



Introduction to the topic of social impact investing supporting migrants and initial findings

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Agenda



- Introduction to the topic of social impact investing supporting migrants & Initial findings (10 minutes)
- Good practice examples (15 minutes)
- Interactive discussion (45 minutes)
- Conclusion (5 minutes)



Social impact investments

Is social impact investment needed?



Public authorities are facing:

- financial constraints
- increasing social problems
- multiple crisis effects



The social economy in the EU is growing:

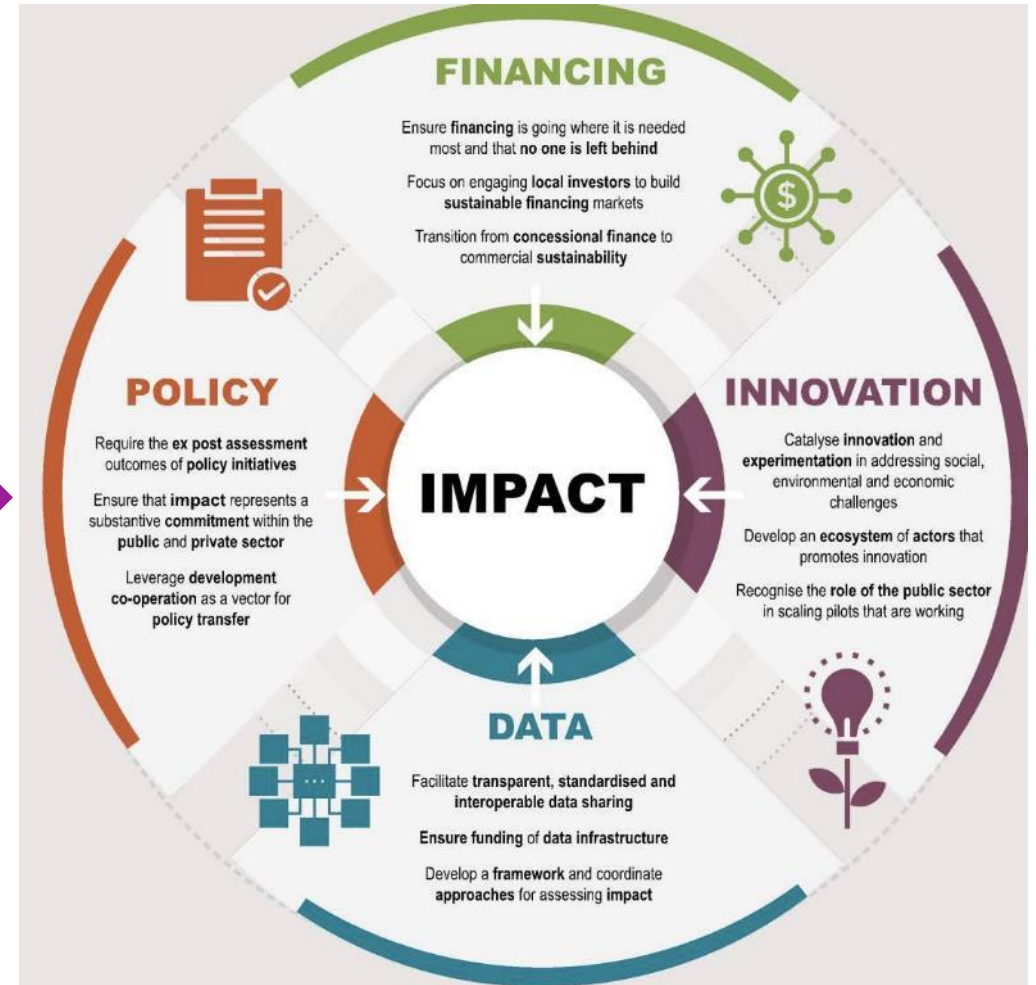
- increasing awareness (i.e. SDGs)
- increasing number of entities operating in it
- increasing attention of investors on social/environmental sustainability



Entities operating in the social economy have

- financial problems too (undercapitalisation, dependence on public support...)
- lack of investment-readiness
- lack of capacity to measure their impact

Innovation in the social 'space' is needed!



