

Government's Role in Shaping Impact Investing: A Comparative Study of Portugal and Italy

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Abstract

This thesis examines how government policies shape the development of impact investing ecosystems, with a comparative focus on Portugal and Italy. Impact investing, defined as the pursuit of measurable social and environmental benefits alongside financial returns, has expanded rapidly but remains highly dependent on institutional contexts.

The study applies a qualitative research design, drawing on 14 semi-structured interviews with government representatives, investors, and social enterprises. To guide data collection and analysis, the author developed the 4R framework (Returns, Risk, Reputation, and Responsibility), which highlights both financial and symbolic dimensions of impact investing.

Findings indicate that Portugal has developed a centralized, subsidy-driven model. EU-linked funds and public co-investment mechanisms reduce risk and signal legitimacy but also foster dependency and limit sustainability once external funding cycles end. Italy, by contrast, follows a decentralized, foundation-led approach. Legal recognition through the *società benefit* and patient philanthropic capital strengthens credibility, yet fragmented coordination and diverse investor expectations restrict systemic scalability.

The comparative analysis shows that these two ecosystems represent distinct state–market configurations. While both lower barriers to impact investment, they do so through different trade-offs: Portugal prioritizes risk reduction at the expense of resilience, whereas Italy enhances legitimacy but lacks coherence and scale.

The dissertation concludes that impact investing ecosystems do not converge toward a single model but evolve through nationally specific policy choices, underlining the importance of contextual design in balancing incentives, accountability, and long-term sustainability.

Keywords: Impact Investing, Public Policy, Comparative Analysis, Portugal, Italy, Stakeholder Theory, 4R Framework

Title: Government Policies and the Development of Impact Investing Ecosystems: A Comparative Study of Portugal and Italy

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Sumário Executivo

Esta dissertação analisa de que forma as políticas públicas moldam o desenvolvimento dos ecossistemas de investimento de impacto, com um enfoque comparativo em Portugal e Itália. O investimento de impacto, entendido como a conjugação de retornos financeiros com benefícios sociais e ambientais mensuráveis, tem vindo a expandir-se rapidamente, mas continua fortemente condicionado pelos contextos institucionais.

O estudo segue uma abordagem qualitativa, baseada em 14 entrevistas semiestruturadas com representantes governamentais, investidores e empresas sociais. Para orientar a recolha e análise dos dados, a autora desenvolveu o quadro dos 4R (Retornos, Risco, Reputação e Responsabilidade), que permite captar simultaneamente dimensões financeiras e simbólicas.

Os resultados mostram dois modelos contrastantes. Em Portugal, predomina uma abordagem centralizada, sustentada por subsídios e fundos europeus, que reduz o risco e reforça a legitimidade, mas gera dependência e fragilidade perante ciclos de financiamento. Em Itália, o modelo é descentralizado e liderado por fundações. O reconhecimento legal através da *società benefit* e o capital filantrópico paciente aumentam a credibilidade, embora a fragmentação institucional e a diversidade de expectativas limitem a escalabilidade.

A análise comparativa demonstra que estes ecossistemas representam configurações distintas das relações Estado–mercado. Embora ambos facilitem o acesso ao investimento de impacto, fazem-no através de diferentes compromissos: Portugal privilegia a redução de risco em detrimento da resiliência, enquanto Itália reforça a legitimidade mas enfrenta falta de coordenação e escala. Assim, a evolução do setor depende de escolhas políticas nacionais específicas e do desenho contextual das medidas de incentivo e sustentabilidade a longo prazo.

Palavras-chave: Investimento de Impacto, Políticas Públicas, Análise Comparativa, Portugal, Itália, Teoria dos Stakeholders, Quadro 4R

Título: Políticas Públicas e o Desenvolvimento dos Ecossistemas de Investimento de Impacto: Um Estudo Comparativo entre Portugal e Itália

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Introduction

Impact investing has gained considerable momentum in recent years, bridging the gap between traditionally distinct domains of philanthropy and conventional finance. It is distinguished by an intentional pursuit of measurable social or environmental impact alongside financial returns, guided by robust frameworks such as theories of change, performance targets, and impact data management (Building Bridges, 2025). Yet, the evolution of impact investing ecosystems are profoundly influenced by national policy environments and the nature of government involvement.

This thesis employs a comparative case study of Portugal and Italy, using 14 semi-structured interviews with government actors, investors, and social enterprises, to explore the question: *How do government policies shape the development of impact investing ecosystems? And what trade-offs emerge in different national contexts?*

By applying stakeholder theory and the 4R framework, the study deepens theoretical understanding of impact investing, highlights how national ecosystems are socially constructed through public policy interventions, and identifies trade-offs between legitimization, sustainability, and systemic cohesion. In doing so, it underscores that impact investing ecosystems evolve along distinct trajectories shaped by divergent policy regimes, rather than converging uniformly toward a singular model.

1. Foundations of Impact Investing

Impact investing refers to allocating capital in ways that simultaneously target measurable positive social or environmental outcomes and financial returns (Gutterman, 2024). Contrary to the assumption that “doing good” compromises profitability, current evidence increasingly shows that well-structured impact investments can be financially sustainable and create quantifiable benefits for stakeholders (Global Impact Investing Network [GIIN], 2024).

Over the last decade, an ecosystem of specialized funds, social enterprises, development finance institutions, foundations, and mainstream finance players has been united by the belief that generating positive externalities can align with financial profitability rather than being treated as secondary concerns (Rosyadi et al., 2024). Alternatively, these results might be incorporated as essential components of the performance and strategy of an investment.

1.1 Core Principles

1.1.1 Intentionality: Balancing Profit and Purpose

The definition of impact investing shared by most authors underscores three core aspects:

1. **Intentionality:** The investor’s explicit aim to create measurable social or environmental benefits, rather than merely reducing harm or “doing less bad.”(Hehanussa, 2024).
2. **Financial Returns:** Impact investments expect the return of capital making them distinct from pure donations and philanthropy (Hehanussa, 2024).
3. **Impact Measurement:** The social or environmental benefit needs to be tracked to report results in order to demonstrate progress toward these objectives.

Recent literature emphasizes that the impact investing stands between conventional finance (driven primarily by profit) and philanthropy or grantmaking, known to be focused solely on generating social good without expectation of repayment. (Rosyadi et al., 2024).

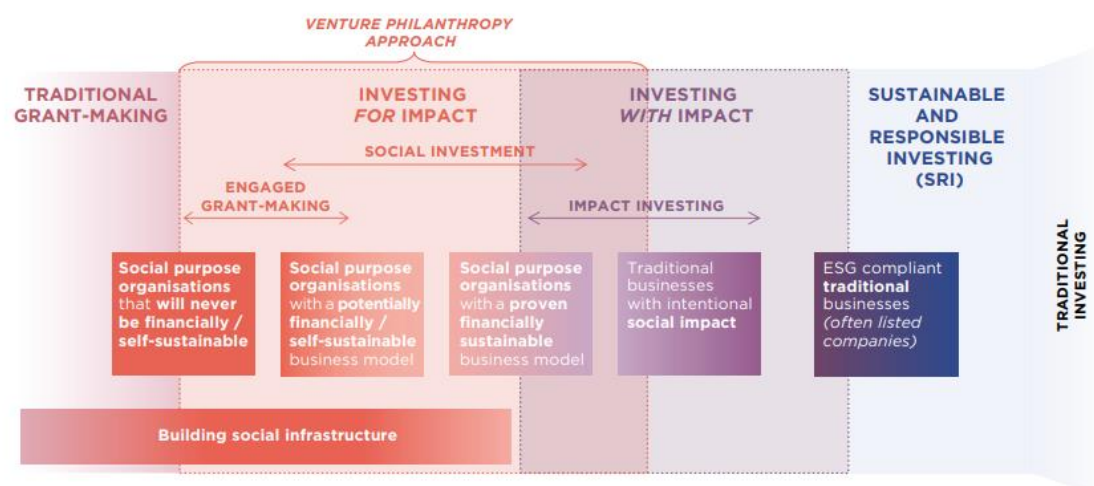


Figure 1: The EVPA Impact Ecosystem Spectrum (Impact Europe, 2024)

Investors in the spectrum involving impact (investing for/with impact) accept different levels of financial returns depending on the strategic fit with the opportunity, market segment, and the urgency of social or environmental challenges the impact venture target (Fernandes et al., 2023).

1.1.2 Impact Measurement

As described before, a key matter of impact investing is measurement and reporting. Programs such as IRIS+, the Impact Management Project (IMP), and the Global Reporting Initiative

(GRIs) guide investors and enterprises in monitoring the changes they produce (Deloitte, 2021).

Typically, the measured data includes:

- quantitative metrics: e.g., tons of carbon avoided, the number of underserved individuals accessing financial services
- and qualitative assessments: e.g., user satisfaction.

Moreover, GIIN has consistently remarked that such data collection serves two purposes: (1) confirming that the investee actually delivers on its stated impact goals, and (2) fostering accountability and transparency across the market (GIIN, 2024). This accountability aligns well with the increasing demand by institutional investors for rigor in managing environmental, social, and governance (ESG) risks and ensuring that positive change goes beyond superficial claims (Hehanussa, 2024).

Furthermore, impact investors frequently use the Impact Management Project's five dimensions. They aim to analyze the “What, Who, How Much, Contribution, and Risk” to define (a) the type of result they hope to achieve, (b) the groups of people or the environment they hope to influence, and (c) the extent to which they hope to significantly alter the status quo.

1.2 Differences from ESG and SRI

Although environmental, social, and governance (ESG) policies also shape impact investments, they do not strictly adhere to the same ground concepts (Deloitte, 2021). ESG-driven strategies generally center on evaluating corporate behaviors such as carbon intensity, board diversity, or labor standards to manage risks and align values. Impact investing goes further by actively seeking out ventures that deliver positive outcomes (Hehanussa, 2024).

Additionally, ESG strategies sometimes revolve around negative screens, excluding companies that fail basic standards (e.g. tobacco or weapon industry), whereas impact investing typically employs positive screening or direct engagements in ventures that promise tangible social or environmental returns (Gutterman, 2024).

1.3 The Impact Investing Landscape

1.3.1 Key Actors and Stakeholders

The forefront of impact investing are social enterprises (SEs), combining profit-driven models with social or environmental objectives (Fernandes et al., 2023). To fund their activities, SEs raise capital from various sources, including angel investors, mission-oriented accelerators, seed-stage funds, and corporate venture capital (CVC) (Gutterman, 2024). As impact investing expands, large corporations have also begun integrating ESG goals into their venture capital strategies, contributing to the diversification of available financial instruments. Companies such as Google, Oracle, and Microsoft invest in climate tech, financial inclusion, and supply chain sustainability through CVC to ensure the corporate strategy coordinates with long-term social transformation (Da Gbadji et al., 2014).

While corporate and private investors are expanding their role, Development Finance Institutions (DFIs) remain critical in bridging capital gaps. DFIs engage in blended finance deals that combine philanthropic, public, and commercial capital to de-risk impact-driven investments (Hehanussa, 2024). Similarly, foundations have evolved beyond traditional grant-making, using program-related investments (PRIs) to channel philanthropic funds into repayable, long-term investments (Gutterman, 2024).

