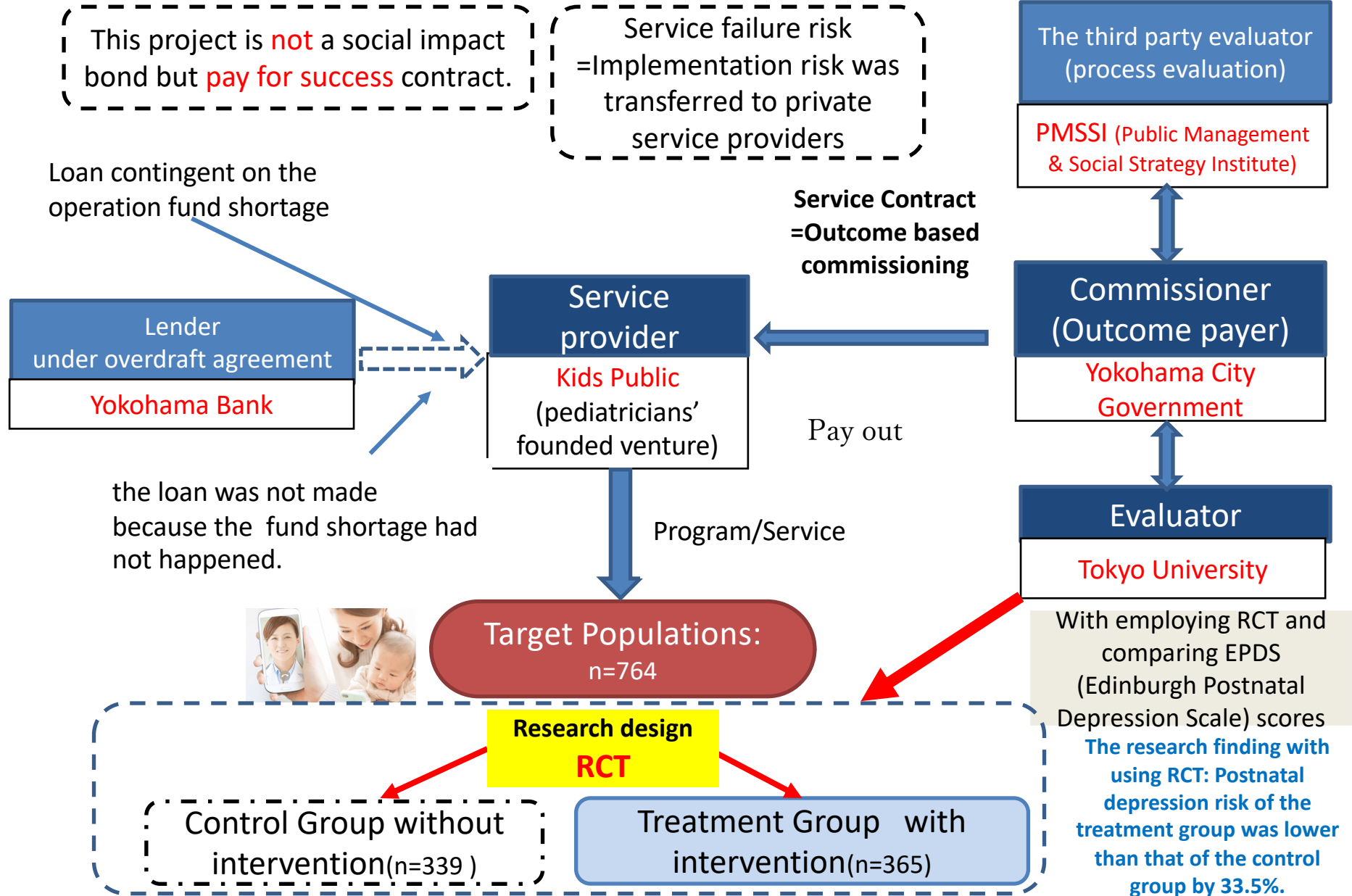
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Measuring What Matters: Prosperous Pacific Families

- Pacific families in New Zealand experience significant and persistent inequities. To transform our future, we established the first Pacific commissioning agency and co-designed an outcomes framework with our community.
- **We have invested \$149 million, reached 328,947 individuals, improved over 132,000 family outcomes and supported 67% of the Pacific population during lockdowns.**
- Measurement is more than assuring funders and providing confidence. Measurement, most importantly, enables *families* on their journey to prosperity.
- To harness our *collective power*, we have a relational commissioning model and invest in growing the *capacity and capability* of our organisation and our partners to measure and achieve outcomes



The remote-counselling project for inhibiting postnatal depression in Yokohama City, Japan: (September 1, 2020 ~ February 28, 2022)

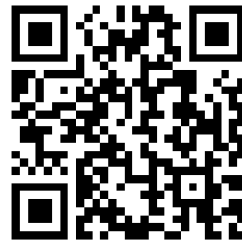




GOVERNMENT OUTCOMES LAB

Thank you!

We would love your feedback!



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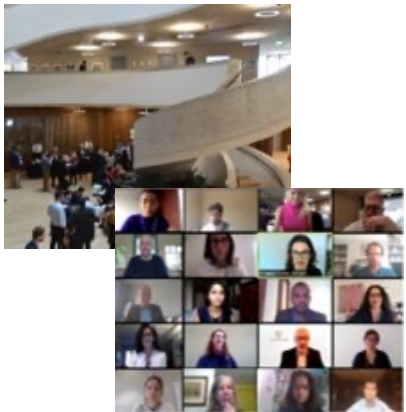
GOVERNMENT OUTCOMES LAB



Break

In-person: Join us in the Inamori Forum

COMING UP NEXT: Big Picture Session at 11.45 BST
Data with a purpose: Insights from an emerging learning collaborative for outcomes-based partnerships



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GOVERNMENT OUTCOMES LAB

Data with a purpose: Insights from an emerging learning collaborative for outcomes-based partnerships

Chair: Dr Eleanor Carter



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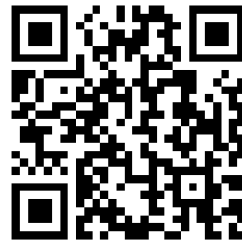
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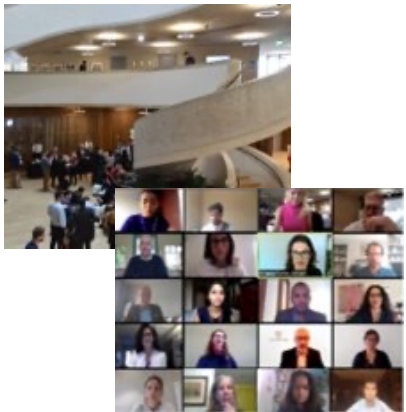
Break

In-person: Join us in the Inamori Forum

Zoom: Stay on Zoom for informal discussions in breakout groups

COMING UP NEXT: Deep dive sessions at 2:00pm BST

- Outcomes are knotty for public procurement
- Exploring the role of outcomes-based contracting for environmental management
- Let's be friends: outcomes contracts & relational contracting



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GOVERNMENT OUTCOMES LAB

Deep Dive 2.1 Outcomes are knotty for public procurement

Chair: Professor Anne Davies



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Social Outcomes Conference

Deep Dive: Outcomes are knotty for public procurement

9 September 2:00pm BST

Chair



**Professor Anne
Davies**
Oxford Law
Faculty

Speakers



Ruairi Macdonald
Government
Outcomes Lab



**Dr Elizabeth
Newman-Earl**
E50k Consultancy



**Stephen
Chandler**
Education
Outcomes Fund



**Dr Felipe Roa-
Clavijo**
Andes University



**Marcos Rodriguez
Fazzone**
United Nations Food and
Agriculture Program



Nadiya Parekh
Sonoma State
University



Mayra Gramani
Education
Outcomes Fund

This session will explore the differences of procuring services on an outcomes basis, instead of an activities basis, by looking at market engagement, requirements specification, procurement procedures, tender valuation, contract design and modifications, payments, and oversight. Find out more: <https://golab.bsg.ox.ac.uk/soc22>



#SOC22

Engaging with diverse solutions in homelessness: Are governments missing the social value potential in alternative approaches?



Nadiya Parekh
Sonoma State University

Opportunities for family farming through public procurement of food in Colombia



**Marcos Rodriguez
Fazzone**
United Nations
Food and
Agriculture
Program



**Dr Felipe
Roa-Clavijo**
Andes
University

Opportunities for family farming through public procurement of food in Colombia



Felipe Roa-Clavijo
School of Government
Universidad de Los Andes

Marcos Rodríguez Fazzzone
FAO
Colombia



How can national and local governments collaborate with family farmers to

- ✓ Create inclusive markets for marginalised small farmers
- ✓ Invigorate local economies: employment, incomes, innovation
- ✓ Improve nutrition of beneficiaries through local diets
- ✓ Local supply with local producers
- ✓ Transparency



Legislative background

Law 2046 of 2020

All public agencies



That purchase food with public resources oriented to consumption (hospitals, prisons) and distribution (school feeding programmes)



Should purchase a **minimum of 30%** of all its food to **Local family farmers.**

National Task Force on Food Public Procurement

Food demand institutions



institutions involved in technical assistance for food supply



Food public procurement

USD 1 billion /year in food purchases

School Feeding Programme

Family Welfare institute
Social programmes for children's rights protection

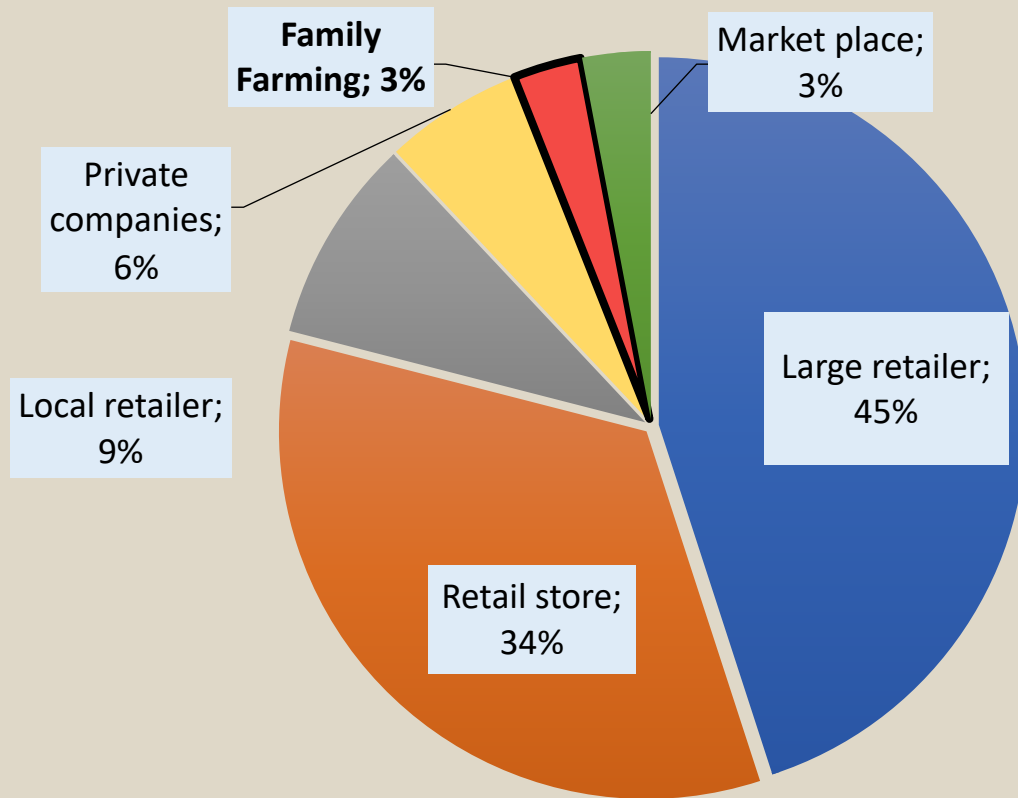
Correctional/penal system (jails)

Other potential institutional markets:

Armed forces
Hospitals
Elderly homes
Local school feeding programmes



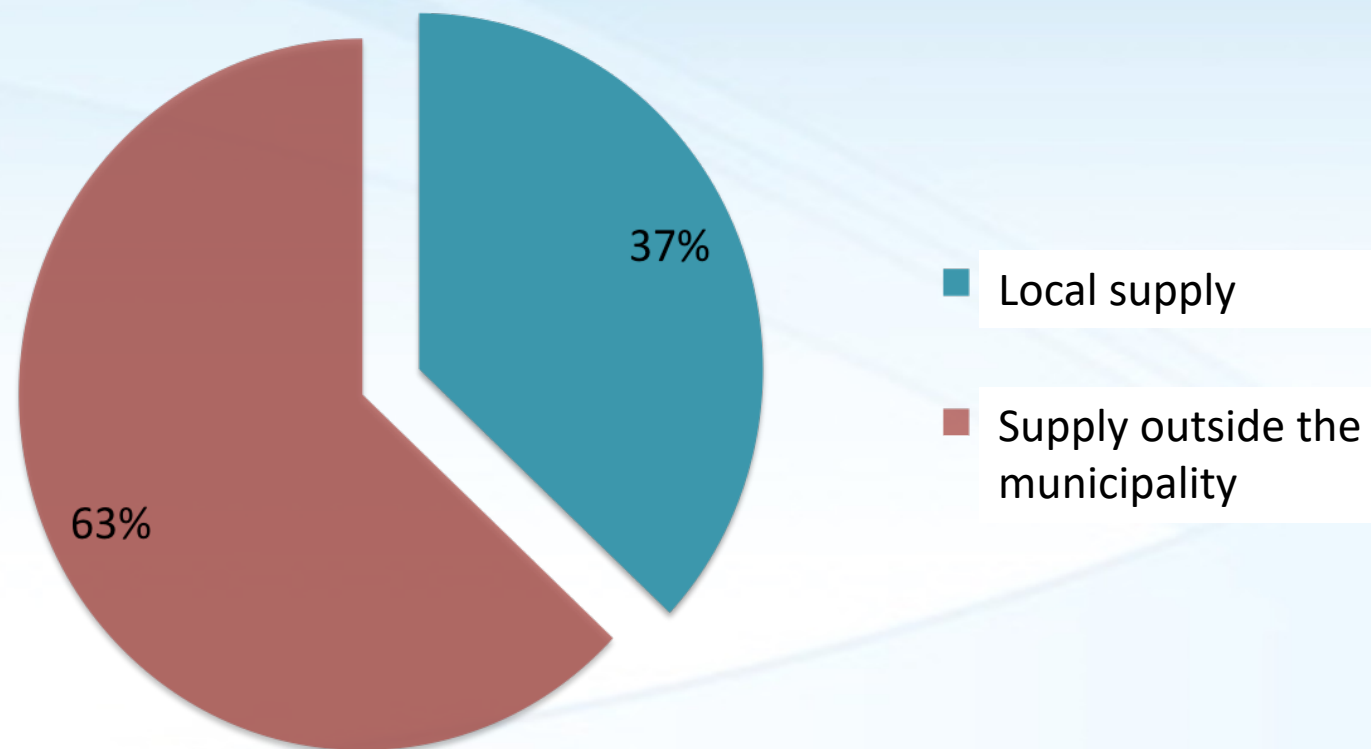
Percentages of food public procurement participation



MANA, 2015



Where does food come from?



