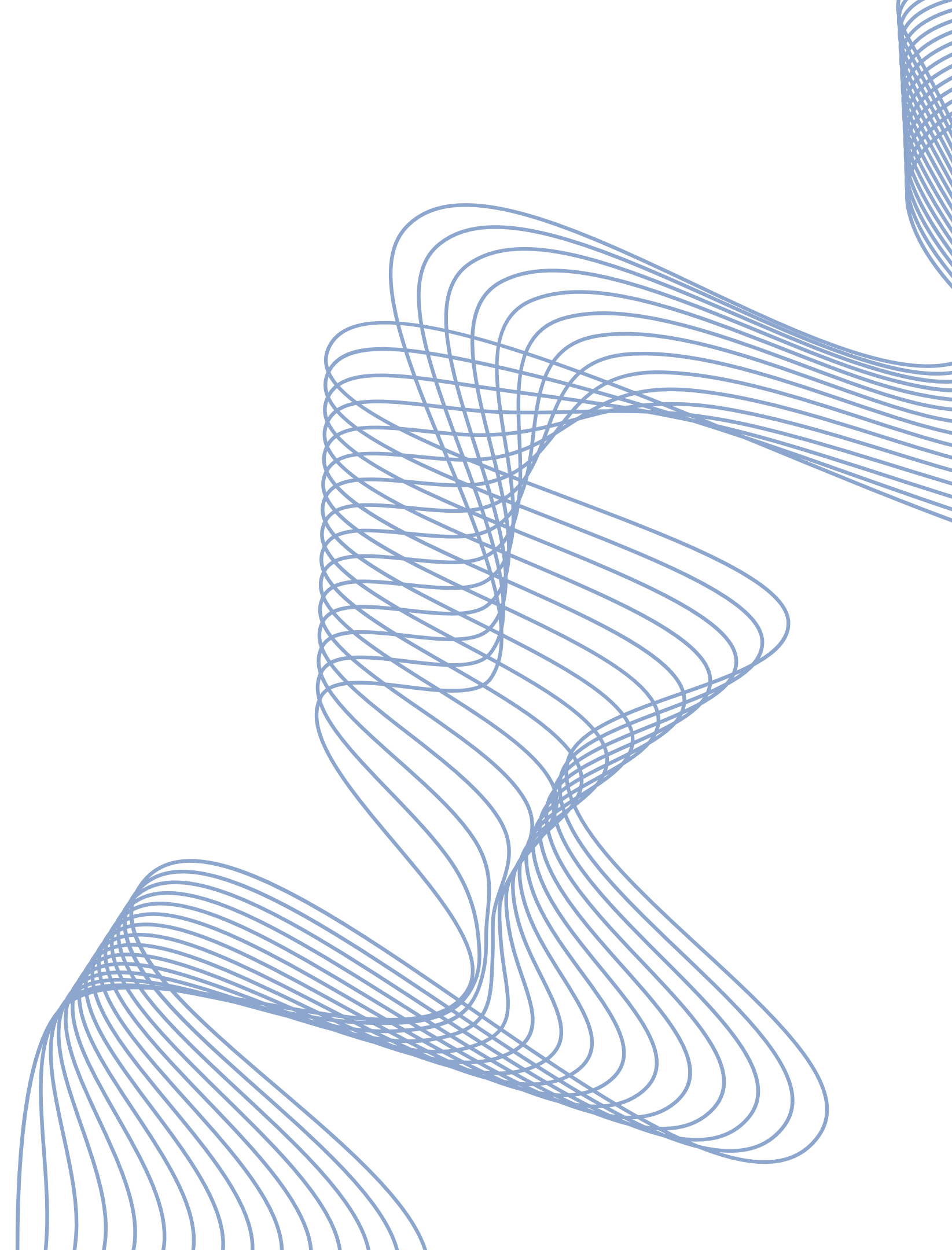


febea

European Federation of Ethical and Alternative Banks and Financiers



About febea

Founded in 2001, FEBEA is an international non-profit umbrella organisation, bringing together **ethical financiers around Europe working to build more solidarity-based financial systems** throughout Europe.

32

Members

17

Countries

60+ bn

Of total assets

6.500+

Employees

1.5 M

Clients

our *members*

17 Countries

32 *Members*

13 Banks

19 *Financial institutions*



An abstract graphic consisting of multiple thin, blue, wavy lines that flow and curve across the upper and lower portions of the slide, framing the central text area.

