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FI4INN

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Dissemination Level		
PU	Public, fully open, e.g. web	X
CL	Classified, information as referred to in Commission Decision 2001/844/EC	
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*** R:** Document, report (excluding the periodic and final reports)
DEM: Demonstrator, pilot, prototype, plan designs
DEC: Websites, patents filing, press & media actions, videos, etc.
OTHER: Software, technical diagram, etc.

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Preface

The FI4INN project, developed under the Interreg Central Europe program with the objective of strengthening innovative capacities (SO1.1), seeks to empower regional ecosystems by creating and sharing tools that enhance access to finance for SMEs and start-ups. By supporting innovation through collaborative and multi-level engagement, the FI4INN project aims to foster tailored financial instruments that address specific regional needs while promoting sustainability and growth across Central Europe.

Building on the findings from **Deliverable D.3.1.1 – *Report about survey exercise on monitoring financial instruments in CE regions***, which provided a comprehensive survey and baseline data on monitoring financial instruments across Central Europe, this deliverable, **D.3.1.2**, continues the work within **Work Package 3 (WP3)**. It introduces a **SWOT analysis of financial instrument monitoring and evaluation practices**, identifying strengths, weaknesses, opportunities, and threats to improve financial schemes and their impact on SMEs and start-ups in the region.

Relevance to the FI4INN Project

This deliverable directly contributes to FI4INN's mission by translating the insights gained from the survey exercise (described in Deliverable D.3.1.1) into actionable analyses. The SWOT analysis will enable project partners to better understand the dynamics of financial monitoring, including areas where current practices excel, where challenges persist, and where opportunities for innovation and optimization exist. By aligning the findings with the FI4INN objectives, D.3.1.2 supports the project's overarching goal of fostering a more innovation-conductive environment and effective financial systems across Central Europe.

Objectives of Activity 3.1

Activity 3.1 focuses on establishing a robust understanding of current financial monitoring practices through a structured process. While Deliverable D.3.1.1 outlined the survey results and their methodology, this deliverable deepens the analysis by identifying strengths in existing financial monitoring and evaluation frameworks, weaknesses and gaps that hinder effectiveness, opportunities to innovate and refine these frameworks, and threats that may limit the scalability or sustainability of financial monitoring systems. This SWOT analysis is a vital step in using the data gathered to inform and shape strategic improvements across Central Europe's financial instruments.

Purpose of Deliverable D.3.1.2

The purpose of this deliverable is to build on the insights provided in Deliverable **D.3.1.1 – *Report about survey exercise on monitoring financial instruments in CE regions*** and translate them into a structured evaluation of the current landscape. This deliverable will highlight the key takeaways from the survey exercise as strengths or weaknesses in existing practices, explore external factors, such as emerging technologies or regulatory changes, as opportunities or threats, as well as provide a roadmap for improving financial instrument monitoring and evaluation, ensuring alignment with FI4INN's goals to support SMEs and start-ups.

By serving as a continuation of Deliverable D.3.1.1, this document ensures that the findings from the survey are effectively utilized and contextualized to inform practical recommendations and future activities.

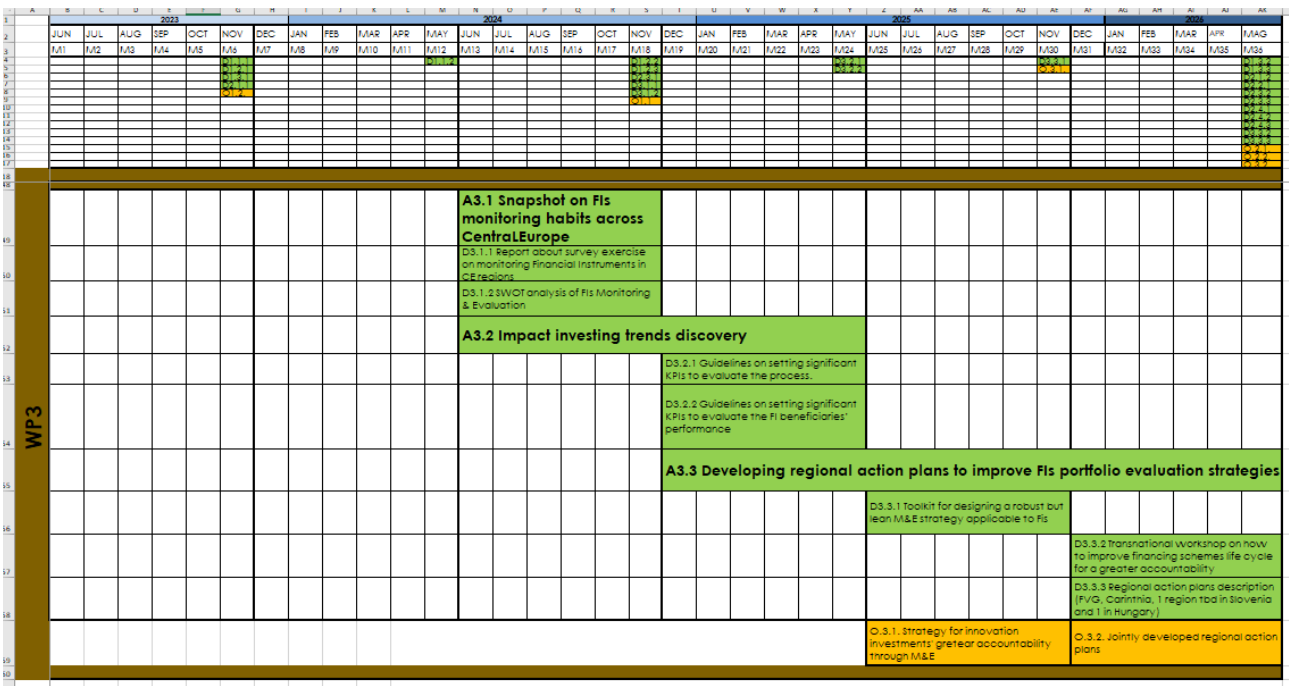
Contribution to Future Activities and Deliverables

Deliverable D.3.1.2 plays a crucial role in guiding subsequent project activities and deliverables within Work Package 3 and beyond. Specifically:

- **Activity 3.2 - Impact investing trends discovery:** The findings of this SWOT analysis will inform the development of recommendations for enhancing financial instruments monitoring frameworks and ESG reporting practices across Central Europe. By identifying key areas for improvement, these deliverables lay the groundwork for designing practical, impactful solutions.
- **Activity 3.3 - Developing regional action plans to improve financial instruments' portfolio evaluation strategies**: The insights from D.3.1.2 will feed directly into the development of regional action plans tailored to address specific strengths and weaknesses while capitalizing on opportunities for improvement, according to regional needs.
- **Activity 2.3**: As with D.3.1.1, the conclusions from this deliverable will contribute to piloting efforts under Activity 2.3, ***Piloting co-design and multi-level engagement on regional financing schemes***. These include co-design and multi-level engagement approaches that can benefit from a clearer understanding of the strengths and weaknesses of existing financial schemes.

Overall, this SWOT analysis ensures that the FI4INN project remains aligned with its strategic objectives by deepening the understanding of financial monitoring practices and offering a clear, actionable analysis for partners to implement improvements effectively. It serves as a bridge between the baseline data established in D.3.1.1 and the implementation of targeted recommendations in subsequent activities.

The following diagram highlights this specific Deliverable correlating within project implementation.



SWOT ANALYSIS OF FINANCIAL INSTRUMENTS' MONITORING AND EVALUATING

1. Introduction

1.1 Purpose of the SWOT Analysis and ESG reporting

As briefly mentioned in the previous chapter, the purpose of Deliverable **D.3.1.2 - *SWOT Analysis of financial instrument monitoring and evaluation***, is to build upon the insights documented in Deliverable **D.3.1.1 – *Report about survey exercise on monitoring financial instruments in CE regions*** by conducting a structured analysis of the current monitoring practices for financial instruments in Central Europe, with a special focus on ESG (Environmental, Social, and Governance) reporting. More specifically, this deliverable equips FI4INN partners with a detailed evaluation of the **strengths, weaknesses, opportunities, and threats** that influence the effectiveness of financial monitoring frameworks, particularly in the integration of ESG criteria. By identifying actionable areas for improvement, this deliverable supports the development of innovative and adaptive financial schemes that align with sustainability and innovation objectives.

The SWOT analysis and ESG reporting exercise were designed with several specific objectives in mind:

1. **To identify strengths** within existing monitoring and evaluation frameworks, including effective KPIs, streamlined processes, and successful ESG integration.
2. **To uncover weaknesses**, such as administrative challenges, inconsistent ESG implementation, and gaps in stakeholder engagement.
3. **To explore opportunities** for innovation, including the adoption of advanced analytical tools, improved stakeholder collaboration, and enhanced ESG compliance strategies.
4. **To address threats** that could hinder monitoring effectiveness, such as regulatory complexities, resource constraints, and resistance to ESG adoption.

This analysis provides a comprehensive understanding of the regional financial monitoring landscape, helping FI4INN partners strategically enhance practices and foster alignment with ESG and broader sustainability goals.

1.2 SWOT analysis

The purpose of SWOT analysis is to provide a comprehensive evaluation of an organization's current position and future prospects by examining its strengths, weaknesses, opportunities, and threats[1][2]. This strategic planning tool serves to several key objectives:

- **Improving business strategies:** SWOT analysis aims to enhance a company's plans, products, and services by encouraging leaders and staff to consciously assess their strengths and weaknesses[1]. This process facilitates continuous improvement and helps set relevant, attainable, and sustainable goals.
- **Informed decision-making:** By increasing awareness of internal and external factors that influence business decisions, SWOT analysis supports more informed strategic planning[2]. It enables organizations to:

    - Uncover previously unarticulated opportunities for success
    - Identify potential threats before they become overly burdensome
    - Discover market niches where the business has a competitive advantage
- **Comprehensive evaluation**: SWOT analysis provides a framework for examining both internal and external elements affecting an organization[3]. This includes:
    - Internal factors: Assessing the company's strengths and weaknesses
    - External factors: Identifying opportunities and threats in the market or industry,
- **Strategic planning and problem-solving**: Analysis help organizations develop a full awareness of all factors involved in making business decisions[3]. It can be used to:
    - **Explore new initiatives**
    - **Revamp internal policies**
    - **Consider opportunities to pivot**
    - **Alter plans midway through execution**
- **Simplifying complex issues:** SWOT analysis makes complex problems more manageable by aggregating a large amount of information into a digestible report[4]. This allows decision-makers to focus on the most critical factors affecting the organization.

By providing a structured approach to evaluating an organization's position, SWOT analysis ultimately aims to help businesses capitalize on their strengths, address weaknesses, seize opportunities, and mitigate potential threats.

1.3 ESG reporting

ESG, which stands for Environmental, Social, and Governance, is a framework for evaluating the sustainability and ethical impact of companies and investments. In the European Union, ESG has become a critical focus area for regulators, investors, and businesses alike.

ESG in the EU regulatory context

The EU has been at the forefront of developing comprehensive ESG regulations to promote sustainable finance and corporate accountability. Key regulatory initiatives include:

Corporate Sustainability Reporting Directive (CSRD): The CSRD, which entered into force on January 5, 2023, significantly expands the scope of ESG reporting requirements[5]. It applies to a broader range of companies, including non-EU companies meeting specific thresholds, and aims to enhance transparency and comparability of sustainability information[4].

Under the Corporate Sustainability Reporting Directive (CSRD), which came into effect on January 5, 2023, small and medium-sized enterprises (SMEs) listed on EU-regulated markets are required to report sustainability information starting from the financial year 2026, with reports due in 2027. However, these listed SMEs have the option to opt out of this requirement until 2028.

Non-listed SMEs are not mandated to report under the CSRD but can choose to do so voluntarily. The European Financial Reporting Advisory Group (EFRAG) is developing proportionate sustainability reporting standards tailored for listed SMEs to facilitate compliance.

These measures aim to enhance transparency and comparability of sustainability information while considering the capacities of smaller enterprises.

Sustainable Finance Disclosure Regulation (SFDR): The SFDR, which became mandatory on January 1, 2023, focuses on improving transparency in the sustainable investment market[5]. It requires financial market participants to disclose sustainability-related information about their products and practices.

Under the Sustainable Finance Disclosure Regulation (SFDR) investment firms are among the entities required to disclose sustainability-related information about their products and practices, ensuring greater transparency in the sustainable investment market. This aligns with FI4INN's focus on advancing financial instruments and investment practices.

EU taxonomy: This classification system provides a common language for sustainable economic activities, supporting the implementation of both the CSRD and SFDR[6].

Approaches to ESG

Reporting and disclosure: The EU has adopted the European Sustainability Reporting Standards (ESRS), which outline specific reporting requirements for companies under the CSRD[9]. These standards aim to provide investors and stakeholders with reliable and comparable sustainability information.

Due diligence: The EU has approved an outline proposal for the Directive on Mandatory Human Rights, Environmental and Good Governance Due Diligence, which would create a duty of care for companies operating within the EU[9].

Carbon Border Adjustment Mechanism (CBAM): This mechanism aims to prevent carbon leakage by requiring importers to purchase certificates corresponding to the carbon price within the EU Emissions Trading System[8].

Challenges

Data reliability and availability: More than two-thirds of respondents in a CFA Institute survey cited the lack of reliable ESG data as a major challenge for asset managers implementing the SFDR[7].

Complexity and interpretation: The lack of clear definitions in regulations like SFDR has led to diverse interpretations and implementations[7].

Greenwashing: The practice of making misleading environmental claims remains a significant challenge, prompting stricter reporting standards[9].

Implementation costs: Companies face significant costs associated with data collection, staff training, and compliance with new regulations[7].

Future Developments

- **Expansion of reporting requirements:** The CSRD will gradually expand to cover additional companies and sectors, aiming for comprehensive coverage by 2025 and beyond[8]. The CSRD's gradual expansion will cover a wide range of companies and sectors by 2025 and beyond, including those relevant to FI4INN's focus, such as financial institutions, investment firms, start-ups, SMEs, and entities involved in sustainable innovation and development. Key sectors include technology, renewable energy, manufacturing, and environmental services, all of which play a pivotal role in advancing sustainability and financial innovation.

- **Harmonization of standards:** There's a push towards more standardized and comparable ESG disclosures across jurisdictions[7].
- **Integration with financial reporting:** ESG factors are likely to become more integrated with traditional financial reporting.
- **Emphasis on double materiality**: The concept of considering both financial and social materiality in ESG reporting is gaining traction[10].
- **Focus on climate change mitigation**: The EU's "Fit for 55" package and other initiatives indicate a continued emphasis on climate-related disclosures and actions[8].

