

INTERREG SIV

O.T4.1

Strategy for Capacities in Scale and Scope
Germany

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1. Objectives of the Strategy according to the Application Form

This output will be a strategy for further uptake of the social impact fund by other stakeholders and an increased size of the existing fund, reducing long-term unemployment.

Accordingly, the strategy aims at describing the plans for scaling the social impact fund developed with the contribution of the partner organizations within the frameworks of the Social Impact Vouchers project regarding the number of contributors to the financial fund and the amount of the financial contribution paid into the fund.

Based on the trust for employment vouchers installed at Diakonie Württemberg, the idea arose to raise further private funding to support the long-term unemployed and those disadvantaged in the labor market. Due to the onset of the corona pandemic and the special conditions under church law, the further development at Diakonie consisted of once again soliciting additional church funding, which, once approved by the church parliament (synod), could be used as additional private trust to promote employment for unemployed people. These church trust is fiduciary administered and spent by the Diakonie in trust for the approved purpose.

This idea was taken up and further developed by the social enterprise "Neue Arbeit Stuttgart". Together with the other Interreg SIV partners, a transnational fund is to be set up, which the partners will jointly promote. This step gives the fund a broader basis, a legal autonomy and thus a new quality. However, Diakonie is not able to participate in this construction due to the specific church law rules.

2. Strategic frameworks

2.1. Employment situation in the partner country

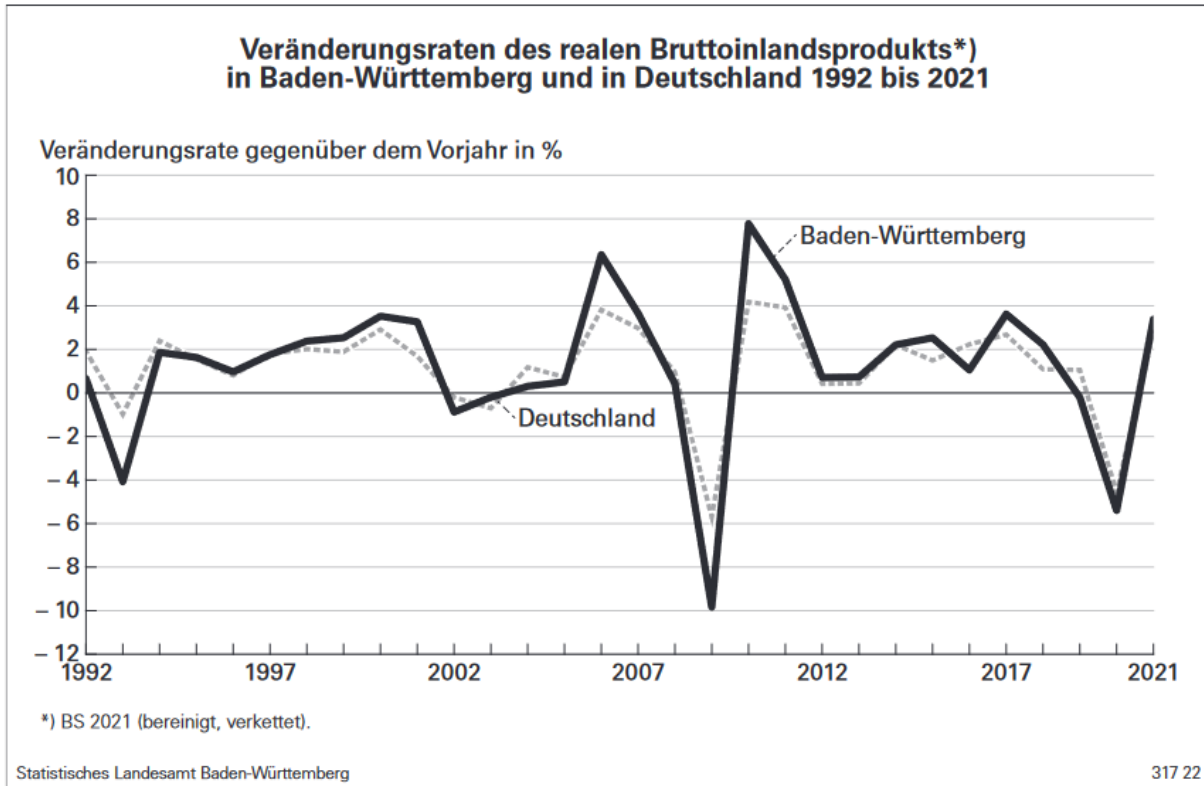
In the labour market report on D.T 1.2.5. (May 2019), detailed analyses were given on the structure of unemployment and the chances of the long-term unemployed returning to the labour market. The studies used and cited there on the structure of the unemployed and their labour market opportunities are still valid, as no comparable current studies have been carried out and published in the past two years of the project.

2.1.1. Main economic and labour market trends

The following chart shows the rates of change in real GDP in Baden Württemberg (BW) and Germany since 1992. The long period makes it clear that developments in Germany and Baden-Württemberg are largely parallel, even if the positive and negative extremes are somewhat more pronounced in Baden-Württemberg. This can be explained by the fact that in BW the share of industry is particularly high compared with the service sector. This makes the export successes as well as the vulnerability to disruptions in international supply chains particularly clear. For the period of the Interreg SIV project, it can be seen that the general economic performance already declined from 2018, i.e., even before the start of the pandemic, and really crashed in 2019 and 2020, but was able to recover significantly in 2021. However, no reliable statements can be made about current and future developments due to the Russian war and invasion of Ukraine. German economic research institutes have constantly revised



their growth forecasts (downward) in recent months and describe above all a fundamental uncertainty



in the economy.

