

*“Social Entrepreneurship: Make It Happen! - A Renewed Commitment”*

PANEL 1: Financing social enterprise  
for sustainability and scaling-up

# How Can VP/SI Organisations Contribute?

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I. EVPA

II. EUROPEAN VP/SI SECTOR

III. CONCERNS – RECOMMENDATIONS

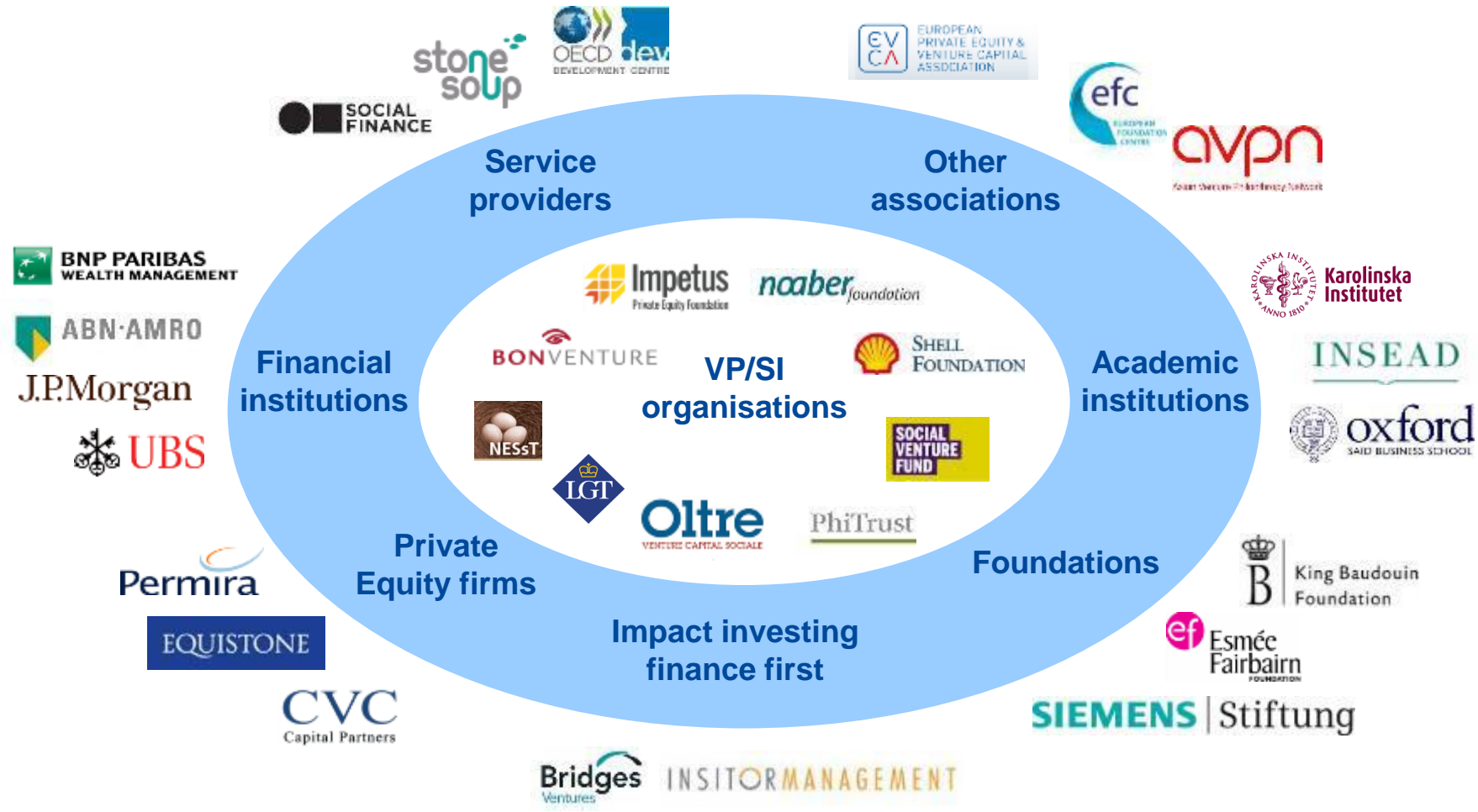
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# I. EVPA

A Quick Word About Who We Are...

