Side-event: What cross-border cooperation is needed for social enterprises development in Europe?

Polish Social Economy Meeting (OSES), Kraków, 10-12 of October 2012

SUMMARY REPORT

General ideas for the meeting

The **Institute of Public Affairs** (Poland), the European Federation of Ethical and Alternative Banks - **FEBEA**, the bank **Crédit Coopératif** (France), the Social and Economic Investment Company - **TISE** and the European **Euclid Network,** on the eve of Polish Social Economy Meetings (OSES - main annual Polish conference dedicated to the social enterprises sector) have co-organised a side-event. It is a follow-up to a project called Active Europe launched by the European Federation of Ethical and Alternative Banks and Crédit Coopératif as its member. Within the same framework, one year before the side-event, a conference in Kraków was hosted by both entities, called the Second Conference of Active Europe, revolving around the idea of how ethical and social financing could help create jobs and help the social sector.

Continuing the same approach, the October meeting was devoted to the discussion of possibilities and needs of European cross-border cooperation in supporting social enterprises' development. While taking the perspective of the current legal and financial proposals and solutions in the pipeline in the European Union, it aimed to provide a platform for expressing ideas and exchanging expertise by different actors and practitioners from all around Europe, with a special focus on the Central-Eastern Europe area. Around 30 people from 10 European countries gathered for that purpose.

There were two main issues discussed during that meeting. Firstly, the focus was on exploration of the potential for establishing cross-border financial mechanism under the scheme proposed by the European Commission in the European Social Entrepreneurship Funds regulation (EuSEF) (that had been approved by the European Parliament just before the meeting in Kraków). Secondly, social impact methodology and indicators were to be discussed among the side-event participants, together with the creation of an internet platform for spreading good practices of social enterprises. Inputs in a form of short presentations on already implemented, similar European initiatives inspired further discussion at the beginning of the side-event.

The subjects of the meeting have been selected in unique circumstances. When the social, economic and financial crisis affected the whole Europe, the European Commission identified social enterprises as one possible solution to deal with the crisis issues. Thus, Social Entrepreneurship was declared one of the twelve levers to boost growth and a year ago, the EU Commissioner on the Common Market, Michel Barrnier, announced a so-called Social Business Initiative. Under this document and the Single Market Act II, the European institutions are currently preparing a global package of legal, organisational and financial policies to support social enterprises development, including the EuSEF label previously mentioned.

With the EuSEF initiative, the European Commission proposes a legal framework, tailored to the needs of social enterprises, facilitating their access to private loan funds. As a result, t an investment scheme certified by the European Union is going to be created, a scheme that will be uniform and monitored at the European level and run by the "operators" (financial institutions) registered in individual Member States (but cross-border initiatives are possible). The main requirement that has to be fulfilled by such instruments to obtain access to the EuSEF label, is allocating at least 70% of the value of their loans for social enterprises. In addition, together with launching the EuSEF scheme, the EU plans also to allocate up to 300 million euro for establishing the first such financial mechanisms.

The aim of the side-event organised in Kraków was to identify the needs and possibilities of establishing, under that label, a financial investment instrument addressed to the Central-Eastern Europe (CEE). That is the reason why a group of people from social enterprises supporting institutions, administration, business and financial sector, as well as some social entrepreneurs from the region and Western Europe were invited. A space was created for them to share their expectations and concerns. As one of the Polish participants, coming from a financial entity which invests in social purposes, has put it in straightforward way:

> “The aim of my visit here today is to see if, in fact, we will have the opportunity to participate in the creation of solutions that would allow social economy companies to be treated the way they should be. Because right now, unfortunately, we have legislative limitations that oblige us to issue loans to social enterprises in the same way as to regular businesses, which are subject to a different law”.

This is only one of the perspectives presented during the side-event. Below, the other ones are going to be presented. The following subsection of this report begins with a summary of two introductory presentations given on 10th of October in Kraków. The report continues with the presentation of the main discussion points raised by the by participants. In the concluding paragraphs, some ideas and recommendations for the next steps that can be taken towards establishing such investing mechanism under the EuSEF label are formulated.

