

FINANCE 4 SOCIAL CHANGE

Leveraging Finance
4 positive Social Change



F4SC PROJECT PARTNERSHIP

- **Hungary, FKA Public Benefit Non Profit Ltd. for the Development of the Industry, Lead partner**
meszaros.anna@ifka.hu
- **Austria, ZSI Centre for Social Innovation,**
gassler@zsi.at
- **Germany. Financing Agency for Social Entrepreneurship,**
afuchs@fa-se.de
- **Romania, Executive Agency for Higher Education, Research, Development and Innovation Funding,**
raluca.saftescu@uefiscdi.ro
- **Slovenia, BSC, Business support centre L.t.d., Kranj,**
franja.grabovsek@bsc-kranj.si
- **Germany, Steinbeis 2i GmbH,**
clementine.roth@steinbeis-europa.de
- **Bulgaria, Sofia Development Association,**
d.lozanova@sofia-da.eu
- **Slovakia, Union of Slovak Clusters,**
info@uksk.sk
- **Austria, ASHOKA Austria / CEE,**
akesselring@ashoka.org
- **Germany, University of Heidelberg / Centre for Social Investment,**
gorgi.krlev@csi.uni-heidelberg.de
- **Croatia, ACT GROUP,**
teo.petricevic@act-grupa.hr
- **Serbia, Chamber of Commerce and Industry of Serbia,**
srdjan.popovic@pks.rs
- **Moldova, Organization for Small and Medium Enterprise Sector Development,**
finodora.marcu@odimm.md
- **Ukraine, Institute of Market Problems and Economic-Ecological Researches of NAS Ukraine**
rubeloleg@gmail.com
- **Italy, Central European Initiative Executive Secretariat,**
lombardo@cei.int
- **UK, The Foundation for Social Entrepreneurs - GSEN Global Social Entrepreneurship Network**
KrisztinaTora@unltd.org.uk
- **Belgium EURADA European Association of Regional Development Agencies,**
Esteban.Pelayo@eurada.org
- **Moldova, Ministry of Economy,**
alexandra.popa@mec.gov.md
- **Romania, NESsT Foundation Romania,**
zbereczki@nesst.org

WE STEP TOGETHER FOR POSITIVE SOCIAL CHANGE

Leveraging Finance 4 positive Social Change project an EU Interreg project financed from Danube Transnational Program, was designed to strengthen social economy and inspire positive change in Danube Region.

Through carefully designed activities a multi-disciplinary partnership of 14 partners from Germany, Romania, Hungary, Slovenia, Bulgaria, Slovakia, Austria, Croatia, Serbia, Moldova and Ukraine, six associated partners from across Europe joined their knowledge and expertise to deliver first "Social Impact Investment Strategy for the Danube region" with aim of paving the way for promoting more social innovations and development of investment ready social enterprises.

Impact investors, social entrepreneurs and experts in this field joined transnational community network with aim to participate and provide best inputs through bench marking of social impact investment markets in the Danube Region, defining existing niches and obstacles in this sector, capacity building of social enterprises through Blended Learning Academy and connecting social enterprises with potential investors through business plan competition.



Continuous education and cooperation of policymakers and social innovators, entrepreneurs and intermediary organizations resulted in creation of:

- One "Social Impact Investment Strategy for the Danube region"; and 10 National Action Plans
- Over 120 regional and local workshops held with policymakers, social innovators, entrepreneurs and intermediary organizations
- Over 240 social enterprises from Danube Region trained and mentored for development of social impact business plans
- Online Educational platform [F4SC AirMOOC](#) with over 70 video tutorials created within the platform
- 30.000 Euroes Prize fund created for an F4SC AirCompetition provided by UniCredit

WHAT IS NEEDED FOR SOCIAL ENTREPRENEURS TO SUCCESSFULLY THRIVE THEIR BUSINESSES IN THE DANUBE REGION

One of the main results of the project Finance4SocialChange is a Social Impact Investment Strategy for the Danube Region created with the aim to provide insights and recommendations for decision-makers as well as for social entrepreneurs, civil society organizations and impact investors regarding the development of the social impact investment markets in the Danube Region.



