

Alternative Finance Roadmap

IBESI



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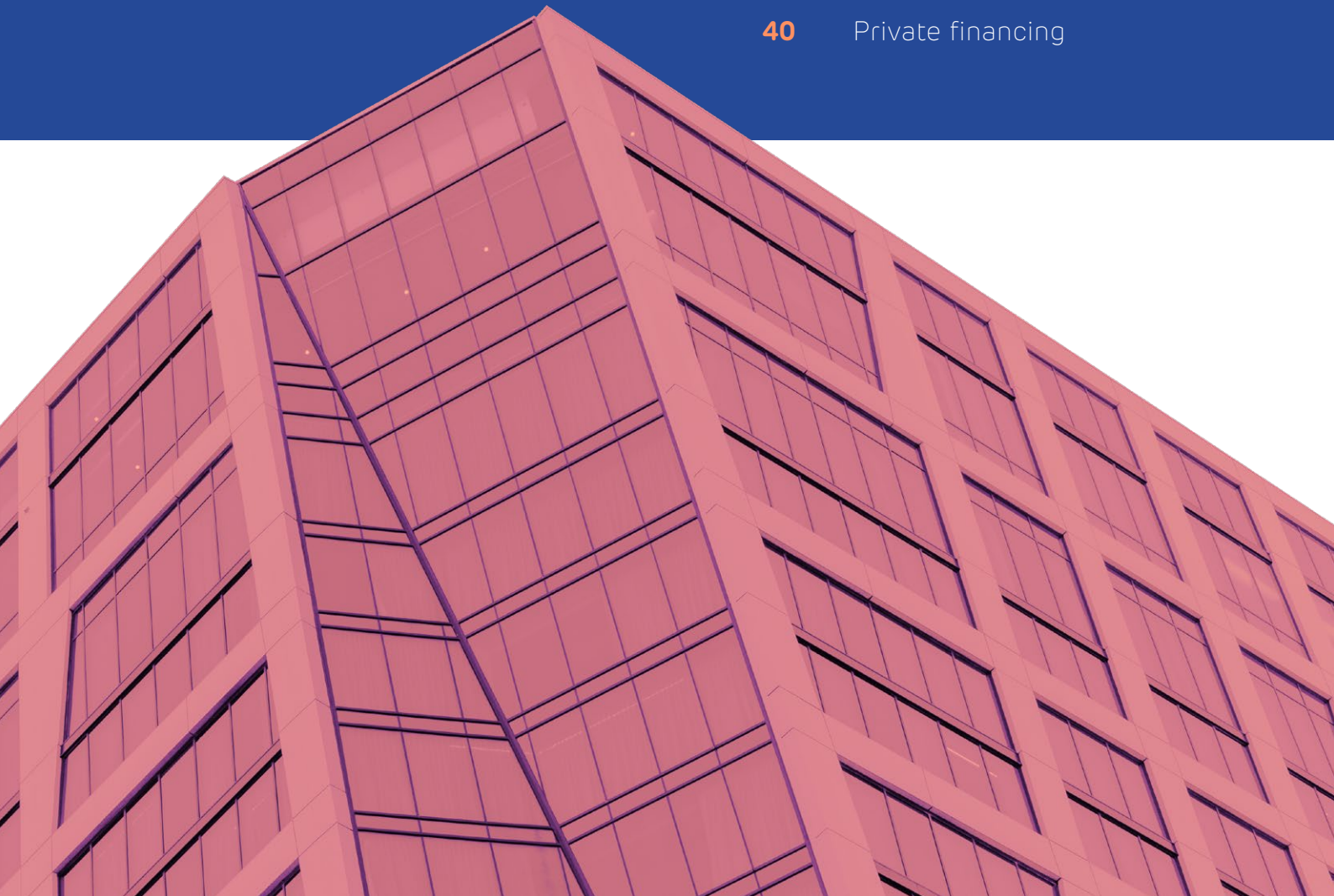
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Acknowledgements

This roadmap synthesises up-to-date publicly available information as well as data and materials that have been previously collected as part of the **“Kick-starting the nascent social finance market in Estonia”** and **“Social Finance Lithuania”** projects, which were implemented in 2021-2022 and funded by the European Commission through the Employment and Social Innovation “EaSI” 2014–2020 programme.

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The authors are grateful to Kätlyn Jürisaar (Social Enterprise Estonia), Katri-Liis Lepik (Tallinn University), Regita Zeiļa (Social Entrepreneurship Association in Latvia), Simona Uvarovaitė (Innovation Agency Lithuania) and Monika Stankevičiūtė (National Institute for Social Integration in Lithuania), for doing an external review of the respective country chapters and providing suggestions on what else should this report include. However, the authors carry the sole responsibility for which content was included in the final version of the roadmap.

The roadmap was compiled in September 2023 and minor adjustments were made in February 2024.



DISCLAIMER

This roadmap has been produced within the project: **“Integrated Baltic Ecosystem for Social Innovation” (IBESI)**. The consortium includes Baltic Innovation Agency, Social Enterprise Estonia, Katalista Ventures and Reach for Change. The project is funded by the European Union. Views and opinions expressed are, however, those of the authors only and do not necessarily reflect those of the European Union or the European Innovation Council and SMEs Executive Agency (EISMEA). Neither the European Union nor the granting authority can be held responsible for them.

Aims of the roadmap

What is this?

The main goal of the roadmap is to provide a quick overview of the main funding and financing instruments available to social enterprises in the Baltic countries. This practical roadmap lists and describes alternative financing sources for social enterprises in Estonia, Latvia and Lithuania. The definition “alternative financing sources” refers to the organisation’s income that is not the entity’s revenue generated from sales. The roadmap brings together and complements existing knowledge in the field.

Considering the still developing social economy ecosystems in the three Baltic states, there is still a lack of financial instruments designed for social enterprises. Therefore, the roadmap authors have intended to capture a broad set of financial instruments suitable to social enterprises with various legal entities and development stages.

Who is it for?

The intended primary reader is a social entrepreneur who is looking for an overview of funding opportunities available to them. The roadmap has been written to raise social enterprises’ awareness to support their sustainability and growth. By ‘social enterprises’, both companies and non-profit organisations with an impact-oriented model are considered.

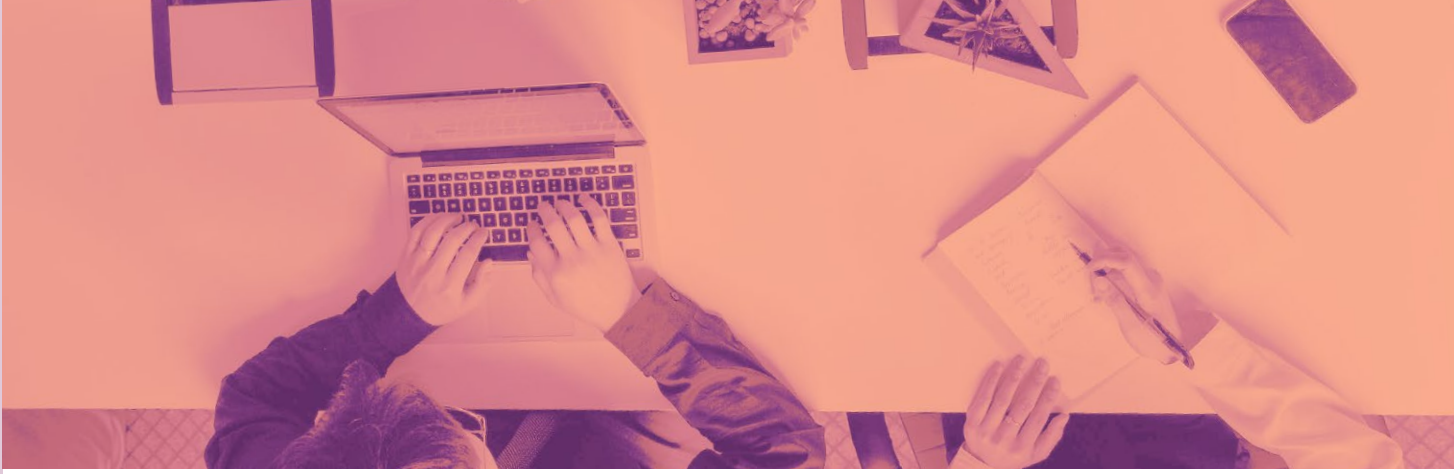
How to read it?

The roadmap is divided into three main parts, focusing on the instruments available in each Baltic state. Each section starts with a brief context chapter. Under each country, both the public and private sources are described. In each case, some notable accelerator programmes and competitions are also listed as they offer financing or monetary rewards to the teams. Each country section also has a sub-section titled “other potentially suitable sources”, which lists instruments that are either niche (i.e. suitable for a limited set of social enterprises from a specific sector) or that are currently under renewal or development and there is lack of clarity of the details, but it can be expected that sooner or later new financing opportunities by those institutions will become public. Each country chapter ends with a summary table listing the key instruments.

What to keep in mind?

This is not a scientific analysis but a practical list of available finance sources. While the roadmap’s goal has been to offer a comprehensive picture, it should be kept in mind that the focus has been on selecting sources most relevant to ‘typical’ social enterprises. Depending on their development stage and business model, social enterprises might also find attractive opportunities from traditional investment funds or bank instruments not listed in this roadmap. Angel investors from the region (i.e. members of EstBAN, LatBAN and LitBAN networks) can also be interested in making impact investments depending on their risk appetite and values.

With any such mapping, it must also be kept in mind that it has been produced at a certain point, and new funding instruments can emerge, and others can become outdated as time goes on. Therefore, the reader is encouraged also to be proactive and “look around” themselves (i.e. check the main funding bodies’ websites even if a scheme mentioned in this document has ended). Lastly, the mapping primarily lists national (or pan-Baltic) instruments in their reach. However, some city and county governments also occasionally have local grants, socially responsible procurements, or other programmes suitable for social enterprises which have not been listed here. Therefore, this report should be taken as a convenient starting point but not a finite list of opportunities available. If the reader observes that the authors have missed a relevant financing or funding instrument for the sector, please do not hesitate to inform them by contacting mart@bia.ee.

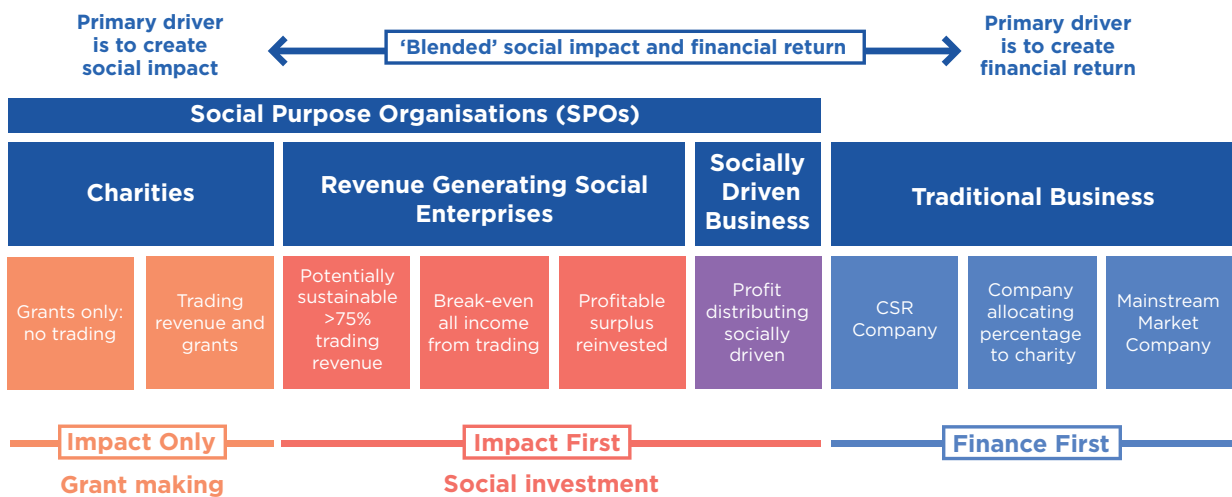


Social enterprises and impact financing

A **social enterprise** or a social purpose organisation is an organisation that has an explicit goal to deliver positive social and/or environmental impacts via its business activities. Differently from charities, social goals are achieved through market activities. Such organisations seek to earn income from sales of their products and/or services while maximising societal and/or environmental benefits. Social enterprises usually also explicitly measure their social impact.

