

## Summary of outcomes-based funding agreements (SIB, EIB) concluded and under preparation in Finland

23 November 2020

### Promoting wellbeing at work in the public sector / Occupational Wellbeing

#### (TyHy SIB)

- **Situation:** Ended
- **Topic and background:** Promoting wellbeing at work and work capacity in the public sector. Early retirement is a major problem in Finland and it is primarily caused by mental health and musculoskeletal problems. Problems that will eventually lead to retirement can be prevented by investing in the promotion of wellbeing at work and strengthening of work capacity. On average, sickness absenteeism is almost twice as high in the public sector than in the private sector. There are also substantial differences between professional groups and work tasks. Under the Occupational Health Care Act, the emphasis should be on preventive action, which is also the basis for the obligatory occupational health care. However, in practice, occupational health care means the treatment of illnesses. In fact, it has been difficult for employers to receive broad-based assistance for the promotion of wellbeing at work and for strengthening work capacity.
- **Clients (commissioners):** public sector organisations as employers: Municipality of Nurmijärvi/Aleksia municipal enterprise, Savo Consortium for Education, Local Register Office of Southwest Finland, and Ylä-Savon SOTE Joint Municipal Authority
- **Outcomes target (bonus payment criterion):** The clients will pay the bonus for a reduction in sickness absenteeism. Sickness absence day is used as the performance indicator (reduction in sickness absence days in an organisation, compared with the baseline).
- **Target group:** about 1,600 employees of the four client organisations
- **Duration of the project:** Practical implementation between 2015 and 2020; three years/client organisation
- **Project administrator:** FIM Impact Investing Ltd (formerly Epiqus Oy)
- **Service providers and interventions:** Aino Health Management Oy and Coronaria Tietotaito Oy (Trainers' House Oyj and Headsted Oy were also involved during the initial stages of the project). A large number of different interventions.
- **Estimated economic benefits to the client:** the project is expected to generate benefits amounting to tens of thousands of euros each year
- **Fund size:** about EUR 0.6 million
- **Investors:** Sitra, Me-säätiö and Henri Kulvik
- **Outcomes:** Better supervisory skills and more effective work capacity management have been the main benefits generated by the project. Supervisors are now better prepared to discuss work capacity matters. The expected reduction in sickness absenteeism failed to materialise even though the organisations felt that they had received support for the management of sickness absences. The project did not generate any returns for the investors.
- **Studies, reports, etc.:**
  - o [Finland's first SIB project strengthened work capacity management – project targets were partially achieved](#)

- **Other issues:** This was Finland's first SIB project and the world's first SIB project on this particular topic.
- **Inquiries:** Mika Pyykkö

### Fast employment and integration of immigrants (Koto SIB)

- **Situation:** Ended
- **Topic and background:** Fast employment and integration of immigrants. During the 2015 refugee crisis, about 40,000 refugees entered Finland, which was many times higher than the number of immigrants who had arrived in Finland each year until then. Even before 2015, it was considerably more difficult for immigrants to find work and as a result, the employment rate among them was substantially lower than among the mainstream population.
- **Client (commissioner):** Ministry of Economic Affairs and Employment (The Finnish Government)
- **Outcomes target (bonus payment criterion):** The Ministry will pay the bonus for a higher employment rate among immigrants. There are two performance indicators in the project: labour market support payments (which are expected to decrease) and income tax revenue (which is expected to increase). The Ministry will pay 50% of the resulting economic benefits to the fund as a bonus.
- **Target group:** Refugees granted a residence permit were the initial target group during the project planning stage and at its launch but subsequently the project was expanded to cover all immigrants. The aim is to involve about 2,500 persons and to ensure that as many of them as possible will find work.
- **Duration of the project:** Practical implementation between 2017 and 2019, which is followed by a follow-up period (2020-2022)
- **Project administrator:** FIM Impact Investing Ltd (formerly Epiqus Oy)
- **Service providers and interventions:** A large number of service providers, such as Arffman Consulting, Hanken School of Economics, Live Palvelut, Monik ry and The Shortcut as well as a variety of different interventions.
- **Estimated economic benefits to the client:** About EUR 70 million (best possible outcome scenario), between EUR 20 and 25 million (realistic estimate).
- **Fund size:** A total of EUR 14.2 million has been pledged to the project.
- **Investors:** In the order of amount invested: European Investment Fund, Sitra, SOK, City of Espoo, Tradeka, 'a Finnish foundation', Orthodox Church of Finland, Epiqus Oy, Sewatek Oy, Tom Tukiainen, Erkki Turanlahti and Arowana Advisors Oy.
- **Outcomes:** At the end of the practical implementation stage, the project had involved about 2,200 immigrants and about 1,700 of them had received training for at least 70 days. About 1,100 of the last-mentioned group had found employment by October 2020. So far, the Finnish government has saved about EUR 12 million and the final sum (cf. bonus payment criterion) will be known after the end of the follow-up period (in early 2023).
- **Other issues:** When launched, this was Europe's largest SIB project in terms of fund size.
- **Inquiries:** Mika Pyykkö