Regarding financial instruments, impact investors utilize a broad range of innovative ones that expand further than equity and debt financing. Social and green bonds serve as fixed-income securities dedicated to environmental or social outcomes, while catalytic first-loss capital, and Social Impact Bonds (SIBs) further diversify the capital mix (Deloitte, 2021). However, its implementation varies significantly across countries.

The “toolbox” approach to impact finance emphasizes blended financial models, combining CVC, philanthropy, concessional lending, and public-private investment partnerships to scale impact enterprises (MAZE, 2023). With the impact investment sector expanding further, the collaboration between these stakeholders contributes to expanding sustainable and scalable financial solutions.

1.3.2 The Growing Landscape

According to market research (GIIN, 2024), funding for impact projects has grown significantly in recent years with the total assets under management with an impact mandate already surpassing USD 1 trillion. This amount signals the broad recognition that social and

environmental solutions have started to gain, highlighting how they may be profitable as well. Crucially, improvements in impact measuring instruments, investor education, and data sharing have coincided with the sector's expansion (Gutterman, 2024). These advancements have contributed to the professionalization of impact investing, expanding it beyond a niche sector (Hehanussa, 2024).

2. Challenges of Impact Investing

Despite its rapid growth, the field faces numerous challenges that hinder its effectiveness and credibility. These challenges range from methodological issues in measuring impact to broader concerns about the legitimacy of impact claims. Academics and practitioners have questioned whether impact investing actually achieves or is simply a rhetorical term to attract capital while maintaining conventional profit-seeking forms. The complexity of assessing impact, the risk of “impact-washing,” and the concerns of investors regarding financial returns and risk mitigation further complicate the development of a robust and trustworthy impact investment ecosystem.

2.1 Skepticism

Skepticism towards impact investing stems primarily from the unclear and often conflicting ways impact is defined and measured. Critics argue that, rather than being a revolutionary shift in financial markets, impact investing is employed as rebranding traditional investment strategies in the guise of social responsibility (Asiyanbi, 2024). This skepticism is reinforced by the lack of universally accepted benchmarks to assess impact, so it is possible that many investments classified as “impactful” fail to generate substantial or incremental social and environmental payback. The challenge of proving additionality—whether an investment truly leads to positive change that would not have occurred otherwise—remains a significant hurdle (Hehanussa, 2024).

The issue of “Impact-washing” further attacks the credibility concerning the industry. Like the concept of greenwashing in corporate sustainability, impact-washing refers to the practice of misrepresenting or overstating the positive effects of an investment (Caldecott et al., 2024). Many firms and funds market themselves as impact-driven without adhering to rigorous impact assessment methodologies, diluting sector credibility accordingly. The pressure to attract

capital and meet investor expectations often leads to selective reporting, where only the most favorable impact metrics are highlighted while negative externalities or unintended consequences are omitted (Asiyanbi, 2024). In some cases, investments that would have been made regardless of their social benefits are rebranded as impact investments, raising ethical questions about the authenticity of the sector's commitment to change.

Without clear standards and third-party verification procedures, investors and stakeholders are unable to separate genuinely effective investments from those that merely claim to be.

2.2 Measuring True Impact

The first fundamental challenge relates to the impact measurement, which is still extremely fragmented and not standardized. Though financial performance is measurable in quite objective terms, social and environmental outcomes are normally more complex and context dependent. Current impact measurement frameworks, such as IRIS+ and the Impact Management Project, attempt to provide structured methodologies. However, they face limitations in capturing the full spectrum of outcomes (Ormiston et al., 2015).

Some scholars argue that these frameworks favor quantifiable metrics that can be easily reported to investors. These “comfort” metrics, such as the number of jobs created or tons of carbon offset, can be easily understood by the investors and used for comparison. As a matter of fact, using these numerical data comes at the expense of deeper qualitative assessments that may better reflect an investment's long-term effects (Caldecott et al., 2024). This emphasis on quantification can obscure the broader social and ecological dynamics of impact investments, therefore limiting their effectiveness.

2.3 Investor's Perspectives and Concerns

Investors themselves express concerns about the risk-return tradeoff associated with impact investing. While some investors are willing to accept concessionary returns in exchange for social impact, many institutional investors and fund managers prioritize financial performance and risk mitigation (Ormiston et al., 2015). The uncertainty surrounding the financial viability of impact investments, especially in emerging markets or untested business models, creates hesitancy among mainstream investors. Another challenge is the long-term nature of many impact investments, especially in fields such as clean energy and social infrastructure.

It presents some problems for investors who require short-term liquidity and predictable returns (Hehanussa, 2024). Unless it is proved that impact investments can provide both financial and social results with certainty, many investors are reluctant to invest large amounts of capital into the sector.

Beyond these fundamental issues, institutional and structural barriers continue to hinder impact investing's expansion and efficacy. Impact investors' capacity to efficiently scale their operations is constrained in certain areas by the absence of legislative frameworks and governmental incentives (Pereira Christopoulos et al., 2024). Impact investing finds it difficult to compete with more traditional asset classes in markets where financial regulations prioritize maximizing short-term profits.

Investors, regulators, and industry stakeholders must work together to address the mistrust around impact investing and make sure that effect claims are supported by reliable data. Additionally, striking a balance between social and financial goals continues to be a significant obstacle that will influence impact investing's future course.

3. Government's Role in Shaping Impact

While private capital plays a significant role in impact investing, governmental initiatives, subsidies, and regulatory frameworks are critical in fostering a conducive environment for these investments. The European Union, alongside national governments, has implemented various mechanisms to foster a supportive ecosystem that encourages social innovation and directs investments into projects with social and environmental benefits.

3.1 Europe's Regulatory Approach

At the Union level, impact investing is strongly tied to sustainable finance policies, which are shaped by regulations such as the European Green Deal. The European Parliament has acknowledged the need for structured impact measurement and investment alignment with social and human rights objectives (European Parliament, 2020). Several key financial instruments and regulatory frameworks shape the European impact investing landscape:

1. The EU Sustainable Finance Taxonomy: A classification system defining which economic activities qualify as sustainable, helping investors distinguish between

genuine impact investments and those engaging in “impact-washing” (Caldecott et al., 2024).

2. European Social Entrepreneurship Funds (EuSEF): Designed to facilitate funding for social enterprises by connecting impact investors with social businesses (European Parliament, 2013).
3. The European Investment Fund (EIF) and the InvestEU Program: These institutions co-finance impact-driven projects, as they provide guarantees and capital for social and green initiatives (European Parliament, 2020).

These frameworks contribute to lowering the cost of capital for social enterprises, making it easier for impact-driven businesses to access financing. However, while the EU has set broad objectives, the implementation of impact investing policies is largely dependent on national governments.

3.2 National Support Strategies

Each European country applies different policy tools and financial instruments to foster impact investing, often blending direct financial support, tax incentives, and public-private partnerships.

3.2.1 Public-Private Partnerships and Subsidies

One important government-led tool for directing corporate funding toward social impact initiatives is public-private partnerships (PPPs). Public-private partnerships often involve concessions of tax or other operating revenue, protection from liability, or partial ownership rights over nominally public services and property to private sector, for-profit entities. A specific subset of PPPs known as Social Impact Bonds (SIBs) has been implemented in several European nations, such as the UK, Germany, and the Netherlands, to fund social activities with definite outcome-based returns.

SIBs function by involving private investors, government entities, and social service providers in a contractual agreement where government payments are contingent upon the achievement of predefined social outcomes. A well-documented example is the Peterborough Prison SIB in the UK, which funded rehabilitation initiatives in an effort to lower recidivism rates among short-term inmates (Kim & Han, 2015). Since then, the model has been extended throughout Europe to finance initiatives related to healthcare, education, and job assistance.

Critics argue that despite SIBs' success in matching government expenditure to quantifiable social results, evaluation procedures are still uneven, making it challenging to standardize impact-based payments (Pidvysotskyi, 2024).

In addition to PPPs, European governments have implemented fiscal incentives to encourage social investments by providing tax breaks for projects that prioritize sustainability. The UK's Social Investment Tax Relief (SITR) is an example of tax relief for social investments since it allows investors to deduct a percentage of their investments in social enterprises from their taxable income (European Parliament, 2020).

Despite these incentives, bureaucratic complexity and regulatory fragmentation across EU nations remain barriers to scaling impact investment initiatives. Some scholars argue that greater alignment between tax policies and sustainability goals is needed to streamline the efficiency of these incentives (Caldecott et al., 2024).

3.2.2 Impact Instruments and Vehicles

European governments have also created state-backed funds to directly invest in social impact projects. These vehicles help the innovative ecosystem by funds de-risk private investment, as it offers first-loss guarantees, co-financing options, and concessional lending to social enterprises. There are 3 main actors that represent distinct but complementary funding mechanisms, aligning investment strategies with public policy objectives:

- GVCs are government-backed venture capital initiatives that seek to offset market failures by supporting early-stage firms that do not have mainstream investors since they are involved in a social or environmental mission (OECD, 2024) Compared to traditional VC that focuses on profit-making returns, GVCs incorporate policy-embedded goals like social justice and environmental sustainability. Because of their tight connection to the State, they might face issues of efficiency as well as market manipulation risks due to excessive state intervention (Quas et al., 2024).
- Social Impact Venture Capital (SIVCs), on the other hand, are private venture capital companies that strike a balance between quantifiable social and environmental benefit and profitability (Quas et al., 2024). SIVC financing is more likely to be obtained by startups with SDG-aligned business models, but these funds continue to occupy a specialized place in the larger VC market, with continuous discussions concerning their capacity to produce both impact and competitive financial returns.

- CVCs, driven by corporate sustainability goals and ESG regulations, involve large corporations investing in impact-driven startups that align with their strategic objectives (Yan et al., 2021).

Their interplay highlights the importance of a multi-layered investment approach that combines government funding, private capital, and corporate engagement to drive sustainable impact investing across Europe (Quas et al., 2024). Each of these VC models plays a distinct role in the diversified impact investing ecosystem they create: SIVCs offer a market-driven strategy, CVCs scale ideas using corporate resources and collectively, and GVCs assist in de-risking early-stage businesses.

4. Impact Investing in Portugal and Italy: A Comparative Analysis

As previously mentioned, the European Union has established broad regulatory frameworks to support sustainable finance and social innovation, however the implementation of impact investing varies significantly across member states. Portugal and Italy present two distinct, yet complementary models of government intervention and financial instruments aimed at fostering impact-driven investments.

Portugal has actively developed social innovation policies, notably through Portugal Social Innovation (PSI), a government initiative funded through EU Structural Funds. The country has also seen a structured application of Social Impact Bonds (SIBs), which serve as an innovative financing mechanism for social interventions (Pinto et al., 2021). Italy, on the other hand, has focused on a more decentralized approach, leveraging regional initiatives, ethical banking institutions, and venture philanthropy models to support impact enterprises.

This section explores the specific policies, financial instruments, and market players in both countries, followed by a comparative analysis of their respective approaches to fostering impact investing.

4.1. Portugal's Impact Ecosystem

Portugal has positioned itself as a European leader in social impact finance, particularly through the Portugal Social Innovation (PSI) initiative, launched in 2014. PSI was developed to mobilize €150 million from the European Social Fund (ESF) into impact-driven projects,

emphasizing outcome-based financing mechanisms and the development of a structured social investment ecosystem (Pinto et al., 2021).

