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List of Abbreviations

SE	Social Enterprise
SII	Social Impact Investment
BSO	Business Support Organization
EU	European Union
EUSDR	European Union Strategy for the Danube Region
PA	Priority Area
SME	Small and Medium-sized Enterprises

1 Executive Summary

Social entrepreneurship (SE), which has become increasingly relevant in today's economy, has also emerged among the Danube region. The Danube macro-region currently lags behind global trends in the field of SE and social impact investments. On the one hand, there is lack of “blended” financial instruments, which would complement non-repayable grants with new forms of finance. On the other hand, there is a lack of impact investors and policies to support the improvement of social impact investment markets.

Social enterprises (SEs) contribute to a smart, sustainable and inclusive future that is at the core of different funding initiatives, e.g. Horizon 2020. Indeed, social enterprises tackle societal challenges/problems/needs that have been met yet via social innovation (smart growth). They also create sustainable growth by taking into account their environmental impact and by their long-term vision. Finally, they clearly contribute to inclusive growth through their particular attention to marginalized and vulnerable groups (such as women, young people elderly, handicapped or Roma communities to name a few examples) and their emphasis on people and social cohesion.¹

The project Finance4SocialChange aims at connecting SEs with investors, financial institutions and corporations:

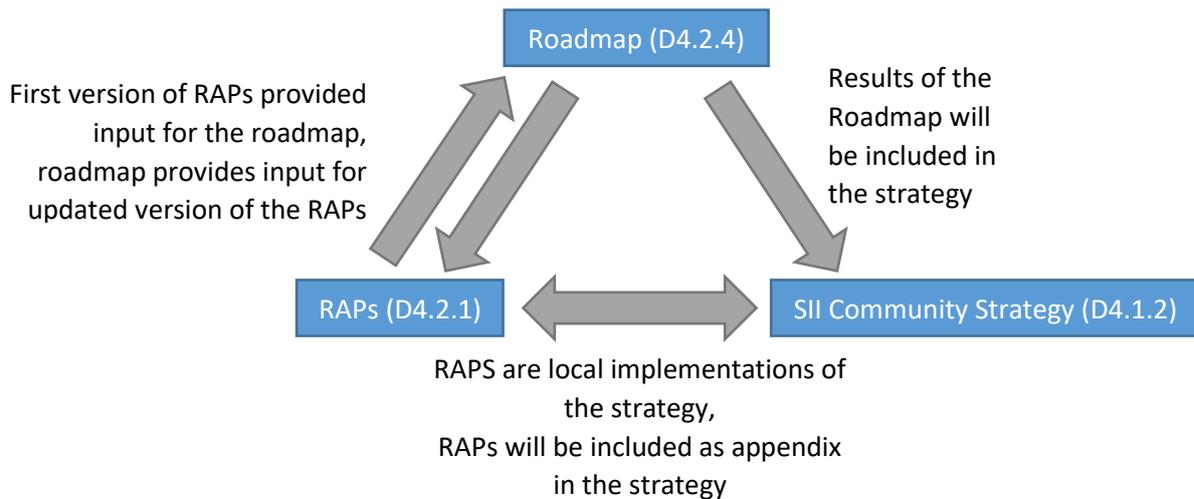
- Improve capacities of SEs in becoming more „market oriented” and „financially sustainable”,
- Connect SEs with successful profit-oriented corporations who are seeking to improve the „social impact” of their activities,
- Put SEs „on the radar” of investors and banks as potential partners and clients.

The objective of the Roadmap for Social Impact Finance Markets (thereafter the roadmap) is twofold:

1. Get a detailed overview of the existing situation of social impact finance markets in the partner regions through the mapping of financial markets that are open and relevant for social enterprises.
2. Define actions to take in order to reach the goal of doubling the number of social enterprises receiving funding from non-grant sources by 2030.

Input for the roadmap was given by the first versions of the Regional Action Plans (RAPs) of the individual partner countries. The results of the roadmap will be included in the Social Impact Investment Community Strategy for the Danube region and also considered for the updated version of the RAPs. The international competition of social enterprises that will be organized in the frame of WP6 will serve as a pilot activity for the implementation of the actions detailed in the roadmap. The four local pilot social impact investment initiatives (D6.2.1) will provide the occasion to test the efficacy and appropriateness of the specific actions and recommendations.

