

# SBSM Funding and finance – KA2

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## **GERMANY**

### FUNDING AND FINANCE IN GERMANY

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## Are there any law or programme for funding and financing of Social Businesses?

At the moment, there is no funding and financing program from the federal level which is aims directly social businesses (evers & jung, 2015, S. 57).

In some cases SB can be financed by state regulations for the needy according to the rules in the social security code, but this does not count for the testing of social innovations and ideas, prevention approaches and the scaling of already successfully piloted social effect models.

However, in these areas most of the social business start-ups can be found. Therefore, the government advices to look for funding in the area of foundations and business cooperations (BMWl, 2016, p. 33).

Against this background, funding programs in the area of start-ups, SMEs and innovation financing are a very relevant financing option for social enterprises (BMWl, 2015, p. 56).

At the federal level these instruments are administrated by the Bundesministerium für Wirtschaft und Energie (BMWl). Within the European Recovery Plan there is a fonds where the budget is used for business promotion

<http://www.bmwi.de/DE/Themen/Mittelstand/Mittelstandsfinanzierung/gruendungsfiananzierung,did=508014.html>

For innovation promotion the BMWl has installed the EXIST program

<http://www.bmwi.de/DE/Themen/Mittelstand/Mittelstandsfinanzierung/gruendungsfiananzierung,did=508042.html>, which aims to promote technology and knowledge-based start-ups at universities with financial grants (BMWl, 2015, p. 56-57).

Next to this there is the so called “Mikrokreditfonds Deutschland”, which budget comes from the European Social fund, from where small social business start ups can get a loan up to 20.000€

<http://www.bmwi.de/DE/Themen/Mittelstand/Mittelstandsfinanzierung/gruendungsfiananzierung,did=750368.html>

Also SBs can use the “Mikromezzaninfonds Deutschland” which is a program where businesses with a small financial background can get support in forms of a financial participation (max. 50.000€) so that they can get more chances for taking part in financing programs

<http://www.bmwi.de/DE/Themen/Mittelstand/Mittelstandsfinanzierung/gruendungsfiananzierung,did=649740.html>

Already existig SBs which are working in the area of infrastructure can get a loan from the program “IKU – Investitionskredit Kommunale und Soziale Unternehmen”

<https://www.kfw.de/inlandsfoerderung/Öffentliche-Einrichtungen/Kommunale-soziale-Basisversorgung/Finanzierungsangebote/Investitionskredit-kommunale->

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There is no specific law or program for funding and financing SB. There is however a range of legal structures that can be adopted by a SB, like already mentioned, from the social security code (SGB).

Sources:

BMWi (2016), Praxisleitfaden Soziales Unternehmertum

<http://www.bmwi.de/BMWi/Redaktion/PDF/Publikationen/praxisleitfaden-soziales-unternehmertum,property=pdf,bereich=bmwi2012,sprache=de,rwb=true.pdf>

BMWi (2015), Studie: Herausforderungen bei der Gründung und Skalierung von Sozialunternehmen. Welche Rahmenbedingungen benötigen Social Entrepreneurs?

<http://www.bmwi.de/BMWi/Redaktion/PDF/Publikationen/Studien/herausforderungen-bei-der-gruendung-und-skalierung-von-sozialunternehmen,property=pdf,bereich=bmwi2012,sprache=de,rwb=true.pdf>

## What support can I find for funding and financing by private institutions?

In contrast to the traditional start-up sector and the small funding opportunities for SB within this sector there exists a good structure of private funding opportunities for SB in Germany.

For example:

- Ananda Social Venture Fund: Venture capital investors for Social Enterprises in Europe based in Munich  
<http://www.socialventurefund.com>
- BonVenture: fund and foundation for social responsibility  
<http://www.bonventure.de/home.html>
- FASE: Financing agency for Social Entrepreneurship  
<http://fa-se.de>
- Investment Ready Program: Capital for SEs from central europe  
<http://investment-ready.org>
- Social Impact Finance: Qualification for crowdfunding campaigns and skills training in the field of spin-off funding  
<http://socialimpactfinance.eu>
- Sustainable Business Angel Program: Support and contact with investors over 12 months  
<http://sba-initiative.de/de/bewerbung/Angebotene-Leistungen.php>

Startup4climate: Start-up promotion for start-ups in the field of climate protection

<http://startup4climate.de>

- Tengelmann Social Ventures GmbH: Seed-Investments for Social Businesses  
<http://www.tev-social.de/ueber-uns/investmentstrategie.html>
- WACKSTUM: Funding company for start-up teams in the range of EUR 0.1 million to EUR 0.5 million  
<http://www.wackstum.de>

