



Social Economy in Eastern Neighbourhood and in the Western Balkans

Country report – Bosnia and Herzegovina

January 2018



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LIST OF ABBREVIATIONS

BiH	Bosnia and Herzegovina
COSME	EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (SMEs)
CCSP	Centre for Civil Society Promotion
CSO	Civil Society Organisation
CSR	Corporate Social Responsibility
EaSI	EU Programme for Employment and Social Innovation
EBRD	European Bank for Reconstruction and Development
EFSE	European Fund for Southeast Europe
EMES	Research Network for Social Enterprise
FBiH	Federation of Bosnia and Herzegovina
LLC	Limited Liability Company
OECD	Organisation for Economic Co-operation and Development
SBI	Social Business Initiative
RS	Republika Srpska
SE	Social Enterprise
SIF in BiH	Social Inclusion Foundation in Bosnia and Herzegovina
SME	Small and Medium-sized Enterprise
SWC	Social Welfare Centres
PwD	Persons with disabilities
WB EDIF	Western Balkans Enterprise Development and Innovation Facility
YEP	Youth Employment Project
YSB	Yunus Social Business Balkans
Eastern Neighbourhood	
AR	Armenia
AZ	Azerbaijan
BLR	Belarus
GE	Georgia
MD	Moldova
UK	Ukraine
Western Balkans	
AL	Albania
BA	Bosnia and Herzegovina
FBiH	Federation of Bosnia and Herzegovina
XK	Kosovo*
MK**	The former Yugoslav Republic of Macedonia
ME	Montenegro
RS	Serbia
WB	Western Balkans

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.

** Provisional code which does not prejudice in any way the definitive nomenclature for this country, which will be agreed following the conclusion of negotiations currently taking place under the auspices of the United Nations

1. EXECUTIVE SUMMARY

The legacy of the war in Bosnia and Herzegovina (BiH), which has led to a uniquely complicated governance structure and the generally uni-ethnic focuses of its political parties and regional institutions, impedes the fast economic and social development of the country. Besides the challenges in economic development, the country faces similar challenges as its Balkan neighbours in the form of social inclusion, unemployment (particularly among vulnerable groups) and poverty. Such an environment makes building a transparent picture of the state of the social enterprise sector almost impossible. To make understanding of the market even more challenging, there is no systematic data available about the number, size, impact, fields of activities, or financial turnover of Social Enterprises (SEs). In general, the sector is in the early stages of development with most of the identified SEs being in the early or validation stages of their development. Even though this study identified promising potential for growth the existing estimates point to a rather small sector with around 30 SEs, not including the cooperatives. The existing SEs engage in wide ranging activities including graphic design, agriculture, information technology, delivery of services to marginalised groups, preservation of traditional crafts, and manufacturing.

The environment in BiH, despite the complicated political situation, is relatively supportive of social enterprises. The ecosystem that will nurture and grow the sector is in its infancy. The social entrepreneurship discourse is characterised by several diverse and distinct tendencies such as: primary focus on social integration and employment of vulnerable groups; economic activities of Civil Society Organisations (CSOs) to ensure financial sustainability; and wider understanding of SE from the aspect of good economy. The policy framework, while universally recognising the need and potential behind a vibrant social enterprise sector, is underdeveloped and provides limited real support. The sector suffers from inadequate institutional support, at times a challenging and unevenly implemented legal framework, dependence on grant funding, no tax relief, and a lack of clear nationwide coordination. Positive developments are identified at entity and canton level: Republika Srpska (RS) has included specific measures for SE development in several of their key economic and social policies and is drafting targeted SE legislation; Canton Sarajevo has also incorporated targeted measures for SEs. Almost all policy documents on all levels identify social entrepreneurship as a concept for employment of people from vulnerable groups. While understandable, considering high unemployment and social exclusion, this approach undermines the full potential of social entrepreneurship to innovate and provide a wide spectrum of solidarity-based goods and services. Municipalities can play an important role in supporting SEs and stimulating cross-sector partnerships to leverage knowledge and resources at the local level. Overall, the institutions would benefit from technical support in this regard.

The SEs that do operate are small, the vast majority have been created with donor funding and are dependent on grants. This means that for the most part their missions and operations are financially unsustainable without continued grant funding. A robust financing model for any but the very earliest stage of SE development does not exist. The social investment market is nascent; beyond the regional players, only Mozaik Foundation provides equity loan support to young social entrepreneurs. The proliferation of donor grant funding, while valuable in initiating social enterprises, perpetuates the project-based mentality which might stifle their development.

Most of the existing SEs are young and financially and technically unprepared for sustainable growth initiatives. Virtually all SEs need access to technical skills for strategic development, market orientation and branding, as well as investment planning. Progress is being made in building out the infrastructure necessary to support it. CSO actors such as the Centre for Civil Society Promotion (CCSP), the Mozaik Foundation, the Youth Employment Project (YEP), the Social Inclusion Foundation in Bosnia and Herzegovina (SIF in BiH), and others are actively creating support infrastructure. Many of the provided services lack a coherent and coordinated strategy which negatively reflects on the individual projects. The emergence of SE networks presents an opportunity for peer-support, advocacy and increased visibility. It is crucial for these networks to build shared ownership and self-sustainability. The SE actors have to build trust and coordination mechanisms to join forces rather than overlap.

2. INTRODUCTION

Post-war Bosnia and Herzegovina (BiH) is undergoing at least a threefold transition: from conflict to peace; from communism to democracy and a market economy; and from membership in a federation to independent statehood. The legacy of the war significantly complicates the country's transition in comparison to neighbouring countries. The security situation has largely normalized and physical war scars are decreasing, thanks in large part to international donations. However, BiH makes limited progress on democracy, governance and other reforms in comparison to neighbouring countries. The country's constitutional future remains contested and the least stable in a volatile region.

The **political divisions of Bosnia and Herzegovina** comprise of two entities: the [Federation of Bosnia and Herzegovina](#) (FBiH), with mostly [Bosniaks](#) and [Croats](#), and the [Republika Srpska](#) (RS) with mostly [Serbs](#) – each governing roughly one half of the state's territory. The Federation of Bosnia and Herzegovina itself has a federal structure and consists of 10 autonomous cantons. The city of [Brčko](#) in northeastern Bosnia is a seat of the [Brčko district](#), a self-governing administrative unit; it is part of both the Federation and Republika Srpska. The district remains under international supervision. The Federation is further divided into [cantons](#), which are then subdivided into municipalities. [Republika Srpska](#) is divided directly into municipalities. BiH's transition to a market economy is incomplete and political actors are driven to implement difficult socioeconomic reforms generally only when international partners demand it in exchange for macro financial assistance. Protests in early 2014 underlined the fragility of the socioeconomic situation in the country¹. Many of the protesters see themselves as net losers from the transition processes, especially those workers from bankrupt formerly state-owned enterprises.

Heavy rainfalls, severe flooding and landslides in May 2014 affected almost one quarter of the population and caused damage amounting to an estimated 5% - 10% of BiH's GDP². The country's complicated government structure and political environment has stalled many key economic reforms. BiH's poor investment climate, the lingering effects of the global economic downturn, and the country's strong connection to a still slow growing European economy has resulted in five years with limited foreign investment. This is reflected in the fact that, according to the World Bank's Ease of Doing Business Report, BiH is the least competitive economy in Southeast Europe and is currently ranked 81 out of 190 global economies.

The BiH economy has grown from a low of EUR 5,510 million in 2000 to being forecasted to hit EUR 16,980 million in 2017³. GDP per capita has grown gradually to EUR 5,360 with an official average salary of EUR 678 per month as of October 2017⁴.

The country's governance system presents significant bureaucratic challenges since the different governing levels do not share the same vision or priorities, and in addition there is a prevalent layer of opaque transparency. Comprised of two autonomous entities (The Federation of Bosnia & Herzegovina and Republika Srpska) 10 cantons (plus Brcko, a self-administered unit) and 141 municipalities; this lack of cooperation between the central government, canton and municipal governments is delaying the essential structural and social reforms necessary for the country as a whole to make progress towards full EU membership.

Although BiH is formally open to foreign investment and offers a fairly liberal trade regime, a combination of a restrictive regulatory framework, non-transparent business procedures, insufficient protection of property rights, weak judicial system, and the lingering impact of the economic crisis have all combined to suppress economic growth over the last 3-5 years. As a consequence the economy suffers from an overall lack of resources, this despite the fact that the country itself is resource rich. To make

¹ Bertelsmann Stiftung, BTI 2016 — Bosnia and Herzegovina Country Report. Gütersloh: Bertelsmann Stiftung, 2016

² Ibid.

³ Agency for Statistics of Bosnia and Herzegovina

⁴ Ibid.

matters worse, the informal or 'grey' economy is estimated at over 30% of GDP and official government figures suggest that the private sector only represents 60% of GDP with the public sector representing the balance⁵.

In view of its recent history and the current governance structure (the governance system recognizes ethnicity as an important organizing principle of politics) it is unsurprising that there is a prevalence of socially marginalized groups which are poorly represented, often based on their ethnicity. In terms of social and welfare policy, war veterans associations are dominant and their powerful lobby continues to secure vastly disproportionate benefits for this segment of the population, at the expense of other vulnerable groups. The country's ethnically divided territory and governance system have spawned ethno-territorial-based interest groups and civil society organizations.

The state continues to influence the economy through state-owned monopolies and its significant presence continues to crowd out the private sector, this in addition to the general business environment discouraging investment and expansion. This has resulted in high unemployment of 38.81%⁶ and low labour-force participation. The social security system encompasses social insurance, social assistance, family and child assistance and war veterans' protection. The level of social contributions is prohibitively high in BiH and the system financially unsustainable. The EU estimated in 2014 that the ratio of those working in the formal sector who pay social contributions to those who are entitled to health care is around one to five. The pensions system also has a low ratio of contributors to beneficiaries and is unevenly targeted. The World Bank points out that there are inadequate levels of social assistance provided to the most vulnerable groups, in large part because the system is costly: BiH spends 4%⁷ of its gross domestic product (GDP) on social protection. This assistance is poorly targeted, as a higher share of benefits go to affluent sectors of society while the poorest receive less proportionately, making the system essentially regressive rather than progressive.

Ethnic minorities are particularly vulnerable to exclusion, while internally displaced people are at a high risk of poverty. Other groups at a high risk of poverty and social exclusion include the elderly, youth, those with disabilities, the Roma population, and women. In 2017, women comprised 37%⁸ of the total labour force in BiH, a level of labour market participation that is among the lowest in Europe.

This study is dedicated to social enterprises and the social economy in Bosnia and Herzegovina. It is implemented in the framework of the project "Social economy in Eastern Neighbourhood and in the Western Balkans: Preparing a methodology/toolbox for EU Delegations", funded by the European Commission – DG NEAR. The main objective of this assignment is to identify the conditions and the modality of support to efficiently develop social economy and social entrepreneurship in the Enlargement and Eastern Neighbourhood countries.

More specifically, this report provides an analysis of the social economy and social entrepreneurship ecosystem in BiH. It includes an assessment of the state of play of the social economy in the country, including an assessment of its nature, size, and key sectors, as well as an overview and analysis of the regulatory framework, the institutional support, the financing options and the available support structures.

The methodological approach is based on a mix of desk research, qualitative interviews and documentary analysis. An assessment mission in BiH took place between 20th and 23rd of November 2017 with online follow-up by the end of December 2017. Formal and informal interviews were conducted with all of the main stakeholders during the mission. The list of interviews is indicated in Annex II. The mission was conducted by Ms. Nikica Kusinikova.

⁵ Bertelsmann Stiftung, BTI 2016 — Bosnia and Herzegovina Country Report. Gütersloh: Bertelsmann Stiftung, 2016

⁶ Agency for Statistics of Bosnia and Herzegovina

⁷ Organization for Security and Co-operation in Europe, The right to social protection in Bosnia and Herzegovina – Concerns on adequacy and equality, 2013

⁸ International Labour Organisation database March 2017

3. STATE OF PLAY OF THE SOCIAL ECONOMY IN BOSNIA AND HERZEGOVINA

3.1. Nature and size of the social economy sector

The social enterprises in Bosnia and Herzegovina are in their early stages of development. The social entrepreneurship discourse is characterised by several diverse distinct tendencies such as: primary focus on social integration and employment of vulnerable groups; economic activities of CSOs to ensure financial sustainability; and wider understanding of SE from the aspect of good economy⁹. This diverse spectrum adopted by support organisations has also influenced the development of different forms of social entrepreneurship in the country in terms of their nature and focus of work. The SEs in Bosnia and Herzegovina usually operate under several legal forms: a) civil society organisations (CSOs), mostly associations; b) cooperatives, c) limited liability company or shareholder company and d) companies for employment of people with disabilities including sheltered companies.