### Promoting employment (Employment SIB)

- **Situation:** Underway
- **Topic and background:** Employing long-term unemployed jobseekers
- **Client (commissioner):** Ministry of Economic Affairs and Employment (The Finnish Government)
- **Outcomes target (bonus payment criterion):** The gross earnings of the unemployed jobseekers using the project services and finding employment are used as the bonus payment criterion. The age, educational background, length of unemployment and the region in which services are available are considered when the bonus is paid. Under the bonus calculation model, a higher bonus will be paid for persons who are more difficult to employ.
- **Target group:** Unemployed jobseekers in different parts of Finland who have been out of work for at least 12 months or who have received labour market subsidy for between 200 and 399 days. The aim is to attract 4,500 jobseekers to the project services during a period of five years. The project administrator has pledged to provide services in the area of at least five TE Offices.
- **Duration of the project:** 2020-2024 (option 2025)
- **Project administrator:** FIM Pääomarahastot Oy
- **Service providers and interventions:** a large number of service providers and interventions
- **Estimated economic benefits to the client:** Value of the purchases is determined on a performance-basis in accordance with the savings achieved by the government. The government is prepared to pay a maximum of EUR 23 million in bonuses.
- **Fund size:** Envisaged size EUR 10 million, commitments totalled EUR 6.7 million after first closing.
- **Investors:** Arina, City of Espoo, Trade Union for the Public and Welfare Sectors JHL, Service Union United PAM, Pohjolan kiinteistökehitys, Finnish Construction Trade Union, Sitra, SOK and the Industrial Union
- **Studies, reports, etc.:**
  - o [Työllisyys-SIB kohti toteutusta! \('Työ-SIB towards meeting its targets'\)](#) [Hankkeen viisi keskeistä rakennusvaihetta \('Five key stages of the project'\)](#)
  - o [Näin syntyi Työ-SIBin yhteiskunnallisen hyödyn mallinnus \('Modelling societal benefit of Työ-SIB'\)](#)
  - o [Keinokas hankintaesimerkki: \('Example of effective contracting'\)](#) [Pitkäaikaistyöttömien työllistämisen hankinta \('Employing long-term unemployed'\)](#)
- **Inquiries:** Anna Tonteri

## Wellbeing of children, young people and families (Children SIB)

- **Situation:** Underway
- **Topic and background:** Wellbeing of children, young people and families. The aim is to shift the focus from corrective services to early and correctly timed support so that the need for child welfare can be reduced, there are fewer socially excluded young people and the costs and income losses resulting from social exclusion can be reduced.
- **Clients (commissioners):** Helsinki, Hämeenlinna, Kemiönsaari, Lohja and Vantaa
- **Outcomes target (bonus payment criterion):** The service costs incurred from the children and families taking part in the SIB project are monitored after the interventions. Social

work in open care and substitute care provided as part of child welfare, emergency placement and taking children into care are some of the services monitored in the process. Actual costs are compared against cost forecasts (baseline) that the municipality has determined on the basis of past trends or risk classification. A municipality will pay part of the calculated savings as a bonus. Each of the municipalities has its own bonus-payment model. For example, the City of Hämeenlinna will pay the bonus if a young person taking part in the project has a job or is receiving education/training at the age of 18.