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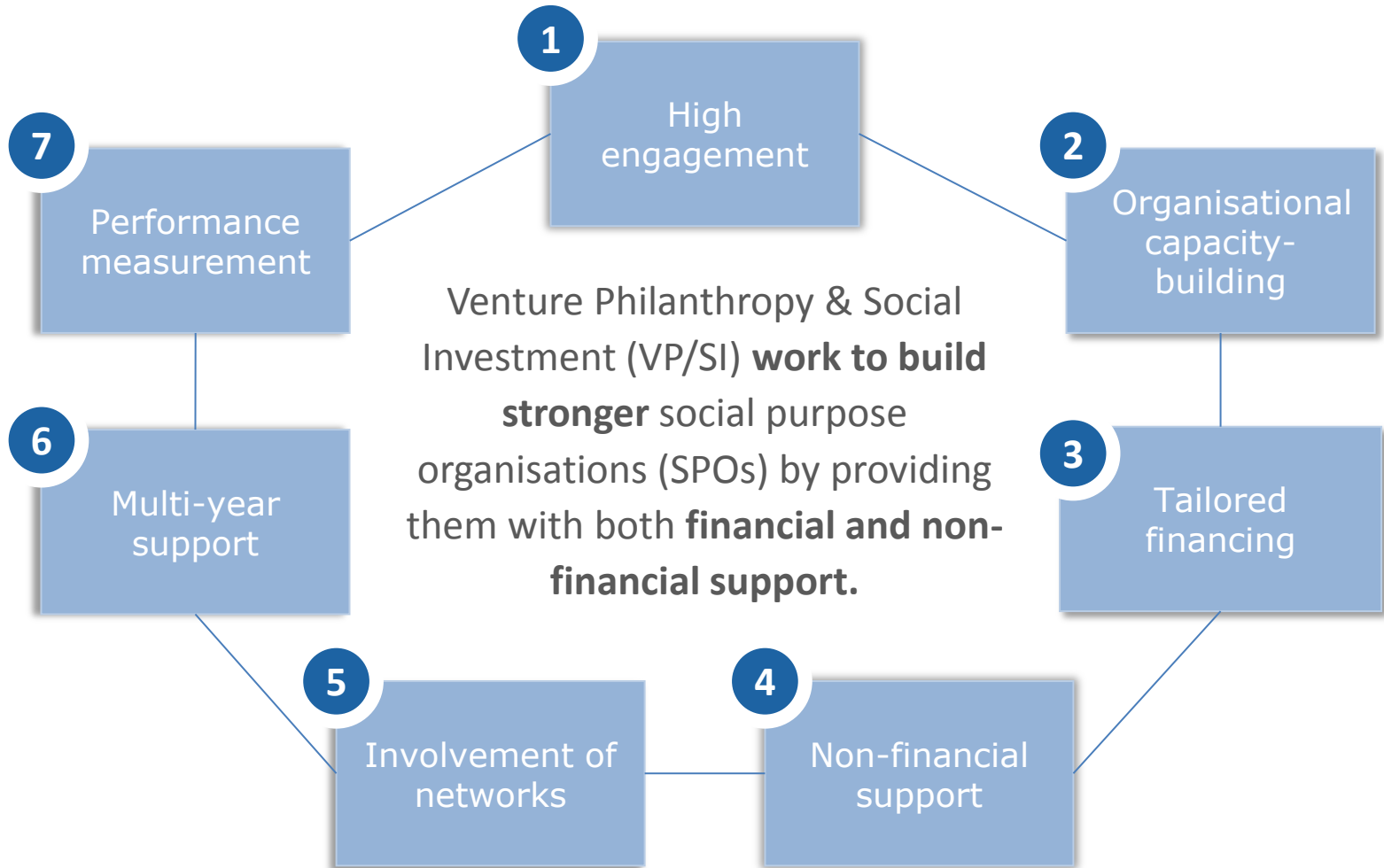
# EVPA Members | A "Broad Church"