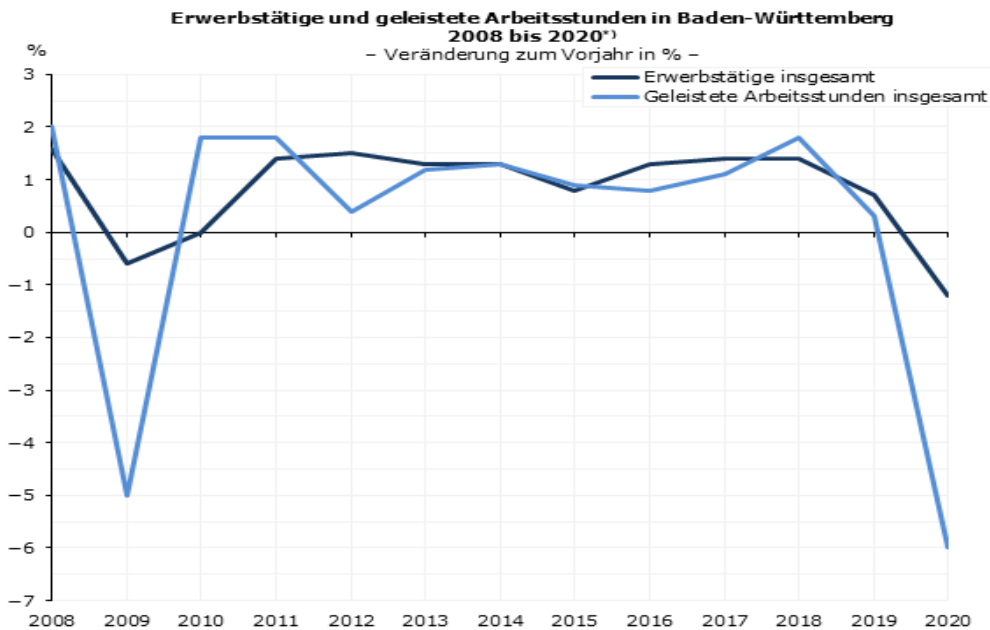
1. Figure 1¹

In the labour market report in D.T1.2.5. (May 2019), a generally positive development of the economy and the labour market in Germany, especially in Baden-Württemberg, could still be noted. The number of jobs grew by approx. 100,000 per year in Baden-Württemberg, even if a considerable proportion of these were part-time jobs. Officially registered unemployment declined, as did - albeit to a lesser extent - officially registered long-term unemployment. The problems were the entrenched long-term unemployment, that many long-term unemployed had little chance of returning to the primary labour market without active support measures and that the publicly funded support measures were not sufficient for this.

Then, at the beginning of 2020, the Covid 19 pandemic began and has shaped the development of the economy and the labour market ever since. The number of jobs declined again for the first time.

"In Baden-Württemberg, the number of employed persons decreased by an annual average of around 74,000 to 6.31 million in 2020. (...) The number of hours worked (volume of work) decreased in 2020 compared to the previous year in Baden-Württemberg by over 527 million hours to 8.31 billion hours. (...) In percentage terms, this corresponded to a decline in the volume of work in the southwest of - 6.0 % .

¹ http://www.statistik-bw.de/Service/Veroeff/Statistische_Berichte/415121001.pdf



*) Vorläufige Ergebnisse.
Datenquelle: Arbeitskreis »Erwerbstätigenrechnung des Bundes und der Länder«.
© Statistisches Landesamt Baden-Württemberg 2021

2. Figure 2²

The fact that the number of hours worked fell much more sharply in percentage terms than the number of people in employment is likely to be mainly due to the significant increase in the use of short-time work in 2020."³

"The first lockdown, which took place from mid-March 2020 in response to the Corona pandemic, triggered a sudden and sharp collapse in economic activity, which was also visible in all relevant labour market indicators in a very short period of time. Generous regulations on short-time work, government emergency economic aid and flexible regulations of the social partners on the labour market ensured that the labour market reacted quite moderately to the Corona crisis."⁴

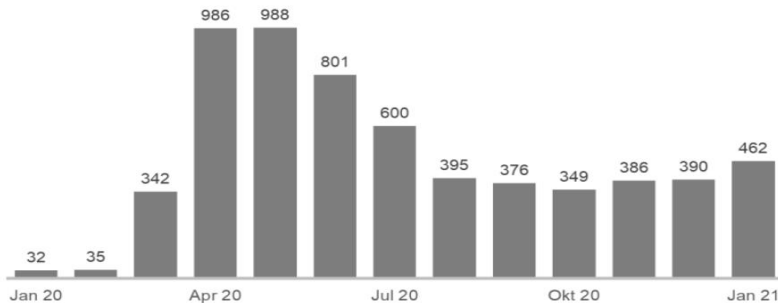
² Statistisches Landesamt Baden-Württemberg: <http://www.statistik-bw.de/Presse/Pressemitteilungen/2021075>

³ Statistisches Landesamt Baden-Württemberg: <http://www.statistik-bw.de/Presse/Pressemitteilungen/2021075>

⁴ Bundesagentur für Arbeit, Regionaldirektion B-W: Arbeitsmarkt Dossier 2021/02



Abbildung 3:
Kurzarbeit steigt im Corona-Jahr 2020 stark an
Kurzarbeitende Personen in Tausenden
Baden-Württemberg



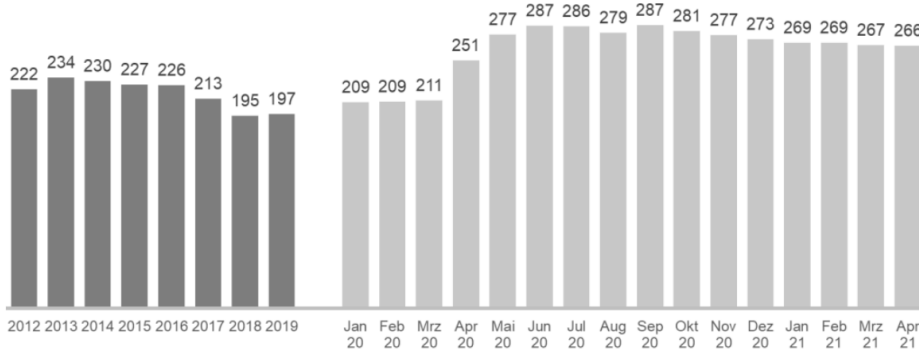
Datenquelle: Statistik der Bundesagentur für Arbeit

3. Figure 3⁵

The statistics of the Federal Agency show that the instrument of short-time work reduced the number of unemployed by almost one million at its peak (April/May 2020) and by 473,000 per month on average for 2020. As a result, unemployment increased significantly but still moderately:

Arbeitslosigkeit wäre ohne massive Stützmaßnahmen während der Corona-Krise noch höher ausgef

Arbeitslose – saisonbereinigte Zahlen in Tausenden
Jahresdurchschnitt (dunkelgraue Säulen) bzw. Monatswerte (hellgraue Säulen)
Baden-Württemberg



Datenquelle: Statistik der Bundesagentur für Arbeit

4. Figure 4⁶

"The number of unemployed declined from 2014. In 2019, the economic slowdown in the industrial sector caused a small increase in unemployment. The effects of the first lockdown became visible in the unemployment statistics from April 2020 - with a peak in the unemployment stock in September

⁵ Bundesagentur für Arbeit, Regionaldirektion B-W: Arbeitsmarkt Dossier 2021/02

⁶ Bundesagentur für Arbeit, Regionaldirektion B-W: Arbeitsmarkt Dossier 2021/02



2020. The second lockdown from November 2020, on the other hand, did not lead to a further increase in unemployment."⁷

While unemployment still averaged 197,000 in 2019, it rose to 261,000 people on average in 2020. However, the figures began to fall again as early as November 2021; although the average for the first four months of 2021 was still 268,000, unemployment in Baden-Württemberg had a downward trend. By April 2022, it had fallen again to 213,000.

