

**Ryszard Necel**

Institute of Sociology, Department of Applied Sociology and Social Work  
Adam Mickiewicz University in Poznań<sup>1</sup>

**Marcin Wiśniewski**

Faculty of Economics, Department of Monetary Policy and Financial Markets  
Poznań University of Economics and Business<sup>2</sup>

***Prospects for implementation of social impact bonds  
in Poland—  
an example of an intervention on the labour market***

***Summary***

The aim of this article is to describe social impact bonds as an innovative instrument for financing social services. The first part presents the nature of this solution in its economic, institutional and legal aspects. Then we analyse the chances of social impact bond development taking into account the labour market and the financial market. In the next part, the authors present a proposal to use the model of social impact bonds in

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<sup>1</sup> Instytut Socjologii UAM, Zakład Badania Problemów Społecznych i Pracy Socjalnej, ul. Szamarzewskiego 89C, 60-568 Poznań; author's email address: necel@amu.edu.pl, ORCID — 0000-0001-6709-0862.

<sup>2</sup> Wydział Ekonomii UEP, Katedra Polityki Pieniężnej i Rynków Finansowych, al. Niepodległości 10, 61-875 Poznań; author's email address: marcin.wisniewski@ue.poznan.pl, ORCID — 0000-0003-4609-6143.

employment support services. The summary is a critical analysis of the model, presenting its weaknesses and relevant remedial strategies.

**Key words:** social impact bonds, labour market, employment support services

## *Introduction*

Discussions concerning directions of development of the contemporary social policy are becoming increasingly less focused on the validity of social investments and more interested in ensuring that implementation of said investments is done with the help of most optimal strategies. Social impact bonds are an example of the investment-based social policy paradigm. This instrument is meant to meet social needs more effectively than any existing solutions, while at the same time maintaining the economic viability of the applied public intervention. It is worth considering this solution for several fundamental reasons. First of all, it is an example of a social innovation which changes the logic of financing of public tasks, as it implements the idea of paying for results. Secondly, it constitutes a good practice in the area of building social programmes based on a reliable assessment of the implemented interventions (The Australian Government the Treasury, 2017, p. 7). It requires an in-depth diagnosis of a given social problem, an empirical determination of expectations of the entities which are involved in the project, and identification of reliable intervention indicators. Thirdly, this solution can be treated as a testing ground for a multi-sectoral social policy, because public, private and non-governmental entities all participate in this mechanism. Moreover, considering the fact that this issue is rarely described in the Polish academic discourse (Marchewka-Bartkowiak, Wiśniewski, 2015), there is a gap in the literature that is worth filling, and the aim of this article is to contribute to this very goal.

The first section of this article will describe the nature of the social impact bond mechanism, broken down into different tasks implemented by different entities, with information on relevant Polish legal and financial conditions. The article will also identify the determinants of development of the social impact bond model in the context of the labour and securities markets in Poland. In addition, the aim of this work is to develop proposals concerning implementation of the social impact bond model on the labour market and employment support services, because, on the one hand, it represents active forms of unemployment prevention, and on the other hand, it is an innovation that goes off the beaten path of traditional employment support methods. This section of the article will contain direct references to the effects of the work conducted within the framework of a project co-financed by the European Union, under the European Social Fund, entitled “The mechanism of implementation of social impact bonds on the labour market” and carried out by DGA S.A. in partnership with Wielkopolska Agencja Rozwoju Przedsiębiorczości Sp. z o.o. within Axis IV Operational Programme Knowledge

Education Development “Social Innovation and Transnational Cooperation”, measure 4.1 Social innovations.

### *The nature of the social impact bond model*

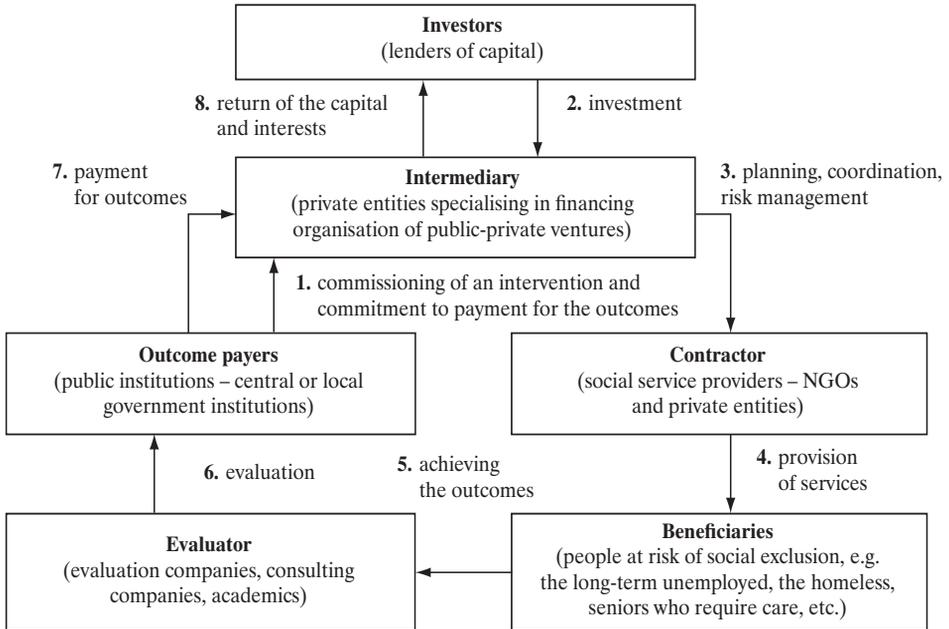
The nature of the social impact bond mechanism can be best described by treating it as an economic, legal and human resources instrument of social policy (Supińska, 2009, pp. 85–89; Supińska, 2014, pp. 217–240).<sup>3</sup> Moreover, it is assumed that it is a mechanism defined in a general framework, which is, nevertheless, flexible and open to changes, depending on the chosen area of intervention (Pasi, 2014, p. 145).

