



Financing Agency for Social Entrepreneursip

# Impact report 2020

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# Output in 2020

## COVID-19 dominates the market

With the beginning of the pandemic, living conditions across the globe changed abruptly. Nobody was able to predict how long this critical situation would last and what the full consequences would be. The pandemic affected both private and professional lives and hardly anyone was spared from the waves of the aftershock.

### “A special and unknown challenge”

With the first lockdown happening in March 2020, COVID-19-related restrictions became the new normal. Most companies and their employees were affected in more or less severe ways. As a consequence of the restrictions, many orders and business activities were cancelled. Companies could no longer pursue their previous approaches and had to pivot their business models to a considerable extent in order to adapt to new conditions.

Our concern at that time was mainly for our clients, the social enterprises. How would they cope with this crisis and what could we do to support them? How would investors react, those who had already committed to invest and those who we were just about to approach? And most importantly: how would the beneficiaries be affected - those human beings who ultimately benefit from the impact that these incredible social ventures create?

This is why we launched our first survey called **“Impact Investing Barometer - Investing in times of a global pandemic”** in March 2020. As we were looking for answers, we saw an opportunity to pick the brains of the impact investors in our network, to ask them for their views, worries and ideas as well as to investigate the concrete measures that they already took or had been planning to take in the course of the coming months.

## “Impact Investing Barometer - Investing in times of a global pandemic”

### Key results

1. 80 % of the sample stated that they were maintaining their investment levels, sometimes even increasing them for specific sectors such as healthcare.
2. 49% expected a decrease in impact investments across all sectors within this year.
3. Investors worried about the overall effects of the recession and the implications of this crisis on their portfolio companies. In particular they feared higher default rates due to external factors which might not spare even the best teams and business models.
4. about 65% of them reported to provide emergency support to the ventures affected by the crisis. Some mentioned increased funding to increase liquidity, operational and strategic support and mentoring and even additional manpower.
5. To fare better during the crisis, investors advise social entrepreneurs to focus on rationalising, to engage in conversations with their current investors and to design new strategies to add value to the emerging needs during the crisis.

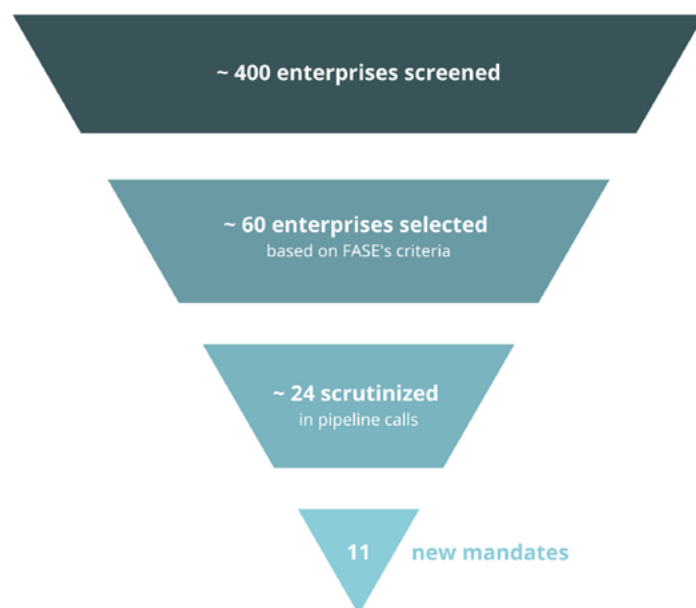
The pandemic didn't leave us unaffected - neither our team nor our customers. Fortunately, as a remotely working team, we had the advantage of pursuing our activities without any major restrictions or changes to our daily work. But for many customers and former customers, however, the main priority was to ensure liquidity and the survival of their companies. For some, scaling was out of the question.

The full report is available [here](#).

## Our outputs in the year of the pandemic

FASE focuses on identifying social enterprises in need of growth capital to scale and supports them in finding appropriate investors. In the course of this process, more than 400 social enterprises were screened in 2020. Out of these 400, **approximately 60 were selected based on our criteria** and discussed - at least bilaterally - by the FASE team and 24 were scrutinized in our pipeline calls. Finally, **11 social enterprises were selected** and transformed into a mandate. The mandates closed in 2020 represent a total transaction volume of EUR ~5.2 million.

Additionally, FASE ramped up its network of impact investors across Europe. The community of now around 1,300 potential investors and multipliers includes private and institutional funders from all “financing planets”.



High net-worth individuals, business angels and family offices continue to be the first movers and the majority of investors in our network. Besides, several investments into FASE social enterprise clients come from (ethical) banks, investment funds and other institutional (social) investors. Most of them are impact actors who initially pioneered the market and continue to be a vital part of today's European social finance scene.

Crowdfunding platforms are relatively new to the market, but already an important partner for financing early-stage companies. Another potential source of funding are foundations. Although there are a handful of catalytic pioneers in the market, the majority of foundations only begin to tap into the possibility of doing impact investments. Many foundations have difficulties with embracing the idea of a “mission-related investment” philosophy: leveraging their social impact not only by making grants and donations out of program budgets, but by additionally investing (part of) their capital stock into projects that are close to their individual missions.

The infographic features a white curved line on a teal background. Five white circular markers are placed along this line. Each marker is associated with a large white number and a descriptive text block. The milestones are arranged in a sequence that starts at the top left and curves around to the bottom right. The text is in a clean, sans-serif font.

