

REPORT ON THE THIRD REGIONAL STAKEHOLDER GROUP WORKSHOPS

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D4.3.1 Action Plan for transnational network in the Danube region

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List of Abbreviations

AF	Application Form
BSO	Business support organization
CSR	Corporate social responsibility
PP	Project Partner
RIS3	Research and Innovation Smart Specialization Strategies
SE	Social entrepreneurship
SEs	Social enterprise
WP	Work Package

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1 Executive Summary

Social entrepreneurship (SE), which has become increasingly relevant in today's economy, has also emerged among the Danube region. The Danube macro-region currently lags behind global trends in the field of SE and social impact investments. On the one hand, there is lack of “blended” financial instruments, which would complement non-repayable grants with new forms of finance. On the other hand, there is a lack of impact investors and policies to support the improvement of social impact investment markets. Against this backdrop, **each project partner organized three workshops in their region in the first three periods of the project.** This report concentrates on the third round of workshops organized in Hungary, Austria, Germany (Baden-Württemberg and Bavaria), Romania, Slovenia, Bulgaria, Slovakia, Serbia, Moldova and Ukraine. **It compiles the results of 11 workshops. The consortium organized a total of 37 workshops between October 2018 and October 2019.**

The regional stakeholder group workshops encourage an exchange of knowledge and expertise between stakeholders – especially between social enterprises and social impact investors. They also identify good practices and policy niches. During the workshops, project partners brought all stakeholders together but also gathered information that will now help the consortium develop a transnational strategy aiming at improving regional policy instruments and developing social impact investment in the Danube region. Regional stakeholder group workshops were designed for a small audience (15 participants) in order to foster open and in-depth discussions.

2 Introduction

As in the two previous periods, each project partner organized a regional stakeholder group workshop, which makes **a total of 11 workshops held in 10 countries on the Danube macro-region between September and October 2019**.¹ The results of the workshops will contribute to Output 4.1 “Social Impact Investment Community Strategy for the Danube Region”. The workshops also contribute to the following targets of Priority Area 7: Increasing the effectiveness of investment in Research & Innovation in the region by discussing new, diversified and tailor-made ways to finance and support social enterprises (SEs) and Developing Research and Innovation Smart Specialization Strategies (RIS3) in all Danube countries by 2020.

Three regional stakeholder group workshops were to be organized within Activity 4.2 by each project partner (PP) in the first three periods. The regional stakeholder group workshops followed the concept note prepared by SEZ/S2i in Period 1. For this third and last round, PPs were experienced due to the lessons learned from the first two workshops. **All workshops have brought together key stakeholders in the field of social entrepreneurship (SE). In total, 175 stakeholders representing social enterprises, (social impact) investors, financial intermediaries, policy-makers, scientists, business support organisations (BSO) and capacity-builders participated in the different events.**

The present report provides an overview of the aims, preparation and implementation of the third round of workshops and summarizes its outcomes. The report is composed of two main parts: the first is devoted to the planning and organization of the workshops whereas the second addresses the implementation and findings at the partner level and at an aggregated level.

Table 1 provides an overview of the number of stakeholders who participated in the different workshop rounds. SEZ/S2i was responsible to compile a report at the end of each period. Table 2 shows the different stakeholders involved.

Table 1: Overview of the three Regional Stakeholder Group Workshops

N°	Country	Partners	Period 1 – stakeholders	Period 2 – stakeholders	Period 3 – stakeholders	Total stakeholders
1	Austria	PP1, PP9	12	18	9	39
2	Bulgaria	PP6	10	23	18	51
3	Croatia	PP8	9	12	-	21
4	Germany	PP2, PP5, PP10	36	54	38	128
5	Hungary	LP	7	12	11	30
6	Moldova	ENI MD PP1	11	17	43	71

¹ In Period 3, the Croatian partner (IDEA) withdrew from the consortium. Negotiations for finding another Croatian are currently running so that no workshop could be organized in this period.

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7	Romania	PP3	10	21	12	43
8	Serbia	IPA PP1	26	20	10	56
9	Slovakia	PP7	15	21	21	57
10	Slovenia	PP4	8	23	6	37
11	Ukraine	ENI UA PP1	14	12	7	33
Total			158	233	175	566

Table 2: Repartition of stakeholders in Period 3 according to target group category

N°	Country	Partners	SEs	Investors	BSO, capacity- builders	Policy- makers	Total stakeholders	Total participants
1	Austria	PP1/PP9	0	3	6	0	9	11
2	Bulgaria	PP6	13	2	2	1	18	21
4	Germany	PP2	3	11	4	3	21	25
5	Germany	PP5/PP10	4	3	7	3	17	20
7	Hungary	LP	0	5	6	0	11	17
8	Moldova	ENI MD PP1	32	5	3	3	43	65
9	Romania	PP3	5	1	1	5	12	14
10	Serbia	IPA PP1	4	2	2	2	10	24
11	Slovakia	PP7	16	1	1	3	21	23
12	Slovenia	PP4	6	0	0	0	6	8
13	Ukraine	ENI UA PP1	2	2	2	1	7	23
Total			85	35	34	21	175	251

Table 2 makes a distinction between the number of *stakeholders* and the number of *participants*. The second number is higher since it includes other categories of participants such as conventional companies, the organizing team, the translators, etc. whereas the number of stakeholders only accounts for the target groups as mentioned in the Application Form.

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3 Workshops planning and organisation

3.1 Workshop objectives

The objective of each workshop was threefold: 1) **involve all key stakeholders in the field of social entrepreneurship and impact investment**, 2) **exchange good practices** and 3) **identify intervention areas (policy niches) to facilitate impact-oriented investments in social enterprises (SEs) in each country**. The good practices and lessons learnt from the workshops will not only contribute to identify ways of improving regional policy instruments but will also serve to the elaboration of a transnational strategy (D4.1.1) and of regional action plans (D4.2.1).

3.2 Target Audience

The **regional stakeholder group workshops primarily targeted social entrepreneurs and impact investors**. This includes social enterprises (start-up and scale-up), social impact investors, financial intermediaries and donor organizations but also social enterprises catalysts and business support organizations.

3.3 Workshop format

Activity leader Steinbeis 2i GmbH (SEZ/S2i) developed a specific concept note and questionnaire in the first period. Starting with Period 2, SEZ/S2i loosened the use of the questionnaire and left it to the discretion of the PPs. In Period 3, 4 PPs (SDA, BSC, UKS, IMPEER) used the questionnaire. The workshops took place in the local languages. The majority of the workshops were held at the premises of the PP (7) while 4 partners held their workshop at an external value (BSC, FASE, UKS and ODIMM). The regional stakeholder group workshops lasted between two and six hours. In order to raise the visibility of the event, some partners organized their workshop in cooperation with a local partner such as Sofia Investment agency and Accelerator Start-up Sofia (SDA), the Association Social Economy Slovenia (BSC) and AlpenBank (FASE) while ODIMM created synergies with another event (the national conference for Social Entrepreneurship). Two workshops were a joint event of two project partners: in Austria (ASHOKA and ZSI) and in Baden-Württemberg (S2i and UHEI). **Each project partner disposed of 500 EUR for the workshop. This budget covered room rental, catering and speaker fees.**

3.4 Risk management

The consortium faced three main challenges regarding the implementation of Activity 4.2.2 in the third period. The first one concerned the **coordination effort** in order to ensure that all project partners organize a workshop. SEZ/S2i was in regular contact with all PPs. Due to the withdrawal of IDEA during period 3, it was not possible to have a workshop organized in Croatia. The second challenge concerned **IMPEER NASU and the still unclarified situation regarding first level control**. The Ukrainian partner have not received any reimbursement so far for the costs. However, despite this difficult situation, it managed to organize a workshop and pursue its project activities. The third challenge concerned the **targeted stakeholders**. Project partners have to reach different stakeholders in their three regional stakeholder group workshops. First, there are not always enough SEs in each of the partner countries. Second, they need to invite all target groups.

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3.5 Speakers

This time, **most partners invited external speakers** to make a presentation during the workshop. Only BSC, IFKA, UEFISCDI and CCIS had only speakers and presenters from their organization. The external speakers were very diverse: Social enterprises or representative body for social enterprises (FASE, IMPEER NASU, ASHOKA/ZSI), investors (FASE, SDA) and business support organizations (S2i/UHEI, UKS, ASHOKA/ZSI).

3.6 Timing and Planning

Whenever possible, the regional stakeholder group workshop was to take place until the end of September 2019 and the summarizing report be sent by 4 October 2019 so as to leave enough time for SEZ/S2i to prepare the present report. Table 3 provides descriptive information concerning the respective workshops including the final dates, the location and the number of participants.

Table 3: Descriptive information concerning the third Regional Stakeholder Group Workshops

Project partner	Name	Country	Date	City	N° of participants
LP	IFKA	Hungary	17.09.2019	Budapest	17
PP1 + PP9	ZSI/ASHOKA	Austria	25.10.2019	Vienna	11
PP2	FASE	Germany	21.10.2019	Salzburg (AT)	25
PP3	UEFISCDI	Romania	27.09.2019	Bucharest	14
PP4	BSC	Slovenia	30.09.2019	Krško	8
PP5/PP10	S2i/UHEI	Germany	09.10.2019	Stuttgart	20
PP6	SDA	Bulgaria	12.09.2019	Sofia	21
PP7	UKS	Slovakia	23.09.2019	Trnava	23
IPA PP1	CCIS	Serbia	05.09.2019	Belgrade	24
ENI MD PP1	ODIMM	Moldova	27.09.2019	Chisinau	65
ENI UA PP1	IMPEER NASU	Ukraine	15.10.2019	Odessa	23
Total participants					251

4 Major findings

This section addresses the implementation of the workshops and discusses the major findings first at the national level and then in a more analytical way. **The individual summaries highlight the main findings for each partner country. All partner reports are attached in annexes. The findings are then aggregated and structured thematically.** Based on this analysis, a **number of preliminary recommendations are made in the concluding section.**

Austria (ZSI, ASHOKA)

Total number of participants: 11

Stakeholders: SEs, social impact investors, representatives from private foundations and scientists

Barriers: The Austrian SE eco-system is clearly one of the most mature in the Danube region. There are already a number of financial schemes and dedicated programs and calls for SEs in the starting

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phase – mix of foundations grants, public grants and business angels – and in the growth phase – social impact investment. Pre-seed funding remains extremely rare. Only 25% of the pre-seed capital of a social enterprise comes from external investors; the rest covered thanks to own savings, family and friends. Yet, the amount that a SE in the pre-seed face need is usually low: between 100 EUR and 25.000 EUR. This third workshop concentrated on the role of (semi) public funding and intermediation agencies. Since the Austrian state decided to fund start-ups (and partly SEs) directly through public intermediaries and their funding programs, Austria has been performing well with regard to the availability of public funding for Start-ups and SMEs. Recently, all relevant public intermediaries launched dedicated programs for SEs – while focus so far was rather directed towards conventional tech-based start-ups. However, most of these calls have limited funding and limited running time. One major barrier is the prevalent narrow understanding of innovation as technological or market-oriented innovation and the widespread perception that SEs are not main drivers of innovation.

Needs and recommendations: Recommendations made by stakeholders include finding strategic sector-based partners to support and cooperate with SEs (e.g. by providing market access, integrating SE products or processes in their supply chain or by contributing with funding); raising awareness of conventional investors and creating partnerships with existing investor networks such as the Austrian Association of Angel Investors; increasing the knowledge of people working in investor networks regarding SEs; adapting co-funding mechanisms featured in public calls such as for instance by integrating crowdfunding component for calls as a way for SEs to gather co-funding; rethinking public funding schemes to better support SEs in preparing market entry.

Bulgaria (SDA)

Total number of participants: 21

Stakeholders: social entrepreneurs, investors, business support organizations, policy-maker

Barriers: Funding represents the biggest problem for the creation and growth of SEs. Stakeholders expressed dissatisfaction regarding public support, which is neither considered to be sufficient nor geographically balanced. Public support is mainly focused in the capital Sofia and in few other big cities so that it is extremely difficult to mobilize resources if one comes from a region that is peripheral. There are some financial instruments available: NGO-run grant programme, investment funds (launchHub, Eleven), founders institutes but also business angels. More financial instruments are being available for SEs including venture capital investments. In addition, Sofia Municipality launched a new funding programme entitled “social innovation”. Most funding come from NGOs and not from state/operational programme/structural funds: This is perceived as a short-term advantage but long-term disadvantage since SEs are not prepared to compete internationally. SEs do not feel well informed about funding opportunities and the relevant legal framework. The concept of social impact investment is not well known in Bulgaria.

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Good practices / emblematic SEs: Chitalishte “Gudevitsa”, Foundation “Future Now”, 9Academy, Jamba, ListenUp, Reach for Change, TOMs

Needs and recommendations: SEs need more financial and infrastructural support, trainings as well as knowledge. SEs consider that they need better digital skills to access the digital market, better foreign language skills but also financial and legal literacy. SEs wish training programme including trainings with other SEs as they offer the opportunity to meet peers, make new contacts and engage in mutual learning. Recommendations to tackle the mentioned barriers include: tax relief, co-funding and other forms of financial support and risk sharing, better public support in access to finance and networking but also support for enterprises with non-profit purpose, Hosting international events in the realm of social impact investment (such as conferences, workshops, competitions) to raise awareness and knowledge about it, increase recognition and importance of the topic

Germany – Baden-Württemberg & Bavaria (FASE, S2i, UHEI)

Total number of participants: 45

Stakeholders: SEs, impact investors and financiers of SEs, policy-makers, scientists, network organizations, business support organizations

Barriers: There are no legal entity for SE in Germany. A major challenge consists in choosing the most suitable legal entity (allowing a sufficient match with the right types of investors). The lack of legal entity is not seen as a problem but as a challenge concerning impact investing. Many SEs choose a hybrid business model combining a for- and a non-profit entity, which enable them to gain impact investors and public funding/grants/donations. Investors see the increased complexity of business model and impact dimension as a challenge. Traditional start-up programmes are in principles open to social start-ups but there are a number of barriers that impede successful start-up acceleration: difficulties to get funded if the enterprise has “hybrid” funding structures, lack of mutual understanding as regards business models and impact models, lack of seed finance. Impact investments of private investors are mainly done with the intention to get at least the invested nominal amount back and emphasis is put on the financials of the underlying SE.

Needs and recommendations: The discourse on social finance, which is currently dominated by the amount invested, should rather focus on the necessary match between competencies and the investee’s needs. SEs need funding and professional business support as well as access to networks.

Social start-up support needs to be more tailored via for instance see financing tolerating a high amount of risk, better understanding of accelerators/consultants/funders regarding the hybrid funding structure of SEs, better understanding of SE business models.

Hungary (IFKA)

Total number of participants: 17

Stakeholders: impact investors, business support organizations

Barriers: The lack of funding, legal knowledge and non-financial support represent major challenges faced by SEs in Hungary. Public support is considered to be insufficient and not enough institutionalized. Hungarian SEs are largely dependent on grants and donations, which does not foster a competitive ecosystem. In fact, investors have difficulty to find stable SEs with scaling potential to invest into. The establishment of the first social impact investment funds represents a positive step towards creating an environment conducive to more market-oriented financial opportunities.

Needs and recommendations: The nascent SE ecosystem needs to be further pushed. Participants discussed opportunities for cooperation between Hungarian social enterprises and social impact investors to improve the communication between the different stakeholders and raise awareness about SEs.

Moldova (ODIMM)

Total number of participants: 65

Stakeholders: SEs, investors, capacity-builders, public authorities and institutions, NGOs, diplomatic missions

Barriers: There is now a legal framework for SE certification. However, so far no SE has submitted documents to obtain SE status. Secondary legislation needs to be harmonized with the law on Social entrepreneurship. Funding constitutes a major barrier for the creation of SEs. There are no financial instruments specifically tailored to meet the needs of SEs and grants are the only available option. There remains some confusion between SE, NGO and public association showing a lack of knowledge and experience in the field of social entrepreneurship. A national commission for social entrepreneurship was created to support and develop this field. The lack of curricula in universities regarding social entrepreneurship and lack of coaching program for SEs is perceived as barriers.

Needs and recommendations: SEs in Moldova need increased financial support (from national authorities but also international sources). A higher involvement of local public authorities and ministries to support SEs is needed. The Moldovan government proposed to create a financial scheme for supporting SEs. A recommendation concerns the elaboration of a national action plan for the development and support of social entrepreneurship that would notably foster public-private partnership. SEs needs non-financial support such as mentoring, consulting and trainings. Another concrete recommendation deals with the introduction of a module on SEs/social entrepreneurship in the curriculum of universities. To create a favourable ecosystem,

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recommendations were made such as creating a network of social enterprises at national level, the development of piloting programs, a multiannual action plan but also periodic data collection and evaluation.

Romania (UEFISCDI)

Total number of participants: 14

Stakeholders: NGOs, business support organization, policy-makers, investor

Barriers: Stakeholders show a high level of knowledge on funding sources. The insufficient involvement of public authorities is a major barrier for SEs in Romania. Most public programs that funded SE were not monitored and received no support after the programs finished, so they ended up failing. There is thus a lack of funding and lack of consistency in the policy and regulatory framework. There is in Romania a special law for sponsorship, which is deductible from taxes paid by companies. Another barrier concerns the low knowledge on the importance of education for an entrepreneur combined with a lack of knowledge in many business areas. Investors still misunderstand of lack knowledge regarding social business models.

Needs and recommendations: Recommendations to support the development of SEs in Romania include: 1) Enhance the level of information: need of public campaign to raise awareness about the concept of social entrepreneurship, the business model and impact of SEs; need to raise awareness about existing national and international initiatives, campaign with success stories. 2) Need to increase funding – at least double number of grants. 3) Better promote the benefits of SEs among private investors.

