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An outcome base model: the APAC Portugal case.
A partnership with the Calouste Gulbenkian Foundation

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Abstract

Recidivism is one of social problems faced by Portugal due to offenders' failure to reintegrate into society upon release. APAC Portugal, with its Free Works Program presents to the Portuguese government a strong intervention to tackle this problem through employability.

Employment enables offenders to get financial stability and further prevent the risk of recidivism, moreover reintegration interventions in and out of prison, such as Free Works, are important to break the cycle of crime.

This feasibility study aims to evaluate if a Social Impact Bond, is the right approach to finance APAC Portugal's Free Works Program.

Keywords: Social Impact Bond; Feasibility Study; Recidivism; APAC Free Works Case

Foreword

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1. Introduction

Recidivism puts public safety at risk, as offenders that were previously convicted continue to commit crimes. Indeed, released offenders face many challenges to reintegrate in the community, and when there is no appropriate support, it is most likely that the problem remains the same.

Therefore, recidivism is a potential criminal justice system instrument to measure if the prison system is providing good reintegration programs. High rate of recidivism is a concern to Portugal, although there is no formal collected data on the national rate. However, it is estimated that Portugal is in the global average, with around 75% of convicts will be incarcerated again until 5 years after release (Inácio, 2019).

For offenders not to reoffend, they must overcome the barriers to return to society, the stigmatization for being convicted and increase the chance of becoming employed. As such, it is essential to provide convicts effective reintegration interventions in and out of prison.

APAC Portugal's Free Works program final aim is social inclusion, helping to reduce the rate of recidivism through employability, a cost-effective way of prevention. Though, as it is common on social innovations, they face funding challenges throughout value creation, frequently relying on grants.

Hence, a social impact bond (SIB) is an alternative response to this challenge. Particularly for a Free Works SIB, the entities involved would be: APAC Portugal as the service provider. The government, that is divided into two separate entities - EMPIS (*Estrutura de Missão Portugal Inovação social*), the public initiative that supervises Portugal Inovação Social's financing of social innovations; and DGRSP (*Direção Geral de Reinserção e Serviços*

Prisionais), the allocated agency for this area of intervention. And the third part of the contract are the investors, which are repaid after the outcomes are achieved.

The present report aims to determine whether a SIB is suitable to finance APAC's Free Works program for the current round of applications until the end of January 2020.

2. Methodology

This paper is a result of a Field Lab Work Project (FL), submitted for the conclusion of a Master of Science in Management at Nova School of Business and Economics. A FL consists of group work with a problem-solving format or research approach to an empirical question to be addressed - this specific Field Lab was created and developed through a collaboration between the Calouste Gulbenkian Foundation, alongside with Prof. António Miguel, director of MAZE and academic advisor of this paper. This opportunity was facilitated by Prof. Miguel Alves Martins.

The researchers are participants on the Gulbenkian's Placement Program – a grant program for Nova School of Business and Economics' Master students, aiming to promote the development of a Working Paper in collaboration with social organizations with a focus on outcome-based contract. This paper results of that collaboration, being its core purpose to assess the feasibility of using a Social Impact Bond (SIB) to fund an employment-based project to decrease the risk of recidivism – Free Works – implemented by APAC Portugal.

For that purpose, the paper adopted the following methodology: 1) a literature review of the topic 2) an overview of the social problem, 3) a description of the proposed intervention model, 4) a performance evaluation of the intervention model, 5) the application of a SIB to the intervention model, 6) a business case for its SIB applicability and scenarios.

Within the scope of the Gulbenkian Placement Program, five interactions took place at Gulbenkian office (September 10, September 17, September 21, October 15 and December 11), where Margarida Anselmo facilitated the second and fourth sessions about SIB details and Impact assessment, respectively. The other three sessions were moderated by Prof. António Miguel regarding the thesis structure, SIB intervention model and business case for a SIB. There was also a meeting with Margarida Anselmo, on December 3.

Furthermore, the researchers also interacted with APAC Portugal, partner of this project, on multiple occasions. In total of 3 formal meetings occurred, first meeting was focused on the scope of APAC's methodology and programs, specifically the Free Works project; and the remaining encounters aimed at discussing the budget and impact assessment of the project. The researchers also attended 3 of 4 volunteers' training sessions and the Prison Insights event, promoted by APAC, which was significant to better understand the importance of employability and prevention programs to counter recidivism. More details on the project development can be found in the chronogram in [Appendix 1].

3. Literature Review - Social Impact Bonds

A Social Impact Bond is defined by Bridges Fund Management as *“any arrangement made by an impact-driven provider to access off balance sheet financing in order to deliver a specific outcomes contract”* (Bridges Fund Management, 2016). These contracts have three key partners: the service provider, an outcome payer which is also known as commissioner (who is outsourcing a service and pay when agreed outcomes are achieved) and an investor (OECD, 2016). In a SIB the investor finances upfront a social intervention developed by the service provider and is then repaid by the commissioner if the predefined outcomes are achieved. Currently, there are 137 SIBs launched in the World (12 of which focused on

criminal justice), equalling to \$440 million of capital raised and 1,711,130 lives touched. In Portugal, 4 impact bonds were launched (none in criminal justice), 1.72 million euros of capital raised, and 61 people helped (Social Finance, 2019).

When compared to other outcome-based financing tools and public-private partnerships, SIBs have four main advantages: financing is provided upfront, instead of when results are attained; results tend to be related to outcomes, instead of outputs; focus on the delivery of human services rather than focusing on a physical infrastructure; and, finally, SIBs yield private sector rigor and performance management to push results (Gustafsson-Wright et al., 2015).

Although the generally positive narratives from both the public and private sector, there is also a cautionary narrative in what concerns SIBs and their potential effects, three points of this narrative will be further analysed due to the nature of this paper. The first critic is of ethical nature - are SIBs representing an extension of neoliberalism into public policy? For example, Lake (2016) argues for the destructive potential of SIBs in urban policy-making due to financialization - when macroeconomics and public policy-making become subordinated to the interests of the financial sector, existing solely to support, stabilize or expand the economy instead of meeting social needs (Lake, 2016).

The second issue of this financing tool is the relative weakness of the evidence base, due to the challenge of defining outcomes and estimating and measuring impact. This raises questions about how to correctly interpret and validate the impact of a SIB, and how to adequately attribute outcomes to the actions of providers and financiers (Fox and Albertsin, 2011). The last critic of SIBs is related to the problems resulting from calculating risk in SIB contracts. Just like with the evidence base, risk calculation is a challenge in the development of a SIB, due to its inherent complexity and only maximized by the fact it can be highly

context specific (Pauly and Swanson, 2013). Indeed, when evaluating a number of risk-cost scenarios in the Maryland SIB aimed at reducing recidivism, McKay (2013) concluded, in this setting, by using a SIB model, the government would increase operational risk, through higher transaction costs and contractual complexity (McKay, 2013).

Thus, the benefits and differentiating factors associated with SIBs must not lead to an overlook of these critics. Being the SIB market in itself still at the pilot phase (OECD, 2016), it is important that policymakers make a realistic *ex ante* assessment of the likely benefits and potential drawbacks of each SIB contract. Indeed, if well used, this tool can be beneficial for governments and public policy reform, since it can broaden the pool of skilled service providers and, possibly, increase the potential success of the service (Bridges Fund Management, 2016). Furthermore, for public authorities operating in a post-crisis context of tight public sector budgets, such as Portugal, SIBs become an attractive option. This tool allows public authorities to strive for policy objectives in challenging fields while decreasing the risk of non-performance (OECD, 2016).

The Portuguese market for social investment is showing great improvements and promising trends, mainly due to *Portugal Inovação Social* – a public initiative that aims to promote and stimulate the Portuguese social investment market. This organization currently mobilizes funds of €150 million from the European Social Fund (Pequenino, 2018), channelled through 4 financing instruments solely dedicated to funding projects that offer alternative and innovative solutions to solve social/environmental problems (Portugal Inovação Social, 2019). Out of the 4 financing instruments, Social Impact Bonds will account for an investment of €20 million until 2020, out of which €15 million are reserved for projects of social inclusion and employability (Redação JE, 2017).

