

The Role of the Social and Solidarity Economy in Reducing Social Exclusion

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LIST OF ACRONYMS

BDB	Bulgarian Bank of Development
BDS	Business Development Service
CEE	Central and Eastern Europe
CIC	Community Interest Company
CSR	Corporate Social Responsibility
CYDF	Children and Youth Development Fund
EU	European Union
GDP	Gross Domestic Product
GIIF	Global Impact Investment Foundation
ICT	Information and Communications Technology
IO	International Organization
MINAS	Ministry of Social Affairs of Cameroon
NGO	Non-governmental Organization
OECD	Organisation for Economic Co-operation and Development
PWD	People With Disabilities
SDGs	Sustainable Development Goals
SE	Social Enterprise
SIA	Social Impact Accelerator Initiative
SIB	Social Impact Bond
SITR	Social Investment Tax Relief
SME	Small and Medium-sized Enterprise
SSE	Social and Solidarity Economy
UNIDO	United Nations Industrial Development Organization
UNTFSSSE	UN Inter-Agency Task Force on Social and Solidarity Economy
WSA	World Summit Award

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INTRODUCTION

Processes of globalization, interconnectedness, and technological advancements, that we are witnessing today, are rapid and self-reinforcing, triggering structural disturbances and pressures for transformational change in the national and global economy. Breakthroughs in digital technologies such as artificial intelligence, robotics, 3D printing, the Internet of Things, combined with nano- and biotechnology and material sciences, are advancing, driving the fourth industrial revolution, or Industry 4.0. The impact of Industry 4.0 will be wide and profound, reaching all disciplines and aspects of our lives. These processes bring many opportunities, such as to preserve the planetary resources and address climate change through more sustainable production and consumption patterns, but they also create negative externalities and spillover effects, such as disruption in labour markets; unemployment; polarization in jobs and income; inequalities; displacement of people; and unsustainable distribution patterns.

Industry 4.0 will inevitably lead to job losses due to increased automation, relocation of production centres, skills and infrastructure gaps. Small and medium-sized enterprises (SMEs) will face increasing pressure, because of the capital-intensive development that the integration of Industry 4.0 requires, and will need additional attention to be able to benefit from these developments, particularly in developing countries. We will witness the blurring of boundaries between technologies, between economic and industrial sectors, and between organizational models (public, private and non-governmental/civil society).

As a consequence of all these trends, societies are changing rapidly and are becoming more dynamic, open, pluralistic and interdependent than they were only a few years ago. Social complexity is also increasing and must be properly managed through social innovations and institutions to meet society's constantly emerging needs (Escobar, Gutiérrez, and Carlos, 2011). As Arrow put it: "When the market can't manage to establish an optimum situation, society will, at least to some extent, become aware of the shortages, and other social institutions, outside the market, will emerge to try to fix them" (Arrow, 1971).

Countries and their traditional economic systems and organizational models are facing difficulties in dealing with these challenges. Traditional models of pursuing economic growth coupled with social protection are no longer sufficient. Other aspects, such as: achieving gender balance; creating decent jobs; empowering the disadvantaged; maintaining equality and inclusiveness; improving access to healthcare, food, energy and affordable housing; pursuing sustainable production and consumption patterns; and making cities and settlements sustainable, need to be factored in.

The social and solidarity economy (SSE) has emerged to address the negative externalities arising from market and government failures, and to bring about transformative societal change through collective actions. The SSE refers to the production of goods and services by a broad range of organizations and enterprises that: are motivated by collective and general interest above profit appropriations by shareholders; follow the principles of cooperation, solidarity, ethics and self-management; and are seeking to achieve sustainability in delivering their goods and services through earned income.

Interest in the SSE is rising, as it promises to address the structural determinants of poverty, inequality and social and environmental injustice, and to bring about transformative change through integrated approaches that are inherent in the 2030 Sustainable Development Agenda and the Sustainable Development Goals (SDGs) (Utting, 2016, p.12). The SSE is also a manifestation of the recognition that today's normative agenda must be more encompassing, calling for new socio-economic models of inclusive and sustainable development.

An increasing number of governments are recognizing the importance of the SSE and supporting it through policy, regulation, development programmes and business environment reforms. A key concern then is how to scale up the SSE as a means of SDG implementation, or more ambitiously, as an alternative development pathway for realizing transformative change. If the SSE is to be sustained, enabled and scaled-up in line with its values and objectives, local actions should be followed at the municipal, provincial, national, regional and global level. The SSE must interact more with governments, and private sector actors in value chains (national, regional and global). All international organizations also need to pay far more attention to the SSE through task forces and other initiatives.

The objective of the Budapest Conference was to contribute to a better understanding of the meaning, principles and purpose of the SSE concept; how it can contribute to realizing transformative change inherent in the 2030 Sustainable Development Agenda; and how to scale up the SSE, as a means to address structural factors that prevent such change.

The Conference also contributed towards establishing dialogue, networking and partnership among major stakeholders and potential partners interested in creating and maintaining a knowledge-sourcing platform on social innovation and the SSE. The Conference shared the experience of countries such as Armenia, Bulgaria, Cameroon, France, Georgia, Germany, Hungary, Peru and the United Kingdom, in addressing social issues through programmes and projects promoting the SSE. This report presents issues addressed by the Budapest Conference.¹

¹ See Annex 1 for the Conference structure and speakers.

1 THE ISSUE OF SOCIAL EXCLUSION

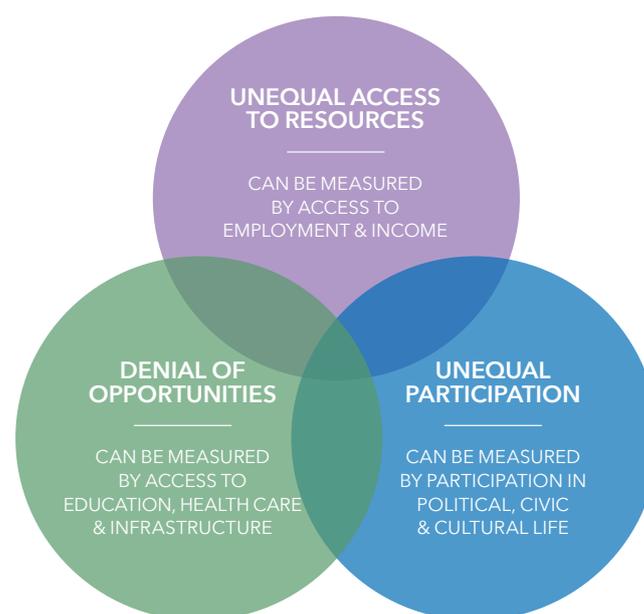
DEFINING SOCIAL EXCLUSION

As distinct from poverty, which is an outcome, social exclusion is both an outcome and a process. Social exclusion and relative poverty are on the increase across the world. In 2015, in the EU, 118.7 million people, or 23.7 per cent of the population of the EU-28, were at risk of poverty and social exclusion.²

Social exclusion is a concept that applies to groups of people; it encompasses the material deprivations associated with poverty, as well as situations in which certain groups cannot participate fully in economic, social, political and cultural life.

It also encompasses the specific processes leading to and perpetuating such situations. Because of its multidimensional and specific nature, it is difficult to quantify; numerous indicators are needed to measure social exclusion. They can be grouped into interrelated and overlapping symptoms of exclusion (**Figure 1**).

FIGURE 1 | SYMPTOMS OF SOCIAL EXCLUSION



Source: Adapted from United Nations, Department of Economic and Social Affairs, 2016.

² See http://ec.europa.eu/eurostat/statistics-explained/index.php/People_at_risk_of_poverty_or_social_exclusion.

FACTORS INCREASING SOCIAL EXCLUSION

There are several megatrends in world capitalism that are exacerbating polarization and increasing inequality and social exclusion. These are both a result of technological changes and the dominance of supply side considerations in economic thinking. Demand side factors and policies using fiscal measures are neglected in this view and therefore largely ignored in policy recommendations.

The current trends that are widening polarities in both developed and developing countries include:

- A general slowdown in the growth of GDP and productivity worldwide.
- Shortfalls in economic dynamism creating a heavy cost on employment, as a non-conducive business environment checks entrepreneurship while limiting opportunities for young firms—an engine of job creation and (social) innovation.
- Movement of production facilities from developed countries to lower-cost destinations, putting wages and demand under downward pressure, increasing social exclusion and creating pressures for protectionism in developed economies.
- Digitalization and robotics, fuelling the polarization of income and jobs.
- The increasing role of the financial sector in world capitalism, which promotes short-termism, a tendency exacerbated by the dependence of senior executives' remuneration on profits, dividends and share prices.
- The concentration of corporate power and profits that has accompanied the increasing share of knowledge contained in patents, copyrights and trademarks and focussed on a few countries.
- The strong global intellectual property rights regime in place since the 1990s, reflected in a rising share for only a few companies in global profits in the most sophisticated technological sectors.

SOCIAL INCLUSION AND THE 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT

In 2015, the international community adopted the 2030 Agenda for Sustainable Development and the 17 SDGs. The associated goals and targets commit all countries to a vision for a world free from extreme poverty in which all people can reach their full potential and no one is left behind. The 2030 Agenda incorporates three dimensions of sustainable development—economic, social and environmental—and notes the need to achieve sustainable development in a balanced and integrated manner. The goals and targets of the SDGs are therefore integral to social inclusion processes, which aim to enhance the opportunities for access and participation of the disadvantaged. To pursue the 2030 Agenda, the causes of exclusion must simultaneously be addressed.

