



**Handbook
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Innovative Financing and Delivery Mechanisms for Getting the Unemployed into Work

**Innovative Financing and Delivery Mechanisms
for Tackling Long-term Unemployment**

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Many factors put people at risk of long-term unemployment, including poverty and social exclusion, poor basic skills levels, discrimination, cultural distance from the mainstream labour market and poor local social capital. At the local level a holistic approach can help tackle such issues, with direct interventions in the fields of education and employment complementing wider actions to build social cohesion and community capacity.

The OECD Local Economic and Employment (LEED) Programme is exploring OECD experiences in this field assessing area-based strategies which assist the long-term unemployed in re-entering the labour market, the relative advantages and disadvantages of targeted approaches, and the role innovative financing mechanisms can play.

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1. Introduction

This paper describes innovative financing and delivery mechanisms for getting long-term unemployed people back into work. Finance can be innovative especially when it comes from non-public sources, when it is not grant based or when it is applied to structure the delivery system in a new way. Certain types of finance might draw on all of these approaches. In this working paper we understand normal financing to be financing paid for out of taxation that pays for inputs in the expectation that positive outputs and policy outcomes will be secured. This type of output finance operates between parts of government, for instance from central to regional or local government, or from national treasuries to individual departments. Other ways of distributing input-based funding include grant programmes such as EU Structural Funds.

Having examined the challenges which drive the interest in new forms of financing in Section 1, Section 2 goes on to explore different forms of innovative finance ranging from social investing, which is growing rapidly and includes new initiatives like the United Kingdom's Big Society Capital, microfinance which uses social collateral to invest in self-employment, the use of "invest to save" approaches, using public procurement and new forms of crowd and peer to peer finance that work through social media.

Section 3 explores methods of delivering, including how to finance large numbers of micro projects, and and decentralising financing to the local level.

Section 4 explores how finance and delivery models can be combined using payment by results and social impact bonds as illustrations. In payment by results, the payments are back loaded and the service provider has to find some type of bridging capital to finance their inputs. These techniques can be mixed in complex financial instruments, such as the much-heralded social impact bond, which brings in private financing to invest in a public service and where the rewards to investors are calibrated to be higher when specified outcomes are achieved.

1.1. Drivers of innovation

The interest in new forms of finance reflects three drivers. Firstly, there is the drive for austerity imposed by the financial crisis that has led public authorities to look for more efficient ways of delivering public services. Secondly, there has been a growing recognition that grant funding leads to grant dependency and may also not deliver efficient services. Third, the rapid growth of social investment funds in the United States due to a different culture of giving, supported by generous tax breaks, has also stimulated interest in Europe and other OECD countries.

Welfare and employment systems within the OECD are very different. In the Anglo-Saxon countries there has been strong pressure to privatise delivery and a contracting out culture has become the dominant mode of delivery. Most continental European countries have not converted to private contracting to the same degree and tend to run their employment services using public resources and delivery. Other parts of the training system are operated as a mixed economy with a mixture of public, private and third sector delivery.

Writing from an American viewpoint, Stephen Goldsmith, Harvard professor and former Mayor of Indianapolis, argues that welfare systems have gone through four stages of tackling thorny problems:

- Stage 1: when care for people was largely left to families and charities.
- Stage 2: marked by the welfare state in Britain and the Great Society in America, when the government took on the job of ending poverty. Private efforts were largely crowded out. In this paper we refer to this as the public sector model.
- Stage 3: when the state tried to foster partnerships with the private sector through competitive outsourcing. This sometimes made a big difference, but often the partnerships were too prescriptive and highly focused on cost-cutting. In this paper we call this the outsourcing model.
- Stage 4: when government taps the ability of the private sector, for-profit and non-profit, to deliver “disruptive, transformative innovation”. In this paper we call this the mixed economy hybrid model.

In parts of Europe, such as the United Kingdom and Denmark, the “welfare to work” and flexicurity models have reached stage 3 with some forays into stage 4. There are widespread problems with privatisation and it is possible that other countries will try to move straight to stage 4, the mixed economy hybrid model without going through the competitive outsourcing stage. This may fit better with a European social model.

1.2. The problem that new financial approaches try to solve

The dominant input funding paradigm has created a culture whereby organisations hunt for grants and take an increasingly instrumental and cynical attitude to funders. The input funding culture has hidden costs.

- The cost of failure. Whereas a venture capitalist assumes that 1-4% of investments will succeed, the normal assumption with public funding is that over 98% will succeed. In practice, many policies are not working well but continue because this is how things have been done in the past.
- Transaction and reporting costs are high for the recipient. It is estimated that senior managers in the social economy have to spend up to half of their time on fundraising, making grant applications and providing funders with monitoring reports and hosting audits. This is effort that takes away from service delivery. Similar problems beset public sector managers who are accountable for the money they receive to various levels of government. Compliance costs are often at the expense of doing more work on content and innovation in the programmes.
- Projects and initiatives often end when their funding finishes, unless organisation can “switch horses” to another funding stream. Valuable knowledge and teams are lost in this way.

New ways of using money are only important if they can do something that was unattainable by old ways of financing, or do something better. The crisis has revealed a number of problems with existing training and employment systems.

- In a situation of high overall unemployment, simply placing people into vacancies no longer works because there are not enough vacancies. The situation is especially difficult for vulnerable or disadvantaged groups. Other ways of creating employment for disadvantaged groups, including self-employment and support for work inclusion social enterprises, may need to be expanded. (See the section in this paper on microfinance and social enterprise finance.)

- Employment systems cost more than national and local budgets can support and there is pressure to reduce the cost while improving performance. Some systems are inefficient and/or ineffective and the finance system does not drive systemic improvement. Financing that spurs efficiency may be relevant. (See the section the section in this paper on payment by results.)
- Many employment problems are complex and require multiple interventions by a range of agencies to provide solutions that fit around the person in a flexible way. Mono departmental funding works against a holistic approach and against flexibility. (See the section the section in this paper on financing holistic solutions.)
- Finance tends to be spent by one agency or level of government in order to be saved by another (e.g. local government spends on childcare, but reduced welfare costs among parents accrue to the central state welfare budget). (See the section the section in this paper on social impact bonds.)

Redesigning systems of finance can help to solve these problems by driving innovation, improving efficiency and effectiveness and bringing in new service providers. However, a word of caution is needed. There are no silver bullets in the financing of employment and training policies, just as in employment and training policy and economic development more generally. Different forms of financing have consequences on the ecosystem of project providers and project sponsors. While it is known that grant funding can lead to grant dependency, it is equally true that performance-based funding can lead to fraud as the actors in the system are under some incentives to cheat or game the system. Tax credits are a cost to the tax system and may lead to poor allocation of resources by high net worth individuals who are susceptible to pet projects and fads; but in their case they are spending money that would have otherwise been spent by governments. There is not much evidence that private individuals make better choices or are more prudent with spending than governments.

2. Innovative sources of finance

2.1. Social investing: A source of new ideas

There has been a shift in mind-set about investing in social and welfare projects. In the United States, new thinking on how foundations spend their money was triggered under the Clinton administration, which reformed laws on “programme-related investment”, allowing foundations to use their investments to fund activities that would promote well-being. Grant-making foundations have significant investment holdings and use the financial returns from their investments to finance their grant-making activities. Foundations were heavily lobbied to disinvest in non-ethical businesses. The pressure for disinvestment became strong during the years of the anti-apartheid boycotts and was reinforced by the campaign against the arms trade and drives by groups like ASH (Action on Smoking and Health) in the United Kingdom against investment in tobacco companies. The result was a shift by foundations towards more ethical investments. It did not take long for the same foundations to realise that they could be using their vast investment power as a force for good in their own programme areas – programme-related investment. Such investment takes investing for good a stage further and allows the foundation to use its investments to pursue its foundation’s aims. It usually requires some changes in bylaws to make this possible.

Impact investment is an extension of programme-related investment. Impact investing refers to investments where assessment is made not only of the financial return on investment, but also of the social and environmental impacts of the investment that will happen in the course of the operation of the business and the consumption of the product or service that the business creates. Impact investing seeks to maximise the so-called triple bottom line. Impact investors therefore seek out new ways of measuring triple bottom lines, such as social return on investment (SROI), which is like a social cost-benefit analysis.

A third variation is the world of donor advisory funds (DAFs). This is a rapidly growing investment class in the United States in which high net worth individuals can put their money into a tax exempt vehicle (the donor advisory fund). The DAF is a form of trust that allows the decisions about investments to be made later. The term “donor advisory fund” derives from the fact that the investor can only advise on investments: actual decisions are made by the trust.

In the 30 years since financial deregulation, we have seen the accumulation of vast amounts of wealth by a small number of people working in financial services, computer software (the founders of Microsoft), the Internet (Google) and most recently social media (e.g. Facebook). This concentration of wealthy individuals has led to a new trend of giving among the ultra-rich, started by Warren Buffet and Bill Gates, who realised that their descendants would not particularly benefit from having any extra billions. This move towards giving in their lifetimes is not limited to the United States. The Atlantic philanthropies have been making generous grants in Ireland and Northern Ireland arising out of billions made by Chuck Feeney in the duty-free industry. Atlantic Philanthropies is almost unique among donor funds in planning to give away all of its resources within a set time period, in its case by 2020.

Private, and especially philanthropic, finance is becoming more important both because of the growth in funds under management largely stimulated by tax credits and exemptions, but also because fiscal retrenchment is making it harder for projects to win conventional public funding necessitating, or at least encouraging, alternative sources.