Portugal currently has eight projects being financed through Social Impact Bonds, most of them focused on social integration, employability and education (Portugal Inovação Social, 2019). This follows the international trend since youth and employment rule the picture in what concerns the scope of SIBs (OECD, 2016). This area of intervention is then followed by recidivism – the reduction of reoffending among short term felon populations. Indeed, recidivism was the social issue tackled by the first SIB in the World (Peterborough Prison case in the UK). In the present date, two SIBs that focused on recidivism have been completed worldwide, seven are in implementation and one is being designed (INSTIGLIO, 2019).

4. Social Problem

4.1. Understanding the issue

Comparatively to other OECD countries, Portugal has a high incarceration rate: 127 number of people in prison per 100,000 of population, as of May 2019 (Statista, 2019). Indeed, when compared to the other nations of the European Union, Portugal ranks 7th according to incarceration rate. One of the justifications can be the harsh penalties that the Portuguese Criminal Code envisions - the average sentence length is 30,7 months, positioning Portugal as the country with the highest average sentence length (Pereira, 2018).

Furthermore, Portugal faces a serious overcrowding issue in prison establishments, since 1985 the number of inmates was exceeding the total capacity of prison establishments. On December 31st 2018, the average occupancy level decreased to 99,5% due to a review of the Portuguese Criminal Code that allowed hundreds of offenders to be in home-seclusion with

electronic bracelets. However, most prisons are still overpopulated - 25 out of the 49 (DGRSP, 2019) [Appendix 2].

Yet, data gathering in Portugal is far below the necessary in order to find a cause for these phenomena and, consequently, their exact causes are unknown.

Moreover, although there is also no official data on recidivism in Portugal, with APAC Portugal's collected data and having in consideration the global average (Inácio, 2019), we can assume that it rounds 75%. Recidivism is a process in which a past offender is convicted to prison for committing a new crime, however, the crime doesn't have to be the same as before.

A study conducted by Mariel Alper and Matthew Durose (2018), concluded that the recidivism growth rate decreases with time, meaning that the probability of recidivism decreases by each year that a past-offender is not convicted. Moreover, more than 40% of convicts from the study were arrested during the first year following release. Thus, first-year recidivism rate is an important statistical metric to which the Government should have access, for a better implementation of targeting policies. In this paper, because there is no data on the matter, even in a global manner, a first-year recidivism rate of 48% will be endorsed. This rate represents the first-year recidivism rate for the UK (England and Wales), being that the Portuguese prison population is relatively similar to the UK one, we can assume the first-year recidivism rate is relatively similar as well.

According to the Portuguese Criminal Code (2007), an offender is punished as recidivist when, after serving a sentence of more than six months, he/she commits another crime and is convicted to imprisonment for more than six months.

However, incarceration has been proven to worsen offenders' situation. For instance, a study conducted in the USA with two groups of offenders in reintegration programs - a group inside prison and the other sent to a bootcamp, showed that although no group was better, the prison's group achieved worse results than the bootcamp group, due to the chaotic conditions within prison (Wilson & Lanskey, 2015). Thus, one of the major aggravating factors of recidivism is the overcrowding in prisons caused by repeat offenders to whom imprisonment did not lead to a cease from crime (United Nations, 2018).

After release, most offenders face many challenges to reintegrate into the community, such as stigmatization, family rejection, lower chances of finding a job due to lack of skills, no peer support to continue in a good path, among others. In this sense, failure to reintegrate creates a vicious cycle into criminal behavior (United Nations, 2018). Therefore, the main causes of recidivism are a consequence of the environment in which offenders are inserted and of their exclusion from the workforce. The respective risk factors are illustrated in the issue tree

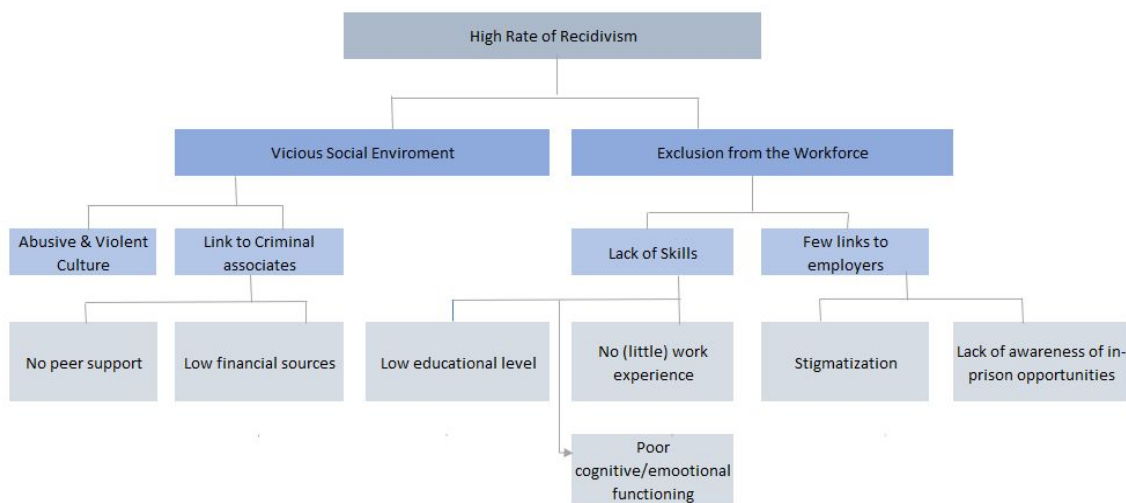


Figure 1 -Recidivism Issue Tree

4.2. Risk factors

To reduce recidivism implies breaking the cycle of crime and helping offenders to resign from their criminal career, so understanding the factors that put offenders at risk might represent an opportunity to prevent recidivism. According to UNODC (2018) there are two types of risk factors, namely, *static factors* – which don't change over time, like gender, age at the time of the arrest and criminal history; and *dynamic risk factors* that “are amenable to change through interventions within and outside the criminal justice system”, such as: low educational level, unemployment or drug use.

Indeed, offenders face a wide range of social, economic and personal challenges to reintegrate the community, and the majority also present serious skills deficits such as “poor interpersonal skills, low levels of formal education, illiteracy or innumeracy, poor cognitive or emotional functioning, or a lack of planning and financial management skills” (UNODC, 2018).

Therefore, when inmates are released, they have no job prospective, coming back to society in a vulnerable situation which, most of the time, leads to crime, explaining the high rates of recidivism and its connection to unemployment (Siwach, 2016).

4.3. Consequences

Every new crime committed has a huge cost to society, as recidivism implies more crime and less public safety, two main costs are considered: a social and economic costs. On one hand, the impact of crime to victims is unmeasured/uncountable, for instance in case of traumas, it will require psychological assistance for undefined time. On the other hand, the effect of

imprisonment that offenders face upon release, such as stigmatisation from society, challenges them to successfully integrate into the community, resulting in a cycle of crime and creating more indirect social problems.

In an economic perspective, at first, we have financial costs of the criminal justice system from investigation, prosecution and legal procedure. The Portuguese government validates an estimated average cost to the state of 42€ per day per convict (One Value, 2016), although this value shouldn't be taken at face value, since not all indirect costs were considered, such as non-financial costs. It is also important to notice that some of the direct costs accounted for in the daily cost of a convict, such as maintenance of the prison establishments or electricity bills, will need a significant increase or decrease of the prison population to be affected.

4.4. Alignment of public policies

Employment and education (vocational training) are driving factors to prevent recidivism and, as such, the Portuguese prison system strategy includes the implementation of educational measures within prisons.

Portuguese statutes declare that sentenced offenders must have an extensive employment program in their fields of interest as to meet their treatment plan and needs (Código da Execução das Penas e Medidas Preventivas da Liberdade, 2009). However, there are insufficient job offers, most of the inmates that do work are in housekeeping within prison establishment while only a selected few get offers from private companies (Dores et.al, 2013). According to APAC Portugal, there are three main reasons for this phenomenon:

1. Lack of awareness by the private sector about both the social problem and the possible business opportunity (solution at the Human Resources Level).

2. Unawareness of the possibility of signing a Protocol with the DGRSP for the work of inmates for private companies while in-prison.
3. Inexistence of internal human resources available to manage the whole process.

When comes to vocational training programmes, the scenario remains the same. On one hand, the areas offered are limited, when they do exist, and, on the other hand, it has been proven that prison guards often create situations that force offenders to drop out (Dores et.al, 2013).