OECD (2019), Social Impact Investment 2019 – The impact imperative for sustainable development

Social impact investments

Defining social impact investment



What is a Social Impact Investment?

SII is «*the provision of finance to organisations with the explicit expectation of a **measurable social**, as well as **financial**, return*»

Source: OECD (2019), Social Impact Investment 2019 – The impact imperative for sustainable development



Social: the primary objective and starting point is to **tackle social needs** such as ageing, health care, child care, affordable housing, assistance for disadvantaged people, migrants, unemployed people and people with disabilities.



Impact: the intention is to produce social change and improvement in final recipient life conditions. The impact has to be **measurable and monitored** during the entire lifetime of the investment.



Investment: by addressing social goals, the investment is expected to return the money invested or lent and, if relevant, to generate a **financial return**.

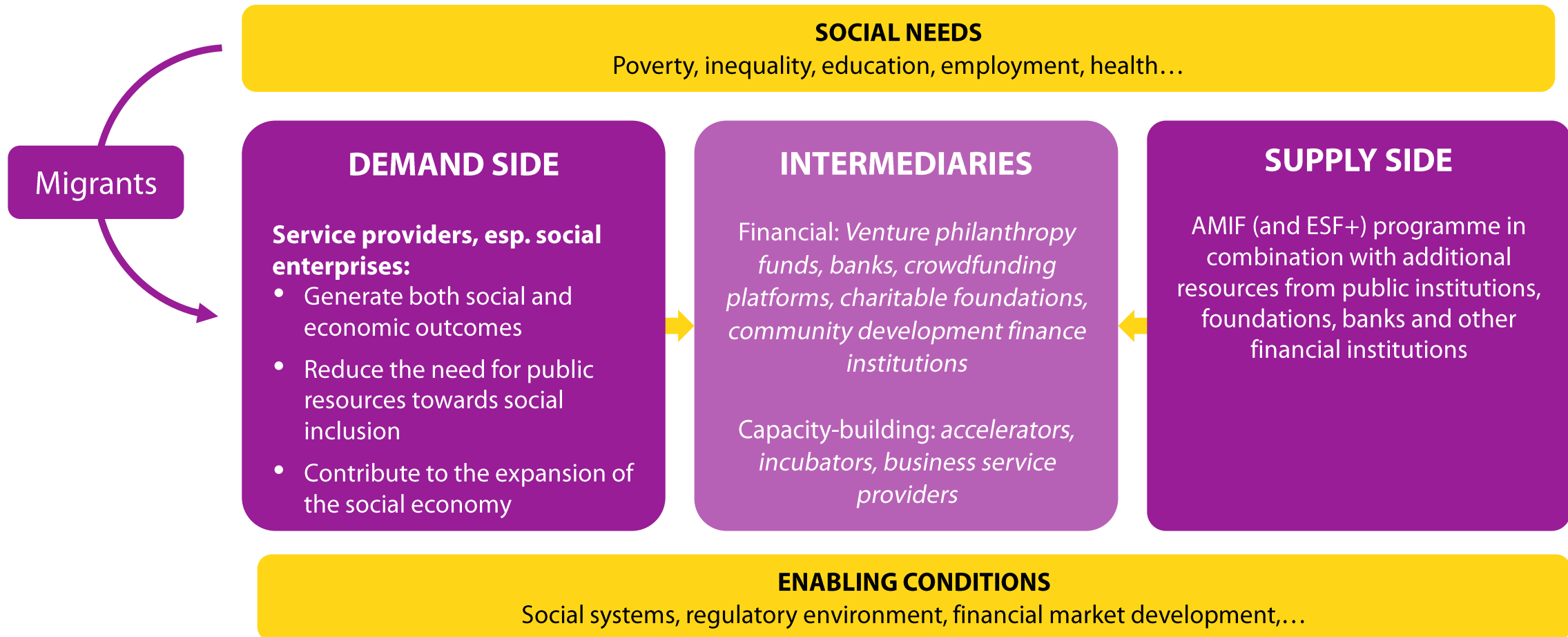
Source: adapted from fi-compass (2016), Financial instruments working with social entrepreneurship