Fuente: MANA FAO 2015

Challenges of food public procurement

A background image showing three people (two men and one woman) sitting in a field of cacao pods. The man on the left wears a wide-brimmed hat and a dark shirt. The woman in the middle wears a baseball cap and a light-colored shirt. The man on the right wears a baseball cap and a light-colored shirt. They are all holding cacao pods. The field is filled with many cacao pods, and there are trees in the background.

Data and capacity

- Quantity
- Quality
- Safety
- Location
- Seasonality

Infrastructure

- For production: storage, cold chain
- Transport

Sustainability



Department of Huila

First department to create the Task Force on Public Procurement on Food

Prioritised local produce in the regional School Feeding Programme:

- engaged 1,700 producers
- Local produce: rice, beans.

Actions for strengthening smallholder's production: technical assistance

30% to 50% purchased to family farmers

Creation of family farmers data base

Steps for food public procurement at the local level

1. Estimate food demand by public procurement – estimate local production by family farmers associations.
2. Design a technical assistance plan for family farmers associations (quantity, quality, safety)
3. Coordination between local actors participating in food public procurement
4. Creation of institutional architecture for food public procurement
5. Citizen participation in the contract process and monitoring of food public procurement





“It can't be done here”; Challenging and changing service provision for Armed Forces Families



Dr Elizabeth Newman-Earl
E50k Consultancy



GoLabs – Outcomes are knotty for public procurement

“It can’t be done here”, challenging and
changing service provision for Armed Forces
families.

Dr. Elizabeth Newman-Earl
Partner / CEO
e50K

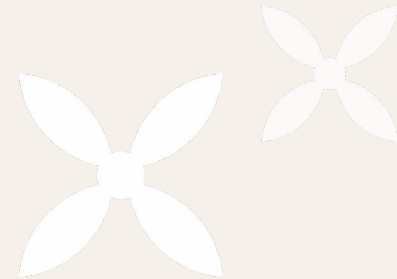
#bethechange



FDIS: A reframing of the end-user

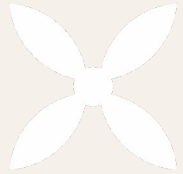
FDIS contracts [were] developed with Service Personnel and families firmly in mind and in developing them, DIO collaborated closely with stakeholders including Service Personnel [and] their families [...] to ensure that their needs were fully considered

(GOV.UK 2022)



FDIS: A reframing of the end-user

"The Supplier shall be responsible for the delivery of Services across the Affected Property, to ensure that it is maintained in a safe, legal and operational condition and to enhance the lived experience of occupants of SFA."

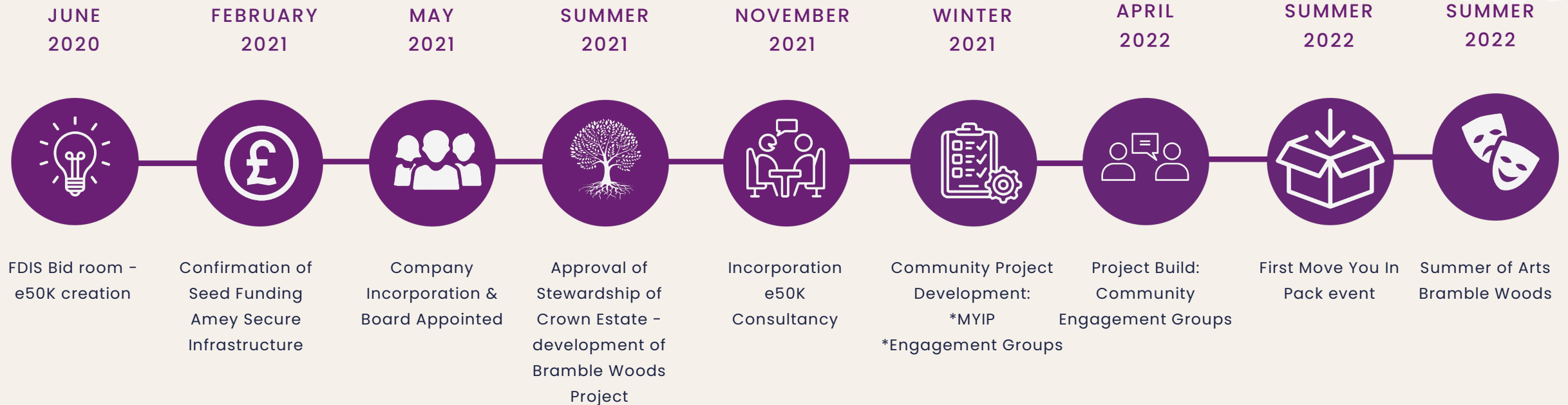


"The Supplier shall identify how the provision of services shall improve the social and economic wellbeing of Service personnel and their families and the wider community."

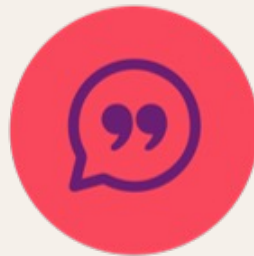
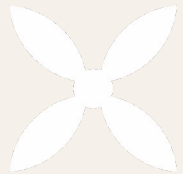
(GOV.UK 2022)



e50K Development Timeline



Underpinning Values



Engagement



Education



Employment



Enterprise



Project: Bramble Woodlands



Descriptor: 3.5 acres of crown estate zoned into 3 distinct spaces

- No-dig allotments and polytunnels
- Educational woodland retreat and health, wellbeing
- Meditation and reflection area

Objective: To co-design, co-create, develop and sustain an intergenerational agricultural and woodland space bringing together those from the Armed Forces community and neighbouring civilian communities

Community Input: c3000 staff hours to date, £150,000 initial investment with £31,000 of grants and in kind donations

Social Outcome: Increased participation in education and employment, improved mental health and well being and reduced social isolation.

Strategy (Years 3-5):



Project: Move You In Packs

Descriptor: The ideation, co-design and delivery of over 6000 sustainable welcome boxes per annum sourcing products from SMEs plus veteran & spousal led companies for families moving into Service Family Accommodation.

Objective: Create an opportunity for service families to feel valued and that their needs have been considered as they arrive at their new posting

Community Input:

Social Outcome: Participation of 45 community members in the co-design of a product which supports the lived experience of those within the community. The economic benefit of 666 employed hours to those within the community to support the delivery of the units



Strategy 3-6 Years: Through profit raised reinvest into the community to develop an Armed Forces



Project: Move You In Packs

**move
you in
pack**



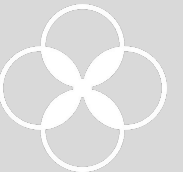
Project: Service Family Accommodation Engagement Groups

Descriptor: The ideation, co-design and delivery of a Residents Association for Armed Forces families including a pilot and 3-year design and delivery model.

Objective: Create opportunity for service families to improve social, economic and environmental issues affecting their neighbourhood

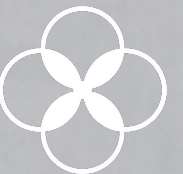
Community Input: Engagement with small sample group to develop concept idea. Creating partnerships with civilian Residents Associations minimising gap between armed forces communities and wider civilian counterparts

Social Outcome: Supporting and facilitating discussion opportunities to cause effective change within service delivery. Provision of Essential Skills development within AF community



The Knotty Problem

How to value value?





Dr. Elizabeth Newman-Earl
Partner / CEO
e50K

elizabeth.newmanearl@e50k.org.uk

#bethechange

Social Outcomes Contracting in Europe -- Procurement Guide



**Ruairi
Macdonald**
Government
Outcomes Lab



Mayra Gramani
Education
Outcomes Fund

Coming
Soon

European Investment *Advisory Hub*

Europe's gateway to investment support

SOCIAL OUTCOMES CONTRACTING IN EUROPE – PROCUREMENT GUIDE

A public procurement-focused guide to social outcomes contracting in European Union Member States

In the framework of the Social Outcomes Contracting Advisory Platform, in partnership with the Government Outcomes Lab, University of Oxford



Financial scoring in outcomes-based procurement: pitfalls and best practices



Stephen Chandler
Education Outcomes Fund

How does financial scoring of bids differ under outcomes-based procurement?

1. Bidders will be submitting a **price per outcome**, not a budget for delivering a service
2. Prices per outcome can contain **implicit assumptions about scope & targets** (which you may wish to include in your scoring)
3. Price scoring formulas for mature service-based programs may not work as intended
4. It will likely be one of the **first few times** that commissioners / providers will be bidding on price-per-outcome

Overview of Price Scoring Formulas

Type	Description	Example Formula	Advantages	Risks
Absolute Scoring	Scores bids against an objective price per outcome, (e.g. by applying a discount to a maximum price,)	$\frac{Price_{max} - Price_i}{Price_{max}}$	<ul style="list-style-type: none">✓ Provides objective standard✓ Bidders have clarity on their own financial score	<ul style="list-style-type: none">✗ Requires commissioner to know (or calculate) an objective benchmark✗ Benchmark may distort bidder behaviours
Price per quality point (PQP) scoring	Dividing price by quality score to give a price per quality point	$\frac{Price_i}{Quality\ Score\ i}$	<ul style="list-style-type: none">✓ Discourages bidders from simply chasing the lowest price possible,	<ul style="list-style-type: none">✗ Highly disparate bids can result in the same PQP score.
Relative Scoring	Scoring bids' price per outcome against other bids	$\frac{Price_{lowest\ bid}}{Price_i}$	<ul style="list-style-type: none">✓ Commissioner does not have to provide a benchmark price	<ul style="list-style-type: none">✗ Bidders cannot know how they will perform a priori✗ Penalises middle-ranking bids✗ Ranking can be heavily distorted by outliers / irrelevant bids

Under Relative Price scoring, bid rankings can be affected the performance of an “irrelevant” bid

Scoring Formula using Relative Prices

$$Score_i = \underbrace{[Quality_i \times 70\%]}_{\text{Quality Score}_i} + \underbrace{\left[\frac{Price_{lowest\ bid}}{Price_i} \times 30\% \right]}_{\text{Financial Score}_i}$$

With 3 bids, Bidder B wins

	Quality Score (max 70)	Price (\$)	Financial Score (max 30)	Total Score	Rank
Bidder A	60	\$100	15	75	2
Bidder B	57	\$75	20	77	1
Bidder C	40	\$50	30	70	3

Under Relative Price scoring, bid rankings can be affected the performance of an “irrelevant” bid

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Bidder A	60	\$100	15	75	2
Bidder B	57	\$75	20	77	1
Bidder C	40	\$50	30	70	3

With a new low-cost bidder, Bidder A now wins



NEW

	Quality Score (max 70)	Price (\$)	Financial Score (max 30)	Total Score	Rank
Bidder A	60	\$100	6	66	1
Bidder B	57	\$75	8	65	2
Bidder C	40	\$50	12	52	3
Bidder D	20	\$20	30	50	4

Relative pricing disadvantages middle-ranking prices

- Relative pricing features an “anomaly” where bids are scored non-linearly, despite equal difference in prices

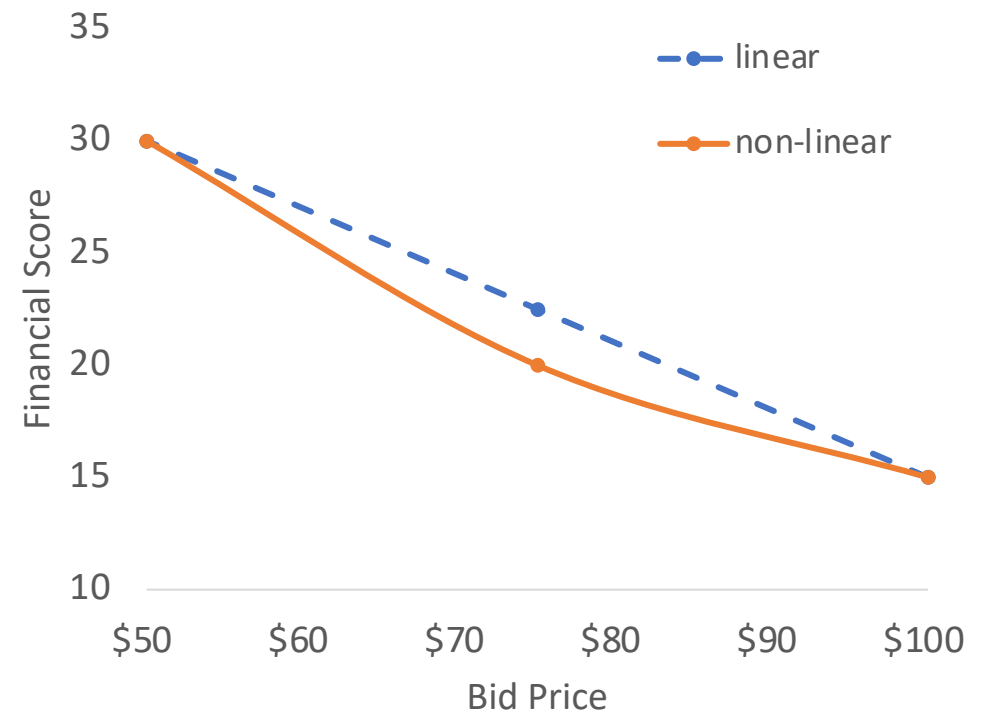
Example Bids – equal differences in prices

$$Score_i = \underbrace{[Quality_i \times 70\%]}_{\text{Quality Score}_i} + \underbrace{\left[\frac{Price_{lowest\ bid}}{Price_i} \times 30\% \right]}_{\text{Financial Score}_i}$$

	Quality Score (max 70)	Price (\$)	Financial Score (max 30)	Total Score	Rank
Bidder A	50	\$100	15	65	3
Bidder B	49	\$75	20	69	2
Bidder C	40	\$50	30	70	1

Should be 22.5 to preserve price differences)

Middle-ranking bids fare worse than extreme bids



Good practices in price scoring for outcomes-based procurement

1. Engage the procurement team from the very beginning
2. Make sure **bidders understand your payment function**, and how the price they submit will result in payment
3. Give **clear assumptions on pricing** where necessary (e.g. if using benchmarks, include the assumptions that got to that benchmark)
4. Pick **your scoring formula carefully**
 - Avoid formulas that have non-linear functions, and purely relative formulas
 - Run multiple scenarios, and see how your formula will react to extreme prices
5. If necessary, build in a **degree of flexibility in pricing during implementation**, but specify precisely upfront



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Thank you!