In addition to the pure labour market figures, there was an additional restriction due to the fact that the employment agencies and job centres also went into lockdown and were no longer personally accessible for the unemployed. In connection with this, there was then a development that from 12/2019 to 12/2020, with rising numbers of unemployed and long-term unemployed, the number of active support measures, including employment-creating measures, fell (see table below).⁸

Month / Year	Unemployed	Therefrom longterm unemployed	Labourmarket measures	Therefrom employment-creating measures
12 / 19	200.855	49.272	82.289	5.515
12 / 20	264.521	72.249	76.433	5.241
12 / 21	212.300	76.651	72.482	5.088

5. Table 1⁹

This development is also reflected at the federal level: "During the Corona pandemic, there was a strong increase in long-term unemployed. Although the current development of unemployment figures suggests a further easing of the labour market, the effects of the pandemic are still reflected in a high level of long-term unemployment: at the end of 2021, there were almost 980,000 unemployed people who had already been unemployed for twelve months or more. At the same time, a large number of unemployed people are at risk of crossing over into long-term unemployment. Meanwhile, the share of long-term unemployed among all unemployed remains at a high level. In December 2021, the share was 42.0 per cent (see chart 1). This corresponds to an increase of 11.7 percentage points compared to the pre-crisis level (March 2020)."¹⁰

⁷ Bundesagentur für Arbeit, Regionaldirektion B-W: Arbeitsmarkt Dossier 2021/02

⁸ Bundesagentur für Arbeit, Regionaldirektion B-W: Arbeitsmarktreports für die Monate 12/2019, 12/2020, 12/2021 - eigene Berechnung

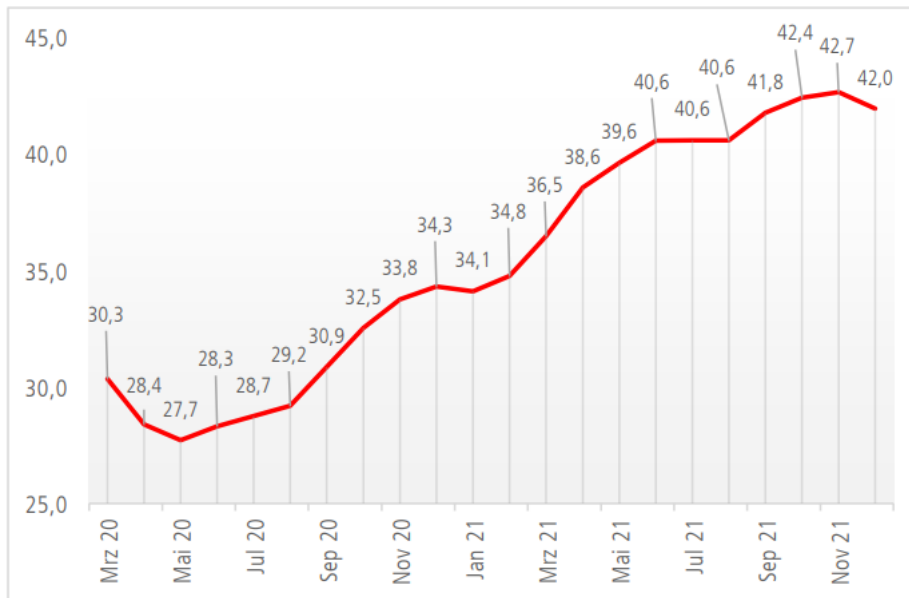
⁹ Bundesagentur für Arbeit, Regionaldirektion B-W: Arbeitsmarktreports für die Monate 12/2019, 12/2020, 12/2021 - eigene Berechnung

¹⁰ DGB, Arbeitsmarkt aktuell, Nr. 1 / Februar 2022



Grafik 1:

Anteil der Langzeitarbeitslosen unter allen Arbeitslosen seit Beginn der Corona-Pandemie, Angaben in Prozent



Quelle: Statistik der Bundesagentur für Arbeit: Langzeitarbeitslosigkeit (Monats-/Jahreszahlen), Berichtsmo-
nat Dezember 2021, Darstellung des DGB.

6. Figure 5¹¹

The development expected for the next few months is still described as basically positive, but is also put into perspective because of the Russian invasion of Ukraine.

The German ‘Institute for Labor Market and Employment Studies’ (IAB, it is the institute of the German labor market agency) predicts: “The IAB expects a further recovery on the labour market in 2022 and a slight increase in employment subject to social security contributions in all federal states. Unemployment is expected to decline somewhat more in the West German federal states than in the eastern German federal states. However, the IAB’s regional labour market forecast for spring 2022 is subject to particularly high uncertainty due to the war in Ukraine, continuing supply bottlenecks, high commodity and energy prices, and the uncertain progress of the Covid 19 pandemic. A deterioration of the economic situation due to these risks would also have a negative impact on the labour market, but this cannot be taken into account in the forecast presented here.”¹²

¹¹ DGB, Arbeitsmarkt aktuell, Nr. 1 / Februar 2022

¹² Heining , Jörg; Jost, Oskar; Rossen, Anja; Roth, Duncan; Teichert, Christian; Weyh, Antje (2022): Regionale Arbeitsmarktprognosen (Stand: März 2022), In: IAB-Forum 4. April 2022, <https://www.iab-forum.de/regionale-arbeitsmarktprognosen-stand-maerz-2022/>, Abrufdatum: 17. Mai 2022