Social impact investments

Defining social impact investment



The social impact investment market framework



Source: adapted from fi-compass (2016), Financial instruments working with social entrepreneurship and OECD (2019), Social Impact Investment 2019 – The impact imperative for sustainable development

Social impact investments

Demand side



The number of social enterprises in Europe is growing for the EC: around 2.8 million entities employing over 13.6 million people

According to the Euclid Network, in 2021 **Social Enterprises in Europe provided services to:** 1. Children/young individuals (33.3%) 2. Women/girls (27.2%) 3. Individuals with mental illness (27.1%).

On the 8th and 9th place, there are migrants (19.3%) and refugees/asylum seekers (19.2%).

Number and size vary a lot across the EU

Country	Year	Estimated number of SEs	Number of SEs per million inhabitants	Estimated number of employees
Italy	2017	102,461	1,694	894,800
France	2015- 2017	96,603	1,414	1,187,249
Poland	2016- 2019	29,535	768	428,700
Germany	2017	77,459	936	N.A.
Romania	2015- 2017	6,317	323	17,117
Lithuania	2016- 2017	3,476	1,237	N.A.

Source: European Commission (2022), Social enterprises and their ecosystem in Europe - Comparative synthetic report

Social impact investments

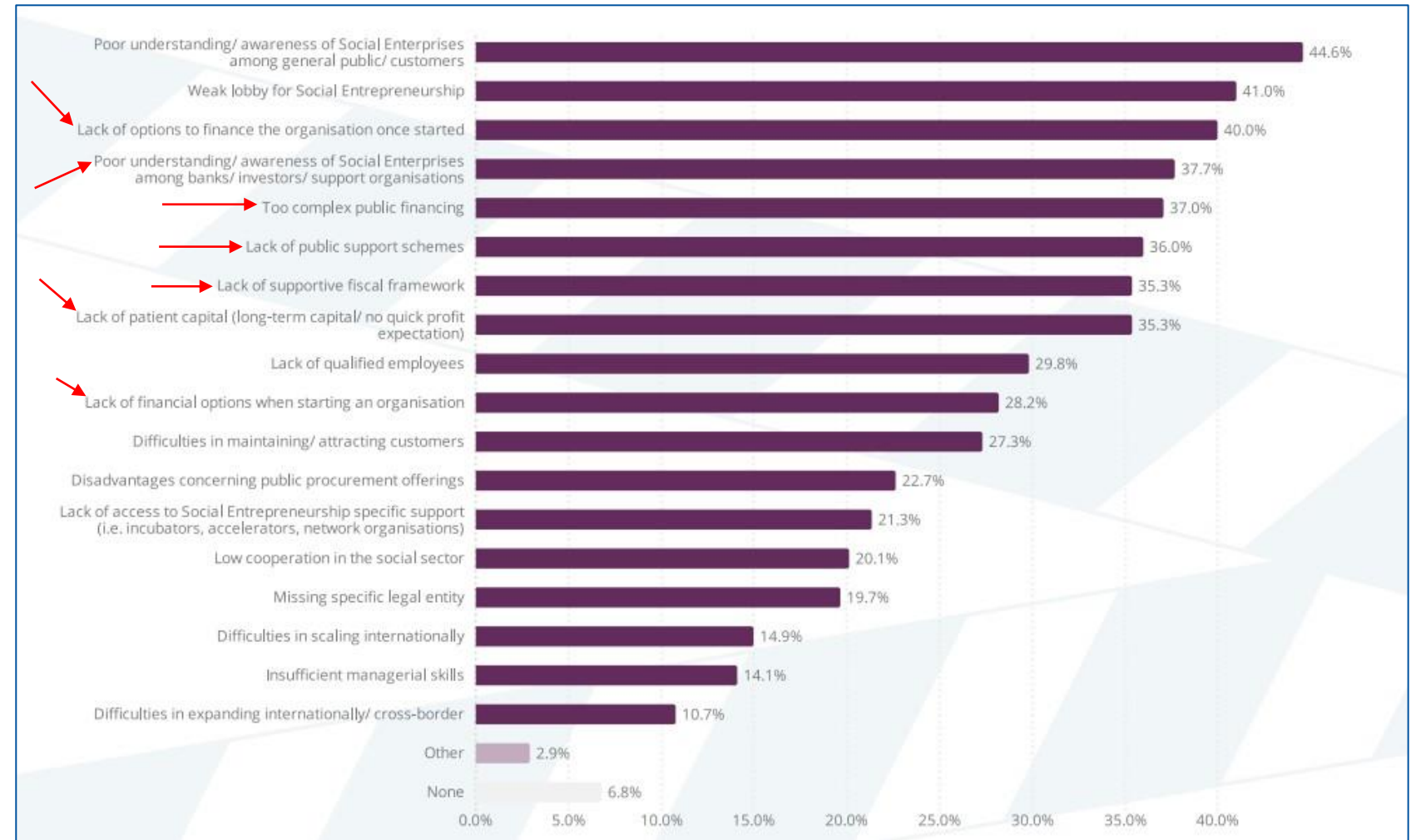
Demand side



The main barriers includes:

- Lack of **options** to finance the organisation once started (40%)
- Too **complex** public financing (37%)
- Lack of public support **schemes** (36%)

The main barriers faced by social enterprises



Source: Euclid Network (2021), European Social Enterprise Monitor 2021-2022

Social impact investments

Supply side

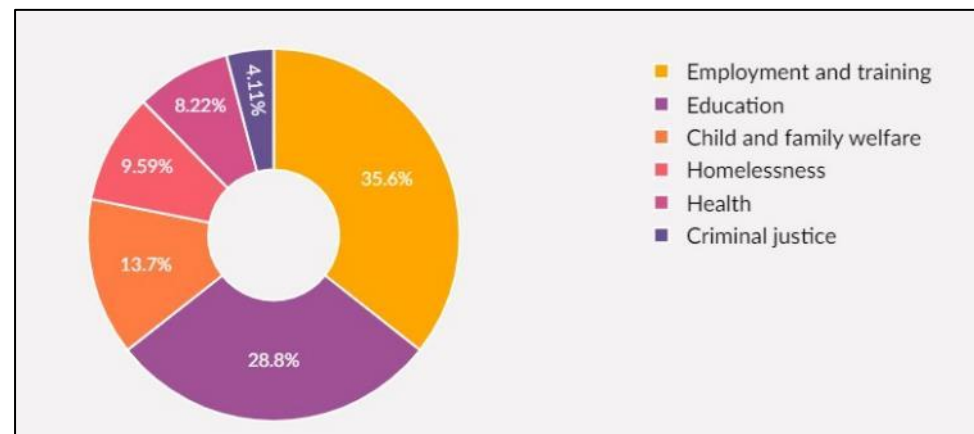


SII is a growing sector: **73 impact bonds in EU** (60 in implementation stage, 13 completed) **with more than EUR 108 million raised in 2022** (48 impact bonds and EUR 55.5 million in 2021)



The need for debt as well as equity capital for social enterprises across Europe is estimated at an average of **EUR 6.7 billion for the period from 2021 to 2027** (EC 2020).

Policy sector of the SII in 2022



Source: GoLab - Impact Bond Dataset

Key challenges:

- There are not **enough demand side actors** that are able to receive SII
- The **low investment-readiness of potential investees** is amongst the key challenges for a rapid development of the SII market.
- **Many of SII demand side actors are small organisations** that are usually not investment-ready for the larger ticket sizes preferred by most investors.