According to Supińska (2009, p. 88), the human resources dimension of social policy consists primarily of people who make decisions concerning social policy directions at various levels of hierarchy and people who provide professional services. When describing the social impact bond model, it is more justified to refer to institutions in which members of staff perform their tasks rather than individual employees. Therefore, **in the institutional dimension**, social impact bonds constitute a network of cooperation for implementation of a socially significant objective. Said objective is formulated by a central or local public institution which under the law is tasked with implementing public tasks. The public entity is the contracting party specifying the type and scope of the commissioned intervention and the expected outcomes of its implementation in respect to a specific target group within the set time limit. The intermediary is the one who accepts the order and receives remuneration from the contracting party if a relevant social outcome is achieved. Another entity operating within the social impact bond mechanism is the investor that deposits capital by purchasing bonds for the implementation of the project specified by the contracting party. If the project proves to be a success, the investor is guaranteed to receive the return of their capital with interests. Within the framework of the investor-intermediary relation, the intermediary is first of all responsible for receiving the payment of the capital and paying out any capital gain. The key role in the presented model is played by the contractor that performs specific interventions commissioned by the intermediary. The contractor performs social services whose type, scope and performance indicators are determined in agreements concluded between the intermediary and the contracting party. The contractor may be a non-governmental organisation active in the public benefit area in accordance with Article 3(2) of the Act on Public Benefit and Volunteer Work (Journal of Laws of 2016 item 239, as amended) or an enterprise that guarantees implementation of the task, e.g. through employment, if the employment effect is the expected social outcome. The last element of the mechanism is the recipient—the direct beneficiary of the support. The basic scheme of the institutional structure of the social impact bond mechanism is presented in Scheme 1.

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<sup>3</sup> According to Jolanta Supińska, the set of social policy instruments includes: economic, social, legal, information, human resources, space shaping and time management instruments. In order to make the description of the social impact bond mechanism more clear, only part of this proposed catalogue of instruments was included in this article.

**Scheme 1. The basic social impact bond mechanism**



Source: own work, based on: Galitopoulou, Noya, 2016, pp. 4–6.

The institutional support architecture operating within the social impact bond mechanism is presented above. However, to explain the nature of the model it is necessary to describe it also as an **economic instrument**. In this context, the function of social impact bonds is to create opportunities to achieve social policy objectives by using market instruments, which is to reduce the amount of public expenditure (Schinckus, 2015, p. 105). Investors, i.e. bondholders, can represent many different types of entities. Considering the investor types, we can talk about philanthropic, public sector and commercial social impact bonds (Mulgan, Reeder, Aylott, Bo’sher, 2011, pp. 8–9). In the case of philanthropic social impact bonds, the funds allocated to the project come from organisations or individuals that do not seek profit and are motivated by the desire to offer selfless help. As a rule, entities acting for philanthropic reasons do not expect to gain any profit from the invested funds and accept a higher risk of failure than commercial entities, which means that this model allows for implementation of innovative activities. The public sector social impact bonds represent the second type of bonds. Their investors are local authorities that lend funds on the existing market in the form of, for example, credit, and then receive remuneration from the central administration, if specific results are achieved. This solution is relatively easy to implement. It does not involve many entities and has relatively low transaction costs. The commercial social impact bond model replaces the role of philanthropist investors and local authorities with commercial enterprises. A new financial instrument is thus created in which banks, insurance companies and other organisations

can invest. This commercial approach will be possible to implement when social impact bonds prove their effectiveness and profitability.

