

POLICY BRIEF

Collaboration for Impact at National and Pan-European Scale

The French & Spanish NABs, and The EU RAB

INTRODUCTION

Over the past two decades, the European impact investment ecosystem has grown significantly with the help of several policy initiatives at both national and pan-European levels¹. The evolution of the European impact investing sector has highlighted the importance of both the public and the private sector, and the need of the **collaboration** between them. Examples of this are the Expert Group on Social Entrepreneurship (GECES 2011-2018) and the one on Social Economy and Social Enterprises (GECES 2018-2024)², which bring together private actors in order to assist the European Commission with advice on the roll-out of and research on social economy policies. Another example is the recent development of payment-by-result instruments which manifest the added value of public-private partnerships as well.

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As more people and organisations get involved in the impact landscape, more structures to convene these actors and to spur the collaboration with public entities emerge. EVPA connects different actors in order to facilitate public-private collaboration, and to guide policy design in a favourable direction for social finance providers. Indeed, EVPA is a community of European **investors for impact**, working to maximise their social impact through the practice of venture philanthropy since 2004. Investors for impact take risks that others

cannot or are unwilling to take, putting the business model of the social organisation at the centre of their financial and non-financial support strategies. EVPA's sister networks in other parts of the world, including Asia ([AVPN](#)) and Africa ([AVPA](#)), work in similar ways.

Complementarily, other networks and multilateral organisations operate to facilitate the construction and scaling of the impact investment ecosystem. Notably, an important initiative was put in motion in 2000, when the **Social Investment Taskforce** was set up in the UK to understand how social impact could be combined with finance and entrepreneurship³. Many of the Taskforce's recommendations were adopted by policymakers over the years. In 2013, a new independent Taskforce on Social Impact Investment was launched under the UK's Presidency of the G8 with the objective of catalysing a global market in impact investment. Under this Taskforce, **National Advisory Boards (NABs)** were created for each G8 country in order to implement the work at national level. Two years later, in 2015, the **Global Steering Group for impact Investment (GSG)** was launched as the successor to the Taskforce. The GSG has the mandate to mobilise impact investment and entrepreneurship in order to create positive social and environmental change. Championed and chaired by Sir Ronald Cohen, the GSG currently includes 23 countries and the EU as members. Each of the member countries has a NAB, working as a taskforce to catalyse impact investment in their country-specific contexts by connecting several stakeholders to facilitate growth and innovation in the sector. In 2017, a European **Regional Advisory Board (RAB)** was established as a pan-European initiative.

In the European context, the UK established a NAB in 2013, as well as Germany and France. In the following years, the Italian and Finnish NABs were launched, as well as the Portuguese Taskforce. Finally, in June 2019, Spain joined the GSG and launched its own NAB, with Foro Impacto as its operational arm. All of the different

1 EVPA has created a policy timeline that features both major policy actions at European and multilateral level, including growing funding opportunities, and EVPA initiatives. The timeline is available [here](#).

2 For more information on the GECES, visit the dedicated European Commission [webpage](#)

3 For more information on the history of the UK NAB, visit this [webpage](#)

NABs operate to grow the impact investment space in their individual countries. Hence, they might face very different market barriers and challenges. However, they all work towards the same goal, so collaboration among them can increase the value of individual past learnings and future opportunities.

As such, it can be valuable to compare different NABs working in sectors with different maturity and handling different challenges. Indeed, **France** has been at the forefront of establishing a NAB in 2013, while **Spain** has created a NAB and joined the GSG only this year. Moreover, whereas the Spanish market is nascent but growing, France has an elaborate and rooted social impact investment policy system⁴. Looking at both an experienced and beginner case might deliver valuable insights on what is favourable for the development of the ecosystem and how a market can evolve over time.

THE EXPERIENCED PERSPECTIVE - FRANCE

The French NAB, le **Comité Français sur l'Investissement à Impact Social**, was established as one of the pioneers in 2013 under the G8 Taskforce on Social Impact Investment. It is comprised of 35 members, including the French Government, financiers, intermediaries and market builders. During its first years of existence, the French NAB wrote an elaborate report⁵ with twenty-two recommendations for the development of the impact investment ecosystem in France. Finally, in 2016, [the Impact Invest Lab \(iiLab\)](#) was created, the operational arm of the French NAB, which has the mandate to work on the initial recommendations. The main focus of the iiLab was, and still is, “*contrats à impact social*”, the so-called **social impact bonds (SIBs)**.

