

Sciences Po Paris
School of Public Affairs - Master in Public Affairs
2018-19

PUBLIC POLICY PROJECT REPORT

How could Social Outcomes Contracting help to promote social and economic integration of migrants in the EU?

Mariko Kaneko, Benjamin Miller, André Quadra

Agenda

1. Introduction

- Policy question & policy project objective
- Policy context

2. Key findings

- Summary answer to policy question
- Report objectives & key findings

3. Selection of research and findings from report

Section 1 | Introduction

Policy question and Policy Project objective

Policy Question

“How could Social Outcomes Contracting (SOC) help to promote social and economic integration of migrants in the EU?”

Policy Project objectives

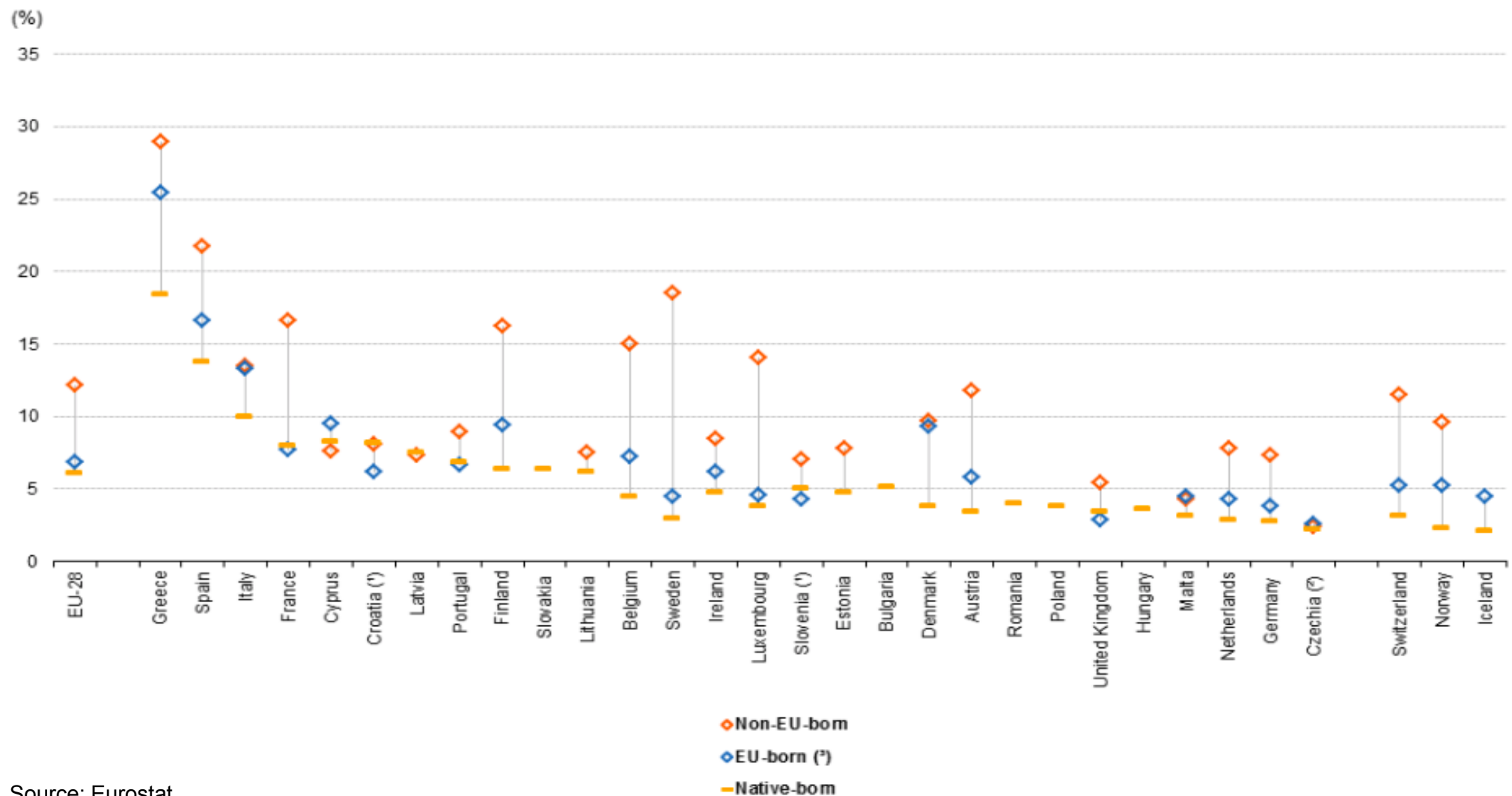
Analyse feasibility of using SOC to tackle unemployment among migrants in the EU

