

SOCIAL IMPACT INVESTMENT

Best Practices

APRIL 15, 2021

STRUCTURE OF THE PRESENTATION:

1. Definition
2. SII ecosystem
3. Challenges and successful SII market development initiatives

Social Impact Investment (SII)

is 'the **use of money** to generate both **social and financial returns**, offering a way to help social organisations access suitable financing and improve their ability to deliver impact'.



3 Key Elements of SII



Social impact intentionality

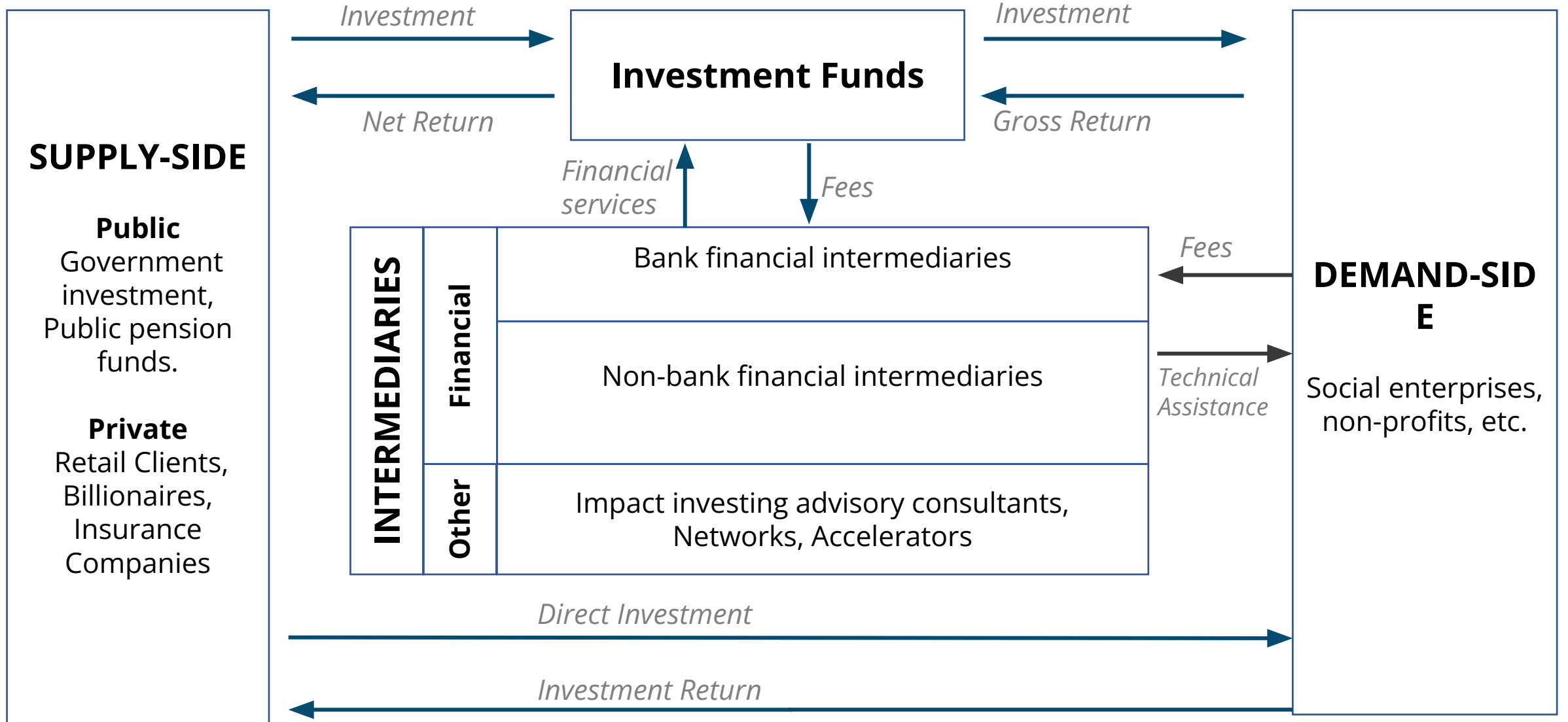


Impact measurement



Profit orientation

Social Impact Investment ECOSYSTEM



CHALLENGES preventing SII market
development

and

SUCCESSFUL SII market development
INITIATIVES

Challenge: **No 'steering'** of SII market development

Solutions:

- SII National Advisory Boards (part of Global Steering Group for Impact Investment)
- National institution taking the role of SII market developer (e.g. SITRA in Finland)

SITRA

Challenge: **Regulatory barriers** concerning the legal status and definition of SII actors (esp. social enterprises)

Solutions:

- Legislation addressing or defining social enterprises (legal form of Solidarity-based Enterprise with a Social Purpose (ESUS) in France)
- Social Enterprise marks and labelling schemes ('It Works' stamp in Germany)



Challenges related to the **measurement of impact**

Solutions:

- Regulatory initiatives and databases adopting social impact reporting standards (ONE VALUE in Portugal)
- Guidelines and help to SII stakeholders in impact measurement (Competence Centre for Impact Measurement in Italy)

