



# Impact investing in Europe and links with ESF – the Spanish example

**José Luis Ruiz de Munain**, Founder and Executive Director, Foro Impacto, Spain



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# Some data of the Spanish market



## DEMAND

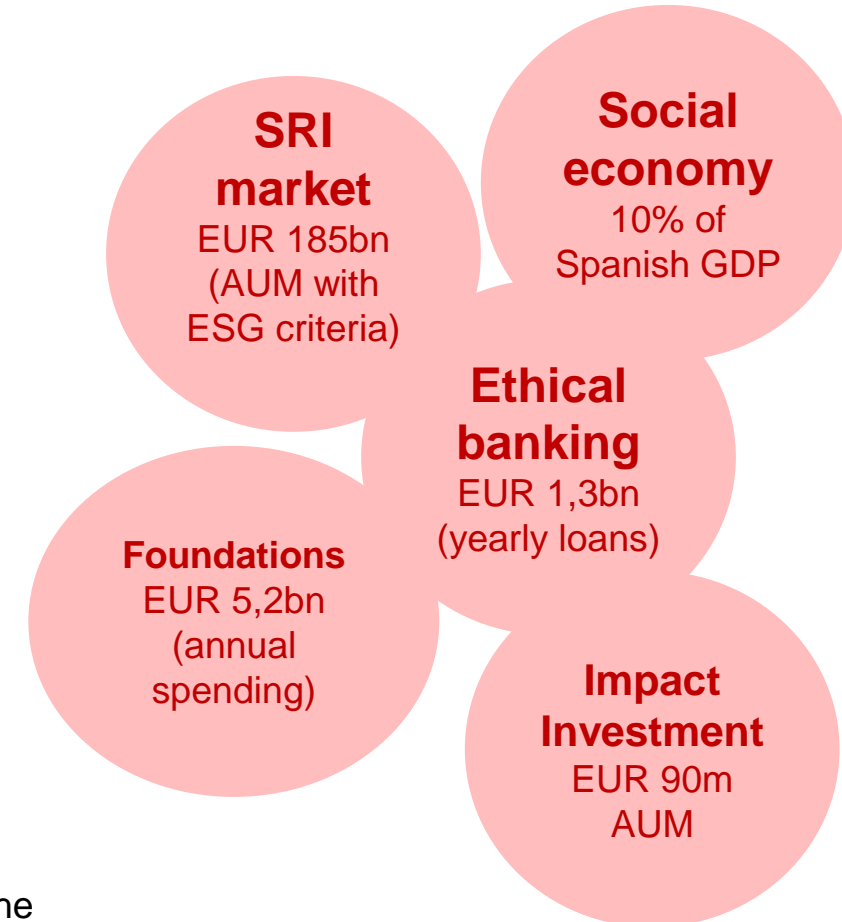
- Division between traditional social economy and emerging trend of social entrepreneurship
- 8-12 leading social incubators and accelerators in creating pipeline of investable social enterprises