Serbia (CCIS)

Total number of participants: 24

Stakeholders: policy-makers, SEs, conventional enterprises, financial intermediaries, business support organizations, academics, foundations

Barriers: The lack of supportive policy and legislative framework as well as the lack of (appropriate) funding represents the biggest barriers for the development of SEs in Serbia. Serbian SEs have difficulty to obtain funding in conventional financial markets as access to mainstream banking products is limited. There is a lack of financial instruments available to potential SEs. In addition, many SEs do not seek external funding as they are discouraged. Although there are public financial instruments, SEs are lacking information and awareness about them. There is a misunderstanding of the concept of social entrepreneurship by governmental institutions, business and private sector. The unstimulated conditions of SEs in Serbia lead to 2 difficulties: low competitiveness of the

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products and services offered by SEs and lack of quality staff. Social entrepreneurs lack managerial and professional skills necessary for scaling up their activities. On the other hand, there is a lack of in-depth knowledge regarding the concept of social entrepreneurship and the particularity of their business model.

Needs and recommendations: Smart Kolektiv announced the establishment of a Fund for the development of the social economy. The concept of social entrepreneurship remains largely insufficiently known to the wider public but also to investors and public authorities. A major promotional effort is needed to increase the visibility of social entrepreneurship and raise awareness about SEs' business models, their social impact and mission. Further recommendations include the promotion of the existing good models of cooperation between large companies and SEs, the establishment of appropriate financial framework, the promotion of social entrepreneurship through formal and informal education. Finally, there is a clear need of more and timely communication towards SEs about the available funding sourced including state support programs and calls for projects.

Slovakia (UKS)

Total number of participants: 23

Stakeholders: SEs (mayors of municipalities, civic associations and local action groups), investor, networking association, policy-makers

Barriers: The recent Act on Social Economy and Social Enterprises, which was adopted in May 2018, provides a legal definition of SE and has modified the national legal framework and regulatory environment in which Slovakian SEs operate. It makes Slovakia the first country in the Danube region to have adopted a specific law on social economy. The new law considerably improved situation as it helped raise awareness about the concept of social entrepreneurship. More entities are now interested in either the creation of SE or in the scale-up of existing SE (there are currently 33 registered SEs). However, certain legal measures are still being developed. Established SEs have therefore either lacked exact information about legal framework or had difficulties related to long lasting distribution of information and long administrative procedures. Regional centers of social economy were recently established covering the whole country. The role of these centers is to map the regional potential for social entrepreneurship, identify potential entities interested in starting a social business, raise awareness about SE among public, support the creation of new SEs and related advisory services to start-up and scale-up SEs. Together, these regional centers constitute a national institute of social economy. They play a crucial role in supporting SEs (including help with registration procedure, counselling). One of the main barriers for the establishment of SE is the lack of financing and bureaucracy.

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Needs and recommendations: In order to encourage SE creation and expansion, public authorities should provide differentiated financial support and better information support (legal and methodical support). The Ministry of Economy launched a new call to support the realization of social innovations by SMEs. This represents one form of financial support to SEs. The business spirit of the non-profit sector, which is usually weak, needs to be developed: it is important to have a viable business model that allows creating sufficient resources to achieve positive social impact. SEs need to strengthen their skills in management, administration, HR, marketing and communication. To develop or acquire these skills, they need tailor-made seminars and trainings where they meet other experts/stakeholders and exchange information, experiences and good practices. A marketing campaign devoted to social entrepreneurship would be welcome: to present good practices, the legal framework and existing opportunities.

Slovenia (BSC)

Total number of participants: 8

Stakeholders: SEs, capacity-builders, policy-makers

Barriers: The legal system in Slovenia does not represent the main obstacle for the creation of SEs – though more legal incentives and support measures would be welcome. There is a legal status for SEs in Slovenia but different legal forms are possible. The registration as SE is voluntary, hence not all enterprises respecting the regulations are registered as SE. There are currently 262 registered SEs, among which 11 are from the Gorenjska region. The majority of the participating SEs are satisfied with the support of public authorities. The public sector is mostly supportive of SEs but the complexity of bureaucratic procedures represents an issue. Funding is a core issue for the majority of SEs in both the starting and upscaling phases. There is a lack of financial instruments combined with a lack of information about available instruments and about how to get funding. Sustainable financing is very often an issue for all SEs and NGOs. Another barrier consists in the lack of knowledge/awareness about SEs among the public. The concepts of social economy and social innovation are still very new.

Good practices: Center ponovne uporabe / reuse centre so.p; Godstilna dela so.p

Needs and recommendations: Recommendations to encourage the creation of SEs in Slovenia include sustainable funding, financial benefits, less bureaucracy and more public awareness. Some strategic documents will be prepared at the national level: strategy for development of social economy and “regulation on measuring social impacts”. In a longer perspective, it would be good to shift from financing projects to a systematic approach towards social entrepreneurship. In addition to financial support, SEs need non-material support such as long-term mentorship and coaching (to increase marketing and managerial competences but also social skills and funding expertise). SEs lack skills and knowledge regarding financial and investment planning, business models and business

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plans. SEs should communicate better and more about what they do in order to build trust with potential investors and raise awareness about the advantages of impact entrepreneurship. There is a need for increased networking among SEs and between SEs and SMEs. The field of social impact investment in Slovenia is underdeveloped but there is upcoming opportunity opening with the FeelsGood Impact Investment Fund.

Ukraine (IMPEER NASU)

Total number of participants: 23

Stakeholders: SEs, policy-makers, BSO, social investor, academics, students

Barriers: Financial support, lack of state support and inappropriate institutional framework for small and socially-oriented business are major issues for the creation of SEs in Ukraine. The participants mentioned insufficient funding combined to insufficient information concerning funding opportunities. Participants expressed their dissatisfaction with the support of public authorities and pointed at the lack of legal incentives and in general at the absence of strategic policy directions and means for the development of social innovation. Finally, another obstacle is the lack of a socially organized net of stakeholders to exchange information and ideas.

Good practices: Cluster “Frumushika-Nova”, wine waste processing project in the southwestern part of Odessa region

Recommendations: The stakeholders made a number of recommendations for encouraging the development of SEs in Ukraine. First, the regulatory framework needs to be improved as it currently lacks tax allowances and other legal/financial incentives. Second, there is a need for greater institutional state support and for strengthened financial support (both public and private). For instance, international funds, charitable foundations could be involved in social entrepreneurship development process. The state fund for regional development of Ukraine can be used for supporting enterprises who are engaged in socially significant projects. A further suggestion deals with the establishment of different groups of SEs according to the percentage of employees belonging to vulnerable groups and the establishment of preferential prices for products delivered to vulnerable groups. Different tax allowances would apply depending on the categorisation of the SE. The establishment of an organized network of stakeholders would promote the exchange of ideas, help the circulation of information and enhance the visibility of SEs. Finally, SEs would benefit from trainings: stakeholders consider coaching and workshops to be the most suitable training formats.

Based on the individual partner reports that are attached as annexes and on the country summaries, it is possible to distinguish **5 main categories**.

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1) Legal definition and regulatory framework

What characterizes a social enterprise is the primacy of the social aspect over the economic one. The concepts of social economy, social entrepreneurship and social enterprise **lack of a clear definition at the national and European levels.** There is a need for clarification to dissipate a number of confusion and misunderstandings regarding the SEs' particularities (notably compared to classical enterprises that have a social dimension), business model, impact and types of activities. In some countries SEs can combine non-profit and for-profit activities while in others they are limited to non-profit activities. Although it may not be necessary to have a legal status for SEs, a clear definition or status and fiscal incentives are considered to be relevant solutions to boost the creation of SEs. Stakeholders in most of the partner countries would agree with the following definition of SE as an enterprise solving a social problem by using an entrepreneurial approach.

2) Impact investment and financial support

Stakeholders in all partner regions insist on the **insufficient financial support.** Each country has its own mix that combine national / international funds, public / private funds, non-repayable and repayable funding. Grants and donations clearly constitute the most widespread financing sources for SEs in the starting phase. Impact investment on the other hand comes into play at a later stage.

In addition, the concept of impact investment is unevenly spread in the Danube region. Broadly speaking, it remains in a nascent stage. A division line can be drawn between Western partners and Eastern partners. In Germany, Austria or Slovenia, impact investment is known and the number of impact investors is growing. In these countries, stakeholders agree that impact measurement is crucial not only for attracting investors but also to materially show the added value of the SE. In some eastern countries (e.g. Moldova, Ukraine, Bulgaria) on the contrary, the concept of impact investment remains little known and is sometimes seen as irrelevant.

3) Non-financial support

Non-financial support ranges from counselling (on legal and fiscal matters especially), provision of working space, support in developing the business model and project idea but also support in finding partners or investors. Partner reports show a clear call for stakeholders to come together and create networks to share information but also to increase their visibility and organize themselves/defend their interests.

4) Communication / awareness raising

The **necessity of better and increased communication** appears blatantly in all reports. Communication is necessary **at various levels**: *Among social entrepreneurs* to pool knowledge, exchange good practice and increase their visibility; *between SEs and impact investors* to develop a shared understanding of the concept of social entrepreneurship and expectations; *with public authorities* to sensitize about their needs and obtain more support; *with general population* to raise awareness about the specificity impact, business model. The introduction of courses or modules in the curriculum of educational

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institutions (school, universities) could help familiarize the young generation with the concept of social entrepreneurship and impact investment.

5) Education / training

The participating stakeholders massively share the view that social entrepreneurs need to acquire or increase **managerial skills** in order to be successful. In terms of content, stakeholders consider that financial literacy, knowledge in business, sales/pricing, how to invest, project team and financial management are key skills. **Marketing, pitching and communication skills** constitute another strand of relevant skills. **Social skills** (how to interact and integrate vulnerable groups) and legal knowledge were further mentioned. The **most favoured forms of education are workshops, training** (leading up to certification), **B2B, coaching, mentoring**.

5 Conclusions and recommendations

The recommendations and conclusions presented in this report are the results of the three round of workshops organized by Finance4SocialChange partners.

The individual reports show **major differences between the partner regions/countries**.

- 1- **Developing a common and appropriate discourse.** While a common vocabulary supports a shared understanding at the transnational level (Danube region), it is also pertinent to adjust the discourse locally. Indeed, adequate terms contribute to foster a favourable environment and raise interest. In some partner countries such as Slovenia and Croatia for instance the term “social” is negatively connoted so that stakeholders rather speak of “impact entrepreneurship”. Besides, a shift in the discourse on social finance towards the necessary match between competencies and the investee’s needs (instead of the amount invested) would be welcome.
- 2- The development of social enterprises is hindered at the national and European level by the **lack of unified definition and understanding of SEs**.
 - a. *Target groups of SEs:* While in some countries such as Slovakia, Ukraine or Hungary, social enterprise is associated mainly with the support of disadvantaged groups (e.g. unemployed people, mentally- or physically disabled people, ethnic minorities, etc.) or traditional crafts (Romania) in other countries like Germany or Austria, the social dimension of a SE is understood in a far broader way.
 - b. *Activities of SEs:* if it is common for SEs in Germany to combine non-profit and for profit activities, in other countries, SEs are limited to or expected to engage in non-profit activities only (such as in Moldova for instance).
 - c. *Particularity of SEs:* regional stakeholders are not always clear about the distinctive character of social enterprises since classical enterprises also regularly have a social dimension (social aspect regarding people / environment). The demarcation line between conventional enterprises and social enterprises should not be on profit but on the social impact.

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Despite important differences between the partner countries and regions regarding social enterprises – be it their (legal) definition, the fields and sectors in which they are active, the ecosystem in which they are handling or the funding schemes and support programs, there are a number of commonalities:

- 1- The role of public authorities clearly stands out. Regional stakeholders in the different partner countries widely share the opinion that public authorities are and/or should be a key player. There is a **clear wish for a greater involvement of public authorities** not only in terms of public funding and supporting schemes but also in terms of capacity building (e.g. by funding accelerators and incubators) and awareness raising.
- 2- Developing infrastructures and coworking spaces to support SEs (e.g. using those for start-ups) – not only in the main cities
- 3- Bundling funds from different sources to provide “funding packages” for SEs (Austria mentioning “France Active”)
- 4- Public intermediaries can play a crucial role: in providing SEs better access to public systems to find markets for their products, in issuing guaranteed or providing co-funding to reduce the investment risk of private investors
- 5- Raising awareness about social impact investment through the organization of events (conferences, workshops, impact days) to familiarize with the concept but also the creation of local business angel networks and clubs
- 6- The legal definition and regulatory framework is repeatedly pointed out as insufficient and hindering the development of SEs. Regional stakeholders in the different partner countries share the opinion that a **legal status of SE associated with fiscal incentives would boost SEs**.
- 7- The problem of **insufficient funding is a common and major issue**. The proposed solutions differ across the partner regions regarding the source (EU vs. national, public vs. private) and instruments.
- 8- In various countries, the **lack of competitiveness** of SEs – that is partially due to the massive reliance on grants and donations – is a clear obstacle to attract investors and to a sustainable development. Regional stakeholders are unanimous in their call for **enhanced managerial skills**.
- 9- The development of SEs is a new phenomenon in most partner regions. A number of reports point at the need for **enhancing the visibility of models and success stories**: this would not only help would-be and existing social entrepreneurs but also contribute to familiarize a wider audience with the particularities, benefits and successful models of SEs.
- 10- Another recommendation noticeable in the individual reports concerns the **establishment of an eco-system for social enterprises**. Even though such eco-system shall be adapted to the regional situation, the regional stakeholders similarly pointed at the importance of enhancing the cooperation between different actors: public authorities and policy makers, enterprises, support organizations, public and private foundations, investors, higher education and research institutions.
 - a. Better involvement of public authorities
 - b. Increased cooperation with the industry / classical enterprises

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- c. Network of social enterprises (to share knowledge, pool resources, address issues, etc.)

11- All reports point at the clear **need for more, better and targeted communication**.

- a. *More communication*: A huge effort to familiarize and sensitize about social entrepreneurship. A concrete suggestion: publicly financed publicity / posters for social enterprises visible in the public space.
- b. *Better and targeted communication*: awareness campaigns should be tailored to the different groups. More activities associating different stakeholders and particularly SEs and impact investors are necessary to bridge the current gap.

Annex I – Impressions of the different regional stakeholder group workshops



Figure 2: ASHOKA/ZSI workshop on 25 October 2019



Figure 1: IFKA workshop on 17 September 2019



Figure 3: SDA workshop on 12 September 2019



Figure 4: BSC workshop on 30 September 2019



Figure 5: SEZ/S2i workshop on 9 October 2019

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Figure 6: UEFISCDI workshop on 27 September 2019



Figure 7: UKS workshop on 23 September 2019



Figure 8: CCIS workshop on 5 September 2019



Figure 9: ODIMM workshop on 27 September 2019



Figure 10: IMPEER NASU workshop on 15 October 2019

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Annex II – Individual Partner Reports

The partner reports are presented in the following order:

- 1- IFKA
- 2- ZSI / ASHOKA
- 3- FASE
- 4- UEFISCDI
- 5- BSC
- 6- S2i
- 7- SDA
- 8- UKS
- 9- CSI-UHEI
- 10- CCIS
- 11- ODIMM
- 12- IMPEER NASU

Minutes

3rd Stakeholder Workshop combined with Impact First meeting

Schedule: 17 September 2019, 08:30-11:00

Venue: IFKA Public Benefit Non-Profit Ltd. for the Development of the Industry – 1062 Budapest, Andrásy Str. 100. 1st floor

Participants: (grey means they are part of the Impact First Group)

- Áron Jakab – IFKA
- Mike Nagorkin – IFKA
- Bernadett Szabó – IFKA
- Anna Mészáros – IFKA
- Zsuzsanna Majoros – IFKA
- Kornélia Gasztonyi – IFKA
- Tamás István Szenttamási – IFKA
- László Weninger – Badur Foundation
- Bence Marosi – UNICREDIT Bank
- Róbert Bolyán – UNICREDIT Bank
- János Czafrangó – Czaficonsulting
- Eszter Faragó Kovách – SIMPACT
- Julianna Kiss – Corvinus University Budapest
- Zsófia Székely – PILnet
- Norbert Stahl – IMPACT HUB BUDAPEST
- Katalin Porubcsinszki – IFUA partner
- Barbara Erős – MagNet Bank

Description of the 3rd Stakeholder Workshop Meeting:

Agenda:

- | | |
|---------------|--|
| 08:00 – 09:00 | Registration |
| 09:00 – 09:15 | Finance4SocialChange progress report

Mike Nagorkin, project manager, IFKA Public Benefit Non-Profit Ltd. for the Development of the Industry |
| 09:15 – 09:30 | Presentation about the SE competition and educational program of Finance4SocialChange |

Anna Mészáros, Senior Expert

IFKA Public Benefit Non-Profit Ltd. for the Development of the Industry

09:30-09:45

Measuring Social Impact -in the frame of the Social(i)Makers project

Zsuzsanna Majoros, Senior Expert

IFKA Public Benefit Non-Profit Ltd. for the Development of the Industry

09:45-10:30

Roundtable discussion: Opportunities for cooperation between for Impact First Supporters and international projects managed by IFKA

Moderator: Áron Jakab,

Head of the Social Enterprise Team

IFKA Public Benefit Non-Profit Ltd. for the Development of the Industry

F4SC progress report – Mike Nagorkin (IFKA)

Mike summarized again what the Finance4SocialChange project is about, what was done so far, and where the project is at the moment. The people present were already familiar with the project from before, and some of them showed great interest in taking part in it in some way or another.

Competition and Education program – Anna Mészáros (IFKA)

Anna created the timetable for the Education and Competition program, she presented the concept to the participants. The presentation contained information of the main participants of the Work Package 5 and 6, the goal of raising EUR 200.000 EUR and the possible investors. During the presentation the blended learning was thoroughly explained and possible implementations were discussed with the investors. Important dates were also talked about, highlighting the ones that would be more important for potential investors and BSO-s.

Bence Marosi and Róbert Bolyán from UNICREDIT BANK (potential investors) showed great interest and curiosity about this part of the program, and asked relevant questions about possible participation, though some of their questions could not be answered at this time. János Czafrangó (BSO) also shared his concerns and ideas about competition, which was discussed in more detail during the roundtable discussion. Other participants offered their support and network in organizing the competition.

