FINANCE FOR IMPACT

2023 ITALIAN OUTLOOK

The Journey to Radicality

POLITECNICO MILANO 1863 SCHOOL OF MANAGEMENT

SOCIAL IMPACT AGENDA PER L'ITALIA

TIRESIA

IN COLLABORATION WITH

GSG Driving real impact

Impact Europe

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PREFACE

Filippo Montesi Altamirano
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PREFACE

Impact finance, which seeks positive, measurable, additional impacts as well as financial returns, has come a long way. What was just an innovative idea ten years ago has become a well-defined and steadily growing market.

The complex economic, social, and environmental problems in Italy and around the world highlight that there is an urgent need for a faster and deeper transition to a sustainable economic-financial system that places a positive impact on all stakeholders and the planet at the center of its goals and processes.

To grow and make the impact finance market more inclusive, we need complete and accurate data and information. That is why Social Impact Agenda for Italy, the National Advisory Board of the Global Steering Group for Impact Investment (GSG), in collaboration with Politecnico di Milano - Tiresia has produced a study that gives more transparency on impact finance.

Through rigorous methodology, the report estimates the value of the impact finance market in Italy and provides valuable data and information to understand the state of the art, future trends, challenges, and opportunities concerning the supply and demand for impact capital.

The importance of this research is not limited to the findings inherent in market size but also highlights the enabling and disabling factors in the development of a truly inclusive and impactful market, which we hope will support the decisions of policy-makers, investors, businesses, and citizens.

This study adopts a methodology harmonized with that of other European countries, to enable greater integration and comparability of results, thanks to a cooperative project between GSG, Impact Europe, and seven European NABs (Belgium, France, Germany, Italy, the Netherlands, the United Kingdom, and Spain) with some prestigious research centers. This harmonization work has also allowed us to arrive at clearer and more shared definitions concerning the concepts of impact, additionality, and measurability.

I would also like to thank all the people and organizations that participated in the survey and shared with us data as well as remarks to improve the quality of the research. Together with Politecnico di Milano - Tiresia, we intend to continue the collaboration to regularly provide stakeholders with reliable data and information on the impact finance market.

Only seven years away from achieving the goals of Agenda 2030, we need the collaboration of all stakeholders to mobilize additional financial resources toward a positive impact economy.

01

INTRODUCTION

01

INTRODUCTION

This report comes at a time when Impact Investing is still searching for its genuine identity. Market sizing was probably the crucial missing element in the definition of the sector's identity, and this report is oriented primarily in this direction.
This study is, in fact, part of the market sizing exercise that was produced by many European countries under the guidance of Impact Europe and the Global Steering Group (GSG) for Impact Investment and the National Advisory Boards; it is a piece of the collective effort that produced the Impact Europe Market Sizing Report[1] and is also a deep dive into the specific reality of the Italian Market in 2022.
Such a Europe-wide survey has the specific merit of introducing consistent and shared definitions of this eternally potential asset class.
The contribution of the market-sizing exercise of which this report is a part is two-fold:
It has forced academics and practitioners to agree upon a common definition of – strictly speaking – Impact Investing, based on concepts that will be discussed, and it has also assessed, perhaps for the first time at European level, the materiality and consistency of the sector in the Continent.

But an even more important indirect consequence always comes with defining exercises: the always essential steps forward in precisely demarcating the difference between Impact Investing and Sustainable Finance.
Or, in other words, better isolating the specific instruments of Impact Investing within the realm of Sustainable Finance.
This is important not only for Impact Investing itself but also for the evolution of Sustainable Finance because it is clear that external challenges and collaboration are the two most important roles that Impact Investing can play in the evolution of traditional Sustainable Finance.
For the collaboration to work, we must ensure that Sustainable Finance is prevented from adopting specific positive attributes, and the notion of impact is an ambition that cannot be free.
We believe that the competition between radical Impact Investing and Sustainable Finance will contribute more to the integrity of Sustainable Finance than the current regulation surge.
Impact Investing is part of the sustainability revolution, representing the most radical and virtuous approach to transformative sustainability in the financial sector.

[1] Gaggiotti, G., and Gianoncelli, A., (2022) "Accelerating Impact - Main takeaways from the first harmonised European impact investment market sizing exercise". EVPA

Since the creation of the first Ethical Funds in the 1920s and 1930s, which indicated 'sin' industries for the financial operators, ethical investing became a way of using finance to respond to significant societal challenges and issues.
The birth of micro-finance in the 1970s and 1980s pioneered the possibility of using traditional finance approaches not so the institutions themselves could be ethical or responsible but to offer low-income individuals the chance to improve their lives.
It is never too late to remember that this should still be the purest form of Impact Investing:
A solution-first approach was examined for the first time, leading the way to financial instruments based on the principle of disproportionate risk-adjusted return.
In the early years of the millennium, Impact Investing established itself in the Anglo-Saxon markets as an adaptation of traditional finance inspired by outcome-based logic.
Since then, radicality has been little more than an aspiration, a generic principle that was often traded off against other objectives, such as scaling (the famous impact trillion), evangelisation of non-Anglo-Saxon countries and legitimisation.
Thus, the radicality of Impact Investing has been overshadowed by many other financial solutions overpromising to address societal and environmental issues, and the diluted version of Impact Investing was not consistent enough to make it distinct and, most importantly, challenge the potential of generic Sustainable Finance, especially ESGs, to deliver real change and transformative solutions.

This is the reason we believe that now is the time to take a few steps further in the journey to radicality, starting with principles, definitions and sizing.

Radicality simply means strictly adhering to the intentionality-measurability-additionality triad at the foundation of the definition of impact finance.
These three pillars are currently more important than ever in preserving the integrity of Impact Investing within the sustainability ecosystem. They also help the traditional finance context capture the real essence of transformative and generative sustainability.
Making the three pillars instrumental in marking the difference between Impact Investing and ESG or responsible or thematic finance is even more crucial.
For these reasons, this report aims to capture the most radical and virtuous approaches to sustainability in the financial industry in Italy in 2022.
The lens through which we look at the Italian market is deliberately severe and considers a select subset of instruments.
Although the numbers, once again, are relatively small, exposing the results to the suspicion of irrelevance, we trust in the value of perseverance and insist on offering a small but significant beacon to traditional markets in their mildly courageous efforts to align financial gains with positive societal and environmental outcomes.
In turn, the report's findings aim to stimulate policymakers and regulators to take the necessary steps to preserve impact integrity in the financial markets, raising the bar of sustainability contributions.

These are the report's ambitions, and our intention is to take a step forward in the journey to impact radicality.

02

HIGHLIGHTS

02

HIGHLIGHTS

The Finance for Impact 2023 Italian Outlook offers an up-to-date description of the state of the art of impact finance in Italy and some reflections on its possible development trajectories.

- The study involves 39 financial market operators; that is, 72% of the population that declared to adopt investment strategies related to impact finance in Italy.
Specifically, 31 operators are asset managers who invest directly in impact oriented organizations.

- According to Global Impact Investing Network[2] and Impact Europe[3] , Assets Under Management (AUM) at the end of 2021 amounted to EUR 1.063 billion at international level and EUR 80 billion at European level.
Italy weighed in at 8.5% of the European industry, or almost EUR 7 billion.

- At the end of 2022, this value was up 33% on the previous year, reaching a total of AUM allocated to impact finance in Italy of EUR 9,279 billion. 75% of AUM is managed by banking organisations, 21% by impact fund managers and 4% by institutional investors.

- The financial operators were profiled according to how their financing approach adheres to the impact finance definition, described through the qualifying elements of the so-called impact triad: Intentionality, Measurability and Additionality.

- Accordingly, 45% of operators had a radical impact approach (i.e. adherence to these principles), and 55% had a generalist impact approach.

- The main areas Sustainable Development Goals to which investment and finance contribute most are health and well-being, decent work and economic growth, reducing inequality, sustainable cities and communities and responsible consumption.

- The most popular impact measurement methods are the Theory of Change, the Impact Management Project and the SDG Impact Standards.

- 61% of asset managers provide non-financial support of various typologies. Specifically, services to support organisations'

[2] Hand, D., Ringel, B., Danel, A. (2022) Sizing the Impact Investing Market: 2022 The Global Impact Investing Network (GIIN). New York.
[3] Gaggiotti, G., and Gianoncelli, A., (2022) "Accelerating Impact - Main takeaways from the first harmonised European impact

financial strength, organisational resilience, strategic and operational support and training and adoption of impact measurement and management tools.

- The expected financial returns are mostly slightly lower or similar to the traditional market rate.

- 45% of asset managers set up investment vehicles to which the Sustainable Finance Disclosure Regulation (SFDR) is applicable.
Looking at the Article 8 and Article 9 classification of their vehicles, it appears that some operators (29%) manage investment vehicles that have been classified under Article 8 and the remaining one as Article 9.
Only 44% of Article 9 vehicles have a radical approach.

03

METHODOLOGICAL NOTE

03

METHODOLOGICAL NOTE

The study describes the state of the art of impact finance in the Italian context and some preliminary reflections on its dynamic evolution.

This section details, at the methodological level, the different stages of the research.

Moving from the previous Tiresia Impact Outlook 2019 report[4] , the study has fallen behind Italian borders this year.
With Impact Europe, the Global Steering Group for Impact Investments, several European National Advisory Boards (NABs), and some academic centres, Italy – in particular, the Italian NAB (Social Impact Agenda per l'Italia) and Tiresia research centre (Politecnico di Milano) – joined the European Impact Investment Consortium (EIIC).
We collaborated for almost a year to draft a harmonised procedure to monitor the Impact Investing industry in different European countries.

We started this initiative in response to a requirement acknowledged by the industry: standardised data and methods are required to establish a consistent and reliable baseline throughout Europe and to monitor progress.

The starting point of the report design was the identification of impact 'narratives' within public media and coverage of organisations managing financial resources (e.g. financial market participants) in Italy.
Indeed, the research population was defined starting from the desk research conducted in 2019 for the Tiresia Impact Outlook, where all organizations that had declared operations in Italy with tools and strategies traceable to impact finance had been mapped.
This process was carried out again in the following years to understand the new entrants in the financial market that could be involved in the research.
Desk research was conducted with the help of the LexisNexis database, which allows for the analysis of media exposure for specific issues.
In particular, some of the most common keywords in the academic literature on the topic were used.
The research was then further deepened using a comparison with the project partners, Social Impact Agenda per l'Italia and Impact Europe, to validate the list of the impact finance market population in Italy.
This process led to the identification of 66 subjects, but downstream of a documentary

[4] Calderini, M., Borrello, A., Chiodo, V. (2019). "Tiresia Impact Outlook 2019: Il capitale per l'impatto sociale in Italia". Tiresia – Politecnico di Milano

analysis available on the organizations' sites, 12 subjects were deemed out of scope.
Defining the boundaries of the analysis and the inclusion and exclusion criteria of the research participants is based on a specific interpretation of impact according to intentionality, measurability and additionality.

The first two principles were considered mandatory for the financial entity to be included in the study. Additionality was analysed as one of the investigation's variables using specific peculiarities of the investment process, as detailed in the following section.
At the end of this process, the population consisted of 54 organisations contacted to participate in the research, of which 72% responded, namely 39 financial market participants, as shown in Figure 01.

The questionnaire was the result of the harmonising process led by Impact Europe.
The survey considers questions that deepen the following macro themes: general information about the organisation, investment strategy, financial resources, investment focus, impact results, growth and future.
Subsequently, missing information was collected through a semi-structured interview and a desk research analysis.
The interview analysis was conducted primarily using interview transcripts and coding by bringing the information back to the survey analysis categories to interpret the results homogeneously.
The survey data-gathering process occurred in the second half of 2022, and the second phase of data completion in interviews and desk research took place in the first half of 2023.
Accordingly, we proposed the following taxonomy to categorise organisations included in the study (summarised in Table 01). Organisations have been distinguished into three typologies:

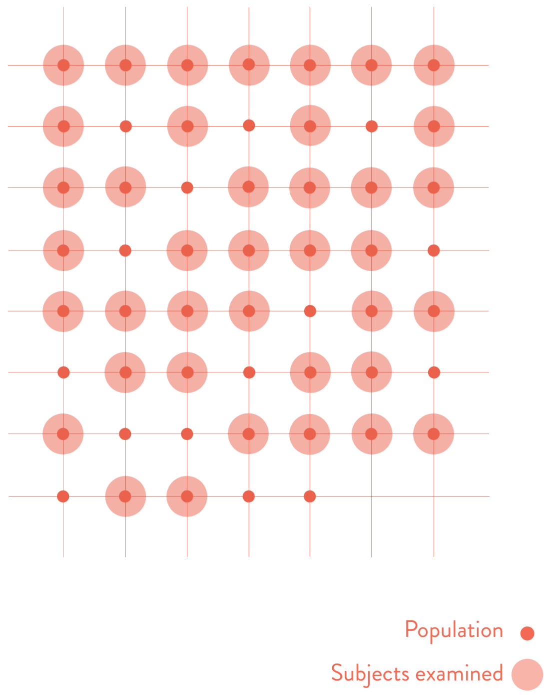


Figure 01
PROCESS OF IDENTIFICATION AND SELECTION OF FINANCIAL OPERATORS
N= 39

Private impact fund: These entities conduct venture capital, private equity or private debt investments, adopting a direct relationship with the investees through dedicated investment vehicles regulated under the Sustainable Financial Disclosure Regulation (e.g. investment funds) or provide seed capital and incubation activities through direct investments (e.g. business angels, or incubators). They operate with the aim of achieving market-aligned financial returns.
Among the investment funds, we isolated finance provided by Funds-of-Funds, which are investment vehicles whose objective is investing in other investment funds. Accordingly, the target of Funds-of-Funds can be investment

funds considered in our data gathering process, which risks double-counting impact finance mobilised. Given this investment approach, we consider the finance mobilised by Funds-of-Funds 'indirect', and we controlled for the portion of capital they allocated for investment funds already in our list.

Banking: These actors are financial institutions financing entrepreneurs and corporations through debt instruments.
These institutions neither invest in equity nor operate through dedicated investment vehicles.

Institutional investors: These financial institutions are insurance companies, national promotional banks and foundations. Specifically, we considered insurance companies' financial resources that they have declared as directly invested in certain assets. National promotional banks are legal entities that receive a specific investment mandate by the European Member States to spur development, promotion and financial support. Foundations are entities whose legal status is regulated under the Italian Law 'Codice Civile', Art. 14, and the 'Codice del Terzo Settore' (d.lgs 117/2017).
Institutional investors in our category can operate through 'direct' and 'indirect' investments.
In the latter case, we excluded the amount of finance mobilised to entities or investment funds already on our list.
We provide details about the composition of the sample. Figure 02 shows the breakdown by type of organisation of the capital supply operators included in the sample of respondents.

Table 01
FINANCIAL OPERATORS TAXONOMY

Financial Operator Taxonomy		
1st Level: Cluster	2nd Level: Substancial Activity[5]	Reference Definition
Private Impact Fund	PE/VC fund managers	*Asset Management Companies (SGR) through Collective Investment Schemes (OICR) that engage in Venture Capital (VC) or Private Equity (PE) activities*[6]
	Equity crowdfunding	*Financing tool for small-scale personal or professional projects open to various participants, including small savers*[7]
	Business Angel	*Risk capital financing provided by a specialized intermediary, including individuals*[8]
	Mutual Funds in Cooperative Form with a Predominance of Equity Instruments	*Funds for promoting and developing cooperation through investments in venture capital, with profit allocation constraints to reserves*[9]
	Family Office	*Entities providing support to individuals or families with significant wealth in financial management operations*[10]

Private Impact Fund	Listed Company Investment Fund Manager	*Fund open only to so-called qualified investors, including banks, stockbrokers, SGR, and other entities identified by the Ministry of the Treasury, whose capital allocation predominantly involves other funds.*
	Funds-of-funds	*Funds-of-funds Funds for financial activities, in which only so-called qualified investors, including banks, stockbrokers, SGRs, and others identified by the Treasury, can participate, and whose capital allocation involves relationships primarily with other Funds*[11]
	Accelerators Offering Financing Services	*Entities that accompany the growth of startups through forms of financial transfer and capacity building*
Institutional Investor	Foundations	*Private legal non-profit entities according to Italian Legislative Decree 17.5.1999, no. 153, and subsequent amendments, regulating civil and fiscal discipline and governing the disposal of holdings in contributing companies.*
	National Promotion Banks	*National promotional banks and institutions (NPBIs) are legal entities that carry out financial, development and promotional activities*[12]
	Social securities institutions	*Public administration entities regulated by Italian legislation for the reorganization of the social security sector (law 537/1993, art. 1, 31st-32nd co.).*
	Pension Funds	*Collective Investment Scheme (OICR) that collects contributions from workers and/or employers and invests them in financial instruments with the aim of providing a pension benefit (life annuity or capital) at the end of the worker's career*[13]
	Insurance companies	*Companies exclusively and professionally engaged in insurance activities.*
Banking	Debt Intermediated by Financial Institutions	*Portion of a company's capital constituted by credits granted by banks or third-party entities.*
	Private Debt [Unquoted Debt Securities and Direct Lending]	

[5] *the categories provided in the second level - substantial activity, are the response options that operators had in the survey led by Impact Europe*
[6] *https://www.borsaitaliana.it/borsa/glossario/organismi-di-investimento-collettivo-del-risparmio.html*
[7] *https://economiapertutti.bancaditalia.it/chiedere-prestito/crowdfunding/*
[8] *https://www.bancaditalia.it/pubblicazioni/qef/2014-0216/QEF_216.pdf*
[9] *https://www.bancaditalia.it/compiti/vigilanza/normativa/consultazioni/2017/disposizioni-vigilanza-bcc/Documento-di-consultazione.pdf*
[10] *https://familyofficer.it/wp-content/uploads/2016/10/FOSS-Storia-del-Family-Office-article.pdf*
[11] *https://www.bancaditalia.it/footer/glossario/index.html?letter=f*
[12] *https://www.eib.org/en/about/partners/npbis/index*
[13] *https://www.borsaitaliana.it/borsa/glossario/fondo-pensione.html#:~:text=Definizione,della%20vita%20lavorativa%20del%20lavoratore.*

A portion of the subjects – 21% per cent of the respondents – act as capital supply operators (asset owners) to financial intermediaries. Consequently, the analyses outlined in the report (except for sample description, geographical distribution and barriers and drivers) excluded these subjects from the computations to avoid double counting.

