Impact Baltic

Impact Investing among Baltic investors

Survey report on attitudes across Business Angels and VCs

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BIA Baltic Innovation Agency

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Executive summary

This report presents the findings of investor research conducted under the Impact Baltic project to assess the current state of impact investing in the Baltic States. Building on earlier Estonia-focused analysis, the study expands the perspective to **Estonia**, **Latvia**, and **Lithuania** and examines how business angels and venture capital investors currently perceive impact investing and impact organisations. The research was based on two online surveys, which received **37 responses from business angels** and **13 from VCs**, complemented by one interview with a VC representative.

The findings suggest that **investor readiness for impact investing in the Baltics is present, but conditional**. Across both investor groups, impact is seen as relevant, but investment decisions remain shaped primarily by conventional commercial criteria such as expected returns, business model quality, management strength, scalability, and strategic fit. In other words, impact may strengthen an opportunity, but it does not replace the need for a credible investment case.

Among **business angels**, interest in future impact investing is relatively strong, but many respondents remain uncertain about how to distinguish impact investments from traditional ones. Their preferences are concentrated around **early-stage opportunities, modest ticket sizes** (mostly EUR 10k to 50k), and sectors such as **technology, healthcare, education, circular economy,** and **sustainable agriculture**. Most would also expect investments in impact organisations to meet **market-rate return rates.**

Among **VC investors**, a majority of respondents reported already being active in Baltic impact investing, although their approach also remains selective and commercially driven. Compared with business angels, VCs appear more relevant for **larger-scale capital deployment** and are more focused on **environmental** and **sustainability-oriented themes**, including climate action, clean energy, and water-related fields.

The report identifies four main gaps in the Baltic impact investment ecosystem: a **difference in understanding impact investing**, a **limited pipeline** of investment-ready impact organisations, **underdeveloped impact evaluation practices**, and a market environment in which **impact investing still competes with more dominant investment themes**. At the same time, the findings point to clear opportunities to **engage more investors in impact investing**, **improve investment readiness** among impact organisations, **strengthen impact evaluation and reporting tools** available to investors, **involve investors more in capacity-building**, and **create better connections** between investors and impact organisations.

Overall, the report concludes that the Baltic impact investment market is still **emerging**. The main task ahead is not only to promote impact investing as an idea, but to make it more **understandable**, **assessable**, and **investable** in practice.

General overview of the Impact Baltic project

Impact Baltic is a European Social Fund+ (ESF+) project aimed at laying the foundations for a new impact fund, specifically targeted at and enabling increased access to tailored finance for social enterprises across the three Baltic states. In parallel, the project also seeks to foster increased demand for such financial instruments by piloting a capacity development programme that aims to prepare a greater number of social enterprises in the region for accessing alternative forms of financing. The ultimate goal is to enable Baltic social enterprises to access finance to develop and scale their business model and impact. Key project activities:

1. Mapping and Analysis
The project starts with a set of analytical tasks necessary to inform the setup of the new fund and the design of the Investment Readiness programme. This will include both a detailed market assessment of the Baltic social finance landscape, a demand and supply side analysis, and a survey of existing investors. Two study visits will also be conducted to other notable pre-existing European social impact funds.

2. Establishment of the New Impact Fund
Based on the findings of the analysis phase, partners will make a series of strategic decisions based on the likely objectives, size, legal structure, and other key aspects of the new fund. A detailed strategy and an MOU with interested potential impact investors will be drawn up by the halfway point of the project, with fundraising and eventual launch then becoming the main focus for the remainder of the project period.

3. Investment Readiness Programme
In parallel to the above, partners will recruit a total of 20 Baltic social or impact first enterprises (including startups) to participate in a new transnational capacity development programme. Delivered over five months, enterprises will gain access to regular online training sessions covering a range of topics such as business modelling, market approaches and financial literacy. The programme will furthermore connect them with regional investors through virtual panel discussion sessions, with those then demonstrating the highest potential also being invited to pitch for funding at an in-person Demo Day event towards the end of the project.

The project runs for 30 months from 01.01.2025. to 30.06.2027.

Introduction

1.1 Background and context

Impact investing has gained growing attention across Europe as an approach that seeks to generate measurable social and environmental impact alongside financial return. In the Baltic States, however, the market remains relatively young and still evolving. Although interest in sustainability, responsible investment, and impact-oriented business models has become more evident in recent years, the overall ecosystem remains characterised by a developing pipeline of investable ventures, varying investor readiness, and differing interpretations of what constitutes impact investing in practice.

This study builds on earlier analytical work by the Baltic Innovation Agency under the SoFiMa project, which examined the readiness of private investors in Estonia to invest in impact organisations. That earlier 2022 report served as an initial mapping of investor attitudes in the Estonian context and highlighted several issues, including the need for clearer terminology, stronger impact measurement practices, more ecosystem activities aimed at investors, and a more developed pipeline of investable impact organisations. It therefore provides a useful background and point of comparison for the present analysis.

The present report is intended as an updated and expanded Baltic-wide analysis. Rather than repeating the earlier Estonia-focused exercise, it revisits investor perspectives several years later and extends the scope to Latvia and Lithuania. In doing so, it provides a broader regional picture of how investors currently understand impact investing, how they position themselves in relation to it, and which factors continue to support or constrain its further development.

This broader perspective is closely linked to the objectives of the Impact Baltic project. As foreseen in the project activities, this research was also designed to support wider ecosystem development. This includes improving understanding of investor behaviour, identifying potential investors for future engagement, and generating practical input for initiatives such as the planned Baltic Impact Fund and the Investment Readiness Program. In this sense, the report contributes both analytical evidence and practical guidance for the next stages of project implementation.

1.2 Purpose of the report

The purpose of this report is to analyse how investors in the Baltic States currently perceive impact investing and impact organisations, and to identify the main factors shaping their attitudes toward impact investing, their preferences, and the perceived barriers to engaging in this field. The report focuses on both business angels and venture capital investors, recognising that these investor profiles play different roles in the financing landscape and may therefore differ in their motivations, expectations, and engagement patterns.

More specifically, the report examines investor experience with impact investing to date, future investment interest, preferred sectors and stages, attitudes toward the balance between financial return and impact, and the main barriers and support needs identified by respondents. In this way, the report seeks to describe investor attitudes and interpret what they suggest about the current state of the Baltic impact investment ecosystem.

This report should be viewed as part of a series of analytical activities carried out by the Impact Baltic project to support future action. Together with the "Impact Investment in the Baltics: Market Analysis" report, published in September 2025, and the "Feasibility Analysis" report, published in December 2025, the study will inform the establishment of a new Baltic Impact Fund and the Investor Readiness Program in the Baltic region.

Methodology

2.1 Research design

Two online surveys were created for the study to target **business angels** and **venture capital investors** separately because the two groups differ in their roles within the financing landscape, including investment size, decision-making logic, investment horizon, and reporting practices.

Business angels were included because they play an important role in early-stage financing and are particularly suitable for understanding the prospects of smaller-ticket impact investments and the conditions under which impact organisations can attract private capital at pre-seed and seed stages. **Venture capitalists** were included to capture the perspectives of actors operating with larger capital pools, more formalised investment processes, and potentially greater relevance to structured fund development. The inclusion of both groups also helped to examine investor readiness and identify investors who may be relevant for future engagement, including the planned Baltic Impact Fund and related investment readiness activities. Using separate questionnaires enabled a more accurate assessment of these differences, supported more targeted outreach, provided a clearer overview of each investor group, and helped ensure that the questions were better suited to each investor profile.

To support consistency across responses, both surveys used shared working definitions of key concepts in the survey design:

- **Impact investing** refers to investments (not grants) made in companies, organisations, and funds with the intention of generating measurable, beneficial social or environmental impact alongside financial return.
- An **impact organisation** or social enterprise was understood as an organisation with an explicit goal to create positive social and/or environmental impact through its business activities, while also generating income from products or services and measuring impact through pre-defined KPIs.

These shared definitions were necessary because earlier Estonia-focused research had shown that investors do not consistently interpret the concepts of impact investing and impact organisations.

2.2 Outreach and response base

Distributing the online surveys across Estonia, Latvia, and Lithuania was a **two-stage process that combined direct and indirect outreach channels**. During **the first stage**, the research team was c**ollecting responses indirectly through investor communities** - the team reached out to the key business angel and venture capital networks of all three Baltic States, namely EstBAN, LatBAN, LitBAN, EstVCA, LatVCA, and LitVCA. While several of these organisations were open to collaborating and disseminating the surveys to their members through newsletters or message boards, the response rate remained very limited. Additionally, the research team organised a targeted LinkedIn ad campaign to garner investor attention, although it has also not yielded many responses.

Therefore, at **the second stage**, the team shifted to **direct individual outreach** to business angels and VC representatives across the Baltics, which stretched from sending personal emails and getting introductions through shared contacts, to sending LinkedIn connection requests, and LinkedIn InMails, which are direct paid messages sent to users outside one's immediate network. In the case of VC firms, the team also used website contact forms where direct individual contact details were not readily available. In total, the team has reached out to approximately 400 individual investors and approached over 100 VC firms active in or relevant to the Baltic investment landscape during the course of the research.

Unfortunately, even with broad and persistent outreach, generating survey responses remained challenging, especially among VCs. The response base should therefore be understood as the outcome of serious outreach across the region rather than as a sign of insufficient effort.

The business angel survey received **37 responses in total: 29 complete** and **8 partial**. The venture capital investor survey received **13 responses in total**: **8 complete** and **5 partial**. Given that the collected samples are not very large, the results should be interpreted as exploratory, while not implying full representativeness of the wider investor population. Alternatively, each potential respondent was invited to participate in the research via the interview format; however, only one VC representative among all contacted investors chose this option. The interview, therefore, served as complementary contextual input rather than as a separate qualitative evidence base.