What is already being done in this field - introductory presentations

1. **On EuSEF regulation**

Starting his presentation, Karol Sachs observed that we were just at the beginning of the process and everything needed yet to be decided. Moreover, there was also an important issue of the amount of money that would be needed for the initiative, which was still not known. However, now is just the right time to start the discussion as the social approach to the regulation of the EU market has been observed recently, supported by the most important EU Commissioners. It's new and very strongly promoted by Michel Barnier, the French Commissioner for the Internal Market. What is more, for the first time in the history of the united Europe, there is a strong coalition, with the Commissioner of Labour and Social Affairs, László Andor from Hungary, the Commissioner for Industry, Mr Antonio Tajani from Italy, and Mr. Janusz Lewandowski, in charge of the EU budget.

Then, the presentation was continued by Berangere Bertoncello from Crédit Coopératif. She focused on the EuSEF label that was going to supplement other ways in which the EU wished to support social enterprises. The other ideas include proposing special priorities within the EU structural funds for the period 2014-2020 and a new solution in the European Investment Fund aiming to facilitate the use of matching funds. And the most recent idea is the EuSEF regulation proposed by the European Commission and passed by the European Parliament just at the end of September 2012.

As she observed, EuSEF was a label, not a fund, and could be used by private organisations managing funds in Europe. Its original goal was to boost the confidence of social enterprise investors, because outside the world of people who know what it was, social enterprise might sound risky, not safe, because it relied only on public funding. The idea behind the label was to make a common homogenous concept, which the investors could trust. The second idea was to reduce the regulatory complexity and the costs of compliance, based on the fact that with respect to financial regulation, Europe is still very fragmented. Every country has its own regulations and specificities. Another point was to compare different proposals of the EuSEF for investors. Yet another key point was that since this was a text proposed by the EU, it would set social entrepreneurship as a very important issue for different actors of the financial sector, such as national authorities, rating agencies, etc. The last interesting point was that the label should allow cross-border fundraising between countries and social enterprise markets within the EU.

Then, the floor was taken again by Karol Sachs, who deliberated, in a more detailed way, on the specific ideas for EuSEF label proposed by the Commission. He said that the idea of the people standing behind that initiative was to find private money to be invested in social entrepreneurship. The following points were established with relation to that fund:

- The new idea there was that an entity did not need to be a cooperative or an association to get the money;
- After heated discussions, it was decided in Brussels that the 70 per cent of such fund had to be invested in social enterprises. However, it was not defined precisely for how many years it needed to be done;
- In addition, it needs to respect social responsibility investment rule (i.e. buying the obligations of military industry is not allowed);
- There is no universally regognised European definition of social entrepreneurship within that regulation;
- It is not clear what the EuSEF fund investment can be used for. It still has to be discussed whether these can be equity or quasi-equity instruments or debt instruments, certificates of deposits, etc. When trying to establish a cross-border investment, one has to recognize that it would be very difficult to arrange it with public money (as Karol Sachs observed – in his view, there are countries, like France, where it is not allowed to use public money for funds outside its borders). What is possible at this stage are secured loans, grants, and other possible mechanism, depending on the country where the fund is going to be established;
- When it comes to the category of investors eligible for investing in the fund, it has to be noted that it is not a fund open to the public. The investors need to be professionals, such as banks, asset management companies, insurers, and other professional investors. There is also a possibility for the managers of collective investment undertakings tp take part in such fund, but only to a limited percentage of the fund's assets;
- One fund cannot exceed 500 million euro.

When it comes to the next stages of the work on EuSEF regulation in Brussels, it is said that because of the consultations with the governments (it is for the European Council to decide now) are still ongoing, nothing new can be known until the end of March or April 2013. Brussels needs this time to figure out how this mechanism should work in a more precise way. Thus, one still needs to wait with taking further steps related to establishing such mechanism.

However, it has been already decided that in the budget for 2014-2020 there will be 300 million euro to invest in the funds, knowing that the European public investment cannot be more than 40 per cent. However, such amount is not a lot of money for 30 countries for six years. But, next to this 300 million euro, there is already 50 million from the European

Investment Bank, which will start operations in 2013 and will be managed by the European Investment Fund.

