



Multi-region assistance programme - Innovative Financial Instruments in support to the Social Economy

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A MULTI-REGION ASSISTANCE opportunity

- Co-operation projects involving at least 2 Managing Authorities (or I.B.) from different Member States.
- Assessment of possible use of ESIF financial instruments in specific thematic areas of common interest.
- EC Call for proposals in April 2015.



The IFISE Project

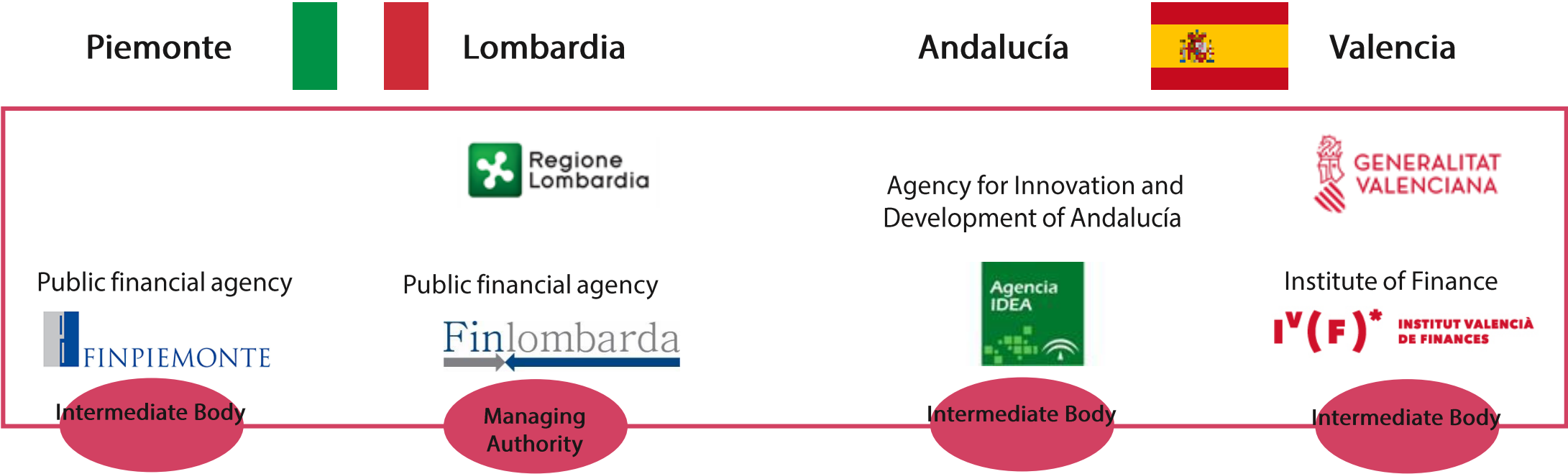
[september 2017 – June 2019]

**Innovative
Financial Instruments
in support
to the Social Economy**



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

THE REGIONAL DIMENSION



ERDF and ESF Regional Operational Programmes



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OUR STARTING POINT



How to use ESI Funds to:

- ▲ Extend the offer of funding instruments to social enterprises (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.**



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OUR CONCRETE OBJECTIVES



INNOVATE

LEARN HOW TO

BE PROACTIVE: make it happen



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OUR CONCRETE OBJECTIVES



INNOVATE

- Approach a new growing **SECTOR**: the social economy
- Explore a finance that measures and values **IMPACT**

OUR CONCRETE OBJECTIVES



LEARN HOW TO

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



Highly qualified experts, practitioners, international financial institutions.

Study visits

Coaching

Training



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BEYOND THE INTERMEDIATION OF BANKS



Different types of FIs

Promotion of direct links
between (local) investors
and enterprises

community investing

Microfinance

social bonds

crowd-funding and peer-to-peer lending

local saving and local funding platforms

Business Angels

payment by results

PPP models

etc...



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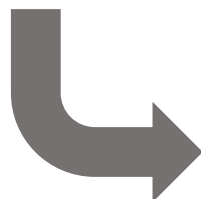


OUR CONCRETE OBJECTIVES



BE PROACTIVE: make it happen

- ✓ Verify the feasibility of innovative instruments in our regional context and in our ESIF ROPs
- ✓ Raise awareness in Policy Makers and submit an operational proposal



Obstacles: Regulation, know-how and culture



WHAT WE ACHIEVED

[Sept. 2017 – June 2019]



Market Knowledge

- Mapping the state of the art and good practices.
- Identification of regional needs and opportunities

Capacity Building

- In-class transnational training (replicable)
- Regional feasibility studies: coaching and consultancy