As in many of the other Western Balkan countries there is no systematic collection of data on the size of the sector, and available information is mostly based on databases of beneficiaries of support organisations and expert estimates. It is further burdened by an overall lack of consistent publicly available data on the CSOs, cooperatives and other entities. The study on the Social Enterprise Ecosystems in Croatia and the Western Balkans by NESsT¹⁰ estimated that the number of SEs that demonstrate all SE characteristics and identify themselves as such is around 31. Based on the interviews and existing studies, the consultant estimates that there are more organisations with potential to develop as SEs in the wider spectrum of social entrepreneurship in BiH.

As is typical in the region, in the last few years the CSOs have been the driving force for the development of social entrepreneurship in the country and have been founders of most of the identified social enterprises in BiH (often under other legal forms, as outlined below). Thus we illustrate the CSO sector development as an indicator for the nature of this form of SE. According to information from Capacity Building of Government Institutions for participation in policy dialogue with civil society (CBGI)¹¹ there were 22,601 registered CSOs in 2016¹², a number which includes CSOs that in order to have a full national footprint are registered as separate legal entities in multiple geopolitical entities. Unfortunately, this figure also includes a significant number of inactive CSOs. The Report on the economic value of the non-profit-sector operates with a number of 12,000 CSOs¹³. Registered associations primarily operate at the local level and most are registered at the entity level (Federation of BiH and cantonal level), while only 19.2% of associations are registered at the state level. The most common fields of interest are education, activities in the local community, consulting, lobbying, advocacy and monitoring of public policies and government institutions¹⁴. In terms of services, CSOs provide an array of wide ranging social services such as: day-care centres for the elderly, people with disabilities, and homeless children; safe houses as well as educational services to various vulnerable groups; and public bodies and services in the area of environment and anti-corruption¹⁵.

There is no official data regarding CSOs' income, staff levels, salaries, or number of volunteers. Staff members are usually hired on a project or voluntary basis. In terms of economic activities, the only available data from 2011 indicates that around 23% of the surveyed associations reported to have income

⁹ A good economy is the one that supports the quality of life throughout the community, is based on the principles of caring for people, for the environment and fair distribution, and supports the solidarity and sustainability of the system.

¹⁰ Varga, E. Social Enterprise Ecosystems in Croatia and the Western Balkans, A Mapping Study of Albania, Bosnia & Herzegovina, Croatia, Kosovo, FYR Macedonia, Montenegro and Serbia, NESsT, 2017

¹¹ <http://www.cbgi.ba/>

¹² The 2016 CSO Sustainability Index for Central and Eastern Europe and Eurasia, USAID, 2017

¹³ Velat D., Report on the Economic Value of the Non-Profit Sector in the Countries of the Western Balkans & Turkey, Balkan Civil Society Development Network, 2015

¹⁴ Strategic study on the social economy development in the context of the South East Europe 2020 strategy, Regional Cooperation Council Secretariat, 2015

¹⁵ The 2016 CSO Sustainability Index for Central and Eastern Europe and Eurasia, USAID, 2017

from mission- and non-mission related economic activities¹⁶. This percentage could indicate the number of potential SEs within the CSO sector.

The cooperative movement in BiH has roots since the late 19th century with the establishment of the first cooperatives in Derventa and Sarajevo¹⁷. Even though the law of the Federation of Bosnia and Herzegovina allows for various types of cooperatives, the predominant form is the agricultural cooperative. The available data from the Cooperative Association of BiH indicates there are around 850 cooperatives – 367 in the Republika Srpska (RS) and 237 in the Federation of BiH¹⁸. However, reports have suggested that many formally-registered cooperatives do not operate on the cooperative principles but function as privately-owned companies¹⁹. Most of them would not identify as social enterprises. Furthermore, there is no indication as to how many of the cooperatives would qualify as a form of social cooperative. More recent research work indicates that in 2014 there were around 260 agricultural cooperatives in BiH, but that not all of them are active²⁰. Authorities in RS have reported 77 cooperatives in RS. As a positive trend, this study identified initiatives of CSOs to establish or support people from vulnerable groups to establish cooperatives. For example, to empower women in their rural community, in 2013 members of the Association of women “Maja”²¹ from the village of Kravica near Bratunac, with support from Care International, established the Cooperative “Zena” which mostly engages in production of raspberries and other forest fruits. The cooperative enables women to formalise the sales of their products (over 24 tons in 2016) and increase production.

Other forms of social enterprise in BiH are entities registered under company law as limited liability companies or share-holder companies. There is no data or estimates on the number of SEs under this legal form. Nevertheless, the study identified that this form is mostly used in two instances: 1) a CSO has established a social enterprise and due to legal limitations (see next chapter) registered the SE as a limited liability company and 2) young entrepreneurs have launched a social business most often with support of social investors (such as for example the Mozaik foundation). These social enterprises engage in diverse economic activities and serve diverse beneficiary groups. They also illustrate the various backgrounds for the establishment of the social enterprise indicated above. The social enterprise “EkoDizajn”²² in Mostar was established by the CSO “Nesto vise”²³ with a mission of improving quality of life by providing organic food to its customers. They have established the SE to improve the financial sustainability of the organisation as a legally viable option for the CSO. Established 14 months ago with the support of grants (such as the EU-funded Smart Start Project) and their own resources, the SE managed to break-even in November 2017. The Association “Life with Down Syndrome FBiH”²⁴ with support from the Youth Employment Project²⁵ has established the social enterprise 3DownŠtampa-3DownPrint d.o.o.²⁶ with an aim to provide young people with Down syndrome opportunities to build their vocational skills and qualifications to become more competitive on the labour market, to provide employment opportunities and to support the sustainability of the mother organisation.

Companies for employment of people with disabilities including the sheltered workshops are another form within the wider spectrum of social entrepreneurship (legal specifics provided in the next

¹⁶ Ibid.

¹⁷ Ninkovic-Papic, R. Assessment Report of Social Entrepreneurship in Bosnia and Herzegovina, SIPU International AB-TACSO office in Bosnia and Herzegovina, 2012

¹⁸ Strategic study on the social economy development in the context of the South East Europe 2020 strategy, Regional Cooperation Council Secretariat, 2015

¹⁹ Ninkovic-Papic, R. Assessment Report of Social Entrepreneurship in Bosnia and Herzegovina, SIPU International AB-TACSO office in Bosnia and Herzegovina, 2012

²⁰ Nuhanovic-Ribic, S., The Political Economy of Agricultural Cooperatives in Bosnia and Herzegovina: Towards a Sustainable Rural Development Model, Doctoral thesis, 2015

²¹ <https://www.facebook.com/Udruzenje-zena-Maja-Kravica-1488328698047144/>

²² <http://www.ekodizajn.ba/index.html>

²³ <http://www.nestovise.org/>

²⁴ <https://www.facebook.com/Udru%C5%BEenje-%C5%BDivot-sa-Down-sindromom-177957595649412/>;

<http://www.downsy.ba/>

²⁵ <http://yep.ba/yep/>

²⁶ <http://www.3dp.ba/>

chapter). Registered under the Law on professional rehabilitation, training and employment of people with disabilities, their primary purpose is to provide employment under special conditions for which they receive public benefits. Even though by law they are profit-making entities, in principle with internal bylaws they have a potential to grow into a SE with all the characteristics outlined by the EU Social Business Initiative (SBI). As an illustration, the sheltered workshop TMP d.o.o.²⁷ was established and owned by the Union of blind persons of Bosnia and Herzegovina with an aim to provide employment opportunities for visually impaired people. 80% of their workforce is from the beneficiary groups. The company engages in various economic activities such as packing coffee and other products, copying services, grocery stores, catering in their restaurant, physical therapy services etc. According to the available information²⁸, in 2017 there were 75 active companies for employment of Persons with disabilities (PwDs) out of which around 10 are sheltered workshops in the Federation of Bosnia and Herzegovina (FBiH). There is no available information on the number of such entities in Republika Srpska.

3.2. Key sectors for social economy and phases of development of social economy players

Existing social enterprises in Bosnia and Herzegovina are engaged in multiple activities, from graphic design to agriculture, information technology to the delivery of services to marginalised groups, preservation of traditional crafts, and manufacturing. Especially in the rural areas agriculture is seen as a suitable sector for social integration of vulnerable groups and is explored by many SE initiatives. There are a couple of examples of social enterprises that have added-value to their business by developing their unique brands and expanding abroad. Such examples include the SE Funky Guerrilla²⁹ from Gradiska which has developed their own apparel brand and Udruzene³⁰ which engages 150 local women knitters to produce hand-knot clothing of their own design as well as of other designers; their products are sold throughout Europe and Asia.

Overall, social enterprises are in their early stages of development, mostly in the start-up phase. While a few have been very successful and are ready to scale, most of the initiatives, even though with promising initial results, are still learning the rules of the market and are working to become self-sustainable.

3.3. Funding and financial tools social enterprises use

So far, most of the social entrepreneurship projects have been launched by CSOs, due to the availability of financial resources and professional skills available to them in developing the business plans. Almost all of the identified SEs launched by CSOs utilised grant funding from a range of foreign donor funded programmes with different focuses such as the Youth Employment Project (funded by the Swiss Embassy), the EU-funded Smart Start whose focus is on financial sustainability of CSOs, Care International Balkans through the EU-funded project “Inclusive economic growth and creation of employment in Eastern Bosnia – Birac region” etc. Social enterprises have also used grant support available for CSOs within the Instrument for Pre-Accession (IPA), the European Instrument for Democracy and Human Rights (EIDHR), as well as funding from other donors such as USAID, UNDP, Soros Foundation etc. The assessment from the interviewees within the study was that many of the SEs fully rely on projects and manage the SE from grant to grant which does not make them sustainable and is generally damaging for the development of the SE sector. Some SEs have used support from the Mozaik foundation either via the channelled UniCredit Foundation grants or via equity loans.

A few of the SEs have also received valuable local support in the form of small donations and more importantly pro-bono advice in setting up the business such as legal and accounting advice, marketing,

²⁷ <http://www.tmp.ba/>

²⁸ Interview with the Fund for rehabilitation, training and employment of PwD in FBiH and Fund's website <https://fond.ba/>

²⁹ <https://www.funkyguerrilla.com/>

³⁰ <http://udruzene.org/en/>

promotion etc. Local governments have traditionally supported the smaller local CSOs and in some cases have recognised the benefit of SE initiatives for the local community. A positive example of this is the Municipality of Bjelina which has signed a Memorandum of Understanding committing to donate a parcel of land including existing premises and infrastructure to the Association of Citizens for Promotion of Roma Education – OTAHARIN³¹, in order to set-up a social enterprise. The organisation will launch greenhouse production; the beneficiary families will be assigned with a piece of land that they can process and grow produce on while the organization will facilitate the sales of the produce. GIZ is providing additional financial and non-financial support for the start-up of the SE. Related to public funding, the companies for employment of PwD are using the financial benefits provided by the Fund for rehabilitation, training and employment of PwD in FBiH.

Very few of the SEs in BiH are utilising other channels of funding such as commercial loans and loans from social investors. SEs have assessed that these sources of funding require well-established and prepared social enterprises which can absorb such funding and meet the criteria. Thus they are not always suitable for the existing level of development of the sector.

3.4. Monitoring and evaluation of the financial and social return

Similar to the rest of the Western Balkan countries, the SEs in BiH mostly use an internal monitoring framework to measure progress and donor reporting formats to record their results and impact. At the individual level, most of the SEs keep track of the number of beneficiaries they serve, and information related to productivity and financial indicators. Nevertheless, reporting and M&E structures within the SEs themselves are under developed or inefficient.

In addition, there is also a lack of any systematic monitoring and evaluation based on international frameworks about the overall impact of social enterprises. Thus, the social impact is mostly documented at the level of case-studies and best practice.

4. THE ECOSYSTEM FOR SOCIAL ENTERPRISE DEVELOPMENT

4.1. Relevant policies, regulatory and institutional framework

4.1.1. The legislative and regulatory framework related to social economy

There is no targeted legislation on social entrepreneurship in Bosnia and Herzegovina and SEs and social entrepreneurship have gradually developed within the existing institutional and legal framework. The importance of social entrepreneurship is recognised in the policy documents related to social inclusion, namely the *Development Strategy of BiH*³², and then reflected in the *Social Inclusion Strategy*³³, which stipulates that social entrepreneurship can play an important role in the employment and social integration of socially marginalized groups. Unusual to the region as a whole, BiH's Social Inclusion Strategy presents a clear definition (but not legal recognition) of Social Entrepreneurship; 'Social Entrepreneurship is an approach that aims to recognise social problems and uses entrepreneurial solutions to bring about social change'. The strategy goes further, outlining social enterprise in a way that allows social entrepreneurs to work through non-profit organisations and CSOs as well as private or public sector organisations. One of the measures under the Social Inclusion Strategy is to develop a system for support of social entrepreneurship which would include simplifying administrative services, financial support and incentives especially on the local level. However, implementation is lagging behind.