In the Baltic region, the term '**impact organisation**' is also used as focusing on 'impact' has a more positive connotation than 'social' considering the states' Soviet past. In the context of this roadmap, all Baltic organisations – both companies and non-profit organisations – with an impact-oriented business model are considered social enterprises.

The figure below shows a spectrum of social enterprises and their relation to revenue and social impact. On the left-hand side, the focus is entirely on the social return, and no financial return nor capital repayment is expected. Organisations on the right-hand side focus on financial returns. Social enterprises fall in between.



EVPA Investment Spectrum. Source: European Venture Philanthropy Association (2018), "A Practical Guide to Venture Philanthropy and Social Impact Investment"

The **Global Impact Investing Network** has defined impact investing as investments made to generate positive, measurable social and environmental impact alongside a financial return. Just as social enterprises come in different shapes and sizes, so do the funding opportunities. On the one end of the spectrum, there is venture philanthropy that cares only about the social impact, and on the other, there are traditional investors that are mainly driven by financial returns. In-between are public grants, preferential loan and guarantee providers and impact investors.

Types of financing measures available to social enterprises

According to the European Commission's **"A recipe book for social finance"** the three main types of social finance instruments are grants, debt and equity. There is also a wide variety of **hybrid financial instruments** (e.g. mezzanine financing, convertible notes, recoverable grants, forgivable loans and revenue participation) that represent a variation or combination of features of the three main types in order to achieve the best possible alignment of risk and impact/financial return for particular investments.

The following social finance and impact investment instruments are more commonly used:



GRANTS
(including venture philanthropy)



EQUITY CAPITAL



DEBT CAPITAL AND GUARANTEES



CROWDFUNDING AND CROWD INVESTING



SOCIAL IMPACT BONDS

According to the 2019 study **"Social Enterprise Finance Market Analysis and Recommendations for Delivery Options"** each instrument has its own mechanics. **Grants** enable the growth and development of new business models by lowering transaction costs and opening new funding sources for social enterprises. **Equity** increases the capital base and serves as a signal to other investors. **Preferential loans** (e.g. most microcredit instruments) and **loan guarantees** reduce the risks, expand the capital available and reduce the costs of borrowing for social enterprises.

Crowdfunding is a method of raising funds from the 'crowd' by collecting small contributions from a large number of people, usually via online platforms. Crowdfunding enables social enterprises to access low-risk capital while raising brand awareness and validating the product or service on the market. It is a good method to consider when other financial instruments on the market have high entry barriers.

Social Impact Bonds (SIB) are contracts between three parties – private investors, government and third sector organisation(s) or social enterprises – to solve specific social issues. The public sector contracts impact investors who provide the capital for social enterprises to deliver a set of interventions. The public sector transfers the financial risk of failure of a SIB to the impact investors, without reducing the overall level of public welfare services performed. If the proposed solution yields better results than the existing public service during an agreed period of time, the government shall reimburse the investment to the investor with interest.



An aerial photograph of Tallinn, Estonia, with a warm orange-red color overlay. The image shows the city's historic architecture, including the prominent spire of St. Nicholas' Church in the foreground on the left. In the center, the round stone tower of the city walls is visible. The background is filled with dense urban buildings and greenery. The text 'Funding and financing opportunities in Estonia' is overlaid in white, bold, sans-serif font across the middle of the image.

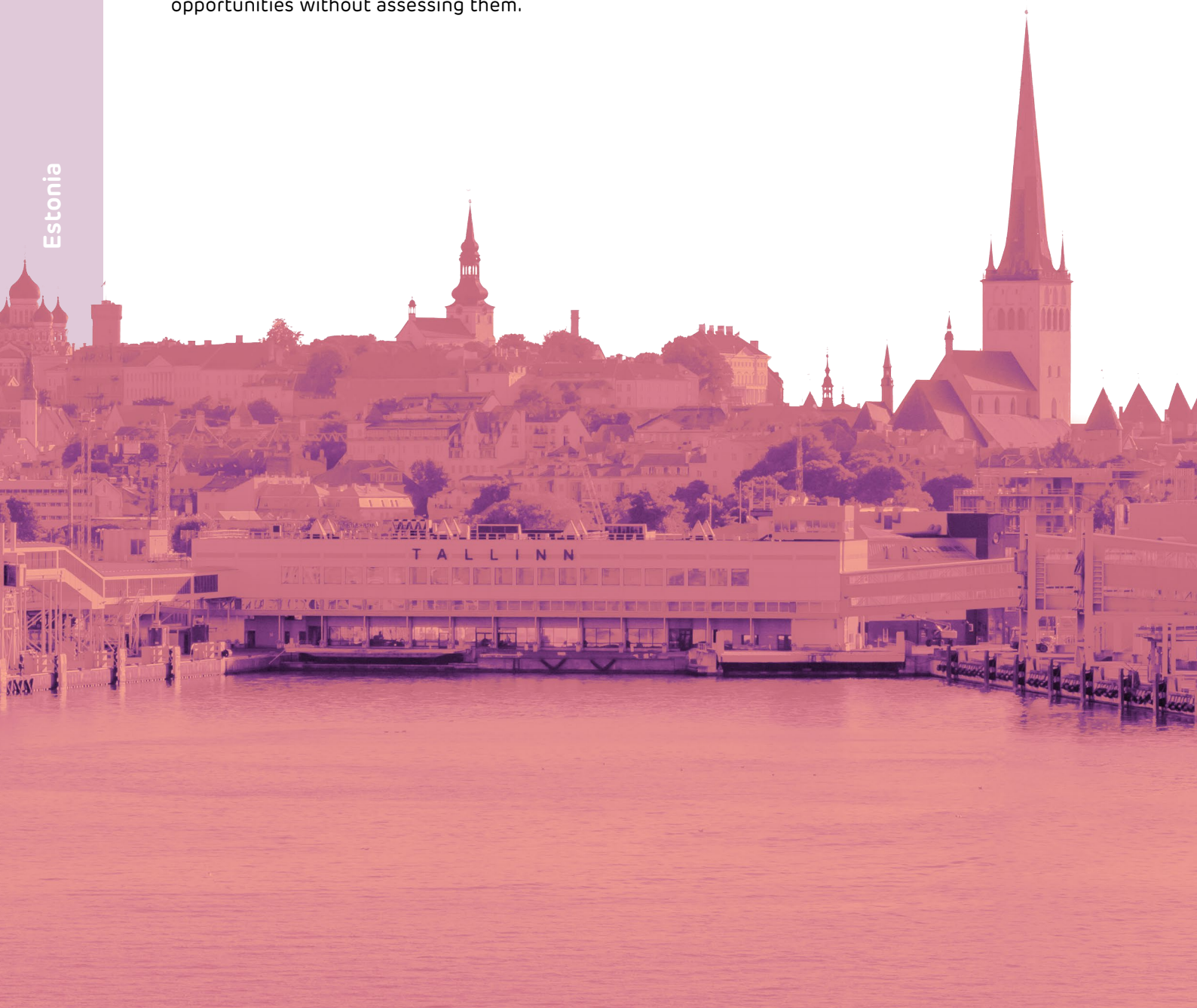
Funding and financing opportunities in Estonia

Context

Social entrepreneurship is in a nascent development stage in Estonia. Depending on the definitions used, there are between 120-240 social enterprises in Estonia. The lower-end figures come from EC and OECD studies from 2019 and 2020. In contrast, the higher-end figure comes from **Social Enterprise Estonia**, based on the quarterly statistics of the Estonian Tax and Customs Board. There is no separate legal form for social enterprises in Estonia; they are registered either as non-profit associations (NPAs), foundations or companies.

Similarly, the impact investing market is still in the early development stage. However, the last three-four years have shown considerable developments in the field, and several impact-focused funds have emerged. The investment funds usually prefer making equity investments, although examples of revenue-sharing models also exist. Impact investing is increasingly important among Estonian business angels and traditional institutional investors. People working in the field expect Estonia's impact investing landscape to expand and mature significantly in the near future, therefore generating more opportunities for social enterprises.

For a general overview of the financing landscape, including an analysis of challenges, market gaps, and potential, please see the **"Analysis of feasibility and suitability of setting up a new social finance instrument in Estonia"** (Baltic Innovation Agency 2022). The following only focuses on existing opportunities without assessing them.



Financing opportunities

PUBLIC SECTOR DRIVEN FINANCING



KREDEX



Estonian Business and Innovation Agency is the main agency supporting business development in Estonia. The Agency offers grants, loans, venture capital, credit insurance and guarantees in order to support business development and secure expansion into foreign markets. Only private limited companies are eligible for the Agency's support. Notable instruments suitable for social enterprises:

Starter Loan – up to €100,000 loan for SMEs under 3 years old to finance their investments and/or circulating capital. Loan interest is up to 7%, and the loan period is up to 60 months, including a 12-month grace period. The starter loan has lower collateral requirements compared to ordinary bank loans.

Loan guarantee – up to €25 million for SMEs. Higher than €5 million guarantees are only given to businesses with the potential to grow exports, increase energy and material use efficiency, start using renewable energy or automate their activities. A loan guarantee is useful if a company wishes to use a bank loan, a lease or a bank guarantee but lacks sufficient collateral or operating history to be issued a loan.

Capital Loan – up to €2 million, but not exceeding the company's equity at the time the loan is granted. It is a subordinated loan targeted at fast-growing companies with a proven business model and excellent development potential. To be eligible, the company's equity needs to amount to at least €100,000, and its share in the balance sheet should be at least 10%. The capital loan helps to increase self-financing in the eyes of other financing sources.

SMART CAP

SmartCap, an Estonian Business and Innovation Agency subsidiary, manages multiple venture capital fund-of-funds. One of them is the **GreenFund**, supported by the EU, whose equity investments of €100 million are planned to be made until 2026 alongside private investors. Its purpose is to increase the supply of venture capital to new green technologies. The principal investment objective of the fund is to support Estonian early-stage green technology companies with high growth potential. The fund focuses on the following strategic areas: energy, agriculture, food industry, transport and logistics, material and chemical industry and the environment. The fund invests directly through its **Greentech Investment Programme** (€20 million as direct equity or convertible instruments until the end of 2024) as well as through private venture capital funds (open calls to establish and manage such funds).

AccelerateEstonia

Accelerate Estonia is a governmental innovation lab shaping public policy to enable impactful businesses. Its goal is to foster groundbreaking collaborations between the Estonian public sector and proven entrepreneurs who have the ambition to bring impactful solutions to the world. Accelerate Estonia is looking for novel solutions that are blocked by systemic barriers and need public sector intervention. The lab offers a testbed for entrepreneurs looking to turn challenges into new market opportunities and as a result develop significant economic benefits for Estonia. Funding is up to €300,000 and is negotiated based on the costs of the pilot. For example, the social enterprise **Triumph Health**, working on mental health solutions, has secured support from this programme. Applicants can come from all over the world, including Latvia and Lithuania.

The National Foundation of Civil Society (EE: *Kodanikuühiskonna Sihtkapital*) is the primary state-financed organisation providing grants to civil society (NPAs and foundations). Announced usually twice a year, the Foundation has open calls focused on raising an NGO's operational capacity. The calls enable the NGOs to develop their operational capabilities in order to become more efficient. Grant size per project is generally up to €25,000. Ownfinancing 5%, and the project's expected duration is at least 12 months. The Foundation also offers smaller grants up to €4,000 to help NGOs create an action or business plan.



