

oikos Case Writing Competition 2017

Sustainable Finance Track

3rd Prize

Refugee Labor Market Integration – An Impact Investment Case Study

Marc Haßler,

(Maastricht University School of Business and Economics,
The Netherlands)

Free Online Copy

This is a free online copy. This work is licensed under the Creative Commons Attribution-NoDerivs 3.0 Unported License. To view a copy of this license, visit

<http://creativecommons.org/licenses/by-nd/3.0/> 

This case is accompanied by a teaching note, available to faculty only. Please send your request to freecase@oikosinternational.org. The authors are thankful for any feedback and suggestions to further develop this case to marc.hassler111@gmail.com.

Copyright © 2017 by the authors. This case was prepared as a basis for class discussion rather than to illustrate the effective or ineffective handling of an administrative situation.

oikos free case collection

<http://www.oikos-international.org/academic/case-collection/free-cases>



Join  today!

oikos is an international student-driven organization for sustainability in economics and management. Founded in 1987 in Switzerland, we today empower leaders to drive change towards sustainability worldwide.

Our programs embed environmental and social perspectives in faculties for economics and management. They comprise conferences, seminars, speeches, simulation games and other initiatives to transform teaching and research. They promote the integration of sustainability in curricula. And they provide platforms for learning, creating and sharing solutions.

The heart of our organization are our student members that turn ideas into action in currently more than 45 oikos chapters around the world. They are supported by a global community of oikos alumni, advisors, faculty, and partners, as well as an international team based in Switzerland.

Go to oikos.world to learn more about our projects.

If you are a student...

Go to oikos.world → “Find a chapter” to find an existing chapter at your university.

Go to www.oikos-international.org/about/people/members/start-a-chapter/ to start a new chapter at your university.

Go to www.oikos-international.org/about/join-our-team/ if you would like to apply for a position in our international team in Switzerland.

If you are a faculty member...

Contact faculty@oikos-international.org to find out how to participate in oikos projects.

Abstract

The dislocation of millions of people in various conflict zones of the Middle East and Africa is one of the greatest humanitarian catastrophes of our time. Given the complexity of the issue, various ways of solving the associated challenges have been implemented; reaching from emergency camps in conflict zones to innovative integration services in host countries. With overloaded government processes and too little funding, it is of utmost importance to fund and scale up effective integration services. Successful integration depends to a large extent on promoting the required abilities to build a self-sustained life. As such, labor market integration of refugees becomes of crucial importance first and foremost for themselves, yet successful integration also bears major upsides for the broader society.

One example of a successful integration service is SchlaU Schule, located in Munich, Germany. By providing young refugees with an education that is acknowledged on the German labor market, young refugees can integrate faster and build self-sustained lives through the improved facilitation of labor market integration. Today, organizations like SchlaU Schule often lack funding to operationalize and scale up their services. Hence, identifying successful services that generate social impact and implementing smart ways to allocate funding to those organizations, while generating financial returns, are urgent issues to be solved.

Students tackling this case will work at the intersection of social impact and financial return. Students are encouraged to design an impact investment case targeting refugee labor market integration that not only creates social impact, but also financial return for investors. Thus, entrepreneurial thinking is combined with rigorous financial modelling to align both financial and social returns in a meaningful way. The goal of the case is to allow students to think entrepreneurially, conceptualize financially viable and socially meaningful solutions, and identify ways to implement these in the real world.

Disclaimer: All parties involved in this case study – except Impact Investment Associates (IIA) AG and Mr. Gregg Sutton – are existing, real world entities.
--

Case

Table of Contents

1. Introduction	5
2. Impact Investment Associates AG	5
3. International Development	7
4. Germany	8
5. SchlaU Schule	9
6. Risks	11
7. Structuring a proposal	11
8. Exhibits.....	13
8.1. Exhibit 1 – Core Mechanisms of a SIB	13
8.2. Exhibit 2 – Creating a SIB Business Case.....	14
8.3. Exhibit 3 – Savings Generation in a SIB	15
8.4. Exhibit 4 – Asylum Application across the EU.....	16
8.5. Exhibit 5 – Fiscal Cost of Asylum Seekers	17
8.6. Exhibit 6 – Impact of Refugee Inflows	18
8.7. Exhibit 7 – Foreign-born vs. Native-born Unemployment Rates.....	18
8.8. Exhibit 8 – Top Ten Refugee Countries of Origin, Germany January 2016.....	19
8.9. Exhibit 9 – Employment Rate of Immigrants over Time, by Status	19
8.10. Exhibit 10 – Effect of forced Migration to Germany	20
8.11. Exhibit 11 – SchlaU Schule Operating Figures.....	20
9. Bibliography	21

1. Introduction

In 2015, the attention of financial advisors working for Impact Investment Associates (IIA) AG, a Germany based investment management firm focusing on social and environmental impact investing, was drawn to the extensive refugee migrations from Africa and the Middle East toward European host countries. With over 1mn sea arrivals of refugees fleeing war, violence, and persecution in their countries of origin, this was a pressing issues on a global level (UNHCR, 2016). While the migrations were overwhelmingly described as a “refugee crisis”, IIA perceived it as an opportunity to develop an investment project enabling interested investors to fund the labor market integration of refugees in Europe. In line with IIA’s investment philosophy, such an investment would have to include a blended value proposition, i.e. it has to create both financial and social returns (Emerson, 2003).

In the beginning of 2016, IIA’s analysts concluded that a Pay-for-Success (PfS) model in the form of a Social Impact Bond (SIB) pilot project had the potential to turn into a great success for all stakeholders involved, incl. refugees, investors, service providers, and governments. Having identified a potential investment target in form of SchlaU Schule, an educational organization providing essential education and integration services to young refugees in Munich, Germany, Mr. Gregg Sutton, Chief Impact Officer at IIA, knew that creating a solid investment case was a challenge due to the highly political nature of the topic and the involvement of various stakeholders. It was essential to align the interests of all stakeholders, while providing reliable impact measurements, a solid financial structure, and scale of the investment.