2.3 Data analysis approach and limitations

The analysis focused on a descriptive review of the survey responses. Results were anonymised and examined separately for each investor group to preserve the distinctive characteristics of business angels and those of VCs. The findings were then synthesised across the two datasets to identify broader observations, similarities, and key differences relevant to the Baltic impact investment ecosystem. Given that only one respondent chose the interview format, the qualitative component provided only limited contextual support rather than a basis for a standalone thematic analysis; hence, the report relies primarily on the survey results.

Several limitations should be considered when interpreting the findings. First, the research is exploratory and based on a relatively modest number of responses, particularly among VC investors. Second, the respondents may not fully reflect the Baltic investor ecosystem as a whole, as investors who chose to respond may have had stronger prior interest in impact investing than those who did not participate. Third, some findings are based on partial responses, meaning the number of answers varies by question.

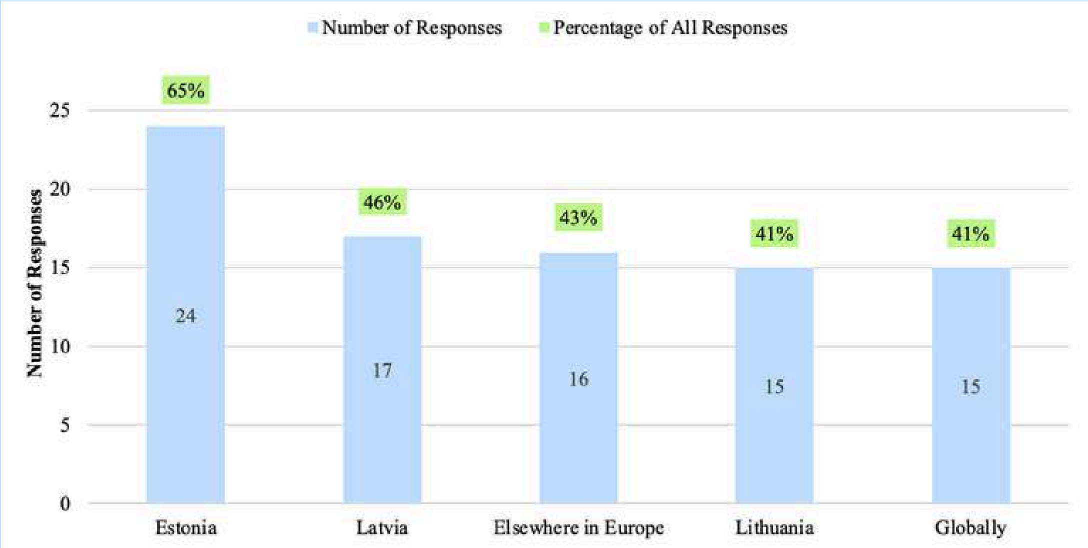
Business angel survey findings

3.1 Profile of business angel respondents

The business angel survey received 37 responses in total, including 29 complete and 8 partial responses. The respondents included members of all three Baltic business angel networks, with the strongest representation coming from EstBAN. More than half of respondents (21 investors) indicated affiliation with EstBAN, while smaller but equal shares reported affiliation with LatBAN (6 investors) and LitBAN (6 investors). A small share (3 investors) identified with other networks, and some respondents indicated they were not part of any business angel network (4 investors).

In terms of geography, Estonia (65%) was the most frequently selected investment market for the next three years, followed by Latvia (46%) and Lithuania (41%), reflecting also the respondents' affiliation with the BAN networks. A substantial share of respondents also reported interest in opportunities elsewhere in Europe (43%) and globally (41%). This suggests that, although the respondents are rooted in Baltic investor networks, many business angels operate with a wider regional or international outlook.

Figure 1. In general, where are you looking for investment opportunities in the next 3 years?



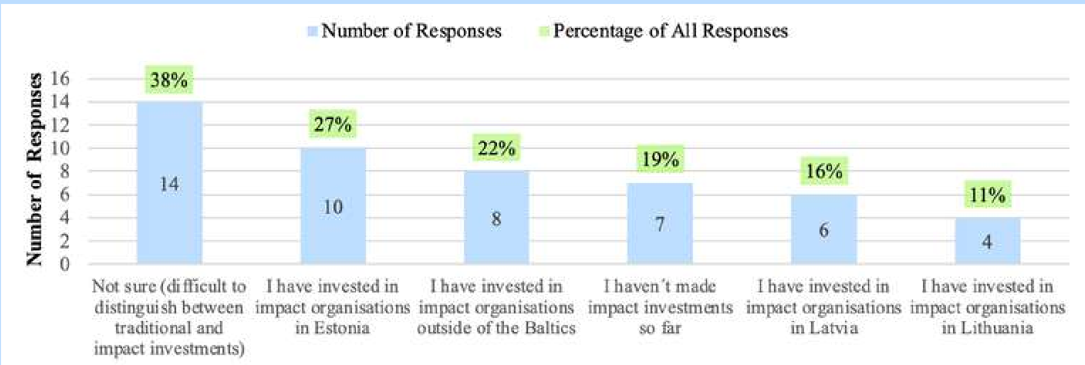
Overall, the respondent profile indicates that the survey captured a mix of investors with varying affiliations with business angel networks and degrees of regional orientation, allowing the findings to reflect diverse perspectives on impact investing.

3.2 Previous experience and future engagement with Baltic impact investing

Prior experience with impact investing among surveyed business angels is mixed. Among respondents who reported having made impact investments during the past five years, Estonia (27%) was the most frequently mentioned location of prior impact investments, followed by investments outside the Baltics (22%) and, to a lesser extent, Latvia (16%) and Lithuania (11%). Considering this was a multiple-choice question, deeper analysis indicates that around **43% of respondents had made impact investments,** either inside or outside the Baltics.

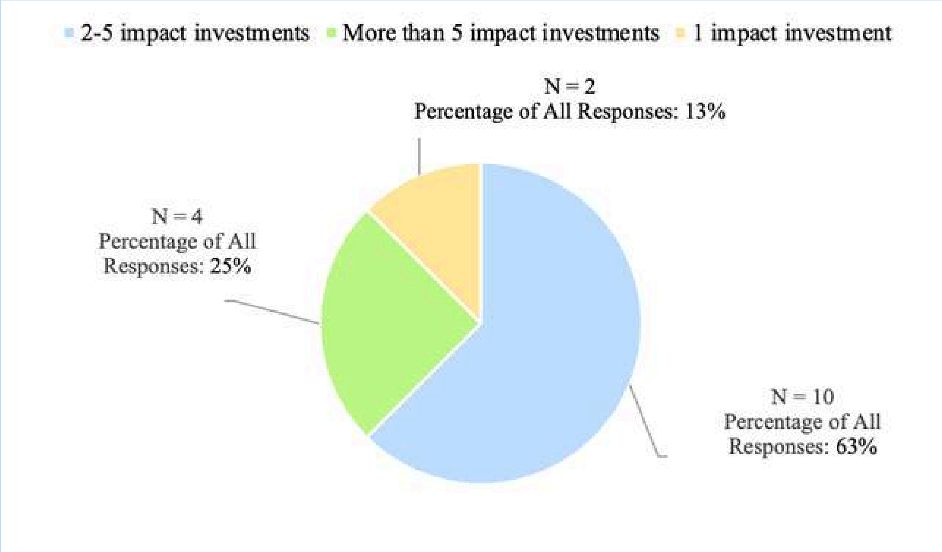
At the same time, 19% of respondents said they had not made any impact investments to date. A notable result is that **38% of respondents were unsure whether they had made impact investments** because it was difficult for them to distinguish between traditional and impact investments. The identified ambiguity in investor understanding underscores that the challenge is not only whether investors invest in impact organisations, but also **whether they recognise such investments as impact investments** in the first place.

Figure 2. Have you previously made impact investments in the past 5 years?



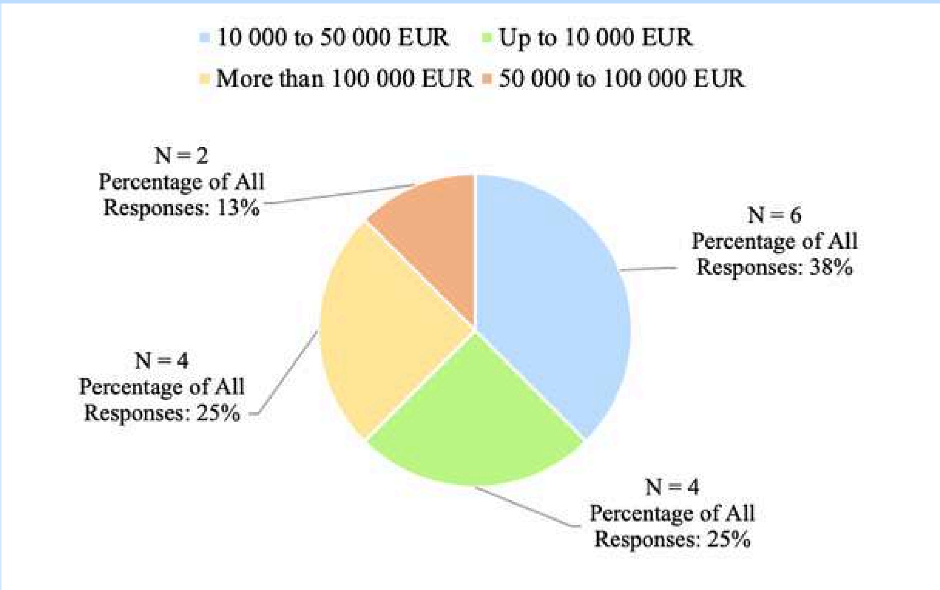
Among respondents who had made impact investments, the majority (63%) reported making between **2 and 5 such investments over the past 5 years**. A smaller share (25%) had made more than 5 impact investments, while 13% reported making only 1.