To sum up his presentation, Karol Sachs, pointed out to **four main issues for further discussion** at the side-event**:**

1. To see if participants can came up with a project, which could be financed with this type of investment tool. Which means that such a project would have to be sustainable on the market. It would have to offer a return on investment and return of equity as well as the option out of the company after a fixed number of years, be it five, six or ten. One cannot be forced to be a shareholder forever. So we are very determined to find a project worthy of this investment tool.
2. Saying that 30-35 per cent of investment would come from the European Investment Fund, where do we look for the remaining 60 or 65 per cent? Probably public and private investment would have to be combined. So, it is not specific projects that should be discussed now, because it is too early for that. There is still six months ahead before anything concrete can be put on the table by the initiating group.
3. Should each country have their own one or more investment funds or can we start with one cross-border fund? One cross-border fund from the beginning would be preferred for three reasons: first, the development of the market for this sector varies from one country to another. So, time is money, and we can save a lot of time by taking specific projects that are proven to work from one country to another, by what we call "social franchising". Second, some countries in Europe have very small markets. And social entrepreneurship is already a niche. So, if you have a small country with small financial market, inside which you want to create a niche, it is going to be too small. That is why we should make social investment a cross-border mechanism and cross-border cooperation is the idea behind the united Europe.
4. In order to make social franchising and cross-border investment work, we have to have common knowledge of what is happening in this sector. We need a website with examples that are already working and some of these can be made into cross-border investments.

2. On measuring social impact

The last of the topics raised at the end of his speech by Mr Sachs, was taken up right after his presentations by Karl Richter, who observed that one of the reasons why people gathered at the side-event was to improve the access to financial markets for social enterprises. In his opinion, we could also look at that issue the other way around and say: it was also about improving access to the social investment market for private institutional capital. That was why he suggested that we should talk about the initiative called EngagedX, in which he was involved.

As Karl Richter said, the goal of EngagedX was to see the emerging social impact investment market establish itself as an 'emerged market'. There is every reason to believe that it can make this transformation – as private equity did, as the high yield bond market did, as developing country equity markets did, as commodity investment did, as hedge funds as an asset class did, etc.. This shift from emerging to emerged, and from exotic to mainstream, needs more than the innovative investors and good initial investments that this market already has. Essentially, it requires aggregated investment data to attract new capital and more institutional investors. Maturing the market needs clear investment benchmarks and the ability to quantify the real levels of risk – this is key to social impact investment being recognised as an investible asset class. In order to reach such goals, a kind of social impact indicator, called EngagedX, is created as[1]:

- Independently collated financial data for the social impact investment market, comprising equity, quasi-equity and debt / bonds, as well as hybrid instruments like Social Impact Bonds, which gives investors an investing benchmark and baseline for this new market;
- Aggregated data (anonymised) from the portfolios of existing social investors covering, as a data series over time: principal invested; date invested; yield; maturity; write offs/specific provisions; simple product categorisation; simple sectoral classification; and, importantly, their reported social impact and methodology used;
- Analytics and data visualisation for stakeholders to assess and understand the market;
- Applying an established capital markets approach to social investment;
- Core index data is an open source, social asset of the social investment market;
- Index management run as a social enterprise with a licensing and subscription model (core data free to social investor providers);
- Scalable across Europe and globally, scalable to existing SME debt and equity activity classifiable, but not currently classified, as social investment;
- Layering approach to additional data / content aggregation, including issuer financial data and fund data.

Below are some of the issues that Karl Richter has also taken up during his presentation with relation to EngagedX initiative that might be also important for establishment of the EuSEF financial mechanism for the CEE area:

- Time and time again we are told from institutional investors and wealth managers that they need aggregated benchmark data about the market.
- To attract new mainstream capital into social investment and more institution investors it's about bringing the social investment to scale.

[1] This paragraph of the report and following bullet points are taken from the information materials obtained from Karl Richter (obtained in electronic version by the author of this report).