2.1.2. Unemployment situation and data

Gainful employment is considered an important prerequisite for participation in social life, and it must therefore be assumed that a job loss has an impact on the material and social participation as well as the individual well-being of those affected, even in the short term. Unemployment has a direct impact on material resources: disposable household income falls by up to 50%, and this is inevitably accompanied by a significant deterioration in living standards and thus also in individual well-being. Furthermore, psychosocial consequences are also observed, "that the loss of gainful employment also has negative effects on the subjective assessment of one's own ability to act and problem-solving skills as well as on mental health and life satisfaction. These factors are individual resources that ultimately also influence the chances of re-employment. The greater the psychological stress caused by a job loss in an individual case, the more likely there is to be a prolonged period of unemployment and, as a consequence, a further deterioration in material and social living conditions. Particularly entrenched unemployment and prolonged dependency on social benefits can lead to an exacerbation of participation deficits."¹³

The contact restrictions and the uncertainty about the economic development can additionally intensify negative effects of unemployment, negatively influence the perceived social status and the sense of social belonging. In the wake of the pandemic, long-term unemployment has increased and with it the number of people potentially particularly affected by individual and social unemployment risks. People with low to medium qualifications are more affected by the negative social and material effects of unemployment than those with higher qualifications.¹⁴

Nevertheless, the unemployed are not passive even after a longer period of unemployment. "Contrary to widespread assumptions, unemployed recipients of unemployment benefit will (re-) enter employment (again) to a non-negligible extent. However, these employment relationships are often not of long duration"¹⁵ and the chances of re-entering employment decrease rapidly with the duration of unemployment:

¹³ Materielle und soziale Teilhabe - Mit dem Arbeitsplatz kann man mehr verlieren als nur den Job, Stefanie Gundert und Laura Pohlan, IAB-KURZBERICHT 2 | 2022, <https://doku.iab.de/kurzber/2022/kb2022-02.pdf>

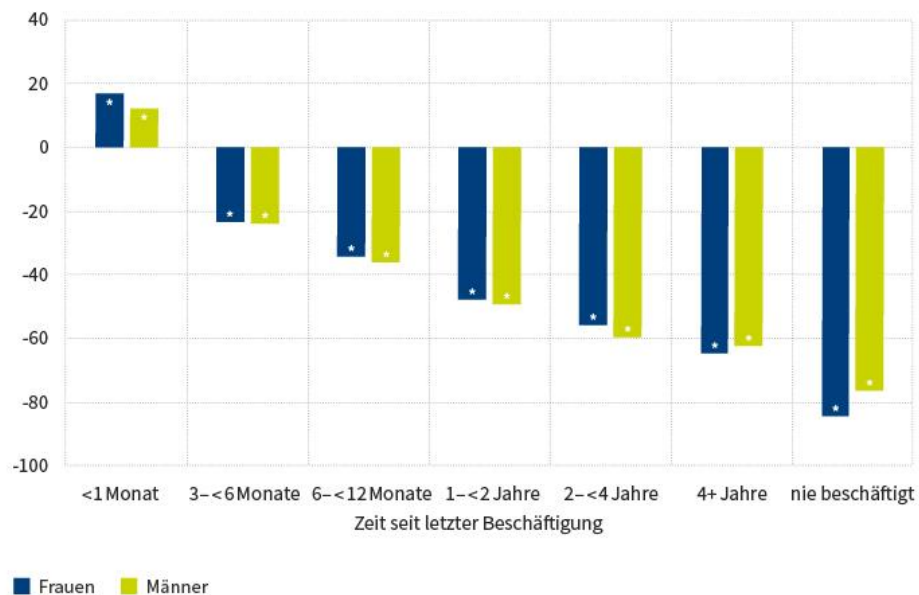
¹⁴ Vgl.: Materielle und soziale Teilhabe - Mit dem Arbeitsplatz kann man mehr verlieren als nur den Job, Stefanie Gundert und Laura Pohlan, IAB-KURZBERICHT 2 | 2022, <https://doku.iab.de/kurzber/2022/kb2022-02.pdf>

¹⁵ Katharina Dengler, Katrin Hohmeyer, Cordula Zabel: Erwerbslose in der Grundsicherung: Welche Faktoren begünstigen die Aufnahme stabiler Beschäftigungsverhältnisse?, IAB-Forum, 13.01.2021, <https://www.iab-forum.de/erwerbslose-in-der-grundsicherung-welche-faktoren-beguenstigen-die-aufnahme-stabiler-beschaef-tigungsverhaeltnisse/>



Abb. 1: Die Chancen auf Eintritt in sozialversicherungspflichtige Beschäftigung sinken mit zunehmender Dauer der Erwerbslosigkeit

Übergangsrate in sozialversicherungspflichtige Beschäftigung für erwerbslose ALG-II-Beziehende relativ zur Referenzgruppe¹ nach Geschlecht in Prozent



¹ Personen, die vor 1 bis 3 Monaten zuletzt erwerbstätig waren

* signifikant mindestens auf 10 % Niveau

Methodische Anmerkungen: Ergebnisse eines stückweise-linearen exponentiellen Hazard-Modells unter Kontrolle von individueller, unbeobachteter Heterogenität und ihrer Korrelation zwischen Erwerbsaufnahmen, Austritt aus dem Arbeitslosengeld-II-Bezug ohne Erwerbsaufnahme und der Beschäftigungsstabilität. Der Einfluss vieler weiterer Faktoren wurde herausgerechnet, siehe Infokasten. Lesebeispiel: Die Übergangsrate in Beschäftigung von Frauen, die zuletzt vor 1 bis 2 Jahren gearbeitet haben, ist um 48 Prozent kleiner als die von Frauen in der Referenzgruppe.

Quelle: Stichprobe integrierte Grundsicherungsbiografien, eigene Berechnungen. © IAB

7. Figure 6¹⁶

2.1.3. Facts and data on long-term unemployment

According to official statistics, there are currently just under 213,000 unemployed in Baden-Württemberg, of which almost 35% or approx. 74,000 are registered as long-term unemployed, who often have no chance of finding a regular job without an active support measure. - The strong increase in unemployment from April 2020 was characterised by the new arrivals of those who had lost their jobs. In the following months, there were fewer new entrants, but due to the hiring restraint on the part of employers, only a few workers were able to take up a job again and increasingly moved into long-term unemployment. This explains the sharp increase in the numbers of long-term unemployed.

