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in Social Protection
and Social Inclusion

Social entrepreneurship and
other **models** to secure employment
for those most in need

SYNTHESIS REPORT

Croatia, 29-30 October 2013

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Social entrepreneurship and other models to secure employment for those most in need

ROGER SPEAR

THE OPEN UNIVERSITY, UK AND ROSKILDE UNIVERSITY, DENMARK

SYNTHESIS REPORT

European Commission

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Executive Summary

This Peer Review on **Social entrepreneurship and other models to secure employment for those most in need** took place in Zagreb, Croatia on 29–30 October 2013. The host organisation was the Croatian Ministry of Labour and Pension Systems. The focus of this Peer Review is on two complementary themes: programmes/models for the employment of disadvantaged groups, and social entrepreneurship.

The participating peer countries were the Czech Republic, Finland, France, Greece, Italy, Lithuania, Romania, Slovenia and the UK. The European Network of Social Integration Enterprises (ENSIE) participated as stakeholder organisation in the event. The Thematic Expert was Roger Spear from the Open University in the UK, and Roskilde University, Denmark.

This synthesis report is based on the Peer Review approach which uses the open method of coordination to encourage mutual learning to improve policy amongst official representatives and experts from different participating countries, and from EU delegates and other relevant stakeholders at European and national levels. It also aims to disseminate more widely the key outcomes and policy messages arising from this Peer Review exercise.

For more than 50 years the EU has supported actions aimed at integrating disadvantaged into work and society. This has always been an area of continual innovation, and in recent years innovative strategies to promote and support social enterprise and social entrepreneurship have come to the fore, with considerable growth in numbers as well as new legislation recognising social enterprise. Clear recognition of these themes may be seen in the Social Business Initiative (2011) with its emphasis on improving access to finance, increasing the visibility of social entrepreneurship and improving its legal and institutional environment – in this and other ways a supportive eco-system can be established to fully exploit the potential for social enterprise and social entrepreneurship.

At the same time various programmes for modernising labour markets have been developed to boost jobs, and integrate those most in need. Several trends can be discerned: a move away from passive benefits/compensation policies towards more active labour market policies (ALMPs), which aim to improve the efficiency of the labour market through better information flow, better access and mobility, better employability skills via training and employment experience, and improvements in matching of participants and employers (via better information, better search capabilities, etc.). In addition there have been trends towards: strengthening the economic framework for work integration, introducing tougher regimes, and customising and integrating services. The innovation of work integration social enterprise has fitted well with this modernisation of labour markets and has become institutionalised across many countries in Europe.

Throughout Europe the pressure of budgetary cuts, at a time of severe economic crisis has forced welfare reforms, and led to a recognition of the value of the social economy and social enterprise as more inclusive models of welfare service delivery, and employment generation. But European countries have followed very different institutional trajectories towards this goal – with some building on well-established social and solidarity economies, while others are rediscovering and reforming these sectors in a post-Communist era. The



Croatian policy under review has been distinctive in combining grassroots initiatives for social entrepreneurship and responses to social exclusion with government initiatives to formulate a new strategy for social entrepreneurship 2014-2020. The proposed Croatian strategy mirrors the five key areas outlined in the EC social business initiative, by developing improved institutional and legal frameworks, access to finance, education for social entrepreneurship and improving visibility, research and monitoring. The close collaboration between government and civil society NGOs strengthens the legitimacy of policy and its potential effectiveness. It is also worth noting the involvement of a wide range of stakeholders in supporting the five areas of the Strategy.

The other peer countries presented interesting innovations and established experiences to the discussion. Countries from different parts of Europe have different issues to address, with different levels of resources (in a post-crisis period), and were clearly moving along different pathways towards social entrepreneurship. Nonetheless there were commonalities in the challenges, the kinds of resources and support accessible, so that useful exchanges of models were interesting and fruitful.

The prepared comment papers, the discussions and the site visit to the Hub, Zagreb, provided some useful discussion themes and conclusions:

- An appropriate **policy framework** requires a recognition of the full potential of social entrepreneurship as a complementary force in a plural economy. Recognition by government and civil society can help ensure that all the dimensions of the policy framework are in place, including: equal access to public procurement, recognising social value in public contracts, appropriate use of state aid (within EC requirements to grant block exemptions).
- **Social innovation** can be driven by economic crisis, particularly where bottom-up processes can operate within an enabling framework; effective models can be replicated provided they are adapted to local specificities, with the involvement of key stakeholders.
- **Finance** is frequently regarded as the most important resource, training and capacity building are important complements without which funds may be wasted. At a time of economic crisis diverse and innovative sources of funding need to be developed, including drawing in CSR finance, and new forms such as crowdfunding. New sources of finance, with new intermediaries, and new funding instruments (such as social impact bonds) are considerably strengthening the resource base of social enterprise in some countries, and these are interesting models for adaptation and replication. Micro-finance also plays an important role within this spectrum of funding, and is recognised in the Progress Micro-Finance Facility.
- **Support eco-system** – besides finance, it is increasingly recognised that appropriate support is needed to build capabilities and capacities of social enterprise; and that intermediary bodies, and networking support between social enterprises are essential. Increasingly cross-sector and public-private partnership arrangements are proving worthwhile, particularly when state resources are limited. The state can nonetheless offer the valuable source of legitimacy to such support systems, and develop strategies in a spirit of co-governance.



- **Wider work integration** - the Youth Guarantee model has proved attractive; and other innovations include intergenerational mentoring schemes, and schemes to capture the imagination of youth to develop underexploited heritage resources (as in Italy).
- The Croatian Strategy for Social Entrepreneurship has provided a broad framework with a number of elements for development which clearly have a resonance beyond the Croatian borders. The broad approach to social entrepreneurship beyond work integration has explicit links with the vision of the EU Social Business Initiative. The Peer Review process facilitated an exploration of the relevance of these measures, and the potential knowledge exchange between the Peer Review partners about approaches and models in their own countries.
- In this way an important contribution can be made to Europe 2020's vision of smart, sustainable, and inclusive growth, by taking forward the above themes of developing appropriate policy frameworks, stimulating social innovation, developing finance and micro-finance systems, emphasising the broad role of a support eco-system, as well as innovative integration models for young people.



A. Policy context on European level

This Peer Review on **Social entrepreneurship and other models to secure employment for those most in need** took place in Zagreb, Croatia on 29-30 October 2013. The host organisation was the Croatian Ministry of Labour and Pension Systems.

The participating peer countries were the Czech Republic, Finland, France, Greece, Italy, Lithuania, Romania, Slovenia and the UK. The European Network of Social Integration Enterprises (ENSIE) participated as stakeholder organisation in the event. The Thematic Expert was Roger Spear from the Open University in the UK, and Roskilde University, Denmark.

