

REFLECTIONS ON THE HANNOVER POLICY FORUM 4-6 JUNE 2007

1. INTRODUCTION

This document captures some reflections on key issues raised in the EQUAL Policy Forum “Putting the Heart into the Lisbon Process: Strategies for Inclusive Entrepreneurship and Social Enterprises” held in Hannover on 4-6 June 2007. It is a working document, drafted by external experts, designed to help the Commission to reflect on how to carry forward the work on inclusive entrepreneurship and the social economy during the final period of EQUAL and into the new programming period 2007-2013.

The report does not attempt to provide a description of all the plenary and workshop discussions. These can already be found in the reports of the conference produced for the German Federal Ministry of Labour and Social Affairs, which are available online at: <http://www.equal.de/Equal/Navigation/Aktuelles/nachrichten,did=210432.html>

The document is divided into two parts. The first deals with the business creation theme while the second concerns the social economy.

2. FROM BUSINESS CREATION TO INCLUSIVE ENTREPRENEURSHIP

2.1. THE NEED TO BUILD A COMMON UNDERSTANDING OF THE TERMS

The title of the Hannover Policy Forum referred to “Strategies for *Inclusive Entrepreneurship* and Social Enterprises”. The programme stated that the first objective of the forum was “to show the importance of strategies to promote self employment, small businesses and the social economy in the areas and for the groups that really need them”.

However, at the conference two things became apparent. Firstly that “inclusive entrepreneurship” is a new term for many people, and is interpreted in different ways depending on the context in each country. Some people seemed to confuse it with social enterprises or the social economy. The term is by no means ideal but so far we have not been able to find a better substitute and it is now gaining currency. This means there is a need to clarify its meaning.

Secondly, many speakers referred to the need for a broad definition which roots economic aspects in social reality. Thus Jan Olsson, co-rapporteur of an opinion by the European Economic and Social Committee on *Entrepreneurial Mindsets and the Lisbon Agenda*, said that entrepreneurship is far broader than simply creating new businesses. It should permeate all the strands of the Lisbon agenda – growth, jobs and also inclusion.

Similarly Fintan Farrell, of the European Anti Poverty Network (EAPN), said that enterprise can be an effective way to combat poverty. “People at risk of poverty have ideas, and the social economy has the sort of networks that can make them work,” he said. What worried him was the enormous gap between this reality and the high-tech supply-side focus of the Lisbon agenda.

Sergio Arzeni of the OECD's LEED (Local Economic and Employment Development) programme noted that the OECD's Ministerial Conference held two weeks previously had issued a statement to the effect that innovation is not just something technical, but has a social dimension, and that social capital is important.

These statements, which were reiterated through many of the workshops, are important because the strategies for “inclusive entrepreneurship” that EQUAL is promoting has precisely been trying

to occupy an empty space between traditional enterprise policy and employment and social policy. This is precisely what makes the term so important and also so challenging because it involves bringing together actors and policy-makers who do not think in the same terms.

The presentation¹ of the Community of Practice on Inclusive Entrepreneurship argues that “On the one hand, many of those responsible for economic and business development feel that entrepreneurship is primarily the reserve of the more educated and technologically advanced members of society.... On the other hand, those concerned with social inclusion and employment policy often feel that the way to combat exclusion is through employment.... Our view has been that many people from disadvantaged groups can help to create their own future rather than hope that decent jobs ‘trickle down’ from the high technology, high growth sectors”.

COPIE is a learning and communication platform for people working on the design and delivery of policies which make it easier for under represented groups to become self employed or start up a business. Twelve countries are currently involved. The COPIE action plan is built around a tool that takes the different stakeholder groups systematically through an analysis of enterprise support in their region, sub-region or city. This allows them to identify the main gaps or challenges to the support system for entrepreneurship in the four main themes identified by EQUAL, from the point of view of specific groups. The four themes are: creating the culture and conditions for entrepreneurship; integrated start-up support and training, support for consolidation growth; and access to appropriate finance. Policy challenges are identified from the scoring process.

