

## **The first Austrian social impact bond: Economic and social empowerment for women affected by violence**

What can be done to make projects aimed at overcoming social challenges more effective and efficient? A pilot project implemented by the Austrian Federal Ministry of Labor, Social Affairs, and Consumer Protection (Ministry of Social Affairs) in the state of Upper Austria aims to answer this very question. Launched in September 2015, it is the first project of its kind in Austria to be implemented as a social impact bond (SIB).

In its work program for 2013 to 2018, the Austrian Federal Government expressed its commitment to trying out innovative approaches in the area of social policy through the use of social impact bonds. The aim is for new initiatives and projects to be used to address current challenges, close potential gaps, and strengthen the sense of social solidarity within Austrian society.

A social impact bond is based on an agreement entered into with the public sector, which stipulates that a premium will only be paid if the predefined, objectively measurable goals of the project are achieved. Implementation is made possible through the support of upfront financiers, who only receive a predetermined target premium if the project is a success. This bonus is less than the savings and revenue generated by the public sector as a result of implementing the project.

Specialized organizations, such as charitable and non-profit associations, assume responsibility for operational implementation. An auditing firm conducts a neutral evaluation to determine whether the goals have been successfully achieved. The project is also subjected to an additional process evaluation by a research institution.

The pilot project "Economic and social empowerment for women affected by violence" ("Ökonomisches und soziales Empowerment von gewaltbetroffenen Frauen") was initiated by the Austrian Federal Ministry of Labor, Social Affairs, and Consumer Protection and Juvat gemeinnützige Gesellschaft mbH (a non-profit subsidiary of Benckiser Stiftung Zukunft) in cooperation with the state of Upper Austria and the Austrian Federal Ministry of Education and Women's Affairs.

## **The issue: Poverty and marginalization of women affected by violence**

One in every five women in Austria is affected by domestic violence. Every year, approximately 1,700 women and 1,600 affected children receive assistance from women's shelters, around 15,000 women and girls are supported by Austria's Domestic Abuse Intervention Centers, and over 16,000 children are witnesses of domestic violence. Women affected by violence are disadvantaged in their careers and public lives, thus making them financially and socially dependent on their partners.

- Around 2/3 of victims are unemployed when they seek refuge in women's shelters and only have access to child support, unemployment assistance, needs-based minimum benefits, or earn no income whatsoever,
- 10 percent lose their jobs as a result of leaving their abuser or staying at a women's shelter,
- over 40 percent have either not completed their schooling, have dropped out of an apprenticeship program, or have only completed their compulsory schooling,
- around 1/4 return to the abusive situation mainly because they are financially dependent on the abuser,
- around 20 percent seek protection in a women's shelter two or more times.

Domestic violence has a direct and indirect impact on the victims' children:

- Around 1/3 of the children are victims of violence themselves,
- 2/3 of the children are described by their mothers as being affected as well, and
- experiencing domestic violence leads to a higher risk of poverty and marginalization, which means that the cycle of violence is likely to continue in the next generation.

Financial and social dependency and marginalization, insufficient job experience and skills, low educational qualifications, and a lack of childcare as well as support and counseling services for affected children all make it difficult for abused women to enter or return to the workforce and thus permanently get out of abusive relationships. Victims of domestic violence also tend to take more sick days and be absent from work more often due to abuse-related injuries and traumatization, which in turn puts them at greater risk of losing their jobs.

It is estimated that violence against women costs around 80 million euros per year, a figure that includes costs for healthcare, the justice system, police, days missed from work, unemployment, and social welfare benefits.

- WORK (due to days missed from work and unemployment): 8.25 million euros per year
- WELFARE BENEFITS for victims of domestic violence: 2.13 million euros per year
- HEALTHCARE: 14 million euros per year

## **Objective: Economic and social empowerment for women affected by violence**

The objective of the pilot project is to offer women affected by violence financial independence by placing them in long-term jobs that will allow them to earn a living on the primary labor market as well as to secure/develop existing jobs that pay a living wage so that the affected women will be able to permanently leave abusive situations.