We would love your feedback!



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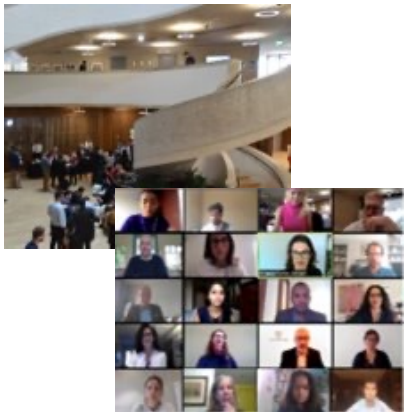


Break

In-person: Join us in the Inamori Forum

COMING UP NEXT: Big Picture session at 4:00pm BST

The work never stops: how do we make social change stick? Lessons from outcomes-based partnerships and beyond



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GOVERNMENT OUTCOMES LAB

Deep Dive 2.2 Exploring the role of outcomes-based contracting for environmental management

Chair: James Ronicle



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Welcome to SOC22

- Live from the Blavatnik School of Government in Oxford and online on Zoom
- If you are joining us in-person, you can still join Zoom **BUT please keep your speakers muted.**
- We will stop throughout the session to take questions both from the online and in-person participants.
- Do use the Zoom chat to introduce yourselves and to share your thoughts and questions; on Zoom, please make sure we can see your name & organisation.
- All sessions will be recorded and shared on the GO Lab website.
- Programme, slides and Zoom links are all on the GO Lab website.
- The GO Lab team is ready to help you both online and in-person.



golab.bsg.ox.ac.uk/soc22



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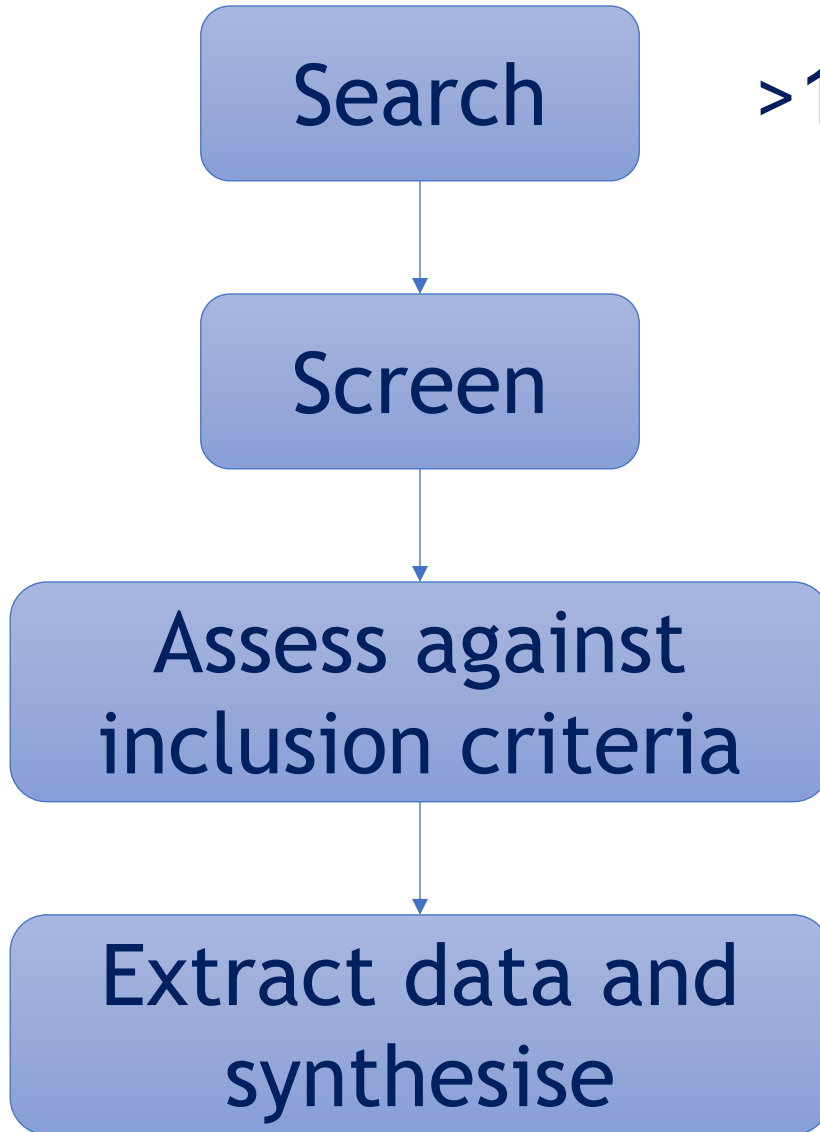
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Using outcomes-based contracting to tackle the climate crisis

A systematic review of the evidence

harry.bregazzi@bsg.ox.ac.uk





>11,000 results

~300 studies included
18 environmental

Service
commissioner

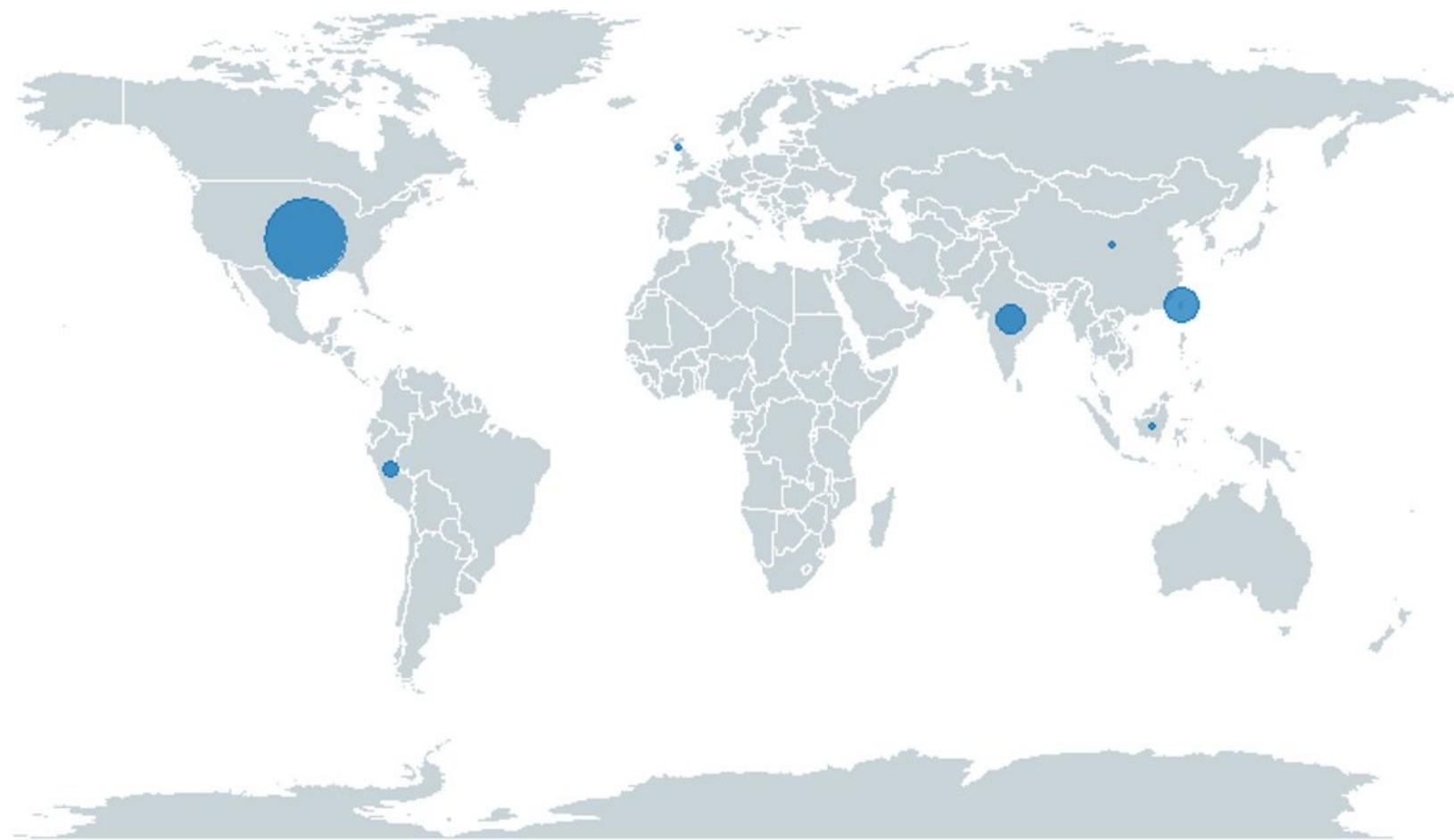
→
Payment
conditional on
achievement of
pre-agreed
outcomes

Private or non-
profit *organisation*

18 Studies | 71 outcomes contracts

Policy area	# studies	# outcomes contracts
Energy	7	51
Water	4	8
Pollution/Waste management	4	8
Agriculture	3	2
Sustainable infrastructure	2	2
Total	20*	71

*figure exceeds 18 because one of the studies addressed three policy areas

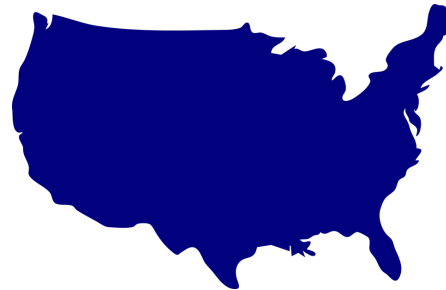


Number of OBCs • 1 • 2 • 6 • 8 • 52

Heterogenous
interventions



Evidence is
USA- skewed



Interventions are
environmental
and social



Incentive design...

Metrics

- clearly-defined
- easily verified

Targets

- realistic
- flexible?

Energy saving performance contracts

Successfully deliver savings

Operate at scale

Single metric

Solid understanding of what works

Can the energy model be applied to other environmental policy areas?

See full report
here





GREEN
OUTCOMES
FUND

The Green Outcomes Fund (GOF)

SOC22: Lessons from two years of the Green Outcomes Fund in South Africa



Presentation Outline

- What is the Green Outcomes Fund (GOF)
- The Design
- Challenges and Lessons



WHAT IS THE GREEN OUTCOME FUND?

- The Green Outcomes Fund (GOF) is a first-of-its-kind blended-financing structure
- It provides outcomes-based matched concessionary capital to existing and emerging local investment funds to promote investments in green Small Micro-Medium Enterprises (SMMEs) in South Africa by paying for green outcomes generated.

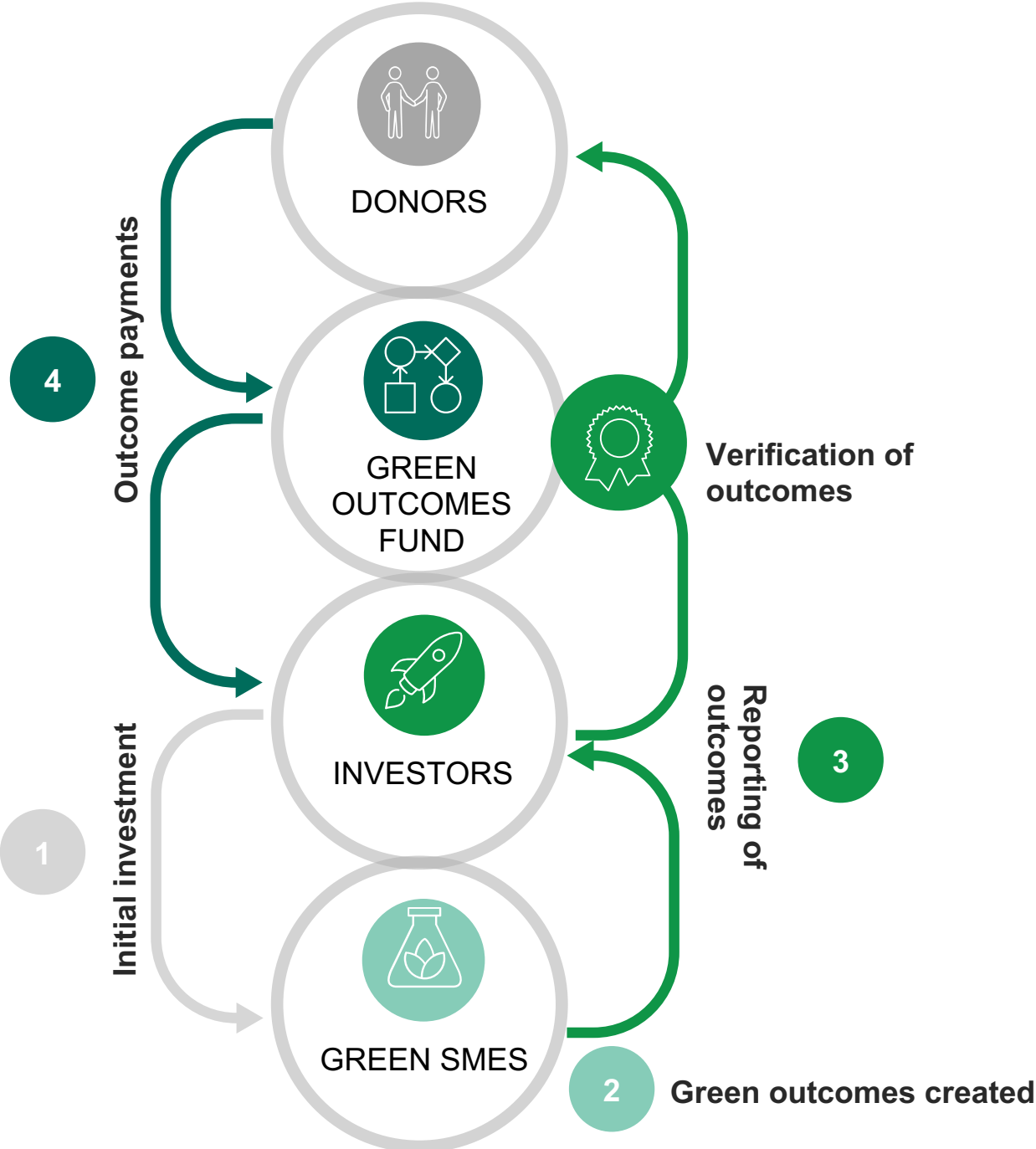
Objective:

To incentivize local fund managers to use new approaches and financing models, targeting high potential and fast-growing SMMEs operating in South Africa's green economy.

