



Evolutionizing Ecosystems for Social Enterprises in the CEE Region

D8 Market Research Report



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List of Acronyms

Acronym	Full name
CEE	Central and Eastern Europe
EU	European Union
HIE	High Impact Enterprise
KPI	Key Performance Indicator
MVP	Minimum Viable Product
NGO	Non-Governmental Organisation
NPO	Non-Profit Organisation
NPV	Net Present Value
ToC	Theory of Change
SE	Social Enterprise
SME	Small and Medium-sized (or Micro) Enterprise
SPV	Special Purpose Vehicle
SROI	Social Return on Investment
VAT	Value Added Tax
VC	Venture Capitalist
WISE	Work Integration Social Enterprise

Summary

This report is a summary of the CEE market research that aimed to **discover the varying types and financial needs of impact enterprises in CEE. Financing the CEE impact economy is an extreme challenge.** Firstly, the countries of CEE are small in population, with differing levels of economic development, legal and political conditions and stability; therefore, it is hard to find “one-size-fits-all” solutions. Secondly, the impact economy itself is a niche of these small economies, with many different personas with different financial needs, and the business models of these enterprises are also challenged by many factors.

During the almost 80 in-depth interviews that were run with impact economy stakeholders, experts and target enterprises, we found that traditional grouping criteria like legal form, size, maturity level, etc., do not characterise the diverse group of impact enterprises in CEE well enough to uncover the clusters of their financial needs. Therefore, **we created the following personas with well-defined and relatively similar financial needs:**

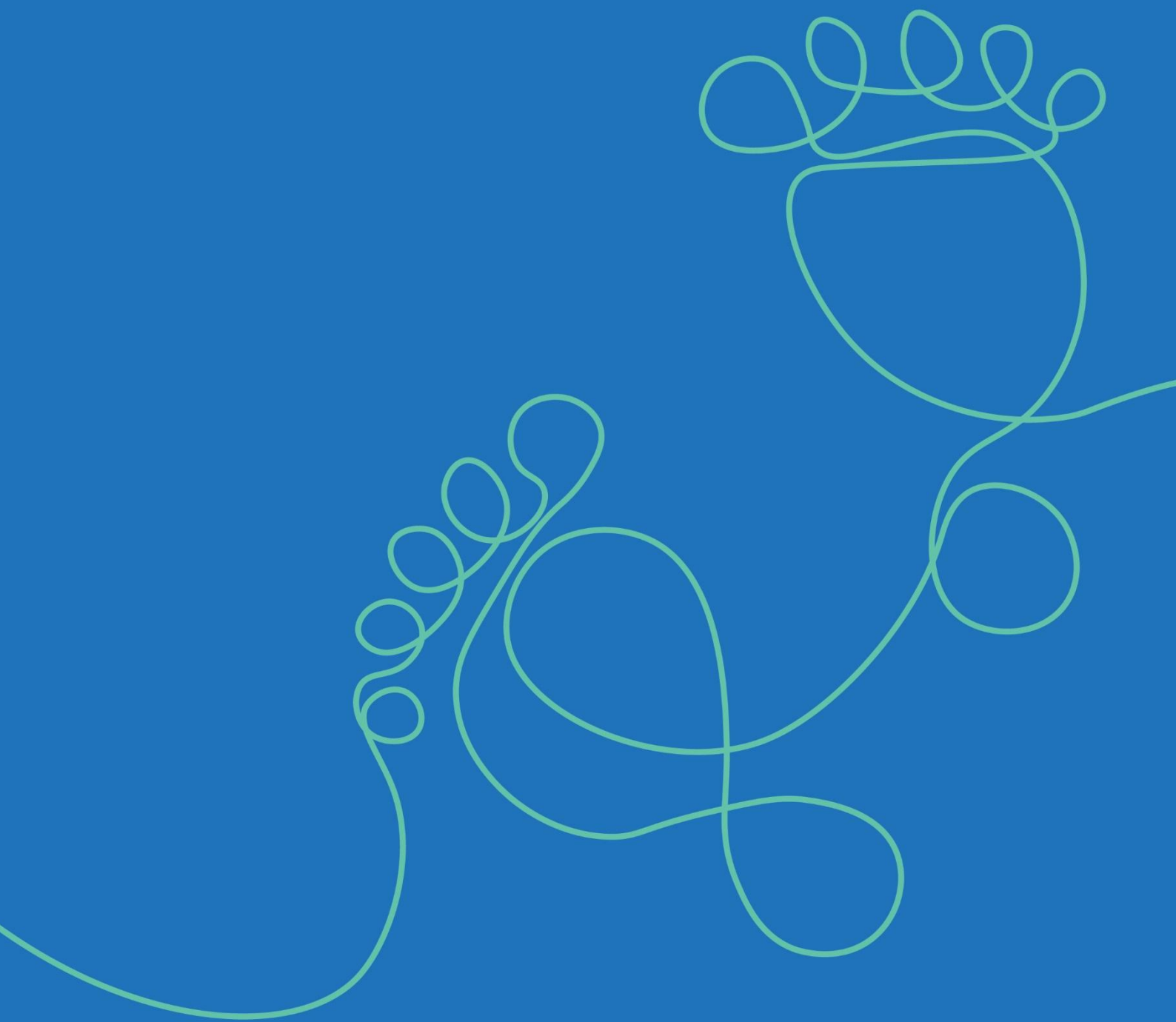
Persona	Short description of persona	Short description of the most typical financial needs
NPO with Business Activity	NPOs that intend to make their impact, but also not to be fully grant-funded. They cover at least 50% of their expenses out of business income, with a sound business model.	Funds with smaller ticket sizes, with a clear and supported application process and without extensive risks. Prefer a longer grace period, impact incentives, and need business mentoring.
Social Enterprise for Employment (WISE)	Uplift disadvantaged employees by offering them jobs. They mostly operate with state subsidies, and their business model assumes a consumer upcharge to balance lower production efficiency.	Need higher ticket sizes and can offer collateral, but still very risk-averse. Trust in the impact-appreciative funder is key. Prefer a longer grace period, impact incentives, and need business mentoring.
Organic, Natural, Traditional Enterprise	Family/small farms or food production/commerce enterprises, craftsmanship with intent for a small environmental footprint, natural, traditional values. Scale-up is not pursued at the expense of values.	They either prefer to grow from their own incomes or need micro-financing. Franchise-type scaling models may need financial support. Business mentoring and help in consumer education are appreciated.
Impact First Enterprise	Dynamic, innovative, non-tech impact enterprises that are often squeezed into the start-up category but realistically can only grow linearly, not exponentially. They prioritise generating impact while making a profit.	Willing to take risks and burdens for medium ticket size funding but lack collateral and cannot break even for min 2-3 years. Pushed into equity but would prefer to keep ownership if a loan is available, even without an impact incentive.

Persona	Short description of persona	Short description of the most typical financial needs
Tech Start-Up with Impact	Tech start-ups with meaningful environmental or social impact. After a large initial investment, exponential growth is targeted, with profit as important as impact.	Mid to high ticket size, no collateral, funding badly needed at almost any risk and condition. Equity preferred, but founders want to keep the majority and ensure impact orientation for their investor.
For-Profit Business with Impact (Spin-off)	Traditional for-profit SMEs that either switch to an impact operation or come up with a significant impact spin-off. We saw extremely few examples of this in CEE.	Too few examples for sound conclusions. Normal commercial funding options seem acceptable and feasible here.

Pursuant to the findings of this comprehensive market research, **an impact financing product is recommended, where impact incentives are provided to reward the positive ecological or societal change** that these enterprises achieve.

Second, **building a strong ecosystem of the diverse intermediaries and alliances that are present in CEE is required**: i) umbrella and network organisations with creative offerings and support systems, ii) impact investors or ventures with creative funding schemes, iii) state/EU or international funding institutions that drive this economy iv) banks and non-bank financial institutions with currently rather limited impact economy offers, v) the impact enterprises themselves. These intermediaries may be built on, supported or leveraged in many ways to drive growth in this economy.

We also recommend **supporting the CEE impact economy via capacity-building programs**. Capacity building programs are critical in this region as founders and leaders are less educated, either on how to build strong business models, to build strong networks, marketing and sales, scale or measure their impact or on their funding options and considerations.



Forewords

1. Forewords

1.1. About EcoVolve Project

The goal of the EcoVolve project is to improve Social Enterprises and Impact Startups – businesses that create positive social or ecological impact. EcoVolve strives to address the needs of early-stage social finance markets in selected Central and Eastern European (CEE) countries: Austria, Croatia, Czechia, Hungary, Romania, Serbia, and Slovakia. We are working to build a more supportive ecosystem by addressing both the supply side and the demand side.

This market research is an integral part of the EcoVolve project, providing a basis and support throughout the entire project.

Within the EcoVolve project (Full project name: EcoVolve: Evolutionizing Ecosystems for Social Enterprises in the CEE Region, Project number: 101188814), funded by the European Union, the consortium partners are IFUA Nonprofit Partner, SIMPACT, Erste Social Finance, Erste Group Bank and Impact Europe.

1.2. About our Market Research

This report summarises the findings and conclusions of the market research that has been executed within the EcoVolve project.

The main objectives of the market research were:

- Identification of the gaps between the demand and supply sides of the social enterprise finance markets.
- Identification of the market needs and size.
- Validation of demand for different financial instruments.

Therefore, the market research was conducted in the focus countries in four stages:

Foundational research: Market overview of available financing for social enterprises.

Eligibility research: (1) Identify the types of SEs that have the potential to leverage financing, (2) estimate market size in focus countries.

Financial concept research: Understand what kind of financial product and connected support would best meet the needs of eligible SEs that require funding.

Financial return research: Validate that financial instruments have strong demand, social payout and acceptable risk in the long-term from the perspective of funding providers.

The information sources of the market research were:

- Secondary research of relevant available publications, studies, and reports (References)
- Secondary research of relevant available databases (References)
- In-depth interviews with experts, incl. bankers, investors, umbrella or network organisation leaders (Annexe A)
- In-depth interviews with impact entrepreneurs and founders who belong to our target group (Annexe A)

We executed **a total of 78 in-depth interviews and studied a significant amount of secondary information**, which enhances our belief that our understanding of the CEE impact on the financing market, target group, and both supply and demand sides is sufficient to make sound product development recommendations and inputs. Still, it is important to mention the following watchouts when reading this report:

The research is not representative of the target group. While qualitative research cannot be representative per se, even our quantitative research is not representative due to our inability to take a random sample of the respondents.

Certain results of the research, mainly those relating to specific product ideas, **are confidential**. Therefore, we did not include the confidential findings and conclusions in this report.

Due to gaps and differences in definitions and the reliability of the limited data available, **the numbers and amounts regarding the size of the impact ecosystem in CEE should be treated as highly indicative**; we would like to illustrate only the magnitudes.

The research was conducted with **financial and capacity constraints**, which were allowed by the project. We compensated for this via very careful selection of interviewees for the expert interviews, so that the experts could represent the perspectives of broader communities or enterprises with significant inputs.

The research was conducted with **language constraints**. SIMPACT research owners can only execute the survey in the local language in Hungary; in the rest of the countries, we do not speak the local language. We run all the expert interviews in English, and for the target group interviews, we leveraged the most price-effective means of translation: AI solutions.

We share aggregated, anonymised results. We share all outcomes without respondent names, aggregated. We do not share contact information of respondents, and we also do not share full transcripts of interviews or focus group discussions.

We leveraged AI to write this report. As part of our commitment to efficient and modern reporting, we leveraged the Gemini AI model to streamline the summarisation of our findings. The data and original conclusions were first meticulously gathered and authored by our team and documented in PowerPoint slides. The AI's role was strictly to take these original, team-generated conclusions and findings and rephrase them into the comprehensive paragraphs you see in this report. It's important to note that the AI was not used for any data collection, analysis, or the formulation of new conclusions. Its function was purely to assist with the written presentation, ensuring our manually derived insights were articulated clearly and fluently for broader discussion within the consortium and to the public.

1.3. Terminology Clarification

The target group of the EcoVolve project are the so-called "High Impact Enterprises (HIEs)", also named as "**Impact Enterprises**" that are typically Social Enterprises or Non-profit Organisations with a business leg, and/or Impact Startups, or SMEs. They have: i) an established business that can grow, and it needs extra financing, and ii) a positive social or ecological impact, they aim to improve society or the environment.

A more qualitative description of Impact Enterprises:

- They are or are **aiming to become profitable and improve society at the same time**. They do not strive for maximum market valuation but work for a collective, positive impact.
- They **address social or environmental challenges and want to build a sustainable business model**. To achieve this, the founders focus on self-sustaining business models.

Social purposes include environmental protection, sustainability (for example, sustainable agriculture, sustainable tourism), education, health protection and prevention, poverty reduction, job creation, integration of disadvantaged groups, etc.

The **development stage** of these enterprises can typically be described as i) established business models and operational legal entities, ii) a product or service exceeding MVP stage, with validated market demand, but preferably even on-going in-market sales, iii) able and willing to scale to grow their turnover and impact beyond the current level, iv) potentially in need of external financing (for example investment equity or loan).

The **organisational forms of these enterprises** can be specific to SE (non-profit limited liability companies, hybrid NGO/corporate structures), for-profit company legal forms (limited company, limited liability company, etc.), or non-profit legal forms (association, foundation, social cooperative, etc.).

The research target group is compared to the general EcoVolve project's target:

- Research participants shall be founders or leaders of the above-described target group enterprises.

- Our research also targeted experts, investors, fund owners, and support organisation leaders who have good oversight on the operational field of the above-described target group enterprises, especially on their business and financing.
- Research participants must meet basic financing criteria, such as no bankruptcy and should not come from restricted sectors.

For the sake of clarity and consistent analysis throughout this report, we will employ a **simplified terminology to categorise different forms of funding**:

The term '**Grant**' will be used universally to refer to all non-refundable funds, encompassing grants, subsidies, donations, tender allowances, awards, and other forms of support where the provider does not receive a direct financial return from the funded enterprise.

Similarly, '**Equity**' will serve as the collective term for all funds provided in exchange for an ownership or equity share, with the return on investment realised through the future sale of that ownership.

Finally, '**Loan**' will be the term used for all repayable funds, typically with interest, that do not confer an ownership stake to the provider, with the return being collected via repayments from the funded organisation. This streamlined approach is intended to provide an unambiguous framework for the subsequent analysis.

1.4. Acknowledgements

We extend our sincere gratitude to the dedicated local executors whose contributions were instrumental in the success of our in-depth target group interviews. We wish to particularly thank **Linda Vasilescu** of Impact Hub Vienna (Austria); **Andrei M. Georgescu** (Romania); **Ivana Stancic** of Smartkolektiv (Serbia); **Gabriela Dittrichova** of Impact Hub Praha (Czechia); and **Michala Hrncriarova** of Coworking Cvernovka (Slovakia). The expertise, local knowledge, and professionalism demonstrated by these individuals were essential for gathering the rich and nuanced data that forms the core of this report.

We would also like to express our gratitude to the experts from Erste Bank who generously shared their invaluable knowledge and perspectives. We are deeply thankful to **Margit Mayr, Florian Bauer, Florian Ott, Johann Heep, Ana Maria Cretu, Peter Surek, Lucija Duzel** and **Vanja Sirbegovic** from Erste Bank, Erste Stiftung and Erste Social Finance, whose overarching insights were crucial to the research. Additionally, we extend our thanks to the local social banking experts: **Sevgi Duman-Wolf** (Austria), **Orsolya Szalay** (Hungary), **Veronika Markova and Libor Podlaha** (Czechia), **Tina Sirotic** (Croatia), **Stefan Buciu** (BCR Romania), **Rastislav Blazej** (Slovakia), and **Ivan Radojevic** (Serbia). Their contributions have significantly

enriched the findings of this report, providing a comprehensive and practical dimension to our analysis.

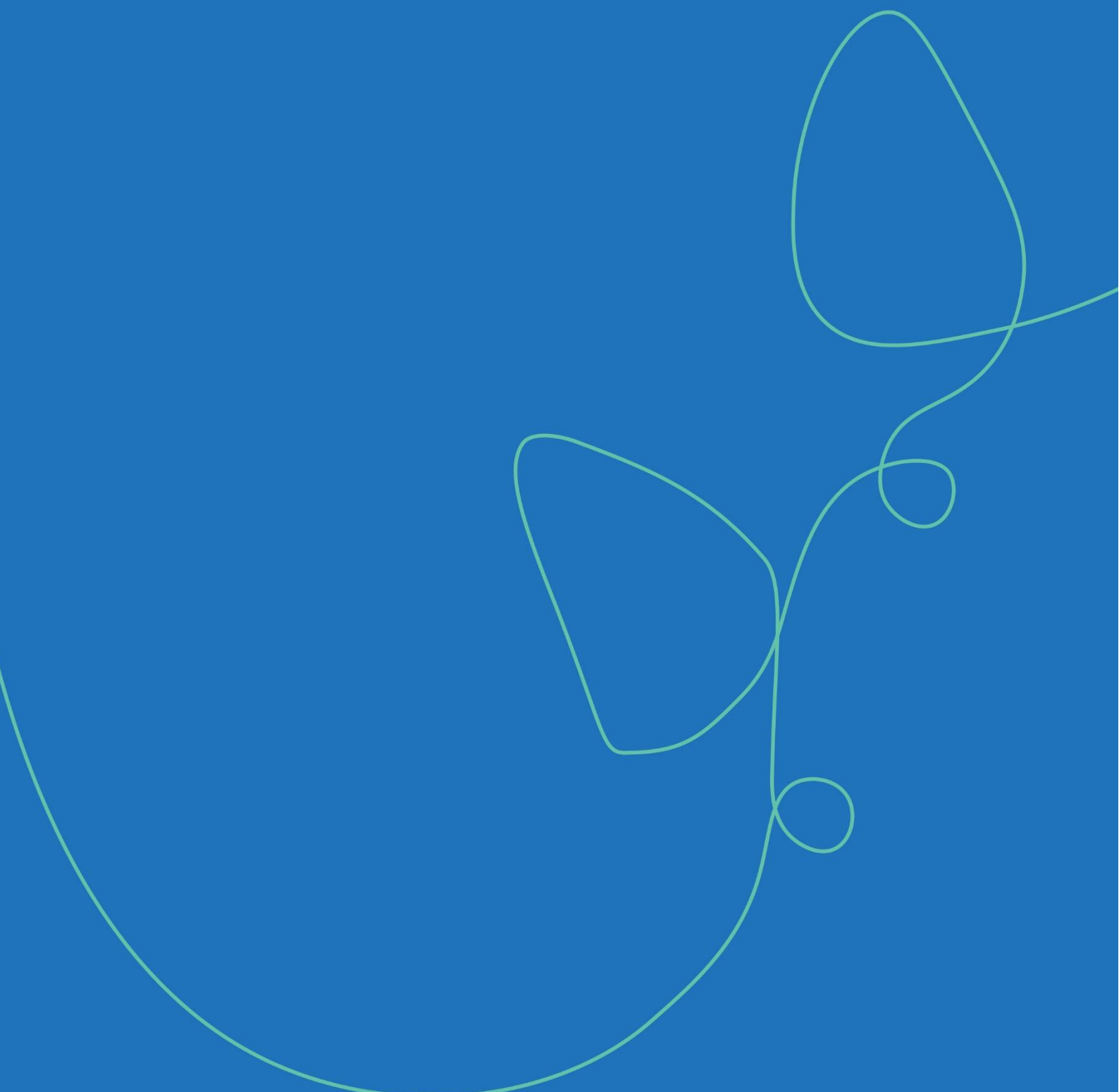
Furthermore, we are deeply grateful to the investors who shared their valuable insights and personal perspectives on impact financing. We extend our thanks to: **Kamilla Rácz** (Tilia Ventures Czechia); **Elemér Eszter** (Impact Ventures HU); **Sasha Lipman** (Tech2Impact Austria); **Claudia Alner** (CB ESPRI Slovakia); **Zuzana Kresankova** (Socialni Inovatori Slovakia); **Alice Segre** (MAZE Portugal); **Oscar Ugarte Gamboa** (Seed Capital Bizkaia Spain); **Renata Brkic** (Feels Good Investment Fund Croatia); **Felicia Relensch** (AFIN Romania); **Ivana Stancic** (Smartkolektiv Serbia); **Levente Kovács** (Hiventures Hungary); **Katarina Habek** (HUKI Croatia); **Gabriella Sodar** (WAVE, Kék Bolygó Foundation Hungary); **Martina Kolesarova** and **Norbert Maur** (Pontis Foundation Slovakia), **Zoltan Tihanyi** (CEFI Centrum Etickeho Financovania Slovakia) and **Michaela Viskupicova** (Impact Ventures Slovakia). Their expertise and willingness to contribute have provided a critical understanding of the investment landscape, which has been crucial to the success of this research.

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We also want to extend our sincere thanks to the founders and leaders of the impact enterprises who participated in our research as potential target group interviewees. Their willingness to share their experiences and perspectives has provided us with a crucial understanding of the challenges and opportunities for impact financing. We are grateful to **Attila Ferenczi** (ReCoWaste Hungary), **Jakubinyi László** (SzimBiozis Hungary), **Károly Kísari** (Rejtett Kincsek Down Egyesület Hungary), **Andor Réti** (Respray Hungary), **Béla Séllei** (Access4You Hungary), **Zdeko Hoschek** (www.zlavadna.sk and foxoboxo.sk Slovakia), **Alemka Loncar** (Hedona Croatia), **Karolina Kraljic** (Humana Nova Croatia), **Mikolas Voborsky** (Nevyhasni Czechia), **Marie Simunkova** (Nekrachni Czechia), **Katerina Kümpel** (Zvol si Happy Czechia), **Anna Vesela** (Spectoda Czechia), **Katerina Kralikova** (Czechitas Czechia), **Andrea Bohacikova** (M.Arter Czechia), **Klara Holikova** (Femme Palette Czechia), **Milica Licina** (Andjeli Delicije Serbia), **Danko Nikolic** (Zajecarske inicijative - Omladinski centar Serbia), **Nikoleta Kosovac** (Liceulice Serbia), **Katarina Ejodus** (Women on the Way Serbia), **Anica Spasov** (Naša Kuća Serbia), **Stephan Hofmann** (Minimalist Austria), **Vera Grablechner** (myCulture Austria), **Phillip Schmidt** (Social Cooling Austria), **Almaz Ayupov** (Dymaxa Austria), **Niklas Richter** (EcoTrn Austria), **Cristina Bicilă** (Ateliere fara Frontiere Romania), **Teia Ciulacu** (Atelierul de Panza / Viitor Plus Association

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The insights provided by this diverse group of stakeholders have been indispensable in shaping the strategic direction and practical recommendations of this report.



Foundational Research

2. Foundational Research

Foundational research aimed **to give a market overview of the SEs and their financial ecosystem in the selected Central and Eastern European (CEE) countries**: Austria, Croatia, Czechia, Hungary, Romania, Serbia, and Slovakia.

