

# |||▶ Social Innovation and Employment in the European Union



**Social  
Business in  
PROGRESS**

# Social Innovation and Employment in the European Union

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# Social Innovation and Employment in the European Union

## II ► Preamble

In 2010, under the PROGRESS<sup>1</sup> initiative call for proposals<sup>2</sup>, the consortium ‘*Social Business in Progress*’ had the opportunity to promote an innovative social experimentation within social policy by taking a coordinated approach to social protection and social inclusion in the European Union (EU).

Preconditions for this social experimentation were to:

- provide innovative answers to social needs;
- be undertaken on a small scale due to uncertainty as to their effects;
- be implemented in conditions that ensure the possibility of measuring their effects;
- be repeated on a wider scale if the results prove to be consistent.

The project aimed to combine the expertise of different partners and stakeholders to create replicable projects that follow social business, social entrepreneurship or inclusive business models, and that will contribute to the employability of disabled and vulnerable people, particularly younger people.

The purpose of this handbook is highly practical, so that the experimentation can be visualised and recognised. The handbook is divided into three parts: one aimed at fostering entrepreneurship among vulnerable groups; the second discussing how to create a company written from the perspective of a social entrepreneur; and the third showing the pilot project’s accomplishments and the project conclusions.

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<sup>1</sup>PROGRESS is the EU’s employment and social solidarity programme, which provides financial support for the attainment of EU objectives in employment, social affairs and equal opportunities as set out in the Social Agenda. For more information see: <http://ec.europa.eu/progress>

<sup>2</sup>VP/2010/007





The handbook has been written by all partners<sup>3</sup> with the supervision of IVAS and SDC and has been coordinated by APCC. As the writers of the handbook, we have had the permanent support and advice of the external evaluator HEC-Paris and critical stakeholders from each country<sup>4</sup>. The advice of every one of them has been very valuable in terms of monitoring the competitiveness of ideas, obstacles, guidelines for action and environmental and social impacts. This handbook would not have been possible without their support and involvement.

We would like to express our gratitude to the members of the Warsaw University of Technology, Civil Engineering Faculty, and other entities who very kindly discussed the intermediate results during the conference on 27 March 2013, held in Warsaw. Their observations and advice have been most useful in carrying out and concluding the work.

We would like to thank the partners for their inspiration and contributions. And of course we are grateful to the PROGRESS initiative for co-funding this project.

We feel privileged to have been given the opportunity to prepare this handbook which, we hope, will serve to boost awareness of social business as one of the pillars of engaging people in a more sustainable Europe.

These new models are focused on people and on the creation of social value. We believe that this new mindset of developing businesses that have a positive social impact will be the future of the economy and will allow people to be active in their own lives in breaking poverty cycles.

We are working in full cooperation with the European Commission (EC) to create the right environment for these new models to grow, and the recommendations that we propose are based on what was tested on the ground.

Maria da Graça Faustino  
Gonçalves Neto  
Project Coordinator

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<sup>3</sup>Partnership: APCC – Associação de Paralisia Cerebral de Coimbra, IVAS (Instituto Valenciano de Acción Social), LCD (Leonard Cheshire Disability), Procesy Inwestycyjne and SDC (Saír da Casca - Consultoria em Desenvolvimento Sustentável).

<sup>4</sup>During the first phase, each partner organised two seminars. The goal was to share and discuss information with different key stakeholders (from the business, public and social sectors and universities) on new models/ approaches to tackle poverty and social exclusion, as well as to identify new opportunities and constraints.

# 1. Introduction

## 1.1 The Progress Programme

PROGRESS's ultimate objective is to help achieve the goals of the Europe Strategy 2020<sup>5</sup>.

The PROGRESS mission is to strengthen the EU's contribution in support of Member States' commitments and efforts to create more and better jobs and to build a more cohesive society.

To this effect, PROGRESS is instrumental in:

- providing analysis and policy advice on PROGRESS policy areas;
- monitoring and reporting on the implementation of EU legislation and policies in PROGRESS policy areas;

- promoting policy transfer, learning and support among Member States on EU objectives and priorities;
- relaying the views of the stakeholders and society at large<sup>6</sup>.

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<sup>5</sup>For more information see: [www.ec.europa.eu/europe2020](http://www.ec.europa.eu/europe2020)

<sup>6</sup>PROGRESS 'Call for proposals for social experimentations', VP/2010/007 – Budget heading 04.040102

## 1.2 'Social Business in Progress'

The general goal of 'Social Business in Progress' was to explore and measure the effects, in Europe, of remarkable approaches in business (social business, social entrepreneurship and inclusive business) that contribute to the social integration and employability of disadvantaged groups.



Project partners from four European countries have worked together to exchange and analyse knowledge about new economic models (social business, social entrepreneurship and inclusive business) that try to address the problems people face when trying to initiate a business. This handbook is the result of this inspiring and stimulating exchange.

The methodology of the project, with its Think Tank Phase (eight months) and Action Tank Phase (16 months), allowed the identification of strong potential initiatives, taking into account previous failures. In terms of content, the project in its first phase was strongly structured, giving a real basis for developing new approaches.

The partners of the project had to develop two approaches each and to pilot one of the projects to test the efficacy and the diversity of criteria in the countries involved. The pilot projects were monitored by an external evaluator – HEC Paris. This ‘critical friend process’<sup>7</sup> provided suggestions and helped to clarify the main constraints and the real ‘success rate’.

Priority was given to models that do not depend exclusively on subsidies, that can have private and public investors and can be managed as a common business or at least have the potential to move into a business (with a social purpose).

The cross-functional, interdisciplinary and systemic collaborative approach – particularly in the research, case studies, stakeholder’s involvement and the cooperation between businesses, local authorities, private funders and public ones – has emerged as a radical new way of operating.

The key question was: **How can we create the right environment for these new models to develop in Europe?**

‘Social Business in Progress’ is about building sustainable and effective solutions for vulnerable people.

A social entrepreneur is often motivated by a desire to remedy a social problem, to help the disadvantaged in society and to make a positive difference. Good social entrepreneurs create innovative solutions, deliver extraordinary results and improve chances for disadvantaged people by creating jobs in their local area.

During the project development, the economic situation in Europe worsened. The economic crisis has hit millions of families, unemployment is high, the population is ageing, we lack a sustainable pensions and care system, and environmental issues make the picture even bleaker. We all perceived the need to focus energy on promoting access to finance for social businesses. And yet we firmly believe that the difficult times we are living through can bring opportunities to create a new future, we hope.

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<sup>7</sup>The critical friend process, in the context of the partnership, focused on developing innovation, encouraging reflective practice and rethinking ideas.

# 2. Social Innovation in the European Union

## 2.1 Contextualisation

Social innovation can be defined as the development and implementation of new ideas (products, services and models) to meet social needs and create new social relationships or collaborations; it's an innovation that is social in both its ends and its means. The process of social innovation is characterised by involving stakeholders from the public sector, businesses, civil society organisations, local communities and citizens. The main elements of the process of social innovation are:

**Step 1:** Identification of new, unmet or inadequately met social needs

**Step 2:** Development of new solutions in response to these social needs

**Step 3:** Evaluation of the effectiveness of new solutions in meeting social needs

**Step 4:** Scaling up of effective social innovations

The purpose of social innovation is to create social change. It has a lot to do with service innovation – with new or improved ways of designing and producing services. The process tends to involve different stakeholders and use social design techniques through collaborative working, experimentations and prototyping.

“The European Union needs not only to develop analysis of social needs and policy impacts, but also to propose tools that support Member States in organising change.”<sup>8</sup>

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<sup>8</sup>Guide to Social Innovation, Regional and Urban Policy, European Commission, February 2013





The European Commission has adopted a Social Business Initiative action plan. The initiative was developed because the EC considers that the potential growth of the social business model in the single market is not yet being exploited fully. Some of the reasons are:

- social businesses find it difficult to gain access to funding;
- there is a low degree of recognition for their work;
- the regulatory environment does not take into account their specific characteristics.

The EC's objective is to create an ecosystem conducive to developing social businesses and to facilitate their access to funding.

According to the EU Social Business Initiative, the social economy employs over 11 million people in the EU, accounting for 6% of total employment. It covers structures with a specific legal status, such as co-operatives, foundations, associations and mutual societies. Social innovation solutions take various forms.

### **The concepts of social business, inclusive business and social entrepreneurship**

The following concepts are part of the social innovation dialogue and it is important to be aware of them, even though there are differences between countries and within a country.

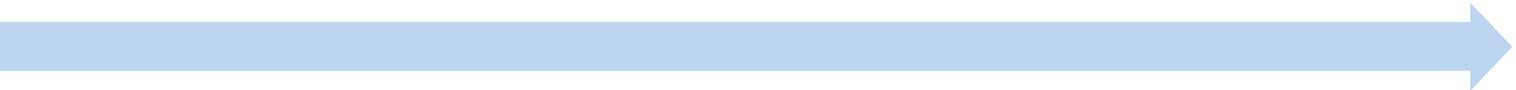
### **Social business** (Social Business Initiative<sup>9</sup>)

The EC uses the term 'social business' to cover an enterprise that:

- has the primary objective of achieving social impact rather than generating profit for owners and shareholders;
- operates in the market through the production of goods and services in an entrepreneurial and innovative way;
- mainly uses surpluses to achieve these social goals;
- is managed by social entrepreneurs in an accountable and transparent way, in particular by involving workers, customers and stakeholders affected by its business activity.

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<sup>9</sup>[www.europa.eu/rapid](http://www.europa.eu/rapid)



**Inclusive business** (term created by World Business Council for Sustainable Development [WBCSD] in 2005)

Inclusive business relates to sustainable business solutions that expand access to goods, services and livelihood opportunities for low-income communities in commercially viable ways, including through:

- direct employment;
- target development of suppliers, distributors, retailers and service providers;
- provision of affordable goods and services that meet basic needs for food, water, housing and health care;
- enhanced access to key development enablers, such as energy, communications, financing and insurance.

**Social entrepreneurship**  
(Social Business Initiative)

Social entrepreneurship is a term used to describe the behaviours and attitudes of individuals involved in creating new ventures for social purposes. Social entrepreneurs are pioneers in re-engineering supply chains and distribution networks, or in developing, promoting and establishing business standards and norms for inclusive and sustainable development.

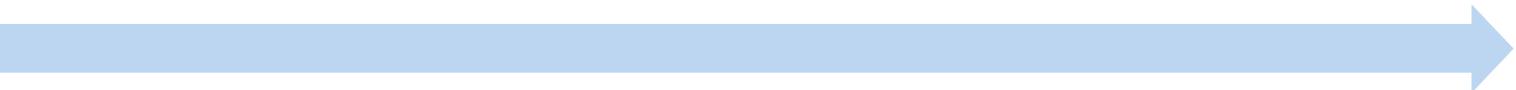
## II▶ 2.2 Legal Framework in the Participants' Countries

### Poland

In the last couple of years, many efforts have been made to support the development of the social economy in Poland: the legal framework for the functioning of social co-operatives was created, and preparation of further legal acts enhancing the growth of the social economy is underway. Many pilot activities have been financed from public funds, in particular thanks to the Community Initiative EQUAL. In this way, valuable results have been obtained that deserve to be used and spread. Recent years have witnessed the creation of a whole network of social-economy initiatives endowed with significant organisational and intellectual potential that should be effectively used in the coming years.

The main problems in terms of the legal framework of the social economy in Poland are as follows:

- Lack of legislative clarity: Poland does not have specific laws regarding the social economy. Polish law concerning entrepreneurship and social aid is complicated and sometimes contradictory. For example, people who are unemployed due to disability or low skills often prefer not to accept job offers for fear of losing social benefits, as employment – however uncertain and with the lowest possible wages – may make them ineligible for disability allowances or unemployment benefit.
- Bureaucracy: in order to start a new business, one has to go through various complicated procedures – fiscal, social security, etc. Fulfilling the requirements is hard without broad knowledge of such diverse aspects as entrepreneurship law, labour law and social security, and it might prove impossible to people with low knowledge of legal and fiscal procedures and who lack the skills usually required from business people.
- As Polish law doesn't recognise the specific situation of social entrepreneurs, they have to fulfil the same requirements as other businesses – in terms of obtaining loans and paying taxes for example, although their specific situation puts them in a position where it is practically impossible to meet these requirements.



## Portugal

The social economy in Portugal, in addition to the relevance of its historical legacy and having a juridical substrate in the Portuguese Constitution, has been gaining importance in areas such as social action and solidarity, health, education, agriculture, environment, local development and sport. The diversity of its activities has also spread to banking and insurance.

Data available<sup>10</sup> from 2010 shows that the social economy sector represented 2.8% of the national gross value added and 5.5% of total employment. About 48.6% of the employment is centred in entities that offer a social service.

According to the latest data of the Satellite Account of the Social Economy<sup>11</sup>, there are five main groups of organisations that belong to the social economy in Portugal:

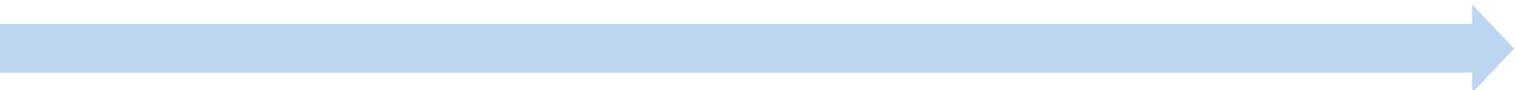
- Co-operatives (4.1%)
- Mutualist associations (0.2%)
- Misericórdias (Holy Houses of Mercy) (0.7%)
- Foundations (1%)
- Associations and other organisations from the social economy (94%)

In May 2013, the Portuguese parliament approved the Social Economy Law (Law 30/2013, 8 May), which established the juridical framework for the social economy, as well as incentives for its activity. This law foresees a review of the juridical regime applicable to the entities identified by the Satellite Account of the Social Economy above, but doesn't include the form of social enterprise.

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<sup>10</sup>Satellite Account of the Social Economy 2010, 2013 Edition, INE, CASES

<sup>11</sup>Satellite Account of the Social Economy 2010, 2013 Edition, INE, CASES



## United Kingdom

The legal framework for company structures in the UK is well established, and includes a range of forms that are typically adopted by social enterprises:

- **Community interest company**  
This is a form of company specifically created for the social enterprise sector and exists to benefit the community rather than private shareholders. They are regulated to ensure they do not deviate from their social objectives.
- **Industrial and provident society**  
This is the usual form for co-operatives and community benefit societies, and is democratically controlled by its members in order to ensure their involvement in the decisions of the business.
- **Companies limited by guarantee or shares**  
These are the most common incorporated forms for businesses. They are subject to stricter regulatory requirements than unincorporated forms: greater accountability and transparency to shareholders and to the public, but they are flexible when it comes to governance and acquiring investment.
- **Group structures with charitable status**  
The driving factors of incorporating this legal form are tax efficiency and ring-fencing risk. It is quite a common approach, as increasing numbers of charities are moving away from traditional models of fundraising and becoming more businesslike in order to ensure their sustainability.

Choosing which legal structure to adopt depends on the nature of the social enterprise in question, its social purpose, the people/stakeholders who are involved with it (the organisation's 'ownership'), and the scale on which it plans to operate. The legal framework that the business operates under will set the rules and regulations that will govern it.

Ownership in social enterprises is not based on investment for financial return, but on the idea of a group of people sharing a common aim for social impact in their community. Therefore the choice of legal structure in a social enterprise will involve a vision of social ownership.



## Spain

The social economy in Spain is regulated by a law passed in March 2011. The basic objective of this recent 'Law on Social Economy'<sup>12</sup> is to configure a legal framework that may represent acknowledgement and greater visibility of the social economy.

According to Article 5, the following entities form the social economy in Spain: cooperative societies, mutual societies, foundations and associations that carry out economic activities, labour societies, socio-labour insertion companies, special employment centres, fishermen's guilds, agricultural transformation companies and those singular entities created by specific rules that are governed by the following principles (Article 4. Guiding principles):

- Primacy of the individual and the social objective over capital, which takes the form of self-powered, transparent, democratic and participative management leading to priority being given to the taking of decisions based more on individuals and their contributions of work and services provided to the entity or based on the social function, than in relation to their contributions to the social capital.
- Application of the results obtained from the economic activity principally based on the work done and service or activity carried out by the members or their members, and, where appropriate, to the social objective of the entity.
- Promotion of internal solidarity and with the society to favour commitment to local development, equal opportunities between men and women, social cohesion, the insertion of individuals at risk of social exclusion, the generation of stable quality employment, the reconciliation of personal and family lives with employment and sustainability.
- Independence from public authorities.