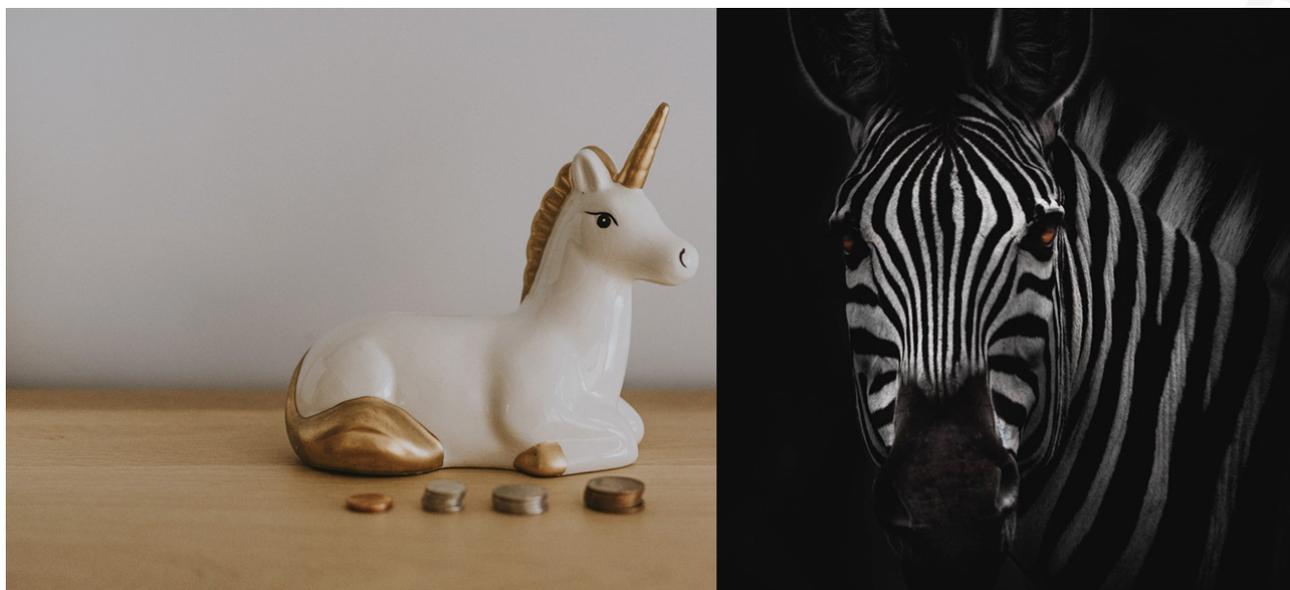
Recommendations include further efforts to enable favorable regulatory frameworks, knowledge building events, visibility for public services for SEs, as well as creating public funding and incentives for support organizations. Enabling influx of more private capital / private funding programs – especially in early stage such as impact angels and public-private partnerships is recommended as well as Fund-of-Fund concepts and co-investment schemes. Financial instruments such as crowdfunding should be more promoted and used as well as other known and accessible financial sources, while the continuous awareness campaigns and success stories should strengthen visibility of products and services of SEs in order to engage more buyers.

Here is the overview of recommendations while the full Social Impact Investment Strategy with SWOT analysis of every level of actions is available here [Full Social Impact Investment Strategy for the Danube Region](#)

Create a regulatory framework that is favorable and supporting to social entrepreneurship and impact investing	DECISION-MAKING
Organize knowledge-building events to raise the awareness of policy makers about social entrepreneurship and impact investing	
Provide more political transparency and visibility regarding the responsible ministries, services, policy expert and contact people for social entrepreneurship	
Initiate public funding and incentives for the development of support organizations	
Policy initiatives enabling the formation of social impact investment networks	
Creation of dedicated social impact investment programmes for SEs	SOCIAL ENTREPRENEURSHIP
Develop and provide SEs with free-of-charge learning materials that are easy to understand and put into practice	
Introduction of courses or modules on social entrepreneurship and impact investment in the curriculum of educational institutions (school, universities)	
Establish a standardised framework methodology for measuring social impact in each country that also allows comparability between countries	
Develop the activities and services of support organizations and raise their visibility	
Create and/or strengthen networks of SEs	
Improve communication at all levels	
Develop dedicated and tailored SII programmes (e.g. SIB, short-term programs to cover living costs for impact founders)	IMPACT INVESTING
Support more private capital / private funding programmes – especially in early stage	
Expand/develop first-loss guarantees for early-stage funds (for instance ESIF from FASE)	
Make crowdfunding a known and accessible financial source for SEs	
Increase the diversity of impact investors and mission- driven financing actors	
Carry out information and awareness campaigns	CIVIL SOCIETY
Enhance the visibility of models and success stories from SEs	
Strengthen storytelling on products and services of SEs	