This synthesis report is based on the Peer Review approach which uses the open method of coordination to encourage mutual learning to improve policy amongst official representatives and experts from different participating countries, EU delegates and other relevant stakeholders at European and national levels. It also aims to disseminate more widely the key outcomes and policy messages arising from this Peer Review exercise.

The focus of this Peer Review is on two complementary themes: programmes/models for the employment of disadvantaged groups, and social entrepreneurship. The first day of the Peer Review focused on strategies for developing social entrepreneurship, while the second was dedicated to programmes for the employment of disadvantaged groups, and specifically young people. The Peer Review was supported through the Social Protection and Social Inclusion Programme, in the context of PROGRESS – the EU's employment and social solidarity programme, which has an overall aim of financially supporting the implementation of the objectives of the European Union in employment, social affairs and equal opportunities. PROGRESS supports policy and legislation development and implementation in five interlinked policy sections: Employment, Social protection and Social Inclusion, Working Conditions, Anti-discrimination, Gender Equality. The themes within the first three policy sections are developed and guided by the Social Protection Committee (for details of current work programme and reports of this advisory committee. (See: <http://ec.europa.eu/social/main.jsp?catId=758&langId=en>)

The policy context on the European level also embraces a number of other EU actions highly relevant to addressing the themes of this Peer Review – employment for disadvantaged people, and social entrepreneurship. For more than 50 years, the European Social Fund (ESF) has been an important source of support for the integration of disadvantaged people into work and society, including through the EQUAL initiative (from 2000-2008). It is an EU Structural Fund which aims to reduce differences in prosperity and living standards across the European Union, by improving jobs, skills and companies' capabilities, and thereby promote economic and social cohesion.

Going forward, the overarching EU policy framework for the next 7 years is Europe 2020, the EU's growth strategy for the medium term future. This emphasises that the EU needs to become a smart, sustainable and inclusive economy in order to achieve high levels of employment, productivity and social cohesion. The recent financial and economic crisis has also emphasised the importance of developing good economic governance. Within the framework of Europe 2020, the EU has set five ambitious objectives: on employment,



innovation, education, social inclusion and climate/energy, which it aims to reach by 2020. Several of these themes link quite closely to the Peer Review themes of social entrepreneurship and employment of disadvantaged people.

Recent developments relating to the EU Single Market also provide an important platform for social entrepreneurship. Since it was established in 1992 to facilitate a functioning integrated market, there has been a growing recognition of the Single Market's limitations in the free movement of goods, services, capital and people, due to missing legislation, administrative obstacles, etc. In April 2011 the European Commission adopted proposals for the Single Market Act with the aim of approving it by the end of 2012. This Act proposed twelve instruments to boost growth and strengthen confidence: including improving access to finance, taxation and the regulatory environment, consumer rights, European networks, etc. Several instruments are particularly relevant to social entrepreneurship: improving finance for social entrepreneurship, boosting social cohesion through regulations on posted workers, and clarifying fundamental social rights of workers, and improving the public procurement framework in various ways to simplify procedures, improving access to SMEs, and emphasising the need to be responsive to demands for environmentally friendly, socially responsible and innovative goods and services. In October 2012 the Commission proposed a second set of more specific actions (Single Market Act II) to develop further the Single Market – with 4 drivers for growth: fully integrated networks, mobility of citizens and business across borders, supporting the digital economy, and strengthening social entrepreneurship, cohesion and consumer confidence.

This latter theme had already received recognition in October 2011 with the launch of the EU Social Business Initiative, building on the Single Market Act. This had strong support from several Directorates: DG Enterprise, DG Internal Market and DG Employment are involved in order to set out an action plan at EU level to stimulate the establishment, development and growth of social enterprises. The Social Business Initiative aims to encourage responsible business (CSR), facilitate social entrepreneurship, and cut red tape for SMEs. The main features of its action plan for social entrepreneurship to support the development of social enterprise are:

Improving access to funding by

- facilitating access to private funding;
- mobilising of EU funds.

Increasing the visibility of social entrepreneurship by

- developing tools to gain a better understanding of the sector and increase the visibility of social entrepreneurship;
- reinforcing the managerial capacities, professionalism and networking of social businesses.

Improving the legal environment by

- developing appropriate European legal forms which could be used in European social entrepreneurship;
- public procurement;
- State aid.



In addition, measures to complement these three lines of action, are being explored: financial measures (dormant bank accounts, venture capital, new aid categories, adapting tax regimes – including for volunteers/donations, ethical investment, improved access to funding, social trading platforms, use of asset locks), but also measures targeting older people, promoting research (e.g. use of dormant patents), and possible European statutes.

With the aim of a more strategic use of structural funds, the Commission's draft Common Strategic Framework for Cohesion Policy 2014-2020, has greater focus on results, common rules, and simpler accounting and reporting requirements. It brings together the European Social Fund, European Regional Development Fund, Cohesion Fund, European Agricultural Fund for Rural Development, and the European Maritime and Fisheries Fund. This should support more coordinated action for regional development, by facilitating proposals which strategically combine investment and development/training.

Three main lines of action have identified as relevant to social entrepreneurship¹:

- To increase the rate of creating sustainable social enterprises by providing direct support for capacity-building of teams starting a social enterprise;
- To stimulate the development of a supportive eco-system through delivery of high quality supply of business development and support services (education, training, networking or coaching, together with learning for public authorities on ways to support social enterprise through public procurement);
- To facilitate access to finance for social enterprise by setting up financial instruments that provide “patient capital”.

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Further development of supportive frameworks may be seen in the EU programme for Employment and Social Innovation (EaSI), which with a proposed budget of €815 million for the 2014-20 period will bring together three existing programmes:

- Progress (Programme for Employment and Social Solidarity);
- EURES (European Employment Services); and
- European Progress Microfinance Facility (which supports microfinance intermediaries, and social investment for social enterprise);

The aim is to support Member States in their design and implementation of employment and social reforms at European, national as well as regional and local levels.

All in all, these measures contribute to an important recognition of the role of social entrepreneurship in Europe, going forward to 2020. The emphasis on improving finance, research to increase understanding and visibility, capacity building to improve performance, legislation, and facilitating access to public procurement are key areas for developing social enterprise; and will enhance the potential of social enterprises to deliver economic and social outcomes relevant to the future of Europe.

