

EU Project: D-CARE LABS:
**Developing Labs to facilitate Home Care Innovation and
Entrepreneurship in the Danube Region**

**Output: Social entrepreneurial and impact investment
competence development**



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|------------------------|----------------------------------------------------------------------------|
| Working Package | WPT3 Social Investment |
| Output | O.T3.2 Social entrepreneurial and impact investment competence development |
| WP Leader | Act Group from Croatia |

Introduction

Our vision of the D-Care Labs initiative is to create a sustainable interregional innovation structure for the field of home care in the Danube Region. To achieve this, there is need for an innovative-friendly environment. Therefore, access of lab providers and social innovators to financial resources and business partners is important. Since social innovation programs for tackling societal challenges are a quite new approach, there are no comprehensive financial structures. Therefore, during the project we identified potential social investors (e.g., foundation, public funding schemes, private investors) and tried to establish relationships to showcase the benefit of lab infrastructure and new developing home care innovations. It was the intention of this output to strengthen social entrepreneurial and impact investing competences of all partners, especially the ones from the social service sector. We organized different activities of learning interactions and competence development. Our key questions were: How can we find social investors? How do we communicate our key messages? What are the needs of social investors and how can we satisfy some? How can we collaborate with them? Therefore, the competence development included leadership and pitching skills, strategic thinking, identifying of and communication with social investors. In the first step, the coordinator of the working package Act Group developed together with a core team from the partnership “Guidelines for Establishing and Maintaining Communication with Key Social Investment Stakeholders” (see Section 1). These guidelines were taught as part of one of the two transnational workshops on social entrepreneurial and impact investment competences which was held in Zagreb and online in July 2021 (see Section 2). The second workshop was arranged digitally in January 2022 (see Section 3). The objectives of the workshops were to learn together about social entrepreneurship and social investment, to foster discussions about various aspects of both social entrepreneurship in general and specifically in relation to their country specific regional labs developed within D-Care Lab projects. In addition to the workshops, Act Group offered individual support for partners (e.g., feedback to key documents) to build capacities in social entrepreneurship and impact investment. As part of the project, we mapped potential social investors from the Danube Region. The guidelines and trainings helped us establishing communication and collaboration with different stakeholders. In addition, the partnership conceptualizes a *Toolbox of Match-Making Formats for Area Home Care Innovation*. The toolbox contains different kinds of possible match-making formats between social investors and innovators based on practical experiences in the partnership (e.g., mixed innovation teams, pitches). As part of the second output *Ecosystems of Social Investment* of the Social Investment working package, we will publish information about social investment mapping and the above-mentioned toolbox.

Our main conclusion of strengthening social entrepreneurial and impact investing competences among partners are:

- Partners focused on social services and home care often depend on traditional sources of funding thus usually do not have diverse portfolio of sustainable investors and donors.
- The need for further strengthening the competencies regarding social entrepreneurship and impact investment was confirmed, according to the feedback given after each workshop.
- All partners assessed workshops and learning materials as very useful for expanding their knowledge on different possibilities for achieving financial sustainability.

- There is a potential in creating social business models for home care services as well as activating more public partners in co-creation of sustainable models.
- Building skills and knowledge on the topic creates foundation for further improvements in creating sustainable modes in 9 regional labs.
- Knowledge and skills are easily transferred from regional lab representatives to all lab participants thus there is a potential for creating a multiplying effect of this output.

In the following, there are three sections:

- (1) Guidelines for Establishing and Maintaining Communication with Key Social Investment Stakeholders
- (2) Workshop I: Social entrepreneurial and impact investment competence development documentation
- (3) Workshop II: Social entrepreneurial and impact investment competence development II

Section 1: Guidelines for Establishing and Maintaining Communication with Key Social Investment Stakeholders

The background:

In the Danube Region, fundamental needs of home care beneficiaries are not satisfied by current social service providers. There are extensive requirements to fulfil needs e.g., as proper medical therapies and support for body hygiene (basic needs), provision of adequate home facilities to prevent falls (security needs) and measures to enable social inclusion of needy people into the local community (social needs). In Austria and Germany, especially poor people, and rural areas lack of proper services. In Central and Eastern European countries, even essential services are often not provided. Staff shortages, financial restrictions and insufficient use of new digital technologies are part of the problem in the whole Danube Region. Social entrepreneurial trainings and few recently established social innovation labs aim to facilitate innovation of new services/products in the Danube Region to tackle such societal challenges. Project objective: Building upon these approaches, the project aims to establish specialized macroregional D-Care Lab innovation structures to enable social service providers, product developers and social start-ups to design and implement better and innovative home care services and products for elderly persons, people with disabilities and children with special needs in 9 Danube Region countries (DE, AT, HU, HR, BG, RO, RS, BiH, MD). Social innovation labs offer social entrepreneurs /intrapreneurs a space for developing practicable and marketable solutions for societal challenges with the support of various actors (e.g., innovation experts, beneficiary groups, public authorities). Target groups: home care beneficiaries and their caring relatives, social entrepreneurs / intrapreneurs in the field of home care, local, national, and regional public authorities, social investors (e.g., foundations, public and private investors). The project uses methodology to facilitate the design/implementation of community-based home care innovations (regional D-Care Lab as bottom up, integrative, need- and solution-oriented approach) and methods to encourage interregional collaboration and co-creation (Transnational Lab, community-building approaches). The project uses tools to involve relevant policy-actors of different levels to promote policy-change in the areas of social innovation and home care.

D-Care Labs as a transnational structure aims to create the ecosystems of social investment and to improve the access of lab providers and innovators to financial resources and business partners to ensure the sustainability of home care innovation structures, services, and products.

There are two levels:

- Each regional lab establishes an ecosystem of social investors (e.g., private investors, banks, foundations, public financiers, refinancing insurances) and potential business partners.
- On the macro-regional level, we identify transnational social investors and exchange knowledge about match-making formats for social investors/business partners and innovators. We initiated working relationships to transnational operating stakeholders.

The core of our learning activities is to support social entrepreneurial competence development of partners working in the regional labs. The objective of Working Package Social Investment is to establish the ecosystems of social investment to support home care service and product innovation as well as the sustainability of the (inter-)regional D-Care Lab structures. Social Investment includes different forms of allocating financial capital (money), such as equity, loans (on or below market conditions), grants, social impact bonds, tax reliefs or crowd financing with the goal to achieve social impact. Part of social investment is social capital (networks of potential business partners) and human capital (expertise and skills). Therefore, the activities of the WP include: Sub-mapping of social investment stakeholders (supply and demand side, intermediaries) for the purpose of home care innovation support by regional lab providers and partners based on available data and further project results.

Sub-mapping of social investment ecosystem stakeholders is performed by regional lab providers and partners for the specific purpose of home care (innovation) based on available data project results of similar projects already implemented or in implementation and knowledge and experience gathered by ACT Group and other project partners and experts.

The social investment ecosystem includes all stakeholders who participate in, influence or are affected by social investment activity. The mapping exercise will result in identifying stakeholders in the three key ecosystem segments:

(i) Demand - impact-seeking purchasers (e.g., government procurement of services, government as commissioner of outcomes, socially minded consumers and corporate purchasers of care services and products) and impact-driven organizations (e.g., social enterprises, grant-reliant organizations with trading activities, profit with purpose organizations).

(ii) Supply – social finance providers distinguished from mainstream financial investors by their aim of achieving social and/or environmental impact (e.g., government / EU, foundations, banks and institutional investors, social impact investment funds, angel investors, etc.).

(iii) Intermediaries - organizations and consultants who bring demand and supply together (e.g., development finance institutions, crowdfunding platforms, social entrepreneurship support organizations and consultants).

Donors and investors mapping

Different types of investment and grants are needed at various stages of the business to help them grow efficiently. Mapping your donors and investors will help you strategize and focus your time and energy by understanding the aspects which make some opportunities better fit for your requirements as compared to others.

Once you start aggregating this information, you will clearly have an idea of the following:

- Which scenarios and forecasts can be explored further for detailed profiling by research?
- Which are high, medium, or low priority as per parameters set by you?
- Which opportunities are low hanging fruits and need immediate attention?
- What your short and long-term timelines should be?

Examine your funder types – individual donors, foundations, corporations – and the issues they care about – health, children and youth, social justice, the local community, the economy, etc. Do you have a strong individual donor program but need to increase your outreach to foundations? Have you had recent success with funders concerned about your topic? Equipped with a solid understanding of the strengths and weaknesses of your current fundraising efforts, you will be better positioned to identify promising new targets. Has the company supported events through corporate sponsorship in the past? Does an individual donor have a history of making gifts? Does a foundation make grants for general operating support? Additionally, don't forget to consider requests for nonmonetary support, such as making an important introduction, providing in-kind support and knowledge. Carefully consider your approach by supporter type:

- a. venture philanthropy** usually (but not always) aims to make a profit while having a positive social impact on the world
- b. social investment/finance** means investment mainly to generate social impact but with the expectation of some financial return (or preservation of capital)
- c. impact investing** is investing into for profit companies and not for profit organizations with the intent to contribute to measurable positive social or environmental impact alongside financial returns

It's more effective to approach individual donors through a personal introduction. Corporations are more likely to accept requests for meetings that are made by one of their own employees who is passionate about a cause. It is helpful to look at the projects and organizations these donors have funded in the past and the ones they are funding currently to get an idea of the magnitude of the support. Most importantly, check the eligibility criteria for applying! Maintain this table as a living document, revisit it regularly and update it as and when required. You can allocate tasks to your team members for contacting or starting the process. Remember to be strategic while doing this, someone in your board will be ideal to build a relationship with a very big donor to ensure credibility. Networking will also be very helpful in getting more detailed and reliable information and to combine your findings from other sources like the internet. Once you have shortlisted the prospective donors/funders, you need to understand their application process and requirements in detail. It can be helpful to keep an internal deadline well before the actual deadline to make sure you have enough time. See what documents are required for the application, so that you can start putting them together. You might need to coordinate it with multiple departments or people within your organization to compile all the required information, so it is always best practice to understand the complete application process.