Apart from this, we should highlight that a huge number of rules exist for each of these types of entities and that regional ministries have competencies to establish their own laws or decrees. For example, the co-operatives in Valencia Region are regulated by the Law 8/2003 of 24 March.

The law also shows its link with the principles that inspire the Law on Sustainable Economy (Law 2/2011, 4 March) and the objectives that it pursues, to the extent that the social economy is, to a degree, the precursor of, and is committed to, the economic model of sustainable development, in its triple economic, social and environmental dimensions.

The Law on Sustainable Economy is understood to mean a growth pattern that reconciles economic, social and environmental development in a productive and competitive economy that is capable of favouring quality employment, equal opportunities and social cohesion, and that can guarantee respect for the environment and the rational use of natural resources in such a way as to enable the needs of present generations to be met without compromising the options for future generations to service their own requirements.

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<sup>12</sup>[www.empleo.gob.es/es/sec\\_trabajo](http://www.empleo.gob.es/es/sec_trabajo)

## 2.3 The Role of Social Innovation in Up-lifting Living Conditions of the Poor and Underprivileged

Pressing social demands, at a time when resources are limited, need new solutions. Increasing unemployment is linked with social exclusion – the consequences are not only for those losing jobs, but also for their children, who have fewer opportunities in society. These pressing social needs affect work, healthcare and education for vulnerable groups such as the long-term unemployed, disabled people and offenders, and community help.

The bottom-up nature of many social innovation solutions and a multi-stakeholder approach to the problem, improve the ability to identify emerging needs and develop appropriate responses.

An important contribution of social innovation is to bring economic activity to areas that are neglected due to low profitability. Also, many of the activities regarding social innovation solutions generate new employment and help preserve existing jobs. These new jobs often benefit people who have a harder time accessing work.

## 2.4 Social Innovation: Everyone's Role

Social innovation mobilises a wide range of actors, combining skills and backgrounds, cultures, and business and public services.

The private sector and the social sector are merging where there is a common interest in a healthy, socially just and empowered society. Business leaders see social innovation as a field for creating new business opportunities. This has led to a series of collaborations between businesses and third or public sector organisations.

Everyone has a role in tackling and finding innovative solutions to social problems, but it is important to remember that this implies active collaboration between stakeholders – sharing expertise in business, financial and technical issues and sharing local challenges. It also means co-design and co-management of the project and also co-finance – sharing the investment.

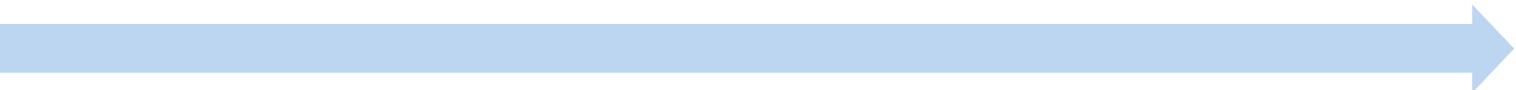
## 2.5 Social Finance Instruments

Finance is particularly critical for social innovation, because solutions are frequently promoted by non-traditional business organisations and also because it can be problematic to measure impact. Proper finance is crucial to ensure financial sustainability and for successful growth of social impact, because if social organisations are to tackle problems efficiently they need to have access to sustainable sources of revenue.

The European Commission wants to improve the access to funding for social businesses. A new programme between 2014 and 2020 – Programme for Social Change and Innovation (PSCI) – will support the development and coordination of social investment policies, sharing of best practices, capacity-building, and testing of social innovations, with the aim to scale up the most successful measures. It will also help develop and expand capacity-building and micro-finance support for micro-entrepreneurs and social enterprises.

There is currently a proposal to regulate the development of European social entrepreneurship funds, which will hopefully make it easier to raise capital dedicated to social projects throughout Europe. This proposal would replicate an existing framework for traditional forms of funding, such as venture capital.

An appropriate measurement framework that allows for meaningful comparison across projects, a clear focus on capacity-building and favourable conditions for hybrid structures remain some of the main challenges to make this proposal a reality.



Other types of financing social innovation solutions have appeared in recent years. These include:

- **Social banks** – banks that specialise in the social sector and mainly offer secured loans, such as Banca Prossima in Italy, Crédit Coopératif in France, Triodos Bank in the Netherlands and Belgium, and Charity Bank and Big Society Capital in the UK.
- **Commercial investment funds**, which prioritise financial return and social impact. These include Bridges Ventures in the UK, PhiTrust in France and BonVenture in Germany.
- **Social investment funds**, which prioritise social impact but also seek a financial return for their investors or to ‘recycle’ funds into new investments. These include CAF Venturesome, The Big Issue Invest and Social Investment Business in the UK, the Hellenic Social Investment Fund in Greece and Fondazione CRT in Italy.
- **Venture philanthropy funds**, which offer unrestricted grants and capacity-building advice. These include Impetus Trust, Social Business Trust, UnLtd – The Foundation for Social Entrepreneurs and the Esmée Fairbairn Foundation in the UK and d.o.b. foundation in The Netherlands.
- **Innovation funds** are public funds explicitly focused on innovation. These tend to divide into technology-focused funds investing mainly in the private sector, such as the Technology Strategy Board in the UK, SITRA in Finland and Vinnova in Sweden, and funds investing mainly in service innovations delivered by either the public or social sectors, such as the Young Foundation and the NHS Regional Innovation Funds in the UK and the EU’s EQUAL programme. There are also government funds, such as the Innovation Fund from DWP in the UK, which focuses on promoting youth employment.

Many of these funding models are a mix of grant, loan and equity funding, for different stages of innovation. There is also a new wave of financial products adapted to the specific needs of social organisations, such as Social Impact Bonds, Community Bonds and Venture Capital. These are available for social enterprises aiming at expanding their reach.

## II▶ 2.6 European Union and National Resources

### EUROPEAN UNION

- **Social Business Initiative** provides a short-term action plan to stimulate the creation, development and growth of social business.  
[www.ec.europa.eu/internal\\_market](http://www.ec.europa.eu/internal_market)

- **Social Innovation Europe** is an initiative with three overlapping approaches:
  - researching and publishing a series of reports and recommendations for action;
  - hosting an online hub;
  - hosting a series of events across Europe.

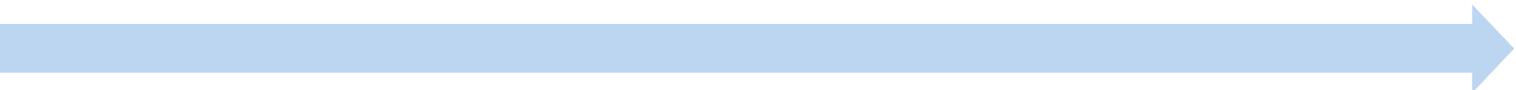
<https://webgate.ec.europa.eu/socialinnovationeurope/>

- **European Venture Philanthropy Association (EVPA)** is an association and network of more than 160 members from venture philanthropy funds, grant-making foundations, private equity firms, professional service firms, philanthropy advisors and business schools from 22 countries committed to practising and promoting high-engagement grant making and social investment in Europe.  
[www.evpa.eu.com](http://www.evpa.eu.com)

### European networks sharing good practice in promoting social economy and social entrepreneurship

- **European Network for Social Integration Enterprises (ENSIE)** is the European platform for representation, maintenance and development of networks and federations of social integration enterprises.  
[www.ensie.org](http://www.ensie.org)

- **Social Entrepreneurship Network (SEN)** is a Learning Network promoted by Managing Authorities of the European Social Fund from nine EU Member States and regions, which exchanges knowledge and experience and shares good practice in order to develop a comprehensive support environment for social enterprises through ESF funding.  
[www.socialeconomy.pl](http://www.socialeconomy.pl)



## Research networks and support organisations

- **EMES network** is a European research network of established university research centres and individual researchers whose goal is to gradually build up a European corpus of theoretical and empirical knowledge, pluralistic in disciplines and methodology, around third-sector issues.  
[www.emes.net](http://www.emes.net)
  - **Social Entrepreneurs as Lead Users of Service Innovation (SELUSI)** is a collaborative research project (funded by the European Commission) that studies the market behaviour and organisational design decisions of over 800 social enterprises throughout Europe.  
[www.selusi.eu](http://www.selusi.eu)
  - **Social Innovation Exchange (SIX)** is a global community of over 1,000 individuals and organisations – including small NGOs and global firms, public agencies and academics – committed to promoting social innovation and growing the capacity of the field. SIX aims to improve the methods by which our societies find better solutions to challenges such as ageing, climate change, inequality and health care.  
[www.socialinnovationexchange.org](http://www.socialinnovationexchange.org)  
[www.youngfoundation.org](http://www.youngfoundation.org)
  - **Euclid Network** is a growing community of civil society professionals who want to connect across borders for a stronger, more innovative and sustainable European civil society. 300 members and a wider network of 3,000 civil society practitioners and engaged professionals empower the network to become the change makers of civil society.  
[www.euclidnetwork.eu](http://www.euclidnetwork.eu)
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## POLAND

### Social finance instruments

- **Progress Microfinance and its Polish Partners**

The European Progress Microfinance Facility (Progress Microfinance), launched in 2010, increases the availability of microcredit – loans below €25,000 – for setting up or developing a small business. Progress Microfinance does not directly finance entrepreneurs, but enables selected microcredit providers in the EU to increase lending, by:

- issuing guarantees, thereby sharing the providers' potential risk of loss;
- providing funding to increase microcredit lending.

The microcredit providers may be private or public banks, non-bank microfinance institutions and not-for-profit microcredit providers. The conditions for microloans to entrepreneurs – amount, duration, interest rates, fees and timeframe – depend on the particular microcredit provider. Progress financing cannot be used to cover credit lines such as overdrafts or short-term revolving facilities.

Polish partners:

[www.inicjatywamikro.pl](http://www.inicjatywamikro.pl)

[www.fmbank.pl](http://www.fmbank.pl)

- **The Society of Social-Economic Investments**

TISE S.A. was founded in 1991 in Poland by BISE Bank (PL), by SIDI (FR) and the Foundation of Socio-Economic Initiatives, FISE (PL). Since its creation, TISE has been running as a capital investment company dedicated to small and medium enterprises (SMEs). TISE is now fully owned by CréditCoopératif and is intended to re-launch financing activities towards the social economy in Poland. TISE provides consulting services to micro and small enterprises and loans for NGOs and innovative SMEs, in particular in the framework of European funded pre-financing. Since 2007, TISE has managed CoopEst, an investment fund based in Brussels (Belgium) dedicated to finance financial institutions with a social dimension in Central and Eastern Europe. [www.tise.pl](http://www.tise.pl)

- **CoopEst – Finance for Social Economy Initiatives in Central and Eastern Europe**

CoopEst is based on the evidence that the access to long-term financing (private and public) in Central and Eastern Europe is still very limited and difficult for SMEs, mainly due to the weakness of their financial structure.

Therefore, CoopEst aims to provide long-term financial support both in terms of equity (subordinated loans), long-term loans and guarantees to sustainable and socially responsible projects in the target countries, enabling them to leverage further funding for the development of their activities.

CoopEst is a member of European Microfinance Network (EMN) and Microfinance Centre (MFC). [www.coopest.eu](http://www.coopest.eu)

- **ESFundusz – Social Economy Fund**

ESFundusz offers microcredits for social economy enterprises, as well as advice on legal, finance, HR and marketing issues. [www.esfundusz.pl](http://www.esfundusz.pl)

## Characteristics of financing and support sources for social business in Poland

Financing Source	Characteristic
Public sector	<p><b>Pros:</b></p> <ul style="list-style-type: none"> <li>• non reimbursable;</li> <li>• ‘cheap’ source of funding;</li> <li>• ensuring financing source for organisations that cannot get aid and sources elsewhere.</li> </ul> <p><b>Cons:</b></p> <ul style="list-style-type: none"> <li>• the goal and terms of spending are defined in advance;</li> <li>• low level of motivation for increased and intensified effort;</li> <li>• short period of financing;</li> <li>• frequent delays in payments;</li> <li>• time-consuming and complicated procedures of obtaining funds and reporting expenses.</li> </ul>
Private sector financing (reimbursable)	<p><b>Pros:</b></p> <ul style="list-style-type: none"> <li>• longer period of financing (as compared to donation/grant);</li> <li>• raising the effectiveness of social business performance due to special conditions of applying for funding;</li> <li>• greater freedom of use of the funds;</li> <li>• social economy institutions are becoming economic partners of financial institutions.</li> </ul> <p><b>Cons:</b></p> <ul style="list-style-type: none"> <li>• lack of ability to assess consequences of undertaking financial commitments in social business;</li> <li>• lack of sufficient collateral;</li> <li>• lack of experience in undertaking financial commitments among social business management and stakeholders;</li> <li>• possibility of using more ‘secure’ sources.</li> </ul>

Financing Source	Characteristic
Capital investment	<p><b>Pros:</b></p> <ul style="list-style-type: none"> <li>• long period of financing;</li> <li>• relatively low cost of acquiring funding and repayment;</li> <li>• low level of control and involvement in decision-making process by financing institution.</li> </ul> <p><b>Cons:</b></p> <ul style="list-style-type: none"> <li>• very hard to obtain;</li> <li>• low level of cooperation between social and non-social business in Poland, lack of knowledge about this solution on both sides.</li> </ul>
Co-signing and guarantees	<p><b>Pros:</b></p> <ul style="list-style-type: none"> <li>• increases chances of social business institutions when applying for loans, European grants, participation in public tenders;</li> <li>• confirms credibility of contracting party on the market;</li> <li>• ensures that creditor will get their money back;</li> <li>• ensures that debtor's commitments will be fulfilled even if they are not able to do it;</li> <li>• enables new enterprises to enter the market and to achieve and maintain credibility.</li> </ul> <p><b>Cons:</b></p> <ul style="list-style-type: none"> <li>• time-consuming procedure;</li> <li>• quite expensive.</li> </ul>

### Training, advice, support and research

- **Ekonomia Społeczna – Social Economy** is a big platform where you can find a lot of useful information regarding the theory and practice of social entrepreneurship in Poland. The website provides useful information about starting your own company in a series of guides available to download.  
[www.ekonomiaspoleczna.pl](http://www.ekonomiaspoleczna.pl)

- **Fundacja Inicjatyw Społeczno-Ekonomicznych – The Foundation for Social and Economic Initiatives**

This organisation's mission is a systemic approach to increasing employment, especially among professionally inactive groups.

Its activities concentrate on vocational training, creating platforms dedicated to the problem of unemployment, providing information about available training and grants.  
[www.fise.org.pl](http://www.fise.org.pl); [www.bezrobocie.org.pl](http://www.bezrobocie.org.pl)

- **Polska Agencja Rozwoju Przedsiębiorczości (PARP) – Polish Agency for Enterprise Development**

This is an educational portal for small and medium-sized enterprises, which enables access to free internet training. Its objective is to popularise access to e-learning among micro, small and medium-sized enterprises and people who intend to conduct their own business activity.

[www.akademiaparp.gov.pl](http://www.akademiaparp.gov.pl);  
<http://en.parp.gov.pl>

- **Fundacja Uniwersyteckich Poradni Prawnych – Legal Clinics Foundation**

The idea of the legal clinics programme concerns the establishment of the legal clinics at the Faculties of Law and Administration, where the students, under the supervision of and with substantial help from the faculty teachers and practitioners, provide free legal advice for poor members of the community.