Design Partners:



THE DESIGN



CATALYTIC FUNDING



The GOF has raised \$5.7m in grant funding from public and private sector entities, unlocking a total of \$30mil for green SMMEs





Challenges and Lessons

The encounter a variety of challenges which point to viable lessons that can be applied to other funds of similar nature.

Challenges	Lessons
External market factors e.g. (Covid-19, Economy etc.)	<ul style="list-style-type: none">• The affect of external factors such Covid-19 highlights the need to have a strong pipeline of fund managers to mitigate the risk of underperformance and build the market.• A shift in economic conditions and an increase in uncertainty affected the risk tolerance for both fund managers and SMMEs which affected pipeline and impact targets.
Fund manager: <ul style="list-style-type: none">• Pipeline• Team commitment	Fund manager: <ul style="list-style-type: none">• Deep sector knowledge and assistance is vital• The GOF encourages innovative deal pricing• The GOF has helped mitigate risks associated with green SMME investment
SMME: <ul style="list-style-type: none">• Pipeline	SMME: <ul style="list-style-type: none">• Business development support and technical assistance is necessary and has been provided through participation in the GOF• GOF enables SMMEs to receive funding• GOF enables growth that has led to job creation• The SMMEs have used the investments to purchase equipment, hire new staff (contractors and permanent), develop marketing strategies, and for staff development and training.• Incentive to achieve outcomes is not always apparent to SMMEs



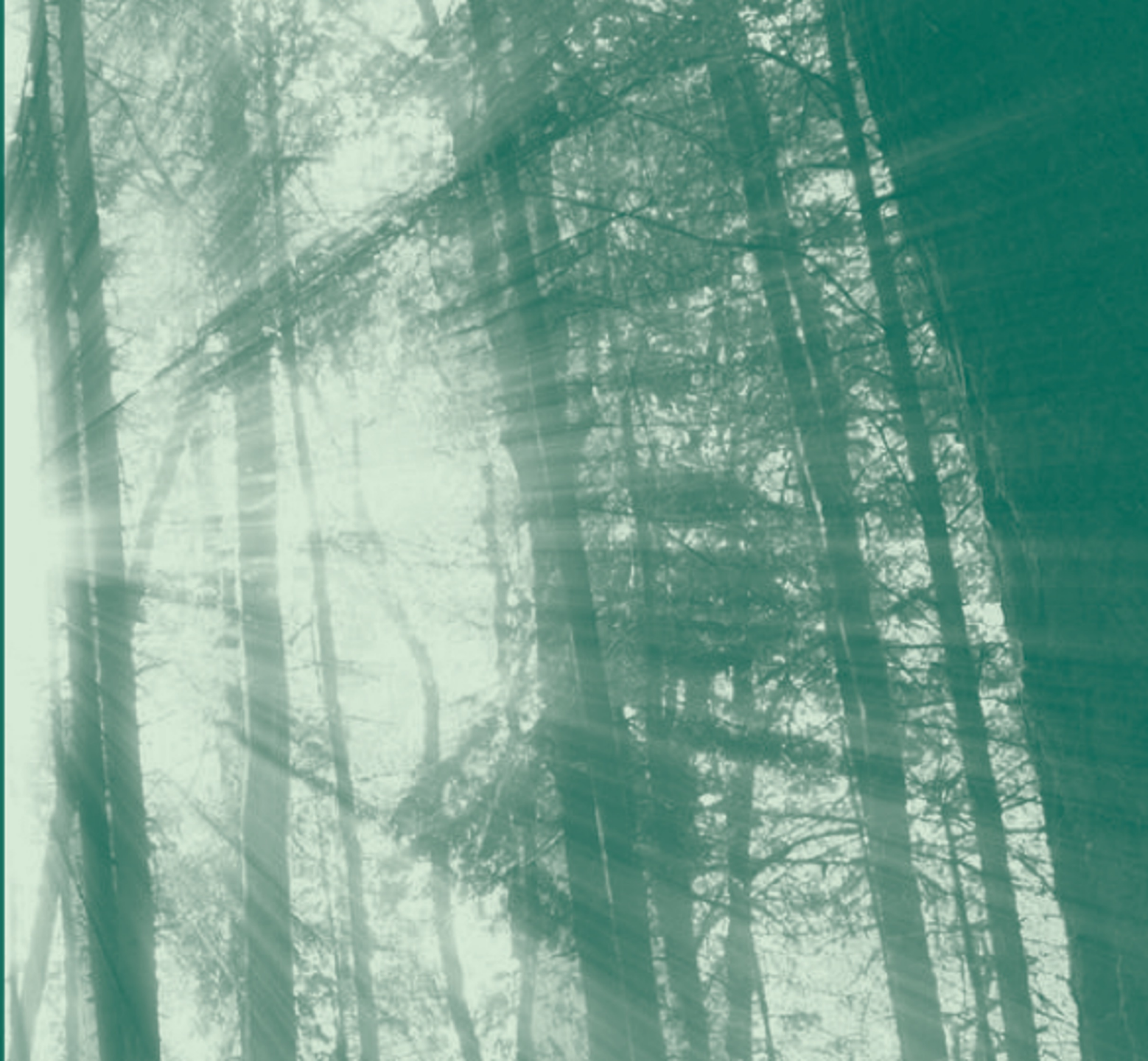
Challenges and Lessons

The encounter a variety of challenges which point to viable lessons that can be applied to other funds of similar nature.

Challenges	Lessons
Reporting, measurement and metrics	<ul style="list-style-type: none">• It is important to provide adequate reporting time• Reporting instructions should be clear and use templates• Provide support to SMMEs to ensure the correct measurement systems and understanding of these systems are in place for accurate impact data.• Consider encouraging the use of outcomes payments to help with reporting and measurement• Green outcomes take different times to achieve and produce• Outcomes lag investment
Multiple stakeholders	<ul style="list-style-type: none">• Requires as strong central team• Clear and frequent communication is necessary• Encourage openness and high engagement
Knowledge and information management	<ul style="list-style-type: none">• Maintaining current and comprehensive operating guidelines mitigates operational risks• Knowledge sharing is important



**THANK
YOU**



The intersection of environmental and social outcomes

GO Lab conference 2022

Sept 2022



Outcomes based models can ensure that projects deliver on environmental outcomes, but do so in a way that aligns with social outcomes



These models set a clear line of sight to ensure that stakeholders are focused to deliver across a range of outcomes



Combined contracts can ensure the financial viability of a programme (payments for multiple outcomes can allow a project to have enough funding)



Nigeria is 9th highest contributor to plastics pollution globally:
2.5m tonnes per annum

88% is not recycled

Main disposal method is burning

“A danger to the soil, water and air”

Flooding risks

“A threat to marine biodiversity”



Create well paid, safe job alongside the
collection of plastics waste



Bamboo is the fastest growing plant in the world

A mature grove of bamboo can generate around 35 percent more oxygen than an equal area of forest, and may sequester up to 4 times more carbon

Bamboo easily replenishes itself after harvesting

Bamboo is a relatively easy crop to grow, and can be grown effectively without much chemical intervention

Bamboo can be a viable alternative to plastics, wood and metal in many uses

Regenerative Agriculture and Livelihoods (REAL) Fund





Environmental Development

1,000 ha of bamboo
planted sequestering ~20k
tons of CO₂ annually



Women Empowerment

18 women-producer
enterprises established
employing & empowering
3,600 women



Equitable Livelihoods Upliftment

11,100 rural beneficiaries
uplifted socially &
economically

Key challenges:



Finding and
developing projects
where the
alignment is clear



Defining the
balance between
environmental and
social outcomes – a
debate of values



Finding outcome
funders who will
fund a broad range
of outcomes in one
project



What happens
when the
alignment is not
clear?

SUSTAINABLE DEVELOPMENT BONDS

WILDLIFE

CONSERVATION

BOND

SOC22 - Deep Dive 2.2

September 2022

Elisson Wright, Senior Environmental
Finance Specialist
Naomi Cooney, Senior Financial Officer
Steen Byskov, Senior Financial Officer



Background to Wildlife Conservation Bond

New Solutions are needed to secure and grow critically endangered black rhino

A new outcome-based mechanism for funding conservation can unlock new financing

USD \$700bn+

estimated annual funding gap in biodiversity conservation

Lack of available funding and efficiency of deployment limits conservation efforts



\$20-50m

spent annually on rhino conservation yet continued declines in populations



Often funds are restricted to defined activities and equipment, therefore not permitting adaptive management in response to changing in-the-field conditions

0

the number of current rhino funding programs that are tied to rhino outcomes



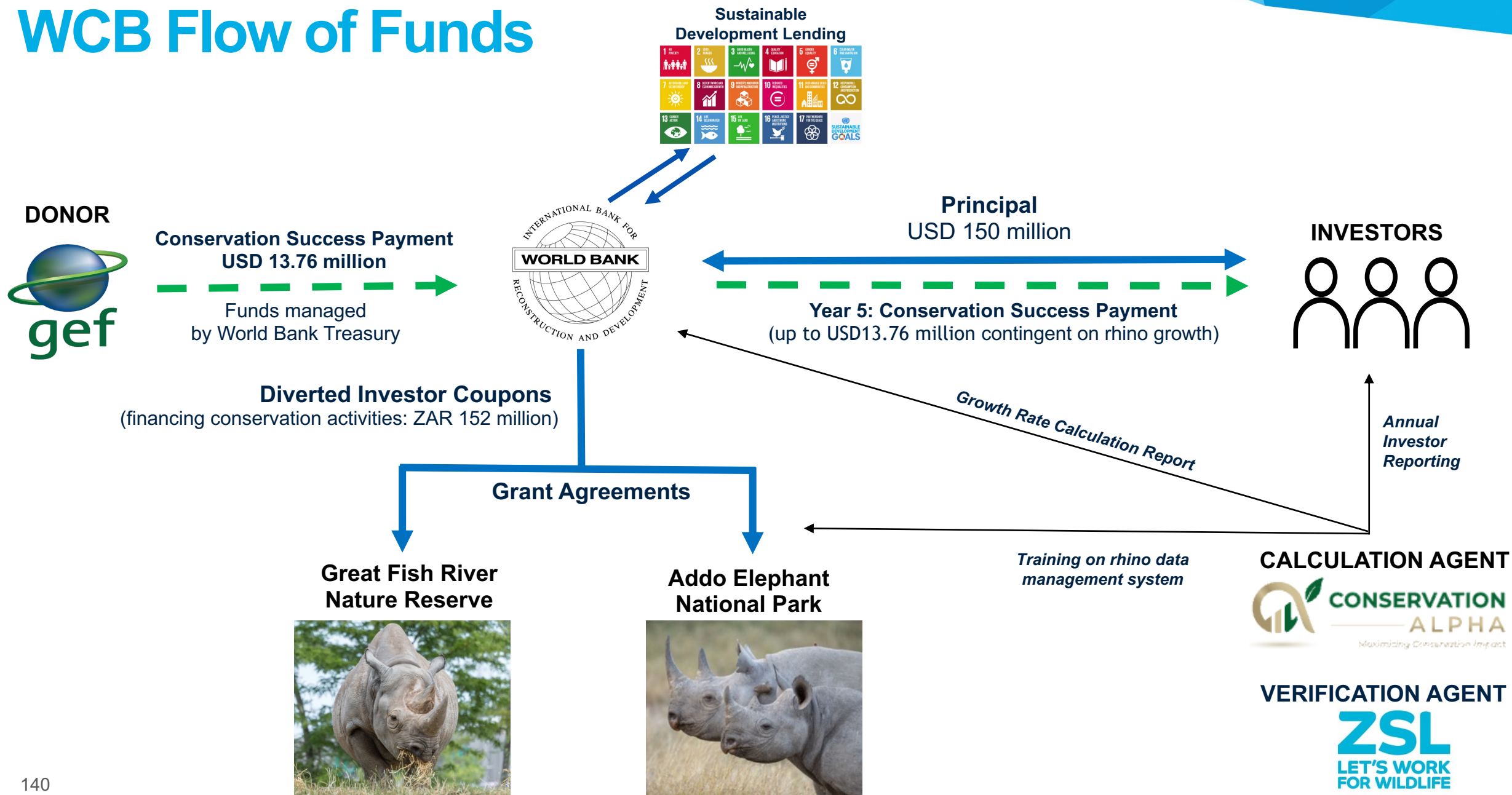
Wildlife Conservation Bond (WCB) – Key Features

USD150 million bond issued in March 2022

*World Bank issued a **5-year outcome-based impact bond** that mobilized private capital to directly finance conservation activities*