¹ Social Business Initiative of the European Commission



2 Introduction

Social enterprises (SEs) are undertakings that are characterized by a double mission: a social and economic mission. A major difference with conventional enterprises is that the economic viability of the enterprise is not the primary goal but only serves to achieve the social mission of the SE.

Social entrepreneurship, though it is not a brand-new concept has become increasingly relevant in today's economy and notably in Europe. The Social Business Initiative launched by the European Commission in 2011 specifically supports the development of social enterprises. The statistics set up within this initiative showed that social economy represented 10% of the European Union's Gross Domestic Product (GDP), employing more than 11 million workers, which represented 6% of the active EU population. Until the most recent report published by the EC in 2020, the numbers increased to 13.6 million people being employed in social economy.

Social economy is a key player in providing effective answers to current societal challenges in the EU and the world (Bratislava Declaration 2016). **This phenomenon has also emerged among the Danube region however the macro-region currently lags behind global trends in the field of SE and social impact investments.** On the one hand, there is lack of "blended" financial instruments, which would complement non-repayable grants with new forms of finance. On the other hand, there is a lack of impact investors and policies to support the improvement of social impact investment markets. According to the Social Business Initiative, only 2% of the global social impact investment is targeted towards the SEs from the Danube region while 78% are reaching Western Europe.

This observation is at the basis of the project Finance4SocialChange whose aim is to connect social enterprises with investors, financial institutions and corporations. The Finance4SocialChange consortium, through its activities, aims at improving capacities of SEs in becoming more „market oriented" and „financially sustainable", connecting SEs with successful profit oriented corporations who are seeking to improve the „social impact" of their activities, and putting SEs „on the radar" of investors and banks as potential partners and clients.

The Roadmap for social impact finance markets covers the Danube region, giving a detailed overview of the existing situation of social impact finance markets in the partner regions and defining actions to

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take in order to reach the goal of doubling the number of social enterprises receiving funding from non-grant sources by 2030. It supports the objectives of Priority Areas (PA) 8 and 9 of the European Union Strategy for the Danube Region (EUSDR). The roadmap will contribute to target IV of PA8 (competitiveness of SMEs), which is about improving framework conditions, support programs and capacity-building of stakeholders and to target IV of PA9 (Investment in people and skills) by providing equal opportunities for vulnerable groups by promoting access to social finance.

In the first part, an overview of the existing situation of social impact finance markets is given, synthesised from self-assessment-questionnaires from all partners as well as previous results of Finance4SocialChange (report on the three rounds of regional stakeholder group workshops (D4.2.2), comparative analysis of social investment markets in the Danube region (D3.1.2), SE interviews collected in the state-of-the-art analysis of current SII practices (D3.2.1), synthesis of policy niches in the Danube region (D3.1.1), report on new social finance vehicles (D3.2.2)). In the second part, an action plan is presented on two levels: First, on the project level, it is shown how Finance4SocialChange contributes to promoting knowledge building, creating more beneficial legal definitions for SEs and establish a functioning support ecosystem and SII framework. Second, on the ecosystem level, it is shown how policy makers, SEs, BSOs, other stakeholders and the civil society can contribute to the goal of doubling the number of social enterprises receiving funding from non-grant sources by 2030.

3 Overview of the existing situation of social impact finance markets

3.1 Legal Framework and legal status of SEs

In addition to the EU-wide definition of SEs, in some countries of the Danube region, there are also well-established national **definitions** for SEs in Slovenia, Slovakia, Bulgaria, Romania, Croatia, and Moldova, with a national or regional register of SEs with defined conditions for acceptance in all these countries except for Croatia, while some countries do not provide any regulations for social entrepreneurship (e.g. Germany, Serbia, Austria, Hungary, Ukraine). Similarly, there is a wide range of **legal forms** for SEs in the Danube region, ranging from social enterprises according to the national definition to traditional associations, welfare organisations, foundations, cooperatives, mutuals, religious charity entities, workshops for persons with disabilities and enterprises for the inclusion of persons with disabilities, other work-integration and neighbourhood and community enterprises, without a clear prioritization of one specific form, although some variation of non-profit organisation is the most common legal construct in most countries. This **heterogeneity of legal frameworks** for various kinds of SEs can influence the opportunities and restrictions of social enterprises to attract financial capital from impact investors as well as their possibilities to attract grants and donations and hence hinders the development of SEs. Therefore, one important pre-condition to build a SII ecosystem is to create a legal and regulatory framework that takes the heterogeneity of social enterprises into account and provides a stable and reliable basis for these activities. For this to be achieved, a common understanding of what the most suitable legal forms for SEs could be needs to be built up. Regional stakeholders in the different partner countries share the opinion that a legal status of SE associated with fiscal incentives would boost SEs.