Keep a checklist of every step required to complete application. This process will tell you whether you should apply or not apply now, or should you do it later, based on the documents required. Visualize the complete process in the form of a flowchart. When reaching out to a potential funder or donor, you'll want to make a connection quickly so you can create compelling one-pager document. It is not a substitute for more in-depth communication, but rather a complement to your conversation that you can leave behind or send ahead of time that summarizes your work. Use visuals that resonate with your target audience, so they see themselves in your work. Avoid clip art and cartoon images to maintain a professional appearance. Graphics should reflect your work, your audience, the population you are serving or the problem you are addressing. If you tell

a story, include a picture of the person whose story you are telling. It is important to build and maintain good relationships with your current, previous, and prospective donors and investors. Send a periodic update about your organization's efforts. Email them a news clip about a topic about which they expressed interest. Invite them to an event so they can get to know your organization's work better. Offer them a visit to your program areas to meet your beneficiaries or to give them more information about what you do. Let this be the beginning of a long-term mutually beneficial relationship by putting yourself on the radar of every relevant donor out there. Even if you complete a grant cycle journey by securing the funds or you do not, make sure you follow up and seek feedback. A continuous feedback cycle and learning loop is the key to success.

Social investments

In the past, people invested purely for profit and donated to charity once they retired comfortably but there is the rise of an investor base that knows social responsibility. Building social consciousness directly into a business and operating with a direct understanding of their impact is becoming strategic point for those companies who want to succeed. Today's investors are more and more committed to placing their money with ventures that include social and environmental stewardship as part of their business models. Cultural and demographic shifts are also driving significant change across investment landscape. This creates an opportunity for social entrepreneurs to both finance their ventures and effect positive change in their communities and the world at large. Many funds are now committed exclusively to investments with a social, environmental, or public health component. The major difference between social and conventional economic investing is that investments are to yield intended returns beyond those benefiting the investor or donor, and that both investments and expected yields involve more than monetary transactions and service transfers.

Preparation of the investment pitch

Attracting investors for social innovation projects can be tricky. You have to work on your project carefully to make the investors consider you. Putting time and effort into formulating the core of the project will bring you success. You may not find the investor from the very first time but if your plan is of a high quality, you will soon find one. The responsible attitude together with the knowledge of what to do and how to explain will help you in this. Here are some steps to attract investments and gain the respect of the investment community for your social enterprise.

- Tell a story
- Keep it simple
- Speak naturally
- Know your product

It is important to show a potential investor that you know your business but keep your investment proposal simple and concise. When investors look through your investment summary, they are going to scan through it. Using jargon will inevitably confuse and put-off most investors and move them away from your value

Create a Business Plan

Most of the success of the whole project depends on your business plan that must be clear and well written. You need to define what you want to achieve within a certain period. You must characterize your customer base and market; you need to explain what you have that competitors

do not; what industry sector are you in? You must describe the market and growth potential. List who you are working with and what their skills and experience are.

Pay attention to your Financial Planning

You must provide information on the relative profitability of your activities and trends on revenue so that the investor can see what he/she is putting money to and when and under which conditions is going to get them back. Showing the trends on cost and scenario testing can be very helpful. Your investment proposal must sound like it can generate both expected social impact and profits by creating a convincing proposition with clear guidelines in terms of return on investment (ROI).

Explain why you need investment

What is the capital needed for? Talk about this openly. How do you wish to use the money that you raise? What will you purchase and why is it needed? These are all very valuable questions, and they must be addressed in your investment proposal. Does your business have global appeal and can be scaled? Make sure you include this if it does! You need to convince investors that your social enterprise is going to achieve the set goals and bring money and its worth investing their money. Just find and define what is special about your project, what makes it stand out from the rest, and why you need money more than anyone else.

Provide transparency in your plan

The only way to gain the respect of the investment community is to be clear and transparent. No matter what you are talking about, no matter what plan you offer investors, everything must be transparent. This is what investors demand from the projects. Try to make the business plan together with the financial planning short – ask yourself after each sentence you write whether it contains the necessary information and whether it is needed. Include your background/experience information ONLY if it is relevant to your business or investment proposal. If that is the case, talk about your background and business first and then talk about your product! Do you have complementary skills that will assist you in running your business and turning it into a success? If so, talk about this. If not, does your management team have the necessary skills? Talk about this! If not, then skip it for now.

Tips on how to write the Investment pitch

(i) The **investment title** of your proposal must explain what your business does. Create a compelling title that will position your business to be understood instantly in the investor's mind before they have even read your investment proposal. Consider also that the subject line of the email that is sent out to potential investors that you approach. A catchy and snappy title will ensure that an investor will open his email and read your entire investment proposal. This can be effective as a teaser to attract the initial attention of an investor, particularly when using email or an online investment matching service. Use expressions like: We have a full business plan available on request. We are very passionate about our business and we would invite any interested investors to contact us to discuss this investment proposal further.

(ii) **Investment description** will have to answer the question: "What's in it for the potential Investor?". Talk about your business model, what social impact will be achieved, how you will make money, why you are seeking investment and how an investor will make a return. Add some

industry statistics. Address key issues like: What makes your investment proposal an attractive investment opportunity? How much money is needed, and how will it be used? What will be the return on investment (ROI) for an investor and when will they see this return?

(iii) **Investment Summary** is the public part of your proposal and must compel an investor to want to read the ENTIRE investment description. Ideas to mention here are: Why your investment opportunity is attractive, how much capital is needed, and how it will be used. What will be the return on investment (ROI) for the investor and when? Ideally you should aim to write this paragraph AFTER you have created and drafted your entire investment pitch below, so as to ensure that you do not miss out any important facts!

Create a one pager with three main messages and your request

Research shows that our memory can only handle four things at a time. If you include more than four messages, you run the risk that the funder or donor will pick and choose what to remember. It's important to utilize your three main points: to identify the problem you're seeking to solve, your unique solution to that problem and evidence of your past success. The final point is your inquiry. Make sure the funders know what you want from them after done reading. Update the one-pager on a regular basis to ensure it reflects the current landscape and highlights your most recent wins. Regular updates also mean you're not scrambling at the last minute before a meeting. Use visuals that resonate with your target audience. Avoid clip art and cartoon images to maintain a professional appearance. Graphics should reflect your work, your audience, the population you are serving or the problem you are addressing. If you tell a story, include a picture of the person whose story you are telling. If you are pitching at an investment event, do not rely only on digital media as once the pitch is finished, the power point presentation disappears for the next person. Use of printed media, specifically full-size posters and printed visual media that are combined in tandem with digital ones or freestanding printed posters can be used in your individual pitch meetings or in the background. The posters will certainly leave a favorable impression to an investor over projectors, flat screen plasma and laptops.

Crowdfunding

Crowdfunding is an industry in rapid growth all over the world, with great potential for both investors and individuals or businesses looking for funding. In simple terms, crowdfunding is a way of raising funds from the public for either a business, an individual, a project, or a campaign. What Crowdfunder (investor or donor) gets in return for their money depends on what kind of crowdfunding model is being used to raise funds. As compensation for their financial risk, Crowdfunder can receive either a tangible reward (e.g., interest payments, ownership in the business or a finished product), or an intangible reward (e.g., recognition, or the joy of supporting a project you are passionate about). In the latter case, the funds raised are provided as a pure donation. In the categorization of crowdfunding, an important distinction can be made between investment crowdfunding and non-investment crowdfunding. This distinction highlights a fundamental difference between crowdfunding where funders act as investors aiming to achieve an economic return and crowdfunding where funders are either aiming to support a charitable project or receive a nonmonetary reward.

The European Commission definition: "Crowdfunding is an emerging alternative form of financing that connects those who can give, lend or invest money directly with those who need financing

for a specific project. It usually refers to public online calls to contribute finance to specific projects." Because of the many different crowdfunding models and the rapid development of the industry, definitions of crowdfunding are often limited and so far, no comprehensive definition of crowdfunding has been widely agreed upon in the industry. However, across most crowdfunding definitions three main elements can be identified:

1. A great number of funders are involved in the financing (the crowd),
2. An online platform facilitates and promotes the contact between the providers and the seekers of capital,
3. There is an open call to participate in the financing.

Crowdfunding is the use of small amounts of capital from many individuals to finance a new business venture. Crowdfunding makes use of the easy accessibility of vast networks of people through social media and crowdfunding websites to bring investors and entrepreneurs together. The two most traditional uses of the term reflect the type of crowdfunding done by start-up companies looking to bring a product or service into the world and by individuals who experienced some type of emergency. Many individuals affected by a natural disaster, hefty medical expense, or another tragic event such as a house fire have received an amount of financial relief, they wouldn't otherwise have had access to thanks to crowdfunding platforms. In recent years, some crowdfunding platforms such as Patreon have extended the reach of crowdfunding to offer a way for creative people—artists, writers, musicians, or podcasters—to sustain their creative work by receiving a steady source of income.

Popular Crowdfunding Websites

GoFundMe

As of 2021, GoFundMe is the largest crowdfunding platform. Since GoFundMe was founded in 2010, the site has raised over \$10 billion through more than 150 million donations. The most popular site for individuals seeking to recover from a medical expense or disaster such as a house fire, natural disaster, or unexpected emergency expense.

Kickstarter

Kickstarter is another popular choice. As of 2021, since it was founded in 2009, Kickstarter has successfully funded nearly 200,000 projects, with more than \$5.7 billion pledged across all Kickstarter projects.² Kickstarter is the most popular crowdfunding site for aspiring businesses hoping to raise capital and reach a larger audience. In fact, unlike GoFundMe, Kickstarter can only be used for creating projects that can be shared with others. Kickstarter cannot be used to raise funds to donate to a charity or cause, projects can't offer incentives like equity, revenue sharing, or investment opportunities, nor can any project involve the site's list of prohibited items such as "any item claiming to diagnose, cure, treat, or prevent an illness or condition," political fundraising, drugs or alcohol, or any contests, coupons, gambling, and raffles.