The most significant policy instruments in Portugal are:

- Portugal Social Innovation Fund (Fundo para a Inovação Social), which provides co-investment opportunities for impact-driven enterprises.
- The 2030 Agenda for Impact, a national strategy aligning Portugal's impact finance policies with the United Nations Sustainable Development Goals (SDGs) (MAZE, 2023).

Portugal has a variety of diversified financial instruments supporting impact investment:

- SIBs: Portugal has been an early adopter, launching multiple SIBs in education, employability, and child protection sectors (Portuguese Social Investment Taskforce, 2018).
- Government-backed venture capital: Institutions such as MAZE Impact and Gulbenkian Foundation play a key role in de-risking early-stage impact ventures (MAZE, 2023).
- Public-private partnerships: Government incentives attract corporate investors to engage in corporate venture capital (CVC) for impact-oriented startups (PT Progress Report, 2018). The Portuguese government actively collaborates with private sector investors, promoting impact-oriented financial tools to scale up innovative solutions.

In spite of all these developments, scalability is an issue. The problem lies with the Portuguese overdependence on European Structural Funds, which increases the doubt about long-term sustainability once the funding cycle expires (Pinto et al., 2021).

4.2 Italy's Impact Ecosystem

Italy's impact investing market is shaped by ethical banks, philanthropic foundations, and government-backed funds that form a decentralized but dynamic framework. Unlike state-led centralized models, Italy's model relies on venture philanthropy, public-private partnerships, and regional investment plans to channel funds into social ventures and sustainability projects.

On the public-backed side, CDP Venture Capital, a division of Cassa Depositi e Prestiti (CDP), invests in early-stage impact ventures by utilizing public funds to de-risk investment and attract co-investment from private funds.

Compagnia di San Paolo, a top philanthropic foundation in Europe, is also a leader in blended finance, co-investing alongside CDP Venture Capital and EU-backed funds in order to amplify impact-driven businesses. It also offers grant-based financing to early-stage businesses so that they are in a position of financial security to pursue social entrepreneurship. Likewise, Fondazione Cariplo, which holds over €7 billion in assets, combines grants with venture capital through its subsidiary, Fondazione Social Venture Giordano Dell'Amore (FSVGDA), to fund social innovation and financial inclusion projects.

These institutions, collectively, drive Italy's impact investing sector, integrating venture capital, philanthropy, and public investment. Scaling the ventures, however, is challenging because of regulatory fragmentation and the need for impact standardization, which continues to shape the sector's future. The country's key policies and financial instruments include:

- The Social Impact Agenda for Italy, a document guiding national strategies in impact investing and venture philanthropy.
- Ethical banking institutions, particularly Banca Etica, which provides impact-driven credit lines and tailored financial products for social enterprises.
- Government-backed development agencies, such as Invitalia, which directly funds impact-driven startups and facilitates venture capital investments, in addition to collaborating with private partners.

While Italy has experimented with Social Impact Bonds (SIBs), regulation is not yet as developed as that of Portugal. Some regional governments have experimented with outcome-based financing approaches, but bureaucratic inefficiency and regulation fragmentation have scared off mass uptake (FSVGDA, 2023). The Italian SIB Committee must still come to a consensus on the regulatory and contractual framework needed for large-scale scaling up of outcome-based financing approaches (FSVGDA, 2023).

4.3 Identified Research Opportunities

In identifying the research gap, literature focuses on one national response to impact investing with little comparative examination of nations with different policy responses. While there is a

presence of research that considers government intervention and financial instruments, there is a clear lack of research on comparing the different countries' approaches. Few studies have explored how these national models impact investor behavior, funding allocation, and market scalability without emphasizing a cross-country comparison.

To investigate this domain, this study proceeds to evaluate investor attitudes and government strategies in Italy and Portugal to learn how different models of impact investing operate with respect to the context. Therefore, it will consider how actions taken by the government influence the conduct of investors in their capital allocation choice and engagement in long-term social projects. The various policy structure approaches and finance tools will provide unique insights on how different national strategies shape the impact investing landscape in Europe.

5. Research Methodology: Interviews and Data Collection

Understanding how government policies shape the development of impact investing in Portugal and Italy calls for a methodological approach that can capture the complexity and context-dependence of stakeholder experiences. This study therefore adopts a qualitative, exploratory design, based on semi-structured interviews with actors directly involved in shaping, funding, or implementing impact-oriented initiatives. The methodological choices are grounded in stakeholder theory (Freeman, 1984), which highlights the value of considering the diverse perspectives of those who influence or are influenced by investment decisions and their associated social outcomes.

5.1 Stakeholder Framework

Stakeholder theory serves as the conceptual foundation for the selection of interview participants in this study (Freeman, 1984). It emphasises that the effectiveness and sustainability of market activities such as impact investing depend on the interactions among multiple actors, often with differing interests and priorities. As Donaldson and Preston (1995) argue, stakeholder theory has both normative and instrumental implications, highlighting that considering diverse voices is essential for both legitimacy and performance. In the field of

impact investing, government institutions, investors, and social enterprises each contribute in distinct ways to the development and uptake of public policy tools.

These three groups were selected because, together, they represent the key dimensions of the ecosystem: policy design, capital allocation, and on-the-ground implementation (Christopoulos et al., 2024) Examining their respective roles and interdependencies allows for a multi-perspective understanding of how public interventions operate in practice. Accordingly, this study focuses on the following three stakeholder categories:

1. **Government Representatives:** Policymakers and public-sector actors design regulatory frameworks, fiscal incentives, and outcome-based instruments (e.g., SIBs) that shape the market. Their actions influence investor confidence, de-risk early-stage ventures, and determine the scalability of impact initiatives.
2. **Impact Investors and Philanthropic Foundations:** These actors allocate financial capital to social enterprises and impact projects. They are the primary decision-makers regarding risk-return trade-offs and the adoption of innovative financial instruments under government schemes.
3. **Social Enterprises (SEs):** As the operational backbone of impact investing, SEs translate capital into measurable social or environmental outcomes. Their perception of government support and regulatory barriers directly reflects how policies function in practice.

By triangulating insights across these three groups, the study can map how policy frameworks translate from design to perception to operation in the impact investing ecosystems in both Portugal and Italy.

5.2 Data Collection

To ensure contextual understanding, the study focuses on three stakeholder groups central to the impact investing ecosystem: government representatives, impact investors and philanthropic foundations, and social enterprises.

The study applies purposive sampling (Patton, 2002), selecting participants strategically to capture insights across three central stakeholder groups: government representatives, investors, and social enterprises. This sampling approach was chosen because it allows access to information-rich cases relevant to the research question. Semi-structured interviews were

employed as the primary method of data collection. This approach provides the balance between comparability and flexibility, enabling researchers to elicit deep insights while following a structured thematic guide (Kvale & Brinkmann, 2009; Bryman, 2016). Such an approach is particularly suited to exploratory work where understanding participants' interpretations of complex institutional environments is central. A total of 14 semi-structured interviews were conducted, as follows:

- 2 government representatives (1 per country)
- 6 investors and philanthropic foundations (3 per country)
- 6 social enterprises (3 per country)

Government representatives were selected for their institutional role in policy formulation or implementation. Investors were chosen based on their direct exposure to public-private funding schemes or leadership in the impact investing field. Social enterprises were included to represent the “recipient” perspective, enabling insight into how public incentives and investor demands materialize at the operational level. Although incubators, accelerators, and other capacity-building institutions play a relevant role in shaping impact investment, they were excluded from the core sample to ensure manageability and to prioritize actors directly involved in funding and implementing impact projects.

Interviews were conducted between April and August 2025 via video conferencing platforms and lasted between 25 and 75 minutes. Depending on participant preference, conversations were held in English or Italian. Interviews conducted in Italian were transcribed verbatim and translated into English for consistency across the dataset. All participants were informed of the purpose of the study and assured anonymity and confidentiality in accordance with ethical research standards. Recordings were stored securely and used solely for analytical purposes.

To guide the interviews, I developed the 4R framework: Returns, Risk, Reputation, and Responsibility. This framework was constructed inductively from themes that recur most frequently in the literature on impact investing and policy (e.g., incentives, uncertainty, signaling, and ethics), while also reflecting the dimensions most relevant to my research question. In this sense, it serves as both a synthesis of existing debates and an original operationalization tailored to this study.

Each of the four dimensions translated into a thematic block of questions. Returns captured financial incentives such as subsidies, tax credits, and expected profitability. Risk addresses how uncertainty is perceived, with particular attention to government-backed instruments like social impact bonds. Reputation focused on signaling mechanisms, such as certifications, awards, and recognition programs, which may influence credibility and capital attraction. Finally, Responsibility referred to the normative and ethical aspects of investment choices, asking whether social alignment can outweigh financial returns and how governmental guidelines shape what is seen as responsible investing.

This structure enabled a systematic but flexible exploration of stakeholder perceptions. Semi-structured interviews were chosen precisely because they combine comparability across cases with the flexibility to probe deeper into unexpected issues (Kvale & Brinkmann, 2009; Bryman, 2016). In practice, this allowed interviewees to articulate their views on government influence in impact investing while ensuring that responses remained aligned with the analytical focus of the study.

An overview of the interview guide is presented in Table 1, which summarizes the main questions associated with each “R” dimension. However, it should be emphasized that this served only as a guiding framework. Given the semi-structured nature of the interviews, the questions were not followed rigidly but were adapted and re-elaborated in response to the flow of conversation and the perspectives raised by each participant. This flexibility allowed for the emergence of unanticipated insights, while still ensuring coverage of the core themes defined by the 4R framework.

Section	Question	Source
Personal Background and Considerations	Could you briefly describe your current role and responsibilities within your organization?	
	How do you perceive impact investing in terms of its potential for addressing social and environmental challenges?	
	From your perspective, what are the biggest challenges currently faced by the impact investing sector?	
Returns	To what extent do tax credits influence your decision to invest in impact-driven ventures?	<i>Pereira Christopoulos et al., 2024</i>
	Have subsidies from the government made a specific difference in your willingness to support impact startup	<i>Pinto et al., 2021</i>

	How do you manage the tension between short-term financial returns and long-term impact in your decision-making process?	<i>Ormiston et al., 2015; Fernandes et al., 2023</i>
Risk	How do you assess the risk of a startup's financial success versus its social impact success?	<i>Ormiston et al., 2015</i>
	How familiar are you with social impact bonds or similar instruments? Have they influenced your perception of investment risk?	<i>Pidvysotskyi, 2024; Pinto et al., 2021</i>
	Does the presence of government involvement in a project increase your risk tolerance or confidence in its success?	<i>Caldecott et al., 2024;</i>
Reputation	Do you think government awards or public recognition to firms meaningfully affect capital attraction for impact ventures?	<i>Pedullà, 2021; Caldecott et al., 2024</i>
	Do you believe recognition programs targeting investors themselves improve the ecosystem's human capital or credibility?	<i>GIIN, 2024</i>
	To what extent does participation in incubator or accelerator programs influence how appealing a startup appears to you?	<i>Fernandes et al., 2023</i>
	Do you think that certifications, labels, or official statuses (e.g. Benefit Corporation, B Corp) significantly improve a startup's credibility and attractiveness?	<i>FSVGDA, 2023</i>
Responsibility	Have you ever prioritized a project for its social alignment over one offering better financial returns?	<i>Hehanussa, 2024; Gutterman, 2024</i>
	How useful do you find government-issued guidelines in shaping responsible investment choices?	<i>FSVGDA, 2023; European Parliament, 2020</i>
General questions	What are the specific shortcomings or barriers in current governmental strategies you encounter when making investment decisions?	
	In your opinion, which government measures have been most effective in supporting impact investments, and why?	
Conclusion	Open ended feedback → Is there anything important about this topic that we have not discussed?	