2. Impact Investment Associates AG

IIA has been engaged in numerous international impact investment projects including both social and environmental projects ranging from renewable energy and resource efficiency to imprisonment, health care, and unemployment. The underlying philosophy for each of IIA’s investments has been a blended value proposition; financial return had to go hand-in-hand with positive social and/or environmental impact. To assure this alignment, IIA has developed a rigorous culture of accountability and measuring of social and environmental value, guided by various frameworks such as the seven principles of social value by the network organization Social Value UK (2017). With well over €2bn in assets under management, IIA has not only invested in established projects, but was also willing to invest in higher risk pilot projects with scaling potential once proven successful. To be deemed as having sufficient scaling potential, an IIA project has to manifest an investment opportunity of at least €25mn within a 10-year time horizon. By taking a long term investment approach combined with the willingness to fund smaller scale pilot projects with high impact potential, IIA was able to fund innovative projects with large impact in the long run. Many of these innovative solutions have been financed via so-called Pay-

for-Success (PfS) contracts in the form of Social Impact Bonds (SIBs) (Exhibit 1). At their core, SIBs enable investors to provide up-front capital to social service providers. The provided services improve a social problem which, in turn, creates savings for the government. Based on the success of the outcomes, investors receive a share of the generated savings yielding a return on investment. IIA's methodology to identify SIB investment opportunities has been aligned with the process of Social Finance, the organization spearheading the global spread of SIBs. Exhibits 2 and 3 display the key processes for the creation of a successful SIB business case and the underlying logic of savings generation through preventative services, respectively.

Generally, the process of a SIB roughly follows seven steps. First, an intermediary organization agrees on a PfS contract with the government based on the improvement of a certain social outcome (for example a reduced number of children in care, lower recidivism, less unemployment). Second, the intermediary raises funding from investors. This intermediary role is usually taken by a third-party organization administrating the collaboration. Third, the funding is given to the social service providers who use it to operationalize their service(s). Hence, the services are financed up-front by investors. Fourth, these services aim at delivering the predetermined social outcome. Fifth, a third-party evaluator measures the impact of the service. Sixth, assuming successful intervention and reduced government cost, the government pays the intermediary based on the predetermined contract. Seventh, the intermediary repays the principal investment with interest to the investors. It is important to note that the government must repay the investors only if the targeted social outcome improves sufficiently and government savings occur. While the pay-off from an investor's perspective increases with the betterment of social issues, the investors might – depending on the contract design – also lose their entire investment if no measurable improvement is created. Yet, in some cases (for example the SIB on Rikers Island, NY) the principal investment might be partially covered by a socially driven third-party investor (MDRC, 2016). As of March 2017, there have been 74 SIBs launched worldwide, with more than \$278m in raised capital. Their global regions stretch from the US and Europe to Israel, Australia, and South Korea covering workforce development, housing and homelessness, child and family welfare, and various other issues. A database including individual SIB descriptions and regional and topical distributions can be accessed on Social Finance UK's website (Social Finance, 2017).

While IIA has had an overall successful trajectory of SIB implementations, critics of SIBs as a social funding tool are wary of their potential downsides. First, SIBs are multi-stakeholder vehicles targeted to include actors from all three sectors (public, private, and non-profit). Bringing together and coordinating all actors can be a logistical challenge, that might result in extensive administrative costs (Barajas et al., 2014). This also entails a costly and long development process, which is partially a reflection of the nascent state of the SIB market (Griffiths & Meinicke, 2014). Second, the outcome measurement of SIBs can be a challenge not only because of the practical issues of measuring itself, but

also because an inappropriate outcome metric might not actually lead to the wanted impact and cause service providers to have perverse incentives. Third, identifying the savings that occur as a result of the financed intervention can be problematic (Fox & Albertson, 2012). Savings through improved outcomes in one sector might lead to increased costs for another government service. Outcomes might not be causally linked to the intervention but rather due to macro-economic effects, and there is no guarantee that they will produce long term effects. While these uncertainties can, to some extent, be countered by using services that have a sufficiently big evidence base, the question to which extent the application of already known services leads to social innovation remains (Sinclair, McHugh, Huckfield, Roy, & Donaldson, 2014).

To evaluate whether the SIB as a financial tool can be applied to refugee labor market integration in European host countries, IIA had to examine the circumstances on three levels. First, on the macro level, this includes international developments, flows of migration, countries of origin, unemployment rates in European countries, and alike. Second, on the meso level, country specific policies are important. Depending on the extent of paid social welfare benefits, some host countries have a higher financial gain from improved social outcomes than others. This, in turn, increases the feasibility of the investment case. Lastly, on the micro level, SchlaU Schule had to be examined in regards to its current size, cost structure, historic growth and future potential thereof. Combining the findings from all three levels, IIA will be able to identify whether a successful SIB case satisfying all stakeholders appears viable.

3. International Development

The migration process of refugees is complex and multifaceted. First and foremost, the current situation is a “humanitarian catastrophe with important ramifications across many countries in the Middle East, Europe, and beyond” (Aiyar et al., 2016). The amount of global refugees increased to 14.4mn in 2014, a 25% increase compared to 2013 – mainly due to the civil war in Syria and other Middle Eastern countries. This led to a surge in asylum applications across European countries, particularly in Germany, Hungary, and Sweden, reaching a total amount of close to 1mn first-time asylum applications (Aiyar et al., 2016). Exhibit 4 displays an overview of first-time asylum applications across EU countries.

This development has several effects on host countries, both in the short term and in the long term. In the short term, it manifests ample fiscal costs for host countries in the form of food, shelter, health care and administration. Due to the differences in concentration of refugees across European host countries, the relative fiscal expenses differ substantially. Exhibit 5 compares fiscal short term spending as a percentage of GDP across European countries. In the medium and long term, the labor market integration of refugees in host countries can have significant economic impacts leading to differences in GDP growth with estimations ranging from 0.5% up to 1.1% (Aiyar et al., 2016). Exhibit 6 compares

a slow labor market integration scenario to the baseline scenario. When examining labor market integration across European countries it becomes apparent that in the vast majority of countries the foreign-born unemployment rate is substantially higher than the rate of the native-born population (Exhibit 7). Hence, improved labor market integration might not only carry medium to long term benefits for governments and current migrants, but also for prior migrants.

