



# The Portuguese Social Innovation Initiative – Challenges and success factors

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# Pioneer government initiative



EUR 150 million | European Social Fund



## MAIN OBJECTIVES:

- . Social Innovation
- . Social Entrepreneurship
- . Social investment
- . Private-Public Partnerships



# Four financing instruments



## Aligned with different needs

. Capacity Building for Social Investment

Grants for developing management competencies.

. Partnerships for Impact

Matchfund for leveraging philanthropy.

. Social Impact Bonds

Outcome payment instrument for contracting and pay for results.

. Social Innovation Fund

Debt instrument that provides loan guarantees.

Equity instrument that co-invests in a deal by deal approach.



# Four financing instruments



## The role of the Investor

. Capacity Building for Social Investment

The Social Investor presents a non-binding Letter of Interest.

. Partnerships for Impact

The Social Investor supports 30% of the project.

. Social Impact Bonds

The Social Investor supports 100% of the project and is fully reimbursed if social outcomes are met.

. Social Innovation Fund

Banks provide loans and Social Investor matches the SIF in equity or quasi-equity investments in SMEs.



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# Results so far...



**337**  
PROJECTS

**36**  
million EUR  
Approved financing

**14**  
million EUR  
Social investment

**> 300,000**  
Impacted individuals

**281**  
Social Organisations

**320**  
Social Investors



# Capacity Building for Social Investment



100%



CAPACITY BUILDING PLANS

(up to EUR 50,000)

Mandatory Diagnosis of Training Needs

On-the-job consultancy (co-creation)

Pay for deliverables

Letter of Interest from social investor

201 projects

EUR 7,4m



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# Partnerships for Impact



## Grants

(> EUR 50,000)



70%

## Social Investors

(Private or Public)



30%

128 projects

EUR 25m

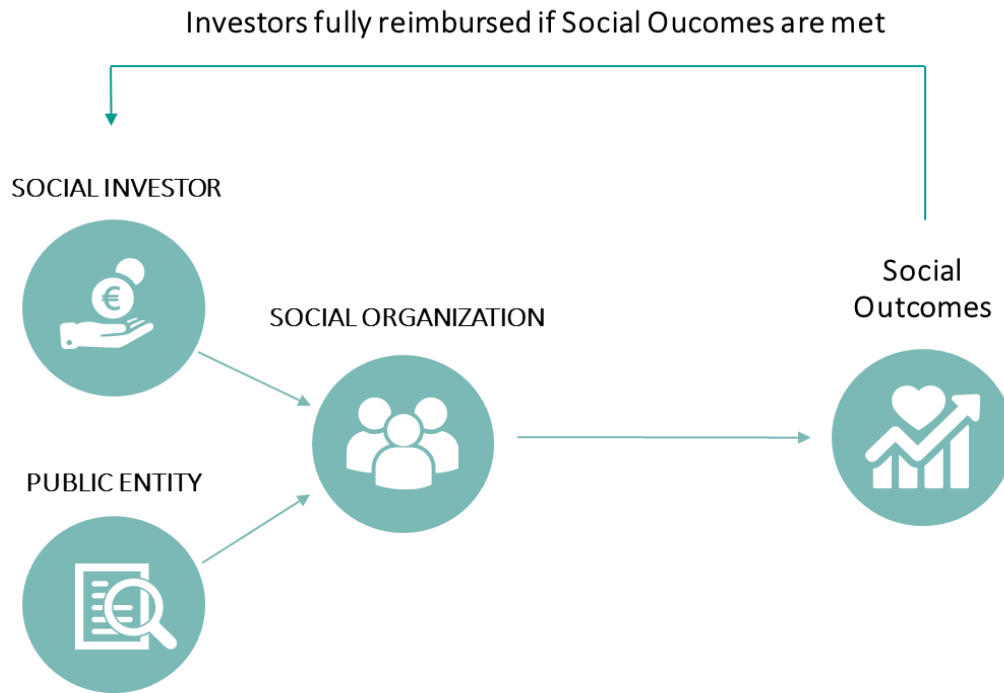
EUR 11m social investment



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# Social Impact Bonds



- Measurable social outcomes
- Public policy priorities
- Private organisation implements the project
- Social investor finances the project
- Public Entity validates project
- Applications are submitted in partnership
- Real costs reimbursement if outcomes are met (No remuneration | Tax relief for Social Investors)