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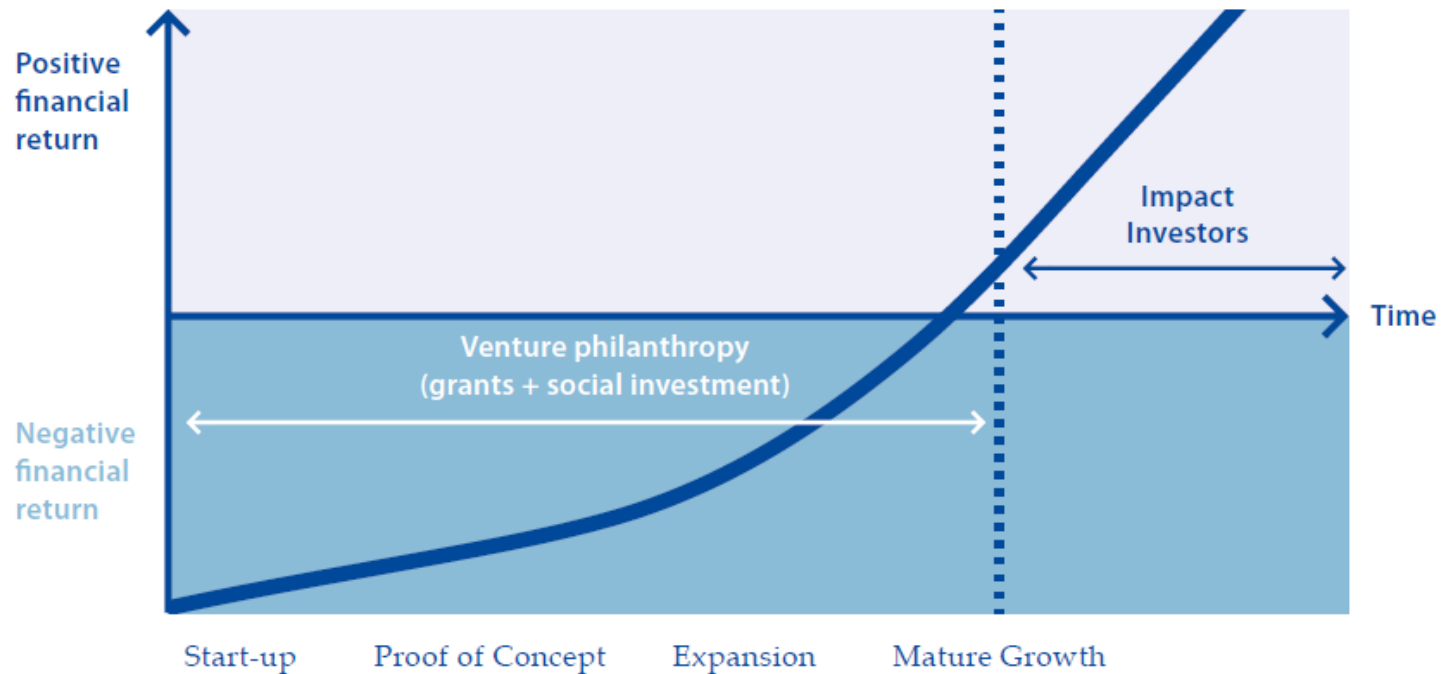
# VP/SI Definition | Respect of the 7 principles



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# VP/SI | A funding continuum for SPOs

VP/SI to support (via **tailored financing** and **non-financial support**) **Social Purpose Organisation (SPOs)** throughout their development



Source: "Social Impact Strategies for Banks – Venture Philanthropy and Social Investment", EVPA Knowledge Centre, March 2014

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# VPO support to SPO | Until when?

<b>Social impact</b>	The social change on the target population resulting from an SPO's actions.
<b>Financial sustainability</b>	The assessment that an SPO will have sufficient resources to continue pursuing its social mission, whether they come from other funders or from own revenue-generating activities.
<b>Organisational resilience</b>	The assessment of the degree of maturity of an SPO, in terms of the degree of development of the management team and organisation (governance, fund raising capacity etc.).

*Source: "A Practical Guide to Planning and Executing an Impactful Exit", EVPA Knowledge Centre, Oct. 2014*

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## II. EUROPEAN VP/SI SECTOR

The EVPA Survey 2013-2014 | EVPA Knowledge Centre (Research Team)