**+1200**

enterprises  
considered

**+ €29m**

investment  
volume

**+60**

transactions  
closed

## Our main outputs since 2013

**+1300**

investors and  
multipliers in the  
network

**1.**

closing of  
European Social  
Innovation and  
Impact Fund

# Intended results on our target groups

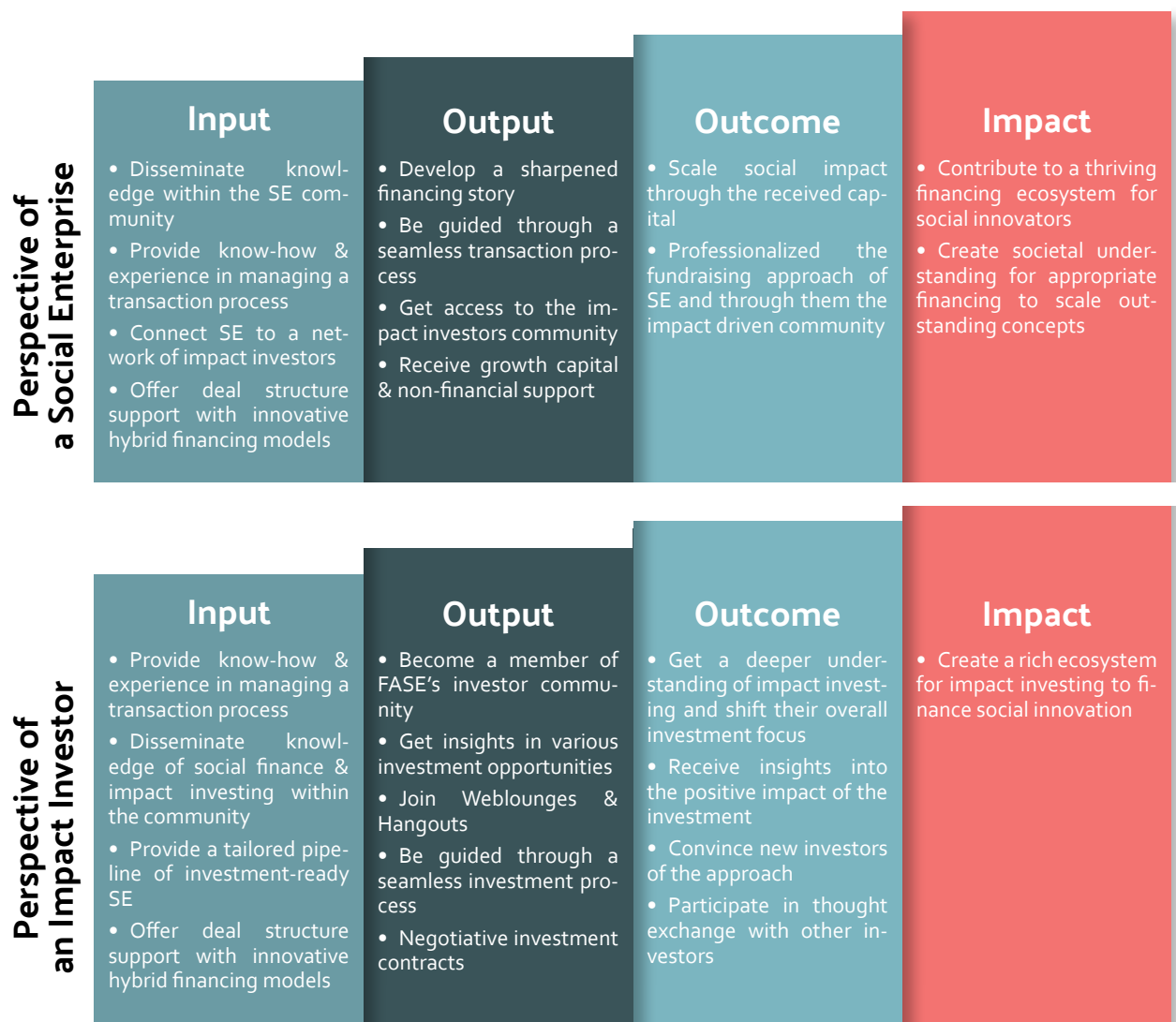
## The impact logic

For both target groups - social enterprises and investors -, FASE has developed criteria to measure the output, outcome and impact. In general, the output is described as all actions from an organization, which directly address the target group.

The outcome therefore is a changing in the target groups behaviour and the impact is a systemic change.

The following graphic illustrates the straight output, the learnings and the long-term impact for both target groups as described in the chapter.