Figure 3. How many impact investments have you made in the past 5 years? (N=16)



In terms of invested amounts, **the most common range was EUR 10k to 50k** (38% of cases), although a smaller, equal share has been split between investing more than EUR 100k and up to EUR 10k (25% of cases each), indicating that prior engagement varies considerably within the sample.

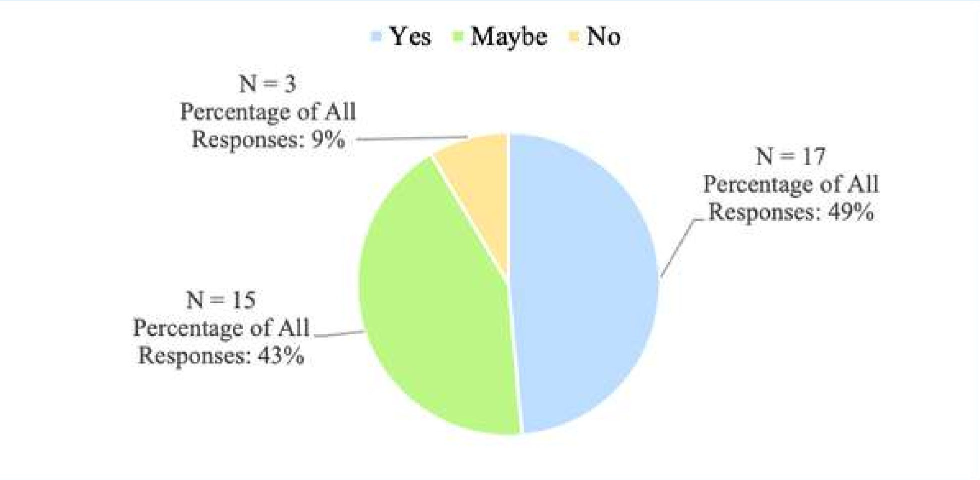
Figure 4. What is the total sum you have invested in impact organisations during the past 5 years? (N=16)



In summary, these findings suggest that business angels already include a meaningful group with practical exposure to impact investing, but also a substantial share for whom the concept's boundaries remain unclear.

Future interest in impact investing appears relatively strong among the surveyed business angels. When asked whether they were considering making impact investments over the next 3 years, **49% answered "yes," 43% answered "maybe,"** and only 9% answered "no."

Figure 5. Are you considering making impact investments in the next 3 years? (N=35)



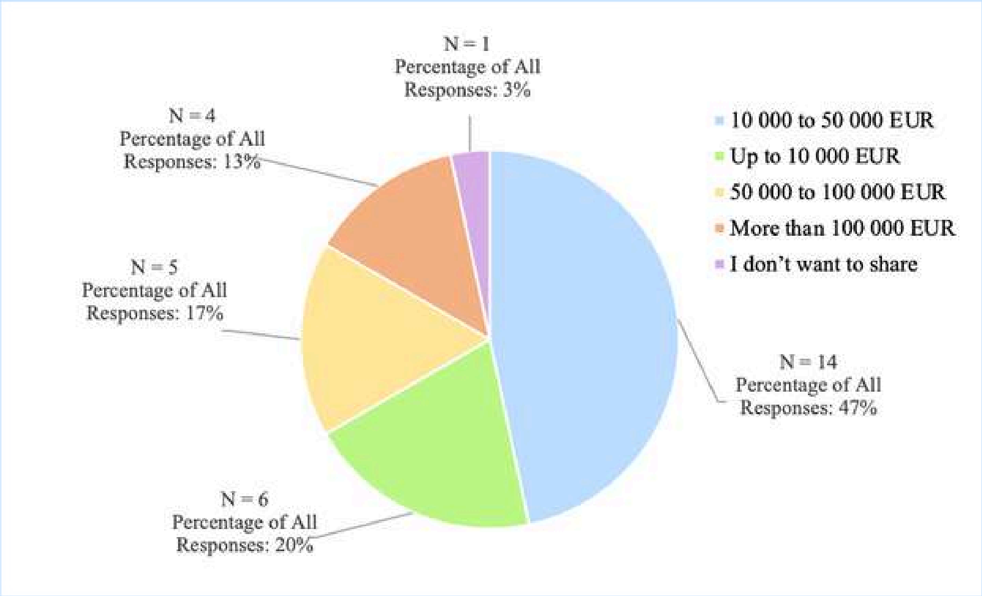
This distribution shows a fair degree of openness to future engagement with impact organisations among business angels who participated in the survey. At the same time, the high share of "maybe" responses indicates that this interest is often still conditional or exploratory rather than fully committed. In practical terms, this means investor willingness exists, but its conversion into actual investment activity is likely to depend on the availability of suitable opportunities, clearer investment cases, and stronger market confidence.

Responses from those unwilling to consider impact investments in the near future also help clarify what shapes reluctance. All three respondents in this category stated that the return rate of impact investments is too low. Other reasons cited by the respondents included the low scalability of impact organisations and the higher risks compared to different investments. Even if the absolute number of respondents in this category is small, the result reinforces an observation that financial and commercial considerations remain central.

3.3 Preferred investment ticket sizes, stages, and instruments

Among those considering future impact investments, the most common expected investment amount over the next three years was **EUR 10k to 50k**, selected by 47% of respondents.

Figure 6. What is the approximate total sum you are potentially willing to invest in impact organisations in the upcoming 3 years? (N=30)

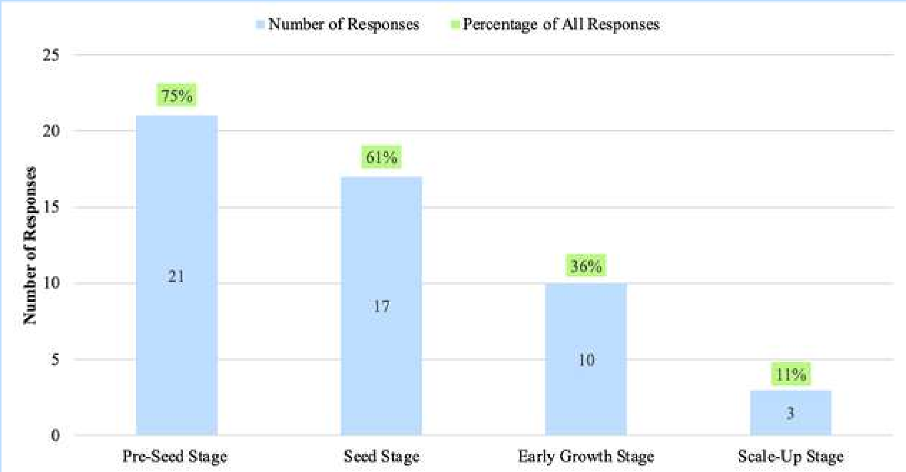


These results demonstrate that business angels may be particularly suitable, especially at the earlier stages of venture development, as they provide modest ticket sizes. Nevertheless, the presence of respondents willing to invest larger amounts indicates that the business angels are not uniform and includes some investors with the capacity for more substantial engagement.

From an ecosystem perspective, this implies that business angels can play an important role in mobilising early-stage capital for impact organisations, but expectations about ticket size should remain realistic and aligned with the financing logic of these investors.

The survey results indicate a clear preference for early-stage investing, with **the pre-seed stage** most interesting to business angels (75%).

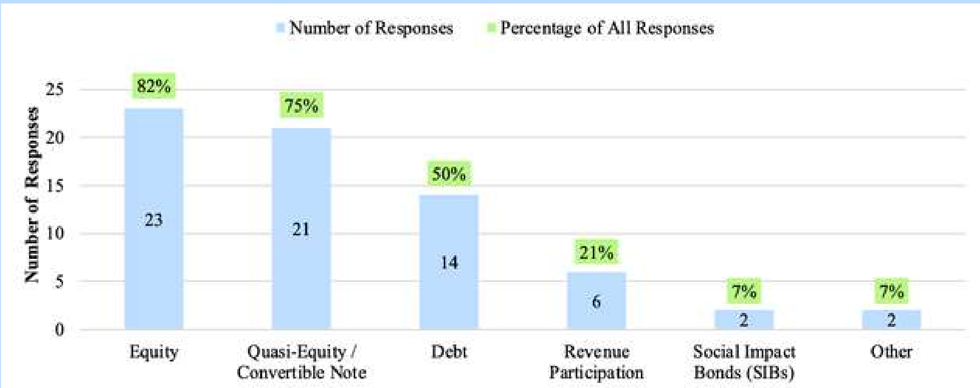
Figure 7. What stage of impact investments are you interested in?



This is consistent with the typical role of business angels in the financing landscape. Business angels may be particularly relevant for supporting impact organisations at an early stage of validation, product development, and initial market entry, rather than during later-stage scaling.

Business angels showed the strongest preference for **equity** (82%) and **quasi-equity/convertible notes** (75%) as forms of impact investment. Debt was also highly preferred by half of the respondents (50%), while revenue participation (21%) and social impact bonds (7%) received much lower preference.

Figure 8. Do you have preferences related to forms of impact investments?

