

SOCIAL OUTCOMES CONTRACT  
FOR CARE LEAVERS IN  
LITHUANIA

December  
2021

Feasibility study

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## ABBREVIATIONS

- EET – Employment, Education, and Training
- ESFA – European Social Fund Agency
- LP – Limited Partner
- MoF – Ministry of Finance
- MoSSL – Ministry of Social Security and Labour
- NEET – Not in Education or Employment
- SIB – Social Impact Bond
- SOC – Social Outcomes Contract(-ing)
- SPV – Special Purpose Vehicle

## KEY TERMS AND DEFINITIONS

- Care leavers – care leavers are young persons that have spent time in care as a child (i.e., under the age of 18). This can be foster care, residential care or other care arrangements.
- Outcome payer – the outcome payer is the party that in the SOC will pay for successful outcomes. Typically, this is a government and in this document the outcome payer is often referred as MoSSL.
- Outcome payments – outcome payments are the payments that are made by the outcome payer when a successful outcome is achieved. For example, when a participant has successfully completed the SOC intervention, an outcome payment will be carried out.
- Social Impact Bond (SIB) – a partnership involving investors and service providers that undertake a SOC and, as a result, are remunerated by the government when those contracted outcomes are achieved.<sup>1</sup>
- Social Outcome Contracting (SOC) – a mechanism whereby service providers are contracted based on the achievement of outcomes. This can entail tying outcomes into the contract and/or linking payments to the achievement of outcomes.<sup>2</sup>
- Special Purpose Vehicle (SPV) – a legal entity created for a limited purpose.

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<sup>1</sup> EIB. SOC in Europe. Available online from: <https://eiah.eib.org/publications/attachments/social-outcomes-contracting-in-Europe-10052021.pdf>

<sup>2</sup> EIB. SOC in Europe. Available online from: <https://eiah.eib.org/publications/attachments/social-outcomes-contracting-in-Europe-10052021.pdf>

## EXECUTIVE SUMMARY

This study covers the design for an integrated intervention for care leavers in Lithuania that could potentially be supported thanks to the implementation of a Social Outcomes Contract (SOC). Currently, many care leavers in Lithuania have no support available to guide them towards living independently and integrating in society. This leaves them falling behind their peers in various life domains such as employment, housing and health. The proposed SOC aims to bring together public sector agencies, social investors and service providers around the shared objective of improving life outcomes for care leavers, and to overall help developing a social finance ecosystem in which social challenges can be tackled more effectively.

The design of the proposed SOC is developed in close cooperation with stakeholders in the project, most importantly the Ministry of Finance (MoF) and the Youth Department of the Ministry of Social Security and Labour (MoSSL). Other parties that were involved were the European Social Fund Agency (ESFA), INVEGA, and Create Lithuania. During the process of this study, a SOC Working Group was formed consisting of team members of MoSSL, Create Lithuania, EIB and Social Finance NL.

### Target group

The first part of this study focuses on narrowing down the scope of the SOC. That means defining the target group ([chapter 2](#)), the characteristics of the intervention ([chapter 3](#)) and the targeted outcomes of the intervention, including the payment framework in the event of success ([chapter 4](#)). The group that is expected to be targeted in the SOC consists of current care leavers, but also young people that have already left care earlier and are living independently, young people that are preparing to leave care or living in a family that is facing increased levels of social risk. As a result, the age range for the target group is set at 16 to 24 years old. The size of this target group in Lithuania is roughly estimated at 7 350 people.

### Intervention

As support is not always accessible or available, this intervention proposes an integrated support service, where participants are supported by case workers in multiple life domains, such as housing, education and employment, health and positive relationships. This type of intervention is already applied by service providers that have been interviewed for this study.

For the SOC, their approach will be standardised and structured around the Leaving Well Outcomes Framework as developed by Social Finance UK.<sup>3</sup> In this framework, outcomes for care leavers are divided in six life domains: Housing, Health and well-being, Relationships, Positive activities, Financial stability, and Employment, education & training (EET). The intervention will focus around those three or four domains that both the participant and the case worker believe are most important to develop in the youngster's adult life. To help determine the areas of intervention, for each life domain a questionnaire is filled out which results in a low (red), average (amber) or high (green) scoring. In cooperation with the SOC Working Group established during the term of the assignment, it was decided that EET, Housing, and Health and well-being are

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<sup>3</sup> Social Finance UK (2017) Leaving Well: An Outcomes Framework to Promote Successful Transitions for Care Leavers. Available online from: [leavingwell\\_152x228\\_final-1.pdf \(socialfinance.org.uk\)](https://socialfinance.org.uk/leavingwell_152x228_final-1.pdf)



priority domains, meaning that if a participant is not doing well in these domains at the outset, they must be included in the intervention. As a result, the focus areas of the intervention will vary amongst participants.

### **Targeted outcomes and payment framework**

As the domains of intervention are not equal for all participants, targeted outcomes will also vary. The participant has successfully completed the intervention if the participant meets the following criteria at end of the intervention:

1. The participant has a high score in the three priority domains.
2. The participant has no low score in any domain.
3. *If applicable*: the participant has made progress in the individually chosen priority domain(s) reaching an average or a high scoring.

In case of success, an outcome payment is triggered. It was decided that these payments are not dependent on the domains in which the participant is successful, and thus will be the same for each successful intervention. For each domain, an estimation of cost savings in the case of positive outcomes is made to determine the total sum that could be paid when a participant successfully completes the intervention. In total the annual savings have been estimated to be EUR 5 933 when no improvement on the domain of Housing is needed, and EUR 22 833 per participant when the domain of Housing does need improvement. Based on the interviews, it is expected that service providers might adjust the support based on the Housing needs of a participant. When accounting for the expected number of young people that need housing support, the average annual savings per participant could potentially be EUR 11 003.

These values have been built upon several assumptions as more detailed data on the effects for care leavers is not available. Therefore, the amount of expected savings is uncertain. For that reason, in the business case it is suggested to work with an outcomes payment based on the expected costs and success rates of the SOC pilot. The suggested outcome payment is set at EUR 8 500, which is at the lower end of the expected savings.

### **Business case**

The second part of the study revolves around developing the business case for the SOC pilot project ([chapter 5](#)). Crucial assumptions and constraints have been used as input for the business case. The business case is built upon a five-year pilot, and the fact that it needs to be a positive business case to attract investors. Working with the assumptions of 100 participants per year, a group for which 30% is assumed to need housing support.

Based on the current inputs, and the outcome payments of EUR 8 500 per success, the business case for this SOC pilot project would be feasible. The result would result in a break even business case with a success rate of 63% and the maximum return on investment is reached with a success rate of 74%, which gives an incentive to outperform expectations in order to increase returns. At the same time, there is some room for setbacks that would de-risk investors. With this setup, the business case shows that the SOC pilot project has the potential to be financially viable.

## Governance

The third part of this study, and an important aspect of setting up a SOC, is developing the governance structure ([chapter 6](#)). In this study, the governance is split into two main parts: roles and responsibilities of stakeholders in the SOC, and procurement procedures. Furthermore, an overview has been created of all potential stakeholders in each SOC stakeholder group ([chapter 7](#)).

There are multiple stakeholders that play a crucial role in a SOC. The main actors within a SOC are the outcome payers, investors, and service providers. In addition, it is highly recommended that the involvement of a capable intermediary in the SOC pilot project is ensured. This intermediary should lead the final implementation of the SOC and coordinate the SOC once it has been launched and have the full mandate to setup the SOC. It is expected that the intermediary will set up a Special Purpose Vehicle (SPV) that will hold all contracts, administrate the SOC and receive the commitments of the investors. Outcome payers are expected to be the MoSSL. A project leader should be appointed within the organisation of the outcome payer that will have the full mandate to implement the SOC and run a public procurement exercise aimed at retaining an intermediary. The intermediary will then raise funds from investors directly, where investors can either be actively involved in the SOC or delegate activities, such as the selection of service providers, to the intermediary. Service providers are then also selected by the intermediary with the support of the investors. Finally, an external evaluator should assess the outcomes that service providers are reporting. As verifying each individual outcome is highly time consuming, it is suggested that the evaluator does random checks to verify the outcomes.

As the SOC is working on public goals with public (outcomes) funding, public procurement law needs to be considered when assessing how to contract stakeholders. The focus of procurement is on selecting an intermediary and service providers. First, an intermediary needs to be selected. This can be done through a public procurement procedure, or by appointing a public institution (e.g. INVEGA), that in turn is made responsible for selecting an intermediary. The intermediary is expected to contract the service providers. In case the intermediary is a private organisation, it is not bound by the public procurement rules and can select service providers through a private purchase of services. If the intermediary is a public organisation, then public procurement procedure is needed to select service providers.

## Next steps

This feasibility study has shown that a SOC pilot for care leavers can be feasible and has set out the requirements for such a SOC by identifying the target population, designing the outcomes' measurement methodology, and developing the business case. With this document, a SOC pilot can be implemented, and the outcome payers should decide upon the next steps ([chapter 8](#)). It is suggested that the next steps would be:

1. Gain formal backing for a SOC pilot project for care leavers within the MoSSL and the MoF, including a SOC budget and a project lead with sufficient mandate to establish this project;
2. Explore the opportunities to use ESF resources;

3. Finalise the requirements of an intermediary and/or fund manager and decide upon the selection procedure for the intermediary;
4. Complete the procurement or appointment procedure of the intermediary/ fund manager;
5. Attract investors and service providers through the selected intermediary and engage an external evaluator;
6. Finalise the contracts with all stakeholders and prepare the implementation;
7. Launch the SOC pilot project.

## METHODOLOGY

The feasibility study is based on data and information collected through several channels, including the SOC Working Group, desk research and interviews.

### **SOC Working Group**

For the preparation and design of the SOC pilot project, a SOC Working Group was formed to create a short feedback loop on each step of the design process and to ensure broad support for the proposed SOC pilot project. The SOC Working Group came together on a biweekly basis during the term of the assignment. Each session was directed towards different aspects of the SOC design, amongst which: defining the target group of the SOC, testing the budget and business case, determining the outcomes framework, exploring possible governance structures, and assessing procurement options.

The members of the SOC Working Group were the Youth Department of the Ministry of Social Security and Labour (MoSSL) (Jonas Laniauskas and Eglė Došienė), the Ministry of Finance (MoF) (Neringa Morkvėnienė and Agnė Kazlauskaitė), the EIB Advisory Hub (Jelena Emde and Bruno Robino), and Create Lithuania (Miglė Petrauskaitė and Simona Uvarovaitė). Later in the process, the European Social Fund Agency (ESFA) (Miglė Aleksonytė), NGO Development Division of the MoSSL (Justina Lukaševičiūtė) and INVEGA (Ausma Bartkutė) joined the sessions depending on the respective relevance of the session.

### **Desk research**

Desk research was carried out to understand the public costs related to the chosen social challenge and potential procurement modalities. The information used largely consisted of government statistics and reports, previous work by Create Lithuania, and studies focusing on the challenges care leavers are facing and potential costs related to these challenges.

### **Interviews**

After the topic for the SOC pilot project was selected, a total of 15 interviews were organised with potential stakeholders in the pilot project, including intermediaries, investors, and service providers. In addition, Social Finance UK was consulted to provide more information on the Leaving Well Outcomes Framework.

The interview questions for the intermediaries, investors and service providers can be found in [Annex 1](#), [Annex 2](#), and [Annex 3](#).

The list of interviewed organisations is provided in [Annex 4](#).

## 1 RATIONALE FOR A SOC

### 1.1 Context of the study

Social innovation is becoming more important in Lithuanian policymaking in recent years as a response to growing societal challenges. To facilitate social innovation, the development of a solid social finance ecosystem is important. A Social Outcomes Contract (hereafter SOC) is one of the instruments that can help build this social finance ecosystem. A SOC is an innovative instrument to finance social interventions based on measurable outcomes for the targeted population.

The SOC that is prepared and designed in this study aims to not only improve the outcomes of social service provision, but also to bring together different stakeholders around the shared objective of addressing a social challenge more effectively. The study is part of the broader effort of encouraging social innovation as it helps developing an ecosystem in which social challenges can be tackled more effectively. This ecosystem consists of various actors, including policymakers, service providers and investors.

This document is the basic outline for a SOC for Care Leavers in Lithuania. In it, all workings of the SOC are considered and suggestions are made on how to design the SOC, proceed with its implementation and which stakeholders to engage. While there are several elements that are validated and could remain the same throughout implementation, some are also expected to remain in flux as the implementation progresses.

### 1.2 The social challenge

Each year, around 2 000 children complete care<sup>4</sup>. In almost two thirds of Lithuanian municipalities, there is no support available to guide young people who are leaving the care system towards living independently and integrating in society.<sup>5</sup> The absence of emotional, financial, and personal support makes it even more difficult for them to enrol in education or find a job, and they are at higher risk of becoming homeless or facing other complex social challenges. In the longer run, they also are at higher risk of long-term unemployment.

### 1.3 SOC ‘Improving Life Outcomes for Care Leavers’

Supporting young people leaving the care system in their transition to adulthood helps them pave the way to a successful future. The benefits of intervening during this formative period can be found in different domains, such as work, health, family/ relationships, and (personal) finances. The SOC aims to realise positive results for these young people in these different life domains, while relating these results to public savings on social benefits allowances and housing compensation, and thereby fostering more effective interventions and building public-private partnerships.

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<sup>4</sup> Ministry of Social Security and Labour, 2019

<sup>5</sup> Create Lithuania (2020) From Care Home to Autonomous Life: Current Situation and Need Assessment. Available online through: [AnalyzeSIB.pdf \(kurkit.lt\)](#).

## 1.4 Why a SOC for care leavers?

Currently, care leavers fall outside the scope of most policy levers in Lithuania as a specific target group. There are policies focusing on Child Protection and Social Inclusion, that also benefit care leavers, but not as a target group as such. As a result, public support for care leavers is funded through various budgets. For instance, unemployment benefits are paid through budgets from the Ministry of Social Security and Labor, whereas municipalities provide for social assistance to low-income families. Therefore, funding is often not structural and not sufficient.

There are several arguments why a SOC could contribute to better outcomes for care leavers:

- By appointing an intermediary with a private sector focus on improving results, an external force is brought into the sector. This private sector focus can bring rigor in performance management and therefore improve the outcomes of participating service providers, but is also able to spur innovation, as the incentive for improving outcomes for care leavers is directly aligned with improving the financial returns for investors.
- With a SOC, participating service providers are obliged to thoroughly measure the outcomes of their service for care leavers, therefore building a knowledge base on the subject matter, but also creating the opportunity to identify which interventions work well, and which interventions are less effective. In the long term, these insights are critical to improve policy.
- As there is no integrated budget for care leavers, service providers often deal with different budgets of both central and local government in Lithuania. This makes ensuring funding difficult for service providers, but also impacts their ability to deliver the care that is needed for young people. With a SOC, a budget is created around a central outcome for care leavers from a single funding source. In turn, a SOC would improve the potential for better care by service providers in Lithuania.

Furthermore, there are also some arguments for Lithuania to implement this first SOC to create a longer lasting effect policy-wise:

- Particularly through expanding insights on effective interventions and service providers' outcomes in the SOC, the lessons of this SOC could support policy making on care leavers in the long term. Creating a sustainable system in Lithuania in which insights are gathered and a continuous improvement cycle of policy and service provision can be implemented, has its impact long after the individual SOC is completed.
- As was seen in the first phase of this feasibility study, there are several other policy domains in Lithuania where outcomes could potentially be improved by implementing a SOC. In many other countries, such as Portugal, the Netherlands and France, the first SOC has brought lessons to the market that support the application of the SOC methodology to a much wider range of social challenges in the country.

## 2 TARGET GROUP

### 2.1 Description of target group

The target group of this SOC are young people aged 16 to 24 years old, who fit one of the following descriptions:

1. Preparing to leave the care system;
2. Leaving the care system;
3. Living in a family that is facing increased levels of social risk;
4. Living independently after having left the care system, but still in need of support in various life domains.

### 2.2 Inclusion criteria

Young people who belong to this target group, can participate in the project if they meet the following criteria:

- The participant is between 16-24 years old;
- The participant is motivated to move forward with their life, as assessed by the Service Provider;
- In case of equal circumstances, priority is given to participants who:
  - Are not in employment nor enrolled in education or training (NEET);
  - Have problems with law enforcement and/ or is released from prison;
  - Are the main caregiver of their child(ren);
  - Are living below or close to the poverty line.

#### 2.2.1 Categories of families at social risk

According to the Case Management Procedure there are increasing intensity levels of social risk factors in the family to assess the child's and/ or family support needs.<sup>6</sup> Young people who are living in families that are marked with level 1 to 3 of social risk are eligible for the SOC.

These levels indicate the following circumstances:

- Level 0 – After assessing the situation of the child and their family, social risk factors are not detected, the needs of the child and their family can be met by providing preventive assistance and/or community-based services;

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<sup>6</sup>Ministry of Social Security and Labour (2018). Available online from: [A1-141 Approval of the Case Management Procedure Description \(Irs.It\)](#)

- Level 1 – After assessing the situation of the child and their family, social risk factors and areas where the child and their family need early intervention are identified, but many of the needs of the child and their family can be met by providing preventive assistance and/or community-based services;
- Level 2 – The assessment of the situation of the child and their family identifies social risk factors and areas where intensive intervention is needed, but many of the needs of the child and their family can be met through early intervention;
- Level 3 – An assessment of the situation of the child and their family identifies the need for intensive intervention assistance for the child and their family, which cannot be met by preventive assistance, community-based services and/or early intervention.

## 2.3 Exclusion criteria

A person is excluded from the project if they are in the following situations:

- The youngster is suffering from drug addiction or still in the process of rehabilitation;
- If the baseline assessment points out that the youngster has a green scoring in three or more domains, or two or more domains from the priority domains ([see paragraph 4.2.1](#)).

## 2.4 Estimation of size of target group

To date, the exact size of this target group is not registered. Therefore, data sources are used to make an estimation of the size of this target group, outlined in the tables below.

### 2.4.1 Number of young people preparing to leave or who are leaving the care system

Type of care institutions	15-17 years old	18+ years old
Infants' homes	Category N/A	Category N/A
Community childcare homes <sup>7</sup>	295	48
Secondary special schools and centres for special training	238	145
Care homes for children and disabled youth (boarding school)	31	22
Socialisation centres (special correction care homes)	18	-
State (county) childcare homes	29	10
Municipality childcare homes	327	37

<sup>7</sup> Until 2019 data on community child care homes are included in the data of the children's care home.



Type of care institutions	15-17 years old	18+ years old
Non-governmental childcare homes	94	21
Families (family care homes)	97	14
Temporary childcare homes	-	-
Care groups in pre-school education institutions	<i>Data not available</i>	<i>Data not available</i>
<b>Total</b>	1 129	297

Table No. 1 Number of children in care institutions at the end of 2019 by age group<sup>8</sup>

Table 1 shows that at the end of 2019, there were 1 426 people of 15 years and older in care institutions. However, this number includes those in secondary special schools and centres for special training and socialisation centre, who are – upon consultation with the Youth Department of the Ministry of Social Security and Labour (hereafter MoSSL) not part of the target group. Excluding them would result in a total of 1 025 young people in care institutions. Table 2 shows that at the end of 2019 there were 1 410 children aged 0 to 18 years living in care institutions in Lithuania. The difference could mainly be explained by the different age ranges that are used. Table 2 also shows how centralised the target group is living, with almost a third living in the Vilnius region.

County	Number of children (0-18 y/o) in care institutions (2019) <sup>9</sup>
Vilnius	425
Alytus	44
Kaunas	195
Klaipėda	97
Marijampolė	111
Panevėžys	98
Šiauliai	217
Tauragė	65
Telšiai	56

<sup>8</sup> Statistics Lithuania. The exact numbers throughout the different types of care homes are: 364 in municipality child care homes, 115 in non-governmental child care homes, 53 in care homes for disabled children and youth, and 39 at state (county) child care homes. This age group data is, however, not split across counties. Available online from: [Indicators database - Oficialiosios statistikos portalas](#)

<sup>9</sup> Statistics Lithuania. Please note that this data reflects the number of children in care institutions at the end of the year 2019 for all age groups (0-18+ years old), and not only 16–24 year olds. The types of care institutions include infants' homes, state (county), municipal, non-governmental, and temporary childcare homes, childcare groups at pre-school establishments, and care homes for disabled children and youth (pensions). Available online from: [Indicators database - Oficialiosios statistikos portalas](#)

County	Number of children (0-18 y/o) in care institutions (2019) <sup>9</sup>
Utena	102
<b>Total</b>	<b>1 410</b>

Table No. 2 Number of children between 0–18 years old in care institutions by region

However, some of the children and youth in care will remain in care during implementation of the SOC. Another part will leave or prepare to leave care. Only the latter are part of the target group. Based on municipal data, it is estimated that 428 young people will be leaving the municipal care in 2022 and 2023, which is shown in table 3. Table 1 shows that, about one third lives in municipal childcare homes from the total group of 1 025 young people. If it is assumed that these 428 young people comprise one third of the total number of care leavers, it could be estimated that in total 1 284 young people will leave care in 2022 and 2023. For the entire duration of the SOC (five years, with four years of enrolment), this number would add up to 2 568 young people. No data was found on how many young people are preparing to leave care.