Indeed, we did not consider the organisations providing funds to asset managers included in the analysis.
The total amount of indirect capital provided by the considered asset owner to the asset manager is equal to **€ 1.737 million.**

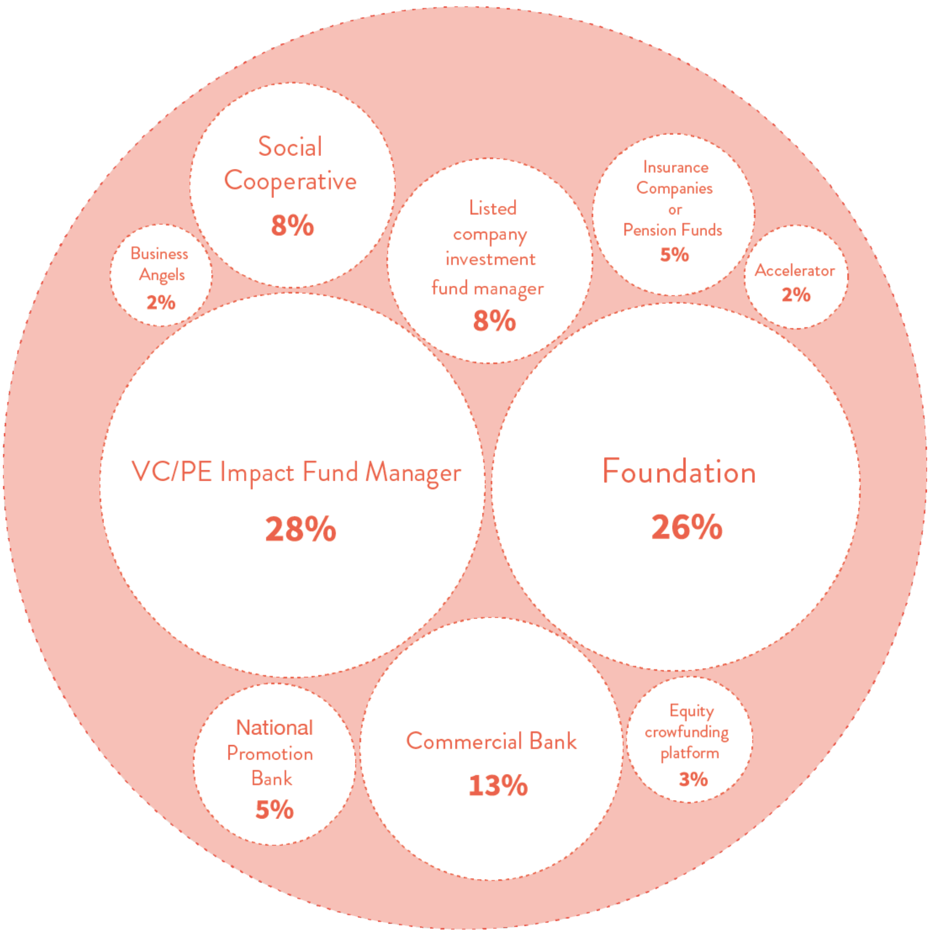


Figure 02
SAMPLE DESCRIPTION

N=39

# of organizations for each category /
# of total organizations respondents

Figure 02 represents the classification of the 39 organizations based on the categories defined in the survey conducted in collaboration with Impact Europe.

Looking at 79% of the operators involved in the research (i.e. the asset managers), Figure 03 shows them divided by the three categories presented in the methodological note – private impact fund, banking and institutional investor – and by operator type.

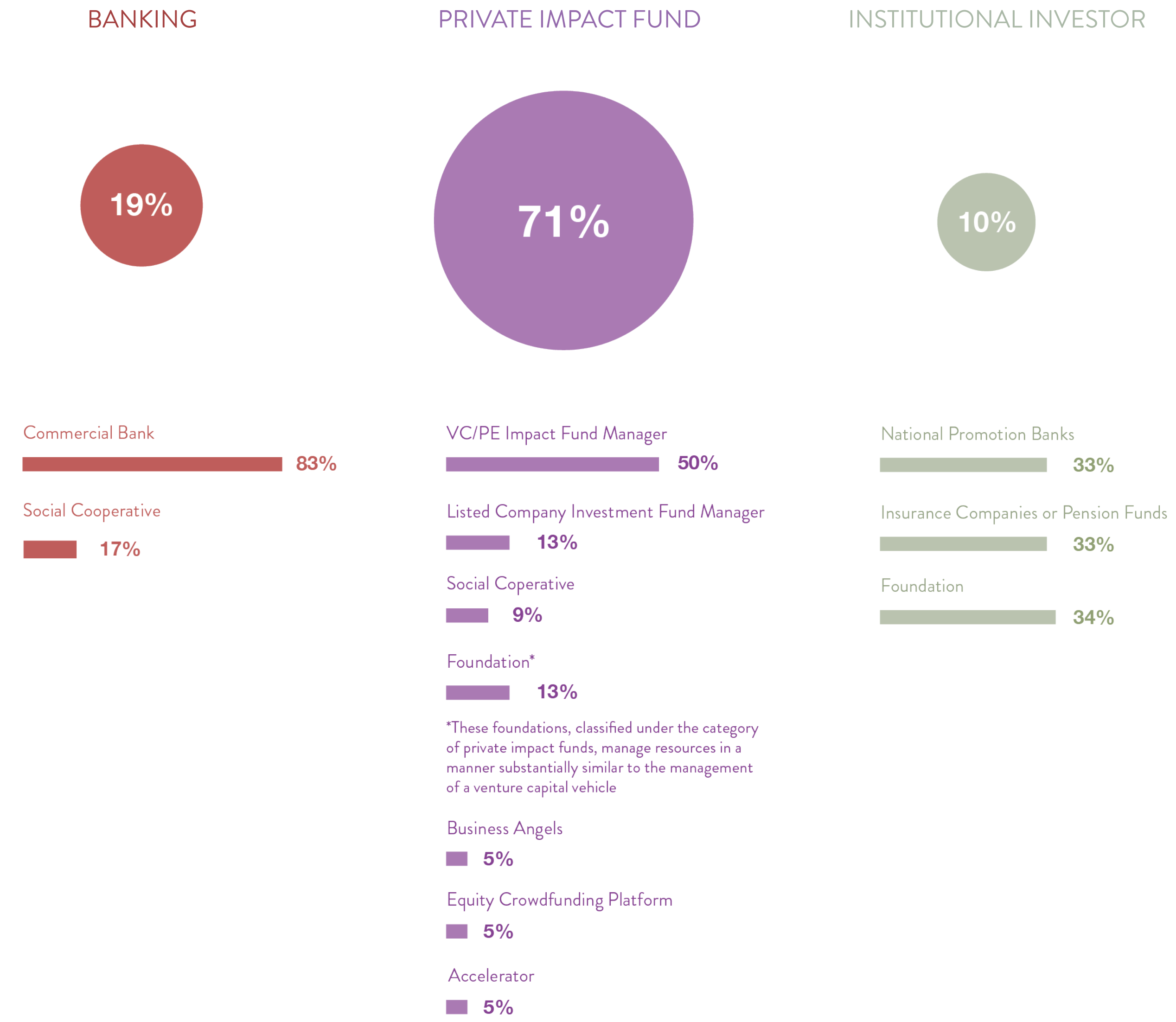


Figure 03
ASSET MANAGER SAMPLE DESCRIPTION

N=31

# of asset managers in each cluster/ # of total respondents
# of each category of asset managers in each cluster/ # of total respondents

Figure 03 represents the classification of the 31 asset managers based on the categories defined in the financial operators taxonomy and the type of operators defined in collaboration with Impact Europe.

Financial operators are presented according the geographical location of their registered office, as presented in Figure 04.

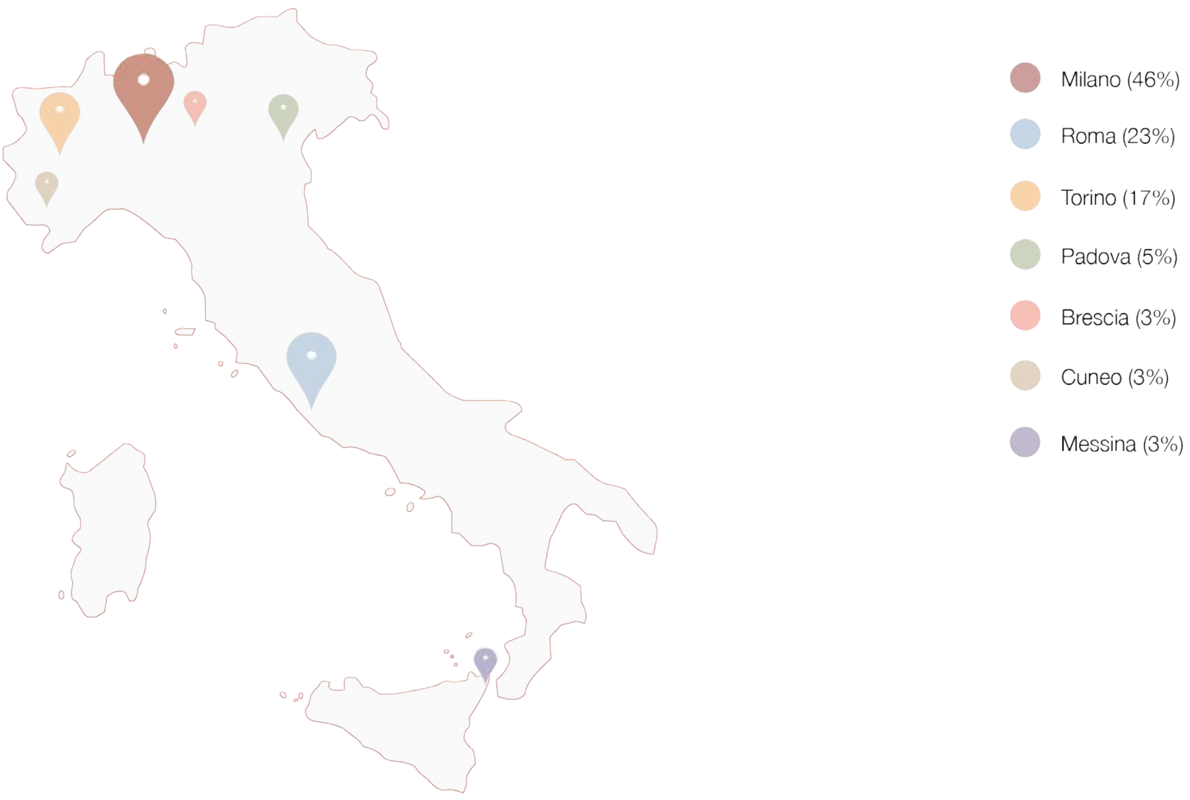


Figure 04
GEOGRAPHICAL DISTRIBUTION

N=39

# of financial organizations for headquarter's city /
# of total respondents

Figure 04 shows the Geographic location of the asset managers' headquarters.

04

RESULTS

4.1

PROFILING THE INDUSTRY: THE IMPACT TRIAD

*In the following section, we outlined an analysis of the main characteristics of the impact financers approach, namely how specific elements of their investment/financing process are structured. The different aspects have been divided according to the pillars of the triad: **intentionality, measurability and additionality.***
How the elements translate into the practices of the investment/financing process could determine a higher or lower adherence to the triad.

Table 02
THE IMPACT TRIAD

Intentionality	Impact is intentionally sought, and the investment is declared to pursue a positive outcome for the community. This is reflected in an explicit 'ex ante' declaration and the proactive pursuit of activities that aim to create social value.
Measurability	The intended impacts that will be generated, in addition to being established ex ante, must be identified so that they can be measurable. Indeed, the social and environmental objectives must be measured (quantitatively and/or qualitatively) to define ex ante the expected impacts and verify whether the expected impacts have been effectively and efficiently achieved. Measurability is a crucial feature even during the monitoring phase of the activity, as the measurement system can be used as a management tool by the organisations receiving investments.
Additionality	Additionality is an investment's ability to add. An investment characterised by additionality will lead to or has led to effects that would not have occurred without it. In the case of social and environmental outcomes, they are better than what would likely have occurred without the investment. It means, in essence, being ready to accept 'disproportionate risk-adjusted returns' in exchange for an intentionally pursued impact.

INTENTIONALITY

In the intentionality section, the following elements of the investment / financing process were analyzed:

Prevailing logic of financial return and/or social impact

Screening criteria

Mission lock in the exit strategy

Intentionality can be investigated regarding the issue of the prevailing rationale between impact and financial return when financial actors place impact, or at least equal relevance between impact and financial concerns, as a priority in their investment decisions.
Figure 05 shows the positioning of organisations: Financial return and impact have the same relevance for 62% of the subjects.

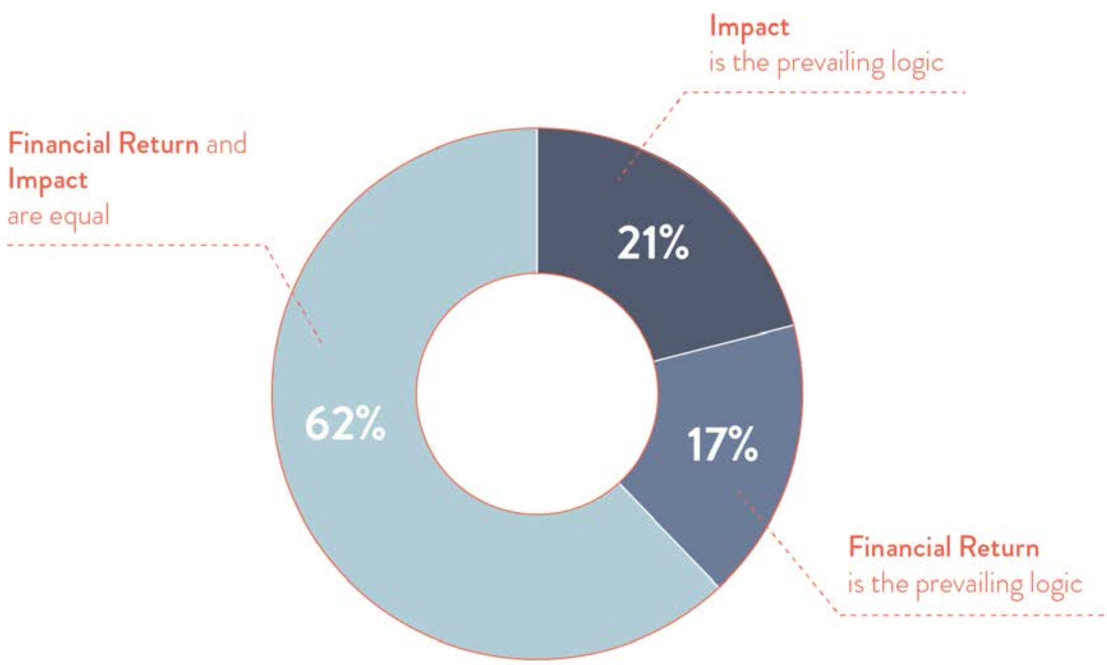


Figure 05
PREVAILING LOGIC OF FINANCIAL RETURN AND/OR IMPACT

N=29

# of asset managers for each response choice /
# of total respondents

Figure 05 shows if each asset manager favours impact and/or financial return as the prevailing logic.

The priority of financial return in the investment choice is present in only 25% of private impact funds as shown in Figure 06.

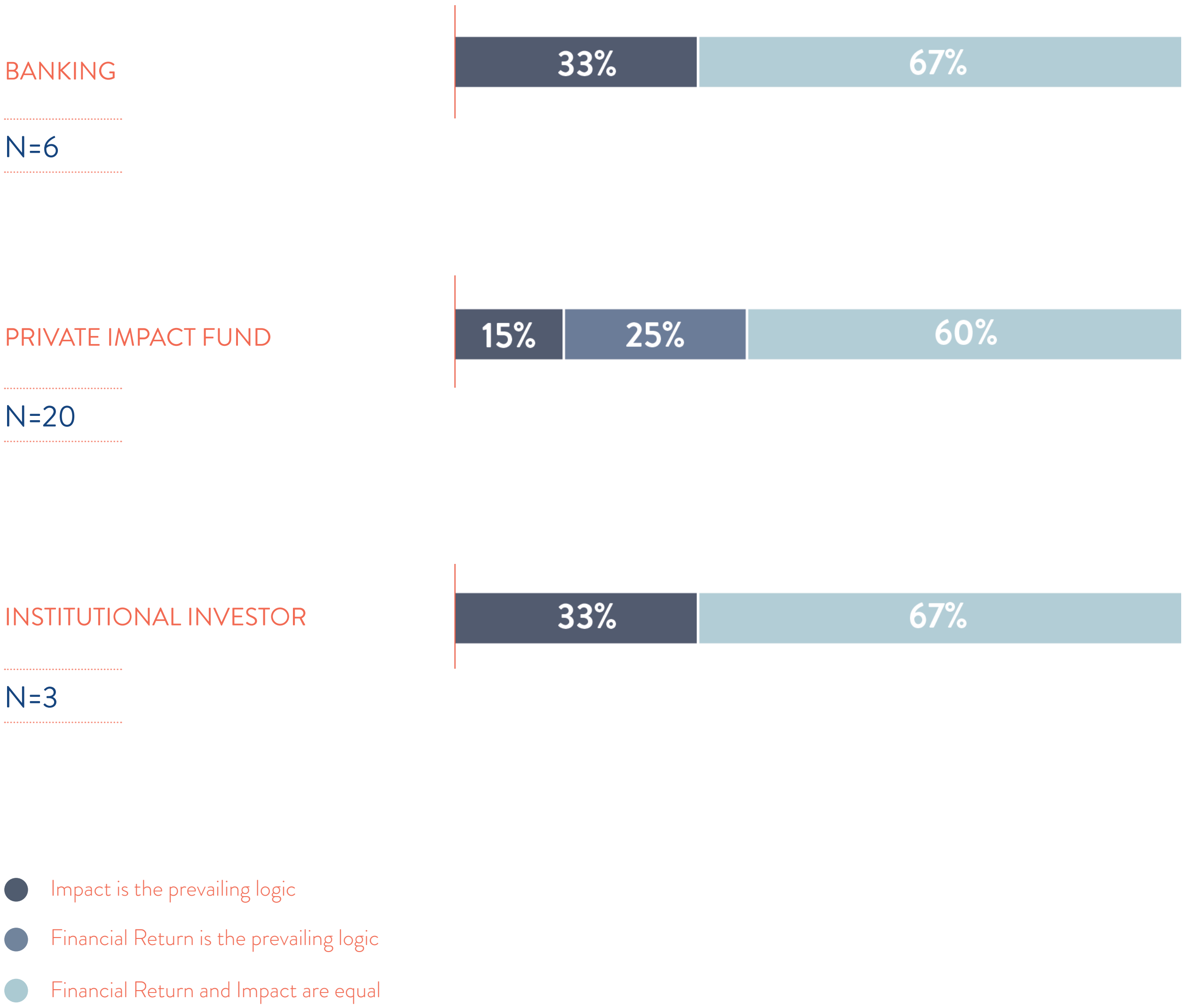


Figure 06
PREVAILING LOGIC OF FINANCIAL RETURN AND/OR IMPACT SPLIT BY ASSET MANAGERS CLUSTER

# of asset managers of each specific cluster for each response choice / # of total respondents for each cluster

Figure 06 shows if each asset managers' cluster favours the prevailing logic between social impact and/or financial return.