The setting up of Big Society Capital in 2011 in the United Kingdom, which has been capitalised with EUR 700 million, illustrates how important the social investment market is becoming. The bank will focus on lending to social enterprises at commercial rates. Two-thirds of the capital for the bank has come from dormant bank accounts (those which have not been utilised for at 15 years or more) through an agreement with the banking industry. The UK model follows a successful pilot fund using dormant accounts in Ireland.¹

2.2. Moving from grants to loans

The major trend in social investment is a shift away from grants to loans and equity. This shift has also been mirrored in the public sector where there has been a growing interest in financial engineering techniques such as those demonstrated by the JEREMIE SME funds, JESSICA urban development funds and the EU Progress Microfinance facility. Although grants continue to be the dominant paradigm, there has been rapid growth in a wide range of social investment funds that are focused on other types of investment.

It is useful to distinguish between the supply of social investment finance, the demand from social enterprises, charities, etc. and the intermediaries that service and broker the market. Figure 1 illustrates the different constituents of the demand for finance, the intermediaries and the supply.

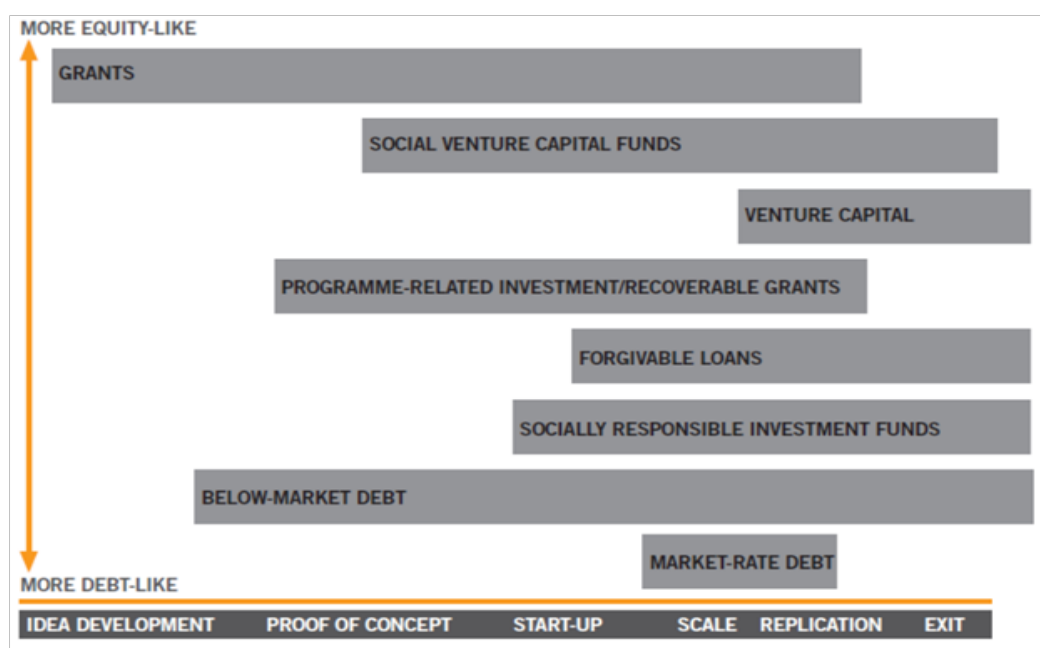
Figure 1. The structure of the social investment market



Source: Alex Nicols.

Figure 2 illustrates the spectrum of investment product. The vertical axis shows the range from debt to equity and the horizontal axis explores whether the investment is for the early stage idea development, through to start up, on to scale, replication and exit. The figure illustrates that each type of finance has its own target market and few are able to work across all stages. It is worth noting that grant funding has the widest bandwidth in this figure. However, as noted elsewhere, grant funding is accompanied by the risk of other problems, including grant dependency and the resulting difficulty of achieving a financing exit.

Figure 2. **Types of finance from more debt-like to more equity-like at different stages of investment**



Source: Alex Nicols.

A growing band of intermediaries are being created in OECD countries dedicated to supporting social enterprises with loan funding. The Yorkshire Key Fund (see Box 1) has used ERDF to create a loan fund that is helping social enterprises to make this transition from grants to loans.

Box 1. Yorkshire's Key Fund: Helping social enterprises to move from grants to loans

The Yorkshire Key Fund started out under the ERDF's (European Regional Development Fund's) South Yorkshire Objective 1 programme in the 2000-2006 period. It used ERDF to finance social enterprises and entrepreneurs.

Now, a decade later, the Key Fund covers all of Yorkshire and has also become the fund manager for a range of social investment funds in four neighbouring regions and sub-regions (North West, Cumbria, North East and North Midlands).

With ERDF backing of GBP 3 million, the total fund size is GBP 6 million (about EUR 7 million at current exchange rates).

**Box 1. Yorkshire's Key Fund:
Helping social enterprises to move from grants to loans (cont.)**

Key Fund's the Start and Grow Fund¹ backs small start-up social enterprise projects with loans of up to EUR 25 000 and grants of between EUR 2 000 and EUR 5 000. A 1% arrangement fee is charged as well as interest at a fixed rate of 6.5%. The loans are for a maximum of five years.

The Grow and Prosper Fund² backs new and existing social enterprises with loans of between EUR 5 000 and EUR 50 000. The loans may be for up to EUR 150 000 for established social enterprises. It can also take equity shares of up to 10% between EUR 5 000 and EUR 25 000.

Other funds have raised money for specific types of investment. For example, the Asset-based Development Fund enables communities to raise money to buy public assets such as redundant schools or health buildings.

Social enterprises in Yorkshire also benefit from the Social Enterprise Support Centre (SESC) which provides non-financial support in business planning and strategic development; market development; tendering for contracts; marketing, sales and branding; and social return on investment. SESC helps social enterprises to become financially sustainable, deliver quality services, and, where appropriate, supports them to gain and deliver public service contracts.

Advantages: working to promote lending-based approaches in place of grant funding and to recycle funds that repaid by borrowers.

Disadvantage: this method was not able to qualify as a fund under the UK interpretation of ERDF rules and therefore the Key Fund makes payment claims in arrears, which means that cash flow is a problem.

Notes:

1. www.thekeyfund.co.uk/view/start-and-grow.

2. www.thekeyfund.co.uk/view/grow--prosper-fund.

It is common for organisations to become grant dependent. The ending of a grant can provoke a crisis and redundancies in a recipient organisation or social enterprise. Moving from financing projects which are totally dependent on the grant to financing sustainable ventures is a key part of creating a more sustainable financing system.

For the shift from grants and input-based financing to work, the projects have to be reconfigured as long-term ventures, and for this to be sustainable they have to have financial returns in the form of revenues. In short, they have to develop financial income streams that result from earned income rather than from grants. There are several ways that this can be achieved:

- using an asset such as rental income from a commercial property to cross subsidise loss-making activity;
- moving into the contract culture for service delivery and bidding successfully against others (which presupposes that there are contracts to bid for);
- selling products to generate an income (running a charity shop, selling online);
- developing a supporter's model that sustains the work. (e.g. through crowd funding online);
- a mixture of the above.

Box 2. Equisol: Ile de France

Equisol was launched by the the Regional Council of Ile-de-France in 2009. Its name is a combination of “equity” and “solidarity”. It is an investment fund that targets social enterprises, aiming to fund hundreds of projects with a social and/or environmental objective during its 15-year lifetime. With a budget of EUR 1.75 million provided by the region, plus funding from other sources, this fund will enable capital to be provided to social enterprises during their creation, operation and development phases. The region has a 49% share of the fund, and has brought in other partners including MACIF, Crédit Co-operative, and Crédit Mutuel to finance socially useful business. With the funds from these other sources, Equisol will have a budget nearing EUR 4 million. Ile-de-France hosts 15% of the social enterprises in France. Equisol will ensure that there will be a range of financial tools, including micro-credit, repayable advances and bank guarantees, available to social enterprises. The funding available ranges from EUR 10 000 to EUR 100 000 and can be provided for a period of between five and ten years.

Advantages: it is a fund that can make investments at different stages in the development of the enterprise and also provide guarantees.

Disadvantages: it is still only a very small fund (EUR 1.5 million of initial funding).

2.3. Supporting self-employment through microfinance

Microfinance is the provision of a range of inclusive financial services. The first microfinance products were micro-credits whereby small loans were given to business start-ups by microfinance institutions such as the Grameen Bank, and Brac² in Bangladesh and Bancosol³ in Bolivia. Over the past 20 years, microfinance has become a world-wide movement with more than USD 20 billion per year of investment from donor funds in 2011. Whereas micro-credit focused only on loans for business start-up, microfinance includes a wide range of inclusive financial products including insurance and micro-savings.

The development of the microfinance industry in European and other parts of the OECD has been slower than the developing world. The greatest successes have been in Eastern Europe (e.g. Poland and Romania) and the former Yugoslavia – especially Bosnia and Herzegovina. In Western Europe, France has been the success story through two contrasting approaches, one based on local “platforms” which provide interest-free loans through an “honour loan”, and the second through ADIE, which has championed approaches to helping unemployed people to set up a business.

Box 3. European examples of microfinance using small loans to combat financial exclusion

ADIE, France

ADIE is one of Europe’s largest and most successful microfinance operations lending to unemployed people and those unable to obtain a bank loan to help them to set up a business. They have had support from ESF and EQUAL. They have stuck to their mission of helping entrepreneurs, but also developed specialist business support, accounting, insurance and marketing services under EQUAL. ADIE has a proximity network spread everywhere over the French territory including overseas. It has 130 regional offices and 190 contact points. As of December 2010, ADIE had 463 staff members, of which 382 are on the field, and 1 708 volunteers involved mainly in business development services.

Box 3. European examples of microfinance using small loans to combat financial exclusion (*cont.*)

ADIE grants loans for start-ups and existing enterprises as well as personal microcredit for employment and micro-insurance. The loan amount is up to EUR 6 000, which can be coupled with start-up grants funded by the government or by the local authorities and non-interest bearing subordinated loans. Individual financing generally does not exceed EUR 10 000. In 2010, ADIE granted over 12 000 loans. Since its inception in 1989, the association has granted 93 000 microcredits.