Given the numerous valuable studies already conducted on social enterprises in these countries, as well as the numerous studies and success stories on impact financing worldwide, we primarily based this research **on desk research**. In addition, we gathered information during **expert interviews with funders** (angel investors, banks, intermediary institutions, etc.) about the demand and supply for impact financing products in each country.

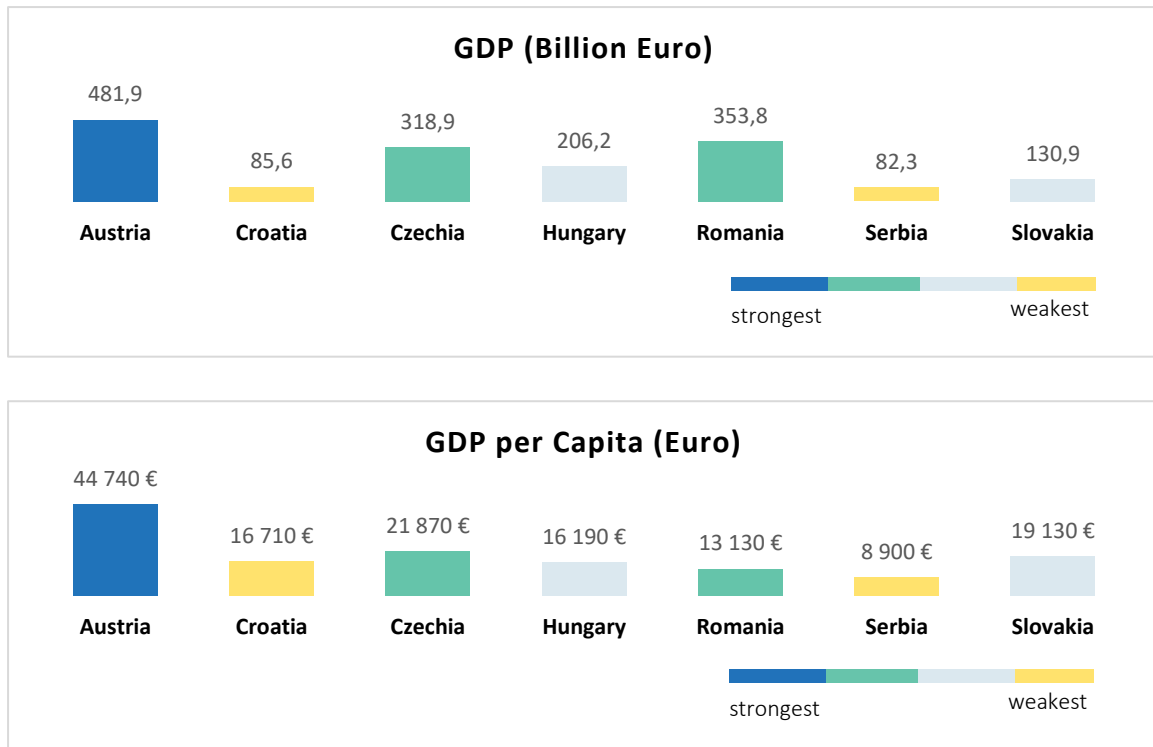
As we will see in the next chapter, the social enterprise sector in the CEE region lags behind that of Western Europe in terms of both development and size, and there are significant differences between countries. Therefore, we considered it important to prepare a **comparative analysis** of the circumstances in each country to gain a clearer picture of whether there are similar financing needs and opportunities in the impact ecosystem in each country.

2.1. Macroeconomic Overview of the CEE Impact Enterprise Ecosystem

To understand the status and development of the impact economy in these countries, we need to **start by analysing their macroeconomic similarities and differences**. While this could be a lengthy analytical work, it is not the sole objective of our analysis; therefore, we aim to identify a few, yet strongly descriptive measures that enable easy assessment and comparison.

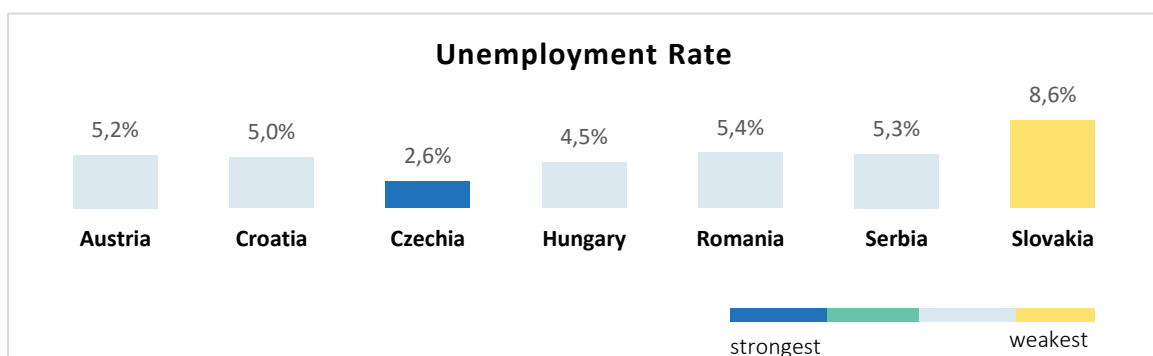
Based on the macroeconomic data for 2024¹, **there are notable differences in the macroeconomic standing of the CEE countries**. Austria stands out as a clear leader, with a total GDP of €481.9 billion and a GDP per capita of €44,740, significantly higher than any other country in the group. Among the other nations, Romania and Czechia show the largest economies by total GDP, at €353.8 billion and €318.9 billion respectively, while Serbia (€82.3 billion) and Croatia (€85.6 billion) are at the lower end of the scale. When looking at GDP per capita, Czechia (€21,870) and Slovakia (€19,130) lead the group of CEE countries, with Hungary and Croatia following closely behind with €16,190 and €16,710. Serbia records the lowest GDP per capita at €8,900, while Romania is also on the lower end with €13,130. This comparison demonstrates the varying levels of economic development across the CEE region, with some nations like Czechia and Slovakia showing stronger per capita economic output, while others like Romania and Serbia have lower figures.

¹ [EUROSTAT \(2024\)](#), [EUROSTAT \(2024\)](#)

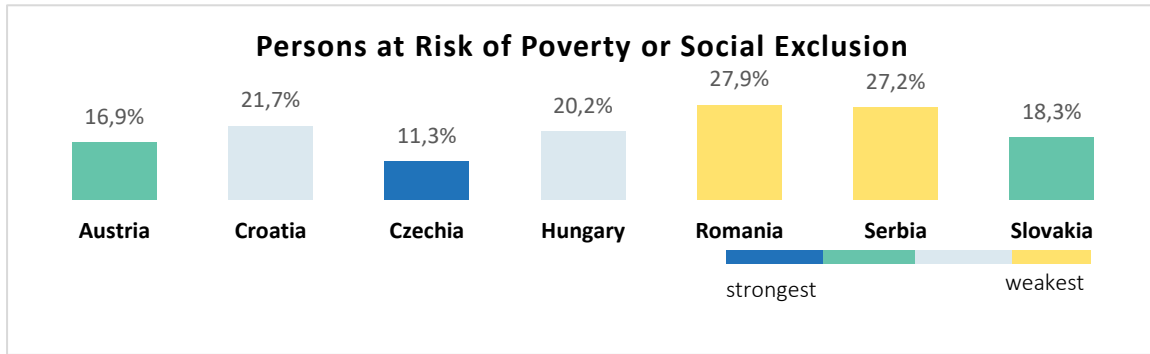


1. Figure: Key macroeconomic indicators of CEE

In terms of social issues, the data from EUROSTAT² highlights **significant disparities in unemployment rates and the percentage of people at risk of poverty or social exclusion**. Czechia demonstrates the strongest social indicators, with the lowest unemployment rate at 2.6% and the lowest risk of poverty or social exclusion at 11%. Austria also performs well with a 5.2% unemployment rate and 17% of the population at risk of poverty. On the other end of the spectrum, Slovakia has the highest unemployment rate at 8.6%, while Romania and Serbia have the highest percentages of people at risk of poverty or social exclusion, at 28% and 27% respectively. Other countries fall in the middle range, with Croatia and Serbia having similar unemployment rates (5.0% and 5.3%) and Hungary's unemployment rate at 4.5%. This analysis of social indicators shows a wide range of performance across the CEE region, complementing the economic data to provide a more holistic view of development.

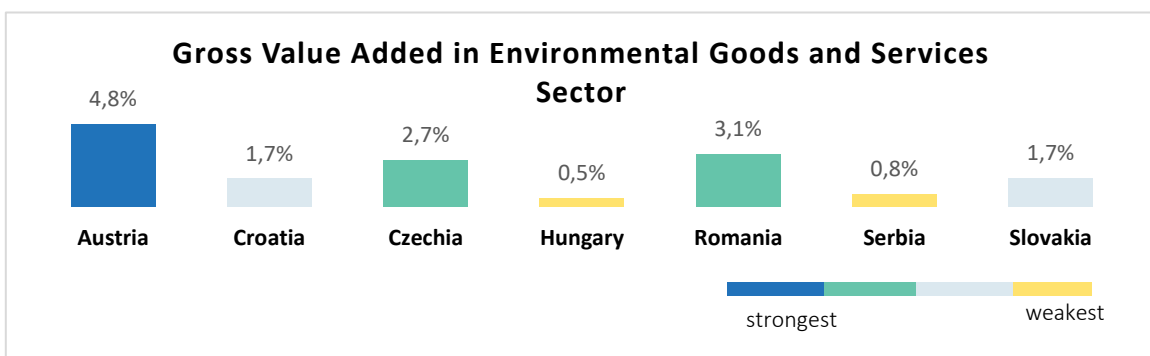
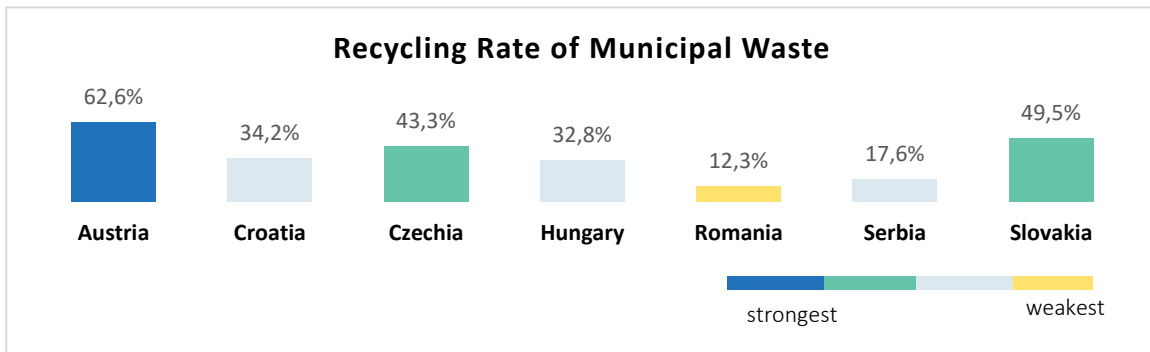


² [EUROSTAT \(2024\)](#), [EUROSTAT\(2024\)](#)



2. Figure: Key social indicators of CEE

Recycling rate and value added by the environmental sector³ have been chosen as two key measures representing environmental development of the countries. **The environmental performance of the CEE countries shows a wide range of outcomes, too.**



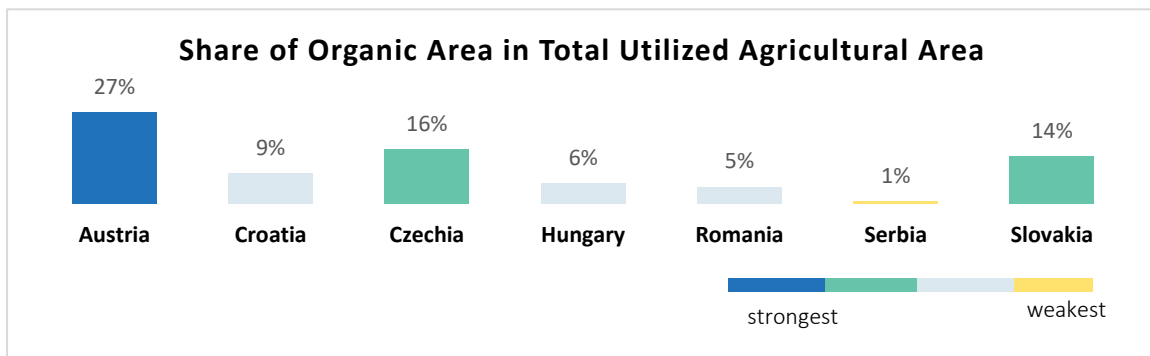
3. Figure: Key environmental indicators of CEE

In terms of the recycling rate of municipal waste, Austria leads by a large margin with a rate of 63%. Slovakia follows with a respectable 50%, and Czechia is next with 43%. On the other hand, Romania and Serbia have significantly lower recycling rates at 12% and 18% respectively, indicating a weaker performance in waste management. When examining the gross value added in the environmental goods and services sector as a percentage of total GDP, Austria again leads with 4.8%. This is followed by Romania

³ [EUROSTAT \(2023\)](#), [EUROSTAT \(2022\)](#)

(3.1%) and Czechia (2.7%). Hungary and Serbia show the weakest performance in this area, with rates of 0.5% and 0.8% respectively. Overall, the data suggests that while some CEE countries have made progress in environmental sustainability, there is still a significant disparity in performance across the region, particularly in waste management and the economic contribution of the environmental sector.

A final environmental metric, the share of organic area in total utilised agricultural area⁴, provides further insight into the sustainability practices of these countries. Austria stands out as a clear leader with a significant 27% of its agricultural area being organic. Czechia and Slovakia follow with 16% and 14% respectively, indicating a solid commitment to organic farming. In contrast, other countries in the group have a much lower share of organic area, with Croatia at 9%, Hungary at 6%, and Romania at 5%. Serbia has the lowest performance in this category, with only 1% of its agricultural area being organic. This wide disparity highlights the varying levels of adoption of sustainable agricultural practices across the CEE region.



4. Figure: Share of organic area in the CEE countries

In summary, the comparative analysis of the provided data highlights a clear divergence in development across CEE countries, with Austria and Czechia consistently demonstrating stronger macroeconomic, social, and environmental performance. Austria excels in GDP per capita, recycling rates, and organic farming, while Czechia leads in social indicators like unemployment and poverty risk. In contrast, countries such as Serbia and Romania consistently rank at the lower end of the spectrum across most measures, including economic output, social well-being, and environmental sustainability. While similarities exist in the middle range, such as with Croatia, Hungary, and Slovakia on certain economic or social indicators, the overall picture reveals a heterogeneous region with distinct leaders and laggards in development.

⁴ [European Environment Agency \(2022\)](#)

2.2. Overview of Legislation on Impact Enterprises

The regulatory landscape for impact enterprises in the CEE region is highly varied, ranging from specific legal definitions to a complete lack of formal recognition.⁵

Austria has a mature and structured regulatory environment where Work Integration Social Enterprises (WISEs) are considered a flagship instrument of the country's labour market policy. The country provides several fiscal advantages and labour cost subsidies, which apply to most legal forms. Furthermore, there are specific tax incentives for public benefit organisations. In Austria, there is no general, legally obliging definition of an impact enterprise. A specific legal label, the "Verified Social Enterprise", was created in December 2022, which provides a clear framework and criteria for certification of impact, but its usage is voluntary, and it is not fully spread across the impact enterprises yet. The label is awarded by the Federal Ministry of Labor and Economy (BMAW) and handled by Austria Wirtschaftsservice GmbH (AWS) in close cooperation with the Social Entrepreneurship Network Austria (SENA) and the Austrian Federal Economic Chamber (WKÖ).

Romania, Serbia, and Slovakia have taken a different approach by introducing a specific legal definition for "Social Enterprise" or "Social Economy." However, the implementation and scope of these definitions differ.

Romania: The regulatory environment in Romania is fragmented and has a limited impact on the growth of the social sector. The fiscal framework varies according to the enterprise's legal form, each having a specific tax regime. Public funds are largely non-transparent and inconsistent. However, WISEs receive significant subsidies and tenders from the state, and there is a quota system to encourage employers to hire people with disabilities with tax deductions on income. In Romania, the legal definition of social foundations was established, and though the registration process can be complex, many enterprises own this legal form now, and there are specific benefits connected to it (eligibility for tax advantages, ability to apply to specific grants, etc.). The country passed a law on Social Economy in 2015 that defines social enterprises and introduces the "social insertion enterprise" as a category specifically dedicated to combating exclusion through social and professional integration activities.

Serbia: In Serbia, there is no incentive for any enterprise to choose to be a Social Enterprise, and therefore, almost no enterprises choose it. Tax benefits are only applicable if the SE has a non-profit legal form. However, all enterprises that create jobs for disadvantaged jobseekers can receive a public contribution. The focus is on work integration and social inclusion, and for registered SEs, the possibility of reduced VAT rates and tax assignment contributes to their financial stability. In Serbia, a specific legal definition exists for a "Social Enterprise," but it is not widely adopted by organisations, which often choose to register as NGOs instead, as there is no positive

⁵ Based on the expert interviews, on desk research and on the following sources: [Social Impact Alliance for CEE: Unlocking Private Capital for Social Good in Central and Eastern Europe](#), [WU: Data and Facts about the Nonprofit Sector](#) + [ESEM Reports](#) + [Social Enterprises and their ecosystem in Europe – Country reports](#)

discrimination of social enterprises in any sense; legislation or rules have not been created beyond the definition itself. The government's support for the sector is also inconsistent. The 2022 Law on Social Entrepreneurship provides a legal definition. It explicitly defines "labour integration" as working with able-bodied members of "socially sensitive groups" on their education, training, and employment. The law specifies that social entrepreneurship is realised through activities like work integration and is aimed at solving social problems and increasing social cohesion.

Slovakia: Slovakia has a legal definition for a Social Enterprise, but there is no incentive to reduce the VAT rate. This has resulted in a small ecosystem of social enterprises that primarily focus on obtaining grants and subsidies. The country's policies target social cohesion and strategic investment, with a focus on work integration. Slovakia has a legal definition of a "Social Enterprise" but no specific legal entity, so the status is obtained through existing legal entities. The 2018 Act on Social Economy and Social Enterprises provides a legal framework. This act, while defining social economy broadly, places a strong emphasis on work integration. It aims to offer quality job opportunities for disadvantaged and vulnerable groups, such as the long-term unemployed, youth, ethnic minorities, people with disabilities, the elderly, and provides incentives and benefits for registered social enterprises that meet these criteria. Many distinct benefits are connected to becoming a Social Enterprise, for example, grant and subsidy opportunities, government sourcing benefits, etc., and the criteria for becoming a Social Enterprise are relatively easy to pass (for example, employing young or senior employees is sufficient). This results in a large number of Small Social Enterprise ecosystems focusing on obtaining this title, and enjoying the benefits without true, in-depth change of society or environment thanks to their activities.

In **Croatia, Czechia and Hungary**, there is no legal definition for impact enterprise or social enterprise, mainly foundation, public benefit company, non-profit company or startups, as limited liability companies are legal forms that appear within the impact economy. In Hungary and Croatia, we can also add that there is no specific government interest or support behind this sector either.

Croatia: The regulatory landscape in Croatia is characterised by a lack of general political and public support, despite the involvement of various actors. Companies employing people with disabilities are eligible for reduced social security costs and WISEs can be included in public procurement contracts. Non-profit organisations (NPOs) that engage in commercial activities may be subject to profit tax, but only if the tax exemption would provide an "unjustified advantage." NPOs are also subject to VAT if their commercial activities exceed an annual revenue of €40,000. In Croatia, while there is no specific law on social enterprises, a 2015-2020 strategy provided a working definition that included criteria for social, environmental, and economic goals, as well as stakeholder involvement and profit reinvestment. However, the legal forms that impact enterprises take are typically associations or cooperatives, with some oversight for work integration of people with disabilities falling under the Agency for Expertise, Professional Rehabilitation and Employment of Persons with Disabilities.

Czechia: The regulatory environment in Czechia is focused on work integration and supporting disadvantaged individuals, particularly those with health disabilities. The state plays an important role in providing revenue through programs that channel support to impact enterprises and specifically WISEs. The country also provides income tax exemptions for publicly beneficial taxpayers and employers of disabled people, and WISEs can utilise these tools. On the other hand, there is a great opportunity to raise the importance of prioritising social or environmental impact in the minds of policy makers and the general public, as is obvious from several ecosystem experts mentioning how controversial the word "social" sounds in this country, still reminding people and policy makers of the communist past, instead of acknowledging current burning social matters.

Hungary: Hungary's regulatory framework for the impact economy is fragmented and lacks coherence. Public policies target social cohesion and strategic social investment by grouping social enterprises (SEs) with programs for start-ups or SMEs. The main focus is on work integration, with a quota system in place to encourage employers to hire people with disabilities. Tax deductions on income are also available.

WISE (Work Integration Social Enterprise) is typically also not defined as a legal form, but it is commonly understood in CEE that it covers enterprises in which people with disadvantages can be employed with advantageous conditions. In Austria, Romania and Slovakia, this enterprise form is defined by law, while in other countries it is not. However, it is visible across all the countries that specific rules and financial incentives are connected with employing people with disabilities, and in many cases, also other disadvantaged groups. Typical financial measures in this area include positive or negative incentives to corporations to employ disadvantaged groups.

The varying legal and regulatory approaches across the region have led to a diverse composition of the impact on the enterprise sector. In countries with a lack of a legal definition, the sector is primarily comprised of a mix of legal forms and is often small in scale, with a focus on specific target groups like people with disabilities or the long-term unemployed. In countries with a specific legal definition, the sector is more structured, but its effectiveness can be limited by challenging regulatory environments and a lack of consistent government support.