Social(I)Makers – Zsuzsanna Majoros (IFKA)

Zsuzsanna described the Social(I)Makers project, and how it is connected to Finance4SocialChange. Social(I)Makers is a project about social innovation, She invited the participants to take part on the November 14th conference, which set the goal to create an social-innovator-network and offer the participants practical information on social impact measurement. The participants will be able to contribute two different ways. Firstly, we expect recommendations from them of companies or organizations with impact assessment tools secondly to bring along companies where these tools work in practice. the. Whichever option they use, it could benefit the F4SC project

Roundtable Discussions

Finance4SocialChange project has been co-financed by the INTERREG DANUBE Programme, the European Regional Development Fund (ERDF), Instrument for Pre-Accession Assistance II (IPA II), the European Neighbourhood Instrument (ENI) and the Hungarian Government.

Potential investors showed a great interest in the program, they regarded it as a good idea, especially here in Hungary, as investors here have a hard time finding stable SEs with scaling potential to invest into.

Investors discussed the potential participation in the selection process, and also how they could take part in the education of the SEs.

Possible problems and solutions, or changes about the Education and Competition was discussed in more details.

Most of the questions revolved around the method of financing – do we only think about capital investment or do we think about using other forms of financing too? For which our answer was that we are open to different kinds of financial solutions (considering that not every SE's legal form allows for a capital investing), but that would be our main goal.

An important discussion topic was also about who could invest. Besides banks, and individual, multinational and hungarian companies would also be welcomed. First they could support the chosen SE with commercial credit, then maybe later change to a partial ownership, and with this making gaining a foothold on the market for the SE easier.

We also encouraged participants to take part in the competition as capacity builders.

Place: Budapest, Hungary

Date: 17. September 2019

Bernadett Szabó

Finance4SocialChange

3rd Regional Stakeholder Group Workshop

Vienna, Austria, October, 25th, 2019,

House of Philanthropy,

Schottenring 16, 1010 Vienna

Executive Summary

In the third regional stakeholder workshop we focused on the role of (semi) public funding and intermediation agencies. We invited representatives of FFG, ADA, AWS and the Ministry of Social Affairs. Together we discussed questions such as:

- In which development steps are social businesses supported by public funding programs?
- Can / Do these public funding programs contribute to SEs impact investment readiness? Do they lead up to actual investments?
- How can public intermediaries (better) support the investment readiness of SEs and at which stage?

We identified several ways to improve the connection between public funding programs and impact investments and mapped them according to impact investment readiness stages. We covered general stages “proof of concept”, “capacity building”, “Social Finance Skills” and “Scaling”.

Workshop Documentation

The regional stakeholder group workshop in Vienna was organised by Ashoka Austria with support from ZSI, Vienna. It brought together 10 relevant stakeholders from different origins (i.e. Social enterprises, social impact investors, representatives from private foundations and scientists). The workshop took place at the premises of the “House of Philanthropy”, Schottenring 16, A-1010 Vienna. The time frame was set from 12:30 to 15:30.

The workshop started with a “working lunch” for get together and networking. This part was not only used to get acquainted with each participant but also to share the individual backgrounds which were quite diverse ranging from social entrepreneurs, impact investors and private foundations to scientists from universities and other academic institutions as well.



Picture 1: Participants of the 3rd stakeholder workshop

Summary of Input by Constanze Stockhammer (SENA): Social Entrepreneurs in-between public grants & impact investments

Constanze from SENA (Representative body for social entrepreneurs in Austria) described describe the investment ecosystem in Austria by making a comparison between investments in start-ups and investments in social enterprises. Based on data from the European Union Innovation Scoreboard and the Global Entrepreneurship monitor, she stated that Austria is not performing well with regard to venture capital. Austria is characterized by “save” investments usually done by banks, while high risk venture capital is hardly available (even for tech start-ups). The Austrian state “stepped in” and decided to fund start-ups (and partly social enterprises) directly through public intermediaries (FFG, AWS, ADA, Business Agency Vienna) and their funding programs. Since then, Austria is performing very well with regard to the availability of public funding for start-ups and SMEs. Unfortunately, public funding is

mainly directed at “conventional” tech-based start-ups. In recent years, all relevant public intermediaries also launched dedicated calls for social enterprises. Most of these calls, however, are characterized by limited funding and limited run-time (They are not as institutionalized as funding programs for start-ups). Currently (2019) only the FFG has an open call for social enterprises (FFG impact innovation).

Constanze concluded that a main barrier is the still prevalent narrow understanding of “innovation” as technological or market-oriented innovation. Social innovation is not yet accepted as a vital form of innovation. Furthermore, SEs are not perceived as main drivers of innovation.

The following discussion explored ways of better supporting social enterprises:

.) Finding strategic sector-based partners. There are a few examples where large, established companies cooperate with SEs. They may provide market access (in the case of food traders & distributors), may integrate SE products or processes in their supply chain or may even contribute funding. Examples are programs by the German company MAN

.) Awareness raising for “conventional investors” and partnerships with existing investor networks such as the AAIA (Austrian Association of Angel Investors) in Austria.

.) Investor networks usually employ people responsible for social impact. However, these people seem to lack a deep understanding of SEs. How can they be activated, networked or trained?

.) The double “bottleneck” for a thriving impact investment ecosystem is a lack of investors as well as investment ready SEs

Summary of Input by Matthias Weichhart (FFG): FFG impact innovation

Matthias represented FFG, a public intermediary that actively contributes to the SE area with its program “FFG impact innovation”. Originally, FFG only funded research or tech-based innovation.

Matthias explained the program and how it attempts to transfer innovation methods to SEs. Applications for the call can come from early stage projects. A baseline analysis of the problem the project wants to solve can already be a starting point/framing for applying for funds. SEs use the funding to develop a prototype by following innovation methods such as design thinking or lean start-up. They are obliged by the funding call to cooperate with external experts and stakeholders.

The interest in the call was very high, but only less than 20% of applicants received funding. The call had only limited funding available. However, currently FFG impact innovation launched its third run.

The following discussion explored ways of better supporting social enterprises:

- .) Co-Funding mechanisms featured in public calls need to be adapted for SEs. One option is to allow for in-kind contributions by the applicant that can replace external co-funding.
- .) A crucial stage for start-ups and SEs is marketing and market entry. Public funding schemes could prepare SEs much better for this stage. We discussed 1) the use of financial management templates with metrics relevant to investors, 2) Dedicated consulting (provided by public intermediaries or other intermediaries or 3) platforms to match SEs with supporters with a finance/business background.
- .) Social Return on Investment Analysis is too expensive for SEs. SEs need simpler tools to demonstrate their impact to investors.
- .) One participant commented that it is known from research on investment decision that only a small part of the decision making is referring to numbers. Apart from numbers it is therefore important to have the right team composition, track record, etc.
- .) FFG is conceptualizing a new crowdfunding component for the call so that applying SEs can collect the co-funding before applying for the call.
- .) Collaboration between intermediaries can also lead to interesting new programs for SEs. An example is a recent cooperation between FFG and ADA (Austrian Development Agency) on frugal innovation, where Austrian start-ups and SEs prototype products for development countries.
- .) There should be more clarity on the question “What constitutes a prototype?”. Ideally, a prototype would already be a product ready for market tests.
- .) Public programs try to contribute to the professionalization of the SE field, e.g. by introducing requirements such as the use of innovation methods (design thinking, lean start-up) and funding conditions that allow for overheads.
- .) The connection between the diffusion of technological innovation and social innovation should be acknowledged to bring both worlds closer together. Technologies do not automatically diffuse. Start-ups often fail when being confronted with customer needs, market entry barriers or missing cooperation partners.
- .) “Responsible Research” could be a narrative that allows to combine technological and social innovation. It points to the adoption of technology and its impact on customers and stakeholders.
- .) Another related narrative is “Technology for the Good”.
- .) Some public intermediaries perceive a consistent business model that shows the potential for profit as a requirement for applications. Participants replied that SE business models

should not be assessed by their profit generation potential. SEs focus much more on systemic impact and economic sustainability and often rely on hybrid funding structures.

.) One participant emphasized that start-ups – even successful ones – do not necessarily contribute to job creation while SEs are much more involved with local/regional/national communities.

Alexander Kesselring presented the Impact Investment Readiness Check created for Finance4SocialChange

Alexander presented the impact investment readiness tool which is an output of Finance4SocialChange. The investment readiness tool comprises four main areas: Proof of concept, Capacity Building, Social finance, Scaling. Participants were then asked to reflect where public intermediaries could intervene and support SEs in achieving impact investment readiness.



Picture 2: Presenting the Impact Investment Readiness Check

The following proposals were collected:

Proof of concept:

- .) Participants repeated that we need a broad understanding of innovation that fully acknowledges the relevance of social innovation.
- .) Existing infrastructures for start-ups can be used to support SEs (incubators, intermediaries, consultants, etc.). That also includes co-working spaces outside of the main cities which could function as a hub for SEs.

Building capacity:

- .) Public funding of accelerators and incubator
- .) Foundations should not only be perceived as funders. They can become sparring partners and supporters on the path to impact investment readiness. They can support conceptual functions as well as co-fundraising functions (Foundations may use their reputation to support fundraising efforts by SEs)
- .) Public intermediaries could issue “quality certificate” (that may be attached to funding decisions).
- .) A sector-specific matchmaking could help SEs to find corporate partners
- .) Public intermediaries could provide SEs better access to public systems (e.g. education, health) to find markets for their products.

Social Finance:

- .) Public funding schemes should also increase the investment readiness of SEs and lead to follow-up funding by private investors.
- .) Public intermediaries could issue guarantees or provide co-funding to reduce to investment risk for private investors.
- .) Raise awareness on the side of business angels or even create impact investment training programs for investors.
- .) There are examples of institutions that bundle funds from different sources to provide “funding packages” for SEs. One is “France Active”.

Agenda

Time	Session	Theme	Who
12:30	Lunch		
13:00	Intro & Welcome	Finance4SocialChange	Alex
13:10	Input SENA	Social Entrepreneurs in-between public grants & impact investments	Constanze Stockhammer (SENA)
13:20	Q&A		
13:30	Input FFG	FFG Impact Innovation	Matthias Weichhart (FFG)
13:40	Q&A		
14:00	Intro Investment Readiness	Investment Readiness Check Introduction	Alex
14:15	Question 1	Where do you see particular challenges for SEs to achieve impact investment readiness?	Group work
14:30	Share insights	Share insights	Alex
14:45	Question 2	How can public intermediaries support the investment readiness of SEs and at which stage?	Group work
15:00	Share insights	Share insights	
15:15	Final Round		

List of attendants

First name	Last name	Organization
Constanze	Stockhammer	SENA
Markus	Fuhrmann	Wirtschaftsagentur Wien
Matthias	Weichhart	FFG
Wolfgang	Spiess-Knafl	European Center for Social Finance
Isabella	Reinhard	KTP
Phillipp	Zwehl	KTP
Alexandra	Nitzlader	Investment Expert
Teresa	Torzicky	Innovationsstiftung
Alexander	Kesselring	Ashoka
Helmut	Gassler	ZSI
Kirsten	Tangemann	Quadris Consulting

Regional Stakeholder Group Workshop

Salzburg, 21.10.2019



FINANCING AGENCY FOR
Social **ENTREPRENEURSHIP**

In collaboration with the:

AlpenBank
Private Banking

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1 Executive summary

Topic of the third regional stakeholder workshop in Salzburg with impact investors and social enterprises were the challenges and opportunities of social finance in Germany and Austria. The results summarized in that report were discussed at the event itself.

2 Basic information

The third regional stakeholder workshop of FASE took place at the "[AlpenBank](#)" in Salzburg in October 2019 as an evening event. The AlpenBank is a private bank operating in the Western part of Austria as a leading private bank and the only one specializing in securities investment and assets management. FASE happily accepted the offer of the AlpenBank to co-host this event. Around 40 impact investors were invited to join from FASE's side and the AlpenBank invited around 30 of their private banking clients. The cooperation supports FASE to gain new impact investors and to expand the network of impact-oriented investors in Austria.

In addition to 17 impact investors, one team member of FASE and 4 advisors of the AlpenBank, two social enterprises joined the event, presented their enterprises and participated in the interactive discussion (a third invited social enterprise had to cancel due to illness). The invitation of social enterprises to an investor workshop was important to make the topic more tangible: how can impact investing look like, what are common financial instruments and what are the challenges and opportunities – questions to be discussed. In addition, one expired impact investor (Peter Scheuch from the Scheuch Foundation) was invited to share his experiences with the plenum and to answer open questions. The moderation of the event was taken by the transaction manager of FASE, Dr. Adrian Fuchs.

Agenda:

6.00 pm Welcome drinks and snacks

6.15 pm Introduction (Dr. Manfred Althammer, Alpenbank Salzburg and Dr. Adrian Fuchs, Transaction Manager FASE)

6.30 pm Presentation of 2 social enterprises (Talentify and BrigantesSail)

7.00 pm Exchange of experiences with an expired impact investor

7.30 pm Interactive discussions

The invited social enterprises addressed different social problems:

Social enterprises

Talentify fights for equal opportunities for young people through an online platform for peer-to-peer tutoring and career guidance

BrigantesSail is renovating a sail freighter from 1911 for emission-free transportation of cargo and passengers

wegatech helps homeowners to easily and quickly configure and implement an environmentally friendly and cost-effective energy solution online (this venture had to cancel the participation due to illness)

All of the invited enterprises were still looking for impact investments.

3 Key outcomes from interactive discussions

Together with the teams of the two social enterprises, the investors discussed questions of funding and financial support during the growth process to scale the business and impact. Because of the lack of a legal entity for social enterprises in Austria, many social enterprises decide to have a classic Ltd. (GmbH). For these enterprises it is possible to gain impact investors as well as classic public funding programs and support of business angels. The investors discussed together with the two teams available, possible hybrid instruments. Another topic was the difference between the German and Austrian impact investment market and one can conclude the following: In Germany, impact investments of private investors are mainly done with the intention to get at least the invested nominal amount back and more emphasis is put on the financials of the underlying social enterprise. In Austria in comparison, private impact investors are more impact driven and are more likely to accept a “negative” financial performance, meaning that they do not necessarily want the initial invested amount back.

Besides the investor’s expectations the discussion also touched the different perceptions of social enterprises – self-awareness and external perception - and the consequences. Due to that, a different mindset, different expectations and in consequence misunderstandings in the communication between investors and entrepreneurs can burden the relationship. The availability of both groups – social enterprises and investors – at the event, has been proved to be helpful to support the building of a common mindset and understanding and further events are already planned to build upon the previously accumulated knowledge and insights.

Lastly, it was discussed, that impact investors in Austria start to lack social enterprises that fit their due diligence requirements. As the European Investment Fund (EIF) is since September 2019 also supporting a 20 million Euro fund in Austria, the availability of capital for social entrepreneurs becomes less and less of a problem as they can just access the money of this new fund. Nevertheless, the knowhow and access to partners that a classical angel investor or foundation can bring along cannot be overstated. A fund will and cannot support ventures with “smart money” and thus the easily available capital in EIF supported countries could hypothetical lead to less professionalized social enterprises.

4 Conclusions & recommendations

One can conclude, that the often-supposed perception, that the Austrian and German impact investing markets are more or less the same, cannot be supported. The markets from the view of the participating parties vary in:

- Legal definition and regulatory framework: e.g. in Austria no clear boundary in-between the non-profit and for-profit world exists. In Germany in contrast, a clear cut exists in-between those legal entities that are registered as charitable and those that are profit oriented.
- Impact investment and financial support: The hypotheses, that the money the EIF is pushing into the European impact ecosystem will have an effect on the quality on the active social entrepreneurs, will have to be observed and tested in the near future. This will likely affect both markets in different ways given that Austria, till now, had

no operational impact investing fund and now is “flooded” with relatively easily accessible money for SEs.

- Non-financial support: So far, the Austrian SE ecosystem strongly depend on the work of the Impact Hub in Vienna. As this institution has however cut it’s well know “investment readiness program” the ecosystem lacks non-financial support for early stage SEs. Same goes for education and training of Austrian SEs: here a strong dependence on just a few players exists.
- Communication/ awareness raising: A learning from this regional stakeholder workshop would be that aside from Vienna it remains challenging to attract regional policymakers in Austria for this topic (of the 12 invited policy makers only 4 partly in policy making active players attended the workshop).

5 Participation list

(due to regulatory requirements and data protection regulations of the bank the participation-list could not be signed and no photos of the event can be shared)

21.10.2019

Salzburg, Austria

N°	First Name	Name	Organization	Stakeholder type
1	Dr. Keyvan	Rastegar	RPCK Rastegar Panchal	Investor
2	Verena	Horstmann	Verena Privatstiftung	BSO
3	Gerald	Krug-Strasshofer	NPG	BSO
4	Alexander	Fuchs	Dr. Viktor Frhr. von Fuchs-Stiftung	Investor/ policymaker
5	Bettina	Fuchs	Dr. Viktor Frhr. von Fuchs-Stiftung	Investor/ policymaker
6	Carl Gerald	Selmer		Investor
7	Stefan	Albat	Private Investor	Investor
8	Wolf	Stump		Investor
9	Karin	Granner	Greiner Family Impact Initiative	BSO/ policymaker
10	Peter	Scheuch	Scheuch Foundation	Investor
11	Paul	Hoffmann		Investor
12	Markus	Schöndorfer		Investor
13	Dr.	Ascher		Investor
14	Dr. Jochen	Stich	Porsche	Investor
15	Dr. Verena	Schrems	Schrems Deco Art	Investor
16	Dr. Christian	Bsteh		Investor
17	Moritz	Unterkoffler	UKO Group	BSO
18	Dr. Adrian	Fuchs	FASE	Investor
19	Dr. Manfred	Althammer	AlpenBank	Investor

20	Anna	Weglarz	AlpenBank	Investor
21	Bernhard	Hofer	talentify	SE
22	Daniel	Krawina	BrigantesSail	SE
23	Christian	Aigner	BrigantesSail	SE
24	Foed	Ghaemi	AlpenBank	Investor
25	Christian	Pilotto	AlpenBank	Investor

Finance4SocialChange

3rd Regional Stakeholder Group Workshop

Bucharest, 27 September 2019



Prepared by UEFISCDI: Elena Simion, Raluca Saftescu, Alex Dinu

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Executive summary

On 27 September 2019, for the 3rd Finance4SocialChange stakeholder group meeting, UEFISCDI team gathered a group of relevant actors in the field of social entrepreneurship in Bucharest, to discuss some of the concerning issues of the ecosystem.