The scale and ambition of the 2030 Agenda call for substantial financial and technical resources, estimated at US\$5–US\$7 trillion each year for the next 15 years.³ These sums are far beyond the scope of individual governments and multilateral funding agencies. To achieve the goals, trillions of dollars of private capital must be invested to deliver strong social, environmental and economic impacts. Many of these investments will be made by businesses, motivated by realizing social impacts, rather than traditional profit-maximization.

The 2030 Agenda notes the important contribution that a diverse enterprise and civic sector can offer to the SDGs. The UN Inter-Agency Task Force on the SSE (UNTFSSSE) has accordingly emphasized the potential role of the SSE in localizing and gaining on-the-ground ownership of the SDGs. This is something that implementation of the Millennium Development Goals, with its focus on global and national averages, masking deficits in achievement at the subnational level and diverting policy attention and resources from marginalized and/or excluded groups, failed sufficiently to take into account.⁴

Both the EU and the wider international community have placed inclusive growth at the centre of current development agendas. The Europe 2020 strategy, adopted in May 2011, aims for “smart, sustainable and inclusive growth”, highlighting the fight against poverty and social exclusion as one of the key priorities.

³ UNCTAD 2014.

⁴ UNTSSE 2014.

2 THE SOCIAL AND SOLIDARITY ECONOMY

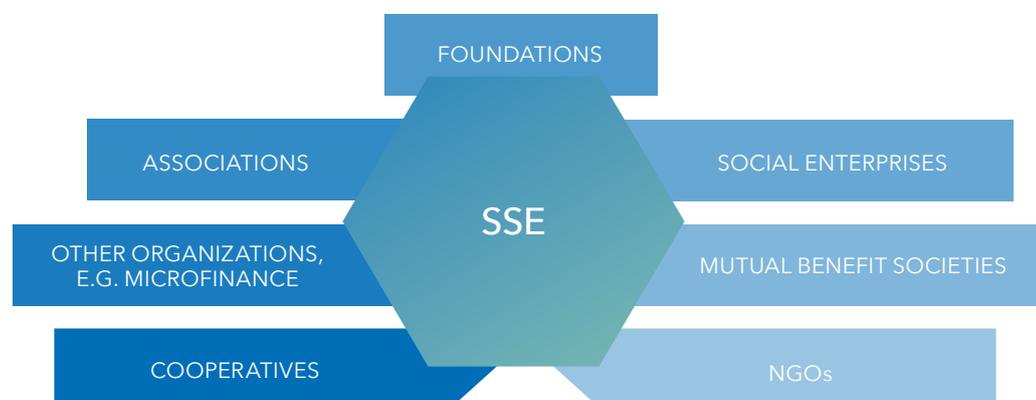
DEFINING THE SOCIAL AND SOLIDARITY ECONOMY

The social and solidarity economy (SSE), or “social solidarity economy”, is an umbrella concept bringing together two different perspectives, namely social economy and solidarity economy, and involves a broader coalition of actors. The “social economy” organizations and enterprises, also referred to as the “third sector”, are cooperatives, mutual associations, foundations, voluntary and community organizations and registered charities and NGOs. They focus on social and environmental concerns, and are perceived as being complementary to the private sector that seeks profit maximization at the expense of society and the environment (Utting, 2016; Escobar, Gutiérrez, and Carlos, 2011).

In contrast, the agenda of the “solidarity economy” is transformative in nature, and seeks to transform the whole social and economic system, giving primacy to the welfare of people and preserving the environment over primacy to profit maximization and economic growth (RIPESS, 2015).

The solidarity economy is a political construct that includes the social economy (cooperatives) and other social innovations and initiatives, such as social enterprises, that follow social solidarity principles of pursuing social, environmental and redistributive justice through cooperative, associative and solidarity relations (**Figure 2**).

FIGURE 2 | THE SOCIAL AND SOLIDARITY ECONOMY ENTITIES



Source: V. van Vuuren 2017,⁵ at the Budapest Conference

⁵ As categorized by the United Nations Inter-Agency Task Force on Social and Solidarity Economy.

SSE organizations and enterprises are distinguished from conventional for-profit enterprises by their explicit economic, social and often environmental objectives, as well as their cooperative, associative solidarity relations. They can facilitate access to finance, information, skills, technology, and markets as well as the transformation from the informal to the formal economy. They can contribute to greening the economy and sustainable management of natural resources; building sustainable cities; ensuring food security; promoting impact investment; empowering vulnerable groups; and stimulating local economic development.

Numerous organizations, enterprises and people operating as producers, workers, consumers, citizens and residents are engaging in forms of production and exchanges of goods and services with the primary objective of meeting various social needs such as for decent jobs, gender equality, and access to food, green electricity, clean water and sanitation, while facing stiff financial constraints. They create jobs and contribute to increasing employment and decreasing poverty (**Box 1**). Common features of SSE organizations are explained in **Figure 3**.

Box 1 | SSE Organizations, Some Data

In Europe, 2 million SSE organizations represent about 10 per cent of all companies. It is estimated that one in four new enterprises set up in the European Union each year are social enterprises. The social economy employs over 11 million people in the EU, accounting for 6 per cent of total employment.⁶ Interest in social entrepreneurship is growing outside the EU. The World Economic Forum has placed social enterprise high on its agenda.



Figure 3 | Characteristics of SSE Organizations

Common features	Contents
Economic and social function	<ul style="list-style-type: none"> • Combined social, economic and environmental objectives • Produce goods and services in sustainable ways • Do not seek profit maximization but some SSE organizations can be for-profit or generate surpluses (e.g. cooperatives) <ul style="list-style-type: none"> ◦ Legally-binding, strict rules on use of surpluses/redistribution of surpluses
Collective dimension	<ul style="list-style-type: none"> • Based on the will of people/groups to join forces to meet their own needs or those of others • Collective dimension depends on the definition and type of organization <ul style="list-style-type: none"> ◦ Very strong in cooperatives (collective ownership) ◦ Less strong in some social enterprises • Collective dimension is not in contradiction with strong leadership
Normative principles (the ethics of care, solidarity and cooperation)	<ul style="list-style-type: none"> • Operating methods based on solidarity (either altruism or reciprocity) • Goals primarily oriented to social and environmental purpose and collective well being, and not to accumulated capital or generating profits for shareholders • Aim to include rather than to exclude • Participation and democratic governance
Autonomy	<ul style="list-style-type: none"> • Autonomy of the organization in management and in decision-making processes
Performance	<ul style="list-style-type: none"> • Seek sustainability through developing sustainable business models (e.g. earned income) • Balance social, economic and environmental performance
Legal aspects	<ul style="list-style-type: none"> • Organizations and enterprises that have a distinct form of ownership and legal standing • Cooperatives, mutual associations, NGOs, foundations and in some cases social enterprises can be established under specific laws pertaining to these types of organizations
Cultural issues	<ul style="list-style-type: none"> • Need to accommodate national and regional differences in interpretation of the SEE
Voluntary involvement	<ul style="list-style-type: none"> • No compulsory affiliation
Participation	<ul style="list-style-type: none"> • Members/users/beneficiaries can be the owners of the organization and/or to actively take part in the decision-making process • Participation can take various forms (from one person/one vote to more flexible forms) but should be defined and completed on a systematic and explicit basis (as being mentioned in formal documents and/or clearly known and understood by all involved stakeholders) • Participation should ideally give the possibility to control and/or impose sanctions

⁶ European Commission 2016.

Sources: Based on ILO 2017; Utting 2016, p. 2.

THE EMERGENCE OF A FOURTH SECTOR

Globalized market-based development patterns have increased the international division of labour, productivity, innovation and technological progress, but have also created negative consequences for the environment, climate change, human rights, equality, marginalization and poverty, and are causing fractionalization. Government responses, whether through regulation, or the provision of services not offered by the market, have often been insufficient or insufficiently innovative, swift and agile to meet the challenges. For-profit organizations have continued to externalize social and environmental costs, integrating social responsibility into their corporate business models, while non-profit organizations are often under-resourced, as they depend on grants and donations, and hence are unable to meet growing demand for their services in sustainable ways.

In response, we have seen the emergence of new hybrid approach—a fourth or “for-benefit” sector—based around the concepts of the social and solidarity economy, and new organizational models that integrate social and environmental objectives with market mechanisms. This new business model is taking root in the fields of economic development, impact investing, and public policy.

Most economies have developed into three-sector systems: public sector (government); private sector (for-profit); and third sectors (non-governmental and non-profit-making organizations or associations). In the past few decades, many for-profit firms have broadened their purpose to encompass social and environmental objectives, while many non-profit and governmental organizations have adopted market-based approaches to advance their aims and increase their resources. With legalization of innovative for-benefit organizational structures, a new, fourth sector of the economy has emerged at the intersection of the three traditional sectors, creating new social relationships among stakeholders and leading the new processes of social innovation. It consists of for-benefit organizations, which come in a wide variety of forms that share two key characteristics: their primary aim is to advance social benefit and they generate a substantial portion of their income from business activities.

The attraction of new social entrepreneurs lies precisely in the ways they address multiple dimensions of development, while simultaneously fostering social innovation, economic dynamism, social and environmental protection and sociopolitical empowerment **(Box 2)**.

Box 2 | Important Definitions

Social innovation refers to a novel solution to a social problem that is more effective, efficient, sustainable, or just than current solutions. The value of social innovations accrues primarily to society rather than to individuals.

Social entrepreneurs are driven by a social purpose. They have the ability to realize new ideas and concepts on how to produce and deliver products and services that have not been sufficiently provided by the public or traditional for-profit private sector but are socially desirable, and to earn income through creativity, innovation, risk taking, ability to plan and manage projects and solve problems. Social entrepreneurs belong to the private sector, but their goals are those of value creation rather than value capture.