In addition to employment statistics, the demographics of refugees are crucial to identify intervention opportunities. The three main countries of origin in 2015 are Syria, Afghanistan, and Iraq; each of them showing a strong increase compared to 2014. The same is the case for refugees from Iran and Lebanon. In regards to positive decisions on asylum applications, Syria, Eritrea, and Iraq have received the highest shares; 98%, 93%, and 80%, respectively (Eurostat, 2016).

4. Germany

Since Germany was one of the main destination countries of refugees in 2015, IIA decided to initially focus on a German solution. In 2015 alone, the country received 441.899 first-time asylum applications. Compared to 173.072 in 2014, this increase represents more than 2.5 times the previous year's amount. Another 50.532 first-time applications were filed in January 2016 alone, half of which were Syrian (Exhibit 8) (BAMF, 2016). The Center for Economic Studies estimated the immediate expenses¹ for Germany due to the incoming refugees to be around €21.1bn in 2015 (Felbermayr, 2015). IIA was convinced that depending on how the influx of refugees is incorporated into the German society, this present liability could turn into an asset faster than expected.

By improving refugee labor market integration, IIA expects to tackle three well-known problems of the German and some other European economies; namely (i) the shortage of skilled labor, (ii) high government expenditures concerning board and lodging of refugees, and (iii) the rather unsuccessful existing integration process. First, Germany currently has about 326.000 vacancies in small and medium sized enterprises (SMEs), which is estimated to cause €45.9bn in sales losses (Englisch, 2016). Second, on top of the estimated €21.1bn costs in 2015, another €17bn and €23bn for board and lodging alone are estimated in 2016 and 2017, respectively (Hentze & Schäfer, 2016). Third, while asylum seekers are technically allowed to work after having stayed in Germany for three months, only 8% of refugees of working age find a job during their first year of arrival. Over the next 10 years, this number increases to about 60% and stagnates at around 70% after 15 years of living in Germany (Exhibit 9) (Brücker, Hauptmann, & Vallizadeh, 2015). The slow integration into the labor market is expected to increase the amount of people that are able to work and entitled to benefits in Germany by 388.000 to a total of

¹ incl. accommodation, food, nurseries, schools, German courses, training and administration

429.000 in 2016 (Exhibit 10). Various small to medium scale integration and placement projects in collaboration with employers are currently conducted across Germany, yet the lack of human and financial capital is still prevailing. This includes a demand for additional 3500 members of staff and additional projected spending of at least €855mn within the Federal German Employment Agency (“Bundesagentur für Arbeit”) alone (Buchwald, 2015).

On top of these expenses, the German government faces increased social benefits payments. According to the Asylum Seekers Benefits Act², asylum seekers that have stayed in Germany for more than 15 months are eligible to receive the same amount of social welfare benefits as German natives. These social welfare benefits amount to approximately €390 per month per person, which does not yet include housing and health care benefits. Depending on the individual case, payments might change slightly, for example in case the person lives with a partner or has children. Considering that around 90% of refugees will be unemployed after having stayed in Germany for 15 months, the government does not only have an interest in improved labor market integration from a social perspective, but also from a financial one. While improved labor market integration has the potential to exert drastic direct impact in the form of cost savings, there are also longer term, indirect outcome improvement effects associated with better integration that might be less measurable, yet fully acknowledged. These include increased GDP growth, higher tax income, and better social cohesion of society with all its upsides in the form of, for example, reduced crime rates and enhanced innovation. The distinction between direct and indirect effects – and the measurability and quantifiability thereof – displayed a key challenge for IIA. Further, Mr. Sutton knew that the question of causality would have to be addressed. A good measurement metric has to be able to clearly show that the measured impact was caused by the funded intervention, rather than by external factors.

5. SchlaU Schule

Searching for organizations that successfully tackle refugee (labor market) integration, IIA used platforms like the European Commission’s Social Innovation Competition (European Commission, 2016) to obtain an overview of what is currently being developed and which interventions could be funded. Ultimately, IIA identified SchlaU Schule as a potentially great candidate. In 2000, SchlaU Schule was founded in Munich, Germany, with the mission to establish educational services for young refugees analogously to public schools. Its goal is not only to enhance language, math and other important subject-specific skills of the students, but also to help students create orderly everyday life routines to facilitate a successful integration into the labor market. Therefore, SchlaU Schule does not only encourage key qualifications in students’ subject-specific performances, but also the compliance

² German: “Asylbewerberleistungsgesetz”

with general school rules like punctuality, physical presence, homework, and social behavior. Since many of the students are traumatized by the experience of war and/or violence during their journeys, SchlaU Schule uses a holistic approach to education. This approach far exceeds the transmission of solely school-specific knowledge to diminish the negative consequences of the students' past, and hence improves life and integration conditions.

The target group of SchlaU Schule are young refugees who came to Germany – often without parents. In line with the German vocational school legislation, the students are roughly between 16 and 25 years old, with the current average being 19 years. Throughout their approximately 2-3 years at SchlaU Schule, students engage in internships on a regular basis, which allows them to gain their first work life experiences and improves their chances of finding an apprenticeship following their time at SchlaU Schule. Even during interview periods, the students receive advice and support from SchlaU Schule, which led to a yearly placement rate of about 90%. After having successfully obtained an apprenticeship position, students have the possibility to come back to SchlaU Schule for individual support, since they are now required to study with native speakers and read technical books in German. For this, SchlaU Schule started the “SchlaUzubi” program in 2005. Through close collaboration with companies and individual support of apprentices, it becomes easier for the students to successfully complete their apprenticeships and start to work full-time in the designated organizations.