³¹ <http://www.otaharin.org/en/homepage-2/>; <https://www.facebook.com/otaharin.bijeljina>

³² Strategija razvoja Bosne i Hercegovine, Vijeće Ministara BiH, Direkcija za ekonomsko planiranje, 2010

³³ Strategija socijalnog uključivanja Bosne i Hercegovine, Vijeće Ministara BiH, Direkcija za ekonomsko planiranje, 2010

Republika Srpska took a step forward in shaping social entrepreneurship policies. Social entrepreneurship is mentioned in several policy documents. Notably, the *Employment Strategy of Republika Srpska 2016-2020*³⁴ under the strategic objective 1 "Increasing employment and economic activity of the population in Republika Srpska" has incorporated a set of measures for development of social entrepreneurship such as: 1.7.1. Adopting a Platform of social entrepreneurship of the Republika Srpska; 1.7.2. Normative regulation of the field of social entrepreneurship (Law) and 1.7.3. Support for the establishment of social enterprises. *A Draft Platform for Social Entrepreneurship*³⁵ has already been adopted in consultation with other relevant stakeholders and it provides a rationale for the development, promotion and support of social entrepreneurship. A similar platform has been drafted in the Federation of BiH, both developed by the Youth Employment Project (YEP)³⁶. The Ministry of Industry, Energy and Mining and the Ministry of Labour and Ministry of Health and Social Affairs of Republika Srpska have been assigned to create the legal framework for social enterprises. At the moment, the Law on social entrepreneurship is in drafting phase supported by the Association for promotion of controlling. It is expected that the law will be included in the National Assembly Program for 2018. Furthermore, the *Strategy for development of small and medium-size enterprises of Republika Srpska*³⁷ under the strategic objective "Stimulating development and promotion of entrepreneurship and entrepreneurial skills" also includes measures to support the development of social entrepreneurship which includes: analysis of the potential for social entrepreneurship in RS; non-refundable financial support for start-up and development of social enterprises through the funds and programs available for SME development and promotion of SEs and their role in the employment of vulnerable groups.

*The Development Strategy of Canton Sarajevo 2016-2020*³⁸ also acknowledges social entrepreneurship under the strategic goal "Increase employment and create new higher value employment" and has incorporated objectives and measures for development of social entrepreneurship such as: a) programs for development of SE and strengthening competencies; b) creating a law on social entrepreneurship in the Canton of Sarajevo; c) establishing a centre for development of social entrepreneurship; d) support to pilot projects on SE to integrate various SE models (cooperatives, work integration models, foundations etc.) and e) support for inclusion of socially marginalised groups in the active labour market. The measures are yet to be implemented.

The existing social enterprises in BiH operate under several laws based on their legal status:

- Laws on associations and foundations³⁹
- Laws on professional rehabilitation, training and employment of persons with disabilities⁴⁰
- Company laws⁴¹
- Laws on cooperatives⁴²

The legal framework for associations and foundations in BiH at all levels regulates the possible types of organization that can be registered, (associations and foundations), and how they operate. CSOs generally enjoy the freedoms and legal guarantees necessary to carry out their work. However, the

³⁴ Strategija zaposljavanja Republike Srpske 2016-2020, Vlada Republike Srpske, 2016

³⁵ <http://yep.ba/wp-content/uploads/2017/02/160120-Platforma-za-drustveno-preduzetnistvo-RS.pdf> from 2017

³⁶ <http://yep.ba/>

³⁷ Strategija razvoja malig i srednjih preduzeca Republike Srpske za period 2016-2020 godine, Vlada Republike Srpske, 2016

³⁸ Strategija razvoja Kantona Sarajevo do 2020. Nact, Zavod za planiranje razvoja Kantona Sarajevo, 2016

³⁹ The Law on Associations and Foundations of Bosnia and Herzegovina (BiH Official Gazette, 32/01, 42/03, 63/08 and 76/11); The Law on Associations and Foundations of the Federation BH (Official Gazette of the FBH, 45/02); The Law on Associations and Foundations of the Republika Srpska (Official Gazette RS, 52/01 and 52/05); and The Law on Associations and Foundations of Brcko District (Official Gazette of Brcko District, 48/02).

⁴⁰ Law on professional rehabilitation, training and employment of persons with disabilities of FBiH, Official Gazette 2/10; Law on professional rehabilitation, training and employment of persons with disabilities, Official Gazette RS 59/09; Law on amendments to the Law on professional rehabilitation, training and employment of persons with disabilities Official Gazette RS 82/15

⁴¹ Law on companies, Official Gazette of Federation BiH "23/99, 45/00, 2/02, 6/02, 29/03, 68/05, 91/07, 84/08, 88/08, 7/09, 75/13; Law on companies, Official Gazette of RS 127/08, 58/09, 100/11, 67/13

⁴² Law on cooperatives, Official Gazette of BiH 18/03, 55/06; Law on Agricultural cooperatives, Official Gazette of RS 73/08

registration costs tend to be higher compared to the other countries in the region⁴³. They can register under the state level, entity level or canton level. The existing SEs mostly operate as associations. From the perspective of social entrepreneurship, two sources of funding related to commercial activities are legally allowed: economic activities closely related to objectives stated in the Statute (income-generating activities); and economic activities not related to objectives and performed by the establishing of a separate enterprise. However, there is no consistent guidance on what constitutes mission-related economic activities, thus the articles are subject to subjective interpretation of the tax authority. For this reason, many CSOs have opted to establish limited liability companies.

The tax treatment of CSOs is still challenging. While CSOs in both entities do not have to pay income tax on grants, donations and membership fees, they are not exempt from profit tax from economic activities and starting from 2017 have to pay 10% profit tax on the surplus income from the commercial activity⁴⁴. CSOs can generate income through economic activity and are VAT exempt on the first 22,500 EUR of income annually⁴⁵. Tax incentives are available to a limited extent on donations and sponsorships. For corporate donors it allows tax deduction of up to 3% of total income and 2% on sponsorships (only in RS). In FBiH, self-employed individuals receive tax deduction up to 0.5% of income from the previous year. The tax incentives are available only for selected areas of support such as humanitarian activities, culture, education, sports, religion, science etc.⁴⁶. The Laws on public procurement⁴⁷ allow CSOs to compete for public tenders; however in practice they rarely do so as in many of the areas where CSOs operate the government bodies favour public institutions.

The general Law on Cooperatives at the state level⁴⁸ prescribes that a minimum of five persons or legal entities may establish a cooperative. In light of social enterprises the positive trend is that the law enables establishment of a cooperative to pursue not only economic but also social and cultural interests, allows engagement in various economic sectors (not only agriculture) as well as stipulates democratic decision-making. Thus, the BiH legal framework for cooperatives gives impetus to the development of social entrepreneurship at large, and SE in particular. The Law on Cooperatives provides for the distribution of profit with a requirement of 5% of reserve fund from the value of members' shares in the cooperative. In addition to the Law on Cooperatives of BiH, Republika Srpska in 2008 has adopted a specific Law on agricultural cooperatives⁴⁹ which further regulates the cooperative movement in the area of agriculture.

The Company laws regulate the work of the limited liability companies which are the usual legal form utilised by the social enterprises in BiH registered as companies. The law doesn't make any distinction between traditional companies and companies established by CSOs thus they receive equal tax treatment. Existing SEs established under this legal form, especially those employing vulnerable groups, have identified numerous challenges in managing the company, as they don't receive any grace period on the legal and tax obligations which are very difficult to achieve due to lower initial productivity of the SE.

The Laws on professional rehabilitation, training and employment of PwDs regulate the concept and criteria for the establishment and operation of specific companies for employment of PwD. Such companies are obliged to employ 40% and 51% of PwD in FBiH and RS respectively. To qualify for employment in these companies PwDs must have 60% and 40% disability (in FBiH and RS respectively), 70% physical impairment and light mental disability. As part of the companies for employment of PwDs, the law also defines sheltered workshops. In FBiH their workforce has to consist of 40% of PwD with over 70% disability (at least 6 employees) and 20% PwD with 100% disability (at

⁴³ Monitoring Matrix on Enabling Environment for Civil Society Development, Regional Report 2016, Balkan Civil Society Development Network, 2017

⁴⁴ Ibid.

⁴⁵ The 2016 CSO Sustainability Index for Central and Eastern Europe and Eurasia, USAID, 2017

⁴⁶ Ibid.

⁴⁷ Law on public procurement in FBiH, Official Gazette 38/14; Law on public procurement in RS, Official Gazette 124/12, 14/15, 68/15

⁴⁸ Law on cooperatives, Official Gazette of BiH 18/03, 55/06

⁴⁹ Law on Agricultural cooperatives, Official Gazette of RS 73/08

least 3 employees). In RS they are obliged to employ 51% PwDs in their workforce and at least 5 PwD employees. Both of these companies can be established by any other legal or natural entity including CSOs. Other entities defined by the law for special employment of PwDs are the work centres (which operate as public institutions) and self-employed PwDs. To protect the interest of PwDs, the law obliges the companies for employment of PwD to include in their boards representatives from the associations of PwDs and from the designated public institutions thus applying to an extent the principles of participatory governance. The companies for employment of PwDs enjoy numerous benefits such as customs and tax incentives, incentives on communal costs and salary subsidies. Furthermore, the law obliges other legal entities to purchase 20% of the goods and services which are being provided by the companies for employment of PwDs, thus stimulating their sustainability. For this purpose, every year the Fund for professional rehabilitation and employment of PwD in FBiH on its website⁵⁰ provides a list of all active companies for employment of PwD including the sheltered workshops. Laws on public procurement also provide the option of reserved contracts for companies that employ at least 50% or 30% PwD (in FBiH and RS respectively).

4.1.2. Institutional framework

The institutional and legal framework for social economy (SE) in Bosnia and Herzegovina (BiH) is still evolving, in part driven by the accession process. As the aspects on SE in the National Development Strategy of BiH and the accompanying Social Inclusion Strategy of BiH have not been implemented yet, there is no assigned designated institution or coordination mechanisms on the state level. The entities and some cantons (such as the abovementioned Canton Sarajevo) are taking the initiative however there is a lack of coordination amongst them which in some cases might lead to overlap of efforts and resources.

While there has been some progress in establishing institutional mechanisms for CSO-government cooperation and transparent public financing of CSOs, there is still no strategic framework for cooperation with civil society which might be used for initial coordination in the development of social economy.

On the level of the Federation of BiH, the coordinating institutions related to social entrepreneurship are the *Federal Ministry of Labour and Social Policy*, and the *Federal Ministry of Development, Entrepreneurship and Trade*. Most of the discussion and coordination is connected to the employment of vulnerable groups. As indicated in the available studies⁵¹, as part of the measures for the development of an inclusive labour market the development of social entrepreneurship for PwDs is encouraged through cooperation between the *Federal Ministry of Labour and Social Policy*, the *Federal Fund for Vocational Rehabilitation and Employment of Persons with Disabilities (PwDs)*, the *Federal and Cantonal Employment Office* and the *Federal Ministry of Entrepreneurship and Crafts*. However, implementation of the plans is as of yet unclear and no specific policies have been developed. The Federal Employment Bureau in cooperation with YEP in 2016 have introduced a Platform on social entrepreneurship⁵² developed after wide consultation with relevant stakeholders and submitted to the relevant ministries. The Platform outlines the principles and concepts of social entrepreneurship and social enterprises and provides guidance on the future development of SE policy framework.

In Republika Srpska, the above mentioned strategies have clearly assigned responsibilities on SE policies to the *Ministry of Industry, Energy and Mining* and the *Ministry of Labour* and *Ministry of Health and Social Affairs of Republika Srpska*. In addition, several other policies in RS have identified the importance of social entrepreneurship such as: the Youth Policy of RS; the Strategy for improvements of the social position of persons with disabilities in RS; the Action Plan for improvements

⁵⁰ <https://fond.ba/privredna-drustva/>

⁵¹ Strategic study on the social economy development in the context of the South East Europe 2020 strategy, Regional Cooperation Council Secretariat, 2015

⁵² Available at the web site of the Federal Employment Bureau http://www.fzzz.ba/doc/Platforma_za_socijalno_preduzetnistvo_u_BiH.pdf

of the social position of women in rural areas of RS; and the Strategic Plan for development of agriculture and rural areas of RS⁵³.