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While some partners report that the SE concept is fully known to their national and local public authorities (e.g. Slovenia, Austria and Germany) or **awareness** is at least growing (e.g. Slovakia, Bulgaria, Moldova, Hungary), in other countries, the concept still seems to be rather little known (e.g. Croatia, Serbia, Romania). In most partner countries, social entrepreneurship is not only perceived as a purely non-profit activity, but more and more as an **entrepreneurial activity**, while in others (e.g. Romania, Croatia, Slovenia), social entrepreneurship is rather understood as providing social services or as employing of people from disadvantaged groups; in some countries (e.g. Slovenia, Croatia), therefore, the term 'impact enterprises' has emerged recently.

3.2 Financial institutions' role

At least a part of the financial sector identifies SEs as a target group for providing loans (e.g. Slovakia, Croatia, Austria, Germany, Serbia, Hungary), while in other countries (e.g. in Romania, Slovenia, Bulgaria, Moldova, Ukraine), only few **financial products** for SEs exist. **Institutional investors** identifying SEs as their target group for equity funding is far less common, but there is a growing tendency in countries as e.g. Slovakia, Croatia or Germany. Investors use social impact as a branding element to make their investment portfolio look better in the eyes of their partners or co-investors in some of the partner countries (e.g. in Slovakia, Germany, Austria).

When there are contracts, investments or loans with SEs, own money of financial institutions or municipal budgets (guarantee fund) are rarely used to **cover the risk**, e.g. in Bulgaria, the Sofia Guarantee Fund covers the risk of SE loans. More common is the use of EU funds (mostly ESIF/EIF, ESF), reported in most partner countries (e.g. Slovakia, Serbia, Hungary, Croatia, Germany, Slovenia).

3.3 Private investors' role

The **private market** for impact investment is often still in a nascent stage (e.g. Slovakia, Croatia, Slovenia, Bulgaria, Moldova, Serbia), but evolving in some countries (e.g. Germany, Austria, Romania). **Angel investors** have social enterprises in their portfolio increasingly in a number of countries (e.g. Croatia, Bulgaria, Slovakia, Austria, Hungary). In other countries (e.g. Serbia, Slovenia, Moldova), this is not the case, partly because the private investor market is generally still underdeveloped. **Crowdfunding** is used for financing SEs in most countries, especially in Germany. Here, the **size of the impact investment** market exceeds 10 Million Euro, while in other countries, it does not even exceed 1 Million Euro (e.g. Bulgaria, Hungary and Romania, Slovenia, Serbia). There is a growing tendency of **private investors seeking** financial goals as well as **social impact** to at least some extent in almost all partner countries. In some countries (e.g. Romania), this is not the case, mainly because the private investment ecosystem is not mature enough for this. **Foundations** offer impact-first financing instruments to SE in all partner countries, but offers are reported to be rather few and amounts rather small, especially in Serbia. In Croatia, there is still no offer of this type of finance, but this is in development by Co-Impact Foundation.

Boosting the **role of private capital** investment in the SII framework is a crucial tool to kick-start a broad movement of flourishing social enterprises. One suitable mechanism for this (next to more favourable conditions for SEs in the processes of public procurement) are public-private partnerships, where the private sector works together with public entities to create and kick-start investment

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activities. Examples for this are fund-of-fund concepts, where public money used to invest in private Venture Capital funds, or co-investment schemes, where public money doubles the investments of business angels via syndication. Financial support is needed by SEs mostly during the start-up process to get an idea market-ready, and more financial capital is necessary when SEs want to expand or scale their activities since they need to build further capacities and to employ more personnel or rent more office space.

The most common type of financial instrument in the field of social impact financing are delivered in the form of non-repayable financial resources, primarily grants, provided by public entities, foundations or in some cases in public-private partnerships. For these instruments that focus primarily on social impact it is not a key factor if there is no market yet for a product or service, or if there is a market developed already. The decisive factor is purely the social benefit arising from the project, contributing to a more just and socially inclusive society. Repayable resources also exist (e.g. repayable loans or start up support), mostly combining a focus on social and financial returns and often managed privately or in public-private partnership, but they are rather scarce. There are furthermore some instruments that take a mixed approach, combining repayable and non-repayable financing approaches (“hybrid instruments”). Arguably, hybrid instruments offer a potential pathway to scale up social impact investing. They integrate both financial as well as social interest. In this way they open up the previously narrow field of non-profit activities (through public or private benevolent foundations) to private investors. Still, there is a noticeable gap in instruments combining social and financial return on a more or less balanced level. This indicates that this investment market has not yet been identified as profitable from a financial perspective. Nonetheless, a component not so much in the focus until now is the one of traditional financing instruments including some form of social impact criteria, without putting them at the core of the investment. The potential of this form needs to be further exploited in order to integrate social impact criteria in traditional financing models.