The Hannover Policy Forum confirmed that COPIES message rings a bell with many people. The message is now associated with the term “inclusive entrepreneurship” and this should be built on. But it is going to be important to generate a clearer understanding of what the term means. One possibility is for the Community of Practice to start a “wiki” – an interlinked set of online documents that can be freely edited by a community of users, or if desired by the general public – to stimulate a debate and arrive at a shared definition of this and other terms”. To start the ball rolling here are some initial ideas discussed in Hannover:

- Inclusive entrepreneurship is not just about starting an individual business. It is about a set of attitudes, competences and skills which allows people to turn their dreams into concrete projects or “enterprises” and then see these through to fruition. Inclusive entrepreneurship can be applied to self-employment, starting or growing micro or small enterprises and new, collective forms of satisfying unmet needs through social enterprises. Indeed the personal qualities required for entrepreneurship are essential for success in the knowledge economy – whether this be in the private or public sectors.
- The term “inclusive” entrepreneurship is used because it makes clear that the personal qualities and conditions required for entrepreneurship are not the prerogative of a privileged, highly educated few. Indeed millions of people across the globe take complex decisions, manage risk, find new innovative solutions, and collaborate with others just to survive in their daily lives. However the obstacles and risk they face when trying to make the leap from survival to long-term sustainability are proportionally far greater than those involved in launching a new company on the stock exchange.
- Inclusive entrepreneurship is about creating a genuine level playing field by understanding and then overcoming the barriers faced by different people in different places. It is about unleashing the creative potential that people have within themselves and using it to create a more sustainable future.

2.2. THE COMMUNITY OF PRACTICE ON INCLUSIVE ENTREPRENEURSHIP – THE FIRST THEMATIC PLATFORM FOR LEARNING AND CO-OPERATION FUNDED BY THE ESF

The second aim of the Hannover Policy Forum was “to develop a broader community of policy makers and implementers from both Member States and regions who are prepared to take further

¹ See : “new plans to open up entrepreneurship to all during the next round of the structural funds” http://ec.europa.eu/employment_social/equal/data/document/0705-hannover-copie_en.pdf

action in these areas (inclusive entrepreneurship and social enterprise) in the next round of the Structural Funds". This objective was widely supported in both the plenaries and the workshops.

For example, in his opening speech Nikolaus van der Pas, Director-General of the Employment, Social Affairs and Equal Opportunities DG of the European Commission, said he was keen to ensure the work of the 700 EQUAL partnerships focussing on entrepreneurship is not wasted. "To continue their work till 2013, I believe we need to build a *platform for inclusive entrepreneurship in the new Structural Funds period*," he said. "We need to make start-ups by so-called 'disadvantaged' people a normal thing, and trans-national work is an important part of achieving that."

Jan Olsson, co-rapporteur of an opinion by the European Economic and Social Committee on *Entrepreneurial Mindsets and the Lisbon Agenda*, "wholeheartedly supported Mr Van der Pas's proposal to establish an *Entrepreneurship for All* platform. In Mr Olsson's view this must be a permanent, staffed structure, not an ad hoc one".

Michael Heister from the Federal Ministry of Employment explained how Germany, which at the time of the forum held the EU presidency, intends to play an important role in promoting future European platforms and co-operation projects on inclusive entrepreneurship

Francisco Madelino, President of the Employment and Vocational Training Institute in Portugal, which took over the presidency in July 2007, insisted on the need to develop concrete instruments which "go beyond the macro and meso levels" and bring out the full potential that *local* economies can play in the Lisbon Strategy.

Finally, Welsh MP and former cabinet minister, Alun Michael explicitly referred to the Community of Practice and argued that "we need to see the COPIE (Community of Practice on Inclusive Entrepreneurship) tool applied everywhere".

During the conference some 120 people visited the COPIE stand, took the documentation and left their names saying that they were interested in receiving further information.

Despite the fact that many people had to leave early, 25 people attended the meeting on COPIE after the main event and also left their names and contact details. Particular interest in applying the tool was shown by the representatives from: Spain (the Basque Country, Andalucia and Galicia), Belgium (Wallonia), Ireland and the Czech Republic.

However, independently of the tool itself there was great interest in forming part of a European Learning Platform that brings together people who are "passionate" about inclusive entrepreneurship and actively involved in developing solutions on the ground or at a policy level. In order to build this platform COPIE is proposing the following course of action:

- Holding a meeting (probably in Asturias) at the end of September for countries and regions which are interested in applying the COPIE tool. The aim would be to recruit around ten more regions or MS in waves of five. COPIE will also make a presentation to disseminate its findings and attract more involvement in the Open Days organised by DG REGIO to be held in October.
- Producing an online version 3 of the tool, which takes account of the results of the five tests carried out so far – with benchmarks and an explanatory manual.
- Identifying, training and supporting the application of the tool in five more regions.
- Developing the interactive aspects of the COPIE website.
- Improving the existing data bank of transferable products in the field of inclusive entrepreneurship (around 100 entries so far).
- Extending the data bank to include productions from other countries. At the very least it should be possible to involve the Netherlands, Greece, the Czech Republic, Ireland, Sweden and more cases from France. In the long term it will be important to include cases from other EU and national programmes (INTERREG, LEADER, the Phoenix Fund in the UK, etc).