Based on their own experience and expertise in social entrepreneurship and social impact investments in Romania, our guests were invited in an informal set up to discuss the possible funding sources for social entrepreneurs and the



degree of openness of the Romanian social entrepreneurs to attend educational programmes (online or offline). The first part of the workshop was dedicated to presenting Finance4SocialChange's purpose and the participants got to the chance to know each other, to create a vibrant and positive atmosphere for future and more elaborated discussions. After they have exchanged some ideas based on their experiences regarding funding sources and educational programmes for social entrepreneurs, we tried to go deep in the discussion, to list all funding sources available and all educational programmes at national level and to elaborate pros and cons for each of them.

Secondly, they drew conclusions and recommendations for an improved environment for the development of social entrepreneurs and investors.

Introduction

This third stakeholder group meeting had the purpose of gathering few active actors in the field of social entrepreneurship and to provoke them to address some hard to tackle issues of the social entrepreneurial ecosystem: funding sources and the openness of Romanian social entrepreneurs to attend online or offline educational programmes.

The meeting was held on September 27th, in Bucharest, on a Friday evening, to allow the participants time to be present in such a short notice invitation without changing their already established schedule.

The group discussion followed the methodology provided by the WP4 leaders and the agenda set for the meeting: introduction of the project and the project team in UEFISCDI, the introduction of the participants, time allocated to present the debate topics. Each participant was asked to individually prepare a point of view regarding the two topics, followed by open debates on mutual interests in the field of



how social entrepreneurs can find funding for the projects and if there is any interest in attending educational programmes. Having diverse backgrounds based on individual and different organisational experiences, the results of the debate vary in complexity. The meeting was closed agreeing to set a common ground for further communication and future involvement of the participants in overall project activities.

The list of attendees is annexed to the current workshop report: 4 stakeholders (NGOs, medical association, advertising agency) and 5 team members.

Identifying funding sources and educational programs

The discussion started with an exercise aiming to identify as many funding sources and educational programs available. This collaborative exercise was very helpful as participants engaged immediately.

- Structural and Cohesion Funds
- Another non-reimbursable financing can come from a variety of funders (including the European Union):
- The Government of Romania;
- the governments or embassies of foreign states;
- international financial institutions (e.g. EBRD, World Bank, etc.);
- foundations or other national or international organizations (e.g.: Civil Society Development Foundation, Charities Aid Foundation, Charles Stewart Mott Foundation, European Cultural Foundation, The George C. Marshall Foundation, Soros Foundation, etc.);
- companies (e.g. Microsoft, Coca-Cola etc.)
- active banks in Romania (BCR, BRD etc).

Key outcomes from interactive discussions

The discussions started after mapping the funding sources and available educational programmes and showed a high level of knowledge and interest in funding sources, but a low knowledge on the importance of education for an entrepreneur.



Most of the participants debated the importance of the lack of funding and consistency in the policy and regulatory framework, subject of many changes and a total lack of follow-

up and advanced support for already-in-place initiatives. However, they concluded that funding, even if it is not the main issue, it can sometimes dilute de social business idea, because every "every penny comes with a price". Regarding educational programs, the participants usually find it expensive and unnecessary. They argue that most business teachers are too attached to the idea of making more profit, and that implies that they cannot truly understand a social enterprise. But they also admit they lack knowledge in many business areas and they agree they need improvement.

A major barrier in the development of social entrepreneurship seems to be the misunderstanding or lack of knowledge regarding the social business model. And this applies also in the funding field but also in the educational programs. Being a new topic and not having great awareness it is hard to find tailored programs to meet their needs. This applies both to private or public investors and to those setting-up and co-founding such initiatives.

Regarding the policy framework and the public programs that funded social entrepreneurship, most of the initiatives were not monitored and received no support after the programs were finished, so they ended up failing (e.g. social enterprises funded under POSDRU). The participants recommended a more tailored funding framework, less restrictive in the definition of the social enterprise and focused on the social impact of the public investment.

Conclusions & Recommendations

Funding sources

Conclusions and Recommendations	
Lack of funding sources dedicated to social enterprise	Even though they exist, the money put on market are not enough. Number of grants should be at least doubled.



	Lack of interest from private investors	Better promoting the benefits of the concept and how investing in a social business comes with great PR
	Lack of accessible and tailored funding sources doubled by bureaucracy	Small grants to solve small problems such and a funding scheme requiring less bureaucratic steps.
	Lack of understanding of the social enterprise business model (investors, public authorities, social entrepreneurs)	Raising awareness in campaigns by involving all the actors in different activities (the “quadruple-helix” principle) such as a national prize for the best social enterprise and for best social investor. Currently there are few private initiatives (Civil Society Gala).

Educational programs

Conclusions and Recommendations		
	Educational programs are expensive	Dedicated workshops, training programs and mentorship supported public or private
	Lack of business leaders interested in social business	Education and awareness campaigns funded and promoted by public authorities to create business leaders in social entrepreneurship



	Lack of support programs (mentoring, advisors)	Involvement of already active mentors and experienced active actors in a network to be linked to the funding instruments for social entrepreneurship
	Lack of interest for education	Better promoting the idea that a good cause is not enough and that the magic happens only when change is made and change needs a plan
	Lack of understanding of the social enterprise business model	Promote the idea and its benefits. A PR campaign with success stories

Feedback from the participants on the workshop format: the meeting lasted 2 hours. The interactive discussion was productive, but unfortunately all participants adopted very early the same position so no debate happened.

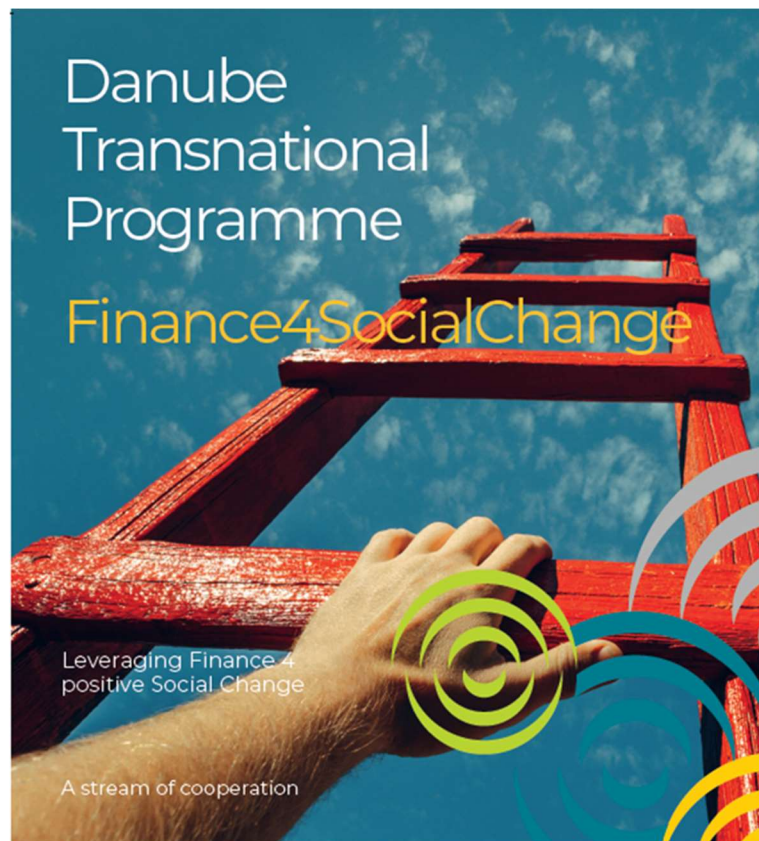
Overall this interactive discussion was successful and the topics were of great interest to the participants, building upon the need of a more consistent and coherent approach to the national social entrepreneurship ecosystem's dynamics in the overall framework of the social impact investment.



Report of the Third Regional Stakeholder Group Workshop

Organized by Regional development agency Gorenjska – BSC I.t.d. Kranj and Association Social
economy Slovenia

on September 30th 2019 in Stara Šola, Kolodvorska 1, Krško, Slovenia



Authors:

Mojca Žganec Metelko, Association Social economy Slovenia

Franja Gabrovšek Schmidt, Alenka Sluga, BSC Kranj

1. EXECUTIVE SUMMARY

The Social Entrepreneurship field in Slovenia is regulated by the Law of Social Entrepreneurship (Act of Social Entrepreneurship, 2011). 262 registered social enterprises are in the evidence of Ministry of Economic Development and Technology, 11 in Gorenjska region (January 2019). Social enterprises can have different legal form. The Slovene law divides social enterprises from enterprises which employ disabled people – disability company is not treated as a social enterprise. In Slovenia is next to the 262 registered social enterprises are: 452 cooperatives; 144 companies for the disabled; 60 employment centres and 27.658 NGO 's.

Gorenjska region is lagging behind in the development of social economy. There are only 11 SE from Gorenjska region, 5 % of all SE in Slovenia, which is far below the average compared to the share of regional population or business turnover in Slovenia which generally exceeds 10 %. Most of the social enterprises in the region are locally orientated, some on the national market.

First two regional workshops were organized in Gorenjska region for the third one we decided to organize it in cooperation with Association Social economy Slovenia in Krško, to get the input for the Finance4SocialChange project also from the stakeholders from other parts of Slovenia. Association Social economy Slovenia is having 140 members, mostly social enterprises from different spectrum of work: waste management – reuse (computers, textile and wood), food sector (production, distribution, restaurants), different services (social services, services for elderly, workers cooperatives, kindergartens, organization for mental health, ...

Association Social economy Slovenia (ASES) is the umbrella organization for the social economy in Slovenia. Its vision is to become:

- A generator of socio-economic changes in Slovenia and an internationally recognized center of excellence for the development and promotion of social entrepreneurship.
- A common platform for networking and promotion of the functioning of social economy enterprises and those support institutions that set the goal of establishing social entrepreneurship and a sustainable economy in Slovenia.
- Pillar, connector and social economy messenger in Slovenia.

They try to establish an innovative connecting environment for the development of the potentials of all actors in social entrepreneurship and provide efficient mechanisms for the development of social entrepreneurship at the local, state and interstate level in order to ensure the prosperity and innovative development of Slovenia.

Their values are: sustainable development; corporate social responsibility; solidarity; integration of vulnerable groups; democratic decision-making.

2. INTRODUCTION

The project Finance4SocialChange started in July 2018. The Work Package (WP) 4 “Strategy Development” has been running since then. In the framework of Activity 4.2 dealing with the “Agreement on the capacity-building actions to foster social impact investments at local levels”, each project partner has to organize three regional stakeholder group workshops by October 2019.

Regional Development Agency Gorenjska – BSC Kranj (PP4) organized its first workshop on October 23rd 2018 in coordination with Sklad 05.

The second regional stakeholder group workshop was organized on January 29th 2019 by Regional Development Agency Gorenjska – BSC Kranj together with Zavod Tri, Regional support network for NGOs GROZD. On the base of experience from the first event the second regional workshop was prepared wider as an event about regional priorities for NGOs, social entrepreneurship and civil society. Main goal was also to talk about project ideas and proposals for regional development 2021–2027 and to prioritize them.

The third regional stakeholder group workshop was organized on September 30th 2019 together with Association Social economy Slovenia to get the insight on the development of social entrepreneurship field and good practices also from other Slovene regions. Association Social economy Slovenia defines a social enterprise as an entity with an economic activity which qualify as a NGO, cooperative, company for the handicapped or non-profit LTD and has a business model and structure which enables it to fund itself on a non-grant basis with a view to self-sustainability, has the purpose to achieve social impact by providing entrepreneurial solutions to a societal issue and is managed in an accountable and transparent way, taking into account the interests of employees, customers and other stakeholders

affected by their business activities. Members of Association Social economy Slovenia are doing business with impact on the fields of sustainable living, energetics, food, reusing.

Venue: The workshop took place in the premises of Stara šola, reuse centre in Krško <https://www.facebook.com/starasolakrsko/> . where is also coworking community, Knof business community and FabLab.

Participants:

There were 8 participants working on the questionnaires' as follows:

- social enterprises: Knof d.o.o., so.p.; Zavod Knof so.p; Stikalnik so.p.; Zavod Stara Šola Sevnica so.p.
- (social impact) investors, financial institutions/intermediaries: /
- business support organizations, capacity builders: Društvo Knof
- policy-makers, national and regional public authorities: Association Social Economy Slovenia – regional unit, BSC Kranj – Regional development Agency Gorenjska

3. KEY OUTCOMES FROM QUESTIONNAIRES

There is an evident need to raise awareness, empower regional stakeholders and upgrade the understanding of social entrepreneurship, especially on the political level as well as the level of regional market (other SMEs, big companies, ...). Additionally, there is a strong need to bring together and motivate local stakeholders to start developing common regional support measures in the field of social entrepreneurship and a need to enable networking among social enterprises and between SE and medium and large business. In addition to other actions this shall build up a better regional ecosystem for the acceleration of the social economy sector.

There are various needs from social enterprises for support and (comparing to countries with effective support environment) there is underdeveloped “social financial” market. Legal environment could offer more incentives but is not main obstacle for development. Social innovation is seen as a trend,

at the same time is lacking competences and capacity needed to integrate these processes systematically into social economy sector. Many projects and programs are running, mostly missing concrete impact for social enterprises and mostly lacking effective co-operation and upgrade of already achieved level.

Most of the social enterprises currently operating financed their operations through grants, promoter's own capital or regular commercial bank loans. Those loans however, required personal collateral. Social entrepreneurs in Slovenia often express the opinion that the supply of finance currently does not meet the demand for financing. On the other hand, the investors claim that social enterprises lack a viable business model which is why financing is scarce. Managers lack the know-how about financing opportunities beyond national and EU project support. The lack of management and financial knowledge is connected with the fact that most social entrepreneurs come from the NGO sector which traditionally relies on grant funding. There are not many social entrepreneurs with business background.

One of the greatest obstacles in the development of social innovation and social entrepreneurship in Slovenia is the fact, that the concept of social economy and social innovation are still very new and are just starting to establish themselves as generally recognized.

4. KEY OUTCOMES FROM INTERACTIVE DISCUSSIONS

- The discussion highlights many different aspects from financial empowerment to understanding of social impact.
- It was pointed out the lack of financial instruments for organization stability and lack of information about available instruments.
- Response on social needs and mix financing were pointed out as the most important.
- In Slovenia there is strong tradition of cooperation and tradition of non-governmental sector.
- Analyse made on the social economy sector in Slovenia is showing on not clear use of basic terminology what can lead to confusion on the field.
- Non strategical development of the social economy sector.
- In Posavje region there are present social enterprises mostly from the following sectors: ecology and environment, education and training, social actions.

- The main barrier for the creation of social enterprises in Slovenia is not good understanding of sector and confusion on the field; lack of common vision and strategy for social enterprises sector.
- Products and services of social enterprises are mostly not suitable for global market, local orientated.
- Challenges: NGO mind set because social enterprises are mostly coming from NGO sector. Because they are mostly working with vulnerable groups it is harder to reach professional level of quality.
- Support of public authorities is not sufficient. Local authorities mostly do not see the opportunity in development of the sector. Local authorities should be the main partners in starting up and development.
- Main obstacles to the development of social innovation: There are initiatives, they stay in the civil sector, lack of link to the economy and to the local level. Social innovation needs strong partnership.
- The field of social investment in Slovenia is underdeveloped. There is up coming opportunity of the FeelsGood impact investment Fund.
- Skills and knowledge needed and pointed out: Financial planning, planning investment, strategic planning of development, business model, business plan, leadership skills. Coaching! Long term mentorship.

Support needed for social enterprises:

- Promotion and market
- Supporting environment, regional and national – tailored made for social enterprises which is local accessible
- Systemic solution in financing on national and EU level of financing network of social enterprises

Concrete needs of social enterprises:

- Business premises: free of charge for start-up period
- Business: campaign “Buy responsible”, enhancing visibility and awareness among buyers, wider public; access to market: B2B platform for social enterprises, methodology of measuring of

social impact; public procurement (problem of supply on the side of social enterprises and on the other side low awareness about the possibility of already existing law in Slovenia).

- Knowledge: creating the certificate for and expert for social entrepreneurship; coordination of projects and activities in the field of social entrepreneurship in Slovenia
- Advocacy: local, regional and national level; effective and continuous work of National Council of Social Economy.
- Networking: international network (special interest on the countries of west Balkan), mapping of social enterprises; statistical data
- Financing: support for start-up phase and acceleration phase of development of social enterprises; grants and loans; SID bank; need for the Fund for support of social enterprises in Slovenia.

4.1 Best (and bad) practices; potential and limits of transferability of these best practices in the Danube region

Examples of good practises:

Center ponovne uporabe / Reuse centre so.p.; having 8 stores in Slovenia, 15 employed (2018) they adept the business model regarding the needs of local area, they have also employment center in Vojnik, they do also the work on the research area of waste management. For sustainability they need many activities. It is public private partnership with waste management companies. What is important is clustering among more companies what is leading also to the opportunity for mix financing. Mix financing: 230.000 euros on the market, 188.000 euros from subventions and grants (data for 2018).

Gostilna Dela so.p. Domžale in Ljubljana: Centre Kontura has tradition from 1996 from employment rehabilitation, agency for employment, social security and they were doing these activities with the funds from the Ministry for work and social affairs. Today they have 5 offices and they work closely with the Public employment services. From this activity came out spin off called Gostilna Dela – which has two restaurants and employs 2 people. They work in the cluster. They work 100 % on the market.