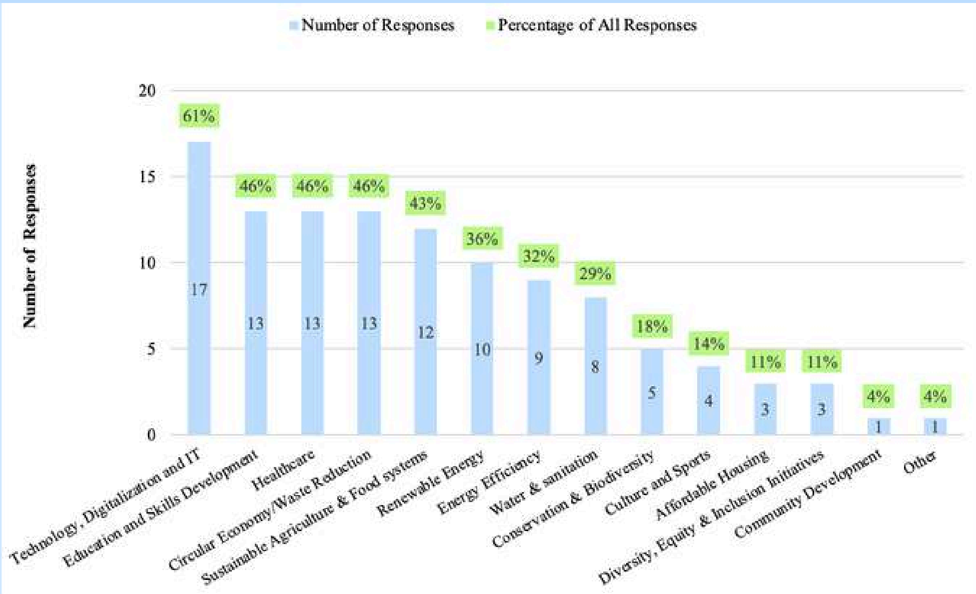


This points to business angels largely preferring familiar startup-oriented financing instruments when considering impact organisations. Impact organisations may need to present themselves in ways that align with instruments investors already understand and are willing to use. The relatively low interest in social impact bonds and revenue participation also suggests that, as of now, more specialised or less common instruments remain peripheral among business angels. For practical purposes, this underscores the importance of framing investment readiness support around commonly used structures rather than niche mechanisms.

3.4 Thematic and SDG preferences

The survey shows a broad spread of sectoral interests, but some areas stand out more clearly than others. The strongest interest was reported in **technology, digitalisation, and IT** (61%), followed by **healthcare, circular economy/waste reduction, and education and skills development** (all 46%), as well as **sustainable agriculture and food systems** (43%). Renewable energy (36%) and energy efficiency (32%) also attracted substantial interest.

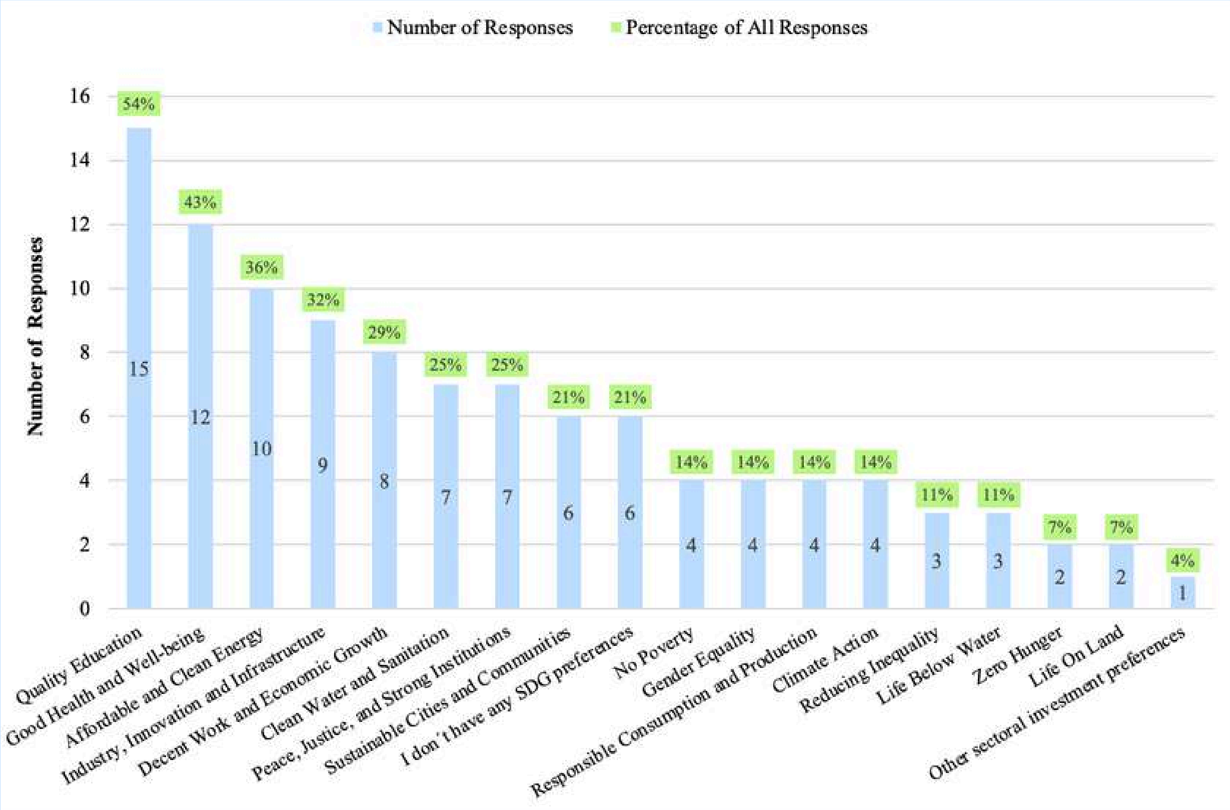
Figure 9. Which Impact Sector are you mostly interested in terms of investment opportunities?



These results reveal that business angel interest is often strongest in areas where impact can be combined with commercially familiar models, particularly in technology-driven or scalable sectors. This was also a finding in the 2022 study in Estonia, which showed a larger investor interest in areas where they have more knowledge and experience than in other impact fields. Hence, investors may be more willing to engage where impact and commercial growth potential can be articulated together.

The SDG-related preferences point in a similar direction. The most frequently selected SDG fields were Q**uality Education** (54%), **Good Health and Well-being (43%), Affordable and Clean Energy** (36%), and **Industry, Innovation and Infrastructure** (32%). At the same time, 21% even said they had no SDG preferences.

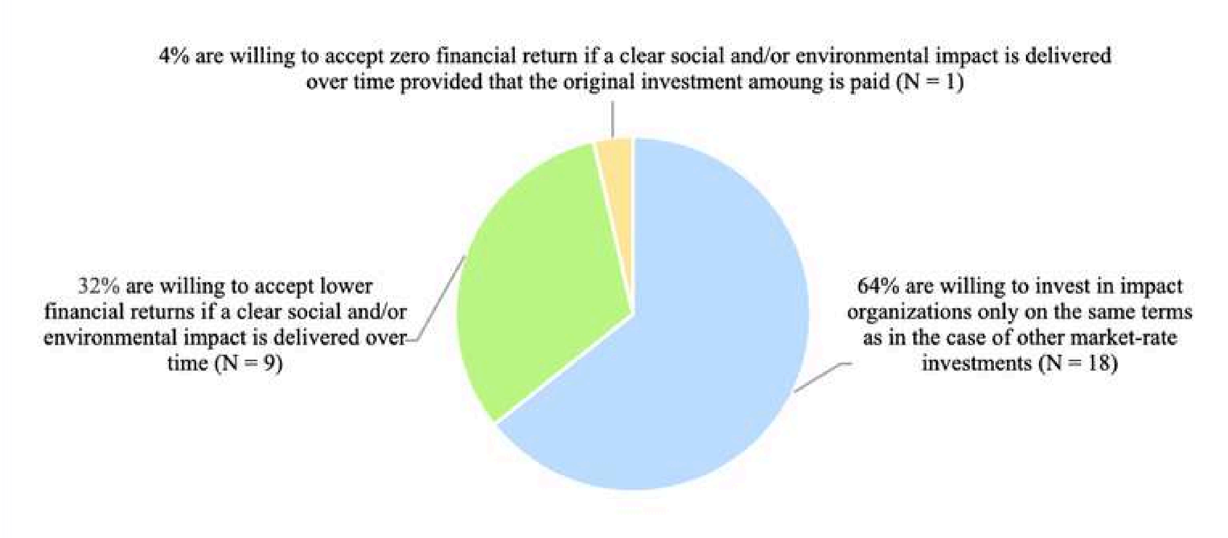
Figure 10. Do you have any investment preferences in line with the United Nations Sustainable Development Goals (SDGs)? If so, which SDG fields do you prefer investing in?



3.5 Return expectations

Financial return expectations proved to be key for the surveyed business angels. When asked about their preferred balance between financial returns and impact, 18 investors stated they would invest in impact organisations **only on the same terms as their other market-rate investments,** while 9 respondents said they would accept lower financial returns if clear social and/or environmental impact were delivered over time.

Figure 11. What kind of a balance between financial returns and impact do you prefer? (N=28)



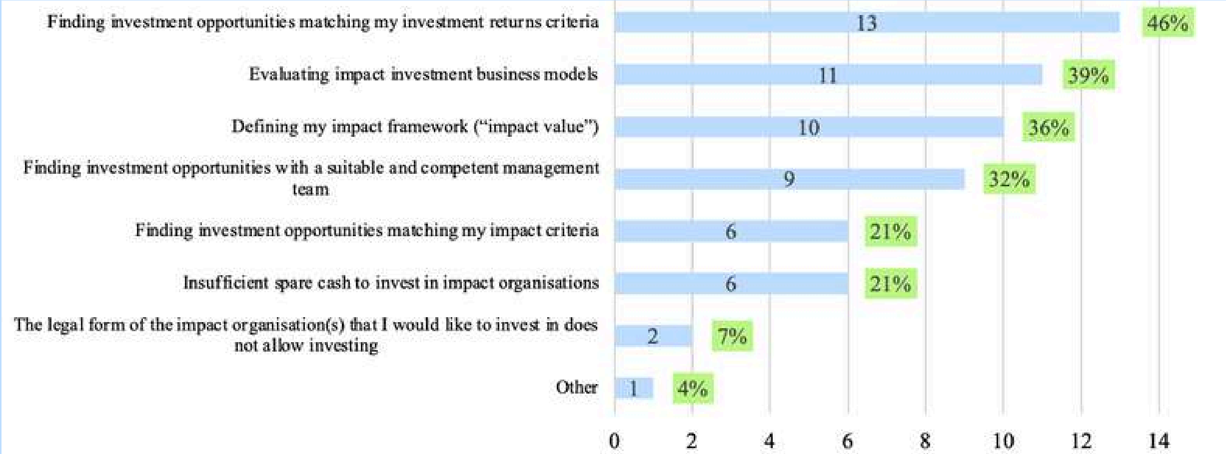
One respondent expressed the view that impact organisations should still demonstrate a solid economic model and remain investable on commercially credible terms. From this perspective, impact alone is not seen as sufficient justification for investing in weaker opportunities, and any trade-off between impact and financial return should be assessed on a case-by-case basis.

