



Innovative financing instruments – experiences from the ground, ideas for the future

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THE WORLD'S FIRST AND LARGEST COMMUNITY OF SOCIAL ENTREPRENEURS



★ Ashoka Hub Office

NORTH AMERICA
302 Fellows

LATIN AMERICA
1,034 Fellows

EUROPE
546 Fellows

MIDDLE EAST & NORTH AFRICA
128 Fellows

AFRICA
471 Fellows

ASIA
1,020 Fellows

FELLOWS BY IMPACT SECTOR



3,500 ASHOKA FELLOWS IN 90 COUNTRIES

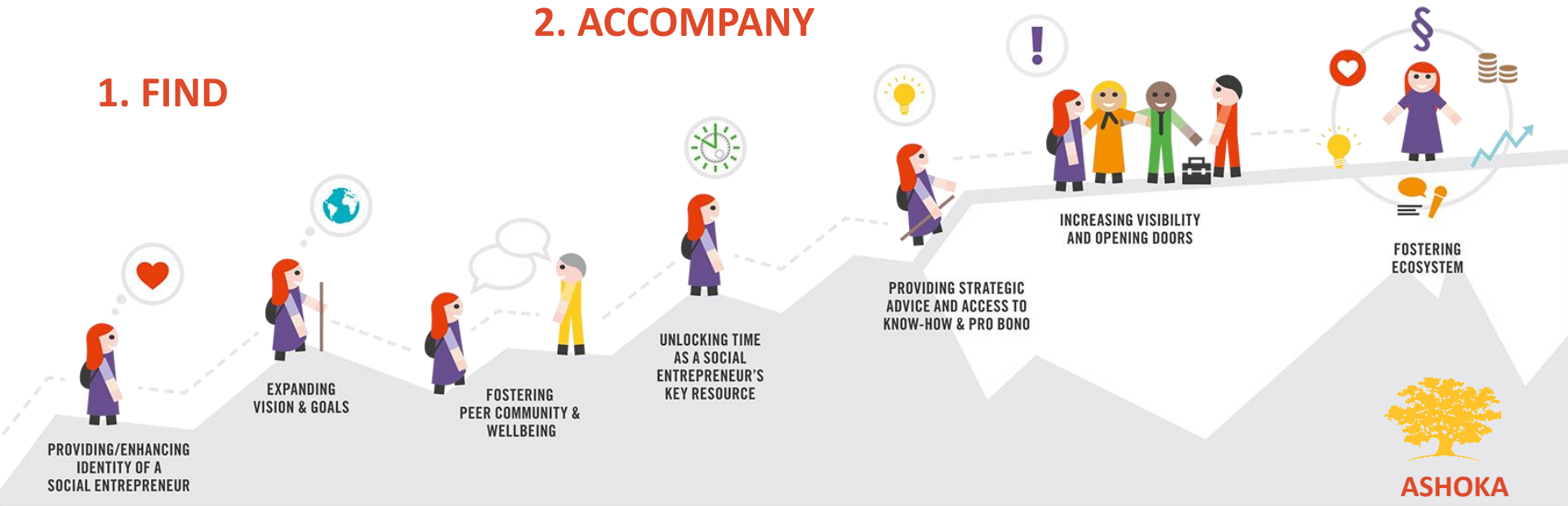
ASHOKA'S JOURNEY & SUPPORT MECHANISM



3. FOSTER ECOSYSTEM

2. ACCOMPANY

1. FIND



ASHOKA FELLOWS CRITERIA



NEW IDEA



SOCIAL IMPACT



CREATIVITY



ENTREPRENEURIAL SPIRIT



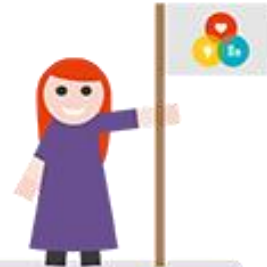
ETHICAL FIBER



#ficompass

STAIRWAY TO IMPACT

Inspired by “Results Staircase”
of Phineo and adapted by
Ashoka CEE



3. IMPACT

We pay attention to whether and how the life situation of target groups have actually improved – in one or more geographic locations.

And, most importantly, we probe to understand the changes that a candidate has in mind in order to anchor improvements – at the systems and mindset level.