Identify ecosystem of services relating to migrant employment and range of SOC mechanisms to support such services

Produce analysis, case studies, ideas and potential solutions relating to SOC opportunities

Context: Migrant unemployment in the EU is both absolutely and relatively high vs. native-born citizens

Unemployment rate of 20 to 64 year olds in EU 28 countries by country of birth, 2018



Source: Eurostat

Section 2 | Key findings

Summary answer to policy question

“Social Outcomes Contracting can best support migrant integration and employment when funded and **coordinated at national or supranational levels** but **designed and implemented at a local level** with specialised service providers”

“Specifically, we identify **Outcome Funds** as a mechanism that may be able to deliver the scale, speed of implementation and innovation required to improve migrant integration and employment outcomes in the EU”

Four key findings identified in the report

- 1 The **most viable SOC mechanism** for improving migrant outcomes at a large scale are Outcome Funds, Social Impact Bonds and Payment by Results contracts. Other **promising bespoke mechanisms exist**, such as Social Impact Incentive Contracts, however more pilots are required in order to be able to assess their relative effectiveness and scalability
- 2 **Individual SOC mechanisms may be complex to launch**, with a need to account for time and costs incurred in coordinating stakeholders and establishing **legal and financial conditions and contracts**. Outcome Funds may help address some elements of this challenge while enabling a focus on social innovation
- 3 Services funded by SOC mechanisms rely on a **large number of specialised, domestic service providers** to deliver results, often operating at a community level with programs tailored to meet a mechanism's requirements
- 4 There is **significant variation in the approach** taken to improving migrant employment outcomes across existing SOC mechanisms, with **no single approach likely to be scalable across all markets**. Some 'themes' identified (e.g. skills training) however design and implementation of programs differs significantly depending on the local context

Overview of policy project objectives & key conclusions (1/2)

Objectives (summarised)	Key findings
1 Assess current state of migrant employment, barriers to achieving better outcomes	<ul style="list-style-type: none">• Unemployment higher for migrants than native-born citizens• Barriers vary across countries, demographics and context• 3 greatest barriers are language skills, qualification recognition & discriminatory practices
2 Map ecosystem of migrant services, identify which could efficiently improve outcomes	<ul style="list-style-type: none">• 7 categories of services provided to migrants, including those necessary but not sufficient for employment (e.g. housing, health)• No 'silver bullet', service efficiency varies across many dimensions, however early exposure to workforce and skills training are common

Overview of policy project objectives & key conclusions (2/2)

Objectives (summarised)	Key findings
<p>3 Review status quo of SOC investment in migrant employment, assess viability to scale-up (incl. case studies)</p>	<ul style="list-style-type: none">• Outcome Fuds, SIBs and PbR contracts used to fund social outcomes in the EU, only SIBs used for migrant integration & employment outcomes• Approach to achieving outcomes varies significantly across mechanisms and may not be viable to scale across all markets, highlighted by comparison of 3 case studies, albeit some elements might be worthwhile replicating subject to adaptation to local conditions
<p>4 Assess opportunities for financing services/ identify potential investment areas and ideas using SOC</p>	<ul style="list-style-type: none">• Opportunity to develop Outcome Fund(s) that could finance multiple individual SOC mechanisms / service providers and foster innovation• Cannot identify specific services / investment areas as need & effectiveness varies significantly

Overview of policy project objectives & key conclusions (2/2)