County	Estimated number of 18 y/o in municipal care institutions in 2022 and 2023 <sup>10</sup>
Vilnius	102
Alytus	20
Kaunas	80
Klaipėda	34
Marijampolė	32
Panevėžys	32
Šiauliai	76
Tauragė	17
Telšiai	9
Utena	26
<b>Total</b>	<b>428</b>

Table No. 3 Estimated number of 18-year-olds who will leave municipal care institutions in 2022/2023 by region

<sup>10</sup> Create Lithuania (2021) SIB Proposal, data retrieved from a survey amongst municipalities. Please note that this data only covers those who are in municipal childcare homes.

Based on this estimate – 2 568 young people will leave care during the implementation of the SOC – and considering that it is unknown how many young people are preparing to leave care, the assumption for this part of the target group is set at the conservative estimate of 2 600 young people preparing to or leaving care during implementation of the SOC.

#### 2.4.2 Number of young people having left the care system

Furthermore, the SOC aims to support young people up to 24 years old who have left care. How many young people have left the care system and are still under the age of 25 at the start of the SOC, is unknown. Based on the estimates above, this group could be a few thousand people. A conservative estimate is set at 2 000 people.

#### 2.4.3 Number of young people living in families at social risk

Next to young people in care institutions and those who are leaving or have left care, the SOC also targets youths who are living in families at social risk. Table 4 shows the number of children living in families at social risk. Assuming this number is evenly spread across age groups, there would be around 2 750 children aged 16-18 years old living in families at social risk.

County	Number of children (0-18 y/o) in families at social risk (2018) <sup>11</sup>
Vilnius	2 967
Alytus	1 035
Kaunas	2 814
Klaipėda	1 649
Marijampolė	1 234
Panevėžys	2 034
Šiauliai	2 453
Tauragė	894
Telšiai	1 098
Utena	1 252
<b>Total</b>	<b>17 430</b>

Table No. 4 Number of children between 0–18 years old in care institutions and families at risk by region

<sup>11</sup>Statistics Lithuania. Available online from: [Indicators database - Oficialiosios statistikos portalas](https://o.stat.gov.lt/portal/en/indicators)

#### 2.4.4 Total estimated target population

Based on the available data, the target population is estimated to consist of **7 350 people**, broken down into the following categories:

1. Young people preparing to or leaving the care system – 2 600;
2. Young people having left the care system – 2 000;
3. Young people living in a family at social risk – 2 750.

## 3 INTERVENTION AND SERVICE PROVIDERS FOR A SOC

### 3.1 Potential service concepts

In the run-up to this feasibility study, several ministries were interviewed regarding potential topics for a SOC pilot project. For the topic of care leavers, the service concept was already well thought-out, and Create Lithuania, in cooperation with the MoSSL, had already drafted a SIB proposal.<sup>12</sup> This analysis, together with the lessons from the interviews with service providers has shown that rather than designing new service concepts, the SOC pilot project should aim to scale proven concepts, set up better outcomes measurement and allocate more capital for care leavers. The feasibility study is more focused on demonstrating the value of the innovative financial instrument itself, and thus helping build the broader social finance ecosystem in Lithuania.

### 3.2 Description of the intervention

The intervention aims to provide individual support services to young adults from 16-24 years old. Additionally, some of the participants will also be provided accommodation during the project. Each participant is assigned to a case worker, who starts working together with the participant. An Independent Life Plan is drawn up, in which the needs related to work, studies, health, social well-being, financial stability, relationships, and positive leisure activities are assessed. The participant also sets the goals they want to achieve and steps to be taken to get there. Which domains are covered depends on the participant, but there will be no more than four. The plan is reviewed regularly to monitor progress and update if necessary. It is suggested that the intervention within the SOC takes 12 months, to allow for a closed loop in terms of measurement and the ability to remain in touch with the young people.

### 3.3 Core elements of the intervention

The intervention consists of two core elements:

- Individual support by a case worker in different life domains as identified in the Independent Life Plan (such as mental health, employment, education);
- Housing at a low cost (possibly 'symbolic' rent).

**Recruitment** Social workers are key in referring young people to the service provision, as they have a network amongst these teenagers.

**Delivery** As the service provider is not yet selected, the exact delivery method of the support services is not yet determined. There are two main variations:

- Youth homes/apartments where several young people live together and where a case worker is present (with accommodation);

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<sup>12</sup> Create Lithuania (2021) SIB Proposal.

- Young people who are renting a flat individually and for whom the case worker checks in regularly to provide the support (without accommodation).

### 3.4 Identification of potential service providers

There are several NGOs and organisations active in this field. Service providers that have been consulted during this study are:

- AC Patria;
- Caritas;
- Jonas Valančiūnas Foundation;
- Nemenčinės vaiku ir paaugliu centras;
- Projektų Igyvendinimo Grupė;
- SOS Children's Village;
- The Order of Malta Relief Organisation.

#### 3.4.1 Scale and geographical distribution of service provision

The support that these organisations provide to care leavers is mostly concentrated in the largest cities of Vilnius and Kaunas and their surrounding areas. SOS Children's Village and The Order of Malta Relief Organisation are also present in other regions, and Caritas has worked with youth centres in rural areas to establish partnerships. When Projektų Igyvendinimo Grupė was running their services in 2019 and 2020, they also had a presence throughout several regions. Projektų Igyvendinimo Grupė however is not implementing this project anymore, due to lack of funding.

The number of young people to whom these organisations provide intensive support, which partly includes providing accommodation, is currently around 110 in total. This is excluding the Malta Relief Organisation (number of participants unknown) and Projektų Igyvendinimo Grupė (no longer providing these services). Another 140 young people receive lighter forms of assistance, for instance while attending organised activities, or more irregular support. Projektų Igyvendinimo Grupė was providing support with accommodation to almost 90 young people during their project, and another 60 youngsters were reached through other forms of support. For the distribution amongst the regions and organisations, please see [Annex 5](#).

#### 3.4.2 Track record of service provision

These organisations all have experience in running the intervention (housing and support services), but the level of experience varies amongst the organisations. However, no impact measurement has taken place and therefore no detailed conclusions can be drawn as to what current success rates are for their work with care levels, or how they differ over the life domains of young people.

Please find the interview notes of the potential service providers in [Annex 6](#), including a preliminary assessment of their potential involvement in the SOC.

### 3.5 Cost of the intervention

Below is a first overview of how the budget might look like. Not all numbers are tested yet and will need further refinement by the intermediary and by requiring service providers to provide a budget when applying for the SOC. However, the line items would all be expected to stay in place for the eventual SOC.

The costs of the intervention are based on a total of 100 participants per year.

	Setup	Year 1 – 5	Total
Recruitment of participants			<b>EUR 100 000</b>
Communication / recruitment	EUR 20 000	EUR 80 000	EUR 100 000
Delivery of intervention			<b>EUR 1 512 000</b>
Delivery of services with housing	-	EUR 1 008 000	EUR 1 008 000
Delivery of services without housing	-	EUR 504 000	EUR 504 000
Evaluation and performance management			<b>EUR 355 000</b>
Monitoring and Evaluation	EUR 15 000	EUR 100 000	EUR 115 000
Performance / fund management	EUR 40 000	EUR 200 000	EUR 240 000
Other costs			<b>EUR 160 000</b>
Legal costs	EUR 40 000	-	EUR 40 000
Unforeseen costs		EUR 120 000	EUR 120 000
<b>Total costs SOC</b>	<b>EUR 115 000</b>	<b>EUR 1 940 000</b>	<b>EUR 2 127 000</b>

Table No. 5 Costs of intervention

This budget serves as an input for the developed business case. The exact business case should follow from the procedure of selecting service providers and discussing the detailed implementation with both service providers and investors. It therefore provides more of a guidance in the process.

The cost of delivery of the intervention is clearly the critical part of the total costs of the SOC, covering in the current setup circa 60% of the total costs. However, particularly the costs for communication/recruitment and performance management also directly and indirectly contribute to improving outcomes for the participants. The cost for delivery of the intervention is based upon a monthly cost of service delivery with housing of EUR 700 per month, and EUR

150 per month for services without housing<sup>13</sup>. All other budget items are assumptions based upon existing experience from Social Finance NL with previously established SOCs.

### 3.6 Clause in case of a low number of participants

The number of participants is an important driver of the business case, as can be seen in the budget, where the direct service delivery accounts for 85% of the total budget. Therefore, in many SOCs, agreements are put in place on the minimum inflow of participants. This is done to de-risk the potential investors as some of the overhead costs are fixed and a lower number of participants would increase the difficulty of reaching the desired financial results.

Whether it is sensible to set up such an agreement also depends on the party that is responsible for recruiting the participants in the SOC pilot project. If the service provider is responsible for recruitment, then the inflow of participants is part of the delivery risk and subject to regular agreements between service providers and investors. However, when the government is (partially) responsible for recruitment, for instance through referrals from a formal care institution, this becomes an external risk for the service provision, and it might be wise to establish a minimum level of inflow the government should attain.

Based on the interviews conducted with potential service providers, it is deemed most likely that they will be responsible for recruitment. Additionally, the target group is sufficiently large that adding a clause does not seem necessary at this stage.

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<sup>13</sup> These numbers are based on a document on anticipated savings prepared by Create Lithuania as well as interviews with service providers.



## 4 OUTCOME MEASUREMENT INDICATORS

### 4.1 The Leaving Well Outcomes Framework

The outcomes targeted in this SOC will be based on the Leaving Well Outcomes Framework developed by Social Finance UK.<sup>14</sup> This framework aims to provide a more holistic approach to service provision for care leavers, beyond EET and housing. Six life domains are identified, which build on each other in a hierarchy. Positive outcomes in more foundational domains are likely to enable positive outcomes higher up the pyramid. For each domain, a questionnaire was developed to evaluate the current situation of the young person in this domain. Each domain has a maximum scoring, and by filling out the questionnaire, an evaluation as to how well the participant is doing in this domain can be made.

Starting from the most fundamental, these domains are:

1. Housing (maximum of 16 points);
2. Health and well-being (maximum of 9 points);
3. Relationships (maximum of 8 points);
4. Positive activities (maximum of 5 points);
5. Financial stability (maximum of 5 points);
6. Employment, education & training (EET) (maximum of 9 points if employed, and 6 if in education or NEET).

This framework can be complemented with additional domains. Social Finance UK has identified three domains:

1. Social inclusion and life skills;
2. Inclusion (learning disabilities);
3. Early parenthood.

The current proposal for the outcomes framework will only include the six core domains, following the way in which the outcomes framework is currently applied and tested by several municipalities in the UK. If deemed useful, the framework can be expanded to include the other domains.

#### 4.1.1 Application of the Leaving Well Outcomes Framework

The Leaving Well Outcomes Framework is not yet used as the basis for outcomes contracting but is being implemented as a tool to improve the municipal service provision, both on the individual level as well as to discover larger patterns in service gaps. In the UK, the framework is used to track and update the progress of young people. They check in with their case worker regularly to

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<sup>14</sup> Social Finance UK (2017) Leaving Well: An Outcomes Framework to Promote Successful Transitions for Care Leavers. Available online from: [leavingwell\\_152x228\\_final-1.pdf \(socialfinance.org.uk\)](https://www.socialfinance.org.uk/leavingwell_152x228_final-1.pdf)

discuss their progress based on their self-assessment through the tool. Additionally, there is a more formal pathway planning with municipal social workers, which is only reviewed every six months. This tool also helps municipalities in their decision-making. For example, case workers discovered that young people scored consistently low on questions related to their identity. The municipality then decided to develop an intervention to help youngsters with the development of their personal identity and sense of self. This tool, or a similar one, would provide broader opportunities to improve the data position of the stakeholders involved and particularly the MoSSL on care leavers. It is used to implement a rigorous outcomes and performance measurement tool that serves the SOC but also allows for long term learning and improvements in the system.

Prior to this study, Create Lithuania had suggested adapting the Leaving Well Outcomes Framework in cooperation with service providers so it could be used for a fixed term project and would be more suitable for the Lithuanian context. During this process, questions were added and the (maximum) scorings were adapted. In addition, several questions were adjusted so they should only be filled out at the end of the project. As more questions are added, the scorings increase more gradually, which leads to a more refined scoring model that could reflect more accurately the progress made by the participant in different domains. However, this new framework has not been validated yet, and faces practical challenges around different maximum scoring for the baseline and end-of-project assessments. While these lessons might prove a good basis for future developments of the framework, it is suggested that the SOC pilot project takes the original framework as a basis. The measurement plan is developed on that basis.

## 4.2 Measurement plan

Together with the SOC Working Group, it has been decided that the Leaving Well Outcomes Framework will be translated to a payment framework. For the purpose of enabling outcome payments, priority domains and individual outcomes are identified. The paragraphs below explain how outcomes can be measured. Measurement takes place before the start of the project (baseline assessment) and upon completion of the project (end-of-project assessment).

### 4.2.1 Baseline assessment

When a participant is referred to the SOC pilot project by a case worker or through the municipality, a case worker and the applying participant review the different life domains by filling out the six parts of the questionnaire ([Annex 7](#)).<sup>15</sup> The scoring following from the questionnaire reflects how well the participant is doing in the domains (baseline situation).<sup>16</sup>

Each domain has a maximum number of points for the specific participant (some questions can be skipped if not applicable) and based on the scoring, the outcomes will be placed in:

- 71% - 100% of total – green;

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<sup>15</sup> Social Finance UK (2017) Leaving Well: An Outcomes Framework to Promote Successful Transitions for Care Leavers.

<sup>16</sup> To mitigate the risk of either too positive or negative scorings, the external evaluator will join a fixed percentage of assessments with the case workers on a randomly assigned basis (see [paragraph 4.5](#)).

- 41% - 70% of total – amber;
- 0% – 40% of total – red.

In the figure below, the corresponding category for each scoring is illustrated.

These current threshold percentages are believed to be feasible estimates based on the interviews conducted with service providers. If during later market consultations these numbers are either too low or too high, they can be adapted.

If the participant scores green in three or more domains and/or two or more collective priority domains (see below), the applicant is excluded from participation in the project.

	≤ 40 %	41 – 70%	≥ 71%	Maximum scores
Housing	≤ 6 points	7 to 11 points	≥ 12 points	16
EET	≤ 2 points / ≤ 3 points	3 or 4 points / 4 to 6 points	≥ 5 points / ≥ 7 points	6 / 9
Health & wellbeing	≤ 3 points	4 to 6 points	≥ 7 points	9
Relationships	≤ 3 points	4 or 5 points	≥ 6 points	8
Positive activities	≤ 2 points	3 points	≥ 4 points	5
Financial stability	≤ 2 points	3 points	≥ 4 points	5

Figure No. 1 Scoring system individual assessments

As mentioned earlier, the maximum scores in several domains are dependent upon the individual situation of the participant. Please see [Annex 8](#) for an explanation of the individual maximum scorings.

#### 4.2.2 Selecting priority domains and the Independent Life Plan

During the intervention, the participant will work on three or four domains, the priority domains. In these domains progress should be seen at the end of the intervention. The domains Housing, Health and well-being and EET are marked as priority domains. If any of these domains already have a green (high) scoring at the beginning, other domains need to be chosen as focus areas of the intervention.

The priority domains are thus the areas in which progress is most targeted during the intervention. How progress on these domains will be achieved, as well as specific actions, will be integrated into the Independent Life Plan of the participant. To demonstrate how this outcomes framework works, a fictional example is drafted below.

*Baseline assessment of Laura (example)*

Laura (18) enrolls in the project shortly after leaving the institutional care system. At the start of the intervention, she scores:

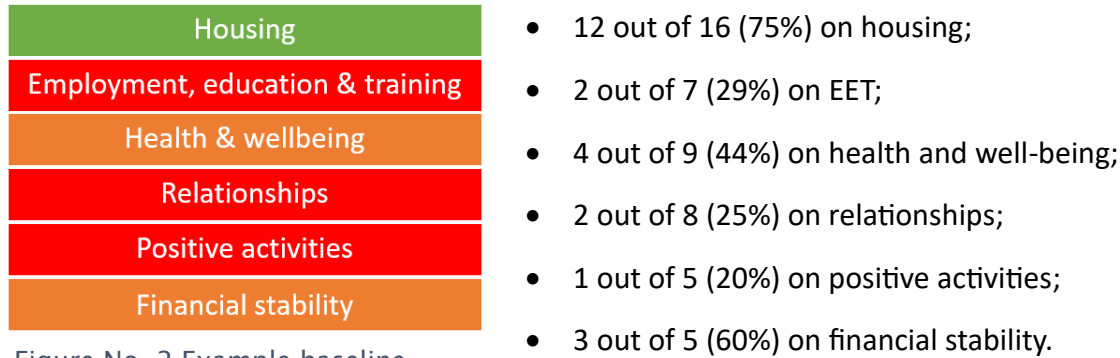


Figure No. 2 Example baseline

This implies that Housing is not a primary domain of intervention, and a third domain needs to be chosen. Together with the case worker, Laura decides she wants to focus on improving her relationships. The three domains targeted during the project are thus: EET, Health and well-being, and Relationships.

### 4.2.3 End-of-project assessment

At the end of the project, the progress on each of the domains is reviewed based on the same questionnaire used for the baseline assessment. The intervention is identified as successful if it meets the following criteria:

1. The participant has a green scoring in the three priority domains (Housing, Health and well-being, and EET);
2. The participant has no red scorings in any domain;
3. *If applicable*: the participant has made progress in the individually chosen priority domain(s) (Relationships, Positive Activities, and Financial stability), either from red to amber or from amber to green.

#### *End-of-project assessment of Laura (example)*

At the end of the project, Laura achieves the following scores for each domain:

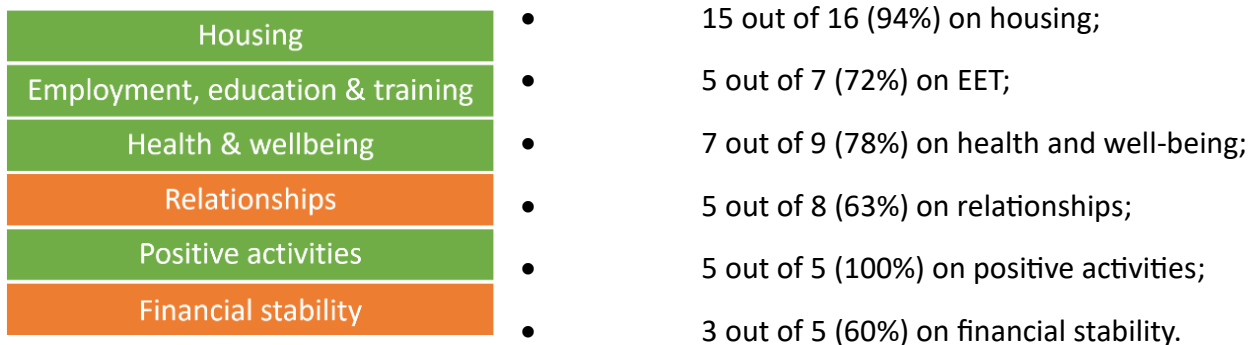


Figure No. 3 Example end-of-project assessment of Laura These end of project scorings, in which 1) all three collective priority domains are green, and 2) the individually chosen domain has shifted

from a red to an amber scoring, and 3) there are no red scorings, means that for Laura, this intervention counts as a success.

### 4.3 Outcome payment framework

For this SOC pilot project, it is decided to use a cost-based approach over a savings-based approach to determine the outcome payments. This implies that the expenditure related to supporting care leavers, and a surplus that can be established for investors taking the risk of financing the SOC, are used to establish the expected outcome payments.

It is proposed to have one fixed outcome payment in case of success, independent of the number of domains in which progress is achieved. This means there are two options at the end of the project:

1. Success: EUR 8 500 is paid by the outcome payer to the investor;
2. No success: EUR 0 is paid by the outcome payer.

If the participant's progress is marked as "success" at the end-of-project assessment, the outcome payment is issued. The outcome payments are calculated on an individual level. This means that if no success is achieved for one participant, other participants can still account for outcome payments.

More on the different approaches to outcome pricing, and the decision for the above price of EUR 8 500 is stated in chapter 5, the financial business case.

### 4.4 Argumentation for outcome payment sum

In the chapter below, the rationale for costs related to each life domain is described. It is useful to explore a broad range of issues that care leavers may be facing, such as poverty, unemployment, and homelessness. For each identified issue, an estimation of costs incurred to society is made. These can be direct costs, for example social benefit payments in the case of unemployment, and more indirect costs, for example a decrease in health care costs over time if the intervention leads to health improvements. For other issues, it is very difficult to establish incurred costs in a meaningful way, for example in the case of improved family relationships or more positively spent leisure time. In this outcome payment framework, it is assumed that progress in any of these domains during participation in the SOC can be ascribed to the SOC.

#### 4.4.1 Housing

Research shows that homelessness is costly to society. People who are struggling with insecure housing or homelessness are at an increased risk of health and social problems, such as mental illnesses, violence, and substance abuse. They are more likely to use emergency services, such as ambulances. In addition, costs of law enforcement are involved if the person needs to be placed in (crisis) care. In the US, it is estimated that a chronically homeless person costs between USD 30 000 and USD 50 000 per year (roughly EUR 25 000 and EUR 42 000 per year).<sup>17</sup> The assumption,

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<sup>17</sup> US Interagency Council on Homelessness. Available online from: [Ending Chronic Homelessness in 2017.pdf \(usich.gov\)](#)

however, would be that this number is too high to take as an estimate for cost savings, as some of these costs persist once the person is provided with housing.