ADIE Connect online services¹ provide the option to apply for a microcredit online, access to online business development services and exposure to online communities.

ADIE also offers face-to-face business development services at no cost to the clients. This consists of individual support, coaching and group training sessions about administrative procedures, business advice, management, accounting, marketing and banking as well as legal advice. ADIE Conseil Info is a client telephone platform, which provides business counselling. In 2010, over 12 900 micro-entrepreneurs were coached.

Initiative Mikro, Poland²

Initiative Mikro Poland in Krakow was set up by Opportunity International in the late 1990s. The initiative is a micro-loan fund. Its launch was made possible through an award to Poland by the US government and it has received grant support from a range of sources since that time. In 2011, 6 634 Initiative Mikro provided loans totalling EUR 84.7 million. Nearly all of their loans are to micro-businesses employing up to nine employees. The average loan amount was EUR 15 350.

Fair Finance, United Kingdom³

Fair Finance, which is based in London, lends to poor residents in east London, especially those with a migrant background. Their three main products are loans for business start-up (about 160 in 5 years), for personal borrowing and advice (about 2 000 over 5 years⁴) and support for financial literacy. Fair Finance has increasingly focused on the under regulated personal lending market in which payday lenders such as Wonga and doorstep lenders like the Provident are providing personal loans at interest rates up to 4 000% annual percentage rate. Four million people use payday loans, and across the United Kingdom perhaps 10% of adults might have need for alternative financial products because they are excluded from the mainstream. Increasingly, indebtedness is becoming a primary cause of worklessness because people are unable to earn enough to pay off their debts. Fair Finance is now being backed by Venturesome, a social investor set up by the Charities Aid Foundation.

Advantages: microfinance can help disadvantaged groups access financial services, for example to obtain a loan to set up a business in cases where previously finance has been the barrier that has prevented them from doing this.

Disadvantages: microfinance is not a silver bullet and entrepreneurship is probably only a solution for 5-10% of any given population. It takes years to develop robust growth-oriented microfinance institutions, and in Europe the market is still very small.

Notes:

1. www.adieconnect.org.
2. www.inicjatywamikro.pl.
3. www.fairfinance.org.uk.
4. www.markhannam.com/essays/essay6a.htm.

Microfinance can be also used to target specific groups. Permico, which is based in Turin, for example, has developed an approach that has strong outreach to migrant communities (see Box 4).

Box 4. Permico Turin: Reaching poor and migrant communities

Permico¹ was incorporated in 2007 and its first loans were delivered the following year. By 2010 it was providing 600 loans per year for micro-enterprises, and to families to fulfil education and housing needs. Its scale and reach has increased year on year. Permico now operates in 10 locations in northern Italy and has provided 1 500 loans to un-bankable people.

Permico is an organisation dedicated to providing microfinance to financially excluded and un-bankable people. The factors in its success include:

- its professional business model – providing loans to clients, not hand-outs to beneficiaries;
- its social model – providing intensive support and generating social guarantees; and
- the fact that it works in a number of cities to build up an economy of scale.

The key mechanism for Permico's successful "reach" has been its approach to creating and leveraging networks. Permico networks are drawn from existing associations, community centres, churches and co-operatives. If the customer of a particular network successfully repays the loan, the network is rewarded with better loan terms. If a customer does not fulfil their repayment commitment, this will affect the credit situation for others in the group, and credit will be more expensive to arrange. This provides an effective social incentive for members to repay their loans.

Permico's aim is to become economically self-sustaining. Once a sound financial basis has been achieved – generating revenue from loans to pay staff, costs and cover risk – the model will become genuinely replicable. Obstacles to this goal include: the significant worker time invested in social and training support to clients before and after delivering loans and the lead-time and work required to build up to the break-even point of 5 000 loans. Permico's development plan anticipates reaching financial sustainability by 2014.

Aside from scale and spreading, Permico's most significant achievement to date may be that it has enabled 500 previously unemployed people to become economically active with micro-enterprises.

Advantages: there is a strong focus on disadvantaged target groups and specifically on migrants.

Disadvantages: Permico has still not succeeded in obtaining EU Structural Funds to support its activities.

Note:

1. <http://permico.it>.

Microfinance is not immune to the risks of over indebtedness. The Indian microfinance industry has often been accused of causing suicides in press exposés (normally during election campaigns). There have also been problems of over indebtedness in Bosnia and Herzegovina, which had been praised as having a successful microfinance sector. In Bosnia and Herzegovina, many families have taken out multiple loans from different private and NGO microfinance providers to finance consumer spending and have become unable to service their loans.

Education and training, a new market for microfinance?

The new market opening up in third-world microfinance is lending for education.⁴ Graduates are more likely than non-graduates to take jobs that lift them into a higher income bracket. Since students study away from home, loans schemes are unable to utilise peer lending, which has been an important feature of many microfinance schemes in developing countries. Whereas village-based microfinance takes place in a known social setting, lending to students happens in the place where they study. The loans are also for a longer period, often up to five years, which is much longer than microcredits where a typical loan is usually for less than one year. This makes the loans riskier, especially as microfinance organisations generally rely on short-term funding. Borrowing short to lend long is rarely good banking practice as we recently saw in the credit crunch. Box 5 shows some examples of micro-lending for student loans in developing countries. These are bringing new sources of finance to back individuals to undertake college education and thereby increasing access.

Box 5. Microfinance for college education

Lumni¹ (a play on the word Alumni) was set up in 2002. It now operates in the United States, Mexico, Chile and Colombia. Investors make an equity investment and their return is a percentage of student earnings in a fixed-term after graduation. If the student earns a lot, the investors get a good return; but if the student fails, the investors bear the risk.

Vittana,² founded in 2008 by Kushal Chakrabarti, a former software developer at Amazon, is raising loans for students in five countries, with more soon to follow, through “peer-to-peer” online lending, mostly by people from rich countries. Vittana is growing at over 30% a month.

Qifang,³ founded in 2009, is raising finance to provide student loans in China. It raises the money online from Chinese lenders. Qifang has already lent over USD 1.3 million to college students.

Enzi has funded students from India and Iran through Stanford University; the students pay investors 6% of their income for five years.

Advantages: this is lending for student loans that does not depend on governments and can widen access to higher education.

Disadvantages: it is potentially risky as it can be hard to enforce repayment terms.

Notes:

1. www.lumni.net.

2. www.vittana.org.

3. <http://en.wikipedia.org/wiki/Qifang>.

All of these micro-funds demonstrate that there is a potential market in asking trainees to finance their training or education out of future income. Some argue that the quality of training schemes would improve if trainees were paying their own bills.

The successes in micro-lending all come from mature organisations that are specialists in what they do. Public authorities make bad lenders because they find it hard to make loans and harder still to devise models whereby their borrowers repay. The secret to micro-lending lies in finding the right financial intermediation.

2.4. Invest to save approaches

It is a commonplace that a stitch in time saves nine. Advocates of early intervention, in child care, for example, argue that working with babies and toddlers can save expenditure on adolescents. The approach was the centrepiece of Lyndon Johnson's Headstart programme in the United States which provided nursery education for children of poor families. The United Kingdom's Sure Start programme worked on the same logic.

In Sweden, an invest-to-save approach has been used within local government and is termed "social economic reporting". This approach allows calculations of future savings to be used to justify current expenditure on key target groups through innovative projects (Box 6).

Box 6. Social economic reporting in Sweden

In Sweden, the idea of social economic reporting allows municipalities like Sodertalje and four other local authorities in the Stockholm region to invest now in order to make savings later. Training investments for jobless migrants were justified by showing that future savings would be achieved.

The technique of "social economic reporting" tries to quantify the savings in the future in order to justify investment in the present. This is similar in essence to the idea behind social return on investment¹ in which the full social cost savings of an intervention are captured.

KNUT partnership² is financed by the European Social Fund. Its overall goal is to personalise the service by providing the right measure or action to the right person, in the right time, at the right cost and by the right actor.

KNUT is an "umbrella" under which several initiatives and projects are being created when the partnership identifies short-comings in the support system. KNUT involves front line bureaucrats as well as politicians in innovating in service delivery. It uses the Swedish concept of social economic reporting to estimate the cost savings of taking people from welfare and service dependency and helping them to become independent. The social profit from this approach can be significant.

The municipalities have developed and implemented a number of tools including a standardised assessment instrument to screen new clients (persons applying for social welfare allowances). The screening tool helps the client and his/her adviser to define the needs of the client in the form of an action plan, which lists the measures or interventions to be taken and by whom.

Advantages: early interventions seek to save money in the long run and represent a good investment for public funds when properly assessed.

Disadvantages: the money to pay for early interventions has to come from somewhere and normally has to be raised out of receipts of public taxation. This is inevitably difficult in a time of cuts to public budgets even if there will be savings down the line. It is also difficult to estimate future benefits accurately.

Notes: 1. Social return on investment is a technique being used by social enterprises to prove that their operation delivers a net economic and social benefit for society. See for example www.sroi-online.com (in German). 2. www.forumpartnerships.zsi.at/attach/sweden.pdf.

An extension of the invest-to-save approach is the radical higher education policy adopted by the city of Kalamazoo in the United States.⁵ The Kalamazoo Promise (Box 7) commits to every student in high school to support them at college. The aim is to increase the numbers of people going on to college and to reduce the high school drop-out rate.

Box 7. The Kalamazoo Promise aims to revive a town

Kalamazoo is a town in Michigan with a sharply declining industrial base. Despite its economic problems, it has managed to launch a free college education programme whereby students who complete their high school education can attend any of Michigan's 16 universities with up to 100% of their tuition paid. The pledge is funded by a group of anonymous private donors. To receive the minimum 65% benefit, students must have lived within the Kalamazoo school district, attended public high school there for four years and graduated. To receive a full 100% scholarship, students must have attended Kalamazoo public schools since kindergarten.