Table 1. Interview guideline and framework

5.3 Data Analysis

To analyse the interviews, this study employed the Gioia methodology (Gioia et al., 2013), which allows researchers to inductively build grounded theory through systematic coding and abstraction. The analysis proceeded through three iterative stages: identification of first-order concepts using participants' own language; development of second-order themes that synthesized repeated ideas or perspectives; and the formulation of aggregate dimensions that captured core constructs emerging across interviews.

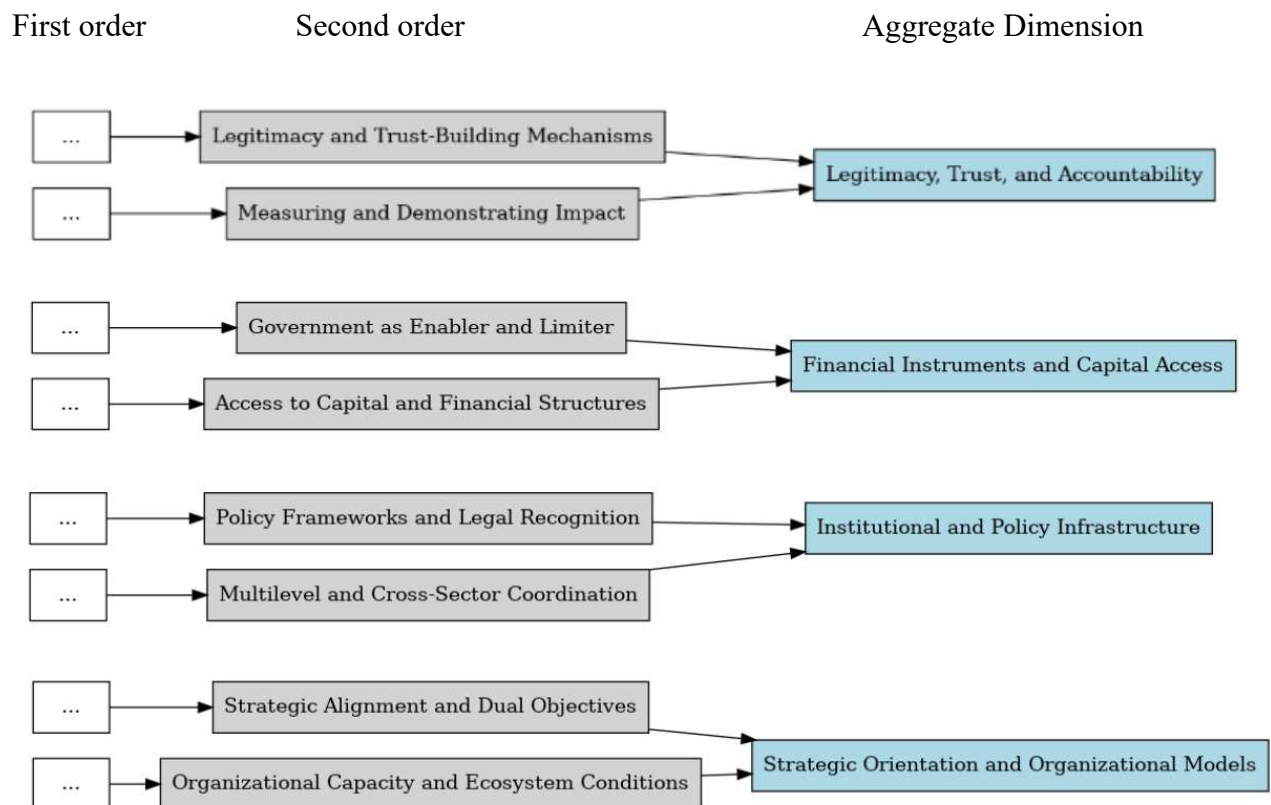
All interviews were anonymised and coded manually using a structured Excel matrix that mapped raw quotes to emerging codes and category labels. The matrix enabled a transparent traceability between data excerpts and conceptual clusters and supported side-by-side comparison across stakeholder roles and national contexts. No automatic software was used, as the relatively small sample size allows for full immersion in the data.

The Gioia approach was selected not only for its transparency and rigour, but also for its compatibility with the study's comparative nature. Patterns were examined both within and across stakeholder groups, although systematic comparisons between countries are deferred to the discussion chapter. This analytic choice ensured that the coding process remained focused on how meaning was constructed by participants, without prematurely interpreting differences across national contexts.

Saturation was approached when additional interviews no longer produced substantially new codes or perspectives, in line with qualitative research standards (Guest, Bunce & Johnson, 2006; Saunders et al., 2018). While the results are not statistically generalisable, the design prioritizes theoretical saturation and conceptual validity, making it suitable for deriving implications about the functioning of impact investing ecosystems.

6. Results

This chapter presents empirical findings from 14 anonymized semi-structured interviews. Following the Gioia methodology, the analysis identifies first-order concepts, which are then grouped into second-order themes that reveal common patterns across stakeholder groups. In this phase, I chose not to distinguish between the two countries, as the comparative lens will be applied later in the discussion chapter when each aggregate dimension is analyzed across national contexts. The sections that follow offer a descriptive overview of the themes, without advancing interpretation at this stage. Direct quotes are included to preserve the voices of participants and illustrate how the findings emerged inductively from the data. A more analytical interpretation, guided by the 4R framework introduced earlier, will be developed in the following chapter.



Aggregate Dimension 1: Legitimacy, Trust, and Accountability

Across the interviews, a recurrent concern was how impact-driven organizations gain the legitimacy necessary to operate in hybrid environments and to attract both public and private support. The aggregate dimension *Legitimacy, Trust, and Accountability* emerged from two second-order themes: Legitimacy and Trust-Building Mechanisms and Measuring and Demonstrating Impact. Together, these themes highlight how credibility is constructed and maintained not only through affiliations and certifications, but also through the capacity to demonstrate and communicate impact performance in a structured and reliable way.

Theme 1: Legitimacy and Trust-Building Mechanisms

Interviewees described a range of legitimacy-enhancing strategies that shaped how impact-oriented initiatives were perceived by external stakeholders. These included public-sector partnerships, participation in incubators or accelerators, and formal legal or certification statuses. In both Portugal and Italy, such mechanisms were often embedded in governmental or institutional frameworks and cited as critical signals of credibility, especially for early-stage ventures.

Public partnerships, particularly with municipal or regional authorities, were among the most frequently mentioned sources of perceived legitimacy. Their presence was described as symbolic validation, often increasing trust from private actors. One Portuguese investor explained: *“When we see a municipal partner involved, it gives a different weight to the whole project”* (PT-INV-3). Similarly, an Italian entrepreneur stated: *“The regional partnership helped us move beyond the seed stage”* (IT-SE-3). Even when their role was primarily symbolic, public institutions helped ventures establish reputational legitimacy (IT-SE-1).

Participation in public or EU-linked incubation programs was also described as a marker of credibility. These programs were not only sources of technical assistance, but also served as filters of quality, helping ventures position themselves professionally structured and mission aligned. One Portuguese social entrepreneur noted: *“Being selected for [the incubator] gave us visibility and credibility with partners we wouldn't otherwise have reached”* (PT-SE-2). However, some participants voiced reservations about the capacity and neutrality of public incubators. An Italian investor commented: *“When it's too state-driven, you don't know if it's merit or politics”* (IT-INV-2) and noted a perceived expertise gap in public programs: *“It's more effective when done by third parties... the public sector rarely has the same level of expertise as private impact funds”* (IT-INV-2).

Finally, certifications were viewed as institutional mechanisms for expressing dual-purpose identity. While not mandatory, such designations were said to improve trust among risk-averse investors or unfamiliar public actors. They signaled an organizational commitment to both mission and accountability, even in the absence of financial track records.

Theme 2: Measuring and Demonstrating Impact

Interviewees described impact measurement as essential for structuring, validating, and communicating their work, especially in response to government requirements or funder expectations.

Formal frameworks such as SDGs, IRIS+, or customized KPIs were widely referenced, either voluntarily adopted or mandated by public or EU funding schemes. As one foundation representative put it: *“We ask our portfolio organizations to report using predefined indicators. It helps us compare across cases”* (IT-INV-2). Yet despite its importance, many interviewees struggled with operationalizing measurements, especially when outcomes were long-term or qualitative in nature. A Portuguese entrepreneur noted: *“It's easy to count the number of people reached, but much harder to capture the actual change in their lives”* (PT-SE-1). Others raised

concerns about reporting burdens, particularly for small teams: *“There’s a risk of making measurement too heavy—especially for small teams”* (PT-INV-3); *“Sometimes it feels disconnected from the actual work on the ground”* (IT-SE-2).

Measurement was also instrumental in gaining access to government-supported programs or for shaping internal strategic planning. However, the lack of consistency across public programs, and the disconnect between funder expectations and organizational capacity, were cited as challenges. *“When public money is involved, we need to show results. But the type of result we ask for varies a lot depending on the program”* (IT-GOV-1).

Together, these two themes illustrate how trust and accountability are co-constructed in the impact investing field, through both external affiliation and internal verification.

Aggregate Dimension 2: Financial Instruments and Capital Access

The second aggregate dimension brings into focus the active role of government and hybrid financial mechanisms in structuring the capital landscape for impact ventures. It is derived from second order themes of Government as Enabler and Limiter and Access to Capital and Financial Structures.

Theme 3: Government as Enabler and Limiter

Interviewees consistently recognized the government as a catalytic financial actor, shaping the viability and direction of early-stage impact ventures through subsidies, grants, and co-investment schemes. These instruments were viewed as instrumental in de-risking investments, attracting private capital, and creating initial momentum. One Portuguese investor explained, *“We only considered joining the initiative because the Ministry was putting money into it as well, it made the whole project feel less risk-pressure”* (PT-INV-2). In such cases, public capital did not merely support ventures directly but also operated as a signaling mechanism that unlocked broader stakeholder participation, as mentioned before.

However, this enabling role was frequently seen as double-edged. Several respondents expressed concern about the dangers of over-subsidization and grant dependency, particularly when public support substituted for, rather than complemented, sustainable financial models. A foundation representative in Portugal recounted, *“Some organizations told us they no longer needed investment, because the government was giving them three years of capital for free. That removed the incentive to build a sustainable model or attract private financing”* (PT-INV-

1). Others warned that public programs sometimes shielded ventures from the discipline of market validation, potentially stunting growth and long-term viability.

This theme highlights the dual role of the government: as both market-maker and market-distorter. *“It’s great to create momentum, but if startups aren’t pushed to prove their model or raise from other sources, they might never build the resilience they need”* (PT-INV-2).