Policy awareness

- Operational proposal to Policy Makers
- Handbook with guidelines for the setting up of FIs

WHAT WE ACHIEVED



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

MARKET KNOWLEDGE



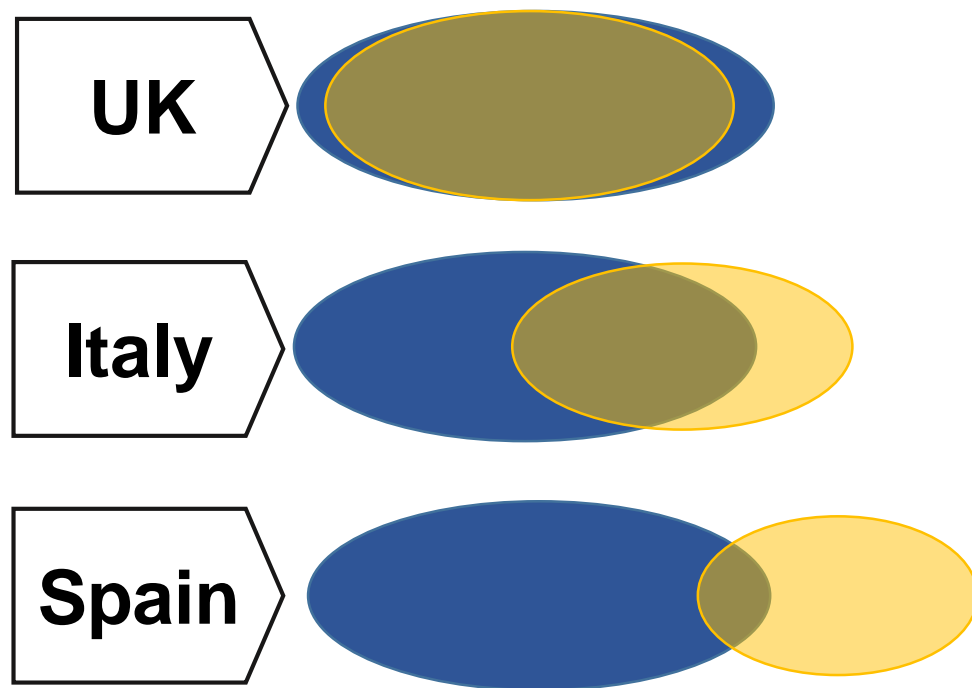
Countries (selection)	Financial Instruments (selected) targeting social enterprises						
	SIB / SOC	other payment by results /for outcomes	Equity / quasi equity / VC	Loan schemes	Guarantee Schemes	Microfinance	CrowdXXX / Club/ other P2P mechanisms
Spain							
Italy							
France							
Germany				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

**Many “de facto” Social Enterprises
are not legally recognised as such**



Discrepancy between “de facto” and “legally recognised” SEs



-  De facto SEs
-  Legally recognized SEs

- They operate “below the radar”
(no statistics)
- FIs need a classification of social
enterprise