- Preparing a series of good practice overviews covering key areas like entrepreneurship education in schools, inclusive entrepreneurship in deprived urban neighbourhoods, quality standards for inclusive business support, etc.
- Identifying clusters of regions and member states that are interested in applying different strategies and tools for inclusive entrepreneurship in the next round of the structural funds – both in their mainstream operational programmes and in trans-national cooperation.

In order to build on the momentum that has been created it will be important to ensure that this programme is implemented smoothly.

2.3. CO-OPERATION AND COPIE'S CHILDREN

The workshops were organised in a logical three-stage progression. The first session examined what the challenges are – urban unrest, rural decline, industrial restructuring, increasing the proportion of people in employment, severe exclusion and public service reform – which inclusive entrepreneurship can help to answer.

The second session showcased some of the solutions that have been tried around the EU – focussing on the four parts of the entrepreneurial ladder out of social exclusion that has been developed by EQUAL and taken up by COPIE – building the culture conditions for entrepreneurship, delivering quality business support, linking support and finance and breaking into new markets.

The third and final session considered how to put these solutions together to form coherent strategies for the future and get the financial architecture right to support these strategies during the next round of the Structural Funds.

In a sense, these sub-themes are all potential lines for more specific working groups and action plans within the overall umbrella of COPIE in the future. One of the objectives being proposed for the rest of 2007 would be to explore the level of interest in these issues at both EU, Member State and Regional level to see which issues are the strongest candidates for joint EU action.

One of the exciting developments to emerge from the Hannover Policy Forum is clearly that certain projects have now developed products – methodological tools, pedagogical kits, etc. – within these areas which they actively want to transfer during the next period. So at EU level one can envisage a range of action ranging from structured study visits, exchanges and peer reviews on certain topics of common interest to the full-blown adaptation and implantation of certain more mature products.

The following simply provides some preliminary reflections on the potential of the different sub-themes dealt with in the conference.

The challenges

- *Inclusive entrepreneurship in deprived urban areas (WS A1)*. This is clearly a topic of great concern at both EU and Member State Level. Portugal (Barrios Críticos), the UK (LEGI) and one would expect France (Maison d'Entreprise), Germany (certain Social City areas) are developing strategies for entrepreneurship in deprived urban neighbourhoods. The Social Fund has an important role to play. Many EQUAL projects have been experimenting with solutions. This is an area in which the URBACT Community Initiative is likely to support a number of networks (Regions for Economic Change and Fast Track) and Interreg will no doubt be active. The Quartiers en Crise Network also plays an important role. It has to be seen how DG Employment wants to position itself in this field. The workshop planned in the Open Days should provide an opportunity to deal with this.
- *Inclusive entrepreneurship and restructuring (WS A2)*. Once again this is an area of great concern at different levels of the EU. A summary document has been written on the contribution that inclusive entrepreneurship can make to areas affected by restructuring and this has been taken up the Commission staff involved in the new European Globalisation Adjustment Fund (EGF). Several of the case studies mentioned in the report also gave

presentations at Hannover are being asked to a conference on restructuring being organised by the Commission staff involved in the EGF . (Valnalón in Asturias, Ariadne in the Basque country). It would be worth exploring the kind of follow-up work that the EGF envisages after their conference.