8 projects  
EUR 3,2m



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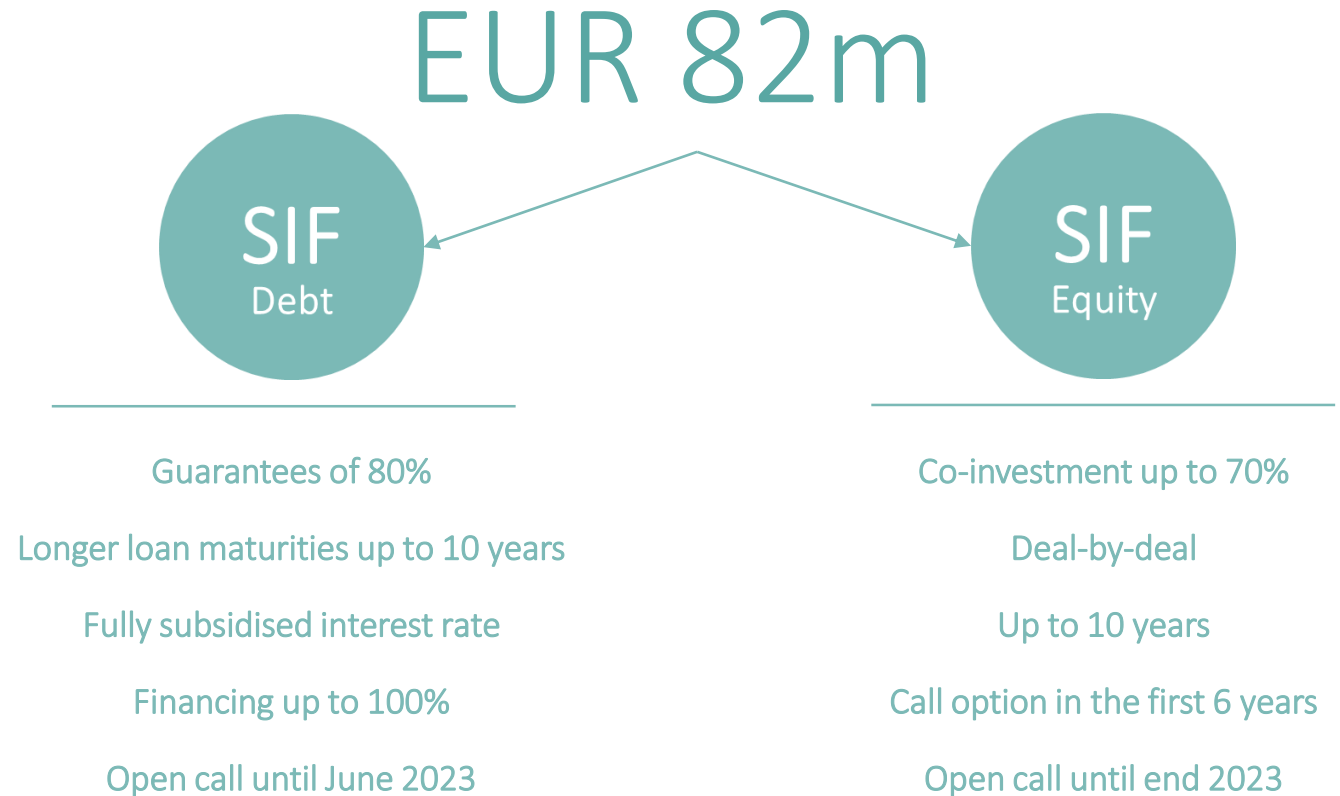


# Social Innovation Fund



- Public Fund
- Leverage private investment in Social Innovation
- Facilitate access to financing from organisations with Social Innovation projects
- Fund Manager: PME Investimentos

[www.fis.gov.pt](http://www.fis.gov.pt)



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# Challenges



- SI projects often have **multisector approaches** and don't fit thematic calls (ESF not prepared to combine social and environmental impacts)
- ESF funding is still mainly based on the **reimbursement of expenses**
- **Heavy bureaucracy** outmatches the size and experience of small entrepreneurial organisations
- **Limited practice of payment for results** in Public Administration
- **Lack of data** to measure outcomes
- **Corporate investors** are still hard to mobilise
- How to measure **Social Impact**



# Key Success Factors



- Political support at the center of the Government
- A central Mission Unit for implementing the Social Innovation public policy
- Financing instruments aligned with the needs of each stage of a Social Innovation project life cycle
- Activation team in the field
- Strategic partnerships with key players (public and private)
- A growing market of highly qualified and committed intermediaries
- International cooperation