2. OUTCOMES

We look closely at the effect these direct services and activities have on target groups: whether there are changes in skills, way of thinking or behavior.

1. OUTPUTS

We observe the direct services and activities a candidate performs and how many people are reached.

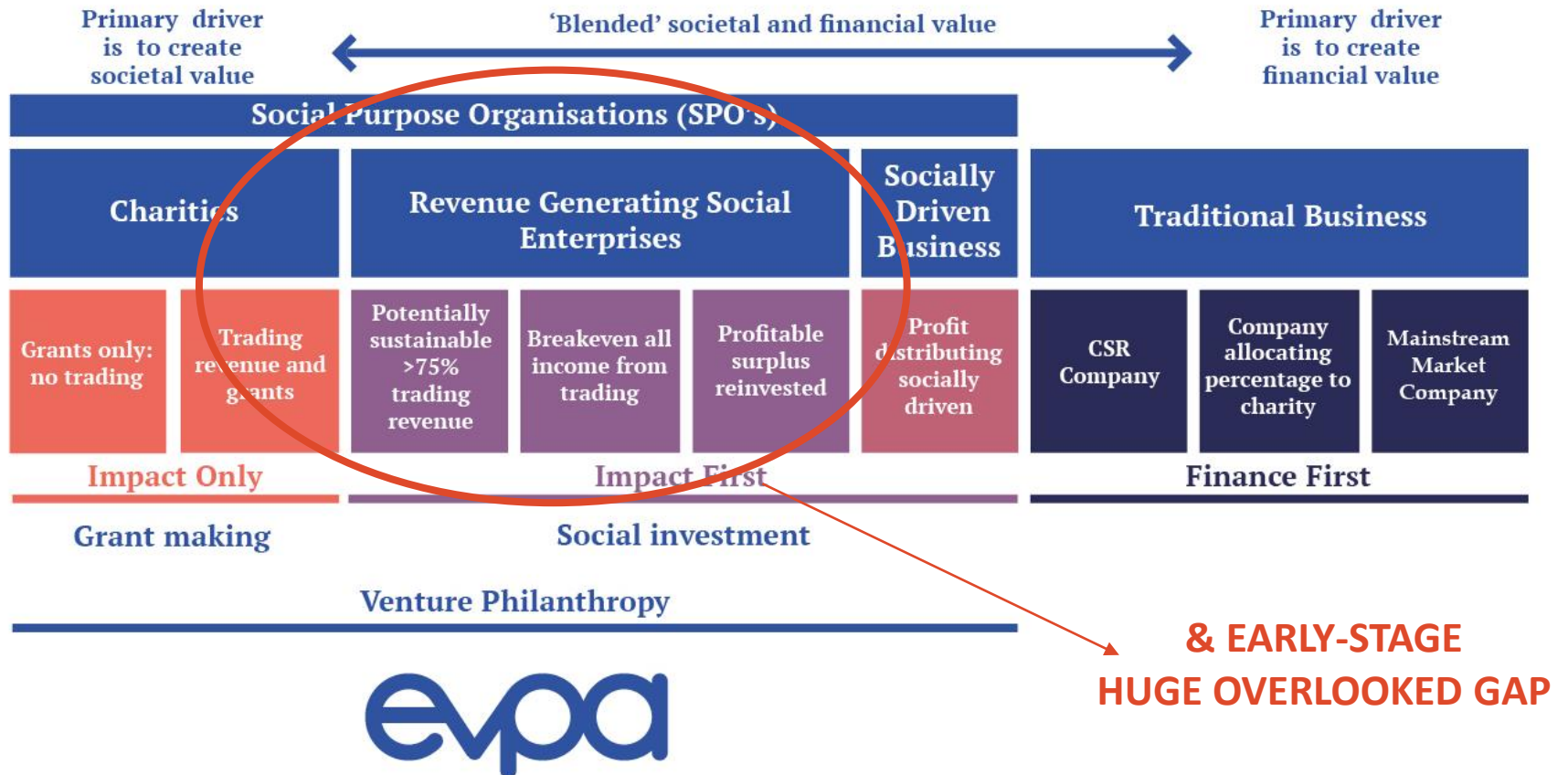


WHAT WE SEE



Ashoka's network of SEs exposed us to new forms of business and ways of tackling social issues. Many go beyond grants to financially self-sustaining business models, but don't fit the pure business mold for large-scale impact investment.