Indiegogo

Indiegogo started as a crowdfunding site initially focused exclusively on raising money for independent films but began accepting projects from any category a year after its launch in 2007. Indiegogo is seen as a less strict and more flexible platform than Kickstarter, as it gives backers

control over whether they want fixed or flexible models—this is probably the most significant difference between the two crowdfunding platforms. Kickstarter releases funds only after the campaign has reached its funding goal, whereas Indiegogo allows the campaigner to receive funding pro-rata or wait until their target is hit. As a campaigner, it might be easier and less risky to go with flexible funding (i.e., receiving funds as they come); however, regardless of the amount raised, campaigners must still deliver on any promises made. For a backer, fixed funding is more attractive as it is associated with much less of a risk. Crowdfunding platform fees range from 5% to 12%. Look out for punitive fee structures before choosing a crowdfunding platform. The most obvious advantage of crowdfunding for a start-up company or individual is its ability to provide access to a larger and more diverse group of investors/supporters. With the omnipresence of social media, crowdfunding platforms are an incredible way for businesses and individuals to grow their audience and receive the funding they need. Potential disadvantages of crowdfunding include the possible damage to you, or your company's reputation caused by "resorting" to crowdfunding, the fees associated with the crowdfunding site, and, at least on some platforms, if you don't reach your funding goal, any finance that has been pledged will be returned to your investors and you will receive nothing. In the last years, crowdfunding is arising as a widespread financing and fundraising tool, allowing to turn a large audience of customers into investors, individuals who can supply financial capital. Crowdfunding represents a novel mechanism of fundraising embedded in the current financial innovation, which operates in order to produce convergent innovations that produce both economic and social outcomes. Crowdfunding seems to show its capability to produce a social impact especially considering its vocation to fund social enterprises. Crowdsourcing is influencing innovation processes, through a mechanism of interaction between the providers and the seekers of strategic resources. At the beginning, the strategic resources involved in this interaction were mainly knowledge-based resources, but nowadays the financial-based resources are becoming a relevant aspect of crowdsourcing, thanks to crowdfunding. Crowdfunding is a funding vehicle that literally connects entrepreneurs with potential funders, or rather individuals who can supply financial capital. Crowdfunding represents an alternative finance market. Crowdfunding allows people to directly answer to the financial resource need expressed by a specified project. This financing mechanism was born in 2012 and its industry produced \$28 billion in 2015 Crowdlending or debt crowdfunding allows individuals to lend money directly to other individuals or businesses. Another name for Crowdlending is "peer to peer" or "peer to business" lending. Crowdlending is not new and has been around for several years. The most diffused expression of crowdfunding is the equity crowdfunding model which allows individuals to subscribe, via web-based platforms, equity shares of a company which runs a crowdfunding campaign. USA and Italy were the first countries which have tried to introduce the alternative financing mechanism. Example: Kiva, a social enterprise launched in 2005 as a crowdfunding platform that allows ordinary Americans to fund microfinance loans for entrepreneurs living in poverty in the developing world.

Through a contribution of as little as US\$25, a Kiva "lender" could directly help someone far away – such as a beekeeper in Ghana, a spinach farmer in Cambodia or a carpenter in Gaza. What made the story even more enticing was that the money – provided as a loan rather than a donation – came back after supposedly having changed somebody's life halfway across the world.

The EU market for crowdfunding is underdeveloped compared with other major world economies. For many years, one of the biggest hurdles faced by crowdfunding platforms seeking to offer their

services across borders has been the lack of common rules and diverging licensing requirements across the European Union. This has resulted in high compliance and operational costs, which prevented crowdfunding platforms from efficiently scaling the provision of their services. As a result, small businesses had fewer financing opportunities available to them and investors had less choice and faced more uncertainty when investing cross-border.

On 10 November 2020, the Regulation on European Crowdfunding Service Providers (ECSP) for business entered into force. After a transition period of 12 months, the rules will enter into application on 10 November 2021, applying directly across the EU. The initiative was part of the European Commission's fintech action plan and the mid-term review of the capital markets union action plan.

The regulation lays down uniform rules across the EU for the provision of investment-based and lending-based crowdfunding services related to business financing. It allows platforms to apply for an EU passport based on a single set of rules, which makes it easier for them to offer their services across the EU with a single authorization.

The new rules are expected to increase the availability of this innovative form of finance, which will help companies seeking alternatives to bank financing. Investors on crowdfunding platforms will benefit from an aligned and enhanced investor protection framework, based on

1. clear rules on information disclosures for project owners and crowdfunding platforms,
2. rules on governance and risk management for crowdfunding platforms,
3. strong and harmonized supervisory powers for national authorities overseeing the functioning of crowdfunding platforms.

Tax incentives and fiscal benefits for investors

Tax incentives have become an increasingly important part of the investment and innovation policy mix in the EU and beyond. They typically offer investors some combination of up-front tax benefit, relief on income generated over the life of the investment, and relief on gains realized upon disposal of the investment. However, the specifics of how these schemes operate, and who can access them, vary considerably from country to country.

Tax incentives are part of broader set of policy tools for supporting young, growing, and innovative businesses. Government initiatives can be financed through the revenue or expenditure side of the budget. Empirical evidence on the impact of both tax incentives and other forms of policy intervention (e.g., grants) is mixed. However, there is evidence that both forms of policy intervention (individually and in combination) can be effective if appropriately designed and tailored to context.

Tax incentives targeted towards investment in young, growing, and innovative businesses have become an increasingly common element of the general innovation and funding policy mix. However, there is a broad spectrum of tax incentives targeted towards different growth and innovation drivers. Tax incentive schemes should contribute to lowering the risk (upside and downside) of investments in SMEs and start-ups, such as by offering upfront tax credits or loss relief on a more favorable basis than afforded by the baseline tax system. Governments rarely, if ever, have the necessary resources and information to successfully target support to specific firms,

sectors, or technologies. Instead, tax incentive design should target entrepreneurial firms based on several criteria, such as age and size (financial and headcount). Design should utilise qualifying criteria that promote investment quality, such as performance-related tax relief, in combination with features that promote uptake.

| Benchmarking results | | |
|---------------------------------------------|-----------------------------------|---------|
| Rank | Scheme | Country |
| 1 | Seed Enterprise Investment Scheme | UK |
| 2 | Enterprise Investment scheme | UK |
| 3 | "Madelin" tax reductions | FR |
| 4 | Social Investment Tax Relief | UK |
| 5 | Venture Capital Trust | UK |
| 5 | "INVEST - Venture Capital Grant" | DE |
| Good practice cases | | |
| Scheme | Country | |
| "INVEST - Venture Capital Grant" | DE | |
| Employment and Investment Incentive Scheme | IE | |
| Tax treatment of crowdfunding loans | BE | |
| "Madelin" tax reductions | FR | |
| Angel Tax System | JP | |
| Venture Capital Trust | UK | |
| Social Investment Tax Relief | UK | |
| Venture Capital Limited Partnership program | AU | |
| Tax shelter for investments in start-ups | BE | |
| Business Angel Scheme | TR | |

There is a widespread absence of transparent and systematic monitoring by governments of the fiscal costs and economic impacts generated by tax incentives. Systematic monitoring and evaluation of tax incentives can support their design and reform, as well as promoting the attainment of value for money. Tax incentives reduce the effective marginal cost of investing in smaller companies. As a result, in theory more investors should be willing to supply more capital to smaller companies through venture capital funds and/or as business angels benefitting from tax incentives, and at lower expected before tax rates of return. International "best practices" should be scrutinised carefully for elements corresponding to specific domestic policy objectives, local market failures, or investor preferences. It is important to ensure that design features are adapted to fit the needs of the local context (legal, institutional, economic, political, or otherwise). New tax incentive schemes generate new administrative requirements. Any necessary changes to existing policies, procedures and systems should be designed and tested in advance of implementation. Changes in administrative processes should be accompanied with support to those responsible for administering the tax incentive scheme in the implementing authority. The introduction of new tax incentives requires a communications strategy. The uptake of tax incentives could be improved through a combination of increased stability in their design features

over time and awareness-raising among target investors. This will ensure that existing and prospective investors are aware of the scope and nature of changes to the tax system, which should support greater levels of uptake of incentives. New tax incentives must be properly monitored and assessed to ensure that the incremental fiscal cost of the scheme is justified by the broader economic and social effects generated.

How to reach social investors:

Social investors seek entrepreneurs who can both illustrate a clear social mission and demonstrate the necessary ambition and business skills. These are the essential qualities for growing their social enterprise from a baby to a giant in a relatively short time.

Always assume that potential investors are impatient and that you need to catch their interest in just two minutes. The goal is not to get the promise of investment in just two minutes but rather to generate enough curiosity from your investors that they tell you: 'My time is rather tight today, but I do hope to get another 60 minutes to understand you and your enterprise tomorrow'. That is a sign of your first success and the most crucial first step on the way to success.

1) Online Fundraising Platforms

There are virtually countless online fundraising platforms. They have become highly popular with sophisticated and accredited individual investors, business angels and even banks and funds looking for new ways to deploy their capital. The major platforms run from peer-to-peer lending sites which offer business loans to donation based, debt and equity crowdfunding portals. Even if you don't use online platforms to raise all the money you want, they can be powerful for getting noticed. The key is finding the right match in a platform for your venture and needs, as well as being realistic about what it will take to make a campaign work.

2) Events

Success in business and fundraising is all about visibility, getting noticed by the right investors, who you know, and who knows you. Attending events is a great way to achieve this. Try to find out who is attending the event ahead of time and schedule meetings to be productive. This can be pitch nights for presenting your own opportunity and meeting active investors who are there, engaging in coding marathons, or simply getting out to organized networking functions and industry trade shows. Consider attending other events where your investors are likely to be. Think sporting events, charity fundraisers, film festival and yacht show.

3) Social Media

Social media can be your best friend to test the market, gain traction and attract investors. It makes it easy to be discovered and is still one of the most cost-effective methods of reaching others. You can take an inbound approach with your own posts and updates or take a more active approach with collaborations and leveraging sponsored posts or influencers. Direct messaging can be powerful too. If you can get the social profile of well-fitting investors, it might only take one great message to connect with the capital your funding needs. LinkedIn can be used for messages or to seek quality introductions to pass the social proof, Facebook for meaningful relationships after you have been able to meet with an investor once or twice and Twitter for thoughtful conversations and engagement with relevant information shared by the investor.