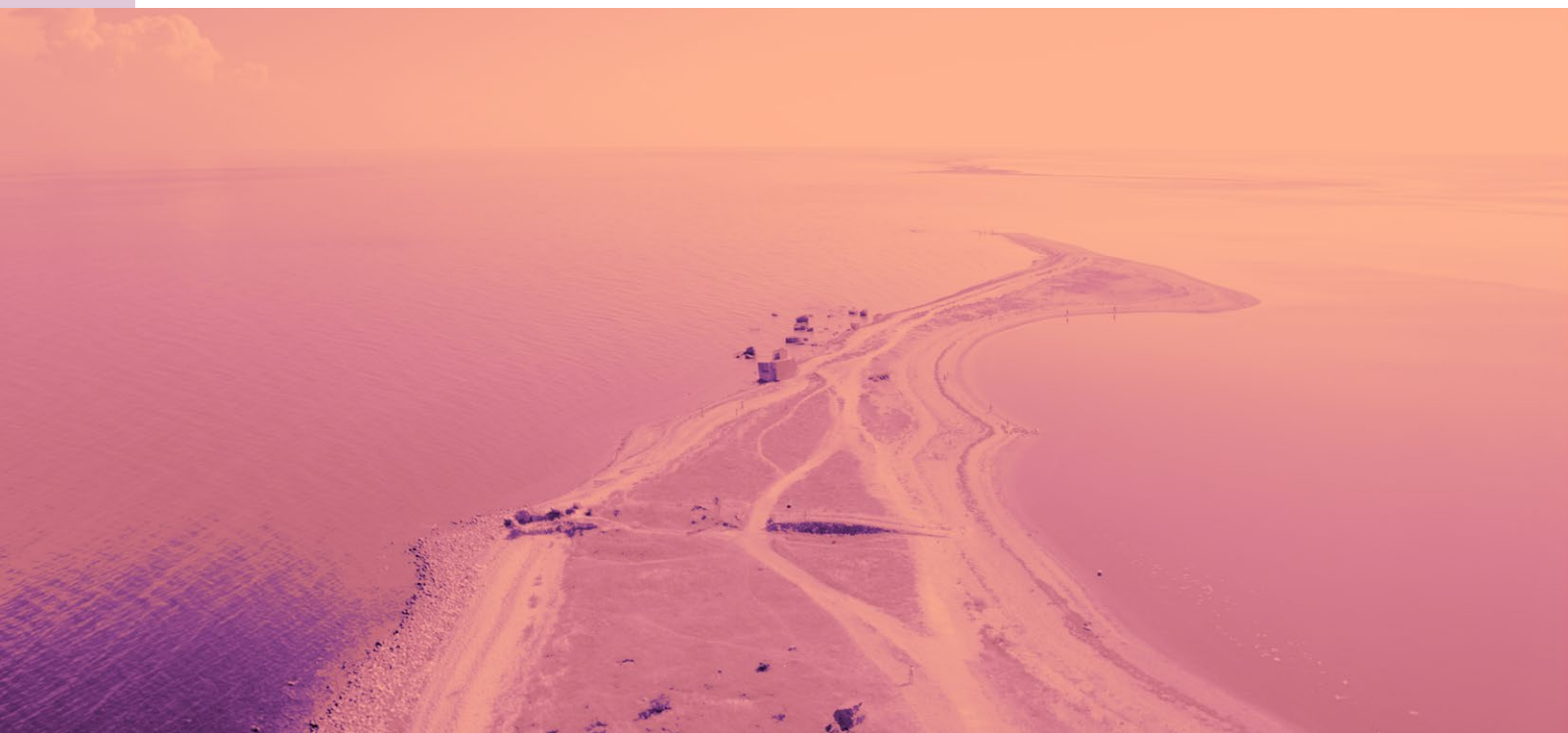
Nordic Council of Ministers' Office in Estonia

The Nordic Council of Ministers' Office in Estonia offers various Nordic and Baltic joint funding schemes. In particular, the **Nordic-Baltic NGO grant program** aims at fostering cooperation between Nordic and Baltic NGOs, strengthen civic society and providing support to new sustainable initiatives. The programme priorities include promotion of green transition, green growth, and a socially sustainable region. The maximum duration of projects is one year. The minimum grant size is €2,700 and maximum €13,500.



Eesti Töötukassa

The Estonian Unemployment Insurance Fund (EE: *Eesti Töötukassa*) offers a €6,000 subsidy for starting a business. This support is meant for the unemployed, people of retirement age and a few other very specific target groups. To be eligible for this support, the person needs to have completed business training or have vocational or higher education in economics or have prior business experience. This instrument is potentially useful for those still in an idea phase and seeking to start their social enterprise. It is worth noting that the Fund also offers a **wage subsidy** to support employers in employing a long-term unemployed person, a young person, a person with reduced working capacity or a person who has recently been released from prison.





The Good Deed Foundation is Estonia's first and only venture philanthropy organisation. Various individual philanthropists and several unicorn companies from Estonia, including Wise and Bolt support the foundation and its funds. It runs two funds – the Impact Fund and the Education Fund – with a combined value of €4 million.

The Impact Fund is the first venture philanthropy fund in Estonia. It helps to launch and scale impactful initiatives that solve pressing problems in Estonian society. This includes complex issues related to social inequity, public health, education, and the environment. It works with both start-up and scaling phase initiatives. The Fund looks for initiatives committed to impact measurement and have (potential for) high impact, have a strong team, have a working financing model, and would benefit from capacity-building.

The Education Fund is supporting initiatives that solve acute problems in the education sector in a measurable way. The Fund is looking for initiatives that have the potential to influence the current Estonian education system positively. The Fund is looking for scalable and/or innovative initiatives based on scientific knowledge and with an approach for financial sustainability.

Both funds offer **long term grants, loans and equity for social enterprises** (including both not-for-profit and for-profit enterprises). In addition, Good Deed Foundation offers non-financial support in following areas: communication, management, strategy, legal matters, fundraising capacity, social impact and its measurement. An in-depth case study on the Good Deed Foundation funds can be found in the **Annex of this 2022 analysis**.

Limitless

The Limitless Fund is an impact investment company using the revenue sharing model, meaning that instead of taking a stake in the investee company, it takes a percentage of the monthly revenue that the business makes during a specific time span. The fund targets social innovation start-ups at the seed stage in Central and Eastern Europe. Limitless invests in scalable products and services addressing responsible consumption and production, digital health, and digital education. According to an **in-depth case study** on the Limitless Fund from 2022 the potential investees need to show existing revenue, have a high-quality team and an impact perspective and the average ticket size is between €50,000–150,000. The Fund also provides non-financial support related to impact management.



The Little Green Fund is focused on cleantech, greentech, and sustainability-related equity investments. The Little Green Fund usually invests up to €50,000 into the first rounds of promising cleantech and greentech companies.

Annual large scale startup events **sTARTUp Day** and **Latitude59** both also include pitching competitions with monetary awards. In 2023, the Latitude59 pitch competition had a €1 million syndicate investment fund set up by **EstBAN** and **TeraVC**. The 2024 iteration of sTARTUp Day will have an EstBAN-led syndicate investment up to €200,000, a **.Contriber Ventures** investment up to €100,000 and an equity-free cash price of €10,000 from **Swedbank**. Both festivals' competitions are primarily looking for startups with scalable business models, proven traction and dedicated and mission driven teams and do not set limits based on sectors.

DEBT FUNDING AND GUARANTEES



finora bank

finora bank offers microloans in the range of €5000–€50,000. The maximum loan sum is dependent on the monthly revenue of the company. The loan duration is between 6-36 months, and the interest rate starts from 1%. No collateral is required. The instrument is promoted as flexible (repayment schedule) and fast in obtaining funding. It can be used for starting a business, acquiring fixed assets, financing current assets, and making other small investments.

LHV

LHV Bank also has a microloan instrument for micro-enterprises (up to 9 employees) in their growth phase. Private or public limited companies registered and operating in Estonia are eligible. The loan can be used to purchase equipment or machinery, obtain working capital, or make other small investments. The loan sum is in the range of €5000–€50,000 EUR for 1-6 years. Interest rates start from 6% + Euribor. The instrument is set up with the European Investment Fund guarantee.

Hea Koostöö Hoiu-laenuühistu

The Good Cooperation Savings and Loans Association (EE: *Hea Koostöö Hoiu-laenuühistu*) is Estonia's first ethical financial institution. It takes deposits and lends money to ecologically and socially responsible projects in Estonia. Private persons, companies and NPAs can apply for the loan. The Association evaluates projects regarding their compatibility with its values and assists in developing projects according to social, economic and sustainable principles. The loans are between €1000 to €10,000, with an interest rate between 8-10% for a 1-5 year span.

mes

Maaelu Edendamise Sihtasutus

The Rural Development Foundation (EE: *Maaelu Edendamise Sihtasutus*) supports economic development in Estonian rural areas via specific programmes implemented to promote business activities in those areas to create better living conditions in rural areas. The Foundation issues credit and other debt obligation guarantees (standing sureties) and loans to enterprises and NPAs in Estonian rural areas whose activity creates or maintains jobs in rural areas or improves or maintains the quality of life in rural areas. Bioeconomy enterprises are also explicitly supported. The Foundation can guarantee up to 80% of the loan amount. The maximum guarantee amount to one borrower is €2.5 million.



hooandja

Estonia's leading crowdfunding platform, **Hooandja**, is focused on supporting entrepreneurial, creative, social, cultural and/or civic initiatives. It is a rewards-based crowdfunding platform. Everyone is welcome to launch campaigns; there is a success fee, and most campaigns last two to eight weeks. Hooandja is suitable for validating new ideas, products and services. Latvian and Lithuanian entities can also launch their campaigns on the platform.



Swedbank operates a purely philanthropic donation-based crowdfunding platform called **Armastan Aidata** (*EN: I Love to Help*), through which collecting donations for social causes is possible. The platform is suitable for social enterprises with projects that have charitable goals.

FUNDERBEAM fundwise

Social enterprises registered as companies can, in principle, also use **Funderbeam** and **Fundwise**, which are traditional crowd investing platforms available for Estonian companies. However, these are more suitable for investment-ready impact organisations that can provide a similar return on investment as 'traditional' companies.





Organisations focusing on delivering environmental impacts can also apply for grants from the **Environmental Investment Centre** (EE: *Keskonnainvesteeringute keskus*). Both companies and NPAs can apply for these grants. Calls with various focus areas and eligibility criteria open and close continuously, therefore, it is worth checking the Centre's website regularly.



The Ministry of Regional Affairs and Agriculture of Estonia allocates funding to community-led initiatives in rural areas through the **LEADER fund**. Previously funded projects have also focused on the social sector (care homes, medical centres, services for the elderly and people with special needs), community safety (volunteer rescuers), environment, education and alternative energy. The maximum support per local project is up to €200,000. The LEADER fund is suitable for hyper-local NGOs and micro enterprises. Other public support schemes to agricultural businesses in Estonia are listed on the **Agricultural Registers and Information Board** (PRIA) website.



Between 2019 and 2023 the **Active Citizens Fund** (EE: *Aktiivsete Kodanike Fond*) has been providing grants for civil society actors with a total of €3.3 million in Estonia. Their €2,500 partnering grant is still open on a rolling basis for non-profits active in public interest. The grant aims to enable short-term international exchanges of experience between Estonia and donor countries Norway, Iceland and Liechtenstein.



The State Shared Service Centre (EE: *Riigi Tugiteenuste Keskus*), the managing body of European Union structural funds in Estonia, has historically also been a source of small-scale grants.



For social enterprises working on supporting children's well-being, a collaboration with SEB Bank through their philanthropy programme **Heategevusfond** is also worth exploring.



Swedbank is in the process of setting up a new €10 million fund to support education focused initiatives in Estonia. EdTech social enterprises should keep an eye on this fund.





The social enterprise incubator **NULA**, run by the Good Deed Foundation and The National Foundation of Civil Society has attractive monetary rewards for solutions to societal problems proposed by NPAs and foundations. Up to three best initiatives from the NULA incubator can receive financial support worth €25,000.

Ajujaht¹⁶

Estonia's largest start-up competition **Ajujaht** (EN: *Brain Hunt*) includes a special social enterprise award, recently called the "future entrepreneur award", a €5,000 grant by **SEB Bank**. Social enterprises can of course also compete for the main prize of €30,000 as well as for the up to €150,00 investment offered by the **EstBAN**.

prototron

Prototron provides an acceleration program covering financing, intellectual property, prototyping, communication, and sales. The programme ends with a pitching competition. Among other rewards, the winning team gets up to €35,000 equity free funding. Applicants may be individuals as well as businesses with ideas from all technical verticals.



For cleantech companies, the **Beamline Accelerator** offers a two-week pre-accelerator, a 3-month hands-on program and €35,000 investment with €100,000 follow-on investment available to the best teams after the programme. In just two years, the Beamline Accelerator has made €2.5 million investments in 89 startups, attracting over 120 MEUR follow-on funding. Other cleantech focused support programmes can be found on **Cleantech Estonia** funding and programs page.