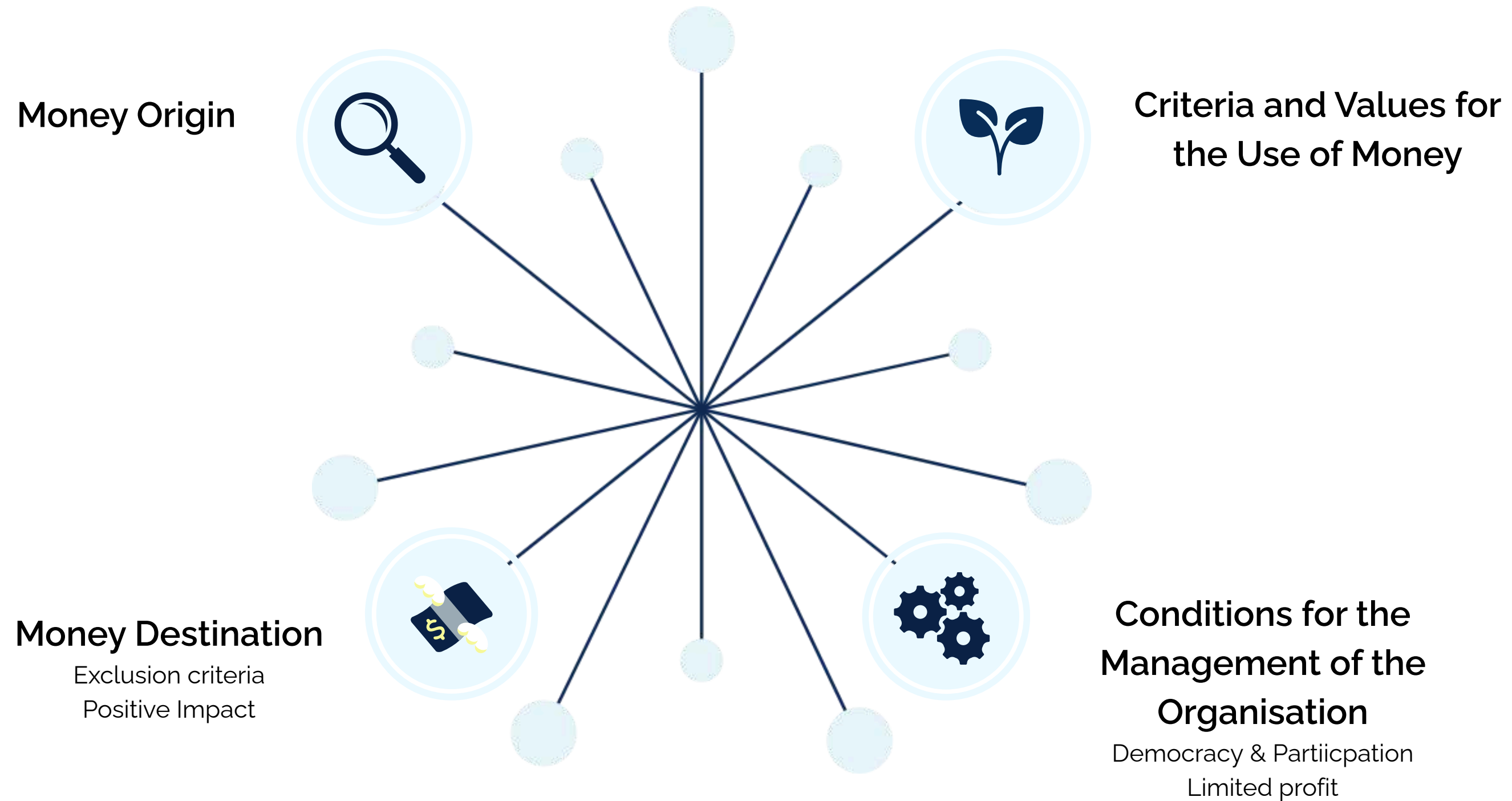
What is *Ethical Finance*?

Defined by its mission

Ethical finance aims at **using savings and investments for the common good.**

Finance = an instrument of development for the territory, the promotion of social inclusion, and of promotion of social and environmental initiatives.

