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ZSI - Centre for Social Innovation

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SENSES

Strengthening Social Entrepreneurial Landscape
through involving socially responsible corporate
Practices in EntrepreNeurial CompetenceS and
Skills enhancement in the DANUBE region

Synthesis Report on Policy Niches and Benchmarking in the Danube region



Policy Analyses:

IFKA, RERA a.s., BSC, SBA, ZSI, REDEA, NESsT, CCIS, SMRDA

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Introduction and executive summary

1.1 Task 3.1 Screening and benchmarking of social enterprise landscape

This report at hand is the outcome of Task 3.1. Screening and benchmarking of social enterprise landscape (January – June 2017). Activities and required outcomes of the task comprise:

- Screening policy niches described in the application form
- Seek good policymaking practices
- Analysis of horizontal and vertical policies at local, regional and national level
- Investigation of policy framework and policy instruments

The result of this task are eight policy analyses respectively country reports at the end of period 1, summed up into one benchmarking report with the main aim of identification of policy improvement.

The report is structured along six chapters:

- The introduction in chapter 1 gives a short overview on task 3.1 and its content and aim. Furthermore it refers to the EU definition of social enterprise.
- Chapter 2 describes the methodological approach of the policy analyses and the benchmarking presented in this report.
- Chapter 3 consists of the policy analyses respectively country reports on the national ecosystems of the SE landscapes in Austria, Croatia, Czech Republic, Hungary, Romania, Serbia, Slovakia and Slovenia.
- The next chapter presents the summary of the country reports, building the basis for the benchmarking
- Subsequently chapter 5 deals with the benchmarking, focusing on a comparison of the self-assessments of the partners countries taking into account also aims and lessons learned. Derived from this the scoring and its results for the different dimensions identified are described accordingly.
- The report concludes in chapter 6 with the final scoring of all countries and the Danube region including recommendations that can be drawn from the comparison.

1.2 Definition of Social Enterprise

In 2011 the European Commission launched the Social Business Initiative (SBI)¹, which is implemented in close partnership with stakeholders in the sector and EU countries. The aims of the initiative are:

- to introduce a short-term action plan to support the development of social enterprises and key stakeholders in the social economy and social innovation
- to prompt a debate on the avenues to be explored in the medium/long term.

According to the SBI *“a social enterprise is an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its*

¹ http://ec.europa.eu/growth/sectors/social-economy/enterprises_de

profits primarily to achieve social objectives. It is managed in an open and responsible manner and, in particular, involves employees, consumers and stakeholders affected by its commercial activities.”²

The definition of the EC incorporates the three key dimensions of a social enterprise (Directorate-General for Employment, Social Affairs and Inclusion)³:

- An *entrepreneurial* dimension, i.e. engagement in continuous economic activity, which distinguishes social enterprises from traditional non-profit organisations/ social economy entities (pursuing a social aim and generating some form of self-financing, but not necessarily engaged in regular trading activity);
- A *social* dimension, i.e. a primary and explicit social purpose, which distinguishes social enterprises from mainstream (for-profit) enterprises; and,
- A *governance* dimension, i.e. the existence of mechanisms to ‘lock in’ the social goals of the organisation. The governance dimension, thus, distinguishes social enterprises even more sharply from mainstream enterprises and traditional non-profit organisations/ social economy entities.

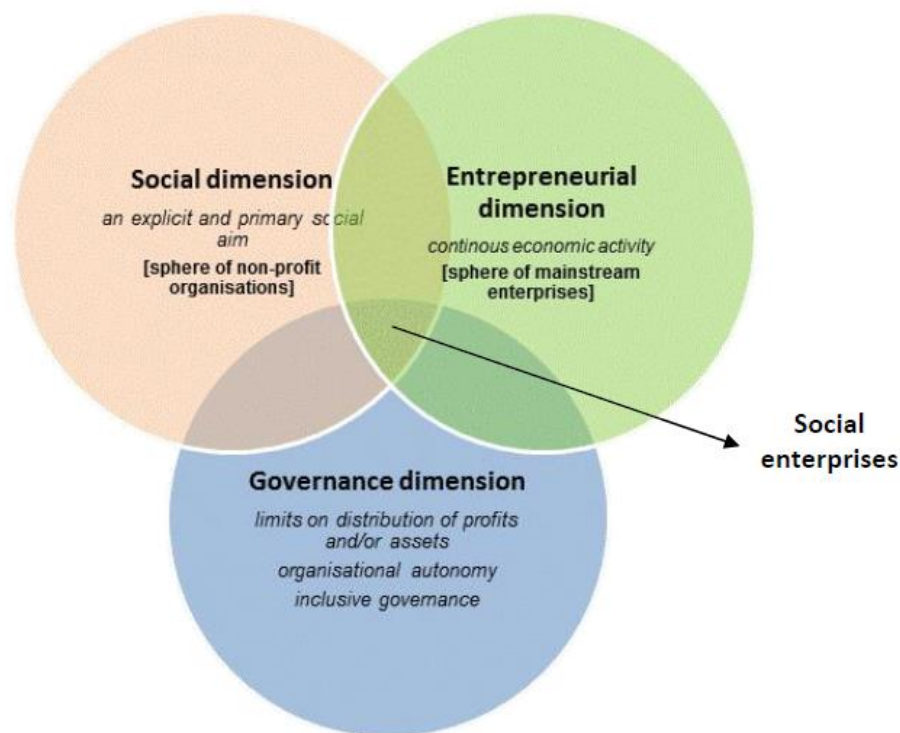


Figure 1 The three dimensions of a social enterprise

² http://ec.europa.eu/growth/sectors/social-economy/enterprises_de

³ European Commission - Directorate-General for Employment, Social Affairs and Inclusion (2015): A map of social enterprises and their eco-systems in Europe. Synthesis Report
<http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=2149>

1. Methodological Approach

2.1 Policy Analyses

ZSI developed – supported by feedback of the project partners - a guideline for the identification of good policy making practices (see Annex 1). The guideline should facilitate the partners in exploring and describing the policy making practices and initiatives in their country and in giving an overview of the respective SE ecology. The guideline is structured according to the following topics:

- SE policy in country
- Legal framework
- Taxation and incentives
- Finance and funding
- Services and support schemes
- Focus on social impact and social goals
- Labels and certification schemes
- Networks and cooperation
- Focus on entrepreneurship skills and competences

The focus was set on good and transferable/scalable policy making practices and initiatives and on their part in the respective ecosystem. To estimate transferability in the respective national and regional contexts and add value to existing mapping exercises, also information on the history and context of practices, their promoters, their impact and possible constraints was asked for (if available). Summing up, the policy analyses should consist of what the consortium and international collaborators needed to know about the countries SE ecology.

The main methodology used for elaborating the country reports was desk research (web, national reports, recent studies, EC reports etc.). If necessary, additional supporting interviews with experts have been conducted.

Outcome of this activity were eight policy analyses respectively country reports – one per country – which build the basis for the benchmarking. ZSI created a summary of all eight policy analyses according to the most important areas and most urgent subjects. It focused on country specific needs and situations on one hand, but also on common topics that had been addressed by all partners on the other.

The country reports were compared according to the topics addressed. The guideline ZSI developed provided a frame to decide on the topics addressed in the comparison. Moreover ZSI added categories discussed in the country reports to the comparison to grasp country specific developments. The raster, according to which the country reports were compared, contained twelve main categories, and sixty-four sub categories at the end. Filling in this raster allowed us to identify common aims and obstacles addressed by all partners and topics that were only addressed by some partners. This way ZSI could take into account different approaches and understandings of partners of the SE-sectors, aims and definitions.

This summary was the basic document for the partners in preparing their countries self-assessment benchmarking. Moreover the summary served as a tool to identify the main common goals for policy improvement on the European level and possibilities for further development in the Danube region.

2.2 Benchmarking

To find out about country characteristics and country specific needs in comparison with the other countries ZSI sent again a short questionnaire to the project partners, which should guide them in their self-assessment. This questionnaire was answered by the partners referring to the summary of the country reports provided by ZSI. Based on the self-assessment of the partners ZSI worked on the synthesis of the countries benchmarking. Therefore a qualitative scoring process, comparing the single countries against each other, ranking them from the least to the most developed, was used. Furthermore main common goals for the implementation of the policy improvements on European level were identified.

To rank the eight countries according to their self-assessment seven dimensions – policy, recognition, legal framework, funding, access to markets, networks and training – were taken into account. Each of these dimensions covers a different number of indicators, which were chosen according to the possible tools partners identified to enhance the performance of social enterprises and developing areas they reported on.

For each of these indicators countries could collect positive and negative scores, according to the way they qualified the development of social enterprises in the sectors. Missing information was rated neutral – that means that it was not taken into account for the scoring. This can affect, that countries - compared to others - are rated rather positively, only because they did not take into consideration one of the indicators others did. As this indicator can be considered as not pressing topic in the countries that did not report on them at the moment, we do not consider this lack of definition as a big problem.

Because of the different number of indicators for each dimension, the positive and negative scores the countries have reached in each dimension were divided by the number of possible scores that could be reached. Hence, each country could reach a maximum of 1 score per dimension.

Positive and negative scores are discussed and summed up independently. This way missing information does not falsify the result and positive development as well as negative aspects indicating possible fields for development in the countries can be shown.

	Country 1	Country 2	Country 3
Indicator 1	+	-	-
Indicator 2	+	+	
Indicator 3	+		
+Points/dimension	3/3	1/3	0/3
-Points/dimension	0/3	1/3	1/3

Table 1 Example for Scoring per dimension

To assess the position each country takes in comparison to the Danube region, the positive and negative scores the eight countries reached in each dimension were summed up and divided by the number of countries. These average positive and negative scores can serve as a reference point for the development of the Danube region in each dimension and allow identifying individual development fields of each country.

To assess the position of each country's SE-economy, in comparison to the others, the total score of all seven dimensions for each country in the positive and negative direction was calculated. Hence, on

the whole, countries could reach up to 7 points: 7 points plus would mean that they collected only positive points. 7 points minus would mean that they collected only negative ones. These positive and negative scores were plotted in a two-dimensional model, where the vertical axis represents the positive scores and the horizontal one the negative scores (orientated to the negative, left hand side from the zero point of the coordinate system, as they are rated as development fields). This model allows us to assess the position each country takes in comparison to the others and to show possibilities for the development of the sector as negative scores are also taken into account (see figure 5).

2.3 Steps and timeline

Step	Time
Development of guideline for the identification of good policy making practices by ZSI	since January
Presentation of draft at kick off meeting	February
Draft sent to partners for feedback	March
Final guideline sent to partners	March
Final country reports on policy analyses, shared with all partners	April/May
Preparation of summary of country reports on policy analyses and a benchmarking template by ZSI	May
Summary of policy analyses and benchmarking template sent to partners	June
Partners benchmarking	June
Writing of synthesis and benchmarking report by ZSI	May/June
Romanian country report, summary, benchmarking and integration of results into report	July - September
Presentation at SENSES seminar in Vienna	September
Written Feedback by partners, update and finalisation by ZSI	October

Table 2 Steps and Timeline

2. Policy Analyses – Identification of Good Policy Making Practices

3.1. Country Report Austria

2.1.1. *SE policy in Austria*

In Austria social services are mostly provided by the state or communities, which shapes the funding landscape for social entrepreneurship and their activities (Mara Benadusi, Karin Schetelig & Rosario Sapienza 2015, 36). Austria's social enterprises are therefore largely absent from "traditional welfare sectors", such as social service delivery and health, reflecting the dense social security system of Austria in these sectors (Ebd., 6).

Policy strategies concerning social enterprises mostly focus on non-profit employment projects or **work integration social enterprises**. First established in the early 1990, they are considered as the only institutionalised form of social enterprise in Austria. Since work integration is regarded as a public task it is part of the Austrian labour market policy, for which the Federal Ministry of Labour, Social Affairs and Consumer Protection (BMASK) is responsible (European Commission 2014, 3). Hence work integration social enterprises work in a tight cooperation with the Austrian Labour Market Service (AMS) at the federal level and in each province. The AMS offers direct financial support for socioeconomic enterprises and runs business start-up programmes for the unemployed.

Even though roots of social enterprises are also seen in consumer cooperatives, who have a long tradition in Austria (Mara Benadusi, Karin Schetelig & Rosario Sapienza 2015, 14), "new" social entrepreneurship, dealing with different topics such as education or sustainability and institutions specifically designated to support these social entrepreneurship, emerged in Austria only after 2006. In 2012, established non-SE institutions, such as Caritas or Volkshilfe, started to endorse the idea of social entrepreneurship. BDV (federal network and representation of work integration social enterprises – SÖB) began to position itself as part of the SE phenomenon (Mara Benadusi, Karin Schetelig & Rosario Sapienza 2015, 31). Business sponsoring and awards which originally aimed only at CSR activities added new categories which aimed at the support of social enterprises.

Nonetheless the main political parties do not feature the concept of social entrepreneurship in their programmes by now. Social entrepreneurship and social enterprises in the new sense are only loosely connected to the public social system (Mara Benadusi, Karin Schetelig & Rosario Sapienza 2015, 4). Only recently policy strategies started to focus stronger on impact investment and other tools, to support social enterprises.

In December 2015 the Austrian Development Agency (ADA) launched the **Social Entrepreneurship Challenge**, focusing on projects with global social impact. In September 2016 the AWS, the federal bank supporting businesses, launched a **promotion initiative for social businesses**. It aims to establish a national network of social business, to foster the transfer of knowledge and know-how and offers financial support for social enterprises. The initiative was stimulated by a study published in 2015 by the University for Economy and Business Vienna on the potentials of the development of the social enterprise sector. It recommended financial help for start-ups, training and measures to raise the awareness for the need of social businesses. In February 2017 the **Austrian Research and Promotion Agency FFG** launched a pilot programme for impact innovation.

Moreover a Joint Declaration on **impact investment** to foster social entrepreneurship was signed by the Federal Chancellor of Austria, Christian Kern, and the Director General of the United Nations Industrial Development Organization (UNIDO) in November 2016. The declaration allowed the foundation of the Global Impact Investing Foundation, based in Vienna, whose mission is to promote and foster the growing field of impact investing by developing appropriate partnerships, networks, market structures and tools to enable and exhibit solutions to urban and global challenges.

Also the Federal Chancellor's "Plan A" promotes new strategies to more strongly foster start-ups and business incubators including small businesses as clients for contracting authorities in the field of social services. An example for new forms of financing, as promoted in the "Plan A" are social **impact bonds**. The first one was founded in September 2016. The pilot project "Economic and social empowerment for women affected by violence" - named PERSPEKTIVE:ARBEIT – was initiated by the BMASK and Juvat, a non-profit subsidiary of Benckiser Stiftung Zukunft, in cooperation with the Federal State of Upper Austria and the Austrian Federal Ministry of Education and Women's Affairs.⁴ Initiatives to promote social enterprises do also exist on **regional level**. Platforms, such as **Social City Vienna** were established, which aims to facilitate social innovation and to promote social enterprises, covering both well-established socio-economic enterprises and new bottom-up initiatives.

It could be considered as weak point of the Austrian SE policy landscape that there is no specific legal status or framework for SEs and that policy focuses still more on the traditional non-profit employment and socio economic sector, especially regarding public funds and other support actions. Specific support for the new generation of social enterprises is only developing so far. Therefore representatives of the SE sector consider it as especially important to mobilise new forms of public investment and private capital to be invested in the sector.

Nevertheless new initiatives and networks are emerging, offering services and support for social enterprises. A multiple stakeholder network, consisting of Ashoka, impact Hub Vienna, arbeit plus and the Austrian council, is about to develop a lobby for social enterprises in Austria to structurally strengthen the emerging social entrepreneurial sector and to connect them in the long term. Also the "house of philanthropy" founded in 2016 fosters a stronger network of SE-stakeholders and the exchange between them. The network is also engaged in the conception of a legal framework fitting the needs of social enterprises.

2.1.2. Legal framework

By now no specific legal status has been created for social enterprise in Austria. A legal status affects the way decisions are taken, the liability of members or stakeholders, investment and funding possibilities, the starting capital needed as well as their possibilities to offer services or goods on the market.

In Austria most SE are registered as **(non-profit) associations** (Schneider & Maier 2013, 5). This legal frame is especially common amongst social economic enterprises, traditionally operating in the NGO sector. Associations are legally defined as voluntary, permanent associations of a minimum of two people, which enables them to pursue a common aim. The foundation of an association is financially and legally quite simple. Yet, from an economic perspective, they often do not represent the best

⁴ http://www.erstestiftung.org/wp-content/uploads/2015/11/juvat_sib_austria_en.pdf, dl. 13.4.2017

organisational form: First they have a quite limited capital basis and important decisions have to be taken by general meetings of the members. Second the elected representatives of the associations are personally liable for mistakes. Most important, associations are – per definition- not allowed to act profit orientated, as they have to pursue a non-material, ideal aim. Therefore they are dependent on membership fees, (public) funding, sponsoring or donations and are hindered to compete with other companies when offering services for contracting authorities.

In the last years, a trend towards the foundation of **(non-profit) limited liability companies** (GmbHs) also in the NGO sector can be remarked. Different to (non-profit) associations they are allowed to offer their services and products on the market and to act market orientated. Moreover professional managements can run the GmbHs, taking decisions without consideration of members. Therefore GmbHs are considered to be more stable and to guarantee continuity, which makes them more liable in an economic sense. To found a GmbH a starting capital of 35.000 Euro has to be invested. This amount substitutes for the personal liability representatives of an association normally take, and which is not stipulated for GmbHs. Yet, this deposit often constitutes a barrier for the foundation of new social enterprises.

Besides associations and GmbHs social enterprises in Austria are also constituted as **sole proprietorship enterprises or partnerships** (Schneider & Maier 2013, 5). Also **charitable trusts or foundations** are a relevant legal framework for social enterprises.

Because of the limits associations and GmbHs impose on the business activities of social enterprises, representatives of social enterprises demand a special legal form, which enables them to distribute profit and therefore makes them more attractive for investors. This would lead, as they argue, to the extension of the sector, as they would no longer depend on (public) funding. Moreover representatives ask for a legal framework that facilitates the foundation of social enterprises. This concerns especially the problem of limited starting capital start-ups in the sector are often confronted with (Vandor, Millner, Moder, Schneider & Meyer 2015, 49).

In 2015 experts connected to impact Hub stated, that only a combination of a private foundation, owning a public or private limited company satisfies the needs a social enterprise has and that all other forms show limitations (Mara Benadusi, Karin Schetelig & Rosario Sapienza 2015,7).

2.1.3. Taxation and incentives

If social enterprises in Austria have the declared legal form of a “**non-profit**” **organisation** (NPO), they benefit from tax releases. They do not have to pay federal income taxes (Körperschaftsteuer) and general turnover taxes (Umsatzsteuer). According to the law non-profit organisations are organisations that create public benefits, which means to create an output that supports the community at large in intellectual, cultural, moral or material terms (promotion of health care, art and science, care for old, public education, nature etc.).

Yet, NPOs are not allowed to distribute profits. Therefore social enterprises, who do act market orientated, do not fit in the legal framework of non-profit organisations and have no taxation benefits.

2.1.4. Finance and Funding

In 2013, financing sources of social enterprises were to a great extent private funds (52%), to 35% own revenues and to 13% public funds. Yet, most social enterprises did not have any public funding in 2013. Donations (15%) and specific funding sources for social entrepreneurship, such as funds from supporting organisations or prizes (10%) represent a relatively small part of the financing capital (Schneider 2013, 47).

As investors are hard to find in the sector of SE, because return rates are relatively small (Hirz 2015, 53), private funds were to a great extent savings of the enterprise founders (Schneider 2013, 47). Therefore (public) funding is important for social enterprises. Yet, there are only a few specialist providers of finance to social enterprises. To a large extent, social enterprises take the same funding channels as mainstream enterprises (European Commission 2014, 16).

Public funding for social enterprises is mainly accessible for social economic enterprises and non-profit employment projects, who are co- financed by the AMS. These can be socio-economic recruitment agencies, non-profit initiatives to foster work integration, and socio-economic enterprises. They are obliged to generate a minimum of 20% of their costs as revenue in the market to get funded.⁵

The “Start-up” programme offered by the (AMS) might also be influencing social entrepreneurship in a wider sense. Individuals who want to found their own venture are supported financially and content-wise. A major target group of the programme are women.

In February 2017 the **Austrian Research and Promotion Agency FFG** launched a pilot programme for impact innovation which funds projects that develop innovative solutions for problems with relevant effects on users, organization or the society. The call is still open until the end of June 2017. ⁶

In the sector of work-integration social enterprises **European funding** does play a significant role (European Commission 2014, 7). Funding for work-integration enterprises since 2014 was mostly accessible via the The Operational Programme Employment Austria (2014-2020), through which EUR 876 million (of which EUR 442 million from the EU budget) are spent with the purpose of creating jobs and strengthening social cohesion in Austria.

Funding is especially important for start-ups, to provide start-up capital. This is what the **aws social business call**, first launched in 2016, offers. It is a grant schema tailored for social enterprises, which is co-financed by the Ministry of Social Affairs and the National Foundation for Research, Technology and Development. Eligible enterprises are supported once with a funding of up to 100.000 Euro in form of a non-repayable subsidy. On the whole, the funding initiative includes three million Euro, which are invested in social economic enterprises (module: Social innovation for labour market integration) and start-ups with focus on education, environmental protection, support for social entrepreneurs, health, local social services, culture & leisure as well as integrative, inclusive & reflexive society . Funding to the eligible social businesses was first paid in February 2017. Therefore we do not know which impact of the initiative had, by now.

⁵ http://www.ams.at/docs/001_soeb_RILI.pdf

⁶ <https://www.ffg.at/ausschreibungen/pilot-impact-innovation>

Investment Ready is a unique 4-month program for entrepreneurs from Central – and Eastern Europe creating scalable solutions to societal problems⁷.

Besides there are numerous **awards** honouring social enterprises in Austria, such as Sozial Marie, Award for Social Integration, Ideen gegen Armut, Trigos - category Social Entrepreneurship, Sustainable Entrepreneurship Award, The Falling Walls Lab Austria. Even though they are important to raise awareness for social enterprises, they often do not have an enduring financial impact on the social enterprises as winning an award does not necessarily go hand in hand with receiving longer-term business support (European Commission 2014, 11).

Currently the first steps to facilitate **crowd-funding** were taken in Austria. In 2015 the so called „law on alternative financing tools“ (Alternativfinanzierungsgesetz)⁸ was enacted, which is regulating crowdfunding in Austria for small and medium enterprises (less than 250 employees and not more than 50 Mio € annual turnover). As experts stressed it helps social enterprises to find investors. Regulating lending based crowdfunding and equity based crowdfunding it aims to protect investors by limiting their investment to 5000 Euro per project/year. People who want to invest more than 5000 Euro have to prove that they earn more than 2500 Euro/month. As investments per person are limited, some start-ups see the problem that more investors have to be found. Moreover crowdfunder-platforms have to gain a concession by the National Forum for Financial Market Supervision or have to hold a business license as investment adviser or management consultant.⁹

There are several crowd-funding platforms in Austria which are also used by social enterprises, to finance their ideas, namely

- www.1000x1000.at – specialised on innovative ideas of small and medium-sized enterprises
- www.conda.at - specialised on start-ups
- www.evercrowd.com specialised on crowdfunder und crowdfunding
- www.greenrocket.com - specialised on start-ups fostering sustainability
- www.respekt.net – specialised on fundraising concerning the NGO sector and civil society projects

Crowd funding is considered as a chance for start-ups that do not have access to regular credits. Besides the platforms mentioned, the „Bank für Gemeinwohl“¹⁰ which considers itself as a “new interactive and participative finance-association offering social enterprises credits to run their business” offers crowd founded credits for social enterprises. Also established banks, such as the BAWAG/PSK offer crowd-funding platforms for certain social projects.¹¹

As crucial for the further development of the sector experts depict the investment of non-profit foundations (Hirz 2015, 53). About 20% of the **private foundations** in Austria are declared as not-for-profit foundations. The legal form of private foundations was created in the 1990. Private foundations profit from tax benefits. They were designed to keep private assets in the country (Vandor, Millner,

⁷ <http://investment-ready.org/>

⁸ StF: BGBl. I Nr. 114/2015 (NR: GP XXV RV 628 AB 654 S. 83. BR: AB 9426 S. 844.)

⁹ <https://futurezone.at/thema/start-ups/crowdfunding-gesetz-oesterreich-ist-vorreiter/127.919.588>

¹⁰ <https://www.mitgruenden.at/crowdfunding>

¹¹ <http://www.crowdfunding.at/>

Moder, Schneider & Meyer 2015 2015, 54). Private foundations fostering the development of the social enterprise landscape are for example the Essl Foundation and the Benckiser Stiftung Zukunft. Essl is a private, not-for-profit foundation established in 2007, which defines its mission in the support of social innovation, social entrepreneurship and persons with disabilities. The Benckiser Stiftung Zukunft initiated the formation of the first social impact bond project in Austria. There are other dedicated funds, specifically targeting social enterprises, which are not headquartered in Austria but have operations in the country, namely BonVenture and Toniic (a global network of impact investors).

Moreover funding for social innovative enterprises is offered by the project **good.bee**. **Good.bee** was launched in 2008 by ERSTE Foundation and Erste Group Bank. Its main areas of business are micro-banking and social enterprise finance in Eastern Europa.

2.1.5. Services and support schemes

State support to social enterprises mainly comes as part of its active labour market policy. Moreover there are several support schemes on a provincial level, which are also mainly addressing work integration social enterprises (European Commission 2014, 6).

On the whole, there are about ten main umbrella networks and platforms supporting the interests of social enterprises in Austria, of which the main ones are listed below. These organisations offer training and finance for social enterprises and are well organised and linked to each other (Schneider 2013, 46).

Networks of social economic businesses:

- **Arbeitplus** (former bdv austria) is a network of more than 200 non-profit organisations supporting the labour market integration of long term unemployed. It was established in the late 1990. Since 2010 a social business can apply to be awarded a seal of quality by “Arbeitplus”, which is funded by the public labour market service Austria (AMS).
- **Sozialwirtschaft Österreich** is a representation platform of the classic NPO-sector, offering social services, such as Volkshilfe Österreich and Österreichische Hilfswerk.
- Moreover, there are interest groups on the level of federal states, such as “**Sozialplattform Oberösterreich**” (social platform Upper Austria) and the “**Wiener Dachverband für sozial-ökonomische Einrichtungen**” supporting social businesses.

These networks of social economic businesses focusing on the labour market integration are involved in policy making and well connected with the responsible policy makers.

Beside these umbrella networks there are some public initiatives, which aim to support network building. One of them is **Social City Vienna**. It is offering support for networking, knowledge sharing and mutual learning initiatives. Also the platform **respACT** - Austrian business council for sustainable development is a platform for Corporate Social Responsibility (CSR) and Sustainable Development. It tries to foster the implementation of actions in support of a sustainable development. They support existing companies on their way to implementing socially responsible actions into their daily business by building up a network supporting knowledge transfer and education. Even though it does not explicitly support social enterprises it thereby builds a basis for social enterprises networks to grow.

Financial support for start-ups is offered by the **AWS**. Yet, most support infrastructure in other SE sectors is provided by the community itself. They are less connected to local or national policy makers and stronger engaged in the private sector and part of non-governmental initiatives, which are internationally connected. The report on Austria of the European Commission on social enterprises in Europe in 2014 names **the Competence Centre for Non-profit Organisations and Social Entrepreneurship of WU Vienna, The Social Impact Award, Pioneers of Change** and Networking initiatives - such as **Emersense, Impact Hub Vienna** and **Ashoka** - as main providers for training and infrastructure (European Commission 2014, 8). These networks cooperate closely.

The Competence Centre for Non-profit Organisations of WU is a relevant stakeholder of the community carrying out both teaching and research activities on social enterprises. Their research work on the needs of social enterprises (Vandor, Hansen & Millner 2012; Schneider & Maier 2013; Vandor, Millner, Moder, Schneider & Meyer 2015) initiated significant policy changes in 2016. It offers a details description of the status and potential of the SE sector in Austria. Moreover the WU designed the first academic and award winning course on Social Entrepreneurship in Austria – the social impact award. It was founded in 2009 to support Students in developing entrepreneurial ideas and concepts with social impact. In 2017 they organised the Startup day social/impact. It took up the initiative of the social business day (first organised in 2009) focusing explicitly on the challenge of founding new businesses.

Emersense organises conferences, workshops or programmes for individuals to train them how to shape and enact their ideas for a positive impact. The also initiated the Impact Hub Vienna, a community of social businesses. They are part of a global network of connected communities and try to enable collaboration between social enterprises. Impact Hub Vienna offers training and support, work spaces, lectures, training workshops, community networking events and incubation programmes, business coaching, individual consulting and mentoring. With its programmes it wants to addresses the specific needs of the entrepreneurial process at all stages: from intention, start-up to scale. Moreover Impact Hub Vienna is coordinating the Social Impact Award, founded by the WU.

Ashoka, Architects of the Future and pioneers of change are also international organisations supporting social enterprises, which have their branches in Austria:

- **Ashoka** is a Fellowship-Organisation, which aims to improve the framework requirements of social entrepreneurs
- Fellowships are also awarded by the international organisations **Schwab Foundation for Social Entrepreneurship** and **Echoing Green**.
- **Architects of the Future** (Incorporate society for the advancement of social entrepreneurship) is a community-network of social entrepreneurs. The initiative has strong roots in Austria: the association is registered in Vienna and the jury is Austrian. “Architects of the Future” is supported by the Austrian Essl Foundation (European Commission 2014, 13).
- Training is also offered by **pioneers of change** which was founded in Austria in 2010. Using crowdfunding they also offer financial support for start-ups who wish to affect social change.

Despite the different support mechanisms described, social enterprises need to create their markets themselves. How they enter the market is depending on the products and services they offer.

A good way to enter the market, already used by some social enterprises, is co-creation. This means social enterprises offer their products for cooperation with big companies to achieve their aims.

2.1.6. Focus on social impact and social goals

Information on social impact and social goals is largely provided by EU-policy. Yet, they have little influence on the situation in Austria. (Mara Benadusi, Karin Schetelig & Rosario Sapienza 2015, 44)

In 2015 the Austrian Federal Government's non-profit package was introduced. In the focus of this initiative was the political desire to further develop the non-profit foundation sector in order to foster more jobs, sustainable growth and a stronger civil society as well as to achieve an internationally comparable level as regards non-profit foundation activities (BMFWF & BMVIT 2016, 136).

There is no social impact measurement or reporting system provided and supported by policy makers. Yet, there are reporting schemes in use, offered by the community itself, which help to classify social enterprises and to measure their social impact. Social impact reporting standards, as established by ASHOKA, measure in how far enterprises offer a solution for social and environmental problems and in how far these enterprises are sustainable and can survive on their own.

2.1.7. Labels and certification schemes

Arbeit plus (former bdv austria) developed a quality label for work integration social enterprises. It aims to build trust among clients and financial supporters (notably the AMS) and to improve the performance of social economic enterprises. The label is granted for a period of three years. Every three years, there is an on-site visit carried out by an expert from arbeit plus and an expert from Quality Austria, who is providing the label. Work integration social enterprises affixed with a quality label can apply for the Austrian national price on business quality and be listed as an enterprise complying with the quality assurance measures of Ö-cert, a certificate which assures quality in adult education.¹²

Moreover, certification schemes to measure social output are developed by the community. The global movement "Economy for the Common Good" developed a "**Common Good Balance Sheet**"¹³. Companies from all sectors and all sizes can use the Common Good Balance Sheet to measure their contribution to the common good of a democratic society. It gives an account of the degree to which the company fulfils the five most important constitutional values of democratic states: human dignity, cooperation, sustainability, justice and democracy. The compliance with these values is proven by peer review or self-assessment: Businesses and organisations create their initial CG Balance Sheet on their own. Certified business consultants are available to support them in this process. As soon as a CG Balance Sheet has been completed, companies can hire an external auditor or join up with other companies for a peer auditing process.

