CASE STUDY

KOTO-SIB STRUCTURE: FAST INTEGRATION AND EMPLOYMENT PROGRAMME FOR IMMIGRANTS IN FINLAND

June 2021

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## Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full name</th>
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<tr>
<td>EC</td>
<td>European Commission</td>
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<tr>
<td>EIB</td>
<td>European Investment Bank</td>
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<td>EIF</td>
<td>European Investment Fund</td>
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<td>EFSI</td>
<td>European Fund for Strategic Investments</td>
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<td>EIAH</td>
<td>European Investment Advisory Hub</td>
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<td>MEE</td>
<td>Ministry of Economic Affairs and Employment</td>
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<td>MFF</td>
<td>Multiannual Financial Framework</td>
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<td>SIB</td>
<td>Social Impact Bond</td>
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<td>Koto-SIB</td>
<td>Kotouttamisen SIB / Integration SIB</td>
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<td>SOC</td>
<td>Social Outcomes Contracting</td>
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Case study

KOTO-SIB STRUCTURE: FAST INTEGRATION AND EMPLOYMENT PROGRAMME FOR IMMIGRANTS IN FINLAND

1. EXECUTIVE SUMMARY

Launched in 2017, the Koto-SIB programme was set up in order to facilitate access to employment for immigrants and thereby speed up their integration in Finland. The project is funded through a Social Impact Bond (SIB), a social financing mechanism that draws on private capital in order to finance innovative social projects. SIB is one of the forms of Social Outcomes Contracting (SOC) an innovative way of financing and delivering public services. The Finnish Ministry of Economic Affairs and Employment selected a programme manager to implement the SIB programme and to raise the fund, in which EIF and other investors invested.

The SIB programme is expected to generate savings for the government, which could be paid back to the investors, if the project is successful in meeting its goals. The thorough preparation process, which preceded the launch of Koto-SIB, was curated by the Finnish Innovation Fund Sitra. According to the latest available information, a total of 2,217 immigrants participated in the Koto-SIB programme, of which 1,062 were employed by the end of 2020. Of the participants, 1,692 received training for 70 days, at least. More than 50% of those who completed the training were employed.

KOTO-SIB programme participants attending Finnish language classes
2. KOTO-SIB STRUCTURE

Launched in 2017, the Koto-SIB programme ("Kotouttamisen SIB" or, in English, "Integration SIB") was set up in order to facilitate access to employment for immigrants and thereby speed up their integration in Finland. The project is funded through a Social Impact Bond (SIB), a social financing mechanism that draws on private capital in order to finance innovative social projects. SIB is one of the forms of Social Outcomes Contracting (SOC), an emerging way of financing and delivering public services. By bringing in private investors to contribute with upfront capital and by linking payments to the achievement of pre-agreed results, SIBs focus on improving social outcomes and on generating savings for governments through increased collaboration, innovation and prevention.

Following a public procurement, the Finnish Ministry of Economic Affairs and Employment ("MEE") has selected Epipus Ltd (and subsequently, FIM Impact Investing Ltd, as explained below) as the programme manager to implement the SIB programme on behalf of the Finnish government, as well as to raise the fund, in which EIF and other investors have invested. The SIB programme is expected to generate savings for the government, which will be used to repay back the investors, if the project is successful in meeting its goals. In this model, investors have the opportunity to contribute to solving a social issue in society and the government only pays if pre-agreed outcomes are achieved which, in this case, are linked to savings the government is generating thanks to speeding up of integration and employment of immigrants. The relationship between the actors involved in the Koto-SIB programme is depicted in Figure 1 below.

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1. Outcomes payer / Commissioner

MEE has commissioned Koto-SIB programme and will pay for achieved outcomes after the end of the programme, based on how successful the programme was in achieving faster employment of immigrants, as compared to traditional integration process. The outcomes payer will bear only the cost of proven impacts achieved by the project and those successful outcomes will lead to overall cost savings for the community. A portion of these savings will serve to pay back the investors.

2. Programme / fund manager

The Programme manager (selected by MEE) is in charge of managing the SIB programme, raising money from investors, setting up the fund necessary to pre-finance the services to be provided to immigrants, selecting the social service providers, managing the performance of the SIB as well as of the day-to-day coordination and management activities.

