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IDEATION CENTER INSIGHT

The social investment paradigm

From protective to proactive states

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The Ideation Center

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EXECUTIVE SUMMARY

Countries in the Gulf Cooperation Council (GCC)[1] region have an opportunity to build a new approach to social programs and human capital productivity. They can move from the social welfare model, in which the burden falls mostly on the government, to social investment, in which the government creates a market to enhance societal well-being. This approach emphasizes human capital productivity as critical to economic growth. It aims to maximize social impact while generating positive financial returns. This is in contrast to the current social welfare model, which is financially unsustainable and economically damaging as it encourages dependence on the state.

Social investment involves the entire life course of citizens: Investments that will enhance citizens' well-being and education are applied at an early age so that people become as productive as possible during adulthood. To effect this, governments need a cohesive set of policies to address the root causes of social issues, rather than treating problems after they emerge. The private sector and citizens should support governments in implementing these policies. Governments can instill a sense of responsibility in their citizens, such as encouraging parents to be more active in their children's education and health. Governments could also involve the private sector through impact-based social investment models.

At the Ideation Center, we have examined how social investment practices can improve human capital productivity in the region. In this paper, we focus on youth inactivity and unemployment, as well as obesity. We identify several relevant initiatives and assess their social and financial impact. These examples show how spending to prevent problems is more efficient than spending to solve problems after they emerge.

For this approach to succeed, governments should provide the right ecosystem and enabling environments. They should adopt performance-based budgeting and use innovative financing tools, and develop impact assessment and data-sharing practices.

AN UNSUSTAINABLE MODEL OF SOCIAL WELFARE

The COVID-19 pandemic has exposed the limitations of existing social welfare systems globally. It has increased pressure on governments to secure, enhance, and increase social protection and well-being for their citizens, placing state resources under tremendous strain. This is a particular issue for countries in the Middle East, which use a social welfare model that creates a strong sense of dependence among nationals. Today, more than 80 percent of GCC youth expect governments to subsidize their social needs, such as education, healthcare, housing, energy usage, and other forms of benefits.[2] Simultaneously, the reliance of GCC and other Middle East economies on volatile oil revenues means that they cannot meet social expectations indefinitely. This could lead to the unpalatable prospect of reducing social programs.

The burden of social welfare spending in GCC countries is greater than it sometimes appears. Official social welfare spending has averaged around 36 percent of total public spending in the region in recent years, compared to 43 percent in Organisation for Economic Co-operation and Development (OECD) countries.[3] However, that does not take into account indirect social welfare. GCC countries do not levy income tax. They also have some of the largest public-sector wage bills in the world. Much of this is related to their governments using public-sector jobs to reduce unemployment among their nationals. As a result, some 61 percent of GCC nationals were employed in the public sector in 2018.[4]

Other factors also make the current model unworkable in the long term. There has been rapid population growth, an increasing incidence of chronic diseases, and a growing healthcare burden. For example, in Saudi Arabia, healthcare spending grew by 8 percent in 2019 and was expected to increase at a compounded annual rate of 12 percent by 2020, even before the COVID-19 pandemic.[5] The youth bulge in the region means that governments must allocate more for future retirement benefits, adding to the region’s already generous pension schemes that provide over 70 percent of previous salary, compared to 59 percent in OECD countries.[6] Some estimates project that the ratio of retired people to workers will triple in the coming years, worsening the fiscal burden.[7] Education costs are also growing because of the need to keep pace with swiftly changing labor market requirements.

SHIFTING TO SOCIAL INVESTMENT

To make their social initiatives sustainable, governments should adopt a social investment approach. Social investment maximizes the impact and effectiveness of social programs and reduces costs in the long run. This approach acts as a catalyst for sustainable and inclusive economic growth, the reduction of inequity, and innovative forms of service delivery.

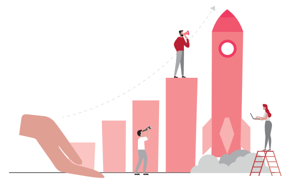
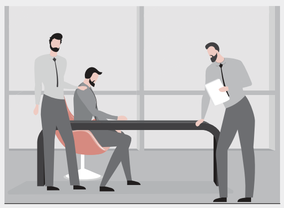
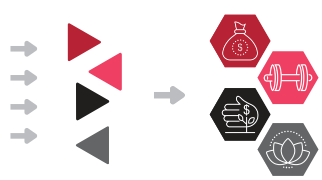
Social investment involves a shift in mind-set from repairing social ills reactively to addressing their root causes proactively. In this approach, governments still take full responsibility for the socioeconomic needs and well-being of their societies. However, they ameliorate society and prevent problems, helping citizens to become more productive, by creating a market for social investments that blends the financial returns on investment (ROI) with social returns (*see Exhibit 1*). Governments will need to redirect a share of their social welfare budget to social investments to achieve this change.

