SOCIAL FINANCE NL

Financing social impact in the Netherlands

December 2021

SOCIAL FINANCE NL – HISTORY

OFFICIALLY LAUNCHED IN OCTOBER 2018, BUT A LONG TRACK RECORD IN THE FIELD

- Officially launched October 2018
- Founding partners ABN AMRO and Oranje Fonds
- Track record in outcomes-based financing since 2013
- Involved in the first SIB in the Netherlands “youth unemployment in Rotterdam”
- Actively involved in 10 out of 17 Impact Bonds in the Netherlands
- Strong position in the Dutch field of outcomes-based financing

SOCIAL FINANCE NL'S MISSION IS TO MOBILIZE CAPITAL AND TALENT FOR SOCIAL CHANGE

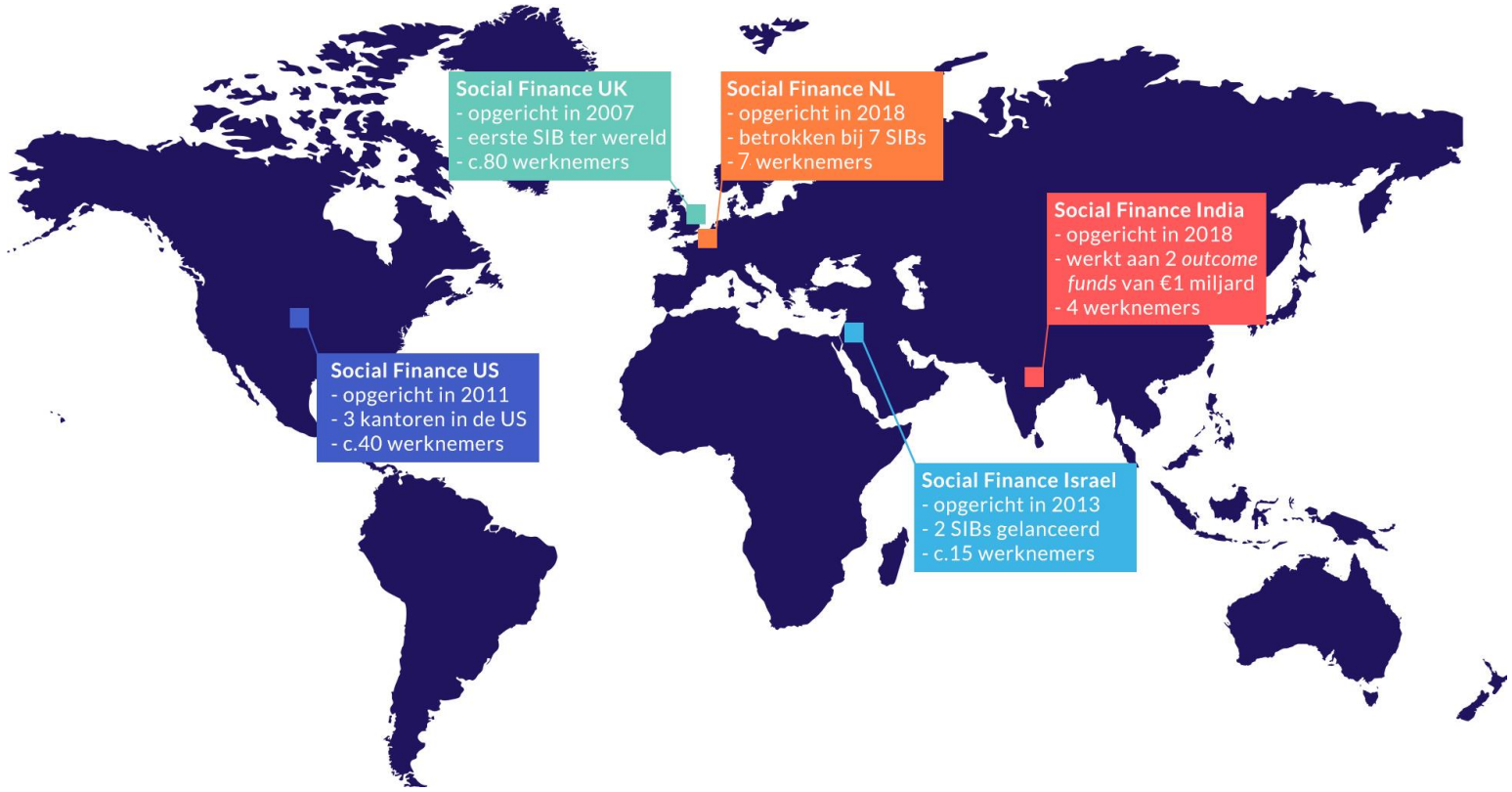
We help organisations to finance, measure and scale social impact. In our approach we put outcomes first and deliver more effective social change. We build partnerships across the sectors of government, service providers and investors. We believe that solving social issues can be done differently and has to be done better.

