

# Italy: EIB and Italian Ministry of Justice join forces to promote social inclusion of convicts through a social impact bond



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- The project aims to curb the reoffending rate of ex-convicts and ensure smooth reintegration into society
- EIB experts will work with the Italian Ministry of Justice to assess the possibility to launch a social impact bond
- The geographical focus of this agreement is limited to the Lombardy Region, but bears the potential to be adopted at a larger scale

The European Union, through the European Investment Advisory Hub will advise the Italian Ministry of Justice on the implementation of innovative financing and procurement methodologies, aimed at curbing reoffending rates of ex-convicts. The European Investment Advisory Hub, funded by the European Commission and the European Investment Bank, will support the Ministry in its mission to ensure a smooth transition of inmates back into society through innovative financing models, such as social impact bonds.

The agreement, reached within the context of the [Advisory Platform for Social Outcomes Contracting](#), was signed this week by the Advisory Services

Department of the EIB and the Department of Penitentiary Administration of the Italian Ministry of Justice. Through this agreement, EIB experts will perform a comprehensive feasibility study on the launch of a social impact bond, an innovative, outcome-oriented financing solution which foresees private investors' participation – and risk sharing – in labour market initiatives with a measurable outcome.

The agreement is signed in the context of the Investment Plan for Europe, which enables the EU Bank to support projects that present particular added value owing to their nature or structure. Whilst the geographical focus of this agreement is limited to the Lombardy Region, the EIB and the Italian Administration cooperation set out to deliver a blueprint that can be adopted at a larger scale.

**European Commissioner for the Economy, Paolo Gentiloni**, said: *"The support and technical assistance provided through the Investment Plan for Europe's Advisory Hub will enable the Italian Ministry of Justice to facilitate the social inclusion of convicts, at first in Lombardy but later hopefully in other regions too. This will be achieved through new financing solutions like social impact bonds. It will not only help the social and economic reintegration of former inmates, but also reduce the costs for the public administration."*

**EIB Vice-President Dario Scannapieco**, responsible for EIB's operations in Italy, commented: *"We are pleased to support the Italian Ministry of Justice in their efforts to facilitate the reintegration into society of convicts, through the use of innovative financing models, such as social impact bonds. We are very proud to share our knowledge in this field and to see that more and more EU Countries show their interest in such innovative ways of financing social services. Supporting an inclusive economic growth that leaves no one behind is the way forward."*

**Italian Minister for Justice, Alfonso Bonafede** said: *"This kind of contracts put Italy at the forefront of social policy, as they enable us to carry out innovative projects by sharing the risk with private counterparts. If successful, such innovative approach could be replicated and allow the public administration to better fulfil the re-educational mission of its penitentiary system. Working together with qualified partners, such as the EIB, is crucial to head towards reducing the reoffending rate of ex-convicts, which nowadays has reached ca 68%, resulting in social costs of around EUR 130 million per year. We know that enhancing inmates' capability to develop a sustainable career after serving their sentences would increase their chances of social and working inclusion. Social entrepreneurs and investors know that the Italian Ministry of Justice is keen on supporting their pilot projects. This is a very promising form of public-private cooperation, and we are proud to be able to count on the backing of the EIB, which we thank for its commitment."*

**The Head of the Department of Penitentiary Administration, Bernardo Petralia** said: *"As Head of the Department, I welcome this partnership, the first in Europe, between the Ministry of Justice and the EIB targeting the penitentiary system. We hope that this collaboration will lead to the*

*development of a new financial and organisational model involving private capital and European funds to address social objectives; a model that can be replicated, after Lombardy, in other Italian regions as early as 2021 “.*

Social impact bonds can be a testbed for innovative actions that, on one side, fulfil the re-educational mission of the sentences and, on the other side, provide inmates with soft skills and specific knowledge that increase their chances of finding a job upon their release. Ultimately, work inclusion of former inmates would reduce costs for the public administration and would ensure an income to targeted individuals.

### **About the Social Outcomes Contracting Advisory Platform**

The support will be provided under the Advisory Platform for Social Outcomes Contracting created in early 2020 and funded by the Advisory Hub. The platform aims at fostering the development and use of social outcomes contracting methodologies (supported, for example, by social impact bonds and other innovative financing options) as a strategic and operational tool to address social inclusion issues and thus contribute to improving EU citizens' welfare.

About the Social Outcomes Contracting Advisory Platform:

<https://eiah.eib.org/about/initiative-social-outcomes-contracting>

### **About the European Investment Advisory Hub**

The European Investment Advisory Hub is a partnership between the European Investment Bank Group and the European Commission under the Investment Plan for Europe. The Advisory Hub is designed to act as a single access point to various types of advisory and technical assistance services. It supports the identification, preparation and development of investment projects across the EU. Its advisers work directly with project promoters to prepare a tailor-made advisory package to support investment projects.

For more info on the European Investment Advisory Hub: <https://eiah.eib.org/>

### **About the Department of Penitentiary Administration**

The Department of Penitentiary Administration (Dipartimento dell'Amministrazione Penitenziaria – DAP) is one of the four departments into which the Italian Ministry of Justice is divided. Ensured by the Italian Penitentiary Police, the key role of the DAP is to safeguard order and safety within prisons. DAP duties include, inter alia, the performance of the tasks related to the execution of the precautionary measures of custody in prison, sentences and detention security measures, alternatives measures to detention. DAP is divided into regional penitentiary board administrations responsible for the management of adults penitentiary institutions across all Italian regions.

### **About Social Outcome Contracting**

Social Outcome Contracting (SOC), which includes more specific arrangements such as Social Impact Bonds, consists of innovative methodologies where the

public administration procures services based on desired, achievable social outcomes, which are pre-agreed with the service provider. The relationship between the procuring public administration and the service provider is structured around pre-agreed social outcome (for instance, reduction of re-offending rates, social inclusion of vulnerable groups, etc.), and not merely on outputs.

SOC models typically envisage the involvement of private investors, financing innovation in social service delivery and payments which are subject to the actual achievement of contracted outcomes.

This contracting and financing methodology ensures transparency and better control over the results, as it is necessary to establish a system of metrics upfront, to measure the extent to which the objectives have been achieved.