



Session 3 – Social Impact Investing supporting migrants

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Agenda



- Introduction to the topic of social impact investing supporting migrants & Preliminary results and hypotheses (10 minutes)
- Good practice examples (15 minutes)
 - Case #1: Duo for a Job, Belgium
- Interactive discussion (75 minutes)
- Conclusion (5 minutes)





Introduction to the topic of social impact investing supporting migrants & Preliminary results and hypotheses



Social impact investments

Is social impact investment needed?



Public authorities are facing:

- financial constraints
- increasing social problems
- multiple crisis effects



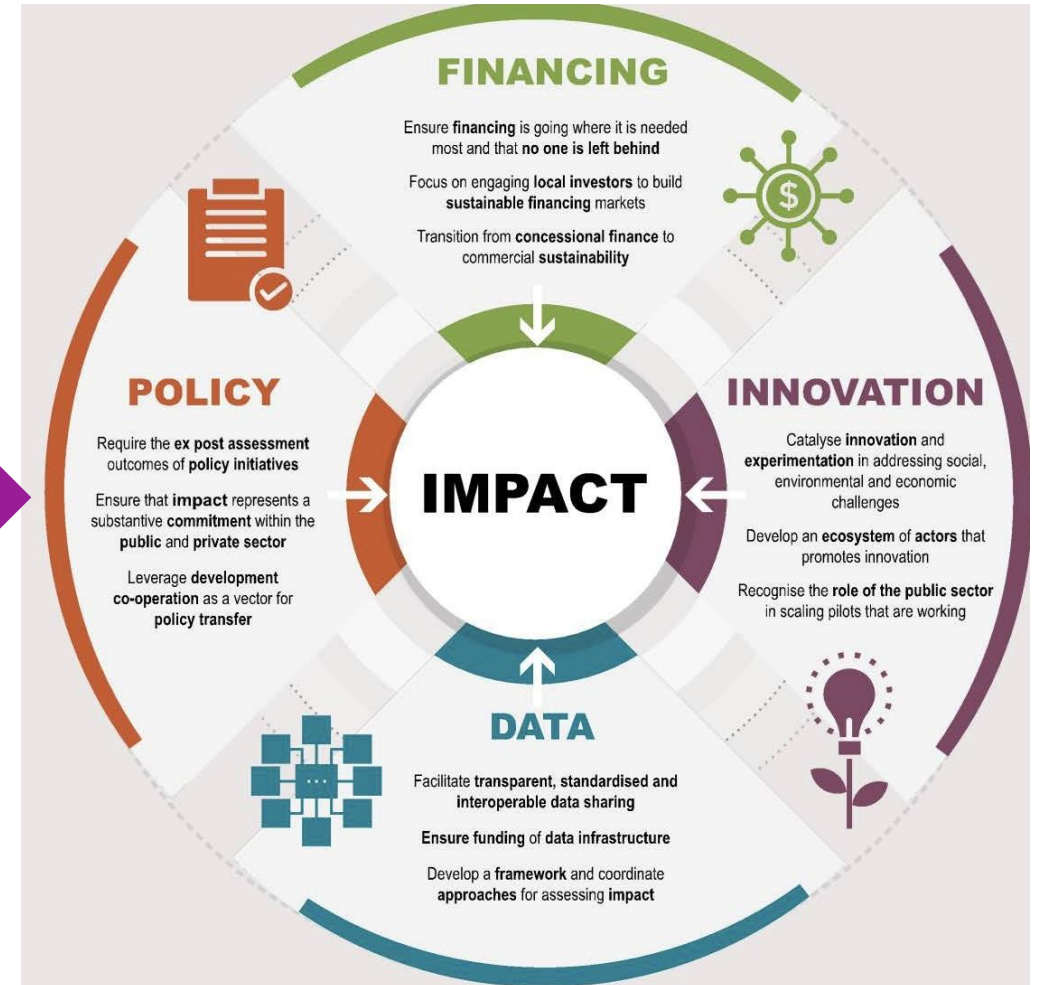
The social economy in the EU is growing:

- 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



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

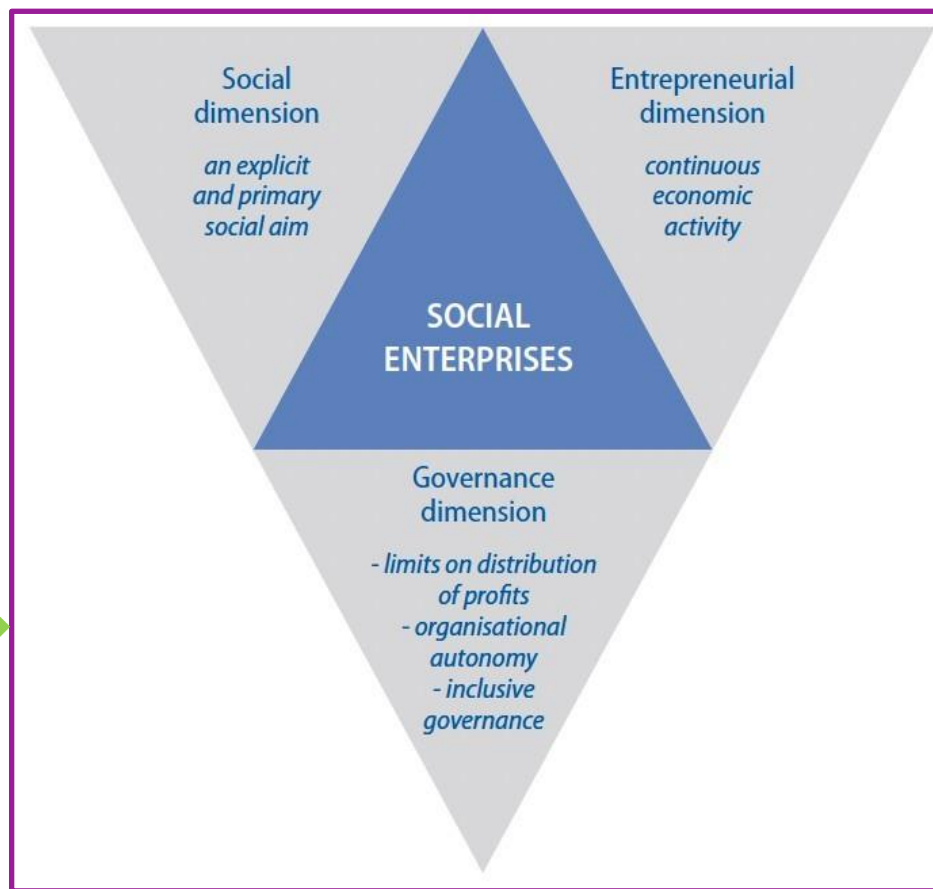
Social impact investments

Social innovation with social enterprises



Social innovation in the social 'space' is needed!

Social enterprises have the capacity to **design innovative and effective solutions** resulting from their close **connection with the communities** where they operate as well as from the **attention they pay to relational aspects**, which has proven to be crucial in ensuring refugees and migrants' social inclusion and autonomy



European Commission COM (2011) 682 final, Social Business Initiative – Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation.

Services for...

Support for businesses development

Inclusion in the labour market

Cultural inclusion

Welcoming of migrants



Migrants' lives

Local communities

Public finances

Social impact investments

Demand side



- There are 2.8 million entities operating in the social economy in the EU, **of which nearly 400 000 are social enterprises (SEs)**
- Migrants and refugees/asylum seekers are the target groups of **19.3% and 19.2%** of SEs respectively
- The majority of social enterprises **measures their social/environmental impact**

Number and size of SEs vary considerably 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.

Social impact investments

Demand side: key challenges



- Lack of financial support

- Lack of non-financial support/accessing markets

- Lack of visibility and unbalanced legal frameworks

- lack of options to finance the organisation once started
- too complex public financing
- lack of public support schemes,
- lack of supportive fiscal framework
- lack of long-term capital

- The majority of SEs' financial needs are up to 250,000 (65.7%) **with the most common range up to EUR 50 000 (34.7%)**.

- The most commonly sought financing is **public financing** (44.2%), followed closely by self-financing in the form of cash flow (41.1%) and own savings (39.4%).