- In terms of what it is, and what we'll be producing, we're really capturing data that's out there. We're not valuing anything. We're not creating a rating, we're just simply capturing the data that's out there.
- And very clearly, it's not a measure, so how do we reflect that within the financial calculations? We speak about that as a premium return market, the social return, and the financial return. So the three categories of data that we're collecting: the principle – how much was invested, what is the return – if it's a yield on a loan or a debt instrument or a capital appreciation equity, the maturity – how long is the capital invested, and what is the risk.
- And like it's often the case, journalists and politicians and analysts and the like want data to be able to get their arms around the market, so that they can write about it, they can report on it, etc. And what we're looking to do here is to create a live data series that is exactly that. We feel then it will be a catalyst for investment, it will help with transparency, obviously as I said before it will support product development.

The key points raised by the participants during an open discussion

Several interesting issues raised during introductory presentations were taken up further and developed during the open discussion part with the participation of most of the people gathered at the side-event. The most heated debates were related to the following topics:

- ✓ **Who should be able to invest into such mechanisms/creating their market and how long it can take to accumulate sufficient amount of money**

As one of the participants (Gregor Sakovič) suggested, it might be valuable to let ordinary people invest their money into that kind of financial mechanisms (as according to the current proposal of the EU regulation, only professional investors are going to be eligible). As a result, he posed a question, whether it was possible to enable participation in the EuSEF of the people already investing their private money into the area of social enterprises and venture capital that were before reserved to public funding?

In addition, Karol Sachs observed that trying to build a market of social investments would take years, if one wanted to collect enough amount of resources and raise people's awareness (as examples coming from some of the European countries show). Moreover, we have to remember that the EU market is very diversified between particular countries. Some of them started the process of accumulating financial and human capital devoted to social enterprises already 30 years ago (like France), when others are just about to start.

Włodzimierz Grudziński added to that his perspective of a person working in the financial market for years. He observed that we had to remember also about the investors and about explaining to them, in the appropriate way, what this whole system was about. In his opinion, for an asset manager in a financial institution it might be difficult to explain to particular investors that their money was going to be invested in some enterprise having additional social purpose. In fact, as Mr Grudziński said, the situation should be rather opposite. The investors shall be coming to such asset managers and suggesting that they wanted their money to be invested in a social investment, even if there was a smaller return on equity. Even though there are such investors in the market, relevant measures should be undertaken to increase their number.

- ✓ **What funds are available at the European market that can be used for supporting social enterprises; how to attract attention of private investors**

This subject was raised t, again, by Włodzimierz Grudziński, who pointed out that when working on creation of a financial mechanism based on the EuSEF label one had remember about the money which is available at the European level (i.e. declared for the EuSEF mechanism by the EU) and could be invested in addition to the funds already existing for the same purpose in each of the member states. In this sense, this European money can be seen, , as a multiplier of the local money (available at the national and regional level). In Mr Grudziński view, it's possible to create a fund which uses such money and invests them directly in social enterprises and businesses.

However, there is also a question, how such funds should be managed in order to address all the regional differences and particular problems. In Grudziński's opinion, especially the regional or national funds dedicated to the labour stimulation could be invested indirectly, for instance, via cooperating local partners or other forms of such EuSEF mechanism regional/national representations. As a result, all these regional differences, particular problems, could be solved by the two-tier system of return on financial support.

- ✓ **Why is a cross-border fund needed for the social enterprises support in the EU**

At the beginning of the discussion on this topic, Karol Sachs, noted that in his understanding, the EuSEF fund could be a cross-border fund, but most investments must be made directly into social entreprise. Only a part of this mechanism can be a fund of funds that invests in other funds, set in different countries or regions. As a result, cross-border means a fund that can operate in different countries but also in different business areas of social entrepreneurship. Moreover, we also had to remember that cross-border funds are only an opportunity and an innovation. There is no obligation to build such a financial mechanism under the EuSEF label across borders. In his opinion, there are countries, where such mechanisms could be built between regions, which might sometimes be a big challenge (when we take countries having problems with internal, administrational consistency).