Inclusive businesses include for-profit enterprises providing goods, services, and livelihoods on a commercially viable basis, either at scale or scalable, to people at the base of the pyramid, by making them part of the value chain of their core business as suppliers, distributors, retailers and consumers. The G20 has established a separate taskforce on inclusive business.

There is very little data about the fourth sector, but it could account for as much as 10 per cent of GDP as well as creating jobs at nearly twice the rate at which traditional for-profit businesses in the United States of America and Europe do.⁷ There are numerous studies suggesting a significant demand for fourth sector approaches among consumers, investors and other stakeholders. According to a Global Entrepreneurship Monitor report,⁸ millions of for-benefit start-ups are launched each year.

⁷ See Sebati 2017.

⁸ Bosna and others 2017.

SOCIAL ENTERPRISES (SEs)

There is no single agreed and precise definition of SEs, but there is agreement on their overall aims, which are: to generate a positive social impact; prioritizing societal change over profit maximization while being financially sustainable; receiving a high percentage of income from commercial, rather than charitable sources; and reinvesting a large part of their profits into the enterprise or other activities of social value. (See **Box 3** for various definitions of social enterprises.)

Box 3 | Various Definitions of Social Enterprises

European Commission: 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.⁹

NESsT: A social enterprise is a business created to further a social purpose in a financially sustainable way.¹⁰

Social Enterprise UK: A social enterprise is a business that trades to tackle social problems, improve communities, people's life chances, or the environment. They make and do things that earn money and make profits like any business. It is how they work and what they do with their profits that is different: working to make a bigger difference, reinvesting the profits they make to do more good.¹¹

Benefits of social enterprises: provision of merit goods

Social enterprises may have some comparative advantages in provision of goods and services over both conventional private and public sector companies. They can provide manufactured goods and commercial services for the market, but also merit goods that markets may under-produce and consumers may under-demand because of a failure to perceive their long-term benefits, such as education, healthcare, work training programmes, community care, access to energy, clean water, sanitation and communication technology, and financial services.

Governance dimension in social enterprises

Social enterprises exhibit high levels of social capital and trust so that employees have a stake in the intended outcome; their motivation is often intrinsic, as opposed to the extrinsic motivation, based mainly on financial rewards, that the bulk of private sector employers rely on. Intrinsic motivation may reduce opportunistic behaviour and potentially lower the costs of monitoring and production, as employees are less likely to be motivated chiefly by financial gain.

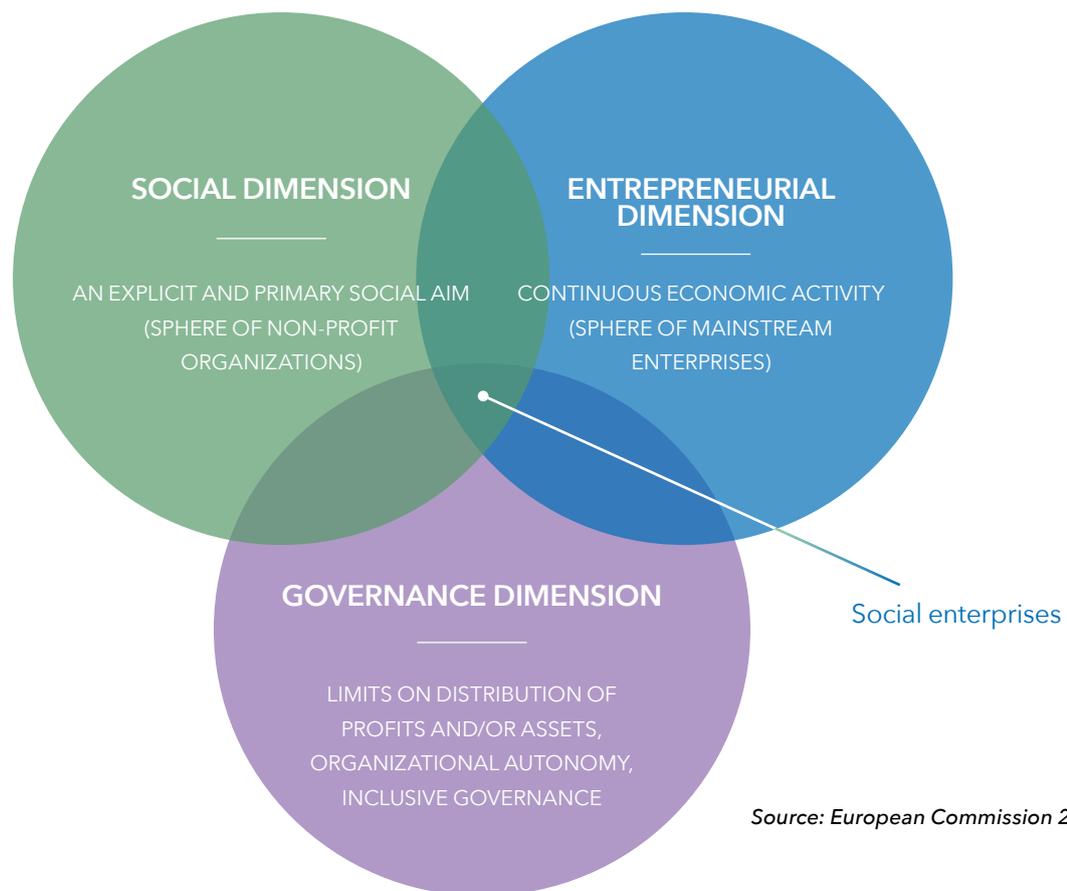
Social enterprises also engage actively with their target populations, fostering a shared understanding that enhances their ability to deliver customized goods and services. Such enterprises offer scope to nourish reciprocal relationships in ways that are much more difficult in ordinary profit oriented firms. Expanding social enterprises can therefore be expected to have a ripple effect outwards into the expansion of trust and reciprocal relationships in society in general. Dimensions of SEs are provided in **Figure 4** and **Box 4**.

⁹ See http://ec.europa.eu/growth/sectors/social-economy/enterprises_en.

¹⁰ See <http://www.nesst.org/?s=social+enterprise>.

¹¹ See <https://www.socialenterprise.org.uk/Handlers/Download.ashx?IDMF=110951ca-0543-4631-85f9-d85dfa215412>.

FIGURE 4 | THE THREE DIMENSIONS OF SOCIAL ENTERPRISES



Source: European Commission 2014.

Box 4 | Governance Dimensions of Social Enterprises

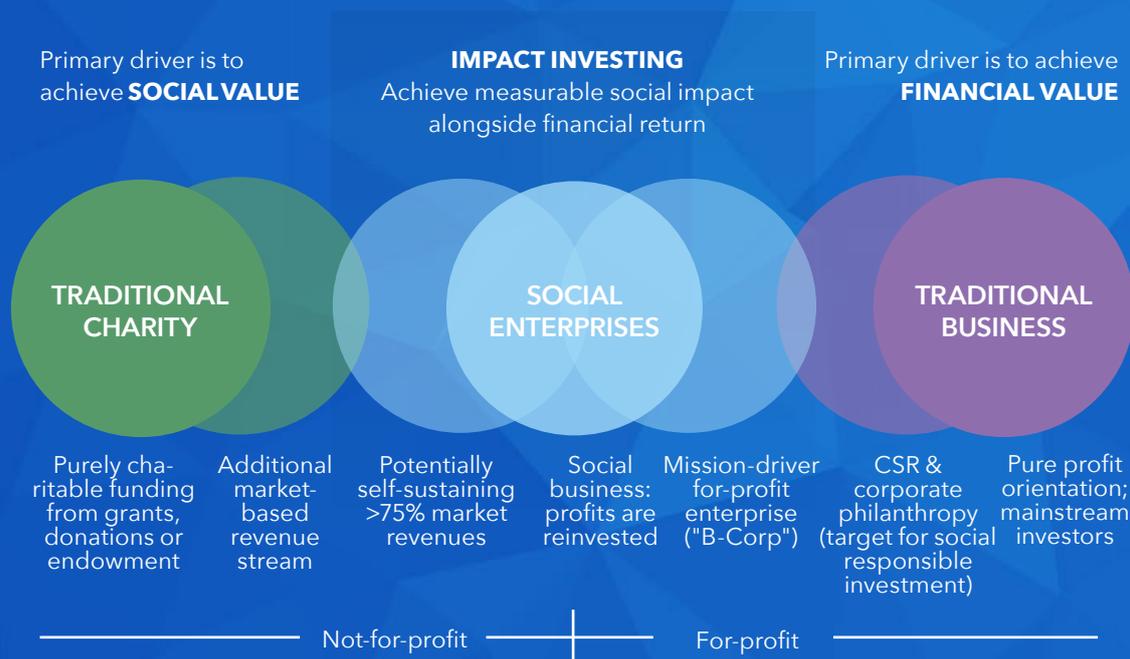
- Have a more complex organizational structure than foundations.
- Are privately driven.
- Profit is not distributed to individuals that exercise control over it.
- Owners cannot extract rents from asymmetric information and hence consumers can be protected.
- Any generated profits are used to improve workers' conditions or are reinvested.
- Key driving principle is based on reciprocity not self-interest so both parties gain mutual benefits from the provision of social goods or services.
- Representation and democratic decision-making: the opportunism problem is solved by the selection of key stakeholders to run organizations rather than by incentives.
- Employees are direct stakeholders (donors, consumers, public sector, volunteers), thus reducing opportunistic behaviour through a participatory and democratic governance system.
- Directly involved in the production and delivery of goods and services (unlike non-profits).
- Use the market but are not profit-seeking; based on mutual benefits from reciprocity.
- Able to mobilize social and other capital from individuals and local community and to build trust.
- Improve social capital.
- Social capital decreases transaction and production costs.
- Develop cooperative behaviour for a collective project to deliver customized services and goods.
- Improve trust: foster the sense of belonging to a community with a common aim.
- Create jobs and includes most disadvantaged population (youth, women, disabled, ethnic minorities and migrants).
- Introduces social innovations: microcredit and fair trade.
- Contributes to sustainable development at the local level.