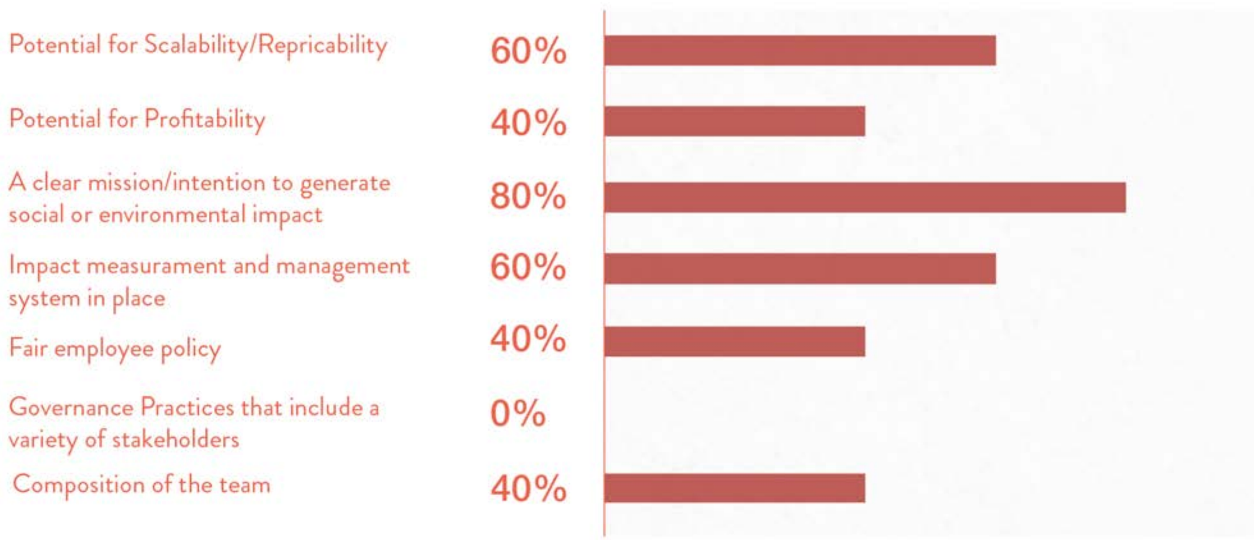
Intentionality is expressed in the structure of the screening criteria with respect to the evaluation of the following elements: a clear mission/intention to generate social or environmental impact (88%), impact measurement and management system already in place (24%), governance practices that include a variety of stakeholders (8%) and fair employee policy (24%).
Other more 'business-oriented' elements that have been highlighted are profitability potential (68%), potential for replicability/scalability (52%) and team composition (48%).

According to the results, the presence of an impact mission is the most recurrent criterion, followed by the potential for profitability and scalability.
Other criteria, such as impact measurement infrastructures and governance configuration that can protect the achievement of social outcomes, are marginally considered.

Figure 07 shows detailed screening criteria for the three categories of private impact funds, banking and institutional investors.

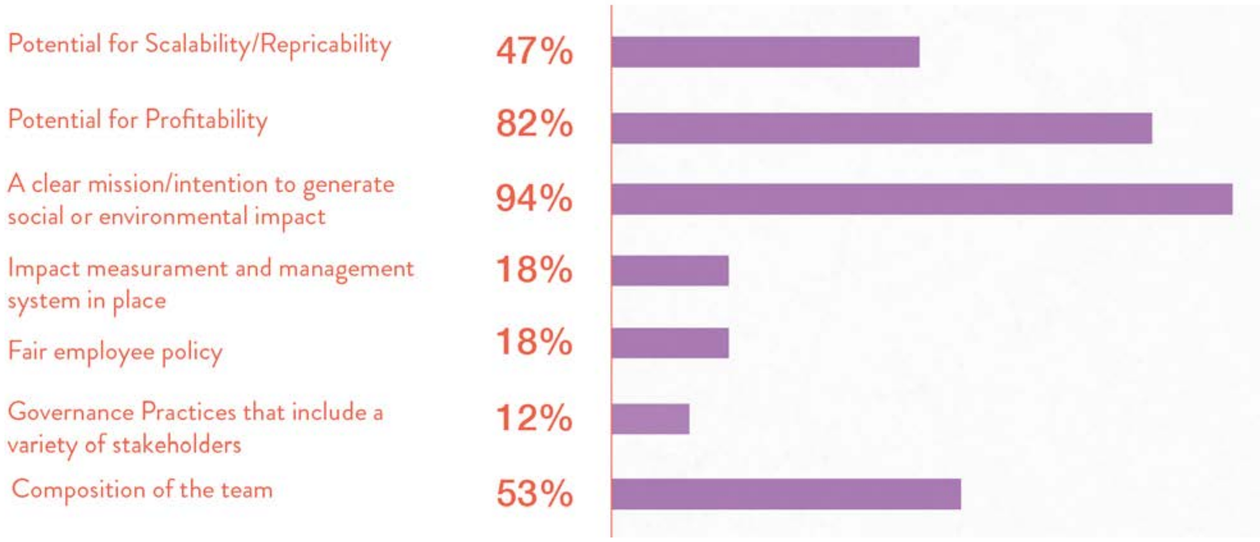
BANKING

N=5



PRIVATE IMPACT FUND

N=17



INSTITUTIONAL INVESTOR

N=3

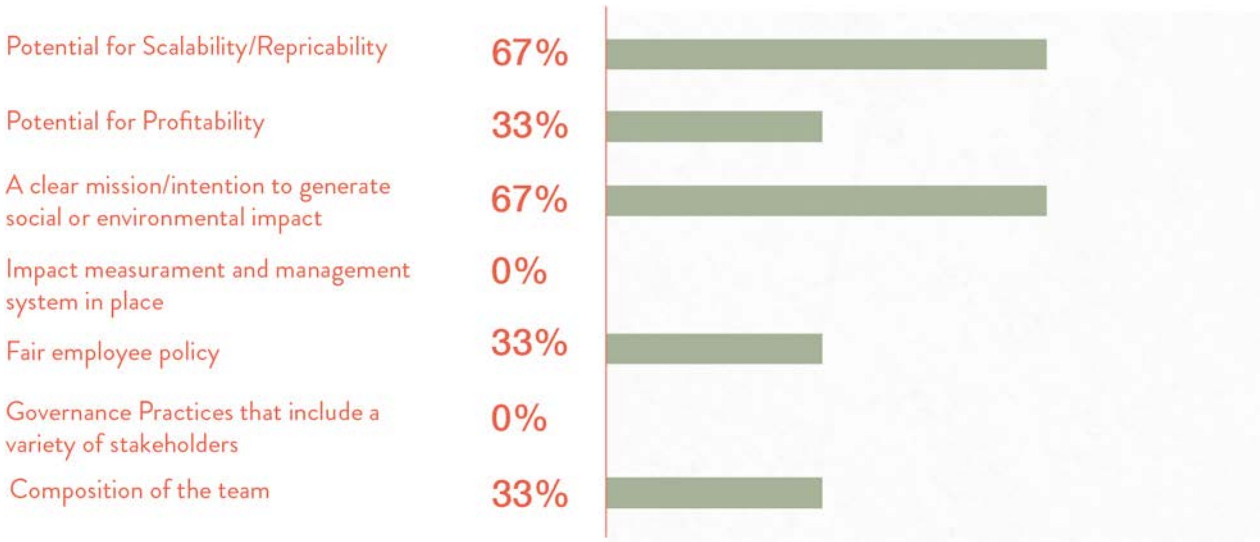


Figure 07
SCREENING CRITERIA SPLIT BY ASSET MANAGERS CLUSTER

# of asset managers of each specific cluster for each response choice / # of total respondents asset managers of each cluster
(* each respondent could select more than one option)

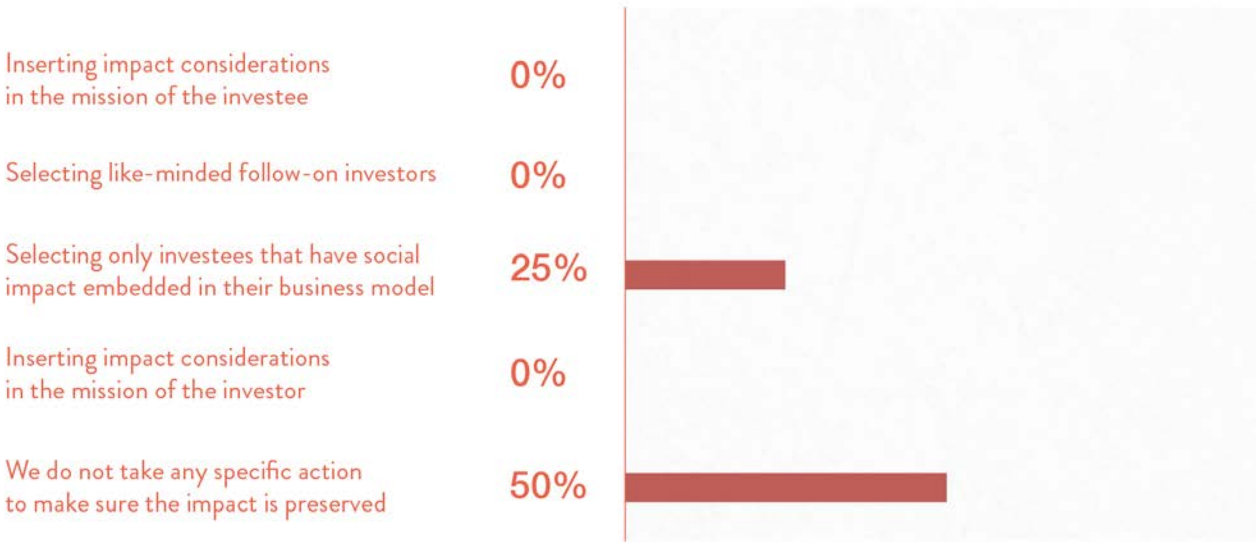
Figure 07 shows the screening criteria preferences of each asset managers' cluster.

Study participants were asked if they adopted any of those strategies to maintain the organization's social mission after making the exit.
Results show that 38% of asset managers select only investees with impact embedded in their business model, 24% select like-minded follow-on investors, 19% insert impact considerations in the investees' mission, and 10% insert impact considerations in the investor's mission.
With respect to this dimension, intentionality is declined in practice with an investor's awareness of maintaining and preserving impact after the disinvestment phase; this aligns with the scenarios previously shown.
The analysis revealed that no formal practices to set a mission lock in the exit phase are usually employed by 29% of the asset managers.

Figure 08 shows a detailed mission lock in the exit strategy for the three categories of private impact funds, banking and institutional investors.

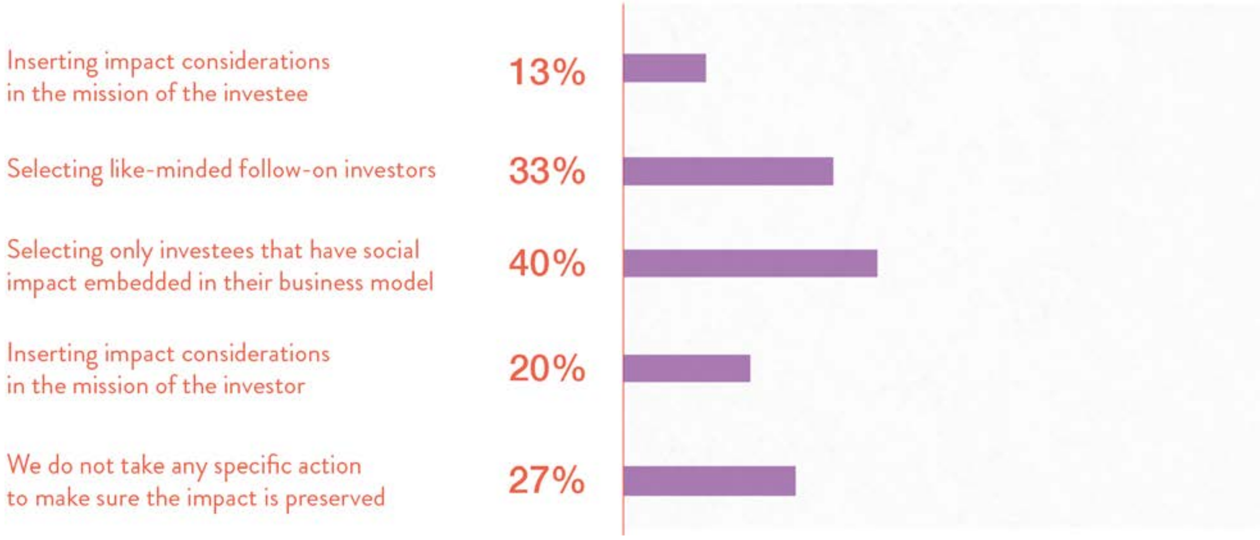
BANKING

N=4



PRIVATE IMPACT FUND

N=17



INSTITUTIONAL INVESTOR

N=3

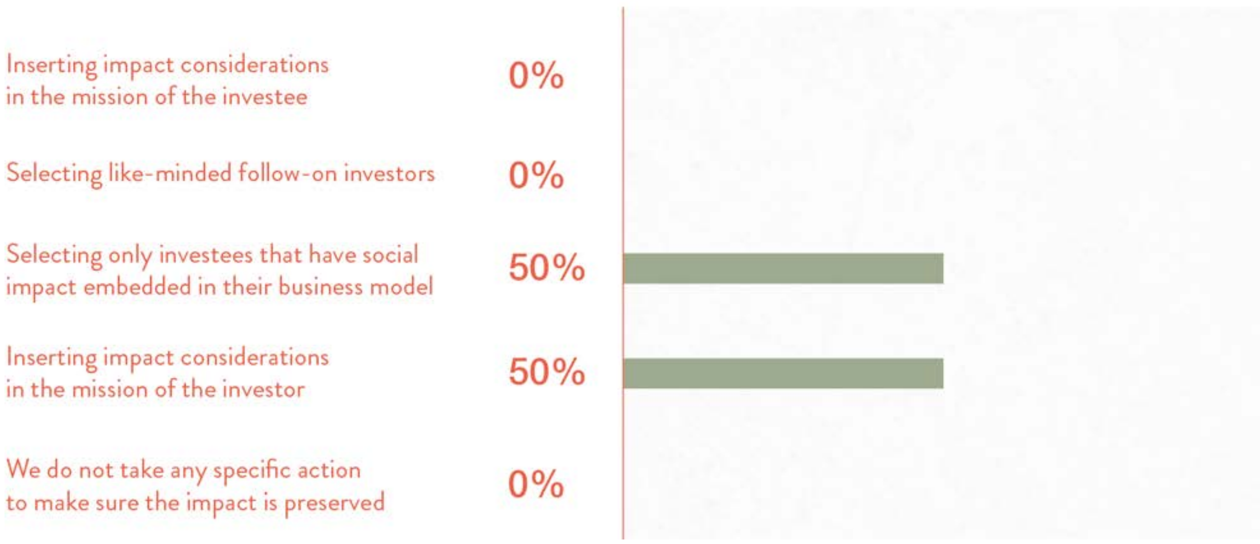


Figure 08
MISSION LOCK IN THE EXIT STRATEGY SPLIT BY ASSET MANAGERS CLUSTER

# of asset managers of each specific cluster for each response choice /# of total respondents asset managers of each cluster
(* each respondent could select more than one option)

Figure 08 shows the mission lock exit strategy preferences of each asset managers' cluster.

Banks especially do not consider any specific action to ensure the impact is preserved (50%), while most private impact funds (40%) select only investees that have impact embedded in their business model.

Summarising the intentionality dimension, for 73% of asset managers, impact has the prevailing logic, or financial return and impact have the same relevance.

Only some private impact funds have stated that they prioritise financial return over the social or environmental dimension in their investment decision.

With respect to the screening criteria, 88% of the operators evaluate a clear mission/intention to generate social or environmental impact.

Finally, regarding mission lock in the exit strategy, the most popular strategies among asset managers are selecting only investees with a social mission embedded in their business model (38%) and selecting like-minded follow-on investors (24%).

MEASURABILITY

In the measurability section, the following elements of the investment/financing process were analyzed:

Impact measurement methods

Impact measurement dimensions

Impact risk monitoring

With respect to impact measurement methods (Figure 09), the Theory of Change is the most diffuse (56%), and this is particularly true for private impact funds. Also, the Impact Management Project framework (37%) and the SDG Impact Standards (30%) are quite diffuse among financial operators.
However, of those who produce impact reporting, only 47% conduct a timely review (audit) with an independent third party certifying the obtained impact results.
Notably, 11% of operators stated that they do not carry out impact measurement.

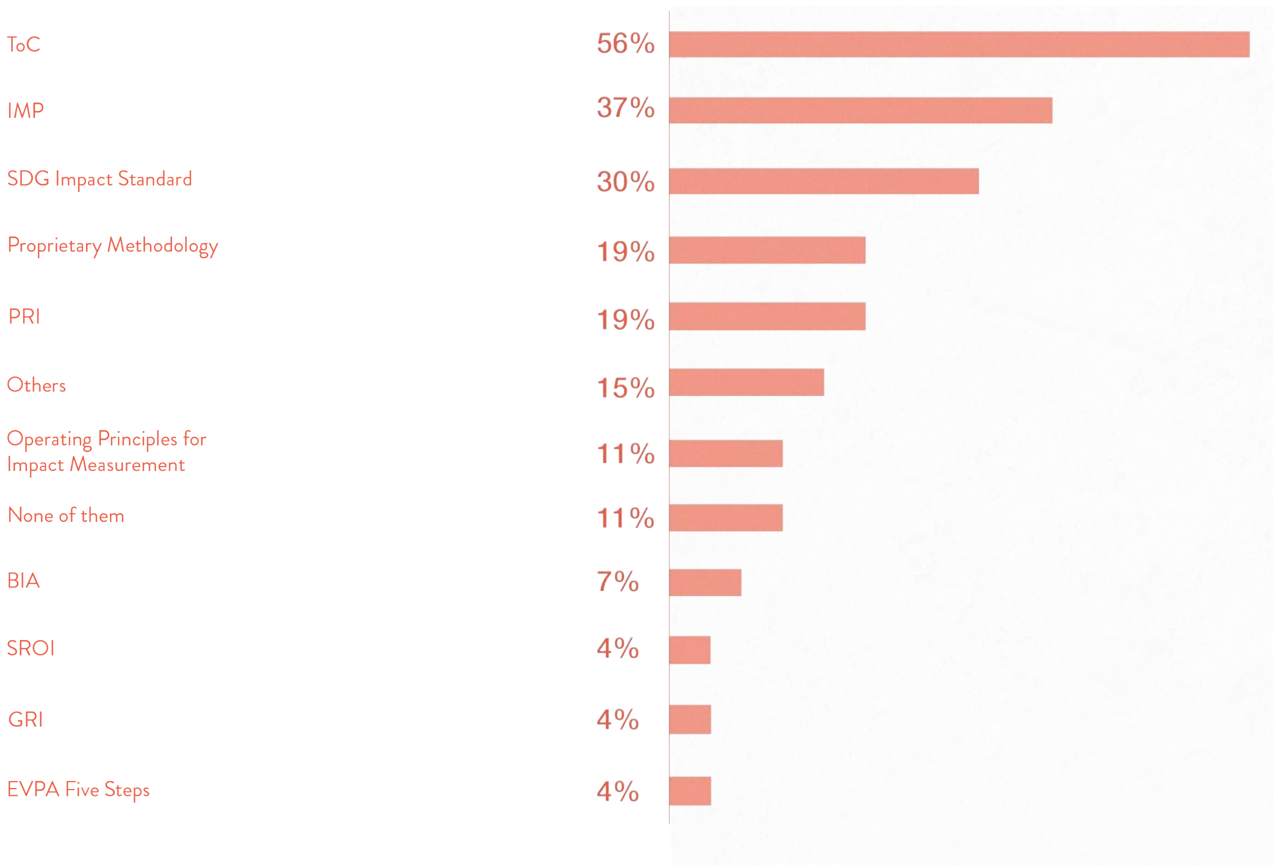


Figure 09
IMPACT MEASUREMENT METHODS

N=27

# of asset managers for each response choice /
# of total respondents asset managers
(* each respondent could select more than one option)

Figure 09 shows the impact measurement methodologies adopted by asset managers.