BUILDING BUSINESS AND INVESTMENT CAPACITY OF SOCIAL ENTREPRENEURS THROUGH EDUCATION, TRAININGS AND NETWORKING WITH INVESTORS



Accelerating Investment Readiness Competition and Blended Learning Tool (#AirMOOC) was designed for social entrepreneurs with aim of providing them with useful impact skills and eventually connect impact investing and social entrepreneurship for more positive social change through international pitch competition!

As a result, an online educational platform AirMOOC was created with six modules with over 70 video tutorials with experts who shared their knowledge on how to measure and manage social impact, develop impact focused strategy, manage social finance and investing, business planning, management and governance but also how to grow, transfer and scale business model and communicate it well. Launching of each module was followed by a series of live webinars with experts in the field.

More than 240 social enterprises from Austria, Hungary, Germany, Slovakia, Romania, Croatia, Slovenia, Moldavia, Bulgaria and Serbia underwent trainings and one to one mentoring sessions with aim of designing best business plan with social impact.

Module	Date & Time	Speakers
IMPACT assessment	28 May 3-4 pm	Young-jin Choi (PHINEO), Ben Carpenter (Social Value International)
Integrated STRATEGY	4 June 4-5 pm	Alessandro Rancati (European Commission JRC)
FINANCING social change	12 June 2-3 pm	Matti Oksang (Ashoka)
Impact-oriented GOVERNANCE	18 June 4-5 pm	Karin Hill (Relevant EngagedX), Roberto Randozzo (ESELA - the legal network for social impact)
SCALING social change	25 June 10-11 am	Georgy Sotani (Ashoka Spain, TEDx)
Effective COMMUNICATION	2 July 4-5 pm	Antonella Bioglio (Ashoka Spain, TEDx), Anna Patton (Pioneers Post)

#AirMOOC: Accelerating Investment Readiness Webinar Series (Time: CET)

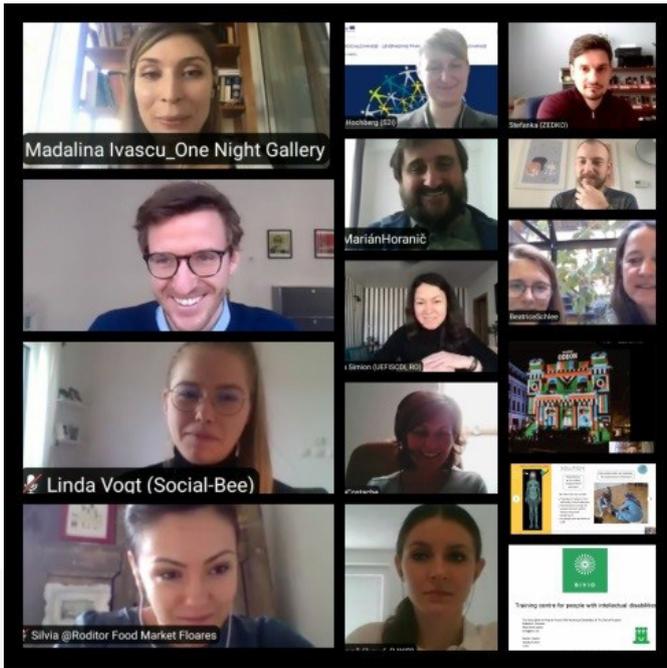
No. 1 IMPACT: How to implement impact as the essential part in your organization?