4) Blog

Blogging is one of the most underestimated methods of attracting attention, telling your story, and remaining visible through each series of fundraising. Even without a website or blog of your own yet, you can publish your content and relevant topics. Another good option is to go to the blogs of the investors that you are looking to target. They all read their comments and often engage with responses. Leave a thoughtful comment to get noticed and start building the relationship from there.

5) Email

Simple emails have proven to be able to get the attention of notable angel and social investors. They've even be responsible for the launch of some very important and notable start-ups.

6) Apply to Accelerators

Popular start-up accelerator programs always have an open invitation for applications from serious entrepreneurs. If accepted, you'll likely get a check to keep developing your work, as well as introductions to other investors, business advice and help in staging future fundraising rounds. Accelerator programs include a demo day and pitch to a crowd of investors.

7) Start Sharing Your Product

Fundraising needs to be strategic to be successful. Yet far too many entrepreneurs and start-ups aren't focusing enough on just getting their product or service out there in the hands of customers, influencers, and in turn, in front of investors. If you can acquire real customers, you will be under less pressure to seek outside money. When you do, you can achieve better terms, from better investors.

Glossary

- **Affordable Housing:** Housing units for rent or for sale for those with a median household income or below, whose demands are not met by the market.
- **Blended Finance:** The strategic use of development finance and philanthropic funds to mobilize private capital flows to emerging and frontier markets.
- **Capacity building:** Individuals and organizations that provide third party technical assistance to non-profit and for-profit social enterprise stakeholders; inclusive of pro bono provisions of services, etc.
- **Circular Economy:** Solutions that aim to be regenerative by design by maintaining non-renewable materials within the system and managing responsibly the use of renewable materials.
- **Cleantech:** Innovation and development of technology-related solutions which contribute to a low-carbon, net zero economy.
- **Climate:** Solutions aiming to tackle the investment gap between today and meeting the Paris Agreement targets and contributing to take us to zero greenhouse gas emissions.
- **Community development:** Community connectivity projects; adjudication and conciliation for community-level conflict; investments by/to community development financial institutions (CDFIs), local or cooperative business creation and sustainability; local or cooperative employment generation, local or cooperative services available at low cost; investment in community facilities, including infrastructure and real-estate, etc.

- **Development finance institution:** varying types of financial institutions (investment banks, institutional investors, advisers) with mandates to support economic development via investment and financial service provisions.
- **Environmental, social and governance criteria (ESG):** A set of metrics or criteria used to evaluate a company's risks outside of a financial accounting framework, including environmental, social and governance practices.
- **Financial Inclusion:** Providers of financial services for those whose needs are not met by the market. It aims to increase financial literacy and to render banking accessible to everyone.
- **Financial instruments:** are contracts involving monetary transfers through which venture philanthropy organizations and social investors financially support social purpose organizations.
- **FinTech:** Providers of digital financial services such as mobile banking or direct lending through technology.
- **Health Services:** Solutions providing a range of medical care services aiming for better access, affordability and tackling unmet patient needs.
- **Hybrid Finance:** Allocation of financial resources to impact-oriented investments combining different types of financial instruments and different types of risk/return/impact profiles of capital providers.
- **Hybrid Financial Instruments:** are monetary contracts that combine features of the traditional instruments (grants, debt instruments and equity) to achieve the best possible alignment of risk and impact/financial return for specific investments.
- **Hybrid Financing Mechanism:** Financing schemes developed to increase the resources brought to impact-oriented investments by de-risking traditional capital (i.e. retail, commercial, or public).
- **Impact:** The social or environmental effects generated by an investment. Impact is informed by the context of the stakeholders, enterprises and populations they serve, too. In developed markets, many impact investments target environmental goals, like reduced carbon emissions. In emerging markets, impact often comes in a social form, like creating jobs and providing basic services.
- **Impact Investing:** Investments made into companies, organizations and funds with the intention to generate social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets and are intended to be measurable. A strategy of investing in enterprises, organizations and funds that seek to create both financial returns and measurable social and/or environmental impact.
- **Impact Measurement and Management:** Includes identifying and considering the positive and negative effects one's business actions have on people and the planet, and then figuring out ways to mitigate the negative and maximize the positive in alignment with one's goals.
- **Investee:** The social purpose organization and the recipient of financial and non-financial support.
- **Mission-related investments (MRIs):** Are similar in theory to program-related investments but target market-rate returns, as they are made from the portion of a foundation's endowment that is invested for profit.

- **Open ended Innovation:** Combination of pre-designated core themes outlining a broader societal problem (e.g., by project description & Further specification of the focal problem by different participants defining concrete needs
- **Program-related investments (PRIs):** Investments made by private foundations whose primary goal is to advance the programmatic goals of the organization, where capital appreciation or income production is “not a significant purpose.” PRIs can be structured as direct debt or equity investments, or fund commitments.
- **Social enterprise:** Is an entity whose main objective is to have a social impact rather than make a profit for their owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its profits primarily to achieve social objectives. It is managed in an open and responsible manner and, in particular, involves employees, consumers and stakeholders affected by its commercial activities. Companies that are both financially sustainable and bring about positive social and/or environmental impact. Impact investments often support social enterprises.
- **Social entrepreneurs:** Are individuals with innovative solutions to society’s most pressing social, cultural, and environmental challenges.
- **Social Infrastructure:** Construction and maintenance of facilities that support social services.
- **Social innovation labs:** A semi-autonomous organization that engages diverse participants on a long-term basis in open collaboration for the purpose of creating, elaborating, and prototyping radical solutions to open ended systemic challenges"
- **Social Intrapreneurs:** Someone who works inside major corporations or organizations to develop and promote practical solutions to social or environmental challenges where progress is currently stalled by market failures, applies the principles of social entrepreneurship inside a major organization; and/or one characterized by an 'insider-outsider' mindset and approach"
- **Social investment:** investment that’s intended to deliver a positive social impact, as well as a return on the original investment.
- **Socially responsible investing (SRI):** An investment strategy whereby investors utilize screening and exclusion, divestment, positive reinvestment, and shareholder activism to achieve positive social or environmental outcomes. A typical SRI strategy would exclude “sin stocks,” such as companies producing tobacco, firearms, or alcohol from a portfolio of public equities.
- **UN Sustainable Development Goals (SDGs):** A collection of 17 global goals developed in 2015 by the United Nations General Assembly for the year 2030. The SDGs are “a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.” SDGs are recognized across institutions and geographic regions, making them a popular framework for benchmarking impact.

Section 2: Workshop I: Social entrepreneurial and impact investment competence development

7-9 July 2021 | Zagreb, Croatia and online



Project is co-funded by European Union funds (ERDF, IPA, ENI).

Overview

Over the three days of 7-9 July 2021, as part of D-Care Labs, project partners gathered around the idea of building competences for social entrepreneurship and social investment as the first offline/physical project meeting. This three-day meeting combined sessions ran by experts with networking opportunities and an introduction to the social enterprise scene in Croatia.

The objective of the meeting was the following:

1. To learn about social entrepreneurial and social investment.
2. To allow D-Care Labs partners from different countries to meet in person and to foster discussion on the various aspects of both social entrepreneurship in general and specifically in relation to their country-specific regional labs developed within D-Care Lab projects.

Meeting organiser

ACT Grupa, Zagreb, Croatia (<https://act-grupa.hr/>).

Main venue

ZICER / Zagreb Innovation Centre, Zagreb, Croatia.

The working sessions were held in ZICER on 8 and 9 July, from 10am to 1.30pm. ZICER is the home of ACT Group Zagreb and the home of more than 100 start-ups (<https://www.zicer.hr/eng>).

Attendees and organisations represented at the meeting:

There were altogether 21 attendees at the Zagreb Meeting in person and an additional 13 attendees who connected to the sessions via Zoom. All the attendees were partners in the Interreg Danube Transnational Programme D-Care Labs or in some way supporting the programme.

Organisations in attendance:

ACT Group (Croatia), Grünhof, Diakonie Baden (Germany), Federation of Social NGOs in Bulgaria (Bulgaria), Federatia ONG-urilor Sociale din Transilvania – FONT (Romania), The Network of Organizations for Children of Serbia (MODS) (Serbia), Center for European Perspective – CEP (Slovenia), Mozaik Foundation (Bosnia and Herzegovina), Fundația Agapedia (Moldova), Faculty of Law, University of Zagreb (Croatia), Universität Trier (Austria), Települési Önkormányzatok Országos Szövetsége (TÖOSZ) (Hungary), Udruženje Partnerstvo za javno zdravlje (Bosnia and Herzegovina). The meeting consisted of 12 attendees coming to Zagreb from other countries, 2 attendees from the Faculty of Law, University of Zagreb, Croatia, 6 attendees from ACT Group in Zagreb, Croatia, and 1 independent crowdfunding expert from Zagreb, Croatia.

Altogether 13 organisations from the following 10 countries were represented at the meeting: Germany, Bulgaria, Romania, Serbia, Hungary, Slovenia, Bosnia, Moldova, Austria, and Croatia.

Meeting format

The three-day meeting comprised of an Introduction and welcome session from the Zagreb Innovation Center, 7 sessions run by experts, and networking opportunities for the attendees in light of which time was allocated for joint lunch and dinner throughout this three-day meeting. Due to further COVID restrictions, few participants were not allowed to travel and participated online.

Networking

Networking opportunities for attendees were spread throughout the three days, starting on the evening of 7 July, continuing to the lunch and dinner breaks on 8 July, and finishing with a lunch break on 9 July. These were opportunities for participants to get to know each other, to go into a deeper exploration of the material that was covered during the sessions, as well as to exchange country-specific D-Care Labs experiences.

Lunch break on 8 July was in Oaza Joyful Kitchen social enterprise in Zagreb (<https://joyful-kitchen.com/en/>). Oaza Joyful Kitchen is a vegan restaurant and working space in Zagreb city center where everyone had a joint lunch and heard a short presentation about the Oaza Joyful Kitchen and their business model as a social entrepreneur.

Feedback: Content and organisation

The focus of the survey sent to the attendees who were part of the physical meeting in Zagreb shortly after the ending of the meeting was on the organisation and the content of the meeting. The attendees' feedback was positive, both about the content and the organisation of the whole meeting.