Figure 10 details the most diffuse impact measurement methods for the three categories of private impact fund, banking and institutional investors.

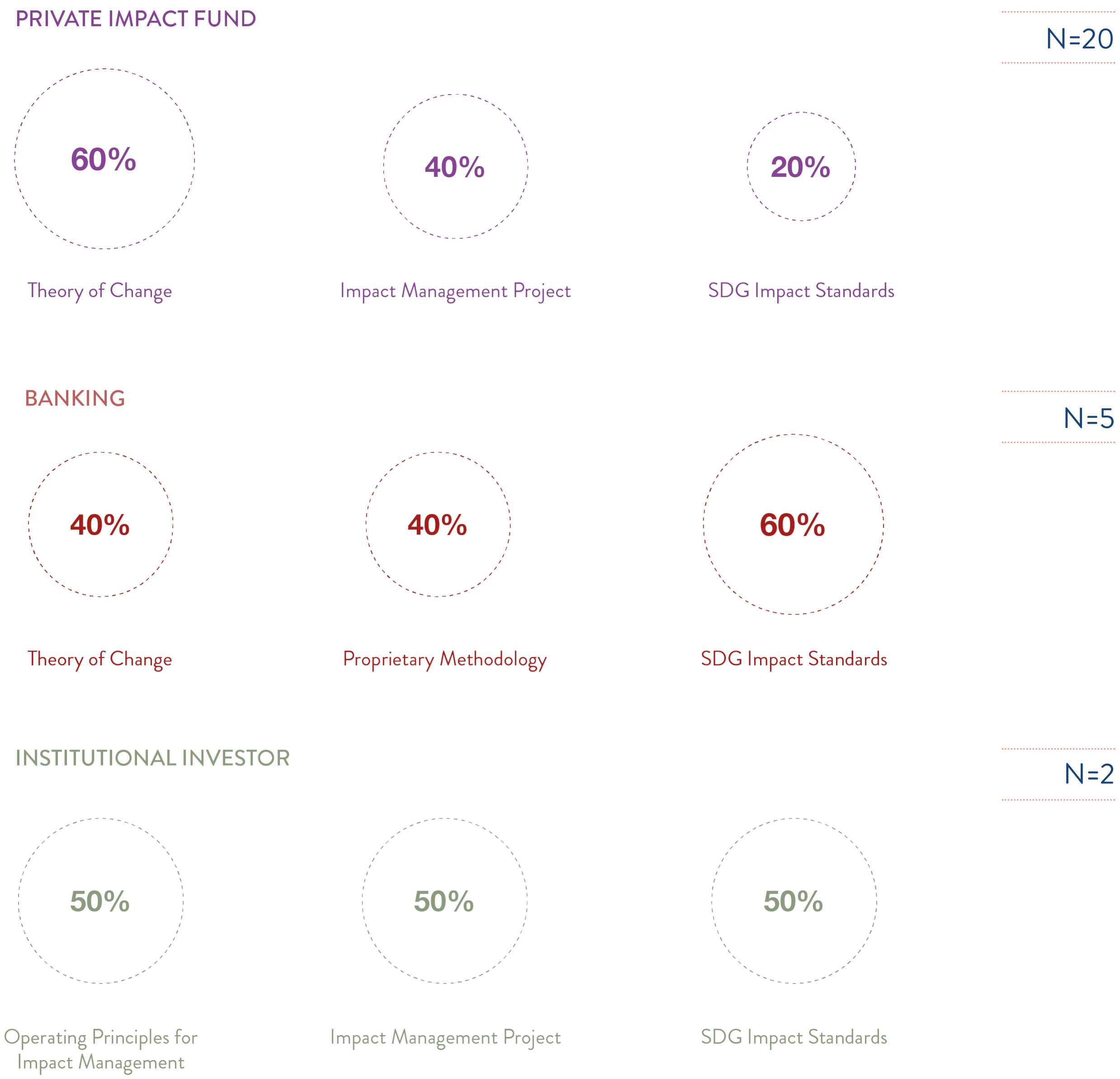


Figure 10
IMPACT MANAGEMENT METHODS SPLIT BY ASSET MANAGER CLUSTER

# of asset managers of each specific cluster for each response choice / # of total respondents for each cluster
(* each respondent could select more than one option)

Figure 10 shows the most diffuse impact measurement methods adopted by each asset managers' cluster.

Regarding different metrics and indicators used by financial operators, the most diffuse ones are the ad hoc indicators (37%), while 19% of operators use IRIS+, and 7% of them use ISTAT indicators.
Looking at the impact dimensions, 4% of asset managers measure only output, while 42% focus their measurement on the outcome (the short-term results and changes the organisation generates on the beneficiaries) in addition to the outputs.
Finally, 58% of asset managers measure not only outputs and outcomes but also the long-term effects and changes generated on the community – the impact dimension, as shown in Figure 11.

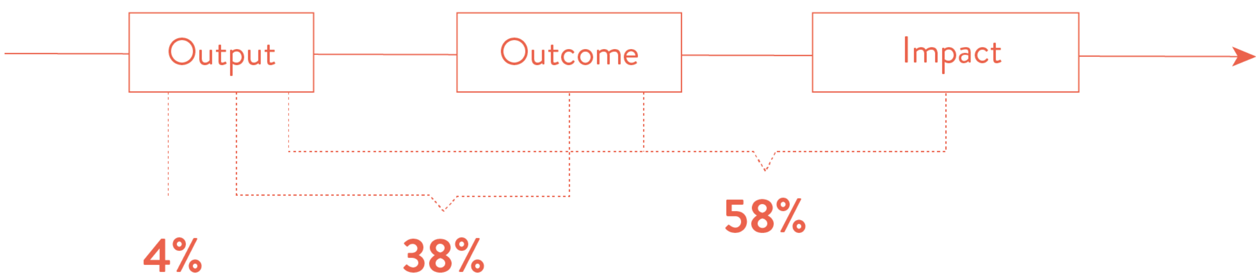


Figure 11
SOCIAL VALUE CHAIN DIMENSIONS

N=24

# of asset managers for each response choice /
# of total respondents

Figure 11 shows the dimensions of the social value chain measured by asset managers.

Figure 12 details the social value chain dimensions for the three categories of private impact fund, banking and institutional investors.

With survey respondents conducted with Impact Europe, using impact data within the organisation was also explored.

The answers that received the most consensus were improving communication results with your fund's stakeholders (75%), assessing investees' progress on impact (75%), refining our theory of change (58%), selecting investment opportunities (50%) and deciding if and how to unlock additional capital (50%).

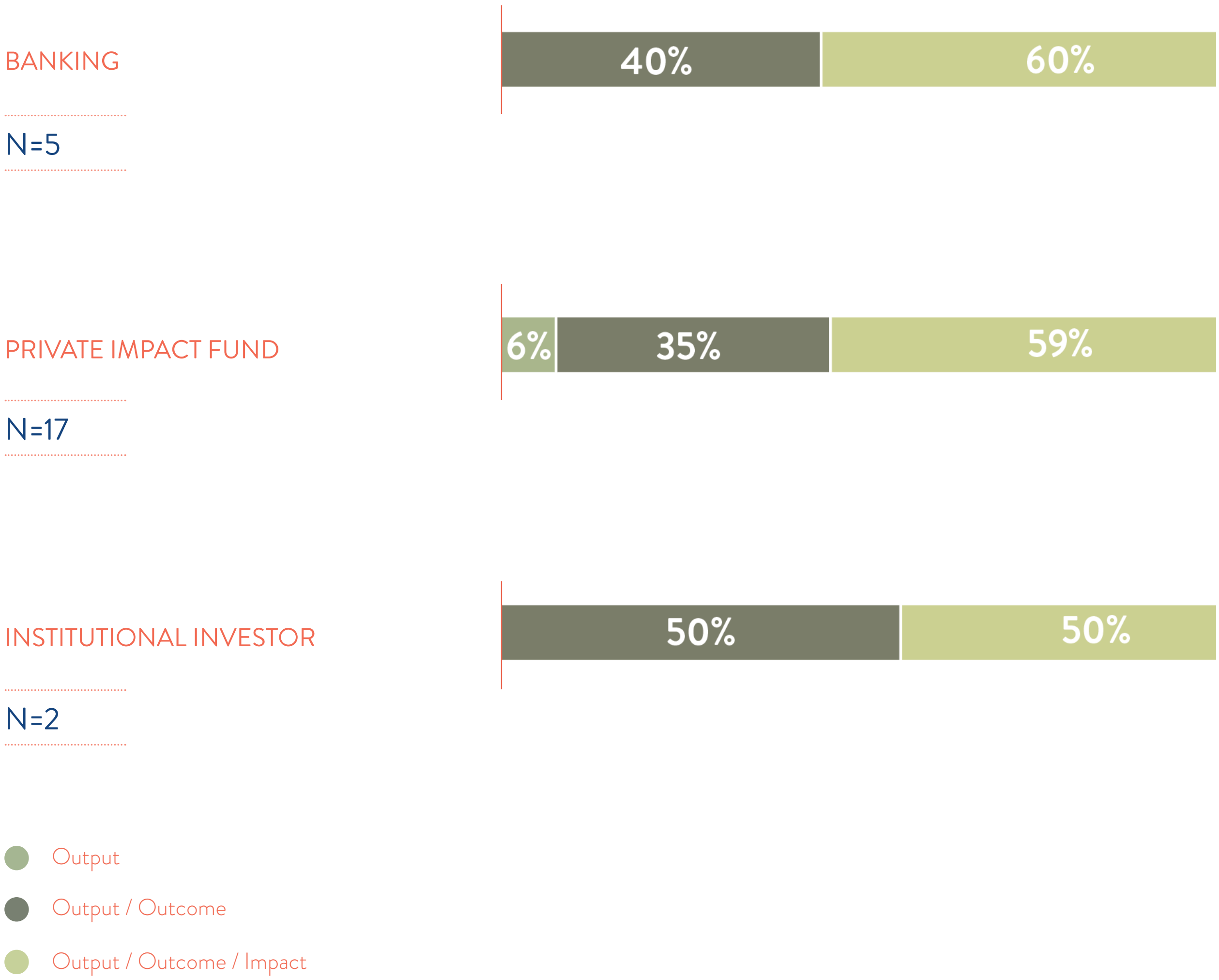


Figure 12
SOCIAL VALUE CHAIN DIMENSIONS SPLIT BY ASSET MANAGERS CLUSTER

# of asset managers of each specific cluster for each responce choice / # of total respondents for each cluster

Figure 12 shows the dimensions of the social value chain measured by asset managers' cluster.

The last element of measurability is impact risk monitoring. Impact risk is linked to the issue of measurability because this is a tool for managing impact and identifying potential risks. Study participants were asked how they interpreted the topic of impact risk and were given the definitions in Figure 13.

For most participants (60%), impact risk is interpreted as the risk of not achieving the impact objective declared ex ante, which is the most basic interpretation of the concept.
Summarising the measurability pillar, the most diffuse impact measurement methods are the Theory of Change (56%), the Impact Management Project framework (37%) and the SDG Impact Standards (30%).
These three methods also aim to measure the impacts generated by organisations.
Indeed, it appears that 58% of asset managers measure not only outputs and outcomes but also impacts.
The most diffuse metrics and indicators are ad hoc indicators (37%).
Asset managers mostly use impact data to improve results communication with their fund's stakeholders (75%) and assess investees' progress on impact (75%).

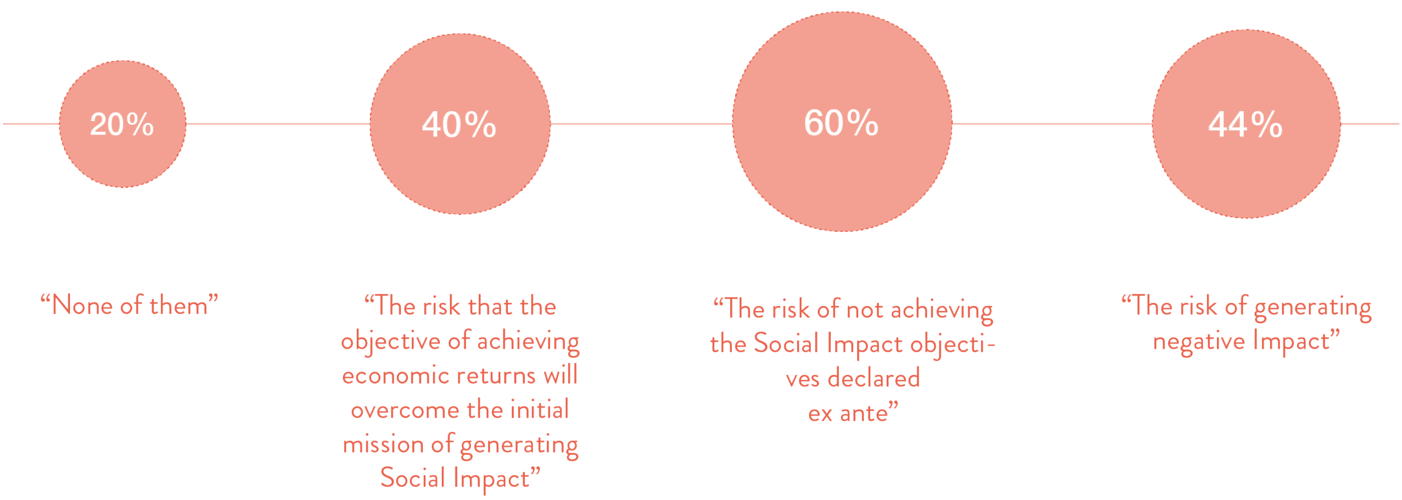


Figure 13
IMPACT RISK MONITORING

N=25

# of asset managers for each response choice / # of total respondents
(* each respondent could select more than one option)

Figure 13 shows the impact risk definitions by asset managers.

ADDITIONALITY

In the additionality section, the following elements of the investment/financing process were analyzed:

Expected financial returns

Duration of funding

Stage of funding

Non financial support

The alignment with the additionality principle first means expecting financial returns that are somewhat lower, or much lower, than the returns of comparable financial transactions in the ordinary market. Indeed, respondents were asked to position the financial return expectations of their impact operations.
The results are shown in Figure 14.
Most participants expected financial returns for impact operations to be slightly lower than marker-rate returns. In addition, operators making equity investments were asked about the actual return on their investments. The average return value turned out to be about 5%.

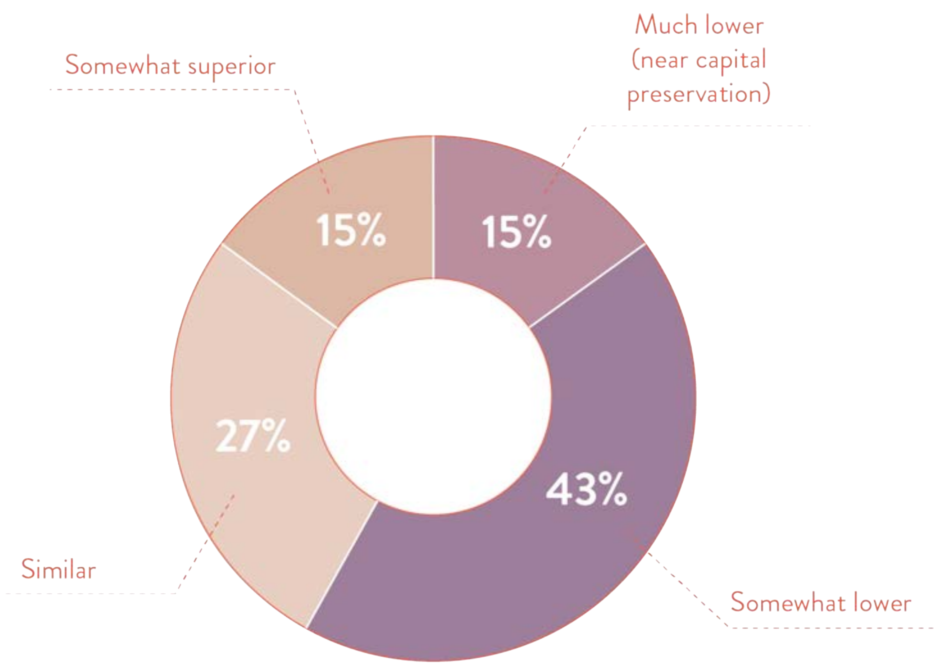


Figure 14
EXPECTED FINANCIAL RETURN

N=26

# of asset managers for each response choice /
# of total respondents

Figure 14 shows the level of expected financial returns of their funding for each asset manager.

Figure 15 details the expected financial returns for the three categories of private impact fund, banking and institutional investors.

Private impact funds are the only entities with higher financial return expectations than funding operations in the ordinary market (22%).