The EVPA Spectrum



WHAT WE SEE SOCIAL FINANCE NEEDS



DESPERATE NEED FOR PATIENT AND HYBRID FINANCE TO BOOST SOCIAL INNOVATION

- Investors are waiting at the end of the pipeline, but there is an early-stage financing gap.
- SEs operate in difficult markets with low income.
- The relationship between risk and reward might not be the same as in classical investments (moderate returns), most often there is less upside and less revenue, few exit options.
- There is no "one" financing solution.

WE NEED BETTER RISK SHARING BETWEEN INVESTORS AND SOCIAL ENTERPRISES - REPAY ONLY IF WORKS



WHAT WE SEE SOCIAL FINANCE NEEDS



NEW DEVELOPMENTS - PAY FOR IMPACT MODELS UNDER DIFFERENT FORMS

Social Impact Incentives (SIINC) – differently from SIBs, the payer does not necessarily need to be the government, could be a foundation for example

NEW ROLES

The Government/EU/public bodies can have different roles:

- Outcome payer (eg. SIB models).
- Guarantor for the investor (no need for full guarantee, but 50%...).
- Provider of insurance against remote risks: what happens if the payer/foundation goes under?
- Catalyzer of the ecosystem by supporting ecosystem-building initiatives (huge need for capacity building both on supply and demand side).



ASHOKA'S ROLE IN SOCIAL FINANCE



1. ACCELERATOR

We support Ashoka Fellows, leading social entrepreneurs to undergo the transition and scaling process to become self-sustainable by creating hybrid models.

2. THOUGHT LEADERSHIP

We also develop content, publish articles, case studies, toolkits and host events, engage with academia...

3. PARTNERSHIPS

We build the infrastructure to close this financing gap, incite involvement of partners in this field – eg Hogan Lovells, UBS.





Ready for Social Investment?



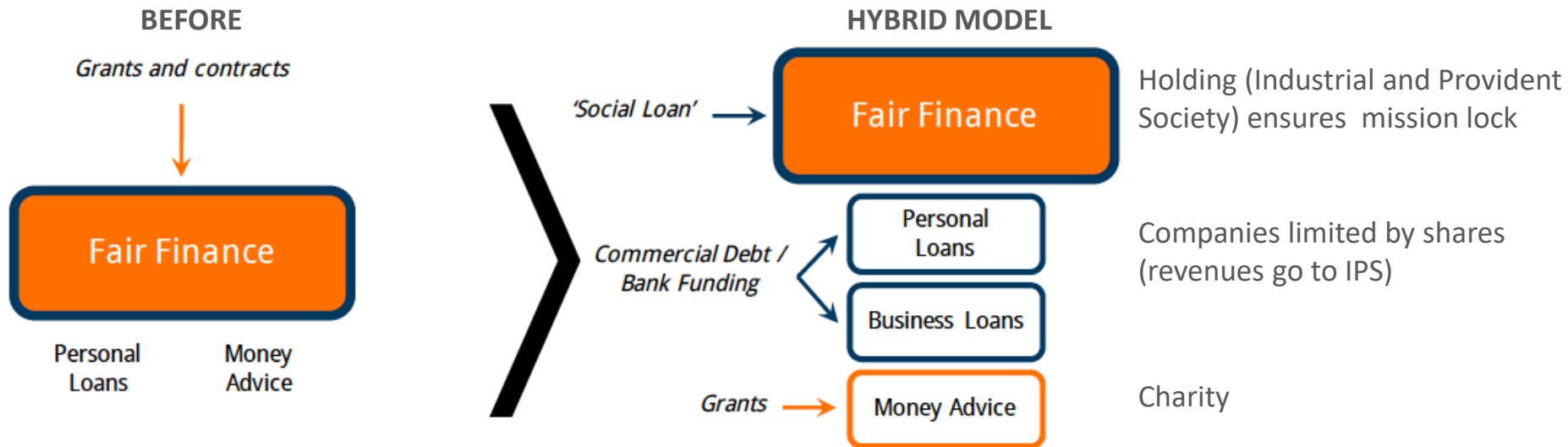
8 MODULES

1. Social Change
2. Measuring Impact
3. Business Model
4. Scaling Strategy
5. Financial Model
6. Legal Structure
7. Financing Terms
8. Investment Pitch

