



Case Study

Uplifting Youth-at-Risk Through Pay for Success: The First Social Impact Guarantee (SIG)

October 2023



TL Whang
Foundation



Sypnopsis

Target Population

At-risk youth not in education, employment or training (NEET) between the ages 15 and 21

Service Provider

The YMCA of Singapore

Outcomes Funder

TL Whang Foundation

Impact Guarantor

The Lorinet Foundation

Technical Advisor

Tri-Sector Associates

193 referred to the programme

78 enrolled into the programme

56 placed in education or employment

Introduction

Tri-Sector Associates is an end-to-end impact firm, which structures collaboration models and incentives to crowd in ground-up solutions and catalytic capital for measurable outcomes. In 2021, we worked with the YMCA of Singapore (YMCA) to launch a Social Impact Guarantee (SIG), promising a money-back guarantee if the Vocational and Soft Skills Programme (VaSSP) did not achieve the desired outcomes.

By the end of the programme, the YMCA had placed 56 youth-at-risk in employment or education - 10 more youth than the benchmark rate based on the past 5 years of the programme. Over the 20 months, this partnership harnessed the strengths of the people, public, and private sectors towards demonstrating how new funding models like the SIG can lead to better outcomes for society.

In this case study, we highlight the unique value proposition of the SIG, the capacity-building process, and some benefits of such innovative and collaborative social impact funding models in Singapore.



The Programme

Programme objectives

Since 2011, YMCA's VaSSP has served over 800 youth-at-risk who are Not in Education, Employment, or Training (NEET) to re-engage them in work and school. The programme has equipped these youth with job skills, community support as well as soft skills including resume writing, interviewing skills, and conflict management. In the long term, this reintegrates youth-at-risk into society and contributes to the building of an inclusive community in Singapore.

Programme success rates

Before the VaSSP SIG, 62% of youth participants per cohort were placed in jobs or continued with their education after completing the programme. This meant that 38% of youth in each cohort were not successfully placed in a job or furthered their education.

Challenges faced by programme participants

The YMCA social workers observed that youth who were not placed in a job or able to further their education typically faced the 3 barriers below:

1. Lack of work experience, which resulted in youth being unable to secure employment upon completion of the programme; and
2. Personal challenges beyond education and employment such as family problems and mental health challenges, inhibiting youth' ability to succeed; and
3. Insufficient tailored support for youth who required additional help to turn their learning into action.

With the VaSSP SIG funding and model of governance, YMCA was able to leverage new resources and expertise, unlocking opportunities to overcome these pain points and further the programme's impact.

The Proposed Collaboration Model

How the Social Impact Guarantee (SIG) works

A **Social Impact Guarantee (SIG)** is akin to a **money-back guarantee for social impact donations**. It allows outcome funders to ensure that their contributions achieve the intended social outcomes, with the option of receiving a portion of the donation back if the outcomes are not met. SIGs are issue-area agnostic and can be applied across different social issues – from environment to education, employment to mental health.