Theme 3: Access to Capital and Financial Structures

Complementing the discussion of public finance, Theme 4 deals with the structural composition of capital flows, particularly the rise of hybrid instruments and the design of mission-aligned financial products. Through interviews, access to capital was described not just as a matter of availability, but as a function of how resources were structured, sequenced, and signaled by public and philanthropic actors.

Participants emphasized the emergence of blended finance models combining grants, equity, and quasi-equity to meet the specific needs of impact ventures. A Portuguese investor stated, *“Sometimes the right structure is not pure equity, but it’s something more flexible, like convertible notes tied to impact metrics”* (PT-INV-2). This flexibility was essential for aligning financial tools with the heterogeneous profiles of impact-driven organizations.

Philanthropic capital was also noted as “patient capital”: complementing public funding and characterized by longer time horizons and softer return expectations. One Italian foundation representative emphasized this role: *“If you want social impact, you can’t expect results in 18 months. The capital needs to reflect that reality”* (IT-INV-1).

However, difficulties in attracting commercial investment remained a recurring theme, especially for ventures not aligned with standard risk-return profiles. Structural gaps were cited, including a lack of skilled intermediaries, mismatches between funder expectations, and the absence of mature public-private bridging structures. As one entrepreneur remarked, *“There are very few players who can structure a deal that works for both sides, and that slows everything down”* (PT-SE-1).

Aggregate Dimension 3: Institutional and Policy Infrastructure

This dimension reflects patterns in how interviewees discussed the legal classifications, regulatory environment, and governance architecture affecting impact-oriented initiatives. The

data clusters around two second-order themes: Policy Frameworks and Legal Recognition and Multilevel and Cross-Sector Coordination. These themes capture references to how policy design and intergovernmental collaboration influence the ability of ventures and intermediaries to engage with public support mechanisms.

Theme 5: Policy Frameworks and Legal Recognition

Interviewees in Portugal and Italy referred to the presence or absence of dedicated legal forms as a factor shaping how organizations access public instruments and position themselves institutionally. In Portugal, multiple participants pointed to the lack of a legal status for social enterprises. One entrepreneur stated: *“Right now, they either have to be an association or a company, there’s no structure that really reflects the hybrid nature of what they are doing”* (PT-ENT-1). Some reported challenges in fitting into traditional nonprofit or for-profit categories, which they said affected access to subsidies, tenders, or fiscal benefits.

In Italy, several interviewees referred to the società benefit legal form. This structure was described as a tool for aligning dual objectives within a legal framework. One investor stated: *“It’s not just about the legal label. It’s a way to express commitment and show that the company is willing to report on its mission and be held accountable”* (IT-INV-2). References to this form were often linked to its signaling value and the reporting duties it entails.

In both countries, some participants mentioned that legal ambiguity or the absence of guidance created obstacles for accessing certain policy instruments. A few noted that certain public tenders or funding lines were not open to hybrid ventures because of their legal classification.

Theme 6: Multilevel and Cross-Sector Coordination

Several interviewees referred to institutional fragmentation across government levels or ministries. In Portugal, a government representative commented: *“We still don’t have a common national strategy, things happen in silos, at the municipal or regional level, but we lack coherence”* (PT-GOV-1). Similar remarks appeared in the Italian context, with some stakeholders describing overlaps or mismatches between regional and national policy implementation. However, both Italian investors emphasized that Italy should not operate as a fully centralized system. Instead, they argued for empowering regions as autonomous innovators. As one interviewee noted, *“The state should provide legal frameworks and unlock European co-funding. Regions should act as engines of experimentation, implementing*

measurable pilots and sharing results nationally. Today, local successes often remain invisible”
(IT-INV-1)

Coordination was also mentioned in relation to eligibility criteria, program design, and administrative processes. Some respondents described challenges when navigating different institutions for approvals or co-financing. In a few cases, actors working at the regional level described successful pilot programs but noted that scaling these experiences nationally was made difficult by a lack of structured collaboration mechanisms.

Aggregate Dimension 4: Organizational Models and Ecosystem Readiness

This aggregate dimension addresses how organizations align their missions and internal capacities with external expectations in the context of public and blended funding environments. The two second-order themes, Strategic Alignment and Dual Objectives and Organizational Capacity and Ecosystem Conditions, capture how ventures and intermediaries impact their operations, navigate conflicting demands, and adapt to institutional pressures.

Theme 7: Strategic Alignment and Dual Objectives

Interviewees frequently referred to the challenge of balancing financial sustainability with social or environmental goals. This was often described using terms such as “double bottom line” or “mission-driven orientation”.

Investors and foundation representatives discussed how return expectations were set in accordance with the objectives of publicly supported vehicles. A Portuguese investor noted, *“We are impact-first. That doesn’t mean we ignore financials, but the social side comes first in how we evaluate a deal”* (PT-INV-2). Others mentioned the need to negotiate shared expectations with co-investors, especially when they involved both public and private capital. One Italian participant explained, *“Sometimes we invest with others who have purely financial goals, and we have to find common ground on what success looks like”* (IT-INV-3).

Social enterprises described strategic decisions shaped by funding criteria and eligibility conditions.

Strategic alignment was also described as a dynamic process. A Portuguese entrepreneur recounted, *“In the beginning we were very mission-driven, and then we had to adjust when we*

started looking for larger investors. The challenge is how to stay true to the original idea” (PT-SE-3) and again “We could grow faster if we changed the pricing model, but then we’d reach fewer people in vulnerable groups. So, it’s a constant negotiation” (IT-SE-2).

Theme 8: Organizational Capacity and Ecosystem Conditions

This theme captures interviewee reflections on the operational capabilities and contextual enablers that influence whether impact organizations can meet external demands. Participants referred to a variety of capacity factors, including internal skill sets, team size, administrative infrastructure, and the maturity of supporting institutions.

Interviewees mentioned that small teams and limited technical staff often made it difficult to respond to reporting or compliance requirements tied to public programs. Some noted challenges in navigating complex applications, tracking multiple impact indicators, or preparing documentation for blended finance instruments. One Italian entrepreneur explained, *“We spend so much time writing reports for three different funders, it’s hard to stay focused on our service delivery” (IT-SE-2).*

Others referred to the availability of ecosystem support, such as accelerators, technical assistance schemes, or shared platforms. Some respondents described these as essential for building readiness to apply for public programs or meet investor expectations, but not easy to access. In several cases, interviewees emphasized the role of government or EU programs in funding ecosystem intermediaries, such as innovation hubs or capacity-building providers.

Additionally, perceptions of legitimacy and professionalism were said to be influenced by the organizational maturity of an enterprise. Some interviewees noted that even highly impactful organizations may struggle to gain recognition if they lack administrative structure or reporting routines. In this sense, organizational capacity was discussed not only as a resource issue, but also as a credibility factor.

7. Discussion

This chapter moves from description to interpretation, building on the results presented in Chapter 6.

The analytical framework guiding the discussion is the 4R model, first introduced as the conceptual foundation for designing the interviews. Each aggregate dimension is re-examined

through this lens, interpreted in relation to the literature, and compared across the two national contexts. While the four Rs are interdependent, the analysis highlights the one among Returns, Risk, Reputation, and Responsibility that proved most salient for each aggregate dimension, focusing on the configurations where their influence was strongest. This approach allows for a comparative synthesis that identifies not only differences but also the paradoxes that emerge at the intersections of the Rs

AggrD1: Legitimacy, Trust, and Accountability	Responsibility	Reputation
AggrD2: Financial Instruments and Capital Access	Returns	Risk
AggrD3: Institutional and Policy Infrastructure	Responsibility	Reputation
AggrD4: Organizational Models and Ecosystem Readiness	Returns	Responsibility

Aggregate dimension I: Legitimacy, Trust, and Accountability

As the findings showed, organizations in both Portugal and Italy rely heavily on affiliation and measurement practices to gain the legitimacy needed to operate in hybrid markets. Taken together, these mechanisms speak directly to the “Reputation” and “Responsibility” dimensions of the 4R framework. They demonstrate that credibility is not only a matter of observed performance but also of external signaling and internal accountability.

In Portugal, EU-linked incubators and the Portugal Social Innovation (PSI) initiative often worked as reputational filters, with affiliation to EU funds or PSI branding giving investors a proxy for quality and reducing information asymmetries. Such endorsement reassured partners even when material support was limited. In Italy, however, incubators and public programs were frequently viewed as politicized or lacking technical expertise, and several investors suggested that credibility was stronger when validation came from private or third-party intermediaries. This contrast shows that reputational value rests not on the presence of public endorsement alone but on how neutral and competent it is perceived to be, echoing debates on governments as both market enablers and potential distorters (Quas et al., 2024; Fernandes et al., 2023).

Municipal or regional partnerships also provided symbolic validation, resonating with signaling theory (Pedullà, 2021). In Portugal, municipal backing was said to boost investor confidence, while in Italy, regional ties were linked to moving beyond the seed stage. Yet this effect was fragile: Italian participants emphasized that when state actors were seen as politically motivated or lacking expertise, such validation felt symbolic rather than substantive. This dynamic reflects broader concerns about skepticism and “impact-washing,” where signals of legitimacy risk masking weak or inconsistent outcomes (Caldecott et al., 2024).

Accountability through measurement emerged as a second pillar of legitimacy, complementing external endorsements with internal verification. Frameworks such as the SDGs or IRIS+ were widely used, less as compliance tools than as ways to build credibility with funders. In this sense, measurement functioned as a reputational strategy: by presenting results in standardized terms, ventures reduced uncertainty, satisfied funder requirements, and secured access to programs. This aligns with literature framing impact metrics as both verification devices and market discipline (GIIN, 2024; Ormiston et al., 2015).

Yet tensions persisted. Measurement was seen as essential for legitimacy, but it also drained scarce capacity. Smaller ventures reported disproportionate reporting burdens, and many struggled to capture qualitative or long-term effects in ways investors would accept. This “*credibility–capacity paradox*” illustrates how the need to prove impact can divert organizations from their core mission, forcing them to balance credibility with the resource-intensive process of producing evidence. These concerns mirror critiques of “comfort metrics,” the easily quantifiable indicators favored for comparability but which risk obscuring deeper social transformation (Ormiston et al., 2015; Caldecott et al., 2024).

Overall, legitimacy appears as a fragile balancing act. The very mechanisms designed to secure it, endorsements and measurement, can also undermine it, depending on the quality of the institutional environment. Portugal illustrates how alignment between public endorsement and reputational value can build trust, while Italy highlights the pitfalls of state-led validation when credibility is contested.

Aggregate dimension II: Financial Instruments and Capital Access

The second aggregate dimension concerns how financial resources are structured and how government policies shape access to capital for impact ventures. Within the 4R framework, this relates most directly to Returns and Risk.

In Portugal, state-backed incentives played a central role in altering return expectations for both investors and enterprises. Subsidies, grants, and multi-year funding reduced capital costs and encouraged entry, but several participants stressed that such measures risked fostering dependency and discouraging sustainable revenue models. This tension reflects the dual-edged role of subsidies: while they lower barriers to investment, they can also crowd out private initiative and weaken market discipline (Pereira Christopoulos et al., 2024; Pinto et al., 2021). In Italy, public capital was less dominant, with foundations and ethical banks providing greater financial flexibility. Philanthropic “patient capital,” characterised by longer horizons and softer return expectations, allowed ventures to maintain mission alignment while gradually pursuing financial sustainability. These dynamics resonate with research on venture philanthropy and ethical banking, which underscores the role of institutions such as Fondazione Cariplo and Banca Etica in supplying hybrid capital with concessionary return logics (FSVGDA, 2023; Banca Etica, 2023).