- *Inclusive entrepreneurship and activation strategies (WS A3)*. Inclusive entrepreneurship can play a major role in achieving the numbers required for reaching the Lisbon targets for employment and activity rates – especially in those deprived urban and rural areas which are unlikely to attract large firms or other sources of employment. However, traditionally, activation and insertion strategies are considered as completely different subjects and lines of work to strategies for entrepreneurship. This was reflected in the workshop in the Hannover conference. It will be necessary to find a group of regions and projects that recognise the role of entrepreneurship in this field and are prepared to champion this subject.
- *Inclusive entrepreneurship in rural areas (WS A5)*. For obvious reasons, rural areas do not receive the same level of political interest as urban areas. This is reflected in the current mismatch between the size of the employment challenge in rural areas and the policies actually in place to deal with it. The workshop pointed out that more jobs have been lost as a result of agricultural restructuring than as a result of industrial restructuring and that there is predicted to be a further loss of between 8 and 11 million jobs in rural areas in the EU27 by 2015. The job losses will be heavily concentrated in the new Member States. The Social Fund is extremely active in rural areas but not in a coordinated way. The lead has been left to the Agriculture DG and agriculture ministries. However, only about 15% of the Agriculture DG's expenditure is devoted to the Rural Development Regulation (the second pillar of the CAP) of this only about 15% again goes on non-agricultural development. So the gap between the needs for creating alternative economic activities in rural areas and existing policies is huge. This is why many partnerships and projects funded by the EAFRD now recognise that there is an urgent need for collaboration with both the ESF and the ERDF. EQUAL has been very involved in rural areas in a number of Member States (France, Spain, Portugal, Greece, the Eastern *Länder* of Germany and even the Netherlands). A number of Interreg projects are also active. However, there is also a need to find Member States and Regions who are prepared to take a lead in joint action.

The solutions

- *Changing the enterprise culture (WS B1)*. Many participants in both the plenary and the workshop insisted on the need for intervening early to affect both the mindsets and the framework conditions for inclusive entrepreneurship. Three approaches were presented in the workshop: changing the enterprise culture in schools and the education system, building an entrepreneurial culture in the community and improving the transition between informal and formal work through business and employment cooperatives. In all three areas the projects have developed very interesting tools and methodologies (both with and without EQUAL) which are ready to be transferred to other regions and countries and mainstreamed. For example, the Technological City of Valnalón has developed an entrepreneurial game for 15-year-old school children which involves them creating co-operatives and trading internationally with co-operatives set up by schools in other countries. The methodology has already been implanted in several EU and non-EU countries and the project is looking to expand the network. There are clear product champions and potential clusters of countries and regions that may want to become involved in adapting and transferring the products in all three approaches mentioned in the workshop. This could be a subject of future trans-national cooperation.
- *Delivering quality business support (WS B3)*. The projects presented in this workshop have progressed considerably over the last five years of EQUAL. Rather than talk about the general principles of inclusive business support, they have now developed a series of recognised quality systems and standards for different stages of business support (outreach, screening, mentoring, etc.) and for different target groups (women, ethnic minorities, people with disabilities). These standards often go hand in hand with recognised training programmes for advisors. Once again there is a cluster of products which seems to be sufficiently mature to be adapted, transferred and mainstreamed across different EU regions and countries.
- *Linking support and finance (WS B4)*. Until recently micro-finance and other forms of financial engineering were considered to be the domain of the ERDF. However, during EQUAL there has been an important gap in the supply of very small loans for excluded groups. For various

reasons the provision of these loans has to go hand in hand with specially adapted mentoring and support. The European Social Fund can play an important role here – especially in the early stages of launching new Microfinance Initiatives. However, it is extremely important that the Funds and specialised Micro Finance Institutions are managed well. There is a significant cluster of projects which have a lot to offer in this area. Most are already involved in recognised EU networks like the European Microfinance Network and the Microfinance Centre in Poland. The opportunities for joint European Work in this area may well be opened up by the interdepartmental action plan on Microfinance being produced by the Commission. This is a strong candidate for a sub-network of COPIE.

- *Breaking into new markets (WS B5)*. The sub-themes dealt with in this workshop offer the possibility of cooperation with social economy projects: opening up public procurement to SMEs and social enterprises and replication models such as franchising. There is considerable interest in the issue of public procurement but it is politically a highly sensitive issue and requires a very strong technical basis if it is to be taken forward successfully.
- *Integrated regional and national strategies for inclusive entrepreneurship (WS C1)*. Three extremely good examples of inclusive entrepreneurship strategies were provided at Hannover: a strategy starting from enterprise policy (the Welsh Entrepreneurship Action Plan), a strategy starting from employment policy (the approach to encouraging self employment and SMEs in Andalucía, Spain) and a strategy starting from social enterprise (the UK Social Enterprise Strategy). Although all three provide extremely interesting models the reality is that integrated strategies for inclusive entrepreneurship are very far and few between in Europe. COPIE should precisely make the development of such strategies one of its priorities. It can do this when it comes to test the “action planning” stage of the tool for inclusive entrepreneurship.
- *Getting the right financial architecture (WS C2)*. The workshop made it clear that the degree of priority received by disadvantaged groups, social enterprises and the coordination of different EU and national funding sources was a national or regional affair. So it becomes especially important to identify those Member States and regions that are prepared to put resources in this area (using the Social Fund) during the 2007-13 period. These countries should provide the spearhead of COPIE’s work in the future. We suggest that both deductive and inductive methods are followed for identifying and mobilising this group – both screening official programming documents and following through leads and expressions of interest.

