

# Social Impact Bond

# Projeto Família

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# Introductory note

The Calouste Gulbenkian Foundation (CGF) has been trying to incentivise new dynamics in the social sector, namely by testing and implementing new investment tools that are able to better respond to social organisations' financing needs.

With this in mind, and after investing in Portugal's first Social Impact Bond (SIB) back in 2015, the CGF reinforced its commitment by investing in four other SIBs, including Projeto Família®, implemented by Movimento Defesa da Vida (MDV).

The Projeto Família® methodology delivers a preventive and innovative intervention which suits both the financing opportunities and the intervention logic. After three years, the outcomes now being presented widely surpass the contracted percentage of family preservation, set at 60%.

The success of a SIB is not binary. Fulfilling the agreed-upon outcomes which allowed for the reimbursement of the initial investment is an indicator of success. Nonetheless, the Foundation's ultimate goal is to demonstrate the advantages of leveraging upon outcome-based commissioning - a model which allows organisations from the social sector to provide more adequate support, manage financial resources more efficiently and incentivise the development of improved public policies.

**Luís Jerónimo**

Director at the Calouste Gulbenkian Foundation



# Executive Summary

The Projeto Família® integrated the first edition of Social Impact Bonds (SIBs) with investment led by the Calouste Gulbenkian Foundation and outcome payment contracted through Portugal Social Innovation. The SIB took place in Porto, between July 2017 and October 2020.

Projeto Família® is implemented by the social organisation Movimento de Defesa da Vida, and its intervention promotes the preservation within their family home of children and young people at risk (CYPR) of institutionalisation, through the development of parental and relational skills, and the preparation for self-sufficiency within the family home. The institutionalisation of children and young people at risk affects close to 7,000 children in Portugal, and according to OneValue, represents a minimum monthly cost for Social Security of €700 per child or young person.

The investors of the Projeto Família® SIB were the Calouste Gulbenkian Foundation and Montepio.

The service providers were the Movimento de Defesa da Vida (responsible for the project's field implementation) and MAZE, (responsible for project monitoring and performance management). The entity responsible for outcome-based payments and investor reimbursement was Portugal Social Innovation. The public entity responsible for monitoring the project was the Institute of Social Security.

The Projeto Família® worked with 180 children or young people at risk, divided into 9 administrative groups for outcome assessment purposes. The contracted outcome was the preservation of at least 12 children or young people within their family home per cohort (around 60%). The project's global success rate was 91% and all of the outcomes were achieved. The total investment in the project was €433,276.00 and 99% of this investment was reimbursed with the delivery of the agreed-upon outcomes.

The present report resumes the main learnings registered during the project's three-year implementation.

## How did the intervention perform?

The Projeto Família® SIB delivered all the contracted outcomes, avoiding the institutionalisation of more than 60% of the participants. The 91% overall success rate is of central importance in attesting the project's social impact.

## What were the dynamics of the partnership?

The investors had a very active role in supporting MDV, going beyond providing upfront capital, and included actively participating in strategic discussions around the SIB. The support of the consortium was also operational and strategic, especially from MAZE and the Social Security Institute.

## How was the financial reimbursement process?

The process of reimbursing investors requires the joint approval of Portugal Social Innovation and the Operational Programme for Social Inclusion and Employment (OP SIE), with the latter being responsible for the verification of the project's financial execution. The level of detail observed in the financial reporting and auditing, required for the submission of reimbursement requests, represents an intense bureaucratic process, which consumed a disproportionate amount of time from the service providers involved in the SIBs. The highly demanding financial reporting process was the main cause of delay in reimbursing investors, from gathering the necessary evidence to the lack of response capacity on the side of OP SIE.

## How can the response to children and young people at risk be improved?

Improving institutional responses to CYPR depends on (1) increasing the response capacity of signalling teams and (2) expanding the support network, namely through cooperation agreements. Investing in the Projeto Família® intervention may represent cost savings of more than 90% in comparison to the institutionalisation of a minor.

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# Acronyms and abbreviations

<b>CFSPAs</b>	Centre for Family Support and Parental Advisory
<b>CGF</b>	Calouste Gulbenkian Foundation
<b>CPCY</b>	Commission for the Protection of Children and Young People
<b>CYPR</b>	Children and Young People at Risk
<b>MAZE</b>	MAZE S.A.
<b>MDT</b>	Multidisciplinary Team
<b>MDV</b>	Movimento de Defesa da Vida
<b>Montepio</b>	Caixa Económica Montepio Geral
<b>OP ISE</b>	Operational Programme for Social Inclusion and Employment
<b>PF</b>	Projeto Família®
<b>PPM</b>	Protection and Promotion Measure
<b>PSI</b>	Portugal Social Innovation
<b>RC</b>	Request for Clarifications
<b>RR</b>	Reimbursement Request
<b>SIB</b>	Social Impact Bond
<b>SIS</b>	Social Integration Subsidy
<b>SSI</b>	Social Security Institute

## Introduction

Projeto Família® integrated the first edition of Social Impact Bonds (SIBs) with investment led by the Calouste Gulbenkian Foundation and outcome payments contracted through Portugal Social Innovation.

A Social Impact Bond (SIB) is a type of outcome-based contract which leverages on financing from private investors to cover the implementation costs of a certain intervention, in this particular case, Projeto Família®. Alongside the other partners, the public sector

establishes concrete and measurable outcomes to be achieved, and investors are reimbursed if, and only if, those outcomes are delivered. The Projeto Família® took place in the Porto region between July 2017 and October 2020.

The project's total investment of €433,276.00 was financed by the Calouste Gulbenkian Foundation and Montepio. Projeto Família®

# How did the intervention go?

## Quick answer

The rate of preservation within the family home was 91%. The initial lack of signalling of children at risk by Social Security was overcome during the project. The signalling teams validated the importance of the intervention and reinforced the need to keep this response available in the city of Porto.



Photo by Kelly Siem on Unsplash

# Intervention

## Methodology

The Projeto Família® methodology, developed by MDV, promotes the preservation within the family home of children and young people at risk of institutionalisation, through the development of parenting and relational skills and their preparation for self-sufficiency within the family home. The work with CYPR was inspired by the original methodology developed by the Families First project of the Homebuilders Program, in Michigan, and with the Institute for Family Development, in Seattle.

In 1996, the MDV began working with this intervention in Portugal.

The intervention is divided into three key stages: the signalling of CYPR and signing of family agreements, an intensive six-week phase, and a period of follow-up and potential preservation within the family home.

In the context of this project, the contracted outcome is the preservation of CYPR within their family homes for a minimum period of 9 months after the end of the intensive phase. During the follow-up conducted 12 months after the conclusion of the intensive phase, the Projeto Família® technician is already able to informally estimate whether family preservation will be possible or not.

### Phase 1 - Signalling and signing of family agreements

Projeto Família® targets families with children and young people at risk (CYPR) that have been signalled and placed under protective measures.

Families are directed to the Projeto Família® by:

1. **Commissions for the Protection of Children and Young People (CPCY);**
2. **Multidisciplinary Teams (MDTs), which provide technical assistance to family courts;**
3. **By direct court order.**

The intervention is presented to the family, who may choose to take part in it or not. Participation is voluntary. The moment of admission to the project is celebrated with the signing of a family agreement.

### Phase 2 – Intensive six-week intervention

The intervention within the family is conducted by a Projeto Família® technician. During the intensive phase, the technician assigned by Projeto Família® conducts weekly work sessions with the family or families signalled by CYPR. Besides scheduled sessions, the technician is available to meet the family whenever necessary.

4. **Creating trust and identifying problems;**
5. **Determining and validating skills to be developed;**
6. **Developing skills and preparing for self-sufficiency.**

At the end of this phase, the family appraises the intervention by filling in an evaluation form.

### Phase 3 - Follow-up and observation of preservation within the family home

The assigned technician meets with each family 1, 3, 6 and 12 months after the conclusion of the intensive phase. In the meantime, other contacts may occur, depending on specific needs. The follow-up period generates additional information regarding the family's path and allows for support whenever necessary.

Phase 1		Phase 2						Phase 3			
Signalling	Family Agreement	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Follow-up month 1	Follow-up month 3	Follow-up month 6	Follow-up month 12
Extra contacts											

**Figure 1** Intervention structure. Projeto Família®  
Source: MAZE and MDV

“The entire intervention takes place within the community and the family home, which is the most differentiating factor in comparison to other responses. Home intervention may be a part of other responses, but it is not central to their interventions. According to the PF methodology, all direct work with the family is conducted in a systemic way, involves the entire family and takes place within the home, which makes it truly innovative. The technician spends an average of 10-15 hours a week working directly with the family, which is also why it is possible to establish such proximity. The way we work with families in crisis situations, which demand an urgent change in behaviour, is urgently needed so children can stay at home. The fact that families know they will have a technician available to help over the course of 6 weeks, genuinely helps families get organized. These 6 weeks are followed by a one-year monitoring period. The focus on solving the problem and monitoring the family is continuous. In our view, the time factor and the fact the family knows it can count on the technician 24 hours a day, 7 days a week, ensures behavioural changes that lead to family preservation. The family knows it can count on the technician, even outside “normal” working hours.”

**Carmelita Dinis, Executive Director of the Movimento Defesa da Vida**  
April 2020

# Intervention Schedule

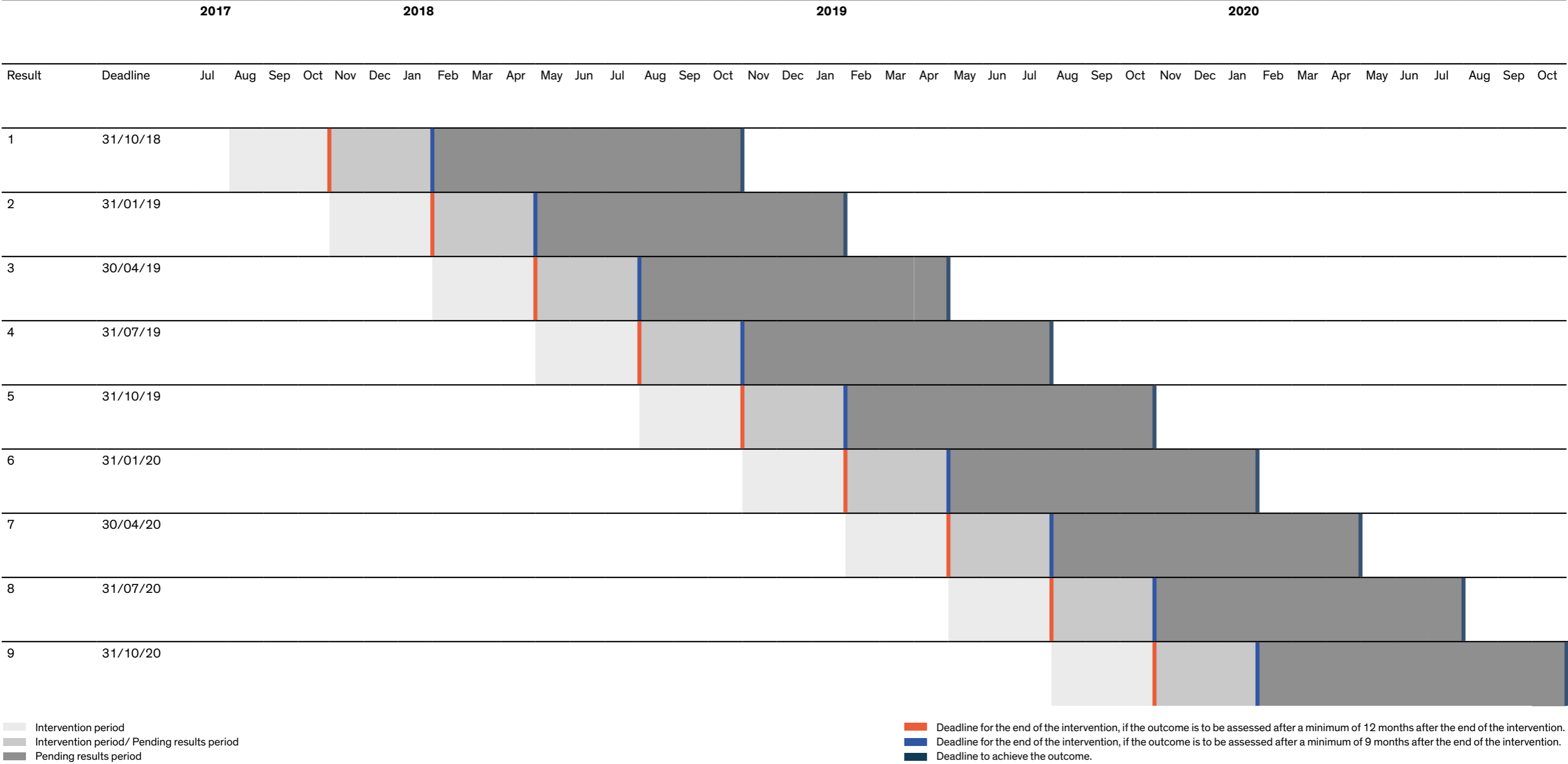
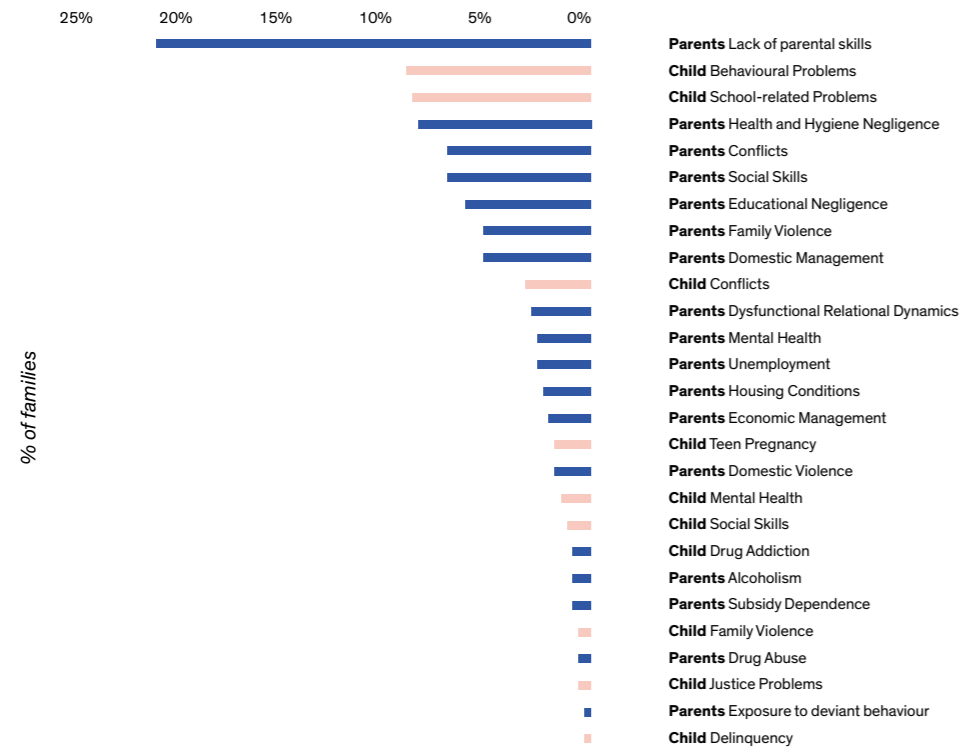


