



Portugal Inovação Social: An integrated approach harnessing EU structural funds towards social innovation (Portugal)

What?

Portugal Inovação Social acts as a market catalyst promoting the social investment sector in Portugal through the mobilisation of EU structural funds. Its funding programmes support innovative financing instruments tailored to the needs of both social enterprises and investors. In addition, it aims to promote social innovation and tackle the financing mismatch between supply and demand in the social sector. Portugal Inovação Social has six overarching objectives: 1) to improve the competitiveness of social enterprises; 2) to promote the growth of projects with proven intervention and business models; 3) to create evidence and inform public policy decisions; 4) to attract new players to the market; 5) to promote an outcome-based culture in the public sector; and 6) to promote the development of priority geographic areas.

Why?

Portuguese social enterprises can traditionally access two types of capital: 1) philanthropic grants that are usually provided by foundations, corporations and high net-worth individuals; and 2) bank loans with adjusted terms of reference, typically provided by a group of banks (especially cooperative and mutual savings banks) with stronger links to the social sector. However, before 2014 the financing needs of Portuguese social enterprises were not being met by the available sources of capital. As a response to this challenge and after much advocacy and lobbying efforts by the multi-partner stakeholder Social Investment Lab, the national government initiated the creation of Portugal Inovação Social in 2015.

Key Activities

Portugal Inovação Social proposes four funding programmes, featuring distinct objectives and measures tailored to social enterprises' different developmental stages. These are being implemented for the period 2016-2020 and follow common application process, with call for proposals:

- **Capacity-building for social investment** enables social enterprises to apply for grants to access support from specialist providers in areas such as financial management, business modelling, impact measurement, leadership and governance.
- **Partnerships for impact** promote venture philanthropy in Portugal through a match-funding system.

- **Financing instrument of social impact bonds (SIBs)** promotes the importance of an outcome-based focus among public entities.
- **Social Innovation Fund** is a wholesale fund co-investing in Portuguese social enterprises and social-investment products with a demonstrated potential to generate social and financial returns.

The programmes are further synergistic, meaning that a social enterprise having benefitted from for instance the capacity building programme can use its new skills to apply to the Social Innovation Fund.

Impact

As of mid-2018, given the recent launch of the programmes, there has been limited evidence generated on the impact. However, 15 million Euros have so far been allocated to 144 approved projects through 8 calls for proposals. Some further developments have also been witnessed in the broader ecosystem, such as a change in tax law to promote social investment and social impact bonds.

This case study was adapted from a longer piece that was published in the OECD/EC (2017), Boosting Social Enterprise Development: Good Practice Compendium. For additional information and details, please refer to the [original publication](#) [1]

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Links

[1] <http://www.oecd.org/publications/boosting-social-enterprise-development-9789264268500-en.htm>