The number of support measures for all unemployed is a good 70,000, but among them only just under 5,000 employment-creating measures, which are particularly important for the long-term unemployed. - It must be taken into account that these measures are actually occupied measures. The measures

¹⁶ Katharina Dengler, Katrin Hohmeyer, Cordula Zabel: Erwerbslose in der Grundsicherung: Welche Faktoren begünstigen die Aufnahme stabiler Beschäftigungsverhältnisse?, IAB-Forum, 13.01.2021, <https://www.iab-forum.de/erwerbslose-in-der-grundsicherung-welche-faktoren-beguenstigen-die-aufnahme-stabiler-beschaefigtungsverhaeltnisse/>



listed in the statistics are filled with previously unemployed persons. These persons are no longer counted as unemployed, although their life situation has not fundamentally changed. On the other hand, however, these measures are not available to the persons currently counted as unemployed. Therefore, the number of participants in measures must be added to the number of long-term unemployed, so that the gap on the needs side is even considerably higher.

In order to emphasise the need for supportive measures once again, reference should be made to the study already cited at the beginning of the project (D.T1.2.5., May 2019):

"Long-term receipt of SGB¹⁷ II (Social Security Code II) benefits is by far the most frequent obstacle among ALG II (unemployment pay II) recipients who are in marginal employment at most (cf. Figure 2): More than two thirds (71%) were dependent on benefits under SGB II for at least 21 months in the last 24 months. Poor health is the second most frequent obstacle to taking up gainful employment to cover needs, at just under 45%. A lack of vocational qualifications is also common (40 %). About 30 per cent of the basic income support recipients are mothers with children under 18 and 27 per cent are 51 to 64 years old. A lack of a school-leaving qualification occurs in just under 17 percent. The least common obstacles are language deficits (6 %) and care work (4 %). For many recipients of basic income support, several obstacles occur in combination: For 34 %, long-term receipt is accompanied by serious health restrictions, for 29 % by a lack of vocational qualification. These are the most frequent combinations of several obstacles. Together, these three obstacles occur in 11 per cent of the recipients of basic income support. Only the combination of the three characteristics of long-term receipt, advanced age and health restrictions occurs more frequently, at 14 per cent."¹⁸

"It shows that only a small proportion (*of the long-term unemployed; Klaus Kittler*) do not have any of the obstacles examined (5 %). Exactly one of the obstacles is present in 17 per cent. This means that 78 per cent of those in receipt of SGB II benefits have multiple obstacles. And almost half of the people (46%) still have at least three parallel obstacles. Five obstacles are present in almost 4 per cent and six to eight obstacles in less than 1 per cent."¹⁹

"As the number of obstacles increases, the exit rates deteriorate considerably. The probability of leaving halves almost exactly with each additional obstacle (...)"²⁰ and from three to four obstacles, hardly any transitions into work occur."- These figures underscore how great the need is for support measures for the long-term unemployed.

¹⁷ SGB II means 'Social Security Code, Volume II' and ALG II means the benefits of SGB II as basic security contrasted to the SGB III and ALG I as the unemployment and social insurance.

¹⁸ Erwerbsbedingte Abgänge aus der Grundsicherung Der Abbau von Hemmnissen macht's möglich von Jonas Beste und Mark Trappmann, IAB-Kurzbericht 21/2016, <http://doku.iab.de/kurzber/2016/kb2116.pdf>

¹⁹ Erwerbsbedingte Abgänge aus der Grundsicherung Der Abbau von Hemmnissen macht's möglich von Jonas Beste und Mark Trappmann, IAB-Kurzbericht 21/2016, <http://doku.iab.de/kurzber/2016/kb2116.pdf>

²⁰ Erwerbsbedingte Abgänge aus der Grundsicherung Der Abbau von Hemmnissen macht's möglich von Jonas Beste und Mark Trappmann, IAB-Kurzbericht 21/2016, <http://doku.iab.de/kurzber/2016/kb2116.pdf>



2.2. Status quo of social impact investments in Baden-Württemberg, Germany

2.2.1. Private donations in Baden-Württemberg, Germany

There are 98 new foundations in Baden-Württemberg. Only in Hesse (247) and North Rhine-Westphalia (129) were more foundations established in 2021. This means that there are currently a total of 3,607 legally capable foundations under civil law in Baden-Württemberg. Only North Rhine-Westphalia (4,795) and Bavaria (4,337) have more foundations. There are 32.5 foundations per 100,000 inhabitants in Baden-Württemberg. This puts the state above the national average of 29.6 foundations per 100,000 people. ²¹ Since its foundation, the Baden-Württemberg Stiftung has funded programmes and projects in the state with more than one billion euros. In 2022, around 33 million euros will be available for programmes in education, research, society and culture, as well as for the Kinderland Foundation and the Climate Protection Foundation. ²²

2.2.2. Overview of social impact investment in Baden Württemberg, Germany

In relation to the state of Baden-Württemberg, there are the following strategies:

Digitalisation strategy "digital@bw"²³ : With this strategy, the state government wants to shape the digital transformation and make Baden-Württemberg the leading region for digital change. With an investment volume of more than 1.5 billion euros, digitisation is a central focus of the state government and sets priorities in the areas of intelligent mobility of the future, digital start-ups, Economy 4.0, education and training 4.0.

Baden-Württemberg is focusing on the key technology of artificial intelligence (AI) ²⁴ in the digital transformation, because the potential of AI along the entire value chain can be leveraged here in the state. The state thus has excellent starting conditions for combining basic and application-oriented research, science and business into a unique ecosystem for artificial intelligence.

Sustainability strategy ²⁵: It sees itself as a platform for debating and implementing important issues of sustainable development - in cooperation between the state, the economy and society. The aim is to make sustainability the central decision-making criterion for government and administrative action. To this end, goals are formulated, measurement instruments are developed for the first time, priorities are set and the economy and social actors are actively involved in the processes of sustainable development.

