

**Report on Social Impact Investment Sustainability  
 and Transferability in the DR**

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## List of Abbreviations

BSO	Business Support Organization
ERDF	European Regional Development Fund
GSG	Global Steering Group for Impact Investment
NGO	non-governmental organization
PA	Priority Area
SE	Social enterprise
SIB	Social Impact Bond
SII	Social Impact Investment
WP	Work Package

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## Introduction

The project **Finance4SocialChange** aims to develop an ecosystem supporting social entrepreneurship and social impact investment (SII), propagate innovative financial instruments and promote social impact investment-ready social enterprises in the Danube Region.

This document reports on the Transferability and Sustainability workshop, that was organized in the frame of Closing Conference of the Project in Budapest on 24<sup>th</sup> of November 2021. The workshop was a part of the activity of 4.3 (Social Impact Investment Community Council pool of mentorship network) in Work Package (WP)4. The workshop discussed what are the main tasks for the SII Strategy in the Danube Region to have a long lasting effect" and whether some recommendations could be transferred to other European countries or regions. The first part provides descriptive information about the planning and organization of the Transferability and Sustainability workshop while the second part deals with the findings and conclusions that can be drawn from the workshops' discussions and exchanges.

### 1. Workshop organization on 24th November 2021

#### Workshop objectives

The workshop was organized and moderated in the frame of the Closing Conference by IFKA's contracted Partner Impact Hub Budapest. Impact HUB organized two meetings with the panelist before the discussion, with focus the Strategy( was sent to them beforehand) and and to share information on the workshop organization and questions.

Presentation before the workshop and to set the theme for the panel discussion:

The social impact investment strategy has been prepared based on the directives and the participant countries led by Steinbeis Europa Zentrum, and on behalf of them, Dr Clémentine Roth.. SII strategy) developed in the frame of the project Finance4SocialChange is a macro-regional strategy aiming at developing social impact investment markets by facilitating and boosting social impact investments and strengthening and supporting the sustainability and scalability of social enterprises The panelists and participants of the workshop were introduced how the social impact investment strategy was defined through SWOT Analysis, identified needs and weaknesses, identified intervention areas and recommendations including a Vision for 2030.

The workshop panel discussion objectives were the following:

- to investigate how the F4SC strategy is transferable and sustainable, not just in the (Danube) region, but in Europe,

- to overview the social impact investment present and future situation, strength and weaknesses, opportunities and threats in local, regional and national funding programs from different angles, from different stakeholders' perspectives,
- to get to know views and facts from the perspective of a venture investor, a social banker, an expert of social enterprises, social ecosystem, a social ecosystem researcher-academist, a public stakeholder.

#### Target audience and participants

- Policy makers and government agencies
- Investors and financial intermediaries
- Financial institutions
- Support organizations
- Business communities
- Social enterprises

Table 1: Participants of the workshop

N°	Host	Project Partners	SEs	Investors	BSO, capacity-builders	Policy-makers	Other	Total stakeholders	Total participants
	IFKA/ Impact Hub	38	5	9	9	10	8	36	74

#### Workshop format

Panel discussion moderated, the moderator and two panelists offline and 3 panelists online in Zoom. The workshop was attended by participants offline and online.

#### Panelists:

Zsolt Pethe / FA-SE CEE Region - online

Dr. Gorgi Krlev, Senior Researcher / UHEI – online

Dr. Csaba Novák, Director - International Projects / IFKA – offline

Róbert Bolyán, Director of Social Banking in Unicredit Bank – offline

Éva Varga, Independent SE expert, Founding Member of the Social Enterprise Coalition – online

#### Moderator:

Beatrix Bedo, Founder, CEO of Impact Hub Budapest

Table 2: Descriptive information about the transnational policy coordination workshops

Country	Local organizer	Venue	Date	Duration
Hungary	IFKA	Mercure Budapest Korona Hotel Kecskeméti u. 14., 1053 Budapest & Online (zoom)	24 November 2021	1 hour 45 Minutes