In addition, Berangere Bertoncello, said that having a cross-border fund is a positive solution in the countries where social investment and social enterprises are not very popular within local environment (the financial market players, NGOs and the public). Establishing such

EuSEF mechanism within a framework of cross-border exchange will create an opportunity to work together between qualified people from different countries and to save time and money and share experience more quickly on the projects that are interesting to develop. She also said that in the countries where social entrepreneurship was still not so well developed, the activities which help raise awareness on that issue are valuable. A good argument for that, is an observation that taking such an initiative by the European Commission and organising an event on social enterprise with one thousand participants shows that it is a topic of the moment. Moreover, the unemployment rate in Europe and the work that social enterprises are doing about that issue are worth to be mentioned.

According to Filip Pazderski, having such cross-border opportunity is also a chance for the countries of Central and Eastern Europe (CEE), where the social enterprises' market is still under development. For this reason, financial institutions can have a problem with investing their work (related to creating special internal procedures, engaging their employees time, etc.) into a small market. But if a few such markets were combined together, maybe it would be easier for such financial institutions to see a bigger opportunity in the market enlarged in such a way. There are three important aspects here: bigger group, bigger chances and bigger market. This view was seconded by Brigitta Jaksa. She emphasised how positive was the fact that there would be a possibility of cross-border cooperation. In her opinion, underdeveloped markets (like the ones from the CEE region) need just that, because a single national investment fund may just never survive.

On the other hand, Maciej Kopytek stated that working within such cross-border dimension generated unnecessary costs and overheads needed to coordinate it all. On the national level, it is enough that a fund like EuSEF has access to financial sources from other countries and that is already a big innovation. In general, as far as Polish domestic solutions allow that, giving private investors access to a fund that supports social economy is already a big innovation.

- ✓ **Why do we need to measure social impact of eligible enterprises operation**

According to Maciej Kopytek, a mechanism/tool showing social impact of the social enterprises operation is needed, such as the index that has been presented in the introductory part of the side-event. He stated that in his financial institution they were always wondering how to evaluate entities operating within the social economy sector and having some unique characteristics. Such enterprises cannot be treated as regular businesses, as their focus is not exclusively on making profits. Thus, taking into account this social dimension of their operation is very important. Moreover, it should be done in a way that will also play a role in the evaluation of this investment. If such aspect is not captured, social enterprises will be just treated as any other ordinary business.

With regard to this subject, Anna Somos Krishnan observed that as far as social enterprises were concerned, the same values should be taken into consideration that a customer wishes to have when he or she is dealing with a mainstream business. She used an example of person going to a bank and expecting a proper product for him-/herself, timely service, etc. In Ms Somos Krishnan's opinion, the criteria for such social investment should also be extremely clear and not too lenient. Thus, she suggested that social impact should be seen as creation of a long term value. In such a sense, those companies that create long-lasting customer relations can be seen as performing well and such effect could be seen as their social impact. Moreover, for this type of activity, the best practice to be used is the rating agency and valuation of such entities' operation. Such system, as she stated, should be suitable as long term value is quantifiable. To sum up, there are two main issues to be considered: a customer value and social impact.

According to Karol Sachs, the main goal when it comes to measuring social impact is to bring private investors interest into social business. Moreover, it is also quite a new idea. And if one wants to have private capital, he or she has to offer two things. Firstly, it is return on equity, including prior discussin of how large it should be. An example of the French market can be given here, where the return on equity is rising to double-digit, which in local conditions is satisfactory. However, in Mr Sachs opinion, it will be very difficult to keep the social approach while having this return established at such a high level. In addition, the social goals and the answers to this problem vary in different countries. Because of that, there cannot be the same European criteria everywhere, as the situation would be as it is in the European structural programmes. And these programmes very often end up being very unsuccessful. What is needed with respect to the discussed EuSEF mechanism, is creation of a common methodology of defining and measuring social impact. There are, however, social organisations which, in principle, refuse to measure, to disclose the data on their operations and their results. Thus, pragmatic way of thinking is needed here (and recognition of such conditions).

- ✓ **What systematic changes are needed to develop social enterprises in the CEE region – legal or when it comes to common definition of the third sector**

When such new European framework is established, it might happen that some important systemic obstacles will have to be faced. As Anna Somos Krishnan stated, if European Parliament agreed to this idea, we might face the question, how regulatory frameworks in particular countries were going to support implementation of such mechanism. She gave an example of her own country, Hungary, where there was no existing regulation like that. There are laws related to the businesses and non-profit entities, hardly any dedicated to microfinance mechanisms and absolutely nothing for social enterprises. As she said, authorities in some of the countries did not even understand what such entities are, even though this is where future opportunities lie. On the other hand, it also has to be remembered that social entrepreneurship is a very sensitive sector, because it tackles social issues at the same time as trying to create an income.