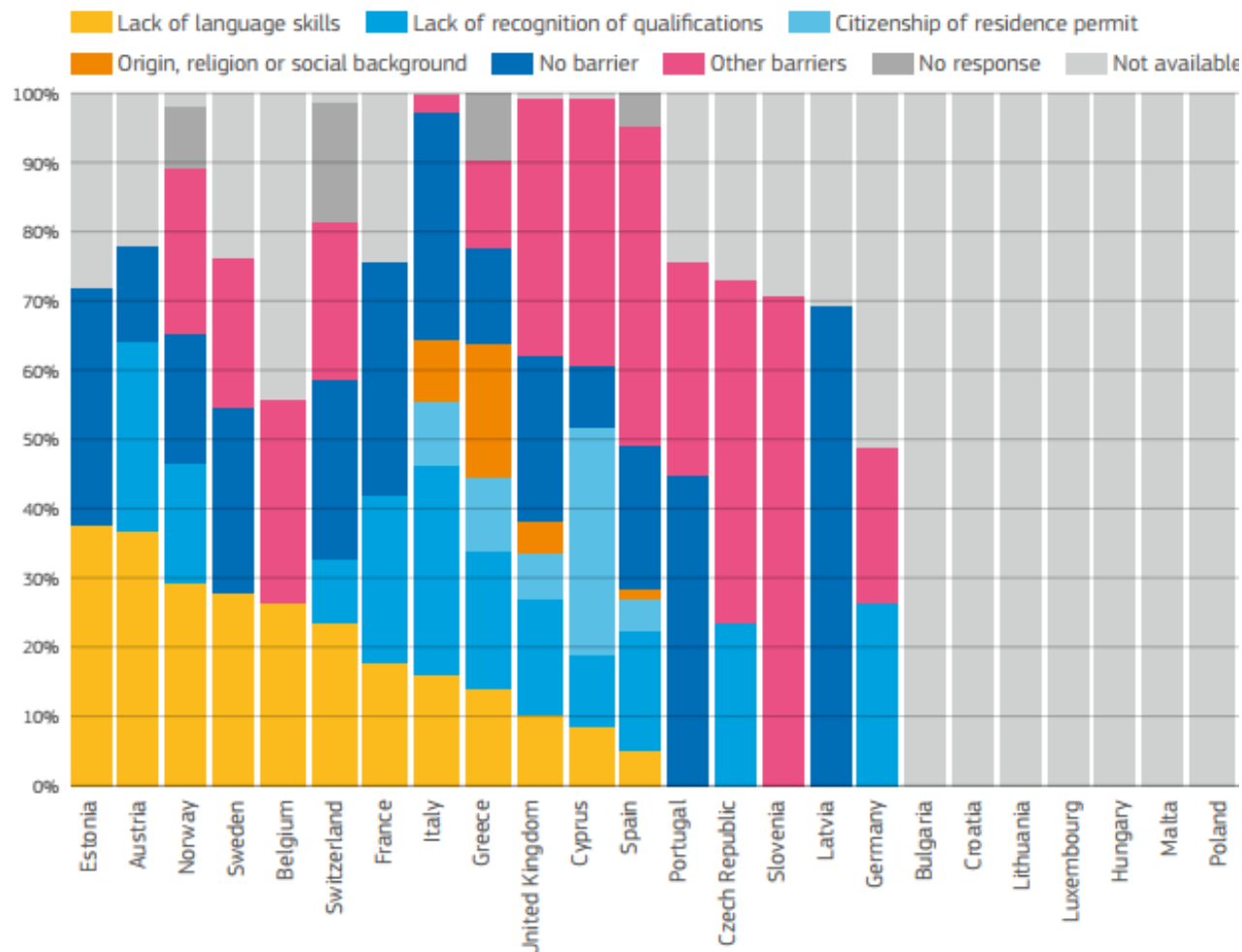
Objectives (summarised)	Key findings
<p>5 Assess benefits of increased migrant employment for govt. and ROI for investors</p>	<ul style="list-style-type: none">• No conclusive evidence to-date on relative benefits of using SOC vs. traditional mechanisms for improving migrant employment outcomes, mechanism suitability varies according to context. As more projects are implemented and evidence-base is broadened, a more nuanced understanding on the relative benefits of using SOC vs. traditional mechanisms for improving migrant employment outcomes can be achieved• Scarce public information and unclear methodologies are the main obstacles to demonstrate the cost-effectiveness of interventions. Unit cost databases, such as those developed by New Economy Manchester, as well as Gulbenkian Foundation & MAZE, could improve transparency, speed up cost-benefit assessment and facilitate identification of promising approaches to service delivery
<p>6 Identifying potential solutions / service concepts to improve outcomes, map potential investors and service providers</p>	<ul style="list-style-type: none">• No shortlist of solutions / service concepts to finance across entire EU – SOC often delivers localised and tailored programs that may not be suitable for all markets or contexts

