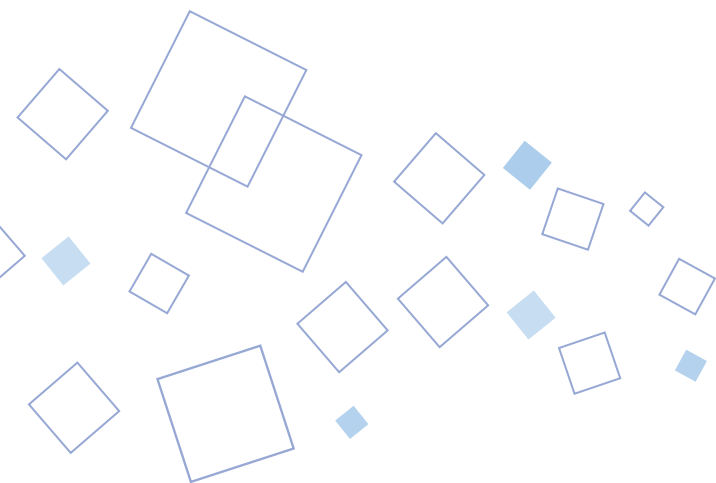




EFSI Equity
social impact
investment instruments



What is EFSI Equity?

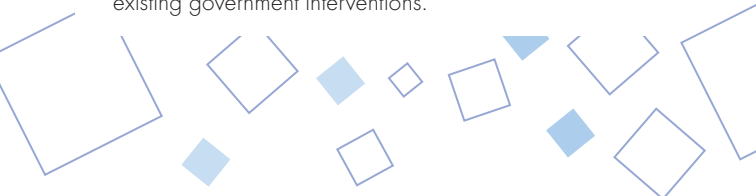
- EFSI Equity is a facility managed by the European Investment Fund (EIF) that provides equity investments to or alongside financial intermediaries focusing on the areas of early stage, growth stage and expansion financing.
- EFSI Equity is part of the [European Fund for Strategic Investments](#) (EFSI), a joint initiative of the European Commission (EC) and the European Investment Bank (EIB) Group, under the umbrella of the [Investment Plan for Europe](#), which aims to overcome the investment gap in the EU by mobilising private financing for strategic investments.
- EFSI provides financing for the benefit of targeted entities within the European finance ecosystem in specific EU policy areas, including micro, small and medium enterprises, and notably social enterprises, social sector organisations and small mid-caps.

What is social impact investing?

- **Social impact investing** is a rapidly growing and promising area of investments focusing on enterprises and organisations that not only provide a return on investment but also address specific social needs.
 - **Social entrepreneurship** brings private sector focus and entrepreneurial dynamism together to meet pressing societal needs and challenges and represents an evolving policy area of key priority in the EU.
 - EFSI Equity for social impact brings the two together. Through EFSI Equity, the EC and EIF support social entrepreneurship and social impact investors and aim to develop, strengthen and scale up the European social impact ecosystem.
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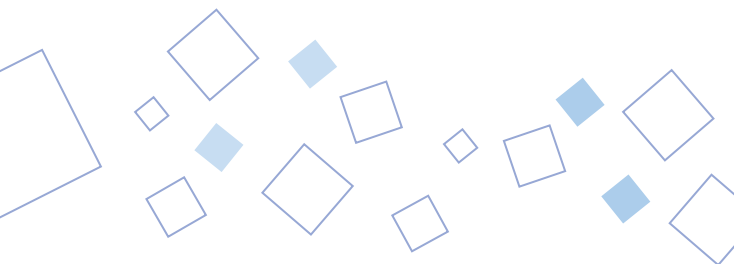
How does EFSI Equity work?

- EFSI Equity supports social impact investors providing risk capital financing to social enterprises in their early, growth or expansion stage.
- It seeks to provide at least EUR 150m to social enterprises and social sector organisations which are located or active in the EU.
- The three pilot social impact instruments supported under EFSI Equity are:
 - i. Investments in or alongside **financial intermediaries linked to incubators, and/or accelerators** that provide incubation services, whose primary objective is to help accelerate the growth and success of early stage (new and start-up) social enterprises.
 - ii. Investments alongside **business angels or in business angels' funds**, including private individuals or non-institutional investors who invest into social enterprises at the seed, early stage, as well as expansion and growth stage.
 - iii. Investments in or alongside **intermediaries establishing and managing payment-by-results /social impact bonds** investment schemes, where investors provide upfront funding to service providers (social enterprises and/or social sector organisations) in order for them to deliver pre-defined social outcomes, in line with their mission. Such entities and investors are then remunerated based on the achievement of the agreed outcomes, which are verified by an independent evaluator.
- These instruments are mutually complementary and cover a broad spectrum of financial intermediaries, final recipients and market segments. They are also complementary to existing government interventions.



What kind of enterprises and organisations are targeted?

- Social enterprises and social sector organisations established or operating within the EU, ranging from pre-commercial to expansion stages, and delivering positive social impact in areas such as social inclusion, labour market integration, education, elderly and childhood care.



Which financial intermediaries can receive funding under EFSI Equity?

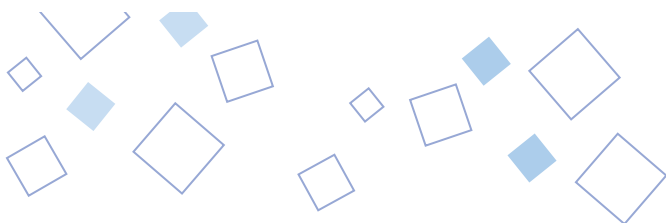
EIF does not provide direct financial support to social enterprises and social sector organisations, but implements EFSI Equity through financial intermediaries.

In order to be eligible for EFSI Equity funding, financial intermediaries pursuing social impact must observe certain criteria, such as:

- Prioritising investments in social enterprises or social sector organisations, ideally with a majority of their invested amount dedicated to these entities.
- Established or operating in at least one EU Member State.
- Committing to invest at least twice the amount drawn down under the EFSI Equity investment into the aforementioned target enterprises, or at least 2/3 of the financial intermediary's investable amounts.
- Managed by an independent management team, and for business angels, taking independent investment decisions.
- Carrying out activities which should not breach ethical principles or contravene rules on [EIF's restricted sectors](#).
- Agreeing to apply a social impact measurement methodology linking financial reward to the achievement of social outcomes.

Moreover, the maximum size of a single EFSI Equity investment should not exceed EUR 50m, representing between 7.5% and typically 50% of the total commitments of the intermediary.

Further terms and conditions can be found in the **Guidance for social impact investors**, which is published on [EIF's website](#).



How to apply?

- The social impact instruments are deployed as part of EFSI Equity, for which the call for expression of interest is published on EIF's website.
- The deadline for applications is 5 May 2018 unless otherwise stated on EIF's website. EIF will select intermediaries following a commercial and legal due diligence process, including an assessment of intermediaries' ability to achieve social impact.

Applicants should submit details of their investment proposal / private placement memorandum including information set out in the call for expression of interest, as per the instructions on [EIF's website](#).

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