Risk mitigation followed a similar pattern. In Portugal, government co-investment was widely perceived as a catalytic tool, lowering perceived downside risk and encouraging private participation. This aligns with the classic role of blended finance in de-risking early-stage ventures (OECD, 2024; Quas et al., 2024). Yet respondents also cautioned that public backing could create artificial confidence, insulating organizations from market validation. In Italy, risk-sharing relied instead on philanthropic and foundation-led innovation. Instruments such as convertible notes linked to impact metrics or quasi-equity structures were designed to align financial and social risks with organizational capacity. While more bespoke and mission-oriented, these mechanisms lacked the systemic scale and signaling power of Portugal’s EU-backed funds. This confirms broader concerns that foundation-led innovation, while flexible, is fragmented and cannot substitute for state frameworks (Ormiston et al., 2015; Fernandes et al., 2023).

Taken together, the two cases highlight contrasting state–market configurations. Portugal illustrates a subsidy-driven system where risks are absorbed by the public sector, but dependency may undermine resilience. Italy demonstrates a decentralized approach, where philanthropic and ethical finance preserve mission orientation but struggle to achieve systemic reach. Despite these differences, both models reflect the same underlying logic: tempering financial returns to accommodate social objectives, at the cost of long-term sustainability.

Aggregate theme III: Institutional and Policy Infrastructure

The third aggregate dimension highlights how legal classifications, regulatory frameworks, and intergovernmental coordination shape the ability of impact-oriented ventures to position themselves and access support mechanisms. Viewed through the 4R framework, this dimension engages primarily with Reputation and Responsibility.

Legal frameworks, or their absence, strongly shaped legitimacy and access. In Italy, the *società benefit* was regarded as more than a symbolic label: respondents emphasized its value in embedding dual-purpose missions into binding governance, with obligations for reporting and accountability. In Portugal, by contrast, the absence of a comparable legal category forced social enterprises to register either as associations or companies, creating misalignments with hybrid missions and, at times, excluding them from tenders or subsidies. These findings reflect prior work showing how the presence or absence of legal scaffolding shapes access to institutional resources and defines who is considered eligible (Pinto et al., 2021; Pereira Christopoulos et al., 2024).

Responsibility standards were also unevenly applied. Portuguese respondents pointed to EU-driven requirements, such as SDG reporting and European Social Fund obligations, but noted their fragmented enforcement across ministries and municipalities. Italian participants described a similar dispersion, with regional governments and foundations setting their own criteria without national coherence. This echoes the literature stressing that responsibility is not a fixed benchmark but the product of overlapping mandates and institutional fragmentation (Caldecott et al., 2024; Ormiston et al., 2015).

Taken together, the cross-country comparison underscores complementary weaknesses. Portugal lacks a legal form that could anchor reputational legitimacy, while Italy benefits from strong signaling through the *società benefit* but struggles with fragmented responsibility enforcement. This confirms that absence (Portugal) can constrain legitimacy, while presence (Italy) does not guarantee effective governance. Recognition and responsibility must therefore work together: legal forms provide visibility, while rules give those forms substance.

Aggregate dimension IV: Organizational Models and Ecosystem Readiness

The fourth aggregate dimension addresses how impact-oriented organizations align their missions and internal capacities with external demands in the context of public and blended funding environments. Interviewees described recurring tensions between preserving mission integrity and adapting to the expectations of funders, alongside structural challenges linked to

limited capacity and ecosystem maturity. Within the 4R framework, this dimension relates most directly to *Returns* and *Responsibility*, with a secondary connection to *Risk*.

A central concern was the difficulty of balancing financial sustainability with the preservation of mission. Portuguese and Italian social enterprises alike spoke of negotiating the “double bottom line,” adjusting business models to meet funding criteria while attempting to remain faithful to their core purpose. In Portugal, this tension was heightened by reliance on EU and state subsidies, which shaped pricing strategies and constrained growth models. In Italy, by contrast, social enterprises engaged more frequently with private or philanthropic co-investors, where divergent return expectations required compromises on growth trajectories and the scope of impact. These dynamics echo the wider literature on double bottom line strategies, which highlights the constant negotiation between financial and social imperatives (Ormiston et al., 2015; Fernandes et al., 2023).

Responsibility was expressed in the ways organizations sought to remain accountable to their founding missions while navigating external pressures. Portuguese respondents emphasized the challenge of “staying true” to original ideas when scaling, particularly when eligibility criteria pushed them to adapt models in ways that diluted their social focus. Italian stakeholders described similar struggles, but in the form of negotiating responsibility across co-investor relationships, where impact-first priorities sometimes clashed with commercially oriented partners. Responsibility in this sense emerged not as an abstract principle but as a dynamic process of negotiation embedded in funding relationships.

Although less central, operational risk featured strongly in discussions of ecosystem readiness. Limited administrative and technical capacity was consistently described as a barrier to meeting complex reporting and compliance obligations tied to public or blended finance instruments. Both Portuguese and Italian organizations noted that small teams often lacked the resources to navigate these requirements, raising the risk of exclusion from valuable funding streams. More broadly, the immaturity of the surrounding ecosystem — including insufficient accelerators, advisory services, and shared platforms — was said to amplify organizational risks, leaving otherwise mission-driven ventures structurally vulnerable. This finding aligns with literature that interprets ecosystem maturity not simply as a contextual enabler, but as a determinant of organizational resilience (Pereira Christopoulos et al., 2024; MAZE, 2023).

The cross-country comparison points to different vulnerabilities. In Portugal, dependence on public subsidies created fragility: organizations often had few incentives to diversify revenue

streams and were highly exposed to shifts in EU funding cycles. In Italy, the challenge lay more in reconciling heterogeneous investor expectations and navigating fragmented support structures. Portuguese ventures were thus constrained primarily by return structures imposed by subsidies, whereas Italian ventures were challenged more by responsibility negotiations with diverse co-investors.

Taken together, these findings illustrate how organizational capacity mediates the return–responsibility trade-off. Portugal demonstrates how subsidy dependency can weaken incentives for revenue diversification, while Italy illustrates how diverse co-investor expectations can dilute mission alignment. Both contexts underscore that ecosystem immaturity generates additional risks, transforming capacity limitations into structural vulnerabilities. This suggests a broader paradox: while public and philanthropic funding are designed to enable impact-first ventures, the very conditions attached to these resources can distort strategies and undermine resilience. Theoretically, this extends the 4R framework by situating it not only at the level of policy design but also within organizational adaptation: how ventures balance returns, responsibility, and risks is deeply conditioned by the maturity and coherence of the ecosystems in which they operate.

7.1 Conclusion

As shown in this Chapter, government policies influence impact investing not only through financial incentives but also by shaping the symbolic, normative, and institutional conditions under which ventures operate. Re-examined through the 4R framework, the findings reveal two distinct state–market configurations: Portugal’s centralised, subsidy-driven model and Italy’s decentralised, foundation-led model. Yet despite these contrasts, both ecosystems share common patterns. In both contexts, financial returns are tempered to accommodate social goals, responsibility is weighed down by reporting burdens, ecosystem immaturity constrains organisational capacity, and legitimacy remains fragile. These similarities and differences highlight how weaknesses in one R reverberate across the others, producing paradoxes that expose the trade-offs inherent in ecosystem design.

Across both contexts, Returns and Risk emerged as tightly coupled: subsidies in Portugal absorbed risk but undermined long-term sustainability, while Italy’s reliance on philanthropic innovation maintained mission orientation but lacked systemic reach. Reputation and Responsibility likewise proved interdependent: Portugal substituted formal recognition with

reputational affiliation, while Italy codified recognition in law but without consistent responsibility enforcement.

The relevant insight is that Portugal and Italy do not simply differ in degree but represent two distinct state–market configurations. Portugal reduces risk and enhances reputation through centralised subsidies, at the cost of resilience; Italy enhances reputation and responsibility through decentralised legal and philanthropic frameworks, at the cost of coherence and scale. In both models, the very mechanisms designed to secure legitimacy and sustainability also generate vulnerabilities. This underscores that the balance of the 4Rs is contingent on national policy design and ecosystem maturity, and that impact investing ecosystems develop through trade-offs rather than linear progress.

7.2 Theoretical and Practical applications

Theoretical Implications

This study contributes to the academic literature on impact investing and public policy in three main ways.

First, it advances the analytical utility of the 4R framework. Initially introduced as a tool for structuring the interviews, the framework also proved effective as an interpretive lens for analysing how government policies shape stakeholder perceptions. By systematically linking Returns, Risk, Reputation, and Responsibility to empirical findings, the discussion demonstrates that the 4Rs capture not only economic dynamics but also symbolic ones. While Returns and Risk are well established in finance scholarship, the analysis shows that Reputation and Responsibility are equally important for understanding stakeholder behaviour yet have been comparatively under-theorised.

Second, the study extends stakeholder theory into the field of impact investing. Existing research highlights the influence of multiple stakeholders on organisational outcomes, but few studies compare how government frameworks condition these interactions across national contexts. This thesis shows that legitimacy and accountability are co-produced by state institutions, investors, and social enterprises. It also illustrates that the allocation of responsibility and the sources of reputational validation differ significantly between ecosystems, reinforcing the importance of context in stakeholder relations.

Third, the research contributes to comparative studies of the government’s role in impact investing. Whereas most prior work has focused on single-country experiences, this thesis

juxtaposes Portugal's subsidy-driven, centralised model with Italy's decentralised, foundation-led system. The comparison reveals how different policy designs recalibrate the balance of the 4Rs: Portugal reduces financial risk but at the expense of long-term sustainability, while Italy secures legal recognition without ensuring systemic coordination. These findings suggest that national ecosystems represent distinct configurations of state–market relations, an insight that broadens theorisation of how impact investing evolves in Europe.

Practical Implications

Alongside its theoretical contributions, the study offers practical lessons for policymakers, investors, and social enterprises.

For policymakers, the results stress the importance of carefully calibrating incentives. In Portugal, heavy reliance on subsidies fostered dependency, while in Italy, weak coordination limited the scaling of otherwise promising regional initiatives. Effective policies must therefore balance de-risking with sustainability, ensuring that financial support encourages market discipline rather than substituting for it. Legal forms such as Italy's *società benefit* can enhance legitimacy, but they need to be matched by consistent responsibility standards to avoid becoming symbolic labels without substantive accountability.

For investors, the findings demonstrate how public involvement reshapes the return–risk calculus. In subsidy-heavy ecosystems, distorted signals may obscure organisational viability, while in decentralised systems the lack of large-scale de-risking can constrain deal flow. Investors operating across borders should therefore evaluate not only financial incentives but also the reputational and responsibility frameworks that accompany them. Innovative tools such as impact-linked finance or hybrid structures can help reconcile tensions between returns and responsibility.