Trends favouring social enterprises

While the trends that are driving capitalism and reinforcing the concentration of corporate power are strong, there are some countervailing forces favouring the development of the SSE sector.

The **Networked Society** allows the rapid transmission of new ideas and methods and provides a platform for the spread of social business. The **millennial generation** is increasingly interested in basing its consumption choices on ethical values. This is already influencing the behaviour of some for-profit enterprises, which are becoming mission-driven. This implies that for-profit business will increasingly be obliged to integrate corporate social responsibility (CSR) considerations into their business models, including finding a way to measure their social impact. Whereas currently social agenda matters are often allocated to the CSR functional departments of for-profits enterprises, there is likely to be increasing pressure to incorporate social agenda considerations and functions into the whole operation and organization. Social evaluation models as well as financial indicators will be needed by traditional for-profit enterprises, as part of the way they measure their results. Mission-driven businesses may find it easier than for-profit enterprises to employ the most talented people as the millennials and their successors swell the labour force. Against this backdrop social businesses are likely to become more mainstream (**Figures 5 and 6**).

FIGURE 5 | THE BUSINESS MODEL SPECTRUM REVISITED



Source: Adapted from EVPA 2010.

FIGURE 6 | DIFFERENCES IN CONCEPT BETWEEN CONVENTIONAL AND SOCIAL BUSINESSES

Conventional Business		Social Business	
Owner	Financial result	Founder	Social impact
Employee	Financial profitability	Contributor	Financial sustainability
Salary	Competition	Meaning	Cooperation
Customer	Network	Empoweree	Community

Source: Ericsson 2016.

According to recent research into the organizational forms, activities and beneficiaries of SEs in seven EU countries, plus China and Russia (**Box 5 and Figures 7-10**), SEs generate most of their revenue on the market or by selling services to governments. The main activities and organizational forms they adopt reflect country-specific conditions; although younger organizations generally tend to use for-profit legal forms. The sectors in which they engage are generally socially-oriented; at least a fifth of enterprises surveyed were

engaged in community and social services; similar numbers were engaged in education and health. Beneficiaries spanned the spectrum of citizens, including potentially vulnerable (especially children and youth) and relatively disadvantaged groups, with a particular focus on the elderly in China and on single parents in Hungary. The educational background of the chief executive officers (CEOs) of the SEs surveyed revealed a strong inclination towards the social sciences and humanities.

Box 5 | SEs in Nine Countries

The EU funded international project, SEFORIS,¹² conducted research in 2015 in seven EU countries plus China and Russia, using case studies and interviews, and a panel survey of over 1000 SEs.

Main findings: In general, social enterprises address the specific needs of the countries in which they operate. In all nine countries, the main source of revenue in over 70 per cent of social enterprises is generated on the market or by selling services to governments. Governments are seen as an important partner, not as a competitor.

Social entrepreneurship occupies a continuum, across countries and time. There is a long history of social enterprises in Europe (UK, Germany, Hungary, Sweden, and Romania) and in China.

Other results from the study point to:

- Heterogeneity of legal forms in and across all countries.
- There are both non-profit and for-profit organizations.
- There are newer and older organizations in terms of organizational age.
- There are cooperatives, associations, foundations and limited liability companies.

Decreases in donor and government funding have led younger organizations to use **for-profit legal forms**, while older organizations were often founded on a non-profit basis. SEs sometimes **combine for-profit and non-profit forms** to access a wider base of resource providers, including the business sector.

The most important social sectors addressed are: education; economic and community development and housing (fair trade, training and employment); and social services (including, in particular, health and the environment).

Services and products provided

Social enterprises were asked what products and services they provide. According to the Statistical Classification of Economic Activities in the European Community, the results were then classified as:

- Business activities and business services that include consulting, legal advice and advertisements.
- Other community and social services such as associations, parties, churches, museums, libraries and sport clubs.
- Education, such as schools, nurseries, and kindergardens.
- Health and social work.
- Industry, construction, and extractive industries.

FIGURE 7 | INDUSTRIAL SECTORS OF SOCIAL ENTERPRISES

INDUSTRIAL SECTORS						
Countries	Other community and social services	Health and social work	Education	Industry, construction and attractive industries	Business activities & business-related services	
China	21%	-	21%	-	29%	
Germany	27%	-	27%	-	22%	
Hungary	44%	18%	16%	-	-	
Portugal	19%	24%	30%	-	-	
Romania	42%	19%	-	24%	-	
Russia	27%	-	10%	-	41%	
Spain	-	14%	17%	-	40.5%	
Sweden	23.5%	19%	19%	-	-	
UK	26%	-	13%	-	34%	

Source: SEFORIS 2016.

¹² The SEFORIS project was carried out by a large consortium of academic institutions and social enterprise support organizations. See <http://www.seforis.eu/team-partners/>.

Social sectors addressed

The main social sectors were identified through the survey and results were classified according to the International Classification of Non-profit Organizations.

FIGURE 8 | SOCIAL SECTORS OF SOCIAL ENTERPRISES

SOCIAL SECTOR						
Countries	Social services	Health	Education & research	Environment	Philanthropic intermediaries and voluntarism promotion	Development and housing
China	-	-	19%	19%	12%	-
Germany	-	15%	22%	-	-	25%
Hungary	27%	12%	-	-	-	24%
Portugal	19%	-	20.5%	-	-	29%
Romania	46%	-	11%	-	-	22%
Russia	26%	-	15%	22%	-	-
Spain	-	-	17%	18%	-	38%
Sweden	-	14%	15%	-	-	44%
UK	14%	-	11%	-	-	49%

Sample size:
 Hungary: N = 122
 Romania: N = 109
 Portugal: N = 111
 Russia: N = 104
 China: N = 102
 Germany: N = 107
 Sweden: N = 106
 UK: N = 135
 Spain: N = 125

Source: SEFORIS 2016.

Primary beneficiaries

In China, Germany, Portugal, and Sweden, children and youth make up at least a third of beneficiaries. They feature as beneficiaries in all nine countries. The elderly represent 12 per cent of beneficiaries in China. Single parents are major beneficiaries in Hungary. People with disabilities are a major focus of activities in six out of the nine countries surveyed.

FIGURE 9 | PRIMARY BENEFICIARIES

PRIMARY BENEFICIARIES										
Countries	Children and youth	Citizens	Unemployed	People with disorders	Other social organizations or enterprises	Social sector practitioners	People leaving institutions	People in low-income households	Elderly	Single parent families
China	30%	22%	-	13%	21%	-	-	-	12%	-
Germany	32%	26%	-	-	36%	13%	-	11%	-	-
Hungary	17%	-	10%	38%	-	-	-	-	-	37%
Portugal	36%	32%	-	15%	14%	13%	-	-	-	-
Romania	27%	17%	10%	35%	-	-	-	17%	-	-
Russia	9%	-	-	29%	23.5%	5%	4%	-	-	-
Spain	10%	22%	11%	20%	17%	-	-	-	-	-
Sweden	42%	20%	23%	18%	-	-	-	-	-	-
UK	17%	17%	14%	13%	25%	-	-	-	-	-

Sample size:
 Hungary: N = 122
 Romania: N = 109
 Portugal: N = 111
 Russia: N = 104
 China: N = 102
 Germany: N = 107
 Sweden: N = 106
 UK: N = 135
 Spain: N = 125

Source: SEFORIS 2016.

Challenges faced by social enterprises

The business ecosystem framework supporting social enterprises is, as yet, generally rudimentary and fragmented. The SSE sector remains poorly documented and not well understood. Legal and taxation provisions and support systems that address the specific needs of for-benefit enterprises are not generally in place.

New laws have been passed in several countries, for example, to distinguish formally for-benefit enterprises as a class of organization, but these remain narrow in scope and experimental, and most for-benefit enterprises still operate within the legal and taxation boundaries of the traditional sectors.

To succeed in both their commercial and social objectives, SEs require business environment conditions tailored to their unique requirements. They need to be able to access financial markets that seek positive social and environmental impacts; enabling policy and regulatory environments; coherent and comparable assessment and reporting standards and tools; and specialized technical and legal assistance and training.

Main challenges faced by social enterprises (see also Box 6) include:

- **Achieving financial sustainability** is the main challenge faced by social enterprises, many of which remain dependent for their survival on donations, grants and government subsidies. Social entrepreneurs need to discover a business model that generates the finance needed to pursue sustainable social enterprises.
- **Attracting investment** to grow is another challenge; social entrepreneurs need to be able to convince investors to invest in social ventures that do not promise significant profits and returns and are also susceptible to failure.
- How to measure the **return or value creation** of a so-called social investment. This is of importance because social investors, like traditional investors, will want to know if their investments are generating social returns.

Box 6 | Challenges for SEs

- Principal agent problem may persist.
- Social capital may be used for private self-interest.
- No single model of ownership (flexible structure).
- Low degree of recognition.
- High financial constraints.
- Difficult to monitor.
- Complex and fragile business structure.
- Extremely sensitive to change in policy and government financial support.