According to FEBEA's Charter



Ethical Finance Organizations

Non-speculative

Rooted on the territory

Positive impact

Democratic & Participative

Accountable

febea

Ethical Finance Organizations

Sectors of investment



Social economy and SMEs



Education



Health



Social and affordable housing



Local and territorial development



Employment and labour inclusion



Support for vulnerable/excluded groups



Energy transition



Culture



Environmental projects



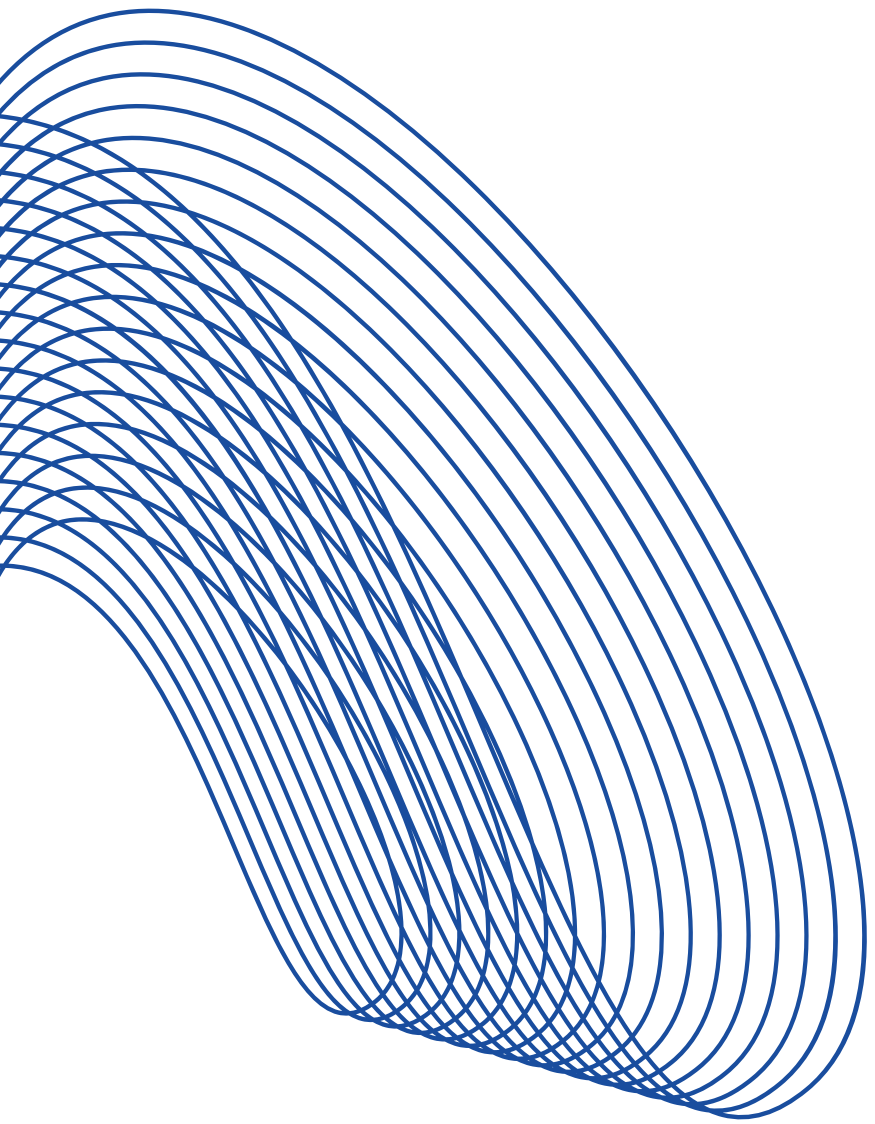
International solidarity and Fair Trade

An abstract graphic composed of numerous thin, blue, curved lines that flow and overlap, creating a sense of movement and depth. The lines are arranged in a way that suggests a stylized, flowing shape, possibly representing a landscape feature like a hill or a cloud, or perhaps a stylized letterform. The lines are more densely packed in some areas, creating a darker blue effect, while in other areas they are more spread out.

What does **febea** do ?

Activities

of the network



Exchange and cooperation

Capacity Building

Relationship with EU institutions

Advocacy

European Projects

febea

Collaborations



Financing social innovation: developing an enabling ecosystem

- Social Economy entities
- Local & managing authorities
- EU institutions
- **social finance market and dedicated financial providers > an essential element to boost social innovation**

Financing social innovation: what has worked so far at EU level

Under the **current MFF**, ethical financial institutions have primarily accessed **guarantees through the InvestEU Social Investment and Skills Window (SISW)**, the only mechanism specifically calibrated for microfinance, social enterprises, and social finance providers.