For social enterprises, the analysis underscores the importance of developing both financial and institutional capacity. Building internal systems for measurement and compliance is crucial, but so is recognising that reputation and responsibility are strategic assets. In Portugal, public affiliation may secure visibility, but long-term resilience requires diversifying income sources beyond subsidies. In Italy, legal recognition through the *società benefit* or partnerships with foundations can strengthen credibility, yet organisations must be prepared to manage the divergent expectations of multiple co-investors.

These implications suggest that strengthening impact investing ecosystems requires a delicate balance. Policies should expand access to capital without breeding dependency; investors must align incentives with social objectives; and social enterprises need to professionalise and scale without compromising mission integrity.

7.3 Data limitations

Although this study aims to apply a qualitative methodology well suited to exploring complex and context-dependent phenomena, certain limitations must be acknowledged.

In the first place, the scope of the sample constrains the generalizability of the findings. While this sampling strategy ensures relevance and depth, it does not capture the perspectives of all actors in the ecosystem, such as large institutional investors or incubators, whose inclusion might have provided additional insights. Additionally, the data collection process faced practical constraints related to time and access. The interviews were conducted within a limited timeframe, and participation often relied on pre-existing professional contacts and snowball sampling. This approach facilitated access to key informants but may have introduced a degree of selection bias, favouring more visible or networked stakeholders.

Finally, as is common in qualitative research, the analysis is interpretive in nature. The reliance on self-reported qualitative data introduces a level of subjectivity. Interviewees may have framed their answers in ways that align with social expectations or institutional narratives, and these perceptions cannot be verified independently. Cross-country comparisons also present inherent challenges, as differences in market maturity, regulatory environments, and language may have influenced both the content and richness of the responses. Efforts were made to mitigate potential researcher bias through systematic transcription, coding, and triangulation with policy documents. Nonetheless, it is acknowledged that the findings are context-specific and analytically illustrative rather than statistically representative.

7.4 Future research

As with all qualitative research, the findings of this thesis must be interpreted with awareness of certain limitations. These do not undermine validity but indicate where further study could enrich understanding.

This research drew on 14 semi-structured interviews across Portugal and Italy, which provided depth but limited breadth. Large institutional investors, incubators, and grassroots organisations were not included, despite their important role in shaping impact ecosystems. Expanding the range of stakeholders and capturing less visible voices would strengthen future analyses.

Cross-country comparison also poses challenges, as differences in maturity, institutional structures, and language may shape how actors articulate experiences. Extending the study to additional countries or applying quantitative surveys could test whether the configurations of the 4Rs identified here hold in other contexts.

Finally, the Gioia methodology relies on the researcher's interpretation. While applied systematically, some degree of bias is unavoidable. Future studies could address this by combining qualitative insights with quantitative or longitudinal approaches, or by examining the perspectives of beneficiaries themselves, a group largely absent from current debates yet central to evaluating whether impact investing achieves its intended outcomes.

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Appendix

The following table contains the summary of the interviews, with each question referenced to the relative interviewee

Country	SH Type	Code	4R Category	Question	Response Summary	Emerging Theme
Portugal	Government	PT-GOV-1	Returns	How does the government attract impact investors?	Created financial instruments like the Social Innovation Fund offering co-investment and call options. Currently relies on project co-funding due to loss of direct financial instrument.	Government instruments (e.g. financial co-investment) critical to investor attraction, but loss of continuity raises sustainability concerns
Portugal	Government	PT-GOV-1	Risk	How does government involvement affect risk?	Initially reduced risk through structured co-investment. Current lack of public fund increases uncertainty.	Public co-investment lowers perceived risk; its removal increases uncertainty
Portugal	Government	PT-GOV-1	Reputation	Are SIBs useful?	Yes, considered innovative and essential; used to test results-based funding. Now more effective with direct outcome	SIBs as innovation signal; transitioning from procedural to results-based model increases credibility
Portugal	Government	PT-GOV-1	Responsibility	Should Portugal create a legal status for impact startups?	Yes, Portugal lacks such a framework. A proposal exists but was stalled by political instability.	Need for formal recognition through legal status to signal responsibility and impact orientation
Portugal	Investor	PT-INV-1	Returns	How do subsidies and tax credits affect investment?	Subsidies are very beneficial and complement returns. Tax incentives less emphasized.	Subsidies enable financial sustainability; return remains a priority for legitimacy
Portugal	Investor	PT-INV-1	Risk	Does government involvement increase risk?	Yes, makes entrepreneurs more confident and builds legitimacy for startups.	Government involvement increases investor confidence and reduces perceived risk
Portugal	Investor	PT-INV-1	Reputation	Does participation in accelerators affect startup reputation?	Yes, positively. Government-backed incubators like Unicorn Factory are main source of deal flow.	Accelerator participation enhances visibility and validation
Portugal	Investor	PT-INV-1	Responsibility	Would you prioritize social alignment over return?	Yes, when impact is significant. Firm uses blended finance and provides support.	High-impact potential can outweigh short-term financial returns
Portugal	Foundation	PT-FND-1	Returns	Are tax incentives or subsidies more useful?	Subsidies via EU funds helpful but bureaucratic burdens reduce effectiveness. Spanish model seen as better.	Source and flexibility of capital more important than its presence
Portugal	Foundation	PT-FND-1	Risk	How does current funding affect scaling?	Excessive subsidy discourages organizations from pursuing investment readiness.	Over-subsidization may hinder transition to sustainable, investable models
Portugal	Foundation	PT-FND-1	Reputation	Should Portugal introduce a social enterprise legal status?	Yes. Lack of legal status complicates investor confidence; would improve clarity and commitment.	Legal status as signal of legitimacy and clarity for investors
Portugal	Foundation	PT-FND-1	Responsibility	How do you balance impact vs. financial return?	Use impact-linked finance and customized instruments. Impact-first approach with contextual trade-offs.	Foundations accept lower returns in exchange for strong impact alignment
Portugal	Government	PT-GOV-2	Returns	Should Portugal reinstate financial instruments like the Social Innovation Fund?	Yes, there's demand and clear benefit; removal of such instruments hindered growth potential.	Lack of financial instruments limits ecosystem acceleration
Portugal	Government	PT-GOV-2	Reputation	Do public-private incubators matter for startup credibility?	Yes, government funded 38 incubators for capacity building and sees them as crucial.	Incubator networks build credibility and capacity
Portugal	Investor	PT-INV-2	Returns	Is return still a key priority in impact investing?	Yes, impact companies are still companies; financial sustainability is essential.	Dual bottom line is foundational: impact + return

Portugal	Investor	PT-INV-2	Risk	How do you assess financial vs. social impact success?	Use financial due diligence + Theory of Change and impact KPIs.	Structured dual evaluation of financial and impact performance
Portugal	Investor	PT-INV-2	Reputation	Do certifications or B Corp status influence funding?	B Corp is rigorous and helpful, but not decisive for startups.	Certification useful for visibility, not investment eligibility
Portugal	Investor	PT-INV-2	Responsibility	Do government-funded incubators increase a	Yes, most of their deal flow comes through public incubators.	Public incubation validates and channels early-stage ventures
Portugal	Investor	PT-INV-2	Responsibility	Should the government create a formal label or status?	Uncertain — it could boost visibility but might isolate the sector as niche.	Mixed views on labeling: visibility vs. risk of isolation
Portugal	Foundation	PT-FND-2	Returns	How does the source of government capital affect	EU Social Funds came with too many strings; flexibility of capital is more important.	Capital source and flexibility outweigh volume
Portugal	Foundation	PT-FND-2	Returns	How do subsidies impact	Excessive subsidies discourage scaling or investment-	Over-subsidization hampers scaling mindset
Portugal	Foundation	PT-FND-2	Risk	What are barriers to social impact bonds (SIBs)?	Cap of 200K and bureaucratic burden reduce their appeal; few SIBs implemented recently.	Poor design and funding cap undermine SIB effectiveness
Portugal	Foundation	PT-FND-2	Reputation	Is legal status (e.g., Benefit Corp) useful for startup	Legal status would help clarify ownership and purpose; preferred over soft labels.	Legal recognition boosts clarity and investor confidence
Portugal	Foundation	PT-FND-2	Responsibility	How do you support ventures	Provide tailored capacity building and impact-linked finance	Non-financial support and incentive-aligned returns
Portugal	Foundation	PT-FND-2	Responsibility	What's your view on current government policy impact?	Initial vision was solid, but operational burdens hinder outcomes.	Implementation gaps limit policy effectiveness
Portugal	Social Entrepreneur	PT-ENT-1	Returns	How do you finance your operations? Government or	Company relies on private investors and license fees; nonprofit part relies on Portuguese and EU subsidies for	Hybrid funding model with private revenue for company and public support for social initiatives
Portugal	Social Entrepreneur	PT-ENT-1	Returns	Would government subsidies or tax credits accelerate your	Yes, support would accelerate scaling and reduce focus on covering salaries; current growth mostly organic.	Government support accelerates impact scaling but sustainability comes from business model
Portugal	Social Entrepreneur	PT-ENT-1	Risk	Do you depend on public funds or have a business model to reduce risk?	Emphasizes independent social business model to avoid waiting for government funds; risk mitigated by diversified model (company + nonprofit).	Self-reliance and hybrid model reduce dependence on public funds and investor risk perception
Portugal	Social Entrepreneur	PT-ENT-1	Risk	Does government co-funding influence private investor	Yes, co-funding signals credibility and reduces perceived risk, but overdependence can create stagnation.	Government co-funding boosts confidence but balance with private initiative is key
Portugal	Social Entrepreneur	PT-ENT-1	Reputation	Would a legal status for social enterprises help in Portugal?	Yes, formal recognition would increase visibility and attract support; currently operates as a normal company + nonprofit due to lack of status.	Legal recognition could enhance credibility and signaling for support
Portugal	Social Entrepreneur	PT-ENT-1	Reputation	How do partnerships and incubators affect credibility?	Partnerships with private and public entities (e.g., Mattel, hospitals, transport) build legitimacy and demonstrate	Partnerships serve as strong credibility signals for scaling and recognition
Portugal	Social Entrepreneur	PT-ENT-1	Responsibility	Do you prioritize social impact over financial returns?	Yes, impact-first; profit is a tool to achieve inclusion for 350M colorblind people, not an end goal.	Mission-driven approach with profit as enabler of social impact
Portugal	Social Entrepreneur	PT-ENT-1	Responsibility	What is your vision for government and private co-creation?	Believes in co-creation (win-win-win): entrepreneurs provide ideas and impact, private investors bring capital, governments provide recognition and complementary	Tri-sector collaboration model where all stakeholders share responsibility for common good
Portugal	Social Entrepreneur	PT-ENT-2	Returns	To what extent do government incentives (tax credits, subsidies) influence	Subsidies and tax incentives significantly influence expansion; PLUS Fund enabled pilot programs, and broader fiscal measures would make growth sustainable.	Government incentives are key enablers for scaling impact services
Portugal	Social Entrepreneur	PT-ENT-2	Returns	How do you balance financial sustainability and social impact?	Maintains dual focus: each project must generate revenue and contribute to cultural inclusion; sometimes accepts lower margins for mission alignment.	Dual bottom line strategy: mission-driven but revenue-conscious
Portugal	Social Entrepreneur	PT-ENT-2	Risk	How do you assess the risk of financial vs. social success in	Evaluates both: checks client financial stability and prioritizes projects with high social potential, even if financially	Accepts higher financial risk for high social return projects
Portugal	Social Entrepreneur	PT-ENT-2	Risk	Does government involvement reduce	Yes; government involvement increases credibility, attracts event organizers, and signals shared responsibility.	Government support reduces perceived risk and encourages partnerships
Portugal	Social Entrepreneur	PT-ENT-2	Reputation	Do incubators or public recognitions influence your	Yes; Casa do Impacto and recognition programs provided visibility, early partnerships, and client trust.	Incubators and recognition programs boost market credibility and visibility
Portugal	Social Entrepreneur	PT-ENT-2	Reputation	Would a government-issued label for certified impact	Yes, as a credibility marker; however, long-term goal is for accessibility to be standard, not niche.	Formal label could boost initial trust but cultural integration is the ultimate goal
Portugal	Social Entrepreneur	PT-ENT-2	Responsibility	Have you prioritized projects for social mission over	Yes; supported small rural festivals targeting the underserved community despite modest financial returns.	Mission-first approach with willingness to accept lower financial returns for inclusion impact
Portugal	Social Entrepreneur	PT-ENT-2	Responsibility	What government measures have been most effective,	Incubators and small innovation grants most effective; main barriers are program fragmentation and short-term project	Effective support exists but is fragmented and lacks long-term stability
Italy	Investor	IT-INV-1	Returns	How does the Italian government support impact	Currently provides almost no direct support; funds rely on private and European (EIF) capital.	Lack of national support forces reliance on EU and private funding
Italy	Investor	IT-INV-1	Returns	Are tax incentives or direct capital injections more	Immediate capital for investment is more effective than fiscal incentives for growing impact funds.	Direct funding is prioritized over tax incentives for enabling growth
Italy	Investor	IT-INV-1	Returns	Do European initiatives compensate for the lack of	European initiatives (e.g., EIF) provide functional capital and fill the gap; seen as parallel rather than a substitute.	European funding acts as a parallel path to compensate national gaps
Italy	Investor	IT-INV-1	Risk	Does the lack of government vehicles increase risk?	Yes; funds operate independently, with higher market and capital access risk due to missing public vehicles.	Absence of government support increases operational and financial risk