5. Identifying a strong intervention model

5.1. APAC Portugal

APAC Portugal – *Associação de Proteção e apoio ao Condenado*, was designed to better the lives of all convicts in Portugal, by implementing and disseminating new approaches that help them develop the necessary skills and motivation for a successful reintegration after release. So far, they have implemented 7 programs in 3 different prisons, training over 20 volunteers and helping over 80 convicts.

APAC Portugal follows the APAC methodology, created over 45 years ago in Brazil, aiming to reduce recidivism and the system's costs. This methodology appeared as a process of human valorisation, based in several pillars (from spirituality to work) [Appendix 3], offering participants the necessary conditions for their recovery and re-entry into society. The organization believes that a successful reinsertion is only possible if a thorough work is done on each convicted person's various dimensions. Based on that, 5 in-prison programs have been developed: EtiPAC, RHI, Labora, DMAIS and Free Works. This paper is focused on the latter.

5.2. Free Works Project

As previously mentioned, one of the main causes for recidivism is lack of employment opportunities for past offenders. With that in mind, APAC Portugal created an alternative response to the issue of reoffending - a project focused on professional training and employability. Free Works' founding principal is a longitudinal action, starting while the offender is still serving time in prison and following the transition into freedom, for both the participants and their employers, until the end of the first year outside. As such, the horizontal design of the program aims to assure the acquisition of the necessary personal and professional skills for a good integration on the labour market, as well as serve as support for the offender's transition into a free member of society.

Free Works has three main components: the development of soft skills, the development of hard skills and the connection between inmates about to end their sentences and hiring companies. Based on this action plan, APAC Portugal needs to find corporate partners for two possible roles:

- hiring people still incarcerated, with the installation of a factory inside the prison and training of inmates (with or without the possibility of hiring post-release);
- hiring inmates after their release.

By partnering with APAC Portugal on this project, hiring companies will have three main advantages:

1. Decreased costs: reduction of costs with Human Resources, through taxes (exemption of TSU up to 3 years) and decrease in infrastructure costs (space, electricity, water), in the first type of partnership.

2. Increased flexibility in hiring: flexibility in the establishment of the protocol, in terms of duration and period of work and greater competitiveness in salary negotiation.
3. Increased social impact: company brand recognized by all interested stakeholders (employees, customers, suppliers and partners) and increase in the social impact of the organization.

The action plan drawn by APAC Portugal, also opened the door for the creation of an organization owned business for profit: by building an independent factory and hiring incarcerated inmates, with the capacity to continue hiring inmates after release as supervisors/managers. This business created and managed by APAC Portugal can create a steady source of income and can be a first step for the transaction of APAC Portugal from a non-profit organization into a hybrid organization¹, leveraging its social mission with a commercial part, increasing the organization's long term effects on the area of intervention.

In accordance to the action plan, Free Works is divided in three phases – IGNITE (2 months of soft-skills training); MASTER IT (6 months of on-the-job training) and FREEDOM (12 months of support in labour market integration) – where the two first phases are implemented in-prison, during the last months of seclusion; and the last occurs during the first year outside [Appendix 4].

In brief, the Free Works' theory of change is that through a process of continuous non-formal training focused on soft skills (such as emotional intelligence, communication and entrepreneurship), followed by an on-the-job training on factories built inside the prisons by the partner companies or APAC's ventures, the offenders will be better prepared to be reintegrated in the labour market once they are released. With this program, APAC Portugal

¹ Hybrid organizations “draw on at least two different sectoral paradigms, logics and value systems” (Doherty et al., 2014). Hybrid organizations vary in the level of integration of performance and progress (Battilana & Lee, 2014), but they strive to be economic, social and environmentally sustainable, through the shared value approach. These modern organizations must leverage their commercial part with their social mission.

will create economic value and decrease recidivism, thus creating a safer and more cohesive society.

5.3. Target Population and Selection of Participants

Having in consideration the previously mentioned risk factors that lead past offenders back into criminal activity, and the time impositions characteristic of the Free Works program, the organization presented eligibility criteria, as to align the participant's expectations with the program's offer and reduce the risk of dropouts.

It is mandatory that the participant: can read and write fluent Portuguese; has a virtual release date² between 9 and 18 months at the moment of the start of the IGNITE phase; be motivated and have the initiative to apply to the program; and be willing to sign the Terms of Commitment. Besides this selection criteria, APAC Portugal considers preferred but not required: living in the area of residence where the program will be developed, having previous work experience and knowing other languages (especially English). These criteria are specific for the first edition of the Free Works program, meaning that it may change in future editions of the program.

As to ensure that the participants are selected in a fair and objective manner and that this intervention creates no negative externalities to the participants or to the overall ecosystem, the following selection process will be applied: first, the education technician makes a short list of inmates that fit the selection criteria, to whom information about the Free Works program and application forms will be distributed; then APAC Portugal will review all the

² according to the Portuguese legislation, most offenders find themselves eligible for probation at the compliance of five sixths, being able to spend the final part of their sentence outside prison - this is the real release date. Thus, the virtual release date is the total time the offender was sentenced to.

applications and select the ones that show the highest motivation for the program; finally, an interview with the participants will be conducted as to align expectations.

The first edition of Free Works will start in April 2020 and will account for 20 participants, divided by 3 factories. These factories must continue their operations for at least 3 years, not stopping between cohorts. Thus, Free Works must be a continuous project, where every time an inmate is released into freedom, another inmate that from the following cohort must substitute him. It is important to note that factories from different companies may not be in the same establishment, being that the participants may be distributed between more than one prison, hence, this project deals with administrative cohorts.

5.4. Innovation and Differentiating Factors | Introduction of Theory of Change

To better understand the Free Works' action plan and logic, a theory of change was developed by João Aires Pereira (a UCP FCH student that developed an evaluation plan for the Free Works program). This theory of change is based on the following facts:

- The recidivism rate in Portugal is above 70%
- Social integration is a determinant for the decrease of criminal recidivism.
- Employability is crucial for social integration and, thus, for the reduction of recidivism
- Improving the professional profile of offenders can lead to an increased integration of past offenders into the labour market.
- Having a continuous follow-up during the reintegration phase will make employers more available to employ past offenders, creating new job opportunities.

Furthermore, according to APAC Portugal, Free Works' main differentiating factors amongst other initiatives are:

- Being the only holistic program: that combines the development of soft and hard skills; connects the inmates with hiring companies, giving them a bigger economic independence; and providing all-around feedback to all parties involved.
- Working as an intermediary between hiring companies and the system, taking care of bureaucracy that normally constitutes a barrier for private companies to hire inmates.
- A transversal approach, represented by the FREEDOM phase of the project, with an impact evaluation and follow-up one year after release.

Having in mind the previously mentioned assumptions and differentiating factors, a theory of change was drawn and can be seen in [Appendix 5].

6. Free Works Impact Assessment

6.1. Internal Benchmark

Because Free Works is still in its development phase, and no pilot has yet been conducted, it is necessary to look into APAC Portugal's other programs to find capacity gaps and set achievable outcomes and their metrics. As previously mentioned, APAC Portugal has 4 programs besides Free Works: EtiPAC, RHI, Labora and DMAIS. Each of these programs is focused on a different possible solution to the problem of recidivism. However, all programs have a practical or theoretical component and are inserted in the APAC Methodology.

Due to its methodology and goals, Labora seems to be the program more similar to Free Works, since it also aims to reduce recidivism through employment. Labora is a course available for participants of past APAC programs that are at the end of their sentence. The program focuses on the development of non-technical skills that are proven to increase employability, such as CV construction, job interviews do's and don'ts, job contacts and

budgeting. It accounts for 40 hours of training, with a big focus on role play and practical development of essential tools for job hunting.

Labora's impact is measured through: attendance of each session; questionnaires distributed at the beginning (collecting information on recidivism, type of crime and motivation) and at the end of the program (measuring satisfaction on the program and asking for feedback); and by tracking when participants are released and their employment state once outside. Because the first edition of the program occurred this year and most participants have not yet been released, a success rate cannot yet be mentioned. However, all feedback from participants was very positive, pointing to results similar to other APAC Portugal projects, where participant satisfaction rates around 60%.

6.2. External Benchmark

When APAC Portugal decided to plan and develop a project to fight recidivism through employability, one of the organizations it looked towards for inspiration was the Offploy Foundation. Offploy is a UK based social enterprise that creates a pathway to connect corporations and ex-offenders, supporting both parties every step of the way, defending that employability is a major factor in what concerns ex-offenders living a fulfilled and crime-free life.

