



# Impact Investment

## The market, Measurement & the EIF

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## OBJECTIVE

To support **smart, sustainable** and **inclusive** growth for the benefit of European SMEs.

## HOW

By offering a wide range of **targeted products to support SMEs and mid-caps**, ranging from venture capital to guarantees and microfinance.

## WHERE

Working with financial intermediaries across the **EU-28 and EFTA countries, candidate and potential candidate** countries.

### □ 'the SME financing gap'

□ information asymmetries → undersupply of external financing

□ Fill the gap

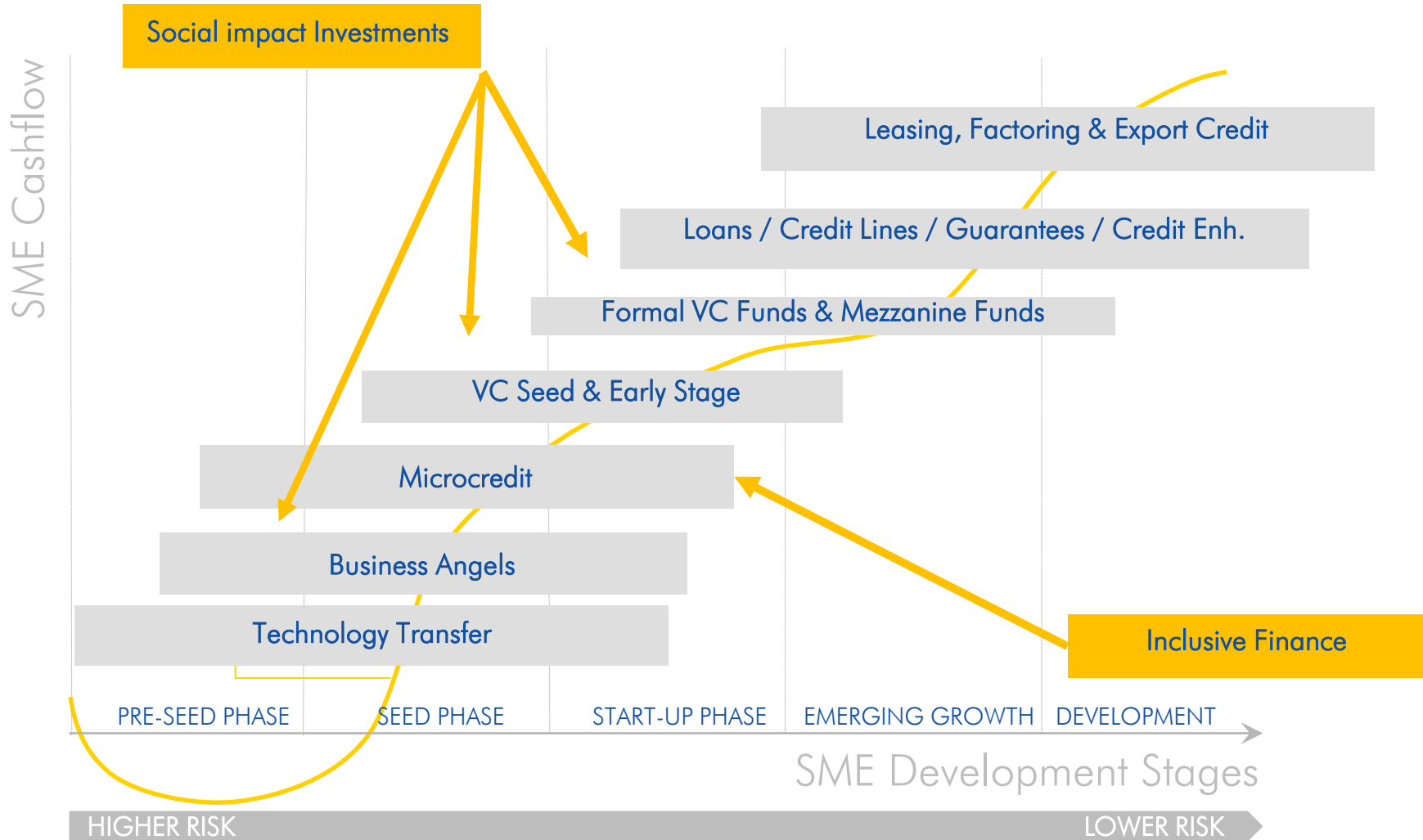
### □ Europe's social mission: improve social cohesion ('inclusive growth')