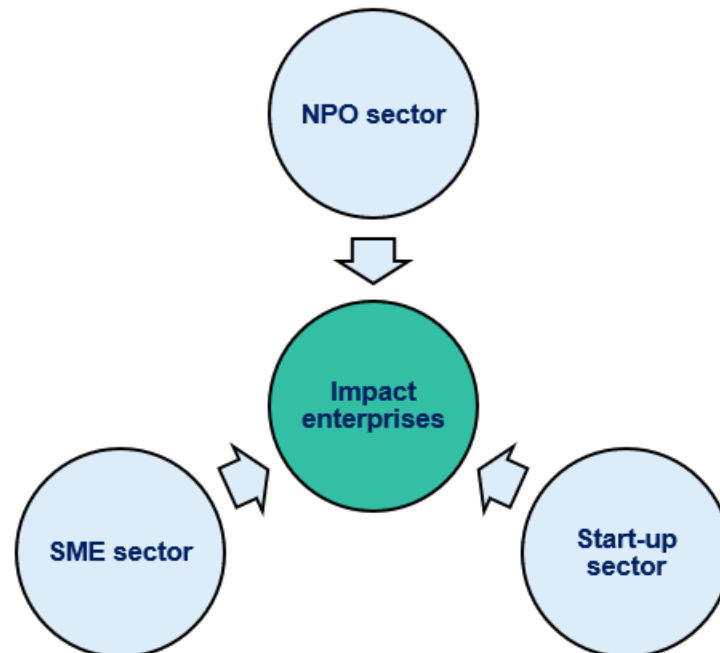
The most visible target groups within impact enterprises vary significantly across the countries. In Austria, the focus is on two main groups: Work Integration Social Enterprises (WISEs) and startups with a social impact. Croatia's sector is directed at very few and well-established large social enterprises, with a particular focus on larger organisations, those with more than 35 employees. In Czechia, the most visible target groups are enterprises that employ people with health disabilities and the long-term unemployed, who account for a large portion of social enterprises and work integration social enterprises (WISEs). There are impact startups within the Czech startup ecosystem, but they generally do not value impact as an important factor within their success model. Hungary's sector is geared towards non-governmental organisations (NGOs) that have a business leg, and some startups with a social impact. Meanwhile, Romania focuses on a "Social insertion enterprise" category, which has a

specific legal definition, along with bio-food and artisan businesses. Serbia's most visible target groups are organic farming and healthy food production in rural areas, while Slovakia's are social enterprises that align with the specific legal definition, as well as impact-first entrepreneurs. This shows a notable diversity in the focus of impact enterprises, ranging from specific vulnerable groups and startups to entire sectors like organic farming.

2.3. Sector-Level Overview of the CEE Impact Enterprise Ecosystem

As we have shown above, we **cannot use a clear and uniform definition of social enterprises when presenting each country**. Furthermore, the legal definitions do not accurately cover the target group that the Ecovolve project has set as its goal. Our definition is consistent with that of the European Commission⁶, according to which a social enterprise is a business with a primary aim to achieve social impact rather than profit. These enterprises are market-oriented, using entrepreneurial and innovative methods to provide goods and services, but they reinvest their profits to meet their social objectives, such as creating jobs for vulnerable groups or addressing environmental issues.

Based on this definition, **social enterprises** (called impact enterprises in the Ecovolve project) **can be found in three traditional sectors**:



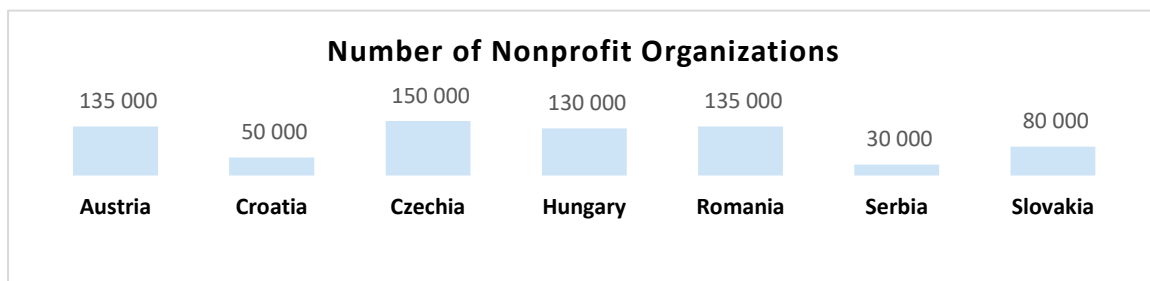
5. Figure: Typically Impact Enterprises are routed in the NPO, Start-up or SME sector

⁶ [European Commission: Social Enterprises and Their Ecosystems in Europe - Comparative synthesis report](#)

- First in the **SME sector**: micro, small and medium enterprises, that have impact goals.
- Second in the **start-up sector**: new, innovative businesses that have typically classic startup goals: achieving exponential growth, success, and a successful exit. The impact is often a latent or positive externality, with no declared impact goal initially.
- But impact enterprises can also develop **in the non-profit sector**: these are business arms or impact spin-offs of NPOs that engage in commercial activities to increase financial stability.

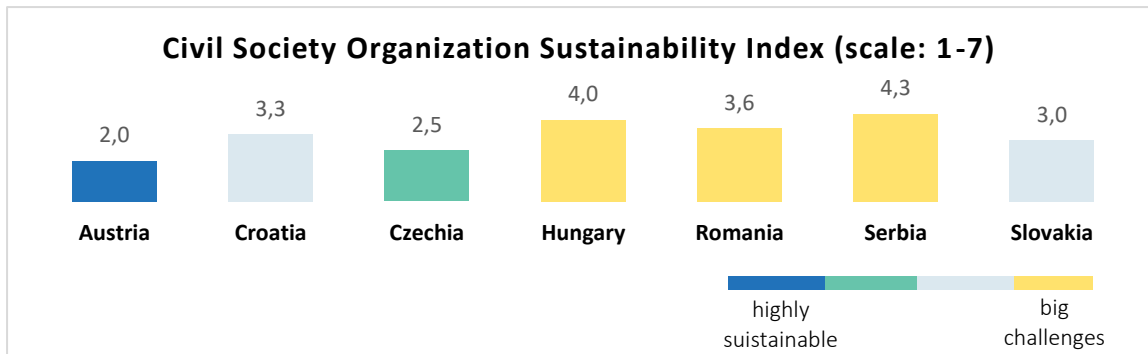
Below, we present the level of **development of these three sectors in each country** to provide an overview of the situation of social enterprises in each country.

A comparison of the non-profit sector across the CEE countries also reveals a mixed picture of development. In terms of the sheer number of nonprofit organisations⁷, Czechia leads with 150,000, followed by Austria and Romania, each with 135,000. Hungary also has a substantial number at 130,000, while Slovakia and Croatia have fewer, at 80,000 and 50,000, respectively. Serbia has the lowest number of organisations, at 30,000. However, when looking at the Civil Society Organisation Sustainability Index⁸, which measures the challenges faced by the sector on a scale of 1 to 7, a different pattern emerges. Austria's sector is rated as "highly sustainable" with a score of 2.0, while Czechia is rated as "sustainable" at 2.5. In contrast, Hungary, Romania, and Serbia face "big challenges," with scores of 4.0, 3.6, and 4.3, respectively. Croatia and Slovakia are in a better position but still face "challenging" environments with scores of 3.3 and 3.0. This data indicates that while some countries have a high number of non-profit organisations, the sustainability and overall operating environment for these organisations can vary dramatically, and based on expert interviews, we know that in several of the CEE countries, there are many 'dormant' NPOs, which only exist on paper, but no particular activity or operation is performed. Furthermore, many of these NPOs may be extremely small and insignificant in size.



⁷ [Social Impact Alliance for CEE: Unlocking Private Capital for Social Good in Central and Eastern Europe, WU: Data and Facts about the Nonprofit Sector](#)

⁸ [fhi360](#), estimated number in case of Austria.

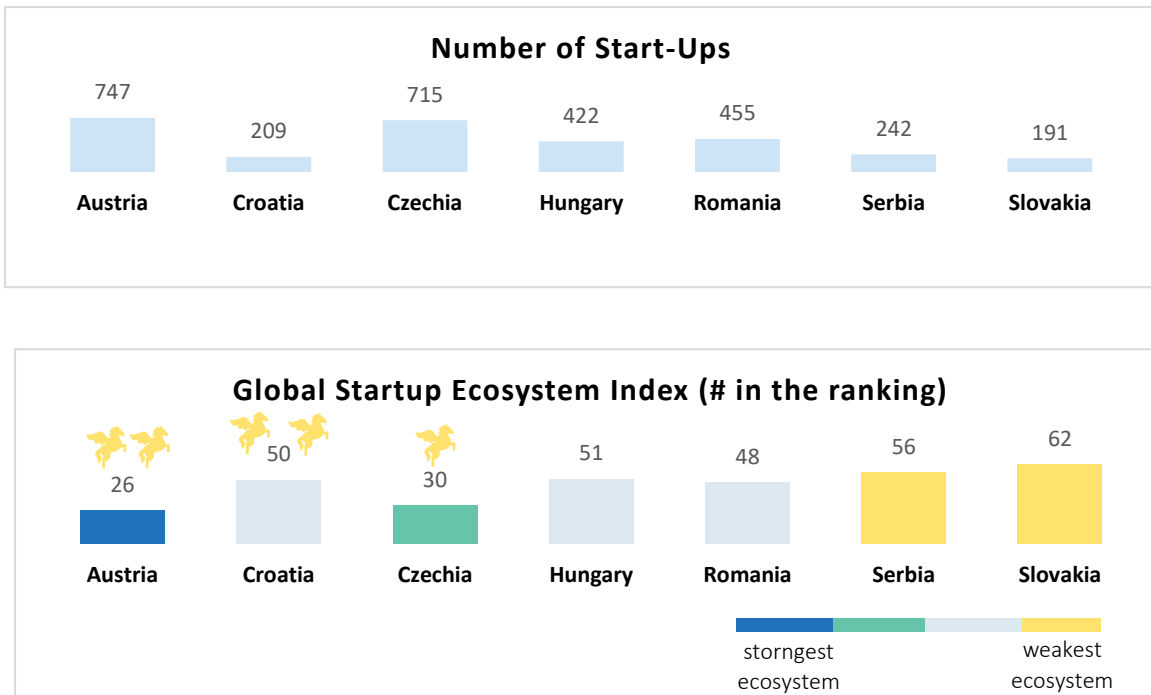


6. Figure: Key non-profit sector indicators in CEE

The ability for non-profit organisations (NPOs) to engage in commercial activities varies across the CEE countries. In Austria and Serbia, the regulations are more permissive, allowing NPOs to generate income from business activities. In contrast, other countries have stricter limitations. Croatia and Czechia permit commercial activity but stipulate that any income or profits must be exclusively reinvested for the organisation's statutory goals. Hungary has a specific and restrictive cap, limiting commercial income to a maximum of 10% of the NPO's annual revenue. Romania's framework requires that commercial activity be performed "strictly in the scope of the organisation," while in Slovakia, the possibilities depend on the NPO's legal form, with civil associations having more leeway than foundations. This highlights a diverse range of regulatory approaches, from more open frameworks to very specific and restrictive rules on NPO business activities.

The status of the start-up sector within the CEE countries also shows notable differences in both the number of start-ups and the overall strength of the ecosystem⁹. Austria and Czechia lead with the highest number of start-ups at 747 and 715, followed by Romania with 455 and Hungary with 422. Serbia and Croatia have a smaller number of start-ups, at 242 and 209, while Slovakia has the lowest at 191. However, the Global Startup Ecosystem Index rankings reveal a different picture of strength and maturity. As usual, the sheer number of enterprises is misleading here, too. Austria ranks the highest at 26, with two unicorns, indicating a "strongest ecosystem." Czechia follows at rank 30 and has one unicorn. Romania, Hungary and Croatia are close in the rankings, at 44 and 51 and 50. Croatia's high rank and its unicorns indicate a disproportionate strength compared to the population of the country. Serbia and Slovakia have the weakest ecosystems among the group, ranking at 56 and 62, respectively. This data suggests that a higher number of start-ups does not always correlate with a stronger ecosystem, as demonstrated by Austria's and Czechia's leading position.

⁹ <https://www.startupblink.com/> (2024/25), [Global startup Ecosystem Index 2025](#)



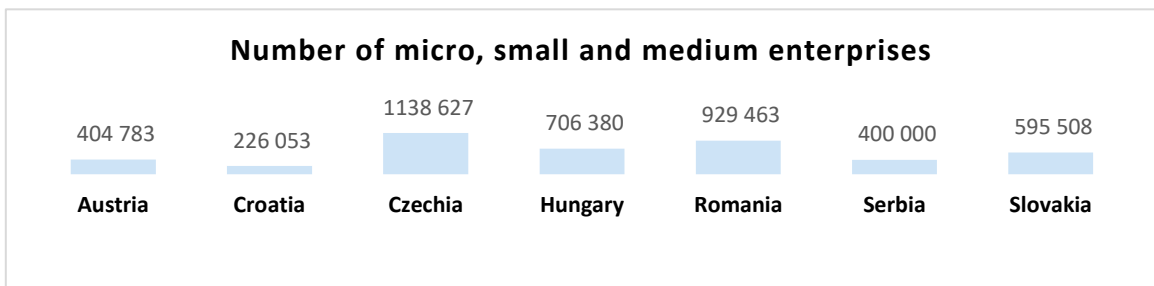
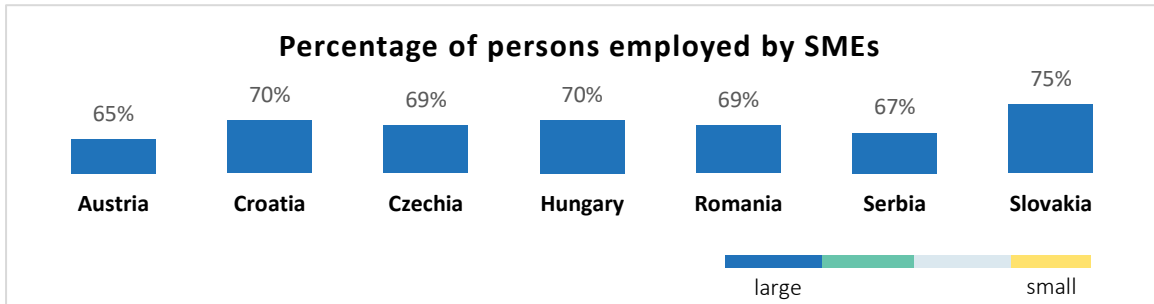
7. Figure: Key start-up sector indicators in CEE

It is worth reviewing **the state support systems for startups in the CEE countries as well, to better understand the country-specificities**. Austria stands out with over 40% of its startups having reached the break-even point and 73% having entered international markets, indicating a mature and robust ecosystem. The Austrian state's support is channelled through organisations like the Austrian Wirtschaftsservice (AWS), which targets innovative startups with social aims. Croatia has a robust startup ecosystem with a state support program in place, though the numerous support programs and grants, along with institutional and fiscal burdens, are cited as creating challenges for innovation. Czechia has a significant role in the economy, with state support programs in the MVP stage and well-functioning support offices for startups across the country. Hungary's government is directly involved in ecosystem development, but there is no coherent support system. However, a government-backed venture capital firm plays a significant role in local startup funding, and the Startup Factory program supports technology incubators. In Romania, a robust startup ecosystem is supported by EU grants and national support programs for SMEs focusing on startups. Serbia's government actively supports innovation through the Serbia Innovation Fund, and a program for startups is being improved by the German Development Bank. Finally, Slovakia's government provides subsidies and EU support, but in spite of this, the ecosystem is still considered less vibrant.

The SME sector across the CEE countries displays varying levels of size and economic contribution too.¹⁰ Czechia has the largest number of micro, small, and medium enterprises, with over 1.1 million, followed by Romania with over 929,000 and Hungary with over 706,000. Austria, while a leader in other areas, has a smaller number of SMEs at approximately 405,000. At the lower end are Croatia with just over 226,000 and Serbia with 400,000. In terms of employment, the sector is a significant

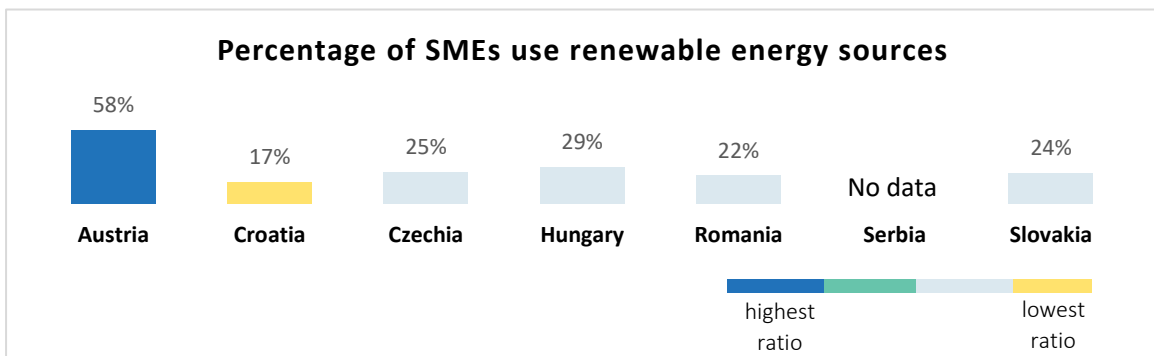
¹⁰ [European Commission: SME fact sheets](#)

employer across all countries. Slovakia shows the highest percentage of people employed by SMEs at 74.5%, followed by Hungary and Croatia, both with approximately 70%. Czechia and Romania also have high percentages at 68.6% and 68.8% respectively, while Serbia is slightly lower at 66.5%. Austria has the lowest percentage of employment by SMEs at 64.7%. This data shows that while the number of SMEs varies widely, their role as a primary source of employment is consistently high across the region.

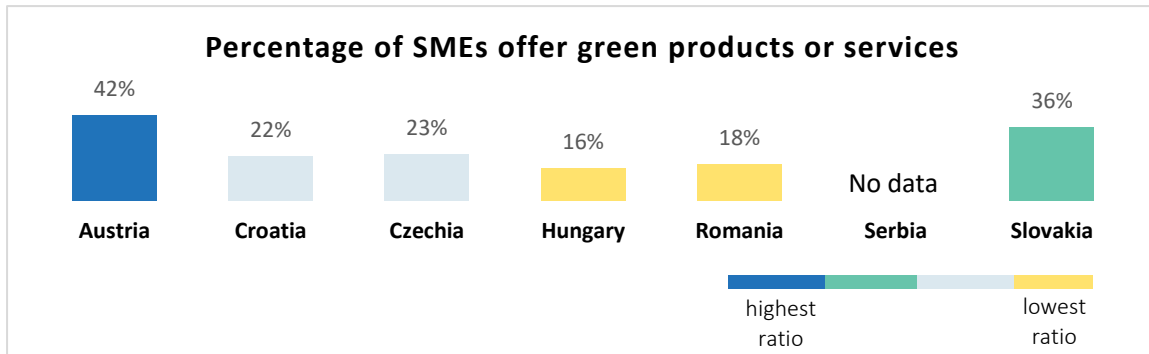


8. Figure: Key SME sector indicators in CEE

When comparing the SME sector's alignment with green goals¹¹, there is a clear leader and a noticeable disparity across the region.



¹¹ [European Union: SMEs, resource efficiency and green markets \(2024\)](#)

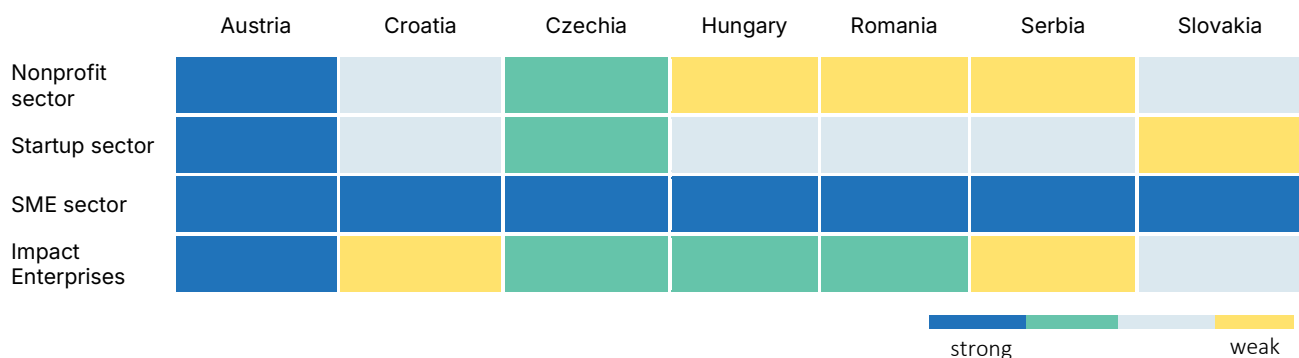


9. Figure: Key SME sector indicators in CEE, which reference impact goals

Austria is a standout performer, with 42% of its SMEs offering green products or services and 58% using renewable energy sources. Slovakia also performs well, with 36% of its SMEs offering green products or services and 24% using renewable energy. Czechia, Hungary, and Romania are clustered in the middle range, with the percentage of SMEs offering green products ranging from 16% to 23%, and the percentage using renewable energy sources ranging from 22% to 29%. Croatia shows the weakest performance in these areas, with only 22% of SMEs offering green products and a low 17% using renewable energy. Data for Serbia were not available for these indicators. Overall, the data indicate that while Austria is well ahead in integrating environmental goals into its SME sector, the other countries are at varying stages of development, with some showing more progress than others.

By presenting the three main sectors from which impact enterprises "emerge," we can deduce the development level of the impact ecosystem. Specifically, we attempt to determine the volume of the Impact Enterprise sector in Chapter 2.

To sum up the sectors driving the strength of the impact economy, we may state that Austria's impact economy is strong across the board, with robust nonprofit, startup and SME sectors. In contrast, the startup sector is the weakest point in Croatia and Hungary, which are otherwise driven by their SME and nonprofit sectors, respectively. Czechia has a strong SME sector and a moderately strong nonprofit sector, while its startup sector is also a point of strength. Romania, Serbia, and Slovakia all show a strong SME sector, but their nonprofit and startup sectors are generally weaker. Notably, Serbia's nonprofit and startup sectors are also weak.



10. Figure: Comparison of the CEE countries based on the strength of foundational sectors

2.4. Market Overview of Available Financing for Social Enterprises

The impact economy in the CEE region is characterised by a set of shared characteristics, challenges and opportunities. Across all our seven examined countries, **this sector remains a relatively small niche, situated between traditional non-profit organisations and for-profit businesses**. A key similarity is the limited awareness and interest from both the general public and policymakers. The legislative frameworks are not always clear or mutually aligned, and the lack of exact classification and statistical data often leads to contradictory findings.

Despite these challenges, there is a growing recognition of the importance of the impact economy as environmental and social problems become more critical on both a global and regional scale. **All CEE countries are on a journey of impact economy growth, although they have started from different bases and are at varying levels of development**. It is important to note that these impact economies remain less developed than those in Western Europe, presenting a clear opportunity to leverage best practices from that region.

Encouragingly, national programs have been initiated in every country to develop this sector, and support is also being provided by the European Union and other international organisations. The region is increasingly on the radar of regional and global impact investors. Furthermore, a shared strength across all countries is the presence of strong umbrella organisations that are already experts in this sector. These organisations play a crucial role in the development of the impact economy and have established networks and ecosystems that can be tapped into to foster further growth.

When we examine **the extent to which foundational financing options** (sales revenue, EU / state grants, subsidies, private and corporate donations, investment, bank loans, microfinancing) **are available to impact businesses in different countries, we find significant differences**.¹²

Austria's impact economy is considered the most mature, established, and influential in the CEE region, acting as a significant "third economy" between the non-profit and business sectors. The country benefits from a robust financial ecosystem, with availability of grant funding and micro-financing, particularly in the idea, seed, and startup stages, which is far higher than in any other examined country and seems sufficient to develop any viable idea into a marketable MVP. Furthermore, Austria possesses the most developed startup ecosystem in the region.