LESSONS LEARNED

FROM SOCIAL ENTREPRENEURS AT THE BUDAPEST CONFERENCE

SUCCESS FACTORS

- Independence
- Social skills
- Strong will
- Right target
- Putting yourself last
- Open-mindedness
- Dream big
- Endurance
- Community
- Courage to experiment
- Open to a change of plans
- Devoted people

MAJOR MISTAKES TO SHARE

- No metrics
- Founding team not fully committed
- Entrepreneurs are sometimes too focused on selling the idea rather than on operating the business
- Too much attention to detail
- Trying to achieve everything at once
- Sometimes social enterprises sacrifice on quality
- Giving away products/services for free

Tools to promote social enterprises

- Creating an enabling environment that supports the establishment and development of SEs.
- Facilitating access to finance (e.g. the EU Social Fund and European Regional Development Fund and better coordination between various funds).
- Raising the visibility and awareness of SEs in society.
- Improving the legal framework.
- Measuring the socio-economic benefits of SE.
- Mapping SEs and funding prospects for SEs.
- Better integration of SEs into national policies and public procurement.
- Enhancing monitoring functions.

Small and medium-sized enterprises (SMEs) are the largest job providers in the formal and informal sectors and SEs may evolve from micro to larger-scale SMEs when they manage to scale. The SSE sector needs to expand to be a countervailing influence against the increasing dominance and concentration of the profit-maximizing corporate sector. There is an increasing appreciation of the need to incorporate social inclusion in international development agendas. Except for a few countries that have established a specific policy framework for SEs,¹³ government policies are generally not effectively promoting social economy and social entrepreneurship. Governments need to revise their policies to create space that will enable social entrepreneurs to get into the market.

The question is what can collective actions of government, the traditional private sector, civil society organizations and international organizations do to encourage and support the growth of the SSE sector?

Policies and actions that would encourage the growth and sustainability of social enterprises include:

Creating an enabling environment

- Measures to strengthen the legal framework for social enterprises, specifically designed to support and control the pursuit of social aims, the performance of economic activities, and the setting up of governance structures that allow for stakeholder involvement.
- Mechanisms of direct and indirect government intervention in the market, such as wage subsidies to support the employment of target groups, tax advantages, regulated prices, quotas, preferential treatment, credits, and guarantees.
- Instruments to measure performance or impact at the level of the social enterprise and the broader private sector.

Attracting investment

- Some have suggested improving the profitability of social ventures by expanding their clientele to include the middle and upper classes, although this risks compromising the whole concept of targeting those who are disadvantaged.
- Offer more and better-tailored banking and financial services and improved access to potential investors, by expanding the role of impact investing (see below).
- Working with the traditional private sector through partnerships.

Setting up a Social Enterprise Promotion Agency

- Monitor and evaluate social enterprises.
- Establish homepages and integrated information systems for social enterprises.
- Provide a consulting service for business administration, technology, taxation, labour and accounting.
- Discover and promulgate successful social enterprise business models.
- Provide education and training.

Internship and specific educational programmes

- Try to attract a pool of graduates and a qualified workforce into the sector.

Measures that can be taken by governments and other organizations to strengthen social entrepreneurship

- Capacity development of social entrepreneurs:
 - Measures taken to develop four types of capacity, including organizational, institutional, adaptive and developmental capacity.
- Replication and scaling up of best practices:
 - Exchange information on good practices through forum activities and fostering partnerships between social enterprises.
 - Policy measures that support the sharing of information, peer-advice and networking.
 - Policy measures to support and strengthen education and training in social entrepreneurship; research commissioned on social enterprises and social entrepreneurship; and awareness-raising activities targeting the wider public.
- Identification and nurturing of social entrepreneurship:
 - Policy measures to support and strengthen education and training in social entrepreneurship; research commissioned on social enterprises and social entrepreneurship; and awareness-raising activities targeting the wider public.

¹³ In the EU, these include Croatia, France, Italy, Sweden and the United Kingdom. See European Commission 2014. p. xv.

With the rising social deficit, in which the poor are becoming increasingly poor, the rich are becoming increasingly rich, and the challenge of environmental degradation is becoming more pressing, the private sector is going to play an increasing role and hence the

scaling of SEs will be very important if the SSE sector is to make a difference. Education systems will need to inform young people of the opportunities offered by SEs. All this will require partnership between the public and private sectors.

Impact investment as a source of funding for social enterprises

The UN estimates that, on top of donations and public funding, at least US\$2.5 trillion in private funding will be needed to fund the SDGs by 2030. Impact investing, which refers to investments made into companies and organizations with the intention to generate social and environmental impact alongside a financial return, could play a large role in filling this gap (See **Box 7** for the recent history of impact investing and **Figure 10** for the recent growth of assets under management).

Box 7 | Recent History of Impact Investing

2007

The term “impact investing” is coined at a meeting convened by The Rockefeller Foundation

2013

G8 Social Impact Investment Forum and Taskforce

2014

Vatican impact investing conference

2015

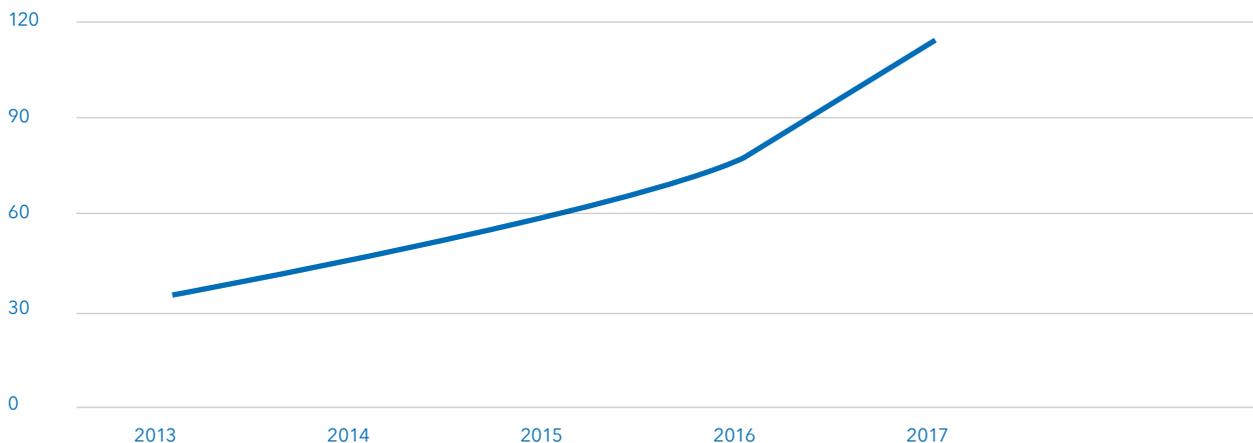
The OECD’s Social Impact Investment, Building the Evidence Base publication; SDGs and Paris agreement; large investors enter industry

2017

All large investment banks have impact investment divisions, foundations are increasingly turning to it



FIGURE 10 | ASSETS UNDER MANAGEMENT, IMPACT INVESTING, US\$ BILLION



Source: Adapted from GIIN 2017.



In November 2016 the then-Chancellor of Austria, Christian Kern, and the UNIDO Director General, LI Yong, signed a Joint Declaration on impact investment to foster social entrepreneurship and help achieve the SDGs. This Joint Declaration opens the way for cooperation between UNIDO and the Global Impact Investment Foundation (GIIF), based in Vienna, in supporting impact investing and for developing Vienna as a global hub for this form of finance.

Two factors that will propel the growth of impact investing are the impending intergenerational transfer of wealth to millennials, who tend to be concerned about the social impacts of their investments, and the rapid technological changes that are democratizing the exchange of information and will help provide data to measure the social impacts of investment and of social enterprises.

According to the GIIF, only 30 per cent of assets that are assigned as impact investing assets are currently being put to use. Most investors shy away from complex investment portfolios and generally expect to invest in large projects in which impact is measurable on a large scale. There are few impact investors considering investing modest amounts, given the amount of due diligence work required to invest in small-scale SEs, while SE start-ups usually seek small investment.

Box 8 | Tools to Facilitate Impact Investing

The **social investment tax relief** is an important incentive in the UK which allows a 30 per cent tax relief on investment of up to £1.5 million in social enterprises, reducing the cost of their capital and increasing the willingness of investors to take risks.

Social Impact Bonds (SIBs) are a relatively new instrument, which aim at mobilizing private investment in the social field. The novelty is that the return to investors is a function of the impact achieved by the operation. This can encourage the commissioners (often public authorities) to engage in new innovative actions which also pay back financially through savings in remedial actions, if the expected impact is achieved. The first SIBs were first launched in 2010 and nearly £300 million worth of these bonds, have been issued to date.¹⁴

There is a growing community of more than 2,100 certified **B Corporations** from 50 countries and over 130 industries. These are for-profit companies certified by the non-profit B Lab¹⁵ as meeting defined rigorous standards of social and environmental performance. The movement is an example of the growing commitment to take broader societal impact into account as drivers of business. It also presents an avenue for impact investors, as the certification offers pre-established due diligence and the assurance of positive impact.