Section 3

Selection of research & key findings
from report

There is no single reason for relatively high rate of migrant unemployment in EU countries

Reported obstacles to accessing employment for 1st generation third-country nationals, 2014



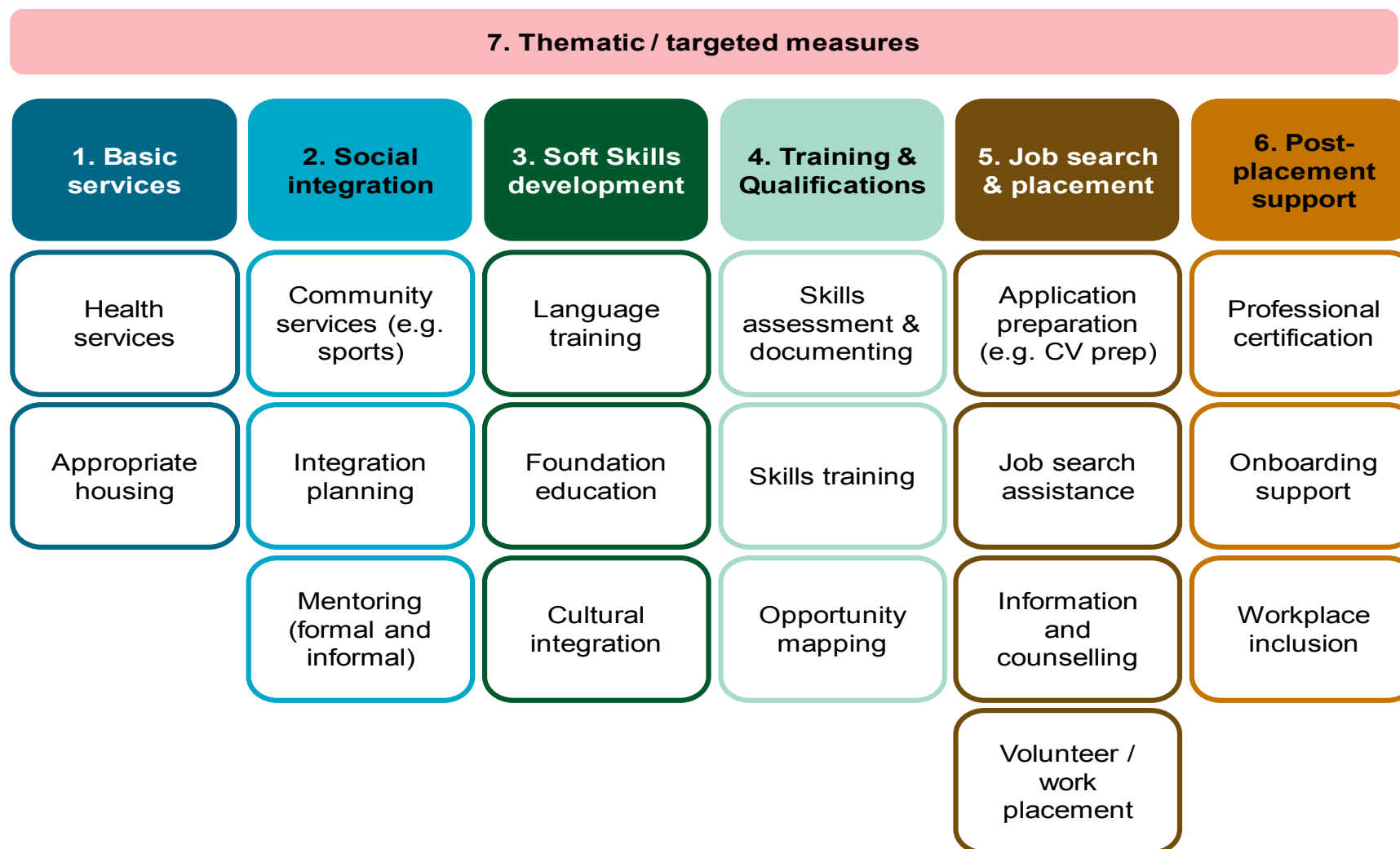
Top 3 barriers to migrant employment

- Lack of **language skills**, which are fundamental to socio-economic participation and integration
- Lack of **recognition of qualifications**, leading to unemployment, underemployment or social dumping
- Some Member States report that third-country nationals are subject to **discrimination in recruitment processes**