Figura 2 CSIB execution schedule. Projeto Família® Source: MAZE

# Data Analysis

## The signalling process



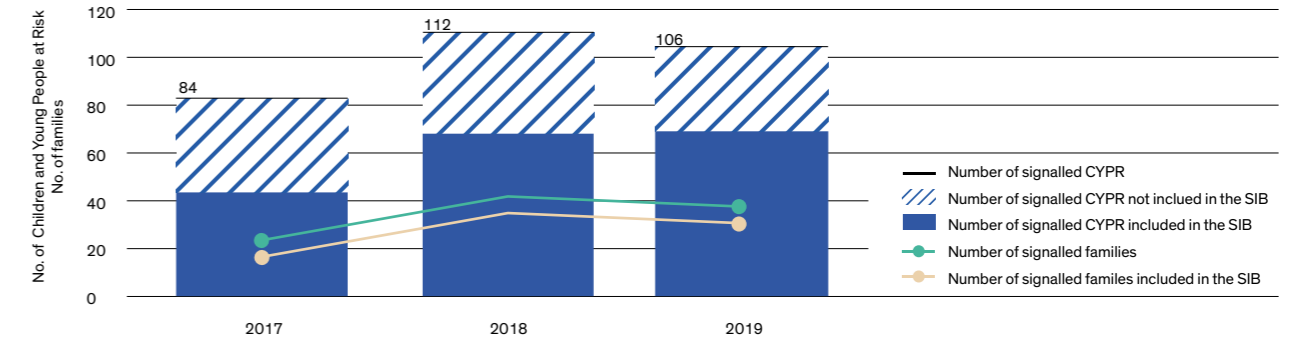
**Figure 3** Reasons for family signalling  
Source: MDV

Between July 2017 and December 2019, 302 children or young people at risk, distributed throughout 144 families, were referenced to the Projeto Família®. The most frequent causes for signalling were problems related to lack of skills, parental conflicts, family violence, behavioural problems with and around children, education and hygiene negligence, teenage pregnancy, and mental health issues.

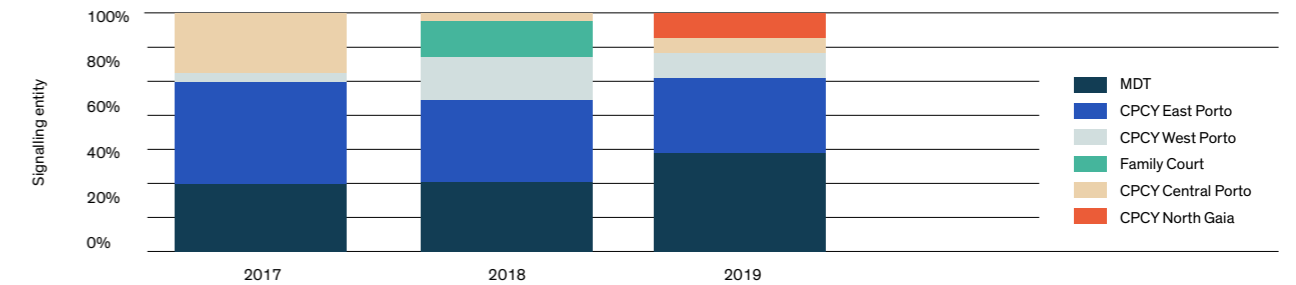
From the 302 children signalled, 180 children or young people from 119 families were included in the project. The difference between number of CYPR signalled and the ones included in the project stems from factors that did not qualify them to take part in the SIB: families that were receiving the intervention for the second time; families who rejected participation in the project; situations deemed incompatible with the methodology by the technical team; and withdrawals during the first 4 weeks of the intervention.

In the context of the SIB, it was agreed upon that families receiving the intervention for the second time or more, would not be considered in the outcomes. Nonetheless, since there was available capacity, the project's technical team ensured the monitoring of these families that did not integrate the SIB, as well. It was also established that families who withdrew from the intervention prior to week 4, would not be considered in the outcomes.

**It is relevant to highlight that the 119 families with whom MDV worked with during the SIB, represented a universe of 243 children,** since not all children from a family are necessarily signalled. This means that there were 63 additional children and young people that directly or indirectly benefited from the intervention, who did not count towards the outcome assessment.



**Figure 4** Contacts between the PF technicians and families.  
Source: MAZE, from data shared by MDV via AidHound



**Figure 5** Signalling entities per project year. Source: MDV

41% of children and young people with whom MDV worked until now were forwarded by the Commission for the Protection of Children and Young People (CPCY) of Eastern Porto. The Multidisciplinary Teams (MDTs) forwarded 31% of all cases. The remaining cases were forwarded by the West Porto CPCY, Central Porto CPCY, North Gaia CPCY and directly from family and juvenile courts.

During the first few months of the intervention there was a lack of signalings, which delayed the project's calendar execution. According to the MDV team, the operational pressure that these signalling entities were under, limited their capacity to fulfil the necessary bureaucracy required to formally signal children to the SIB.

During the project's final year, MDTs gained more relevance as signalling entities, after the PF team held a project presentation session at the headquarters of Porto's District Social Security Centre, increasing

the intervention's visibility. The session allowed to present the intervention and answer the teams' questions, which in turn allowed for an increase of the number of signalled families forwarded to the Projeto Família® team.

On average, it took 23 days between the signalling of a child and the assignment of a technician to that family. However, for half of the signalled cases, a maximum of 14 days passed between signalling and family assignment. The assignment was considerably faster than in the MDV's previous experiences with Projeto Família®. This was the result of a larger number of dedicated technicians and consequent increased response capacity, available due to the SIB structure.

On average, it took 13 days to conduct the first meeting with the family, after a technician had been assigned.



**Figure 6** Average time between signalling, assignment of a technician and first meeting with the family.  
Source: MAZE, from data shared by MDV

# “There are some differences in the Projeto Família<sup>®</sup> with and without the SIB.

Without the SIB, signalling can be performed by the family, a neighbour, the school, etc. With the SIB, signalling is carried out by the CPCYs, directly by the courts or by court support teams, the MDTs. This happens because within the SIB context, we only work with families who have children under promotion and protection measures (PPM), which do not necessarily have to be in place, when working outside the SIB structure. There are typically two ways of proceeding in regards the removal of a child: in an emergency situation, article 91 of the law may be applied, and any entity with child and youth care competences can assess the situation and determine whether the child or young person are in immediate danger, triggering a series of protocols to immediately remove that child if necessary. The alternative is a removal scheduled with the families. In these cases, what we say is: “maybe at this moment in time, and until you can get back to your feet or reduce some of the risk factors, these children would be better off in an institution.”

Ana Fontes, Projeto Família<sup>®</sup> Supervisor in Porto

Maio de 2020

## Family profiles

From the 144 families forwarded to the project, the Projeto Família<sup>®</sup> technicians worked with 119. Even though the signalling teams forwarded families with a profile that suited the project, not all of them met the eligibility criteria. Some of the exclusion factors included:

- inability to meet safety conditions (for the child, other members of the family and/ or the technician);
- presence of criminal activities within the household, with the potential of causing harm to others;
- refusal to accept the intervention, as acceptance is key for carrying out the respective process;

Even though the PF works with families with extremely varied profiles, a few characteristics were systematically observed throughout these three years:

- around 78% of families had an educational attainment equivalent to Year 9 or below;
- only 26% of families were nuclear families;
- in 73% of family households, the mother was the parent responsible for the minors;
- in 38% of cases, the parent responsible for the minor was unemployed;
- in 49% of cases, the parent responsible for the minor was single, widowed or divorced;
- only 11% of supported families had more than 3 children at home.

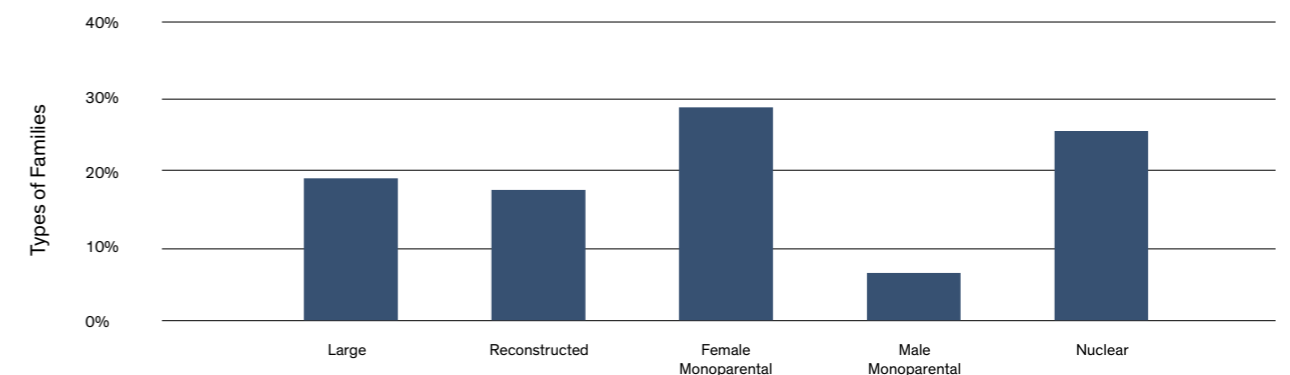


Figure 7 Types of families participating in the PF.

Source: MAZE, from data shared by MDV through AidHound.

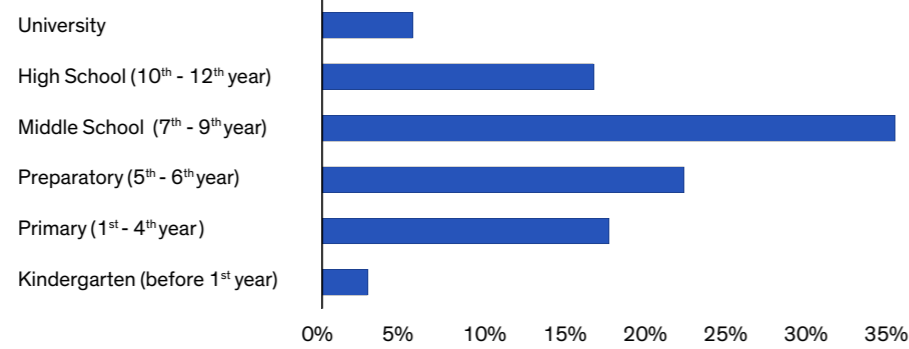
“A few years ago, social interventions in this area were highly focused on families of lower socioeconomic status. These are the people who most easily attract attention because they have other fragilities. Currently, Projeto Família<sup>®</sup> extends itself to all socioeconomic strata. Higher class families are of course better at disguising their problems, but the methodology can generally be applied to families with children and young people at risk from all social strata. The methodology mainly focuses on parenting skills, basic childcare, the social skills of one or more family members, families with problems concerning relationship dynamics, behavioural problems affecting young people, school absenteeism, and incorrect educational practices”

Ana Fontes, Projeto Família<sup>®</sup> Supervisor in Porto

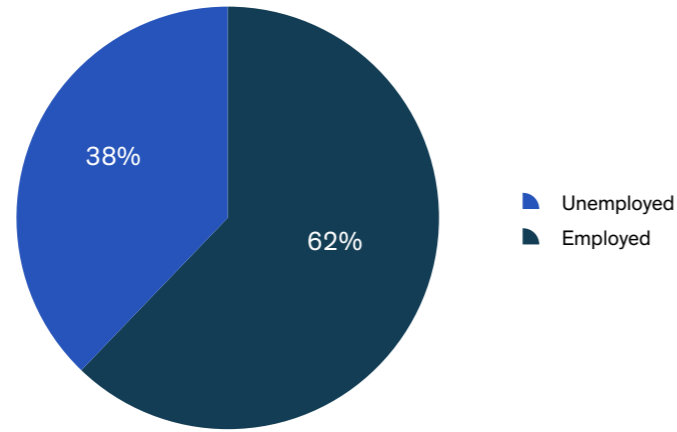
May 2020



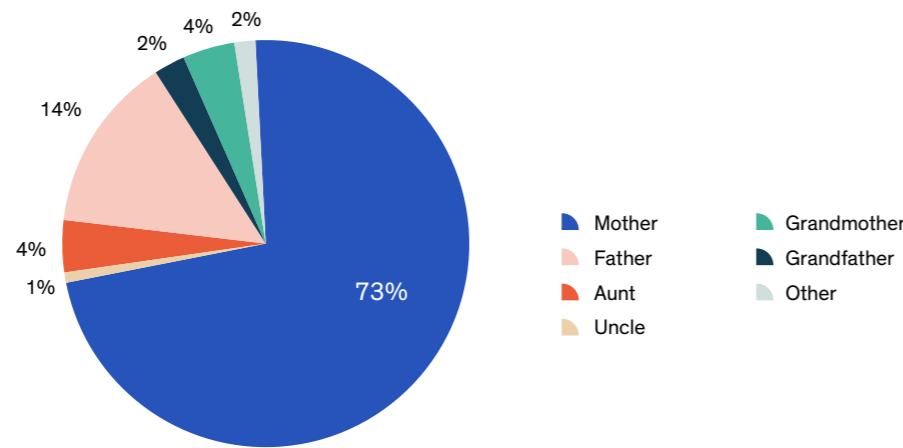
**Figure 8**  
Educational attainment of children's guardians.  
Source: MAZE, from data shared by MDV via AidHound



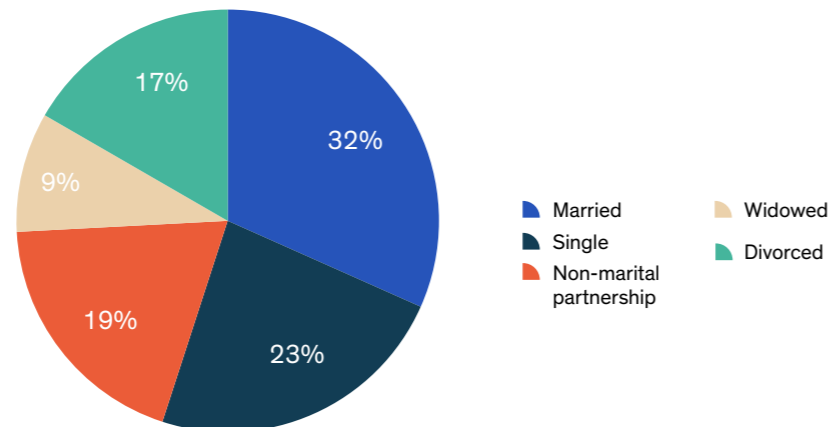
**Figure 9**  
Employment status of children's guardians.  
Source: MAZE, from data shared by MDV via AidHound.