### **CLOSE GAPS**

During the counseling and placement process, the appropriate type of support is determined on an individual basis by working closely with existing services and programs offered by the Austrian Public Employment Service (Arbeitsmarktservice – AMS) and women's organizations. Here it is not only important to offer women affected by violence holistic, individual counseling and assistance from multiple perspectives, but also to provide protection, housing and mobility, guarantee stable and supportive childcare, and ensure safe and sensible structures in the workplace.

### **COLLABORATING WITH COMPANIES**

Collaborating with companies should serve, on the one hand, to place women in jobs on the primary job market and, on the other hand, to secure and develop existing jobs to ensure that they pay a living wage. Deliberately collaborating with, consulting, and supporting companies should not only help victims of domestic violence to be hired in long-term positions, but also raise awareness about violence against women in the business community.

## **How does the Social Impact Bond pilot project work?**

The pilot project in Upper Austria is based on an agreement between Juvat gemeinnützige Gesellschaft mbH and the Austrian Federal Ministry of Labor, Social Affairs, and Consumer Protection, which stipulates that for the duration of the project (from September 2015 to August 2018) a defined number of women affected by violence will be placed in jobs that will allow them to earn a living – and that they will stay in these jobs for at least one year. The clearly formulated provisions regarding the goals to be achieved and the characteristics of the target group guarantee that the success of the project can be definitively measured.

Two factors are critical to the success of implementing a social impact bond: the public sector must make a clear, political declaration of intent and it must define a specific problem. The key performance indicators (KPIs) are directly derived from the defined content of the project and can be defined either in absolute figures or in terms of relative improvement.

It is crucial that the field of action and the financial framework be defined by the public sector and not by any other involved parties. This allows the Austrian Federal Ministry of Labor, Social Affairs, and Consumer Protection to retain control over its sovereign tasks, fine-tune them with clearly formulated objectives, and act in the interest of impact-driven administration.

## **Upfront financing provided by Austrian foundations, companies, and charitable organizations**

The upfront financing for the pilot project in Upper Austria is provided by

- the ERSTE Foundation (DIE ERSTE österreichische Spar-Casse Privatstiftung),
- the Scheuch Family Private Foundation (Familie Scheuch Privatstiftung) through a 100% subsidiary company,
- the HIL-Foundation,
- Schweighofer Privatstiftung Beteiligungsverwaltung GmbH, and
- Juvat gemeinnützige Gesellschaft mbH.

The upfront financiers are not only responsible for funding the social impact bond, but also assume the entire default risk: They will only receive the predetermined target premium if the defined KPIs are achieved. Financing is generally done by issuing loans that are repaid to the upfront financiers at a low interest rate of 1% p.a. if the predefined goals are met. Juvat gGmbH waives interest on the funding it provides.

## **Individual support for abused women**

The two project partners entrusted with the operational implementation of the social impact bond – the Center for Protection Against Violence Upper Austria (Gewaltschutzzentrum Oberösterreich) and the Women's Shelter Linz (Frauenhaus Linz) – cooperate with the AMS and suitable organizations at the local level to bring together target group-specific modules in the areas of support and assistance for abused women, education and training, career guidance, and job placement.

The participating women are given a safe environment in which to anticipate the obstacles they can expect to face as they look for a job that will pay a living wage. They can then become aware of these obstacles and gradually develop stable options for dealing with them. After going through intensive counseling, the women are ultimately placed in jobs that will allow them to earn a living and are also given ongoing follow-up support.

Since the upfront financiers assume the default risk, the project partners' work is reliably secured for the entire duration of the project. In any case, the program participants benefit from the services offered – even if the agreed goals are not achieved. Thanks to the secure financing and the unbureaucratic structure of the pilot project, the project partners can completely focus their energy on the content of their work. Moreover, the ability to enter into partnerships without restrictions boosts the effectiveness, efficiency, and lasting impact of the implemented measures.