3. Investors and the fund

Investors provided upfront capital by committing to the fund, which was set up by the programme manager for the duration of the Koto-SIB initiative with the aim to pre-finance services for immigrants. The Fund is set up as a limited partnership and qualifies as a social
entrepreneurship fund under the EuSEF\(^3\) regulation. By the beginning 2017, the fund received investors’ commitments for an aggregate amount of EUR 14.2m, EUR 10m of which committed by the EIF (using EFSI\(^4\) SME Window resources).

4. Service providers

The social service providers are organisations identified and contracted by the programme manager. They provide immigrants with work-life oriented training to help them access employment. They support immigrants in the relations with potential employers and feed them with jobs opportunities.

5. Independent evaluator

The impact of the SIB programme and the amount of government’s savings are assessed by an independent evaluator. Faster employment integration for immigrants is expected to lead to a positive impact on government’s budget, generating savings thanks to combined effect of a reduction in the provision of unemployment benefits and of an increase in income taxes collected from the salaries of the immigrants. Based on the assessment of the independent evaluator, MEE is expected to pay 50% of achieved savings and/or increased tax revenue directly into the Koto-SIB fund.

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\(^3\) European Social Entrepreneurship Funds – Regulation No 346/2013. See also Epiquis website. [https://www.epiquus.com/funds.html](https://www.epiquus.com/funds.html)

\(^4\) EFSI, the European Fund for Strategic Investments was launched in July 2015 as a joint initiative between the EU and the European Investment Bank (EIB) Group, of which the EIF is part. EFSI is the financial pillar of the EU’s Investment Plan for Europe and has two components: the Infrastructure and Innovation Window (IIF) managed by the EIB and the SME Window implemented by the EIF. The market demand for EFSI-backed financial instruments has allowed an increase of EFSI SME Window resources in July 2016 by EUR 500m. Source: EIF’s website. [https://www.eif.org/what_we_do/efsi](https://www.eif.org/what_we_do/efsi)
3. SIB PREPARATION PROCESS

Koto-SIB was one of the first SIBs in Finland. Its preparation process was strongly supported by the Finnish Innovation Fund Sitra (“Sitra”), an independent public foundation which operates directly under the supervision of the Finnish Parliament and is entrusted with the mission to research, trial and implement bold new ideas contributing to society’s sustainable well-being. Sitra introduced the Social Impact Bond model in Finland in 2014 as part of its efforts to develop the Finnish impact-investing ecosystem. At the time, impact investing was virtually unknown in Finland, and Sitra was attracted by the SIB model mainly because of its focus on preventative investment and on impact and results – as opposed to activities – as well as its ability to mobilise funds from various sources. SIB and impact investing development activities in Finland launched by Sitra, are now taken over and followed by the Centre of Expertise for Impact Investing, which began its operations under the auspices of MEE in early 2020.

3.1. Awareness raising of the SIB model

MEE’s decision to work on the development of Koto-SIB was preceded by an important awareness raising campaign and stakeholder preparation process led by Sitra’s team. Between September 2014 and March 2015, Sitra met with representatives from several ministries and about 150 different municipalities, with the goal of raising awareness about impact investing and SOC model, and testing the interest of authorities to launch a SIB. As a result of this exercise, MEE became interested in the SIB model and worked closely with Sitra experts in order to define the scope of intervention and to develop the project.

The decision to focus on integration of immigrants was taken in the context of the 2015 refugee crisis, when nearly 40,000 asylum seekers reached Finland. This was ten times more than in previous years and would have exposed the public sector with a very challenging situation in providing all the necessary services to immigrants. SIB model was chosen as a complementary and innovative measure to tackle this societal challenge.

3.2. Societal benefit modelling

Societal benefit modelling is the starting point for achieving impact and by implication for utilising the SIB model.

The Centre of Expertise for Impact Investing

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5 Source: Sitra’s website, [https://www.sitra.fi/en/](https://www.sitra.fi/en/)
Societal benefit modelling forms an important part of the SIB preparation process. Societal benefit modelling requires and implies a comprehensive understanding of the phenomenon - outlining the underlying root causes and understanding the actions needed to achieve positive change. Societal benefit modelling includes both economic calculations, as well as qualitative analysis of the phenomenon carried out in co-creation with multiple stakeholders. Using societal benefit modelling, the public sector can determine the reward for the effects achieved and the indicators that demonstrate their occurrence.