- **Target group:** Families with children characterised by cumulated risks such as children facing behavioural or emotional challenges, and parents facing livelihood problems or challenges arising from life management or parenthood. Each of the municipalities has specified its own target group.
- **Duration of the project:** 2018-2031, the length of the intervention and follow-up periods varies by municipality
- **Project administrator:** FIM Pääomarahastot Oy
- **Service providers and interventions:** The Central Union for Child Welfare is responsible for the planning of operational work. Icehearts ry, SOS Children's Villages and the Deaconess Foundation are the main partners. A large number of interventions that vary by municipality and target group.
- **Fund size:** Envisaged size EUR 8 million, commitments totalled EUR 5 million after first closing.
- **Investors:** City of Espoo, LähiTapiola, Folkhälsan, Sitra, S Group and Tradeka
- **Studies, reports, etc.:**
  - o [Syrjäytymisen hinta – case investoinnin kannattavuuslaskemasta](#) ('Price of social exclusion – case based on investment profitability calculations')
  - o [Hyvinvointipalveluiden tulevaisuus risteyskohdassa – kohti vaikutusten hankintaa? \('Future of wellbeing services at a crossroads – towards social outcomes contracting?'\)](#)
  - o [Mikä on SIB-malli ja miten sen avulla edistetään lasten ja nuorten hyvinvointia? \('What is meant by SIB-model and how can it boost the wellbeing of children and young people?'\)](#) [Yli 30 kysymystä ja vastausta](#) ('More than 30 questions and answers')
- **Inquiries:** Anna Tonteri

## Wellbeing of children, young people and families (Children SIB II)

- **Situation:** Will start soon
- **Topic and background:** Wellbeing of children, young people and families. The aim is to boost wellbeing and to reduce the costs of corrective services and the need for unemployment benefits. Municipalities need new financing and operating approaches helping them to tackle problems and the purpose of the children SIB II project is to address problems in a proactive manner and at the right time. Successful completion of upper secondary education and finding employment are key to social integration. However, about 15% of all young people finish school without a post-basic education qualification. For young people in substitute care, the figure is as much as 50%. A young person outside education and working life costs society about EUR 18,000/year.

- **Clients (commissioners):** Cities of Jyväskylä, Tampere and Karkkila and the Municipality of Vihti, and the Karviainen joint municipal authority managing basic security owned by Karkkila and Vihti
- **Performance target (bonus payment criterion):**  
*Jyväskylä:* The first aim is to ensure that 70% of young people facing dropout risk will successfully complete upper secondary education. The bonus will be paid for successful completion of upper secondary education, higher education studies and finding work. The second aim is that child welfare placements of sixth-graders with weak school performance and a risk of becoming child welfare clients will decrease by 50%. The bonus will be paid for avoiding child welfare placements, a reduction in unauthorised absences and improvement in school performance.  
*Tampere:* The aim is that 80% of young people in substitute care will at least complete upper secondary education and 80% of them will study or be in gainful employment at the age of 25. The bonus will be paid for successful completion of upper secondary education and for finding work.  
*Karkkila, Vihti and Karviainen:* The bonus will be paid for savings in child welfare costs, for a parent successfully completing upper secondary education and for a parent finding employment. The bonus model is based on a forecast of child welfare costs, and education and employment trends with current measures.
- **Target group:**  
*Jyväskylä:* Young people in danger of dropping out from upper secondary education and sixth-graders with weak school performance who run the risk of becoming child welfare clients. A maximum of about 570 children and young persons.  
*Tampere:* Young people living in Tampere who reach adulthood as substitute care clients.  
*Karkkila, Vihti and Karviainen:* Between 30 and 60 families that are expecting a child or that have a child younger than six months and that are identified with more than one risk factor.
- **Duration of the project:** 2020-2031, the length of the intervention and follow-up periods will vary by municipality
- **Project administrator:** FIM Pääomarahastot Oy
- **Service providers and interventions:** The Central Union for Child Welfare is responsible for the planning of operational work. SOS Children's Villages, Nuorten Ystävät and the Deaconess Foundation are the main partners. A large number of interventions that vary by municipality and target group.
- **Estimated economic benefits to the clients:** The municipalities have prepared to pay a maximum of EUR 18 million in bonuses.
- **Inquiries:** Anna Tonteri