Social investment emphasizes human capital productivity as a vital force for economic growth. This means focusing on improving people's education, skills, and health early in life so that they can improve their employment prospects and their participation in the economy and society as adults.

EXHIBIT 1

Governments should transition from social welfare to social investment

Guiding principles for moving to social investment

SOCIAL WELFARE		SOCIAL INVESTMENT	
Spend for immediate needs and protect against social risk			Invest in human capital productivity for inclusive and sustainable growth
Reactively solve problems by alleviating symptoms			Proactively prevent problems by addressing root causes
Encourage citizen and intergenerational dependency on government			Empower citizens and break intergenerational dependency on government
Government led and financed			Shared responsibility through partnerships and innovative financing
Focus on inputs and outputs			Focus on impact and outcomes

Source: Strategy&

1. Adopt a life-course portfolio approach

Social investment alters how governments address issues and provide services. Governments start by identifying the issues most amenable to social investment by using a life-course portfolio approach. This focuses on the interdependence of all life stages as generations move from being welfare recipients during childhood and youth, to being contributors during adulthood, to recipients again during old age.[8] Social investment therefore requires cohesive and mutually reinforcing policy instruments that encompass all these life stages.[9] These policy instruments aim to lay the foundations of a life-course approach, first through early childhood care and education, then during the transition into adulthood through active labor market policies, while preserving the safety net for old age through income and unemployment protection schemes (*see Exhibit 2*).[10]

EXHIBIT 2

Governments should use a life-course portfolio approach of foundation, productivity and retirement net policies

EARLY CHILDHOOD » CHILDHOOD » ADOLESCENCE » YOUNG ADULT » ADULTHOOD » OLD AGE

Foundation years | Productivity years | Retirement years

Early childcare and education
- Holistic development services for childhood care
- Early childhood education
- Parental engagement

Education access, quality, and attainment
- School resource mobilization
- Increasing K-12 to tertiary attendance
- Facilitating transition to higher education
- Parental engagement

Active labor market participation
- Career guidance and employment support
- Entrepreneurship support
- Support during entry or reintegration into labor force

Income protection
- Income protection and pension support for old age
- Reduction of inequities in the financial security needs of older women

Healthcare
- Prenatal clinical support
- Access to preventive healthcare
- Weight management programs
- Promotion of healthier habits

Employment inclusion
- Awareness programs
- Anti-discriminatory laws
- Flexible work arrangements
- Inclusive education and infrastructure policies
- Employment quotas

Family care
- Extended leave and flexible work arrangements
- Parental benefits
- Employment protection

Active aging
- Healthy aging support
- Life-long learning
- Active labor force participation

Source: Strategy&

Nordic countries are at the forefront of implementing the social investment approach. Sweden invests heavily in early childhood under the rationale that children who develop strong cognitive skills when they are very young will perform better in school in subsequent years and be more employable when they join the workforce. The country is among the highest spenders in the OECD on family benefits and childcare; it provides 480 days of paid parental leave, and a subsidized year at an early childhood education center. Sweden has also been a pioneer in designing and implementing active labor programs geared toward training and skills improvement of various population groups, investing in adult education, and providing matchmaking services. People have proper skills and so are able to find jobs faster than in other countries with similar economic conditions. Consequently, Sweden had a long-term unemployment rate over the 10 years from 2010 to 2019 of 1.34 percent of its active population, lower than the EU average of 4.34 percent for the same period.[11]

