



Social Entrepreneurship Support Network
of the Baltic Sea Region

SOCIAL ENTREPREPRISE SECTOR SNAPSHOT AROUND THE BALTIC SEA

Stakeholders

Education

Impact Analysis



The Social Entrepreneurship Development in the Baltic Sea region is executed under the Erasmus+ programme and co-financed by the European Union.

Social Enterprise Sector Snapshot Around The Baltic Sea:

Stakeholders Education Impact Analysis

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INTRODUCTION

Social enterprise sector used to resemble “a black box“ in most of the European countries only some years ago. After discovering and understanding its potential to create positive societal change in a financially sustainable way, the researchers and analysts have started to pay attention.

Only in some months prior to the final compilation of this document were two reports published online. The European Commission published *its first comparative overview* of social enterprises at the end of 2014. The in-depth study outlines the main features of social enterprises in 28 EU Member States and Switzerland using a common definition and approach. It also gives a very general overview of social enterprise eco-systems across countries, including factors constraining their development.

In addition, *“Policy meets practice - enabling the growth of social enterprises“* was published by one of the ESF learning networks 2013-14, which is called The Social Entrepreneurship Network. It presents some key pieces of advice regarding policy and related good practices from selected EU member countries.

The current report exclusively addresses the additional needs of the countries situated around the Baltic Sea region. It was compiled by grass-root level ecosystem enablers who are actively contributing to the development of the social enterprise sector in Denmark, Estonia, Finland, Latvia, Lithuania, Poland and Sweden. The authors decided to concentrate on reporting three main topics: ecosystem influencers’ profiles, education and impact analysis. Also, the authors agreed on being subjectively honest. Hopefully, such an approach will help the readers to see the needs and opportunities for improvement as well as regional cooperation. Most of the challenges are simply too large for any one country to tackle alone.

Firstly, the report presents specific information about social enterprise ecosystem stakeholders in each of the countries. Past reports have remained rather general when discussing the roles of and the relationships between important stakeholders in European Union member states. Current report gives much more detailed descriptions. While intentionally subjective, the short profiles are of invaluable help to anyone who struggles with finding the most relevant institutions from aforementioned seven countries for cooperation proposals.

Secondly, the report concentrates on education regarding social entrepreneurship. The current report is the first ever mapping experiment in the region. While largely fragmented, the report presents an overview of the development of formal education and describes some exciting examples of non-formal educational initiatives.

Thirdly, the report looks at the status of impact analysis of social enterprise. Positive social impact is the *raison d’être* for any public benefit organisation, including social enterprises. Yet defining, analysing and communicating social impact remains one of the biggest constraints of the sector’s development. The report describes the status quo and will hopefully provoke enough discontent to speed up strategic changes in each of the countries.



DENMARK

1. Stakeholders and their support

Stakeholder profiles

The National Centre for Social Enterprises Within the National Board of Social Affairs, <http://socialvirksomhed.dk/en> (public body, financial and non-financial support)

The National Centre for Social Enterprises is a public organization and was officially launched on 4. September 2014. The centre is to carry out the suggestions in the Government Proposal. Tasks of the National Centre for Social Enterprises are:

Information campaign about social enterprises

An information campaign about social enterprises should create a clear profile of social enterprises and ensure broad knowledge regarding the enterprises and their results among potential customers, investors and entrepreneurs, as well as relevant authorities and partners. In this way, the campaign must help boost the interest in cooperating with, buying and demanding products from and investing in social enterprises. Danish social enterprises and stakeholders are actively involved in this work. The campaign will run from the autumn of 2014 until the spring of 2015, culminating with a "social enterprise week" in April 2015.

Tool kit for measuring/documenting social impact

A tool kit for measuring and documenting social impact will be prepared. The tool kit must contain tools that can support and guide social enterprises to measure and document the social impact they create.

The aim for the tool kit is to be simple so that it can be used without requiring significant technical qualifications or much time for a social enterprise.

Moreover, it must ensure a technically-reliable level so that measurements taken with it are comparable for investors, customers and partners from one social enterprise to the next. The tool kit must be adjusted to EU standards for social impact documentation.

Enhanced social entrepreneurship and business operations

This collection of initiatives serves to strengthen the development of new innovative socioeconomic business ideas and the sustainability of existing social enterprises. The initiatives include:

- The Social Entrepreneurship Award 2015 worth 50,000 Danish kroner, to create awareness of social entrepreneurship and the social enterprise format and to support the development of ideas and the establishment of new social enterprises. What will be awarded for the

first time in spring 2015:

- An online guidance tool for the special opportunities and challenges involved in operating a social enterprise.

- The growth challenge, to improve the access of social enterprises to networks and knowledge sharing in the traditional corporate sector.

- An online network for social enterprises.

information activities about social enterprises aimed at the public industrial promotion system.

Strengthening local authority work on social enterprises

The National Centre for Social Enterprises obtains an overview of developments in Denmark's local authority areas and delves into the specific challenges and results achieved in some of these where most progress has been made. Furthermore, the knowledge already available in the field must be collected and communicated to interested local authorities and players.

The National Board of Social Enterprises collects knowledge in the following areas:

- local strategies and strategic initiatives
- local, open procedures and procurement
- eligibility assessment of unemployed people for various programmes in social enterprises
- documentation of social and economic impact at local level of the work undertaken by social enterprises
- cooperation agreements and partnerships with social enterprises
- spin-offs.

In the autumn of 2014 the centre carried out a survey with 25 Danish municipalities.

The survey resulted in a small guide with 5 good pieces of advice on how social enterprises can be promoted in municipalities:

1. Find the local story
2. Create political focus and a dedicated leadership
3. Involve the local society
4. Have a special contact person that social enterprises can contact in the municipal administration.
5. Expand the view on where social enterprises can emerge

See more here:

<http://socialvirksomhed.dk/Samarbejde/samarbejde-med-det-offentlige/seks-ingredienser-som-fremmer-socialokonomi-i-kommunerne>

Investigating the social finance market in Denmark

The National Centre for Social Enterprises within the National Board of Social Affairs has received financial support from the EU to investigate how to develop a social finance market with several different financial suppliers offering various financing opportunities for social enterprises in Denmark.

The Centre cooperate with Roskilde University and Merkur Andelskasse aiming at:

- Exploring and identifying social financial instruments best suited for a small open economy like the Danish
- Outlining specific models for how funds from traditional investors can be combined with funding from non-profit foundations to create a market for social investment
- Determining how to ensure a favourable environment for attracting financing opportunities for Danish social entrepreneurs, domestically as well as integrated in a broad European social finance market
- Identifying potential investors and intermediaries with

The Danish Government

(public body, financial support)

In 2012 the Danish Government set aside 42.6 million DKK for social enterprises in the years 2012-2015. In addition to the establishment of the "Committee of Social Enterprises", the money is set aside to build up the knowledge and intelligence in this area and to follow up on the recommendations of the Committee on Social Enterprises, one of which is the establishment of the National Centre for Social Enterprises.

In November 2014 some of these funds were made available through the Danish Agency for Labour Market and Recruitment for 2 initiatives:

"Partnerships between social enterprises and private businesses"

4 million DKK available. 300,000 DKK per applicant

<http://star.dk/da/Om-STAR/Puljer/Pulje-til-SOEV-og-private-virksomheder.aspx>

The proposal of the initiative is to create larger, stronger partnerships between social enterprises and traditional businesses. These partnerships would strengthen the business development for social enterprises and improve sales to the private sector. It would also hopefully create more jobs for disadvantaged people. For traditional

Centre for Social Entrepreneurship (CSE),

<http://www.ruc.dk/forskning/forskningscentre/cse/> (public body, support specification not given)

The Centre for Social Entrepreneurship (CSE), was founded in 2006 at Roskilde University with a Government grant worth almost €1.5 million

The purpose of the Centre is to become a "greenhouse" for learning and building competences in social

a view to working towards the development of a social investment market

Strengths: Nationally-funded, strong network and access to politicians and decision-makers. The centre covers a wide range of efforts at a national level to support social enterprises including gathering of knowledge, PR, counseling, finance, capacity building and network activities.

Weaknesses: For the time being funds for one a year and a half. However, this will likely get extended.

In general: It is too early to say anything calculated regarding the impact of the activities of the National Centre.

But the launch of the centre is a positive fact and will most likely contribute to raising the awareness of the social enterprise sector. The launch of the centre has been received very positively by stakeholders in the sector.

Not many nations have a Government-funded national centre for social enterprises.

businesses it would strengthen CSR efforts and inspire to include more disadvantaged people in the business.

"Municipalities that want to support social enterprises"

7 million DKK available. 500,000 DKK per applicant

<http://star.dk/da/Om-STAR/Puljer/Satspulje-styrket-samarbejde-socoeconomiske-virksomheder-kommuner.aspx>

This initiative supports municipalities that want to start working with and support social enterprises in their local area, with the overall purpose of creating more jobs for disadvantaged people.

Larger public funding not targeted directly towards social enterprises have been available through applications to, e.g.:

SATS-puljen (This funding that every year until now has been set aside for social purposes will most likely change in the near future).

Tips- og Lottomidlerne (Danish Lottery – some of the funds are available for organisations and projects with a social purpose).

entrepreneurship, with a view to improving the living conditions of socially marginalised people. The centre offers different kinds of education in relation to social entrepreneurship. (See more in 2. Educational support for social enterprise sector.)

CSE has currently 7 PhD projects on social entrepreneurship.

<http://www.ruc.dk/forskning/forskningscentre/cse/forskning/igangvaerende-phd-projekter/>

Strengths: Strong research section both national and international. CSE has currently 7 PhD projects on social entrepreneurship.

Weaknesses: Interesting and important research is not very well disseminated to the general public.

The Social Capital Fund,

<http://www.densocialekapitalfond.dk/> (private organization, financial support)

The Social Capital Fund was established in 2011 with a donation of 25 million DKK from TrygFonden. It is Denmark's first social venture fund, investing capital and competencies in promising social entrepreneurs to scale their social impact and economic performance.

Since 2011 the Fund has invested in 5 social enterprises.

Strengths: Strong financial support. Rather large sums can be invested and have substantial impact for the social

enterprises who receive the investments. Den Sociale Kapitalfond can prove both positive financial and social results on investments.

Weaknesses: Investment funding is only available for very few Social Enterprises. On the other hand this also illustrates the fact that only very few Danish social enterprises are actually investment ready regarding growth potential.

The Social Growth Programme,

<http://www.densocialekapitalfond.dk/det-sociale-vaekstprogram> (private organization, non-financial support)

Det Sociale Vækstprogram (The Social Growth Programme), is run by the Social Capital Fund on behalf of the Danish Agency for Labour Market and Recruitment. The programme period is April 2013 to July 2016. The Social Growth Programme provides support for social enterprises that work with the most vulnerable unemployed.

As of January 2015 the programme has involved twelve social enterprises over two rounds. The programme will keep on running until 2016, involving a further 20 social enterprises over four rounds

Strengths: A very professional and intensive scheme, that has already shown positive effects. Social enterprises that participated have improved business results and they have employed more disadvantaged

people. The positive results of the scheme can serve as inspiration for other social enterprises and for traditional businesses, who want to take on social responsibility.

Weaknesses: The scheme is very expensive, and only 10 social enterprises are chosen to participate every year. This means that only a few social enterprises will benefit directly from the effort. On the other hand the participating social enterprises can serve as best practice and role models for other social enterprises. And since the programme is evaluated on a regular basis, the learning from the programme will be available for both social enterprises and other actors in the field.

Social StartUp,

<http://www.densocialekapitalfond.dk/social-startup> (private organization, financial and non-financial support)

Social StartUp is Denmark's first accelerator for social entrepreneurs, who want to employ excluded people without a job. The Social Capital Fund launched Social StartUp in August 2014, because this kind of support for social entrepreneurs has been absent in Denmark till now.

Social StartUp is funded by "VELUX FONDEN" with 2.7 million €.

But in general the strengths and weaknesses are the same as The Social Growth Programme, apart from the fact that you get funding 100,000 DKK and the possibility to apply for more funding. It is too early to say anything about the wider effects of the programme, but feedback from participants has been very positive.



CABI

(self-governing/independent under the Ministry of Employment, non-financial support)

Cabi bases its work on relations and networks and aims to connect municipalities with businesses and social entrepreneurs. In a partnership with "Den Sociale Kapitalfond" Cabi in 2014 began to facilitate a network for municipalities, to make it easier for social enterprises to cooperate with municipalities and to strengthen the exchange of knowledge between the municipalities that were most active in the social enterprise area. The municipalities are invited to meet the social enterprises that are part of "Det Sociale Vækstprogram" or "Social StartUp" twice a year when all are participating in a workshop facilitated by Cabi.

In 2015 Cabi is to collect knowledge about partnerships and partnership models between businesses and social enterprises (det er en opgave for Styrelsen for Arbejdsmarked og Rekruttering). Cabi is also going to facilitate four meetings between 17 municipalities who have been selected by Styrelsen for Fastholdelse og Rekruttering to work with strengthening the partnership between social enterprises and the municipalities.

Cabi has a special webpage with information on social enterprises; targeted public centres for employment service and municipalities.

<http://www.cabiweb.dk/jobcentre/socialoekonomiske-virksomheder> And one for businesses: <http://www.cabiweb.dk/virksomheder/tema-socialoekonomi/>

Reach for Change,

www.reachforchange.org. Programme: "Game Changers", <http://denmark.mtggamechangers.com> (private organization, financial and non-financial support)

Reach for Change is a non-profit organisation founded by the Kinnevik Group to improve the lives of children and youth. The organisation started its activities in Denmark in 2014. And the first effort of "Game Changers 2014" was launched in the autumn of 2014. The programme selects 4-5 social enterprises a year.

All receive business support for up to a few years. One social enterprise is financially supported with up to 450,000 DKK a year for up to 3 years.

Reach for Change evaluates the selected social enterprises every year and decides if the support (both financial and non-financial) should be extended for one more year.

The first 4 social startups for the programme was selected and awarded 8th December 2014. The was the organizationen "Fit for kids".

What CABI is doing:

- Has conducted surveys on social enterprise, e.g. "Fokus på socialøkonomiske virksomheder (2012)" http://www.cabiweb.dk/media/1319/fokus-paa-socialoekonomiske-virksomheder_webudgave.pdf
- Collects and disseminates knowledge and gives advice on the inclusive labour market and CSR to businesses (also social enterprises) and public centres for employment service.
- Works as an intermediary between public centres for employment service and municipalities on one side and businesses on the other side.
- Runs a business network with approximately 4,700 members.
- Does not charge a payment for advice or guidance when given to businesses and public centres for employment service

Strengths: CABI has a strong network and could have an important role to play as intermediary between municipalities and social enterprises

Weaknesses: CABI is not able to give counseling to social enterprises in the start up phase, as the primary purpose (statutes) is to disseminate knowledge to public centres for employment/municipalities regarding social enterprises and how they can use social enterprises in their contexts.

Strengths: The selected social enterprises for RfC's schemes get substantial funding that will enable them grow and develop.

Weaknesses: only very few social enterprises and social entrepreneurs can be reached and supported through this scheme.

In general it is too early to say much about the effect, the work of RfC has on social enterprises in Denmark. But overall it is positive that a private company gives so substantial sums to social enterprise start ups. This might inspire other private companies to contribute to the development of social enterprises. Further more RfC will most likely expand the scheme in Denmark.

Kooperationen,

<http://kooperationen.dk>, "The Foundation for social Economy" (private organization, non-financial support)

Kooperationen is an employer organisation for cooperatives in Denmark founded in 1922. Kooperationen organizes some 16,000 jobs. Among other services it provides legal advice for social enterprises where the business is jointly owned. In May 2013 it also set up a specific association for social enterprise members. In 2006 the cooperation founded The Foundation for Social Economy and in 2008 the organisation launched the "Centre for Social Economy", which was closed in the summer of 2014.

Since 2010 the The Foundation for Social Economy, has been presented an annual award, worth 100,000 DKK to a social enterprise that demonstrates a special ability to tackle societal challenges through social business models. The prize also include some pro bono business support. Past winners are Baisikeli (2010), Allspice Kitchen (2011), Skovsgård Hotel (2012) and ByBi (2013). Skovsgårdmodellen (2014).

The cooperation also provides counseling and support to members, who want to start a social enterprise.

In 2012 The Kooperation started "Foreningen for Socialøkonomiske Virksomheder i Danmark" (The Association for Social Enterprises in Denmark), an interest group for social enterprises within the Kooperation.

Strengths: An established organisation with a large experience in social economy in the form of the cooperative model. Jointly owned businesses are stronger and more sustainable than other businesses.

Weaknesses: Support to social enterprises is primarily for businesses that are jointly owned. The common awareness of the jointly owned business model is not very strong and a part from The Kooperation there is a lack of information on the model from knowledge centres and education institutions.

Social Entrepreneurs in Denmark" (SED)

www.sociale-entreprenorer.dk (private organization, non-financial support)

Social Entrepreneurs in Denmark originally started as an alumni for former students on [the Master in Social Entrepreneurship \(MSE\)](#) at The University of Roskilde in May 2010. In 2012 the association was opened for everyone interested in promoting the field of social entrepreneurship. The association provides support to social enterprises by facilitating knowledge sharing and exchanges of experiences and ideas through network meetings, conferences, study trips and other events. SED produces the most substantial newsletter in the field in Denmark with news on social entrepreneurship, social innovation, social enterprise, co-production, voluntary work, impact investment from Denmark and the rest of the world.

SED is also involved in different a variety of projects conducted alone or with different partners. From September 2014 to August 2016 SED is participating in an EU ERASMUS+ project "Social entrepreneurship

development in Baltic Sea region" together with other organisations that supports social enterprises in Estonia, Latvia, Lithuania, Poland, Sweden and Finland.

SED is mainly run on voluntary work. The organisation currently has 120 members all over Denmark.

Strengths: SED has a strong network including many stakeholders in the social enterprise field. SED runs a substantial information activity on social enterprises and social entrepreneurship via webpage and newsletter. Close contact to social entrepreneurs and social enterprise. Right now the only national organisation trying to build an infrastructure for social entrepreneurs and social enterprises in Denmark. SED is politically independent.

Weaknesses: Limited resources and organisational capacity. SED is vulnerable as the organisation is run only by volunteers.

KBH+,

<http://www.kbhplus.dk> (private organization with some public funding, non-financial support)

KBH+ is "social innovationszone" with focus on social inclusion and social responsibility. The initiative is a part of the Askov Foundation (A nonprofit foundation, that has been working with supporting socially-excluded people since 1943) Since the spring of 2014 KBH+ have build a network of social enterprises and social economic startups in the Copenhagen area.

KBH+ offers support, the sharing of knowledge, a digital community and office facilities for social enterprises and startups in the network and particularly focuses its efforts on securing the employment of young people.

KBH+ is currently funded by the municipality of Copenhagen.

BL – Danmarks Almene Boliger,

<http://www.bl.dk> (private organization, non-financial support)

BL - Danmarks Almene Boliger is an interest group for more than 550 non-profit housing-organisations. More than 1 million Danes live in non-profit housing. BL have only recently taken an interest in social enterprises.

The organisation offers support to members, who want to start social enterprises within non-profit housing areas, and has already in a few cases helped tenants start a social enterprise. BL has a special webpage for social enterprise information and activities.

<http://www.bl.dk/boligsociale-tiltag/socialoekonomiske-virksomheder-i-almene-boligomraader>

So far there is no information available on impact and results.

Strengths: It is a strength in itself that BL has taken an interest in social enterprises. As a national umbrella organisation BL would be able to create a discussion across the country, develop tools for housing organisations, create valuable networks between housing areas and involve housing organisations in this field, and create new development, which could have a huge impact on the growth of social enterprises. BL has the needed resources to look into the possibilities of developing social enterprises in non-profit housing areas and to support members in launching SE.

Weaknesses: BL have little experience in the social enterprise field as it is a new actor in the field, and there might be a risk that there would be too high ambitions among boards and housing organisations, that could not be fulfilled.

VIA University College,

<http://www.viauc.dk> (public organization, non-financial support)

VIA University College (is described in section 2 of the questionnaire)

Since 2012 VIA has offered support for students, who want to develop a social enterprise during their studies. Through an incubator scheme within Studentervæksthusene (Student incubation Houses) free office space and different training sessions to develop business skills are offered. Until now 10 new social enterprises have grown from VIA's effort.

Via has conducted research projects in relation to social enterprises and has also run a small innovation and development scheme with social enterprises and municipality employees in the city of Aarhus, with the aim to strengthen cooperation between the Municipality and social enterprises based in Aarhus. One of the outcomes of the project was a large regional conference in

November 2014 where social enterprises could promote their products and services and also had the possibility to form partnerships with traditional businesses. The social enterprise "fødevarerbanken" (that works to prevent food waste) has a partnership with Dansk Supermarked (one of the largest supermarket chains in Denmark. Dansk Supermarked delivers food they can not sell, but is still fine to eat, to fødevarerbanken, who again delivers it to social organisations working with disadvantaged people.

Another research project to put focus on social entrepreneurship in private pedagogical and social institutions is currently being developed. The plan is that the project should be conducted together with two private organisations in the field Foreningen Frie Børnehaver og fritidshjem and LOS and with Centre for Social Entrepreneurship to be responsible for the research part.

Social+ ,

<http://socialeopfindelser.dk/english> (private organization, non-financial support)

It is an independent part of the non-profit organisation Social Development Centre (SUS).

Social+, a national platform for social innovation. In particular, Social+ aims to:

- Collect and produce knowledge about social inventions and social innovation;
- Bring innovative people together across sectors;
- Encourage dialogue between decision makers, investors and media;
- Stimulate the social innovation debate;
- Advice and co-create with social inventors.

Since 2012 Social+ has provided support for social inventions and innovation, including for social enterprises. Social+ is financially supported by VELUX fonden, with co-financing from the VILLUM fonden. Social+ is part of the SIX nordic network.

The main focus is social innovation and where social enterprises work in that field they they can have support from Social+ . But Social+ does not run any targeted programmes for social enterprises.

Merkur Cooperative Bank,

www.merkur.dk (private organization, financial support)

Merkur Cooperative Bank is a member of the Global Alliance for Banking on Values. Merkur Cooperative Bank is founded on the idea of responsible handling of money, and on criteria that include environmental, social and ethical aspects as well as financial considerations.

Merkur do not provide finance exclusively to social enterprises and it is therefore difficult to estimate the share of lending (secured loans, lines of credit and guarantees) that is provided specifically to such enterprises. Overall, in excess of 1.2 billion DKK (€161 million) was pledged for loans within Merkur's core activities in 2012, representing more than two-thirds of total loans and guarantees. Dividing the loan amount pledged with the number of loans provided (2,249), the average loan value is estimated at around 550,000 DKK (€74,000), although it is understood that the loan amount can range from less than 100,000 DKK to 20-25 million DKK (€13,000 to €3.4 million).

The financing of loans and guarantees is sourced entirely from customer deposits. Private customers account for approximately 70 percent of such deposits, with the remaining share coming from NGOs, social institutions and companies. To date, Merkur has had sufficient resources to meet customer demand for loans, be they companies, institutions or private customers. In fact, there is potential for increasing lending activities because of an increase in deposits – up 11.4 percent on 2011.

Notably, Merkur offer customers the option of 'earmarking' their deposits. Such deposits were valued at 112 million DKK (€15 million) in 2012. Customers are also offered to have their interest waived and redistributed among customers who have a particularly innovative idea or who have gone through a particularly difficult period, which they have coped with, using significant and often voluntary efforts. Over the period 2004-2012 the value

of the waived interest was in excess of 1.1 million DKK (€150,000). The waived interest in 2012 was distributed as a direct lowering of the interest on the loans granted to six borrowers.

The social impact of Merkur's lending activity is currently not measured in any systematic or technical way, but there is a project underway through the Global Alliance for Banking on Values. This project represents an impact matrix that seeks to explore how to measure non-financial impact. It has currently identified a set of criteria, which will be piloted soon.

Together with partners from Belgium and England Merkur has taken part in "The SEEING Project", which was supported financially by European funds from DG Employment and Social Affairs. The project, that ended in 2013, developed recommendations, tools and inspiration on how to start working strategically with social economy enterprises as a means to create social innovation, inclusion and inclusive growth on a regional and/or local level. The tools have been developed and tested through interregional collaboration between partners from three groups of local authorities and enterprises in Denmark, Belgium and UK.

See more: <http://www.seeing-project.eu/>

Strengths: Merkur has a long experience in working with social enterprises or businesses that have considered themselves social enterprises. The values of Merkur (lending money only to social and environmentally sustainable projects) equal the values of social enterprises.

Weaknesses: Due to a very careful investment policy Merkur does not have much venture capital and risk capital available for developing social enterprises in a StartUp and developing phase.

VELUX/ VILLUM fonden,

<http://veluxfoundation.dk/C12576AB00426565/0/4C05C456014EDFD5C1256E9F00371B87?OpenDocument>.

Obel Family Foundation, <http://www.obel.com/en> , **Trygfonden,** <http://www.trygfonden.dk/Om-TrygFonden/>

In-English (private foundations, financial support)

All 3 foundations have given substantial grants for social enterprise activities.

TrygFonden was established to make Denmark a safer place. The foundation supports action-oriented, knowledge-based projects that contribute to an increased sense of safety locally and nationally. These projects range widely, from first aid courses to large-scale research projects. In 2012, TrygFonden distributed 550 million DKK (€73.7 million) across hundreds of projects. TrygFonden gives priority to:

- Projects that relate to the everyday lives of Danes;
- Long-term solutions;
- Research;
- Documentation; and

- Professionally qualified partners.

Donations to social enterprises

Trygfonden has donated 75 million DKK to Den Sociale Kapitalfond.

The Obel Family Foundation is a corporate family foundation established in 1956. Among other things, its purpose is to support activities with the common good in mind. The foundation has decided to focus on three areas:

- Research and education
- Social objectives and health
- Art and culture

Apart from these three areas, which are mainly applied to a Danish context, the foundation supports international

projects annually. The international strategy “Human Rights in Health” can be found here. By tradition and history The Obel Family Foundation enjoys a special attachment to Aalborg and Northern Jutland and disperses its grants more broadly in that region of Denmark. In addition, the foundation also supports projects outside of Denmark, although on a more limited scale.

In 2013 the Obel Family Foundation granted about 22 million Euros for the benefit of the public good.

Donations to social enterprises

The Obel Family Foundation has granted more than 5 million DKK to support the development of the social enterprise, Glad Mad.

The VELUX FOUNDATION is a non-profit foundation established in 1981 by Villum Kann Rasmussen, the founder of the VELUX Group and other business enterprises in the VKR Group, whose mission is to bring daylight, fresh air and a better environment into people’s everyday lives.

The VELUX FOUNDATION makes grants to older persons to enable and encourage them to make an active contribution to developing and improving their own lives and those of others. The VELUX FOUNDATION supports gerontological research, ophthalmological research and humanities research projects. Besides these special focus areas, the Foundation donates funds for cultural, environmental, social and artistic purposes.

Donations to social enterprises

The VELUX FOUNDATION has supported The Social Growth Programme with 10 million DKK and the social enterprise fødevarerbanken, that fights foodwaste, with a donation of 20 million DKK.

Crowdfunding boomerang.dk,

www.boomerang.dk, (private, financial support)

Boomerang.dk is a Danish crowd funding platform launched in 2011. The purpose of the platform is to help and support the development of good ideas and entrepreneurship within art and culture. The platform includes categories for social projects. And social enterprises can start crowdfunding campaigns to finance smaller initiatives. www.koeb-socialt.dk (“Buy Social”) is a website promoting and selling products and services for 70 Danish social enterprises. They have raised 15,000 DKK (2,000€) for their activities through boomerang.dk. www.koeb-socialt.dk

The Municipality of Copenhagen

“A Market for Social Enterprises”.

Municipal funding of 1 million DKK per year has been allocated to this scheme, which aims to raise awareness, and increase the knowledge, of the barriers faced by social enterprises, including the cooperation and collaboration with public institutions.

The VILLUM FOUNDATION

The VILLUM FOUNDATION is a non-profit foundation created by Villum Kann Rasmussen in 1971. The foundation is the principal shareholder of VKR Holding – the parent company of the VELUX Group.

In recent years, the foundation has chiefly supported research activities in the natural and technical sciences. Grants are made for pioneering research, but the foundation also supports the dissemination of scientific and technical research.

The VILLUM FOUNDATION also makes grants for major social initiatives, cultural projects and projects on the environment and sustainability in Denmark and other European countries.

Donations to social enterprises

The VILLUM FOUNDATION is funding the Social+ initiative. The main focus is social innovation and where social enterprises work in that field they they can have support from Social+.

Strengths: These private foundations have a large impact due to the big amounts they are able to donate to the social enterprise sector. There is not currently material available on the precise social impact these donations have caused.

Weaknesses: Foundations tend to focus investments in older and proven organisations. Social enterprises in the StartUp phase are not so likely to be able to secure investments from large Danish foundations. In spite of substantial donations the large foundations can only help a small number of Danish social enterprises.

[koeb-socialt.dk](http://www.koeb-socialt.dk) is run by the social enterprise Media-Now.

Strengths: Easy to start a campaign and to raise minor funds.

Weaknesses: The potential of crowdfunding in relation to financing social enterprises is still fairly unknown and not used by many social enterprises in Denmark. However the area has experienced a massive development in the last few years.

The municipality of Copenhagen is also monitoring its public procurement in relation to social enterprises to have an overview of how much and what is bought from social enterprises by the different departments in the municipality.

The municipality of Copenhagen is currently funding the KBH+ network (mentioned above) for social enterprises and its supporting schemes for social enterprises.

The Municipality of Halsnæs

The Municipality of Halsnæs has reserved 100,000 DKK a year in the period 2013-16 for the development of social enterprises and to widen the focus of social entrepreneurship as such in the municipality.

No information is currently available regarding the effect of this effort.

The Municipality of Kolding

In 2011 the Municipality of Kolding set aside 500,000 DKK for social enterprise initiatives, and to strengthen a culture of social entrepreneurship in the municipality.

From January 2015 around 14 Danish municipalities have received funds from Government funds to support "Municipalities that want to support social enterprises".