Among those willing to accept lower returns, the most common acceptable range was 1**0-25% below expectations, based on 5 responses**. One answer indicated a willingness to accept returns of less than 50%, and 2 investors said it was difficult to specify. Therefore, while impact is relevant to many respondents, most still expect investments in impact organisations to meet conventional commercial expectations. This does not mean that impact is unimportant; rather, it suggests that for many business angels, impact is more likely to be treated as an added source of value.

3.6 Main barriers to impact investing

The main barriers reported by business angels point to a combination of commercial, informational, and ecosystem-related constraints. The most frequently selected challenge was **finding investment opportunities that met investment return criteria** (46%). This was followed by **evaluating impact investment business models** (39%), **defining an impact framework** (36%), and **identifying investment opportunities with a suitable and competent management team** (32%).

Figure 12. What are your main challenges in making impact investments?

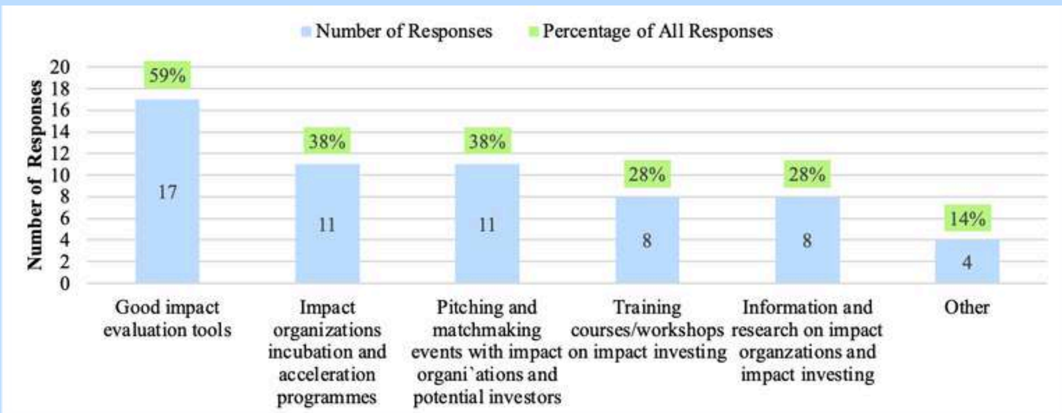


These findings display that the barriers to impact investing are not only about investor willingness. They also relate to the quality, structure, and perceived investability of the available pipeline. In particular, respondents appear to struggle with both assessing commercial fit and understanding what "impact value" means in practical investment terms. Overall, the finding reinforces the idea that ecosystem development depends on motivating investors and making impact organisations more investable and easier to assess.

3.7 Support measures for impact investing

The survey also explored the support measures needed to encourage impact investing in the ecosystem. The most frequently selected support measure was **good impact evaluation tools**, identified by 59% of respondents, indicating a need for clearer ways to understand and evaluate what constitutes an impact investment in practice. At the same time, the **strong interest in incubation and acceleration programs,** as well as **pitching and matchmaking events** (both at 38%), suggests that investors also see a need for better-prepared impact organisations and more effective opportunities to connect with them.

Figure 13. What additional information, resources/tools, training activities, etc., are needed, in your opinion, to increase investors' interest in impact investing and impact organisations in the Baltics?



Many respondents have also previously **supported impact organisations through mentoring** (50%) and **donations** (38%), and have expressed future interest in mentoring and other support roles. Notably, a sizeable portion of investors **skipped offering support in non-financial formats** in the past (28%), and some of them do not intend to provide this type of support in the future (31%).

Figure 14. Have you previously supported impact organisations in other forms?

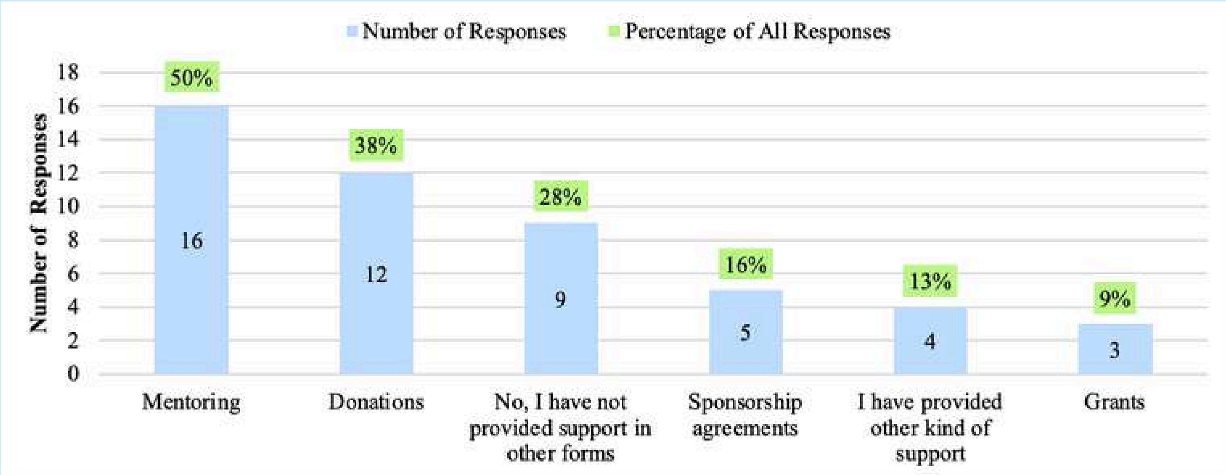
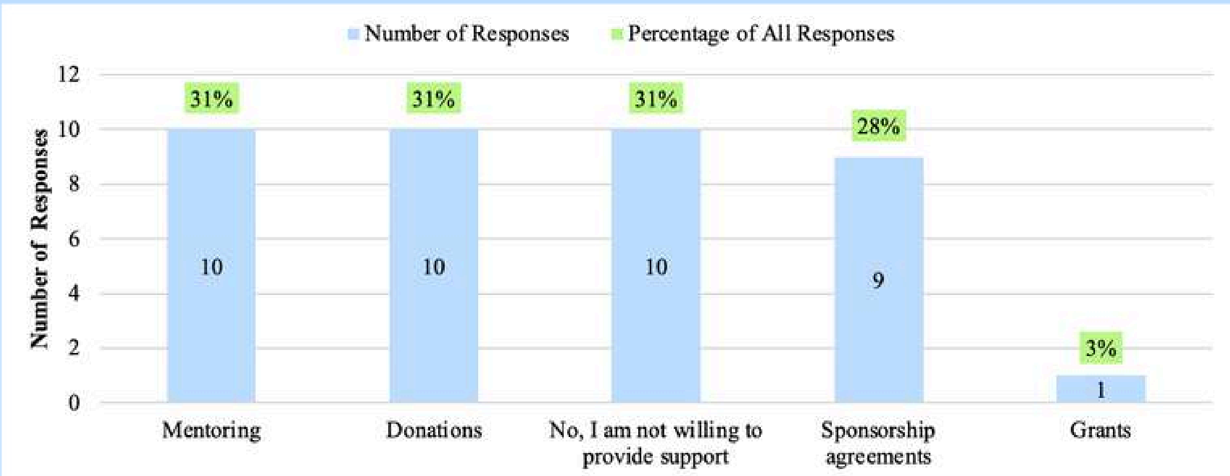


Figure 15. Are you willing to provide support to impact organisations in the following forms in the future?



Taken together, the findings from the business angel survey indicate that the business angels are interested, though still cautious and selective. There is noticeable openness to impact investing, especially in commercially familiar sectors and early-stage settings, and also continued insistence on market logic, stronger evaluation tools, and viable investment opportunities.

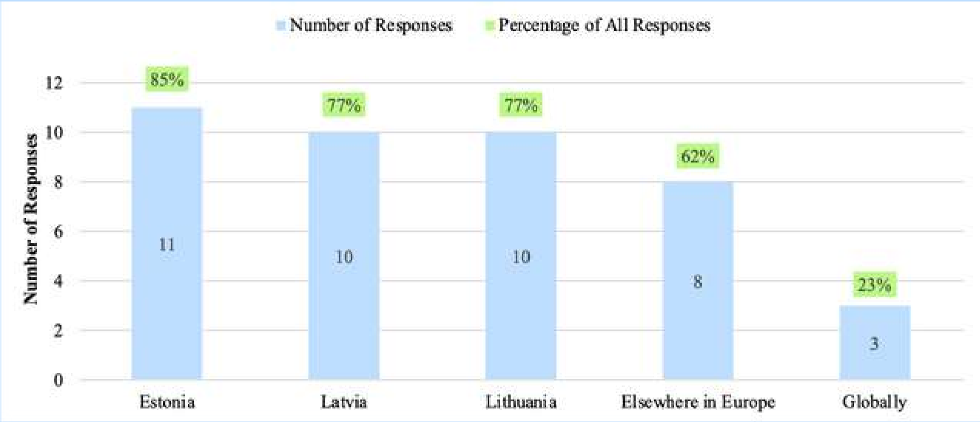
VC investor survey findings

4.1 Profile of VC investor respondents

The VC investor survey received **13 responses in total**, including 8 complete and 5 partial responses. In addition, one VC representative contributed through an interview rather than the survey format. The respondent group included funds registered in Estonia, Latvia, and Lithuania, as well as funds outside the Baltics, since several funds are headquartered outside the region but have experience investing in the Baltic market. Estonia (39%), together with organisations relevant to the Baltic investment landscape but registered outside the region (39%), accounted for the largest share of respondents, followed by Latvia (15%) and Lithuania (8%).