In conclusion, the EU's approach to ESG is characterized by comprehensive regulations aimed at improving transparency, accountability, and sustainability in the business sector. While challenges remain, particularly in data quality and implementation, the regulatory landscape is evolving to address these issues and further integrate ESG considerations into business practices and investment decisions. One of the most discussed challenges is **lack of measurement standards**. It's impossible to do reliable and authentic reporting without agreement on the measurement. The concept of triple materiality requires companies to report on how their activities impact their financial performance, the environment's ability to regenerate, and the social foundations of society, emphasizing the interconnectedness of these factors. Finally, there is strong advocacy globally to explicitly link measurement and monitoring framework to the widest sustainability oriented political agreement that exists in the world – United Nations Sustainable Development Goals (SDGs)[12]. The relationship between ESG and SDGs is likely to strengthen further and lead to:

- Increasing stakeholder demand for sustainable and responsible business practices
- Growing recognition of the interconnectedness between corporate actions and global sustainability goals
- Potential for more standardized reporting frameworks that incorporate both ESG and SDG metrics.

ESG and SDGs are complementary frameworks that, when used together, provide a comprehensive approach to sustainable development. Their integration offers businesses and investors a powerful tool for driving positive change while potentially enhancing long-term value creation.

Sustainability and contribution to project implementation

The findings from the SWOT analysis and ESG reporting will contribute significantly to the sustainability and implementation of the FI4INN project. By highlighting opportunities to strengthen financial instrument monitoring and ESG integration, these deliverables lay the groundwork for subsequent project activities, mentioned in the previous chapter (Activity 3.2, Activity 3.3, Activity 2.3). By aligning with the findings of Deliverable D.3.1.1, this SWOT analysis and ESG reporting exercise reinforce FI4INN's commitment to creating a resilient, responsive, inclusive, and innovation-driven financial ecosystem across Central Europe.

2. Methodology

2.1 General information

The methodology employed for the SWOT analysis presented in Deliverable D.3.1.2 builds directly upon the data and insights gathered in Deliverable **D.3.1.1 - *Report about survey exercise on monitoring financial instruments in CE Region***. This foundation provided comprehensive information on current practices, challenges, and stakeholder perceptions regarding the monitoring and evaluation of financial instruments in Central Europe.

The primary data source for this analysis was the survey responses collected and analyzed in Deliverable D.3.1.1. This included input from a diverse range of stakeholders, such as financial institutions, grant authorities and funding agencies, as well as investors, and start-ups and SMEs. Their insights into challenges, opportunities, and existing practices played a critical role in identifying the strengths, weaknesses, opportunities, and threats associated with financial instrument monitoring and evaluation in the region. Secondary data sources, including relevant literature and best practices in financial monitoring and ESG reporting, were also reviewed to supplement the survey findings.

While a detailed description of the methodology is provided in Deliverable D.3.1.1, a brief overview is also included in this document for the reader's convenience.

2.2 Survey design and structure

The FI4INN survey exercise was designed to capture comprehensive insights into the current monitoring practices for financial instruments in Central Europe. Three distinct questionnaires were developed to address the specific perspectives of financial institutions, grant authorities, funding agencies, as well as investors, and start-ups and SMEs. Each questionnaire included both closed-ended and open-ended questions to facilitate quantitative and qualitative analysis.

It's important to note that while the survey provides valuable insights into stakeholder perceptions, the responses, particularly those related to ESG, are inherently subjective. This is a common limitation of self-reported data, as respondents may have varying interpretations and understandings of the concepts.

2.3 Stakeholder groups interviewed

To ensure a representative analysis, the survey targeted three diverse stakeholder categories:

- **Financial institutions, grant authorities and funding agencies:** Banks and financial organizations providing loans and grants, contributing to economic growth through access to capital; and entities responsible for funding projects that align with economic and social development goals.
- **Investors:** Private equity firms, venture capitalists, and angel investors focused on achieving returns and evaluating project impact.
    - ***Remark***: *in continuation this category will be addressed as "Financial institutions" for easier and simpler description of the results.*
- **Start-ups and SMEs**: New and established businesses requiring financial support, with insights on how financial instruments influence their operations.

Financial institutions and Investors were asked about their operations, offered financial instruments, and their perspective on monitoring and evaluation practices. Start-ups and SMEs provided insights into the types of financial support received, their effectiveness, and their experiences with monitoring and evaluation.

2.4 Data collection process

To maximize the quality and depth of responses, the survey was conducted primarily through in-person or video-call interviews whenever feasible. An online survey platform was also available for respondents who could not participate in person. The survey responses were collected by all the partners, with a total of 30 interviews conducted:

- **Financial institutions, grant authorities and funding agencies:** 14 interviews conducted
- **Investors:** 7 interviews conducted
- **Start-ups and SMEs**: 9 interviews conducted

The survey questionnaires were divided into several content sections to ensure the most comprehensive coverage of each research topic. One of the sections was also the SWOT analysis section.

Although the sample size is relatively small, the inclusion of a diverse range of institutions from the FI4INN partner network, spanning the entire Central European region, ensures a comprehensive representation of stakeholders. This geographic spread and institutional diversity are crucial for a robust analysis of the current state of financial instrument monitoring and evaluation practices.

2.5 SWOT analysis framework

The SWOT framework was employed to categorize and synthesize the data.

- **Strengths and Weaknesses** were identified based on internal factors, such as the effectiveness of current practices, availability of resources, and integration of ESG criteria.
- **Opportunities and Threats** were derived from external factors, such as emerging technologies, regulatory changes, and market dynamics.

Integration of ESG considerations: Particular attention was paid to the role of ESG (Environmental, Social, and Governance) criteria in monitoring practices. Stakeholder perceptions of ESG relevance and integration, as captured in the survey, were analyzed to identify specific challenges and opportunities related to ESG reporting.

This structured methodology ensured a robust and comprehensive SWOT analysis that not only builds on the foundational work of Deliverable D.3.1.1 but also offers a clear roadmap for subsequent activities within Work Package 3 and the broader FI4INN project.

3. SWOT Anylysis

3.1 Strengths - oOverview of identified strengths in monitoring practices

The SWOT analysis revealed several strengths in the current monitoring and evaluation practices for financial instruments across Central Europe. These strengths provide a solid foundation for enhancing the effectiveness and sustainability of financial schemes. Key strengths include the presence of comprehensive reporting frameworks, the integration of advanced monitoring tools, and strong stakeholder engagement, all of which contribute to more transparent and efficient financial management.

With the financial institutions the **most important strengths of their current monitoring and evaluation processes** are the following:

1. **Flexibility to adapt to changing conditions**: This was selected by **50% of respondents**, indicating that adaptability is highly valued.

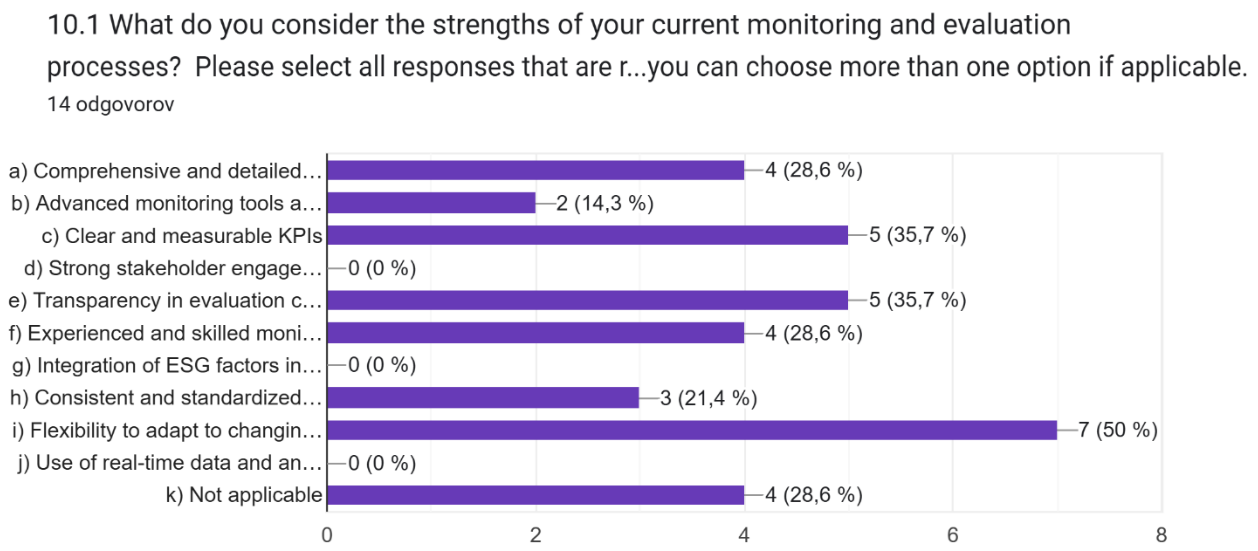
2. **Clear and measurable KPIs (35.7%):** Highlighting the importance of defining specific, actionable metrics to track performance effectively. **Transparency in evaluation criteria and processes (35.7%):** Reflects the value of openness and clear standards in evaluations.
3. **Experienced and skilled monitoring team (28.6%)** demonstrates reliance on expertise and competence within the team, and **Comprehensive and detailed reporting processes (28.6%)** acknowledges the thoroughness in reporting as an asset.
4. **Consistent and standardized data collection methods (21.4 %).**

Those strength contribute to overall financial success in the following way:

- **Efficient allocation of resources and risk management** was selected by **35.7%** of respondents, marking these as the top contributions to success.
- **Enhanced ability to measure and demonstrate impact (28.6%).**

  Enhanced decision-making and strategic planning (21.4%) and **Better compliance with regulatory requirements (21.4%).**
- **Improved stakeholder trust and satisfaction (14.3%)**
- **"Not applicable"** was also at **35.7%,** showing some respondents may not connect the identified strengths directly to financial success.

Graphical representation of results for financial institutions



10.2 How do these strengths contribute to the overall success of your financial instruments? Please select all responses that are...you can choose more than one option if applicable.
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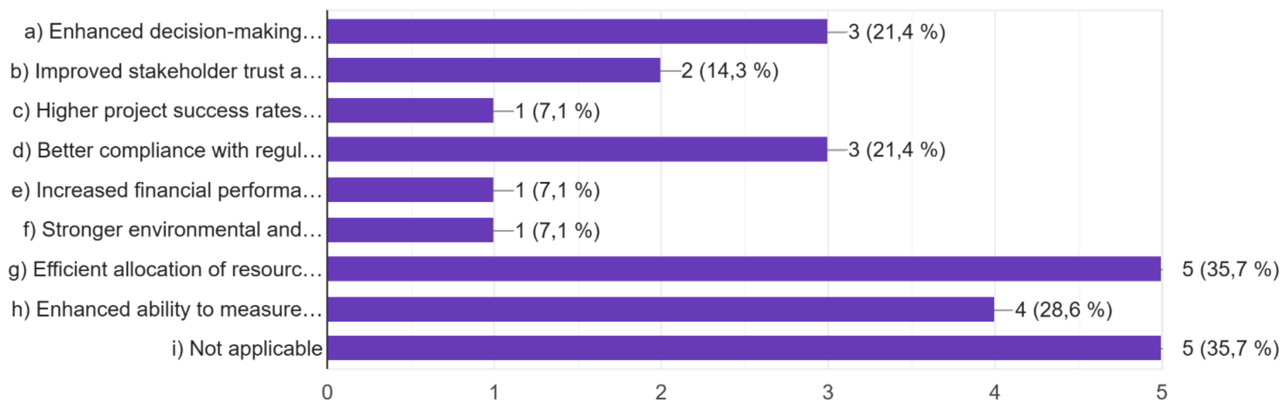

With the investors the **top strengths of their current monitoring and evaluation processes** are the following:

1. **Clear and measurable KPIs (71.4%)** is the most frequently cited strength, indicating the importance of quantifiable performance indicators.
2. **Comprehensive and detailed reporting processes (57.1%)** is another prominent strength, suggesting the value of clear and informative reports.
3. **Experienced and skilled monitoring team (28.6 %), Flexibility to adapt to changing conditions (28.6 %),** and **Use of real-time data and analytics (28.6 %).**

Those strength contribute to overall financial success in the following way:

Enhanced decision-making and strategic planning (57.1%) are the most frequently cited contribution, highlighting the importance of monitoring and evaluation in informing decision-making and shaping strategies.

Higher project success rates and returns on investment, Increased financial performance, and better compliance with regulatory requirements are also mentioned as important contributions **(42.9 %).**

- **Improved stakeholder trust and satisfaction (28.6 %).**

Graphical representation of results for investors

10.1 What do you consider the strengths of your current monitoring and evaluation processes? Please select all responses that are r...you can choose more than one option if applicable.
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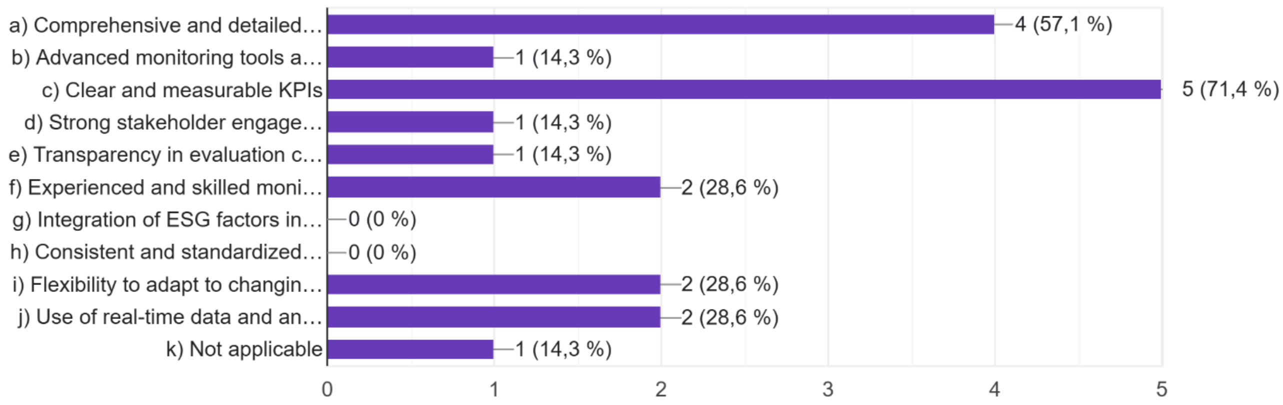

