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Vision Paper

30 Billion by 2030

SEVEN LEVERS FOR AN
INNOVATIVE ECONOMY AND SOCIETY

International Advisory Board for Social Innovation
of the German Federal Ministry of Education and Research



30 Billion by 2030

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INTRO

The "National Strategy for Social Innovation and Social Enterprises" [1] adopted by the German government in September 2023 is an important approach to creating an efficient, social and solidarity-based economy and society. Building on this, we provide recommendations and best practice examples from around the world in this vision paper.

We are 18 advisory councils that bring together expertise from pioneering countries, business, science and welfare, foundations and impact investing. We were appointed by the Federal Ministry of Education and Research (BMBF) as an independent International Advisory Board for Social Innovation [2] in November 2023. In this vision paper, **we describe seven key levers with which social innovations can be used to solve social challenges in an even more targeted manner.**



Social enterprises [3] worldwide are estimated to generate around **\$ 2 trillion in revenue each year**, while creating positive impact [9].



Rough estimate: **Around 10% of the German workforce** works in the social economy.

We want to inspire Germany to develop into a "Social Impact Republic".

This means that social innovations will become more prevalent in business, politics, science and society. Our seven levers offer the opportunity to realise the billion-euro potential of social innovations with a manageable amount of funding.

We see the possibility of generating added value of € 30 billion by 2030:

- **10 Impact Unicorns by 2030:** Ten start-ups are to achieve "Impact Unicorn" status. This term describes start-ups that demonstrably generate one billion euros or more in social benefit. They are to become the new rock stars of the start-up scene and act as role models to trigger a new wave of start-ups. The aim is for 80% of all newly founded start-ups to pursue a social or ecological mission by 2030 - today it is already 40%.
- **€ 10 billion in fresh capital:** So far, hardly any money has flowed from the private capital market into social innovations and social start-ups - because the social benefit has not played a role in investments to date. A state impact fund based on the international model can create incentives to remunerate state savings on a pro rata basis and thus mobilise up to 10 billion euros of private capital.
- **Realise € 10 billion savings potential:** Public procurement and the financing of social benefits need an update. Social start-ups and social innovations often solve problems more effectively than the state and should therefore be more structurally integrated. We recommend the signing of 10 Outcome Contracts, which enable authorities and ministries to achieve self-imposed goals without risk and at the same time spark competition for the best solutions.

1. Shared Vision: Pass a German Impact Agenda 2030

Germany has presented a strong national strategy for social innovation and social enterprises for the current legislative period. But what follows from this, what will be prioritised and **how will things continue from 2025?** How can future governments orient themselves in order to promote social innovation in the long term and focus on the sector's growth rather than on individual measures? **What are the specific growth targets, the KPIs for the sector and what measures and milestones should be used to achieve them?**

In Portugal, for example, the national government, together with its Social Innovation Advisory Board and a foundation, carried out a stakeholder process and defined the long-term Social Innovation Agenda up to 2030. [4] The Portuguese Impact Agenda has measurable sector targets and is aimed not only at policymakers, but also at all stakeholders in society. The KPIs include sector growth, the number of spin-offs, state capital and capital in the sector through private and civil society co-investments, and much more.

The enhancement of the national strategy to an Impact Agenda 2030 for Germany could be developed in a participatory manner, coordinated for example by the nationwide platform for social innovation (SIGU-Plattform [5]) supported by an own Advisory Board.

It is vital that Germany's national strategy is fully implemented and the progress is tracked transparently. Furthermore, it is crucial that this first strategy is accompanied by further measures to reach the objectives, especially financial instruments developed in close collaboration with the sector.

This Impact Agenda 2030 for Germany could already be developed in a participatory and highly socially innovative way, if it chooses to carry out the process within a tech- and AI based open social innovation process.

This Impact Agenda 2030 for Germany could already be developed in a participatory and highly socially innovative way, if it chooses to carry out the process within a tech- and AI based open social innovation process. Estonia and Taiwan widely use AI- and tech-enabled collective decision making approaches to develop the best solutions for society (like Polis or Talk to the City). Applying this innovative approach on creating a German Impact Agenda 2030 is an opportunity to involve the various stakeholders fast, effectively and with high acceptance rates. Moreover, the department in charge of such an impact strategy would create a role model for democratic strategy design and decision making paving the way for other ministries to follow, leading towards a broader application of social innovation tools and a more participatory and yet effective government.