## SUPPLY

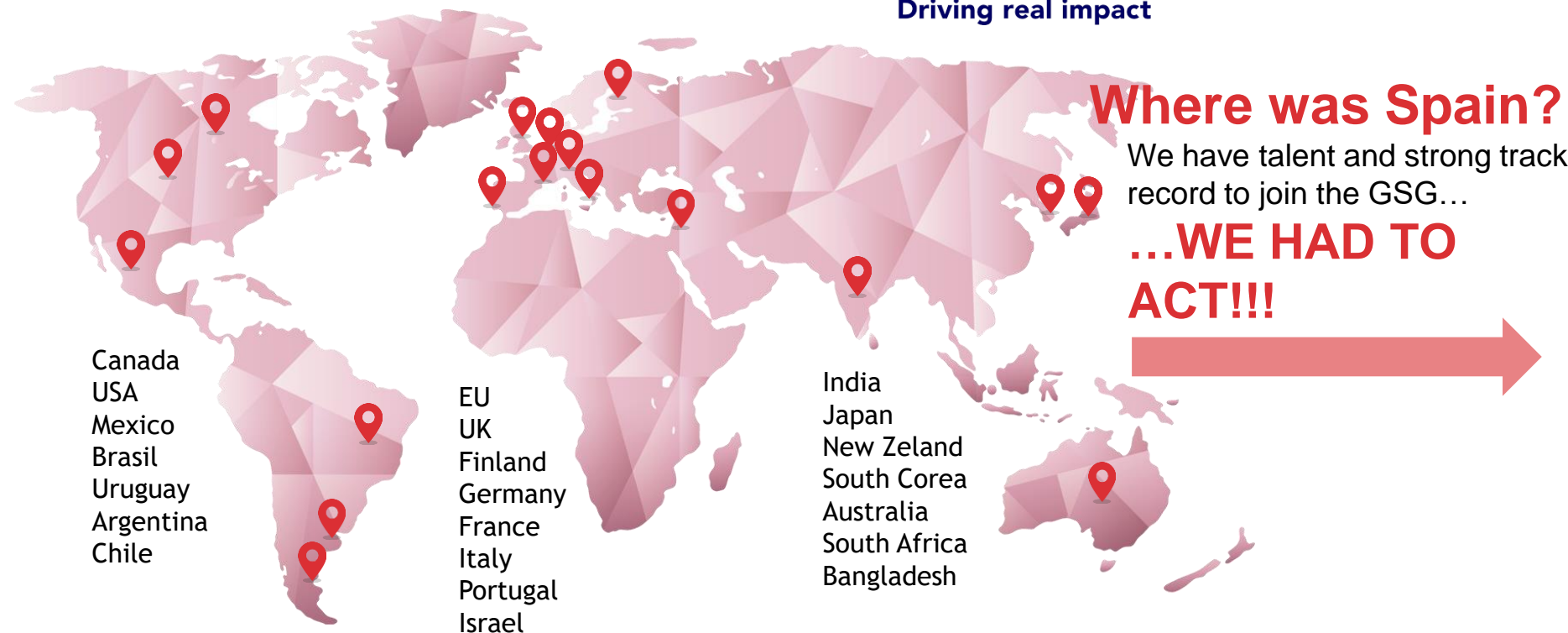
- Emerging public sector interest with new funds and tools
- In 2019 EUR 80m public funding announced to be investment in II funds.
- Very early stage for institutional investors, who consider the market too risky and lacking investment opportunities

## INTERMEDIATION

- Growing number of impact investment funds
- Emerging initiatives to implement 4 Social Impact Bonds in different Spanish regions.
- No specific regulation for impact investors / Slow take-up of EuSEF regulation → Basque Government the pioneers
- Foro Impacto has convened more than 70 organisations interested in contributing to build the impact investing market



# Absence of Spain in the GSG - Global Steering Group for Impact Investment



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Impact investing is an investment philosophy that pursues measurable

<https://www.foroimpacto.es/grupo-de-trabajo>



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# Where are we now?



8 May 2018

Announcement of GSG candidature to the GSG

10 June 2019

FINAL REPORT  
SPAIN JOINS GSG

June 2021

ACTION PLAN  
IMPLEMENTATION

## SUPPLY OF CAPITAL

July / August 2018



MADRID

## DEMAND OF CAPITAL

Oct / Nov 2018



BILBAO

## INTERMED OF CAPITAL

Nov / Jan 2019



BARCELONA

## POLICY for CAPITAL

Jan / March 2019



MADRID



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## 5 RECOMMENDATIONS

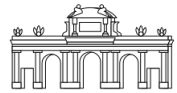
- 1 Strengthen social enterprises through incubators and accelerators
- 2 Attract public and private funds to catalyse impact investing
- 3 Relying on the capital and knowledge of foundations to boost impact investing
- 4 Promote payment-by-results contracts to promote social innovation
- 5 Create knowledge and market infrastructure to build an impact economy



# Policies for Impact Capital – Example 1



## OECD Report and engagement with Spanish Public Sector



29 March 2019  
MADRID

In the framework of the process of Spain accessing the GSG, we organised a Public Event sponsored by City Council of Madrid and hosted by Ramon Areces Foundation in partnership with OECD