7 million DKK were available with up to 500,000 DKK per applicant

<http://star.dk/da/Om-STAR/Puljer/Satspulje-styrket-samarbejde-socoeconomiske-virksomheder-kommuner.aspx>

This will most likely result in a boosted interest and effort in within these municipalities in relation to social enterprises.

Municipality of "Ikast-Brande"

In 2013 the municipality of Ikast-Brande introduced a strategy **to strengthen the environment for private and socially responsible businesses and to create more jobs for disadvantaged people.**

Part of the strategy is the project "Vision Vestergade", an ambitious project which should gather and innovate the private and municipal efforts for social enterprises, and create a more inclusive labour market.

The purpose of the project is to create 100 jobs in social enterprises in the municipality of Ikast-Brande by the end of 2017.

The project will be situated in the street of "Vestergade" in the city of Ikast and will create a living and inspiring environment for social enterprises, associations and citizens of the municipality. Among others the project will include an organic market garden, a riding centre, a communal house with a cafe, office space and the sales of products and services from social enterprises.

Strengths: The municipality of Copenhagen states in evaluation of its efforts, that there is a growth potential for social enterprises if startups and social entrepreneurs are supported.

In general the awareness of social enterprises in Danish municipalities is on the rise.

In the last few years many have shown an interest in developing strategies and efforts to strengthen the development of social enterprises locally.

A growing interest for social enterprise have also been revealed in a recent survey of municipalities carried out by CABI that showed that two-thirds of Danish municipalities are cooperating with "social enterprises". (CABI, 2012).

A few municipalities have reserved funds for social enterprise support. These funds have been relatively small until now. But the fact that a municipality has reserved funds has sent an important signal and has raised the awareness of social enterprise in the municipality, serving as an inspiration for other Danish municipalities to take a deeper interest in social enterprise.

39 of the total 98 Danish municipalities applied for the funds made available through the Danish Agency for Labour Market and Recruitment

"Municipalities that want to support social enterprises" (mentioned above), which also indicates the growing interest for social enterprises among Danish municipalities.

Municipalities have an important role to play in the development of the social enterprise sector. The public procurement in Denmark amounts to 300 billion DKK. If municipalities would buy more from social enterprises, it would have a huge positive impact on the sector.

Weaknesses: Many Danish social enterprises find it difficult to compete for contracts. Some of the reasons are the large contract sizes of many Government and municipal contracts; pre-qualification and specification requirements, which inhibit competition by requiring long track records or a very strong financial position. Many social enterprises tend to be small and new market entrants.

There is a lack of understanding and knowledge of social enterprises and their potential within the public administration. There is also a natural tension between social enterprises and the public sector, as social enterprises could be conceived as competitors to existing public activities and interventions.

In general

In spite of the above mentioned tension between social enterprises and the public sector, some municipalities have, on the other hand, shown an interest in outsource some public tasks, e.g. the management of public canteens to social enterprises, in that way saving money and creating social value and jobs for the disadvantaged.

As of now the full picture of the number of activities happening in Danish municipalities relating to social enterprises has not been uncovered.

But one of the tasks of National Centre for Social Enterprises is to obtain such an overview in the near future.

Danish Chamber of Commerce

Selveje Danmark (a branch of "Danish Chamber of Commerce") is an interest group that organizes non-profits and Social Enterprises (non-profit business working within the welfare, social or health sector) established in 2012. It has around 200 members.

Selveje Danmark is generally working to support social enterprises and specifically to give members of the organisation the possibility to become a social enterprise. Many of Selveje Danmarks members, some more than 150 years old, have actually been working as social enterprises for many years and in many ways, but do not identify themselves as such. In general Selveje Danmark wants to work for these organisations also identifying

themselves as social enterprises. Selveje Danmark has a specific focus on the linkage between traditional and social enterprises.

The organisation is represented in the Government-appointed "Council for Social Enterprises"

Strengths: Is a part of Danish Chamber of Commerce, a strong interest group for businesses in Denmark with 13,000 members. Though a specific interest group, Selveje Danmark is also generally working to support social enterprises.

Weaknesses: Can only give a specific support to members of the organisations (200).

Ashoka, Ashoka Scandinavia

Danish social enterprises can also receive support from Ashoka via Ashoka Scandinavia, who have an office in

Sweden. There are 3 Danish Ashoka Fellows, 1 of which is the founder of a social enterprise.

(LØS) Danish association for ecovillages,

www.okosamfund.dk (private organization, non-financial support)

Landsforeningen for Økosamfund (LØS) works to promote environmentally and socially sustainable ecovillages and living spaces in rural and city areas through knowledge-sharing, publications, meetings, events, and a virtual community. The organisation currently has 27 Danish ecovillages as members. There are 17 social enterprises working within them.

LØS has more than 20 years of experience in establishing sustainable settlement in a holistic perspective (environment, social, economic and culture)

The ecovillages are in many ways a supportive frame for social enterprises.

Strengths: Ecovillages have a strong emphasis on sustainability both environmentally and socially, and in many ways they are a perfect framework for starting social enterprises.

Weaknesses: Social enterprises within ecovillages would need to be aware to also have activities and trade outside the framework of the ecovillage to secure economic sustainability.

Frivilligt Forum, Landsforeningen for de frivillige sociale organisationer www.frivilligtforum.dk

(private organization, non-financial support, political advocacy)

Frivilligt Forum is an umbrella for voluntary social organizations that has 121 members. The organization works primarily for managing the voluntary sector and the organizations interests.

In relation to this work **Frivilligt Forum** takes an interest in social enterprises and social entrepreneurship as part of promoting a civil society policy.

Frivilligt Forum is engaged in the development of policies concerning the relationship between social economy and community development combined with the development of a third and more inclusive labor market.

The umbrella organization actively participates in the public debate on volunteerism and social economy with the special angle that volunteering and social economy should help to put a sustainability agenda together with citizens.

The organizations which are members of Frivilligt Forum, are social organizations that promotes the interests of vulnerable citizens and their primary role is, therefore, to see the social economy and social enterprises as a possibility to include these citizens and to maintain a strong "social" focus in the public debate about social economy.

Strengths: A strong umbrella organization and a strong voice in relation to social and voluntary organizations in Denmark. There is great potential to develop and build awareness of social economy and social enterprises within the framework of social organizations.

Weaknesses: The business part of social enterprises may be under-prioritized. On the other hand, Frivilligt Forum also contributes with an important input to the debate about how much "social" and how much "enterprise" should be in social enterprise activities.

Teknologisk Institut (Danish Technological Institute) (Private organization, non- financial support) www.dti.dk

The Danish Technological Institute is a self-owned and not-for-profit institution.

The Institute develop, apply and disseminate research- and technologically-based knowledge for the Danish and International business sectors.

The purpose is to contribute to a more dynamic, harmonious and sustainable development of society

For the last 3 years The Danish Technological Institute has run a large international research project on social innovation (tepsie.eu), which to a large degree, has also included social enterprises. Knowledge from this project has been used in a Danish context to ensure the best possible conditions for social enterprises and for the local municipalities in which they operate.

The Danish Technological Institute disseminate knowledge and offers consultancy services for regions, municipalities, boards, ministries, and civil society organizations on how to create the right framework for social enterprises.

The Danish Technological Institute offers advice on developing strategies, financial support, non-financial support, business support, impact measuring, and

supplying of skills.

The Danish Technological Institute has assisted a number of municipalities in developing strategies in the field and runs a social innovation network for municipalities, that offers municipalities and regions tools in their work with promoting social enterprises.

The institute also offers interdisciplinary studies, evaluations and surveys on social enterprises.

Among other things The Institute has made the evaluation of The Social Growth Programme and have mapped financing models for social enterprises for The National Centre for Social Enterprises.

Strengths: Has a very strong research profile. A strong network and contacts to public authorities. One third of all Danish municipalities are members of social innovation network for municipalities, that The Institute runs.

Weakness: The Danish Technological Institute does not have a close contact to the social enterprise environment. On the other hand the efforts of The Danish Technological Institute are also primarily targeted towards public authorities and large private organizations.

Situation Analysis

Social economy and social enterprise is still a new concept in Denmark. Some of the first initiatives in the field was launched in the mid-2000 including the Centre for Social Entrepreneurship (at Roskilde University) and the Centre for Social Economy (the Centre for Social Economy was closed in the Summer of 2014). The sector is still relatively small and consists of minor businesses.

As of 2013 there were an estimated 300 social enterprises, who employed 3,500 full-time workers. That is the assessment of the Committee of Social Enterprises. This is a small number compared to the more than 300,000 active enterprises that exist in Denmark (Danmarks statistik 2012). 40% of these can be characterised as "Work Integration Social Enterprises". The remaining 60% aim at promoting a social, health-related, cultural or environmental cause. Almost 80% of Danish social enterprises can be labelled micro-enterprises with fewer than 10 full-time employees. The corresponding percentage for all Danish companies is 93%. Geographically, social enterprises are dispersed throughout the country, but the largest concentration is found in the capital region. 46% of Danish social enterprises were established between 2007 and 2012. The corresponding percentage for all Danish enterprises is 34%. 78% of Danish social enterprises have either a social or employment-related purpose. The remaining enterprises serve a cultural, environmental or health-related purpose. (From survey by the Committee of Social Enterprises 2013). It is a basic fact, that many social enterprises in Denmark are closely connected to the public sector and are very dependent on public funding.

In spite of size and challenges it seems that the sector is growing very fast. 46% of social enterprises in Denmark has started within the last 6 years.

And the international focus on social enterprises has also reached Denmark and many initiatives, both private and public, have emerged within the last few years, and the stakeholders that in different ways support social enterprises have grown in number and diversity.

Still very few social enterprises have developed to a size where they are able to compete in international markets. Most Danish social enterprises are addressing local and society-based needs and so in practice cross-border activity is rare.



Also products developed and sold by Danish social enterprises have not yet been targeted towards international markets. But this could change in the future.

Stakeholders in the Danish social enterprise field

The Danish Government has put focus on social enterprises as a means of creating more jobs for disadvantaged people. This focus, which is shared by large incubator programmes like The Social Growth Programme could have a restrictive effect on the development of social enterprises, that have focus on, e.g. environmental issues. On the other hand social enterprises that focus on issues like food waste and clean drinking water have emerged in the civil sector within the last few years.

The Committee for Social Enterprises was established in 2013 and the work of the Committee resulted in a Government proposal in September 2014 to create more and stronger social enterprises in Denmark, this included the establishment of a National Centre for Social Enterprises.

A law on registered social enterprises (http://www.folketingstidende.dk/Rl/pdf/samling/20131/lovforslag/L148/20131_L148_som_vedtaget.pdf) has been adopted by the Danish Government, since January 2015 social enterprises have been able to register if they meet the 5 criterias for being a social enterprise set in the law. (<http://socialvirksomhed.dk/en/about-social-economy-in-denmark/the-criteria-to-be-labelled-a-social-enterprise>)

Social enterprises must meet the following five criteria to be labeled a social enterprise:

1) Social purpose - the enterprise must have a primary purpose that is beneficial to society with a social, cultural, employment-related, health-related or environmental aim.

2) Significant commercial activity - The enterprise must sell either goods or services. This activity must constitute a significant element of the revenue generated by the enterprise.

3) Independence of public authorities - The public authorities must not have any significant influence on the management or operation of the enterprise.

4) Inclusive and responsible governance - The enterprise must involve employees, customers, partners and stakeholders. In addition, the company must be managed responsibly in accordance with the social objectives

5) Social management of profits - The enterprise must spend its profits on social objectives or reinvest the funds. However, a limited share of profits may be distributed as dividends to investors or owners. Profits should be reinvested in the enterprise, invested in other registered social enterprises, donated to charitable organisations or distributed as dividends to owners and investors to a limited extent.

Political expectations are high – that social enterprises are able to create more jobs for disadvantaged people, which

would have a much needed positive impact on public finances. This is illustrated in a report (http://www.dch.dk/sites/default/files/Mennesker%20med%20handicap%20i%20Danmark_FINAL.pdf) from "Det Centrale Handicapråd" (The Council for Disabled) produced by COWI (January 2014). The report shows, that if just 1% of disabled people could be transferred from early retirement to a flexjob within a 10-year period, this would result in a community gain worth 3.3 billion DKK and an extra 1.6 billion DKK in extra income taxes.

Danish municipalities have shown a growing interest in social enterprises, and a growing number have made a strategy for the development social enterprises. A few municipalities, e.g. Copenhagen, Kolding and Halsnæs have set aside funds for specifically-targeted efforts in relation to social enterprises.

Until now there has been and are several publicly-funded business support schemes in Denmark, but they have not been directly targeting social enterprises.

The supply of finance and investment explicitly targeted at social enterprises is rather limited in Denmark. Indeed, investment targeted specifically at social enterprises is primarily provided through Den Sociale Kapitalfond, which is a private equity/venture capital fund. So far the only public-funded scheme The Social Growth Programme is also run through Den Sociale Kapitalfond. The programme runs from April 2013 to July 2016.

Social enterprises that are able to secure loans or equity finance from Den Sociale Kapitalfond are left to seek public sector funding, which is often on a project basis, or will have to turn to commercial and mainstream investors and financial intermediaries.

A few alternative banks including the Merkur Cooperative Bank (www.merkur.dk) and Folkesparrekassen (www.folkesparekassen.dk) specifically targets companies, institutions and projects that works with social, environmental and cultural sustainability, some of which are social enterprises.

A few foundations have given large donations to organisations that have targeted efforts for social enterprises, e.g. to the Den Sociale Kapitalfond, who invests in social enterprises, and to the social enterprise support scheme Social StartUp, which is also run by Den Sociale Kapitalfond. Foundations have also given substantial donations to individual social enterprises within the last few years (5-20 million DKK).

Foundations tend to focus investments in older and proven organisations. Social enterprises in the StartUp phase are not so likely to be able to secure investments from large Danish foundations.

In that relation Merkur has pointed out the need for

Social Enterprise investment Fund that can provide venture capital and accept smaller returns than normal capital funds, but on the other hand achieve a larger social impact and create more community value than traditional investors do.

A Social Enterprise investment Fund should take on the important task to act as the intermediary between businesses and investors, and if the fund provides venture capital Merkur and other banks could concentrate on helping with working capital, a model that would help enterprises to develop and grow to the benefit of everyone.

The potential of crowdfunding in relation to financing social enterprises is still fairly unknown and not used by many social enterprises in Denmark. In 2011 the first Danish crowd funding platform was launched and the area has experienced a massive development in the last few years.

As of January 2015 the The Danish Business Authority under the Ministry of Business and Growth has launched an initiative, which means that entrepreneurs that are able to raise some capital through crowd funding can get additional governmental funding up to 1.5 million DKK. Many entrepreneurs have problems getting seed funding, so this initiative could improve these possibilities, which would also be helpful to the social enterprise sector.

Non-financial support available from a spectrum of very different organisations. Most important is The Social Growth Programme, which is as mentioned earlier the

Regional cooperation

As stated by The Committee for Social Enterprises lack of general awareness and knowledge of the concept, lack of business skills and lack of funding possibilities are some of the largest barriers to develop social enterprises in Denmark. Also focus on social regards in partnerships and procurement could be developed further to improve sales for social enterprises.

In this aspect it would be relevant for Danish organisations to cooperate internationally and regionally with organisations and public and private bodies, who support social enterprises.

Case Study

The Social Capital Fund (Den Sociale Kapitalfond)

The Social Capital Fund was established in 2011 by TrykFonden and Lars Jannick Johansen with professional support of the consultant firms Accura and KPMG and is situated in Copenhagen. The fund was launched with an initial donation from TrykFonden of 25 million DKK. In 2014 TrykFonden made an additional donation of 50 million DKK over the course of five years.

The Social Capital Fund is Denmark's first social venture fund, investing capital and competencies into promising social entrepreneurs to scale their social impact and economic performance and since 2011 the fund has offered

only public-funded scheme. Among other organisations that provide non-financial support to social enterprises and social entrepreneurs are Kooperationen, Social+, KBH+, Sociale Entreprenører i Danmark (Social Entrepreneurs in Denmark) and since summer 2014 also the non-profit housing organisation BL. Support for Danish social enterprises is also available from the global organisation Ashoka through Ashoka Scandinavia, who are situated in Sweden.

In general Denmark is missing an infrastructure for social entrepreneurs and social enterprises. Apart from particular interest groups like Kooperationen and Selveje Danmark that organises some of the social enterprises in Denmark, Social Entrepreneurs in Denmark (SED) is one of the only national organisations that tries to provide such an infrastructure. But as the organisation is mainly run by voluntary workers and has few resources it is difficult for SE to develop this effort.

On November 25. 2014 SED together with Kooperationen gathered 22 of the most important stakeholders in the Social Enterprise field in Denmark trying to look into possibilities for further cooperation and coordination between those organisations with the over all purpose to benefit the field as such. The conclusion on the meeting was that it would be productive if the forum of stakeholders meet again for further talks. Further meetings will be held in 2015.

Apart from sharing knowledge, best practises and maybe organize larger events together - import and export of social enterprise goods might be one possible area to further regional cooperation to strengthen social enterprises.

As mentioned earlier only a few social enterprises have developed to a size where they are able to compete in international markets. Most Danish social enterprises are addressing local and society based needs and so in practice cross-border activity is not so relevant as of now. But hopefully this could change in the future.

Investment Loans for Social Enterprises. Investments are of approximately 2-4 million DKK. The investments have accompanied by "intellectual capital" investments from a pro bono network of leading business service companies – competence partners – to build capacity among social entrepreneurs.

As part of this effort 400 possible investment possibilities have been analysed and have received counseling and investments have been made in both for-profit and not-for-profit enterprises and new methods have been developed to help social enterprises.

The Social Capital Fund invests in companies that meet at least these 5 criteria:

- 1) Targeted social action - the business creates employment for disadvantaged people in Denmark.
- 2) Business-based - the business is based on business.
- 3) Growth potential - the business will expand.
- 4) Management – the company has a professional and talented leadership.
- 5) Good track record - for the owner, the business or the business model.

The Social Capital Fund does not invest in companies that exclusively living selling employment-oriented courses to the public sector.

As of July 2013, Den Sociale Kapitalfond had invested in four social enterprises (see Figure 2.1), with a further social enterprise in the pipeline. In total, the investment amounts to 10 million DKK or €1.34 million (including the social enterprise that is in the pipeline). The size of each investment ranges from 500,000 DKK to 3 million DKK (€67,000 to €400,000).

The average term is six years, although borrowers do not start paying back the loan until the third year. The expected social return on investment is two times the value of the loan.

Den Sociale Kapitalfond focuses on growth and scaling up and hence only supports social enterprises that are around 3-5 years old. There is also a requirement for the enterprises funded to have two bottom lines (i.e. economically viable but with a high SROI). Moreover, at least half of the employees in the enterprises have to be

The Social Growth Programme (<http://www.densocialekapitalfond.dk/det-sociale-vaekstprogram/>)

In 2013 the Social Capital Fund launched the Social Growth Programme (“Det Sociale Vækstprogram”).

The programme is run by the Social Capital Fund on behalf of the Danish Agency for Labour Market and Recruitment (formerly the Danish Agency for Labour Retention and International Recruitment), who funds the programme. The programme period is April 2013 to July 2016. As of January 2015 17 social enterprises have completed the programme, and around 15 more will have done so by the end of the programme in 2016.

The Social Growth Programme provides support to social enterprises that work with the most vulnerable unemployed (and that meets the other criteria for social enterprises, based on the 2010 National Civil Society Strategy) More specifically, it provides an intensive support programme for social enterprises that aim to grow and expand their business so they can employ and/or create work integrating activities for more individuals. The Social Growth Programme activities run for five months and include:

- 1) Hands-on resources; an experienced and dedicated business advisor who is actively engaged in social enterprise, and helps to develop and test new business

socially disadvantaged (e.g. long-term unemployed).

Funding is also provided on the condition that no dividend is paid to owners/shareholders for the duration of the loan.

In addition to the provision of financial capital, Den Sociale Kapitalfond also provides ‘intellectual capital’ from a pro bono network of leading business service companies (or competence partners) - KPMG, Accura and Accenture (see Figure 2.1 below). As such, the fund can be seen as a high engagement investor.

In terms of write-offs, Den Sociale Kapitalfond included a 50 percent write off percentage in their budget for 2013 but they expect that the write off percentage in future budgets will be around 25 percent. Encouragingly though, no loans have been written off to date.

Notably, one of the objectives of Den Sociale Kapitalfond is to prove that it is possible to have a financial return with social impact. However, it is going to take around 5-10 years to prove this. Funding is also provided on the condition that no dividend is paid to owners/shareholders.

Evaluation of the first 5 investments (see investment portfolio here: <http://www.densocialekapitalfond.dk/den-sociale-kapitalfond/portefolje/>) made by the Social Capital Fund has shown an average growth in turnover of 60% by the end of the 3. quarter of 2014 compared with the same time of the year before. The number of disadvantaged people being employed has grown by 55% for each social enterprise after investments have been made. On average the fund has been involved for 19 months with each social enterprise.

opportunities.

- 2) Training - camps and workshops where social enterprises will be trained to use the new tools for business development and acquiring new knowledge in the field, including training and advice in relation to sales and marketing, access to new customers/markets and cooperation with local authorities.

- 3) Networks and partnerships - including matchmaking of municipalities, companies and organisations - which can act as both sparring partners in the development process and customers for the company going forward. Matchmaking can also be facilitated in relation to foundations, investors and financial intermediaries.

The main aim of the Social Growth Programme is to help social enterprises to develop and grow so they can employ more people and create opportunities for several vulnerable groups on a financially sustainable basis. The programme has involved twelve social enterprises over two rounds. The first round ran up to October 2013, whilst the second round (December 2013-May 2014) involved six social enterprises. In 2014 of the Danish Agency for Labour Market and Recruitment decided to extend the Social Growth Programme until 2016, involving a further

20 social enterprises over four rounds. The extended programme provides additional opportunities for support following participation in the Social Growth Programme, as well as opportunities to apply for funding to act on the activities developed through the programme.

Results

Participants in the Social Growth Programme have experienced positive effects both financially and socially:

1) **Improved revenues:** For participants in the 1. round of the programme, where annual reports have been made before and after participation in the programme in 2012 and 2013, 5 out of 6 have increase in revenues. The average increase in revenues is 1.2 million DKK or about 37%.

2) **Better results:** 5 out of 6 social enterprises have improved their yearly income before tax from 2012 to 2013.

3) **Improved liquidity:** 3 out of 6 Participants in the 1. round of the programme had extra fundings in total 60,439 danish kroner.

4) **More publicly supported temporary jobs:** All 12 participants in round 1 and 2 of the programme have experienced an increase in 27.5 temporary publicly supported jobs and 10 new education courses, a total growth of 37% within the social enterprises in the period May 2013 to June 2014

5) **More jobs for socially vulnerable people:** The number of jobs have increased in all 12 participant social enterprises. 11 publicly supported jobs (increase of 14%) and 7 ordinary jobs (increase of 4%) of these all publicly supported jobs went to socially vulnerable people and 5 out of 7 ordinary jobs went to socially vulnerable without a job.

Other improvements:

- Better analyses of costs and prices
- Better sales skills
- Better strategic decision-making
- Awareness of business identity and the advantages of one's business
- Development of leadership and organisation
- Better to cooperate with municipalities

In the evaluation of the Social Growth Programme from June 2014 participants state that the Programme is an important initiative, which has been beneficial, not only for participants, but also for the social enterprise sector as a whole.

The programme has created an increased focus on the sector and the title of the programme has been a sign that it is legitimate as a social enterprise to earn money and grow business.

Link to the evaluation report from 1. and 2. rounds of programme: http://www.densocialekapitalfond.dk/wp-content/uploads/2014/09/SVP_erfaringsrapport_2014.pdf

Social StartUp (<http://www.densocialekapitalfond.dk/social-startup/>)

In 2014 The Social Capital Fund launched Social StartUp, which is Denmark's first accelerator for social entrepreneurs, who want to employ excluded people without a job. Den Sociale Kapitalfond launched Social StartUp because this kind of support for social entrepreneurs has been absent in Denmark till now.

The the first round of the programme was launched in August 2014. Social StartUp is funded by "VELUX FONDEN" with 2.7 million €.

As of January 2015 5 social startups have taken part in the programme and 5 more will start in late January 2015.

The programme

Over a 5 month period selected social enterprises receive help to get started. This includes intensive professional support, seed capital and access to a substantial network of experts and specialists. The purpose of Social StartUp is to establish and develop a social enterprise, that creates jobs for excluded people and is economically sustainable.

The programme is targeted against social entrepreneurs and mutuals from established companies and organizations in the early stages and is focused on the best way to go from setting up the business to having a sound and sustainable running business.

The programme consists of three parts, from applications and pitches 4-5 social entrepreneur enterprises are chosen for every round of the programme.

Part 1

Bootcamp: 1 month

In the bootcamp process the social entrepreneur enterprises receive support to develop their business. Methods used are

Social Business Model Canvas and LEAN-startup-approach.

Part 2

Accelerator-process: 4 months

Each business have their own business consultant, who will follow them through the whole process, and will take part in setting goals and solving challenges and developing ideas.

3 times in the process all business meet for camps, where they will hear about social models, partnership with public authorities, sales and business operations.

Participants in The Social Growth Programme also take part in the camps

3 times the businesses have an individual meeting with business experts to look at their specific challenges and possibilities.

At a final Lab an action-plan is made with activities for the period after Social StartUp.

If needed the programme can also help establishing a board and an advisory board.

Further the programme will help with targeted matchmaking with municipalities, foundations, investors, experts and with other social enterprises.

The participating businesses can apply for seedfunding of up to 100,000 DKK (13.400€), funded by VELUX FONDEN.

Part 3

Further development: 12 months

The best among the participants will be offered a further 12 months of support during the development process.

These businesses will also be able to apply for further seed funding where there will be a total of 1 million DKK available for every round of the programme. Participation in Social StartUp is free and most travel expenses will be paid for. The Social StartUp programme is build on experiences from the Social Growth programme also run by Den Sociale Kapitalfond, and is inspired by the LEAN-startup-method and Social Business Model Canvas.

The impact of the Social StartUp has not yet been evaluated.

2. Educational support for social entrepreneurship

Stakeholder profiles

”Centre for Social Entrepreneurship” (CSE) at Roskilde University (RUC), <http://www.ruc.dk/forskning/forskningscentre/cse>, **Master’s programme in Social Entrepreneurship**, <http://www.ruc.dk/uddannelse/efter-og-videreuddannelser/masteruddannelse/mse/om-mse/> (public institution, formal education, course is open to a broad spectrum of stakeholders organisations and individuals within the 3. Sector that engage in voluntary social work, are developing social efforts, work with social innovation or social entrepreneurship, public municipal sector, university colleges, social housing projects and people in private businesses working with CSR. The course is open to all who speak Danish.)

The Centre for Social Entrepreneurship (CSE) was founded in 2006 at Roskilde University with a Government grant worth almost €1.5 million.

The purpose of the centre is to become a “greenhouse” for learning and building competences in social entrepreneurship, with a view to improving the living conditions of socially marginalised people.

Master’s programme in Social Entrepreneurship

CSE offers a two-year Master’s programme in Social Entrepreneurship (60 ECTS) and it has been offered since 2008. To date, about 130 people have graduated from this programme.

Strengths: The education is very community-oriented and provides a strong theoretical background for working with social entrepreneurship.

Provides network to actors in the field of social entrepreneurship and social enterprises.

Weaknesses: The education is basically theoretical and though cases and best practise examples are part of the education very few practical skills to be able to work as social entrepreneur are acquired. The business side of social entrepreneurship is absent from the programme.

In conclusion: **A practical result of the Master in social entrepreneurship** is that former students in 2010 formed the organisation Social Entrepreneurs in Denmark.

International Master in Social Entrepreneurship and Management (SEM), <http://www.ruc.dk/en/education/subjects-at-roskilde-university/social-entrepreneurship-and-management>, public institution, formal education, all teaching and the programme is in English so it is open to both Danish and International students.

International Master in Social Entrepreneurship and Management (SEM) (120 ECTS) The programme was launched at Roskilde University in September 2013.

The Master in Social Entrepreneurship and Management (SEM) is designed as an in-depth education for students who want to specialise in studies of the social dimension of entrepreneurship and management.

No information is currently available on impact and results of this programme.

Strengths: The Master’s programme focuses on both theory as well as practice of social entrepreneurship and will provide students with a good basis to both lead and start social enterprises.

Kandidatuddannelsen Sociale interventionsstudier (Postgraduate programme in social innovation studies), <http://www.ruc.dk/uddannelse/fag/sociale-interventionsstudier> (public institution, formal education, the course is open to teachers and social workers)

Sociale interventionsstudier is a 2 year postgraduate programme with 4 modules, starting up in 2015. Problem-oriented project-work takes up half of the course. The programme will provide deeper knowledge in relation

to the kind of human problems and needs that social intervention processes could address.

No information on the course is available at this time

Centre for Corporate Social Responsibility, Copenhagen Business School (cbsCSR), <http://www.cbs.dk/en/research/departments-and-centres/department-of-intercultural-communication-and-management/centre-corporate-social-responsibility>, **Minor in Social Entrepreneurship** www.cbs.dk/en/research/departments/department-of-intercultural-communication-and-management/centre-corporate-social-responsibility/degree-programmes/s-ent-minor (public institution, formal education, course is open to CBS students at graduate level, teaching and curricula is in English)

Minor in Social Entrepreneurship is intended to equip students with the instruments needed to develop earned-income strategies for charities and to launch social enterprises. The minor contains classes providing the theories and tools required to start, finance, and grow charities and non-governmental organisations (NGOs). The Minor is intended to give students a better understanding of the particularities and special features of non-profit organizations and social entrepreneurial efforts. Using the knowledge accumulated in their major and combined with the information taken from the minor, students will be able to address current issues in the non-profit sector while being better prepared for the environment they wish to engage in. On the Minor students from many different disciplines work together (business, political sciences, public health, sociology).

The purpose of the minor is to provide the students with tools to prepare themselves mainly for the not-for-profit job market. The idea of the minor is to allow students to follow their usual Master's studies (i.e. in marketing, international business or organization) but to specialise through their electives in the area of Social Entrepreneurship. The courses that are part of the minor will address present issues of non-profit organizations, activities in developing countries and skills for building a sustainable strategy for entrepreneurial endeavors.