4.1.3. Links with existing Social Protection and Social Inclusion systems

BiH is, like the majority of its neighbours, a young country with high levels of poverty, social exclusion and very high unemployment. This unfortunate combination has necessitated the BiH government at all levels to take action. As a result, there is a policy framework for social inclusion that is reflected in a wide range of laws and policy documents. Specifically, the Social Inclusion Strategy has been drafted to include the broad range of at risk and socially excluded groups. Priority is formally given to PwDs, low-income households, and victims of war. Women and young people are also recognised as vulnerable groups and are targeted by relevant policies and actions to include them in the labour market. Most often, these are the groups served by the SEs in BiH.

As previously noted, the Social Inclusion strategic documents in principle recognise the role of social entrepreneurship and the main discourse sees them as a model for social and labour market integration of vulnerable groups. This has contributed to an environment that encourages the development of social entrepreneurship for work and social integration while has neglected other forms of SE.

*The Law on social protection, protection of civil victims of war and protection of families with children in the FBiH*⁵⁴ recognizes the CSOs as providers of social protection services⁵⁵. The recent USAID CSO Sustainability Index⁵⁶ has identified that “While the laws stipulate CSO engagement in the tendering for service provision, governments at all levels often neglect this approach and show little interest in developing proper cooperation. Social Welfare Centres (SWC), which are government bodies, often consider SEs as competitors. As a result, governments may restrict funds for CSOs in the area of social care, even though they often provide more innovative and better quality services than SWCs do. Cantonal governments are most likely to contract with CSOs, sometimes through public calls, transparent procedures, and other times directly with privileged CSOs with political connections”.

4.2. Key stakeholders and existing coordination mechanisms

Table 1 shows already identified Social Enterprise Ecosystem stakeholders within the Western Balkans Mapping Study 2017 ©NESsT, updated for the purposes of this study.

Table 1: Key Stakeholders in the Social Enterprise Ecosystem in Serbia

Organization	Role
Policy Makers	
The Directorate for Economic Planning	<ul style="list-style-type: none"> • Creator of the Strategy for Social Inclusion • Planning and implementation of the policies related to social inclusion of people at risk
Federal Ministry of Finance	<ul style="list-style-type: none"> • Draws up and implements the government’s tax and fiscal policy and support mechanisms
The Federal Ministry of Labour and Social Politics	<ul style="list-style-type: none"> • Draws up and implements labour and employment policies. • Created and implements “Strategy for improvement of the right and position of people with disabilities in Federation of Bosnia and Herzegovina for 2016-2021”

⁵³ Information from the representative of the Ministry of Industry, Energy and Mining of RS.

⁵⁴ Zakon o osnovama socijalne zaštite, zaštite civilnih žrtava rata i zaštite obitelji sa djecom (Sl. novine FBiH br. 36/99, 54/04, 39/06, 14/09)

⁵⁵ Nivo razvijenosti socijalnog poduzetništva u Bosni i Hercegovini – glavni akteri i zakonski okvir – Analiza, Fondacija za socijalno uključivanje BiH, 2015

⁵⁶ The 2016 CSO Sustainability Index for Central and Eastern Europe and Eurasia, USAID, 2017

The Federal Ministry of Development, Entrepreneurship and Crafts in Bosnia & Herzegovina	<ul style="list-style-type: none"> • Stimulation of development, entrepreneurship and crafts. • Development of policies that increase entrepreneurship and crafts share in the local economy
Ministry of Health and Social Welfare of the Republika Srpska	<ul style="list-style-type: none"> • Develops strategies and activities for social, family and child protection
Ministry of Family, Youth and Sports of the Republika Srpska	<ul style="list-style-type: none"> • Responsible for the National Action Plan and Youth Policy • Creates solutions for youth employment and inclusion • Responsible for drafting the Law on SE in RS
The Ministry of Industry, Energy and Mining of the Republika Srpska	<ul style="list-style-type: none"> • Encourages investments in local companies • Responsible for drafting the Law on SE in RS
Ministry of Labour, War Veterans and Disabled Persons' Protection of the Republika Srpska	<ul style="list-style-type: none"> • Creates programs of re-socialization of the socially disadvantaged groups in society
Ministry of Economic Relations and Regional Cooperation of the Republika Srpska	<ul style="list-style-type: none"> • Coordination of economic activities within the country and abroad
Employment Service	<ul style="list-style-type: none"> • Creates and implements programmes for active employment, supporting the employment of vulnerable groups; including subsidies • Provides training for self-employment, implementation of public works, education of people with disability
Funders	
Fund for the Professional Rehabilitation, Training and Employment of Persons with Disabilities of FBiH and Fund for Professional Rehabilitation and Employment of PwD of RS	<ul style="list-style-type: none"> • Provide funding for professional rehabilitation of unemployed and employed people with disability • Support active employment policies for people with disability • Provide funding for the companies for employment of PwDs and sheltered workshops • Provide subsidies for the employment of people with disability
Lottery Funds	<ul style="list-style-type: none"> • Provides funding intended for people with disabilities through relevant ministries
UNDP, UNHCR, UNICEF, UNIFEM, UNOPS, DFID, OSCE, SDC, USAID, the Governments of Finland, the Netherlands, Italy, Switzerland and the UK, OSI, CARE, IRC, OXFAM, World Vision, Save the Children UK, Balkan Trust for Development	<ul style="list-style-type: none"> • Various international donor organisations providing support to not-for-profit sector • Bilateral and multilateral donors providing institutional support to government institutions
Microfinance Institutions	<ul style="list-style-type: none"> • Provide microloans to individuals not eligible for traditional banking loans
UniCredit Foundation	<ul style="list-style-type: none"> • Provides financial support to SEs through partner organization Mozaik Foundation
Caritas Switzerland	<ul style="list-style-type: none"> • Provides a combination of financial and non-financial support sufficient to start family business
Mozaik Foundation	<ul style="list-style-type: none"> • Supports SEs with financing and capacity building as intermediary. • Runs its own SEs as examples of good practice • Established impact investment fund in 2018
EU funds	<ul style="list-style-type: none"> • Supports development of the social sector through know-how support, experience exchange and funding (including IPA funding) • Supports SME sector development, including through the Western Balkans Enterprise Development and Innovation Facility (“WB EDIF”), which provides financing solutions for SMEs implemented by EBRD and EIB Group as well as targeted policy interventions and advisory services aimed at the SME sector

Yunus Social Business (YSB)	<ul style="list-style-type: none"> • Supports social enterprises through investment readiness programme YSB Balkans Accelerator for social enterprises from the Balkan Region
Support Organizations and Institutions	
Youth Employment Project (YEP)	<ul style="list-style-type: none"> • Provides technical and financial support to SEs. • Created first online platform to facilitate job search • Promotes social entrepreneurship and advocates for SE policies • Initiated and Co-created the Platform for social entrepreneurship in FBiH and RS
Foundation for Women's Empowerment Bosnia & Herzegovina	<ul style="list-style-type: none"> • Provides capacity support and initial capital to women with entrepreneurial idea
Centre for Civil Society Promotion (CCSP)	<ul style="list-style-type: none"> • Provides start-up funding (EU funds) for CSOs initiating SEs • Provides technical assistance and mentoring to the selected SEs • Provides support to CSOs in achieving sustainability
Centre for development of Social Entrepreneurship "Globus"	<ul style="list-style-type: none"> • Supported by donors provides grants to SEs • Advocates for enabling environment and promotes SE • Initiator for the Coalition for development of SE
Association for Promotion of Controlling ICV	<ul style="list-style-type: none"> • Advocates for enabling legal environment for SE • Supports the institutions in RS in drafting the Law on SE
Social Inclusion Foundation in Bosnia & Herzegovina and KOMA network	<ul style="list-style-type: none"> • Provides direct support to most vulnerable groups with regard to with poverty and social exclusion • Supports development of social entrepreneurship and advocates for enabling legal environment. Used to provide grants for SEs

4.3. Existing funding strategies for social economy

4.3.1. National public funding schemes

In Bosnia and Herzegovina, there are no comprehensive financial schemes or incentives specifically dedicated to social economy development. The public funds available to the SEs are mostly available through support targeted at specific legal entities or policy-specific support such as the employment of vulnerable groups.

Overall, *public funding to CSOs* have been assessed as insufficient, inadequate and to a large extent lacking transparency and accountability⁵⁷. It was noted that CSO public funding are declining on all levels, from approximately 33 million EUR in 2015 to less than 29 million EUR in 2016⁵⁸ with local governments distributing more than half of the funds. As many of the funds have been distributed in an un-transparent and often non-competitive manner, authorities made efforts, at different levels, to introduce legal frameworks improving the transparency of CSO funding (such as the Methodology for Awarding Grants to Non-Profit Organizations of RS).

The *Lottery Funds* are supposed to allocate funds for humanitarian purposes and for the support of PwDs. They are a potentially significant source for the funding of PwD focused SEs. Nevertheless, there is a lack of reliable data on the level of funding from this source.

The most significant public support relevant to the social enterprises relates to the employment of PwDs as well as other vulnerable groups. Under the laws on professional rehabilitation, training and employment of persons with disabilities, the *Fund for professional rehabilitation, training and employment*⁵⁹ and the *Fund for professional rehabilitation and employment of persons with disabilities*⁶⁰ have been established, respectively, in the Federation of BiH and the Republika Srpska.

⁵⁷ Monitoring Matrix on Enabling Environment for Civil Society Development, Country Report for Bosnia and Herzegovina 2016, CPCD, 2017

⁵⁸ The 2016 CSO Sustainability Index for Central and Eastern Europe and Eurasia, USAID, 2017

⁵⁹ <https://fond.ba/>

⁶⁰ <http://www.fondinrvs.org/>

Most of the funding comes from the penalties of the employers who fail to comply with the obligatory employment of PwD. Both funds offer comprehensive programs for supporting the employment of PwD on an annual basis. Their support is available under general conditions which apply to all employers who employ PwD and under special conditions available only to the companies for the employment of PwD, sheltered workshops and self-employed PwD. In the FBiH, the support consists of a one-off financial aid granted for every new PwD employee. It should be dedicated to the adaptation of the workplace, the purchase of equipment and raw materials, or to cover the costs for the recruitment of a personal assistant for PwD and a compensation of the reduced productivity for limited period. In addition, companies contracting PwDs receive continuous subsidies on the social security benefits and personal income tax while the sheltered workshops also receive subsidies representing 30% of the average monthly salary. The fund in FBiH has reported a significant increase of funding and outreach. In the period 2015-2017, the fund in FBiH increased its resources by 200% compared to the previous three-year period and has distributed a financial support of 13,016,725 EUR (400% increase compared to the previous period) for the employment of 2744 PwD (in the period 2011-2017)⁶¹. Under the general conditions, the financial assistance is available to all employers regardless of their legal status. In the RS, the fund provides financial support for the adaptation of the workplace and purchase of raw materials as well as for the reimbursement of social security benefits for companies contracting PwD (incl. sheltered workshops). The RS institution reported that around 2 million EUR were granted⁶². Nevertheless, some of the SEs have reported that the conditions for accessing this support were not suitable to them. Indeed, they have the obligation to contract the employee for at least 24 months; which is often difficult for start-up social enterprises.

At the entity levels, the *Employment Bureaus*⁶³ also provide subsidies for the employment of different vulnerable groups such as long-term unemployed, young unemployed, low-skill workers, single parents, orphans, ethnic minorities, drug users, etc. Co-financing in FBiH can be done through several programs (first employment, employment voucher, public works and part-time employment) ranging from 165 – 200 EUR per month for a period of 3 to 12 months (depending on the measure). In FBiH, the funding for 2017 represented 6 million EUR. Additional funding is provided for self-employment measures. In RS, the active employment measures also provide subsidies for employment of various vulnerable groups funded by the Government or other sources of funding.

The Agency for the development of SMEs in RS⁶⁴, at the entity level, provides some forms of financial support such as co-financing of consulting services for SMEs and training for business plan development for start-up entrepreneurs. Existing SEs did not report to have used this type of support from the Agency.

Agricultural cooperatives have access to financial support for the development of agricultural products as part of the State agricultural policy (entity level and Brcko District)⁶⁵.

4.3.2. European Union funding

The EU is and will continue to be a critical source of funding for CSOs and by extension for the SE sector. BiH CSOs were eligible for funding under several calls for EU programs that are implemented at the national, regional or European levels. Several of the identified social enterprises have reported to be receiving EU funding for starting-up their social entrepreneurship initiatives. In general, EU funding is directly accessible to a few well-developed CSOs that are capable of meeting the co-financing and other requirements for EU grants. Smaller and local CSOs access EU funds indirectly via re-granting schemes. The EU has had a number of funding activities in place that directly support the development of social entrepreneurship and social services. The countries accession process will necessitate continued and significant EU investment in the CSO and SE sectors over the coming period.