- **Front-loads financing** for rhino conservation at two South African parks, through foregone bond coupon payments
- **Transfers project outcome risk from donors to investors**; success is measured based on rhino population growth rate, calculated and verified by independent parties
- **Principal protected impact bond** provides investors with opportunity to invest in outcomes wrapped in a AAA principal protected bond that supports the financing of World Bank projects globally
- **Advanced monitoring and verification tools** deployed in a bond transaction, with the project overseen by World Bank's Environment team

WCB Flow of Funds



WCB Arrangements

In March 2022, SanParks and ECPTA entered into grant agreements with the World Bank: (1) WB Operations [Grant Agreement](#) for GEF Conservation Success Payment; and (2) [Transfer Agreement](#) with WB Treasury for conservation investment payments (coupon payments)

1. **WCB conservation investments payments** (semi-annual payments to **park managers**):
 - a) WB TRE deposits funds directly to project-specific accounts at SANParks (AENP) and ECPTA (GFRNR)
 - b) Project activities are consistent with parks management plans
 - c) Funds will be spent as detailed in the TOC, agreed 5-year implementation plans, budgets, and site-specific workplans
2. **GEF funded conservation success payment** (if triggered, made to **investors** at year 5): WB makes direct payment to bond investors, tied to achievement of single condition (net rhino growth independently verified in year 5)

Indicators

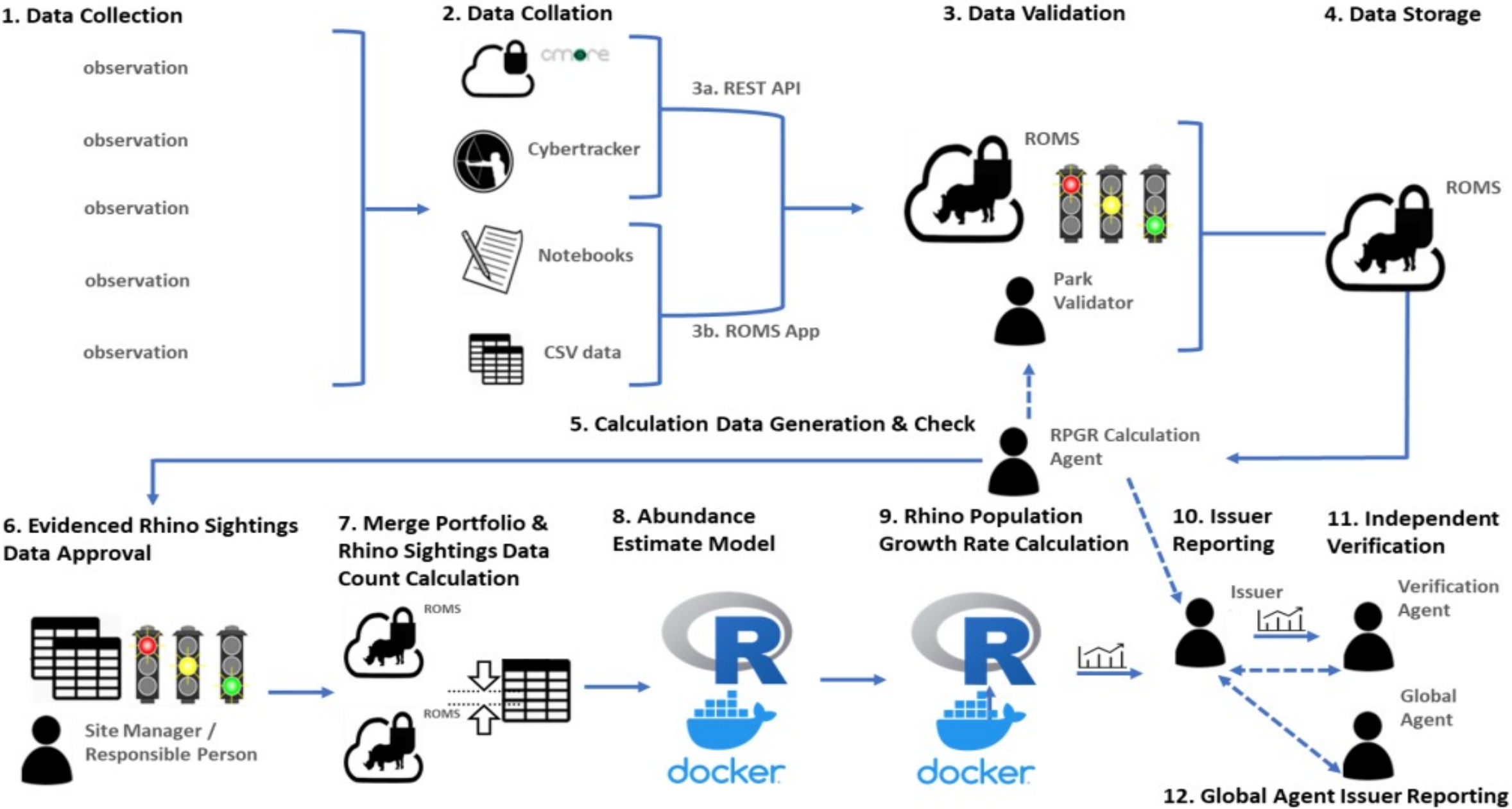
Project Development Outcome

Key Performance Indicator (KPI)	Baseline	Target
% increase of Black Rhino in target sites (CAGR)	-3.7%	4%

Intermediate Results

Indicators	Baseline	Target
1. Area under improved management (Hectares)	0	153,141
2. Beneficiaries of project interventions (#)	629	2,306
3. Gender equity in conservation services (female %)	22	27
4. Rhino mortality rate (3-yr average < 4%)	4%	4%
5. Rangers per km ²	0.029 rangers/Km ²	0.059 rangers/Km ²

RHINO POPULATION GROWTH RATE CALCULATION PROCESS OVERVIEW



WCB Investors and Potential Return

The WCB was bought by institutional investors (7 investors) and the rest by private banking clients of Credit Suisse and Citi

Potential investor returns:

Final Growth Rate	Success Payment %	Bond Effective Yield
0% or less	0%	1.06% (min return) *
0% to 2%	40%	1.79%
2% to 4%	80%	2.5%
4% or above	100%	2.83% (max return)

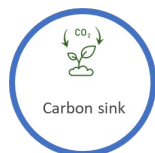
* Bond issued at 94.84%, providing investors with a minimum return of 1.06%

WCB Contributes to Sustainable Development

Biodiversity Values



1,530km² of conservation areas of high biodiversity



Dense thicket vegetation stores up to 4200t of above ground carbon per km², mitigating the effects of climate change



The sites contain five of South Africa's seven biomes. Addo has the highest floral diversity of any national park in Africa



Sanctuary for pollinators, serving the local citrus industry (25% of South Africa's citrus industry) and neighbouring subsistence farmers



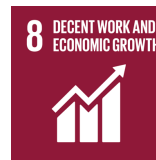
The sites protect important water catchments with the associated flood attenuation and water filtering benefits

Supporting Sustainable Development Goals

- ✓ Potential to catalyze economic development in the poorest province of South Africa
- ✓ Local community are part-owners of one of the rhino sites, with a revenue sharing scheme in place
- ✓ The WCB will invest in community engagement and development through a participatory process



SDG 3: Health and well-being will be the primary indicator of social impact in target communities



SDG 8: Project beneficiaries benefit from employment, enhanced well-being, and financial resilience



SDG 5: Community development interventions and agency policies have strong focus on gender equality

Selecting KPIs for Sovereign Sustainability-Linked Bonds

Framework for Selecting Key Performance Indicators for Sovereign Sustainability—Linked Bonds



Assessment criteria	Description
Available	Data are available at a reasonable cost or publicly available for the foreseeable future.
Attributable	Data are plausibly associated with sovereign interventions (for example, national-level investment, national laws, and national regulations).
Frequent/recent	Data are current and produced with enough frequency (that is, at least once a year) so they can be adequately linked with financial incentives to promote sustainable performance.
Regular	Data are provided in sequence with equal intervals between them over a long period of time.
Comparable across countries	Data are available across most countries. Data within datasets are consistent and comparable (for example, reported using the same methods) across countries.



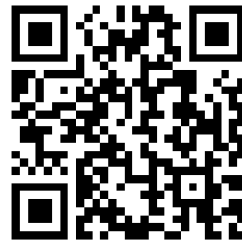
Thank You



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Thank you!

We would love your feedback!



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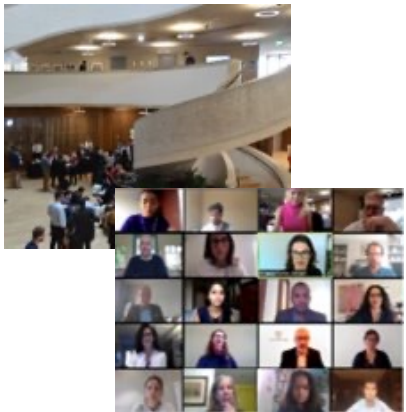


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In-person: Join us in the Inamori Forum

COMING UP NEXT: Big Picture session at 4:00pm BST

The work never stops: how do we make social change stick? Lessons from outcomes-based partnerships and beyond



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Deep Dive 2.3 Let's be friends: outcomes contracts & relational contracting

Chair: Professor Stéphane Saussier



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Partnerships with principles

Nigel Ball and Michael Gibson



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Partnerships with Principles

Putting relationships at the heart of public contracts for better social outcomes



**Partnerships
with principles:**
putting relationships at
the heart of public contracts
for better social outcomes



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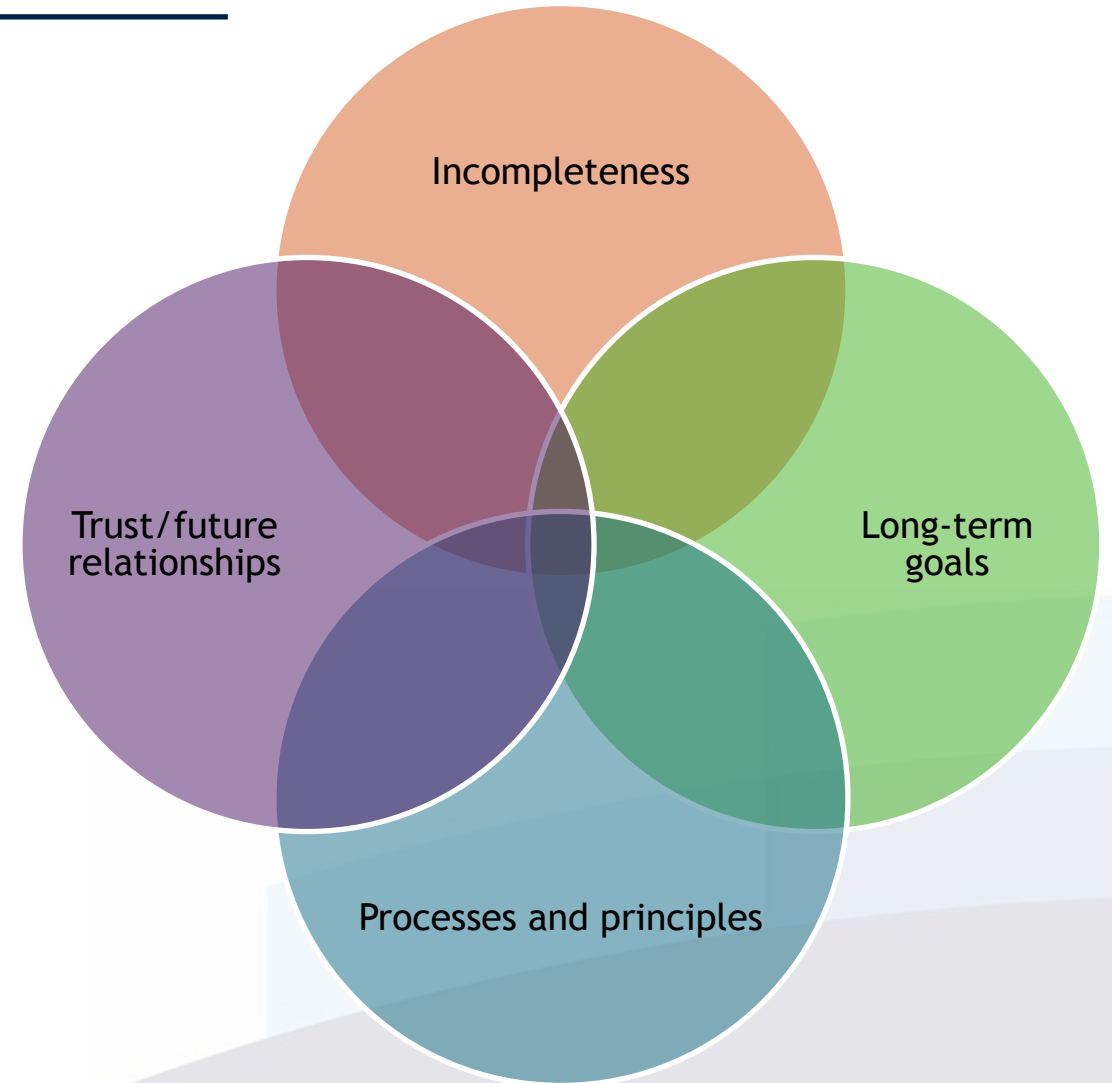
Nigel Ball and Michael Gibson