²¹ Bundesverband Deutscher Stiftungen (2022): <https://www.stiftungen.org/stiftungen/zahlen-und-daten/stiftungen-regional/stiftungen-in-baden-wuerttemberg.html> (last accessed:9th June 2022)

²² Baden-Württemberg Stiftung (2022): <https://www.baden-wuerttemberg.de> (last accessed:13th June 2022)

²³ Innovationsstrategie Baden-Württemberg (Fortschreibung 2020): <https://www.digital-bw.de/strategie-und-projekte>. (last accessed:13th June 2022)

²⁴ Innovationsstrategie Baden-Württemberg (Fortschreibung 2020): <https://www.digital-bw.de/-/ki-1>. (last accessed:13th June 2022)

²⁵ Innovationsstrategie Baden-Württemberg (Fortschreibung 2020): <https://www.nachhaltigkeitsstrategie.de/informieren/politik/die-strategie.html> (last accessed:13th June 2022)



2.2.3. Examples for social impact investors in Baden-Württemberg, Germany

With the proceeds from its social lottery, Aktion Mensch supports up to 1,000 social projects for people with disabilities, children and young people every month. This makes it the largest private funding organisation in the social sector in Germany. With actions and campaigns, it informs people about living together as a matter of course.

Aktion Mensch has been around for more than 55 years. Since its foundation, it has achieved a lot - together with its partners from Freie Wohlfahrtspflege and ZDF. The living conditions of people with disabilities have improved significantly over the years. In the meantime, Aktion Mensch has been able to pass on more than 5 billion euros to social projects.²⁶

The Glückspirale has been in existence since 1976 and has supported about 24,500 projects in the central associations of the Freie Wohlfahrtspflege with about 630 million Euros. It is about helping people in special life situations, helping people who cannot help themselves or helping the helpers.²⁷

The Diakonie Württemberg Foundation was established in 2005 by a former long-time board member of the Diakonisches Werk der evangelischen Kirche in Württemberg e.V. It is both a legally independent organisation and a non-profit organisation. It is both a legally independent foundation and an umbrella foundation for several trust foundations. Based on Christian diaconal values, the Diakonie Württemberg Foundation works within the Diakonisches Werk Württemberg with around 1,400 facilities for people in a variety of life and emergency situations. They provide support in social and health crises and enable participation through counselling, support and care.²⁸

2.2.4. Social impact investment focusing on (long-term) unemployment in Baden Württemberg, Germany

The Baden-Württemberg Crowd was able to successfully implement over 260 projects and distribute more than 1 million euros to charitable projects in Baden-Württemberg. Together with BW-Bank, fairplaid has achieved a lot in the past 7 years. Since 01.01.2022, the "Baden-Württemberg Crowd" has been relaunched for projects that can come from all areas of society.²⁹ Another possibility is offered by the MBG Baden-Württemberg, a medium-sized investment company. Here, it is possible to use this opportunity to jointly finance certain projects.³⁰

²⁶Aktion Mensch (2021): <https://www.aktion-mensch.de>: (last accessed: 9th June 2022)

²⁷ Glückspirale (2022): <https://www.bagfw.de/ueber-uns/gluecksspirale>: (last accessed: 9th June 2022)

²⁸ Stiftung Diakonie (2021): <https://www.stiftung-diakonie-wuerttemberg.de/ueber-uns> : (last accessed: 9th June 2022)

²⁹ Baden-Württemberg Crowd (2021): <http://blog.bw-crowd.de/neustart-im-laendle/> (last accessed: 9th June 2022)

³⁰ MBG Baden-Württemberg (2022): <https://www.startnext.com/pages/crowdbuddy-bw/campaign/crowdbuddy-baden-wuerttemberg-138#/> (last accessed: 9th June 2022)



2.3. Description of the social impact fund developed to finance social impact vouchers in Baden-Württemberg, Germany

Fund geographic scope:

National/Transnational: [Transnational](#)
Country (if national):

Fund type:

Grant based/Investment based: [Grant based](#)

If fund is investment based, what is the expected return rate to investors?:

It is not possible to have return based fund for the activities supported by voucher programmes of organisations participating in transnational fund. The best that we can hope is to recycle funds to some extent and find a model of continuous inflow of funds in order to keep (and enlarge) its size.

Fund is set up in a form of:

[Trust agreement](#)

Fund is already active?

Yes/No: [No](#)

Fund has rules of operations?

Yes/No: [Yes](#)

Fund has established a body that decides about giving funds to beneficiaries with at least 3 people participating in the decision making

Yes/No: [No](#)

Fund has established a supervision body consisted of people that do not participate in the decision making about funding beneficiaries:

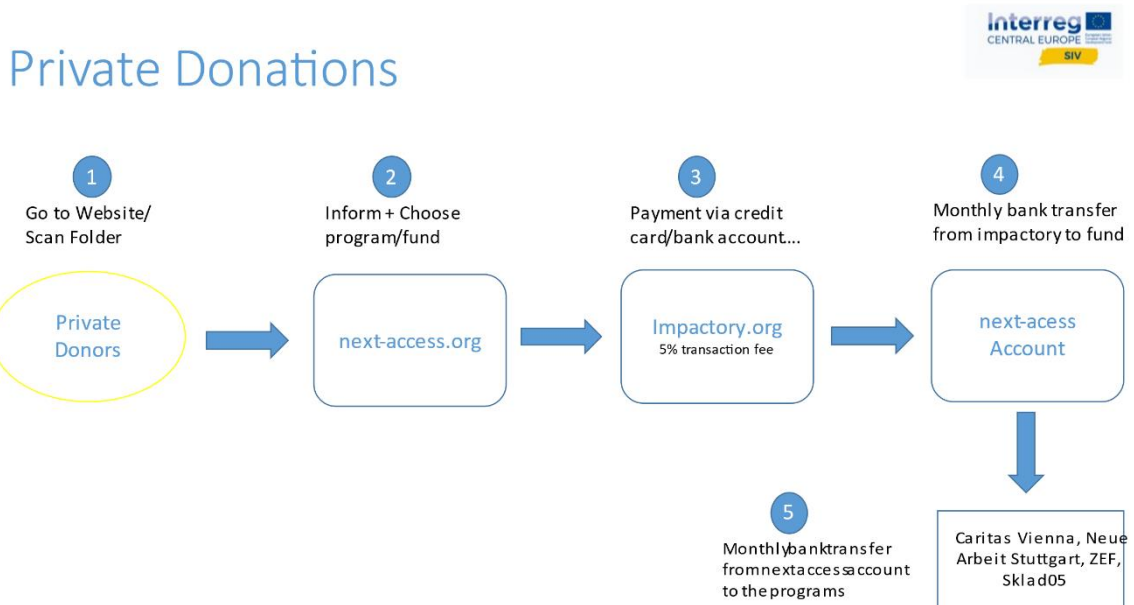
Yes/No: [No](#)

Fund has clear funding strategy in a form of a strategy document:

Yes/No: [Yes](#)



The process of decision making about funding beneficiaries in the fund:



Financial size of the fund at the moment (paid-in contributions):

Not established yet

Private contribution: EUR __. __,-
 Public contribution: EUR __. __,-

Funds committed for the fund from private sources:

EUR 50,000.00,-

Funds committed for the fund from public sources:

EUR 0.00,-

Projection of new funds to be fund raised in the next 5 years:

2023: EUR 50,000.00,-
 2024: EUR 50,000.00,-
 2025: EUR __. __,-
 2026: EUR __. __,-
 2027: EUR __. __,-

Amount eligible to be granted to a beneficiary:

Minimum: EUR 10.00
 Maximum: EUR no limitation
 Median expected: EUR 100.00

Expected lifetime of the fund:

Number of years: Indefinite



2.4. Description of the „Trust“ established and operated by Diakonie BW (PP9) to finance social impact vouchers in Baden Württemberg“.