## Our impact chain

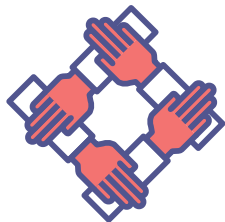


# Highlights & outputs in 2020



€ 4,5m

first closing of the European  
Social Innovation and  
Impact Fund



~280

new passionate  
investors & multipliers



11

new mandates



7

deals closed



+ €5m

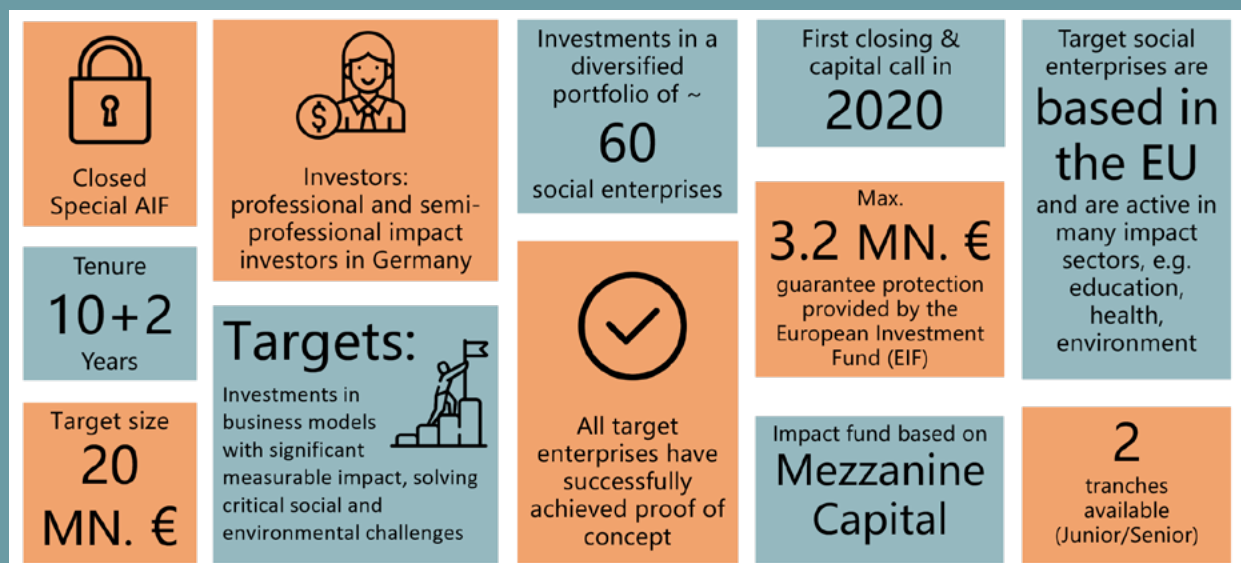
invested in the sector



# European Social Innovation and Impact Fund

FASE is proud to have conceptualized, designed and set up the **European Social Innovation and Impact Fund (ESIIF)** – an impact mezzanine fund focusing on early-stage social enterprises in Europe.

The fundraising process already started in 2020, with a first closing of EUR 4.5 million in October 2020 (final closing planned for October 2021). With a target amount of EUR 20 million, the fund aims to invest in around 60 social enterprise financings. The ESIIF is exclusively reserved for FASE clients: all ESIIF investees are identified from the pipeline of FASE clients and can apply for a corresponding matching funding from the ESIIF once they secured direct investors with support from FASE. With the ESIIF, FASE is implementing an innovative vehicle to channel more growth capital to early-stage social enterprises in Europe. The ESIIF is also the first European impact mezzanine fund to have received the so -called EaSI Guarantee provided by the European Investment Fund (more details below).



The ESIIF is a novel fund model to address a systematic gap in social enterprise finance in Europe: it will finance a pipeline of early-stage social enterprises and will help them to bridge the early-stage financing gap and scale their impact after an initial proof of concept. Designed as a passively managed matching fund, it aims to provide vital funding with mezzanine capital to early-stage social enterprises located in countries within the European Union.

On the capital supply side, the fund aims to achieve an attractive internal rate of return for (semi-) professional German investors, who can choose between a senior and a junior tranche with different risk-return-profiles. On the capital demand side, the fund's mission is to provide social enterprises with risk capital that they would otherwise have difficulties

obtaining. By applying a layered structure with junior and senior tranches, the fund overcomes barriers for a substantial number of (would-be) impact investors who, as compared to a direct investment, seek a more balanced and broadly diversified portfolio and need specific risk-return profiles to become engaged in early-stage social enterprise finance. Against this background, it is an essential ingredient of the fund that it was the first vehicle in the German market to secure the EaSI Social Entrepreneurship Guarantee: this enables the necessary fund economics as well as reasonable financing conditions for investors and social enterprises.

*"The unique set-up and co-investment from the ESIIF have provided us with the necessary boost to follow our scaling plan and to close our ongoing financing round at the initial target. For us as a European impact start-up that delivers results outside of Europe, the fact that the ESIIF targets our stage of development and is agnostic in terms of geographic focus and sector is something you rarely find in the financing world."*

- Lennart Budelmann / aQysta

**You want to take a closer look on the ESIIF?  
Here is the [link](#) to the website!**

## Extension of investor network

By the end of 2020, the FASE community grew to **around 1,300 individual and institutional investors** across Europe. Over the course of the year, we added around 280 new contacts. More important than the quantitative growth of our network, our biggest concern was to convince investors to invest more capital into impact-oriented projects. Therefore, an important output and outcome indicator is the **investors' activity level**, since it shows how much and how often investors engaged in our social enterprises mandates.



## Lifecycle of an investor

**1. Initially interested investor**, who has not invested in social enterprises, but is generally interested in the topic and joining FASE's events.

**2. Validated investor**, who has invested in social enterprises, but not with FASE. Is also joining FASE's events.

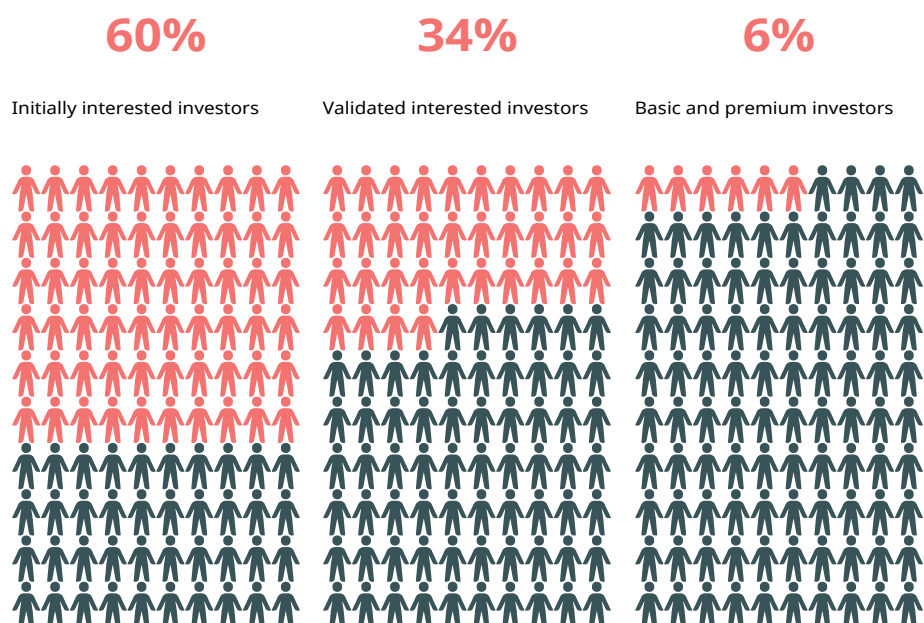
**3. Basic investor**, who has invested in social enterprises at least once.