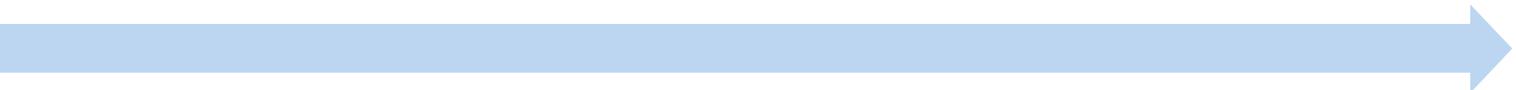
The Polish Legal Clinics Foundation has been operating since 2002. It supports and coordinates a network of 25 legal clinics and promotes pro bono engagement of lawyers. Every year there are over 1,700 students and 200 academics involved in the clinics. Overall, they provide legal advice in almost 12,000 cases involving poor and socially excluded people.

[www.fupp.org.pl](http://www.fupp.org.pl)

## Research

The following institutes and universities undertake research and run courses on the social economy:

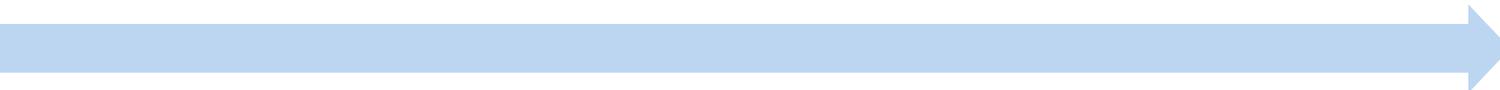
- Instytut Rozwoju Służb Społecznych  
[www.irss.pl](http://www.irss.pl)
- Małopolska Szkoła Administracji Publicznej Uniwersytetu Ekonomicznego w Krakowie  
[www.ekonomiaspoleczna.msap.pl](http://www.ekonomiaspoleczna.msap.pl)
- Wyższa Szkoła Bankowa we Wrocławiu, Wydział Ekonomiczny w Opolu  
[www.wsb.opole.pl](http://www.wsb.opole.pl)
- Instytut Socjologii  
[www.is.wns.us.edu.pl](http://www.is.wns.us.edu.pl)
- Uniwersytet Śląski w Katowicach  
[www.kandydat.us.edu.pl](http://www.kandydat.us.edu.pl)
- Uniwersytet Marii Curie-Skłodowskiej, Lublin  
[www.umcs.lublin.pl](http://www.umcs.lublin.pl)
- Uniwersytet Wrocławski  
[www.uni.wroc.pl](http://www.uni.wroc.pl)



## PORTUGAL

### Training, advice, support and research

- **Social Entrepreneurship Research and Training Centre (IES)** is a non-profit organisation that identifies support and encourages training among organisations and individuals promoting the social entrepreneurship agenda in Portugal. Its areas of intervention are research and development, training and outreach (conferences and seminars).  
[www.ies.org.pt](http://www.ies.org.pt)
  - **MIES** – The project ‘MIES-Map of Social Entrepreneurship and Innovation’ is an initiative of the IES – Centre for Training and Research in Social Entrepreneurship – and IPAV – Instituto Padre António Vieira, supported by COMPETE, the Calouste Gulbenkian Foundation, EDP Foundation and IAPMEI. The ‘Map of Innovation and Social Entrepreneurship in Portugal’ is a research project that will discover and map innovative initiatives by seeking to create knowledge, using a methodology which closely involves local communities. The objective is to contribute to the growth and competitiveness of a new market for social innovation and entrepreneurship nationwide.  
[www.mies.pt](http://www.mies.pt)
  - **Social Entrepreneurs Agency (SEA)** is a social enterprise, founded in 2007. Its mission is the development and implementation of social and inclusive entrepreneurship that contributes to social, economic, cultural and environmental sustainability in the achievement of local and integrated development. SEA’s action motto is “Think global, Act local”.  
[www.seagency.org](http://www.seagency.org)
  - **Stone Soup** – Stone Soup Consulting’s mission is to create services designed to strengthen organisations that are seeking to increase their social impact. Acting as their partner, Stone Soup Consulting helps them maximise their social value by identifying possible paths for development and growth through shared processes of strategy creation and implementation.  
[www.stone-soup.net](http://www.stone-soup.net)
  - **Action Tank** – Action Tank Portugal (ATP) starts from the conviction that the traditional solutions in the fight against poverty and social exclusion are not enough. It is possible to develop economic activities that have a social objective and create new forms of partnerships, whose goals are not only a return on investment but also a social impact. ATP is an informal alliance of business-sector entities that are developing experimental projects (of inclusive and social business) on a collaboration and co-creation basis to create projects in Portugal.
  - **IAPMEI** – Institute for Support to Small and Medium Enterprises and Innovation is the main instrument of economic policies aimed at micro, small and medium enterprises in the industrial, commercial, services and construction sectors.  
[www.iapmei.pt](http://www.iapmei.pt)
  - **IPDJ** – Institute for Sport and Youth has a mission to run decentralised areas of sport and youth in close collaboration with public and private entities. IPDJ is intended to foster support to associations and promote volunteerism and citizenship.  
[www.ipdj.pt](http://www.ipdj.pt)
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## Funding

- **Fundação EDP** is a foundation that focuses its activity on five strategic values, one of which is social innovation. Each year, the foundation funds and supports several social innovation projects.  
[www.fundacaoedp.pt](http://www.fundacaoedp.pt)
- **Banco de Inovação Social (BIS)** is a platform promoted by Santa Casa da Misericórdia de Lisboa with 25 partners – institutions and public and private entities – who decided to gather their knowledge, expertise, and technical and logistics assets to jointly promote social innovation through supporting entrepreneurship, participation in national and international networks of social innovation and the promotion of a culture of innovation and entrepreneurship.  
<http://bancodeinovacaosocial.scml.pt/>
- **ANDC** – Right to Credit National Association aims to foster social inclusion and autonomy of people with financial difficulties or exclusion, who are proactive in creating a business plan. ANDC exists so that through its support people who are excluded from bank credit can create small businesses with the help of microcredit.  
[www.microcredito.com.pt](http://www.microcredito.com.pt)
- **Montepio Geral** is a mutual bank with specific products for third-sector entities.  
[www.montepio.pt](http://www.montepio.pt)
- **APBA** – The Portuguese Association of Business Angels aims to foster the development of Business Angels in Portugal, in order to develop the spirit of entrepreneurship and contribute to the growth of a vibrant and innovative economy.  
[www.apba.pt](http://www.apba.pt)

## Entrepreneurship support

- **BETA-i** is a start-up programme aimed at innovating entrepreneurship.  
[www.beta-i.pt](http://www.beta-i.pt)
- **Fábrica de Start-ups** is a start-up acceleration programme, from creation to validation and internationalisation.  
[www.fabricadestartups.com](http://www.fabricadestartups.com)
- **AUDAX** is an association with the mission to promote an entrepreneurial spirit, with training programmes, competitions, events, etc.  
[www.audax.iscte.pt](http://www.audax.iscte.pt)
- **IPN Incubadora** is an incubator in Coimbra that creates spin-off companies and supports technology based, innovative ideas.  
[www.ipn-incubadora.pt](http://www.ipn-incubadora.pt)

## SPAIN

The two best examples of Spanish social innovation initiatives are:

- **Innobasque**

Innobasque, the Basque Innovation Agency (Agencia Vasca de la Innovación-Berrikuntzaren Euskal Agentzia), is a private, not-for-profit organisation created to coordinate and drive innovation in Euskadi in all its spheres, to encourage the entrepreneurial spirit and creativity. Innobasque's vision is to turn the Basque Country into the European innovation benchmark.  
[www.innobasque.com](http://www.innobasque.com)

- **ESADE Institute for Social Innovation**

The ESADE Institute for Social Innovation's mission is to develop personal and organisational skills within the business community and not-for-profit organisations in order to strengthen their activities and their contribution to a more just and sustainable world. The institute is involved in research, training and dissemination in several areas:

- corporate social responsibility and its relationship with interest groups;
- leadership and NGO management;
- social enterprises.

[www.esade.edu](http://www.esade.edu)

There are also the following entities or initiatives:

- **La Caixa**

The social entrepreneurship programme of 'La Caixa' has the objective of supporting entrepreneurship and social enterprises in the 'seed phase'. It is aimed at the new creation of social enterprises, young social enterprises or social enterprises that open new business opportunities.

It fosters a social entrepreneurship platform with the objective to create synergies, open new communication and learning channels, transfer knowledge, and facilitate cooperative work and new alliances.

[www.obrasocial.lacaixa.es](http://www.obrasocial.lacaixa.es)

- **Nittúa**

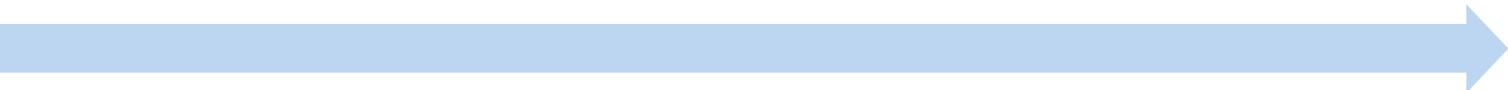
Nittúa are people who share a dream to make it happen. People contribute knowledge, experience and hope in the process of building an inclusive economic ecosystem.

Actions developed by Nittúa:

- training of new professional profiles – social entrepreneur and worker companion;
- business initiatives insertion/EEC and/or social enterprises;
- social project initiatives for municipalities, organisations and companies;
- services systematisation of social projects;
- identification and quantification of social value;
- social projects in education;
- hotbeds of replicas and social enterprises;
- economic solidarity projects: banking ethics, social equity, social market;
- social responsibility projects;
- for R&D and training in brokering, targeting vulnerable groups;
- local development plans.

Nittúa streamlines the exchange of knowledge among economic and social networks that contributes to the cooperation between stakeholders.

[www.nittua.eu](http://www.nittua.eu)



- **Socialnest**

Socialnest is a pioneering centre in Spain where entrepreneurs, professionals, students and others can find an ecosystem for support, encouragement, training and opportunities to start realising their dreams of a better world through social entrepreneurship.

[www.socialnest.org](http://www.socialnest.org)

- **FSC Inserta**

The Association for Employment and Training of People with Disabilities, established by ONCE (Spanish National Organisation for the Blind), offers free training and guidance services on self-employment to people with disabilities. Moreover, the ONCE Foundation, together with the European Social Fund, provides financial support to self-employment projects led by entrepreneurs with disabilities. In the Valencian Region, their offices are located in Valencia and Alicante.

[www.fsc-inserta.es](http://www.fsc-inserta.es); [www.fundaciononce.es](http://www.fundaciononce.es)

- **One Stop Shop at the Chamber Of Commerce**

This is a service provided by the Chamber of Commerce where all local, regional and state procedures to set up a company can be carried out in a single venue. The services offered include guidance to entrepreneurs and comprehensive and face-to-face processing of all administrative procedures. Furthermore, the Chamber of Commerce also has a business incubator available to citizens.

- **IUDESCOOP (Research Institute on Social Economy, Cooperatives and Entrepreneurship)**

The Research Institute on Social Economy, Cooperatives and Entrepreneurship (IUDESCOOP) of the University of Valencia is made up of a team of professionals and experts offering legal and business advice to entrepreneurs and companies.

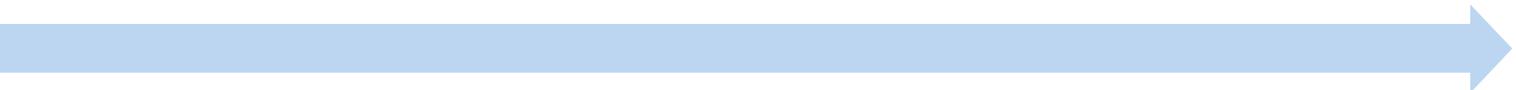
[www.uv.es/iudescoop/](http://www.uv.es/iudescoop/)

- **ASHOKA**

Ashoka is the largest network of social entrepreneurs worldwide, with nearly 3,000 Ashoka Fellows in 70 countries putting their system-changing ideas into practice on a global scale.

[www.ashoka.es](http://www.ashoka.es)





## UNITED KINGDOM

The sources below represent a wide range of information and resources for people who are interested in setting up their own social enterprise in the UK, including where to seek funding, training and support, and other sources of expertise in the field.

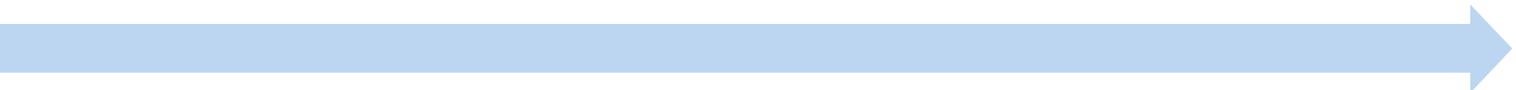
However, this is not a definitive list, so please visit the websites of the major umbrella agencies relevant to social enterprise in the UK to keep up to date.

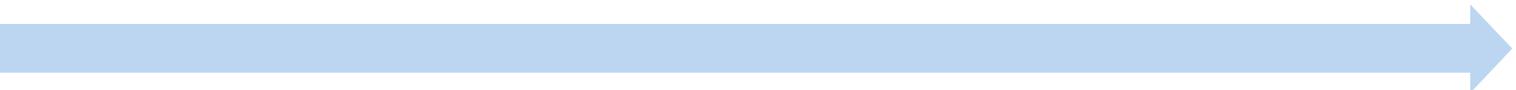
- **Social Enterprise UK** – National membership and campaigning body for the social enterprise movement; supports and helps grow the social enterprise movement.  
[www.socialenterprise.org.uk](http://www.socialenterprise.org.uk)
- **Social Firms Scotland** is the national support body for the development and promotion of Social Firms in Scotland.  
[www.socialfirms.org.uk](http://www.socialfirms.org.uk)
- **Social Firms Wales** is the Welsh arm of Social Firms UK, the National Support Agency for social firm development.  
[www.socialfirmswales.co.uk](http://www.socialfirmswales.co.uk)
- **Social Firms UK** offers consultancy services relating to setting up and running social firms and social enterprises. [www.socialfirmsuk.co.uk](http://www.socialfirmsuk.co.uk)

### Direct funders

- **The Adventure Capital Fund** is an ambitious new style of funder for community and social enterprise.  
[www.adventurecapitalfund.org.uk](http://www.adventurecapitalfund.org.uk)
- **Ashoka** funds a small number of social entrepreneurs each year whose organisation is ready to scale up.  
[www.ashoka.org](http://www.ashoka.org)

- **Big Issue Invest** is a specialist provider of finance to social enterprises or trading arms of charities that are finding business solutions to create social and environmental transformation. They provide finance for social enterprises in the form of loans, participation loans and equity.  
[www.bigissueinvest.com](http://www.bigissueinvest.com)
- **The Big Lottery Fund** gives over £630 million a year. It is still a very good place to look for money for your organisation, particularly in its early days.  
[www.biglotteryfund.com](http://www.biglotteryfund.com)
- **Bridges Ventures** funds have specific strategies to achieve a positive social and/or environmental impact.  
[www.bridgesventures.com](http://www.bridgesventures.com)
- **CAF Venturesome** offers social purpose organisations support and capital, recognising that this type of investment may fall outside of the criteria of grant makers and is often perceived as too risky for banks.  
[www.cafonline.org/Venturesome](http://www.cafonline.org/Venturesome)

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- **CAN** runs a venture philanthropy programme called CAN Breakthrough, which provides funding and management support to help established social enterprises scale up and maximise their social impact.  
[www.can-online.org.uk](http://www.can-online.org.uk)
  - **Charity Bank** finances social enterprises, charities and community organisations, with the support of depositors and investors who want to use their money to facilitate real social change.  
[www.charitybank.org](http://www.charitybank.org)
  - **The Community Foundation in Wales** promotes the cause of philanthropy in Wales by creating and managing relationships between donors and those who are running life-enhancing initiatives. They are dedicated to strengthening local communities by providing a permanent source of funding, building endowment and ‘immediate impact’ funds to link donors to local needs.  
[www.cfiw.org.uk](http://www.cfiw.org.uk)
  - **Co-operative and Community Finance** provides sympathetic loan finance to help people take control of their economic lives and create social benefit.  
[www.icof.co.uk](http://www.icof.co.uk)
  - **The Esmée Fairbairn Foundation** funds the charitable activities of organisations that have the ideas and ability to achieve change for the better. They support work that might otherwise be considered difficult to fund.  
[www.esmeefairbairn.org.uk](http://www.esmeefairbairn.org.uk)
  - **Finding Finance** finds sources of finance from Community Development Finance Institutions.  
[www.findingfinance.org.uk](http://www.findingfinance.org.uk)
  - **Foundation Scotland** is an independent charity established to strengthen local communities by providing a source of funding to community-led projects the length and breadth of Scotland.  
[www.foundationscotland.org.uk](http://www.foundationscotland.org.uk)
  - **The Impetus Trust** is a venture philanthropy organisation that invests in ambitious charities and social enterprises that fight economic disadvantage.  
[www.impetus.org.uk](http://www.impetus.org.uk)
  - **The Social Enterprise Loan Fund (TSELF)**, part of Big Issue Invest, provides loans to charities and social enterprises, especially those working in disadvantaged communities that are unable to secure sufficient funding from mainstream sources.  
[www.tself.org.uk](http://www.tself.org.uk)
  - **The Social Investment Business** helps social enterprises, charities and community organisations prosper by providing innovative financial solutions and business support.  
[www.thesocialinvestmentbusiness.org](http://www.thesocialinvestmentbusiness.org)
  - **Triodos Bank** only lends to and invests in organisations that benefit people and the environment.  
[www.triodos.co.uk](http://www.triodos.co.uk)
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- **UK Community Foundations** is the national network linking, promoting and supporting community foundations throughout England, N. Ireland, Scotland and Wales. Community Foundations help individuals, families, entrepreneurs, companies, charitable trusts and public-sector bodies connect with, support and invest in their local communities right across the UK. [www.ukcommunityfoundations.org](http://www.ukcommunityfoundations.org)
  - **Unity Trust Bank** is a specialist bank for civil society, social enterprises, councils, trade unions, CICs and small businesses. [www.unity.co.uk](http://www.unity.co.uk)
  - **UnLtd** is the Foundation for Social Entrepreneurs and gives out finance and support to social entrepreneurs in the UK. [www.unltd.org.uk](http://www.unltd.org.uk)

- *Debt crowdfunding*  
Investors receive their money back with interest. Returns are financial, but investors also have the benefit of having contributed to the success of an idea they believe in.
- *Equity crowdfunding*  
People invest in an opportunity in exchange for equity. Money is exchanged for shares or a small stake in the business, project or venture. As with other types of shares, apart from community shares, if it is successful the value goes up. If not, the value goes down.