RespACT - Austrian business council for sustainable development, a platform for Corporate Social Responsibility (CSR), together with the Research Institute for Managing Sustainability of the Vienna Business University developed the **guideline "Success and Social Responsibility - A Guide to Future-Proofing Your Business"** which has been intended for use by any Austrian company, large or small, and

¹² <http://arbeitplus.at/guetesiegel/>

¹³ <https://old.ecogood.org/en/common-good-balance-sheet>

lists objectives for responsible business activity¹⁴. RespACT offers its member companies a platform to discuss ideas and experiences and aims at the promotion of companies' successful sustainability/CSR projects.

There are some competitions for social entrepreneurs such as the **Social Impact Award**, the **European Social Innovation Competition**, the **Essl Sozialpreis** competition¹⁵, the **Join our Core** competition, initiated by ben & Jerrys¹⁶ or **People of the planet mars**.¹⁷ The **Social Impact Award** is an 'ideas' competition coupled with a learning program, targeting students and encouraging them to engage in social entrepreneurship. The program was originally initiated in Austria in 2009, by WU Vienna and is coordinated by the Impact HUB Vienna. The best projects receive some financing as summer stipends/seed funding (around €4.000) and full summer membership in the Impact HUB Vienna.

Moreover, there are several international **awards honouring social innovation**, social projects and social impact, for which social enterprises can apply: SozialMarie¹⁸, first awarded in 2005, is not specially addressing social enterprises but offers them a public platform. It is awarded by the "Unruhe Privatstiftung". The Award for Social Integration¹⁹ is awarded by the Erste Stiftung. It also addresses organisations that aim for social integration and deal with poverty risks. Ideen gegen Armut²⁰, awarded by the platform Armutskonferenz, has similar goals.

Also **business awards** are open for social enterprises, measuring not only their entrepreneurial activity, but also, their social impact. These are for example, Trigos - category Social Entrepreneurship,²¹ and the Sustainable Entrepreneurship Award²², which is the first international award honouring sustainable business practices.

2.1.8. Networks and cooperation

On national level at least three distinct key influencing groups impacting the social entrepreneurship sector can be described:

- Public institutions shaping the larger welfare sector and policies
- Large NPOs receiving the majority of funding for social services and having a considerable impact on social legislation
- Enabling institutions, as universities or specific competitions for social start-ups (Mara Benadusi, Karin Schetelig & Rosario Sapienza 2015, 35)

NPOs like Volkshilfe (organisation of the Social Democrats), Hilfswerk (organisation of the Conservative Party), Caritas, Diakonie (Church organisations) and the Red Cross carry out most of the public social services in the NGO sector and thus represent an important network. NPOs that do not work closely with a political party or cannot be linked to a specific party, therefore often have difficulties to become

¹⁴ <https://www.respect.at/leitbild/en/home>

¹⁵ <https://esslfoundation.org/de/essl-sozialpreis/>

¹⁶ <http://www.benjerry.co.uk/values/join-our-core>

¹⁷ <http://peoplefortheplanet.at/>

¹⁸ <http://www.sozialmarie.org/en/about-the-prize>

¹⁹ <http://www.erstestiftung.org/project/erste-foundation-award-for-social-integration/>

²⁰ <http://www.armutskonferenz.at/>

²¹ <http://www.trigos.at/trigos/ihreeinreichung/bewertung>

²² <http://www.se-award.org/en/sea2014/about>

established and to be funded (Ebd., 38). Therefore Benadusi et. al. see a constant rivalry between traditional NPOs and social entrepreneurs on funding and the involvement in policy making (Ebd., 32).

Stakeholders, networks and cooperation of social enterprises in the more modern sense are to some extent congruent with the stakeholders in the commercial and academic start-up ecosystem in Austria and receive the same funding (especially the PreSeed and SeedFinancing instruments of the Austria Wirtschaftsservice (aws) (BMWFW & BMVIT 2016, 127). Besides, social enterprises have developed their own networks and initial offerings. Most of these are internationally linked and some have strong roots in Austria.

One of the main intermediaries in Austria, involved in policy making and creating a supportive structure for social enterprises, is the Impact Hub Vienna. Various incubation and funding programmes are implemented with the support of the Impact Hub, such as the Investment Ready Programme and Social Impact Start Programme. The Impact Hub Vienna has more than 400 members (as of February 2016) supporting Austria's biggest network of social entrepreneurs and is itself part of a network of more than 11.000 members in 70 countries (BMWFW& BMVIT 2016, 129).

Pascal Dey, Hanna Schneider and Florentine Maier (2016, 1145) identified nine main intermediary organisations, offering support and producing audience for social enterprises in Austria (Table 1). They pointed out, that these organisations do not necessarily share the same understanding of social enterprises.

Full name	Abbreviation	Main activity related to SE	Year of inception
Ashoka Austria	Ashoka	Fellowship stipend	2011
Essl Social Prize	Essl	Award	2008
good.bee	good.bee	SE financing	2008
Impact Hub Vienna	Hub	Working space, SE training	2010
Social Business Day	SBD	Networking event	2010
Social Impact Award	SIA	Award, workshops	2009
Trigos Prize for Social Entrepreneurship	Trigos	Award	2012
Pioneers of Change	PoC	Training programme	2010
BDV Austria	BDV	Umbrella organisation for work integration social enterprises	1985

Table 3 List of Austrian intermediary organisations

The support of these platforms also led to the founding of new network associations and the growth of the network of social enterprises in the last years. [SIC!] - students' innovation Centre, winner of the social impact award 2016, was founded to support students engaged in eco-social enterprises, projects and initiatives, to realise their ideas offering peer support, space and a platform to connect with other initiatives.

A major project of promoters and intermediary organisation of the sector (Ashoka, Impact Hub, arbeit plus, Austrian Council) is the building of a multiple stakeholder group and of advocacy and representation for the sector to raise awareness for the subject.

There are also incubator networks in Austria, such as GIN²³, but they are addressing start-ups of all kind.

2.1.9. Focus on entrepreneurship skills and competences

The **Competence Centre for Non-profit Organisations and Social Entrepreneurship of WU** describes itself as an academic partner for social enterprises offering training, research, knowledge transfer, learning design and consulting. The Competence Centre is member of the EUCLID Social Enterprise Networks, a European initiative which aims to create connections between civil society and social enterprise leaders, to produce leadership, professional and entrepreneurial knowhow and to influence European policy and funding and strengthen members' and network participants' EU engagement.

Besides the Competence Centre, training for social enterprises is mostly provided by the community itself. The most important network providing training is **Impact Hub Vienna**. It offers its members access to training and support, work spaces, lectures, training workshops, community networking events and incubation programs. Moreover start-ups of the sector can also profit from the information general platforms, such as the AWS or Austrian Startups are providing.

One part of Ashoka's work is the focus on entrepreneurial skills and competences. One example is the implementation of the the **Ashoka Visionary Program**, which involves decision makers in the private or public sector dealing with social innovations and social entrepreneurs. Aim of the programme is to enable participants to gain skills to cope with entrepreneurial but also intrapreneurial challenges and to generate social impact.²⁴

Training is also offered by **Pioneers of Change**, wo designed a full-year curriculum for change-makers: social entrepreneurs who have an idea but do not know how to implement it or who are already running their social enterprise but do not know how to scale up their ideas. Pioneers of Change was launched in 2010.

The Consulting firm **trainconsulting** offers qualification programs for NGO's and social-profit-organisations to a reduced rate. This offer was, for example, used by "Bank für Gemeinwohl" and contributes to the formation of management-skills.

In the traditional NGO-sector the Master Studies in Social Management (supported by the European Social Fund and the Ministry for Education, Science and Culture) which have been launched at the University of Applied Science – FH Campus Vienna in 2004 contribute to knowledge building on management skills.

2.2. Country Report Czech Republic

2.2.1. SE policy in the Czech Republic

Social Entrepreneurship is pronounces in several granting schemes. The most prominent is the support from ESF (Operational Programme Employment) managed by Ministry of Labour and Social Affairs. There is also some regional support to SE's but nowadays mostly in form of being a part of regional development strategies of regional authorities and local action groups.

²³ <https://www.ffg.at/en/global-incubator-network>

²⁴ <http://ashoka-cee.org/visionary-program/>

The most important NGO related to social entrepreneurship in the Czech republic is TESSEA, which is an association of SE's, providing support and information on social entrepreneurship, acts as an interlink between real practice and government area. TESSEA cooperates with ministries and government agencies and helps shaping policy making and direction of support towards SE's. TESSEA is also a stakeholder at legislative process that will hopefully lead to adoption of legislature related to social entrepreneurship.

The main weakness of the Czech social entrepreneurship is its novelty to both consumers and entrepreneurs and the lack of legislature. The idea of SE is usually adopted by enthusiasts who usually spend all their spare time and finances in favour of the enterprise. However, these enthusiasts usually lack business skills that are, however, also needed to run a proper social enterprise. This leads to either short-life ventures of heavy dependence on grants or other external financial support. The concept of a SE is still new to traditional entrepreneurs and also the lack of obvious advantages and unclear legal background hampers its adoption by this economical group.

The survey made in 2015 revealed the most severe points SE's commonly deal with. They are:

- Lack of a legislature aiming on SE as a different form of entrepreneurship
- Lack of marketing schemes
- Lack of external funding and systematic support
- Lack of knowledge of SE advantages/challenges among government and regional authorities

The lack of legislature is almost impossible to change within the project itself but a new legislature concerning social enterprises is underway and should come into effect during 2018. Still, the diagnostic tool can enable the governmental bodies to take its outputs into account when preparing the next iteration.

Once there is a well-defined system of social enterprises created, it will be easier to build an economic structure upon the legislative frame. The procedure of founding and naming main goals becomes more obvious. Operative work will have a structure that is built on rules that make the enterprise more transparent. Different types of SE can help social development in diverse areas.

Given a legal definition, operative actions are defined, enterprises start working, setting goals and realising them, with adequate involvement awareness rises and that results to social development.

Lack of external funding is a widespread occurrence among SE's and it is touched by several public and private funding schemes. The monitoring diagnostic tool will provide fund administrators with an overview of social enterprise environment and help them to aim their support more precisely, systematically and focused on domains that cause problems. Currently, it seems that launching a social enterprise is, financially-wise, somehow easier than keeping one running in the long term.

There are more methods to finance a social enterprise, if it would be possible to receive at least from one source abundant support, or to have more alternatives of financial support to choose from, it would start the process towards development. Having more supporters' cooperation is made possible, as a result a net of partnership can be made, where partners help each other and share knowledge.

Lack of marketing schemes is a truly weak side of most SE's in the Czech Republic. It is closely related to above-mentioned lack of funding which could be partly avoided by successful marketing. However, social enterprises usually lack funds to hire a skilled marketer and thus the SE's men-in-charge usually performs the marketing jobs.

Lack of knowledge among government and regional authorities is another discovered hindrance for social enterprises. This area is tough to change rapidly but has a huge potential. Because the phenomena of social enterprise is pretty new to the Czech republic (social enterprise as a sustainable economic concept, sheltered workshops etc. have long tradition but they were more rehabilitation and/or re-socialization project) the attitude of government and regional authorities is indecisive, probably rooted in the fact that they lack reliable information and tools to gather systematic and long-term support schemes for this branch of economy.

2.2.2. Legal framework

There is currently no law in effect concerning social enterprises. In April 2014 the Ministry of Human Rights claimed they prepare a special social enterprise legislature. Several sources claim it should be finished in 2018. It means that social enterprises currently operate under normal trade/corporate legislature. From 2014 onwards, there is a new form of business shaped for SE – social co-operative but with limited legal background.

Social enterprises in the Czech Republic are identified by their membership in the database run by TESSEA. Membership is not conditional on any specific legal form - the major forms deemed compatible are:

- The limited liability company, defined in the Commercial Code, can be founded with a different aim than conduct of business, if a special directive does not prohibit it. (Dohnalova 2009). If it is founded with a socially beneficial mission, a limited liability company may be considered a social enterprise.
- Cooperatives, defined in the Commercial Code, are associations founded with the aim of conduct of business. Where the aim of a cooperative is consistent with the TESSEA definition, they may be considered a social enterprise – this is mainly the case of worker cooperatives employing disadvantaged individuals.
- Civic association, defined in Act No. 83/1990, is a non-profit legal form that allows people to associate to pursue various social missions. If it allows for supplementary commercial activities a publicly beneficial social mission, civic association may be considered a social enterprise.
- Public benefit organisation, defined in Act No. 248/1995, is a legal form whose main aim is to provide publicly beneficial services. Its profits need to be reinvested into the provision of those services. It can earn its income by charging acceptable prices for the provided services and by accepting subsidies and donations from the state and private sources. From this definition, it is apparent that public benefit organisation combines the profit seeking and socially beneficial motives, and as such may qualify as a social enterprise.

There is one institutionalised form of social enterprise in Czech Republic: Social cooperative under Commercial Corporations Act No. 90/2012. Social cooperatives are limited to the purpose of enabling social and employment integration of deprived persons into the society. Social cooperatives must also

prioritise fulfilling local needs and use of local resources according to the seat or location of operation of the co-operative. This form matches the European Operational Definition in important ways.

Currently the TESSEA indicators and definitions serve as guidance when identifying social enterprises. They are not included in any legal framework, nor is there a specific body responsible for monitoring of compliance.

2.2.3. Taxation and incentives

There is not tax exemption to social entrepreneurship, mainly because there is no legal base upon which a business would be classified as social entrepreneurship. However, according to the Czech law, every employer above 25 employees must either occupy 5% of its staff by disadvantaged people or must pay additional tax. There is, however, an official workaround, which allows employers to evade the special tax by buying goods or services by an enterprise that employs 50% or more of disadvantaged people. These enterprises (being sheltered workshops or social enterprises) must be centrally registered as providers of so-called “substitute settlement” (náhradní plnění).

2.2.4. Finance and Funding

Own activities are the main source of income of social entrepreneurs – they constituted 51.2% of total income of an average social enterprise in 2013 (P3 & Provida survey 2013).

Currently the financial support targeted specifically at social enterprises is very limited (Jetmar 2010 & 2012). In the past, the largest sources of finance were the OPHRE and IOP grant programmes that provided the main source of financial support in 2007-2013. In 2014-2020 it was taken over by OP Employment managed by MoLSA (Ministry of Labour and Social Affairs). Thus, the public financial support is limited to contributions for employment of people with health disabilities. Currently there is no public start-up support and the only active public bodies supporting the concept are MoLSA and the Agency for Social Inclusion. This can be illustrated by the fact that out of the average of 25% of enterprises that suffer yearly financial losses, 71.4% cover them from own resources, 11.4% use loans from nonbank sources and only 5.6% rely on bank loans (P3 & Provida, 2013). Some of the social enterprises from the non-profit sector also rely on the support of the funding organisations when they are in need of funding.

The private social investment markets do not offer many alternatives (Jetmar 2010 & 2012). They are rudimentary in their development and consist only out of a few big commercial companies that support social enterprises as a part of their corporate responsibility strategies (for example Ceska Sportelna, CSOB). While these schemes offer both start-up and operational support, they are very limited in their scope and usually lead only to minor contributions, they are small-scale compared to the MoLSA support.

Besides support co-financed by ESF or ERDF, WISE employing people with health disadvantages often rely on financial contributions from the Labour Office. According to the Employment Act 435/2004 Coll:

- § 75 the Labour Office provides financial contribution to creation of employment position for people with health disabilities. Depending on the severity of the disability, this contribution can be as high as twelve times the national average wage.

- § 78 the Labour Office provides financial contributions to employers who employ at least one employee with a health disability per each healthy employee. These contributions cover 75% of the wage expenditures on those with health disabilities, but cannot be higher than 290 EUR a month per person

Other public institutions do not have any support schemes aimed at social enterprises (Bednarikova & Francova 2011, Jetmar 2012).

However, crowdfunding seems to be a viable funding scheme but, similarly to social entrepreneurship, it is quite a new phenomenon in the Czech society and general public is widely unaware of these new alternative financing schemes.

Non-financial support:

There is a project run by P3 (NGO) which aims at establishing a national network of eight ambassadors that actively promote social entrepreneurship in their respective regions through seminars, panel discussions, etc. These ambassadors are usually people with broad experience in social entrepreneurship and can help with many aspects running a SE brings around.

2.2.5. Services and support schemes

Support type	Are there any schemes specifically targeting social enterprises?	Are any of these schemes funded by ERDF/ ESF?
Pre-start support (e.g. incubators)	Yes	ASPČS (No)
Awareness raising (e.g. awards)	Yes	SIA (No)
Social entrepreneurship education (e.g. school for social entrepreneurs)	Yes	ASPČS (No)
Business support (e.g. business planning, management skills, marketing etc.)	Yes	ASPČS (No)
Training and coaching schemes	Unknown	
Investment readiness support	Yes	ASPČS (No)
Dedicated financial instruments	Unknown	
Physical infrastructure (e.g. shared working space)	Yes	IROP (ERDF), OPZ (ESF)
Collaborations and access to markets	Unknown	
Networking, knowledge sharing, mutual learning initiatives	Yes	ASPČS (No)
Internationalization	Unknown	

Table 4 Services and support schemes in the Czech Republic

- OP Integrated regional operation programme (IROP) - ERDF
- OP Employment (OPZ) – ESF
- Social Impact Award (SIA – Česká spořitelna – Czech Saving Bank)
- Akademie sociálního podnikání České spořitelny (ASPČS – Česká spořitelna SE Academy)
- ERDF (IROP) and ESF (OPZ) funding aim on setting up or extending existing social enterprises. They do not support incubators, SE awareness, education or experience sharing. They target disadvantaged group employment and physical infrastructure measures.
- Private initiatives (SIA, ASPČS) are more focused on the soft skills including experience sharing, financing possibilities, education, planning, management, marketing etc.

2.2.6. Focus on social impact and social goals

As far as now there are no special policy that would promote social impact or social goals of SE's in effect in the Czech Republic. Also no general impact measurement or evaluation is available. The only quasi-evaluation is that performed by TESSEA before they accept a new member. But the evaluation is only formal and based on the data provided by the respective enterprise.

2.2.7. Labels and certification schemes

No label or certification is currently available in the Czech Republic.

2.2.8. Networks and cooperation

The policies are usually aimed at support of individual SE's and as far as researched there are no support schemes to promote cooperation, synergies or networking. TESSEA is a loose form of a network but the cooperation itself is bore by the enterprises. Thus there are some informal and casual networks but no central or official support of such networks was found.

2.2.9. Focus on entrepreneurship skills and competences

There are some activities that aim to support skills and competence build-up. These activities are within the portfolio of ASPČS (SE Academy, see above). However, nothing particular is known about the practicality of the scheme.

2.3. Country Report Croatia

2.3.1. SE policy in Croatia

Straightness	Weakness
<ul style="list-style-type: none"> • The existence of support to the development in the field of social entrepreneurship (networks CEDRA.HR, SEFOR, TEF) based on initiatives from civil society • The existence of various initiatives of social entrepreneurship in local community • A long tradition of cooperatives in Croatia • encouraging of social entrepreneurial initiatives by the government through the National Strategy for creating an enabling Environment for Civil Society Development 2014.-2016. • The existence of organizations which are able to encourage and promote social entrepreneurship (regional development agency, social entrepreneurial networks, foundations) • The existence of investment support for development social entrepreneurship by the government organizations • The development an enabling environment for development SME in 	<ul style="list-style-type: none"> • Unclear and incompatible understanding of social entrepreneurship between stakeholders • Negative perception of nonprofit forms of economic activities which are observed like unproductive and they are associated with planned economy • Lack of analysis, weak but growing recognition of potential benefits of social entrepreneurship for socio-economic development • Existing systems don't have enough public institutional support at national, regional and local level - a significant amount of resources are spent for obtaining funds for the sustainability of the system • Lack of quality and clear legal framework in the field of social entrepreneurship • Lack of financial instruments available for social entrepreneurs

<p>Croatia (Strategy of development of entrepreneurship 2013-2010)</p> <ul style="list-style-type: none"> • The development of sector of civil society in providing social services in the community • The existence of interest for development of socially responsible business and investments in community with established cooperative mechanism and programs 	<p>(credits, guarantee funds, socially responsible investing)</p> <ul style="list-style-type: none"> • Low convenience of social entrepreneurs as client of financial institutions due to lack of business experience, skills and lack of collateral for funding • Lack of visibility of socially and environmentally responsible product and service at the market • Low sensibility of public procurement systems to quality and responsibility (positive social, environmental and economic effects) of products and services • Undeveloped mechanism for a statistical monitoring of social entrepreneurship • Lack of clear and certain data about size and impact of the sector of social entrepreneurship • Poor development and networking of regional and local centers of support for social entrepreneurship • lack of professional management structure in the sector of social entrepreneurship • lack of business skills of existing and potential social entrepreneurs • lack of knowledge and education programs about social entrepreneurship in the formal education system • incompatibility of the education system with labor market needs • nonexistent methodology for measuring the impacts of social entrepreneurship
Opportunities	Threats
<ul style="list-style-type: none"> • high level of recognizing social entrepreneurship at EU level • increased awareness of stakeholders about the need for alternative economic models because of crisis • high range of innovations in the field of social entrepreneurship and high-speed exchange of information • available international corporation and exchange of information and knowledge 	<ul style="list-style-type: none"> • abuse of social entrepreneurship concept for activities which aren't in accordance with social entrepreneurship principles and values • assimilation of social entrepreneurship with the nonprofit sector • possible administrative obstacles related with unawareness of the

<ul style="list-style-type: none"> • high range of institutional solutions for the encouragement of social entrepreneurship in the EU and all over the world • financial support to the development of social entrepreneurship through European funds and programs • new cooperations, intersectoral networks, and partnership at the local, regional, national and international level • increased awareness about the importance of social entrepreneurship by government, regional and local institutions 	<p>potential of social entrepreneurship by government institutions and community</p> <ul style="list-style-type: none"> • inflexible legal framework for the creation encouraging environment for the development of social entrepreneurship • lack of institutions cooperation: national, regional, local • the invisibility of the positive impact of social entrepreneurship
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Table 5 SWOT analysis of social entrepreneurship in Croatia (Strategy for the development of Social entrepreneurship, 2015)

2.3.2. Legal framework

In Croatia, the legal framework for social entrepreneurship is nonexistent. Social enterprises aren't recognized by a legal framework. They operate at the market like traditional enterprises. The legal framework does not define criteria which could separate social enterprises from the traditional enterprises. Related with this, the legal framework is unique for all entrepreneurs. Social entrepreneurs define themselves as such, but the legal framework doesn't. Legal status for social enterprise has not been created yet.

Legal forms don't take account of specific features of social enterprises. This causes many problems for social enterprises in the daily business because they have to follow a legal framework like traditional enterprises, although they have a positive social impact on the community.

Social enterprises can be registered in various legal forms as traditional enterprises. The most common form for social enterprise is cooperative. Croatia has a lot of laws which define a business of entrepreneurship. According to this, social enterprise has to operate according to them.

A large number of laws make a business of social entrepreneurship more difficult. Some of them are:

- Associations law
- Cooperative law
- Foundations law
- Institutes law
- Company law

Croatia has Strategy for the development of Social entrepreneurship (2015). It is coordinated by Ministry of labor and pension system which is our Associated Strategic partner in this project.

2.3.3. Services and support schemes

Services and support schemes which are provided for SEs in most cases are the same ones which are provided for traditional enterprises. Investment markets for funding a social entrepreneurship have not been developed in Croatia yet. Also, financial instruments in this field aren't satisfying. EU-funding scheme (means obtained by European social fund) was available for social enterprises. This call for proposal „Fostering social entrepreneurship“ was opened in 2016. The results of this call aren't known

yet, but interest for this call was great. Education and support schemes in most cases are organized through EU projects and they target young and unemployed people.

2.3.4. Taxation and incentives

The specific legal framework for social enterprises in Croatia is nonexistent. According to this, social enterprises don't have any taxation exemptions. Social enterprises have to pay the same percentage (amount) of tax, like other traditional enterprises.

This situation is demotivating for the sector of social entrepreneurship because it is treated like traditional enterprises. Their social impact which is achieved through businesses is higher than the impact of traditional enterprises, but they don't have any reduction in this area.

This is the result of a nonexistent legal framework for social enterprises and can't be changed before framework will be established.

2.3.5. Finance and Funding

Investment markets for funding a social entrepreneurship have not been developed in Croatia yet. Also, financial instruments in this field aren't satisfying. This is the reason why social entrepreneurs have a lot of problems with funding their social ideas and innovations.

The entire financial market in Croatia has not developed to a satisfactory level. Traditional enterprises in Croatia in most cases finance their business through bank means. In the most cases, banks aren't ready to fund social enterprises yet. Most of the banks have a perception on social enterprises as high-risk clients.

Some banks have taken a step further and they have specific programs for social enterprises. One of this banks is Erste. Erste has a program "Step by step" through which Erste is funding clients which general market perceived as clients with more risk. This program, besides the means, offers clients an education, consultations, and other nonfinancial support.

EU-funding scheme (means obtained by European social fund) was available for social enterprises. This call for proposal „Fostering social entrepreneurship“ was opened in 2016. The results of this call aren't known yet, but interest for this call was great.

The most means for funding of social entrepreneurship are coming from donations of socially responsible corporations. Large corporations donate means through the concept of corporate social responsibility.

A good example of donations is a program "Start something your" developed by ACT group (a consortium of social enterprises) and corporation Philip Morris Zagreb which donates means for this program (ca 53.000 EUR). The program supports projects with positive social impact and offers entrepreneurs consultations and finance support for start and development of businesses.

Ethical bank (EBANK) started working at the end of 2016. It is a member of the European Federation of Ethical and Alternative Banks (FEBEA). EBANK is an ethical development bank owned entirely by its own members. Instead of high profits, its primary goals are contributing to a better society and the well-being of its co-owners. All approved loans are in the same currency as income of investors. Interest rates are in the range from 0 to 4 percent. EBANK provides all standard bank services, but with

no additional fees such as account service charges, domestic transaction fees, charges related to online and mobile banking or debit cards. Lists of all members are available on the website of the bank.

All projects which are financially sustainable and beneficial to society and the environment can apply for funding. Additionally, the bank will help its members prepare all the necessary project documentation for EU funding programs. Projects in the following categories form the basis of the bank's investment policy:

- agriculture, particularly eco-agriculture,
- renewable energy,
- small and medium-sized businesses in manufacturing, processing and professional services,
- informatisation and new technology,
- social entrepreneurship,
- Start-up businesses and novice entrepreneurial projects.

In Croatia, there are some initiatives as calls for proposals or donations for funding a social entrepreneurship, but entrepreneurs are still confronted with a lot of problems. Lack of venture capital investments is a huge obstacle for the further development of social entrepreneurship in Croatia. According to this, entrepreneurs are addicted too much about donations from large companies with CSR business.

2.3.6. Social Impact measurement and reporting systems

The most important problem in Croatia in the field of social entrepreneurship is measurement and reporting systems. We do not have basic information about social entrepreneurship as it is a number of social entrepreneurs, the number of employed persons in the sector of social entrepreneurship at the national level. A register for social enterprises will be developed within National strategy (2015). In this register, social enterprises which fulfill criteria defined in Strategy will be recorded. Criteria for recognizing social entrepreneurs defined by Strategy:

- Social entrepreneurs achieve a balance between social, environmental and economic goals
- Social entrepreneurs operate in the field of production and traffic goods, providing service, or art activities with which entrepreneurs achieve an income on the market and they have a favorable impact on the environment, contribute to the development of local society and society in general.
- Social entrepreneurs make a new value and ensure financial sustainability – in the first three business years at least 25% of incomes have to be accomplished through economic activity
- Social entrepreneurs have to invest at least 75 % of gain in achievement and development of business goals
- Basic characteristic of social entrepreneurs is voluntary and open membership and autonomy of the business
- Republic of Croatia, local and regional government or public body authorities can't be exclusive founder of social enterprise

- Social entrepreneurs are characterized by democratic decision making (inclusion of all stakeholders, transparency managing) which aren't only related to ownership shares, the key stakeholders: employees, members, users or consumers also are included
- A social entrepreneur monitors and evaluates their own social, economic and environmental impact and result and implements results of evaluation in the business planning and takes care of their improvement
- In the case of termination of the business, social entrepreneur has defined, in its acts, an obligation according to which residual assets, after paying debts to creditors, transfer to another social entrepreneur with the same or similar business objectives or to ownership in local and regional (regional) governments, which will be used for development of social entrepreneurship

The activity "Development and implementation of a methodology for monitoring and evaluation social, economic and environmental impact of social entrepreneurship" is foreseen in the frame of Strategy. It has to be done in the coming years of implementation of the strategy.

For increased awareness and importance of the value of the social enterprise, it is crucial to have a measurement and reporting system of social impact. Without this, we can only approximate how social entrepreneurship is important for the community. Without the exact value of the social, economic and environmental impact of social entrepreneurship on society, it will be difficult to stimulate policy makers, investors, banks to investment in the field of social entrepreneurship.

2.3.7. Labels and certification schemes

At the national level labels or certification schemes for SEs are nonexistent. This is one of the effects of lack of legal frameworks because it is almost impossible to create a label or certification scheme for SEs without some strong framework. Some social entrepreneurs have started with initiatives for the implementation of international certification because of lack of national certification schemes or labels.

2.3.8. Networks and cooperation

Networks and cooperation in the most cases are being initiated by the civil organizations in the frame of projects in this field. Policy still doesn't have enough awareness about the importance of this kind of networks. Civil organizations in the frame of projects have developed platforms for social entrepreneurs, with different types of cooperation. The problem with this kind of networks is their sustainability because the majority of them are maintained just through a project duration. If these networks were managed at the national level, they would be more efficient.

2.3.9. Focus on social impact and social goals

The policy doesn't provide any information about social enterprises regarding the social impact and social goals. Measurement tool and evaluation procedures have not been developed yet. Measurement tools for evaluation impact of social entrepreneurship have been planned in the frame of Strategy but do not exist yet.

In practice, some social entrepreneurs are trying to do some report about their social, environment and economic impact. This reporting is not formal and social entrepreneurs determine its features and methodology. Because of this, the result of this kind of measuring impact isn't comparable. At the national level, a report about social impact and social goals do not exist. There is no report about this

important features which will support importance of social entrepreneurship with the number and specific result.

2.3.10. Focus on entrepreneurship skills and competences

In Croatia, only several faculties (Faculty of Economics in Zagreb, the Zagreb School of Economics and Management, Faculty of Economics in Osijek) educate students about social entrepreneurship. Still, it is not enough education support for social entrepreneurship. Business schools give too little knowledge, experience and focus on this field of entrepreneurship. Education in most of the cases is organized through EU projects and they target young and unemployed people. ACT group (Consortium of social enterprises) has done a step further. It established an Academy for Social Economy (Consortium of social enterprises) in 2016. ACT group has worked on informing, consulting and educating civil society organizations and other shareholders. It has seen a need for education in this field. Establishment of an academy for the social economy has provided a quality formal and informal programs according to the needs of their users.

2.4. Country Report Hungary

2.4.1. SE policy in Hungary

3.4.1.1 Most important milestones

In Hungary before the transition handling social problems, especially employability and social exclusion, was the role and responsibility of the strongly centralized state. After the transition (1989), these problems hit more people, communities and groups; the newly emerged “third sector” became an active actor in addressing social needs, including labour market services, employment and integration. In the first decade, the main actors of these activities were non-profit organizations, associations and foundations. As the role of the state was crucial in tackling societal challenges before the change of regime in 1989, the change of mindset needs some more time: the independency of the third sector is far from being comprehensive as they are strongly dependent on government funds. These government funds include grants and outsourcing of services to local NGO-s addressing the disadvantaged groups.