- Overall, social enterprises submitted requests for 69.8% of their financial needs, but out of these **less than two thirds managed to obtain the full requested finance**

In relation to impact investment requests (demanded by 5.5% of SEs), **39.4%, obtained the full amount requested**, an additional 26.9% received part of it, and 9.6% saw their application rejected. In comparison, for bank loan requests (14.5%), these values are 54.5%, 21.7% and 10.8% respectively

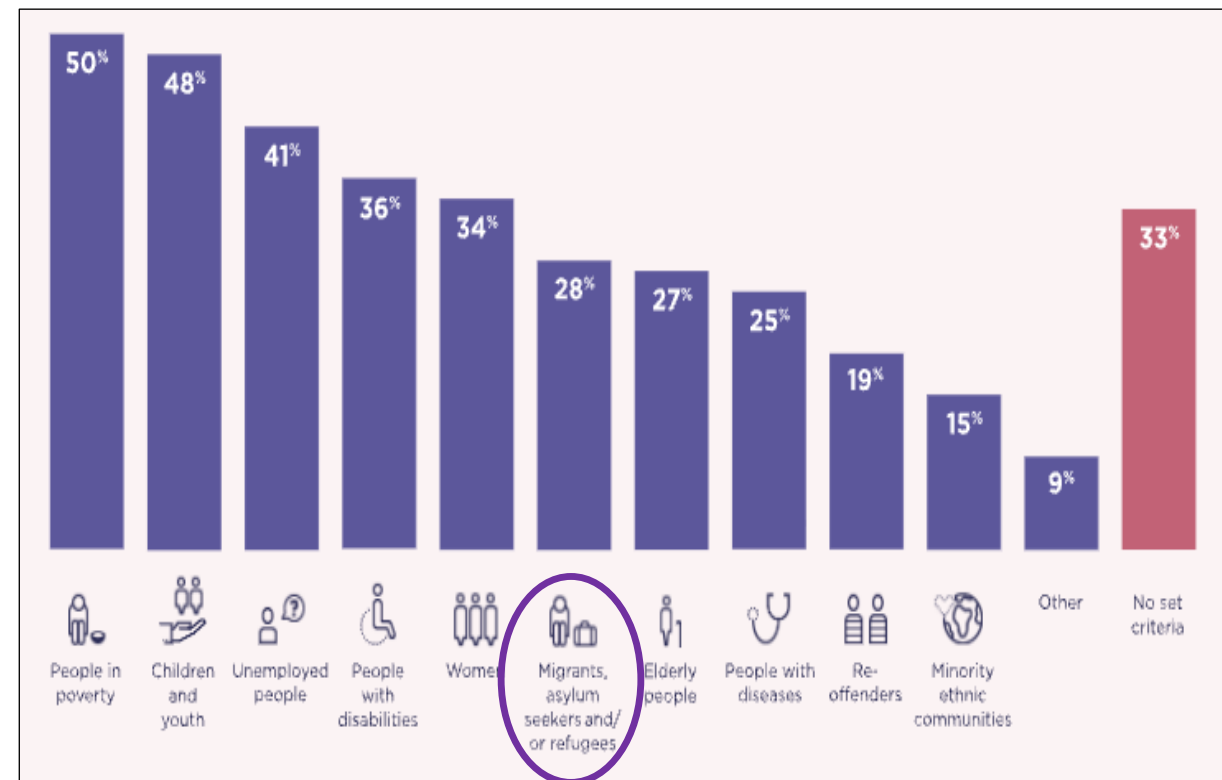
Social impact investments

Supply side

- EVPA (2022) estimates the European direct impact investment market (i.e. investing in sustainability/ESG) as **EUR 80 billion in 2021**
- **Individual investors** (26%) are the main source of capital together with **financial institutions** (28%) and **institutional investors** (23%).
- **Private debt** (62.5%) and **private equity** (20.5%), are found to be the predominant assets adopted by impact investors, followed by real assets (11%) and SOC (0.5%) .
- Investors for impact were estimated to have supported social purpose organisations with **EUR 6.2 billion** in 2019 (EVPA 2020)
- **Migrants, asylum seekers and/or refugees targeted by 28% of investors (2019)**



Type of beneficiaries targeted by investors in the EU, 2019



Source: EVPA (2020), *The 2020 investing for impact survey – Venturing societal solutions*, p.9.