Negavatt is an annual competition for early-stage 'green' ideas that contribute to saving resources and preserving the natural environment. Eligible ideas can be either a product/service that helps to save resources or an initiative that helps to raise awareness on resource saving. The competition is intended for youths in the ages between 18-30. The winning idea gets €10,000 EUR by **LHV Youth Bank**. The programme is run by Environmental Investment Centre and the Ministry of Climate.

Estonia: Summary

Funding and financing sources available to Estonian social enterprises

Type	Suitable for NGOs	Suitable for companies
Donations and crowdfunding	Armastan Aidata 13 ¹ (donation-based crowdfunding platform)	Funderbeam and Fundwise 13 ¹ (traditional crowd investing platforms, no specific impact focus)
	Heategevusfond 14 ¹ by SEB Bank (donation platform for supporting children's wellbeing)	
	Hooandja 13 ¹ (rewards-based platform for entrepreneurial, creative, social, cultural and/or civic initiatives)	
Grants, vouchers and philanthropy	National Foundation for Civil Society 10 ¹ (grants for civil society)	Accelerate Estonia 9 ¹ (grants to disruptive innovations to tackle 'wicked' policy problems)
	Good Deed Impact Fund 11 ¹	
	Good Deed Education Fund 11 ¹	
	Nordic Council of Ministers' Office in Estonia 10 ¹ (various grants, including the Nordic-Baltic NGO program)	The Estonian Unemployment Insurance Fund 10 ¹ (subsidy for starting a company)
	Active Citizens Fund 14 ¹ (grants for civil society actors)	
	Environmental Investment Centre (calls on various sustainability topics) 14 ¹	
The LEADER fund (for bottom-up community projects in rural areas)* 14 ¹		
Debt capital and guarantees	not available	Estonian Business and Innovation Agency 9 ¹ (grants, loans, credit insurance and guarantees)
		LHV Bank's microloan 12 ¹
		Finora Group's microloan 12 ¹
	Good Cooperation Savings and Loans Association 12 ¹ (lends money to ecologically and socially responsible projects)	
	Rural Development Fund 12 ¹ (credit and other debt obligation guarantees and loans to enterprises and NPAs in rural areas)	
	Good Deed Impact Fund and Good Deed Education Fund (loans and convertible notes) 11 ¹	
Equity capital (investments, SIBs)	not available	Limitless fund (thematic focus: sustainability, digital health, digital education) 11 ¹
		Little Green Fund (thematic focus: cleantech, greentech, and sustainability) 11 ¹
		Good Deed Impact Fund and Good Deed Education Fund (equity investments to early stage impactful start-ups) 11 ¹
		Greentech Investment Programme 9 ¹ (thematic focus: energy, agriculture, food industry, transport and logistics, material and chemical industry and the environment)
		EstBAN's angel investors make both traditional and impact investments (including investment syndicates set up during Ajujaht, sTARtUp Day and Latitude59) 12 ¹

* Currently under renewal



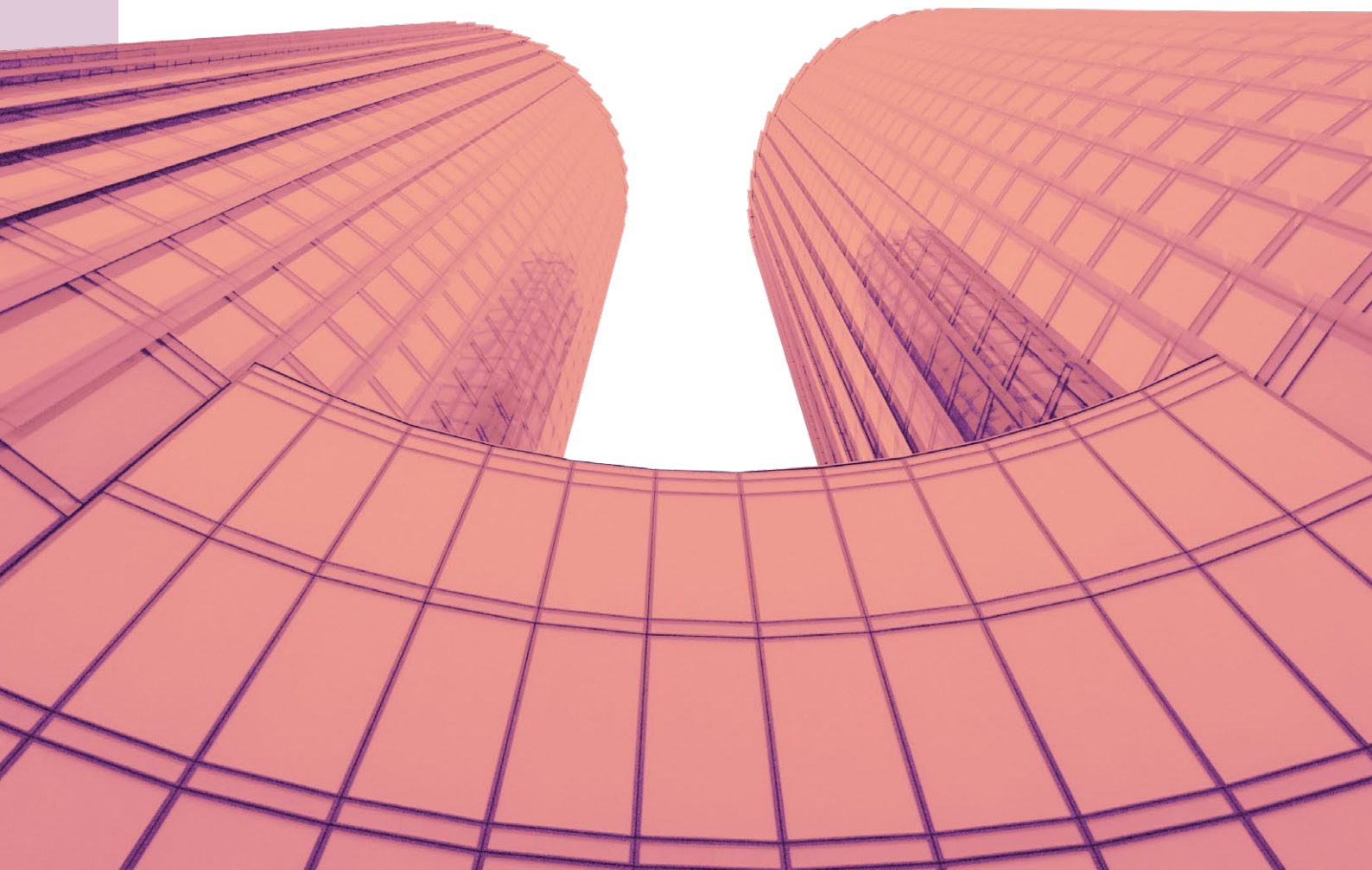
Funding and financing opportunities in Latvia

Context

In Latvia, the **Social Enterprise Law** came into force in 2018. It created the legal framework by providing both the criteria for obtaining the status of a social enterprise and the rules for state support for this type of entrepreneurship. A social enterprise, as defined in the Law is a limited liability company which has been granted the status of a social enterprise by the **Ministry of Welfare** in accordance with the procedures laid down in the Law and which conducts an economic activity creating a positive social impact (e.g., provision of social services, formation of an inclusive civil society, promotion of education, support for science, protection and preservation of the environment, animal protection, or ensuring cultural diversity).

As of September 2023, there are 205 active social enterprises in the **Register of Social Enterprises**; however, in the context of this roadmap, the broader spectrum of social economy actors is acknowledged when referring to the term "social enterprises" such as non-governmental organisations, associations and foundations with a primary focus on solving pressing social and environmental issues, along with enterprises that operate as social enterprises de-facto without obtaining an official status of the social enterprise.

The segment of alternative finance for social enterprises is still relatively new in Latvia, with the main financial instruments so far being grant programs managed by the public institutions. As social enterprises in Latvia primarily operate as limited liabilities companies, they have access to exactly the same financing opportunities as other companies. Yet, the private sector is becoming more aware and interested in taking a more active role in the impact funding field.





ALTUM is a state-owned development finance institution which offers state aid for various target groups with the help of financial tools. ALTUM provides loans and credit guarantees, offers insurance for business export deals and investment to venture capital funds, and offers non-financial support through consultations, education, mentoring, and more. Its goal is to compensate for the market's shortcomings that private financial institutions cannot solve. Notably, ALTUM's 'Startup loan', 'Microcredit' and 'Small loan in rural areas' have been set up with the support of the European Union's **Employment and Social Innovation Program (EaSI)**, enabling it to lower the interest rates and collateral requirements. Expected collateral is 0% for loans under €7,000 and 10% for larger loans. These preferential terms are available to micro-enterprises (companies with up to 10 employees) or to companies with a larger number of employees with start-up status. Notable instruments:

Social Entrepreneurship Programme is the dedicated grant instrument for limited liability companies that have obtained the status of a social enterprise in Latvia. Grant per project in the 2017-2023 period has been €5000–€200,000. The contribution rate was set to 10%, and the project duration was up to two years. Eligible business ideas have to be viable, with significant long-term social impact. The programme is co-funded by ESF, with €13 million allocated for grants and wage subsidies. ALTUM runs the programme in cooperation with the Ministry of Welfare in Latvia. Conditions for further support within the Social Entrepreneurship Programme are currently under review.

Startup loan – between €2000–€150,000 for companies under five years old. Up to 10 or 15 years and an annual interest rate of 6.5%. Suitable for working capital and investments (both equipment and real estate)

Microcredit – up to €25,000 for up to 8 years; annual interest rate from 6.5%. Suitable for working capital and investments. Micro-enterprises, small and medium-sized enterprises and sole traders can apply without the company's age limit.

Small loan in rural areas – up to €100,000, including €35,000 for working capital. Up to 10 or 15 years and annual interest rate between 3%–8%. Suitable for enterprises active in rural areas and cities with a population under 15 000 inhabitants. Available to companies with a turnover of up to €150,000 in the previous year

Credit guarantees – ALTUM also provides credit guarantees up to 80% of the principal amount of financing and up to €5 million. Notably, green and sustainable investment projects have a guarantee premium of 0%. A loan guarantee is issued to companies with insufficient collateral to receive a loan (in the required amount), but with a transparent financial history and a positive credit rating. The guarantee serves as additional security for the company's obligations in the bank.

Loans for companies' energy efficiency or sustainability – The loan aims to promote companies' growth by implementing measures to improve energy efficiency, thereby fostering long-term financial benefits and improved competitiveness. Up to €2,85 million with a 10% own contribution and an annual interest rate between 4.3-6.5%. The loan is to be repaid from the costs saved, therefore, there is no additional burden on cash flow.



Investment and
Development
Agency of Latvia

Investment and Development Agency of Latvia (LIAA) is a direct administration institution subordinated to the Minister of Economics of the Republic of Latvia and offers various support to enterprises. LIAA helps companies grow, attract foreign investment and encourages the establishment of new businesses and facilitates plans of government and municipalities. LIAA supports start-ups' participation at fairs, conferences, and visits abroad. LIAA is running **pre-incubation and incubation programs** that also include indirect financial support in the form of 50% co-financing by LIAA, allowing enterprises to purchase certain business development services (e.g. marketing, accounting, prototyping, etc). SMEs, NPAs, Foundations and social enterprises are all eligible for the **'Support for digitalisation of processes in commercial activities'**, which finances digitalisation with up to €100,000 with the own contribution depending on organisation size. It is worth keeping an eye on LIAA's **list of support programmes**.



State
Employment Agency
Republic of Latvia

The **State Employment Agency** (LV: *Nodarbinātības valsts aģentūra*) offers a **subsidy for the unemployed for starting a business or self-employment**. Then participants attend a series of consultations that provide individual assistance to support the preparation and development of a business plan. The next phase of support provides additional individual business consultations and start-up grant up to €5000. In addition a monthly payment of €750 is paid for 6 months after a business plan is launched. Additionally to the start-up grant a non-repayable €5000 is paid for the implementation of the business plan after the first year of economic activity, if certain criteria are met.



Society Integration
Foundation
Republic of Latvia

The **Society Integration Foundation** (LV: *Sabiedrības integrācijas fonds*) is Latvia's largest supporter and enabler of non-governmental organisations. Several calls for project proposals are launched each year, where NGO initiatives can receive more than €1 million in financial support to implement their ideas. For example, the programme **The NGO Fund** offers grants between €2000–€36,000 to projects in which the activities are not economic, are provided to the project's target group free of charge, and are aimed at encouraging public activity and involvement in solving problems important to society. As the Foundation's calls constantly change and the goals and eligibility criteria vary, it makes sense to check **the open calls** on the Foundation webpage regularly.