Offploy, just like Free Works, has a longitudinal approach, supporting all stakeholders during the process of employment. For the employers, the organization offers specialist legal advice, HR guidance, staff training and more as to avoid possible obstacles and maximize opportunities. For past offenders, a program of peer mentor is in practice, it includes a nine-step journey into employment with a focus on goal setting, employer training, interview skills and support after ex-offenders achieve a secure position (Offploy).

Following an external benchmark analysis, detailed in [Appendix 6], two other UK-based non-profit projects were found: Working Chance and Pathways to Change. The former focuses on supporting women leaving the criminal justice and into the labour market. Working Chance theory of change is similar to Offploy or Free Works: increase employment opportunities for ex-offenders as a way for social integration. - the organization matches the ex-offender to a suitable role and employer, and continues to do regular check-ups and gives any in-work support needed. The recidivism rate of participants of Working Chance rounds the 4% (Working Chance).

Pathways to Change is a rehabilitative community programme from Kainos Community, in partnership with Langley House Trust. The program aims to help male ex-offenders to live a crime-free life by increasing their employability opportunities. The selected participants partake in a core programme of cognitive behavioural therapy and in a structured programme that focuses on “victim awareness, community enterprise, training and community-oriented social value projects” (Kainos Community). These programs are in-prison and aim to develop participant’s skills to increase the chance of employment when they finish their sentences. Unlike all projects before mentioned, Pathways to Change doesn’t connect ex-offenders with employing companies.

During the external benchmark analysis, one Portuguese Social Impact Bond also focused on employability of past offenders was found: the Breaking Bars Farms project, developed by the Sapana Organization. This project focuses on developing soft skills and increase the employability profile by having inmates creating small plants later sold in supermarkets throughout the country. The SIB was accepted for 104.859,37€ paid in achieved results - 30% of participants integrating the labour market (self-employed or work for others) until one year after release (Portugal Inovação Social, 2019).

7. SIB as an Alternative Financing Model

Having in consideration the performance analysis of APAC Portugal on previous projects, the assumptions previously mentioned and the evaluation plan already developed for Free Works, it is possible to assume to a certain degree of certainty that this intervention will deliver impact, mainly to the group of ex-offender beneficiaries. Nevertheless, Free Works' structure only allows to reach 20 participants per cohort, which is limited having in consideration the size of the issue at hand.

According to OECD (2016) SIBs' intervention approaches seem more often to be at the implementation and scaling part of a certain project. Indeed, a SIB can be an opportunity to scale up in order to cover a wider area and/or to work with more clients, as in the case of the London Street Impact SIB (OECD, 2016). In point of fact, the later example and Free Works project both have the important preconditions for a successful implementation of a SIB: the potential for significant savings; the availability of outcomes that are clear and measurable, the responsibilities of multiple stakeholders (including investors, government and service providers) properly appointed in contracts and the appointment of an effective coordinator (Brookings, 2015). Both criminal justice (for Free Works) and homelessness (for London Street) are fields of high-cost services, whose provision is essential to the wellbeing of society as a whole (Chamaki and Jenkins, 2019).

The implementation of a SIB for the Free Works project at its own implementation will allow for a more dynamic and free approach of the project, allowing the APAC Portugal staff to accompany all participants during the whole process, which is a priority due to the project's need for continuous follow-up and feedback. This SIB specific freedom of being able to get to know each participant deeply and interact with him during a number of years is seen

precisely on the example of the London Street SIB, as Nathan Rosier, Case Coordinator, of Street Impact London (2017) said: “Working for the SIB team provided me with the best working experience I have had. (...) Because we work with the same people over a number of years there is a wonderful opportunity to work toward recovery”.

Furthermore, by calculating government expenses (around 101,173,545€ last year [Appendix 7]) derived from recidivism, it is apparent that the status quo is both expensive and ineffective. Although this failure in public policy does not imply that the Free Works SIB will perform better, it is proof that there needs to be a better understanding of the reasons for this failure, particularly if it is systematic or a problem of poor design and short-term funding. The entry of a SIB into this policy environment may shed a light on what is working in the system and what needs to be improved (OECD, 2016). Therefore, a Free Works SIB would be a step forward into a better understanding of the Portuguese recidivism phenomenon and ex-convict population.

Thus and having in consideration the SIB’s characteristics described during the literature review, APAC Portugal and the government would probably benefit from using a SIB to finance Free Works, mainly due to the inherent flexibility and incentive to pursue better performance that arises from an outcome-based contract (Bridges, 2016). However, some alterations on the evaluation plan and outcome metrics must be done in order to better fit a SIB as a financing model.

8. Application of a SIB to Free Works

8.1. Service provider prepared for launching

APAC Portugal's motivation and commitment towards this project is clear. The Free Works project has been under development for around 2 years now, where several adaptations to the program's structure, budget and timeframe have been undertaken in order to facilitate its funding and impact evaluation.

Furthermore, Free Works already has some investors and partners: AidHound (that offered its HR platform), BPI Foundation (that gave an initial investment for the construction of an APAC Portugal owned enterprise inside the Caxias prison), La Caixa Foundation (also monetary investment), Clínica Santa Madalena (that is willing to offer dental care to the participants on the program) and MightyTalent (that is designing and responsible for the IGNITE phase of the project). Regarding employer companies, currently APAC Portugal is negotiating with 4 possible partners: Super Bock, Delta, Trivalor and Serlima.

8.2. Quantifiable Outcomes and Effective Measures Framework

APAC Portugal can maintain contact with participants as to measure outcomes and has a few measures in place for its other programs, as previously mentioned. However, due to the specific characteristics of the Free Works project, besides tracking if participants remain free, APAC Portugal will track the participants' employment situation through routine telephone questionnaires, but especially during three phases: after the beginning of the FREEDOM phase, one year after release and two years after release.

8.3. Quantifiable Economic Benefit

Employment helps offenders to gain financial stability, have a house, provide for their family, build new relationships, be self-confident, make a change and achieve new goals. So, recidivism is more likely to be prevented when past offenders gain individual and social capital (United Nations, 2018). In 2018, around 47% of the inmate population had a work occupation inside the Portuguese prison system (República Portuguesa Justiça, 2017). However, only 26.3% of inmate population that works, does it for external organizations (representing 11.7% of all inmates).

This way, there's a huge opportunity to explore and the Free Works project, by partnering with and bringing more private organizations close to the prison system [Appendix 8], can lead the state to save funds in two ways: first the state can gain more taxpayers, since offenders will pay taxes if they have a job, and secondly after their release, the follow-up provided in the FREEDOM phase will allow government to save in terms of the money spent in law enforcement inherent to new criminal activity from recidivism and, furthermore, create a socioeconomic gain for society.

8.4. Alignment with Public Policies

As previously mentioned, reducing recidivism through social reintegration interventions in and out of prisons has a great impact on communities, and the Portuguese government, with Portugal Social Innovation's fund of 150 million euros, finances innovative solutions to respond more effectively to social problem challenges (Portugal Inovação Social, 2019). Recently, in the established concept of social investment, Breaking Bars Farm was granted

through a SIB 104.859,37 euros to create a positive impact on offenders' life (Portugal Inovação Social, 2019). Therefore, showing that, since the Free Works project is in the same area of social impact, APAC Portugal might benefit from a SIB.

9. Modelling Free Works SIB

From the set of criteria mentioned in the previous topic, a Free Works SIB is feasible.

Moving from that, it is important to evaluate different ways in which this SIB can be planned.

A dynamic financial model was developed to structure these evaluations and to simulate a Free Works SIB in Portugal, according to the *Portugal Inovação Social* rules for Lisbon based SIBs. The model is based on a set of inputs, which will be presented and explained in detail below.

9.1. Intervention Scope

Target population and eligibility: when APAC first started designing the Free Works project, it was estimating that each cohort would have 30 participants. However, due to practical operational size, partner companies' requirements and available human resources, this number had to change. Instead, each cohort will have 20 participants, while following the previously mentioned eligibility criteria, since an appropriate enrolment, screening and selection of the participants is fundamental for the success of the project and its SIB. With 20 participants per cohort instead of 30, the intervention's impact will be the same if not greater due to better allocation of resources and attention per participant.