**Crowdfunding** allows businesses to finance a project or venture by collecting funds through small contributions from many parties who network and pool their money together, usually via the internet and social media. It is a way of raising finance by asking a large number of people each for a small amount of money.

There are three different types of crowdfunding:

- *Donation/reward crowdfunding*  
People invest simply because they believe in the cause. Rewards can be offered, such as free gifts or tickets to an event. Donors have a social or personal motivation for putting their money in and expect nothing back, except perhaps to feel good about helping the project.



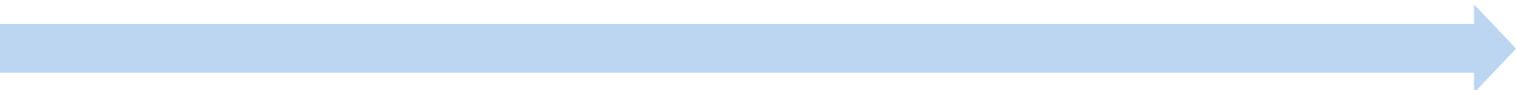
## Crowdfunding sites:

- [www.abundancegeneration.com](http://www.abundancegeneration.com)
- [www.banktothefuture.com](http://www.banktothefuture.com)
- [www.buzzbnk.org](http://www.buzzbnk.org)
- [www.crowdbnk.com](http://www.crowdbnk.com)
- [www.crowdcube.com](http://www.crowdcube.com)
- [www.crowdfunder.co.uk](http://www.crowdfunder.co.uk)
- [www.crowdmission.com](http://www.crowdmission.com)
- [www.ethex.org.uk](http://www.ethex.org.uk)
- [www.gambitious.com](http://www.gambitious.com)
- [www.microgenius.org.uk](http://www.microgenius.org.uk)
- [www.peoplefund.it](http://www.peoplefund.it)
- [www.pleasefund.us](http://www.pleasefund.us)
- [www.seedrs.com](http://www.seedrs.com)
- [www.sharein.com](http://www.sharein.com)
- [www.sponsorcraft.com](http://www.sponsorcraft.com)
- [www.trillionfund.com](http://www.trillionfund.com)

## Other sources of information on funding

- **Charity Times Online** – Publishes regular updates on the latest grant programmes.  
[www.charitytimes.com](http://www.charitytimes.com)
- **ClearlySo** helps social entrepreneurs raise capital and introduces investors to investment opportunities.  
[www.clearlyso.com](http://www.clearlyso.com)
- **The Community Development Finance Association** exists to create a thriving community finance industry, which brings social and financial benefits to neighbourhoods across the UK. Their members lend money to people, businesses and social enterprises who struggle to get finance from high street banks.  
[www.cdfa.org.uk](http://www.cdfa.org.uk)
- **The Community Foundation for Northern Ireland** is Northern Ireland's centre for philanthropy, with advice and services available for financial advisors, institutions, charities or individuals, looking to invest funds in a philanthropic and tax-efficient way.  
[www.communityfoundationni.org](http://www.communityfoundationni.org)

- **The Community Foundation for Northern Ireland** is Northern Ireland's centre for philanthropy, with advice and services available for financial advisors, institutions, charities or individuals, looking to invest funds in a philanthropic and tax-efficient way.  
[www.communityfoundationni.org](http://www.communityfoundationni.org)
  - **Funding Central** is a website that provides access to thousands of funding and finance opportunities and tools and resources supporting organisations.  
[www.fundingcentral.org.uk](http://www.fundingcentral.org.uk)
  - **GRANTfinder** is the UK's leading grants and policy database. There are around 400 trusts you can apply to for funding. Trusts vary widely in their character and remit so it's worth making sure that you apply to one that aligns with your business.  
[www.grantfinder.co.uk](http://www.grantfinder.co.uk)
  - **Social Finance** provides a range of financial advice services to help build the social investment market. They are dedicated to finding ways to raise capital through robust investment propositions.  
[www.socialfinance.org.uk](http://www.socialfinance.org.uk)
  - **The UK Sustainable Investment and Finance Association** is the membership network for sustainable and responsible financial services.  
[www.uksif.org](http://www.uksif.org)
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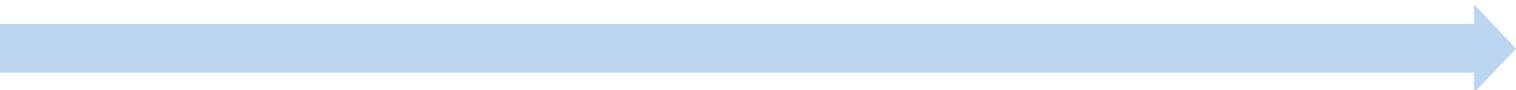


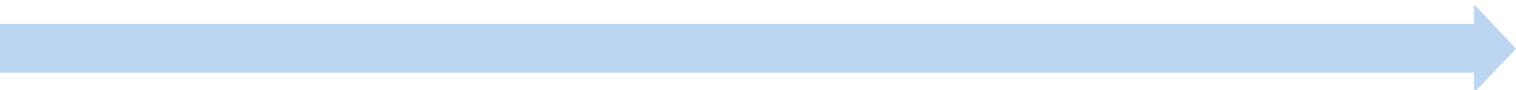
## Specialist social franchise expertise

- **AMO Consulting** are commercial franchise consultants who have done some work in the social field.  
[www.amoconsulting.com](http://www.amoconsulting.com)
- **British Franchise Association** – The governing body for franchising in the UK, with advice, information and links to support.  
[www.thebfa.org](http://www.thebfa.org)
- **FranchisingWorks** is a programme using commercial franchising for social aims (employability and job creation) and seeks commercial franchises in particular.  
[www.franchisingworks.org](http://www.franchisingworks.org)
- **Nick Temple** is a consultant who has run social franchises and provides advice and support to organisations implementing a franchise-type approach.  
[www.nicktemple.org](http://www.nicktemple.org)
- **Social Pioneers** – Social development agency specialising in public-sector innovation and reform, and also with experience of large-scale replication projects.  
[www.socialpioneers.com](http://www.socialpioneers.com)
- **Cooperantics** provides people skills for cooperative working. They offer a comprehensive support package to provide clients with the knowledge and expertise to ensure good cooperative working practices.  
[www.cooperantics.co.uk](http://www.cooperantics.co.uk)
- **Co-operatives UK** is the national umbrella body for the co-operative sector. Co-operatives UK offers its members practical assistance to boost their public profiles.  
[www.cooperatives-uk.coop](http://www.cooperatives-uk.coop)
- **The Cranfield Trust** is a nationally respected charity providing free management consultancy to charities and social enterprise groups.  
[www.cranfieldtrust.org](http://www.cranfieldtrust.org)
- **The Federation of Small Businesses** is the largest campaigning pressure group promoting and protecting the interests of the self-employed and owners of small firms.  
[www.fsb.org.uk](http://www.fsb.org.uk)

## Training, advice and other support organisations

- **BASE (British Association for Supported Employment)** is the national trade association representing hundreds of agencies involved in securing employment for people with disabilities.  
[www.base-uk.org](http://www.base-uk.org)
- **British Library Business & IP Centre** supports businesses, entrepreneurs and inventors to grow their organisations by providing business advice and resources.  
[www.bl.uk/bipc](http://www.bl.uk/bipc)

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- **The Guardian** website provides information from Social Enterprise Training & Support (Setas) and UnLtdWorld for social enterprises on training, funding, support services, consultancy services and useful publications, as well as a social networking site that connects social entrepreneurs to the people, tools and information they need to change the world.  
[www.theguardian.com/social-enterprise-network](http://www.theguardian.com/social-enterprise-network)
  - **Get Legal** is a free online reference and decision-making tool for charities, social enterprises and co-operative organisations to access clear information and guidance on the most appropriate legal form and governance structure for delivering their goals.  
[www.getlegal.org.uk](http://www.getlegal.org.uk)
  - **Gov.UK** provides tools and guidance for businesses, as well as other information and resources.  
[www.gov.uk](http://www.gov.uk)
  - **i-genius** is a world community of social entrepreneurs and is seeking to inspire a new generation to become social innovators.  
[www.i-genius.org](http://www.i-genius.org)
  - **LawWorks** is a charity that aims to provide free legal help to individuals and community groups who cannot afford to pay for it and who are unable to access legal aid.  
[www.lawworks.org.uk](http://www.lawworks.org.uk)
  - **Local Business Enterprise** provides advice on creating a thriving local business community.  
[www.localbusinessenterprise.co.uk](http://www.localbusinessenterprise.co.uk)
  - **Locality** is a nationwide network of settlements, development trusts, social action centres and community enterprises.  
<http://locality.org.uk>
  - **The National Enterprise Network** is a membership body for those committed to the support and development of enterprise.  
[www.nationalenterprisenetwork.org](http://www.nationalenterprisenetwork.org)
  - **nibusinessinfo.co.uk** is a free service offered by Invest Northern Ireland and the official online channel for business advice and guidance in Northern Ireland. It contains essential information, support and services for starting up a social enterprise.  
[www.nibusinessinfo.co.uk](http://www.nibusinessinfo.co.uk)
  - **The Prince's Initiative for Mature Enterprise (PRIME)** is a national organisation dedicated to providing everyone over 50 with the support to achieve financial, social and personal fulfilment through sustainable self-employment.  
[www.prime.org.uk](http://www.prime.org.uk)
  - **The Prince's Trust** gives practical and financial support to 14 to 30-year-olds who have struggled at school, have been in care, are long-term unemployed or have been in trouble with the law and helps them to start businesses.  
[www.princes-trust.org.uk](http://www.princes-trust.org.uk)
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- **The School for Social Entrepreneurs** provides training and opportunities, and supports people to set up new charities, social enterprises and social businesses across the UK.  
[www.sse.org.uk](http://www.sse.org.uk)
  - **School for Startups** – The UK's leading provider of business training for entrepreneurs provides accelerated business training that helps entrepreneurs launch more successful startups and run more successful businesses.  
[www.schoolforstartups.co.uk](http://www.schoolforstartups.co.uk)
  - **Smarta** is a networking resource for anyone starting and running a small business. It provides independent, entrepreneur-led support and is backed by some of the UK's top entrepreneurs.  
[www.smarta.com](http://www.smarta.com)
  - **Social Enterprise Mark** is the certification authority for social enterprises. To be awarded the Mark, social enterprises have to prove they are genuine against a set of qualification criteria, which is overseen by an independent Certification Panel to ensure fairness and consistency.  
[www.socialenterprisemark.org.uk](http://www.socialenterprisemark.org.uk)
  - **Social Enterprise Scotland** brings together Scotland's social enterprise community into a strong campaigning force.  
[www.socialenterprisescotland.org.uk](http://www.socialenterprisescotland.org.uk)
  - **Start Up Britain** is a campaign by entrepreneurs for entrepreneurs.  
[www.startupbritain.co](http://www.startupbritain.co)
  - **Striding Out** provides professional coaching, training and networking support to entrepreneurs, career changers, professionals and young people.  
[www.stridingout.co.uk](http://www.stridingout.co.uk)
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Law 8/2003 of 24 March that regulates  
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<http://www.ekonomiaspoleczna.pl/x/610047>.  
Most of the publications are available  
for download.

Especially recommended: *Ekonomia społeczna  
w praktyce* – a series of practical guides for  
creating a social enterprise  
<http://www.ekonomiaspoleczna.pl/x/711187>

A list of publications in English  
about Social Economy in Poland  
can be found here:  
[www.ekonomiaspoleczna.pl/x/433524](http://www.ekonomiaspoleczna.pl/x/433524)

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# 3. Good Practices: Network Level

The following cases describe the partners' social experimentations during this project.

## Poland

### INITIAL IDEAS

#### Inventory of the power grid

- **Idea:** creating teams of retired power engineers (with low pensions), pairing them with young unemployed people and engaging these teams in the process of preparing an inventory of the power grid, including identifying vulnerable parts of the overhead power lines for possible threats (vandalism, environmental factors).
- **Action:** retired electric power engineers with insufficient income (pension) will provide expertise, analyse the data provided by trained unemployed engaged in field work and prepare an inventory of vulnerable parts of the power grid.
- **Benefits:** the energy company will have a professional inventory of vulnerable parts of the grid, retired engineers with low pensions will increase their income and have a feeling of 'inclusion', while young unemployed people will be learning new skills using the expertise of retired engineers and receive an income at the same time.

#### Sale of LPG gas

- **Idea:** salespeople (long-term unemployed) providing liquid petroleum gas cylinders for door-to-door sale in rural areas/for summer cottages, especially in remote areas.
- **Action:** the gas company will provide training for the unemployed (might also hire retired professionals as trainers).
- **Benefits:** providing employment and knowledge for the unemployed, increasing the company's profits by selling its product in remote areas.





## Development and conclusions

The development of our ideas and transforming each idea into an enterprise would have been impossible without involvement from our partners – large companies from the energy sector. We conducted a seminar, the main goal of which was to raise awareness of social business among our partners and stakeholders. We conducted a series of meetings with decision makers from a few companies. Our ideas met with initial approval, but during the meetings it also became apparent that the idea of social business is practically unknown in Poland and it was often confused with charity.

Another impeding factor was the nature of our partner companies: as huge entities crucial for Poland's energy security and thus with strong connections to the Polish government, they are run by politically appointed management. This situation created obstacles in the decision-making process – the managers were afraid of the long-term commitment that was critical for the success of our enterprises and didn't want to make decisions that could affect their careers, especially during an economic crisis that affects even the biggest and strongest players on the market. For the same reason, they were also afraid of getting involved in projects that were not within their core business.

As the legal framework of social business doesn't exist (the Social Economy Law is still not approved in Poland) and social enterprises exist within the same framework as other companies, private sector companies don't have any incentives (i.e. tax exemptions) to get involved with social business.

Without the financial and professional involvement of our partners, the initial ideas were impossible to implement.