However, a key challenge is the "death valley" of financing, which is most problematic during the expansion phase for startups and enterprises, as grant opportunities tend to dry up at this stage. Despite this, a sufficient amount of investor and bank offerings

¹² Based on the expert interviews, on desk research and on the following sources: [WU Report - Impact Investing in CEE](#) + [ESEM Reports](#) + [Social Enterprises and their ecosystem in Europe – Country reports](#)

exist to cover the needs of mature-stage enterprises, ensuring their continued development.

The impact economy in **Czechia** is a developing ecosystem that is gaining recognition and interest. The sector is characterised by a strong focus on work integration, with people with health disabilities and the long-term unemployed representing the most visible target groups. The startup ecosystem is also a significant driver, ranking 32nd globally and featuring at least two unicorns. But despite having developed non-profit, for-profit, and startup sectors, there is a notable lack of self-identification as "impact economy" players. This makes impact enterprises difficult to identify, especially since there is no clear legislative background for them, and the word "social" can have negative connotations in this country, reminding people to the communist past.

The startup ecosystem is very strong, and some impact startups may evolve from normal startups. There are also strong local investors, some with a specific impact focus (for example, Tilia Ventures, PurposeTech or SoulMates). However, finding finance-ready impact enterprises among SMEs, startups, or NGO spin-offs requires a significant mindset shift among stakeholders, incl. funders and the enterprises themselves.

The impact economy in **Hungary** is characterised by a high number of small, local social enterprises, but there are few strong, viable non-profit organisations (NPO) business spin-offs. The country's startup ecosystem and its development are not yet considered outstanding.

A significant challenge is the narrow range of grant opportunities at every stage of development, which often forces enterprises to fight for survival, driven by the withholding of EU funds that the country has experienced in recent years, compounded by existing political and economic challenges. However, there are positive developments, with new and innovative impact startups emerging due to the long-term presence of support organisations, state programs like Hiventures and Wave, a strong civil society, and the participation of local banks and investors (for example, Impact Ventures).

In **Romania**, in spite of some positive trends, the SME, non-profit organisation, and startup ecosystems remain relatively underdeveloped compared to the size of the country, though these sizes are still significant in absolute terms. This may also be a reason why both general investors and impact investors are less present and focused on the country; active acquisitions of impact investors are not visible except AFIN, which is a local impact investor operating as an NBF, financed mainly by EU and bank funds.

Government programs are in place to support idea and seed-stage impact startups, which offer funding for the first 2 years after establishment of the enterprise. However, the survival of these enterprises after the grant period's end remains a challenge, and experts mention a typical 'serial entrepreneur' phenomenon, when founders of the granted enterprises stop their venture at the end of the grant period

and establish another enterprise that is again eligible for a new grant. Furthermore, robust non-banking financial institutions (NBFIs) provide strong micro-financing options. The impact economy in Romania is primarily composed of successful NPO spin-offs, with only a small number of impact startups currently present in the ecosystem.

Slovakia's impact economy remains underdeveloped, with a startup and impact ecosystem that struggles to thrive. A key challenge is the overabundance of social economy legislation and grants for ideas, seeds, and small and medium-sized enterprises (SMEs), which don't seem to genuinely foster the growth of the impact economy. Consequently, many enterprises remain small or even collapse once their grant funding is depleted, which is a similar case as the one described by experts in Romania.

In Slovakia, a social financing sector is built on the local execution of EU programmes like ESF, with funds and guarantee schemes coming mainly from EIF. Big fund distributors are Socialni Inovatori, CB-ESPRI and Erste play a significant role as one of the country's leading providers of micro-finance and impact funding, which is crucial for the financial landscape. The mentioned top funders, and other major players of the ecosystem, like Pontis Foundation and Impact Ventures, build a whole network of other support institutions and try hard to foster the enterprises to long-term growth and financial stability.

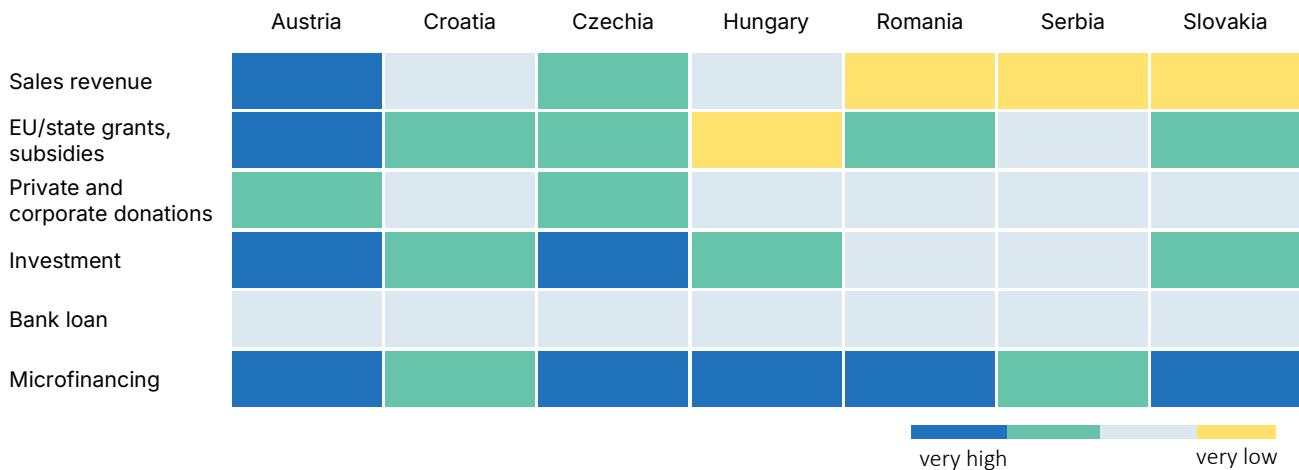
Croatia's impact economy is in its infancy, with an extremely low number of impact enterprises; none of the experts estimate the number of social and impact enterprises to be above 500. While the state finances most social needs, it doesn't seem to prioritise either environmental topics or boosting private or civil movements within the impact ecosystem. The state direction seems to be centralised social care with few large providers, which are fully or partially state-owned.

On the other hand, the startup economy is strong and vivid, with unicorns already present and investors showing interest in the country. However, the concept of impact enterprise as a distinct category is still developing, requiring proactive education and offerings. This effort is being led by various entities: umbrella organisations like Act Grupa, investors like Feelsgood Capital, Erste, and international and EU players, but it lacks a clear focus from both the government and the public. SMEs, start-ups and successful larger for-profits with (possible) impact may be targeted when driving the impact economy's growth, but their mindset needs to be changed to devote more attention to impact and less to profitability. Several exemplary enterprises are already striving, which may become role models and advocates.

Serbia faces significant disadvantages in its impact economic development due to its lack of EU membership. This status hinders general economic development and limits access to crucial grants, resulting in some of the lowest overall development levels, including in the impact economy, across the region. However, this challenging environment has a unique consequence: entrepreneurs are forced to become resilient and "fight for their life," which may explain why successful startups from Serbia stand

out regionally. Despite the difficulties, there is some support available. Refundable financing seems like an even bigger challenge than grant funding, especially for startups in their early stages. A few banks, including Erste, are offering micro- and impact financing, and a few other creative umbrella organisations like Smartkolektiv are playing a critical role in providing much-needed assistance.

The following visual summarises¹³ **the significant variance in the foundational financial possibilities for impact enterprises** across Central and Eastern Europe.



11. Figure: Foundational financing possibilities of impact enterprises across CEE

Hungary, Romania, and Serbia face the greatest challenges, with limited access to sales revenue, EU and state grants, and private donations. Austria and Czechia appear to have the most developed financial ecosystems, showing strong potential in grants, investment and robust access to macro- and micro-financing. Croatia, despite having very low sales revenue, exhibits a high level of micro-financing and some access to private donations, investments, and EU grants. Slovakia mirrors a somewhat similar pattern to Croatia, with very low sales revenue, but stronger access to grants, and a high availability of micro-financing. The data suggests that while microfinancing is a common resource across most countries, investment and traditional funding streams remain largely underdeveloped outside of Austria and Czechia.

The literature on impact financing shows that there are countless financial instruments developed specifically for financing impact businesses, ranging from basic products to highly complex instruments¹⁴. In this chapter, we compare countries based on the impact financing instruments currently available in the CEE region.

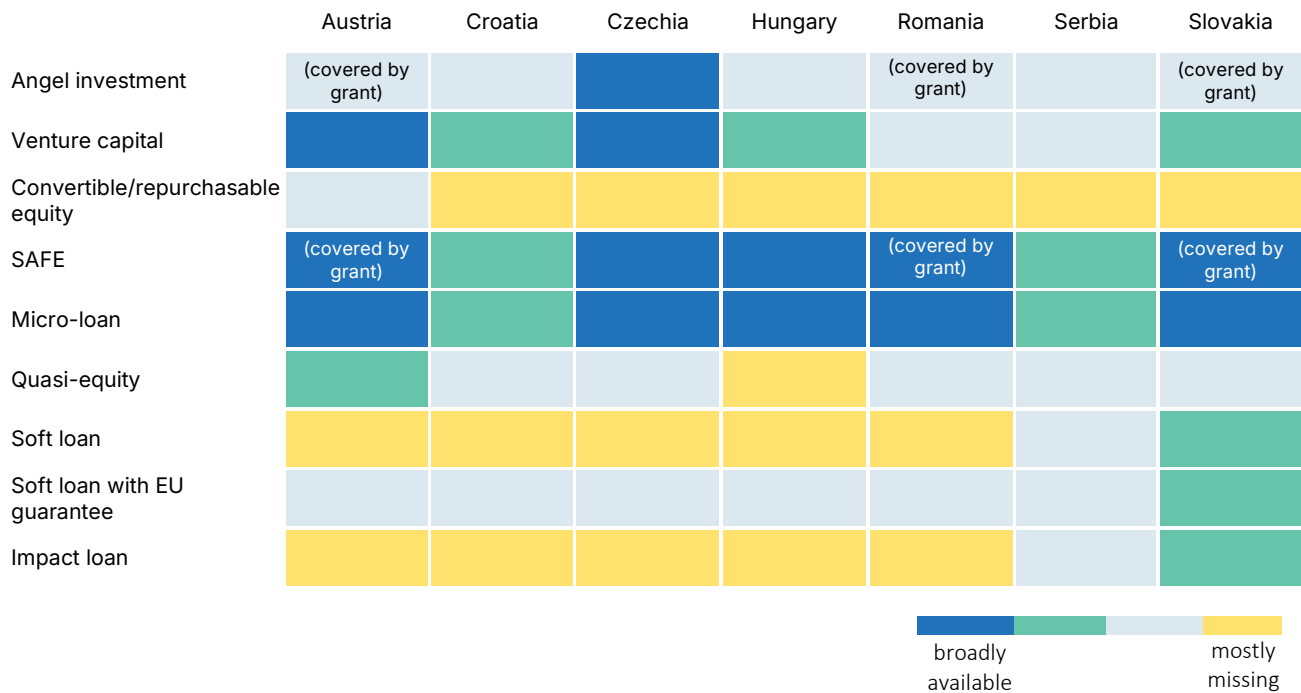
¹³ Own figure, based on expert interviews and desk research information.

¹⁴ Useful summaries for example: [Eva Varga and Malcolm Hayday: A recipe book for social finance](#), [WU: Impact Investing in CEE](#), [Smart kolektiv: Social Investment Market in Serbia](#), [Roots of Impact: Impact-Linked Finance](#), [BRIDDHI: Innovative Finance Toolkit](#), [MAZE: Alternative financing options with WE DO GOOD](#), [Brainforest and Goparity](#)

Some of the key impact financing instruments available in the CEE region are:

- **Angel investment:** relatively small amount of funding (ticket size typically may be 50k EUR) of typically early-stage startups or small businesses by wealthy individuals, known as an "angel investor," who provides capital in exchange for convertible debt or ownership equity.
- **Venture capital:** private equity investment of individuals or investment groups that finances startup companies and small businesses that are believed to have long-term growth potential in exchange for ownership equity, potentially also (convertible) debt. Ticket size is typically above angel investment, possibly several Hundred Thousand to Millions of EUR.
- **Convertible/purchasable equity:** A hybrid financial instrument that allows an investor to convert a debt-like security into ownership shares or allows the issuing company to buy back its own shares from investors.
- **SAFE** (Simple Agreement for Future Equity): A financial instrument that allows a startup to raise capital from investors in a quick and simple way in exchange for the right to receive equity in the future, typically upon a subsequent funding round, without the complexities of debt.
- **Micro-loan:** A loan with a very small ticket size (typically 5-20k EUR) extended to individuals, small businesses or startups who typically lack access to traditional financial services, with the goal of supporting entrepreneurship.
- **Quasi-equity:** A hybrid form of financing that combines characteristics of both debt and equity, often structured as a loan with milestone financing and flexible repayment terms that are tied to the organisation's performance.
- **Soft loan:** A type of loan with lenient terms, such as minimised or easy to meet eligibility criteria, a below-market interest rate, a long repayment period, or an extended grace period, often provided by a government or international organisation to organisations with social, ecological or economic development benefits.
- **Soft loan with EU guarantee:** As above, with a European Union scheme providing a guarantee, helping the funding organisation minimise the risk. This construct allows banks to provide soft loans.
- **Impact loan:** A type of financing provided to an organisation or project with the explicit goal of generating a measurable, positive social or ecological outcome in addition to a financial impact. 'In return' for this impact, this loan provides favourable terms, such as easier to meet eligibility criteria, below market interest rate, long repayment or grace period, etc.

The following visual summarises¹⁵ the significant variance of these impact financing instruments across Central and Eastern Europe.



12. Figure: Impact financing instruments across CEE

In **Austria**, the market for impact financing is unique in that key products like angel investment, SAFE are currently covered by grants, and the respective authorities provide soft loans with EU guarantee, while microloans, quasi-equity and venture capital are also broadly available. This situation differs from most other CEE countries, where these products are often completely missing. However, Austria still has significant gaps, as convertible/repurchasable equity is uncovered, and products like the soft loan and impact loan are missing.

The product offering landscape in **Croatia** is distinct, too, as both the microloans and venture capital can be considered relatively widely available. However, almost all other products are either not available or largely absent, a situation not seen in most other countries. Specifically, convertible/redeemable equity, a soft loan, and an impact loan are not available, while products like angel investment, SAFE, quasi-equity, and a soft loan with an EU guarantee are mostly missing from the market, highlighting significant gaps.

In **Czechia**, the market offers a solid foundation of certain loan products, with microloan, angel investment and venture capital being broadly available. However, it struggles with the more complex financial instruments. is uncovered, while the more advanced options, such as convertible/repurchasable equity, SAFE, quasi-equity, a

¹⁵ Own figure, based on expert interviews and desk research information

soft loan with an EU guarantee, and impact loan are all mostly missing, highlighting a lack of diversity in the available products.

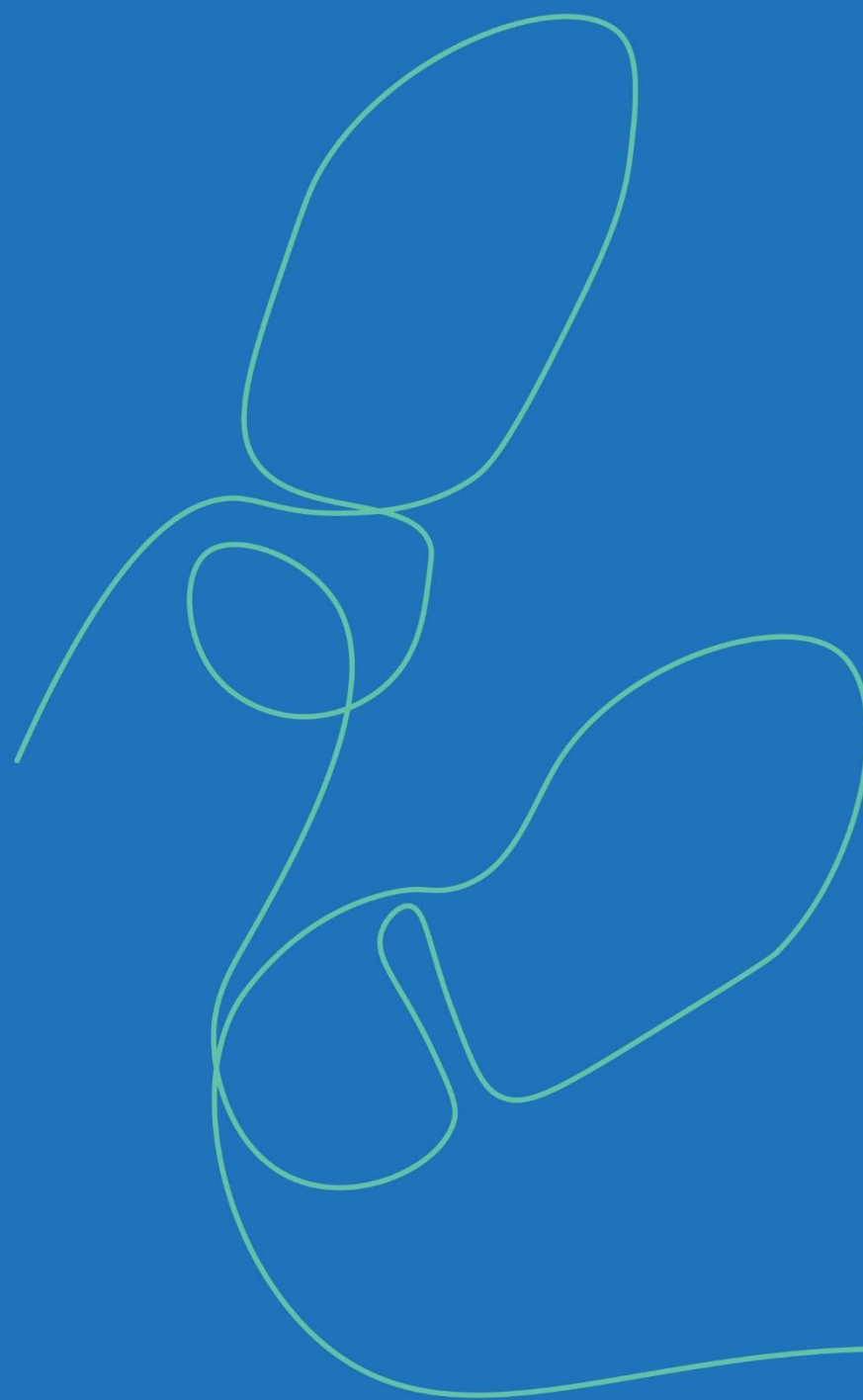
The market in **Hungary** shows a blend of available and missing products. microloans and venture capital are broadly available, but the more flexible equity instruments are less common, with soft loans and impact loans, Angel investment and SAFE being uncovered. In a significant gap, convertible/repurchasable equity, quasi-equity, and a soft loan with an EU guarantee are all mostly missing.

Romania has a relatively balanced market, with a number of products being uncovered. Microloans are the only foundational financial tool that are broadly covered by NBFIs, and SAFE are covered by grants, similar to Austria and Slovakia. However, venture capital is mostly missing, and a wide range of products – including convertible/repurchasable equity, quasi-equity, a soft loan with an EU guarantee, and an impact loan – remain uncovered, suggesting a developing market with significant room for growth.

Serbia faces the most significant challenges, with nearly all product offerings being either uncovered or mostly missing. A microloan is the only product that is broadly available, which brings the country close to Romania in its product spectrum. In a stark contrast to the other CEE countries, every other product is mostly missing from the market, which points to a highly undeveloped financial ecosystem for impact enterprises.

In **Slovakia**, the market for financial products is somewhat similar to that of Austria and Czechia. Angel investment and SAFE are primarily covered by grants, and foundational products like the microloan and convertible/repurchasable equity are broadly available, and even the other financial products in this spectrum are somewhat available. Interestingly, thanks to the EIT scheme to support impact economy that is skilfully executed and supported by the government legislation and further measures in this country, several large providers are offering a wide range of financial products that cater for most financial needs, with which this country becomes the “CEE paradise” of refundable financial options of impact enterprises.

Overall, the analysis of product offerings reveals that the CEE region has significant differences and gaps in the financial ecosystem for impact enterprises. While some countries show a moderate availability of foundational products like microloans and soft loans, more sophisticated financial instruments such as venture capital, convertible/repurchasable equity, quasi-equity, and impact loans are either uncovered or mostly missing across the board. In some cases, a few key products like angel investment and SAFE are substituted by grants, but this reliance on grant funding indicates an underdeveloped market. The lack of a comprehensive and diverse range of financial tools, particularly for impact enterprises with larger funding needs or more complex structures, highlights a key challenge to the further development and scaling of the impact economy in Central and Eastern Europe.



Eligibility Research

3. Eligibility Research

In this chapter, we describe the results of our market research, with the aims:

- (1) To **identify the types of impact enterprises** that have the potential to leverage financing.
- (2) To **estimate the number of impact enterprises** to determine the potential market size in the focus countries.

The conclusions presented below are **primarily based on 78 expert and target group interviews**. In addition, we used available data and statistics to estimate the market size in the targeted countries.

3.1. Types of Impact Enterprises: Impact Enterprise Personas

As can be seen from the available reports and studies, and as confirmed by expert interviews, **the impact enterprise ecosystem is very heterogeneous**. The studies present detailed analyses of the variation in impact enterprises in terms of size (annual revenue, number of employees), corporate form, sector classification, target group, impact goal, etc. As we showed in the previous chapter, impact businesses can come from three totally different sectors (NPO sector, SME sector and start-up sector), which also adds to the heterogeneity. Given that the target group is so heterogeneous, **its financing needs are also very different**. Therefore, **the primary goal of our research was to find groups within impact enterprises that include organisations with similar financing needs and financing capabilities**. We found that traditional criteria (e.g., company form, size, sector) were not suitable for this purpose, so **we used the "persona" approach** instead.

A persona is a crucial tool in marketing and business strategy, representing a semi-fictional summary of a target customer group based on research. It is not a real individual but rather a complex profile that synthesises the key characteristics, behaviours, motivations, and socio-demographics of a specific customer segment. It is essential not to misinterpret a persona as an exclusive group; instead, it is a way to identify different typical segments within a broader population. While some entities may align perfectly with all of a persona's characteristics, others may only fit some, and some may not fit any at all. The persona serves as a guide to understanding the general tendencies and needs of a group, rather than as a rigid, exclusive classification system, which also means that there can be entities in the universe that cannot be classified into any of the described personas.

Within the findings of this research, we describe the typical personas of impact entrepreneurs and their enterprises. Our persona description includes some typical

behaviours, attitudes, and motivations, and we devoted special focus to financial habits, beliefs and unmet financial needs.