3. NEW TOOLS TO MAXIMISE THE POLICY CONTRIBUTION OF THE SOCIAL ECONOMY

The Hannover policy forum provided the opportunity to gather experiences and lessons from the two themes within the entrepreneurship pillar of EQUAL – C (business creation) and D (social economy) – which have tended to be treated in isolation, although there is in fact a great deal of overlap. An example of this overlap is that 60% of the development partnerships in theme D (social economy) are in fact dealing primarily with the creation and survival of businesses. Both themes aim to create employment and inclusion through enterprise, and the distinction between them is often that work in theme C targets enterprises owned individually by disadvantaged people, while work in theme D targets enterprises owned collectively by or for the benefit of disadvantaged people.

The forum gave space to the examination of three of the most striking results to come out of EQUAL’s work in the social economy:

1. Work to involve social enterprises in the more effective delivery of public services;
2. The development of ways of measuring the social added value of inclusive and social enterprise approaches;
3. The use of social franchising as an efficient way to create new businesses and jobs.

The first two of these issues are in some ways ‘mirror images’ of each other. On the one hand public authorities can target their own spending to achieve social goals such as creating new jobs for disadvantaged people, and raising standards of living within deprived communities. On the other hand, ways of measuring social impact enable policy-makers to tell what strategies are the most successful. Both these strands of work are supportive of the goals of the Lisbon Strategy to

raise the activity rate by providing more and better jobs and greater social cohesion, as is the third strand, the development of a mutually supportive cluster of social enterprises within a single trade sector (such as care or recycling) through a social franchising framework.

There are also extremely useful results in the areas of work integration social enterprises (WISEs) for severely excluded groups (such as ex-addicts and people with mental health problems) and braided (mainstream + specialist) business support.

It is these three results of EQUAL that present the greatest potential returns to future investment in support for innovation. Thematic work at EU level on these topics should be supported, and some of the Member States that have been active during EQUAL so far are indicating that they wish to continue. Flanders is preparing to organise a learning event on 'enhancing public procurement with social return on investment' in the spring of 2008. Poland is planning a substantial amount of dissemination work during 2008 based on work by groups of DPs, and including an international conference. Greece has also proposed to host a European conference. In other countries the way transnational work will be organised is not yet clear.

Results in these areas came out in the workshops as follows.

The challenges

- *Using entrepreneurship in activation strategies for those furthest from the labour market (WS A4).* Social enterprises provide transitional and stable employment to those furthest from the labour market. Many countries have set up policies and measures that help provide job opportunities for those categories. EQUAL has also tested many innovative paths and methods to bring the most disadvantaged groups back to work. Now there is a clear need to improve co-ordination between different policies and measures, namely social inclusion and employment policies. The new programming round (2007-2013) presents an exceptional opportunity to increase the visibility and importance of the ESF, as well as the ERDF in promoting and supporting social enterprises.
- *Public sector reform (WS A6).* Public services need to evolve if they are to cope with the increased demands placed on them as a result of the ageing of the population. Social enterprises are increasingly seen as offering solutions because they offer choice and flexibility, they are responsive to user needs, they are efficient, they are locally accountable and recirculate earnings in the local economy, and they are about more than profit.

Social enterprise is growing fast in several European countries – in Italy there are 7,000 social co-operatives employing 230,000 people, turning over €5 billion a year and growing at 10% a year.

Social enterprise is often a win-win solution for all parties. It can generate local jobs, boost incomes in local economies, and improve service delivery, under competitive contracting conditions.

The public procurement process offers considerable opportunities, but also has its difficulties. Quality is a key factor in winning contracts.

Public authorities can improve accountability by using methods of demonstrating social added value, which can be used by all businesses. Two such methods are social return on investment (SROI) and social audit.