September 2022

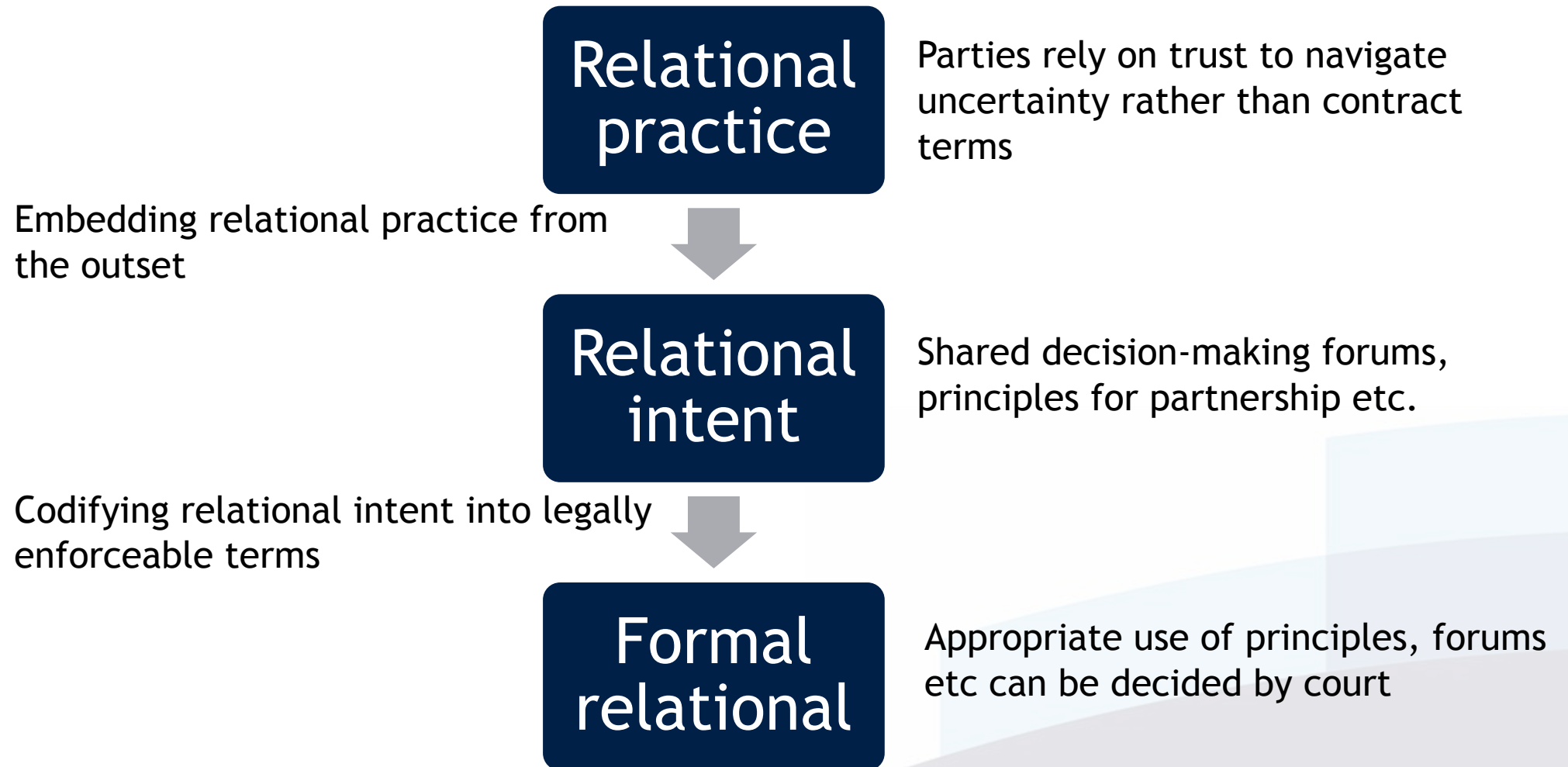
Defining relational contracting

Relational contracts focus on processes, guided by a commitment to shared principles, in order to achieve the long-term goals of the relationship. This may occur informally in practice, or be formalised if the contract is designed with relational intent and relational principles are legally enforceable.

- Ball & Gibson, 2022



Defining relational contracting



Why have relational intent?

Properties of the service needs (uncertainty)

Complexity

Specifying what is needed up-front is hard because of ...

internal uncertainty (e.g. innovation is desired or requirements are expected to evolve) meaning flexibility is required

Changeable environment

Specifying what is needed up-front is hard because of ...

external uncertainty, meaning resilience is required (e.g. Covid-19)

Properties of the partnership (alignment)

Goal alignment

Partners wish to secure close working throughout delivery because...

they perceive a valuable alignment of interests which is **aspirational**

Mutual reliance

Partners wish to secure close working throughout delivery because...

they need each other to achieve the contract goals, i.e. they have a **circumstantial** alignment of interests

Two illustrations

Kirklees Better Outcomes Partnership

Plymouth Alliance Contract

A strong relationship

✓ Lengthy co-design period

✓ Lengthy co-design period

Tightly defined goals

✓ Shared goals tightly defined through outcomes framework linked to payment terms

? *Shared goals defined in broad terms*

Shared principles

? *Some contract language describing aspiration for collaboration*

✓ Explicit shared principles that all partners must commit to

A suitable procurement procedure

✓ Appropriate procurement award procedure used

✓ Appropriate procurement award procedure used

A risk-sharing mechanism

✓ Risk-sharing mechanism through payment-by-outcomes structures

✓ Risk-sharing mechanism through gain-share / loss-share mechanism

A decision-making structure

✓ Decision making forums loosely described in contract and much expanded in practice

✓ Clear decision-making structure built into contract prior and during delivery

Risks of relational contracting



Opportunism	Relational contracts should mitigate this but if it happens anyway the effects could be more serious
Scrutiny and corruption	Less reliance on process and standard clauses makes scrutiny harder; third parties might spoil things with unfounded accusations of corruption
Restrictive procurement rules	Procurement rules need to be applied creatively; the culture can work against this
Misunderstanding	Principles are open to interpretation
Unequal power dynamics	Weakened legal protections increase risk for the smaller (or less powerful) party; govts can change the rules
High up-front investment	Providers investing in specific assets for this contract alone need recourse should the contract be terminated (or much altered)
Transaction cost	Pre-contract trust-building takes time and money - do the benefits make it worth it?
Staff turnover	Relationships are interpersonal - what if there's a 'new sheriff in town'? Are 'principles' enforceable in court?

Partnerships with Principles

Putting relationships at the heart of public contracts for better social outcomes



**Partnerships
with principles:**
putting relationships at
the heart of public contracts
for better social outcomes



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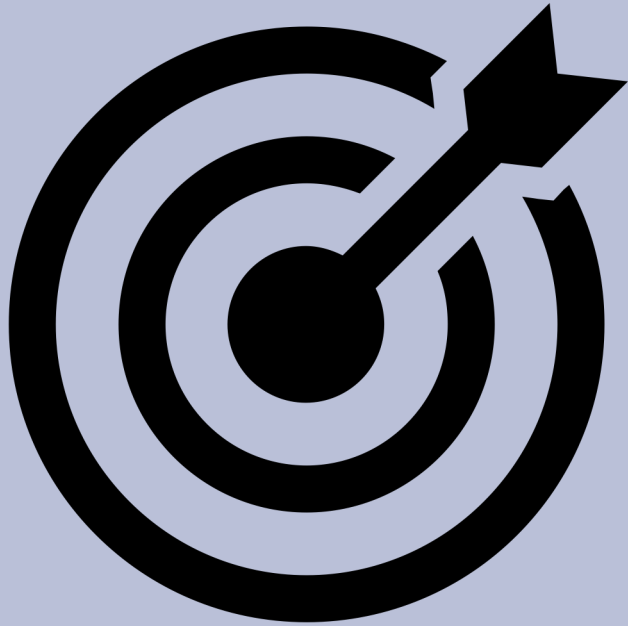
September 2022

When things go wrong – contracting for impact risk and impact returns

09 September 2022



Why SOC during the pandemic?



**Service user
impact at the core**

**How did SOC's
respond during
Covid-19?**

**What can we learn
from that for
future impact-
focused
contracts?**

**Contractual
governance**

**Termination
events**

**Force majeure
clauses**

Why does this matter?



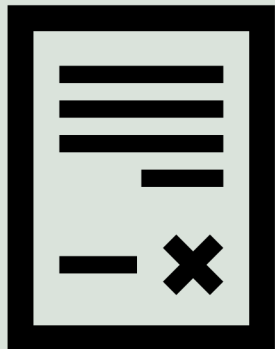
Protect service user interests as market grows

Align contractual terms with desired behaviours

Contracts should be a blueprint for how to adapt to unforeseen circumstances

What did we learn?

Language of contracts was rarely fit for purpose - often disregarded or modified



Service providers & evaluators were given time and space to respond to changing circumstances

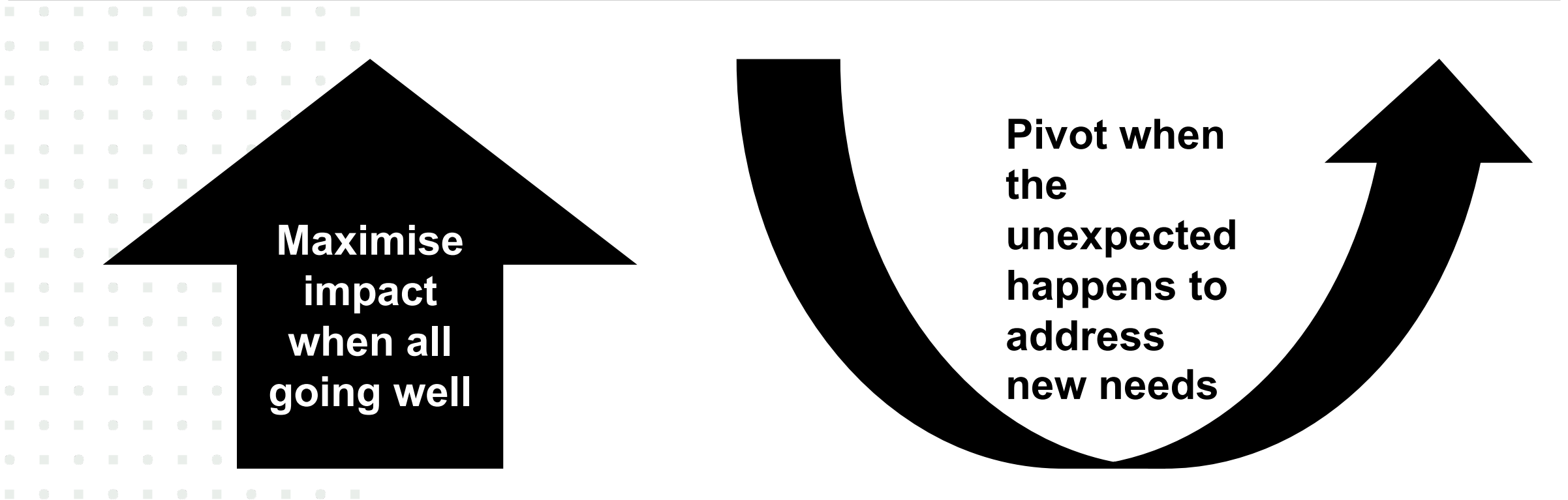


Service users themselves were generally not part of decision making processes



Why relational contracting?

INCOMPLETE CONTRACTS



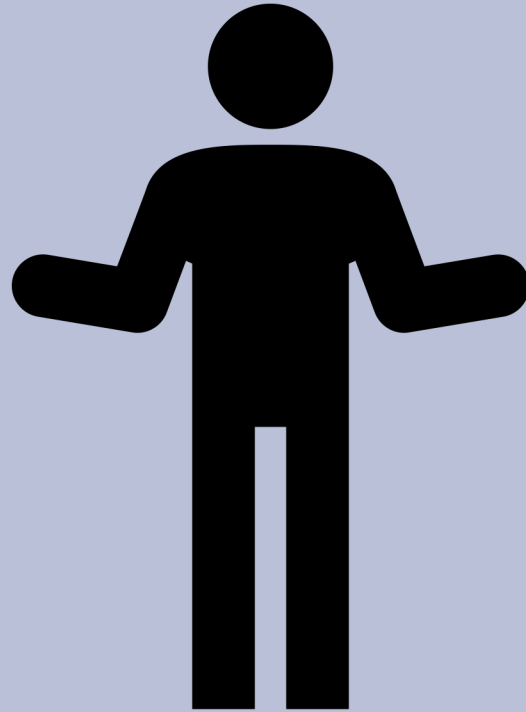
The diagram illustrates the concept of incomplete contracts. It features a large black arrow pointing upwards on the left, set against a background of a light gray grid of dots and squares. Inside this arrow is the text 'Maximise impact when all going well'. To the right of this arrow is a large, thick, black curved arrow that starts pointing down and then curves upwards to the right. Inside this curved arrow is the text 'Pivot when the unexpected happens to address new needs'.

**Maximise
impact
when all
going well**

**Pivot when
the
unexpected
happens to
address
new needs**

What next?

RULES



PRINCIPLES



Grunin Center
for Law and Social
Entrepreneurship
NYU School of Law

Thank you.

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Social Finance is authorised and regulated by
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**Manchester
Metropolitan
University**

'Ain't what you do, it's the way that you do it
(and that's what get results)'

9/9/22

PhD researcher: Lee Whitehead lee.whitehead2@stu.mmu.ac.uk

Professor Chris Fox c.fox@mmu.ac.uk

What impacts on
best practice in
delivering Social
Impact Bonds
(SIBs)/Products?

FRAMING

Background Framing:

Social impact products over the last 10 years may be described as:

being too complex

being overly transactional (metric-measuring), and not being sufficiently recognised as an innovative/transformative learning process to prevent social problems becoming crises

not crystalising the key relationships, coproduction and capabilities needed for social impact success

unattractive to commissioners/procurers (compared to traditional procurement)

not living up to their promise

The Voluntary Sector and Social Impact Bonds/Products could be a match made in heaven but that is not currently evident at scale since inception 10 years ago. Some modest developments (c. 100 social impact projects live in the UK) and emerging practices now exist, making it possible to research the area

Research aims:

Overarchingly this research investigates why and how SIBs start, develop and deliver.

3 main aims:

- 1. There is a growing body of work that applies relational models of governance such as New Public Governance (Osborne 2006) and related concepts such as co-creation and social innovation to the study of SIBs (Farr 2016, Albertson et al. 2020). In this research we analyse whether concepts associated with relational (including capability and innovation intention) and co-produced models of governance and practice are associated with more successful SIB outcomes.
- 2. Start to establish a simpler process/ determinants to engage investors, providers and outcomes payers in SIB products based on a capabilities and a relational approach to place-based coproduction
- 3. Crystallise key elements in play in the most productive SIB projects which VCSE delivery and investment partners can initiate and sustain

Theoretical considerations

The key theoretical examination is the relational/relationships that engender successful social impact products.