Another study showed that when chronically homeless individuals with severe alcohol problems were provided housing, median monthly costs per person dropped from USD 4 066 to USD 958 over the course of 12 months (from roughly EUR 3 400 to EUR 800).<sup>18</sup> This would mean that with no intervention, over the course of a year, costs would be EUR 44 200, whereas by providing housing, these costs would be EUR 27 300 (assuming the costs would drop by EUR 216.67 monthly), thus saving EUR 16 900 over the year.

The latter number of **EUR 16 900** is taken as the estimate for costs saved in case of success. Although this number may be on the high end as it reflects the average savings for a person with severe alcohol problems – which does not correspond to the target group in the SOC – care leavers typically do face multiple problems at once and could face long term effects if not supported sufficiently.

#### 4.4.2 Employment, education and training (EET)

##### Employment

Social benefit payments in Lithuania are EUR 175 per month in the first 6 months of unemployment, and EUR 150 each month after that, which adds up to EUR 1 950 per year.<sup>19</sup> In addition, if a person has found a job and their annual income is EUR 13 568 or more (for a one-person household), the government also saves on housing rent compensation. The housing rent compensation varies per municipality between EUR 203.84 for Vilnius and EUR 64.96, which is the case for 50 out of 60 municipalities in Lithuania. As more of a third of the Lithuanian population lives in Vilnius City, Kaunas City or Klaipeda City, and these city municipalities have an average housing rent compensation of EUR 154.47, the average cost savings when a participant has found a job is set at EUR 94.80 per month and EUR 1 137.60 per year, assuming that for one third there is a compensation of EUR 154.47 and for two thirds a compensation of EUR 64.96.

Furthermore, if the participant has sufficient income, there is an additional EUR 30 per month savings on utility tax compensation, which comes to EUR 360 per year.<sup>20</sup> The total potential cost savings due to finding a job is therefore estimated at EUR 3 447.60 per year.

##### Education

When it comes to education, the cost savings of obtaining a diploma are more difficult to establish. Cost savings may occur over time, as education can help raise the average income of the young person, increases employment opportunities, reduces chances of an early and unintended pregnancy, and chances of becoming homeless. In addition, there are

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<sup>18</sup> Larimer, M.E., Malone, D.K., Garner, M.D., et al. (2009). Health care and public service use and costs before and after provision of housing for chronically homeless persons with severe alcohol problems. *The Journal of the American Medical Association*, 301(13), 1349-1357. Available online from: <https://www.ncbi.nlm.nih.gov/pubmed/19336710>

<sup>19</sup> These numbers are derived from a document prepared by Create Lithuania on anticipated savings.

<sup>20</sup> The utility tax compensation number is derived from a document prepared by Create Lithuania on anticipated Savings. The income threshold is assumed to be equal to the threshold for housing rent compensation.

intergenerational effects at play, as additional education increases the likelihood of the next generations continuing their education. For the larger society, education increases long-term economic growth, spurs innovation, and strengthens social cohesion. On average, each extra year of education increases a persons' hourly income by 9%.<sup>21</sup> With the duration of vocational training programmes being approximately 3 years (mostly varying from 2 – 4 years)<sup>22</sup>, this would add up to a total increase in income of 29.5% thanks to additional education (3 years of 9% growth). Considering that the minimum wage in Lithuania in 2021 is EUR 642 per month, it is assumed that additional schooling will increase monthly income of the participants by EUR 189.39 per month, or EUR 2 272.68 per year. While this additional income is increased value to participants, it does not directly accrue to government. Financial impact is generated mainly through taxation, and for this model primarily income taxes are used to calculate government savings. The income tax is 20% for employment-related income not exceeding EUR 81 162 per year<sup>23</sup>. Therefore, the savings by improving educational outcomes are assumed to be EUR 454.54 per year.

Assuming that participants are equally divided between employment and education, the average cost savings in case of success would be **EUR 1 951.07** per participant per year.

#### 4.4.3 Health and well-being

Many care leavers have lower health and well-being than their peers. A study from the UK in which over 1 000 care leavers participated suggests that although many care leavers assessed their well-being as moderate to high, 30% assessed their well-being as low. Compared to other care leavers, they were more likely to be lonely, struggle with finances, feel unsettled where they live and experience higher levels of stress and feel many negative emotions and few positive ones. Care leavers with low well-being had few people in their lives who supported them, and even fewer had a person who listened to them or believed in them. Additionally, the prevalence of disabilities or long-term health problems that limit daily activities is much higher amongst care leavers compared to those aged 16 to 24 in the general population: 24% versus 14%.<sup>24</sup>

Currently, EUR 1 061 is spent on health care on average annually per inhabitant in Lithuania.<sup>25</sup> Although it is difficult to derive direct cost savings from improvements in health and well-being, over time it can lead to a reduction in public health expenditures. It may be clear that the perceived value of positive outcomes in this domain is large. In addition, the protective function of good health and well-being for other life domains is also significant.

While there is no data on exact (health) care costs of care leavers, a deduction can be made to come to an estimate that will be used as an input for the business case. To estimate cost savings in this domain, it is assumed that approximately 20% of the population accrues for 80% of the

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<sup>21</sup> World Bank (2018) Returns to Investment in Education: A Decennial Review of Global Literature. Available online from: [World Bank Document](#)

<sup>22</sup> Source: Centre for Quality Assessment in Higher Education. Available online from: [Vocational Training | Education in Lithuania | Studijų kokybės vertinimo centras \(skvc.lt\)](#)

<sup>23</sup> Ministry of Finance of the Republic of Lithuania (as on 02/11/2021), available online from: <https://finmin.lrv.lt/en/competence-areas/taxation/main-taxes/personal-income-tax>

<sup>24</sup> Coram Voice, and The Rees Centre (2020) What makes life good? Care leavers' views on their well-being. Available online from: [1883-CV-What-Makes-Life-Good-Report-final.pdf \(coramvoice.org.uk\)](#)

<sup>25</sup> Eurostat (2018) Current Healthcare Expenditure. Available online from: [File:Current healthcare expenditure, 2018 SPS20.png - Statistics Explained \(europa.eu\)](#)

costs (and vice versa). It is also assumed that scoring red (or amber) in the assessment means that the participant is very likely to be in the group of 20% high-cost people, while scoring green means the participant is likely to be in the group of 80% lower cost people. Based on this, it could be assumed that a care leaver with poor health outcomes would cost EUR 4 247 per year, following from a total health care spend of EUR 2 973 000 and a total population in 2018 of 2.8 million people. A care leaver with good health outcomes would cost EUR 265 per year using the same methodology.

Therefore, it is assumed that success in the field of health and well-being will produce average cost savings of **EUR 3 982** per participant per year.

Additional savings might arise from the prevention of cases of unwanted early motherhood. While there are many benefits to avoiding unwanted pregnancies, with of course a main impact on the health and well-being of the women, these benefits are hard to quantify and therefore not included in the savings for health and well-being.

#### 4.4.4 Relationships

Care leavers often live independently much earlier than their peers. Whereas most young people receive emotional and practical support from their families while moving into adulthood, care leavers often do not. Many care leavers indicate they have small support networks, 6% reports they have no one providing emotional support and almost one in ten young people only had support from their leaving care worker.<sup>26</sup>

Although it is very difficult to calculate cost savings when relationships are improved, the value of positive relationships for care leavers is clear. However, some of the cost savings might also be covered in the value of health and well-being, therefore it is important to be careful and avoid double counting. For those reasons it is suggested to not directly identify a cost saving for the topic of relationships. To better grasp the effects of improved relationships and its potential savings, it however remains important to ensure that outcomes in this domain are measured.

#### 4.4.5 Positive activities

Positive activities help young people to discover their talents, develop their skills and overall to make them feel happier and more confident. Research also suggests that positive experiences, together with positive relationships and positive environments, have a strong protective function against a range of issues such as teen pregnancies, substance abuse, and criminal activities. Promoting positive outcomes in this domain thus has important beneficial spill over effects for other domains.

#### Preventing detention

While some of the effects of detention are already covered in the previous domains, there still is a potential of realising savings of avoiding detention for young people, as imprisonment is

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<sup>26</sup> Coram Voice, and The Rees Centre (2020) What makes life good? Care leavers' views on their well-being. Available online from: [1883-CV-What-Makes-Life-Good-Report-final.pdf \(coramvoice.org.uk\)](https://www.coramvoice.org.uk/1883-CV-What-Makes-Life-Good-Report-final.pdf)



relatively expensive. Average costs for young people are EUR 37 per day, which amounts to EUR 1 110 per month per young person.<sup>27</sup> There is no data on duration of imprisonment, therefore three months of average imprisonment is assumed for this age group. This means potential savings are estimated at **EUR 3 330** per young person for whom imprisonment is avoided.

Positive activities are not a compulsory focus area of the intervention, a high scoring in this domain is not a prerequisite for success. Nor may this problem be relevant for all young people participating in the SOC pilot project. To get a better assessment of the potential savings, it is suggested to discount the savings for its expected average value across the total group, similarly to the estimates made around unwanted early motherhood. In total 1.27% of young people aged 14 to 17 years is suspected of criminal offences.<sup>28</sup> Criminal offenses do not directly lead to imprisonment, but this statistic also considers all young people rather than care leavers alone. Therefore, the 1.27% is taken as an expected value. If imprisonment is avoided in 50% of the time, this leads to an average saving across the total group of **EUR 21.15** per participant, which should be considered for the expected average savings within the SOC pilot project. This number is however very low in comparison to the other potential savings. Combined with the uncertainty around the actual savings, the savings for positive activities are not included in the business case.

#### 4.4.6 Financial stability

Care leavers are often facing financial difficulties as the support provided under the Child Rights Protection Regulation stops once they turn 18 years old. Without financial education and support prior to and upon leaving care, care leavers often find it difficult to understand what bills need to be paid and how to pay them. This puts them at increased risk of falling in debt. The Centre for Social Justice found that 57% of young people find it difficult managing their money and avoiding debt when leaving care.<sup>29</sup>

Studies show that debt has many adverse outcomes associated with it, such as higher stress levels, lower employment rates, more evictions, and write-offs of debt from both public and private organisations.<sup>30</sup> Additionally, the size and source of debt matters for its effects. Most cost savings for governments stem from three aspects. Firstly, from saving social benefit payments or avoiding job loss when better employment rates occur. Secondly, from less evictions and lower rates of homelessness. The third aspect is the improvement of (mental) health. All these effects directly follow the outcomes described earlier for EET, Housing, and Health and well-being. It is wise not to calculate a separate number at the moment, when insufficient data is available to distinguish the effects to avoid double counting. The potential for cost savings as a result of a high scoring in this domain is not well-researched yet, and thus outcomes measurement throughout the SOC pilot project remains important.

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<sup>27</sup> These numbers are derived from a document prepared by Create Lithuania on anticipated savings.

<sup>28</sup> Statistics Lithuania. Available online from: [Indicators database - Oficialiosios statistikos portalas](#)

<sup>29</sup> Centre for Social Justice (2014) Survival of the fittest? Improving life chances for care leavers. Available online from: [http://www.centreforsocialjustice.org.uk/UserStorage/pdf/Pdf%20reports/CSJ\\_Care\\_Report\\_28.01.14\\_web.pdf](http://www.centreforsocialjustice.org.uk/UserStorage/pdf/Pdf%20reports/CSJ_Care_Report_28.01.14_web.pdf)

<sup>30</sup> Nibud (2014), Overkoepelende blik op de omvang en preventie van schulden in Nederland. Available online from: [Rapport \(nibud.nl\)](#)

#### 4.4.7 Total estimated savings in case of success

In conclusion, when looking at these different life domains, the annual cost savings would be estimated as follows:

Domain	Estimated cost savings per person per year in case of success
Housing	EUR 16 900
EET	EUR 1 951
Health and well-being	EUR 3 982

Table No. 6 Estimated cost savings of intervention

This means that the estimated annual savings per person have the potential to add up to EUR 22 833 if the intervention is successful for the young person. The actual savings might differ in cases where one of the domains specified in table 6 is already scored as green in the baseline assessment of a participant. Based on the inclusion criteria and interviews with service providers, this might be the case for the domain of Housing. Working with the assumption that approximately 30% of the participants will need housing support, this would mean that the average savings with success would be EUR 11 003 for successful participants. Of course, not every participant is expected to be successful. Outcomes payments are not expected to be paid out for every participant.

### 4.5 External evaluation

For each participant two measurements are conducted: one before the start of the intervention (baseline assessment) and one at the end of the intervention (end-of-project assessment). This assessment is done by a case worker, together with the participant. More assessments can be added by the service provider if desired, but will not play a role in determining the final outcome payments in the SOC.

An external evaluator will verify these baseline and end-of-project assessments. They will do so by joining a fixed percentage of assessments with the case workers on a randomly assigned basis. Their scorings will be compared to the scorings of case workers. Both scorings are integrated in the reports. If these scorings are deemed to vary strongly, additional measures will be taken. Another option would be for the external evaluator to perform random assessments without the case workers present. However often the relationship between case worker and participant is based on trust and adding unnecessary checks and institutions into the process is seen as posing a higher risk to the vulnerable situation of the participant than the risk of the case workers providing higher/lower assessments to influence outcome payments.

The following should be included in the measurement plan of the external evaluator:

- Quarterly reporting (20 in total);
- Yearly reporting (5 in total);
- Explanation to Steering Group (10 in total) (see [paragraph 6.7](#));
- Final report monitoring and evaluation (1 in total).

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Quarterly reporting</b>	4	4	4	4	4
<b>Yearly reporting</b>	1	1	1	1	1
<b>Explanation to Steering Group (whole)</b>	2	2	2	2	2
<b>Final report</b>					1

Table No. 7 Reporting schedule of the SOC

### Quarterly reporting

The purpose of the quarterly reporting is to measure whether interventions are executed in the intended manner. This is done based on provisional results, to enable the intermediary and the implementation coordinators to adjust the programme where needed.

### Yearly reporting

The purpose of the yearly reporting is to formalise the effects of the SOC. The investors will be paid on the basis of these reports.

### Reporting formats

The reporting, that will be provided on both a quarterly and yearly basis is likely to include items on participation data (i.e. conversion from registration to participation, dropouts, attendance), outcomes data and a financial analysis of the SOC up to the reporting date.

## 5 FINANCIAL BUSINESS CASE

By providing integrated services to care leavers, their life outcomes are expected to be improved. Initial savings will be accrued directly during the intervention as the service providers take over the costs of care and services for those young people. They are provided with housing, and support, directly from the budget of the service providers. Additionally, by improving the ability of participants to live independently and participate actively in society, extra benefits will accrue over time. When young people move into employment or education, or see improvement in health and wellbeing, several benefits will be realised that form the basis for a complete business case for the SOC.

The business case is developed based on a couple of crucial assumptions for the SOC pilot project, that were agreed upon with the SOC Working Group. The first set of assumptions are the core SOC pilot project inputs, which have been established together with the SOC Working Group and provide the constraints of the business case, such as timeliness and total scale of the project. Then target group inputs are specified, setting out the expected target group and the distribution across the cohort (gender, type of services needed, etc.). Finally financial inputs are derived. These can be distinguished by core constraints (financial return expectations) and the outcomes' pricing and expectations, which are made fit for purpose for this business case. Together these inputs lead to the overall business case, that is set out in more detail in [Annex 9](#).

### 5.1 Core SOC pilot project inputs

The core inputs revolve around the overall constraints of the project. For now, the following inputs are used for the business model:

- Signing of the deal (for signing parties see [paragraph 6.1](#))– 1 November 2022;
- Start of the intervention – 1 January 2023;
- Duration of the intervention – 12 months;
- Duration of the SOC – 60 months;
- Duration of inflow of participants – 48 months;
- Total participants per year – 100;
- Expected success rate – 70%.

### 5.2 Target group inputs

The target group inputs are predominantly derived from the inclusion criteria and broader population characteristics. In the current business model, the following inputs are used:

- % of participants aged 16 or 17 – 40%;
- % of participants aged 18 or older – 60%;

- % of participants that are girls/ women – 50%;
- % of participants that are boys/ men – 50%;
- % of participants that need accommodation services – 30%;
- % of participants that do not need accommodation services – 70%.

## 5.3 Financial inputs

The financial inputs can be divided into general financial inputs and outcome inputs. First, the core financial inputs that are now being used are:

- Cap on Return on Investment (ROI) – 35%;
- Success fee for the intermediary – 0%.

The cap on ROI is put in place to maximise the return for investors and allow for additional savings to accrue in the public sector when this cap is reached. Depending on the timing of the payments, the annual return for investors would differ, but could run up to 10% per year in annual return (for instance, when the SOC is able to repay investors the same ROI in a shorter timeframe, then the annual returns would end up higher). The suggested cap is set based on current experiences of working with impact investors for SOCs by Social Finance NL.

The current model does not take into account the intermediary being incentivised for the outcomes of the SOC by providing a success fee. However, it is common to do so, which means that based on later negotiations with potential intermediaries, this number can be adjusted<sup>31</sup>. If a success fee is included, it is recommended to include this for reaching a certain threshold of outcomes (i.e., exceeding 50% success rates) as to properly incentivise the intermediary to maximise results.

Furthermore, there are outcome payment inputs that are crucial for the overall business case:

- Frequency of outcome payments – Annually;
- Outcome payment per successful participant – EUR 8 500.

The frequency of outcome payments only has an impact on the cashflow of the SOC, not (or only marginally) on the overall business case. The frequency of payments can be adapted based on agreement between intermediary, outcome payers and investors.

### 5.3.1 Approach to pricing strategies

The outcome payment per successful participant has been decided upon based on previous conversations in the SOC Working Group. To decide upon the pricing of the outcomes, there are roughly two strategies that can be followed:

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<sup>31</sup> If it becomes necessary, this input can be adjusted in the financial business case model included in the Annex 9

1. **Value-based pricing:** This will be using the potential value created, derived in chapter 4.4, as a basis for the outcome payments. This takes the savings and/or social value that is being created as a starting point, without looking at the costs of service delivery.
2. **Cost-based pricing:** This will be using the costs of service delivery, or in this case the budget to run the SOC as a basis for the outcome payments. This takes the services as a starting point, without looking at the value that those services deliver.

In a perfect market, both strategies would result into the same price. Because societal challenges are much more complex, they do not operate as a rational market and the prices following the two strategies might differ. Furthermore, as illustrated in chapter 4.4, data is not always available to accurately determine the value and savings that are being created. Assumptions must be made that might not sufficiently reflect reality at this point. This poses a risk from the perspective of the outcomes payer as it might be overpaying (or underpaying) following the value-based pricing strategy. Nevertheless, it should still be expected that the prices following both strategies are falling more or less in the same price bracket to create the confidence required to pay for outcomes.

When using the value-based pricing strategy, the suggested outcome payment per successful participant is set at EUR 11 003. Following the cost-based pricing strategy, the exact pricing follows the financial inputs on returns and the expected success rates, along with the estimated SOC budget. For this strategy, a range of potential success rates was taken as a basis. In interviews, several success rates were suggested. Where 50% was estimated to be the status quo and 60-70% to be realistic targets, previous conversation with service providers suggested that success rates could go up to 80%. While 80% seems very ambitious, it remains important to develop an incentive in the business case that provides an incentive for the SOC to go beyond the current status quo. Therefore, using an iterative approach with the attached Excel model and the inputs from sections 5.1 to 5.3 in the input tab, different outcomes prices were tested. The aim was to identify a price point that satisfies the following conditions:

- A break-even point for investors in the range of 60-65% success rates
- Reaching the cap on return on investment in the range of 70-80%, exceeding estimated targets and closing in on optimistic target
- Ensuring a margin between the estimated savings and final outcomes price, to reduce the risk of overpaying on the side of government and provide a margin of comfort in the business case

With these conditions in mind, it is suggested to price the outcomes at EUR 8 500 in the SOC pilot project following the cost-based pricing strategy, as this provides an incentive to outperform the initial assumptions, but also slightly lowers the risk for investors in case of slight underperformance. While the numbers derived following the two strategies differ, they fall in the same price bracket. Following the analysis of value-based pricing, it is found that there are significant assumptions that bring uncertainty into that analysis. In the SOC Working Group it was concluded that the (lack of) available data does not bring enough confidence to fully trust this strategy, and the cost-based pricing strategy is preferred. The value of the cost-based pricing is also lower than the value-based pricing strategy, which limits the risk of overpaying, while being

sufficiently based on the expected delivery costs and therefore satisfactory for service providers and investors. For those reasons, the suggested outcomes pricing for the pilot is EUR 8 500.

### 5.3.2 Lessons for outcomes measurement

Based on the pricing analysis above and the value-based analysis, it is strongly recommended that on top of the SOC structure itself, rigorous monitoring and evaluation is implemented around care leavers to improve understanding of the impact of support programs to this target group. The insights that this will bring are valuable for future SOCs, but more importantly for future policy making.

## 5.4 High-level SOC business case

Following the assumptions stated in this chapter, the business case has been developed in detail. While the detailed version is attached as [Annex 9](#), and the outputs will vary based on the eventual success rate, the high-level outputs are as follows when a success rate of 70% is used as input:

- Total costs of SOC pilot project – EUR 2 127 000;
- Total outcome payments – EUR 2 380 000;
- Required upfront investments – EUR 1 000 000;
- Investor's ROI – 21.73%.

