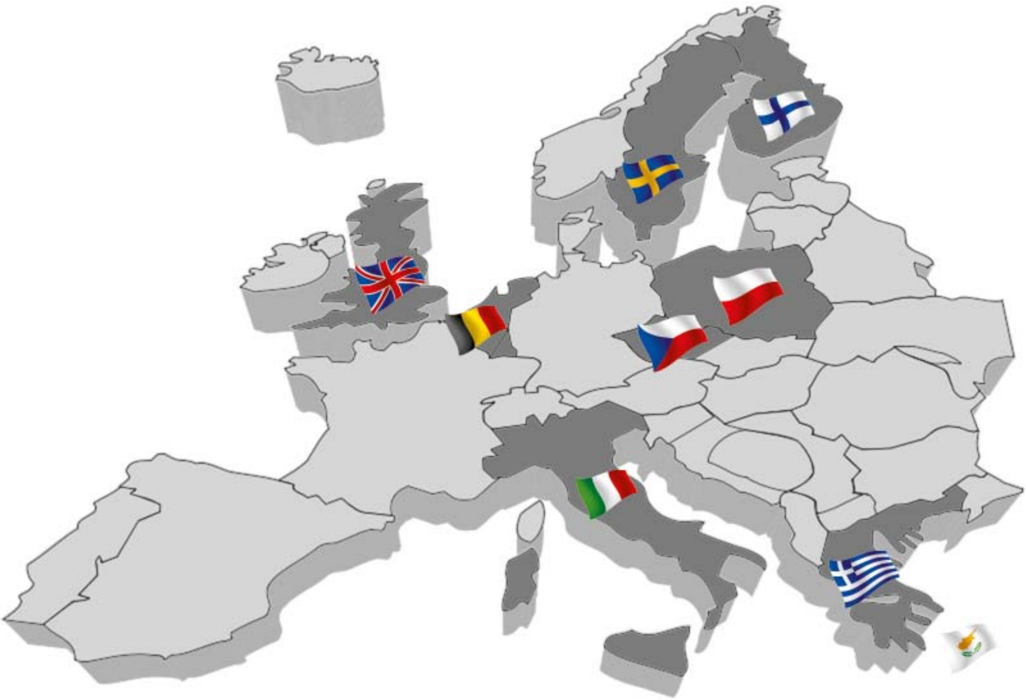
Social Entrepreneurship Network

Policy meets practice -
enabling the growth of social enterprises

RESULTS OF THE SOCIAL ENTREPRENEURSHIP NETWORK – AN ESF LEARNING NETWORK 2013–14



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This booklet presents the results of the work of the Social Entrepreneurship Network which operated during 2013 and 2014 and brought together ESF Managing Authorities and representative and service organisations of the social economy from nine EU countries and regions. The project has distilled their extensive experience of developing innovative strategies and putting them into practice. It has developed a number of key lessons for wider dissemination:

- **Policy**: detailed recommendations on how to use the Structural Funds to ensure a comprehensive support environment for social enterprises, targeted primarily at ESF MAs but also at policy-makers responsible for the social economy
- **Practice**: a matrix of good practice examples spread across Member States, showing how different aspects of a comprehensive support environment for social enterprises can be implemented under various economic, social and institutional circumstances.

15 key policy lessons

The Social Entrepreneurship Network brought together public authorities and social enterprise organisations with extensive experience of developing strategies to support social enterprises. Their review of good practice across Europe leads to the following recommendations for policy-makers:

1. Social enterprises have an impact that transcends conventional policy pillars (economic, social, local development). Governments should ensure **policy coherence** by establishing a cross-departmental co-ordinating body;
2. Social enterprise policy should also be **vertically coherent** among the different levels of the public administration;
3. Governments should develop and implement policy for social enterprise through **stakeholder partnerships** with the representative organisations of social enterprises and with the ecosystem of support;
4. Governments should recognise the social added value of social enterprises by promoting their **visibility** and by sponsoring **marks** which define their characteristics and encourage good practice;
5. Linked with this, they should support the development of **social impact measurement** methods which provide an evidence base for this distinctive performance;
6. **Legal and fiscal frameworks** for non-profits and co-operatives should allow them to operate as social enterprises, and the development of new legal forms of social enterprise should be supported. Fiscal measures should support the social added value of their activities.
7. Social entrepreneurship is an invaluable part of **entrepreneurship education** in schools and universities;
8. Start-up support should be provided at two levels: **mainstream** business advisers should be capable of giving initial advice, and should signpost potential social entrepreneurs to a **specialist support infrastructure**, well linked to existing federal and support bodies of the social economy;
9. Various forms of **tailored support** should be provided that are appropriate to the different phases of the enterprise life cycle. **Start-up** support should cater not only for new business creations but also worker takeovers in cases of business succession and spin-offs from public services, while **growth** paths include diversification, replication, acquisition and stronger relationships with conventional enterprises;
10. **Training** for social entrepreneurs should focus on leadership, and should use peer learning;
11. The networking capacity of social enterprises should be geared up by supporting scaling and replication mechanisms such as **consortia** and **social franchising**;
12. **Socially responsible public procurement** policies, including smaller contract size and social clauses, should be developed to enable social enterprises to contribute to the delivery of public policies. Guidance and training is needed for procurement officials and to make social enterprise tender-ready;
13. Social enterprises are drivers and vehicles of **social innovation;**
14. **Financial** support should combine different types of tools (grant, loan, guarantee etc.) to meet different needs, and should be sourced from multiple sources (public, ESF, ERDF), with a growing emphasis on private and social economy financial institutions and resources. Financial support for new social enterprises should be accompanied by business support.
15. **Research** at European level is needed to develop consistent methodologies and statistics on social enterprises.

Detailed lessons follow each of the 18 good practice cases described below, along with hints for Structural Fund implementation.

Vertically **coherent policy** among the different levels of the public administration

Social entrepreneurship **education** in schools and universities

Policy coherence through cross-departmental co-ordination

Tailored support throughout the enterprise life cycle – start-up, growth, succession, spin-off, acquisition, replication

Social enterprises are drivers and vehicles of **social innovation**

Social impact measurement to provide an evidence base

Stakeholder partnerships with social enterprise organisations to develop appropriate policy

Adequate **legal frameworks**, and **fiscal measures** to support social added value

Flexible **multiple sources of finance**, accompanied by business support

Marks to recognise social added value, promote visibility and encourage good practice

Socially responsible **public procurement**: social clauses and training

European **research** on methodologies and statistics

Training in **leadership** through peer learning

Braided support – both **mainstream and dedicated**

Scaling and replication through **consortia and social franchising**

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1. Social enterprises – an opportunity for the Structural Funds in 2014–20

1.1. What are social enterprises?

The concept of social enterprises has grown up in Europe from 19th-century roots in the social economy, which is usually defined as the legal forms of co-operatives, mutuals, associations and foundations. In the last 20 years a new strand of social enterprise has grown in stature, based on more conventionally-structured businesses which go beyond corporate social responsibility by entrenching in a company's constitution three principles:

- a primary **social objective** – the purpose of the business is to address social or environmental problems, and it trades in the market to do this
- **limited distribution of profits** – profits are primarily used to further the enterprise's social objective, and are reinvested rather than being paid out to financial investors
- **transparent and participative governance**, including involvement of key stakeholders such as users and workers.

These three principles have been adopted by the EU's **Social Business Initiative**. A large part of the social enterprise sector identifies as the social economy, which comprises enterprises which have fully democratic ownership and employ capital to serve the needs of members and the community.

Social enterprises employ some 14.5 million people, 6.5% of the workforce.[1] They are active in all parts of the economy, from farming and housing to manufacturing, banking and advanced services. They make a major contribution to providing social services for vulnerable people and to providing jobs for long-term unemployed, disabled and excluded people, thus aiding their inclusion in society. They play a major role in the development of communities and local economies.

[1] http://www.eesc.europa.eu/resources/docs/qe-30-12-790-en-c.pdf

1.2. The Structural Fund regulations

Social enterprises create jobs and economic activity, in a socially inclusive manner, and provide high-quality social welfare services. They are an effective tool for the work integration of disadvantaged groups at risk of social exclusion. Their ability to create decent employment, social inclusion and growth, and to promote an innovative an entrepreneurial and socially responsible Europe, is explicitly recognised by the inclusion of specific investment priorities in the Structural Funds. Under the common thematic objective of *promoting social inclusion and combating poverty* the regulations include an investment priority on *support for social enterprises* in the ERDF and one on *promoting the social economy and social enterprises* in the ESF.[2]

However support for social enterprises does not need to be restricted to these specific investment priorities. They can contribute to all the ESF's 18 investment priorities, as was shown in *A Better Future*, published by the BFSE network in 2012.[3] They are particularly relevant to four thematic objectives:

3: promoting entrepreneurship and supporting the capacity of SMEs to grow and innovate
8: Promoting sustainable and quality employment
9: Promoting social inclusion, combating poverty and discrimination
10: Education, training and vocational training for skills and lifelong learning

The role of social enterprises is taken up within the *European Platform against Poverty and Social Exclusion* flagship initiative, one of whose actions is *Working in partnership to harness the potential of the social economy*. Social innovation is mainstreamed in the ESF, and social enterprises are one of the chief vehicles through which social innovation is achieved. This was made very evident during the launch of the Social Innovation Europe platform in March 2011 and in the Commission's preparatory research, which finds that:

> One of the most rapid growth areas within the social economy over the last decade has been in the

[2] COM(2011) 607 final /2, 14 Mar 12, (ESF) & COM(2011) 614 final of 6 Oct 11 (ERDF)

[3] http://socialeconomy.pl/sites/default/files/files/BFSE%20Report.pdf

growth of social enterprises which have developed from and within the social economy sector. Social enterprises often develop innovative solutions which increase productivity while delivering better services in social, health, and education services, the new growth markets for innovative companies.[4]

The provision for community-led local development (CLLD), tried and tested in rural areas although not implemented to any great extent in the ESF, is a methodology which is particularly suited to a social enterprise approach.

1.3. The Social Business Initiative

The European Commission has given wholehearted support to the development of social enterprises, and in 2011 launched the Social Business Initiative (SBI), which embodied several good design features:

- **integration**: a cross-policy helicopter view, which looked at the policy framework with social enterprises at the centre, rather than fragmenting it to fit in with policy silos;
- **dynamism**: the view of the social enterprises environment as an 'ecosystem', in which supportive and restrictive forces are in a constant battle for survival, can grow and change, and can be protected or destroyed by human action;
- **partnership**: a multi-stakeholder advisory committee (GECES) which promotes dialogue between governments, social enterprises, experts and researchers, and gives institutional status.

The SBI's 11 actions[5] cover most if not all of the crucial levers for mainstreaming social enterprises: public investment through the European Structural and Investment Funds (ESIFs) and Progress, public procurement, private investment (the EuSEF regulation), research (a mapping study and Framework Programme projects), impact measurement, legal forms and visibility. The new Commission is currently considering how to follow this up, with the European Parliament and the Economic and Social Committee giving their full support.[6]

The mapping study[7] carried out as part of the SBI has shown that despite the immense variety that social enterprises show across the EU, a process of convergence and growth is under way. The Structural Funds are an important component of the ecosystem within which social enterprises can make their full contribution to European prosperity and cohesion.

2. A comprehensive ecosystem of support

One of the chief lessons of work with social enterprises carried out by EU Member States and regions over the last two decades is that social enterprises do not grow up as a mechanical response to market forces. Because they are not purely economic, but socially motivated organisations, they exist in a complex 'ecosystem' of social needs and motivations. They constitute a movement to improve society through practical action. Public policy to support them consequently needs to be multi-dimensional and integrated. It must achieve an overview by bringing different ministries together, and it must consider social enterprises as social phenomena and not simply as economic actors.

A comprehensive ecosystem of support for social enterprises must address:

- the whole life cycle of social enterprises, from the conception of the business idea through pre-start training, business launch to consolidation and expansion or replication
- the different types of social enterprise and their contributions to different social and economic policies

It thus includes the following aspects:

4 Empowering people, driving change – Social Innovation in the European Union, European Commission (BEPA), 2011

5 http://ec.europa.eu/internal_market/social_business/index_en.htm#maincontentSec4

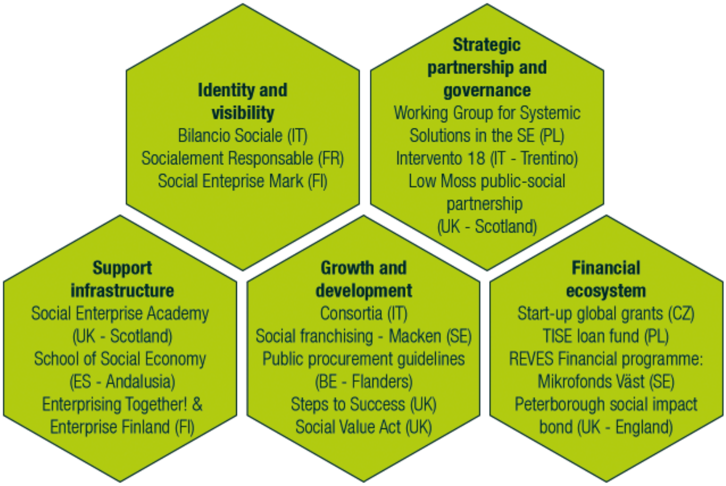
6 http://www.eesc.europa.eu/resources/docs/conclusions-en--5.pdf

7 http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=2149

Building blocks of a comprehensive support environment for social enterprise development		
The user experience	Outreach & accessibility	• Braided support: mainstream + specialist • Physical accessibility (location, travel cost, timing, caring responsibilities) • Cultural appropriateness (language, sub-contracting to specialist agencies, partnership with community groups) • Welfare bridge (transitional benefit, capitalisation of benefit, specific legal structures (incubators, business & employment co-operatives)
	A coherent pathway	• Recruitment (open door/selective) → Skills → Business planning → Start-up → Consolidation & growth
	A menu of appropriate services for each phase	• Lifestyle-appropriate counselling • Modular training & qualification (leadership, innovation) • Coaching & mentoring • Finance (start-up grant, loan, equity, guarantee) • Access to larger markets (tender readiness) • Premises & incubation • Business co-operation – consortium formation • Replication – social franchising
System functions	Governance	• Interministerial co-ordination • Stakeholder partnership
	Maintaining quality	• Sourcing support from the best providers (one-stop shop, prime contractor, consortium, voucher, braided) • A quality management structure for agencies • Quality standards for advisers (values & purpose of SE, organisation & legal structures, finance & support, project work)
	Co ordination	• Coherence: signposting, branding, one-stop shops, e-services, simplification • Public procurement • Adequate financing (national & EU funds, vouchers) • Research • Monitoring & evaluation

The 5 SEN clusters

The Social Entrepreneurship Network prioritised these building blocks and grouped them into five clusters for peer review.



Peer review?

To kick off its activities, SEN held a ‘warm-up’ seminar in Warsaw in April 2013. Participants made short ‘elevator pitches’ which introduced their organisations, what they wanted to learn from the network, and what they could contribute to it.

They then used visualisation techniques to analyse the common problems with and possible solutions to the network’s task – to learn how to create a comprehensive support framework for social enterprises. They thus identified the gaps in social economy support environment to be dealt by the peer reviews. By popular demand, the subject of one of the five peer reviews was changed from ‘outreach’ to ‘identity and visibility’.

There was also a session on peer review methodology, which introduced the group to some different peer review formats and included a role-play session.

The chosen peer review format is based on five cycles, each comprising seven steps:

1. Scoping document setting out the issues contained in each cluster
2. Members (Managing Authority + social enterprise teams) propose cases
3. 3 contrasting cases are chosen and written up
4. Comparative background paper by an external expert
5. Partner comment papers
6. 2-day seminar
7. Summary report

Participants greatly appreciated the peer review format, which proved to be a powerful transnational learning method.

The carefully thought-out format meant that participants arrived at the meeting well-prepared. Teams from each country had already studied the background paper on the issue, and worked together to prepare questions to discuss with the presenters. Small group discussion allowed everyone to take part, to investigate the issues which interested them, and to contribute new insights. Skilled facilitation enabled the group to achieve an overview of the issues in each cluster.

3. Cluster 1: Public sector capacity – strategic partnership, governance and policy co-ordination

3.1. Partnership – a win-win solution in the Structural Funds

Partnership between public authorities and social economy organisations is an appropriate, productive and workable principle for developing social enterprise at all geographical levels – national, regional and local. It can be applied at all stages of policy development, whether to the initial conceptual stage as in Poland, to ongoing service delivery as in Trento or to an innovative project as in Scotland.