□ Improve social outcome of disadvantaged societal groups

□ Address spatial heterogeneity in labour markets



# Support for different development stages

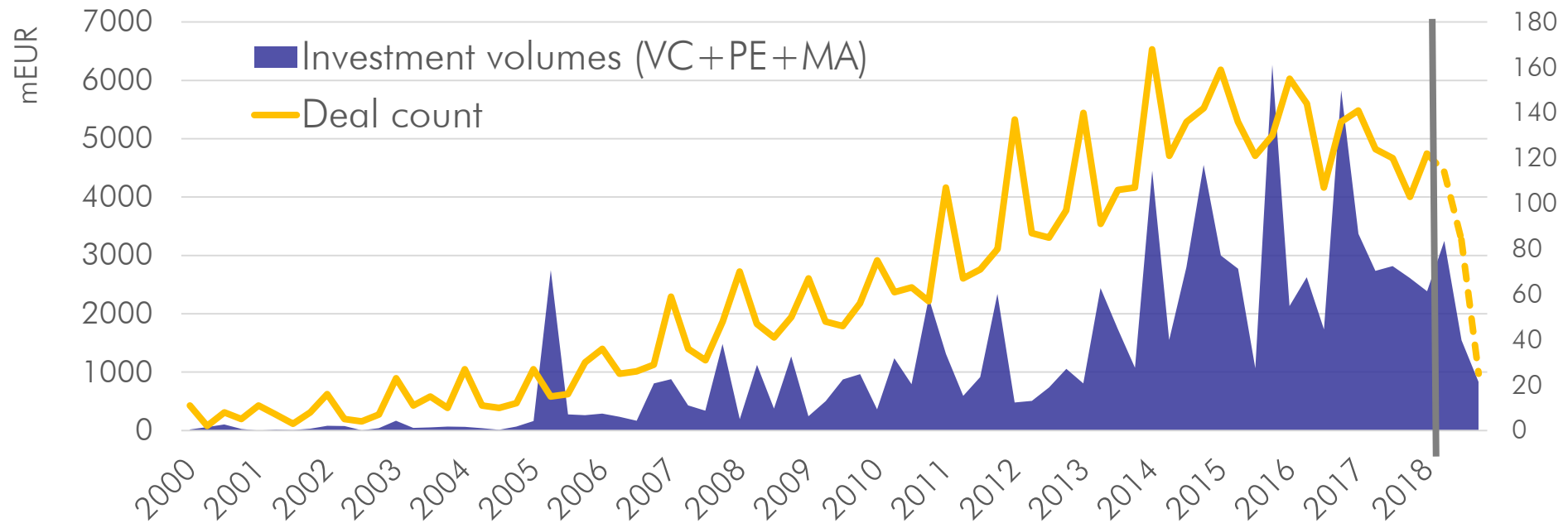


# The market of impact investments

Global evolution since 2000 (according to PitchBook)



*An exponentially growing market...*



Source: Author, based on PitchBook

*The emergence of something permanent, or a temporary counter-cyclical phenomenon?*

# The market of impact investments

## PitchBook's classification/definition



### Impact Investing:

This vertical includes companies that have received investment from those funds and/or investors with an Investment Preference of "seeks impact investment." For a fund to qualify as an impact fund, it must meet criteria 1-3 below:

1. Investing for financial returns
  2. Investing to intentionally create a positive social/environmental impact
  3. Actively measuring the impact that is created (with ESG criteria, UN SDGs, IRIS, GIIRS, etc.)
- OR
4. Self-identify as an impact fund.