⁶¹ Official information provided by the Fund in FBiH

⁶² Information from the Ministry of Industry, Energy and Mining of RS

⁶³ <http://www.fzzz.ba/>; <http://www.zzrs.org/>

⁶⁴ <http://www.rars-msp.org/>

⁶⁵ Strategic study on the social economy development in the context of the South East Europe 2020 strategy, Regional Cooperation Council Secretariat, 2015

This funding will likely be the primary driver for the development of the SE sector and social entrepreneurship in general. However, the main challenge for the programming of EU projects / programmes remains the lack of sectoral policies at the State level. Thus, most of the EU sectoral support in the areas of SME development, employment etc. are being implemented at the local levels. While limiting to the policy development, EU interventions at local levels are beneficial for the bottom-up approach to SE development as SEs are mostly rooted in the local communities.

EU grant funding were mostly available to associations through grant schemes for employment and social inclusion (under *IPA 2007-2013*) and human rights (such as *EIDHR*). Through *IPA 2011*, the EU provided grants for Local Economic Development through local partnerships which provided support to initiatives such as the Cooperative Zena mentioned in the previous chapter. Other EU programmes have been also available to SEs in BiH; such as *ERASMUS* (for University students), *EaSI* (Employment & Social Innovation), *COSME* (Competitiveness of Enterprises and SMEs), *IPA Adriatic Cross-Border Cooperation Programme*, and the *IPA Cross Border Cooperation Programmes*. However the existing SEs did not report to have utilised them to establish and grow their SE.

One of the projects targeting directly social entrepreneurship is "*Smart Start*"⁶⁶ co-funded by the EU through the *Civil Society Facility* and the *Media Programme 2014-2015*, which supports the development of regional thematic networks of Civil Society Organizations. The project's primary goal is to support CSOs with new or existing economic activities to improve their products/services and become more sustainable. The project leader is the Centre for Civil Society Promotion (CSSP)⁶⁷ from BiH. It provides support to twenty CSOs/social enterprises through training, development of their business plans, mentoring and offering financial award ranging from 5,000 – 6,000 EUR for the 10 best and sustainable ideas. The funding is complemented with advisory services from Smart Hub and mentoring from experts from the corporate sector.

The *European Investment Bank (EIB)* makes funding available - primarily through the Western Balkans Investment Framework - to support a wide range of priorities. Of particular relevance to the SEs are programmes such as *JEREMIE*, which provides funds targeted at start-ups, technology & innovation, microcredits etc. In addition, the *EBRDs Advice for Small Business Programme (ASB)* has provided financing based on cost sharing to SMEs, to finance the engagement of local and international consultants to improve their business processes and capacity-building for business development and expansion. According to the EBRD own reports, it has provided support to over 903 SMEs in BiH since the programme's inception.

The EBRD also operates a *Women in business programme* which offers targeted support to business owned and/or managed by women. This programme is focused on providing coaching and mentoring for the strengthening of business management and entrepreneurial skills.

Financial products available to SMEs through the European Bank for Reconstruction and Development (EBRD) could also be considered by SE that are registered under the Company law.

4.3.3. Social Investors, Social Impact Funds and other socially driven financing institutions

The social investment market in Bosnia and Herzegovina is characterised by nascent national social investors and initiatives setting-up funds for the support of social enterprises. In addition, to the regional players in this field, it slowly builds segment of the support infrastructure crucial for the growth of the sector.

*Mozaik Foundation*⁶⁸ is one of the leading organisations involved in the development of social entrepreneurship in the region; channelling resources and technical assistance to social enterprises and launching their own SEs. In 2015, Mozaik completed its new ten-year strategic plan "Empowering the

⁶⁶ <http://www.smartstart4u.org/about>

⁶⁷ <http://civilnodrustvo.ba/>

⁶⁸ <http://mozaik.ba/bs/pocetna-2/>

breakthrough generation in Bosnia and Herzegovina” which aims at creating a new generation of young people who will generate new societal and economic value in the society and will see social entrepreneurs as role models. Their new strategy seeks to recognize the potential of young people, invest in and empower them. The Social Business Incubator of Mozaik provides comprehensive support for young people to succeed; including finances, technical assistance, mentoring, registration of the business, on-going support, etc. The funding includes empowerment grants of 1,500 EUR for prototype and testing followed by a possible 20,000 EUR equity investment of up to 49% depending on the investment, the readiness of the product, etc. Beneficiaries have to go through the whole program and the loan is accompanied by mentorship from Mozaik and partner companies such as American Deloitte which provides over 2 million USD in pro-bono services. They work with over 50 private, public and international partners including UniCredit Foundation, Bosch Foundation, Charles Stewart Mott Foundation, etc. To date, they have supported 50 new businesses in the incubator (15 more planned until mid-2018) and have invested in 7 new companies. Furthermore, the plans of Mozaik Foundation include establishing a Regional Impact Fund in cooperation with European Investment Fund which would provide access to funding ranging from 100.000 to 2 million EUR. The aim would be to bridge the gap in financing the growth and scaling of the established SEs. They are currently in the final preparation phase and expect to launch the fund in mid-2018. Their goal is to support 1000 prototype young businesses and 500 social businesses by 2025.

Yunus Social Business Balkans (YSB)⁶⁹, a non-profit venture fund (part of Yunus Social Business) is based in Tirana. Initially open to social businesses in Albania, it has expanded its activities throughout the Western Balkans region. YSB provides financing as well as business support to SE. The financing instrument consists of flexible loans with no collateral. Equity stake of up to 25% serves as security until the loan is repaid. The loans range between 50.000 – 500.000 EUR for a period of 6-7 years on average, with interest rate between 6 and 8 per cent and a grace period of up to 5 years. The finance facilities are coupled with advisory support through training, mentoring, expertise and networking opportunities. One SE from BiH, “Udruzene” has already utilised their support.

Youth Employment Project (YEP)⁷⁰ supports youth organisations by providing technical and financial support to SEs. Amongst its more high profile achievements was the creation of the first online job search platform. YEP provides funding and capacity building and to date has supported four social enterprises with grant funding of between 20-25,000 EUR each. These funds are disbursed based on measurable milestones in a similar way to draw down the debt or investor funding.

*Foundation for Women’s empowerment in Bosnia and Herzegovina*⁷¹ through its grant schemes provides small grant funding for women to become economically independent and set-up their business or cooperative. In one of its previous projects, the Foundation also provided loans and mentoring to around 80 women.

Together, the EIB & EBRD provide facilities through the *Western Balkans Enterprise Development and Innovation Facility* (WB EDIF). The WB EDIF is designed to offer a range of measures to improve the access to finance for SMEs and foster economic development. It provides direct and indirect financing according to the development stage of the SME, supports the general SME business environment by providing policy intervention and advisory support. While the WB EDIF does not explicitly target SE, its support can be accessed by SE operating as LLC.

The *European Fund for South East Europe* (EFSE) aims to foster economic development and prosperity in the Southeast Europe region and in the European Eastern Neighbourhood region through the sustainable provision of additional development finance; notably to micro and small enterprises and to private households, via qualified financial institutions. EFSE Development Facility programme

⁶⁹ <http://www.ybbalkans.com/>

⁷⁰ <http://yep.ba/>

⁷¹ <http://www.fwebih.org/en/>

collaborated with Partner Lending Institutions (PLIs) to achieve their goals. In BiH, they are present through the regional office of the partner Finance in Motion.

4.3.4. Private sector

Generally, there is little private sector strategic involvement in the activities of SEs. In addition, it has been identified that the donor community does little to elevate this issue or support projects to develop philanthropy in the country. A rare example of this private sector involvement, is the USAID-supported Dobro project, which is implemented by the Mozaik Foundation and aims to promote good practices in philanthropy⁷². Social enterprises have reported to receive support from small local businesses mostly in the form of advice and pro-bono services. The UN Global Compact Local Network has been established in BiH but has not been active for years and thus not utilising the potential to engage companies and other stakeholders in providing strategic support to SEs.

Some public owned companies and private enterprises provide funding to CSOs, but it seems that companies rarely engage in strategic corporate social responsibility (CSR) action and do not consider it as beneficial to their corporate interests. One of the private sector actors that actively engages in supporting BiH organizations and SEs is *UniCredit Bank* and its *UniCredit Foundation*. UniCredit Bank in BiH has a program of donations to projects of non-profit organizations and sponsorship in areas such as culture and arts, environment, sports, etc. Notably, since 2012, UniCredit Foundation has partnered with the Mozaik Foundation to provide grant support to social enterprises in BiH. In 2012, via an open call targeting social entrepreneurship and children protection in the local communities, the foundation disbursed around 127,000 EUR⁷³. Another 58,500 EUR were awarded to three successful social enterprise ideas under an open call in 2014. Since 2015, UniCredit Bank and the Foundation are supporting the ten-year strategic plan of Mozaik Foundation providing additional funding and staff expertise.

Other identified companies that provide philanthropic support in the local communities are ASA Prevent, which provides more than 1,700 scholarships, supports more than 500 honour roll students and provides over 200,000 employee volunteer hours to projects in 105 municipalities⁷⁴. Coca Cola BiH, has reported to invest more than 2 percent of its profits in local communities, and donates many products to local initiatives.

Unless SEs are registered under the trade law and can meet normal bank credit criteria, debt funding is not a practical or viable option for the sector. Commercial banks provide loans under the same conditions as for any SME. Very few social enterprises in BiH have used regular commercial loans.

4.3.5. Microfinancing

The Microfinancing sector in BiH has been developing since 1996 and, as indicated by the Association of Microfinance Institutions of BiH,⁷⁵ BiH is characterised as the country with the highest growth in the offer for this type of financial services. The microfinancing model has been crucial to post war BiH and played a significant role in enabling the start-up of small family businesses; from arts and crafts to family farms.

Microfinancing has played a major role in supporting socially excluded and vulnerable groups work their way out of poverty at a time when traditional financial institutions would not facilitate them. Businesses in livestock, agriculture, organic food production and crafts have all started with microloans. According to the Foundation for Women's Empowerment B&H, microloans have been the single biggest source of investment funding for many women; especially in remote areas or for those that have been victims of violence. According to the legislation, microfinance institutions can adopt one of the two legal forms: microfinance company or microfinance foundation as non-profit entity. Microfinance companies can offer up to 25,000 EUR while microfinance foundations can provide up to 5,000 EUR in

⁷² The 2016 CSO Sustainability Index for Central and Eastern Europe and Eurasia, USAID, 2017

⁷³ Web resources of UniCredit Bank https://www.unicredit.ba/en/banka.html#Social_Responsibility

⁷⁴ The 2016 CSO Sustainability Index for Central and Eastern Europe and Eurasia, USAID, 2017

⁷⁵ www.amfi.ba

loans. Interest rates are very high, up to 30%, and the loans come with up with a 16 months grace period and technical support to strengthen their repayment capacity.

Such loan terms are often not suitable for social enterprises and they have not reported to be using this mechanism. In addition, it has not been notified that microfinance institutions have considered or offered any targeted support to social enterprises in the country.

4.3.6. Development Aid Agencies

International donors and agencies have played an important role in supporting the development of BiH; although given the geopolitical issues that the country has experienced the bulk of that aid has been directed only at the governmental and institutional levels. Support has been provided to the SE sector, with key players such as USAID, United Nations Development Program (UNDP), International Office of Migration (IOM), International Labour Organisation (ILO), Swiss Development Cooperation, the EU and foreign Embassies in the country. However, it has been noted that the international donors are reducing their overall support⁷⁶.

The *Social Inclusion Foundation in BiH*⁷⁷ (founded by Initiative for Better and Human Inclusion⁷⁸) supported by the Open Society Fund BiH and the Embassy of Switzerland, the Swiss cooperation office BiH in the period of 2010-2014 has implemented the project “A friendship is born”. In 4 grant cycles, SIF in BiH provided financial support of 25,000 – 75,000 EUR as matching grants (it required additional funding from the local institutions) to 58 CSOs. 15-20 of the beneficiary organisations were social enterprises. The funding was accompanied with training, technical assistance and purchase of financial management software. In the last years, the organisation played a key role in the promotion of lobbying and social entrepreneurship. At present, USAID is supporting SIF in BiH in advocacy and media campaign for creating an enabling environment for the development of social entrepreneurship.

The Embassy of the Kingdom of the Netherlands is supporting the *Centre for development of social entrepreneurship “Globus” (CDP Globus)*⁷⁹ from Banja Luka in a project that aims to support the development of SE through promotion, advocacy for enabling policies, networking and direct support to social enterprises. As part of the activities, CDP Globus has initiated the Coalition for development of social entrepreneurship in BiH “Zajedno mozemo vise” consisting of 32 organisations. They have also provided financial support to 4 social enterprises. The Embassy has also funded a project for supporting social entrepreneurship in Republika Srpska of the *Association for promotion of controlling ICV*⁸⁰ with a focus on initiating reforms in the legal environment for social entrepreneurship through stakeholder dialogues. The project was implemented from December 2015 to May 2017.