The focus of the Hungarian social economy is mostly providing solutions for employability of disadvantaged groups, i.e. disabled people, long term unemployed, Roma minority and women with small children. The number of organizations have grown significantly because the **National Employment Public Benefit Non-profit Limited Company** (OFA Országos Foglalkoztatási Alapítvány in Hungarian) started funding pilot projects.

Developing social economy has also become part of the government agenda after Hungary joined the EU. This phenomenon has evolved further as the social enterprise, as a new special entity, appeared in the common way of thinking after the social cooperative law was codified in 2006. Since that year different amounts of seed funds and grants have followed each other with the focus of the establishment and operation of social cooperatives as employment tools of the disadvantaged social groups. Experience shows that most of the established cooperatives did not reach sustainability and became strongly dependent on the grants.

Public work has to be mentioned as a market-distorting factor which in the beginning was used as a temporary solution for massive unemployment caused by the economic crisis. After several years of permanently increasing the number and scale of public work, decision makers realized that there is a

need for special tools to intensely assist the exit of public work to the real labour market for the target group. Connected to the social work the significant changes in the social cooperatives law, in 2013, allowed a new type of employment for former public workers, involving the local government as co-owner of these new social cooperatives. The Start Work Best Practice Programme has to be mentioned as well as a special public work scheme, already existent by 2013. These projects invested in machines, bought or rented agricultural land, tools, built or rented workshops, and they mostly did agricultural activity and/or local food or fruit processing. Unfortunately many of these cooperatives mostly failed to reach sustainability on their own, as they were far from real market demand.

Since July 2007 there is another legal form as an option to run a social enterprise - a private non-profit company, in which the not for profit purpose of the founder is made obligatory through profit reinvestment while incorporating economic activities as well. Most of these non-profit companies are community-supported and their foundations were induced by grants without a legally targeted granting scheme. Their foundation included the fundraising methods of general start-ups, such as family savings.

(Non-profit companies can be very big limited companies as well, or can belong to a local government; mostly they were founded by the government or local government or were transformed from a former legal entity to this new one. In this case they mainly provide services outsourced by the government or local government. It is hard to identify them as social enterprise, because in reality they are central or local governmental organizations.)

“Real” non-profit companies, however, contain several examples of viable social enterprises, operating under sustainable business models.

Activities of social cooperatives and micro- and small non-profit companies are quite similar: they produce goods or provide services selling mostly to local customers. Some enterprises specialize in region-specific products, processing local agricultural products (food and drinks), or producing local handmade products, which may sometimes find a wider market uptake, especially in case of high-quality products from geographically protected denominations. Other enterprises operate sheltered workshops or offer services with public benefit, such as education for children with special needs, preserving cultural heritage, cleaning the urban environment etc. In many cases these businesses are environmentally conscious, or their products or services are closely related to ecological sustainability. They often employ people who normally face difficulties while entering the labour market such as disabled people, mothers after kid delivery or with small children, the Roma minority and the long-term unemployed. In many cases these disadvantages are go hand-in-hand.

The latest and the currently most important milestone of social enterprise development in Hungary is the grant programme launched in 2015 for already existing social enterprises. This granting scheme is spectacular outstanding as it is legally more permissive, accepting each legal form as long as it is non-profit. The grant resulted in the transformation of several for-profit social enterprises to non-profit companies. The grant scheme contains financial and non-financial support as well: first the future projects are assessed economically through their business plans, their social dimensions are assessed through a detailed form. Later the applicants not reaching the proper score participate in a development course to improve their proposal. Currently in the middle of the application period, there are more than 800 applicants out of which roughly 300 under development in the dedicated courses.

3.4.1.2 SE dimension in mainstream relevant policies, programmes and practices

The SE sector of Hungary was not recognised by national policies until recently last year. However, they were supported indirectly by different programmes with mainly employment focus. There are two interconnected projects of national programmes which are financially and non-financially supporting social enterprises. The two projects are EDIOP 5.1.3-16 “supporting social impact enterprises”, offering non-refundable ESIF grants, while the EDIOP 5.1.7-17 offers a combination of grant and loan which are refundable ESIF grants. The development of the new methodology for monitoring proposals was pre-qualification criteria was led by IFKA. The criteria are composed by 3 aspects: minimum (administrative) requirements, sustainable development and social impact measurement, thus the certified SEs need to prove that they are both financially sustainable and socially responsible. Up till today there is a total number of 900 registered enterprises in the pre-qualification system. Although these projects are a great opportunity to SEs, the minimum criteria disqualify SEs which do not have a non-profit legal form, thus these projects are not able to help the whole ecosystem. Moreover, though enterprise development funds and start-up capital remain both at disposal for SE development as well.

3.4.1.3 Visibility and recognition of SE sector – representation of stakeholders of the SE community

The most prominent actors of the social enterprise ecosystem of Hungary are represented through other organizations, which are supporting the ecosystem financially or non-financially, or even both. For this reason we have to mention the most important of these organizations. They include governmental organizations such as the National Employment Public Benefit Non-Profit Ltd, which is the leading organization of the consortium coordinating the EDIOP 5.1.3-16. The project also operates a website where there is a dedicated “marketplace” representing the products and services of SEs.

The other, much larger, group of organizations supporting the ecosystem is that of business support organizations such as NESsT, ImpactHUB and ASHOKA. These organizations help the sector majorly non-financially and in the smaller part financially with starting grants. Later on the main task of these organizations is to help SEs to be able to scale up. Social cooperatives can also be found through their national association, on a website. All in all there are initiatives trying to give the whole sector more visibility, but the sector needs more time to develop.

3.4.1.4 Strengths and weaknesses, niches and gaps in Hungary’s SE policy field

Strengths:

- ✓ more than 15 years of different kinds of experiences
- ✓ several models and best practices are available
- ✓ educational programmes on SE on high educational level (Universities, high schools)
- ✓ several support organizations are present in the sector
- ✓ present grant for wide variety of SE actors, with a strong focus on awareness raising of the social dimension

Weaknesses:

- ✓ unstable legal and economic environment
- ✓ no widely accepted definition
- ✓ social cooperative as legal form is a hybrid which makes operation difficult
- ✓ social enterprises are strong dependent on state grants
- ✓ decision making on Ministry level does not involve other actors of the sector on a proper level
- ✓ the network is not ready yet to enable cooperation between the actors of the sector therefore, the sector is not able to lobby
- ✓ very little business, management and HR knowledge of SEs
- ✓ very little visibility of the sector
- ✓ national supporting schemes are legally strict, allowing only those enterprises to apply which have certain legal forms
- ✓ for the previous reason, most of the social enterprises operate in certain legal forms to fulfil grant requirements

Niches:

- ✓ lack of awareness of available seed- and venture capital as these funds are not strictly socially focused
- ✓ there is no widely accepted definition
- ✓ there is no learning from international best practices
- ✓ lack of supported involvement of the social enterprises in public procurement procedures
- ✓ lack of awareness raising among big companies toward social enterprises as suppliers and vendors
- ✓ lack of awareness of the non-profit community for SE as a tool to increase their financial and professional independency
- ✓ many eligible organizations have no information about the grants – there is no platform to gather these pieces of information
- ✓ many organizations are not eligible because of their “improper” legal form – being mostly for-profit companies
- ✓ many non-profit organizations (associations and foundations) have strong social mission, like combating for inclusion, but their legal form allows only a little commercial activity, so they lack business approach

2.4.2. Legal framework

At present, Hungary lacks a legal definition or an exclusive legal form for social enterprises. This situation only proposes a problem as there are various types of granting schemes, having different legal and definitive restrictions.

One of the most adequate legal forms used by social enterprises is the social cooperative. According to the 2006 law on cooperatives, social cooperatives aim to provide adequate work conditions to improve the social circumstances of the socially disadvantaged target groups. In 2013, based on the new Civil Code, the law of cooperatives has changed. The update on the law on social cooperatives was needed to enable local governments to employ former public workers in another legal framework.

An important law is the Civil Law codified from January 1, 2012, which has new legislations related to operation of associations and foundations. It has a chapter about the public benefit legal status as well.

Hungarian legislation allows non-profit organizations to do entrepreneurial activities, but they have to reinvest the income into to original activity identified in their founding document. Public benefit status can be achieved by a non-profit organization which results in more favourable taxation, while being a for-profit social enterprise, however, at the existing practice excludes the application for state grants.

2.4.3. Taxation and Incentives

In Hungary the national law and other related regulations (law on accounting, law on taxation, etc.) considers the basic type of social cooperative as for-profit enterprise. Still, in practice it is a hybrid legal form.

When non-profit companies are established in Hungary, they need to include public causes in their founding documents. These public causes are controlled through annual public benefit reports, which need to be submitted with the annual financial and income statements.

The Hungarian by-law (141/2006. VI. 29.) on social cooperatives considers employment generating coops as an important policy tool in the direction of activating wide strata of undereducated people in deprived areas. Social coops cannot have investor members, only contributing members in person. As opposed to mainstream coops, they are acknowledged as having community-interest status entitling them to tax-deductible donations (1% Personal Income Tax²⁵ donation by individuals when claiming taxes annually – otherwise only non-profit organizations meeting difficult criteria are eligible for this opportunity). Because of the employability focus there are several specialities if social cooperatives which allow them to hire their members without salary, and formal employment status, and if they do employ former unemployed people, the cooperative is eligible to pay a very favourable employment tax. There are many social coops in the country, but only very few could reach a sustainable business model. Thus, the current legislation and practice can be deemed as worthy for starting them as competence incubators, but unsatisfactory to pushing them over the threshold of an institutional status.

2.4.4. Finance and funding

Supporting social enterprises (either in start-up or scale-up phase) is primarily grant-based in Hungary. Due to the financial problems and the vulnerability, more and more organizations seek to diversify

²⁵ Source: https://en.nav.gov.hu/taxation/taxinfo/summary_individuals.html

their resources to ensure the sustainability of their operation. Most social enterprises have understood the importance of diversifying revenue streams²⁶ such as:

3.4.4.1 Fees for services or sales of products

Estimations show that approximately 25% of revenue stems from sales activity of Hungarian SEs meaning that without a majority of other funding sources they are not able to break even. Products and services created by SEs are mostly overpriced and the price over the average is solely connected to the social added value of SEs' operation and entirely independent from the quality of the product or service. Consequently these enterprises provide an opportunity to customers to share social goals and additional cost items together. Size limitations of Hungarian SEs have to be mentioned as an obstacle to produce and deliver in bulk.

3.4.4.2 Investors' capital (equity) by venture capitalists/ social capital investors

The social investment market is still (very) nascent in Hungary due to the fact that public financing accounts for large proportion of available financing and putting low pressure on self-sustainability.

On the supply side, there is very limited but growing number of private investors in Hungary. As part of this process, in March 2016, THBE, the Hungarian Social Impact Investors' Association was founded with the intention "to evangelize the impact investing approach, that investments shall generate measurable societal impact alongside financial return, and to develop the Hungarian and regional social financing sector's ecosystems". In September 2016, PBG FMC has announced to launch the first social impact investment fund in Hungary²⁷. The fund is expected to provide equity-based support to „investment-ready“ SEs with the total of 20 million EUR capital. Besides Hungarian attempts, Western European social impact investment funds are considering the initial step towards Hungary in the coming 5 years such as PhiTrust based in France and Phineo in Germany.

On the demand side, adequate investment readiness to absorb refundable financing is still limited. Hungarian SEs are mostly not ready for investments due to vague business plans, unsustainable operations and a lack of management capabilities. Secondly, the size of investment sought after by fledgling social enterprises is currently mostly very small, which leads to high relative transaction costs; making the commercial viability of funding questionable. The transaction costs as well as accompanying non-financial support offered such as consultancy services need to be funded from other sources. Last but not least, the culture of social impact measurement is progressing slowly; most social enterprises are not interested in measuring their social impact created at all. The lack of social impact measurement is one of the main obstacles of investment readiness of the sector, as investors have no other way of controlling the social value created by their investments.

3.4.4.3 Loans

The attractiveness of private financing, such as providing dedicated loans for social enterprises, is seriously impeded by the strict financial viability criteria set by most banks. Only few actors have realized the importance of delivering new types of financing instruments to SEs such as: Some years ago, Erste Group has launched the "Step-by-step" Social Banking programme, aiming to

²⁶ SEFORIS report Hungary

²⁷ <http://pbgfmc.hu/adakozas-profitall/>

address directly the needs of traditionally unbanked groups of the societies in Central and Eastern Europe (CEE) including Hungary. Erste's Social Banking programme fosters the financial inclusion of low-income individuals, first-time entrepreneurs and social organisations, offering them fair access to basic financial products, sound money advice and ongoing tailored business mentoring, so that these people gain the financial confidence needed to improve their lives and businesses.

Last but not least, the community bank, MagNet Bank, considering itself as an 'ethical bank' has recently started its operations in Hungary, offering favourable conditions to SMEs, social enterprises and non-profit organisations.

3.4.4.4 Corporate social responsibility

In Hungary, multinational organizations, banks and foundations - as part of their CSR Corporate Social Responsibility Programme - occasionally publish small-scale tenders providing a modest grant to non-profit organisations or social enterprises:

In 2014, UniCredit Bank together with UniCredit Foundation and NESsT Hungary jointly launched the „Social Innovation“ project²⁸ with the total of 60,000 EUR with that aim of improving the economic situation of disadvantaged groups in a sustainable way. The adequate projects were those that helped private individuals or organisations in the introduction or improvement of sustainable activities, rather than providing them solely financial direct support.

In 2016, UK-based Badur Foundation in cooperation with NESsT Hungary launched the Springboard Programme, its Social Enterprise Competition, to identify and develop SEs that improve the employment chances and livelihood of people in deep poverty. In 2017 they are relaunching the programme again just in these days.

3.4.4.5 Private donations

Private donations still represent an important source of funding both to social enterprises and social enterprise catalysts.

The limited track record of social enterprise funding in Hungary, coming from NESsT, only contains small investments (6,600 – 55,000 USD in individual loans, adding up to not more than 100,000 USD per supported enterprise; and 1,700 USD in equity funding). Recently NESsT is slowly shifting from start-up SE development (called as “patience capital”) towards social impact investment readiness support.

Similarly, ASHOKA, founded in 1994 in Hungary, is electing and supporting outstanding SEs through various mentoring and coaching programmes. From the beginning, ASHOKA's primary goal is to support social entrepreneurs in scaling their innovative solutions. Consequently, the range of financial and non-financial support provided is slightly different. Currently, ASHOKA runs 3 dedicated programmes for social enterprises, namely the ASHOKA Visionary Programme, the ASHOKA Accelerator as well as the ASHOKA Scaling Agency. As new player in Hungary, ImpactHUB Budapest²⁹ is providing a “Warm-up” programme, which is a

²⁸https://www.unicreditbank.hu/en/rolunk/tarsadalmi_felelossegvallalasunk/tarsadalom_es_kozosseg/szocialis_innovacio_tarsadalmi_celu_projekt.html

²⁹<http://budapest.impacthub.net/programme/investment-ready-warm-up/>

unique programme tailored for purpose-driven entrepreneurs from Central- and Eastern-Europe creating scalable solutions for global problems. In the Investment Ready Labs, a cohort of around 10 selected entrepreneurs systematically works on their business strategy and builds an attractive investment case.

3.4.4.6 Grants

Even today, public funding is crucial for the everyday operation of most of the SEs. It is especially true for early-stage SEs. Between 2014 and 2020, the **EDIOP Economic Development and Innovation Operational Programme** (GINOP Gazdaságfejlesztési és Innovációs Operatív Programme in Hungarian) helps the ecosystem through policy instruments specifically addressed to social enterprises, social innovation and social economy as a whole.

Between 2014 and 2020, the EDIOP delivers non-refundable grant schemes as follows:

Support type	Are there any schemes specifically targeting social enterprises?	Are any of these schemes funded by ERDF/ ESF?	Are any of these schemes funded by the policy instrument you address?
Pre-start support (e.g. incubators)	NO	NO	NO
Awareness raising (e.g. awards)	YES	YES	NO
Social entrepreneurship education (e.g. school for social entrepreneurs)	NO	NO	NO
Business support (e.g. business planning, management skills, marketing etc.)	YES	YES	YES
Training and coaching schemes	YES	YES	NO
Investment readiness support	YES	YES	YES
Dedicated financial instruments	YES	YES	YES
Physical infrastructure (e.g. shared working space)	YES	YES	NO
Collaboration and access to market	YES	YES	YES
Networking, knowledge sharing and mutual learning initiatives	YES	YES	YES
Internationalization	YES	YES	Partly

Table 6 Non-refundable grant schemes of Economic Development and Innovation Operational Programme Hungary (based on the EDIOP)

2.4.5. Services and support schemes

3.4.5.1 Business development and other services and support schemes - on the local, regional, national level - Specifically for SEs

From the beginning of providing grants for start-up social enterprises, National Employment Public Benefit Nonprofit Ltd. has been providing funding for business development training as well for the successful applicant organizations. In the case of the present grant available, a so called developmental course is provided for applicants who had failed to reach the proper scores. Besides, they had a very intense mentoring programme with mentors working exclusively in specified counties. NEPN Ltd. has regular courses for SE leaders and potential project applicants as well. These courses focus on legal and financial knowledge as well.

Between 2007 and 2016 NESsT with Citibank had 7 social enterprise development programmes where more than 80 small businesses, non-profit organizations and social cooperatives have undergone competency development support. Capacity building services offered by NESsT include pre-start and investment readiness support, general and specialised consultancy services, along with networking.

There are sporadic local initiatives, some non-profit organizations organize training programmes, courses, lectures. Participants are local governmental organizations, social enterprise representatives, NGOs and private individuals.

3.4.5.2 Specialist business development services and support

Consultancy companies (NGOs, private companies, etc.) have been providing training, consulting, advising since 1990. However, these courses do not provide specific knowledge regarding the social impact.

3.4.5.3 Investment readiness support

Besides NESsT, very few and only the most recent initiatives focus on investment readiness support. Impact Accelerator and Erste SEEDS Social Enterprise Establishment and Development Support³⁰ programmes are relatively new, attract social enterprises regardless of age or sector to build closer relationships with investors.

ERSTE's [SEEDS](#) project is a one and a half year incubation programme. It contributes to the development of Hungarian social enterprises, which aim to improve equality of life-chances and quality of life through their activities. The involved SEs receive a customized, multistage development supported by constant consultation and mentoring with pre-selected experts. The most promising applicants receive non-refundable sources ("seed grants"), build relationships with investors, be prepared for bank loans and continue the programme after the incubation phase (one and a half years more).

[Impact Accelerator](#)'s programme is 6-9 month long development programme for social enterprises. During the programme social enterprises work together with experts and investors to scale up the social impact and financial opportunities of their enterprise.

³⁰ <http://www.erstestiftung.org/blog/seeds-hungary/>

[SENSES](#) project's social enterprise acceleration aims to deliver 60 hours long digital material co-developed and co-designed by experts including theoretical economics, management, marketing, HR as well as sales management modules together with personalized mentoring and coaching led by CSR corporate representatives as a practice-driven "blended learning experience" for SEs of the Danube region.

3.4.5.4 Awards and competition based supports

Four private award initiatives have been targeting social enterprises or organizations active in the social economy as follows:

KPMG's *Programme for a Responsible Society* supports non-profit organizations or social enterprises active in education, health and environmental protection across Europe. Started in Hungary in 2009, it provides pro bono professional support, such as audit and tax advisory, strategic consultation, operations management, IT and HR consultancy for one year for 3-4 selected organizations, specially focusing currently on organizations working with disadvantaged children. The advisory work is complemented by an operational grant of 250,000-750,000 HUF (€830-2,500) and donations of used laptops if needed.

UniCredit bank's *Social Responsibility Project "Step with us"* was launched in 2013 in Hungary and is also implemented in several other European countries. It is a competition among non-profit civil associations and foundations, social cooperatives, supporting innovative initiatives addressing the economic vulnerability of disadvantaged groups by helping them establish economic self-sufficiency. The three best organizations are financially awarded (1st place project: €19,500, 2nd: €18,000, 3rd: €16,500).

The Competition of Social Enterprises organized between 2009 and 2015 by NESsT in its European countries of operation. A sum of \$10,000 was awarded to the social enterprises with the best business plan among the companies included in NESsT's first stage portfolio (i.e. help in the preparation of detailed business plan). Companies successfully completing the first stage received funding from NESsT. The award was given out in collaboration with Citibank, financed from the bank's Social Responsibility Fund. Citibank has stopped its operation in Hungary in 2016, so this programme came to an end then (besides, NESsT has changed its focus of operation to existing social enterprises with growing potential.)

Badur Association, founded by private people, operating in the UK and Hungary organizes competitions and support social enterprises' ideas on the route of realization. Badur's focus is exclusively Roma community initiatives or people living in very poor neighbourhood.

3.4.5.5 Physical infrastructure

There is a growing number of co-working offices available for businesses in general, including social enterprises, but only two of them provide help specifically for social enterprises seeking professional support and location.

[Budapest-based ImpactHUB](#), as a member of an international network provides offices to rent, co-working spaces, incubation for socially responsible, innovative and conscious businesses. Impact Hub Budapest has been recently awarded by the prestigious Office of the Year 2016 competition.

LOFFICE is a new-generation office, pioneer of the co-working model since 2009 offering innovative workspace to entrepreneurs at multiple locations.

H13 Student and Enterprise Centre provides professional assistance, office and co-working space for start-ups, innovators of talented students' groups. Their experts raise awareness toward social enterprises during their training programmes, and consulting.

3.4.5.6 Awareness raising, knowledge sharing, mutual learning

Although there are several association representing social enterprises as if they were trade unions, they do not usually have a powerful voice towards the public. These associations are the following: Club of Social Entrepreneurs (NESsT and Blue Bird Foundation together), Association of Social Cooperatives <http://szoszov.hu/>, Association of Social Enterprises, Association of Community Development. Moreover, as mentioned in 1.3. the National Employment Public Benefit Nonprofit Ltd has an important role in awareness raising and knowledge sharing through their web-site and a series of handbooks.

2.4.6. Focus on social impact and social goals

Experience shows that the majority of Hungarian SEs experience difficulties in defining their social goals and assessing the market in which they wish to work. In-depth interviews that Hungarian social entrepreneurs neither are willing nor are aware of social impact measurement techniques. The lack of knowledge about the available tools for measuring social impact is one of the most important disadvantages of the Hungarian ecosystem because without measuring their social impact neither the prospective donors, nor public decision makers, nor customers have enough information about their impact.

In January 2014, the Hungary Impact Group³¹ was established with the aim to bring together key stakeholders from across quadruple helix to support the development of the impact agenda in Hungary. The group is currently open and looking for new members.

2.4.7. Labels and certification schemes

In many cases when there is no legal definition for a social enterprise, there is a label used to identify social enterprises without legal restrictions. Unfortunately in Hungary there is neither a legal definition, nor an official label. The only exception is the government priority project, EDIOP 5.1.3-16 MarketMate³². The prequalification of MarketMate is the only public initiative to label SEs in Hungary.

However, private initiatives exist that try to collect and network social enterprises, no endeavours towards introducing a specific mark or label has been identified. The lack of knowledge and tools for measuring social impact, as well as lack of platforms providing information to prospective donors, public decision makers and the general public about these impacts has been highlighted by local experts as a major gap of the social enterprise ecosystem to be addressed.

Motivated by the above facts, IFKA Public Benefit Nonprofit Ltd. for the Development of the Industry in cooperation with 6 European, mostly Central and Eastern European public authorities - Managing

³¹ <http://socialvalueint.org/national-networks/associate-networks/hungary-impact-group/>

³² – GINOP-5.1.2-15-2016-00001 Priority Project for the Incentivisation of Social Enterprises for the Sake of a Sustainable and Competitive Social Economy

Authorities of ESIF Operational Programmes - launched the [SOCIAL SEEDS Exploiting Potentials of Social Enterprises through Standardized European Evaluation and Development System](#)³³ project that aims to equip policy-makers with an evidence-based policy diagnostic tool that increases the effectiveness of local and regional policies for stimulation of growth & employment (preferably of vulnerable social groups) in social enterprises (SE) including their eco-systems in European cities and regions. To this end, regional and local government-run measurement and labelling scheme addressed to social enterprises (SE) will be established. It will help policy-makers' concrete actions towards creating the right conditions to allow the sector to thrive by 2020.

2.4.8. Networks and Collaboration

Although there are numerous associations present in the field, there is no significant cooperation between SEs. One of the reasons is that most of the SEs are small-scale enterprises, serving local markets and as they do not intend to grow excessively, they usually do not need to cooperate with other market actors. The only way of cooperation is setting up a common cooperative to sell mainly agricultural products together. These cooperation in many cases fail, and after a short period they stop operating. Even if they survive, they face many difficulties, mainly because of the lack of understanding the common interest, the lack of proper business and marketing knowledge and leadership shortage (Value Product Social Cooperative in Zalaszentgrót, or Amber Social Cooperative in Letenye). Experience shows that multinational companies are not interested either in working with SEs, not even as a CSR activity, mainly for two reasons: the lack of social impact measurement and the lack of willing to become a supplier (for which they would need to fulfil strict quality and quantity requirements).

2.4.9. Focus on entrepreneurial skills and competences

3.4.9.1 University courses

The Corvinus University of Budapest offers a course titled "Social enterprises and social economy", run by the Decision Making Theory Department. Pannon University Faculty of Economics organizes I-SICS International Social Innovation Competition. Applying students participate in a preparation training where they learn the specific business planning of SEs. The course is open to anyone, it is not a criterion to apply to the competition. The Community and Civil Studies The Social Science Faculty of the Eötvös Lóránd University of Sciences offers a Community economic development seminar. Participating students learn about the bases of alternative economy, community economy, most importantly the alternative legal forms for doing business, legal background, local, community based economy development and state support schemes. Simonyi Business and Economy Development Centre, which was founded based on the Pécs University of Sciences Faculty of Economics in 2013, offers a social entrepreneurship programme, and they have a Summer University of four weeks for international students on alternative, innovative business projects. Miskolc University offers a high level adult educational course for organizers, heads of community employment projects, local governments, employability experts and entrepreneurs. The knowledge they offer is mainly related to the problems of remote, disadvantaged areas, with the focus of innovative, sustainable solutions. At Debrecen University from 2010 there is a course about community social enterprise in the framework of Team Academy. Team Academy provides innovative learning opportunity for university students of business studies by a practice oriented approach of teaching, learning. Central European University had social economy a topic on several summer school courses.

³³ <https://www.interregeurope.eu/socialseeds/>

3.4.9.2 Non-profit organizations

Out of all the possible actors of the current social enterprise ecosystem of Hungary, the non-profit sector is the most active and numerous one. We have already mentioned NESsT. They have only an online course available at the moment. NESsT courses and development schemes effectively build capacity for social entrepreneurs and would be entrepreneurs. They have a portfolio of businesses which they closely support with constant knowledge and mentoring. National Employment Public Benefit Nonprofit Ltd, as the state financed grant provider in the last 12 years provide lots of informational materials, handbooks, on-line and off line too.

Civil Support is a programme of Impact Accelerator, it is a 6-9 months developmental programme where social entrepreneurs work together with the experts of Impact Accelerator and later on also with potential investors. The aim is to scale up existing SEs.

KÖVET Association for Sustainable Economies, established in October 1995, is an association to promote environmentally sustainable business management of enterprises. Their aim is to assist to build sustainable and socially responsible enterprises, which is mainly done through an interactive course by their web site. Their main focus is environmental sustainability.

Yes project has courses for social innovation projects, and start-ups. From the implementation of the programme in 2013 more than 200 participants have graduated in Budapest, while 250 people nationwide. Besides theoretical knowledge, they provide a very practice-driven course, with lots of team work. Participants develop a business idea with which they go through the whole business planning procedure.

Young social entrepreneurs can also apply for an international exchange project within the framework the Erasmus for Young Entrepreneurs programme, to be able to gain experience abroad from a more experienced host entrepreneur.

Besides the mentioned programmes, there are local courses as well occasionally. As these courses are usually implemented through local development of community development or employability programmes, their focus is different from that of the previous ones.

2.5. Country Report Romania

2.5.1. SE policy in Romania

https://static1.squarespace.com/static/56d2eebbb654f9329ddb20e/t/5773e6bbd1758ec815f7233b/1467213501352/Country_Report_Romania.pdf

Romania has shown an increased interest in the development of the social economy in the past years, due to the potential of this domain to offer innovative solutions to economic, social and environmental challenges through job creation, social inclusion, local services, the fight against poverty and community development. The social economy sector brings together various organizations, from associations and foundations to cooperatives and commons, sharing a common interest in developing entrepreneurial activities to support social goals. Although the authorities have shown some interest in the non-governmental sector a brief overview of the main initiatives of the public policy on NGOs indicates that Romania is still in a transitional and institution building phase. The analyses conducted in this field demonstrate that there are several public policy tools available for the Romanian NGOs

(legal regulations, funding mechanisms etc.). Yet, all these are still insufficient and were created at different moments in time and without a common purpose which has resulted in a lack of consistency in the approaches.

In Romania, the Law No. 219/2015 on social economy was adopted two years ago and for this reason we cannot generate a complete analysis regarding its impact. The adoption of the law was expected by the main actors in the social economy area in order to establish exactly the definitions of the terms: social economy, social enterprise and social enterprise of insertion, terms that were not legally defined. For this matter, those entities were not able to access funds or to benefit from incentives. The law that established the working conditions for the persons with disabilities was the **Law no. 448/2006** (republished in 2008 and updated in 2016) on the protection and promotion of the rights of persons with disabilities. The law stipulates that employment of a disabled person in work is done in the following forms: on the free labor market, at home or in protected forms.

With the adoption of the law, NGOs, associations and other types of foundations and units established in order to create benefits for the disadvantaged groups were able to grow and receive recognition.

- **The most important milestones**

Over the past 20 years, Romania is fighting unemployment and poverty especially among the disadvantaged groups. Romania is among the European countries with the highest poverty rate, according to Eurostat, 28% of the population is at risk of poverty and the deprivation rate exceeds 25%. Moreover, due to the high unemployment rate of youth (24%) and the growing number of aging population, Romania will most likely experience a significant increase in public spending at 7% of GDP or more. Although measures were taken, the results are not quite encouraging. Closing of vocational schools and the lack of professional guidance has led to a huge lack of specialists in industry and other sectors of the economy. The newly graduated have also troubles in finding a job since most of the employers are requesting work experience. Also, the lack of jobs determined youth to leave the country and work abroad. This ultimately leads to poverty and social exclusion.

Since charity funds are decreasing and public funding is limited, one feasible way to solve these problems is to support the creation of social enterprises –businesses where these disadvantaged groups can be employed and become active members of society producing goods or delivering services in a financial sustainable business model. These types of business have an essential role in identifying a new funding formula for social development, from sources that are different and alternative to public ones. The help given to address the social problem is not a simple act of charity, but rather an action with clear economic and social ends. Profit is reinvested in the enterprise to meet the needs of more disadvantaged persons or in other social activities aimed at helping this group.

- **The SE dimension mainstreamed in relevant policies, programs and practices**

The main actors in the Social economy sector (associations, foundations, etc) were very involved in the elaboration of the Law on Social Economy and have actively participated in the debates and proposed amendments to it. Thus, we consider that the main concerns and relevant issues were taken into account. The associations in the social economy sector that were functioning in Romania, before the law was elaborated were directly interested in the adoption of the legal frame that will recognize their activity and give them the opportunity to access funds and benefit from the incentives stipulated within the legal frame.