Experts from Sitra and MEE worked together to examine the phenomenon of unemployment among immigrants. Sitra performed analysis using statistical data on employment of immigrants in Finland from the previous 12 years. The data showed that, on average, only one in four immigrants who had lived in Finland for four years had a permanent employment during that time. As a result, the employment rate of immigrants was slightly less than half of that of the native population. For the public sector, this indicates a significant cost and low income tax accrual due to the payment of various social benefits. The refugee flow exacerbated this existing imbalance. Therefore, MEE was particularly interested in finding new ways to speed up the process to access employment for refugees, and later on, for all immigrants. So-called impact co-creation sessions curated by Sitra were held among various stakeholders, in order to prepare them for the upcoming SIB launch and to build a common understanding of the social challenge and possible options to tackle it. Potential for improvement of integration process was identified, inter alia, in the following areas:

- Training design to be more in line with demands of the labour market, more opportunities for training on-the-job;
- Reducing lags between integration measures and training modules (e.g. language training, work skills training);
- Strategic partnerships with potential employers, in order to speed up work placement;
- Taking into account skills and aspirations of the participants to the extent possible;
- Facilitating collaboration between service providers.

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6 Detailed info on societal benefit modelling process is available on MEE's website, [https://tem.fi/en/issues-to-consider-when-planning-outcomes-contracting](https://tem.fi/en/issues-to-consider-when-planning-outcomes-contracting)
8 Refugee is defined as a person who has been forced to leave their country in order to escape war, persecution, or natural disaster.
Once a significant potential for speeding up the process of employment integration was confirmed by the initial analysis, the working group\(^{10}\) embarked on developing an economic model, which would permit to quantify the savings that the government would get as a result of the SIB. This model would serve as a basis for defining outcomes metrics, price per outcome, programme monitoring and impact measurement.

For the modelling, data on costs of public intervention related to integration was collected and analysed. The goal was to identify government’s costs and/or revenues per immigrant with a clear link to employment status where the information was unambiguously reliable and as easy as possible to obtain. After taking stock of the available data, two mutually complementary and clear metrics were chosen by the modelling team:

- Unemployment benefit settlements, which are discontinued by the government, upon employment of the immigrant;
- Income taxes on the immigrant’s salary collected by the government as a function of the new employment.

According to the model developed, the savings for the government from faster integration of immigrants are composed of decreased unemployment benefit payments and increased income tax collections from salaries\(^{11}\). The data on unemployment benefit payments were available from Kela\(^{12}\), the Social Insurance Institution of Finland, and the data on income taxes were made available by the Finnish Tax Administration. This data can be tracked down to the corresponding personal ID numbers, making it possible to monitor the impact that SIB programme has on each single participant.

### 3.3. Impact measurement and payment mechanism

The results achieved for the target group are compared to the results of a control group using randomised control trial method. If the amounts of tax revenues paid by the members of the target group combined with the lower amounts of unemployment benefits paid to them show that the government has achieved savings compared to the control group, the government will pay 50% of the savings into the Koto-SIB fund, in recognition of the

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\(^{10}\) Experts from Sitra, were supported by a working group from MEE and VATT Institute for Economic Research and Aalto University

\(^{11}\) From the point of view of the public sector, many other items of expenditure also have savings potential, but not everything can be measured and/or clearly attributed to the change of employment status of the SIB programme beneficiary. For example, employment reduces the need to pay housing benefits for migrants, but these costs are recorded on a family-by-family basis, and hence, impossible to track down and to attribute to the individual participants of the SIB programme.

\(^{12}\) Operating under the supervision of Finnish Parliament, Kela, the Social Insurance Institution of Finland, provides social security coverage for Finnish residents and many Finns living abroad. Source: “[www.kela.fi/web/en](http://www.kela.fi/web/en)”
achieved outcomes. For more details on impact measurement and payment mechanism, please see Infobox 1 below.