When considering social impact bonds as financial instruments, it should be emphasised that this mechanism changes the allocation of financial risk by including investors in financing social services, which is one of its key features (Cooper, Graham, Himick, 2016, p. 64). This reveals the fundamental difference between social impact bonds and their traditional counterparts: “social impact bonds are associated with a higher level of risk than standard bonds because, as a rule, their structure includes an additional outcome-linked condition for repayment of the principal and interests” (Marchewka-Bartkowiak, Wiśniewski, 2015, p. 212). As Pasi rightly emphasises, the risk in social impact bonds should be perceived both in its object-related aspect—i.e. in relation to potential difficulties in implementation of a given service—and in the subject-related aspect in which the entity implementing specific actions is responsible for the level of risk (Pasi, 2014, p. 146).

Social impact bonds are based on the idea of “pay for results”, which is well-described in the literature on the subject, so there is no need for including a detailed description of this paradigm. It should only be emphasised that said idea has its apologists proving the effectiveness and innovativeness of social programmes which are based on this model (Fox, Albertson, 2011, p. 397). The effectiveness of this type of solutions is proven e.g. by research conducted in the field of experimental economics, although it is in so far imperfect that they lack control over risk factors (Wong, Ortmann, Motta, Zhang, 2016, p. 74). The opposite opinions which treat “pay for results” as a manifestation of neo-liberal rationality, which aims to express the often immeasurable social effects of interventions as indicators, are equally commonplace (Cooper, Graham, Himick, 2016, p. 65). In relation to social impact bonds, the intervention is to be carried out thanks to the funds provided by private investors, and any payments made from public funds are triggered only when the endeavour becomes a measurable success.

The social impact bond model should also be contextualised within the Polish **legal provisions**, which would make it applicable in the country. The solutions which have been so far implemented around the world indicate that, despite their names, social impact bonds are most often not actually bonds in the meaning of legislation regulating the issue and trading of securities (which include bonds). Most often, they are in fact civil law agreements which contain the rights and obligations of the parties to the above-described mechanisms. In other words, in practice, social impact bonds are not securities which, after their issuance, could be traded on the market—private or public.

Therefore, accurate representation of the nature of social impact bonds requires also considering them in the light of changing social policy paradigms. Putting aside the discussion on the desired employment support models, which is not the main aim of this article, it is enough to emphasise that the social impact bond model requires a new look at social policy. First, in the axionormative dimension, the model refers to the primacy of the promotion/development function over the compensation/protection function (Kaźmierczak, 2014, p. 94). Social impact bonds also promote the idea of deinstitutionalization of the state which does not renounce its responsibility for social problems, which Krzysztof

Frysztacki presents as follows: “Contemporary state power undergoes rationalisation, institutionalisation, bureaucratisation, which is meant to facilitate the search for additional solutions for matters for which the state is responsible, but with which it is not necessarily able to cope” (Frysztacki, 2015, p. 57). Secondly, as a consequence of adoption of the employment supporting approach, the way of management of social policy must also change, including the labour market policy in which we are particularly interested. It will be necessary to implement new-public-management-style public policies for the development of social impact bonds. The aim of the article is not to present the full complexity of this paradigm, it is enough to emphasise the need to implement the principle of empowering the recipients of services (Brye, Preston-Shoot, 1995), especially through the practice of co-production of services (Pestoff, 2008, p. 280), and on-going monitoring of effects of the undertaken actions, referring to quantifiable intervention indicators, i.e. elements of the so-called evidence-based policy (Davies, Nutley, Smith, 2000).

### *Chances of using social impact bonds on the labour market*

This article has so far focused on presentation of the general assumptions of the social impact bond model without indicating a specific area of intervention. In the further part of the article, the proposed solution will be considered in reference to the labour market, where the objective is to help the unemployed find jobs by creating appropriate connections between the needs of the demand and supply sides of the labour market. First of all, it is worth considering the conditions that must be met in order for the bonds to have a chance to exist in the social policy system not as a one-off initiative, but as a solution that can become a permanent component of a wide range of social policy instruments. In this context, it is first necessary to answer the question whether the relevant markets for this solution, that is, the capital and labour markets, provide opportunities for the development of such initiatives.