3.4 Governments’ role

SE are part of **national SME support programmes** in most partner countries except for Romania and Hungary, but there are still few specific programmes for SE, although the tendency is growing. In all partner countries except for Serbia, SEs are part of at least one of the **national employment support programmes**, with an exception in Austria, where traditional type SEs are fully embedded, while there are usually only short-term contracts for new or innovative SEs. The **social impact** generated by private businesses is not **evaluated or acknowledged** by the national governments of some partner countries (e.g. Slovenia, Serbia), but there are already positive examples (e.g. in Romania, Croatia, Bulgaria and Germany, Slovakia,) and there are aspirations to develop mechanisms in Moldova and Austria.

There are at least to some extent **tax exemptions** supporting the development of SEs of some countries (e.g. Bulgaria, Slovenia, Romania), although there is partly room for improvement. In the other partner countries, tax exemptions only exist for non-profit businesses. Regarding donations, in some countries as Bulgaria, Slovenia, Romania or Moldova, legal entities and citizens receive a tax deduction for contributions to SEs. In Germany, Croatia, and Austria, this is applicable at least to (certified) non-profit businesses, while in Slovakia, Hungary, Ukraine and Serbia, there is no possibility for tax deductions. In Slovenia, Moldova, Slovakia, Hungary and Romania, citizens can furthermore send part of their

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personal income tax to SEs as a donation, although in Slovakia and Romania, this is limited to non-profit SEs or NGOs. In general, the tax relief systems are the most advanced support systems in the Danube region. They are simple and easy to administrate but at the same time they cannot influence the quality of the service delivery of SE.

In most of the partner countries (e.g. Slovakia, Slovenia, Serbia, Bulgaria, Romania, Moldova, Hungary), the **public procurement system** allows social enterprises to supply products, works and services to governmental institutions, which allows establishing a business model based on service delivery rather than on grants and subsidies, although there is still a challenge in the capacity of SEs to react to this possibility. In Croatia, Germany, and Austria, this does not play an important role, although in Austria, there is a unit that is responsible for innovative public procurement that opened calls for SEs. **EU funds** are a major source of financing for SEs in some countries (e.g. Slovakia, Moldova, Slovenia, Germany, Romania, Hungary), although sometimes through projects, not directly. In Austria, EU money is used, but SEs rely on a mix of own revenue, grants, national public money and government contracts, as in Serbia and Bulgaria, where EU funds are not the major source of financing for SEs either.

3.5 Society support for social impact

In all partner countries, most big companies have well-developed **corporate social responsibility** (CSR) concepts, while there is still room for improvement for SMEs and SEs, also regarding the understanding of the concept of the social impact model. In most partner countries, there is furthermore a growing tendency that employees are more motivated to work for an employer who generates positive social impact, and in all partner countries, customers tend to be ready to pay more for products or services with a proven social impact, although there is a dependency of this readiness and people's income. It is hence becoming more common that entrepreneurs tend to use "social impact" as additional branding element of their product or service, or company name (e.g. in Moldova, Germany, Slovenia, Serbia, Bulgaria, Slovakia). In Croatia, Romania, there are only exceptional examples where social impact culture is seen as a fuelling tool, which is also connected to a low awareness of the social impact model concept. A number of inputs to the report on the three rounds of regional stakeholder group workshops (D4.2.2) point at the **need for enhancing the visibility** of models and success stories: this would not only help would-be and existing social entrepreneurs but also contribute to familiarize a wider audience with the particularities, benefits and successful models of SEs. All inputs point at the clear need for more, better and targeted communication. A concrete suggestion towards familiarizing and sensitizing about social entrepreneurship are publicly financed publicity or posters for social enterprises visible in the public space. In doing so, awareness campaigns should be tailored to different target groups and activities should associate different stakeholders and particularly SEs and impact investors to bridge the current gap.