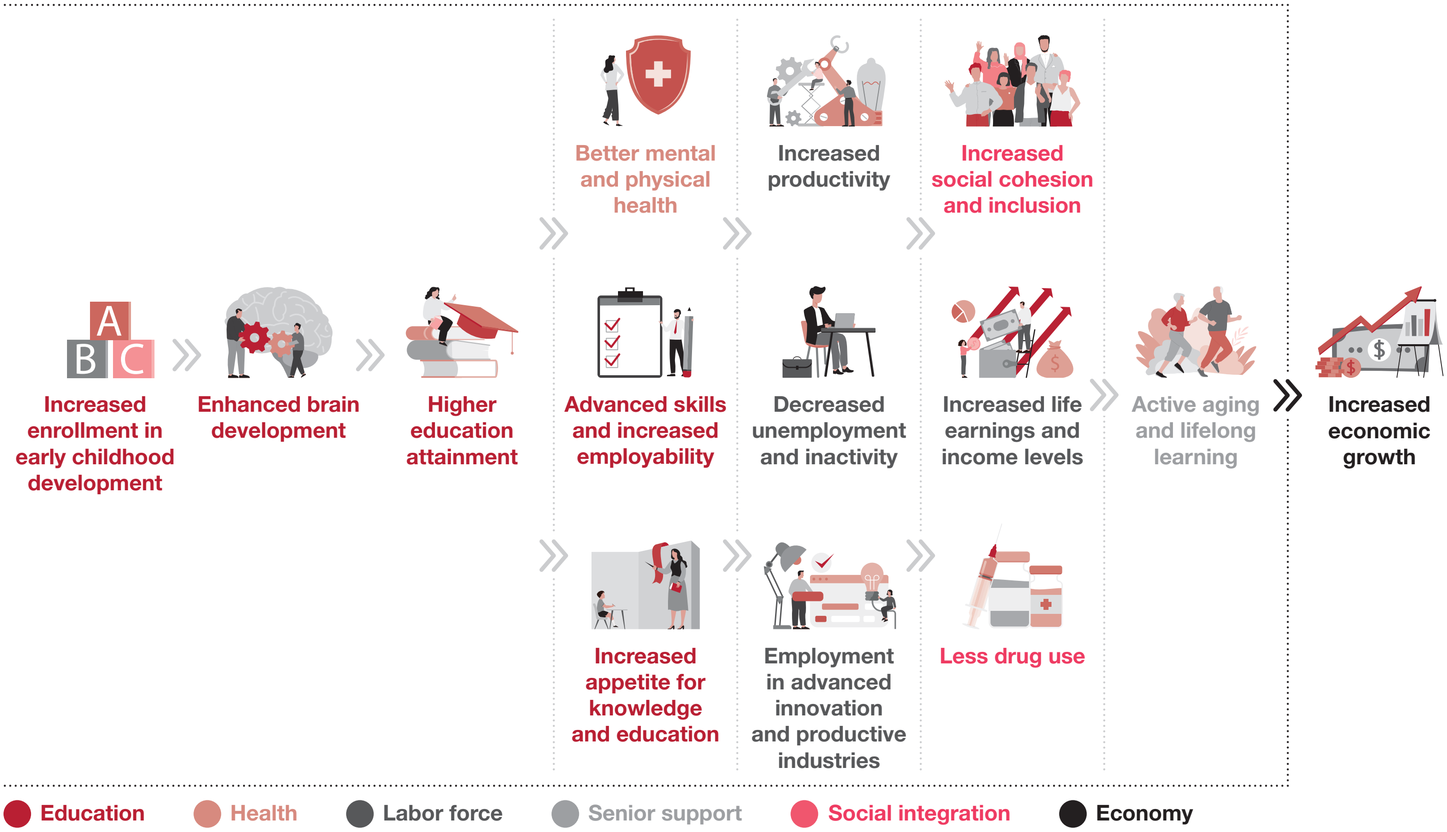
2. Apply systems thinking to address the root causes

Governments can be proactive by adopting a systems thinking approach. This allows them to develop a holistic understanding of the overall social system and its dynamics so that they can identify where problems start.

Systems thinking has two benefits. First, governments can manage social issues more efficiently if they understand the gaps and interdependencies among the various social components. For example, it costs less to teach people to have adequate nutrition and exercise regularly, and thus reduce the incidences of diabetes and heart disease, than it does to treat those conditions after they are diagnosed. Second, systems thinking enables a preventive approach that minimizes the number of citizens at risk, which means more can contribute actively to the economy. For example, investing in early childhood care can have a multiplier effect on a child's brain development, educational attainment, and productivity, generating more spillover benefits in life from better mental and physical health, active aging, and increased social cohesion (*see Exhibit 3*). Governments around the world have already applied systems thinking to their social programs. In Australia, the Whole of Systems Trial of Prevention Strategies for Childhood Obesity applied systems thinking to map childhood obesity causes and translated it to systems-oriented action plans.[12] In the U.K., the Munro Review of Child Protection applied systems thinking to the necessary changes in the child protection system.[13]

> "Systems thinking allows governments to develop a holistic understanding of the social system and its dynamics and identify where problems start.