10.2 How do these strengths contribute to the overall success of your financial instruments? Please select all responses that are...you can choose more than one option if applicable.
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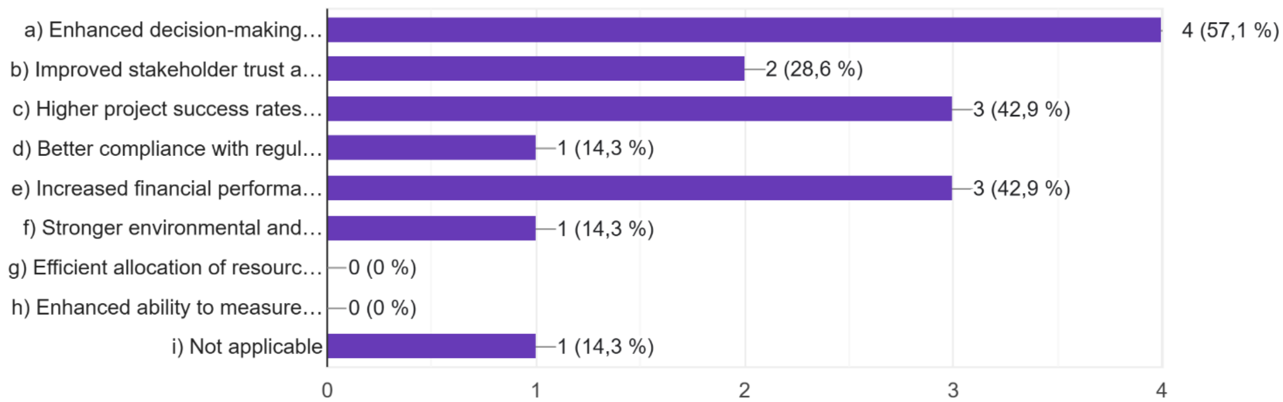


While this is an internal insight, companies were also asked to share their view on the topic. Strengths they perceive in their current monitoring and evaluation practices of financial institutions and investors, are as follows:

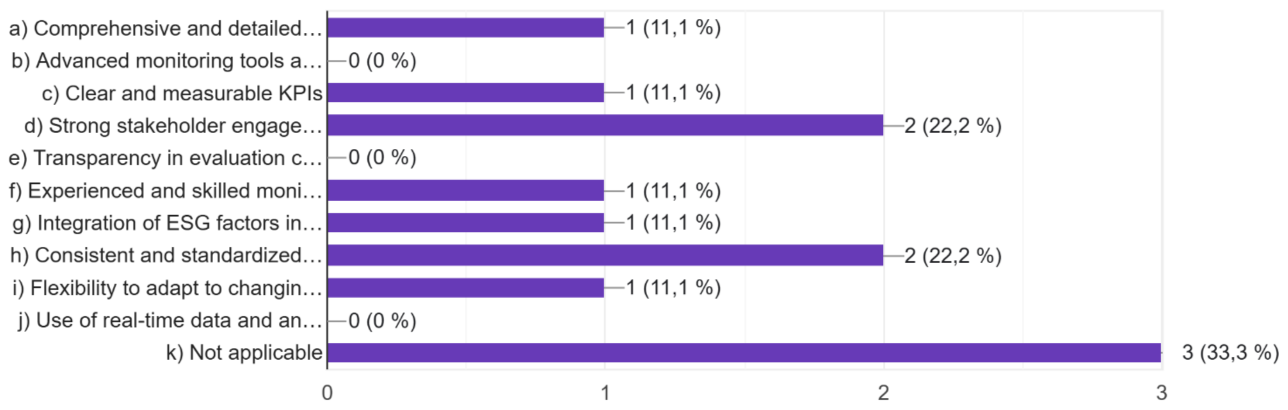
1. **Strong stakeholder engagement and feedback mechanisms**: Selected by 2 respondents **(22.2%).** Effective communication and collaboration with stakeholders can lead to more informed decision-making, increased project ownership, and improved outcomes.
2. **Consistent and standardized data collection methods, that** ensure data quality, reliability, and comparability, enabling accurate analysis and reporting was also s by 2 respondents (**22.2%).**

Other strengths are less identified. In their opinion those strengths contribute to the overall success of their project in the following way:

- **Improved stakeholder trust and satisfaction: 33.3%** of respondents mentioned this as a strength.
- **Better compliance with regulatory requirements: 22.2%,** and **Stronger environmental and social impact**, also **22.2%** of respondents mentioned this as a strength.
- **44.4%** of respondents indicated that none of the listed options were applicable to their experience.

Graphical representation of results for companies

9.1 What strengths do you perceive in the current monitoring and evaluation practices of financial institutions or investors? Please select all respon..., you can choose more than one option if applicable.
9 odgovorov



9.2 How do these strengths contribute to the overall success of your projects? Please select all responses that are relevant to you, you can choose more than one option if applicable.
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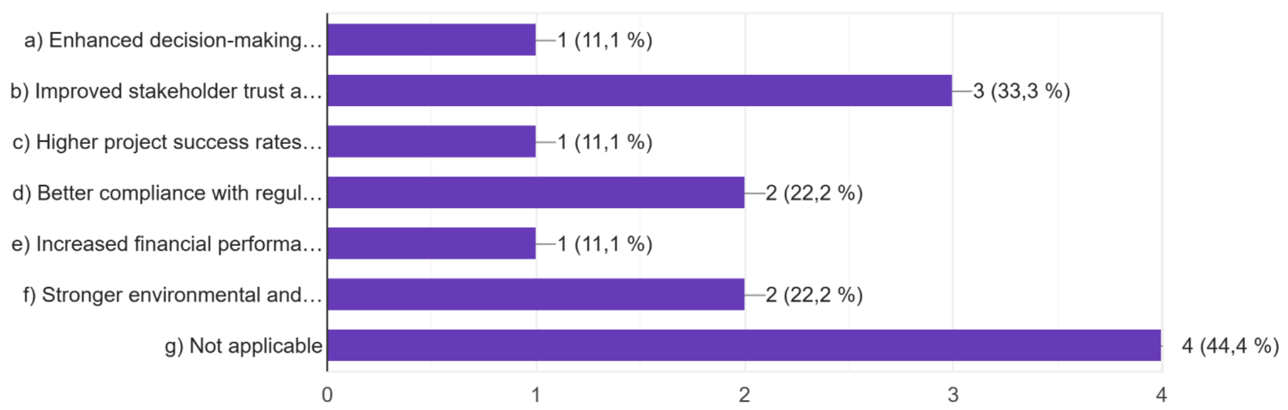

3.2 Weaknesses - overview of identified weaknesses in monitoring practices

The SWOT analysis uncovered several key weaknesses in the current monitoring and evaluation practices for financial instruments across Central Europe. These weaknesses highlight areas where existing systems face limitations, potentially hindering their effectiveness and alignment with innovation and sustainability goals.

The financial institutions' responses highlight several key limitations in the monitoring and evaluation processes of financial instruments:

1. **Lack of advanced analytical tools (50%)**: This is one of the most significant weaknesses identified. It suggests that organizations struggle to leverage sophisticated data analytics, which limits their ability to extract actionable insights from monitoring processes. **Difficulty in measuring intangible impacts (e.g., Social, Environmental)** is another critical limitation (**50%),** which challenges in quantifying less tangible but important aspects like social and environmental benefits, which are crucial in modern evaluation frameworks.
2. **Limited access to real-time data (42.9%)**: The inability to access timely data impacts the responsiveness and accuracy of evaluations, especially in dynamic environments.
3. **Limited integration of diverse data sources (35.7%)** indicates that fragmented data systems hinder comprehensive monitoring. **Insufficient training and capacity building (35.7%)** shows that the lack of skilled personnel and insufficient investment in training reduce the effectiveness of monitoring processes.
4. **Inconsistent data collection methods** (**28.6%):** Variability in how data is collected can undermine the reliability and comparability of monitoring outcomes.

Those weaknesses impact the performance of their financial instruments in the following way:

- **Delayed decision-making and strategy adjustments: 28.6%** feel this is a consequence of the identified issues, indicating inefficiencies in adapting to new data. By another **28.6% Weaker environmental and social impact** was highlighted, suggesting that the lack of advanced tools and clarity hampers broader sustainability goals. **Inefficient allocation of resources** was also identified by **28.6%** of respondents.
- **Increased risk and uncertainty**: With **21.4%,** stakeholders seem to perceive that these weaknesses add unpredictability.

Graphical representation of results for financial institutions

11.1 What are the weaknesses or limitations in your current monitoring and evaluation practices? Please select all responses that are rel... you can choose more than one option if applicable.
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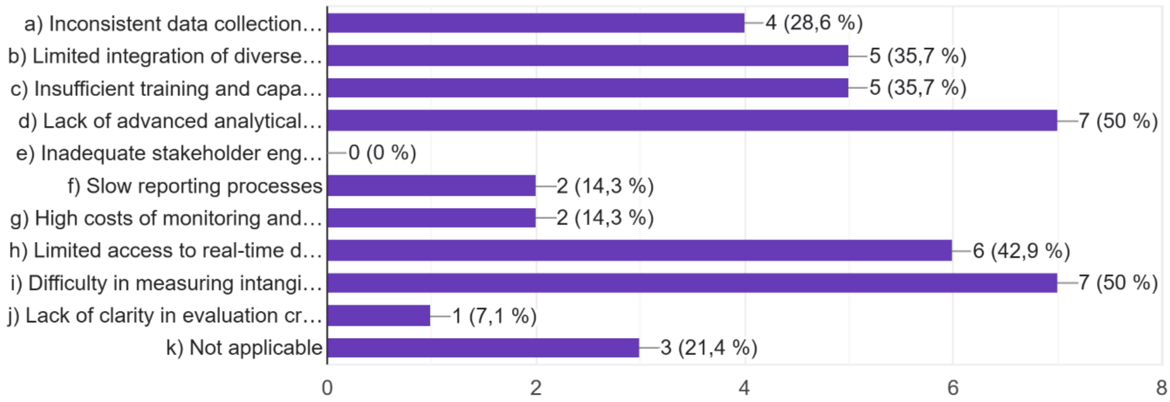

11.2 How do these weaknesses impact the performance of your financial instruments? Please select all responses that are relevant to you, you can choose more than one option if applicable.
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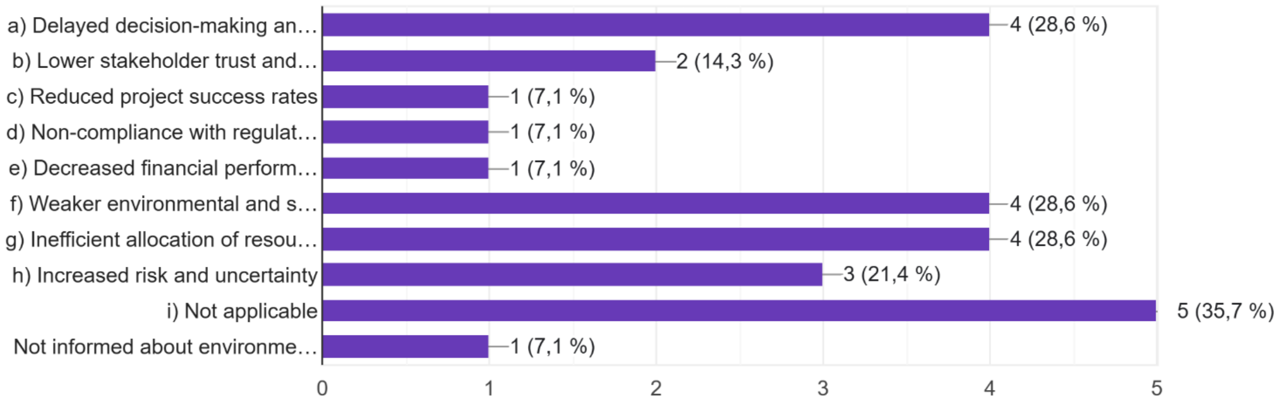


The investors are highlighting the following limitations in the monitoring and evaluation processes of financial instruments:

1. **Lack of advanced analytical tools (57.1%)** is the most frequently cited weakness, highlighting the need for more sophisticated tools to analyze data effectively.
2. **Inconsistent data collection methods (42.9%)** and **Limited integration of diverse data sources (42.9 %)** are also significant limitations, indicating a need for improved data management and integration. With **42.9%** another major challenge is also **Difficulty in measuring intangible impacts (e.g., social, environmental),** which highlights the need for more effective methods to assess non-financial impacts, aligned with EU reporting and certification requirements.

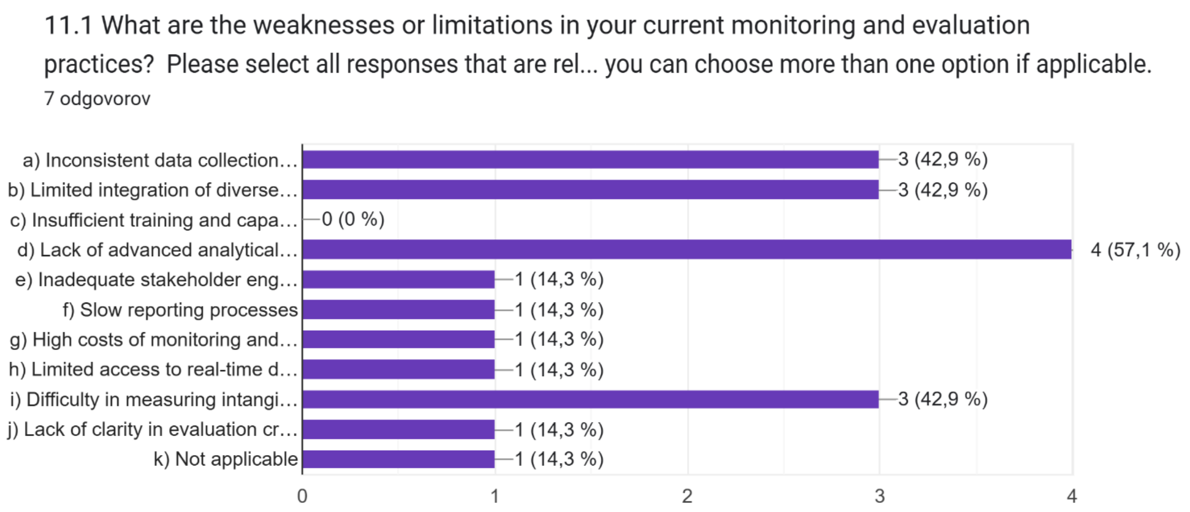
Those weaknesses impact the performance of their financial instruments in the following way:

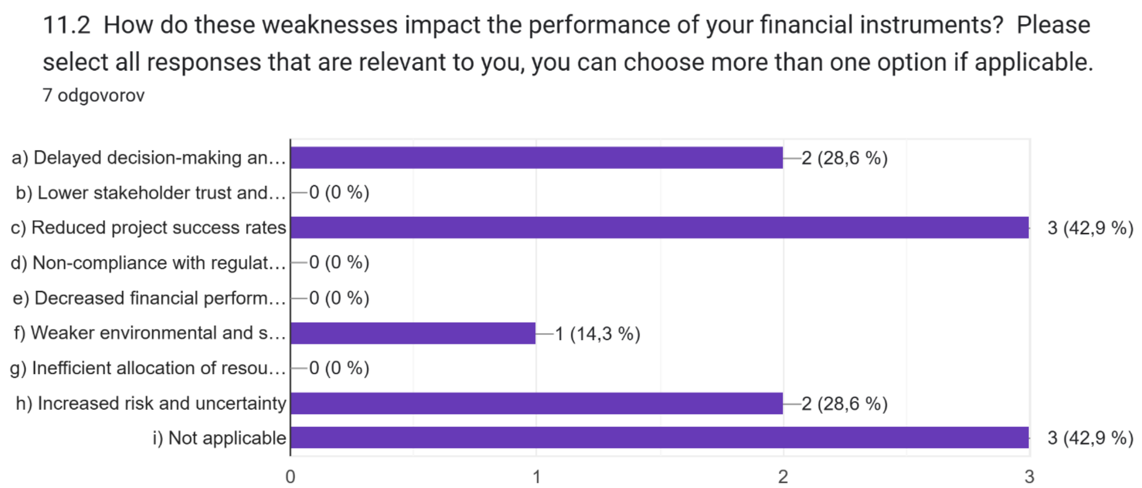
Reduced project success rates (42.9%) are the most frequently cited impact, indicating that financial instrument weaknesses significantly hinder project outcomes.