¹ See presentation by László Andor, Commissioner for Employment, Social Affairs and Inclusion. Brussels, 5 June 2012: http://ec.europa.eu/internal_market/social_business/docs/expert-group/20120605-laszlo-andor_en.pdf



Evidence of this growing recognition may be seen in the continuing development of legislation in Europe and internationally, with a strong emphasis on work integration structures:

- Italy Social cooperative (1991 A+B) 12,000+;
 - Social enterprise (2005/2006 All) 600;
- Belgium Social finality enterprise (1995 All) 600;
- Portugal Social solidarity cooperative (1996/8 B) 500+;
- Spain Social initiative cooperative (1999 A+B);
 - Work integration enterprise (2007);
- Greece Limited liability social co-operative (1999 B mental health);
 - Social co-operative enterprises (2011 B+A) 274
- France Collective interest cooperative society (2002 A) 94;
- Lithuania Social Enterprise (2004B) 137
- Poland Social cooperative (2006 B);
- Finland Social enterprise (2003 & 2012 B) 154;
- UK Community Interest Company (2004 All) 8600;
- Slovenia Social Enterprise (2012 A+B);
- South Korea (2007 All) 700;

Note: A = providing social services; B = work integration

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However it should be noted that in some of the countries with more established social enterprise, legislation *followed* the growth of such organisations which used an adapted pre-existing legislative forms such as for non-profits and cooperatives, and these latter traditional forms continue to be used extensively for social enterprise in many countries.

Employment policy for disadvantaged people

In terms of policy for the integration of disadvantaged people into employment, the broad policy framework for employment is the “Employment package”, launched in April 2012; it comprises a set of measures to boost jobs, aiming to:

Support job creation

- reducing taxes on labour;
- using hiring subsidies effectively;
- exploiting the potential of key sectors, such as the green economy, ICT, or health and care sector.



Restore the dynamics of labour markets

- helping workers succeed when changing jobs or getting back into work;
- mobilising all actors to implement the reforms required;
- investing in skills based on better forecasting and monitoring of needs;
- promoting the free movement of workers.

Strengthen the governance of employment policies

- reinforcing their monitoring with the EU countries so that employment and social concerns do not lag behind economic ones.

This “Employment Package” is supported by the European Employment Observatory (EEO) and the Mutual Learning Programme (MLP); and it builds on Europe 2020’s Agenda for new skills and jobs, which aims to achieve an EU employment rate target for women and men of 75% for the 20-64 years age group by 2020; and this combines with targets for young people to improve educational levels.

Current Trends and Approaches

In a comparative perspective, it is worth noting the wide variation between standard unemployment, and disadvantaged people’s unemployment in different European countries. The reasons are diverse and indicate the multiple factors underlying these differences, for example in the area of youth unemployment these factors include priorities of labour market inclusion, the impact of different educational systems, and the influence of quite different labour market policies towards standard and disadvantaged people. This may also be because of dual labour markets with well protected employment regimes for standard employed, but much less protection and support for disadvantaged people. Similarly for social exclusion where Eurostat statistics² provide an equally diverse picture, with very different levels and trends. And in the related area of disability, there are similarly wide variations in levels of unemployment and labour market integration.

The following trends for addressing labour market issues can be seen in Europe. There has been an increasing focus on the employment rate rather than just on unemployment; this has included increasing the participation of the economically inactive population. This has led to an increasing European interest in improving the work integration of recipients of benefits other than unemployment benefit, including health/incapacity/disability benefits, where across Europe there have been large increases in numbers of claimants over the last 10/20 years; this has resulted in strategies for helping the socially excluded, with a greater priority placed on social cohesion and social inclusion objectives – leading to a growing emphasis on policies for a smart, sustainable and inclusive economy in Europe 2020.

The broad framework for labour market reforms has moved away from passive benefits/compensation policies, towards more active labour market policies (ALMPs) including high level investment in flexicurity policies. These activation strategies aim to improve the efficiency of the labour market through: better information flow, better access and mobility, better employability skills via training and employment experience, and improvements in

² Ref Eurostat: http://epp.eurostat.ec.europa.eu/statistics_explained/index.php?title=File:People_at_risk_of_poverty_or_social_exclusion_by_country,_2005-2009.jpg&filetimestamp=20111130110759



matching of participants and employers – via better information, better search capabilities, etc.

The other main themes have been strengthening the economic framework for work integration, introducing tougher regimes, and customising and integrating services - by developing *good linkages between policy and the implementation of policy*, particularly through ensuring good inter-agency collaboration, in some cases via integration of agencies (one stop shops). This can be developed further by improving the alignment of the two systems (benefits and ALMPs) so that they are complementary. In detail the main themes are:

- Making the economic case, typically through: tighter eligibility criteria, less generous benefits, making the combination of wages and benefits more attractive, and tighter job search criteria, tighter linkage between benefits and participation in ALMPs.
- Addressing welfare traps and labour market traps: for example in many European countries people are not allowed to earn, nor allowed to volunteer whilst on benefits;
- Tougher measures with more compulsion: based on the idea of “mutual obligations”; this also involves monitoring benefit recipients to ensure they comply with eligibility conditions and if necessary, apply temporary sanctions or benefit exclusions. Work first approaches (workfare) have been used where benefits are strictly dependent on participation in ALMPs.
- Integration and customisation applies throughout the value chain: by improving links between the different phases in the process: tailor made services for particular target groups, individual integration contracts between clients and relevant agency; pre-programme inclusion strategy; ALMP implementation: information, matching, training/employment; placement; follow-up and support once someone is employed;
- early intervention in the unemployment cycle, and a high contact density between jobseekers and employment counsellors;
- regular reporting and monitoring of work availability and job-search actions;
- For more difficult to reach target groups, the approach needs to be well integrated and customised through: early profiling, personalised counselling, integrated multi-service approaches, using flexible pathways.
- “Active social policies” have become more important for the most disadvantaged; similar in approach to ALMPs, they use social inclusion programmes (linked to employment objectives of ALMPs), but precede or supersede them, and include use of case workers; with sensitivity to (sub-) cultural issues (like role of extended family, and participation in informal economy).
- Extension of partnerships to third sector organisations which have specialist expertise with particular target groups. (Ref. OECD, 2007)

Approaches for addressing the needs of the more disadvantaged reveal the relevance of social entrepreneurship. Standard ALMP programmes are not always very effective for the socially excluded – largely because of the need for a tight integration of the diverse social/training/work support measures for such groups. This has led to recognition of the value of specialist types of organisation for integrating the more disadvantaged - particularly



through Work Integration Social Enterprise (WISE)³. This new form of organisation builds on the long history of the social economy working for and with the disadvantaged in society. Typically these WISE have strong links with local communities and their participative nature and democratic governance structures help facilitate integration of disadvantaged, and consolidate and develop social capital with wider stakeholders. This social innovation has now seen growth and institutionalisation in many countries of Europe.

³ See the work of the EMES Network (www.emes.net) which has conducted extensive European comparative research on WISE e.g. Nyssens, 2006.



B. Host country policy/good practice under review

The current economic crisis has encouraged EU Member States, including Croatia, to examine alternative models of economic development to deal with rising unemployment – especially among young people –, the shortage of public finances and the risks of social exclusion. The social economy has shown itself to be relatively resilient in the economic crisis, because it tends to be rooted in local communities, suggesting that lessons can be learned and economic and social objectives achieved by promoting this sector. The Croatian approaches to social entrepreneurship and other models for improving employment for disadvantaged groups were examined.