SOCIAL FINANCE GLOBAL NETWORK

SOCIAL FINANCE NL IS PART OF A STRONG INTERNATIONAL NETWORK

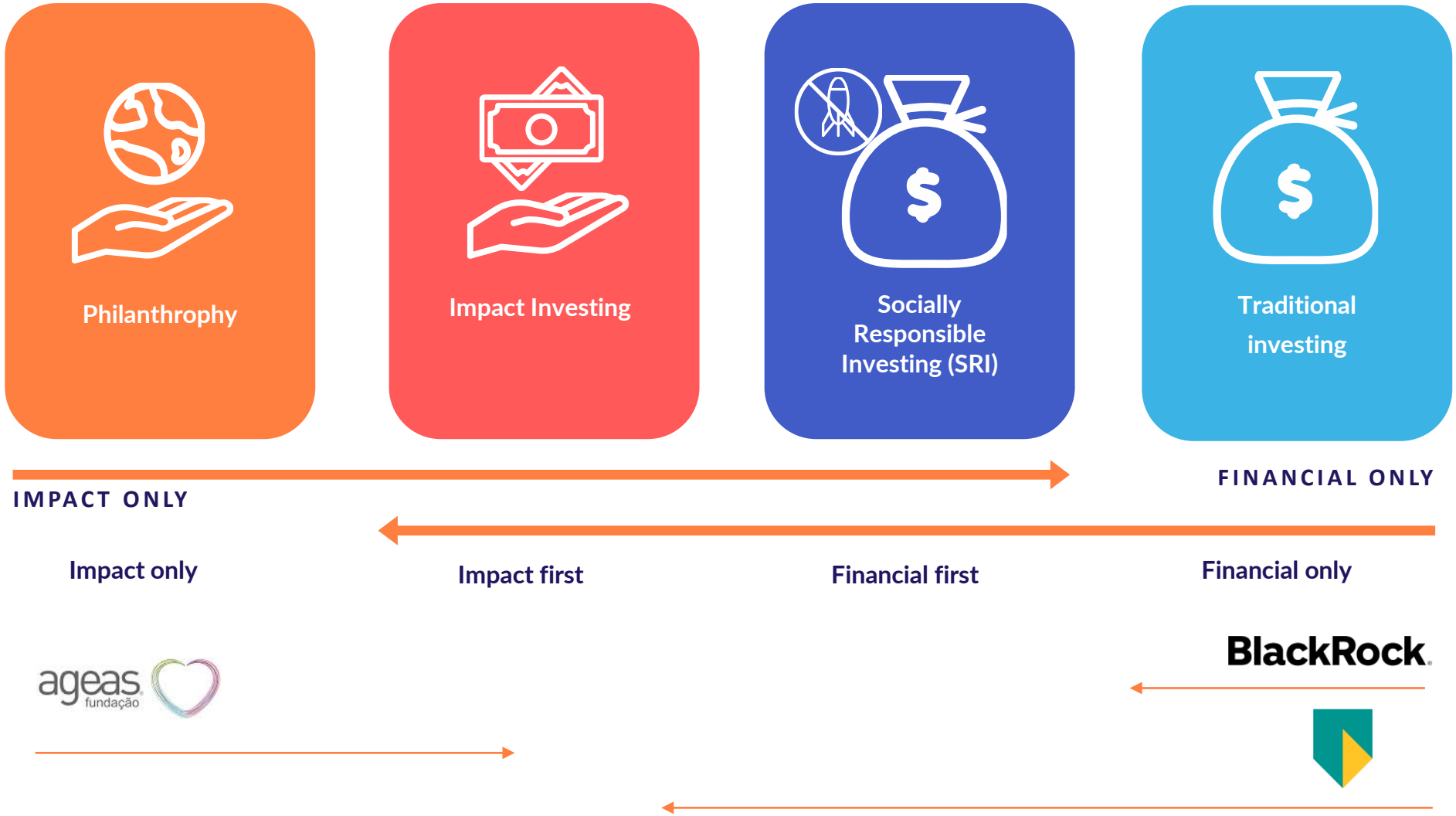
Social Finance NL is part of the international Social Finance Global Network. A network of mission-oriented organizations gathered around a shared vision. This started with Social Finance UK that launched the first Social Impact Bond in 2010. In the following years the unique methodology of Social Finance UK grew globally and led to the start of Social Finance US, Israel, India and the Netherlands as new organizations in the Social Finance Global Network.