3.6 "With impact" versus "for impact"

The SE sector has **rooted** especially from **NGOs** in Slovenia, Serbia, Hungary, Moldova (here, more than half of the SE continue to be NGOs) and to a lesser extent in Croatia and Bulgaria. In Germany, the sector has rooted from NGOs and **for-profit businesses** alike. In Slovakia, most registered SEs are operating under a Ltd. legal form. All partners report that social entrepreneurs in their countries are

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mostly focused on their mission and **struggle with financial sustainability** (lack of funds, missing financial instruments and dependency of external funding); this is least pronounced in Germany and Austria (although even in these countries, there are many struggling SEs) and Slovakia: Here, the situation may be different at least for SEs registered under the new *Act on social economy and social enterprises*, because one of the conditions for acceptance of the registration is a viable business plan.

As the problem of insufficient funding is a common and major issue for SEs, **dedicated SII programmes** are needed. The importance and relevance of SII has to be acknowledged on a structural level, and then translated into operational support programmes. Even though eco-systems for SEs shall be adapted to the regional situation, the regional stakeholders similarly pointed at the importance of enhancing the cooperation between different actors (public authorities and policy makers, enterprises, support organizations, public and private foundations, investors, higher education and research institutions), a better involvement of public authorities, increased cooperation with the industry or classical enterprises, and a network of social enterprises (to share knowledge, pool resources, address issues, etc.). Public intermediaries can play a crucial role in providing SEs better access to public systems to find markets for their products, in issuing guaranteed or providing co-funding to reduce the investment risk of private investors. More concrete common requests of the stakeholders include the development of infrastructures and coworking space spaces to support SEs (e.g. using those for start-ups) – not only in the main cities, the bundling of funds from different sources to provide “funding packages”.

3.7 Ecosystem builders

As shown in the partners’ self-assessments and in the comparative analysis of social investment markets in the Danube region (D3.1.2), SEs in all partner countries need not only financial, but also **non-financial support**, which includes support for networking, knowledge sharing, mutual learning initiatives, technical assistance or training and personalised mentoring for sustainable business plan development and the development of measurable social impacts. This support with professional expertise in legal, financial, Public Relations, marketing, leadership and management matters is crucial for their success and will increase the market- and investment-readiness of SEs, which are in the majority not investment-ready yet. Most of the SE interviews collected in the state-of-the-art analysis of current SII practices (D3.2.1) that they do not know how to get in contact with potential impact investors and how to build good relations with them. In various countries, the lack of competitiveness of SEs, that is partially due to the massive reliance on grants and donations, is a clear obstacle to attract investors and to a sustainable development. Regional stakeholders are unanimous in their call for enhanced managerial skills. Strengthening the business skills of social entrepreneurs as well as their financial literacy will help them to address potential investors by speaking the same language as them. In this context it must be mentioned that impact investing in the narrower sense might not be the best option of attracting financial capital for all social enterprises. For some donations or grants are more suitable. Impact investors are looking for investees with specific criteria that not all social enterprises can fulfil. Regarding impact measurement, most SEs have a clear definition of their outputs, outcomes and impacts. However, only very few of them have installed a system to regularly and systematically assess indicators to measure outcomes and impacts. Therefore, learning materials that are easy to

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understand and to put into practice and free-of-charge introducing a hands-on approach to impact assessment could be of great value to social enterprises in the Danube region.

The comparative analysis of social investment markets (D3.1.2) showed that the support of skills for entrepreneurship is not a focus in the Danube region countries or covered in the country profiles. So far, there are no specific policy initiatives in the Danube region focusing of the provision of trainings and service offers regarding SII and information and support offers for SII (both from investors and social entrepreneur perspective) are hardly available. Nevertheless, in many partner countries (e.g. Germany, Serbia, Austria, Bulgaria, Romania, Hungary), there are many specialized **support organizations and consultants** for social enterprises present on the market. In Slovakia, Croatia, Slovenia, and Moldova, there are only few agencies specialized for SEs and rather limited capacities for support. Regarding **impact measurement and management**, there are many education and consulting services available to entrepreneurs in Germany, Austria, Bulgaria and, to a lesser extent in Slovenia, Serbia, Hungary and Romania. In Croatia, these services are usually provided within incubation or acceleration programs, because most SEs cannot afford them. In Slovakia, the education is sufficient at the higher education level (there are 4 Universities dealing with the topic of social entrepreneurship), but there is a lack of secondary education. In Moldova, it is difficult to find education or consultation, because social impact measurement is still in a nascent stage. Operations and programs of specialized support organizations are financed with national government and EU funding or subsidies in Slovakia, Slovenia, Hungary, and to a lesser extent in Germany, Serbia, Austria, Bulgaria and Romania. Often, impact investors provide their investees with this kind of support apart from their financial support. In Croatia, besides EU projects, most financing comes from corporate donations or market activities; in Moldova, the possibility of developing a financial support program for SEs is examined. Regarding best practise examples, a noteworthy actor is “The Competence Centre for Non-profit Organisations and Social Entrepreneurship” (University of Economics and Business in Vienna), which acts as an academic partner for SEs offering training, research, knowledge transfer, learning design and consulting.