In addition, a bonus amount is recognised by MEE to the Koto-SIB Fund for each immigrant who has completed 70 days of integration training in accordance with the criteria of the compulsory training for immigrants. Although this compensation corresponds to around one third of the market price typically paid by the MEE to service providers, to a small extent it serves as a form of capital protection for investors in the programme, and, on the other hand, leads to further savings for the government.

*KOTO-SIB participants during a Finnish language class in Helsinki*
Infobox 2 Koto-SIB impact measurement and payment mechanism

Koto-SIB impact measurement and payment mechanism

The amount to be paid by the government for the achieved outcomes is determined as a percentage of the Verified Impact. The Koto-SIB Fund will receive an amount equivalent to 50% of the Verified Impact. However, the total amount payable by the MEE may not exceed a certain amount per immigrant. The Verified Impact consists of savings in unemployment security costs (Impact 1) and accumulated tax revenues (Impact 2).

Impact 1. Savings in unemployment security costs: Savings will be determined relative to the control group. The comparison between the target and control group is undertaken by using randomisation. This is done by determining the difference between the total unemployment security costs of the control group and that of the target group annually. If the control group reaches a better outcome than the target group, the state has no obligation to carry out the payments to the Koto-SIB Fund. In other words, Impact 1 is determined using the formula

\[ X = \max(0, \text{Control group total (EUR)} - \text{Target group total (EUR)}) \].

Impact 2. Tax revenues: Savings will be determined relative to the control group. Once again, the comparison between the target and control group is undertaken by using randomisation. This is done by determining the difference between the total tax revenues collected from the control group and the total tax revenues collected from the target group annually. If the control group achieves a better outcome than the target group, the state has no obligation to carry out the payments to the Koto-SIB Fund. In other words, Impact 2 is determined using the formula

\[ X = \max(0, \text{Control group tax revenues (EUR)} - \text{Target group tax revenues (EUR)}) \].

Verified impact = Impact 1 + Impact 2

The independent evaluator will verify achieved impact, i.e. savings for the government, after the end of the SIB programme.
3.4. Procurement of the Programme Manager

Once the main elements of the upcoming SIB programme were defined, including its thematic focus, target group, outcomes metrics, amount of performance bonus and payment mechanism, MEE (with support of Sitra as well as Hansel Ltd, central purchasing body for the central and local governments in Finland) launched an invitation to tender in order to procure programmemanager’s services. Instead of purchasing traditional services such as integration training services, the Koto-SIB invitation to tender asked the candidates a proposal for the provision of the following services:

- managing SIB programme’s performance, operations, reporting;
- raising the money from investors and building up the fund;
- managing the fund and related financial flows;
- organising training and employment support for immigrants in cooperation with various service providers, according to the impact goals of the project.

MEE used open procurement procedure\textsuperscript{13}, and undertook to pay for the results and impact of the work done: the lowest price was not used as award criteria. The price for outcomes was defined in the invitation to tender (see paragraph 3.3 on impact measurement and payment mechanism). The award criteria included in the invitation to tender were:

- Expertise of the programme manager’s personnel (40%)
- Project plan (60%), which the programme manager committed to for the contract period.\textsuperscript{14}

Epiquus Oy, a Finnish limited management Company, was selected as the programme manager for the Koto-SIB programme. Epiquus Oy, which was later bought by FIM Impact Investing Oy in 2019\textsuperscript{15}, is a registered European Social Entrepreneurship Funds Manager as set out in the EU Directive 2013/346/EU\textsuperscript{16} and it is supervised by the Financial Supervisory Authority of Finland (FIVA). It is one of the first management companies in Finland dedicated to impact investing and, at the time of tendering, it already had some experience

\textsuperscript{13} Source: European Commission website. Making socially responsible public procurement work: 71 good practice cases. \url{https://ec.europa.eu/growth/content/making-socially-responsible-public-procurement-work-71-good-practice-cases_en}

\textsuperscript{14} Social Outcomes Contracting and Public Procurement in Finland. Memorandum developed for the SOC Advisory Platform workshop on 31.01.2019 by the working group (Mika Pyykkö and Anna Tonteri from Sitra, Eriika Autio from Business Finland Ltd, Pekka Alahuhta from Hansel Ltd and Anna Kuusniemi-Laine from Castrén & Snellman Attorneys Ltd.)