The SOC pilot project would thus require raising an investment of EUR 1 000 000 from private sources. This number is lower than the total cost of the project, as over the course of the SOC, some of the outcome payments will be used to finance the rest of the project. By keeping the upfront investment lower, not only means the required capital that needs to be raised is lower, but also that less money is needed (in absolute terms) to provide the same returns for investors. This can be seen in the expected cashflows for the SOC and for the investors in the table below. With the cashflow for the SOC basically being outcome payments minus SOC costs, and the cashflow for the investors being payments from intermediary/SOC to investors, minus the payments from investors to the intermediary/SOC. The two cashflows are separated as with the current assumptions, the outcome payments in the first years are used to finance the later years of the SOC. Therefore, the cashflow of the SOC itself might be positive, but no payments to the investors are made yet, as can be seen in year 3. Year 6 has been included as some of the financial payments based on the current model need to be wrapped up in this year, while the SOC pilot project itself has already closed off. Therefore, the final payment is not expected until the first month of year 6.<sup>32</sup>

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<sup>32</sup> More details on payments can be found in Annex 9, tab Financial, rows 18-21.

Annual cashflow (EUR, thousands )	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Net cashflow
<b>SOC</b>	-430	-488	107	107	362	595	<b>253</b>
<b>Investors</b>	-500	-500	-	27	595	631	<b>253</b>

Table No. 8 Cashflows of the SOC pilot project<sup>33</sup>

As is illustrated in the table above, splitting the investment in two tranches of EUR 500 000, divided over year 1 and year 2, is also suggested. This is done both to provide sufficient liquidity to the Special Purpose Vehicle (SPV), the legal entity created to carry out the management of the SOC, while at the same time not overcapitalising the SPV and lowering the risks for investors.

The business case in general shows that it is feasible to generate a positive business case, which means that outcome payments appear to be in line with the social value generated and the SOC pilot project is able to provide a positive financial return to investors.

<sup>33</sup> More details on cashflows can be found in in Annex 9, tab Output, rows 20-33.



## 6 GOVERNANCE MODEL

### 6.1 Agreements between stakeholders in the SOC

The figure below shows a draft of the governance model for the SOC pilot project. This model demonstrates which agreements must be signed between the different stakeholders in the SOC, which serve as the basis for their cooperation. Below follows a description of responsibilities and tasks for each of these stakeholders, including the benefits and risks involved when participating in a SOC.

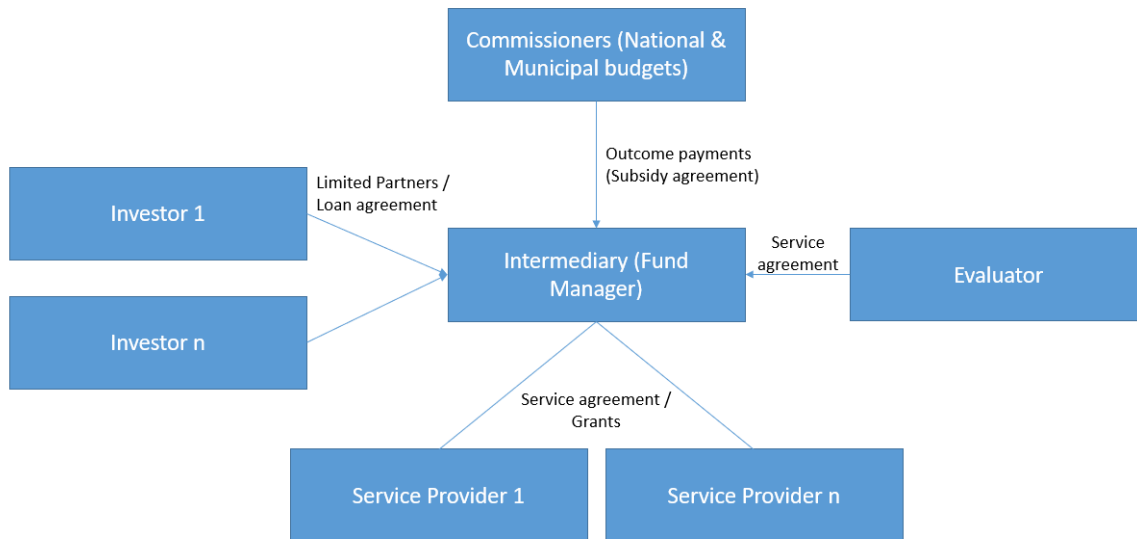


Figure No. 4 Governance model for SOC pilot project

### 6.2 Role of the intermediary

The intermediary will have a slightly different role during the setup and the implementation of the SOC. These two phases are described separately.

#### 6.2.1. Role of the intermediary during the setup process

The intermediary can be seen as the ‘glue’ between all stakeholders involved and is financed by the commissioners in the SOC. To take on its role, the intermediary will set up a SPV to formally manage the SOC. A SPV is a legal entity created for a limited purpose, in this case to carry out the management of the SOC. This entity forms the centre of the SOC pilot project and will hold the agreements with all other parties. Apart from being responsible for fund management, the intermediary will also be the coordinating party during the implementation of the SOC, conducting active performance management to ensure quality and performance targets are being met. Legally, the SPV would have three roles, which are described below.

##### 6.2.1.1 RAISING INVESTMENT FROM INVESTORS

The SPV will be raising capital from investors. Investors are likely to interact with the intermediary in one of two ways. The first option is that investors act as Limited Partners (LP) in the fund and provide their investment as such. The second form would be that the SPV will issue a bond to the investors, or the investors provide a loan to the SPV. The best structure is primarily dependent on the demands of the eventual investors. However, as the investors will probably be philanthropic in nature, or European impact investors with an experience in SOCs, it is most likely that the structure will be in loan/ bond form. This also means that the entity that is set up by the intermediary will be an entity whose mission is aligned to the goals of the SOC.

Regardless of the structure, the investment follows the exact same conditions as the terms of the SOC. This will be described in the LP/ loan agreement set up together with the establishment of the SOC. The most important aspects of this agreement are:

- The return will be based on the outcomes of the intervention;
- The investment is without any collateral and is only (partially) delivering a financial return if the SOC meets (partially) its goals;
- The investment is non-transferable, with the exception of transfers within the investor group, or with written agreement of all contract partners.

#### 6.2.1.2 CLIENT / FUNDER OF SERVICE PROVIDERS

The SPV is the client of the service providers or supporting parties. This is to be structured in a service or grant agreement with service providers.

#### 6.2.1.3 COLLECTOR OF PAYMENTS FROM OUTCOME PAYERS

Based on the legal cooperation agreement, the SPV will collect payments from all outcome payers. In return, it will use these payments to pay back investors, fund the next years of service and potentially provide bonus payments to the service provider if that has been agreed upon.

### 6.2.2 Role of the intermediary during implementation

The intermediary also has an active role during the implementation. Again, this role is threefold. In this phase, the intermediary is responsible for governing the SOC, and is both the performance manager and the administrator.

#### 6.2.2.1 GOVERNING THE SOC

The intermediary manages the SOC and all its relationships with partners. This encompasses:

- Preparing, chairing and administering Steering Group meetings (see [paragraph 6.7](#));
- Managing relationships with outcome payers;
- Managing relationships with investors;
- Managing relationships with service providers;

- Preparing, in cooperation with the external evaluator, periodical updates.

#### 6.2.2.2 ACTIVE PERFORMANCE MANAGEMENT

During implementation of the SOC pilot project, it might become apparent that amendments need to be made and further implemented. The intermediary is responsible for taking stock of the developments of the SOC, recommending adjustments, and supporting implementations with service providers. This is accomplished by:

- Organising regular meetings with the service providers to discuss the progress of the project and determine whether iterations are necessary. Important iterations, such as those that influence the outcome payments between outcome payers and investors, will be discussed and decided upon with the Steering Group. Proposed iterations are followed up by the service provider in agreement with the intermediary;
- Organising meetings with representatives of outcome payers and service providers if targeted outcomes are not met;
- Monitoring main targeted outcomes for the purpose of steering the intervention;
- Visiting the sites where the project is implemented;
- Designing, following up on and evaluating iteration plans;
- Drafting monthly budget reviews.

#### 6.2.2.3 ADMINISTRATOR

As part of governing the SOC, the intermediary also is responsible for the administration of all actions of the SPV, which includes:

- Financial (fund) management of the SOC;
- Archiving documents (contracts, minutes, etc.);
- Managing payments from outcome payers to investors;
- Controlling and paying service providers .

It is important to put in place workable guidelines, as in practice deviations from the original agreements can always occur, which should be managed by the intermediary. For example, the service providers are typically allowed to extend slightly beyond the budget (i.e., 5% of a line item), while greater loosening of financial constraints requires permission from the Steering Group.

### 6.3. Role of the external evaluator

The evaluator will verify the baseline and end-of-project assessments conducted by case workers. It is suggested that this is done by joining a fixed percentage of assessments on a randomly

assigned basis, rather than performing all assessments. The latter would become too costly and is deemed unnecessary for a SOC of this scope. More on the assessments can be found in section 4.5.

The scorings of both the case workers and the evaluator are integrated in the reports. If these scorings are deemed to vary strongly, additional measures will be taken. Together with recommendations, the findings will be presented to the intermediary and Steering Group.

## 6.4. Role of the service provider(s)

The concrete role of the service provider is to deliver the services directly to participants. When a service provider wants to be selected to participate in the SOC, it should provide the intermediary (and potentially investors) with a solid plan for implementation that includes at least:

- A detailed workplan;
- A track record on similar projects;
- Expected success rates;
- A budget.

Once a service provider is selected for participation, it is expected to provide frequent updates to the intermediary on their progress and to facilitate the evaluations conducted by the external evaluator. While the service provider is not part of the Steering Group, it is expected to participate in some of its meetings to provide input on the specific agreements around implementation and potential adaptations to the SOC pilot project.

Usually, in a SOC, the Service Providers are funded upfront by investors for implementing their activities. They can however also be encouraged to become partial investors in their own SOC, either through direct investment or by working at risk for part of their budget<sup>34</sup>. This is then only paid out in accordance with the outcome payments and thus lowers the total external investment that is required. This is often positively received by investors as it shows the service provider is willing to put “skin in the game” and has confidence in its ability to deliver sufficient outcomes to fulfil the business case.

## 6.5. Role of the outcome payer(s)

Outcome payers, primarily the MoSSL and potentially the MoF, are the primary “problem owners” of the social challenge that is addressed through the SOC. Therefore, they are the most important decision-makers during the design process and in setting the requirements for the SOC and should take the lead in the last phase of the design process and the first phase of implementation.

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<sup>34</sup> Working at risk can be done by service providers when they receive a fixed percentage of the needed budget upfront and will only receive the remaining budget when the outcomes are achieved in line with the SOC agreements. Typically, the part of the budget that is paid afterwards is seen as a co-investment by the service provider and can therefore be treated as such, including potential financial returns (or losses).

After the design process has been completed, the role of the outcome payers shifts. A procedure will be started to select the intermediary (as described in section 6.8), agreements with the intermediary will be put in place to allow for outcome payments when targeted outcomes are achieved, and the final budget will be developed. Once the intermediary is selected, and from the moment the SOC pilot project is active, the role of the outcome payer will become smaller. Outcome payers will take part in the Steering Group and oversee progress, but primarily follow the reports of the external evaluator to determine final outcome payments.

It is suggested that the outcome payers, or more generally the government, also contracts the external evaluator. While every stakeholder in the governance of the SOC has its own interests, the public sector is deemed most neutral and therefore it is typically decided in other SOCs that the public sector therefore contracts the external evaluators.

## 6.6. Role of the investors

Investors are brought on through the intermediary. Depending on the investor, and the final structure of the capital raised that is chosen by the intermediary, investors will take a more active or passive role throughout the rest of the SOC. In case of a more active role, investors directly assess the capabilities of service providers and take part in their selection. During the implementation of the SOC, they participate in the Steering Group meetings and actively vote on decisions regarding the SOC, for example when the budget needs alteration or (annual) outcomes reports show that service providers are lagging on achieved outcomes and therefore need to shift their approach. In the more passive role, most of those actions are delegated to the intermediary, who will act on behalf of the investors and relay the input directly back to the investors.

Whether the intermediary should or will opt for an active or passive role for the investor can depend on their own experience in fund management and potentially SOCs, but also the experience of the investors. In a situation where the intermediary is relatively inexperienced, but some of the investors have already gained significant experience of SOCs, it would be recommended that investors take a more active role in the process.

## 6.7. Role and composition of the Steering Group

The Steering Group is often contractually determined in a central agreement for the SOC. Where the intermediary manages the SOC on a day-to-day basis, the Steering Group is put in place to make decisions on more structural changes that might be required, such as altering budgets and validating the annual outcomes report to release outcome payments. The Steering Group consists of:

- Representatives of all outcome payers;
- The intermediary;
- Investors.

The whole Steering Group meets twice a year. The intermediary drafts meeting minutes to be shared with the Steering Group.

### Voting procedure

Decisions of the Steering Group are according to consensus as far as possible. Decisions which influence the outcome payments between outcome payer and investor require agreement between the representative of the investors (through the intermediary) and the outcome payer (or the majority of outcome payers, if they are multiple). These decisions include, but are not limited to, increasing the budget of the service providers by the intermediary, or deciding to cancel the project of a specific service provider.

The external evaluator is not part of the Steering Group but will be invited to all Steering Group meetings.

### Tasks of the Steering Group

- Validate the annual monitoring reports of the evaluator which are the basis of annual payments to the SPV and investors;
- Improve service delivery;
- If deemed necessary, take decisions to postpone or cancel the contracts of individual service providers, or the SOC as a whole;
- Plan next steps when the SOC comes to an end;
- Coordinate communication efforts.

## 6.8. Procurement procedures for the SOC

### 6.8.1. Selection of the intermediary

As described above, the roles of the intermediary are quite broad. To assess the public procurement procedures of the SOC however, it is – within this broad range of responsibilities – necessary to distinguish between the following roles:

1. **Facilitator:** Responsibilities related to facilitating the overall process of the SOC pilot project, including administration, operational support, and relationship management;
2. **Fund manager:** Responsibilities related to fund management.

This distinction is important, because not every entity can take on the responsibilities of a fund manager. In this paragraph, the different options for selecting an intermediary are illustrated. There are two basic options: the role of fund manager and facilitator are either the same entity, or these two roles are separately fulfilled.

In addition to combining or separating these intermediary roles over one or multiple entities, there are also two selection methods to be distinguished:

1. Indirect selection of the intermediary, where the coordinating ministry (e.g., MoSSL or MoF) gives the mandate to another public institution (e.g., INVEGA) that is appointed to select an intermediary;

## 2. Direct selection of the intermediary by the coordinating ministry.

### 6.8.1.1. OPTION 1: INDIRECT SELECTION OF AN INTERMEDIARY (BY ANOTHER PUBLIC INSTITUTION)

As there are experienced public institutions with the required capacity to appoint and supervise fund managers in Lithuania (e.g. INVEGA), this first option would be recommended compared to direct procurement of a fund manager by the coordinating ministry. Moreover, the involvement of such public institution could also be beneficial for the creation of a “SOC excellence centre”, which increases the probability of developing other SOC projects and transferring knowledge to other policy domains.

If this option is chosen, the mandated public institution will outsource the intermediary activities – both facilitation and fund management – to the private sector. The selection of the intermediary would be executed in accordance with the Law of Public Procurement of the Republic of Lithuania<sup>35</sup> (hereinafter – The Public Procurement Law) (see section 6.8.1.3 for further information on public procurement). It is worth mentioning that The Public Procurement Law provides an exception, according to which a fund manager can potentially be selected without applying the provisions of The Public Procurement Law. In particular, Article 6 states that the provisions of The Public Procurement Law are not applied to procurement of financial services in connection with the issue, sale, purchase or transfer of securities or other financial instruments. However, this exception needs further investigation together with the Public Procurement Office<sup>36</sup> in order to define whether this exception could be applied to the selection of the SOC fund manager, and whether, in this case, the fund manager may also perform the facilitator’s role (see section 6.8.1). If the role of facilitator would need to be procured separately, this option loses its advantages.

### 6.8.1.2. OPTION 2: DIRECT SELECTION OF AN INTERMEDIARY (BY THE COORDINATING MINISTRY)

Alternatively, the selection of an intermediary could be done directly by the coordinating ministry under The Public Procurement Law.

The roles of fund manager and facilitator can be both executed by one party, a consortium of parties or separated into two roles. It is unknown how many potential intermediaries would participate in the public procurement and there are likely only few potential candidates in Lithuania (such as BaltCap, Katalista Ventures). Moreover, a consortium is the most probable solution to form an intermediary that could manage funds and supervise service providers as well, since there are hardly any organisations that currently have both capabilities. Based on the experience in other countries, it could be particularly beneficial if the consortium includes an organization experienced in the addressed social area<sup>37</sup>.

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<sup>35</sup> The Law of Public Procurement of the Republic of Lithuania. Available online from: <https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/b63962122fcb11e79f4996496b137f39/asr>

<sup>36</sup> Public Procurement Office implements and supervises public procurement policy, implementation of the Law on Public Procurement and related legislation (<https://vpt.lrv.lt/en/>)

<sup>37</sup> For example, the Children’s Welfare SIB in Finland is jointly managed by FIM, the main partner and fund manager, and the Central Union for Child Welfare, an NGO responsible for programming, including the selection of service providers and decisions surrounding operations.

Before conducting a public procurement procedure to select an intermediary, it is critical to develop an appropriate technical specification for the services. Given that the SOC is a new concept in Lithuania, it is recommended that a consultation process with potential intermediaries is held to gain useful insights and to prepare the technical specification.

Primarily, the Public Procurement Law foresees that contracts should have duration of up to three years with an extension possibility up to five years. However, there is an exception possible where longer contracts can be established from the start in case of specific characteristics of a project, which are stated below. This exception could potentially be applicable to a SOC structure, but this would need to be further verified. Cases where this exception could apply:

- the implementation of investment projects;
- services of management and/or implementation of financial instruments or a fund of funds, financial engineering instruments, including subsidies granted in combination;
- other supplies and/or services, where the period of delivery of supplies and/or provision of services in excess of three years is economically or socially more beneficial and is justified by the contracting authority.

#### 6.8.1.3. PUBLIC PROCUREMENT PROCEDURES WHEN SELECTING THE INTERMEDIARY

When an intermediary is selected through public procurement, there are several public procurement strategies available in Lithuania. However, the most suitable options considering the main aspects provided above would be either a procurement by published negotiations, or a procurement by competitive dialogue. Procurement by published negotiations and procurement by competitive dialogue are very similar when comparing the procurement processes, however, these methods differ in essential process stages and can be applied in different situations. The method of competitive dialogue could be chosen in cases where it is not possible to objectively determine the technical requirements of the procurement. The aim of the dialogue is to identify the solution that best meets the needs of the contracting authority. Meanwhile, when conducting a procurement by means of published negotiations, the contracting authority must already know exactly the needs and the technical specification of the procurement when announcing the procurement.

Currently SOCs are new for both the public and private sector in Lithuania. As innovation is required, it will be difficult to identify clear and detailed technical specifications for the procurement in advance. Moreover, based on the experience in other countries where the SOC concept is new, there is a high demand for engagement between the contracting authority, and the potential intermediaries, to narrow down the objectives of the SOC and the procurement. When assessing a set of Children's services SIBs in the UK<sup>38</sup>, it is seen that five of the seven examined SIBs in England were procured using some variation of competition with dialogue and negotiation.

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<sup>38</sup> "The use of social impact bonds in children's social care: A competitive analysis of project justification and design considerations in the Life Chances Fund"



In view of the above, the procurement by competitive dialogue is the recommended strategy for selecting an intermediary when a public procurement procedure is used.

### 6.8.2. Selection of service providers

To implement the SOC pilot project, it is necessary to select a service provider responsible for delivering support services to the target group. Several aspects need to be taken into account when developing the selection procedure, such as the number of potential service providers, leaving some flexibility to allow for selecting the most suitable service providers, and the contract value and duration.

Three methods of selecting a service provider could be considered:

- I. Selection via a grant procedure (public organisation conducts the selection);
- II. Selection via public procurement (public organisation conducts the selection);
- III. Selection via private procurement (private organisation conducts the selection).

It is important to note that the eventual selection procedure that will be chosen to select the intermediary, and the type of organisation that will end up fulfilling the intermediary role, highly impact the feasibility of the three different options. For instance, when a public organisation is selected as the intermediary, option III for selecting of service providers is technically not possible.

The main differences between these three options are provided in the table below.

	<b>Option I: Grant procedure</b>	<b>Option II: Public procurement</b>	<b>Option III: Private procurement (by a private sector intermediary)</b>
<b>Contract</b>	Grant contract	Service agreement	Service agreement
<b>Means of payment</b>	Grant	Fee	Fee
<b>Contract duration</b>	Up to five years	Three years with a possible extension to five years (exceptionally, also longer durations are possible in some cases, - see section 6.8.1.2)	No specific limitation
<b>Object</b>	Services that are described in the application by a service provider	Procurement of services, under the terms of reference defined by the contracting authority	Selection of service providers at the private organisation's discretion

Table No. 9 Key differences between selecting a service provider through a grant and through public procurement

#### 6.8.2.1. GRANT PROCEDURE

When a public organisation such as ESFA is selected as the intermediary, the grant procedure appears to be an option that has the advantage that the intermediary is experienced in managing grant applications. Additionally, many service providers are already used to a grant-based system and are experienced in preparing applications. Furthermore, ESFA acts as a national centre of excellence for social innovation in Lithuania, in particular by supporting innovative projects and public authorities under ESF / ESF+, by providing information, knowledge and know-how, advice, guidance and training, as well as by networking and peer-learning at national and European levels<sup>39</sup>. Therefore, involvement of ESFA in the SOC pilot project could also be beneficial for the creation of a “SOC excellence centre”, which increases the probability of developing other SOC projects and transferring knowledge to other policy domains.