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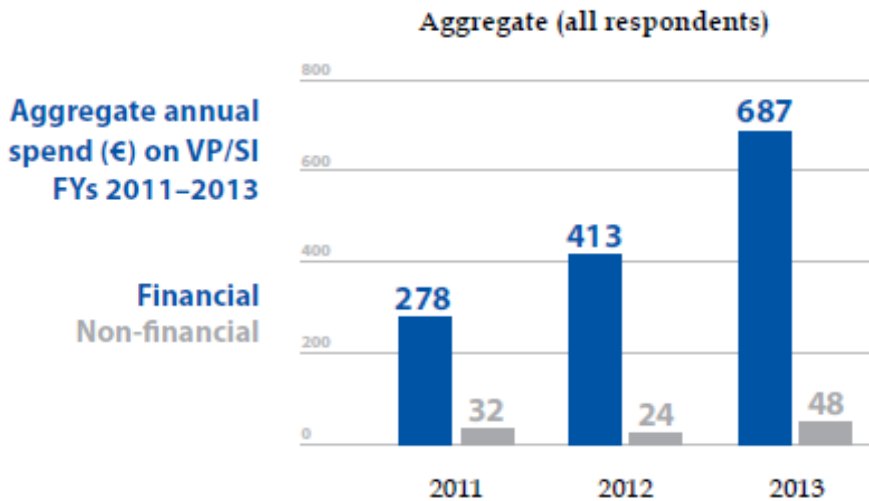
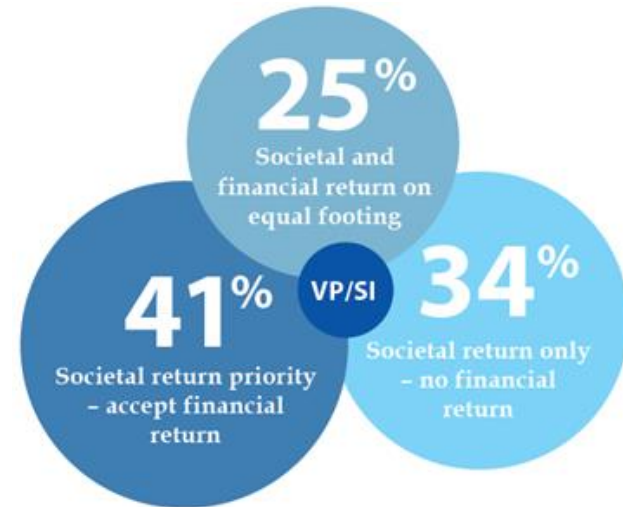




- Only available data on **Venture Philanthropy (VP)** and **Social Investment (SI)** in Europe
- Respondents: **95 VP/SI organisations** (or VPOs) based in 18 European countries, although investment activity may take place in other continents
- Published: **16 Dec. 2014**

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- Over **€5 bn** invested since inception
- Average **financial support** per VPO **increasing by 28%** to €8 ml from FY 2012 to FY 2013
- **Budgets** for VP/SI are **increasing**, but many European VPOs still have budgets lower than €2.5 ml