28 May | 3-4 pm

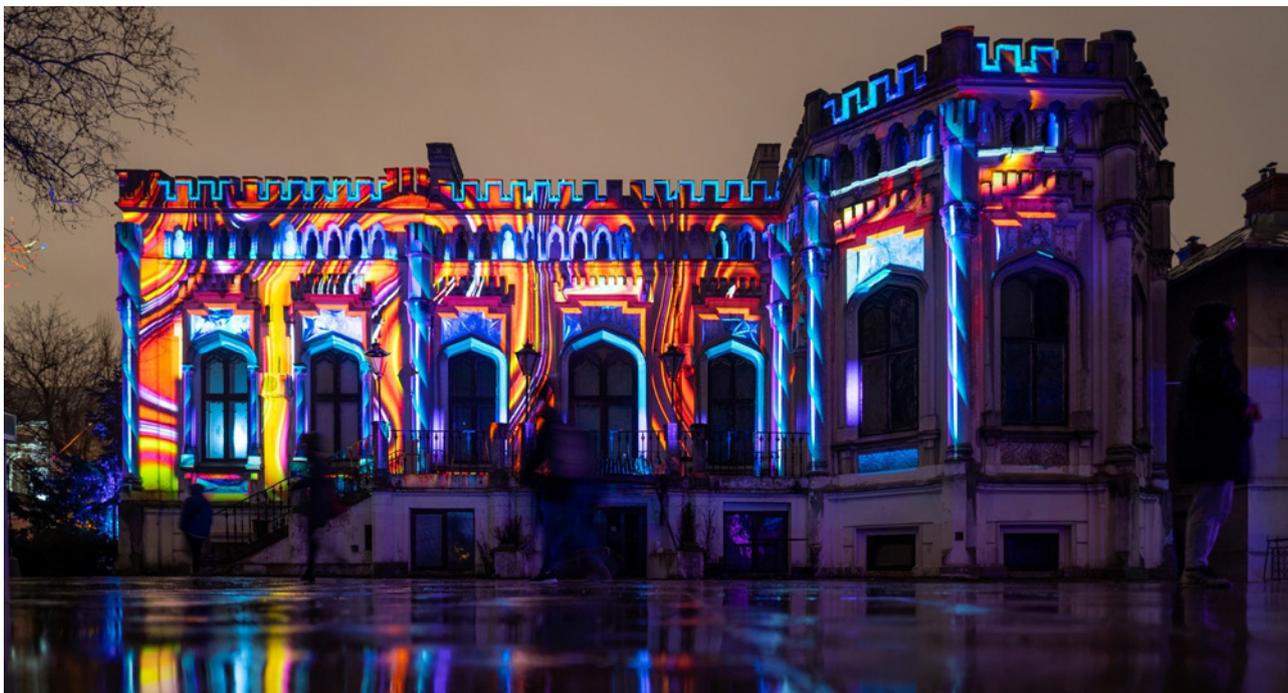
Speakers: Young-jin Choi (PHINEO), Ben Carpenter (Social Value International)

MEET THE WINNERS OF Finance 4 Social Change AIR COMPETITION

The competition was a chance to bring together social enterprises in different countries with similar activities. Connect and exchange ideas and good practices, applying good practices in different markets and thus deliver higher values. It was also a chance to raise visibility and awareness of the need to provide tailor-made financial instruments, funds, and educational platforms for this sector. The Competition was supported by UniCredit as Partner of the Finance 4 Social Change project who provided a prize fund of 30.000 euros which was shared among the four finalists selected at the competition.



ONE NIGHT GALLERY - THE KEEPERS OF ROMANIAN CONTEMPORARY ART AND HERITAGE, ROMANIA



One Night Gallery & RADAR - (Romanian Artists Developing Alternative Realities) is new media art platforms that offer strong visibility for Romania's Contemporary artists who often struggle to be recognized in the current economic landscape. Through exhibitions, use of visual arts and technologies as well as knowledge sharing, this social enterprise quickly built up a strong community of artists, investors, and visitors who recognized the quality of its art projects. Constantly innovating and creating new art projects, this social enterprise won an award for their activity in new media art and their future business pitch idea „Future jobs of Tomorrow“- an educational platform which will further contribute to job creation and skill development of artists and developers through a combination of workshops, New Media Resource library and talks.



„GARDEN OF SUSTAINABLE DEVELOPMENT “- CARITAS ŠABAC, SERBIA

Caritas Šabac from Serbia started social enterprise “Garden of Sustainable Development” an initiative which integrates social protection, agriculture, tourism and hospitality services with aim of full social integration and inclusion of people from socially vulnerable groups, as well as promoting the development of marginalized rural areas. This social enterprise employs 20 people from socially vulnerable groups, including 10 people with disabilities. It is a way to provide services and socialization to people with mental disabilities, have economic contribution but also promote work in underdeveloped rural areas. Together they produce vegetables and fruits, which are used to prepare juices, jams, sweets and homemade brandy.