#### 6.8.2.2. PUBLIC PROCUREMENT PROCEDURE

A public procurement procedure is more complex and typically takes longer to complete than options I and III. Also, most service providers are not experienced with the more stringent requirements of public procurement procedures. In case this option is considered, similar considerations around the different public procurement methods are applicable as stated in 6.8.1.3, - with the SOC being new to the field, it is recommended to incorporate dialogue in the procurement process (more on this in section 6.8.1.3).

#### 6.8.2.3. PRIVATE PROCUREMENT

The final option is applicable in case the selected intermediary is a private organisation that would not be bound by public procurement procedures. As a result, this organisation could freely select service providers. This flexibility brings many advantages as the intermediary is able to facilitate and potentially accelerate the contracting process (public procurement usually lasts for several months) and can adjust the process more easily to the needs of the service providers. Special attention should be paid to transparent and clear procedures, to ensure the trustworthiness of the SOC as it is still delivering publicly oriented services.

### 6.8.3. Potential scenarios for selecting intermediaries and service providers

There are two phases considered in the selection procedures. First, the selection of an intermediary, and then the selection of service providers. Different options are available for both phases, and the outcome of the selection of an intermediary has a direct impact on the selection of service providers. Based on the assessment of the different options, the following scenarios appear to be the most feasible:

- **Direct selection of a private sector intermediary (section Error! Reference source not found.) who conducts private procurement to select service providers (section 6.8.2.3):** The coordinating ministry selects a private intermediary (either one or multiple parties)

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<sup>39</sup> <https://www.esf.lt/lt/naujienos/laimetas-tarptautinis-projektas-pencil-socialiniu-inovaciju-kompetenciju-centro-steigimui/774>

via a public procurement procedure by competitive dialogue, or potentially through a simplified competitive procedure without public procurement if the exception under Article 6 of The Public Procurement Law is applicable. The selected private intermediary conducts a private purchase to select service providers.

- **Indirect selection of a private sector intermediary (section 6.8.1.1) who conducts private procurement to select service providers (section 6.8.2.3):** The coordinating ministry appoints a public institution responsible for selection of a private intermediary (either one or multiple parties) via public procurement procedure by competitive dialogue, or potentially through a simplified competitive process if the exception under Article 6 of The Public Procurement Law is applicable (as further described in section 6.8.1.1). The private intermediary conducts a private purchase and selects service providers.

It could also be considered that the coordinating ministry appoints a public sector institution (e.g. ESFA) to select service providers via a grant procedure (section 6.8.2.1), for example, in case ESF resources are used to pay for outcomes<sup>40</sup>.

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<sup>40</sup> More information on using ESF for outcome payments is available in this publication: [Supporting the development of Social Finance Ecosystems in Member States under ESF | fi-compass](#)

## 7. IDENTIFICATION OF STAKEHOLDERS

Over the course of this study, many stakeholders have been either interviewed or identified during interviews or sessions with the SOC Working Group. The list of stakeholders below should serve as a starting point for engagement of potential actors in the SOC.

### 7.2. Potential service providers

- AC Patria;
- Caritas;
- Jonas Valančiūnas Foundation;
- Nemenčinės vaiku ir paauglių centras;
- Projektų Įgyvendinimo Grupė;
- SOS Children's Village;
- The Order of Malta Relief Organisation.

Please find the notes of the interviews with potential service providers in [Annex 6](#), including a preliminary assessment of their potential involvement in the SOC.

### 7.3. Potential investors

- Katalista Ventures;
- INVEGA;
- Larger corporates (mentioned are: Maxima, Lidl, Girteka, IKEA);
- Kazickay Family Fund;
- Several individual philanthropists (Vladas Lasas, Tadas Langaitis, Giedre Sopaite-Silinskiene, Justinas Noreika, Nerijus Numa);
- European Investment Fund;
- BNP Paribas;
- QBE Insurance;
- Aukok.lt;
- HumanIPO;
- Benediktas Gylis;
- MJJ Fund;

- Nordwealth;
- Kinderdörfer in Lithuania e.V.

Please find the notes of the interviews with Katalista Ventures and INVEGA in [Annex 10](#). The interview conducted with Open Circle Capital (not listed) is also included in [Annex 10](#).

#### 7.4. Potential intermediaries

- ESFA;
- INVEGA;
- National Social Integration Institute;
- Open Lithuania Foundation;
- Katalista Ventures;
- Baltcap;
- Civitta.

Please find the notes of the interviews with ESFA, the National Social Integration Institute, and Open Lithuania Foundation in [Annex 11](#).

#### 7.5. Potential external evaluators

- Visionary analytics;
- Universities;
- Consultancies (e.g. EY, Deloitte).

Please find the notes of the interview with Visionary Analytics in [Annex 12](#).

## 8. CONCLUSIONS AND NEXT STEPS

In this feasibility study, all aspects of a SOC design have been assessed to test whether a SOC pilot for care leavers in Lithuania is feasible. As the study shows, it is potentially feasible to set up such a SOC. This is true from a practical point of view, identifying a clear target group and measurable outcomes, but also from a financial point of view, where a business case can be created that is financially viable and potentially attractive for investors and outcome payers. Finally, a governance and procurement structure is suggested.

The next phase should entail progressing from feasibility analysis to practice. The following next steps are recommended when moving forward:

### 1. Formal backing for a SOC care leavers by outcome payers, including SOC budget

Based on this feasibility study, the outcome payers should decide upon the initiation of a SOC pilot project. This should be based on discussions between MoSSL and MoF about their role as an outcome payer and their ability and willingness to reserve an initial budget based on the business case (both start-up and other fixed costs and outcome payments). Formal backing would require a confirmation of the budget for the SOC and appointing a project leader that has the capacity to steer the establishment and implementation of the SOC, and a mandate to make decisions on SOC design and to initiate and run a procurement process for the intermediary.

### 2. Explore the opportunities to use ESF resources

There are two main alternatives for using ESF resources in the SOC pilot project:

- Using ESF resources in order to pay for outcomes (this could have implications on the type of procedure used for the selection of service providers, as stated in section 6.8).
- Using ESF resources as financial instruments to provide a (co-)investment for the SOC. The latter could be done as a supplement to private investors. One option is to fill a financing gap, in which case the ESF would come in *pari passu* with private investors. When it is needed to reduce risks of private investors, outcome payers should decide to explore whether the ESF resources could take up a higher risk profile (for instance, taking a first loss position) that would make the SOC proposition more attractive to private investors. This could be particularly relevant in the Lithuanian context, taking into consideration the very early stage of development of the social finance market and a limited number of potential investors in Lithuania. If this route were to be taken however, the intermediary and/or fund manager should be selected by the National Promotional Institution.

### 3. Finalising requirements for an intermediary and/or fund manager

The project leader should finalise the requirements for an intermediary and launch a procurement procedure, including market consultation to complete the preparations for selecting an intermediary.

### 4. Selection of intermediary/fund manager

An intermediary should be selected that has the full mandate to launch the SOC within the budgets specified in the procurement. This means it will launch a SPV, attract investment, select

service providers, and formalise the SOC contracts with all stakeholders. Within the constraints imposed by the procurement, the intermediary will work together with the project leader to make the SOC a success.

#### **5. Attracting investors and service providers (and engaging the external evaluator)**

Attracting investors and service providers will happen in parallel, or sequentially depending on the strategy provided by the intermediary. A selection process will be required for the service providers, whereas investors can be attracted directly. Selecting service providers will be a delicate process, and investors will want to have a say in which service providers are being selected. At the same time the outcome payers will want to ensure the SOC remains focused on the core goals set out in step 1. To balance these different interests, this phase therefore requires an intermediary and project leader that is skilled in stakeholder management.

This is typically also the phase to start engaging an external evaluator and designing the evaluation process. It is important that this starts before the contracting phase (step 6) so that any changes in the scope of the SOC that might come out of the negotiations with investors and service providers can be directly incorporated in the measurement plans.

#### **6. Contracting**

Supported by a legal team, the intermediary will draw up SOC contracts and negotiate these with all stakeholders simultaneously. Typically, there is a shared agreement between the investors, service providers and outcome payers. If the investors have mandated the intermediary, then the intermediary will act on behalf of the investors. If not, the intermediary becomes a fourth party in the agreement. Furthermore, there is typically a separate agreement between the intermediary and the service providers concerning the delivery of the intervention, an agreement between the intermediary and investors detailing the investment parameters, and, finally, an agreement between the intermediary and the outcome payers formalising the mandate already specified in step 3.

#### **7. Official launch**

Finally, after the SOC has been set up, it is important to have an official launch. In other countries throughout Europe, the first SOC has served as an inspiration within the country to explore further options for SOC development. Furthermore, the announcement of the SOC launch is often associated with positive publicity for the stakeholders involved and ensures a good commencement of the SOC. To contribute to the aim of promoting social innovation and growing the social finance ecosystem in Lithuania, having an official launch to “seal the deal” is therefore recommended.

## 9. ANNEXES

### Annex 1 – One pager for intermediaries

Please note that this one pager is used in the research phase of this feasibility study and may need updates in case of further use.

#### SOCIAL OUTCOMES CONTRACT (SOC) PILOT PROJECT

##### Improving life outcomes for care leavers

##### Introduction

The Ministry of Finance (MoF) has asked the European Investment Advisory Hub to look into the possibilities of a Social Outcomes Contract (SOC) pilot in Lithuania, for which the EIB has brought onboard the support of EY and Social Finance NL. This is part of the effort to promote social innovation and grow the social finance ecosystem in Lithuania. The SOC pilot project aims to improve life outcomes for young people who are leaving the care system. We are working together with the Ministry of Social Security and Labour (MoSSL).

For many care leavers there currently is no support available to guide them towards living independently and integrating in society, which leads them to lag behind in various life domains compared to their peers – such as housing, employment, education, and health. The SOC pilot project aims not only to provide support, but also to demonstrate how this support can lead to savings in public expenditure (e.g. social benefits and housing compensation).

##### What is a Social Outcomes Contract?

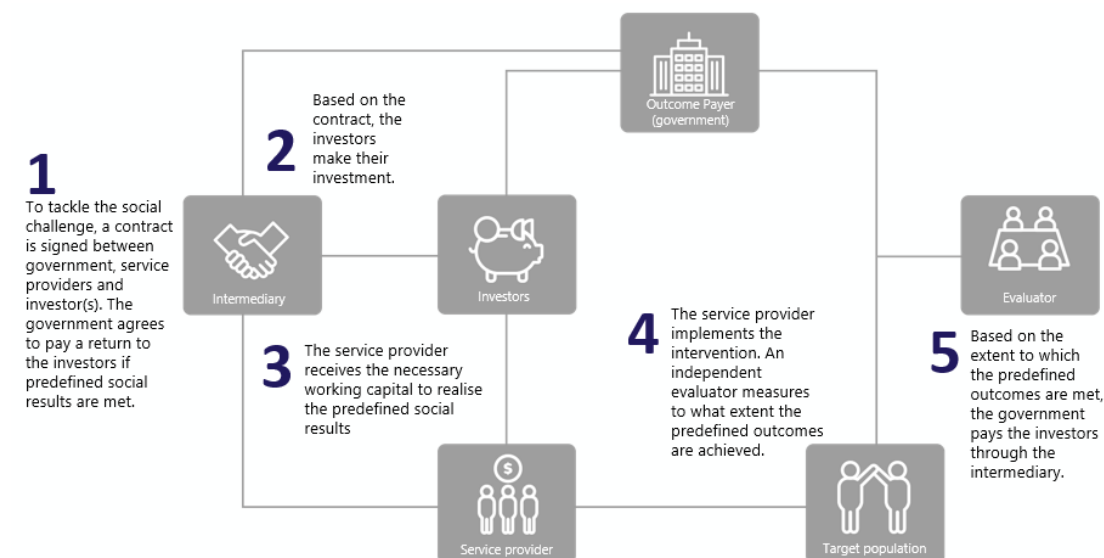


Figure No. 6 A Social Outcomes Contract is a collaboration between private and public partners to ensure better outcomes.

An SOC is an innovative instrument to finance social interventions based on measurable outcomes for the targeted population. Often also described as a Social Impact Bond (SIB). In an



SOC, an outcome payer (usually a government agency) an investor and a service provider (social enterprise or NGO) agree on targeted outcomes in advance. Subsequently, the investor provides working capital to the service provider to carry out an intervention. Based on an external evaluation of results, the outcome payer only pays for the outcomes that are achieved. The investor thus carries the financial risk of not achieving the predefined outcomes. In an SOC, an intermediary often serves as a vehicle through which the transactions are managed, but also smoothens the cooperation between the different parties, organising the partnerships, and overall coordination of the project.

**Why are we inviting you?**

For this SOC pilot project, we are looking for potential intermediaries who are able to push the SOC pilot project forward, in terms of fund management, coordination of the project and by being a link between the different stakeholders. Therefore, we would like to invite you for an interview to explore whether you are able to contribute to this SOC pilot project and in what capacity. The following questions are important:

- What experience do you have in organising public-private partnerships?
- Do you have experience in raising capital from private investors?
- Would you be able to manage a fund? What would you need for this?
- Would you be able to bring together different parties (government/municipalities, service providers, investors) and facilitate this cooperation?
- Would you be able to oversee the work of service providers to ensure the targeted outcomes are achieved?
- Are you able to release capacity within your organisation for coordinating this SOC?
- Are there any barriers to participating in a SOC? How can these be overcome?

## Annex 2 – One pager for investors

Please note that this one pager is used in the research phase of this feasibility study and may need updates in case of further use.

### SOCIAL OUTCOMES CONTRACT (SOC) PILOT PROJECT

#### Improving life outcomes for care leavers

##### Introduction

The Ministry of Finance (MoF) has asked the European Investment Advisory Hub to look into the possibilities of a Social Outcomes Contract (SOC) pilot in Lithuania, for which the EIB has brought onboard the support of EY and Social Finance NL. Preparing and designing a SOC pilot project is part of the effort to promote social innovation and grow the social finance ecosystem in Lithuania. The SOC pilot project not only aims to tackle a social challenge in an effective manner, but also to demonstrate how outcomes-based interventions can lead to savings in public expenditure and thus a return on investment for the investors involved. In this SOC pilot we are working together with the Ministry of Social Security and Labour (MoSSL).

The SOC pilot project we are developing aims to improve life outcomes for young people who are leaving the care system. For many care leavers there currently is no support available to guide them towards living independently and integrating in society, which leads them to lag behind in various life domains compared to their peers – such as housing, employment, education, and health. An integrated support service, in which a professional and easily accessible case worker helps them navigate in different life domains, all while they remain the agents of their own future path, has large positive spill-over effects both in the short and long run, for example regarding personal finance, finding and retaining employment and healthy relationships.

##### What is a Social Outcomes Contract?

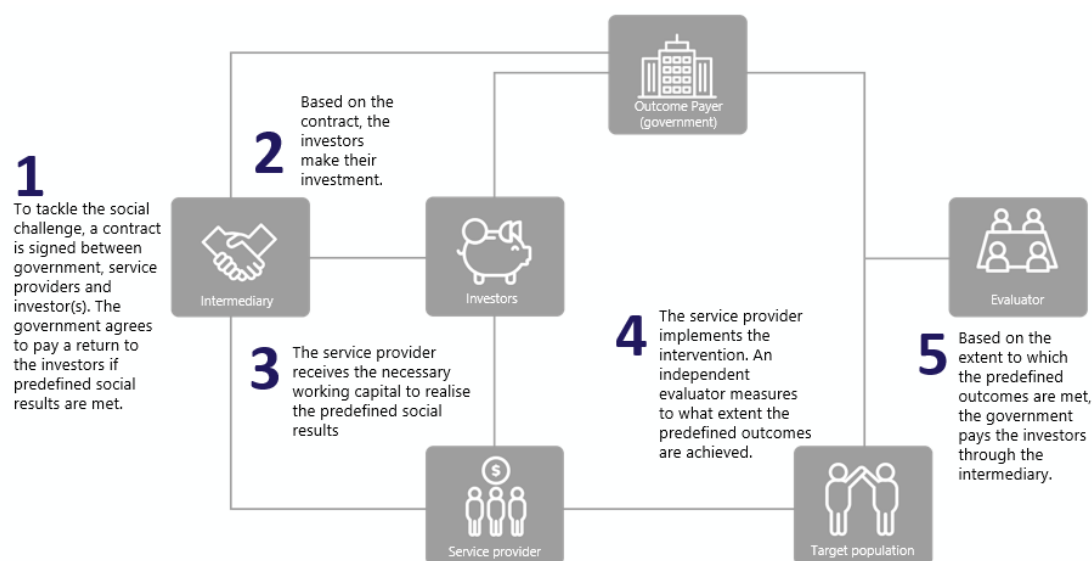


Figure No 7. A Social Outcomes Contract is a collaboration between private and public partners to ensure better outcomes.

An SOC is an innovative instrument to finance social interventions based on measurable outcomes for the targeted population. Often also described as a Social Impact Bond (SIB). In an SOC, an outcome payer (usually a government agency), an investor and a service provider (social enterprise or NGO) agree on targeted outcomes in advance. Subsequently, the investor provides working capital to the service provider to carry out an intervention. Based on an external evaluation of results, the outcome payer only pays for those results (outcomes) that are achieved. The investor thus carries the risk when the predefined outcomes are not achieved, yet also reaps the financial benefits in case of success.

### **Preliminary investment proposal**

The business case will be based on direct savings that will arise from better implementation of projects focused on care leavers. While the detailed business case for investment will be developed, improving care will lead to better outcomes, such as increased employment rates and reduced homelessness. This in turn leads to savings in public expenditure. These savings will come from areas such as reduction in social benefit payments, increase in income taxes paid and a reduction of child allowances.

The savings achieved through the project will be used to generate cashflow and repay investors, including a financial return when the project is successful. This leads to an investment opportunity that has both potential financial and social returns. The risk/return profile is yet to be determined, the criteria for which are also to be discussed in the interviews.

### **Why are we inviting you?**

For this SOC pilot project, we are looking to work with investors interested in social innovation and with an affinity for support to vulnerable children and youth. Therefore, we would like to invite you for an interview to hear your thoughts on the following topics:

- What is your experience in cooperating with government agencies and/or NGOs? Would you be able and willing to work with them in a SOC, and in what capacity?
- What would be your expected/required return of investment?
- Are there any criteria around the social topic, such as specific outcomes or domains that should be included or excluded, for you to be willing to participate in a SOC?
- Under what conditions are you willing to take the risk of losing (part of) the provided capital (e.g. probability of outcomes, presence of co-investors)?
- Are there any barriers to participating in a SOC? How can these be overcome?
- Are you able to release capacity within your organisation for coordinating this SOC?

## Annex 3 – One pager for service providers

*Please note that this one pager is used in the research phase of this feasibility study and may need updates in case of further use.*

### **SOCIAL OUTCOMES CONTRACT (SOC) PILOT PROJECT**

#### **Improving life outcomes for care leavers**

##### **Introduction**

The Ministry of Finance (MoF) has asked the European Investment Advisory Hub to look into the possibilities of a Social Outcomes Contract (SOC) pilot in Lithuania, for which the EIB has brought onboard the support of EY and Social Finance NL. This is part of the effort to promote social innovation and grow the social finance ecosystem in Lithuania. The SOC pilot project aims to improve life outcomes for young people who are leaving the care system. We are working together with the Ministry of Social Security and Labour (MoSSL).

For many care leavers there currently is no support available to guide them towards living independently and integrating in society, which leads them to lag behind in various life domains compared to their peers – such as housing, employment, education, and health. The SOC pilot project aims not only to provide support, but also to demonstrate how this support can lead to savings in public expenditure (e.g. social benefits and housing compensation).

##### **What is a Social Outcomes Contract?**

An SOC is an innovative instrument to finance social interventions based on measurable outcomes for the targeted population. Often also described as a Social Impact Bond (SIB). In an SOC, an outcome payer (usually a government agency), an investor and a service provider (social enterprise or NGO) agree on targeted outcomes in advance. Subsequently, the investor provides working capital to the service provider to carry out an intervention. Based on an external evaluation of results, the outcome payer only pays for the outcomes that are achieved. The investor thus carries the financial risk of not achieving the predefined outcomes.

##### **Why are we inviting you?**

For this SOC pilot project, we are looking to work with service providers committed to helping care leavers on their path towards adulthood. Therefore, we would like to invite you for an interview to hear your thoughts on the following topics:

- What does the current intervention you implement for care leavers look like?
- Would you be able to recruit care leavers for your programme and at what scale and/or locations?
- Can you demonstrate previous results of this intervention (track record)? How are they measured?
- Are there any barriers to participating in a SOC? How can these be overcome?

- Do you have experience in working with investors? Would you be able and willing to work with them in a SOC and in what capacity?
- Are you able to release capacity within your organisation for coordinating this SOC?