Increased risk and uncertainty (28.6%) are another prominent concern, as well as **Delayed decision-making and strategy adjustments (28.6%)**

- **Weaker environmental and social impact (14.3%)** is mentioned by a smaller proportion of respondents, suggesting that financial instrument weaknesses may have less of an impact on environmental and social considerations.

Graphical representation of results for investors





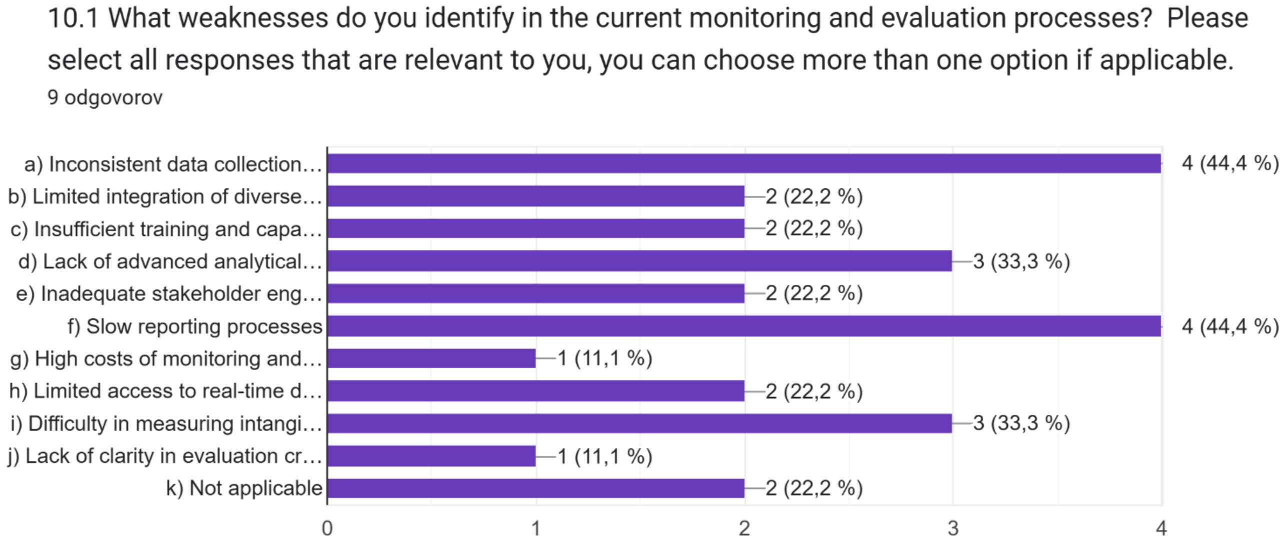
Based on the survey results among the companies, the weaknesses perceived in the current monitoring and evaluation processes are:

1. **Inconsistent data collection methods (44.4%):** Variability in how data is collected undermines the reliability and comparability of monitoring outcomes. Also, **Slow reporting processes** are seen as crucial **(44.4%) -** delays in reporting can hinder timely decision-making and impact the overall effectiveness of monitoring.
2. **Lack of advanced analytical tools (33.3%):** Organizations are unable to leverage sophisticated data analytics to extract actionable insights. **Difficulty in measuring intangible impacts (e.g., Social, Environmental)** was also cited by **33.3%** of respondents.
3. The following weaknesses perceived were cited by **22.2%** of respondents: **Limited access to real-time data**, **Limited integration of diverse data sources, Insufficient training and capacity building,** and **Inadequate stakeholder engagement.**

Those weaknesses can also hinder companies' project's progress, here's how:

- **Delayed decision-making and strategy adjustments (77.8%):** Significant delays in decision-making and adjusting strategies can hinder project progress, increase costs, and erode stakeholder confidence.
- **Lower stakeholder trust and satisfaction (33.3%):** Poor communication, missed deadlines, and unmet expectations can erode stakeholder trust and satisfaction, leading to negative consequences. There are some other weaknesses that can negatively impact project success, cited by **33.3%** of respondents: **Decreased financial performance and ROI, Delayed decision-making, inefficient resource allocation, and project failures,** and **Weaker environmental and social impact (33.3%).**
- **Reduced project success rates** were cited by **22.2%** of all respondents.

Graphical representation of results for companies



10.2 How do these weaknesses hinder your project's progress? Please select all responses that are relevant to you, you can choose more than one option if applicable.
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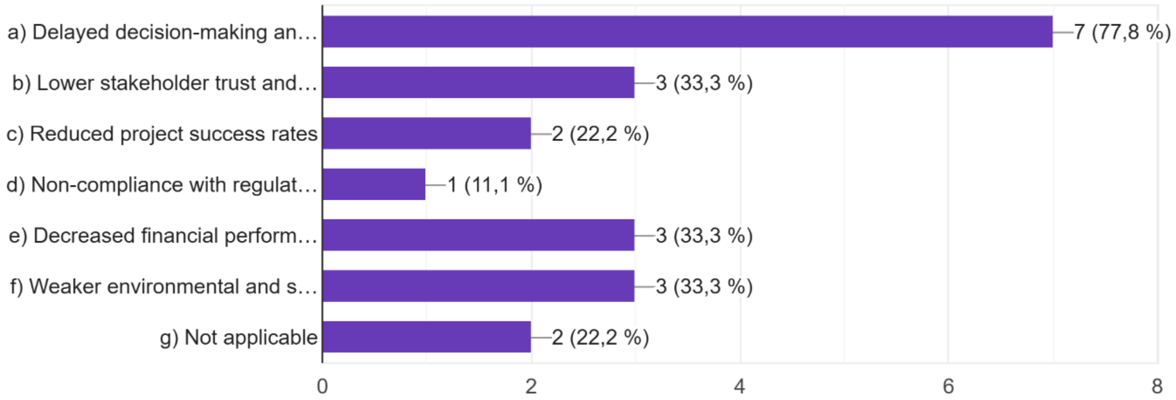

3.3 Opportunities - potential opportunities for advanced monitoring practices

The SWOT analysis identified several promising opportunities to enhance the monitoring and evaluation practices for financial instruments in Central Europe. These opportunities offer pathways to address existing weaknesses, capitalize on emerging trends, and align monitoring frameworks with the evolving needs of stakeholders.

Based on the data provided from financial institutions, the opportunities identified for enhancing monitoring and evaluation processes in financial instruments are the following:

1. **Adoption of new technologies (AI, Blockchain, IoT) (57.1%):** This reflects a strong focus on leveraging advanced technologies to streamline processes and ensure data accuracy, transparency, and better insights.
2. **Increased standardization of monitoring practices (50%)**. This indicates a need for consistent frameworks or guidelines to ensure comparability and reliability in monitoring outcomes.
3. Some of the opportunities were cited by **35.7%** of the respondents: **Greater integration of ESG factors**, which suggests growing recognition of the importance of incorporating environmental, social, and governance considerations into monitoring frameworks, **Expansion of data analytics capabilities (35.7%)**, and **development of real-time monitoring systems (35.7%)**.
4. **Collaborative platforms for shared data and insights (21**.4%), and **Increased funding and resources for monitoring (21.4%).**

The stakeholders were asked, how can regional and international collaborations improve their monitoring practices and the answers for financial institutions are as follows:

- **Sharing best practices and knowledge** was identified as the top opportunity, chosen by **64.3%** of respondents, highlighting the importance of learning from others and exchanging ideas to enhance practices.
- **Access to advanced tools and technologies** follows with **57.1%,** suggesting a need for access to cutting-edge tools that collaborations might provide.

Enhanced data sharing and integration (42.9%) reflects the value of pooled resources and improved communication channels across borders.

Collaborative training and capacity-building programs and **leveraging global networks and expertise** were selected by **35.7%,** emphasizing the significance of learning and networking opportunities.

- **Joint development of standardized frameworks** and **Increased funding and resource allocation** each received **28.6%,** showing that frameworks and resources are seen as vital but less critical than other factors.

Graphical representation of results for financial institutions

12.1 What opportunities do you see for enhancing the monitoring and evaluation of financial instruments in the future? Please select all respo... you can choose more than one option if applicable.
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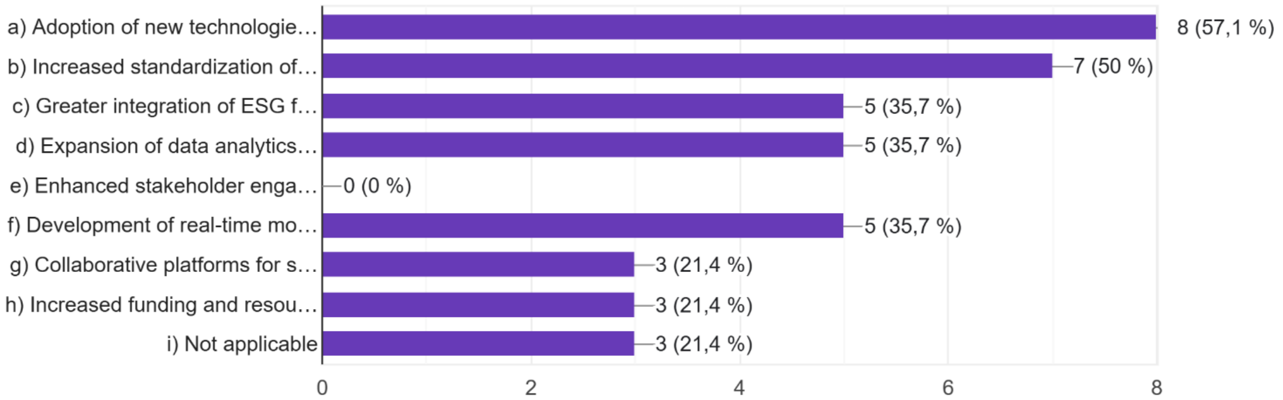

12.2 How can regional and international collaborations improve your monitoring practices? Please select all responses that are relevant to you, you can choose more than one option if applicable.
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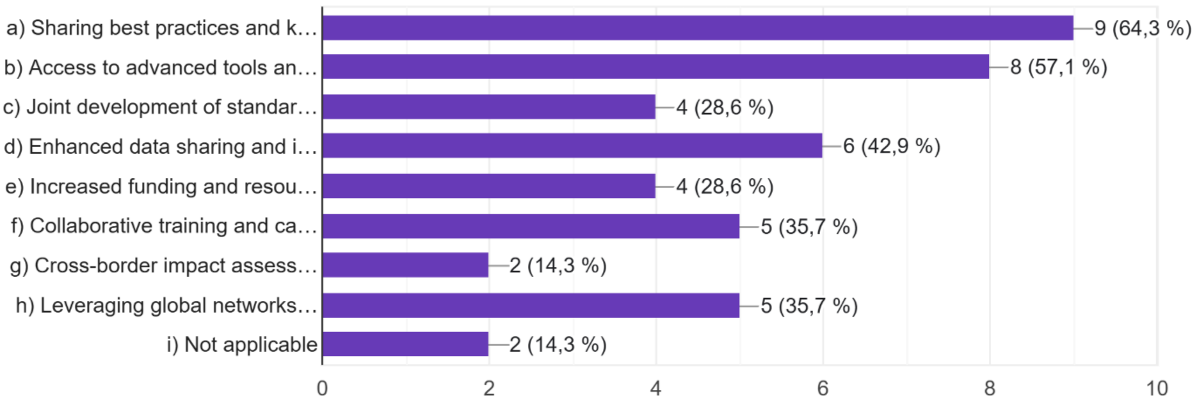


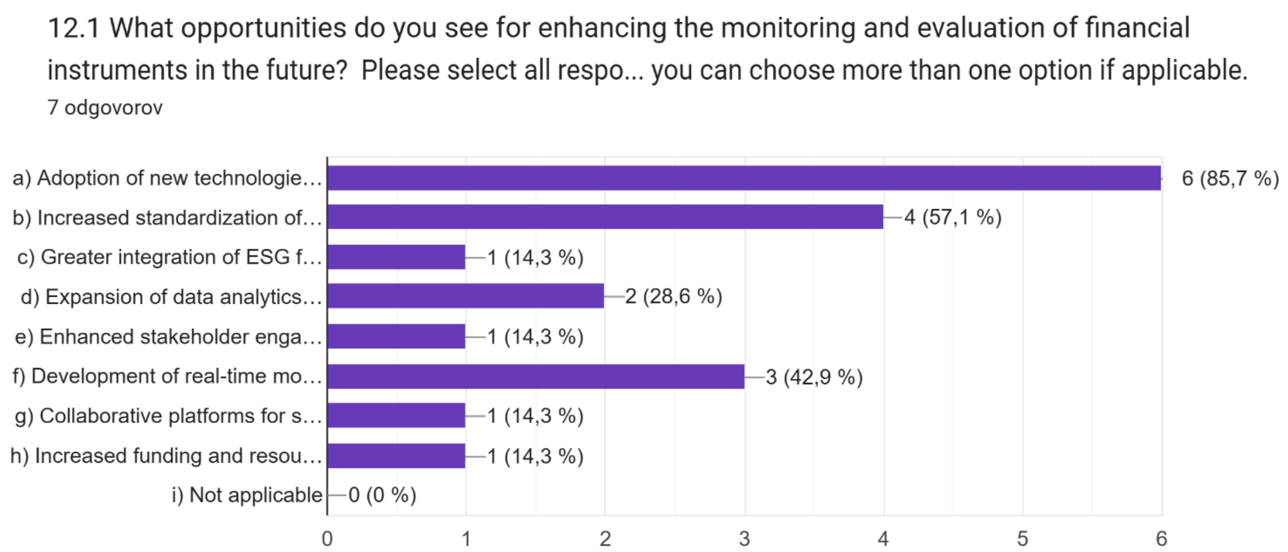
The opportunities identified for enhancing monitoring and evaluation processes among investors are as follows:

1. **Adoption of new technologies (85.7%)** is the most frequently cited opportunity, highlighting the potential of technologies like AI, blockchain, and IoT to revolutionize monitoring and evaluation.
2. **Increased standardization of monitoring practices (57.1%)** is also seen as a major opportunity, suggesting the need for common standards and guidelines to improve consistency and comparability.
3. **Development of real-time monitoring systems (42.9%)** is another significant opportunity, indicating the value of real-time data and insights for timely decision-making.
4. **Expansion of data analytics capabilities (28.6%).**

Also, the investors have somewhat similar ideas on how regional and international collaborations can improve their monitoring processes:

- **Sharing best practices and knowledge (85.7%)** is the most frequently cited opportunity, highlighting the value of exchanging knowledge and experience with other organizations.
- **Enhanced data sharing and integration (71.4%):** Improving data sharing and integration can lead to more comprehensive and insightful analysis, enabling better decision-making and impact assessment.
- **Access to advanced tools and technologies (57.1%)** is another significant opportunity, pointing out that leveraging advanced tools and technologies can streamline data collection, analysis, and reporting processes, leading to more efficient and accurate monitoring and evaluation. On the same scale are also the following opportunities: **Joint development of standardized frameworks,** and **Increased funding and resource allocation.**

Graphical representation of results for investors



12.2 How can regional and international collaborations improve your monitoring practices? Please select all responses that are relevant to you, you can choose more than one option if applicable.