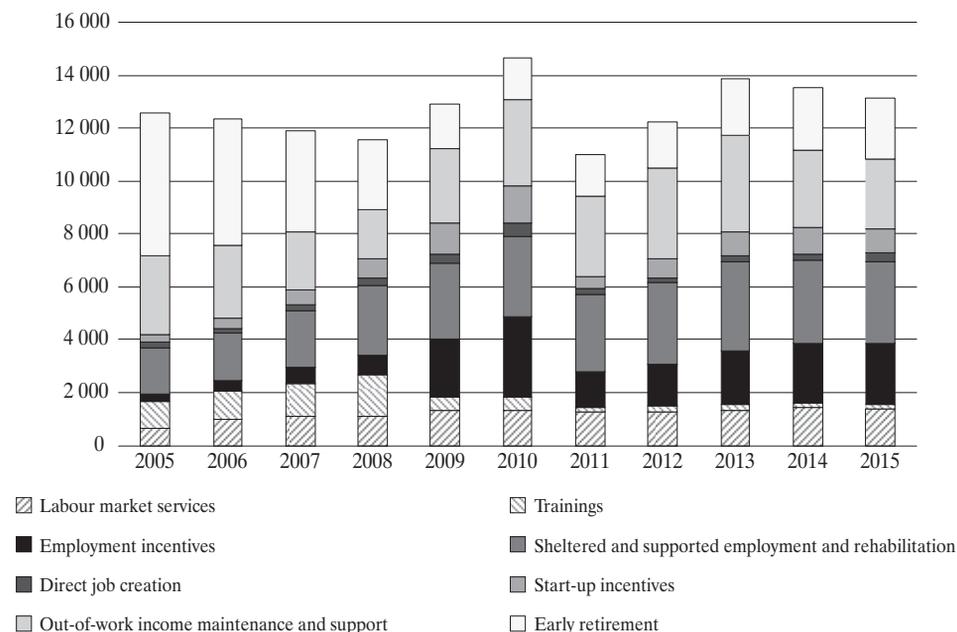
When considering the **labour market**, one should begin with its potential in the area of financing active forms of support, as all interventions using social impact bonds should be included in this category. The classification of “activities” (interventions) implemented by the state and its institutions within the framework of labour market policy is made a bit difficult due to the fact that their definitions adopted in law, reporting and statistics—both domestic and international—are not consistent. The definition used by Eurostat was adopted at the outset for this article, because its further sections will reference the Eurostat statistical data (Eurostat, 2013). Eurostat names 9 types of “labour market policy interventions”, divided into three categories, as shown in Table 1. It should be noted that in this classification interventions no. 1–7 can be considered to be active labour market instruments, while interventions no. 8–9 are treated as passive instruments.

Analysing the potential of individual employment support instruments from the point of view of public finances, it is worth pointing out the amount of expenses incurred by the state for the above-mentioned interventions. The figure below presents the expenditure on labour market policy in Poland in 2005–2015 in accordance with the classification adopted in Table 1.

**Table 1. Classification of interventions of labour market policy according to Eurostat**

<b>LMP services</b>
1. labour market services
<b>LMP measures</b>
2. trainings
3. <del>job rotation and job sharing</del> (not used any more—included in category 4)
4. employment incentives—programmes that facilitate the recruitment of unemployed persons or help to maintain jobs which would be liquidated without proper support
5. sheltered and supported employment and rehabilitation
6. direct job creation
7. start-up incentives
<b>LPM support</b>
8. out-of-work income maintenance and support
9. early retirement

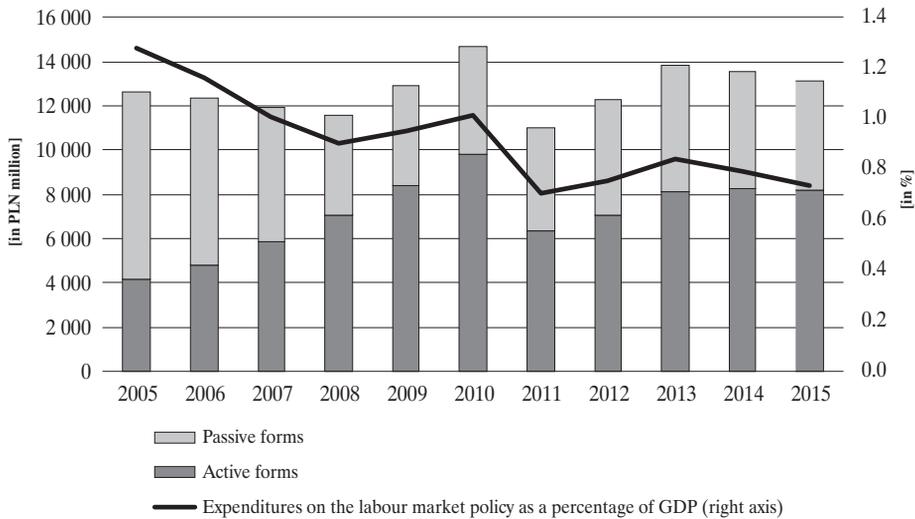
Source: own work, based on: Eurostat, 2013, pp. 13–23; Wiśniewski, Zawadzki, 2010, p. 29.

**Figure 1. Expenditures on the labour market policy in Poland, by type of intervention (in PLN million)**

Source: own work, based on the Eurostat data.

The above-presented figure shows that even a decade ago pre-retirement benefits and unemployment benefits constituted the prevailing share of all interventions financed from public funds. In the last decade, these proportions have changed—these forms of support are still financed from the public funds, but there has been a noticeable increase in the share of expenditures spent on employment support, rehabilitation of people with disabilities or employment incentives. Additionally, Figure 2 presents the same expenses broken down into active forms of labour market policy (including services) and their passive counterparts, and also the share of expenditures spent on labour market policy in relation to GDP.