There were also some discussions whether any concrete definition of the social enterprise at the European level is needed. Karol Sachs, in his introductory presentation expressed his hopes that there will be no such common European definition of social enterprise, as, in his view, everything is so different in each European country. In reply to that, Marek Jetmar, said that such situation would eventually have to happen. In his opinion, while looking at the draft proposal of the EuSEF regulation, the European Commission will be inevitably in a position, where defining the qualifying portfolio for social enterprises is going to be needed. So, they will not only have to provide a definition of what it is, but also,– and it’s already mentioned in the EuSEF document – they will try to decide what the asset log there should be. In other words, the Commission will have to stipulate how much profit will have to be distributed or socialised. These crucial decisions will have to be made in order to define what a social enterprise is and what the qualifying portfolio of such an entity is. In his view, the decisions regarding profits would have to be made that can have a very strong and decisive impact, especially in countries where there is no law on social entrepreneurship and it has not been regulted in any way.

The above discussion was continued by Włodzimierz Grudziński. First of the issues that he raised concerned the definition. In his opinion, it isn’t the worst thing to work on, but it is an academic discussion. However, the most important thing is the proper judgment of this phenomenon that would be also related to establishing measures of impact. And in relation to the latter topic, a practical thing is needed more than defining what social entrepreneurship is and having new regulation in that area. In his opinion, there are already enough legal documents and they are sufficient. More practical approach is needed now, especially in a project, where private capital is to be involved. Since there already is a framework set up by the European Parliament, it should rather be filled up with concrete solutions. However, they should not be reached in a way that some people will regulate exactly how such mechanism has to work.

Mr Grudziński strongly opposed having a continuation of very formal regulations related to social enterprises support under EuSEF framework. In his opinion, we are too much used to thinking about this kind of initiatives as another European grant or funds like JEREMIE or JESSICA with all their very heavy structures and demanding procedures. He expressed his belief that when it came to the EuSEF there was only going to be a framework and further discussions should be devoted to answering the general question whether we were ready to start constructing such a fund, or maybe more than one, that would be formed across the borders or within the boundaries of particular state. Moreover, next question to be answered is, whether such a mechanism could be created in the region in a way that would enable it for applying for the EuSEF label, having a certificate and trying to find the capital for that. These are more important issues than thinking about filling in the forms and waiting for competition results from some European body.

To sum up the discussion, Karol Sachs pointed out that we needed to be patient and focused on long-term effects when beginning to establish such financial mechanisms. He gave an example of microfinance, where three years ago there was a tremendous fight in Europe to get the first 90 million for that purposes. And this year, the EU decided on 300 million of additional financing for this purpose and nobody had asked them for this. They just put it in because it is working and a good project was needed for political reasons. As Mr Sachs pointed out, nobody having 25 per cent unemployment rate and 50 per cent of young people without jobs, like in Spain, will have time to wait for a new regulation. That is the reason why something has to be done before this situation becomes very dangerous.

- ✓ **Do we have the relevant level of demand in the CEE region enabling the absorption of such large amount of funds**

In addition to above mentioned deliberations on how financial mechanism under the EuSEF label can be organised in the CEE area, some obstacles to reaching this goal were identified by side-event participants. One of such voices was the one of Vincent Lamort de Gail, who shared with others his impression that there was already too much money on the market ready to be used for social enterprises and there were too few clients suitable for using these opportunities. As he suggested, a very important issue now was to recognise how many social enterprises were in the already existing investment funds (including the size of the average investment) and to establish relevant criteria concerning the social impact of the enterprises benefitting from the support under such mechanisms.

This opinion was somehow seconded by Anna Somos Krishnan, who was wondering how all social enterprises identified in the market were going to absorb the amounts of money offered to them. In her reply, answer she suggested that in order to develop the sector, capacity building activities were needed.

