



# Portugal Inovação Social

PORTUGAL FUNDING

Thanks to strong support from both centre-right and centre-left governments since 2013, the Portuguese ecosystem in support of social enterprises features a number of innovative public initiatives, which have played a critical role in propelling the development of the social investment ecosystem. The regulatory framework doesn't include a definition of 'social enterprise' and remains mainly oriented towards financing social innovation initiatives within the social economy sector.

## Presentation

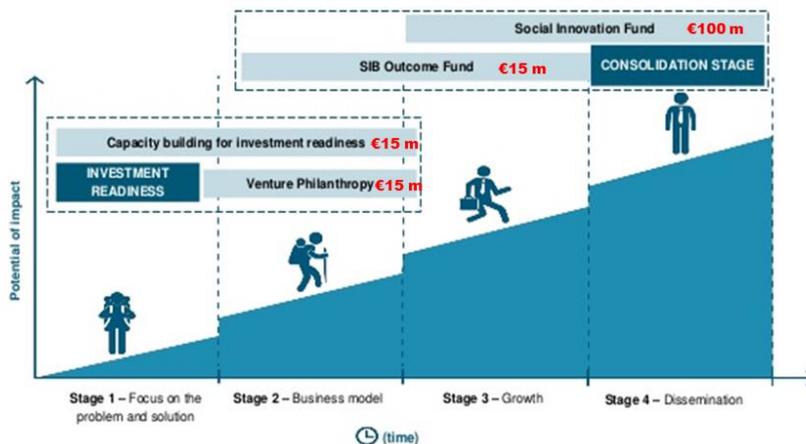
Portugal Inovação Social is an initiative of the Portuguese government to catalyse social innovation and social investment, by addressing the large funding gap experienced by social enterprises. It mobilises public and private capital, leveraging EUR 150 million from EU structural funds (mainly the European Social Fund), and will operate between 2015 and 2023.

Portugal Inovação Social comprises four complementary financing programmes that are aligned with the life cycle of social innovation and entrepreneurship, addressing the respective market failures:

The four funding programmes of Portugal Inovação Social articulate with the development cycle of social innovation projects and address where market failures exist within each stage.

**Capacity Building** creates a market for high-quality capacity-building service provision, preparing social innovation initiatives to receive future social investment

**Venture Philanthropy** matching scheme that leverages 30% of private philanthropic funding with 70% of public funding, creating an incentive for the medium term funding of social innovation initiatives



**SIB Outcome Fund** engages with private investors for the funding of public-service oriented interventions and promotes a payment for success logic within public authorities

**Social Innovation Fund** leverages the credit lines and investment vehicles set up by banks, impact investors and business angels, creating a new market for social investment

Source: Laboratorio de Investimento Social, 2016

The financing programmes were designed with a logic of crowding-in, where the public funding is used as an incentive for the engagement of private actors. In addition to managing the financing programmes, Portugal Inovação Social also involves a team of dedicated ecosystem-builders who promote the logic of social innovation and social investment in the field.

## Implications

As Portugal Inovação Social is still in an early phase (the first programmes were launched in 2016 and the first financing contracts signed in early 2017), its impact on the creation of a sustainable ecosystem is still in development. There are already 35 social innovation projects that received 10m euros in medium-term venture philanthropy funding, three new social interventions financed with 1.5M euros from the SIB outcome fund, and 168 eligible applications aiming to receive up to 7.8M euros to finance capacity-building interventions.

The initiative clearly has large potential to make a significant impact on the social innovation sector through tailored funding programmes that meet the market needs of social enterprises. Portugal Inovação Social demonstrates how EU structural funding can be a powerful tool for public authorities to experiment with new ways of funding social innovation and building the basis of a social investment market.

Two challenges the program had to overcome were: 1. adapting the public funding structures and EU structural funding rules to the logic of financing social innovation and promoting social investment 2. the necessary cultural shift to build robust non-financial relationships between philanthropic organisations and social enterprises.

Countries willing to replicate this innovative model should take into consideration the various factors that have enabled the creation of Portugal Inovação Social. Notable are the firm support of the government, across main party lines, and a national action plan designed by a dedicated Taskforce, which laid the foundations for the ecosystem.

## More information

- For a more general insight into the Portuguese ecosystem in support of Social Enterprises, consult EVPA's National Policy Nexus on Portugal, available on the [EVPA website](#)
- [A map of social enterprises and their eco-systems in Europe - Country Report: Portugal \(2014\)](#)
- [Boosting Social Enterprise Development: OECD Good Practice Compendium](#)

## Contact

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