2. Common voice: Legal definition & KPIS



2.1

Pass a Social Economy Law to appreciate and legitimise all main actors

The diversity of actors and types of organisations makes it hard to create a common voice and database of the sector.

They are strongly subdivided due to the structures that have only gradually grown, depending on their focus of activity (welfare, science, for- and non-profits, start-ups and well established social businesses, nationally or internationally active NGOs, or according to subject areas (care, work, environment). As a result, they are not considered as a collective, but remain minorities in their respective segments.

In France, the introduction of the Social Economy Act in 2014 heralded the start of a holistic social economy and social innovation policy. [6] Prior to that, in 2006 the French Parliament passed a law that requires banks and commercial capital providers to reserve 10% of their investment volume for social enterprises, which led to an increase in creativity and support from the financial sector.

In Portugal, the Parliament unanimously approved a Social Economy Law in 2013 - to provide a clear vision on the principles and institutional boundaries of the sector.

The situation was similar in the EU: the social economy sector was defined in 2010 and the Social Economy Action Plan [7] was adopted in 2021. Initiatives like these are helping social enterprises of all kinds to develop a common voice. [8]



Thus, we recommend that Germany works out a legal definition and categorisation and passes a dedicated Social Economy Law for the structural anchoring of the sector and the development of a holistic policy in order to achieve a relevant leverage effect to solve societal challenges.



2.2 Improve data base on Social Economy sector and standardize impact measurement

Social innovation and enterprises are an important part of the economic sector and should be recognised and valued as such. Around 10% of all German jobs can be attributed to the social economy, making it a key economic factor.

There are reasonable statistics for the social enterprises in Germany and for the German Welfare sector, considering employees and number of organisations, but we are lacking data about their share of the total economic output and the actual value creation.

[9] While there are estimations of the size and scope of e.g. the social enterprise sector stating social enterprises to make \$2 trillion globally in annual revenues while creating positive impact, bigger than the automotive, the apparel industry or advertising, we lack structured data in Germany of both the social and economic contribution of the social economy.

Thus, the sector is perceived as a niche for politics and economy and does not get similar attention as e.g. the industrial sector.



As an Advisory Board we recommend categorisation and classification in order to achieve a common baseline for gathering data on sector growth. This helps to develop policy holistically. We strongly recommend improving the data situation for the diverse social economy sector to show their social and economic contribution. Additionally to a sector monitor there is a strong need for statistics that shows relation to the economy sector as a whole.

The same standardisation is needed in the field of **impact measurement**. [10] It is exemplary that research on impact measurement is already included in Germany's national strategy. [11] But we need to develop standards quickly in order to be able to demonstrate the Social Return on Investment. And to be able to **link this with public financial management, with social and impact investing and accounting**.



2.3

Impact accounting for use by investors, businesses and governments



To shift into an impact economy, where we optimise risk return and impact in all business decisions, we need to integrate all the companies and entrepreneurs to focus on impact to make them realise they make more money when investing in impact.” Sir Ronald Cohen

The global business environment has fundamentally changed. Businesses are increasingly held accountable for their impact on employees, customers, the environment, and society at large. [12] In response, companies have started to integrate sustainability targets into their governance systems to ensure competitiveness and business resilience.

Translating impact into the language of currency makes information about impact accessible, actionable, and comparable.

Once impact is monetized, it can be measured and managed using the same infrastructure and accounting that already exists for financial management. Impacts could be assessed using the same data tools that are used to review business unit performance. In that way, impact can be readily incorporated into decision-making in real time, mitigating risks and maximising positive outcomes. That is the future: decision-making based on Risk, Return, Impact.

Already valuation coefficients and methodologies which are required for companies and investors to create monetary impact accounts that are transparent, comparable, and decision-useful are becoming available. For example, **the International Foundation for Valuing Impacts (IFVI) will publish this year 150,000 monetary value factors (MVF) for all the key environmental impacts created by companies. Social MVFs will follow starting next year. These will be complementary to, and build upon, the work of the ISSB and other regulatory bodies.**



Germany should lead adoption of impact accounting and encourage its adoption by the EU. It will enable the German economy and the wider EU economy to reduce the environmental and social damage they cause and lead them to create solutions for the big environmental and social challenges Germany and the EU face.