The content of the sessions was deemed highly relevant both in general and specifically in relation to the attendee's country-specific project needs. The content also met the expectations of the

attendees. Moreover, the sessions were perceived by the attendees as engaging and dynamic and the trainers as having a high level of skills whilst providing a high level of relevant and quality information.

When rating the general satisfaction of the meeting, attendees rated highly their overall experience of the meeting in Zagreb, as well as the networking opportunities during the meeting. In fact, the attendees reported that they most enjoyed the networking opportunities and the quality of the content presented as part of which they learned about new topics and obtained useful and practical information, in particular regarding the social investment competences session.

When asked about which topics within the Social Investment WP should be put in focus in the next period the attendees responded the following: Social impact measurement; ecosystems of social investment to support home care service and product innovation to ensure the sustainability of the regional D-Care Lab structures; more examples from East European countries; go to market strategy; one pager info; further strengthening the skills of the partners, following up on mapping; how to build trusting relationships for a long period; models of impact assessments; business plan, market research, social business, management/ leadership; pitching trainings.

What the attendees enjoyed the least is the time limitation of the meeting, lasted only three days. The attendees expressed that they would have benefited from the meeting lasting longer and having more time for questions and discussion.

According to the attendees, the meeting fulfilled its objectives and each of their personal expectations.

Topics covered

Each session related to core themes relevant to the D-Care Labs project. The topics covered are the following:

8 July, 2021

Session 1: Social entrepreneurship in Danube region | Social Care SE Innovation Model

Presenter: Teo Petričević, Director of ACT Group

Teo Petričević. ACT Group director – a social business architect & consultant, social economy & civil society expert with more than 15 years of experience in capacity building of NGOs and more than 10 years of experience in development of social economy in Croatia and the region. He initiated and developed 20+ sustainable local, national and regional social businesses and support organizations. He has provided technical assistance to 100+ NGOs and businesses. (<https://hr.linkedin.com/in/teopetricevic>).

Teo presented on the following topics:

- SE in Danube region
- Operationalisation of the concept of SE based on the SBI
- Degree of acceptance of the social enterprise concept
- Drivers and trends of social enterprises
- Policy frameworks targeting SE
- Laws on social enterprises
- Legal statuses and legal forms adopted by social enterprises
- Estimated number and degree of acceptance of social enterprises
- Availability of major support measures for starting up Ses
- Specific fiscal benefits for Ses
- Main fiscal benefits granted to social enterprises
- Is social enterprise the answer to social care?
- Comparison of the values – Business, Social Work and SE
- Social Enterprise Business Model
- Social Care Social Enterprise Innovation Model – the internal and external factors required for SEM/SBM success
- Social Care Social Enterprise Innovation Model? – ACT Grupa example



Session 2: Social investment competences Part I – Social finance and impact investing

Presenter: Mirjana Šakić, SI expert

Mirjana Šakić, ACT Group external expert leading the consultancy process for gaining social investment competencies. 15+ years of experience in development of innovative social banking and finance solutions, building partnerships and resource mobilization strategies, monitoring the proper use of funds. Mirjana is involved in D-Care Labs project, Social Investment Working package as experts providing consultancy in mapping of potential social investors and stakeholders and needs based advisory. Member of European Commissions Expert group on social economy and social enterprises (GECES). (<https://www.linkedin.com/in/mirjana-sakic-56705950/>).

Mirjana covered the following topics:

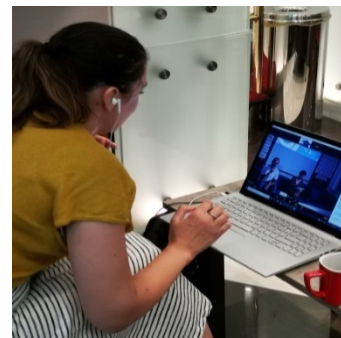
- Venture philanthropy
- European models of rganizerpy
- Who is inside and who is outside the venture philanthropy arena
- Impact investing
- Four common characteristics
- The EVPA Spectrum



- Sectors linked to impact investing
- Impact investment strategy
- Investing for impact strategies
- Investing with impact strategies
- France: players involved and instruments used in impact investing
- UK: players involved and instruments used in impact investing
- A social impact bond (SIB)
- First Social Impact Bond in Austria: PERSPEKTIVE:ARBEIT (Perspective:work)
- The impediments to its growth
- Three main stakeholder groups
- Millennials are next in line

Session 3: Live in demo day organized by Mozaik in Banja Luka – online

Demo day in Bosnia and Herzegovina – online Demo Day 2 will be organized in Startup studio Banja Luka. The event will gather around 30 social businesses from Startup studio portfolio. At the opening of the event our partnering organizations Sparkasse bank and Monri Payment (e-commerce company) will talk about opportunities and programs developed for startups. Representative of municipality Celinac will share experiences supporting large number of startups in cooperation with Mozaik Foundation in the last two years.



Session 4: Outdoor session on Crowdfunding and joint dinner

Presenter: Kristina Lauš, Crowdfunding expert

Kristina Lauš is a Communications and Crowdfunding expert with proved experience in creation and realisation of crowdfunding campaigns for social enterprises in Croatia. One of the most prominent and experienced experts in this filed on national level. Campaign for Fierce women created by Kristina was awarded as the best crowdfunding campaign in Croatia at the Impact 2019 event.

9 July, 2021

Session 1: Social investment competencies Part II – How to Identify Prospective Donors and design materials

Presenter: Mirjana Šakić, SI expert

Mirjana presented on the following:

- Identifying and Prioritizing Fundraising
- Do your homework
- Prioritize your targets
- Tailore Your Pitch
- Emphasize your vision
- Craft your approach
- Test your pitch
- Creating the one-Pager
- A persuasive one-pager
- Compelling one-Pager
- Statistics and data
- Design Rules
- Useful Tools
- Review Questions



Session 2: Workshop on developing key selling points for social investors

Presenters: Igor Roginek and Ana Novak

Igor Roginek (Marketing & PR manager) – works as a marketing manager in ACT Group. Last seven years, he spent at the highest management positions in NGOs. He is active in various civic initiatives since 1996, founder of several civil society organizations, networks and advocacy initiatives. (<https://hr.linkedin.com/in/igorroginek>).

Ana Novak (PR manager) – works as a project and PR manager at the Center for European Perspective – CEP. She is active in various fields – from working with youth and civil society in democratization and entrepreneurship to working with programmes aiding vulnerable groups. (www.linkedin.com/in/anovakova-99a).

Igor and Ana's presentation contained information on the following:

- What is a unique selling point / USP?
- USP must have
- How to write your own USP?



- How to speak to investors?
- How to attract investors?
- Some USP samples

The presentation ended with a practical exercise 'Should we try writing our own USP?'

Session 3: Communicating the impact and pitching exercise

Presenter: Vladimir Marić

Vladimir Marić has a decade of sales experience, process expert and consultant with relevant experience of managing an incubator for social businesses. Mentor for social and impact businesses with 15+ years of experience in business development. Since 2020, leading Erasmus for Young Entrepreneurs in ACT Group and providing mentoring support for impact business. Expert in development and implementation of workshops for all stages of sales development. (<https://www.linkedin.com/in/vladimirmaric/>).



Vladimir presented on the following:

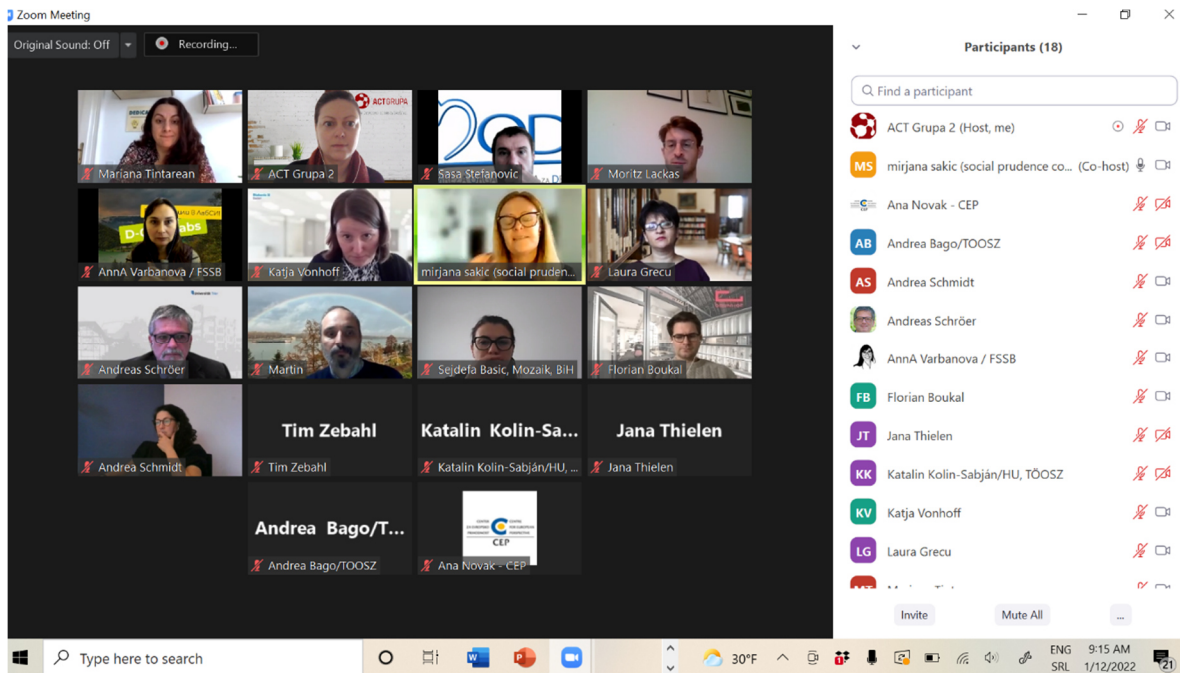
- Why do we need pitching?
- How do we communicate with them?
- What needs to happen for the other side to say „yes“?
- My story
- Our target audience
- Selling ideas, not talking about our products or services and their features
- What are ideas?
- What keeps them awake at night?
- What are their objectives?
- Your ideas will depend on their objectives!
- The pitch
- How much time do we have?
- What is a pitch
- 1. Problem/need
- 2. Solution
- 3. Product/service
- 4. Market analysis
- 5. Marketing plan
- 6. Team
- 7. Financial plan
- 8. What we need from you



Vladimir ended the session with a 'My 3min Pitch Template' and a game 'Let's see what we remember' which all the attendees played by following Vladimir's instructions on menti.com.