**Figure 2. Expenditures spent on active and passive forms of labour market policy in Poland in 2005–2015 (in PLN million) against GDP (in %)**



Source: own work, based on the Eurostat data.

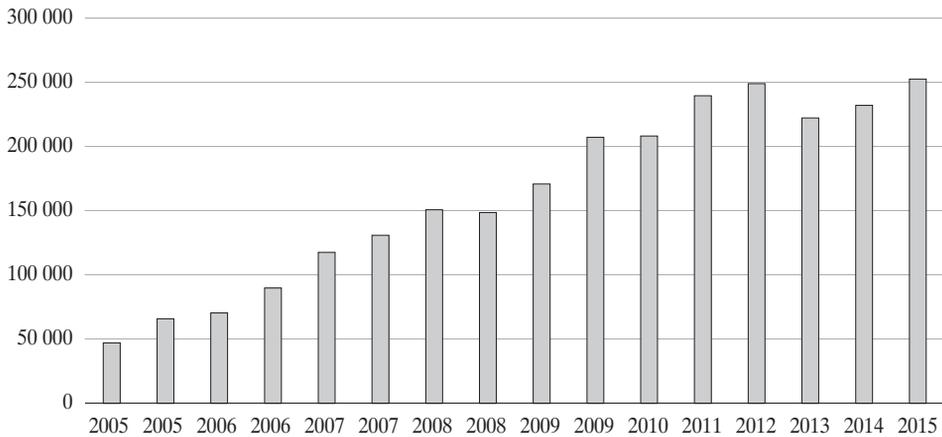
There is a noticeable trend of reducing spending on passive forms of interventions and increasing spending on active forms. However, despite this increase, the relative value of overall expenditures spent on the labour market policy has been successively reduced in the last ten years, from over 1.2% of GDP in 2005 to just 0.7% in 2015. It is estimated that between 1990 and 2015 nearly PLN 200 billion were spent on the labour market policy, with expenditure on passive instruments dominating in the initial part of this period. In the recent years, there has been an evolution in the approach to implementation of the labour market policy which caused a gradual shift from protective measures to strengthening the employment support instruments for the unemployed (Cicha-Nazarczuk, 2015, p. 157).

The above-presented analysis of the existing data reveals one fundamental observation—the share of expenditures allocated to active forms of employment support in Poland has been increasing in recent years. The proposed intervention in the scope of financing activities carried out on the labour market with funds from social impact bonds

is part of this trend, as it is aimed at creating new jobs, and not at mitigating negative effects of unemployment with the help of passive instruments.

The **debt instruments market** is also a source of opportunities for development of social impact bonds in Poland. According to the Eurostat data, the value of debt securities issued in Poland by Polish residents (including the State Treasury and other state and local government institutions) has increased fivefold in the last 15 years (Figure 1). Currently, this value exceeds the level of EUR 250 billion, which at the current exchange rate translates into over PLN 1 billion.

**Figure 3. The value of debt securities issued in Poland (in EUR million)**



Source: own work, based on the Eurostat data.

However, it should be emphasised that public debt dominates in this category, and the value of securities whose issuers are non-financial enterprises, that is, the entities which are the most important from the point of view of the conducted analysis, amounted to about EUR 24 billion, or about PLN 100 billion. Detailed data concerning this aspect can be found in the reports of the National Bank of Poland (Narodowy Bank Polski—NBP). Table 2 presents basic data concerning the capital market in Poland in 2012–2015. It is easy to notice that, in Poland, the capital market instruments outnumber slightly the equity instruments, including those listed on the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie—GPW). The securities issued by the State Treasury are the most dominant category among all debt securities, as was already indicated above.

To sum up, the securities market in Poland is developing dynamically, but involvement of non-financial enterprises in issuing debt instruments is rather limited, and public and local government institutions dominate. Thus, any issuer of social impact bonds as a non-public entity, a special purpose vehicle, would enter a market which is relatively small, hence, any proposed instruments would have to be attractive to potential investors (in terms of their profitability or opportunities to achieve other types of profits, e.g. social or prestigious ones).

**Table 2. The size of individual segments of the domestic capital market in Poland (in PLN billion)**

Specification	2012	2013	2014	2015
Debt securities	613.8	670.8	605.0	649.9
Marketable State Treasury bonds	520.0	565.7	482.9	513.4
BGK bonds for the NRF*	25.6	25.4	19.6	19.4
Long-term corporate debt securities	32.3	37.8	54.2	65.2
Municipal bonds	15.6	18.6	19.1	20.0
Long-term bank debt securities	17.2	20.0	25.1	26.5
Covered bonds	3.1	3.3	4.1	5.4
Equity instruments	745.1	851.8	1262.1	1091.6
WSE Main Market	734.0	840.8	1253.0	1082.9
NewConnect	11.1	11.0	9.1	8.7

\* National Road Fund (Polish: Krajowy Fundusz Drogowy).