CASE STUDY: FAIR FINANCE



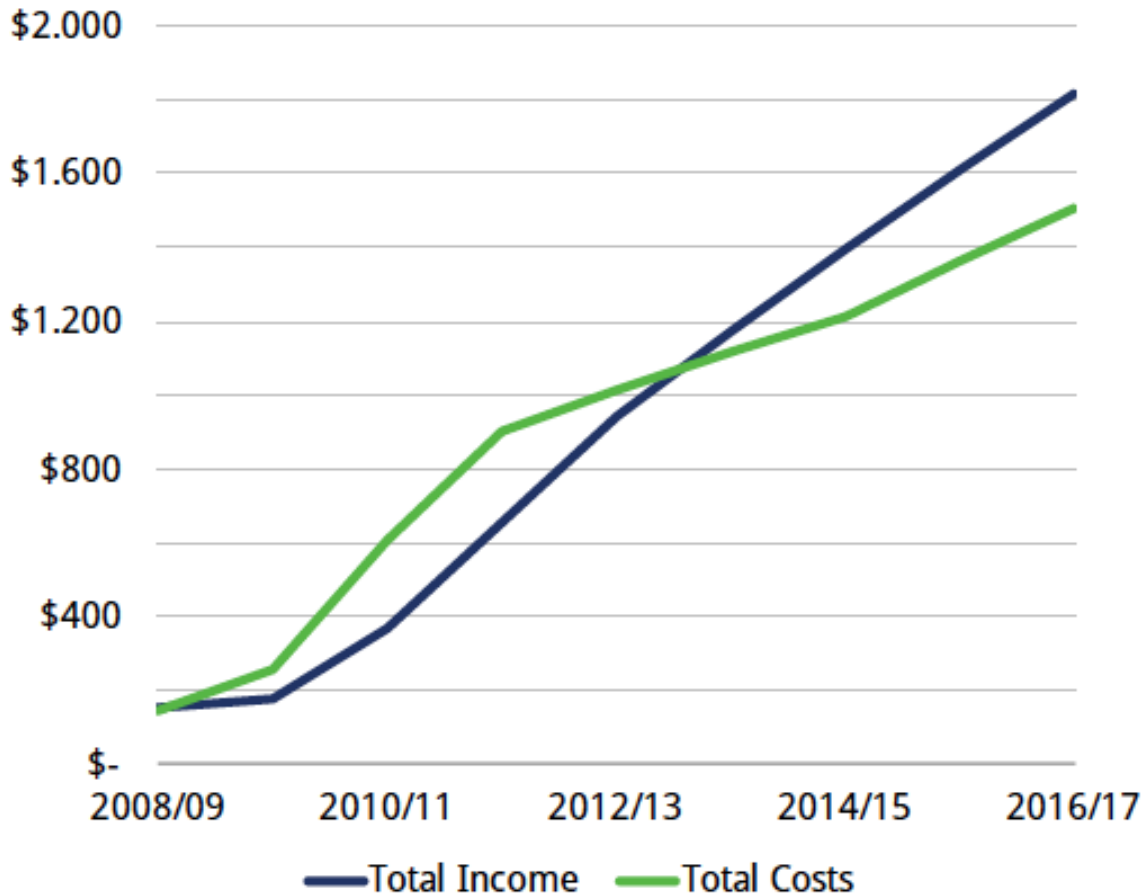
Founded by Ashoka Fellow Faisal Rahman, Fair Finance aims to revolutionize fair lending practices across the United Kingdom to ensure everyone has access to affordable services (more than 4m people in London do not have access to finance and many do not even have a bank account).