**4. Premium investor**, who is experienced in impact investing, and has invested in social enterprises multiple times.

The majority of FASE's investor network are "initially interested investors", who haven't invested in social enterprises yet, but are generally interested in the topic. This group encompasses individual investors and multipliers, with whom the team sets up an initial call to investigate current investment activities and interests. "Validated interested investors" are more familiar with social entrepreneurship and closely interested in social finance. These investors haven't invested through FASE yet, but joined management presentations and had a closer look at some of our mandates (they might have invested in social enterprises without FASE). "Basic investors" have done at least one investment through FASE. "Premium investors" have committed more than €500k or have at least invested twice within the past 3 years. Typically, the investors enter the FASE "life cycle" as an interested investor and become a basic or premium investor after first investments.

Our investor relations team regularly informs potential investors about new investment opportunities and shares invitations to our monthly virtual hangout events within the wider community. Most of these individual investors are private investors and business angels. Institutional investors and multipliers mainly came from foundations, banks, (social) venture funds and family offices.

## Activity level of investors

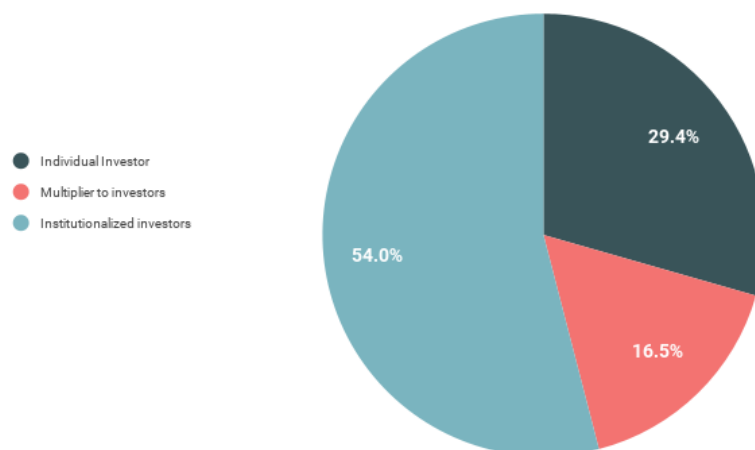


In 2020, we conducted 85 management presentations with 68 different investors. The majority of these investors attended for the first time a management presentation organized by us. Also, 12 out of the 17 investors signing an investment contract in 2020 were first-time commitments through FASE.

Partially, this is due to the ongoing fundraising for the ESIF: Some of these investors are not investing directly into social enterprises, but via the ESIF. The fund allows them to engage in a broadly diversified portfolio of social enterprise financings and makes them part of FASE's community. The number of investors having joined management presentations and invested (for the first time) is a reliable mirror of the activity level of the FASE investor community. Still, out of the huge network, it's a relatively small number of investors who finally decide to transform interest into investment.

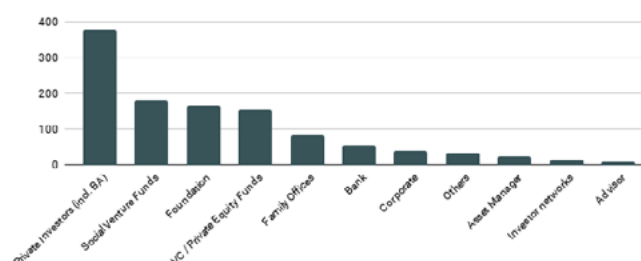
The following charts illustrate **FASE's impact investor network**, clustered by investor type.

FASE Investor network clustered by investor type



The vast majority of FASE's investors are individual or institutional investors. Multipliers are not investing by themselves, but are well-connected intermediaries, who support us with their network. Institutional investors are mainly social venture funds, foundations, VC / private equity funds and family offices. Individual investors are business angels and private investors.

Individual & Institutional Investors by category  
\*excl. multipliers



## Social finance & pitching events

FASE's investor relations efforts were strengthened in 2020 due to the following activities:

We implement **regular virtual pitching opportunities** called "WebLounges" for all of our social enterprise clients. Impact investors can meet the enterprises online and experience a short pitch, combined with a Q+A part thereafter.

- less time-consuming for investors and social enterprises to attend and therefore present a popular alternative to our more formal and in-person social finance events.
- proved to be very useful in reducing the entry barriers for potential impact investors and is regularly scheduled for a FASE social enterprise client as part of the transaction process.

We organize **virtual investor "hangouts"** to discuss concrete trends and developments in the sector on a monthly basis.

- presents an opportunity for experienced impact investors to share their learnings, while being a great option for impact investing newcomers to get connected and learn more about the challenges and opportunities.
- what we took away from our annual calls with investors is that this format and the sharing of experiences and lessons learnt are great tools to support the overall development of the sector and increase the awareness towards the possibilities of impact investing.

We launched the "**FASE Impact Investing Barometer - impact investing in times of global pandemic**" for the first time. 34 investors across Europe shared their expectations on the market and allowed for a detailed assessment of the effects of the pandemic on their investment behaviour. The full report is available [here](#).



## Pipeline

FASE's regular pipeline efforts were strengthened in 2020 due to the following activities:

- Setup of a CEE-wide competition, in which the participating organizations could win a total prize of EUR 30,000. Over 240 organizations from the Danube region applied for this call, which was part of the INTERREG project Finance4SocialChange.
- Online workshops were held for several social entrepreneurship programs like Social Innovation Tournament of the European Investment Bank Institute or several coworking spaces, e.g. the Impact Factory in Duisburg and the Impact Hub Berlin.
- An informal collaboration with the Social Entrepreneurship Netzwerk Deutschland (SEND) took shape in order to support their members in search for growth capital.

The entire pipeline management included:

- selecting and meeting potential pipeline candidates
- reviewing their business and impact models
- providing initial feedback on their levels of investment readiness

### To identify a suitable deal flow for our customized deal-by-deal support, we...

... leveraged the global network of Ashoka, actively **screened** social enterprises from partner organizations and **asked for referrals** from later-stage investors.