Source: NBP, 2016, p. 241.

The development of social impact bonds in Poland is determined not only by the condition and structure of the capital market, or the level of development of active forms of counteracting unemployment, but also, in equally significant way, by the **state policy creating incentives for development of such initiatives**. First of all, the state's activity should focus on creating business environment institutions that stimulate the development of enterprises and local governments, inter alia, through repayable instruments. The already operating Polish Development Fund (Polski Fundusz Rozwoju—PFR), or the planned regional banks are good examples of such initiatives.<sup>4</sup> Secondly, the key development factor for any innovative initiatives, including the social impact bond model, is the creation of financing programmes for projects with a high innovation potential, i.e., ones which have not been tested in Poland, and a high risk of failure in the implementation phase. In 2016, the Ministry of Development decided to face this challenge and announced a competition for the pilot social impact bond programme as a new form of financing social services in Poland. The competition was a part of the Ministry's Operational Programme Knowledge Education Development (OP KED; Program Operacyjny Wiedza Edukacja Rozwój—PO WER) which is financed from the EU's Cohesion Fund.

<sup>4</sup> More information on this subject can be found in an interview which Deputy Minister Jerzy Kwieciński gave to the daily newspaper, *Rzeczpospolita*. Available at: <http://www.rp.pl/Banki/308129989-Regionalne-fundusze-rozwoju-moga-dac-poczatek-bankom.html#ap-1> [access date: 08.09.2017].

To sum up, the opportunities which are created for the social impact bond model on the labour market are the development of active employment support services and the possibility of raising capital from financial markets. However, in order to make use of these opportunities, public administration has to take an active role in creating appropriate climate for such investments in both the institutional and financial dimension. Finally, it is worth emphasising that the country's dominant directions of social policy development also play a significant role in this process. Indeed, social impact bonds have a chance to enter the ranks of most common support activities if the social security of citizens is achieved not by increased spending on passive support instruments, but through development of activities aimed at strengthening the social capital.

### ***Social impact bonds in the employment support practice***

According to the data published on the [www.instiglio.pl](http://www.instiglio.pl) website, 77 programmes based on the social impact bond mechanism are currently on-going across the world (as of April 2017).<sup>5</sup> They cover a wide range of activities concerning many issues—from social rehabilitation, through counteracting homelessness, and unemployment, to education of the youngest citizens. As indicated earlier, Poland has also seen its first attempts to implement the idea of social impact bonds within the support service framework. The Ministry of Development initiated those ventures by launching competitions co-financed from the European Union funds. The following model of social impact bond implementation was created as part of one of the above-mentioned projects.<sup>6</sup>

The proposed model of social impact bonds concerns interventions within the labour market; to be precise—the employment support for the unemployed. To avoid any doubts, this instrument will be described below from the perspectives of the roles of individual entities, which is illustrated by the following scheme.

In the proposed model, the District Labour Office (DLO; Powiatowy Urząd Pracy—PUP) is the contracting party, which, in accordance with Article 34 of the Act on employment promotion and labour market institutions, provides job search assistance for registered unemployed persons, and if it is not possible to provide them with appropriate work, initiates and co-finances the creation of additional jobs. An external entity is commissioned to perform this service, which is to be done with the help of the bond instrument. The role of DLO is limited to defining the expected outcomes of intervention by specifying

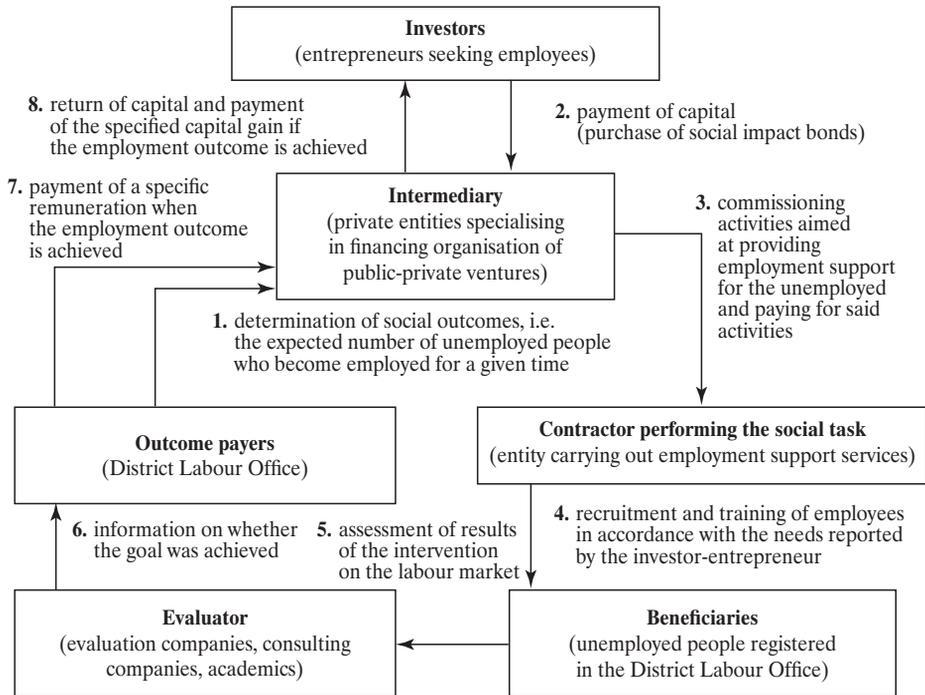
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<sup>5</sup> Available at: <http://www.instiglio.org/en/sibs-worldwide/> [access date: 15.09.2017].