The Social Economy Action Plan (SEAP) mid-term review acknowledges quite clearly the importance of this instrument and the results delivered so far:

- around EUR 1.2 billion in guarantees,
- benefiting approximately **90,000 microfinance recipients** and **3,000** social enterprises.

> Dedicated instruments adapted to the needs of the sector do work.

Financing social innovation: what has worked so far

The SISW of the InvestEU programme, backed by €2.8 billion in EU guarantees, has directed resources toward sectors typically underserved by conventional finance, recognising that **microenterprises and social enterprises play a pivotal role in advancing multiple EU priorities simultaneously from social cohesion and inclusive growth to the green transition and quality employment.**

The SISW has given concrete substance to the Social Economy Action Plan (SEAP) and the European Pillar of Social Rights, while facilitating the implementation of the Council Recommendation on Social Economy.

Financing social innovation: what can be improved

SEAP review recognises that:

- **the social investment framework remains fragmented and small-scale**
- specialist intermediaries lack visibility, and
- **transaction costs continue to deter smaller investments.**

FEBEA works thanks to the European Commission on this topic through dedicated budget lines to improve the development of social finance markets where the market is not yet well developed > work with AFIN in Romania. FEBEA is also working with members on proposals aimed at reducing the transaction costs for small investments in SE.

Financing social innovation:

FEBEA's proposals for the next MFF

(i) reinforcing the existing InvestEU guarantee instruments

expanding lending volumes, developing new financial products and tailor-made solutions for social economy actors, and ensuring greater simplification and flexibility for smaller providers such as ethical finance institutions

(ii) introducing capital-strengthening tools that enable ethical finance institutions to scale their lending capacity

ethical banks are identifying a growing need for more structural financial instruments - equity, quasi-equity and subordinated debt - to complement the guarantee toolbox.

Financing social innovation: challenges for a green transition

- **Awareness and understanding**

Many small and medium social enterprises may lack the knowledge or internal capacity to **interpret the policy and funding landscape for green transition**. Despite their nature and social-orientation, they could not see sustainability as part of their core business and are unsure how to connect their activities to broader environmental goals.

- **Assessment of needs**

Small and medium social enterprises require support **not only in terms of finance, but also services and knowledge**. Without diagnostic tools and guidance, they struggle to define what greening means for them, and how to prioritise and implement change.

Financing social innovation: challenges for a green transition

- **Access to finance**

Even where financial instruments are available, small social economy enterprises face major obstacles, ranging from limited awareness of existing tools to instruments that are poorly suited to **their size and risk profile**.

Additional barriers include requirements they are often unable to meet (such as guarantees or upfront capital), as well as an unfavourable cost–benefit ratio due to **complex application and reporting procedures**.

Financing social innovation: policy actions for a green transition

Improve access to public capital for social economy enterprises in the form of:

- Non-repayable instruments (**grants**) **specifically designed for start-up SE entities**, tailored to their capacity to manage funding and avoid disproportionate administrative burdens.
- **A blended funding approach**, combining non-repayable preparatory support (as seen in past SMP-COSME programmes) with access to ESF+ and ERDF funding for training and structural investment
- The creation of a single, **streamlined instrument** that sequences preparatory support, capacity building, and investment funding, to replace fragmented and duplicative mechanisms.

Financing social innovation: policy actions for a green transition

Encourage the dissemination of financial instruments that combine public (non-repayable) funding with private capital, under a clear and transparent framework. This may include:

- Establishing a selection system for **financial intermediaries who share the values of the social economy**, with strong execution clauses outlining the origin and use of match funding.
- **Supporting managing authorities**, especially those overseeing cohesion policy funds, with training and ready-to-use templates for match-funding mechanisms.
- Developing all ranges of financial instruments that can support the growth of small and medium social enterprises, like **equity, quasi equity**, etc.