## IMPLEMENTED PROJECT

### 'Building for the Future'

ETA Association for Efficiency, together with the Faculty of Civil Engineering at the Technical University of Warsaw, created a team of students who, under supervision of the experienced energy auditor, will carry out energy audits for buildings in Poland, which will result in obtaining energy certificates for the said buildings.

Polish students constitute a group of the population with a very low income, as most students are not given any scholarships and do not have enough time for employment in order to support themselves, thus very often have to rely on financial support from their parents.

The higher education system in Poland does not prepare students for future employment and does not provide professional training, thus the unemployment rate among young people with higher qualifications in Poland is very high.



## Business model

The idea of cooperation between young people (students from the Association) and experts from the University, along with the involvement of businesses such as Procecy and NGOs (ETA Association), can easily be replicated in other EU countries which face similar problems (high-rate of unemployment among young people).

Using the last years at university not only to gain knowledge, but to gather practical business experience, will make entering the labour market upon graduation a lot easier.

Taking full advantage of easy access to the best experts in the field, equipment and rooms provided by the University and ETA Association substantially lowers the cost of starting a new enterprise.





## Key actors for a successful outcome

The involvement of stakeholders: ETA Association for Efficiency, the Faculty of Civil Engineering at the Technical University of Warsaw, Procesy Inwestycyjne and the Association of Students of Civil Engineering, was a key factor for the successful implementation of our idea.

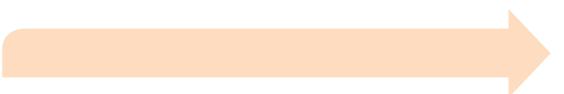
After identifying the business opportunity in an as yet unsaturated market, and making arrangements with the University and ETA Association, which provided space and equipment for our project, the next step was selecting a group of the most active students from the Association of Students of Civil Engineering. After further research and discussions with students and experts from the University, we identified necessary investments needed for the business to start and planned the specialist courses needed for the actual job.

After identifying the students' skills and abilities, tasks were divided amongst the group. Procesy, as a business partner, helped to develop a business and marketing strategy.

## Recommendations to future entrepreneurs

During the implementation phase of the project it was revealed that, due to a lack of management skills and business experience of any kind amongst the students participating in the project, the role of Procesy Inwestycyjne as a business, marketing and strategy adviser had to be much more substantial than expected.

We believe that over the course of time our project will become more independent and sustainable, and the experience gathered by the first generation of students will be handed down to their younger colleagues. However, for the project to become successful in the long run, involvement of experienced professional leaders with managerial skills is vital.





As the Polish educational system does not prepare young people for careers in entrepreneurship, there are (with the small exception of some high schools with an economic profile) no mandatory lessons in basic economy or finance, not to mention marketing or business strategy. Therefore even the best students of faculties not related to the area of economy, require training and advice on even the basic knowledge of starting and successfully operating a company.

Another factor that might hinder the successful development of the project is lack of motivation, especially when students have to divide their attention between other obligations (courses, exams, mandatory practical training, internships).

#### **Obstacles/difficulties encountered**

- Lack of management skills and any business experience of any kind amongst students.
- Lack of motivation to fully engage in the project when it collides with other obligations (courses, exams).

#### **People involved and their role in/or assistance to the process**

- Proceśy Inwestycyjne – main leader/business adviser.
- ETA Association for Efficiency and University of Technology – facilitator of premises and equipment, expertise.

#### **Synergies developed**

- Cooperation between young people (students from the Association) with experts and involvement of ‘regular’ enterprise (Proceśy), the University, NGO (ETA Association).

#### **Possibility of replicating**

- Similar situation of young people in the EU makes this project ‘ready to replicate’ in many countries; universities as incubators, professors as mentors/experts, cooperation with companies and NGOs – this model might work not only in engineering, but in other areas as well.

#### **Main conclusions of the pilot phase**

- Even the best idea for social business requires participation of professional management at least in the initial phase of the project.
- Entrepreneurship classes should be included as mandatory in university-level education in EU countries, regardless of faculty or type of school.

## II ► Portugal

### INITIAL IDEAS

#### Social laundry

At a time of economic downturn, families and students need to revise their budgets and may no longer be able to have all the services that housekeepers offer, including washing and ironing clothes. APCC explored a deactivated laundry owned by Coimbra University, situated in Coimbra town where the majority of students<sup>13</sup> live.

This idea was good because it was in line with APCC's mission and the professional training courses developed by APCC. Also, through the market survey conducted, it was possible to verify positive conditions for the implementation of a social business laundry as an opportunity of integration and to create employment for people with disabilities.

APCC began the process of negotiation with the rectory and the social services of Coimbra University. However, by that time, the University had awarded, by a public tender, the exploitation of this laundry to a private entity. However, although we had not arrived in time for this opportunity, Coimbra University was interested in the possibility of a future partnership in the area of social business.

#### 'Aromas da Conraria'

'Aromas da Conraria'<sup>14</sup> is an example of social farming. APCC promotes the provision of services to the community in the areas of farming, gardening and urban farming initiatives.



This approach follows the concept of 'Green Care'<sup>15</sup> that is being developed within eco schools and with disadvantaged people from the occupational activities centre, as a way to promote skills.

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<sup>13</sup>Coimbra University has approximately 20,000 students. It has one of the largest communities of international students in Portugal, being its most cosmopolitan university. Most students at Coimbra University live outside the family environment.

<sup>14</sup>Flavours of Conraria. Conraria is the name of the little village where APCC has a big farm.

<sup>15</sup>The Memorandum of Understanding of the COST Action 866 'Green Care in Agriculture' defines Green Care as 'the utilisation of agricultural farms – the animals, the plants, the garden, the forest, and the landscape – as a base for promoting human mental and physical health, as well as quality of life, for a variety of client groups'.



The Conraria Farm is a place with unique environmental characteristics. Its size and versatility means that it can work on productive, therapeutic, educational and entertainment levels for clients and the surrounding community.



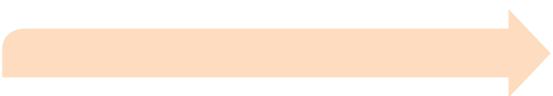
As well as reinforcing the employability and social inclusion of people with disabilities, the other objective of 'Aromas da Conraria' is to create a line of commercial outlets for potted plants, teas and packaged seeds produced by disadvantaged people.

The project has already selected a group of 20 disadvantaged people who will work in two main areas:

- production – 0.5 ha of land of plants for drying and seed production;
- sales – with the support of professionals in the mediation process of supply and demand and management issues.

This approach is of interest to APCC, as it opens up the possibility of including people with disabilities into labour activities through social business, generating profits for themselves and connecting with the local community.

As its main focus is to compete in the common market, it was decided that a team of professionals should support the social business and 'Aromas da Conraria' is currently trying to find co-finance or agreements with important business groups to develop the project.



## IMPLEMENTED PROJECT

### Caregivers

The project 'Caregivers' is based on the fact that many people leave their jobs to care for a relative who has a disability. In doing so, these people acquire a specific set of skills in the area of care that is of value in the labour market. The aim of the project is to promote the employment of people who, for many years, had the role of caregiver for a dependent family member or one with special needs and who, after the death of this dependent, face a situation of no job and no prospect of finding a job. Despite their great experience in the area of care giving, they cannot work as caregivers due the lack of a formal qualification that assures their skills to potential employers. APCC proposes to recognise their skills through a complex process of balance of competencies in this professional area, giving them a certificate that allows them to offer their services to others with an assurance of the quality of their services. This project began, effectively, from the need to certify these people in order to enter the labour market.

### Innovative factors

This project began as an action research project developed by an IPSS<sup>16</sup> with the involvement of the Board of Directors as a key to transforming some organisational aspects. The directors had different perspectives and opinions on how the organisation should pursue its mission so this generated much discussion.

The project is intended to be financially self-sustaining and, although it began in the context of APCC, it will work independently.

### Methodology

The involvement of stakeholders was central to our strategy and the starting point of the experimentation. It was progressed by the Board of Directors with the Department of Social Services, who identified parents who could join the project. From a total of 35 questionnaires submitted, 20 parents expressed interest in joining the project.

After the confirmation of interest, a team consisting of two nurses-trainers from the 'Family Support Assistant for the Community' course and two professionals in education sciences from APCC's training centre interviewed and selected the parents, based on a profile of competencies and framework training created specifically for this project. The core questions of these interviews were based on the applicants' experience of care giving, their training in this area, and on interpersonal skills.

Six participants were selected to join the project; however one of them quit when training began.

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<sup>16</sup>An IPSS is a non-profit, third-sector organisation.



The methodology applied was based on the recognition of acquired skills through the application of a balance of competencies and development of a portfolio of professional skills. The next part of the process was to identify where skills were lacking and then for the participants to undertake the training course 'Family Support Assistant for the Community' (50 hours in total). The portfolios differed from person to person. The opportunity to demonstrate skills in a real context was also provided by APCC with real-life individuals who agreed to participate.

Towards the end of the experience, three more caregivers failed to complete the training. After the modules had been completed, a new evaluation was made by the Educational Centre of Adults and it was considered that, to ensure all quality standards defined by APCC were accomplished, only one of the caregivers could be certified. The others have had to continue the training.

### Relevant aspects

APCC acts as an incubator of the project. However, it is intended that the business is independent of the institution with its own identity and operation. There is, however, the possibility of mediation of the relationship between supply and demand by APCC.

We performed a market study that aimed to identify people with an interest in exercising the role of caregiver, and also to identify companies providing care services in the central region of Portugal (services performed, type of customers, prices, etc.). A financial viability study was developed, including a 'test' to show when the business reached the break-even point.

We reaffirm the importance of creating a specific professional profile because there is a lack of professional qualifications specifically directed towards taking care of disabled, older and other dependent people. This is an aspect that would enhance the quality of services developed in the health sector.

### Difficulties

The difficulties are mainly related to the market study (since it is difficult to have access to data from companies engaged in the provision of care services, or from those who need this type of service). The financial viability study was also a challenge.

Other constraints can be identified that interfered with the success of the project: the selection methodology of candidates and the expectations of the candidates relating to the social context of the country.

The candidates that APCC Social Services selected were parents of children with disabilities, who are or were informal caregivers, but we think that our next selection will also look to informal caregivers connected to organisations similar to APCC but with experience of other target groups, such as children and older people. We believe that this would assure a larger base for the selection of the candidates to integrate the programme of recognition of skills and would also provide a more stimulating partnership and more exchange of experiences.



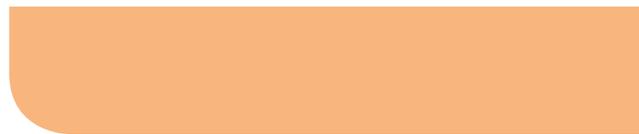
Also, the people selected in the first phase did not all fulfil the requirements of the profile for the project – the majority presented a low profile regarding the minimum skills and competencies required. We think this might be linked to the selection methodology followed by APCC Social Services and must be reviewed.

Given the social context of unemployment and poverty in the country, the expectations of the candidates when asked to come to an interview – and even after an in depth explanation of the project and its objectives and context – was that they would find a job directly. When confronted with the fact that it was a social experimentation project, most of them lost interest in being involved.

### **Obstacles/difficulties encountered**

- Choosing caregivers only from the APCC database of families.
- Expectations of the candidates selected. Even though all aspects of the project were explained, these people were hoping to find a job. When confronted with the fact that it was a social experimentation project, most of them lost interest in being involved.
- It was very hard to find funding for the project.
- Market competition can be an obstacle.
- The legal framework, in Portugal, is not clear.
- Social crisis.

### **People involved and their role in/or assistance to the process**

- The board of directors selected the idea. Had several meetings with Vieira de Almeida e Associados (a law company) to discuss the legal model and what changes were necessary in order for the organisation to be an incubator of social business.
  - In order to identify the social business, many employees and key players were interviewed.
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- APCC involved different stakeholders and departments, including social workers, trainers, professionals in Education Sciences, Communication Department.
  - APCC had a meeting with the director of the Portuguese department of the system of qualification (ANQEP). He showed interest in the project.
  - APCC designed a project and applied for the sponsoring of BPI Capacitar which is an initiative of a bank (Banco Português de Investimento).

### **Synergies developed**

- Strong network and natural sphere of influence developed by APCC.
- Caregivers were certified by APCC, according to a profile developed by the institution in line with the Referential of Qualifications.

### **Possibility of replicating**

- With this pilot case, APCC believes that it will be possible to create new jobs and opportunities for disadvantaged people.
- The project introduced important new points inside the institution; the board of directors participated from the beginning, actively developing their capacity of transforming organisational strategy through key aspects of the project.
- The profile created by APCC, if recognised at a national level, could be used by other educational training centres.

### **Main conclusions of the pilot phase**

- The third sector is not prepared to develop self-sustainable companies – not because they don't want to, but because the legal framework and financial issues can be huge obstacles. For a social organisation to discuss its strategy on social entrepreneurship/ business, it needs information and knowledge about the issue, it needs to involve the board, the managers and the rest of the employees.

- It is not easy for the third sector to do a market study, to collect all the necessary data and to develop the business plan, because it is not usual for them to have those skills inside the organisation.
- Even though disadvantaged people look for a job, many of them don't have the skills needed, so it is necessary to invest in a strong training programme.
- The project requires a leader, and it is not easy to identify a person with management skills to ensure the mediation of business between the supply and demand sides.
- The caregivers are parents that were part of the institution for a long time. They may demand the protection they are used to, which can compromise the quality of the project.
- A fact that could have contributed to the success of the project was the integration of caregivers from other institutions and with different types of experience.



## INITIAL IDEAS

### Nieves

Nieves is a disabled woman aged over 45 who stopped working as an administrative assistant in 2012.

After several months looking for a job and not succeeding, Nieves thought that her only chance to re-enter the labour market was through entrepreneurship. She applied for an entrepreneurship course offered by the Chamber of Commerce where she got advice on developing the business plan of her future company. At the same time, she came to IVAS asking for more information and help about starting her own catering business.

IVAS understood that Nieves (a disabled woman who was over 45) fitted the project objectives. IVAS also believed that it could, through 'Social Business in Progress', help Nieves to start her business. Moreover, Nieves looked like a person with enough competencies and motivation to start a sustainable business, in spite of not having previous experience in the catering sector.

### The business plan: 'More than a roll'

The business plan was developed with advice from the Chamber of Commerce and 'Social Business in Progress'.

The business idea was to prepare and sell, on demand, rolls, salads and pieces of fruit in a small shop. The customer would pay a price (cheaper than competitors) depending on the size of the roll. Although the idea was for takeaway food, there would be a couple of tables to let a few customers eat in the shop.

The business was aimed at two kinds of customers:

- customers who come into the shop;
- catering for parties and informal meetings in associations or clubs.

Nieves would work as freelancer and be helped by a part-time assistant.

The following strengths and barriers were identified by the project:

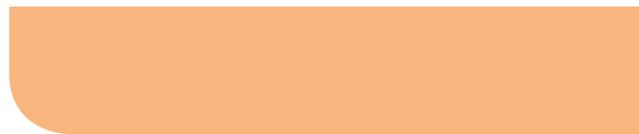
### Strengths

- A business plan fully developed by experts.
- Speed of the service.
- Paying depending on the size of the product.
- Cheaper price than competitors (bars).
- Better product range and quality than competitors.
- Nieves's determination.

### Barriers

- Difficulty of finding a good place/neighbourhood.
- Nieves's lack of sector knowledge.
- Nieves's lack of catering qualifications.
- Financing.

Nieves and IVAS started to search for the best way to finance the project. It was agreed that the only possible way was to ask for a bank loan. Nieves had some doubts about asking for a bank loan. In the improbable case she would get the loan and the company did not work, she would have no money to pay back the loan, putting her properties at risk.





After several meetings, IVAS and Nieves agreed to quit. Nieves didn't want to risk her family properties and IVAS was not sure of the project's success. IVAS also understood that this was a personal decision in which it should not interfere.

### **Obstacles/difficulties encountered**

- Lack of resources to initiate the business.
- Nieves's lack of catering knowledge/qualifications.
- High interest rate of loans.
- Spanish economic framework implies too much risk when a company is starting.