**Figure 10**  
Source: MAZE, from data shared by MDV via AidHound.



**Figure 11**  
Civil status of children's guardians.  
Source: MAZE, from data shared by MDV via AidHound.



The SIB allowed the MDV team to focus their intervention on families whose profile was better suited to the successful application of the methodology. This practice represents a frequently criticised aspect of the incentive system created by the SIB model, which is strictly focused on achieving outcomes: there is potential for cherry-picking families who have a higher probability of success.

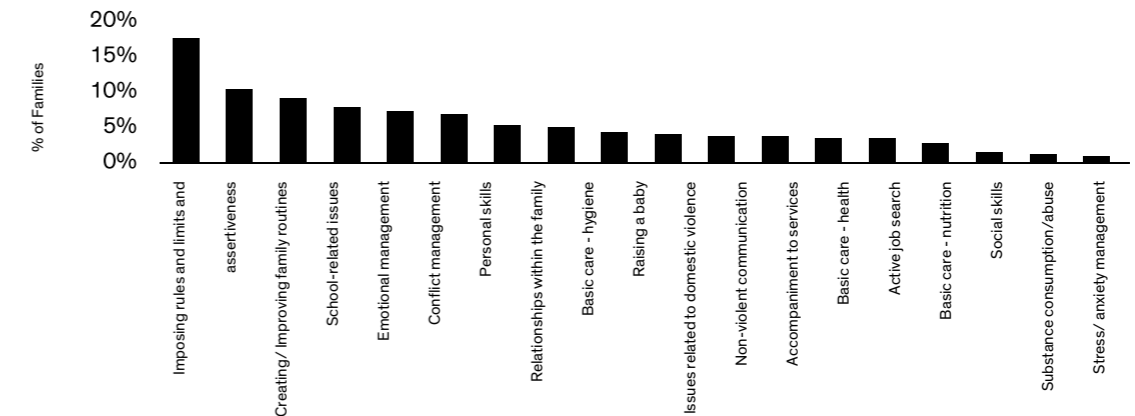
Even though the Projeto Família® has been implemented in Portugal for 25 years, with other associated financing models, this was the first context in which it was possible to apply the original methodology's selection criteria and test the intervention's real success rate.

The project was designed to guarantee that each technician would only work with 2 families simultaneously, allowing them to be permanently available to support the family, which doesn't necessarily happen with the intervention's other implementation models. This was another new

feature of the methodology tested with the SIB model which wasn't always present in models such as the CFSPAs (Centre for Family Support and Parental Advisory). CFSPAs compelled technicians to provide permanent support to various families at once, making it impossible to guarantee support on a 24/7 basis.

The fact that the CYPR is placed under a protective measure implies the family has the adequate profile and availability to undertake the intervention. The different profiles of families the project has worked with over the years, is reflected in a series of goals established for each intervention, as shown in the graphic below.

The main goals include: (1) working on the enforcement of rules, limits and assertiveness; (2) creating/developing family routines; (3) working on school related matters and (4) emotional management



**Figure 12** Goals outlined for the PF intervention.  
Source: MAZE, from data shared by MDV via AidHound.

"When we have a source of financing for the PF, as is the case in other locations, where more typified responses are in place, we can't say "this family does not fit the Projeto Família® profile", although it often doesn't. Within the context of the SIB, and with some flexibility, we can look at eligible families and work with families where this type of intervention makes sense. This allowed us to observe some of the original methodology's advantages, which I feel sometimes get lost with other funding sources. Projeto Família® has an innovative quality, but it also requires some eligibility factors, and it is good that we can have some autonomy at that level."

**Carmelita Dinis, Executive Director of the Movimento Defesa da Vida**  
April 2020

# Intervention

## Intensive six-week phase

### Contacts between the Projeto Família® technician and the family

During the intensive phase, an average of 5 weekly contacts took place with each family. These contacts represented an average of 15 hours per week, per family.

Face-to-face contacts were the most relevant and represented more than 80% of all contact time during the intensive intervention. The high intensity of the first six weeks of the intervention requires the permanent availability of the Projeto Família® technicians. This is one of the distinguishing factors of the intervention, which allows families to gain trust in the assigned technicians, since they know they can contact them without restrictions.

This is also an important straining factor, as the team measured the level of effort amongst technicians monitoring families, and in 45% of cases the level of effort was considered high, while in 12% of cases it was even considered unsustainable.

The demanding requirements of this methodology can be a limiting factor in its adoption at scale. Given the high number of children and young people in similar situations, there are not enough resources to sustain constant support from the technicians, which is why it is limited each technician should only support 2 families at a time, during the intensive phase.



**Figure 13:** Contacts between PF technicians and families. Source: MAZE, from data shared by MDV via Aidhound

“MDV’s work and the work developed within families’ houses is what makes the intervention successful. We often hold on to the idea of intervening at the children’s level, as if they were the issue when the problem is always above them. The problem is mostly adults and the lack of intervention existent in adult’s everyday lives, which makes it very difficult for families to change, and that is why changes often end up not being as effective as they should be.”

**Judge Nuno Melo, Family Court of Porto**  
May 2020

## Goal setting

Every week the family technician sets priority goals. The main goals each week are:

**Week 1:** establishing a relationship with the family

**Week 2:** listening to issues

**Week 3:** emotional management

**Week 4:** working on rule enforcement, limits and assertiveness

**Week 5:** working on rule enforcement, limits and assertiveness

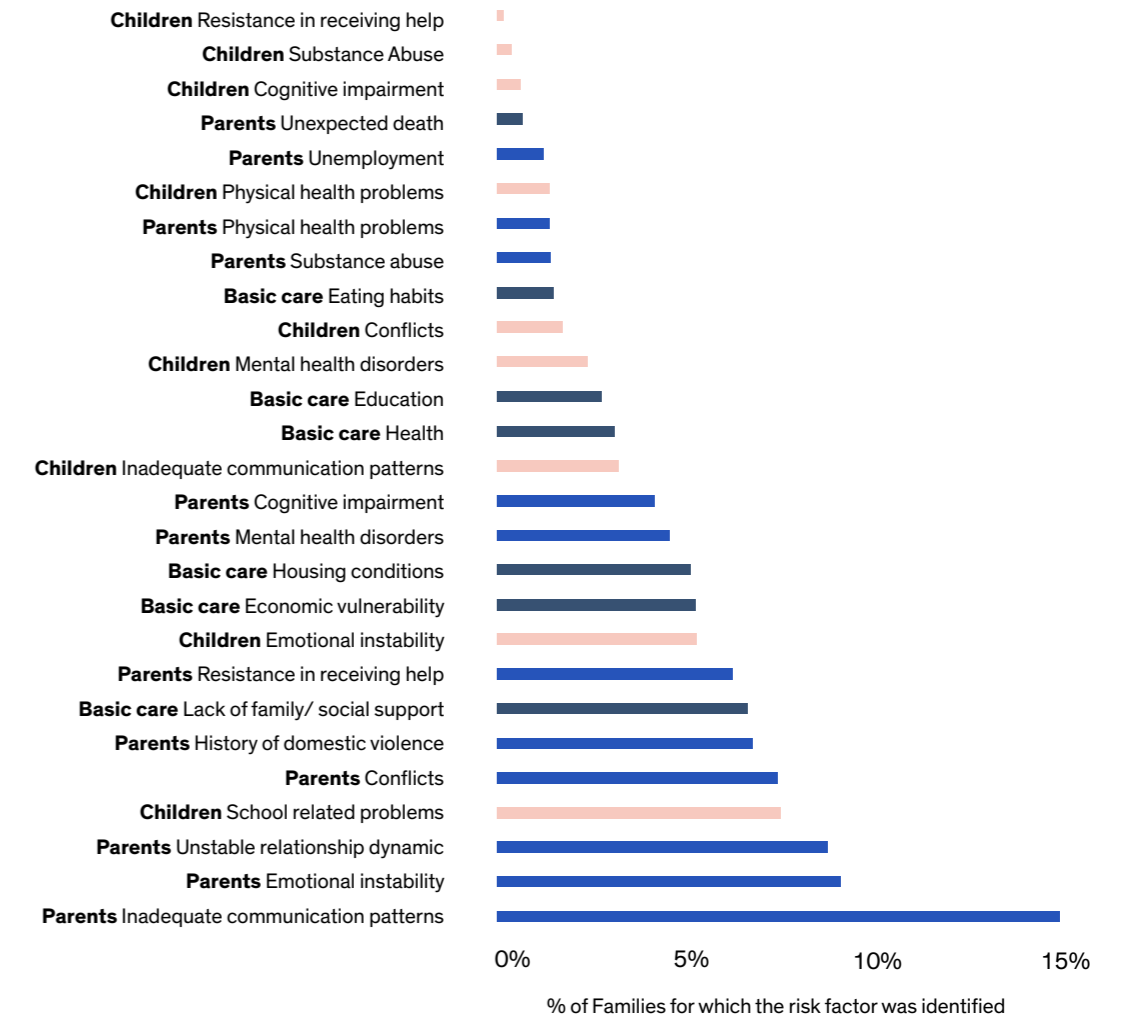
**Week 6:** preparation for the technician’s exit

In order to establish a trusting relationship with the families, the MDV emphasizes the importance of ensuring families feel comfortable in the team’s presence.

The technicians are invited to families’ homes and the consultation period must be exempt of judgment, so they can learn the families’ routine and understand what goals to pursue and which risks to focus on.

## Risk identification

The risks most frequently identified by Projeto Família® technicians in performance management forms are: (1) Parents - Inappropriate communication styles/patterns, (2) Parents - Unstable relational dynamics, (3) Parents - Emotional instability.



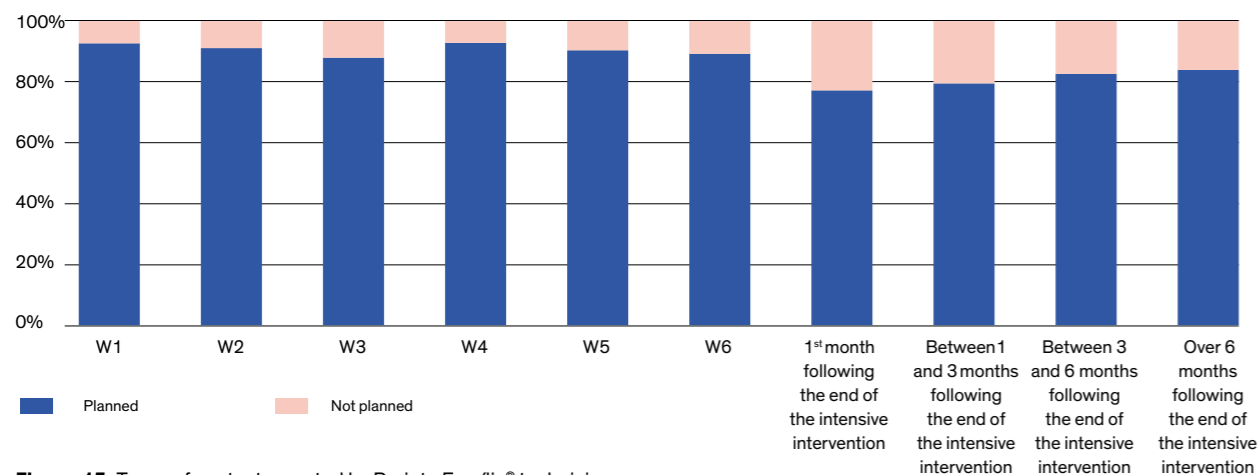
**Figure 14** Risk factors identified by technicians. Source: MAZE, from data shared by MDV via Aidhound

### Follow-up and family home preservation observation period

The purpose of the follow-up period is to ensure the family gains greater self-sufficiency in responding to stressors after the intensive phase of the intervention is over. In the 12 months following the end of the intensive intervention, follow-up contacts are carried out in month 1, month 3, month 6 and month 12.

The graphic below illustrates the comparison between unforeseen contacts during follow-up periods and intensive intervention periods. After the technician is removed, unforeseen contacts increase on average 12%, with a tendency to decrease in the following months, as the family gains confidence in the new routines.

The level of motivation tends to increase during the intervention's follow-up period, being on average 9% higher than during the intensive intervention phase. This is an important fact that confirms the methodology contributes towards increasing families' self-sufficiency. The PF technicians' performance is marked by an effort to ensure the empowerment of the families they work with, giving them tools to independently manage the risk and stress situations they face.



**Figure 15:** Types of contact reported by Projeto Família® technicians  
Source: MAZE, from data shared by MDV through AidHound.

“What I enjoyed most was the close relationship we had. I knew I could count on Dr. Ana at any time while she was accompanying me, and it felt that really helped me grow. Because sometimes I had questions on how to deal with the children in various situations, sometimes even problems with myself, and I always knew that talking to Dr. Ana would help me see problems from another perspective, and that helped me better understand them and gave me another view of things. All this helped me. It made me grow a lot too.”

**Mother, accompanied by the Projeto Família® in 2017**  
November 2020

## Outcomes

### Promotion and protection measures in each cohort

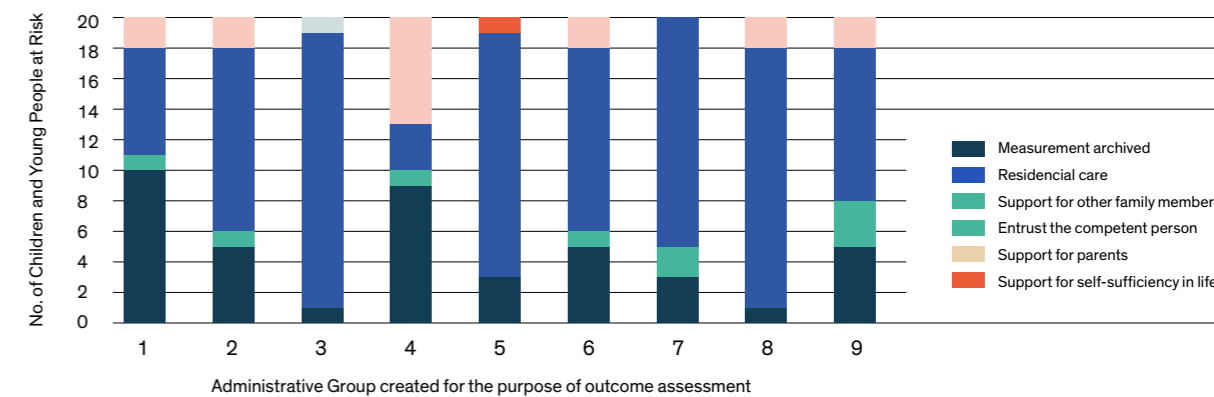
According to article 34 of law 147 on the protection of children and young people in danger, published in the Diário da República nº 204/1999, the promotion measures for the rights and protection of children and young people in danger aim to:

- remove the danger affecting them;
- provide them with conditions that allow them to protect and promote their safety, health, training, education, well-being and integral development;
- ensure the physical and psychological recovery of children and young people victims of any form of exploitation or abuse.