4 Plan of actions

4.1 Project level

Finance4SocialChange aims to tackle the challenges for SEs elaborated above with several instruments and activities:

Finance4SocialChange will organize three **Policy Learning Dialogue Workshops** (O4.3), which are key policy learning interactions between local, regional and national policymakers, government agencies and EUSDR Steering Group members. These Workshops will take place in Belgrade (March 2020), Bucharest (September 2020) and Zagreb (2021) and help to create a **common understanding of SII markets and ecosystems** in the Danube region, and a legal and regulatory framework that takes the heterogeneity of social enterprises into account and provides a stable and reliable basis to build a SII ecosystem. Regional stakeholders in the different partner countries share the opinion that a legal status of SE associated with fiscal incentives would boost SEs. Further discussion about this will also take place at the Policy Learning Dialogue Workshops.

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As another measure towards promoting a **common understanding** of social entrepreneurship and SII concepts, Finance4SocialChange has set up the **Social Impact Investment Community Council (O4.4)**, a transnational network composed by 25 key actors building engagement across geographies with major policymakers and government agencies, social enterprises, social impact investors, a diversified range of financial intermediaries and donor organizations (social enterprise catalysts), and the civil society. This core group will embed discourse on social entrepreneurship and SII in multi-level government discussions, and coordinate and actively catalyse the strategic development of SII markets in the Danube Region in terms of financial resources as well as the legal and political scope for action. This council will also help to promote **dedicated SII programmes**, as the problem of insufficient funding is a common and major issue for SEs. The network furthermore brings together investors and investees systematically and efficiently and monitors the strategy development work carried out by the project. With the help of the Social Impact Investment Community Council, the Finance4socialChange project will look in its further course into developing social investment readiness criteria, allowing investors and social entrepreneurs to better understand the benefits and requirements of SII.

As shown above, SEs in all partner countries need not only financial, but also **non-financial support**, which is crucial for their success and will increase their market- and investment-readiness. To support SEs entrepreneurial knowledge and skills, Finance4SocialChange provides them with the **“AIR: Accelerating Investment Readiness” Blended Learning Program (O5.1)**, a “blended learning experience” leadership programme used to deliver practical, actionable and relevant knowledge on impact-oriented investing and finance. This hands-on learning experience contains online and classroom education materials and mentoring in all Finance4SocialChange countries. As a pilot testing of the Social Impact Investment Transnational Design Academy and practical high-profile SE acceleration practices delivered in all Finance4SocialChange countries, the **“Social Impact Investment Lab” Business Plan Competition (O6.2)** will enable more investment-ready social enterprises and better instruments of social finance provided by financial intermediaries.

On top of these instruments and activities, Finance4SocialChange will help to **enhance the visibility** of social entrepreneurship to help would-be and existing social entrepreneurs but also contribute to familiarize a wider audience with the particularities, benefits and successful models of SEs. This will be done with Finance4SocialChange’s many **communication activities**, using adequate communication channels (e.g. website updates, social media channels, press releases, press conferences, reports on project events), adopted to the target groups’ level of knowledge, expertise on facilitating social enterprises’ “access to finance” and investment ready empowerment to reach maximum impact of activities.

4.2 Ecosystem level

In addition to the efforts of Finance4SocialChange, policy makers, SEs, BSOs and other stakeholders in the individual countries of the Danube region have already planned measures to promote social entrepreneurship in their respective country. These measures were collected in the framework of developing the Finance4SocialChange Social Impact Investment Regional Action Plans (D4.2.1). The time frame for all plans is 2019-2027, whereat most tasks are supposed to happen in the next few

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years. There are four levels of tasks reported below: the level of decision-making, of social entrepreneurship (SEs and would-be SEs), of social investing and of civil society.