Source: European Migration Network, 2019

Seven types of services that currently exist to support migrant integration and employment

Ecosystem of services that support migrant integration and employment



Source: Sciences Po project team, based on review of reports from the OECD, European Parliament and European Migration Network as well as discussion with subject matter experts

No single approach / 'formula' exists for improving migrant employment outcomes across markets

Summary of key findings from meta-review of migrant integration policy literature in OECD countries

Service category	Summary finding	Comments
Social Integration & Soft Skills training	<ul style="list-style-type: none">Can improve long-term employment prospects but may also have "lock-in" effects	<ul style="list-style-type: none">German study: civic integration courses (cultural orientation and language tuition) increased employment chance by 29%
Soft Skills training	<ul style="list-style-type: none">In isolation, language classes of several months to two years not effective in ensuring labour market integration	<ul style="list-style-type: none">Danish study: no effects of enforcement of language learning on employment rate of migrants
Soft Skills & Technical Training	<ul style="list-style-type: none">Positive results for migrant integration if designed for minimum language requirements of each job	<ul style="list-style-type: none">Belgian study: migrants receiving social integration + technical training 46% more likely to be employed vs. migrants with only social integration training
Job Search & Placement	<ul style="list-style-type: none">Subsidised private sector employment, work experience and intensive counselling are most successful instruments	<ul style="list-style-type: none">Significant ambiguity relating to causal mechanisms of how and why this works

A range of SOC mechanisms exist, however only three are strongly / somewhat aligned with EIB preferences

Summary assessment of SOC mechanism alignment with key criteria

	Outcome-focused	Investor familiarity	Scalability	Structural complexity	Innovation enabling	Proven effectiveness
Social Impact Incentive Contract	Green	Red	Orange	Orange	Green	Red
Social Impact Bond	Green	Green	Orange	Orange	Orange	Orange
Development Impact Bond	Green	Orange	Orange	Orange	Orange	Orange
Outcome Fund	Green	Orange	Green	Orange	Green	Orange
Payment-by-Results contract	Green	Green	Orange	Orange	Orange	Orange
Social Success Note	Green	Red	Orange	Orange	Green	Red

Key: Green = Strong alignment with criteria, Orange = Moderate alignment with criteria, Red = Limited alignment with criteria

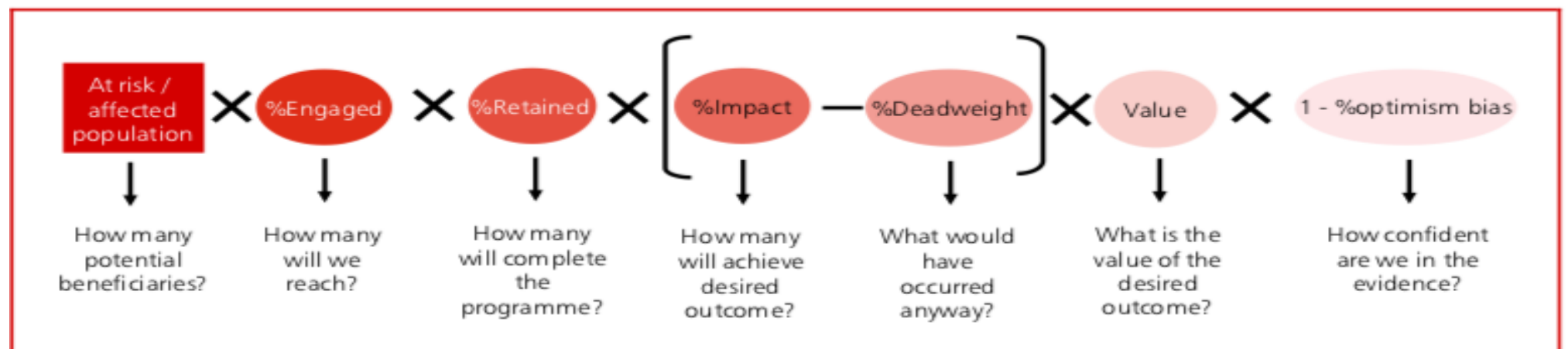
Source: Assessment by Sciences Po policy project team following review of academic and other papers, media articles and discussion with subject matter experts

Scarce public information and unclear methodologies are still the main obstacles to a systematic cost-benefit analysis