Cohort design: The participants of each cohort may be divided between two or more prison establishments, due to logistics for the partner companies, meaning that all cohorts are administrative cohorts. Thus, all participants of Free Works will follow the same program in,

theoretically, the same conditions but different locations. Furthermore, due to the particularities of the Free Works design, cohorts will overlap, since when a participant is released from prison (moving from the MASTER IT phase to the FREEDOM phase) another one must start the MASTER IT phase as to take the former participant’s role in the factory.

SIB contract duration: Each cohort has a duration of 20 months (2 months of IGNITE, 6 months of MASTER IT and 12 months of FREEDOM), starting 6 months into the previous cohort. Therefore, the Free Works SIB must have a 3-year duration as to maximize impact and get a sample size to establish evidence. It is also estimated that it will take APAC Portugal 3 months to measure each cohort’s outcomes, meaning that during the 36 months, there will be 3 cohorts of 20 participants each, creating a total of 60 participants financed by the Free Works SIB.

Intervention timeline: Having in consideration the current negotiation with the partner companies, it is estimated that the factories will be built and ready to start producing in June 2020, meaning that the intervention must start in April 2020 as to complete the two months of the IGNITE phase. Hence, APAC Portugal will have the first three months of 2020 to close the contracts with the partnering companies and select participants. The total intervention time will be 35 months and the SIB timeline can be seen in the figure below:

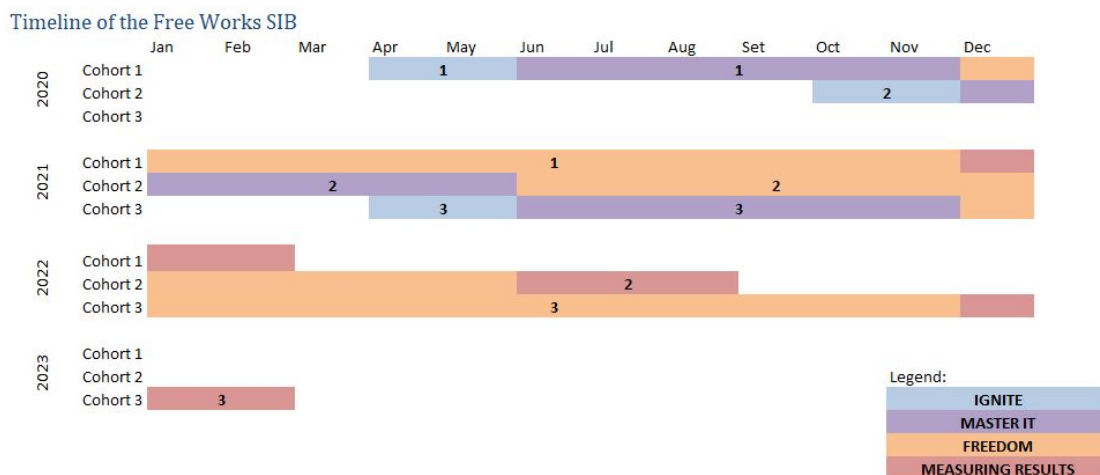


Figure 2 – Timeline for the Free Works SIB

9.2. Intervention Costs

The costs estimated for the Free Works SIB are based on past and current budgets of other APAC Portugal’s programs and adapted for the scope and structure of Free Works. The total costs associated with the execution of the intervention having 20 participants per each of the 3 cohorts is 176,710€ [Appendix 9], divided in the following categories:

Free Works Costs

	€	% of Total Costs
Human Resources	143 160.00 €	81.0%
Direct Costs - acquisition of services and goods	29 350.00 €	16.6%
General Costs	4 200.00 €	2.4%
Total Costs	176 710.00 €	

Figure 3 – Free Works’ Costs

As seen in the figure above, the majority of the intervention costs are allocated to Human Resources, mainly in the wages of two new employees responsible for the Free Works project: an HR manager, responsible for day-to-day operations and supervision, and a technician that will work as an administrative assistant.

9.3. Outcome Metrics

Selection of outcome metrics: The selection of the correct outcomes metrics, as to measure success, is essential for the development and success of a SIB (Social Finance, 2015). One must ensure that the chosen metrics are easily accessible, but also reflect the success and impact of the project. In his feasibility study, João Aires Pereira (2019) suggests the measuring of the following outcome metrics: **Recidivism rate**, according to the Portuguese Legislation’s definition at the end of the first year of freedom (end of the FREEDOM phase). Pereira presents this as the primary metric, since the goal of the project is to reduce

recidivism through employment; **employment rate**, according to the APAC Portugal criteria (paid professional experiences) at the end of the first year outside prison (end of the FREEDOM phase); **employable skills**; **new job opportunities**; and **maintenance of job**.

However, due to the complexity involved with the gathering of evidence for all the above-mentioned metrics, and the payment-by results design of the SIB, it was recommended that APAC Portugal uses **recidivism rate** as the only outcome metric for the Free Works SIB. By building the Free Work SIB around the recidivism rate, the motivator factor will be keeping participants from re-offending. That way, the focus throughout the intervention will be on providing the necessary tools and skills to the participants to better re-enter society, make a full recovery and not engage in illegal activities. Hence, enforcing a holistic view of all phases and components of the Free Works project, instead of just focusing, for example, in technical skills, as it could happen if the SIB outcome metric was employment rate.

This goes accordingly to what GOLAB (2019) defines as a primary outcome, since it reflects the most important outcome for the outcome payer in policy terms (recidivism is the problem at hand, not unemployment) and delivers the greater financial benefit to them, since money spent on reconviction is higher than integration subsidies³. In sum, if someone is not reconvicted, best chance is that is employed, being the main goal of this project to create a difference in the quality of life of the beneficiaries and with that non-recidivism, employment must be seen as a mean to an end, not the ultimate goal.

APAC Portugal already tracks if the participants on its different programs have ended their sentences and if they have been convicted again, increasing the practical effectiveness of tracking the recidivism rate of Free Works' participants. An informal measurement of the

³ RSI (*rendimento social de integração*) is a money subsidy given to needy citizens as to have their basic needs satisfied, it is the one that ex-convicts receive after release if they do not find a job. It represents 189.66€ per month up until 1 year, adding 132.76€ per adult of the household and 94.83€ per child (<http://www.seg-social.pt/rendimento-social-de-insercao>).

other metrics is also advised, as to better analyse the program and possible changes in future editions.

Furthermore, because the chosen SIB metric solely needs an administrative evaluation and not a statistical one, it would be beneficial to have an independent evaluator to make a comparison of the recidivism rate to a control group, since it is the only way to prove Free Works' impact. Note that because we are dealing with first year recidivism, the time to outcome is 12 months, which coincides with the FREEDOM phase, thus the outcome measurement starts at the end of the MASTER IT phase (and not at the end of each cohort).

Defining outcome metric goal: APAC Portugal and João Pereira (2019) estimate that after one year of freedom, 70% of participants will be employed. This estimation goes accordingly with what was previously mentioned: the 60% estimation of satisfaction rate for the Labora program, mentioned in the internal benchmark analysis; the information found during the external benchmark about the best practices in the area of intervention; and the complexity of the Free Works project due to its multiple players and risks deriving from external factors, but also its expected effectiveness.

Because the recidivism rate for employed ex-convicts is 8% (Cove and Bowes, 2015), then it is estimated that 80% of the participants in the program will not be persecuted during the first year after release (meaning that participants of the Free Works program will have a recidivism rate of 20%) [Appendix 10]. However, because of the way SIBs are designed in *Portugal Inovação Social*; where investors are only repaid for their investment if the presented metric is achieved, it is recommended that the Free Works SIB presents a more conservative value as its outcome metric.

Thus, the value accepted as most beneficial for all players involved is a non-recidivism rate of 70% for Free Works participants, meaning a maximum of 30% of participants may

re-enter the prison system during the first year after release, against the estimated 48% in status-quo. This value is beneficial for APAC Portugal because it is on the average of their internal success rates and creates a positive precedent for future projects in the same area of intervention; is beneficial for investors since it is slightly smaller than the one forecasted, decreasing their risk of not being repaid; and it is beneficial for the government since it is still more impactful than current practices.

Source of evidence: For the application of a SIB through Portugal Inovação Social, there needs to be a clear source of evidence proving who are the beneficiaries entering the program and if the outcome metric goal is achieved. As proof of enrolment APAC Portugal will deliver the signed Terms of Commitment and for outcome metric evidence APAC Portugal will deliver a document signed by the DGRSP stating that the participant is not institutionalized or a work contract stating the condition of employment and non-criminal status of the participant, signed by the hiring company - both possible documents dated one year after participant's release date.