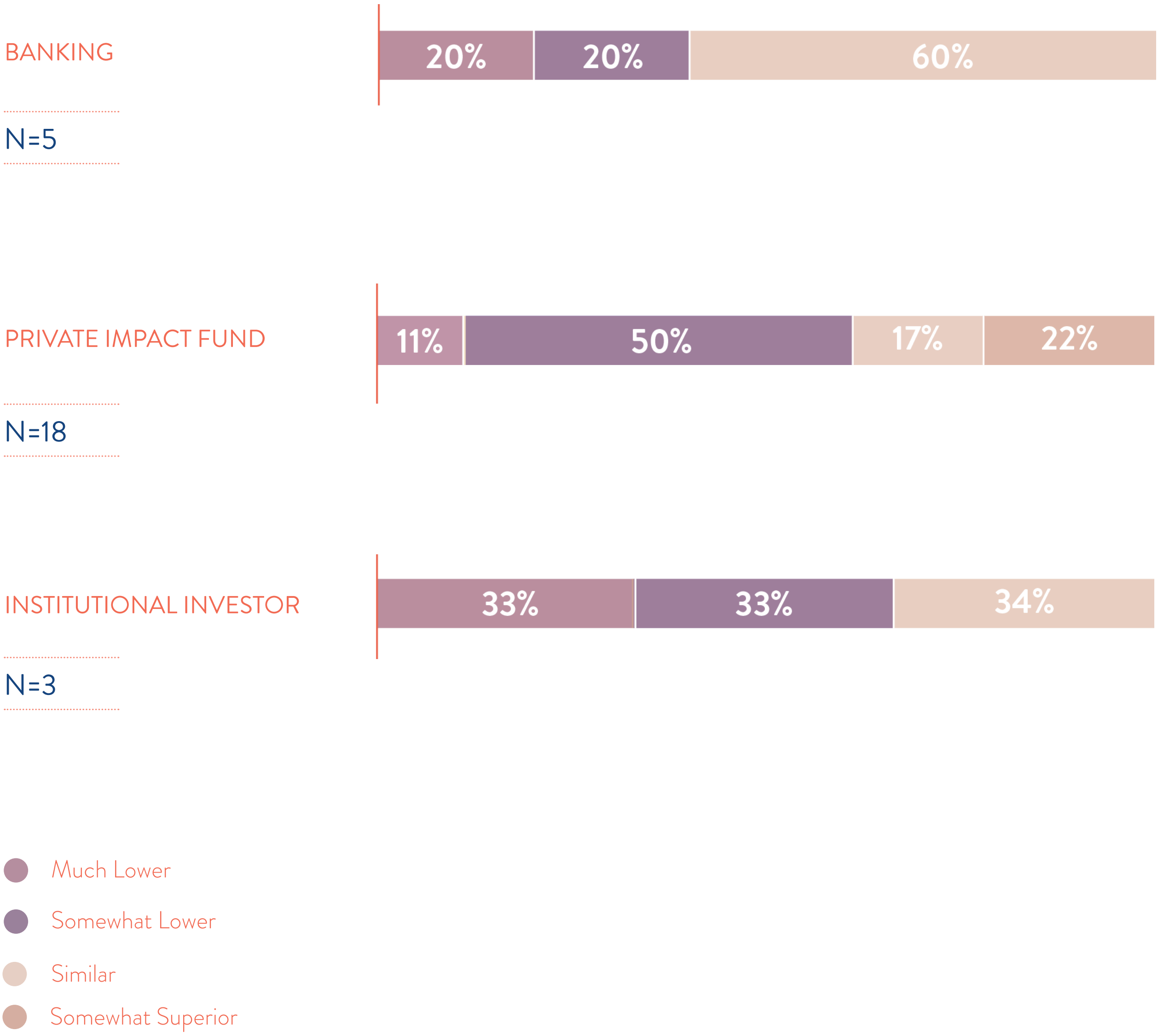


Figure 15
EXPECTED FINANCIAL RETURN
SPLIT BY ASSET MANAGERS CLUSTER

# of asset managers of each specific cluster for each response choice / # of total respondents for each cluster

Figure 15 shows the level of expected financial returns of their funding operations for each asset managers' cluster.

Figure 16 shows the average duration of investments/financing.

Forty-eight per cent of operators said they have carried out financial transactions for about 4-6 years.
Moreover, 41% state they have done so for over six years.

This dimension of the analysis falls within the scope of additionality, assuming that impact investing is, by definition, patient capital and therefore generates effects in terms of impact and financial return over the long term, where long term is declined differently if the organisation operates through equity-based or debt-based instruments.

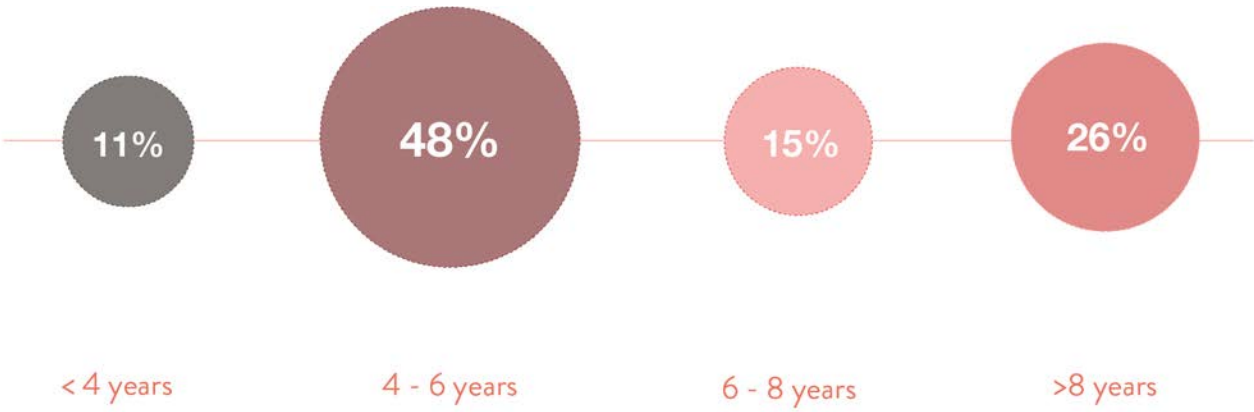


Figure 16
DURATION OF FUNDING

N=27

# of asset managers for each response choice /
# of total respondents

Figure 16 shows the average duration of funding to support impact oriented organisations.

Figure 17 details the funding duration for the three categories of private impact fund, banking and institutional investors.

Eighty per cent of banks provide financing for up to six years. In private impact funds, an average duration between 4–6 years prevails for about 60% of the entities.

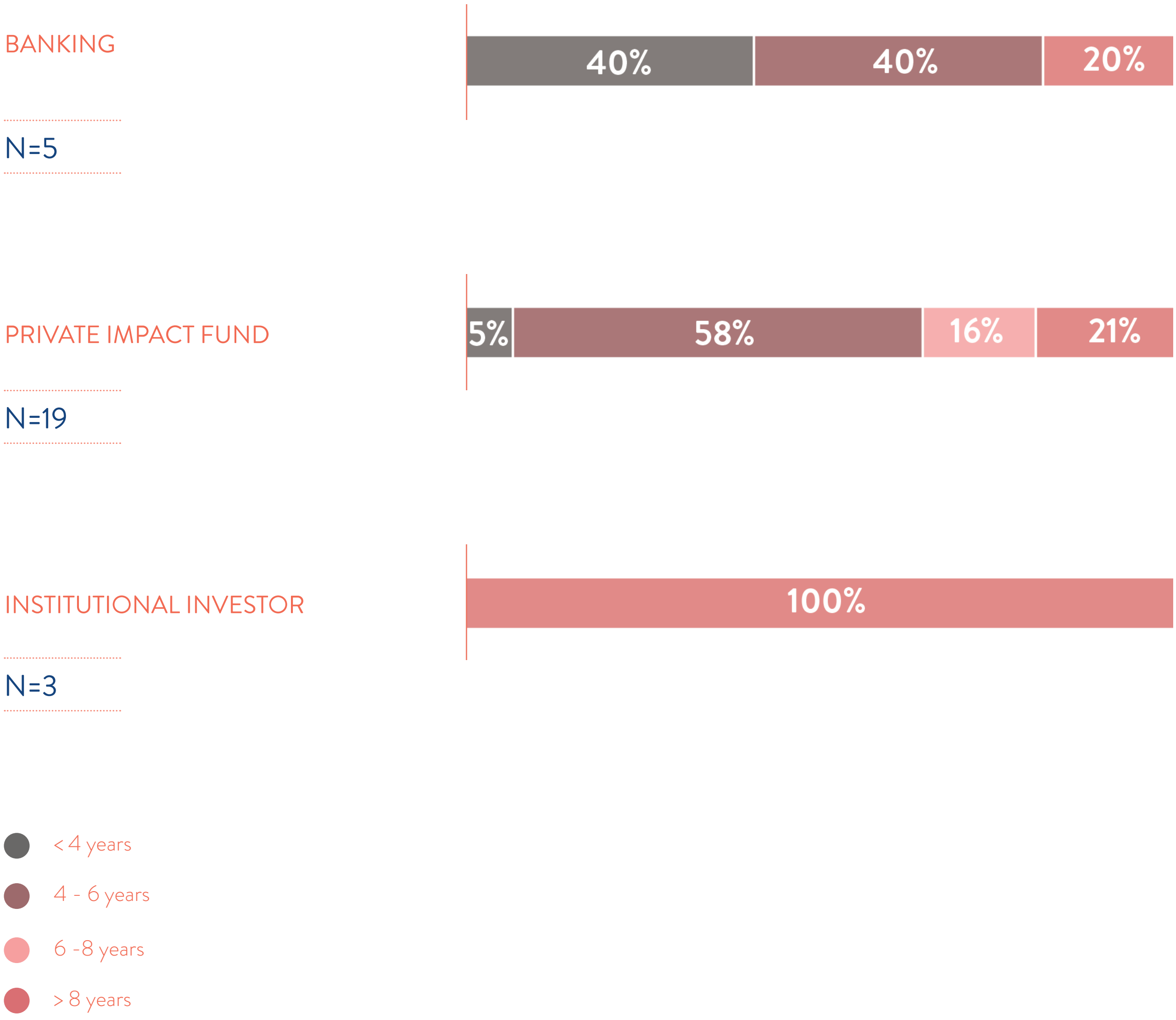


Figure 17
DURATION OF FUNDING SPLIT BY ASSET MANAGERS CLUSTER

# of asset managers of each specific cluster for each response choice /

# of total respondents for each cluster

Figure 17 shows the average funding duration for each asset managers' cluster.

Financial operators were asked at what stage of the life cycle of the organisations they were interested in investing/funding.
Most operators target the seed start-up (57%) and growth stage (57%), while the maturity stage is the phase for 53% of asset managers.
Additionality concerning this dimension takes the form of supporting organisations at an early stage and the growth of development to assume a higher level of risk (disproportionate risk-adjusted returns).
Figure 18 details the funding stage for the three categories of private impact fund, banking and institutional investors.
As shown in the figures, banks tend to focus on the growth and maturity stages and private impact funds on the seed start-up and growth stages.

Figure 18
STAGE OF FUNDING SPLIT BY ASSET MANAGERS CLUSTER

# of asset managers of each specific cluster for each response choice / # of total respondents for each cluster
(* each respondent could select more than one option)

Figure 18 shows the funding stage for each asset managers' cluster.

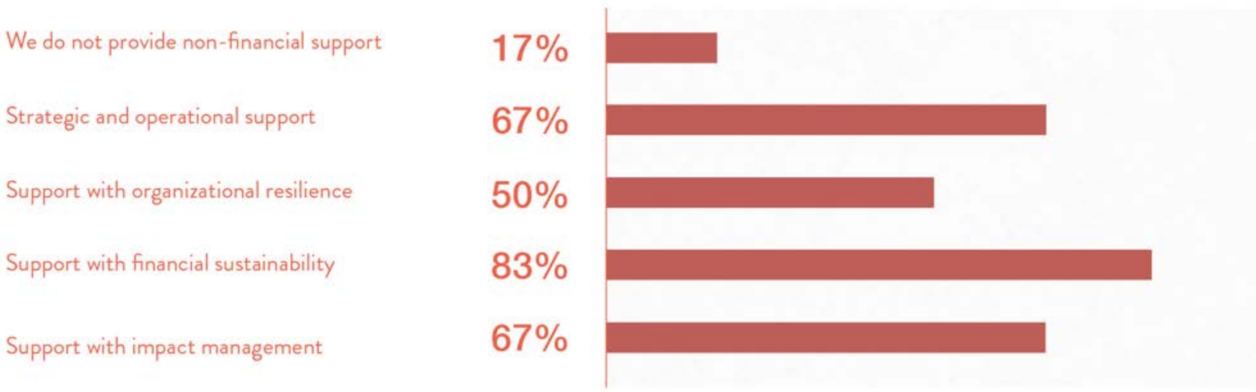
Non-financial services are made available by the financial operators to the invested organisations. In particular, services to support the financial strength of impact oriented organisations are provided by 57% of financial organisations, 54% provide support with organisational resilience, 50% for strategic support and operations and 36% for training and adoption of impact measurement and management tools. Furthermore, 39% of organisations do not provide any non-financial support.

This last criterion is part of the additionality principle because the funder engages actively, in a broad and significant manner, to improve the impact of the organisations through non-financial support.

Figure 19 details the non-financial support for the three categories of private impact fund, banking and institutional investors.

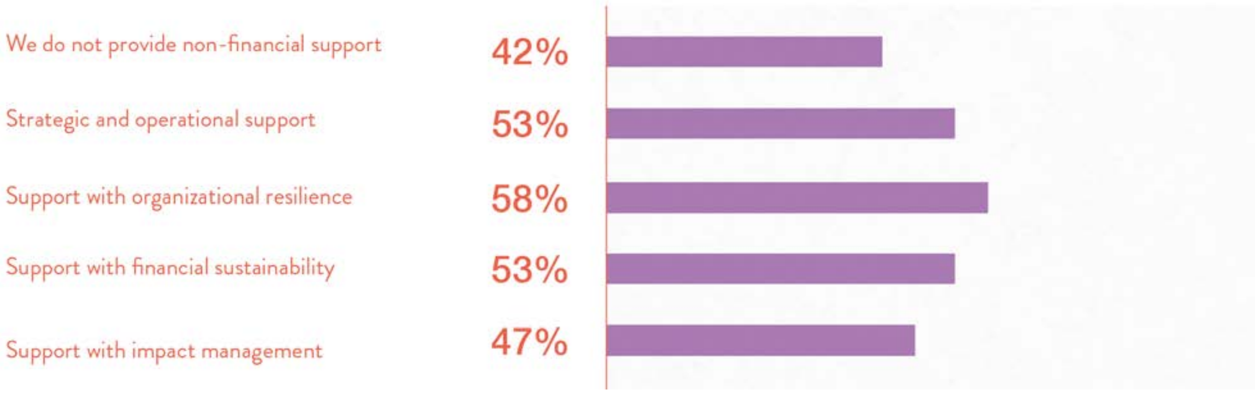
BANKING

N=6



PRIVATE IMPACT FUND

N=19



INSTITUTIONAL INVESTOR

N=3

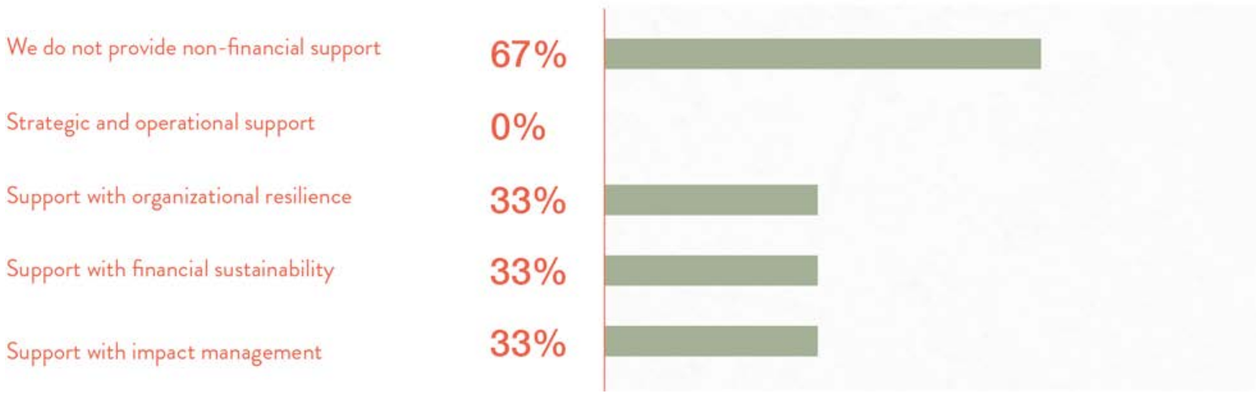


Figure 19
NON FINANCIAL SUPPORT SPLIT BY ASSET MANAGERS CLUSTER

# of asset managers of each specific cluster for each response choice / # of total respondents for each cluster

(* each respondent could select more than one option)

Figure 19 shows the non-financial support provided for each asset managers' cluster.

Banks focus more on providing support with financial sustainability (83%), while private impact funds with organisational resilience (58%). The majority of institutional investors (67%) do not provide non-financial support.

Summarising the additionality pillar, expected financial returns are mainly somewhat lower (43%) or similar (27%) to the market rate for asset managers.

Regarding funding duration, 48% of operators said they carry out financial transactions for about 4-6 years.

With respect to the investment stage, there is some equity among the three stages of seed start-up, growth and maturity.

Finally, 61% of asset managers provide non-financial support.

4.2

SIZING THE ITALIAN IMPACT FINANCE MARKET

At the end of 2022, the total Asset Under Management (investment and financing) allocated to finance for impact in Italy is

9.279 mln €.

Figure 20 shows how the industry has grown (in AUM) from 2019 to 2023.

The 2019 AUM value refers to the analysis conducted for the Tiresia Impact Outlook 2019.

However, in the total AUM considered in 2019, which considered only the AUM value of asset managers who deployed capital with equity-based instruments, this figure represents the AUM value of asset managers who deployed capital through debt-based and equity-based mechanisms.

The growth rate between 2019 and 2020 was +64%; however, we witnessed a slower pace between 2020 and 2021 and an eventual slight recovery (+33%) from 2021 to 2022.

In addition to the increase in assets under management by financial organisations already positioned in the industry, we also registered the presence of new ones.

There were 13 newcomers from 2019 to 2022. These operators manage 12% of the AUM 2022 value.

Furthermore, 21% of AUM aimed to be invested through equity-based instruments, while 79% of AUM was invested through debt-based instruments.

Concerning the financial instruments asset managers use, 16% say they also use hybrid instruments, such as convertible loans.

Furthermore, 3% of organisations use mezzanine finance and 6.5% use forgivable loans.