Social entrepreneurship: In May 2013, the Croatian Ministry of Labour and Pension Systems, in cooperation with other stakeholders, began to develop a Strategy for Social Entrepreneurship 2014–2020, which should be adopted by the government by the end of 2013. Its aim is to provide an enabling institutional framework for social enterprises in Croatia, which until now were not specifically recognised by law, or distinguished from traditional businesses with regard to access to finance, services or tax benefits to support their social contribution.

During the last 10 years NGOs and civil society have been central to the gradual development of social entrepreneurship in Croatia. A leading stakeholder is Slap (Waterfall), the Association for Creative Development. It helped to set up an informal network, the Forum of Social Enterprise (SEFOR) in 2009, with IPA programme funding. This in turn led to a national network of support centres (CEDRA) bringing together 80 organisations, and providing education, research and business counselling. And recently higher education institutions and the international organisation NESsT have made useful contributions, along with interest and support from the Croatian Association of Cooperatives, the Croatian Employment Service, the Croatian Bank for Reconstruction and Development, the Croatian Chamber of Economy, UNDP, British Council and many others.

Now government is collaborating with the civil society organisations to develop a number of measures to strengthen support for social entrepreneurship. The Ministry of Labour and Pension Systems is coordinating the drafting of the Strategy, with the involvement of several other Ministries – including the Ministry of Entrepreneurship and Crafts, Ministry of Social Policy and Youth, and the Government Office for Cooperation with NGOs. The provisional definition of social enterprises is *“business ventures that are based on the principles of socially, environmentally and economically sustainable business that invests profit/surplus completely or partly for the benefit of the community.”* And this together with a working list of 7 recognition criteria for social entrepreneurship has been used as a basis for funding and support.

Inspired by the European Commission's 2011 Social Business Initiative, the Croatian Strategy focuses on five key areas:

1. Institutional and legal framework;
2. Access to financial capital;
3. Education on and for social entrepreneurship;
4. Visibility;
5. Horizontal issues (research and monitoring).

The institutional framework for development and access to finance are being developed in partnership with Croatian and international NGOs through various projects for the promotion of social entrepreneurship, with further activities envisaged, including an ESF grant scheme aimed at increasing employment of disadvantaged people through social entrepreneurship. The Croatian Ministry of Labour and Pensions has drawn on OP HRD funds and IPA funding to support social entrepreneurship initiatives so far; and it is planning to work with the Ministry of Social Policy and Youth to use structural funds strategically for supporting the employment of disadvantaged people through social entrepreneurship and other models. But gaining access to conventional sources of finance is also being addressed, since this is a particular problem in Croatia due to the need for bank insurance mechanisms. In order to remove this obstacle, the idea for establishing a guarantee fund for social enterprises is being considered.

Although Croatian legislation does not currently recognise the terms social enterprise and social entrepreneurship specifically, it has recently modernised relevant legislation, including for associations, foundations, companies, rehabilitation and employment of persons with disabilities, public procurement, and cooperatives where social cooperatives are recognised.

Civil society organisations are playing a key role in improving public visibility of social entrepreneurship through for example annual Awards for Social Entrepreneurship, jointly organised by the Association for Creative Development Slap (Waterfall), the Ministry of Labour and Pension System and SEFOR. But visibility is also supported through a wide variety of conferences, round tables and panel discussions. In addition education and training for social entrepreneurship are emerging as themes in higher education, regional development agencies and business centres where the emphasis is on developing entrepreneurial competences - a particular problem for many social entrepreneurs.

Regarding horizontal issues (research and monitoring), the Working Group for the development of a strategy for social entrepreneurship includes stakeholders from academic society and the Croatian bureau of statistics, and informal cooperation has been established with a number of scientists and experts. The aim of this Strategy is to establish a network of cooperation of relevant authorities for sectoral monitoring and to engage the academic community in the scientific study of social entrepreneurship so that the necessary data is gathered, but also to raise awareness of the potential of social entrepreneurship in the field of employment, economic growth and the fight against poverty.

Employment of disadvantaged groups: the Croatian labour market is characterised by a low employment rate, a high level of unemployment, especially for young people, and large regional disparities, exacerbated by the recent economic crisis. To combat these labour



market problems the government is aiming to achieve greater labour market flexibility. To provide direct support, the Croatian Employment Service (CES) has implemented seven packages of measures for various disadvantaged groups in the labour market. In order to address the severe problem of jobless young people, Croatia was one of the first Member States to introduce a Youth Guarantee. Figures for April 2013 showed a youth unemployment rate of 51.8%, creating a serious threat to the skilled workforce of the future. The Youth Guarantee now comprises 23 different measures which include three forms of new public works for young people, youth measures for retaining youth employment, measures to increase the mobility of young people and measures for training and education of young people. These measures are implemented in cooperation with the Croatian Chamber of Economy and the Croatian Chamber of Trades and Crafts. The main goal is to offer all under-29-year-olds a job, ongoing education, training or an apprenticeship within six months of becoming unemployed or leaving formal education. Funding comes from the European Social Fund (ESF) or national resources.



C. Policies and experiences in peer countries and stakeholder contributions

Although social entrepreneurship is a relatively new phenomenon, in some countries it has evolved as a hybrid form of the social economy in others it has roots in cooperatives or non-profits structures, while in other countries it is more strongly influenced by international movements and international NGOs. Thus social entrepreneurship and social enterprise in the different countries may be at different stages of development, with different pathways building on different historical institutional frameworks. Some countries can build on the framework for the social economy, or on vibrant non-profit and cooperative sectors. Some other countries (for example in Eastern Europe) have special challenges and issues. Differences in welfare regimes and labour market systems are also highly relevant, for example Northern vs Southern Europe. All these factors help shape the framework for social entrepreneurship. Consequently countries differ substantially both in the extent to which they recognise social enterprise and social entrepreneurship, and in the extent of their development.

Czech Republic: social enterprise and social entrepreneurship have some recognition in government policy documents since 2012, and although there is no specific legal form established, some discussions are taking place. There are currently around 136 social enterprises, with most being concerned with work integration for those with disabilities and disadvantages; and non-profits are gradually orienting their activities towards market income generation. Despite growing interest, the main challenges currently faced are: access to start-up capital, lack of legislation and associated recognition of the potential of social entrepreneurship, improving support structures for social enterprise, and developing more appropriate regulatory systems and policy instruments. In terms of youth unemployment, the key challenges are skills mismatches with employer needs, and lack of work experience. Two measures have been developed to address these issues: a scheme providing wage subsidy and training costs for those up to 30 years for one year; and plans for a job sharing scheme between youth unemployed and those nearing retirement.