Also, several Strategies for the reduction of poverty were elaborated. One of those is *The National Strategy on Social Inclusion and Poverty Reduction for the period 2015-2020*. The strategy contains an action plan that will allow Romania to make significant progress in reducing poverty and promoting social inclusion for people, families and vulnerable groups over the next seven years. The strategy also presents a structured set of measures designed to ensure the achievement of Romania's targets in the context of the Europe 2020 strategy. The strategy aims to coordinate and update the set of strategic actions to reduce poverty to date. In addition, to ensure complementarity and coordination with other approaches in this broad area of social inclusion, the strategy incorporates elements of sectorial strategies and other specific areas such as combating child poverty, reducing discrimination against Roma and integrating marginalized communities. This Strategy also responds to country-specific recommendations made by the European Commission, while being developed in line with the National Reform Program and the Convergence Program 2012-2016.
<http://www.isjcs.ro/strategii/SN%20privind%20Incluziunea%20Social%C4%83%20%C8%99i%20Reducerea%20S%C4%83r%C4%83ciei%202015-2020.pdf>

On September 14th 2016 it was published in the Official Monitor of Romania *The National Strategy "A barrier-free society for people with disabilities" 2016-2020*. The document is describing in detail the current situation regarding the persons with disabilities in Romania, the priorities, politics and the legal frame, which are the objectives and the future actions to complete them. The Strategy proposes to fulfill, in Romania, the priority objectives set by the European Strategy 2010-2020, *A renewed commitment to a barrier-free Europe*. Given the fact that is a long term strategy that was currently adopted, the results will be seen after the completion of the period of implementation. As mentioned before, the system of social economy is under development and it requires a long period until we can state that the policy is working and the results can be measured. <http://anpd.gov.ro/web/wp-content/uploads/2016/09/MO-nr-737Bis-din-22-septembrie-2016.pdf>

- **Visibility and recognition of the SE sector**

The SE sector is very actively involved in the elaboration of the politics in the Social Economy area. There are various associations involved in the development of Social Economy that were interested in modifying the Draft Law on the Social Economy elaborated by the Ministry of Labor and Social Justice. *The Coalition for the Social Economy* is made up of NGOs (their associations, foundations and federations), mutual help homes for pensioners and employees through their unions and federations, consumer co-operatives through Centrocoop, employers' associations, agricultural cooperatives and cooperatives. The Institute for Social Economy initiated a process of consultation of organizations working in the field of social economy in order to centralize the proposals to modify the Social Economy Law Project.

As a result of the public debate on the Social Economy law Project, the Coalition initiated an advocacy campaign, concerning: an exhaustive set of amendments mainly aimed at clearly defining the three areas covered by the law: the social economy, social enterprises and social enterprise of insertion; Establishing clear criteria on the basis of which an organization may be certified as a social enterprise or social enterprise for insertion; A minimum set of tax incentives; etc. The proposals made by the Coalition was debated in the standing committees of the Senate and the Chamber of Deputies and the Law regarding the Social Economy was adopted in June 30th, 2015.
<http://www.ies.org.ro/politici/coalitia-pentru-economie-sociala>

- **Strengths and weaknesses, niches and gaps in Romania's SE policy field**

The policy strengths are the facilities offered for the entrepreneurs and the direct beneficiaries. As weaknesses we consider that it is the low visibility of the opportunities provided by the current law and the fact that there are no current programs to promote this area of the economy. Also there is a low level of understanding the long term benefits by the wide public.

A gap in the social economy law is the fact that it stipulates that the legal forms are represented by entities such as: *cooperative societies of 1st degree, credit cooperatives, associations and foundations, unions of employees, unions of pensioners, agricultural companies, as well as any other categories of legal entities that meet the definition and principles of social economy, as set out in this law*. But, given the fact that the entities can take a lot of forms, it is difficult to monitor and differentiate the social entities and the ones that are mainly dealing with economic activity or other activities.

We believe that there must be a clear definition that differentiates exclusively economic activity to social economic activities in order to see exactly the number of entities that are involved directly in the area of social economy. Thus, the reports elaborated can include the correct number of entities that are actively involved in social economic activities and measure the impact they generate in this sector.

2.5.2. Legal framework

Law No. 219/2015 on social economy and Methodological Norms (Decision No. 585/2016) provides the establishment of new types of enterprises, namely social enterprises and social enterprises of insertion. The law went into effect in August 2015, setting that social enterprises can be represented by: cooperative societies of 1st degree, credit cooperatives, associations and foundations, unions of employees, unions of pensioners, agricultural companies, as well as any other categories of legal entities that meet the definition and principles of social economy, as set out in this law.

According to the current law, the concept of Social economy is defined by the 2nd article (1), as: *"The social economy is the set of activities organized independently of the public sector, whose purpose is to serve the general interest, the interests of a non-patrimonial community and / or personal interests, by increasing the employment of the vulnerable group and / or the production and supply of goods, Service and / or execution of works."* and (2) *"The social economy is based on private, voluntary and solidarity initiative, with a high degree of autonomy and responsibility, as well as limited distribution of profits to associates."*

The notion of "social enterprise" presented by the law refers to any private legal entity engaged in the social economy, which holds an attestation of social enterprise and complies with the national economy's principles. The status of a social enterprise is recognized by granting a certificate of social enterprise, certificate that is issued at the request of the legal entities listed above and is valid for a period of 5 years, with possibility of extension. The criteria to be met by the social enterprise in order to obtain the certificate are: acting in a social and / or general interest of the community; allocates at least 90% of the profit to the social purpose and the statutory reserve; undertakes to submit the assets remaining after liquidation to one or more social enterprises; applies the principle of social equity to employees, ensuring fair wage levels, between which there can't be differences exceeding the 1-8 ratio.

The obligations of social enterprises are as follows: communicates any changes of the constitutive acts or the acts of establishment to the employment agency, within 15 days of the change; communicates the activity reports and annual financial statements to the employment agency; publishes, within 3 months from the end of the calendar year, the annual social report on the developed activity and annual financial statements in the Unique Registry of evidence of social enterprises.

Social enterprises of insertion, on the other hand, are considered those social enterprises that: permanently have at least 30% of staff belonging to the vulnerable group, so as the cumulative working time of these employees represents at least 30% of the total working time of all employees; target the fight against exclusion, discrimination and unemployment through social and professional insertion of disadvantaged people.

Furthermore, the insertion social enterprises have an obligation to ensure, for employees who belong to the vulnerable group, accompaniment measures to guarantee the professional and social insertion. Among the measures of accompaniment, the legal framework on social economy mentions: information, counseling, access to forms of training, adapting the workplace to a person's ability, accessibility of the workplace according to the needs of individuals as well as other measures aiming to support professional and social insertion.

Similar to social enterprises, the status of social enterprises of insertion is certified by awarding the social label, which represents a certificate valid for a period of 3 years starting from date of issue, as well as a specific element of visual identity which mandatorily applies to manufactures, executed works or documents that demonstrate the performance of a service.

Under the Social Assistance Framework Law (No 292/2011), the vulnerable group designates individuals or families at risk of losing their ability to meet their daily living needs due to illness, disability, poverty, drug addiction or alcohol or other situations that lead to economic and social vulnerability.

- **Legal organization forms of social enterprises**

The organization forms of the social enterprises are, according to the current law defined as:

- Cooperative societies which operate under Law 1/2005;
- Credit cooperatives regulated by the Government Ordinance no 99/2006;
- Associations and foundations regulated by the Government Ordinance no. 26/2000, amended and completed by Law 246/2005;
- Mutual aid associations for salaried employees regulated by Law 122/1996
- Mutual aid associations for pensioners regulated by Law 540/2002;
- Agricultural companies operating under Law no. 36/1991 on agricultural companies and other forms of association in agriculture;
- Any other legal entities operating under the principles of social economy listed above.

2.5.3. Taxation and incentives

Art. 15. of the Law 219/2015 on social economy stipulates that *“Social enterprises may be funded from public and / or private sources, national or international, in accordance with the legal rules applicable to each of the categories of funding sources.”* Also, the Art. no 16. Regulates *“Social welfare companies’ benefit from free registration for social status and registration in the Single Entrepreneurship Register.”*

Regarding the incentives, the Law 219/2015, article 19, stipulates that insertion social enterprises can benefit from the following facilities from local public administration authorities: *a) attribution of spaces and / or lands in the public domain of the administrative-territorial units / subdivisions, in compliance with the provisions of the Local Public Administration Law no. 215/2001, republished, with the subsequent modifications and completions, for the purpose of carrying out the activities for which the social mark was granted; b) support, in the promotion of the products produced and / or supplied, the rendered services or the works performed in the community, as well as in the identification of their markets; c) Support in the promotion of tourism and related activities, by harnessing the local historical and cultural heritage; d) other facilities and tax exemptions granted by the local public administration authorities, according to the law no 227/2015 regarding Tax code, thus: the social insertion enterprises. (2) In order to grant the facilities provided in paragraph (1) lit. C) and d), the local public administration authorities may approve in their own budgets the necessary amounts.*

The Art 21 regulates the incentives for social enterprises and Social insertion enterprises: *(3) Social enterprises and Social insertion enterprises may annually benefit from the program for stimulating the establishment and development of microenterprises in the sphere of social economy according to the provisions of art. 251 lit. D) of Law no. 346/2004 on the stimulation of the establishment and development of small and medium-sized enterprises, as subsequently amended and supplemented, regarding the National Programs for the Financing of Small and Medium-Sized Enterprises carried out by the Central Public Authority with attributions in the field Small and Medium Enterprises.*

Employers of people with disabilities have the following rights:

The deduction in the calculation of the taxable profit of the amounts related to the adaptation of the protected jobs and the purchase of the machines and equipment used in the production process by the disabled person;

The deduction of the taxable profit of travel expenses for people with disabilities from home to work and the cost of transporting raw materials and finished goods to and from the home of the disabled person employed for home work;

The settlement from the unemployment insurance budget of the specific costs of training and guidance for the employment of disabled people;

A state subsidy under the conditions of Law 76/2002 on the unemployment insurance system and the stimulation of employment, with subsequent amendments and completions.

The support includes mechanisms with a fiscal character (exemption from corporation tax; exemption from the payment of tax on reinvested profits; exemption from payment for different taxes; Reduction of tariffs, etc.) and Non-fiscal character (Support for representation or granting guarantees for accessing funding lines for social activities; Counseling evaluation and professional guidance; State aid support measures;

2.5.4. Finance and Funding

The main finance sources for the social enterprises are granted by the European Union through the Operational Programme Human Capital (POCU). <http://www.fonduri-ue.ro/pocu-2014>.

These are:

1. **Operational Programme Human Capital (POCU) - Priority Axis 4: Social inclusion and the fight against poverty, Priority of investment 9v: Promoting social entrepreneurship and vocational integration in social enterprises, social and solidarity economy to facilitate access to employment;**
2. **Operational Programme Human Capital (POCU) Priority axis 4.2 Reduce the number of marginalized (non-Roma) communities at risk of poverty and social exclusion by implementing integrated measures.**
3. **Operational Programme Human Capital (POCU) Priority axis 5. Community-led local development - CLLD 5.1 Reducing the number of people at risk of poverty and social exclusion in marginalized communities (Roma and non-Roma) in cities with over 20,000 inhabitants, with emphasis on those with a Roma minority population, by implementing integrated measures / operations in the context of the LRD mechanism**

Also there are major private entities that decided to finance social economy:

1. OMV Petrom with its programme Fabricat in Tara lui Andrei (Andrew's Country). In 2013, the company allocated 350,000 EUR (10 social enterprises x 32,000 EUR and 20 participants x 1,500 EUR).
2. Romanian-American Foundation
3. Citi Foundation/ Citi Bank
4. Romanian Commercial Bank
5. UnicreditTiriac Bank offered 61,000 EUR support to 4 social enterprises (2013).
6. Among others we mention The Foundation for an Open Society (SOROS Foundation), Potsieu.ro – a new crowd founding platform, Velux Foundation, Erste Foundation fostering social entrepreneurship among students, etc
7. NESsT is one of the only dedicated players providing long-term support for social enterprises in Romania, having invested over \$ 1 mil in capacity building and direct funding of start-ups and developing social enterprises.

The government financed social enterprises through national calls for projects within POSDRU 6.1. (European Social Fund) and other indirect call for legal entities (National Programme for Rural Development, priority 3, National Programme for Young Entrepreneurs).

The Swiss - Romanian Cooperation Programme and the European Economic Area Mechanism both managed by The Civil Society Development Foundation.

Horizon 2020 call for proposals, Erasmus+ calls, and other European Commission's grants.

- **Social impact investment markets**

In Romania the market for financing social enterprises is underdeveloped. The main financing source has been the EU funds with the ESF-funded 2007-2013 Operational Programme for Human Resources Development incorporating the Social Economy Development priority line (Priority 6.1). The programme provided grants for establishment, development and operation of social enterprises.

According to annual report AMPOSDRU 2012, in 2012 a number of 261 social enterprises were created; the objective is to create 830 additional social economy structures within the total programme and funding. The call for projects 6.1 'Development of Social Economy' under OP-HRD which are worth EUR 200 mil (28 July - 11 August 2014) provided support mainly for the creation of new social economy structures and job creation in this area. The creation/development of social economy structures in rural areas was also encouraged.

There was a procedure for a transparent Minimis Aid Scheme 'Development of Social Economy' under OP-HRD 6.1; the maximum funding for social economy structures with distinct legal personality created during the project by the applicant or partners is EUR 200,000. There were 2 types of projects: strategic projects 'For a better life' and grants 'Social economy and solidarity'. The call for project proposals focused on the creation of new functional groups and partnerships in economy between cooperatives, mutual associations, foundations and associations, companies, agencies, which create social economy structures; offer new services and opportunities to the persons with difficulties to reintegrate in the labour market, especially in rural areas; facilitate the access to new social services, health, education; contribute to the labor force development, especially in rural areas; create employment opportunities for roma persons, for people with disabilities and for other vulnerable groups at risk of social exclusion.

- **Dedicated financial instruments**

The support for strengthening the social economy is provided through the Operational Programme Human Capital (POCU) - **Priority Axis 4: Social inclusion and the fight against poverty, Priority of investment 9v: Promoting social entrepreneurship and vocational integration in social enterprises, social and solidarity economy to facilitate access to employment**; Specific Objective (ES) 4.16: **Strengthening the capacity of social economy enterprises to function in a self-sustainable way.**

The eligible actions financed, are: a) counseling, mentoring and training (professional and / or social) and developing the skills of the persons involved in the enterprise; b) business development consultancy services, eg for developing new products, brand development, business modeling, etc.; c) the development of production capacity, supply of goods, execution of works and / or provision of services to the enterprise, including by identifying and / or developing sales outlets; d) promoting the visibility of the social enterprise, including the social enterprise of insertion, respectively the social brand and / or social enterprise attestation, of the forms of action specific to these enterprises, including the principles of the social economy, for example through participation in fairs; e) accessibility of workplaces according to the needs of people and adaptation of the workplace to the person's ability to work in social enterprises and social enterprises; f) the transfer of know-how to / from other relevant communities and actors at country or European Union Member State level; g) development of the company's mission / social programs through the involvement of relevant actors in the labor market, education / healthcare / social assistance system or local / central government in order to increase engagement in the provision of services to groups vulnerable networks, support and cooperation networks, dissemination of good practices; h) other activities to strengthen the capacity of social enterprises to function in a sustainable manner.

b. Finance and funding possibilities supported

- **EU-funding schemes**

Beside the Operational Programme Human Capital (POCU) there are other funding possibilities.

The European Commission's Programme for Employment and Social Innovation (EaSI) aims at contributing to the implementation of the Europe 2020 strategy by supporting the EU's objective of high level employment, guaranteeing adequate social protection, fighting against social exclusion and poverty and improving working conditions.

Under EaSI, EIF has been entrusted by the European Commission to manage the following financial instruments: EaSI Guarantee Instrument to increase access to finance for social enterprises, micro-enterprises and vulnerable groups; EaSI Capacity Building Investments Window to build up the institutional capacity of micro-credit and social finance providers.

- **Seed- and venture capital investments**

In 2011 Romanian Commercial Bank initiated a 2-year pilot programme of 2 years with a budget of EUR 3 million for financing social enterprises, giving loans with zero costs and without guarantees for the development of the social business. The applications were evaluated considering the social impact, business model, long term sustainability and whether the organisation has the ability to reimburse the loan. The application process and the management of the programme were supervised by good.bee platform of social banking services of Erste Foundation and Erste Group. During the programme, some loans were granted but the budget has not been entirely used. The programme was discontinued.

- **Crowdfunding**

Romanian American Foundation and Foundation for Partnership (Green Entrepreneurship Programme - 1 million Lei for 'green' social enterprises).

c. How the funds were used

With the support of the funding schemes there were financed projects that aimed to simulate the cooperation between social enterprises. One of these projects were implemented by *The Institute of Social Economy – IES*. *The Institute of Social Economy - IES* is a program of the Civil Society Development Foundation, initiated and developed within the project "PROMETEUS - Promoting Social Economy in Romania through Research, Education and Vocational Training at European Standards", co-financed by the European Social Fund through the Operational Program Sectoral Development of Human Resources 2007-2013.

The projects objectives are: Developing independent and sustainable NGO sources of income and increasing their impact in communities; the development of relations between the NGO sector and other forms of the social economy in Romania (cooperatives, protected workshops, socio-economic organizations in rural areas, etc.). The Social Economy Institute wants to be a resource of expertise at the disposal of social economy actors in Romania. That is why for the Prometheus project and beyond, IES will establish a consultative council / support network of important and strategic actors (national federations or other organizations with national representation where appropriate) from all areas of the targeted social economy.

Also, The Institute of Social Economy is collecting data regarding the social economy and elaborates periodically the Atlas of Social Economy, which offers informations on the Romanian social economy, its share in the national economy and its main dimensions.

The institute has Advocacy and public policy activities constantly and it has been involved in the policy making process.

2.5.5. Services and support schemes

On a national level, one of the projects that support the development of the socio-economic structure is the project Made in Andrei's Country (second edition). It is a social enterprises competition organized by OMV Petrom in partnership with NESsT. This project provides funds in total value of 350,000 euros, consultancy and training with NESsT Foundation's team of experts to create social enterprises that produce value, solve social problems and provides jobs in the communities covered by the project. Made in Andrei's Country aims to develop sustainable social enterprises that would create jobs, sustainable incomes and socio-economic opportunities for people from vulnerable groups. Within the project there are 29 communities eligible for financing the development of social enterprises. These communities are geographically dispersed in different rural areas of Romania where OMV Petrom operates and are facing serious socio-economic problems. Before launching the competition, each community has gone through a phase of needs and local potential mapping.

Throughout the project NESsT Foundation provides support for the individuals and teams, which entered the competition, for developing ideas, elaborating market studies, feasibility studies and business plans. After the pitching session 10 business ideas are awarded with 32,000 euro each and supported to implement the business plans. The project's specific objectives are: to support 35 potential entrepreneurs to clarify and plan a social business and develop their entrepreneurial skills; to support the development of 20 business plans, thus preparing a funding opportunity for the entrepreneurs.

<http://www.nesst.org/romania-eng/sector-building-initiatives/enhancing-social-entrepreneurship-building-bridges/>

Dedicated financial instruments for SEs and other initiatives

As detailed above, it exists financial grants for SE specifically - Operational Programme Human Capital (POCU) - Priority Axis 4: Social inclusion and the fight against poverty, but there are also others sources for financing the activity.

The nonprofit legal form of a SE has access to more fiscal benefits such as the 2% donation from individuals' income tax or 20% from the profit tax of companies, or from CSR initiatives For-profit legal forms of a SE (e.g. companies, cooperatives) on the other hand, can access incentives and grants for direct investment in tangible and intangible assets designed mainly to increase sales of products or services (Minimis Aid, National Programme for Young Entrepreneurs, National Programme START, etc.).

Specialist business development services and support

NESsT is one of the dedicated players providing long-term support for social enterprises in Romania, having invested over \$ 1 mil in capacity building and direct funding of start-ups and developing social enterprises.

- **Dedicated financial instruments**

Operational Programme Human Capital (POCU) - Priority Axis 4: Social inclusion and the fight against poverty, Priority of investment 9v: Promoting social entrepreneurship and vocational integration in social enterprises, social and solidarity economy to facilitate access to employment. The financial instrument was detailed at **Point 4 - Dedicated financial instruments**

- **Physical infrastructure**

The article 19 of the Law 219/2015 stipulates that insertion social enterprises can benefit receive from local public administration authorities *“spaces and / or lands in the public domain of the administrative-territorial units / subdivisions, ... for the purpose of carrying out the activities for which the social mark was granted”*

- **Awareness raising, knowledge sharing, mutual learning**

1. **Operational Programme Human Capital (POCU) Axis 5. Local development under the responsibility of the community** - CLLD 5.1 Reducing the number of people at risk of poverty and social exclusion in marginalized communities (Roma and non-Roma) from cities with more than 20,000 inhabitants, with emphasis on those with a Roma minority population , By implementing integrated measures / operations in the context of the DLR mechanism.- The eligible activities are: Support for the development of local development strategies (only for ESF-ERDF interventions targeting cities with more than 20,000 inhabitants)

2. **Operational Programme Human Capital (POCU) Priority axis 4.2 Reduce the number of marginalized (non-Roma) communities at risk of poverty and social exclusion by implementing integrated measures.** The eligible activities are: Support for access to and / or maintenance on the labor market; Support measures for finding a job (eg information and professional counseling, placement on the labor market, training, subsidizing employers for employing persons belonging to these categories, assessment of skills acquired in a non-formal and informal system, etc.); Support entrepreneurship within the community, including self-employment; Provide support to people in the target group (people at risk of poverty and social exclusion) to set up businesses in the form of personalized support services;

- **Collaborations and access to markets**

The access to markets is provided thorough the priority **axis 4, Social inclusion and the fight against poverty, Priority of investment 9v: Promoting social entrepreneurship and vocational integration in social enterprises, social and solidarity economy to facilitate access to employment; Specific Objective (ES) 4.16: Strengthening the capacity of social economy enterprises to function in a self-sustainable way.** The financing scheme was detailed above. At point 4 - Dedicated financial instruments

2.5.6. Social impact and social goals

SEs which monitor their impact are mostly entities assisted by major private organizations that financed or offers consultancy for their development (OMV Petrom, Unicredit Foundation, Romanian-American Foundation, NESST). The impact measurement is a requirement to receive their support. They monitor rigorously both qualitative and quantitative indicators.

At the public level, the measurement of the impact of SEs is done by the Management Authority of the EU funding program that supports the social economy (POSDRU 6.1.) and Operational Programme Human Capital (POCU). The major indicators measured by the Authority are the number of newly created SEs and the jobs created by these social economy structures. The emphasis is only on the quantity indicators imposed by the EU Commission. The impact is not measured rigorously; the Authority measures only the impact of the entities created by the program.

Ministry of Labor and Social Justice provides information regarding the applying of the Law 219/2015 on Social Economy through its website. Also, it provides valuable information regarding the opportunity to conduct public procurement of good, services and works.

According to the Law 219/2015 regarding the Social Economy, it was regulated that *“(1) Within the Ministry of Labor, Family, Social Protection and Elderly, a department shall be set up at the level of the Employment Policy Directorate for Competencies and Vocational Mobility with attributions in the elaboration of policies and strategies in the field of social economy, promotion and support of social enterprises, Providing information to interested individuals and legal entities.”*

The reporting system provided by the Law 219/2015 regarding the Social Economy states that will be established Social economy compartments within the employment agencies. The law also regulated that it will be established a National Commission for Social Economy, a body for collaboration, coordination and monitoring in the field of social economy, in order to contribute to the development of the social economy by promoting and supporting the social economy entities.

Social economy compartments within the employment agencies are in charge with: a) analyzing and evaluating the requests of legal entities that carry out activities in the field of social economy with a view to granting, as the case may be, the attestation or the social mark; b) issue the decisions to grant or, as the case may be, not to grant the attestation, respectively the social mark; c) enter information about social enterprises, social enterprises of insertion, into the Single Register of social enterprises; d) inform and provide methodological support for carrying out the attestation / certification procedure of social enterprises / social enterprises for insertion, as well as for carrying out their activity; e) monitors at county level the activity of social enterprises and social enterprises for insertion and elaborates quarterly reports on their activity, which they submit to the National Agency for Employment; f) prepare the annual activity report and send it to the National Agency for Employment; g) provide the necessary information for the updating of the register provided in art. 27 par. (1); h) propose to the Ministry of Labor, Family, Social Protection and the Elderly measures for improvement and development of the social economy domain; i) elaborates, in consultation with social insertion enterprises, the county socio-professional insertion plan, defined by the methodological norms for the application of this law; j) suspend or withdraw, as the case may be, the attestation or the social mark; h) publish the annual activity report on its own website.

The reporting systems provided by the law are mandatory and must be respected. The reports must be elaborated according to the articles stipulated in the law.

2.5.7. Labels and certification schemes

The status of a social enterprise is recognized by granting a **certificate of a social enterprise**, hereinafter referred to as the **attestation**. – is stipulated under the Law 219/2015. The attestation certifies the social purpose of the social enterprise and its compliance with the principles stated. The attestation is granted to those social enterprises that have the following criteria by means of the acts of establishment and functioning: act for social purpose and / or in the general interest of the community; allocates at least 90% of the profit made for the social purpose and the statutory reserve; undertakes to transfer the remaining assets after liquidation to one or more social enterprises; apply the principle of social equity to employees, ensuring fair pay levels, between which there can be no differences that exceed the ratio of 1 to 8.

The month May of each year is dedicated to organizing various social media events or actions aimed at local development and active citizenship, cooperation and social solidarity, called the month of promoting the social economy.

2.5.8. Networks and cooperation

The social enterprise field is diverse: there are several players like private social impact investors (NESsT, Romanian-American Foundation), companies (OMV Petrom), banks (Citibank, UniCredit Tirioc Bank) and the European Social Fund. However, traditional donors supporting the civil society sector have just recently started to realize the potential of supporting social enterprise instead of one-time projects.

There are various social enterprises networks that have been identified in Romania, such as:

“We act responsibly! – The CSR Social Network”, which received ESF funding between 2007 and 2013, involves over 300 member organisations (including associations, foundations) and over 1,000 individuals. The network’s objective is the facilitation of knowledge exchange and the promotion of the concept of corporate social responsibility.

The ‘Societal’ network, which promotes the introduction of social responsibility indicators for the management and monitoring of NGOs. The network involves about 20 NGOs. Between 2010 and 2013, Societal benefited from the financing of the ESF.

The Romanian network of work Integration Social Enterprises (‘Asociația RISE Romania’21) involves 8 NGOs operating with the objective of supporting work integration of disadvantaged individuals. The Romanian network of social enterprises for insertion through economic activity has as main objective the support and development of the socio-professional insertion enterprises through the economic activity for people in difficulty.

The Motivation Foundation Romania is facilitating access for people with disabilities from Eastern Europe to quality mobility equipment for a truly independent life; Supports the provision of sustainable local services for people with disabilities; Facilitating independence and access to rights for people with locomotor disabilities; Increase community participation in providing services for this target group. Their programs focus on social, educational and professional integration, through consulting for space accessibility, work integration mediation, day care or leisure activities - tailored sports, cultural events,

etc. More info can be found on the foundations website <http://motivation.ro/programe-si-proiecte/economie-sociala/#>

RISE Romania is a network of Social insertion enterprises. On its website it can be found information about the NGOs that are a part of it and the services and products offered. <https://riseromania.wordpress.com/despre-noi/>

The actions supported by the policy instrument

The dedicated instrument for SE is *Priority axis 4, Social inclusion and the fight against poverty, Priority of investment 9v: Promoting social entrepreneurship and vocational integration in social enterprises, social and solidarity economy to facilitate access to employment; Specific Objective (ES) 4.16: Strengthening the capacity of social economy enterprises to function in a self-sustainable way*. The policy supports actions of cooperation between social enterprises on local level, at EU level. Also, it supports the *"development of the company's mission / social programs through the involvement of relevant actors in the labor market, education / healthcare / social assistance system or local / central government in order to increase engagement in the provision of services to groups vulnerable networks, support and cooperation networks, dissemination of good practices;"*. The financing scheme was detailed above at **point 4 - Dedicated financial instruments**.

Networks in the SE sector and the relation between them

The Romanian networks of social enterprises for insertion through economic activity has as main objective the support and development of the socio-professional insertion enterprises through the economic activity for people in difficulty. Inclusive social enterprises within the Network are actively involved in combating social exclusion by providing opportunities for social and economic insertion of excluded / marginalized / vulnerable people. Their social and professional integration is supported by a work contract and a training program adapted for each person that serves as a bridge to the labor market or by generating permanent jobs in social enterprises. The networks mission is designed to actively contribute to preventing a long-term or permanent exclusion, focusing on the individual's ability to self-assess, as well as becoming a full-fledged actor in society. The networks include: NGOs, associations, foundations, cooperatives and private economic actors interested in developing social economy activities.

2.5.9. Guides on entrepreneurship skills and competences

The associations, foundations and networks in the area of social economy are providing various types of guides regarding the social enterprises. The guides are containing the most important information regarding the concept of social economy, the legal status of the social enterprises, the documents required for establishing a social enterprise and the obligations of such entity. Also, there are entities that provide also help in developing the social enterprise, such as: NEEsT. Also universities provide master and bachelor classes on social economy. The Faculty of Sociology and Social assistance, for example, is providing a Master on social assistance and social economy. West University in Timisoara is providing a Bachelor's degree on social economy.

Coordinated by the NESsT Romania Foundation and implemented in partnership with the Social Entrepreneurship Impact & Finance (SEIF, Switzerland) and Alături de Voi Foundation (ADV, Romania), the *"Enhancing Social Entrepreneurship, Building Bridges"* project aims to strengthen the role of social

enterprises as agents of positive change and inclusive growth by establishing knowledge and best-practice sharing between Romania and Switzerland. Also, there are materials offered by the Ministry of Labour and Social Justice.

For a SE entity there are various ways they can find support in finding information and training for the development of their activity. Both public and private actors involved in the SE sector provide them. The informations are available on the websites of the associations and foundations in the SE sector. A library on SE is available on the Institute of Social Economy website <http://www.ies.org.ro/resurse/carti-institut>. Also, there are detailed information regarding all of the aspects of the Social Economy and the relevant politics.

2.6. Country Report Serbia

2.6.1. SE Policy in Serbia

There is a potential for development of social entrepreneurship in Serbia. In Serbia currently operates around 1,200 companies in this field which employ 10,000 people.

Social enterprises in Serbia participate in the gross domestic product with 6.8 billion dinars, which is about 0.2 percent of GDP. Social entrepreneurship has the ability to create a healthy economic entity with the financial support from the state and other donors and this presents an opportunity for development because the Law on Social Entrepreneurship currently does not exist in Serbia.

The existing legal framework in Serbia currently does not recognize organizations which should strictly fit the definition of social enterprise. Six types of organizations roughly correspond to this concept. These are, above all, citizens' associations, cooperatives, professional enterprises for employment of persons with disabilities, dependent spin-off company founded by civic associations, business incubators and the Agency for Development of Small and Medium Enterprises.

Social enterprises in Serbia receive also support from non- profit organizations, incubators, and networks which focus on developing business skills, visibility and place efforts in integration of social enterprises in tradition Serbian market. Chamber of Commerce and Industry of Serbia through is business activities and CSR activities also provide support to development of social entrepreneurship.

In recent years there have been an increasing number of social enterprises which have an important role in solving social and ecological challenges. Serbia is encouraging the establishment of SEs as an instrument in increasing the employment of socially vulnerable groups. Ministry of Employment, Veteran and Social Affairs is currently drafting a Law on Social Enterprises which should regulate this field of business activity which should represent a very important milestone.

2.6.2. Legal Framework

Currently there is a Draft of the Law on Social Entrepreneurship in Serbia proposed by the Ministry of Employment, Veteran and Social Affairs which has to be placed on discussion in the Serbian Parliament.