The three good practice cases reviewed are quite different in many ways, but they are all yielding good results:

- At national level, the Polish Working Group for Systemic Solutions in the field of Social Economy was set up to develop the €684 million National Programme for Social Economy Development (KPRES)
- At provincial level, Intervento 18 in the province of Trento in Italy is applying a businesslike model to the work of social co-operatives
- At local level, the Low Moss Public Social Partnership in Scotland is bringing a new approach to reducing reoffending among short-term prisoners

Compared with the more mechanistic relationship of a simple procurement contract, partnership working may seem to be an unnecessary complication for a public authority, and one whose results are difficult to assess. But this is not necessarily so. The success of Intervento 18 in Trento shows that partnerships can be designed in a businesslike way. The provincial government is committed to long-term partnership with social co-operatives, but the scheme is in no way a soft touch. For the last 20 years it has run a wage subsidy programme for social co-operatives, which has encompassed actions to support labour inclusion within the broader realm of social welfare policies. Grants are only made to viable businesses, and co-operatives applying for the scheme are subject to a detailed ex-ante evaluation, close monitoring and final evaluation. This incentivises entrepreneurial behaviour and creates sustainable solutions. Cost-benefit analysis shows that by taking this approach the government saves about €4,500 per disadvantaged worker per year, which equates to €61,400 over their average working life.

Success factors for successful partnerships are:

- policy that starts from the problems to be solved, takes both economic and social profitability into account, and measures the results
- governmental delegation of problem-solving to the regional or local level
- a strong federal structure among social enterprises, which promotes autonomy, profitability, investment, innovation and social impact
- the formation of consortia which can manage larger contracts
- a determination to set up strong social enterprise that have sustainable business plan, and can bring in private funders
- including not only funders but users and local businesses in the partnership from the design phase onwards

3.2. Policy lessons in partnership and governance

- **Benefits**: Partnership between government and social enterprises is the overriding success factor in maximising the contribution that social enterprises can make to society and to the economy. It can be applied at all geographical levels and at all stages of the programming cycle.
- **Good practice** in partnership depends on:
  - access to partnership
  - actual employment of the partners
  - the existence of a positive role for all partners in the decision-making process
  - the variety and representativeness of the partners in relation to the objective of the partnership
- **Capacity**: the capacity of public authorities and social enterprises to work in partnership needs to be built though training, networking and support for the creation of consortia.
- **Leadership**: Partnerships need strong leadership, and this should be based on clear roles shared by government and social economy organisations. Leadership should be taught;
- **Trigger**: Partnership formation can be triggered either by a need or an opportunity. If that opportunity is the availability of funding, then the window for action will be short, and plans need to be prepared well ahead of time;
- **Clarity**: Partnerships need clear role definitions and procedures and transparent reporting;
- **The right partners**: All relevant partners, including potential funders, should be involved from the beginning;
- **Community**: Local partnership should make efforts to involve the local community;
- **Innovation**: Partnerships often aim to bring about innovation, but need to approach this realistically;
- **Structural Funds**: Partnership is not optional in the Structural Funds. Its regulations, and in particular the European Code of Conduct on Partnership[8] and the provision for community-led local development (CLLD[9]), offer guidance on good practice in partnership working.

3.3. Ten issues in partnership and governance

Building a partnership follows a process which starts from the definition of **leadership** within a partnership-based model of governance, moves on to identify the **objectives** of the partnership, and to the role of the **community** in the pursuit of such objectives. It continues by identifying the concrete **resources** actually or potentially available, and the way the SE sector should be put in a position to use them.

[8] http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=2019

[9] http://ec.europa.eu/regional_policy/sources/docgener/informat/2014/community_en.pdf

1. Launching the partnership

Leadership: Clearly defined and strong leadership is of utmost importance for building partnerships, smoothing difficulties and resolving crises. Ideally, such a leadership should not come only from one side (government authority or social economy), but should involve representatives of both sides from the beginning.

In order to achieve leadership of this kind, it is first of all important to identify an opportunity and build the leadership in the most suitable way to deal with it. The inverse process – from the leadership to the opportunity to be created – might work as well. This is not contradictory: in the first case the partnership will be built around a pre-existing opportunity, such as the new ESF programming, while in the second case the aim of the partnership itself would be to generate new opportunities, as it is shown, for instance, at Low Moss. In both cases, the thing to be avoided is leadership that is too invasive or authoritative and would, in the end, choke the partnership. Finally it is important to teach leadership, train people to lead and use networking to learn how leadership works. The ESF can be of great help in building such leadership.

The new ESF regulation provides room for manoeuvre in the definition of different approaches to programming and implementation, involving different partners and therefore potentially opening up the possibility of alternative or complementary leaderships.

A trigger: The concept of leadership is connected with the concept of an **initiator** or **trigger**. This is not necessarily the same as a leader. Triggers can be people wishing to start a process, but also funds providing for a process to start, or a group with a need. In other words, the ignition of a process could come from different sources, but always needs the identification of a problem, an opportunity and a connector between them.

Objectives: If it is to work well, a partnership needs to have clear objectives, which have to be agreed by being hammered out at meeting of the partners, and written down. This point was very much emphasised in the Polish case, one of the key features of which is the organisation of periodic conventions, but it is present also in the Low Moss case, in whose basic memorandum the issue of meetings aimed at sharing and refining objectives is clearly laid down.

The right partners: The definition of the partnership's objectives will enable a check to be made to ensure that all the necessary stakeholders are included. If one stakeholder who is crucial to achieving the objectives, they should be brought on board. For instance in the Low Moss partnership the funders were involved from the beginning; this was felt to be a quite unusual element, and one of the keys of its success.

Procedures: Partnerships all need clear ways of proceeding. The procedure for meetings should ensure that the objectives and their ranking to be kept under review at all times.

Information: A final point related to the issue of clearly defined objectives has to do with the gathering of the information needed to draw a picture of the situation and forecast the results towards which the partnership would move. This may require appropriate training for the participants in the partnership.

Procedural issues are dealt with in the European Code of Conduct on Partnership, where, while defining the principles and rules for the working of the monitoring committees, the Commission also proposes voting rules, notice periods for invitations and the transfer of documents, arrangements for publication of minutes and reports etc.

2. Involving the community

Every partnership-based programme, and in particular programmes for the development of the social economy and social enterprises, has to know and take into deep consideration the role of the community. This aspect is salient at Low Moss, where community involvement was brought to life through the engagement of key stakeholders, supported by a robust process of capacity building.

3. Concrete resources – time, money and people

The partners must always be conscious of the resources actually available. It must put some preliminary effort into identifying both its own resources and resources that could be brought in from elsewhere. Once the resources are defined, it should draft a memorandum of understanding on how these resources should be made available and used by the partnership.

This process is consistent with the programming phase of the 2014-2020 ESI funds. An approach of this kind should allow national partnerships to clearly define the objectives to be pursued and to choose the most appropriate programme priority among those set out in the ERDF and ESF regulations. In the same way, given the leverage effect proposed for the support to social economy/social enterprises within the Employment and Social Innovation (EaSI[10]) programme, a partnership which has clearly identified the resources available should be in a position to successfully use the EU funds as a complement.

4. Autonomy

Autonomy means the capacity of the partnership to act in an independent way to achieve its aims, limited only by respect for each partner's rights and wishes. It is the basis on which to build processes which are fundamental for translating the aims or will of the partnership into concrete actions.

For these processes to run properly, they require agreed meeting places and procedures, defined intermediary outcomes and verifiable indicators of these, and a clear definition of the levels at which the partners are involved.

The issue of the levels of involvement of the partners is quite a sensitive one in any partnership-based governance pattern. The EESC's opinion on partnership governance in the social economy says that "the existence of a positive role of partners in the decision-making process" is a crucial factor. Nevertheless, in the complex system of programming and implementation of the ESIF funds, in which for instance general priorities are defined externally and in which the final responsibility for implementation lies with the Member State, it is important to clarify the partners' responsibilities and their level of involvement at an early stage, to avoid misunderstandings and false expectations which might jeopardise the pursuit of the common objectives. Long-term pacts between the public authorities and the social economy are a good framework for developing win-win solutions.

5. Funding

As the case studies show, funding is very much a local or national matter. The availability of funds may therefore vary to a large extent. The partnership should identify all potential funders and define pathways to involve them in the partnership. Such a step is not easy (and was already mentioned as a basis for partnership building) as it involves defining the role and rights of funders in order to have a clear picture of the influence they may have on the partnership's work and results.

6. Evaluation

Partnerships, like programmes and projects, need to strive for efficiency and effectiveness, and these need to be measured through a consistent evaluation procedure, which can assess both the functioning of the partnership and the outcomes of its work. Such an evaluation should be defined against well-recognised benchmarks, on the one hand, and should take into consideration both expected and unexpected results. The first will probably pertain to the defined objectives of the programme or project, while the second are inherent in the activity of the partnership itself and need to be assessed from the point of view of the societal innovation they bring.

This point is closely related to the issue of measuring social impact, which is a key problem the Commission is trying to face within the GECES advisory group. Such a problem relates directly to the use of the ESIF funds, and mainly to the use of the ESF, which has a particular social focus.

[10] http://ec.europa.eu/social/main.jsp?catId=1081

7. Innovation

Innovation is often the driving force in the creation of a partnership. A concrete and wise view of innovation admits that an innovative mindset unleashes excitement and willingness to share, but also that innovations often develop organically rather than springing from out of the blue. Innovations can also destroy what is already working, and are often the result of difficult decisions. So while the desire to innovate is a very positive force, which allows unresolved issues to be dealt with in a more appropriate way, it is not to be pursued at all costs, and without taking into consideration possible negative consequences.

The issue of innovation is particularly sensitive when dealing with the implementation of the ESIF funds, and deserves to be clarified. In the Innovation Union initiative, one of the Europe 2020 initiatives, the EU supports "the creation of an innovation-friendly environment that makes it easier for great ideas to be turned into products and services that will bring our economy growth and jobs".

Some of the preconditions for innovative approaches are: 1) an appropriate timescale; 2) the possibility to experiment; 3) the possibility to fail and/or change direction; 4) the possibility to extend the partnership.

From this point of view, it is worth remembering that the European Commission in the new regulation and delegated acts insists on the appropriateness of the timescale in terms both of preparation and evaluation. The "possibility to fail or exchange direction", on the contrary, might conflict with the approach proposed so far.

Among the factors that might hinder real innovation are: a) tradition; b) excessive control; c) safety; d) internal audit rules; e) degree of risk embodied in such an approach. The risk factors relating to any process of building innovation might even be amplified in the context of ESIF programming and implementation. On the other hand, the fact of being fully aware of these strengths and weaknesses is key to the success to proper innovation.

8. Seizing opportunities

The ESIF funds might therefore play a role of enabler, if some conditions are met. In the first place, it is important to be ready to seize opportunities. Experience shows that the timeframe for the use of funding might be relatively short, which could jeopardise the possibility to use them to pursue innovation and to be fully effective. In order to be ready, preliminary work within partnerships is essential.

Seizing opportunities does not embody opportunism in a negative sense, but rather a precondition for sustainable action. In many cases this requires a focus on how to pass from a "one-shot" programme, linked to the existence of the opportunity, to a wider programme, where the opportunity represents only the first step in a process.

In order to pursue this objective, local partnership should be either multifunctional or ad hoc, but should in any case be flexible. For instance, such a partnership might be created in order to respond to a specific opportunity or, on the other hand, might be based on stable pre-existing relationships (as in the case of consortia). The ESF might be a useful tool to help the development of partnerships ranging between these two poles. But, for the ESIF funds to be a real opportunity, strong political will is needed to support the processes of generation of new ideas, be they originated by a bottom-up approach or the other way round.

9. Co-planning

A step forward in order to seize opportunities and innovate is to have a proper co-planning approach within a partnership. Co-planning needs to be based on the capacity to effectively cooperate and the capacity to plan. This, in turn, concretely means having strong leadership and an appropriate consultation procedure: without these two elements a partnership would break down. Translated into ESF terms, this means that proper negotiation is essential to achieve good planning.

The development of a long-term **pact** between the sector and the government (as in Andalusia) is a very important and advanced step. The Finnish case reveals the advantages of bringing together ministerial responsibilities for entrepreneurship and labour policy. This is a central advantage of social entrepreneurship, but one that frequently has to overcome the problems of ministerial silos.

10. Transparency

Transparency is, according to the group, an essential attribute of the robust governance that is needed. Transparency helps to maintain trust, but needs to be codified in one way or another. An appropriate way to do this is to include in the memorandum of understanding a protocol for communication within the partnership. This should be backed up by a good reciprocal knowledge among partners, which could be achieved for instance through visiting each other.

The memorandum should also provide for financial reporting procedures, which should be identified through open processes. Open processes to allow new ideas to be built, and should be supported as far as possible by open data. This helps to generate an embedded partnership which is able to concretely govern programming and implementation.

3.4. Three good practices – national strategy, work integration and reoffending

3.4.1. Working Group for Systemic Solutions in the Social Economy, Poland

The **Working Group for Systemic Solutions in Social Economy** brought together representatives from the government and the social economy, along with "expert-middle-men", to act a dialogue forum. Over two years, it drafted a pact and a national development strategy (KPRES) which guides the operation of the EU Structural Funds in the 2014-20 period.

It was set up in 2008 in a context where the social economy was fragmented and had no single interlocutor to negotiate with the government. This made leadership – the building of coalitions and the building of good personal relations – a very important factor.

The process of building this relationship between politicians and the social economy began at the Social Economy Conference in 2008 in Gdańsk, where the Social Economy Manifesto was launched. Shortly afterwards, the prime minister launched the Working Group, which had four teams: legal, financial, educational and strategic. Thereafter, progress was erratic owing to changes of policy and personnel. Nevertheless the group laid the foundations for the systemic integration of the social economy into public policy.

The development of the national strategy went through four phases:

1. Illumination: the idea was conceived based on the heritage of the Polish social economy, the strength and creativeness of NGOs and ideas imported from abroad;
2. Promotion: attracting stakeholders and identifying leaders
3. Coalition-building
4. Drafting of the pact and strategy

The group took care to operate in an open way and communicated the results of its work publicly through the internet. At one point, the group's work was disrupted by a change of government, but it was relaunched in 2012 when the civic members of the group drafted a position paper for the government, which resulted in a broader more democratic group.

The result was the draft of the KPRES – National Strategy for Social Economy Development 2014-2020. The KPRES dovetails with the Long-Term National Development Strategy (Poland 2030) and with horizontal national strategies on the efficient state, innovation and efficiency of the economy, social capital development, human capital development and regional development. It is budgeted at €661 million and is funded from local budgets, the national budget, dedicated national funds, private sources and (59%) by EU funds. The working group proposed that the strategy should be coordinated from within the administration, but that it should be monitored participatively.

Lessons in strategic high-level policy partnership

- Effective implementation of a policy to develop social enterprises requires a working partnership between the public authorities and the social economy sector;
- Creating such a partnership requires both political will from the national authorities, and the existence of legitimate representatives of the social economy who can act as interlocutors;
- Building this relationship, particularly given the sometimes erratic progress resulting from political and staffing changes, depends on individual leadership;
- A sustainable development policy should involve a mix of types of financing, including loans, to avoid short-termism and the creation of grant dependency;
- The strategy should have strong central co-ordination, but should also have participative monitoring involving its users.

Poland's huge development programme – KPRES

SEN's Cyprus peer review in October heard good news on the development of Structural Fund operational programmes for the coming seven years. **Poland's** unique, complex and huge KPRES was adopted in August 2014, with a budget of 2.7 billion złoty (€684m) over 7 years. It has five priorities:

I. Social economy in socially responsible territories
II. Regulation
III. Support system for the social economy
IV. Inclusion of the social economy in mainstream public policy nationally and regionally
V. Education

It is to include a national committee for social economy development, regional support services, a new legal act to make social enterprises more recognisable, and a tool to monitor the sector's performance. 42% of the budget (1.16 bn złoty – €290m) is allocated to priority III.1, grants for jobs created in social enterprises. The target is to create 13,300 jobs (five per year in each of the country's 380 counties (powiat), at a cost of €22,000 per job.

3.4.2. Intervento 18, Trento – a programme supporting work integration in social co-operatives

Under its Intervento 18 programme, the Employment Agency of the Autonomous Province of Trento supports social co-operatives in a highly selective and business-oriented way. The scheme is seen as part of labour inclusion policies and therefore as part of social policies as well. Support is only given to viable businesses. Co-operatives applying for the scheme are subject to a detailed ex-ante evaluation, close monitoring and final evaluation.

The scheme supports the selected co-operatives in the following ways:

- a tapering wage subsidy for **disadvantaged workers** at the rate of 60% of total labour costs in the first year of employment, 40% in the second year and 30% in the third year. For people with psychiatric problems the subsidy covers 20% of labour costs for the following six years;

- a 50% wage subsidy for **tutors** (where the number of employed people is over 3 persons) and a 60% subsidy for the '**social responsible**'

- Subsidies for **feasibility studies** and **business plans** for start-ups, training for **ordinary workers** in social co-operatives, and **investment** in new products and procedures necessary for innovation.

The programme's budget has grown over the years from €300,000 in 1994 to €1.5 million in 2010. Four co-operatives benefitted from the scheme at its launch in 1992, and 17 benefitted in 2011. It is financed on a permanent basis from regional taxation, without the use of European funds (which are used for innovation).

1,000 disadvantaged workers have benefitted from financial support. Of these 21% were drug addicts, 20% had physical disabilities and 15% mental disabilities, 14% were prisoners, and the others had other recognised disadvantages.