(Source: European Parliament (2020), Social Impact Investment)



Good practise examples



SOC schemes: usual stakeholders



Public authority
defines desired
outcomes & pays
for outcomes



Beneficiaries
benefit from
better outcomes



Investor provides
upfront funding



Service provider
works with beneficiaries
to achieve outcomes



Evaluator
verifies achievement of
outcomes

Example: KOTO SIB – Finland



Commissioner: Finnish Ministry of Econ. Affairs and Employment

Service providers: various organisations

Intervention: Social and working inclusion of immigrants & refugees

Size: EUR 14.3M (EUR 10M from EIF/EFSI) – 2,500 recipients

Potential savings: EUR 32M over three years

Investors: EIF (with EFSI), Finnish Fund SITRA, Corporates, Foundations

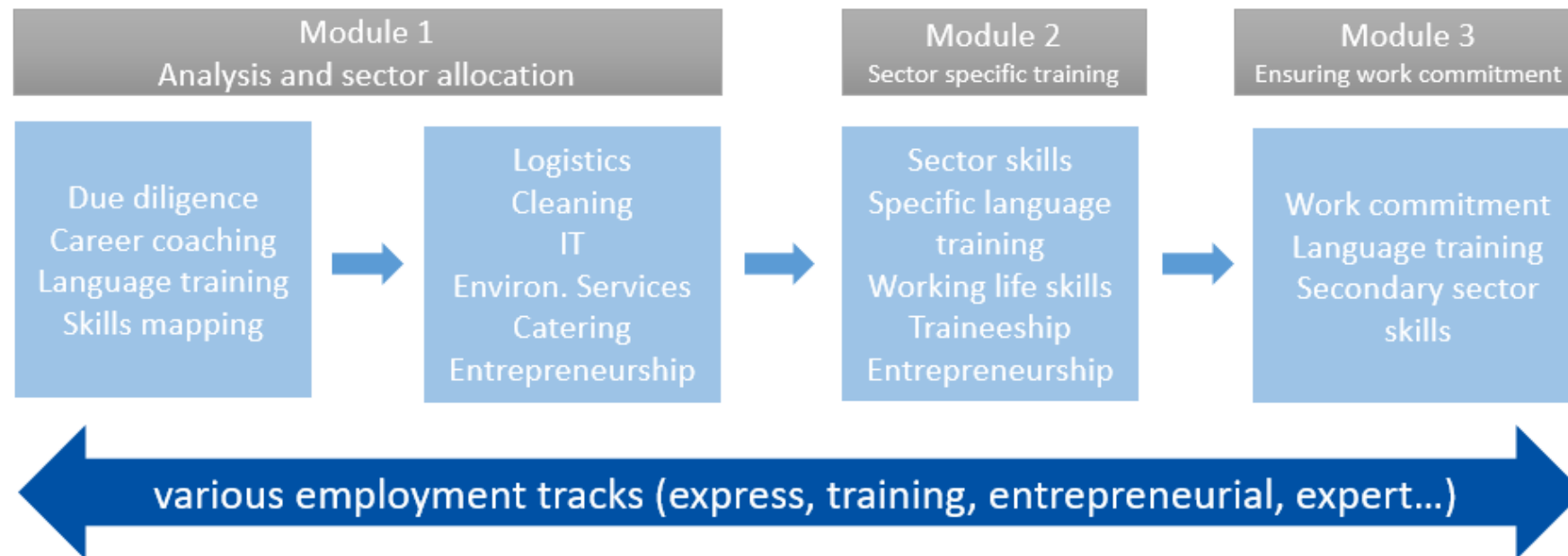
- Information sessions held at reception services centres throughout Finland. The sessions are randomly divided into those where the SIB is presented, and those where it is not. Control group /target group.
- Modules include language training, various industry courses and career coaching - sector-specific trainings linked to the participants' skills and know-how.
- Impact data is received directly from the Finnish Tax Administration and the Social Insurance Institution of Finland.
- If managed on target, the cohort of immigrants in the service programme would lower the economic support ratio, estimated to imply a 2.2x increase in employment rate and 71% reduction in the Commissioner's costs