The laws that are directly related to SEs are the following:

- The Law on Cooperatives
- The Law on professional rehabilitation and employment of people with disabilities of RS

- Law on Business Companies
- Law on Citizens Associations

The laws that are indirectly related to SEs are the following:

- Law on endowments and foundations
- Law on social protection
- Law on public procurements
- Labour Law
- Tax laws

Currently, 6 types of legal entities could fit the definition of social enterprise:

- Association of citizens,
- Cooperatives
- Enterprises for employment of persons with disabilities
- Dependent spin-off companies founded by associations of citizens,
- Business incubators and
- Agencies for Development of Small and Medium Enterprises

There are non-profit organizations that enable economic activity. These are:

Smart collective - Social economy network Serbia (SENS network) is the only national network that brings together social enterprises.

SENS was founded in 2011 by Group 484 with the support of the Italian UniCredit Foundation, which has a long tradition of funding and supporting the social entrepreneurship sector throughout Southeast Europe.

SENS currently has 26 members from all over Serbia, including citizens associations, enterprises for vocational rehabilitation of persons with disabilities, limited liability companies and cooperatives.

The network aims to provide education, advice and promotion to its members in all phases of starting and running businesses. By networking and sharing knowledge and experience, social enterprises become stronger, more visible and influential.

2.6.3. Taxation and incentives

Currently, in Serbia there are no tax exemptions.

Incentives are provided by National Employment Bureau. Subsidies aimed at self-employment are at disposal. Unemployed person is granted with a one- off amount of 180.00 RSD (1.500 EUR) while,

unemployed person with disabilities is granted with 200.000 RSD (1.650 EUR) in order to start their own business following the public call.

Employers who create new work places are granted with one-off amount of 150.000 – 250.000 RSD for each new worker and for persons with disabilities 180.000 – 300.000 RSD.

Public works – a measure of active employment policy envisages financial incentives for employment of people that are registered with National Employment Bureau within the activities that aim at achieving certain social interest (e.g. prevention and assistance to old people clearance of wild waste disposal land fields, maintenance and building roads...). This measure is useful for SEs that need temporary engagement of workers.

Public procurements – SEs participate in public procurements that are run by local self-governments for providing services of social protection or other services for which is sufficient to have a registered business.

2.6.4. Finance and Funding

Erste Bank Serbia helps development of social enterprises through education, training and loans. They finance development of SEs by granting loans of certain social enterprises. Erste Bank supports SEs by buying their products or using the services they offer. It is involved in expert volunteering, face -to-face consultation with SEs and participation in partnership programs with academies. “Step by Step” was created with the aim of economic and social strengthening of start-up and social enterprises through different packages of educational, financial and mentoring support.

It offers:

- Assistance in drawing up a business plan
- Combination of online and offline training (education)
- Financing business ideas and projects
- Mentoring support
- Networking with other companies

The terms for financing:

- Maximum amount of credit (loan) – up to 10.000 euros – for companies with business history shorter than 12 months
- Maximum amount of credit (loan) – up to 25.000 euros – for companies with business history shorter than 24 months

Social enterprises in Serbia are relying on a mix of financial resources:

Donations and sponsorships

- Coming from foreign development organizations and embassies: USAID, Austrian Development Agency, Embassy of Norway, Embassy of Holland, Swiss Agency for Development and Cooperation, EU funds
- Domestic foundations: Trag Foundations, Delta Holding Foundations, Divac Foundations
- Foundations with representative offices in Serbia (Heinrich Böll Foundation...)

Significant amount of donations comes from corporation: Telenor, Japan Tobacco, Coca-Cola

Hellenic, NIS, etc. It is not only financial means but also support in the form of training, mentoring, study visit, etc.

Selling goods and services on the market

A lot of SEs provides income by active participation on the market.

Within the program of CSR, certain outlets offer a stand for SEs and other SEs thanks to their Specific products find their own way to the shelves of cosmetics shops, shops for children and the similar.

Social networks, online selling and similar platforms increase visibility of SEs and placement of their goods and services.

Membership fees

This is source of income with membership type of SEs (Citizens' Associations, Cooperatives...) and is rather modest source of income.

Seed-capital investment - Impact Hub has started working on the development of a seed – capital investment fund.

They plan to help youth entrepreneurs to establish their business.

Startit community use crowd funding to open co-working spaces throughout Serbia for startups.

How is the practice, what is being used for which purposes? What are constraints, blind spots?

All the existing hubs and incubators are not aware of their social impact and they do not specifically focus on SEs.

2.6.5. Services and support schemes

Services and support schemes are provided (on the local, regional, national level). Specifically for SEs but also integrated into other entrepreneurship, start-up etc. initiatives

The CCIS in cooperation with SeVeN (Serbian Venture Network), Impact Hub, In Center incubator, ICT Hub, Smart collective, Startit Community works on building capacities of social enterprises, helps young people to establish companies, women entrepreneurs to develop businesses and for start-up companies to upgrade their business.

For example, one of the activities of In Center is **Incubator for Social enterprises**. It supports individuals and organizations in successful establishment of social enterprises and social businesses through **face to face advising, mentoring and financial support**. Incubator tenants are enabled to network with business, public and civil sectors and other business subjects. They support entrepreneurial ideas in order to increase economic and social participation of socially vulnerable groups and decrease the rate of their unemployment.

CCIS has its Council for CSR that has a role of connecting social with traditional companies. Additionally, CCIS organizes fairs of social enterprises in order to promote and sell their product directly to the customers.

2.6.6. Focus on social impact and social goals

As stated previously, law on Social entrepreneurship is being prepared by the Ministry of Employment, Veteran and Social Affairs. This Law should define rights and obligations of social enterprises when doing business in Serbia, registration paths, definition, incentives for SEs and other factors needed for business activity. The Law is still a Draft version.

Social Enterprises have a network of support from non- profit organizations when trainings and mentoring is concerned. Also, Chamber of Commerce and Industry of Serbia through its Department for Small and Medium SMEs provides support to social enterprises through workshops, face to face consultations and CSR activities.

2.6.7. Labels and certification schemes

There are no labels and certification schemes currently in Serbia.

2.6.8. Networks and cooperation

Network of organizations provides support for development of SEs through advice, start-up financing or training for necessary skills. In the past years a lot of organizations and institutions have developed programs of business support to SEs through training and mentoring.

Cooperation between social enterprises is supported through EU funds and donations.

Some of those organizations and institutions are the following:

- Erste Bank Serbia - www.erstebank.rs
- Chamber of Commerce and Industry of Serbia - www.pks.rs
- Ministry of labour, employment and social affairs - www.minrzs.gov.rs
- Ministry of economy – www.privreda.gov.rs
- Ministry of finance - www.mfin.gov.rs
- Ministry of public administration and local self-government – www.mduls.gov.rs
- City Center for Social Entrepreneurship of Belgrade- www.gradskicentar.rs
- Commissariat for refugees and migrations - www.kirs.gov.rs
- Office for human and minority rights - www.ljudskaprava.gov.rs
- Smart Collective (SENS) – www.smartkolektiv.org , www.sens.rs
- Eneca - www.eneca.org.rs
- Business Development Centre - www.rbcentar.org
- Startit – www.startit.rs
- Preduzetnik (Entrepreneur) – www.preduzetnik.rs
- Bizlife – www.bizlife.rs
- European Movement in Serbia - www.emins.org
- Serbian Development Agency – www.ras.gov.rs
- SEVEN – www.seven.rs
- Group 484 – www.grupa484.org.rs
- Impact Hub – www.belgrade.impacthub.net
- National Employment Bureau - www.nsz.gov.rs
- Team for Social integration and Reduction of Poverty – www.socijalnoukljucivanje.gov.rs
- Initiative for Development and Cooperation – www.idcserbia.org
- SECONS – Group for Development initiative –
- Trag foundation – www.tragfondacija.org

2.6.9. Focus on entrepreneurship skills and competences

Serbian Venture Network (Seven) aims to generate positive socio-economic change and economic development by advancing social/impact entrepreneurship, through promotional campaign and contemporary educational program which will create new generation of social entrepreneurs. They have a special educational program of one on line training with 350+ participants, and second stage educational program consisting of various activities such as presentations, lectures, workshops, study visits, master classes for a group of up to 40 participants. The best teams and individuals will receive

tailor-made top end business consultancy service in order to foster their business development and create business opportunities. They create educational program which will educate and mobilize generation of young people (millennials) to acquire knowledge and skills needed to enter the field of social and impact entrepreneurship

2.7. Country Report Slovakia

2.7.1. Introduction

The interest in social enterprises across Europe is increasing during recent years, however, relatively little is known about the scale of this emerging sector. Particularly, in the region of Central and Eastern Europe we still meet with the common lacks like missing policies and legal frameworks, weak funding and education, low viability of business models of existing social enterprises, nascent social investors and investment markets, mainly probono and donation-based acceleration programmes and fragile relationships between social enterprises and market actors.

The SENSES project answers to these challenges by creating a transnational network of social enterprises (SEs), socially responsible traditional businesses, financial investors, policy-makers, academia, NGO practitioners which will jointly promote an innovative social enterprise model as well as social innovation for the sustainable economic development of the Danube region.

One of the project activities is to screen and benchmark the current social enterprise landscape and intervention areas in the members of Danube Transnational Programme. The following document should be considered as an exploration and description of the policy making practices and initiatives in the Slovak republic and should give an overview of the respective SE ecology.

Policy mapping will investigate Slovak policy frameworks and available policy instruments addressed to PPP-type cooperation between public and private actors having social goals, regulatory frameworks and capacities, institutional background and knowledge, social innovation services, (social) entrepreneurship skills and competencies, taxation environment and legal aspects of social enterprises, social impact and access to finance regarding seed and venture capital investments and EU funding opportunities.

The aim is to identify good policymaking practices to improve an efficiency of policies in the Danube region from the structural, operational and capacity-building points of view. Future transnational network members will be provided with results and reports.

2.7.2. Social Entrepreneurship policy

Social enterprise (SE) sector in Slovakia is still in the very nascent stage. The term is typically narrowly associated with the work integration because of existing law and it often appears as a synonym for the third sector. Social enterprises for work integration (according to the Slovak legal definition) present in the Slovak republic are currently represented mainly in the form of sheltered workshops, which allow work integration for disabled people. The other forms include cooperatives, NGOs (foundations, civic associations), municipality companies and private business organizations. The municipalities and limited companies were the most frequent legal forms in 2010.³⁴ The Slovak republic was the first

³⁴ European Commission. (2014). *A map of social enterprises and their eco-systems in Europe*. Country Report: Slovakia. Retrieved from

among all transitive economies to create the legal possibility of setting up SE through a legislative amendment, when the SE section was incorporated into the Employment Services Act in 2008 (more in section 3). However, the debate about social economy and SE is limited to the small number of stakeholders. In general, this business concept is not very wide-spread in Slovakia and may have a negative connotation.

Causes lie mainly in the high dependence on external sources or governmental funding. Another reason is the lack of trust in this type of enterprise, based on negative historical experience with the former Communist regime (agricultural cooperatives and associations) and non-transparent funding of social enterprises which was frequently presented by media (misuse of EU funds that were channelled to several SE established through the government led pilot programme back in 2009). The inhabitants of the wider region of Central and Eastern Europe do not trust the principle of common solidarity or perceive it only as an aid to their closest ones. Sociability is focused on intra-family relations and informal social networks. Another obstacle to spreading the SE concept is a state of low entrepreneurial spirit and weak entrepreneurial skills of local societies.³⁵

In regards of sectors of activity of SE, the most of them operate in manufacturing, waste services, accommodation, health care/social support and construction (as of 2010).³⁶

The social enterprise dimension is incorporated into the National employment strategy³⁷ (by 2020) created by the Institute for Labour and Family Research (established by the Ministry of Labour, Social Affairs and Family) with the contribution of social partners, municipalities and professional public in 2014 within the Operational programme Employment and Social Inclusion. The main goal of the strategy is, in addition to achieving 72% employment, to improve the living conditions of working people. In connection with the strategy, cross-sectorial workgroup has been set up for fulfilment coordination. The issue of SE is devoted to a separate chapter. Within the strategy, SE are considered to be an innovative tool for supporting regional and local employment. The related objectives include improving the legislative environment for SE (including the extension of the concept of SE to include the dimension of European documents and legislation), preparing a separate legislative amendment, elaboration of an analysis containing the review of the best practice related to the SE implementation in other countries, supporting the development of regional employment, financial supporting for SE, creating an infrastructure for logistical support (through incubators of social enterprises), etc.

The number of long-term unemployed people in Slovakia has been decreasing regularly since 2012, although it still accounts for approximately half of all unemployed citizens. The Ministry of Labour, Social Affairs and Family wants to continue with ongoing projects aimed at supporting the employment

<http://ec.europa.eu/social/keyDocuments.jsp?pager.offset=20&&langId=en&mode=advancedSubmit&year=0&country=0&type=0&advSearchKey=socentcntryrepts&orderBy=docOrderr> p. 19

³⁵ Lubecková, G. (2012). *Social Economy: Concepts, Opportunities, Risks*. Retrieved from <https://www.sav.sk/journals/uploads/02150800Lubelcova%20-%20OK%20TL.pdf>

³⁶ European Commission. (2014). *A map of social enterprises and their eco-systems in Europe*. Country Report: Slovakia. Retrieved from <http://ec.europa.eu/social/keyDocuments.jsp?pager.offset=20&&langId=en&mode=advancedSubmit&year=0&country=0&type=0&advSearchKey=socentcntryrepts&orderBy=docOrderr> p. 22

³⁷ The Ministry of Labour, Social Affairs and Family of the Slovak Republic. (2014). *National Employment Strategy of the Slovak Republic*. Retrieved from <https://www.employment.gov.sk/files/slovensky/praca-zamestnanost/podpora-zamestnanosti/national-employment-strategy-slovak-republic-until-2020.pdf>

of disadvantaged people. The Ministry has already allocated funding for SEs (combination of repayable and non-repayable assistance, more in section 5).

In connection with mentioned strategy, the Action plan for strengthening the integration of long-term unemployed people on the labour market in the Slovak republic was created (2015-2016). Among the key reforms / initiatives included:³⁸

- Development of social enterprises and initiatives to support SE within the social economy (independent initiatives)
- Supporting development of the regional and local employment through social economy entities (EUR 30 mil)
- National Project: Institute of Social Economy (EUR 9 mil, ESP + participation of national budget)
- and drafting a proposal for the Social Economy Act (more in section 3)

The National Project Institute of Social Economy is being prepared under the Operational Program Human Resources and under the priority axis - modernization of labour market institutions, such as public and private employment services, improving adaptation to labour market needs, including actions to enhance transnational labour mobility as well as program mobility and better cooperation between institutions and relevant stakeholders. Its objectives are following: increasing a quality and capacity of public employment services to an appropriate level in response to the changing needs and requirements of the labour market and increasing a transnational labour mobility and participation of partners and private employment services to solve problems in the field of employment. After its approval we will be informed about its implementation.

The most important non-governmental organizations dealing with the practical issues of SE include Pontis Foundation with Slovak roots, non-profit organizations EPIC (Australia) and NESst (Hungary). They Civic Association Employment Institute, an independent think-tank focused on studying problems of employment and unemployment, has long been proposing to address unemployment through inclusive employment (a state-guaranteed chance for the long-term unemployed to get standard work for a period of time, thereby increasing their chances in the open labour market). In April 2016, they submitted changes to the Employment Services Act, the Public Procurement Act and the Budgetary Determination of Income Tax Revenues for Municipality Act, to facilitate the creation of inclusive labour market and reduce long-term unemployment.³⁹

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • The presence of legal definition 	<ul style="list-style-type: none"> • Funding opportunities • Only short-term financial support 	<ul style="list-style-type: none"> • Important tool for reduction of long-term unemployment 	<ul style="list-style-type: none"> • Risk of failure of anticipated social effects of SE as an employment policy tool

³⁸ The Ministry of Labour, Social Affairs and Family. (2016). *Action plan to strengthen the integration of long-term unemployed into the labor market in the Slovak Republic*. Retrieved from https://www.employment.gov.sk/files/slovensky/apdn_06122016_sk_final.pdf

³⁹ Páleník, V., Páleník, M., Oravcová, I., (2013). *Inclusive Employment*. Bratislava: Institute of Employment. Retrieved from <http://www.iz.sk/download-files/sk/inkluzivny/inkluzivne-zamestnavanie-publikacia.pdf>

<ul style="list-style-type: none"> • Several successful projects • Organizational form of SE is not bound by legal definition (natural or legal person) • Relatively developed third sector with experience in the area of social services 	<ul style="list-style-type: none"> • Scepticism/negative connotation with the past • Absent infrastructure • Absence of a broad expert discussion • Narrow understanding of social enterprise • State support 	<ul style="list-style-type: none"> • New legislative regulation • Support of local development (for example transition of public works and activation works to social enterprise) • Considerable extent of unsatisfied social needs – growing demand • Large portion of long-term unemployed people 	<ul style="list-style-type: none"> • Professional unpreparedness to manage SE • Limited business skills
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Table 7 SWOT Analysis of Social Entrepreneurship in Slovakia

2.7.3. Social Entrepreneurship in the Slovak Republic in numbers

In Slovakia, the social economy has so far little to do with employability. In the European Union as a whole, the social economy employed around 14.5 million paid employees in 2009-2010, or about 6.5% of the total number of employees. On the other hand, in Slovakia, the social economy employed only 1.94% of the total number of employees in 2009-2010. These data are based on employment in the traditional actors, i.e. cooperatives, mutual assistance organizations, associations and foundations.⁴⁰

At the beginning of 2010, 68 entities were registered in the Register of Social Enterprises (The Ministry of Labour, Social Affairs and Family). In September 2011, 69 were registered, 8 of which were suspended. As of March 2014, the register contained the name of 94 enterprises. Today, there is no updated list/register of SE operating in the Slovak Republic. It is also unknown how many entities fall out of registry because of not applied status of SE. The Country Report from European Commission estimated the number of SE to around 900 in 2014.⁴¹ The new register of SE is planned to be created (more in section 3).

According to a broader definition of social entrepreneurship Slovakia has a higher rate of social entrepreneurship activity at the initial stage of business (3.9 % vs. 3 %) compared to the European average and to the innovation driven countries. The social entrepreneurial activity rate of Slovakia in

⁴⁰ Polák, M., Schinglerová, A. (2014). *Social Economy as Part of Solution of Unemployment Issue*. (Chapter to the National Employment Strategy). Bratislava. Retrieved from http://www.ceit.sk/IVPR/images/IVPR/NSZ/nsz_13.pdf p. 2, 3

⁴¹ European Commission. (2014). *A map of social enterprises and their eco-systems in Europe*. Country Report: Slovakia. Retrieved from <http://ec.europa.eu/social/keyDocuments.jsp?pager.offset=20&&langId=en&mode=advancedSubmit&year=0&country=0&type=0&advSearchKey=socentcntryrepts&orderBy=docOrderr> p. 18

the category of functioning (established) businesses (4.1 %) is lower in a comparison with V5 countries (4.3 %) and innovation driven countries (4.5 %).

According to a narrow definition of social entrepreneurship, almost 27 % of social entrepreneurs in Slovakia prefer social objectives over financial. This ratio is more or less the same to other compared countries. Social entrepreneurship in Slovakia has the following characteristics: ⁴²

- A high market activity (2.3 %), which is the highest among the V5 countries, the fourth highest in Europe and the sixth among innovation driven countries.
- Social entrepreneurs are the most innovative (1.9 %) among the V5 countries, the third most innovative in Europe and the fifth among IDC countries.
- Only 41.1 % of social entrepreneurs consider a full reinvestment of profit back into the social sector and the environment, which is well below the world average of 52 %.
- Only 46 % of our social entrepreneurs make an effort to measure an impact of their activities in the social sector and the environment.

The share of seniors participating in social entrepreneurship is the highest among the age groups of Slovak population and represents up to 52 %, while young people contribute the least 33 % and the share of young adults accounts for 35 %.

The share of women participating in social entrepreneurship is lower, which is consistent with the general trend of female entrepreneurship rate in Slovakia.

2.7.4. Legal framework

Social enterprise for work integration is incorporated in the Employment Services Act (No. 5/2004, §50b). The amended Act was adopted in April 2008 and was amended again in May 2013.

For the natural or legal person to be recognized as social enterprise there are several conditions which has to be fulfilled:⁴³

- a. Employs workers that were disadvantaged jobseekers prior to the employment. At least 30 per cent of his workforce must constitute of disadvantaged jobseekers.
- b. Supports employed disadvantaged jobseekers in finding employment on free labour market.
- c. Reinvests at least 30 per cent of financial resources gained from own activities that remain after paying all costs associated with own activities into creation of new job positions or into improving working conditions.
- d. Is listed in the register of social enterprises.

Applicant could be legal or natural person, municipality, autonomous region, association of municipalities, association of autonomous regions according to the special regulation, budgetary organization or contributory organization founded or governed by municipality or state. The Act on Employment Services does not impose any limits on the legal form of organizations that would wish

⁴² Pilková, A., Holienka, M., Kovačičová, Z., Rehák, J. (2016). *Commercial, Social and Inclusive Entrepreneurship in Slovakia*. Bratislava: Comenius University in Bratislava, KARTPRINT

⁴³ Centre of Labour, Social Affairs and the Family. Retrieved from http://www.upsvar.sk/buxus/generate_page.php?page_id=12977 p. 23,24

become social enterprises, whether it is association, foundation, cooperative or corporate entity, all can apply. Also a participatory character is not required.

Although the legal status of SE has been created relatively long time ago, it is not widely used in practice and we register a minimal increase in the number of SEs in general. The legislation in Slovakia has narrowed down the understanding of the social enterprise to only one type of organisation (the work reintegration structure) whose main purpose is to prepare disadvantaged persons to enter the labour market. Before the amendment of the law, there were entities acting like SE like some associations and foundations. However, once the law came into force, only few of them registered as social enterprise.⁴⁴ Academia and NGOs assert a broader meaning of social economy and SE.

The new Social Economy and Social Entrepreneurship Act is due to be completed in autumn 2017 and to be in force since January 2018. This law should bring new definitions and conditions on social economy and social entrepreneurship taking into account the definitions applied in the EU. In this regard, a new register of social enterprises will be created and SEs are likely to benefit from the social aspect in public procurement (for example, municipalities could positively discriminate SE in public tenders). State funding in form of investment/compensation and other indirect forms of help as well as ex ante/ex post control processes are subjects to the discussion on the new legislation. A new interdepartmental coordination body for the social economy should be created for the purposes of control and regulation.

In regards of litigation experience, a complex legal regulation for SE does not exist, so we cannot offer any relevant statement for this issue.

2.7.5. Taxation and incentives

Under the current conditions, there are no tax exemptions or incentives for the SE.

However, tax assignment has been very substantial source of revenue for civil society organizations and among them also for some social enterprises. The law stipulates that an individual can devote between 2-3 per cent of his/her income tax while legal person can devote up 1.5 per cent.⁴⁵

2.7.6. Finance and Funding

There is no specific financial instrument/product intended solely for the social enterprises at this time. The supporting infrastructure is still lacking as evidenced by PWC Final Interim Report, issued in the framework of ex-ante evaluation of funds use intended for SMEs (2014).⁴⁶ The amended of the Act No. 5/2004 on Employment Services introduced the legal definition of social enterprise and its further amendment in May 2013 brought significant changes in its financing.

Originally, the Act nr. 5/2004 defined a contribution for social enterprises. A social enterprise could receive a contribution of up to 50 per cent of Slovak average wage for each disadvantaged jobseeker

⁴⁴ European Commission. (2014). *A map of social enterprises and their eco-systems in Europe*. Country Report: Slovakia. Retrieved from <http://ec.europa.eu/social/keyDocuments.jsp?pager.offset=20&&langId=en&mode=advancedSubmit&year=0&country=0&type=0&advSearchKey=socentcntryrepts&orderBy=docOrderr>

⁴⁵ Ibidem. p. 9

⁴⁶ Polák, M., Schinglerová, A. (2014). *Social Economy as Part of Solution of Unemployment Issue*. (Chapter to the National Employment Strategy). Bratislava. Retrieved from http://www.ceit.sk/IVPR/images/IVPR/NSZ/nsz_13.pdf

in his first year of employment. If the disadvantaged jobseeker did not find a job on the free labour market during this period, the SE could receive a contribution of 40 per cent of the average wage in the second year of his employment. After that, no further support was possible. This contribution targeted specifically social enterprises and could not be combined with any other contribution supporting employment of disadvantaged jobseekers. The government abolished it by another amendment of the Act 45/2004 in May 2013. It has been replaced by a general contribution to employment of disadvantaged jobseekers that is no longer specific to SEs.⁴⁷

The contribution supports employers who create job positions for disadvantaged jobseekers that have been unemployed at least for three months. It amounts depending on the region. The contribution is provided for a maximum of one year. In case of disadvantaged jobseekers that have been unemployed for more than 24 months, the contribution can be extended to up to 2 years. The eligible groups of disadvantaged jobseekers are defined in the Act 5/2004.

The amendment of the Act in May 2013 led to the reduction of the available level of subsidies for SE (for work integration).

In May 2013, the creation of Fund of Social Funds of Development Capital (FOSFOR) was approved by Slovak government. The fund falls under the structure of Slovak Investment Holding (SIH)⁴⁸, an alternative investment fund, through which the financial tools from European Structural and Investment Funds are implemented during the 2014-2020 period.⁴⁹ One of the main objectives of SIH is to improve the access to the funding for projects and institutions operating in the field of social economy support. FOSFOR will be based on a social venture capital model and should consist of three different kinds of support: grant scheme, venture capital scheme and microcredit scheme. Therefore it will not only provide grants but mainly repayable form of assistance to the subjects of social economy. The purpose is to create good starting and operational conditions for their development and progress. The completion of the preparation of financial support for the social economy in the form of FOSFOR as a separate sub-fund of Slovak Investment Holdings (SIH) is mentioned in the National Employment Strategy 2020 document (constructed under the operational program Employment and Social Inclusion) which was approved by the Government in December 2014.

In March 2017, the Ministry of Labour, Social Affairs and Family announced its plan to spend more than 100 million euro to support the creation of social enterprises (plus a financial assistance from the European Structural Funds and SIH). The Government has allocated resources through the adoption of a new Act on support for the least developed districts. Several Action plans for least developed regions were already created in 2016, however, the mayors do not know how to proceed with establishment and what obligations to fulfil. The financial resources for grants are being allocated and businesses are able to get them through the demand-side calls. However, the funding is also delayed.⁵⁰

⁴⁷ European Commission. (2014). *A map of social enterprises and their eco-systems in Europe*. Country Report: Slovakia. Retrieved from <http://ec.europa.eu/social/keyDocuments.jsp?pager.offset=20&langId=en&mode=advancedSubmit&year=0&country=0&type=0&advSearchKey=socentcntryrepts&orderBy=docOrder> p. 2

⁴⁸ More information here: <http://www.szrbam.sk/sk/sih>

⁴⁹ EU funds represented an important role in state funding through the Operational Programme 2007-2013 too.

⁵⁰ Retrieved from <http://www.nro.vlada.gov.sk/pomoc-najmenej-rozvinutym-okresom/> and <http://www.rtv.s.sk/televizia/archiv/11580/124128#1166>

There are several NGOs in Slovakia implementing projects aimed on SE development which are funded from the EU-funding schemes (e. g. Interreg Europe, Central Europe, Danube, Erasmus+ Programme). The EU funding remains the most promising source of financing for SE, also obtained by private applicants directly. Sporadically, some socially oriented investors can be identified. EEA grants provided by the government of Norway, Iceland and Liechtenstein to support the development and sustainability of NGO are also available. In general, grants are the most common instrument. which results in certain dependency on this form. There are no special bank products exclusively oriented to SE. Slovak Business Agency (SBA) provides micro-loans (a dedicated financial tool), which could be helpful for already operating SEs.

There is a certain development of non-governmental education initiatives in the field of SE financing. For instance, in June 2011, the seminar Introduction to the financial planning in social entrepreneurship organized by ERSTE Foundation, good.bee, Ashoka Innovators for the Public and Slovenská sporiteľňa bank was held in Bratislava. A series of workshops on social entrepreneurship was organized also by Slovak Fundraising Centre, which has the consulting services on SE financing in its portfolio. Important source of finance are also philanthropic investors and CSR companies. Provida Foundation delivers mainly financial and business support and occasional research and awareness raising. These organizations/initiatives are among the best known in Slovakia.

2.7.7. Services and support schemes

In Slovakia there is limited volume and scope of contracting to social enterprises. In practice though, there are also no specific clauses/provisions that would put social enterprises in the more advantageous position. There is no specific institution, department or governmental body in Slovakia that would be set up with the specific purpose to deal with social enterprises. The Ministry which is the closest thematically to the aspects directly shaping the social enterprises or social economy more generally is the Ministry of Labour, Family and Social Affairs. We may include the National Employment Strategy 2020 among the supporting national programs as mentioned in section 1.

Regarding the physical infrastructure, there are several co-working alternatives and incubators for enterprises in general. The relevant incubators worth mentioning include Impact HUB (in Bratislava) promoting a socially responsible business and projects, National Business Centre (in Bratislava) and Business Innovation Center (in Banská Bystrica) both focusing on business consulting, support, education activities etc.

It is important to mention also activities from non-profit sector like Pontis foundation, EPIC and Ashoka fellows. Globally known Ashoka organization search for social entrepreneurs and social innovators in Slovakia as well as it tries to map, support and reconnect them into its own global network. Pontis Foundation founded and manages web portal zodpovednepodnikanie.sk, by which it spreads the awareness about Corporate Social Responsibility. It also awards outstanding projects and companies for responsible approaches with Via Bona price which is relevant for SE awareness raising. Non-profit organization EPIC has already implemented three projects related to the support and training of social entrepreneurs from its foundation in 2012.

The activity of non-public sector is more developed than public one but they do not form any coherent framework.⁵¹

2.7.8. Focus on social impact and social goals

Social enterprises (of work integration) in Slovakia are obliged to submit a report on conduct of business yearly to the Centre for Labour, Social Affairs and the Family administered by the Ministry of Labour, Social Issues and Family. The report is aimed especially on their obligation to employ at least 30% of disadvantaged job seekers and obligation to invest at least 30% of their income into a creation of new job positions and an improvement of working conditions within their organizations.

2.7.9. Labels and certification schemes

According to available information, there is no system for the certification of SE. With regard to raising public awareness of social entrepreneurship there are no available initiatives covered by government policies / programs up to date.

2.7.10. Networks and cooperation

As social enterprise system is really underdeveloped in Slovakia, with only few of SEs existing at this time, there isn't developed any kind of network or cooperation scheme between them.

2.7.11. Focus on entrepreneurship skills and competences

All relevant information concerning the definition and establishment of the SE, conditions for granting the status of SE, personal requirements, legal requirements, guideline for the content of the legislation, obligations (i.e. annual report), list of SE, recommended outline of the business plan and all necessary forms required for the application for granting the status of social enterprise are published on the website of the Centre of Labour, Social Affairs and the Family.