Although the main aim of the scheme is to increase the employment rate of disadvantaged people, the way it is structured has the secondary effect of giving social co-operatives an incentive to act entrepreneurially and improve their productivity. It strengthens their entrepreneurial capacity by also providing for training non-disadvantaged workers.

The Employment Agency of the Autonomous Province of Trento supports co-operatives in the identification of labour market trends and so in the response to developing needs. Private businesses benefit from the supply of trained workers. The scheme thus builds a strong relationship between the public and the private actors, and ensures continuity between social and labour policies.

Evaluation evidence shows that the scheme performs remarkably well:

- it creates a high level of employability, with only 12.4% of trainees dropping out of their training, 52.2% staying on in the cooperative after their training finishes, and 57.5% of those who find jobs elsewhere going into the private sector;

- the work integration process is of high quality and participants rate it highly;

- a cost-benefit analysis shows that the public purse saves about €4,500 per disadvantaged worker per year, which equates to €61,400 over their average working life. This benefit flows mainly to the national exchequer.[11]

As regards future developments, the province is experimenting with a voucher scheme.

[11] Depedri S. (2012) *L'inclusione efficiente. L'esperienza delle cooperative sociali di inserimento lavorativo*, Franco Angeli. See http://socialeconomy.pl/node/99

Lessons in regional partnership for work integration

- Because social enterprises are both entrepreneurial and inclusive, public policy for them needs to involve labour market and business policy as well as social policy;
- It is much more efficient and sustainable to support work integration social co-operatives as part of labour market policy, not social policy alone;
- The additional subsidies increase the cost per worker per year from €4,500 to €6,300, but this is repaid in terms of the co-operatives' greater efficiency;
- Intervento 18 has been developed by a local authority which undoubtedly benefits from having sufficient financial resources at its disposal. Nevertheless the creation and development of the 'infrastructure' of social co-operatives has been possible through the wise use of the Structural Funds (mostly the ESF) which over the years has provided the necessary resources to promote start-up as well as lifelong learning training to social entrepreneurs. Once the cooperative system has consolidated, the economic advantage has become apparent at the institutional level as well. Besides the local authority, the national government is a major beneficiary of such spending, through the welfare costs it saves.

There are all-round benefits for the labour market and the local economy:

- the targeted disadvantaged workers – as well as their non-disadvantaged colleagues – gain from skills, jobs and income
- the local community gains from decreased crime and social problems
- social co-operatives gain from a stimulus to be efficient and competitive
- local businesses gain from an increased supply of skilled labour, and from economies of scale obtained by collaborating with social co-operatives
- the province gains from the services provided by the co-operatives, from filling skills gaps to meet projected labour market needs, and from reduced welfare spending
- the national government gains from savings in welfare payments

3.4.3. Public social partnership in criminal justice – Low Moss PSP

The Low Moss Public Social Partnership (PSP) fits well into Scotland's Social Enterprise Strategy, which recognises that tightened public budgets mean that public service delivery has to be redesigned to achieve social value from public procurement and place more emphasis on prevention.

In Scotland, 47% of short-term prisoners reoffend within a year of release from prison. To tackle this multi-dimensional problem, the PSP brought a wide range of organisations with different areas of expertise together to design a holistic intervention. In the long term the project aims to reduce re-offending by short-term prisoners by 15%.

The opening of a new prison at Low Moss offered the opportunity to pilot the PSP approach. Following discussions, a major social enterprise working on reoffending, Turning Point Scotland, submitted a proposal to the government, which agreed to support a three-year pilot project. In November 2012, 15 partners – public bodies, social enterprises and funders – signed a memorandum of understanding.

A quantitative baseline was established through a literature review. To establish the qualitative needs, focus groups and interviews were held with the stakeholders, including statutory agencies, third sector organisations and users – prisoners and ex-prisoners. A key finding was that prisoners find it difficult to navigate their way through the incoherent mass of different types of support that are on offer.

The Low Moss PSP therefore offers holistic, seamless, and person-centred support through-out the offenders' experience from sentencing through until a year after release. Coordinated by a known and constant Pathway Practitioner, it addresses housing, family support, employability and training, addiction, mental health and life skills.

The project's three-year pilot phase is currently under way, supporting 750 prisoners in each year, and has been well-received by prisoners.

Lessons in public social partnership in criminal justice

- Public social partnership relies on trust and respect between the partners, and is only possible in those countries where there are equally strong partners – public authorities that know what they want to achieve and social enterprises which bring know-how and innovation.
- The nature of offending means that the success of a public social partnership in this field depends on involving from the start a wide range of partners from both the public and third sectors – as well as financial institutions;
- An intensive period of data collection is required to assemble information on the problems experienced with the current delivery system, and the outcomes that the stakeholders wish to achieve;
- `To enable monitoring, agreed numbers need to be put to the desired outcomes;
- PSPs need time to develop and so a pilot period is required prior to letting the contract through competitive tendering. Sustainability of funding needs to be considered from the start;
- The process can be challenging, as a large number of stakeholders have to learn how to work as partners and achieve a concrete joint result, often within a short period of time.

3.5. Hints on implementation in 2014-20

The partnership principle has to be implemented in the 2014-2020 programming period in various ways.

Many of the partnership experiences presented or quoted originated from the **EQUAL** programme, which was probably the first systematic experience of partnership building through the ESF in the 2000-2006 programming period. Although the programme was not continued in the 2007-2013 programming period, partners in the SEN network seem to agree that the **basic features of that experience should be mainstreamed in the new period**, using for instance the opportunities provided by Article 5 of the General Regulation or even the community-led local development (CLLD) tool foreseen by the same regulation.

Some of the positive features of EQUAL which should be recreated in the 2014-2020 period are:

- compatible timing and procedures among all Member States
- a European partnership database and support for building transnational partnerships
- transnational thematic groups to develop a shared strategy
- methodological support
- an emphasis on creating a long-lasting impact through mainstreaming
- European technical assistance support to capitalise good practices

The **European code of conduct on partnership** in the framework of the European Structural and Investment Funds, adopted by the European Commission in January 2014, guides Member States in organising a meaningful partnership with the relevant stakeholders.

In order to maximise the impact of these funds, it is crucial that Member State authorities at all levels – national, regional and local – work closely with each other and in partnership with trade unions, employers, non-governmental organisations and other bodies responsible, for example, for promoting social inclusion, gender equality and non-discrimination. Partners should be involved in the planning, implementation, monitoring and evaluation of projects supported by EU funds, Member States will be better able to ensure that funds are spent where they are most needed, and in the best way possible. All Member States will have to follow these rules for the preparation and implementation of the programmes for the 2014-2020 period. This strengthened partnership approach is one of the important innovations the EU has introduced in the new cohesion policy. For example social enterprises should be represented on regional operational programme monitoring committees.

Capacity building: Another recommendation is the necessity to carry out **inter-sectoral actions (and training) involving both the public administration and the third sector**. Also in this case, the principles of the General Regulation give scope for this, through the use of technical assistance and capacity building resources. This implies the need for **standards (or references) for this kind of cooperation**. For instance, the practice of signing a **memorandum of understanding** as a first step in the partnership building process, which is embodied in the code and which showed its effectiveness in the Low Moss case, should be pursued.

Work from an evidence base: Finally, general agreement should be reached on the fact that a **clear diagnosis and understanding** of local problems and issues should be a basis for programming (that is not always the case, although the regulations have different prescriptions on this point). **Cooperation with research institutes** and the development of **social impact measurement** techniques are strongly advisable on this point.

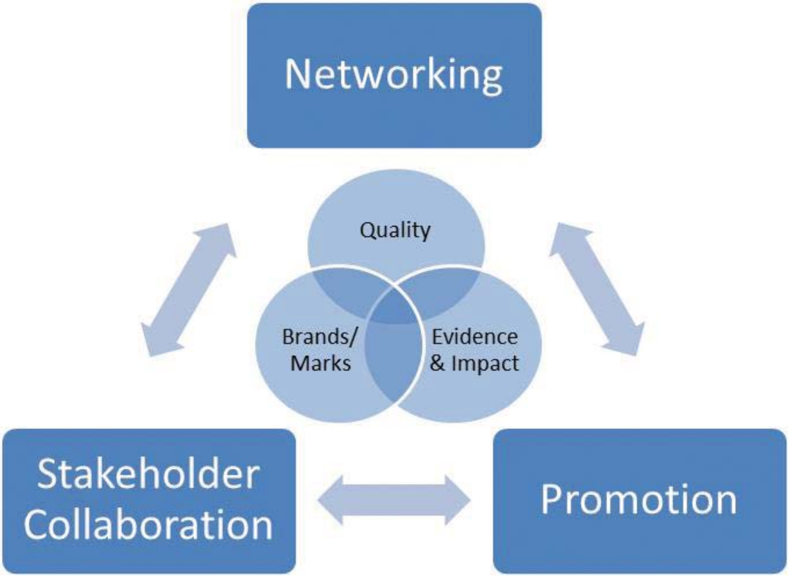
4. Cluster 2: Identity and visibility

4.1. Policy lessons in identity and visibility

Governments can help build the identity and visibility of social enterprises in a number of ways.

- **Policy co-ordination**: Firstly, governments can adapt their own structures to avoid social enterprise falling into a void between the economic, employment and social policy silos. Identity and visibility at national level are greatly improved when governments designate specific ministries or departments with responsibility for the social economy;
- **Policy dialogue**: At European level, national governments can play an active role in the Social Business Initiative through participating in the GECES advisory group. There is already evidence that this co-ordination mechanism is leading to a convergence in national policies. The European Parliament's Social Economy Intergroup plays a valuable role in policy dialogue, and the social economy is formally represented in the European Economic and Social Committee (EESC);
- **Legal forms**: They can support the continuing development of appropriate legislation for social enterprise across Europe and the modernisation of existing legal and fiscal frameworks for social economy structures (CMAFs);
- **Marks**: They can support the development of social enterprise marks, as the Finnish Ministry of Employment and the Economy has done.
- **Social accounting**: They can provide a facilitative framework such as guidelines for the social balance, which social co-operatives can use voluntarily. The Italian Social Balance is useful for public authorities in justifying their policies for social enterprise as well as to social enterprises in improving their performance, strengthening their visibility and improving relations with workers and users. The UK has promoted a different technique, and developed a manual to encourage the use of social return on investment (SROI).
- **Purchasing**: Governments can maximise the potential contribution of social enterprises to public policy by implementing the possibilities for social procurement opened up by the revised public procurement directive adopted in February 2014. They can also support the development of purchasing databases such as the French www.socialement-responsable.org, which facilitate ethical procurement by public authorities;
- **Research**: Governments can invest in European research to support the development of consistent methodologies for use nationally and regionally to provide comparable databases of the scale and characteristics of social enterprise;
- **Structural Funds**: They can use the EU's Structural Funds to address the above issues.

4.2. Five aspects of identity and visibility



Identity and visibility is a complex theme, which is much debated among social enterprises, and contains a number of stumbling blocks for the carrying through of policy initiatives. Because social enterprises thrive through the commitment of their members, it is important that government initiatives should draw up policies in full consultation with social enterprises, so as to ensure that they 'own' the results.

From the point of view of social enterprises, a strong identity is a powerful motivating force for members, and is the basis for building visibility. Identity needs to be strongly felt and clear. At European level, the identity of social enterprises is converging around the definition adopted by the Social Business Initiative (SBI), which is based on three dimensions:

- a primary social objective
- limited profit distribution
- participative governance involving workers and users

This definition does clearly distinguish social enterprise from corporate social responsibility, but it is much more permissive than the social economy principles which are the norm in most parts of Europe. Notably, the SBI definition does not insist on democratic ownership, and is deliberately relatively investor-friendly, allowing up to half of profits to be distributed to capital providers. It does however recognise that non-profits can operate effectively as social enterprises. Various national legal structures incorporate all or some of these criteria. There is thus a diverse sector and a lively debate on what the best forms are to allow growth and sustainability without risking loss of social mission.

The theme can be divided into six aspects:

1. Ensuring adequate legal forms are available

There are two main paths of development of social enterprise **legal forms**, the first deriving from the social economy statutes of co-operatives, mutuals, associations and foundations, and the second from commercial companies which trade in a social beneficial way.

The trade associations representing the social economy are concerned to promote the benefits of their particular legal form and the principles it embodies, and to the general public and institutional stakeholders this is not the most important message. People who trade with social enterprises are in the main more interested in the quality of the goods and services they deliver, and public authorities are more interested in the social impacts they achieve.

This has led to the growth of brands and marks which are focused on the consumer, not the producer. They put forward the benefits that social enterprises provide by virtue of the principles they adopt. This approach offers the advantage of sidestepping some of the historical 'baggage' which attaches to some forms of social enterprises in some parts of Europe. For instance in some ex-Communist countries co-operatives are still suspected of being state-controlled, and in other countries the subsidies which work integration social enterprises receive are criticised as leading to unfair competition.

The provision of appropriate legal forms is a fundamental and important state role, and their absence is a significant barrier to the growth of a social enterprise sector – for instance where non-profits are barred from commercial activity and co-operatives are restricted to mutual self-help, enterprises which combine these aspects have no identify or visibility. In such cases, a brand may help to create visibility, even though the creation of an adequate legal framework is still advisable.

2. Developing quality brands and marks to build identity

Marks and brands thus have to be tailored to the circumstances of a particular country – for instance environmental responsibility or fair trading practices will have a stronger place in some countries than in others. Quite often different brands for different types of social enterprise are appropriate. In Finland, for example, the broad Social Enterprise Mark, which is based on principle close to those of the EU's Social business Initiative, coexists with the Butterfly mark for work integration enterprises. The Butterfly mark bears a relatively simple message – that the enterprise is legally registered as a work integration enterprise with 30% of its employees being disadvantaged. In contrast the recently-introduced Social Enterprise Mark is based on three major and three minor criteria. They are depicted visually in a diamond symbol which is a very clear and effective way of putting over to the public what social enterprise is about.

Thus designing an effective brand requires market research, and decisions on what the brand values are. These might include employment creation, good working conditions, social inclusion, democracy, reinvestment in the community benefit and fair trade. They might go so far as to point to the underlying fact that social enterprises represent a different economic model in which financial profit serves social profit. Initiatives like the Scottish Social Enterprise Code of Practice,[12] which may be adopted voluntarily, clarify the principles involved.

If well designed, a brand can have a snowball effect, as has been the case with the UK's Community Interest Company (CIC), which in its nine years of existence has attracted 10,000 registrations.

Factors that need to be taken into account include not only coherence with the identity of social enterprises, but also the benefits and cost of adoption and the onerousness of the obligations it imposes. Such a brand can be managed by a dedicated social enterprise (as is the case with the UK's Social Enterprise Mark, or by an independent institution, as is the case in Finland.

3. Strengthening the evidence base through research

One of the great strengths of social enterprises is that, notwithstanding the debates about their identity, they perform well in practice. However good policy is based on evidence and evidence requires research. Unfortunately most national statistical databases have not yet caught up with the development of the social enterprise sector, and so official statistics are often difficult to compare internationally. New trends

[12] http://www.se-code.net/

are particularly hard to identify. National governments and the EU sponsor various research projects, and the EMES European research network has a long record of publications in this field. The ESF could play a more active role in research, and in regions such as Flanders it is already used to gather data on the effects of the projects it supports.

4. Adopting social impact measurement techniques

One of the measures of the growing credibility of social enterprises is the rising expectations that policy-makers have of them. However the corollary of this is that there is an increasing demand for evidence of the social impact they have. Impact investors also need to be assured that their investments are being out to good use, but the tools so far developed are in their infancy compared with those used to assess financial results. A sizeable number of tools have been developed to measure social impact, among them the co-operative key performance indicators, social return on investment (SROI), and the tool for evaluating the socio-economic value of social enterprises developed by Lombardy tool as part of the BFSE network. GECES, the Commission's Expert Group on Social Entrepreneurship, has developed a set of seven guidelines for good impact measurement practice.

There is some suspicion among social enterprises that impact measurement is a bureaucratic burden which is imposed unfairly, because it is not applied to all businesses. But if well designed, impact measurement can be a good way for a social enterprise to promote itself to funders and customers, as well as strengthening its identity by giving its members feedback about what they are achieving.

If they are to be accepted and effective, impact measurement tools must by flexible enough to cope with the wide variety of organisational types and goals which social enterprises embody. One tool which can be tailored to reflect the issues that are important within a given region is the Territorial Social Responsibility (TSR) methodology developed by REVES (European Networks of Cities & Regions for the Social Economy). Social enterprises and their support bodies should be closely involved in the process of defining these measurement techniques and in adapting them through practice.

5. Promoting and communicating achievements

It is important to develop a good national strategy to build awareness and visibility – connecting both with the public and with key actors, particularly those in the public sector. This can be considered part of the marketing strategy, with segmented targeting e.g. by business or age group; trade fairs/meet the buyer events, etc. One very relevant segment is young people, from those at primary school to those at university.

Identity needs to be translated into visibility through effective communication. This needs to combine the quantitative (robust evidence and relevant indicators of social impact) with the qualitative (case studies and emotionally involving stories). It needs to embrace a variety of channels which might include ambassadors, social media such as Twitter and YouTube, newsletters and local events. It is almost essential to develop comprehensive and dynamic websites accessible from mobile devices. A number of social enterprises (such as Jamie Oliver's *Fifteen* restaurants) benefit from celebrity leadership or endorsement.