3. Become Political Top Priority



Social innovations and social entrepreneurs are essential for achieving the UN Sustainable Development Goals. But they have been structurally under-represented – which is why we are in favour of stronger institutional anchoring at both national and international level.” Jeroo Billimoria, Catalyst 2030 [13]



3.1

Steer Social Innovation and Social Economy by chancellery

We see the following opportunities to put Social Innovation at the top of the political agenda, national and international: France and Spain organised responsibility for the social economy with a focus on social innovation at ministerial level. In France, this is in the Ministry of Enterprise, Tourism and Consumption, in Spain in the Ministry of Labour and Social Economy. In Portugal, social innovation public policy has been politically coordinated at the centre of the Government, by the Ministry of Territorial Cohesion in articulation with the Ministry of Labour, Social Security and Solidarity, having as well a specific advisory board with members from all federations that represent Social Economy institutional families. In Germany, the topic should also be elevated to a higher political level due to its importance and made a top priority:



We recommend a Minister of State within the chancellery with staff and own budget to manage and implement social economy and social innovation policy – maybe even headed by a non-partisan expert. Steering would take place in close coordination with all the ministries – so each ministry needs its own dedicated contact person to enable a coherent approach and a strong awareness of mechanisms, tools and modes of operation.

Truly social innovation politics also require permanent contact to the federal states and municipalities, who also should have access to budget funds for SI. More and more federal states and municipalities are drawing up their own strategies for the establishment of social start-ups and are setting up regional networking centres and innovation regions. In order to achieve synergies, these several activities should be coordinated in a structured exchange across all levels.

A **strong central platform**, an institution with an official political mandate, such as exists in Portugal, could provide support here: The Portuguese Competence Centre for Start-ups and Innovation (Portugal Social Innovation) operates with a political mandate from the government, with the aim of strengthening the sector – by building up expertise and managing a fund that is fed by EU money and the state budget. While Portugal's focus is to build up a non-state, private social sector with its centre that – in contrast to Germany – barely exists, **the German government should enhance its state-subsidised Platform for Social Innovation and Social Enterprises [14] into a centre that facilitates, coordinates and pushes social innovation across domains. Provided with a clear mandate and with a budget the platform could support the Minister of State and the government in the execution of its national strategy.**



3.2

Put social innovation on the top of the international agenda (G7, G20)

In 2011, the EU defined the social economy and since then is driving all EU states to implement policies, funding and frameworks to foster social innovation and the social economy.

The Social Economy Action plan initiated in 2021 is a huge milestone giving guidance for the member states. The EU also receives prominent institutional support, such as from the OECD that is very active in this field, or from the International Labour Organization (ILO).

In 2023, even the UN passed a historic resolution calling on member states to further strengthen their social and solidarity economy. All this shows how the role of the social and solidarity economy in contributing towards achieving the Sustainable Development Goals is increasingly recognized.

This needs to be implemented in national and international negotiations on innovation and economy policies, for example, in international processes and exchange forums such as G7 and G20.

Social innovation is a dynamically developing field: there are already very active countries, but there are also countries that are just beginning to take an interest in this economic sector and in this type of economic activity and innovation. Burdened national budgets, which can no longer finance traditional, conventional and often very cost-intensive solutions, also play a role here. Social innovation/enterprise can in fact relieve state budgets by providing innovative solutions to societal challenges.

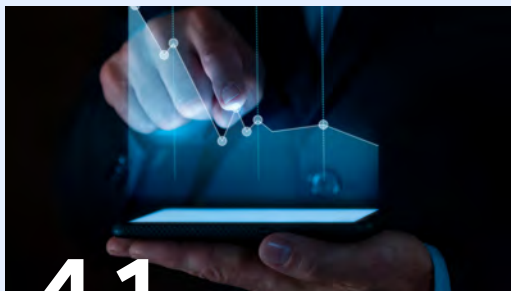


As an Advisory Board, we are leading by example and initiating a global **Council of Government Champions for Social Innovation and Impact** for this year's G20 Summit. This Council is open to the national innovation commissioners as a coalition of the willing: to build an international network for the exchange of best practices, for peer-to-peer learning, for transnational projects and cooperation, for mutual awareness-raising, in order to provide impetus for local politics and society.