Besides of the support documents mentioned above, there is a lack of available information, materials or training for SE's regarding entrepreneurship skills and competences (if we exclude seminars and workshops already mentioned in section 5). The current training, called Spring School of Social Entrepreneurship, is organized by the non-profit organization EPIC in Bratislava. Participation in the 5 days long training is free of charge. The purpose of this event is to provide sufficient wealth of theoretical information and practical knowledge to successfully initiate and manage social enterprises established by municipalities in their own environment. The training program is accredited by the Ministry of Education, Science, Research and Sport and it is the result of a long-term commitment of EPIC to the formation of an accredited educational program within its project - Strengthening of the capacities of individuals through establishment of the municipality social business.⁵²

⁵¹ European Commission. (2014). *A map of social enterprises and their eco-systems in Europe*. Country Report: Slovakia. Retrieved from <http://ec.europa.eu/social/keyDocuments.jsp?pager.offset=20&&langId=en&mode=advancedSubmit&year=0&country=0&type=0&advSearchKey=socentcntryrepts&orderBy=docOrder> p. 6

⁵² Retrieved from <http://www.epic-org.eu/socialne-podniky/posilnovanie-kapacit-jednotlivcov-prostrednictvom-obecneho-socialneho-podnikania/>

2.8. Country Report Slovenia

2.8.1. SE Policy in Slovenia

Law in the beginning – very hard to comment

There is no data on the size of the social enterprise sector. Over 200 entities are registered as social enterprises (Act 2011). The current register does not cover the entire spectrum of SEs in Slovenia. This is partly due to the strict criteria to maintain the status of SE and no public financial advantage offered apart from existing MLFSA measures. This study estimates there are around 900 organisations which potentially fall within EU operational definition. The main legal forms taken up by social enterprises are believed to be cooperatives, institutes, associations and other NGOs undertaking economic activity. Most of the current social enterprises deliver their impact through people they employ (WISE). This is the results of the legacy of companies for the disabled and government policy to tackle structural unemployment. Emerging trends relate to impact on environment and health through production of organic food, re-cycling and waste treatment.

The revival of the social enterprise sector in recent few years can be explained by the impact of the economic crisis leading to rising interest in alternative economic development models, fiscal austerity measures that on the one hand reduced grant support to the NGO sector and on the other opened up possibilities for the public sector to outsource certain public services to private entities (the system of '*koncesije*') and also focus on fighting social inclusion in strategic policy documents opening up funding schemes for WISE.

Looking ahead barriers for the sector's development include weak business skills among majority of social entrepreneurs, still limited understanding of social enterprise concept among the general public, issues related to the design of public support and access to finance.

2.8.2. Legal framework

The concept of social enterprise is very new to Slovenia; it was used for the first time in the context of ESF-funded pilot projects launched in 2009 to support the development of social enterprise. Since then, interest and activity in the social enterprise 'space' has grown. The impetus for this interest is in part driven by the economic crisis and connected disappointment of the masses with capitalism, resulting in the emergence of movements advocating new ways of organising the economy. At the same time, the Government is increasingly interested in using work integration social enterprises (WISE) as a tool for tackling high levels of structural unemployment.

Against this backdrop, Slovenia adopted the *Act on Social Entrepreneurship* in 2011 which among other things, provides a definition of social entrepreneurship and social enterprise

Article 2: Definitions

Non-profit legal entity shall mean a society, institute, foundation, company, cooperative society, European cooperative society or other legal entity governed by private law not established for the sole purpose of generating profit, which does not distribute assets or the generated profit or excess revenue over expenditure, except to a limited scope in accordance with legislation;

Article 3: Definition of social entrepreneurship

"Social entrepreneurship shall represent the permanent performance of social entrepreneurship activities or other activities, which are subject to special conditions of employment, in the manufacture and sales of products or the provision of services on the market, for which the generation of profit is neither an exclusive nor a main objective"

(2) Social entrepreneurship shall strengthen social solidarity and cohesion, promote the participation of the people, support voluntary work, improve society's capacity for innovation in addressing social, economic, environmental and other issues, ensure the additional supply of products and services in the public interest, develop new employment possibilities, provide additional jobs and enable social integration and vocational reintegration of the most disadvantaged groups in the labour market (social entrepreneurship objectives).

Article 4: Social entrepreneurship principles and requirements

A non-profit legal entity may engage in social entrepreneurship provided that it is established and operates pursuant to the following principles and requirements (hereinafter: the principles), which indicate its public benefit nature and social character:

- it is established by the voluntary decision of its founders (autonomous initiative);
- its sole purpose is not to generate profit (non-profit purpose of establishment);
- it is established with the main purpose of continuously engaging in social entrepreneurship or other activities with a view to employing the most disadvantaged groups in the labour market and thus serving the public interest (performance of activities in the public interest);
- its members work voluntarily (voluntariness);
- it is managed independently (independence);
- the manufacture and sale of its products or the provision of its services in the market are largely organised according to market principles (market orientation);
- it typically involves voluntary work (voluntary work participation);
- individual founders or owners do not exercise dominant influence over decision-making; decisions are adopted by all members according to the principle one member-one vote, and irrespective of the capital share (equality of members);
- the stakeholders are involved in decision making (stakeholder participation in management);
- assets, profit and excesses revenue over expenditure are used for the purposes of social entrepreneurship or other non-profit purposes, profit or excesses revenue distribution is not allowed or is limited in accordance with this Act (non-profit operation);
- it provides for the transparency of its financial operation and for internal control over its inventory management and financial operations (operations transparency);
- it permanently performs its activities for the benefit of its members, users and the wider community (operating for the public benefit).

Article 5: area and activities of social entrepreneurship

The Act lists the following “social entrepreneurship activities”

social assistance;

family assistance;

protection of persons with disabilities;

science, research, education;

provision and organisation of youth work;

protection and promotion of health;

ensuring social inclusion, promotion of employment and vocational training of unemployed people and persons at risk of unemployment;

job brokerage for people referred to in Article 6 herein, including the activity of hiring out such workers to another user;

organic food production;

nature conservation, landscaping, environmental protection and animal protection;

promotion of the use of renewable energy sources and the development of the green economy;

tourist services for people otherwise excluded from or limited by their living conditions in accessing them, provided in a manner that respects the values of sustainability, accessibility and solidarity (social tourism);

shops for socially disadvantaged people (social shops), shops selling the products of small producers from the most undeveloped environments, based on ethical, transparent and equal business relationships between producers and traders aimed at ensuring fair pay for the producers and their survival (fair trade), and shops with services and products from social entrepreneurship activities;

culture, technical culture and preservation of cultural, technical and natural heritage;

amateur sport and physical activities for recreational purposes and socialisation;

protection and rescue activities;

promotion of local communities' development;

support services for social enterprises;

Other areas of social entrepreneurship activities as defined by specific acts. **Article 8: social enterprise**

Any non-profit legal entity can acquire the status of a social enterprise provided it meets the following criteria:

It has been established with a view to permanently performing the social entrepreneurship activities and employing at least one worker in the first year of its operation and at least two workers in subsequent years (hereinafter: social enterprise of Type A); or

established with a view to employing persons referred to in Article 6 of this Act and being engaged in a particular activity by permanently employing at least one third of these workers out of the total staff (hereinafter: Type B social enterprise); and It operates according to the principles of social entrepreneurship stipulated by the Act

(Extracted from the English version of the Act, available at: http://www.mddsz.gov.si/fileadmin/mddsz.gov.si/pageuploads/dokumenti_pdf/zaposlovanje/Act_SE_rev_clear.pdf)

Figure 2 Act of Social Entrepreneurship 2011, Slovenia (extract)

The Act on Social Entrepreneurship defines two types of social enterprises: ☐ type A, which carries out (one or several) “social entrepreneurship activities” as laid out in Article 5 of the Act or as defined in the Regulation on Determination of Activities of Social Entrepreneurship²; and ☐ type B, which is a work-integration social enterprise (employing people from vulnerable groups). The following groups are defined as vulnerable target groups: the disabled, unemployed persons that are hard-to-employ due to lasting physical or mental problems, the very long-term unemployed (over 24 months), first-time job seekers³, the people aged over 55, Roma people, young drop-outs from primary schools, unemployed persons, registered with the Employment Service of the Republic of Slovenia for more than six months if employed for the first time after having finished their education or after having finished their traineeship, secondary education, ex-prisoners (for one year after serving the sentence), refugees included in the integration programmes, drug and alcohol abusers that are in rehabilitation programmes or up to two years after the rehabilitation programmes, and homeless people. Despite there being a legal definition of social enterprise, there are disagreements and misconceptions about the concept of social enterprise. Some Slovenes argue that social enterprises must not generate

profits while others believe that only cooperatives are real social enterprises. Consulted stakeholders were unified in acknowledging the importance of both the entrepreneurial and social dimension of social enterprises. They however, disagreed on the detail: □ The level of market orientation: one social investor believes that social enterprises should seek to generate 100 per cent of their revenue from market sources. In the view expressed by a representative of WISE, this share could at the most reach 50 percent. □ Social aim: whereas some understand social enterprise mainly as type B enterprises (WISE), other stakeholders noted the wider role of contemporary social enterprises (type A). Stakeholders also expressed different views as far as the governance dimension is concerned. Some stakeholders believe the governance of social enterprises does not need to officially represent interests of relevant stakeholders in decision-making processes. According to their opinion, transparency of the governance processes is sufficient for the governance of social enterprises. However, other stakeholders believe stakeholder participation in the governance structure should be strictly imposed, to prevent a misuse of the social enterprise definition. There seem to be an agreement between various stakeholders interviewed that current companies for the disabled and employment centres (which have a special legal status and under current legislation cannot be registered as a social enterprise) are social enterprises and should be allowed to register as a social enterprise. However, according to MLFSA the reason for not allowing double registration is to prevent double funding; enterprises for disabled and employment centres have the advantage of secure and generous public funding that covers significant part of their operations through the provisions of the Act Regulating the Training and Employment of Disabled Persons. Public support amounts from 40% to 60% of their revenues.

Furthermore, the Act introduces an explicit distinction between work-integration social enterprises (WISE) and other social enterprises. The Act enables institutions to register and obtain the social enterprise status. Many stakeholders believe the Act needs to be improved as it is seen to be too strict and restrictive.

The Act is followed by proposed Strategy for Social Entrepreneurship and related Programme of Measures that define the public support measures for the sector. The delay in adoption of these documents imply that until now there has been only very limited publicly-funded support measures and these have mainly focused on WISE.

2.8.3. Services and support schemes

As of today there were only a very limited number of public measures implemented in Slovenia which were specifically designed for social enterprises 2007-2013:

- Two calls were launched in 2009 and 2012 by MLFSA to support pilot projects. All together 24 projects received EUR 6.5 million of ESF funding through these tenders. Pilot projects included training and employment of persons from vulnerable (hard-to-employ) groups (work-integration type of social enterprises). For instance one of the 17th projects co-financed under 2012 call established a 'Roma restaurant'; a restaurant employing Roma people and serving Roma food. First, cooks and other staff necessary to run a restaurant was trained (Roma people). After two years four of those trained were employed in the restaurant. Another project employed five textile workers (women over 50) made redundant after restructuring of the company Prevent. They sew and sell reusable grocery bags;

- Most MLFSA programmes, actions, tenders are traditionally open to SE type of organisations such as ALMPs, social affairs, family and disabled.
- Calls⁵³ for projects promoting social entrepreneurship in the region of Pomurje in 2011 issued by the Ministry of Economic development and Technology. EUR 300,000 was awarded. The second call in 2013 was restricted to entities registered as social enterprises according to the Act (2011). The call is currently re-launched under the Programme of Measures and EUR 1.5 million will be rewarded for the period of 2014 – 2015. The calls co-finance labour costs (gross wages), material, equipment and rent for social enterprises;
- In 2014 a ‘public works’ programme prepared by MLFSA and Slovenian employment service was extended to registered Type B social enterprises. The programme intends to activate long term unemployed from vulnerable groups. Projects will operate for two years with an aim to establish Type B social enterprises or upgrade existing Type B social enterprises⁵⁴. EUR 2 million is available for this measure.
- Project SEA - Social Economy Development Agency financed from the Cross Border Cooperation Programme Italy-Slovenia 2007-2013 (ERDF). EUR 1.3 million was available between 2011 and 2014. The aim of the project was to promote the development of social entrepreneurship in the border area through the implementation of joint activities and the establishment of common policies for the development and promotion of social entrepreneurship and to set up a Social Economy Development Agency in the legal form of a European Cooperative Society.

Period 2014-2020 (national operational program 2014-2020):

- Only Small subsidy for start-up of social enterprise (in the beginning)
- In plan: regional support offices for support to social enterprises

2.8.4. Taxation and incentives

None.

2.8.5. Finance and Funding

The supply of finance for social enterprises is scarce.

In general, three streams of external financing are currently present:

- Financial products offered through the programme Good exchange initiated by SKUP - community of private associations;
- Smaller bottom up initiatives (Strat-up fund within the social incubator KNOF);
- However, most of the social enterprises⁵⁵ seek financing through regular commercial bank loans (using their own property as collateral).

⁵³ The text of the earlier call can be accessed here (only in Slovenian)

[http://www.arhiv.svlr.gov.si/si/javne_objave/javni_razpisi/indexa987.html?tx_t3javnirazpis_pi1\[show_single\]=139](http://www.arhiv.svlr.gov.si/si/javne_objave/javni_razpisi/indexa987.html?tx_t3javnirazpis_pi1[show_single]=139)

⁵⁴ Accessed at http://www.mddsz.gov.si/nc/si/medijsko_sredisce/novica/article/1966/7294/

⁵⁵ Understand in a broader sense of definition, beyond the registry of social enterprises including cooperatives and other organisations that would fall within the broad definition of a social enterprise

Based on interview with Good exchange representatives and information available on the web-site:

<http://www.dobraborza.si/clanki/231>

Good exchange⁵⁶ platform established by SKUP – Community of private associations, coordinates national and international suppliers of finance and offers first tailored financial products to social enterprises in Slovenia. Good exchange founded the first private financial fund with the aim of financing social entrepreneurship and social innovations in Slovenia FUND05.

Current offer on social investment market provided by FUND05 and Good exchange is described in the box below.⁵⁷



Products of banks and financial institutions operating in Slovenia

- Volksbanks and EIF in cooperation with FUND05 – **microcredit** up to 25,000 EUR;
- **Bridge loans** Sparkasse Bank and FUND05 (loans between 10,000 and 50,000 EUR in 2014 200,000 EUR available in this credit line)
- **Microcredit instrument with crowd guarantee scheme** Since February 2014 Sparkasse Bank and FUND05. At least 100 people need to agree to donate 0.5% of their income tax⁵⁸ to the borrower as collateral. Loans between 5,000 and 25,000 EUR can be acquired (5 years, with 57% interest rate);
- **0.5% investment programme**; financing of social causes based on 0.5% income tax which by law residents can distribute to organisations, political parties and labour unions. There is approximately 6 mio EUR of non-dedicated resources per year and the 0.5% investment programme is trying to capitalise on those.

Products of financial institutions from abroad

- **SIF05 impact investment fund**: FUND05 as partner of EuSEF for central and Eastern Europe (investors CreditCooperativ, Deutsche Bank and EIF, main implementation partner TISE). 3-4 pilot social entrepreneurship projects are planned to be financed in 2014;
- **Bridge loans without a guarantee on EU projects**: FUND05 and TISE (single bridging loan up to 100,000 EUR, 500,000 EUR of bridged loans in 2013, the credit line in 2014 increased to 700,000 EUR);
- FUND05 and CAF⁵⁹ – **hybrid non-credits** (single nano hybrid loan up to 2,500 EUR, 20,000 EUR available);
- Cross-border **donation** within the network Trans Giving Europe (TGE)

Figure 3 Offer on social investment market provided by FUND05 and Good exchange, Slovenia

However, most of the social enterprises currently operating financed their operations through grants, promoters own capital or regular commercial bank loans. Those loans however, required personal collateral.

Public support just started programming period 2014-2020 – so far not evaluated.

- Special loans at national fund (very hard to be accessed by social enterprises)

2.8.6. Social Impact measurement and reporting systems

Mandatory for owners of status: checking by ministry – the fulfilment of conditions of status

⁵⁶ Web site can be accessed here <http://www.dobraborza.si/clanki/vsebinska/o-nas/o-nas>

⁵⁷ .5% of their income tax. Web site accessed at: <http://www.sklad05.si/> 30

⁵⁸ In Slovenia citizens are free to decide to which organisation (from the list of organisations) they wish to donate

⁵⁹ Charity Aid Foundation

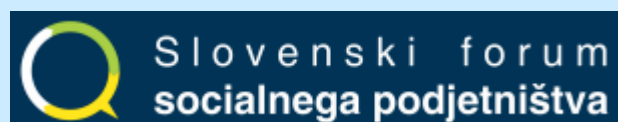
2.8.7. Labels and certification schemes

Yes. At the national ministry.

2.8.8. Networks and cooperation

In Slovenia social enterprises function more or less on their own, they have not formed many associations or networks. However, some NGOs work as umbrella organisations for several social enterprises (e.g. CAAP Maribor is an umbrella organisation for 5 associations developing social enterprise activities).

The Slovenian Forum of Social Entrepreneurship (SFSE)²² is the main network of social enterprise stakeholders in Slovenia. The box below outlines the main areas of its activities.



SFSE works around the principles of social entrepreneurship, as represented by Mohammed Yunus. It connects social entrepreneurs, policy makers, potential investors and other social enterprise stakeholders. It facilitates joint research and innovation networks, develops joint projects etc.

For example, in 2013, SFSE in cooperation with other stakeholders, organised the **National forum of social entrepreneurship 2013: Invest in untapped potential**²³. This one day event brought together representatives from ministries, social entrepreneurs, cooperatives and other stakeholders to present and discuss the development of social entrepreneurship in Slovenia. In the framework of the event, first **Fair of social entrepreneurs "Good hands"** was prepared. Hence, Slovenian social entrepreneurs had the opportunity to showcase products and services, present examples of good practice to promote social entrepreneurship in Slovenian municipalities, network and co-operate with each other.

In addition, SFSE acts as **an advocacy body** of social enterprise stakeholders with the aim of influencing public policy and establishment of a legal framework to support the work of social enterprises.

In December 2012 SFSE prepared suggestions for the *Strategy and Programme of Measures* where it warned policy makers to accelerate the preparation and adoption of the Strategy and suggested main areas and support mechanism to be included in the strategy²⁴.

In January 2014 SFSE organized public discussion of the proposed Programme of Measures 2014 – 2015 for the implementation of the Strategy. The outcome of the public discussion was summarised in "Views and suggestions of Slovenian Forum of Social Entrepreneurship regarding Programme of Measures 2014 – 2015 and EU operational programs 2014- 2020 in the field of social entrepreneurship and cooperatives"²⁵.

SFSE works towards the **development of international links and learning from best practice examples**. In March 2012 SFSE organised international bilateral conference entitled *Social Business Initiative 2020: SI-UK (Slovenian-British) perspective*²⁶.

SFSE is also a partner of Social incubator established by Student organisation of Ljubljana (ŠOU).

Figure 4 Main areas of activities of the Slovenian Forum of Social Entrepreneurship (SFSE)

2.8.9. Focus on entrepreneurship skills and competences

Project based.

3. Summary of Policy Analyses

3.1. Political Strategies

Overview: With the economic crisis 2008 a rising interest in alternative economies and new business models, as represented by SE, is observed in most countries. Some countries have also included the development of the SE-sector in national strategies, seeing them as partners to promote work-integration of vulnerable groups. In Austria and Slovenia SE are more and more considered as potential clients for contracting authorities in the field of social services. Especially in Eastern European countries the membership to the European Union had a positive impact on the development of the SE-sector. Still all countries report that policies concerning SE focus mostly on work-integration enterprises. Funding is often easier available for organisations belonging to the traditional NGO sector.

Common Aim:

- National strategies for the development of the SE sector
- Strengthening SE as potential clients for contracting authorities in the field of social services.
- Stronger integration of the SE and the NGO-sector

Summary of country specific information (for more detailed information please refer to the country reports)

In Croatia, Slovakia and Slovenia national strategy plans, which include the development of the social economic sector, have been set up. **Croatia** has launched a National Strategy for the development of Social entrepreneurship, as part of the National Strategy for creating an enabling Environment for Civil Society Development 2014-2016. In **Slovakia** the social enterprise dimension is incorporated into the National employment strategy (until year 2020). Moreover a new legislation act to be implanted by April 2018 and new funding programmes are in preparation. In **Slovenia** the social enterprise dimension is part of the National Operational Program 2014-2020.

Despite the existence of National plans Slovakia and Croatia report on a lack of trust for Social enterprises. One hand cooperatives are associated with the former communist tradition. On the other Slovakia reports, that the awareness about the SE concept is very low and that SE is understood only as a tool for work integration or social support. Moreover the implementation of social enterprises in 2009 was accompanied with corruption scandals, which caused a lack of trust.

In **Hungary** awareness and understanding of SE is still missing among decision makers responsible for economy development. Yet, the development of the social economy has become part of the government agenda after Hungary joined the EU. Decision makers mostly see SE as a tool to improve employment of disadvantaged groups. The unemployment rate of people with low educational level, people living in small, less developed settlements in the Eastern part of the country, and Roma minorities is relatively high, and the employability of these groups in many cases is very difficult without support programs.

Also in **Austria** policy strategies concerning social enterprises mostly focus on non-profit employment projects or work integration social enterprises. Since work integration is regarded as a public task it is part of the Austrian labour market policy. Besides this there is no national strategy on the development of social enterprises. Yet, small businesses are promoted to be clients for contracting authorities in the

field of social services by the government (Plan A of the federal chancellor). This strategy should foster start-ups and business incubators.

3.2. Legal framework

Overview: In Slovakia and Slovenia the governments enacted special laws, defining social enterprises. Yet, in both countries stakeholders believe, that the definitions given for SE are too strict and restrictive. Moreover laws are in preparation in the Czech Republic, Slovakia and Serbia. In Austria, Croatia and Hungary there is no specific law in relation to Social Enterprises.

Common Aim:

- Special law defining SE
- Law not limited to WISE and employment related SE
- Law enabling SE to enter existing markets easier and to fund new SE

Summary of country specific information (for more detailed information please refer to the country reports)

Because of the limits associations and limited liability companies (GmbHs) impose on the business activities of social enterprises, representatives of social enterprises in **Austria** demand a special legal form, which enables them to distribute profit and therefore makes them more attractive for investors. This would lead to the extension of the sector, as they would no longer depend on (public) funding. Moreover representatives ask for a legal framework that facilitates the foundation of social enterprises.

In **Croatia** there is no legal framework especially designed for SE so far and furthermore a lack of quality on the field of social entrepreneurship is identified. The inflexible legal framework is no encouraging environment for the development of social entrepreneurship.

In April 2014 the **Czech** Ministry of Human Rights claimed to prepare a special social enterprise legislature: From 2014 onwards there is a new form of business shaped for SE, which is social co-operative but with limited legal background. A new legislature concerning social enterprises is underway and should come into effect at the end of 2017.

At present, **Hungary** lacks a legal definition or an exclusive legal form for social enterprises. Since July 2007 there is the possibility to run a social enterprise as a private non-profit company. The name is already containing the not for profit purpose of the funder, which means that the profit has to be reinvested to the original activity focusing on fulfilling a social goal.

The **Serbian** Ministry of Employment, Veteran and Social Affairs is currently drafting a Law on Social Enterprises which should regulate this field of business activity and will represent a very important milestone.

Slovakia was the first among all transitive economies to address the support of social enterprises through a legislative regulation when in 2007 the social enterprise section was incorporated into the Employment services Act. A new Social Economy Act is in preparation. Among the related objectives, there is an effort to improve the legislative environment for SE (including broadening the concept of SE).

In **Slovenia** the Act on Social Entrepreneurship was set in 2011. The Act introduces an explicit distinction between work-integration social enterprises (WISE) and other social enterprises. The Act enables institutions to register and to obtain the social enterprise status. Many stakeholders believe the Act needs to be improved as it is seen to be too strict and restrictive.

3.3. Access to markets

Overview: Access to market for social enterprises is often difficult to achieve. Markets have to be created or opened by the social enterprises themselves, e.g. with the support of co-creation, online platforms, business cooperation etc.

Common Aim:

- Raising awareness for socially and environmentally responsible products
- Embedding social enterprises as sustainable economic companies
- Focus on market orientation

Summary of country specific information (for more detailed information please refer to the country reports)

In **Austria** experts state that social enterprises need to create their markets themselves. How they enter the market is depending on the products and services they offer. A good way to enter the market, already used by some social enterprises, is co-creation. This means social enterprises offer their products for cooperation with big companies to achieve their aims. Routs of social enterprises are also seen in consumer cooperatives, which have a long tradition in Austria.

In **Croatia** there is on the one side a long tradition of cooperatives, but on the other side a lack for visibility on the market. Socially and environmentally responsible products are not recognized as such.

In the **Czech Republic** own activities are the main source of income of social entrepreneurs. They constituted 51.2% of total income of an average social enterprise in 2013. Social enterprises as a sustainable economic concept have a long tradition but they were mostly located in the sector of rehabilitation and/or re-socialization.

Regarding market access for **Hungary** it was observed that often social enterprises do not act market oriented, as there was no real demand for their products. In the case of social cooperatives receiving a grant as start-up investment, most failed to reach sustainability on their own. Their main weaknesses were the lack of proper business and management skills, the lack of validated market needs for their products, the lack of innovation potential, the missing experience in the real involvement of their target groups and the permanent expectation on progressive grant-making. Furthermore products and services created by social enterprises are mostly overpriced in relation to conventional products. There should be the opportunity to share with costumers the social goals in relation to the additional costs. Business collaborations between social enterprises are increasing.

In **Serbia** social networks, online selling and similar platforms increase the visibility of social enterprises and the placement of their goods and services. The Chamber of Commerce and Industry (CCIS) has a Council for CSR that has a role of connecting social with traditional companies. Additionally, CCIS organises fairs of social enterprises in order to promote and sell their product directly to the customers. A lot of Social Enterprises provide income by active participation on the market.

3.4. Financial situation

Overview: SE use different sources of finance. In all countries they mostly rely on the property of their funders. There is a lack of private investments and also bank loans are difficult to get for social enterprises, nevertheless specific bank programmes for social enterprises are developing (especially by Erste Bank). In Austria the “Bank für Gemeinwohl” offers crowd founded credits for social enterprises. Furthermore foundations are mentioned as financial supporters for social enterprises.

Common Aim:

- Financially sustainable social enterprises
- Not dependent on public funding
- Investment which takes the financial burdens from the funders

Summary of country specific information (for more detailed information please refer to the country reports)

In **Austria** the “Bank für Gemeinwohl” which considers itself as a “new interactive and participative finance-association offering social enterprises credits to run their business” offers crowd founded credits for social enterprises. Furthermore there are diverse non-profit funds. About 20% of the private foundations in Austria are declared as not-for-profit foundations. They were designed to keep private assets in the country and profit from tax benefits. Moreover funding for social innovative enterprises is offered by the project good.bee. Good.bee was launched in 2008 by ERSTE Foundation and Erste Group Bank. Its main areas of business are micro-banking and social enterprise finance in Eastern Europa.

Regarding bank loans, in **Croatia** most banks have a perception on social enterprises as high-risk clients. There is a lack of financial instruments available for social entrepreneurs. However, some banks have taken a step further and they have specific programmes for social enterprises (e.g. Erste Bank). There is a lack of venture capital investments of private investors, but donations of socially responsible corporations are available.

In the **Czech Republic** only 5,6% of social enterprises rely on bank loans. Private investments are rudimentary in their development and consist only out of a few big commercial companies that support social enterprises as a part of their corporate responsibility strategies.

In **Hungary** there is no risk capital for social enterprises, but it is in the status of formation. Some years ago, Erste Group has launched the “Step-by-step” Social Banking programme, aiming to address directly the needs of traditionally unbanked groups of the societies in Central and Eastern Europe. Erste’s Social Banking programme fosters the financial inclusion of low-income individuals, first-time entrepreneurs and social organisations, offering them fair access to basic financial products, sound money advice and ongoing tailored business mentoring. Regarding private investment there is a very limited but growing number of private investors. As part of this process, in March 2016 the Hungarian Social Impact Investors’ Association was founded with the intention to „evangelize the impact investing approach, that investments shall generate measurable societal impact alongside financial return, and to develop the Hungarian and regional social financing sector’s ecosystems“. Private donations still represent an important source of funding for social enterprises and social enterprise catalysts providing non-financial and financial supports. The Social investment market is still nascent

in Hungary due to the fact that public financing accounts for a large proportion of available financing and a low pressure on self-sustainability. Besides Hungarian attempts, Western European social impact investment funds are considering the opening towards Hungary in the coming years such as PhiTrust based in France and Phineo in Germany. NESsT is gradually shifting from early stages start-up social enterprise development towards social impact investment readiness support.

In **Serbia** the Italian UniCredit Foundation has a long tradition of funding and supporting the social entrepreneurship sector throughout Southeast Europe.. Regarding investment by funds foundations with representative offices are located in Serbia (e.g. Heinrich Böll Foundation)

In **Slovakia** social enterprises are dependent on external resources and financing.

In **Slovenia** most of the social enterprises seek financing through regular commercial bank loans (using their own property as collateral). Furthermore there is the possibility of microcredits.

3.5. Funding

Overview: European Funding for social enterprises is in mostly granted by the ESF, especially in the sector of work integration. Public funding in general exists of subsidies for self-employment, public works and regional development. Crowdfunding is slowly emerging. Also dedicated financial instruments for start-ups are under development and a few are already running.

Common Aim:

- More public funding for local small businesses
- Funding not only focused on social enterprises in the sector of work integration
- Dedicated financial support for start-ups

Summary of country specific information (for more detailed information please refer to the country reports)

To a large extent, social enterprises in **Austria** take the same funding channels as mainstream enterprises. In the sector of work-integration social enterprises European funding does play a significant role. Funding for work-integration enterprises since 2014 was mostly accessible via the The Operational Programme Employment Austria (ESF, 2014-2020), with the purpose of creating jobs and strengthening social cohesion in Austria. In general Public Funding for social enterprises in Austria is mainly accessible for social economic enterprises and non-profit employment projects, who are co-financed by the Public Employment Service (AMS). The AMS also offers direct financial support for socioeconomic enterprises and runs business start-up programmes for the unemployed. Moreover there are several support schemes on a provincial level, which are also mainly addressing work integration social enterprises. Currently the first steps to facilitate crowd-funding were taken in Austria. In 2015 the so called „law on alternative financing tools“ was introduced. Funding is especially important for start-ups, to provide start-up capital. This is what the aws social business call, first launched in 2016, offers. It is a grant schema tailored for social enterprises, which is co-financed by the Ministry of Social Affairs and the National Foundation for Research, Technology and Development.

In **Croatia** financial support for the development of social entrepreneurship is available through European funds and programmes, e.g. via the European Social Fund. The call „Fostering social entrepreneurship“ was opened in 2016.

In the **Czech Republic** the most important EU funding comes from the ESF, which is managed by the Ministry of Labour and Social Affairs. Thus, the public financial support is limited to contributions for employment of people with health disabilities. There is some regional support for social enterprises but nowadays mostly in form of being part of regional development strategies of regional authorities and local action groups. Crowdfunding seems to be a viable funding scheme but, similarly to social entrepreneurship, it is quite a new phenomenon in the Czech society and general public is widely unaware of these new alternative financing schemes. Currently, it seems that launching a social enterprise is, financially-wise, somehow easier than keeping one running in the long term.

Funding of social enterprises in **Hungary** is a combination of national budget and EU co-financing, with the focus to support the establishment and operation of social cooperatives as employment tools for long term unemployed. There was a long tradition of seed funds and grants of the National Employment Foundation supporting public work with the disadvantage of killing local micro businesses. After several years decision makers introduced a special tool: The National Employment Public Benefit Nonprofit Ltd, which is a state financed (in many cases by labelled EU co-financed grants) organisation, is the main owner of grants for the social enterprise sector from the middle of the last decade. They have done several PR actions, competitions, conferences, issued awards for social economy participants and have a specific website for social enterprises. Currently, the government solely provides a non-repayable fund under the EDIOP call for proposals, aiming to facilitate employability of vulnerable social groups by social enterprises. Concerning dedicated funding for start-ups there are a few support schemes in Hungary. Recent years, NESsT is shifting from early stages start-up social enterprise development towards social impact investment readiness support. KPMG's Programme for a Responsible Society supports non-profit organisations or social enterprises active in education, health and environmental protection across Europe. Started in Hungary in 2009, it provides pro bono professional support, such as audit, tax advisory, strategy, operations, IT and HR consultancy for one year for 3-4 selected organizations, specially focusing currently on organizations working with disadvantaged children.