### **Companies involved and their role in/or assistance to the process**

- Course of entrepreneurship given to Nieves by Chamber of Commerce.

### **Synergies developed**

- No synergies developed by this case.

### **Possibility of replicating**

- No possibility of replication.
- Possibility of being an inspiration to other disabled people.

### **Main conclusions of the pilot phase**

- Not everyone is able to create his/her own business. It is even more complicated for people from vulnerable groups.
  - It has been very difficult in this case to create synergies with private or public entities.
  - If it is wished to promote entrepreneurship among vulnerable groups, it must be taken into account they will need extra support and financial help.
  - It is more difficult for vulnerable groups to obtain financial help than it is for non-vulnerable groups.
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## La Princesa de las palabras amables

J.Silvestre



### IMPLEMENTED PROJECT

#### MonBuk

The following case illustrates a company that is an example of adaptation, inclusion and creation of synergies.

#### Adaptation

Behind the idea of this company lies an association for patients with neuromuscular disease whose aim is to achieve the inclusion of people with disabilities.

In 2011, after several years of providing graphic design courses to these patients, the management of this association considered the possibility of developing (at least partially) into a company that could sell products produced by people with disabilities, some of which had won prizes and awards.

The project seemed very promising, as it opened up the possibility of inclusion of people with disabilities into the labour market, as well as generating profits for the association and/or the patients themselves.

However, this first attempt fell through. Some members of the association considered that they should prioritise and focus on providing patient care and occupational assistance, rather than embarking on an entrepreneurial path, especially since that was not part of the association's mission or goals<sup>17</sup>.

Nonetheless, within these differing interests lay the foundations for the development of the MonBuk project. Some members of the association (officers and users) believed in their project and were committed to their own inclusion through **social entrepreneurship**. Thus, they fully devoted themselves to redeveloping the project and setting up a company independent from the association – **MonBuk**.

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<sup>17</sup>However, one of the goals pursued by the association is the inclusion of its members into the labour market, which has led to the receiving of subsidies, in spite of the fact that said goal has never fully been realised.

## Inclusion

Consequently, with some necessary adjustments, MonBuk was established. This new project maintains social sensitivity but it sets its main focus on competing in the common market.

The people behind MonBuk have no hesitations when it comes to their goal. “We aim for competitiveness in the labour market. We are going to develop competitive products without losing sight of our roots: the inclusion of people with physical disabilities,” says Javier Silvestre.

## Synergies

MonBuk is well aware that, in order to achieve this double aim, it is paramount to develop partnerships with different stakeholders (on the one hand, social partners to improve the inclusion of people with disabilities into the labour market, and on the other hand, business partners to ensure greater competitiveness). Therefore, as well as taking part in the project ‘Social Business in Progress’, MonBuk has collaborated with other stakeholders, such as Fevecta (the representative organisation of the worker co-operative movement in the Valencian Region), Socialnest and the University of Valencia.

At present, MonBuk is closing marketing agreements with important business groups that specialise in the distribution of educational products.

## MonBuk

MonBuk is a working group specialising in the design of digital applications aimed at children and young people. It is an independent publisher of digital, educational and pedagogical materials that aims to introduce children between the ages of 3 and 10 to new technologies, boosting their reading and comprehension skills, as well as their creative and intellectual development.

Behind MonBuk are Javier Silvestre (the heart and soul of the project) and two colleagues with physical disabilities who provide administrative support in the graphic design and management of pedagogical content.

MonBuk is currently producing children’s stories, interactive books, recreational digital apps and instructive multimedia material for the classroom. All their products are available in different languages. One of MonBuk’s products now available is the Apple app ‘School calculator for kids’<sup>18</sup>, which can be downloaded from the Apple website.



<sup>18</sup>Accessibility for young children with visual impairments has been taken into account when designing the application. The application has been developed for the completion of calculus exercises and for its use with parents and teachers.

MonBuk has chosen teleworking as its model of organisation. This model is the most suitable working model for the disabled people involved in this project, because it enables them to work from home with computer equipment adapted to their needs.

The other two people who are professionally involved in this company, in addition to Javier, are two people with severe physical disabilities. The business model, undertaking and goals to be achieved have been adapted in order to maximise their level of inclusion. The selected business model aims to be competitive, as well as to ensure the inclusion of people with disabilities. In addition to that, whenever external collaborations (translations) are required, MonBuk looks for workers with disabilities to be part of the project.

MonBuk is optimising an online and remote organisation of work. The communication channels with stakeholders, as well as the production system, have been designed to smooth the progress of inclusion of people with disabilities or with severe mobility problems. Furthermore, this online organisation facilitates the expansion of the business and production structure online, at no additional cost for the company.

At present, MonBuk is working on the production of a new app, 'Speed Cars', which aims to compile the fastest cars in automotive history (1902–2012).

This app is divided into three parts:

- a 'Post-Card' interactive book containing the 60 fastest cars in history;
- a colouring book, 'Colouring cars';
- video games:
  - acceleration races: 'Drag Racers';
  - speed races: 'Bonneville';
  - endurance races: 'Nascar Racers'.

Finally, it must be pointed out that people with disabilities have not been involved in sourcing finance for the company. However, they have contributed with their own computer equipment and the necessary adjustments to them. The cost of each application stands at around €7,000, and €25,000 is the budget allocated to 'Speed Cars'.





## Obstacles/difficulties encountered

- The reluctance of the association to set up a company and the lack of funds, have led the project to moments of complete uncertainty.
- People with disabilities found it very hard to find funding for the project.
- Necessity to adjust job profiles.
- Product marketing channels.

## Companies involved and their role in/or assistance to the process

- Association of people with neuromuscular disease: provide training to users, design of the initial project.

## Synergies developed

- IVAS: project participation, visibility, strategic guidance for project.
- Participation in the two seminars on 'Social Business in Progress'
- Socialnest: visibility.
- Private companies: assistance in marketing the product.

## Possibility of replicating

- Teleworking opens up a whole range of possibilities to people with reduced mobility.
- New technologies and education can provide career opportunities to certain vulnerable groups. Moreover, given their innovative nature, new technologies marry perfectly with the social economy sector.

## Main conclusions of the pilot phase

- Not all third-sector companies can reinvent themselves in order to compete in the labour market. Sometimes, this is because entering into the labour market is not one of their mission statements. On other occasions, they simply do not possess the key capabilities to be competitive.
- Great difficulties in designing the business plan and determining the final product.
- Disabled entrepreneurs involved in setting up these kinds of projects often require support and guidance from a project leader, and evidence in Spain suggests that these project leaders are often not disabled themselves.
- The teleworking model has become a tool for inclusion.
- The prospect of new technologies and education as a source of jobs in the social economy sector should be explored.

## United Kingdom

When we were searching for two viable social enterprises that would present significant social impact for disabled people, we looked to our own services. We found that one was already trading on a very small scale and was looking to expand, and the other was pre-start-up and looking to open a charity shop.

### Bells Piece Day Service

Bells Piece, Leonard Cheshire Disability's (LCD) service in Farnham, provides 24-hour care and support to over one hundred adults with a learning disability to enable them to enjoy their lives and optimise their independence and community participation. They also provide advice, support and activities for people with learning disabilities who live independently in the community.

People who come to Bells Piece said that they wanted to learn how to cook for themselves and have a better understanding of healthy eating. Many felt excluded from the food journey from shopping to preparing meals by well-meaning carers and family members. One participant commented, "I can't cook, my key worker won't let me."

Learning to cook and eat healthy food is a simple yet powerful step for disabled people to express choices, participate positively in their families and communities and make meaningful decisions about their own lives.

In April 2012, with support from the Big Lottery Fund and Howden's Joinery Company, the bespoke kitchen-training project 'Seed to Plate' was launched. The project comprises a ten-week tailored curriculum on healthy eating and cooking. The training kitchen is fully accessible and designed to encourage disabled people to cook, shop wisely and eat healthy meals.

It has changed the lives of disabled people by supporting them to grow, choose, prepare and cook nutritional, tasty meals for a healthier life and support their journey towards greater independence. The vision of the project is for community cafés to offer volunteering and employment opportunities to the disabled participants.

The difference it has made to their lives includes improved wellbeing, confidence and self-esteem. Participants have begun to apply their learning to cooking, budgeting and making food choices. So far, four participants have gone on to volunteering roles in the community, two of these have also gone on to become peer-to-peer mentors to new students, and six students have achieved level 1 Food Safety qualifications (Chartered Institute of Environmental Health).

'Seed to Plate' provides a stepping stone for people with a learning disability to grow their skills, live independently, contribute economically and participate fully in society.





Residents at the care home already grow some of their own produce and have started to make jams and chutneys that they sell to family in an onsite shop and at a weekly market stall. Bells Piece were looking to expand this enterprise by focusing on a few products and developing a brand – producing quality products with suitable branding, packaging and labelling – and finding the right place to sell the products. Ultimately, disabled people will gain new skills in marketing and will be involved in running a shop or stall and selling the products.

The model has been tested in terms of social value with the people who use the service, and some of the jams have been road tested in a few community shops where there has been some very positive feedback. Parameters are being looked into in terms of finding premises and having a physical location, such as a pop-up shop, or selling the products online.

### **Pop-up retail**

Pop-up shops allow a company to create a unique temporary environment to engage with customers and build up interest by consumer exposure. Pop-up shops are often used by marketers for seasonal items such as Christmas gifts or fireworks in temporarily vacant premises.





They typically open for between three days and three months in locations where there is high foot traffic. They are used to launch and test new products, generate awareness and vet ideas.

A cost/benefit analysis is being drawn up as well as a risk strategy. However, due to other priorities, Bells Piece staff who are involved in setting up this enterprise have been unable to progress any further with it at this current time. Sourcing appropriate funding is also contributing to the lack of progress. Some possibilities include sourcing an investor or developing a crowdfunding strategy in order to involve the local community at every step.

#### **Obstacles/difficulties encountered**

- Lack of funding/difficulty sourcing suitable funding.
- Staff resources.

#### **Companies involved and their role in or assistance to the process**

- LCD services and other departments working together in the pre-start-up stages to carry out market testing, write headline business plan, draw up cost/benefit analysis and risk strategy.

#### **Synergies developed**

- Participation at the national seminar.
- Networking with other enterprises and attending talks and presentations about the sector.

#### **Possibility of replicating**

- The service users at Bells Piece are successfully producing jams and chutneys, which they sell to family and at local market stalls. This can be replicated and expanded if the branding and marketing is carried out effectively, as well as meeting the legal requirements of selling edible produce.

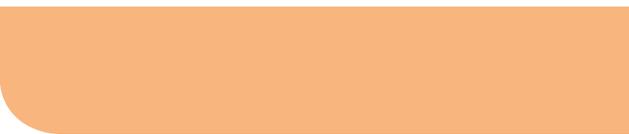
#### **Main conclusions of the pilot phase**

- **Disabled service users can be involved in setting up a social enterprise with support.**

The disabled service users are already involved in growing the fruit and vegetables and producing the jams and chutneys. LCD staff are working on the business tasks but will include the service users in the marketing and branding of the products once funding has been secured.

- **It is difficult to set up a social enterprise unless it has your undivided attention.**

Once funding has been secured, the enterprise can start to sell two or three products in order to test the brand and the demand for the products, and then expand as customer numbers increase.





## Derbyshire Community Support Service

The second social enterprise is based at another LCD service, which supports disabled people to live independently in their own homes by helping with personal care, around the home and out and about, such as getting to appointments and managing bills.

The Day Services Care Manager is looking to open a charity shop, which in the future will be partially staffed by disabled service users and volunteers, and profits fed back into the service. Work on this social enterprise is on hold while the manager looks for suitable premises.

An outline business plan was drawn up highlighting the tasks that need to be considered and agreed upon, such as the business model, financial plan, and governance and marketing strategies. Some market research was carried out and visits were made to two of LCD's successful charity shops, which have been running for a number of years. They are both run by volunteers and make a considerable amount of profit, which gets fed back into the shops and local LCD care home.

It is clear that in both cases there is no lack of effort and desire to set up these social enterprises in order to benefit disabled service users by providing employment opportunities and profits that will be fed back into the services. However, time and funding is currently halting progress.

## Obstacles/difficulties encountered

- Finding suitable premises.
- Staff resources.

## Companies involved and their role in or assistance to the process

- LCD services and other departments working together in the pre-start-up stages to carry out market testing, assist with sourcing premises and writing headline business plan.

## Synergies developed

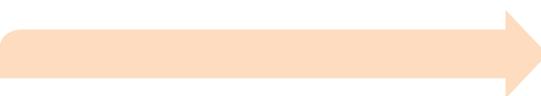
- Visiting existing charity shops for market research purposes and business planning ideas.

## Possibility of replicating

- The existing charity shops are very successful in their locations. The difficulty for the Derbyshire enterprise is finding suitable premises with a similar footfall and social interest in supporting disabled people.

## Main conclusions of the pilot phase

- **Disabled service users can be involved in setting up a social enterprise with support.** Disabled service users/volunteers will get involved once premises have been acquired by LCD in Derbyshire.
- **It is difficult to set up a social enterprise unless it has your undivided attention.** When suitable premises are located by the Derbyshire enterprise, the staff will be able to concentrate on the business plan and finding the right disabled service users and volunteers to run the shop, and source items to sell.



## 4. Conclusions and Lessons Learnt

- III▶ There was a time in which economic and social issues were seen as separate. Economy was producing wealth, society was spending. In the 21st century economy, this is not true anymore. Sectors like health, social services and education have a tendency to grow, as well as in creating employment, whereas other industries are decreasing.

Diogo Vasconcelos (1968–2011),  
Senior Director and Distinguished Fellow with  
Cisco's Internet Business Solutions Group



## Definition and concepts

- It took time to assimilate the concepts of social business and social innovation that are the core topic of the project. In the different countries, the institutions that deal with concepts such as social innovation, social business and social entrepreneurship have different perspectives, depending on their context, research and cases. These differences were more evident between universities/research centres and social business incubators/social organisations.
- Since the pilot projects aimed at the employability of vulnerable groups, there was an initial discussion between the partners on the definition of these groups because it was not a straight and clear definition.
- There was a lack of general awareness and easy access to information regarding social business.
- There were differences between the legal and juridical framework for the social economy and social enterprises for each partner, but this didn't invalidate the Action Tank Phase.

## Business models

- The case studies that were identified in the first part of the project served as inspiration for the partners, but unfortunately there were few cases and this factor had an influence on the four partners. They needed to know what kind of solutions and methodologies worked, but they had few examples and so there was a tendency to use those solutions.

## Stakeholders' engagement

- Each partner had to engage their stakeholders, discuss these new models and develop the project together; this was not an easy task since there had to be agreement on the model that would be used on the pilot projects.
- Strong stakeholder engagement to establish partnerships, but also to co-create the project, was very important in the transformation of the idea into pilot projects.
- Creating synergies is necessary to optimise the lack of resources and a key factor if we want vulnerable groups to participate in social entrepreneurship, connecting entities that work with social entrepreneurship and those that work with vulnerable groups.



## Main lessons

- There were difficulties launching the Action Tank Phase, namely:
    - moving from an idea on paper to the implementation of the action plan;
    - having the internal approval to make the pilot project happen;
    - financing the pilot project (given the social and economic context);
    - human resources (not enough, lack of time, internal changes);
    - deciding what the ideal business model to choose and implement was after the incubation phase;
    - the fragility of entrepreneurs, being from vulnerable groups and needing coaching along the process.
  - The common experience of the partners has been that disadvantaged groups and communities face major barriers to social and business integration, related to a lack of educational skills and the labour market due to structural unemployment and economic growth.
  - Social business, inclusive business and social entrepreneurship won't solve all social problems, but can help minimise them.
  - Having fewer resources (financial and human) enhances creativity and made the organisations look for business ideas linked to their core business.
  - The partners used this project to create sustainable business that will have continuity after the project.
  - Helping people with social business initiatives, either intellectually (through education and skills training) or through assets, is critical to poverty alleviation. Like all entrepreneurs, social entrepreneurs need access to capital to start their businesses. Social business requires business expertise and courage. It is riskier than a development project. Trying to get capital is difficult enough. It will be much tougher 'out there'. There are failures. But even in failures, people learn new skills and some diehard entrepreneurs try until they succeed. In Europe, especially in the southern countries, it is not common to take risks, whereas in other countries, such as the US, people who take risks but fail in a couple of ventures are thought of as 'experienced'. Starting and running a business requires certain skills. Funding for social business should seek other kinds of solutions to support the mediation between supply and demand.
  - The partners felt that 'Social Business in Progress' fostered a mindset change in their organisations.
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## The way forward for future entrepreneurs

Information for the recommendations was being considered throughout the project. During this time, through seminars and forums, the partners have brought people together, forging groups between technical entrepreneurship experts, managers, information and communication experts, advocates and politicians.