- Keynote: **Gabriela Ramos**, OECD Chief of Staff and Sherpa to the G7 and G20

Panel discussions:

- **Ana de la Cueva**, Secretary of State for Economy and Business Support, Economy and Business Ministry
- **Manuela Carmena**, Mayor of Madrid
- **Karen Wilson**: Lead author of the report “The Impact imperative for Sustainable Development”, OECD
- **Manuel Escudero**, Ambassador of Spain to the OECD and President of the OECD Development Center
- **Cristina Gallach**, High Commissioner for the UN 2030 Agenda in Spain.



[https://read.oecd-ilibrary.org/development/social-impact-investment-2019\\_9789264311299-en#page1](https://read.oecd-ilibrary.org/development/social-impact-investment-2019_9789264311299-en#page1)



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# Policies for Impact Capital – Example 2



## Innovative Financial Instruments in support to the Social Economy - IFISE

**IFISE**  
 Innovative **Financial**  
 Instruments in support  
 to the **Social Economy**



IFISE project is aimed to target the possible use of Financial Instruments in the area of social economy

Desk analysis, dedicated training, workshops and exchange of expertise, with the support of experts from national/international financial institutions and from the academia. Main activities include:

- Mapping of the **state of the art** of existing financial instruments for the social sector in Europe and assessment of good practices.
- **Matching** between possible **FIs** and the regional needs, **in the framework of the ERDF and ESF regional operational programmes.**
- **Capacity building activity:** in class training on technical and legal aspects; field work on real cases with the support of external experts

<https://www.finpiemonte.it/lfise-project>



### Deliverables

**ASSESSMENT OF STATE OF THE ART OF FINANCIAL INSTRUMENTS ADDRESSED TO ENTERPRISES/INITIATIVES PRODUCING RELEVANT SOCIAL IMPACT** | 2018 | Piedmont, Lombardy, Andalusia, Valencia

**Deliverable 2.1**  
 Definition of a replicable training scheme for capacity building, addressed to Managing Authorities and Intermediate Bodies, for the Implementation of innovative FIs for the Social Economy

2019 | Piedmont, Lombardy, Andalusia, Valencia

Funded by the European Union

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

Handbook Financial Instruments for Social Impact | Supported by ERDF and ESF

Feasibility studies for Social Impact Investment in Lombardia, Andalucía, Comunidad Valenciana and Piemonte | Executive Summaries



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# Policies for Impact Capital – Example 3



PACT FOR IMPACT



Pact for Impact aims to create a **Global Alliance to promote and strengthen the Social and Solidarity Economy (SSE)** to offer sustainable growth and innovative solutions to meet the challenges facing our planet and its territories.

PACT FOR IMPACT MANIFESTO



"PACT FOR IMPACT" MANIFESTO  
A GLOBAL ALLIANCE FOR A SOCIAL AND INCLUSIVE ECONOMY  
FIRST « PACT FOR IMPACT » SUMMIT  
PARIS - 10 ET 11 JUILLET 2019

We, States, governments, international institutions, local authorities and organizations committed to a social and inclusive economy, signatories of this present *Manifesto* of Paris, share the same conviction: facing the ecological, economic, social, demographic challenges of humanity and of the planet, we have to promote another path, based on new multi-stakeholder alliances, which relies on the energy and the expertise of the citizens and mobilizes the economic and financial power to serve the social, societal, and environmental impact, by innovating at the heart of the territories.

The Social Economy, in all its diversity of forms and statutes, carries out economically viable projects all over the world, and developed for social, societal and environmental purposes. It responds to the issues of a changing world: democratic requirement, sustainable growth and innovative solutions to the challenges of our planet, both locally and globally. It has proven its resilience through crises and proposes a decent work model, while having to adapt to changes, such as the arrival of digitalisation and new technologies.