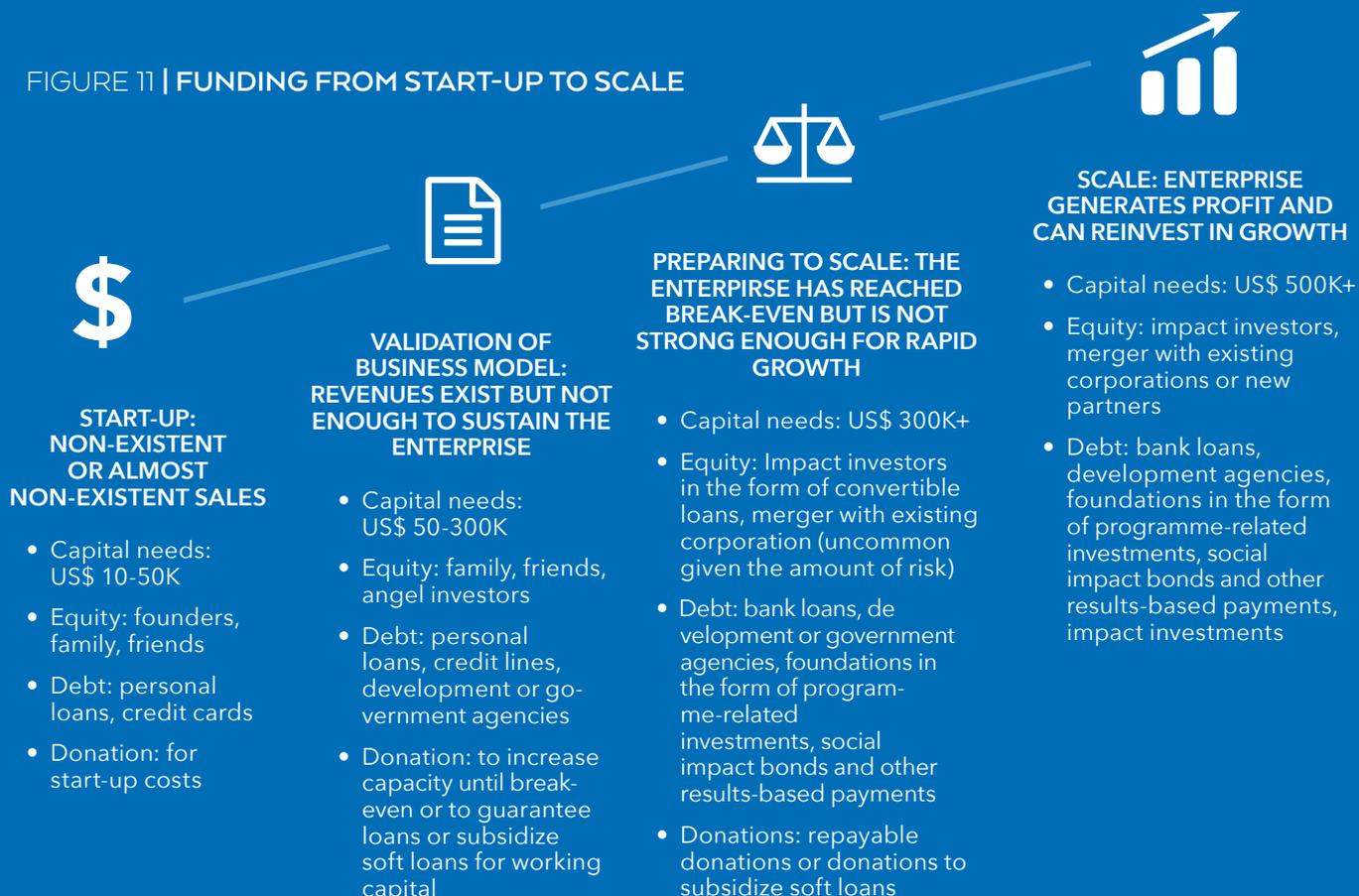
Although impact investment is growing rapidly, it represents only a tiny share of worldwide investment, leaving considerable room for growth (see **Box 8** for an overview of some of the tools available to promote impact investing). The European Venture Philanthropy Association surveys social venture investing in Europe and in Central and Eastern Europe (CEE) and finds that appropriate funds are very scarce in CEE, especially the small sums needed for start-ups and in the business validation and preparing to scale phases (**Figure 11**), which are the so-called missing middle.

Significant EU funding windows are available. Social banking, whereby commercial lenders specifically support the SSE sector, is another potential source of finance and business-support for SEs (**Box 9**) and could provide one means for start-ups to overcome the significant barriers they face in accessing funds (**Figure 12**).

¹⁴ See <http://www.socialfinance.org.uk/wp-content/uploads/2017/07/Final-press-release-PB-July-2017.pdf>.

¹⁵ See <https://www.bcorporation.net/what-are-b-corps/about-b-lab>.

FIGURE 11 | FUNDING FROM START-UP TO SCALE

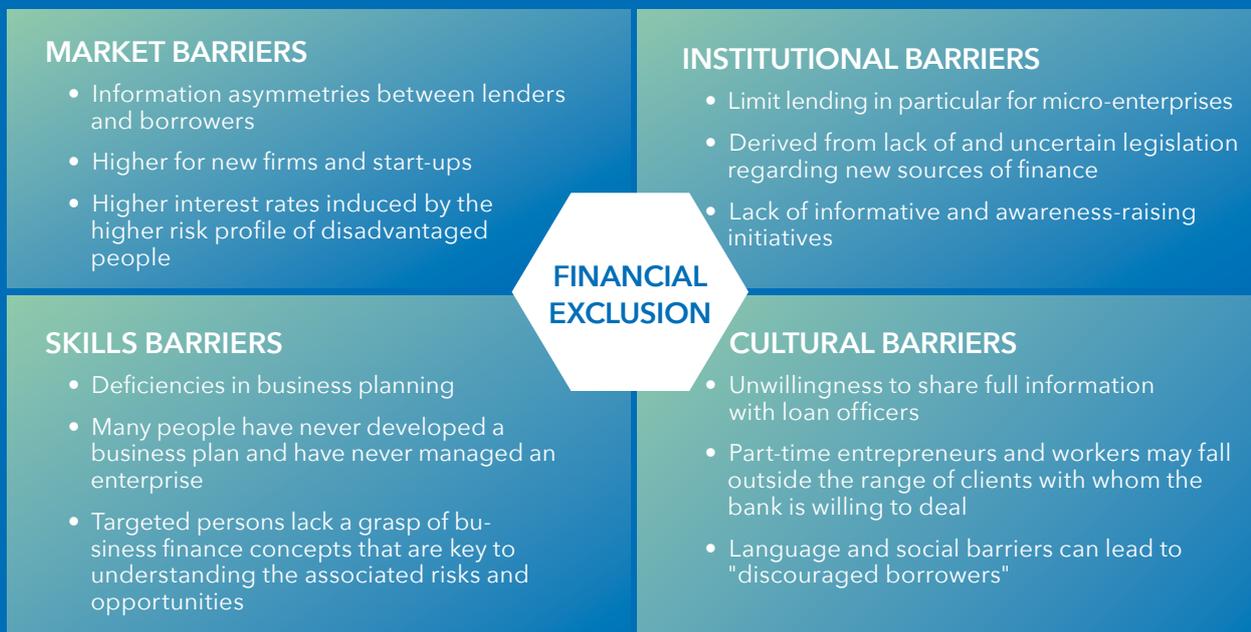


Sources: Etchart and Comolli 2013; Global Alliance for Clean Cookstoves 2014.

Box 9 | Social Banking

Within traditional commercial banking, social banking, which is concerned with the social and environmental impacts of its investments and loans, is also gaining prominence. For example, Erste Group Bank AG has offered social banking as a business line for 10 years and is active in seven countries in CEE. Its social banking offerings include education, banking and mentoring. Social banking is one way for traditional commercial banks to provide SEs with access to commercial banking funds.

FIGURE 12 | BARRIERS TO FINANCE ACCESS



Source: European Commission services, as presented at the Budapest Conference by R. Raivio 2017.

Business development services to promote social enterprises

Business development services (BDS) providers focus on the internal workings of SEs, such as their finances and management, and at their external relations—networking, advocacy and social accountability. They also consider enterprises' capacity to adapt to internal and external realities, including their innovative capacities, research and development, and learning management. Moreover BDS providers can advocate for the legal framework for social enterprises, enhance their visibility and facilitate exchanges between them. A schematic life cycle of SEs from blueprint to scale, identifying some of the services and activities that BDS providers can offer, is provided in **Figure 13**.

Business development services offered to SEs include:

- Investment for long-term support to help start-up SEs transition to sustainable enterprises with lasting impact (e.g. NESsT).
- Provision of physical space where start-ups can develop their business ideas (e.g. the Impact Hubs around the globe).
- Provision of services such as social partnering and lobbying (e.g. Ashoka and the Armenian Employers' Association).
- Supporting access to finance (loans) (e.g. the Hungarian Business Angel Network).

FIGURE 13 | LIFE CYCLE OF SOCIAL ENTERPRISES



Source: Adapted from Koh, Karamchandani, and Katz 2012.

A blue geometric pattern of overlapping triangles and polygons, resembling a low-poly or crystalline structure, is positioned in the top-left and bottom-left corners of the page. The rest of the page is white.

3

CREATING A CONDUCIVE ENVIRONMENT FOR SOCIAL ENTERPRISES

POLICY FRAMEWORKS FOR SEs ARE EVOLVING

Generally, supportive ecosystems for the SSE sector are beginning to evolve, as the fourth sector's importance is being recognized more widely, but the pace is uneven and there is, as yet, little coherence between different national definitions of SSE organizations. National SSE ecosystems tend to reflect *ad hoc*¹⁶ reactions to historical traditions and realities rather than being purposively constructed.

While some countries, such as the United Kingdom, do have a formal definition of "social enterprise" and a variety of legal structures available to social enter-

prises, others with less developed social enterprise ecosystems may still have enterprises that, while not legally defined as such in their home country, would fall into this sector based on the definitional approaches of other countries. A lack of coherence in this sector makes reporting on and identifying the needs of such organizations difficult, underscoring the need for mapping of social enterprises as a starting point. It also makes it difficult to establish the exact size of the SSE sector and to make useful statistical comparisons between the contributions made by SEs to countries' economies.

FIGURE 14 | SELECT FEATURES OF AN ECOSYSTEM FOR SOCIAL ENTERPRISES



Source: European Commission 2016.