There is a renewed energy for promoting access to social entrepreneurship. In order to keep momentum and facilitate timely and coordinated follow-up, the partnership proposes the following actions for the future:

### Information

To understand the concept of social business and identify the social economy stakeholders requires time to invest in knowledge. When entities start working on this concept, they need time to master it.

### Education

Training in social business should be reinforced in training centres, schools and universities. Social entrepreneurs need to develop the necessary skills to ensure that the business is well managed and able to grow. Specific training programmes for the development of business initiatives that provide support and guidance are effective in start-up phase. It is also necessary to pay special attention to the development of programmes to prepare investment and management<sup>19</sup> skills.

## Resource mobilisation

Resources need to be mobilised to ensure that people who want to create a business have the necessary funds to implement it; the resources should be available for each of the countries to deliver on their plans. Partners and donors need to be approached to try to match financial commitments to country demands.

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<sup>19</sup>A particular point was underlined in the Action Tank Phase related to the strong need for partners to benefit from pedagogical tools on social business and social entrepreneurship concepts. When the legal and economical environment is not yet mature, it is difficult to precisely understand the transformation and evolution of the different partners of the project, i.e. how do they transform their revenue generation and how their conception of the business models is changing.



It is a reality that a company cannot function without financial support; better access to capital both for start-up and growth is a priority for social enterprises. The countries of the partnership felt this strongly. It should focus energy and practical measures to promote access to finance for social enterprises<sup>20</sup>.

However, we all know that there is a major financial crisis and this affects capital flows, especially for SMEs. Social enterprises are also caught up in this liquidity problem.

### **Financing the social sector**

Appropriate access to capital is a crucial factor for organisations operating in the social sector. The sector needs healthy organisations that generate sustainable revenue streams alongside their social impact in order to deliver efficient services to their beneficiaries.

Nevertheless, in addition to the challenges that other organisations face when applying for funding, there are specific challenges for organisations operating in the social sector.

Social impact needs to be measured in a meaningful way that informs operational decision making, increases social impact and provides a quantitative assessment for potential funders. Given that most social organisations work to reduce demands on social services, their interventions do not necessarily generate direct revenues. Instead, they need to factor into their business model the long-term savings delivered to government by helping to reduce the number of people in need of social support – whether this is in the area of homelessness, unemployment or another social area.

In the same way that in the 1960s and 1970s a new investment vehicle – venture capital – started to be available to entrepreneurs, drawing investment from institutional investors with appropriated time horizons and now is a core part of many economies, funding for social organisations needs to be adapted to their specific needs.

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<sup>20</sup>The microcredit and loan instruments, for example, have been a key factor for social entrepreneurs to develop their activities. Many banks have launched dedicated programmes and specific support for this very reason.

A social enterprise is an operator in the social economy whose main objective is to have a social impact rather than make a profit for owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its profits primarily to achieve social objectives. It is managed in an open and responsible manner and, in particular, involves employees, consumers and stakeholders affected by its commercial activities.



We have learnt in this project that the partners are not different from other social organisations. In order to support them pursuing their social mission in an efficient way, we feel that the following conditions should be in place:

- Potential sources of capital should be aware that investment needs to be allocated to cover overheads and other structure costs. There is a tendency from grant makers and other funders to put their money towards intervention costs without realising that the full potential of social organisations will only be unlocked if there is appropriate capital to fund the right people and manage working capital requirements efficiently.
- Social organisations need pools of capital available for them to build solid impact measurement frameworks. This will hopefully help social organisations to think through their theory of change and feed that into their business models, as well as creating an evidence-based intervention model that will better attract investment in an outcome-based environment.
- Socially minded investors should make capital available for organisations at different stages of development: from (1) charities that need to make their organisations more investment ready, to (2) start-up social enterprises bidding for contracts with specific requirements, to (3) large social organisations that need capital to expand their reach and impact. Each stage requires specific types of funding that need to be available if we are to build an appropriate infrastructure for organisations accessing financing.
- Governments and regional authorities should engage with investors from early days to ensure that contracting, fiscal and legal frameworks are presented in a way that unlocks investment as it does for other financial vehicles (venture capital for instance), reducing the barriers for social investment and increasing the right incentives to do so.
- Providers of finance should foster the creation of an efficient intermediary market that will hopefully allow the social investment market to develop. Therefore, traditional providers of finance for the social sector – governments, trusts and foundations, high net-worth individuals – can channel a part of their funds to build an intermediary market that helps to develop mechanisms and products that match the needs of the investors and social organisations. Intermediaries will play a crucial role in bringing together the social sector and the capital markets by building a better understanding and market intelligence on what investors look for in a social investment and what specific needs/challenges social organisations face.



## Legislation

A more flexible structure for social entrepreneurship can be developed and grow.

The concepts of social enterprise, social business and social entrepreneurship are still in an early phase of development in most European countries, with a long way to run, and Portugal is not an exception in this field.

While very few doubt that more flexible/hybrid legal structures need to be created to accommodate innovative social responses and foster the immense potential of social economy, very few countries have implemented new legislation allowing the creation of new legal structures, more adequate to the objectives of social entrepreneurship. It is however clear that such new and hybrid legal structures (social businesses are social impact driven, but are 'business minded' and supposed to be profitable and sustainable like any other business) are needed for many reasons. One of them is, no doubt, access to funding. Like any other business, a social business needs to be funded and the current available legal structures in most European countries are not particularly 'funding friendly'.

The absence of adequate new legal structures to run social businesses is in fact able to cause growth constraints on the development of the social economy and on the social investment market.

There are, however, signals that things may be about to change in the near future. Legislators seem to be starting to understand that the dramatic changes in the economy need to be accompanied by a more supportive legal framework for the range of organisations that operate within the social economy, as it becomes increasingly evident that social enterprises are at the heart of inclusive growth and may generate a significant impact on society.



In this context, the Social Business Initiative launched by the European Commission in 2011 has created a powerful agenda for change, paving the way for the development of ecosystems for social enterprise in all European countries and for making better use of structural funds and other sources of support.

In May 2013, the Portuguese parliament approved a legal framework for social economy (the 'Law of Social Economy'), which aims to build a favourable environment to support the work of charities and other organisations that seek to have a positive social impact.

This new legal framework defines the different types of entities encompassing the social economy in Portugal, establishes the guiding principles that differentiate social economy organisations, identifies sector associations and organisational structures that are or can be put in place to support the sector, and describes the relationship that should be established among social organisations, its users and the state. However, this law does not specifically establish a new legal structure allowing for the creation of true social enterprises. Though the initial version of the project law included social enterprises in the list of organisations belonging to the social economy and to the third sector, the idea has been abandoned during parliamentary debates.

The Portuguese government is now preparing an in-depth revision of all the legislation applicable to the social economy, as imposed by the Law of Social Economy, but the legal framework concerning the development of social business is still based on traditional charities/not-for-profit organisations, such as associations, foundations and co-operatives, with all the limits that these kinds of entities have in terms of the participation of social investors and access to funding.

The good news is that, even without a friendly legal environment, social businesses are starting to emerge in most European countries, Portugal included, and this will ultimately demonstrate to legislators the value of the social investment market, both in social and in economic terms, paving the way for the creation of a new legal framework and a new paradigm in the social economy.

The UK stressed the Public Services (Social Value) Act, which came into force in January 2013 and means public bodies are now required to consider social value in commissioning practices at the pre-procurement phase for public service contracts. Commissioners will have to consider social and environmental benefits alongside financial efficiency.



The Act should **create a more level playing field, as social enterprises and charities have often been pushed out of public service markets by larger private providers.** However, experts in the social enterprise field believe that the following recommendations could be built in to strengthen the Act:

- Public bodies should be obliged to include social value in their commissioning and procurement, and account for how this is generated (rather than just consider its inclusion).
- As well as applying to services, the Act should be extended to apply to the purchasing of goods and works and the management of assets.
- Public service contracts should be small enough to enable small organisations to bid for them.
- An independent body should be established to scrutinise contracting decisions and prevent unfair competition.
- Public sector procurement should be made more transparent to mitigate against excessive profiteering and promote more effective partnerships, where all partners are motivated to find the most effective solutions.

Furthermore, social enterprise bodies believe that there needs to be specialist input to help people develop their business plans and access start-up funds.

### **Expanded partnerships, networking and links to European initiatives**

New partners should be engaged in order to support countries to deliver social entrepreneurship. One promising approach is to strengthen regional and national institutions to assist countries in the implementation of social business. The ability to articulate results and identify gaps will be a critical approach to mobilise resources.

To achieve the objectives, it is necessary to create synergies with entities that specialise in social economy or social entrepreneurship. The relationships developed with universities in the pilot projects have been very good, but the relationships with other key entities have not been as good as expected in some cases. Synergies are necessary in social entrepreneurship to optimise the lack of resources, but understanding how to create (or keep) them and who with is not easy. Entities from the third sector can play an important role when the participation of vulnerable groups is demanded.

New initiatives contribute to the Dissemination Strategy and strong links can be forged at operational level, such as the PROGRESS Initiative and others, to capitalise on and maximise synergies between several 'ongoing' developments at European level. Being connected with networks and actions/initiatives provides the possibility to explore and maximise the new solutions on a wider scale.



# 5. Appendix

## II► Polish Conclusions

Lack of general awareness and easy access to information regarding social business, lack of cooperation between private, public and NGO sectors along with a complicated legal situation and problems with funding social entrepreneurship are the main obstacles for the development of the social economy in Poland.

### **Procesy Inwestycyjne and social business**

Procesy Inwestycyjne Sp. z o.o. is a company established in 2003 with a focus on enhancement of competitiveness of enterprises, promotion of sustainable development principles, energy efficiency increase and proper utilisation of natural resources in the economy.

The company's goals are achieved through campaigns, conferences and seminars, as well as analyses carried out for business entities, public administration and local government. The company follows its non-dividend declaration unique for commercial companies on the Polish market: the company's profit is not distributed among the shareholders and is used solely to implement the abovementioned tasks.

Projects implemented by Procesy Inwestycyjne are supported by the patronage of the Ministry of Economy, Ministry of Environment, Ministry of Regional Development and Ministry of Science and Higher Education. The projects organised by the company are characterised by the participation of outstanding Polish and international experts, representatives of the government and parliament, and scientific institutions and renowned non-governmental organisations.



This ability to cover so many different fields and to cooperate with leading experts and companies brought us to the decision that Proceśy could use its expertise in creating ideas for social business that would lead to the inclusion in the labour market and improvement of living standards of two groups of socially excluded people: the long-term unemployed and retired professionals (with a focus on retired engineers from the energy sector). After our initial ideas were unsuccessful, we sought out other opportunities and decided to partner up with Warsaw University of Technology, ETA Association for Energy Efficiency and the Association of Students of Civil Engineering and together developed the idea for the social enterprise 'Building for the Future'.

### INITIAL IDEAS FOR SOCIAL BUSINESS

After thorough research and discussions with our partners and experts, Proceśy came up with a few ideas of creating social business in the area in which our company has the most experience – a broadly defined energy sector.

#### Inventory of the power grid

- **Idea:** creating teams of retired power engineers (with low pensions), pairing them with young unemployed people and engaging these teams in the process of preparing an inventory of the power grid, including identifying vulnerable parts of the overhead power lines for possible threats (vandalism, environmental factors).
- **Action:** retired electric power engineers with insufficient income (pension) will provide expertise, analyse the data provided by trained unemployed engaged in fieldwork and prepare an inventory of vulnerable parts of the power grid.
- **Benefits:** the energy company will have a professional inventory of vulnerable parts of the grid; retired engineers with low pensions will increase their income and have a feeling of 'inclusion', whereas young unemployed people will be learning new skills using the expertise of retired engineers and receive an income at the same time.

#### Sale of LPG gas

- **Idea:** salespeople (long-term unemployed) providing liquid petroleum gas cylinders for door-to-door sale in rural areas/for summer cottages, especially in remote areas.
- **Action:** the gas company will provide training for the unemployed (might also hire retired professionals as trainers).
- **Benefits:** providing employment and knowledge for the unemployed, increasing the company's profits by providing its product in remote areas.

#### Development and conclusions

The development of our ideas and transforming each idea into an enterprise would have been impossible without involvement from our partners – large companies from the energy sector. We conducted a seminar, the main goal of which was to raise awareness of social business among our partners and stakeholders. We conducted a series of meetings with decision makers from a few companies. Our ideas met with initial approval, but during the meetings it also became apparent that the idea of social business is practically unknown in Poland and it was often confused with charity.





Another impeding factor was the nature of our partner companies: as huge entities crucial for Poland's energy security and thus with strong connections to the Polish government, they are run by politically appointed management. This situation created obstacles in the decision-making process – the managers were afraid of the long-term commitment that was critical for the success of our enterprise and didn't want to make decisions that could affect their careers, especially during an economic crisis that affects even the biggest and strongest players on the market. For the same reason, they were also afraid of getting involved in projects that were not within their core business.

As the legal framework of social business doesn't exist (the Social Economy Law is still not approved in Poland) and social enterprises exist within the same framework as other companies, private sector companies don't have any incentives (i.e. tax exemptions) to get involved with social business.

Without the financial and professional involvement of our partners, the initial ideas were impossible to implement.

#### **The lessons we have learnt:**

- Lack of information, which leads to confusion regarding the difference between social business and charity. The Polish private sector, which could be a huge facilitator of social entrepreneurship, is largely unaware of the whole concept; big companies, known for their CSR and social awareness, prefer to spend money on traditional forms of charity.

- Poland still doesn't have a Social Economy Law. The same rules apply to both traditional and social enterprises – in order to create a company, you have to apply the same conditions and comply with the same requirements regardless of the form of your company. It puts socially excluded people in a worse position, as they often lack the skills and experience to deal with bureaucratic obstacles. It also discourages potential stakeholders (i.e. private sector) from involvement in social economy partnerships as they lack incentives in the form of tax exemptions tailored for social entrepreneurs, easy access to funds and institutions providing guidance and advice.
- We believe that a proper, government-run policy, with information campaigns promoting social business as an alternative to traditional charity and social aid, along with changes to existing law (which should include implementation of the Social Economy Law), may create an environment for potential partnership between traditional and social business.



## New opportunity

As we were not able to proceed with our initial ideas, we sought out other possibilities for social business. We decided to cooperate with our long-time partner, an NGO by the name of ETA Association for Efficiency and the Technical University of Warsaw, Faculty of Civil Engineering. They created a team of students who, under the supervision of an experienced energy auditor, will carry out energy audits for buildings in Poland, which will result in obtaining energy certificates for the said buildings. The students recruited for the project are members of the Association of the Students of Civil Engineering. Carrying out energy audits will allow students to earn their upkeep, give them professional training and work experience and thus prepare them for entering the labour market.

Money earned by the team of students under the supervision of the experienced auditor will partly provide payments for the students, and will partly be paid to the Association of Students of Civil Engineering and further used by the said association for the purposes of additional professional training for the students, paying for their study visits and providing support for very low-income students. ETA Association for Efficiency and the Technical University of Warsaw provided the premises and basic equipment for our project.