The minor includes 3 courses:

1. "Social Entrepreneurship: Creating Social Change Using the Power of Entrepreneurship"

The course includes inspirational guidance to measure and report systematically on social performance, e.g. using Social Return on Investment (S-ROI) analysis.

2. "Instant Innovation Camp: Co-creating sustainable tools and business models"

(This course has been developed and is offered as cooperation between Copenhagen Business School, Lund University, Øresund Entrepreneurship Academy and Marketing Consulting Services.) The camps invite social enterprises to tell about their problems so students can learn from them.

3. "Business Plan Writing for Social Enterprises"

The courses can be taken individually, but interested students will be offered the opportunity to sign up for all three courses in one go. Only students who take all three courses that combined add up to 22.5 ECTS will obtain CBS's Minor in Social Entrepreneurship. All minor courses are open to students enrolled in all CBS's Master's programmes.

Participation: 30 students participate in the Minor courses every year and 10 students take all 3 courses every year.

CBS has done a research project (2012-2014) on the impact CBS electives on Social Entrepreneurship have on participating students.

<http://www.cbs.dk/en/research/departments-and-centres/department-of-intercultural-communication-and-management/centre-corporate-social-responsibility/research/research-projects>

Strengths: The course targets people who would not normally become social entrepreneurs, but try to interest students from majors on CBS, e.g. finance and economics who at the end of their studies could be interested in this field. The course has a strong focus on the business side of social entrepreneurship.

Weaknesses: The course doesn't focus much on how social entrepreneurship can be used to better understand and analyse challenges and difficulties in society and in the Welfare system.

In conclusion: The social enterprise Ruby Cup (www.ruby-cup.com), started by CBS students, is a practical outcome of the programme.

Online open course MOOC on Social Entrepreneurship, <https://www.coursera.org/course/socialentrepreneur> (public institution, formal education, free online course in English)

Massive Online Open Course (MOOC) – Social Entrepreneurship is a 12 week online course, where students learn how to create societal impact through social entrepreneurship. The course was launched 3. September 2014 and more than 22,000 people have signed up not only from Denmark but all over the world. Students are introduced to examples of social entrepreneurship and are guided through the process of identifying opportunities to address social problems as well as outlining their ideas in a business plan. During the course students will form groups with other students online to identify an opportunity to create social change, develop a business model, and outline ideas in a business plan, which they will submit at the end and possibly receive start-up funding.

Besides CBS faculty teachers the students are presented to social entrepreneurs and learn about their practical experiences. The MOOC on Social Entrepreneurship is part of a series of MOOCs that CBS will launch during 2014-2015.

The course is free as of now but this might change in the future. It is possible that students will have to pay to participate or to take exams.

Strengths: The online and free programme has the capacity to reach a large group of interested all over the world and has done so already.

Weaknesses: In spite of the large number of participants the number of tangible business plans for social enterprises is still relatively small.

In general: It is still too early to say too much about the wider effect and outcome of the course.

Starting up your own social venture, <http://kursuskatalog.cbs.dk/2014-2015/KAN-EB.aspx> (public institution, formal education, this course appeals to students with a strong desire to become social entrepreneurs, or work in a social startup, early stage or social entrepreneurial minded company that may be pursued now or later in their careers. It is also for those students who are considering obtaining jobs in consulting, social venture capital, or social foundations where they are dealing with new or relatively new social ventures)

The course is an elective course for Bachelor and Master students at CBS. It has a duration of 1 semester. ECTS 7,5. The course was launched January 2014 and has run 2 times with 55 participants.

The course aims at equipping students with the analytical and planning tools necessary to launch a high-impact social enterprise, and providing them with the opportunity to apply the tools, develop their own social entrepreneurial initiative and to help them to better assess their own

potential and interest in becoming a social entrepreneur. At the core of the course is social change through the parallel notion of social entrepreneurship. The course looks at rationalities, strategies and tools aimed at social change. Intellectual tools from the social sciences is used to both understand the phenomenon of social entrepreneurship and apply them to the creation of students' own social entrepreneurial ventures.

The course is based on a social venture that students co-create, because the most effective way to understand social entrepreneurship is to practice it, and because it aims to promote a creative and proactive stance toward the society you live in, not merely an adaptive or critical one. Students are expected to interact with civil society and the social entrepreneurial community, participate in class discussion, and be active participants in the teaching/learning process.

The course includes teaching in understanding the problem one wants to address, assessing the opportunity, acknowledging the implicit theory of change, considering the venture's organizational form, funding ones initiative, building a board, pitching your initiative, and starting to assess social impact.

The course combines a variety of methods, ranging from traditional lectures, case studies, and studio-based pedagogy, to inspirational guest lecturers, group work, and group presentations.

Information on effect and results are not yet available. But so far CBS is satisfied with the number of participants. Strengths and weaknesses are somewhat similar to those of the other CBS educations.

VIA University College, <http://www.viauc.com/Pages/via-university-college.aspx> (public institution, formal education)

VIA University College is Denmark's largest university of applied sciences with 2,000 employees and 18,000 students in 7 campus cities. VIA University College offers a wide range of educational programmes in areas such as health, social education, technology, trade, design, business and animation.

VIA University College has been offering modules in social entrepreneurship, social economy and social innovation within these programmes: Bachelor in Public Administration, Bachelor in Social Education and Bachelor of Social Work. For some years VIA has been working on introducing a Bachelor in Social Entrepreneurship, but this has not yet been realised.

VIA has conducted different research projects in relation to social enterprises.

Strengths: All of VIA's courses have a strong foundation in practice. And if the development of a Bachelor course in social entrepreneurship were to be realised it would fill a gap between the academic programmes within the field and the very practical development schemes (The Social Growth Programme, etc.) that exists in the field

in Denmark today. VIA has access to 18,000 students and the mere fact that modules in social entrepreneurship, social economy and social innovation are offered raises the awareness of the fields.

Weaknesses: VIA's research in the field tend to meet barriers due to the fact that there are still many prejudices within traditional education towards the concept of social enterprise and social entrepreneurship. On the one hand the programmes within VIA's human science department are not used to dealing with the business side of the social effort and in that way are prejudiced towards the social enterprise idea. On the other hand, courses within the business-minded spheres of VIA have prejudices towards the social enterprise idea because the "social" might be too emphasised compared to the business side.

Exchange programme in Social Entrepreneurship, <http://www.viauc.com/schools-faculties/faculty-of-education-and-social-studies/exchange-programmes/Pages/social-entrepreneurship.aspx> (public institution, formal education, the course is in English and open to people studying to be teachers, educators or students within the field of health)

Under the Faculty of Education and Social Studies VIA University also offers a 4 1/2 month exchange programme in Social Entrepreneurship. The module aims at improving health and living conditions by means of innovative processes.

Students will be introduced to innovative methods that create the possibility for social entrepreneurship. They will be challenged as regards their convictions as to what is possible and how these challenges should be met, and

a completely different way of coping with professional challenges.

An important part in this module is the two weeks practice that will take place in schools or at other institutions that are relevant to your home studies.

The module also includes a more untraditional practice/field work for 3 weeks, creating innovative solutions for specific challenges given to you by schools/institutions locally.

The Danish Foundation for Entrepreneurship - Young Enterprise (FFE-YE),

www.ffe-ye.dk (public institution, formal education, the course is open to students from primary school to university level)

The Danish Foundation for Entrepreneurship - Young Enterprise (FFE-YE) is a non-profit organization and was established in 2009 in a partnership between 4 ministries to carry out the Government strategy for education in entrepreneurship. FFE-YE is funded by public funds and private sponsorships and is the national centre of knowledge and development of entrepreneurship in education on all levels. The purpose of the foundation is to strengthen young peoples' skills within independence, innovation and entrepreneurship. The foundation is also a member of the international organisation Junior Achievement - Young Enterprise

FFE-YE supports education of teachers and innovative teaching projects within teaching of entrepreneurship as well as social entrepreneurship from primary school to university. FFE_YE also provides material for teachers that want to take on education in social entrepreneurship on all levels on education. For example, FFE-YE provides a 24-page guide book (<http://materialeplatform.emu.dk/materialer/bogkort/51737106>) for teaching social entrepreneurship in upper secondary school.

Financial support

Project funding

FFE-YE also supports projects and activities within teaching and education in entrepreneurship. The Foundation's focus area is the educational sector from primary school over upper secondary education to higher education. It is therefore possible for education institutions to apply for funding of development projects which focus on entrepreneurship – Also social entrepreneurship -in schools and educational institutions all over the country.

The financial support can also be given continuing training within entrepreneurship/social entrepreneurship of teachers.

More on project funding: <http://eng.ffe-ye.dk/funds/>

[project-funds/about-project-funds](#)

Micro Grants

FFE-YE supports students with good ideas in order to promote entrepreneurship – also social entrepreneurship as a career path. In cooperation with Innovation Fund Denmark FFE-YE offers a series of micro-grants. All students enrolled at an upper secondary education or higher education institution in Denmark can apply for a Micro Grant. In order to apply students either have an business idea in an early stage or perhaps already have a CVR number and thus have a turnover of less than DKK 50,000.

FFE-YE supports with two types of grants:

1. Micro Grant for students with an idea in its early stages with a grant between 10,000 - 25,000 DKK to cover the earliest costs in a business start-up.
2. Micro Grant for students who have just acquired a Company Number (CVR)

Here students can apply for a grant between 35,000 - 50,000 DKK in order for their business to mature and achieve growth capital. NB: this Micro Grant requires 25% of the amount in self-co-financing. More on Micro Grants: <http://eng.ffe-ye.dk/funds/micro-grant/about-micro-grant>

FFE-YE is not able to point out specific social enterprise projects that they have supported through Micro Grants, but 79 of all the student teams who have applied for grants have stated that they have a social dimension to their business idea. In total 69 student teams have received microgrants from FFE-YE, and out of these 19 have stated that they have a social dimension to their business idea.

Programmes

FFE-YE runs programmes that are not specifically targeted at social enterprises or social entrepreneurs, but can include these.

Start Up Programme

The purpose of the Start Up Programme is to inspire teachers of entrepreneurship to involve the surrounding world and companies in motivating students to entrepreneurship and developing their understanding of a business-related exploitation of creative ideas.

The focus is on entrepreneurship as a practical discipline where theoretical and subject knowledge is converted into the realisation of ideas through competitions, networking, meeting with investors and advice from experts and experienced entrepreneurs.

More on the Start Up Programme: <http://eng.ffe-ye.dk/programmes/start-up-programme/about-start-up-programme>

Company Programme

The Company Programme is a learning-by-doing programme in which pupils from upper secondary education learn to develop, try out, and realise good ideas within everything from social innovation to technical products. Company Programme is relevant for all upper secondary educations, because the pupils achieve valuable competences that they can use in future as entrepreneurs or as attractive employees in any organisation.

The Company Programme has four tracks that indicate the different types of ideas that the pupils can work with in programme:

Science & Technology, Society & Globalization, Business & Service, Trade & Skills.

Social entrepreneurs can participate within the "Society & Globalization" track. More on the Company Programme here: <http://eng.ffe-ye.dk/programmes/company-programme/about-company-programme>

Social Enterprise Programme

FFE-YE also runs a programme specifically targeted at social entrepreneurs.

The Social Enterprise Programme is a free competition where for students from upper secondary educations develop and transform social ideas into a real social business. The students have to develop an idea that can create a better world for present and coming generations. The peak of the programme is a national final for the 10 best ideas/teams in May every year. The winning team goes on to the European final to compete with teams from other European countries.

So far 100 Danish students have participated in the programme. More on the Social Enterprise Programme: (<http://www.ffe-ye.dk/programmer/social-enterprise-programme>)

FFE-YE also runs the "Danish Entrepreneurship Awards" <http://eng.award2014.dk>, a competition that is a part of Global Entrepreneurship Week, where the entrepreneurial youth of Denmark compete with ideas and creative solutions. Social entrepreneurs have always been able to participate under a category about Society & Globalization, but for the first time in November 2014 the Awards included a category specifically in Social Entrepreneurship.

6,000 students attended Danish Entrepreneurship Awards 2014

Strengths: Strong stable organisation that is funded both by Government and private sponsors. Has a very broad focus on entrepreneurship and are able to gather knowledge and develop an education in entrepreneurship/social entrepreneurship from primary school to university level. The fact that FFE-YE's can also support entrepreneurs financially, makes the effort even stronger. FFE-YE reach out to a large number of young people from primary school to university.

Weaknesses: Social entrepreneurship and social enterprise is still a smaller part of FFE-YE's activities, and it is difficult to say how many social entrepreneurs come out of FFE-YE's efforts. Also the entrepreneurs are more or less left to themselves once they are out of the educational system, and are without a network and support initiatives to follow up on FFE-YE's efforts.

University College Lillebælt (UCL), <http://international.ucl.dk/about-us/about-university-college-lillebaelt>, **Masterclasses in social entrepreneurship** <http://ucl.dk/studerende-skal-laere-af-mestre> (public institution, formal education, students from all of UCL's 9 professional bachelor educations can apply to the scheme)

University College Lillebaelt is one of seven university colleges in Denmark, established 1. January 2008. It offers higher education programmes – professional Bachelor's degrees – where the graduates contribute to the continual development of the welfare of society. The University trains social educators, teachers, nurses, radiographers, physiotherapists, occupational therapists, biomedical laboratory scientists, public administrators and social workers. The University College Lillebaelt has approximately 7,000 students and 700 employees.

The public sector is under pressure and there will be a need in the future for professionals with social entrepreneurial

skills and the ability to start social enterprises; graduates who can develop new and innovative solutions to maintain a sustainable welfare system.

In November 2014 the University College Lillebaelt launched master classes in social entrepreneurship for students who want to be social entrepreneurs. 30 students will have the possibility to participate in these classes as an addition to their professional Bachelor's programme.

During 8 master classes the students will learn about social entrepreneurship and social enterprise business models. They will also meet some of the existing Danish social

enterprises. The intention is to strengthen the students' ability to develop welfare solutions using resources involving the private, public and voluntary sectors. The future graduates will be able to work in the public sector

but could also be working in social enterprises outside the public sector.

The master classes are in part funded by Nordea-fonden with 154,000 DDK

Diakonissestiftelsen, www.diakonissestiftelsen.dk, **3K uddannelsen** (3C - Education in Christianity, Culture and Communication) <http://3k.diakonissen.dk> (public institution, formal education)

3C - Education is a 4-year professional Bachelor programme in Christianity, Culture and Communication that has been offered by the Christian organisation Diakonissestiftelsen in cooperation with VIA University College (See above). The course has offered a 2-month module in Social Entrepreneurship since 2013.

gives participants, who will work in the 3. sector a new tool to organise their activities and organisations in a more innovative and businesslike manner, which could strengthen their social efforts and make their organisations more financially sustainable.

Strengths: The module in social entrepreneurship

Weaknesses: Instead of a temporary module one could wish for a permanent module.

Jyderup Højskole (private institution, the course has a few scholarship possibilities for exceptional students; for example, for students coming from new members of EU, making the total expense only 480 DKK a week.)

Jyderup Højskole offers from January 2015 a course in project management and social entrepreneurship. It is a 12-week course, where students will develop solutions to a social challenge which they choose themselves in cooperation with the virtual platform tagdel.dk (A platform that involves people in solving different social problems.)

communication and leadership.

While working on the challenge students will receive support and counseling and have different methods presented. They will also receive presentations on relevant social and political issues and on business management,

Strengths: practically-focused course and training with support available all the time, and the possibility to share experiences and develop one's project with peers. The partnership with a larger organisation (tagdel.dk) opens up a larger network for students, continuing after the course has ended.

Weaknesses: Not many people might be able to reserve 3 months of their life to join a course.

Center for frivilligt socialt arbejde, <http://www.frivillighed.dk/> and **Dansk Folkeoplysnings Samråd**, <http://www.dfs.dk/> **1 day course**

"Sådan starter du en socialøkonomisk virksomhed" (**How to start a social enterprise**), <http://www.dfs.dk/medlemstilbud/dfs-laering/moeder-og-kurser/2015/saadan-starter-du-en-socialoekonomisk-virksomhed/> (private institution, non-formal education, the course is meant for voluntary social organisations and costs 1,475 DKK)

as a way to work and generate income in a new way.

Centre for voluntary social work together with Danish Council for Adult Education offers a 1-day course "How to start a social enterprise". The course was offered for the first time in September 2014 and will be offered again in March 2015.

Strengths: Held by a strong organisation with access to a large network of possible participants there is a huge potential of starting social enterprises within the voluntary sector. Courses like this might help voluntary social organisations to include social business into their efforts, which might strengthen the effort and make it more financially sustainable. In general this would help both voluntary social organisations and the growth of the social enterprise sector.

Weaknesses: There is a limit to how much can learn in one day. There is no follow-up and network possibilities after the course.

Foreingen for Social Innovation, <http://www.ffi.dk/> and **Cultura21**, <http://cultura21.dk/>, **Social U** http://cultura21.dk/wp-content/themes/organic_block/images/Social-U-Innovation-kursusbeskrivelse-+-plan-hold-7-2014.pdf

Social U is a 6-week course that has been run from 2012-2014 by "Foreingen for Social Innovation" (Association for Social Innovation)

a social idea to a genuine social business. The course includes creative innovation, fieldwork, action learning, and exercises both individually and in groups. By the end of the course participants had a business plan that could be used as a stepping stone in starting a career in the field of social entrepreneurship.

and the organisation "Cultura21" for the unemployed and others. The focus of the course was in innovative entrepreneurship with a social and sustainable purpose. During the course Theory U was used for developing

The 6-week course was a part of Danish employment legislation and employment policy that would allow the unemployed to choose 6 weeks of education or training paid by the State. The law on employment has been changed from 2015, and as this possibility no longer exists

the course will have to find a new form and framework to continue.

7 courses have taken place with 50 participants - mostly unemployed academics.

Situation Analysis

Education relating to social entrepreneurship and social enterprises is getting more attention in Denmark.

Various educational programmes are available, both at the level of university, university colleges (for professions such as social workers, nurses, and teachers at primary and secondary school level) and primary and secondary school. There is also a growing number of actors providing support and non-traditional education for social entrepreneurs and social enterprises.

At university level the Centre for Social Entrepreneurship (CSE) at Roskilde University, has offered a two-year Master's programme in Social Entrepreneurship (60 ECTS) has been offered since 2008. To date, about 130 people have graduated from this programme. In September 2013 Roskilde University also launched an "International Master in Social Entrepreneurship and Management" (SEM) (120 ECTS). And from 2015 Roskilde University also offers a postgraduate programme in social innovation studies (Kandidatuddannelsen Sociale interventionsstudier).

Since 2010 Copenhagen Business School has offered a Minor in social entrepreneurship to students at graduate level. Since January 2014 an elective course for one semester "**Starting up your own social venture**" is also available to students at graduate level. And since September 2014 a 12-week free Massive Online Open Course (MOOC) in Social Entrepreneurship has been available to students all over the world.

Single day courses/workshops in Social Entrepreneurship for students at universities have also been held at, for example, Aarhus University (<http://cei.au.dk/stud/afholdte-aktiviteter/workshop-i-socialt-entreprenorskab>).

Other programmes of social entrepreneurship and social innovation are offered at for example the VIA University College in Jutland, who is offering various study modules of 10/15 ECTS in social entrepreneurship/social innovation/social enterprise within their range of Bachelor-level programmes in the areas of social welfare and health (nurse, social worker, social pedagogy, etc.).

An important additional support for these types of activities is the Danish Foundation for Entrepreneurship - Young Enterprise. It supports the education of teachers and innovative teaching projects within the teaching of entrepreneurship as well as social entrepreneurship from primary school to university level.

Training, support, work spaces, exhibition and events space is also provided for social entrepreneurs and change-makers through "the Hub" and similar spaces in Copenhagen and other parts of Denmark.

Since 2012, support for social inventions and innovation, including for social enterprises, has been provided through Social+, a national platform for social innovation. **In particular, Social+ aims to:**

- 1) Collect and produce knowledge about social inventions and social innovation;
- 2) Bring innovative people together across sectors;
- 3) Encourage dialogue between decision makers, investors and media;
- 4) Stimulate the social innovation debate; and
- 5) Advice and co-create with social inventors.

Social+ is financially supported by VELUX fonden, with co-financing from the VILLUM fonden. It is an independent part of the non-profit organisation Social Development Centre (SUS). Country Report: Denmark

Support to social enterprises is also available from international organisations like Ashoka, who have an office in Scandinavia.

In general there are many possibilities to have an education in social entrepreneurship and social enterprises in Denmark, but still there is a need for a longer practical education. In fact, the VIA University College have tried to establish a Bachelor programme in Social Entrepreneurship that could fulfill part of this need. But as of yet the programme has not been approved by the Ministry of Education. Alternatively more permanent modules in social entrepreneurship could be introduced



within courses for different professions, in that way inspiring graduates to use social entrepreneurship as a tool in their professional career.

Case study

Centre for Social Entrepreneurship (CSE)

Centre for Social Entrepreneurship (CSE), was founded in 2006 at Roskilde University with a Government grant worth almost €1.5 million.

The purpose of the centre is to become a “greenhouse” for learning and building competences in social entrepreneurship, with a view to improving the living conditions of socially marginalised people. The centre conducts research on social entrepreneurship and social enterprises and is part of both Nordic and European research networks on that issue. As a part of its activities CSE offers university level education in social entrepreneurship.

Master's programme in Social Entrepreneurship

CSE offers a two-year Master's programme in Social Entrepreneurship (60 ECTS) which has been offered since 2008. To date, approximately 130 people have graduated from this programme.

These are people that work in social enterprises, voluntary organisations, the public municipal sector, university colleges, social housing projects, as well as entrepreneurs.

The primary purpose of the programme is to improve skills for actors working in the 3rd sector.

The course provides theoretical, empirical and practical knowledge, making students capable of analysing 3rd sector challenges and to understand them from a stakeholder perspective.

International Master in Social Entrepreneurship and Management (SEM)

(120 ECTS) The Master was launched at Roskilde University in September 2013.

The Master in Social Entrepreneurship and Management (SEM) is designed as an in-depth education for students who want to specialise in studies of the social dimension of entrepreneurship and management. SEM is building on Social Sciences disciplines such as sociology and organisation as well as recent research into social innovation, social enterprise, CSR, social accounting, leadership and governance.

The programme focuses on the theory as well as the practice of social entrepreneurship. It engages international guest lecturers who in collaboration with faculty members will be using case study methods, problem-oriented learning, individual as well as group exercises and workshops as methods of teaching during the entire programme. Thereby students will be introduced to theoretical, empirical and practical knowledge which will provide them with the ability to analyse the public, private and third sector's present and future challenges. Students will also be trained in simultaneously striving to realise economic and social values in processes of social innovation. Fully-fledged graduates will thereby possess the tools necessary to lead, analyse and improve existing social enterprises as well as facilitating new ones. All teaching and curricula is in English.

Sociale interventionsstudier

This is a 2-year postgraduate programme with 4 modules, starting up in 2015. Problem-oriented project-work takes up half of the education. The postgraduate programme springs from psychology, social science and pedagogy and educates postgraduates that will be able to interact with different actors within pedagogical, psychological, social and cultural contexts and across sectors. The education will provide deeper knowledge in relation to the kind of human problems and needs that social intervention processes could address.

3. Impact Analysis for of social entrepreneurship

Impact analysis is not commonly used among social purpose organisations and social enterprises in Denmark. Only very few organisations and social enterprises have been and are analysing the social effect of their work using approved models such as SROI. <http://www.socialstyrelsen.dk/handicap/bolig/Bolig/evaluering/handbogger-og-pjecer-m.v/sadan-udarbejder-du-en-forandringsteori-1>

For many years it has been the practice that social-purpose organisations who applied for funding through the Ministry for Social Affairs are asked to produce a “Theory of Change” (<http://www.socialstyrelsen.dk/udsatte/hjemloshed/udbredelse-af-hjemlosestrategien/om-projektet/forandringsteori>) to document the social outcomes of the project or the effort which they are

applying for. This was basically introduced to secure that a taxpayer-funded social project would also and should also have a positive social outcome.

The Ministry of Education has made a guide on how to produce a Theory of Change. The guide is available here: http://www.uvm.dk/Uddannelser-og-dagtilbud/Uddannelser-til-voksne/Overblik-over-voksenuddannelser/Arbejdsmarkedsuddannelser/Forsog-og-udvikling-i-AMU/Den-tvaergaende-udviklingspulje-2009/~media/UVM/Filer/Udd/Voksne/PDF09/090702_Vejledning_til_udarbejdelse_af_forandringsteori_paa_TUP_2009.ashx

In the guide it appears that a Theory of Change should start with describing the problem that should be solved.

Afterwards the target group is outlined and specified. When that is done one should consider the changes that the project is to create, and describe those as the kind of effects the project will have for the target group. Finally you will have to consider what kind of activities can support and lead to the accomplishment of these effects. The theory of change can either be made as a schedule or presented in a more illustrative way. Examples are provided in the guide.

Only very few organisations and social enterprises in Denmark have been and are analysing the social effect of their work using approved models such as SROI. No survey or research is available to give a full picture of the use of impact analysis in Denmark. This report is built on material available on the internet.

Den Sociale Kapitalfond is among the few organisations that are trying to measure their own impact and also encourage the social enterprises that take part in their Social Growth Programme, to measure the social value they create. Den Sociale Kapitalfond has created a toolbox, with different tools and models, that can be used by social enterprises to analyse and develop their businesses. This includes an "Impact Map" for measuring the social value they create.

The toolbox can be seen here: http://www.densocialekapitalfond.dk/wp-content/uploads/2014/09/SVP_vaerktoejkasse_20141.pdf

During the establishment phase of Den Sociale Kapitalfond (SKF) in 2011, the fund's management team analysed various opportunities for social

impact measurement for the fund, and tested one of the most widely used models on Danish cases, seeking to find the best available option.

The findings are summarized in a working paper that also includes an SROI case on the Danish social enterprise

Examples of impact analysis

Haverefugiet

Haverefugiet in Sorø is a Danish social enterprise working with Garden-therapy for people with work-related stress. Haverefugiet is an example of trying to describe the social value created by a social enterprise in a very simple way. Every year the enterprise Haverefugiet makes a report using the EFQM-model as inspiration. (The model consists of 9 criterias, with 5 evaluation points regarding action side and 4 evaluation areas regarding results. See: <http://www.efqm.org/the-efqm-excellence-model/>)

In the annual accounts Haverefugiet also mentions nonfinancial gifts and donations and the reuse of materials. Haverefugiet regards it as a valuable information to describe the social value they create by, for example, registering the number of participants in courses, their status (employed, unemployed, retired, etc.) and what has happened to them after participating in Haverefugiets

Specialisterne:

<http://www.densocialekapitalfond.dk/wp-content/uploads/2014/03/Den-Sociale-Kapitalfond-working-paper-on-SROI-measurement-August-2012.pdf>

Den Sociale Kapitalfond has since used an adapted form of the SROI method in the Social Growth Programme for internal use. There is no public material available.

Den Sociale Kapitalfond has evaluated the effect of its Social Growth Programme where both economic and social results for the social enterprises participating are listed. (Link to evaluation report from 1. and 2. rounds of the programme: http://www.densocialekapitalfond.dk/wp-content/uploads/2014/09/SVP_erfaringsrapport_2014.pdf)

Due to the lack of social impact analyses being used, one of the tasks of The National Centre for Social Enterprise is to develop a simple tool kit that can support and guide social enterprises to measure and document the social impact they create. This will be available in 2015, and will most likely help widen the use of social impact measurement among Danish social enterprises.

The tool should have a technically reliable level and ensure comparability from one social enterprise to the next. The tool kit should also be adjusted to EU standards for social impact documentation. Link to **The National Centre for Social Enterprises`** page on social value measurement: [http://socialvirksomhed.dk/Vejledning/dokumenter-din-sociale-vaerdi/vaerktojer-til-at-male-social-vaerdi](http://socialvirksomhed.dk/Vejledning/dokumenter-din-sociale-vaerdi/vaerktojer-til-at-male-social-vaerdi/vaerktojer-til-at-male-social-vaerdi)

In addition, the Centre for Voluntary Work has made a book "Viden og virkning. En håndbog om dokumentation af frivilligt socialt arbejde" (2009) about how to document voluntary social work and produce a Theory of Change. The book can be downloaded here: <http://www.frivillighed.dk/Webnodes/da/Web/Public/Publikationer/Bestil+publikationer/14774/Publikation>

activities. Furthermore the number of participants in fact-finding visits are registered and interviewed afterwards about their experience.

Haverefugiet also register the number of guests in the Garden and the number of subscribers receiving the newsletter. The number of appearances in newspapers and the media are considered a measure for social value creation and are registered. The argument is that appearance in the media among others has resulted in new participants and visitors. Evaluation available at: <http://www.haverefugiet.dk/stressEvaluering.php>

Gallo Kriserådgivning (Gallo Crisis Counseling) (GCC)

Gallo is a Danish organisation that runs several social enterprises to help and create jobs for mentally vulnerable people, and one of these is GCC. GCC is the largest voluntary counseling center in Scandinavia and is

situated in Aarhus. GCC offers free therapy and socializing for mentally vulnerable people or people with social problems. GCC also offers counseling on mental problems and different kinds of treatments.

The purpose of GCC is to fill a gap and unmet need for free, open, anonymous therapy and counseling to prevent mental problems from developing into mental illnesses. 8,000 people contact GCC every year and the Counseling Centre is run on little more than 1 million DKK a year.

To document the social value created by the organisation, GCC has made a "Social Return on Investment" report. The SROI analysis from May 2014 shows that GCC create value for users, volunteers and for society. For every 1 DKK invested in GCC, 4,38 DKK worth of value is created. This added value is created due to lower expenses for users and for the public system. (E.g. fewer psychologist consultations, fewer visits at general practitioners and hospitals). Volunteers also receive relevant work experience. During the SROI analysis it became clear that GCC also creates value, that was difficult to include in the SROI analysis itself. The reason for this is the fact that some parameters can not be quantified and measured. Also due to the principle of anonymity at GCC it is not possible to get the precise data regarding the number of users at GCC; only the total number of contacts is available. Value creation not mentioned in the SROI analysis included, for example, improved quality of life, better treatment of physical illness, improved relations to family and friends and a reduction in the use of public funds. If this extra value creation would be included it would most likely result in a higher SROI rate than the previously-stated 4,38 DKK

See the Gallo Counseling SROI report:

<http://www.lind-invest.dk/wp-content/uploads/SROI-Rapport-Gallo-Kriser%C3%A5dgivning.pdf>

Specialisterne (The Specialist People Foundation)

Specialisterne Denmark is a social enterprise that actively works to hire employees with autism, and to assess, train and secure employment in the corporate sector for people with autism. Since its start in 2004, Specialisterne Denmark has supported more than 230 individuals with autism by creating job profiles and providing assessment.