Based on the expert and target group interviews, as well as the secondary research, we **identified 6 distinct personas** within the heterogeneous group of impact enterprises:

- NPO with Business Activity
- Social Enterprise for Employment
- Organic, Natural, Traditional Enterprise
- Impact First Enterprise
- Tech Start-Up with Impact
- For-Profit Business with Impact

Below, we describe each persona, including the types of organisations they typically represent, what characterises the mindset of an impact entrepreneur in the case of this persona, and a broad overview of their financing situation and opportunities. (Detailed financing requirements are discussed in Chapter 4.)

To bring the persona to life more, we generalised our target group interviews into a detailed persona description of every persona that we defined. These descriptions depict an almost real-life organisation, which gives a very good feel for the characteristics and challenges of the persona. We intentionally do not name any of these example organisations, as we offer anonymity to our research participants.

3.1.1. NPOs with Business Activity

As the first distinct persona, we identified Non-Profit Organisations (NPOs) with Business Activity. These are business arms of NPOs that engage in commercial activities.

The goals of such entities are driven **primarily** by **their social mission**, with the growth of their impact being the foremost objective. While **financial stability is the reason to initiate a business component** on top of their social activities, the ultimate aim is always to achieve the organisation's core mission, including through the establishment of impact spin-offs.

In terms of features, these organisations **typically operate as NPO-type legal forms**, such as associations or foundations, **or as impact spin-offs with a traditional company form**. A common trait of the founders is that they often come from NPO backgrounds, which can mean they lack strong business or marketing skills. This is compounded by a **highly risk-averse mindset**, as the owner is sometimes also legally responsible for the foundation's management, and they are hesitant to use their personal property as collateral. Those who are open to taking external refundable

financing are the most progressive and business-oriented members of this group, who are open to stretching beyond non-refundable financing. Due to their impact goals, the **founders are deeply committed to the sustainability of the organisation**.

Regarding revenue, a key point is that **sales revenue is typically limited to a maximum of 50-75% of total revenue**, with a **significant dependence on subsidies, grants, and donations**. When it comes to potential, there are only a small number of examples of true scalability and long-term sound business success, as the business model is often not viable in the long term.

NPO with business activity – Example 1:

The persona for an NPO with business activity can be exemplified by a mature association that has been operating for over 10 years, which focuses on the education and requalification of adult women. The organisation comprises 60 members and 50 full-time employees, generating an annual turnover of approximately 2 million EUR, with its main sources of income evenly split between course fees, corporate partners, and fundraising activities, each contributing roughly one-third of the total. The association has sought external financing to support its educational programmes and cover operational costs, particularly due to cash flow difficulties experienced during the pandemic and in 2023. This need for external funding also stems from a desire to scale its activities and adapt to changing educational demands.

In terms of financing history, the organisation has successfully secured funding from grants, receiving the grant of a large IT company three times and a 1 million EUR grant from a corporate foundation. However, it has twice been turned down for a loan by banks, despite a strong pipeline of signed contracts and brand equity, because it could not provide physical assets as collateral. These rejections followed discussions with two banks, including a partner, and consideration of overdrafts of 80k EUR and 160k EUR. Consequently, the organisation now manages its cash flow gaps by delaying payments and closely monitoring its cash flow.

The association prefers its own income as its most stable source of financing and believes banks should offer more favourable terms for non-profits, suggesting alternative ways to document income, such as using signed contracts or board of directors' assurances. While it is aware of EU and state subsidies, it mostly refuses them due to administrative paperwork and a partial misalignment with its objectives. It has considered investment but rejects this option due to concerns over a lack of autonomy and the pressure to prioritise profit over social impact and sustainability. Finally, the organisation highly values non-financial support, such as pro bono advisory expertise and barter collaborations for media and PR.

NPO with business activity – Example 2:

A mature association, which has been operating for over two decades, is a non-profit focusing on specialised kindergarten services and special education for early intervention. The organisation has an annual turnover of around 1 million EUR, with normative funding from the state accounting for 35% of its revenues; however, this amount is uncertain, changes annually, and does not fully cover its costs. The remaining income is derived from service revenues (35%), individual and corporate donations (15%), and grants (15%). The association has a continuous need for external financing because its normative funding is insufficient to cover basic costs, and external sources are also required for development, depreciation, and new projects, which take two to three years to become operational. The shortage of specialists also necessitates a build-up period for the team.

In the past, the association secured a loan from a local savings cooperative due to a good relationship and, around 2015, took a bank loan to purchase real estate, which was later renovated with an EU grant. A particularly useful banking construct for the association has been the ability to leverage a revolving loan to cover the remaining 20% at the end of their EU grant period, where they only paid interest without principal payment, and the final grant amount was transferred directly to the bank. This arrangement allowed them to be more ambitious with new projects.

Despite these positive experiences, the organisation views bank loans as high-risk and believes it is impossible to outline a business model with guaranteed repayment, and thus, cannot take a normal commercial loan. They would not be able to take more than 20% of a loan alone, but would be willing to take the rest if someone else contributed the other 80%. The leader of the association has criminal liability and cannot jeopardise the organisation's fundamental goals, acting as a "mental brake" to debt. They consider a loan that converts into a non-repayable grant to be a very good structure and prefer partnerships with a high level of trust and a low bureaucratic burden, instead of hundreds of pages of documentation.

3.1.2. Social Enterprise for Employment

Social Enterprise (SE) for Employment, in some CEE countries **also known as Work Integration Social Enterprise (WISE)**, is the second distinct persona that we identified. The goals of such enterprises are to use market-based strategies to uplift and enable disadvantaged individuals or communities through employment. Unlike traditional businesses, they are not for profit, as revenues are reinvested to expand their employment impact.

Key features include a **specific legal form for WISEs in many countries**, though their founders often come from NPO backgrounds and may lack strong business or marketing skills. Their **production efficiency is frequently worse due to their employment objective**, which makes financial sustainability more challenging. WISEs

typically require real estate and assets for employment, and their founders are **highly committed to the survival of the enterprise** for the benefit of their target group.

In terms of revenue, **sales typically constitute 50-75% of their total income**. They **can leverage state subsidies and tax benefits**, and while they can also receive grants, they dislike relying only on those, as these are often temporary and uncertain. **Their products and services often struggle to access stable, high-value markets, as they tend to be above the low-mid price category of similar products or services**, which means that they require wealthier buyers who are willing to pay extra for the social mission. Furthermore, the term "social" can sometimes carry a negative connotation in certain countries of ex-communist CEE. Regarding their potential, while **their growth is typically slow**, there are several very stable businesses among them, and the successful empowerment models of these can often be replicated in other communities.

Social Enterprise for Employment – Example 1:

The persona for a social enterprise for employment can be exemplified by a mature association that has operated for over 15 years, focusing on producing reusable bags from natural materials while employing people with disabilities. At least half of its 30 employees are people with disabilities, and last year, its turnover was around 600 thousand EUR. The organisation has consistently needed external financing to cover initial startup costs, salaries, and achieve profitability. It took several years to reach break-even, requiring grants to cover annual losses, and a current need is to acquire its own production space due to high and increasing rent costs.

The organisation's financing journey began with a small grant of 5,000 EUR from a corporate foundation to help cover initial salaries and acquisitions. This was followed by long-term support, mentorship, and grants from an international accelerator organisation for several years, which were crucial in helping them reach break-even. A third significant financing moment was a grant from European Funds received as a project partner, which helped cover salaries. Tax facilities for protected units also significantly boosted their turnover until these facilities ceased in 2017.

In terms of preferences, the organisation believes that financing for social enterprises requires "atypical products," such as blended finance, that cannot be judged by the same instruments as ordinary businesses. They emphasise that banks should consider the social impact, as this might justify smaller profit margins or a greater risk tolerance. They prefer a mix of financing instruments and different partners in the process and express a desire for financing that includes a strong consulting component, where financiers act as partners. The organisation highly values accompaniment programmes, which offer mentorship and monitoring alongside grants, as this support helps to proactively identify and address problems.

Social Enterprise for Employment – Example 2:

A mature foundation that has been operating for more than 20 years, employing people with disabilities, is defined by its operational and financial history. The foundation operates with a total operational cost of 2.5 million EUR, with sales income covering only about 20% of this amount. The foundation needed external financing primarily for property acquisition, as it did not receive sufficient state subsidies. It also required project pre-financing and liquidity financing. Its initial funding came from its own capital, including a mortgage on a house for five years, as well as other loans. Approximately ten years ago, when the organisation was smaller, it was among the first to participate in a bank's social banking process, which it found very helpful. At that time, it did not ask for money but for cheaper banking services, which were very beneficial. The foundation has also received investment offers, but rejected them due to the high level of interference desired by investors.

In terms of preferences, the foundation does not believe solely in donations, stating that the obligation to repay teaches responsible financial management. It advocates for fair or combined loans that help organisations think long-term and manage finances effectively, but also expresses frustration with the complex and lengthy loan assessment processes, noting that its experience with the bank was a half-year, full audit process, which was identical to that required for large corporations.

3.1.3. Organic, Natural, Traditional Enterprise

Organic, natural, traditional entrepreneurs are our third distinct persona, which carries a unique approach and challenges. Their **goals are rooted in a belief system where organic, natural, traditional production is their credo and lifestyle**. They are **typically operating as for-profit entities**, but they strive to combine great practices of the past with modern approaches. Some of these entrepreneurs have the potential to become progressive entrepreneurs within their own fields, and they become interesting candidates for refundable financing.

Regarding their features, **founders may come from agricultural or crafts backgrounds and might lack strong business skills**, though some are also lifestyle changers from the for-profit sector, and some even have a specialised high-level education, or obtain such education after starting this business. These are **often family-owned businesses** with a very committed team, and they typically operate in rural areas. Their legal form is often a cooperative or another type of SME, and they frequently focus on producing with short supply chains as a key impact goal.

In terms of revenue, these entrepreneurs operate **primarily from market revenues**, but they can often also benefit from **EU/state subsidies and tax benefits**. They often **sell their products at a higher price vs. mass commercial channels**, which requires them to educate the market, as consumers are not always willing or able to pay the premium. This also means that the wealthier and more educated the general

population of the country is, the greater they can extend their paying clientele. The potential for these ventures is complex: **growth often contradicts their impact objectives** and their life view (e.g., local production, small footprint). Therefore, scaling typically means replication in other communities (a franchise model or similar constructs) or the establishment of cooperatives. Unfortunately, there are few viable models for them in the long term.

Organic, Natural, Traditional Enterprise – Example 1:

A successful enterprise that produces healthy snacks and employs women from disadvantaged groups began with an initial investment of about 300 EUR for home office equipment, quickly becoming self-sustainable with initial sales through Facebook and its website. The company's annual turnover was approximately 140,000 EUR. While the enterprise's initial growth was self-financed, its entry into a retail chain five years after its founding required a substantial investment not covered by current turnover, necessitating its first loan. The need for external financing also stems from a desire to acquire more permanent assets, such as their own production space, due to high and increasing rent costs, as well as to fund innovation, like developing new products. A lack of knowledge regarding banking operations and negotiation possibilities was previously a barrier to seeking financing earlier. The enterprise now plans to take a larger loan, potentially between 80,000 and 100,000 EUR, to purchase its own production space, with an ideal scenario being a grant that finances their participation and a bank loan that covers the remainder. The first grant was received ten years after the company's founding. A more recent loan was viewed as "favourable" due to the "EU Women in Enterprise" programme; this loan was approximately 8,000 EUR, with a 6-month grace period and an interest rate of less than 7%.

The enterprise has a conservative approach to financing, valuing stability and avoiding debt, and views the careful assessment of banks as a "safety fence." While initially hesitant about debt, they now see loans as appropriate for clear, larger investments, having learned that loan terms are negotiable. They aim to build a good credit history with smaller loans to facilitate larger ones in the future. The enterprise has not actively considered equity investment, primarily because it hopes to remain a family business, though they do not view it as a bad option, particularly if an investor could bring new markets or expertise.

Organic, Natural, Traditional Enterprise – Example 2:

A successful social enterprise producing handmade clothing is defined by its ability to grow and secure financing in a fluctuating market. The enterprise sells its products internationally via an online shop, with notable orders from Germany, and also in a physical shop, reaching a total turnover of 340,000 EUR. From its inception, the enterprise required external financing to cover starting costs and facilitate growth, as well as to address the inability to sustain large teams of knitters without consistent

large orders and sufficient funds for materials and labour. The desire for business stability throughout the year also drives the need for diverse financial strategies, including credit lines for significant investments like launching a new venture, such as a bistro in the village. The enterprise initially used a personal funds credit line for its setup and later won a 10,000 EUR grant from a social enterprise competition organised by an international accelerator organisation, which came with a commitment to reinvest 90% of profits back into the company's development. Following this, the enterprise took a 20,000 EUR credit line from a Bank, which included a three-month grace period; however, reimbursing the loan too quickly led to the company being ineligible for further credit lines for about one to two years, as the bank's system did not benefit from the rapid repayment. More recently, they secured credit lines from other banks, which helped finance the launch of their new project.

The enterprise expresses a pragmatic view of financing, emphasising the need for stability to maintain its brand and employees in a fluctuating market. They value initial grants, like the one from the international accelerator organisation, for kickstarting the business and appreciate the benefit of credit lines for specific investments that exceed available profits. They also believe that traditional banking models may not always align with the operational realities of smaller businesses and consider a loan that converts into a non-repayable grant to be a very good and favourable structure. A core part of their financial strategy is to consistently reinvest profits back into the business.

3.1.4. Impact First Enterprise

Impact First Enterprise is a type of social business that **prioritises its social mission while still focusing equally on commercial viability**. The goals of such enterprises are driven by impact but also maintain a strong attention to business. The founders perceive social and environmental responsibility as an integral part of their lifestyle, and they also value profitability, and prioritise achieving very solid business success that typically does not include grant funding long-term.

Key features of these enterprises are the absence of a **specific legal definition in most countries**, which leads to the use of different legal forms, which are most typically business legal forms. Founders are often relatively young and may **lack financial resources and collateral**, but they can also be lifestyle changers who have come from the for-profit sector. They are progressive, open to new technologies, and thinking internationally. They may struggle with limited business experience and no formal financial education, with the exception of Austria, where education is much more widely available due to the accessibility of accelerator programmes. They possess a **strong attitude of perseverance, flexibility, and high energy, and a "never give up" attitude**.

In terms of revenue, these enterprises **operate primarily from market revenues**. However, **they often need to fundraise and apply for grants during the idea and pilot stages** until their MVP gets into the market and starts generating sufficient revenues. In terms of potential, these enterprises are **typically targeting exponential growth** because they perceive this route as their only option for survival. As young enterprises with no collateral and a lack of history, they are typically not eligible for loan-type funding; therefore, they approach investors for capital, which brings them into the exponential growth path expectation. **However, they would prefer a linear growth path** if they could afford it, as they are mostly hardware-intensive, and it is important for them to maintain their social or environmental impact, as well. While many push themselves to follow a startup growth path to secure funding, few possess the kind of exponential scalability seen in tech companies. Unlike tech startups, they tend to collect significant high-value assets over time.

Impact First Enterprise – Example 1:

A social enterprise focusing on joyful, gamified education has been operating for more than 10 years with a team of around 10 core members and an extended team of 15-16. Their income for the last year was approximately 250k EUR. The enterprise's development initially relied on a model of advanced sales of courses, but for larger community projects, there was a clear need for grants. They also sought and found capital when they attempted to produce toys at one point. The enterprise has since diversified its funding sources, leveraging a mix of grants, loans, and, with some challenges, private capital. Multiple grants have been successfully accessed through their NGO arm to support platform development, stabilise cash flow, and enable product experimentation. In terms of loans, the enterprise participated in a bank's programme, through which it obtained a 50k EUR loan that was notably backed by the EU and required no collateral. The program also provided additional support services, such as mentoring and promotional assistance. The enterprise attempted to raise investment, and co-investors were prepared to participate. However, this investment ultimately collapsed due to concerns from investors and issues related to alignment between the parties. At an earlier stage, the organisation also considered equity investment but ultimately refused it, citing a misalignment of values and mission with the potential investors.

The enterprise considers recoverable grants (grants turning into loans) to be a viable option, especially when accompanied by clear impact objectives and guarantees. Their experience with grants highlights a preference for simpler mechanisms due to the perceived excessive administrative burden of EU grants. They view development loans with mentorship and delayed grace periods positively, valuing the flexibility to trigger grace periods during operational difficulties. While open to investment, it must add strategic value and be mission-aligned, which led to the refusal of earlier equity investment offers due to misalignment.

Impact First Enterprise – Example 2:

A social enterprise in a growing phase that started operations in 2020 with an environmentally friendly hardware solution placed with a B2B partner. The enterprise has consistently sought external funding as its operating costs are higher than its revenue, and it requires significant investment to achieve initial growth, which carries high risk. Current revenues and contracts do not allow for classic financing. The enterprise began with an impact investor, receiving both equity and a convertible loan totalling 50,000 EUR, and later received a 125,000 EUR convertible loan from the same investor. This type of loan does not immediately provide investment but converts into a loan in a later investment round and has no interest. Then, the enterprise had a purely equity investment round from another impact investor, amounting to 440,000 EUR, with the founders currently holding 60% ownership. The first two funding rounds were considered "boxed products," while the third was a "real investment round" that involved many helpful mentors.

The enterprise seeks a financing structure that does not involve giving up equity to avoid losing more of its stake and finds structures where ownership can be bought back attractive. They are also open to "slow loans" that become stricter loans or convert to equity if performance targets are not met. The optimistic scenario for them does not require giving away equity at all, as they believe using equity to produce hardware is the "worst thing" and that investors often force a growth rate that is not favourable for social enterprises, whose main goal is not business success and a rapid exit. Finally, business mentoring is considered useful, but only if the mentor is not only an experienced businessman but also committed to making an impact, as they have had bad experiences where mentors gave advice that led the company in the wrong direction.

3.1.5. Tech Startup with Impact

The unique persona of a Tech Startups with Impact describes a model that combines technology and innovation with a social or environmental mission. The primary **goals are typically classic startup goals**: achieving exponential growth, success, and a successful exit. Interestingly, **the impact is often a latent or positive externality**, with no declared impact goal from the outset. These startups are heavily reliant on innovative technologies, with a focus on areas like Green tech, Health tech, and Education&Culture IT solutions. Key features include young founders who possess strong innovation skills but may lack the necessary business and financial knowledge. However, successful, experienced founders may also shift their focus to impact goals after one or two exits. These enterprises operate with **various typical business legal forms**, and their growth is significantly influenced by regulatory frameworks and government policies, particularly in the green and health sectors.

In terms of revenue, **the initial R&D phase is extremely capital-intensive** in most cases. These ventures attract investments from venture capitalists, impact investors,

and EU/state programs, and their **revenue is derived 100% from sales**, except for those **development stages** where **many participate in accelerator programmes and get grants** to develop their MVP and get strong in-market sales. The potential for these companies is ambitious; they dare to dream big and aim for international markets. They face a higher risk but also possess a higher potential for exponential growth in both business and impact.

Tech Startup with Impact – Example 1:

A CleanTech start-up in the product development and market entry phase is that of a young enterprise founded with a team of 4.5 full-time equivalents, including a part-time CFO, and a plan to expand to 7-8 employees within the next 12 months. In this pre-seed phase, the company is not yet profitable and requires financial support to continue its development and scale up. They specifically need working capital for ongoing operations and to cover fixed costs, and are currently seeking a "seed" investment round of 500k-750k EUR. The enterprise has primarily relied on public grants for its initial funding, having secured two grants of 75k EUR each from an Austrian fund over 2.5 years. These grants covered approximately 60-70% of total project expenses, with the remaining costs being covered by the unpaid labour of the co-founders.

The enterprise's primary preference is for equity investment, particularly from venture capital (VC) funds. They believe VC funding is suitable for their growth-oriented, scalable business model and are seeking an investor who can provide not only capital but also strategic support and industry contacts. They emphasise the importance of finding investors who understand the cleantech sector and are patient with longer development cycles. The company has not yet considered hybrid instruments like recoverable grants or convertible loans that change conditions based on impact but is open to exploring such options.

Tech Startup with Impact – Example 2:

The persona for a successful innovative software company that develops online retail platforms began its operations sixteen years ago. The company's initial venture was successful, with its first online platform being sold in 2014 for 3.2 million EUR. Currently, the company develops a new software platform focused on online booking for small businesses, generating yearly revenues of around 3.5 million EUR. Initially, the business was self-funded by the founders' personal savings and generated revenue. The need for external funding only arose with their current innovation project. The company has secured financing for this project from two main sources: a 150k EUR commercial loan from a bank and an 850k EUR investment from a social impact investor in exchange for a 40% equity stake in the company. They are currently struggling to secure an additional 1 million EUR needed to finish the project. They have faced difficulties in obtaining further bank loans, even with an 80% guarantee from the European Investment Fund, because the bank's risk management

still requires sufficient EBITDA, which the company lacks due to its large investment. Another bank even rejected their application by stating the company did not have enough social impact, despite the presence of a social impact investor.

The company strongly prefers bank loans over equity investment because it is a "cheaper" form of financing that allows founders to retain more ownership of their company. They are willing to accept a commercial interest rate to secure a loan. They express frustration with the current banking system, finding it strange that banks with guarantee lines from the European Investment Fund are still hesitant to lend to innovative software companies without traditional collateral or high EBITDA ratios. They believe that a fund with social impact that has already invested should serve as a strong positive signal for banks and that collaboration between banks and investors should be established.