Social Impact Guarantee

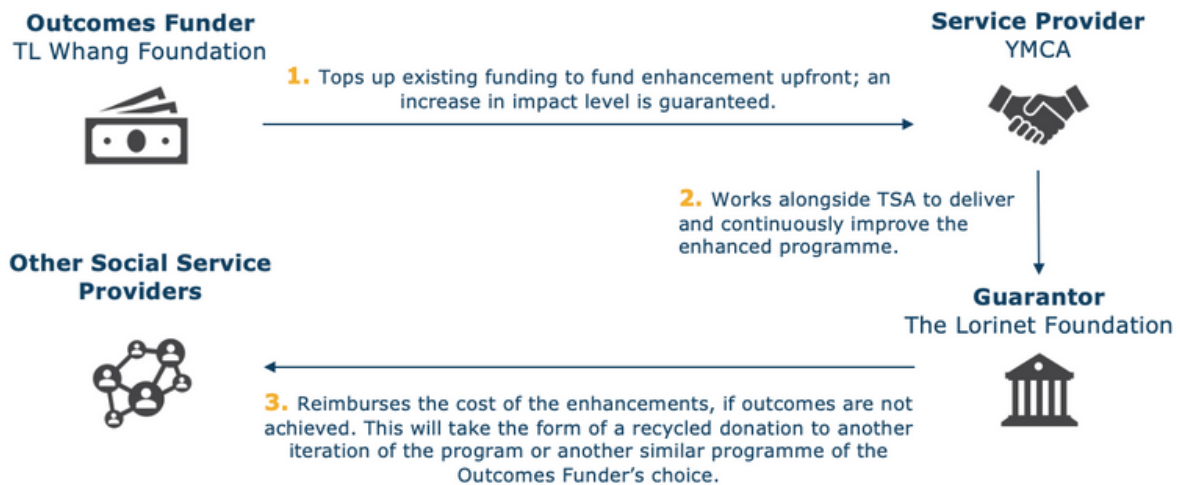


Figure 1: Structure of the Social Impact Guarantee

A Social Impact Guarantee (SIG) functions in the following manner:

- 1.** An Outcomes Funder agrees to provide funding to a Social Service Provider to deliver a service.
- 2.** The Outcomes Funder, Service Provider, and Guarantor agree on the social outcomes the programme will aim to deliver and the terms of the Guarantee.
- 3.** Service Provider delivers the programme.
- 4.** Outcomes are rigorously measured, and final outcomes are reported.
- 5.** If the programme did not achieve the agreed-upon outcomes, the Guarantor pays the Outcomes Funder for any impact not achieved, according to the terms of the agreement. These funds can then be kept, used to try again with a new iteration of the programme, or to achieve similar outcomes with another programme.

Whether guarantee payments are triggered is dependent upon the achievement of agreed-upon outcome metrics. To incentivize the service provider to do its best to perform, the SIG typically covers only the impact achieved above the baseline of previous years. This is covered more in-depth in the Outcomes Evaluation section of this case study.

Beyond funding programme enhancements, the SIG can also be applied to scale successful programs. This approach allows for the scaling of successful interventions while maintaining similarly high levels and quality of impact as the original program.

Potential benefits for the outcomes funder

Specific characteristics of a SIG — like its **unique payment structure, risk-mitigating effect, and sharp focus on alignment around outcomes** — enable the outcomes funder to collaborate in deeper ways with other project stakeholders. This collaboration leads to two major benefits:

1. Increasing the breadth of engagement between the private sector, public sector, and Social Service Agencies (SSAs). The SIG allows collaboration with diverse financial backers such as family offices, venture philanthropists, and impact investors. These financial backers might otherwise have not been involved without a SIG.

2. Increasing the depth of engagement between the private sector, public sector, and SSAs. At the outset of a SIG, all partners come to a mutual understanding of desired outcomes. This unified vision fosters a shared framework, encouraging the introduction of new skills, mindsets, and networks. Collaboration is deepened through incentives and channels such as quarterly governance meetings.

Although the VaSSP was already funded by a mix of government and philanthropic sources, the benefits of the SIG galvanized an existing long-time funder (the TL Whang Foundation) to provide \$150,000 of additional funding. This additional funding helped the YMCA innovate on the longstanding VaSSP, and test out new enhancements to potentially enhance positive outcomes for youth.

“The most attractive mechanism to me was the active engagement between the parties involved - the funder, guarantor and the service provider, as well as TSA. I was not focused on being able to get my money back if the enhancements didn't work but believed that the greater involvement of all would help to achieve an improved outcome.”

Chan Chia Lin,
Director,
TL Whang Foundation

Potential benefits for the impact guarantor

For the impact guarantor (the Lorinet Foundation), the SIG has two main benefits as compared to direct grant-giving:

1. Maximising the time-value of money used for the guarantee. Since the impact guarantor does not need to deploy the guaranteed funds unless the social impact investor calls the guarantee, the impact guarantor can continue to grow its money by investing it in mainstream markets.