VOLLPENSION CAFE, AUSTRIA

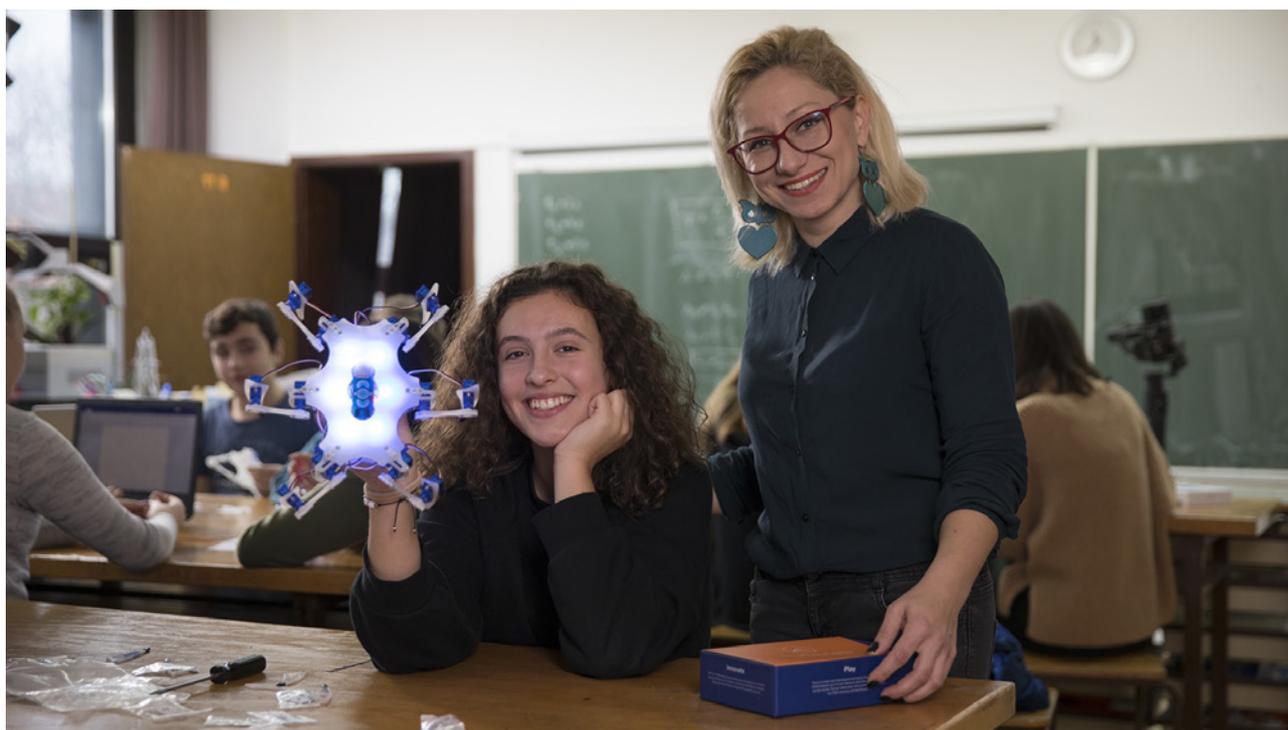


Vollpension inter-generation café is a social business located in Vienna. Their mission is to bring different generations together thus bridging the gap and stepping up the socialization and economic empowerment of elderly people. This brilliant business with a social mission gained attention at the Finance 4 Social Change Business Plan Competition and won a 7000 euros award, provided by UniCredit. Vollpension, in the cafes and through online cooking tutorials creates physical and online spaces for the inclusion of elderly people and creates jobs for senior citizens, thus contributing to improvement of their economic situations through provision of the additional income and chance to socialize.



CREATORS OF FUTURE PROBLEM SOLVERS- STEMI FROM CROATIA

STEMI is an Ed-tech company that provides industry-based and career-connected educational STEM programs for middle and high schools. This social enterprise wants to bridge a skills gap and create future problem solvers by using industry 4.0, artificial intelligence, IoT, robotics, drones, neuroscience as plug-and-play STEM programs for the schools. For their cutting-edge and socially innovative educational programs, STEMI won a 7000-euro award provided by UniCredit through the Finance4Social Change project.