4.4. Type of additional non-financial support to social economy

4.4.1. Business Development Services

One of the positive developments in the creation of a supporting environment is the establishment of incubators specifically designed to meet the needs of the SE sector and social entrepreneurship in BiH. The combination of financial and consultancy support can contribute to increasing the number of individuals and organizations in the development of social business. In general, such programmes can contribute to the promotion of the social economy in BiH.

According to the available data of LEDnet from 2015, there are 12 business incubators currently running in BiH, which operate without public or private sector funding. Little information is available on whether

⁷⁶ The 2016 CSO Sustainability Index for Central and Eastern Europe and Eurasia, USAID, 2017

⁷⁷ <http://www.sif.ba/eng/index.php>

⁷⁸ <http://www.ibhi.ba/ba/Pocetna>

⁷⁹ <http://cdpglobus.com/>

⁸⁰ <http://www.icvbih.org/>

they also serve social enterprises and existing SEs have not reported to have used their services. SE Incubator services are available through the Mozaik Foundation.

The *Investment Readiness Programme (IRP)* is run by Impact HUB Vienna, launched in 2017. It offers incubation support services to qualifying social entrepreneurs as well as financial awards and networking with potential impact investors. SEs have reported that in order to seize this opportunity SEs need to be well prepared to be able to absorb the investment; which is not the case with the majority of SEs in BiH. There is also a Social Impact Award run by the Dokukino Foundation that awards early stage financing at the ideas stage.

The *EBRD* addresses the needs of the SME sector via its *Advice for Small Business* facility, which co-finances technical support activities for companies to engage consultants to help improve business practices and performance. These consultancy services typically encompass areas such as finance, management processes and information systems, process and quality management, human resources, export promotion etc. The facilities are open to SEs performing registered commercial activities. In addition, the EBRD runs *Women in Business Program* for women-led or majority owned SMEs that provides skills course, business advice, mentoring and access to finance.

4.4.2. Local/national and/or Regional Networks

There are several organisations that took a lead in joining the efforts of the SEs and SE support organisations. This is how the first informal SE networks emerged in the country. One of them is the above mentioned Coalition for development of social entrepreneurship in BiH “Zajedno mozemo više” composed of 32 organisations established with the aim to advocate for an enabling environment for social entrepreneurship, promote SE, support CSOs in developing their social businesses and build cross-sector partnerships. The network has been established in 2017 and its results are yet to be seen. Another informal network is the Social Entrepreneurship Network for Youth Employment (Soцент)⁸¹ supported by the US Embassy in BiH which serves as a platform to promote the existing social enterprises established by young people or providing employment opportunities for youth.

The existing thematic networks are also increasingly engaged in advocacy and promotion of social entrepreneurship. One of them is the Coalition of Marginalised Groups in BiH (KOMA)⁸² with 103 members, a majority of CSOs working with marginalised groups and individual members. The Secretariat of the network is within the Social Inclusion Foundation in BiH. With donor support from USAID, KOMA together with SIF in BiH, in the course of 2017, they have organised several public debates as part of an advocacy campaign for improving the legal framework for social entrepreneurship in the country. SIF in BiH, in the framework of USAID Civil Society Sustainability Project (CSSP), in March 2017, organised a Social entrepreneurship Fair to promote and link existing social enterprises to the private sector and encourage their mutual cooperation.

The identified challenge for CSO networks in Bosnia is that the majority of them function on a project basis and once the funding ends they usually dissolve⁸³.

4.4.3. Academia

Social Enterprises in general and social entrepreneurship in particular are not subjects generally covered within the formal education system. There is no continuous training available because the CSOs providing training do so on a project basis and often cease their activities once funding dries up.

Steps to integration of entrepreneurial learning in the formal education system were initiated through the adoption of the state-level *Entrepreneurial Learning Strategy in 2012*⁸⁴. Pilot exercises have been implemented in 13 schools and based on the evaluation could be rolled-out into the formal curricula.

⁸¹ <http://www.socent.ba/>

⁸² <http://koma.ba/>

⁸³ The 2016 CSO Sustainability Index for Central and Eastern Europe and Eurasia, USAID, 2017

⁸⁴ Strategija ucenja o preduzetnistvu u obrazovnim sistemima Bosne i Hercegovine 2012-2015

Universities have not been very proactive in connecting the students and curricula to the business community. As a positive example, USAID supported a student entrepreneurship program in Sarajevo, Mostar and Banja Luka which provided cross-university cooperation in promotion of entrepreneurship⁸⁵.

In the informal education area, *m-zona.com*⁸⁶ is an e-learning platform created and managed by the Mozaik Foundation. It has developed 27 modules in their curriculum, has successfully recruited 7,700 young people in just 18 months and offers entrepreneurial capacity building by identifying entrepreneurial (including SE) potential.

4.5. On-going and planned initiative addressing social economy issues

In June 2016, BiH signed *COSME 2014-2020*, EUs Competitiveness of Enterprise and SMEs. The budget of EUR 2,298 Billion will significantly benefit entrepreneurs from BiH because it provides access to EU funds and projects for SMEs, entrepreneurs and BiH citizens that want to start their own business particularly those coming from vulnerable groups.

At a later date, it is expected that IPA II 2014-2020 will contain active employment support measures, labour market management and self-employment measures; although the parts related to social policy are still under review pending a final policy decision. IPA II 2014-2020 Local Development Strategies aims to strengthen the country's capacity to generate growth and employment by supporting the competitiveness and innovation. It includes several programs that have a common ground with social entrepreneurship and could potentially include support to social enterprises; such as: a) support to youth entrepreneurship; b) development of tourism products through integration in larger regional and or international tourism clusters (esp. suitable for SEs working in crafts and cultural heritage); c) support to rural economies and agricultural efficiency (suitable for the agricultural cooperatives); d) strengthen entrepreneurial spirit and facilitate start-ups for vulnerable groups (youth, women, etc) which would include training, mentoring, direct support etc. Under this activity, a support to the development of social enterprises and social entrepreneurship is also considered. In addition, one of the activities includes the development of entrepreneurial infrastructure such as incubators which could provide opportunities for supporting the SE support infrastructure.

The *Youth Employment Project* (YEP) also considers establishing a Fund for support of entrepreneurs including social enterprises which would not depend on donor funding but would provide sustainable support. To create this kind of financing mechanism, YEP cooperates with the Employment Bureaus, municipalities, relevant ministries and other interested stakeholders.

4.6. Best practices in the country and replicable models

The social enterprise Super zena⁸⁷ from Zvornik was established by the young entrepreneur Tamara Jovic. Recognising her positive attitude and entrepreneurial potential, the Mozaik Foundation invited her to join the Social Business Incubator and supported her in developing her business idea and establishing the company. Super zena was registered in June 2017 as an Ltd company established with 49% equity from Mozaik. The mission of the SE is to provide cleaning services and thus meet with the needs of clients and solves the issue of unemployment of women over 40 years old with low-skilled education. Her idea came from her mother who also belongs to this group. Super zena offers three types of basic, general and deep cleaning services, which are available to physical and legal persons. The main clients are the legal entities, which include various companies, public institutions, outlets, etc. From this year, generated profits will be allocated to the education of women from their target group and will include foreign language courses, computers, self-defence, etc. At the moment, the SE

⁸⁵ SME Policy Index: Western Balkans and Turkey 2016, *Assessing the Implementation of the Small Business Act for Europe*, OECD, 2016

⁸⁶ <http://www.m-zona.com/login/index.php>

⁸⁷ <http://superzena.ba/>

employs 4 persons, two of them from the beneficiary group. They plan to expand to other cities such as Tuzla and Sarajevo.

Funky Guerrilla d.o.o. (FG)⁸⁸ is a social enterprise established by a grass root organization *Most from Gradiska*. This CSO is focused on sustainable development in their community based on three key programs: children and youth at risk (daily centre), environment and social entrepreneurship. A survey they conducted among the youth in the community revealed that 76% of the respondents identified unemployment as the main problem they face. This motivated their decision to set-up a for-profit organization that would provide employment and at the same time will earn income for the CSO. They wanted to engage in manufacturing and thus decided to launch a new clothing line under the brand Funky Guerrilla. As the production of clothes as an economic activity was not directly connected to their core mission, they established the SE as a separate commercial company. The start of the SE was not without challenges. People involved in the establishment of the SE were CSO workers and they needed to switch their mind-set to think about the market and the business. It took the SE around 1.5 years to learn the details about the production, marketing etc. In October 2014, they started with an on-line sale. They developed a strong commercial appeal and promoted the brand as a new top-selling Bosnian brand. Since August 2015, the SE opened their first retail shop. Half of the profit is re-invested in the production and the other half provides support to the mother CSO. Their future plans focus on achieving growth, increasing sales and profits by developing their retail network and finding new customers. FG has become part of the Investment Ready Program of Impact HUB Vienna.

5. GAP ANALYSIS AND NEEDS ASSESSMENT

5.1. Macro-social factors determining the sector

BiH has a uniquely complicated governance structure and the generally uni-ethnic focuses of its political parties and regional institutions makes the building of a transparent picture on the state of the social enterprise sector almost impossible. The policy framework, while recognising the need and potential behind a vibrant social enterprise sector, is underdeveloped and provides limited real support.

The government and public owned institutions dominating the economy and the prevalence of political patronage makes it difficult for social enterprises whose aim is to serve the needs of vulnerable groups. The level of entrepreneurial activity is low, youth unemployment is among the highest in the world and general unemployment is the highest in the region. While active labour market policies have been designed to reduce unemployment, they could be improved and refined to match the needs and realities of the emerging social enterprises. The welfare system remains weak and while policies related to social services and inclusion do formally allow for a decentralised approach, in practice there is no systematic recognition and innovation in the delivery of public services by SEs and CSOs.

The EU integration process is expected to improve the overall context and force through the prerequisite policy changes that will support a vibrant social economy in the medium term. The challenge of policy gaps on state level indicates that in the near future, most of the policies related to social entrepreneurship will remain at the level of entities and cantons. This could possibly hamper the impact, create overlaps in the interventions and the use of limited resources. On the other hand, it is also an opportunity to take a proactive approach at local levels and building the sector on a bottom-up basis through cross-sector local partnerships.

The existing legislation, while not being completely restrictive to the functioning of SEs, does not legally recognise them. Furthermore, the unclear and inconsistent interpretation of the legislation related to economic activities of CSOs creates additional burden for CSOs to register commercial companies even

⁸⁸ <https://www.funkyguerrilla.com/>

though they are often not prepared for such an endeavour. Because they are legally required to register as limited liability companies, they can hardly access the majority of the government funding available for CSO; especially valuable on local level. There are no tax or fiscal incentives for SEs regardless of their legal form. While the general cooperative law does not limit social cooperative, it doesn't recognise nor promote them neither. This acts as a disincentive for future growth in the sector. Legal recognition of social enterprises could enable the development of a structured approach to promote the sector and its stakeholders.

Within the public sector, there are clearly progressive thinking elements that could potentially enact and implement a broad social enterprise-supporting framework. Over the last years, the Republika Srpska has made a positive step in this direction by incorporating the development and support of social entrepreneurship in an array of strategic documents; including those on SME development. It clearly establishes shared responsibilities for the different institutions and could serve as a basis for the adoption of a horizontal and integrated approach to SE policies. However, almost all policy documents, on all levels, consider social entrepreneurship as a concept limited to the employment of people from vulnerable groups. While it is understandable to bear in mind high unemployment and social exclusion, this approach undermines the full potential of social entrepreneurship to innovate and provide a wider spectrum of solidarity-based goods and services. This is of particular importance for fragmented societies and communities.

Above all, there is no technical or financial support tailor-made for the specific needs of the SE sector. The legislation should be seen as part of the broader eco-system for SE. It is increasingly important that any SE policies recognise three key aspects; 1) the potential scope of the impact of social entrepreneurship beyond labour market and social welfare. 2) the cross-cutting character of SE across the different sectors of the economy, labour, environment, agriculture etc.; and 3) the need for an horizontally integrated legislation to properly recognise, promote and foster the development of SE rather than the perception that it is designed to control and over-regulate SE.

5.2. Access to finance

Access to finance beyond the initial grant funding is the biggest challenge for social enterprises. The availability of the funds targeting the development of social entrepreneurship in BiH is very limited and can be classified as funds focused on capacity development through start-up support, technical assistance and the promotion of the concept of social entrepreneurship. Virtually all existing social enterprises have been founded and operate with grant funding. The project driven nature of the majority of these enterprises means that many of its component organizations are young, financially and technically unprepared for sustainable growth initiatives. The proliferation of donor grant funding while valuable in initiating the social enterprises, perpetuates the project-base mentality which might stifle their development. When such project-based SEs fail, it leaves a bad image for the whole sector.