In terms of future geographic focus, Estonia was the most frequently selected market for investment opportunities over the next three years (85%), followed by Latvia and Lithuania (both 77%). More than half of respondents also reported interest in opportunities elsewhere in Europe (62%), while a smaller share indicated a global investment outlook (23%), revealing that the respondents are regionally engaged but not limited to purely domestic markets.

Figure 16. In general, where are you looking for investment opportunities over the next 3 years?

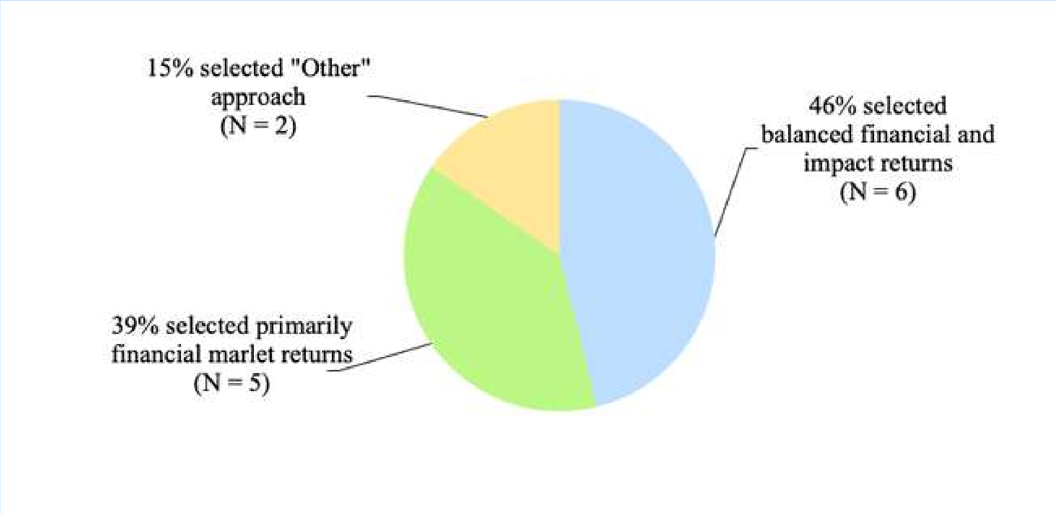


Overall, the respondent profile reflects a group of investors with varying geographic bases but a substantial Baltic presence and involvement, allowing for findings not only from Baltic-headquartered actors but also from investors outside the region who may still influence the development of the Baltic impact investment ecosystem.

4.2 Current approach to impact investing

The survey results show that the respondents are split between more conventional and more impact-oriented investment approaches. When asked which statement best describes their organisation's current approach, **46% selected balanced financial and impact returns**, corresponding to an impact investing orientation, while another **39% selected primarily financial market returns** with only ESG risk management, approaching the topic through conventional market-return logic.

Figure 17. Which statement best describes your organisation's current approach? (n=13)

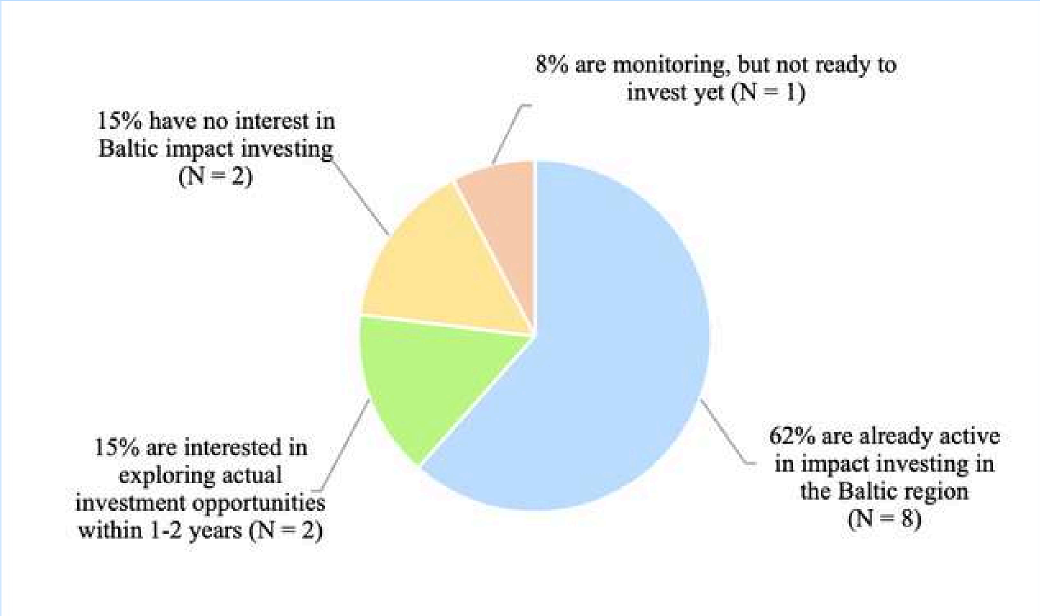


The distribution suggests that VC investors differ in how they frame impact, which shows that impact investing in the Baltic context is developing within a broader investment field where ESG and impact are related but not interchangeable concepts. In support of this reading, the interviewed VC representative explained that impact is not part of their fund's core investment focus, although ESG and sustainability considerations are taken into account, and some portfolio companies do generate measurable environmental or social effects. It follows that, for at least some investors, impact is treated as a relevant consideration within a commercially driven strategy rather than as the primary basis for investment decisions.

4.3 Current and future engagement in Baltic Impact Investing

A majority of respondents **(62%) indicated that they are already active in impact investing in the Baltic region**, while 15% said they were interested in exploring investment opportunities within 1 to 2 years, and an equal share (15%) also claimed they had no interest in Baltic impact investing.

Figure 18. Which of the following best captures your organisation's interest in investing in impact organisations? (N=13)



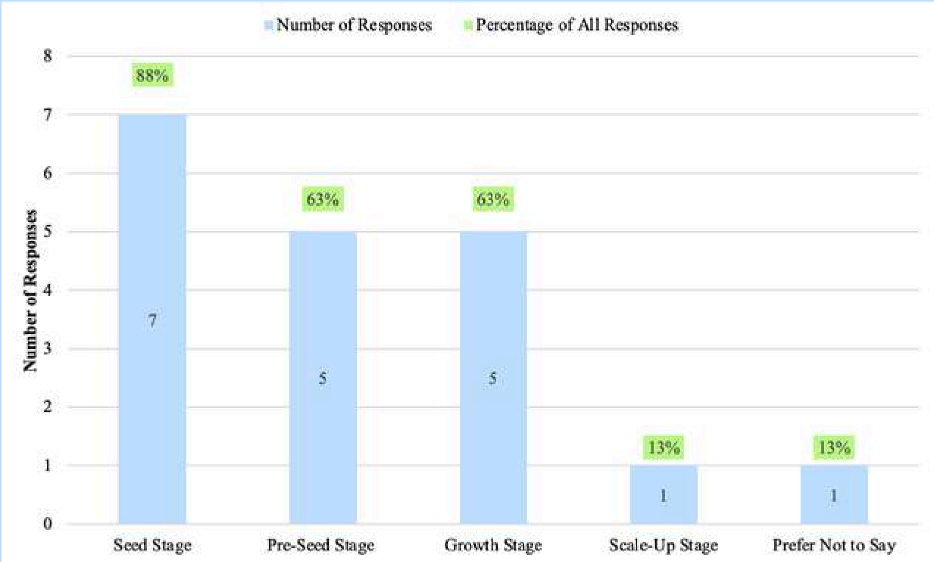
Among the 3 respondents who were not currently willing to consider making impact investments in the next 3 years, the main reasons included the absence of an impact investment strategy, concerns about returns and perceived risks, and difficulty finding impact organisations with suitable risk/return profiles and skilled management teams. Even though the number of such responses is small, the result remains informative because it reinforces broader themes observed in other survey results on investor sentiment, such as concerns over strategic fit, risk-adjusted returns, and the investable pipeline. Insights from the interview further illustrate the case since the interviewed VC fund does not position itself as an impact fund and does not allocate a specific amount to impact organisations as a separate category, even though such considerations may inform internal decision-making.

4.4 Preferred investment ticket sizes, stages, and instruments

Among respondents open to future investment in impact organisations, 4 VCs selected an **investment range of EUR 5-20 million** as the potential capital they are willing to allocate over the next three years. Another 3 VCs indicated a willingness to **invest less than EUR 5 million** over the same upcoming period, while 1 more VC selected the EUR 20-50 million range. Compared with business angels who appear most relevant for smaller early-stage tickets, VC investors naturally have the potential to mobilise substantially larger amounts of capital into impact organisations. Still, the result should be interpreted with caution, given the modest sample size. It does not provide a market forecast, but it suggests that there is at least some appetite for larger-scale participation in the impact investment space in the Baltic region.

Regarding the preferred stage, the strongest interest was reported for **the seed stage** (88%). **Pre-seed** and **growth stages** were both **selected by 63%** of respondents, while only 13% selected scale-up.