... established an **online questionnaire** on our homepage to receive initial information from potential social enterprise mandates.

... **attended** multiple **sector conferences** with social enterprise pitching sessions, held various online webinars with partner organizations and spoke at many sector conferences to actively create appetite among social enterprises to seek growth capital to scale.

... **formalized our partnership** with different pan-European partner organizations to ensure a more permanent, structural access to a broader pipeline of investment-ready social enterprises.

## Knowledge dissemination

In addition to our core activities, FASE team has been involved in several training and knowledge dissemination activities for broader audiences, such as

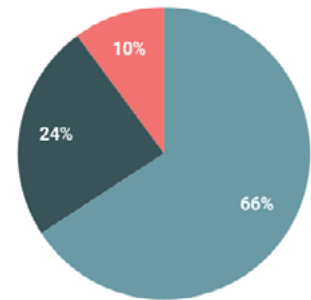
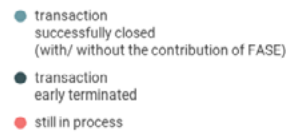
- Social Finance module of the Ashoka Visionary Program, an executive education program focused on social innovation
- Social Finance module of the Social Impact Academy of Ashoka Romania
- Workshops delivered for the EU EaSI technical assistance platform,
- Regular 3-day courses for University Witten Herdecke in Germany.



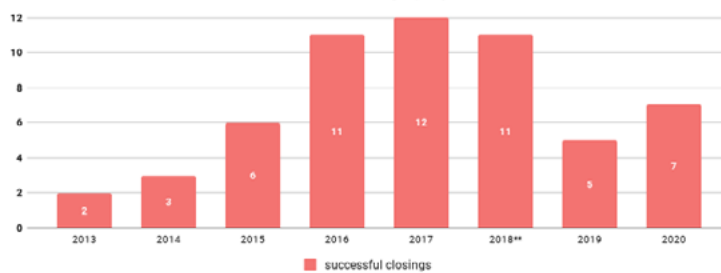
## Transactions and impact-oriented projects

Since FASE's foundation in 2013, we supported more than 80 financing rounds with 70 different social enterprises. With some social enterprises we even worked twice or three times over the past 8 years, which indicates mutual trust and a successful collaboration. From those 80 financing rounds, more than 60 enterprises successfully secured growth capital. 20 transactions had to be discontinued out of a variety of reasons, e.g. personal issues of the founders, insolvency, adverse market conditions, or similar. As of the time of completion of this report, eight transactions are still ongoing and expected to close in 2021.

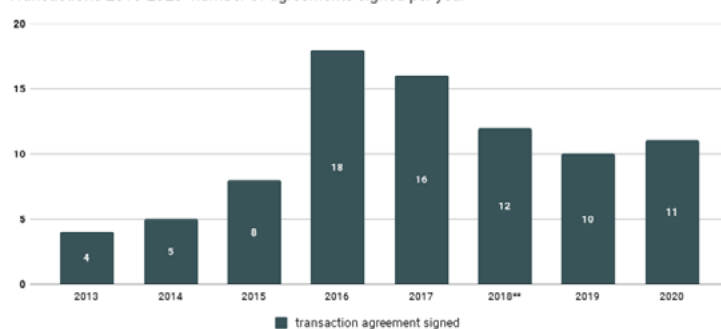
Transactions 2013-2020\*  
\*(due to date 31.12.2020)



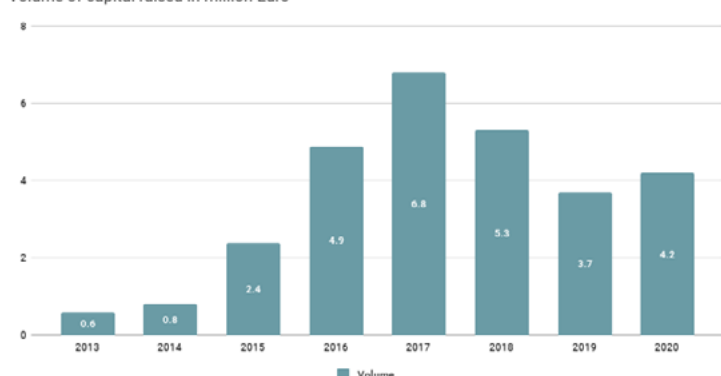
Transactions 2013-2020- number of successful closings per year



Transactions 2013-2020- number of agreements signed per year



Volume of capital raised in million Euro



The graphs below illustrate the annual number of successfully closed transactions as well as the total capital mobilized for the social finance market by calendar year. Please note that the year of mandate signature is not necessarily identical with the year of transaction closing due to the necessary time period to bring a transaction to a successful signing (typically around 9 months).

With the support of FASE, almost EUR 30 million in growth capital was mobilized for the benefit of the sector since FASE's inception in 2013. Still, most of the closed rounds had a size of less than EUR 500k. On the one hand, this can be explained by the early-stage nature of most of the social enterprises that we supported (as described in the preceding chapter). On the other hand, larger financing rounds tend to often be split in two sub-rounds within our consulting phase. The decision of splitting is typically done on a case by case basis and mainly depends on the required investment sum and the business model of the enterprise. Over the last few years, we have also seen a development in terms of a larger total volume and ticket size.



# Social enterprises supported by FASE & successfully closed in 2020



## **An efficient last-mile distribution system for basic health in Sub-Saharan Africa**

Healthy Entrepreneurs ('HE') engages thousands of rural community health workers in a sustainable business that allows them to improve access to health information and products in their communities while generating income for themselves and their families. Today, more than 600 million people in Sub-Saharan Africa are living without basic health knowledge and products. Through HE community health workers are recruited and trained to provide vital health information, products and medicines to families in their communities. These 'community health entrepreneurs' ('CHE's) are backed by a highly professionalised supply chain that ensures their ability to regularly deliver high-quality and affordable products to their customers at the last mile. Through HE's support, CHEs are empowered to substantially increase their skills, income and impact. To date, there are more than 4,000 active CHEs who serve around 1.2 million families in 5 African countries. After 18 years of intensive experience in the global distribution of food and generic medicines, Joost van Engen founded HE in 2011. With support from FASE, the social enterprise successfully raised growth capital to strongly scale its organisation and impact in Uganda and Kenya.





