Financing Agency for Social Entrepreneurship
GERMANY

The Financing Agency for Social Entrepreneurship (www.fa-se.de) helps selected social enterprises to raise growth capital. FASE was initiated by Ashoka - the world’s first and leading organisation supporting social entrepreneurs and connecting them with each other. We identify investors and financiers of the entire spectrum, ranging from private investors, family offices, foundations, social investors, to banks and development institutions. Our unique approach is to combine several types of investors with different financing components by creating innovative, hybrid solutions that serve as role models for the social finance sector and help to advance the ecosystem. When selecting social enterprises, we focus on a strong, measurable and scalable social and/or environmental impact.

To summarize our experiences, a deal-by-deal support from experts like FASE can be a very effective mechanism to channel hybrid capital to social enterprises in early stages of their growth. This approach has been successfully demonstrated in Germany and Austria with 12 closed deals to date, bringing approximately 4 million EUR in additional resources to the social finance ecosystem. There is an active network of more than 250 philanthropic and impact-oriented investors, incl. the first social business angel club ('Ashoka Angels').

The EU supports FASE with grants to pilot hybrid financing models during 2014/2015. FASE is setting-up an early-stage co-investment fund to co-invest in social enterprises in Germany/Europe together with lead-investors (EUR 5,5 mio fund volume).

Disability Performance Social Enterprise (DP) from Austria

Around 630,000 people in Austria are disabled or have special needs. Yet only 40 percent of them are actively participating in the labour market. DP solves the problem by positioning itself at the gateway between economy and people. It is an innovative social consultant supporting corporate players to understand and identify the potential of people with disabilities as future employees and clients. To build DP, the company needed 330k EUR. After the necessary repayments to the investors, future profits will be used to fuel the company’s growth and to scale its proprietary non-profit job platform Career Moves. The financing model uses quasi-equity, i.e. mezzanine capital with revenue participation and social impact incentive. The term of DP’s financing is 5 years. The term sheet was signed by a social venture fund.

SchulePlus from Germany

SchulePlus has created a unique social online-network connecting schools with external partners, who offer various external offers to enrich the schooling curriculum.
SchulePLUS was financially supported by a private business angel and an institutional investor. The financial structure - participation rights capital with a qualified subordination clause – amounting to €450k and a duration of 7 years, allows the investors to participate in the company’s revenues at a predefined percentage. The mezzanine-financing with conditional revenue participation meets the special demands of the business model, allowing the entrepreneur financial flexibility in early years, when most needed, and allows the investor to participate in the company’s success.

Since we became aware of a huge demand both in Germany and in other European countries, we now intend to scale our proven methodology. We would be grateful for political as well as fiscal support (for instance tax reductions, stronger recognition of social entrepreneurship, more public funding) in future to expand our services to several European countries.

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OECD-European Commission Capacity Building Seminar: Building enabling ecosystems for social enterprises