Examples which were shown as not successful are the entities without good business model and organizations which are depended only on the public funds.

4.2 Policy niches

Needed documents on the national level:

- Preparation of Strategy for development of social economy,
- Preparation of "Regulation on measuring social impacts".

4.3 Overview of all financial instruments available

1. Financial instruments implemented from the state
2. Financial instruments implemented from the municipalities
3. Other financial instruments:
 - UNICREDIT AWARD: in 2012 and 2013 Unicredit Foundation in Slovenia implemented the programme of giving the financial awards to the best social enterprises. In the year 2013 three awards were given out in the common value of 60.000 EUR.
 - BANK PRODUCTS: special products for social enterprises were planned by Deželna banka Slovenije and Delavska hranilnica.

By both instruments is going for targeted marketing approach towards new consumers – social enterprises and cooperatives, but without any special benefits like access to financing (credits, leasing, ...).

- Ethical banks: Slovene social enterprises have the access to become members of ethical banks which are accessible in Italy and Croatia. There is no ethical bank in Slovenia.
4. Other:
 - Credits over intermediate organizations: Sklad 05
 - Collecting of financial sources through system of income tax 0,5 %
 - Crowdfunding
 - European projects
 - Different initiatives, awards, competitions, pitchings, ...

5. CONCLUSIONS & RECOMMENDATIONS

The legal form is made. Probably the main conclusion from this event is that the implementation is lacking behind. There is lack of knowledge in the side of financial institutions about social entrepreneurship.

The main recommendations are:

- More tailored made solutions for financing and other support of social enterprises.
- Clear vision and strategy on national level.

6. PICTURES, OTHER MATERIALS



Annexes

- List of attendants





Poslovno podporni center (Kranj)
Regionalna razvojna agencija Gornjske



LISTA PRISOTNOSTI

Aktivnost: Regijsko srečanje skupine deležnikov

Kraj: Kriško, Slovenija

Datum: 30. 9. 2019

Ime in priimek	Organizacija	E-naslov	Podpis
1 ALENKA SLUGA	BSC KRANJ	alenka.sluga@bsc-kranj.si	*
2 TLOJCA ŽIGMEC MEDELKO	ZSES - združeni slovenski ekonomisti Slovenije	vojca.metelko@zses.si	*
3 Franziska Gabisovsch Schmidt	BSC Kranj	franziska.gabisovsch@bsc-kranj.si	*
4 MAJA HUDEJ	DRUŠTVO KNOF	majamuradstvo@knof.si	* Maja Hudej
5 RADOVA KUPČIČ	KNOF d.o.o. s.p.	radova.kupcic@knof.com	* Radova Kupčič
6 RABI ČUČEK	ZADRUŽNA STIKALNIK	ZADRUŽNA STIKALNIK@GMAIL.COM	* Rabi Čuček
7 Alina Goryazova	Zavod Knof s.p.	knof@knof.si	* Alina Goryazova
8 Ivanka Šobeg	Zavod Starijak Service	in@starijak.si	* Ivanka Šobeg

* S podpisom se strinjam s pogoji Splošne uredbe o varstvu podatkov (GDPR – General Data Protection Regulation) in dovoljujem, da BSC Kranj uporablja moje podatke za vse vsebine s področja projektnih aktivnosti in obveščanja o aktualnih novicah, dogodkih, stališčih in ostalih produktih ter storitvah v domeni BSC Kranj.

Workshop Report

By Gorgi Krlev, Clémentine Roth & Volker Then

09.10.2019

- **WS Date: 09.10.2019**
- **WS Place: Steinbeis Europazentrum, Stuttgart**



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1. Executive summary

The workshop was split into a round of introduction, an input by a keynote speaker on impact orientation in social enterprises (Young-jin Choi from Phineo) and a discussion of the provisional contents of the regional action plan for Baden-Württemberg.

We also presented the blended learning program and pitch competition to gather some further input on contents, communication strategy and outreach. Participants will be valuable in disseminating these core activities of Finance 4 Social Change in their networks. Some offered to provide inputs, comment on contents or think jointly about how the program can be maintained or developed further after the official end of the project.



2. Introduction

The workshop took place on 09.10.2019 in the premises of the “Steinbeis-Europa-Zentrum” in Stuttgart. We invited stakeholders broadly and were able to solicit the participation of 4 social enterprises, 6 business support / network organizations, 1 university, 3 policy makers and 3 financiers of social enterprises.

We were able to attract participants from Heidelberg, Mannheim, Stuttgart and Frankfurt reflecting but also extending the regional focus of the workshop.

The aim was to assess practices and needs on two levels:

- Discuss the fundamentals of impact oriented management in social enterprises and how these insights could be harnessed for the blended learning and competition of Finance 4 Social Change;
- Concrete ideas and responsibilities for measures within the regional action plan for Baden-Württemberg.



In the introductory round, we initiated a getting to know each other of participants who had in many cases not known or heard from each other before. It was particularly fruitful that UHEI and Steinbeis 2i GmbH were convening the workshop together this time, since they could both draw on and thus bring together participants that had joined the individual workshops before.



The keynote from Young-jin Choi was a good framework for a lively discussion that ensued as regards financial and other support for social-startups in particular. Key themes were that while traditional start-up programs are in principle open to social start-ups, there are a number of barriers that impede successful start-up acceleration. Most prominent among them: difficulties to get funded if the enterprise has “hybrid” funding structures, using a mix of earned income, subsidies and donations; lack of mutual understanding as regards business models, but even more so impact models, between financiers and social enterprises; lack of seed finance.

These issues were excellent reference points for the hands-on group discussions (and recording of those on posters) on concrete measures that could be included in the regional action plan. Some of these were intertwined also with the intermittent discussion of the blended learning program and the international pitch competition. But the latter were mainly serving informative and promotional purposes. All participants expressed interest in disseminating both within their networks.



Since the discussion of the regional action plan (RAP) represented the core of the event, the summary of outcomes will focus on this very aspect. The core stakeholders of the RAP were pre-defined as: (1) policy, (2) social enterprises, (3) investors, (4) civil society. These therefore represent the main categories by which inputs are structured below.



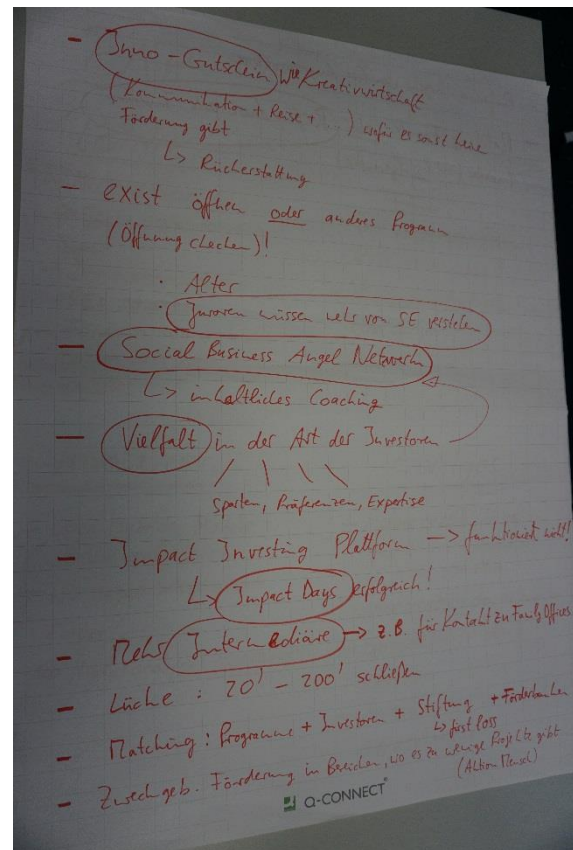
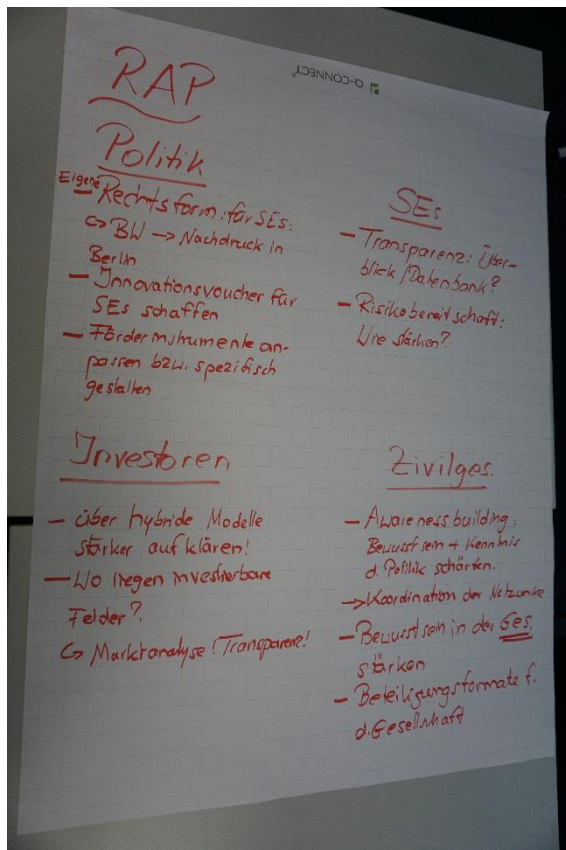
List of participants:

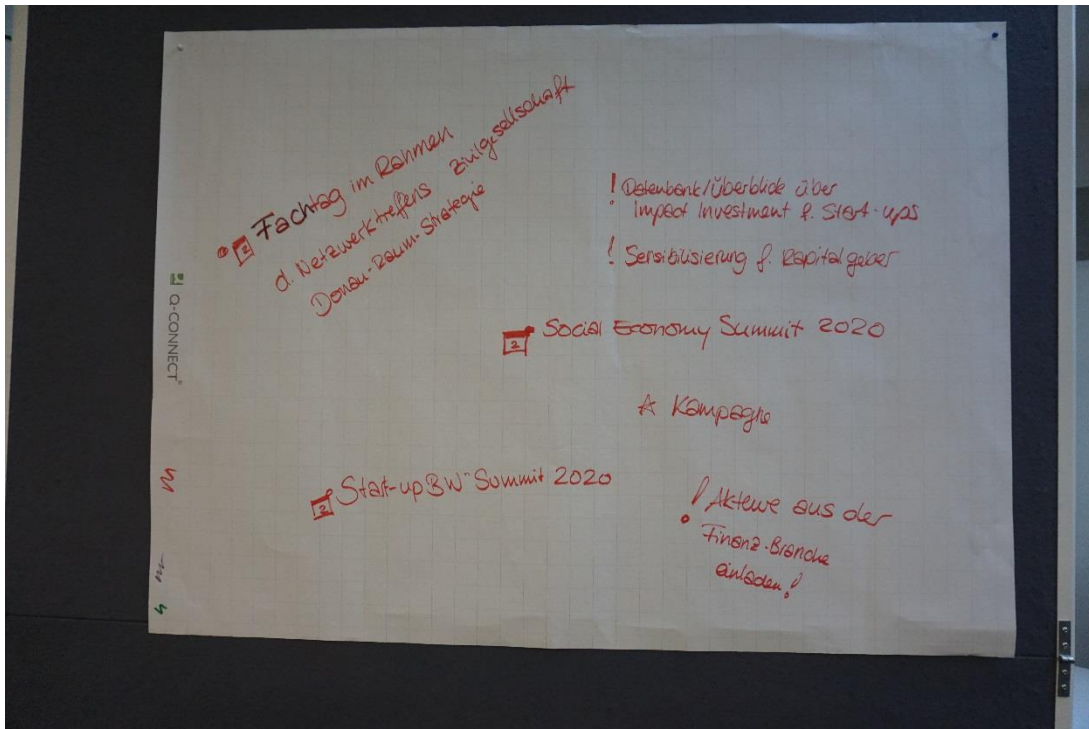
#	Nachname	Vorname	Organisation
1	Barth	Stefan	Netzwerk Zivilgesellschaft EUSDR
2	Bechtholdt	Thorben	ReCIRCLE Deutschland / Elithro UG
3	Bernhard	Alexander	Social Entrepreneurship BW / Impact Hub Stuttgart
4	Bozyazi	Esin	Institut für Soziale Nachhaltigkeit
5	Choi	Young-Jin	Phineo
6	Doko	Andrea	Finance in Motion
7	Eißler	Carolin	Zukunftswerft gUG
8	Gruner	Heike	Ministerium für Wirtschaft, Arbeit und Wohnungsbau Baden-Württemberg
9	Heckmann	Thomas	GDW Süd eG / CAP der Lebensmittelpunkt
10	Henel	Matthias	Stadt Mannheim
11	Hilpert	Rumjana	RDH Consult Danube
12	Kaps	Mathias	Starkmacher Impact gGmbH
13	Dr. Krev	Gorgi	CSI
14	Krug	Tom	Perpuls Management GmbH
15	Martin	Sebastien	Impact Collective gGmbH
16	Nensel	Marcus	Sozialunternehmen Neue Arbeit gGmbH
17	Reimnitz	Philipp	HypoVereinsbank
18	Dr. Roth	Clémentine	Steinbeis 2i GmbH



#	Nachname	Vorname	Organisation
19	Sliwinski	Julia	Landratsamt Rhein-Neckar-Kreis
20	Dr. Then	Volker	CSI

The individual groups did not focus on one stakeholder category exclusively, but discussed issues across stakeholders. There were three discussion groups in total at the workshop. Their results are displayed below.





a. Policy measures in RAP

1. Introduce a specific legal form (or label) for social enterprises: Since the law concerned is made at the federal level, the state of Baden-Württemberg does not have any direct authority, but policy makers could make suggestions or exert pressure in Berlin.
2. Innovation vouchers for social enterprises: These are known from other branches such as creative industries. Their particular value is in enabling flexibility, travel and networking for SEs. The funding needs to be quickly and “easily” accessible with a low level of formalities involved.
3. Social start-up support needs to be more tailored: Yes, all regular start-up programs are in principle open to social start-ups too, but these often face barriers in a variety of respects. In particular
 - a. there is no seed financing that tolerates a high amount of risk, when there is no track record and proof of concept yet;
 - b. funders/accelerators/consultants do often not understand and appreciate the “hybrid” funding structures of SEs, using a mix of earned income, subsidies and donations;
 - c. there is also a lack of mutual understanding as regards business models, but even more so impact models.



- What follows is the need for educational programs for assessors/prize judges/decision-makers.
4. Information page or brochure providing guidance to SEs with a particular focus on Baden-Württemberg (in parallel to similar initiatives on the national level such as “Leitfaden SE”).
 5. Matching funds: Has been tried by government-owned KfW with little success. One of the reasons was potentially the lack of experience of the assessors with potential investment cases. One solution for that could be for the private investors to do the (social) due diligence check. What they would need to accept the risk that comes with a promising impact model is a first loss guarantee (state backs defaults or losses in the first couple of years). Other instruments, for instance involvement of foundations, could work in the same way. But the guarantee is key to attract investors.

b. Social enterprise measures in RAP

1. Database of social enterprises: SEs often do not know their peers well and have difficulties establishing contacts with relevant partners, which may be established nonprofit and for-profit organizations. It would be helpful to get a better understanding with external stakeholders what SEs are, what they do, what they might require and what they might offer when collaborating with existing partners.
2. Trainings/coaching for social enterprises: By other, successful social enterprises or business consultants. Founders of social enterprises often come from the “social area” and have limited tolerance of and expertise in risk taking, business planning, marketing and market making.
3. “Knowledge-center”/One-stop-shop for resources that are useful for social enterprises: Probably not reasonable at a regional, but at a national or even European level (potentially with country or region sections). Provision through EU funded networks such as Euclid Network might be a viable solution.

c. Investor measures in RAP

1. Investor education: Increasing awareness among investors of the benefits of hybrid funding structures and the potential they bring. Introducing them to the different risk-return (financial and social) of different social enterprises.
2. Market transparency: Database/mapping/survey of social investment market(s). There is too much confusion of who investors are, how to find them, what their priorities and requests are.
3. SE programs of federal banks: IBB in Berlin has started having dedicated programs for SE. This could be replicated in BW.



4. Impact Days (such as the ones convened in Austria): Physical one-on-one meeting of investors and enterprises considered much more effective than for example “online matching platforms”.
5. Local business angel networks and clubs: after the example of for instance “Impact Collective” but locally embedded. Important: A variety of investors need to come together, with different expertise, preferences and investment profiles to cover a relevant spectrum (for example from environment to housing). Otherwise, there is no good coverage and potentially a mismatch with the breadth of the SE scene.
6. More intermediaries: Although measures trying to increase “market transparency” will help increase overview some investors/deals will remain confidential and “under the radar” (in particular those made by family offices for instance). To achieve a better match between investors and SEs we therefore need more, and more locally embedded brokers/intermediaries like FASE, who are able to connect the two sides.

d. Civil society measures in RAP

1. Mobilizing networks: Social, “business for good” and SE networks need to join forces to exert pressure on policy makers to recognize the potential for SE and impact investing. Coordination needed to succeed.
2. Reaching out to the broad public: The same type of actors, potentially in collaboration with policy would need to raise awareness in the broad public. This could be done through open, interactive events (social innovation fairs, nights, etc.), where citizens are not merely performed but can also voice their ideas and concerns. Important: Explicit inclusion and invitation of actors from the finance world! Concrete example:
 - a. SE focus day at network meeting civic society in the context of the Transnational Danube Region Strategy
 - b. SE focus at Start-Up BW summit 2020
 - c. Social Economy Summit 2020 in Mannheim
 - d. “Buy social” campaign as in the UK (this is placed at the intersection of civil society and policy)



4. Conclusions & recommendations

The input from the groups were brought to and discussed in the plenary so that connections could be established between the different areas of stakeholders. There is little use in repeating these points here. The most important aspect is that we were able to develop a holistic view on measures to be taken across all levels, which significantly moved beyond the brief prompts we provided participants with in the first part of the event and the brief introduction to the discussions. It was also important to see that tasks, strategies and ideas for regional action connected in many regards across the different stakeholder groups.

