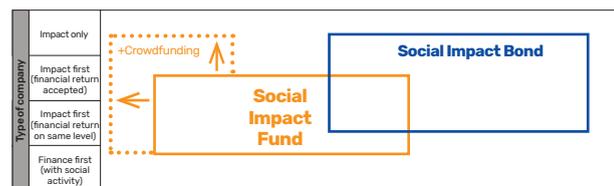


Thanks to the experience gained by project partner, IFISE will deliver a tested replicable training scheme for ESIF Managing Authorities and Intermediate Bodies, as well as guidelines for the set-up of Innovative financial instruments in the field of social economy.

	Early Stage			Later Stage		
	Idea	Seed	Start-up	Growth	Maturity	Consolidation
Characteristics	Proof of concept, business plan development	Company founded, product development, pilot production / delivery	Execution of market launch, first commercial revenues	Early scaling of business, significant growth (reaching break-even)	Breakout scaling increased standardization (positive cash-flow)	Breakout scaling increased standardization (positive cash-flow)
Typical Capital need (€)	0 - 100 K	100 - 500 K	100 K - 1.5 m	> 100 K	> 500 K	> 500 K



Source: IFISE Project

Expected results and benefits of the IFISE project

The principal aim is to develop innovative financial instruments addressed to the social economy that are compatible with ESI Funds. The objective is to achieve a high degree of standardization in order to make them transferable to other regions.

Secondly, the expected spillover effect is to raise awareness in the public administration and set the basis for the incorporation of (non-financial) impact measurement in financial instruments not only in the context of social economy but in any other investment sector.

The content of this leaflet reflects only the author's view. The Commission is not responsible for any use that may be made of the information it contains.

IFISE project partners:



Agencia de Innovación y Desarrollo de Andalucía IDEA
CONSEJERÍA DE ECONOMÍA, CONOCIMIENTO, EMPRESAS Y UNIVERSIDAD

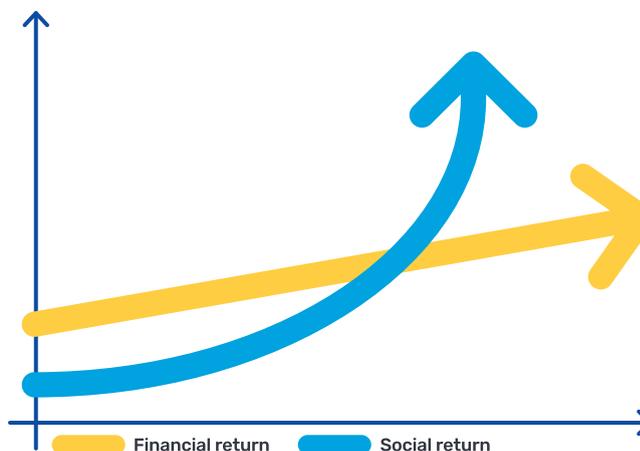


IFISE Innovative Financial Instruments in support to the Social Economy

More info:
www.finpiemonte.it/ifise-project

IFISE

Innovative Financial Instruments in support to the Social Economy



Funded by the European Union



IFISE (Innovative Financial Instruments in support to the Social Economy) is a **multi-regional assistance project under the Fi-compass action**, the advisory platform on financial instruments under the European Structural and Investment Funds (ESIF), provided by the European Commission in partnership with the European Investment Bank. The scope of IFISE is to assess the **potential use of financial instruments for Social Economy**, under the ERDF and ESF regulations.

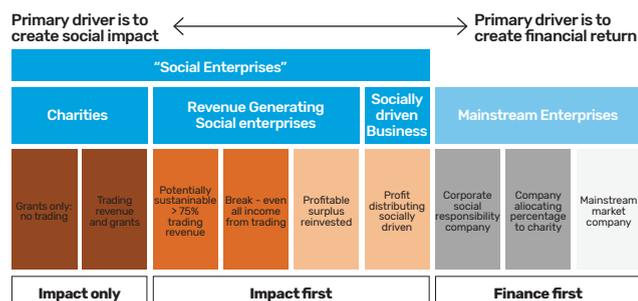
The IFISE action gathers together three Intermediate Bodies and one Managing Authority from Italy and Spain. The partners are **Piedmont** (Finpiemonte); **Lombardy** (Finlombarda S.p.A. as affiliated entity of Lombardy Region, and Lombardy Region represented by the Directorate General for Family, Parenthood and Equal Opportunities Policies); **Andalusia** (Andalusian Agency for Development and Innovation); and **Valencia** (Generalitat Valenciana and Institut Valencià de Finances).