In **Serbia** the National Employment Bureau offers subsidies for self-employment for unemployed persons. Public works envisages financial incentives for the employment of people that are registered with the National Employment Bureau within the activities that aim at achieving certain social interest (e.g. prevention and assistance to old people clearance of wild waste disposal land fields, maintenance and building roads...). This measure is useful for SEs that need temporary engagement of workers. SE participate in public procurements that are run by local self-governments for providing services of social protection or other services for which it is sufficient to have a registered business. The Chamber of Commerce and Industry of Serbia also provides support for the development of social entrepreneurship through business- and CSR activities. Crowdfunding is a new possibility for financing, e.g. the Startit community uses crowd funding to open co-working spaces throughout Serbia for start-ups. The Serbian Impact Hub has started working on the development of a seed- capital investment fund. They plan to help youth entrepreneurs to establish their business.

In **Slovenia** EU funding supported social enterprises for the first time in the context of ESF-funded pilot projects launched in 2009 with the aim to support the development of social enterprises. Enterprises for disabled and employment centres have the advantage of secure and generous public funding that covers a significant part of their operations through the provision of the Act Regulating the Training and Employment of Disabled Persons. This Act is followed by a proposed strategy for Social

Entrepreneurship and a related Programme of Measures that define the public support measures for the sector. The delay in adoption of these documents imply that until now there has been only very limited publicly-funded support measures and these have mainly focused on work integration social enterprises. Special loans from national funds are very hard to be accessed by social enterprises. But since February 2014 there is a microcredit instrument with a crowd guarantee scheme at Sparkasse Bank and FUND05. Furthermore there are some small bottom-up initiatives, e.g. the strat-up fund within the social incubator KNOF.

In **Slovakia** financing was not transparent in the past. Today there are strong efforts to achieve more transparency and effectiveness by legal regulations. Support for regional and local employment development is granted by bodies of social economy. Since May 2013 there exists the Fund of Social Funds of Development Capital (FOSFOR). The fund falls under the structure of the Slovak Investment Holding. FOSFOR is based on a social venture capital model and consists of three different kinds of support: grant scheme, venture capital scheme and microcredit scheme. Therefore it does not only provide grants but mainly repayable form of assistance to the subjects of social economy. The purpose is to create good starting and operational conditions for their development and progress.

3.6. Business skills and sustainability of the sector

Overview: In all countries it is one of the main obstacles for the development of the sector that social entrepreneurs lack professional business knowledge.

Common Aim:

- Improving the knowledge of social entrepreneurs on
 - financial skills
 - marketing and management skills
 - legal framework
 - HR knowledge

Summary of country specific information (for more detailed information please refer to the country reports)

As the SE-sector is only developing in all reporting countries, social entrepreneurs tend to lack basic knowledge of entrepreneurial skills. Moreover social enterprises often do not have concrete business plans and marketing schemes that would allow them to grow and to become self-sustaining businesses.

3.7. Training

Overview: By now training for social entrepreneurs is mostly provided by the community itself or by international foundations and promoting organisations, like Erste-Bank. Most of these are working internationally (e.g. Ashoka, Impact Hub etc.). Moreover social entrepreneurs can access training courses designed for traditional businesses and KMUs. In Serbia social enterprises also profit from study visits and trainings provided by cooperating bigger firms. In Austria, Hungary and the Czech Republic university departments dealing with SE subjects were set up. In Hungary curricular dealing with SE were also implanted on high school level.

Common Aim:

- Training for existing SE on combined social and business approach
 - Mentoring and training programmes
 - Accredited, lasting programs
 - Higher accessibility of grants (including those who failed to be awarded)
- Training on business-skills as part of the formal education system
 - Information on the SE sector in business school-plans
 - Implementation of curriculums on SE at the university level

Summary of country specific information (for more detailed information please refer to the country reports)

Regarding trainings for SE ImpactHub and Ashoka are important players in **Austria**. Intermediary organisations and promoters (Ashoka, Impact Hub, arbeit plus, The Social Impact Award, Pioneers of Change and Networking initiatives - such as Emersense, etc.) offer training on business soft skills such as lectures, training workshops, community networking events and incubation programmes, business coaching, individual consulting and mentoring. Besides these specially tailored schemes offered by the community, training on economic and management skills for social entrepreneurs is mostly accessible via trainings also accessible for traditional enterprises. A relevant stakeholder of the community, carrying out both teaching and research activities on social enterprises is the Competence Centre for Non-profit Organisations and Social Entrepreneurship at the University of Economics and Trade in Vienna. Furthermore support for business development is co-financed by public funding schemes. In September 2016 the AWS, the federal bank supporting businesses, launched a promotion initiative for social businesses which aims to establish a national network of social business, to foster the transfer of knowledge and know-how and offers financial support for social enterprises. In February 2017 the Austrian Research and Promotion Agency FFG launched a pilot programme for impact innovation.

Training on SE subjects at the university level in the **Czech Republic** is offered by the Akademie sociálního podnikání České spořitelny. As in Austria, soft skills needed to run a business including experience sharing, financing possibilities, education, planning, management, marketing are mostly offered by private initiatives (SIA, ASPČS, P3).

An important stakeholder offering training in **Croatia and Serbia** is the Erste Bank. Its programme step by step was created with the aim of economic and social strengthening of start-up and social enterprises through different packages of educational, financial and mentoring support. It offers assistance in drawing up a business plan, combination of online and offline training (education), mentoring support and the possibility of networking with other companies.

In **Croatia** several faculties (Faculty of Economics in Zagreb, the Zagreb School of Economics and Management, Faculty of Economics in Osijek) educate students about social entrepreneurship. The ACT group (Consortium of social enterprises) offers consultation on how to start a business. It established an Academy for Social Economy in 2016. Beside these services and support schemes SEs can also access support schemes for traditional enterprises.

In **Hungary** educational programs on SE are run on a university and a high school level. Training on business skills is offered via grants and by promoters of the SE sector. The National Employment Public

Benefit Nonprofit Ltd. also provides a development course for applicants who had failed to be awarded. Here SE learn how they can improve their proposals, focusing on the combined social and business approach. Besides, they offer a very intense mentoring program with mentors working exclusively on specified counties of the country. An important player offering training for SE in Hungary is Ashoka. It is electing and supporting outstanding social entrepreneurs through various mentoring and coaching programmes. As new player offering training in Hungary, Impact HUB Budapest is providing “Warm-up”, a unique programme tailored for purpose-driven entrepreneurs from Central – and Eastern Europe creating scalable solutions for global problems. In the Investment Ready Labs, a cohort of around 10 selected entrepreneurs systematically works on their business strategy and builds an attractive investment case. In the frame specified projects NESsT has been providing business planning trainings. Besides, there are several local initiatives for educating social entrepreneurs.

In **Serbia** the Chamber of Commerce and Industry provides support through workshops, face to face consultations and CSR activities. Moreover cooperation of social enterprises with bigger industries and enterprises (such as Coca cola, Ben & Jerrys etc.) offers the opportunity of training, mentoring, study visit, etc. Also the CCIS, in cooperation with SeVeN (Serbian Venture Network), Impact Hub, In Center incubator, ICT Hub, Smart collective and Startit Community, works on building capacities of social enterprises and helps young people to establish companies, women entrepreneurs to develop businesses and start-up companies to upgrade their business.

In **Slovakia** the non-profit organization EPIC implemented accredited training programs for social entrepreneurs called Spring School of Social Entrepreneurship. It cooperates with the Ministry of Education, Science, Research and Sport, offering accredited summer schools within its project Strengthening the Capacities of Individuals through Social Entrepreneurship. Yet, Slovakia also reports that information, materials or training for SE’s regarding entrepreneurship skills and competences are hard to find.

In **Slovenia**, training programs for SE on business skills are mostly project based.

3.8. Monitoring of the SE-sector

Overview: Most countries report that they lack data on the actual size of the SE-sector. This is also true for the countries that run registries on SE (such as Slovenia), because of the narrow definition of SE. Others criticize the lack of a common understanding of SE, which hinders the monitoring of the sector.

Common Aim:

- Clarification of the concept of SE
- Broader concept of SE
- Establishment of national registers informing on the size of the SE sector

Summary of country specific information (for more detailed information please refer to the country reports)

In most countries, the concept of SE is still in discussion. Mostly official definitions and plans focus only on work integration projects. In the **Czech Republic** and in **Hungary**, stakeholders relay on the definition of SE given by the network itself. Besides, in Hungary, in many cases of data collection, social cooperatives are seen exclusively as SE, because of the former government grants. In the Czech

Republic Tessa is running a Membership-Database, based on the information provided by the respective enterprise asking for membership. In Hungary NESst suggested a definition of SE.

In **Slovenia** a legal definition of SE was implemented. Based on this definition Slovenia runs an official registry, recording about 200 enterprises in the SE sector. Yet, because of the strict criteria to maintain the status of SE, as defined by the law, the current registry does not cover the entire spectrum of SE in Slovenia, as experts criticise. This is why there is no accurate data on the size of the social enterprise sector. At the moment the registry on Slovenia is launched.

A potential basis to establish a formal registry is also given in **Slovakia**. Here social enterprises are obliged to submit an annual report on their development to the Ministry of labour, which provides basic data on the size of the SE-sector. As the monitoring is limited to work integration instruments a lot of enterprises of the SE sector are not included.

In the other countries official registries on the size of the SE sector so not exist. In **Croatia** the establishment of a registry was part of the National strategy (2015) on SE. Until now, no registry exists. In **Austria**, information on the potential size of the sector is provided by the network. Especially the reports of the NPO-Institute, located at the University for Economics Vienna, give insight in its development.

3.9. Awards and grant-schemes

Overview: Awards and Grants are seen as an important tool to raise awareness for social enterprises. In the last years also business sponsoring and awards which originally aimed only at CSR activities added new categories which aimed at the support of social enterprises. Moreover national and regional policy makers issued new grant schemes in different countries. Different forms of awards addressing SE seem to be especially widespread in Austria. For many SE these awards are also financially important. As awards do not have an enduring financial impact on the social enterprises, awards should not only focus on the social innovation SEs deliver, but also on the business plan they developed.

Common Aim:

- Grant schemes supporting also the development of business skills and a sustainable financial situation
- Opening of competitions in the traditional business sector for SE (including measurements of social impact)
- Grants awarded by official representatives on a regional and national level

Summary of country specific information (for more detailed information please refer to the country reports)

Awards and grants are important to raise awareness. Moreover they provide access to co-working spaces, networks, training courses and financing for social enterprises.

In **Austria** a lot of awards and competitions for entrepreneurs on different topics exist. They are an important tool to raise awareness for social enterprises. Some of them are also coupled with a learning programme. Moreover, there are several international awards honouring social innovation, social projects and social impact, for which social enterprises can apply. Also some business awards opened

up for social enterprises, measuring not only their entrepreneurial activity, but also, their social impact. Moreover the aw's social business call, a schema tailored for social enterprises, which is co-financed by the Ministry of Social Affairs and the National Foundation for Research, Technology and Development, was issued in in 2016.

Also in **Hungary** the support for social enterprises is primarily grant-based. Many grants resulted in the transformation of for-profit social enterprises to non-profit companies. At present these grants represent a very supportive and innovative approach. There is a pre-application with a business plan of the project idea and with a very detailed form to investigate the social dimension of the planned project. Four private award initiatives targeting social enterprises or organisations active in the social economy are listed in the Hungarian report, run by international and national foundations and banks, focusing on different subjects. Yet, many eligible organisations do not have information about accessible grants.

In the **Czech** report the heavy dependency of SE on grants is mentioned. There is only one award, the Social Impact Award (SIA – Česká spořitelna – Czech Saving Bank), first organized in Austria, highlighted.

In **Slovakia** Ashoka and Pontis foundation award outstanding projects and companies for responsible approaches with fellowships or the Bona price. Moreover FOSFOR will also consist of a grant scheme for social enterprises.

In **Slovenia** some regional grant schemes for projects promoting social entrepreneurship were issued by the Ministry of Economic Development and Technology. Applicants had to register as social enterprises.

3.10. Impact measurement and certification schemas

Overview: There are no social impact measurements or reporting systems provided and supported by policy makers in the reporting countries. This is one main obstacle to reach out for more visibility and funding. In most countries the network itself is providing reporting standards, to show the social and economic impact of SE.

Common Aim:

- Raising awareness of social entrepreneurs and policymakers for impact measurement
- Officially recognised social impact measurements and reporting standards
- Certification schemes, proving the social impact of SE

Summary of country specific information (for more detailed information please refer to the country reports)

In **Austria** and the **Czech Republic** measurement tools and certification schemes, used by social enterprises to document the social impact, were developed by the community itself. Examples are the schemes provided by ASHOKA and arbeit plus, which help to classify social enterprises and to measure their social impact and their sustainability (including business plans). Further certification schemes to measure social impact, used in Austria, are the "Common Good Balance Sheet" and the guideline "Success and Social Responsibility - A Guide to Future-Proofing Your Business" which has been

intended for use by any Austrian company, large or small, and lists objectives for responsible business activity.

In the **Czech Republic** TESSA performs a quasi-evaluation of social enterprises, before they accept a new member. But the evaluation is only formal and based on the data provided by the respective enterprise. A certification scheme as mentioned for Austria does not exist in the Czech Republic at the moment.

In **Hungary**, the development of a scheme that measures the social impact of social enterprises and their sustainability is a high priority part of the MarketMate project. It has been designed to provide a certificate on social enterprises based on economic viability and social impact criteria. Up till now, more than 500 entities applied for such a certificate and 30+ organisations passed the selection criteria for getting better access to dedicated financial instruments.

In **Slovenia** the report on social impact concerning the impact of SE on employment is mandatory for owners of status. Yet, as for the definition given on SE in Slovenia, impact measurement is limited.

In the other countries no labels and certification schemes for SE are currently in use. Moreover **Slovakia, Hungary and Croatia** report that social entrepreneurs often do not even make efforts to measure the impact of their activities. The lack of knowledge and tools for measuring social impact, as well as platforms providing information to prospective donors, public decision makers and the general public about these impacts has been highlighted especially in the Hungarian report as a major gap of the social enterprise ecosystem to be addressed.

3.11. Network and political representation of SE-sector

Overview: The SE community is internationally linked. Yet, they have no adequate national political representations. Serbia reports, that the formation of a network of SE is officially supported. In Austria, the representative umbrella organisation are about to form a platform which aims to structurally strengthen the emerging social entrepreneurial sector.

Common Aim:

- National representation of social enterprises
- Promotion of the interest of the sector on national level in decision making
- Inter- sectoral cooperation (NPO., SE-sector)

Summary of country specific information (for more detailed information please refer to the country reports)

A common political representation of social enterprises is considered as an important next step to be taken by the stakeholders. In **Austria** especially the traditional NPO sector has a strong political representation. Because of the strong representation of the traditional NPO sector, some experts see a constant rivalry between traditional NPOs and social entrepreneurs on funding and the involvement in policy making. Social entrepreneurship and social enterprises in the new sense are only loosely connected to the public social system. One of the main intermediaries in Austria, involved in policy making and creating a supportive structure for social enterprises, is Impact Hub Vienna who runs various incubation and funding programmes. A broad network of enabling associations – such as Ashoka, pioneers of change, Impact Hub Vienna, arbeit plus, NPO-Institute – exist. Most of them are

internationally linked. One of their main projects at the moment is the building of a multiple stakeholder group and of advocacy and representation for the sector to raise awareness and to structurally strengthen the emerging social entrepreneurial sector. This network is also engaged in the conception of a legal framework fitting the needs of social enterprises.

Also in **Croatia** new cooperation, intersectional oral networks, and partnerships at the local, regional, national and international level have developed. Cooperation is not permanent yet, but often project based.

In the **Czech Republic** there are some informal and casual networks of SE but no central or official support of such networks was found. The main association promoting the interests of SE is Tessa. It is an association of SE, providing support and information on social entrepreneurship. Tessa also cooperates with ministries and government agencies and helps shaping policy making. Besides Tessa there is a project run by P3 (NGO), which aims at establishing a national network of eight ambassadors that actively promote social entrepreneurship in their respective regions through seminars, panel discussions, etc.

In **Hungary** a national platform enabling effective networking, cooperation among social enterprises and experiences share has not been created by now. The situation is similar as in Austria. Social cooperatives have a national association (like arbeit plus) who cooperates with the government but only on a limited level. Moreover there are umbrella organisations of social enterprises, which also have a limited influence. The most influential organisation in Hungary, supporting the interests of SE is NESST. Besides NESST, IFKA, a public benefit non-profit organisation strongly related to the Ministry of National Economy, is engaged in international projects focused on policy making suggestions for decision makers and improving networking and business cooperation of social enterprises over the borders.

Serbia reports, that the formation of a network of social enterprises is officially supported through EU funds and donations. SE are represented by the national SENS Network "Smart collective - Social economy network Serbia".

In **Slovenia** social enterprises function more or less on their own and have not formed many associations or networks by now. Some stakeholders even believe that governance of social enterprises does not need to officially represent interests of relevant stakeholders in decision-making processes. According to their opinion, transparency of the governance processes is sufficient for the governance of social enterprises. However, other stakeholders believe stakeholder participation in the governance structure should be strictly imposed to prevent a misuse of the social enterprise definition.

In **Slovakia** networks are built by NPO's. However, until now no national network is working. The Slovakian partners hope that new platforms will developed after the implementation of the new act.

4. Benchmarking

4.1. Lessons Learned from other Countries

Regarding their lessons learned the SENSES partners' perception on the ecosystem of social enterprises cover similar topics:

- **Clear definition and legal framework:** Although there exists an EU definition of social enterprises, the meaning of the concept and term social enterprises are not transparent. Also regarding the legal framework there is on one side the desire for specific and clear laws on social enterprises and on the other side the need for a common understanding of the best legal form for SE. In any case the visibility of the sector is seen as key for the improvement of the sector.
- **Access to market:** Access to market seems to be difficult for social enterprises across the Danube region. There is identified a distinct lack of market for products and services of social enterprises. This lack is to a certain extent result of the fact of missing awareness on social enterprises and their activities. So the market and the access to them have to be created by the social enterprises themselves, through awareness raising, marketing, etc. Once access to market is successful, social enterprises mostly only operate on local markets.
- **Support and awareness:** Social enterprises and their added value seem to be poorly perceived in all partner countries. Studies and recent data about the SE sector are rare. Partners agree that support of social entrepreneurship needs to be further developed. More services dedicated to strengthening all business segments of social enterprises are needed. Only in Austria there seem to be more support offers for social enterprises in the sense of (grant) programmes, awards and trainings than in other countries.
- **Future development:** Special attention should be dedicated to sustainable development of social enterprises. Currently social enterprise development is closely linked to the EU's strategic agenda and cohesion policy objectives (e.g. increasing the employment capacity of social enterprises). But the main important topics to focus on would be access to finance, access to market, skills development or even internationalisation.
- **Exchange of experiences:** The situation of social entrepreneurship in the reporting countries is similar, but regional and cross-border cooperation is rather limited. Joint dialogue and work on the topic of social entrepreneurship and its development as well as exchange of experiences and practices might be beneficial.
- **Funding:** Lack of funds, missing financial instruments and dependency on external funding are topics runs like a continuous thread through all country reports. Easier access to public funds for traditional NGOs/work integration sector is widely spread in the Danube Region. Something special in the Danube region is the Austrian "Bank für Gemeinwohl", offering crowdfunded credits for SE.
- **Education and training:** In the Danube region education and training for SE (e.g. on entrepreneurial skills, human resources etc.) should be even more focused on. Nevertheless there are already some curricula dealing with SE implemented for university and high school level.

4.2. Self-assessment and scoring per dimension

4.2.1. Policy

Stakeholders of all countries agreed, that it is important to have a strong engagement of policymakers of different levels to improve the general conditions of social enterprises and start-ups in the social enterprise community. Especially Hungary, Slovenia and Austria reported that the interest of policymakers in the field of social enterprises is growing in the last years. The Czech Republic reports explicitly, that it is a problem for the development of the sector, that the government and regional authorities have very little information about social enterprises and their aims.

Important tools to have a stronger engagement of policy makers are

- National strategies on the development of the SE sector and
- regional programmes to foster the SE Sector
- strong civil society and lobby of social enterprises

Even though national strategies for the development of the sector are considered as an important tool to raise awareness, the way they address social enterprises is also seen critically, as National Plans often focus strongly on work integration social enterprises.

Examples of National strategies that have been developed are the strategy for the development of social entrepreneurship (2015) in Croatia, which is coordinated by the ministry of labour and pension system. In Slovenia the development of social entrepreneurship is part of the national operational program 2014-2020. Slovenia considers this engagement of the national ministries for the development of the social entrepreneurship in the country as a positive impact. Slovakia has incorporated the social enterprise dimension into the national employment strategy, but with a very narrow definition. Slovakia considers especially the new Act on social economy and SE as a great opportunity to improve the current situation and perception of SE. The Romanian partners also see national strategies as an important tool to foster the development of the Se-Sector. Yet, by now there is no strategy focusing on social enterprises in Romania. SE's do profit from strategies on social inclusion, disability and poverty reduction that have been adapted recently.

The missing national strategies and nation-wide awareness raising programmes and action plans on social entrepreneurship and social innovation are considered to have a negative impact on the development of the sector in Hungary, Serbia and Austria. Even though Hungary did not develop a national strategy on SE, the development of the field does play a role in other national programs. However, in Hungary, considering SE-s as an important tool of work integration, putting SE development into national employment strategy, led to the wide range of grant schemes.

Despite the missing national plan, Austria considers itself quite advanced in the development of public regional programmes and public grants addressing social enterprises. A possibility to strengthen social enterprises, according to the political decisions of a country or region, are seen in considering them stronger as clients for contracting authorities in the field of social services.

The other countries do not report on regional programmes even though some state that social enterprises do have affiliations to regional and local authorities, being their main sponsors. Yet, this is often also considered as a problem. Hungary and Croatia think that it is an advantage of the business orientated approach of social enterprises to be independent of public authorities.

Comparing the different countries one can see, that the way how social enterprises are addressed and the role they can take, strongly depends on the development of the public social services in the country and on the role of the traditional NGO sector. The more public social services do exist and the stronger the NGO sector is, the more important it is for social enterprises to collaborate with them and to adopt their services to the given framework.

In Austria the traditional NPO sector is well established, cooperating with public authorities and also engaging in the social enterprise field. Croatia reports, that a sector of civil society, providing social services to the society of social enterprises, is developing. Also in the Czech Republic experts expect that the growth of the social enterprise sector may imply both rising commercialisation of non-profit activities and commercial companies becoming more “non-profit-like”. In either case, it seems that this will not conflict with the strongest funding pattern in Czech civil society, which is the public (state) support of non-profits, as these resources are already combined and public funds consciously support the rise of the social economy (Jiří Navrátil and Jakub Pejcal 2015, 55).

In Hungary, social enterprises seek to become more independent from public and national authorities. Experts on the field fear, that restrictive laws create an atmosphere of “fear and foreboding”, which is likely to further decrease the potential for solidarity and sector-wide cooperation and that attacks against independent civil society organisations will continue (Éva Kuti 2015, 69). Serbian civil society engagement is not very strong by now, but considered to grow in the future (Dušan Spasojević 2015, 277).

	Austria	Croatia	Czech	Hungary	Romania	Serbia	Slovakia	Slovenia
National strategies	-	+	-		+	-	+	+
Regional programmes	+	-	-		-	-		-
Civil society	+	+	+	+		-		
+ Points/ dimension	2/3	2/3	1/3	1/3	1/3	0/3	1/3	1/3
- Points/ dimension	1/3	1/3	2/3	0/3	1/3	3/3	0/3	1/3

Table 8 Scores for dimension policy

Short summary

Overall Austria and Croatia are performing best in the policy-dimension. Yet, the political strategies to address social enterprises are different in the two countries. While Croatia has developed a national strategy for the development of social entrepreneurship (2015) in Austria regional programmes have been implemented, addressing the new SE-sector and the traditional NGO-sector. Products and services of social enterprises can be sold best by adapting to the needs of public authorities. To be considered as potential clients for contracting authorities will be decisive for the future development of the SE sector.

Compared to the other countries, Hungary and Serbia score most negative in the policy-dimension. Compared to the other countries, Hungary and Serbia score most negative in the policy-dimension. In Hungary although there is no national social enterprise strategy, the strategy is integrated in other national programmes. The problem is the lack of a long term vision, where SE sector development

strategy creates a much better predictable economic and social environment. Even though there are regional programmes, they do not necessary help to develop the ecosystem. In Serbia political bodies do not engage strongly in the development of the SE-ecosystem by now, but as civil society is developing, the importance of the SE-sector is considered to develop stronger in the future.

4.2.2. Recognition of the SE-Sector

Awareness raising and image making are considered as very important issues to strengthen the social enterprise sector. This is especially demanding in Croatia and Slovakia where social enterprises have a rather negative image, as their activities are regarded as unproductive. In Serbia not the negative image but the non-visibility of the sector as such is considered as an obstacle for the further development of social enterprises. Also Romania reports, that the low level of understanding for the long term benefits of the development of the SE-sector by the public, as well as the low visibility of the sector and its impacts hinders its growth.

Important tools to raise awareness and for a stronger recognition of the sector are

- comprehensive impact measuring
- official certification and assessment schemes
- the implementation of a widely accepted and acknowledged definition of social enterprises
- research on the social enterprise sector
- national registries on existing social enterprises

As the most important step to raise awareness for the sector stakeholders consider the further development of comprehensive impact measurement tools which can also be applied to other enterprises. Croatia states that by now reporting schemes about social impact and social goals as well are missing on a national level. In Hungary the culture of social impact measurement is progressing slowly and most social enterprises are not interested in measuring their social impact created at all. The lack of knowledge and tools for measuring social impact as well as platforms providing information to prospective donors, public decision makers and the general public about these impacts has been highlighted as a major gap of the social enterprise ecosystem to be addressed. Also in Austria it is considered as a problem that no social impact measurement or reporting system is provided by policy makers. Yet, there are reporting schemes in use in Austria which are created by the community itself. In the Czech Republic a quasi-evaluation of social enterprises is performed by TESSEA before they accept a new member. But this evaluation is only based on the data provided by the respective enterprise. In Slovakia social enterprises of the work integration sector are obliged to submit a report on conduct of business to the Centre of Labour, Social Affairs and the Family administered by the Ministry of Labour, Social Affairs and Family on a yearly basis. In Slovenia social impact measurement is mandatory for owners of status and the fulfilment of the conditions of status is checked by the ministry.

Only in a few countries certifications and assessment schemes do exist, but existing certifications schemes are not well known. In Hungary the Ministry of National Economy grant project MarketMate has been designed to provide a certificate on social enterprises based on economic viability and social impact criteria. Up till now, more than 500 entities applied for such certificate and 30+ organisations passed the selection criteria for getting better access to dedicated financial instruments. The social enterprise assessment scheme in Hungary is not a certification system but aims to disseminate the importance of performance and social impact assessment in general. In Austria certification schemes

do exist for work integration enterprises. Here stakeholders stated that they consider these certification schemes less important than impact measurement tools, as they address mostly already well established enterprises. In Slovenia certification schemes are available at and checked by the responsible national ministry.

Even though a definition of social enterprises was agreed on by the European Commission (see chapter 1 introduction) national adaptations seem to be important for the acknowledgement of the given definition of social enterprises by national and regional stakeholders. Serbia reports that most relevant institutions and NGOs disagree on the definition of social enterprises. Also Hungary criticizes, that a definition of social enterprises is widely missing in their country, hindering the creation of registries on social enterprises. In the Czech Republic the TESSEA definitions serve as guidance when identifying social enterprises, but they are not included in any legal framework. In Slovenia the given definition is considered as shortcoming. Croatia is mentioning positively that an important step towards the definition of social enterprises was taken with the formulation of a strategy for the development of social entrepreneurs. In Slovakia there exists a legal definition of SE, which does not bind their organisational forms. However, this definition does not take into account the definition applied in the EU. In Romania, the law on social enterprises established clear criteria on the basis of which an organization may be certified as a social enterprise. However, the law excludes enterprises who do not hold a certificate as SE, as defined by the law, of being recognized as SE.

Because there is no widely accepted definition on social enterprises, also comprehensive registries and clear and certain data about size and impact of the sector of social entrepreneurship are missing in many countries of the Danube region. In Slovenia, where a law defining social enterprises does exist, the ministry is running an official registry on social enterprises, but the current register does not cover the entire spectrum of SE. This is partly due to the strict criteria to maintain the status of SE and no public financial advantage offered apart from existing MLFSA measures. Also Slovakia criticizes that the existing registry is not updated, listing only very few work integration enterprises. In the Czech Republic existing data is only provided by the NGO-sector. The Czech partners would consider it as an important step forward if the government would take over the registry on social enterprises. The lack of an official registry and data on social enterprises is pointed out negatively by Croatia. Also the Serbia partners mention that no monitoring tools do exist for the sector of social enterprises, providing an insight of successful business development of social enterprises.

Important for the further development of measurement tools and data on the social enterprise sector is research. Serbia and Croatia see a lack of analysis on the social enterprise sector. The Czech Republic states increasing interest of higher educational institutions in the social enterprise subjects. In Austria, the Competence Centre for Non-profit organizations at the University of Economics is a relevant stakeholder of the community carrying out also research activities on social enterprises. In Slovakia there is some occasional research. In Romania a register of social enterprises, covering the ones recognised as SE by the law, exists. It does not contain associations founded before 2015, which serve social purposes. This makes it impossible to see the real dimension of SE in Romania. The Romanian partners therefore believe that the law and its definition of SE need to differentiate clearer between exclusively economic activity and social economic activities. This definition should allow for a better monitoring of the number of entities that are involved directly in the area of social economy.

	Austria	Croatia	Czech	Hungary	Romania	Serbia	Slovakia	Slovenia
Recognition of SE		-			-	-	-	
Impact measuring	-	-	-		-	-	-	+
Certificates for established SE	+	-	-	+	+	-	-	+
Definition		+	-	-	+	-	+	-
Registry of SE		-		-	-		-	-
Research on SE	+	-	+	+	-	-	+	
+ Points/dimension	2/6	1/6	1/6	2/6	2/6	0/6	2/6	2/6
-Points/dimension	1/6	5/6	3/6	2/6	4/6	5/6	4/6	2/6

Table 9 Scores for dimension recognition

Short summary

In regard to the dimension “recognition” all partners see a need to develop. Some partners, in whose countries legal frameworks on SE were implemented, point out that the given definition for social enterprises and the attached impact measuring helps to make the SE sector more visible. Yet, according to the self-assessment of the partners, there are also a lot of negative points that have to be solved for a better recognition of the sector. All ahead, the negative image social enterprises still have in Slovakia and the low visibility of the sector in Romania have to be overcome. Moreover the Slovakian partners criticise, that the given definition is not taking into account the definition applied in the EU and needs to be revised.

Croatia and Serbia are rated most negatively in the awareness-dimension. In Serbia, the lack of instruments and knowledge to measure social impact and the lack of a common definition for social enterprises seem to reflect the poor recognition of social enterprises by the political bodies. In Croatia the sector is developing. As they have implemented a national strategy they are also taking steps to find a definition of social enterprises that will enable them to establish a register of social enterprises and to apply tools to measure social impact.

4.2.3. Law and legal framework

One of the major aims mentioned is the development of a legal framework or respectively a law for social enterprises. Stakeholders demand for a strong and clear legislative corresponding to the recently developed concepts of SE in the EU framework.