EXHIBIT 3
Investment in early childhood development has spillover effects
Economic and social policy effects



Source: Strategy&

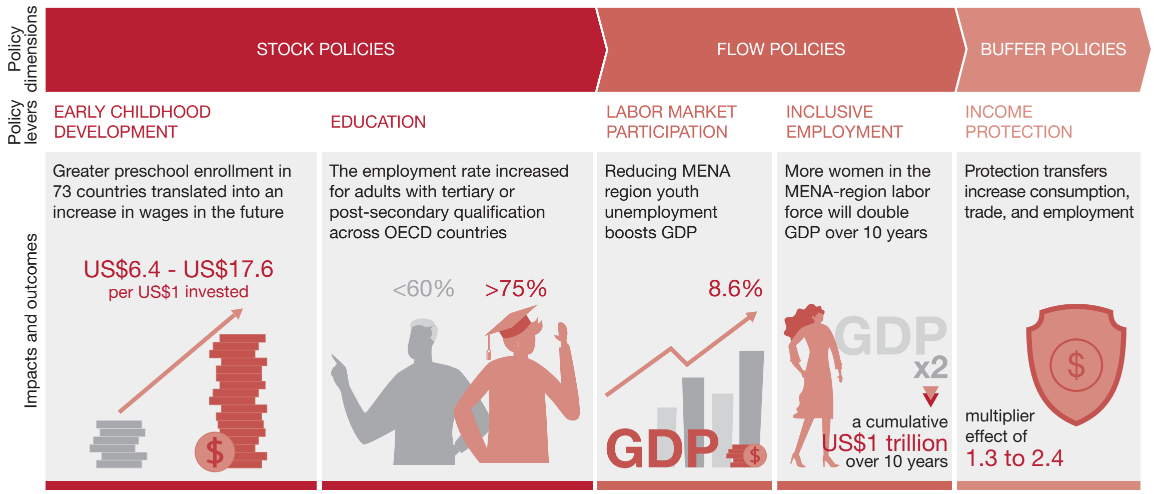
3. Evaluate the social and financial returns

Governments need to simulate various policy options to assess their potential impact. Once they understand the potential impact and the outcome that could be generated from tackling a specific policy lever (*see Exhibit 4*), they can gauge the different costs and benefits for alternative social investment options, including short- and long-term social and financial effects, and the difference between not intervening and taking action.

EXHIBIT 4

Taking a life-course approach to social investment yields social and financial benefits

Impacts and outcomes of select life-course policy options



Note: Stock policies are for the early life stages, flow policies for the years of employment, and buffer policies for years of retirement, sickness, and other times out of employment as an adult.

Source: "Investing in Early Learning," Global Partnership for Education and Unicef (2014); OECD (2019), Education at a Glance 2019: OECD Indicators, OECD Publishing Paris (https://doi.org/10.1787/f8d7880d-en); Omar El-Sharawy and Shivangi Jain, "Identifying opportunities to fill the youth unemployment gap," PwC (2019); Catriona Purfield, Harald Finger, Karen Ongley, Benedicte Baduel, Carolina Castellanos, Gaelle Pierre, Vahram Stepanyan, Erik Roos, "Opportunity for All: Promoting Growth and Inclusiveness in the Middle East and North Africa," IMF Departmental Paper No. 18/11, 2018; K. Thome, J.E. Taylor, M. Filipski, B. Davis, S. Handa, "The local economy impacts of social cash transfers: A comparative analysis of seven sub-Saharan countries," FAO (2016); Strategy& analysis

Governments conduct these assessments by defining the nature of the social issue at hand, the specific causal linkages that lead to this issue, and the desired results. This yields clear and quantifiable social and financial indicators, along with targets. The government can then use these to compare various social investment proposals so that it can decide which will have the most impact.

Governments also need to formalize feedback from the population and evaluate the performance of their social investments over time. If returns are not in line with the desired results, the government can introduce other social investments to compensate for the shortfall. In this way the government ensures that its portfolio of social investments generates sustained human capital productivity gains over the long term.

Social and financial metrics

For any investment, policymakers should consider the social and financial returns in the short, medium, and long term. Social metrics examine different aspects of an objective according to its time frame:

- Short term (zero to two years): the immediate, tactical impact of the social investment portfolio
- Medium term (two to five years): the effect of the portfolio on alleviating the underlying social issue
- Long term (five to 10 years): the broader socioeconomic impact of the portfolio on economic growth, social equity and cohesion, and well-being

Financial metrics apply to the government's general budget, not to individual projects. They include:

- Short term: increased predictability of cash flows, reduced need for borrowing, and shared financial risk of public investments with the private sector
- Medium term: increased ROI and ability to reinvest returns into other productivity-related measures
- Long term: improved fiscal balance from solving for the issues sustainably, by proactively addressing root causes (rather than reactively treating conditions after they emerge)

4. Share the responsibility

A critical element of social investment is that governments, citizens, and the private sector share the social and financial responsibilities for the well-being of individuals. Socially, citizens need to increase their sense of responsibility and gradually reduce their dependence on the state.[14] Financially, the private sector can partner with governments and deliver some public services. In part, this can come through innovative financial tools known as social impact investments. These are financially sustainable mechanisms that address an environmental or social issue while generating a financial return, typically at a below-market rate, to asset holders.