¹⁶ See EU 2016a, p. 21. "The development of social enterprise does not necessarily require the adoption of specific legal forms. These organisations have in many cases emerged using existing non-profit legal forms made available by the various legal systems."

EXAMPLES OF POLICY FRAMEWORKS

Armenia

There is no defined legal framework for SEs in Armenia. The most commonly used legal forms are:

- 1) limited liability company;
- 2) non-governmental organization; or
- 3) foundation.

A law on public organizations was recently adopted by Armenia's National Assembly which would allow NGOs to have revenue-generating activities. The law was at the centre of discussions among SE stakeholders, and now, after its passing, it will contribute greatly to improving the legal framework for SE initiatives in Armenia. For example, NGOs would no longer have to establish separate entities for their sustainable business activities.

Furthermore, unlike the IT sector in Armenia, there are no tax breaks for SEs. This is a topic that has elicited much debate in other more developed SE markets such as the United Kingdom and the United States; it requires further examination in terms of whether a shift in the tax structure to benefit SEs might boost development of the sector.

There are no marks, labels or certification systems that would identify SE products or services in Armenia. There are also no specifically designed public measures implemented within the SE sector in Armenia. However, there are general public schemes focused on business development that could be further explored by SEs. In addition, several government representatives have shown interest in the outcome of SE pilot projects and may seek to include support to SEs in the future planning of government initiatives.

An association and a separate network focused on SEs were established in 2015 within the framework of donor-funded programmes to support development of the sector—the Association of Social Enterprises of Armenia and the Network of Social Enterprises and Employers.¹⁷

¹⁷ See the Analysis of Social Enterprises and their Ecosystem in Armenia, Impact Hub Yerevan, financed by the EU in 2015. Available from: <https://yerevan.impacthub.net/programs-and-events/report-analysis-social-enterprises/>.

Bulgaria

In Bulgaria, the government has embraced the promotion of social innovation and SEs as part of its policy framework aiming to promote employment—including among people with disabilities (PWD)—reduce poverty and foster inclusive growth (**Boxes 10 and 11**).

To this end, a working group including representatives from academia, the private sector and other stakeholders oversees biennial action plans.

Other measures to support the social economy include annual social innovation awards related to: employment; social inclusion; and the provision of products and services. An annual European Forum on Social Entrepreneurship is held in Plovdiv.

Box 10 | Three Models of Social Enterprises in Bulgaria

Model 1

Job creation and development of the workforce.

Model 2

Entrepreneurial model (the social enterprise as a mediator between disadvantaged people and the market).

Model 3

The social enterprise offers paid social services to clients and provides social services to own members.

There are also provisions for social enterprises and for the employment of PWD in the public procurement law and employment policy.

Pending the establishment of national definitions of the social economy and social economy organizations, the European Commission wording is used. There is a dedicated Internet site¹⁸ and the Commission has financed the creation of a statistical database by the National Statistical Institute. The sector is growing quite rapidly; in 2013, 1,566 non-profit-making enterprises self-identified as social enterprises, rising to 2,194 in 2014.

The Bulgarian Bank of Development (BDB) contributes to the European Investment Fund as an investor in its Social Impact Accelerator Initiative (SIA). The SIA is oriented towards public-private partnerships for investments in SMEs with important social impact. The BDB has committed €1 million to the Initiative along with Deutsche Bank and Crédit Coopératif.

Box 11 | Social Enterprises in Bulgaria, Some Data¹⁹

46 social enterprises have been created and supported, providing secure employment to 384 persons from vulnerable groups;

30 social enterprises belonging to municipalities have been created and operate in: landscaping and public works; public catering—public dining and home social care; communal laundry; traditional crafts and others.

Cameroon

In Cameroon, combatting social exclusion has been the overall responsibility of the Ministry of Social Affairs (MINAS), since 2011,²⁰ but other government entities are also involved as this is seen as a cross-cutting issue.

There are a number of groups that the government has identified as being vulnerable to social exclusion in Cameroon, including PWDs, children in distress, imprisoned children, people with special protection needs, socially maladjusted people, marginal populations, the unemployed, poor, victims of accident and disaster, and displaced people. These people are all vulnerable to lack of access to health care, education, employment and legal and security protection.

As many as 56 per cent of children between the ages of 5 and 15 work and 53 per cent of children between the ages of 7 to 14 combine work and school.

This presents a particular challenge, especially in the context of a shortage of employment opportunities in the country.

In response to these challenges, the government has strengthened and improved the regulatory framework related to vulnerable groups; improved the institutional framework for social protection; and taken steps to rationalize and diversify pathways to cooperation in meeting the needs of the socially excluded.

MINAS has advocated for the setting up of specialized institutions to address the needs of excluded groups, particularly children. It also plans to promote interventions from civil society and international organizations aimed at the social sector. It intends to create a social safety net as well as undertaking awareness-raising activities to engage wider society in efforts to reduce social inequalities.

¹⁸ See <http://seconomy.mlsp.government.bg/>.

¹⁹ Supported through the Operational Programme "Human resources development" 2007-2013, financed by the European Social Fund.

²⁰ See http://www.minas.gov.cm/index.php?option=com_content&view=article&id=164&Itemid=186&lang=en.

France²¹

France has a long tradition of social and solidarity economy, which is a prominent part of the country's economic landscape and enjoys strong political recognition.

The law on the social and solidarity economy, adopted in 2014, created an overarching framework aimed at promoting the development of the sector. The law was backed by about 20 implementation decrees to support its application. The major objectives are depicted in **Figure 15**.

The 2014 law creates a policy framework for the social and solidarity economy and social enterprises, and defines the SSE as consisting of cooperatives, mutual associations, foundations and market-based (commercial) social economy organizations. It requires a for-benefit common interest purpose, or profit sharing, and a democratic governance structure (viz. multi-stakeholders, members, employers, users, volunteers, funders). Most profits should be reinvested in the social goal. Commercial SEs must pursue a social utility that offers support to frail populations, combats exclusions and inequalities or contributes to a sustainable development energy transition or to international solidarity.

According to the Institut National de la Statistique et des Études Économiques, in 2011 employment in the social economy in France, it was estimated at 2.32 million employees, about 10 per cent of total employment (25.77 million) and 13.3 per cent of the country's private employment (both figures represent one of the highest shares in the EU). It is estimated that the social economy accounted for about 10 per cent of GDP (see **Figure 16**). Government estimates suggest that there are over 200,000 social economy organizations, of which over 80 per cent are associations.

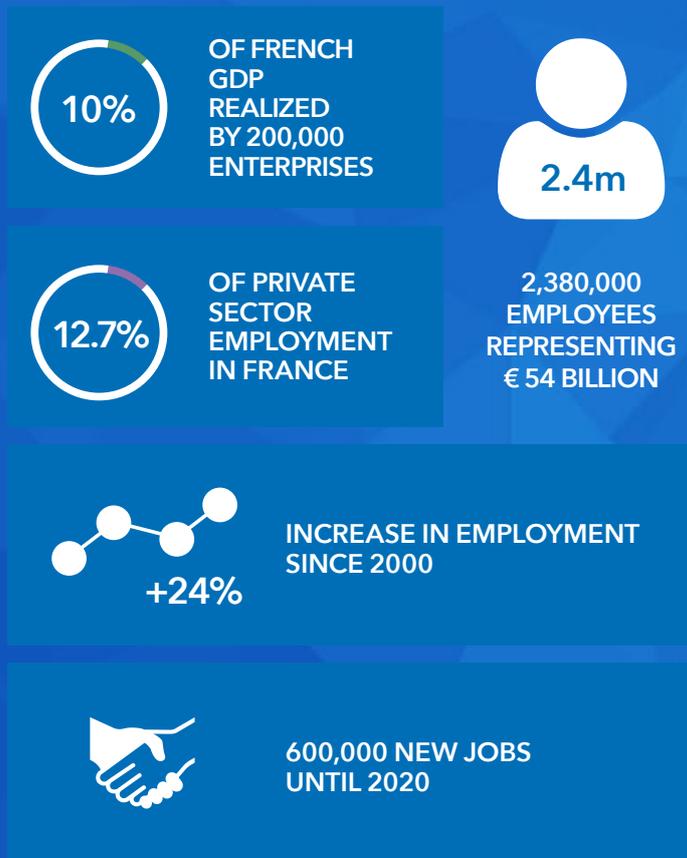
FIGURE 15 | OBJECTIVES OF THE FRENCH LAW ON THE SSE



Source: *Le portail de l'Économie, des Finances, de l'Action et des Comptes publics 2017.*

²¹ EU 2016b.

FIGURE 16 | KEY FIGURES ON THE SSE IN FRANCE



Source: Le portail de l'Économie, des Finances, de l'Action et des Comptes publics, République Française 2017.