Additionally, this vertical includes companies that have received investment from "not-for-profit venture capital" investors.



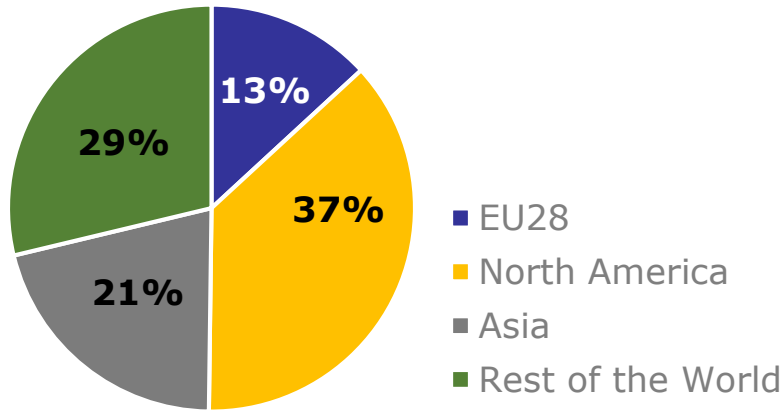
- *Financial returns*
- *Intentionally create impact*
- *Impact measurement*

# The market of impact investments

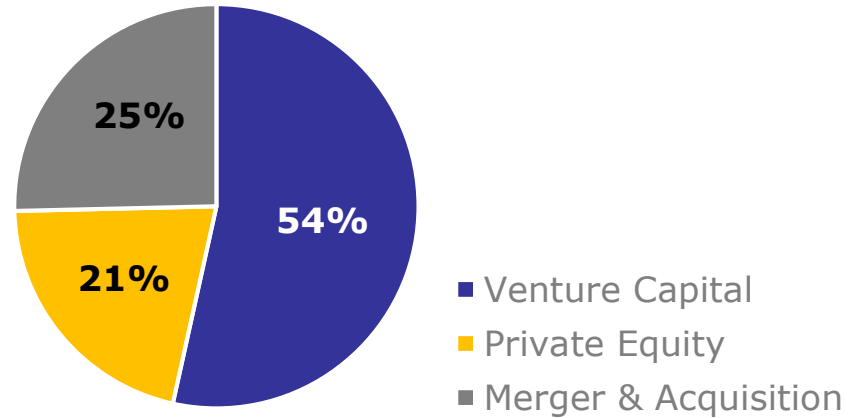
## Some more PitchBook statistics: global sub-markets



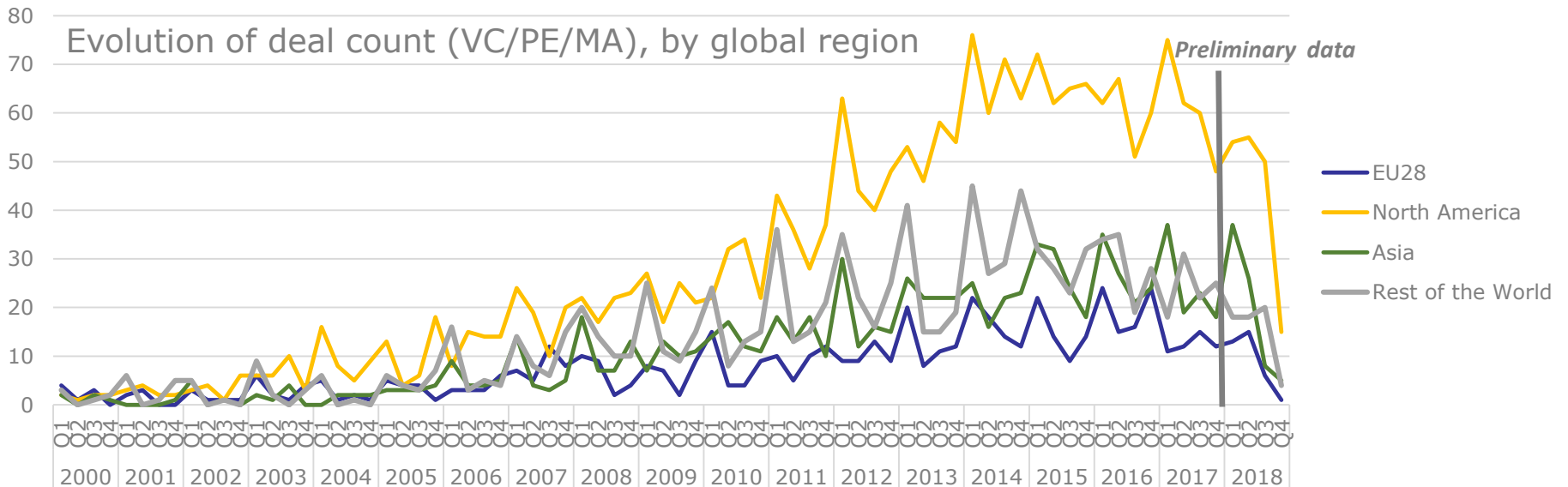
Investment volumes, by global region  
(2000-2018)