Summary of key findings from desk research and interviews

Burden	Potential solution	Available resources
Little public information	<ul style="list-style-type: none"> Cooperation with local governments to collect data. 	<ul style="list-style-type: none"> Unit Cost Database (UK), One Value (Portugal), Social Finance US (incl. rate cards) as useful databases.
Opaque methodologies	<ul style="list-style-type: none"> Collaboration with academia, NGOs, think tanks, financial industry and independent evaluators. 	<ul style="list-style-type: none"> UK Government provides fair tools and formula to perform cost-benefit analysis

Cost-benefit analysis formula designed by the UK government



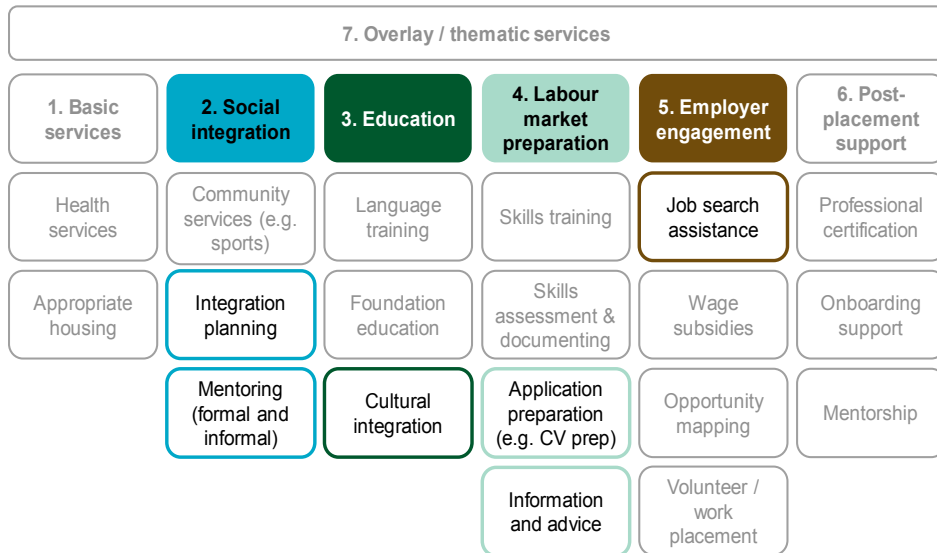
We have identified four key findings relating to the use of SOC mechanisms to improve outcomes for migrant employment

Summary of key findings

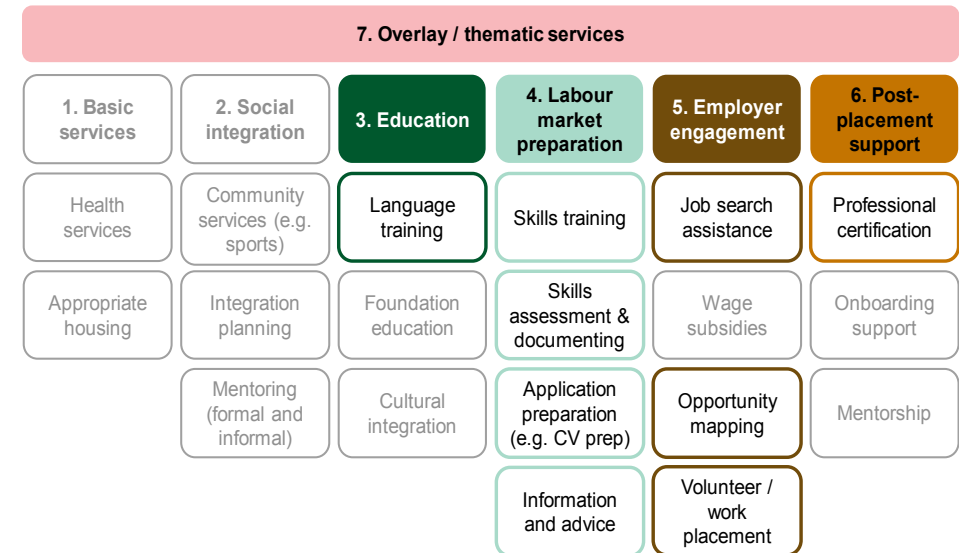
Finding	Select evidence for finding
1 Approach to achieving outcomes varies significantly across mechanisms and may not be scalable	<ul style="list-style-type: none">• See slide 17 in this presentation
2 SOC programs and service solutions are highly localised and specialised to a target geography / demographic	<ul style="list-style-type: none">• All service providers working with migrant-focused SIBs in EU are small, local / regional organisations
3 Outcome-based mechanisms typically rely on a large number of relatively specialised service providers	<ul style="list-style-type: none">• UK's Work Programme (large master fund for multiple SOC programs) utilised 18 primary contractors and 700 subcontractors
4 SOC mechanisms may complement and should consider existing dynamics of service provision	<ul style="list-style-type: none">• See slide 18 in this presentation