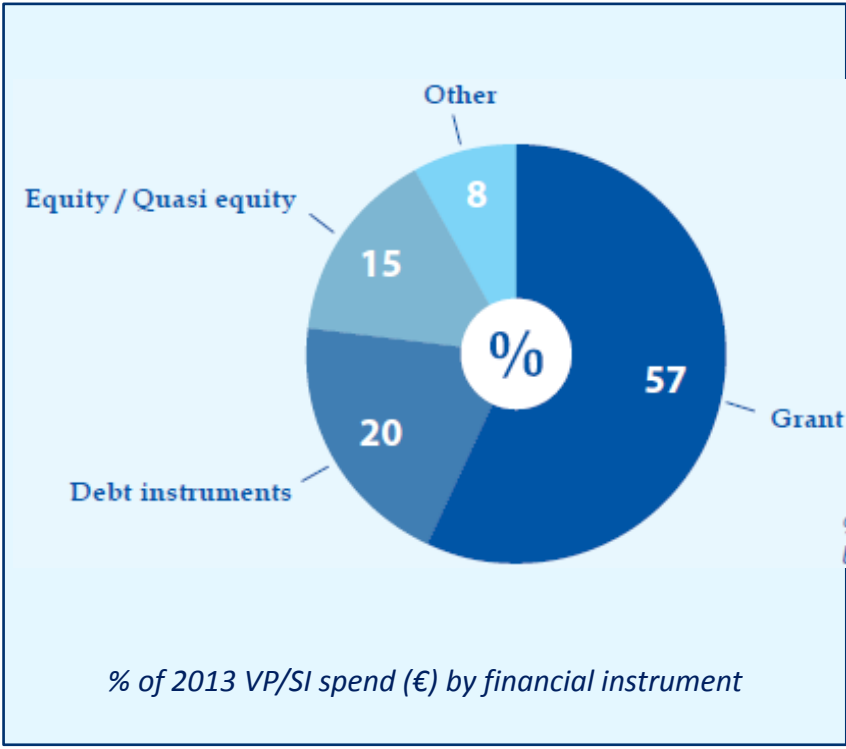
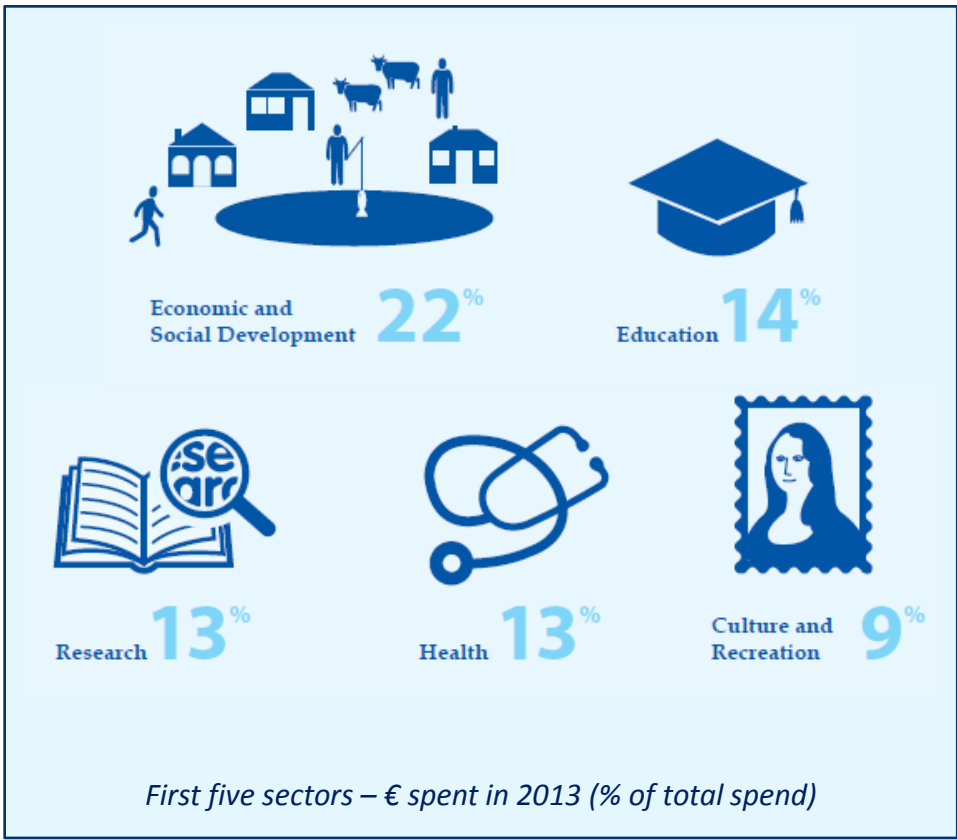
**Societal return** remains the **primary objective**, but **recycling capital** is increasingly important:

- **Return priorities:** 75% considers social return a priority (vs. financial return)
- **Return expectations:** increase in the **share of VPOs expecting capital to be repaid + decrease** in the share of VPOs expecting negative returns

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# SPOs | Which ones and what financial support?