Appendix (see below): Signatures from participants.



Sozialunternehmen und *social impact investing* Workshop (3rd regional stakeholder group workshop)

„Sozialunternehmen und *social impact investing* Workshop“








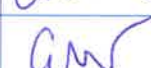
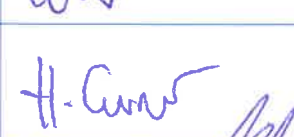

Unterschriftenliste

Veranstalter: Steinbeis-Europa-Zentrum / Steinbeis 2i GmbH &
Centrum für Soziale Investitionen und Innovationen

Datum und Uhrzeit: 09.10.2019, 13:30 – 17:30 Uhr





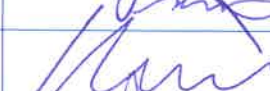

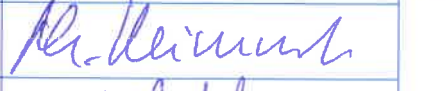

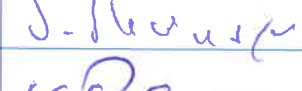


Adresse: Steinbeis-Europa-Zentrum / Steinbeis 2i GmbH
Kienestr. 35, 70174 Stuttgart

Raum: K5

#	Nachname	Vorname	Organisation	Unterschrift
1	Barth	Stefan	Netzwerk Zivilgesellschaft EUSDR	
2	Bechtholdt	Thorben	ReCIRCLE Deutschland / Elithro UG	
3	Bernhard	Alexander	Social Entrepreneurship BW / Impact Hub Stuttgart	
4	Bozyazi	Esin	Institut für Soziale Nachhaltigkeit	
5	Brommer	Sabine	Paritätischer Wohlfahrtsverband Baden-	
6	Choi	Young-Jin	Phineo	
7	Doko	Andrea	Finance in Motion	
8	Eißler	Carolin	Zukunftswerft gUG	
9	Gruner	Heike	Ministerium für Wirtschaft, Arbeit und Wohnungsbau Baden-Württemberg	
10	Heckmann	Thomas	GDW Süd eG / CAP der Lebensmittelpunkt	

Dieses Projekt wird durch den Europäischen Fonds für regionale Entwicklung (EFRE), das Instrument für Heranführungshilfe (IPA) und das Europäische Nachbarschaftsinstrument (ENI) kofinanziert.

Sozialunternehmen und *social impact investing* Workshop (3rd regional stakeholder group workshop)

#	Nachname	Vorname	Organisation	Unterschrift
11	Henel	Matthias	Stadt Mannheim	
12	Hilpert	Rumjana	RDH Consult Danube	
13	Kaps	Mathias	Starkmacher Impact gGmbH	
14	Dr. Krlev	Gorgi	CSI	
15	Krug	Tom	Perpuls Management GmbH	
16	Martin	Sebastien	Impact Collective gGmbH	
17	Nensel	Marcus	Sozialunternehmen Neue Arbeit gGmbH	
18	Reimnitz	Philipp	HypoVereinsbank	
19	Dr. Roth	Clémentine	Steinbeis 2i GmbH	
20	Sliwinski	Julia	Landratsamt Rhein-Neckar-Kreis	
21	Dr. Then	Volker	CSI	
22				
23				
24				
25				

Dieses Projekt wird durch den Europäischen Fonds für regionale Entwicklung (EFRE), das Instrument für Heranführungshilfe (IPA) und das Europäische Nachbarschaftsinstrument (ENI) kofinanziert.

Finances4SocialChange

Regional Stakeholder Group Workshop Report

Sofia
12 September, 2019

Authors: Denitsa Lozanova, Sevdalina Voynova, Svetlana Lomeva



Finances4SocialChange co-funded by European Union funds (ERDF, IPA, ENI)

Project website: www.interreg-danube.eu/approved-projects/finance4socialchange



Finances4SocialChange

Regional Stakeholder Group 3

Workshop Report

Sofia

12 September, 2019

Authors: Denitsa Lozanova, Sevdalina Voynova, Svetlana Lomeva

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Executive Summary

On September 12, 2019, Sofia Development Association in cooperation with Sofia Investment Agency and Accelerator Start-up Sofia held a mentorship programme for Sofia based start-ups. Part of the programme was the third Finances4Social Change regional stakeholder workshop. The event brought together 13 representatives of start-ups that have received support from the Accelerator Start-up Sofia, representatives of the project’s TAB and PAB and other stakeholders, and discussed barriers to scaling up social enterprises, good and bad practices, skills deficits and policy niches, opportunities for financing and networking.

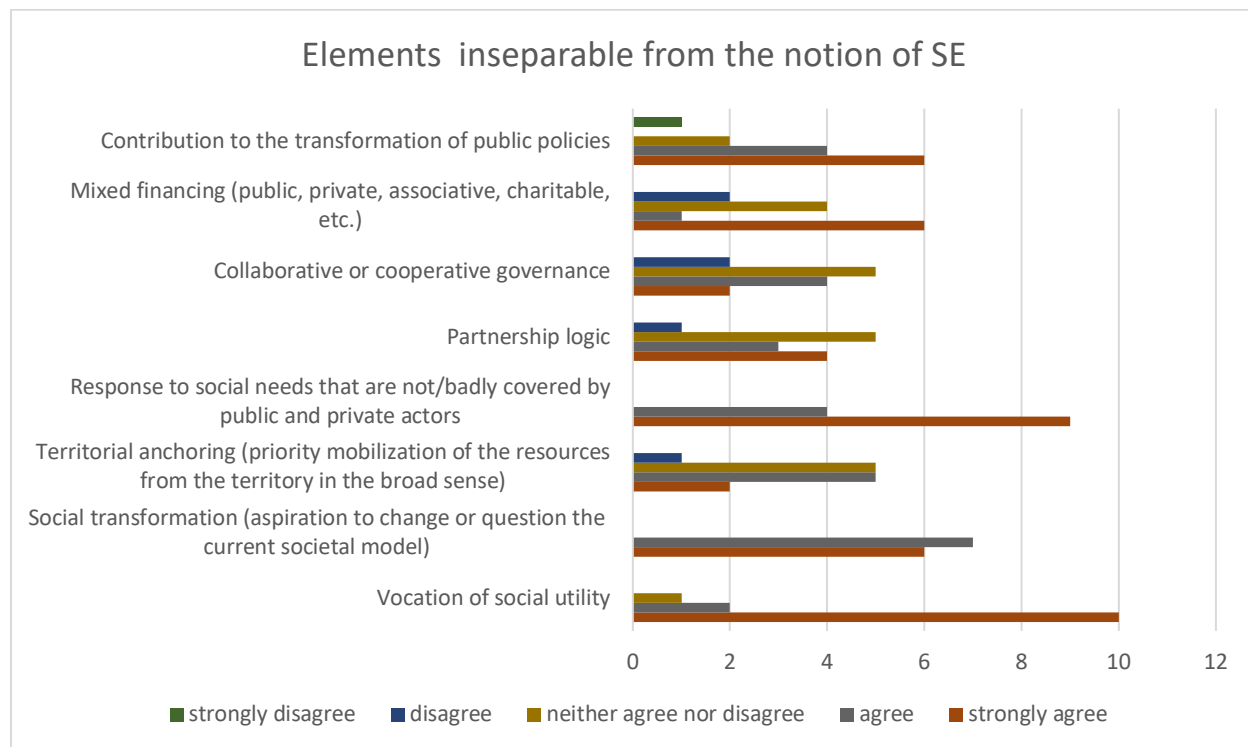
Introduction

The workshop followed the methodology developed by the work package lead partner: combining individual survey and group discussion. The workshop took place in the morning, from 10 a.m. to 1 p.m. Participants were beneficiaries of the municipal funding programme for start-ups, thus the workshop both reached the needed target group and contributed to policy assessment of Sofia SII policies and to the involvement of PAB and TAB.



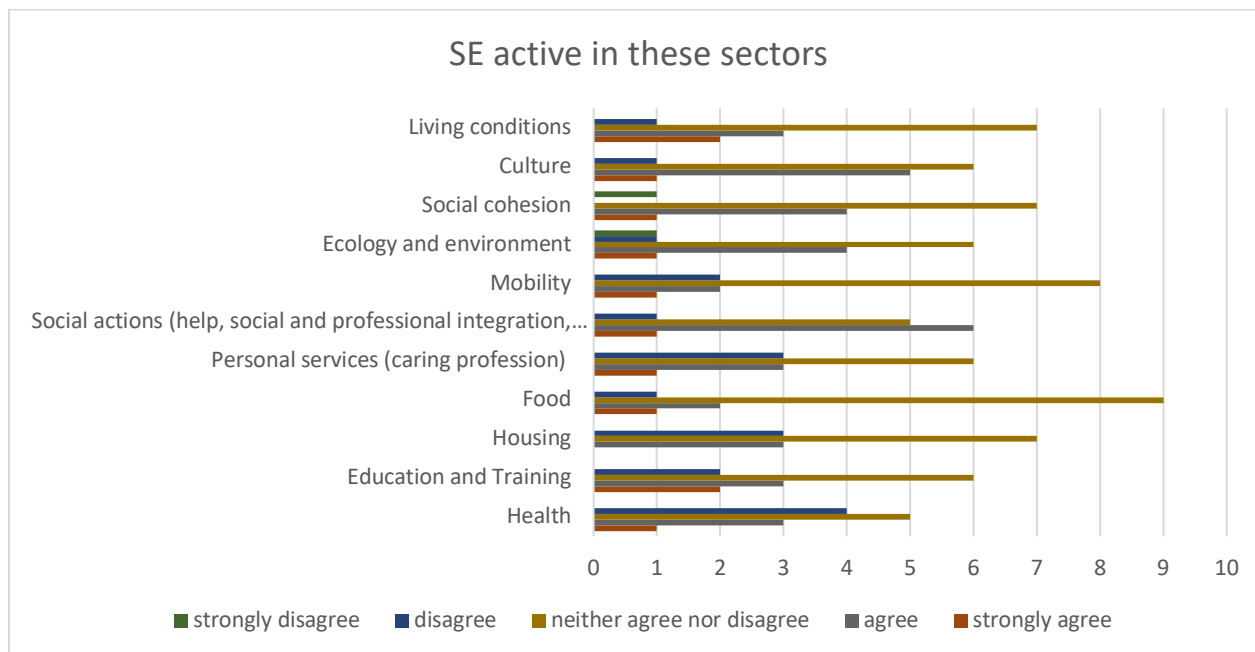
Key outcomes from questionnaire

The following graphics display the opinions of the questioned:



Among the examples given by the respondents for emblematic social enterprise are Chitalishte “Gudevitsa” – a community center with a base in Sofia and in the village of Gudevitsa, working on environmental issues; Foundation “Future Now” – a center for children with special needs and their families; 9Academy – a company that recruits volunteers from the corporate sector to train potential entrepreneurs; Jamba – a startup, which helps the integration of people with disabilities; “Listen Up” – NGO for people with hearing impairment; Reach for Change; TOMS shoes. Some people consider the hiring of employees who are part of the immigrant communities as a good example for social enterprise as well.

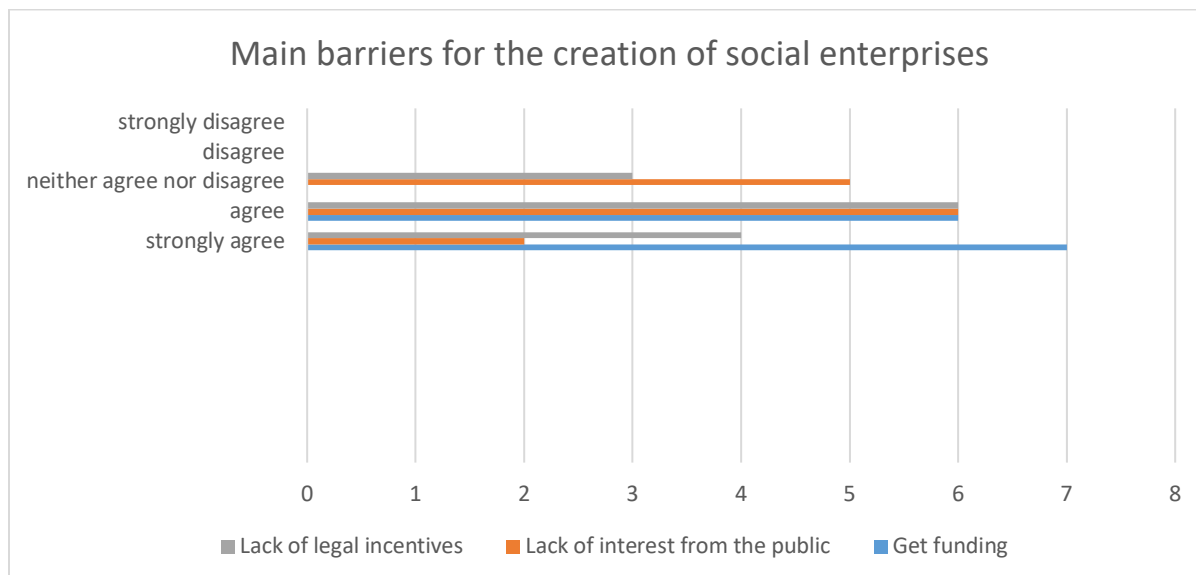




Almost fifty percentages of the responders consider health and education as the most important sectors in social enterprises. Among the most common answers are also the holistic psychological health, healthy food and positive habits, education and training, living conditions, agriculture, transport, trade, social cohesion, ecology and ecological environment, culture, social activities and housing.

According to the responders, the SE need more support mainly in the field of access to financing and networking/contacts (mixed funding and cooperation, financial and institutional support, advisory or know-how services such as lectures and workshops, information about possibilities and financial instruments). They have mentioned also media distribution, facilitation in the procedures for hiring of employees for seasonal/ temporary employment as well as for hiring foreign citizens.





Considering the answers of the responders, it could be claimed that the main barriers for social enterprises to expand (scale-up) are the lack of supportive law frame, relation between the regions and indirect cooperation, lack of fast profit and payoff. The main purpose of the SE is not profit and they are not as “hot sector” as IT sector for example. There is also lack of professional staff and public support. The funding, employment and administration are also mentioned as obstacles.

Some of the main challenges that SE face are the lack of support on many levels - finances, staff, long-term sustainability, lack of investors/ sponsors, lack of qualified employees, lack of motivation from the side of entrepreneurs; lack of understanding, lack of funding and income, bureaucracy, public support as well as small trade.

Two of the SE-responders answer that they are not enough satisfied with the support of the public authorities. According to them, the public authorities should spend more resources such as time, financial and educational; specialists that are more qualified should be working in the public field. One respondent declares that he/she is satisfied with the support of public authorities and mentions that he/she has received funding through Accelerator Start-up Sofia of Sofia Municipality. The others did not respond to this question at all.

The main obstacles for the development of **social** innovation are the lack of funding, lack of previous local experience, insufficient public support, lack of qualified cadre.

SE and SI do not feel well informed about funding opportunities, legal and normative developments, competitions, etc., particularly international ones.



According to the responders in order to encourage and ease the creation of SE there must be tax relief, co-funding – or other forms of financial support and risk sharing, as well as training programmes, support for enterprises with non-profit purpose, easier application procedures.

Among the skills and knowledge that a social entrepreneur must obtain, respondents volunteered knowledge and awareness about the social problems and needs, learning skills to continue their development, motivation, problem solving, compassion, enterprising, audacity, belief, experience with social problems. These are also the skills that responders would like to develop.

Key findings from interactive discussion

a/ good and bad practices and policies

More information is needed: open data regarding start-ups, the length of their existence, investors conditions. Hosting international events in the realm of SII – such as conferences, workshops, competitions – are likely to raise the awareness, recognition and importance of the topic, and foster better policy and skills development.

b/ overview of financial instruments available

More financial instruments seem to be available in Bulgaria currently – they were presented by the Bulgarian Fund of Funds. The representatives of Launch Hun=b Ventures and BrightCap Ventures also presented the venture capital investments available and their conditions. The H2020 opportunities and the European Innovation Council are still seen as an arena for big players – universities, corporations, young firms with lots of patents, and Bulgarian start-ups do not feel competitive. At the same time, they fear they may get further behind if nothing is done to catch up with the best performing countries.

Conclusions and recommendations

The input from the workshop will contribute to the elaboration of a transnational Danube strategy to be developed in late 2019, as well as first SDA Action Plan on the project.





Report from the 3rd Regional Stakeholder Group Workshop - Slovakia -

Project	Finance4SocialChange
Work Package	WP4
Date	23.09.2019
Responsible partner	The Union of Slovak Clusters (ERDF PP7)



Content

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1. Executive summary

Social entrepreneurship in Slovakia has made a significant step forward in 2018. The new Act on Social Economy and Social Enterprises was adopted in May 2018, bringing about a legal definition of SE and adjusting the legal framework and regulatory environment in which SEs have to operate at national level. This step helped to raise awareness about the concept of social entrepreneurship and more entities are now interested either in the creation of SE or in the scale-up of existing SE. Another tool of raising the awareness of social entrepreneurship is interactive dialogue among different stakeholders (existing SEs, to-be SEs, SIs, policy-makers, public, etc.). This is the objective of regional stakeholder group workshops within the project Finance4SocialChange.

2. Introduction

On 23rd September 2019, the Union of Slovak Clusters organized the 3rd Regional Stakeholder Group Workshop in Trnava, Slovakia with aim to bring together various stakeholders, for whom the topic of social entrepreneurship is relevant. During the event, 23 participants (21 stakeholders and 2 representatives of the Union of Slovak Clusters) discussed current trends in relation to social entrepreneurship, existing opportunities, policy frameworks and good practices.

The participants of the 3rd Regional Stakeholder Group Workshop were mayors of municipalities, managers of civic associations and local action



groups, policy makers and social investor. To specify, following types of stakeholders were reached:

- 16 would-be social entrepreneurs (mayors of municipalities, civic associations and local action groups)
- 3 policy makers (representatives from the regional center for social economy)
- 1 social investor
- 1 representative of networking institution
- 2 representatives of project partner (Union of Slovak Clusters)

The target group was selected with aim to present more information about the issue of social entrepreneurship to potential/would-be social entrepreneurs in Slovakia.

