FINANCE
Testimonial

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3 perspectives

• Academic: Two parallel funding trends
• Practitioner: EVPA survey
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• Policy: What can EU/Member States do?
  – Rapporteur on Increasing Access to Finance in European Commission’s Expert Group on Social Entrepreneurship (GECES)
Two parallel funding trends

1. Venture philanthropy
   
   Mair & Hehenberger, 2014

2. Impact investing
   
   Hummels, 2016

Source: EVPA
Venture philanthropy

VP is a high engagement and long term approach to generating societal impact through three core practices:

- Tailored financing
- Organisational Support
- Impact measurement and management

(EVPA)
Impact investing

• “Investments made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return.” (The Global Impact Investing Network - GIIN)

• Core characteristics:
  1. Impact intentionality
  2. Financial return expectation
  3. Impact measurement

(GIIN and the G8 Social Impact Investment Taskforce)
# EVPA survey provides key data on sector

The EVPA survey provides key data on the sector. The table below shows the statistics on surveys collected over the years 2013, 2014, and 2016:

<table>
<thead>
<tr>
<th>Statistics on surveys collected</th>
<th>2016</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>EVPA members surveyed (full members and members with VP/Sl activity)</td>
<td>119</td>
<td>89</td>
<td>71</td>
</tr>
<tr>
<td>EVPA members completed surveys</td>
<td>75</td>
<td>72</td>
<td>55</td>
</tr>
<tr>
<td><strong>EVPA member response rate</strong></td>
<td><strong>63%</strong></td>
<td><strong>81%</strong></td>
<td><strong>77%</strong></td>
</tr>
<tr>
<td>Total surveys sent (including non-EVPA members)</td>
<td>168</td>
<td>140</td>
<td>134</td>
</tr>
<tr>
<td><strong>Total completed surveys</strong></td>
<td><strong>108</strong></td>
<td><strong>95</strong></td>
<td><strong>75</strong></td>
</tr>
<tr>
<td><strong>Total response rate</strong></td>
<td><strong>64%</strong></td>
<td><strong>68%</strong></td>
<td><strong>56%</strong></td>
</tr>
</tbody>
</table>
Mature in a limited number of countries...

**Respondents by country**

2016 n=108

- Luxembourg 2
- Norway 4
- Serbia 1
- Sweden 1
- France 10
- Ireland 3
- Netherlands 14
- Spain 8
- Italy 6
- Croatia 1
- United Kingdom 18
- Bosnia 1
- Germany 11
- Austria 4
- Switzerland 9
- Denmark 2
- Belgium 7
- Poland 3
- Hungary 1
- Bulgaria 1
- Czech Republic 1
... still far from mainstream, limited budgets
GECES report

Recommendations on Access to Funding for Social Enterprises and the Social Economy in Europe
Capacity building

Improving capacity building to help social enterprises find, attract and communicate with funders

Why?

- Social enterprises (SE) lack entrepreneurial mind-set and business skills, and need to find, attract and communicate better with funders

How?

- Recommendation 4: The European Commission and Member States should provide increased resources to training programmes, incubators and intermediaries that offer tailored capacity building support to social enterprises required to build their managerial skills and to encourage their financial sustainability
More and better funding

Unlocking and attracting more funding that is better suited to social enterprises

Why?

• Lack of understanding of SE in the funding community
• Lack of availability of funding suitable for SE at various stages in their evolution – due to lack of incentives or regulatory hurdles

How?

• Recommendation 5: The European Commission, Member States and organisations from the social enterprise funding community should implement concrete measures to unlock and attract more funding that is better suited to social enterprises.
Mechanisms and infrastructure

*Putting in place mechanisms and infrastructure that encourage more public funding and mobilise private funding*

Why?

- Lack of alignment of public policy and private donors’/investors’ priorities
- Lack of public support of private sector participation
- Hurdles for SE to access to public sector contracts

How?

- Recommendation 6: The European Commission and Member States should continue to direct public funding to social enterprise and to use public funding to mobilise private capital, through investment in and de-risking of social enterprise funders, as well as by putting proper governance structures in place.
Conclusions

• Venture philanthropy and impact investing are important funding trends to take into account for social enterprise
• But they are still far from mainstream and we need to work to mobilise more traditional financial actors
• Social enterprises are showing potential to be self-financed – SEFORIS evidence – need capacity building
• Still strong barriers in terms of both operating and financing a social enterprise – need to “normalise” the social. We have to make it easier to be social, and more difficult to be “anti-social”!