Social Impact Investing (SII) – Key Points and Conclusions

*Impact investing is being pushed forward as a new way of tackling social questions in the current financial environment: new financial market players will meet the financing needs of social players and help indebted states and weakened banks to finance social enterprises. Impact investing has been put on the G7 agenda. It is also argued that measuring the social impact of organisations is important for planning public policies. To look into the effect of an impact investing approach on social enterprises and social services of general interest, Confrontations Europe, Social Platform and the BAGFW organised the conference "**Social impact investing and its role in the future social public/private investments: continuing dialogue" on** 16 February 2015.*

From the discussions and presentations, **the following conclusions can be drawn**:

1) Definitions of *inter alia* Social Investment, Impact Investing and Social Impact Investing must be clarified.
2) Social Impact Investing has to be seen in its specific national context.
3) Experts from the social sector and service providers have to be included in policy making and the implementation of Social Impact Investment.
4) Social Impact Investing includes several elements:
   - investing in the social sector
   - measuring impact
   - developing new financial instruments, which vary from already existing specialized investment funds to the financial industry's intention to create a new class of assets; Social Impact Bonds are no real bonds but new forms of public private partnerships which rely on social impact measurement.
5) Social Impact Investing must not replace public funding, but should be additional and for example might be useful for funding social innovations, while keeping in mind that incorporating impact assessment into cost/benefit analyses can hinder social innovation.
6) Once an innovation has proven its successful implementation, permanent public funding should become available and affordable access to the new service should be guaranteed to all users who might need it.
7) Social Investment is currently not on top of the European Commission's agenda. However, the need of investing in the social sector is obvious and the implementation and stock-taking of the Social Investment Package should be further carried on. The

link between the Social Business Initiative and the Social Investment Package must be clarified.

8) Not every impact can be measured, especially not in the social sector. Measuring ex post social impact goals previously defined entails a lot of difficulties, especially when trying to capture human capital, innovation and very long-term investment. Not every social investment requires a social impact measurement in the sense of the impact investment funds such as Eusef.
9) We do not need a “one-fits-all” and “comply or explain” approaches, but rather a flexible method based on user needs and positive subsidiarity. Often impact can only be described and not translated into exact figures.
10) When measuring social impact, long-term outcome of projects and not the short-term results should be measured, to fully demonstrate the value and the complexity of social organizations’ activities. The impact of the type of governance and the nonprofit aim of the organizations should be considered too.
11) Social Impact Bonds might be one way to offer additional funding to the social sector. Meanwhile, member states should bear their responsibility for providing a functioning legal and financial framework for the provision of social services of general interest. SIBs are tools which do not replace public policies.
12) Interests of private investors do not necessarily coincide with the public interest or interests of governments. While discussing private investment in social services, the private agenda of investors must be further explored. Public regulation is required to guarantee that the social added value will be reinvested in social goals.