## 2. Structure of the workshop

1. Introduction of the Panelists and their role in the social ecosystem
2. The current situation of the SE ecosystem and social impact investing
3. Discussion on the SWOT Analysis of the SII Strategy
4. Recommendations of the different areas, role players
5. Conclusion & recommendations summarized by Dr Clementine Roth

## 3. Summary of the discussion

The current situation of the social ecosystem and social impact investing in the region is still in infancy status. Though significant steps by the EU and the different countries have been made in development of the ecosystem, which resulted visible improvement, the development levels differs in the region, sometime even within one country. The panel participants agreed that standardization is needed, the players in the ecosystem use different definitions and terminology. As the levels of economic development and social needs are different in the region, the standardization can not be unified totally. Due to the different social needs and the high development level of venture capital and financing, there is high potential for growth in the region. To exploit the potential good strategies ( like the presented one) and visions for the future are needed.

Impact investment is thriving and growing with good dynamics in the region, especially if commercial banks are entering in the financing of social innovation and social enterprises. In the region – except of Austria and Germany – public finance in form of grants will be present in the future, but public-private cooperation, in form loans, guaranties and hybrid financial solutions can improve significantly the liquidity of the organizations active in the field. For the near future these financial instruments serve the improvement of the SE's better, than capital investments. The SE's and ecosystems proved to be crises resilient during the COVID years, showing new ways to social cohesion.

### **The strengths of the SII:**

- the market is growing, there is a demand for beneficiary loans from the financial institution
- promising signs – more matured SEs and a better applicable innovative impact business models,
- SEs are not just part of the civil society any more,
- special program to support of SEs in rural areas in the region,
- the more data is collected about the ecosystem, the investments can be better founded.,

### **The weaknesses of SII:**

- still not enough data, impact measurement method are not standardized
- FASE sees that capital investment is challenging when crosses borders,
- small ticket size
- not enough capital, investment for early stage, startups

### **Opportunities for SII:**

- Good assessment of weaknesses is a starting point for exploring Opportunities
- F4SC offered a good start,
- the collaboration between the different capital providers,
- matchmaking and pitching
- social enterprises network and impact investor networks are important (+ they provide data),
- having more data to use for appropriate strategy
- more interest awareness / growing awareness in the private sector for SEs (private procurement)
- not necessarily need for public funding but need of a (public) framework
- financial monetization of social impact in public financing

### Threats for SII:

- ESG is booming and the environmental projects grow,
- the balance between E and S
- diluting the term of social impact ecosystem
- greenwashing, impact washing – when you do not have the evidence
- seed stages might vanish without financing
- mismatch in expectations in impact finance
- overregulation and standardization

## 4. Recommendations by the Panelists

The panelist agreed, that creating a sense of ownership, (e.g., in Portugal) could boost the further development. Communicating the positive examples, good practices, presenting the changemakers is crucial for further development.

Increasing the public profile in terms of making the wider public aware of the social impact investment. The drivers ( public and private) of the SII should follow a multi-stakeholder approach, to widen the basis for SII. Raise awareness was one of main objectives of F4SC.

Creating comprehensive strategies ( like Finance4 SocialChange Social Impact Investment Strategy for Danube Region) and discussing them with public and private investors and financiers are significant steps towards improvement.

Introduction of simple and easy understandable qualification systems would raise the attention of SE's to measure themselves. This would increase the number of SE's just by qualifying, considerable number of SME's don't recognize themselves as social enterprise. The qualification should be wide scaled enough, in order not to destroy the diversity of the ecosystem, which is value by itself. The SE's need mentoring and easy understandable business models, the good "spirit" and innovative approach is just a potential, not a possibility for scaling .

Special attention is to be devoted to startup and early stage SE's, lack of public and private financing structures and less than needed nonfinancial support prevents them to exploit their full potential. It would also support the entrepreneurial spirit of younger generation.