Section 3: Workshop II: Social entrepreneurial and impact investment competence development

12-13 January, 2022 | Online via Zoom



Workshop organizer

ACT Grupa, Croatia (<https://act-grupa.hr/>).

Workshop format

The working sessions were held on Zoom on 12 and 13 January, 2022, from 9am to 3pm.

Participants and organisations represented at the workshop:

There were altogether 18 participants from partner organizations of D-Care Labs project.

Organisations in attendance:

ACT Group (Croatia), Diakonie Baden (Germany) Federation of Social NGOs in Bulgaria (Bulgaria), [Federatia ONG-urilor Sociale din Transilvania](#) – FONT (Romania), The Network of Organizations for Children of Serbia MODS (Serbia), Center for European Perspective – CEP (Slovenia), Mozaik Foundation (Bosnia and Herzegovina), [Fundatia Agapedia \(Moldova\)](#), Heidelberg University (Germany), Települési Önkormányzatok Országos Szövetsége (TÖOSZ) (Hungary).

Workshop overview

Over the two days of 12-13 January, 2022, as part of the D-Care Labs project, project partners gathered for the second part of the workshop on social entrepreneurial and impact investment competence development. This was a continuation of raising competences of project partners after on the first social entrepreneurial and impact competence development workshop held in Zagreb, Croatia on July 7 –9, 2021. This two-day workshop was hosted by ACT Group, as part of work

package - WP Social Investment. The workshop consisted both of sessions run by experts and sessions where project partners took the floor and presented relevant examples based on their own experience.

The workshop started off on 12 January with sessions ran by the expert Mirjana Šakić, expert on social investment contracted by ACT Group. Mirjana led the participants into a deeper understanding of *the Guidelines for establishing and maintaining communication with key social investment stakeholders*. After a lunch break the 9 D-Care Labs project partners presented their regional lab one-pagers and had the opportunity to receive feedback on them both from Mirjana and from one another.

The second day of the workshop on 13 January consisted of *presentations on private public partnerships, the concepts, and the models*. This session consisted of several partner countries' examples targeting different types of cooperation: Croatia, AG and CPUK example of service provider; Bosnia and Herzegovina, Mozaik start up studio example of more lab type; Germany, Innovation program D-Care Lab BW in collaboration with public partners; and Romania, FONT – collaborations with regions and cities. Before the lunch break each of the above-mentioned partners who presented their examples also participated in a Q&A session. Following the lunch break the focus of the session turned to the sustainability of the labs. The topics addressed by prof. Dr. Andreas Schröer and his colleagues were “Towards lab sustainability: Current state of the art of regional labs sustainability models/ partners presentation” and “Towards lab sustainability: Presentation of models for creating relations with clients/beneficiaries”.

The objective of the workshop was the following:

1. To develop the social entrepreneurial and impact investment competences of all of the D-Care Labs project partners.
2. To allow all D-Care Labs project partners to receive valuable feedback, both from experts and from one another, on their regional lab one-pagers and their business model canvas for their country-specific regional labs.
3. To provide knowledge about the financial and other kind of sustainability to the labs and the products of the labs of the D-Care Labs project.

Feedback on the content

The focus of the survey sent to the participants of the workshop was on the content of the workshop. Out of the 18 participants who attended the workshop 6 participants filled out and sent back the evaluation form. The participants' feedback about the content was highly positive. As part of the evaluation the participants rated the relevance of the topic, how engaging and dynamic the training was, whether the content of the training met their expectation, the trainers' skills and level of information provided, and the relevance of the content of this training to their project needs.

All of the participants who filled out the evaluation form gave the highest mark for general satisfaction of the overall experience from the workshop, for the workshop fulfilling its objectives and for the workshop fulfilling their own personal expectations. When asked what they enjoyed the most during the workshop the participants responded the following: public private

partnership session; Mirjana's and Andreas' input and feedback and seeing the colleagues; Mirjana's feedback on labs' one pager presentations; the interactive parts and feedback received; the best practices provided during the workshop; different perspectives, the energy, motivation and inspiration of the presenters. In terms of what they liked the least during the workshop the participants mentioned the following: the long time online which was really energy consuming; going over examples without seeing them in a common framework; short breaks; the presentations of private-public partnerships as there was no in-depth discussion; a lack of physical communication; it would have been nice to have it offline.

In terms of evaluating the session *“Diving deeper into the Guidelines for establishing and maintaining communication with key social investment stakeholders”* by Mirjana Šakić, SI Expert, ACT Group, the participants gave the highest marks on all questions, except one participant who rated their general satisfaction from 1-5 of how engaging and dynamic the training was from with a mark of 3. The session *“Presentation of 9 regional lab one-pagers”* by all regional labs and Mirjana Šakić, Social investment expert, ACT Group, was rated with the highest marks by all the participants in all the above-mentioned categories of questions. Furthermore, the session *“Private public partnership, concepts and models”* by four project partners and Mirjana Šakić, SI expert, ACT Group, was rated by four participants with the highest marks on all the questions whilst two participants rated their general satisfaction from 1-5 of how engaging and dynamic the training was with a mark of 3. Lastly, the sessions *“Towards lab sustainability: Current state of the art of regional labs sustainability”* and *“Towards lab sustainability: Presentation of models for creating relations with clients/beneficiaries”* by all regional labs and prof. Dr. Andreas Schröer were rated with the highest marks by all the participants in all the above-mentioned categories of questions except one participant who rated their general satisfaction from 1-5 of how engaging and dynamic the training was from with a mark of 3.

In terms of what topics within the Social Investment working package should be put in focus in the next period the participants responded the following: more concrete examples maybe of successful or other initiatives of securing funds from social investors (any type of investors), crowdfunding campaigns or crowdfunding; I guess there are many professionals in each team who could greatly contribute to the project and each-others' work - may be keep the core-group agenda and progress more open and/or transparent. And the more workshops the better - exchange and the need to have occasional stops/checks/ reflections/ snapshots is great!; Feedback from regional labs - reality check; exchange about the practical experience in approaching social investors and supporters; every topics proposed will be of great use for our organization; you are really great, just continue.

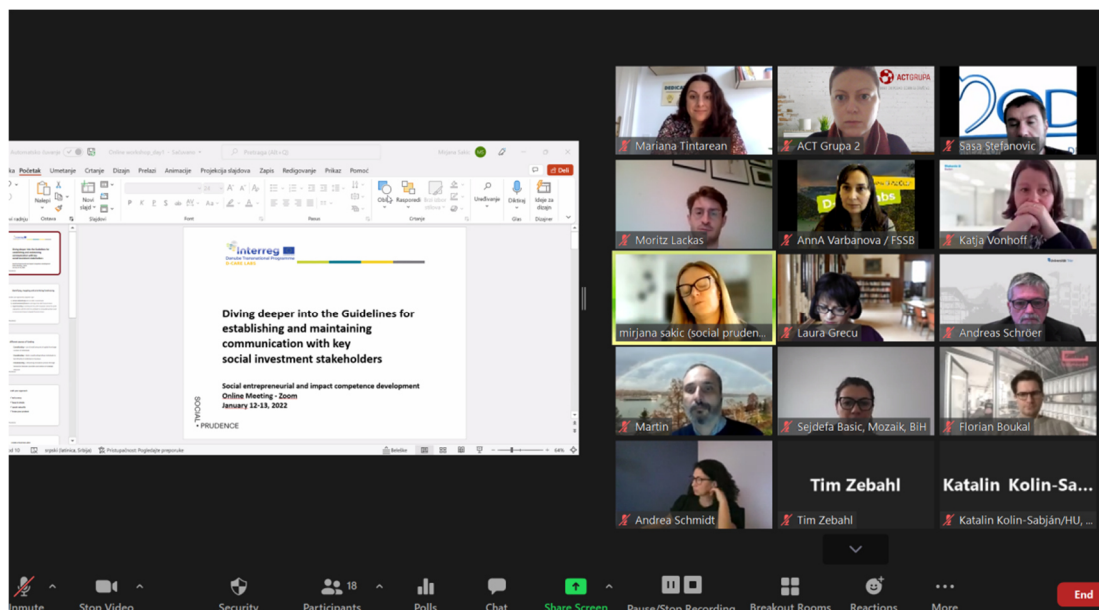
12 January 2022

Jelena Andjelic from ACT Group started the workshop by sharing with the participants that the idea of the first session was for everyone to get a common understanding of all the concepts already mentioned at the first workshop held in Zagreb in July 2021, as well as to put them into practice and have a more common understanding of where each partner is at the moment and what everyone's possibilities and perspectives are for their labs and for their product sustainability.

Session 1: *Diving deeper into the Guidelines for establishing and maintaining communication with key social investment stakeholders*

Presenter: Mirjana Šakić¹, ACT Group

The point of this session was to go through the content and to actually invite all the partners to have an open conversation about the content of the guidelines and about what is applicable in all of the labs in all of the project countries, as well as to discuss what the participants already use, what they understand and what they don't understand, and what they would like to use in their labs in the future.



Mirjana shared her knowledge with the participants on the following topics:

- Identifying, mapping and prioritizing fundraising
- Different supporter types: venture philanthropy; social investment/finance; impact investing
- Different sources of funding: Crowdfunding; Crowdlending; Crowdsourcing
- Crafting your own approach: tell a story; keep it simple; speak naturally; know your product
- Creating a business plan as the most crucial part of creating your investment pitch
- Within the business plan four points must be covered: define what you want to achieve within a certain period; characterize your customer base and market and growth potential; explain what you have that competitors do not; what industry sector you are in
- Tailor your pitch – tips on how to write the Investment pitch

¹ Mirjana Šakić, ACT Group external expert leading the consultancy process for gaining social investment competencies. 15+ years of experience in development of innovative social banking and finance solutions, building partnerships and resource mobilization strategies, monitoring the proper use of funds. Mirjana is involved in D-Care Labs project, Social Investment Working package as experts providing consultancy in mapping of potential social investors and stakeholders and needs based advisory. Member of European Commissions Expert group on social economy and social enterprises (GECES). (<https://www.linkedin.com/in/mirjana-sakic-56705950/>).