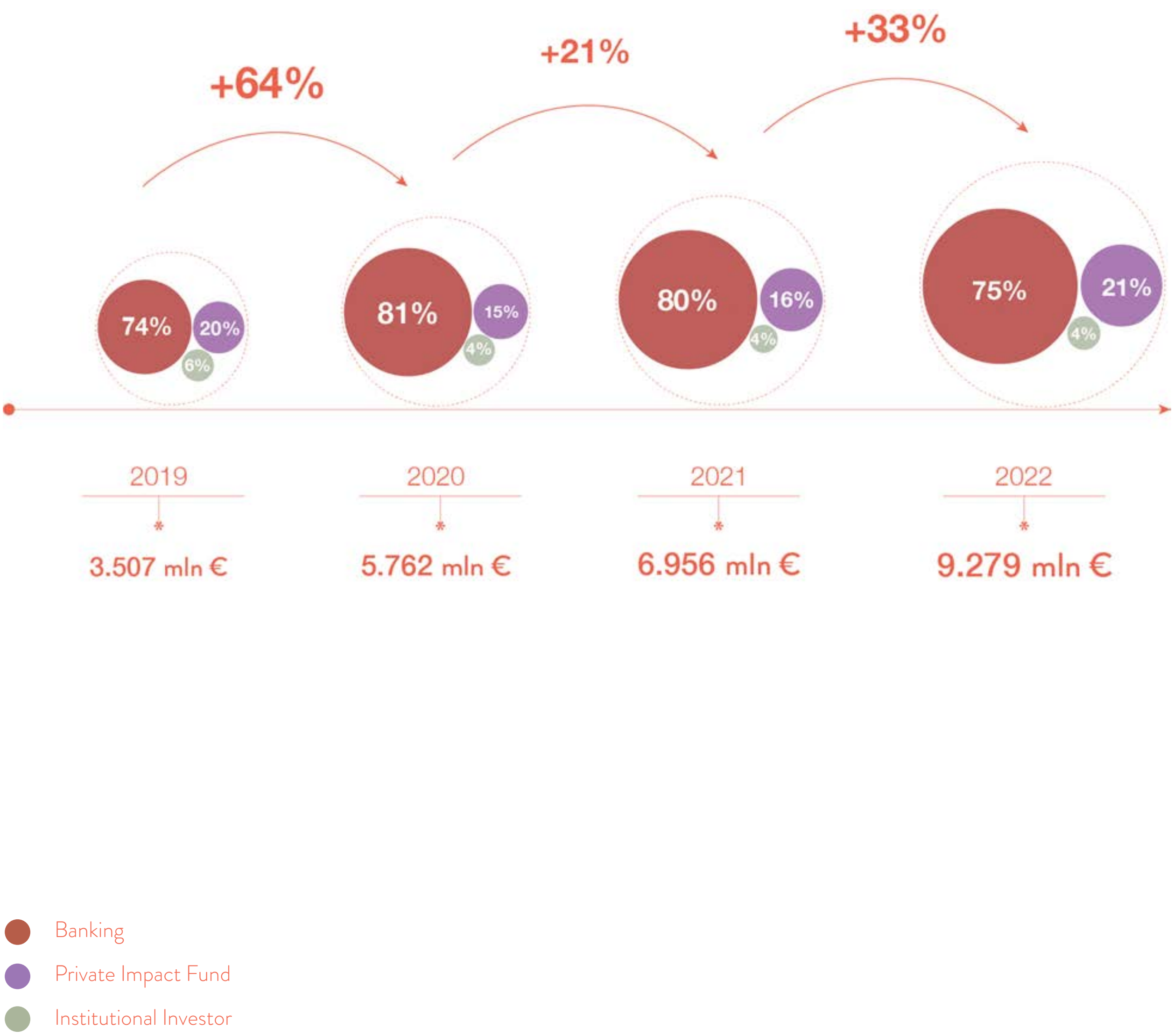


Figure 20
AUM GROWTH 2019-2020-2021-2022

AUM managed by asset manager for each cluster per year /

total AUM per year

Figure 20 shows the AUM growth from 2019 to 2023. Furthermore, it presents the percentage of the AUM managed by banking, private impact funds and institutional investors.

Figure 21 shows the breakdown of asset managers based on AUM. Banking organisations manage 75% of the AUM, 21% by private impact funds and 4% by institutional investors.

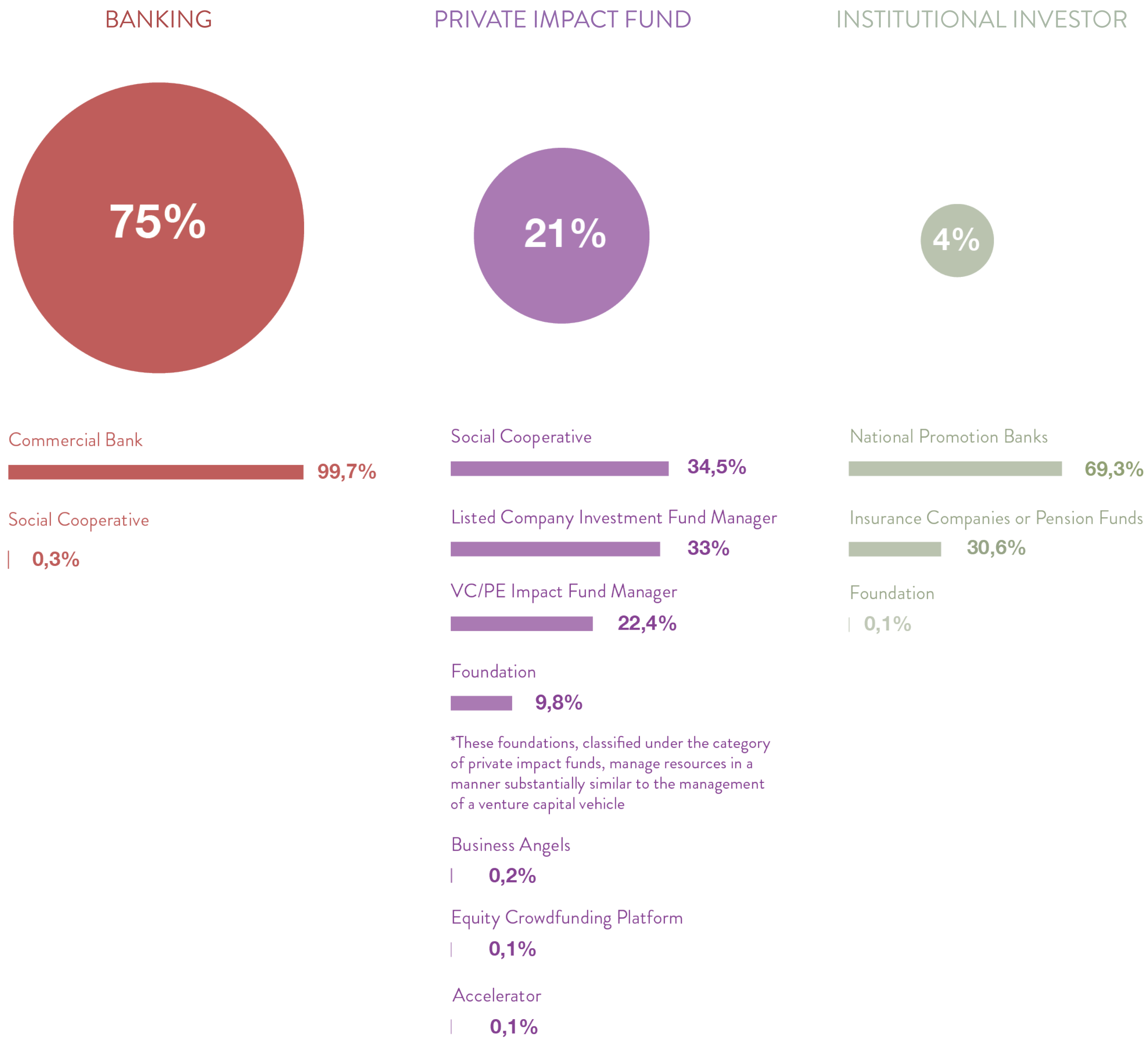


Figure 21
AUM SPLIT BY
ASSET MANAGERS CLUSTER

N=31

AUM managed by asset managers cluster in 2022 / total AUM in 2022

AUM managed by operators divided by asset managers cluster in 2022 / total AUM by asset managers cluster in 2022

Figure 21 shows the breakdown of asset managers based on AUM.

Finance entities report the value of capital invested or lent in their area of impact finance from the start of their activity in this market to 31/12/2022. The total financial resources employed at the end of 2022 is **€ 10.295 million.**

Figure 22 shows the breakdown of asset managers based on the total cumulative financial resources employed at the end of 2022. Indeed, 92% of the cumulated invested capital is deployed by banking organizations, 5% by private impact funds and 3% by institutional investors.

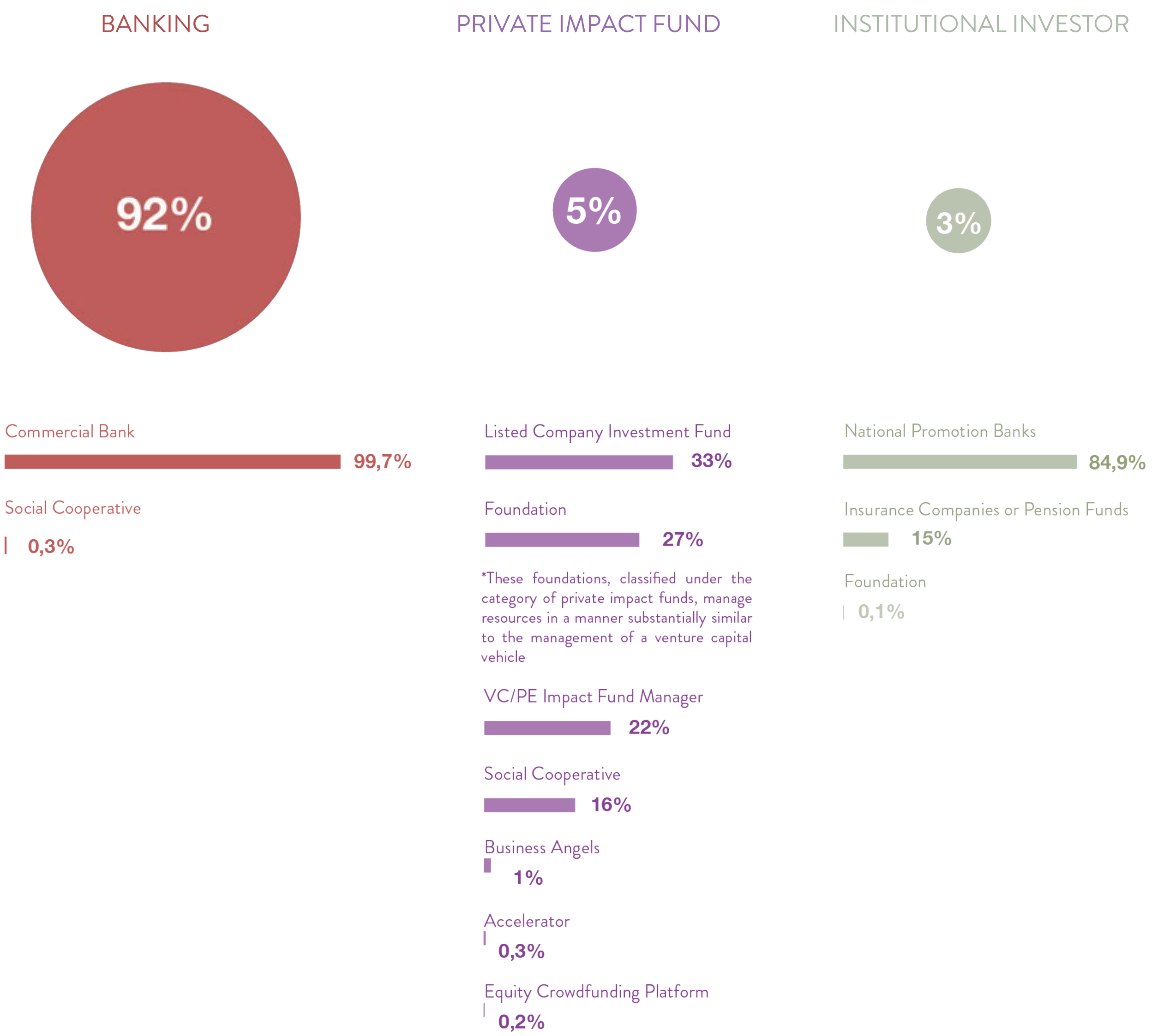


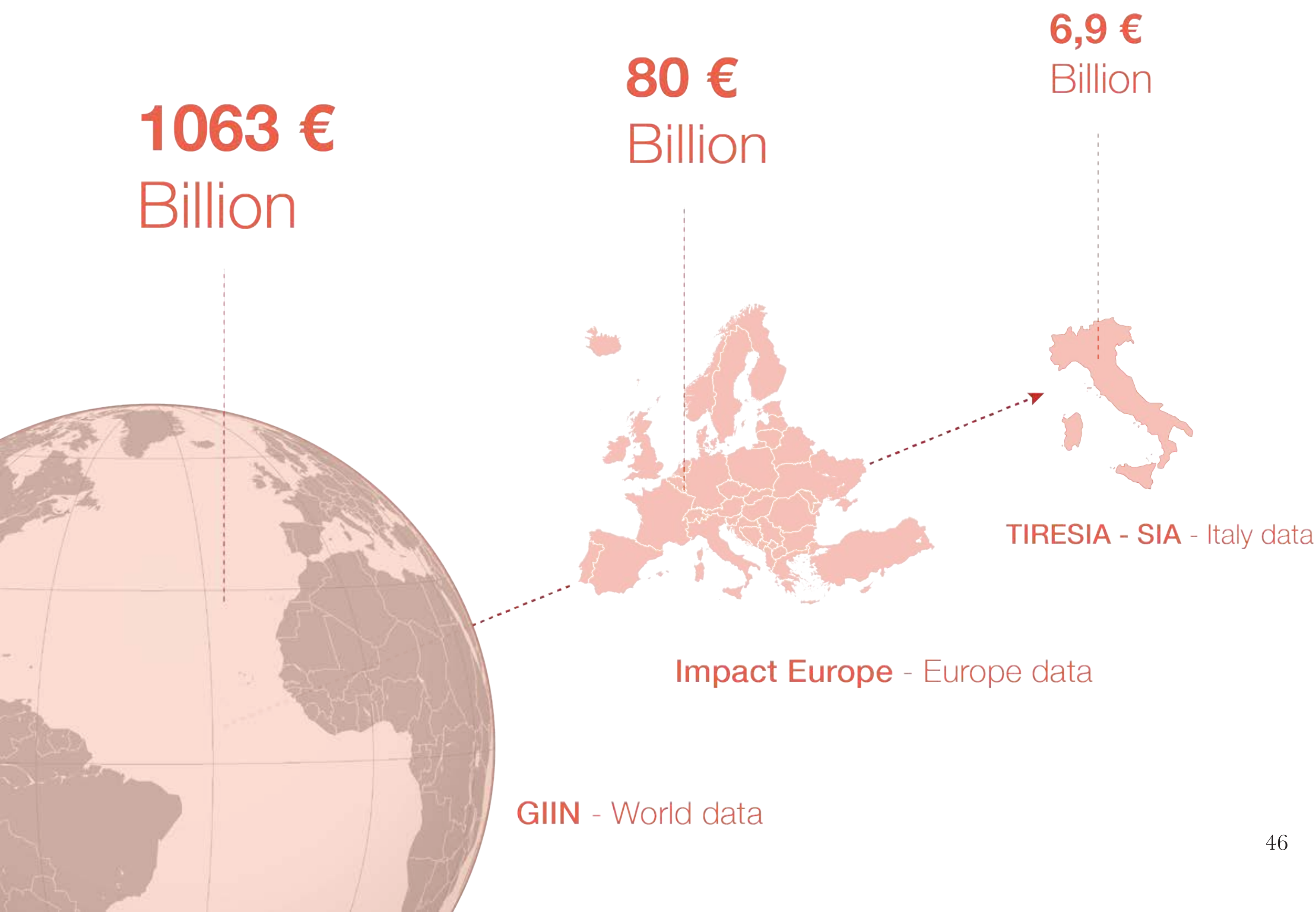
Figure 22
CUMULATED INVESTED CAPITAL SPLIT BY ASSET MANAGERS CLUSTER
N=31
Cumulated invested capital by asset managers cluster in 2022 / total cumulated invested capital in 2022
Cumulated invested capital by financial operators divided by asset managers cluster in 2022 / total cumulated invested capital by asset manager cluster in 2022

Figure 22 shows the breakdown of asset managers based on cumulated invested capital.

Figure 23 compares the values of Assets Under Management as of 31/12/2021 from estimates made by the Global Impact Investing Network (GIIN) at the global level and by Impact Europe at the European level.
Italy weighs about 8.5 % of the European value.

Figure 23
COMPARISON OF AUM VALUES

AUM (2021)



4.3

THE OVERVIEW OF THE ITALIAN IMPACT FINANCE VALUE CHAIN

This section aims to describe how the finance for the impact market in Italy is structured in terms of relationships along the value chain and flow of capital.
Therefore, the following segments of the value chain are represented:

Capital flows between asset owner and asset manager

Capital flows between the asset manager and impact-oriented organizations

Sectors and SDGs

Barriers and drivers of impact finance market development

Figure 24 shows the capital flow between the asset owner and asset manager (to make the analysis clearer the banking cluster was not included in this figure given they use their own endowment to realize impact finance).

It refers only to the category of Private Impact Fund flows, of which responses were obtained from eight subjects. Most funds manage resources provided by individual investors and rely on public funding, particularly from the European Investment Fund.