- Ring-fencing reassured investors and philanthropists
- Via the social loan Angel Investors derisked the proposition for institutional capital to enter
- Unbundling the business and the charity enabled investors and philanthropists to step in



CASE STUDY: FAIR FINANCE GROWTH & IMPACT



Break even in 4 years

Largest microfinance lender
in the UK

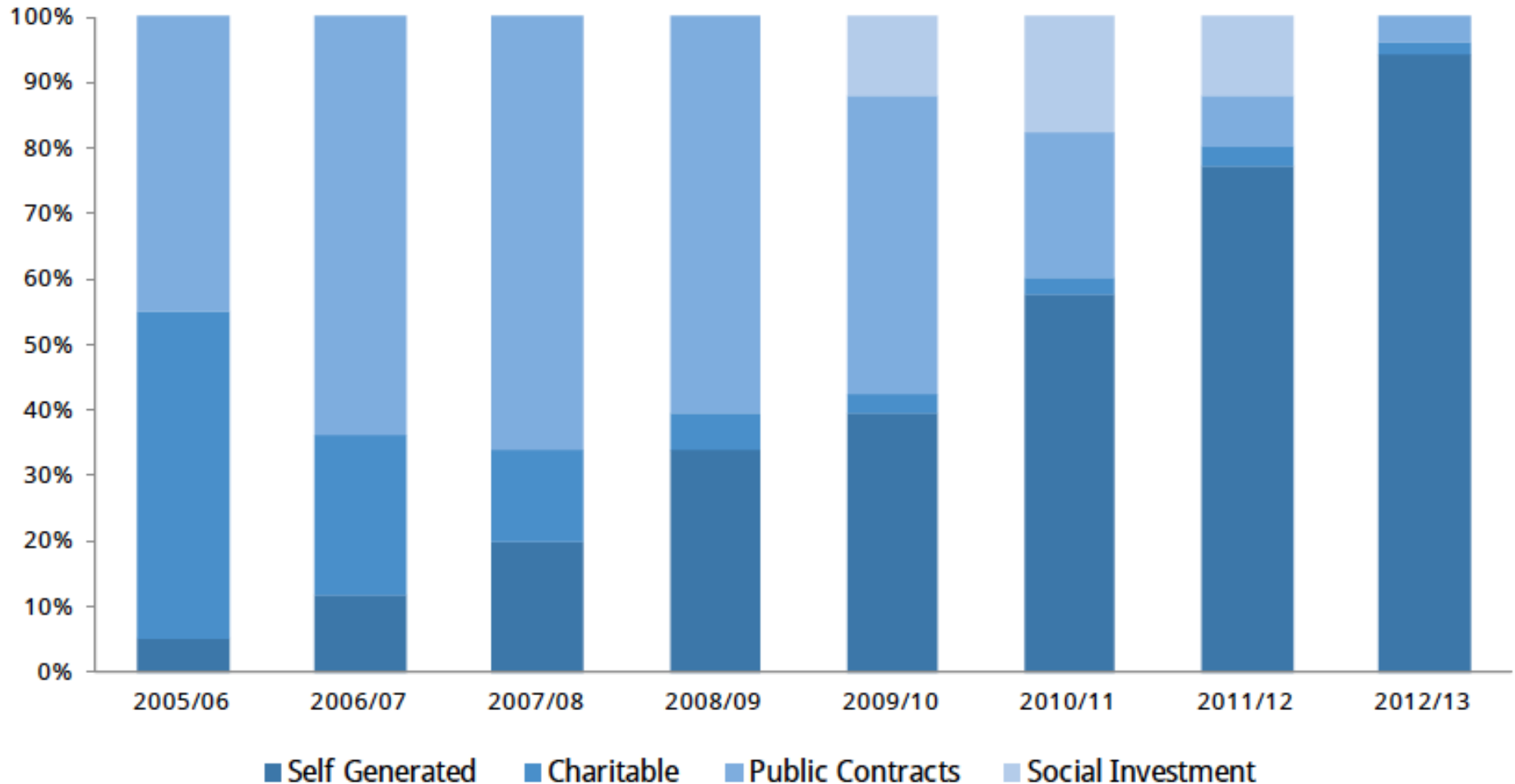
Over 45.000 people directly
impacted

Total £ 32m loaned 2008-
2017 – from <£ 1m in 2008
to > £5m in 2017

From 2 to 6 offices

In 2017, up to £4,8m saved
from door step lenders

CASE STUDY: FAIR FINANCE FINANCING MIX



FINANCING AGENCY FOR SOCIAL ENTREPRENEURS (FASE)



FASE builds bridges between social entrepreneurs and investors to support impactful social enterprises (SEs) in raising growth capital.