Further worries have been expressed by Rachida Justo. Looking from her own experience of the work as a business school professor, she admitted having big difficulties in finding successful cases of social enterprises that had long-lasting social impact and that were profitable, saying nothing about giving any financial return on investment. In such perspective, she posed a hypothesis that maybe there was too much money and not enough clients because, in general, it was very hard to make money while having social impact. In her opinion, there are two difficult aspects that have to be combined - one is to be sustainable and the other to have a return that is financially satisfactory to investors.

This part of discussion was summed up by Karl Richter. He shared with other participants his opinion on the issue standing behind these debates: Are we trying to attract too much capital and is there a danger of overheating the market? For sure, both matters have to be remembered when we start thinking about taking next steps in creating the EuSEF mechanism.

Ideas for the follow-up

Debates presented above and suggestions from the side-event participants collected afterwards enable us to formulate the following suggestions for the next steps of the work that should be taken up, now:

- We should identify the existing financial resources in the countries of CEE region at national and regional levels that can be combined for establishment of the EuSEF mechanism. In addition, the countries interested in cooperation should be identified;
- The main actors in the same countries should be identified, as well as potentially supporting bodies. All these entities should be invited to cooperate and, at least, informed about the activities of CEE EuSEF mechanism initiating group;
- An idea presented by one of the participants (Peter Mesaros) at the very end of the side-event should be taken up and developed further, namelt that of forming a working group which would prepare the objectives, the tools and the next steps in this new direction for the capital fund;
- One of the aims of that working group should be to propose a possible version of the CEE EuSEF mechanism administrative and financial setting, based on the information about the situation in the region with respect to social financing mentioned above;

Just before the EU institutions finalise their work on the EuSEF regulation, which is expected to happen next spring, now is just the right time to do the work and prepare CEE EuSEF mechanism idea in a more specific form. We invite all those interested in such work to cooperate with us and share their ideas with the CEE EuSEF mechanism initiating group (contact information below)!

For more information, please, contact:

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Side-event's list of participants

No	Name	Institution	Country
1	Bérangère Bertoncello	Crédit Coopératif	France
2	Anna Bugalska	Ministry of Regional Development	Poland
3	Andy Churchill	Network for Europe	United Kingdom
4	Krzysztof Cibor	The Foundation for Social and Economic Initiatives / SKES	Poland
5	Grzegorz Gałusek	Microfinance Centre (MFC)	Poland
6	Włodzimierz Grudziński	Association of Polish Banks	Poland
7	Anna Horvath	NESsT	Hungary
8	Brigitta Jaksa	Demnet	Hungary
9	Ewa Janikowska	Concorda Publishing House	Poland
10	Marek Jetmar	Quartus	Czech Republic
11	Jana Juřicová	Foundation 3P	Czech Republic
12	Rachida Justo	Instituto de Empresa Business School in Madrid	Spain
13	Maciej Kopytek	The Polish Association of Loan Funds	Poland
14	Vincent Lamort de Gail	Social and Economic Investment Company (TISE)	Poland
15	Linda Maršíková	Ministry of Labour and Social Affairs	Czech Republic
16	Peter Meszaros	3lobit social enterprise	Slovakia
17	Mark Munro	Fulbright student, UW Institute of Social Policy	Poland
18	Izabela Norek	Coopest	Poland
19	Filip Pazderski	Institute of Public Affairs	Poland
20	Dominika Potkańska	Institute of Public Affairs	Poland
21	Lenka Procházková	Internetporadna Social Enterprise	Czech Republic
22	Hanna Proszek	Kujawsko-Pomorski Loan Fund	Poland
23	Izabela Przybysz	Institute of Public Affairs/GECES	Poland
24	Karl Richter	Euclid Network	United Kingdom
25	Karol Sachs	Crédit Coopératif	France
26	Gregor Sakovič	SKUP Community of Private Institutes	Slovenia
27	Małgorzata Saracyn	Ministry of Labour and Social Policy	Poland
28	Jiří Šebek	CLOVIS Investment Company	Czech Republic
29	Anna Somos Krishnan	Independent economic and social development consultant	Hungary
30	Joanna Wardzińska	Social and Economic Investment Company (TISE)	Poland