It is important to have a national coordinating function to ensure continuity. An online presence is in general best organised at national level (a good example is FISE's *ekonomiaspoleczna.pl* site in Poland) however there can be advantages to regional sites, as the French *socialement-responsable.org* site has found. Given the need for continual updating, the long-term sustainability of websites is best achieved if they are hosted by a social economy federal body, rather than being specific to a short-term project. Electronic newsletters can be linked to them to keep stakeholders in touch with developments.

6. Building dialogue and collaborative relationships

Social enterprises should develop appropriate engagement strategies for different categories of stakeholders. The more powerful stakeholders such as public authorities (which are often major customers) might be involved as members or co-opted onto the board.

Operational partners might have special liaison arrangements. Use can also be made of 'nudge' strategies, which attempt to persuade through subtle behavioural cues such as celebrity endorsement or providing evidence from supportive peers.

4.3. Three good practices – A social enterprise mark, a purchasing database and a social accounting system

4.3.1. The Finnish Social Enterprise Mark (Yhteiskunnallinen yritys-merkki)

It is estimated that there are between 5,000 and 12,000 social enterprises of various sorts in Finland, and three "labels" now exist for them: the Butterfly Mark, the Social Enterprise Mark, and membership of Arvo-liitto. It is yet to be seen how the relationship between them will evolve.

The oldest of the three, the **Butterfly Mark**, is used by 89 work integration enterprises registered under the Social Enterprise Act of 2003. These may take any legal form, the criterion for registration being that a minimum of 30% of employees are disabled or previously long-term unemployed. Registration brings with it eligibility for start-up support, public wage subsidy, and in some circumstances an additional wage subsidy.

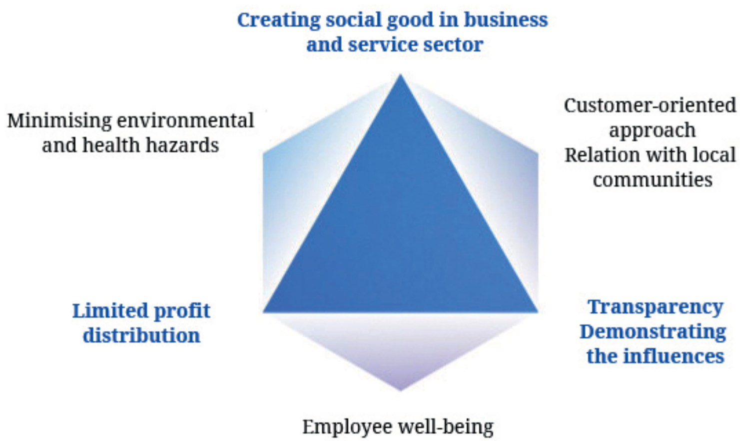
The **Finnish Social Enterprise Mark** (*Yhteiskunnallinen yritys -merkki*) was launched in 2011. It takes a much broader definition of social enterprise akin to the European Commission's definition, and sets three primary criteria:

- a principal social objective
- limited profit distribution (less than 50%)
- transparency and openness

Secondary criteria are environmental responsibility, customer and community orientation and employee wellbeing.

The mark is managed by the Association for Finnish Work, a respected certification institution which also runs the *Key Flag* and *Design from Finland* marks. So far 49 enterprises have been granted the mark, and a similar number have been refused. The government has given the mark a €70,000 grant for initial marketing.

The **Arvo-liitto** association was established in December 2014 with 12 founder enterprises. It is a member of the Confederation of Finnish Industries, so gives social enterprises a voice in the tripartite social dialogue. Its principles are similar to those defining the Mark, but



are more precise in that it adds the criteria of market activity, private ownership and independence of the public authorities.

Lessons of social enterprise mark schemes

- Finland has established brand which distinguishes Finland has separate marks for work integration enterprises (Butterfly mark) and for social enterprises on the EU model (Social Enterprise Mark);
- Rather than setting up a separate certifying agency, Finland has given the job of promoting and managing the Social Enterprise Mark to an established and respected standards institution. This has a mainstreaming effect by presenting social enterprises in parallel to firms that promote their Finnish sourcing (Key Flag) or their good design (Design from Finland);
- The recently-established Arvo-liitto association for social enterprises is a further mainstreaming and visibility tool, as it is a member of the Confederation of Finnish Industries;
- Marks are long-term institutions, so it may not be appropriate to fund them from short-term sources such as the ESF. Their sustainability should be ensured through a reasonable subscription paid by holders;
- The convergence of criteria for social enterprise marks on the EU definition will be helpful in facilitating cross-border trading.

4.3.2. Socialement-responsable.org – – a database for socially responsible public procurement

There are nearly 4,000 work integration social enterprises (WISEs) of various types in France, which both produce goods and services themselves, and provide staff for other enterprises. They earn the majority of their revenues from sales, but state subsidies are also available to those that register officially. However public support is being reduced, and so increasing sales is a priority.

In parallel, the French government promotes socially responsible public procurement, in order to bring the power of public and private purchasing to bear on the problem of social integration. It encourages public authorities to include social clauses in their procurement contracts, so as to set a good example.

It wished to make it easier for public procurement officials to find social enterprises which might bid for contracts, and so in 2008 four government bodies asked AVISE (www.avise.org), the national promotional organisation for social enterprises, to establish a website to do this.

The socialement-responsable.org website was thus created to provide a national directory of WISEs. The directory contains basic listings for some 4,800 *structures d'insertion par l'activité économique* (SIAE), and the social enterprises can add more detailed entries themselves.

The site serves both public and private purchasers by providing guidance on how to go about socially responsible public procurement, and publicises good practices. It publishes a monthly electronic newsletter which reaches 2,500 subscribers. For WISEs, the avise.org website fulfils a networking function by publishing editorial content from the federal bodies in the sector and stimulating skills development.

In the 2011-13 period AVISE issued a call for proposals for ESF support to encourage the development of socially responsible procurement at a regional level, which has led to the creation or consolidation of 11 regional websites which coordinate their actions by organising biannual workshops. The national website was also extended to include socially responsible private enterprises.

Lessons of public procurement databases

- In a climate of decreasing public subsidy, work integration social enterprises need to become more professional in marketing and delivering their services, and to be more visible to potential customers;
- The evidence shows that a website providing an online directory of work integration social enterprises, together with guidance on how to include

social clauses in procurement tenders, can increase both the number of social clauses and the share of procurement going to WISEs. Owing largely to changes in practice at local level, the share of public contracts valued at over €90,000 which include a social clause quadrupled from 1.5% in 2008 to 6.1% in 2013;

- The scale of the website should suit the target market: national websites work well for large-scale purchasing organisations, while regional sites are better at engaging regional stakeholders;
- Financial sustainability can be assisted by developing services for public and private purchases, such as training, tools and tailored advice;
- Such websites work best where social enterprises are defined by law, where they have the maturity to take on larger contracts, and where legislation encouraging socially responsible public procurement boosts demand;
- A procurement website can be a basis for peer networking among social enterprises.

4.3.3. The ***bilancio sociale*** – social accounting in Italy

The social balance (*bilancio sociale*) is an annual statement that reports on an organisation's social impact. It is a tool for communicating an organisation's values to workers, funders and other stakeholders.

In Italy, the preparation of a social balance is compulsory for organisations registered as social enterprises (*imprese sociali*) and also for those registered as social co-operatives in the regions of Lombardy and Friuli-Venezia Giulia. The content of these compulsory social balances is laid down by national or regional law, and covers the organisation's aims, governance, activities, outcomes, finances and the methodology used to prepare the social balance.

However according to survey evidence, 73% of social enterprises in the broad sense, most of which are social co-operatives, also find it worthwhile to prepare social balances voluntarily. They use them primarily to communicate with their workers, as a tool to increase participation within the enterprise. To a lesser extent, they distribute them externally to build trust among other stakeholders such as customers, service users, volunteers and donors. Public authorities and financial institutions find them useful to assess the impact of any contracts they might make with a cooperative.

Lessons of social accounting

- Three-quarters of social co-operatives find it worthwhile to prepare a social balance even though they are not legally obliged to do so. They use them mainly to increase participation among their workers;
- However the social balance is underused as a promotional tool, as while 44% of social enterprises distribute it to their workers, only 6% send it to their customers and only 12% post it on their websites;
- The social balance is a useful tool which social co-operatives use to raise their visibility and build trust among their stakeholders, but it would be much more effective if used as part of a broader communication and stakeholder engagement strategy;
- The measurement of social impact is becoming an increasingly important issue, and so the social balance is likely to become an ever more important tool;
- In those regions where social co-operatives are obliged to prepare a social balance, the public authorities find them a useful source of information on the impact of their policies;
- Nevertheless it is possible that if the social balance was made compulsory for all social co-operatives, the quality of the information would fall due to the constraints of standardisation.

4.4. Hints on implementation in 2014-20

Building identity is a multi-level process, operating at local, regional, national and international levels. It is a process shaped by various actors including social movements, policy-makers, institutions representing the sector, researchers, and international foundations.

The Structural Funds also play a central role in this process, as do other arms of European policy such as Horizon 2020. It is important that social enterprise and social entrepreneurship are specifically specified as ways of meeting the Europe 2020 priorities, and they are seen as central to outcomes associated with the social economy.

Closely linked to identity, the issue of visibility is a priority in many countries, where social enterprises struggle to gain a profile among key stakeholders. Only with the recognition and support of government and policy-makers will they be able to fulfil their potential as effective models for socially oriented entrepreneurs and communities wanting to address serious social problems, and for customers and service users who want greater choice and social value.

The Structural Funds can play a crucial role, namely:

- supporting the continuing development of **impact measurement** techniques, so that more recognised social accounting standards and metrics can be used to reveal the added value of social enterprise, in comparison with conventional business;
- helping to establish European recognition of the added value of social enterprise through **marks/ brands and quality standards**;
- investing in **research** at the European level to support the development of consistent methodologies for use at the national/regional levels to provide comparable databases of the scale and characteristics of social enterprise;
- recognising the need for, and investing appropriately to ensure equal access to, **procurement and business markets** for social enterprises;
- supporting the recognition by procurement commissioners of the importance of **social value in procurement contracts**, and supporting measures to ensure the visibility of social enterprise as contributors to that goal;
- recognising the importance of vertical and horizontal **networks** for establishing the identity of social enterprise across Europe, and ensuring its visibility in European and national policies, and in European/ national policy-making fora.

5. Cluster 3: Support infrastructure

The realm of support structures for social enterprises is a complex topic. As social enterprises are addressing social issues as well as operating in the market, the ecosystem supporting them needs to be multi-faceted. Social enterprise development requires a more wide-reaching approach than that offered by conventional small business support.

As well as addressing all aspects of business development, the support infrastructure needs to stay connected with the value base of social enterprises, and with the networks through which innovative ideas circulate. For this reason it is often provided by the federal bodies representing social enterprises, usually with support from public authorities which see the excellent value for money that can be achieved by gearing up existing networking relationships.

However social enterprise support should not be divorced from the mainstream business advice system, which is usually widely accessible to intending entrepreneurs and benefits from a widespread presence on the ground. Instead, all business advisers should have the skills to give initial counselling on social enterprise, and should then be able to refer clients to specialist advisors at the appropriate stage. This is known as a '**braided**' support system.

Different elements of the support infrastructure need to be brought into play at different stages of the business life-cycle:

Stage of business life-cycle	Developing business ideas	Business planning and development	Social entrepreneurship and leadership development	Growth, scaling, replication
Start-up	Incubators & workspaces supporting innovation	Schools for skills development Advisory services	Schools for skills development Advisory services Mentoring & coaching, peer support networks	
Established social enterprise	Social R&D programmes	Capacity building Strategic skills development	Mentoring & coaching Peer support networks	Social franchising Consortia Growth Diversification Spinoffs

5.1. Policy lessons in support infrastructure

Whilst recognising the different levels of institutional, policy and social enterprise development within Europe, the main policy implications on support infrastructure are as follows:

- Governments should aim to provide a **braided system** of support for social enterprises, which comprises two strands:
  - The **mainstreaming** of competences to advise on social enterprises within the mainstream business support service, so as to guarantee the widest possible outreach
  - **Dedicated support structures** for social enterprises which have specialist knowledge and connections to social enterprise networks
- **Silos**: interministerial governance arrangements should be in place which can coordinate labour market policy, entrepreneurship policy and social policy;
- **Capacity building within the public sector**: The capacity of the mainstream business support services to deal competently with social enterprises can be built through schemes such as the Finnish cases of good practice, Enterprising Together! and Enterprise Finland.
- **Core funding**: Core funding for representative organisations of social enterprises can be extremely good value for governments in terms of penetration of policies and programmes. Core funding should come from national funds, with an ESF add-on if possible;
- **Service funding**: to fund day-to-day services, some sort of mixed financing is desirable, with affordable user fees as well as grant aid, volunteer mentoring and *pro bono* professional advice;
- **Asset-based** structures, which repurpose unused buildings, can be a useful part of local regeneration strategies;
- **Pacts**: Long-term pacts between the state and the social economy, such as that in Andalusia, bring great benefits in terms of policy co-ordination, and can also include capacity building for public officials.
- **Sustainability**: The central issue of sustainability of support structures should be addressed by supporting the transition to more pluralistic and self-funding arrangements;
- **Social innovation**: The leading role support structures play in developing social innovations to address problems of economic and social development of disadvantaged people and communities should be recognised;
- **Structural Funds**: social enterprise should be written explicitly into operational programmes, rather than being 'hidden' inside strategic themes such as employment, entrepreneurship or active inclusion.
- **Part of an ecosystem**: support organisations are only one part of the social enterprise ecosystem. A comprehensive strategy also needs to address public awareness (branding), interministerial co-ordination, finance, public procurement and networking;

5.2. Issues in support infrastructure

1. Academies for social entrepreneurship

The development of social economy schools and academies are longer-term strategies for more advanced level of infrastructure development. Both the Scottish and the Andalusian good practice cases provide very fruitful models. Their learning provision is driven from the bottom up, so that it is customised to social entrepreneurs' needs. Their curricula not only improve hard business skills and value-based know-how, but develop **leadership**.

2. Training

Typically support structures provide training and advice for core business and social development. Explicit knowledge is more easily transferred through conventional means, whilst tacit knowledge requires **mentoring/coaching**. Mentoring is useful for developing leadership and specialist roles. It is also important for supporting continual skills development as a social enterprise grows. It is important to recognise that training needs to develop consistency around standards, preferably leading to accreditation, and that good systems of evaluation, by appropriate stakeholders, need to be ensured.

3. Asset-based strategies

Asset-based strategies are generally considered to be an advanced step in the development of infrastructure. But they can form a pathway to financial sustainability, because a building not only provides space to house support services, but can generate an income. It may be possible for assets to be financed through community share issues. However **incubators** can be expensive to run given the cost of employing permanent staff. An alternative model is *coopératives d'activité* which can be considered as 'virtual' incubators (i.e. without physical premises).

4. Balancing support between start-up, growth and replication

One view is that an emphasis on **start-ups** will inevitably lead to growth, so this is a priority, and initial grants for start-ups are important in all countries. Another view is that capacity building to enter **procurement** markets is very important. Both require a focus on business aspects to support the development of sustainability (through marketing, financial control and good leadership). There are a variety of pathways to growth; these include extension or **diversification** of a social enterprise's activities, as well as **spin-offs** from public services. **Acquisitions** can work well (as in Scotland and France); and **worker takeovers** of failing businesses are a well-established model in the social economy of many countries.

Replicating a successful existing business is less risky than starting one from scratch, and this can be done through **social franchising**. But knowledge transfer models are equally important, like the *Ditto* approach of Firstport: http://www.firstport.org.uk/projects/ditto. Here, successful business models are deconstructed by support agencies, and replicated by social entrepreneurs in other localities.

5. Knowledge and innovation

Research to strengthen knowledge about social enterprise has to be **collaborative research**, and it needs to give back to the social enterprise sector. The choice of research issues also needs to be collaboratively selected and developed. University research on social economy can sometimes be rather academic; and needs to be complemented with know-how that comes from well-grounded business courses developing professional skills, and informed by social economy studies.

Social innovation is a rapidly emerging field, and evidence is needed on what models support it, or hamper its development. It is generally recognised that **cross-sector collaborations** can be effective, and so there is a need to connect academia, research centres, policy-makers, practitioners and the social economy sector. Working with established research centres can be useful, and provides a way of leveraging data, which needs to be quantitative and qualitative data on innovations, processes supporting them, and ways of replicating or scaling them up.

It is also important to strengthen **innovation leadership**, since challenges faced by society should be seen as issues for innovation by social entrepreneurs.

6. Dedicated or mainstreamed support

Support services can be operated by social enterprises and their federal bodies or by the state, and they can be specific to social enterprise or can be integrated with business support to conventional businesses. **Dedicated support structures** appeal to existing social entrepreneurs, but the alternative of embedding this support in **mainstream** provision may offer the advantage of reaching new audiences. Whichever pathway is chosen, sustainable support rests on **political stability** (but there can be stable political factors which militate against social entrepreneurship too).