(1) Support for parents; (2) Support for other family members; (3) Entrust the competent person; (4) Support for self-sufficiency in life; (5) Family welcoming; (6) Residential care and (7) Entrust the person selected for adoption, the foster family, or the adoption institution.

Promotion and protection measures are carried out in the child or young person's natural environment or in a placement regime, depending on their nature, and may be implemented on a precautionary basis (except for the measure of entrusting the person selected for adoption).

The promotion and protection measures (PPM) are as follows:



**Figure 16:** Promotion and protection measures at the end of the project. Source: MAZE, from outcome evidence

Archiving the measure represents the cessation of its need, meaning that the CYPR to which it was applied is no longer in danger. This determination is made by the CPCY or the courts, with the support of the team involved in the process. The termination of the measure occurred in about 23% of cases.

Family preservation can occur despite the maintenance of the measure. In this case, it is considered that the CYPR is still not out of danger and the support measure is applied to parents, other family members or a trustworthy person. These measures represented around 67% of the cases addressed by the SIB.

The measure for self-sufficiency in life seeks to support young people over 15 years of age on an economic, psycho-pedagogical, and social level. It is a measure designed to support young people in obtaining self-sufficiency in adult life, and in the case of this SIB, it occurred only once, in the fifth group.

Foster care is the measure of promotion and protection applied when the CYPR is institutionalized and, within the scope of this project, also represents, non-preservation and failure to meet the contracted outcome.

This occurred in 9% of cases.

### Preservation/non-preservation outcomes in each cohort

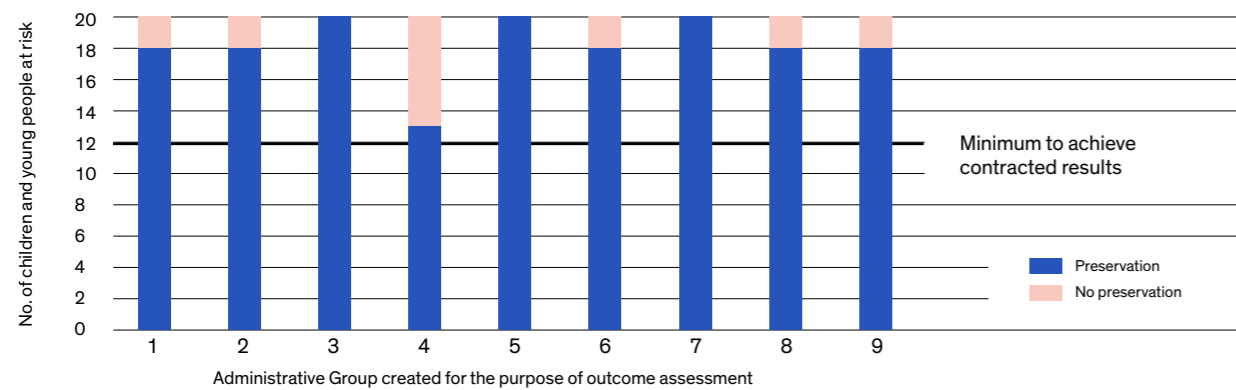
At the time of the application, Projeto Família® was expected to work with the families of 216 children and young people at risk (CYPR), divided into nine administrative groups of 24 CYPR each. However, to mitigate delays in signalling and a consequent delay to the project, a reduction of each cohort to 20 CYPR was negotiated with PSI, resulting in a total number of 180 beneficiaries.

The definition of this metric was not informed by the institutionalisation data verified by the ISS. The metric resulted from a negotiation which converged in a goal considered to be ambitious by all parties and significant in terms of savings for the public partner.

Contracted outcome for each of the nine administrative groups:

Family preservation of a minimum of 12 CYPR, during the 9 months after the end of the intensive phase of the intervention.

Initially, it was predicted that the preservation outcome was to be verified 12 months after the end of the intensive phase. However, for the reasons mentioned above, the verification of the result 9 months after the end of the intensive phase was negotiated with PSI. Despite the negotiation regarding the size of the groups, the absolute number of 12 CYPR preserved within their homes, in the initial contracted outcomes was not changed. This means that the family preservation rate needed to achieve the outcome increased from 50% (12 out of 24) to 60% (12 out of 20). This change increased the risk of failure in the project and consequently the financial risk for investors.



**Figure 17:** SIB outcomes.  
Source: MAZE, from proof of outcome

The project ended with an overall success rate of 91%, well above the 50% initially contracted. This means that amongst the 180 CYPR the project worked with, only 17 were institutionalised and represented a non-preservation outcome. In the third, fifth and

seventh group, all the children remained in their family environment. With the exception of the fourth group, which observed a success rate of 65%, all other groups had a 90% family preservation rate.

“We don’t have comparative numbers and elements. What we know is that the vast majority of situations forwarded to the Projeto Família® intervention accomplished great improvements, progress and achievements, which would probably not have been possible, otherwise. The fact that technicians have such a close relationship allows them to collect information that wouldn’t otherwise be collected, since it is built in the families’ routines. This allows them to implement a different approach and a different strategy.”

**Isabel Silva, MDT Porto.**  
May 2020

# What were the dynamics of the SIB partnership?

## Quick Answer

Investors played a very active role in supporting MDV, going well beyond the capital advancement. The consortium’s support was also operational and strategic, especially on the behalf of MAZE and the Institute of Social Security.

# The Social Impact Bond

## Structure

A Social Impact Bond (SIB) is a type of outcome-based contract which uses funding from social investors to cover the implementation costs of a particular intervention, in this particular case, the Projeto Família<sup>®</sup>. The public sector, together with private partners, establish concrete and measurable outcomes to be achieved and investors are reimbursed for their investment if, and only if, these outcomes are delivered.

Regarding the Projeto Família<sup>®</sup> SIB, the project was financed by the Calouste Gulbenkian Foundation (CGF) and Montepio. This funding covered MDV's costs with the implementation of the Projeto Família<sup>®</sup> and MAZE's costs related with performance management. Upon outcome delivery, Portugal Social Innovation (PSI)

reimbursed all investors. The total capital investment covered the estimated cost of €433,276.00, as well as investor reimbursement, putting the cap on the internal rate of return for investors at 0%. It is important to note that investors enjoy indirect return on investment resulting from a tax incentive which allows 130% of the total amount spent within each tax period to be reported as expenses, regardless of any eventual reimbursement.

In line with the goal of the intervention, the outcome indicator defined for the SIB was family preservation for children and youth at risk. This indicator fits into one of the Portuguese Government's priority topics, identified by PSI: Sustainable Families.

### Determining outcome payers

This project's structure of payment by outcome differs from the original mechanism's architecture.

In this case, the outcome payer, which is PSI, is not the public sector partner benefiting from outcome delivery. Preventing the institutionalisation of CYPR represents a direct saving for the Institute of Social

Security, the partner who validated the relevance of Projeto Família<sup>®</sup>'s intervention. The fact that the outcome payer is not the public entity benefiting from the intervention, limited incentives to ensure the integration of SIB learnings into public policy.

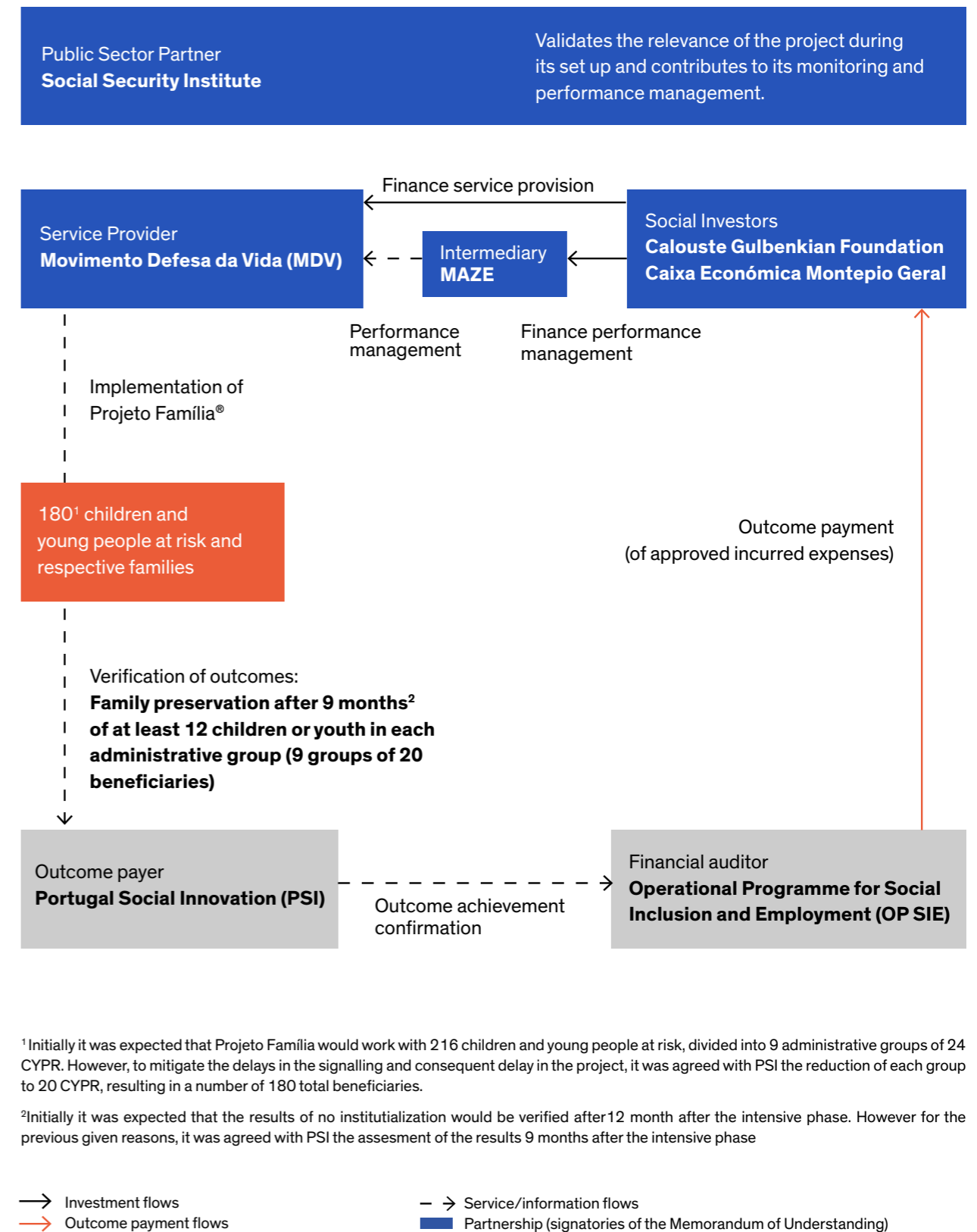
### Absence of an independent evaluator

In the SIB application process, the role of an independent evaluation was rejected since it was considered to be an ineligible expenditure for the project, given there was already a way of proving outcome delivery.

The absence of independent evaluation extensively limits the learnings that can be taken from this SIB, since there is no comparable control group against which it would be possible to evaluate the success of

the intervention. In early 2019, the opportunity arose to carry out an impact study with Porto Business School.

However, given the sensitive nature of the data, it became difficult to access to the data needed to conduct this study, and therefore, the study was not conducted.



<sup>1</sup> Initially it was expected that Projeto Família would work with 216 children and young people at risk, divided into 9 administrative groups of 24 CYPR. However, to mitigate the delays in the signalling and consequent delay in the project, it was agreed with PSI the reduction of each group to 20 CYPR, resulting in a number of 180 total beneficiaries.

<sup>2</sup> Initially it was expected that the results of no institutionalization would be verified after 12 months after the intensive phase. However for the previous given reasons, it was agreed with PSI the assessment of the results 9 months after the intensive phase.

Figure 18: Structure of the Projeto Família Social Impact Bond. Source: MAZE

# Reimbursement requests

The requirement for financial reporting associated with reimbursement requests has absorbed an enormous amount of resources from the MDV and MAZE teams. The general delay in reporting outcomes

and processing reimbursement requests essentially results from the project's highly demanding financial reporting requirements and the long response periods on behalf of the OP SIE.

## The reimbursement request process

Within the context of the PSI payment for outcomes fund, reimbursement for investment does not only depend on outcome delivery, but also on the reporting of all expenses incurred during the intervention period. After the outcomes have been verified, only the amount corresponding to expenses incurred by service providers (MDV and MAZE), and considered eligible by the OP SIE, is paid to investors.

The physical and financial reporting of this SIB is conducted through Balcão2020, the digital platform that manages all financing associated to European Structural and Investment Funds (ESIF).

For each outcome delivered, a request for the reimbursement of the associated amount is made. For each reimbursement request service, providers must:

- report all expenses incurred during the corresponding period (personnel costs, purchase of goods, services and general expenses);
- provide additional evidence for 10% of expenses submitted up to a maximum of 30 expenses.
- present a report on the physical execution of the

project;

- present outcome evidence.

Figure 19 illustrates the typical reimbursement request process.

The analysis of the intervention's physical evidence and the validation of outcome delivery is performed by PSI. Once the outcome is delivered, financial reporting and eligibility of expenses are verified by the OP SIE. If outcomes are approved and the financial report is validated, payment is made to investors, with or without an amount reduction due to ineligible expenses.

Payment after expenses and financial reporting to the OP SIE are requirements for compliance with the regulations of the European Social Fund, which finances part of the PSI outcomes-based payment fund. Nevertheless, the level of detail of the financial reporting and auditing included in reimbursement requests represents an intense bureaucratic process, which consumes a disproportionate amount of time from the organisations involved in the SIB.