The agenda of the 3rd Regional Stakeholder Group Workshop in Trnava, Slovakia:

09:30-10:00	Arrival and registration
10:00-10:15	Welcome and introduction of the objective of the workshop
10:15-12:00	Presentation and discussion on selected topics, including individual exercise (questionnaire): project Finance4SocialChange, social innovations, social aspect in public procurement, the Act on Social Economy and Social Enterprises
12:00-13:00	Lunch & Networking
13:00-15:00	Interactive discussion on good practices in social entrepreneurship
15:00	Wrap-up and end of the workshop



3. Key outcomes from interactive discussions

The event started with a warm welcome of participants and short introduction of the objective of the workshop. During the introductory speech, the importance of multi-stakeholder collaboration and partnerships was highlighted, since it supports the transfer of knowledge and information among regions and countries, raises awareness about social entrepreneurship among different stakeholders and also contributes to the improvement of framework conditions in given area.

During the event, the representatives of the Union of Slovak Clusters shortly introduced the project Finance4SocialChange and its main objectives and activities, whereby the participants were also asked to fill in the questionnaires. Since the majority of the participants were potential/would-be social entrepreneurs that were interested in more detailed information about the issue of social entrepreneurship in Slovakia, the main focus of the workshop was on existing opportunities, legal framework and presentation of good practices in the country.

After the first exchange of information, the discussion about the social aspect in public procurement followed. The representative of UKS, Mr. Andrej Gero provided information about socially responsible public procurement, basic approaches as well as practical examples. Although the issue of social aspect in public procurement is a very complex topic, participants were willing to ask questions and it was obvious that they



consider the topic very interesting. Subsequently, the representative of the Regional Center for Social Economy in Trnava presented the objective and activities of the Institute of Social Economy established within the Ministry of Labor, Social Affairs and Family of the Slovak republic. Furthermore, the terminology used in the new law on social economy, types of social enterprises and also the registration procedure were discussed, whereby the participants asked questions about specific support that regional centers offer in relation to the establishment of social enterprises and also after the registration procedures. In addition, the participants were interested in other existing possibilities (so-called housing social enterprise, types of social enterprises dealing with other topics: environmental issues, education, culture, etc.), not only in the work integration social enterprises that are the most known social enterprises in the country.



Moreover, the attention was devoted to the existing financial support that social enterprises may receive. The participants received information about the new call launched by the Ministry of Economy of Slovak republic that is intended for the support of the realization of social innovations by small and medium size enterprises. It is a new form of financial support that may be provided to social enterprises in Slovakia.

Subsequently, the discussion about good practices and trends in Slovakia followed. In general, the participants agreed that the main difference between social enterprise and business enterprise is the achievement of positive social impact. Although the well-known enterprises in Slovakia are municipality social enterprises that are dealing mainly with the work integration, the discussion showed that participants – would-be social entrepreneurs are interested also in other areas, such as environmental issues or education. The participants stated that one of the reasons is the fact that not all the regions deal with the problem of high-level unemployment, ethnic minorities, etc., but they see that the issue of social responsibility is becoming more and more important. As a result, the mayors of municipalities, civic associations and local action groups would like to pay more attention to given topic, and thus consider the establishment of social enterprise.





During the event, there was a fruitful discussion among participants, who expressed their opinions on discussed topics that may be summarized as follows:

- Generally, the participants agreed with all the elements that are inseparable from the notion of social enterprise (vocation of social utility, social transformation, response to social needs that are not/badly covered by public and private actors, etc.).
- In Slovakia, social enterprises are active in following areas: social services, education, health care, agriculture and food sector, construction works.
- The most often stated types of support needed for social enterprises is financial support, education, consulting in the area of legislation and administration, raising awareness about the issue of social



entrepreneurship, marketing support. However, several types of support are provided by the Regional Center of Social Economy, thus participants were encouraged to contact the representatives of Center relevant for their region.

- Generally, the skills and knowledge, which are essential for social entrepreneurs are as follows: managerial skills, combination of business and social spirit, assertiveness, market overview, good ideas. Furthermore, social entrepreneurs need to have a knowledge how to work and communicate with socially vulnerable people.
- According to the participants, one of the main barriers for the establishment of the social enterprise is the lack of financing and the bureaucracy. Although the new law on social economy was adopted in 2018, the legislation and certain measures have not been completed yet (still in the process of development). Therefore, established social enterprises have either lack of exact information about legal framework or difficulties related to long lasting distribution of information as well as long administrative procedures. Further barrier that was stated by the participants is the weak marketing campaign devoted to the social entrepreneurship – more attention could be devoted to the presentation of good practices, legal framework and existing opportunities.
- Furthermore, it is very important to raise awareness about the social entrepreneurship and to focus more on the coaching, exchange of



information and experiences, and on the networking activities. In addition, the participants highlighted the importance of organization of various workshops, trainings or study visits that would be devoted to this topic.

4. Conclusions and recommendations

The organization of the 3rd Regional Stakeholder Group Workshop provided space for the exchange of information and experiences and also for the discussion of current trends, good practices and existing possibilities in the area of social entrepreneurship.

Slovakia may be considered as a very good example in the area of social entrepreneurship in the Danube region, since there already is a legal definition of social enterprise and currently, there are 33 registered social enterprises in the country. However, the area of social entrepreneurship in Slovakia is still in the process of development, and thus it is necessary to further raise awareness about the concept of social entrepreneurship, as it brings not only economic, but mainly social benefits to social enterprise and civil society.

Generally, participants expressed their interest to participate in future events and other activities organized within the project.



Workshop Report

Information on Workshop:

Subject:	3th Regional Stakeholder Group Workshop
Organization:	Chamber of Commerce and Industry of Serbia
Venue:	Resavska 15, Belgrade
Date:	05. September 2019.
Duration of the meeting:	2 hours
Attendees:	Representatives of the Social Inclusion and Poverty reduction Unit- Prime Minister's Office, Representatives of the Standing Conference of Towns and Municipalities, Representative of the bank, Representatives of Divac Foundation, Representatives of SEs, Representatives of traditional business, Representatives of the Chamber of Commerce and Industry of Serbia



1) Introduction

Finance4SocialChange works towards creating the first "Social Impact Investment Strategy for the Danube region" by paving the way for promoting more social innovations and social impact investment ready social enterprises. Thus, CCIS organized 3th Regional Stakeholder Group Workshop with the aim to collect information from the relevant stakeholders and provide material for developing a concrete evidence-based strategy for the improvement of framework conditions on social impact investments in Serbia.

At the 3th Regional Stakeholder Group Workshop that was held on September 5, 2019 there were representatives from targeted stakeholders group: Representatives of the Social Inclusion and Poverty reduction Unit- Prime Minister's Office, Representatives of the Standing Conference of Towns and Municipalities, Representative of the bank, Representatives of Divac Foundation, Representatives of SEs, Representatives of traditional business, Representatives of the Chamber of Commerce and Industry of Serbia – regional offices.

After presentations of business cases of social entrepreneurs, 4 priority areas has been defined: law and institutional framework development; the establishment of appropriate financial framework; promotion of social entrepreneurship through formal and informal education and increasing the visibility of social entrepreneurship.

Considering the above mentioned, at the meeting, stakeholders have discussed about the advantages and disadvantages of social entrepreneurship in Serbia.

The main advantages are:

- The interest of institutions who are able to encourage and promote social entrepreneurship sector - chambers, development agencies etc.
- The interest of citizens and business community for CSR development
- High interest of international donors for social entrepreneurship development
- Growing interest towards social impact investment opportunities by Western European funds

The main disadvantages are:

- Lack of supportive policy and legislative framework - the lack of governmental support programs
- Misunderstanding the concept of social entrepreneurship by governmental institutions, business and private sector
- The lack of financial instruments available to potential social enterprises
- Lack of managerial and professional skills/ competencies necessary for scaling up activities
- Insufficient visibility and recognition of the social enterprises products/services

In order to overcome the above mentioned bad aspects for the development of a social entrepreneurship the following subject has been discussed on the meeting:

1. In order to raise visibility of social enterprises, CCIS will develop online catalogue of social entrepreneurship, but also, CCIS will collect promotional materials from the social enterprises that will be displayed in prominent places in CCIS spaces and conference halls.
2. In order to collect information about the activities of social enterprises, their team, completed trainings, projects in which social enterprises have participated so far, but also about necessary additional investments, we have made Questionnaire. Information provided in this



Questionnaire will assist in the creation of financial and nonfinancial assistance programs for social enterprises at the national and local level.

3. In the Working Group activity, for draft Law on social entrepreneurship, on the initiative of the Cabinet of Prime Minister, the outside consultants were included, who created Ex ante analysis, for the proposed plan of the social entrepreneurial.
4. The representatives of “Divac Foundation” had explained the ways of implementation of the Youth bank in Serbia project. Their mission is to include more citizens in a development of a civil society, but also to motivate local investors to invest in a community development. In addition to the implementation of this program, Divac Foundation is working on the introduction of “Really important card” which is part of the Sold Card Community Card program. It turned out that there is a huge interest of citizens and also businesses at the local level, to contribute to the improvement of the local community, but also the lack of tools that will enable connection of their desires, abilities and interests, as well as the inability to resources of the local community use in accordance with objectives and needs of citizens and companies at the local. In this way, they are connecting socially responsible companies, end-users with the development of local communities.
5. Due to the limited number of instruments for social enterprises, organization Smart Kolektiv announced the establishment of Fund for the development of the social economy. Basic characteristics:

Eco-system development: longterm strategic support program for social enterprises in a different phases of development

Investing in social impact: Innovative financial mechanism adapted to the social enterprises – up to 50.000 EUR

Mentoring support: longterm expert support adopted to the company’s needs and mentor/entrepreneurship team

Innovation in granting: strategic linking of foundation, companies and individuals/philanthropist in a community, that will support longterm and effective community development and provide examples to others

Three programs will be developed through the Fund: SMART START-UP PROGRAM; SMART INVESTMENT READY PROGRAM and SMART FINANANCING.

2) Key outcomes from interactive discussions

Needed institutional support for social enterprises – business sector and the general public should be informed what is implied by a social enterprise. There are excellent ideas, but people with good ideas need to be encouraged to offer their products to the market, also to offer institutional support and greater promotion. However, even when they start to do business, most of them do not know who to contact for further clarification of procedures.



Topics that will be covered in Regional action plan for Serbia were present at the meeting. Representative of CCIS has asked questions, and based on dialogue of relevant participants on the workshop, it will be define first draft version of Regional action plan for Serbia.

Opportunities for helping SEs were also presented.

3) Conclusions & recommendations

- Preparation a draft version of Regional Action Plan for Serbia
- Contribution to the drafting the Law on social entrepreneurship by preparation through Ex ante analysis
- Organization of the Conference with the World Bank: Western Balkans Private Equity Investment Readiness: “Financial management support to MSMEs for access to private equity finance”. The Conference will be held on October 17th 2019 in CCIS and the objective is to help developing the capacity of service providers to assist growth stage and help established MSME companies raise the financial capital necessary to fund their growth and expansion, by helping them to become Investment Ready. This workshop will cover variety of topics, including how Private Equity funds operate and how to engage with them, how they identify investments and value companies as well as how to companies can create an effective first impression and how to become ready to raise equity finance
- Organization of the Conference with European Commission “Inclusive growth in Serbia: overcoming MSME financing constraints” which will be held on October 24th 2019 in CCIS. Objectives of the Round Table will be: to clearly communicate what is the Serbia MSME market, to understand diversification of financial service and social impact, to understand the role social finance and microfinance play in EU’s economic and social inclusion policies and to review the range of practice in financial regulation and supervision in Europe, also as future plans in the EU. First session will be focused on the Republic of Serbia - Enhancing access to MSME financing in Serbia, and the second session will be focused on EU - Microfinance and more access for enterprises in the EU, where representatives of EU will present their best practice examples.
- Timely informing social enterprises of available sources of funding, state support programs
- Timely informing social enterprises about published calls for projects regarding the social entrepreneurship sector



REPORT

Event:	Regional stakeholder group workshop
Project Title:	Finance4SocialChange
Project Partner:	Organization for Small and Medium Enterprises Sector Development (ODIMM)
Report Number:	3
Period covered by the report:	Period 3
Duration of the project:	36 Months
Rapporteur:	Aliona Cravetchi
Recipient:	SEZ/S2i

Chisinau

September, 2019

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Introduction

The third regional stakeholder workshop was co-organized under the Finance4SocialChange project by the Organization for Small and Medium Enterprises Sector Development (ODIMM) within the National Conference for Social Entrepreneurship on 27th of September 2019.

The Conference was structured in 4 panels of discussions. Speaking at the opening were the Ambassador of Sweden to the Republic of Moldova, Councilor for Labour, Social Affairs, Health and Consumer Protection of the Austrian Embassy in the Republic of Moldova, State Secretary of the Ministry of Economy and Infrastructure, Policy Officer, Directorate-General for the Internal Market, Industry, Entrepreneurship and SMEs of the European Commission, and Vice-President of the Ialoveni district. They appreciated the concept, importance and topicality of the topic addressed this year at the conference, while also mentioning the real need to create a network of social enterprises at national level, which would enhance the capacities of NGOs, social enterprises and public institutions to formulate, monitor and evaluate public sector policies in order to strengthen its social and economic impact.

Within the 2nd panel was presented the key points of the project and issues related to their good and bad practices were discussed. Another topic that was mentioned in the discussions was the implication of authorities in the field of social entrepreneurship.

The event was attended by over 60 people, representatives from non-governmental organizations, social enterprises, public authorities and institutions, diplomatic missions, along with international social partners and other citizens interested in the field of social entrepreneurship.

The agenda of the conference included an information session, in which experts on social economy from Spain, Austria, Italy and Belgium shared the practices and instruments for measuring and scaling the social impact.



Key outcomes from interactive discussions

a. *Good practices.*

The good practices mentioned within the discussion are:

- about the legal framework was mentioned that the National Commission for Social Entrepreneurship was created to support and develop this field;
- was elaborated the report which includes the current situation of social entrepreneurship in the Republic of Moldova and established an action plan for develop this area at legal level.
- external partnerships which provide exchange experience, trainings, self-trainings, workshops and study visits;
- involvement of the local public authorities to support social enterprise;



b. *Bad Practices*

The measurement of social impact is one of the topics that social entrepreneurs have no competences to analyse.

A higher involvement from the local authorities and the ministries is desired as well.

Lack of curricula in universities with regard to social entrepreneurship.

Lack of a coaching program for social enterprises.

No social enterprise has submitted the documents to obtain social enterprise status.

c. Policy niches

Elaborate a national action plan dedicated to development of social entrepreneurship in the Republic of Moldova.

To create a financial scheme for supporting the social enterprises.

d. Overview of all financial instruments available

The Government proposes yourself to elaborate and develop a financial scheme for social enterprises. Were elaborated the report of current situation in social entrepreneurship field by an expert and the report reflect the necessities of this area.



Conclusions & recommendations

It is necessary to initiate measures to create an ecosystem favourable to development: access to different financing instruments and markets, support structures for business, human resources development and research, fiscal and non-fiscal facilities differentiated by types of social enterprises, etc.

This aspect requires important steps:

- Elaboration of a public policy document or a national program for the development of social entrepreneurship;
- Harmonizing secondary legislation with the Law of Social Entrepreneurship;
- Piloting programs such as: grant manager schemes which include: training / mentoring / financing / promotion / impact measurement;
- Elaboration of a National Strategy for the Development of Social Entrepreneurship accompanied by a multi-annual action plan;
- Periodic data collection / research / evaluation / human resources development.





Workshop Report

FINANCE4SOCIALCHANGE

Leveraging Finance 4 positive Social Change

**Institute of Market Problems and Economic&Ecological Research
of the National Academy of Sciences of Ukraine, Odesa
October 15, 2019**

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1) Executive summary

As a partner within the FINANCE 4 SOCIAL CHANGE project, Institute of Market Problems and Economic&Ecological Research of the National Academy of Sciences of Ukraine has organized the 3rd Workshop with different stakeholders in a sphere of social entrepreneurship, including representatives of science, of SME and of business, organized in cluster form.

In accordance with results of a survey conducted within the Workshop, different opinions within the focus group enabled to specify conclusions on current situation of social entrepreneurship development in the Ukrainian Danube Region. The main problems on the way of social entrepreneurship development in Ukrainian Danube Region include: lack of state support, not appropriable institutional framework for small and socially-oriented business progress, lack and insufficiency of financing were specified as the most important challenges that a social enterprise faces. A major part of the 3rd Regional Stakeholder Workshop have mentioned nearly the same problems and challenges as during the 1st and the 2nd RSWs. Namely, they've expressed their dissatisfaction with the support of public authorities; insufficient support of the authorities and lack of financing and absence of strategic policy directions and means for the development of social innovation; information vacuum about funding opportunities for social entrepreneurships. Institutional state support, financial support (public and private), informational consulting were named as general measures to ease the creation and functioning of social enterprises. Planning and business management skills were named as the most essential to a social entrepreneurship development in Ukrainian Danube Region.