## Annex 4 – List of interviewed organisations

Organisation	Potential role in SOC pilot	Name of interviewee(s)
AC Patria	Service provider	Inga Rusinaite-Vaitkuviene
BaltCap	Intermediary	Simonas Gustainis
Caritas	Service provider	Donatas Nagumanovas
ESFA	Intermediary	Miglė Aleksonytė, Andrius Skardžius
INVEGA	Intermediary/ investor	Ausma Bartkutė, Inga Beiliuniene
Jonas Valančiūnas Foundation	Service provider	Lina Gedmintienė
Katalista Ventures	Intermediary/ investor	Phil Tulba
National Social Integration Institute	Intermediary	Monika Stankevičiūtė
Nemenčinės vaiku ir paauglių centras	Service provider	Jurga Pukiene
Open Circle Capital	Investor	Rokas Tamošiūnas
Open Lithuania Foundation	Intermediary	Sandra Adomavičiūtė
Projektų Igyvendinimo Grupė	Service provider	Kristina Jurjonė, Rita Radzeviciene
SOS Children's Village	Service provider	Virginija Pleckeviciene
The Order of Malta Relief Organization	Service provider	Gražydas Pavalkis
Visionary Analytics	Evaluator	Raimonda Mackevičiūtė

## Annex 5 – Current reach of service providers

County	Current reach of service providers
Vilnius	<p><b>Jonas Valančiūnas Foundation</b> has a day home for 12 teenagers (14-17 years old).</p> <p><b>Nemenčinės vaikų ir paauglių centras</b> provides housing for 8 teenagers (18-24 years old)</p> <p><b>Caritas</b> provides intensive support to around 30-35 young people annually, including to 6 people (16-26 years old) who live in a community house. In addition, 75-80 youngsters receive a lighter form of assistance from Caritas.</p> <p><b>SOS Children’s Village</b> provides housing to 11 young people (16-24 years old), mostly in their youth facility. In addition, they provide support to youngsters through an arrangement of semi-independent housing, which is available to 3 youngsters in Vilnius and 24 youngsters in dormitories throughout country. The third group that is supported are children in SOS families, of whom around 30 are 15+ years old.</p>
Alytus	-
Kaunas	<p><b>The Order of Malta Relief Organisation</b> is present in three regions in the country (Kaunas, Marijampolė and Telšiai), where they have a total of 16 day care centres that are accessible to all children and youth from vulnerable backgrounds or at risk. How many teenagers they serve here is not exactly known.</p> <p><b>AC Patria</b> provides housing to 10 people (18+ years old). Additionally, 60-70 care leavers attend their activities more consistently.</p>
Klaipėda	-
Marijampolė	The Order of Malta Relief Organisation provides support in this region.
Panevėžys	-
Šiauliai	-
Tauragė	-
Telšiai	The Order of Malta Relief Organisation provides support in this region.
Utena	-

Please note that **Projektų Igyvendinimo Grupė** currently has no project for care leavers. When they were providing these services (in 2019-2020), they were present in Tauragė, Kaunas, Klaipėda, Marijampolė, Šiauliai, Telšiai, and Utena. They had 87 youngsters who were provided accommodation through the project. In total they were serving 146 young people, with and without accommodation.

## Annex 6 – Project descriptions of service providers

### INTERVIEW AC PATRIA

Attendees: Inga Rusinaite-Vaitkuvieni (AC Patria), Miglė Petrauskaitė (Create Lithuania), Kristina Medziausyte (EY), Björn Vennema (SFNL), and Lisa Jansen (SFNL)

Date: 26 May 2021

Inga is coordinator at the independent education centre “Kitaip” situated in Kaunas. She has worked at the centre for nine years, supervises the team and works as a coach for several care leavers.

### Intervention and target group

- The centre provides services to young people who are still in care institutions, those who are leaving care, and those who have already left, from 16-29 years old. The centre has two main activities:
  - Providing **one-year housing** for care leavers from 18+ years old. Often, this housing serves as a bridge for those waiting for social housing provided by the state. Care leavers pay a symbolic fee. To be able to pay for their rent, they need to have a job or be supported by the state. During this year, they learn how to **live independently** and are supported by a **social worker**, which is an intensive learning and coaching process requiring compulsory attendance at certain activities, weekly budget checks and meet-ups with the rest of the group. The centre puts strong focus on continuity of support by one case worker (one focal point).
    - **Consultation services.** These services are based on needs, and care leavers who are not living in the centre can join all parts of the programme, such as job orientation workshops and 160-hours of job placements with potential employers. They also organise cultural events and summer camps and provide scholarships (EUR 50 p/m). Everyone who participates can be eligible for these scholarships based on attendance of the activities.
  - The following selection criteria apply for the housing services: 1) motivated to live in social housing, 2) willing to set goals and work on them throughout the year, 3) be clean or in rehabilitation.

### Scale

- There are **10 people** living at the centre. Each year, **60-70** care leavers attend the activities consistently, and around **100-120** attended at least one of the activities.
- Even though many care leavers need support, **enrolment** is a challenge, as the collaboration with care institutions can be difficult. The most effective channel to attract



care leavers is **through** their **friends** already enrolled with AC Patria. They also organise events and summer camps to actively motivate young people to join the programmes.

- Currently the services are provided mainly in the Kaunas region, where the headquarters of AC Patria are situated. The **main challenge** to scaling up is **human resources**, as there is a lack of youth workers, and the turnover must be low to ensure continuity.

### Track record

There is a track record of providing professional support. The centre has been providing these housing services and support since 2007.

### Measurement of results

- AC Patria **monitors the progress** of the young people in their programme. Care leavers in the social housing have three evaluation moments together with Inga and the case worker: at the beginning, after six months and after one year. It is compulsory to define goals together with the social worker to be eligible for the housing services.
- AC Patria is familiar with the Leaving Well outcomes framework. Two remarks:
  - It is important to choose amongst the life domains and narrow the scope.
  - The questions can work as a problem identifier and can be used as a working instrument as well.
- **After** they leave the housing, case workers **often stay in touch** through Facebook. Results date back to 2014. Around 16% disappear from their view.
- For the consultation services, setting targets in advance is more challenging, since building trust can take up to six months. In addition, the drop-out rate is high, which makes measuring more difficult.

### Organisational capacity

There is **sufficient organisational capacity** and **experience** to implement an SOC. If operations need to scale up, however, additional human resources and time to attract new case workers is required.

### Funding and working with investors

- **Funding** is a **challenge**. AC Patria has received grants from ESF and Norwegian donors, but these were always restricted to two to three years. They have also participated in a pilot programme from the municipality of Kaunas, for which they received a subsidy.
- The Municipality is providing some funding for the participants that are in social housing, but only if they are from the City of Kaunas.

- AC Patria has an employee **responsible for relationships with investors and sponsors**, who is also organising monthly meetings with investors to discuss challenges. Investors are also invited to visit the summer camps.
- The centre has experience working with **Kinderdörfer in Lithuania e.V**, a German investor. In addition, they engage in fundraising. The main topic for this investor is education, and they pay for scholarships in the case of school enrolment and regular attendance at activities.

### Conclusions

#### Strengths

- **Sufficient experience** as an organisation and to implement this particular intervention;
- **Capable of demonstrating previous results** to help build an investment case;
- **Capable of monitoring results.**

#### Potential risks and next steps

- **Scaling up** would require additional resources and time and in this case building up a new network in areas where they are currently not active.

## INTERVIEW CARITAS

Attendees: Donatas Nagumanovas (Caritas), Björn Vennema (SFNL), and Lisa Jansen (SFNL)

Date: 16 June 2021

Donatas has worked as a manager at Caritas for 10 years.

### Intervention and target group

- Caritas provides services to care leavers through their **Alternative Training Centre for Youth**. The youngsters are usually between **16-26 years** old. They provide **intensive support** to around **30-35 youngsters annually**. This includes providing housing for youngsters in a **community house**, where they are supported in their daily lives, finding employment and/ or education, and trained in social and financial skills and personal development. Ideally, these young people would spend up to three years here. The housing services started 18 years ago. In addition, around **75-80 youngsters** receive a **lighter form of assistance**. Caritas also has a safe space where young people can come during the day.
- At the outset, a case worker drafts a **life plan** together with the youngster, in which the goals of the youngster and how to achieve them are described. Every three months – or more frequently if needed – the plan is reviewed, progress is tracked, and domains of additional support are identified. Caritas has a flexible approach to tailoring the plan according to needs. For the organisation, **motivation** to move forward in life is the most important inclusion criterion to be eligible for support.

### Scale

- The community house is situated in **Vilnius** and provides room for **six youngsters**. The organisation has the **ambition to scale up** and find another apartment where youngsters can live with a lower level of support, just regular check-ins from case workers. Caritas has worked together with youth centres in rural areas to see if they would be able to establish this in partnership, as this would enable youngsters from rural areas to move to Vilnius where there are more job opportunities.
- The biggest **challenges** regarding scaling up would be **funding** and **finding qualified case workers**.

### Track record

Caritas has **longstanding experience** in providing support to care leavers. The housing services are in place for **18 years**.

### Measurement of results

- Caritas would be able to **show a track record** of output data (e.g., the number of participants, which activities, etc.). A more formal monitoring system is not yet in place, but Caritas is very **motivated** to adopt a framework for this.
- Regarding the **outcomes framework**, identifying **priority domains** for intervention would work. **Housing** would be the starting point, and secondly qualitative **relationships** (friends and family) are very impactful in the lives of care leavers. **Financial stability** is also the basis for enabling progress to be made in other domains, as debts are a huge burden to moving forward in life.
- In addition, as other NGOs have also emphasised, **individual targeted outcomes** would be preferred as the needs of care leavers vary significantly.

### Organisational capacity

There is **sufficient organisational capacity** and **experience** for implementing an SOC. If operations need to scale up however, additional funding and time is needed.

### Funding and working with investors

Caritas is mostly funded by EU funds, and 20-30% of their budget comes from municipalities. In their fundraising strategy, they also focus on non-monetary support, such as food and clothing. The organisation so far has little experience working with businesses.

### Conclusions

#### Strengths

- **Sufficient experience** as an organisation and to implement this intervention.
- Motivated to work with other **NGOs** and further improve **measurement of results**.

#### Potential risks and next steps

- The organisation has a strong network in Vilnius, but to **scale up** the operations to other areas would take some **time** and **additional financing**.

**INTERVIEW THE ORDER OF MALTA RELIEF ORGANISATION AND JONAS VALANČIŪNAS FOUNDATION**

Attendees: Gražydas Pavalkis (The Order of Malta Relief Organisation), Lina Gedmintienė (Jonas Valančiūnas Foundation), Eglė Došienė (Ministry of Social Security and Labour), Kristina Medziausyte (EY Lithuania), Björn Vennema (SFNL), Lisa Jansen (SFNL)

Date: 27 May 2021

Gražydas has much experience working with care leavers (he previously worked at SOS Children's Villages). Currently, he is the Head of the Children and Youth programme in the Order of Malta Relief Organisation. In the organisation, he is coordinating work in three regions throughout Lithuania: the Telšiai region, Marijampolė region and Kaunas city. They have 16 day care centres, accessible to all children, youth from vulnerable backgrounds or at risk.

Lina works at the Jonas Valančiūnas Foundation, which was established in 2017 with the aim of helping adolescents with behavioural challenges. A day home for teenagers was opened in 2018 in Vilnius City, which receives 12 teenagers (14-17 years old) daily, usually teenagers who are at risk, but it's open to anyone. Before this, Lina was working with Save the Children.

The Jonas Valančiūnas Foundation has been working together with the Order of Malta Relief Organisation since it started, because of their solid experience. Together, the two organisations have already tried to set up a centre for teenagers, applying for financial support from the ESF. However, this project funding was for projects up to six months, and they wanted to develop a project for two years.

**Intervention and target group**

- The project that is targeted for this SOC pilot is not yet running. This is partly due to a legal act that still needs to be passed and is under review at the Ministry of Social Security and Labour, consisting of a legal framework for NGOs on how to provide the services for care leavers. In addition, the intellectual property of the training methodology for social workers who will provide these services is currently still in the hands of SOS Children's Village. This has currently been settled, so that the organisation can still start providing the training.
- The methodology for training social workers was developed in 2016-2017 together with international partners and piloted in 40 municipalities in 2019-2020. The municipalities were satisfied with the services and would like to continue them, but after this pilot, the project ended because of a lack of funding and absence of a legal framework for the municipalities.
- The project consists of providing support services to teenagers from 16-24 years old, who are living in care institutions or who are living with care givers. For those from 18 years old onwards, the project also aims to provide housing to ensure a smooth transition into

adulthood. This is important, since young people from 20 years onwards receive minimal support from the government.

- This work is focused towards preparing them for living independently. Part of this support is drafting an independent living plan, in which target goals are set together with the care worker. These goals are monitored during the implementation of the project. In addition, the service will consist of support in study and job orientation with mentoring programmes for talent development.

### Scale

The Order of Malta Relief Organisation plans to implement the services in the three regions where they are already active: Telšiai, Marijampole and Kaunas. These first two regions are outside urban areas, where the service provision gap is larger than in cities.

### Track record

The organisation has a track record and good connections with the municipalities where they want to provide their services. They currently work together with 42 municipalities and cover the entire territory. This is an advantage, because the municipalities prefer to work with organisations that they are familiar with and which have a track record. The Order of Malta Relief Organisation also actively aims to build a network of organisations to ensure the continuity of care when young people move throughout the country.

### Measurement of results

Care leavers are monitored during the project.

### Organisational capacity

There is **sufficient organisational capacity** and **experience** for implementing an SOC. Grazydas would coordinate this project and train the social workers of the Order of Malta Relief Organisation who would provide these services. The Jonas Valančiūnas Foundation can provide the services to Vilnius City.

### Funding and working with investors

- The Order of Malta Relief Organisation currently has a close partnership with Lidl. The funding they receive is used for developing activities, ensuring the quality of services, and supervision for employees. Reporting is done quarterly.
- They are in contact with other businesses (such as Girteka, IKEA and others), but these partnerships are usually more short term, e.g., summer camps or specific projects. There are also investors who provide non-financial support, e.g., by having their employees help care leavers with job orientation and potentially organise job placements.
- The Jonas Valančiūnas Foundation is a self-sustaining fund, operating from the incomes of the advertisements of Jonas Valančiūnas. In addition, they also have a partnership with Lidl, through which care leavers can have a reduction on their grocery expenses.

- However, it can be challenging to find investors, as there are very few businesses that feel affiliated with the target group. The most common way to raise funds is through their own network of organisations.

**Conclusions****Strengths**

- Strong experience as an organisation and to implement this intervention.
- Strong network amongst the municipalities (outcome payers).
- Capable of monitoring results and communicating about them.

**Potential risks and next steps**

- The proposed intervention **is not running yet**, and it is unclear how soon the legal act will be passed which allows this project to be implemented.

**INTERVIEW NEMENČINĖS VAIKŲ IR PAAUGLIŲ CENTRAS**

Attendees: Jurga Pukiene (Nemenčinės vaikų ir paauglių centras), Karolina (Nemenčinės vaikų ir paauglių centras), Björn Vennema (SFNL), and Lisa Jansen (SFNL)

Date: 21 May 2021

Jurga is the director of the Nemenčinės vaikų ir paauglių centras, and Karolina works as a project manager.

**Intervention and target group**

- The project consists of providing housing and support services to teenagers from 18-24 years old. There are no selection criteria to enter the apartment, and participants can come in from other regions as well, but motivation is an important factor. Participants can stay until they turn 24 years, but usually they leave earlier (it is voluntary), on average after two years. Usually, youngsters with more special needs stay for the full six years.
- This work is focused towards preparing them for living independently, which means that they need to take care of their apartments themselves, and they pay a proportional rent and communal taxes. When a new teenager moves in, a life plan is drafted together with the case worker, covering different life domains: work, studies, health, social well-being, financial stability, relationships and positive leisure activities. They also set the goals that they want to achieve and the steps to be taken to get there. Which domains are covered, depends on the participant. Each year this plan is evaluated and updated.

**Scale**

- The apartment is situated in Vilnius and provides housing to eight teenagers and one case worker. Currently, they are only working in Vilnius City and Vilnius district, since work and study is mostly situated here. The organisation also has its network here.
- The organisation would be able to scale up to other cities, but additional financing is needed to transfer the operations. To find a location and qualified case workers that also need training, and thereby ensure the quality of services, would also take some time.

**Track record**

The organisation has a track record, and the centre has already worked together with the MoSSL in an earlier project focused on helping care leavers towards living independently, in which 22 teenagers participated, of whom five dropped out of the project.

**Measurement of results**

- The organisation has monitored and measured its results and would be able to provide a track record of the results.
- During the project, the life plan provides the basis for monitoring and measuring the results annually. It is a living document, which means that the case worker and participant



can decide upon which areas are important. Therefore, the organisation can demonstrate how many teenagers found a job and were able to rehabilitate.

- After leaving the project, there is no formal monitoring of former participants after they move out, but informally case workers try to stay in touch, particularly through social media.
- During our conversation, a couple of issues were particularly stressed when it comes to measuring the results for this SOC.
- Individual targets are very important, and it is not recommended to set the same goals for everyone, such as work or education, because each participant has its own path and own “successes”.
- External factors can play a large role in achieving results. Therefore, it would be recommended to monitor during the project and not only carry out an end evaluation, since the progress of the participants can fluctuate significantly. An annual evaluation would be recommended if ‘rehabilitation from addiction’ would be a targeted outcome, and it is very important to differentiate between different types of addictions, because the difficulty to achieve results really varies.
- Measurement must be proportional, and easily implementable in day-to-day operations. There is sufficient organisational capacity and experience for implementing an SOC. If operations need to scale up however, additional funding and time is needed.

#### **Funding and working with investors**

- Currently, the organisation is self-sustainable and engages in fundraising. They receive additional funding from the municipalities in case a teenager is studying or working.
- The organisation has experience working with one investor who would provide funding for the educational achievements.
- However, in general, it is not common for investors to fund certain projects more sustainably and long term. It is difficult to say how willing investors are to engage, especially since an important trigger would be the return on investment, which cannot be demonstrated yet.

#### **Conclusions**

##### **Strengths**

- Sufficient experience as an organisation and to implement this particular intervention;
- Capable of demonstrating previous results to help build an investment case;
- Capable of monitoring results and communicating about them.

**Potential risks and next steps**

- The organisation has a strong network in Vilnius, but to scale up the operations to other areas would take some time and additional financing.

## INTERVIEW PROJEKTŲ IGYVENDINIMO GRUPĖ

Attendees: Kristina Jurjonė (Projektų Igyvendinimo Grupė), Rita (Projektų Igyvendinimo Grupė), Björn Vennema (SFNL), and Lisa Jansen (SFNL)

Date: 31 May 2021

Kristina is the director of PI Group, and head of the Independent Living Project (Palydimosios globos projektas) that was run from February 2019 until February 2020. PI Group is a company that provides counselling and training for individuals and groups from socially or economically disadvantaged backgrounds, struggling with mental health issues, and families with disabled children, as well as training for psychologists, social workers, teachers, parents, etc.

### Intervention and target group

- The project consisted of providing services to three different target groups between 14-24 years old: 1) young people from 14-17 years old preparing for independent living (very small group), 2) young people who had a place to live but needed additional assistance (mostly referred by official care institutions, but also families at risk), and 3) young people – mostly 18+ years old – for whom PI Group provided housing. This third group totaled 95 youngsters, both from institutional care and families at risk. Around 30% lived with close relatives (sisters/ brothers) and 70% lived alone.
- The work was focused towards **acquiring independent living skills**. At the beginning of the project, a **life plan** was drafted together with the **case worker**, covering different life domains. The case worker visited the participant in their flat, usually twice a week, but some needed more support. They learned how to take on responsibility for administrative and financial issues, but also to improve their overall well-being, and to become active agents of their own life.
- The duration of the project was **one year**. However, to acquire independent living skills, more time is needed.
- An important selection criterion was **motivation** to move forward in their lives. Drug addiction or rehabilitation would be an exclusion criterion for a future project. In addition, to be able to stay in the project, the youngsters need to either be **in school** or have found **a job within three months** of the start of the project.
- As this intervention did not have joint apartments with a case worker present, it was less suited for youngsters that need more intensive support. The municipalities, however, are generally more focused on referring those whose needs are more complex, such as NEETs. This is something to work on further in a potential SOC project.

### Scale

The project ran in seven counties throughout Lithuania: **Taurages, Kauno, Kaipėdos, Marijampolės, Šiauliai, Telsiai, Utenos**, which in total provided services to **146 young people**, with and without accommodation. For the 87 youngsters who were supported with housing (third group), they rented 53 flats.

### Track record

PI Group had no track record when they started with this particular intervention in 2019. **However**, they have a **track record** of providing services to **various vulnerable target populations**.

### Measurement of results

During the project, progress was tracked by case workers on an individual basis, based on the Independent Life Plan.

The organisation has measured its results. After the end of the project, the case workers drafted a progress report, including recommendations for the future. After the end of the project, PI Group also measured whether the youngsters were able to rent the flat by themselves, continued their studies and/ or had work, were able to live independently and/ or needed further assistance.

After the project, there is no formal monitoring of former participants, but informally case workers try to stay in touch.

### Organisational capacity

- PI Group consists of experts from different fields, such as psychologists and social workers. Their headquarters are based in Klaipėda, but they have offices in other parts of the country as well. In this project, they were both working with their own employees as well as with external partners to provide the services throughout the seven counties.
- A factor to keep in mind is that it was at times challenging to find sufficient participants. This was partly due to the time it took for the municipalities to get familiar with the project. Some counties were less actively involved in referring young people in care to the project.

### Funding and working with investors

- The project was funded by Children's Rights Services, which had received funding from European funds.
- PI Group has no experience so far with investors as the project was already funded and did not require involvement of investors.