Finland: social entrepreneurship developments in Finland have been influenced both by international trends and by its strong cooperative tradition. Legislation for work integration social enterprise was established in 2003, and revised in 2012. This legal form targets people with disabilities and the long-term unemployed; there are currently 154 work integration social enterprise (WISE). They use a variety of legal forms including sole traders, partnerships, associations, cooperatives, but the majority are companies limited by shares. These organisations are registered as WISE if they meet certain conditions such as 30% of employees being disabled/long-term unemployed, and this gives them access to public subsidies. Discussions about extending social entrepreneurship business models and legislation beyond work integration did not lead to new legislation; but a new Social Enterprise Mark allows social enterprise to engage in a wide range of business activities to address community-based needs, for example in health, social or green sector. So far 43 enterprises have been granted Social Enterprise Mark status, the majority again being companies limited by shares. However the future of the Social Enterprise Mark after 2013 is unclear. There is some confusion about concepts and definitions in Finland, since the term “social firm” is used in the legislation, and allows any form of enterprise to conduct social



entrepreneurial activities. In addition, since the 1990s the privatisation of welfare services has led to private business gaining contracts in procurement markets for welfare services. And contracts have been awarded on the basis of price rather than innovative added value, which would have favoured social enterprise and non-profit providers. Finland also has the youth guarantee measure, which guarantees young people employment, study, training or rehabilitation within three months of becoming unemployed – this operates essentially through an employment wage subsidy.

France: the appointment of a Minister for the Social Economy in 2012 indicates the French government's commitment to social cohesion, employment and growth. Currently there are four main themes within the French social economy policy: legislation, territorial cohesion, social finance, and youth social entrepreneurship.

The draft law concerning the social economy aims to give greater recognition to the social economy, and improve its sectoral organisation and development; it may also widen the scope of the social economy to the commercial companies which have not adopted a status of the social economy (cooperatives, mutuals, foundations or associations) and wish to be recognised as social enterprises, provided that their objective is not to distribute profits, but use them primarily to maintain or develop their social objectives, and provided they are managed in a democratic way. Territorial cohesion is promoted by giving support to territorial structures of the social economy. Social finance is improved through the establishment of a new funding programme using the instrument of refundable quasi-equity; and a new fund for social innovation finance has been established, to be used in conjunction with structural funds for strategic investment. Policies to foster young social and inclusive entrepreneurship are supported through a new programme (with a budget of EUR 1.9m) together with a wide range of promotional activities to raise awareness and develop good practices. France has an interesting innovative cooperative structure which provides pooled resources and cooperative support to entrepreneurs within a cooperative structure ("business and employment cooperatives" (CAEs). So far there are 80 of these innovative forms with 5000 salaried entrepreneurs. Since the late 1970s France has had a variety of structures of insertion by economic activity (WISEs), and these continue to be supported, including through proposals in the new social economy draft law for integration clauses in procurement contracts. Other work integration innovations specifically for youth include: job subsidies targeting the most disadvantaged localities, minimum financial support (RSA) for under 25 unemployed, a youth guarantee measure currently being tested, and a "Contrat de Generation" which is an inter-generational contract which facilitates the employment of young people alongside senior employees on the verge of retirement. Further innovative measures for youth employment include: "emplois de l'avenir" which targets young people with very low qualifications, supporting their employment in social enterprise; and a website for young graduates from disadvantaged areas to promote their CV's.

Greece: in terms of unemployment, employment rate, severe poverty and homelessness, Greece has been hit more severely than other countries in the EU. This presents highly demanding challenges of improving labour market policies, and mitigating the social impact of the crisis. Social entrepreneurship has a role to play in enhancing employability. And the Ministry of Labour, Social Security and Welfare in cooperation with the European Commission has formulated a Strategy Plan for the Development of Social Entrepreneurship with the strategic aim of generating a significant impact on economic development at local, regional and national levels, together with social cohesion. There are three themes

or axes in this Strategy Plan which aim to create an eco-system for development: sectoral support (including at regional and national levels, and an observatory), financial support (for start-ups, incubators, training, subsidies), and the development of financial instruments (refundable grants, micro-finance institutions) – to support the development of social cooperative enterprises (KoinSEp), the legislation for which was passed in 2011. There are currently 274 KoinSEp registered, covering a wide range of activities including social care, although most have more general “collective and productive purposes”, relatively few are for work integration (where 40% of employees need to be disadvantaged).

The key challenges faced by these social cooperative enterprises are: lack of appropriate and accessible support services, lack of specialised programmes for subsidising the start-up stage, the adverse financial environment for the development of financial instruments, various complex administrative obstacles, the low visibility of this new legal form, and lack of understanding of the value of social entrepreneurship.

Nonetheless, a number of organisations have taken initiatives to promote these social enterprises, particularly municipalities through procurement contracts for social care, culture and the environmental services. The General Confederation of Greek Agricultural Associations has conducted promotional events especially for women farmers. The Technical Chamber of Greece, universities, and some foundations have also been promoting the model. This has resulted in a substantial boost in numbers, with 80 KoinSEp being formed in September, 2013.

Other measures to address the employment of disadvantaged people include: vouchers for youth unemployed for training, work experience, plus youth vouchers specifically for the tourism sector, funding for the development of ‘Social Structures of Immediate Poverty Relief’ staffed by young people, support for youth entrepreneurship particularly for export markets; public works programmes for disadvantaged including for families with no working members; support for disadvantaged people to become entrepreneurs, including female entrepreneurs, subsidies for recruitment of unemployed graduates. These multi-faceted measures recognise the need to mobilise all relevant stakeholders to develop individual employability, and improve labour markets.

Italy: through its social co-operatives, Italy created a highly successful model of social entrepreneurship which has been an inspiration for Europe and the rest of the world. Two forms are recognised in the 1991 legislation for social co-operatives: type A for social-health services, and type B for work integration; and so far more than 12,000 have been formed with hardly any failures, in fact their numbers increased by 17% in the post-crisis period 2007-2011. And as in other countries, many non-profits and foundations that develop trading activities have thereby become social enterprises – currently numbering around 80,000. The more recent new legal form of social enterprise (in 2006) has seen much fewer numbers – around 600; but there may be more interesting results for the very recent legislation (2012) for innovative social enterprises with high levels of technological innovation and a social mission to get interesting legal and tax advantages. Although there is no supportive infrastructure at national level, there is at local and regional levels, and from umbrella associations. Interesting possible future innovations include: broadening the categories of disadvantage within the 30% staffing level for WISE, distributing a certain level of profit to attract external investors, and allowing corporate shareholder/members.



The Italian labour market is experiencing a particularly challenging time at the moment, and new measures for the employment of disadvantaged groups include: a programme of internships for young graduate NEETs (Not in Education, Employment, or Training) in the southern Italian regions, new measures for women, long-term unemployed and over 50, including actions to involve the older workers in training new young workers, a Youth Guarantee plan under development, and a 2 year action plan approved for people with disabilities, including increased employment subsidies.