Social impact investments

Key barriers



DEMAND SIDE

- The small size of SEs
- The low investment readiness
- The governance model of investees
- Long term vs short term targets
- High dependency on public support

CONTEXT-RELATED

- Regulatory barriers concerning the legal status and definition of SEs
- Lack of a unified and precise definition of SII, insufficient awareness of it, and presence of information asymmetries
- Lack of initiatives playing an active role in steering the SII market
- Underdeveloped impact measurement practices in the majority of EU Member States

SUPPLY SIDE

- High transaction costs of SII schemes
- Lack of financial and capacity building intermediaries
- Funding mechanisms not tailored to the specific needs of SEs
- Poor understanding of SEs and their needs

Political volatility and long-term target (5 years) make these barriers higher for SEs working with migrants!

The funding gap for SEs in the EU is in the range of **EUR 514 million to EUR 1 388 billion per year:**

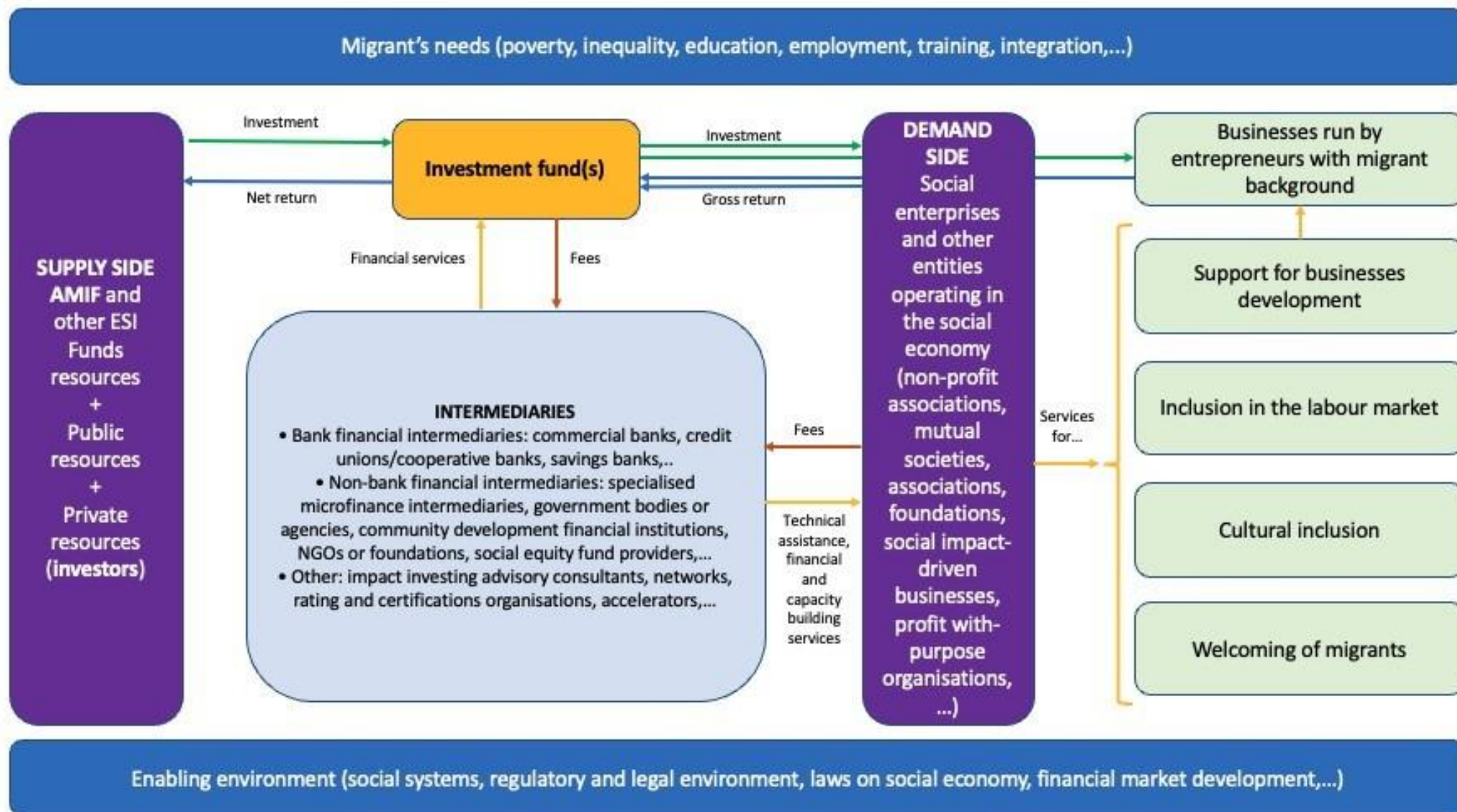
- up to EUR 783 million for debt resources
- up to EUR 605 million for equity resources