The programme, which has run since 2005, is also viewed as an economic development tool for Kalamazoo. Since the Kalamazoo Promise was announced, enrolment in the school district has grown by 16%, test scores have improved and a greater proportion of high school graduates are attending college. In 2010 alone, the Kalamazoo public school district saw enrolment rise 3% to 12 409. There is evidence that migrants are moving to Kalamazoo to take advantage of the Promise.

Tuition cheques began flowing in 2006. As of summer 2010, the programme had paid out USD 18 million in tuition for about 2 000 high school graduates of Kalamazoo's two high schools and three alternative schools. Most of the students have gone to the University of Michigan, Michigan State University and Western Michigan University. Promise-funded students have enrolled in 14 of Michigan's 15 state universities. By October 2010, a total of 60 Promise-funded students had obtained a bachelor's degree.

Applicants have ten years from the time they graduate from high school to use their Promise and can start and stop any time. The award covers tuition and mandatory fees (but not living expenses). All students using the Kalamazoo Promise at Kalamazoo Valley Community College may attend part-time.

According to its website, the Kalamazoo Promise is set up to continue for many years to come. El Dorado, Arkansas; Denver, Colorado; Detroit, Michigan, New Haven, Connecticut and Pittsburgh, Pennsylvania, have similar "Promise" programmes.

Advantages: this scheme has found a method of raising private sector funding for providing a guarantee for young people entering higher education. It also makes Kalamazoo an attractive destination for families with children, helping to reverse out migration.

Disadvantages: the "Promise" depends on a culture of corporate giving that is perhaps unique to the United States where generous tax incentives and a fund-raising culture encourage the approach. This is harder in countries that have high tax rates and where tax incentives are not available to the same extent.

The main problems with invest-to-save models are that it is hard to estimate future savings and that the costs are borne in the present. There is also a risk that the real future cost will be exaggerated by project promoters wishing to obtain funding. In addition, the nature of future costs may well fall on other administrations – failures in local authority nursery provision may lead to increased costs on nationally funded criminal justice systems 20 years later. The approach makes a rational argument for national Ministries of Finance to reallocate funding but does not provide a virtuous delivery mechanism. Kalamazoo avoids this problem by raising the money from private sources, but this is not always possible and would probably be more difficult outside the United States.

2.5. Money from unusual sources: Being creative about procurement

The quest for new sources of funding has often encouraged policy makers to explore the potential of large-scale public investments to create local jobs for disadvantaged groups. Public procurement has been seen as the key to opening up this potential. However, despite much trumpeting over the years, there are relatively few successful examples of schemes that facilitate the entry of disadvantaged groups into the labour market in this way.

The United States has a very specific tradition stemming from civil rights legislation in the Johnson years. This has created a separate world of contracts called “set asides”, which the federal and state governments can award contracts to companies led by specific ethnic minority groups. Set asides also exist for people with physical and mental disabilities. This approach has permeated the private sector. For example, at the Seattle Lighthouse⁶ in Washington State, it is possible to see engineering workshops in which partially sighted people machine and assemble parts for a Boeing aircraft. Boeing also works with social enterprises that support the rehabilitation of offenders by providing work for teams that are still serving their sentences. Some cargo bays in Boeing passenger aircraft are assembled by serving prisoners.

There are problems with federal set aside programmes, however. Some argue that a second division of black-led enterprises has grown up to service these contracts and that they lack competitiveness in the wider market as a result. Another problem common to all types of government contract is that they can lock the producers into making old-fashioned equipment because there is no incentive on the manufacturers to innovate.

In Europe, the emphasis in policy debates has been on how to bring social clauses into procurement contracts so that all bidders have to conform to additional requirements around employment. This is a different approach to set asides and avoids the major problem of the market being limited to a “private hunt”.

The key to success has been through the organisation of the procurement process and the insertion of legal social clauses into calls for tender for infrastructure works. One of the most expert local authorities in using social clauses over two decades has been the city of Nantes, France (Box 8), which has used social clauses in a wide range of public works contracts to create a whole ecosystem of social insertion provision for the long-term unemployed.

Not all efforts to use public procurement for job insertion have been so successful. The EUR 12 billion of investment on the London 2012 Olympics was supposed to generate large numbers of jobs for unemployed residents of the five disadvantaged boroughs as part of its legacy. The reality was that modern sub-contracting practices in the construction industry led to relatively few jobs being accessed by local unemployed people. The construction activity generated a total of 12 000 jobs on the Olympic park site, of which about a third (roughly 4 000) are reported to have gone to people living in the five Olympic boroughs. Local people are sceptical since many of these “local residents” are recent migrants from EU countries. Relatively few jobs appear to have gone to long-term unemployed people.

Box 8. Using the public procurement process for infrastructure expenditure to require contractors to employ disadvantaged groups

The city of Nantes in north-west France has been known for 20 years as a leading innovator in using social clauses in public procurement to provide entry-level jobs for the long-term unemployed. Nantes is a medium-sized city of 285 000 people with a history of traditional maritime industries now in decline.

France revised its public procurement rules in 2006 allowing contracting bodies to insert conditions requiring that part of the work must be delivered by a specific target group with a need for professional insertion. Nantes Metropole and surrounding suburban administrations (Chantenay, Vannes, Doulon and Malakoff) awarded contracts using this clause. Work has included swimming pools, roads, bus routes and a media centre. The types of trades include masonry assistants, carpenters, painters, building workers, pavers, green space maintenance staff, plumbers, metal workers, plasterboard and external cleaners.

The city has also encouraged the development of support structures for individuals. The social enterprise, “*Entreprise d’insertion*”, trains and prepares unemployed people to be hired for jobs that open up in the private sector. In one year, there were the following results:

- 183 contract operations contained a social clause;
- 483 beneficiaries were able to work under an employment contract of which 8% were young people, 27% were long-term unemployed, 13% were on unemployment benefit (RMI) and 8% people had a disability;
- 345 000 hours were dedicated to insertion (about 200 full-time equivalent jobs); a further 92 000 hours of work for disadvantaged people were produced benefiting 266 employees;
- 133 enterprises were mobilised through these works of which 39 are in public works and 66 in building construction;
- 75% of beneficiaries were accompanied by a local insertion company (a type of training and employment social enterprise).

The Nantes example illustrates how public works contracts can deliver a double benefit: the work that needs to be done, such as a road, as well as jobs for excluded people.

Advantages: public procurement can be a strong force for work inclusion – especially in construction trades – and can work either in or with the private sector to offer a different route into jobs for the disadvantaged without costing more to the public purse.

Disadvantages: procurement is a complex legal field which exposes small municipalities to legal challenge by losers in the process. Providing technical expertise at inter municipality or regional level can help. Quality social enterprise intermediaries are needed in most models and it takes the social economy some time to respond to new opportunities. There are also important variations between countries in their procurement laws.

In the United Kingdom, Fusion21, based in Merseyside, has developed a sustainable model of using public works to create construction apprenticeships. They are a social enterprise that has succeeded in organising feeder recruitment into private sector construction companies. Fusion21 is a company limited by guarantee (i.e. non-profit distributing) combining the purchasing resources of seven founder Merseyside Housing Associations and later two arm’s-length housing management organisations. It deploys a “sustainable procurement” approach that links public sector investment in capital works to construction industry jobs for local people by requiring the winners of contracts to

dedicate 1% of their contract value to Fusion21 for training and employment purposes. Procurement is carried out directly by Fusion21 for the pool of housing organisations. See Box 9 for fuller details of the model in Knowsley.

Box 9. Using procurement to create construction industry apprenticeships

Fusion21¹ is a social enterprise that helps young people from disadvantaged backgrounds get work in the construction industry. It does so by organising the procurement on behalf of a consortium of housing associations and by setting conditions on the contracting bodies who take on the trainees.

Fusion21 has three objectives:

- to use the strategic procurement partnership to maximise the possible efficiency;
- to support industry and the local communities by providing training and employment opportunities for local people;
- to develop systems which increase both supply chain performance and environmental awareness.

Fusion21's procurement is managed by online e-procurement run in-house using their proprietary system.

Each trainee completes a three-week intensive course before being placed with an employer. They are then supported during their two-year placement and Fusion21 organises NVQ (national vocational qualification) assessments including on site assessment. Trainees are recruited, trained and guaranteed jobs with contractors, suppliers or social housing providers at the end of a two-year programme. They work in a wide range of construction skill areas including installing bathrooms, kitchens, heating systems, gas, doors, window painting and decorating, electrical, digital TVs and servicing stair lifts. Outdoor skills include high rise refurbishment, roofing, scaffolding, ground works, void security and management.

Fusion21's financial model is based on 40% of revenues coming from the contract contribution of 1% made by contractors to whom Fusion21 awards contracts. The remaining 60% comes from earned income on consultancy and from grant income, including the European Social Fund (ESF).

Fusion21 tracks progress across a wide range of employment indicators. By 2011, the company claimed to have created 540 jobs for local people and trained 700 people in construction skills. They can now boast the following results:

- Fusion21 creates 1.5 jobs created for every GBP 1 million invested in housing and related projects.
- It won the first ever Housing Corporation Gold Award for "Innovation in Procurement" in 2006. It was the winner of Women in Construction Awards in 2008 for "Best Training Scheme". It delivered half of the United Kingdom's job outputs under the Ambition Construction Pilot, which had nine pilot areas across the United Kingdom.
- It generated efficiency savings of over GBP 5 million for partners during 2005-2006, which amounted to 11.3% of total programme costs.²

Advantages: there is a generic approach that could work in many different settings, especially with social landlords. It is cost effective and with no recourse to the public purse (the levy on private companies pays for most of the scheme).

Disadvantages: there are few organisations of this type currently operating. It has not been replicated in other local areas despite this being a logical step perhaps because public contracting bodies such as local authorities and housing associations have failed to spread and replicate the model.

Notes:

1. www.fusion21.co.uk.

