

OUTPUT FACT SHEET

Strategies and action plans

Version 2

Project index number and acronym	CE 1345 SIV
Output number and title	O.T1.3. Social Impact Fund Strategy
Responsible partner (PP name and number)	WU (Wirtschaftsuniversität Wien)
Project website	https://www.interreg-central.eu/Content.Node/SIV-.html
Delivery date	12.2019

Summary description of the strategy/action plan (developed and/or implemented), explaining its main objectives and transnational added value

The social impact fund (SIF) strategy was one of the outputs developed within the first months of the project and focuses on establishing the necessary financial structures and securing investment for implementing of the voucher programs in the 8 partner countries in a structured and coordinated way. We identified various possibilities of creating a social impact fund in terms of various characteristics, such as licensed/unlicensed, national/transnational and return-oriented/philanthropic. After the analysis of the environment for social impact investment conducted in the first period, we decided on philanthropic funds (rather than classical licensed social impact funds), as it turned out that latter would only be feasible from an amount of 10-15 million euros upwards (due to management costs). Further, it would require a clear business model on how to create monetary returns for investors. For our target groups (disadvantaged job seekers such as disabled people, graduates, single parents, 50+ year old unemployed etc.), devising a sustainable business model is not realistic because they need comprehensive support, which is labour intense.

Since unemployment is a typical task of the welfare state in Europe, the involvement of private investors is a paradigm shift and has not yet been very well elaborated. It requires innovative approaches to prepare the soil for private investments in measures against unemployment, as it can be currently observed for Social Impact Bonds in some European countries. For this reason, some partners opted to involve public funders (Hungary) rather than private ones in a first step, or a combination of both public and private funders (Germany, Slovakia, Czech Republic, Poland).

Furthermore, in order to make private investment more attractive, four partners decided to establish a transnational fund (Austria, Croatia, Germany and Slovenia). Rather than creating many small philanthropic investment funds for financing the voucher models, the partners decided to found a larger fund and thus increase our chances of also reaching investors active on a European level. The transnational fund is aimed to provide a basis for a broad range of voucher models that enable experimentation with different new and innovative labour market instruments.

The fund strategy is in line with the SIV specific objective to foster capacities in the CE region for developing social impact funds, by emphasizing the possibility to use privately financed instruments conducive to social innovation. It also contributes to the EU horizontal principle of sustainable development by supporting inclusive growth and enabling employers to work with job seekers from disadvantaged target groups that have difficulties to achieve economic integration.

The involvement of all partners also increases the transnational value of the strategy, since it incorporates learnings from each national context about the relatively novel topic of social impact investment in the context of labor market integration. The SIF strategy is currently being implemented in the 8 partner countries and undergoes an ongoing revision process.

NUTS region(s) concerned by the strategy/action plan (relevant NUTS level)

The developed social impact fund strategy covers the 8 partner countries represented in the SIV partnership. Concretely it is being implemented in the following regions:

- Austria: Vienna
- Croatia: Zagreb, other regions
- Czech Republic: Ostrava, other regions
- Germany: Baden-Württemberg
- Hungary: several rural areas
- Poland: Warsaw and Rzeszow
- Slovakia: Bratislava, other regions
- Slovenia: Ljubljana, other regions
- Transnationally within the framework of the European Cooperative Society (SCE)

Expected impact and benefits of the strategy/action plan for the concerned territories and target groups

The social impact fund (SIF) strategy has enabled the project partners to develop concept for the establishing national financial instruments as well as a transnational one for implementing the voucher programs. This increases the knowledge of the partners about possibilities of using private capital for labour market related activities in an innovative way. It transfers knowledge from already experienced partners to partners in countries where social impact investment is still an uncharted territory. The SIF strategy in turn triggers various impacts for the involved stakeholders as well. For investors, the strategy highlights new ways of tackling social topics such as unemployment in a novel way. This also impacts the employers, who benefit from financial support for being able to address employment topics, which at the same time opens up new employment opportunities for job seekers from the previously mentioned disadvantaged target groups.

Sustainability of the developed and/or implemented strategy/action plan and its transferability to other territories and stakeholders

The sustainability of the voucher programs and of the financial instruments behind them was a goal that we pursued from the start, when developing the SIF strategy. By developing several national funds fitting precisely the requirement of the national voucher programs, long-term compatibility is ensured. Also, we decided to establish a transnational fund with a sustainable structure (e.g. a European Cooperative Society) to be used beyond the scope and runtime of the SIV project for financing and implementing vouchers in different countries. We also involved external partners in this process, which benefit from knowledge transfer. Other stakeholders that potentially benefit from the strategy are organizations and institutions interested in setting up novel financial instruments themselves. One important learning was that strategies need to constantly be revised and adapted to the newest needs, as most national environments for social impact investment are still young and thus constantly changing.

References to relevant deliverables and web-links

If applicable, pictures or images to be provided as annex

The current output is based on several preparatory activities conducted by the partners in a collaborative effort within the framework of the first phase of the SIV project. In particular the deliverable "Draft Private Capital for Social Impact Strategy" (<https://www.interreg-central.eu/Content.Node/SIV/D.T1.1.4.-Draft-Private-Capital-for-Social-Impact.pdf>) has strongly contributed to this output, by first defining the various types of social impact fund, making an informed decision of what type fits the SIV approach best and by defining the framework conditions for establishing the funds in the involved partner countries.