4. Raise € 10 Billion for the sector



At present, the dynamic development of social entrepreneurship in Germany is being held back primarily due to the difficult financing situation. Innovative solutions for social challenges are therefore unable to develop to the same extent as in other countries." Sustainable Finance Advisory Board of German Federal Ministry of Finance [15]



4.1

Create a €1 billion social impact fund from dormant bank accounts & EU funds

The success of state social impact investing funds in other countries suggests that an impact capital wholesaler for impact-oriented capital and funding of social sector organisations could have just as much potential in the German context.

The current German government should therefore focus on setting up and operating such a Social Impact Fund. Possible sources of funding include EU funds (especially ESF funds, which Portugal and Spain are successfully attracting) and the use of dormant bank accounts (as already practised in all G7 countries except Germany).

These new investments would be flanked by federal, state and local funding programmes. In the coalition agreement and in the national strategy, the German government has already set the goal of transferring dormant assets to a fund in favour of social innovations and social entrepreneurs.

This planned social impact fund needs to be long-term, politically independent and capable of developing an autonomous, innovative ecosystem that better positions the state to meet social challenges.



The fund should comprise three components like secure investments with a high ESG score, impact investments with impact-first logic and consumptive social innovation investments. A Social Impact Fund can be used to finance effective scalable innovations with a high social return on investment, which are not reached by classic venture capital.

The fund follows an impact-first approach and supports innovations from the early to the late phase. The fund must also provide outcome-based contracts and grants to innovative solutions with proof-of-impact that currently fall through the gaps in the financing landscape.

4.2

Leverage €9 billion private and public capital with the impact fund

The fund should also be open to co-investments in order to increase the capital invested by third parties, whether from the private sector, foundations or the federal, state or local level. In this way, the invested euro is "leveraged" and third parties are incentivised and given the skills to invest in social innovations for the first time or repeatedly. Against this background, it should also be taken into account that there are large amounts locked up unproductively in endowments of foundations, which could be incentivized to go into impact investing.

Three good international examples [16] can serve as a blueprint for a German impact investing fund:



UK BETTER SOCIETY CAPITAL

...has capital of around 600 million pounds and mobilises 2,89 pounds from private investors for every pound invested. Since the launch of BSC in 2012, the social impact investment market has grown many times over. With £898 million from BSC, £2.6 billion has been invested in social enterprises together with impact investors.



PORTUGAL SOCIAL INNOVATION

...manages an outcome fund (pay for success) that pays for social innovations if they are successful and where interim financing is provided by private intermediaries. On the other hand, the competence centre raises further capital via a grant-based co-matching fund with the proviso that 30% of the funds must be invested via third parties. Around 500 co-investors such as VCs, foundations, impact business angels and almost half of all municipalities in Portugal are now involved in this programme.



SITRA, FINLAND

Finland has set up the Sitra fund for reforming welfare provision. The innovation is to bring actors together, who would usually not work together, e.g. private commercial fund managers and coalitions of social service providers. Rather than following the logic of locally embedded impact bonds, Sitra tends to launch tenders with a cross-regional or national remit. Because these are typically sizable investments and the state is ready to pay a substantial premium when pre-defined impact criteria are met, so as to prevent public welfare expenses in the future, the programme mainly attracts commercial investors who seek near or at market rates of financial return.

We demand: Social innovations must be anchored in economic and innovation politics. Approaches such as the SPRIND agency for leap innovations or the German Agency for Transfer and Innovation (DATI) must be further expanded. KfW funds like Zukunftsfonds must fully exploit their potential for impact investing .

5. Create 10 impact unicorns by 2030



Sweden has 38x as many impact start-ups as the global average. Germany should also fire up the impact turbo."

Niklas Adalberth



5.1

**Trigger a new wave of start-ups:
80% of all start-ups as
impact start-ups**

Let's make it a movement! It is time for a new wave of start-ups in Germany and for more impact unicorns. We define impact unicorns as organisations that either manage to achieve a social return on investment of 1 billion euros or more or touch 1 million lives and that have aligned their primary purpose with achieving the UN Sustainable Development Goals.

Already today, **more than 40% of German start-ups describe themselves as "social impact start-ups"** or as start-ups that are dedicated to solve societal challenges, every second start-up is part of the Green Economy. [17]

The aim must be to broaden the start-up pipeline: both by at least doubling the number of socially innovative start-ups and by scaling more of them in the later stage.