CAPACITY BUILDING

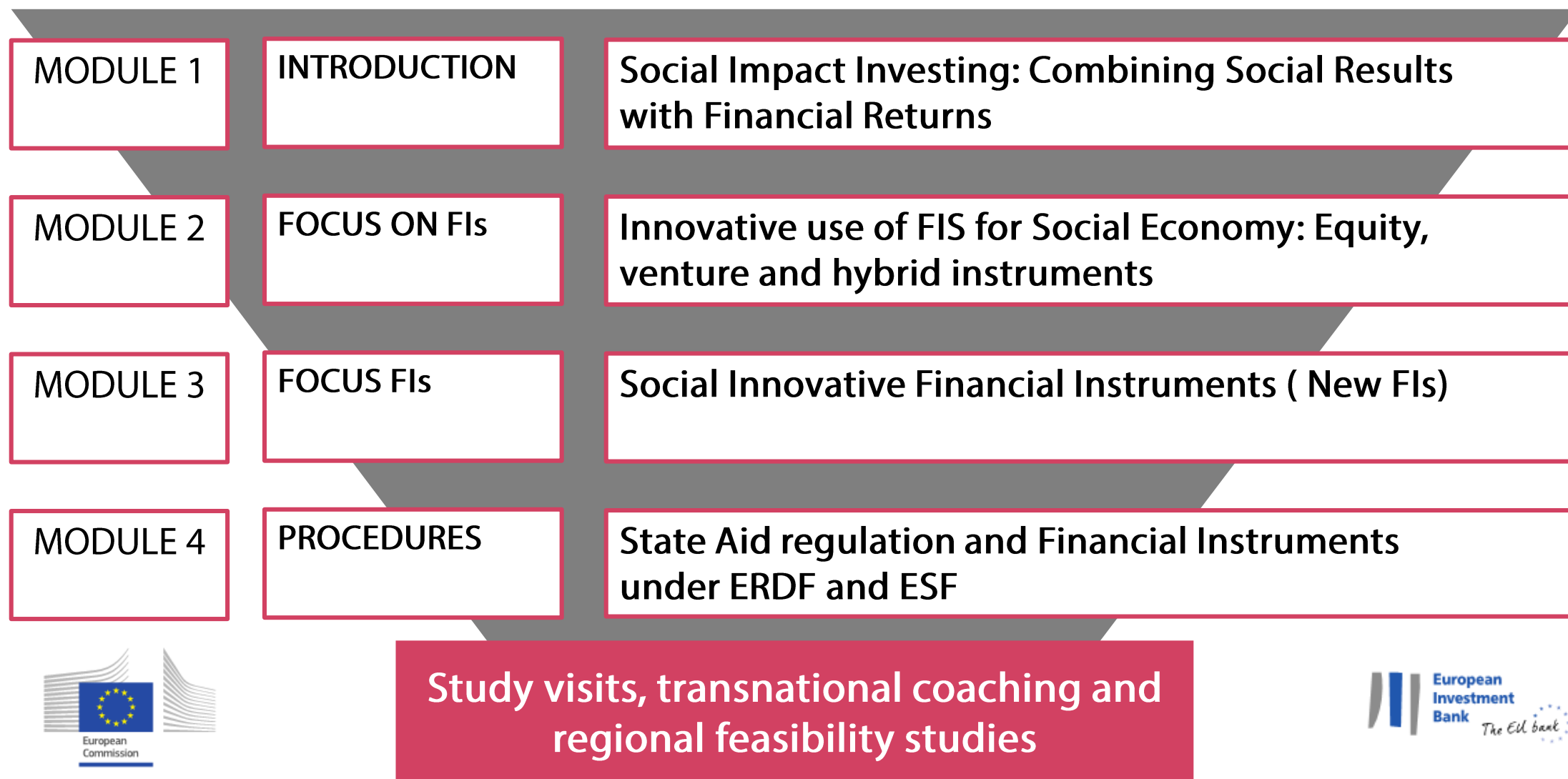
4 training modules

- 65 hours of transnational in-class training
- A **replicable** training agenda
- Study visits to best practices

Technical coaching on regional cases

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

Transnational in-class training: a replicable agenda



Coaching activity and regional feasibility studies



Common learning sessions and sharing/comparison

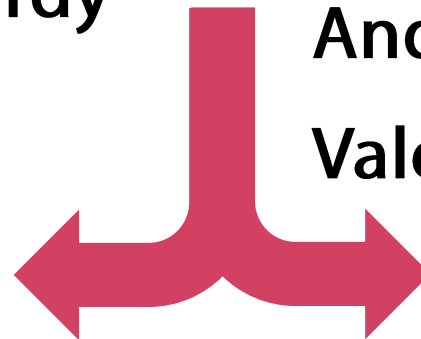
Individual support to design the instrument
in the framework of the regional specificities

**SOCIAL
IMPACT
BOND**

Lombardy

**Piedmont
Andalucia
Valencia**

**IMPACT
INVESTMENT
FUND**



POLICY AWARENESS AND DISSEMINATION



POLICY AWARENESS

4 Proposals to policy makers

- Aimed to implement the SIB/SIFs in the current or next ERDF-ESF R.O.P.
- Under discussion for the next steps

HANDBOOK with guidelines

- Practical guidelines and decisional tree to set up a FI
- Available in ENG, IT and ES



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



Handbook

Financial Instruments for Social Impact

Supported by ERDF and ESF



Handbook

Financial Instruments for Social Impact

Supported by ERDF and ESF

TARGET

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

INNOVATIVE FIs

- The framework of social FIs under ESIF
- Roadmap and decisional tree to setup a SIF or a SIB

SOCIAL ECONOMY

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

com



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

comp



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/>

Final considerations



- **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



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

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financial instruments
added value **ERDF** funding agreement revolving capacity building
governance **ESF** EU guidance
technical support seminars leverage financial intermediaries ex-ante assessment
co-financing microfinance
investments **ESIF** fi-compass case studies final recipients
business plan **Thank you** thematic objectives
advisory services guarantees loans **CF** equity
EAFRD private investors banks life cycle combination of support
conferences **EMFF** factsheets investment strategy
fund of funds managing authorities manuals