2. Taking advantage of leverage via the risk-pooling effect. As in traditional insurance, it is unlikely that all programmes will trigger a guarantee, so it is possible for the impact guarantor to guarantee multiple programmes with the same dollar. This high leverage is attractive to family offices and next generation foundation leaders.

“Besides advancing our foundation’s theme of youth skills development, our decision for investing in the SIG was driven by the opportunity to pioneer an innovative financing model. This strategic involvement with the SIG allowed us to amplify the project’s impact while simultaneously bolstering our knowledge of effective social investment approaches.”

**Pierre Lorinet,
Founder & Chairman,
the Lorinet Foundation**

“The frequent engagement with SIG partners has helped the team to reflect meaningfully on the variables that contribute to the outcomes.”

**Amos Chua,
Head of Department,
YMCA**

Potential benefits for the service provider

The SIG has two key advantages for the service provider as shown below:

1. Creating a sandbox to stimulate continuous programme innovation. The SIG structure sets a sandbox-like expectation for innovation, allowing the service provider to trial enhancements to existing programmes knowing that not all enhancements are guaranteed to succeed. Enhancements that are proven to succeed on the ground may be scaled up with more confidence as opposed to unproven enhancements, thus ensuring that every dollar is spent on impact.

2. Encouraging sector adoption of data-driven outcomes. The SIG exposes service providers to a data-driven approach to set objectives and outcomes, allowing them to understand first-hand the benefits of such an approach. Furthermore, the SIG provides a platform for other stakeholders to build up the service providers' capabilities in this area.

Ongoing programme support by a technical advisor

Supporting the service provider and funders is an intermediary or technical advisor. TSA played these roles throughout the VaSSP SIG, including:

1. Enhancing the programme design of the VaSSP SIG

- Analysing data from past runs of the programme
- Organising focus group discussions
- Conducting a literature review of programmes which had education and employment outcomes for NEET youth

2. Structuring the SIG

- Shortlisting and engaging with the outcomes funder and guarantor
- Articulating the value proposition of the SIG model
- Drafting suitable contractual documents



3. Ongoing project performance management

- Supporting data analysis from each run of the VaSSP SIG
- Creating enhancements with YMCA to the VaSSP SIG
- Supporting the running of governance meetings, bridging the funder-service provider gap
- Building YMCA's capabilities in data-reporting and funder management

Enhancements to the VaSSP SIG intervention

The collaboration between project stakeholders led to the identification and implementation of specific enhancements to address 3 specific pain points as identified through the data analysis and literature review:

1. Lack of work experience, which resulted in youth being unable to secure employment upon completion of the programme. Including a 4 to 6 weeks internship component for all youth enrolled in the VaSSP SIG.

2. Personal challenges beyond education and employment, inhibiting youth’s ability to succeed. Extending the period of social intervention through a behaviorally informed approach.



3. Insufficient tailored support for youth who required additional help to turn their learning into action. Implementing an enhanced learning programme in partnership with other training providers to equip youth with additional skills and/or certifications.

A broader overview of how the enhancements fit within the VaSSP SIG is shown in the logic model below (Figure 2).