2) Introduction

Why) Initiatives for development of social entrepreneurship in Ukraine, and on the territory of the Ukrainian Danube Region in particular, supported by the FINANCE4SOCIALCHANGE project, enabled organization of 3 regional stakeholders meetings, where social entrepreneurs were involved as participants and interviewees. Stakeholders that attended the 3rd RSW included not only social entrepreneurs, but also persons planning to take part in social entrepreneurship. The topic of social entrepreneurship development is considered to be extremely urgent for residents of the Ukrainian Danube Region mainly by the reason of high unemployment in the region, especially in rural areas, where small business is reckoned in as social while providing jobs for vulnerable groups of the population. Also social and other innovations are very important for Ukrainian Danube Region because of extreme climate changes that caused necessity of diversification of economic activities spheres.

where) the 3rd RSW was organized and conducted on base of Institute of Market Problems and Economic&Ecological Research of the National Academy of Sciences of Ukraine (IMPEER of the NAS of Ukraine) that is the single scientific-academic organization in the sphere of economics researches in the Ukrainian Danube Region. As a partner within the FINANCE 4 SOCIAL CHANGE project, IMPEER of the NAS of Ukraine has gathered together the stakeholders in a sphere of social entrepreneurship in a venue of the Institute at the address: 29, Frantsuzsky Boulevard, Odesa (assembly hall, 3rd floor).

when) Regional Stakeholders Workshop #3 for the project "Leveraging Finance 4 positive Social Change (CHANGE FINANCE 4 SOCIAL)" was conducted on October 15 , 2019 by a partner of the project, namely the IMPEER of the NAS of Ukraine. Conforming to recommendations envisaged in the **Concept Note for Regional Stakeholder Group Workshop and in keeping with Agenda (Annex A)** the event lasted about 4 hours (from 10.00 to 14.00).

participants) A target group of the Workshop was comprised of 2 individual entrepreneurs, which are involved in social entrepreneurs (for the reason that the individual entrepreneurs in the Ukrainian Danube Region often operate as social entrepreneurs because they give jobs to former unemployed, including students), two social investors (A. Palariev and V.Osipov), that gathered a number of social entrepreneurs in Danube Region as well as, representatives of scientific circles engaged in social entrepreneurship studies. Nevertheless, a number of the Workshop participants was expended by scientific staff of the IMPEER of NASU, students and entrepreneurs striving to get a certain knowledge concerning social entrepreneurship in order to start their own business within the realm. A total number of the Workshop participants is more than 20 persons. A total number of participants, who were engaged in a survey (those who wished to participate in the survey) amounted to 5.

methodology) The approach to the organizing and conducting of the 3rd Regional Stakeholders Workshop is based on **Concept Note for Regional Stakeholder Group Workshop and engaging of** small audience of genuine social

entrepreneurs and social investors in order to identify key problems and goals of social entrepreneurship development in the Ukrainian Danube Region, introduce other stakeholders to the best and the worst practices of social entrepreneurship providing, and to foster open discussions concerning social entrepreneurship policy niches in the Ukrainian Danube Region. The combining of questionnaires with colloquial discussions allows the IMPEER's team to obtain information about real tendencies, wishes, goals, barriers, tasks and challenges of social entrepreneurship development in the Ukrainian Danube Region. The debates are supported with animation and visualization that helps to facilitate the dissemination of knowledges about social entrepreneurship in Danube Region and about Danube Transnational Programme capacities.

3) Key outcomes from questionnaires

Questionnaires. Processing of questionnaires, that were filled as an individual exercise envisaged within the Workshop, - and a further discussion of questions and issues faced while filling in the questionnaires enabled to draw conclusions on current situation within the realm of social entrepreneurship, namely, to reveal barriers and challenges for starting and scaling up social enterprises, and policy niches, as well as, skills and knowledge needed for social entrepreneurs.

4) Key outcomes from interactive discussions

a. Best (and bad) practices

The best practices presented by the workshop participants include examples of cooperation with SMEs and self-engaged in social entrepreneurship activities persons provided by such social investors as Osipov V.M. and Palariev O.A. The best practices represented by Osipov V.M. and Palariev O.A. include cases of creation large nets of business communication and of including of SMEs into the chains of added value creation that allows to socially unprotected persons make participation in common net-oriented business-processes. Such approach allows small entrepreneurs to solve unemployment problems, provides social adaptation facilitation, and stimulates increase of welfare in depressive local communities the Ukrainian Danube Region.

Osipov V. presented his wine waste processing project in the Southwestern part of the Odessa region, which enabled bringing together different segments of winemakers, solving employment problems, reducing environmental risks, obtaining additional useful products that offer prospects for small farms on their further social cooperation. Osipov V. has invested lots of resources in order to co-finance the development of the wine waste processing cluster and employ people from the Southwestern part of the Odessa region and he really played a role of social investor. The role of social investor provided by V.Osipov is revealed in sphere of creation of numerous business contacts that helps to SMEs engaged in wine-making activities to be also engaged in common activity concerned with processing of winery waist-products. Innovative ideas of such processing allowed to gather more

than 100 of different small wine-makers and to gain a new experience of valuable products obtaining due their cooperative work.

The realisation of project of wine-making by-products processing is provided by V.Osipov in cooperation with A. Palariev – another social investor who created cluster “Frumushika-Nova”. The Agro-ecological and recreational cluster “Frumushika-Nova” is located on the territory of the project’s partner - Veselodolinska Village in Tarutinsky District of Odessa Region. The Cluster has an optimal geographical location that is suitable for cross-border communication and is a territorial centrum for the four local winemaking factories that is suitable for logistics tasks “resources - processing”.

The Cluster "Frumushika-Nova" was involved as a basis for technological test site for equipment for processing of recycled resources of winemaking that played role of gathering of SMEs in wine-making sphere on basis of innovative technologies implementation in sphere of social entrepreneurship. Thus it has all the initial infrastructure for practical implementation of the innovative idea into real life:- winemaking factory (provides recycled resources of winemaking); equipment prototypes (initial experience in processing of recycled resources of winemaking); business net with processing factory in the Odessa region - the Odessa Kernel Oils Factory (it was already the test delivery of the processed recycled resources of winemaking from the “Frumushika-Nova” on the Factory for further processing into oil); consuming facilities for innovative products, produced from recycled resources of winemaking (restaurants, tourism objects, agro-industrial objects).

In general tests were successful, but revealed some further tasks: 1) recycled resources of winemaking need to be tested (physicochemical, toxicological, radiological and microbiological tests) in order to estimate the possibility of their further usage due to the people’s health safety, conducted tests have revealed a lot of pesticides and other toxins in some recycled resources of winemaking that makes impossible its further usage by people, it can be used only as pellets for energetic purposes. Thus, before processing of recycled resources of winemaking it should be tasted on the research laboratory. Such laboratories should be nearby the place of processing of recycled resources of winemaking; 2) dryer has technical problems, low capacity and not enough effective; 3) lack of specialists with knowledge and practical skills of work in the research laboratories and on the processing equipment. Participation of the Cluster “Frumushika-Nova” in the project had the following effects: 1) technological: experience of engineering and usage of the equipment set for processing of recycling resources of winemaking within the cross-border cluster that helped to proposed effective and cheaper then foreign analogues equipment, its local production will develop the internal market and will substitute import; 2) scientific: scientific technologies were practically implemented and tested; 3) educational: students received a practical experience; 4) communicational: on the basis of the technological test sites was formed a social capital (capital of communication) among cluster stakeholders and target groups that is necessary for the further sustainability of the project’s results and cluster functioning and capitalization. 5) demonstrative: the created technological test site on the basis of the Cluster “Frumushika-Nova” includes basic equipment, that is an alive model of

cross-border cluster for processing of recycled resources of winemaking, on which economic and organizational mechanisms for stakeholders collaboration will be elaborated and transferred all around partner countries.

Different business activities of the Cluster “Frumushika-Nova” gathered SMEs and engaged them into added value chains that resulted in social effect – increase of welfare of small businesses in depressive locations of the Ukrainian Danube Region.

b. Potential and limits of transferability of these best practices in the

Danube region. The main limits of transferability of these best practices that are mentioned during the workshop in the Danube region lie in different fields: lack of dissemination and lack of socially organized net of stakeholders for fast information and ideas exchange. The inappropriate state regulatory conditions for social entrepreneurship in Ukraine and in the Ukrainian Danube region do not afford to the best practices to be easily implemented. Some social entrepreneurs are extremely frightened of the institutional difficulties and they need informative and financial support, they need guaranties.

c. Policy niches. The constituents of the policy of stimulating social entrepreneurship in the Ukrainian Danube were formally classified by the participants to such components as:

- state regulation;
- self-organization of the population and entrepreneurs;
- policies and assistance from international organizations, programs and foundations.

Workshop participants expressed a consolidated opinion that real help in the development of social entrepreneurship is felt only from Social investors, entrepreneurs (in the form of mutual assistance), NGOs, from international cooperation programs. The role of the state remains weak and task of legislative stimulation of social entrepreneurship development in the Ukrainian Danube Region remains unsolved.

d. Overview of financial instruments available. As a result of collective discussion by the participants of the workshop on the prospects for financial instruments use, it has been determined that international funds, charitable foundations can be involved in social entrepreneurship development process. Also stakeholders mentioned about importance of non-governmental indirect financial support – participation in common chains of added value with social investors (example of wine-making by-products processing cluster).

5) Conclusions & recommendations

The most of the participants agreed that the main role of social entrepreneurship is realized through the following elements: Vocation of social utility, Social transformation, Response to social needs, Contribution to the transformation of public policies. Social entrepreneurs of the Ukrainian Danube region are engaged in

different types of economic activities. Social innovations can be realized in traditional for the Ukrainian Danube Region spheres of activities, concerned with agricultural or food producing businesses. The barriers for social entrepreneurship development are named as Lack of financial resources; Lack of state support; Insufficient legislative basis.

The key recommendations for social entrepreneurship development in the Ukrainian Danube Region regard the legislative basis because all the main barriers in the realm are concerned with insufficient policy framework, namely:

1. The definite benefits to social enterprises are to be institutionally established.
2. Institutional state support and financial support (public and private) were proposed by participants as general measures to encourage or ease the creation of social enterprises.







Regional Stakeholder Group Workshop
FINANCE4SOCIALCHANGE
Leveraging Finance 4 positive SocialChange
AGENDA

10:00-10:20	Arrival, registration of participants and welcome coffee
10:20-10:45	<p>Welcome speeches and introduction by the institution-organizer - the Institute of Market Problems and Economic & Ecological Research of the National Academy of Sciences of Ukraine.</p> <p><i>Deputy Director of the Institute for Scientific Work, Project Coordinator of “FINANCE4SOCIALCHANGE”, Dr.Sc. (Economics), Senior Researcher</i></p> <p><i>Laiko Oleksandr Ivanovich</i></p> <p><i>Scientific Secretary of the Institute, Dr.Sc. (Economics), Senior Researcher,</i></p> <p><i>Khumarova Nina Ipolitovna</i></p> <p><i>Guest from the Romanian Academy of Sciences, professor</i></p> <p><i>Dan-Marius Voicalas</i></p>
10:45-12:00	<p>Presentation of the best practices of social entrepreneurship stimulation and tools for Ukrainian Danube region and prospects of such tools sharing among all countries of the Danube region.</p> <p>Project expert, researcher of the department of Interregional Economic Development of Ukrainian Black Sea Region of the IMPEER of the NAS of Ukraine</p> <p><i>Olga Iermakova, Vladimir Osipov, Oleksandr Palariev, Losyev Maxim, Ariadna Sainchuk</i></p>
12:00-12:30	Questionnaires. Individual exercise of participants
12:30-13:00	Coffee break
13:00-13:40	Guided discussion on best practices and policy niches in the sphere of social entrepreneurship
13:40-14:00	Summarizing of practices, conclusions and future prospects. End of the event

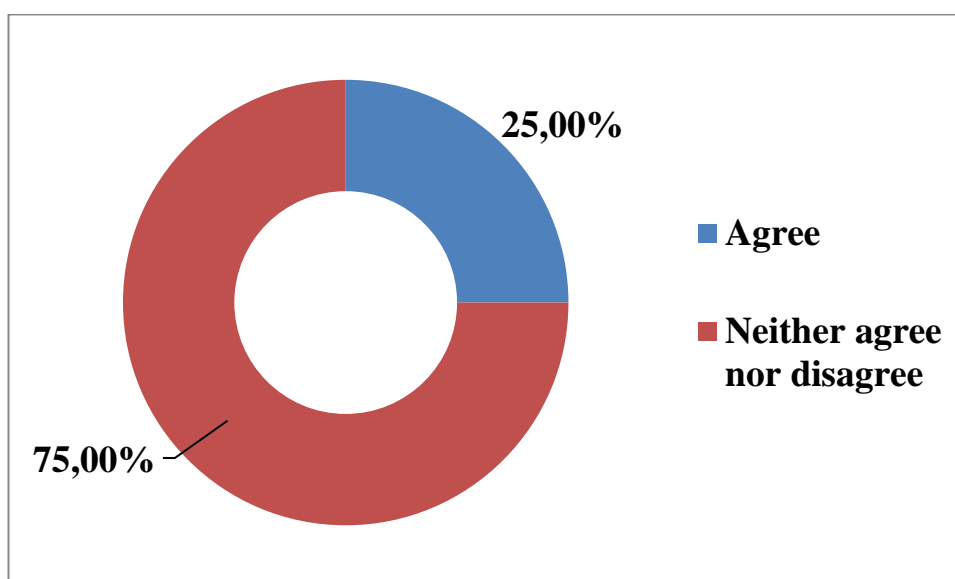
Tables and graphs containing the results of the survey within the Workshop#3

FINANCE4SOCIALCHANGE

Leveraging Finance 4 positive Social Change

QUESTION Nº1. IN YOUR OPINION, WHICH ELEMENTS ARE INSEPARABLE FROM THE NOTION OF SOCIAL ENTERPRISE?						
	<i>Strongly agree</i>	<i>Agree</i>	<i>Neither agree nor disagree</i>	<i>Disagree</i>	<i>Strongly disagree</i>	<i>Total number of answers</i>
Vocation of social utility	3	2				5
Social transformation	2	2	1			5
Territorial anchoring	2	2	1			5
Response to social needs that are not/badly covered by public and private actors	2	1	1	1		5
Partnership logic		2	1	2		5
Collaborative or cooperative governance	1	2	1	1		5
Mixed financing		2	2	1		5
Contribution to the transformation of public policies	2	1	1	1		5
Other - specify						0

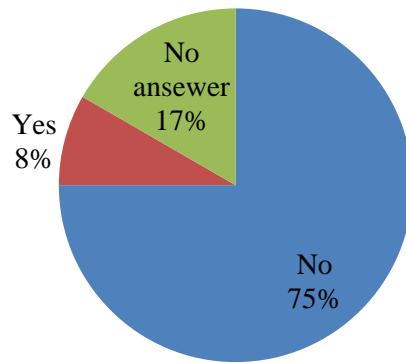
QUESTION Nº2. CAN YOU GIVE AN EMBLEMATIC EXAMPLE OF A SOCIAL ENTERPRISE? WHAT MAKES IT EMBLEMATIC?



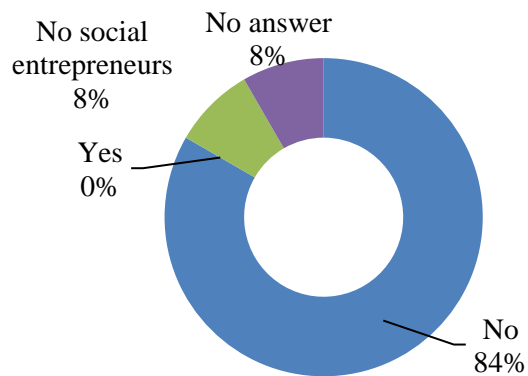
QUESTION №3. ARE SOCIAL ENTERPRISES IN YOUR REGION ACTIVE IN THESE SECTORS?						
	<i>Strongly agree</i>	<i>Agree</i>	<i>Neither agree nor disagree</i>	<i>Disagree</i>	<i>Strongly disagree</i>	<i>Total number of answers</i>
Health	3	2				5
Education and Training	3	2				5
Housing	1	1	3			5
Food	1	2	1			5
Personal services		4	1			5
Social actions	1	4				5
Mobility		2	3			5
Ecology and environment	1	1	3			5
Social cohesion		1	4			5
Culture		1	4			5
Living conditions		1	4			5
Other - specify						0

QUESTION №6. IN YOUR OPINION, WHAT ARE THE MAIN BARRIERS FOR THE CREATION OF SOCIAL ENTERPRISES?						
	<i>Strongly agree</i>	<i>Agree</i>	<i>Neither agree nor disagree</i>	<i>Disagree</i>	<i>Strongly disagree</i>	<i>Total number of answers</i>
Obtaining financing	3	2				5
Lack of interest from the public	3	2	1			5
Lack of legal incentives	3	2				5
Other	1					1

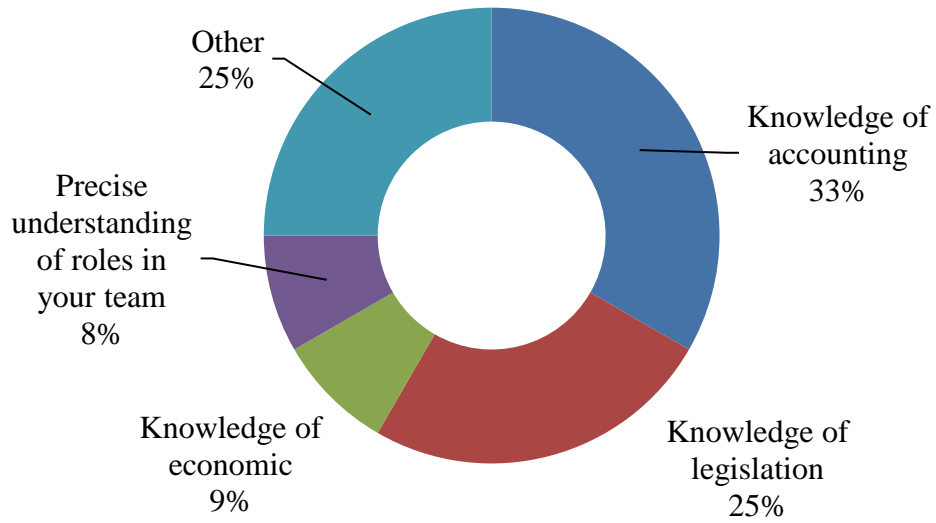
Question №12. Do you feel well informed about funding opportunities?



Question №14. Do you feel well informed about the legal framework pertaining to social enterprises?



Question №16. What skills and knowledge does a social entrepreneur need?



Question №18. Which kind of training format would provide the biggest value to you ?