Italy	Investor	IT-INV-1	Risk	Is over-subsidization a concern in Italy?	No; Italy is still at an early stage in impact investing, unlike Portugal where over-subsidization risk emerged.	Ecosystem immaturity reduces current risk of mission drift
Italy	Investor	IT-INV-1	Reputation	What signals increase startup credibility for investment?	Sustainability reports and participation in impact-focused accelerators or incubators are positive signals.	External certifications and ESG reporting boost investment confidence
Italy	Investor	IT-INV-1	Reputation	Is Benefit Corporation status useful for recognition?	Yes, but insufficient alone; mandatory ESG and impact KPI monitoring is needed to create standard practices.	Legal status is useful but systematic reporting is key for credibility
Italy	Investor	IT-INV-1	Reputation	Does the government provide sufficient reporting?	No; detailed ESG and impact KPIs are required by European funds but not by the Italian government.	Italy lacks robust ESG and impact reporting standards
Italy	Investor	IT-INV-1	Responsibility	What should the government do to support impact?	Raise awareness, unlock capital, and decentralize support to regions for better management.	Government responsibility lies in enabling awareness and capital flow
Italy	Investor	IT-INV-1	Responsibility	Should impact evaluation and support be centralized or decentralized?	Regional decentralization is preferred for efficiency and responsiveness.	Decentralized governance can accelerate ecosystem development
Italy	Foundation	IT-FND-1	Returns	Where is the greatest potential to combine financial sustainability and social impact?	Social housing and healthcare access projects generate tangible social impact and economic returns. Regional initiatives connect local impact with institutional capital.	Local projects (housing, health) can produce dual returns; regional ecosystems link to investors
Italy	Foundation	IT-FND-1	Risk	What are the main risks for impact investing in Italy?	Fragmentation of strategies and bureaucracy increase risk; public procurement processes slow scaling and deter	Fragmentation and bureaucracy are primary risks; procurement processes create uncertainty
Italy	Foundation	IT-FND-1	Reputation	How do certifications and networks influence credibility?	Sustainability reports, certified incubators, and EU partnerships increase trust; regional ecosystem integration (e.g., Torino Social Impact) reduces reputational risk.	Recognition and integration in certified ecosystems enhance credibility and reduce risk
Italy	Foundation	IT-FND-1	Responsibility	How should responsibilities be shared between national and regional actors?	National government should create legal frameworks, metrics, and co-financing; regions and municipalities should design and implement pilot projects tailored to local needs.	Hybrid governance model: national coordination + regional implementation
Italy	Foundation	IT-FND-1	Responsibility	What is the strategic role of foundations in the Italian impact ecosystem?	Foundations act as catalysts: aggregating capital, providing technical assistance, funding proof-of-concept projects, and spreading best practices.	Foundations catalyze capital, support pilots, and disseminate ESG measurement practices
Italy	Social Entrepreneur	IT-ENT-2	Returns	How can an incubator generate value for startups and society?	Combines economic, social, and urban regeneration returns. 80+ startups in circular economy, education, inclusion. Public legitimacy attracts private capital.	Public-private models generate multidimensional value; municipal backing unlocks capital
Italy	Social Entrepreneur	IT-ENT-2	Risk	How does public partnership mitigate risk?	Institutional nature of FabriQ lowers perceived risk and ensures stable access to EU/national funding.	Public partnership reduces fragmentation risk and signals stability
Italy	Social Entrepreneur	IT-ENT-2	Reputation	How does the municipality's involvement shape reputation?	Municipal backing enhances trust, credibility, and funding access for startups within FabriQ.	Institutional endorsement enhances startup visibility and credibility
Italy	Social Entrepreneur	IT-ENT-2	Responsibility	What responsibility does an incubator hold locally?	Acts as urban cohesion driver in Milan's outskirts; builds local partnerships and fosters inclusive development.	Incubation model rooted in local development and social cohesion
Italy	Social Entrepreneur	IT-ENT-2	Responsibility	Is regional or national support more effective?	Calls for hybrid model: national frameworks + local action. Milan is a good example, but Italy lacks uniformity.	Impact thrives through national-local hybrid governance
Italy	Government	IT-GOV-1	Returns	What's the government's approach to economic and social value?	Impact investing must generate both financial and social value; tools like CDP's funds align with PNRR missions.	Dual-return logic: social inclusion + financial sustainability across sectors
Italy	Government	IT-GOV-1	Risk	What are the main risks in promoting impact investing?	Fragmentation of actors, difficulty attracting private capital in high-risk sectors, and lack of hybrid finance knowledge.	Multi-level fragmentation and skill gaps impede private capital attraction
Italy	Government	IT-GOV-1	Reputation	How do firms earn institutional trust?	Via certifications (Benefit Corp), public-backed incubators, partnerships, and impact metrics. Voluntary reporting is	Reputation built through verified metrics, public programs, and network embeddedness
Italy	Government	IT-GOV-1	Responsibility	What is the State's role in the ecosystem?	Should create standards, reduce territorial inequalities, and transition from project-based logic to impact infrastructure.	State responsibility: institutional frameworks and territorial inclusion
Italy	Foundation	IT-INV-3	Returns	How do you approach financial vs. impact returns?	Impact-first: social transformation prioritized, but financial viability needed. Accept lower returns for stronger impact.	Impact-first logic with financial sustainability as a condition
Italy	Foundation	IT-INV-3	Risk	What risks challenge impact investments?	Fragile startups, lack of patient capital, policy instability. Addressed through technical support, hybrid tools, and co-	Risk mitigated via hybrid instruments, governance support, and territorial networks
Italy	Foundation	IT-INV-3	Reputation	What signals indicate impact authenticity?	Mission-model alignment, transparent governance, and third-party validation (B Corp, IRIS+).	Reputation stems from mission coherence and impact measurement rigor
Italy	Foundation	IT-INV-3	Responsibility	What is your systemic role?	Foundations bridge capital, public sector, and communities. Promote advocacy and public procurement reform.	Foundations shape systemic change beyond finance
Italy	Foundation	IT-INV-2	Returns	Where are the best opportunities for return + social impact?	Local projects like social housing and healthcare access deliver tangible dual returns and build social capital.	Place-based investment yields both economic and relational returns
Italy	Foundation	IT-INV-2	Risk	What are main barriers to scale?	Fragmented policies and bureaucratic hurdles elevate risk and deter investment.	Policy incoherence and bureaucracy limit investor engagement
Italy	Foundation	IT-INV-2	Reputation	How do you assess a venture's maturity?	Look for sustainability reports, incubator experience, and integration in ecosystems like Torino Social Impact.	Maturity signaled through ecosystem engagement and ESG disclosure
Italy	Foundation	IT-INV-2	Responsibility	Who should lead impact financing?	Hybrid model: national policy and capital + regional piloting. Foundations act as catalysts.	Multilevel collaboration essential for systemic impact
Portugal	Investor	PT-INV-3	Returns	How is financial return balanced with impact?	Adopts impact-first logic: ventures must be financially viable but impact comes first; fund design ties carry to impact	Impact-first investment model with performance-linked incentives
Portugal	Investor	PT-INV-3	Returns	Which sectors deliver strong dual returns?	EdTech, urban regeneration, and remote healthcare show high growth potential; one exit example is a platform for food carbon footprint reduction.	Sectors with scalable, tech-based impact models attract sustainable returns
Portugal	Investor	PT-INV-3	Returns	How are non-financial returns measured?	Use of Theory of Change, IRIS+, SDGs, and IMP framework to ensure structured measurement from the start.	Robust impact measurement embedded into investment process
Portugal	Investor	PT-INV-3	Risk	What are the main risks in impact investing?	Small markets, subsidy dependence, lack of patient capital, and difficulty tracking true impact outcomes.	Structural market risks addressed via blended finance and post-investment support
Portugal	Investor	PT-INV-3	Risk	How are these risks mitigated?	Use of grants alongside equity, EU co-investment, capacity-building for portfolio firms, and impact-linked carry.	Hybrid capital structures and impact-aligned incentives reduce risk exposure
Portugal	Investor	PT-INV-3	Reputation	What signals demonstrate investee credibility?	Embedded program logic, transparent governance, participation in programs like MAZE X or Portugal Inovação	Legitimacy linked to ecosystem engagement and impact integration
Portugal	Investor	PT-INV-3	Reputation	How does linking carry to impact affect perception?	Seen as proof of serious commitment to dual outcomes; praised by EVPA and global peers.	Alignment of fund incentives with impact goals enhances reputation
Portugal	Investor	PT-INV-3	Responsibility	How does your organization shape the ecosystem?	Beyond investing: runs accelerator, advises public institutions, designs SIBs, and promotes systemic change.	Impact investors also serve as system-builders and ecosystem catalysts
Portugal	Investor	PT-INV-3	Responsibility	What public improvements are needed in Portugal?	Legal status for impact enterprises, tax incentives, more blended tools (e.g., first-loss capital), and capacity-building.	Public policy gaps limit scale: legal clarity and capital innovation needed