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Social finance and crowdfunding for social enterprises: a public–private case study providing legitimacy and leverage

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Abstract

The authors work closely with academia and governmental organizations in the UK and abroad to develop new, innovative schemes for social impact investing. Such schemes include considerations for public–private collaborations, legislative actions, and especially in this case, for the leveraged use of public and philanthropic funds in Crowdfunding (CF). The relatively new phenomenon of CF can not only provide necessary funds for the social enterprises, it may also lead to a higher legitimacy of these through early societal interaction and participation. This legitimacy can be understood as a strong positive signal for further investors. Governmental tax-reliefs and guarantees from venture-philanthropic funds provide additional incentives for investment and endorse future scaling by leveraging additional debt-finance from

specialized social banks. This case study identifies idiosyncratic hurdles to why an efficient social finance market has yet to be created and examines a schema as a case of how individual players' strengths and weaknesses can be balanced out by a concerted action. The paper discusses the necessary actions, benefits and implications for the involved actors from the public, private and third sector.

Keywords::

Crowdfunding | social finance | philanthropy | impact investing | United Kingdom | third sector | social enterprise | public–private-partnerships

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