<sup>6</sup> The model of using social impact bonds to provide support on the labour market has been previously described in other works of the authors of this article and in the work of Baha Kalinowska-Sufinowicz, Ph.D., PUEB Associate Professor, within the framework of a project co-financed by the European Union, under the European Social Fund, entitled “The mechanism of implementation of social impact bonds on the labour market”, carried out by DGA S.A., in partnership with Wielkopolska Agencja Rozwoju Przedsiębiorczości Sp. z o.o. within Axis IV Operational Programme Knowledge Education Development “Social Innovation and Transnational Cooperation”, measure 4.1 Social innovations.

a minimum percentage of the unemployed who became employed for a given time due to the intervention, e.g. a minimum of 80% of people subject to intervention within a 2-year period. The DLO makes the payment after implementation of the intervention and achievement of the previously determined performance indicator. The payment is made to the intermediary; an entity that also functions as an issuer of the bonds in relation to the investors. The intermediary is also responsible for selecting the entity performing tasks in the field of job search assistance. It may be a non-governmental organisation or a non-public employment agency that will recruit unemployed persons whose profiles are defined by the employer (in terms of knowledge, competences and skills). Employment support services can also rely on social coaching or trainings, support of a job coach, etc. depending on the deficits of individual unemployed persons and the needs of the employer in question.

**Scheme 2. The social impact bond model on the labour market in Poland**



Source: own work, based on: Galitopoulou, Noya, 2016, pp. 4-6.

It is worth recalling that the bond model is based on the “pay for results” principle, so it requires figuring out how to obtain financing for implementation of the intervention. The investors, that is, the employers who buy bonds play the key role in this context. The funds invested must guarantee the provision of employment support services from job search assistance to training. If the anticipated outcome of the intervention is achieved, the investor receives their capital back with the appropriate added gain (e.g. the

interests which are higher than the market-level interests). However, in the event of failure, the invested capital is lost, either in part or in entirety. In the presented model, the entrepreneur-investor bears the full risk associated with a potential failure of the undertaking, which would be a failure to achieve the assumed employment indicators. The benefits for the investor should be therefore emphasised. They are revealed in two basic contexts. Firstly, in the economic dimension, the entrepreneur saves on the costs of training and recruitment of the employee and is guaranteed that the new employee would be obliged to work for the employer during the intervention period, which is an important issue in the context of increasing demand for employees. Secondly, the purchase of social impact bonds can be treated as an example of pro-social activity, which demonstrates that the enterprise is involved in the local community, as it actively participates in its development projects.

The funds provided by investors do not only cover the costs of employment support, but their significant part is provided to the unemployed in the form of loans-donations. The so-obtained capital would be used to set up the previously unemployed people's own businesses; it would be spent on fixed assets, equipment, and machinery, including resources necessary to provide work for the benefit of the entrepreneur. An unemployed person can receive money for starting a business only if one agrees to provide services to a specific investor-entrepreneur. Because of this, the self-employed would receive revenues which could be used to repay the loan, on predefined dates and at very low interest rates. Therefore, the purpose of the developed model is to bring the unemployed person together with an entrepreneur seeking a new employee. It is worth emphasising that employment support services implemented on the basis of the social impact bond mechanism should be addressed to a selected, relatively narrow category of the unemployed people. To use the nomenclature of public employment services—it would be the person with the first or possibly the second assistance profile, so only slightly removed from the labour market and ready to enter it with the support of loan-subsidies and a properly designed training and coaching offer.

### ***Conclusions: a critical analysis of social impact bonds as an instrument of social policy***

Having outlined the social impact bond mechanism and identified conditions for their development, it is worth to assess the proposed model more critically. The following comments, presented in the form of a list of doubts/objections, should in no way be used as fuel to contest the very idea of social impact bonds, but should be treated as a starting point in the discussion on the model of their implementation. The social impact bond model, despite its weaknesses, should be treated as one of the new forms of sustainable development of the social policy system in the context of low public expenditures and increasing social needs (Pasi, 2014, p. 148). What is more, some mitigating strategies have been formulated in response to the presented arguments which eliminate the problems and show possible ways of improving the model.