Financing social innovation: policy actions for a green transition

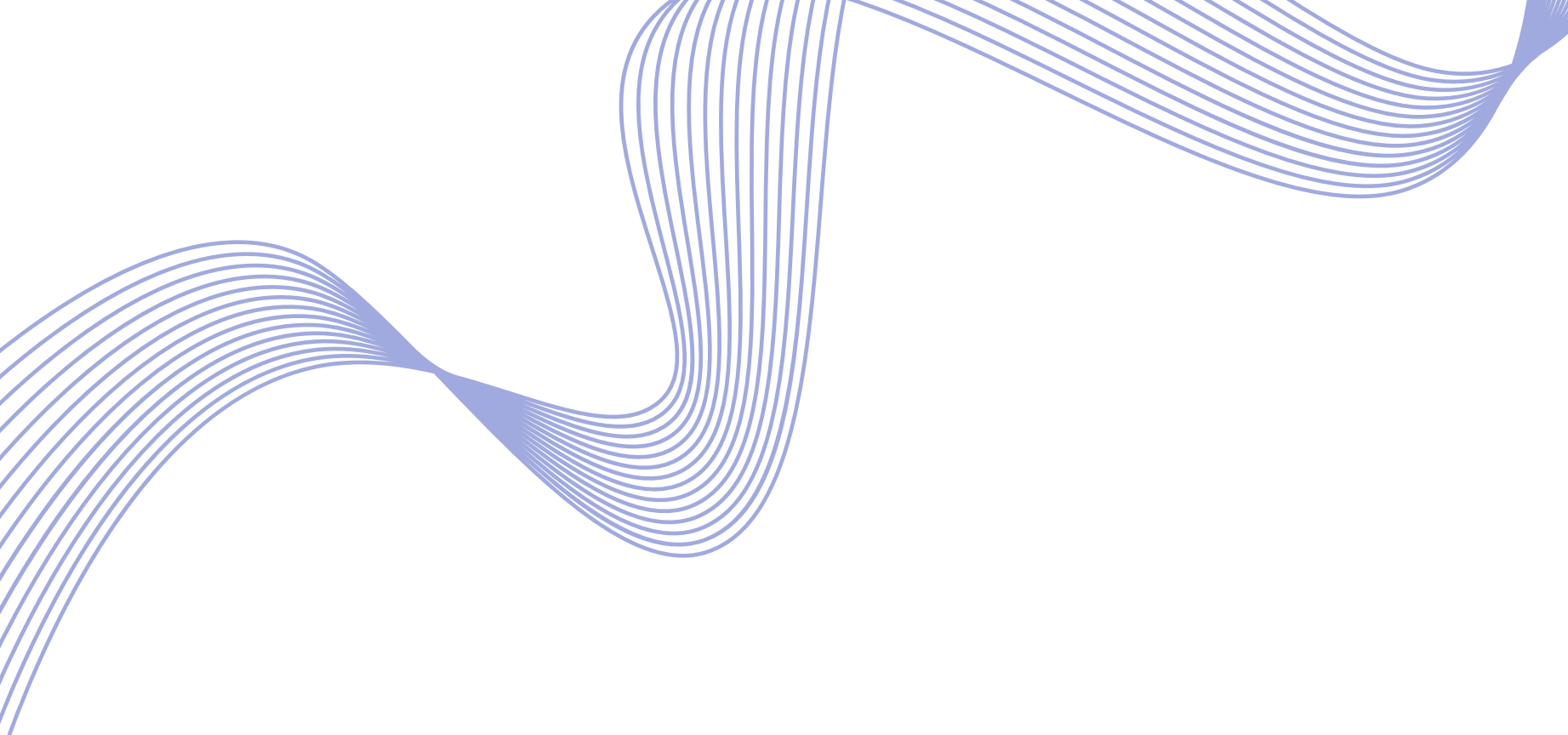
Designing specific actions and providing adequate funding at each stage of growth, so that social economy organisations can acquire the right tools and skills to develop sustainably.

- Promoting a **capacity-building component** that links each stage of growth to the appropriate type of capital (grants, repayable funds, patient capital) can help social economy organisations address their financing challenges and ensure sustainable development.

Financing social innovation: policy actions for a green transition

Designing specific actions and providing adequate funding at each stage of growth, so that **social economy organisations can acquire the right tools and skills to develop sustainably.**

- Promoting **financial and sustainability literacy**, not only among enterprises, but also among local communities and intermediary organisations.
- Ensuring **intermediaries themselves receive adequate training and technical assistance**, funded primarily through EU instruments, to support their role in implementation.



Get In Touch

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