Investment volumes, by Deal Type  
(2000-2018)



Evolution of deal count (VC/PE/MA), by global region

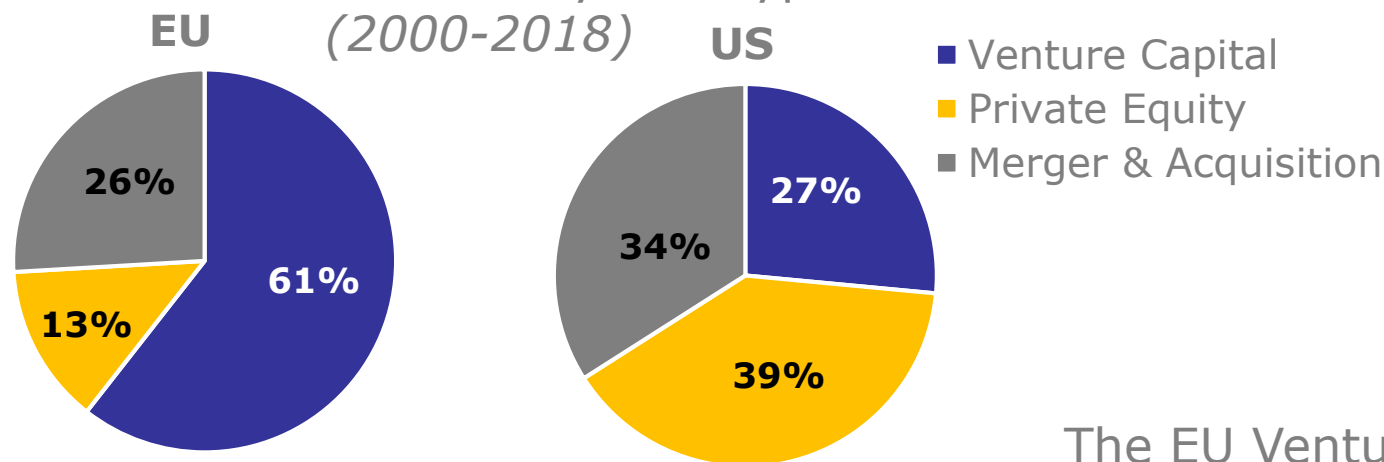


# The market of impact investments

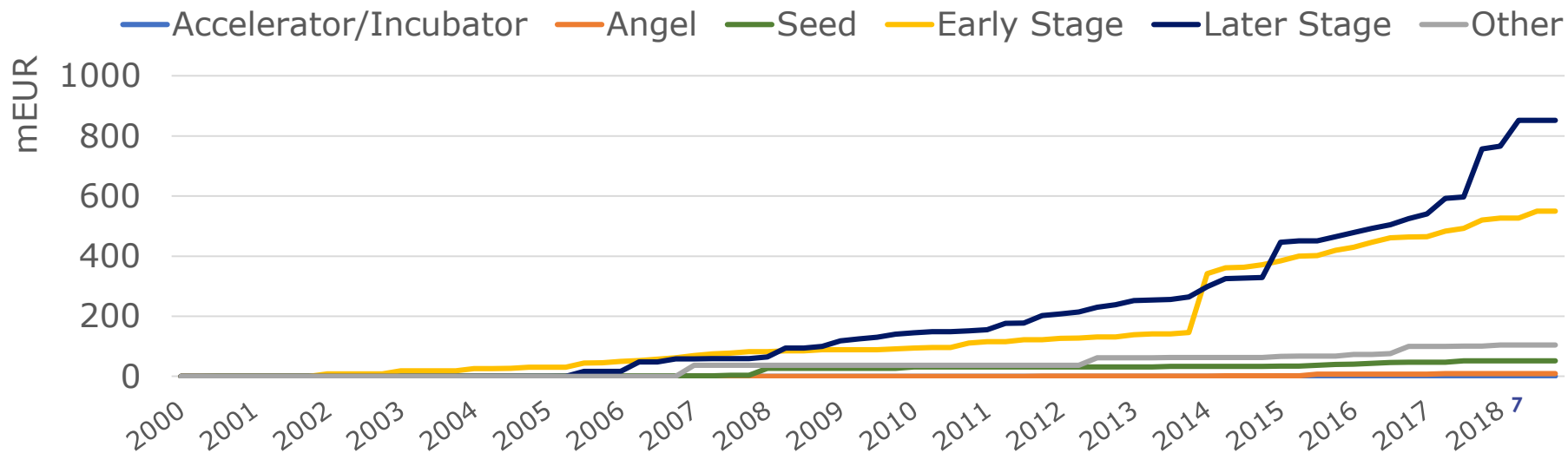
## Some more PitchBook statistics: EU-focus



Investment volumes by deal type



The EU Venture Capital market  
(cumulative investment amounts)



# Social impact at the EIF



## The Social Impact Accelerator

- First pan-European public-private partnership
- addressing the growing need for availability of equity finance to support social enterprises.
- Provide alternative sources of employment for marginalized groups
- Promote inclusive growth

## Investment principles

- Fund-of-Funds
- Targets funds that invest in social enterprises across Europe
- Entrepreneurial solution to societal issues through scalable approach
- Social impact and profit go hand in hand
- MEASURABLE impact



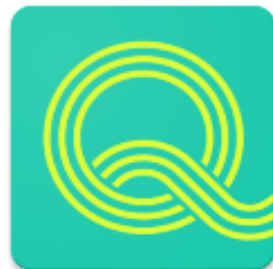
# Measuring impact

## The SIA approach



- Basic principle: accountability
- Impact measurement framework
  - 1 to 5 social impact indicators (jobs created)
  - Define quantifiable targets for each of the indicators
  - Progress evaluated on yearly basis
  - Social multiples (per indicator, per fund, for SIA)

## Case Study: ResQ Club



Slogan: “Leave no meal behind”    Sector: (FoodTech)

### Disruption:

- Revolutionise current wasteful food retailer business model and encourage responsible food consumption by matching supply and demand through mobile application

### Investment Rationale:

- Clear business model, easy to understand and cost-efficient.
- Model with a potential for duplication in Europe

### Social impact indicators:

- Amount of food saved (tons): 2000/year
- Amount of users reached: 500.000

# Measuring (social?) impact

At the level of EIF



## Reporting

- Recurring: Investment volumes, number of jobs/companies *supported*
- One off, sophisticated analyses: exits, estimation innovation value

## Causal estimation

- EIF addresses (consequences of) market failures → Additionality
- Economic activity not created, absent public intervention
- = philosophy behind impact assessment framework
- Propensity score matching framework
  - Compare a group of firms supported by EIF to an otherwise identical group of firms that haven't been received EIF support
  - Outcome variables: assets, profit, productivity, employment
- Challenging: labour intensive, data intensive, hard to apply to *social* impact (depending on how you define social)
- BUT: the ideal to strive for nevertheless



**Thank you**  
**... for your attention!**

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