Fund geographic scope:

National/Transnational: **National**
Country (if national): Baden-Württemberg

Fund type:

Grant based/Investment based: **Grant based**

If fund is investment based, what is the expected return rate to investors?:

It is not possible to have any return.

Fund is set up in a form of: **Trust**

The following act that covers church finances in Württemberg with the name “Kirchliches Gesetz über Planung kirchlicher Arbeit, Finanzmanagement und Rechnungswesen in der Evangelischen Landeskirche in Württemberg (Haushaltsordnung - HHO) In der Fassung vom 27. November 2003 (Abl. 61 S.1) - geändert durch Kirchliches Gesetz vom 24. November 2004 (Abl. 61 S.196) mit Verordnung des Oberkirchenrats zur Durchführung der Haushaltsordnung (Durchführungsverordnung zur Haushaltsordnung - DVO HHO) In der Fassung vom 14. November 2006 (Abl. 62 S.181)” applies to the Regional Church, the church congregations, the church districts, the ecclesiastical associations under the Ecclesiastical Associations Act and the ecclesiastical foundations under public law in the area of the Regional Church; also including their legally dependent works, associations and institutions, such as Diakonisches Werk der evangelischen Kirche in Württemberg e.V.

Taking into account that the Diakonisches Werk der evangelischen Kirche in Württemberg e.V. is also a registered non-profit organisation, and considering the act mentioned above, the departments 1.4. and 1.5. within our organisation did not see it as possible for us to be a part of a consortium or even to be the solitary owner of a fund.

Our work within the assistance of people who are seeking for a job or working on improving their skills to be able to attend the labour market, has so far been done by using a trust, that is money given by the church to our organisation for fiduciary management, in which it needs to be guaranteed that the money is spent within a given period of time. - No further income is foreseen.

Trust is already active?

Yes/No: **Yes**

Trust has rules of operations?

Yes/No: **Yes**

Trust has established a body that decides about giving funds to beneficiaries with at least 3 people participating in the decision making

Yes/No: **Yes** (Chief of department 1.4; Referent; a further member of Diakonie - the body is named ‘Beirat’)



Trust has established a supervision body consisted of people that do not participate in the decision making about funding beneficiaries:

Yes/No: No (it is controlled by the economical department)

Trust has clear funding strategy in a form of a strategy document:

Yes/No: No - the funding is done. 480.000 Euro for 2023, 2024. Next step to be taken once this period is over and evaluated.

The process of decision making about funding beneficiaries in the trust:

Two member organizations of Diakonie Württemberg write a joint application for a voucher project and describe in their application how a holistic approach can be guaranteed. So this can be very different from one region to another.

Financial size of the trust at the moment (paid-in contributions):

480.000 Euro - financial goal for 2023 and 2024 reached

Funds committed for the fund from private sources:

480.000 Euro - financed by the Evang. Church Württemberg

Funds committed for the fund from public sources:

0

Projection of new funds to be fund raised in the next 5 years:

In 2025 the results of 2023 and 2024 will be evaluated and based on that the synod will make a decision on how to fund the years to come.

Amount eligible to be granted to a beneficiary:

480.000 Euro - All of it will go to the applying organisations.

Expected lifetime of the trust:

Ongoing procedure, no end-time decision has been made and is not to be expected.

2.5. Challenges for scaling the social impact funds in Baden-Württemberg, Germany

2.5.1. Economic challenges of scaling

2.5.1.1. Economic challenges in the case of the transnational fund

The value of the fund is usually not sufficient for scaling. The start-up phase requires close support and is therefore very personnel-intensive. In addition, small amounts of €50 or more are often raised at the beginning, which is offset by the transaction costs for the fund. These are very high in relation to small amounts, since the transaction costs are not based on the investment amount. Another obstacle is the situation of the commercial enterprises in Baden-Württemberg, whose processes are still confronted



with short-time work due to the interrupted deliveries and services and because of the pandemic since 03/2020. This also establishes the link to the labour market itself, here it has been possible to maintain existing employment relationships thanks to short-time work in Baden-Württemberg.³¹

Another obstacle is the local conditions, which need to be analyzed in order to be able to scale up. Further financial means have to be acquired, human resources have to be made available and the stakeholders have to be activated regarding the positive impact. Overcoming the obstacles, resistances and barriers that arise in the process often lies with structural policy measures at the state level up to the regional level and individual acceptance. A possible solution is to classify the barriers according to their manifestations, the level of perception, the origin as well as the time of occurrence.³² The manifestations range from a single resistance, an organized resistance or a whole system.³³

2.5.1.2. Economic challenges in the case of the “Trust”

The use of the funds used by the regional church could be variably adapted to the respective need for assistance, as long as the framework of the specified purpose and the amount of available funds were adhered to. There were no specific economic challenges.

2.5.2. Labour market challenges of scaling

2.5.2.1. Labour market challenges of scaling the transnational fund

The regional absorption capacity of the labour force is good in the cities, but rather poorer in the peripheral areas and in rural areas. The stable size continues to be the craft sector, but there is still a lack of young talent and suitable workers. The conditions of the actors, such as companies, agencies, etc., are heterogeneous and block scaling. The same obstacles and recommendations apply here as in 2.4.1.

2.5.2.2. Labour market challenges of scaling the “Trust”

The labor market policy challenges consisted in identifying the special assistance needs of the people supported by the trust. Therefore, both direct wage subsidies (employment vouchers) and accompanying counseling and qualification (Jobs & Kids) were paid during the project period.