However, a robust financing model for any but the very earliest stage of SE development does not exist. The social investment market is nascent; young social entrepreneurs can utilise the loans provided by the Mozaik Foundation while other SEs can benefit from the regional social impact investors. Several support organisations plan to build more sustainable funding mechanisms nevertheless they are yet to be developed and launched. Microfinance has been present in the market for some time and made a significant contribution to the inclusion of vulnerable groups into the economy; however, they do not provide specialised products for SEs and are mostly out of reach for the existing SEs. Commercial banks are not engaged beyond a philanthropic support of a few while the private sector plays a limited role, mostly with in-kind support at the local level. Other funding sources have shown little interest for the sector and the legislative framework necessary to provide structure and transparency to the sector doesn't exist. It is thus difficult to properly structure the funding.

Available government-support funds lack transparency in the award process and grants are often provided on the basis of political patronage. Even more alarming is the gradual reduction of international grants, because if local grant funding resources do not expand, civil society in small towns and rural

areas will disappear. This can also be seen as opportunity for local municipalities and other local actors to boost their support for the local social enterprises which could help alleviate the donor dependency through market mechanisms. While public funding sources offer financing and technical support to companies that employ PwDs, there is very limited support for other types of enterprises. SEs are rarely sub-contracted by public institutions even though the legal possibilities exist.

5.3. Lack of relevant skills to access market

As in the rest of the region, the SE sector shows a clear shortage of business project management skills, sector-specific experience (planning, budgeting and process management) necessary to plan for and manage financial, legal, and marketing processes. Virtually all SEs need access to the technical skills for their strategic development, market orientation and branding as well as investment planning.

SEs have reported that often, when launched, SE are not prepared for the administrative, tax and fiscal requirements. The business plans developed by the consultants do not necessarily take this into consideration while consistent SE support is clearly lacking. Beyond the business development services offered by Mozaik's Social Business Incubator, the remaining technical assistance and mentoring is project based and does not provide long-term advice and mentoring to the SEs in all their stages of development. The mainstream business incubators are not yet providing significant support.

5.4. Opportunities and key drivers boosting the development and scaling up social economy

Although the SE sector is in its infancy and does not benefit sufficient governmental and institutional support, progress is being made in building out the infrastructure necessary to support it. CSO actors such as CCSP, the Mozaik Foundation, YEP, SIF in BiH and others are actively creating positive environment for the development of SEs, with the support of skills development, training consulting and the provision of key services. But there is a lack for a coherent, coordinated and especially sustainable strategy. Further political, financial and technical support is urgently needed to drive the development of the sector.

In addition to legislative and financial barriers, the sector faces a number of structural issues which directly affects the ability of aspiring SE and social entrepreneurs to access capital. The lack of a singular cross BiH policy platform is also restrictive. The building of improved relationships with media would be important for the reputation building of CSOs and to increase public trust which would likely increase the interest for cooperation for both local and national commercial entities. The emergence of SE networks and coalitions is an opportunity for peer-support, advocacy and increased visibility. It would be crucial in the coming years for these networks to build shared ownership and self-sustainability. The SE actors have to acknowledge the general mistrust identified among the various stakeholders (including among the CSO sector) and build trust and coordination mechanisms to join forces rather than overlap. This would eventually improve the proper understanding of the concept of social entrepreneurship in the country.

Social entrepreneurship has the potential to make a notable contribution to the economy. For example the provision of welfare services in partnership with or in replacement of government agencies, the improvement of rural development, the building of a social capital which will positively impact social cohesion and inclusions, and of course through better work integration. The improvements made through the wide ranging and ongoing institutional reforms will certainly positively improve the environment for social entrepreneurship.

6. CONCLUSIONS AND GENERAL POLICY RECOMMENDATIONS

The social enterprise sector is in the early stages of development, including in terms of the eco-system needed for nurturing and growing the existing potential. The sector suffers from inadequate institutional support, at times a challenging and unevenly implemented legal framework, a dependence on grant funding, limited tax relief, and a lack of clear nationwide coordination or even a defined agenda to develop the social economy among the key stakeholders (relevant ministries at all levels, CSOs, cooperatives). Structural, institutional, and legal reforms are essential in the sector in order to grow and contribute fully to the building of a socially responsible and inclusive society.

The social economy as a whole faces serious challenges related to enabling policies and access to finance. Existing social enterprises (the majority of which are in the start-up and validation phase) enjoy some levels of infrastructural and financial support from the CSO sector. However, very few of them are prepared to scale up nor can they absorb the financial resources necessary to attain sustainability. The domestic private sector social investment market is minimal and the debt-financing sector has little engagement with the SE sector.

Significant technical support is necessary to build the institutional capacities as well as targeted support of crucial policy initiatives. The social economy could enjoy a higher priority within the acquis and this could be the tool necessary to stimulate and encourage ownership of the issue amongst the politicians at all entity levels.

A robust national coordinating body that collects and maintains essential data about the sector, advocates for policy changes and monitors their implementation, and drafts a comprehensive needs analysis, would contribute greatly to the development of the sector.

- **Legislation and policy framework**

The frameworks necessary to create, nurture and sustain an environment of entrepreneurship and social inclusion are on the federal and entity level government agendas, however the level of prioritisation varies significantly. A federal database of SE that holds information about their social mission, organisation size, source of funding and basic financial information would provide a comprehensive insight into the sector. The EU delegation may consider actively driving the SE agenda at the political stakeholder level, advocating for a standardised definition of SE, and standardised legal framework (with some flexibility for policy level intervention to reflect regional priorities). Positive policies for the SE sector should be embedded not only in the employment and social policies but also as part of economic development, and the environmental and sustainable agriculture agenda.

There is clearly scope for vertical and horizontal integration of policies with the key public policy stakeholders at Federal, entity and canton level. The EU should consider supporting a practical consultation mechanism that allows the voice of the CSO/SE actors to be heard. Furthermore, the policy discussion should encourage understanding and acceptance that the SE sector is diverse and can contribute to sustainable and equitable development in many different ways and forms.

Public policy stakeholders would benefit from investment in technical assistance to develop the policy positions, procedures and human capacities that are a prerequisite for effect institutional support of the social economy. The positive steps at the entity level should be acknowledged and supported. Policy makers need exposure to relevant EU and regional experience and best practice. The EU can play a crucial role in strengthening the Entity Government's commitment to the principles of social entrepreneurship as developed by the EU's Social Business Initiative (SBI) as well as through technical assistance projects.

- **Access to finance**

The SE sector is dependent on donor financing and has made little attempt to adapt itself for the building of a sustainable operating model. This is not helped by the project rather than cause driven focus of most SEs, in part because of an unfortunate combination of lack of financial resources and a severe shortage of the technical skills and practise competence necessary to transition towards sustainability.

Donors are advised to redesign their calls for proposals to include a clear and achievable roadmap for sustainability. Where the technical capacity may not exist within the applicant pool, donors should consider the provision of technical support to incorporate sustainability into project proposals as part of the design of their calls. Once funds are approved, donors should consider following the practise of some incubators already operating in the country and disburse funds on a milestone driven basis. This will both ensure that funds are used as originally proposed and that beneficiaries retain the necessary focus necessary for project success.

A structured funding mechanism for EU funded projects that contains grant funding for initial start-up and development phases and low interest debt financing for growth and sustainability phases would ensure that projects with potential for sustainability are the focus of support. Coordination with the EBRD Advice to Small Business programme should be considered where projects that benefit from first phase EU project funding should then be the beneficiaries of second phase technical support from EBRD funded experts with a focus on facilitating second phase financing to support sustainability.

The models used by Mozaik and YSB should be utilised as most pragmatic model of SE financing, where financing is tied to technical support and draw down of funding is milestone based. The EIB/EBRD should consider setting up a larger centrally managed fund that operates across all entities using these proven funding principals. This new fund should also consider the 0% interest repayable grant mechanism where the principal is repaid in tranches on the basis of milestones achieved, typically related to financial performance (positive cash flow) and social impact.

In terms of strategic outlook, the SE funding community should increase coordination and develop funding approaches that engage with institutional stakeholders making them active participants in the funding criteria and therefore ensuring a vested interest in the success of the sector. In a coordinated way, the various actors can create funding opportunities that suit short- as well as long-term financing needs to the SEs at all stages of development.

Given the potential for private sector organisations to engage with the social enterprise sector, the introduction of broader tax benefits for private sector organisations providing direct support or trade opportunities for SEs would significantly increase the level of engagement of the private sector.

- **Other support infrastructure**

The regional (entity level) disparities in BiH are significant and they exacerbate the challenge of building a social economy on a national scale. It is recommended that a mapping process take place to understand the social economy needs of each entity and a subsequent strategy document be devised. This strategy document should engage with and provide strategic recommendations to all stakeholder groups. The document's strategic imperative should be to decentralise the capacity building and support services, making funds available to better serve SEs in smaller towns and rural areas. The EU can provide valuable input through direct support to intermediary organisations as well as through encouraging public-private-CSO partnerships in building SE support infrastructure throughout the country. SE support organisations should also be required to build-in self-sustainability approaches to be able to serve the SEs beyond the EU funding stage.

Positive visibility of the SE actors and their achievements will help to raise awareness of the social and economic contribution that SEs can make; this in turn should encourage central governments keen to further their political agendas to leverage the positive news from SEs. As a secondary impact, positive SE news will also encourage private sector actors to actively seek engagement with SEs and where appropriate reconsider the narrowness of their CSR activities.

Finally, the existing networks of social enterprises and SE support organisations are an important segment of the support infrastructure. The EU should consider supporting the creation of a Federation wide coordinating body for the entire CSO sector including SEs, perhaps with regional chapters to reflect

entity level realities. Aside from providing coordinated advocacy and designing best practise procedures, such a body would allow the promotion of successful models of social enterprises across the entire spectrum. At the federation level, the coordinating body should include the academic community, the private sector, CSOs, and cooperatives. This will lead to a better understanding of the concept of the SE among key stakeholders in order to create an appropriate definition and guidelines for the development of this field.

6.1. Priority sectors for country level intervention

The priorities in each area of support below are listed in the way to show the urgency and the sequencing of the needed interventions. It emerges that the most urgent support needed is within the **policy, legal and institutional framework** and the **coordination mechanism** which needs to be established. Further support is needed in **capacity building** through different approaches and modalities.

In parallel the need for increased and more streamlined **funding** will be necessary. With regards to this coordination among various stakeholders and funding institutions should be established to maximise the impact and improve prioritisation.

The table below shows the areas of intervention, priority areas and possible modality of support.

Areas of intervention in order of importance	What needs to be covered - priority areas	Modalities of support
<u>First area of intervention:</u> Policy, legal and institutional framework	<i>Priority area 1: Technical assistance</i> <ul style="list-style-type: none"> • Provide technical assistance to develop the policy positions, procedures and human capacities that are a prerequisite for effect institutional support of the social economy. • Revise sectoral strategies and policy documents to include social enterprises as actors in those policies. • Coordinate various entity and canton state institutions to jointly work on SE cross policy platform. • Provide technical assistance to create federal SE database. 	Bilateral envelopes (technical assistance, grants, CFP, twining, direct award etc.) Regional programmes (technical assistance, grants, etc.)
<u>Second area of intervention:</u> Coordination	<i>Priority area 1: Coordination</i> <ul style="list-style-type: none"> • Create national coordination body to monitor and evaluate and further support development the SE sector. • Initiate SE support network and/or coalitions to build trust and sustainability of the sector. <i>Priority area 2: Visibility and awareness</i> <ul style="list-style-type: none"> • Design media campaign to raise visibility of SE actors and improve reputation and enable recognition of SEs impact. 	Regional programmes (technical assistance, grants, etc.)