# Physical reporting

The reporting of outcomes depends on the collection of the physical evidence approved in the SIB application process. In order for each CYPR to be accounted for in the SIB, the MDV needs to collect the following documents:

**a. Signalling form:** filled in by a technician at one of the signalling entities. This document lists all signalled minors in each household, describes the situation and details of the household's composition.

**b. Family agreement:** agreement signed by a family representative with a parental role, confirming that information regarding the Projeto Família® intervention's methodology was conveyed, and the representative agreed to

participate.

**c. Final intervention assessment:** Self-assessment to be completed by the family regarding the relevance and effectiveness of the intervention.

**d. Outcome evidence:** document developed to serve as evidence for outcomes achieved by the PF SIB. This document verifies the situation of CYPR, following a minimum period of 9 months after the end of the intervention's intensive phase. The document is signed by a representative of the respective signalling entity.



Figure 19: Reimbursement request process. Source: MAZE.

# Investors

## The Calouste Gulbenkian Foundation

The CGF took on the role of main investor being responsible for investing most of the initial amount (approximately 87.5%). This position determined that all communications with PSI and OP SIE should be carried out through the CGF. It also meant that the CGF received the approved reimbursements and redistributed them to service providers and the co-investor.

The CGF was also responsible for the advanced payment made to the MDV, in April and November 2019. The CGF has a long history of supporting work with children and young people at risk, having already supported Projeto Família®, 10 years ago, during an initiative within the scope of parental training.

As such, the SIB is connected to two areas of the Foundation's work: children and young people at risk and impact investment.

The investment in the SIB allowed:

1. trying out an innovative financing mechanism;
2. validating an MDV working methodology, which had already been tested in other contexts, but with the bond would comprise a 3-year intervention, without interruptions and with available funding, solely focused on the intervention and the outcomes.

According to the CGF, these goals have been partially achieved. If on one hand, the outcomes are encouraging and indicate that the intervention is useful and the methodology is valid, on the other hand, the financing mechanism fell short of expectations. The way the SIB

was set up does not give it the flexibility it should have, especially due to:

- **the rigidity of the evidence necessary to prove outcome delivery.** The volume and nature of the evidence collected to prove the occurrence/non-occurrence of the institutionalisation of minors was very rigorous and exhaustive.
- **the financial bureaucracy.** Payment after expenses was inevitable within the context of the ESF but ended up conditioning the structuring of the social impact bond where the expense logic does not make sense. Maintaining this requirement should have implied preparing a less authoritative model which gave more flexibility to this type of intervention.

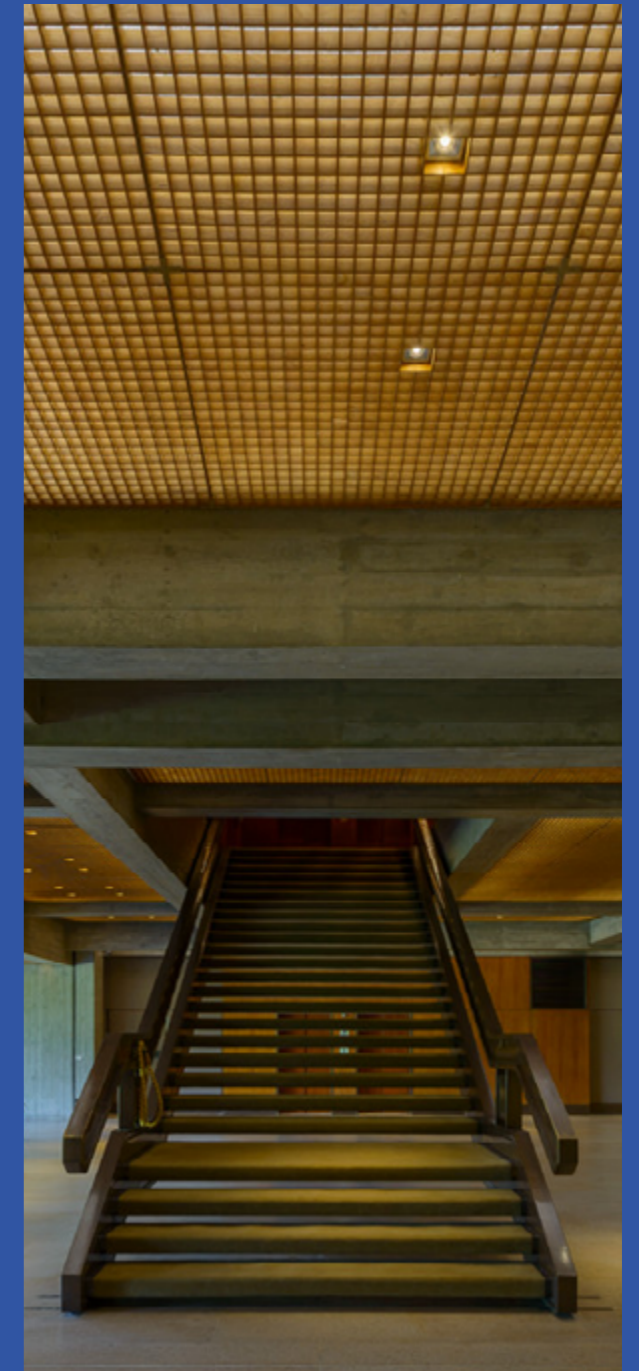
The future of the project is unknown, which is also very relevant for the CGF. Given the structure of the SIB, there was an expectation that learnings related to CYPR would be collected and internalized by partnering public entities. Despite continuous monitoring on behalf of the Institute of Social Security, it is still not clear what the level of internalisation regarding the outcomes of this SIB will be.

"The main lesson for the Foundation turns out to be the way the project was managed: the constant feedback we are able to obtain allows us to improve the intervention over time. MDV was able to make changes to its intervention during the course of the SIB, which usually doesn't happen. We also have much more knowledge about the project, about how it is going financially and technically, so I would say that was the biggest learning experience. This is what we now try to implement in other types of projects, in order to ensure the entity we are working with is not only executing the intervention, but also learning. Perhaps this is one of the most important lessons learned from the SIBs."

**Francisco Palmares, Project Manager in the Gulbenkian Sustainable Development Programme of the Calouste Gulbenkian Foundation**

April 2020

The Calouste Gulbenkian Foundation © Ricardo Oliveira Alves



"Our expectations in supporting SIBs are the following: first, to know whether the interventions tested through SIBs can be replicated, for example, through their recognition as typified responses put in place by Social Security. Second, if the outcome-based contracting mechanisms, as is the case of SIBs, are adopted as one of Social Security's financing instruments, due to the recognition of the added value associated with their use."

**Luís Jerónimo, Director at the Gulbenkian Sustainable Development Programme the Calouste Gulbenkian Foundation**

October 2020

## Public sector

### Montepio

Montepio took on the role of the minority investor, having been reimbursed by the CGF for its investment, mostly after the payment of the seventh reimbursement, and the remainder at the end of the project. Montepio participated in all SIB partners' meetings and maintained an active role in overcoming obstacles which emerged throughout the project.

Montepio is a social economy bank that does not limit its role to the financial system. In addition to providing specialized banking support to institutions from the social sector, it seeks to establish partnerships that are themselves impactful to society and able to financially strengthen the sector. More than being just a partner, Montepio's goal was to be a social investor and contribute towards social innovation. Thus, the SIB emerged as a natural path.

Montepio did not enter the SIB with the goal of recovering its investment. Naturally, since it did happen, that amount may be reinvested. But above all, and first and foremost, its ambition as an investor was to ensure the proposed outcomes were delivered.

According to the investor, the goal was fulfilled, and the outcomes are much better than anticipated. In addition, this SIB served as a pilot for Montepio to increase impact investments through this financing mechanism. After investing in this SIB and another impact partnership simultaneously, Montepio teamed up with Santa Casa da Misericórdia in Lisbon to launch the "Impact Projects". This initiative represents an investment of €1.35 million in social impact bonds and impact partnerships. The bank's willingness to invest so significantly would not have been possible without such a positive previous experience, as was the case with the PF.

Montepio identified operational difficulty as the project's main obstacle. The logistics of dividing the project into nine outcomes made the process more complex. The alternative of having only three outcomes instead of nine would have allowed the evaluation process carried out by PSI and the OP SIE to be more contained, without jeopardizing such an ambitious outcome. According to Montepio, this change would only represent a simpler construction of the project.

"The lesson that most surprised us was that the outcomes, which seem very ambitious a priori, when contracted, may not be that ambitious if the project is well conducted and well managed from the start, as it was by you [MAZE] and MDV. If you told me 3 years ago, when we started this project, that 50% of the signalled children would not be taken in, I'd say that goal was crazy. And currently it seems totally achievable to me. Which means the project has been wonderfully led"

**Pedro Ricardo Gomes, Director of the Microcredit, Entrepreneurship and Sustainability Department at Montepio**  
May 2020

### Social Security Institute

The Social Security Institute (SSI) had several representatives at partner meetings all throughout the project, being present at most of them. From the beginning, the SSI validated the intervention's relevance when the application was submitted. According to the intervention's structure, the project is dependent on a consistent flow of signalings forwarded by the CPCYs, MDTs and courts. The project's initial schedule predicted that each Projeto Família<sup>®</sup> technician would be continuously monitoring 2 families during the intensive phase. However, the signalling entities did not forward signalled cases with the expected speed. This resulted in periods during which one or more technicians from Projeto Família<sup>®</sup> were working intensively with one single family. This situation raised the risk of non-compliance with the project schedule and, consequently, of non-compliance with outcomes.

**The lack of signalled cases led partners to question the relevance of the project within the Porto area. However, it was repeatedly reinforced, by Social Security representatives at partner meetings and by signalling entities themselves, that this is an essential social response.** It was underlined by these interlocutors that there are a high number of children and young people under promotion and protection measures, within the Porto district, who would benefit from this intervention. The inconsistencies in the signalling flow were attributed to operational challenges encountered by signalling entities and, occasionally, to the lack of awareness about the project. The contribution made by the SSI in March 2019 was instrumental in promoting the

presentation and the partner meeting which took place at the headquarters of Porto's District Social Security Centre and allowed the project to be presented to various MDT technicians.

In November 2020, the SSI led a webinar, in partnership with the MDV and MAZE, on the theme "How to increase the preservation of children and young people at risk within their family homes?". The webinar counted with almost 200 participants from District Centres, SSI Madeira, SSI Acores, CFSPA network, União das Mutualidades Portuguesas, CNIS, SNIPI, CNPDCJ, SCML, Casa Pia, IAC, Order of Portuguese Psychologists, and the Portuguese Association of Social Service. The purpose of this event was to communicate the outcomes achieved by the SIB and explain the methodology of the Projeto Família<sup>®</sup> (PF) to a broader set of teams.

**Despite the SSI's active involvement throughout the project, there was never a strategy to integrate the learnings, in case the project showed successful outcomes. This strategy should have been designed from the outset, to ensure that 3 years after the project's implementation there would be clarity regarding how PF learnings could be integrated into typified responses from the SSI.**

In other contexts, the MDV has followed the Family Support and Parental Counselling Centre (CFSPA) social response model. However, as we will explain in the Current Response section, this model does not allow for the implementation of the PF's original methodology, given its inherent restrictions.

"I think that Social Security is very open and willing to change the models of social response within which CFSPAs obviously fit. We may be at an ideal time to promote some change in the response to families with children in danger, focusing on systemic and holistic intervention, to promote change within the family home through the promotion of positive parenting, thus preserving children in their natural environments, as well as family reunification for children who are institutionalized."

**Laura Barros, Institute of Social Security.**  
May 2020





“For me, a Social Impact Bond is a success if it manages to mobilise the relevant public entities towards the respective area of intervention. This will allow to guarantee the SIB is aligned with public policy priorities, ensuring public entities are active partners in monitoring the implementation of the SIB and in evaluating its potential to inspire and inform new public policies.”

**Filipe Almeida, President of Portugal Social Innovation**  
February 2021

“The MDV does very commendable work through an intensive technical intervention which establishes permanent contact between the teams and the families, covering late hours during weekdays, as well as weekends. This type of intensive intervention is not compatible with civil servants’ work hours. Until labour legislation in public administration becomes more flexible, it will be difficult for us to integrate this type of intensive and crisis interventions, such as the one advocated and carried out by the MDV.”

**Laura Barros, Institute of Social Security.**  
May 2020

## PSI

Portugal Social Innovation (PSI) is a public initiative which aims to promote social innovation and boost the social investment market in Portugal. This initiative mobilised €150,000,000 from the European Social Fund, within the scope of the Portugal 2020 partnership, to finance 4 instruments, including Social Impact Bonds, for which there is an outcome-based payment fund of €15,000,000.

The SIBs financed by PSI must have a minimum of €50,000 available and act in one of the following fields: digital inclusion, justice, health, employment, education, and in the case of the Projeto Família®, social protection. Within these mechanisms, PSI assumes the role of outcome payer. Investor reimbursement occurs after outcomes are achieved. Compliance with outcomes is evaluated by the PSI technical evaluation team, which verifies if the evidence gathered validates compliance with the contracted outcome. The SIB financing model was developed with the primary goal of developing pioneering projects with potential to contribute to the development of public policy.

**As approaching public policy bodies is one of the SIB’s goals, the consortium’s expectation was centred on the involvement of PSI as a moderator when engaging with the public sector partner, which in this case was Social Security Institute.** In order to ensure the integrity of the evaluation process, the team responsible for moderating contacts with the public institute could not have been the evaluation team, who has to have minimal contact with the service provider and the SIB consortium. This task should have been pursued by PSI’s activation team.

Since the Projeto Família® was part of PSI’s first SIB cohort, there is a set of learnings we consider to be relevant for the future and can improve the articulation of projects with PSI, as well as increase the potential contribution of successful methodologies for public policy development. These learnings include:

- creating a contact point between the consortium and the PSI activation team to promote greater collaboration between the projects and the outcome payer;
- developing an impact assessment independent from the outcome evaluation, which the payment of reimbursements and integration of the methodology depend upon;
- defining a roadmap together to integrate the learnings of the project, in case of success;
- promoting a closer relationship between the public institute responsible for overseeing the issue and the implementing organisation.

It would also be important to consider opening thematic calls to respond to priority problems in public policy, in order to ensure greater alignment between SIB’s outcomes and the government’s priorities. Opening thematic calls would also make it easier to create rate cards that determine the amount to be paid per outcome, in connection to the cost of the problem, or adopting a simplified costs methodology for reimbursement payments.