The **Active Citizens Fund** (LV: *Aktīvo iedzīvotāju fonds*) supports NGO consortiums that develop civil society's long-term sustainability and capacity, strengthening its role in promoting democratic participation, active citizenship and human rights. The total Fund size for 2020–2024 in Latvia is €8,5 million. The funding is available through open calls for three project strands: strategic, capacity building and action projects. The Fund is suitable for social enterprises with NGO status that strengthen civil society and empower vulnerable groups. As of the end of 2023, most funds have already been committed, however, the EEA Grants are currently developing plans for a new funding period and therefore, new opportunities might emerge.

Nordic Council of Ministers' Office in Latvia

The **Nordic Council of Ministers** also provides support to NGOs and the civil society in Latvia. For example, **the Nordic-Baltic NGO grant program** aims at fostering cooperation between Nordic and Baltic NGOs, strengthen civic society and providing support to new sustainable initiatives. The programme priorities include promotion of green transition, green growth, and a socially sustainable region. The maximum duration of projects is one year. The minimum grant size is €2,700 and maximum €13,500.

LEADER pieejas īstenošana

The **LEADER fund** supports society-directed local development by funding projects that promote the sustainability of rural communities, improve the social situation in the countryside, and create a favourable environment for living, doing business and developing rural areas. The maximum support per local project is up to €200,000. LEADER has also separate strand for entrepreneurship development and many local action groups have social enterprises as their priority in their strategies. It is suitable for both emerging ideas and established enterprises to apply. Open calls of regional partnerships can be found on the **Rural Support Service webpage**.





LIVONIA PARTNERS

Livonia Partners is a €157 million Fund that invests up to €25 million into Baltic businesses that show strong growth potential. Within its 'Fund II', Livonia Partners made ESG practices sustainability a fundamental element of their investment strategy. The Fund focuses on four core sustainability areas guiding investment decisions and collaborations with portfolio companies. The four United Nations Sustainable Development Goals followed are: climate action, responsible consumption and production, decent work and economic growth, and gender equality. Additionally, Livonia Partners has committed to investing a minimum of 10% of Fund II value in projects with a positive environmental impact.



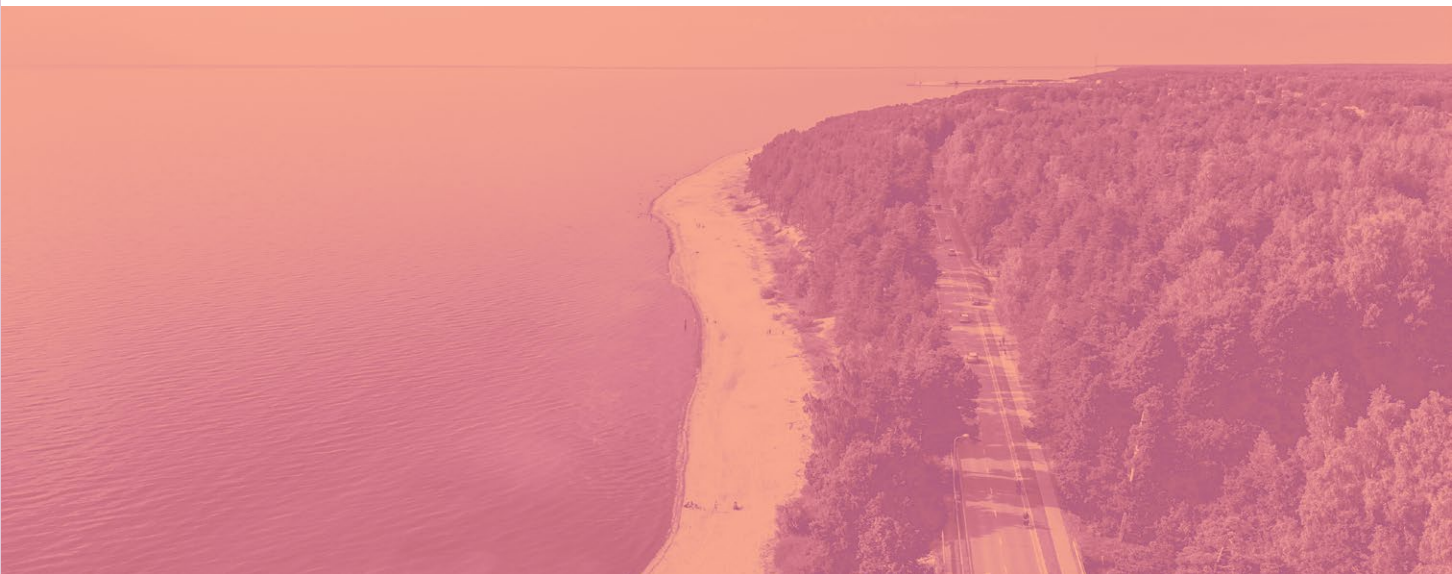
SEB bank has for two years, together with the local governments of Pierīgas region, had a **social entrepreneurship grant program "Augšup"** (EN: "Upward"). In 2023, six social entrepreneurship business ideas were supported with either €4,000 or €8,000 grants.



Sofifonds is a charity that mostly focuses on non-profit initiatives related to animal wellbeing, but has also supported initiatives related to environmental improvement, families and children (e.g. disadvantaged youth organisations and a children's hospital).



Baltic SME IPO Fund is under creation by ALTUM together with the Lithuanian counterpart INVEGA to enhance the availability of financing for SMEs and Small or Innovative mid-caps in Baltics. The total expected fund size is €50 million. The Fund will target established commercially viable SME companies with €5–€100 million valuation. Depending on the specific project, the investment amount in one company is planned to be €2–€3 million on average. The IPO fund will invest up to 50% of the deal amount.





Private banks in Latvia offer microcredits to startups and small enterprises. These instruments are general and not targeted at social enterprises in particular. However, they can be more accessible to social enterprises than other loans as they tend to have lower requirements. Some examples of microcredits include:

Citadele

Citadele bank's microloan is intended for long or short-term investments and working capital. Suitable for small and medium businesses that have been in operation for at least one year. Conditions include a loan from €1,000 to €20,000 depending on the turnover, with a repayment schedule of up to 5 years, an interest rate of 13% per year, a commission fee – 2% of the loan amount, or with ALTUM guarantee – a loan up to €70,000 with a fixed interest rate from 9% per year with a repayment period of up to 5 years.

SEB

SEB bank offers a special **Green microloan** for businesses to purchase solar panels and electric car charging stations with Altum and business owners guarantee. Conditions include a loan of up to €50,000 with a repayment period of up to 7 years and an interest rate starting from 3.5% with a 3-month EURIBOR.

Swedbank



Swedbank also offers long-term business expansion loans or short-term loans for working capital. The loan amount is from €5,000, and the term is up to 5 years or 10 years based on collateral and loan amount with favourable interest rate for purchasing solar panels, wind turbines or heat pumps.

CROWDFUNDING



Mobilly is a mobile payments app which also enables people to donate to NGOs in Latvia conveniently. It is worth considering being presented on the app for social enterprises with an NGO status.



TavsAtbalsts (EN: *Your support*) is a donation-based crowdfunding platform suitable for health, environment, education, social support, youth work and culture and related initiatives. Campaigns do not need to have deadlines as the platform's main goal is to support initiatives with a benefit to the society.

hooandja

Estonia's leading rewards-based crowdfunding platform, **Hooandja**, which is primarily focused on supporting projects with entrepreneurial, creative, social, cultural and/or civic goals, is also open to Latvian projects.



CHANGE VENTURES

BACKING AMBITIOUS BALTIC FOUNDERS

Change Ventures offers €100,000–€500,000 pre-seed investments for Baltic founders. While not an impact investment VC firm, they have also invested in impact enterprises in the past.



Rural Support Service
Republic of Latvia

The Rural Support Service of Latvia (LV: *Lauku atbalsta dienests*) is a state administration institution responsible for the implementation of agriculture, forestry, fisheries, and rural development policies. The institution also provides various **financial support instruments**, primarily to farmers, but occasionally, the goals and eligibility conditions are also suitable for rural social enterprises.



State Culture Capital Foundation (LV: *Valsts kultūrkapitāla fonds*) provides funding opportunities in the field of culture and education. Social enterprises working in those sectors can find useful opportunities from their open calls.

Swedbank



Swedbank is in the process of setting up a new €10 million fund to support education focused initiatives in Latvia. EdTech social enterprises should keep an eye on this fund.





Buildit

Buildit Accelerator is a Hardware and IoT startup accelerator active in the Baltics and Nordics, offering early-stage startups pre-seed investments of up to €50,000 and follow-on seed investments of up to €300,000. While known for nurturing hardware and IoT startups into investment-worthy ventures, various social-impact-oriented startups have gone through its acceleration programs and are in the current portfolio. Recently, Buildit has incorporated a more explicit focus on GreenTech.



The **Commercialization Reactor** runs an acceleration program that invests up to €50,000 per startup during the acceleration program (pre-seed investment). It can be supplemented with a follow-up seed round of up to €250,000 after the acceleration stage. The Reactor has historically invested in a couple of social enterprises.

**SOCIAL
ENTREPRENEURSHIP
ASSOCIATION OF LATVIA**



Social Entrepreneurship Association of Latvia (SEAL) is a non-governmental membership organisation with an aim to promote the development of social entrepreneurship in Latvia. SEAL, with the support of various donors, organises an annual **pitch competition**, "Tam labam būs augt" (EN: "Let the good ideas grow") with grant awards. In 2023, two €4000 grants will be rewarded. Participants can be companies with or without social enterprise status, associations and foundations that need financing for implementing a new idea or an existing project.



Reach for Change is an international organisation also active in Latvia that runs capacity development programs for local social entrepreneurs targeting different stages of development and works to establish supportive local ecosystems. The support consists of technical and, if relevant, financial support, mentorship, access to network and opportunities for new learnings, partnerships, and funding.

UniLab

Latvian universities also provide various entrepreneurial support programmes to students, **UniLab** is a joint venture between the two largest universities in the country – Riga Technical University and the University of Latvia. UniLab is an incubator that promotes the development of science-intensive business ideas and the establishment of new high-value-added companies. Student teams are supported in the development and initial testing of a science-intensive business idea. Funding of up to €5,000 is awarded to the teams in the form of a grant, which can be used for market research, expert consultations, and prototype creation. The programme also assists teams in attracting investments.