## Life-long functional capacity through proactive measures (Elderly SIB)

- **Situation:** In preparation
- **Topic and background:** Improving life-long functional capacity and achieving economic benefits. The aim is to determine whether a performance-based funding agreement (SIB) would provide a suitable tool for developing services for the elderly and for launching a sustainable systemic change. Systemic change may involve the release of resources from corrective work to promotion and prevention, for identifying target groups that do not currently receive help, for enabling support and for more optimal use of resources. The assumption

is that services targeting working-age population and people close to retirement at a sufficiently early stage can substantially reduce premature placement in intensive sheltered housing and other similar arrangements.

- **Clients (commissioners):** The project will be prepared in cooperation with municipalities and joint municipal authorities in South Savo and Ostrobothnia
- **Outcomes target (bonus payment criterion):** The aim is to make a shift from work-intensive corrective services towards more lightweight early-support proactive services. This may, for example, involve the focusing of measures enhancing functional capacity and reducing service needs on working-age population and people close to retirement on the basis of risk-profiling carried out as part of the project. The assumption is that the need for work-intensive services can be reduced by early identification and services tailored to the clients' requirements.
- **Inquiries:** Anna Tonteri

## Preventing type 2 diabetes (T2D SIB)

- **Situation:** In preparation
- **Topic and background:** The aim of the SIB to prevent type 2 diabetes (T2D) is to improve the quality of life, slow down cost increases and promote the health of the Finnish population. Type 2 diabetes is one of the most common diseases in Finland and it is spreading rapidly in our country. The key reasons for the spread of the disease are non-mobility, unhealthy diets and (in connection with these two factors) abdominal obesity. However, studies have shown that lifestyle interventions can postpone or even prevent T2D in individuals with elevated T2D risk.
- **Clients (commissioners):** Will be prepared in cooperation with different municipalities
- **Outcomes target (bonus payment criterion):** The clients will pay the bonus for a reduction in T2D risk. Lifestyle changes will be monitored by for example measuring the targeted weight reductions.
- **Target group:** It is estimated that there are 700,000 people in Finland with elevated T2D risk. The most substantial life-time cost savings can be expected in the age group between 50 and 60. Municipal-specific risk groups will be determined on the basis of this analysis and population structures of the municipalities.
- **Duration of the project:** Estimated project duration is between three and five years.
- **Estimated economic benefits to the clients:** The expected T2D-related life-time costs to society arising from individuals with T2D risk total nearly EUR 9 billion. Lifestyle interventions could reduce these costs by between EUR 1.0 and 2.1 billion when the people in the risk group reduce their weight by between 2 and 10%. At the same time, between 73,000 and 146,000 additional quality-adjusted years of life could be generated at population level if the occurrence of T2D and diseases associated with it could be reduced at population level. Based on the results of sensitivity analyses, the money invested in lifestyle interventions will be recouped in 3–12 years, depending on the costs and impact of the intervention and the T2D risk at the starting point. Detailed estimates for each municipality are under preparation.
- **Studies, reports, etc.:**
  - o [Kansallisen säästöpotentiaalin mallintaminen tyypin 2 diabeteksen ehkäisyssä Suomessa](#) ('Modelling national saving potential in the prevention of type 2 diabetes in Finland')