The aim is to promote both broadly, but above all even more at the top. Both commercial and non-commercial initiatives (e.g. for digital democracy and human rights or crisis prevention) need large-scale scaling successes and the funding through the impact fund, as mentioned above, would be an important catalyst.





5.2

10 Impact Unicorns will increase attraction & pull top talents into the sector

This requires a **change in the start-up culture** in order to increase the quality and quantity of start-ups. The brightest minds should work on the most important social challenges. To achieve this, social impact must move out of its niche and be perceived as the number one career path.

The social trend and demand are already moving in this direction: a growing proportion of Generation Z and other population groups are concerned with the question of meaning and want to help solve current societal problems.

Beacons such as successful impact unicorns and their founders can create hype and a pull, provide orientation and encourage similar start-ups. We therefore recommend building a strong impact brand with role model campaigns and publicly visible events.

Impact start-ups should become the new rock stars of the start-up scene. The first 10 Impact Unicorns could trigger such a new wave of start-ups.



We therefore recommend building a strong impact brand with role model campaigns and publicly visible events. Impact start-ups should become the new rock stars of the start-up scene. The first 10 Impact Unicorns could trigger such a new wave of start-ups.

However, the term “impact start-up” is often misused for marketing purposes and can be abused for green- or social washing. Thus, it needs to be accompanied on the one hand by a clear definition and nationwide standards (see above, social economy law) and on the other hand with impact measurement standards.



6. Increase academic transfer to make impact entrepreneurs the new rockstars



We are facing an impact revolution, comparable to the tech startup disruption that began 50 years ago." Sir Ronald Cohen



6.1

Joint forces: merge education in social innovation & technology & entrepreneurship

Despite the national strategy for social innovation, the focus in Germany's innovation policy and therefore in the university and transfer landscape still is on classic start-ups and tech innovations. The social innovation transfer landscape is still separated from the "classic start-up scene" and classic tech universities and universities of applied science with particularly successful transfer centres. But: Entrepreneurship, technology and digitalisation play a crucial role in scaling social innovations.

We therefore need to raise awareness of their technological and entrepreneurial dimension. Conversely, it is also important to consider the social application and spin-off potential of technological innovations – e.g. how AI can be used to promote democracy and how this can lead to career paths for researchers and students. **Consequently, technological and social innovations need to be linked more closely and a similar start-up ecosystem needs to be established for the latter.**

In order to strengthen the entrepreneurial potential of social innovations, **it is crucial to integrate social innovations and the understanding of social impact at all tech universities.**

Additionally, their consistent integration into the already established and future transfer centres is of paramount importance. There is a lack of specific educational and training programs aimed at building capacity in social innovation. Collaborations with educational institutions to develop relevant curricula and training modules should be considered. This includes dedicated impact tracks and modules at all technology-oriented universities and transfer centres in order to introduce more people interested in founding a company to social innovation. Social innovations are not just a topic for humanities, since they are interdisciplinary.



6.2

Create impact clusters of excellence in the research & transfer landscape

Germany has the potential to become a pioneer by consistently integrating impact aspects into its teaching and start-up initiatives, such as the planned start-up factories.

We also recommend the establishment of a network of impact clusters of excellence, comparable to the green tech or deep tech clusters of excellence at some universities.

Impact clusters of excellence should introduce young talents to solving social problems with entrepreneurial means, achieve more “impact start-ups” and help existing organisations to scale up their solutions.

The clusters of excellence can create an ecosystem in which talented people have access to resources, capital and networks and are supported via acceleration programmes.



In order for social innovations to reach a relevant size, we need entrepreneurial talent from all specialist areas – whether marketing, social work, sales, business, sociology, technology etc. – who become more familiar with the topic of social innovations, “impact start-ups” etc. and are motivated to pursue careers in this area.

The establishment of clusters of excellence and their integration into the transfer centres at an early stage – even before they are founded – strengthens the transfer pipeline both qualitatively and quantitatively and lays the foundation for the creation of the “impact unicorns”.