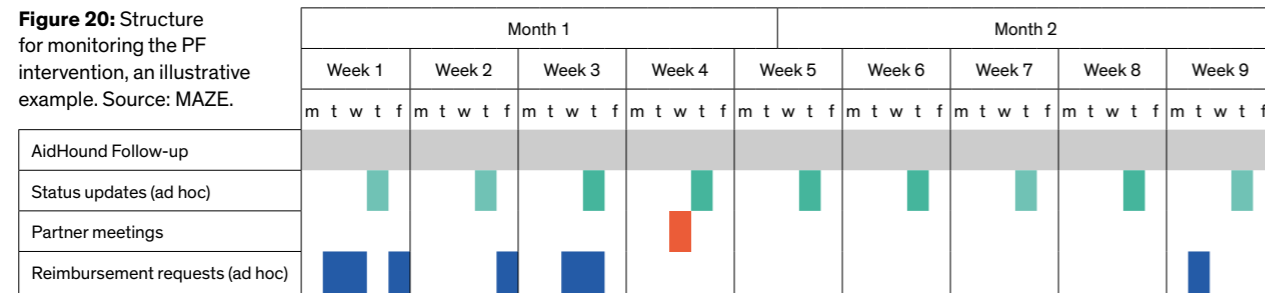
# Performance Management

In order to guarantee performance management for the PF, MAZE is responsible for implementing processes for regular performance management and monitoring. This monitoring allows MAZE to report the evolution of the intervention's implementation to other partners and develop mitigation strategies for risks associated with the project. **Besides performance management, given the onerous reporting requirement associated with reimbursement requests, MAZE supports the MDV and investors**

## in the preparation, review and submission of financial documents.

The partnership management process takes place within four categories of interactions: monitoring via AidHound, touch-point meetings with the MDV team, partner meetings and interactions related to reimbursement requests. AidHound is a data management platform designed for the social sector. This platform is used to record, organise and share data between the MDV and MAZE.

**Figure 20:** Structure for monitoring the PF intervention, an illustrative example. Source: MAZE.



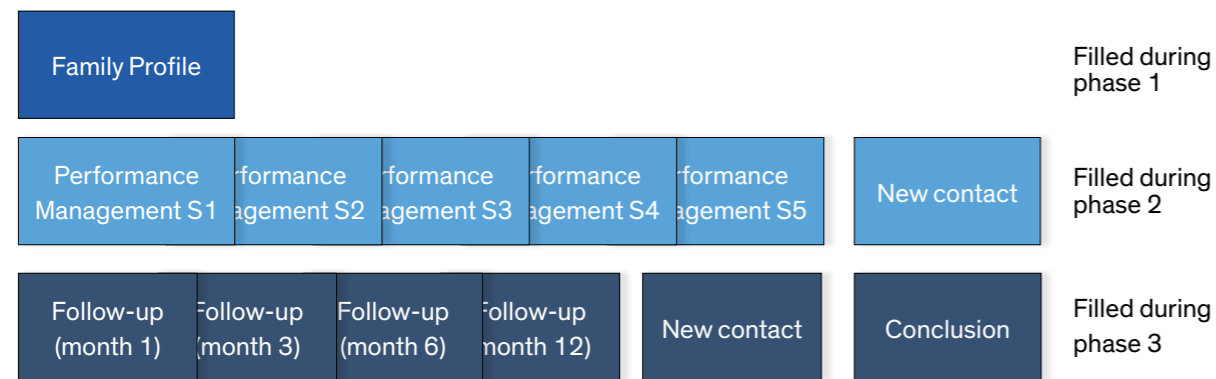
## Monitoring via AidHound

**Frequency:** continuous

**Description:** The MDV technical team shares coded information with MAZE via the AidHound platform.

This information includes data concerning the type of families being monitored, the problems affecting them, and the strategies implemented to address them. For each family, the Projeto Família® technician fills in a minimum of 12 forms throughout the intervention (plus a variable number of forms according to the number of contacts made with the family).

This information allows a detailed analysis of the intervention.



**Figure 21:** Forms filled in via AidHound per family. Source: MAZE.

AidHound allowed to register each family's risk/degree of motivation. As a result of this data collection, it was possible to improve work with families in more critical situations and less involved in the programme and increase the points of contact with these families during the follow-up period.

## Touch-point meetings with the MDV team

**Frequency:** weekly

**Description:** MAZE and the MDV hold touch-point meetings - face-to-face or over the phone - to discuss matters concerning the project's execution. During these contacts, MAZE assesses MDV's perception of the intervention's progress in the field and the level of risk associated with each of the families being monitored.

Touch-point meetings are moments of discussion about internal and external challenges, and where respective mitigation strategies are developed.

These contacts are also useful for planning and scheduling responsibilities regarding reimbursement requests.

## Partner meetings

**Frequency:** bimonthly

**Description:** MAZE promotes bimonthly meetings between investors, the MDV and the Social Security Institute, with the goal of stimulating communication between the different partners. These meetings are particularly relevant for managing partners' expectations and co-designing mitigation strategies for identified risks. A total of 17 partner meetings were held.

**External documents prepared:** partner meeting presentation

## Interactions related to reimbursement requests

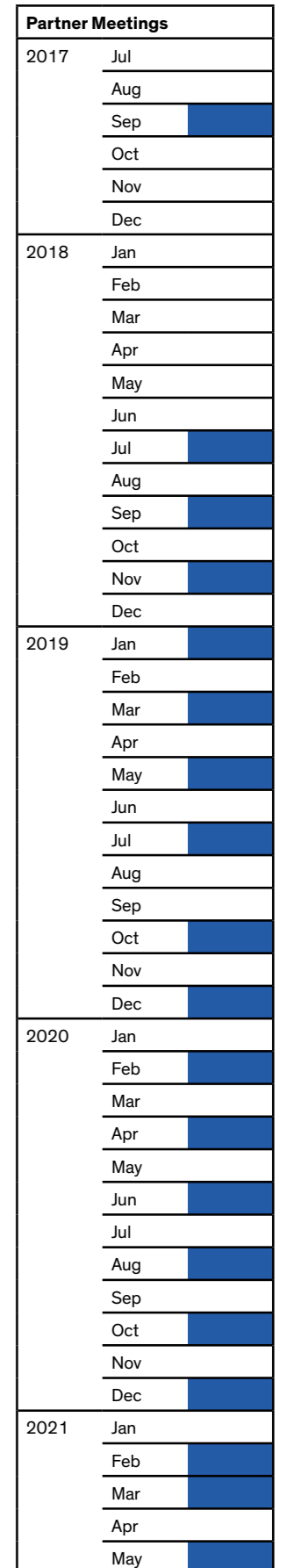
**Frequency:** variable

**Description:** a series of extraordinary meetings and contacts are associated to the reimbursement request schedule. Internally, these interactions include the person responsible for the MDV's technical team in Porto, the project manager, MDV's financial manager and the MDV accounting firm. In some cases, they also include the Calouste Gulbenkian Foundation in its role as majority investor. Externally, these interactions extend to PSI and OP SIE.

## Tasks performed by MAZE:

- organisation and verification of outcome evidence;
- preparation of the outcome summary presentation;
- consolidation of expense listings associated to the outcome;
- pre-submission of the expense listing via Balcao2020;
- preparation of pending evidence tracker;
- support in the retrieving evidence related to the MDV;
- retrieval of evidence related to MAZE;
- organisation of retrieved evidence,
- submission of physical and financial evidence via Balcao2020;
- articulation of replies to clarification requests made by PSI and by OP SIE.

**External documents prepared:** outcome summary presentation; pending financial evidence tracker; financial report guide for reimbursement requests.



**Figure 22:** Partner meetings held. Source: MAZE.

# How did the financial reimbursement process go?

## Quick Answer

The SIB financing mechanism within the context of PSI entails a highly complex and bureaucratic process. Financial reporting occurs upon approval of expenses, after the outcome achievement is validated. This mechanism led to the restructuring of the SIB financial model which was putting considerable cash flow pressure on investors and service providers.



Photo by @sonance, Unsplash

# The Financial Model

## Reimbursement requests

### Financial reporting

The total budget approved for the PF SIB was €433,276.00, distributed across nine periods, and associated to the delivery of the nine contracted outcomes. The expenses reported in each reimbursement request must correspond, as much as possible, to the respective budgeted amounts, when the proposal for the SIB was first submitted.

Note that in the case of SIBs in the context of the PSI outcome-based payment fund, investors are subject to two types of financial risk:

- as with all SIBs, investors are not reimbursed if outcomes are not delivered;
- investors are subject to losses due to expenses incurred but considered “non-eligible” by the OP SIE. Since service providers are responsible for expense reports and compliance with all OP SIE regulations, investors only have limited control over this process.

Reimbursement request	Expense period associated to each outcome		
	Start	End	Budgeted expenses
Outcome 1	24/07/2017	31/10/2018	168,278.00 €
Outcome 2	01/11/2018	31/01/2019	33,013.00 €
Outcome 3	01/02/2019	30/04/2019	35,394.00 €
Outcome 4	01/05/2019	31/07/2019	36,784.00 €
Outcome 5	01/08/2019	31/10/2019	36,584.00 €
Outcome 6	01/11/2019	31/01/2020	33,908.00 €
Outcome 7	01/02/2020	30/04/2020	33,908.00 €
Outcome 8	01/05/2020	31/07/2020	23,660.00 €
Outcome 9	01/08/2020	31/10/2020	31,747.00 €
	<b>Total</b>		<b>433,276.00 €</b>

Figure 23: Budgetary plan submitted with the application. Source: MAZE, adapted from the budget submitted with the application.

Outcome payment funding source	Totals	2018	2019	2020
Contribution from the European Social Fund	€368,284.00	€143,036.30	€120,508.75	€104,739.55
National Public Contribution (State Budget)	€64,991.40	€25,241.70	€21,266.25	€18,483.45
<b>Total financing planned</b>	<b>€433,276.00</b>	<b>€168,278.00</b>	<b>€141,775.00</b>	<b>€123,223.00</b>

Figure 24: Table showing the origin of funds planned for the SIB's outcome-based payments, "Financing modality". Source: OP SIE

Reimbursement request	Budget		Execution			
	Budgeted expenses	Reported expenses	Difference between reported and budgeted	Expenses approved by OP SIE	Expenses not approved by OP SIE	Difference between approved and budgeted
Outcome 1	168,278.00 €	169,118.47 €	840.47 €	167,453.26 €	1,665.21 €	824.74 €
Outcome 2	33,013.00 €	33,911.12 €	898.12 €	33,517.09 €	394.03 €	-504.09 €
Outcome 3	35,394.00 €	35,837.34 €	443.34 €	34,299.20 €	1,538.14 €	1,094.80 €
Outcome 4	36,784.00 €	37,860.13 €	1,076.13 €	36,657.97 €	1,202.16 €	126.03 €
Outcome 5	36,584.00 €	36,137.11 €	-446.89 €	34,825.77 €	1,311.34 €	1,758.23 €
Outcome 6	33,908.00 €	35,403.86 €	1,495.86 €	35,360.90 €	42.96 €	-1,452.90 €
Outcome 7	33,908.00 €	38,022.71 €	4,114.71 €	37,838.85 €	183.86 €	-3,930.85 €
Outcome 8	23,660.00 €	19,149.62 €	-4,510.38 €	19,085.23 €	64.39 €	4,574.77 €
Outcome 9	31,747.00 €	32,706.97 €	959.97 €	32,581.16 €	125.81 €	-834.16 €
<b>Totals</b>	<b>433,276.00 €</b>	<b>438,147.33 €</b>	<b>4,871.33 €</b>	<b>431,619.43 €</b>	<b>6,527.90 €</b>	<b>1,656.57 €</b>

Figure 25: Budget execution and expenditure approval by OP SIE.

Source: MAZE, adapted from information available via Balcão2020 and Prior Hearing Notifications received by investors

“Each reimbursement corresponds, in most outcomes, to 3-month periods. This means expenses must be incurred and paid within this period. Since the project management is carried out remotely, there are issues with documents such as travel expense claim forms, which are only submitted at the beginning of the following month. If these expenses were incurred at the end of a month, within the limit of the reimbursement request, and paid the following month, they can no longer be submitted in either of the reimbursement requests. This may imply that by submitting less expenses, investors may not get fully reimbursed.”

Mariana Delgado, Financial Director of the Movimento Defesa da Vida  
April 2020

# Reimbursement requests

After three years, the SIB totalled expenses representing a budget execution of €438,147.33 €4,871.33 above what was budgeted for the project. This still does not represent the project's real cost. While issuing reimbursement requests, the learnings acquired by the MDV's financial team and MAZE allowed us to only claim expenses which complied with the strict ESF eligibility rules. For example, expenses incurred during the reimbursement period and paid outside the reimbursement period, as is the recurrent case of travel expenses. It is common for travel expenses to only be submitted at the end of the month, and many times only be paid at the beginning of the following month: if these months are part of different reimbursement requests they will not be approved and therefore excluded. As figure 22 illustrates, most reimbursements submitted by the SIB corresponded to an overrun of the amount initially budgeted for each reimbursement. Despite the outcomes 1, 3, 4 and 5 having been overbudget, they ended up represented losses in regard to the budgeted amount, due to cutbacks. The cutbacks on submitted expenses mainly occurred for the following reasons:

- the MDV adopted a simplified regime negotiation procedure for contracting services, when the correct procedure would have been the general regime negotiation procedure. Thus, a correction of 5% was applied to the amount of expenditure

## Delays in submitting refund requests

The reimbursement requests corresponding to the delivery of the first three outcomes were submitted, with a several months' delay compared to the initial schedule. Reimbursement Request 1 was submitted in March 2019, 4 months after the scheduled date. Internally, the delay in the processing of reimbursement request 1 (RR1) caused the subsequent delays in reimbursement requests.

This submission followed two submission attempts, cancelled due to reporting errors.

Regarding RR1, the review of the outcome evidence took one month, although it took an additional 6 months for investors to receive payment. The focus on financial reporting occupied more than 85% of the analysis period.

determined as eligible. This cutback was recurrent, as MDV did not change the contract terms applied to service providers during the intervention

- submission of expenses relating to a period different than that of the current outcome. Reimbursement requests 2, 6 and 7 were overpaid in regard to the budget. Reimbursement payments made through the OP SIE respect the maximum amount set by the project's annual budget. As such, reimbursements in which the entirety of the budget was not paid due to cutbacks, compensated those in which the reimbursement was overpaid.

Reimbursement 8 represented an exception in budgetary terms. This period corresponded to an under-budget submission due to:

- the COVID-19 pandemic, which reduced technicians' trips to family homes, which represented an amount between €700 to €1000;
- the downsize of the technical team, which was not duly reflected in the decrease of the MDV's budget for this period.

Given that only expenses incurred and paid for within the reimbursement period were submitted, this represented an under execution of the budget.