The NAB provided the legal definition of social impact investing in France⁵:

- (i) it is an investment that explicitly combines social and financial returns on investment,
- (ii) it requires setting priority and specific objectives, the impact of which shall be measurable through a regular evaluation process,
- (iii) the investment can be made into organisations of any legal form that have a sustainable business model,

4 OECD, ‘[Social Impact Investment 2019 | The Impact Imperative for Sustainable Development](#)’, 2019.

5 Comité Français sur l'Investissement à Impact Social, ‘[Comment et Pourquoi Favoriser des Investissement à Impact Social?](#)’, September 2014.

- (iv) the investment can target financial returns ranging from no return to market return, and
- (v) the investment shall intentionally target organisations that generate social benefits alongside financial benefits and that regularly measure their achievement towards social objectives.

At the end of 2017, the social impact investment (SII) market in France was composed of **EUR 3.2 billion** assets under management (AUM)⁶. This was made possible thanks to some favourable developments in French policy over the past two decades.

In 2001, the solidarity-based company savings law was passed. This law encouraged the creation of Solidarity Investment Funds, the so-called **90/10 Funds**⁷, which invest five to ten percent in eligible and unlisted social enterprises. In 2008, this regulation was reviewed and all corporates were required to offer at least one Solidarity Investment Fund as part of their savings schemes for employees. These schemes showcase solidarity along the whole financing chain, from the saver, to the 90/10 fund and the solidarity-based enterprises or financial funders, enabling **the general public to play a significant role in social impact investing** in France.

Moreover, since the NAB recommended to experiment with SIBs in 2014, the government has launched a call for proposals, supported by the iiLab, in 2016. By 2019, six SIBs have been launched and several others are under development⁸. Furthermore, the French Government has started to test the feasibility of development impact bonds (DIBs) in Sub-Saharan Africa to finance projects of menstrual hygiene management.

Finally, there are several big French **corporates** who have set up impact investing funds, thereby targeting social businesses that operate in sectors related to the corporate’s core business. Corporates have the right skills and knowledge to provide technical assistance on top of the financing. As such, several of those corporate social investors (CSIs) are members of the [EVPA Corporate Initiative](#), a group of more than 65 like-minded, visionary actors that are willing to take an active part in shaping the role and recognition of CSIs in the impact ecosystem.

6 Impact Invest Lab (iiLab), ‘[État des Lieux du Marché Français de l'Investissement à Impact Social](#)’, 2018.

7 For more information: Finansol, ‘[Synthèse de l'Étude sur les Fonds 90-10](#)’, 2018.

8 For more information: <https://www.banquedesterritoires.fr/ess-le-gouvernement-veut-donner-un-nouvel-elan-aux-contrats-impact-social>

Examples of those French CSIs are [Schneider Electric](#), [Danone Communities](#) and [Renault Mobilize Invest](#). The main objective of the EVPA initiative is to mainstream the strategically leveraging of corporate resources for large scale social investments, in order for this to become the norm by 2030.

As the French NAB has had over six years of experience by now, several general lessons can be drawn from their experience. For example, in order to obtain a large pool of funds in support of impact investments, creating a low-threshold, easily accessible savings scheme, like the 90/10 funds, can mobilise a significant amount of money from the general public. Moreover, the development process of SIBs in France shows that a commitment is needed from various angles, including **government, public banks and independent facilitators**. Public-private collaboration is crucial for the evolution of the SIB ecosystem, as well as the awareness raising among social businesses and impact investors. These valuable learnings are essential for other, less-experienced actors in the European impact investment ecosystem, such as the Spanish NAB.

THE BEGINNER PERSPECTIVE - SPAIN

In June 2019, Spain officially joined the GSG. This was the result of an elaborate process in which [Foro Impacto](#), now the operational arm of the Spanish NAB, commissioned five reports that were elaborated by ESADE Business School, on the **supply⁹, demand¹⁰ and intermediation¹¹ of capital, public policy, and a final report¹²** with five recommendations for the development of the Spanish impact investing sector. Foro Impacto took a **bottom-up approach** for this process, convening many stakeholders involved in the space in Spain and including the government's explicit support.

From this point onwards, Foro Impacto will work with the key actors in the sector to implement these five recommendations. The first one suggests the strengthening of social enterprises through **incubators and accelerators**, which have proven to be very important

for the development of the space in the past. Second, both **public and private funds** are necessary in order to catalyse impact investing, thereby not only referring to national funds, but also to those from the European Commission. Third, the Spanish NAB recommends to rely on the capital and knowledge of **foundations** to boost impact investing. This is bi-directional: on the one hand, foundations need to be encouraged to make more investments and create hybrid capital rather than only applying grant-structures; on the other hand, social organisations and social investors can learn from the foundations' long-standing experience in supporting social causes and from those that have started practicing venture philanthropy. As a fourth recommendation, **payment-by-results** contracts have to be promoted across Spain and to public administrations in order to spur social innovation. Finally, the whole sector should receive more visibility, **awareness raising**, in-depth research and training in order to build a thriving impact economy.