Set within capabilities theory, and what behaviours in the social impact actors/players support innovation especially around a public health approach which benefits systems to promote the established impact value of prevention and earlier intervention (a public health approach).

Human Learning theory/systems will be considered through a coproduction/whole system engagement (integration) lens both within the players setting up and running social impact schemes but also the beneficiaries of those schemes through the behaviour change the impact innovation model creates.

METHOD

Methodology

**18 impact products
2016-2021**

4 reviews each

**NVivo+ thematics
counted**

**Compared against
success**

data available

- Data: UK SIBs on the GOLAB database [<https://golab.bsg.ox.ac.uk/knowledge-bank/indigo/impact-bond-dataset-v2>] that went live between 2016 and 2021 and for which we could locate a minimum of four distinct reviews, evaluations, commentaries or academic articles were identified.
- Twenty-five SIBs met these criteria. Seven were discarded because of insufficient data on whether they had achieved their outcomes or not.
- Eighteen were subject to fuller assessment. We analysed the documents gathered for each SIB and searched for key words and phrases associated with innovation, relational and co-produced ways of working using NVivo+. We also read each paper to examine the context within which the theme was used.
- SIBs were deemed to have been successful if they had delivered their stated outcomes within a 10-15% tolerance. Of the 18 SIBs analysed, ten were classified as successful and eight were struggling to meet their stated outcomes

FINDINGS/DISCUSSION

Successful SIBs in our sample were consistently associated with relational working driving innovation, co-production, capability and mutual learning. Successful SIBs were more frequently (by +13 to 23%) associated with:

- 1) describing outcomes in terms of vision and values first (backed up by quantitative metrics later);*
- 2) close integrated partnership working with a focus on understanding organisational drivers for change and joint problem-solving;*
- 3) asking end users for their input at the design stage (co-creation) and during delivery (co-production);*
- 4) describing what they did in terms of capabilities;*
- 5) emphasising partners having shared responsibilities (across the impact actors);*
- 6) early-on mapped 'impact' skills and gaps in service delivery across all partners;*
- 7) had a clear needs assessed theory of change and interventions plan to deliver innovation; and*
- 8) adapted service models (re-calibrated) frequently.*

It is the relational, co-creative, innovative, preventative and human learning perspectives driving the best SIBs in recent years

Struggling SIBs were less associate – on average by one fifth.

Implications


Successful SIBs in our sample were more associated with the human, personal and innovative dimensions that we've explored.

This has implications for the design and commissioning of SIBs, suggesting relational and co-created governance structures are important to hold problem-solving, vision and necessary skills.

When commissioners and procurers are engaging investors and impact delivery partners, time needs to be planned in to really understand the social value, the place-based needs and innovation aimed for and to develop a capable problem-solving approach that is co-created/produced with people who use services from the communities they live in.

This is important not just during set-up, but for the duration of the impact contract (for dynamic evolution).

Further research being carried forward.



Postmortem on a Public Sector Contract Collapse and Welfare Modernization Failure

CAROLYN J. HEINRICH AND DEANNA MALATESTA

SOCIAL OUTCOMES CONFERENCE, SEPTEMBER 2022

OXFORD UNIVERSITY, BLAVATNIK SCHOOL OF GOVERNMENT

Complex contracts and public-private partnerships (PPPs)

- ▶ Government agencies have increasingly turned to complex, multi-actor contracts and public-private partnerships (PPPs) to outsource public services delivery
- ▶ At the core of a typical PPP is a formal contract that specifies:
 - ▶ Partnership goals and roles and responsibilities of the partners
 - ▶ Coordination functions for executing the work
 - ▶ Guidelines for communication, negotiation, and the sequencing of tasks
 - ▶ Terms and conditions of the collaborative arrangement
 - ▶ Performance expectations, cost-sharing provisions, stipulations for renegotiation, etc.

Formal, transactional contracts

- ▶ Key challenge in establishing a durable contractual arrangement:
 - ▶ Specify in advance a complete contract that:
 - ▶ Fully addresses contingencies or circumstances that might arise and affect attainment of the contract outcomes
 - ▶ Determines rights of control over assets and authority for handling noncontracted contingencies among partners
 - ▶ Stipulates course of action that should follow their occurrence and terms or mechanisms (e.g., cost-sharing provisions)
 - ▶ Oversights, gaps, omissions, or ambiguities in contracts may lead contracting parties to take measures or engage in behaviors that may be counter-productive to a constructive collaboration and efficient outcomes

Relational governance and contracts

- ▶ Managing PPPs to realize an appropriate allocation of risks between public and private partners throughout the life of a project often requires reliance on relational governance mechanisms as well
 - ▶ Trust, reputation, reciprocity and other forms of social relations that facilitate ongoing interchange and dynamic collaboration
- ▶ Relational contracts supply informal incentives to motivate cooperation
 - ▶ Value of future relationships fills in where expectations are unwritten, allowing parties to use judgment as circumstances change
 - ▶ Rely on credibility among the parties—expectation that partners will not renege on their promises—and clarity (or mutual understanding) of what each partner has promised to do
 - ▶ Shift away from legal mechanisms and renegotiation and toward relationships based on trust, cooperation, and motivation to preserve (rather than renege) on the collaboration

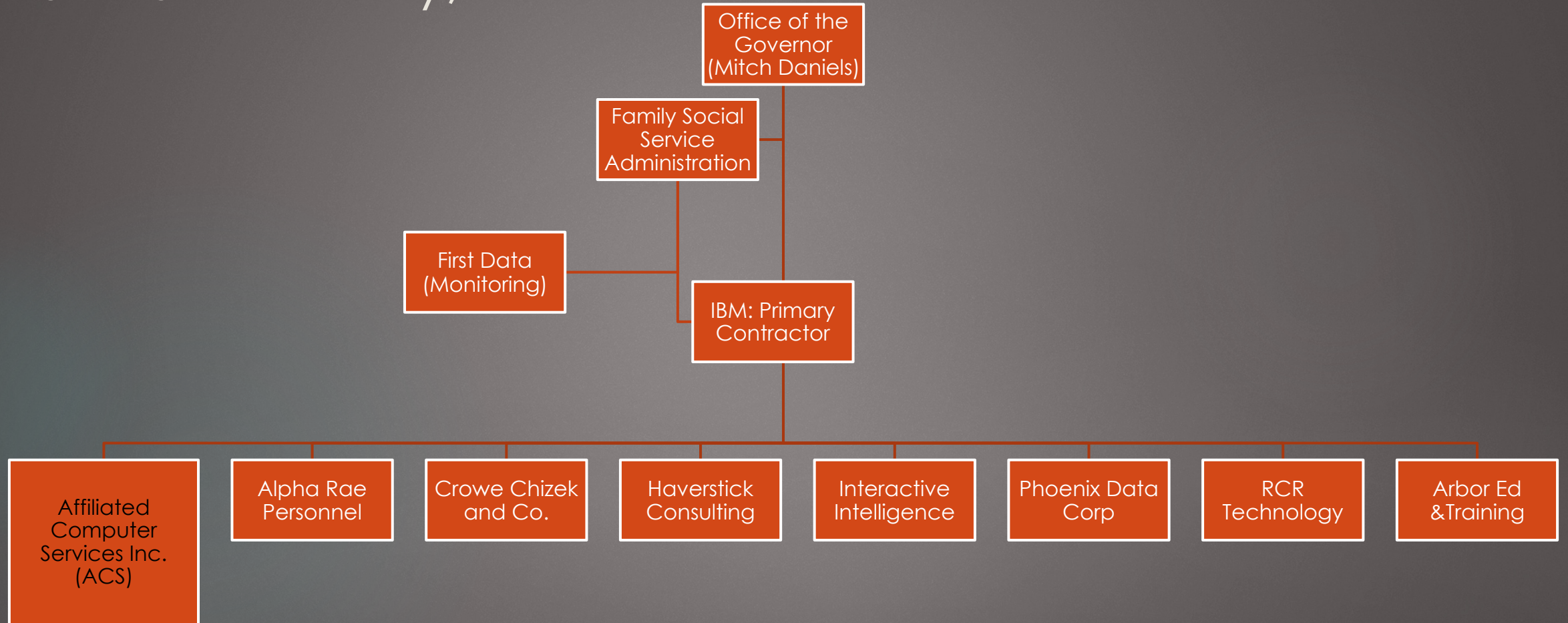
From formal vs. relational to formal relational?

- ▶ Both formal and relational contracts embody valuable mechanisms for guiding contracting party behavior
 - ▶ Yet neither the formal transactional contract nor the informal relational contract adequately support contracting parties in addressing the complex challenges faced in PPPs
- ▶ Relational governance necessitates psychological engagement
 - ▶ Partners bring their subjective interpretations about what is contractually specified and have different perceptions about what behaviors are acceptable or aligned with contractual specifications
 - ▶ Partners form a psychological contract alongside the formal transactional contract that affects how they interact, including cognitive dimensions of communication and decision making

Case study: State of Indiana-IBM “Hoosier Coalition” PPP

- ▶ \$1.3 billion dollar, 10-year contract (Master Services Agreement, or MSA) established with International Business Machines (IBM) and subcontracted partners (Hoosier Coalition) to modernize and improve the state’s public welfare system
 - ▶ Consisted of more than 160 pages, numerous exhibits, appendices, boiler-plate provisions, and 24 schedules clarifying the parties’ responsibilities and detailing performance metrics
 - ▶ Performance-based and replete with clauses exemplifying contract control functions and the parties’ concerns about potential “hold-ups,” i.e., that one party’s performance would be held up by the other
- ▶ The contract/PPP was terminated in less than three years, but litigation and court rulings continued for a decade afterward

Formal structure of the Hoosier Coalition for Self Sufficiency, the PPP



Case study method to illuminate and advance theory

- ▶ Analyzed rich case study data to examine the implementation and unraveling of State of Indiana-IBM PPP
 - ▶ Public documents and reports from 2005 (a year before the MSA was signed) through 2010 (a year after the contract was prematurely terminated)
 - ▶ 32 interviews with key informants that took place in 2009 and 2010
 - ▶ Court filings, depositions and other internal correspondence from 2008-2013
 - ▶ Court rulings and news accounts through the end of 2020
- ▶ Employed a process of systematic examination of diagnostic evidence to construct a narrative of case events and evaluate them in relation to theory-informed propositions

Theory-informed propositions

1. Rigid contractual infrastructure—including tight control over residual rights, assets, and authority for handling noncontracted contingencies — reinforces hierarchical and legal (over relational) nature of PPPs
2. Mechanisms for goal alignment and cooperative action among multiple partners or “principals” can help to limit competitive and non-cooperative behavior that may undercut achievement of PPP goals
3. Contractual provisions intended to promote fair trade can be offset by provisions that undermine relational norms such as reciprocity and fairness
4. A lack of trust between contracting parties will tax both formal and informal relationships in the PPP and contribute to negative behaviors (e.g., political maneuvers, hidden agendas, disengagement)
5. Parties’ expectations about how the contract should evolve or about acceptable outcomes (based on their subjective reference points and perceptions of fairness) affect goal alignment, cooperation, and sustainability of the PPP

Key case study findings

- ▶ State of Indiana's tight control and oversight of IBM, even in areas where the MSA appeared to cede authority to IBM in executing the work (P1), undermined cooperation and trust in already complicated, interdependent relationships between MSA parties and subcontractors
 - ▶ State retained all policymaking authority, incl. day-to-day operational aspects of PPP's work, and reserved the right to replace subcontractors
- ▶ Subcontractors were beholden to performance expectations of both the State and IBM—multiple principals (P2)—who failed to sustain a cooperative relationship and goal alignment in the PPP
 - ▶ Formal chain of command was not followed; subcontractors circumvented IBM and communicated directly with the FSSA and Governor's Office (ACS)
 - ▶ As the MSA parties' interests diverged, collective action problems proliferated (P4)
 - ▶ Higher transaction costs, conflicting expectations, accountability confusion, negativism, loss of control, blame games, and symbolic accountability

Nearly all (99.3%) of eligible state employees transferred to jobs with the Hoosier Coalition

"ACS was never on board ...",
"...ignored the agreement [and] did not have to answer to anybody."

Key case study findings (cont.)

- ▶ With many fixed terms, clauses, schedules and boilerplate material, the rigid MSA was less amenable to adjustments (P3) as cooperation among the parties waned and new noncontracted contingencies arose
 - ▶ MSA parties regularly negotiated change orders and amendments as the relationship unfolded, contributing to higher transaction costs and a continued focus on procedural minutiae (reinforcing rigidity in the MSA)
- ▶ Although some MSA contract clauses implied an intent for fairness in the exchange, the MSA also included many provisions that suggest the State was not in the relationship for the duration (P3)
 - ▶ Provisions such as a termination for convenience clause that allowed the State to end the contract without a showing of fault undermined relational norms that are essential for successful PPP relationships

FSSA Comm. Director to FSSA Secretary: "It would be the first time that we've thrown IBM under the bus like this and would definitely change the tone of our position prematurely... you just need to survive until Oct., then we are going to drop bombs ala Hiroshima and Nagasaki."

Key case study findings (cont.)

- ▶ There is clear evidence in this case that the contracting parties had different expectations about how the MSA should change or what was an acceptable outcome when unexpected events or changes occurred (P5)

- ▶ The parties disagreed on what tasks fell within the scope of work of the original MSA and numerous amendments accompanied by lengthy negotiations were unable to save the PPP

- ▶ Based on perceptions of fairness and what tasks were within the original MSA scope of work, the Hoosier Coalition parties saw the deal as falling short of their reference points and stopped cooperating (P4, P5)

- ▶ Attribution also appeared to play a role, and performance monitoring became increasingly antagonistic
 - ▶ Non-compliance with the chain of command in the PPP further diminished the trust relationship between IBM and the State and contributed to the MSA's collapse

FSSA Secretary: "As we gear up for a potential breach of contract action against IBM/Coalition, we have asked OVV to really 'audit' performance on timeliness, accurateness, etc. I put audit in quotes because I doubt it technically falls within the definition of audit."