\textsuperscript{15} During the programme’s implementation phase, one of the largest Finnish asset management companies, FIM Asset Management Ltd, acquired all of Epiquus Ltd’s shares, subsequently changing its name to FIM Impact Investing Ltd.

\textsuperscript{16} Source: Epiquus website: \url{https://www.epiquus.com/about.html}
with SIB model, as it was involved in the first Finnish SIB dedicated to occupational well-being.

Since then, Sitra and, more recently, the Centre of Expertise on Impact Investing, have supported launch and development of a number of other SIBs, which were procured via competitive dialogue procurement procedure. In more recent SIB, more emphasis is put on regular interaction between potential programme managers and the contracting authority, as a crucial part of the SIB preparation process.

3.5. Establishing the fund and raising capital from investors

Promptly after the completion of tendering and contract signature with MEE, the programme manager sought Finnish Financial Supervisory Authority’s authorisation to set up the fund, which would serve as a repository for investors’ resources. The fund is structured as a Finnish Ky, a legal structure largely used for venture capital funds in Finland. The programme manager is entitled to an annual management fee and has access to carried interest based on achieved impact. The programme manager is responsible for managing the fund, which with a duration of eight years, will run also after the end of the Koto-SIB programme.

Already before the fund was fully established, programme manager informally began its fund-raising and marketing of the Koto-SIB programme to private investors. In parallel, he also started the process of identification of suitable service providers. This complemented the efforts of Sitra, who had been gradually preparing the service providers and investors for the launch of the Koto-SIB during stakeholder engagement and co-creation activities in the earlier stages of SIB preparation process. As a result, the programme manager was able to select key service providers in a relatively short period, enabling the programme to start operations, on pilot basis, in October 2016.

Subsequently, the Koto-SIB programme was rolled out in 2017, when the money raised from investors became available through the fund. EIF played a very important role in the design and structuring of the operation. In aggregate, EUR 14.2m were raised from investors, with EIF acting as a catalytic investor (EUR 10m, or 71% of the total investment). Other cornerstone investors included Sitra, SOK (the Finnish retail company network) and the City of Espoo. With a small share, the programme manager is also one of the investors. The table below shows further details and respective amounts invested.
Table 1 Koto-SIB Investors

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<tr>
<th>Investor</th>
<th>Commitments (in EUR)</th>
<th>% of total</th>
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<tr>
<td>European Investment Fund (with EFSI)resources</td>
<td>10,000,000</td>
<td>70.6</td>
</tr>
<tr>
<td>Sitra</td>
<td>1,500,000</td>
<td>10.6</td>
</tr>
<tr>
<td>SOK (The Central Finnish Cooperative)Society</td>
<td>1,000,000</td>
<td>7.1</td>
</tr>
<tr>
<td>City of Espoo</td>
<td>501,000</td>
<td>3.5</td>
</tr>
<tr>
<td>Tradeka-Yhtiöt Ltd</td>
<td>250,000</td>
<td>1.8</td>
</tr>
<tr>
<td>Finnish orthodox church</td>
<td>200,000</td>
<td>1.4</td>
</tr>
<tr>
<td>Epicus Ltd (now FIM Impact Investing Ltd)</td>
<td>141,636</td>
<td>1.0</td>
</tr>
<tr>
<td>Tom Tukiainen</td>
<td>100,000</td>
<td>0.7</td>
</tr>
<tr>
<td>Other investors</td>
<td>471,000</td>
<td>3.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>14,163,636</strong></td>
<td><strong>100</strong></td>
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</table>

Source: Ministry of Economic Affairs and Employment of Finland

EIF played an important role in structuring the operation. The programme manager is in charge of allocating financial resources of the fund for the provision of the services under the SIB and for paying agreed-upon compensation to the social, as well as for distributing the returns to the fund investors and the programme manager.

### 3.6. Role of EIF

Thanks to its early involvement and to its expertise, EIF provided significant input in the fund structuring and its governance. This included, inter alia, the introduction of key person clauses, the reinforcement of the alignment of interests with the investors thanks to the team’s commitment to the fund, introduction of change of control and removal provisions for the team, set-up of a cap on the level on management fees.