Latvia: Summary

Funding and financing sources available to Latvian social enterprises

Type	Suitable for NGOs	Suitable for companies
Donations and crowdfunding	Mobilily (mobile payments app which enables people to donate to NGOs) 23 [†]	not available
	TavsAtbalsts (donations-based crowdfunding platform) 23 [†]	
	Hooandja (rewards-based platform for entrepreneurial, creative and/or civic initiatives) 23 [†]	
Grants, vouchers and philanthropy	Society Integration Foundation (grants to civil society to support solving of societal problems) 20 [†]	Investment and Development Agency of Latvia (grants, co-financing vouchers) 20 [†]
	Active Citizens Fund (promoting democratic participation, active citizenship, human rights and empowerment of vulnerable groups) 21 [†]	Social entrepreneurship grant program "Augšup" by SEB bank and local governments of Pierīgas region 22 [†]
	Sofifonds (charity projects related to animal wellbeing, environmental improvement, families and children) 22 [†]	State Employment Agency (business support grants) 20 [†]
	Nordic Council of Ministers' Office in Latvia (various grants, including the Nordic-Baltic NGO program) 21 [†]	ALTUM grants for social enterprises (for limited liability companies that have obtained the status of a social enterprise)* 19 [†]
	The Rural Support Service of Latvia (grants to rural areas) 24 [†]	
	The LEADER fund (bottom-up community projects in rural areas) 21 [†]	
	Social Entrepreneurship Association of Latvia (pitching competition with grant awards) 25 [†]	
Debt capital and guarantees	not available	ALTUM (microloans, loans, guarantees) 19 [†]
		Citadele banks' microloan 23 [†]
		SEB bank's green microloan 23 [†]
		Swedbank's loans 23 [†]
Equity capital (investments, SIBs)	not available	Livonia Partners (core sustainability areas: climate action, responsible consumption and production, decent work and economic growth, and gender equality) 22 [†]
		Change Ventures (pre-seed investments; have a history in investing in impact enterprises) 24 [†]
		LatBAN and its angel investors make both traditional and impact investments
		Baltic SME IPO Fund (for SMEs and Small or Innovative mid-caps)* 22 [†]

* Currently under renewal or establishment



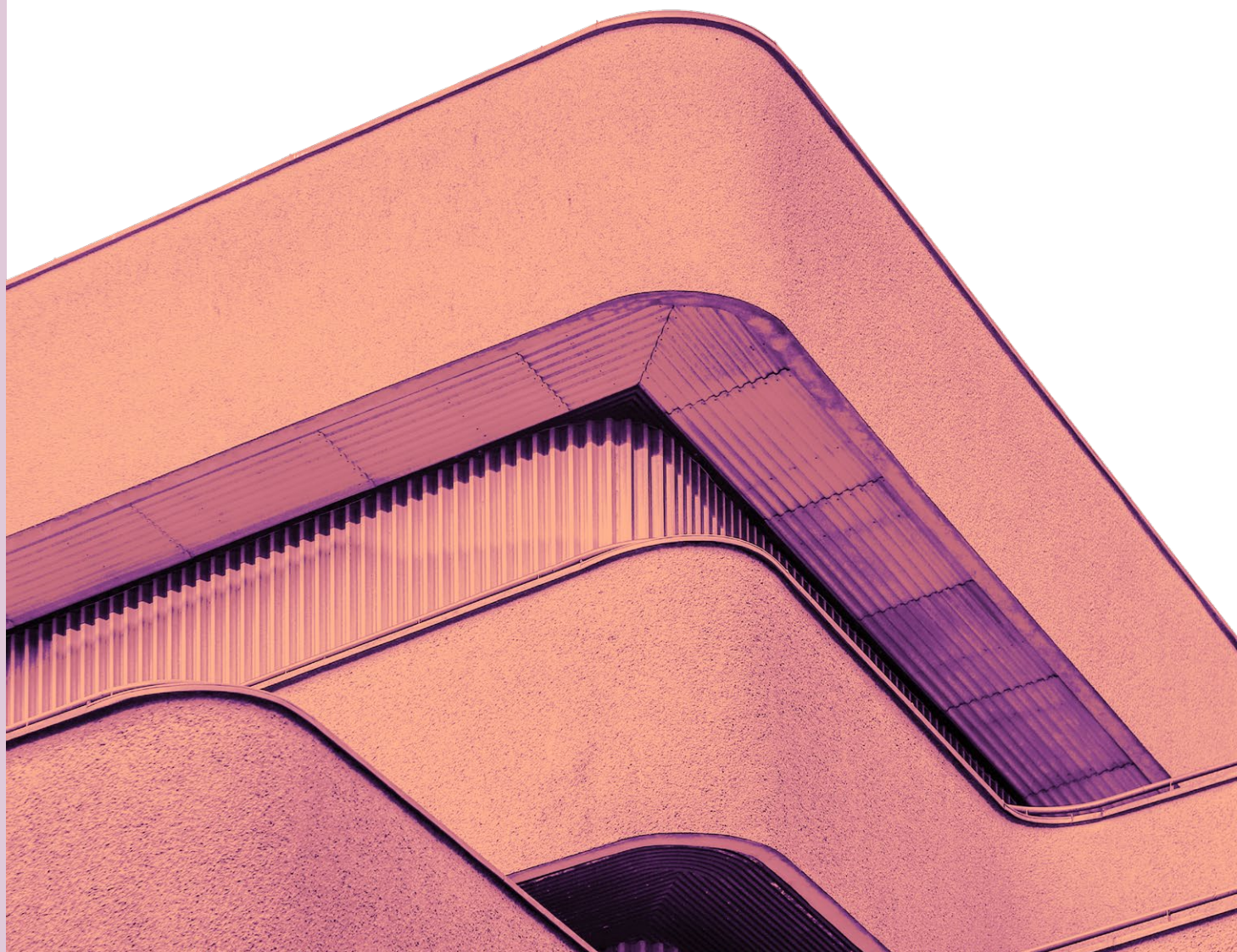
Funding and financing opportunities in Lithuania

Context

The official and comprehensive registry for Lithuanian social business organisations and a clear legal framework to identify such entities is currently absent within the country. This lack of formal definition has led to significant ambiguity and disagreement regarding which Lithuanian organisations should be categorised as social business organisations, making it challenging to ascertain the precise number of such organisations. Nevertheless, data collected by the **Innovation Agency** in 2023 indicates the presence of almost 150 entities self-identifying as social business organisations in Lithuania.

Lithuanian social business organisations exhibit substantial diversity in legal structures, business models, and other distinguishing characteristics. Most of these organisations are non-governmental organisations (NGOs), often registered as public establishments. Conversely, social business organisations functioning as conventional companies, holding legal statuses such as limited liability companies or small partnerships, are relatively rare. A typical Lithuanian social business organisation is often a small, newly established entity that provides social or educational services and operates primarily in major cities. Many of these organisations rely heavily on non-commercial revenue sources, obtaining a significant portion of their income from grants and public project funding rather than from their business activities.

Over the past several years, both the number of social business organisations in Lithuania and the level of interest in the topic have gradually increased. Additionally, there have been first investments. One of the main reasons for traditional funds investment in social businesses is the initiative from private business angels who are becoming more interested and willing to support organisations with a social mission while co-investment funds follow. Only a limited number of public funding instruments specifically target social enterprises. However, Lithuanian social business organisations can still apply for and obtain public funding through more general financial instruments, such as those designed for NGOs or SMEs.



Financing opportunities

PUBLIC SECTOR DRIVEN FINANCING



INVEGA is a state-established financial institution that has a range of business support instruments – soft loans, guarantees, and grants – for start-ups and growing businesses. INVEGA also facilitates risk-shared loans financed by the European Regional Development Fund that enable Lithuanian fund managers to offer preferential loans granted at prices lower than the normal market prices, which eases the access to capital for riskier endeavours, as many social enterprises have been perceived. Even though most of these tools are not specifically focused on social enterprises, organisations that operate as companies can take advantage of these tools. Notable examples include:

'Startuok' program – Businesses operating for up to 5 years can receive up to €3 million for loan or up to €200,000 for working capital. Social enterprises can get loans on preferential terms. Businesses running or planning social impact projects that apply for a Startuok loan are also eligible for a 30% interest discount.

Portfolio guarantees 3 – facilitates access to finance for SMEs when the security they can offer is unattractive or insufficient for a financial institution. A portfolio guarantee secures a repayment of 80% of a loan, credit or lease to a financial intermediary. The maximum financing the portfolio guarantee can guarantee is €1,875 million. The financing can be granted in the form of a credit line (36 months), loans (60 months) and financial leasing (120 months).

Alternative Lending for Businesses – Loans granted under the incentive enable SMEs to obtain the necessary financing for their business through alternative finance providers. Up to € 200,000, with up to 90% of the loan amount covered. Loans may be granted to finance an SME's investments and/or to supplement the working capital shortage, provided that such financing is related to the launch of the SME's new business activity or to the maintenance, strengthening or development of the existing activity.



The Innovation Agency administers and implements various funding measures from the **Ministry of Economy and Innovation** aimed at promoting business and innovation in Lithuania in a broader sense. The measures administered by the Innovation Agency are particularly suitable for social businesses that operate as SMEs and seek to implement innovations. For instance, under the **"SME Digitization"** measure, SMEs can receive funding up to €50,000 for activities aimed at digitally transforming their goods and services, implementing e-commerce for products, and enhancing delivery processes.



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The **NGO Fund** administered by the Ministry of Social Security and Labour of Lithuania annually organises calls for tenders for NGO institutional development projects. Social businesses with the legal form of an NGO can receive funding for the development, growth, and strengthening of their organisation. One of the activities funded by NGO Funds's financial instruments is the expansion of social business activities. The annual budget of the Fund is €2,9 million. Support for one project varies between €5,000 and €67,000. Each year, the Ministry of Social Security and Labour of Lithuania also **announces various funding opportunities** tailored to specific areas, providing avenues for support that are accessible to social business organizations functioning more like NGOs.



VIDAUS REIKALŲ
MINISTERIJA

The Ministry of the Interior also funds social businesses within communities on a local level. The Ministry carries out intermediary functions and coordinates locally initiated community development initiatives (*LT: Vietos veiklos grupės – VVG*). Funding is directed towards promoting social businesses within communities that help address issues of marginalised groups at the local level, supporting the establishment and growth of social businesses (i.e., those creating jobs, services, and/or goods for more vulnerable community populations) through local development strategies, including the acquisition of necessary equipment, development and testing of initial products and services of the social business, creation and implementation of marketing measures, and more. The Ministry currently is developing new financial strategies and calls for projects that are planned to be focused on the development of social businesses in urban areas.



The Ministry of Agriculture of Lithuania allocates funding for social enterprises operating in rural areas through the **LEADER programme**. Based on data from February 2022, local action groups in rural areas successfully executed 88 social business projects with a combined funding of €5,75 million, thanks to the assistance provided by the LEADER program. The maximum support per local project is up to €200,000. For the EU funding period 2023-2027, the instrument has a budget of almost €74,9 million.





Sweden-Lithuania Cooperation Fund

The Sweden-Lithuania Cooperation Fund supports the initiation and development of projects (incl. social business projects), with a current focus on fostering exchange and collaboration among young people to promote social cohesion, creativity, innovation, and the development of new business ideas. The supported projects need to enhance bilateral relations, aiming to strengthen, diversify, and rejuvenate ties between Sweden and Lithuania. Grants are reviewed twice a year. Maximum amount granted to one project is €5,000.



Nordic Council of Ministers Office in Lithuania

The Nordic Council of Ministers' Office in Lithuania offers various Nordic and Baltic joint funding schemes. In particular, the **Nordic-Baltic NGO grant program** aims at fostering cooperation between Nordic and Baltic NGOs, strengthen civic society and providing support to new sustainable initiatives. The programme priorities include promotion of green transition, green growth, and a socially sustainable region. The maximum duration of projects is one year. The minimum grant size is €2,700 and maximum €13,500.

INVESTMENT FUNDS AND PHILANTHROPY



the ella fund

the ella fund is a donor-advised philanthropy fund devoted to empowering girls and women worldwide. The fund supports and implements several activities in Lithuania. There are no particular rules or requirements for the potential investees (e.g. application form or investment size). Thematically suitable organisations can contact the founders and pitch their ideas directly.



Kazickas Family's Foundation offers grants to specific projects or organisations in the field of education, culture and the arts, social welfare, technology, and medicine. Organisations willing to receive the grant need to submit the letter of inquiry to Kazickas Family's Foundation. The grant can be requested at any time and the Foundation's team reviews requests every other month.



Katalista Ventures is an early-stage accelerator and fund. It looks for resilient ventures with a high potential for global scalability and financial, environmental, and social sustainability. Katalista Ventures does not make financial investments in social businesses as an organisation. However, one of the co-founders of Katalista Ventures – Alex Gibb – is an investor who describes his mission as “Building a better planet with Triple Top Line start-ups: People, Planet, Profit”. The social (incl. environmental) value a start-up creates is among the key factors when making investment decisions.



Coinvest Capital invests in early-stage start-ups and companies undergoing business development and growth in cooperation with groups of business angels. The key interest of the fund is digital start-ups and companies. Officially, it does not have specific goals related to the investment into social businesses. Nevertheless, the fund has supported several Lithuanian social businesses in the last years. The ticket size is between €200,000 to €800,000 (up to €1,6 million for innovative companies).