The Global Network works closely together. Through knowledge sharing on tackling social challenges, with Social Impact Bonds and other innovative financing options, and by building upon our shared commitment to the Social Finance mission and vision.



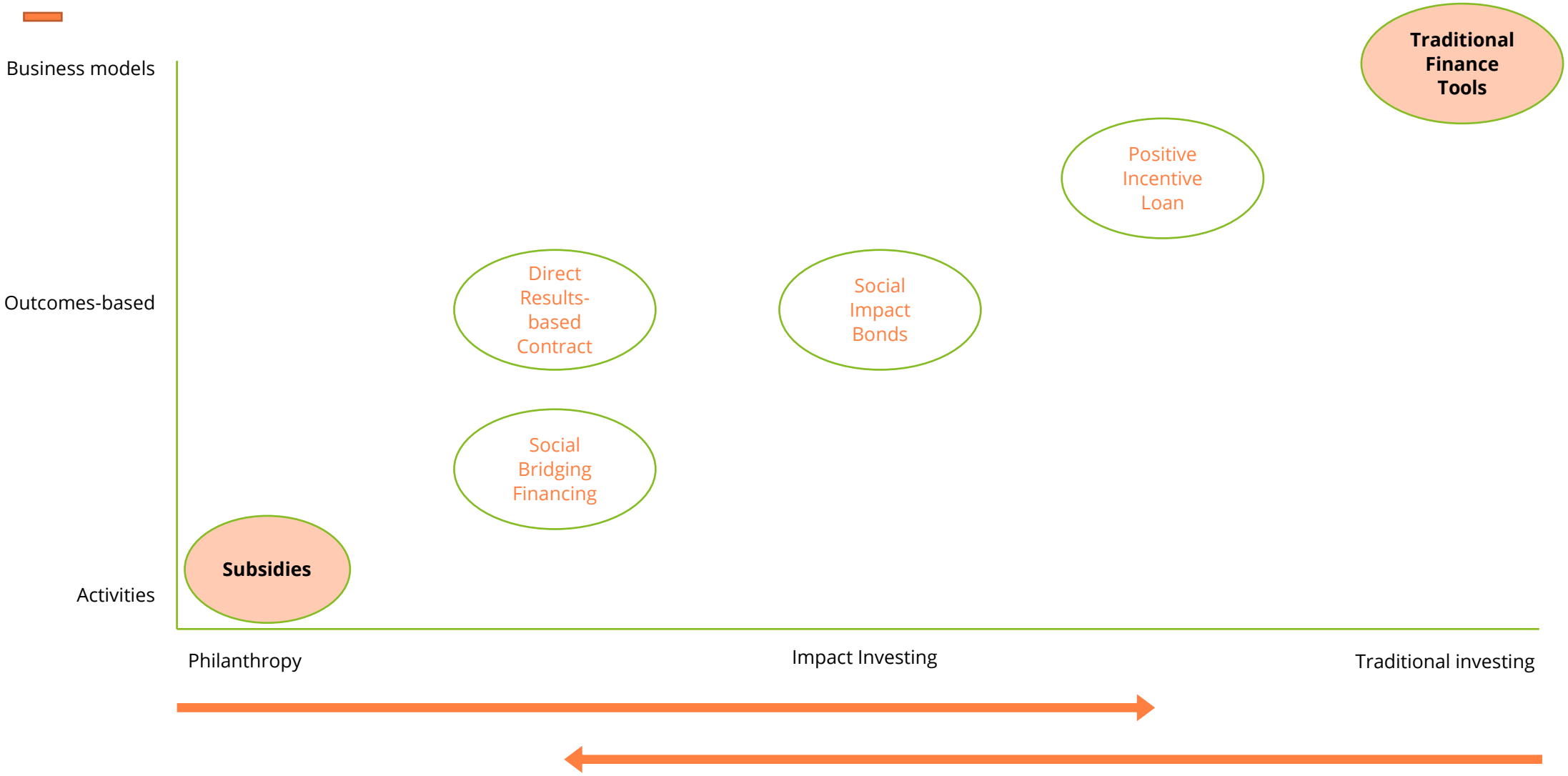
THE FINANCIAL LANDSCAPE IS CHANGING

