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the European Union



# The IFISE Project

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Activities and main results

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Bruxelles, 11 June 2019





Piemonte

Lombardia

Andalucía

Valencia



Public financial agency

Finlombarda

Agency for Innovation and Development of Andalucía



Institute of Finance

IV(F)\* INSTITUT VALENCIÀ DE FINANCES

Intermediate Body

Managing Authority

Intermediate Body

Intermediate Body

# Starting Point

Extend the offer of funding instruments to social enterprises and fill the bank financing gap.

Overcome the conventional bank approach based only on balance sheets and business plans: start valuing social, environmental, cultural and other territorial returns.

IFISE project  
Multi-region assistance (MRA) initiative  
co-funded by the European Commission



## INNOVATE

- ✓ Approach a new growing sector: the **social economy**
- ✓ Explore innovative financial instruments which measure and value **impact** (social bonds, crowd-funding, payment by results, PPP models, ...)



## LEARN

- ✓ Analyze financing schemes derived from mainstream finance, the **technicalities** behind and their compatibility with public funds, ESIF and **state aid regulations**



Highly qualified experts and practitioners



## BE PROACTIVE

- ✓ Verify the **feasibility** if innovative instruments in our regions and ROPs
- ✓ **Raise awareness in Policy Makers** and submit an operational proposal



Regulatory, know how and cultural obstacles



# Key concepts

- **Social enterprises:** innovate to tackle social problems + generate positive social and environmental return (non profit/for profit).
- **societal challenges** tackled through a wide range of activities.
- **social impact:** also enterprises not having a strictly social core business can contribute to tackle social challenges.
- **impact measurement** and public budget savings.
- **Beyond the intermediation of banks:** promote direct links between (local) investors and enterprises.

### Market Knowledge

- **Mapping** the state of the art of FIs for the social sector (regional/national, public/private) and good practices.
- Identification of **regional needs and opportunities** for common FIs to be set-up.

### Capacity Building

- Identification of the training needs and organization of in-class **transnational training** (replicable training scheme).
- **Regional feasibility studies**: coaching and consultancy for the set-up of specific FIs.

### Policy awareness

- **Operational proposal to Policy Makers** for the implementation of the FI
- **Handbook with guidelines** for the setting up of FIs focused on social impact

## Market Knowledge

**57**  
**case studies**

- 14 FIs involving ESI Funds (ERDF or ESF)
- Interviews and desk research

**138**  
**social impact bonds**

- local, regional, national, transnational
- from 35 countries (40 in UK, 20 in USA)

**Research**

- Relevant study reports and desk research
- Study visits

Report available for download at: <https://www.finpiemonte.it/Ifise-project>

Countries (selection)	Financial Instruments (selected) targeting social enterprises						
	SIB / SOC	other payment by results /for outcomes	Equity / quasi equity / VC	Loan schemes	Guarantee Schemes	Microfinance	CrowdXXX / Club/ other P2P mecanisms
Spain							
Italy							
France							
Germany							
UK							
USA							

- UK is pioneer in social financial instruments, but experiences are not directly transferable to the rest of Europe.
- In general, few innovative practices with specific incidence in social enterprises.
- Predominantly standard financial instruments but socially labelled.
- Spain and Italy are lagging behind.
- Absence of innovative instruments implemented in combination with ESI Funds



## Capacity Building

### 4 training modules

- 65 hours of transnational in-class training with high qualified expert and practitioners
- A replicable training agenda

### Technical coaching on regional cases

- Supported by dedicated experts (coaches)
- How to design specific a FI in each IFISE region: differences and common aspects

Replicable training agenda and executive summary of the feasibility studies available for download at:

<https://www.finpiemonte.it/lfise-project>

<b>MODULE 1</b>	<b>INTRODUCTION</b>	<b>Social Impact Investing: Combining Social Results with Financial Returns</b>
<b>MODULE 2</b>	<b>FOCUS ON FIs</b>	<b>Innovative use of FIS for Social Economy: Equity, venture and hybrid instruments</b>
<b>MODULE 3</b>	<b>FOCUS FIs</b>	<b>Social Innovative Financial Instruments ( New FIs)</b>
<b>MODULE 4</b>	<b>PROCEDURES</b>	<b>State Aid regulation and Financial Instruments under ERDF and ESF</b>

**Transnational coaching and regional feasibility studies**

Common learning sessions and sharing/comparison

Individual support to design the instrument  
in the framework of the regional specificities

**SOCIAL  
IMPACT  
BOND**

Lombardy

Piedmont

Andalucia

Valencia

**IMPACT  
INVESTMENT  
FUND**



## Policy awareness

### 4 Proposals to policy makers

- Proposals aimed to implement the SIB/SIFs in the current or next ERDF-ESF R.O.P.

### HANDBOOK with guidelines

- Soon available also in IT and ES
- Main public deliverable

Handbook available for download at: <https://www.finpiemonte.it/lfise-project>

# Dissemination

Handbook

## **Financial Instruments for Social Impact**

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Supported by ERDF and ESF

## Handbook Financial Instruments for Social Impact

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Supported by ERDF and ESF

### INNOVATIVE FIs

- The framework of social FIs under ESIF
- New instruments (e.g. SIB)
- Roadmap to setup social impact funds

### TARGET

- public administrations interested in designing and setting up financial instruments that positively impact society.

### SOCIAL ECONOMY

- The context of Social Impact Investing
- Specific features (e.g. insight on impact measurement methods)

## Handbook

# Financial Instruments for Social Impact

Supported by ERDF and ESF

### Three chapters as standalone documents

-  01 **Social investment and ESIF financial instruments**
-  02 **Social Impact Bonds (SIBs)**
-  03 **Social Impact Funds (SIFs)**

- More than a general explanation on SII
- Analysis on the use of ESI Funds
- impact measurement
- public procurement
- state aid

- A manual guiding step by step decisions
- A methodology for the setup of specific instruments, such as SIB and SIF
- Definitions, case studies, checklists and examples to guide the reader

## Webinar on the Handbook, REGIO Communities of Practitioners



- Impact investing with the use of EU funds: main findings from the **Feasibility Study** on a **Social Impact Fund for Andalusia**.
- Innovative financial instruments **compliance with State aid rules and ESIF rules**: Social Impact Bonds, Social Impact Funds etc.

<https://regiopractitioners.wordpress.com/2019/06/04/innovative-financial-instruments-in-support-to-the-social-economy-ifise/>

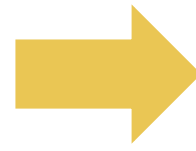


# Conclusions

- **The regulation** may open to new possibilities for SII in ESIF in the next programming period
- **Applying mainstream finance to public procedures** is a complex path that requires technical assistance
- Public authorities and their financial agencies need to go through a **process for learning and sharing knowledge**
- **MRA and other technical assistance initiatives** are key to make concrete steps ahead

# An additional opportunity

**EU Programme for  
Employment and Social  
Innovation (EaSI)**



**Call for expressions of  
interest: Employment and  
Social Innovation programme  
Technical Assistance**

Target: Social finance providers (both public and private) are eligible to receive technical assistance services

Services: tailored trainings, study visits, workshops.

<https://www.finpiemonte.it/Ifise-project>