**The delay in the financial analysis reflects the OP SIE 's response capacity (according to the entity itself), as well as the need to retrieve large amounts of documentation in order to respond to clarification requests.**

From reimbursement request 5 onwards, the submissions took place 2 to 3 months later than expected, since the service providers' social security expenses and income tax are only paid in the month following the payment of wages, and it is therefore never possible to submit the request within the same month as the outcome's delivery.

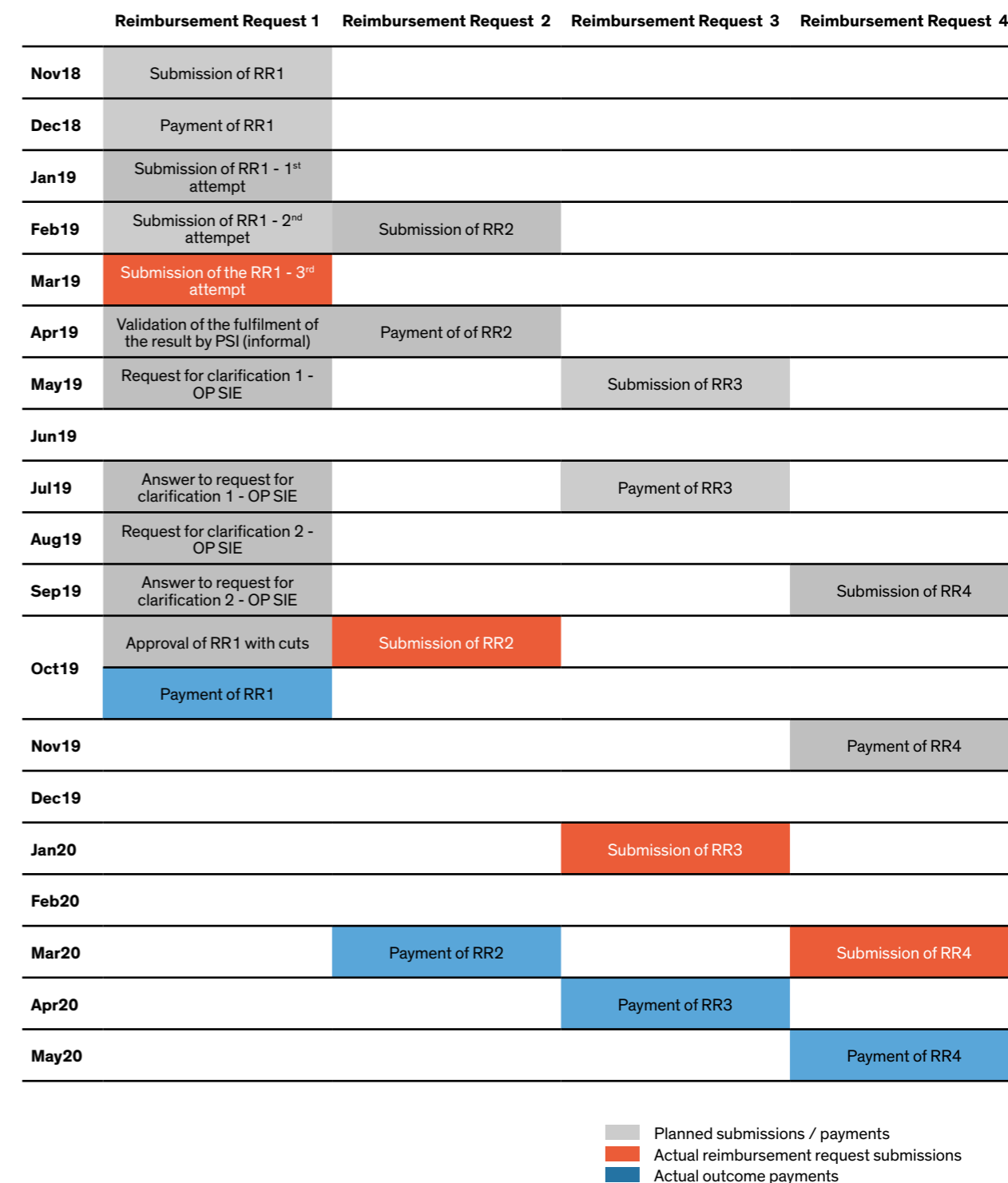


Figure 26: Schedule of planned and submitted reimbursement requests (part 1). Source: MAZE

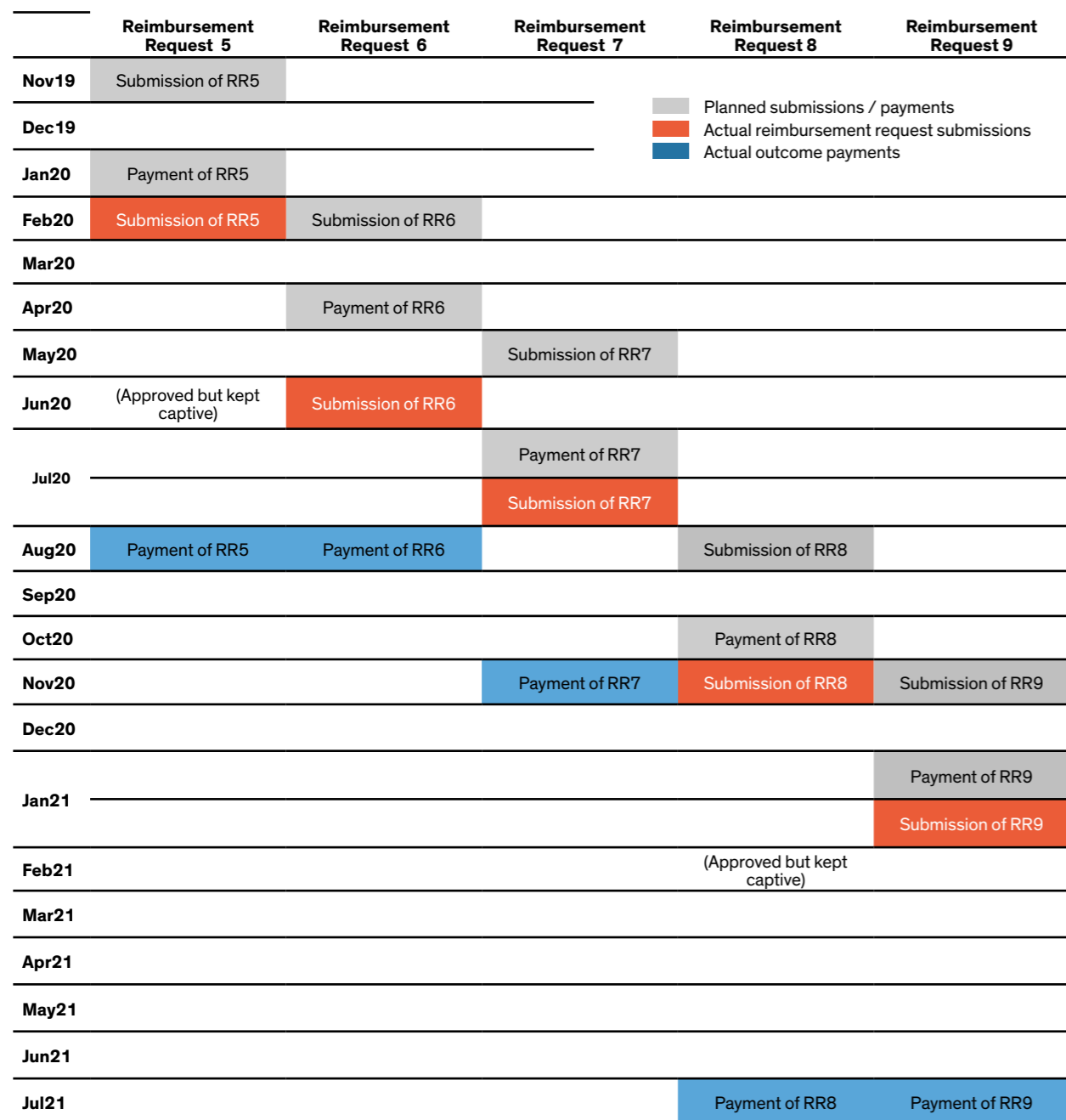


Figure 27: Schedule of planned and submitted reimbursement requests (part 2). Source: MAZE

	2017	2018	2019	2020	2021
Calouste	0	1	2	3	4
Investor financial flow	- 200,000.00		- 40,824.74	194,723.25	44,629.19
Adjusted financial flows	- 200,000.00		- 33,739.45	146,298.46	30,482.34
Investor Internal rate of return	-9%				
Assumed cost of capital	10%				

Figure 28: Schedule of majority investor cashflow and IRR. Source: MAZE.

## Financial flows

The real investor payment schedule was delayed much more than predicted at the date of the application, largely due to the high level of requirements associated to financial reporting. This delay made the initial financial model, that included a recycling plan, unfeasible and forced investors to mobilise unanticipated capital to guarantee the project's survival.

In a SIB, financial risk is shifted – in whole or in part – from service providers to investors. The Projeto Família® SIB investors made an initial investment in the MDV to cover implementation costs during the first 20 months of intervention.

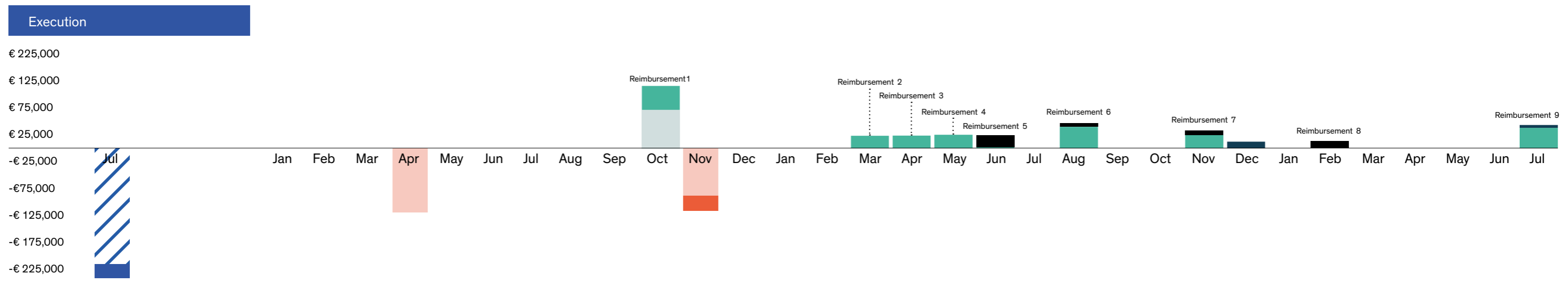
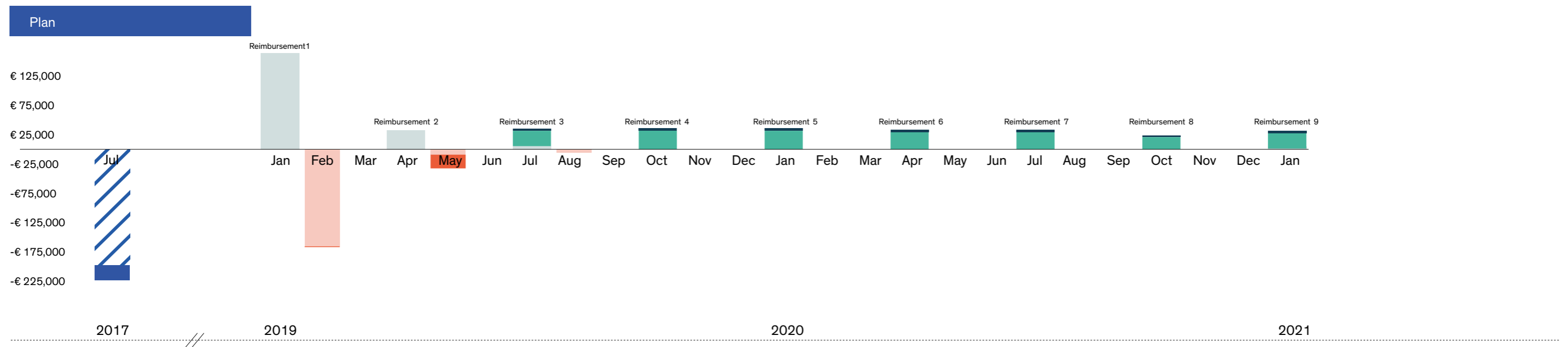
The SIB's financial model was designed with a recycling logic. It was planned that investors would (partially) reinvest the amounts reimbursed from the delivery of outcomes 1, 2 and 3 in service providers, covering the remaining implementation costs until the end of the intervention (with an additional residual amount transferred to the MDV at the end of the intervention).

However, the delay in submitting and payment of the first reimbursement request turned the initial plan obsolete. The initial investment received by the MDV to cover project implementation expenses was spent by the end of April 2019.

When it became clear that the first reimbursement would not be received before that date, the Calouste Gulbenkian Foundation advanced €105,191.00 to MDV, with Montepio's approval. This was enough to cover another 9 months of implementation.

When in October 2019 the first reimbursement was paid, investors decided to abandon the recycling plan all together. In November 2019, the Calouste Gulbenkian Foundation transferred the remaining amounts budgeted for the project to the MDV and MAZE.

With this decision, investors assumed not only the risk of non-performance, but also the risk associated with the ineligibility of expenses and resulting from under budget execution. This means that even having delivered all the outcomes, investors only received 99% of the capital initially invested.



- CGF initial investment in MDV
- Montepio initial investment in MDV
- Reinvestment in MDV
- Reinvestment on MAZE
- Reimbursement to reinvest
- Reimbursement for CGF
- Reimbursement for Montepio
- Amount held captive by OP SIE

**Figure 29:** Investor cash flows and service provider planning (top) versus execution (bottom). Source: MAZE.

The idiosyncrasies regarding the financial risk of SIBs structured within the context of the PSI outcome-based payment fund could become a contributing factor in the alienation of potential investors. Since, even in a context where outcomes are met, the rate of return of investors will still be negative.

In reimbursement request 5, only €2,994.48 of the total €34,825.77 approved for the outcome were paid. The remaining amount was withheld and only paid with the next reimbursement.

From then on, it was found that part of the amount was withheld in all reimbursement requests.

This was due to compliance with the OP SIE 's annual budgets, which allowed for a maximum pre-determined amount to be paid each year, regardless of the sum of outcomes from that year.

Finally, in outcome 8, the entire reimbursement was withheld, having only been paid at the end of the project. This partial withholding of the amount is related to paragraph 26 of Notice No. PO ISE 39-2018-08, which stipulates that: "for each outcome delivered, the beneficiary is entitled to reimbursement of expenses incurred and paid, provided that the sum of reimbursement payments does not exceed 85% of the total approved public financing. The remaining 15% will be adjusted based on the closing balance payment request".