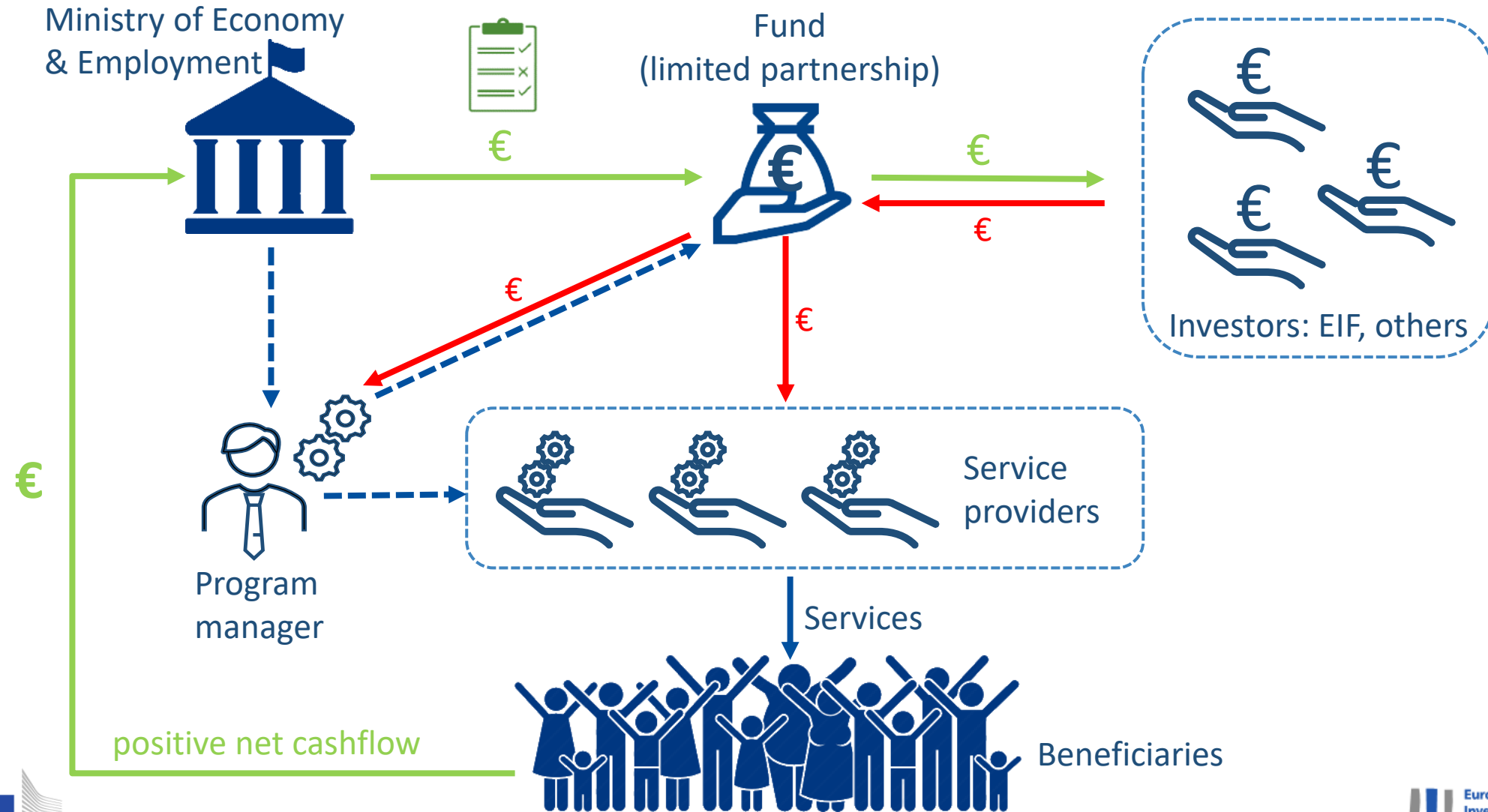
Example: KOTO SIB – Finland



- Intervention consists of modules including language training, various industry courses and career coaching.
- Cohorts are divided into various sector-specific trainings linked to the participants' skills and know-how.
- Social service providers & managers involve employers in the programme to serve the job demand.



Example: KOTO SIB – Finland



Example: KOTO SIB – Finland



[Using social outcomes contracting to support migrant integration in Finland: the KOTO SIB case study - YouTube](#)



Thank you!

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