Important issues to be addressed in the legal framework for social enterprises are:

- a specific law on social enterprises
- a fitting legal status for social enterprises
- clarification of the non-profit status and tax exemption
- legal frameworks on alternative financing tools

The development of a specific law on social enterprises is already rated positively by the project partners in Slovakia, Czech Republic, Romania, Slovenia and Serbia. In Slovakia the law on SE is described as modern comprehensive legislation stemming from public contributions and discussion. For the Czech Republic it is rated positively that the law on social entrepreneurship is already in preparation. The Romanian partner names the law on Social Economy as main strength of the SE policies in Romania. It distinguishes between work- integration social enterprises and other social enterprises and provides registered SE access to public support. Romania points out that Social Enterprises and other stakeholders of the sector were strongly involved in the elaboration of SE policies related to the law.

The Serbian partner sees strength in the active role and involvement of the Ministry of Employment, Veteran and Social Affairs in drafting the Law on Social Enterprises. To their opinion this would certainly contribute to a more regulated landscape for activities of social enterprises and furthermore also to a better definition of needs, market niches and services as well as instruments to support SE in their access to markets. Slovenia is the only country where an Act on Social Entrepreneurship was already enacted in 2011. Yet, many stakeholders there believe that the law needs to be improved, as the definition given for social enterprises is considered to be too strict and restrictive.

In contrary to the other countries – even if they partly have implemented a respective law - in Austria there are many legal frameworks that would fit social enterprises. The community is not clear whether a law defining social enterprises would improve the situation. Instead they ask for a clearer definition of the non-profit status by law. Work integration enterprises, which get funded by the AMS (labour market service), do have a clearer defined framework. Hungary points out that the non-existent legal definition and the hybrid legal framework of social cooperative pose difficulties for social enterprises to operate. On the contrary in Slovenia the Act on Social Entrepreneurship states that any non-profit legal entity can acquire the status of a social enterprise meeting a set of pre-defined criteria.

Another objective in this regard is a legal framework on financing for SE. In Austria there was already set a first step in this direction, introducing the law on alternative financing tools in 2015.

	Austria	Croatia	Czech	Hungary	Romania	Serbia	Slovakia	Slovenia
Law on SE	-	-	+		+	+	+	+
Fitting legal framework/ status	+	-	-	-		-	-	
Non-Profit Status	-	-		+				+
Law on alternative financing	+							
+Points/ dimension	2/4	0/4	1/4	1/4	1/4	1/4	1/4	2/4
- Points/ dimension	2/4	3/4	1/4	1/4	0/4	0/4	1/4	0/4

Table 10 Scores for dimension law and legal framework

Short summary

Concerning the legal framework Austria and Slovenia are performing best. Austria has developed different legal frameworks, including the law on alternative financing, which can foster the development of the SE-sector. Different to Slovenia stakeholders in Austria do not aim for a law defining social enterprises as they fear it could be too strict and exclusive. Instead they ask for a new legal definition of the non-profit-status and less bureaucracy to receive it. Slovenia has defined a legal framework which is also regulating the non-profit status.

4.2.4. Access to markets

Social enterprises need to have access to a market to sell their products and services if they want to develop a sustainable business. A relevant matter in this regard is the value-chain integration.

Possible steps to be taken by social enterprises to find a market for their products and services are:

- competitiveness of the products
- business relations to other firms
- social impact bounds and contracts with regional and local authorities in the field of social services

To sell their products social enterprises need to establish an understanding for their products and the positive impact they can create. This way, they will be more ready for the market competition. In Austria some social enterprises are engaged in business cooperation with bigger firms.

The Hungarian partners identified a lack of social enterprises access to the market, mainly concerning social responsible public procurements and business relationships. Therefore most social enterprises serve local markets, working alone without cooperation to other SE. However, some good practices exist, first of all cooperating in selling local agricultural products. Social enterprises in Hungary should, as partners state, act more market oriented to overcome this problem and be stimulated towards a more entrepreneurial approach, taking in account the main goal of being sustainable. The Croatian partners vote for a better competitiveness of products produced by social enterprises, which can only be reached by a better market access.

In Romania, the development of the SE-sector is promoted by established enterprises such as OMV and other major private entities that decided to finance social economy. Yet, it is not clear whether these cooperations do foster the market presence of social enterprises themselves.

In Serbia a lot of social enterprises do participate actively in the market. Social networks, online selling and similar platforms increase visibility of SEs and placement of their goods and services. Yet, also in Serbia a stronger inclusion of social enterprises in the market is required.

A reason for the weak market access identified in the Hungarian assessment lies in the weak business relationships of social enterprises with other social enterprises, businesses and academia. In Austria, Ashoka and other enabling organisations are therefore supporting co-creation, linking social enterprises to established businesses.

Another possibility to access markets is to sell services to public authorities. In Serbia social enterprises participate in public procurements that are run by local governments. Also in Slovenia the public sector

started to outsource certain public services to private entities (the system of ‘koncesije’) in the last years, opening up possibilities for social enterprises to offer their products. In Austria the “new” social enterprises are by now only loosely connected to the public social system, which complicates market access. A stronger cooperation with the traditional NGO-sector and more social impact bounds would therefore help social enterprises to enter the market. Croatia reports of low sensibility of public procurement systems to quality and responsibility (positive social, environmental and economic effects) of products and services, giving social enterprises little possibilities to enter the market.

	Austria	Croatia	Czech	Hungary	Romania	Serbia	Slovakia	Slovenia
Competitive-ness of the products	+	-				-		
Business relations	+			-				
Connection to public social system	-	-				+		+
+ Points/dimension	2/3	0/3	0/3	0/3	0/3	1/3	0/3	1/3
- Points/dimension	1/3	2/3	0/3	1/3	0/3	1/3	0/3	0/3

Table 11 Scores for dimension access to market

Short summary

Also in regard to market and value-chain integration Austria is performing best. This is also possible because of their recognition and high reputation in Austria and the well-established NGO-sector. Again Croatia and Hungary are performing most negative in this sector. While Hungary aims to build up market orientated social enterprises by strengthening their business relations, Croatia sees a possibility for the development of the sector in a stronger connection to the public system. The Czech Republic is not considered in this dimension because of their neutral position.

4.2.5. Funding

Another major topic when it comes to needs and aims of social enterprises is funding. About half of the partner countries identify a lack of funding possibilities for social enterprises in their country.

Important issues to be addressed are:

- Availability of bank loans and external funding
- Social banking and micro-credits
- Funding and grants for start ups
- Funding for already established social enterprises

External funding possibilities for social enterprises are limited because traditional bank loans are hard to access for enterprises not focusing (first) on economic growth. In Austria stakeholders demand a better access to bank loans and private investments. Also in the Czech Republic most entrepreneurs finance their businesses with their own activities and personal saving. The Hungarian partners write that especially social enterprises with “non-profit” status are excluded from favourable bank loans. For

this reason additional capital flow (e.g. equity, venture capital) into the sector should be facilitated, and possibly replace the grant type of funding models. Yet, the new call for proposals EDIOP 5.1.7 and EDIOP 8.8.1. do also include bank loans.

In Serbia a growing involvement of banks offering their services to support social enterprises is observed. Also in Romania banks are – besides project related funding by the European Union – the main financing source for SE. On the whole there are very few national programmes to support SE in Romania. Slovenia reports, that diverse banks offer products that are interesting and well available for social enterprises. These are microcredits and bridge loans, as well as investment programmes dedicated to the financing of social causes. Regarding these offers the funding landscape for social enterprises in Slovenia seems to be quite advanced. Still Slovenian partners rate the possibility to access finances rather weak.

Subsequently new financial possibilities are needed in combination with assistance in applying for them. One of these possibilities is social banking. Many partners were positive to the Step-by Step programme offered by the Erste-Bank in this context. In Austria very few non-profit foundations do exist. Yet, a new form of social banking, initiated by the community itself, the Bank für Gemeinwohl, was founded.

Besides social banking partners see the development of special support mechanisms through national funds as priority to strengthen the sector. Especially Slovenia and Slovakia see public funding as an essential tool for the development of a sustainable social enterprise sector. Also Czech Partners see a lack of systematic support mechanisms for social enterprises. Public funding is especially available for social enterprises in the start-up phase.

Dedicated funding schemes for start-ups do exist in Hungary, Austria, the Czech Republic and Serbia. Apart from that for Austria the wide range of awards addressing SE is positively assessed. Yet, social enterprises in Austria still wish more dedicated financial instruments for start-ups and for the development of low-threshold funding instruments as financing is still easier to achieve for the traditional NGO sector. Nevertheless other countries are behind. Croatia is in need of better financial instruments, especially concerning seed capital for starting a business. Slovenia reports, that national funds are very hard to access by social enterprises and that there are only small subsidies for the starting of a social enterprise.

While there are numerous grant schemes addressing social entrepreneurs in the start-up phase in most countries, funding for well-established enterprises seems to be missing everywhere, even though the issue is not addressed by most partners.

	Austria	Croatia	Czech	Hungary	Romania	Serbia	Slovakia	Slovenia
Bank loans	-	-	-	+		+		+
Social banking	+			+	+	+	+	+
Public support schemes	+		-	-	-		-	-
Funding for Start-up	+	-	+	+		+	-	-
Funding for established SE	-			+				
+ Points/dimension	3/5	0/5	1/5	4/5	1/5	3/5	1/5	2/5
- Points/dimension	2/5	2/5	2/5	1/5	1/5	0/5	2/5	2/5

Table 12 Scores for dimension funding

Short summary

Concerning funding possibilities for social enterprises Austria and Serbia are performing best. In Austria the engagement of public bodies and of the civil society, offering new forms of financing – such as social banking - guarantees basic funding for the development of the SE-sector. Still, additional funding and external financing is needed to develop sustainable business plans also for existing enterprises. As the need for funding for already established social enterprises is only mentioned in the Austrian context, this can also be seen as an indicator for the rich number of grants and funding-schemes in this country. In Serbia and other Eastern European countries the initiatives of the “Erste-Bank” do support the development of the sector. Besides the Erste-Bank also other banks have developed products that are easy to access for social enterprises, offering them a good access to external funding. Moreover investments of the European Union foster the development of the sector.

4.2.6. Networks

Social enterprises need to establish stronger business relations to other for-profit and non-profit enterprises in order to develop a sustainable social enterprise environment. In all countries national and international intermediary organisations, such as Impact Hub, Ashoka and Pioneers of Change, engage to foster international and national relations between social enterprises and to get them in contact to bigger firms.

Key issues to be addresses when it comes to building a network for social enterprises are:

- internationalisation and cross border relations
- networks of social enterprises
- lobby for/ representation of social enterprises

As a lot of intermediary organisations do engage in the sector and networks of social enterprises are developed in most of the countries. The Slovakian and Serbian partners report that stakeholders aim to create stronger networks of social enterprises, as the relations between them are rather week. Serbia wishes to achieve a stronger synergy for social enterprises by the cooperation between all relevant institutions, organisations and business associations and social enterprises.

In the Czech Republic enabling organisation such as TESSEA and P3 are engaged in building a network of social enterprises. P3 has also set up a registry on social enterprises, building a base for the further development of the network and a lobby defending the interests of social enterprises. Also in Croatia organisations who promote social entrepreneurship (regional development agency, social entrepreneurial networks, foundations) do exist.

In Romania the Institute of Social Economy, a coalition of social enterprises and the Romanian network of work integration Social Enterprises ('Asociația RISE Romania'21), do form the main networks. They are engaged in policy making and do collect data informing on the development of the SE sector.

In Austria a broad network of enabling associations already exists. One of their main projects at the moment is the building of a multiple stakeholder group and of advocacy and representation for the sector to raise awareness and to structurally strengthen the emerging social entrepreneurial sector. This network is also engaged in creating a unified lobby of social enterprises, which in Austria is regarded as a necessary next step.

Also Hungary reports that an increasing number of new actors, such as Impact Hub, ASHOKA and financial intermediaries, such as Erste Bank, got active in the last years. Some enabling organisations, such as NESST, do exist several years and can provide a political platform, defending the interests of social enterprises.

Even though international enabling organisation, as Ashoka and Impact Hub, are engaged in Hungary, the Hungarian partners report, that cross border relations of social enterprises are rather limited. Here they see a potential for the further development of the sector. Also Serbia sees a lack of internationalisation in the social enterprise sector. Austria reports, that the social enterprise sector is well connected internationally, as intermediary networks have international influence. Yet, social enterprises themselves do also have a regional focus.

	Austria	Croatia	Czech	Hungary	Romania	Serbia	Slovakia	Slovenia
Network of SE	+	+	+	+	+	-	-	+
Lobby for/of SE	-		+		+			
Cross border relation	+	+		-		-		+
+ Points/ dimension	2/3	2/3	2/3	1/3	2/3	0/3	0/3	2/3
- Points/ dimension	1/3	0/3	0/3	1/3	0/3	2/3	1/3	0/3

Table 13 Scores for dimension networks

Short summary

Networks of social enterprises are generally well developed in all eight countries. Only Serbia, taking into account the weak recognition of the sector by political bodies and representatives, is rather negatively rating the development of SE-networks.

4.2.7. Training

Support schemes including training for social enterprises on one side and the integration of information on social enterprises in regular curricular of business schools and universities on the other side, are seen as important step to strengthen the social enterprise landscape and business skills of the existing enterprises. Even though some partners report, that universities set up departments for social enterprises, all countries agree that social enterprises need further support to develop business skills and management knowledge.

Possibilities to develop the skills of social enterprises are:

- Training schemes and fellowships addressing SE
- Teaching on SE as part of the curricula at universities
- Teaching on SE as part of the curricula in business schools

In most countries training is provided by intermediary organisations and enabling associations. In Austria, there are about ten main umbrella networks and platforms, supporting the interests of social enterprises, who do offer training, mentoring and fellowships. In Croatia the ACT group (Consortium of social enterprises) has established an Academy for Social Economy in 2016 and offers entrepreneurs consultations and finance support. In Slovakia, the non-profit organization EPIC has implemented three projects related to the support and training of social entrepreneurs. In Romania support systems have been developed by NESsT in cooperation with international partners. Also the Ministry for Labour and Social Justice is involved in some projects. Moreover information is available on the websites of associations and foundations in the SE sector.

In Serbia several enabling organisations are working within SeVeN (Serbian Venture Network) on building capacities of social enterprises to help young people to establish companies to upgrade their business. The Serbian Venture Network aims to generate positive socio-economic change and economic development by advancing social/impact entrepreneurship, through promotional campaign and contemporary educational programmes. They have a special educational programme of an online training with 350+ participants, and a second stage educational programme consisting of various activities such as presentations, lectures, workshops, study visits and master classes for a group of up to 40 participants.

Also in Hungary new players offering training for social enterprises do develop. Impact HUB Budapest, for example, is providing “Warm-up”, a unique program tailored for purpose-driven entrepreneurs from Central – and Eastern Europe creating scalable solutions for global problems. In the Investment Ready Labs, a cohort of around ten selected entrepreneurs systematically works on their business strategy and builds an attractive investment case. Yet, these training options focusing on soft skills including experience sharing, financing possibilities, education, planning, management, marketing etc. are not considered as sufficient. Instead partners suggest a stronger representation of information on social enterprises in existing curricular.

Regarding training Hungary and Slovakia also report best practice examples, which could foster the engagement of public authorities in training programmes. Hungary reports that the National Employment Public Benefit Nonprofit Ltd. has been providing developmental courses and mentoring for applicants of funding schemes to those enterprises failed to be funded, to help them with further applications. They learn how they can improve their proposal, first of all focusing on the combined

social and business approach. NESsT has run business planning courses for the target groups in the frame of specified projects. In Slovakia a training program (summer school) for social enterprises, which is accredited by the Ministry of Education, Science, Research and Sport exists. This school is the result of a long-term commitment of EPIC to the formation of an accredited educational programme within its project Strengthening the Capacities of Individuals through Social Entrepreneurship. In Slovenia training and employment for work integration enterprises is provided by the ministry. Training schemes, co-funded by public bodies do also exist in Austria and Serbia.

Moreover Hungary reports that educational programmes on social enterprises are integrated in business school plans and on a university level. The integration of social enterprises in curricular on business school level in Hungary is outstanding.

Besides Slovenia and Slovakia all partners report that universities have adopted their curricular including teaching (and research) on social enterprises. The Romanian partners also refer to the library on SE, established by the Institute of Social Economy, as an important resource.

In Hungary several universities offer courses on social enterprises and business planning. In the Czech Republic the Akademie sociálního podnikání České spořitelny offers teaching on social enterprises on a university level. In Croatia several faculties educate students about social entrepreneurship. Still the partners report that there is not enough educational support for social entrepreneurship. In Austria, the Competence Centre for Non-profit organisations at the University of Economics is a relevant stakeholder of the community carrying out teaching. Moreover the Master Studies in Social Management have been launched at the University of Applied Science – FH Campus Vienna in 2004.

	Austria	Croatia	Czech	Hungary	Romania	Serbia	Slovakia	Slovenia
Training schemes (public)	+			+	+	+	-	+
Training schemes by enabling organisations	+	+		+	+	+	+	
Curricular University	+	+	+	+	-	+	+	
Curricular school	-	-		+				
+ Points/ dimension	3/4	2/4	1/4	4/4	2/4	3/4	2/4	1/4
- Points/ dimension	1/4	1/4	0/3	0/4	1/4	0/4	1/4	0/4

Table 14 Scores for dimension training

Short summary

Training is most developed in Hungary. Here, teaching on social enterprises is not only present on a university level, but also included in business-school curricular. Moreover well-established NPO-organisations as well as public bodies do offer training for social enterprises and start-ups. In the last years also international organisations offering fellowships and help with the development of business plans, do engage stronger in Hungary.

5. Final Scoring and reflection

In the following chapter we address the question which country rated the performance of the SE-sector best in regard to the average development in the Danube region and in regard to all seven dimensions, which were taken into consideration.

Summing up the positive and negative points of all seven dimensions, we get an image of the overall performance of the eight countries' SE-sectors, according to the self-assessment of the partners. Moreover the scores each country reached in the seven dimensions discussed in chapter 5.2, present a picture of the scores for the Danube region in each dimension and the total score reached by the eight countries.

	Austria	Croatia	Czech	Hungary	Romania	Serbia	Slovakia	Slovenia	Danube region
Policy									
positiv	0,67	0,67	0,33	0,33	0,33	0,33	0,33	0,33	0,48
negativ	0,33	0,33	0,67	0,00	0,33	0,33	0	0,33	0,33
Recognition									
positiv	0,33	0,17	0,17	0,33	0,33	0	0,33	0,33	0,29
negativ	0,17	0,83	0,5	0,33	0,67	0,33	0,67	0,33	0,55
Legal framework									
positiv	0,5	0	0,25	0,25	0,25	0,25	0,25	0,5	0,32
negativ	0,5	0,75	0,25	0,25	0	0	0,25	0	0,29
Acess to market									
positiv	0,67	0	0	0,00	0	0,33	0	0,33	0,19
negativ	0,33	0,67	0	0,33	0	0,33	0	0	0,24
Funding									
positiv	0,6	0	0,2	0,40	0,2	0,6	0,2	0,4	0,37
negativ	0,4	0,4	0,4	0,20	0,2	0	0,4	0,4	0,34
Networks									
positiv	0,67	0,67	0,67	0,33	0,67	0	0	0,67	0,53
negativ	0,33	0	0	0,33	0	0,67	0,33	0	0,24
training									
positiv	0,75	0,5	0,25	1	0,25	0,5	0,5	0,25	0,57
negativ	0,25	0,25	0	0	0,5	0,25	0,25	0	0,21
Overall Score									
positiv	4,19	2,01	1,87	2,65	2,03	2,01	1,62	2,81	2,74
negativ	2,31	3,23	1,82	1,45	1,7	1,91	1,90	1,06	2,20

Table 15 Overall Scores

According to the total scores the Danube region is best in training programmes offered to social enterprises. This reflects the growing awareness for the needs of the SE-sector and the strong engagement of national and international enabling networks in this field. What is needed most seems to be political action, recognition and the involvement of powerful players as the dimension recognition, including awareness, and the policy dimension are rated most negatively compared to the other dimensions in the total scoring.

The following graph shows a two-dimensional model of the over-all score-rating of the eight countries. On the horizontal axis the total negative scores of each country are plotted. The axis reaches from the point of origin to minus seven and therefore it is directed to the left hand side. On the vertical axis the total positive points of each country are plotted. As positive and negative points are taken into account the model can show the position each country takes compared to the others and to all the reporting countries in the Danube region (red dot in the middle of the graph).

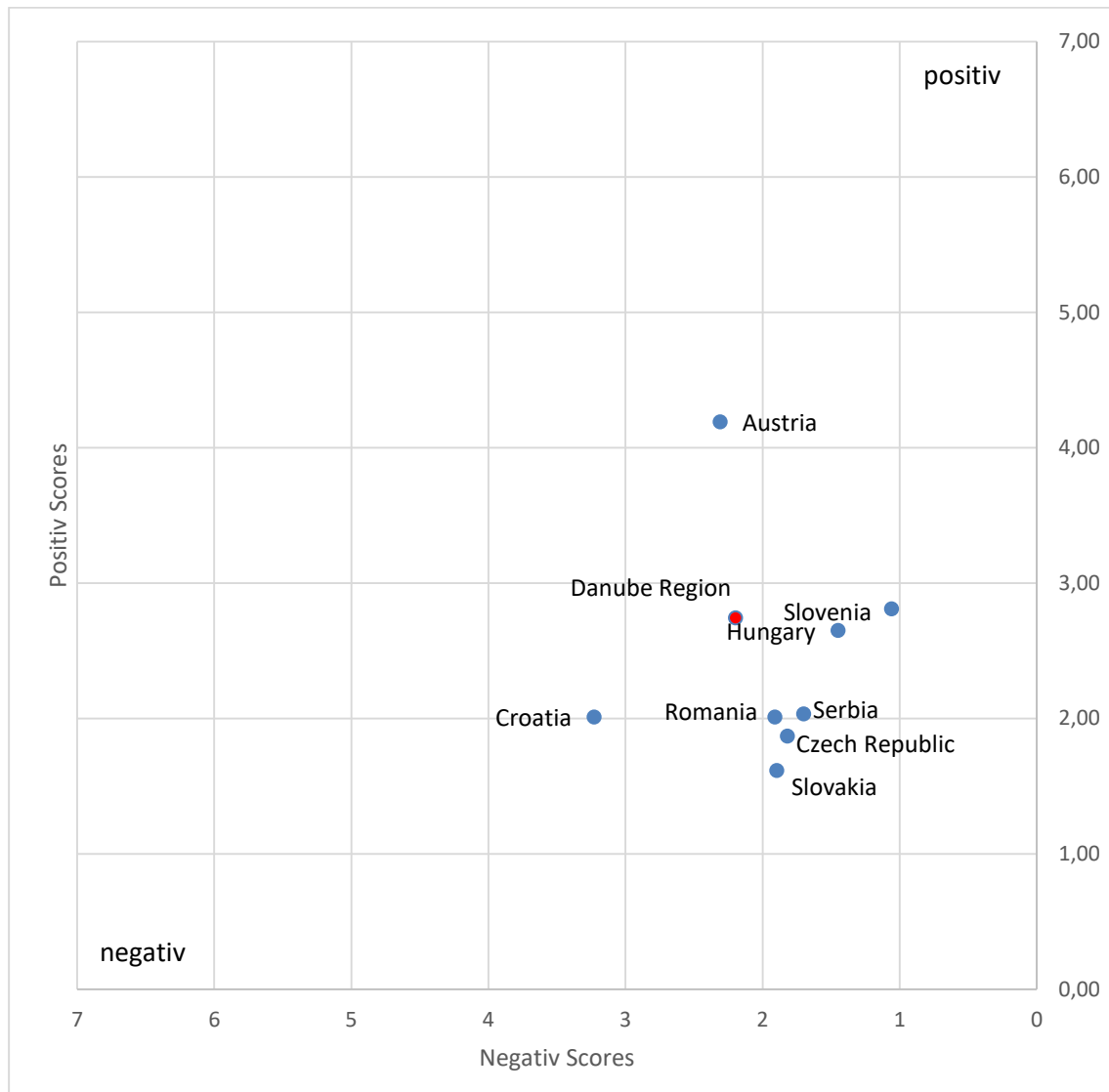


Figure 5 Two dimensional model of the development of the SE-Sector in the Danube region

Countries positioned on the top of the graph and close to the point of origin on the horizontal axis do perform rather positively compared to the others. Countries positioned to the far left of the horizontal axis and close to the point of origin on the vertical axis do perform rather negatively.

Given the position of the Danube region (red dot) as a reference point, those countries orientated to the upper right sector do score best. These are Slovenia and Austria. Also Hungary is positioned close to this sector. As the Austrian stakeholders also named a lot of development fields others did not reflect on, Austria is positioned further left than Slovenia.

The countries positioned in the bottom left sector score rather negatively, compared to the Danube region. Here we can find Croatia, which claims that SE do have a rather bad recognition and therefore lack funding and a legal framework that helps SE to develop.

Slovakia is ranking last in regard to the positive scale. Yet, as not many negative points are mentioned (also because a lot of topics were not addressed by the partners), the country is not positioned on the negative side. The same is true for the Czech Republic and Romania. Serbia, compared to the other countries in this sector, is positioned close to the positive sector, but still scoring less than the average positive scores of the Danube region.

As had been argued before, the model does not only reflect the development of the countries' SE sector, but also shows if and how many development fields the partners named. A comparatively well-developed eco-system of social enterprises, as the one in Austria, can therefore also offer a perspective on new challenges that will have to be taken up in the future, which have not even been taken into consideration by other partners. These are in Austria – on the positive side – the law on alternative financing, for example, and - on the negative side - new funding possibilities for well-established social enterprises. This also means, that countries performing rather low have a high potential to further develop the SE-sector, as they are well aware of the problems social enterprises are confronted with. An example would be the development of a legal framework, where a lot of countries having less negative scores did not report on the legal framework of the non-profit status of social enterprises. The same is true for the question of market access. Hence, the model is a dynamic model, reflecting not only obstacles and good practices in different countries, but also the partners' perspectives and hopes of how to enhance the systems.

Based on the results of the scoring the following recommendations for the further development of the SE sector in the Danube region seem to be important:

Recommendation 1: Stronger engagement and involvement of (national) policy level to improve the general conditions of social enterprises and clarify legal frameworks, national strategies and definitions.

Recommendation 2: Stronger efforts in awareness raising for a better recognition of the SE sector, supported by the development of impact measurements tools, certification schemes, registries and research on social enterprises.

Recommendation 3: Referring to recommendation 2, forming a lobby for SE, involving not only enabling institutions, but also social entrepreneurs themselves to officially present the interests of the sector and to foster national and international business relations.

Recommendation 4: Improving access to market of social enterprises by making their products more competitive, forcing business relations to other companies and establishing bounds and contracts with regional and local authorities in the field of social services-

Recommendation 5: Development of more and fitting funding possibilities for social enterprises on public and private level.

Recommendation 6: Further training offers for social enterprises to support the development of business skills and management knowledge.

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7. Annex 1 Guideline for the identification of good policy making practices⁶⁰

We are interested both in good and transferable/scalable policy making practices and initiatives and in their part in the respective “ecosystem”. To really estimate transferability in our respective national and regional contexts and add value to existing mapping exercises, we need some info on the **history** and **context** of practices, their **promoters**, their **impact** and **possible constraints**. Hence, we’re asking partners to give this some thought, not as a huge research exercise but making use of your own and your partners’ existing knowledge – what does the consortium and international collaborators need to know about your country/region’s **SE ecology**?

Please provide compact info on what was established **when** by **which kinds of actors and initiators**, and **links** and **sources** where it makes sense.

1. SE policy in your country

How does the SE policy in your country look like?

- What are the most important milestones?
- Is the SE dimension mainstreamed in relevant policies, programmes and practices?
- How is the visibility and recognition of the SE sector? Are there NGOs or other stakeholders representing the SE community, their needs and problems? Are they involved in policy making?
- Where do you see strengths and weaknesses, niches and gaps in your country’s SE policy field?

Please describe.

2. Legal framework

How is the legal framework for social enterprises arranged? E.g.

- Existing legal forms have been adapted to take account of the specific features of social enterprises
- A specific social enterprise legal status has been created.
- Specific types of non-profit organisations that allow for the conduct of economic activity are recognized
- Etc.
- How is it used in practice, any areas of friction, gaps or problems?

Please describe.

⁶⁰ European Commission Directorate-General for Employment, Social Affairs and Inclusion (2015): A map of social enterprises and their eco-systems in Europe. Synthesis Report <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=2149>
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3. Taxation and incentives

Are there any taxation exemptions and/or incentives?

Please describe, also providing information on actual practice and use.

4. Finance and Funding

a. Are there measures for accessing finance and funding? E.g.

- Social impact investment markets
- Dedicated financial instruments
- Other

Are there Initiatives to develop them – by which kinds of actors?

b. Which finance and funding possibilities are supported? E.g.

- EU-funding schemes
- Seed- and venture capital investments
- Crowdfunding
- Other

c. How is the practice, what is being used for which purposes? What are constraints, blind spots?
Please describe.

5. Services and support schemes

Which (business development) services and support schemes are provided (on the local, regional, national level)? Specifically for SEs or integrated into other entrepreneurship, start-up etc. initiatives?

- Specialist business development services and support
- Investment readiness support
- Dedicated financial instruments (e.g. social investment funds)
- Physical infrastructure (e.g. shared working space)
- Awareness raising, knowledge sharing, mutual learning
- Collaborations and access to markets
- Other

Please describe. Also mention the nature of the service (e.g. digital service, face to face service etc.) and what kind of mutual support mechanisms are in place.

6. Focus on social impact and social goals

Does policy provide any information, material and/or trainings for social enterprises regarding social impact and social goals (e.g. measurements tools, evaluations procedures etc.)?

- Is there provided support in their use?
- By which actors are they developed, offered and maintained?
- How is the practical use and relevance?

Are there any social impact measurement and reporting systems provided and supported by the policy making practice?

- What kind of?
- Are they voluntary or mandatory?

Please describe.

7. Labels and certification schemes

Are there any labels or certification schemes for SEs?

- If yes, awarded by who, for what, governed how?

Are there other initiatives for public awareness and visibility supported by policy?

Please describe.

8. Networks and cooperation

Does policy

- support cooperation between social enterprises on local level?
- support cooperation, synergies, mutual learning at EU level?
- provide access to networks for social enterprises?
- itself establish networks for social enterprises?
- support the establishment of other networks and cooperation involving the SE sector?

If yes, Initiated by whom?(policy, SEs themselves, incubators, consultancies etc.)

Who are the central actors in the networks? What are the differences and relations between established and emergent actors?

Please describe.

9. Focus on entrepreneurship skills and competences

Are there information, material and/or trainings for social enterprises regarding entrepreneurship skills and competences?

- If yes, by which actors are they developed, offered and maintained?
- How is the practical use and relevance?

Please describe.

8. Annex 2 Instructions for Country Reports Benchmarking

Aim: Identification of country goals as well as common goals for the implementation and identification of policy improvements to develop the social enterprise sector.

Procedure: ZSI summarised all country reports according to a thematic classification (see PDF attachment). Each partner will compare their own policy analysis (country report) with this summary on the basis of the following questions. Please refer to each question and write a short answer in the fields on the right side.

Reading the summary of all country reports, what do you see as strengths of the policies described in your country report?	
What are the weak points ?	
Are there policy instruments which you consider as priority to foster the growth of the SE sector in your country and in general?	
What are your lessons learned by reading this summary?	
Considering this, what do you identify as main goals for the SE sector in the next 5 years?	
How can this be achieved? What can be improved in your countries policies?	