FINANCE4SOCIALCHANGE IN THE PRESS AND SOCIAL MEDIA

Finance4SocialChange relied effectively on media relations. Press conferences, press releases and disseminations events were used in order to promote and disseminate latest news, insights, success stories, activities and results of the project.



THE PERFECT MATCH: IMPROVING THE IMPACT INVESTMENT PROCESS

Impact investment markets have grown strongly in recent years across the globe, which makes impact investing an attractive source of capital for social enterprises. Impact is, or should be, front and center in such deals. However, despite a myriad of impact measurement tools and standards, entrepreneurs and investors often have difficulties in aligning their expectations on success criteria, impact assessment, or overall SE strategy.

Therefore, F4SC collaborated with the Austrian "Impact Investment Initiative" to collect insights from investors, investees, social entrepreneurs and other experts on the most relevant challenges in the impact investment process. Our workshops featured the discussion of investment cases, specific investment models and fostered the direct exchange between investors and (potential) investees. We identified 5 key challenges and potential solutions.

CHALLENGE 1: IDENTITY MULTIPLICITY AND DIVERGENCE

We are very aware that impact investing and social finance come in a variety of forms and provide a [number of different options for financing](#). We also know that the concept of social entrepreneurship comprises [rich and diverse approaches](#) to generating income and impact at scale and that certain types of finance only fit with particular social venture types (and their models of scaling). The challenge is thus to make the right match between investor and investee "types".

Our findings and potential solutions:

1. We started to develop a typology of investors and investees that highlight typical backgrounds and expectations. Making investors and investees aware of these types early on in the investment process can help to avoid misunderstandings, align expectations and to design a mutually accepted process.

CHALLENGE 2: LACK OF COMMON GROUND

The social investment process involves a much higher degree of complexity than the commercial one. Establishing a shared language is difficult due to different professional and for-profit/non-profit backgrounds. Getting to know each other and building trust are therefore essential, but complicated and take long.

Our findings and potential solutions:

1. Seeing each investment as an investment journey where relationship building and creating a shared understanding is at the core of the process
2. Using special impact investment approaches such as the "co-founder approach" that create a close (informal or formal) relationship
3. Professional impact investors often provide additional non-financial support (e.g. strategy development, scaling support) so that "success" becomes a common project.

CHALLENGE 3: LONG SOCIAL ENTREPRENEURSHIP CYCLES

We have much evidence that social enterprises, even the ones that have become very successful, typically need much more time than purely commercial ventures to mature and get into a position where they can have great impact and systemic change.

Our findings and potential solutions:

1. Dissemination of knowledge on the multi-layered work of social enterprises and the systemic change they are sometimes initiating
2. Both sides “invest” in the relationship, build empathy, and adopt each others perspectives
3. Intermediaires are involved to contextualize, compare and align expectations

CHALLENGE 4: LACK OF AGREEMENT ON IMPACT

Necessary considerations for measuring and managing for impact are manifold and depend on the social problem the SE is addressing. Often investors and social entrepreneurs do not have an agreement of what type of information to gather and how to use it and assess it.

Our findings and potential solutions:

1. Impact data should be collected in a lean way with a focus on decision making
2. Impact assessment should be a learning journey for investors to get a deeper understanding of impact models, and for SEs to better translate their measured impact for people outside their sector
3. Standard impact indicators may exist for specific thematic areas (e.g. labour market integration), but often indicators will need to be tailored to SEs’ impact models
4. Impact measurement should be perceived as a process of adaptation and improvement

CHALLENGE 5: SHORT-TERM INVESTMENT HORIZON

The challenges and solutions above make clear that a classical invest-exit strategy does often not work for impact investments into social enterprises and that a longer-term relationship or alternative exit options need to be considered.

Our findings and potential solutions:

1. Both parties in collaboration need to establish a potential long-term perspective when the initial investment is made. This should be based on an [integrated view on the strategy](#) to tackle a societal challenge effectively.



Finance4SocialChange Lead Partner:

IFKA Public Benefit Non-profit Ltd. for the Development of Industry
HU-1062 Budapest, Andrásy út 100.

Tel.: +36 1 312 2213

Email: info@ifka.hu

www.ifka.hu

Contact:

Anna Meszaros

Tel.: +36 1 312 22 13

Mobil: +36 70 476 2652

E-mail: meszaros@ginop512.ifka.hu

[Website](#)

[Facebook](#)

[LinkedIn](#)



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