

Promoting Social Entrepreneurship in Europe

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Panel: How to promote social entrepreneurship, ensure better capacity building and foster entrepreneurs education

A Historic Day

In the span of a decade, Social entrepreneurship has moved from niche to mainstream and today marks a very special day. At the Annual Meeting of the Forum in 2002, no one came to the session on “Come and meet the Social Entrepreneurs”. Today, we have 1000 registered participants here.

Context Schwab Foundation

- Started in 2000 by Klaus Schwab, Founder of World Economic Forum and Hilde Schwab
- Community of 200 leading social entrepreneurs in the World
- Raising awareness through “Social Entrepreneur of the Year” competitions around the world
- Social entrepreneurs meet political, corporate and media leaders at Davos and other Forum events
- Social entrepreneurs advance the field through task forces on topics such as social investment, governance, leveraging technology, and “Base of the Pyramid”

EU Policy should be aimed at two main goals:

- 1) Fostering more social innovation and social enterprises
- 2) Spreading and scaling those models that have a proven impact

Ad 1) Lacking opportunities in education and training

- Many universities across Europe have introduced courses and centers on social entrepreneurship
- Examples: ESADE and IE in Spain, Oxford Said Business School, LSE, LBS in Great Britain; European Business School, Technical University Munich, Lüneburg in Germany; HEC, ESEC and INSEAD in France
- INSEAD and University Heidelberg are two top programs providing executive education to SEs in Europe
- Missing: Raising awareness for social entrepreneurship at secondary school level. Studies show that the age of 14-17 is critical for identifying who you are and what you want to achieve in life.
- Intel and Schwab Foundation are developing curriculum that is pioneered in 3 Länder in Germany. While education is in the jurisdiction of each member state, raising awareness of modules on social entrepreneurship in grades 9-12 could go a long way. In addition: support to adapt modules to country context or extra-curricular programs such as Junior Achievement-Young Enterprise conducting a Social Enterprise Competition in 13 EU countries

- Importance of EU education programs such as ERASMUS

Ad 1+2) Capacity building for Social Entrepreneurs to access growth capital

- Increasing number of Social Investment funds
- “Impact Investing” a new wave. Many entities based in Europe (or CH) – (responsAbility, Oasis Finance) to large banks (LGT, UBS Impact Investing Fund, Deutsche Bank Impact and SE Fund)
- Several concerns:
 - Lack of capacity among SE: need for intermediaries (subsidized) to help SEs get “investment-ready”
 - Lack of confidence among SE: social entrepreneurs jump through every hoop for the investor during a 6-month due diligence process to then be let down on reasons like “We don’t invest in health”
 - Social Investment Manual: Guide from experienced social entrepreneurs on whether and how to raise debt or equity from social investors
- Continued need for philanthropic capital to provide mitigate risk perception and leverage funding from commercial investors
- Link to MIT and Stanford Social Innovation Review articles of the World Economic Forum’s Global Agenda Council on Social Innovation

Ad 2) Removing barriers for Social Enterprises to Scale across Europe

- Important to not re-invent the wheel and learn from different experiences across different European countries
- No reason why a successful initiative on youth employment in Switzerland could not similarly work in Germany, France, Spain or Italy
- But: Seems to be easier for SE to expand from India to East Africa or LatAm to Middle East than within Europe
- Among leading 200 SEs in SF network, 41 are based in Europe.
- Only 6 of 41 or 15% have activities in other European countries than their home base
- Comparison: 19 out of 42 or 45% of Asian social entrepreneurs in SF community operate in adjacent countries or other countries within the region (also bridging cultural and language barriers)
- Scaling/growth of impact important, not necessarily of the organization
- This requires transparency of initiatives in multiple languages and across borders
- Fostering of entrepreneurs in countries that take up existing models and adapt them to the respective member country
- One possibility: Expanding ERASMUS to learn about SE in other countries or work with SEs across EU borders

- EU planned action to support a mapping exercise and comprehensive multi-lingual database with social enterprises in Europe can be important first step to help dissemination efforts