2.5.3. Challenges based on the status of impact investments

2.5.3.1. Challenges based on the status of impact investments in the case of the transnational fund

³¹ Vgl. Ministerium für Wirtschaft, Arbeit und Tourismus Baden-Württemberg (2022): <https://wm.baden-wuerttemberg.de/de/service/presse-undoeffentlichkeitsarbeit/pressemitteilung/pid/dank-kurzarbeitergeld-bleibt-der-arbeitsmarkt-robust/?type=98> : (last accessed: 9th June 2022)

³² Vgl. Mirow et al. 2007, S. 101.

³³ Vgl. Hauschildt und Salomo 2011, S. 32.



Common problems with social impact investments are:

- Higher demands and lower (financial) returns.
- Underdeveloped financial ecosystem
- Perception of social enterprise and social investment as "not a real business".
- Difficulties in scaling up due to specific local circumstances.
- Lack of traditional financial skills in the sector

One of the main problems related to SIV vouchers has been how to combine investor expectations (return on investment) with labour market support measures:

- Philanthropic investors do not understand the issue and are suspicious of the visible impact of their investments
- Impact investors do not see the required (financial) return on investment
- Public investors demand a larger scale and worry about competition with public employment policies
- It is difficult to find a structure that meets investors' expectations, especially for vulnerable target groups.

Additionally:

- Knowledge about impact investing is still only partial.
- There is a lack of specialists and experts to accompany the implementation process

2.5.3.2. Challenges based on the status of impact investments in the case of the "Trust"

The employment promotion through the regional church funds did not have the character of an investment. However, the employment and participation effects of the persons supported were documented again and again and presented to the members of the church parliament (synod). These reports were then also the basis for the approval of further funds. In view of the overall decline in income from church taxes, these funds had to be reduced during the project period, and it will remain a permanent task to continue to campaign for targeted support for unemployed persons, including through the church.

2.5.4. Legal challenges

2.5.4.1. Legal challenges of scaling in the case of the transnational fund

In the European context, various issues stand in the way of European impact investment. The regulations on de minimis aid, these must always be explained and examined individually with the companies. In addition to aid, there is the general block exemption regulation to consider and small grants as a further legal framework at EU level for the unified allocation of subsidies. Another special feature concerns country-specific jurisdiction and tax law; here it is particularly important to consider the tax code. It is also important to note: The German Banking Act (Kreditwesengesetz), with regard to banking transactions and the provision of financial services from third-party assets. Furthermore, the Payment Services Supervision Act with regard to the provision of payment services and the Capital Investment Act in the area of funds.

2.5.4.2. Legal challenges of scaling in the case of the "Trust"

The following act that cover church finances in Württemberg with the name "Kirchliches Gesetz über Planung kirchlicher Arbeit, Finanzmanagement und Rechnungswesen in der Evangelischen Landeskirche in Württemberg (Haushaltsordnung - HHO) In der Fassung vom 27. November 2003 (Abl. 61 S.1) -



geändert durch Kirchliches Gesetz vom 24. November 2004 (Abl. 61 S.196) mit Verordnung des Oberkirchenrats zur Durchführung der Haushaltsordnung (Durchführungsverordnung zur Haushaltsordnung - DVO HHO) In der Fassung vom 14. November 2006 (Abl. 62 S.181) applies to the Regional Church, the church congregations, the church districts, the ecclesiastical associations under the Ecclesiastical Associations Act and the ecclesiastical foundations under public law in the area of the Regional Church; also including their legally dependent works, associations and institutions, such as Diakonisches Werk der evangelischen Kirche in Württemberg e.V.

Taking into account that the Diakonisches Werk der evangelischen Kirche in Württemberg e.V. is also a registered non-profit organisation, and considering the act mentioned above, the departments 1.4. and 1.5. within our organisation did not see it as possible for us to be a part of a consortium or even to be the solitary owner of a fund.

Our work within the assistance of people who are seeking for a job or working on improving their skills to be able to attend the labour market, has so far been done by using a trust, that is money given by the church to our organisation for fiduciary management, in which it needs to be guaranteed that the money is spent within a given period of time.

Diakonie Württemberg is a welfare association which, through its members and social enterprises, is able to use the trust's funds directly to support unemployed people. On the other hand, however, Diakonie is also active at the political level and, on the basis of the experience gained in implementing targeted support for the unemployed, advocates for the reorganization and redesign of labor market policy measures and the support laws on which they are based.

3. Country-specific Objectives

3.1. Country-specific objectives of scaling the transnational fund

- **Objective 1:** Targeted support of 10 projects by private foundations until the end of 2023
- **Objective 2:** Expand the range of private investors to reach a minimum investment amount of € 10,000 per year.

3.2. Country-specific objectives of scaling the “Trust”

- **Objective 1:** 480.000 Euro - financial goal for 2023 and 2024 reached



4. Actions

4.1. Actions related to scaling the transnational fund

4.1.1. Action 1 - Involvement of private foundation for scaling the scope of investors

Objective 1:			
Action 1: Involvement of private foundations			
Activity 1: Investor roadshow			
Description of the activity	Presentation of our SIV potential to the individual private foundations.		
Expected outputs/indicators	5 foundations per year		
Milestones	2022		
	2023	5 foundations	
	2024	5 foundations	
1. Key actorsStakeholders	Foundations, Foundation Association, People at the Founders' Conference		
Costs	Category	Estimated costs	Planned resources
	Operating costs for promotion and face to face meetings.		

4.1.2. Action 2 - Investor event for scaling the amount of money invested in the fund

Objective 2:			
Action 1: Investor event			
Activity 1: Investor event - Kulturwerk			
Description of the activity	Neue Arbeit provides practical training for disadvantaged people in a special modular training concept. With additional resources, Neue Arbeit can offer more people career prospects. Financing requirement per training place:10,000 EUR per year.		
Expected outputs/indicators	10 new investors		
Milestones	2022		
	2023	First event in autumn	
	2024	Second event in autumn	
Key actorsStakeholders	Craft, industry, agency, JobCenter, cooperation partners.		
Costs	Category	Estimated costs	Planned resources
	Event location	3,000	3,000 - 4,000

4.2. Actions related to scaling the "Trust

480.000 Euro - financial goal for 2023 and 2024 reached, therefore no further actions foreseen until 2025. Once the results of the work in 2023 and 2024 have been evaluated, further actions will be planed.



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