4.2.1 Tasks at the level of decision-making

Policy makers in a lot of partner countries are or will be developing their own **strategies** or at least measures for supporting SEs (e.g. Germany, Austria, Romania, Ukraine, Slovakia, Bulgaria). In other countries, legal frameworks, definitions or regulations for SEs or for measuring social impact are developed (e.g. Serbia, Slovenia). In Germany, efforts are made towards more transparency about responsible contact persons for SEs, setting up a coordination body. In case of Slovakia, there is a responsible body dealing with the topic of SE, and the cooperation between several ministries is promoted. Furthermore (e.g. in Austria and Slovenia), efforts are made to reduce market or system entry barriers, regulatory restrictions and administrative burdens for SEs and raise the awareness of policy makers for these barriers. On top of these decisions toward a more beneficial framework, partner countries also think about new or extended **funding possibilities** for SEs (e.g. Germany, Austria, Bulgaria, Croatia). Municipal financing mechanism are developed and tested in Bulgaria, while in Austria, sustainability is established for existing or tested funding programs. Existing support for SMEs or start-ups and tenders are opened up for SEs or specific funding calls developed. In Germany, these measures also include the provision of consulting vouchers (“Beratungsgutscheine”) for SEs, with which expert advice or travel and networking costs are supported, and a first loss guarantee for investors investing in SEs. In Austria, the ministry of social affairs issued its second Social Impact Bond in 2019. The well-developed welfare state and intermediary structures in Austria allow to setup these complex structures.

As mentioned above, the SE concept is not yet fully known to the national and local public authorities in all partner countries. Hence, some partner countries (e.g. Hungary, Austria) develop **knowledge sharing** events that bring together experts to make their expertise more widely available. In Hungary, the Hungarian Impact Roundtable will be organized and called together quarterly, which supports policy makers in the implementation of policy and legislative ideas of improving the policy and legal environment of social impact investments.

4.2.2 Tasks at the level of social entrepreneurship (SEs and would-be SEs)

At the level of SEs and would-be SEs the focus of the tasks in the partner countries lies on **building up knowledge and skills**. Education, trainings, coaching or counselling will be provided for social entrepreneurs in Austria, Germany, Romania, Serbia, Slovakia, Slovenia, Croatia and Hungary, and additionally social sector organizations and social servants and potential social investors in Bulgaria. Trainings are either delivered on-site or online, by universities, business consultants or successful social entrepreneurs and concern improving skills and capacity building in management, marketing, sales and market research, competitiveness, impact measurement, understanding of the general SII concept, knowledge about what investors look for and developing competences to attract funds or other support possibilities. In addition to these trainings, Romania also plans to provide access to working spaces and access to people.

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Another focus is the support of **networking** between SEs. In Germany, Austria, Romania, Croatia and Ukraine, there are attempts to provide platforms or registers and to connect existing networks of SE to coordinate and steer common activities. In Germany, it is also planned to support the setup of additional local innovation and founding hubs open for SEs, to create more locally embedded brokers/intermediaries able to connect investors and SEs.

4.2.3 Tasks at the level of social investing

At the level of social investing, tasks in the partner countries mostly concern **finance programs** for impact investing with different focuses. Some countries plan funding programs for impact investment financed by public sources (e.g. Germany, Romania, Slovakia). In Ukraine, rules of involvement of additional financial resources to the process of social entrepreneurship development will be set up according to new conditions of financial resources formation and allocation due to the Decentralization reform in Ukraine. Temporary free additional financial resources may be involved into the formation of funds for stimulation of social entrepreneurship development and for socially oriented investments. Some countries attempt to connect impact investors to impact investment collectives or funds (e.g. Austria, Germany). In Croatia and Slovenia, there already is a “FeelsGood Impact Investment Fund” (EIF and private co-investment), which will be presented to stakeholders, start-ups, social enterprises and enterprises with social impact during the next years. To attract more private money, some countries (e.g. Germany, Austria, Hungary) will organise regular meetings or other adequate platforms for matchmaking between potential impact investors (e.g. Business Angels) and SEs or traditional SMEs with social mission.