### **An adaptive platform for digital learning and teaching in school**

bettermarks has developed a unique, adaptive learning platform comprising more than 100k interactive exercises for K-12 math curricula (grades 4-10) in English, Spanish, German and Dutch. The Company's product is currently used by +100k students in different school systems. With its adaptive learning system, bettermarks addresses the lack of qualified teachers and underperformance of students. In Germany, the sale of user/school licenses is coordinated directly by bettermarks, while other geographical markets are covered by pursuing an out licensing strategy. Local partners with already established distribution channels in the school market – such as publishers, education platforms and government organizations – use the platform in exchange for license fees. bettermarks was founded in 2008. Before, the management team was the driving forces behind ImmobilienScout24, Germany's leading online real estate platform, which was acquired by Deutsche Telekom in 2007 (€540m valuation) and went public in 2015 (€3billion valuation). The Company has significantly invested in platform and content development and has achieved nationwide rollouts in Uruguay and The Netherlands. In Mexico and the UK, pilot distribution deals were successfully signed. bettermarks intended to increase growth momentum and boost profitability and raised another round of financing with support from FASE.



### **A simple and disruptive technology to disinfect water in developing countries**

Safe drinking water is essential for humans to survive. Yet, 1.8 million people worldwide have no or only limited access to this essential source. The solar-powered UV measurement device WADI was developed in Austria and provides an innovative and simple method to use the sun to disinfect water, which results in a sustainable and affordable access to safe drinking water. The product is patent-protected and its effectiveness was confirmed by WHO (World Health Organization), with disinfection performance exceeding the harsh threshold of 99.99% in terms of water quality. Using WADI instead of the usual approach of boiling water reduces the carbon footprint. It can be transferred by HELIOZ into carbon credit certificates that customers can acquire for CO<sub>2</sub> mitigation and CSR activities. In addition, HELIOZ distributes WADIs via NGOs, local distribution partners and corporate aid projects. Until today, 15,000 WADIS have been placed in the market in 15 collaborative projects. HELIOZ successfully raised growth capital for further expansion with support from FASE.



### **Equal opportunities for young people through online peer-to-peer learning and professional orientation support**

With talentify, the Austrian social enterprise talentify GmbH has developed an integrated concept to empower young people in building their talents, strengths and professional journeys – independent from socio-economic background. The offering aims to improve the youth's prospects for life and establish equal opportunities with respect to an often "inherited" education status. The first pillar, talentify.me, builds on an online network for peer-to-peer learning among students across many schools in Austria. The second pillar strengthens future competences such as creativity, social skills, responsibility and self confidence with innovative online and offline elements provided by talentify.academy. The third pillar, the corporate platform talentify.works, supports young people with the help of a digital job orientation program to establish contact with suitable companies. The first two pillars started across Austria in 2015 after a successful pilot and have been deployed in Czechia since March 2017. talentify.works was successfully piloted in 2017. To further develop the offering and make the necessary investments in technology for a scaling into the German market, the social enterprise successfully raised growth capital with support from FASE.



### **Sowing vegetables, reaping team spirit! Office gardening for a better appreciation of edibles in enterprise**

With its office gardening concept, AckerPause brings fresh and unique vegetable experiences to corporates and startups. The offer addresses enterprises that wish to cope with today's challenges of fostering healthy nutrition and team spirit in their work environments. AckerPause helps clients to plan and install indoor or outdoor vegetable patches at or around corporate premises while offering the entire scope of services from planning and planting to providing materials and running workshops. AckerPause is a product of the social enterprise Ackerdemia, which to date focuses on educating youth at schools and kindergartens to appreciate and value food by growing and selling their own vegetables. With more than 5 years of practical experience and more than 250 locations in 15 German regions as well as a nation-wide network of gardening experts, Ackerdemia has a clear and sustainable competitive edge. The social enterprise strives to scale its activities and raise growth capital with the support from FASE, followed by a spin out into a separate entity called AckerCompany.



### **Converting 'green desert lawns' to eco-friendly city meadows in public spaces**

Poland has 100,000 hectares of municipal lawns across the country. These lawns act as 'green deserts', leading to the loss of habitat for pollinators and a vanishing biodiversity. In addition, pesticides used for lawn care kill weeds, bees and other insects. Lawn mowing also plays a big role in air-pollution. According to research, there has been a more than 75 per cent decline over 27 years in total flying insect biomass. This negative trend breaks the food chain, affecting all species, including humans and their food production system. Laka creates unique seed packages with patented coating for various kinds of meadows and an end-to-end service process of installing and managing them for municipal clients. The social enterprise helps municipalities switch from lawns to flower meadows, helping reduce air pollution and restore natural, biodiverse habitats. With support from FASE, the Polish social enterprise successfully closed an initial financing round in the first half of 2020.



### **Online platform allowing urban customers to purchase fresh seasonal produce directly from local producers.**

Small-scale producers across the world struggle to keep up with the technological advance and modern communication tools available that can enhance their businesses and the way they acquire and retain clients. ittaSzezon! supports the producers by managing a growing customer base, running targeted marketing communications and by constantly improving the automated platform that takes care of the entire sales process, delivery and invoicing. The team has also placed emphasis on the capacity development of small-scale producers, cultivating an online peer network along with thematic webinars, on-going consultation and other development tools for its 80+ partners. The goal is to enable these businesses to provide the farmers modern, sustainable livelihoods. In exchange for these services, producers pay a commission. ittaSzezon! has nearly 10,000 clients and 80+ local producers registered on its platform, having facilitated 200+ pop-up fairs. Investment raised with Fase's support has been utilized in the company's growth efforts across the Hungarian market, getting ittaSzezon! ready for cross-border expansion.