THE PHILANTHROPIC AND INVESTING WORLD ARE MOVING MORE TOWARDS EACHOTHER



FINANCIAL MODELS ARE CHANGING AS WELL

NEW FINANCIAL MODELS ARE INTRODUCED, THE FOCUS SHIFTS FROM ACTIVITIES TOWARDS OUTCOMES, NEW MONEY IS ATTRACTED



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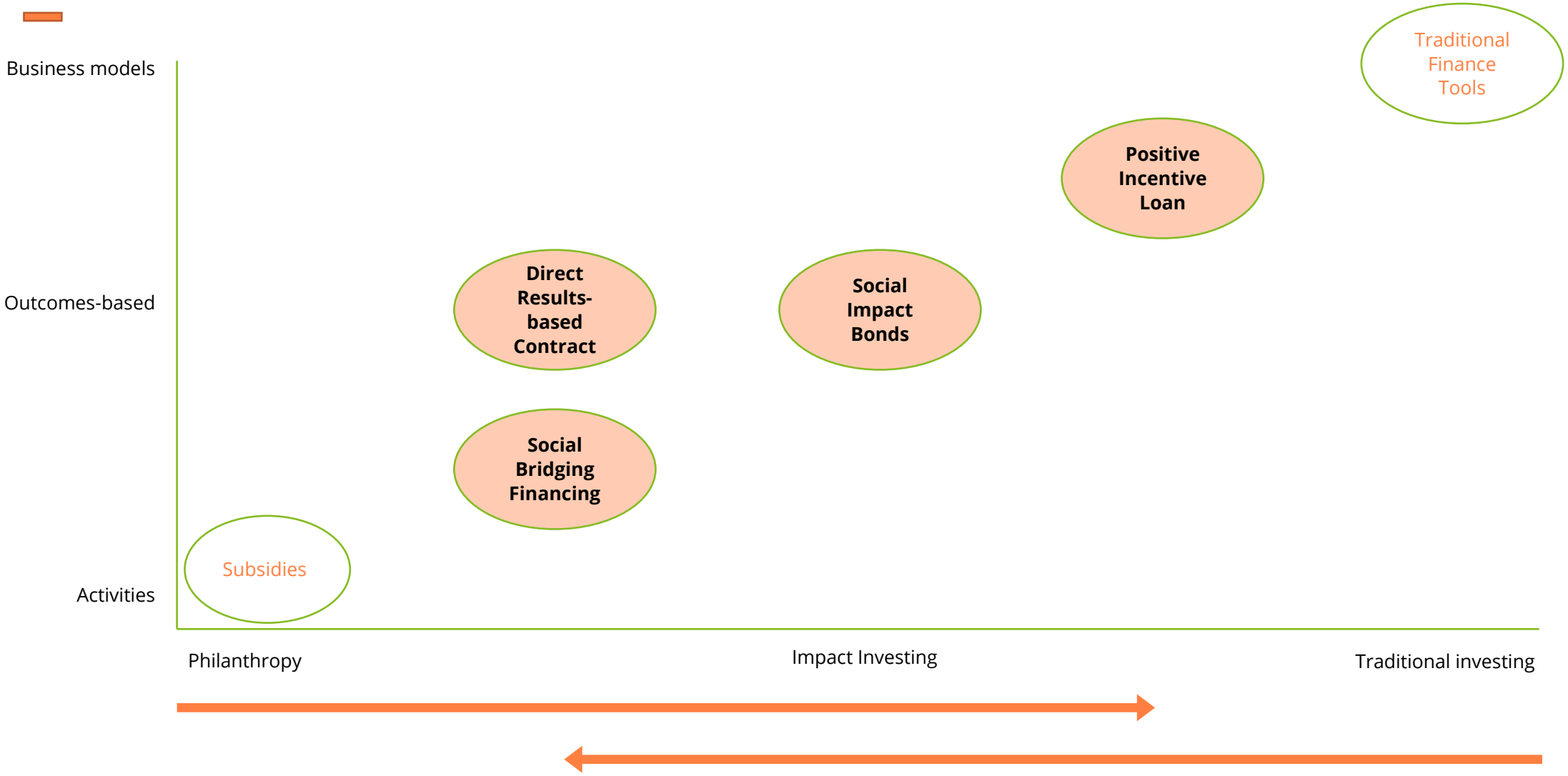