Over the last 15 years, SchlaU Schule has successfully taught 1800 individual students in this manner. Since 2005, the passing rate of students taking the public Secondary Education exam³ has been 100% or in some cases close to 100%. Exhibit 11 displays the amount of teachers, students, and other key indicators of SchlaU Schule from 2005 to 2014. To cover the costs of its services, SchlaU Schule has been relying on donations and government support. The former covering most costs associated with the students, the latter covering the teachers' salaries, since these would have to be paid by the government anyway once the students are granted asylum and enter the public education system. Apart from teachers' salary, the cost per student amounts to roughly 5300€ per year. These are comprised of 2900€ of staff expenses (e.g. SchlaUzubi program), 1200€ for rent and administrative costs, 750€ for teaching materials and school trips, and 450€ for add-on costs in form of, for example, school furniture and advanced training of teachers.

Having reached out to SchlaU Schule, IIA found that SchlaU Schule is not interested in increasing their capacity at their currently only institution in Munich, but would rather like to teach other institutions how to implement the “SchlaU System”. For this, a sub-department called “Zukunftswerkstatt”⁴ was brought to life. The goal of this sub-department is to work as a multiplier and spread the SchlaU Schule

³ German: Hauptschulabschluss

⁴ English: “Future factory”

system to additional educational institutions across Germany and provide technical assistance. IIA deemed this approach as highly interesting, since this can help to create the much needed investment scale for the SIB project.

6. Risks

There are many unknowns to such an investment given the novelty of the refugee crisis. On a macro level, there are many social, political, and economic risks that could harm the investment project. Many countries have taken unilateral measures on how to handle the influx of refugees. Without a common European integration policy, the process stays messy and highly heterogeneous among European countries. Furthermore, the future influx of refugees is difficult to anticipate. With war being the root cause, reliable predictions are hardly possible. Therefore, it is particularly important for IIA to identify how many refugees need to be taught in an institution similar to SchlaU Schule to obtain the minimum investment scale.

On a meso level, issues with the scalability of the SchlaU system might occur. Without enough institutions that can handle a sufficient amount of students, IIA will not be able to reach its minimum investment threshold to justify an investment. Given the heterogeneous international developments, multiplying the service across countries might be more difficult than expected.

On a micro level, IIA identified a couple of key risk factors for SchlaU Schule. While SchlaU Schule was undoubtedly successful with their program so far, there is little available data to build reliable models. Due to its rather young age, only estimates exist on key topics such as how many students drop out of their apprenticeships over time. The only piece of information known by SchlaU Schule is that the dropout rate is “very low”. Since a SIB would be based on the generated government savings, such a dropout rate is crucial. The counterpart to the dropout rate is the placement rate, i.e. how many of the students passing the exam enter an apprenticeship. With an estimated 90% placement rate, there is little room for improvement, yet a major potential downside, if the placement rate drops. In addition to these two risks other unexpected costs that have to be addressed might occur, such as increased per student expenditures.

7. Structuring a proposal

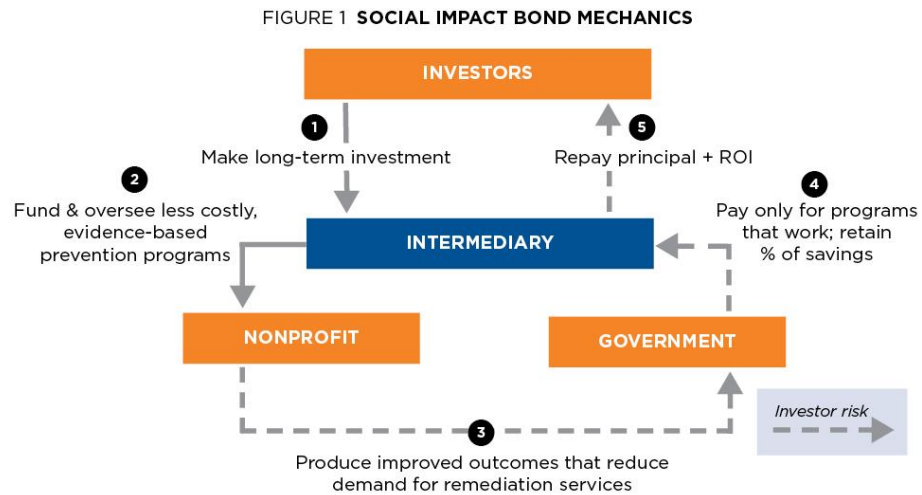
To create an investment case proposal that entails both financial and social returns, Mr. Sutton and his team had to design a case that aligns the interests of all stakeholders, including the government, the refugees, the service provider, and the investors. The government’s interest was two-fold. Not only was it clear that tax payers’ money could be spent more effectively, but also efficiency could be increased

by providing more and better integration services at lower cost. The refugees should receive additional and improved services on top of state-provided services. Hence, no legally established option is to be taken away from them, but the project should rather provide additional services for refugees. The service provider in the form of SchlaU Schule or similar had to receive sufficient and timely funding to provide the same type and quality of services as at its current location. Finally, investors had to be identified and convinced of both the financial potential of the case and of the created social return. This stakeholder group is of particular interest, as a SIB transfers the financial risk of innovation away from the government and onto the investors – but are they willing to take that risk? Hence, such a proposal was to include all necessary cornerstones in the form of Net Present Value, (annualized) return of investment, size and time horizon of the investment, number of participants, and cash flow structures. A crucial factor was to be placed on the final outcome measurement. Would one metric suffice or should there be a group of quantitative and qualitative measurements? Can they be measured reliably? Mr. Sutton and his team were aware that given the high perceived risk of such an investment, they had to be rigorous in their analyses and provide additional sensitivity analyses under various scenarios.

While SchlaU Schule appeared to be a promising service provider, IIA was convinced that other interventions could also be supported through such a project, maybe even in combination with SchlaU Schule. While combining various types of integration services could provide a better, more holistic approach to integration, such additions also carry complexity in terms of service integration and impact measurement. In order to bring investors on board, Mr. Sutton had to provide a clear proposal of the added value created by any additional services and the measurement of their outcomes.