## 5. Conclusion & recommendations summarised by Dr Clémentine Roth, the coordinator of the SII Strategy

1. COVID gives a momentum that needs to be sized
2. investors did not reduce their investment (e.g. FASE fund / matching funds) ; growing awareness of the private sector / banking sector now ready and willing to invest (money is there)
3. capital still has difficulty to move across borders; early stage funding should be pushed and expanded; need to increase cooperation between capital providers (to build a continuum of funding instruments at all stages)
4. no necessary need for public funding but need of a public framework
5. importance of SE and impact investor networks
6. impact investment (both for investors and SEs); still need to know more "what is impact"; how do we measure it
7. need of standardization but beware not to go too far
8. increase visibility (= strengthen storytelling)
9. if possible: prioritization of the recommendations
10. importance of sharing successful case studies / good practices
11. need to create ownership + increase public profile of SE/SII (flagging this issue) + bring all stakeholders together (build coalition) -> as key point to keep the momentum (see point1)

### Annex 1.

#### Agenda of the workshop on Social Impact Investment Sustainability and Transferability in the Danube Region

**15:00 – 16:45**      **Workshop on the transferability and sustainability of the Social Impact Investment Strategy organized by Impact Hub HU**

Panelists:

- **Éva Varga**, Independent SE expert
- **Zsolt Pethe** / FASE CEE
- **Márton Oláh**, CEO / Diófa Asset Management
- **Dr. Gorgi Krlev**, Senior Researcher / UHEI



- **Dr. Csaba Novák**, Director - International Projects / IFKA
- 

Moderator: **Beatrix Bedő**, CEO / Impact HUB HU

**Date:** Thursday 25 November 2021

**Time:** 15.00-16.45 CET

**Link:** <https://zoom.us/j/99827584473?pwd=SHFWSWF3TVNzVkRmeXZzbjJPa3N1Zz09>

**Zoom meeting-ID:** 998 2758 4473

**Host:** IFKA

**Contact person:** Anna Mészáros  
[meszaros.anna@ifka.hu](mailto:meszaros.anna@ifka.hu)

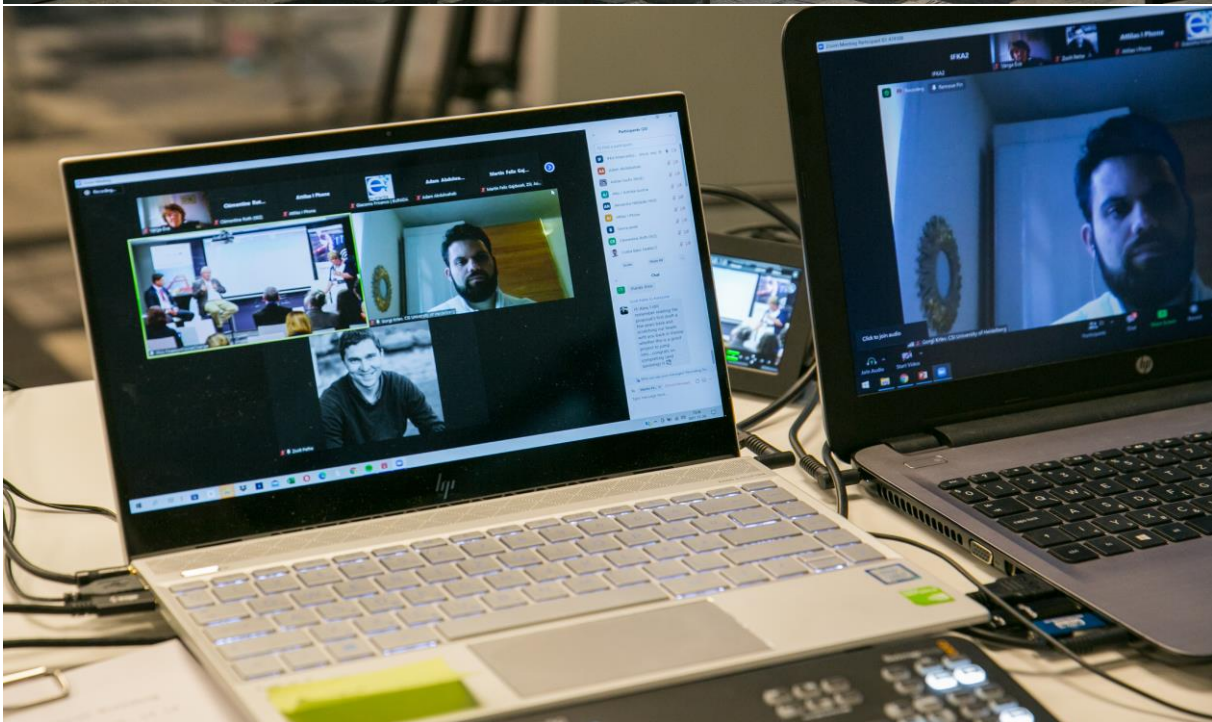
## Annex 2: Impressions from the Transferability and Sustainability workshop