- Creating the one-pager (three main messages: identify the problem you're seeking to solve; present your unique solution to that problem; evidence of your past success)
- Asking yourself review questions (will it resonate with your audience?; is the data simple?; does it have a clear request?; is it tidy and visually appealing?; is your logo on it?)
- Testing your pitch (presenting it to colleagues, staff members, people who don't know anything about your project)
- How and where to reach social investors (online fundraising platforms; events; social media –using your social media channels; blog – start a blog, podcasts; e-mail; apply to Accelerators; start sharing your product)

Mirjana expressed that what is really important is that within one's team one really discusses and decides what kind of supporter type, investment type, funding type or investors, one is actually looking for. Mirjana further stressed the importance of distinguishing and identifying who one's investors are that one is looking for, whether they are philanthropists, whether one is expecting a financial return in a certain period of time, or whether it is impact investing. Mirjana reminded all the participants that at different phases of their social venture different kinds of investment may be suitable. Furthermore, Mirjana also made it clear that it is important to make a clear division of the funder type, whether it is an individual donor or whether it is a foundation or a corporation, as well as to identify what the issues are that are close to their hearts. Mirjana furthermore encouraged participants to put as many characteristics as possible for their potential funders in their maps and she also reminded them that it is important and very helpful to maintain their maps as living documents and to regularly update them. Lastly, Mirjana encouraged the participants to not hesitate too long to go out on the market with their product or service since this is the best communication tool as it will encourage them, empower them and in this way they will be able to give themselves time to adjust their service or their product to the circumstances on the market. Through this session Mirjana ensured that all the participants have a common understanding of all the concepts and potential practical application of those concepts and approaches in their regional labs. The participants ended the session with making several proposals for modifying and improving the content and the format of the guidelines.

Session 2: *Presentation of 9 regional lab one-pagers*

Presenters: 9 regional labs as part of the D-Care Labs project

During the workshop held in Zagreb in July 2021, a one pager had been identified as a tool to be useful for all regional labs and therefore as a follow up to the first meeting 9 Lab managers were asked to prepare in advance a one-pager for their labs. In this session each of the regional labs presented their regional lab one-pagers to present to donors and other investment stakeholders and had an opportunity to receive valuable feedback on them from both Mirjana Šakić and all the partners.

During the session, recommendations and main comments were:

- Pictures should be used, especially those showing the emotional side of the proposition;
- Information like the first lab, only here, only dealing with this sector/issues;

- Language is not user friendly (for wider audience) in most documents;
- Pick your audience and adjust the text;
- If putting figures then be sure about the calculations;
- Sometimes it's better to use bullet points instead of text;
- German example is very good in terms of being informative enough;
- Logos can send powerful message;
- In later stages it would be important to showcase about the lab products;
- Austrian paper is very clear and straight forward, simplicity of the form, not too broad and focused;
- Make sure you have contact information visible on the paper;
- Paper from Moldova is an example of the investment ready presentation of the document since it contains statistics and a clear budget;
- By showing our impact to direct and indirect groups we send a more powerful message;
- Work more on design, i.e. Bulgarian design is very emotional;
- Be open and transparent, approach people with honesty.

13 January, 2022

Session 1 - Part 1: Private public partnership, concepts and model

Presenter: Mirjana Šakić, ACT Group

In the first session Mirjana dove into the topic of private public partnerships –concepts and models to identify prospective partners. Mirjana explained how public private partnerships are very common and therefore she gathered some experiences from Europe in order to illustrate the different ways of entering into private public partnership, the challenges that this partnership can bring for all the partners, but also all the benefits and opportunities that arise from these kinds of partnerships.

In her presentation Mirjana covered the following topics:

- **The definition of public private partnership** as a risk-sharing relationship grounded on a shared objective of the public and the private sector based on a long-term contract between a private organisation and the state for a publicly funded service.
- What is **crucial for successful implementation of public-private partnerships** - that the government a) has a shared interest in obtaining a high-quality service delivery and b) sets up an enforcement structure that ensures contract compliance by the providers.
- Arguments for **why private public partnerships are more effective than state-delivered programs**, especially when it comes to costs.
 - Private sector can provide more effective services than the state provision
 - The providers in private public partnerships can be held accountable for their actions
 - There is a concentration on key sectors and there is a belief that the views of private providers to deliver auxiliary services is much more effective
 - In many countries there is a high level of corruption and therefore non-existent accountable and monitoring systems

- **Risk versus return.** Mirjana stressed the importance of understanding who is bearing what kind of risk within this kind of joint structures. In private public partnerships the risk is borne by the private party, but also the returns are linked to how well the private party performs.
 - The providers' investment
 - Financing
 - Political risk of delivery failure of the providers
 - Economic risk borne by the consumers
- **The „short route of accountability“** as one of the key factors of success for public-private partnerships is to make providers accountable towards the recipients of services.
- **Co-production in public services** as a broad and contested concept that can assume different meanings and definitions in different political, cultural and institutional contexts. Co-production is separated from co-governance and co-management to explore how the different actors play a role in producing goods and services within the mixed economy of welfare. Mirjana stressed the importance of understanding, when thinking of public private partnership, what kind of role in the production of goods and services different players and actors have. What is also extremely important to think at the beginning of the partnership is that sustainability strategy should be identified at the beginning of the process.
- Mirjana then presented **the four different kinds of models of collaboration:** Co-Governance; Co-Management; Partial Co-Production; Full Co-Production; and she shared with participants relevant examples and lessons learned from Italy, the Netherlands, Finland, Scotland.

Session 2 - Part 2: *Examples from within our partnership targeting different types of cooperation:*

Presenters:

Croatia - ACT Group's CPUK example of a service provider (*Teo Petričević*)

Germany - Innovation program D-Care Lab BW in collaboration with public partners (*Dr. Katja Vonhoff*)

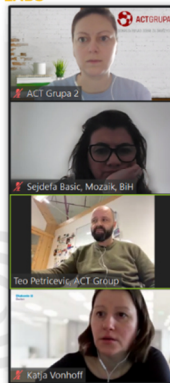
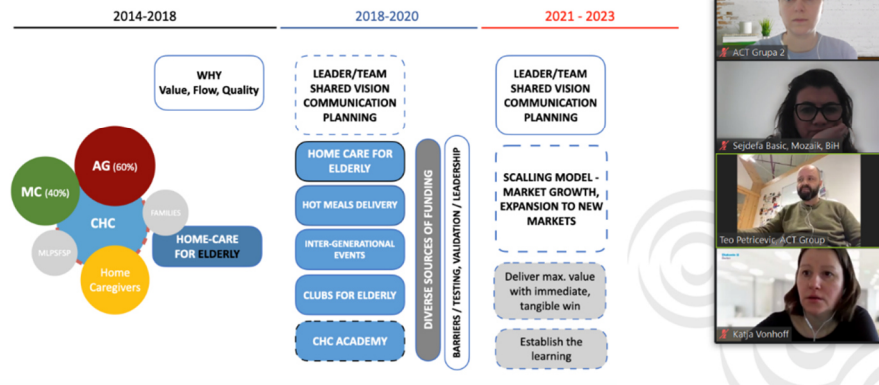
Bosnia and Herzegovina - Mozaik start up studio example of more lab type (*Sejdefa Bašić*)

Romania FONT – collaborations with regions and cities (*Mariana Tintarean*)

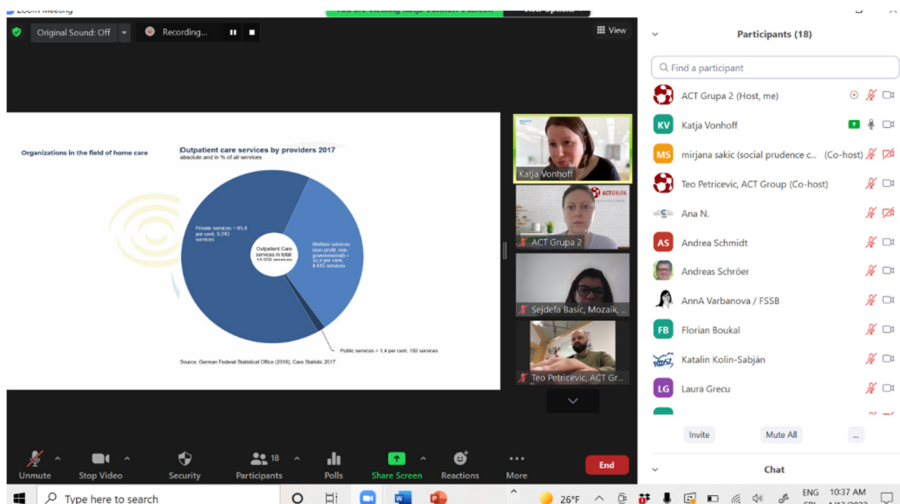
The aim of this session was to give knowledge and to present different case-studies and approaches to support partners in finding the best possible way of establishing cooperation.

Teo Petričević from ACT Group, Croatia, presented the case regarding the business model and the work of the Center for Elderly Homecare of Međimurje County, as one of ACT Group's social enterprises founded in the form of private-public partnership. Teo shared tips on how important it is to as much as possible be agile and robust so that you can diversify the activities and the funding and then just sustain the diversity in the management and the governance. Teo said that in AG's experience if you have the same vision, meaning that if solving the problems in local community are aligned between the government's vision and that of the civil society organisation, and as long as you continue to have discussions and mutual learning from each other, then this business model could work also on a long-term basis and through the scaling phase.