The Lithuanian Business Angel Network (LitBAN) is a community of angel investors who invest in early-stage companies with exceptional growth potential. Some of the Lithuanian angel investors have already invested in social enterprises and are, therefore, worth approaching. To name a few:

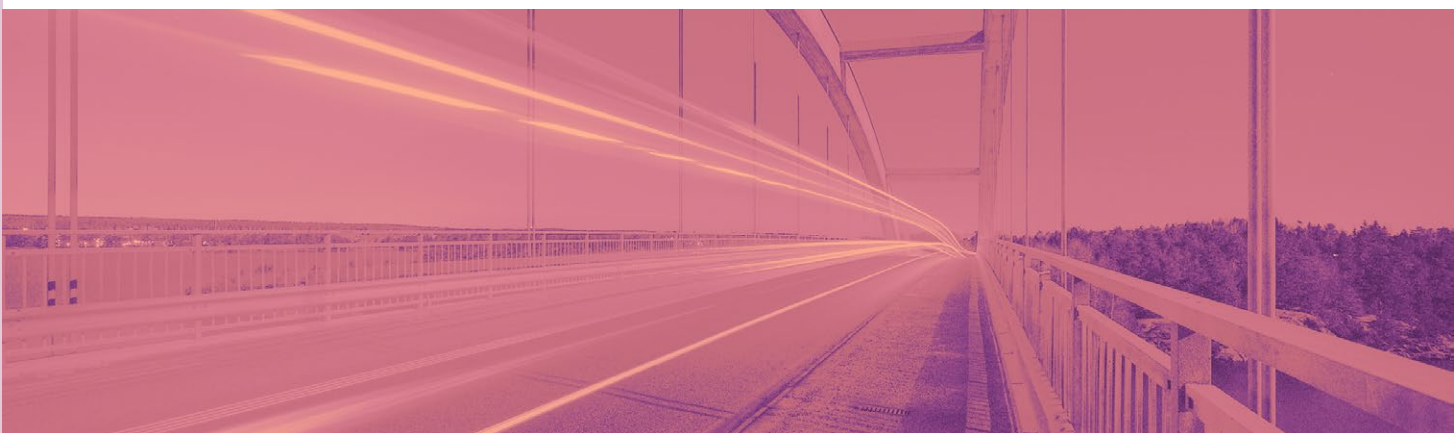
Martynas Kandzeras is an entrepreneur and investor who passionately builds and nurtures entrepreneurial ecosystems. Martynas has already invested in EdTech companies such as **BBright**, **Three Cubes**, and social initiatives such as Jaunaragiai and **Mokytojų palaikymo ratai**.

Vladas Lašas is a well-known Lithuanian angel investor and Chairman of the Board at LitBAN. Vladas has already invested in some Lithuanian social enterprises such as **Walk15**, a platform that seeks to increase physical activity among citizens of various ages and to reduce CO₂ emissions and **The Knotty Ones**, which is a knitwear brand that supports independent female artisans as well as female-founded factories in rural Lithuania to create their knitwear.

Together with other funds and private investors, **Martynas Gudonavičius** and **Justas Janauskas** have supported **Digiklase's** pre-seed round. Martynas is an entrepreneur, board member, angel investor and builder of impactful ventures and the co-founder and CEO of the mobility platform **Trafi**. Justas co-founded Lithuania's first unicorn: **Vinted**, an online marketplace for buying, selling and exchanging new or secondhand items (mainly clothing and accessories).



Baltic SME IPO Fund is under creation by INVEGA together with the Latvian counterpart ALTUM to enhance the availability of financing for SMEs and Small or Innovative mid-caps in Baltics. The total expected fund size is €50 million. The Fund will target established commercially viable SME companies with €5–€100 million valuation. Depending on the specific project, the investment amount in one company is planned to be €2–€3 million on average. The IPO fund will invest up to 50% of the deal amount.





Private banks in Lithuania offer microcredits to start-ups and small enterprises. These instruments are general and not targeted at social enterprises in particular, however they can be more accessible to social enterprises than other loans as they tend to have lower requirements. Organisations operating more as “traditional” start-ups can use these banks’ instruments. Some examples of microcredits include:

finora bank **finora bank** offers microloans in the range of €5000–€50,000. The maximum loan sum is dependent on the monthly revenue of the company. The loan duration is between 6-36 months, and the interest rate starts from 1%. No collateral is required. The instrument is promoted as flexible (repayment schedule) and fast in obtaining funding. It can be used for starting a business, acquiring fixed assets, financing current assets, and making other small investments.

Citadele

Citadele bank’s microloan is intended for long or short-term investments and working capital. Suitable for small and medium businesses that have been in operation for at least one year. Conditions include: a loan from €1,000 to €25,000, depending on turnover, with a repayment schedule of up to 5 years. The interest rate is 9% per year, and the commission fee is 2% of the loan amount.

Swedbank

Swedbank also offers long-term business expansion loans or short-term working capital loans. Loan amount is from €5,000, and the term is up to 5 years. Swedbank’s instruments also include refinancing of existing business loans and access to loans through INVEGA programmes (see above).



The MJJ Foundation is a not-for-profit foundation that financially supports talented entrepreneurs, academics and students who want to and can contribute to the economic growth of Lithuania. Among other initiatives and projects, MJJ Foundation is seeking to encourage entrepreneurial initiatives in Lithuania, social integration, and financial inclusion. The MJJ foundation gives at least €350,000 a year to talented people who are eager to contribute to the economic growth of Lithuania. Funding is given in the form of microloans from six to thirty-six months with an interest rate of 1% + 6-month EURIBOR. A microcredit from MJJ Foundation may be received by Lithuanians or foreigners who own small businesses or work as social entrepreneurs in Lithuania.



Contribee

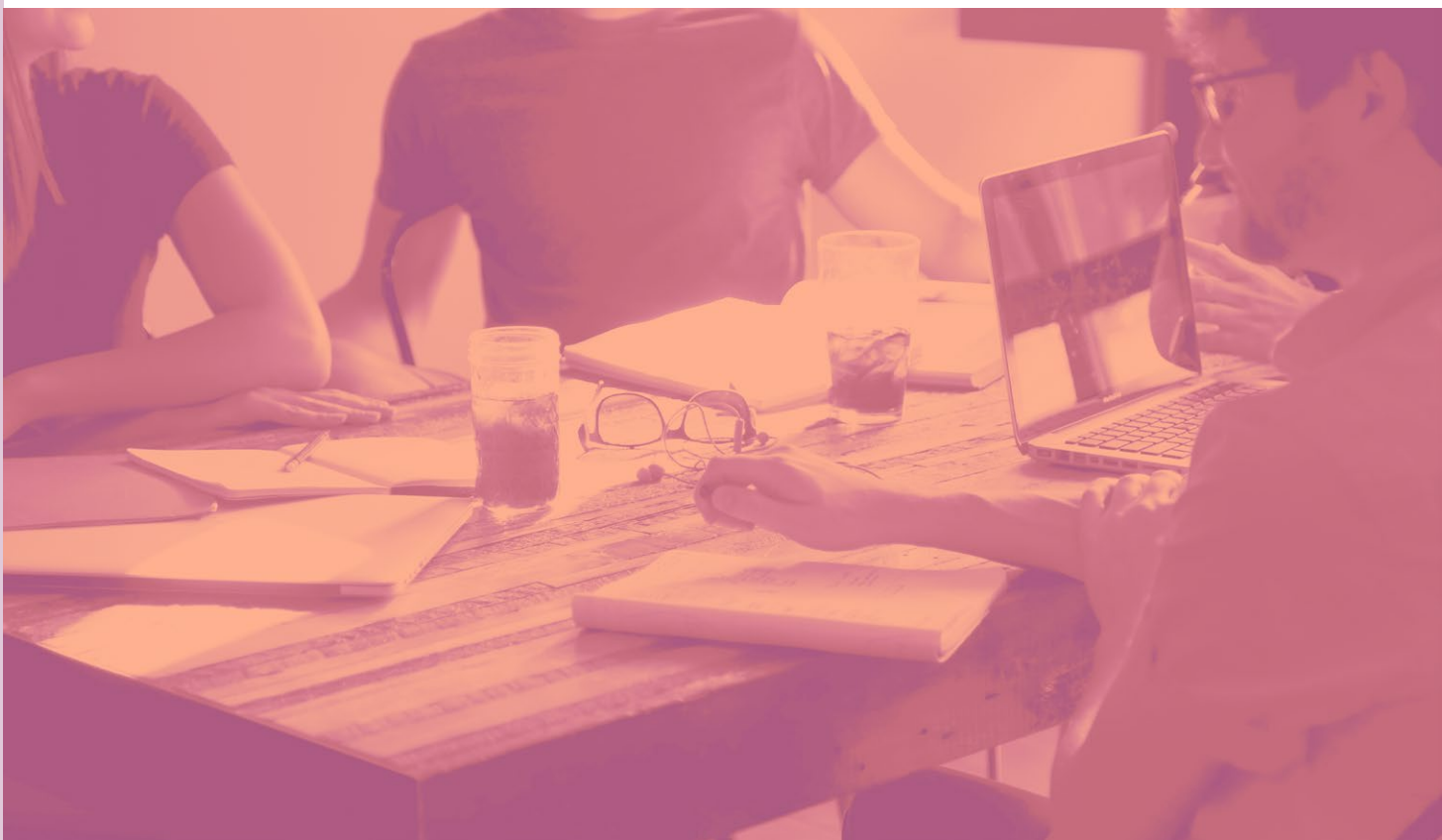
Contribee offers a platform designed to cater to a diverse range of content creators, including writers, musicians, gamers, podcasters, NGOs, and more, providing them with a fee-free avenue to gather contributions from their dedicated fan bases. This versatile platform enables organisations to interact with their supporters and gather one-time and recurring financial backing. Contribee integrates both traditional donation-based fundraising and reward-based crowdfunding. On the platform, the majority of organisations primarily focus on securing ongoing support by requesting modest monthly donations, typically ranging from €1 to €20. In return for their support, backers often receive enticing rewards that directly connect to the content generated by the organisation. These rewards frequently include access to podcasts or articles exclusively available to subscribers.

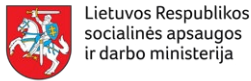
aukok.lt

Aukok.lt is Lithuania's biggest online donations portal, founded in 2009, enabling individuals and legal entities to donate more conveniently. The platform is meant for NPAs and public institutions to submit projects to solve relevant social or environmental issues.

hooandja

Estonia's leading rewards-based crowdfunding platform, **Hooandja**, which is primarily focused on supporting projects with entrepreneurial, creative, social, cultural and/or civic goals, is also open to Lithuanian projects.





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Lithuania's Ministry of Social Security and Labour and the Agency of Youth Affairs are developing instruments and the legal basis to start the first **Social Impact Bond** in Lithuania. This can be an opportunity for social enterprises to solve challenges related to youths, particularly those leaving institutional care services.



Jaunimo
reikalų
agentūra

Social business organizations involved in the field of education, as well as those seeking to facilitate international volunteering initiatives or promote youth participation activities within their organization, are eligible to receive funding from the Erasmus+ program. **The Agency of Youth Affairs** administers the youth sector of the "Erasmus+" program in Lithuania.



Iceland
Liechtenstein
Norway grants

Lithuanian social business organisations looking for real estate can also make use of funding related to cultural heritage. For example, through the **European Economic Area (EEA) Financial Mechanism program "Culture"** more than €8 million, including a national contribution, have been allocated to enhance the monitoring of cultural heritage objects and promote cultural (incl. social) entrepreneurship in Lithuania. **The Central Project Implementation Agency (CPVA)** has administered and announced funding calls for areas that are particularly relevant to the development of social enterprises, such as "Development of Cultural Accessibility and Strengthening Cultural Education" and "Promotion of Local Cultural Entrepreneurship." For several social enterprises, the funding from the "Culture" program has enabled the acquisition and/or restoration of abandoned cultural objects and the initiation of inclusive activities involving social and community development.



EUROPOS SOCIALINIO
FONDO AGENTŪRA

European Social Fund Agency has over the past few years overseen various financial instruments funded by the European Social Fund, providing financial assistance to social business organizations in Lithuania. This support has been distributed through public calls for tenders, often in collaboration with the Ministry of Economy and Innovation. As of September 2023, there are no ongoing calls for tenders from ESFA for social business organizations. However, new calls can be anticipated in the coming years, coinciding with the launch of the new EU funding period.



Iceland
Liechtenstein
Norway
Active
citizens fund

The Active Citizens Fund in Lithuania (*LT: Aktyvių piliečių fondas*), which received financial support from EEA Grants 2014–2021, was granted a total budget of €9 million to enhance civil society and promote active citizenship while empowering vulnerable groups. The Fund issued several different calls for proposals. Only NGOs were eligible for funding. As of September 2023, there were no active invitations for proposals because the previous funding programme had concluded. However, it is worth noting that EEA Grants are currently developing plans for a new funding period and therefore, new opportunities to social enterprises with an NGO status might emerge.