Finding: No consistent approach to improving outcomes via use of SOC mechanisms

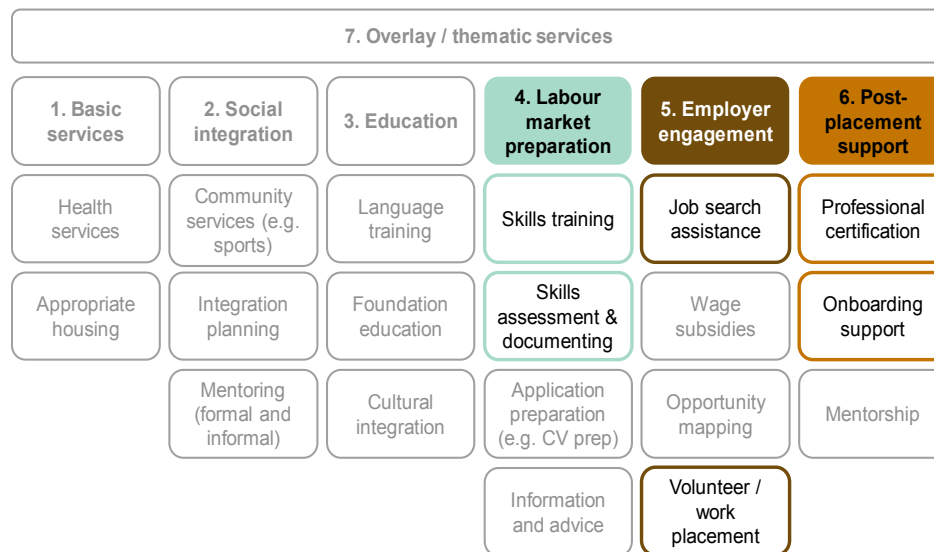
Duo for a Job: Mentoring to facilitate social integration & job search