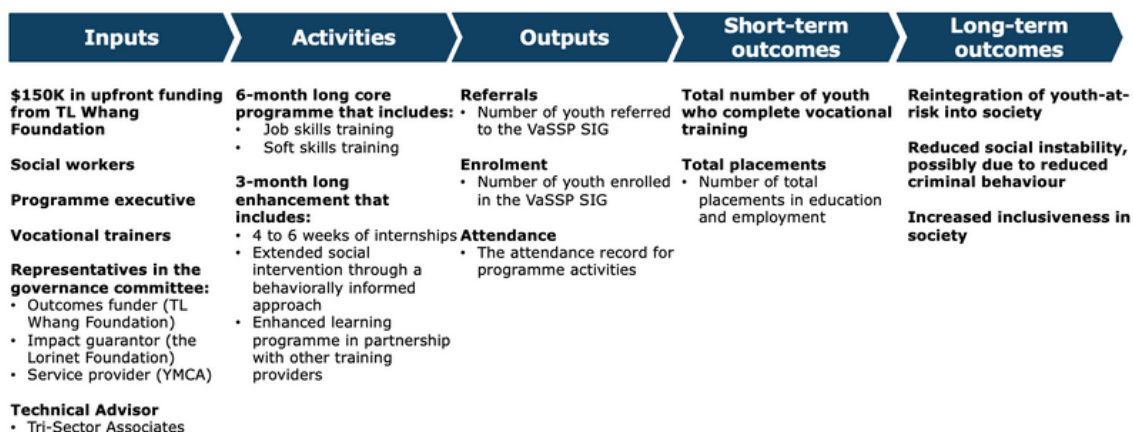


Figure 2: Logic Model of the VaSSP SIG

Outcomes Evaluation

Designing and implementing an outcomes evaluation plan

1. The stakeholders mutually identified the outcomes, taking care to ensure that all parties from the service provider to funders aligned around the outcomes.
2. The stakeholders set up an evaluation plan to track the outcomes as well as set up the data collection process.
3. In the quarterly governance meetings, the outcomes were analysed and reported by the service provider using the agreed-upon matrix.
4. All stakeholders put their heads together to propose adaptive solutions towards the overall success of the project.

Establishing the governance committee

The governance committee was critical to running the outcomes evaluation process smoothly as such meetings provided a key platform to align and update the project stakeholders in a timely manner. As the project stakeholders were from different sectors of society, their perspectives and priorities were diverse. Carefully designing the committee structure was essential to balancing these diverse perspectives and priorities.

The governance committee meetings provided an opportunity for all project stakeholders to check that the VaSSP SIG was on track to hit its enrolment and placement targets. During these meetings, YMCA presented progress updates, highlighted any challenges or concerns, and sought expert advice as needed.

"I've supported this program for several years, but haven't worked so hard for a donation before! The governance meetings were an engaging way to be hands-on and deep dive into the project to understand what was working and what was not in a timely manner."

Chan Chia Lin,
Director,
TL Whang Foundation

Adapting the intervention due to unforeseen circumstances

It was during these meetings that the project stakeholders realised that the number of youth enrolled, and the number of youth placed in education or employment were not trending to the target numbers as originally planned.

Based on the initial targets of 75 enrolments and 56 placements across 4 runs, each run had to achieve 18 – 19 enrolments and 14 placements respectively. However, the COVID-19 pandemic and the resulting circuit breaker in Singapore posed an unforeseen obstacle.

During this time, YMCA could not conduct in-person training and community-building activities with the VaSSP SIG participants. Instead, YMCA had to transition to conducting training over Zoom, and some low-income youth had insufficient access to technology and were unable to participate in the online training. Urgent action had to be taken so that the VaSSP SIG would meet the outcomes set.

In light of the unforeseen forced closure during the circuit breaker and corresponding delays in programme implementation, the committee gave YMCA approval at the October 2021 governance committee meeting to conduct an additional run of the VaSSP SIG between May 2022 – January 2023.

Innovations in the VaSSP SIG

One innovation from the SIG was YMCA creating a microsite in Sep 2022 for referral officers and youth to learn more about the VaSSP. The microsite helps both referral officers and youth to make an informed choice on whether to refer the youth to the VaSSP. As a result, YMCA's conversion rate increased by 45% from 38% in Feb 2023 to 83% in May 2023.

Another innovation resulting from the VaSSP SIG was YMCA implementing a Case Management System to support their data collection analysis.

Preparing the Final Evaluation Report

After the fifth and final run of the VaSSP SIG, the YMCA submitted a Final Evaluation Report to the Guarantor and Outcomes Funder. The Final Evaluation Report followed the evaluation framework set out in Table 1, which was created by Tri-Sector Associates with input from other project stakeholders.