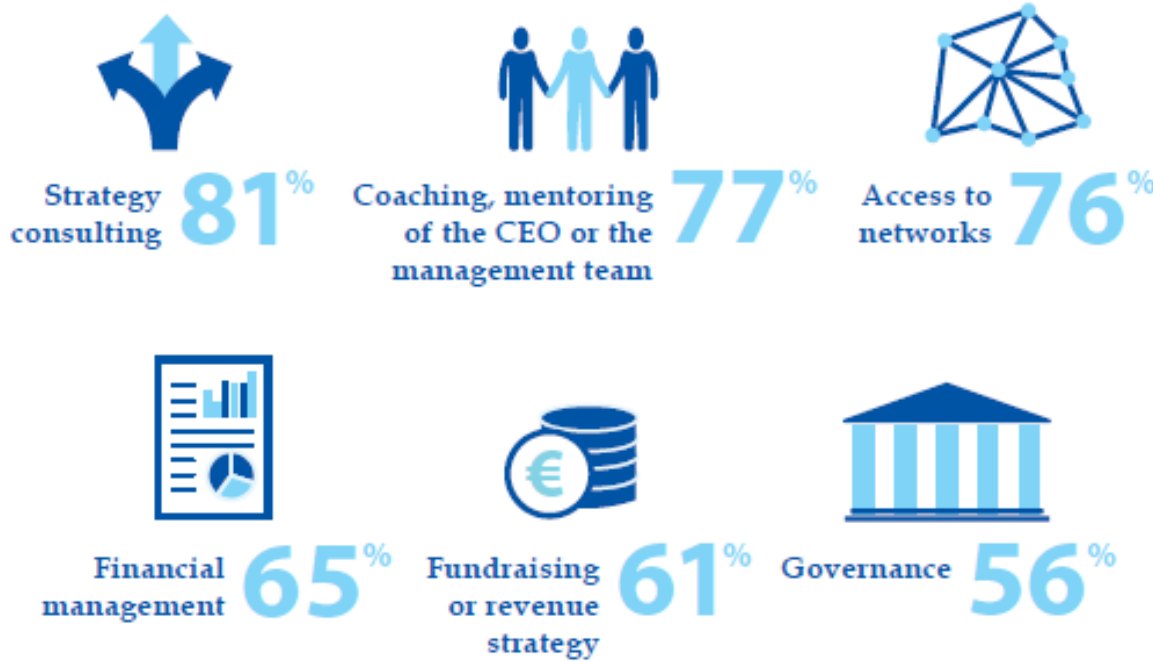
VP/SI organisations support a **wide range of sectors and beneficiaries...**



... using **multiple financing instruments.**

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# VPOs | What non financial support?



*% of VPOs offering different types of non-financial support, multiple choice*

- VPOs support their investees not just financially, but also with a **variety of non-financial support**
- The **share** of funds directed to non-financial support is **increasing**
- But the **cost** and the **value** and of non-financial support remain (very!) **difficult to quantify**
- **Ongoing research project @ EVPA**

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## II. CONCERNS | RECOMMENDATIONS

EVPA Policy Committee | EVPA Policy Team

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## Concerns & Recommendations [1/2]

CONCERN	RECOMMENDATION
<ul style="list-style-type: none"> <li>• <b>Market heterogeneity</b> <ul style="list-style-type: none"> <li>➤ In terms of definitions, sectors, stakeholders, “<i>social contracts</i>”, etc.</li> </ul> </li> <li>• Diffuse <b>prerogative</b> / ownership</li> <li>• <b>Lack of consistency</b> between policies that affect interconnected players involved in the <b>social innovation chain</b> (e.g. charity and VP/SI)</li> <li>• Limited <b>cross-border</b> transactions</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Political Leadership</b></li> <li>• <b>Enhance cooperation</b> at European level, between Member States and at national level</li> <li>• <b>Flexibility</b></li> </ul> <p>→ <i>Need for a “European country-based initiative” ? (i.e. coordinated spaces of interaction between public authorities, private funders and civil society organisations)</i></p>

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## Concerns & Recommendations [2/2]

CONCERN	RECOMMENDATION
<p><b>Insufficient resources</b> (financial and non-financial) going to VP/SI, especially at the earliest stage of SPOs</p>	<ul style="list-style-type: none"> <li>• <b>Risk-sharing</b> mechanisms</li> <li>• Ensure <b>capacity building</b> through dedicated programmes</li> </ul>
<p>Inefficient and antiquated <b>tax codes</b></p>	<p><b>Tax reforms</b> to foment philanthropy and social investment</p>
<p><b>Legal restrictions</b> in VPOs' quest to offer <b>tailored financing</b></p>	<p><b>Openness to innovative financing instruments</b></p>
<p>Lack of clarity on how to <b>measure social impact</b></p>	<p><b>Clearer guidelines</b> on social impact measurement (based on GECES, G8 Taskforce)</p>
<p>Slow and difficult <b>procurement processes</b> for public services</p>	<p>Improve government procurement processes (apply <b>EU reform</b>)</p>

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## Some conclusions...

- VP/SI not THE only solution but part of the support (both financially and non financially) of a **complex ecosystem**
- **Private & public** funding shouldn't be opposed but seen (and designed!) as complementary (in supporting SPOs and addressing social needs)
  - Compatible objective & different motivations
- **SBI** was a very good start! It should be carried forward!
- The **work conducted by the EESC** is essential and **political ownership at the European level** is key!

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Thank you!

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