9.4. Payment Mechanism

Under a SIB, investors' are reimbursed by the government. Having this into consideration, the specificity of the timeline and the contract duration of the Free Works' SIB, three alternative payment mechanisms were discussed:

1. The social investors give the whole 176,710€ at the start of the intervention (April 2020). This option increases the risk for the investor since the payment is not connected with results, for APAC Portugal this payment mechanism allows the organization to act without financial restraints, which may decrease the motivation to present the best results.

2. The social investors pay annually for the yearly operations of the intervention, with no connection with results. This payment mechanism releases some of the financial stress that the previous option puts over the investors, while giving APAC Portugal the same freedom of operations. Although payments are still not connected with results, the fact that they are annual creates a false sense of responsibility to the organization. The different payments are illustrated below:

Yearly Payment Mechanism

	Date	€
Initial investment	April 2020	68 180.00 €
1st installment	April 2021	56 840.00 €
2nd installment	April 2022	51 690.00 €

Figure 4 - Free Works yearly payment mechanism

3. The social investors pay in two installments connected with the delivery of outcomes: the first installment of 146,176.56€ at the beginning of the intervention (April 2020), and the second installment of 30,533.44€ after the results are presented and the investors are reimbursed (May 2022), where investors have the contractual possibility to stop the intervention if the results presented along the SIB are below the agreed goal. This payment mechanism theoretically creates more responsibility for APAC Portugal, however until the first results can be presented almost 2 years of the intervention have already been financed, representing the majority of investment needed, making the connection of payment to results almost irrelevant.

After a discussion with APAC Portugal, the second alternative was accepted as the most beneficial for both the organization and the potential social investors.

9.5. Public Sector Value

The value of the current SIB proposal to the public sector amounts to the savings it can create with the presented risk-free model, by considering the current costs the government holds associated with convicts (42€ per day, assuming an average of sentence time of 30.7 months and a status-quo first year recidivism rate of 48%) and the payment for the outcome metric achieved. The Free Works' SIB can represent a total of 241,055.60€ in public sector value (divided by the money not spent on people reconvicted and the social security contributions by an estimated 70% of employed participants⁴), as illustrated in the graph below:

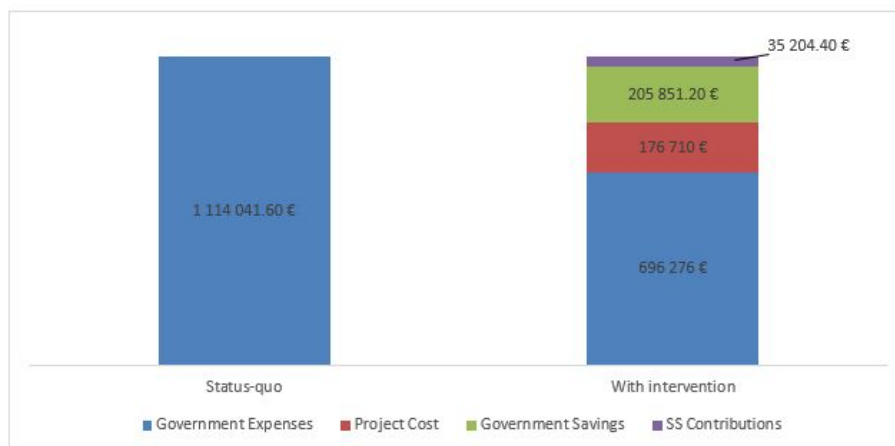


Figure 5 - Free Works SIB savings

Moreover, there are indirect costs not included in the 42€ daily, such as costs of persecution. Although not accounted for in this analysis, the Free Works project will also create government income, since all employed participants will pay Social Security, and non-financial savings, since decreasing recidivism will prevent crimes and their consequent costs. So, even if due to the project scale most savings are non-cashable (due to the high fixed costs characteristic of this area of intervention), this project may generate a higher value than the one previously presented.

⁴ Assuming all participants will be receiving the national minimal wage of 2020 – 635€.

9.6. Investment Structure

Timing of investor capital commitment: as mentioned previously, it is recommended that cash flows in annually from investors starting April 2020.

Working capital contingency: the model includes a working capital contingency that represents three months of the intervention - 16,567€. This value will not be used unless there is a non-accounted cost, and is to be returned to the investors at the end of the intervention.

Repayment: the presented model considers a delay of two months from the moment when outcomes are measured until the moment when payments are made to the investors, in order to account for the process of analysis and evaluation of outcomes.

10. SIB Business Case and Sensitive Analysis

10.1. Business Case

Considering all previously mentioned factors and details, the SIB structure proposed by this model, if successful, will result in the following diagram:

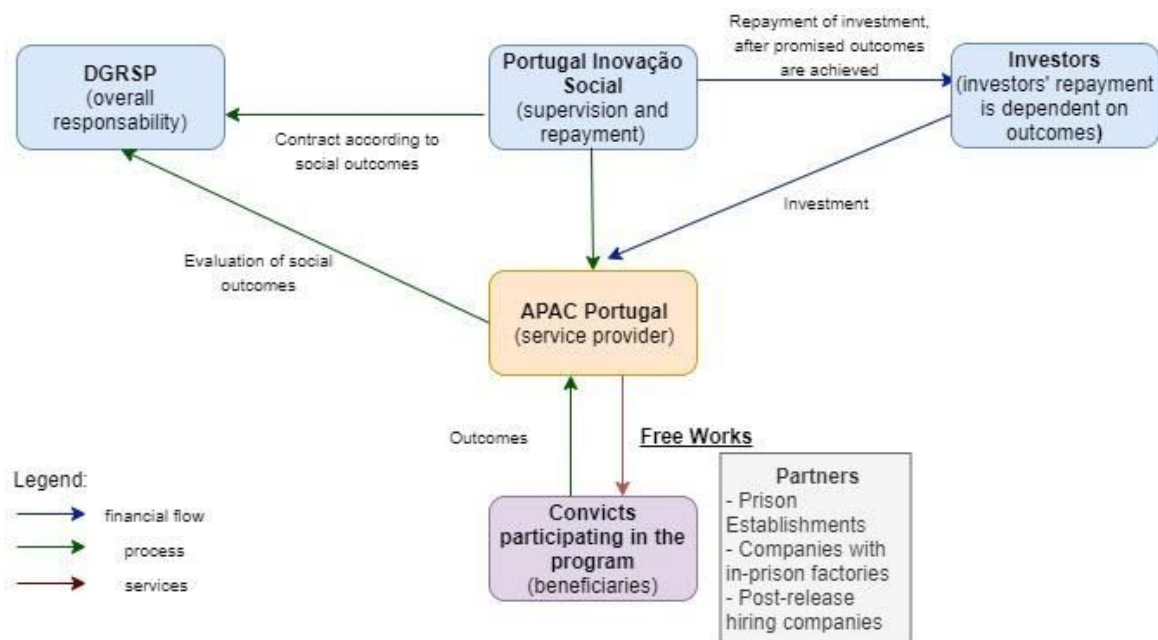


Figure 6 - Organizational and contract structure underlying the Free Works SIB

Investor Cash Flow: The total investor requirement is the total cost of the project plus the Working Capital Contingency - 193,277€ (necessary financing until first repayment by the government). Since following the chosen payment mechanism, the investor will pay the three instalments before the repayment by EMPIS (because the results will be presented at the end of February, but there is an assumed repayment delay of 2 months – there is no recycling⁵). Investors will receive their repayments after 25, 31 and 37 months, amounting to the total amount invested.