In 2013 Specialisterne published a Cost Benefit analysis proving the social-economic value of Specialisterne's employment of people with autism to the Danish economy and in Danish society. The Specialisterne Impact Analysis Report showed that in the five-year period from 2008-2012 people with autism employed by or through Specialisterne generated a net value of DKK 13.5 million for the Danish state. This means that from 2008 to 2012 Specialisterne created a total (as opposed to net) social-economic value of DKK 49.4 million through the hiring, or securing of jobs, for people with autism. The number of people employed varied year for year between 29 and 35, with 35 employed in 2012. This DKK 49.4 million was created through savings made to the Danish welfare system and through income garnered from taxes and pension contributions. After deduction of the public investments made to support individuals with autism in their jobs, the net value to the Danish state in the same period was DKK 13.5 million. Another way of putting it is: That 1 DKK invested in a Specialisterne employee with autism generates 2,20 DKK in taxes and contributions to the Danish state, more so than if the same resources were invested in people without jobs, through for example unemployment benefits and other welfare payments.

The report also measures the social impact of having a person with autism employed compared to a situation where the same person is unemployed and on welfare. According to the report, 100% of the Specialisterne consultants surveyed stated that their transference from being on welfare to being employed by Specialisterne has had a positive impact on their lives – mostly in terms of the social and economic independence and on their overall wellbeing.

See the report here: <http://dk.specialisterne.com/2013/09/17/specialisterne-skaber-stor-vaerdi/>

ESTONIA

1. Stakeholders and their support

Estonian Social Enterprise Network (private organization, non-financial support)

More info in case study example

Ministry of Interior (public body, financial and non-financial support)

1) Responsible for civil society and regional development, including the support via the National Foundation for Civil Society (see next stakeholder for details).

2) The draft of “Civil Society Development Plan 2015-20” includes “social entrepreneurship, delegation of public services and social innovation” as one of its three priorities. It also indicates the need to recruit a strategic partner to implement the activities of the action plan related.

3) The Ministry has contributed to joint advocacy activities for social enterprise development (e.g. giving feedback to draft laws of other Ministries).

Strengths: Governs National Foundation of Civil Society (see next stakeholder for details) that enables providing strategic and reliable annual support for civil society capacity building (including – in the case of some grants – to the social enterprise sector or single social enterprises).

Weaknesses: Naturally, the lense of civil society provides only a limited view to the full spectrum of the needs of the social enterprise sector.

Also has very limited influence on the decisions of other Ministries on the issues that have traditionally not been related to civil society (e.g. support mechanisms for business development).

National Foundation of Civil Society (NFCS) (public organization, Financial and very limited non-financial support)

1) Responsible for strategically supporting the development of civil society, mainly by targeted calls for grant applications (topics vary from strengthening volunteer management to piloting networks for cross-sector citizen initiatives).

2) Since 2009, the support has reached the social enterprise sector in three ways. Firstly, via special calls for developing social entrepreneurship and public services (business plan development and its implementation, always in separate calls) by non-governmental organisations. Secondly, social enterprises that are registered as non-profits are also eligible for all the other capacity building calls. Thirdly, NFCS backed starting up the Estonian Social Enterprise Network in 2011-2012 and has also supported some of its consequent strategic initiatives.

Strengths: The only more or less regular financier for social enterprise and public service development, although its's not NFCS's main focus.

While remaining strictly in the frame of civil society concept, NFCS has been an innovative supporter that has modified its approach according to the changing needs of grantees and other societal stakeholders.

Weaknesses: The non-financial support is very limited. One notable exception: in 2014, the financing of business plan development was combined with a mentoring/training programme provided by the Estonian Social Enterprise Network.

Due to a limited budget, they are unable to provide large-scale investment support. The amount of development grants usually varies from 2,000-3,000 euros for business plan development and 15,000–25,000 euros for business plan implementation.

County Development Boards (CDBs) (public organization, non-financial support)

1) Each of Estonia's 15 counties has a CDB, which always employs – among others – non-profit consultants whose work is dedicated to developing and consulting local civil society stakeholders.

2) While social enterprise has not been a priority for many of the CDBs, there are notable exceptions, e.g. in Harju County, whose CDB has recently organized a social entrepreneurship mentoring programme and a number of related study trips (see: education section of the report).

3) Estonian Social Enterprise Network has provided the

consultants with a number of handouts and electronic materials to support their consulting work.

Strengths: The network of consultants covers whole Estonia. Usually, the consultants are very well aware of local reality and needs.

In 2015, non-profit consultants of CDBs will be part of National Foundation of Civil Society (instead of Enterprise Estonia that has been their coordinator so far). Potentially, their work will be much more strategically aligned with

national priorities, including social enterprise development.

Weaknesses: CBD consultants have many local needs to pay attention to. Usually, that means only a limited attention to social enterprise sector.

Ministry of Social Affairs (public body, financial support)

The Ministry's main interest lies in the potential of social enterprise sector as an employer of the disadvantaged (especially as a step before entering the open labour market) and provider of public (social sector) services locally all over Estonia. In 2015, the Ministry will finance a pilot development project carried out by Estonian Social Enterprise Network. The project aims at a) supporting non-profits that currently provide only public services to start dealing also with private consumers; b) to encourage social enterprises currently oriented to private consumers to enter the public service market. The project will help different public service providers and social enterprises

Although the basic steps to raising their awareness have been made, many non-profit consultants are still confused or hesitant about the very concept of social enterprise.

take more advantage of their competence and diversify their income.

Strengths: The objectives and resources of the Ministry provide a great cooperational basis for the social enterprise sector.

Weaknesses: The Ministry is, quite naturally, not interested in social enterprises working in other fields (e.g. education, environment). The threat is that the focus of the cooperation might overshadow other valuable societal spheres where social enterprise operate in.

Ministry of Finance (public body, non-financial support)

The Ministry is ultimately responsible for a variety of cross-sectoral issues, including the use of EU funds as well as the development of public procurement rules. In 2015-16, the most strategic influence on social enterprise sector will be related to the draft of the new Public Procurement Law.

Strengths: Has a cross-sectoral view, which suits the

social enterprise sector which is also cross-sectoral by nature.

Weaknesses: Social enterprise issues seem like only a very minor subset of the challenges that the Ministry has to deal with, so it is difficult for social enterprise advocates to get sufficient attention for discussions.

Ministry of Economic Affairs and Communications (public body, non-financial support)

When the Ministry compiled a new business sector development strategy until 2020, the social enterprise sector was fully ignored despite the advocacy efforts. The priorities are related to advancing export and increasing the number of so-called high value-added jobs. Taking into account the social and economic impact of social enterprises would need a less superficial approach from the Ministry to societal development indicators.

Strengths: There are four major political parties in Estonia. As of January 2015, three of them have chosen to mention social enterprise development in their election

platform documents. It is the result of advocacy efforts by Estonian Social Enterprise Network team and their partners. Four years ago there were no such mentions in political documents.

In addition, a significant number of current MPs will definitely have an opportunity to continue as MPs after the elections. They have already been exposed to social enterprise discussions (as Estonian Social Enterprise Network was speaking at Parliament commissions twice in 2015 and organised a fair of social enterprises at the premises of the Parliament).

Parliament of Estonia (the MPs 2015-2019) (public body, non-financial support)

The next Parliament elections will take place in spring 2015. New MPs will have a decisive influence on social enterprise sector development, as they will have to adopt the new Public Procurement Law (in 2015-2016) as well as the codification of business and non-profit legislation (expected in 2018-2019).

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Good Deed Foundation (GDF) (private/non-profit organization, non-financial/future support not clear)

GDF was the organisation that introduced the concept of

social enterprise in Estonia in 2005 and was among of

the stakeholders who helped to establish the Estonian Social Enterprise Network in 2011-2012. Over the years, while keeping its core of being a venture philanthropy organisation, GDF has implemented a variety of initiatives that have advanced the sector, including social enterprise contests, capacity building programs and investment mediation.

Strengths: Very strong ties with Estonian philanthropists and CSR companies. Strong knowledge regarding social innovation.

Weaknesses: The strategy for the next years not clear yet (social enterprise might lose at least some of its importance to GDF).



Situation Analysis

The diversity of social enterprises is huge in Estonia. Services offered vary from providing telemarketing jobs to the disabled, to activating local communities by renovating and finding new uses for old manor houses.

There is no special legal form for social enterprises in Estonia. Most of our social enterprises are registered as non-profit associations or foundations. There are also a few limited liability companies identifying themselves as social enterprises. In order to achieve more favourable taxation conditions, a rather widespread solution is combining two organizations (e.g. a non-profit association and a limited liability company) to form one social enterprise.

In spring 2014, the Estonian Social Enterprise Network, in collaboration with Statistics Estonia and Network of Estonian Nonprofit Organizations, and with the support of European Commission, compiled the results of the first-ever statistical overview of the Estonian social enterprise sector.

- In 2009-2012, the sector's total entrepreneurial income increased on average by 18% per year and the number of new social enterprises increased on average by 7% per year. Also, there has been a steady increase in the jobs provided by the social enterprises.
- A considerable part (66%) of the average total income of social enterprises is earned by engaging in entrepreneurial activities. (The real number might be much higher because some stakeholders are financially motivated not to show entrepreneurial activities fully. For example, some municipalities who delegate providing public services to social enterprises require the contract to be that of support grant, not service).
- Almost a third of social enterprises don't use donations and grants at all. In other words, ca 1/3 of social enterprises are fully sustainable based on their sales income.
- Approximately 1/3 of the social enterprises provide social welfare services.
- Social enterprises are situated all over Estonia but mainly in and around our two biggest urban centres (capital city Tallinn and university town Tartu).
- An average social enterprise is a micro-business (with 1-4 employees).

Most of the organisations who identify themselves as social enterprises have a clear social purpose. Often, they also produce something that is, at least potentially, valuable for customers. However, in most cases there is a serious lack of skills regarding product or service design as well as that of branding, marketing, sales, and related financial management. The main reasons for this are the non-business backgrounds of social enterprise leaders and their inability to bring in respective expertise. The low level of entrepreneurial capacity of social enterprises is among the crucial factors that prevent them from fulfilling their potential in creating positive change individually and becoming a strong sector collectively.

Advocacy for the sector has included some considerable successes, for example organising a study trip for the Estonian public sector top level decision-makers to Scotland in January 2014 with the help of British Embassy. Among others,

Secretary Generals from four ministries, a Member of Parliament and the Head of Estonian Unemployment Insurance Fund were able to participate. The direct and indirect results have included prioritisation of the topic in National Development Plan for Civil Society 2015-2020, support for innovative capacity building program by the Ministry of Social Affairs, and the mention of social enterprise support in election platforms of three Estonian main political parties.

The immediate challenge for the sector's advocacy will be related to Estonian new public procurement law. The challenge is that most of the public tenders in Estonia have been evaluated using the lowest price as the main criterion (86% of the tenders in 2007-2011). Qualitative studies have shown that the tenders have also been kept as simplified as possible, e.g.:

- using only the formal qualifications as a proxy for quality expected from the supplier;
- setting the objectives only on activity and output level (without considering outcomes and impact of tendered services).

Potential solution: currently, Estonian Ministry of Finance is preparing the draft for new Public Procurement Law. The main reason: the need to transpose relevant EU directives, primarily the Directive 2004/18/EC on public procurement and repealing.

The progress so far: the Estonian Social Enterprise Network has been involved by the Ministry to interpret two main social enterprise sector related articles of the Directive:

- Article 20 on reserved contracts;
- Article 77 on reserved contracts for certain services.

As of now, our suggestions have been taken fully into consideration. The draft of the law will most probably allow for reserving the contracts in both cases while adjusting the criteria – when legally possible considering the requirements of transposition – to the characteristics of typical Estonian social enterprises.

The remaining challenge: the main philosophy of legislators has not changed. In practical implementation, the two articles mentioned above will be relevant only in a few cases. As a principle, the state still plans to allow for considering only the lowest price in all of the tenders. They are sympathetic towards our claims that the “lowest-price-principle-only” approach should be banned at least in relation to some of the services, but are hoping that the focus on quality will become prevalent voluntarily over time. However, there are no indications of such trend at the moment.

Some of the main fears:

- “Any criterion reflecting social value and impact is bound to be highly subjective. How would we be able to defend ourselves when arguing with those suppliers who lose the tenders? How do we avoid court cases?”
- “How would overworked (and sometimes not particularly talented) public servants be able to find time, energy and motivation to set additional criteria?”
- “What if taking social etc criteria into consideration makes the tenders simply too expensive for us to afford?”

Opportunities for regional cooperation:

- to have joint advocacy activities to inspire, educate and pressure our respective public administrations to create conditions where impact-oriented and financially sustainable social enterprises can thrive;
- to collectively develop creative solutions for product/service design, branding, and marketing for social enterprises, to test those approaches in our respective countries and to exchange experience. In the longer term, to establish the regional social enterprise acting as an intermediary for marketing and sales of products and services of other social enterprises. Its activities would not be just about “general awareness of consumers”. It would target other social enterprises' value proposition to specific client groups - to increase the sales, investability and scalability of social enterprise – and, of course, finally their impact.

Case study

The formation of Estonian Social Enterprise Network as an organisational tool for social enterprise sector development

In 2011, social enterprise sector development had reached a critical moment in Estonia. The past six years have seen numerous efforts mainly by two stakeholders – the private, non-profit Good Deed Foundation (GDF, who had introduced the concept in Estonia in 2005) and public foundation National Foundation for Civil Society (NFCS, who had created its first social entrepreneurship development grant programme for civil society non-profit organisations in 2009).

By 2011, both of those foundations had started to feel that the expectations of other stakeholders towards them as the flagships of social entrepreneurship promoters seriously disturbed their strategic focus. GDF wanted to focus on being a very good venture philanthropy organisation (whose portfolio would include also high-impact innovative charities with only philanthropic income). NFCS needed to keep a wide approach to civil society development, strategically influencing also other topics by its support, like civil engagement to public decision making, fundraising and volunteer management capacity of non-profits, etc.

On the other hand, some private individuals had become frustrated about the lack of strategic advocacy for the sector, including Ms Riinu Lepa, the leader of social enterprise Tagurpidi Lavka, and Mr Jaan Aps, then a team member of GDF. When they expressed the wish to start working on the solution for social enterprise sector advocacy, it was met with warm welcome from both NFCS and GDF for the reasons mentioned above. As a result, NFCS provided a grant for one season to set up the organisational solution, and GDF freed up half of the working time of its employee.

The season 2011-12 was mainly dedicated in consulting with stakeholders, testing hypothesis and reaching consensus. The main questions were the following:

- What is the current consensus regarding the wide definition for social enterprise on Estonia?
- What are the main needs of social enterprises – and which should be the development objectives for the sector based on those needs?
- What should be the organisational form of how the activists and social enterprises should get organised to reach their objectives?

As a result, **The Estonian Social Enterprise Network (ESEN)** was established in April 2012. Its legal form is non-profit association with social enterprises as its members. There were 18 founding members. Currently, the Network has 37 of the top Estonian social enterprises as its members, while the number of members is growing steadily.

ESEN's strategic objectives are concerned with increasing the number, capacity and impact of social enterprises in Estonia. It is both a membership-based association and an advocacy think tank. As an advocate representing the social enterprise sector, the Network have become an officially recognized partner for the Ministries of Interior, Social Affairs, and Finance.

Currently, our network uses an inclusive and flexible interpretation of the concept of social enterprise. A clear social/societal purpose forms the centre of our definition while the other important aspect is having a financially sustainable business model. We also require social enterprises to reinvest their surpluses, but that aspect will most probably be hotly debated in coming years. In addition to the aspects already mentioned, ESEN's membership criteria includes the requirement of having been actively operating for at least one year. Social enterprise start-ups can join in as unofficial affiliated members.

ESEN is operating based on grant support and volunteering. Most of the team works part-time. The model has had its clear advantages as well as minuses.

The strengths of the situation have been:

- self-motivated individuals with strong professional experience;
- (partial) independence from ESEN's salaries has given the team the freedom to be keep its focuses and apply for the funding only for the activities that clearly advance the goals.

There have also been some natural disadvantages to that situation:

- the potential of the team acting as one unit has not been fully realised because of not sharing the same space day-to-day basis;
- there have been a number of unused strategic opportunities due to the limited amount of man hours that the team members have been able to contribute;
- the communication with members has not been frequent enough, hurting the feeling of community.

Thus, in 2015-16, the objective of ESEN is definitely to establish the position of managing director, while keeping some of the current flexibility.

The existence of the Estonian Social Enterprise Network has allowed for many of the positive developments mentioned elsewhere in this report, and are not repeated here.

2. Educational support for social entrepreneurship

Stakeholder profiles

Estonian Social Enterprise Network (private/non-profit institution, non-formal education, for CEO-s and teams of social enterprises and public service providers (incl, but not limited to Network members), most of the activities in Estonian so far. Concerning the educational activities, the easiest would be starting cooperation in relation to impact analysis and business model development.)

- 1) Capacity building programs (e.g. volunteer recruitment and management as part of social enterprise model; use of action learning methodology; with GDF: service design).
- 2) Impact analysis (see: impact chapter of this report).
- 3) Materials (texts, video) about various aspects of social enterprise.

Good Deed Foundation (GDF) (private/non-profit organization, non-formal education, for CEOs and teams of high-impact civil society organisations, including social enterprises, activities are in Estonian.)

- 1) Capacity building for its support portfolio (mostly consulting and mentoring)

2) Irregularly reaching out to wider set of stakeholders with trainings and development programmes (e.g. service design)

University of Tartu (public/non-profit organization, formal education, open for students of the university)

Regular course "Developing Social Enterprise" in English (see below)

Has an active staff member who promotes social entrepreneurship.

University of Tallinn (Public/non-profit organization, formal education, open for students of the university and others in case of irregular social enterprise summer schools)

Irregular summer schools and start-up work with students in English.

Has an English-speaking active staff member who promotes social entrepreneurship.

County Development Boards (non-profit consultants) (public/non-profit organization, non-formal education, open only for Estonian CEOs and teams of county's civil society organisations as well as local civic activists.)

1) Most of the CBDs offer irregular training sessions in social entrepreneurship.

2) Harju CBD has taken an initiative in social entrepreneurship development (organised a related mentoring programme and study trip in 2014)

1) The educational activities reach grass-root level.

2) The activities are irregular.

Situation Analysis

Rather active, from time to time innovative, but irregular and of uneven quality – that's the best description of the provision of social entrepreneurship training and education in Estonia. The training sessions for practitioners provided by various social enterprise ecosystem influencers have been available for would-be social entrepreneurs for a decade now, while Estonia still lacks the program (or at least a program) that would offer regular and high-quality training sessions by an experienced team. Concerning formal education, the universities are catching up, but the curriculum development and course provision is up to the enthusiasm of a few lecturers and are usually financed by project-based initiatives (with one exception in University of Tartu, see below). While usually interactive enough, the project-based one-time courses usually lack both academic rigour as well as aspects that would challenge the students more entrepreneurially. However, a more strategic approach from the Ministry of Education and Science to social enterprise education would definitely bring about a quick progress, as the work of the past decade has created a pool of some high-quality trainers/lecturers and study materials.

Over the years, most of the training and mentoring courses have been available for would-be social entrepreneurs; leaders of successful non-profits aiming at establishing social enterprise branch and/or the initiators (mostly young people) of completely new ideas. Ideally, such programmes have combined both financial and non-financial support.

For example, the Good Deed Foundation organised two social enterprise idea contests (in 2005/06 and 2006/07) that combined training and mentoring with prize money for finalists. One of the winners of the first contest (Healthy Estonia Foundation) became one of the most successful social enterprises of the next years (business-to-business employee health advancement programmes on complex topics, such as HIV/AIDS prevention, sexual development in early childhood for parents, and responsible alcohol consumption).

Also, there have been years when the main Estonian business idea contest Ajujaht (that is mainly but not exclusively oriented to university students) has a special prize for the best social enterprise idea. The finalists also receive top-level non-financial support over the period of 3-5 months. In 2009-10, such development process with additional help from the Good Deed Foundation led to establishment of the NGO Helping Hand, one of the success stories of Estonian work integration social enterprises that has been strong both in attracting business-to-business clients as well as public services using the pay-for-success scheme.

In both cases mentioned above, the strength of Good Deed Foundation's training and mentoring support lied in pro bono involvement of experienced private sector professionals. While their involvement was not a guarantee for success, at least their demanding approach enabled many of the more feeble initiatives to fail fast enough.

A successful cooperation took place in 2014 between the National Foundation of Civil Society (NFCS) and the Estonian Social Enterprise Network (ESEN). NFCS had already developed a meaningful structure for providing social entrepreneurship development grants, dividing the support into two separate sections that were linked time-wise: firstly

giving smaller sums (seed grant) to writing business plans and then much larger grants to realise them. However, one of the weaknesses of the approach had been that some of the applicants (being fairly traditional non-profit associations) had considered the seed grant just another opportunity to pay their salaries without setting any larger ambitions. Also, many of the business plans that had been accepted for more considerable funding had not been tested by the applicants and thus were very likely to fail in implementation phase.

NFCS analysed those problems and together with ESEN improved the structure of the support. In January–April 2014, there was another period when seed money grantees were compiling the business plans. However, each month they also received well-structured training and mentoring on the most important aspects of social enterprise business model (from theory of change to pricing and marketing). In-between the trainings, the participants had to fulfill practical tasks that were directly related to testing the most important hypotheses of their business plan.

The trainings were provided by ESEN who also recruited one experienced mentor outside their core team. The approach was successful as the quality of the business plans submitted to NFCS when applying larger grants in autumn 2014 was much higher than at previous rounds.

Related to social entrepreneurship, there has been only one academic course offered by a university on a regular basis. It is “Developing Social Enterprise” by the University of Tartu (Faculty of Economics and Business Administration). It has been taking place for three years (with one gap in 2013/14), in the spring semesters of 2011/12, 2012/13, and 2014/15. The course is in English and includes e-learning.

Its aim: [that] “Students are able to understand basic knowledge, principles and implementation possibilities of social entrepreneurship”. The course is structured around three elements that are interwoven throughout:

1. The field of social entrepreneurship.
2. The players and business structures used by social entrepreneurs.
3. The mechanics, tensions, and realities of starting and/or managing a social enterprise.

After passing the course the student should:

- Have gained an understanding of the field of social entrepreneurship and understood many of the opportunities, challenges and issues faced by social entrepreneurs.
- Be competent to choose between different types of enterprises and business models, have long-term goal of sustainable social enterprise and being able to evaluate its impact for the society.
- Be able to analyse and design entrepreneurial process, its prerequisites and components.
- Be able to implement innovative processes for his/her projects of study field, including the development of product and/or service.
- Be able to find, create, analyse and communicate business or/and project idea.
- Be able to compose business concept for a social enterprise.

Case study

The experience of social enterprise incubator pilot SEIKU

SEIKU was initiated by a social enterprise called Domus Dorpatensis (DD) in Estonian second-biggest town Tartu. 30% of Tartu population are students, as the town has two large universities and several smaller higher education institutions.

DD has a unique social enterprise model in Estonian context. The organisation earns its sales income by renting out guest apartments and seminar rooms while offering systemically developed programs for youth leadership development for university students.

The final goal of DD – like in many other organisations with similar mission – is to develop change agents who would have positive impact on society no matter what roles they will take in their lives and careers later on. However, DD differs from many other youth leadership developers with its more ambitious and strategically profound approach. The leaders of DD are well aware that even 2-3 years of active leadership development might not be a sufficient base for becoming an impactful change agent after

graduating the university and starting a paid career. Thus DD has been actively looking for opportunities to create specific pathways that the alumni of their primary programmes would be able to choose.

Quite naturally, becoming a social entrepreneur was identified by DD in 2012 as one of the main pathways for those having exceptional potential and motivation to become change agents. At that time, there was a lack of support opportunities for social enterprise start-ups. The most developed social entrepreneurship specific assistance in addition to ad hoc one-time-only project based non-financial support activities was either:

- irregular, in the form of civil society project financing and without substantial non-financial support (as provided by grant application rounds by National Foundation of Civil Society); or
- available only for a small number of initiatives (1-3 per year) with a well-defined concept (both in terms of theory of change and potential business model) and exceptionally capable leader (support portfolio of Good Deed Foundation; finalists group of business competition Ajujaht).

The financing of DD's pilot incubator called SEIKU was combined from different grants, primarily National Foundation for Civil Society (state funding), Open Estonia Foundation (EEA grants) and Enterprise Estonia (EU-funded youth entrepreneurship program SPIRIT). The project manager and business advisor of the incubator had paid positions (full time and part time respectively), while the team was formed in the basis of most experienced student volunteers from DD's other programs. Some of the main trainers were paid, while tens of business specialists and mentors were recruited as volunteers.

The pilot year of SEIKU consisted of pre-incubation (3 months) and incubation (7 months). The main elements of pre-incubation were the training programme, business advisory, compiling the business plan and defending it. The incubation was built on three blocks: bi-monthly weekend sessions (trainings and meetings with mentors), weekly reviews of progress related to objectives and business advisory.

The whole process started with a communication and training event titled Social Startup Weekend that managed to involve ca 70 participants. Nine social enterprise concepts were presented at the end of the event. Two of them became later also the incubants.

Preincubation statistics (October–December 2013):

- 23 applications from teams consisting of 40 persons in total;
- Accepted 15 applications from teams consisting of 25 persons in total;
- The most popular topics included education, youth employment and youth work.

Incubation statistics (February – August 2014):

- 16 applicants;
- 8 accepted;
- 1 dropped out;
- Out of the original 8, 3 were successful (created at least one new job), 2 relatively successful (no new sales income based jobs yet but carry on their activities; one of them established a grant-based job), 3 failed (the idea didn't work, the team broke up and/or the team members had underestimated the effort of becoming entrepreneurs and reconsidered their career objectives).

The main lessons learned were the following.

- Every start-up should have a well-developed business plan prior to entering the incubation. Otherwise the participants end up in being in a very different development stages, becoming hard to manage as a single programme (especially during the interactive parts of the training). Also, it allows for the unnecessary risk that some of the participants discover only in incubator that their idea does not even work "on paper" (e.g. after detailed market study or financial analysis while compiling the business plan

while in the incubator).

- It is very difficult to build an incubator where only the manager is paid and everybody else is volunteering (and relatively inexperienced).
- The period of nine months was too short to really start an enterprise as most of the participants were not dedicating even 50% of their time (because of having a day job or being at home with kids).
- The variety of societal objectives and business models was too wide among the participants (from supporting rural development to IT solutions). Unfortunately it didn't create any synergy. Instead it led to a relatively unfocused training programme, as all of those diverse needs were waiting to be satisfied.
- If more resources would have been planned for the communication, SEIKU would have had much more potential to raise awareness about its incubants, their ideas and progress.

The main successes of the model were the following:

- The format of having weekend sessions for the incubants worked very well. One of the lessons of pre-incubation had showed that the sessions on working day evenings had been too short to create any team spirit between all the participants from different initiatives. Also, people had had a tough time concentrating fully after their day job. The change of format resulted in greater efficiency as well as an emergence of sense of community between the participants that lasted the whole period.
- The pool of mentors and trainers (specialists and practitioners related to various aspects of social as well as "conventional" entrepreneurship) that was accessible for the participants over the year during the weekend sessions. Altogether, tens of highly qualified and successful individuals were happy to volunteer their time and energy to help the incubants.
- The balance of structure and flexibility plus the approach of individual attention supported well the progress of the participants. They had to provide weekly progress reviews while receiving one-to-one entrepreneurship mentoring and trainings tailored according to their changing needs.

In conclusion, the advice for other similar incubators:

- Every participant should have a complete, well-developed (and ideally preliminarily tested) business plan prior to entering the incubator.
- Each incubation period should have a specific focus in relation to the target group (e.g. children) or business model of the social enterprise concepts (e.g. IT-solutions).
- The program that aims at really starting the enterprises and creating at least one new job should be longer than nine months (i.e. at least a year).
- The leader of each incubant's team must be able and willing to dedicate at least half of their time each week to business development.

3. Impact Analysis of social entrepreneurship

The Estonian Social Enterprise Network (ESEN) has been one of the leading organisations in promoting impact analysis in Estonia. It has also led to official recognition, as the Chairman of ESEN Mr Jaan Aps was named “The Mission Person of the Year 2014” by the Network of Estonian Nonprofit Organizations for his work related to advocating for impact analysis. While working in the Good Deed Foundation, he also compiled the first impact analysis handbook for civil society stakeholders in the Estonian language.

ESEN developed **a format for specifying and communicating the outcomes/impact of social enterprises** using theories of change, basic indicators and story-telling. Please find some examples here, through this link. One of the most interesting reports belongs to MTÜ Avitus, as it combines the theory of change (page 2) with both story-telling (page 3) and financial calculations (page 4) to illustrate various aspects of their impact objective.

Compiling the report will be a standard obligation for our members. It is worth noting that the process of creating the document is at least as important as the final product.

It is a real journey of learning for each of the social enterprises. You can:

- Read a longer description of the structure and content of the report from the web page of Stories For Impact;
- Learn more about the grand vision of the process from the blog of Social Impact Analysts Association (article “Impact Reporting – simple, practical and inspiring?”).

In the beginning of 2015, ESEN received a grant from Ministry of the Interior via National Foundation for Civil Society to develop an online portal for standardised mapping and communication of outcomes and impact of social enterprises

Objective for regional cooperation: to mutually develop further the standardised approach to specify, analyse and communicate the impact of all social enterprises in the Nordic-Baltic region. Based on the standard, establishing regional a web solution for inserting, verifying and publishing the impact-related data (numbers and stories) of social enterprises (and – why not – other social purpose organisations). The web solution would benefit the social enterprises as well as their clients and investors.