First, social impact bonds support an effectiveness-oriented approach to social policy. Due to the fact that social impact bonds are based on the idea of pay for results, only those social goals that are possible to quantify (can be expressed in numbers) count in the final evaluation of activities. The performance indicator of social objectives based on specific measurement parameters can be treated by investors as an attractive investment product (Pasi, 2014, p. 146), that is, investor may make their interest in a given investment conditional on whether a given target performance indicator is achievable. In the case of the labour market, there might be a certain “fetishisation” of employment rates—reaching the target rate might be treated as the ultimate measure of success of the initiative, whereas the soft outcomes of employment support measures might go unnoticed. Proposed evaluations of outcomes should also include so-called soft results, i.e. increased confidence in one’s own strength, greater motivation for engaging in professional and social activity, or an increased sense of responsibility.

Secondly, the proposed model is by design based only on the commodified gainful work, and the income obtained through said work is supposed to be an argument supporting the legitimacy of this type of intervention on the macroeconomic scale—that is, an unemployed person who becomes employed will no longer be associated with public expenses related to the payment of unemployment benefits. In addition, the newly-employed person will receive remuneration for their work, which will in turn contribute to the state and local government unit’s budgets, e.g. as payments of income tax. On the labour market, the social impact bond model does not take into consideration any alternative forms of activities which can also be treated as work, albeit non-profit kind of work, e.g. volunteering, reproductive labour of women, involvement in the local community, etc. Thus, the social impact bond model could apply to the above-mentioned work areas, but it would require a change of the entity acting as the contracting party—it could not be the district labour office.

Thirdly, because the proposed mechanism focuses on employment rates and the employer’s needs, it may be easy to reduce the unemployed people to resources which are to be profiled in accordance with the needs of the investor, i.e. the employer. Social impact bonds should focus more on the co-production of services (Pestof, 2012; Sześciło, 2015), treating the beneficiary of the support as a partner in the implemented support activities. In practice, this could mean developing resourcefulness in job search activities and shaping entrepreneurial attitudes through social coaching conducted as part of job search assistance services.

Fourthly, when it comes to services responding to the problem of unemployment, the proposed model of social impact bonds can hardly be considered to be a social innovation. It refers to well-known, even conservative, tools and forms of support—job search assistance, trainings, loans, and subsidies. However, the innovative potential is located in the context of the proposed model of cooperation in which public institutions are to cooperate with the private and/or local government sectors on the basis of the pay for results principle. The proposed new cooperation model can therefore be seen as an innovation, which is also a belief of Zbigniew Woźniak who wrote the following:

“creating and implementing new ideas that enable people to organise interpersonal activities and social interactions to achieve one or more common goals—innovations through participation allow *to do more for less*” (Woźniak, 2016, p. 213).

Fifth, the potential weakness of the proposed bond model may consist in limiting the support to a small group of beneficiaries who are resourceful and entrepreneurial enough to quickly and effectively enter into the role of an employee, which will allow for achievement of effective employment outcomes. Therefore, it may lead to emergence of a relatively well-known phenomenon of the so-called “creaming”—that is, provision of support to those who have already been beneficiaries of projects or have not spent too much time off the market and thus show potential for achieving the employment success. Taking these types of risks into consideration, it is possible to limit the area of intervention to the unemployed with the second or third assistance profiles.<sup>7</sup>

In conclusion, the proposed form of intervention works well in the context of a specific agenda of problems, in favourable socio-economic conditions and with a high level of trust between the public institution and its co-operators. Therefore, the social impact bond model cannot be treated as an alternative to a functioning system of employment support services, but only as another instrument in a wide range of possible forms of employment support and assistance.

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<sup>7</sup> More information on the logic of determining assistance profiles can be found on the vortal of public employment services. Available at: <http://psz.praca.gov.pl/-/69796-profilowanie-pomocy> [access date: 18.09.2017].

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### ***Perspektywy wdrażania obligacji społecznych w Polsce— przykład interwencji na rynku pracy***

#### ***Streszczenie***

Celem artykułu jest opisanie obligacji społecznych jako innowacyjnego instrumentu finansowania usług społecznych. W pierwszej części przedstawiona jest istota tego rozwiązania w wymiarze ekonomicznym, instytucjonalnym oraz prawnym. Następnie dokonana jest analiza szans rozwoju obligacji społecznych w Polsce, biorąc pod uwagę uwarunkowania rynku pracy i rynku kapitałowego. W dalszej części autorzy przedstawiają propozycję zastosowania modelu obligacji społecznych w usługach aktywizacji zawodowej. Podsumowaniem jest krytyczna analiza modelu ukazująca potencjalnie słabe strony interwencji z zastosowanym mechanizmem wraz z propozycjami przeciwdziałania.

**Słowa kluczowe:** obligacje społeczne, rynek pracy, usługi aktywizacji zawodowej