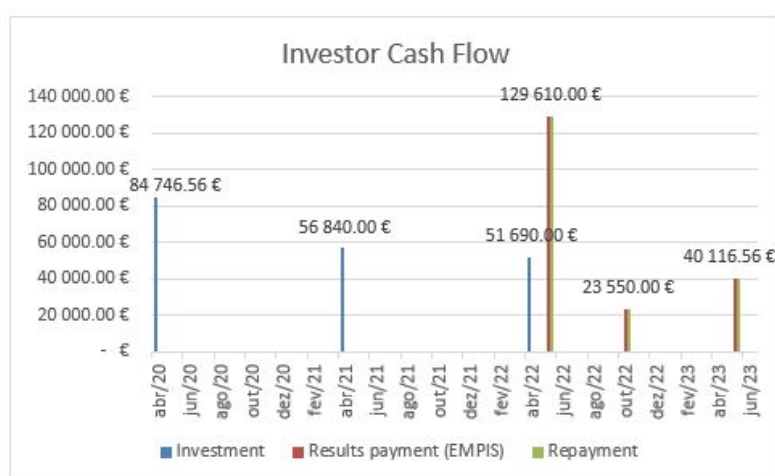


Figure 7 - Investor Cash Flows (first investment instalment and last repayment include Working Capital Contingency)

10.2. Scenarios

The presented business case is computed based on estimations that may be closer or further from reality once the intervention starts, creating the possibility to profoundly impact the business. Hence, a scenario analysis was used to better disclose the sensitivity of the model and the effect of possible unforeseen events. The main variable for this project is the number of participants. Because around 70% of project costs are allocated to human resources, the

⁵ In the execution of a SIB it is normal that with the results payment, some of the money that goes back to the investor is reinvested into the intervention, this is commonly called recycling.

number of participants per cohort does not have high implications on the total project cost, however it will affect greatly the value of the project (public savings). Thus, this variable is the most important one in what concerns the viability of the project. Two scenarios were considered, one where the number of participants per cohort is 8 (worst case scenario) and one where it is 30 (best case scenario). Figure 8 presents the impact of such scenarios in both the intervention's cost and the public sector value.

Scenario Summary

	Worst Case Scenario	Base case Scenario	Best Case Scenario
Participants per cohort	8	20	30
Intervention's cost	172 210.00 €	176 710.00 €	180 460.00 €
Public Sector Value	-5 103.76 €	241 055.60 €	446 188.40 €

Figure 8 - Scenario Analysis of the Free Works SIB

It was also estimated that the minimum number of participants per cohort necessary for the Free Works project to create public sector value is 9 (a total of 27 participants).

11. Concluding Remarks

The current paper aimed at studying the feasibility of the Free Works program, concludes that the intervention and applicable SIB will provide benefits for each of the stakeholders involved. The expected successful social reintegration of the participants will have great economic and societal impact and based on the analysis of this study it is clear that a SIB is a feasible financial tool for the Free Works program. However, even though the presented report is a key stage of the process, APAC Portugal still may have some challenges, decisions and model adaptations to make in order to develop this SIB and send an application for the Portugal Inovação Social SIB call until the end of January 2020.

Although there is currently one more SIB in this area of intervention, a successful application of a Free Works SIB, would represent a valuable opportunity to better grasp the area of recidivism and to the Portuguese prison system. It displays an opportunity to gain insight through an appropriately monitored experience, expanding existing knowledge, which may create a source for improved public policies and gather private and third sector organizations to prison establishments for better reintegration programs, reducing one major public safety threat - recidivism.

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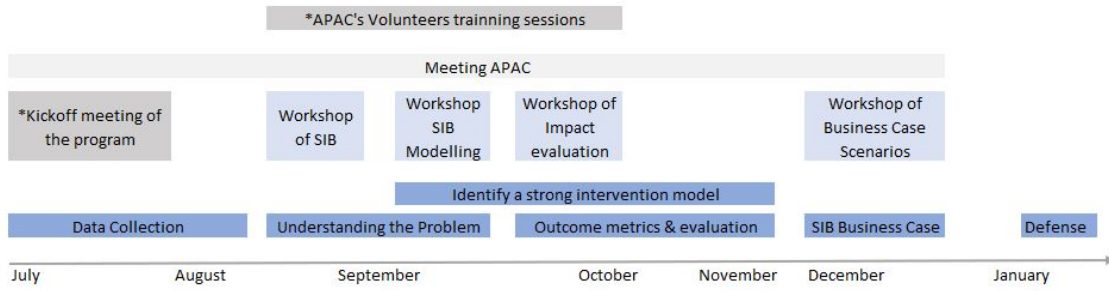
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13. Appendix

Appendix 1 - Chronogram of the project



Appendix 2 - Maximum capacity and existing convicts on December 31st 2018 per Portuguese prison
From: “Lotação e reclusos existentes em 31 de dezembro” by DGRSP 2019.

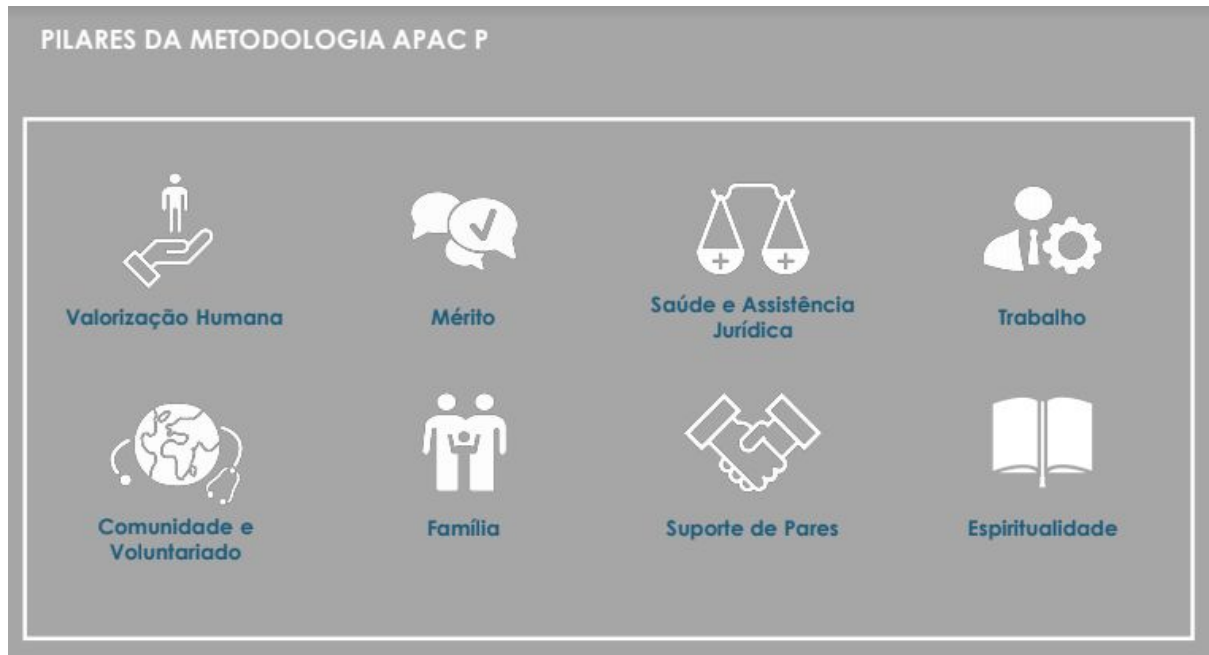
Available at:

https://dgrsp.justica.gov.pt/Portals/16/Est%C3%A1tisticas/%C3%81rea%20Prisonal/Anuais/2018/quadro_03.pdf?ver=2019-05-21-094610-783

Lotação/Reclusos		
	Lotação	Reclusos existentes em 31 de dezembro
Estabelecimentos		
TOTAL GERAL	12.934	12.867
E. P., segundo o grau de complexidade de Gestão (a)		
Grau ELEVADO	10.262	9.807
Alcoentre	626	547
Carregueira	732	715
Caxias	398	575
Coimbra	540	537
Funchal (+ Secção Feminina)	349	209
Hospital Prisional de S. João de Deus	195	74
Izeda	301	295
Leiria (Jovens)	347	186
Linhó	584	502
Lisboa	887	858
Monsanto	202	97
Paços de Ferreira	548	707
Pinheiro da Cruz	645	638
Porto	686	1.070
Santa Cruz do Bispo Masculino	374	423
Santa Cruz do Bispo Feminino	352	306
Setúbal	162	200
Sintra	767	593
Tires Feminino	470	395
Tires (Secção Masculina)	163	0
Vale de Judeus	560	516
Vale do Sousa	374	364
Grau MÉDIO	2.672	2.917
Angra do Heroísmo (+Secção Feminina)*	350	210
Aveiro	82	98
Beja	162	226
Braga	91	84
Bragança	58	81
Caldas da Rainha	80	116
Castelo Branco	141	133
Chaves	55	64
Covilhã	101	94
Elvas	53	64
Évora	35	40
Faro	103	137
Guarda (+ Secção Feminina)	264	224
Guimarães	73	87
Lamego	65	86
Leiria	111	151
Montijo	148	196
Odemira	56	54
Olhão	50	55
PJ Lisboa	116	144
PJ Porto	48	39
Ponta Delgada (+ Secção Feminina)	141	179
Silves	58	68
Torres Novas	38	53
Viana do Castelo	42	54
Vila Real	67	88
Viseu	67	81
Cadeia de Apoio da Horta	17	11
Estabelecimentos Não Prisionais (Inimputáveis)		143