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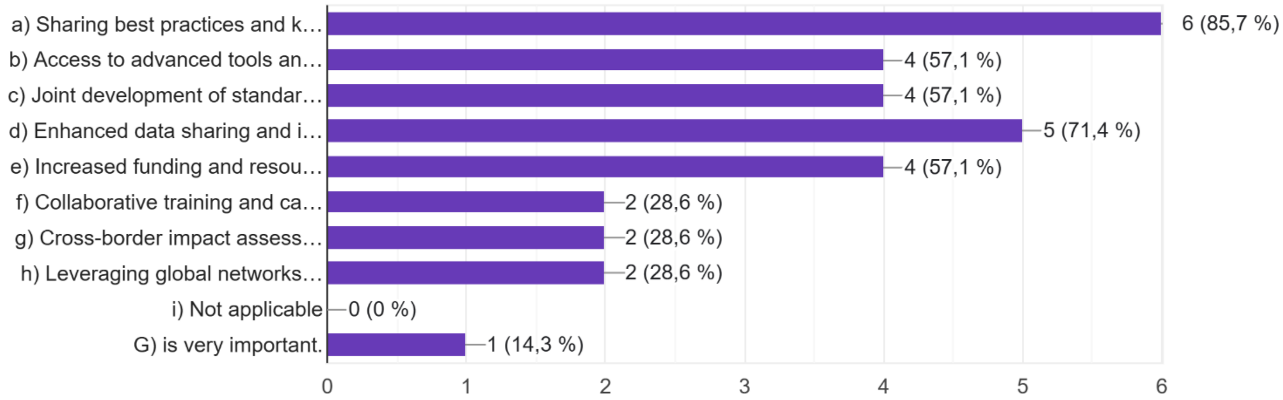


Companies also see some opportunities in enhancing the monitoring evaluation processes by both stakeholder groups:

- **Collaborative platforms for shared data and insights** are cited by **55.6%** of respondents: Creating collaborative platforms can facilitate the sharing of data, insights, and best practices among organizations, fostering innovation and improving the overall quality of monitoring and evaluation.

Increased funding and resources for monitoring was mentioned by 44.4% of respondents: Adequate funding and resources are essential for implementing effective monitoring and evaluation practices, including data collection, analysis, and reporting. Also, **Adoption of new technologies** was mentioned by **44.4%** of respondents, indicating that lit can streamline data collection, analysis, and reporting processes, leading to more efficient and accurate monitoring and evaluation.

- The following opportunities were mentioned by **33.35%** of start-ups and SMEs: **Increased standardization of monitoring practices, Greater integration of ESG factors, Expansion of data analytics capabilities**, as well as **Development of real-time monitoring systems.**

  Enhanced stakeholder engagement strategies were mentioned as an opportunity by **22.2%** of respondents, and **Flexibility of monitoring/reporting** by **11.1%.**

Based on the survey results, the ways to leverage these opportunities to improve project outcomes are the following:

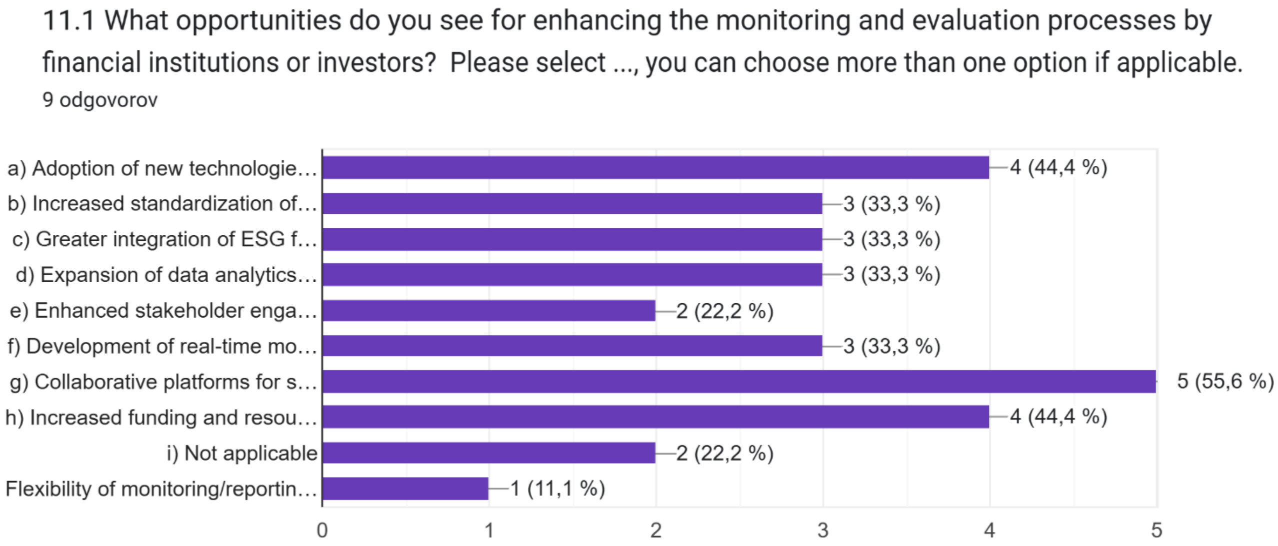
- **Implementing new technologies to enhance efficiency** was mentioned by **44.4%** of respondents.

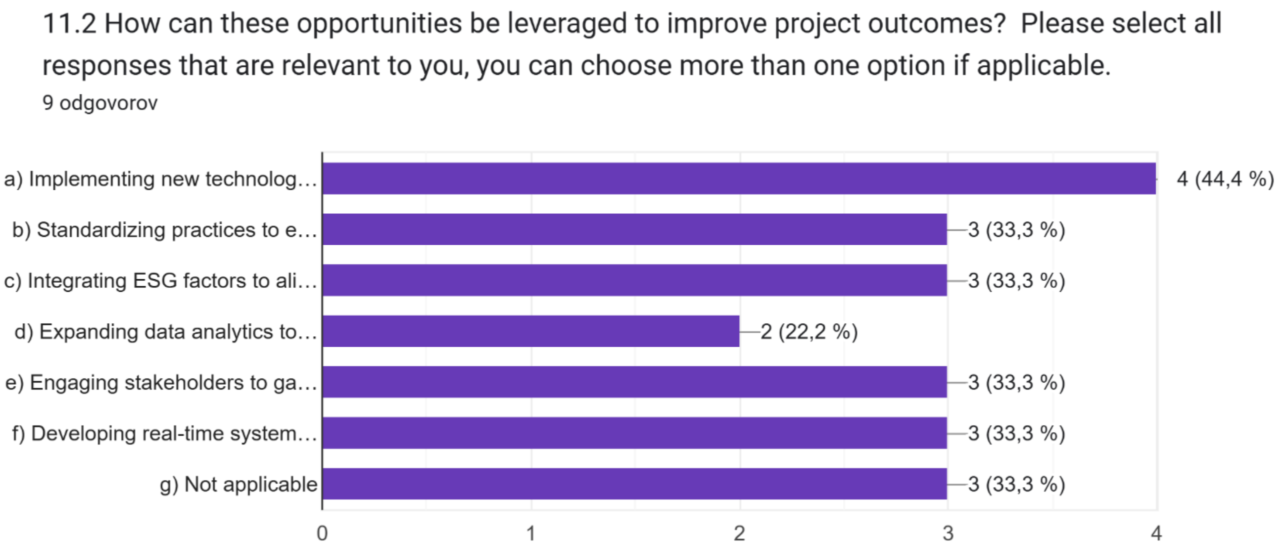
  The following ways to leverage the opportunities were mentioned by **33.3%** of respondents: **Standardizing practices to ensure consistency, Integrating ESG factors to align with sustainable goals, engaging stakeholders to gather diverse perspectives**, as well as **Developing real-time systems for proactive management.**

- **Expanding data analytics to uncover insights: 22.2%** of respondents mentioned this as an opportunity.

- **33.3%** of respondents indicated that none of the listed options were applicable to their experience.

Graphical representation of results for companies





3.4 Threats - risks and threats to effective monitoring and evaluation

The SWOT analysis highlighted several threats that could compromise the effectiveness of monitoring and evaluation practices for financial instruments across Central Europe. These risks underscore the need for proactive measures to mitigate their potential impact and ensure the resilience of monitoring systems.

Most important risks for financial institutions are the following:

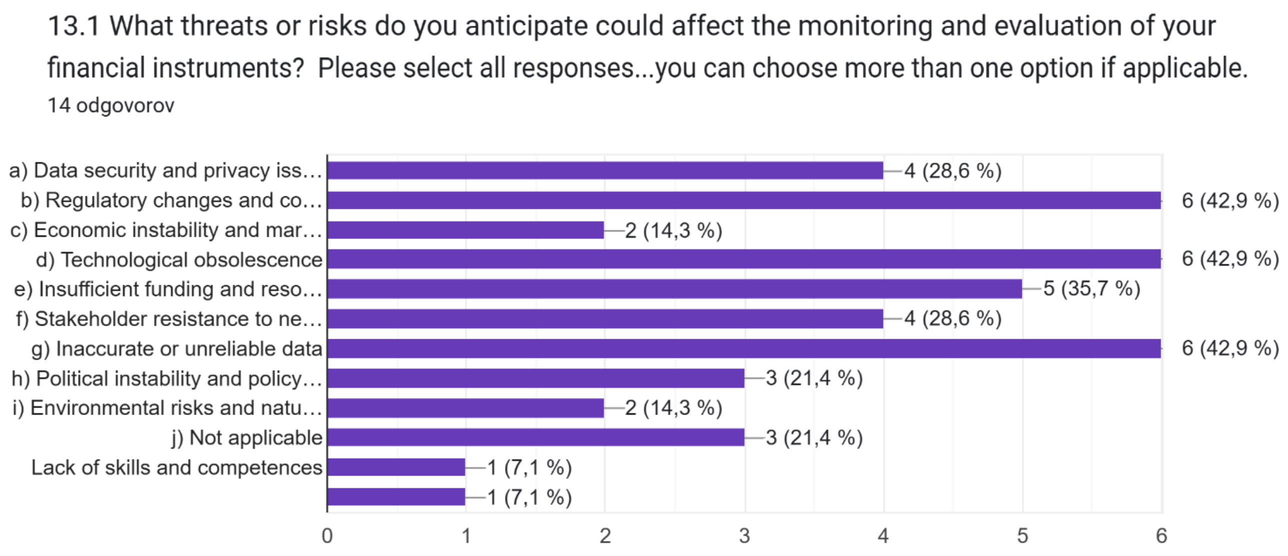
1. **Regulatory changes and compliance challenges (71.4%):** This indicates a significant concern regarding the evolving regulatory landscape and the need for ongoing compliance efforts. **Technological obsolescence** and **Inaccurate or unreliable data** were also both cited by **71.4%** of respondents.

2. **Insufficient funding and resources** were mentioned by **35,7% of respondents,** highlighting limitations in securing necessary funding or resources for effective monitoring.
3. **Data security and privacy issues** were cited by **28.6 %,** as well as **Stakeholder resistance to new practices (28.6 %).**
4. **Political instability and policy changes** were cited by **21.4% of respondents.**

Financial institutions also shared how do they plan to mitigate those risks:

- **Continuously upgrading technology and tools** received the highest response rate with **57.1%,** highlighting a strong focus on leveraging advancements in technology to address identified threats effectively.
- **Regularly updating compliance practices** was the second most selected response with **42.9%,** indicating a proactive approach toward adhering to evolving regulations and standards.
- **Enhancing data validation and verification processes** was selected by **35.7%,** suggesting a need to ensure the accuracy and reliability of monitoring systems.
- **Securing additional funding and resources** and **Increasing focus on sustainability and resilience** both had **28.6%,** and **Implementing robust data security measures** had **21.4%.**

Graphical representation of results for financial institutions



13.2 How do you plan to mitigate these threats? Please select all responses that are relevant to you, you can choose more than one option if applicable.
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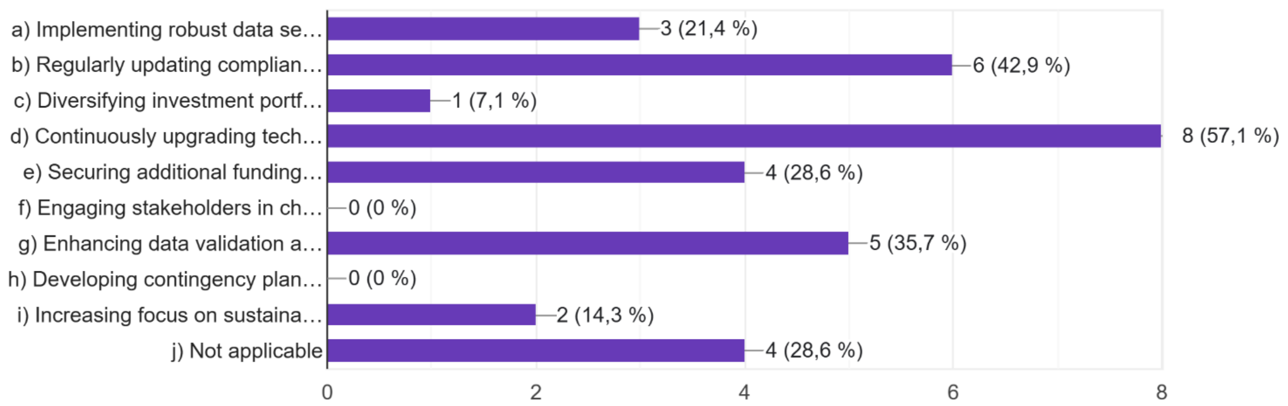