8. Exhibits

8.1. Exhibit 1 – Core Mechanisms of a SIB



5

⁵ (Hartley, 2014)

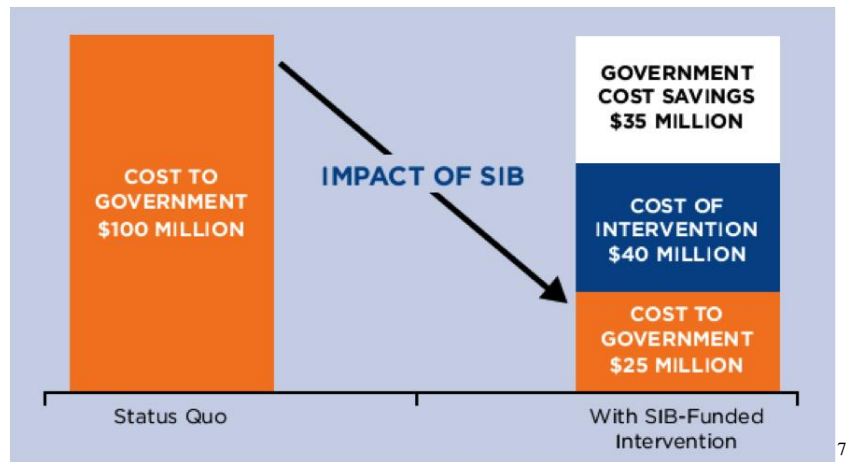
8.2. Exhibit 2 – Creating a SIB Business Case

Activity	Key Questions
Understanding needs	<ul style="list-style-type: none"> What is the nature of the social problem and how does it affect people on a day-to-day level? What are the barriers to achieving better outcomes? Which target population could benefit from prevention?
Understand current costs	<ul style="list-style-type: none"> What is the cost profile over time of the current problem? Which commissioners' budgets bear these costs? What is the service use of members of the target population?
Assess Interventions	<ul style="list-style-type: none"> What interventions are able to improve outcomes for the target population? What is the evidence base for these interventions? What is their theory of change - how do they work? How do they fit with existing services - do they address a gap?
Value and measure outcomes	<ul style="list-style-type: none"> Does the new programme pay for itself through future savings? If so, how likely are those savings and when do they occur? Are the social outcomes sufficient to justify the business case on non-financial terms? What factors affect the amount and timing of future cost savings?
Business case for prevention	<ul style="list-style-type: none"> Business case for new preventative services with anticipated costs and benefits over the life of the service and understanding of the risks involved

6

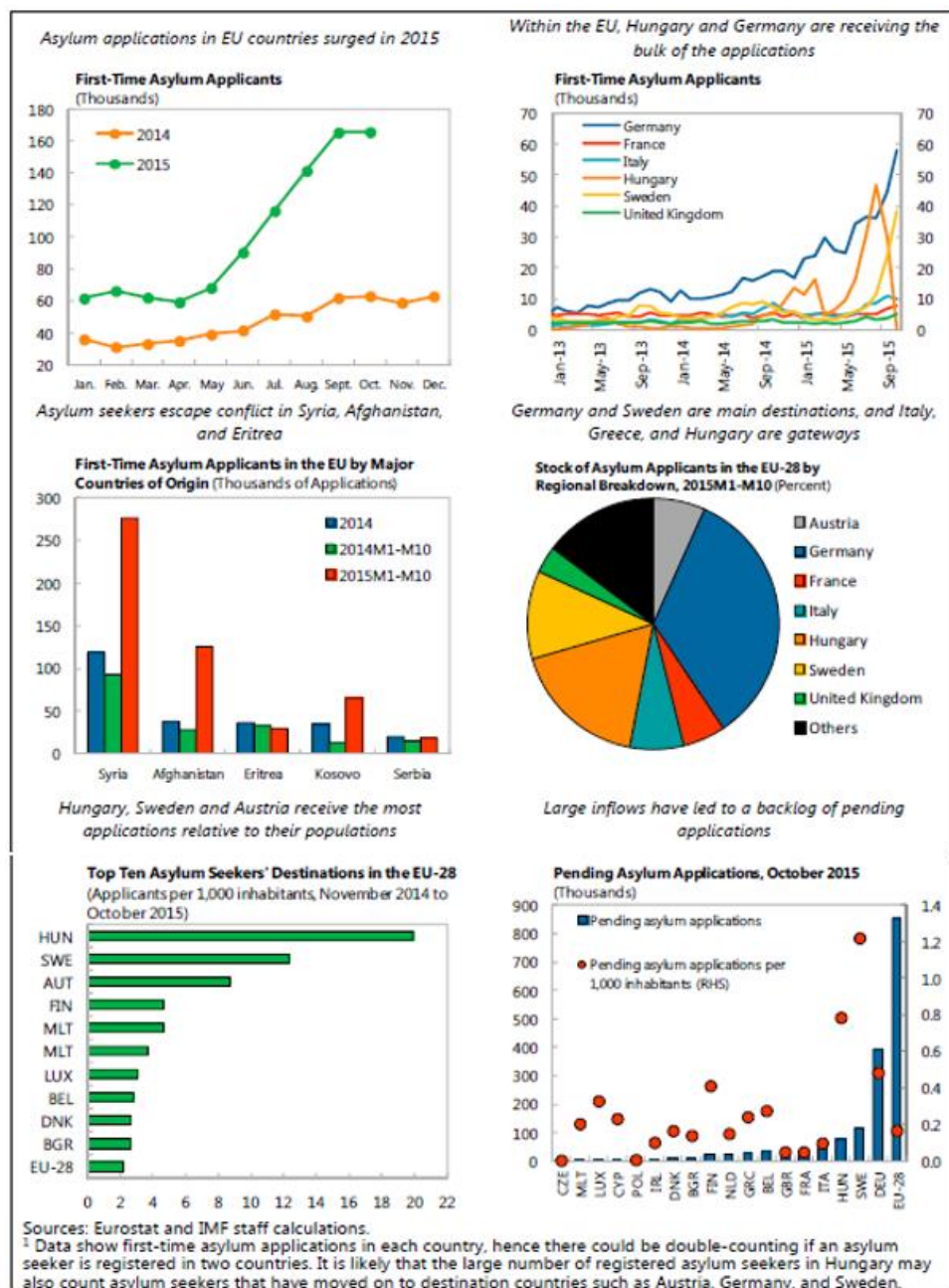
⁶ (Hoare, 2014)