Appendix 3 - APAC Portugal methodology pillars (from top left to bottom right: human valorization, merit, health and judicial assistance, work, community and volunteering, family, peer support and spirituality)

Available at: <https://www.apac-portugal.pt/metodologia-apac>

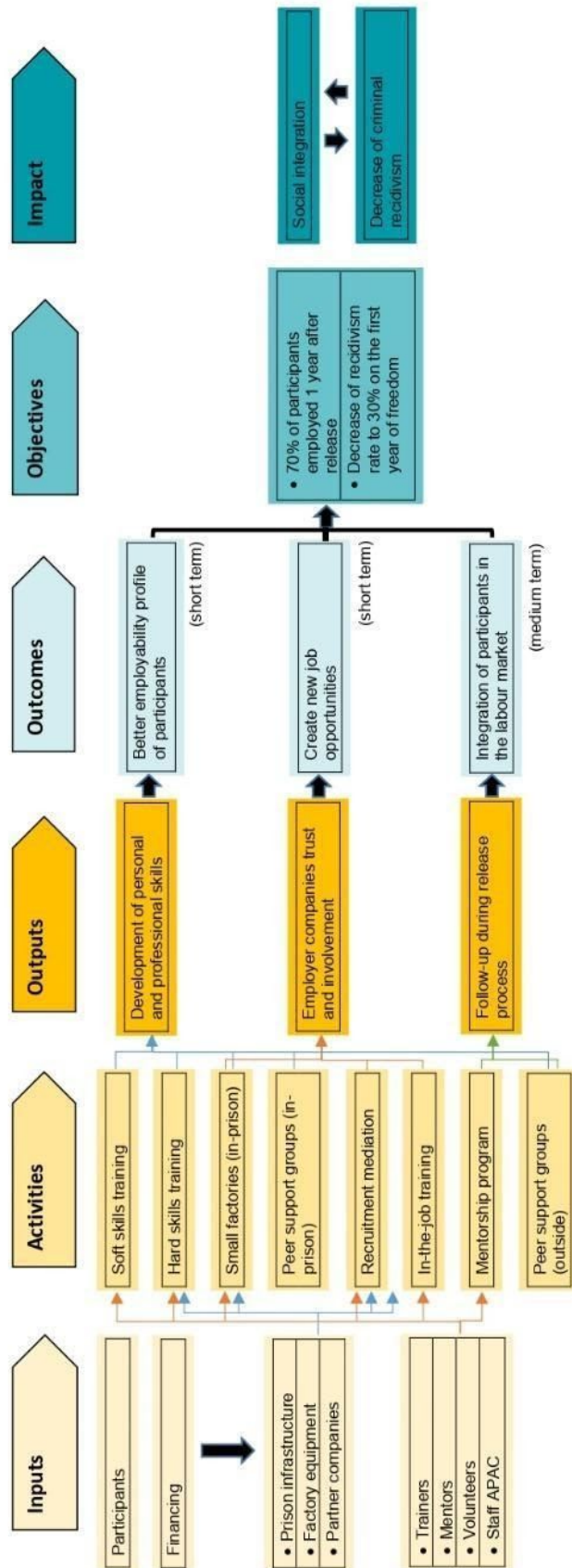


Appendix 4 - The three phases of the Free Works project

IGNITE (2 months)	MASTER IT (6 months)	FREEDOM (12 months)
<ul style="list-style-type: none"> • Non-formal training of soft skills • Soft skills programs of APAC Portugal • Scope of skills: problem solving, communication, conflict management, stress management, leadership and entrepreneurship 	<ul style="list-style-type: none"> • On-the-job training (hard skills) • Company build factories inside the prison • Fair wage to offenders • Self-managed peer support groups (2x/month) 	<ul style="list-style-type: none"> • Integration in the labor market (on partner companies or not) • Mentorship programs • Self-managed peer support groups (1x/month) • Focused on areas such as tourism, metallurgical industry and construction

Appendix 5- Free Works Project theory of change

Theory of Change Diagram Free Works Project



External factors: able trainers; adequate content; available local employers; motivated participants; cooperative social context; change in behaviour

Premisses

Appendix 6 – External Benchmark

Project	Theory of Change	Term	Results/ €€	Technical skills	Soft skills	Links to Employers
Breaking Bars Farm SIB (PT)	Empower men and women who are expected to leave the prison within less than 1 year, enhancing their social and labor integration.	1 year	104.859,37€ (30% employability rate at the end of one year)		✓	
The Offpoy Foundation (UK)	Offpoy created a pathway to connect business and ex-offenders, supporting both throughout every step of the employment journey"			✓	✓	✓
Working Chance (UK)	Work with employers of all sizes across all sectors to match female past offenders with the right jobs as a way to social inclusion.		4% recidivism rate of participants		✓	✓
Pathways to Change (UK)	Pathways to Change aims to help ex-convicts to live crime-free. Participants engage in a core programme based on cognitive behavioural therapy which challenges patterns of thinking and behaviour that led to previous crimes.			✓	✓	

Appendix 7 - Estimation of total cost of recidivism in 2018

Estimated total cost of recidivism for the year of 2018

Number of convicts leaving prison in 2018	5449	(according to DGRSP "Reclusos saídos, segundo o motivo da saída, por espécies de estabelecimentos" in
Accepted first-year recidivism rate	48%	https://dgrsp.justica.gov.pt/Portals/16/Est%C3%A1tisticas/%C3%81rea%20Prisional/Anuais/2018/quadro_11.pdf?ver=2019-05-21-094609-907)
Cost of having one person in prison per day	42 €	
Average sentence length (months)	30.7	
Days per month	30	
Estimated total cost of recidivism for the year of 2018 (number of convicts*recidivism*cost per convict per day*sentence length*days per month)	101 173 545 €	

Appendix 8 - Advantages of prison work according to APAC Portugal

ADVANTAGES OF PRISON WORK

ADVANTAGES OF LABOR ACTIVITY FOR PEOPLE WHO HAVE BEEN INCARCERATED AND SOCIETY IN GENERAL



Appendix 9 – Detailed costs of the Free Works project

Free Works Costs Detailed

	2020	2021	2022	2023	TOTAL
Human Resources	37 980.00 €	46 100.00 €	50 640.00 €	8 440.00 €	143 160.00 €
Project Manager	20 430.00 €	22 700.00 €	27 240.00 €	4 540.00 €	74 910.00 €
Technician	14 850.00 €	19 800.00 €	19 800.00 €	3 300.00 €	57 750.00 €
Administrative and Accounting	2 700.00 €	3 600.00 €	3 600.00 €	600.00 €	10 500.00 €
Direct Costs - acquisition of services and goods	10 200.00 €	8 850.00 €	9 200.00 €	1 100.00 €	29 350.00 €
Project Promotion	1 100.00 €	1 450.00 €	1 800.00 €	700.00 €	5 050.00 €
Acquisition of equipment	3 500.00 €	- €	- €	- €	3 500.00 €
Rentals and amortizations	600.00 €	2 400.00 €	2 400.00 €	400.00 €	5 800.00 €
Training and seminars	2 500.00 €	2 500.00 €	2 500.00 €	- €	7 500.00 €
Aidhound	2 500.00 €	2 500.00 €	2 500.00 €	- €	7 500.00 €
General Costs (water, electricity, transportation, communications)	1 080.00 €	1 440.00 €	1 440.00 €	240.00 €	4 200.00 €
TOTAL	49 260.00 €	56 390.00 €	61 280.00 €	9 780.00 €	176 710.00 €

Appendix 10 - Estimation of outcome metric

Outcome Metric Calculation

% participants employed	70%
% participants unemployed	30%
recidivism rate for unemployed past offenders (1)	48%
recidivism for employed past offenders	8%
recidivism expected (employed*recidivism employed+unemployed*recidivism unemployed)	20%

(1) assuming that unemployment does not affect recidivism, only employment decreases it.