The strategy of developing an independent parallel support structure requires the gradual building of structures step by step, with support from the network of social enterprises. Such structures work best if they are co-produced with support from other stakeholders particularly within the third sector/social economy, but also with other influential actors such as universities, think tanks, education and training institutions, etc. The involvement of trade unions (as in Andalusia) can be influential but is not always easy to achieve. Involving providers of important resources (such as financial bodies) is clearly a priority. A parallel support structure needs to complement the established provision, and integrate support from start-up to growth.

7. Geographical structuring of support

Localised support has the strength of responsiveness to users' needs and access to target groups, but can be too limited and so needs complementary regional/ national level support and standard-setting.

The strength of the **national** level lies in establishing legal frameworks and policies, with appropriate measures; having a helicopter vision and a strategic view; developing a social enterprise brand; and developing a national website (especially for start-up enquiries, as in Finland). Thematic specialists and regional bodies can be organised within this national framework. If these capabilities can be developed within social enterprise structures, it is clear that **core funding** for these strategic partners can be extremely good value for governments in terms of penetration of policies and programmes.

8. Coordination and partnership

In some countries, public-social enterprise collaboration works well, but this is not always the case. The sector needs to take responsibility for coordinating its side of this partnership, and governments sometimes nudge the sector to coordinate itself better. In this respect, **pacts** can be very useful (as in Andalusia). It is important that coordination builds on existing systems, and acts to draw in and coordinate different institutions, which does not always take place and may be easier in smaller countries.

Coordination can be problematic due to ministry **silos**; a major weakness is that labour/ESF ministries don't understand entrepreneurship, while business ministries don't understand socially oriented labour policy. However a focus on prominent societal issues can pressure ministries to integrate provision.

Countries which are trying to scale up the provision of support should guard against a too rapid or random growth which can result a large number of poorly developed small support organisations (as happened with Poland's first call for regional support structures).

9. Sustainable funding strategies

Funding is a complex issue because typically both social enterprises and support organisations survive on a mix of resources: sales, volunteers, donations and government funds. Also, countries face quite different funding challenges, for example support organisations in Poland and Greece mainly use ESF funding, but may draw on other government funds too; it is too early for them to start charging fees. On the other hand in Sweden, where the social economy is more developed, the support body Coompanion is funded via municipalities and regional funds (via Tillväxtverket), and often charges fees. In Scotland support derives from infrastructure funding, procurement contracts, plus lottery funds.

Government and ESF: It is beneficial to mix government and ESF finance. Government will get ownership and a stronger involvement when it contributes; indeed it is preferable if core funding is from government with ESF as additional support – the activity then has the status of a national operation, which gives stability, provided political support is maintained.

Fees including membership fees: Users may value the service more if there is a charge, and it can add a sense of co-ownership, but some may not be able to pay. This can depend on the action being supported e.g. start-ups would usually have difficulties in paying fees, but for growth actions it may be easier; similarly it may be different for different target groups. Membership fees need to be considered; and it may be possible to use a "freemium" model where some basic services are free, with more advanced services as a benefit of fee-based membership.

Mixed income model: The path to sustainability typically requires a movement towards some kind of mixed income model. But using a mix of resources leads to challenges over issues of accountability to different stakeholders: users, donors, government; as well as the appraising the mix of goals and their priorities. There are also issues managing division of staff time in relation to different resource flows.

Sectoral funds: Sectoral bodies need to generate their own funds to support activities for their users and members; but they can also attempt to strategically coordinate sources of finance outside the Structural Funds. They may also be able to use legislation regarding asset locks as a source of funding, potentially leading to the creation of a new investment fund. Also large social enterprises can play an important role in generating sectoral funds, since they can afford to pay more (Coompanion uses this approach). In Italy and France sectoral funds benefit from a compulsory contribution of 3% of profit.

Funding challenges: Structural Funds need co-financing (private/governmental) in old member states, which may add to sustainability, but this can be barrier for social enterprises and their support bodies. There is a need to exploit the possibilities of more **independent co-financing from private bodies** such as banks, business angels, philanthropic funds and lotteries, and to manage the resulting complexity.

10. Service design for social enterprises

Service design can be improved through improving **quality standards** and moving towards certification; using common **branding** of services to enhance visibility and improve transparency of access; being close to the user in a bottom-up process of service/product design; multi-stakeholder governance systems with service user participation; drawing in more experienced social entrepreneurs e.g. from larger social enterprise, as well as using sympathetic experts from conventional business; establishing mentoring and coaching systems both as a service and as a way of strengthening the sector network.

5.3. Business support – dedicated and mainstream

5.3.1. Enterprising Together! and Enterprise Finland

Finland has mainstreamed social enterprise support by integrating a project to develop cooperative advice services within the national network of business advice one stop shops.

Mainstream support – Enterprise Finland

Since 2008 Finland has used ESF support to restructure its business support services to bring them under a single brand – Enterprise Finland. This involved a wide range of departments and agencies dealing with activities such as investment, innovation, patents and tax as well as business advice. In each region the 'quintet' of main agencies are present – the ELY Centre, the TE office, Finnvera, Finpro and Tekes.

The brand was given a communication strategy, logo and website (Enterprisefinland.fi), and a manual was prepared setting out the brand strategy. Customers were segmented and the services to be provided to each segment were defined. The brand was rolled out across the country as agencies reached the required quality standard and signed a collaboration agreement. The unified service is available online, by telephone and through personal visits, and now involves 50 national and 450 regional organisations. Its website receives 1.1 million visitors a year. The programme cost €7.6 million.

The integration of these services involved training for the staff, so that each of them knew how their own work meshed with the work of the other agencies. Social enterprise was included in this integration, in the form of the Enterprising Together! project.

Specialist support – Enterprising Together!

The Enterprising Together! project (http://www.yhteistoiminta.fi/taustaa/inenglish) was supported by the ESF and ran from 2009 to 2013 with a budget of €1.28 million. It was managed by the Tampere Region Cooperative Centre, and was targeted at business advisers, not at social entrepreneurs themselves, so as to build up long-lasting and effective provision of cooperative advice in the mainstream business advice service.

A comprehensive service was offered, comprising a website and knowledge bank, a counselling model, a telephone support service, training material and events. It was accompanied by widespread publicity on the radio, on paper and online. The project reached 831 business start-up advisers all over the country, working for 325 different state, municipal and private organisations. Its legacy is that 146 of these advisers have become members of a cooperative advice network.

In the 2014-20 programming period, the Finnish ESF programme has diminished in volume and focuses on social innovation, while business support, including for social enterprises, is dealt with under the ERDF. It is now easier to combine the ESF and ERDF to add to their effectiveness.

Lessons of mainstreaming social enterprise support

- Businesses can access support services most easily when they are available under a single brand with an integrated web presence. Where a patchwork of provision already exists, this should be loosely integrated and the staff of each component of the system should know what the other components do so that they can work with them.
- Social enterprise should be included in any such integrated service, and business advisers specifically trained to advise on it. Where public awareness of social enterprise is low, a targeted initiative can pay dividends by activating potential social entrepreneurs.
- Restructuring a country's business support services is a long-term project, but can still benefit from ESF support. However funding cuts and changing priorities can bring promising initiatives to an end.
- Training mainstream business advisers to deal with social entrepreneurs may have a more sustainable impact than running a time-limited service for entrepreneurs directly.

5.3.2. The Andalusian School of Social Economy (Escuela de Economía Social)

The *Escuela de Economía Social* (Social Economy School) was established as a foundation in 2002 by CEPES-Andalucía, the representative body of the social economy in Andalusia. It is located in a restored convent in Osuna, a small town in the centre of Andalusia. It is explicitly mentioned as a priory in the third Andalusian Pact for the Social Economy.

It offers a wide variety of short courses for managers, the staff of social economy representative organisations and public officials. The two principal courses are:

- *FIDES Directivos y Directivas* (FIDES Managers) is a sort of mini-MBA targeted at senior managers in social economy enterprises. But it also accepts students from the public sector, which serves to build bonds and a partnership approach. It is delivered as a blended learning programme including 14 two-day residential units;
- *FIDES Emprende* (FIDES Start-up) is targeted at newly-established businesses and entrepreneurs with a viable business idea.

Apart from the direct learning outcomes, the training also builds collaborative structures such as consortia among social economy enterprises. In addition, the mixture of students from social enterprises and the public sector helps to build an ecosystem which is friendly to the social economy.

The training is funded largely from national/regional sources, as EU structural funding is mainly destined for existing employees.

Lessons of the Social Economy School in Andalusia

- Management education is a key part of the social enterprise ecosystem. In Andalusia, social economy policy is firmly entrenched in a neo-corporatist institutional model;
- Well-targeted training measures result from the coproduction of policy which is an outcome of an ongoing process of dialogue between the public authorities and social economy representative organisations;
- If ESF funding is to be used to support such training, the operational programmes should provide for this;
- Uses a blended learning approach, including residential sessions, helps to build business alliances;
- A mix of social economy and public sector students facilitates partnership building and a friendly ecosystem;

- Replication of the school would depend on having a partnership between the social economy and the public administration, a political consensus, direct stakeholder involvement and suitability for the local political culture.

5.3.3. Scotland's Social Enterprise Academy

The Social Enterprise Academy was founded in 2004 to fill a gap in the existing provision of training for entrepreneurs. Whilst business management skills were already well catered for, what was missing was training in the practice of leadership and social entrepreneurship. Its purpose is to invest in developing people so that they can lead change.

It enables non-academic learning styles, develops multiple intelligences such as emotional intelligence, responds to learners' needs, strengths and contexts, and prioritises personal development alongside skills and knowledge. It is accredited by the Institute of Leadership and Management (ILM) and provides qualifications based on the application of learning. Its main asset is its 'associate tutors' who are practitioners who teach through peer learning.

From 2008 onwards it used ESF support, matched with bursaries from the Scottish government, to deliver a programme in the sparsely-populated north-western region of the Highlands and Islands. Since 2011 it has been part of a consortium of third sector organisations which has won the Scottish government's contract to provide business support to the third sector. It also works with schools, colleges and universities. This ensures that its work is well integrated with other aspects of support to third sector.

The academy specialises in supporting personal growth based on strengths, self-awareness, clarity and confidence. It works by creating a safe, participative and supportive learning environment. It focuses on four areas – leadership, entrepreneurship, personal development and social impact – and uses three techniques:

- action learning – which helps learners to find solutions to the issues they face while also helping to develop them
- co-coaching – which enables participants to obtain fresh insights into their work and personal development

- peer support – which consolidates the learning experience and builds confidence

The academy is based in Edinburgh and has two regional hubs. It is replicating its model internationally through social franchising, and partner hubs are being piloted in northern England, Northern Ireland, South Africa and Australia.

Each year it works with 1,200 learners all over Scotland. It now has 18 staff and 30 practitioner and specialist associates.

Lessons of the Social Enterprise Academy in Scotland

- Training for social entrepreneurs should be part of a comprehensive ecosystem of support. Governments can ensure that support for social entrepreneurs is well coordinated by including training as part of a global contract with a consortium of specialist support organisations;
- While the existing training on offer in business management skills may be sufficient, there may be a gap concerning the capacity to lead change. This capacity is a practical not an academic one, and needs to be built on personal development and self-confidence.
- Leadership training for social entrepreneurs should be learner-centred and tailored to individual needs and circumstances. It should be based on the learner's strengths, build their self-confidence, and be based on peer learning led by experienced practitioners.
- There is gap in the market for such a leadership-based approach, and the Scottish model is being franchised across the world.

5.4. Hints on implementation in 2014-20

The three best practice cases presented as good examples of support infrastructure provided a mix of architectures of support:

- Scotland's Social Enterprise Academy is social enterprise-driven
- Andalusia's School of Social Economy is driven by social economy actors
- Finland's two support structures are very much government-driven

The choice between these depends on many factors, related to the stage of infrastructural development, and the developmental pathways taken. Many stakeholders argue that a self-owned parallel system is better, as it establishes the independence and builds the capacity of the social enterprises sector. Others argue that reorienting state provision is a more effective route to sustainable support structures, although there remain question is over the extent to which the quality and specificity of that support for social entrepreneurship can be maintained.

The Structural Funds have an important and often crucial role to play. However it is beneficial to **mix government and ESF finance**. Government will get ownership and a stronger involvement when it contributes; indeed it is preferable if core funding comes from government, with ESF as additional support – the activity then has the status of a national operation, which gives stability, provided political support is maintained. From a government perspective, some core funding to set up a structure with ESF is very good value – it promotes self-help, and it is good politics, generating a positive image. But some countries do not have government finance as matched funding, so have to rely on corporate sponsorship (CSR) and private funds and fees. It may be possible to use existing community assets, along with tax breaks such as relief from rates (local taxes).

ESF funding for regional support centres is good for capacity building but there are issues of sustainability, and time constraints due to bureaucratic procedures. When using the five European Structural and Investment (ESI) Funds and national funds, **accountability** needs to be addressed transparently.

Diversification of funding: On the other hand, in the old Member States the Structural Funds require private or governmental co-financing, which may add to sustainability, but can be barrier for social enterprises and their support bodies. There is a need to exploit the possibilities of more **independent co-financing**

from private bodies such as banks, business angels, philanthropic funds and lotteries and from third sector funding like mutual funds. More diversified funding can be complex to manage, although it does have the advantage of being more resilient to policy changes.

Innovation: A key route to addressing these challenges is continual innovation and the development of good products and services which can attract financial support and also fits better into a procurement framework. Funding should be flexible, to allow and support innovation.

6. Cluster 4: Growth and development

6.1. Policy lessons in growth and development

Historically, much policy interest in social enterprises has focused on the start-up of new businesses in order to address the problems of unemployment and exclusion. Employee buyouts by worker co-operatives have also been a vehicle for avoiding the closure of businesses when their owners retire with no successor – in such cases it is the employees who stand to realise the greatest benefit from staving off redundancy, and owners often prefer to see their businesses continue in safe and practiced hands. More recently, social enterprise have been seen as a solution for public services which are under stress from rising demand coinciding with reduced budgets imposed by fiscal austerity. In such circumstances social enterprise is seen as way of introducing entrepreneurial attitudes and innovative service delivery methods. New social enterprises can thus come into being as new starts, through the takeover or conversion of existing businesses or spin-outs from the public sector.

Social enterprises employ more people than private firms on average, and have also proved more resilient to downsizing in the current economic crisis. Their growth and development is thus a matter of public interest as well as in the interest of the enterprises and their members. However their growth dynamics have some specific features. While some employ thousands of people, in general social enterprises prefer to stay at the human scale, and to grow through replication, that is by spawning new sister enterprises to exploit new business opportunities. The fact that they are generally organised into networks that share values, operating methods and information assists this process.

Strategic partnerships

Public policy to boost the growth of social enterprises should thus support those networks, consortia and support organisations which perform this organising function. A number of governments have seen the advantage of forming strategic partnerships with the representative bodies of the social enterprise sector, through which they can jointly promote growth. Such partnerships offer an effective channel for two-way communication of priorities and constraints which greatly increases the take-up of government policies and programmes.

Training

Building some of the skills needed for growth – for instance marketing, financial management, exporting and information technology – can be done through relatively conventional training. Similarly, support for investments in premises, plant and machinery can be assessed using generic business criteria. Other competences, such as leadership skills, are best acquired through sector-specific training institutions such as social economy schools and academies, which can give more scope to peer learning and mentoring by experienced practitioners.

Public procurement

Because of their value base and roots in citizen movements, social enterprises have long worked with public authorities to deliver high-quality social services, but there is considerable scope for increasing the share of public spending which goes to social enterprises. The 2014 revision of the EU's public procurement directive emphasises the possibilities that public authorities have to kill two birds with one stone by selecting contractors on the basic of the social benefits they create, and the UK's 2012 Social Value Act goes a step further in this direction. To maximise the outcomes of this opportunity, governments need to transpose the new broader purchasing methods into national law, and public authorities generally should support training for procurement officials and capacity-building for social enterprises. This capacity concerns not only skills, but the achievement of efficiencies of scale through the formation of consortia. Private companies also need to be made aware of the win-win possibilities of cooperating with social enterprises

Social franchising and consortia

Consortia are secondary co-operatives which can represent their members in bidding for large contracts, and then organise delivery by dividing the workload among their constituent co-operatives. They are one good way of expanding markets for social enterprises, and social franchising is another. This is a technique through which an existing successful business is used as the model for new sister businesses in other locations. Is above all a process of the transfer of know-how and values. Public support is very valuable for this process, particularly in the intermediate stage of codifying the success factors of the original business and providing an operating manual and quality standards.

6.2. Issues in growth and development

1. Social clauses in procurement

The argument needs to be made for the widespread use of social clauses to bring the weight of public purchasing to bear on social problems. The ESF could support work on this, and the EU presidency could put social value and the social economy on the EU agenda.

Training is needed so that commissioners in the public sector know how to use public procurement to benefit local communities. The use of social clauses is not about protectionism, but rather about commissioners using the freedom they have to choose the right market processes to achieve the best results for the populations they serve. Innovation is called for, and although good examples and guidelines exist there is no standard model.