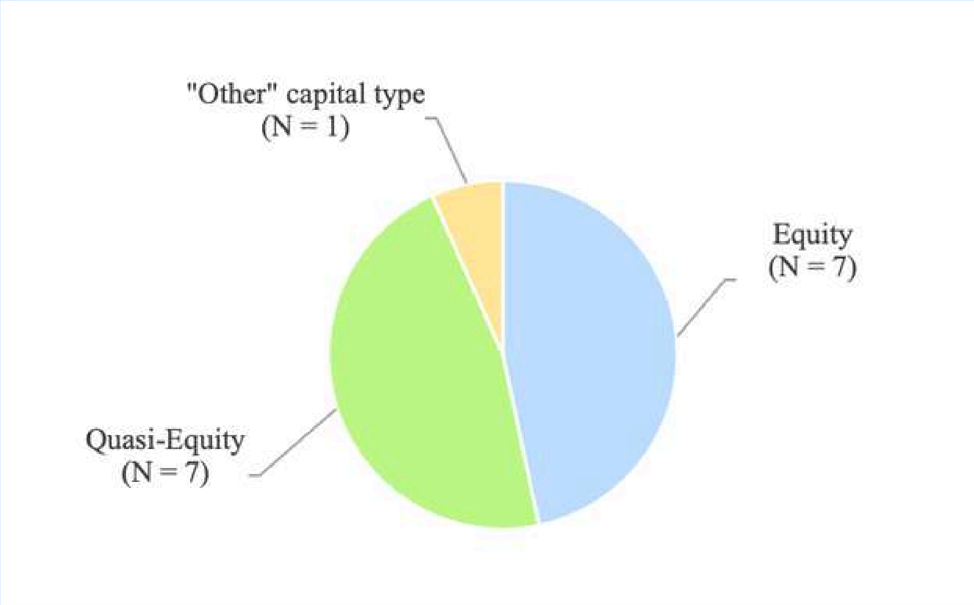
Figure 19. What stage of impact investments are you interested in?



Even among larger investors, interest remains concentrated relatively early in the venture lifecycle, though with somewhat broader tolerance for growth-stage investing than in the business angel sample. For the ecosystem, this implies that a significant part of impact investment interest may lie in ventures that have moved beyond the idea stage but are still in relatively early development.

The preferred forms of capital among respondents were clearly **equity** and **quasi-equity** (convertible instruments), each reported by 7 VCs, while only one surveyed investor selected another instrument.

Figure 20. What types of capital would your institution allocate for impact organisations?

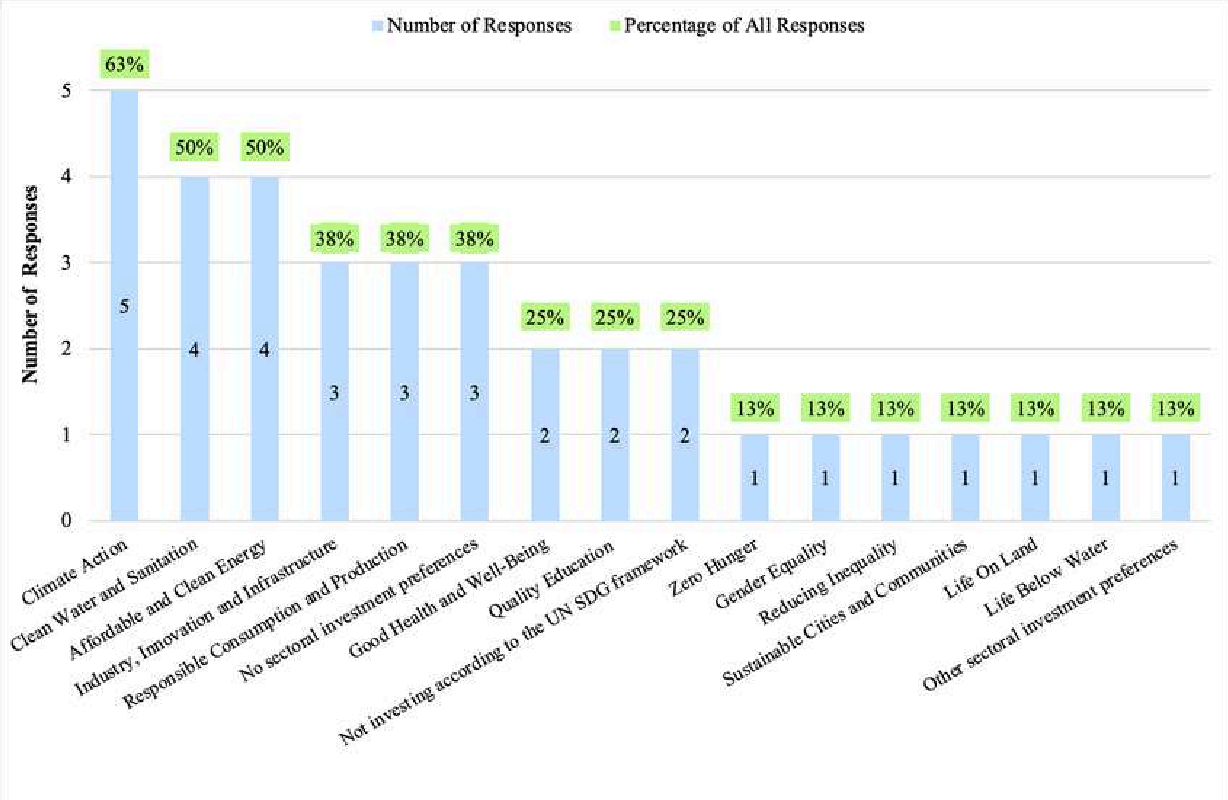


This result closely mirrors the business angel survey in one important respect: investors continue to prefer financing structures already familiar in venture and growth financing. In practical terms, impact organisations seeking capital from these investors should be able to fit into relatively conventional investment structures rather than rely on more specialised or experimental mechanisms.

4.5 Thematic and SDG preferences

Thematic preferences among VC investors show a strong orientation toward environmental and sustainability impact areas. The most frequently selected SDG field was **Climate Action** (63%), followed by **Clean Water and Sanitation** and **Affordable and Clean Energy** (both 50%). Other comparatively prominent areas were Industry, Innovation and Infrastructure, and Responsible Consumption and Production (both 38%). Remarkably, not all respondents related to preferences according to the SDG-based approach. A quarter said they do not invest in line with the UN SDG framework, and **38% said they do not have sectoral investment preferences.**

Figure 21. Do you have any sectoral investment preferences (in line with the United Nations Sustainable Development Goals (SDGs)? If so, which SDG fields do you prefer investing in?



The interview adds a useful context to the abovementioned results as the interviewed VC representative described their fund as using a limited set of sustainability goals that align with its strategy, rather than treating the full SDG framework as equally relevant, which explains why some survey respondents report thematic preferences without relying on the SDGs as a comprehensive framework.

In general, VCs' investment preferences are stronger than those of business angels in climate, energy, and environmental sustainability. This difference may be relevant when considering how various investors fit different types of impact organisations.

4.6 Return and reporting expectations

Return expectations emerged as central among VCs. When asked about the expected balance between financial return and impact delivery, 4 VCs said they would invest in impact organisations only on the same terms as their other investments. 2 VCs said they would accept lower financial returns if a clear social and/or environmental impact is delivered. In contrast, the remaining 2 VCs selected another option.

As with business angels, **most VCs do not see impact as a reason to depart fundamentally from commercial investment logic**. However, the presence of respondents willing to accept lower returns suggests that there is room for more flexible approaches in which impact value is considered sufficiently strong and convincing.

The interview input reinforces this point as the questioned VC representative stated that the fund's main focus is financial return and described impact considerations as important but not decisive. The same interview also emphasised that fund managers remain accountable to their own investors and therefore do not treat high impact alone as a sufficient reason to invest in weaker commercial opportunities.

Accountability to fund investors and **their expectations regarding the balance between profit and impact** were also identified as barriers in the 2022 Estonian study. So even if a fund manager is inclined to make impact investments, they are constrained by their own contracts, which means that, among VCs, the impact focus can reasonably be specified only at the onset of fund establishment, when the lead investor and limited partners are recruited.

The survey also explored expectations for reporting on impact funds. 3 VCs thought that such reporting on portfolio companies' impact performance over time should be done only to fund investors, and another 3 VCs said they would not expect an impact fund to disclose them publicly. As opposed to that, only one respondent said they would expect an impact fund to report publicly and annually on the impact performance of its portfolio companies.

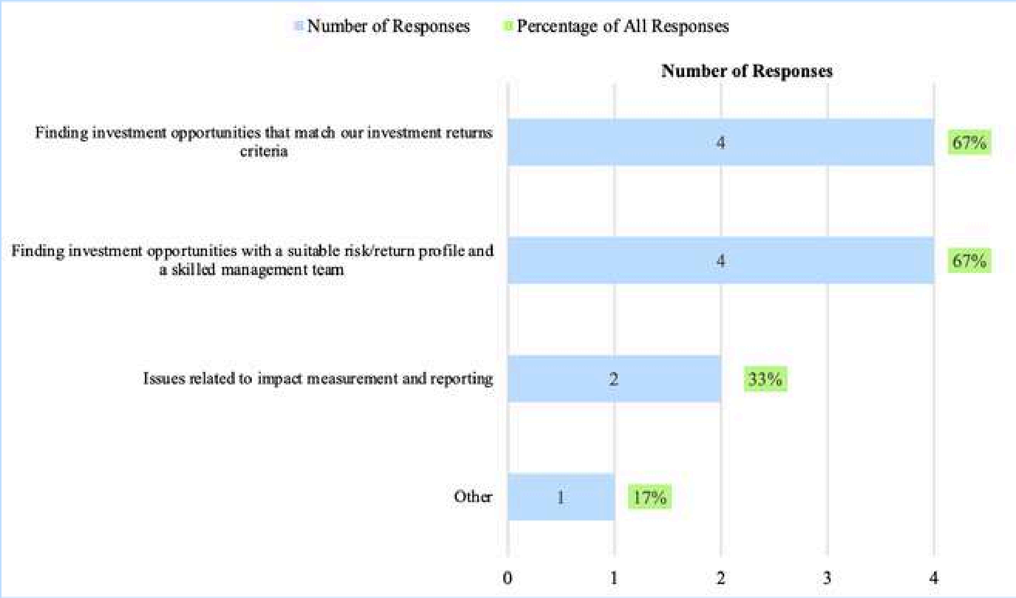
A related finding concerns internal responsibility for collecting and reporting impact data. Among the respondents answering this question, responsibility was distributed across investment partners (2 VCs), impact officers or ESG managers (2 VCs), investment associates (1 VC), and other roles 1 VC). Regarding impact measurement, SFDR (Article 8/9) was the most frequently mentioned framework among VCs (4 responses), followed by IRIS+ and other systems (1 response each), with 3 VCs preferring not to disclose information on this topic.