PUBLIC-CIVIL PARTNERSHIP IN SOCIAL SERVICE PROVISION – CASE OF CENTRE FOR HOME-CARE OF MEDJIMURJE COUNTY (CROATIA)

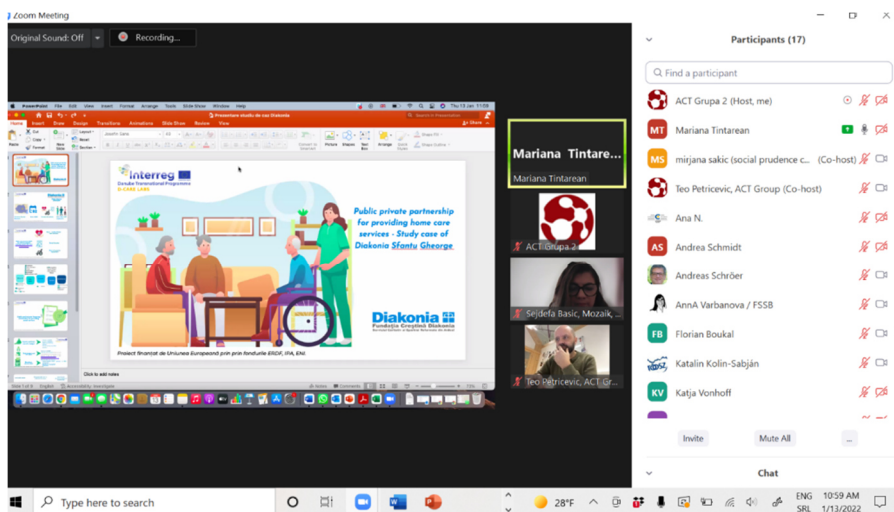


- *Dr. Katja Vonhoff from Diakonie Baden-Württemberg, Germany, presented on how the regional lab can fit in the policy initiative on the regional level. Katja shared about the D-Care Lab model and the public private collaboration with the regional partners.*



Sejdefa Bašić from Mozaik Foundation, Bosnia and Herzegovina, told us the story of how their start-up studios (in Sarajevo, Banja Luka and Bihać) supported by local governments operate. Sejdefa shared about the 52 municipalities that are involved in Mozaik Foundation's program of micro businesses and the collective impact that Mozaik Foundation focuses on.

Mariana Tintarean from Federatia ONG-urilor Sociale din Transilvania, Romania shared about the public private partnership for providing home care services on the case study of Diakonia Sfântu Gheorghe.



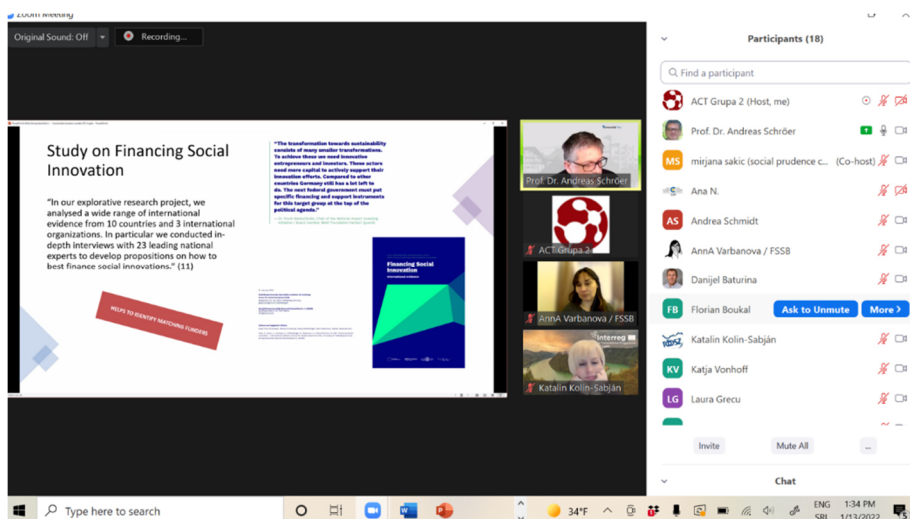
After the presentations from the four partner countries and before lunch break there was a Q&A session in which *Teo Petričević* from *ACT Group* shared an interest in finding out whether any other countries were facing the same obstacles with the human resources aspect as it seems that it's becoming a growing issue in designing and implementing social innovation models. Furthermore, related to obstacles, the discussion also went into the overall topic of what the main obstacles are when it comes to the negotiations with local governments. Moreover, another discussion held was on the topic of whether there are capacity building programs for local government in the county regarding these topics, private public partnership, civic participation, public procurement, and so on. Important questions also posed to all the participants were regarding the evaluation of the public private partnership itself and whether it is being done on some level, and if so then how exactly it functions.

Following the Q&A session *Jelena Andjelic* from *ACT Group* gave a quick update on the social investment working package, what has been thus far done and what are the next steps. Jelena shared that the two main outputs of this working package are to establish an ecosystem of social investment and social entrepreneurial and impact investment competence development. Jelena also mentioned the WP deliverables which are the following: map of social investment stakeholders; guidelines for establishing and maintaining communication with key social investment stakeholders; map and concepts for establishing and maintaining business partner network; developing social entrepreneurial and investment competences lessons-learned summary I and II; (develop a) toolbox of match-making formats for area home care innovation; pilots in all regional labs; transnational pilot; consultancy support about social investment (for lab newcomers). Jelena furthermore announced the big next step to be the Map and Concepts for establishing and maintaining business partner network, namely to move from the map of social investment stakeholders to the map of the business partners / business partners' network.

Session 3 - Part 1: Towards lab sustainability: Current state of the art of regional labs sustainability models/ partners presentation.

Presenter: Prof. Dr. Andreas Schröer², UHEI, Germany

Following the lunch break the focus of the workshop turned to the sustainability of the labs. Professor Dr. Andreas Schröer and colleagues from UHEI presented on the following topics: “Towards lab sustainability: Current state of the art of regional labs sustainability models/ partners presentation” and “Towards lab sustainability: Presentation of models for creating relations with clients/beneficiaries”. The challenge and the need of developing a sustainable business model was stressed. Participants were given hints as to where to look if looking for more inspiration about different funders and investors, as well as what could be an interesting communication strategy with some levels of public sector representatives. Prof. Schröer then summarized the already learned about funding tools and ways how money can be accessed and suggested to participants to, if they are looking for a brief and condensed summary of this, look at NESTA document which provides an overview of different funding streams and which he will share with the participants. Prof. Schröer pointed out that the challenge ahead is to think about what of all the information that the participants have access to so far and to see how it can all be translated into our thinking of developing a sustainable business model. To help with this he mentioned some clear evident next steps.



Prof. Schröer in his presentation tried to answer the following question: if your research has shown that there is not a sufficient amount of investors for innovation labs in your region what else can

² Andreas Schröer is a Professor of Organizational Education at Trier University in Germany, where he conducts research on social innovation labs, hybrid organizations, as well as leadership and management in non-profit organizations. Before joining Trier University he held appointments at Portland State University (Assistant Professor of Public Administration, Director of the Institute for Nonprofit Management), University of Applied Science Darmstadt (Dean, School of Professional Studies) and Heidelberg University (Head of Research at the Centre for Social Investment and Innovation). University and holds a Ph.D. from Erlangen-Nuremberg University in Germany. He serves on the board of the section Organizational Education of GERA and reviews regularly for national and international academic journals. He has secured funding from (among others) the German Research Foundation (DFG), German Federal Ministry of Family, German Federal Ministry of Education and Research, the Mercator Foundation. Prof. Schröer has published 15 books, and over 80 contributions, some of them in leading international journals on non-profit research for example in VOLUNTAS, Nonprofit and Voluntary Sector Quarterly and International Studies of Management and Organization. He is also the co-editor of the German Handbook of Organizational Education.

you do? Some of the answers refer to trying to mobilise your board members or contact your partners, to see if there is not a way to bring together and pool even limited resources, and to see if there is a way to bring together a joint initiative of potential funders. Prof. Schröder furthermore mentioned that a strategy that all the regional labs can think about more is whether there is a way how they can pool funding around their labs and potential future accelerator programs. He mentioned the Social innovation atlas which is a collection of many hundred social innovation projects across the world where Prof. Schröder and his team looked at the countries that are relevant for the D-Care labs project and wanted to identify some of the funding partners of those social innovation projects. He mentioned that this is an ongoing process which was only just started at the beginning of 2022. Prof. Schröder also presented an interesting model from Wales which includes some interesting arguments if and when we address public authorities on the local level or regional level and if we want to get them on board when it comes to partnering up to run the lab. Prof. Schröder then made a point that it is important to clarify for ourselves that we are in the field of social innovation /social entrepreneurship and therefore we need to change the traditional business model in two particular areas and the most important one is the one of the customer segments.

Moreover, Prof. Schröder mentioned how he finds convincing the social business model canvas the colleagues from Swarthmore came up with. This model talks about the following: beneficiaries – people who are using our services; customers – people who are using and paying for our services; and funding stakeholders – people that have an interest in the social impact we are producing and the social innovation that is produced but they are not necessarily using the services that are provided. Therefore, it was mentioned that it is important to differentiate between those categories and to develop a value proposition for each of these groups.

Session 3 - Part 2: Towards lab sustainability: Presentation of models for creating relations with clients/beneficiaries

Presenters: Prof. Dr. Andreas Schröder, all project partners

In this session colleagues from UHEI worked with all partners on sustainability issues of all the regional labs with a focus on the relationship with customers and clients, as this was recognized as the weak spot of all the partners during the first social entrepreneurial and impact competence development workshop in Zagreb, Croatia on July 7 –9, 2021.

Prof. Schröder and colleagues from Heidelberg University led an interactive session which consisted of a conversation with the participants about key investors, key customers and the core beneficiary groups of all of the regional labs. This session was presented by all project partners/Lab representatives. All partners were kindly asked to prepare in advance a quick pitch on what already exists and what is missing in their Lab sustainability planning. The aim of the session was to discover and develop more functional relations with key beneficiaries/clients/customers in order for regional labs to be sustainable in the future. Therefore, in preparation for the workshop on the MIRO board each partner filled out the templates previously provided for them and presented a short pitch on their modified version of the business model canvas for their regional lab. The questions that the partners answered for their own regional labs were the following: Key

customers - which Key Customers did you reach, which not?; Key clients - which Key Clients did you reach, which not?; do your Key Customers and Clients contribute to the labs' sustainability? The participants presented their pitches by sharing and organizing their answers to the above-mentioned questions in the following categories; "We are not in touch. Yet"; "We are negotiating"; and "Easy and on track." When talking about 'clients' it was stressed that this category refers to people who are using our services, whilst the category 'customers' refers to those paying for them.

The two-day workshop ended with conversations about lab sustainability and the future steps.