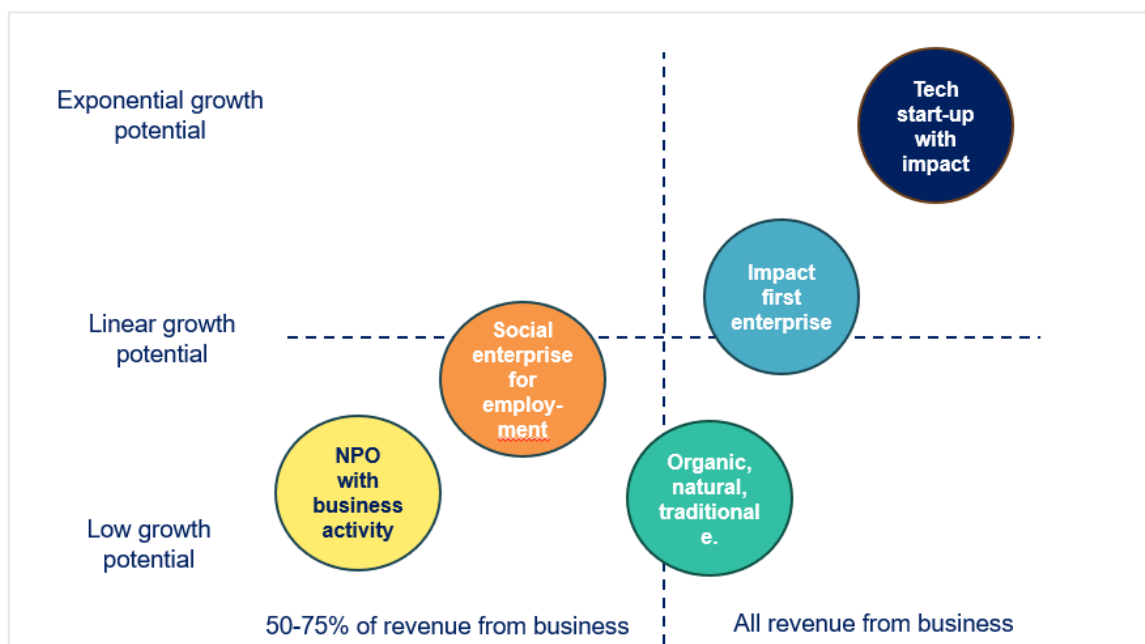
3.1.6. For-Profit Business with an Impact

In theory, there could be a sixth distinct persona within the impact ecosystem, which would be very interesting in terms of financial ability. In the beginning of our research, we had a hypothesis that we would find significant amount of **for-profit enterprises**, mostly among SMEs, which were started as normal for-profit SMEs but during the years of operation, their owners **came to prioritise environmental or social goals and adopted impact models to develop an impact arm for their business**, either via offering their goods or services on a more environmentally-friendly, or on a more socially responsible way. However, while SDGs and environmental footprint are trending expressions among traditional industry players and even get into the spotlight among giant-sized multinational companies, **traditional SMEs mostly do not seem to make course modifications towards impact at this stage**. The efforts of multinationals in this direction seem less credible among the interviewed true impact entrepreneurs and even dilute the attractiveness of impact measurement and SDG reporting among this group.

We also asked the interviewed experts to identify the major players, personas of impact economy, and none of them mentioned SMEs with impact arms as a group that they are observing as existing. During our research, we have not found members of this group either. Therefore, we de-priorise this group hereafter, while maintaining the right to estimate its currently presumably small size later, when we find some real-life members of it in our countries.

The following figure¹⁶ summarises **the first five impact entrepreneur personas from a financing perspective**: ratio of revenue from business activity and growth potential.

¹⁶ Own figure



13. Figure: Identified impact Enterprise Personas

The "NPO with business activity" persona is characterised by low growth potential and generating a maximum of 50-75% of its revenue from business. The "Social enterprise for employment" has a linear growth potential and also derives 50-75% of its revenue from business. The "Organic, natural, traditional enterprise" persona has low growth potential but generates mostly all of its revenue from business. Positioned with both all-business revenue and linear growth potential is the "Impact first enterprise." Finally, the "Tech start-up with impact" stands out with exponential growth potential and all revenue from the business.

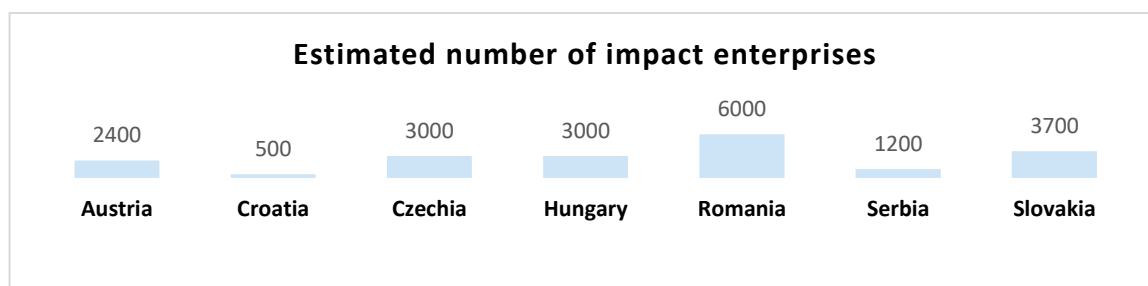
3.2. Market Size Estimation within the CEE

In the next step, we attempted to estimate the size of the target market, i.e., **how many impact enterprises there are and, within that, what proportion of the personas** we defined can be found in the different CEE countries.

As we presented in Chapter 2, the Impact Enterprise sector is an emerging field, and a significant challenge in cross-country comparisons is **the lack of a uniform legal definition for "impact enterprises"**. This definitional ambiguity, coupled with the absence of a single, centralised database for such businesses, makes it **difficult to find directly comparable official data**. As a result, the **figures presented in this report for the number and domestic value of these enterprises are based on our own estimation**. This estimation was necessary to create a consistent framework for comparison, leveraging multiple sources and country-specific reports to provide the most accurate and insightful picture possible of this nascent sector.

We leveraged **multiple data sources** where consistent or inconsistent figures were available that may influence the amount and domestic value of impact enterprises. The key sources that we leveraged were the Social Enterprise Monitor reports of Austria, Hungary and Croatia 2023-2024¹⁷, the Impact Investing in CEE study of the Vienna University of Economics and Business from 2023¹⁸, the Social Enterprises and their Ecosystem in Europe country reports¹⁹ of the European Commission and the data from the EU Social Economy Gateway²⁰.

Our numerical estimation took all these data sources, analysed the similarities and differences in methodology of data reporting, and also took **the perspectives of interviewed experts to compensate for the inefficiencies and differences in reporting**.



14. Figure: Estimated Number of Impact Enterprises

Based on our estimates, around 20,000 impact enterprises exist in the seven countries studied.

As we detailed in Chapter 2, social enterprises have a specific legal definition only in Austria, Romania, Serbia, and Slovakia. In the other countries, the sources used also rely primarily on estimates regarding the number of impact enterprises.

Romania has the highest estimated number of impact enterprises, with 6,000; however, there is a presumably large ratio of micro-sized enterprises among them. Romania is followed by Czechia and Slovakia numerically, with 3,800 and 3,700. Most studies on Hungary estimate the number of social enterprises to be very high (around 16,000), but based on our and the experts' professional experience, many of these may be inactive or dormant. Therefore, we use the estimated number (3,000) provided by the European Commission in 2015 for Hungary, which is more realistic in the Hungarian ecosystem. Austria has 2,400 impact enterprises; however, these are presumably mostly larger and stronger than those in the rest of CEE. Serbia and Croatia have a significantly lower number, at 1,200 and 500, respectively.

From a financing perspective, it is not only important how many impact enterprises are present, but also **how strong they are and what their economic potential** is. Since there is no data on this in existing statistics or studies, we have prepared our own

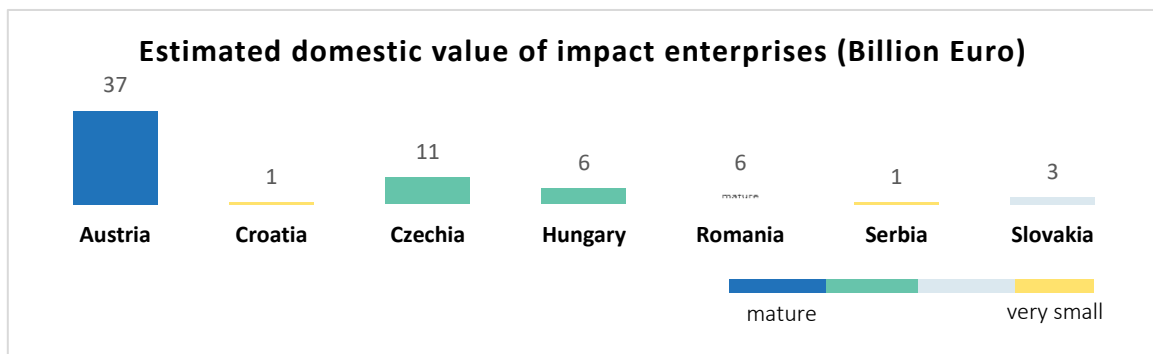
¹⁷ <https://knowledgecentre.euclidnetwork.eu/european-social-enterprise-monitor-2021-2022/>

¹⁸ Reinhard Millner, Wolfgang Spiess-Knafl, Martin Mehrwald: Impact Investing in CEE: Current Problem Domains and Potential Strategic Options to Build Markets, 2023

¹⁹ Reports of the European Commission. The date of the country report varies from country to country

²⁰ https://social-economy-gateway.ec.europa.eu/my-country_en

estimate. Since the EU Social Economy Gateway²¹ provides data showing the **contribution of the social economy to employment**, we used these figures as the basis for our calculations. Assuming that there is **a correlation between the economic strength of an enterprise and the number of people it employs, we calculated the economic strength of social enterprises** for each country using the following formula: Total GDP of the country²² x Estimated share of employment. **These amounts, however, should be treated as highly indicative**; we would like to illustrate only the magnitudes, as it would be wrong to neglect the value contribution of these enterprises to the economy and look at them only numerically.



15. Figure: Estimated Domestic Value of the Impact Enterprise Sector

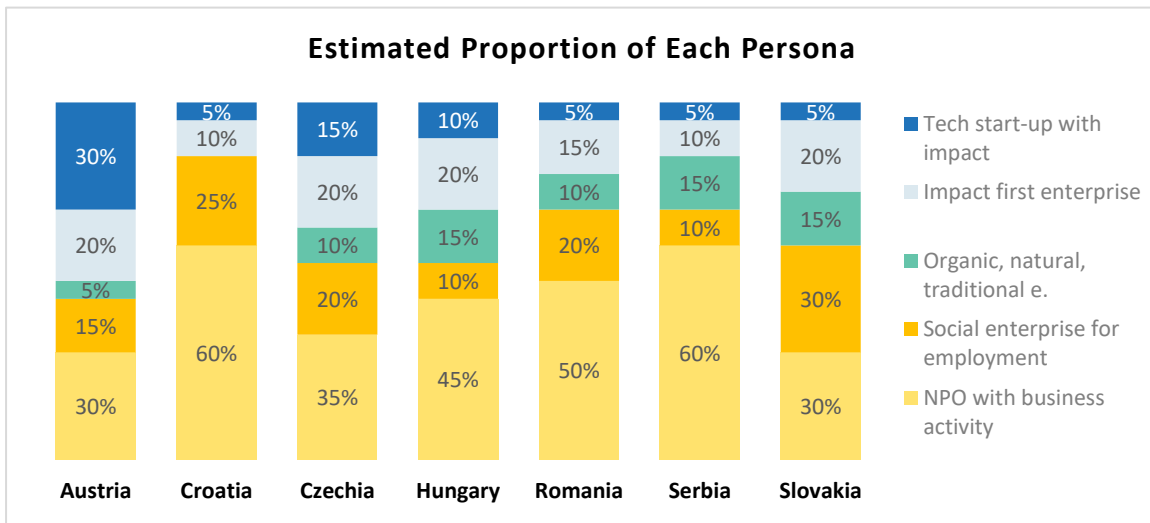
The estimated “domestic value”, i.e. economic power, of the impact enterprise sector is around €64 billion in total in the seven countries (for comparison, the total GDP of these countries is €1,660 billion, so **the sector represents approximately 4%**). But it shows a clear divide between a few well-developed ecosystems and the rest of the region. Austria's impact enterprises have a total value of €37 billion, far exceeding all other CEE countries and indicating a highly mature ecosystem. Czechia follows with values of €11 billion. Hungary and Romania, despite the large number of enterprises, have a domestic value of €6 billion, suggesting a smaller average size per enterprise. Croatia and Serbia both have a very small domestic value of €1 billion, while Slovakia is slightly higher at €3 billion, indicating a developing or very small ecosystem.

After identifying the personas of the impact economy in the previous chapter, we tried to **estimate the significance of the different impact enterprise personas across CEE**. Our estimation is **based on available data**, which we found by investigating the data sources listed at the beginning of this chapter. However, we have not found any data source that perfectly covers our persona definitions and provides an estimation with an identical definition across the countries. Therefore, we leveraged the expertise of **interviewed experts to come up with our own estimation**. **These proportions, however, should be treated as highly indicative**. We intentionally do not quote exact percentage sizes, only the magnitude of the sub-groups, as we cannot assign significance levels to our estimation. Based on the estimated proportions shown in

²¹ https://social-economy-gateway.ec.europa.eu/my-country_en

²² EUROSTAT (2024)

figure below, the constitution of the impact economy differs significantly across the CEE countries.



16. Figure: Estimated Proportion of the Impact Enterprise Personas

Austria stands out for having a relatively high proportion of impact enterprises from the for-profit sector (Tech start-ups, Impact first enterprises), particularly with a strong presence of Tech start-ups with impact compared to its regional neighbours. Social enterprises for employment, i.e. WISEs, also have an old tradition and support in this country, therefore represent a significant proportion besides NPOs with business activity.

In contrast, having the lowest number (500) of impact enterprises, the impact economy in **Croatia** is heavily concentrated in the NPOs with business activity category. In addition, Social enterprises for employment represent a significant proportion, including long-established, large-scale impact enterprises. Other types of impact enterprises have minimal representation in this ecosystem. The mindset of start-ups and SMEs needs to be changed to devote more attention to impact.

In **Czechia**, the landscape is dominated by NPOs with business activity, though the country shows a more balanced mix of the other personas, with Startups and Impact First Enterprises gaining ground too. There is a strong focus on work integration, with people with health disabilities and the long-term unemployed representing the most visible target groups; therefore, a significant proportion of Social enterprises for employment work in the country.

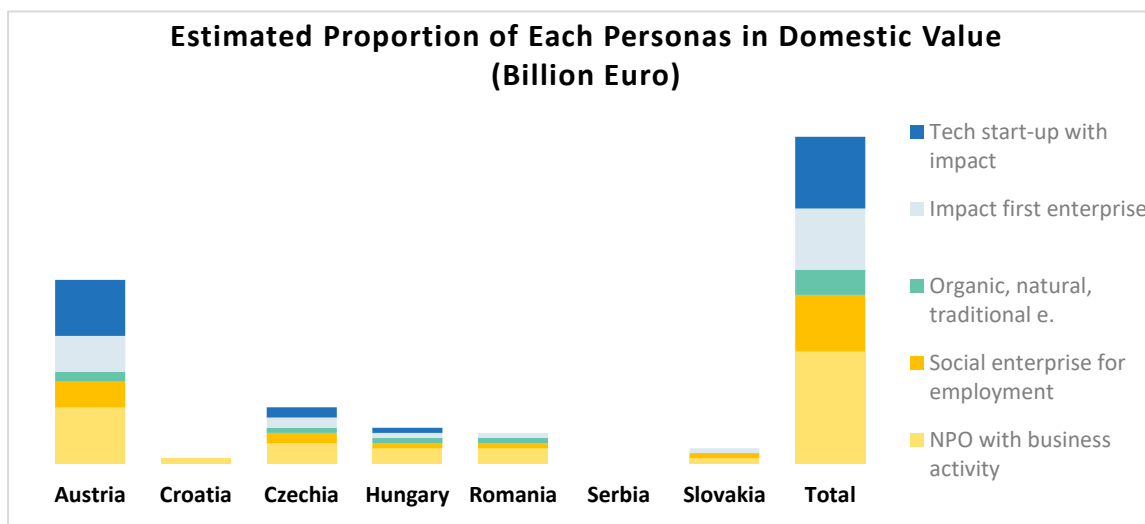
Hungary's impact economy is overwhelmingly defined by NPOs with business activity. There are a few strong, viable Social enterprises for employment, as well. There are positive developments, with new and innovative Impact first enterprises and Tech startups with impact. Small-scale organic, natural farming is also a growing sector in Hungary.

Romania's model is led by both NPOs with business activity and Social enterprises for employment, and it has a notable share of Organic, natural, and traditional enterprises in the rural area.

The **Serbian** impact economy is most comparable to Croatia's, with NPOs with business activity and Social enterprises for employment making up the vast majority. Organic, natural, and traditional enterprises, mainly social cooperatives, in the rural area are also significant.

Slovakia's profile is dominated by NPOs with business activity, Social enterprises for employment and Organic, natural, traditional enterprises. The percentage of Social enterprises for employment is the highest in CEE due to the Act on Social Economy and Social Enterprises, which defines social economy broadly, and places a strong emphasis on work integration. As presented in the macroeconomic overview, the share of organic area in the country's agriculture is significant, as is the share of Organic, natural, and traditional enterprises. Tech start-ups with impact and Impact first enterprises often remain small or even collapse once their grant funding is depleted.

To get a picture of the proportion of each persona in the entire CEE impact ecosystem, we **weighted the distribution of personas in each country by the estimated GDP of that country's impact ecosystem**. The figure on the left shows the estimated "domestic value" of the personas in the countries, and the figure on the right shows the estimated proportion of each persona in the entire CEE impact ecosystem:

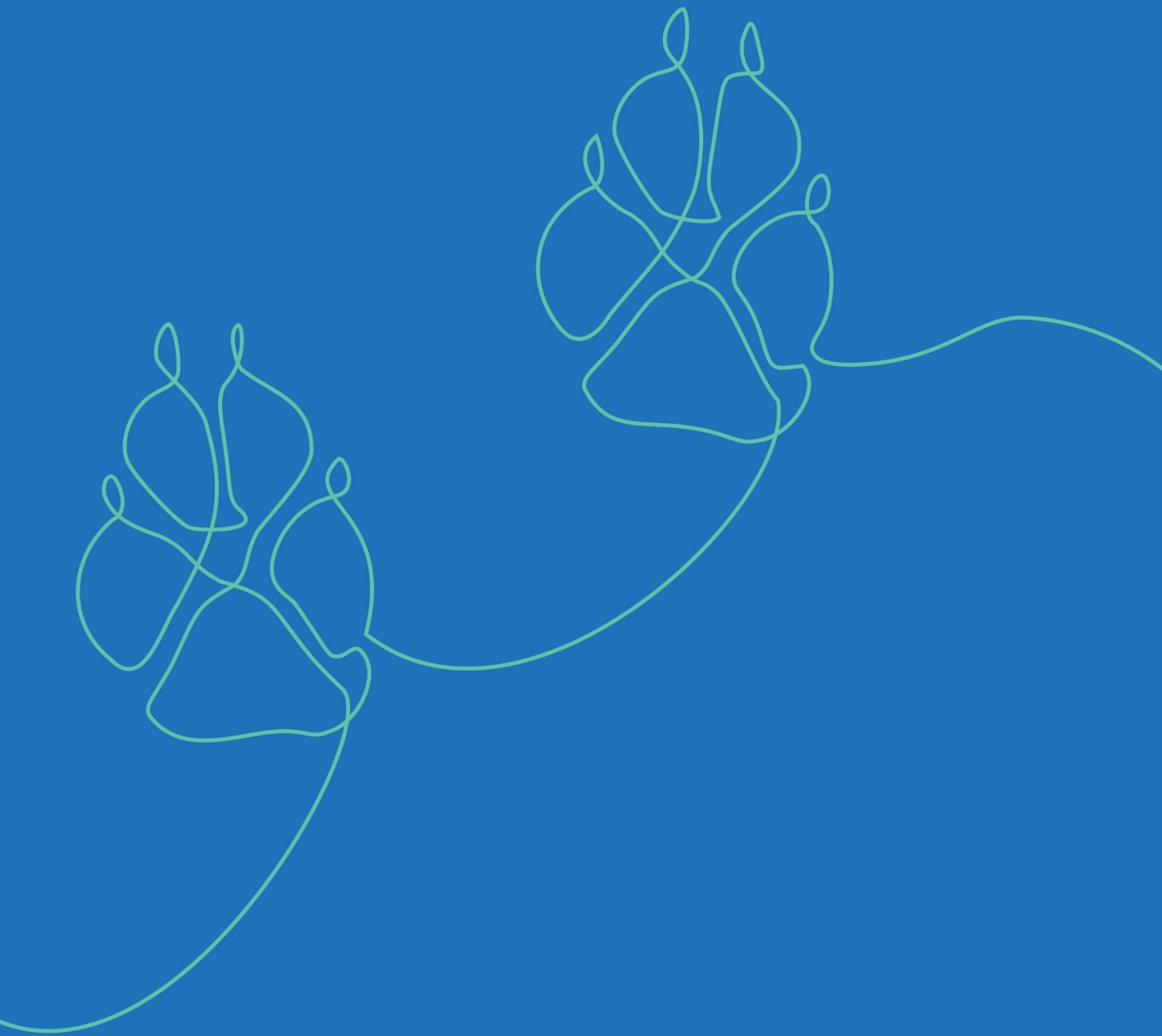


17. Figure: Estimated Proportion of the Personas in the Entire CEE Impact Ecosystem

The most prominent group in CEE's impact economy is **NPOs with business activities, which account for 1/3 of the sector**. This group has a notably high presence across all CEE countries, with the exception of Austria. Tech start-ups with impact and Impact first enterprises make up approximately 40% of the ecosystem, largely due to their strong performance in Austria. Social enterprises for employment also represent a significant segment of the impact economy. Additionally, Organic,

natural, traditional enterprises account for about 8% of the total, with notable contributions from Slovakia and Romania.

Given that **all five personas are significantly represented in the CEE impact ecosystem**, we will explore their financing needs — both the similarities and the differences — in the next chapter.



Financial Concept Research

4. Financial Concept Research

As you can see in the previous chapters, the **CEE Impact Economy is a highly challenging environment**. The challenges of providing financing to impact enterprises in Central and Eastern Europe (CEE) are defined by two key factors: **the nature of the CEE countries and the nature of the impact economy itself**.

The nature of CEE countries presents several challenges. **The relatively small country sizes and populations make it difficult for impact enterprises to build a large shopper base**; therefore, their growth rates and profitability are more likely to remain a challenge vs. those of larger countries. Additionally, the varying levels of economic development, combined with different and often fragile political circumstances and legal frameworks for both banking and the impact economy, make it hard to find a one-size-fits-all legal solution for financing across the region.

The nature of the impact economy also contributes to these challenges. As **a niche part of the total economy with many different personas and diverging needs, the overall market size for a financial product is small, becoming even smaller when tailored by persona**. It is also harder for entrepreneurs to build a sustainable business and impact model, which results in a higher risk of fund placement. Furthermore, impact enterprises typically have shoppers with higher disposable income, so the growth of these impact enterprises is less resistant to general economic crises. The relatively broad availability of grants for the target group in some of the CEE countries means that refundable funding may be less in demand. Finally, the few and scattered players of refundable financing on the supply side make it harder to identify regional intermediary partners and alliances.

The main goal of the financial concept research is to understand what kind of financial product and connected support would best meet the needs of eligible impact enterprises that require funding.

The results presented are **primarily based on the results of qualitative research conducted with 35 impact enterprise leaders** to identify financial and capability-building needs and challenges. At least five impact enterprises from each of the seven countries participated in the research, except Croatia, where we were only able to speak with two organisations due to the small number of impact enterprises and our inability to find a local partner for the research. In addition, all five impact enterprise personas were represented in the sample (see Annexe B). The following findings do not provide quantitative results, but they do allow for a much deeper understanding of the positive and negative attitudes of impact enterprise leaders toward financing opportunities and non-financing supports. In addition to qualitative research, we also took into account available quantitative research on the financing needs of impact enterprises for comparison purposes.