### Conclusions

#### Strengths

- PI Group has a strong track record providing services to various disadvantaged groups.

- The intervention that was run earlier was **at scale**, and PI Group was able to **work together** with external partners as well.

**Potential risks and next steps**

PI Group does not have a long track record for this particular intervention.

## INTERVIEW SOS CHILDREN'S VILLAGE

Attendees: Virginija Pleckeviciene (SOS Children's Village), Simona Uvarovaitė (Create Lithuania), Björn Vennema (SFNL), and Lisa Jansen (SFNL)

Date: 2 June 2021

Virginija Pleckeviciene has been working for SOS Children's Village since 2012.

### Intervention and target group

- SOS Children's Village has three types of arrangements for **young people (16+)**:
- **SOS families**: currently 65 children in total, 45% of them are 15+ years.
- **Youth facility**: for 18- and 18+ years old, with a focus on working towards independence. A pedagogue or educator lives with the youngsters. Currently eight youngsters live in the youth facility.
- **Semi-independent housing**: this service is the result of a pilot project in 2017. The pilot project was targeted at care leavers, and youngsters from other vulnerable situations. In Vilnius, three young people can live in this flat (with accommodation provided), and another 24 youngsters live in dormitories or other rental facilities throughout the country (without accommodation provided)
- There are no age requirements for living in the youth facility and semi-independent housing. Youngsters are eligible for the semi-independent living project when they leave care and SOS Children's Village thus is not their legal guardian anymore. They can stay until 24 years old, but usually youngsters leave around 21-22 years old.
- To be eligible for the services, motivation is the most important criterion. With young people in all three arrangements, an **individual development plan** is drafted. At the beginning, the case manager, youngster, and if applicable the care giver, identify in which of the five major life domains the youngster is already strong and where support is needed (health and emotional well-being, education, identity, social and life skills, and relationships). There is a strong focus on ownership of the development plan by the youngster.
- The support provided in **all three arrangements could be included in an SOC pilot** project. Preparation towards living independently starts at 15-16 years old, so intervening at this age is a priority (preventive action).

### Scale

- Annually, SOS Children's Village provides services to **30-35 youngsters**. Most of the services are provided in Vilnius, Varena district, Alytus district, Alytus city, Siauliai and

Klaipeda. There is no foreseeable problem with scaling up. After care services are mostly provided in Vilnius and Siauliai.

- Willingness of the **municipalities** to cooperate is needed to scale up. SOS generally has their trust, so this is not perceived as a big issue.
- During our conversation, Virginija mentioned a few more general challenges to keep in mind when developing the intervention:
  - **Case workers** are difficult to find, so take time to organise this.
  - For youngsters in care, after care services are more common, but for the target group outside the care system, **awareness** of the availability of these services needs to be raised, and **trust** needs to be built.
  - The **municipalities** need to **familiarise** themselves with the SOC pilot project, especially regarding qualitative outcomes.
  - Time is needed for the municipalities and NGOs to develop their cooperation, define the planning and ensure the budgets.
  - When the SOC includes different implementing organisations, time should be taken to ensure **similarity of intervention** and to avoid fragmentation of the outcomes targeted.

### Track record

**The organisation has a track record** and good connections with the municipalities in which they provide their services. SOS Children's Village has been active in Lithuania for almost 30 years (since 1993). The first youth facility was established in 2001.

### Measurement of results

- The organisation has monitored and measured its results and would be able to provide a track record of the results.
- Success is defined when at least two of the three following criteria are met: **1) stable housing, 2) in employment, 3) enrolled in education.**
- **Monitoring** is done every quarter, there is an **end of year review**, and a **core assessment** which is also done annually. In these reviews, progress in the above-mentioned domains is tracked. A maximum of three or four areas are covered.
- There is always an **exit assessment**, no longer than six months after the end of the project, to evaluate the status of independence or whether additional support is needed.

### Organisational capacity

- There is **sufficient organisational capacity** and **experience** for implementing an SOC. If operations need to scale up however, additional funding and time is needed. This also includes time to raise awareness amongst care givers, case workers, youngsters and the municipalities.
- SOS Children's Village has experience cooperating with various NGOs. While developing the SOC, a local network and trust are key when selecting an NGO.

### **Funding and working with investors**

Since 2020, SOS Children's Village Lithuania has been self-sustainable, so most funding comes from the state budget or the municipalities (until leaving care). The other part is fundraising. The organisation is currently working with 400 companies, including banks, which are donating or running social initiatives, and previously with DHL and Statoil/ Circle K, which was mainly based on training youngsters about entrepreneurship and providing mentorship in the workplace.

### **Conclusions**

#### **Strengths**

- **Sufficient experience** as an organisation and to implement this particular intervention;
- **Capable of demonstrating previous results** to help build an investment case;
- **Capable of monitoring results** and communicating about them.

#### **Potential risks and next steps**

- Similar to other NGOs, SOS Children's Village would need time and additional financing to **scale up** the operations.



## Annex 7 – Questionnaires Outcomes Framework

### 1. HOUSING

TARGET OUTCOME: YOUNG PEOPLE HAVE ACCOMMODATION WHICH IS STABLE, SAFE AND APPROPRIATE FOR THEIR NEEDS

This domain focuses on the suitability and stability of housing. Indicators are in line with current legislation regarding housing suitability in general and the needs of care leavers. The core metric for this domain is the suitability of accommodation, which is an essential part of positive housing outcomes.

SCORE RANGE: MIN: 0 MAX: 16

Indicator code/ questions to capture	Data source	Response	Scoring
<b>H1 Is the young person in suitable accommodation?</b>			
Does the young person have his or her own bedroom (or bedroom with partner)? Children under the age of 10 should not be accounted for; bedrooms, as well as living rooms, should be counted.		YES NO	1 0
Are there enough facilities provided for the number of people who will be sharing the house? At least 1 bathroom and 1 WC (can be combined) must be available for 4 people.		YES NO	1 0
Is the property heated? This includes central heating and other equipment for heating.		YES NO	1 0
Is there access to utilities and services? (e.g. hot water, electricity, telephone).		YES NO	1 0
Is the accommodation secure? (e.g. burglar alarms, locks on the windows, young person’s door can be locked).		YES NO	1 0
Is housing support suitable for young person’s assessed need?		YES NO	1 0
Does the young person understand the nature of their rights and responsibilities set out in the tenancy agreement?		YES NO	1 0
Has the tenancy been independently scrutinised and the young person provided with independent advice about the implications of accepting this tenancy?		YES NO	1 0

Does the young person understand how the position of accommodation and related support is intended to respond to their assessed needs as set out in their pathway plan?		YES NO	1 0
Where accommodation is to be provided in a domestic setting (not with former foster carers), have hosts been selected, assessed and trained?		YES NO	1 0
<b>H2 Does the young person have sufficient income to cover their rent?</b> As outlined by the Minimum Income Standard produced by the Joseph Rowntree Foundation.		YES NO	1 0
<b>H3 Has the young person been in the same accommodation for 12 months or longer?</b>		YES NO	1 0
<b>H4 Does the young person feel safe in their accommodation?</b> This is a subjective judgment.		YES NO	1 0
<b>H5 Is the accommodation convenient for commuting?</b> This is a subjective judgment.		YES NO	1 0
<b>H6 Is the accommodation convenient for amenities?</b> Accommodation should be within suitable distance of grocery shops, schools and doctor’s surgery. This is a subjective judgment.		YES NO	1 0
<b>H7 Are local authorities providing sufficient and appropriate resource to enable the young person to meet housing requirements, in line with their individual needs and pathway plan?</b> This is a subjective judgment		YES NO	1 0

## 2. HEALTH AND WELLBEING

TARGET OUTCOME: YOUNG PEOPLE HAVE GOOD PHYSICAL, EMOTIONAL AND MENTAL HEALTH

The indicators in this domain establish the prevalence of physical, mental and emotional health needs and enable practitioners to understand whether these health needs are being identified and treated. Indicators are in line with current NHS health guidance and annual checks. The core metric of this domain requires the young person to self-complete the 14-item WarwickEdinburgh Mental Wellbeing Scale (WEMWBS).<sup>41</sup>

SCORE RANGE: MIN: 0 MAX: 9

<sup>41</sup> Available online through: [http://www2.warwick.ac.uk/fac/med/research/platform/wemwbs/wemwbs\\_14\\_item.pdf](http://www2.warwick.ac.uk/fac/med/research/platform/wemwbs/wemwbs_14_item.pdf)

Indicator code/ questions to capture	Data source	Response	Scoring
<b>HW1 What is your WEMWBS score?</b> Young person should self-report on this metric without the presence of a professional.		WEMWBS score	If $\geq 41$ , 1 If $< 41$ , 0
<b>HW2 Is the young person of a clinically healthy weight?</b> A clinically healthy weight is indicated by a BMI within the range of 18.5 and 24.9.	Pathway plan <sup>42</sup>	YES NO	1 0
<b>HW3 Have individual health needs been identified?</b> This includes physical, mental and emotional health.	Pathway plan	YES NO	1 0
<b>HW4 Has the young person had a full health check by a GP in the last 12 months?</b> This includes physical, mental and emotional health.	OC3 data	YES NO	1 0
<b>HW5 Is the young person receiving appropriate support and/or treatment for a diagnosed physical, mental or emotional health need?</b> Appropriate support from a mental and physical health professional for a diagnosed need must be judged on a case by case basis and depends on the individual needs and if the subsequent treatment is timely and appropriate. Skip metric if young person has completed a full health assessment within the last 12 months and no physical, mental or emotional health needs were diagnosed.	LAC Nurse if under 18 or GP if over 18	YES NO	1 0
<b>HW6 Does the young person smoke?</b> This answer has been reverse scored.		NO NON-DAILY DAILY	1 0 0
<b>HW7 Does the young person feel physically fit?</b> This is a subjective judgment.	Pathway plan	YES NO	1 0
<b>HW8 Has the young person undergone a Chlamydia test within the last 12 months?</b> Skip metric if young person is not sexually active.		YES NO	1 0
<b>HW9 Are local authorities providing sufficient and appropriate resource to enable the young person to have their health assessed and/or treated, in line with their individual health requirements and pathway plan?</b> This is a subjective judgment		YES NO	1 0

<sup>42</sup> The pathway plan is similar to the Independent Life Plan.

### 3. RELATIONSHIPS

TARGET OUTCOME: YOUNG PEOPLE HAVE LONG-TERM RELATIONSHIPS THAT ARE POSITIVE, TRUSTING AND SUPPORTIVE

This domain captures information on the quantity and quality of young people’s social networks. Relationships are of high importance among looked after children, care leavers and young people in general. Positive relationships are a protective factor and have been shown to positively influence other aspects of a young person’s life, including their overall wellbeing. The core metric of this domain surrounds the frequency of family contact, although this is only to be recorded if such contact is deemed as suitable.

SCORE RANGE: MIN: 0 MAX: 8

Indicator code/ questions to capture	Data source	Response	Scoring
<b>R1 How often does the young person have contact with their family?</b> Skip metric if contact with family is deemed inappropriate	Pathway plan	DAILY WEEKLY MONTHLY	1 1 0
<b>R2 Does the young person have a good quality of contact with their family?</b> Skip metric if contact with family is deemed inappropriate.		YES NO	1 0
<b>R3 Does the young person have a trusting relationship with an adult?</b> This is a subjective judgment.		YES NO	1 0
<b>R4 Does the young person have a positive support network?</b> This is a subjective judgment	Pathway plan	YES NO	1 0
<b>R5 Can the young person rely on others?</b> This is a subjective judgment.	Pathway plan	YES NO	1 0
<b>R6 Can the young person trust others?</b> This is a subjective judgment.		YES NO	1 0
<b>R7 Is the young person in a happy relationship?</b> This is a subjective judgment. Skip metric if young person is not in a relationship		YES NO	1 0
<b>R8 Are local authorities are providing sufficient and appropriate resource to enable the young person to maintain positive support networks and relationships, in line with their individual needs and pathway plan?</b> This is a subjective judgment.		YES NO	1 0

**4. POSITIVE ACTIVITIES**

TARGET OUTCOME: YOUNG PEOPLE PARTICIPATE SOCIALLY IN THE PURSUIT OF THEIR TALENTS AND INTERESTS

This domain measures participation in positive activities. There is a wealth of research citing the importance of positive activities amongst young people. An important indicator to measure positive community participation is the frequency of young people’s engagement in activities. The core metric of this domain focuses on the quantity of physical activity completed by a young person per week, which should be in line with the National Standards for Positive Activities.

SCORE RANGE: MIN: 0 MAX: 5

Indicator code/ questions to capture	Data source	Response	Scoring
<b>P1 Does the young person have access to at least two hours per week of physical activity?</b> This can be provided through national curriculum and leisure-time activities as outlined in the National Standards for Positive Activities (Department for Education).		YES NO	1 0
<b>P2 Does the young person have access to at least two hours per week of other constructive activities in clubs, youth groups and classes?</b> As outlined in the National Standards for Positive Activities (Department for Education).		YES NO	1 0
<b>P3 Does the young person have the opportunity to make a positive contribution to their community?</b> This is a subjective judgment		YES NO	1 0
<b>P4 Is the young person aware of positive activities available to them?</b> This is a subjective judgment.		YES NO	1 0
<b>P5 Are local authorities are providing sufficient and appropriate resource to enable the young person to participate in positive activities, in line with their individual needs and pathway plan?</b> This is a subjective judgment.		YES NO	1 0

## 5. FINANCIAL STABILITY

TARGET OUTCOME: YOUNG PEOPLE HAVE SUFFICIENT INCOME AND ARE ABLE TO MANAGE THEIR FINANCES

These indicators capture the financial situation of a young person and identify any monetary issues that need to be addressed. It is evident that looked after children and care leavers are often severely economically disadvantaged, compared to young people from private households. The core metric concerns a young person’s financial situation in terms of being able to afford items considered essential by the Minimum Income Standards (MIS); the MIS calculator<sup>43</sup> should be used to determine this on a case-by-case basis.

SCORE RANGE: MIN: 0 MAX: 5

Indicator code/ questions to capture	Data source	Response	Scoring
<b>F1 Does the young person have a bank account?</b>	Pathway plan	YES NO	1 0
<b>F2 Does the young person have sufficient income to pay for essential items?</b> As outlined by the Minimum Income Standard	Pathway plan	YES NO	1 0
<b>F3 Is the young person free from any debts or arrears?</b> This does not include student loans	Pathway plan	YES NO	1 0
<b>F4 Does the young person meet all the obligations of their debt provider?</b> Skip metric if young person does not have any debts	Pathway plan	YES NO	1 0
<b>F5 Does the young person feel confident managing their money?</b> This is a subjective judgment.	Pathway plan	YES NO	1 0
<b>F6 Are local authorities providing sufficient and appropriate resource to enable the young person to maintain their finances, in line with their individual needs and pathway plan?</b> This is a subjective judgment		YES NO	1 0

<sup>43</sup> Available online through: [www.minimumincome.org.uk](http://www.minimumincome.org.uk)

## 6. EMPLOYMENT, EDUCATION AND TRAINING

TARGET OUTCOME: YOUNG PEOPLE ARE IN APPROPRIATE EDUCATION, TRAINING OR EMPLOYMENT WHICH SUPPORTS THE ACHIEVEMENT OF THEIR GOALS

This domain focuses on the current EET status of a care leaver, as well as other factors that enable young people to develop academically and professionally. Education is an important domain and should be considered as part of their general welfare. This domain presents two core indicators relating to education and employment which show the young person’s current EET status.

Indicator code/ questions to capture	Data source	Response	Scoring
<b>EET1 Is the young person enrolled in further/higher education, including apprenticeships?</b> Skip metric if young person is in employment.	Pathway plan	YES NO	1 0
<b>EET2 How long has the young person remained in continuous employment?</b> Skip metric if young person is currently in education or NEET.		52 WKS 26 WKS 13 WKS <13 WKS	3 2 1 0
<b>EET3 Does the young person have GCSE (or equivalent) qualifications in Maths and English?</b>	Pathway plan	YES NO	1 0
<b>EET4 Does the young person have a plan to obtain Maths and English qualifications of at least Functional Skills Level 1?</b> Skip metric if young person has an A*-C GCSE in Mathematics and English.	Pathway plan	YES NO	1 0
<b>EET5 Has the young person undertaken paid or non-paid work experience?</b>	Pathway plan	YES NO	1 0
<b>EET6 Has the young person seen a careers advisor at least once in the last month?</b> Skip metric if young person is currently in full-time EET		YES NO	1 0
<b>EET8 Does the young person feel their employment is of good quality?</b> (e.g. relationship with employer enables progress towards long-term goals) This is a subjective judgment.		YES NO	1 0
<b>EET9 Are local authorities providing sufficient and appropriate resource to enable the young person to participate in education, employment or training, in line with their individual needs and pathway plan?</b> This is a subjective judgment.		YES NO	1 0

## Annex 8 – Individual maximum scorings

For the following domains, the maximum scorings depend on individual circumstances:

- EET: depending on whether the participant is studying, working or NEET, and whether the participant wants to obtain Maths and English qualifications, maximum scorings can range from 6-9.
- Health and well-being: maximum scorings range between 7 and 9, depending on whether the young person has completed a full health assessment within the last 12 months or not, and whether the young person is sexually active or not.
- Relationships: maximum scorings range between 5 and 8, depending on whether contact with family is deemed inappropriate or not, and whether the young person is in a relationship.
- Financial stability: depending on individual circumstances, the question on meeting obligations of the debt provider may not be applicable. This means that maximum scorings range between 5 and 6 points.



## **Annex 9 – Financial business case**

Please find the financial business case in the excel file attached to this report.

## Annex 10 – Interview notes potential investors

### INTERVIEW KATALISTA VENTURES

Attendees: Phil Tulba (Katalista Ventures), Jonas Laniauskas (MoSSL), Björn Vennema (SFNL), and Lisa Jansen (SFNL)

Date: 9 July 2021

Phil Tulba is a partner at Katalista Ventures (KV). He joined KV last year, and he has his own consultancy company *Tulbos konsultacijos*, focusing on business consulting, coaching and training, and research and evaluations. Phil is quite familiar with the SIB structure.

### Introduction Katalista Ventures

Katalista Ventures is the first triple top line (TTL) hybrid start-up accelerator and fund in the Baltics. They provide start-up consultancy and training, early-stage venture acceleration and scaling, and high-impact venture investing for businesses that focus on people, planet and profit. The Triple Top Line Assessment is a tool that helps businesses evaluate their impact on People, Planet and Profit, and find areas to improve while remaining true to their business values. They work together with very early-stage entrepreneurs and early start-ups, and become members of their team, mentor and support them, match them with potential investors, and introduce them to their networks. In some of these start-ups, KV also makes investments. They work together with the National Institute for Social Integration on building the infrastructure and capacities for social enterprises and NGOs by providing training. In addition, they work on a Social Finance project together with 70 Ventures, aimed towards developing a social finance instrument in Lithuania.

### Role in an SOC

- Katalista Ventures is **open-minded to participating** in an SOC: they can raise capital through their network of individual philanthropists, and they are also willing to invest from their profits.
- As an **investor**, they usually come in on a convertible note, and their **usual ticket size** is between **5-40k**. They are able to translate that into equity later on. For example, KV is working with the accelerator and venture capital fund [Startup Wise Guys](#), where KV co-invests for 40-50k. The total investment will be around 200k, but then Wise Guys does the due diligence and contracting. For the SIB, **co-investment** would be an option.
- Depending on the size and scale of the SIB, KV could also take on the **role of an intermediary or fund manager**. They are delivery partners as well, and they have experience with impact measurement. If and how to take up this role would require further thought, because of the potential conflict of interest
- KV is quite comfortable with a **high degree of risk**, since they also work as a pre-seed investor, where they invest 5-40k, and the ROI is relatively unpredictable. But that is an

equity investment. For bonds, however, they would expect a more specific return within 3-5 years. Depending on the **numbers**, the **theory of change**, the **quantitative** and **qualitative milestones**, this would **impact their position towards investing**.

- KV would consider **indirectly investing**, through an intermediary, in service providers (more like an outcomes fund) if that model would be chosen. It would need to do its own risk analysis based on the initial model of the SIB to decide its level of appetite for risk.
- Within the Social Finance project, there is a clear distinction of roles between 70 Ventures and KV. Upon finishing this project next year, **they are looking to establish a non-profit**, which focuses on non-financial support, community development and soft loans, which are more the support schemes for NGOs, whereas KV's work would focus on social investments and social outcomes financing, and they'll be looking at **start-ups and business**.
- Within this project, they are also **mapping the finance landscape** in Lithuania, where they evaluate the appetite for risk and what financing methods would be preferred. Participants come from their network and include e.g., foundations, international NGOs, Nordic funds, etc. Intermediaries, however, are not mapped specifically, although they do look at organisations which could build capacities and help enterprises become investment ready. They aim to derive these insights from a survey, which is expected to be sent out in September/the beginning of October. While that is past the deadline for the SOC feasibility study, it is important to stay in touch with Jonas to see if there can be alignment towards the SOC.
- The spectrum of investors is broad. It is expected that there will be investors who would expect the **government to leverage** money, so the investment would be derisked, but also investors who would prefer to work with other private investors.
- [Civitta](#) could also be a **potential intermediary** that could be looked at for the SOC.