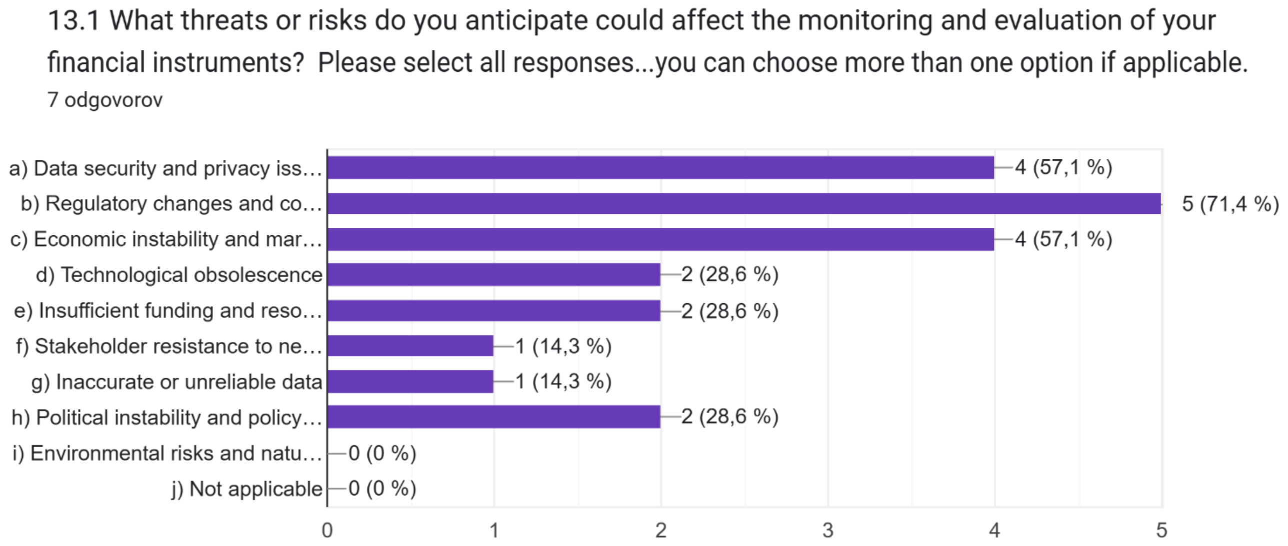
Investors have somewhat different threats, defined in continuation:

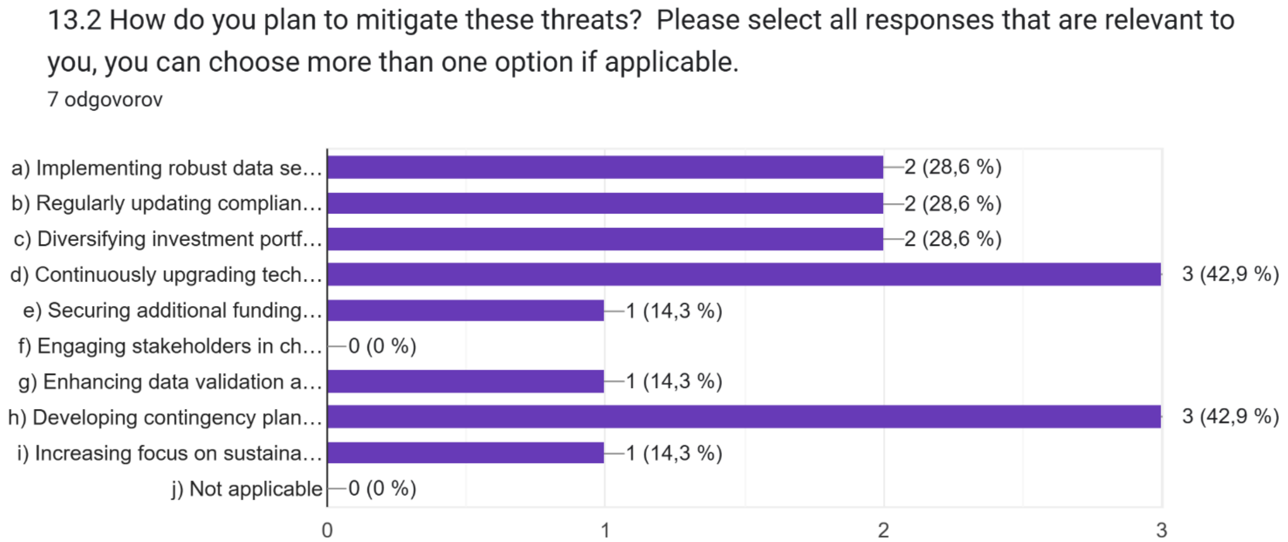
1. **Regulatory changes and compliance challenges** were mentioned by **71.4%** of respondents, which indicates a significant concern regarding the evolving regulatory landscape and the need for ongoing compliance efforts.
2. **Data security and privacy issues (57.1%)** and **Economic instability and market volatility (57.1%)** are also major concerns, indicating the risks associated with data breaches and economic fluctuations.
3. **Technological obsolescence, Insufficient funding and resources, and political instability and policy changes (28.6%)**

The investors are planning to mitigate those threats in the following way:

- **Continuously upgrading technology and tools (42.9%)** is the most frequently cited strategy, highlighting the importance of staying up to date with technological advancements. Also **Developing contingency plans for economic and political risks** had **42.9%,** which makes it another prominent strategy, indicating the need to prepare for potential disruptions.
- **Implementing robust data security measures, Regularly updating compliance practices,** and **Diversifying investment portfolios** were cited by **28.6%** of respondents, while **Securing additional funding and resources, Enhancing data validation and verification processes**, as well as **Increasing focus on sustainability and resilience** are also mentioned as potential strategies, only to a lesser extent (**14.3%).**

Graphical representation of results for investors





Based on the survey results, the threats or risks foreseen in the current monitoring and evaluation practices in companies' view, are as follows:

- **Regulatory changes and compliance challenges**: **55.6%** of respondents mentioned this as a risk.
- **Economic instability and market volatility** and **Stakeholder resistance to new practices** were both mentioned by **44.4%** of respondents.
- **Insufficient funding and resources**, mentioned by **33.3%** of respondents.
- **22.2%** of respondent mentioned **Data security and privacy issues** as a risk, as well as **Political instability and policy changes**, and **Environmental risks and natural disasters.**

When companies were asked how those threats can be mitigated to ensure better project management, the answers are the following:

- **Securing additional funding and resources** was mentioned by **55.6%** of respondents, as well as Developing contingency plans for economic and political risks.
- **Increasing focus on sustainability and resilience**: **44.4%** of respondents mentioned this as a strategy.
- **Regularly updating compliance practices** was cited by **33.3%,** so was Diversifying investment portfolios.
- **22.2%** of respondents chose **Engaging stakeholders in change management processes** and **Enhancing data validation and verification processes.**

Graphical representation of results for companies

12.1 What threats or risks do you foresee in the current monitoring and evaluation practices? Please select all responses that are rel... you can choose more than one option if applicable.
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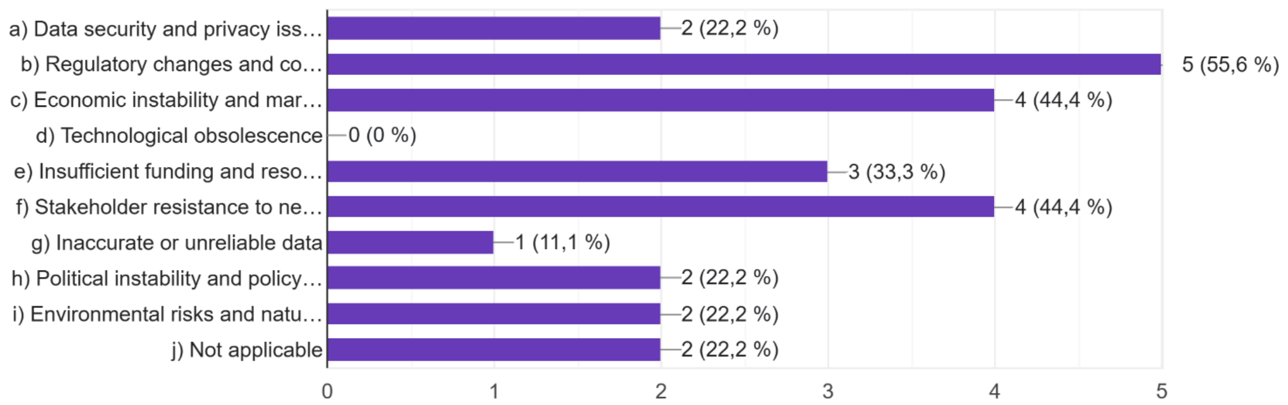

12.2 How can these threats be mitigated to ensure better project management? Please select all responses that are relevant to you, you can choose more than one option if applicable.
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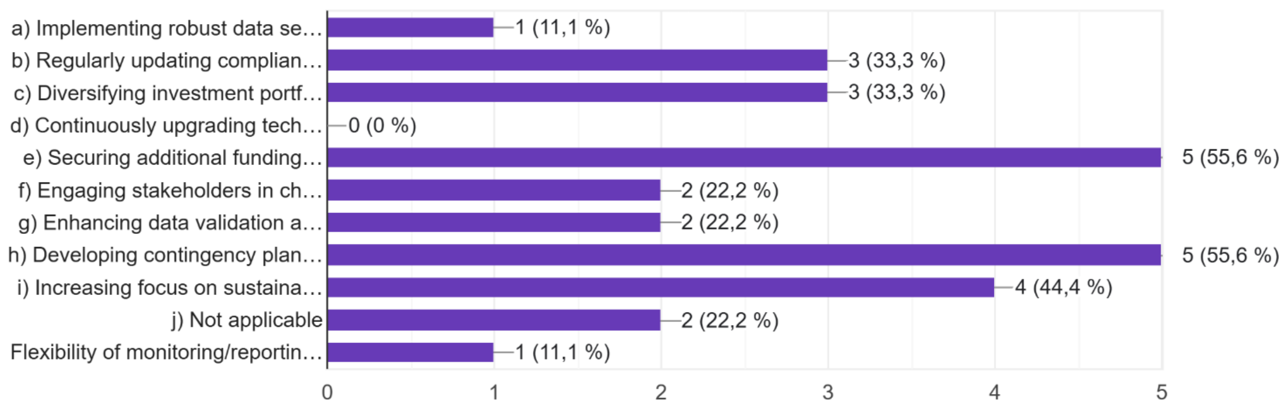

4. Strategic recommendations

4.1 Approaches to leverage strengths and opportunities

Based on the findings from the SWOT analysis, in the continuation strategic recommendations for leveraging existing strengths and opportunities to enhance monitoring practices are provided:

4.1.1 Recommendations for start-ups and SMEs

To enhance monitoring practices for start-ups, leveraging strengths and opportunities identified in the SWOT analysis is critical. Start-ups should focus on adopting advanced monitoring technologies like real-time dashboards and blockchain for data integrity to build upon the existing robust frameworks. Collaboration with regional and international partners can provide access to best practices and shared resources, reducing the costs of implementation. The integration of ESG factors into monitoring frameworks not only aligns with global investment trends but also enhances stakeholder trust. By addressing weaknesses, such as inconsistent data collection, through automation and standardized reporting, start-ups can streamline their evaluation processes and improve decision-making, fostering long-term growth and sustainability.

Start-ups should expand their focus beyond traditional financial KPIs to incorporate ESG impact metrics, aligning with investor expectations and increasing their appeal for sustainability-focused funding. Participating in regional initiatives and ecosystems can foster knowledge sharing and provide access to cost-effective solutions for data analytics and monitoring technologies, enabling start-ups to enhance their practices while minimizing costs.

4.1.2 Recommendations for investors

Investors can leverage their strengths and opportunities to enhance monitoring practices and ensure impactful investments. By expanding the use of advanced tools such as AI, predictive analytics, and blockchain, investors can streamline data collection, improve accuracy, and achieve real-time insights into financial and non-financial performance. Collaborating with regional and international partners to share best practices and resources can lower monitoring costs and foster innovation. Furthermore, integrating ESG frameworks and criteria into existing processes will not only align with global trends but also attract socially responsible investors. Building on strong stakeholder engagement, investors should implement advanced feedback mechanisms, such as digital platforms and regular surveys, to refine their monitoring systems. These approaches will ensure robust, adaptive, and transparent evaluation practices, ultimately contributing to sustainable investment outcomes.

Investors can further enhance their impact by creating internal or sector-specific benchmarking standards for ESG metrics, providing a consistent and uniform approach to evaluating performance across their portfolios. Establishing such standards enables more accurate comparisons and drives accountability in ESG reporting. Additionally, offering subsidized training programs for start-ups and SMEs can improve their monitoring capabilities and compliance with ESG standards, ensuring they align with the broader sustainability goals of investors. These initiatives not only strengthen the ecosystem but also enhance the quality and comparability of sustainability-related data, benefiting both investors and their investee companies.

4.1.3 Recommendations for financial institutions, grant authorities and funding agencies

Financial institutions can capitalize on their strengths and opportunities by expanding the use of advanced monitoring tools and analytics to enhance decision-making and transparency. Leveraging international collaborations can help share best practices and resources, while aligning with global standards will strengthen the integration of ESG criteria. Institutions should invest in cutting-edge technologies, such as blockchain for secure and transparent data sharing and IoT for real-time monitoring, to improve efficiency and accuracy. By prioritizing training and capacity-building programs, financial institutions can address skill gaps and ensure stakeholders are well-equipped to adapt to evolving monitoring practices. These strategies will reinforce the resilience and effectiveness of monitoring frameworks, enabling financial institutions to align with global investment trends and regulatory requirements.

4.2 Approaches to mitigate weaknesses and threats

This chapter will specify key opportunities and challenges identified in the current landscape of monitoring and evaluation practices within the financial sector. By leveraging the insights gained from the SWOT analysis, it aims to develop strategic recommendations for enhancing the effectiveness of the monitoring and evaluation systems.

By addressing the identified weaknesses and capitalizing on emerging opportunities, financial institutions, investors, as well as start-ups and SMEs can improve the quality and impact of their monitoring and evaluation practices, ultimately contributing to more sustainable and responsible financial systems.

4.2.1 Approaches for start-ups and SMEs

To ensure effective and resilient monitoring frameworks, start-ups should adopt strategic approaches to mitigate weaknesses and threats. Enhancing data consistency through automated collection tools and centralized databases will address inconsistencies while integrating advanced analytics and standardized reporting formats. Tailored ESG frameworks and collaboration with ESG-focused organizations can drive adoption and align with global trends, attracting investment and boosting credibility. To manage costs and reporting delays, start-ups should streamline processes with automated workflows and leverage cost-efficient platforms. Data security and privacy must be prioritized through robust cybersecurity measures and regular system audits, while regulatory and economic instability can be mitigated by monitoring policy changes and diversifying funding sources. Promoting technology adoption through pilot programs, training, and government incentives will ease transitions to advanced tools. Furthermore, partnerships with regional and international stakeholders will foster resource sharing and innovation, while real-time monitoring and regular KPI reviews will maintain data accuracy and relevance. These strategies collectively enable start-ups to build adaptive and robust monitoring frameworks for sustainable growth.