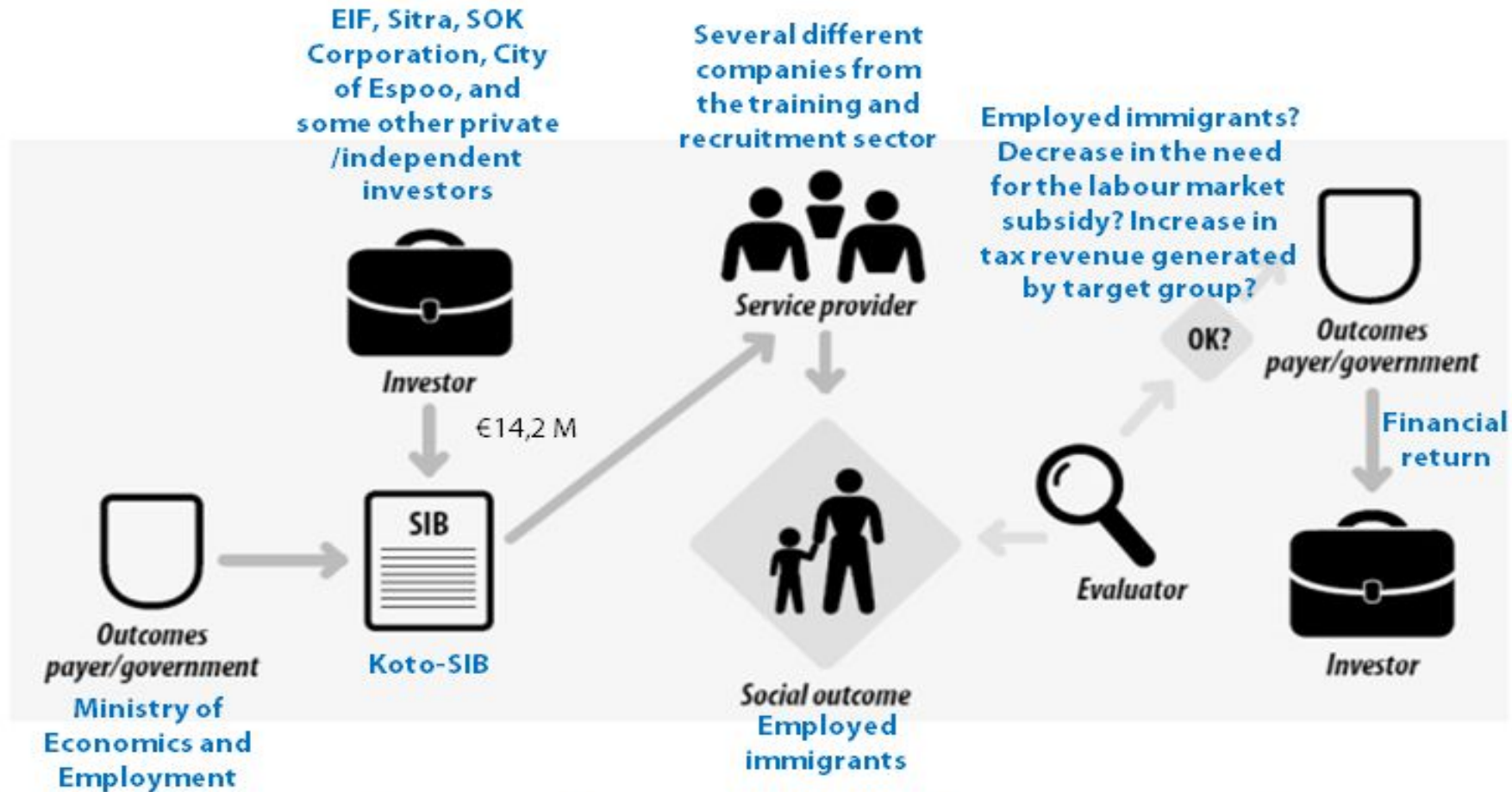


Challenge: **insufficient supply**

Solutions:

- Government institutions supporting innovative financial mechanisms (Social Impact Bonds – SIBs)

SII example: Koto-SIB



1. A community faces a challenge and government makes it a priority: High immigrants unemployment rate in Finland -> Ministry of Economics and Employment together with SITRA establish Koto-SIB

2. The investors raise the necessary capital

3. Capital is used for the practical implementation of services: (professional) training of immigrants, recruitment services

4. An independent body determines how effective the programme has been: monitoring period will last three years after the closure of the Koto-SIB

5. If the goal is achieved, government returns the investment capital to the investors, and pays an agreed interest.

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- Application of SI approach for European financial instruments (Invest EU, ESIF, Covid-19 recovery funds)



European Union
European Structural
and Investment Funds

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Thank you!

Study report available here:

[https://www.europarl.europa.eu/thinktank/en/document.html?reference=IPOL_STU\(2020\)658185](https://www.europarl.europa.eu/thinktank/en/document.html?reference=IPOL_STU(2020)658185)