2. Desktop Guide to E-procurement in Local Authority Construction.

It is not only construction jobs on infrastructure contracts that matter. Construction jobs may only last for the two or three years while a project is onsite. The long-term employment market depends on local people having access to the full range of long-term jobs in the buildings themselves. The Shard, which is Europe's tallest office building, now reaching completion on London's south bank, attempts to address this challenge. Part of its agreement with Southwark Council when awarded planning permission included a deal to provide significant resources for helping local people to access work in the new building (Box 10).

Box 10. Agreements with developers in return for planning permission

The Shard Southwark vocational programme is worth EUR 5 million and has been negotiated with the private developer Sellar Plc. under a planning agreement.¹ The vocational programme aims to ensure that Southwark residents will directly benefit from the job opportunities in the giant skyscraper office development.

The programme is a collaborative venture between Southwark Council and Shard developers Sellar. The programme has three key objectives:

- to provide training and employment opportunities for local people during the construction of the building;
- to provide bespoke training courses for local people to match the job opportunities in the completed building;
- to create an exciting outreach programme to ensure local people have the best chances of accessing jobs in the building.

The programme will be delivered by a coalition of key local providers, including Southwark College and Southwark Works, a local social enterprise supported by the Council.

Job opportunities include those in the viewing galleries, hotel, offices, restaurants and security services. Managers from the Shangri-La Hotel and developer Sellar have been working closely with the college two years before the building opened to help design courses and to guarantee interviews for local people.

As well as the GBP 5 million on the vocational training programme, a further GBP 25 million of private money is being spent on a new bus station, train station concourse, public plaza and connections to the underground.

New training facilities are to be constructed which move away from classroom-based instruction to "real work" environments, with commercial workshops to provide hands on vocational training directly linked to Shard jobs. While construction is taking place, works will commence at Southwark College to fit-out new workshops for bespoke training courses which will feed directly into new job opportunities in the building. As the building neared completion in early 2012, an outreach programme was developed by Southwark Works, START jobs and other employment brokerage organisations.

Advantages: agreements with developers allow private money to be brought into play without cost to the public purse.

Disadvantages: not many countries have a comparable system of linking planning approvals to specific regeneration payments by developers.

Note: 1. In the United Kingdom, these are agreements Section 106 (S106) of the Town and Country Planning Act 1990 which allows a local planning authority (LPA) to enter into a legally binding agreement.

2.6. Financing through social media, peer to peer and crowd funding

It is no surprise that the Internet, and in particular social media, have started to play a role in the delivery of support for the long-term unemployed. Social media can be used in job searches, coaching and other aspects of supporting the long-term unemployed. Here we will look specifically at how finance is being mobilised on the Internet.

Crowd funding visionaries argue that the Statue of Liberty was one of the early crowd-funded projects because it was financed by public subscription in France through a national appeal to save the project. The emergence of the Internet and social networks is clearly a game changer. Sites like *Justgiving.com* and their equivalents are transforming charitable giving by making it easy to collect money from sponsors when you run a marathon, climb Everest or eat 1 000 boiled eggs. Ammado (Box 11) is an international equivalent.

Box 11. The Ammado global giving platform

Ammado is a global platform which connects non-profit organisations, socially responsible companies and engaged individuals in a unique environment of shared interests. It supplies the tools necessary to support online campaigning, fundraising, engagement and communication. This global platform has levelled the playing field for receiving and giving donations, embracing the breadth and power of Web 2.0. It was founded as a mission-based, for-profit enterprise in Dublin in 2005 by a serial entrepreneur, Peter Conlon, and Anna Kupka.

After four years of building the Ammado platform, the site was launched in June 2008 and is available in 12 languages (Dutch, English, French, German, Italian, Japanese, Korean, Polish, Portuguese, Spanish, traditional and simplified Chinese) connecting individuals from 130 countries and over 4 000 non-profit organisations worldwide. These non-profits range from large, internationally known organisations such as Amnesty International, the US Red Cross, UNHCR, WWF, Habitat for Humanity, right down to tiny organisations working on the periphery of communities around the world. Ammado can promote their causes and solicit donations.

Ammado aims to be a one-stop shop. It facilitates charitable contributions from people across the world in 33 currencies using virtually every payment method. In the past, grassroots non-profit organisations were often unable to utilise most online fundraising tools due to numerous limitations (countries, currencies, language, payment methods). In addition to online donation capabilities, Ammado allows giving vouchers and interactivity with other social networks like Facebook and Twitter. Non-profits can add the “Donate Now” box to their Facebook fan pages. The Ammado donations widget is one of the platform’s latest features. The cutting-edge micro-donations software is a compact, vibrant space, the same size as an iPhone screen, and can sit on any website, blog or social network profile. It has a welcoming image which invites visitors to donate. By clicking “donate”, they are brought through the donation process then and there without having to navigate away from the site/blog.

Advantages: this is an international giving platform.

Disadvantages: in some cases it may be competing with locally developed solutions.

But giving sites are only the beginning. The real change in financing new projects is taking place around peer to peer and crowd funding investments.

Peer-to-peer investing involves simply surfing the website and finding a person that you want to invest in. You can do this on *Kiva.org* which is a form of micro-credit site in which the investor lends to a specific target borrower. Peer-to-peer is a form of relationship lending. Kickstarter is a website that takes this very simple method of peer-

to-peer lending a stage further (Box 12). With Kickstarter you can invest with others in a new creative “crowd-funded” project. One available in 2012 was the Olympic City⁷, which enabled you to sponsor a photography project to produce images of the legacy of previous Olympic stadium sites. An investor in this project at the lowest entry level of (USD 85), would receive the photo book that the promoters would produce. Higher levels of support brought greater benefits and all provide the satisfaction of producing a photo archive to show to future Olympic bid cities that achieving legacy is a challenge. Kickstarter recently had two projects that needed USD 1 million to be raised in a single day.⁸ Kickstarter is achieving significant interest among creative investors and investees but does not at the moment have a focus on inclusion or the long-term unemployed. Kickstarter is also not an equity investment, the project holder still owns their project.

Box 12. Kickstarter: Crowd funding creative projects

Kickstarter is a new way to fund creative projects using an online crowd funding model. The funding model works by asking project promoters to create a web-based offer. Investors then browse the available projects before choosing to invest in a specific one.

Kickstarter focuses on creative projects, artists, filmmakers, musicians, designers, writers, illustrators, explorers, curators, performers and others bring their projects, events and dreams to life. Projects are finite with a clear beginning and end: a project is either completed or it is not. The promoter can be held accountable for the results of the project and there are definable expectations that both investors and investees agree to before the investment is made.

Kickstarter insists on investees receiving their whole investment. If the investee only gets commitments for half the investment, the proposal fails. The approach allows people to test concepts without risk. If they do not receive the support they want, they do not have to follow through with the project. It motivates investors to bring other investors in to fund the project so that the project will succeed. Investors support projects because they feel they will be rewarded through products, benefits or experiences. Project creators keep ownership of their work.

The site has launched thousands of projects and the model is an interesting one for employment-based projects running on Internet platforms. Encouraging individuals to pitch to investors seems likely to be a strong model for supporting enterprise.

Advantages: Kickstarter has created a worldwide market in crowd funding for new creative projects. Investors share the risk and normally contribute modest amounts so that this risk is mitigated.

Disadvantages: Kickstarter exists in a market with all the associated foibles and uncertainties. It does not have a clear focus on social need or social inclusion although it is possible that other models could be developed that might achieve this purpose.

Self-employment and part-time temporary work are both growing in importance as large firms downsize, people remain healthy into their 60s and the collapse of pension systems oblige people to work for longer. In parallel, the online world of self-employment is growing in importance.

Freelancer.com and *elance.com* allow buyers to advertise projects that they need to have completed. Freelancers from all over the world bid to carry out the work. The type of work advertised is mostly computer based and ranges from software and website development to bookkeeping. Contractors come from a wide range of countries but the fee rates are often low, driven down by Indian and far-Eastern contractors who offer services at very low rates – typically as low as USD 6 an hour. These sites illustrate that there is a huge potential market for specific types of subcontracting. Micro-businesses can

use the site to do work at competitive prices. Bills are paid through PayPal. It is likely that national versions of this type of site will emerge.

There have been experiments with part-time and temporary employment sites in various countries. Slivers of Time in the United Kingdom advertises part-time employment in which the employee is employed not by the firm offering the work but by an intermediary body. The UK organisation Women Like Us⁹ has created a market for women with child care responsibilities to seek part-time employment in their local area. These new forms of employment broker and intermediaries are likely to become increasingly important, with a growing number having a social enterprise ethos.

3. Adapting the delivery system

3.1. Reaching the parts that larger programmes cannot reach: Delivering micro-projects

Micro-projects and community-led local development are both attempts to reach target groups or target communities.

Early examples of this approach included the Irish Local Development Partnerships, which after pilots in the early 1990s became the centrepiece of the EU funded Local Urban and Rural Development programme. In each local area, a local development company was established and financed through a central global grant mechanism administered by Area Development Management,¹⁰ an NGO set up by the Department of the Taoiseach (Office of the Irish Prime Minister) to administer the programme. Each local company developed a local strategy for employment, inclusion and job creation. The global grant facility has existed in EU programmes since the early 1990s when it was developed by the Italian authorities. Global grants are an ideal way of organising a large number of smaller projects and reporting them upwards as if they were a single project. However, the inherent lack of control of delegated budgets by central administrations is perhaps the reason why they have not proved more popular among EU country governments.

At about the same time, the United Kingdom included community economic development priorities in the majority of its EU Structural Fund programmes. The flagship was the Pathways to Integration measures of the Merseyside Objective 1 programme. This was a bottom-up local development initiative backed by the five local authorities in the sub-region. Thirty-eight local partnerships were formed in disadvantaged neighbourhoods, each with a strategy and an action plan. They deployed a number of techniques to involve local people in real decision making about the future of the community. One approach to involving local people was to allow community representatives to score the project applications made by further education colleges and training providers. Another was to accept single small-scale applications from community-based organisations and social enterprises. A programme that had been dominated by half a dozen project sponsors suddenly had over 900 projects to cope with.