4.1. Identification of Financial and Capability Needs and Challenges

Before going into the detailed assessment of the financial needs of the impact enterprises, we need to highlight a key observation about the CEE impact economy: **there's a strong and widespread desire for grants across all groups, regardless of the country, situation, or development stage**. Grant is viewed as “free money”, and certainly, it is always preferred to avoid repayment, if at all possible. While grants are what impact enterprises most frequently want, our core message is that they are not the sole solution for sustainable growth. We may pose a rhetorical question—“What helps these enterprises and the impact economy grow?”—and there is full evidence from the research that the answer is surely not just grants alone. We suggest a more nuanced understanding of the needs, where other forms of support beyond financial aid are necessary to foster the long-term development of these enterprises and the broader impact economy.

The research collected a full list of available and expected benefits that are either offered or sought within impact financing. We think that **successful benefit elements emerge from the intersection of target group needs and funding provider expectations**. The target group's needs are the essential requirements for them to make social or environmental impact, while funding providers have specific expectations regarding financial returns, risk, and accountability.

Based on the outcomes of the research, **the main expected benefits of impact financing are defined by a complex interplay of needs and expectations from both the target group and the funding providers**. On the business side, the target group wants money to finance its business growth, while maintaining financial stability, and an increase in the enterprise's value, which necessitates a viable, sound, and well-prepared business plan, along with sufficient cash to operate, and all these wishes are in line with the funding provider's intentions as well. On the other hand, funding providers expect a clear impact model, with numerification and measurement to ensure pre-defined impact commitments are met, while the target group aims for meaningful social or environmental impact and improved financing possibilities as a result of their impact achievements, meaning better conditions vs. commercial enterprises with no impact. Organisational expectations are also a shared concern, with a mutual reliance on the strength and dedication of the enterprise (co-)fundors and the operating team. The target group looks for the availability of training and coaching, along with networking help and partnership support, which may come with the funding. While funding providers seek long-term commitment and resilience, and a drive in the entrepreneurs to develop themselves, including coachability and flexibility, as this ensures success of the enterprise in the longer term, in their view, which decreases their risk.

When it comes to the specific financing conditions, the target group's needs are for a specific amount of funding, an appropriate ticket size, and a flexible fund drawdown without the obligation to draw the full amount. This contrasts with the funding provider's focus on the manageability of interest/repayment burdens compared to the enterprise income. For product conditions, the target group desires clear,

understandable, and adjustable terms, alongside a simple application process with quick availability, whereas funding providers are concerned with maintaining their acceptable operating costs. Repayment is another area of divergence; the target group seeks favourable interest and repayment terms, preferably below market rates, with flexibility and a longer grace period. Funding providers, conversely, have specific expectations regarding collateral/assets, historical business results, sales revenue, and guarantees. Finally, on the issue of ownership and control, the target group's primary needs are to keep their decision rights, avoid unwanted influence, and maintain a majority stake, while also protecting their personal assets and standard of living. Funding providers, in turn, are concerned with the number, type, and share of investors and the enterprise owners.

The table below **summarises these contrasting expectations and needs:**

Benefit Segment	On the side of the impact enterprises	On the side of the funding providers
Business expectations	<ul style="list-style-type: none"> • Business growth • Financial stability • Growth of the enterprise value • Viable, sound and well-prepared business plan • Ongoing sufficient cash to operate 	
Impact expectations	<ul style="list-style-type: none"> • Meaningful social or environmental impact • Growth of impact 	<ul style="list-style-type: none"> • Impact model, numerification and measurement • Pre-defined impact commitments
	<ul style="list-style-type: none"> • Improved financing possibilities due to the impact achievements 	
Organisational expectations	<ul style="list-style-type: none"> • Funders and operating team's strength and dedication 	
	<ul style="list-style-type: none"> • Availability of training, coaching • Availability of networking help, partnership support 	<ul style="list-style-type: none"> • Long-term commitment and resilience • Drive to develop themselves, coachability, and flexibility
Funding expectations	<ul style="list-style-type: none"> • Amount of funds • Appropriate ticket size, flexible fund drawdown without obligation to draw the full amount 	<ul style="list-style-type: none"> • Manageability of interest/repayment burdens, ratio to incomes
	<ul style="list-style-type: none"> • Clear, understandable, forecastable product conditions • Individual adjustability of product conditions • Quick availability • Simple application process, little work, capacity 	<ul style="list-style-type: none"> • Acceptable operating costs (e.g. manageable application process)
	<ul style="list-style-type: none"> • Favourable interest/repayment (cost incl. lost income/growth), preferably below market • Repayment proportionate to income, flexible • Longer grace period 	<ul style="list-style-type: none"> • Collateral/asset expectations • Years of operation, historical business results and sales revenue expectations • Guarantee expectations

Benefit Segment	On the side of the impact enterprises	On the side of the funding providers
Funding expectations	<ul style="list-style-type: none"> • Keeping decision rights, avoiding unwanted influence • Avoiding more participants in funding because of complexity and keeping the majority stake, majority decision right • Possibility of buying back equity from the investor • Avoiding risk to lose own properties/assets, maintain a decent standard of living personally 	<ul style="list-style-type: none"> • Number, type and share of investors, enterprise owners

In the next step, we **summarise the financing challenges and needs that characterise each persona.**

4.1.1. NPO with Business Activity

The financial needs of an NPO with business activity are **primarily focused on stability and sustainability**. They require capital for scaling, but **a grant is preferred over a loan** in the idea and piloting stages, with bridge loans being used for cash flow issues, linked to the award of a grant or state normative. Their **ticket size requirement is typically small**, between 5-15 thousand euros, though it can be higher for larger and more mature NPOs. They favour an easy-to-understand product structure, and the quick availability of funds is not a primary concern, except in the case of bridge loans. **The application process is challenging for them** due to their limited financial knowledge, and they often need support and guidance, as they may step back if the process becomes too difficult. Their risk profile is **highly risk-averse**, as they seek to avoid losing personal properties or assets due to a potential lack of sufficient sales revenue. They also prefer to avoid more participants in funding due to a fear of indebtedness, and the concept of **a transfer of shares is not applicable** to their legal form, and even if it is, it is normally refused by them. Finally, their non-financial needs include **business mentoring and training** from mentors who understand the nonprofit sector.

4.1.2. Social Enterprise for Employment

For a Social enterprise for employment, **the financial needs centre on supporting their core mission of creating jobs**. They require capital for scaling, with typically a higher ticket size compared to NPOs. They prefer a **product structure with individual conditions and agreements** and tend to like a flexible fund drawdown without the obligation to take the full amount. In the application process, they seek **a direct and continuous relationship with their financier**. Their repayment schedule preferably demands **below-market conditions**, with no exponential growth requirements, and a revenue share or clear and fixed conditions, alongside a grace period of at least one year, preferably. Their risk profile is **risk-averse**, although the organisation itself **often has collateral** in the form of real estate and benefits from stable operations and revenues, including state subsidies in most cases. **The transfer of shares** is generally

considered unacceptable and **unrealistic**, as they prioritise keeping their decision rights and avoiding unwanted influence. Their key non-financial support needs are a **direct and good relationship with their financier**.

4.1.3. Organic, Natural, Traditional Enterprise

The typical financial needs of an Organic, natural, traditional enterprises are **influenced by their seasonality and lifestyle-focused production**. They require capital for scaling through **state subsidies and loans for a start**, and they often need a **bridge loan due to seasonal cash flow issues**. Their **ticket size is small**, ranging from 5-25 thousand euros, but it can be higher for larger cooperatives. They prefer an **easy-to-understand product structure, and the quick availability** of funds is not the most significant priority. Their risk profile is **less risk-averse than NPOs, often engaging in micro-financing**, but they still want to avoid the risk of losing properties and assets. Their non-financial needs include a good, continuous relationship with their local financier, **access to network and market opportunities**, and **help in educating their consumers**.

4.1.4. Impact First Enterprise

Impact first enterprises have financial needs that evolve with their growth. They **require increasing capital in all phases**—idea, piloting, seeds, and growth—and face a **significant funding gap between the minimum viable product (MVP) and the scalability level**. They typically seek a **medium ticket size**, with 15-50 thousand euros for piloting and 50-500 thousand euros for scaling. They prefer **flexible fund drawdown** and a product that can be individual, "boxed," or combined. **Quick availability is important** for them, and they find performance-related disbursement acceptable. In the application process, they are willing to make compromises if money is on the table, prioritising trust and personal relationships. While they **prefer organic growth**, a higher repayment cost is acceptable. Their risk profile is **not as risk-averse**, and they typically **have no collateral**. Many of them face challenges with **insufficient sales revenue** and aim to become operational and profitable within 2-3 years. A **transfer of shares is not preferred but acceptable** if it's below 50% or delayed, becoming less favoured after multiple investment rounds. They do find it acceptable to have more participants in funding if they don't lose a high proportion of their shares. Finally, they prefer **hands-on business training from "real" businessmen**, access to a network and market opportunities as non-financial support items.

4.1.5. Tech Startup with Impact

The financial needs of a Tech startup with impact are distinctly tied to their high-growth trajectory. They have **increasing capital needs throughout all phases, with a significant funding gap and high investment needs in later phases** (over 1 million euros). Their **ticket size is higher**, starting from 25-50 thousand euros, reaching very high amounts of 1 million+ euros in later development stages. They require a **flexible fund drawdown and prefer individual conditions and agreements**, as well as a combined product. **Quick availability** is considered very important, with performance-

related disbursement being acceptable. Their application process **prioritises trust and personal relationships**, and they are willing to make even extreme compromises to secure the required funding to achieve their next milestone scaling step. They **accept more expensive financing**, such as equity, as they pursue exponential growth potential. **A longer R&D phase** of 5-7 years also means they **prefer a longer grace period**, but as mentioned above, they are willing to negotiate and compromise on all of their preferences, if need be. Their risk profile is not risk-averse, with **no collateral**, but they face insufficient sales revenue in the long R&D phase. The **transfer of shares is acceptable**, typically below 50% or delayed, but less preferred after multiple investment rounds. They also find it acceptable to have more participants in funding without losing a high proportion of their shares. Non-financial support is crucial for them, and they prefer **individual coaching** over a say in their business decisions, as well as mentoring from "real" businessmen and access to network and market opportunities.

To **testing different financial instruments with some of the impact enterprise leaders**, we grouped the countless existing financing products on the market based on which needs of the target group they address. We also tried to identify the typical and preferred financial products that are appealing, relevant or typically leveraged by different personas. **We found an extremely colourful spectrum of financial instruments that vary by country, by target, by financial provider and even enterprise by enterprise to some extent.** Here, we give an overview of fundamental financial products that are available to impact enterprises, matching them with specific needs.

Needs	Equity type products	Loan type products
Small ticket size	Friends & Family Angel investment	Friends & Family Micro-loan
Large ticket size	Venture capital	Commercial loan
No collateral / no business history	Angel investment	Soft loan Quasi equity Soft loan with EU guarantee
Below market cost	Convertible / repurchasable equity	Impact loan
Long grace period	=	Impact loan (patient)
Quick availability	SAFE (Simple Agreement for Future Equity)	Micro loan
Simple application	SAFE (Simple Agreement for Future Equity)	Micro loan

18. Figure: Overview of Basic Financial Needs and Financial Products

The two most **basic refundable financial instrument groups are equity and loans**, as described previously. They **all have specific sub-groups of products for the most fundamental needs**. For ventures requiring a small ticket size, both equity and loan options are available from Friends & Family, while Angel investment is a possibility for

equity and a Micro-loan for a loan. When a large ticket size is needed, the options are Venture capital on the equity side and a Commercial loan for debt. For enterprises with no collateral or business history, Angel investment is available as an equity option, while debt options include Soft loans, quasi-equity, and a Soft loan with an EU guarantee, which is noted as a theoretical possibility, as general evaluation criteria are currently applied in practice. For financing that is at a below-market cost, the equity option is Convertible or purchasable equity, while the loan option is an Impact loan. An Impact loan has a larger ticket size (€50k+), below market conditions and can provide a long grace period, which is equivalent to a convertible equity option. For quick availability and a simple application process, both SAFE (Simple Agreement for Future Equity) and microloans are presented as solutions, though it is noted that these quick and simple options are unavailable for large ticket sizes.



Financial Return Research

5. Financial Return Research

The goal of the „financial return research“ was to **validate that different financial instruments have strong demand, social payout and acceptable risk** in the long-term from the perspective of the funding providers.

Therefore, financial return research **included the following elements**:

- **Quantitative research** to measure how many and what kind of impact enterprises are interested in the financial instruments. The results of the quantitative research are **not public**.
- **Theory of change impact planning** to draw the planned impact map of a financial instrument and connected supports. We also describe how to **calculate planned SROI** to increase the likelihood of a positive social return on investment.
- **Risk management research** is to research opportunities and paths to decrease risk on the different social finance products via expert interviews.

5.1. Estimation of the Demand for Financial Instruments

An **online research questionnaire shall be placed among the target group** that describes the financial products and connected services, and requests mainly numerical interest indication and feedback from the respondents. Further details and results of the quantitative research are not public.

5.2. Planning of the Impact

In the case of an impact financing product, **funding providers typically take on greater risk and/or accept lower returns in exchange for expecting significant social impact from the financed organisation**. Therefore, on the one hand, it is important to see how the financing product contributes to achieving the expected social impact. We applied the **Theory of Change model to demonstrate how financing products and related non-financial support lead to this social impact**. On the other hand, it is becoming increasingly important to obtain quantitative evidence that the amount invested will pay off, if not in business terms, then at least on a social level. That is why we recommend using the SROI (Social Return on Investment) methodology.

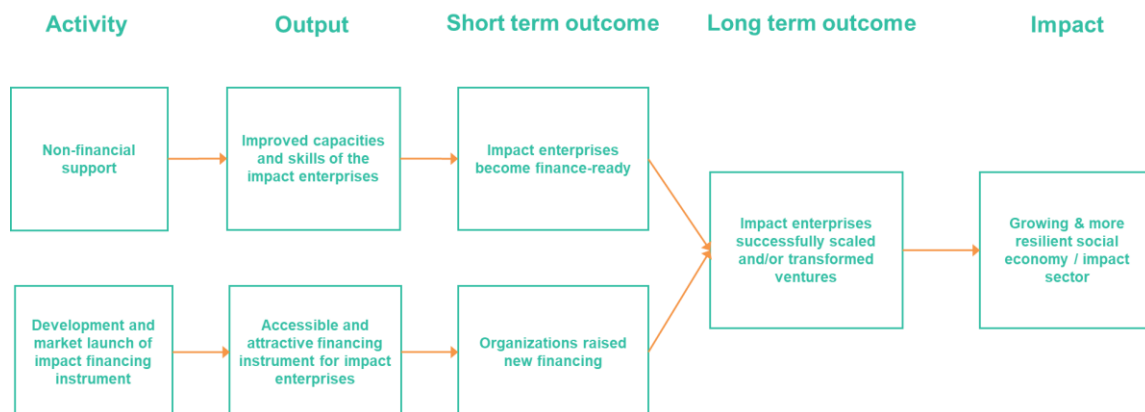
A **Theory of Change (ToC)** is a formative evaluation method. Through a ToC process, it can be assessed whether and how outcomes or process changes can be achieved

or (if done ex post) were achieved. Belcher et.al. (2020)²³ describe the structure of the model from activities through outputs and outcomes to impact through different spheres:

1. **Sphere of control** – direct influence: What the project does
 - Activities: the insights that are needed to bring about the desired outcomes, and how these insights will be gained
 - Outputs: the tangible products as a result of the activities. Usually expressed as nouns, tangible and can be counted.
2. **Sphere of influence** – indirect influence: Who the project works with and through
 - Outcomes: relate to changes in behaviour, relationships, actions, and activities of stakeholders resulting from the exchange of knowledge and the uptake of research outputs. Identify who must do what differently to achieve the desired impact. Changes can be:
 - Instrumental: plans, decisions, behaviour, practices, actions, policies
 - Conceptual: changes to knowledge, awareness, attitudes, and emotions that contribute to the understanding of issues and reframing debates
 - Capacity building: technical and personal skills and expertise
 - Network: number and quality of relationships and trust
 - Knowledge culture: attitudes towards knowledge exchange and the impact itself
3. **Sphere of interest** – higher level project aims, outside of project influence: Improved conditions that the project hopes to see
 - Impact: A deliberate chain of activities and conditions by which the potential impact that the project is aiming for could be realised

The following figure shows the **Theory of Change model of financing products and related non-financial support**.

²³ [Brian M. Belchera,b, Rachel Davela, Rachel Clausa: A refined method for theory-based evaluation of the societal impacts of research \(2020\)](#)



19. Figure: Theory of Change Model of the Impact Financing Instrument and Connected Support

The provided non-financial support builds capacity and improves the skills of impact enterprises, making them "finance-ready." Simultaneously, the development and launch of an accessible financing instrument empowers these organisations to secure new funding. The convergence of these two pathways—skilled enterprises and available capital—leads to the successful scaling and transformation of these ventures. Ultimately, this contributes to the long-term impact of a growing and more resilient social economy and impact sector.

For impact enterprises, a primary obstacle in securing financing is the difficulty of articulating their full value proposition to traditional funders. While they generate significant social and environmental benefits, these outcomes are often intangible and not captured by standard financial statements. This is where **the Social Return on Investment (SROI) framework** becomes a crucial tool. **By translating social outcomes**—such as improved well-being, increased community cohesion, or reduced carbon emissions—into a clear, monetised ratio, **SROI provides a language that resonates with funders.** It moves the conversation beyond anecdotal success stories to a quantifiable demonstration of value, allowing an impact enterprise to present a powerful case that for every dollar invested, a specific, calculated amount of social value is created. This tangible metric helps bridge the understanding gap, enabling investors to assess the enterprise's performance more holistically and compellingly.

Social Return on Investment (SROI) is a framework for measuring and accounting for the broader concept of value; it seeks to reduce inequality and environmental degradation and improve well-being by incorporating social, environmental, and economic costs and benefits. SROI measures the value of the outcomes of a program or organisation. It is a ratio of the net present value of benefits to the net present value of the investment. For example, an SROI ratio of 3:1 indicates that for every \$1 invested, \$3 of social value is created.

The calculation of SROI²⁴ is a six-stage process that involves understanding the scope of the investment, identifying stakeholders, measuring outcomes, and valuing those outcomes in monetary terms.

1. Stage: This initial stage involves setting clear boundaries for the SROI analysis, including what will be measured and who will be involved. It's crucial to identify the key stakeholders – individuals or groups affected by the organisation's activities – and engage with them to understand their experiences and the outcomes that matter most to them.

2. Stage: In this stage, you work with stakeholders to develop an impact map, which is a visual representation of how the organisation's activities (inputs) lead to changes (outputs) and ultimately result in desired outcomes for stakeholders. This helps to create a clear theory of change, showing the logical chain of events from investment to impact.

3. Stage: Once the outcomes are mapped, the next step is to gather evidence to show that these outcomes have occurred. This involves collecting data through surveys, interviews, and other methods. Then, a financial proxy is assigned to each outcome. A financial proxy is an estimate of the monetary value of an outcome that does not have a market price. For instance, the value of increased confidence could be proxied by the cost of confidence-building workshops.

4. Stage: It is important to only claim the value that the organisation is responsible for creating. This stage involves four key aspects:

- Deadweight: What would have happened anyway, without the intervention?
- Displacement: To what extent have the outcomes displaced other activities?
- Attribution: How much of the outcome is a result of the work of others?
- Drop-off: For how long will the outcome last?

By accounting for these factors, you can isolate the specific impact of the organisation's activities.

5. Stage: This stage involves adding up all the financial proxies for the benefits, subtracting any negatives, and comparing this total to the initial investment. The calculation involves the following steps:

- Calculate the total value of benefits by summing the financial proxies for each outcome, adjusted for impact (deadweight, displacement, attribution, and drop-off).

²⁴ [Social Value UK and The SROI Network: A guide to Social Return on Investment \(SROI\)](#)

- Calculate the net present value (NPV) of benefits by discounting future benefits to their present value. This is important because benefits that occur in the future are worth less than benefits that occur today.
- Calculate the net present value of the investment.
- Divide the NPV of benefits by the NPV of the investment to get the SROI ratio.

Beyond providing a headline figure, the rigorous process of an **SROI analysis itself builds significant credibility and can de-risk an investment in the eyes of potential funders**. Conducting an SROI requires a deep, evidence-based understanding of the enterprise's activities, its stakeholders, and the specific outcomes it generates. This process **demonstrates to the funding provider that the organisation is not only mission-driven but also strategically managed, data-informed, and accountable for its impact**. By clearly mapping the path from investment to impact and accounting for factors like deadweight (what would have happened anyway), an SROI report shows a level of sophistication and transparency that builds trust. For funding providers, this reduces the perceived risk associated with the non-financial aspects of the business, making them more confident in the enterprise's ability to effectively manage resources and achieve its stated goals.

5.3. Risk Management Research: Collaboration and Alliance

During the in-depth **interviews with 43 experts, we also sought answers to the question of whether financing impact businesses is riskier than financing traditional SMEs or start-ups**, and if so, why. It is very difficult to give a precise answer to this question, as there are **no statistically comparable default data available, since a large proportion of impact businesses typically fail the bank's risk assessment** and do not receive the same financing products that traditional businesses can access, so the financed portfolio is biased. However, based on this, it cannot be clearly stated that impact businesses are riskier, as it is possible that traditional banking risk models are not suitable for predicting the risk of impact businesses (e.g., in the case of WISE, only sales revenue is taken into account in the assessment, not state contributions).

Basically, the experts agreed that, **from a financing perspective, impact enterprises often present a higher risk profile compared to traditional enterprises**. This elevated risk stems primarily from their inherent dual-mission structure, which seeks to balance financial sustainability with a core social or environmental purpose. Unlike traditional enterprises, where the primary objective is profit maximisation, impact enterprises reinvest a significant portion of their profits back into their social mission. This commitment can lead to lower and often less predictable financial returns for banks, investors, making the investment proposition inherently more complex. The very nature of their work can also mean operating in economically challenging markets or serving marginalised communities, which can introduce a higher degree of operational

and market volatility compared to a typical SME focused on a purely commercial market. In addition, experts also mentioned that impact entrepreneurs are more passionate and committed and will continue even with lower growth or even losses, because social impact is close to their hearts, the impact enterprise is their life. The legal and regulatory landscape in which impact enterprises operate can be less defined and more varied than the established frameworks governing SMEs or start-ups. This can create additional uncertainty for investors regarding governance, exit strategies, and the legal recourse available in case of underperformance.

