

# Economics of Wellbeing and Public Organizations. Measuring Social Value

## Day 2 - Agenda and Summary

How can we make reliable, preventive, and economically sustainable decisions regarding wellbeing? This topic affects all sectors both at an international and local level. London School of Economics, Oxford's University Government Outcome Lab, S-Bank, MeSäätiö and various ministry representatives tackled the topics of effectiveness, wellbeing and economics.

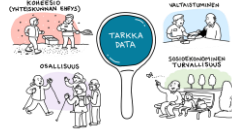
The Wellbeing Services County of Central Finland, Sosped Center and University of Eastern Finland's, Center of House of Effectiveness invited you to inspirational two-day learning event about wellbeing economics. The hybrid events were delivered both in English and Finnish, with fruitful discussions on wellbeing and effectiveness experts. It aimed to strengthen and expertise in wellbeing, economics and effectiveness.

- The first event delivered in Finnish (11.4. 12 - 16) aimed to strengthen knowledge, whilst promoting national cooperation regarding wellbeing economic mechanisms.
- The second event which was delivered in English (12.4. 9 -13) included international experts with the aim of creating meaningful dialogue with Finnish professionals. Discussions included how wellbeing economics principles can be included in Finnish regions and organizations strategic management.

### Day 2: 12.4. 9 – 13 (EET)

#### Agenda

- 1. Welcome** **9.00-9.10**  
Opening words - Riikka Pelikka, STM
- 2. Economy of Wellbeing and its Integration in Policy Making** **9.10-10.00**
  - Using the Social quality Model to Measure Social Value, Pamela Abbott (ABDN)
  - Economy of wellbeing and its integration in policy making Christian Crekel (LSE)
  - Discussion: Tomi Mäki-Opas, Andra Aldea-Löppönen & presenters
- Break** **10.00-10.10**
- 3. Impact investing and decision making** **10.10-11.00**



- Driving better social outcomes through cross-sector partnerships.
- Practice & emerging evidence from the use of impact bonds/social outcome contracts  
Andreea Anastasiu, GOLab, University of Oxford
- Tomi & Andra Q & A

#### 4. New Ways to Build Impact Investing?

11.00-11.30

- New ways to build impact investing? Björn Vennema (Social Finance NL)
- Tomi and Andra Q & A

#### Break

11.30–11.45

#### 5. What's happening in the Nordics?

11.45 – 12.30

- What's happening in the Nordics?  
Anni-Maria Pulkki-Brännström, KAMSO (Umeå University)  
Comments/Replies Curt Lögfren (Umeå University)
- SOLA Calculator and background  
Miikka Vuorinen, Sosped Center & Andra Aldea-Löppönen, Hyvaks (Wellbeing Services County of Central Finland)
- Tomi Q & A

#### 6. Q & A, closing remarks

12.30 – 13.00

## Welcome Opening words, Riikka Pellikka, Ministry of Social Affairs and Health

**Riikka Pellikka, Ministerial Wellbeing Economics expert**, welcomed everyone to the second day of the SOLA international webinar. She discussed the importance of understanding the social, economic, and ecological dimensions of sustainability with new tools like the SOLA matrix.

96 participants joined online, out of which 61 were present and there were approximately 10 people in person.

## Economy of Wellbeing and its Integration in Policy Making

### Using the Social quality Model to Measure Social Value - Pamela Abbott (ABDN)

**Professor Pamela Abbott from University of Aberdeen** offered an interesting presentation on the social quality model's applicability to measure social value.



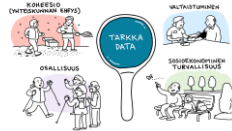
She discussed the importance of the social quality model and how it is used to measure social value. She examined in detail how the four quadrants, that include economic security, social cohesion, social inclusion, and empowerment, all affected each other. There was a fruitful discussion about how the social quality model provides conditions for a decent society because it includes aspects such as a socially embedded economy, trust, equality as well as a sense of belonging. These aspects are very important for societies to function well. Trust is the best indicator for social cohesion. Nancy Frazer stated that it is important that societies have social inclusion where everyone's views are represented, including those who are the most vulnerable and excluded of our societies. This should be clearly identified at policy level, where all members of society can participate fully in social, economic and political life.

**Raija Harju-Kivinen from the Wellbeing Services County of Central Finland** discussed with Professor Pamela Abbott regarding the importance of incorporating the social quality model quadrants into tools that measure different phenomena of well-being.

### **Economy of wellbeing and its integration in policy making, Christian Crekel (LSE)**

**Dr. Christian Crekel from the London School of Economics** highlighted that wellbeing is how happy people feel or how satisfied they are with their life. Achieving wellbeing is the aim of most individuals, so it is fair to argue that the main goal of governments should be to improve people's wellbeing. In the UK, wellbeing is measured using a life satisfaction scale. This is a preferred cognitive evaluative tool that predicts individual behavior in a practical manner. An example where life satisfaction scales are used, are in voting scenarios. It is a good indicator because it is cheap, easy to collect, interpret and analyze. In 2010, an important development occurred in the UK where the then prime minister David Cameron wanted to measure progress as a country. He wanted to look at the economic aspects but also how citizens lives were improving. This led to wellbeing placed in the official guidance for policy analysis called the green book. Christian then provided a detailed discussion on how social cost and benefit analysis supports decision-making of national, regional and municipal governments.

Miikka Vuorinen asked an important question relating to which organization would have the leadership role in developing a strong culture in economy of wellbeing. This is seen with the National Treasury in the UK. As Finland is focusing more on social and ecological sustainability, this is an important issue that needs to be addressed.