8.3. Exhibit 3 – Savings Generation in a SIB



⁷ (Hartley, 2014)

8.4. Exhibit 4 – Asylum Application across the EU

⁸ (Aiyar et al., 2016)

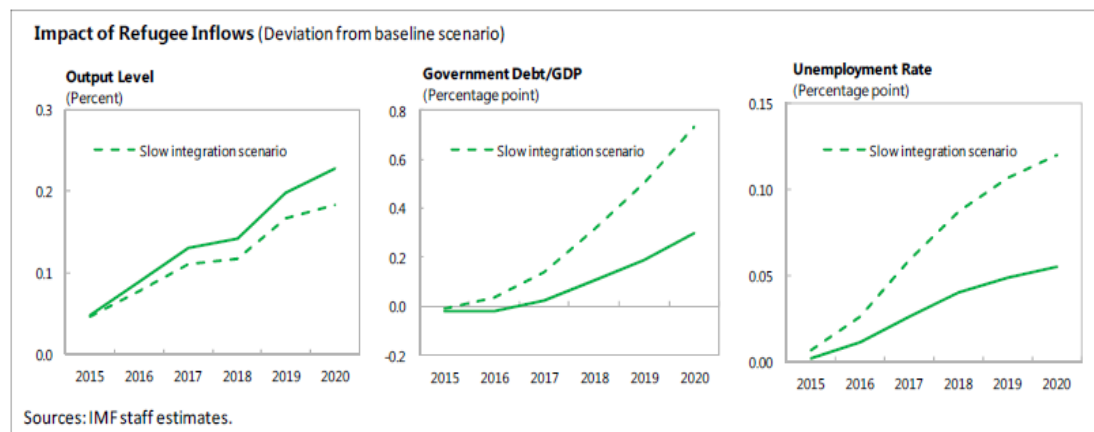
8.5. Exhibit 5 – Fiscal Cost of Asylum Seekers

Fiscal Cost of Asylum Seekers, 2014-16¹ (Percent of GDP)			
	2014	2015	2016
Austria	0.08	0.16	0.31
Belgium	0.07	0.09	0.11
Croatia	0.002	0.09	0.11
Cyprus	0.003	0.012	0.012
Czech Rep.	0.0	0.0	0.02
Denmark	0.24	0.47	0.57
Finland	0.09	0.13	0.37
France	0.05	0.05	0.06
Germany	0.08	0.20	0.35
Greece	n.a.	0.17	n.a.
Hungary	0.0	0.1	0.0
Ireland	0.03	0.04	0.05
Italy	0.17	0.20	0.24
Luxembourg	0.05	0.09	0.09
Netherlands	0.10	0.18	0.23
Serbia	0.00	0.06	0.1
Spain	0.006	0.006	0.03
Sweden	0.3	0.5	1.0
U.K.	0.015	0.016	n.a.
Simple average	0.07	0.14	0.22
GDP-weighted average	0.08	0.13	0.19
Source: IMF staff estimates based on authorities' information and/or other sources.			
¹ Assumptions behind estimates vary across country. For example, assumptions about per head spending (both for staying applicants and for immigrants transiting to other destinations); length of stay of and benefits received by rejected applicants; and coverage of benefit-related spending (e.g., security and education) and local government costs.			

9

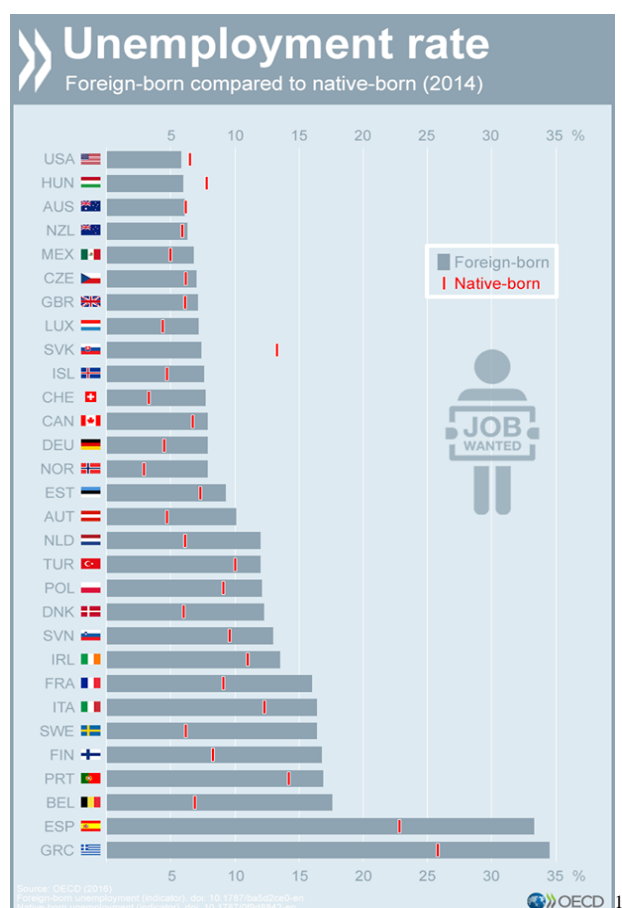
⁹ (Aiyar et al., 2016)