Lithuania: the Lithuanian law on social enterprises was passed in 2004, since when there has been a good level of growth with 137 registered social enterprises by 2012; the majority are for disabled people, and it remains a challenge for Lithuanian social enterprises to employ targeted disadvantaged groups. Under this law social enterprises can take any form (public, private, non-profit); the law supports work integration and 40% of employees should be disadvantaged; WISE for disabled people build on the long tradition of co-operatives for disabled people, but the minimum disabled staffing level is 50%. This social enterprise status gives access to procurement contracts, subsidies, and tax benefits.

The most numerous groups of unemployed are long-term unemployed, and low skilled people. A wide range of ALMPs defined by the Law on Support for Employment (2006) are in operation, but a new Employment programme for 2014-2020 has been prepared, further developing these measures, but with new possibilities supporting business development.

Romania: the concepts of the social economy and social enterprise have emerged in the policy arena since 2005 during discussions promoted by NGO representatives linked to the European Social Fund Operational Programme for Human Resource Development, in line with the Instrument for Pre-Accession for Romania. During the last 6 years, the Sectoral Operational Programme Human Resources Development (SOP HRD) financed by European structural funds (ESF) has provided an important framework supporting the development of the social economy, particularly priority axis no 6 – Promoting social inclusion, which has the overall objective to facilitate access on the labour market of vulnerable groups and promote a cohesive and inclusive society in order to ensure the welfare of all citizens.

During the last 20 years the social economy in Romania has seen a mixed picture of development, with declines in co-operatives, but considerable growth of credit unions and NGOs (but with only a small percentage (11%) reporting economic activity). The term “social economy” was defined in Romania under the Law on Social Assistance (2011) as “a sector that comprises economic activities that include social objectives, alternatively, provided that economic performance is maintained”. The Romanian Government plans to adopt a project law on social economy, which will regulate the social economy area, establish measures to promote and support social economy and establish central and local public administration powers in the field.

The main challenges faced by the Romanian labour market are: high levels of self-employment, unpaid family workers, a low employment rate particularly for young people, Roma, and disabled people. The Government's response to the situation for youth is the *National Plan to Boost Youth Employment 2013*, which includes measures and programmes such as Youth Guarantee (mobility bonuses, financial incentives, professional and carrier guidance and entrepreneurship counselling, business simulation, internships, apprenticeships, partnerships between schools, universities, and companies and other

organisations and start-ups created by young persons). A further set of measures are planned for 2014 for unemployed graduates, use in secondary education, and unemployed women with children under six years old.

The main challenges for the future development of social entrepreneurship are: adopting appropriate legislation, ensuring greater awareness and recognition of social enterprises and the social economy, supporting the regeneration of co-operatives, facilitating the development of social enterprises and the social economy in rural areas, and improving the employment capacity of social enterprise together with their economic orientation.

Slovenia: as a former Yugoslav country like Croatia, Slovenia has seen similar broad patterns of development of non-governmental and social economy sectors; with the civil society sectors (co-operatives, NGOs, et cetera) being relatively well-developed in the early part of the 20th century, followed by state domination during the socialist period, and reform and regeneration during the post-socialist period. The revival of the NGO sector has been impressive with 20,000 NGOs now registered, good government recognition particularly in areas of social policy, and good links to civil society.

Prior to the recent economic crisis Slovenia had experienced a good and steady level of growth, with a high employment rate and relatively low unemployment. But all this has changed since the crisis, and unemployment and exclusion have risen up the policy agenda. A wide range of active employment policies have been strengthened, and the main target groups are: poorly qualified, older workers, and young first-time jobseekers. For the latter specific programmes include: skills development for NEETs, traineeships and apprenticeships, job subsidies, and mentoring schemes.

Social entrepreneurship has received considerable support through the Social Entrepreneurship Act (2011), which established a Council for Social Entrepreneurship responsible for policy, regulations specifying the scope of social entrepreneurship activities and social enterprise, and the development of a strategy for social entrepreneurship 2013 – 2016. Discussions about social entrepreneurship have generally been in the context of social policy rather than business development, and the Ministry of Labour, Family, Social Affairs and Equal Opportunities has taken responsibility for development, using ESF money. However, so far only 20 social enterprises have been registered. This appears to be due to a range of factors linked to the different bodies concerned with social entrepreneurship: the social entrepreneurs (including sponsoring NGOs) lacked entrepreneurial/marketing skills, the general public lacks awareness and knowledge about social entrepreneurship resulting in lack of bottom up initiatives, i.e. fewer numbers of social entrepreneurs and low visibility in the market, and low support from local communities, difficulties in markets dominated by the grey (illegal) economy, difficulties in integrating hard to employ people in a context of inflexible ALMPs and problems with the eco-system of support – lack of financial incentives, difficulties in coordinating responsibilities between different government bodies, and insufficient support from other ministries and municipalities (including access to public procurement markets), insufficient support staff. In addition the legislation appears overly strict for maintaining the status of social enterprise, including areas of permissible business, and legislation could be adapted to support all forms of social entrepreneurship; and the role of NGOs in supporting social entrepreneurship could be developed through capacity building. In general a greater emphasis on entrepreneurship is needed.



United Kingdom: since the creation of Social Enterprise London in 1998, followed in 2002 by the establishment of the Social Enterprise Coalition, and the setting up by government of the Social Enterprise Unit, the UK has seen the development of one of the most highly developed comprehensive eco-systems for the support of social enterprise. The current government strategy, led by the Office of Civil Society, is three pronged: making it easier to set up and run a social enterprise (new start-ups and spin outs from the public sector), making it easier for social enterprise to work with the state (particularly through public procurement for a range of services from work integration to welfare services), and getting more resources into the social enterprise sector (through a rapidly developing market for social investment). Social enterprise may be formed through a wide range of legal structures, including the Community Interest Company which was specifically set up by government to help establish a brand and recognition for social enterprises. According to government estimates there are approximately 70,000 social enterprises in the UK (based upon 2012 Small Business Survey); these employing almost a million people.⁴

The eco-system of support for social enterprise is not only based on government support, but it includes a wide range of organisations from the private and social economy sectors, drawing in public/charitable/private funds. The development of social investment (organisations and instruments) is particularly innovative currently with the launch of Big Society Capital⁵, a social investment funding body which derived its income from dormant bank accounts and contributions from the large banks, and social impact bonds which aim to draw in private/charitable investors for innovative programmes. Despite this highly developed system of support, challenges remain: barriers to starting up and sustaining social enterprise – with lack of, or poor access to, finance being the principal concern, with cash-flow and time pressures also scoring highly; public sector procurement practices and a lack of access to marketing expertise are also seen as key issues.

The UK system of labour market support is based on four elements: employment services for jobseekers with benefits conditional on active job search; a simplified tax credit and benefit system to ensure it pays to work; more intensive support as the duration of unemployment increases or when special needs are identified; and after 12 months unemployment personalised support through a mandatory Work Programme, where contracted service providers are paid by results, getting more for helping the more disadvantaged.