NO LONGER PAYING FOR EFFORT, BUT PAYING FOR OUTCOMES:

SOCIAL IMPACT BONDS

- Insight into the effectiveness of activities
- Strong public-private partnerships to solve social challenges effectively
- Financial risk transferred to private investors
- Room for prevention and innovation

EXAMPLE: SIB YOUTH UNEMPLOYMENT ROTTERDAM

Gemeente Rotterdam

Government pays investor based on savings social benefits

Outcome payer

intermediary

Investors

ABN·AMRO

Start Foundation

Assessor

size: ca €0,7M

An independent assessor measures to which extent the predefined results are met

Social entrepreneur

buzinezzclub

Target group

160 youth in social benefit

OUTCOMES FUNDS

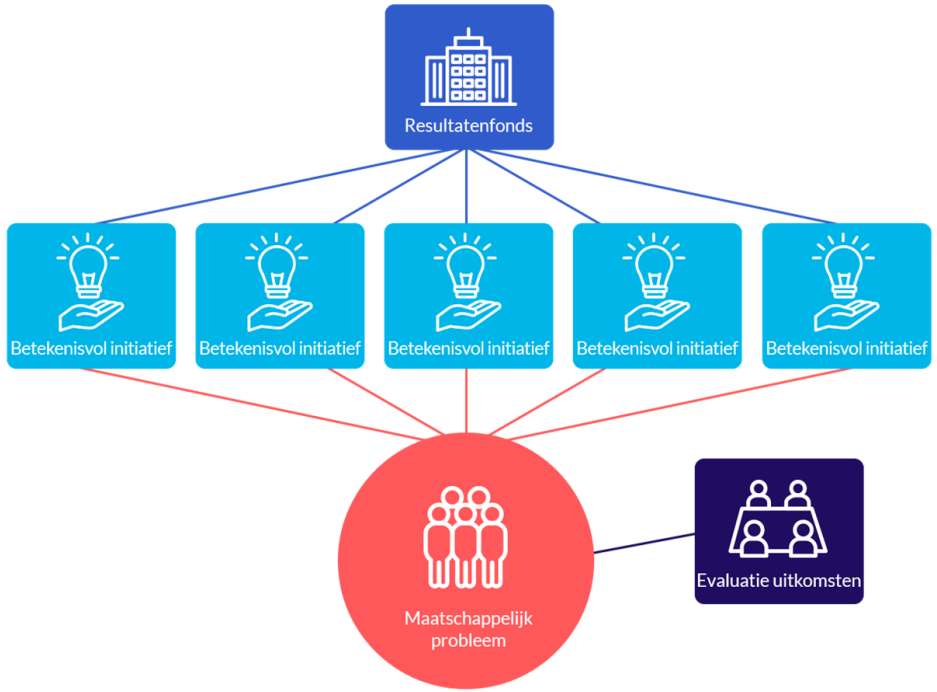
AN OUTCOMES FUND PAYS OUT ACCORDING TO THE SOCIAL RESULTS ACCOMPLISHED BY MULTIPLE PROJECTS

An outcomes fund is a pot of money designed to finance social projects. The money can come from the government or from philanthropists.