### **A neutral, third-party evaluation is absolutely essential**

Since the public sector subsequently pays the agreed premium only if the predefined goals are met, the evaluation plays a pivotal role. The agreed target premium will only be paid to the financiers after success of the project has been determined in a neutral, third-party evaluation – in this case by the auditing firm Ernst & Young in Vienna. At the same time, an additional process evaluation conducted by the Competence Center for Nonprofit Organizations and Social Entrepreneurship at the Vienna University of Economics and Business, (NPO & SE Kompetenzzentrum, WU Wien) will provide important insight into the functional mechanisms, the potential, and the implementation of a social impact bond. The Institute of Conflict Research (Institut für Konfliktforschung) is also accompanying the project and evaluating the effectiveness of the measures defined for the project.

### **The intermediary is the contractual partner of the Ministry of Social Affairs**

As part of its social commitment, Juvat gemeinnützige Gesellschaft mbH assumes the role of intermediary within the social impact bond at no cost. It negotiated and concluded the contract with the Austrian Federal Ministry of Labor, Social Affairs, and Consumer Protection, brought upfront financiers on board, involved the project partners responsible for the operational implementation, and commissioned the evaluation by the auditing firm jointly selected with the Austrian Federal Ministry of Labor, Social Affairs, and Consumer Protection. As the official intermediary, Juvat gemeinnützige Gesellschaft mbH is managing the implementation of the pilot project in Upper Austria. In this regard, Juvat can rely on the experience and expertise it gained from the first social impact bond implemented in Continental Europe in 2013. This project, which Juvat also managed, was initiated in partnership with the Bavarian State Ministry of Labor, Social and Family Affairs, and Integration (Bayerisches Staatsministerium für Arbeit und Soziales, Familie und Integration, StMAS) and will be implemented in Augsburg/Bavaria by the end of 2015.

## Fact Sheet: The first Austrian social impact bond in Upper Austria

Partner Public Sector:	Austrian Federal Ministry of Labor, Social Affairs, and Consumer Protection (Bundesministerium für Arbeit, Soziales und Konsumentenschutz)
Intermediary:	Juvat gemeinnützige Gesellschaft mbH (Non-profit subsidiary of Benckiser Foundation Future)
Financiers:	ERSTE Foundation (ERSTE österreichische Spar-Casse Privatstiftung) Scheuch Family Private Foundation (Familie Scheuch Privatstiftung) through a 100% subsidiary company, HIL-Foundation Schweighofer Privatstiftung Beteiligungsverwaltung GmbH Juvat gemeinnützige Gesellschaft mbH
Project Partners (Upper Austria):	Center for Protection Against Violence Upper Austria (Gewaltschutzzentrum Oberösterreich) Women's Shelter Linz (Frauenhaus Linz)
Evaluator	Success Evaluator: Auditing Firm Ernst & Young (Wirtschaftsprüfungsgesellschaft m.b.H. Ernst & Young) Process Evaluator: Competence Center for Nonprofit Organizations and Social Entrepreneurship at the Vienna University of Economics and Business, (NPO & SE Kompetenzzentrum, WU Wien) Accompanying Evaluator: Institute of Conflict Research (Institut für Konfliktforschung)
Cooperation Partners:	Austrian Federal Ministry of Education and Women's Affairs (Bundesministerium für Bildung und Frauen) State of Upper Austria (Landesregierung Oberösterreich)
Target Group:	Women affected by violence in the state of Upper Austria who – have been in contact with a women's shelter or a Center for Protection Against Violence (Gewaltschutzzentrum) in Upper Austria within the last 24 months, – are legal residents of Austria, are of working age, and have valid work permits, – do not earn a living wage, or – are at risk of losing their jobs.
Predefined Targets:	During the term of the project, at least 75 women from the target group should be placed in – a job that is subject to social insurance contributions – that pays a living wage – for at least 20 hours per week – for at least 12 months during the term of the project.
Timeline:	09/2015 – 08/2018
Premium:	€ 804.688,- (amount corresponds to the funding provided including 1% p.a. interest on the loans)

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