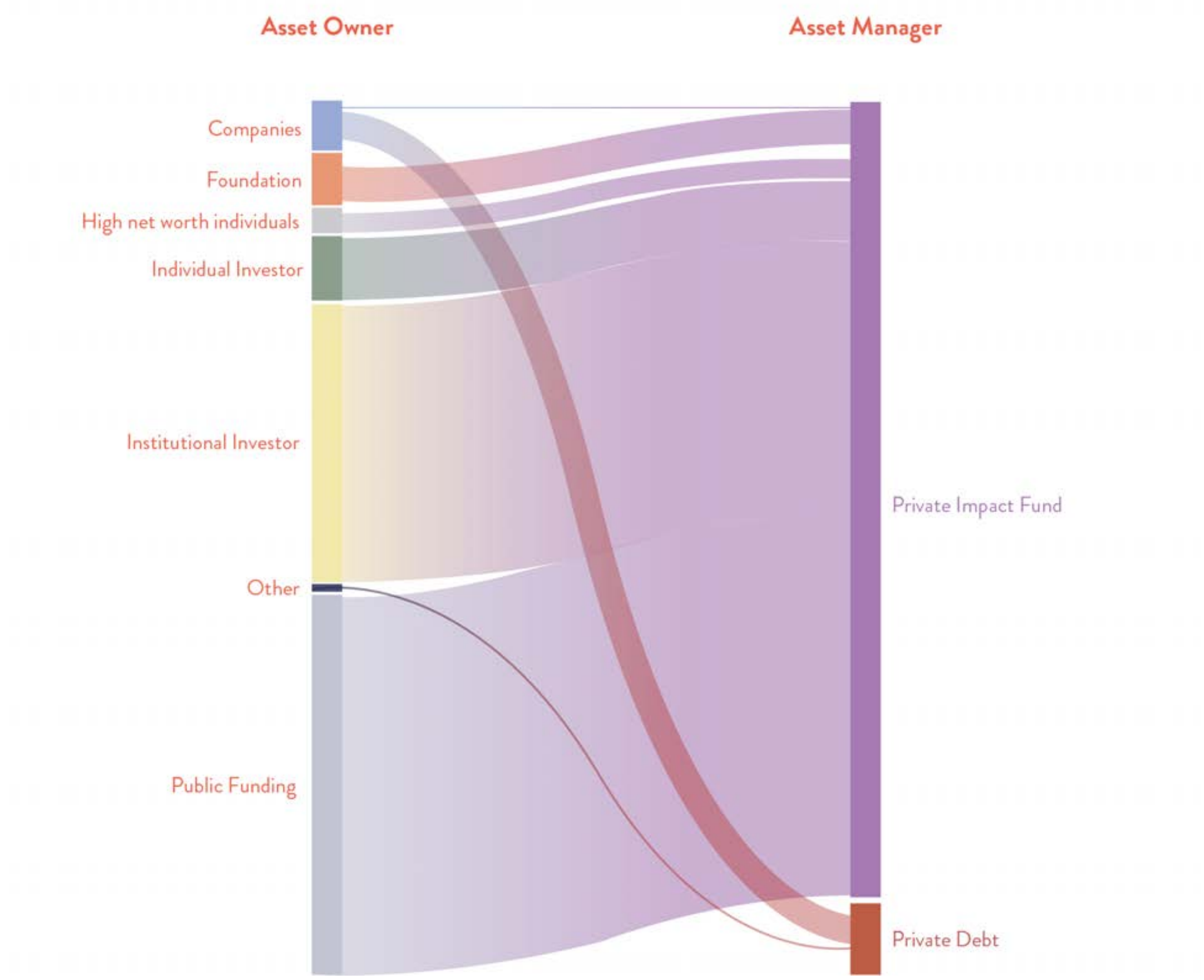


Figure 24
CAPITAL FLOW ASSET OWNER-ASSET MANAGER

N=8

AUM

(* each respondent could select more than one option)

* The cluster of the institutional investor is not included in the figure because we did not collect any response.

To disentangle the second part of the value chain, the flow between asset managers and organizations being financed by them, we use a taxonomy to describe the different types of organizations, in terms of legal and substantial features, aiming to provide solutions to societal challenges.
The taxonomy of impact-oriented organisations is shown in Figure 25, which is a spectrum classification developed by Tiresia Research Centre (Politecnico di Milano).

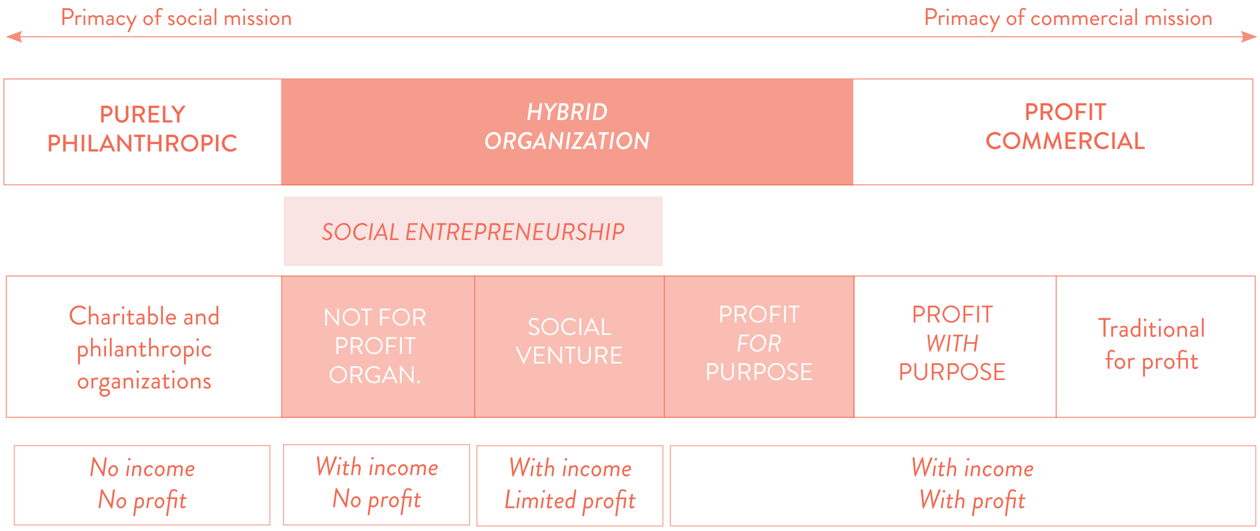


Figure 25
IMPACT ORIENTED ORGANIZATIONS SPECTRUM

The common characteristics of the entities included in the hybrid part of the spectrum and described in more details in the following Table 03, is they all aim to provide solutions to meet societal needs.
However, they differ based on the legal and organizational configuration adopted to realize their activities and on the prevailing logic, social or commercial, employed in their decision making.

Charitable and philanthropic organizations	*Organizations that do not produce any income and do not distribute profit*
Not for profit organizations with income generating activities	*Organisations that do not distribute profit in anyway but generate some income from commercial or entrepreneurial activities*
Social Ventures	*Organisations that produce some income and distribute it with some limitations*
Profit for purpose	*Businesses that do not place the same emphasis on a culture of business innovation and on placing entrepreneurship at a core value level but they are created for a social purpose*
Profit with purpose	*Businesses that address social challenges and develop socially oriented initiatives as part of their company strategy, although their core business and their 'responsible' activities are indeed separate and distinguishable*

Table 03
IMPACT ORIENTED ORGANIZATIONS SPECTRUM

* Given the survey was harmonized at European level, in the questionnaire we did not include any reference to specific legal forms, but the respondents were provided with the same definitions describe above.

As shown in the Figure 26, the most commont financing targert are Profit with purpose organizations and Not for profit organizations performing marginal commercial activities.

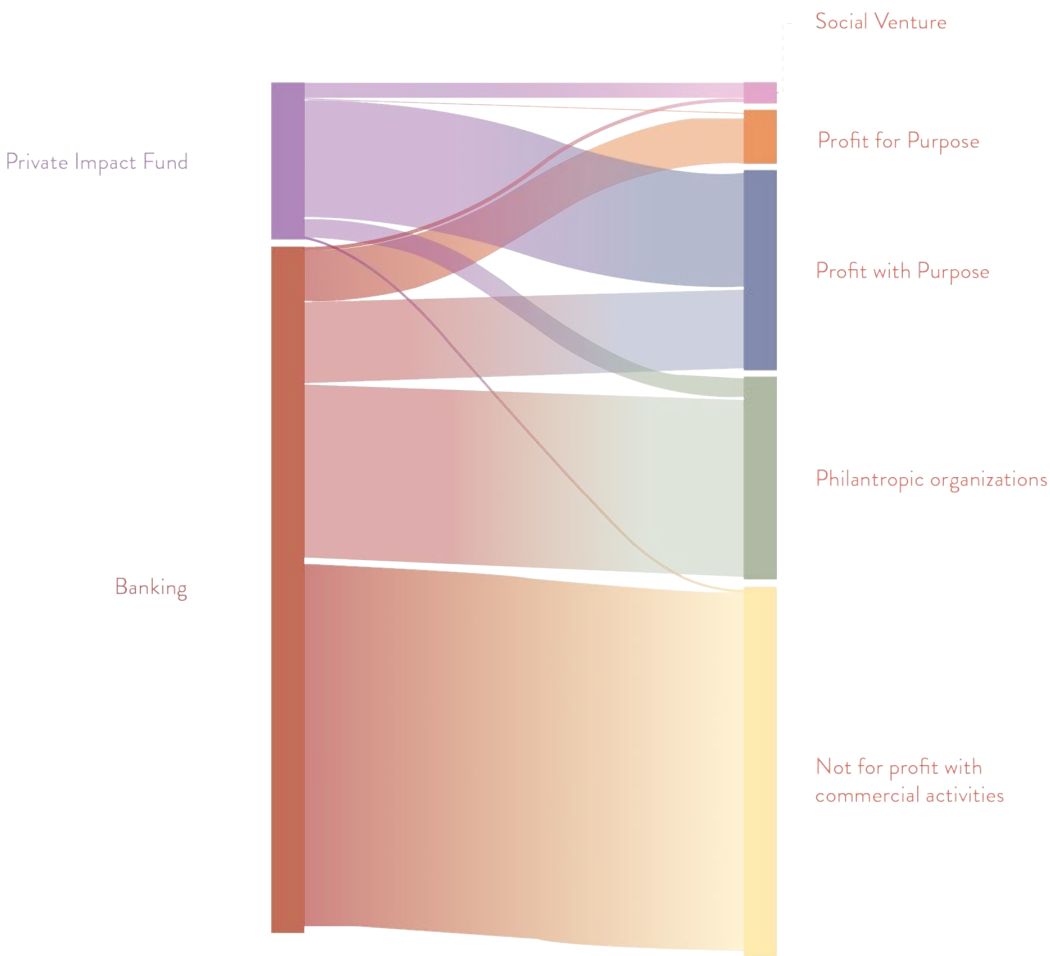


Figure 26
CAPITAL FLOW ASSET MANAGER - IMPACT-ORIENTED ORGANIZATIONS
N=12
INVESTED CAPITAL
(* each respondent could select more than one option)

* The cluster of the institutional investor is not included in the figure because we did not collect any response.

Figure 27 displays the different types of impact-oriented organizations targeted by asset managers; while Figure 26 reports the detail of the capital invested in each type of impact-oriented organization by the different types of asset managers clusters.

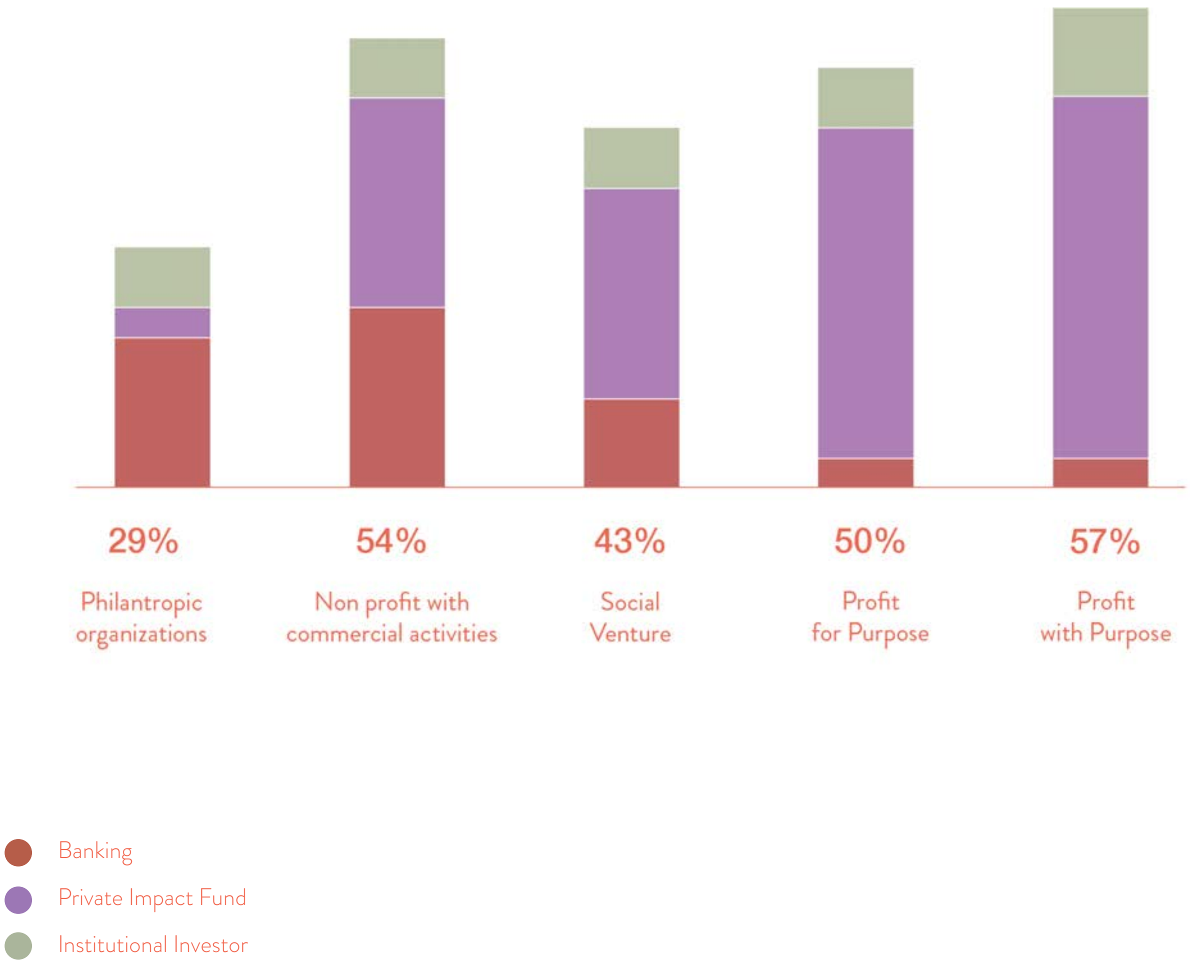


Figure 27
TARGETED IMPACT-ORIENTED ORGANIZATIONS SPLIT BY ASSET MANAGERS
N=28
#organizations
# of asset managers invested in the type of impact oriented organization /
# of total respondents
(* each respondent could select more than one option)

Figure 27 shows the Impact-oriented organizations financed by asset managers

Respondents stated the sectors and SDGs targeted by their funding activities. The sectors attracting the most interest from impact finance practitioners are health (68%), education (61%), technology (61%), agriculture (61%) and environment (61%).

Looking at the SDGs the investors and financers favoured for deploying their capital when building and selecting the pipeline, Figure 28 shows the most recurrent.

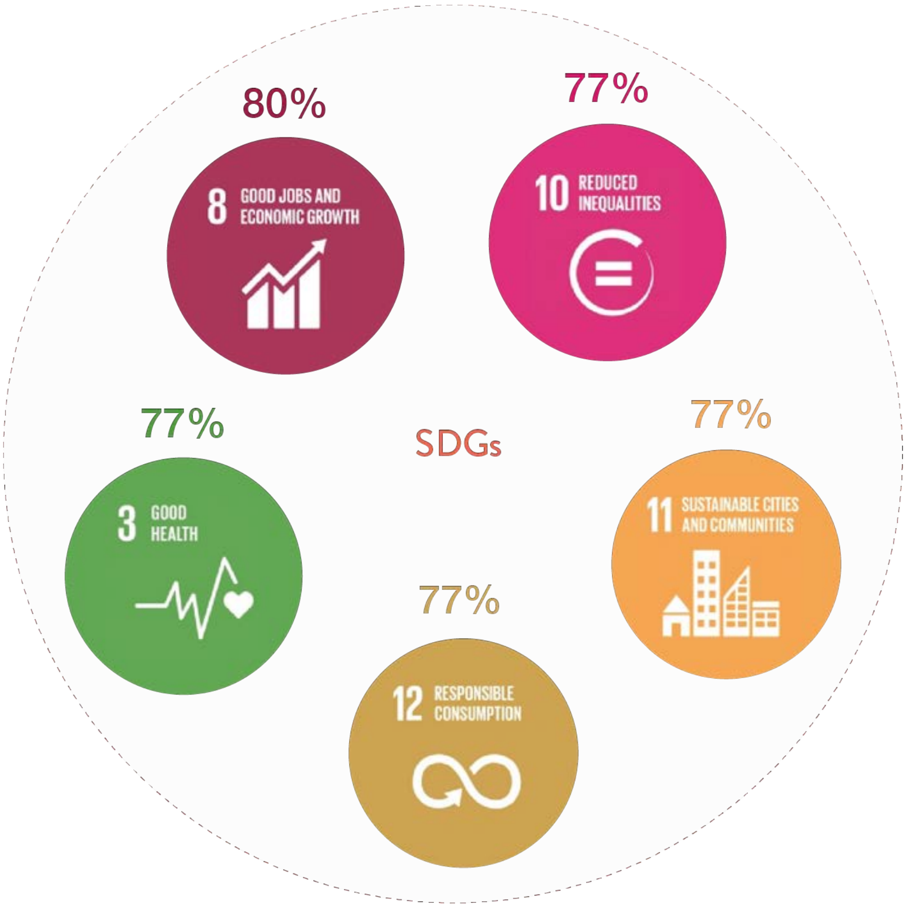


Figure 28
SDGs

N=31

# of asset managers for each response choice /
# of total respondents

(* each respondent could select more than one option)

Figure 29, the last figure in this section, shows the main barriers that, to date, hinder the further development of finance for impact in Italy and potential growth drivers for the market.

BARRIERS

Macro-environment:

- 27% Problems regarding White/Green Washing
- 30% Regulatory Framework
- 30% Lack of intermediary structures

Capacity/expertise:

- 40% Insufficient management capabilities of (potential) investees
- 53% Lack of understanding of (potential) investors

Impact Measurement and Management:

- 23% Lack of demonstration and/or comparability of impact measurement
- 23% Lack of standardized measurement and management of impact
- 30% Lack of transparency and/or impact measurement communication

DRIVERS

Capacity building:

- Establish an investment approach more aligned with demand needs 42%
- Increased managerial capacity of the entrepreneurial third sector 50%
- Development of a standardized methodology for measuring and managing impact 23%
- Establish a common definition of impact investment 27%

Collaboration:

- Strengthen the ecosystem through multi-stakeholder collaboration 54%
- Increasing public sector presence through regulatory support and facilitation 42%
- Increased presence of institutional investors 65%

Comparing the barriers and drivers that emerged in the study conducted in 2019 (Tiresia Impact Outlook 2019) and the ones that emerged during the current research, there still appears to be a lack of attractive investment opportunities due to a shortage of managerial skills and an absence of public institutions that can support this market through specific facilitation and regulatory frameworks. Indeed, in both studies, there was a need for a greater presence of public administration and institutional investors. One interesting insight that had not emerged in 2019 is the need to further strengthen multi-stakeholder collaboration.

BARRIERS

2019	2023
Lack of financing culture	Lack of understanding of (potential) investors
Lack of attractive investment opportunities	Insufficient management capabilities of (potential) investors
Lack of public entities support	Lack of regulatory framework

DRIVERS

2019	2023
Strengthen the knowledge of impact finance	Increased presence of institutional investors
Increased public sector presence through regulatory support and facilitation	Strengthen the ecosystem through multi-stakeholder collaboration
Establishment of impact finance instruments	Increased managerial capacity of the entrepreneurial third sector

4.4

TOWARDS IMPACT RADICALITY

In this last section of the report, the results are presented in terms of the extent of the radicality of the impact finance operators' approach.

Being radical means strictly adhering to the intentionality-measurability-additionality triad at the foundation of the definition of impact finance.
The radical approach to impact ensures a transformative and generative approach to the funding strategy.