Source: The Changer (2016). Förder- und Finanzierungsmöglichkeiten für Social Startups. <http://thechanger.org/resources/foerder-und-finanzierungsmoeglichkeiten-fuer-social-startups#>

## What support can I find from free resources for funding and financing?

### Crowdfunding:

- [https://issuu.com/socialimpactggmbh/docs/crowdfundingmanual\\_2advent](https://issuu.com/socialimpactggmbh/docs/crowdfundingmanual_2advent)
- <http://socialimpactfinance.eu/EN> (consulting on finance)
- <http://socialimpactfinance.eu/EN/crowdfunding/crowdfuning-manual> (only in German)
- <http://www.startnext.com> (Crowdfunding platform)

### Finance and Funding:

- <http://thechanger.org/resources/foerder-und-finanzierungsmoeglichkeiten-fuer-social-startups> (only in German)
- <http://germany.ashoka.org/finanzierung-von-sozialunternehmen> (only in German)
- <http://ec.europa.eu/social/BlobServlet?docId=14214&langId=en> (page 18)

### Fellowship programme:

- <http://germany.ashoka.org/de/fellowship-programm> (only in German)

### Data base for funding:

<http://www.foerderdatenbank.de/> (only in German)

## Are there any examples of people who got support in funding and financing?

### “Hamburg Leuchtfeuer”

“Hamburg Leuchtfeuer is an organisation that has been supporting chronically and terminally ill people since 1994. The social enterprise has three main activity streams: psycho-social assistance for people suffering from HIV/AIDS, hospice services for the terminally ill and assistance in the grieving process through the Lotsenhaus. The organisation is also working on a housing project where chronically ill can live independent and dignified lives. Through its work, Hamburg Leuchtfeuer contributes to raising awareness around the quality of life of the chronically and terminally ill in Germany.

The organisation reported over 2,5 million euro in revenues in 2014. Their funding structure relies on donations, state reimbursements for rehabilitation and integration services as part of the psycho-social assistance program and reimbursements from health insurance companies for the hospice services they offer. Since none of their activities can be fully financed through state and health insurance funding, the organisation raises 550.000 EUR per year in donations. The assistance program for grief in the Lotsenhaus is funded exclusively through donations. Hamburg Leuchtfeuer is thus an illustration of the bigger German social enterprises in terms of their financial development, duration and complexity of activity.” (SEFORIS, 2016, p.21)

- Website: <http://www.hamburg-leuchtfeuer.de>
- Facebook: [https://www.facebook.com/Hamburg-Leuchtfeuer-222183981130014/?ref=page\\_internal](https://www.facebook.com/Hamburg-Leuchtfeuer-222183981130014/?ref=page_internal)
- Video: <https://www.youtube.com/watch?v=gFz0MAmFsQQ>

### “Elben”

“Elben” is a project made of people from Germany and Syria. The primary idea is to get refugees into work with making Syrian street food (Manakish) and selling it to help them to be independent and to integrate themselves in the german society and to find their place. The project also wants to put the culture exchange between germans and refugees a step further.

They are financed through Crowdfunding.

- Video: [https://www.youtube.com/watch?v=bEkgRVe\\_RDw](https://www.youtube.com/watch?v=bEkgRVe_RDw), Facebook Page: <https://www.facebook.com/elben.22/>
- Crowdfunding Campagne: <https://www.startnext.com/elben-2>

## Where can I find Mentoring support?

Social Impact: <http://socialimpact.eu/EN/portfolio>

- They have different start-up support programs including promotion, coaching, consultancy and mentoring for aspiring entrepreneurs
- the programs differ due to the social impact lab, where the program is offered and due to the target group of the entrepreneur

Social Impact Consult: <http://socialimpact.eu/EN/social-impact-consult>

“focus on the spread and scaling (localisation) of social innovations as well as the improvement of infrastructural, communicative and media framework conditions for social entrepreneurship”

Ashoka Germany:

- Fellowship program: <http://www.germany.ashoka.org/de/fellowship-programm>
- Ashoka Support Network (ASN):  
<http://www.germany.ashoka.org/ashoka-support-netzwerk> and  
<http://www.ashokasupportnetwork.org>

Start Social:

- Four-month consulting fellowships: <https://startsocial.de/wettbewerb>
- Alumni Network

Social Entrepreneurship Akademie:

- <http://www.seakademie.de/beratung-foerderung.aspx>
- consultancy, incubation

Impact Hub:

- offering consultancy by membership
- Flane Vodafone Accelerator for Woman <http://berlin.impacthub.net/flane-vodafone-accelerator/>