Specific measures to support young people include: the Youth Contract (specialist and more intensive support to help gain work experience) with payment by results for training providers contracted to support NEETs; the Innovation Fund set up for early interventions in schools to prevent youth becoming NEETs (service providers contracts are 100% payment by results); a similar ESF funded programme for young people with multiple disadvantages.

One particularly interesting innovative organisational model for supporting social entrepreneurship is UnLtd, which was established as a charity in 2000 by seven leading non-profit organisations supporting social entrepreneurship. Its funding is based on the investment income from a large endowment derived from lottery income. UnLtd and its partners have supported 20,000 individual social entrepreneurs in the UK since 2003. And since 2009 over 30,000 people have either directly benefited from UnLtd's 790 young

⁴ <http://www.socialenterprise.org.uk/>

⁵ <http://www.bigsocietycapital.com/>



social entrepreneurs' projects, or been amongst the young people helped by the activity of these young social entrepreneurs.

European Network of Social Integration Enterprises (ENSIE): this network organisation unites national and regional networks of work integration social enterprises (WISEs). It emphasises the predominance of the social objective, the mixed financial resources, and the democratic governance of WISE, but it also recognises a variety of models including: differences in support schemes (permanent or springboard), differences in the level of national recognition, and differences in legal frameworks as well as differences in the entrepreneurial process, with ENSIE noting greater frequency and effectiveness when more collective groups of citizens or society organisations are leading this process (compared with more individualistic patterns of entrepreneurship). Despite these variations, WISE have become institutionalised across many countries in Europe, and are explicitly recognised in the European Commission Communication "Social Business Initiative, Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation".

ENSIE argues that to develop an appropriate strategy for WISEs, it is necessary that all Member States recognise this specific type of social enterprises and understand their role of creating paid employment for people disadvantaged in the labour market. Furthermore, each Member State should have supported contracts for those most in need and should use active labour measures within WISEs. In addition developing appropriate public procurement systems is also seen as very important, both through the inclusion of social considerations in contracts (France, Italy, Belgium, UK *Social Value Act*), and by including a revision of the provision on reserved contracts (art. 17) in the proposed new public procurement directive. This would give public authorities the possibility to restrict tendering procedures to enterprises that pursue the aim of the social and professional integration of persons with disabilities and disadvantaged persons. In these various ways, WISE can be more effective in assisting socially excluded (including young people), and can contribute more effectively to the Europe 2020 strategy



D. Main issues discussed during the meeting

Building social entrepreneurship: Every country has different specificities, strengths and weaknesses, and takes different pathways towards social entrepreneurship. Thus it is important to build on what already exists - and particularly building on established strengths in the social economy, since in some countries non-profits/NGOs are becoming more entrepreneurial, whilst in others cooperatives are moving towards employment and welfare markets; but both have the potential to play a role. The success of existing social cooperatives in Italy, for instance, led to the enactment of legislation, rather than the other way round. This means that cooperation about policies with stakeholders in the sector is crucial, and decision-making must be democratic. Croatia has set up a working group with 60 participants including NGOs, banks, social partners, businesses and public authorities.

Creating awareness within civil society helps recognition, market potential, and the supply of social entrepreneurs. But there may be definitional and labelling challenges: the definition of social enterprise and social entrepreneurship was discussed, with some peer countries pointing out that while the term may be clear in English, it is not always so easy to translate into other languages. It is particularly problematic in some newer Member States where 'social' can be confused with 'socialist' and provoke a hostile reaction. Definitions vary across Europe, and indeed the UK wondered whether any definition at all is unnecessarily restrictive. Lithuania by contrast has a very specific definition, also designed to distinguish social entrepreneurship from corporate social responsibility. And some countries such as Finland are promoting a new Social Enterprise Mark as an indicator of quality. In a broader perspective, while social enterprise has created a key role in work integration (WISE), the potential in welfare service provision and broad areas of social utility also need to be recognised, and the entrepreneurial dimensions emphasised. In France, the aim is to demonstrate that the social economy is a valuable part of the plural global economy.

Procurement: Opening public procurement markets to social enterprise is seen as essential, but access is often still problematic. It is not always fully understood what is possible in the current EU regulations without contravening EU competition requirements relating to government subsidies (state aid), and procurement. But the European Commission is currently updating rules about how state aid, public procurement and the internal market apply to services of general economic interest (SGEI) - which non-profits and social enterprise often provide. The new rules expand the scope of block exemptions for state aid to a wide range of health and social services which are often contracted out locally. These could allow greater scope for municipalities to contract with social enterprise for social services.⁶

Similarly the EU has proposed that national authorities should adapt public procurement rules to accommodate social enterprises: for example to allow for social factors to be considered in tendering. The EU draft law also provides for reserved contracts linked to the integration of 30% of disabled and disadvantaged people (Article 17.1).

Funding was a major topic for debate. The European Social Fund is a prime source, especially through thematic objective 9 (promoting social inclusion and combating poverty), for example to finance projects for the education and employment of disadvantaged groups.

⁶ See: <http://europeanfundingnetwork.eu/policy/state-aid>



Regional Development Funds are also available for investment. Croatia is in the process of setting up a private ethical bank. In countries severely hit by the economic crisis, it is particularly difficult for social enterprises to secure funds because banks and investors tend not to understand their distinctive characteristics. As public finances are becoming tighter, a number of countries are exploring other innovative tools and sources such as crowd-funding and partnerships; since it is important to consider the full spectrum of financing requirements of social enterprise from start-up to consolidation and growth. Internationally, social finance is attracting an enormous interest both in developing new financial bodies, and new financial instruments, such as social impact bonds.

Microfinance: it was reported that the EC has been considering ways of supporting self-employment as one of the elements of employment creation (since the general policy theme has focused on bringing people into conventional employment). Support involves advice, mentoring, coaching, and financial support for start-ups. The Commission launched the Progress Microfinance Facility to provide guarantees for fund-providers and capital in the form of loans. After operating for three years, it continues under the Employment and Social Innovation Programme, which provides a new facility giving support for social entrepreneurship, again with capital guarantees and capacity building schemes.

There was a broad consensus that **public-private partnerships** are essential. In the UK, the Big Local programme has set up a trust to finance social entrepreneurship initiatives in 150 regions. UnLtd is working with a wide range of partners including colleges and universities, businesses and local authorities. Being part of a network is very important and people value support from peers.

In short, it is necessary to **create an 'eco-system'** that fosters and supports social entrepreneurship. Social enterprises must have the opportunity to 'scale up' and go transnational. France has set up a financial instrument to give support during the crucial period of transition from a small initiative to a sustainable business. Romania sees the economic crisis as an opportunity to boost innovation, and is aiming to develop business incubators.