Outcomes	Definition	Documentation Required	Timeline
Job placement	<p>Defined as part-time or full-time paid job, where:</p> <p>Full-time:</p> <ul style="list-style-type: none"> • Minimum 30 hours per job. • Minimum 20 days a month. <p>Part Time:</p> <ul style="list-style-type: none"> • Minimum 10 days a month. • Minimum \$7 per hour. 	<p>Proof of employment based on:</p> <ul style="list-style-type: none"> • Signed acceptance letter (signed by both employer and youth). • Proof of employment through statement of salary and/or pay slips. • Proof of employment via email from placement authority. 	<p>Upon exit from the VaSSP SIG, either at month 6 or month 9 after youth commences the VaSSP SIG.</p>
Education/training placement	<p>Defined as enrolment in an Ministry of Education school, an Institute of Higher Learning, trade school, certificate programme, or other educational or training programmes.</p>	<p>Proof of enrolment based on:</p> <ul style="list-style-type: none"> • Acceptance letter or email (indicating the youth has accepted the offer). • In-principle approval email. • Emails from secondary school's Full-Time Social Worker or School Welfare Officers or any authority in the school which youth returns to. 	<p>Upon exit from the VaSSP SIG, either at month 6 or month 9 after youth commences the VaSSP SIG.</p>

Table 1: SIG Outcomes and Definitions

Results and Impact

Results from the VaSSP SIG

At the end of 5 runs of the VaSSP SIG, it was found that the enhancements led to a 10% increase of youth placed in education and employment - 56 out of 78 enrolled youth (72%). YMCA also refined their method of outreach, enrolment criteria and process to ensure that the youth who enrolled were youth who fell squarely within the target segment of the programme.

Run No.	Referrals	Enrolments	Placements
1	47	12	11
2	27	14	11
3	40	22	15
4	65	14	11
5	14	16*	8
Total	193	78	56

Table 2: Results from 5 Runs of the VaSSP SIG

Flexibility of the SIG enabled successful results

These results were made possible in part of the flexibility enabled by the SIG in adjusting the enhancements mid-programme. Two such adjustments were made during the VaSSP SIG:

1. The **first adjustment** made was a stipend to incentivize youth to complete their vocational training and maintain their school/job position. In February 2022, the governance committee realized that enrolment targets were not on track. YMCA did further analysis, and uncovered that students were dropping out and not taking up the internship because internships provided lower pay than taking up external part-time employment or gig delivery work. Therefore, YMCA made the case at the governance meeting to redirect part of the programme budget, and offer a stipend to make it more attractive for the youth to complete their vocational training and maintain their school/job position for 3 months.

Hence, YMCA adjusted the VaSSP SIG enhancement to the following:

- Youths will receive a \$300 stipend upon completion of their Vocational Training
- Youths will receive a \$500 stipend upon maintaining their school or job position for 3 months

2. The **second adjustment** made during the VaSSP SIG was the introduction of the Junior Track for youth aged 14 to 15 years old for the fifth run of the VaSSP SIG. Before the Junior Track was introduced, some junior youth would choose roles in industries during their vocational training that had limited job opportunities for them because of minimum age requirements. This led to reduced placement rates after these junior youth had completed their vocational training. Hence, YMCA created the Junior Track that limited the training choices to industries that were most open to hiring these youth, such as F&B, Fishing, and Events Management.

Lii, VaSSP SIG Graduate



Lii is a secondary school student whose difficulties in keeping an interest in academics were alleviated when she joined VaSSP. During vocational training, she discovered her passion for hairdressing.

Encouraged by her adviser, Lii set a goal to become a hairdresser and bravely asked to work at a salon that provides training. Lii is now an assistant at the salon and aspires to be a senior hairdresser.

Looking Forward

With the conclusion of the VaSSP SIG, YMCA is now focused on enhancing the VaSSP further based on the data and evidence collected.