A few key advantages are:

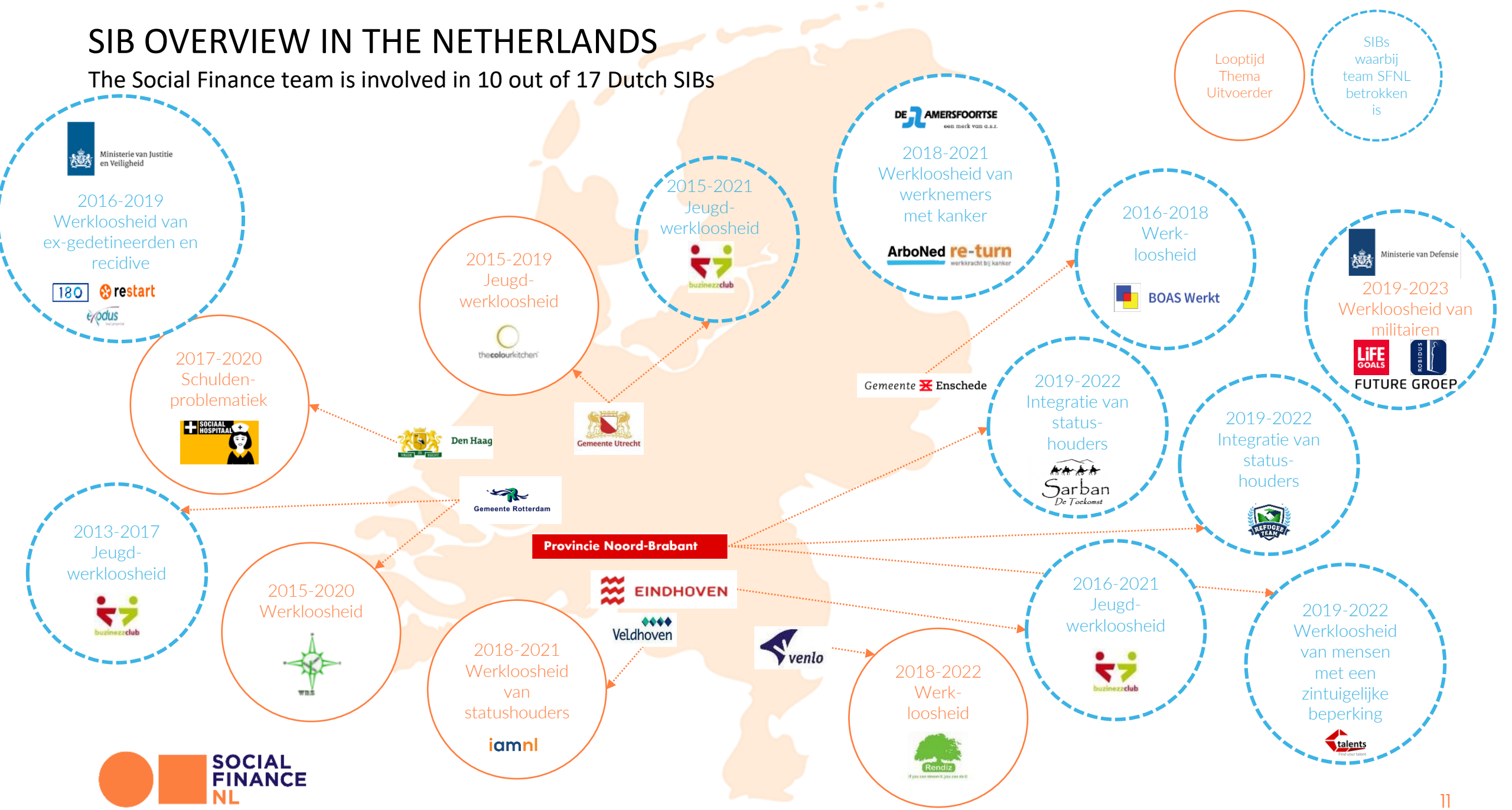
- Payments come from one single fund and savings are not distributed across different funds.
- Making a (SIB) deal takes a long time, so only large deals are truly cost-effective. An outcomes fund creates one framework that can serve as the basis for multiple SIBs
- An outcomes fund is not subjected to a policy period during which subsidies must be spent. The money in the fund stays there even it is not spent

SFNL advises on the development of a results fund. As an intermediary, SFNL also offers support in setting up results-based contracts for interventions financed by an outcomes fund.