8.6. Exhibit 6 – Impact of Refugee Inflows

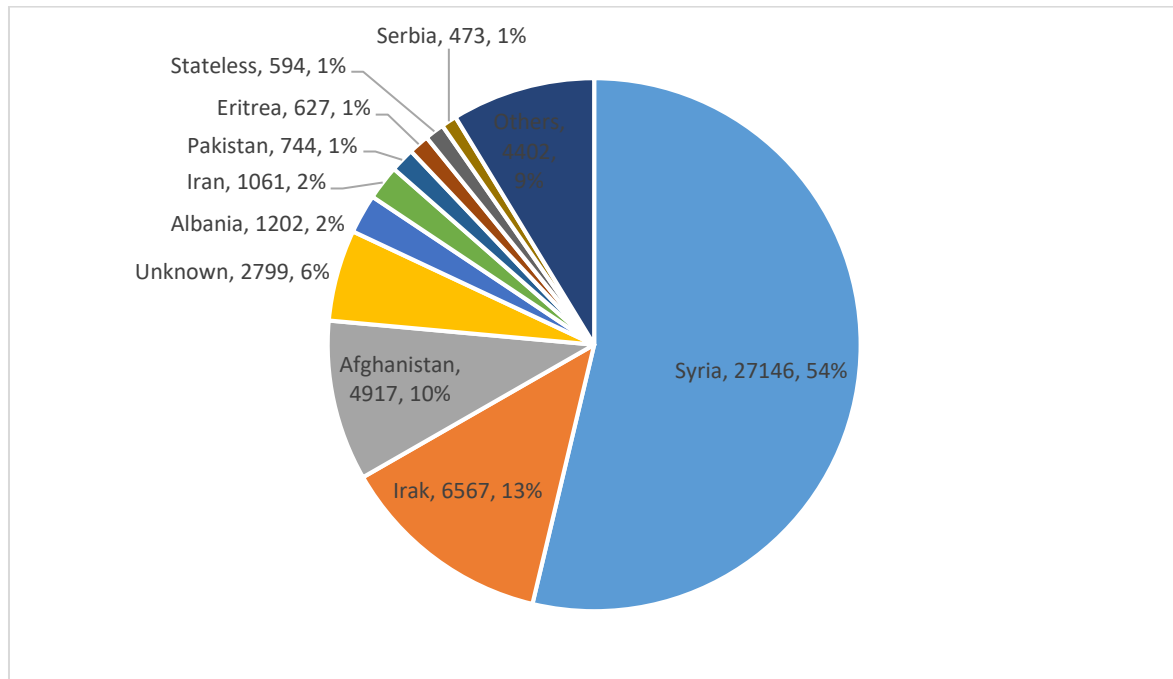


10

8.7. Exhibit 7 – Foreign-born vs. Native-born Unemployment Rates

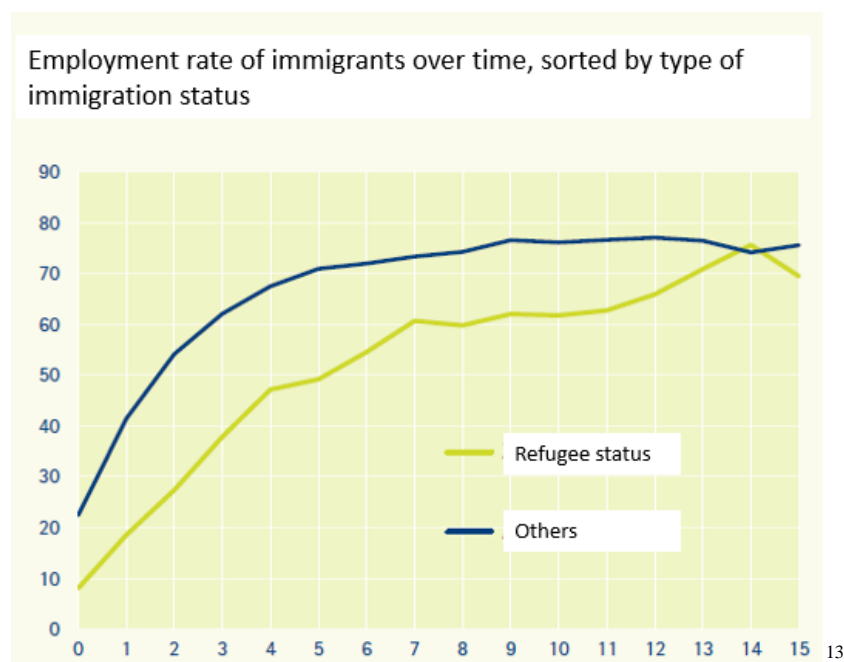
¹⁰ (Aiyar et al., 2016)¹¹ (OECD, 2014)

8.8. Exhibit 8 – Top Ten Refugee Countries of Origin, Germany January 2016



12

8.9. Exhibit 9 – Employment Rate of Immigrants over Time, by Status

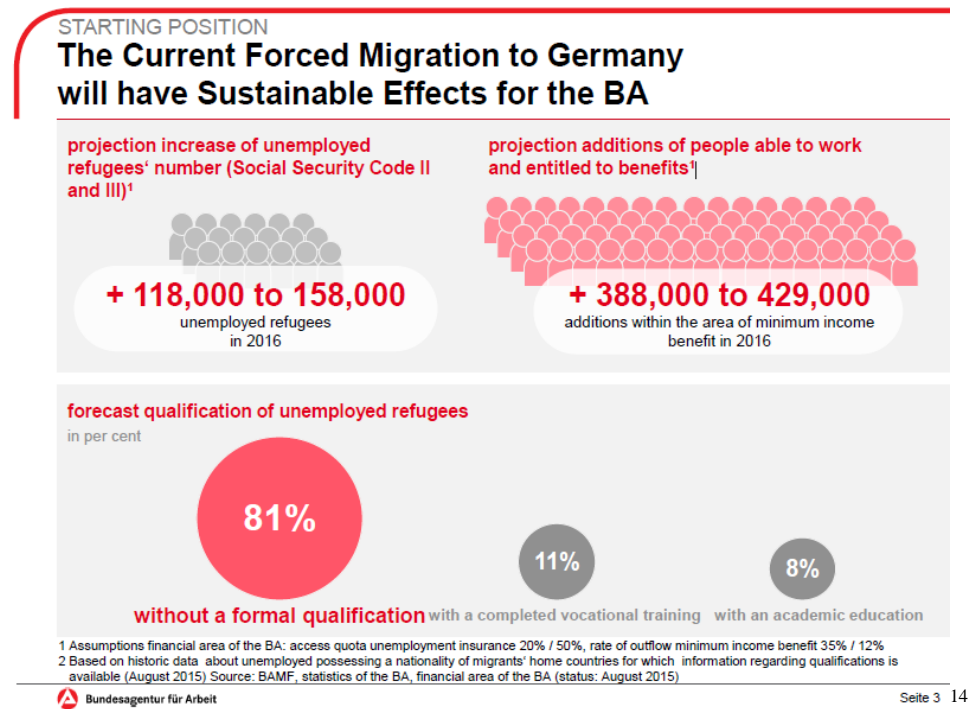


13

¹² (BAMF, 2016)