FINLAND

1. Stakeholders and their support

Stakeholder profiles

ARVO - The Finnish Association for Social Enterprises (private organization, non-financial support)

Arvo is a new interest group for social enterprises. Its goal is to raise awareness and put value-based businesses on the map in Finland. Its activities include influencing policy-making, coordinating comments by industry and commerce, crystallizing the image of social enterprises and influencing research.

Strengths: Potential to unite the sector in Finland.

Weaknesses: A new player in the field so has not established a lot yet and has a lot to do.

FinSern, Finnish Social Enterprise Research Network (private organization, non-financial support)

Maintains research network and conducts research concerning social entrepreneurship/social enterprises. Examples of publication names (can be found here: <http://www.finsern.fi/site/index.php/julkaisut/>):

- 1) "The goal is a balanced development: Social enterprises and the business growth"
- 2) "Social Enterprises' Living Lab: building a support structure"
- 3) "Social Enterprises in wind energy production: Case study from Finnish renewable energy industry"

4) "What are the Outcomes of Innovativeness within Social Entrepreneurship? The Relationship Between Innovative Orientation and Social Enterprise Economic Performance"

5) "Bricolage in the everyday life of Hub Helsinki"

Strengths: Good source for events, research projects and articles related to social enterprises / social entrepreneurship.

Sitra, The Finnish Innovation Fund (public organization, financial support)

Sitra has recently launched a new key initiative to bring impact investing to Finland. It has gathered knowledge

from different Finnish actors and brought them together to foster impact investing in Finland

Slush (Impact Track) (public organization, non-financial support)

This year Slush, the biggest start-up event in Northern Europe with over 10,000 attendees, had Impact as one of its key themes. It presented leading development and technology speakers, impact pitching and mentoring, and networking opportunities to all interested in impact.

Strengths: The success of the Impact track derived in large from the fact that it was fully integrated into Slush as a whole and showed how mainstream and impact-minded investors and entrepreneurs can mutually benefit each other.



Association of Finnish Work (Social Enterprise Mark) (private organization, non-financial support)

Grants the Finnish Social Enterprise Mark and manages the registry of Social Enterprise Mark holders.

Situation Analysis

There is a more or less generally accepted definition of social enterprise in Finland. The criteria for the Social Enterprise Mark are the following:

- “The primary objective and aim of a social enterprise is to promote social well-being. A social enterprise acts responsibly.
- Limited distribution of profits. A social enterprise uses most (over 50%) of its profits for the benefit of society either by developing its own operations or by giving a share of its profits to charity according to its business idea.
- Transparency and openness of business operations. In order to assure transparency, the company applying for the mark must write down its social goals and limited distribution of profits in the company’s by laws, rules or corresponding agreements.”

However, the general public still poorly understands the concept of social enterprise. The government has not been active in encouraging the development of social enterprises. As the new EU report states: “Interest from the national authorities to implement policies to support the development and growth of social enterprises is currently lacking in Finland.” In addition, no specific funds have been allocated for social enterprises (the same funding channels are used as for mainstream companies).

There have been some studies that estimate the number of social enterprises in Finland to range roughly from 5,000 to 10,000+ depending on the definition of social enterprise used, by e.g. Lilja and Mankki, and Finnish Institute of London. In general, social enterprises can take any organisational form. Most of them are limited companies, but some are also foundations, associations or cooperatives.

A couple of initiatives have been recently launched, namely by the Finnish Innovation Fund SITRA and Aalto University, who don’t exclusively focus on social enterprises but all enterprises that seek to generate social and/or environmental impact. SITRA has been researching and introducing impact investing to Finnish stakeholders since autumn 2014, and Aalto University has integrated impact related themes in a large scale start-up conference SLUSH and launched a values-driven start-up community named Impact Iglu, focusing especially on the emerging markets.

2. Educational support for social entrepreneurship

Stakeholder profiles

SY Y Akatemia (Social Entrepreneurship Academy of Finland co-operative) (private organization, non-formal education, for all the students interested in social entrepreneurship who have at least some business ideas which could be developed further, open to participants from other countries)

The main target group of the two longer training sessions (for the third one see case study below) have been anyone interested in social entrepreneurship and preferably already has a business idea to develop further. In other words, training for starting or aspiring social entrepreneurs.

KSL Civic Association for Adult Learning (private institution, non-formal education, open to participants from other countries)

Education and training on cooperatives and social entrepreneurship

Case study

Myyrä – a Successful Social Enterprise

This project called “Myyrä – a Successful Social Enterprise” was performed by four different organisations together: KSL Civic Association for Adult Learning, Social Entrepreneurship Academy of Finland co-operative (SY Y Akatemia), Association for Finnish Work (Suomalaisen Työn liitto) and Mediajalostamo Oy. The coordinating organisation was KSL.

The aim of the project was to help social entrepreneurs to widen their knowledge of social entrepreneurship as a whole and also to gain vital business skills in making a successful social enterprise. Especially we wanted to give tools to market social entrepreneurship better in order to make it a business advantage for the participating organisations.



The training was aimed especially for social entrepreneurs that hold the Social Enterprise Mark in Finland or those who are considering of applying for the Social Enterprise Mark. One of the organising organisations of this project is responsible for governing the Social Enterprise Mark in Finland (the Association for Finnish Work) and they had not organised any longer trainings for their members before. Also one of the organisations – SYY Akatemia – had already kept two longer trainings for new social entrepreneurs and for those who are aspiring to become social entrepreneurs, so we chose not to focus on these groups as our target groups during the training.

We wanted to try out facilitation method called the flipped classroom method that we had not tried before. From the basis of our prior research, we had thought that this method might work very well in training for social entrepreneurs. The overall idea was to put the “normal classroom lecture material” to be studied online in the participants’ own chosen time before the training days and during the actual training days we had only facilitated exercises of the material and their business.

The structure of the course was as follows:

- Self-study pre-material online before the official kick-off
- 21.-22.9.2013: How to make a difference through an enterprise
- Self-study material online
- 12.-13.10.2013: How to solve societal problems in business and how to measure social impact
- Self-study material online
- 9.-10.11.2013: Marketing in a social enterprise

After the course the participant should have:

- Gotten more knowledge of social entrepreneurship movement
- Had tools how to market and lead a social enterprise
- Known how to measure social impacts and how to use these as their business advantage
- Networked with other social entrepreneurs and created a network and even created common project initiatives for the future.

We had 10 sign-ups from which one 1 could not attend after all and cancelled before the kick-off, so we had 9 participants as a whole.

The participants paid 250 euros themselves for the course but also the area’s Centre for Economic Development, Transport and the Environment (a government organisation) funded the course as a project.

Feedback of the course was as follows: the average was 4.4 (in a scale from 1 to 5, 5 meaning excellent). Everyone who responded to the feedback questionnaire said that they would recommend the training for any friends of theirs that are interested in entrepreneurship. We had a lot of praise regarding the facilitation techniques we used during the training days and also participants were happy about the whole ongoing and inspiring atmosphere of the training.

We were supposed to have participants that already had an established social enterprise, but after all we did have a couple of participants who were still pondering on their business idea. This meant obviously that all participants were not on the same page for some times of the exercises. As we already thought from the beginning, this training was not enough for the participants: they were left to crave more training on this subject. For instance more training was wanted from financing, product development, business profitability, how to build networks.

The used method – the flipped classroom method – proved to be a bit tricky in reality in this training: the participants were not very efficient in self-studying the materials online and therefore it was sometimes difficult to do the exercises as planned during the training days; sometimes we had to do a mini-presentation of the subject before the actual facilitated exercise once it was clear that too many of the participants had not studied the online material before as requested.

After organising this training for the first time with a project funding, repeating the training proved to be difficult without the same kind of funding. There seems to be the need for repeating this course, but not enough money to do so. However the training material is now available for the project participants to use, if they find a feasible way to do that. At the moment the project coordinator (KSL) has a smaller version of this training in their training calendar and will it gain enough participants is too soon to say.

The main challenge of repeating this course is that the potential participants most likely do not want to invest as much money as the training would, in reality, cost.

LATVIA

1. Stakeholders and their support

Stakeholder profiles

Ministry of Welfare, <http://www.lm.gov.lv/> (public body, financial (in future)/ legislative support)

The Ministry of Welfare is responsible for legal framework development for Social enterprise concept. Since 2016-2018 it is obligated to run financial support pilot project

for SE support.

Strength and weakness of pilot project can be analysed only after completion of the pilot project.

Foundation for an open society DOTS, <http://www.fondsdots.lv> (private/non-profit institution, previously – financial as of 2014 – non-financial support)

The Foundation for an Open Society DOTS (previously Soros Foundation – Latvia) fosters creation of an environment, process, and dialogue for an open society in Latvia, helping to seed ideas and conceive solutions. Participatory democracy, social entrepreneurship, inclusive society are main concentration areas of foundation. Over existence as “Soros foundation” it has supported large number of projects, initiatives and ideas.

Total financial support of social entrepreneurship activities since 2009 is almost 5 million EUR.

Strengths: Foundation has made valuable contribution to foster and support economic, social, democracy and educational activities both financially and non-financially. Foundation was and stays one of the main stakeholders in social entrepreneurship area.

Centre for Public Policy PROVIDUS, <http://www.socialauznejdarbiba.lv/> (private/non-profit organization, non-financial support)

PROVIDUS has been established in 2002. PROVIDUS mission is to promote knowledge-based policy, from the preparatory and decision-making to implementation of monitoring and evaluation. The main activities include research, policy analysis, discussion and training for public institutions. In the area of social entrepreneurship

development, PROVIDUS has contributed with 2 researches in 2012 and 2014, the analysing situation and profile of social enterprises.

Strengths: Valuable contribution towards formulation of the legal framework of social entrepreneurship; analysis of current situation.

Otra Elpa, www.otraelpa.lv (private/non-profit organization, non-financial support and small financial grants)

Charity shop as well as promoter of funds for charitable and social projects. Founders of the Otra Elpa are active in both financial and non-financial support towards social entrepreneurship development in Latvia. Business is based on three fundamental values; charity,

environmental friendliness and social responsibility. They are one of those, who started to develop „term“social entrepreneurship in Latvia.

Strengths: Otra Elpa serves as a role model and example of successful social entrepreneurship in Latvia.

Reach for Change initiative (in 2014) “Labas gribas uzņēmējs”, www.reachforchange.org, www.labasgribasuznemejs.lv (private organization/non-profit, financial support)

Reach for Change is an international non-profit organization that provides assistance to social entrepreneurs who have improved childrens' lives around the world. As part of activity, the Latvian branch has organised financial support competition with main prize of 15,000 EUR per year, for time period of 3 years.

Strengths: The positive aspect of the initiative is that it is first and largest social entrepreneurship targeted financial support. The strength also is that in cooperation with the media, the competition campaign was impressive and raised awareness of social entrepreneurship.

Weaknesses: The most important question is regularity. There is no information publicly available as to whether or not this will stay an annual or bi-annual event.

Latvian Samaritan Association <http://www.samariesi.lv/> (private/non-profit organization, non-financial support)

The “Latvian Samaritan Association” (LSA) is a voluntary, politically and religiously independent, public benefit organization. It is part of the Samaritan International network. LSA is one of largest NGO’s in Latvia with 550 employees and 300 volunteers. LSA offers a number of

social, medical and training services. Four main areas of activity are charity, social services, training and advocacy.

Strengths: LSA has been a member of a legal framework development group and acts as one of the role models for social enterprises in Latvia.

Latvian Chamber of Commerce and Industry (LCCI) www.chamber.lv (private/non-profit organization, non-financial support)

The Latvian Chamber of Commerce and Industry (LCCI) is a voluntary, politically neutral Society. It unites all economic sectors of micro, small, medium and large enterprises. LCCI is the largest non-governmental organization of entrepreneurs, consisting of 1,270 companies, 59 industry associations, and 20 other business associations. In 2014 they organised a forum dedicated to social entrepreneurship as part of larger project financed by the European Union, called “Pilot project for identification of social enterprises and evaluation of the impact to the economy of Latvia”. LCCI in 2013 and 2014 has contributed with 2 documents: “LCCI recommendations to policy makers on promotion and support of the social entrepreneurship in Latvia (in Latvian)” and the study, “United methodology for the research of social enterprises”.

The study concentrates on the content and comparative analysis but also includes quantitative analysis based

on the 4 major groups of criteria for social enterprises at micro, meso, macro and global level. Following the main NACE categories included: C,G,H,I,J,M,N,P. In total 44,833 enterprises were surveyed and conclusion states that 2% of Latvian enterprises use their profit for social aims, meaning that assumed percentage of social enterprises in Latvia is 2 percent. 57.4% of enterprises are in the environment protection sector, 38.5% in educational, and 33.8% working with social risk groups. 69% of social enterprises are micro enterprises with less than 9 employees.

Strengths: Specific activities of LCCI contributed to the formation of legal framework of social entrepreneurship support.

Weaknesses: The study is not publicly available, even though it was developed within EU project. Available only on request.

Social Entrepreneurship Development Foundation, www.suaf.lv (private/non-profit organization, non-financial support)

The vision of SUAF is “the development of social entrepreneurship in Latvia”. SUAF representative is one of the members in the social entrepreneurship legal

framework development group. One of SUAF’s main areas for focus is the research work of social enterprises.

Social Innovation Centre (SIC), www.socialinnovation.lv (private/non-profit organization, non-financial support)

SIC was established in 2010. The organisation aims to strengthen and disseminate knowledge, promoting the exchange of international and national experience and establishing a network for social innovation, thus enhancing the sustainable development of society. The main areas of work are: civic engagement, social entrepreneurship, active youth and relevant education system.

Strengths: SIC has contributed 2 recommendation documents created for social entrepreneurship start ups and municipalities, organised training for youth in regions and municipalities. Contributes via different projects. Promotes social entrepreneurship and tries to educate society as well as network with other support organisation in Latvia and abroad.

Situation Analysis

General overview

As stated in the report “A map of social enterprises and their eco-systems in Europe – Country report Latvia 2014” (to be referred to from this moment as simply “report”), the concept of social enterprise is rather new and under-developed in Latvia.

One of the first definitions proposed for social enterprise was developed by Dr.oec. Lasma Dobeles within her PhD thesis “Social entrepreneurship development possibilities in Latvia” (defended, 2014). It is also found in PhD research that most considerable factors hindering social entrepreneurship are the lack of legal acts and support instruments for social entrepreneurship. Considerable factors, which also hinder the spread of social entrepreneurship, include the lack of information and knowledge on social entrepreneurship.

It can be explained by the fact that official work on legal framework for social enterprise and entity has been initiated only as of March, 2013. The Ministry of Welfare has formed a specifically-dedicated working group to deal with the development of social entrepreneurship.

The report states that the term “social entrepreneurship” was first introduced in Latvia about five or six years ago (2008-2009) by pioneers of social entrepreneurship in the country; Otra elpa, a charity shop operated by “Idea partners fund” (an independent charitable foundation in Latvia) and MAMMU, a social enterprise. The young, new situation with the development of proper legislation also explains lack of a proper support mechanism in Latvia. The path towards legal definition of “social entrepreneurship” started within document created by the Ministry of Welfare called Concept “The introduction of social entrepreneurship opportunities in Latvia”. It was submitted to the governmental State Secretary meeting (February, 2014) and further on the process of governmental review was finalised only in October 2014. The main decision of government was in general support of proposed activities in the concept, while the main idea is that the Ministry of Welfare in collaboration with the Ministry of Finance will develop a draft project, which will include requirements and selection criteria for social enterprises by April 30. 2015. The Ministry of Welfare will launch a piloting of support activities from 1. January 2016 till 31. December 2018. The Ministry of Welfare, based on the results of the pilot testing and in collaboration with related ministries, have to prepare and submit a draft law on social entrepreneurship framework. The concept of social entrepreneurship possibilities introduced on the basis of the Declaration on Laimdota Straujuma (Prime Minister of Latvia) and it states: “Let’s develop the concept regarding the introduction of a social entrepreneurship possibilities in Latvia, assess alternatives for inclusive social development of entrepreneurship in Latvia, and offer directions of support social enterprises, distinguishing them from other types of activities .” The Concept is also based on the National Development Plan 2014 - 2020, which aims to stimulate public participation in solving social problems, promotion of social enterprise creation and activities.

According to the report, **key supporters** and also at the same time stakeholders can be classified in 4 major groups, listed below:

- 1) policy makers and public institutions (mostly involved in the legal framework development);
- 2) role models or in other words successful social enterprises;
- 3) higher education and research institutions.

As admitted in the report, as well as in the presentation by Social innovation Centre during Social Entrepreneurship Forum 2014, the drivers (supporters) of social entrepreneurship are self-proclaimed social entrepreneurs. These entities mostly operate as not-for profit organisations or limited liability companies. These legal forms even are not very favourable, but at the moment are the most reasonable for economic activity realisation of social enterprises in Latvia. None of the existing legal forms can serve the needs of social entrepreneurship, but as there is no other choice, some forms have to be adapted. Social enterprises who have chosen the legal form of the limited liability companies, currently have to work on the same terms as “classical, for profit” enterprise and pay the same taxes. Social enterprises acting as not-for profit organisations cannot develop active entrepreneurship due to this constraint of legal form. The not-for-profit organisations are allowed to have economic activity only as supplementary to the main purposes organisation is established for.

On top of the legal barriers there are no state aid/support programmes to develop social enterprises. Despite the absence of a legal framework and government support mechanism, there are enthusiasts acting in the field of social entrepreneurship and they are one of main stakeholders to promoting the social enterprise and social entrepreneurship concept in Latvia.

Legal framework as support mechanism

Legal framework for the social enterprise in Latvia is not existent at current stage (December, 2014). It has to be admitted that efforts to establish legal framework for



social enterprise have been strongly taken by the Ministry of Welfare working group. However, even the main draft for the development of a legal framework, called **the**

draft concept “The implementation of social entrepreneurship opportunities in Latvia” (from this point to be referred to as “draft concept”) was submitted to the government in February 2014, the governmental review and decision regarding the draft concept was made only in mid-October 2014. The positive aspect is that the need to start a new policy initiative is confirmed and according to the draft concept the financial support will be available from European Union (EU) funds.

At the same time, the legislation can be made no earlier than late 2018 or early 2019, after piloted financial support activities will be analysed properly, those taking place in the time period from 1. of January 2016 till the end of 2018. The Ministry of Welfare, based on piloting results in collaboration with the Ministry of Finance, the Ministry of Environmental Protection and Regional Development and the Ministry of Economy has to prepare and submit to the Minister of Welfare, until 1. July 2018, a draft law proposal to be addressed to government in the regular order procedures to the Cabinet of Ministers.

To start piloting activities the Ministry of Welfare together with the Ministry of Finance intends to develop and submit to the government the draft Regulation on the European

Union fund operational programme for “Growth and employment” with the specific objective called “**Support for the social entrepreneurship**”. It will contain requirements and selection criteria for social enterprises. The deadline for the draft is settled as 30. April 2015. The approach of piloting stage continued by legislative base is based on the decision of government, while no more explanation have been provided, justifying decision. Based on the governmental decision the expectations of stakeholders and working group were partly ignored and much faster permanent support was expected.

Some of the stakeholders of social enterprise and entrepreneurship concept development, namely DOTS, PROVIDUS and the Latvian Samaritan Association were not satisfied with the proposed solution and for a long period social entrepreneurs will be left without legal frameworks. These organisations in October 2014 composed a letter to the Prime Minister with a plea to reconsider the taken decision. Those invited to oblige the Ministry of Welfare to develop a legal framework for social enterprise operations and support and submit it to the Parliament until 31. December 2015. The request also does not define the legal form of organization as an essential criteria for participation in the pilot project.

Social entrepreneurs in Latvia as role models and supporters

Social enterprises in Latvia are the main stakeholders of concept promotion in Latvia. Furthermore, they are sometimes also supporters for new initiatives. The 7 organisations most commonly presented as role models in different research works, reports and other informative materials, classified as social enterprises in Latvia, are:

Mammu	http://mammu.lv/
Otra Elpa	http://otraelpa.lv/
HOPP	http://www.hopp.lv/
Latvian Samaritan Association	http://www.samariesi.lv/lv/
Ziedot.lv	http://www.ziedot.lv/en/
LuDe	http://www.lude.lv/
Wooly World	http://www.woolyworld.lv/lv/

Out of these seven examples, the specific stress has to be on Otra Elpa. The organisation support financially and by “in kind” support different organisation, promoting well-doing as a form social enterprises naturally has to be involved in.

Public support mechanisms and other type social entrepreneurship support

As stated in the report there are currently no specifically-designed public financial support mechanisms for social enterprises. However, based on the legal form self-claimed social enterprise has selected, following financial support schemes are available:

- 1) EU grants programmes;
- 2) Loan programmes;

3) Infrastructure and other support programmes (incubation, start-up support).

If an organisation has selected the form of not-for profit, financial support is mainly limited to the EU grant or other philanthropic organisation grants. The competition for such grants is normally high due to high number of not-for profit organisations, mainly relying on the incomes from the grants as one of the forms for existing.

One of the **main support mechanisms** currently available in Latvia for social enterprises is informative and networking support. As stated in the report, the main organisations providing informative and networking services are concentrated in the Riga region. These are the Centre for Public Policy PROVIDUS, the Social Innovation Centre (SIC) and the Social Entrepreneurship Development Foundation. However, DOTS also has to be mentioned as one of the main informative supporters due to its established tradition since the year 2009 to organise a Social Entrepreneurship forum and maintain social entrepreneurship as a topicality in Latvia. At the same time, according to the report one of the gap areas mentioned is lack of network of social enterprises. During Social Entrepreneurship Forum 2014, SIC representative has recognised that networking and share of ideas/connections within social enterprise area does not function effectively. One of the needs identified during the Social Entrepreneurship Forum 2014 and also recommendation by SIC is to promote more active networking mechanisms. The DOTS has come up with the idea to launch a Facebook page for quick updates as well enforce the idea of the necessity of establishment of association of social enterprises.

The informative support is not limited to the few organisations in Latvia. For instance the Business Development Fund in 2013-2014 ran a project called, "The Game of Creating a Social Enterprise for Youth". The idea of the project was to stimulate educational game of creating social enterprises and exchange of experience for socially responsible enterprises.

The Mentor Club of the Stockholm School of Economics (SSE Riga) in Riga also plays an important role in the different mentoring activities of social businesses. For instance in summer 2012, with the support of the Soros Foundation –Latvia, the club announced the competition "Sākums" ("Beginning"), giving access to funding and support of experienced entrepreneurs to new social entrepreneurship projects.

As a summary it has to be admitted that information available regarding the situation of social enterprises and entrepreneurship is very limited due to the lack of a proper legislative or regulatory base. Some support mechanisms

Case study

As support towards social enterprises is very fragmented and lack of financial support is one of main barriers. Three different financial support mechanisms will be briefly described as closest forms of financial support for social enterprises in Latvia.

LEADER

From a policy perspective, it is one of the four European Community (EC) initiatives financed by EU structural funds. LEADER is a targeted and mutually coordinated set of activities aimed at fostering rural development, encouraging rural inhabitants' search for new solutions of existing rural problems. LEADER was developed with the intention to improve the quality of life for people in rural areas, both thinking about the economic, social improvements and environmental conservation opportunities. The initiative is one of the tools for the financial support of different economic and social ideas, specifically actual for the local community. The grants in for the programming period 2007-2013 have been announced several times per year and varied, on average up to 15,000 EUR per project. Both for-profit and not-for-profit were eligible to apply. There is a network of 40 regional entities responsible for the establishment of a rural development strategy and managing LEADER activities, and the network covers 100% of Latvia. For the programming period 2014-2020 the intensity of support will vary from 70-90% and the maximum grant will be up to 50,000 EUR with some exceptions up to 100,000 EUR.

In the assessment analysis called "The Rural Development Programme 2007-2013 LEADER events and Measure 3.2.1. The results (as far as possible including the 2004-2006 period) and their impact on business development in rural areas" stated that over the programming period 2007-2013 there have been a total of 3,603 projects approved in Latvia, falling in to 3 main groups: rural economy with

have been established in the area of mentoring and informative support, but these are often of a fragmented nature and are project-based. Lack of specific, targeted financial and legislative support might be identified as main barriers for development of social economy in Latvia. However, a positive aspect is the recent (autumn, 2014) movement towards piloting of financial support programs for social enterprises as of 2016.

As noted also over the Social Entrepreneurship Forum 2014, the community of social enterprises in Latvia is relatively small, and it lacks proper internal communication, not to mention external, regional or pan-European communication. There is a clear need to establish a support network at a national level. As second or parallel stage, there is a need to consider a much stronger cooperation with European or regional social entrepreneurship networks/support mechanisms to enhance knowledge pool of local stakeholders in terms of proper social economy development.

801 projects (**including social entrepreneurship** with 27 projects granted); development of society with 1,577 projects granted and rural infrastructure with 1,225 projects granted. The criteria for social enterprises is defined as "designed to solve a specific social problem" and in wider context stated that Social Entrepreneurship is determined by the will to provide a service or manufacture a product intended for sale in the market and generate income, but in addition, solve local-level social problems. The total amount granted to social entrepreneurship projects is 227,000 EUR. However, it is possible that not all rural economy projects have been properly classified and might be that number of social enterprises is higher. In total number of social entrepreneurship projects makes 3% of total rural economy projects.

The LEADER programme is a relevant and successful example of indirect social entrepreneurship support for small, rural areas, serving the needs of specific communities. The assessment shows that the approved LEADER projects affected the wider business development. They create demand for locally-produced goods, generating income for local producers of approximately 13.3 million EUR value (2007-2013). The programme has also created 68 new places of work, while 420 places of work were preserved.

Reach for Change initiative "The entrepreneur of good will" (2014)

In the autumn of 2014, "Reach for change" made a call for the competition of ideas to support different ideas on how to improve the lives of children in Latvia. The competition was specifically children-related. In total almost 100 ideas were submitted and 7 of the best interviews were presented for public voting. The goal specified in the public communication states necessity to find, support and inspire the Latvian social entrepreneurs who work

in the area of improvement of children lives. A social entrepreneur is a person who has identified problem in society and offers innovative solutions.

The winner received financial support (EUR 15,000) and support from the media and consultancy for a period of 3 years. The positive aspect of the competition was the impressive media campaign on TV, the internet and other sources, indirectly promoting social entrepreneurship as positive feature. The created image of the campaign was positive and motivating. In Latvia, the initiative was the first of its kind in terms of financial support, openly declaring the need for social entrepreneurs. A gap of the competition might be the lack of and support of educational programmes for the participants, to motivate those to search for solutions and finance, even not being winners.

The initiative is a good role model for other philanthropic organisations to support social entrepreneurship as a sustainable economic activity.

Initiative “Brigade” 2010-2013

The Latvian Centre for Contemporary Arts and Soros foundation Latvia have created financial and informative support programme “Brigade”. The grant competition was held in 2 parts: the first attempt was in Riga in 2011 and 12 projects were granted, while the second round was organised in 2013 and available for Riga and regions with 29 projects approved. Even though the initiative was with the aim to supporting long-term, sustainable cultural and creative industries related ideas, still it had also social entrepreneurship support as well.

With the help of the first programme “Brigade” in 2010 social businesses like MAMMU, Hopp, Buteljons and 6 more gained the “seed-money” for the start of development. From the 11 organisations granted in the year 2010, nine of them are still active. The positive element is that

winners of the competition get the chance to meet and exchange ideas and experience with the previous grant receivers. The allocated grants in spring 2013 were up to 7,000 EUR. As part of the programme, various workshops led by experts from Latvia and the United Kingdom took place to inspire the young and potential entrepreneurs, as well as a competition. The total amount of 14 grants was distributed to 14 new initiatives.

The positive aspect of the initiative is a combination of financial and educational support and continuity. The positive aspect is the sustainability of granted projects. These kinds of initiatives, with a combination of sustainability, educational and financial support might be taken as the models for social entrepreneurship support in Latvia, however concentrating to a wider range of social challenges and not exclusively art or craftsmen and culture-dedicated. A positive factor was the fact that municipalities outside Riga co-financed projects and were also involved with practical assistance in the implementation of projects. For example, the municipality of Cesis, based on the positive experience of the Brigade initiative, decided in 2014 to implement a similar grant programme. As acknowledged by the project implementers, engaging in the programme was not only an opportunity to gain financial support, and meet other project implementers, but the support gained from the media was particularly significant.

The described above cases studies are possible role models for successful public and private funding support distribution in Latvia and also neighbouring countries. These examples prove that there is a need for “seed-money” to help social entrepreneurs establish themselves. It also proves that sums for support not necessary has to be in hundreds of thousands, but for beginning can vary in a relatively small range.

2. Educational support for social entrepreneurship

Stakeholder profiles

Latvian Christian Academy, Professional Master study programme “Social Business Administration”, <http://en.kra.lv/studies/master-level-studies/>

(private institution, formal education, the course is open to students with a Bachelor’s degree in economics or social work. Studies are available in English, Russian and Latvian. Students are welcomed from abroad through Erasmus schemes.)

The study programme was accredited on 3. July 2013 with study direction of “Social Welfare”. The degree awarded: a professional Master’s in social entrepreneurship

management. The length of studies varies from 1.5–2.5 years, depending on previous experience.

The educational programme is new, meaning that it has yet to get some reputation. The fee is 1,450 EUR per year and it is competitive. The minus could be that the academy is very much religion-related. The programme also includes social work, meaning that the programme might be more concentrated only on vulnerable groups.

Social innovation Centre, www.socialinnovation.lv

(private institution, non-formal education, meant for potential SE start-ups, the video materials are available also in ENG; printed materials are mostly available in Latvian)

Project-based initiatives of trainings and development of educational materials, videos. Available for free use and distribution, links to the educational materials in English.

Business Development Fund

(private institution, non-formal education, meant for potential SE start-ups, policy makers, NGOs; course is mostly in Latvian)

Situation Analysis

In relation to the previous section, stating a lack of legal framework and proper financial and other types of support, it can also be seen that educational support is not yet well developed in Latvia. It is reasonable, as theory cannot

Formal education:

The Latvian Christian Academy, a higher education institution in Latvia, is the only institution that runs an accredited Master's programme on social business administration. The programme "links principles and methods of social work and social entrepreneurship in an interdisciplinary package". The course curriculum, inter alia, covers the organization and running of a social business and also deals with the social needs that socially marginalized people have. The programme is very new, accreditation was finalised in 2013 and at the moment 5 students are enrolled.