7. Realise €10 billion savings potential



7.1

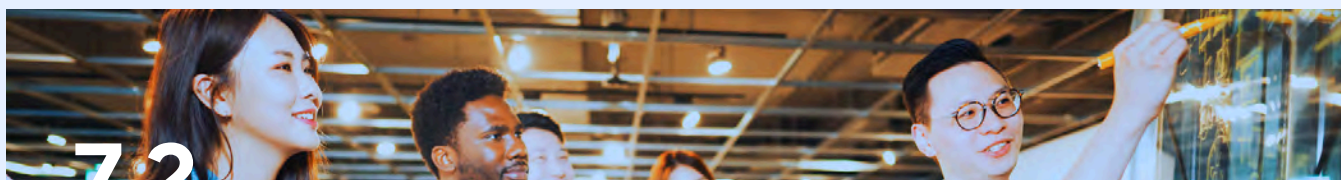
Innovate public procurement & welfare funding

Social innovators create solutions for social challenges and internalise costs that would otherwise have to be borne by the state and society. [18] Social innovations therefore make a direct (measurable) contribution to an effective, efficient state. Especially in times of tight state budgets, it is important to make use of this potential.

To this end, **successful social enterprises that already effectively complement the existing welfare state support structure (e.g. for integration, against long-term unemployment, for crisis prevention or also in accident rescue), should be given greater consideration and involvement in the organisation of welfare state tasks. Hurdles are high for small or medium social innovation players.**

The hurdles can be lowered by dedicated budgets, possibly through quotas and through the development of expertise in public administration and last but not least by decreasing bureaucracy.

Besides that, there is a need to **foster and support impact intrapreneurship in the social welfare organisations, who were first starters decades ago.** Enable them with an ecosystem they need to innovate, e.g. funding of innovation, collaboration with social start-ups, training, capacity building in the hierarchies to support innovative projects.



7.2

Set up 10 outcome contracts by 2030 for impact-oriented budget utilisation

“Social outcomes contracting is an innovative form of procuring social services based on outcomes rather than outputs. Social outcomes contracting offers new opportunities for combining and directing public and private resources towards positive social impact. Typically, in SOC operations the service provider’s compensation is linked to a measurable social impact rather than to a specific set of tasks.” European Investment Bank

Some European governments are already working with outcome contracts [19]. The French for example, set up a supporting central service unit for the ministries in order to utilise public budget funds in a mission-oriented and effective manner and to be able to make investments with the support of private intermediaries.

In 2016 **France** established its first home-grown social impact bond – together with the non-profit association for microfinancing ADIE and BNP Paribas [20]. The purpose of this bond was to set up an innovative programme over three years to foster entrepreneurship in a selection of remote rural areas and support 500 men and women in difficult circumstances or out of work. By re-integrating the people back to the labour market long-term, the state saved almost €2 million.

Germany should also set itself the goal of awarding 10 outcome contracts [21] by 2030 and build up the necessary expertise and capacities in a suitable department to further relieve the burden on public budgets such as education, labour, integration, care and health, digitalization or democracy.

Germany can also draw on the support of the Advisory Platform for Social Outcomes Contracting [22] here, a joint initiative of the European Commission and the European Investment Bank Group.

The European Commission has already agreed and Portugal will test an outcome contract instrument using European funds (namely the ESF+) that pays the investor, if measurable social outcomes are met, based on public budget savings that come from the social impact generated, rather than based on the real cost of the operation [23].



Germany should also make much greater use of the potential of such financing instruments. For that, all ministries, but above all the social affairs departments, must cooperate closely with the central contact point to link budgets with impact targets.

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- [22] [Advisory Platform for Social Outcomes Contracting \(eib.org\)](#)
- [23] This is called a Finance Not Linked to Costs approach.

30 Billion by 2030

Seven levers for an innovative economy and society

1

Shared Vision: Pass a German Impact Agenda 2030



2

Common voice: legal definition & KPIs

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5

Create 10 impact unicorns by 2030

- ✓ Trigger a new wave of start-ups: 80% of all start-ups as impact start-ups
- ✓ 10 Impact Unicorns will increase attraction & pull top talents into the sector

6

Increase academic transfer to make impact entrepreneurs the new rockstars

- ✓ Joint forces: merge education in social innovation & technology & entrepreneurship
- ✓ Create impact clusters of excellence in the research & transfer landscape

7

Realise €10 billion savings potential

- ✓ Innovate public procurement & welfare funding
- ✓ Set up 10 outcome contracts by 2030 for impact-oriented budget utilisation

GO!



Committed to Impact

All members of the Advisory Board make their recommendations as independent experts, not on behalf of their respective institutions.

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Handover of the Vision Paper to Mario Brandenburg, Parliamentary State Secretary at the BMBF, together with the Commissioner for Social Innovation, Zarah Bruhn.

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