Start-ups and SMEs should regularly review the social and environmental aspects of their business models and operations, identifying opportunities to align more closely with evolving ESG regulations and shifting customer attitudes toward sustainability. Proactively adapting to these anticipated changes can enhance competitiveness and build long-term resilience. Additionally, building alliances with industry peers, advocacy groups, and trade organizations can help collectively address shared risks such as data security challenges or regulatory uncertainties. These collaborations not only provide a stronger voice in influencing policy changes but also enable resource sharing and collective problem-solving, fostering a more secure and adaptive operating environment.

4.2.2 Approaches for investors

To address weaknesses and mitigate threats, investors should standardize data collection and reporting processes through the adoption of uniform templates and automation tools, ensuring consistency and reducing manual errors. Integrating ESG frameworks into monitoring practices is essential and can be achieved by utilizing globally recognized standards like the UN Principles for Responsible Investment or the Global Reporting Initiative. To lower monitoring costs, investors can leverage regional collaborations for shared resources and adopt open-source or cost-effective technologies such as IoT and cloud-based platforms. Enhancing data security through robust cybersecurity measures, including regular audits and encryption, will mitigate risks of breaches and privacy concerns. Training programs for staff and stakeholders will build capacity in advanced analytics, ensuring effective use of predictive tools and AI systems. By fostering an adaptive mindset among stakeholders, supported by transparent communication and regular feedback mechanisms, investors can overcome resistance to change, ensuring resilient and impactful monitoring frameworks.

4.2.3 Approaches for financial institutions, grant authorities and funding agencies

To address weaknesses and mitigate threats, financial institutions should prioritize the standardization of data collection and reporting processes by adopting centralized, automated systems and unified templates to ensure consistency and reliability. Expanding ESG integration into broader financial monitoring practices can be achieved through alignment with global frameworks like the UN Principles for Responsible Investment and providing tailored training programs to build internal capacity. To manage high monitoring costs, financial institutions should explore partnerships and regional collaborations to share resources and reduce expenses. Strengthening cybersecurity measures, such as encryption and regular audits, is crucial to mitigate data security risks, while investing in adaptive technologies like IoT and blockchain will help counter obsolescence. Finally, fostering stakeholder buy-in through transparent communication, inclusive decision-making, and showcasing the long-term value of advanced monitoring tools will ensure smoother adoption and enhance the resilience of monitoring frameworks.

5. Conclusion

5.1 Summary of SWOT findings

The SWOT analysis conducted within the FI4INN project provided valuable insights into the current state of financial instrument monitoring and evaluation practices in Central Europe. Key strengths identified include the presence of comprehensive reporting frameworks, the integration of advanced monitoring tools, and strong stakeholder engagement. However, weaknesses such as inconsistent data collection methods, limited access to real-time data, and challenges in measuring intangible impacts were also highlighted.

Opportunities for improvement include the adoption of new technologies, enhanced data sharing and integration, and increased focus on ESG factors. Potential threats to effective monitoring and evaluation include regulatory changes, resource constraints, and evolving stakeholder expectations.

5.2 Implications for the FI4INN project

The findings of this SWOT analysis have significant implications for the FI4INN project. The insights gained will guide the development of targeted recommendations to address the identified strengths, weaknesses, opportunities, and threats. By improving monitoring and evaluation practices, FI4INN can contribute to the development of more effective and impactful financial instruments. The analysis also emphasizes the importance of strong stakeholder engagement in shaping and implementing effective monitoring and evaluation frameworks. And finally, by integrating ESG factors into monitoring and evaluation, FI4INN can contribute to the development of more sustainable and socially responsible financial instruments.

To ensure the effective implementation of the recommendations arising from this SWOT analysis, a dedicated session will be held at the fourth Exchange of Experience to present and discuss the findings in detail. This collaborative platform will provide an opportunity for project partners to identify priority actions and develop concrete strategies for enhancing financial instrument monitoring and evaluation practices.

5.3 Future directions for monitoring and evaluation

To further enhance monitoring and evaluation practices in the financial sector, the following future directions are recommended:

- **Embrace technological advancements**: Leverage emerging technologies such as AI, machine learning, and blockchain to streamline data collection, analysis, and reporting processes.
- **Strengthen data quality and integration**: Prioritize data quality and develop strategies for integrating data from diverse sources to improve the overall quality of monitoring and evaluation.
- **Foster collaboration and knowledge sharing**: Encourage collaboration among stakeholders to share best practices, lessons learned, and innovative approaches.
- **Promote ESG integration**: Continue to integrate ESG factors into monitoring and evaluation frameworks to align with global sustainability goals and meet evolving stakeholder expectations.
- **Invest in capacity building:** Provide training and capacity building opportunities to enhance the skills and knowledge of practitioners in the field of monitoring and evaluation.

By addressing the identified strengths, weaknesses, opportunities, and threats, and by embracing these future directions, the financial sector can strengthen its monitoring and evaluation practices, leading to more informed decision-making, improved performance, and a greater positive impact on society and the environment.

6. References

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- [12] https://sdgs.un.org/goals

7. Annexes

The complete versions of the survey questionnaires used for financial institutions, grant authorities and funding agencies, as well as for investors, and start-ups and SMEs, which provide a comprehensive reference to the questions asked during the survey, are included in the Deliverable **D.3.1.1. - Report about survey exercise on monitoring financial instrument in CE regions**. In this document only specific questions for SWOT analysis are included as annexes.

Annex no. 1 - Partial survey questionnaire for financial institutions, grant authorities and funding agencies

FI4INN | Questionnaires on monitoring FI in CE regions (for financial institutions, grant authorities, funding agencies)

Introduction to the survey

Welcome to the **FI4INN survey on monitoring financial instruments in Central Europe**. The FI4INN project (Interreg Central Europe programme) aims to foster innovation and sustainability through modern financing schemes, requiring robust and comprehensive monitoring frameworks. This survey, part of Work Package 2 (Activity A3.1 and Deliverable D3.1.1), is essential for advancing monitoring and evaluation practices **from the perspective of their effectiveness for startups and SMEs**, helping us understand how these instruments support business growth and development.

The financial landscape in Central Europe has become increasingly complex, necessitating the adoption of monitoring practices that track financial performance and encompass **environmental, social, and governance (ESG) criteria**. Integrating ESG standards ensures that investments contribute positively to society and the environment while promoting long-term stability and risk management.

This survey seeks to analyse current practices, challenges, and opportunities in monitoring financial instruments. We aim to identify **key performance indicators (KPIs)**, evaluate the inclusion and impact of ESG criteria, and understand the effectiveness of existing processes.

By incorporating ESG standards, the FI4INN project ensures investments achieve financial returns and drive positive social and environmental outcomes. The insights gathered will inform best practices, identify areas for improvement, and offer actionable recommendations. The results will also support the preparation of a SWOT analysis on financial instruments monitoring and evaluation (Deliverable D3.1.2). Your feedback is crucial for us to understand the current state and areas for improvement.

Thank you for your cooperation.
FI4INN partnership

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Key terms definition

ESG
(Environmental, Social, and Governance):ESG criteria refer to a set of standards for a company's operations that socially conscious investors use to screen potential investments. ESG encompasses:
- Environmental criteria consider how a company performs as a steward of the natural environment (e.g., energy use, waste management, and carbon emissions).
- Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates (e.g., labor practices, community impact, and diversity).
- Governance criteria deal with a company's leadership, executive pay, audits, internal controls, and shareholder rights.

KPI (Key
Performance Indicator):KPIs are measurable values that demonstrate how effectively a company is achieving key business objectives. Organizations use KPIs to evaluate their success at reaching targets. In the context of this survey, KPIs are specific metrics used to assess the performance and impact of financial instruments, encompassing financial, operational, and ESG-related aspects.

SWOT

Embedding Environmental, Social, and Governance (ESG) criteria into your overall strategy can significantly strengthen the implementation and success of your monitoring and evaluation processes. By integrating ESG factors, organizations can ensure more comprehensive, sustainable, and responsible investment practices that contribute to long-term success.

10. Strenghts

35. **10.1 What do you consider the strengths of your current monitoring and evaluation processes?** *
Please select all responses that are relevant to you, you can choose more than one option if applicable.

Izberite vse primerne odgovore.

- [ ] a) Comprehensive and detailed reporting processes
- [ ] b) Advanced monitoring tools and software
- [ ] c) Clear and measurable KPIs
- [ ] d) Strong stakeholder engagement and feedback mechanisms
- [ ] e) Transparency in evaluation criteria and processes
- [ ] f) Experienced and skilled monitoring team
- [ ] g) Integration of ESG factors into the evaluation
- [ ] h) Consistent and standardized data collection methods
- [ ] i) Flexibility to adapt to changing conditions
- [ ] j) Use of real-time data and analytics
- [ ] k) Not applicable
- [ ] Drugo: ______________________

36. **10.2 How do these strengths contribute to the overall success of your financial instruments?** *
Please select all responses that are relevant to you, you can choose more than one option if applicable.

Izberite vse primerne odgovore.

- [ ] a) Enhanced decision-making and strategic planning
- [ ] b) Improved stakeholder trust and satisfaction
- [ ] c) Higher project success rates and returns on investment
- [ ] d) Better compliance with regulatory requirements
- [ ] e) Increased financial performance and sustainability
- [ ] f) Stronger environmental and social impact
- [ ] g) Efficient allocation of resources and risk management
- [ ] h) Enhanced ability to measure and demonstrate impact
- [ ] i) Not applicable
- [ ] Drugo: ______________________

11. Weaknesses

37. **11.1 What are the weaknesses or limitations in your current monitoring and evaluation practices?** *

Please select all responses that are relevant to you, you can choose more than one option if applicable.

Izberite vse primerne odgovore.

- [ ] a) Inconsistent data collection methods
- [ ] b) Limited integration of diverse data sources
- [ ] c) Insufficient training and capacity building
- [ ] d) Lack of advanced analytical tools
- [ ] e) Inadequate stakeholder engagement
- [ ] f) Slow reporting processes
- [ ] g) High costs of monitoring and evaluation
- [ ] h) Limited access to real-time data
- [ ] i) Difficulty in measuring intangible impacts (e.g., social, environmental)
- [ ] j) Lack of clarity in evaluation criteria
- [ ] k) Not applicable
- [ ] Drugo: ____________________

38. **11.2 How do these weaknesses impact the performance of your financial instruments?** *

Please select all responses that are relevant to you, you can choose more than one option if applicable.

Izberite vse primerne odgovore.

- [ ] a) Delayed decision-making and strategy adjustments
- [ ] b) Lower stakeholder trust and satisfaction
- [ ] c) Reduced project success rates
- [ ] d) Non-compliance with regulations
- [ ] e) Decreased financial performance and ROI
- [ ] f) Weaker environmental and social impact
- [ ] g) Inefficient allocation of resources
- [ ] h) Increased risk and uncertainty
- [ ] i) Not applicable
- [ ] Drugo: ____________________

12. Opportunities

39. **12.1 What opportunities do you see for enhancing the monitoring and evaluation of financial instruments in the future?** *
Please select all responses that are relevant to you, you can choose more than one option if applicable.

Izberite vse primerne odgovore.

- [ ] a) Adoption of new technologies (AI, blockchain, IoT)
- [ ] b) Increased standardization of monitoring practices
- [ ] c) Greater integration of ESG factors
- [ ] d) Expansion of data analytics capabilities
- [ ] e) Enhanced stakeholder engagement strategies
- [ ] f) Development of real-time monitoring systems
- [ ] g) Collaborative platforms for shared data and insights
- [ ] h) Increased funding and resources for monitoring
- [ ] i) Not applicable
- [ ] Drugo: ____________________

40. **12.2 How can regional and international collaborations improve your monitoring practices?** *
Please select all responses that are relevant to you, you can choose more than one option if applicable.

Izberite vse primerne odgovore.

- [ ] a) Sharing best practices and knowledge
- [ ] b) Access to advanced tools and technologies
- [ ] c) Joint development of standardized frameworks
- [ ] d) Enhanced data sharing and integration
- [ ] e) Increased funding and resource allocation
- [ ] f) Collaborative training and capacity-building programs
- [ ] g) Cross-border impact assessments
- [ ] h) Leveraging global networks and expertise
- [ ] i) Not applicable
- [ ] Drugo: ____________________

13. Threats

41. **13.1 What threats or risks do you anticipate could affect the monitoring and evaluation of your financial instruments?** *
Please select all responses that are relevant to you, you can choose more than one option if applicable.

Izberite vse primerne odgovore.

- [ ] a) Data security and privacy issues
- [ ] b) Regulatory changes and compliance challenges
- [ ] c) Economic instability and market volatility
- [ ] d) Technological obsolescence
- [ ] e) Insufficient funding and resources
- [ ] f) Stakeholder resistance to new practices
- [ ] g) Inaccurate or unreliable data
- [ ] h) Political instability and policy changes
- [ ] i) Environmental risks and natural disasters
- [ ] j) Not applicable
- [ ] Drugo: ____________________

42. **13.2 How do you plan to mitigate these threats?** *
Please select all responses that are relevant to you, you can choose more than one option if applicable.

Izberite vse primerne odgovore.

- [ ] a) Implementing robust data security measures
- [ ] b) Regularly updating compliance practices
- [ ] c) Diversifying investment portfolios
- [ ] d) Continuously upgrading technology and tools
- [ ] e) Securing additional funding and resources
- [ ] f) Engaging stakeholders in change management processes
- [ ] g) Enhancing data validation and verification processes
- [ ] h) Developing contingency plans for economic and political risks
- [ ] i) Increasing focus on sustainability and resilience
- [ ] j) Not applicable
- [ ] Drugo: ____________________

Annex no. 2 – Partial survey questionnaire for investors

FI4INN | Questionnaires on monitoring FI in CE regions (for investors)

Introduction to the survey

Welcome to the **FI4INN survey on monitoring financial instruments in Central Europe**. The FI4INN project (Interreg Central Europe programme) aims to foster innovation and sustainability through modern financing schemes, requiring robust and comprehensive monitoring frameworks. This survey, part of Work Package 2 (Activity A3.1 and Deliverable
D3.1.1), is essential for advancing monitoring and evaluation practices **from the perspective of their effectiveness for start-ups and SMEs**, helping us understand how these instruments support business growth and development.

The financial landscape in Central Europe has become increasingly complex, necessitating the adoption of monitoring practices that track financial performance and encompass **environmental, social, and governance (ESG) criteria**. Integrating ESG standards ensures that investments contribute positively to society and the environment while promoting long-term stability and risk management.

This survey seeks to analyse current practices, challenges, and opportunities in monitoring financial instruments. We aim to identify **key performance indicators (KPIs)**, evaluate the inclusion and impact of ESG criteria, and understand the effectiveness of existing processes.

By incorporating ESG standards, the FI4INN project ensures investments achieve financial returns and drive positive social and environmental outcomes. The insights gathered will inform best practices, identify areas for improvement, and offer actionable recommendations. The results will also support the preparation of a SWOT analysis on financial instruments monitoring and evaluation (Deliverable D3.1.2). Your feedback is crucial for us to understand the current state and areas for improvement.