Around EUR 6.7 billion for the period 2021-2027

European Commission (2020), Social enterprise finance market - Analysis and recommendations for delivery options

Social impact investments




The social impact investment framework



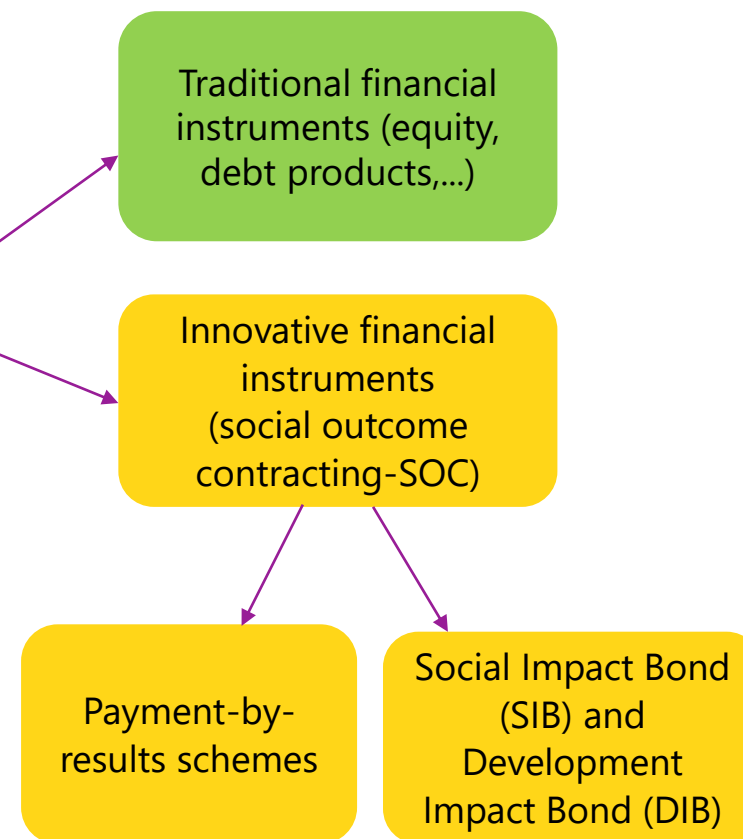
Social impact investments

The social impact investment framework



	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*





Good practice examples



DUO FOR A JOB - Belgium



DUO FOR A JOB
intergenerational coaching

DUO for a JOB association organises mentoring by contacting young immigrant job seekers with experienced retired (pre)seniors, ideally from the same area of research, so that seniors support and frame young job seekers in their job search.

- Type of SII: **SIB**
- Period: **3 years** up to 2017
- Three parties involved:
 - **Duo For A Job** (service provider)
 - **Actiris** (the Brussels Employment Office) as the outcome funder
 - **Investors**

Results:

- **EUR 347 000**
- **322 young unemployed immigrants** benefiting from DUO's 6-month mentorship programme.
- 42% of the mentees found a job within 12 months, doing **1.28x better than the control group**
- **10x annual budget increase of DUO** since the start of the bond
- **Higher visibility** among investors
- **4% IRR**

Source: <https://koisinvest.com/project/duo-for-a-job-the-first-sib-in-continental-europe/>



Discussion





Conclusion





Thank you!

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Request for support



Request for additional support



Based on our discussion, if possible, we would kindly like to ask you to provide us with additional inputs which can be used for the preparation of a market assessment report, specifically:



Stakeholders and contact persons



Studies, reports, documents, data, action plans



Priorities for the programming period, strategies, project pipelines



Other additional information which might be relevant for the needs of the study, e.g. best practice



Contact information



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