# Achieved outcomes in 2020

## Knowledge Dissemination

FASE's main target is to create an ecosystem for social impact investing and social innovation across Europe. Therefore, FASE communicates its findings broadly into the social finance market. Due to the pandemic, the team attended several virtual events and conferences in 2020, held different kinds of workshops, speeches and webinars. FASE is also very engaged in sharing the experience with students and experts. Like in previous years, the team hosted several webinars at universities and took part in interviews and surveys for further professional research. Additionally, articles and interviews were published in which FASE contributed its insights and experiences with innovations in social finance.

## Finance for Social Change

During the last years the FASE team played a leading role in the INTERREG project "Finance for Social Change" with the aim to support Social Entrepreneurship in the Danube region. As part of the project, FASE hosted a competition in 2020 for 30 enterprises across the region. In addition to the prize money, the winner got the opportunity to network with selected investors, the social impact banking experts of UniCredit and other business partners from the region, as well as to learn about targeted mentoring by experts from the competition's local partner network.



# Provisions taken for the accompanying evaluation & quality assurance

To ensure a high professional consultancy, FASE implemented standardized processes in advising and assisting their target groups. During the whole process, the transaction team works in sets of two to ensure quality and objectivity. Additionally the investor relations teams support the transaction manager during the whole process regarding all questions of investor relations.

The supervising transaction managers are permanently in contact with the investors and the social enterprises. Additionally, various meetings are set up once a week to discuss ongoing transactions, open questions and pipeline candidates within the team.

Once the mandate is terminated, an evaluation interview with the social entrepreneur helps the team to improve its work and to adjust the processes to the needs of their clients.

The investor relations teams schedule annual update calls with investors to ensure that we are best informed about their investment focus and internal developments and above all to maintain a good relationship with the investor. Part of these conversations are also the gathering of feedback on the formats of the FASE.

Even before the mandate is concluded, the team ensures maximum transparency through an internal participatory approach. In the internal team meetings, the team discusses potential clients and decides collectively on the further course of action.

*„The first financing round with support from FASE was a very exciting experience for us, since it has created a great foundation for the following round. Without it, we wouldn't have been able to learn important aspects such as driving our business plan forward or gathering practical experience from a professionally managed transaction process. I haven't received a lot of great advice in my life, but the feedback from FASE and the insights I gained in the mindsets of investors were extremely valuable to me.“*

- Christoph Schmitz / Ackerdemia & AckerCompany



# Year over year comparison: objectives achieved, learnings, experiences and successes

In 2020, FASE celebrated its 7th anniversary. Over the past years, we were pleased to increase the amount of capital channeled to the social finance market, the number of projects successfully completed and the size of our experienced team. Despite the difficult conditions caused by the pandemic, we were able to meet our internal milestones and our personal expectations.

## The pandemic is a transformative challenge

2020 was marked by the pandemic and the resulting levels of uncertainty. Most companies were strongly challenged by the new situation. Business models and structures had to be pivoted and adapted. Securing and saving liquidity was a priority for many. Looking back on 2020, what made it possible to get this year to a good close was the combination of flexible and agile enterprises, cooperative and collaborative investors (who adjusted their investment conditions) and public and private support packages. The uncertainty caused by the pandemic didn't spare us as a team: The search for fresh sources of capital and new investors became much more difficult for us. Some investors initially focused on their existing portfolio only

and were hesitant to make new investments. Similar to the year before, some of our transactions couldn't be closed successfully. While the reasons for an early termination of mandates differ a lot and are usually very specific to each individual case, the pandemic played an additional and major role in 2020. For the social enterprises concerned, this was of course an unsatisfactory result. Yet in comparison with how the pandemic affected the entire economy, most FASE clients managed the challenges very well.

## Shift to more mature social enterprises

Compared to previous years, the number of transactions that we were able to close in 2020 has remained mostly unchanged. However, the aggregate amount of capital raised with our support increased substantially. This is due to the fact that in recent years, we saw the increasing need of more mature social enterprises to raise additional capital, with several former clients approaching us to help them with follow-up rounds. There was also a slight shift to more digital and technology-driven business models, which can serve as another explanation why we saw an increase in total amounts raised.

However, supporting later-stage enterprises with higher financing needs brought another change: our typical time frame from signing a mandate to closing a round went up to 9 months on average.

### Current trends in the impact investing market

In recent years the impact investing market in Europe has grown steadily. The report from the Bundesinitiative Impact Investing (BII) reported 2020 an amount of EUR 2.9 billion for the German market. According to the BII, it is primarily foundations and family offices that are pushing capital into the sector. The Sustainable Development Goals play an increasingly important role as a global reference framework for impact investors. Almost € 1 billion was invested in the following SDGs: Good Health and Well-Being, Affordable and Clean Energy and Sustainable Cities and Communities.<sup>5</sup>

Following published reports from BII and GIIN, we see a shift from the increasingly outdated perception of an inherent tradeoff between impact and financial performance. Reported by GIIN<sup>6</sup>, investors find the financial attractiveness of impact investing relative to other investment strategies at least important.

Also the majority of investors met or exceeded their financial expectations and sought risk-adjusted, market-rate returns for their assets. Moreover, recent studies illustrate that impact investors prefer impact-fund investments to single direct investments. Therefore, the ESIIF offers a great chance to serve these preferences and to reach not only direct investors but also such investors through the fund.

The FASE network has also grown steadily in recent years. The FASE investor community showed a high level of interest in impact investing across all types of investors and continues to do so. At the same time, only few investors to date have transformed this level of interest into concrete investments. This seems to be a fact that is rather independent from FASE's strong reputation as a trusted advisor that we have been able to build in recent years. Within our growing network of investors and multipliers, some have invested in social enterprises via FASE already several times.