# How can the response to children and young people at risk be improved?

## Quick Answer

Improving the institutional response to CYPR depends on (1) increasing the response capacity of signalling teams and (2) expanding the support network, namely through cooperation agreements. Investing in the Projeto Família<sup>®</sup> intervention can represent cost savings of more than 90% in comparison to the institutionalisation of a minor.



Photo by Phil Hearing on unsplash.com



# Public Policy

## Current response

- In 2019, there were 7,046 CYPR in care, and 87% of these children are institutionalized in residential homes for children or young people, and temporary or emergency care centres;
- CYPR live in residential institutions for an average of 3.4 years;
- The primary dangerous situation at the origin of institutionalisation is the lack of supervision and monitoring of the young people by their parents;
- In 94% of the cases, CYPR were under ongoing promotion and protection processes, and only 60% of those young people had experienced a measure applied to their natural environment, before their first institutionalisation. This means that for 34% of CYPR, residential care was the first measure applied;
- The cost of institutionalising a minor is of at least €700/month and in average of €1,000/month;
- Given the cost of institutionalisation and the average length of stay of CYPR, it is possible to estimate that the total cost of institutionalisation is around €29,400 to €42,000 per child or young person;
- This problem costs the ISS between €59-€85 M annually, given the current number of institutionalized CYPR.

Social Security advises courts and works as the managing entity of the support network for CYPR.

This network includes all leading institutions and teams in matters concerning children and young people: schools, kindergartens, SIS support teams (many of the monitored children's households receive this SIS payment) and CFSPAs.

The CFSPA (Center for Family Support and Parental Counselling) social response was created by the ISS with the aim of diagnosing, preventing and repairing situations of psychosocial risk for families, working to provide special protection for children and young people who are members of those same families. Within the CFSPA model, ISS pays €135.77 a month

per family for a competent entity to carry out proximity monitoring. These contracts, which can have an annual or three-year duration, allocate an average of 50-60 families per month (up to a maximum of 100 families per month) to each contracted entity.

When a minor is at risk and is accompanied by one of the entities (the CPCYs, or the court, and consequently by the MDTs), it is these entities' responsibility to find a solution within the support network to monitor the implementation of family PPMs and other support measures.

**The success of networking depends on the volume of cases held by each signalling technician, and the extension and specificity of the support network.**

In regions where the workload is very high, as is the case of Porto, a technician never has less than 60 cases on their hand, according to the MDTs. Each case representing a child, their family, school, protocols, etc. The promotion and protection processes have a long duration time, with the maximum measure execution time being 12-18 months. This overload makes it impossible to work directly with families, so signalling technicians rely on a network of resources to carry out proximity monitoring.

Furthermore, the quality of networking is very different across the country. While in Porto there are 3 support CFSPAs (Obra de Susana de Promoção Social de Paranhos, Qualificar para Incluir and União de Freguesias Centro Histórico do Porto), in others parts of the country the response is scarcer. In Beja, for example, according to the 2011 Census, there were about 40,000 minors and only one CFSPA. Although Beja has other outreach services, namely those with an economic focus, these are not aimed specifically towards supporting families with CYPR.

“What we would like, as an MDT, is for the project to continue. Once the work with these families is finished, there will be others who would need intervention too.”

Isabel Silva, MDT Porto  
May 2020

Another relevant feature of the CFSPA mechanism, which differs from the PF response, is the urgent nature of the intervention. The Projeto Família®, as implemented within the scope of the SIB, works exclusively with CYPR under PPMs, therefore being classified as a last line of response before institutionalisation. In the CFSPA model, organisations work with children within a wider range of situations, which include more and less urgent cases, and children with and without applied measures.

**Currently, there is no public funding available for the Projeto Família® to continue operating in Porto. The SIB ended in October 2020, but it had not received new families since January. The possibility of continuing the project through a new cooperation agreement with the SSI was discussed at one point.**

**However, this option did not follow through and, as such, the Projeto Família® will no longer be operating in the Porto region.**

It is also important to mention that, in a scenario where the continuity of the PF takes place within the scope of the CFSPA model, this could be informed by the SIB's experience, so that the original Projeto Família® methodology could be applied directly. The requirement of accompanying close to 60 families at a time would require at least 30 technicians, since each technician only accompanies 2 families at a time.

The table below illustrates the unit costs of the SIB, for its various partners.

	Public Sector	Investors	Service Providers	Total
Cost per family benefiting from the intervention	3,627.05 €	13.92 €	76.54 €	3,717.51 €
Cost per child benefiting from the intervention	1,776.21 €	6.82 €	37.48 €	1,820.51 €
Cost per CYPR, accounted for outcome purposes, that receives the intervention	2,397.89 €	9.20 €	50.60 €	2,457.69 €
Cost per CYPR preserved in a family environment	2,647.97 €	10.16 €	55.88 €	2,714.01 €

Figure 30: Project unit costs, by partner. Source: MAZE

Looking at the total intervention cost per CYPR preserved in a family environment, the amount of €2,714.01 only represents 6.5-9% of the total of €29,400 to €42,000. These amounts imply an average institutionalisation time of 3.4 years and the monthly cost of €700-€1,000 per minor.

Given this comparison, it becomes evident that the PF should be adapted so that its successful methodology reaches a greater number of young people, despite the human resource constraints faced by the MDV and other entities supporting CYPR.

# “There is no intervention at this time, in Porto, to replace this work.”

“We are very sorry that the Project is not guaranteed to continue in Porto. In fact, it is an intervention that complements others and an instrument we used with great confidence to prevent the removal of children, with such positive results. There is currently no intervention, in Porto, to replace this work. It will be a very big loss if new funding for the project is not gathered. It would be a great loss for the work we do here.”

Judge Nuno Melo, Family Court of Porto  
May 2020

## Looking forward

As previously mentioned, the functioning of the network depends on the volume of processes held by signalling technicians and the extension of the support network. Given the difficulties faced in these two areas, the success of monitoring CYPR will benefit from:

- **Reinforcement of human resources for coordination teams belonging to entities responsible for diagnostic assessment, application and monitoring of promotion and protection measures.** In the first stages of the SIB, schedule compliance was at risk due to the low level of signalled cases forwarded to the team. This fact was related to the high procedural volume signalling entity technicians had at hand, which made it difficult to assign families to other outreach services and efficiently manage resources available within the CYPR support network. In areas of the country with a solid support network, it is necessary to ensure coordination teams are able to efficiently manage the resources they have at their disposal.
- **Reinforcement of outreach services specialized in supporting families with CYPR.** In areas where CFSPAs are scarce, it is necessary to increase cooperation agreements in order to ensure this specialization within outreach services. This is particularly relevant since families often do not pursue this type of support directly, but are obliged to seek some type of help by court order. Although participation in the PF is voluntary, it is always by indication of an external entity and derives from the application of a promotion and protection measure. The nature of these services requires special preparation on the part of technicians who work with the families.
- **Training for mental health support.** Both the PF and MDT technicians reinforced the need for specialized training and/or support to deal with mental health issues. Although the PF counts on the support of psychologists, this is an occasional aid, and technicians feel the need for training that allows them to provide continuous support and more answers when in the closer proximity with the families. Portugal is the fifth country in the OECD with the highest consumption rate of anxiolytics and antidepressants, almost doubling that of countries such as Holland, Italy, and Slovakia. It is not known whether the pandemic aggravated this situation, but in the first three

months of 2020, an extra 400 thousand packages were sold comparatively to the same period in 2019. Regarding work carried out with families, it is important to guarantee preparation for dealing with mental health issues, both in terms of outreach service networks and technicians who work with the families directly.

Given the annual cost of €59-€85 million for the institutionalisation CYPR, it is important to ensure the public sector invests in solutions with proven results. This is the only way to guarantee that investment in prevention will lead to a reduction of institutionalisation costs. For this reason, the PF SIB was an excellent opportunity to test an innovative methodology, which after 3 years presented outcomes significantly above those contracted. With a 91% success rate, investing in this methodology as a means of preventing institutionalisation can result in savings of around 90% for the Social Security Institute.

However, the scalability of this project does not only depend on the public sector's interest and commitment to integrate this methodology, but also on the service providers' capacity to respond to the demands this type of scale would imply. The current dimension of MDV and its field teams is not sufficient to guarantee this response. However, the methodology itself could be the answer.

MDV's goal is to assemble outreach service teams trained according to the PF methodology. This would make it possible to guarantee that existing field teams apply the learnings acquired from the successful model, which has been implemented in Porto over the last few years. By assembling these teams, PF can reach the entire national territory. Continued success will be achieved thanks to the distinctive nature of the work developed within the subjects' natural environment, which allows to:

- establish a trusting relationship with the family;
- reduce the families' feeling of exposure during visits to offices and supporting public institutions;
- acquire in depth knowledge of family dynamics in order to respond to the original problem and not just its consequences.

# Conclusion

“A really important aspect of the SIB was realizing that methodology is the path to the future. Over the years, we’ve had to adjust the methodology to the funding mechanism we found, when it should have been the other way around. If it is proven that the methodology is effective and has differentiating factors, the form of financing cannot change this, because it is the core of the methodology. And over the years we’ve felt that that we’ve been doing this. The SIB was a confirmation that we cannot deviate from the factors which determine the nature of the intervention to adjust to financing requirements, and that was really important. The future of the Projeto Família® in Porto involves the MDV in a mentoring process aimed towards other entities, to maintain the methodology’s innovative and differentiating features, instead of simply adjusting to funding requirements. The best way to reach more children and more families is to train more technicians outside the MDV, from other teams, in this methodology. And that was a great lesson which came from implementing the SIB.”

**Carmelita Dinis, Executive Director of the Movimento Defesa da Vida**  
April 2020

“The Projeto Família® is an intervention methodology that makes perfect sense for social work guided towards families with children and young people at risk and it’s highly recognized by everyone who works with us (technicians, judges, etc.), as well as the families themselves. It is a mission, and that is felt by all the technicians who work at the Projeto Família®. It is difficult for families and for the technician too, who has to be permanently available, at any time, any day of the week. That is why it is so important for us enjoy what we do. A spirit of sacrifice is key to success, and families feel that. Of course, sometimes it’s a frustrating job, and sometimes we do not see improvements in families. But after 7 years at the Projeto Família® I am still not tired. I really feel that what we do makes a difference in the lives of these children and young people and if I can keep doing this, I will not stop doing it.”

**Ana Fontes, Projecto Família® Supervisor in Porto**  
May 2020

The Projeto Família® Social Impact Bond was a success in the sense that it allowed the implementation of an innovative intervention, with very positive outcomes.

The consensus amongst Porto’s signalling teams points towards the project’s importance in reinforcing existing responses within the region, as well as the confidence it conveyed as a last line intervention before institutionalisation.

Investors recovered close to 99% of their initial investment. The negative return, despite delivery of the outcomes, results from specific constraints related to public funds used for outcome payments, namely the rules that regulate European funds. This payment scheme depended not only on outcome delivery, but also on the budget execution and expense reporting. The SIB’s complex financial reporting made the process extremely bureaucratic for both investors and service providers.

When a minor is at risk and is monitored by one of the signalling entities, it is the responsibility of that entity to find a solution within the support network, in order to monitor and provide support to the family.

The success of networking depends on the volume of cases held by each signalling technician and the extension and specificity of the support network.

Looking towards the future, MDV’s goal is to assemble outreach service teams trained under the Projeto Família® methodology, in order to build better responses to this specific need within the Social Security support network. This would make it possible to guarantee that existing field teams apply the learnings acquired from the successful model, which has been implemented in Porto over the last few years.

By working with these teams, the Projeto Família® can reach the entire national territory, supporting more families and children who need them.



MAZE’s Public Sector team. Photo: Luís Macedo

# Closing Note

## Movimento de Defesa da Vida

In 1996, the Movimento de Defesa da Vida (MDV) launched Projeto Família®, a pioneering project in Portugal in the field of family-based interventions for children at risk. It is an adaptation of the American Families First – Homebuilders model, whose fundamental goal is family preservation, avoiding the institutionalisation of children and young people, whenever possible, through intensive support, provided within the home context and in a collaborative way, with fragile and crisis ridden families.

In July 2017, we returned to the municipality of Porto with the Projeto Família®. This was made possible by the Social Impact Bond (SIB), thanks to the social investors (Calouste Gulbenkian Foundation and Montepio) and Maze, who like us, believed in the potential of this programme from the start.

The path towards the implementation of Projeto Família® has not always been easy. However, with the funding obtained through the SIB, the MDV team assigned to conduct its implementation in the field, managed to focus on what we do best: develop a specialized intervention for families with children and young people at risk, so that more children can remain with their families in safety. From the outset, the fact that the entities, especially the CPCYs, MDTs and the Family and Juvenile Court of Porto, recognized the need for this outreach intervention facilitated the signalling of CYPR. However, in order to make the most of the Projeto Família® team made up of three technicians and one supervisor, we extended our intervention to the municipality of Vila Nova de Gaia. Over these three years, we have been monitoring the daily lives of families in difficult contexts of social exclusion, but the partnership established between them and the Projeto Família® technicians has often allowed for the creation of alternatives and more positive educational practices. This ultimately resulted in a higher success rate and the reduction of risk factors which threatened

the preservation of children within their families, with institutionalisation only being impossible to avoid in 9% of cases. The focus on the methodology and rigorous performance management process enabled us to obtain more robust and consistent information regarding evidence/outcomes and cost-effectiveness.

For MDV, the importance of this methodology's differentiating factors was reinforced, namely: the full availability of the technician 24h a day, 7 days a week; the ratio of 2 families per technician during the intensive phase; the home exclusive, flexible and family specific intervention, structured (6 intensive weeks and one year follow-up periods) and planned after a rigorous initial diagnosis, built in collaboration with the family, and based on the applied family functioning assessment scale - NCFAS.

Besides the success rate, the data collected during the evaluation of each intervention, by the family, the signalling entity and the Projeto Família® technician, as well as the actions implemented during the entire SIB, following the periodic meetings with the partners, also allowed us to reach the end of the project with the certainty that this methodology can contribute to the reinforcement of innovative responses in the area of promotion and protection of children's rights. This is especially the case with the qualification of family preservation services and specialized training of technicians in this area, which have positive outcomes and impacts on families, children, and young people.

**Carmelita Dinis**, Executive Director of the Movimento Defesa da Vida



**From left to right** Margarida Anselmo (Maze), Mariana Mira Delgado (MDV) and Carmelita Dinis (MDV)  
Photo: Luís Macedo