The objective is to explore the possible use of financial instruments supported by ESI Funds in order to encourage and strengthen enterprises/initiatives in the wide field of social economy, being this a cross-priority of their 2014-2020 strategy.

Role of social enterprises

Recent studies evaluate that the social economy represent more than 10% of European enterprises and 7% of all employment in Europe. The main drivers for the emergence of social enterprises are an increasing demand for social services in a context of shrinking welfare states, combined with new scalable business models enabled by the digitalisation.

For the purposes of the IFISE project and in absence of a uniform (legal) definition for “social enterprise” in the member States of the EU, any company, regardless of its legal status, which gives some priority to social objectives, in parallel or in substitution to financial objectives, can be considered as “social enterprise”.



Source: IFISE Project, adapted from EVPA

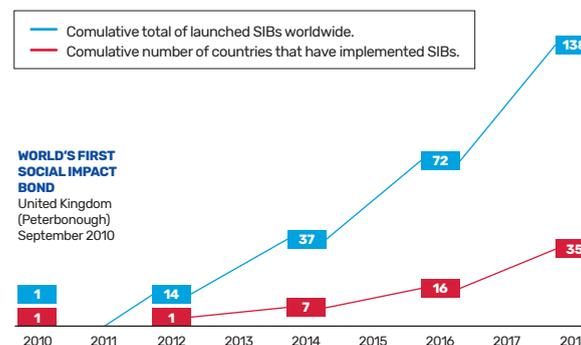
Social enterprises and access to finance

Most of the social enterprises are facing a key constraint that limits an adequate development of their business: access to finance. Mainstream banking solutions provide no adequate response to the specific financial needs of social enterprises for three main reasons:

- Risk: perception of high risk with no collateral.
- Return: high transaction costs for expected below-market returns.
- Impact: positive external factors are not taken into account.

The financial constraints keeps the social enterprise trapped in a vicious circle of limited growth potential, high dependency on public sector, lack of sustainability of business model and need for capacity building.

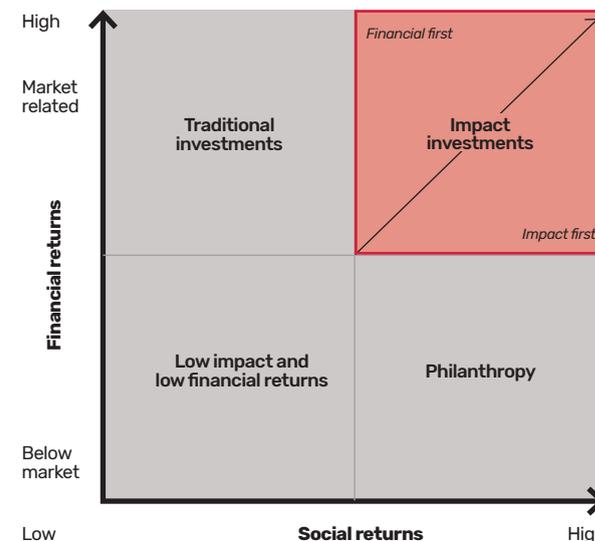
Financial instruments for social enterprises: state of the art



Source: IFISE project, based on data from Instigia 2018

(Social) Impact investing is becoming more and more mainstream. Both institutional investors as well as individual investors (in particular high patrimony individuals and millennials) are incorporating a “double bottom line approach” (financial returns + social returns) in their investment decision process.

However, the main beneficiaries of this change of investment paradigm are large companies rather than the enormous number of small enterprises, that represent the backbone of the social economy. **To close the funding gap also for these social enterprises the intervention of (public) financial instruments is necessary.**



Source: IFISE project, adapted from The Impact Engine

IFISE project: development of Innovative Financial instruments

The key activities foreseen by IFISE are:

- Mapping the state of the art of existing financial instruments for the social sector in Europe and assess good practices (more than 50 different financial instruments addressed to the social economy in 13 countries have been assessed).
- Matching between possible FIs and the regional needs, in the framework of the ERDF and ESF regional operational programmes for 2014-2020.
- Capacity building activity: in class training on technical and legal aspects; field work in regions with the support of external experts for the set-up of pilot cases.

Based on the analysis of the regional needs and opportunities, the four partnering regions of the IFISE project will be focusing on the following financial instruments:

- **Social Impact Fund**
- **Social Impact Bond**
- **Crowdfunding**