Thank you for your cooperation.
FI4INN partnership

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Key terms definition

ESG
(Environmental, Social, and Governance):ESG criteria refer to a set of standards for a company's operations that socially conscious investors use to screen potential investments. ESG encompasses:
- **Environmental criteria** consider how a company performs as a steward of the natural environment (e.g., energy use, waste management, and carbon emissions).
- **Social criteria** examine how it manages relationships with employees, suppliers, customers, and the communities where it operates (e.g., labor practices, community impact, and diversity).
- **Governance criteria** deal with a company's leadership, executive pay, audits, internal controls, and shareholder rights.

KPI (Key
Performance Indicator):KPIs are measurable values that demonstrate how effectively a company is achieving key business objectives. Organizations use KPIs to evaluate their success at reaching targets. In the context of this survey, KPIs are specific metrics used to assess the performance and impact of financial instruments, encompassing financial, operational, and ESG-related aspects.

SWOT

Embedding Environmental, Social, and Governance (ESG) criteria into your overall strategy can significantly strengthen the implementation and success of your monitoring and evaluation processes. By integrating ESG factors, organizations can ensure more comprehensive, sustainable, and responsible investment practices that contribute to long-term success.

10. Strenghts

35. **10.1 What do you consider the strengths of your current monitoring and evaluation processes?** *

Please select all responses that are relevant to you, you can choose more than one option if applicable.

Izberite vse primerne odgovore.

- [ ] a) Comprehensive and detailed reporting processes
- [ ] b) Advanced monitoring tools and software
- [ ] c) Clear and measurable KPIs
- [ ] d) Strong stakeholder engagement and feedback mechanisms
- [ ] e) Transparency in evaluation criteria and processes
- [ ] f) Experienced and skilled monitoring team
- [ ] g) Integration of ESG factors into the evaluation
- [ ] h) Consistent and standardized data collection methods
- [ ] i) Flexibility to adapt to changing conditions
- [ ] j) Use of real-time data and analytics
- [ ] k) Not applicable
- [ ] Drugo: ____________________

36. **10.2 How do these strengths contribute to the overall success of your financial instruments?** *

Please select all responses that are relevant to you, you can choose more than one option if applicable.

Izberite vse primerne odgovore.

- [ ] a) Enhanced decision-making and strategic planning
- [ ] b) Improved stakeholder trust and satisfaction
- [ ] c) Higher project success rates and returns on investment
- [ ] d) Better compliance with regulatory requirements
- [ ] e) Increased financial performance and sustainability
- [ ] f) Stronger environmental and social impact
- [ ] g) Efficient allocation of resources and risk management
- [ ] h) Enhanced ability to measure and demonstrate impact
- [ ] i) Not applicable
- [ ] Drugo: ____________________

11. Weaknesses

37. **11.1 What are the weaknesses or limitations in your current monitoring and evaluation practices?** *
Please select all responses that are relevant to you, you can choose more than one option if applicable.

Izberite vse primerne odgovore.

- [ ] a) Inconsistent data collection methods
- [ ] b) Limited integration of diverse data sources
- [ ] c) Insufficient training and capacity building
- [ ] d) Lack of advanced analytical tools
- [ ] e) Inadequate stakeholder engagement
- [ ] f) Slow reporting processes
- [ ] g) High costs of monitoring and evaluation
- [ ] h) Limited access to real-time data
- [ ] i) Difficulty in measuring intangible impacts (e.g., social, environmental)
- [ ] j) Lack of clarity in evaluation criteria
- [ ] k) Not applicable
- [ ] Drugo: ______________________

38. **11.2 How do these weaknesses impact the performance of your financial instruments?** *
Please select all responses that are relevant to you, you can choose more than one option if applicable.

Izberite vse primerne odgovore.

- [ ] a) Delayed decision-making and strategy adjustments
- [ ] b) Lower stakeholder trust and satisfaction
- [ ] c) Reduced project success rates
- [ ] d) Non-compliance with regulations
- [ ] e) Decreased financial performance and ROI
- [ ] f) Weaker environmental and social impact
- [ ] g) Inefficient allocation of resources
- [ ] h) Increased risk and uncertainty
- [ ] i) Not applicable
- [ ] Drugo: ______________________

12. Opportunities

39. **12.1 What opportunities do you see for enhancing the monitoring and evaluation of financial instruments in the future?** *
Please select all responses that are relevant to you, you can choose more than one option if applicable.

Izberite vse primerne odgovore.

- [ ] a) Adoption of new technologies (AI, blockchain, IoT)
- [ ] b) Increased standardization of monitoring practices
- [ ] c) Greater integration of ESG factors
- [ ] d) Expansion of data analytics capabilities
- [ ] e) Enhanced stakeholder engagement strategies
- [ ] f) Development of real-time monitoring systems
- [ ] g) Collaborative platforms for shared data and insights
- [ ] h) Increased funding and resources for monitoring
- [ ] i) Not applicable
- [ ] Drugo: ____________________

40. **12.2 How can regional and international collaborations improve your monitoring practices?** *
Please select all responses that are relevant to you, you can choose more than one option if applicable.

Izberite vse primerne odgovore.

- [ ] a) Sharing best practices and knowledge
- [ ] b) Access to advanced tools and technologies
- [ ] c) Joint development of standardized frameworks
- [ ] d) Enhanced data sharing and integration
- [ ] e) Increased funding and resource allocation
- [ ] f) Collaborative training and capacity-building programs
- [ ] g) Cross-border impact assessments
- [ ] h) Leveraging global networks and expertise
- [ ] i) Not applicable
- [ ] Drugo: ____________________

13. Threats

41. **13.1 What threats or risks do you anticipate could affect the monitoring and evaluation of your financial instruments?** *
Please select all responses that are relevant to you, you can choose more than one option if applicable.

Izberite vse primerne odgovore.

- [ ] a) Data security and privacy issues
- [ ] b) Regulatory changes and compliance challenges
- [ ] c) Economic instability and market volatility
- [ ] d) Technological obsolescence
- [ ] e) Insufficient funding and resources
- [ ] f) Stakeholder resistance to new practices
- [ ] g) Inaccurate or unreliable data
- [ ] h) Political instability and policy changes
- [ ] i) Environmental risks and natural disasters
- [ ] j) Not applicable
- [ ] Drugo: ____________________

42. **13.2 How do you plan to mitigate these threats?** *
Please select all responses that are relevant to you, you can choose more than one option if applicable.

Izberite vse primerne odgovore.

- [ ] a) Implementing robust data security measures
- [ ] b) Regularly updating compliance practices
- [ ] c) Diversifying investment portfolios
- [ ] d) Continuously upgrading technology and tools
- [ ] e) Securing additional funding and resources
- [ ] f) Engaging stakeholders in change management processes
- [ ] g) Enhancing data validation and verification processes
- [ ] h) Developing contingency plans for economic and political risks
- [ ] i) Increasing focus on sustainability and resilience
- [ ] j) Not applicable
- [ ] Drugo: ____________________

Annex no. 3 – Partial survey questionnaire for start-ups and SMEs

FI4INN | Questionnaires on monitoring FI in CE regions (for start-ups and SMEs)

Introduction to the survey

Welcome to the **FI4INN survey on monitoring financial instruments in Central Europe from the perspective of start-ups, SMEs and established innovative companies**. The FI4INN project (Interreg Central Europe programme) aims to foster innovation and sustainability through modern financing schemes, requiring robust and comprehensive monitoring frameworks. This survey, part of Work Package 2 (Activity A3.1 and Deliverable D3.1.1), is essential for advancing monitoring and evaluation practices from the perspective of their effectiveness for companies, helping us understand how these instruments support business growth and development.

The financial landscape in Central Europe has become increasingly complex, necessitating the adoption of monitoring practices that track financial performance and encompass **environmental, social, and governance (ESG) criteria**. Integrating ESG standards ensures that investments contribute positively to society and the environment while promoting long-term stability and risk management.

This survey seeks to analyse current practices, challenges, and opportunities in monitoring financial instruments. We aim to identify **key performance indicators (KPIs)**, evaluate the inclusion and impact of ESG criteria, and understand the effectiveness of existing processes.

By incorporating ESG standards, the FI4INN project ensures investments achieve financial returns and drive positive social and environmental outcomes. The insights gathered will inform best practices, identify areas for improvement, and offer actionable recommendations. The results will also support the preparation of a SWOT analysis on financial instruments monitoring and evaluation (Deliverable D3.1.2). Your feedback is crucial for us to understand the current state and areas for improvement.

Thank you for your cooperation.
FI4INN partnership

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Key terms definition

ESG
(**Environmental, Social, and Governance)**:ESG criteria refer to a set of standards for a company's operations that socially conscious investors use to screen potential investments. ESG encompasses:
- **Environmental criteria** consider how a company performs as a steward of the natural environment (e.g., energy use, waste management, and carbon emissions).
- **Social criteria** examine how it manages relationships with employees, suppliers, customers, and the communities where it operates (e.g., labor practices, community impact, and diversity).
- **Governance criteria** deal with a company's leadership, executive pay, audits, internal controls, and shareholder rights.

KPI (Key Performance Indicator):KPIs are measurable values that demonstrate how effectively a company is achieving key business objectives. Organizations use KPIs to evaluate their success at reaching targets. In the context of this survey, KPIs are specific metrics used to assess the performance and impact of financial instruments, encompassing financial, operational, and ESG-related aspects.

SWOT

9. Strenghts

31. **9.1 What strengths do you perceive in the current monitoring and evaluation practices of financial institutions or investors?** *
Please select all responses that are relevant to you, you can choose more than one option if applicable.

Izberite vse primerne odgovore.

- ☐ a) Comprehensive and detailed reporting processes
- ☐ b) Advanced monitoring tools and software
- ☐ c) Clear and measurable KPIs
- ☐ d) Strong stakeholder engagement and feedback mechanisms
- ☐ e) Transparency in evaluation criteria and processes
- ☐ f) Experienced and skilled monitoring team
- ☐ g) Integration of ESG factors into the evaluation
- ☐ h) Consistent and standardized data collection methods
- ☐ i) Flexibility to adapt to changing conditions
- ☐ j) Use of real-time data and analytics
- ☐ k) Not applicable
- ☐ Drugo: ____________________

32. **9.2 How do these strengths contribute to the overall success of your projects?** *
Please select all responses that are relevant to you, you can choose more than one option if applicable.

Izberite vse primerne odgovore.

- ☐ a) Enhanced decision-making and strategic planning
- ☐ b) Improved stakeholder trust and satisfaction
- ☐ c) Higher project success rates and returns on investment
- ☐ d) Better compliance with regulatory requirements
- ☐ e) Increased financial performance and sustainability
- ☐ f) Stronger environmental and social impact
- ☐ g) Not applicable
- ☐ Drugo: ____________________

10. Weaknesses

33. **10.1 What weaknesses do you identify in the current monitoring and evaluation processes?** *
Please select all responses that are relevant to you, you can choose more than one option if applicable.

Izberite vse primerne odgovore.

- [ ] a) Inconsistent data collection methods
- [ ] b) Limited integration of diverse data sources
- [ ] c) Insufficient training and capacity building
- [ ] d) Lack of advanced analytical tools
- [ ] e) Inadequate stakeholder engagement
- [ ] f) Slow reporting processes
- [ ] g) High costs of monitoring and evaluation
- [ ] h) Limited access to real-time data
- [ ] i) Difficulty in measuring intangible impacts (e.g., social, environmental)
- [ ] j) Lack of clarity in evaluation criteria
- [ ] k) Not applicable
- [ ] Drugo: ______________________

34. **10.2 How do these weaknesses hinder your project's progress?** *
Please select all responses that are relevant to you, you can choose more than one option if applicable.

Izberite vse primerne odgovore.

- [ ] a) Delayed decision-making and strategy adjustments
- [ ] b) Lower stakeholder trust and satisfaction
- [ ] c) Reduced project success rates
- [ ] d) Non-compliance with regulations
- [ ] e) Decreased financial performance and ROI
- [ ] f) Weaker environmental and social impact
- [ ] g) Not applicable
- [ ] Drugo: ______________________

11. Opportunities

35. **11.1 What opportunities do you see for enhancing the monitoring and evaluation processes by financial institutions or investors?** *
Please select all responses that are relevant to you, you can choose more than one option if applicable.

Izberite vse primerne odgovore.

- [ ] a) Adoption of new technologies (AI, blockchain, IoT)
- [ ] b) Increased standardization of monitoring practices
- [ ] c) Greater integration of ESG factors
- [ ] d) Expansion of data analytics capabilities
- [ ] e) Enhanced stakeholder engagement strategies
- [ ] f) Development of real-time monitoring systems
- [ ] g) Collaborative platforms for shared data and insights
- [ ] h) Increased funding and resources for monitoring
- [ ] i) Not applicable
- [ ] Drugo: ______________________

36. **11.2 How can these opportunities be leveraged to improve project outcomes?** *
Please select all responses that are relevant to you, you can choose more than one option if applicable.

Izberite vse primerne odgovore.

- [ ] a) Implementing new technologies to enhance efficiency
- [ ] b) Standardizing practices to ensure consistency
- [ ] c) Integrating ESG factors to align with sustainable goals
- [ ] d) Expanding data analytics to uncover insights
- [ ] e) Engaging stakeholders to gather diverse perspectives
- [ ] f) Developing real-time systems for proactive management
- [ ] g) Not applicable
- [ ] Drugo: ______________________

12. Threats

37. **12.1 What threats or risks do you foresee in the current monitoring and evaluation practices?** *
Please select all responses that are relevant to you, you can choose more than one option if applicable.

Izberite vse primerne odgovore.

- [ ] a) Data security and privacy issues
- [ ] b) Regulatory changes and compliance challenges
- [ ] c) Economic instability and market volatility
- [ ] d) Technological obsolescence
- [ ] e) Insufficient funding and resources
- [ ] f) Stakeholder resistance to new practices
- [ ] g) Inaccurate or unreliable data
- [ ] h) Political instability and policy changes
- [ ] i) Environmental risks and natural disasters
- [ ] j) Not applicable
- [ ] Drugo: ____________________

38. **12.2 How can these threats be mitigated to ensure better project management?** *
Please select all responses that are relevant to you, you can choose more than one option if applicable.

Izberite vse primerne odgovore.

- [ ] a) Implementing robust data security measures
- [ ] b) Regularly updating compliance practices
- [ ] c) Diversifying investment portfolios
- [ ] d) Continuously upgrading technology and tools
- [ ] e) Securing additional funding and resources
- [ ] f) Engaging stakeholders in change management processes
- [ ] g) Enhancing data validation and verification processes
- [ ] h) Developing contingency plans for economic and political risks
- [ ] i) Increasing focus on sustainability and resilience
- [ ] j) Not applicable
- [ ] Drugo: ____________________