Sweden provides examples of such broader engagement, such as using for-profit providers to improve quality and reduce costs. Some 27 percent of overall healthcare and 10 percent of ambulance services are now delivered by for-profit firms, compared to 3 percent in the U.K. In education, private firms run schools that are free to attend and independent of the local government. Children in these schools achieve better grades and are more likely to go to university than those in state-run schools, with no increase in cost to government.

Singapore is also an example of a government that has successfully instilled a strong sense of responsibility in its citizens. The country has fewer social challenges than most and its spending on social welfare is low. In 2018, for example, the country's social spending amounted to only 10 percent of GDP,[15] compared to 20 percent[16] for OECD countries.[17] Singapore has focused on pensions. Policymakers redesigned Singapore's pension system, basing it on defined contributions from employees and employers (rather than defined benefits) to limit the long-term liability to the government. The success of that program has led Singapore recently to create a similar system to cover healthcare costs.

APPLYING A SOCIAL INVESTMENT APPROACH IN THE GCC

Governments in the region can use the social investment approach to identify their priority challenges. These are the problem of youth inactivity and unemployment, along with the region's high obesity rates.

Focus on issues with long-term impact on human capital productivity

There are direct and indirect benefits to human capital productivity from addressing these issues. For example, reducing youth inactivity and unemployment will reduce the financial dependence of youth on the government, enhance their social inclusion and general health, increase their contributions to their pension plans, and reduce the government's social protection costs. A lower incidence of obesity would mean better control over long-term healthcare costs and improved quality of life.

Reduce youth inactivity and unemployment

Youth inactivity and unemployment affects all GCC countries. At 11.6 percent, youth unemployment is five times as high as the general unemployment level in these countries.[18] In Saudi Arabia, the youth unemployment rate was 29 percent in 2019, compared to only 12 percent for the OECD average.

Reducing youth inactivity and unemployment requires a life-course portfolio approach. This should combine a set of coherent policies covering: early education and childcare; skills improvements and re-skilling, offering targeted and personalized employment services and life-long learning; and macroeconomic stabilization to ensure the provision of pension and income protection in old age.

Apply systems thinking to address the root causes

Systems thinking allows governments to overcome the shortcomings in traditional policy approaches. In the past, governments have tended to focus on structural issues related to youth unemployment, such as education infrastructure and skills gaps. However, this approach obscures attitudinal and behavioral issues that begin at a young age and often do not manifest themselves until years later. Other problems that begin early on are failures of engagement with the education system in childhood.

Taking a systems thinking approach, governments in the region will find that preschool education and parental involvement are limited, although they are critical for proper child development. Results from the Progress in International Reading Literacy Study indicate that students who attend early childhood education for more than a year outperform those who do not in math.[19] Scores from the Programme for International Student Assessment demonstrate that parental engagement through school-related activities and time together enhance a child's cognitive and behavioral skills, academic achievements, and overall well-being. Furthermore, GCC preschool enrollment is limited because it is not a prerequisite for acceptance into primary education institutions. Preschool enrollment was 55 percent across the region in 2019, compared to 72 percent in the U.S. and 109 percent in Germany (because