*Mrs. Beatrix Bedő – moderator, dr. Csaba Novák IFKA , Robert Bolyán Unicredit*

*On the screen: Zsolt Pethe, FASE*

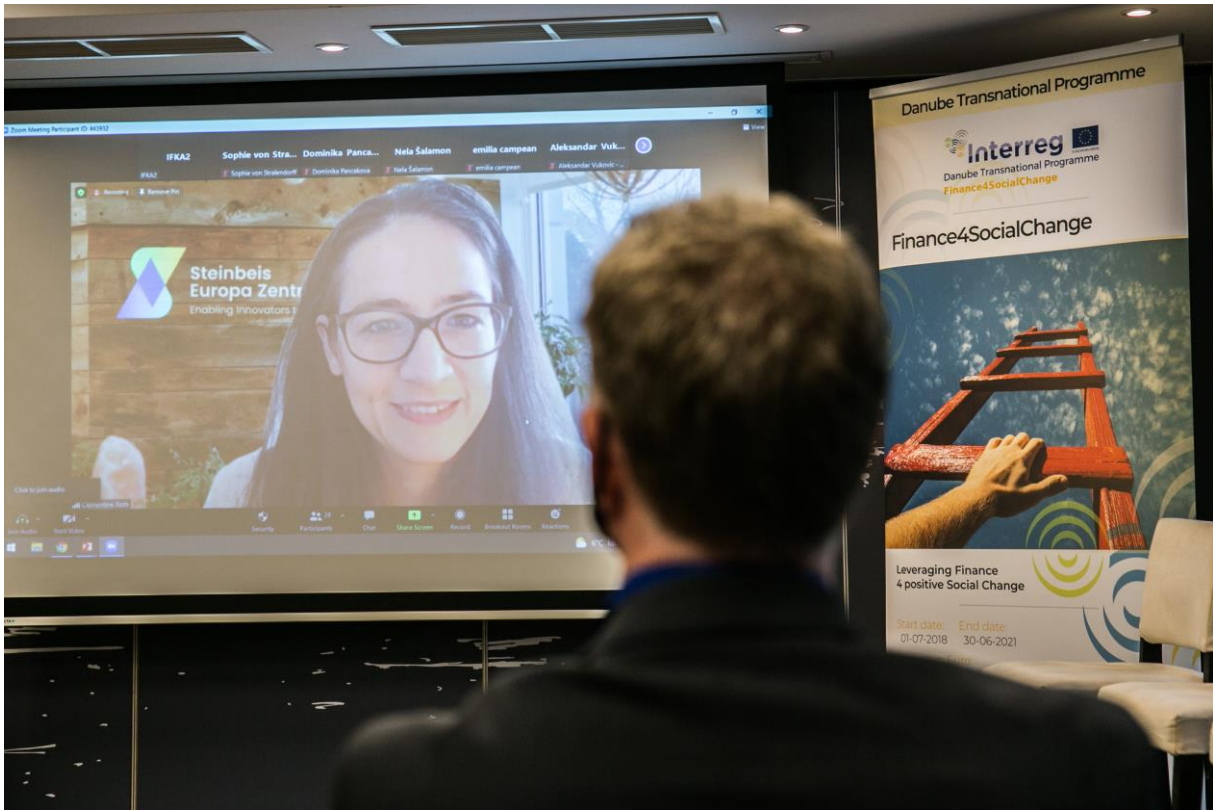


*On the screen: dr. Gorgi Krlev, UHEI*



*On the screen: Dr. Clémentine Roth, SEZ*





[Annex 3: List of participants](#)

**WORKSHOP ON TRANSFERABILITY AND SUSTAINABILITY OF THE SII STARETEGY**

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