<p><u>Third area of intervention:</u></p> <p>Skills and access to market</p>	<p><i>Priority area 1: Capacity building</i></p> <ul style="list-style-type: none"> • Mapping and development of coherent, coordinated and sustainable strategy in capacity building for SEs. <p><i>Priority area 2: Support mechanisms</i></p> <ul style="list-style-type: none"> • Provide access for SEs to the existing SME support mechanism. • Create a strategy for support to incubator programs and intermediary organisations based on positive examples that include self-sustainability plans 	<p>Bilateral envelopes (technical assistance, grants, CfP, twining, direct award etc.)</p> <p>Regional programmes (technical assistance, grants, etc.)</p> <p>Other support schemes (indirect management)</p>
<p><u>Fourth area of intervention:</u></p> <p>Funding</p>	<p><i>Priority area 1: Coordination/networking activities of donor community to enable creation of the Calls including milestone driven funding, clear and achievable roadmap for sustainability, inclusion of the institutional stakeholders in development of funding approaches.</i></p> <p><i>Priority area 2: Create coordination mechanisms of EU funding with the EBRD Advice to Small Business programme.</i></p> <p><i>Priority area 3: Introduction of broader tax benefits for private sector.</i></p>	<p>Regional programmes (technical assistance, grants, etc.)</p> <p>Other support schemes (indirect management)</p>

Should you need information on the suggested horizontal or regional approach see the final report for this contract (contract details on pg. 2 of this report), a very general overview is provided here:

- The analysis of SE in the Eastern Neighbourhood and in the Western Balkan countries shows that even though there are some differences, the **approach in prioritising the support in both regions could be the same.**
- Due to a **big number of stakeholders, fragmented support and lack of coordination**, it is of a paramount importance that the European Commission takes the lead in setting the **approach**, the **priorities** and in **defining the roles and responsibilities** for **EU horizontal approach**.
- When examining the needs in various countries the **current support** in terms of the format and amounts **dedicated to SE might not be adequate** or sufficient anymore.
- The analysis showed that **some areas should be covered on a country-by-country basis**, but **many priorities could be addressed through regional programmes**

7. ANNEXES

7.1. Annex 1 - Questionnaire survey

I. Questionnaire for the Delegations of the EU

This survey is being carried out by AETS on behalf of the European Commission. It is designed to gather information about the social enterprise ecosystem in your country. The information you provide will be confidential and used solely for the purposes of analysis. Please answer the following questions.

A. PERSONAL DETAILS OF RESPONDENT

1. Name:
2. Email address:
3. Telephone number:
4. EUDEL Country:
5. Position:
 1. What is the key responsibility of your Section? What programmes/project you carry out?
 2. Is your Section aware of the concept of social economy? If yes, can you provide your definition and/or understanding of the social economy and social enterprise concept?
 3. Is there a law on social economy in the country? Or Strategy or Action plan? If not, under what regulatory framework social enterprises operate? Under whose jurisdiction social enterprises fill in?
 4. Based on your opinion, is there an enabling environment for social enterprise development in the country? Were there any changes in the perception in the past years?
 5. Does your Section have a social enterprise strategy/action plan? What are the key elements, if exist.
 6. What type of programmes or facility EUDEL provide to the Civil Society Organizations in the country? Does your Section contribute to these programmes financially or otherwise?
 7. Are there any support schemes that might be suitable for the needs of the social economy actors? For example, support to women, youth, and civil society? Could they be suitable for social enterprises as well?
 8. What type of capacity support exist in the country? Networks, HUBs, network of impact/patient investors, incubators, start-up competitions, mentoring, etc. Are there any synergies with existing support programs within the country?
 9. Does your Section work with foreign partners implementing any social enterprise programme(s)? If not, do you think such partnership might be established?
 10. Are you aware of any special development programme that contribute to the competitiveness or sustainability of social enterprises? Please explain if positive.
 11. Based on your experience what is the nature and size of the social economy sector in the country? What are the key sectors/industries they cover? Are you aware of any assessment of the size of the sector? If not, what do you think is the reason?
 12. What are in your opinion limitations or challenges preventing social enterprises from obtaining financing?

II. Questionnaire for the Government institutions

This survey is being carried out by AETS on behalf of the European Commission. It is designed to gather information about the social enterprise ecosystem in your country. The information you provide will be confidential and used solely for the purposes of analysis. Please answer the following questions.

A. PERSONAL DETAILS OF RESPONDENT

1. Name:
2. Email address:
3. Telephone number:
4. Government Authority:
5. Position:

B. REGULATORY FRAMEWORK

1. What is the key responsibility of your Government Authority?
2. Is there a law on social economy in the country? Or Strategy or Action plan? If not, under what regulatory framework social enterprises operate?
3. What kind of support social enterprises may receive from the Government bodies (such as that grants, subsidies, incentives, TA). Are there any incentives for companies to employ marginalized individuals?
4. Based on your opinion, is there an enabling environment for social enterprise development in your country? Were there any changes in the perception in the past years?
5. Please assess the importance of the topic to the political and economic agenda of the country.

C. SPECIFIC SUPPORT TO SOCIAL ENTERPRISES

6. Is your Government Authority aware of the concept of social economy? If yes, can you provide your definition of the social economy and social enterprise concept?
7. Does your Government Authority have a social enterprise strategy/action plan? What are the key elements, if exist.
8. Do you support social enterprises directly or indirectly? If yes, what type of support your Government Authority provide: technical assistance, capacity building, financial, access to market, access to capital. Please provide details of such support; range of support, conditions, years of support, type of support (grant, investment, etc...)
9. Are there any support schemes that might be suitable for the needs of the social economy actors? For example, support to micro, small and medium entrepreneurs? Could they be suitable for social enterprises as well?

D. OTHER MAIN STAKEHOLDERS

10. Who are the main stakeholders in the social enterprise eco-system in the country? Are there any support organizations, what type of support they provide, do you cooperate with them in any way?
11. Who are the main donor to the social enterprises (this may include national or foreign foundations, government grant schemes, EU funding, impact investors, individual family support, diaspora, angel investors network, etc.).
12. What are your Government Authority plans for the further social economy development?

E. EU SUPPORT TO SOCIAL ENTERPRISES

13. Are there any EU programmes or facilities that benefits social enterprises in your country? Please provide details, if positive. Does your Government Authority contribute to that programmes financially or otherwise?
14. Does your Government Authority work with foreign partners implementing any social enterprise programme(s)? If not, do you think such partnership might be established?

F. STATE OF PLAY OF SOCIAL ECONOMY

15. Based on your experience what is the nature and size of the social economy sector in the country? What are the key sectors/industries they cover?

16. How would you assess the level of development of social enterprise sector in general in the country; start-up stage, validation stage, scaling stage?
17. What are the key challenges social enterprises face in the country?
18. What type of support social enterprises need? How do they fill it at the moment?
19. Please provide few examples of good practice of social enterprises in the country?

III. Questionnaire for the funders and supporters

This survey is being carried out by AETS on behalf of the European Commission. It is designed to gather information about the social enterprise ecosystem in your country. The information you provide will be confidential and used solely for the purposes of analysis. Please answer the following questions.

A. PERSONAL DETAILS OF RESPONDENT

1. Name:
2. Email address:
3. Telephone number:
4. Company name:
5. Position:

B. SUPPORT TO SOCIAL ENTERPRISES – SUPPLY SIDE

1. What type of support you provide to social enterprises? Please explain what products or services you offer?
2. What requirements you have in order to provide support to social enterprises?
3. What type of financing instruments you provide do social enterprises? Please explain the range of support, type of support (grant, loan, equity), typical amount, length of the support, additional capacity building attached to the financing, etc.
4. What products or services you offer to SMEs? Could they be suitable for social enterprises, if exist?
5. Do you have any future plans to create a more enabling environment for social economy development in the country or region? Who do you think should be responsible for social economy development within existing Government structure?
6. Would you consider partnering with similar organizations in order to provide additional support? Are you aware of any other support to social enterprises in the country/region?
7. How do you monitor and evaluate the progress of your support/investment?

C. SOCIAL ENTERPRISE NEEDS - DEMAND SIDE

8. What type of financing needs social enterprises usually have? What is the purpose of the support, typical amount they need, type of support they require?
9. What type of business advices, technical assistance and/or capacity building social enterprises typically have. Please explain.
10. What do you see as the key challenges social enterprises face when it comes to financing?
11. What do you see as the key challenges social enterprises face when it comes to capacity support?
12. What do you see as the key challenges social enterprises face when it comes to management and governing?
13. What are the key challenging in accessing the market for social enterprises?

IV. Questionnaire for the social enterprises

Note: Revised version of the questions was used for consultation meetings with the SEs

This survey is being carried out by AETS on behalf of the European Commission. It is designed to gather information about the social enterprise ecosystem in your country. The information you provide will be confidential and used solely for the purposes of analysis. Please answer the following questions.

A. PERSONAL DETAILS OF RESPONDENT

Name:

Email address:

Telephone number:

Social Enterprise:

Position:

B. SOCIAL ENTERPRISE INFORMATION

1. Please explain the mission of your organization/social enterprise?
2. What is your legal status of your social enterprise? How are you registered and under what law? Why did you choose that legal entity? Does it provide any benefits/subsidies?
3. What are the main social issues your organization is working on? Who are your main beneficiaries and/or clients?
4. What was the reason of establishing social enterprise?
5. What products/services your social enterprise is offering to the clients? Who are your main competitors? Who are target customers of your social enterprise?
6. How many people work in your social enterprise? Please specify how many comes from the beneficiary group, how many are full time, part time, volunteers?

C. FINANCIAL INFORMATION

7. What is your annual turnover? Did you have any profit in 2016, or years before? How do you distribute profit, if any?
8. Please evaluate the current financial status of your social enterprise:
 - a. We are losing money
 - b. We are breaking even
 - c. We are generating a profit (surplus of income beyond costs)
9. What tax you need to pay for the commercial activities within existing legal framework?
10. How did you get seed funding for your social enterprise? Please specify the source of funding:
 - a. grant (domestic or international donors)
 - b. own funds
 - c. loan from a bank
 - d. loan guarantee
 - e. support from government funding
 - f. impact investment
 - g. angel investment
 - h. equity
 - i. diaspora
 - j. other (please specify)
11. Please specify the purpose of funding and specify the amount provided including terms of funding:
 - a. operating cost
 - b. cost for the project activities
 - c. employment
 - d. start-up cost
 - e. other
12. Did you get sufficient amount of money to start your business? If not, how did you cover the rest?
13. What type and amount of funding your organization need at this stage of social enterprise development?

D. HUMAN RESOURCES

14. Did you have the necessary skills and experience to start your operations? If not, how did you obtain it? What type of support was provided?
15. What type of expertise and skills your social enterprise currently have? Do you know where you can obtain those?
16. Did you use any consulting support, capacity support, technical assistance, and networking?
17. Would you need additional consulting/mentoring/advisory support in the future? For what purposes? What specific skills your employees need?

E. OPPORTUNITIES WITHIN THE SECTOR

18. Is there an enabling environment for social enterprise development in your country?
19. Did you benefit from a membership in any social enterprise network? If yes, please specify the name of the network and type of support. What would you expect from such a network, what kind of peer support is most needed?
20. Are there any special development programs in your country supporting social enterprises?
21. Is there available EU support infrastructure for social enterprise development in your county?
22. Based on your experience what are the main challenges of social economy sector in your country.
23. Based on your experience what are the key opportunities for social economy in your country.
24. Please estimate the size of the social economy sector. Can you list some of the social enterprises in the country, giving us examples?

7.2. Annex 2 - List of Interviews

Stakeholders are divided into three main groups:

- Group 1: Representative of the public institutions
- Group 2: Representatives of support organisations and funders
- Group 3: Social entrepreneurs

Note: With some of the stakeholders were consulted over meetings and were not subject of full interview (as a follow-up of previous studies)

N	Organization	Representative Name Surname	Position
Group 1			
1	Fund for professional rehabilitation, training and employment of PwD of Federation of BiH	Mr. Nerin Dizdar	Advisor to the Director
		Ms. Sabina Cano	Member of the Board of the Fund
2	Ministry of Industry, Energy and Mining, Government of Republika Srpska	Mr. Saša Savičić	Head of Department for Legal Affairs
Group 2			
1	Delegation of the European Union to Bosnia and Herzegovina	Ms. Irina Smirnov	Economic Adviser
		Ms. Vesna Grkovic	Project Management of sectors related to Tourism, SMEs & Local Economic Development, Grant schemes, Industrial and Economic Policy and Insurance
2	TACSO Bosnia and Herzegovina	Ms. Slavica Draskovic	Resident Advisor
3	Mozaik Foundation	Mr. Zoran Puljic	Executive Director

4	Center for civil society promotion (CCSP)	Mr. Damir Zekovic	Project Manager
5	Social Inclusion Foundation in Bosnia and Herzegovina (SIF in BiH)	Ms. Ranka Ninkovic - Pasic	Director
6	Foundation for women's empowerment Bosnia and Herzegovina	Ms. Dubravka Kovacevic	Director
Group 3 – Consultations with social enterprises			
1	ProReha	Mr. Vedad Vajzovic	President
2	Funky Guerilla Group Gradiska	Mr. Predrag Borojevic	Executive Director
3	Association Life with Down Syndrom 3DownŠtampa-3DownPrint d.o.o	Ms. Amra Krvavac	Director of 3DownŠtampa
4	Super Woman d.o.o	Ms. Tamara Jovic	Director
5	EkoDizajn Association Nesto vise	Mr. Aleksandar Bundalo	Owner's representative

7.3. Annex 3 – Bibliography

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