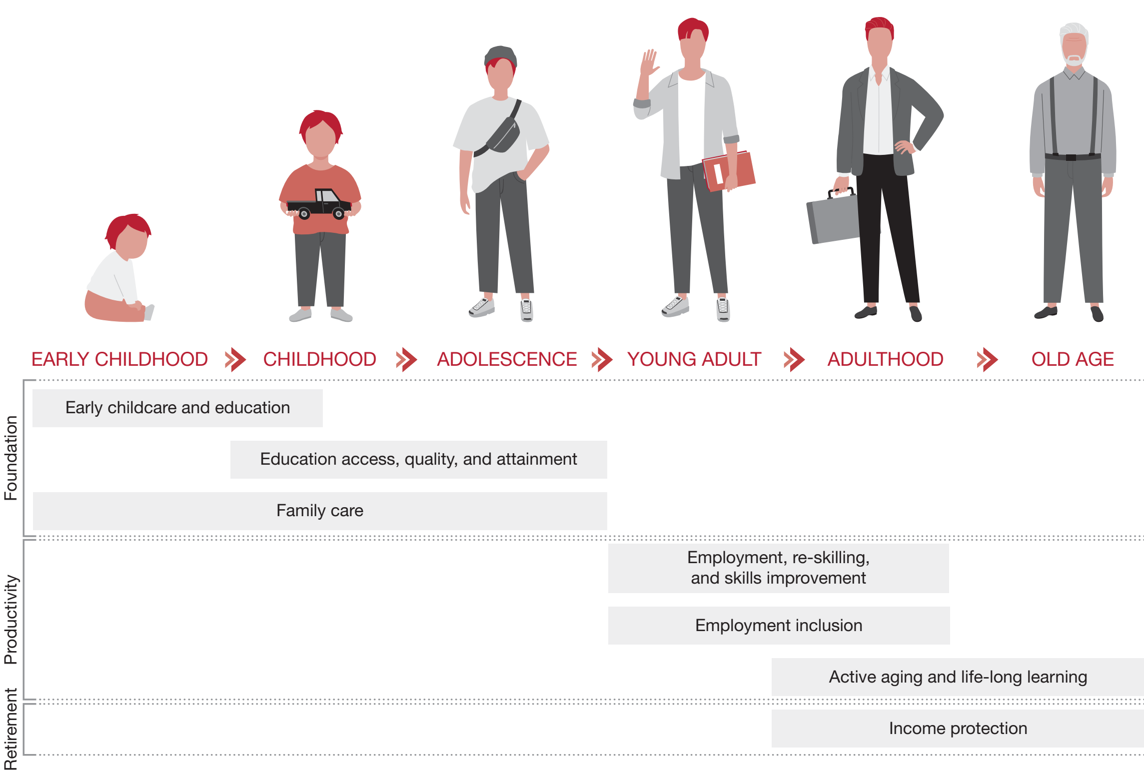
some children attend more than one preschool institution).[20] Parents in the GCC tend to rely on private tutoring during their children's education, and schools do not provide parents with enough guidance to increase their engagement.

In response, governments should intensify their investment in early childhood education centers. These centers aim to develop children's physical, social, and cognitive skills and expose them to different approaches to learning. Governments should also educate parents as to their crucial role in the educational prospects for their children, for example, by using multiple communication channels to keep parents connected to schools.

Governments should also continue to launch policy interventions along the life stages to ensure that young people acquire a love of learning early on. For instance, they need to continuously update curriculums and introduce flexibility in how young people proceed through education pathways. They should also ensure that tailored guidance is offered, such as career counseling for all students, individual assistance for at-risk adolescents to reduce their drop-out rates, and internships to prepare graduates to enter the job market and familiarize them with private-sector employment. In particular, governments can make it mandatory for vulnerable students to enroll in such programs, enforcing this through financial penalties that parents must pay. As students become more informed and guided, they will feel more responsible and engaged in planning their futures. Such effects could, in turn, reduce unemployment and inactivity (*see Exhibit 5*). Governments will also benefit from continuously re-skilling the workforce, reducing unemployment risk due to increased automation.

EXHIBIT 5

The more students are informed and guided, the more responsible they will feel for their future



Source: Strategy&

Evaluate the social and financial returns
Short-term targets should be to enlarge enrollment in early childhood education, increase parental engagement, improve university test results, lower university drop-out rates, and increase the number of students with proper career plans and skills relevant to the labor market. Medium-term targets should be higher labor-force productivity and reduced youth unemployment. Long-term targets should be reduced income inequality and intergenerational dependency, and greater overall societal well-being.

Quantifying the benefits of policy options to reduce youth unemployment

We assessed four relevant and actionable policy alternatives for the GCC's high levels of youth unemployment. Our analysis placed a financial value on the impacts of these options in Saudi Arabia and the United Arab Emirates (UAE) over 30 years, using a discount rate of 4.5 percent. The result is the net present value (NPV) of each policy option. We also calculated the ROI, which is the value generated for each dollar invested (*see Exhibit 6*).

EXHIBIT 6
The value of youth unemployment reduction

		Saudi Arabia	UAE
Policy option 1: Providing public employment services and career guidance for all unemployed people	NPV (in US$ millions)	6,602	173
	ROI	5.2	5.0
Policy option 2: Introducing programs to re-skill nationals whose jobs are at risk of automation	NPV (in US$ millions)	773,844	102,378
	ROI	27.4	32.2
Policy option 3: Increasing pre-primary enrollment for national students in line with leading OECD countries	NPV (in US$ millions)	117,749	3,969
	ROI	24.8	133.4
Policy option 4: Encouraging parental involvement in schooling, which can improve reading performance	NPV (in US$ millions)	1,759	1,426
	ROI	1.2	2.0