It can be inferred that impact management functions are not yet fully standardised and may still be embedded differently across organisations. The interview provides a similar impression, as the interviewed investor described ESG and impact-related questions as part of their annual and periodic reporting, but not as the dominant focus of monthly or quarterly business reporting.

4.7 Main barriers and support measures for impact investing

The main barriers reported by VC investors are strongly commercial in nature. The two most frequently selected challenges were **finding investment opportunities that meet investment return criteria** and **finding investment opportunities with a suitable risk/return profile and a skilled management team**, both selected by 67% of respondents.

Figure 22. What do you consider to be your main challenges in making impact investments?



The primary challenge for VCs is not related to a lack of openness to impact investing, but rather the difficulty of identifying opportunities that deliver impact and satisfy conventional investment criteria. In other words, the bottleneck originates in the quality and fit of the investable pipeline rather than in the general idea of impact investing itself. The fit also largely depends on the principles established during the fund's setup, as the fund managers are accountable to their own investors. This view was echoed by the interviewed VC representative, who described impact as a relevant but secondary consideration and pointed to the wider market context in which investors are currently drawn toward themes such as defence and AI, while impact and ESG topics may receive less immediate attention. The interview also pointed to the limited visibility of clearly impact-focused funds and investment cases in the Baltic market.

Nevertheless, m**any respondents indicated a willingness to support impact organisations in non-financial ways**. The most frequently selected form of future support was **mentoring** (63%). Smaller shares indicated a willingness to donate or provide other forms of support (13% each), while 25% said they were not willing to do so. The interviewee's input supports this as well, noting that their fund provides non-financial support and ecosystem engagement outside the formal investment process.

Overall, the findings from the VC investor survey offer additional insight into Baltic impact investing and suggest potential for larger-scale capital deployment, contingent on commercial discipline, pipeline quality, and strategic fit. The progress is likely to depend on building stronger investable opportunities while also developing realistic structures for impact reporting and investor engagement.

Conclusions

5.1 Overall state of investor readiness

The findings of this report suggest that investor readiness for impact investing in the Baltic States is present, though it is conditional. Across both investor groups, there is clear openness to the idea of investing in impact organisations, yet this openness does not automatically translate into a willingness to treat impact as a sufficient investment rationale on its own. Instead, **investors in both surveys tend to assess impact organisations through the same core lens they would apply to any other opportunity**, prioritising expected returns, business model quality, management strength, scalability, and overall strategic fit. In this sense, the current Baltic market is not defined by a lack of investor interest, but by the fact that interest in impact investing continues to be filtered through conventional commercial logic, meaning impact may strengthen an investment opportunity, but may not replace the need for a commercially credible case.

Among business angels, future interest is relatively strong, as most respondents stated that they are either considering making impact investments in the next three years or may be open to doing so. At the same time, many respondents were unsure whether they had already made impact investments because they found it **difficult to distinguish between impact and traditional investment**, meaning that investor readiness among business angels is not merely a reflection of their willingness to invest, but also has to do with the **clarity of understanding and confidence in how impact organisations should be interpreted and assessed.**

Among VC investors, a majority of survey respondents indicated that they are already active in Baltic impact investing, and nearly half described their current approach as balancing financial and impact returns. However, neither the survey nor the interview data suggest that VCs generally operate under an impact-first logic. Rather, **impact appears to matter where it can be integrated into a commercially robust strategy**. The interviewed VC representative reinforced this interpretation by explicitly stating that financial return is the fund's core priority, with impact as an important secondary consideration.

At the same time, the two investor groups are likely to play different roles in the ecosystem. **Business angels are more heterogeneous, more affected by definitional ambiguity, and are more clearly concentrated in smaller-ticket sizes and earlier stages.** Their thematic interests are broad, but notably strong in areas where impact can be linked to familiar startup sectors such as technology, healthcare, education, and the circular economy. This implies that business angels may be especially relevant for first-ticket financing, when impact organisations are still validating their models and preparing for their first investor engagement. **VC investors, by contrast, are more relevant for later-stage, larger-scale capital deployment** once organisations demonstrate stronger commercial maturity, clearer data practices, and fit for more structured investment processes.

Overall, the findings demonstrate that **the Baltic impact investment ecosystem is still emerging** and should not be understood as a single, homogeneous investor market. Investors across both profiles show some degree of openness, dependent on whether impact organisations can meet mainstream expectations of investability. Alongside increasing awareness of impact investing, **the main challenge is also to create the conditions under which impact organisations are seen as investable** on realistic terms.

5.2 Main gaps in the Baltic impact investment ecosystem

A major **first gap** concerns conceptual clarity and stems from the finding that **impact investing is not consistently defined across the Baltic investment landscape.** The issue was revealed among business angels, as many respondents from this group were unsure whether they had already made impact investments due to the unclear distinction between traditional and impact investing. It becomes harder to evaluate opportunities consistently and develop a more coherent impact investment ecosystem if investors do not share a sufficiently common understanding of what qualifies as an impact organisation or what constitutes impact value.

A **second gap** concerns **the quality of the investable pipeline**. Across both investor groups, one of the most frequently cited barriers was the difficulty of finding opportunities that match expected return criteria while also demonstrating suitable business models, capable management teams, and credible strategic fit. The market is not held back mainly by resistance to the idea of impact investing. Rather, it is constrained by the limited availability of visible, investment-ready impact organisations aligned with investor expectations.

A **third gap** relates to **impact measurement** and **evaluation**. The business angel survey showed that even where there is interest, **many investors still lack practical means to assess how impact should be identified, measured, and weighed** alongside financial performance. In the VC investor group, impact measurement was not the most frequently cited barrier, but responses on reporting responsibilities and measurement systems still point to heterogeneous practices rather than a standardised approach. Impact evaluation, therefore, remains underdeveloped, though in somewhat different ways across the two investor groups.

A **fourth gap** lies in the wider market environment. The interview input suggests that **impact investing in the Baltics continues to compete for attention with more dominant themes**, including AI, defence, and other strategically prioritised sectors. This does not mean that impact-oriented opportunities are absent, but it does suggest they may struggle to gain prominence and strategic priority unless they are framed convincingly in commercial terms. The same interview also demonstrates that investment funds explicitly focused on impact are still relatively scarce in the Baltic region, which may further curb the market's ability to develop a stronger identity and clearer pathways for capital allocation.

Taken together, the findings present how the impact investment ecosystem is **constrained by a combination of definitional ambiguity, limited pipeline readiness, uneven evaluation practices,** and **still-emerging structures**. These gaps reinforce one another and help explain why investor openness has not yet translated into a more mature and advanced impact investment market in the region.

5.3 Main opportunities for the Baltic impact investment ecosystem

The findings also point to several concrete opportunities for strengthening the Baltic impact investment ecosystem. **The first opportunity** lies in the fact that neither survey shows a closed market. Even amid caution, **there is notable interest in impact investing and a degree of willingness to engage**, which means the ecosystem does not need to create investor interest from the beginning and **should seek to convert selective openness into more structured forms of participation**. The findings do support the possibility of a Baltic impact investment fund model that combines a clear impact orientation with disciplined return expectations, realistic reporting practices, and a pipeline strategy aligned with the actual maturity of impact organisations in the region.

A **second opportunity** lies in **strengthening the investment readiness of impact organisations.** Many of the barriers identified by both investor groups relate directly to business model quality, management quality, and the ability of organisations to communicate investability and impact credibly. This suggests that many of the barriers identified in the report can be addressed, at least in part, through stronger venture support. The gap between investor openness and actual capital allocation could be reduced by better articulation of business models, stronger evidence of market potential, clearer impact logic, and improved capacity to align with investor expectations. If impact organisations are not prepared to meet investor expectations, the current level of investor openness is unlikely to result in significantly greater capital deployment. Working on this matter should be the priority of the various ecosystem stakeholders that provide capacity-building support to impact organisations in the Baltics.

Another opportunity lies in **further ecosystem development** to address demand for better impact evaluation tools, clearer reporting approaches, and stronger matchmaking mechanisms. The findings indicate that to unlock private investment for impact organisations, the ecosystem needs to focus on three enabling functions: a common language, practical tools, and stronger market connections. A more coherent **shared understanding of impact investing** would help reduce ambiguity, especially among business angels. **Better impact evaluation and reporting tools** would help investors assess opportunities with greater confidence. **More targeted matchmaking, mentoring, and engagement opportunities** would help bridge the current distance between impact organisations and the investors most likely to support them. Taken together, these actions could help move the market **from cautious interest toward participation**.

One more opportunity concerns how **investors could be engaged beyond capital.** Both survey groups indicate some willingness to support impact organisations through mentoring, training, or other non-financial roles. This is especially relevant in an emerging market, as it suggests that **investors may contribute not only through direct funding but also through soft support** that improves the quality and readiness of the pipeline over time.

In summary, the Baltic impact investment market is **at a stage where the foundations of interest are present, but the mechanisms for translating that interest into a more consistent market are still under development**. The market just needs stronger alignment between investor expectations, impact organisation readiness, and the practical support structures that connect the two. The most promising path forward is therefore not only to promote the concept of impact investing, but to reduce ambiguity, improve venture readiness, strengthen investor confidence, and create more practical bridges between impact organisations and investors.

The annexes to this report, including the survey questionnaires, are provided as a separate accompanying document on the project website.