Emerging form of contractual arrangement: formal relational contract

- ▶ A formal relational contract may have better served this complex, multi-actor PPP
 - ▶ Formal relational contract entails the specification of mutual goals and governance structures in a legally enforceable contract, but also involves the cultivation of trust and cooperation at the outset to provide a foundation for keeping contracting parties' interests aligned over time
- ▶ Contractual framework is intentionally designed to be flexible and responsive to the dynamics of collaborative work (such as in PPPs)
 - ▶ Rules/guiding principles of relationships are negotiated first, and parties work together (via relationship building) to address challenges or conflicts that arise
 - ▶ Basic principles include reciprocity, autonomy, honesty, loyalty, equity, and integrity
 - ▶ Expectations about how the agreement should change based on each parties' subjective reference points and perceptions of fairness or equity are calibrated and aligned over time

CONTRACTING IN THE NEW ECONOMY

Using Relational Contracts to Boost
Trust and Collaboration in Strategic
Business Relationships



David Frydlinger • Kate Vitasek • Jim Bergman • Tim Cummins

With a Foreword by **Oliver Hart**,
Winner of the Nobel Prize in Economic Sciences

	Transactional Contract	Formal Relational Contract
Focus	The commercial transaction	The relationship
Relationship	Arm's-length relationship	Partnership
Social norms	Disconnect from social norms	Explicitly includes social norms as contractual obligations
Risk management	Use of power and creation of enforceable contractual obligations	Risk avoidance by creation of continuous alignment of interests
Planning	Aims for complete planning, i.e., contract should cover all future events	Creates a fair and balanced flexible framework

Fig. 7.2 Comparison across five dimensions

- ▶ There is limited real world evidence outside of private sector cases on how the relational or psychological aspects of a contract evolve alongside of a formal contract
 - ▶ Frydlinger et al. (2021) offer private sector examples: AstraZeneca, Discovery Health, Telia (Swedish telecommunications firm), etc.
- ▶ Further research is needed on the potential for formal relational contracts to improve public sector contracting and PPP success



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Formal and informal relational practice in the Kirklees Better Outcomes Partnership contract

9 September 2022

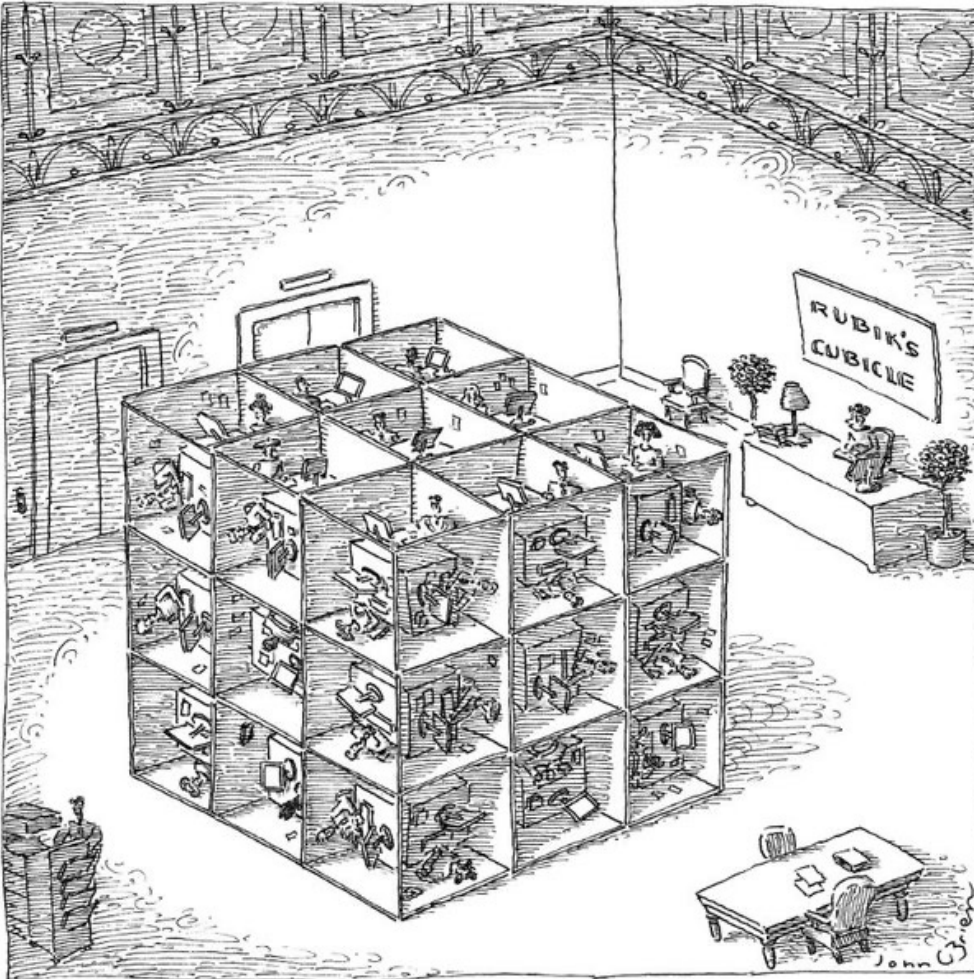


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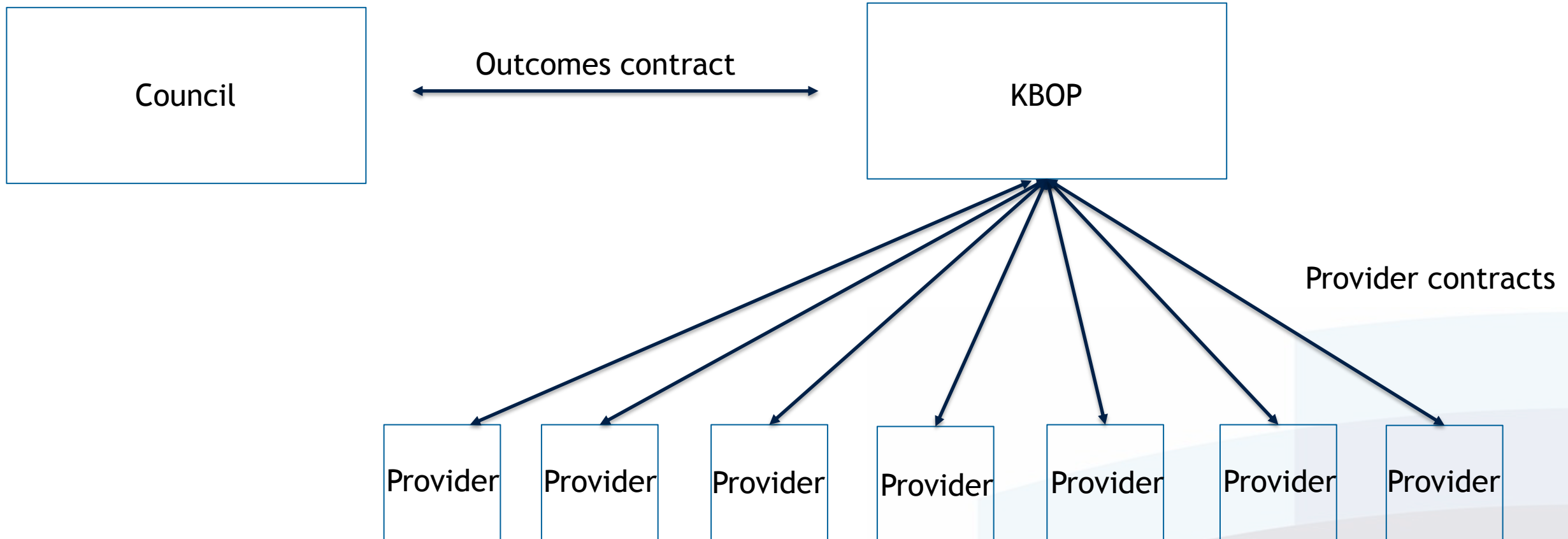
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Outcomes contracting and Relational contracting



**From contractual relational
intent towards considerable
relational practice**

The KBOP SIB



Statement of Shared Aims

Parties shall...

“effectively coordinate and combine their expertise, manpower and resources in order to deliver an integrated approach to the delivery of services” (Clause 2.2. KBOP Head Contract).

“develop a close working relationship [...] on all appropriate levels, based on openness and trust [...] (Clause 2.3. KBOP Head Contract).

Building Relationships: Contractual Phases

From contractual relational intent...

- "Getting services running"
- Recruiting personnel; setting up IT structures; setting up governance boards

to considerable relational practice.

- Prepare ground for "culture change"
- Convey a broader sense of the value of evidence requirements and KPIs
- Build trust between stakeholders

Nurturing and Structuring Relationships: Governance

From contractual relational intent...

- Bilateral meetings between Council and KBOP and KBOP and Providers

to considerable relational practice.

- Multi-lateral meetings between all stakeholders
- Extension of forums for exchange
- Broadening the set of stakeholders through co-production forum

Focussing Relationships: Outcomes Framework

From contractual relational intent...

- Formal bi-lateral change procedure for outcomes framework

to considerable relational practice.

- informal multi-lateral change process, involving providers with frontline experience

Thank you

Watch this space for our next KBOP evaluation report - **COMING SOON**

Franziska Rosenbach
Eleanor Carter
Fernando Deodato Domingos
Felix-Anselm van Lier



Let's be friends: outcomes contracts
& relational contracting

Daniella Jammes

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Let's be friends: outcomes contracts
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Thank you!

We would love your feedback!



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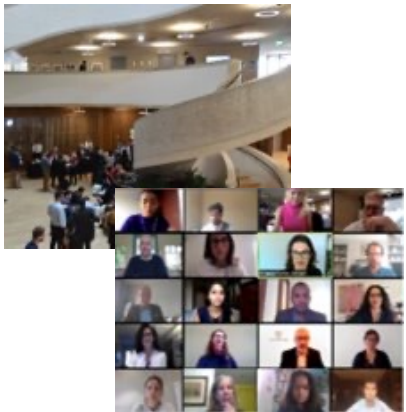


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In-person: Join us in the Inamori Forum

COMING UP NEXT: Big Picture session at 4:00pm BST

The work never stops: how do we make social change stick? Lessons from outcomes-based partnerships and beyond



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The work never stops - how do we make social change stick? Lessons from outcomes-based partnerships and beyond

Chair: Andreea Anastasiu, University of Oxford



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- Live from the Blavatnik School of Government in Oxford and online on Zoom
- If you are joining us in-person, you can still join Zoom **BUT please keep your speakers muted.**
- We will stop throughout the session to take questions both from the online and in-person participants.
- Do use the Zoom chat to introduce yourselves and to share your thoughts and questions; on Zoom, please make sure we can see your name & organisation.
- All sessions will be recorded and shared on the GO Lab website.
- Programme, slides and Zoom links are all on the GO Lab website.
- The GO Lab team is ready to help you both online and in-person.



golab.bsg.ox.ac.uk/soc22



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Introducing our speakers



Louise Savell
Social Finance



Ben McAdams
Former US Congressman
and Mayor



Thomas Kenyon
World Bank



Andy Brown
Anglian Water
Group



Val Keen
UK Government



Carolyn Heinrich
Vanderbilt University



Avnish Gungadurdoss
Instiglio

Social Outcomes Contracts & System Strengthening

09 September 2022



“Purpose is the master key especially in public systems. We think innovation in systems for public good should realign resources, relationships and power around a new conception of what a system should be for, the outcomes it seeks to create for society.”

Leadbeater & Winhall, 2020

Drivers of resilience & impact in SOC

1. Cross-sector alignment

Shared definition of target population and success metrics

Involvement of outcome funders & non-state delivery partners / investors

Alignment of incentives through payments for service user outcomes

2. Outcomes focused delivery

Real-time data collection, analysis and review

Culture of continuous learning and adaptation

Flexibility to innovate to maximise outcomes

3. Engaged governance

Accountability for outcomes

Shared learning & decision making

Rapid course correction

Based on Savell & Airoidi, 2020

SOC & system strengthening framework

Change that sticks

**Beyond SOC contract
duration**

**Beyond SOC contract
scope**

Pathway 1

**Improved policy &
service design**

Lessons from SOC
inform broader policy &
service design for
specific issues &
populations

Pathway 2

**Improved policy
implementation**

Service design,
contracting and
management processes
become more outcomes
focused



Thank you.

Louise Savell

Director

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the Financial Conduct Authority FCA No: 497568

Discussion

Insights & examples from practice

Technical capabilities for effective
policy delivery

Conditions for success

Share your thoughts
& questions in the
Zoom chat



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*How can we design outcomes-focused
programmes that achieve this ambition of
systems strengthening/ making change stick
beyond the life of the programme?*



GOVERNMENT OUTCOMES LAB

Thank you!

We would love your feedback!



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Thank you for joining SOC22!

See you at the Social Outcomes Conference 2023!



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GOVERNMENT OUTCOMES LAB

SAVE THE DATE: SOC23

14-15th September 2023



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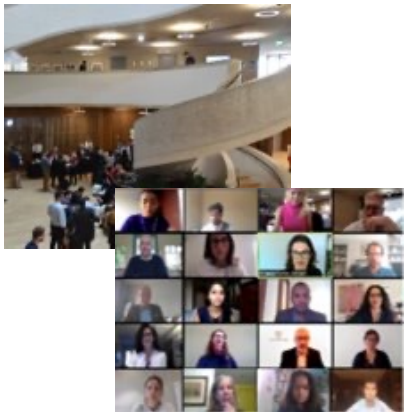
Break

In-person: Join us in the Inamori Forum

Zoom: Stay on Zoom for informal discussions in breakout groups

COMING UP NEXT:

How do we make things happen on the ground? In conversation with Stefan Dercon at 6:00pm BST



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Social Outcomes Conference
**Public Talk: How do we
make things happen on
the ground: In
conversation with Stefan
Dercon**



Professor Stefan Dercon
University of Oxford



GOVERNMENT OUTCOMES LAB

How do we make things happen on the ground - in conversation with Stefan Dercon

9th September

Online and in-person in Oxford

PUBLIC TALK



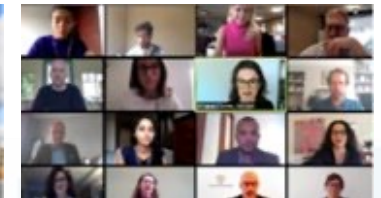
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