### 3.7. Referral of immigrants to the Koto-SIB programme

Public Employment Offices referred participants to the Koto-SIB programme on the basis of random selection. Immigrants with a residence permit entitled them to work in Finland and who fulfilled the following criteria could apply:

- not yet a Finnish citizen;
- registered as an unemployed jobseeker at the Public Employment Office;
- able to read and write using the Latin alphabet;
- motivated to learn Finnish and work in Finland.

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When an immigrant is randomly selected for participation in the Koto-SIB programme and decides to take part in it, he/she is included in the target group for the purpose of measuring the impact of the Koto-SIB. The candidates who fulfil the criteria, but are not selected, are automatically included in the control group and are referred to already existing integration services programme.

3.8. Content and practical implementation of the programme
The Koto-SIB programme encompasses crucial language training, general career coaching, as well as more specific work skills training, and is structured around three modules:

- Module 1: features due diligence, career coaching, language training level 1 and a deep screening of skills over an intensive 30 days period;
- Module 2: provides 20 to 50 days of sector specific training, with a focus on sector specific skills, in addition to language training level 2, work-life skills and more specific work training;
- Module 3: is completed in 85 days over three years, based on commitment to work, and includes language training level 3 and deep sector-specific skills.

In addition, specific trainings are run in parallel, allowing for example, tailored support for entrepreneurship and managerial tasks. Besides speeding up the process of accessing employment for immigrants, Koto-SIB programme pilots new models of education and employment integration, which combine training and work in a flexible way, making it the first of its kind in Europe. Programme participants are carefully segmented according to their skills, aspirations and labour market needs, and the training is based on modules, from which the most appropriate sections are selected for each participant. Participants are placed in internships as soon as possible after they have acquired sufficient language skills. After starting the job, participants continue to receive on-the-job training and the assistance they need to make the most of the opportunity. The on-the-job training continues still in spring 2021 even though new immigrants have not been taken into the programme since December 2019.

Facilitating access to the labour market, educating and training (including re-skilling and up-skilling) of immigrants are among the tasks carried out by the service providers. As of 2019, eight service providers were providing employment and education services to

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participants of the Koto-SIB programme. The programme manager was in charge of identifying, selecting and subcontracting the service providers and promoting collaboration between them in order to achieve best possible outcomes. MEE was not involved in the selection of the service providers and, since the programme manager is a private sector entity, there was no need to run a public procurement procedure to select service providers. The programme manager selected service providers at its discretion and was able to adjust the number of the service providers throughout SIB implementation period in line with project needs.

A job coach assists a KOTO-SIB participant in the preparation of a job application
4. RESULTS ACHIEVED

According to the latest available information\textsuperscript{21}, a total of 2,217 immigrants participated in the Koto-SIB programme, of which 1,062 were employed by the end of 2020. Of the participants, 1,692 received training for 70 days, at least. More than 50% of those who completed the training were employed. Logistics, hotel and restaurant, cleaning, construction, financial administration, information technology and manufacturing industry sectors employed the most immigrants in the project.

An external evaluation is expected to be commissioned by MEE in 2021-2022 in order to assess the impact of the SIB programme and the total achieved savings for the government. As of end-2020, the estimated savings amounted to approximately EUR 15-20m since programme inception.

\textit{KOTO-SIB participant during her on-the-job training}

\textsuperscript{21} Sources: (1) MEE website. “More than a 1,000 immigrants employed through Integration SIB project.”\ https://tem.fi/en/-/more-than-a-1-000-immigrants-employed-through-integration-sib-project (2) Information provided by Mika Pyykkö, Director, Centre of Expertise for Impact Investing, Ministry of Economic Affairs and Employment, 8 June 2021.
5. LESSONS LEARNED

The key lessons of the Koto-SIB programme can be summarised as follows:

- Awareness raising about SOC amongst public sector authorities was important in sparking the interest of MEE to launch Koto-SIB;
- Stakeholder engagement, impact co-creation and other collaborative approaches that engage impact actors in solution development and planning are a key to success during SIB preparation process;
- Societal benefit modelling plays an essential role in defining the benefits the public sector gains from using the outcomes contracting / SIB model and the changes needed to achieve desired outcomes;
- Early information sessions with potential programme/fund managers, service providers and investors, help to ensure that they are prepared to be mobilised quickly, once the SIB is ready for launching;
- It was possible for MEE to procure SIB Programme Manager via open tendering procedure, however, competitive dialogue procedure is a viable alternative and has become more common in case of more recent SIBs in Finland;
- The programme manager plays a crucial role, and therefore when choosing the Manager, its' understanding of the subject matter and its' project management skills must be prioritised, but without undervaluing the fund management aspect;
- Cooperation between service providers ensures successful outcomes, and cooperation can be promoted by contractual means;
- The Commissioner should have a clear enough idea already in the beginning, how to scale up /continue a successful intervention after the end of the SIB programme;
- Sharing of lessons learned should be ongoing throughout SIB lifecycle, and all involved actors should be encouraged to do so.
6. REFERENCES


4. MEE website. “More than a 1,000 immigrants employed through Integration SIB project.” https://tem.fi/en/-/more-than-a-1-000-immigrants-employed-through-integration-sib-project


10. Social Outcomes Contracting and Public Procurement in Finland. Memorandum developed for the SOC Advisory Platform workshop by the working group (Mika Pyykkö and Anna Tonteri from Sitra, Eriika Autio from Business Finland Ltd, Pekka Alahuhta from Hansel Ltd and Anna Kuusniemi-Laine from Castrén & Snellman Attorneys Ltd.)

7. ANNEX I. MAIN CHARACTERISTICS OF THE KOTO-SIB PROJECT

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<th><strong>Country of implementation</strong></th>
<th>Finland</th>
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<td><strong>Thematic focus</strong></td>
<td>Fast employment and integration of immigrants</td>
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<tr>
<td><strong>Status and duration of the programme</strong></td>
<td>Implementation phase in 2017-2019, and a follow-up phase in 2020-2022</td>
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<tr>
<td><strong>Outcomes commissioner and payer</strong></td>
<td>Finnish Ministry of Economic Affairs and Employment (MEE)</td>
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<tr>
<td><strong>Outcomes objective, i.e. what is paid for</strong></td>
<td>The commissioner pays for faster integration and employment of immigrants, as compared to traditional integration services.</td>
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<td><strong>Impact evaluation</strong></td>
<td>Impact evaluation is conducted as a Randomised Control Trial and measured through differences in tax collections and unemployment benefit payments between control and target groups.</td>
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<td><strong>Target group</strong></td>
<td>Immigrants with a residence permit in Finland, but not yet Finnish citizenship, who are registered as unemployed job seekers. The goal was to bring around 2 500 immigrants within the sphere of the SIb’s integration services.</td>
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<tr>
<td><strong>Program/Fund Manager</strong></td>
<td>FIM Impact Investing Oy (formerly Epikus Oy)</td>
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<tr>
<td><strong>Service providers &amp; interventions</strong></td>
<td>Several service providers, including Live Palvelut, Arffman Consulting and Hanken School of Economics</td>
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<td><strong>Fund size</strong></td>
<td>Commitments totalling EUR 14.2 million</td>
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<tr>
<td><strong>Investors</strong></td>
<td>European Investment Fund (“EIF”) under European Fund for Strategic Investments (“EFSI”), Finnish Innovation Fund Sitra, SOK, Co-operative Tradeka, City of Espoo (from its investment portfolio), Orthodox Church of Finland, Mr. Tom Tukiainen and two organisations that wish to remain anonymous.</td>
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<tr>
<td><strong>Results so far</strong></td>
<td>According to the latest available information, 1,062 were employed by the end of 2020. Of the participants a total of 2,217 immigrants participated in the Koto-SIB programme, of which, 1,692 received training for 70 days, at least. More than 50 percent of those who completed the training were employed. External evaluation is expected to be commissioned by MEE in 2021-2022 in order to assess the impact of the SIb programme and the total achieved savings for the government. As of end-2020, the estimated savings amounted to approximately EUR 15-20m since programme inception.</td>
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