- Preparation towards **investment readiness**.
- **Professional transaction support** (planning, preparation & conclusion of a financing round).
- For investors: **Access to a pipeline** of leading, investment-ready Ses.

30 transactions, raised EUR **14+ m** growth capital, network of more than **450** philanthropic and impact-oriented investors, open pipeline of investment-ready Ses.



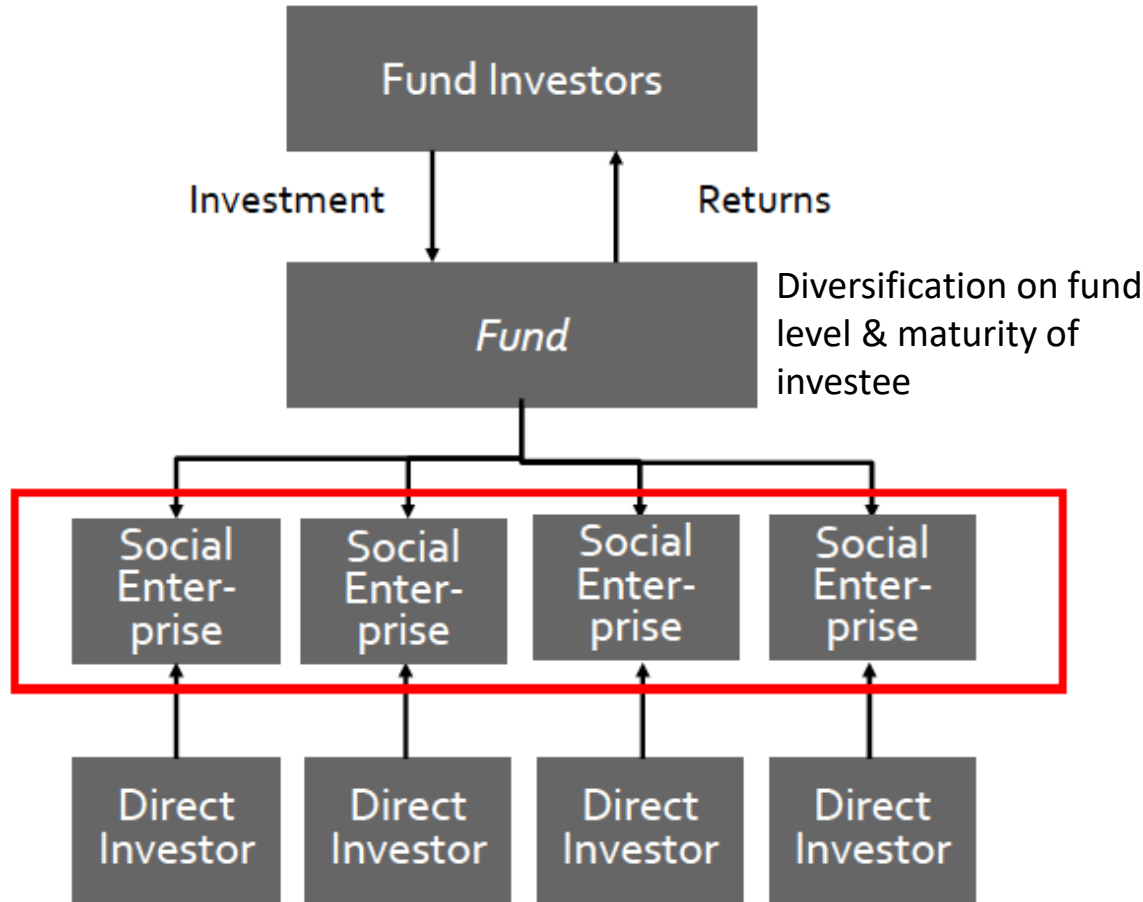
FASE EARLY-STAGE CO-INVESTMENT FUND FOR SOCIAL ENTERPRISES

20m euro hybrid fund



Matching Investments by Co-Investment Fund

Investments by Direct Investor(s)



FASE

Open pipeline of social enterprises: direct investor(s) are identified by FASE for each individual social enterprise and have to be accredited by the fund



CONTACT

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