The Latvian University of Agriculture offers "Social entrepreneurship" as part of the Master's degree programme "Business administration". The course started in February 2012 and in total it contains 16 hours of lessons. In total the course results in 3 ECTS points. The course summary states that the aim of the course is to learn the nature of social entrepreneurship, guiding principles, and criteria for the identification. Awareness of the role social enterprise plays in the solutions of socio-economic problems. Learners will acquire the practical skills of establishing and running social enterprises according to its purpose and Latvian legislation. After completing the course the students are expected to have:

- Knowledge - about the nature of social entrepreneurship and its operating principles. A deep and broad understanding of the role of social business and the impact of the microcredit movement, reduction of poverty and other socio-economic problems of Latvia and in the world.
- Skills - to set up social enterprises in accordance with the laws and regulations of Latvia and respecting the basic principles of a social enterprise.
- Competence - identify the nature of business and social functions, an understanding of the role of socio-economic problems and sustainable economic development.

Non formal education

Non-formal education is a term covering various structured learning situations. The most active organisations in Latvia in the field of non-formal education related specifically to social entrepreneurship are few.

The Latvian Christian Academy offers different courses, for instance, "Conception of social economy

Development of course for social entrepreneurs; development of quality assurance handbook for social entrepreneurs

exist without practice and the lack of widely-used social entrepreneurship is evident in Latvia. For that reason, only few stakeholders might be identified in the educational support area.

The University of Latvia offers a course called "Social economy" and 4.5 ECTS points are awarded after successful completion. The total lecture time totals 32 hours. Course summary: the course aims to introduce students to the subject of the social economy and the social policy development principle and its role in ensuring the welfare of the population. It highlights the problem of social issues on both microeconomic and macroeconomic levels. Theoretical ideas are linked with the social realities of both Latvian and other countries' contexts. Active discussions and seminars are devoted to justifying the best alternatives within different social issues. Based on the independent work of students, the comparison of the Latvian social problems to other countries is part of learning process.

BA School of Business and Finance

Since 2012 senior students of BA School are offered the elective course "Social Entrepreneurship". This is one of the steps taken by the BA School to direct themselves towards other approaches in Latvian business education.

The Stockholm School of Economics offers elective course in social entrepreneurship and for several years have been one of the supporters and organisers of the Social Entrepreneurship Forum. The school is well known for its creative and intensive approach towards practical learning. As one key example, the Grameen Creative Lab team pilot project should be mentioned; a holistic workshop approach in the field of social business in the form of the Connected Village workshop, which created a hands-on learning experience in 2014.

SSE Riga offers electives section "C" courses about Social Entrepreneurship (3 ECTS credits) within the Bachelor's degree programme "Economics and Business". The course is led by Fionn Dobbin. The course is also available for interested parties. The total price is EUR 300.

and global networks". The course can be learned over the evenings. The course takes 4 evenings and costs 64 EUR. Starting from 2015 the academy offers 2 courses related to social entrepreneurship, and will most probably continue to be an active stakeholder within the educational sector of formal and non formal education related to social entrepreneurship.

• **“Entrepreneurship Funds: social enterprise section”**. The course runs for 4 evenings during January 2015. The course presents funds available for social entrepreneurship, targeting social projects, stimulating establishing of social enterprises.

• **“Capital and investments of social entrepreneurship”**. The course runs for 4 evenings during January 2015. The course introduces students to social capital as an economic category management issues, the company’s type of resource efficiency. An analysis of the social capital of a business and the impact of investment assets of a company’s management, as well as the competitiveness and sustainable development objectives.

• In previous years, the academy has been a partner in three Lifelong Learning ERASMUS Intensive Programmes (IP) in social entrepreneurship; in 2012 “Social entrepreneurship and the dynamics of the development of democracy in Europe”, in 2010 “Social economy main directions: problems and solutions”, with involvement of students and teachers from Tartu University, Vilnius Pedagogical University (now Vilnius educational Sciences University), Babes-Bolyai University in Romania (Cluj-Napoca) as well as students and teachers from Denmark and Hungary.

According to the information from the representative of the academy, continuing education courses on social entrepreneurship are planned to be launched this year in March/April. At the moment they are available as part of the study programme. More information (in Latvian) <http://kra.lv/klausitaju-kursi/>.

The Social Innovation Centre via project-based initiatives develops educational and video materials in the national language to provide the public with easy and free access to social entrepreneurship materials. In addition, the organisation keeps an online Library, where links to free online possibilities to be educated

in social entrepreneurship are collected into one place. During 2013 the organisation within the project “Social innovation – way of living” organised 5 training seminars for different target groups in Latvia, as well as running 2 educational lectures within a video conference format for the local municipalities. Organisation serves an important role in the promotion of free education within the social entrepreneurship sector, however, it is fragmented nature of activities due to its projects-based approach.

In 2014 a project organised by the Business Development Foundation executed the, “Game for establishment of Social enterprise for youth”. Training topics addressed social exclusion issues. The training was organized for 40 youth representatives. Young people had the opportunity to apply for the project and get selected. The training was free of charge.

The plus which also has to be mentioned is the **Society of Children Social and Financial Education**. The NGO develops (<http://www.aflatoun.org>) activities in Latvia and social entrepreneurship is one of core elements of programme. First trainings for trainers have been done in 2013, since then more than 100 teachers have been trained in the programme in Latvia. The programme targets youth from 9-18 years.

As a summary, training and education in social entrepreneurship has just few examples of note; however, hopefully the Social Entrepreneurship pilot project from 2016-2018 (with the support of EU funding) will provides training, courses and tutorials, as promised within official documentation by the Ministry of Welfare. Due to lack of proper educational support, regional cooperation within educational support must also be characterised as weak. One of the main recommendations for educational and policy institutions in Latvia is to strengthen short and long-term cooperation, project-based approaches and the constant development of new educational modules, dedicated to educating others in social entrepreneurship.



Case study

Social entrepreneurship forum

As non formal education takes different forms, in Latvia the most successful case study for non formal education has to be the Social Entrepreneurship Forum organised by DOTS, previously Soros Foundation, PROVIDUS and other valuable stakeholders of social entrepreneurship in Latvia. The forum as a form of networking and non formal education has been happening for seven years already, and provides non formal learning for interested participants by inviting lecturers of national and international context. For many years the **Stockholm school of economics** has been an active partner of the forum, making the educational component even stronger. The forum – an annual event with several days consisting of parallel modules – is an excellent example of sharing knowledge in a non formal way. The average number of visitors over the past years has from 100 up to more as 200 visitors, showing great interest and willingness to get educated and to be informed about social entrepreneurship.

The event is one of the biggest impacts towards social

entrepreneurship development in Latvia. It brings together NGO's, policy makers, potential social enterprises and existing ones for fruitful discussions and learning. The organisation of event might be seen as a role model for its constantly changing program, attractive speakers and continuity.

In conclusion, there is a lack of constant availability of courses about social enterprise, social economy and social entrepreneurship. The current project-based and limited courses offered does not allow social entrepreneurship to develop at a sustainable, thriving pace. Much more efforts have to be put within the area of social entrepreneurship development, especially within non formal education, where short, online, distance educational forms have to be available in the national language. The necessity to include social entrepreneurship as a module within different business development education programmes for Bachelor's and Master's degrees is also an important area to work on, in order to strengthen the position of social entrepreneurship in Latvia.

3. Impact analysis of social entrepreneurship

As there is still a huge gap in terms of social impact measurement of social economy in Latvia, a post on 30. December 2014 was made, requesting to share relevant information regarding social impact measurement. Similar to educational support feedback, no recommendations have been received regarding impact measurement. Furthermore in some web-based research, when searching the terms "social change analysis" and "social impact (analysis)", none of these had an positive results.

The main stakeholders of social impact analysis are higher education institutions, mostly concentrated on sociology and related institutes of agencies of these HEI's. Policy makers, e.g. The Ministry of Welfare as well as non governmental organisations, were involved in different political and social processes. In the majority of European Funding applications some aspects of social impact are requested to be measured; those take the form of quantitative and qualitative indicators. For instance, the number of specific persons involved in the project from vulnerable groups (as a quantitative indicator) or the network of specific social problem support organisations created (as a qualitative indicator).

As in Latvia, social impact measurement of social enterprises is in its early developmental stage, and there is a lack of extensive examples or description regarding dedicated studies of social impact measurement in Latvia. Regarding the "impact" concept the Social Entrepreneurship Forum 2014 should be mentioned, as it stressed "Impact" and its different aspects during this year's forum. The programme of the Forum is structured around three big themes:

Impact – understanding the concept. What does "impact" mean, and what kind of impact should a social enterprise strive to achieve? The concept of impact will also be used as a tool to explain the nature of a social enterprise and social investment market.

Achieving impact – the "know-how" part. Hands-on workshops on starting a social enterprise or growing it to achieve impact.

Measuring and communicating impact – various tools and approaches, including some light forms that would be useful for small-scale start-ups (which represent the majority of SE in the Baltic states), storytelling.

One of the closest attempts to analysing impact was done by Dr. oec. Lasma Dobele. Research carried within Phd thesis states that to identify the gains from social entrepreneurship in Latvia in quantitative terms, it is important to estimate financial gains of the central and local governments from social entrepreneurship. As statistical data on social entrepreneurship is not collected in Latvia, the calculations were performed based on international experiences (mainly in Ireland and Lithuania). It is envisaged that 250 social enterprises might be established in Latvia in 2015. Based on experience in Ireland, it is important to increase the number of social enterprises from year to year to increase employment in social entrepreneurship. It is assumed that on average the number of social enterprises will annually increase by 50 units. Based on international experience, research assumes that during the first active social entrepreneurship development approach in Latvia, approximately 1,250 new jobs will be created, of which 50% are occupied by

individuals from socially sensitive groups (according to the experience of Lithuania, they are mainly the disabled). Over a period of six years (until 2020), it is envisaged to create on average 4,000 jobs.

National economic gains result from the state mandatory social insurance contributions (SMSIC), the personal income tax (PIT), and the business risk state fee.

The calculations reveal that by employing individuals from socially sensitive groups through social enterprises, the national and municipal financial gains will be equal to approximately EUR 341.5 (a thousand during the first year of the operation of social enterprises. It implies that during the first year of the operation of social enterprises, the government will suffer a loss of EUR 370, 000. According to the forecast, the tax revenue from the operation of social enterprises will increase, reaching EUR 1.7 million in 2020.

The usage of term “social impact“ in Latvia is often associated with “Social environment (impact)“, meaning often psychological impact of environment in specific social entity (family, school, job etc.) to/towards specific individuals or groups of individuals. The concept of “social environment“ is more related to social psychology and social work, but these are closely associated in Latvia. In general the term “social“ in Latvia has negative associations, e.g. “social problems“. Often the term “social (impact)“ is instantly associated with negative social processes; unemployment, for instance.

The common trend is to analyse both economic and social indicators in parallel, as social impact analyses as a single activity is rather rare in Latvia. Prof. G. Klasons in the publication “*Capabilities of Cultural events impact assessment. Riga - European Capital of Culture 2014*”¹ example , states that: “Impact measurement of the socio-economic mass events is not a new theme for cultural research (rooted in the economic impact measurement of mass sporting events). Particularly significant impact assessment is for events partially or fully funded by the state and/or local government budget, maintaining tax revenue utilization efficiency. However, in practice these types of evaluation studies are still the exception rather than self-evident part of the organization of cultural events...” Most often sociology is a science that deals with different social processes, including different impact measurements, but those are targeted to specific areas; demography, employment, etc.

The majority of of assessments and research in Latvia is concentrated on economic impact assessment, but not on social impact. However, social impact might be included as part of a combined assessment. In the majority of cases, impact measurement is executed by public institutions, measuring improvement of the life quality of vulnerable groups. These measurements are done either locally by social workers of municipalities or by the Ministry of Welfare. Social impact might be measured as the number

of unemployed persons served with educational courses, information, etc. and the efficiency of these activities. Social impact measurement is very new terminology for Latvian society, especially in the area of measurement of social impact of social enterprises.

Most often impact analysis is promoted by international organisations as part of the project, providing some lecturing activities. As stated previously the Social Entrepreneurship Forum 2014 has stressed the necessity to measure social impact.

The most important stakeholders for social impact measurement of social enterprises can be classified in several groups:

- **Public institutions** – namely, the Ministries of Finance, the Ministry of Economics and the Ministry of Welfare. The data of impact can/might be used for different modulation and descriptions of role of social enterprises in Latvia;
- **Other public institutions** – e.g. municipalities might be interested to have relevant data about situation of impact to the inhabitants of specific territory;
- **Research organisations** – those working in the research field related to social processes and social enterprises might be interested to get relevant data on the topic to produce scientific publication or use data in the EU projects;
- **Social enterprises** – can benefit from having a impact analysis tool, to prove social impact as efficient measurement indicator.

Courses: As identified, there is a lack of proper social impact measurement activities in Latvia, however some of the courses within universities might serve some basic understanding of social impact measurement. The only relevant course found during research period (November 2014 – January 2015) is following:

Social stratification and social change. Provider of the course: University of Latvia, Faculty of Social Sciences. Course summary: Students learn in-depth the social stratification and social change theories, examining one or another aspect of this theory. Social stratification of social change (from command to market economy, from authoritarianism to democracy, from forced egalitarianism of the chaotic inequality) in Latvia. The course objective is to provide an in-depth understanding of the social stratification and social change theories, to encourage them to independently analyze. In total the course includes 58 hours of lecturing and is available for a specific fee.

Web tools and other materials: over the study period the only web-based tools have been identified at www.socialinnovation.lv. The video materials are in English and Latvian, educating about social entrepreneurship in Latvia and abroad and the impact social entrepreneurship can make on society, and has already, but none of the specific impact assessment measurement tools have been identified.

¹ Available at: <https://culturelablv.wordpress.com/2014/05/07/kulturas-pasakumu-ietekmes-novertejumu-iespejas-riga-eiropas-kulturas-galvaspiliseta-2014-piemers/> (last accessed on 30.12.2014)

Handbooks:

The Business Development Fund has developed within the EU funding project “Manul for quality management system at social enterprise”. It is available for free at: www.biznesa-attistiba.lv/userfiles/file/Soc_uzn_kval_vad_rksgr.pdf

Social innovation centre provides the link to the free handbook “Social Enterprise Planning Handbook”. It was developed by Freer Spreckley (Local Livelihoods) and the development of toolkit was supported by the British Council in 2011. The link: <http://www.britishcouncil.org.ua/en/programmes/society/social-enterprise-development>. SIC provides 2 guides; “First steps in Social business” and “Social business guidelines, best practices and recommendations – the summary for Latvian municipalities”, but none of these are impact-oriented.

“United methodology for the research of social enterprises” (2013).

Individuals:

Dr.paed. Nina Linde was one the authors of the research “United methodology for the research of social enterprises” (2013), as well as the study “Identification of social enterprises and their economic impact assessment in Latvia” (2014).

Dr. oec. Lasma Dobele has defended her PhD with a topic related to social entrepreneurship development in Latvia. She might be one of the competent representatives within the social entrepreneurship field, including impact measurement.

PhD student Jānis Balevičs develops his research in the area of financial support mechanisms for social entrepreneurship.

The two most relevant studies of economic impact measurement of social enterprises, were done by the **Latvian Chamber of Commerce and Industry (LCCI) and Dr.oec. Lasma Dobele**. While study or LCCI concentrates mostly in the identification of criteria for social entrepreneurship, PhD research calculates one of the aspects of economic impact that social enterprises can deliver in a long term run. A summary of the PhD thesis is available at:

http://lufb.llu.lv/dissertation_summary/entrepreneurship/LasmaDobele_promoc_d_kopsavilkums_2014_LLU_ESAF.pdf

Social enterprise “Otra Elpa” www.otraelpa.lv measures its impact in money and the number of items given for charity. The report is simple in design, describing all activities classified as social impact.

In general, there is a lack of information available for social enterprise impact analysis. Even the Ministry of Welfare states that one of features of social enterprise has to be the ability to demonstrate measurable positive social impact, but at the same time it does not provide further hints of specific measurements of “positive social impact”. Hopefully, these measurements will arise as of the social entrepreneurship support piloting programme 2016-2018.

LITHUANIA

1. Stakeholders and their support

Stakeholder profiles

Ministry of Labour and Social Affairs (public body, financial support)

Measures to promote social inclusion, tackle youth unemployment, labour integration of the disabled and other target groups, modernisation of social services.

Without the social entrepreneurship concept approved, it is difficult to refocus support from traditional social business/firms towards innovative social enterprises and initiatives.

Ministry of Economy (public body, financial support)

Measures to foster entrepreneurship and support SMEs

Ministry of Agriculture (public body, financial support)

Measures to support social entrepreneurship among rural communities.

Ministry of Interior (public body, financial support)

Measures to support social entrepreneurship among urban communities.

Association of the Social Firms, <http://www.socim.lt/> (private organization, non-financial support)

Lobby and support to its members

Weaknesses: Limited resources

National Union of the Social Firms for the Disabled, <http://www.nsis.lt/> (private organization, non-financial support)

Strengths: Lobby and support to its members

National Institute for Social Integration, www.zmogui.lt (private organization, non-financial support)

Promotion of social entrepreneurship and pilot initiatives, project-based activities

Weaknesses: Limited resources

Situation Analysis

The concept of “social enterprise” is understood differently by different groups of stakeholders in Lithuania. Most policy makers interpret social enterprise in a narrow sense (following the legal definition which narrowly refers to work integration social enterprises) while the social sector representatives tend to interpret the concept more broadly, referring to the concept of “social entrepreneurship”.

The ‘Concept of Social Entrepreneurship’ was developed in 2014 by representatives of the Ministry of Economy, the Ministry of Social Security and Labour, the Ministry of Agriculture, the British Council in Lithuania, NGOs, individual experts and other stakeholders. The document was a task from the work plan of the Ministry of Economy. However the concept has not yet been approved as of January 2015. The participants of the ‘Social Enterprise Summit’ (held in March 2014) and the follow-up event (June 2014) agreed that the mission and purposes of current social enterprises corresponds only partially to the concept. The concept determines that social enterprises aim for profit, but also orient towards social welfare in a broad sense; gained profit is reinvested into further business operations, improved working conditions of the employees and contribution to the wealth of the community or certain social groups or solution of their specific problems. It is expected that the concept will be approved by the Minister of Economy in July-August 2014, and later a detailed plan of measures to implement the concept will be developed.

In Lithuania a Law on Social Enterprises (to be referred to from this point on in the document as the Law) was passed in 2004 (amended in 2011) which defines a social enterprise as “any sort of enterprise that is set up to create employment



for people that are severely disadvantaged in the labour market”. The Law distinguishes two types of social enterprises: social enterprise and social enterprise of the disabled. Both types of social enterprises have to meet the prerequisites in order to qualify for social enterprise status (creating employment for people that are severely disadvantaged in the labour market; they should respect list of non-supported activities; other).

In 2004 Lithuania was among the first new EU member states that adopted the Law on Social Enterprises. At that moment this Law created favourable conditions for surviving of the existing organisations of the disabled and gave impetus to the establishment of new social companies. Despite its amendment in 2011, the Law is still operating with some flaws mainly due to these reasons: (1) the constantly growing number of supported employees in social enterprises determine growing demand for subsidies; (2) State support is distributed inadequately as only a limited number of socially vulnerable group of people employed via social enterprises receive direct support, since you have to qualify as a social business and keep track of those employed from the vulnerable groups. The ratio of workforce from the vulnerable groups should not be lower than 40 percent of the total and no less than 4 employees. If other members of the vulnerable groups are employed by regular companies those companies are not subsidized by the state.

Given the present position, on the one hand, there are the following initiatives to revise and amend the legislation: to restrict more a list of non-supported activities, by specifying the business sectors and areas where those companies can operate in order to avoid competition disbalance, for example business consulting companies register as a social enterprise to seek privileged consulting contracts from the public sector institutions due to public procurement clause of 5 %; to tighten the requirements for receiving status of social enterprise; to increase the number of employees from the target groups (not only the disabled) to be employed, and to maintain support only for the employees with the most severe disabilities. On the other hand, there have also been initiatives to expand the boundaries of social enterprises beyond work integration. However, such proposals were “stuck in bureaucratic corridors”. There are two associations of social enterprises which are lobbying actively and opposing any such initiatives to expand the boundaries of social enterprises.

Public support and initiatives

There are two laws in Lithuania that determine state support for the disadvantaged: the Employment Support Law and the Law on Social Enterprises. These are the main laws to support employers who hire disabled employees and other members of the target groups (including the long-term unemployed, persons of pre-retirement age, ex-offenders, single parents and drug-addicts) in Lithuania. Under Article 13 of the Law on Social Enterprises eligible companies are entitled to public support (funding schemes), depending on their status. In general social enterprises are eligible for state aid in the form of partial reimbursement of wages and state social insurance contributions; subsidies for the creation of workplaces, adaptation of workplaces to disabled employees; subsidies for training; subsidies for adaptation of work environment for the disabled; reimbursement of additional administrative and transport expenses as well as reimbursement of expenses on an assistant (sign language interpreter).

Beside the above subsidies, legally established social enterprises are granted other exemptions from the laws

Networks and mutual support mechanisms

There are currently no networks and mutual support mechanisms for social enterprises or marks, labels, certification schemes

Social investment markets

A social investment market is still in the formation phase in Lithuania as there are not many investment opportunities (despite public subsidies and other initiatives described) focused specifically on social enterprises/social entrepreneurship. Social enterprises mostly being SMEs

(a zero tax rate; at least 5 per cent of public procurements in public sector should be from social enterprises). State Public Procurement Agency is in charge of supervising the proportion as well as associations of the social businesses try to monitor the situation. Social enterprises as other public entities are eligible for some grants under the ongoing EU programme and projects. There are not specific publicly-funded regular training courses or training programmes on social entrepreneurship. Only individual training initiatives or short-term training under the ongoing EU projects were arranged on social entrepreneurship.

A legal entity can also carry out social purposes without having the status of ‘social enterprise’, for example, charities and sponsorship funds, public entities, NGOs and associations. Some of them could be characterized as ‘de facto social enterprises’ if compared to the EU legal definition of social enterprise (‘broad definition’). However, they are not qualifying for any state support or other benefits as the companies with the status of ‘social enterprise’ do.

could use the financial instruments for business expansion (financial engineering and related instruments). The demand of social enterprises is constantly growing and their needs for finance are fully satisfied. The main market gaps identified were related to the disproportionate state support provided to the disabled (when the highest support is provided for the disabled in the social enterprises) and conditions and scope of public procurements which are conducted through social enterprises.



Besides public financial schemes available for social enterprises there are different type of investment funds or financial platforms specifically focused on support of social enterprise (as understood commonly) (programme 'Burės'). 'De facto social enterprises' which do not have

Spectrum of social enterprises

In Lithuania, the "social enterprise" status can be obtained by an entity of any legal form (except for state and local authorities, trade unions, religious communities and associations) that meets the prescribed conditions. Current social enterprises use the following legal forms:

Scale and characteristics

The number of legally recognized social enterprises is reported to be 133 (June 2014), of which 64 have the status of a social enterprise of the disabled and 69 have the status of a social enterprise. There is no detailed research or processed data on the sources of income of legally established social enterprises. The main part of income comes from direct trading (services and products)

Factors constraining the start-up and development of social enterprise

The main barriers for the development of social enterprises in Lithuania, include the limited share of disabled participating in the labour market (very large numbers of disabled are not motivated to work due to disability pensions), the narrow legal framework of social enterprise, the absence of specific financial support for de facto social enterprises, lack of monitoring of social

Sources of income

There is no detailed research or processed data on the sources of income of legally established social enterprises. Thus some generalizations could be made only from the second sources of information. The main part of income comes from direct trading (services and products) and public sector procurements. About 80 per cent of social enterprises are profitable.

As the biggest part of social enterprises are private limited liability companies, they do not get any membership fees or income from the property rent (this type of activity is included in the list of non-supported activities). Subsidies received as state aid are not considered as income of the company, although they could form a significant part of company's funds.

Most social enterprises actively participate in public sector procurements. About 40 per cent of social enterprises participate in tenders regularly. The report of the Public Procurement Office shows that under Article 91 of the Law on Public Procurements purchases from the social enterprises decreased by more than 30 per cent: in 2011 procurements constituted 72 million Lt (€20.85 million) and in 2013 - 48.5 million Lt (more than €14 million). The

de jure status of social enterprise lack public incentives (such as subsidies, tax relief or other) to satisfy their demand for finance. They seek external finance or invest their own funds.

(1) private limited liability companies; (2) public limited liability companies/stock companies; (3) public entities/establishments; and (4) individual enterprises. For the most part of current social enterprises are private limited liability companies (111 out of 133).

and public sector procurements. About 80 per cent of social enterprises are profitable. No data on the social impact delivered by social enterprises are available in Lithuania. Lithuanian Labour Exchange does not have any data on the use of volunteers in social companies; all companies employ staff which get salaries.

enterprises (for example, there is no research on this issue in the country) and some specific issues, including the list of wide non-supported activities and requirements for the maintenance of number of persons of the target groups as determined by the Law. There are plans to review current legislation.

trend could be seen that the amount of purchased works has decreased and the amount of purchased goods has increased over the last 3 years. 43.1 per cent of goods, 30.3 per cent - services and 26.6 per cent - works were purchased in 2013 contracts.²

The most popular purchases were various furniture and cleaning services (19 per cent each) in 2013. In 2013 compared to 2012, slightly more contracting authorities purchased from social enterprises: 573 in 2012 and 584 in 2013. The biggest clients of social enterprises were three district municipalities (Trakai, Kaunas, and Elektrėnai) which procurements from social enterprises comprised 3-6 per cent of the total purchases from social enterprises each. The Public Procurement Office found that some of the contracting authorities disregard the requirements of Article 91 and do not include purchases from the social enterprises in their procurement plans and summaries. The Office drew attention to this binding obligation and urged the authorities to respect it.

Procurement analysis for social business in 2011 shows that only 1.6 percent was procured from social businesses.³ Therefore it could be seen that large part

² A map of social enterprises and their eco-systems in Europe. Country Report: Lithuania. European Commission, 2014.

³ Source: Website of National Union of the Social Firms for Disabled: http://www.nsis.lt/lt/statistine_informacija



of the companies are profitable, almost half of them are reliant on public contracting. There is no statistics available on company level that could allow making more reliable generalisations.

Opportunities for regional cooperation:

- to have joint advocacy activities to inspire, educate and pressure our respective public administrations to create conditions where impact-oriented and financially sustainable social enterprises can thrive;
- to collectively develop creative solutions for product/

Case study

The network of Social Enterprises in Lithuania is not established, however there are two organisations that unite social firms; social enterprises based on the employment of the disabled and other target groups. Although they don't use the holistic approach to social entrepreneurship but instead focus on the criteria set by the Law for social business/firms, it is a good starting point.

There are two associations for the social firms/businesses:

The Association of the Social Firms (<http://www.socim.lt/>) was established in 2003, and has about 20 members. Serves as a lobby organisation to it's members and the sector at large. They are more focused on the

service design, branding, and marketing for social enterprises, to test those approaches in our respective countries and to exchange experience. In the longer term, to establish the regional social enterprise acting as an intermediary for marketing and sales of products and services of other social enterprises. Its activities would not be just about "general awareness of consumers". It would target other social enterprises' value proposition to specific client groups - to increase the sales, investability and scalability of social enterprise – and, of course, finally their impact.

employment of other vulnerable groups, not specifically the disabled.

The Association of the Social Firms for the Disabled (<http://www.nsis.lt/>) was established in 2010, and their mission is to create a supportive environment for people with disabilities for intregation into the labour market through social enterprises. It has about 20 members as well. More focused on social business employing the disabled people.

The support social businesses receive from the state is linked to each member of vulnerable group they employ.

2. Educational support for social entrepreneurship

Stakeholder profiles

Kazimieras Simonavicius University, www.ksu.lt (private institution, formal education, for undergraduates in Business and management students, not open for other participants)

Selective course on Social innovation and social entrepreneurship.

The course will start in February 2015 for the first time

Vilnius Gedimino Technical University, Department of social business, www.vgtu.lt (public institution, formal education, for Business and Management students, traditional social firms, graduate and undergraduate studies, not open for other participants)

Formal courses and training workshops.

Weaknesses: More focused on traditional social firms





Situation Analysis

Due to historically strong influence and number of social firms focused on the employment of the disabled educational support as primarily targeted at social workers and managers of social firms rather than targeting social innovators and broader target group. However there is a tendency for informal and project-based training and advisory activities to new type of social innovators and social entrepreneurs.

There is no formal education for social entrepreneurship in Lithuania. However there some linked programmes, or some individual courses.

Although networks play an important role in the social enterprise eco-system, there are no regular specific networks of social enterprises or any other regular mutual support mechanisms in Lithuania. Existing associations of social enterprises tend to be more formal measures where regular networking is not sufficiently developed. There is an association 'Lithuanian National Forum of the Disabled', but it mostly represents interests of the individuals rather than social enterprises.

At the same time, there are individual networking initiatives or ad hoc events funded by various donors (including banks, bilateral support programmes, and individual grant projects). Meanwhile the beginnings of some regular networking activities could be identified. For example, in March 2014 the first 'Social Enterprise Summit' was organised in Vilnius. The 2-day forum gathered entrepreneurs, policy makers and other stakeholders to debate and discuss ways to contribute towards development of social enterprises in Lithuania. It was more focused on social enterprises in a broad sense, i.e. companies that has some characteristics of social entrepreneurship. Social innovators believe that this forum could develop into a series of annual future forums dedicated on the specific issues of social enterprises and social entrepreneurship.

Local Make Sense group together with the NGO Geri Norai (Good Wishes) started to organise monthly meetups of social innovators and social entrepreneurs since September 2014. In 2015 the Social Business Accelerator - Socifaction was launched by a number of partners within the Erasmus-funded project. (<http://www.socialinisverslas.lt/#socifaction>) . The accelerator is going to train 20 Lithuanians and 20 Latvians about social entrepreneurship.