Micro-projects need micro-grants and loans and a number of different techniques have been developed for organising these. Germany has experimented intensively with these approaches in the past decade at both federal and *Land* level. *Stärken vor Ort* is a national scheme focusing on empowerment (Box 13) which focuses on the young, disadvantaged people; and the Berlin version of the national *Soziale Stadt* programme which has developed innovative participative budgeting techniques where local citizens prioritise and select projects for funding (Box 14).

Berlin has a particularly strong tradition of locally delivered programmes and of involving citizens in making decisions about which projects should be funded. They run both local development and local employment programmes in which citizen panels prioritise the projects that are proposed by actors from within the local communities. The decisions on which projects should be accepted are taken in a process known as neighbourhood budgeting, drawing on participative budgeting approaches developed originally in Porto Alegre in Brazil.

Box 13. *STÄRKEN vor Ort*: Local empowerment programme through micro-projects

The German Federal ESF-Programme Local Empowerment Programme (*STÄRKEN vor Ort*) forms part of the overall initiative of “*JUGEND STÄRKEN*” which aims to promote the social, educational and professional integration of young, disadvantaged people. The Empowerment Programme is a successor programme to the former Local Social Capital pilot, which was implemented under Article 6 of the ESF regulation until 2007.

The Local Empowerment Programme was launched in 2009 and currently covers 280 administrative districts and local areas across Germany. It provides small grants to micro-projects that aim at reaching, activating and integrating vulnerable groups of young people both with and without migration background up to 25 years of age and women who suffer from social exclusion or are vulnerable. The final beneficiaries of the programme are small local initiatives and networks. The micro-projects, which are embedded in local action plans, are decided upon by local committees on the ground. The programme enhances new kinds of partnerships at the local level and improves the co-operation and participation of local stakeholders and institutions, citizens, professionals, volunteers, officials and politicians. Local co-ordination offices, which are the intermediary beneficiaries of the federal funds (Federal ESF-OP), are responsible for supervising the programme at the local level.

Advantages: this fund allows the recipients of support at the local level to avoid the complexities of dealing with Structural Funds and organises these at the national/federal level with a specialist organisation (Gsub) acting as the implementing body.

Disadvantages: few member countries have appropriate structures for administering this type of micro-funds, but these could be developed with appropriate capacity building measures.

Box 14. Berlin neighbourhood funds: A participative budgeting process

The Berlin Neighbourhood Funds¹ are bottom-up in nature, and focus on neighbourhoods where there is a concentration of problems and unmet needs. Since 1999, local residents and local actors from across the entire community have played a key role both in developing local strategies and implementing them. The approach starts with the creation of a partnership between local stakeholders and the municipality. This partnership works to identify the development potential of the neighbourhood using evidence on socio-economic characteristics and disparities.

The involvement of local residents and actors has grown over time, and the participatory approach was strengthened in moving from the previous programming period (2000-2006) to the current one. In particular, since 2005, the participation of local residents within neighbourhood councils has been extended through their role in the decision-making process, by giving them the responsibility to decide on the financing of projects. Together with local residents, three other actors are involved in both phases: the Senate (the intermediary body in charge of local development priorities and measures), the boroughs and the neighbourhood management teams.

These last are appointed through open tender for a period of several years; they are not staff of the Berlin Senate and this can help to develop teams with an ethnic profile that is more reflective of the local communities.

Box 14. Berlin neighbourhood funds: A participative budgeting process (cont.)

Activities are developed by the neighbourhood management teams who conduct outreach and community work in the neighbourhoods. They take a potential-oriented approach focusing on economic development combined with instruments for tackling social problems. The conceptual framework for enhancement activities within these small-scale areas is the “integrated action concept”, which analyses initial social and economic conditions, defines priorities for future development according to local conditions and describes the activities that are suitable in the context of available funding. Ultimately, the aim is to stimulate the stable and sustainable social and economic development of the neighbourhood within the urban system. A focus of intervention is also the stimulation of civil society participation and inclusion of target groups, addressing social problems and reducing social disparities.

In general, local development measures and priorities have demonstrated positive achievement in terms of financial capacity, outputs and results. Interventions using local development were effective from the outset and from the point of view of financial integration among different financial resources (the federal Republic of Germany, the federal state of Berlin and from the European Union through ERDF and ESF) as well as policy integration (social needs within an urban development perspective).

Advantages: this method involves high levels of outreach and engagement in very disadvantaged communities. When this work is done well, it can build capacity and promote a wide range of other policies such as for integration of migrants, activation in the labour market and reducing school drop-out rates.

Disadvantages: it requires high-quality programme management and engagement at local level through highly skilled community organisers.

Notes: 1. AEIDL Local Employment Initiatives Study, German case study by Reiner Aster and Eniko Soujon (2011).

3.2. Decentralising employment services to the municipal level

Part of the problem with services for the long-term unemployed is that in most countries the welfare and employment system is administered at the national (or state level in federal systems), while the delivery of many key “wrap-around services” is organised at the regional or more often local level and delivered by municipalities.

The financial ramifications of this multi-level problem are that most often the resources do not go to the levels which make the inputs, or if they do they do not flow in a logical way based on results but are allocated at central level using rough metrics to justify levels of input financing. These systems are rarely “virtuous” in that they do not reward the key delivery partners for their efforts. It is like a football team that does not reward key players for scoring or preventing goals but instead hands out bonuses according to some other logic.

At different times, different countries have opted for either centralising all of the employment services or decentralising. Most countries sit uncomfortably between the two models with important levels of wrap-around services being delivered at local level while policies for the employment service and for social security are organised at national level but then delivered locally through branch offices.

Denmark has taken a series of dramatic steps to try to address these problems as part of its much-praised flexicurity model in which the employed and unemployed are offered a high (though diminishing) level of security in return for flexibility in the labour market

(e.g. ease of firing and use of short-term contracts). Their innovative solution has been to rationalise the local level by encouraging municipal amalgamations and decentralising the administration of employment and welfare services to the new aggregated authorities. They operate a hybrid model of delivery making use of public, private and third-sector delivery agencies, but all under the strategic guidance of the local municipalities that run the employment service in each local area and which organise the procurement of whatever services are needed.

Denmark spends more than any other OECD country on active labour market policy – approximately 1.4% of GDP. It is probably the world's highest spender in this field. There is a strong national legal framework in order to ensure that national performance targets are fulfilled and that citizens are guaranteed minimum rights and duties and that they receive similar services across the country. Within this strong national framework, nearly two-thirds of services are delivered at the local municipal level (overall 63% of public expenditure is managed at the local and regional level) following ten years of decentralisation. This follows a general policy view that services should be delivered as close as possible to the citizen or enterprise. National labour market regulations set down minimum measures for the municipalities, which include the frequency of contact and the right of citizens to receive employability enhancement programmes.

The Danish active labour market policy has been the subject of successive reforms over the past decade:

- 2006: Welfare Agreement Reform, focused on enhancing workforce participation and increasing unemployed persons' availability for work and the extent of their job search activity. This reform also reduced the length of time benefits for the insured unemployed would be paid through private unemployment insurance funds (organised as associations, mostly under the aegis of trade unions) from four to two years.
- 2007: a major structural reform of local and regional government came into effect. In return for more powers, the government sought a rationalisation of municipalities. The 271 municipalities were reduced to 98 and the 14 counties were abolished and replaced by 5 new administrative regions governed by popularly elected boards.
- 2009: active measures for insured unemployed people were transferred from the national office to the municipalities, to be added to the responsibilities they already had for the uninsured unemployed and including full responsibility for active labour market policy and cash social benefits. This decentralisation involved the transfer of over 2 000 national employees to regional and local governments.
- 2011: municipalities were given a role in financing active measures in the enterprises (two-thirds of budget from national, one-third from municipal sources), 24 incentives built in so that municipalities can keep the money if they get people back to work.

The whole system is supported by a remarkable real time information system¹¹ which can be accessed by any level of government and by citizens. This provides granular data on local geographies and specific target groups.

Municipalities have a high degree of flexibility within the overall scheme and can structure and develop their own programmes and projects for specific target groups. They can draw up programmes based on local challenges, needs and economic situations, and decide on how to plan co-operation with enterprises and sector organisations and define the nature of the co-operation.

Copenhagen is the largest of the municipalities and covers approximately 20% of the unemployed population. It operates three employment offices for the entire city. Because the Danish model has decentralised responsibility and incentives to the municipal level, it is possible for the Copenhagen Employment Directorate to co-ordinate its efforts with other departments providing services to the target groups such as youth, women and migrants, including around childcare, education, training, immigration and other health and local development initiatives operating in neighbourhoods. Copenhagen has a sophisticated strategy for reducing youth unemployment which can be characterised as Education First. Because the labour market is changing, the city is encouraging young people to get more education and qualifications using a wide range of targeted programmes.

All expenditures for active and passive labour market measures are paid to municipalities by the national government through a non-earmarked block fund. The financial management system gives each municipality considerable flexibility to decide budget levels and resource allocations, allowing municipalities to prioritise and enhance active measures according to local needs. Municipalities can decide on the amount of operating resources to be allocated to job centres, can choose to invest in particular measures by adding resources, and there is no ceiling on this expenditure.

There is, however, a ceiling for state co-financing of active measures. Generally, the municipalities obtain a financial benefit every time a citizen becomes employed because spending on public benefits is reduced and municipal tax revenues are increased. There are also financial incentives for meeting timelines and putting in place active measures through a system of refunds; and good results can generate revenues for the municipalities. However, the combination of financial incentives with a range of compensation and settlement schemes make the financial system complex.