In private business, there is also a trend to embed sustainability as a core business value instead of an afterthought added for marketing purposes. Private companies must be made aware of the win-win possibilities of cooperating with social enterprises. The ESF can be helpful in getting the message out, educating and informing people.

2. Tender readiness

To put social enterprises in a position to compete with private companies in public procurement, procurement officials should ensure that social clauses in tenders are clear and transparent.

For their part, social enterprises need to make the social value they bring part of their communication strategies, and be ready to demonstrate this when they bid. They can benefit from training in tender readiness, which can include meetings between procurement officials and social enterprises to discuss the impacts the commissioners wish to achieve, the new solutions that might be possible, and the sort of tenders that might be appropriate.

As a next step, social enterprises can be supported to come together to form **consortia** – the ESF can play a role in helping them to learn from good practice.

3. Consortia

If relatively small enterprises are to win large contracts, they must collaborate, and consortia are a way to structure collaboration and to avoid competition. Consortia generally have a positive impact on the business model of social enterprises and co-operatives, by organising the workload which their member co-operatives deliver, and by helping them reach sufficient critical mass to access larger contracts and wider markets. By joining forces to share the different tasks within a major contract, they increase their productivity. There are good examples of this from several countries, such as Scotland (collaboration in networks) and the UK and Sweden where groups of social enterprises get together to reduce costs. Beside this 'cost-reducing' function, in the Italian experience consortia have developed a much wider role which has made them true general contractors for their members. This role has proven to be a key to social enterprise growth in Italy. However it should be borne in mind that the process of consortium building in Italy has taken a long time and was not without conflict. An important part of reducing the risk of conflict is to give consortia clear mandate to act on behalf of their members.

4. Replication

Replicating a successful existing business is less risky than starting a new business from scratch, and social franchising applies this widely-practiced business method to solving social problems. It is essentially a matter of transferring knowledge and methods. Social franchising also reduces the cost and time of starting a business. It can be done in many ways and financed by several support systems, amongst them the ESF. There are experiences of replication from other countries to use and develop, thus bringing innovation.

In social enterprises, the know-how transfer process need to include not only the business processes, but the values that underlie them. It should therefore be delivered by people and organisations that have the right competences for this, rather than necessarily by the founders of the original enterprise.

5. A sectoral approach to new markets

The main markets in which social enterprises operate, such as retailing and health and social care, are quite similar on the international scale. But there are opportunities in different countries into which social enterprise could expand. Examples are tourism in Spain, culture and agriculture in Italy, services rather than products in Hungary, health and elderly care in Scotland, tourism and attractiveness in Sweden. Acting as a sector, social enterprise could achieve higher visibility and thus viability. There may also be opportunities in sectors which private companies reject or do not find profitable.

6. Growth or quality?

The quest for growth often focuses on finding new markets, but for social enterprises with an established business, it may be more rewarding to strive to innovate so as to improve quality, and thus deepen the existing market.

6.3. Five paths to growth

6.3.1. Consortia – support growing enterprises in Italy

Social co-ops are the most dynamic part of the third sector: in 2011 they made up around 4% of organisations within the non-profit sector but employed more than 50% of workers within the sector. While the non-profit sector grew by 28% between 2001 and 2011, social co-operatives grew by 98% within the same period. Nevertheless, as SMEs working mainly in low-value-added sectors, they suffer from competitive weaknesses. Consortia are part of an ecosystem of various types of support structure, both political and economic. They enable their member co-operatives, by working together, to achieve scale and offer a broader range of services, without significantly increasing their operational costs.

Cooperative consortia are second-level co-operatives, which can be founded by at least three primary co-operatives with a minimum capital of only €516. They grew up essentially as a reaction to the disinterest of the mainstream economy. They may combine co-operatives that are in the same line of work, as well as those that carry out complementary activities.

In 2005 there were 284 consortia, spread across Italy but with a concentration in the north-west of the country. In Lombardy particularly, their number is growing fast: from 22 to 70 between 1998 and 2012.

Consortia are very flexible, carrying out a wide range of activities, both representational and technical, and fall into two broad categories, 'light' and 'heavy'. Their principal technical role is to bid for public and private contracts on behalf of their members. They are able to do this because in legal and accounting terms they are able to manage contracts and divide the work among their member co-operatives, and to account for their members' expenditure as if it was their own, and not as if they were subcontractors. By coping with the paperwork, consortia also enable their member co-operatives to access new sources of funding such as the European Social Fund.

Consortia provide public authorities with a single point of contact through which they can conduct a dialogue with the local social cooperative sector.

Consortia have played a major role in enabling social co-operatives, which are relatively small in scale, to grow and to compete in larger markets. However there are other 'lighter' collaboration tools, such as network contacts, which have their own advantages.

Lessons of consortia in Italy

- Flexible structures for collaboration are a major asset to small and medium-sized enterprises. Consortia exist within a broader context of collaboration for both political and economic ends.
- Social co-operatives are relatively small, and so gain a significant advantage from working with other social co-operatives to access larger markets and improve their opportunities and competences.
- Though there is no specific tax exemption for consortia, specific legal and fiscal rules can make a lot of difference to the effectiveness of collaboration structures. For instance the ability of a consortium to act as a general contractor for its members, managing contracts on their behalf, is a major factor on social co-operatives' being able to compete in larger markets.
- The administrative skills that consortia possess have also enabled social co-operatives to absorb European funding.
- The consortium is not the only model of commercial collaboration. Social co-operatives that wish to collaborate with capitalist businesses or on a wide geographic scale may prefer to use other tools such as the network contract.

6.3.2. Building consortia – Steps to Success (UK)

Steps to Success was an ESF-supported project to develop social enterprises in Merseyside in North West England. It ran from 2009-2012 with a budget of €2.3 million.

Over the four years, the project supported 636 people who were unemployed, inactive in the labour market or at risk of redundancy, according to a five-step model. 113 of these secured employment and 41 social enterprises were created. 217 existing social enterprises were supported to explore opportunities for diversification and growth.

The project laid great emphasis on building a sustainable support structure for social enterprises, by creating a consortium (Big Enterprise in Communities – BEiC) whose members provide complementary services and refer clients between them so that their needs are met most appropriately. This consortium went on to gain follow-up funding. A network of mentors was also set up.

Other structural impacts of the project were to form consortia of social enterprises to bid for public sector contracts, and to support social enterprises to take on social franchises, including transnational ones. In order to increase social enterprises' capacity to bid for larger contract, the project also worked on financial diversification, and has since set up a €2.5m Local Impact Fund.

Lessons of consortium-building in the UK

- By making use of complementary strengths, the creation of consortia of regional social enterprise support organisations can increase the quality of the support they can provide;
- Bespoke support for social enterprises is needed because existing provision often lacks the necessary range of expertise and understanding, in particular on legal structures, governance, the target market, consortia, policy and finance;
- The simplistic numerical outputs according to which ERDF funding is measured (jobs and turnover) are insufficient to evaluate the outcomes of support to social enterprises;
- ESF funding is more appropriate for 'wraparound' support for social enterprises, but regimented national schemes leave little room for bespoke local programmes;
- Public sector spin-outs offer opportunities to social enterprises, but the payment by results system means that to do this they need working capital. Local impact funds will address this issue.

6.3.3. Macken – Integrating migrants through social franchising (Sweden)

Macken started life in 2004 as a recycling business in Växjö, a town in southern Sweden with a foreign-born population of 14%, over half of whom are unemployed. One of the barriers to the integration of migrants is their lack of fluency in Swedish.

Macken therefore had the idea of offering practice-oriented language training to its workers. It contacted the National Centre for Swedish as a Second Language, which referred them to a Danish model of practice-based language learning. Macken developed a methodology, and the municipal council agreed to purchase trainee places in its 'language workshops'. Macken has since opened an enterprise centre, a business school and an agricultural college.

To provide jobs for its trainees, Macken first opened a bicycle workshop, and has since expanded into furniture, electronics and textiles. It has its own shops, a café and a building services business.

Numerous other local authorities showed interest in Macken's experience, and with support from Explosion, an ESF project managed by Coompanion in Göteborg, it developed a social franchising model. The first franchise opened in Högsby in August 2013 and the second, in Karlskrona, is under development. It is of particular interest to municipalities whose population is declining and who wish to encourage immigration in order to maintain services. In Högsby, the municipality is realising an expenditure saving of some €12,000 in respect of each new job created in the Macken social franchise.[13]

Lessons of social franchising

- Business replication through social franchising is a successful technique which is working well both nationally and transnationally.
- Social enterprises can create viable businesses in new niches by combining different sources of revenue. Macken does this by combining sales revenue with contract income from language teaching for immigrants;
- The cooperative form creates inclusion not just by providing employment, but also through its participative management structure;
- Social franchises develop in three phases: the initial pilot enterprise, the development of the model and tools for replication, and then the launch of new franchised businesses. It is the second phase that is often the bottleneck, given its riskiness;
- Social franchises lower the threshold for starting a new business. Supporting the start-up of a social franchisee can be a cost-effective way for a municipality to create employment and thus save expenditure on benefits. The credibility of an existing successful social enterprise lowers the risk for an inexperienced local authority;
- However successful social enterprises may be so taken up with day-to-day management that they lack the spare management capacity to develop a replicable model. Therefore eternal assistance may be justified to develop a social franchise with potential;
- In the case of a social franchise selling to the local authority, a necessary preliminary step is to build a partnership with that authority. Networking among local author staff is a strong supportive factor.

6.3.4. Guidelines for social clauses in public procurement (Belgium)

In a climate of restricted public appending, there is much that governments can do to improve the effectiveness of their existing spending. In the EU, public expenditure on goods, works and services. makes up 15% of GDP, totalling some €2,000 billion a year. Through socially responsible public procurement (SRPP), governments can use the way they purchase goods and services to further many different policy goals.

The reformed EU public procurement directives that were adopted in February 2014 are currently being implemented by the Member States. They make it clear that public authorities have considerable scope for using public procurement to benefit their citizens. The *Buying Green* and *Buying Social* guides explain how this can be done. However one barrier in the way of faster uptake of these suggestions is the lack of practical guidance on how to procure more effectively.

In Belgium, responsibility for the social economy policy is divided between the state and the regions. Over ten years ago its Federal Public Planning Service for Social Integration, the Fight against Poverty and Social Economy established a permanent Working Group on Social Economy, through which it dialogues with the organisations representing social enterprises. It was in this committee that the idea of publishing a guide to how to use social clauses was raised. The planning office agreed to support the project financially with a budget of €65,000, which allowed experts to be employed to ensure a high-quality result.

The guide was published in 2013 and is to be followed up with promotional and training activities.

[13] Olofsson, P. and Bartilsson, S. (2014) *Macken – social franchising practised to create jobs and language skills for unemployed immigrants.* See http://socialeconomy.pl/node/157

Lessons on guidelines for social clauses

- The best results in developing policy for the social economy will be obtained when public authorities develop proposals in partnership with representative organisations of the sector;
- In developing high-quality practical tools it is effective to bring in expert organisations and experts from the social enterprise field who have extensive contacts and are familiar with the needs on the ground;
- The publishing of a guide is only one step in a broader process. It should be followed up by promotional campaigns, seminars and training for public officials and social enterprises in how to use it productively;
- Collaboration on a concrete project such as this guide is itself part of building a partnership approach in developing policy for social enterprise, which can lead to further collaboration;
- The guide serves as a good promotional tool using which social enterprises can approach public authorities with offers of collaboration.

6.3.5. The Public Services (Social Value) Act (UK)

Social enterprises have long argued for social value to be taken into account in public procurement. The advantages of such an approach were recognised in the UK's Public Services (Social Value) Act, which came into force at the beginning of 2013. It states that commissioners must consider how to improve the economic, social and environmental well-being of the area served by them through procurement. It covers public service contracts (including those with a works or goods element) and frameworks for such contracts, applies to the pre-procurement stage of the commissioning process, requires commissioners to consider whether to undertake consultation, and provides an exception in genuinely urgent situations.

It applies to all public service contracts over EU thresholds (134,000 for central government and €207,000 for other public bodies) tendered by all English and some Welsh bodies including local authorities, government departments, National Health Service Trusts, primary care trusts (PCTs), fire and rescue services, and housing associations.

Several local authorities have taken initiatives, and a number of private sector companies have also published papers showing how they contribute to social value.

Lessons on legislation for obtaining social value in procurement

Public authorities can prepare for social value commissioning by:

- establishing a policy that sets out the criteria to be applied
- considering how they should commission services
- taking both the specification and the procurement process into account
- engaging with the market before going out to tender
- building in performance measurement mechanisms
- learning from the performance of the contract

They can also learn from the initiatives that several public authorities have already taken, such as:

- setting up a social value task force (Liverpool)
- adopting a social value charter for suppliers (Birmingham)
- publishing a toolkit for commissioners (Croydon)

6.4. Hints on implementation in 2014-20

To enable growth for a sustainable development of social economy sector, the Structural Funds can play a supportive role in different ways, keeping in mind that their role is to create an enabling environment for the growth of social economy enterprises that should be sustainable and economically viable in the long term.

Promoting social value: The European Social Fund can be helpful in **promoting social value in public procurement** through capacity building and "education for action".

Social franchising and consortia: The ESF can make long-term funding of social franchising models possible, to strengthen development and growth processes. As always, the financing of the development phase is crucial. The ESF could finance the development phase by giving successful social enterprises financial support to take initial steps in the replication process. Normally, the initial phase takes place more on the local or regional level rather than the national and European level. Here pilot projects on business start-ups on a national scale are a possible operation. Methods of training should involve commissioners, local authorities and social enterprises with the aim of reaching joint solutions and understanding. Like social franchising, the **consortium** model can be financed in order to share good practices and learn from good examples. The consortia can be scaled up.

Research partnerships: The European Regional Development Fund (ERDF) offers several possibilities to finance the creation of partnerships between research institutions, regional public actors and the third sector. Training and expansion strategies can be financed.

An obstacle can be the definition of enterprise regarding number of employees, turnover etc.

CLLD: The establishment of community-led local development (CLLD) can help to develop the social economy and local communities.

Capacity building: The ESF should support efforts to enhance demand, supply and financing for capacity building to strengthen the development of social enterprises. It should take into account that the stages mentioned are interlinked and that capacity building is a long-term process. Regardless of the method, cooperation between social economy actors and with other sectors should be promoted and financed. Capacity building without cooperation cannot lead to sustainable support infrastructure.

Financial models: The ESF should learn about appropriate models for financing from different countries, to use them in a more effective way. It should finance the translation of materials and network building.

Market studies: Funding from ESF or ERDF could support mapping of different market opportunities and trends such as recycling, the green sector etc, especially the so-called green restructuring that is one of the main priorities of the Europe 2020 strategy.

7. Cluster 5: Financial ecosystem

7.1. Policy lessons on financing social enterprises

- Financial instruments to support social enterprises should **combine different types of financing**, so that they are appropriate for all stages of the business life cycle. They should combine grants (for start-ups) with loans for established businesses. they might include equity and guarantee instruments
- They size of the funds can be increased by **matching** Structural Fund contributions with money from co-operative or ethical banks, impact investors, philanthropic trusts and corporate social responsibility funds.
- Instruments implemented cannot just be reproduced or copied from previous experiences. A **tailor-made** approach is required;
- The operational management of funds should be organised and located as **close as possible to the field**. Public authorities that are not confident to manage loans should seek out social finance institutions as partners;
- However it is not necessary to set up a separate fund in each local area. So long as there is a partner with local knowledge, a fund can be based elsewhere. National funds should have regional access points;
- During the test phase of a new financial programme, the administrative and structural processes should be **flexible** and adjustable;
- **Capacity building** should be promoted for all stakeholders (managing authorities, local authorities, financial institutions and intermediaries, social enterprises);
- There is significant scope for **transnational collaboration** in social finance – perhaps supported by the new EaSI programme;
- Social enterprises should not be afraid of **social impact measurement**, so long as it is well-designed, proportionate and uses qualitative criteria;
- An often overlooked source of finance is local citizens, who are often keen to invest in social and environmental projects through **crowdfunding**.

7.2. Issues in financing social enterprises

1. Social enterprises are a wise investment

Public investment in social enterprises represents not an expense but a saving, as they typically generate a very positive social return on investment. On top of the economic value added they create, they also lead to significant savings in unemployment and social benefits, law enforcement and health budgets.[14] They are also on average less risky than conventional businesses.

[14] http://ec.europa.eu/employment_social/equal_consolidated/data/document/Value%20for%20money%20from%20social%20firms.pdf, http://www.vagenut.coop/wp-content/uploads/2012/11/Sammanfattning_eng.pdf

2. There is finance gap

A study carried out for the Polish ESF Department showed that about half of Poland's 2,500 non-governmental organisations (with turnovers above €2,500), co-operatives and social enterprises have held back on investments because they could not raise funds – the average gap being €27,000. However they are averse to borrowing – it is only the top 10% of larger, older organisations that take out loans. At the same time financial institutions are not interested in this sector. Banks and clients live in two separate worlds – there is a market failure. The investment that has not happened totals somewhere between €12m and €160m.