- **Inquiries:** Mika Pyykkö

### **Preventing and reducing long-term homelessness**

- **Situation:** Modelling of societal benefit is underway

### **Get along of self-employed persons and micro entrepreneurs**

- **Situation:** Modelling of societal benefit is underway

### **Recycling of agricultural nutrients (Nutrition EIB)**

- **Situation:** In preparation
- **Topic and background:** Reducing agricultural nutrient discharges in Southwest Finland and development of the markets for recycled fertilisers. Eutrophication is one of the most serious and visible problems affecting the Baltic Sea. More than half of Finland's nitrogen and phosphorous loading that ends up in the Baltic Sea originates from agriculture. The proportion of agricultural loading of total discharges is highest in the rivers flowing to the Archipelago Sea. Animal production in Southwest Finland is regionally concentrated and using manure as fertiliser is difficult. For this reason, manure is spread in the fields of livestock farms more than is needed by the plants and the phosphorus washout to water bodies increases. The markets for recycled fertilisers have grown slowly and it is estimated that operators will only take the risk of expanding their activities if they receive financial support or new funding models are introduced.
- **Clients (commissioners):** Ministry of Agriculture and Forestry and the ELY Centre for Southwest Finland
- **Outcomes target (bonus payment criterion):** The long-term aim is to reduce the agricultural phosphorous loading in the western water management area of Southwest Finland by 10% in an economically and ecologically sustainable manner by the year 2045. The short-term aim is that 25% of the excess phosphorus content of the manure generated in the area (about 500 tonnes) could be transferred to the production of recycled fertilisers and to fields genuinely benefiting from phosphorus fertilisation as recycled fertilisers by the year 2028. The clients will pay the bonus for the amounts of manure-based recycled fertilisers sold for use in fields with no more than satisfactory fertility class.
- **Target group:** The intensive animal production area in Southwest Finland generating large amounts of manure and where (due to high phosphorus content of arable lands) there is little need for phosphorus fertilisation. In the ELY areas of Satakunta and Southwest Finland, there are municipalities with substantial surplus of manure phosphorus and thus also a higher risk of phosphorus washout to the Baltic Sea. According to the Natural Resources Institute Finland (Luke), the surplus in the area is about 2,169 tonnes. In accordance with the water management area division, focus in the project would be on the western water management area comprising the River Kokemäenjoki, Archipelago Sea and Bothnian Sea (VHA 3). According to the estimates set out in the water management plan, the total phosphorus loading of the water bodies in the target area averages about 1,200 tonnes/year (based on computational models). About 77% of the phosphorus loading caused by humans originates from agriculture, which is equivalent to 924 tonnes of phosphorus.
- **Duration of the project:** Estimated project duration is seven years.
- **Estimated economic benefits to the clients:** The economic benefits from the prevention of pollution in the Baltic Sea can be estimated using a variety of different methods. In this

project, the benefits have been compared with other similar measures aimed at preventing phosphorus from reaching water bodies. The proposed bonus (EUR 2/one kilo of phosphorus) is extremely low compared with other existing water protection measures. Studies have shown that removing soluble phosphorus from agricultural runoff water would cost between EUR 25 and 250/kilo (by relying on wetlands) and between EUR 15 and 460/kilo (if chemical dispensers are used). Using EIB measures to ensure more effective use of nutrients is cost-effective and the activities are expected to continue on a market basis after the project period. This will generate added benefits to the ecosystem as a whole and its actors.

- **Inquiries:** Elina Järvelä

## Energy efficiency in housing (Housing EIB)

- **Situation:** In preparation
- **Topic and background:** Reducing housing-related emissions and making residential buildings more energy efficient. The aim of Finland's long-term renovation construction strategy is to reduce the carbon dioxide emissions of buildings by 90% between the start of 2020 and the year 2050. The heating of 1.4 million residential and service buildings generates carbon dioxide emissions of about 7.8 Mt each year, which accounts for about 17% of Finland's current carbon dioxide emission (46 MtCO<sub>2</sub>). Under the strategy, improvements in energy efficiency could reduce the emissions by 20%. However, it is difficult to provide funding for renovation construction with existing funding solutions, especially outside growth centres.
- **Clients (commissioners):** Will be prepared in cooperation with the Ministry of the Environment
- **Performance target (bonus payment criterion):** Reducing CO<sub>2</sub> emissions generated by housing. Required change: Improving energy efficiency in residential buildings and reducing energy consumption.
- **Target group:** Residential buildings of age class I (built in accordance with building regulations in effect until 1980) in municipalities located outside growth centres where significant resident-specific CO<sub>2</sub> reductions can be achieved through renovation construction.
- **Inquiries:** Elina Järvelä