Koto SIB: Ongoing, long-term industry-specific skill training

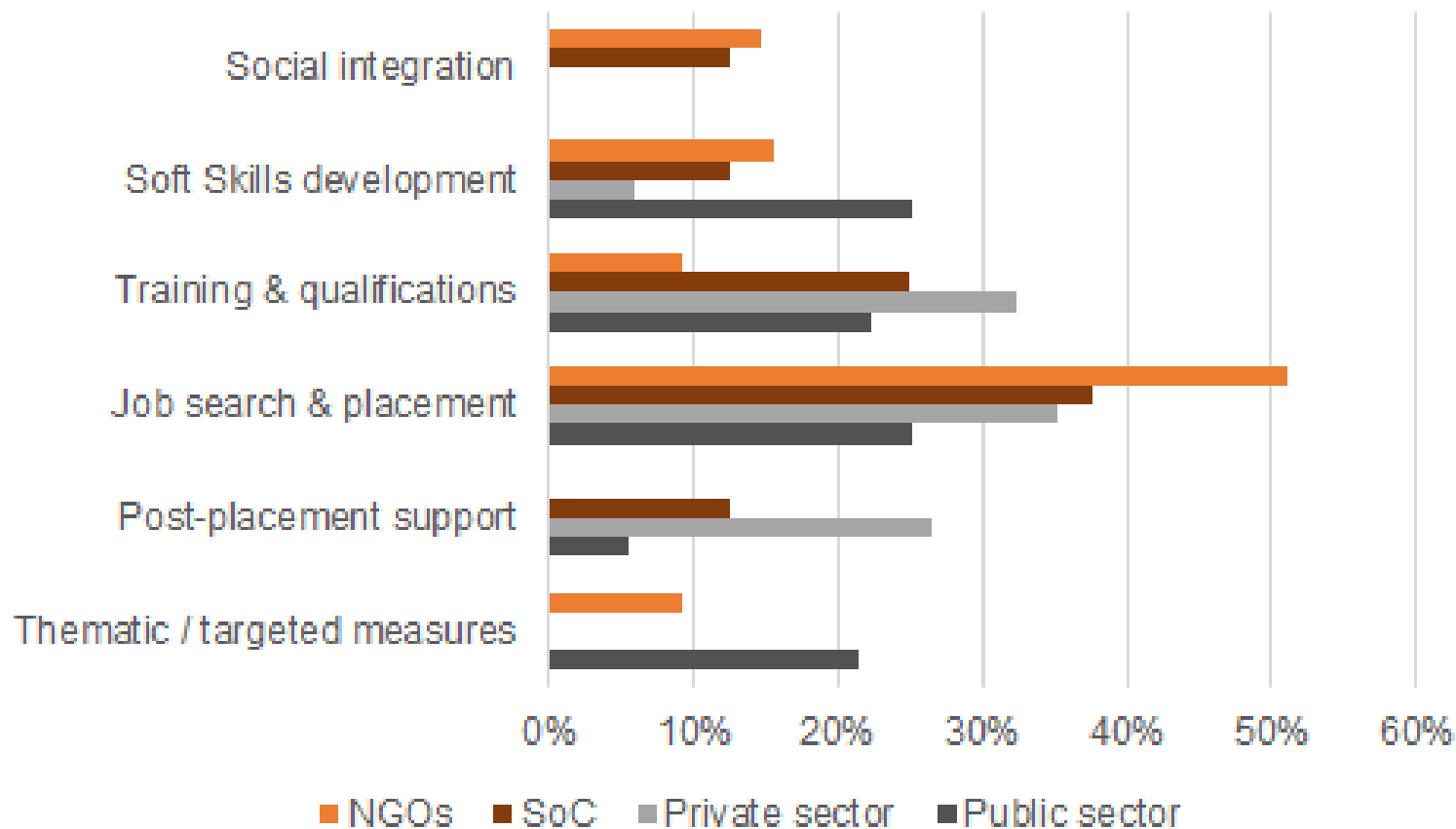


CARITAS Perspective SIB: Placing migrants with existing skills into relevant jobs



Finding: SOC mechanisms may complement and should consider existing dynamics of service provision

Types of services provided by category of service provider, as % of total number of services provided within each category of service provider



Source: Analysis by Sciences Po policy project team based on data from European Migration Network and Stacey & Tweed (2018)

The use of Outcome Funds may enable the launch of multiple SOC mechanisms tailored to market requirements

	Thematic Outcomes Fund	Innovation Outcomes Fund
Function	Commissioning multiple interventions in parallel against the same outcomes (and potentially in different geographies/target populations) to identify the most efficient way of delivering the outcome sought.	Commissioning solutions which involve elements of co-creation (e.g. bespoke delivery/outcomes metrics/pricing) to learn about their effectiveness .
Definition and key characteristics	This type of Outcomes fund can act as an accelerator by allowing knowledge capture beyond one-off projects: a shift from a 'project-by-project' transactional approach.	This type of Outcomes Fund allows for greater innovation and learning about new interventions to address complex issues. Both individual or multiple deals can be commissioned through Innovation Outcomes Funds.
When is this type of Outcomes Fund more appropriate?	<ul style="list-style-type: none"> • Deepening the evidence base: tests different solutions in parallel, same/similar problems or target groups • When price discovery is one of the commissioner's main objectives 	<ul style="list-style-type: none"> • When more complex issues requiring a bespoke approach are being addressed • When testing new delivery solutions is an objective • For pilot projects where there is no or only a low evidence base • In contexts where outcomes measurement is more complex • When there is relative flexibility in the definition of the geographic focus and issue areas to be addressed
When is this type of Outcomes Fund less appropriate?	<ul style="list-style-type: none"> • For interventions where there are few or no service delivery organisations • When there is limited data that can be used to price outcomes 	<ul style="list-style-type: none"> • In contexts with more certainty/lower risk about the effectiveness of a given intervention
What is required for this type of Outcomes Fund to be successful?	Sufficient maturity and understanding of both the issue and the delivery environment to enable pricing and choice of providers.	Dedicated funding to support service providers as they prepare to bid into the fund.