Each operator was analysed and classified into one of the following categories: general impact or radical impact.

The classification was based on the impact radicality index, which considers 11 features of the investment/financing process.
For each of these 11 elements, an approach was defined that aligns with the distinctive finance strategy for impact as defined in theory.

These definitions are shown in Table 04.

Elements	Definition aligned with impact finance approach in a theoretical perspective
Prevailing logic of financial return and/or impact	*The investor/financier in the investment process has social impact as the prevailing logic for the decision to deploy resources or social impact and financial return have the same relevance.*
Screening criteria	*The following "non-financial" screening criteria of social purpose organizations are taken into account in the capital deployment process: a clear mission/intention to generate social or environmental impact, impact measurement and management system already in place, governance practices that include a variety of stakeholders, fair employee policy.*
Mission lock in the exit strategy	*The following mission lock in the exit strategy are taken into account in the capital deployment process: inserting impact considerations in the mission of the investee, selecting only investees that have impact embedded in their business model, selecting like-minded follow-on investors or inserting impact organizations in the mission of the investor.*
Impact measurement methods	*One of the following impact measurement methodology is used by the investor/financier: theory of change, impact management project, SDGs impact standards, EVPA five step process.*
Audit of measurement report	*The investor/financier produces impact reporting that is validated by a third party.*
Impact measurement dimensions	*The investor/financier measures not only output and outcome dimensions but also impacts.*
Impact risk monitoring	*The investor/financier in the investment process takes into account impact risk as the risk of generating negative impact or as the risk that the goal of achieving an economic return exceeds the initial mission of generating social impact (mission drift).*
Expected financial returns	*The investor/financier has an expectation of financial return on its investments/financing below market or much lower (close to capital preservation).*
Duration of funding	*Aligning with the concept of patient capital, typical of the impact investing/financing approach, the duration of equity-based investments where to be at least 2 years and for debt-based financing at least 4 years. This dimension was evaluated in correlation with the next one.*
Stage of funding	*The investor/financier provides support to social purpose organizations which are in the incubation - pre-seed, start-up – seed, or growth stage of development.*
Non-financial support	*The investor/financier provides any kind of non-financial support.*

Table 04
IMPACT RADICALITY CRITERIA

Figure 30 shows the percentage of financial institutions fulfilling each of the eleven criteria (e.g. looking at the prevailing logic of financial return and/or impact, 83% of financial institutions in the investment process have impact as the prevailing logic for the decision to deploy resources or impact and financial return have the same relevance).
A combination of these characteristics will determine the attribution of radicality status or the generic investors' status.

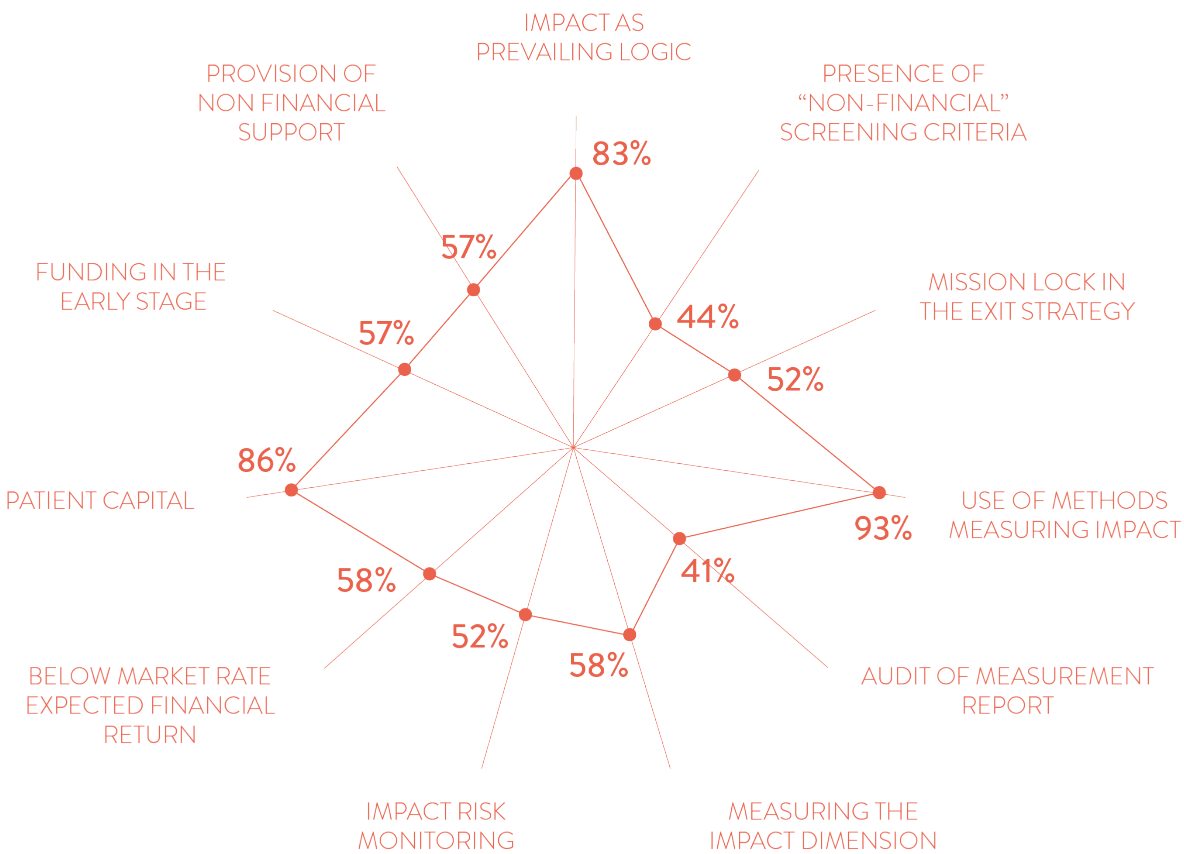
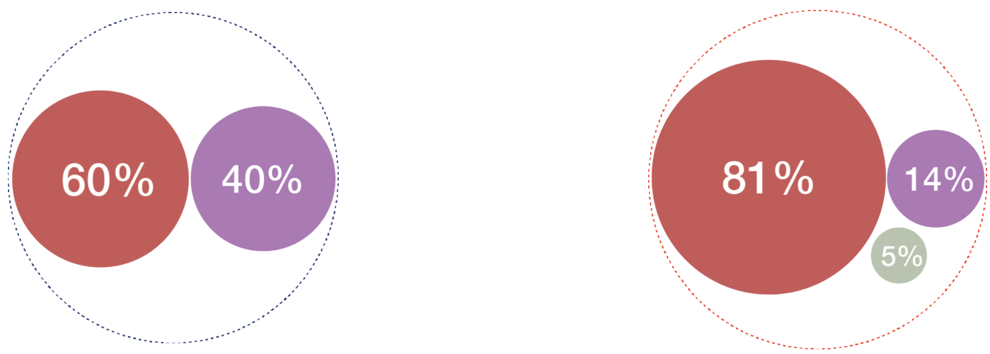


Figure 30
IMPACT RADICALITY DISTRIBUTION ACROSS CRITERIA

Figure 30 shows the percentage of financial organizations fulfilling each of the eleven criteria

Alternatively, the operator's approach was classified as general impact.
As a result of this analysis, of the 31 asset managers, 45% were found to have a *radical impact* approach and 55% to have a *general impact* approach.



RADICAL IMPACT

2.432 mln €

GENERAL IMPACT

6.847 mln €

- Banking
- Private Impact Fund
- Institutional Investor

Figure 31
RADICAL AUM VS GENERAL AUM
N=31

AUM managed by a specific asset managers cluster in 2022 / AUM in 2022 managed by radical or general impact operators

Figure 31 shows the breakdown of AUM (2022) into general or radical impact and the relative percentage of the amount managed by impact asset cluster.

Among the 31 asset managers, some organisations manage investment vehicles to which the Sustainable Finance Disclosure Regulation (SFDR) is applicable.
Considering that not all the actors should comply with the SFDR, the Articles classification is not a driver for our interpretation of the impact investments.
Moreover, given the current discussions within the European Securities and Market Authorities (ESMA), the adoption of 'impact' narratives is allowed for both Article 8 and Article 9 of the SFDR. Accordingly, the report prudently disconnects impact interpretation and SFDR Article classifications.
However, we analysed the answers of 14 operators on their positioning of the financial products they managed in Article 8 or Article 9 and the alignment with our analysis on the level of their radical approach.
What emerged from the analysis is shown in Figure 32.

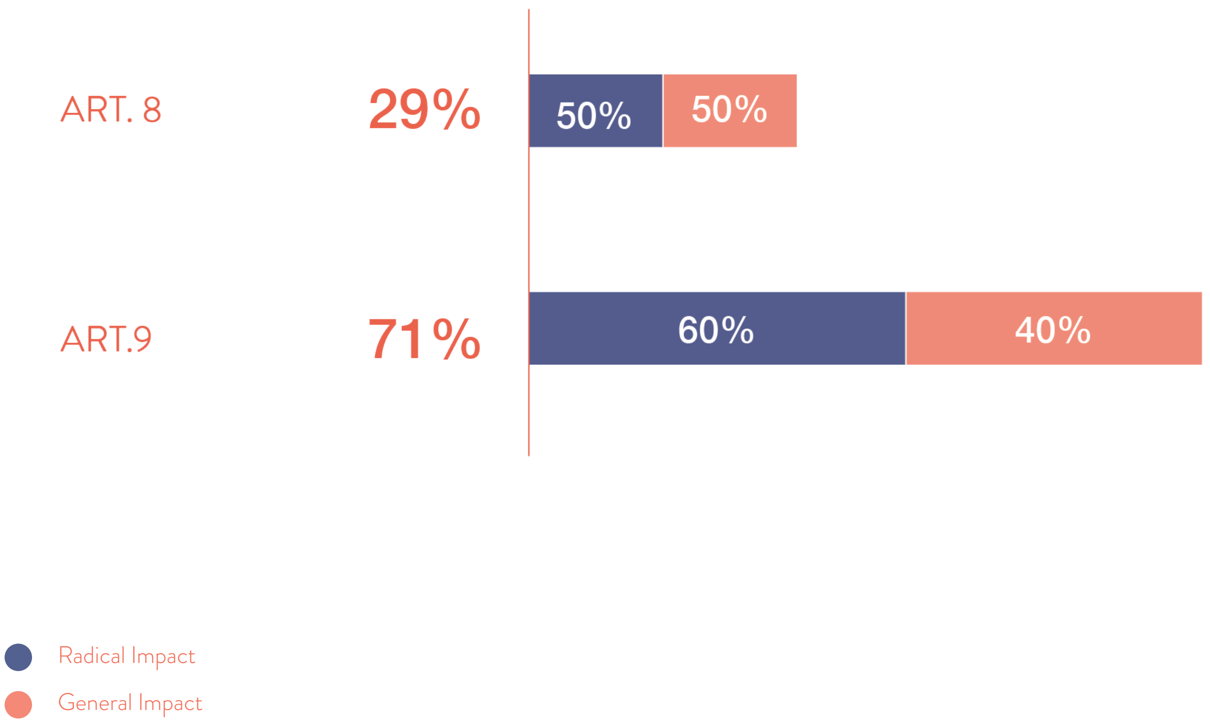


Figure 32
SFDR: RADICAL IMPACT VS GENERAL IMPACT

N=14

#organizations

Figure 32 shows the classification of the operators' radical or general impact in light of the SFDR classification of financial products.

First, some observations were categorised under Article 8 and fell within the scope of the survey even though Article 8 recalls approaches to sustainable finance.
Of these, 50% would have the potential to become Article 9 because their investment strategy aligns with impact investing principles.
Second, 40% of observations are classified as Article 9, which by regulation is the category considered with the closest approach to impact investing. According to our analysis, the Article 9 observations consider a general impact approach.

These results raise concerns about EU regulation, which still lacks a precise classification of impact-oriented approaches and is missing information to indicate measurement frameworks that are not environmental-oriented or EU taxonomy-aligned.
The ongoing discussions within the European Securities and Market Authorities (ESMA) aim to deal with financial market participants to better align market practices with regulatory advancements.

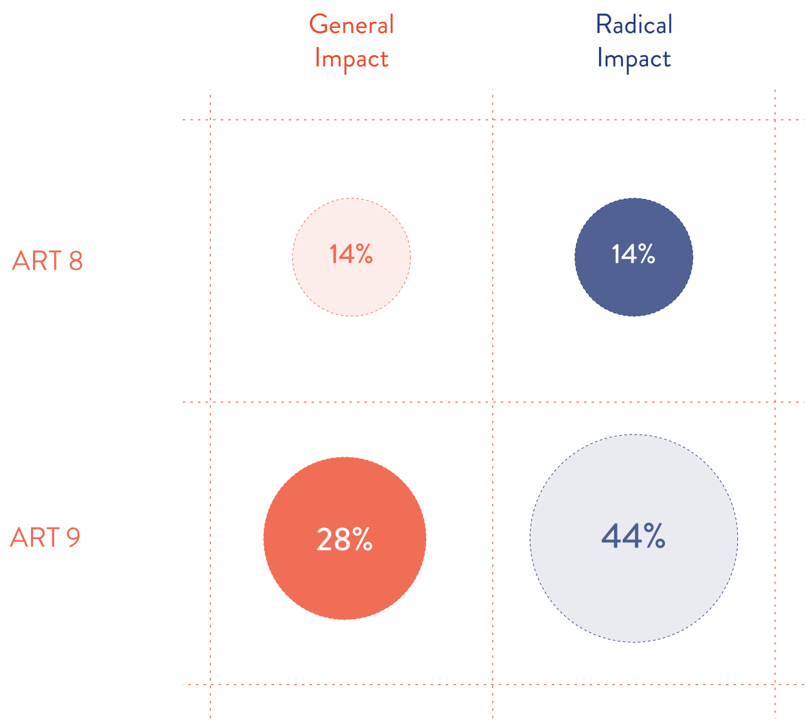


Figure 33

SFDR: RADICAL IMPACT VS GENERAL IMPACT

N=14

#organizations

Figure 33 shows the classification of the operators respect radical or general impact in light of the SFDR.

05

LEADING THE WAY TO IMPACT RADICALITY

05

LEADING THE WAY TO IMPACT RADICALITY

This report offers an analysis of the evolution of Impact Finance in Italy.
The unit of analysis is specifically Impact Finance, as distinguished from the broader general definition of Sustainable Finance.

This distinction is important because the first intent of this study is to strengthen the industry's identity and feed the market sizing exercise promoted at the European level by Impact Europe and the Global Steering Group (GSG) for Impact Investment and the National Advisory Boards.
Such a Europe-wide survey has the merit of introducing consistent definitions and sharing criteria of this embryonic asset class among several member states across Europe.

The report provides a deep dive into the specific reality of the Italian Market in 2021-2022 using a particular lens to interpret the phenomenon, which is the concept of radicality.
Being radical means strictly adhering to the intentionality-measurability-additionality triad as the foundation of the definition of impact finance.
The choice to keep very narrow criteria in the definition of Impact Investing is explained by the fact that this subset of instruments, while still representing a relatively small market niche in terms of volume, continues to represent the purest DNA of the efforts produced by the financial industry to contribute to the solution of significant social and environmental problems. As such, its identity and integrity must be preserved as an antibody to the more opportunistic drifts that sometimes give rise to dangerous impact-washing phenomena.

One aspect that emerges from analysing barriers and drivers in the Italian market is that the crucial element still missing to make impact finance flourish and able to deliver transformative solutions at scale is multi-stakeholder collaboration and greater substantial support from the policy maker and public policies.
The past ten years, since the launch of the G8 Task Force on Impact Investing have taught us a very important lesson: the near future of impact finance is in public-private partnerships.

Impact finance will scale and reach significant volumes, fully unleashing its transformative potential when it finds virtuous contamination with public finance instruments.

Impact Finance will prosper when fully integrated into a brand-new social economy ecosystem, shaped by public policies and animated by private actors.

The table is almost set: the OECD, the United Nations and, in particular, the European Commission have all made their move in putting the Social Economy at the centre of the stage and sparking a new era of policies able to deliver growth and social cohesion jointly.
It is now time for the Member States to first become familiar with the concept of outcome-based and impact-oriented policies, then understand their potential and finally get rid of the prejudices and resistances that come from the cultural backwardness of a large part of the private sector, the third sector and the public administration.
Switching to an outcome-oriented political mindset is a complex exercise, but impact finance has a lot to offer here.
The Italian regulatory framework and the new public procurement code offer a wide array of opportunities and instruments that perfectly fit the needs of innovative impact-based public-private partnerships based on accurate and consistent measurement tools and robust forms of governance.

Impact Finance is the secret ingredient to make public-private partnerships more innovative, creative, and transformative, but also more robust and immune from vicious extraction of public value by private actors or from the imposition of unnecessary inefficiencies on the same private actors.
The set of instruments that should be put in place are various, ranging from small innovations in public accounting rules, fiscal incentives for operators who respond to more rigorous and stringent impact goals, demand-side support and capacity building for the entrepreneurial part of the third sector and the impact-oriented for-profit sector, differentiated taxation, market infrastructures like standard definitions and market places for impact capitals.

In other words, this means, on the one side, taking charge, as a matter of utmost urgency in a public-private alliance that can multiply services and efficiency, on the other side, bringing Impact Investing back to its ideological roots and values: fighting inequalities and preserving our planet, to make the life of as many people as possible significantly better.

After ten years, we may dare to say: Impact Investing is either political or nothing.

FIGURE INDEX

TABLE INDEX

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TIRESIA is a research centre based in the School of Management of the Polytechnic University of Milan.
Our main research interests and activities include new forms of impact entrepreneurship, social impact measurement, impact finance and inclusive innovation. TIRESIA produces scholarly and practice-oriented research addressing academic, policy and civil society needs. We are also actively engaged in advisory activities for corporations, financial institutions and policymakers.
The School of Management (SoM) of the Polytechnic University of Milan groups together with the Graduate School of Management (GSOM) and the Department of Management Engineering (DIG). The SOM conducts research, education and consultancy in the field of management.

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Social Impact Agenda per l'Italia (SIA) is the Italian network for impact investment and finance. Building on the experience of the Italian Advisory Board of the Social Impact Investment Task Force (SIIT) during the UK Presidency of the G8, SIA was established to promote the development and spread of impact finance in Italy. SIA engages with investors, philanthropic institutions, enterprises, impact ventures, governments, market builders to catalyse cooperation and mobilise capitals for impact. SIA represents the Italian Advisory Board of the Global Steering Group for Impact Investment (GSG), an independent organisation spread across 41 countries committed to promoting and accelerating the spread of impact investing globally.

Please use this reference to cite this report:
Calderini, M., Boni, L., Borrello, A., and Chiodo, V. (2023) "Finance for impact. 2023 Italian Outlook. The journey to radicality". Tiresia – Politecnico di Milano and Social Impact Agenda per l'Italia.

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