Companies, aware of the threats that global imbalances generate, are more and more likely to engage in ambitious approaches that go beyond the logic of maximizing profit. By developing sustainable and inclusive growth strategies, they intend to put their economic strength to the benefit of the fight against poverty, access to employment for all and the economic development at the local level and of models of production and consumption that respect the environment, and a more equitable distribution of value creation in a transparent, democratic framework.

The social and inclusive economy mobilizes companies and organizations that reconcile economic performance, social and environmental impact, a more ethical finance, and citizens' power to act. Together, these committed actors draw the contours of an economy truly at the service of the general interest.

Pact for Impact's ambition is to create a Global Alliance for the recognition and development of the Social and Solidarity Economy (SSE), the Inclusive Economy, its companies and all actors of social innovation.

All of us share the ambition to develop these models that reconcile the economy, the social and the environment, and which accompany the profound transformations of our societies by making them more economically and socially fair and by reducing the concerns and folds underlying. To achieve this, we must promote the sharing of experience, local, regional and international cooperation. We must allow the emergence of local solutions, rooted in the



PACT FOR IMPACT SUMMIT - PARIS 2019

400 participants  
50 countries  
1 Prime Minister  
20 Ministers



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# Links between EU funds and Impact Investing



- Although Foro Impacto was born out of the Spanish civil society, **public administration in Spain and in Europe have been engaged** – with great interest - during the process
- In parallel with the elaboration of the Action Plan, we are **giving priority to those recommendations** and actions that might be implemented with support of the EU Funds
- We are also working to make sure that impact investing will be a priority within the **new programming period 2021-2027** and that the instruments and initiatives foreseen are able to address the challenges of the sector



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RED2RED  
CONSULTORES

*Strategic  
Partner - Public  
policy*



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# Recommendation 1



Strengthen social enterprises through incubators and accelerators

- **Current situation:** 8-12 leading social incubators and accelerators in Spain strengthening and training social enterprises
- **Final aim:** Supporting the work of these entities and their capacity to offer technical assistance to develop the full potential of social entrepreneurship and the impact investment market
- **How:** Creation of an alliance of social incubators and accelerators to share best practices, standardise processes and cover the different needs of social enterprises.
- **Potential EU Funds:** ESIF Funds - in particular National ESF - Programa Operativo de Inclusión Social y Economía Social (Technical Assistance)



# Recommendation 2



Attract public and private funds to catalyse impact investing

- **Current situation:** Supply of capital for impact investment in Spain is still limited and as a result, the financing needs of social enterprises are often left unfulfilled
- **Final aim:** Catalyse public and EU Funds to lowering the risk of projects and make Impact Investment more attractive for private investors
- **How:** Making use of EU FI - guarantees, blending, equity ... - to catalyse new impact funds and reinforce existing ones - *Important to communicate the availability of those instruments!!*
- **Potential EU Funds:** InvestEU (Financial Instruments) and ESIF (particularly ESF) decentralised FIs



# Recommendation 4



**Promote payment-by-results contracts to promote social innovation**

- **Current situation:** The use of PbRs and SIBs in Spain is still limited, although some initiatives are being tested
- **Final aim:** Give greater visibility to PbRs that are being implemented in Spain and abroad to raise awareness, and train relevant actors
- **How:** Training public administrations, delivering research and sharing best practices and lessons learnt
- **Potential EU Funds:** TA funds, European Investment Advisory Hub (EIAH) and ESIF (particularly ESF) decentralised FIs



# Recommendation 5



**Create knowledge and market infrastructure to build an impact economy**

- **Current situation:** Despite a growing interest in impact investing, Spanish actors from the public, social and financial sectors highlight lack of knowledge on the subject as a big challenge
- **Final aim:** Having solid and diverse financial and non-financial intermediaries, as well as raising awareness, and training different groups
- **How:** Studies, communication, training, awareness-raising and impact measurement practices to develop the ecosystem
- **Potential EU Funds:** TA funds // European Investment Advisory Hub (EIAH)





# OBRIGADO!



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[www.foroimpacto.es](http://www.foroimpacto.es)

Jose Luis Ruiz de Munain

[jlruizdemunain@foroimpacto.es](mailto:jlruizdemunain@foroimpacto.es)



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