The advantages of the Danish system of active labour market policy are that it allows individual solutions to be tailored for the individual within a strong policy framework. Local authorities that run the system are incentivised to get young people into work or education. It is a virtuous financing system. The main disadvantage is that this system might appear to the user to be instrumental. Special efforts have been taken by the Copenhagen youth job centre to ensure that clients are treated as people and this has included having “hosts” to welcome clients in to the centre and signpost them to services.

4. Combining new finance with new delivery models

The new frontier in labour market policies is to combine new forms of delivery with new forms of financing. Most of the finance in these first generation models is being raised in the private for-profit sector. This section explores two models: payment by results in which public authorities purchase results rather than inputs, and social impact bonds in which a fully private financing circuit is developed within a public policy.

4.1. *Payment by results*

The key aspect of payment by results is that instead of paying for inputs and the cost of the project, the finance pays for the outcomes of the project. Payment by results is both a way of transforming the delivery model and in some models, such as the United Kingdom's Work Programme (Box 15) there is also a private finance circuit. The Social Impact Bond and the Obama administration's Social Innovation Fund use payment by results as a core feature of their approach but take the model a stage further by organising a bond issue to finance the activity.

Versions of payment by results have been used for many years in Europe and are similar in essence to output-related funding in which a percentage of total costs are held back and only paid when positive outcomes are achieved. In employment and training projects, these positive outcomes are usually defined in terms of entry to a job, training or further education.

The difference with the new generation of approaches is their rootedness in metrics, their focus on longer term outcomes rather than outputs, and the pressure they put on project sponsors to raise their own finance up-front (and occasionally to cheat with producing the results). See Box 15 for details on the UK scheme.

Box 15. UK Work Programme: Payment by results and prime contracting

The UK Work Programme has adopted a payment by results model in the tendering of its regional contracts. Private sector contractors must raise the money to pay their advisers and other overheads for up to three years before receiving their main payments under the contracts.

Providers are paid a small start fee for each new participant in the early years of the contracts. These start fees provide contractors with some cash early in the contract but are reduced each year and eliminated after three years. Providers can claim a job outcome payment after a participant has been in a job for three or six months, depending on how far they are from the labour market. This period recognises the fact that some participants would have moved into jobs anyway, without support. The programme seeks to deliver sustained work, not just quick fixes.

After receiving a job outcome, providers can claim sustainment payments every four weeks when a participant stays in work longer. These payments can be claimed for up to 1 year, 18 months or 2 years, depending on how far the participant is from the labour market.

The payment structure is intended to create strong incentives on providers to help participants into sustained work and to continue to support people to stay in work for longer. It is unclear how these contracts will perform in a slack labour market under recession conditions. In mid-2012 it was reported that one provider, A4E, had only placed 3.5% of its 100 000 clients in work during the first year of the programme.¹

Box 15. UK Work Programme: Payment by results and prime contracting (cont.)

The effect of the contracting model has been to further narrow the contractor market to a relatively small number of large private sector providers. Big name providers include Ingeus/Deloitte, A4E, Reid in Partnership, SERCO, Maximus and G4S the Olympic security provider. One company, Ingeus won 7 of the 18 regional contracts.

In their tender bids the prime contractors commit to subcontract to charities, social enterprises, and small businesses. However, there has been widespread criticism² that the prime contractors cherry pick the clients, take the main profits and give the hardest cases to the other partners. Some providers are walking away from the programme because it does not stack up financially. A recent court case for fraud against A4E illustrates the risk that incentive-based systems may also encourage staff to game the system.

The first qualitative evaluation results were published in 2012.³

Advantages: government is able to buy results rather than pay for inputs. The money to implement the scheme is initially raised by the private sector contractors and only reimbursed after results are achieved.

Disadvantages: contracts are very hard to specify. Contractors may “cream” the target groups; for example, there have been accusations that difficult target groups such as people who are partially sighted have not been helped sufficiently. In addition, there can be serious unintended consequences – for example in the United Kingdom, some social enterprise sub-contractors have gone bankrupt apparently because their viability was squeezed by prime contractors. There is also a risk that the pressure in the schemes to deliver results incentivises employees and even prime contractors to “game the system”. In the United Kingdom, prosecutions are pending on a number of payment by results contracts. The founder and chief executive of one of the most prominent prime contractors A4E resigned after newspapers broke the story.

Notes:

1. www.guardian.co.uk/commentisfree/2012/jul/02/a4e-job-agencies-payment-performance.
2. www.huffingtonpost.co.uk/john-tizard/the-governments-flagship-_b_1549129.html.
3. <http://research.dwp.gov.uk/asd/asd5/summ2011-2012/821summ.pdf>.

The Obama administration made a commitment in the 2008 election to set up a social innovation fund and has created a White House Office for Social Innovation and Civic Participation.¹² The office has three missions, as follows:

- promote service as a solution and create a new generation of leadership;
- increase investment in and provide incentives for innovative solutions that demonstrate results;
- develop new, innovative models of partnership.

The Office recognises that good solutions are being developed at the local level and that it is government’s job to get behind these initiatives.

The Social Innovation Fund (SIF) was established by President Obama in 2010 to scale up innovations for addressing social challenges that lead to faster and more lasting progress. The fund is housed at the Corporation for National and Community Service (CNCS), a US federal agency.

In 2010, the US Congress voted to give USD 50 million to the fund, which is matched 3:1 by funding from private foundations and philanthropists creating a total fund of USD 200 million. In 2011, funds were awarded to 11 intermediary organisations with a track record of identifying and growing high performing non-profit organisations. Intermediaries were tasked with identifying innovative, effective, ready-to-scale solutions delivered by non-profit grantees that could meet the needs of other communities. Grants were awarded in the areas of economic opportunity and poverty alleviation, education and youth development and health. The 11 intermediary organisations were required to match funds 1:1, as were grantees, resulting in the 3:1 ratio of non-federal to federal funding. See Box 16 for examples of projects funded by the Social Innovation Fund that will help to spread innovative projects developed in New York City to other parts of the United States.

Box 16. Social Innovation Fund, United States and payment by results

In 2010, the Mayor's Center for Economic Opportunity and the Mayor's Fund to Advance NYC received a USD 5.7 million Social Innovation Fund federal grant from the Corporation for National and Community Service.¹ This grant is supporting the replication of five of CEO's most promising anti-poverty programmes in New York City and seven partner cities: Kansas City; Memphis, Tennessee; northeast Ohio; Newark, New Jersey; San Antonio, Texas; Savannah, Georgia; and Tulsa, Oklahoma.

The Social Innovation Fund projects being piloted are:

- Jobs-Plus, a site-based employment initiative for public housing residents;
- Family Rewards, a conditional cash transfer programme to reduce current and future poverty;
- \$aveUSA, a savings programme linked to the Earned Income Tax Credit;
- Young Adult Internship Program, a paid work exploration and education programme for disconnected youth; and
- WorkAdvance, a sector-focused training and advancement programme for low-wage workers.

Each of these projects will be funded on a payment by results basis.

Advantages: this is grant funding which is leveraging foundation funding and other contributions. It is awarded with a clear payment by results approach.

Disadvantages: on the ground the projects that are funded look very similar to employment, training and outreach projects elsewhere and there does not appear to be a clear mainstreaming route into public policy.

Note: 1. www.nyc.gov/ceo.

The logic of payment by results is that a new solution must be proven to be more effective than older existing solutions. They still require an active process of innovation and experimentation to develop new approaches on the ground. One way of doing this that is being tested by DG Employment in the European Union is the idea of a social experiment. Social experiments use rigorous control-group methodologies to establish whether a policy or a project has worked better than other existing approaches. The 24 pilots each with funding of around EUR 300 000 are being funded under the EU Progress facility and this is set to continue into the new funding period after 2014 when it

will be rebadged as a social innovation fund. For more on social experiments see the JPAL/Abdul website¹³ and the EU guide to social experimentation¹⁴ produced by the same organisation as well as Box 17.

Box 17. Social experiments

The creation of Active Solidarity Income¹ (France)

Active Solidarity Income was introduced in France in June 2009. It is a payment to citizens by the state that complements earned income for recipients who are working but whose income falls below the acceptable threshold for their family situation. It also acts as a minimum income for unemployed beneficiaries. The objective of the active solidarity income is to integrate and simplify existing benefit schemes, to combat poverty more efficiently and to foster the transition into work.

In 2007-2008, and before being implemented nationwide, the active solidarity income was tested using a social experimentation control group methodology in 33 of the 101 French departments. An evaluation committee, bringing together researchers, representatives of the national and regional administrations and qualified persons, was set up from the beginning to analyse whether the active solidarity income was reaching its objectives. The evaluation proceeded mainly by comparison between test and control territories. It showed that the experimental active solidarity income had a positive impact on the exit rate to work for the unemployed.

Counselling and monitoring of unemployed workers² (Netherlands)

In line with an increasing interest in stimulating re-employment of unemployed workers through active labour market policies, the Netherlands introduced two policies designed to support unemployed people going into work by counselling and monitoring. Counselling and monitoring are provided by the local unemployment insurance agencies to insured and unemployed recipients with relatively good labour market prospects. The support through counselling and monitoring consists of monthly meetings with an employee of the local unemployment insurance agency for a period of six months starting immediately after starting on unemployment insurance. During these meetings, recent job search activities are evaluated and a plan for the next period's job search activities is made. The main purpose of counselling and monitoring is to reduce the duration of unemployment and consequently the total amount paid on unemployment insurance benefits. The results of this randomised social experiment did not provide evidence that counselling and monitoring affect the exit rate to work. Monitoring causes a shift from informal to formal job search.

Advantages: social experimentation is not a funding mechanism *per se* but offers policy makers a way of testing whether new approaches are more effective and efficient than existing methods through the careful use of randomised control group methodologies.