<sup>5</sup> Bundesinitiative Impact Investing (2020): *Impact Investing in Germany 2020 – A Dynamic Growth Market*. Available [here](#).

<sup>6</sup> Global Impact Investing Network (2020): *Annual impact investing survey 2020*. Available [here](#).



## European roll-out - potential and challenges of the CEE region

Since we have built a regional presence in Hungary, FASE has been steadily expanding its network in the CEE region. Based on current projections, the Baltic states obviously offer the highest potential for FASE to add value. As our starting signal has been heard in the meantime, it's time now for us to focus on building good and trusted relationships with local multipliers and investors. In terms of the social enterprise market, we see a much heavier slice in the early-stage segment as compared to other European regions. This means that potential clients show

less revenues and seek smaller financing rounds than we experience in other European regions that we focus on. In terms of the investor market, there are several interesting and active investors which come from the classic VC and banking sectors, which is an opportunity for the region. Investors from Western European countries are obviously rather reluctant to engage in the CEE region to date. The impact investing market in the CEE region is - compared to other regions in Europe - still smaller, which makes it easier for us to establish and consolidate contacts with impact investors and to help shape its development.



# Planning and forecast

## Final closing of the European Social Innovation and Impact Fund (ESIIF)

The pandemic continues to dominate our daily lives. The focus of the upcoming year 2021 is therefore the final closing of the ESIIF. We are proud to have designed, initiated and set up this innovative fund and achieved the first closing with EUR 4.5 million in October 2020. With the first investments kicked off in early 2021, the ESIIF has become an established and game-changing financial vehicle for social innovation in Europe.

## Strengthening the investor community

The investor relations team of FASE is planning to extend the proven formats to open up conversations with investors. That's why FASE is holding the first "FASE Fire Talks" in Spring 2021 - an investor-only virtual three-day event. Together with experts and experienced investors we are talking about the hottest trends in impact investing.

## Professionalization of pipeline activities

A pipeline of investment-ready social enterprises is essential for FASE's daily work. This is why the team is currently discussing different state-of-the-art tools for pipeline development. The final tool will be introduced in 2021 in order to better trace incoming investment opportunities as directly as possible.



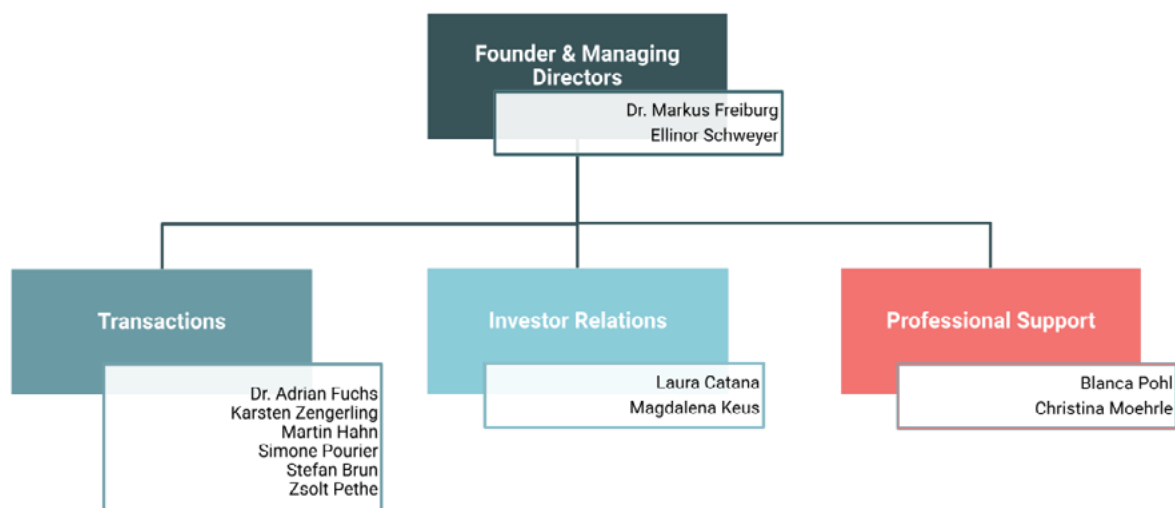
# Organisational structure, finance & team

## Ownership structure

FASE started its activities in 2013. Initially, FASE was active within the legal entity of the non-profit organization Ashoka Deutschland gGmbH. In November 2013, the Financing Agency for Social Entrepreneurship GmbH (FASE GmbH) was founded to spin-off these activities into a separate legal entity. Since 2017, the ownership structure of FASE is unchanged and split between Ashoka Deutschland gGmbH (60%) and the founders Markus Freiburg, Ellinor Schweyer and Björn Strüwer (40%).

FASE works closely together with its core partners and is well connected to important players in the impact investing market. As part of the European Venture Philanthropy Association (EVPA), a lively community of organisations creating positive societal impact through venture philanthropy, we are network partners to many important, inspiring and thought-leading foundations and impact funds all across Europe.

Since 2013, FASE has been led by Dr. Markus Freiburg and Ellinor Schweyer as the Managing Directors. The core team of FASE is supported by a strong team of senior advisors. Consequently, the administrative structure of FASE is very lean.





## The FASE team

The FASE team works remotely from different locations throughout Europe. Due to the restrictions related to COVID-19, the team only had a chance to meet virtually in 2020 for our regular team meetings.

## Finance

In 2020 FASE generated a total income of EUR 547.805 (2019: EUR 614.947) for their activities of which EUR 275.760 were transaction fees from social enterprises and consulting revenues (2019: EUR 187.290) as well as EUR 84.000 from the set-up of the European Social Impact and Innovation Funds ESIIF (2019: EUR 0).

EUR 188.045 came from infrastructure, project related funding as well as release of accruals (2019: EUR 427.657).



Financing Agency for Social Entrepreneursip

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