3. Design a package of services

It is often repeated that "everyone prefers grants", but for the best rate of success, different types of finance and consultancy support should always be combined. Certainly for most associations opening up an enterprise activity, grant finance is necessary in the start-up phase. However long-term reliance on grants can be self-deluding.
Taking a loan demands hard-headed thinking and discipline in researching, compiling and then implementing a business plan. This different mindset is crucial to business success.

4. The Structural Funds can support a range of different financial instruments

- **Start-up grants**

The Czech Republic used the ESF and ERDF to launch two parallel grant schemes for start-up social enterprises.

There are several lessons to be learnt. The two separate schemes had the same eligibility criteria for social enterprises but had different rules, and their coordination worked for only part of the implementation period and gradually dissolved. It was difficult to maintain the coordinated process when the schemes were administered by different managing authorities. The business plans were evaluated alongside the grant application but the official evaluation criteria were the same for the whole operational programme and did not fit the needs of social enterprises. It was difficult to manage one entrepreneurial grant scheme in the operational programme that was very different from the rest of the programme, and not everything fitted in the administration as needed.

Despite these teething troubles, the scheme went on to allocate €20m of grants to 157 enterprises, which has resulted in the creation of 827 jobs at an average cost of €22,000. For 2014-2020 an enlarged scheme is on the stocks.

- **Loans**

The Polish financial institution **TISE** was originally set up in 1991, and in 2008 was taken over by the French co-operative bank Crédit Coopératif. It manages €32m in assets, and has loans outstanding to 320 social enterprises in Poland, Hungary, Romania, Slovakia and Slovenia.

It has won all five of the regional tenders to administer a €6.2m pilot loan fund for social enterprises being set up by the public Bank Gospodarstwa Krajowego (**BGK**). Its targets are to make 251 loans by 2015, to deliver 4,000 hours of advice, and thus to create over 50 jobs. The maximum loan is of €25,000. Things are going well: so far, it has made 115 loans, and used up 40% of its fund.

There are interesting possibility for international co-operation between TISE and social finance organisations in neighbouring countries.

CoopEst is a fund for the development of co-operatives in central and eastern Europe, which was created in 2006 and has €40m in assets. Supported by the EIF, it makes long-term loans and currently has 40 borrowers in 10 countries – many of them in microfinance. For many of CoopEst's clients, grants and loans are complementary: their equity comes from grants, and their working capital from loans.

- **Working capital**

Lombardy is running a unique and innovative **JEREMIE ESF** scheme, which matches ESF funds with private capital to make loans to co-operative members, which they invest in the shares of their co-operative, thus building up their working capital. The scheme has invested €31m in 7,800 people (4,000 of whom are disadvantaged) belonging to 507 co-operatives.

5. Programming the Structural Funds

An example of this multi-strand financial package is to be found in Poland's ESF and ERDF operational programmes for the 2014-20 period. They resolve the finance gap revealed by the research study. The proposed menu of tools is:

For start-ups:	grants + supplementary loans (ESF)
For businesses over 1 year old:	loans (ESF)
For investments with a high social impact:	grants (ERDF) – e.g. up to €375,000 over 7 years at 2.75% interest
For job creation:	a hybrid instrument – e.g. a loan of €7,500 over 4 years per job created

The scheme will be nationally managed, but with regional intermediaries which can offer high-quality advice. Guarantees and equity investment will also be considered.

6. There are new sources of finance

- **Pension savings**

The newly-introduced French scheme of ***épargne salariale solidaire***, under which pension funds that invest between 5% and 10% of their assets in the social economy can brand themselves as solidarity funds. This scheme effortlessly raises €160m a year.

- **Mutual funds**

In some – but not all – countries, mature social enterprises are perfectly capable of financing their own expansion. Italy's movement has established several mutual funds to do this. One of them is **Coopfond**, set up in 1992 by the country's largest co-op federation, Legacoop. For fundraising, it relies on a legally mandated 3% share of profits which all co-ops must pay.

As the Lega has 11,000 members with a combined turnover of €55 bn, this brings in €21m a year. The fund currently stands at €430m. It invests equity and loans in new and expanding co-operatives as a form of 'external solidarity'. Over the last two decades it has invested €420m in 537 co-operatives, which have created 800 jobs. Coopfond is more flexible than public funds, and can also make small grants.

Crédal, a co-operative of 2,000 members that operates a €25m fund in Wallonia and Brussels, makes 1,000 loans a year, of several different types – 80% social economy and 20% microfinance.

- **Social impact bonds**

Social impact bonds (SIBs) are mechanisms which bring new sources of finance to bear on social problems, by offering them a share of the saving which the public sector will make through a successful innovation. They transfer the risk to the private sector, as they pay out only if certain carefully-defined targets are met. They typically use voluntary organisations and social enterprises are typically involved as the principal deliverers of the innovation. They are being used to address problems such as homelessness, care and reoffending, where large public savings stand to be made.

For example the world's first SIB, at Peterborough Prison in the UK, has seen a number of funds investing £5m (€6m) in a consortium of voluntary organisations, who aim to reduce the number of prisoners who reoffend. If they succeed in cutting reoffending by 7.5%, then the investors will be paid a return which could go as high as 13% a year. Over the five-year term of the bond, this would mean they make an 84% gain. The government calculates that it would save much more than this by having to look after fewer prisoners.

With several dozen SIBs now under way in several countries, they are still in the experimental phase. They can only be used under certain circumstances: where there is good enough data over a long enough period to understand the problem and the options for innovation, and to track the impacts accurately; and where the partners trust each other.

7. Impact measurement

The idea of measuring impact arouses doubts and suspicions, particularly among social enterprise which fear it as an imposition which is not required of conventional firms. To some extent it has been discredited by the experience of the SROI (social return on investment) tool, which many feel to be over-elaborate and heavy on consultancy time. However impact measurement is the necessary counterpart to preferential treatment by government. For use by EaSI and EuSEFs, the GECES working group on impact measurement is proposing a workable, proportionate and flexible system, based on indicators that are chosen by the enterprise to reflect its own objectives.

7.3. Four financial schemes: grants, loans, equity and social impact bonds

7.3.1. Global grants in the Czech Republic

In the 2007-2013 Structural Funds programming period, the Czech Republic established two global grant schemes:

- The **Social economy global grant**, funded by the ESF, supported the creation and growth of social enterprises which would integrate disadvantaged people into the labour market;
- The **Investment support for the social economy global grant**, funded by the ERDF, supported investment in new businesses that would create an income for their founders as well as local employment.

Their objectives were at three logically related levels: to include disadvantaged people in the labour, by establishing and developing social enterprises – and also to find a suitable social enterprise model for the Czech Republic. While the first two objectives were achieved, the third was not since the scheme financed only work integration social enterprises.

The schemes ran from 2009 until 2013. €15.8 was disbursed under the ESF programme and €5.6m under the ERDF programme. The impact was that 157 work integration social enterprises and 827 jobs for disadvantaged people were created, at a cost per job of €22,447. The estimated saving to the public purse is €6.5 million. Three-quarters of the enterprises supported are sustainable after the end of the grant support.[15]

The administration of the two schemes was not without its problems. The original idea had been to operate a global grant with an integrated approach and a different application procedure. However in the event two parallel calls for proposals were issued, and each was administered separately, according to different rules, though with some coordination between the two ministries involved, and with consultation with social enterprises.

The rate of applications was slow at first, but slowly grew after the rules were amended (some were relaxed, some were strengthened). A particular problem was that the standard ESF evaluation form did not allow for business plans to be properly evaluated. The success rate of applications was quite low (around 16%) even after amendment and resubmission.

Lessons of global grants

- Financial support for new social enterprises should be accompanied by business support. This would best be provided through a support structure with regional branches.

- The conventional ESF evaluation procedures need to be adapted when supporting social enterprise. For instance rules that disincentivise profit-making (for instance by clawing back any profits made) should be amended, and evaluation procedures should be adapted to enable business plans to be properly assessed. The key success factors are experience of entrepreneur¬ship and a good business plan Future schemes should place more stress on evaluating economic viability and less on social impact.

- Inappropriate types of support can damage the reputation of social enterprise, by supporting weak and unsustainable projects

- Two factors impeding state support for social enterprise development are a lack of cooperation within and between ministries and the lack of a definition of social enterprise which would justify state support. A department with specific responsibility for social enterprise policy should be established.

7.3.2. ESFund/TISE – pilot programme to finance social economy organisations in Poland

ESFund is a pilot loan fund established to remedy the scarce availability of loan finance for social enterprises in Poland. It is the first loan fund for the social economy with national coverage. The design of the scheme started in 2010, and the funding agreement was signed in 2012. Loans will be granted until 2015 and repayments finish in 2020. The target is to make 251 loans of a total value of €6.2 million.

It was financed from the European Social Fund, with a budget of €7.5 million at an 85% intervention rate, under the *Human Capital Operational Programme* 2007-2013, under changes introduced at the time of the mid-term review.

To manage the fund, the Ministry of Labour and Social Policy entrusted it to the state-owned Bank Gospodarstwa Krajowego (BGK). BGK divided the country into five 'macro-regions' and, on the basis of the number of NGOs in each, allocated the fund between them. It issued a call for tenders for the management of the five regional funds, which was won by TISE in all five macro-regions

TISE launched the fund in 2013 under the brand name *ESFund*, working with organisations in the regions to support clients. Free advice is offered along with each loan, and two-thirds of clients intend to take up this offer.

Loans are available up to €25,000 and for a period of five years, with a grace period of up to six months. The

[15] Cadil J., TESSEA (2011) *The Analysis of the Cost to Public Budgets of a Median Unemployed Person*. Prague, Unicorn College. See http://socialeconomy.pl/node/132

costs are very low, with an interest rate typically being 0.69% (as against 9.5% for TISE's normal loans) and with no additional fees. The purpose of the loans must be business development for income or employment growth. Beneficiaries must be micro or small enterprises with an appropriate legal form which have been trading for at least a year – the fund does not finance start-ups.

In the first 10 months TISE made 83 loans totalling €1.8m, which have supported or created 114 jobs. However no social impact measurement is carried out.

Clients overwhelmingly appreciated the low cost of the loans and the service provided by TISE. However there was regret that fund was not available to unincorporated bodies, that the loan ceiling was as low as €25,000, and money is only available for investment and not for working capital.

The pilot loan scheme also had a capacity building effect just by its very existence: it obliged social enterprises to think carefully about their finances and to prepare financial projections, and it taught them how to deal with financial institutions – which was a new experience for many of them.

Lessons of a national loan funds

- A pilot loan fund can provide valuable government with information on the needs and capacity of the target borrowers;
- In an undeveloped loan market, most target clients do not have the skills need to prepare financial forecasts and write a funding bid, and require a high level of support to do this;
- Lending criteria may need to be adjusted as experience is accumulated – for instance regarding eligible organisations, the loan ceiling and the purposes for which loans may be used;
- The rigidity imposed by tender procedures limits the scope for flexibility in implementation.

7.3.3. REVES financial programme: Mikrofonden Väst, Göteborg

REVES, the European Network of Cities and Regions for the Social Economy, is a network of public authorities and social economy representative bodies in some 50 regions of Europe. It conceived the **REVES Financial Programme** in 2011, in response to its members' long-standing need for better access to finance for social enterprises.

The programme is based on a partnership with the European-level ethical investors SEFEA (Société Européenne de Finance Ethique et Alternative) and SOFICATRA. It aims to:

- attract ethical financiers to the most promising territories, in terms of social economy development
- trigger local unused or underused resources
- generate a stable system of matching for public funding for social economy and social enterprise, of local or EU origins

REVES has developed a seven-step methodology for setting up local social economy funds:

1. A REVES member identifies a need in its territory
2. REVES identifies the most appropriate financial partners and products
3. Territorial due diligence is carried out
4. The competences of the local intermediary body are verified
5. A memorandum of understanding is prepared detailing the products, the management system and the relationships between the partners
6. An operational programme is drawn up, defining funding criteria and risk allocation
7. The fund is launched

A single loan fund designed for and adapted to the needs of the social economy acts as a one-stop-shop and makes it easier for social enterprises to find a source of finance. It also facilitates the private matching of public funds such as those released under the ESF and EaSI. The REVES Financial Programme could have a function of ready-to-use match funding for any revolving instrument built in the framework of an ESF

national programme. This would make it easier to create and manage such funds.

The first European region to make use of REVES Financial programme is Västra Götaland in Sweden, which includes the city of Göteborg. Here, a strong partnership between the county and city authorities and the social economy exists in the form of a consultative council which developed an action plan for the sector's development. Following the rapid growth of the social economy locally, in 2012 the City of Göteborg and the sector agreed a compact, which led to the City investing €1.1 million to support the social economy.

The bulk of the investment is managed by **Mikrofonden Väst**, which grew out of a mutual guarantee association that had been established in 2005, and has grown to comprise 48 members and a capital of €143,000. The REVES Financial Programme enables this to be geared up through access to European ethical investment funds.

The programme ensures that clients of the fund also have access to business support, provided by the regional branches of the support network Coompanion.

There are plans to start similar funds in five other Swedish regions.

Lessons of regional financial instruments

- Historically support for social enterprises has come largely from public sources, using relatively unsophisticated financial instruments. This has led to a low capacity among social enterprises to access private finance, and a low level of interest from financial institutions in developing appropriate products;
- Partnerships between local authorities, social economy organisations and ethical finance providers are a win-win game, from which all partners gain: the financial partners gain easy access to potential clients, and local territories gain more resources and a better partnership between public and private funders. The initiative is also a showcase to EU and national authorities for the more efficient use of public funding;
- The partners make complementary contributions: local authorities provide finance, EU-level ethical and alternative banks gear up this finance and provide know-how, REVES makes connections and provides a political guarantee, and local social economy support organisations provide business support;
- The design of a joint fund must include safeguards to preserve each partner's control over the use of its funds;
- It is important to work on both the supply and demand sides, by both making suitably designed financial products available, and by building the capacity of social enterprises to use them. This capacity can be built into a financial institution through partnership with local social economy support organisations.

7.3.4. Social Impact Bond at Peterborough prison (UK)

Social impact bonds are contracts between a public authority and investors, which reward the investors if certain social outcomes are achieved. They thus allow investors to team up with voluntary organisations and social enterprises to implement innovations, and then to share in the financial savings that result. If they do not achieve the results, they are not paid.

The UK Ministry of Justice, the Big Lottery Fund and Social Finance launched the world's first Social Impact Bond (SIB) in September 2010 to finance the One* Service intervention to reduce reoffending by 3,000 short-sentenced male prisoners leaving Peterborough prison.

To put the bond together, Social Finance raised €7.8 million from 17 investors. The specified outcome is that the reoffending rate of prisoners who have served sentences of up to one year should fall by 10% within the first year after release for any cohort, or by 7.5% overall. If this outcome is exceeded, the investors will be paid a proportionate return of up to 13% a year over an eight-year period. This payment, which is made by the Big Lottery Fund on behalf of the Ministry of Justice, is estimated at half the saving made to the public purse.[16]

[16] Kanani D., Messere P., Bye J., Roche M. & Symons T. (2014) *HMP Peterborough Social Impact Bond*. See: http://socialeconomy.pl/node/144

Work with the prisoners is carried out by a consortium of third sector organisations led by the St Giles Trust, and outcomes are assessed by an independent assessor.

Lessons of social impact bonds

- Social impact bonds are an important innovation in the financing of innovations in social programmes;
- They can enable public authorities to introduce innovations to tackle stubborn social problems, without taking a financial risk;
- They enable specialist organisations, often voluntary organisations and social enterprises, to access new sources of finance;
- By focusing on results, they enable the organisations delivering the service to act flexibly to solve problems;
- Initial results from the world's first SIB, at Peterborough prison in the UK, are encouraging, and have provoked a lot of interest in the UK and abroad;
- A final assessment of the bond's success depends on detailed outcomes data becoming available.

7.4. Hints on implementation in 2014-20

Public funding has played a major role in the creation and development of social enterprises. However the historical model of tackling social issues mainly using public budgets is in crisis. Every entrepreneur who wants to develop their activity has inevitably to consider **new financial options** – either philanthropic resources or refundable ones. This makes the discussion whether social enterprises should choose loans or subsidies pointless. What matters is to prepare social enterprises for this revolution of thinking. Today's paradigm is to build up the market structure and support the creation of a complete '**funding chain**' for social enterprises.

The role of the Structural Funds is nevertheless crucial, as they can support different financial tools. Their programmes should **combine loans**, grants and business support, using the leverage effect of the matching offer:

- **Grants**: These make sense when they have a leverage effect on financing, or when they are used for very specific focus (innovative activities, new markets, research and development) that needs to gain visibility and requires 'patient' capital approach. This mainly applies to new enterprises;

- **Loans**: Repayable public money is a good way to teach social enterprises what an investment is and prepare them to achieve business sustainability. It can also help to convince external private investors to enter this new market by showing to them the good track record and low default risk of these clients. When the resource is delivered through an intermediary, the amount under management can play a role in stabilising the intermediary business model;
- **Local matching funds**: Building local financial institutions or local agreements able to match funds from different sources – from the social economy sector, EU funds and municipal budgets – is an approach to be spread widely. The ESF should be used to support intermediate organisations a strategic partners;

The establishment of funds should be accompanied by **capacity building** for all stakeholders: managing authorities, local authorities, financial institutions and intermediaries, social enterprises.