As announced during the official inclusion of Spain in the GSG, Spanish impact investing funds held **EUR 90 million** in assets (AUM) at the start of 2018^{13 14}. This number only includes the funds managed by impact investing fund managers according to the GSG definition and shows that the Spanish market is still nascent, but with positive momentum. The country has already shown an impressive effort in stepping up the construction of its social impact investment sector over the past couple of years, which led to a great diversity in the ecosystem. Moreover, there is a growing number of impact investment funds, several SIBs under construction and a public sector that is willing to implement new funds and tools to spur this sector. With the Spanish NAB and Foro Impacto as its executive body, and several great examples to follow such as the UK and French NAB, we look forward to seeing the Spanish social impact investment space grow significantly in the near future.

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9 Urriolagoitia, L., Casasnovas, G., and Hehenberger, L., '[La Inversión de Impacto en España: Oferta de Capital](#)', commissioned by Foro Impacto, September 2018.

10 Casasnovas, G., Urriolagoitia, L., and Hehenberger, L., '[La Inversión de Impacto en España: Demanda de Capital](#)', commissioned by Foro Impacto, November 2018.

11 Urriolagoitia, L., Casasnovas, G., and Hehenberger, L., '[La Inversión de Impacto en España: Intermediación de Capital](#)', commissioned by Foro Impacto, January 2019.

12 Foro Impacto, '[Hacia una Economía de Impacto](#)', June 2019.

13 Hehenberger, L., '[Building a Financial Market for the Common Good: The Experience of Impact Investing in Spain](#)', Forbes, June 2019.

14 As stated on the website of the GSG: <https://gsgii.org/nabs/spain/>

A PAN-EUROPEAN INITIATIVE FOR NATIONAL & GLOBAL COLLABORATION

National initiatives in the social impact investing sector such as the NABs are fundamental to the development of the sector. However, in order to reach **big-scale impact** and to mainstream impact investing, collaboration at a higher level is crucial. The European Union has a big role to play in coordinating the activities in the social impact investment sector among the member states. The initiatives at national level should serve as a strong guiding light for the European actions, in order to ensure **additionality**.

The European Regional Advisory Board (RAB)¹⁵ fits in that role. It is a pan-European initiative that seeks to bring together organisations and bodies that have a genuine interest in developing the impact investing market in Europe across its full spectrum of stakeholders. The RAB was founded in 2017 by three European bodies: the European Commission, the European Investment Bank (EIB), and the European Investment Fund (EIF) as its operational arm¹⁶.

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The European RAB is supposed to act as an interface between the GSG on the one hand, and the European NABs on the other hand, thereby aiming to be the bi-directional link for **feeding the debate on market development and policy action** from and to the global GSG structure. The European RAB wants to provide tangible and implementable access to information on topics such as policy action and financial instruments to the NABs, in order to reach the target beneficiaries of the different policy instruments in the most effective manner. In order to create an institutionalised dialogue around these topics, quarterly meetings between the different European NABs and the European RAB take place. Moreover, the RAB tries to have a closer linkage with policy design, in order to avoid the lack of follow-up to implement good intentions. As a final objective, this pan-European initiative operates to foster public-private partnerships. To this end, the three founding members

have chosen to also **include other pan-European players** that represent different stakeholder communities and that are interested in building the impact investment ecosystem. Currently, the European RAB is in dialogue with the European Venture Philanthropy Association (EVPA), the World Economic Forum (WEF) and the Organisation for Economic Co-operation and Development (OECD).

EVPA is a valuable interface to a network that can contribute to the design of financial instruments in order to meet the entire spectrum of social investment market players. The WEF offers a link to the private sector and the corporate world and asset managers, which can spur the development of impact investing as a niche product towards a genuine instrument for policy action. Finally, the OECD is valuable for the European RAB on a global scale and in defining a framework in which the social economy operates.

To put words into action, the European RAB has put in motion an initiative that fosters **public-private partnerships** and mutual support at national and pan-European level. The European RAB, in cooperation with the NABs and the GSG, has initiated the process on the creation of a pan-European **Outcome Fund Initiative for Social Inclusion**. With the European migrant crisis as focus point, several policy initiatives over the years have emerged in order to deal with topics such as the distribution of refugee streams and the integration of allocated migrants. The Outcome Fund Initiative has the objective of defragmenting the different activities and to create an integrated approach towards social inclusion and cohesion at pan-European scale. This project was endorsed by the European NABs and a brief for a feasibility study of this initiative has already been passed by the Board of Trustees of the GSG.