Disadvantages: these experiments can be difficult to set up, particularly because of the difficulty of finding appropriate control group populations. There may also be some ethical questions about groups that do not receive support although these problems can normally be addressed. Social experimentation does not avoid the problem that pilots and experiments may work well at small scale but not so well when scaled up or spread.

Notes:

1. www.ladocumentationfrancaise.fr/rapports-publics/094000222/index.shtml.
2. www1.fee.uva.nl/scholar/wp/wp25-01.pdf.

4.2. Social impact bonds

The social impact bond uses a payment by results model to reward private bondholders who invest in the best solutions in order to obtain the maximum return. There are downsides to the approach including long set up times, difficulty of finding robust metrics that can withstand the fluctuations in external economic conditions and the high transaction costs involved in setting up the first pilots. Nevertheless, social impact bonds are more than just an attractive intellectual proposition. They offer a route to cut through the multi-level layer-cake of governance that characterises most complex problems. They create a virtuous financial circuit in which rewards are directly linked to performance. If the metrics are robust enough and providing that fraud can be controlled, they could go far.

Box 18. Peterborough Prison and social impact bonds

In many countries, the criminal justice system fails to rehabilitate the majority of offenders. Incarceration acts like a university of crime, and reoffending rates are very high. In the United Kingdom, over 60% of short-term prisoners serving sentences of less than 12 months reoffend within a year of being released. The costs for the individual, their victims and society are huge.

Apart from looking for community-based punishments, the solution is thought to be “through the door” support provided by specialist agencies with a proven track record at helping ex-offenders to reintegrate into the workforce. In the United Kingdom these agencies include the St. Giles Trust and Ormiston which are both non-government organisations. Part of the key is to support the offender before and after leaving prison. This can be difficult geographically as many prisoners are incarcerated a long way from home.

The Peterborough Social Impact Bond¹ attempts to change the funding logic by rewarding investors in solutions through a private sector bond issue. The bond holders will lose their investment if the rate of reoffending (the recidivism rate) does not decrease by more than 7.5%. If it does decrease by more than this base figure they get an increased return for every percent of improvement up to a maximum financial return of 13%. This bond brings private money into the funding circuit and helps government to break out of the vicious spiral of funding in which they have become locked into expensive prison building programmes to accommodate more prisoners rather than investing in reducing re-offending.

The St. Giles Trust, the Ormiston Children and Families Trust, SOVA and YMCA provide intensive support to 3 000 short-term prisoners over the 6-year period of the bond. The key to their support is that they provide a through the door service both inside prison and after release, to help prisoners and ex-prisoners resettle into the community.

The pilot is being run as a social experiment whereby control groups in other prisons are established and monitored over the time period of the pilot.

Advantages: social impact bonds bring private sector capital into the funding circuit at the start of the process. Public money is only committed when the bond is redeemed and if the methodology has been successful. Public services can be delivered now and paid for later.

Disadvantages: bond issues are complex to set up, have high start-up costs and will probably only work in situations where very clear and robust metrics can be established. As with payment by results approaches in general, there is a risk of unintended consequences if design is poor.

Note:

1. www.stgilestrust.org.uk/what-we-do/p486-the-one-service.html.

Since the launch of the first social impact bond there has been an explosion of interest with frequent articles in the Economist.¹⁵ At the time of writing there are at least 14 bond issues at various stages of development in the United Kingdom. The most recent launch was for a bond for homeless people sleeping on the streets of London. The work of two charities, St Mungos and Thames Reach, is financed through a EUR 6 million bond which will provide returns of 6.5% to social investors if the social objectives are met over three years. The social objectives are measured in terms of numbers of nights that rough sleepers within a specific population stay on the streets as well as visits to hospital out-patient departments. The social impact bond is able to provide the charities that deliver the services with longer term financing (of up to three years) than is currently available through grants from the public sector. However, this problem of short-term funding would be relatively easy to fix if government wanted to do so without the complexity of creating a bond.

The first US social impact bond was launched in 2012 by New York City for prisoners on Riker's Island modelled on the Peterborough bond.

5. Conclusions: Towards a new and more complex landscape of financial models for long-term unemployment

The examples used in this paper show that there is a rapid growth in new approaches to financing employment and training policy at national, regional and local levels. At the same time, the financial crisis that has affected Europe and the United States has stimulated interest in new approaches that bring in private capital and offer greater efficiency or effectiveness by focusing on payment by results.

Financial innovation for a social purpose is also leading to pilots such as the Peterborough Social Impact Bond. It is likely that there will be a rapid growth in bond-based instruments for social purpose during the next decade as word spreads, and other bonds in a range of countries are already being worked up. The financial incentive of buy now pay later will drive the launch of new bonds.

There is much to learn from the social investment world about how to structure financial models and how to measure success. As soon as interventions are thought of as investments rather than input payments, the whole logic of funding changes. This brings new challenges in areas of policy which have traditionally seen next year's budget as an inflation adjusted version of this year's.

Public sector actors will need to build their own understanding of these financial models, especially as many of them require public funding at some stage in their life cycle and new types of money will be offered as "matching finance". The ability to draw up contracts and design schemes will become an essential part of the skillset for public officials. In moving towards a more hybrid world it is important that mistakes that were made in the setting up of private finance initiatives for infrastructure investment are not replicated in the social field. Capacity building is needed to help public officials to negotiate with the private sector in complex contracting environments. Revenue funded projects are just as complex as infrastructure developments. There are enormous risks when contracting with private sector providers and the unintended consequences and risks of cherry picking or creaming and even fraud are high.

Rigorous independent research is needed to get beyond the hype of new products and ensure that pilots really are superior to existing approaches. A model is the control group evaluation which is at the centre of social experimentation and which will underpin the results of the first Peterborough Social Impact Bond. However, there is also a danger that much of this research is commissioned by the organisations that deliver services to this new industry. There is a need for more independent assessments by forensic evaluators. There is an important role for the OECD and for independent think tanks and social innovation organisations to conduct genuinely independent research and evaluations.

More innovative solutions are needed to develop virtuous circuits within public finance systems, particularly between levels of government, so that rewards are apportioned according to success. It is possible that solving the multi-level funding problems of publicly funded social investment could be more important than creating innovative bond-based approaches or resorting to new forms of crowd funding. The radical decentralisation of public employment services to the municipal level is one way of addressing the multi-level nature of the financing system which could improve services for the long-term unemployed by allowing for more holistic service delivery and enabling a real personalisation of employment services. Denmark is able to achieve this because it has a Scandinavian level of public service operation with high-quality services delivered

by excellent staff. But even in this apparent employment policy paradise there are issues. With 98 municipalities in a small country of only 5 million, it is likely that outside Copenhagen many of the municipalities are considerably smaller than their labour markets and that many are too small to deliver effectively a full range of services. In general, the decentralisation might be more effective if operated at the level of functional urban areas rather than administrative municipalities.

It is likely that in the future, successful delivery systems will have a supple and hybrid mix of public, private and social economy bodies delivering policy to address long-term unemployment. A mixed market will require a variety of funding approaches, ongoing experimentation and rigorous metrics to find out what works and which groups are falling through the cracks.

There can be no complacency with existing frameworks: the failure to improve employment rates, the growth in long-term unemployment exacerbated by the crisis and the resulting burden of dependency is becoming increasingly impossible for governments to afford. Without dramatic increases in demand for labour, there can be no sustained improvement in the outcomes for the long-term unemployed. Even with a turnaround in OECD country economies, there are no silver bullets in financing mechanisms. Each solution has significant advantages and disadvantages. Each new policy shift will need to be carefully designed and fitted into the local institutional framework. Most importantly, the intended recipients of these approaches, the long-term unemployed themselves, must be involved in designing and reviewing the solutions that are proposed. Co-production is key.

Notes

1. http://en.wikipedia.org/wiki/Big_Society_Capital.
2. www.brac.net.
3. www.bancosol.com.bo.
4. The Economist www.economist.com/node/13610943.
5. www.kalamazoopromise.com.
6. <http://seattlelighthouse.org>.
7. www.kickstarter.com/projects/586262941/the-olympic-city/posts/244519.
8. www.forbes.com/sites/erikkain/2012/02/13/on-kickstarter-two-projects-pass-the-1-million-mark-in-a-single-day.
9. www.womenlikeus.org.uk/home.aspx.
10. ADM was renamed Pobal in the mid-2000s, see www.pobal.ie/Pages/Home.aspx.
11. *Jobnet.dk* a country wide facility where available jobs – unsubsidised as well as subsidised – can be registered with or without the assistance of the job centres. The CV of an unemployed person has to be registered within the first month of unemployment. *Jobindsats.dk* is an IT-based benchmarking tool that measures results and effects of the active labour policy and satisfies legal requirements and rights of the unemployed. For the individual, *Arbejdsmarkedsportalen* is a web-based system that is used in the planning, execution and follow-up on the general and individual employment efforts consisting of two parts: a profiling system and a benefit history. Each unemployed person has their own individual account.
12. www.whitehouse.gov/administration/eop/sicp.
13. www.povertyactionlab.org/about-j-pal.
14. <http://ec.europa.eu/social/BlobServlet?docId=7102&langId=en>.
15. www.economist.com/news/finance-and-economics/21572231-new-way-financing-public-services-gains-momentum-commerce-and-conscience.

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To learn more on the Forum on Partnerships and Local Governance, please visit:

<http://oecd.org/cfe/leed/forumpartnerships.htm>

OECD Forum on Social Innovations

The Forum on Social Innovations, created in 2000 by 11 organisations representing 6 countries, has identified the major social innovations around the world and reviewed them to explore their strengths and weakness and transfer potential. It has also raised external awareness and understanding of transferable policies and reinforced international networks of Policy makers in this field. Under the framework of the Forum, international conferences and workshops, field visits and peer reviews have been organised.

Please visit <http://www.oecd.org/cfe/leed/leedforumonsocialinnovations.htm>.

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