Lietuvos Respublikos
socialinės apsaugos
ir darbo ministerija

Furthermore, social enterprises providing social services can be accredited as social service providers and get paid for their services from the public (usually municipalities') budget. According to the **legislation**, social services can be procured from accredited organisations through public procurement through calls or proposals to select providers. Municipalities normally carry out public procurement of social services. Social assistance services, such as home care, etc., can also be financed directly, where the service recipient chooses the service provider.



Another scheme that has become an important source of income for some social business organisations during the last several years in Lithuania are the **donations made from income tax**. Lithuanian citizens who pay taxes can donate up to 1.2 per cent of their income tax for a particular organisation that under the Law on Charity and Sponsorship is eligible for such support (selected NPAs). Only the organisations with an official recipient of the support status, which can be registered by applying to the **Registry center**, can seek the support. Organisations attract support by organising active promotion campaigns and contacting potential donors directly.

SOFT-SUPPORT WITH A FINANCING COMPONENT



For social startups an attractive opportunity is the **Startup Fair** – the annual and main international startup ecosystem event in Lithuania organised by Startup Lithuania and Innovation Agency Lithuania. Among other activities of the Startup Fair, participants get the opportunity to get the attention of potential investors through the so-called “pitch-battle”. Most promising, pre-selected startups pitch their ideas and compete on stage in front of an expert jury. Prizes in 2023 included, among others, up to €125,000 investment from **Baltic Sandbox Ventures**, up to €100,000 investment and accelerator programme from **FIRSTPICK** and up to €150,000 investment from **Startup Wise Guys**.



Lithuanian Social Enterprise Association (LiSVA) is a national umbrella organization uniting social enterprise organizations. It was established to create an environment favourable for social business, increase the awareness of social business and promote the implementation of international best practices. This is achieved through advocacy, capacity building and ecosystem development activities. The organization also occasionally runs capacity building events with monetary rewards. For example, **The Impact Academy** is an intensive three-month training programme organized for social entrepreneurs who want to strengthen the resilience of their businesses and find innovative solutions to the effects of crises. The programme is open to all social businesses, regardless of their legal form. The programme consists of training sessions, one-to-one mentoring and culminates with a Demo Day where participants pitch for prizes. In 2023, the winning team received a €3000 grant from **Luminor Bank**.



Geri Norai (*EN: Good Deeds*) is a NGO that provides consulting and training support to other NGOs, social enterprises and individuals seeking to implement positive social changes in Lithuania. The organization has also previously run programmes with a small financial component. For example, **The Impact Lab** was a 6-month programme consisting training sessions and one to one consultations on social impact measurement and management tailored for non-profit organizations and social enterprises as well as mentoring from business leaders. At the end of the programme the best team was awarded a €3000 grant by **Luminor bank**.

Lithuania: Summary

Funding and financing sources available to Lithuanian social enterprises

Type	Suitable for NGOs	Suitable for companies
Donations and crowdfunding	Aukok.lt (online donations portal suitable for NPA projects which aim to solve relevant social or environmental issues) 34 [†]	not available
	Donations made from income tax to NGOs by Lithuanian citizens under the Law on Charity and Sponsorship 36 [†]	
	Contribee (platform for content creators to collect contributions from fans) 34 [†]	
	Hooandja (rewards-based platform for entrepreneurial, creative and/or civic initiatives) 34 [†]	
Grants, vouchers and philanthropy	The NGO Fund (institutional development of NGOs, incl. the expansion of NGOs' social entrepreneurship activities) and other funding opportunities provided by the Ministry of Social Affairs) 30 [†]	The Innovation Agency 29 [†] (grants or vouchers provided to SMEs for the development of innovations or digitalisation) and other financial support opportunities for businesses provided by the Ministry of Economy and Innovation.
	Kazickas Family's Foundation (grants to specific projects or organisations) 31 [†]	
	Nordic Council of Ministers' Office in Lithuania (various grants, including the Nordic-Baltic NGO program) 31 [†]	
	The Active Citizens Fund (promoting democratic participation, active citizenship, human rights)* 35 [†]	
	The LEADER programme (for social enterprises operating in rural areas) 30 [†]	
	The ella fund (a philanthropy fund devoted to empowering girls and women worldwide) 31 [†]	
	The Sweden-Lithuania Cooperation Fund (grants for collaboration and new business ideas) 31 [†]	
	Grants by the Ministry of the Interior (promoting social enterprises within communities)* 30 [†]	
Debt capital and guarantees	not available	INVEGA (soft loans, guarantees, grants) 29 [†]
		Finora bank's microloan 33 [†]
		Citadele bank's microloans 33 [†]
		Swedbank's microloans 33 [†]
		MJJ Microcredits (to entrepreneurial initiatives and social entrepreneurs for social integration and financial inclusion) 33 [†]
Equity capital (investments, SIBs)	Social Impact Bond (for solving the social challenges related to youths leaving the institutional care services)* 35 [†]	Katalista Ventures (early-stage accelerator and fund for Triple Top Line startups) 31 [†]
		Coinvest Capital (invests primarily in digital early-stage start-ups, but have recently made investments into social enterprises as well) 32 [†]
		LitBAN and its angel investors make both traditional and impact investments 32 [†]
		Baltic SME IPO Fund (for SMEs and Small or Innovative mid-caps)* 32 [†]

* Currently under renewal or establishment



Opportunities on the European level



In December 2021, the European Commission adopted a new **Social Economy Action Plan** to set new policy goals for developing the social economy in Europe, including improving access to finance for social enterprises. During the 2021-2027 programming period, the **InvestEU** Programme and the **European Social Fund Plus (ESF+)** are the main new instruments for building up the European social investment ecosystem. This EU-level push for the social economy is also a promising sign for Baltic social enterprises that additional funding instruments will be set up in the coming years.

Baltic social enterprises are eligible to apply for competitive funding in the EU available via e.g., Horizon Europe, EaSI, LIFE and other programmes. However, the needed financial and organisational requirements limit the possibility of many social enterprises to apply, particularly in the case of larger projects that also require co-financing from the project partners. Therefore, more suitable for social enterprises are EU-funded programmes where (financial) intermediaries make the funding available to the end beneficiaries.



Estonia – Latvia

Nonetheless, a potentially attractive public grant programme for Estonian and Latvian social enterprises seeking to develop and innovate is **The Estonia-Latvia programme**. It is a cross-border cooperation programme that is implemented under the European territorial cooperation goal (Interreg) and is funded through the European Regional Development Fund. The second priority of this programme – ‘jointly and smartly growing businesses’ – focuses on enhancing the growth and competitiveness of small and medium-sized enterprises; increasing cooperation between research institutions, small and medium-sized enterprises, and the public sector to promote innovation and entrepreneurship; creating and strengthening international innovation networks and clusters and supporting internationalisation. The projects need to deliver scalable pilot actions. To be eligible for the programme support the participating SME must have at least €50,000 annual turnover for the year before. The total ERDF support available for this priority is over €3 million. The maximum grant size under this objective is €500,000, however the requested ERDF support for an SME can be maximum 50% of the SME’s annual turnover of the year before. The minimum grant size is not fixed. Co-financing from the Programme is up to 80% of the total eligible costs.



Other cross-border and regional Interreg programmes such as the **Interreg Latvia-Lithuania** and **Interreg Baltic Sea Region** also enable financial support for projects dedicated to the social economy. However, based on the eligibility conditions, these are more suitable for intermediary organisations for setting up support activities in the local social entrepreneurship ecosystem.



It is also worth mentioning one of the main direct investments programmes that the European Commission has made available for European companies. The **EIC Accelerator** supports individual SMEs, in particular start-ups and spinout companies to develop and scale up game-changing innovations, from TRL5 to market deployment and scale-up. The EIC Accelerator provides substantial financial support, with a combination of grant funding (non-dilutive) of up to €2,5 million for innovation development costs (TRL5 to 8) and an investments (usually direct equity investments) of up to €15 million managed by the EIC Fund for market deployment and scale up (TRL9 onwards). The EIC Accelerator covers all areas of technology, with the goal to support the development and effective deployment of any European innovation benefiting Europeans, economically or socially.

SI. Swedish Institute

The Swedish Institute (SI) is a public agency that builds interest and trust in Sweden around the world. As part of the cooperation in the Baltic Sea region, SI funds exchanges and joint projects for individuals, organisations and companies. Occasionally such calls are also suitable for organizations working on social impact. For example, under the **Baltic Sea Neighbourhood Programme** it is supporting the **Baltic Sea Impact Network** – a transnational peer-learning network among social entrepreneurs from the Baltic Sea region.

Private financing

EQUITY FUNDS



Since 2012, the **European Investment Fund**, in collaboration with KredEx (now Estonian Business and Innovation Agency), ALTUM and INVEGA, has launched **Fund-of-Funds initiatives** to boost equity investments made into Baltic SMEs with high growth potential. Most of these regional funds have by now, with the push from the EU Sustainable Finance Disclosure Regulation, also adopted sustainability guidelines and have promised to adhere to environmental, social and governance (“ESG”) considerations. This is a promising trend for (late-stage) social entrepreneurs as more investments in the sector can be expected.

LIVONIA PARTNERS

Indeed, as could be seen in the case of the Latvia-originated fund **Livonia Partners**, it now focuses on four Sustainable Development Goals: climate action; responsible consumption and production; decent work and economic growth; and gender equality. Additionally, Livonia Partners has committed to invest the equivalent of a minimum of 10% in projects that have a positive environmental impact. More details under the Latvia chapter. [22⁷](#)

BaltCap

One of **BaltCap**'s investment strategies, the **BaltCap Infrastructure Fund**, is also relevant for social enterprises. The Fund finances infrastructure projects that create positive environmental and social impact. Its primary focus is providing development capital for transport, energy and education infrastructure projects in the Baltics and Poland. The fund typically invests €3 to €15 million per project and targets investments contributing to the climate change mitigation agenda. The Fund adheres to a Sustainability Policy and has ESG considerations into Fund's investment decision-making process and active ownership practices.

Other regional funds worth looking into are:



INVL Baltic Sea Growth Fund – €165 million private equity investment fund that invests between €10 to 30 million in companies with high growth potential and global competitiveness. The Fund promotes environmental and social characteristics but does not have as its objective a sustainable investment.



BMP Capital – a mezzanine financing provider for SMEs in the region with a total size of €130 million follows ESG principles in its investment decisions.

karma.vc

Karma VC – an early-stage venture capital firm, specialising in late seed and A round investments in deep-tech software startups. Invests €5 million per opportunity with potential follow-on investments in later rounds. They have integrated ESG into the full life-cycle of their investment activities.





Commercial banks such as Erste Bank or BNP Paribas are well known for their established programmes in support of the social economy. For example, the **Erste Social Finance Holding** acts as a social finance investor and intermediary in the region of Central and Eastern Europe. BNP Paribas is known for its **"Act for Impact"** programme that supports social enterprises in their entire life-cycle.



Then there are also banks that refer to themselves as community banks, ethical banks or social banks and are organised in networks like **Fédération Européenne des banques Éthiques et Alternatives** (FEBEA) and **Global Alliance for Banking on Values** (GABV). The latter is a network of independent banks using finance to deliver sustainable economic, social, and environmental development.

In short, while the impact investing landscape as well as the social financing principles of the biggest commercial banks in the Baltic region are still developing, it does not hurt to see whether attractive debt instruments can be found in one of these other European banks.

CROWDFUNDING



In addition to the local crowdfunding platforms, there are now more and more pan-European crowdfunding platforms, some of which are also driven by positive social impact goals. One such is the Portugal-based **La Bolsa Social**. La Bolsa Social is the first participatory crowdfunding platform for social impact and environmental enterprises authorized by the National Securities Market Commission (CNMV). Companies can choose between two financing lines that adapt to the growth phase of the company. La Bolsa Social offers a seed line to companies with financing requirements of up to €100,000 and a growth line to companies with funding requirements starting from €100,000. The maximum capture per project on the platform may not exceed €2 million. In the event that the project is aimed exclusively at accredited investors, this amount may amount to €5 million. Crowdfunding campaigns usually last 2 or 3 months, although, in mutual agreement with the entrepreneur, the campaign can be prolonged.

Alternative Finance Roadmap

In case of any questions on the report, please reach out to the
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