Note: NPV = net present value; OECD = Organisation for Economic Co-operation and Development; ROI = return on investment. Analysis spans 30 years of initiatives, using a discount rate of 4.5%. Based on Strategy& analysis and assumptions. For general estimation only.
Source: Strategy&

Share the responsibility
To encourage youth to share responsibility for their future, governments need to reduce their dependence on the state. Governments should instill a culture of personal responsibility among parents, with the intention that parents will transmit it to their children. Behavioral interventions can enhance parental engagement. These include making commitments to adopt new habits such as leaving the office on time to spend time with children, reminders, and social rewards.[21] Parents need to supervise their children when doing homework, read more to them, participate in school-related activities, and coordinate closely with their teachers.[22]

The private sector can develop and implement targeted initiatives on behalf of the government to do its part. These initiatives could include launching public–private partnership (PPP) models to operate early childhood education centers or offering support in implementing active labor market policies. In 2011, the Department of Works and Pensions (DWP) in the U.K. launched a £30 million (US$48 million) Innovation Fund to support 10 social investment programs to address youth unemployment,[23] all of which were felt to have produced positive effects.[24]

Reduce obesity levels
Obesity affects 36 percent of the region's adults, one of the highest incidences in the world. The proximate causes are unhealthy nutrition, such as the excess consumption of fast food and sugary drinks, coupled with limited physical activity. Obesity increases the incidence of chronic ailments such as diabetes and cardiovascular disease. Governments need to help people change their lifestyles to lower the rate of obesity, thereby reducing the rate of premature death from associated conditions such as diabetes or cardiovascular disease, increase societal well-being, improve school performance and productivity, and control long-term healthcare costs.[25]

Apply systems thinking to address the root causes
Prevention and weight management programs are vital tools to help combat initial excess weight gain, thereby preventing overweight children from becoming obese adults. Governments can redirect a share of infrastructure spending to preventive and clinical measures that minimize the risk of obesity, particularly among children.

Interventions can start as early as the prenatal phase. Expectant mothers should receive clinical support to prevent, or control, gestational weight gain or diabetes as these could affect fetal development, birth weight, and the future likelihood of obesity. Special clinical support programs should also be available for prenatal care, to prevent obese pregnant women from facing complications during pregnancy or at birth. Governments could also work with schools to offer behavioral-training programs to foster healthier habits and physical activities tailored to the age, needs, and physical interests of each participant. Later interventions could include the promotion of healthier diets and physical activity across the different phases of the life cycle (from infancy through childhood, adulthood, and old age).

Quantifying the benefits of policy options to reduce obesity

We assessed two policy options to reduce obesity rates in the GCC. The first is subsidizing healthier meals at school. This would improve student diets and instill a culture of healthier eating from an early age. Our analysis assumes that healthier meals cost 50 percent more than current school food. When this margin is covered by the government, it can lower health costs among students with unhealthy eating habits, and on average reduce health-related absenteeism by five days per student per year. It should be applied in all public and private schools. The second option is to provide universal accesss to gyms and exercise facilities. This would increase the active population. Many residents complain that their work schedules, lack of access to amenities, hot weather, and gym membership prices discourage exercise. Even with a conservative assumption that only 20 percent of recipients will use the facilities to become physically active,[26] the healthcare savings from exercise will more than offset the cost to the government (*see Exhibit 7*).

EXHIBIT 7

The value of anti-obesity programs

		Saudi Arabia	UAE
Policy option 1: Provision of healthy school meals	NPV (in US$ millions)	20,371	795
	ROI	1.6	1.2
Policy option 2: Universal access to gyms	NPV (in US$ millions)	31,713	9,293
	ROI	1.3	1.4

Note: NPV = net present value; ROI = return on investment. Analysis spans 30 years of initiatives, using a discount rate of 4.5%. Based on Strategy& analysis and assumptions. For general estimation only.
Source: Strategy&

Evaluate the social and financial returns
Short-term targets should be to change lifestyle patterns such as adopting healthier diets and improving physical activity. Medium-term targets should be lower obesity rates and incidences of cardiovascular diseases and diabetes. Long-term targets should be reduced healthcare spending, increased life expectancy, and improved quality of life.

Share the responsibility
Governments can share responsibility with citizens through education campaigns that motivate them to alter unhealthy lifestyle habits. The private sector can participate in implementing solutions on behalf of the governments, thus alleviating the public financial burden. For example, the “Ensemble, Prévenons l’Obésité des Enfants” (EPODE) program in France, and later expanded to 16 other countries, engaged multiple stakeholders to encourage healthy lifestyles in children. Similar programs in Amsterdam and Leeds have also managed to reduce the rate of childhood obesity.[27]

Governments can also create incentives for healthier eating and lifestyles through financial schemes that pay private-sector operators to develop obesity reduction initiatives. These schemes could also be coupled with the government and private-sector operators providing some behavioral nudges that incentivize citizens’ healthy behavior.[28]

BUILDING THE SOCIAL INVESTMENT ECOSYSTEM

GCC countries need to build the social investment ecosystem to implement this new approach. They can achieve this by shifting to performance-based budgeting, using innovative financial tools, developing an enabling environment, and launching data sharing and advanced analytics.