## Conclusions:

- Young people all over Europe are one of the most vulnerable groups at risk of unemployment. Many enter the labour market without the necessary skills and experience. In times of crisis, a basic university education might not be sufficient to becoming successful in a highly competitive market.
  - Universities are perfect places to serve as incubators of entrepreneurship. They provide experts, premises and equipment that can enable students to gain additional skills and experience.
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- Students aided by experts (professors, partners from outside – companies and NGOs) can create a competitive workforce because they can offer a lower price for their work.
  - The easy access to leading experts from their field might help them recognise promising areas for development and identify gaps to be filled in the market.
  - The constant flow of students provides the enterprise with sustainability and the opportunity to help a large number of people over the years.
  - Partnerships between universities, companies and NGOs might be a key factor to success. Together they might offer:
    - University: academic expertise (professors and teachers) and constant flow of workforce (students);
    - NGO: knowledge about access to different European funds and programmes and experience in using them;
    - Company: business expertise, knowledge of the market and network of professional contacts.

As the situation of young people in the European Union is very similar in each Member State – with high rates of unemployment, lack of prospects and risk of exclusion – we strongly believe that our idea of social business, based on a partnership of universities with the private sector and NGOs, is easy to replicate and might be applied in various fields.

## II Portuguese Conclusions

### Brief context of APCC

APCC – Associação de Paralisia Cerebral de Coimbra – originated from the Núcleo Regional do Centro da Associação Portuguesa de Paralisia Cerebral (NRC-APPC). The NRC-APPC was founded in 1975 by a group of parents and technicians. It has been known as APCC since 2005.

The mission of APCC is to promote the social inclusion of disadvantaged people, specifically people with disabilities, and to be an impactful organisation, nationally and internationally, in the rehabilitation and full integration of disabled and disadvantaged people.

The Rehab Centre – CRPCC<sup>21</sup> – inaugurated in September 1977, began at Rua Eça de Queirós in Coimbra, and was directed at the rehabilitation of children with cerebral palsy, essentially from a preventative perspective. Now located in the area Vale das Flores, in a modern building, the work consists of multidisciplinary teams that provide integrated intervention working in conjunction with the community.

In 1983, the Centro Regional de Segurança Social gave ‘Quinta da Conraria’, a property of farmland near Coimbra, to APCC. There, the process of rehabilitation continues, through pre-professional training, vocational training, occupational activities and sports. Quinta da Conraria has an organic farm, an adventure farm, a horse riding school, and the pedagogical farm ‘O Caracol’; all of which are services open to the community and which seek to advance the integration of disadvantaged people, just as the resources centre and the toy library do for clients of the CRPCC.

APCC has residences that provide domiciliary personal care and support. A new centre for the elderly, one in which disabled people can live together with their ageing family members, is currently in construction in Coimbra.

Credibility and quality are marks of APCC’s work. In this sense, APCC gives emphasis to developing national and international projects that are considered fundamental to innovation and organisational development. APCC is certified on Level II of the process of quality excellence, in reference to EQUASS.

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<sup>21</sup>Centro de Reabilitação de Paralisia Cerebral de Coimbra





## Conclusions

- This project enabled APCC to map the know-how, services and products inside the organisation that can facilitate the development of other revenue sources, and also to create employment opportunities for their beneficiaries and maybe their families.
  - This mapping promoted discussion inside the organisation (board) where different perspectives and sensibilities on how the organisation should pursue its mission coexist. There was discussion about new models for social organisations, which can promote independence of state subsidies in the long term, but can also allow them to continue their mission of creating jobs inside or helping to create jobs outside the organisation for their beneficiaries (for example, after ending their rehabilitation and training).
  - During the development of their business ideas, APCC realised that they had skills and resources inside the organisation (the farm, infrastructure, etc.) and also because APCC is a certified training entity, they felt confident about experimenting and creating different models to promote more professional opportunities for their beneficiaries and other vulnerable groups.
  - Some resistance to the ideas being developed in this project created another moment of reflection for APCC. Historically, APCC's work begins on the day that a disabled child is born until the day this person dies. This child and their family are supported by APCC all through their life. This culture is rooted inside the organisation and this project allowed APCC's board to reflect on the benefits of encouraging independence for their beneficiaries and their families.
  - The social experimentation promoted by this project took place inside the organisation, forced the organisation to think about how they could improve their activity and changed the mindset of the team involved. The project team is now more aware of the opportunities of work and progress; they also question how they can improve their activity and create more opportunities for the disabled people that use their services. But, of course, all this change takes time. It took time to create awareness inside the organisation, to prepare the team, to learn from case studies in Portugal and beyond, to develop the business plan and – importantly – to contact and win stakeholders' interest in the project.
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- In the Caregivers case, there were important steps that had a strong influence on the overall timetable. This was not only because different teams inside the organisation were involved, but also because of the involvement of external organisations, namely ANQEP (Agência Nacional para a Qualificação e o Ensino Profissional/National Agency for Qualification and Vocational Education). ANQEP is the entity responsible for the approval of skills relating to caregivers, but because they are an external and national agency they have their own timings for this procedure. Approaching the informal carers, through the organisation's social services, and challenging them to participate in this project and join the labour market after many years at home was another challenge that took more time than expected.
- Although APCC has many resources and skills, these are focused in social action and training. To work as an incubator, other skills and knowledge are needed. Third-sector organisations need to attract people from other areas of competencies who have an understanding of the social mission, but who can also bring the best from the business sector with their entrepreneurial skills.
- APCC believes that social business can be an opportunity for disadvantaged people, and it can be a solution to the current socio-economic situation.
- Portugal needs to reflect on the nomenclature 'IPSS', which includes the 'non-profit' qualification that may raise issues under social business, and therefore may be inappropriate given the current context and challenges that are inherent. In Portugal, there is no consensus concerning the social economy concept. Although, the law exists (30/2013, 18 May), it is not clear. The main reasons that APCC decided to act as an incubator were that there is no legal framework of social business and it was going to be very difficult to create an autonomous business from the beginning. It was also very difficult to get financial support due to the social and economic crisis, so APCC decided to apply for funding from BPI<sup>22</sup> Capacitar. It hopes to receive the money to guarantee the first three years of the business and after that to be financially independent.

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<sup>22</sup>The Investment Portuguese Bank (BPI), as part of its corporate social responsibility policy, aims to support financially, through BPI Capacitar donations, projects that promote and improve quality of life and social integration of disabled people in Portugal. [www.bancobpi.pt](http://www.bancobpi.pt)

## II► Spanish Conclusions

- Teleworking and/or the educational sector can be good models to promote social entrepreneurship among vulnerable groups or among people living in remote areas (replicable).
- It is necessary to create synergies when developing social entrepreneurship among vulnerable groups. This issue must be better researched.
- Not everyone is able to create his/her own business. It is even more complicated for people from vulnerable groups.
- To what extent do European policies which promote entrepreneurship benefit vulnerable groups?
- Not all third-sector entities can reinvent themselves as a private business, in order to be sustainable.
- Most of IVAS's resources are used for people with a disability (residences, occupational centres and special employment centres).
- IVAS has developed this project in Valencia (the third largest city in Spain). Valencia has many entrepreneurship resources, but we only found one that specialised in vulnerable groups (Grupo Once-Fundosa Consulting<sup>23</sup> for people with a disability).
- Finally, social innovation, as a macro-concept phenomenon, is still an unknown concept in this city (and in the Valencian Region).

### IVAS, 'Social Business in Progress' and social innovation

To understand the conclusions, it must be explained in advance the context in which the project has been developed in Spain:

- IVAS is a public entity belonging to the Valencia Regional Ministry for Social Welfare with full competencies to work in any area of social action with people at risk of exclusion. IVAS has good knowledge and capacity to understand people with disabilities and people at risk of social exclusion. IVAS has developed many projects related to labour intermediation, but not related to social entrepreneurship, as this is not among the entity's priorities.

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<sup>23</sup>According to Law 5/11 on Social Economy: the ONCE is a Public Law Corporation of a social nature that performs functions all around the Spanish territory delegated from the Public Administration, under the Protectorate of the State, and which, for the financing of its social objectives, has a number of public authorisations in the area of gaming.

## PILOT CASES DEVELOPED IN SPAIN

### First case: MonBuk

The MonBuk project started its life within the Afenmva association. Afenmva has the objective to improve the quality of life of its association members (people with severe physical disabilities). Labour integration is among its principal objectives.

Until the beginning of the crisis, the financial resources of Afenmva had come from two different sources: fees paid by families and regional funds. The latter have been mostly aimed at training disabled people in graphic design.

Some members of the Afenmva board believed that the knowledge acquired by the members and the trademarks developed by them (some of them had won prizes) could be used to transform part of the resources of the association into a private company in order to sell products (books, etc.) in the ordinary market.

### Second case: Nieves

Nieves is a disabled woman aged over 45 who came to IVAS asking for help to establish her own catering business. She had stopped working as an administrative assistant one year before.

IVAS understood that Nieves met the project objectives and believed it could, through 'Social Business in Progress', help Nieves to start her business.

The business plan was developed with advice from the Chamber of Commerce. At the beginning of 2013, Nieves and IVAS started to look for the best way to finance the project.

## Conclusions

### • Concept of social entrepreneurship for IVAS

The meaning of the concept of social entrepreneurship for IVAS differs from the pure concept of social entrepreneurship. IVAS is inclined to promote social entrepreneurship when it is focused in the labour integration of vulnerable persons. For IVAS, the integration of vulnerable groups is considered enough to name it as 'social entrepreneurship'.

### • About social entrepreneurship key stakeholders

IVAS is not an expert in social entrepreneurship. To understand the concept and identify the social economy stakeholders took longer than expected. When entities or professionals start to work within this concept, it is going to take a long time to become familiar with the process.

- To achieve the objectives, it has been necessary **to create synergies with entities that specialise in social economy or social entrepreneurship.** The relationship developed with Valencia University (IUDESCOOP) was very good, but relationships with other key entities have not been as good as expected in some cases. Synergies are necessary in social entrepreneurship to optimise the lack of resources, but understanding how to create (or keep) them and who with is not easy.
- **These synergies are key when vulnerable groups are required to participate in social entrepreneurship.** Experts in social entrepreneurship can find it difficult to reach vulnerable groups; the result being that vulnerable groups are excluded from social entrepreneurship processes. Entities such as IVAS can play an important role when the participation of vulnerable groups is demanded.

#### From the first case: MonBuk

##### First phase: Afenmva Association

- It is one thing to offer services or products as an NGO/association helped by public funds and another thing to work as a private company. **Not all third-sector companies can reinvent themselves in order to compete in the labour market.** Sometimes, this is due to the fact that entering into the labour market is not one of their mission statements. On other occasions, they simply do not possess the key competencies (market rules, internal organisation, structure etc.) to be competitive.

- In the case of Afenmva, it could seem that its labour insertion objective is only an excuse to receive public funds. Moreover, if disabled people become workers, parents are afraid of losing their welfare benefits. Therefore, labour integration, in too many cases, is not part of a disabled person's life.

##### Second phase: MonBuk project

- MonBuk has had many difficulties in designing the business plan and determining the final product. To become a project completely detached from Afenmva was difficult and it took a long time. IVAS thought sometimes it would not succeed.
- Javier (the project leader) often still thinks in terms of an association rather than a private company. It is difficult to find the perfect balance between a 'social business' and a profitable company.
- When talking about companies formed by people with disabilities, several cases in Spain suggest that a strong project leader, who is most often not disabled themselves, is required to provide support (even financial) to the disabled entrepreneurs and their families. Although this case relates to people with disabilities, it could be applied to any vulnerable group.

- The whole process of setting up the company was slower than was anticipated at the beginning of the project.
- The **teleworking model** opens up a whole range of possibilities to people with reduced mobility. It offers ways of work that promote the inclusion of people with disabilities or citizens living in remote places. This issue should be better researched. The prospect of **new technologies and education as a source of jobs in the social economy sector should also be explored.**
- New technologies and education can provide career opportunities to certain vulnerable groups. Moreover, given their innovative nature, new technologies marry perfectly with the social economy sector.

#### From the second case: Nieves.

Nieves seems to be a person with enough competencies and motivation to start a sustainable business.

The only way for Nieves to start her business is by asking for a bank loan. In the improbable case she gets the loan and the company does not work, she would have no money to pay back the loan, putting her properties at risk.

**Can IVAS advise her to risk so much for this project? What would be the state's responsibility if the whole project fails?**

**Is pushing Nieves (or other people at risk of exclusion) to create a company, in spite of doubts about the company's success or the person's competencies, ethical? Is it positive?**

After several meetings, IVAS and Nieves agreed to quit.

If we wish vulnerable groups to take part in entrepreneurship projects, it must be taken into account that they will need extra support and financial help. Fundación Once offers entrepreneurship advice and financial help to people with disabilities who wish to set up a company.

Finally, European policies must **weigh up to what extent (social) entrepreneurship is the best (or even a good) solution of the European employment problem, at least for vulnerable groups**, not trying to push them to the limit to develop an activity which they are not prepared for.

## United Kingdom's Conclusions

- Disabled service users can (and should) be involved in setting up social enterprises with appropriate support and guidance.
- It is difficult to set up a social enterprise unless it has your undivided attention.
- It is important to carry out market testing prior to sourcing funding and suitable premises, in order to check that there is the necessary demand for your service or product.

The social enterprises that we monitored for this project are two Leonard Cheshire Disability (LCD) services. One was already trading on a very small scale and was looking to expand – service users grow fruit and vegetables in the onsite garden and sell jams and chutneys to family and the local community – and the other was looking to open a charity shop, partly run by disabled service users and volunteers, with profits feeding back into the service (as they noticed how successful other LCD charity shops are in neighbouring areas).

### Bells Piece Day Service

Bells Piece, LCD's service in Farnham, provides 24-hour care and support to over one hundred adults with a learning disability to enable them to enjoy their lives and optimise their independence and community participation. They also provide advice, support and activities for people with learning disabilities who live independently in the community.

In April 2012, the bespoke kitchen-training project 'Seed to Plate' was launched. The project comprises a ten-week tailored curriculum on healthy eating and cooking. The training kitchen is fully accessible and designed to encourage disabled people to cook, shop wisely and eat healthy meals.

It has changed the lives of disabled people by supporting them to grow, choose, prepare and cook nutritional, tasty meals for a healthier life and support their journey towards greater independence. The vision of the project is for community cafés to offer volunteering and employment opportunities to the disabled participants.

The difference it has made to their lives includes improved wellbeing, confidence and self-esteem. It provides a stepping stone for people with a learning disability to grow their skills, live independently, contribute economically and participate fully in society. So far, four participants have gone on to volunteering roles in the community, two of these have also gone on to become peer-to-peer mentors to new students, and six students have achieved level 1 Food Safety qualifications.





Residents at the care home already grow some of their own produce and sell jams and chutneys to family in an onsite shop and at a weekly market stall. Bells Piece are looking to expand this enterprise by focusing on a few products and developing a brand – producing quality products with suitable branding, packaging and labelling – and finding the right place to sell the products. Ultimately, disabled people will gain new skills in marketing and will be involved in running a shop or stall and selling the products.

The model has been tested in terms of social value with the people who use the service, and some jams have been market tested in a few community shops where there has been some very positive feedback. Parameters are being looked into in terms of finding premises and having a physical location, such as a pop-up shop, or selling the products online.

However, due to other priorities, Bells Piece staff who are involved in setting up this enterprise have been unable to progress any further with it at this current time. Sourcing appropriate funding is also contributing to the lack of progress. Some possibilities include sourcing an investor or developing a crowdfunding strategy in order to involve the local community at every step.

### **Derbyshire Community Support Service**

The second social enterprise is based at another LCD service, which supports disabled people to live independently in their own homes by helping with personal care, around the home and out and about, such as getting to appointments and managing bills.

The Day Services Care Manager is looking to open a charity shop, which in the future will be partially staffed by disabled service users and volunteers, and profits will feed back into the service. Work on this social enterprise is on hold while the manager looks for suitable premises.

An outline business plan was drawn up highlighting all of the tasks that needed to be considered and agreed upon, such as the business model, financial plan, and governance and marketing strategies. Some market research was carried out and visits were made to two of LCD's successful charity shops, which have been running for a number of years and are staffed by volunteers (some disabled). They both make a considerable amount of profit, which gets fed back into the shops and local LCD care home.

It is clear that in both cases there is no lack of effort and desire to set up these social enterprises in order to benefit disabled service users by providing employment opportunities and profits that will be fed back into the services. However, constraints on the amount of time staff can dedicate to the ventures and difficulty sourcing funding and suitable premises is currently halting progress.



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