The solutions

- *Inclusion through enterprise (WS B2).* Work integration social enterprises (WISEs) are well established across Europe as a cost-effective way of integrating a wide range of disadvantaged people into society, by creating enterprises that employ them under suitable conditions. These WISEs operate under a wide range of conditions in different countries; some can claim compensation from the public purse for the reduced productivity that they can draw on, while others receive no subsidies and their employees rely on welfare benefits. In either case, cost-benefit analyses generally show a heavy saving to the public purse when compared with the beneficiaries remaining inactive. This results from increased tax, social insurance and VAT revenue, decreased use of health services, etc.
- *Delivering quality braided business support, start-up incubation and activity co-operatives (WS B3).* The business support system should combine an easily accessible 'one-stop shop' front

end, with referral to specialist advisers when necessary. The generalist signposting service must be culturally acceptable to the disadvantaged groups it is desired to serve, and qualified to diagnose the type of specialist support that is required.

Work in EQUAL has for instance shown the way for Chambers of Commerce to work in partnership with co-operative consortia in provinces the length and breadth of Italy to develop, in social enterprises, a significant new market for their business advice services. Further mainstreaming approaches of this kind should be encouraged.

Social enterprise has also brought forth an innovative type of business incubator in the form of the 'business and employment co-operative'. This type of incubator, of which there are now around 90 in Europe, provides an easy three-step path from inactivity to self-employment. One of its key plusses is the high level of peer support that participants benefit from. Another crucial feature is the way it smoothes the transition from benefit dependency to independent earning. In the initial phase the entrepreneur continues to receive benefit while building up the business. In the second phase he or she receives a part-time salary from the co-operative in return for a 10% levy on sales – the salary rises as sales rise. In the third and final phase the entrepreneur can join the co-operative as full voting member, and take part in its management. This model is currently supporting some 3,700 new businesses.

- *Breaking into new markets (WS B5)*. There is a persuasive amount of evidence that trade-sector based business development approaches can create new enterprises and new jobs for disadvantaged groups more efficiently, by spreading existing successful models in the form of a cluster. Examples include Care & Share Associates (320 jobs in homecare in the UK) and the CAP Märkte (400 jobs in neighbourhood retail in Germany).

In the sector of recycling and reuse, social enterprises have opened up an entire new market. They have achieved the necessary critical mass (16,000 employees in 1,000 enterprises) to create an EEIG to manage the European *SerraNet* brand.

Cost-benefit studies show that work integration social enterprises (WISEs) produce a generous profit for society as a whole – the savings they generate in reduced benefits claims and other costs such as health and policing costs far outweigh the grants they receive.

EQUAL has given the opportunity to some enterprises and projects in the social economy to test a methodology coming from the traditional private commercial sector, which is the franchising system. "Social franchising" has been developed as a way of codifying a business idea so that local groups can replicate it, while safeguarding their democratic and empowering structure. It offers the benefits of reduced risk, a common brand, training, mutual learning and many other synergies.

The strategies

- *Maximising market opportunities (WS C3)*. Local authorities of all types, from large cities to sparsely populated rural areas, are bringing social enterprises as partners into their development strategies. Working with social enterprises enables them to target their spending where it can have most benefit to disadvantaged groups and deprived areas. It also helps to build employability skills and keeps money circulating within the local economy.

Public authorities typically work with social enterprises both through formal procurement procedures and through longer-term partnerships. A key lesson in using public procurement in this way is to address the issue early on in the procurement procedure. Awareness raising and training for policy-makers, procurement officials and social enterprises is needed.

There are however a number of barriers. Local and regional authorities need to have sufficient delegated power, and the local social economy needs to have the capacity to act as a viable partner in carrying out major projects.

At European level, the existing network REVES (*Régions et Villes de l'Economie Sociale*) may be a useful vehicle through which good practice in strategies to involve the social economy in local and regional development can be spread.

- *Using measures of quality and impact (WS C4)*. Measuring social as well as financial impacts enables policy makers to assess whether programmes of action are actually achieving the desired results. In order to be useful, measurement tools need to be: usable at project, programme and policy levels; consistent with existing approaches to evaluating structural funds but offering advantages over these approaches; cost effective at all levels; and relate activities

though to objectives. They must be based on the objectives of the relevant stakeholders – enterprises and employees, and they must account adequately for the effects of attribution, displacement and deadweight.

In concrete terms this means that tools to measure the effectiveness of inclusive entrepreneurship strategies must examine at project level whether net new jobs have been created, to what extent disadvantaged people have accessed employment, and how continuous learning effects the viability of the enterprises. At programme level they must examine how the level and complexion of the business population is changing, how this influences employment trends, and what the economic, social and environmental impact is.

Tools already in use, such as the ‘socio-economic reporting’ methodology used in Sweden, are producing some remarkable results. Greater European collaboration, building on the existing SROI Europe group, should be supported, for instance by a community of practice within the ESF.