Shift to performance-based budgeting

Countries need to adopt performance-based budgeting to facilitate social investment. It allows the government to implement cross-sectoral human capital policies that extend over a life course and measure social and financial impacts. Governments have to integrate and align their budgeting process with the national agenda and with sector strategies, including social investment. Individual ministries and other government agencies need to collaborate closely with a dedicated planning unit to ensure that their strategic priorities work collectively toward achieving national goals. Government entities need to use cost-benefit tools and impact evaluations to maximize their value for money and ensure consistency with national objectives. This approach can be successful if the entity or ministry implementing the social investment receives any savings that it realizes, such as reduced expenditures on unemployment or income protection.

A number of countries are applying this approach. In May 2019, New Zealand announced its well-being budget, with strong linkages to social investment priorities such as improving child well-being, and building a productive nation through innovation and social and economic opportunities.[29]

Use innovative financing tools

The social investment model enhances the delivery of social services, leading to value for money, through innovative tools and practices. Increasingly, governments are using outcome-based social impact investment tools, also known as pay-for-success contracts.

The most common instrument is the social impact bond (SIB). A SIB is a contract initiated by the government in which a service provider is required to deliver a specific social outcome or impact target. The government repays investors only when the agreed outcome or impact targets are achieved.[30] The first SIB was launched in the U.K. in 2010 to cut prisoners' reoffending rates. It exceeded the contract's target of 7.5 percent, reducing the reoffending rate by 9 percent.[31] Today, there are at least 193 SIBs in 33 countries, worth around $441 million, with 65 percent of them aimed at employment and social welfare.[32]

Develop an enabling environment

Governments need to provide opportunities for the private sector to participate in providing public services. This is done by facilitating the regulatory establishment of social ventures through new legislation and procedures that allow people to set up social enterprise, and through tax incentives and guidelines for effective impact reporting.[33] For example, South Korea enacted the Social Enterprise Promotion Act 2007, which provides social enterprises with subsidized rents, reduced taxes, and subsidized professional business services. Governments also need to enable an ecosystem of relevant financing mechanisms, including new emerging types such as microcredit and crowdfunding.

Launch data sharing and advanced analytics

Governments can use data to identify social investment opportunities, engage the private sector, and evaluate impact. Integrated information systems provide reliable and accessible data, and enable data sharing between the government and private-sector stakeholders. Data increase the possibility for private-sector participation as they provide the information to make informed decisions and work in line with government objectives.

The U.K. government, for instance, established a database that standardizes cost metrics across issues ranging from education and skills to employment, health, crime, housing, and other social services. The database helps with the drafting of new SIB proposals. The government also provides a platform with access to a number of datasets open to the public, and supports social investors in reporting and sharing clear and comparable data.

CONCLUSION

Governments can better meet the needs of their residents and unlock economic growth by developing a social investment mind-set that is participatory and centered on human capital productivity. In this manner, they can empower their populations to thrive and be equipped with an adequate quality of life.

ENDNOTES

1. The GCC countries are Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.

2. Annual ASDA'A BCW Arab Youth Survey, 12th edition (https://www.arabyouthsurvey.com/findings.html).

3. Public spending on social welfare varies in the GCC region: 21.5% of total public spending in Qatar; 32.2% in Bahrain; 35.39% in Kuwait; 37.6% in the UAE; 40% in Oman; and 47% in Saudi Arabia; UAE Federal Budget 2020 (https://tinyurl.com/y995tnlo); Saudi Arabia budget statement 2019; Oman budget 2020 key highlights (https://tinyurl.com/yckhexoy); Kuwait general budget for the years 2018/2019 (https://www.mof.gov.kw/MofBudget/PDF/BudgetEng19-18.pdf); Bahrain Ministry of finance and national economy - Total State Revenue & Expenditure for the Fiscal Years 2019 & 2020 (https://tinyurl.com/3efo2kst).

4. Percentage of nationals employed by the public sector varies in the GCC region: 84.2% in Kuwait; 81.1% in Qatar; 78.6% in UAE; 45% in Oman; 44.7% in Saudi Arabia; 34% in Bahrain; as per labor force surveys of respective countries.

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