EVPA'S REMARKS

During the last years, the social impact investment sector at European level was characterised by fragmentation. Various **European programmes** have offered incentives and support to social enterprises and investors, such as the Microfinance and Social Entrepreneurship axis under the [Employment and Social Innovation \(EaSI\)](#) programme and equity financing for innovators under [InnovFin](#)¹⁷. EVPA supports and applauds these initiatives, but we have also identified certain **barriers and issues** when consulting with our members. Practitioners are

15 For more information: <https://gsgii.org/wp-content/uploads/2017/10/EU-Advisory-Board-2.pdf>

16 Global Steering Group for Impact Investment, '[Catalysing an Impact Investment Ecosystem | A Policymaker's Toolkit](#)', October 2018.

17 An overview of EU funding opportunities for the social impact sector is available on a dedicated EVPA [webpage](#).

requesting **more public funding** and an **easier access** to existing funds. EVPA has provided recommendations and detailed input for the European Commission to improve and further develop the policies. For example, EVPA has contributed greatly to the updated EuSEF regulation¹⁸ and has more recently been liaising with the European Commission on the shaping of the InvestEU programme.

In their essence, networks such as EVPA, the NABs and the European RAB share the same *raison d'être*: to **leverage collaboration between the public and the private sector in order to build a favourable impact investment sector**. However, they each have their own focus point. On the one hand, the GSG, and more concretely the European NABs, can collaborate with local and national governments in order to catalyse impact investing in the individual countries. The European RAB can bring those different European actors, which are primarily advanced economies, together in dialogue. On the other hand and on a more extensive scale, EVPA plays an important role in **building the entire European impact ecosystem**, also including less developed impact spheres such as Central and Eastern Europe. EVPA has collaborated with the European Commission for many years to act as an interface between policy and the field of practice. By acting as a bridge between the European practitioners and the European Commission, EVPA **voices the concerns of investors for impact** to the European policy makers on one side, and brings the pan-European policies to the practitioners in a comprehensive language on the other side. Finally, in collaboration with the European NABs, EVPA also showcases **policy best practices** that can lend themselves to being replicated across different countries¹⁹.

With the upcoming next **Multiannual Financial Framework (MFF)** and a new European Commission, Europe is at an important junction. The social dimension is brought forward as a core European priority by Ursula von der Leyen, the new President of the European Commission²⁰. This will become tangible through, inter alia, a **Just Transition Fund**, social impact assessments, an action plan to implement the **European Pillar of Social Rights** and a European Education Area providing quality education.

18 For more information: <https://evpa.eu.com/news/2016/eusef-proposal-geces-call>

19 EVPA created a National Policy Nexus in 2016, 2017 and 2018, gathering noteworthy policy measures from across Europe. The Nexus is available [here](#).

20 Von der Leyen, U., 'A Union that strives for more: My Agenda for Europe', 2019.

Importantly, **InvestEU**²¹, one of the funds of the MFF 2021-2027, will amongst other areas target social enterprises and microfinance, and bring together under one umbrella a range of European financial instruments that are currently available, thereby counteracting the fragmentation of policies. This will make policy action more flexible and allow the instruments to adapt to market demand. Moreover, an important innovation in the InvestEU fund will be the **sustainability proofing**²², which requires all financing or investment operations above a certain size to be screened for their climate, environmental and social impact. This feature will help to ensure the integrity of the impact investment space by preventing impact washing and also gives a voice to the investors for impact, who put social impact at the core of their actions.

MORE INFORMATION

In September 2019, EVPA organised a **webinar** titled “Unifying for Impact: Who are the Facilitators of the Social Impact Investment Ecosystem?” The webinar started with an introduction to the Global Steering Group for Impact Investing and the National Advisory Boards by EVPA’s Policy Manager, Bianca Polidoro. Afterwards, Cyrille Langendorff, Managing Director of the Private Equity and International Affairs Department at Crédit Coopératif, showcased the French NAB experience, followed by a presentation on the beginner perspective of the Spanish NAB by Jose Luis Ruiz de Munain, Founder CEO of Foro Impacto. Then, Uli Grabenwarter, Deputy Director of Equity Investments at the European Investment Fund (EIF), highlighted the priorities and challenges of the impact investing ecosystem at the European level according to the EIF. The session ended with a Q&A session for the speakers. A **recording** of the webinar is available on EVPA’s website [here](#).

EVPA’s Policy team is also available to provide more information on these or other policy-related topics. Do not hesitate to contact the EVPA Policy team at policy@evpa.eu.com.

21 In 2018, EVPA organised a webinar and wrote a policy brief on the Multiannual Financial Framework 2021-2027, InvestEU and ESF+. Both are available [here](#).

22 EVPA organised a webinar and wrote a policy brief on the topic of social sustainability proofing within InvestEU. Both are available [here](#).