As we mentioned in the previous chapter, and as many of our experts have mentioned, if **social impact is truly important to the funding provider and can be quantified** (e.g. as KPIs or SROI), **then it can be considered as a risk factor**. Most specialised impact financing instruments follow this path. While an SME's success can be straightforwardly assessed through traditional financial metrics like revenue growth and profit margins, **the success of an impact enterprise is also tied to its non-financial, mission-related outcomes**. This "double bottom line" can be difficult for traditional investors to evaluate and price into their risk assessment. The lack of standardised metrics for social return on investment can make it challenging for impact enterprises to clearly articulate their full value proposition to potential funders who are more accustomed to conventional financial data.

However, **we see a great deal of collaborations and alliances in reducing the financing risk of funding impact enterprises**.

The following groups of entities can become collaborations or alliances, in case they decide to jointly develop, own or market financial products towards enterprises within the impact economy:

Public Entities

Collaborations can be forged with a variety of public entities, leveraging their policy-driven mandates and extensive networks. This includes state entities, such as government ministries, state institutions, local authorities, and national or regional industry development organisations. At a supranational level, key partners are EU entities, including EU grant-givers, EU guarantee providers, and EU accelerators or capacity builders, all of whom can play a pivotal role in channelling funds and expertise to the impact economy.

Investors

A wide range of investors can serve as effective collaborators, from individual actors to large-scale funds. This includes individual investors, such as angel investors, venture capitalists, and family offices. Collaborations also extend to investment funds, including venture capital funds, impact investment funds, and social investment organisations, which can be engaged through models like the "Fund of Funds."

Banks and Non-Financial Institutions

Partnerships with other financial institutions may become helpful for extending reach into specialised sectors. This group includes Non-financial Institutions such as Non-Bank Financial Institutions (NBFIs), Non-Bank Microfinance Institutions (MFIs), or Non-Bank Financial Corporations (NBFCs). Still, there is a possibility for a bank to establish its own NBFi or MFI in certain CEE countries that legally allow this. Additionally, collaborations with other banks may become a core part of this model, including working with Microfinance Institutions, microcredit and microfinance banks, community banks, and mutual and credit unions or banks.

Other Entities

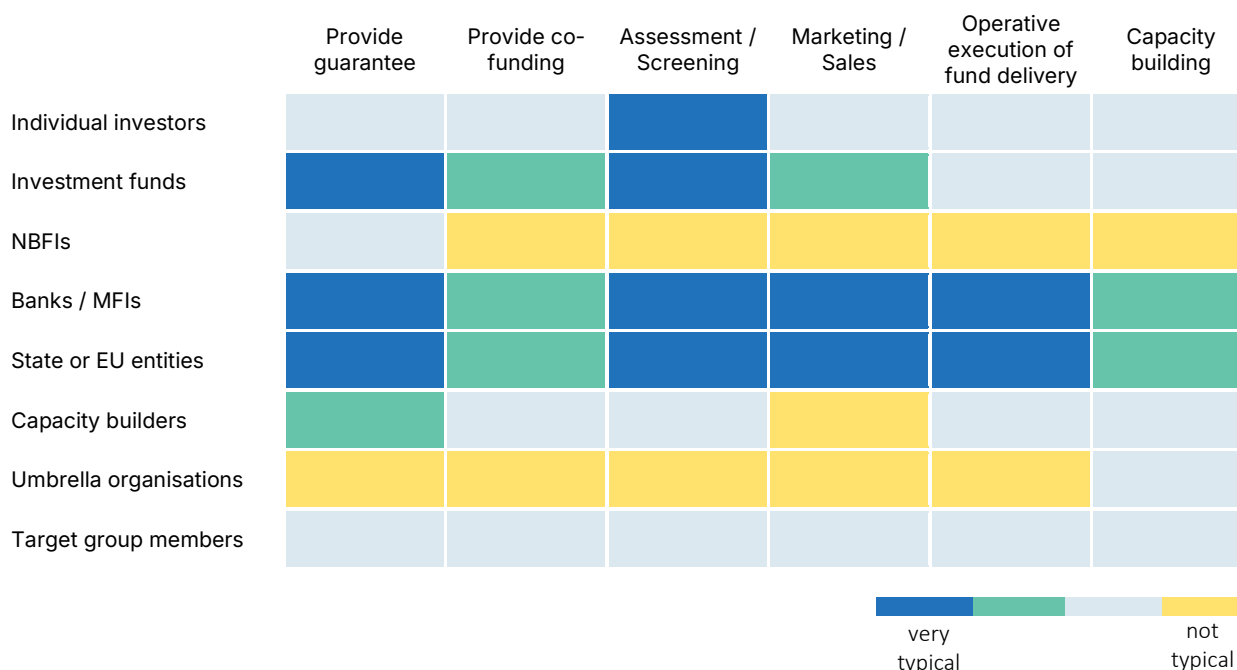
Beyond public and financial institutions, other strategic collaborators are vital for holistic support. These include capacity and/or capability builders such as accelerator programme providers and training or mentoring providers, who build the skills of impact enterprises. Similarly, umbrella organisations of target groups, which can be alliances of startups, SMEs, or NPOs, as well as industry and impact-driving alliances, are key to reaching a critical mass of beneficiaries. Finally, individual target group members, particularly those that are franchise-ready impact enterprises, can also function as a form of collaborators themselves.

These diverse collaborative models help in many ways to mitigate risk, scale the impact and ensure that tailored financial instruments reach the right beneficiaries, thereby fostering a more robust and inclusive CEE impact economy. Intermediary and alliance partners can offer a bank a wide range of support, significantly enhancing risk mitigation:

- First and foremost is **direct risk assumption with guarantees provided by state and EU bodies** and other financial partners. In addition to financial support, these alliances can also play an important role in non-financial support (e.g. capacity building).
- **Co-financing** is an important tool for risk mitigation, which can be achieved through investment funds, non-bank financial institutions, other banks or crowdfunding platforms.
- Knowledge of the target group and the local ecosystem enables **more accurate assessment, screening and decision-making**, which can also reduce the bank's risk. Assessment and screening of potential clients can be supported by different kinds of collaborators (e.g., umbrella organisations of target groups, investors, other banking institutions, etc.).
- **Assistance in marketing and sales** of the financial products helps to reach the target group more effectively and accurately, thereby creating opportunities to **reach and convince the "bests" of the target group**.

- **Taking over operational execution of fund delivery** allows for the involvement of significant additional capacities in the process, which enables, for example, **more frequent and stricter monitoring** of the impact enterprises or even intervention in their business processes, thereby reducing risks.
- The critical function of **capacity building** is most effectively delivered by specialised providers, such as capacity builders and State or EU entities, ensuring that **impact enterprises** are not only funded but also **equipped with the skills needed for success**.

The potential areas where **collaborations and alliances may help to decrease risk** are visualised below:



20. Figure: Collaboration/Alliance Partners

In the following, we would like to present **some specific intermediary and alliance models of interest**, mentioning the specific organisations that are present in CEE or outside CEE, and may be of inspiration to build a future financial product offering. The icons on the following chart show the main strengths of each model.

Enterprise Development & Network Model

A key inspiration for future financial offerings is the Enterprise Development & Network Model, as exemplified by organisations such as Tech2Impact, IHV in Austria, and SIMPACT&IFUA in Hungary. This model is distinguished by its focus on non-financial support, providing comprehensive personal coaching and development to build founder capabilities and running accelerator programmes typically financed by external partners. Crucially, these organisations leverage an extensive network to connect their investees with relevant investors and ecosystem partners, without

directly offering funds themselves. For a bank, this presents a significant cooperation opportunity, allowing it to leverage the partner to coach, develop, and accelerate enterprises and to effectively market its financial products to the target group. This approach offers a bigger impact potential compared to a direct model, as the supported enterprises have a higher chance of success and growth due to the extensive coaching and networking. The partner's deep embeddedness in the startup ecosystem also provides a powerful channel for enhanced marketing and sales.

Ecosystem Orchestration & Financial Brokering Model

A further effective collaboration is the Ecosystem Orchestration & Financial Brokering Model, as demonstrated by organisations like Smartkollektiv in Serbia and Act Grupa in Croatia. This model is distinguished by an extremely broad network across the entire impact ecosystem, including enterprises, investors, banks, state and EU organisations, and philanthropists, with a personal knowledge of all key players. Beyond providing business and impact coaching and development, these organisations also offer some level of funding provision to enterprises using a mix of grants, loans, investments, and blended products. For a bank, this offers significant cooperation options, from a simple fund of funds approach to leveraging the partner's extensive network to forge new connections between organisations and products that would otherwise not be possible. This provides a good piloting option to test creative collaborations in small, such as a grant provider funding the interest rate of a loan or using ecosystem partnerships to open the door to positive regulatory changes. Collaborating with such a deeply embedded partner also offers a bigger impact potential and enhances marketing and sales due to their unparalleled local knowledge.

Grant-Leveraged Co-financing Model

A compelling future collaboration model is the Grant-Leveraged Co-financing Model, as exemplified by organisations like NESsT in Romania. NESsT leverages its extensive network within the country to reach and screen target enterprises, providing them with grant-type funding, accelerator programmes, and mentoring. This creates a unique opportunity for a partner bank to become a co-financing partner, providing loans to organisations that have already received a grant from NESsT. This loan provision is contingent on the bank's own evaluation, but the grant itself is considered part of the collateral, providing enterprises with "extra credits" for their application. This approach offers a bigger impact potential than a direct model, as the supported enterprises benefit from increased financial strength, which increases their chances of success and growth. The partner's deep knowledge of the local impact economy also facilitates effective marketing and sales, enabling easy connections with potential enterprises. Finally, this model provides a good piloting option to test a creative, de-risked approach to lending in small amounts before scaling it up.

Pre-aligned Investment Partnership Model

A highly innovative collaboration is the Pre-aligned Investment Partnership Model. This potential future collaboration is based on the creation of a joint portfolio, where a bank and an Impact VC contractually pre-align on the impact and risk assessment criteria of enterprises. This foundational agreement allows the bank to engage in co-funding or blended financing where it automatically approves a parallel or sequential loan up to the value of the Impact Ventures investment, based on the partner's positive funding decision. By adopting the partner's assessment automatically, the bank does not need to apply its usual evaluation methodology, leading to significant internal capacity savings and a decreased and shared risk. This arrangement not only improves the financial strength of the enterprise without ownership dilution but also leverages the partner's expertise in mentoring, coaching, and networking. Ultimately, this approach offers a bigger impact potential and a more effective channel for marketing and sales due to the partner's deep embeddedness within the startup ecosystem.

Flexible Blended Finance Hub Model

An alternative to the traditional direct model is the Flexible Blended Finance Hub Model, exemplified by Socialni Inovatori in Slovakia. This model's operating premise is based on sourcing funds from both grant providers (EU and state) and private sources, including investors, venture capitalists, and philanthropists. This unique blend allows the organisation to create extremely flexible financial products that combine free and refundable parts of funding to precisely fit the needs of impact enterprises. Furthermore, this model involves financing other, more niche fund provider collaborators and leveraging a broad network of impact ecosystem players to maximise its impact. A bank could adopt this approach by playing a very similar role in other countries, as the model is highly replicable, or by leading a CEE-wide effort with fund provider collaborations led by a regional headquarters. This collaboration model provides a bigger impact potential than a traditional direct offering and offers a good piloting option for a bank to test new, creative financial instruments in a controlled manner before wider deployment.

KPI-Linked Micro-lending & Services Model

A highly innovative collaboration approach is the KPI-Linked Micro-lending & Services Model, as demonstrated by the Centre of Ethical Financing (CEFI) in Slovakia. The core of this existing operating model is micro-loaning to a broad range of social entities, where interest rates are dynamically linked to the fulfilment of specific Key Performance Indicators (KPIs), rewarding enterprises with more favourable rates upon success. This is complemented by a shared services centre providing essential

support such as accounting, legal, and HR services, and tailor-made business coaching and development. For a bank, a key cooperation option is to fund the CEFI fund or build a similar structure with other partners. Moreover, the bank can also leverage the partnership for marketing and distributing its financial products, which are combined with the partner's added services and coaching. This model offers a bigger impact potential than direct provision, as the bundled services and training provide significant added value to small companies, boosting their chances of success and growth, while simultaneously leading to less internal capacity for the bank by offloading operative execution and assessment.

Specialised Lending & Support Partnership Model

A compelling model for a bank to adopt is the Specialised Lending & Support Partnership Model, as exemplified by AFIN in Romania. As a non-financial banking institution (NBFI), AFIN's operating model is to collect funds from both EU entities and other banks to offer normal loans for social enterprises only. This is complemented by a suite of non-financial support, including accelerator programmes, mentoring, networking events, and conferences. For a bank, a key cooperation option is to provide background funding to a specific NBFI, which can more efficiently reach and serve a defined sub-target of enterprises, thereby freeing up the bank's internal capacity. This approach leads to a bigger impact potential as the supported enterprises have a higher chance of success and growth due to enhanced financial strength. It also helps in decreasing and sharing risk, as the bank is not the only funder, and provides a more effective channel for marketing and sales due to the partner's deep embeddedness in the target group.

Holistic Impact Financing & Outsourcing Model

An advanced collaboration model, which also functions as an alternative to a traditional direct offering, is the Holistic Impact Financing & Outsourcing Model, as seen in organisations like MAZE in Portugal and Seed Capital Bizkaia in Spain. This model's strength lies in sourcing funds from both grant providers (EU and state) and a wide array of private investors and banks, enabling the provision of a full impact financing portfolio of products to a diverse range of targets. Their offerings are extremely flexible, encompassing equity, loans, grants, and various blended products, and are complemented by a full spectrum of mentoring and development support for both enterprises and investors. Due to the holistic nature of this model, the primary cooperation option for a bank is a full outsourcing possibility, whereby they would simply need to provide funding if such an organisation were to exist in CEE. If this is not the case, a bank would have to build such a comprehensive offering internally, effectively turning this into a new type of direct model. This approach offers the clear advantage of a full outsourcing possibility, allowing a bank to leverage a partner's complete end-to-end expertise for maximum efficiency and impact.

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Annexes

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A) List of Interviews, incl. Expert- and Target Group Interviews

Name	Organization	Represented country	Relevance in the market research
Alner, Claudia	CB ESPRI	Slovakia	Investor
Ayupov, Almaz	Dymaxa	Austria	Target Group
Balanč, Andrej	Afirmacija Kulture	Serbia	Umbrella / network organisation
Bartošová, Zuzana	Coworing Šala	Slovakia	Target Group
Bauer, Florian	Erste Foundation	CEE	Erste HQ
Biciilă, Cristina	Ateliere fara Frontiere	Romania	Target Group
Blazej, Rastislav	Erste Social Banking Slovakia	Slovakia	Local social banking
Bohacikova, Andrea	M.artar	Czechia	Target Group
Bolibruchová, Martina	Zmudri	Slovakia	Target Group
Brigović, Ana	Act Groupa	Croatia	Umbrella / network organisation
Brkic, Renata	Feels Good Investment Fund	Croatia	Investor
Buciuc, Stefan	BCR Romania	Romania	Local social banking
Cironis, Tom	Startup Kitchen	Czechia	Umbrella / network organisation
Ciulacu, Teia	Atelierul de Panza / Viitor Plus Association	Romania	Target Group
Cretu, Ana Maria	Erste Foundation	CEE	Erste HQ
Darie, Tica	Made in Rosia Montana	Romania	Target Group
Dittrichova, Gabriela	Impact Hub Praha	Czechia	Umbrella / network organisation
Duman-Wolf, Sevgi	Erste Social Banking Austria	Austria	Local social banking
Ejdus, Katarina	Women on the Way	Serbia	Target Group
Eszter, Elemér	Impact Ventures	Hungary	Investor
Ferenczi, Attila	ReCoWaste	Hungary	Target Group
Gansterer, Lena	SENA	Austria	Umbrella / network organisation
Grablechner, Vera	myCulture	Austria	Target Group
Habek, Katarina	HUKI	Croatia	Investor
Heep, Johann	Erste Bank Regional	CEE	Erste HQ
Hofmann, Stephan	Minimist	Austria	Target Group
Holikova, Klara	Femme Palette	Czechia	Target Group
Hoschek, Zdeko	www.zlavadna.sk and	Slovakia	Target Group

Name	Organization	Represented country	Relevance in the market research
	foxoboxo.sk		
Hrnciarova, Michala	Coworking Cvernovka	Slovakia	Umbrella / network organisation
Jakubinyi, László	Szimbiózis	Hungary	Target Group
Kavecky, Peter	EduCreo	Slovakia	Target Group
Kisari, Károly	Rejtett Kincsek Down Egyesület	Hungary	Target Group
Kolesarova, Martina and Maur, Norbert	Pontis Foundation	Slovakia	Investor
Kosovac, Nikoleta	Liceulice	Serbia	Target Group
Kovács, Levente	Hiventures	Hungary	Investor
Kralikova, Katerina	Czechitas	Czechia	Target Group
Kraljic, Karolina	Humana Nova	Croatia	Target Group
Kresankova, Zuzana	Socialni Innovatori	Slovakia	Investor
Kümpel, Kateřina	Zvol si info	Czechia	Target Group
Ličina, Milica	Andjeli Delicije	Serbia	Target Group
Lipman, Sasha	Tech2Impact	Austria	Investor
Loncar, Alemka	Hedona d.o.o.	Croatia	Target Group
Markova, Veronika and Podlaha, Libor	Erste Social Banking Czech	Czechia	Local social banking
Mayr, Margit	Erste Social Finance	CEE	Erste HQ
Neculai, Ion	Eematico	Romania	Target Group
Nikolic, Danko	Zajecarske inicijative - Omladinski centar Zaječar	Serbia	Target Group
Oprean, Sonia	Synerb	Romania	Umbrella / network organisation
Ott, Florian	Erste Bank Regional	CEE	Erste HQ
Prof. Dr. Meyer, Michael	WU Vienna Institut für Nonprofit Management	CEE	Academy experts
Rácz, Kamilla	Tilia Ventures CZ	Czechia	Investor
Radojevic, Ivan	Erste Social Banking Serbia	Serbia	Local social banking
Relenschi, Felicia	AFIN	Romania	Investor
Réti, Andor	Resparty	Hungary	Target Group
Richter, Niklas	EcoTrn	Austria	Target Group
Rosandić, Andreja	NESsT, NatureCheck	Croatia	Umbrella / network organisation
Samoil, Ioana	NesST	Romania	Umbrella / network organisation
Ščepková, Eva	365.labb	Slovakia	Target Group
Schmidt, Phillip	Social Cooling	Austria	Target Group
Segre, Alice	MAZE	Outside the region (Portugal)	Investor
Séleji, Béla	Access4You	Hungary	Target Group
Sesar, Ivana and Gilic, Emina Marija	ESF+ Managing Authority	Croatia	Policy maker
Simunkova, Marie	Nekrachni	Czechia	Target Group
Sirotic, Tina	Erste Social Banking Croatia	Croatia	Local social banking

Name	Organization	Represented country	Relevance in the market research
Sodar, Gabriella	WAVE, Kék Bolygó Foundation	Hungary	Investor
Solčianska, Jana	Maker Space Bratislava	Slovakia	Target Group
Spasov, Anica	Naša Kuća	Serbia	Target Group
Stancic, Ivana	Smartkolektiv	Serbia	Investor
Szalay, Orsolya	Erste Social Banking Hungary	Hungary	Local social banking
Tihanyi, Zoltan	CEFI Centrum Etickeho Financovania	Slovakia	Investor
Ugarte Gamboa, Oscar	Seed Capital Bizkaia	Outside the region (Spain)	Investor
Varga, Éva	Euclid Network, Társadalmi Vállalkozások Koalíciója	Hungary	Umbrella / network organisation
Vasi, Emilian	Iarmaroc	Romania	Target Group
Vasilescu, Linda	Impact Hub Vienna	Austria	Umbrella / network organisation
Vesela, Anna	Spectoda	Czechia	Target Group
Viskupicova, Michaela	Impact Ventures	Slovakia	Investor
Voborsky, Mikolas	Nevyhasni	Czechia	Target Group
Vucen, David	Social Impact Award Serbia	Serbia	Umbrella / network organisation
Wetzl, Rüdiger	Social Business Hub Styria	Austria	Umbrella / network organisation

B) Grouping of Target Group Interviews into the defined Personas

NPO with business activity	Social enterprise for employment (WISE)	Organic, natural, traditional ent.	Impact first enterprise	Tech start-up with impact
<p>Zaječarske inicijative (SB) - Youth and Cultural center</p> <p>Czechitas (CZ) – Upskilling women in IT, cybersecurity and AI</p> <p>NEKRACHNI (CZ) - Financial awareness education</p> <p>NEVYHASNI (CZ) – Preventing burnout syndrome</p> <p>ZVOL SI INFO (CZ) - Fight against misinformation</p> <p>ZMUDRI (SL) – Online education platform for kids</p> <p>Rejtett Kincsek (HU) - Playhouse and development centre for children</p>	<p>Ateliere fara Frontiere (RO) – 5 different social economy businesses (e.g. recycled bags, packaging, labeling, and deliveries)</p> <p>Atelierul de Panza (RO) - Reusable textile products</p> <p>Liceulice (SB) - Street newspaper sold by homelesses</p> <p>Naša kuća (SB) - Recycled paper production, Hand made chocolate, Catering</p> <p>Szimbiózis (HU) – Guest house, Catering, Farm</p> <p>HUMANA NOVA (HR) – Recycled textile products</p> <p>HEDONA (HR) - Hand made chocolate</p> <p>Women on the way (SB) - Slow fashion employing women refugees</p>	<p>Ateliere fara Frontier: BIO&CO (RO) – Organic farm with social integration objective Made in Rosia</p> <p>Montana (RO) - Knitting workshop employing village disadvantaged</p> <p>Andeli Delicije (SB) - Nutritional bars and cookies employing disadvantaged women</p>	<p>Eematico (RO) - STEM learning tools and education</p> <p>Iarmaroc (RO) - digital platform for cultural events</p> <p>M.ARTER (CZ) – education and job for mothers</p> <p>Femme Palette (CZ) - mentoring and career development platform for women</p> <p>Respray (HU) – spray refill stations</p> <p>Access4you (HU) – inclusive and barrier-free office buildings</p> <p>Raco Waste (HU) - waste management</p> <p>MyCulture (AT) - mobile app of cultural events</p> <p>Social Cooling (AT) - air conditioners</p> <p>EDUCREO (SL) – Coworking space and workshops for artists</p> <p>Coworing Šala (SL) - coworking space and sewing workshops for women</p> <p>365.LABB (SL) - Coworking space and training for women entrepreneurs</p>	<p>SPECTODA (CZ) - smart lightning solutions</p> <p>MINIMIST (AT) – second-hand sales platform</p> <p>ECOTMn (AT) - "smart energy manager" for private households</p> <p>DYMAXA (AT) – energy efficiency solution for trucks</p> <p>ZLAVADNA (SL) – Online platform of entertainment and beauty services</p>

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