SIB OVERVIEW IN THE NETHERLANDS

The Social Finance team is involved in 10 out of 17 Dutch SIBs



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MAIN CHALLENGES IN THE NETHERLANDS

WHAT CAN ITALY LEARN FROM DUTCH EXPERIENCES AND MISTAKES?

SIB for the sake of SIBs

Decentralisation (size)

Lack of transparancy

THE SOCIAL INNOVATION FUND – THE RATIONALE

FUNDING EMPLOYERS TO CREATE SUSTAINABLE JOBS AND AN INCLUSIVE WORKFORCE

Ministry of Social Affairs

'Jobs agreement' to support 125.000 people to sustainable work

Unemployed with large distance to the labour market (i.e. physical disabilities)

Struggle to find work, as workplace is often not fit for purpose

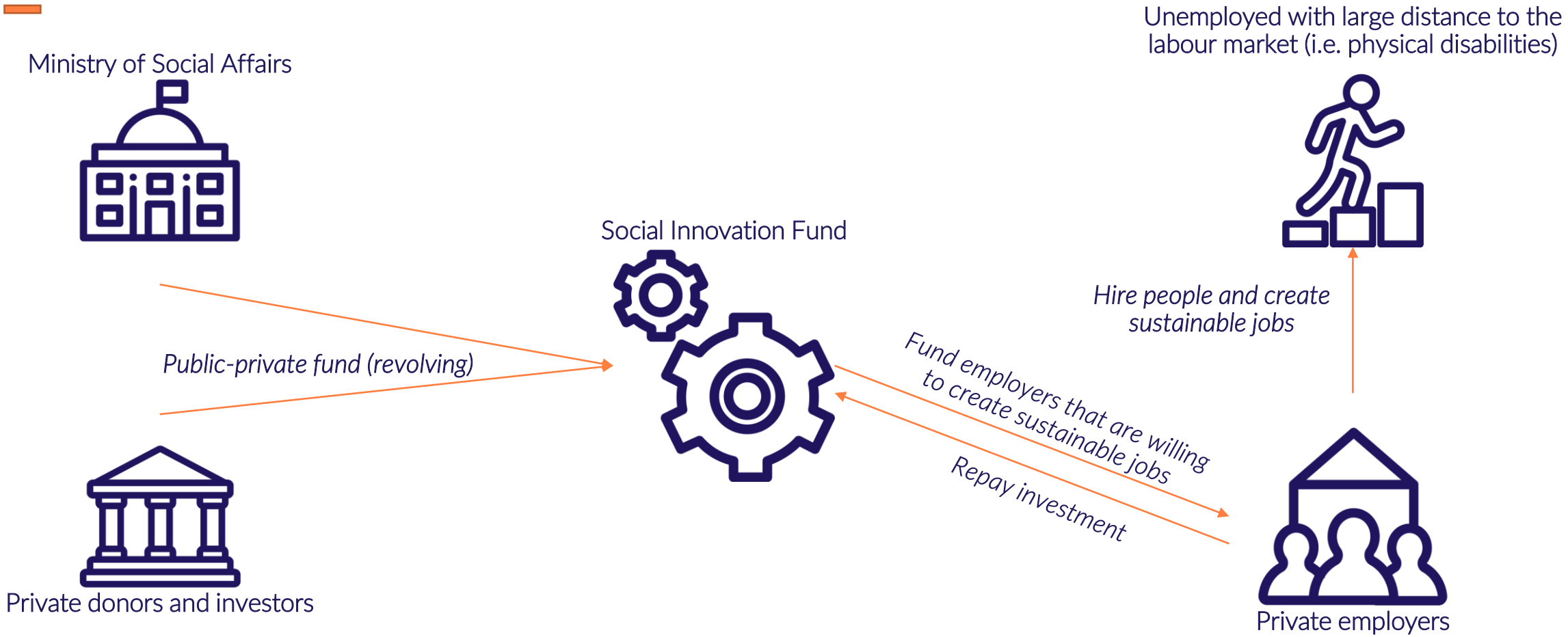
Private employers

Willing to adapt, but need access to finance

Private donors and investors

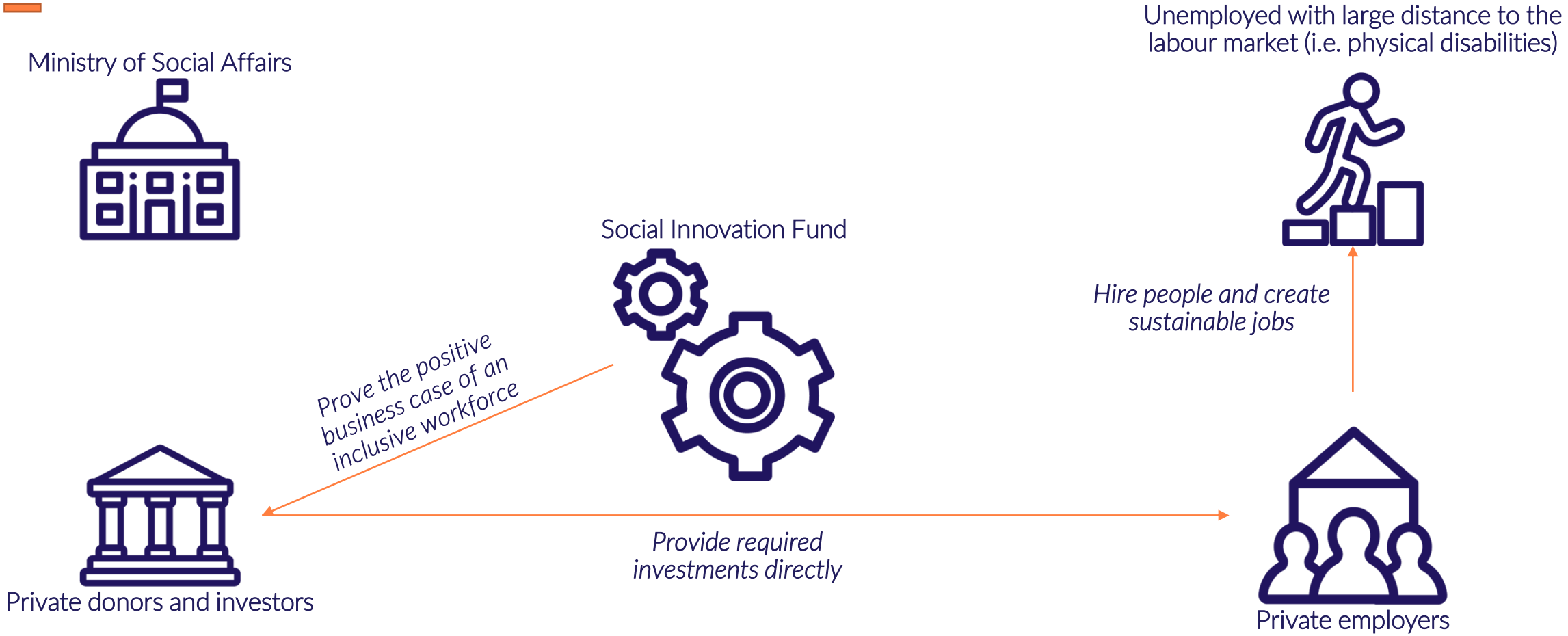
THE SOCIAL INNOVATION FUND – IN PRACTICE

FUNDING EMPLOYERS TO CREATE SUSTAINABLE JOBS AND AN INCLUSIVE WORKFORCE



THE SOCIAL INNOVATION FUND – LONG TERM AMBITION

FUNDING EMPLOYERS TO CREATE SUSTAINABLE JOBS AND AN INCLUSIVE WORKFORCE



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