As stakeholders expressed a need of a shared understanding of the concept of social impact investment to remove barriers, tasks in partner countries also focus on **knowledge building** on the side of potential impact investors. In Austria, a knowledge hub, respectively impact investment trainings for investors are planned. In Croatia, Co-Impact Foundation plans to provide education and consultancy related to corporate social responsibility programs, venture philanthropy and impact investment. Similar efforts will be made e.g. in Germany and Hungary to educate impact investors about needs and requirements of SEs, and increase and normalize impact awareness. To additionally further SII from a research perspective, Germany will create a database with a mapping and survey of social investment markets, while Bulgaria will test available social impact assessment measurement systems.

4.2.4 Tasks at the level of civil society

As stakeholders in the different partner countries wish for a greater involvement of public authorities, not only in terms of public funding and supporting schemes, but also in terms of awareness raising, there are plans for different **awareness campaigns** e.g. in Germany, Austria, Hungary, Slovakia, Romania, Ukraine, Croatia and Slovenia to increase consumer awareness and engage civil society in social entrepreneurship. Examples for these tasks are annual one-day or one-week open, interactive events, workshop and seminars, conferences, impact days promotion of success stories and best practise examples, presentation of products and services of SEs, promotion and information about products under a special label, and communication platforms as press conferences, PR articles,

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webpages, social media etc., but also the creation of local business angel networks and clubs. The awareness campaigns will engage stakeholders from all sectors, including the finance sector. In Slovakia and Romania, there are also plans for educational programmes in high schools and universities aimed at highlighting the importance of social economy development at regional/national level or integrating specific training for social entrepreneurship as a transversal competence (developed trans-curricular) or develop and incorporate a new optional discipline in the high-school curriculum – Social Entrepreneurship.

5 Conclusions and recommendations

As in previous results of Finance4SocialChange, partners' self-assessments showed a lack of unified definition, understanding and legal forms of SEs, which hinders their development. Finance4SocialChange will help to create a common understanding of SII markets and ecosystems in the Danube region, and a legal and regulatory framework that takes the heterogeneity of social enterprises into account and provides a stable and reliable basis to build a SII ecosystem by organizing three Policy Learning Dialogue Workshops (O4.3) and SII Community Council meetings (O4.4). Policy makers in a lot of partner countries are or will be developing their **own strategies for supporting SEs, legal frameworks, definitions or regulations** for SEs or for measuring social impact. Efforts are made to reduce market or system entry barriers, regulatory restrictions and administrative burdens for SEs and raise the awareness of policy makers for these barriers. On top of these decisions toward a more beneficial framework, partner countries also think about new or extended **funding possibilities** for SEs (e.g. Germany, Austria, Bulgaria).

As shown above, SEs in all partner countries need not only financial, but also non-financial support, which is crucial for their success and will increase their market- and investment-readiness. To support SEs entrepreneurial knowledge and skills, Finance4SocialChange provides them with the Social Impact Investment Transnational Design Academy (O5.1), which will be pilot tested in the "Social Impact Investment Lab" Business Plan Competition (O6.2) and will enable more investment-ready social enterprises and better instruments of social finance provided by financial intermediaries. Partner countries also are or will be taking measures to **improve SEs' knowledge and skills and build capacities** with education, trainings, coaching or counselling concerning management, marketing, sales and market research, competitiveness, impact measurement, understanding of the general SII concept, knowledge about what investors look for and developing competences to attract funds or other support possibilities. Furthermore, there are attempts to provide platforms or registers and to connect existing **networks** of SE to coordinate and steer common activities.

All partners report that social entrepreneurs in their countries are mostly focused on their mission and struggle with financial sustainability. Finance4SocialChange's Social Impact Investment Community Council (O4.4) will help to promote dedicated SII programmes, bring together investors and investees systematically and efficiently. And develop social investment readiness criteria, allowing investors and social entrepreneurs to better understand the benefits and requirements of SII.

Partner countries plan **funding programs** for impact investment financed by public sources, attempt to connect impact investors to impact investment collectives or funds or organise platforms for

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matchmaking between potential impact investors and SEs or traditional SMEs with social mission. As stakeholders expressed a need of a shared understanding of the concept of social impact investment to remove barriers, tasks in partner countries also focus on **knowledge building** on the side of potential impact investors.

The different results of Finance4SocialChange, including partners' self-assessments, show that there is a need for enhancing the visibility of social entrepreneurship and for more, better and targeted communication. Finance4SocialChange contributes to this with its many communication activities. The partner countries plan different **awareness campaigns** to increase consumer awareness and engage civil society in social entrepreneurship. There are also plans for educational programmes in high schools and universities aimed at highlighting the importance of social economy development or integrating specific training for social entrepreneurship.