Memorandum of Understanding[[1]](#footnote-1)

**Implementation of [*name of the partnership*]**

**supporting social enterprises and impact projects**

**Partnership towards the launch of [*name of the financial instrument*]**

[*date*]

# **Preamble**

The European Commission published in 2023 the “Actions to boost the development of finance markets for social enterprises” call for proposals, financed under the Employment and Social Innovation (EaSI) strand of the ESF+.

The objective of the call is to develop social enterprise finance markets by bringing together the supply and demand side actors to facilitate the creation of financial instruments and to prepare social enterprises for investments. Therefore, the call aims at mobilising key partners (potential investors, financial intermediaries, support organisations and stakeholders) to cooperate with a view to setting up a concrete financial instrument and investment readiness programme targeting social enterprises that need investments below EUR 500 000 for the replication of tested solutions in a new territory or the establishment of innovative instruments and approaches. It supports the first steps towards a social finance instrument by facilitating the development of a consortium and commitment to act in view of laying the groundwork for, and developing, a future financial instrument. The call also aims to encourage learning from good practice examples and expertise that can guide the formation of this partnership.

[*names of the partners*] formed a project consortium (the “Consortium”) and answered the call for proposals with a project aimed at [*describe the overall goal of the project*]. The proposal aimed to develop [*describe the scope and specific objectives of the project*]. On top of this, the Consortium planned to lay the first steps towards the launch of a [*name/describe the financial instrument*].

Wording example:

The action aims at strengthening the market for social finance on both supply side (by raising awareness among investors such as [*name investor category*] and matching them with social enterprises and impact projects) and demand side (by enabling investment readiness of social enterprises and impact projects and matching them with impact investors willing to support them). Expected results and / or outputs of the project are:

* [*list the specific objectives of the project*]

This present Memorandum of Understanding aims at:

* sharing and detailing the findings at the source of the project;
* detailing the form that the [*name of the partnership*] will take and its operating processes;
* formalising the involvement and respective commitments of the project’s stakeholders.

# **Assessment of the (pre-seed and seed) social enterprise finance market**

Following [*number of months*] months of detailed market study and assessment, the Consortium published on the [*date*] a detailed market report “[*title of the report*]”.

The main conclusions of the assessment are described below.

## ***On the demand side***

[*report here a synthesis of main findings from the detailed assessment of the social finance market that are most relevant from a demand side perspective*].

## ***On the supply side***

[*report here a synthesis of main findings from the detailed assessment of the social finance market that are most relevant from a supply side perspective*].

## ***On the actions required to strengthen social entrepreneurship funding***

[*report here a synthesis from the detailed assessment of the social finance market of main identified actions that shape the vision for closing gaps and overcoming deficiencies in the supply and demand sides of social finance market*].

# **Description of the partnership**

## ***Rationale of the partnership***

[*briefly describe the suitability and feasibility of setting up a sustainable social finance instrument and the reasons why this is expected to be effectively implemented through the specific partnership*]

## ***Description of the partnership***

[*describe the commitment of the partners (including their roles and contributions) to contribute to, and to collaborate in, establishing a financial product that provides finance for social enterprises and that works in synergy with start-up and business development services for social enterprises*]

## ***Operations***

[*describe in detail the legal nature of the partnership, its mission and the processes through which the parties join the partnership, its governance and the different memberships and roles, along with preliminary information on the staff and on the identification of suitable managers for the envisaged financial product*]

## ***Business Model***

[*describe the business model upon which the partnership will be run, identifying the sources of revenue (for instance success fees on the investment provided by members of the association/partnership and paid by the financed social enterprises annual membership fees from members of the partnership/association, other external financing, etc.), and the estimated budget/amount range per year*].

## ***Description of the financial instrument***

[*describe the financial instruments, its nature, key features, and underlying investment logics, along with the way the financial instrument will be managed by the partnership*].

# **Involvement and commitment of the Partnership signatories**

The project involves various kinds of operators, each of them with different commitments.

## ***The operators of the partnership***

[*describe what the operators of the partnership commit to (for instance, provision of staff to run the operation of the partnership, management of the governance and administrative life of the partnership, etc.)*].

## ***The individual members***

[*describe what the individual members commit to (for instance, invest in impact projects, support social enterprises and impact projects for the time of the investment, participate to the life of the partnership, like attending to pitch sessions and events, analyse investment opportunities, participate to the development of the partnership, etc., signing the charter of ethics of the partnership, formalising their membership to the partnership, paying the membership fee, etc.)*].

## ***The members of the advisory board***

[*if applicable, describe what the members of the advisory board commit to (for instance, advising the operational staff on strategic decisions and arbitrations, being actively involved in the life of the partnership and its development, etc.)*].

## ***The investment partners***

[*describe what the investors commit to, their role and responsibilities (for instance, sharing a deal flow of investment opportunities when relevant, sharing expertise when relevant, co-invest alongside the partnership when relevant, etc.)*].

## ***The ecosystem partners***

[*if applicable, describe what the ecosystem partners commit to (for instance, advocating for more financing towards impact and more involvement from investors, being supportive of the partnership and its action, redirecting impact projects and social enterprise looking for financing towards the partnership, etc.)*].

## ***The other signatories***

[*if applicable, describe what other signatories commit to*].

# **Investment strategy**

[ *provide the detailed investment strategy for this financial product, in particular, the key areas of vision, investment focus (geographical and sector focus), models of intervention, risks and returns, types of investee organisations, form and size of investment, co-investment, non-financial support,* *governance structures, obligations and benefits of investors, management rules and procedures as well as monitoring and evaluation arrangements*].

# **Investment readiness plan**

[ *provide the investment readiness strategy for the financial product, including methodologies (e.g. training, coaching, mentoring, capacity building), tools and actions planned to ensure a steady and balanced deal flow and sustainability for the financial instrument*].

# **Methodologies**

[*describe the methodologies, procedures or resources (e.g. for due diligence, impact measurement and reporting) jointly applied by the partners to reduce transaction costs and build mutual trust and confidence*].

# **Development strategy and planning**

## ***Development for [1st relevant period of the project’s duration]***

[*describe the development strategy and planning for the first period of the project’s duration, identifying the key tasks and actions, and the responsible actor*].

## ***Development for [2nd relevant period of the project’s duration]***

[*describe the development strategy and planning for the second period of the project’s duration, identifying the key tasks and actions, and the responsible actor*].

# **Signatories**

Signatory’s categories to be selected from:

* [*list the signatory’s categories to be selected from according to those identified under 4. Involvement and commitments of signatories*]

1. This template is not binding, and it has solely illustrative purpose to help partners in drafting a structured Memorandum of Understanding within the scope of call for proposals “Actions to boost the development of finance markets for social enterprises” call for proposals, funded under the Employment and Social Innovation (EaSI) strand of the ESF+. [↑](#footnote-ref-1)