¹³ (Brücker et al., 2015)

8.10. Exhibit 10 – Effect of forced Migration to Germany



8.11. Exhibit 11 – SchlaU Schule Operating Figures

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Full-time teacher positions	4,8	4,8	4,3	5,3	8,4	9,4	7,1	15,2	15,2	20
Full-time social education worker positions	1	1,0	1,0	1,0	1,6	1,6	2,1	2,1	2,1	3,5
# of Students	80	80	80	120	140	136	145	200	200	225
# obtained degrees	17	22	25	34	30	38	46	58	57	69
% passing the exam	94%	100%	90%	100%	100%	100%	100%	100%	100%	97%

15

¹⁴ (Buchwald, 2015)

¹⁵ NB: Since the estimated time at SchlaU Schule is 2-3 years, not all students enrolled at SchlaU Schule take the exam in the same year.

9. Bibliography

- Aiyar, S., Barkbu, B., Batini, N., Berger, H., Detragiache, E., Dizioli, A., . . . Topalova, P. (2016). *The Refugee Surge in Europe: Economic Challenges*. Retrieved from <https://www.imf.org/external/pubs/cat/longres.aspx?sk=43609>
- BAMF. (2016). *Aktuelle Zahlen zu Asyl*. Retrieved from https://www.bamf.de/SharedDocs/Anlagen/DE/Downloads/Infothek/Statistik/Asyl/statistik-anlage-teil-4-aktuelle-zahlen-zu-asyl.pdf?__blob=publicationFile
- Barajas, A., Barajas, L., Burt, K., Toyon Harper, J., Johnson, P., Larsen, E., . . . Yeh, C. (2014). *Social Impact Bond: A New Tool for Social Financing*. Retrieved from <https://www.princeton.edu/sites/default/files/content/Social%20Impact%20Bonds%202014%20Final%20Report.pdf>
- Brücker, H., Hauptmann, A., & Vallizadeh, E. (2015). *Flüchtlinge und andere Migranten am deutschen Arbeitsmarkt: Der Stand im September 2015*. Retrieved from http://doku.iab.de/aktuell/2015/aktueller_bericht_1514.pdf
- Buchwald, D. (2015). *Refugees in Germany – Redefining Processes and Instruments of Labour Market Integration*. Retrieved from <http://www.eesc.europa.eu/?i=portal.en.events-and-activities-refugees-labour-integration-presentations.37291>
- Emerson, J. (2003). The blended value proposition: Integrating Social and Financial Returns. *California management review*, 45(4), 36.
- Englisch, P. (2016). *Mittelstandsbarometer Januar 2016*. Retrieved from
- European Commission. (2016). European Social Innovation Competition. Retrieved from <http://ec.europa.eu/growth/industry/innovation/policy/social/competition/>
- Eurostat. (2016). Asylum quarterly report. Retrieved from http://ec.europa.eu/eurostat/statistics-explained/index.php/Asylum_quarterly_report#Decisions_on_asylum_applications
- Felbermayr, G. (2015). Ifo Institute Increases Estimates of Refugee Costs to 21.1 Billion Euros for 2015 Alone. Retrieved from http://www.cesifo-group.de/ifoHome/presse/Pressemitteilungen/Pressemitteilungen-Archiv/2015/Q4/press_20151110_fluechtlinge.html
- Fox, C., & Albertson, K. (2012). Is payment by results the most efficient way to address the challenges faced by the criminal justice sector? *Probation Journal*, 59(4).
- Griffiths, A., & Meinicke, C. (2014). *Introduction to Social Impact Bonds and early intervention*. Retrieved from <http://www.eif.org.uk/wp-content/uploads/2014/04/Social-Investment-Report-final-for-publication-04-Apr.pdf>
- Hartley, J. (2014). Social Impact Bonds Are Going Mainstream. Retrieved from <http://www.forbes.com/sites/jonhartley/2014/09/15/social-impact-bonds-are-going-mainstream/#654a6f9517d5>
- Hentze, T., & Schäfer, H. (2016). Folgen für Arbeitsmarkt und Staatsfinanzen. Retrieved from <http://www.iwkoeln.de/infodienste/iw-kurzberichte/beitrag/fluechtlinge-folgen-fuer-arbeitsmarkt-und-staatsfinanzen-263939>
- Hoare, H. (2014). *Technical Guide: Building a Business Case for Prevention*. Retrieved from www.socialfinance.org.uk/wp-content/uploads/2014/07/BLF_Tech_Guideprevention.pdf
- MDRC. (2016). Key Partners in NYC's Social Impact Bond. Retrieved from <http://www.mdrc.org/key-partners-nycs-social-impact-bond>
- OECD. (2014). Migration Insights. Retrieved from <http://www.oecd.org/migration-insights/>
- Sinclair, S., McHugh, N., Huckfield, L., Roy, M. J., & Donaldson, C. (2014). Social Impact Bonds: Shifting the Boundaries of Citizenship. *Social Policy Review*.
- Social Finance (2017). Social Impact Bond Database. Retrieved from <http://www.socialfinance.org.uk/database/>
- Social Value UK (2017). The Seven Principles of Social Value. Retrieved from <http://www.socialvalueuk.org/>
- UNHCR. (2016). Refugees/Migrants Emergency Response - Mediterranean. Retrieved from <http://data.unhcr.org/mediterranean/regional.php>