One of the organisers of the forum was the NGO Avily's ('NGO Hive'), which is a coworking space for NGOs and social innovators to work, create and communicate. Under its umbrella the following organisations (list is not exhaustive) are co-working, on a partnership and volunteering basis, to implement various social business initiatives:

1) National Social Integration Institute - NSII (<http://zmogui.lt/>) - creates and applies social innovations that contributes to social integration of people from vulnerable groups (initiative 'Social taxi' – see below);

NSII has been running number of social business initiatives for the last several years, including an annual summer camp for young social entrepreneurs in Antaliete, Lithuania, since 2011. The Institute has also been managing a coworking space NVO Avily's (NGO Beehive) for NGOs and social entrepreneurs since 2011.

After receiving a small grant they have launched a social taxi project in Vilnius in 2012 (<http://socialinistaksi.lt/>). They own a car (they plan to expand and operate more cars) that can accommodate a wheelchair. The purpose is to provide subsidised taxi services for the disabled in Vilnius. Anyone from the target group can call the taxi and pay a flat fee for the transportation. The driver acts as a nurse and helps move in and out of the car. In 2014 the service expanded into other towns including Kaunas and Klaipeda. The service is partly subsidised by local municipalities. However the service fee is not sufficient to cover the costs of the operation.

2) NPO 'Geros valios projektai' ('Goodwill projects'), which administrates the crowdfunding donation site 'Aukok' (www.aukok.lt/), and the donation site 'Pagalbadaiktai.lt', (these e-initiatives were created in cooperation with charity and support fund 'Civic Responsibility Fund') and could be used by social enterprises as an instrument for promotion and funding. They used to operate free of charge social advertisement system 'Pagalbareklama.lt', but it is now closed;

3) Hub Vilnius - operates as a corporate co-working and networking centre for start-ups and social innovators; www.hubvilnius.lt

4) Charity and support fund 'Civic Responsibility Fund' (a successor of previous American NGO fund 'Baltic-American' Partnership Fund') - aims to develop a culture of philanthropy in Lithuania and, to the extent that is possible, to provide financial and conceptual support to NGOs and citizens' initiatives; www.paf.lt

5) NPO Community Change Centre (a subsidiary of previous American NGO fund 'Baltic-American' Partnership Fund') - works with communities, initiates various social projects strengthening local NGOs as well as cooperation between NGOs, local government and business; work in close cooperation with the Ministry of Social Security and Labour, Lithuanian municipalities and foreign partners.

Ministry of Labour and Social Affairs has provided funding for training of local urban communities on social entrepreneurship.

Case study

The Creative Shock - social business case competition for students

Competition is organized since 2011 by ISM Students Association and ISM University of Management and Economics - Creative shock (<http://creativeshock.lt/>). Participants every year are gathered to solve business, marketing and PR problems for social enterprises and organizations. The aims of the competition are:

- Introduce International students to **real life global social business models** and to communicate how all traditional business strategies can be applied to social enterprises and organizations
- Improve students' **strategic thinking** by challenging them with real marketing and management problems.

- **Promote Social Business** all around the world.

Student teams from all over the world receive fictitious and real life tasks related to social business and have to prepare proposals, ideas, marketing and business plans on solving the challenges. Business case competition Creative Shock ends with a final weekend conference where speakers related to social enterprises and social innovations will share their ideas and experience. During the final weekend ISM University of Management and Economics welcomes members of 5 best teams as well as entrepreneurs, leaders, students and others who are interested in making an impact through social business.

3. Impact analysis of social entrepreneurship

In the period of 2014-2020 there is also funding planned under Operational Programme of the EU Structural Funds Investment: separate priorities are foreseen for the development of SMEs' competitiveness (Priority 3), promotion of employment and participation in labour market (Priority 7), increasing social inclusion and fight against poverty (Priority 8), etc. As the example of the project "Support to Social Enterprises in 2014-2015" discussed earlier shows, social enterprises already started to get financial support under the programme.

Social enterprises mostly being SMEs could use the financial instruments for business expansion administered by the Ministry of Economy on the same conditions as other legal entities. Under Operational Programme for the Economic Growth for 2014-2020 (Support to business and improvement of environment for business) financial engineering and related instruments for SMEs are available. Financial engineering instruments provide discounted loans, less collateral and subsidized interest rates thus enabling social enterprises to launch and expand their business operations.

No data on the social impact delivered by social enterprises is available in Lithuania. There is no legal requirement for, nor a self-commitment of, social enterprises to report on the social impact pursued or achieved, nor is there any guidance or standard on how to draw a comprehensive picture of what social goals the organisation has achieved and how.

The information collected shows that the main public benefit achieved is in the forms of employment of the disabled and their social integration. Attention was drawn to the fact that there is lack of public awareness on the activities and services delivered by social enterprises. The development of social entrepreneurship in Lithuania still has big potential but it is in the very beginning phase.

POLAND

1. Stakeholders and their support

Stakeholder profiles

Council on Systemic Solutions in the Field of Social Economy, Ministry of Labour and Social Policy is a chairman of this council, <http://www.mpips.gov.pl> (public body, legislation, financial and non-financial support)

Advisory Body, creating most important legal documents in the field of social economy, e.g. Act on Social Enterprise

National Programme of Social Economy Development (KAPRES)

- Agreement between social economy movement and the Government.

- Deciding on the implementation of this programme, both content and financial-wise.

The council is gathering a diverse group of specialists: representatives of public administration (ministries), representatives of the social economy sector, representatives of unions, representatives of municipalities administration, representatives of employers' organization, representatives of scientific community, representatives of regional centers of social affairs

Strengths: power, real influence on legislation, real influence on support mechanisms, universal recognition, obedience, etc.

A network of five Social Economy Centres – CES (private organization, non-financial/financial support)

5 support centers for OWES (are working to build a network of institutions offering standardized and comprehensive support for social economy entities).

Providing complex activities for OWES (supporting centers for social economy) like:

Training and counseling.

Training:

- 1) Methodology of work of OWES (supporting centre for social economy);
- 2) Compendium of knowledge on the functioning of the social economy entities
- 3) Human resource management skills and interpersonal communication

Counseling:

- 1) Functioning of Social Economy Entities: Legal aspects of the social economy entities, entity management of social economy, including the business plan, financial management, marketing and sales strategy, public aid,
- 2) Cooperation with the environment of the social economy: cooperation with public authorities, local partnerships, creation of strategic documents at the level of local government taking into account the instruments of social economy.
- 3) Provide support in applying for funds from the Trust Fund implemented under National Program of Social Economy Development. The fund is designed to test mechanisms to support social economy entities in terms of their economic activity.

Integration of supporting the social economy:

- 1) Regional and national meetings devoted to the exchange of experiences, planning activities, working out common positions and recommendations,
- 2) Forums (mailing lists) for OWES cooperating with the center of the social economy. Discussion forums are based on the exchange of knowledge and experience of those involved in activities OWES.

Representing the social economy environment

Undertake advocacy activities, including:

- 1) Representing OWES at the regional level
- 2) Interventions at the level of local government
- 3) Striving for clear and consistent interpretations of the law and recommendations for action in the social economy.

Promotion and information

Promotion and information aimed at the social economy sector and its surroundings:

- 1) Promoting actions OWES
- 2) Information and knowledge resource development
- 3) Promoting the products and services of social economy entities.

Fundacja Inicjatyw Społeczno-Ekonomicznych, <http://fise.org.pl/> (private organization, non-financial support)

The organization's mission is a systemic approach and acting to increase employment, especially among the professionally inactive groups.

Activities:

- 1) Animating discussions among NGOs and public administration about the development of the social economy sector in Poland
- 2) Organizing debates, fairs, conferences, trainings related to social economy, and have published several tens of publications on this topic
- 3) Is in charge of the Standing Conference on the Social Economy (SKES) secretariat
- 4) Since 2010 has been organizing a contest for "The best social enterprise of the year" (4 editions) - for the winner

prizes of 25,000 PLN

Criteria for evaluation for Team of Experts and the Council in the selection of the winners of the competition was judged first and foremost:

- The effectiveness of management,
- Idea for a product or service,
- Idea for promotion,
- Innovation activities
- Effectiveness in solving social problems by using economic instruments.

Strengths: very strong position, authority in the field of social economy

www.ekonomiaspoleczna.pl/ conducted by FISE (private and public organization, non-financial support)

The organization is providing updated information regarding the social economy for very wide audience, gathering all the information about the social economy sector in Poland and abroad. Offers advice, law interpretations, best practices, and solutions. Most important and updated information concerning social economy are presented on the website, which is part of the National Programme

of Social Economy Development, co-financed by Polish government and European Social Fund.

Strengths: all the information is in the one place and access is easy and free of charge. The weakness is that we need someone to follow the news and update the content of the website.

Social economy support centres (OWES) (private/public organization, both financial and non-financial support)

Supporting centres/umbrella institutions providing services for social economy items, the offer can be different depending on leading institution and region where it is based; at the time we have 48 OWES in Poland, each sub-region has at least one centre like that (depending on the population and potential clients)

- Lobbying for social economy among local authorities
- Networking

Strengths: very wide offer of support (financial, non-financial support) and long-term help, regular meeting of centres so updated knowledge about situation of social economy, money contracted by the Ministry of Labour.

Weaknesses: institutions were chosen during a competition, money are coming from grant with limited period, however there is a strong will from the government to continue this kind of support for potential social economy entrepreneurs.

It offers the following services:

- Advisory - general and specialistic (marketing, business plan, coaching)
- Training courses
- Financial support for start-up

NESsT, <http://www.nesst.org/poland/> (private organization, financial and non-financial support)

International non-profit organization supporting enterprises that solve social problems in the emerging market (Southern Europe and South America) support to social enterprises at early-stages of their development.

Strengths: Support which is an independent form European funding and brings a new added value to the social economy sector in Poland

Within the framework of a pilot programme, NESsT will select more than ten projects with the biggest potential social impact by way of a competition (announced in March 2014), and provide comprehensive training to the involved persons over a six-month period. In the second phase, up to four projects will be supported by grants of approximately USD 15,000 to take their ideas forward.

Weaknesses: Still at the beginning of action and we need to wait for results.

Bank Gospodarstwa Krajowego <http://www.bgk.com.pl/> connected with **Towarzystwo Inwestycji Społeczno-Ekonomicznych S.A. (TISE)** which was the broker - institution passing the money: <http://tise.pl/social-and-economic-investment-company-tise-sa/> (public organization, financial support)

Responsible for implementing the pilot programme for financing social economy entities, especially loans and financial advisory; financial support was divided to the 5 macro-regions in Poland.

The eligibility criteria to apply for the preferential loans are:

1) Proper legal form (representative of social economy) meaning:

- a) Cooperatives,
- b) Cooperatives of the disabled and the blind,
- c) Social cooperatives,
- d) NGOs,
- e) Church legal persons or entities so far as their statutory objectives include public benefit activities,
- f) Joint-stock companies, limited liability companies and sports clubs conducted in the form of company which operate as non-profit organizations (their purpose can not be profit, all the income must be allocated for the implementation of the statutory objectives and the possible profit may be distributed to shareholders, shareholders and employees)

2) Economic activity

Any entity wishing to obtain a loan must demonstrate that it has been established for at least 12 months on the date of submission of the application.

3) Micro or small enterprise

Another condition for access to the fund is to meet the criterion of a micro or small enterprise as defined in Annex I to Commission Regulation (EC) No 800/2008 of 6 August 2008. (Acts. Office. EU L 214, 09.08.2008 r.) . They are therefore entities that employ less than 50 people in the business, and have an annual turnover and/or annual balance sheet total not exceeding EUR 10 million.

Situation Analysis

“The social economy is not only the result of legal resolutions and acts. It is not only a question of social awareness, though public support is very significant. The social economy is a social movement that should lead to a new vision for Poland’s development. The social economy is a way of involving the third sector in Poland’s economic development” - Jerzy Hausner, former Minister of Labor and Social Policy and former Vice-Premier.

The social economy is a very important issue in Poland after the democratic transition, especially during the last ten years. Social economy is a part of public discourse about an economic development of the country. Social economy in Poland as a concept and practice is strongly supported in a framework of European funding - through the EQUAL Community Initiative which enabled cross-sectoral partnerships to explore and pilot new ways of supporting the integration of the most vulnerable social groups into the labour market through research, information exchanges, and study visits between EU member states.



4) Should not have obligations to the tax office and social security; moreover should present a realistic strategy regarding loan repayment

Statistics about given loans by TISE:

556 given loans, 61.5 millions of PLN Including statistic about given loans by TISE within support of European Social Fund (from 2012): Of the more than 250 loans, 108 loans were sold to social cooperatives, 67 to the foundation, 43 to associations, 21 to cooperative work, 13 to limited liability companies, 1 to cooperatives, 1 to disabled and 1 to ecclesial entity.

Weaknesses: pilot programme was co-financed by European Union money with previous financial perspective – 2007-2014

There is also a very lively discussion regarding the definition of social economy. Considering that the concept of social economy is very broad, to truly understand it, it's relevant to describe the "core" of social economy environment - the so-called social enterprise. The most popular and frequently used definition is that formulated by the staff of the EMES European Research Network (European Research Network).

According to EMES definition, a social enterprise activity is considered mainly for social purposes, the profits of which are assumed to be reinvested in these cells or in the community, and not in order to maximize profit and increase the income of shareholders or owners. EMES determines the social and economic criteria, which should have the initiative fit within the social economy.

Economic criteria:

- Running in a relatively continuous, regular activity on the basis of economic instruments;
- Independence, a sovereignty institution in relation to public institutions;
- Bear the economic risk;
- The existence of even a few paid staff.

Social criteria:

- A clear focus on a socially useful objective of the project
- Grassroots, civic nature of the initiative
- Specific, possibly democratic system of governance
- Community nature of the action as possible
- Limited distribution of profits

List of identify organisational forms as "social economy entities":

- Social co-operatives
- Employment co-operatives
- Co-operatives of disabled and blind persons
- Non-profit organisations such as foundations and associations
- Limited liability companies, and corporations and certain sport clubs pursuing public benefit activities and not focusing on profits, distributing revenues for statutory purposes and not distributing profits among owners, share-holders and employees
- Professional Activity Establishments (ZAZ)
- Social Inclusion Centres (CIS)
- Social Inclusion Clubs (KIS)
- Occupational Therapy Workshops (WTZ)

Recent years have seen a strongly rising interest in social enterprise in Poland and substantial public resources channelled to supporting social enterprises, mainly from EU funds. This situation is expected to continue into the 2014-2020 financial perspective and this is clearly a major opportunity for the sector.

As we can see from the table above there is also a well-developed network of institutions (stakeholders) engaged in various ways with the social economy sector and social enterprises in particular.

But what can be a weakness is the proportion between financing and establishing system of support and financing and establishing real social entrepreneurship in practice. Also the authors of the report: "A map of social enterprises and their eco-systems in Europe, Country Report – Poland", confirm it:

"At the same time there are also critical voices pointing to the fact that so far the ESF-funded support schemes have been mostly benefitting people and institutions working on the theory of social economy and those willing to support social enterprises. These stakeholders do not necessarily have much practical understanding of running a social enterprise. (...) The argument goes further to highlight the disproportionately large publicly funded support for actions around social enterprise and the small size of 'real' social enterprises that have emerged and that continue their activities."

Social enterprises need wide partnerships in order to sustain and maintain their services and products. Local authorities often are very important partners, because they are also clients. This is a problem - how to connect social enterprise to business and market reality and competition. And is it a duty of the municipality to support social enterprise?

“In some instances local authorities are the only client of a given enterprise (especially social cooperatives), a situation that may lead to questions on the sustainability of such a setup. On the other hand, there is likely a scope for increasing use of services offered by social enterprises by authorities at various administrative levels. In some circumstances there may be a rationale for using social public procurement approaches given the social benefits from continued activity/ expansion of social enterprises. It is only since 2009 that Polish legislation has allowed for social clauses in public procurement (Schimanek, 2011). While no hard evidence has been determined, it appears that the use of social clauses in public procurement has been gaining grounds only gradually among local / regional authorities and first examples of social public procurement at the central government level come in mid-2013 only (Schimanek, 2013). Nonetheless, public officials’ understanding of the application of social aspects of public procurement law is still restricted and even though this tool is available it is not commonly used.”

The next aspect is marketing and promotion in social enterprises. The big challenge of marketing is to associate a social enterprise established mainly by people with fewer opportunities, with high quality of its products and services.

“At the same time it is worth noting that the promotional activities of some social enterprises face a certain dilemma. For instance, some companies apparently choose not to particularly highlight the fact that they employ mentally ill people. It may well be difficult to balance the objectives of reaching with the offer to a broader spectrum of clients, avoiding stigmatisation and avoiding strengthening of negative stereotypes about some groups endangered by social exclusion.

Negative connotations linked with the social enterprise label are considered by some as an important barrier for the development of such enterprises (Coffey, 2013).

Another factor, that has an impact on social economy and enterprises are the people creating social enterprises. There is an expectation, that social economy will be a chance for people who are socially excluded or have some difficulties in social integration. It is not easy to manage an enterprise, where the psychological and social impact of long-term unemployment, disabilities, etc. matter so much.

One general observation emerging from the stakeholder interviews, review of literature and documents and also analysis of views of social enterprises is that many existing social enterprises find it very difficult to grow and expand and often remain relatively weak financially and in terms of human capital. The determining factors are many and they differ between individual cases, but some of the more important problems include:

- Lack of entrepreneurial spirit among member/owners/participants of social enterprises.
- In the case of social co-operatives with key roles typically played by people who are socially excluded or at risk of social exclusion, this should not be surprising. Changing attitudes in this regard is not easy. People with an NGO background are sometimes accustomed to grant support schemes, fulfilling the expectations of grant providers, and consider the NGO sector in some ways ‘superior’ to business. Interestingly, the assessment of weaknesses in this respect does not appear to have changed much for the last several years.
- Lack of know-how and skills on key business-related issues.
- Factors similar to those listed in the previous point play a role. Business planning, market analysis, understanding of company finances, understanding of financial markets all appear to be relatively rare skills among social enterprises
- A gap in public support measures: relatively strong support for newly created entities (social co-operatives in particular) contrasts with limited options for continued support.
- Limited demand for goods and services: 1) From authorities of various levels, including local authorities; prevalence of public procurement based on price-only selection criteria, and 2) From other businesses, organisations and individual clients.

Participation in Riga’s Social Entrepreneurship Forum 2014 showed us that we can have a great synergy effect in regional cooperation. Similar dilemmas, similar problems, exchange of solutions and best practices can lead us to new experiences in social entrepreneurship. The Polish example is strong and interesting and we can share also our ideas about social economy support system and lobbying. In Polish reality non-governmental organisations are more closely to social entrepreneurship than business. Also politicians are getting more aware what the social economy is. Nonetheless we need more business engagement and business way of thinking and more ideas how to involve business and to convince businessmen that social economy is not only a sector for people with problems, but can be essential part of national market, development and growth.

Case study

Association Civil Initiatives Development Centre CRIS together with 6 local municipalities, since November 2012 is leading a project called: **“The Social Economy Incubator of the Western Subregion.”**

The project received a grant from the Operational Programme Social Capital, financed by European Social Fund, and creating a Support Centre for Social Economy is a part of National Programme of Social Economy Development. The strategic document gave very clear guidelines, for example, that these kinds of Supporting

Centres have to be established in each region of Poland, and that the number of centres in each region was depending on number of population; for example, the fact Silesia region is one of the most populous and in this region there are 4 support centres.

Presented Incubators are primarily a point of consulting and training services for social economy entities and individuals planning to conduct associations, foundations and social cooperatives and other enterprises in the social economy. What the incubators offer is available for almost all interested in social economy entities; the only eligibility criteria is to be registered in the subregion or act in this district.

Support offered by incubators includes:

- Providing information about social economy
- Maintaining a website www.kooperatywa.com.pl
- Current individual and group counselling (establishment and running of social economy entities, financial management, etc.)
- Individual and group specialist counselling in the field of legal, accounting, and marketing business consulting
- Training in order to obtain the knowledge and skills needed to start and run a business in the social economy
- Financial support for establishment, accession or employment in social cooperatives
- Promoting of 3 sector including organizing Days of NGOs

The main idea of the project is to increase the capacity of the social economy sector in the Subregion West province of Silesia. That's why incubators will work together with the institutions of the labour market, welfare and social integration, local government units and representatives of local businesses, and the media. The aim of this cooperation is to promote the social economy and employment in this sector and the development of local partnerships for the development of social economy.

In addition to providing training and consulting all interested parties will be able to use the resources website, which is planned as a collection of information about the city premises, auctions, contests, investment plans of municipalities, cities and local business. The service will also include articles about the most interesting

ideas of social entrepreneurs from the area of the Western Subregion and inspiring examples of the social economy sector in Poland, Europe and the world.

The results measured till the day 1. November 2014:

- 339 social economy entities from western subregion of Silesia benefited from the Incubator services
- A total number of 1,166 people benefited from the Incubator services; we supported 810 representatives of the PES (Entities of Social Economy), the rest were individuals who are interested in starting a business in the 3. Sector, or representatives of administration and representatives of the companies in the field of animation (approx. 20-30 pers.)
- 4 cooperatives were set up, each created by 5 people (according to national law, people creating a cooperative have to be representative of key social exclusion group), each person could receive a grant of 20,000 PLN (around 5000 EURO), so each cooperative could receive the amount of 100,000 PLN (25,000 EUR). The cooperatives decided to run a business in the following areas: catering, babysitting x 2, service dog therapy, and physiotherapy (CODA). Condition to keep the given financial support is to maintain the cooperative a year after receiving the grant. To ensure the fulfillment of the condition each cooperative was additionally supported by a pool of money for testing the product and by an individual business counsellor.;
- 15 organizations took the reward or economic activity; we created 11 organizations that offered paid services or business
- 32 animation meetings were organized in which 243 people participated
- 14 trade fairs of NGOs was organized
- 1,359 advisory meetings was conducted; 961.50 hours' worth of specialized consultancy (average approx. 2.5-3h/ meeting), and 113.5 hours' worth of business consulting
- 45 training sessions were organized, and were attended by 490 people
- The creation of a development strategy for the Support Centre, an economization strategy and a marketing strategy
- The website www.kooperatywa.com.pl

2. Educational support for social entrepreneurship

Stakeholder profiles

Institute of Social Politics - Warsaw University, <http://gospodarkaspoleczna.pl/index.php/o-studiach>
(public institution, formal education, open to students who speak Polish)

Postgraduated studies

Management of the social economy: The aim of the study was to prepare specialists. Management of local development and social managers and coordinators initiating and supporting the creation of new services and

new jobs, including for the long-term unemployed and the socially excluded.

Manager of social innovations: The aim of the course is to provide participants with the knowledge and study skills in the field of social innovation, which will be

the basis for the implementation and conduct of cutting-edge, innovative solutions in the area of social policy.

Target group: students of university, mainly with a social educational background

Weaknesses: Studies were co-financed with European Union money, and starting a new group depends on the financial support of the Ministry

School of Social Sciences in Lublin, http://www.wsns.lublin.pl/podyplomowe_menedzer_w_ekonomii_spoolecznej.php (private institution but registered by the Ministry of Higher Education, formal education, the course is open to students who speak Polish)

Postgraduate studies

Social Economy (online studies)

The aim of the postgraduate social economy is to provide up-to-date knowledge in the field of social economy. Students acquire knowledge and develop skills in

management, leadership, the business of the PS (social enterprise), fundraising (including EU funding under the Human Capital), standard designs, innovative testing with a transnational component, obtaining practical guidelines for the preparation of the application, the exchange of experiences with the practices of the social economy (lecturers), and the development of an innovative project.

Economic University in Poznań, <http://podyplomowe.ue.poznan.pl/studia.145.466.html> (public institution, formal education)

Postgraduate studies

Social economy

The aim of the postgraduate social economy is to provide up-to-date knowledge in the field of social economy. Students acquire knowledge and develop skills in

management, leadership, the business of the PS (social enterprise), fundraising (including EU funding under the Human Capital), standard designs, innovative testing with a transnational component, obtaining practical guidelines for the preparation of the application, the exchange of experiences with the practices of the social economy (lecturers), and the development of an innovative project.

University in Łódź (public institution, formal education)

Postgraduate studies

Social economy

Situation Analysis

As there is no official or legal definition of “social economy” in Poland it is very difficult to establish and run a full-time higher educational syllabus. In Polish public discourse, organizations that may be recognized as potential social enterprises are typically perceived as a component of the wider social economy. That is why the term “social enterprise” is not much used in Poland; the broader concept of “social economy” is much more common, and in this specific shape the term (with no clear definition) exists in the Polish educational system. The factors behind this include:

- Low internal capacities of social enterprises and their limited understanding of financial instruments;
- Relatively easy access to grants;
- Several supply-side constraints, including the specificity and diversity of social enterprises, which makes it difficult for mainstream financial institutions to assess their credit risk; and a relatively small number of potential borrowers and small size of individual social enterprises making the market unattractive.

As it is said above, several institutions of higher education have introduced elements related to social entrepreneurship to their official syllabus. These include Bachelor’s degrees in areas such as ‘Social entrepreneurship and CSR’, postgraduate studies (courses) in ‘Social economy’ or for ‘Managers of social economy’ and some other individual courses. Universities often offer events related to social entrepreneurship during the academic year, but the lack of a proper programme for social enterprise in the public system is quite visible. They are mostly offered by private institutions of higher education and it is difficult to assess the quality of the educational offer and its practical relevance for the development of social enterprises.

It appears that the first barrier in developing the social enterprise sector in Poland is the lack of understanding of the issue by heads of universities and the still small market for these kinds of activities. There is no visible desire to set up and run this kind of syllabus while there is no clear demand for it and no solid public support. Social entrepreneurs are still not recognized, the occupation is still under development. Therefore for most public universities this theme is simply not profitable. They, both students and heads of schools, ask themselves: is it promising, is it really prospective? With

no strong and clear support from the Polish Government and no public strategy regarding its development, there will be no will to set up (and then run) a proper, innovative programme which can be based on best international practices adapted to national reality and matched to people's needs.

The second thing is money. Most of the postgraduate studies are partially financially supported by our government and European money, but for most of the potential students it is still far too expensive.

The third barrier is language. Most universities are proposing studies in Polish which can, naturally, be a real problem for foreigners. Fortunately, some courses are also available in English.

It seems obvious that an explicit definition of social enterprise, a clear legislative framework and a wide marketing recognition are needed in order to develop a proper educational structure for the social enterprise sector.

Example of a formal education

Warsaw University

A very good example of an innovative learning approach is Warsaw University with their Institute of Social Politics. As one of the best Polish educational institutions, they have been running a special course called **Manager of Social Innovations** for several years. The key factor here is the innovation. How to implement innovative solutions in social economy, transfer them to other social fields, and make a real impact in this field are the main issues. But the whole process of step by step creation and realization in an innovative project is also important. Social Economy, New Technologies and Management of Innovative Projects are among subjects.

After completing the 1-year studies students are expected to have the knowledge about the nature of the social entrepreneurship and its operating principles and skills to

set up and implement appropriate strategy with innovative tools, as well as identify the nature of micro and macro business and social conditions, an understanding of the role of socio-economic problems and sustainable economic development.

Example of a non-formal education

The gap between public higher education and peoples' needs is filled by a strong and broad group of non-formal education institutions which are offering training course on different topics connected with social economy; mostly, as previously mentioned, **OWES – supporting centers for social economy** providing complex services for people/institutions interested in social economy. All of the training is available for free for the beneficiaries and available in Polish.

3. Impact analysis of social entrepreneurship

It is very difficult to come with a definite conclusion, as there have been no evaluations on this topic in Poland yet. Polish experts, scientists, politicians and social leaders take part in international seminars and programmes which are dedicated to this subject. Our country is at the very beginning of implementing a scheme and appropriate tools in order to start a systematic evaluation the impact of social enterprise sector.

The main topics which are being discussed now are connected with accreditation for OWES (AKSES Document). They are obligated to run a systematic and full reporting including an analysis of the social enterprise sector for the Ministry of Labour and Social Policy (according to the AKSES Document). Following the new regulations several questions arise among experts: are all the social entrepreneurs equal in Poland? Are they homogenic? Is there any diagnosis of social environment following the AKSES Document and their main resolutions? Are the authors of AKSES sure that social economy is developing in the same way and on the same level in all Polish regions? Will the standardization really be effective when it comes to analyzing social entrepreneurs from 'Poland A' (which is 'the richer' region) and 'Poland B' ('the poorer' one)?

There are only few reports talking in general about the influence of social economy, usually it's just an element of publications concentrated on social economy in Poland. Here is an example:

In 2012 the main document about social economy: KPRES (National Program of Social Economy Development) is giving very clear indicators which will measure the situation of social economy in Poland. The document represents the methodology of monitoring, evaluating and disseminating research results. The main indicators are the:

- Number of social enterprises on 100,000 residents
- Number of people employed in social enterprises
- Number of disable people employed in social enterprises
- Share of revenues from economic activity in total revenues, broken into different types of social enterprises.

The only problem is that first results of implementing this monitoring program will be visible in 2018.

There are few reports available but they represent the situation till 2008 and are therefore fairly outdated:

The Social economy in Poland: Achievements, Barriers to Growth, and Potential in Light of Research Result, edited by Anna Giza-Poleszczuk and Jerzy Hausner, Warsaw (2008),

The Polish Model of the Social Economy: Recommendations for Growth. An invitation for a discussion, Foundation for Social and Economic Initiatives, P. Frączak, J.J. Wygnański, Warsaw (2008)

Important information can be also found in the report: **A map of social enterprises and their eco-systems in Europe. Country report: Poland.**

A very interesting element of measuring the impact of social economy is: **ESometr - Polish first method of measuring social added value**, which was presented in 2013 after 2 years of preparation and creating the methodology in a group of professionals:

- Marta Bohdziewicz - Lulewicz - a graduate of Sociology, University of Jagiellonian, employee Regional Centre for Social Policy in Krakow
- Barbara Gil - Sociology graduate of the Jagiellonian University, employee of the Regional Center for Social Policy in Krakow
- Jakub Glowacki - assistant in the Department of Economy and Public Administration.