8. SEN conference presentations

Social Entrepreneurs – Have Your Say, Strasbourg, January 2014

SEN shared its learning on how to use the Structural Funds to support social enterprises to the Commission's major social enterprise event in Strasbourg in January 2014. It contributed to the Structural Funds workshop and hosted two open space discussions.

The *Social Entrepreneurs – Have Your Say* event in Strasbourg on 16-17 January 2014 marked the end of the first phase of the European Commission's Social Business Initiative, and aimed to set the agenda for the next Commission.

SEN, as the key network that is building capacity for social enterprise support, made two contributions. **Paweł Chorąży**, who is in charge of the EU's largest

ESF programme, presented SEN to the workshop on the Structural Funds, which attracted some 200 people. He explained the partnership principle on which the network is built, its peer review methodology, and the five topics it is addressing.

SEN also hosted two tables in the free-format 'open space' discussions – on the subjects of social franchising and finance. The table on "Why is it so difficult to set up public-private funds to support social enterprises?" focussed on Local Impact Funds, which are being piloted in Liverpool prior to being rolled out across England. Chris Dadson from the Social Investment Business (SIB) and Val Jones from Social Enterprise North West explained how the €24m scheme is structured to combine ESF grants for 'investment readiness' support with loans funded from ERDF and private sources. The ERDF's intervention is crucial, as it enables the fund to survive the losses that will inevitably occur. SIB is piloting a second such fund in Northampton.

Greek Presidency conference, June 2014

Greece is a member of SEN, and the network made three inputs, on networking, finance and impact measurement, to the Greek EU Presidency social entrepreneurship conference, held in Iraklion, Crete, on 10-11 June 2014. As a result SEN was invited to present its results to the European Commission policy-makers planning the continuation of the Social Business Initiative.

The Greek Presidency's conference on social entrepreneurship gave Greek participants a panorama of developments and initiatives in social enterprises across Europe, which could inform Greek policy and practice. At national and local level there is plenty of political commitment to building a social enterprise sector, but equally there was sadly evidence of blockages in implementation.

Dorotea Daniele outlined SEN's structure and presented the lessons of its peer reviews:

Building public sector capacity depends on inter-ministerial coordination to break the silo mentality. A partnership approach to policy planning builds capacity on both sides. Growth of social enterprise benefits from open markets through public procurement and partnership, and the creation of structures such as consortia and social franchising. The lessons on finance are to combine grants, loans and guarantees, to combine public with private and ERDF with ESF, and to use different tools for different needs.

Małgorzata Lublinska relayed the lessons for fund programmers that came out of SEN's peer review on finance, held in Warsaw in April. Poland has learnt from its pilot loan fund (ESFund ES), and carried out a financial gap analysis, which revealed that social enterprises need working capital. For the 2014-20 period, it has designed a more sophisticated financial support structure. Grants will be the main means of support for start-ups, while established businesses will have access to a flexible loan scheme. This will have a single fund manager with regional access points. There are to be additional grants scheme for enterprises with an exceptionally high social impact.

Floriana Nappini also described BFSE's work on social impact assessment.

Italian Presidency conference, November 2014

The Italian Presidency Conference on social economy brought together more than 600 people in Rome for two days. Its main political result is the Rome Strategy, which Italian Ministry of Labour Giuliano Poletti is going to promote to the European institutions, in order to recognise the unique role of the social economy in attaining the objective of "smart, sustainable and inclusive growth".

SEN chaired workshop 2 on the role of EU structural funds for supporting social economy (Moderator: **Paweł Chorąży**, Rapporteur: **Dorotea Daniele**), where **Małgorzata Lublinska** relayed the lessons for fund programmers that came out of SEN's peer reviews. The main lessons were:

- Synergies and coordination between different sources of funding and different support measures and structures should be increased;
- Structural funds and public policies should have an enabling role, because social economy should remain independent;
- An integrated strategic approach designed, implemented and assessed through partnerships is key;
- Other crucial elements are flexibility, quality, transparency, accountability and focus on results of programmes and projects;
- Transnational cooperation is needed at all levels: among Managing Authorities (MAs), among stakeholders and between MAs and stakeholders. Transnational networks promote mutual learning and transfer of good practices and their activity should continue in the new programming period.

Other members of SEN participated as speakers in the different workshops, namely **Krzysztof Herbst**, **Petra Francová**, **Sven Bartilsson**, **Luigi Martignetti**, **Lippe Koivuneva** and **Samuel Barco**.

The Rome Strategy can be downloaded at www.socialeconomyrome.it

9. SEN – BUILDING CAPACITY IN THE STRUCTURAL FUNDS

The Social Entrepreneurship Network operated from early 2013 until early 2015, supported by a budget of €411,000 from the European Commission's technical assistance for the European Social Fund. It continued the work started in 2006 under the EQUAL initiative by the Social Economy Steering Group of the European Thematic Group on *Entrepreneurship for All* and its successor the *Better Future for the Social Economy* (BFSE) learning network.

SEN comprises managing authorities of the ESF and social enterprise organisations from nine countries and regions which together cover about 28% of the EU's population. It is devoted to improving the way the EU's Structural Funds are used to promote social enterprise, and conversely to ensuring that social enterprise makes the best possible contribution to the Structural Funds' objectives.

SEN is creating a matrix of guidance on how governments can create a comprehensive support system to encourage social enterprise. To do this, it identified and peer reviewed good practices in five clusters of topics:

1. strategic partnership and governance
2. growth and development
3. support infrastructure for start-ups
4. financial ecosystem
5. identity and visibility

To get its messages over to policy-makers from all Member States, SEN contributed to the Strasbourg event (January 2014), the EU Presidency conferences in Iraklion (June 2014) and Rome (November 2014) and held a final conference in Brussels in January 2015.

Successful organisational learning – partnership, trust and expertise

SEN commissioned Samuel Barco, a social economy expert, to carry out an external evaluation. The evaluation took a formative as well as a summative approach, meaning that the evaluator acted as a critical friend who helped to keep the network on track to achieve its goals. His main observations are:

- We are dealing with **organisational learning**, which is rather difficult to assess.
- The network's objectives were **ambitious** both in the issues addressed (a comprehensive support environment for social entrepreneurship and the methodology to develop such an environment – partnership) and in its content (participant organisations' learning). Nevertheless, we have enough data to confirm that learning took place on the above mentioned issues. SEN's objectives were achieved.
- However, a full assessment of SEN's impact will require time since, as a senior official from a participant institution said, policy change takes at least seven years to happen on average.
- The key elements of this success: the inclusion of **territorial partnerships** within the network, a highly **demanding methodology**, the capacity to develop **trust** among participants, the input from external **experts** in preparing documents but also in facilitating the peer reviews, and a **balance** between experienced partners and others who were less expert.
- However the methodology demanded a major effort from the participants in reading and preparing documents. This factor made **timekeeping** difficult, as the initial documents needed to arrive at least 10 weeks before each peer review meeting.
- The best territorial partnerships seem to be those that include the **administrative** department (managing authority), **policy** departments (employment, social affairs and entrepreneurship) and **social economy** representative organisations.
- SEN's method is an efficient way to address key challenges included in the new ESIFs, namely the extra focus on **partnership** (see new article 5 of the fund regulation) and the extra focus on a **strategic approach**.
- In order to increase its impact, SEN should develop a methodology to address **subsidiarity**, i.e. the transfer of learning to the appropriate territorial-level partnership.
- Other issues related to **policy transfer** are also relevant: expectations from participant organisations, existence of local windows of opportunity, mandate and role of individual participants, and command of English.

Logical framework

SEN established a logical framework which sets out its intervention logic.

	Objectives	Indicators & evidence	Assumptions & risks Critical success factors
Overall objective	Social enterprises play a full role in meeting Structural Fund objectives		
Project purpose	Structural Fund Managing Authorities know about, understand and can apply in 2014-20 a set of options for a comprehensive support environment for social enterprises		Political sphere is supportive OPs have space for SE projects
Results	1. Shared understanding of the necessary components of a comprehensive support environment for SEs	Summary report Closing conference	SF programmers are aware SE bodies are supportive
	2. MAs and federal bodies organising social enterprise have a shared understanding and work in partnership	Presence of SE bodies in SEN partnership Participation of SE bodies in SEN events	
Outputs	Agreed peer review method Peer review documentation Policy recommendations Clickable matrix of good practice examples		
Activities	1.1 Training in peer review method 1.2 Peer reviews of good practice 1.3 Dissemination of results 1.4 Promotion of follow-up networking 2.1 Kick-off meeting to allow all actors to understand each other's aims, capacities & constraints	1.1 Trainee evaluation 1.2 Participant evaluation 1.3 Closing event 1.4 Follow-up network is discussed 2.1 Clarity & relevance of work programme contents	Partners contribute examples of GP Lessons are transferable

SEN participants

The partners comprise ESF Managing Authorities and intermediate bodies from nine EU Member States and regions, together with representative or service organisations from the social economy.

Core members		Associate members	
PL	Ministry of Infrastructure and Development (leader)	PL	Foundation for Social and Economic Initiatives (FISE)
	Ministry of Labour and Social Policy		
BE	ESF Agency Flanders		
SE	The Swedish ESF Council	SE	Coompanion Sweden Coompanion Göteborg
	Swedish Agency for Economic and Regional Growth		
CZ	Ministry of Labour and Social Affairs	CZ	P3 – People, Planet, Profit
IT	Employment Agency of the Autonomous Province of Trento	IT	
	The Region of Lombardy		Consorzio Sociale Light
CY	Ministry of Labour and Social Insurance		
UK	Birmingham City Council		
	The Scottish Government		Social Firms Scotland
FI	Ministry of Employment and the Economy		Tampere Region Cooperative Centre
		EU	DIESIS
			REVES – European Networks of Cities & Regions for the Social Economy

SEN people

The following people from 14 countries took part in SEN's series of peer reviews:

EU
Samuel Barco – Evaluator
Gerhard Bräunling – independent expert
Emma Clarence – OECD
Dorotea Daniele – DIESIS
Toby Johnson – AEIDL
Luigi Martignetti – REVES
Daniel Sorrosal – Fédération des Banques Ethiques et Alternatives (FEBEA)

Belgium (Flanders)
Anneleen Dewitte – ESF Agency
Bernard Horenbeek – Crédal
Herman Raus – Knowledge Centre Social Europe

Cyprus
George Isaias – Synthesis Centre
Christopher Markides, Ministry of Labour and Social Insurance
Gail Staples – independent expert

Czech Republic
Pavel Dudek – Ministry of Labour and Social Affairs (MPSV)
Petra Francová – People, Planet, Profit (PPP)
Veronika Marcinkova – Ministry of Labour and Social Affairs (MPSV)

Denmark
Ulrik Boe Kjeldsen – Ministry of Children, Gender Equality, Integration and Social Affairs

Finland
Niina Immonen – Tampere Region Cooperative Centre
Lippe Koivuneva – Ministry of Employment and Economy
Ulla Leppänen – Tampere Region Cooperative Centre

France
Bérangère Bertoncello – Crédit Coopératif
Sebastien Lévrier – AVISE
Karol Sachs – Crédit Coopératif

Greece
Sotirios Koupidis – Pokoispe
Antonis Tsachalidis – Special Service for Social Inclusion and Social Economy (EYKEKO)
Antonis Vorloou – Special Service for Social Inclusion and Social Economy (EYKEKO)

Hungary
Eszter Kovach - National Employment Non-profit Public Company Ltd (OFA)
Renata Kiss - National Employment Non-profit Public Company Ltd (OFA)

Italy (Lombardy)
Sabina Bellione – Consorzio Sociale Light
Adriana Cheber – The Region of Lombardy
Nicoletta Finardi – The Region of Lombardy
Gianluca Laurini – Coopfond
Floriana Nappini – Consorzio Sociale Light
Felice Scalvini – Comune di Brescia
Tamara Trento – Ernst and Young

Italy (Trento)
Yiorgos Alexopoulos – Euricse
Chiara Carini – Euricse
Silvana Comperini – Cooperativa Fenice
Sara Depedri – Euricse
Mariano Failoni – Consorzio Con.Solida
Maria Grazia Fait – Cooperativa ALPI
Anna Maria Gadotti – Employment Agency of the Autonomous Province of Trento
Luciano Galetti – Employment Agency of the Autonomous Province of Trento
Massimo Komatz – Cooperativa Samuele
Ambrogio Monetti – Cooperativa Kinè
Sara Memo - Employment Agency of the Autonomous Province of Trento
Sandro Nardelli – Cooperativa Il Gabbiano
Michele Odorizzi – Federazione Trentina della Cooperazione
Corrado Poli – Cooperativa Relè
Michele Tait – Consorzio Con.solida
Giusi Valenti – Consorzio Con.solida
Flaviano Zandonai – Euricse

Poland

Anna Bugalska – Ministry of Infrastructure and Development (MIR)
Paweł Chorąży – Ministry of Infrastructure and Development (MIR)
Krzysztof Cibor – Foundation for Social and Economic Initiatives
Monika Czerwińska – TISE
Paweł Trzaska Gerlecki – EKON
Jakub Glowacki – Kraków University of Economics
Irena Herbst – independent expert
Krzysztof Herbst – Foundation for Social and Economic Initiatives
Magdalena Huszcza – Foundation for Social and Economic Initiatives
Aleksandra Kowalska – Ministry of Infrastructure and Development (MIR)
Małgorzata Lublinska – Ministry of Infrastructure and Development (MIR)
Iza Przybysz – independent expert (GECES)
Andrzej Radniecki – Ministry of Labour and Social Policy (MPiPS)
Michał Radziwiłł – CoopEst
Małgorzata Saracyn – Ministry of Labour and Social Policy (MPiPS)
Piotr Stronkowski – Coffey International Development
Joanna Wardzińska – TISE
Agnieszka Waszkiewicz – Bank Gospodarstwa Krajowego (BGK)
Marta Witek – Ministry of Labour and Social Policy (MPiPS)
Wojciech Wróblewski– Ministry of Infrastructure and Development (MIR)
Teresa Zagrodzka – TISE

Slovenia

Gregor Sakovic – Sklad 05

Slovakia

Michal Polak – Ministry of Finance

Sweden

Elisabet Abrahamsson – Vägen-Ut
Sven Bartilsson – Coompanion Göteborg
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Val Jones – Social Enterprise North West
Dharmendra Kanani – Big Lottery Fund
Alexandra Meagher – Cabinet Office
Karolina Medwecka-Piasecka – Birmingham City Council
Roger Spear – Open University
Charlie Wigglesworth – Social Enterprise UK

UK (Scotland)

Jayne Chappell - Social Firms Scotland
Pauline Graham – Social Firms Scotland
Janice Nicol - Social Firms Scotland
Neil McLean – Social Enterprise Academy
Laura Smith - First Port
Kim Wallace – Senscot

SEN events

Warm-up meeting, Warsaw 15-16 April 2013

Peer review 1: Partnership and governance, Trento, 12-13 September 2013

Peer review 2: Growth and development, Malmö, 5-6 December 2013

Peer review 3: Finance, Warsaw, 10-11 April 2014

Peer review 3: Support infrastructure, Glasgow, 16-17 June 2014

Peer review 4: Identity and visibility, Nicosia, 7-8 October 2014

Final conference, Brussels, 28 January 2015

List of abbreviations:

BFSE – Better Future of Social Economy
CLLD – community-led local development
CMAFs – co-operatives, associations, mutuals and foundations
CSR – corporate social responsibility
EaSI – Employment and Social Innovation programme
EESC – European Economic and Social Committee
ESF – European Social Fund
ERDF – European Regional Development Fund
ESIFs – European Structural and Investment Funds
EuSEF – European Social Entrepreneurship Fund
GDP – gross domestic product
GECES – Groupe d'experts de la Commission sur l'entrepreneuriat social, Commission Expert Group on Social Entrepreneurship
KPRES – National Programme for Social Economy Development (Poland)
MA – managing authority
OP – operational programme
PSP – public social partnership
SIB – social impact bond
SBI – Social Business Initiative
SEN – Social Entrepreneurship Network
SROI – social return on investment
SRPP – socially responsible public procurement
TSR – territorial social responsibility
WISE – work integration social enterprise

This booklet is published to disseminate the results of the Social Entrepreneurship Network.

It summarises the content of the network's website at www.socialeconomy.pl, where a hypertext version can be browsed.

The entire booklet may be downloaded in pdf format from: www.socialeconomy.pl/

Published by:
Ministry of Infrastructure and Development
Department for European Social Fund
2/4 Wspólna Street
00 - 926 Warsaw
www.efs.gov.pl

Design:
KorTekst
www.kortekst.pl
biuro@kortekst.pl

Printed by:
Drukarnia Stabil Katarzyna Szumilas
www.stabildruk.pl

Text:
Toby Johnson with contribution of Samuel Barco, Dorotea Daniele, Małgorzata Lublinska and Roger Spear

This publication is free. It was co-financed with the European Union funds by the European Social Fund.

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