Capability building of YMCA beyond the SIG

For example, YMCA has plans to introduce further enhancements to the VaSSP to deepen its impact through placing more youth-at-risk into education and employment. YMCA seeks to position the VaSSP as a one-stop site for any school leavers, fuelled by observations made during the evaluation process.

Organisational development: Improvements in data collection

One such challenge YMCA previously faced was identifying referral sources with the highest conversion rates to enrolment — an issue arose as YMCA did not collect such data prior to the VaSSP SIG. However, the exposure to a data-driven approach and capability building by project stakeholders has given YMCA the confidence and expertise to pursue a data-driven approach independently, such as by improving its data collection methods beyond the VaSSP SIG.

One example of an enhancement that YMCA intends to pilot is a blended learning curriculum targeted at Hikikomori youth (a condition in which a person is socially avoidant to the point of staying isolated at home for at least six months without social interaction), who might find it difficult to attend the in-person training sessions and historically had higher dropout rates from the VaSSP. These enhancements aim to increase the overall enrolment and placement rate for the VaSSP.

“Our team appreciated the initial discussion with TSA in guiding and scoping our SIG’s proposal. The meetings with TSA & funders helped point out our blind spots on where we can improve in our analysis of data.”

**Amos Chua,
Head of Department,
YMCA**

How the SIG can add value to the ecosystem

Beyond organization-specific improvements, we believe that the success of the world's first SIG could help build up the ecosystem for similar projects in the future. One such ecosystem impact we would like to see is pushing the evolution of the SIG further by trialing a SIG project with a governmental or institutional funder for wider outreach and uptake. Moving forward, we are excited about how the SIG can add value to the social ecosystem in three distinct ways:



Crowding-in new types of outcome funders

The SIG attracts new outcome funders interested in innovative financing and guaranteed impact, bringing additional resources to the social sector that might otherwise have not been available.



Shifting the social impact ecosystem towards outcomes, beyond outputs

While some segments of the philanthropic and government sectors are beginning to focus on outcomes rather than outputs, SIGs ensure that this shift becomes deeply entrenched. They move the ecosystem towards outcomes-based contracting, promoting a more impact-oriented approach.



Strengthening people, public, private, and philanthropic sector collaboration

The SIG enhances cooperation between the 4Ps: the people, public, private, and philanthropic sectors. By involving stakeholders from various sectors, the SIG brings unique expertise and networks to solve complex problems, fostering greater collaboration and innovation.

The SIG's potential to crowd in new outcomes funders, focus on outcomes and strengthen cross-sector collaboration opens new avenues for impact.

Collaboration with the government to evolve SIGs further

Recognising this, we see an opportunity to evolve the SIG by working closely with government agencies or institutional funders. This collaboration will allow us to test and refine our approach, creating even more impact in society:



Enhancing Co-creation to Deepen Active Citizenry

The **convening** nature of the SIG model encourages **collaboration** in a neutral space, where the strengths of each individual player are **amplified**, and the combined efforts of all partners create a greater result than the sum of their individual efforts.



Focusing on Impact

SIG projects are designed with a clear **intention** to meet emerging social goals, helping to **sustain and scale evidence-based** social interventions from inception to evaluation so as to reach more end-beneficiaries.



Building Capacity of Service Providers

The SIG project can provide a **neutral** and safe environment for all stakeholders to implement cross-sector collaborations by **strengthening relationships** between project stakeholders, while allowing service providers to develop evaluation skills and enhance service delivery through crowding-in public, philanthropic, and private stakeholders to add bandwidth and **resolve capability challenges**.

In summary, the SIG represents a transformative approach to social innovation, engaging various sectors in a collaborative and impact-driven effort. The lessons learned from the VaSSP SIG, the adaptations made, and the potential for future collaboration with the Singapore government all signal a promising direction for addressing emerging social challenges.



Contact Details

If you would like to learn more details about the SIG and how the SIG can address your organization's impact needs, please feel free to reach out to our team below:



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