Social Impact Bond Switzerland

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INVETHOS
Short history of the SIB in Switzerland

- **Idea and approach**
  The idea was to create a public-private partnership with the private sector as the initiator. Therefore the project was launched by Focus Berne - an association of entrepreneurs in the Canton of Berne.

  The first idea was to have a different target group and a different approach.

- **Obstacles**
  - Benchmark data are scarce
  - The proposed equity – premium model was not well perceived
  - The introduction of target success rates were perceived as criticism by the social institutions
  - The idea of measurement was perceived as “introducing capitalism” into the social world
  - Finding investors was not easy

- **Compromise**
  As a consequence a lot of compromises had to be made, for ex. on target group, levels of possible gains, levels of bonus and malus of the organization, comparison group.
Structure SIB Canton of Berne

Private investors

Loan

State

Social Impact Bond AG

Performance-related loan contract

Service level agreement with financial bonus and malus

Service provider

Evaluation Reporting

Target group

Reporting & support

Scientific advisory board

Evaluation committee

Evaluation Reporting
Implementation SIB Canton of Berne

- **Target group**
The target groups of the SIB at hand are temporarily admitted immigrants and refugees in the canton of Berne.

- **Goals**
Sustainable, long term integration into the labor market, triggering social inclusion of immigrants in the Canton of Berne. Criteria for measurement were defined as follows:
  
  - Minimum number of participants in the program
  - Employment on a permanent basis (with and without training surcharge)
  - Rate of termination of employment contracts
  - Completion of training/degree

- **Service provider**
The NGO Caritas has been mandated within the framework of a service level agreement to conduct a project on professional integration for five years. Caritas can draw on the funds of the SIB for the realization of the project.
Definition of goals and performance measurement

Relative goals
- Low employability
  - Medium employability
    - Lower target scores:
      - permanent employment (>50% - <= 50%)
      - termination
      - training surcharge/permanent employment
  - High employability
    - Higher target scores:
      - permanent employment (>50% - <= 50%)
      - termination
      - training surcharge/permanent employment

Benchmark-related goal achievement

Success rate

Absolute goals
- Secondary school education
- Number of trainings/degrees x compensation
Evaluation so far (after 6 month of running the program)

**Nationalities**
- AFG: 10%
- ERI: 4%
- IRN: 6%
- IRQ: 4%
- LKA: 2%
- RUS: 2%
- SL: 2%
- SOM: 2%
- SYR: 4%
- TIB: 10%
- TUR: 2%

**Male (m) / Female (f)**
- M: 70%
- W: 30%

**Language skills – medium employability**
- A2: 8%
- B1: 20%
- B2: 72%

**Language skills – high employability**
- A2: 10%
- B1: 60%
- B2: 30%
Weighted target rates

The weighted target rate dropped from 102% to 86% for mainly two reasons: drop in the number of assessments (due to holidays) and more difficulties to place people in the first labor market.

The education targets as a matter of fact will only be reflected after two or three years depending on the length of the education.

In the first eight months 50% of the participants were integrated in the labor market at market conditions. This quota is five times higher than the long term average in the Canton of Berne.
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