## INTERVIEW INVEGA

Attendees: Ausma Bartkutė (Invega), Neringa Morkveniene (Ministry of Finance), Inga Beiliuniene (INVEGA), Björn Vennema (SFNL), and Lisa Jansen (SFNL)

Date: 16 June 2021

### Introduction INVEGA

INVEGA manages financial instruments to help entrepreneurs start or expand small or medium-sized enterprises by providing soft loans, guarantees for loans and leasing, partial financing of loan interests and granting business start-up subsidies, compensation for the costs of employee training or consultation services and creating and managing equity instruments. INVEGA is a national promotional institution (public) appointed by the Lithuanian government to take responsibility for implementing different financial instruments and support schemes for SMEs, but also for larger companies. Usually, INVEGA acts as a fund of funds (FoF) manager, in which they have mandates from different ministries: the Ministry of Economy and Innovation, Ministry of Social Security and Labour, Ministry of Defence and Ministry of Transport and Communication. As a fund of funds manager, they cover the entire spectrum of equity funds: acceleration funds, co-investment funds, seed and VC funds, development funds, and larger funds, such as the Baltic Innovation Fund. They apply different instruments, such as loans and risk capital. INVEGA thus does not invest its own money but gets a mandate from the Ministries to manage their budget.

### Oversight and management of service providers

- The organisation works as a fund of funds manager, but acts as an investor. They rarely invest directly in companies. Typically, they select fund managers for the GP role and then provide capital to those fund managers. Acting as an LP in those funds and delegating the responsibilities/tasks to the selected GP.
- INVEGA is mostly a fund of funds manager, but there are some exceptions, such as the Coinvest Capital Fund (equity fund). Here INVEGA established their subsidiary as a general partner of the fund, which runs the fund, and INVEGA invests in the fund as a Limited Partner (LP).
- In almost all of the funds (except the Baltic Innovation Fund), INVEGA is an LP, and the cornerstone investor of the fund.
- INVEGA can provide loans to business entities directly, or indirectly through intermediaries, such as banks. INVEGA can also provide guarantees.
- The daughter company can decide whether INVEGA will invest, and makes investments on behalf of the equity fund, where INVEGA is the sole LP.

### Cooperation with the public sector

- INVEGA is different from SITRA in Finland in the sense that INVEGA does not have their own money whereas SITRA is organised more independently from the government. If the

Ministry decides to increase the share capital, INVEGA would be able to make investment decisions.

- When selecting service providers, in some cases INVEGA does not have to go through public procurement. It can launch a call for an Expression of Interest. In the case of equity instruments, INVEGA is buying securities, not services, so has less restrictions.
- For a SOC, they are unsure whether the fund manager can be selected without public procurement, as the exemption does not always apply, and they would need to check with legal/procurement experts.
- It might be best to select the intermediary through public procurement, as that intermediary can then be much more flexible in selecting service providers and investors.
- While INVEGA could potentially be the intermediary themselves, they are a public institution and should have to buy the services of service providers through public procurement and it would make more sense to have a private actor as the fund manager.

#### **Raising capital from investors**

- INVEGA has no experience raising capital from private investors themselves.
- For most of the funds where INVEGA acts as an LP, additional private capital was attracted by the fund managers. They have for example selected Open Circle Capital to manage one of the VC funds, but then Open Circle Capital raised additional capital from private investors.
- Open Circle Capital cannot invest in SOCs, but is running a project dedicated to social innovation. 70 Ventures has some relationships with that project as well, but is also managing two accelerator funds. Again, they are probably not able to invest in SOCs, but might be able to suggest other investors that could. However, they are just the fund managers. They raise capital from INVEGA and private investors, and run the fund. But don't have money to invest themselves.
- Most of the funds invest in normal businesses and not SOCs. Risk capital is different from a SOC. Therefore, investors are probably different. It can be structured with philanthropy as well, as the main target is not to earn a lot of money, but to have an impact.
- It is expected that investors in an SOC are not traditional investors. Taking a look at Finland. Investors are the EIF, the Orthodox Church and SITRA itself. Those are not traditional investors.
- For Lithuania, it might be interesting to start with the bigger companies, which would partially invest for publicity/CSR considerations. Examples would be Maxima or Lidl. But this needs to be investigated, as we don't know what their requirements would be.

## Role in an SOC

- When comparing to the situation in Finland with SITRA and then EPIQUS as the fund manager, INVEGA is more like SITRA, as a public institution. EPIQUS is a private actor, very much like the fund managers that are being selected by INVEGA.
- INVEGA could only operate like SITRA if they would be mandated by the MoSSL to invest in a fund manager for an SOC. This decision needs to be made at the ministry.
- Another option to invest in an SOC or fund manager, would be if the share capital of INVEGA would be increased to allow INVEGA to invest. This would also be a policy decision.
- INVEGA would need to find an intermediary in the Lithuanian market. Currently such an organisation does not exist yet, but bigger private fund managers might be interested in expanding in this field.
- They have spoken with a PE fund manager, Balt cap, which is a pan-Baltic fund management company. This could be an example of an organisation that might be interested in managing an SOC.
- Just as EPIQUS was established as a new entity and is now growing and managing more SIBs, that could also be interesting for the Lithuanian model. In Finland, there was no intermediary before EPIQUS either.
- All GPs that INVEGA works with (e.g., Open Circle Capital and Iron Wolf Capital) are standard equity fund managers. They are used to working in the investment process, but have no knowledge of achieving social impact or social work. EPIQUS had a team with employees from employment agencies and others that know a lot about social services. This is a very different skillset from traditional fund managers. You need a mix of those two skillsets.
- For instance, ESFA knows much more about managing social projects, but is then less knowledgeable about investing. INVEGA and ESFA are complimentary to each other on those aspects.
- INVEGA has talked to [Baltcap](#), and they were interested in being an intermediary/fund manager for SIBs. But this was two years ago. It would be good to recheck whether that is still the case. Neringa has the details.

## INTERVIEW OPEN CIRCLE CAPITAL

Attendees: Rokas Tamošiūnas (Open Circle Capital), Björn Vennema (SFNL), and Lisa Jansen (SFNL)

Date: 30 June 2021

Rokas has been a partner and an investor at Open Circle Capital, a VC fund, since 2016.

### Introduction Open Circle Capital

Open Circle Capital invests in technology (ICT, robotics and high-tech), mostly in (young) start-up entrepreneurs that are working for export (few local clients). Lithuania's public institutions are a major stakeholder in the Open Circle Capital fund, such as INVEGA. Currently, Open Circle Capital is not taking on any new investments. This status will change in two to three years. In addition, for Open Circle Capital, this topic of care leavers is very far from their field of investment. For Open Circle Capital, there needs to be a clear connection. If the care leavers would join tech start-ups for example, then they could make an extra effort to invest in these companies. For this moment, however, the conversation is focused on more broadly exploring opportunities and barriers to engaging investors in this SOC.

### Suggestions structure for SOC pilot

- **An indirect investment approach** (through an intermediary, the investor does not select investees directly) would be a good idea to **pool investments**, since not every NGO will reach the same outcomes.
- However, most investors would expect the government to invest in the intermediary as well. There would be asymmetric profit sharing with the government, so there's a cap on the interest rate or no interest rate for the government.
- Rokas would seek to build the **intermediary** as an **evergreen endowment** (adding funding incrementally), to allow for a continuation of raising capital to replenish the funds.
- Furthermore, Rokas would prefer to **frame the investment as philanthropy**, which means that the **returns are not paid out to investors**, but stay within the intermediary so that the SOC **infrastructure can continue** without having to raise capital again. Then you capture the capital in the endowment and you only have to raise the capital once. You can find players who are willing to pledge in these funds, although it would be a novelty.
- In Lithuania, there is a crowd philanthropy platform translated as "to donate/ to give away". Usually, NGOs go there and update projects for **crowdfunding** and corporates would match the amount. Rokas would try to put up such a structure: **part public money, part crowdsourcing, and CSR intake on top**.
- For Open Circle Capital, they aim to deliver returns of c.20% IRR, but this is primarily to private investors, because Open Circle Capital is heavily leveraged with public funding. Real estate funds are offering a 15% interest rate. So, for the SIB to be commercially

attractive, it would have to be **close to 20% or provide leverage**. The suggestion would be 10-15%, from the basis of thinking about it as philanthropy rather than investment.

- In this scheme, there is probably an **overhead budget** within the intermediary dedicated to **NGO infrastructure development**. The intermediary can spend this on training of NGO staff and capacity-building, attracting employees, etc. Service providers who participate in the SOC can then apply for this grant, or in order to participate, they need to get the capacity-building training.

### Suggestions for raising capital

- An increasing number of **private equity funds**, e.g., in the UK, are looking into investing in care institutions, such as private kindergartens, private schools and also private care homes. Rokas would suggest looking into these investors and whether they can be persuaded to have a **portfolio approach**: some is spent on care homes, and a part on SIB, perhaps 5%. If you introduce it by a single digit percent, then e.g., 10% in four years, you can probably carve out some capital.
- In Lithuania, **public money** (or through the EIB or other institutions) comprises half to two thirds of the **market in private equity**. In Lithuania, it would be expected that the government puts up a significant part of the equity funding in new industries, such as the start-up market. Usually, the first wave of funds is 90% funded by the government. Private capital on the other hand, does not play a major role, except in well-developed industries such as construction and solar energy.
- Another suggestion to derisk the investment would be to **attract foreign co-investors or philanthropists**, who potentially already have experience with investing in SOCs.

### Suggestions for investors/ philanthropists

- **Platforms** that could be of interest: [Aukok.lt](#) and [Humanipo.app](#), which is similar to Gofundme (crowd platform).
- There are some investors that focus on impact, but are not philanthropies, such as the Forest Fund (although completely commercially run).
- Then have some **philanthropy funds**, but they are usually quite small. E.g., [Benediktas Gylis](#), [MJJ Fund](#). The latter is purely a foundational fund, not CSR. They do both grants to scientists and some start-up investments. The total size is around five million.
- Then there are some **individual philanthropists**, such as Vladas Lašas, Tadas Lanaitis, Giedrė Šopaitė-Šilinskienė (CEO Aukok), Justinas Noreika, Nerijus Numa ([Talka LT UAB](#)).
- [Nordwealth](#) could be an option, although a commercial entity. But they might want to work when there is a government guarantee and interest rate.



## Annex 11 – Interview notes potential intermediaries

### INTERVIEW ESFA

Attendees: Miglė Alekšonytė (ESFA), Andrius Skardžius (ESFA), Björn Vennema (SFNL), and Lisa Jansen (SFNL)

Date: 17 June 2021

### Introduction ESFA

The European Social Fund Agency (ESFA) was founded by the Ministry of Social Security and Labour and the Ministry of Education and Science in 2002 to ensure that all funding given to the Republic of Lithuania by the EU would be appropriately used. Initially, ESFA was established to administer Phare Grants schemes 2001 and 2002. Thereafter, ESFA became an integral part of the Institutional Structure of Structural Funds in Lithuania. It has administered many programmes, amongst which the Fund for European Aid to the Most Deprived (FEAD) and the Asylum, Migration and Integration Fund (2014).

### Oversight and management of service providers

ESFA's main task is **administering the selection procedure**, and they have much experience in this regard. In their work, ESFA launches calls for proposals, informs and consults applicants, evaluates applications, prepares reports for ministries, prepares grant contracts, and **oversees project implementation** (supervision and quality control). ESFA also has specific experience with institutions working with youth and youth projects.

### Cooperation with the public sector

- ESFA currently has **institutional partnerships with six ministries**: the Ministry of Finance, Ministry of Social Security and Labour, Ministry of Education and Science, Ministry of the Interior, Ministry of Economy and Ministry of Health.
- ESFA acts as a **link between service providers and the public sector**, as they have become more involved in preparing documents and conditions for service provision together with the ministries. In this role, ESFA can ensure that conditions and terms are feasible for service providers.
- ESFA is **not involved in public procurement procedures**, as their services are not considered as buying services. Except when ESFA hires external experts for their work, then they need to procure. The service providers that are selected for implementation need to go through a public procurement procedure, but ESFA is not involved.
- Whether **ESF funding** could be used for **outcome payments** in addition to MoSSL, is being discussed with the Ministry of Social Affairs and Ministry of Finance, but needs further exploration.

### Raising capital from investors

- Usually, an intermediary is a private entity, whereas ESFA is a public institution. This makes fund management – part of the intermediary role – difficult. Possibilities according to ESFA could be:
  - Establishing an ‘ESFA’ investment fund. However, currently an investment fund needs to be a private institution and should comply with strict rules of regulation and government supervision. It is not clear whether ESFA, as a public administration institution, could establish such a private entity. A legal mechanism is needed.
  - Searching for a partner to manage the funds, and establishing an investment fund in cooperation with other entities, such as INVEGA. INVEGA has many more possibilities regarding using financial instruments and works as an investor in many cases. This would perhaps avoid this strict regulation.
- ESFA also has **no experience raising capital from (private) investors**. Most of the funds they are managing are ESF funding, but also smaller funds, such as AMIF. Sometimes there is also co-funding by the Lithuanian government. At times, projects do have commercial income from the service provider involved, mostly for projects from the Ministry of Economy and Innovation, as their programs concern private companies.
- During the interview, we have discussed the **potential role of ESF funding for a SOC**. Whether this is an option is not clear, as there is no legal framework yet.
- How to **develop an enabling legal framework** is currently being discussed in a Working Group with MoF, MoSSL, including the Youth Department, INVEGA and ESFA. They bring in experience from abroad (Portugal, Finland, Sweden, Denmark) to feed their own process.

### Conclusions

- ESFA has a **strong profile** for an intermediary role regarding **cooperation with public sector agencies** (outcome payers) and **NGOs** (service providers).
- The **biggest challenge** is that under current legislation, ESFA cannot act as a **fund manager**. They would need to cooperate for example with INVEGA. These relations are already established, and the work for this is ongoing.

## **INTERVIEW NATIONAL INSTITUTE FOR SOCIAL INTEGRATION**

Attendees: Monika Stankevičiūtė (National Institute for Social Integration / Žmogui), Björn Vennema (SFNL), and Lisa Jansen (SFNL)

Date: 9 June 2021

### **Introduction National Institute for Social Integration**

The National Institute for Social Integration creates and applies social innovations, supporting the integration of various people with vulnerable backgrounds. The organisation was established in 2009 as a human rights organisation, to advocate for human rights and to build social innovations to improve people's lives. The organisation currently runs different programmes: a project for people with disabilities, a project for elderly people to promote positive health, a project focusing on rural areas, a media programme to improve media quality, and a programme on human rights. In their programmes they cooperate directly with the target population. The institute was one of the initiators for developing the concept of social entrepreneurship in Lithuania and is one of the key organisers of the annual National Social Enterprise Summit.

### **Oversight and management of service providers**

- The organisation has much experience working with service providers, but also as a service provider themselves. The organisation has been running alternative schools in rural areas for 2.5 years, in partnership with the Youth Department. Here, young people aged 16-29 years from different backgrounds (e.g., with disabilities, in foster care, on probation) live together for one month. They learn different craftsmanship's and are supported by youth workers.
- An intermediary role would be a great next step for the organisation. The organisation is experienced in acting as a link between stakeholders and building the ecosystem around certain social challenges. For example, in the project for elderly people, they engage the local community, train and support them. As they have experience acting as a service provider, they are knowledgeable on how to assist them during selection procedures. In addition, they have much experience facilitating the process to ensure smooth and effective cooperation between different parties.
- Cooperation with the public sector.
- The organisation has worked extensively with the municipalities and is experienced in public-private partnerships, for example to build an enabling political and financial environment for social entrepreneurship. Since 2019, they've started working on impact procurement in the municipalities together with Enterprise Lithuania (an agency of the Ministry of Economy and Innovation).

**Raising capital from investors**

- The organisation has no specific experience raising capital from private investors. In general, the market for impact investments and social finance in Lithuania is still underdeveloped. They have experience working with businesses, but mostly through philanthropy or through CSR practices. They could, however, reach out to their network to assess their interest in investing rather than donating.
- To be able to raise capital, additional expertise is needed in the team, and people who also speak the investors' language.

**Conclusions**

- The National Institute for Social Integration has a strong profile for an intermediary role regarding bringing together different stakeholders, particularly public sector agencies (outcome payers) and NGOs (service providers).
- The organisation also feels comfortable overseeing service providers (selection and progress management).
- As with other potential intermediaries, it would be challenging to raise capital from private investors.

## INTERVIEW OPEN LITHUANIA FOUNDATION

Attendees: Sandra Adomavičiūtė (Open Lithuania Foundation), Björn Vennema (SFNL), and Lisa Jansen (SFNL)

Date: 16 June 2021

### Introduction Open Lithuania Foundation (OLF)

The Open Lithuania Foundation (OLF) was founded in 1990 with the aim of supporting the development of an open and democratic civil society in Lithuania. In 2017, the OLF became independent from the Open Society Foundations, and renewed its strategy. The organisation supports initiatives and organisations that promote and contribute to a more open society, implements educational and research projects, and advocates for strengthening civil society organisations. The OLF is currently engaging in three strategic areas for the period 2021-2023: Active and Open Society, NGO Competence and Civic Initiatives.

### Oversight and management of service providers

The OLF has a **strong track record** of working with many different service providers and building their capacities, which is one of their three main activities.

The OLF has a **good profile for selecting and supervising service providers**. They are currently **managing the Active Citizen Fund**, which is financed by EEA Grants and the Norwegian government, to strengthen civil society and empowering vulnerable groups. They applied for this management through an open call (not procurement). They have experience organising an open tender, selecting NGOs, tracking progress, supporting and strengthening them during implementation, e.g., through training sessions.

### Cooperation with the public sector

The OLF has **experience working together with the public sector**. In their work towards strengthening the NGO sector for example, they are seeking cooperation with public sector agencies to advocate for the establishment of an NGO Fund. They are also involved in providing feedback and support for an enabling legal framework for NGOs.

### Raising capital from investors

- The OLF has experience in **fundraising**, mostly from governments and international donors, but also EU funds. Raising capital from **private investors** will, however, be a **challenge**. Although the OLF has some connections in the sector, the market for impact investments is still underdeveloped in Lithuania. The OLF would like to explore opportunities for raising capital outside Lithuania as well.
- In order to take on this role, there needs to be a **legal framework** in place and clear **indicators** on what is asked from the private investors. It is recommended to make participation in an SOC as easy as possible for investors, since this is new and unfamiliar to them.

## Conclusions

- The Open Lithuania Foundation has a **strong profile** for an intermediary role regarding **facilitating cooperation between different stakeholders**, particularly **NGOs** (service providers) and **public sector agencies** (outcome payers).
- The organisation has a track record in **overseeing service providers** (selection and progress management).
- As with other potential intermediaries, it would be **challenging to raise capital** from private investors within Lithuania.

## Annex 12 – Interview notes potential evaluators

### INTERVIEW VISIONARY ANALYTICS

Attendees: Raimonda Mackevičiūtė (Visionary Analytics), Aurelija Raubiene (EY), and Lisa Jansen (SFNL)

Date: 10 June 2021

#### Introduction Visionary Analytics

Visionary Analytics is a research institute based in Vilnius. They are a team of 15-20 people, with both qualitative and quantitative backgrounds. Their work is focused on four topics: 1) Education and training, 2) Science, technology, and innovation, 3) Governance, and 4) Greening and Climate Change. As the outcomes framework – and thus the specific criteria for evaluation – for the SOC pilot is not fully developed yet, this conversation was more steered towards introducing the SOC and having an open conversation about the possibilities. Raimonda has been in touch with Migle and Simona (Create Lithuania) to talk about social innovation and care leavers, and broadly knows what the study would be about.

#### Role in an SOC

- The most relevant studies that they have conducted for the SOC are probably:
  - Exploring youth digital talent readiness for the future of work in Europe (December 2017-September 2018), commissioned by the European Commission's Joint Research Centre)
  - Evaluation of the quality and efficiency of training financed by the European Social Fund (April 2018-December 2018), commissioned by the Ministry of Finance;
  - Assessing and disseminating the results of the social innovation calls financed by the EU Programme for Employment and Social Innovation (January 2021-April 2022), commissioned by DG EMPL;
  - Social impact investment: Best practices and recommendations for the next generation (July 2020-September 2020), commissioned by the European Parliament's Committee on Employment and Social Affairs of the European Parliament.
- Visionary Analytics is moving towards research on social innovation and social finances, so the topic would be very suited to them.
- Regarding conducting studies **amongst specific target groups**, Visionary Analytics has conducted several studies on the impact of social interventions, working with a **counterfactual** (treated – control group). One example is the effectiveness study for employment measures (Evaluation of the quality and efficiency of training financed by the European Social Fund, commissioned by the Lithuanian Ministry of Finance), and the

evaluation of the effectiveness of training. Another study in which they evaluated the impact is regarding positive parenting training. Based on interviews and surveys amongst participants, rather than quantitative data.

- Visionary Analytics has experience **establishing control groups**, and they do so in the current study where they evaluate social innovation. What they have done for example in one of their projects regarding digital skills amongst vulnerable populations was to use data from Latvia, Estonia and Poland. These issues could be further explored.
- **Follow-up surveys** after completing the program would probably be needed, as data on care leavers is not very elaborated yet.
- They have experience working together with NGOs and ministries, as clients or as partners developing a framework for evaluation.
- Visionary Analytics would be happy to help **build the framework and methodology** and be involved in the early stages of this development.
- We need to look into possibilities of reaching out to youngsters under 18 years old regarding GDPR.