## Impact investing and decision making

### Driving better social outcomes through cross-sector partnerships. Practice & emerging evidence from the use of impact bonds/social outcome contracts

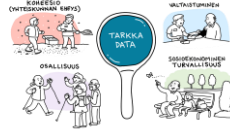
**Andreea Anastasiu from the University of Oxford GOLab** discussed impact investing and the challenges of decision making in cross-sector partnerships. Impact bonds (IBs) are outcomes-based contracts. They use private funding from investors to cover the upfront capital required for a provider to set up and deliver a service. The service is designed to achieve measurable outcomes. Outcomes-based contracts (including impact bonds) differ from traditional contracts by focusing on the outcomes, rather than the inputs and activities. Impact bonds are differentiated from other forms of outcomes-based contract by the explicit involvement of third-party investors. Social impact bonds (SIBs), also increasingly referred to as social outcomes contracts (SOCs) in which the outcome payer is the government which represents the target group. Development impact bonds (DIBs) generally refer to IBs in which an aid agency of a government or multilateral agency, or a philanthropic organization. Outcomes-focused funding needs to better align social and financial objectives while dealing with multiple (and often conflicting) goals of stakeholders.

There was also discussion that investment needs clear social objectives alongside financial goals with due diligence and screening. Investors must evaluate potential investment opportunities based on their capacity to generate both financial returns and social impact. This requires effective risk management. Diverse investments across different sectors, geographies, and asset classes can help manage risk and increase the potential for positive social outcomes.

### New ways to build impact investing? Björn Vennema (Social Finance NL)

**Björn Vennema** provided extensive examples on how impact investing has worked in the Netherlands. The historical and geographical activity of Social Finance NL was presented and how it relates to the global network. Cooperation between private and public partners ensures better achievement of social outcomes by using a systematic and data driven approach. An overview of the SIB youth unemployment in Rotterdam was provided as an example to highlight the use of the latest health care social impact bonds. The challenges and the social finance approach were the concluding aspects of a very professional presentation.

One participant asked if impact bonds were a cost-effective way to contract and finance the delivery of social services. Andrea pointed out that in the US, there are collaborative partnerships where all parties decide together what works with constant renegotiation and adjustment of targets. This is due to the good quality data that is available through active performance management/ data driven approach. In practice risk-sharing rather



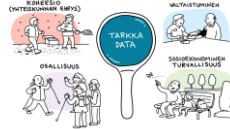
than risk-transfer is occurring. Another issue is to overcome barriers when developing social outcome contracting such as the difference in cultures for example in public sectors, politicians and funding investors. Right now, in Finland, TEM is responsible for start SIBs however S-bank is now showing interesting in contributing with funding for social outcome contracts. Another example in Finland is Motiva who is building SIB-projects. Crowdfunding is a great way of democratizing programmes and investment. This reinforces the potential value of SOCs. When designed well it has tangible impact that people can recognize and see and therefore steer investments and in the long run policy in the direction of effective programmes.

The option of blended finance was also discussed as a good option because it attracts more private capital to sectors and regions that are perceived as risky. It was discussed whether crowd funding platforms was used to allow individual investors to participate in impact investing with smaller amounts which makes it more a democratic access to investment opportunities. Or would blended finance combining public, philanthropic, and private capital decrease the risk and capitalize the investments in projects with higher social impact. An important question is how does one minimize and manage the different risks with international and local investors? One participant from Finland made an interesting point that the issue is that investing in wellbeing is seen riskier because organisations do not believe in their own capabilities that can make meaningful impact and also there are not enough tools to highlight the impact that has been made.

## Nordic Examples

**Anni-Maria Pulkki-Brännström, KAMSO (Umeå University) & Miikka Vuorinen, Sosped Center & Andra Aldea-Löppönen (Wellbeing Services County of Central Finland)** discussed KAMSO and **SOLA Calculator** respectively. KAMSO is a very valuable decision-support tool. It allows policymakers and organizations to make informed decisions about interventions to address social vulnerability. It also ensures that resources are allocated efficiently and effectively to promote social inclusion and wellbeing. One participant stated that KAMSO and SOLA's strengths is the problem analysis which assesses the underlying causes and contributing factors of social vulnerability. This includes economic, social, and environmental aspects and intervention strategies analysis, identifying the most appropriate and effective strategies for addressing social vulnerability, considering the local context and the needs of the target population based on cost-effectiveness analysis, monitoring and evaluation, and capacity building. KAMSO is user-friendly in its service design and platforms like SOLA could learn from this during the digitalization phase.

Summary by Natalie Joubert



## Sola training. Measuring and evaluating social impact - on-line course description

Social quality implies that the better the society, the better is inhabitants' well-being. This encompasses societal values that include equality, freedom, justice, and solidarity. Social quality represents the processes that bring people well-being in an equitable and sustainable manner.

In the training course we will be:

1. Present the social quality framework and central processes that allows for the promotion of sustainable wellbeing.
2. Describe the calculator that is based on the social quality framework and research-based evidence
3. We will show you step by step the application of the tool in assessing the savings potential of various measures and policies aimed at promoting well-being, and
4. We will provide instructions on how to use the tool to support evidence-based decision-making.

The course will open in September 2023 as a free MOOC online course open to all on the website of the House of Effectiveness of the University of Eastern Finland.

More information about the course Tomi Mäki-Opas, UEF, Research Director of the House of Effectiveness [tomi.maki-opas@uef.fi](mailto:tomi.maki-opas@uef.fi)