Innovation in youth employment solutions: while the EU Youth Guarantee model was discussed in its different national forms, there was discussion on the need to a displacement effect on other workers in the same enterprise where the scheme operates. In addition there were intergenerational programmes where people close to retirement supported the induction of young people (as in the French programme). Other interesting initiatives include young people's projects in the field of cultural heritage and various projects targeting NEETs, and the pre-NEET phase in schools.

The Hub⁷ site visit: To see how **networking and support** can work in practice to foster social enterprise, the Peer Review participants visited this centre in Zagreb. Set up as a social enterprise where fee-paying members can find a variety of resources including work space and business advice, the Hub took two years to build a community. It now has 40 regular users from different industries ranging from IT to textiles. 90% of staff are volunteers who do other jobs to support themselves financially. Participants heard testimonies from member organisations such as NGO Roda – Parents in Action, which in 2006 set up a

⁷ <http://www.hubzagreb.net/>



social enterprise to manufacture cloth nappies, reinvesting its profits in the community. The Humana Nova social cooperative employs 15 disabled people to make textile products from recycled materials.



E. Conclusions and lessons learned

Developing an appropriate broad policy framework

- Creating a pluralist economy increases resilience in society; social enterprises also typically have the added value of internalising of external costs (social and environmental);
- Work integration social enterprise is an established successful model in many countries, but social enterprise providing welfare services, services of general interest, and of wider social utility can be usefully developed; this may also support the entrepreneurial dimensions of social enterprise;
- State aid can be used to support disabled/disadvantaged groups, since small grants do not distort competition; EC rules are being updated on how State Aid, Public Procurement and the Internal Market apply to services of general economic interest (SGEI) - which nonprofits and social enterprise often provide.
- Public Procurement could allow regulations for reserved contracts for work integration of disadvantaged as well as disabled groups;
- Procurement: competition based simply on lowest cost fails both to deliver public value and to recognise the added social value provided by social enterprise – and social value can be specified in procurement contracts, as seen in several countries.
- Access to public markets: it is important to support the role of public authorities in ensuring that social enterprises are not disadvantaged, since frequently there is not a level playing-field in procurement markets;

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The economic crisis as an inspiration for learning and innovation

- **Bottom-up social innovation and scaling:** community-based social enterprises are close to social needs, and provide innovative responses; they can also replicate and scale new models.
- **Models of social innovation** can be transformative if diffused and replicated, but this requires adaptation and contextualisation to ensure that local ownership is developed and local specificities incorporated. This includes incubators for socially innovative start-ups, using web technologies, etc.

Finance and Support Eco-system

- **Finance:** start-up finance may be available, but it is important to ensure resource availability is matched to all phases of the growth cycle; there are lots of initiatives developing new financial bodies, and new financial instruments, such as social impact bonds;
- **Micro-finance:** this has a key complementary role for the support of social entrepreneurship, which has been recognised in the Progress Micro-Finance Facility.
- **Diversifying Resources:** the crisis has created huge pressure on public budgets, but the concept of a support eco-system emphasises that actors other than the



state can play key roles in diversifying sources of support; this includes re-orienting social economy actors to new challenges, attracting CSR resources into the field, and exploring public/private collaborations. Public private partnerships particularly at the local level have proved effective in addressing community needs.

- **Networking support** – both formal and informal – is an essential complement to other resources; it helps build capacity for effective use of resources; it provides support for entrepreneurship (e.g. France CAE business and employment co-operatives, and as incubators in the Croatian Hub); it helps spread best practice; and it provides the capacity for combining scale with localism for example through *consorzi* (local federal bodies);
- **Importance of institutional recognition:** Croatia has rapidly developed an impressive policy, effectively combining high-level support with bottom-up networking; even well-developed social economies like France have benefited from higher-level ministerial recognition of the social economy.
- **Building social entrepreneurship** works most effectively when carried out collaboratively between the state and civil society; and when it links with the specific strengths of the established social economy; building public awareness not only helps gain access to markets, but improves recognition of the added value of social enterprise, and helps generate the supply of social entrepreneurs.

Work integration of disadvantaged people:

- There is a need to expand employment opportunities from disabled people to other disadvantaged groups. The Youth Guarantee is very important but should not crowd out other unemployed groups. Other innovations for youth employment include intergenerational schemes (retiring workers mentoring young new entrants); and schemes supporting NEETs, and those in a pre-NEET phase whilst at school.



F. Relation/Contribution of the Peer Review to Europe 2020

Social entrepreneurship can contribute significantly towards achieving the objective of the Europe 2020 strategy: building smart, sustainable and inclusive growth, by fostering employment and social cohesion.

In line with the Social Business Initiative, social entrepreneurship provides innovative responses for increasing employment, promoting social inclusion for disadvantaged groups, and combating poverty. In this way, it contributes to the objectives of the Social Investment Package, offering Member States an opportunity to foster, at relatively little cost, new employment opportunities that provide a way into the labour market for young people and disadvantaged groups such as disabled people. Supporting the social economy can help Member States to meet the existing challenges of social exclusion and record unemployment.

The Croatian strategy is also inspired by the European Platform against poverty, a flagship initiative aiming to ensure social and territorial cohesion through a framework for action and joint commitment by Member States, EU institutions and stakeholders to fight poverty and social exclusion.

Work Integration Social Enterprises (WISEs) contribute to the EU's sustainable and inclusive growth through empowering workers and consumers, reinforcing skills and training, and because they are very often involved in environmentally friendly activities such as repairs and recycling, helping to generate a low-carbon economy.

WISEs support the Europe 2020 flagship initiative for developing skills and promoting labour participation by investing in training for disadvantaged people. At the same time they contribute to the modernisation of welfare systems by integrating people in poverty into the labour market and thereby diminishing dependence on social benefits.

They reinforce educational objectives by encouraging people to learn and update their skills, and promote research and innovation through creating new products and services that address social challenges and needs.

Other innovations continue to play an important role in integrating the most disadvantaged including young people. Youth Guarantee and other models help ensure that young people have opportunities to build smart, sustainable and inclusive growth for Europe.



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Social entrepreneurship and other models to secure employment for those most in need

Host country: **Croatia**

Peer countries: **Czech Republic - Finland - France - Greece - Italy - Lithuania - Romania - Slovenia - United Kingdom**

Stakeholder: **ENSIE (European Network of Social Integration Enterprises)**

A Peer Review held in Zagreb (Croatia) in October 2013 examined how social entrepreneurship can both support the economic recovery and combat social exclusion by integrating disadvantaged people into the labour market.

Europe's social economy, which fared better than many other sectors during the crisis, is well positioned not only to supply goods and services in ethical ways and in response to local needs, but also to employ disabled or vulnerable people. The Peer Review focused on how Croatia is aiming to boost this sector through its Strategy for Social Entrepreneurship (2014-2020). Important connections between programmes aiming to employ disadvantaged groups – particularly unemployed young people – and the EU 2020 strategy were emphasised.