University of Economics in Krakow

- Magdalena Jelonek - Assistant Professor in the Department of Sociology at the University of

Economics in Krakow

- Ksymena Rosiek - Assistant Professor in the Department of Industrial Policy and Environmental

University of Economics in Krakow

- Maria Plonka - Assistant Professor in the Department of Risk Management and Insurance

Cracow University of Economics

The prepared tool is based on solid foundations; the team drew inspiration from the analysis of the methods used so far in Poland and other countries to assess the social added value, took into account the specificities of

Info available for impact analysis

Web tools and other materials:

www.ekonomiaspoleczna.pl – first website dedicated to social economy

www.ngo.pl – the biggest web platform dedicated to Polish III sector

www.isp.org.pl – leading Polish independent think-tank: Institute of Public Affairs

Handbooks:

Summary: monitoring of law social economy (Podsumowanie monitoringu prawa przedsiębiorczości społecznej), Schimanek T., Gałązka M., Pazderski F., Potkańska D., Przybysz I., 2013

Social Economy – half – yearly magazine which is available in PDF at: www.ekonomiaspoleczna.pl

Individuals: OWES' experts and consultants

the different types of social actors present in Poland, and have tested the tool on a group of about 40 entities. They produced a practical tool, which is used to assess the added value of social economy entities, and in this same time created a database of social actors which is a huge collection of research material for various analyses and best practices in the social economy field.

As emphasized by its members: the tool is not ready, the finished product, which mindlessly can be used by any entity in any conditions. It is based on the assumption that in the future it can evolve to enhance usability and meet the expectations of users.

Promoting channels for social economy are:

- Seminars and conferences, publications and social media tools.
- CES (National Centre of Social Economy) is publishing a quarterly newspaper.
- An important communication and knowledge sharing platform for social economy is the website (ekonomiaspoleczna.pl) that was established in 2005. It has approximately 15,000 visits a months and has a base of around 5,000 subscribers to its weekly newsletter.

The existence of the communication and information exchange forums make it easy to access information related to social enterprise. Since 2011, the Foundation for Socio-Economic Initiatives (FISE) has been organising an annual competition for “the Best Social Enterprise of the Year.” The idea behind the competition is to “reward individuals and organizations that use of market mechanisms for the achievement of social objectives”.

As in table 1 the given stakeholders are, in my opinion, interested in measuring and analysing the impact of social enterprises. In summary, that can be: public institutions, local public institutions, marketing and research organizations, non-governmental organizations.



SWEDEN

1. Stakeholders and their support

Stakeholder profiles

Forum for Social Innovation Sweden, <http://www.socialinnovation.se/en/> (public organization, non-financial support)

Forum for Social Innovation (MSI) is a platform for academia, industry, government and non-profit organisations in Sweden who want to take part in the development of the fields of social innovation and social entrepreneurship. The objective of the Forum for Social Innovation (MSI) is to be a national knowledge hub for the development of social innovation and social entrepreneurship. Together with stakeholders cross sectors they build a capacity for innovation that meets societal challenges. The forum contributes to the field in actively monitoring what is happening, disseminating reports and organizing various activities together with stakeholders to share knowledge. The main focus areas within the field of social enterprise are: A) How to collaborate and co-produce in new ways, B) How to finance and measure impact, C) How the field of social enterprise relate to CSR and commercial business, D) How to research the field.

The forum was initially financed by the Swedish foundation KK Stiftelsen which has the task to of supporting

knowledge research in Sweden. <http://www.kk-stiftelsen.org/Innovation>. From 2013-14 the Forum (MSI) was funded over a two-year period by the government through Economic Agency of Growth, Region Skåne and Malmö City and other partners with a total sum of 20 million Swedish Crowns. For 2015 Malmö City, Region Skåne and partners is financing the Forum on a early basis.

Strengths: Positive thing is that Sweden has an actor which is collecting and disseminating information and also reaches today also a quite big group of people

In general: Forum for Social Innovation Sweden reflects the social enterprise sector in general. Since its a relatively new field the Forum has a challenge to explain to a "strong" welfare sector and its institutions of the need of coping with change and new models. Moreover a challenge has been to convey Sweden as a whole. Mainly focus has been at Malmö and Stockholm in terms of organizing activities and building partnerships.

Economic Agency of Growth, <http://www.tillvaxtverket.se/huvudmeny/insatserfortillvaxt/naringslivsutveckling/samhallsentreprenorskapochsocialainnovationer.4.3c4088c81204cca906180001274.html> (public organization, previously financial support in an ongoing programme)

Economic agency of growth is part of the Ministry of Enterprise and Innovation. Its main task is to foster entrepreneurship, business and regional development. The agency has recently been asked, in January 2015, to investigate how the WISE sector could be supported. The suggestion should be handed in to Ministry of Enterprise and Innovation by 30. June 2015 at the latest. The economic agency of growth aims to make social enterprises and to benefit them by the enabling of creative interventions.

They have been continuously asked by the government to generally support the social economy including the social enterprise field with some programmes for funding

and administrative issues for development of the social enterprise sector in general. However, as of early 2015 there is no funding to apply as a social enterprise.

Strengths: The Economic Agency of Growth has been important for a small sector in providing support for building the ecosystem of Social Enterprise. With a good overview of the whole country they have been able to disseminate financing to many parts of Sweden and have thereby created a space for change to happen.

Weaknesses: The agency primarily supports and indirectly promotes quite a narrow field of social enterprise, WISE.

Coompanion, <http://coompanion.se/english> (private/non-profit organization, financial support provided through VINNOVA, an Innovation agency of Sweden)

Coompanion is a support organization for the social economy. Since 1984 they supported organizations that are run on cooperative principles. Organizations can be both non-profits and for-profits. Coompanion works with education, skills and business development which makes it easier to start and develop a social enterprise. Coompanion offices exist across Sweden in 25 regional offices.

Over the years they have become one of the biggest support structures for Work Integration Social Enterprises (WISE). Moreover, VINNOVA (The Swedish Innovation Agency) has appointed Coompanion as an administrator of innovation checks (for up to 100,000 SEK) and is responsible for such checks in cooperative organizations which often have a social mission. 60 innovation checks was given out in 2014. (6 million Swedish crowns)



Strengths: Coompanion has had a large positive impact on the social economy in its role as a support organization to the co-operatives and later also to many of the organizations that constitute WISE.

Weaknesses: Together with Economic Agency of Growth they have influenced how municipalities and other actors view the social enterprise field, working as WISE. There is a risk that they may focus too much on WISE and miss out on other potential fields in the social economy, and business as a whole.

Leksell Social Ventures, <http://leksellsocialventures.com/en/#s=projects> (private organization, financial and non-financial support)

LSV is a non-profit limited company, a philanthropic arm owned by the Laurent Leksell family. LSV invests in economically sustainable and well-governed initiatives with effective models for measurable social impact. LSV offers credit, financial guarantees and equity investments of up to 8 million SEK, as well as grants on a limited basis. The total capital for investments is 50 million and divided into 6 areas that among others address social and economic marginalization, for sustainable community development and for an improved ecosystem for social innovation in Sweden.

Strengths: It is private and with one owner. That makes it a fast moving actor which can influence and point to sectors or gaps in the welfare system which they can incentivize by funding and be a first mover.

Weaknesses: They are a small actor with big influence, which could be viewed as a risk. Furthermore they focus solely on social enterprise in Sweden which, with today's global challenges, might be a bit too narrow.

Reach for Change, <http://reachforchange.org/> (private/ non-profit organization, financial and non-financial support)

Reach for Change is a non-profit with a mission to support individuals, companies and organizations focusing on improving children's lives. Reach for Change's core products are its programmes. Among others they offer campaigns where they seek to raise awareness on the vulnerability of childhood. An important aspect of the programmes is to engage the business entrepreneurs of the Kinnevik group as mentors. They also provide enterprises with funding. Every year Reach for Change have a Call to Action campaign which encourages people

to submit their ideas on how to change the lives of children.

Strengths: Reach for Change is a foundation with a clear impact on society and people's views on emerging field of social enterprise. Not the least with the partly controlled newspaper Metro who has channelled the news out in Sweden and other countries.

Weaknesses: It has youth as its main target group, only one of several important target groups.

The Swedish Inheritance Fund, <http://www.arvsfonden.se/> (public/non-profit organization, financial support)

The Swedish Inheritance Fund provides grants to organisations to test new ideas for activities for children, young people and persons with disabilities. Examples of projects would be those focusing on producing materials and pilot studies; others have been more related to targeting marginalized people with educational activities. For example people who suffer from some form of physical disability. There is no categorization in how much funding is supporting social enterprise specifically but a report from 2013 says that 67 projects were financed between

1994-2012. Total funding was 12.4 million Swedish crowns. (2013, Gawell)

Strengths: The fund has had a major impact in supporting the transformation of a strong civic sector to becoming more innovative in how they work with challenges related to youth.

Weaknesses: Narrow focus on the target group and also that the application process is fairly time-consuming.

CSES, <http://www.cses.se/> (public/non-profit, non-financial support)

The Centre for Social Entrepreneurship Sweden (CSES) was founded in 2011 with the aim of supporting social entrepreneurship in Sweden and supporting entrepreneurs who address social challenges with economically sustainable business models. The main activity of CSES is to support social entrepreneurs with an incubator programme. CSES also holds seminars and connects entrepreneurs with investors. CSES does not provide funding themselves.

Strengths: CSES was the first University to start an accelerator programme in Sweden and has likely as a consequence influenced other higher academic institutions to take a step in starting similar initiatives.

Weaknesses: CSES is, in practice, primarily targeting social enterprises in the area of Stockholm.



Situation Analysis

General overview

Sweden has a tradition of social movements going back to 19th century, though what today is meant by the social economy was fairly recently introduced in Sweden in 1995 after joining the European Union in 1995. Sweden has, in comparison to many other European countries, an extensive welfare state. With increasing challenges to finance, the welfare state and societal challenges, a gap for new solutions has opened up where social entrepreneurs have a role to play.

Definition of Social enterprise and social entrepreneurship

The field of social enterprise and social entrepreneurship is growing in size and interest, and so the understanding of the phenomenon is changing also. Definitions are emerging and when speaking about social enterprise the discussion tends to focus on work integration social enterprises (WISEs). Apart from WISEs, there is currently no common understanding and definition of social enterprise. However, organisations that may display most of the characteristics of social enterprises may not necessarily refer to themselves as such. Consequently, traditional terminology such as cooperatives, civil society organisations and not-for-profit organisations are still very much used in Sweden. Another concept that is increasingly referenced, by policy makers and academics alike, is societal entrepreneurship, which, to a considerable extent, overlaps with social entrepreneurship and social enterprise. The term societal entrepreneurship (sammanslutningsentreprenörskap) has been used in Sweden since the 1980s. It is often seen as a means of local community development and is now used by many as an umbrella term including social entrepreneurship and social enterprises as well as SMEs that focus on their social contribution as well as their profits. (Wilkinson, 2014)

Social Enterprise Landscape

The inclusive business register (Företagsregistret) is a database provided by Statistics Sweden comprising most all companies and organisations in Sweden. Yet no attempt

has been made to enable emphasis on social enterprise. A number of 500 organizations are needed to start coding a sector of actors. Through the Economic Agency of Growth, together with Swedish Public Employment Service, the Swedish Social Insurance Agency, the National Board of Health and Welfare, SALAR and the National Association for Social Work Cooperatives (SKOOPI) is meanwhile providing support to build a database and there is also a homepage where one can find information; <http://www.sofisam.se/>. As of January 2015 there were 320 registered as WISE in the database. A few studies outlining the social enterprise landscape have been done over the last years. Among others the SELUSI Study from 2010 indicates that the mean age of the sector is over 15 years; the study also shows that there is a trend of new small social enterprises coming up. A majority of them are 1-4 years old and have no or small revenues. There are approximately 2,500 people employed and another 6,000 people participating in active labour market initiatives. (Tillväxtverket, 2012) Also as mentioned initially there has been an increase in the numbers of support-organisations for social enterprises. These actors create networks and platforms, organise seminars, support with business and operational models, and offer incubator programs or evaluate social impact.

Legal framework as support mechanism

There is no specific legal form for social enterprise in Sweden though there is a legal form called "Aktiebolag med särskild vinstutdelningsbegränsning" (SVB) which some social enterprises are registered as. SVB was not intended for any particular operation when it was created. As of January 2015 there are 50 companies that uses this legal form. In general social enterprises use Limited companies, non-profit, economic associations, non-profit organisations, or foundation as legal forms. The majority of social enterprises are non-profit organisations. A smaller share has taken the legal form of foundations. Cooperatives are common among WISE, supported by the Organization Companion who is a strong actor in the social enterprise field. Limited companies are also used as a legal form among social enterprises. The argument



as to why they use it has often to do with the fact that they are seen as business entities among investors. Among established social enterprises, hybrid legal solutions are rather common. In that way they can both receive grants and pay salaries and dividends to potential owners. (Wilkinson, 2014)

Public support mechanisms and other type social enterprise support

There are no ministries specifically responsible for social enterprises in Sweden. However, there are a number of government agencies supporting the development of the social enterprise sector. Foremost the Swedish Agency

for Economic and Regional Growth (Tillväxtverket), Civil Society and the Swedish Public Employment Service (Arbetsförmedlingen) and the Swedish Agency for Youth (Ungdomsstyrelsen). As mentioned above, The Swedish Agency for Economic and Regional Growth has been an important actor in developing the policy framework to WISEs. In addition to national support the social enterprise sector has also been supported by ESF through its structural funds. Not the least has ESF been vital in funding WISEs. A report from The Swedish Agency for Economic and Regional Growth, 2011 shows that 12 out of 137 entrepreneurship and enterprise projects that were granted ESF funds in the years of 2008 and 2009 focused on WISE. (Tillväxtverket, 2011)

Finance of the Social Enterprise Sector

Over the last years several new initiatives and funding opportunities have been established including new models, platforms aimed at increasing the availability of capital for social enterprises. Mikrofund West is one of the initiatives, a funding organization owned by civil society organizations focusing mainly on cooperatives and social enterprises. The fund can be seen a role model for micro financing initiatives that are expanding across Sweden. To date two initiatives exist; Micro Fund Z (Jämtland County) and Micro Fund East (Stockholm County). The funding for the micro funds comes from a combination of public and private organisations. Recently, in December 2014, the business region of Gothenburg has decided to support Mikrofund west with 3 million Swedish Crowns. Other important channels for funding of the social enterprise sector are Regions and Municipalities. Leading the development is the Western region of Sweden and the region Skåne. Both have supported the sector through social investment funds. Primarily they provide seed-capital and the funds are often directed to interventions for children and youth, but also to job creation and homelessness. At the moment there are no new grants one can apply for in the regions, but there are ongoing projects being financed. Among the municipalities Norrköping, Umeå and Äle stand out as pioneers. According to a study by the Forum for Social Innovation 46 of the 290 municipalities have had some type of social investment funding in 2013.

There are also two social banks operating in Sweden, The JAK Bank and Ekobanken, focusing on businesses with a clear focus on social and ecological value creation. In addition, it's worth knowing that these social banks together with Coompanion and the Association "Hela Sverige ska leva" incorporating more than 4,700 local development groups have initiated and promote the emergent micro-finance sector. A recent phenomenon is also providing a new source of funding for social enterprise. Today, there are at least 4 available Swedish platforms. FundedByMe, Polstjärna, Crowdcube and Crowdculture. (Wilkinson, 2014)

Other Initiatives related to funding of the social enterprise landscape

Impact Invest Scandinavia impact investor network in Sweden which connects promising social enterprises with impact investors.

Idéer för Livet, a project with its base in Skandia Insurance, provides seed money funding for projects related to youth and children. Since it started in 1987 it has funded more than 3,000 projects. (Alamaa, 2014)

Uppstart Malmö is a foundation which has drawn investments from a number of private investors who have contributed around 30 million SEK in total. Uppstart Malmö also supports entrepreneurs with its extensive network of partners and advisors.

Hjärna Hjärta Cash provides seed-stage equity investments for for-profit social ventures. It also provides business development support.

Emergent areas for investing

Over the last two years a new financial vehicle has raised substantial interest in Sweden; Social impact bonds, which is a new approach for the public sector to attract financing from new sources (e.g. private foundations and investors). Only successful projects are paid for by the public sector meaning that the risk is transferred to other actors which in turn is thought to encourage innovative initiatives that otherwise would have difficulties in finding financing. This instrument can be vital for a country like Sweden with a large welfare sector that needs new ways of financing and gives incentive to innovations. Public contracts in procurement sums up to 700 billion SEK yearly which says something of the potential. However, today, a lot of social enterprises find it hard to enter the public service market due to the complex regulations. Making public procurement processes more accessible to smaller organizations and social enterprises will further their role in providing public services. (Alamaa, 2014)



Case study

Centrum för Publikt E

Centrum för Publikt Entreprenörskap (CPE) can be seen as a new type of social innovation providing support for people and organisations who have ideas for social development. CPE supports socially innovative initiatives coming from civil society organizations, public administrations and individual citizens throughout Skåne (in the very south of Sweden) by offering mentorship programmes, advice and guidance with regard to funding, organization, project management, communication and access to crosssector networks – all free of charge. The overall objective has been to support projects that encourage citizen participation in both local as well as regional development, and to help build cross-sector networks that can increase collaborative governance. Since 2009, CPE has supported the development of more than 220 projects which have generated a

lot of local commitment, development potential and cooperation between associations, enterprises and public administration bodies throughout the region.

Over the years CPE has drawn some conclusions about supporting and building the emergent field of social enterprise, and civil society in general:

- 1) To be successful it's important to have a strong local presence. One has to respond to the local needs and build communication in order to solve them.
- 2) It is expensive and time-consuming to build structures for support. As a consequence one has to develop local support structures by connecting and build relationship with actors who have an interest in the field.
- 3) Education and to increase knowledge about the field is vital. Not the least its important to disseminate the knowledge of an emergent field into existing institutions as local and regional authorities.

2. Educational support for social entrepreneurship

Stakeholder profiles

Glokala Folkhögskolan Malmö, <http://www.samhallsentreprenor.glokala.se/2014-2015/> (non-formal education, open for people with Swedish birth certificate, course is in Swedish and English)

The study programme is provided by the Glocal folkuniversity. Its an online course of 40 weeks in total divided into 4 modules, each one lasting 10 weeks. One of the modules are given in co-operation with Malmö university focusing on project management. That module will also give you 7,5 ECTS credits, providing you pass the course. There is a large focus on the exchange of knowledge and experiences of people who take part in the lab. To make interaction possible at a distance they also encourage discussion over Skype and other collaborative

tools

Strengths: Its a modern course which integrates digital tools with physical meetings. Another positive aspect is that you can combine the course with other topics since it's a part-time course. It's also free of charge.

Weaknesses: its not a professional programme of higher education (except one part of it which is eligible for ECTS credits)

Gothenburg University, http://utbildning.gu.se/kurser/kurs_information/?courseId=GM1305

(public institution, formal education, for the students with higher education, the course is open to students who qualify in the following: Bachelor's degree from an internationally recognized university and demonstration of proficiency in English by means of TOEFL, IELTS, etc. The level of English must be equivalent to English Course B/English 6 from Swedish Upper Secondary School. The Bachelor's degree must be in Social Sciences or in Engineering.)

The aim of the course is to provide students with a new way

of thinking to organize and lead sustainable development. The course focuses upon ways in which social innovation and entrepreneurship are driving the delivery of social (including environmental) value in communities.

Strengths: It's the only course in Social Enterprise in a business school which may open doors to commercial business, if one thinks about a career in that sphere.

Weaknesses: to qualify one needs a higher education before you are eligible to start.

Malmö University, <http://edu.mah.se/OL645E#Overview>

(public institution, formal education, for students, open for students who have passed the course OL641E - Organising and Leading Sustainable Organisations (7,5 ECTS) and for citizens outside Sweden, english is the main study language.)

The aim of the course is to provide students with an understanding of the fields of social entrepreneurship and social innovation. The course aims at developing entrepreneurial skills and thinking frames for students who will lead sustainable economic, social and environmental



projects in their future professions. The course is included in the main area of Leadership and Organisation at the advanced level of 91-120 credits.

Strengths: Malmö university has built a strong reputation in the field of social innovation and social entrepreneurship,

often together with another topic such as the Leadership of Sustainable Cities.

Weaknesses: to enter the programme one needs to have taken courses at academic level before starting.

Situation Analysis

Entering 2015 there are no specific larger programmes focusing specifically on social enterprise and social entrepreneurship in Sweden, though 3 smaller courses could be identified in this study. A few ESF WISE projects (work integration social entrepreneurship) with integrated courses in social entrepreneurship have been offered in 2014 through the Swedish Public Employment but this is no longer being continued. Several universities are offering shorter courses, or 1-2 lectures, as part of entrepreneurship or sustainability programmes at universities. In general there has been an increasing interest in topics related to entrepreneurship at the Universities so it will likely be taken on in the coming years. It is important to note is that there are quite a few researchers looking into the topic of social entrepreneurship but still no programmes. On the other hand several of the universities provide incubator and accelerator programmes, as for examples regarding the Centre for Social Entrepreneurship (CSES) at Stockholm University, as well as Lund University, Lund Social Innovation Centre (LUSIC), see below. In the incubator and accelerator programmes they offer practical knowledge for running a social enterprise. In addition high schools have started provide courses on the topic. The leading one is "Glokala Folkhögskolan" (translated Glocal Civil Education). A number of what can be seen as challenge-driven educational models are also in place in Sweden which facilitate cross-sectoral solutions to challenges. Today there is one in Stockholm, the Open Lab at Royal Technological School and Challenge Lab at Chalmers University of Technology in Gothenburg.

Examples on Non Formal Education

At Lund Social Innovation Community, Lund University they are building an integrated platform with an accelerator programme for social entrepreneurs called SoPact where you can get advice and also funding. In addition they host workshops and informal gatherings at a place named the Black Pearl, a co-working space which resides in the Lund Open Innovation Centre. There you can go through topics related to social entrepreneurship and meet other stakeholders of society such as companies and organizations that want to engage in a deeper integration of social aspects in their businesses. At the moment, January 2015, there is no formal education but there are plans for that. A long term goal for LUSIC is to be able to run a master's program in social innovation and entrepreneurship.

Examples on formal education - Courses with elements of Social enterprise and social entrepreneurship

Karlstad University offers a course on Local and Regional Development (7.5 ECTS credits). The focus is foremost on local and regional development processes in Sweden and Europe in terms of the growing knowledge economy. An important aspect is the way complex time-space networks in a globalised world create a multitude of economic enterprises. The European policy of cohesion and the regional structural funds are analysed and critically examined in terms of their importance to regional and local development and the themes social capital and social entrepreneurship and the dynamics between urban and rural areas. It's at Master's level and admission requirements can be found here: <http://www.kau.se/en/education/courses/KGA501>

Case study

A new type of social entrepreneurial education – The Challenge Lab

The Challenge Lab is located, administered and founded at Chalmers University of Technology in Gothenburg, Sweden. The aim and idea behind the Lab are threefold: 1) It is focusing on adding students rather than only researchers, to work on a common ground rather than on home ground. 2) Its also focuses on sustainability challenges rather than on technological opportunities or on market needs and finally; 3) Connect and build bridges to similar challenge/social/innovation labs from different regions of the world. The lab qualifies as a 7,5 ECST credit Master-level course, in Leadership for Sustainability Transitions. And it should equip students with the tools

to deal with the emerging global challenges. The course is also a preparatory course for a Challenge Lab Master Thesis. The target group of the lab is international Master's students doing their Master thesis. The course consists of two parts: "outside-in learning" – including knowledge, methods and tools to understand and deal with the requirements global sustainability will put on the system – and "inside-out learning", including knowledge, methods and tools to understand and cope with the students own values, strengths and visions as well as understanding and managing the interaction with and between the different stakeholders within the system. An important part of the programme is connecting with important stakeholders from academia, government and industry to



get an overview and understand the system from different perspectives. Stakeholders be, for example, civil servants in the City authorities, and industry representatives.

As a summary, one can say that there are a lack of education courses related to social enterprise and social

entrepreneurship but on the other hand some innovative hybrid-platforms are emerging in partnership with various actors in society which has the potential to be more receptive towards the challenges of and the solutions for society as a whole.

3. Impact analysis of social entrepreneurship

It's clearly an increasing interest in Sweden to value social entrepreneurship activities beyond economic rationalities and to find out what society gains from social entrepreneurship. At the same time there are few, if none, agreed upon standardised measures among actors who are involved in the social enterprise field. Impact analysis is still, as said above, a relatively new topic for most people who are operating in social enterprise but there is a vivid ongoing discussion. Below are some of the questions being debated and discussed.

1) A new valuable lens of valuing enterprise

The big gain of impact measurement might be that it forces people to think in a more holistic way about enterprise in a long-term perspective. Social entrepreneurship should not be seen as spoon-feeding people with help, but should be seen as a societal investment.

2) More than being expensive & time consuming

Related to SROI (Social Return on Investment) analysis many see the method as expensive and hard to work with, in effect very time-consuming. In addition it's an ongoing discussion as to what degree one can make comparisons between social enterprises and their various branches. It can also be difficult to monetize saved public expenditure as a result of an activity. Moreover its not easy to communicate the results to stakeholders. What does the measurement really say?

3) Missing out on the environmental aspect

Another frequent discussion is that social entrepreneurship often seems to focus on the social values and less on the environmental effect of a certain enterprise. In most of the reports and articles reviewed, only economic and social values are commonly addressed, while environmental aspects seem to be more of an optional component.

There isn't any data on how many social enterprises, and other stakeholders, are analysing their impact but likely a majority of social enterprises and civic organizations have some degree of impact measurement. Moreover, there is no research on how social entrepreneurs use impact measurement in practice but by looking at homepages and speaking to people in the field, a majority use a combination of quantitative indicators with storytelling. Such indicators can be, for example, how many people have been involved in a project, gender balance, if they have a disability focus, how many networks have come out of an activity, how many people have been employed as an outcome of an activity, or the number of unemployed persons served in a project, or finally how many new organizations have been created.

SROI (Social Return of Investment)

SROI is an approach to understand and manage the value of the social, economic and environmental outcomes created by an activity or an organisation. It is based on a set of principles that are applied within a framework, for example a Social Enterprise serving a certain need in society. In addition, SROI seeks to include the values of people often excluded from markets in the same terms as used in markets. Moreover, SROI can be seen as a framework to structure thinking and understanding. Another similar method which has been developed in Sweden is called "Socioekonomisk bokslut – socio economical accounting" which has been around for long time. The method uses alternative cost accounting in which one measures the costs of not making a certain activity. For exampe a person with drug problems who is not committing crimes and starts to work because of a specific programme will largely benefit society. The method has come up with how to calucalate that cost or benefit seen from a societal view.

A number of activities in Sweden has been done over the years to promote and learn more about impact measurement. One of the bigger ones was a SROI training course carried out among actors of the social economy. The course's aim was to give the participants support and increased confidence in carrying out an SROI analysis and to increase its spread. Moreover the Swedish Forum for Social innovation has organized a number of seminars where impact measurement has been discussed and has also produced a report on the SROI method (mainly mapping the international landscape). They have also invited EVPA (European Venture Philanrophy Network) to explain how they look at impact measurement.

In general most actors in society should be interested in impact analysis in one way or another. It can be from the governmental, regional and local authorities. At a governmental and regional level there may be more questions related to policies and governance since they are the institutions which often channel finance and power to the operational level which in Sweden to a large degree is executed by local authorities. Commercial business should also be interested in these matters, maybe as a part of a CSR programme supporting social enterprises or civic organizations; but also understood from a broader context where business contributions to society could be better measured and understood. From a research perspective it would be interesting to publish scientific publications and research, as it has an important role to play in validating the space of social enterprise. Finally,



for the social entrepreneurs themselves impact measurement is an important tool to verbalize what they are doing and also to understand the values they create for various stakeholders.

Actors

1) Institute for Social and Ecological Economics.

This is run by Ingvar Nilsson and Anders Wadeskog, pioneers of the Impact Measurement field in Sweden. The institute has developed the "Socio-Economic Accounting method" discussed earlier. Moreover they have recently started, in January 2015, a 3-year project supported by Postkodlotteriet to develop a Social Impact Bond which could fit the Swedish context. <http://www.seeab.se/>

2) SERUS

This for-profit business has promoted and supported the development of SROI in Sweden since 2011. Reports and general services, mainly in Swedish, can be found at: <http://www.sroi.se/> and on the SERUS homepage: <http://serus.se/>; Comprehensive report on the SOUL project run by SERUS: http://www.sroi.se/filer/SROI-report_The_advanced_SROI_training_course.pdf

3) Pay-Off

This for-profit business has developed a certification programme for Socio-Economic analysis. They provide general support for evaluations and action-learning research.

<http://www.payoff.se/index.php>

4) Sofisam

Non-Profit supporting the development of WISE. They have come up with several reports on how to apply SROI, Socio-economic accounting, etc. Among others this mapping can be used/and are used in other countries outside Sweden: <http://www.sofisam.se/download/18.7e8733be148e9719dbd3a812/1413368818540/Kvalitets%C3%A4kring+-+f%C3%B6r+organisations+och+samh%C3%A4llsnytta+2013.pdf>

In general few social enterprises in Sweden have specific reports related to impact measurement. Instead many of them put the information on their homepages. Likely the most comprehensive report on Impact Measurement of a Swedish Social Enterprise was done by Vägen ut. One can find a combination of storytelling and quantitative data, including a socio-economy accounting report.

http://vagenut.coop/wp-content/uploads/2012/09/NY_VU_VB_2013_webb.p

Report with an English summary on impact measurement of Vägen ut and Basta.

<http://www.sofisam.se/download/18.3453fc5214836a9a472997c3/1411563042781/NUTEK%2C+Det+sociala+f%C3%B6retaget+och+samh%C3%A4llet.pdf>

Allwin is another interesting social enterprise which is using a circular business model. The enterprise collects food that will be wasted if not taken care of by the businesses. Allwin is in their turn providing people in need with food and thereby helping both the business to be more aware of the climate impact as well as solving a social need. On the homepage you can see several examples how they measure and make impact on society. <http://allwin.nu/matsvinn/>

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Social Enterprise Sector Snapshot Around The Baltic Sea:

**Stakeholders
Education
Impact Analysis**