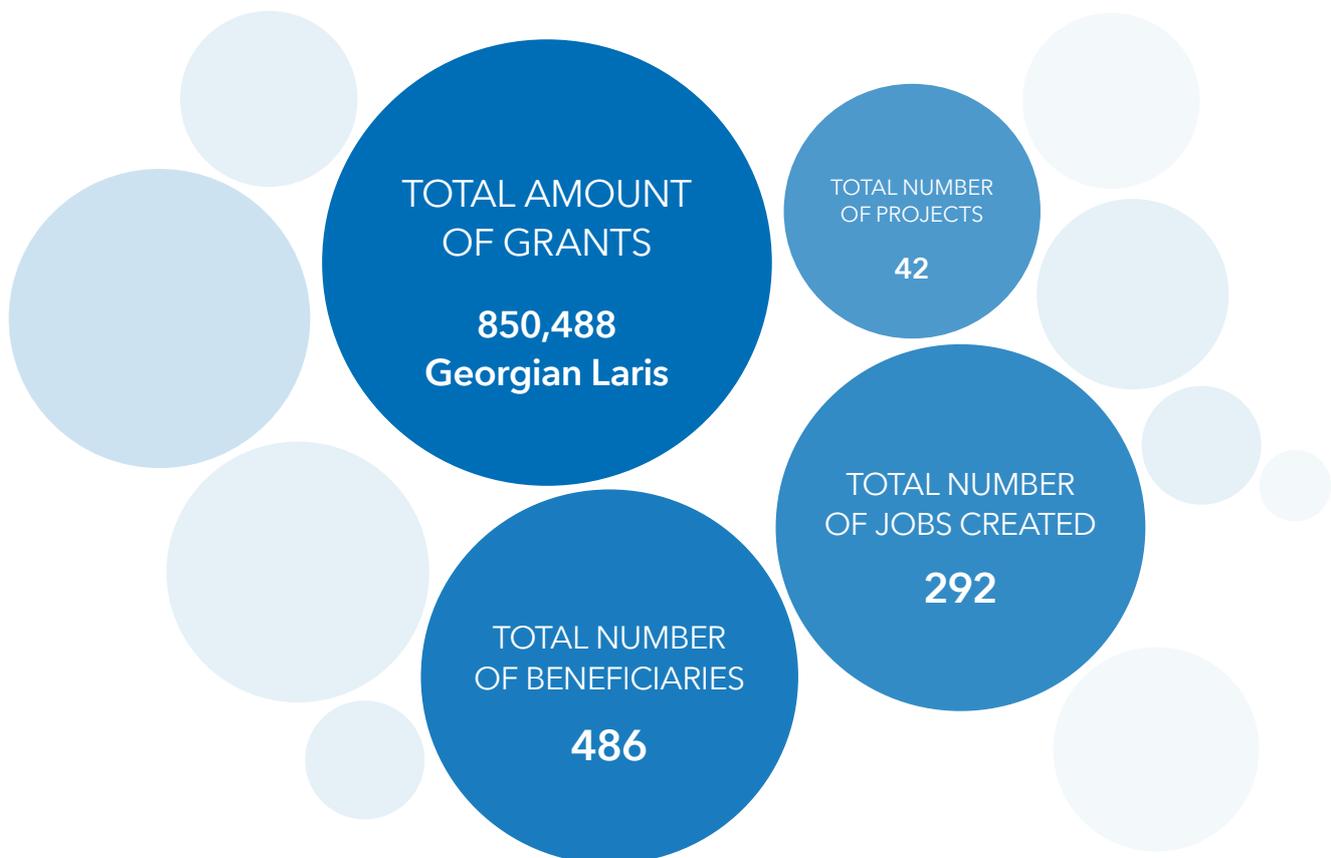
Georgia

Under the current Government Programme, 2016–2020, supporting SMEs and SSE initiatives with investment and technical assistance is a key priority in the effort to provide employment opportunities in the country, where nearly a third of young people are not in employment, education or training.

In 2014, the Georgian government adopted a youth policy document and a three-year action plan aiming to reduce social exclusion under the auspices of the Children and Youth Development Fund (CYDF), which is itself under the umbrella of the Ministry of Sports and Youth Affairs.

The CYDF is the main source of government support for the SSE sector (**Figure 17**). It is prioritizing non-formal education and it has employment-supporting and school-to-work transition programmes and a civil engagement programme. In the period 2013–2016, 42 social enterprises were supported, which the CYDF defines as organizations working to reduce social exclusion. Legislation and a regulatory framework for social entrepreneurship in Georgia are in the process of being prepared.

FIGURE 17 | CHILDREN AND YOUTH DEVELOPMENT FUND, GEORGIA



Source: www.fondi.gov.ge.

Germany²²

Precise delimitation of the term “social enterprise” is not straightforward in Germany given the strong presence and traditions of the substantial social sector. The sector comprises a spectrum of organizations supplying social services instead of public bodies and state enterprises, or engaging in commercial activities with a social mission. Depending on the definitional approach taken, a proportion of these traditional organizations—cooperatives, a large mass of welfare organizations, commercially active foundations and associations, and self-help groups that adopt an entrepreneurial approach in their work and do not fully base their operations on stateregulated fees, grants and donations—may be labelled as “social enterprises”.

The German state is involved in the delivery of social services through six welfare associations, including Caritas, Diakonie, AWO, Red Cross, ZWSt and Paritätische, who together employed 1.54 million in 2009. They have a long history and are well embedded in the German social system. Since the late 1990s the “new style social enterprise sector” has emerged, consisting of social enterprises that bring innovative solutions to emerging social problems, which the formal welfare sector has not addressed. They range from cooperative to for-profit businesses and there is not a specific legal form for social enterprises. Under the public benefit legislation, any organization can claim public benefit status for its social sector activities with consequent tax benefits. Given that there is tension as well as

collaboration between the traditional and new groups of organizations, the SE sector is not represented by a single voice.

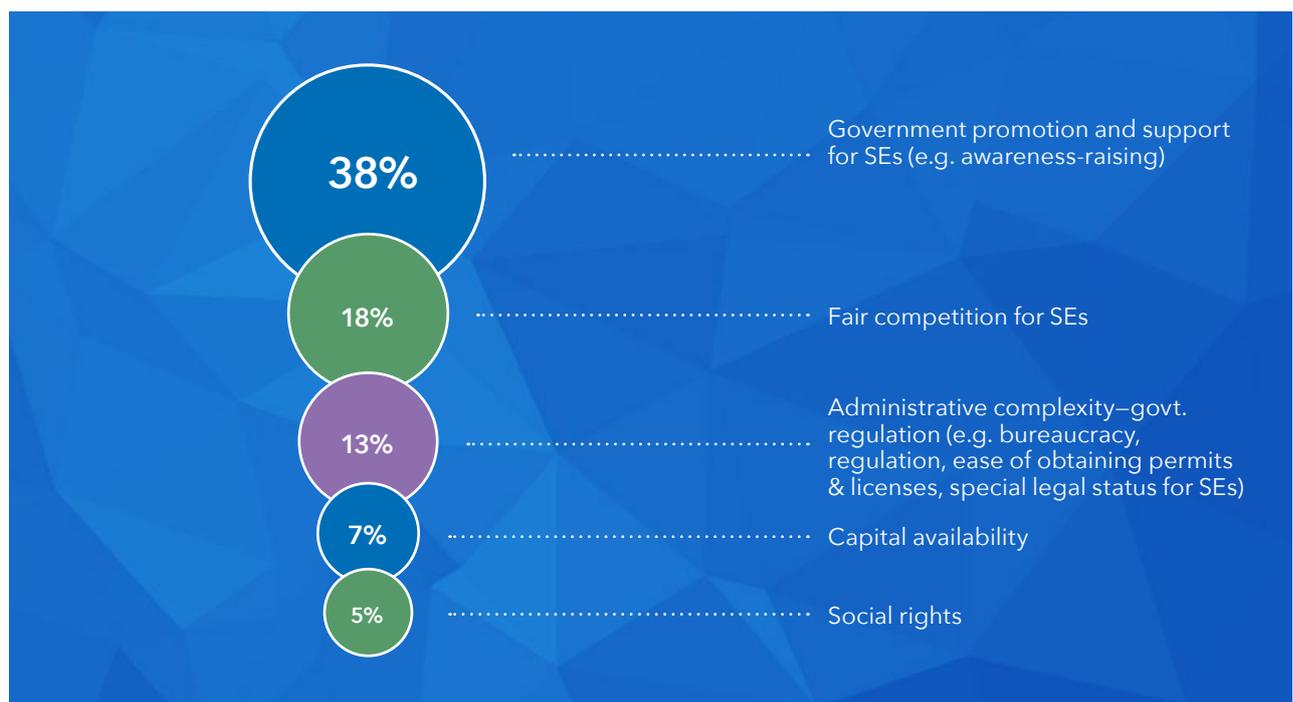
Public bodies or traditional welfare organizations will generally have a broader set of organizations in mind when speaking about “social enterprises” (or “Sozialunternehmen”) than stakeholders from the newer ecosystem around the “new-style” enterprises, which tend to follow the Anglo-Saxon approach to social entrepreneurship. These stakeholders may often refer to this new type of enterprise in English as “social enterprises”.

There is no specific legislation on social entrepreneurship in Germany, not even a formal definition, and so far there have not been plans to introduce legislation.

Because of traditions and its exceptional significance, a large part of the policy discourse and legal framework relevant to the SSE sector concerns the traditional social sector: the delivery of social services as enshrined in the German Social Code, other social services and various forms of civic engagement, dominated by a strong basis of foundations and associations.

In addition to regulating and coordinating social service provision, the state is an important source of finance, even for “new style” organizations.

FIGURE 18 | POLICY SUGGESTIONS, GERMANY



²² EU 2014a.

Source: SEFORIS 2016.

Of concern to SEs in Germany, according to SEFORIS research (**Figure 18**), is the need for: government support and promotion; fair competition between traditional businesses and social enterprises; and a reduction of administrative complexity and bureaucracy. The social entrepreneurs surveyed also raised issues that are very particular to the social areas in which they are active. There is also a need (**Box 12**) for the government to offer specific support to emerging SEs and provide them with a level playing field and to harmonize and adapt the regulatory framework.

Box 12 | The SE Sector in Germany, Some Conclusions

The power to influence policy is very different between established SEs and new entrants

- › government needs to open dialogue

There is a need to adapt the regulatory framework to more types of organizations because of liberalization of services

- › more attention to the implementation process

It is necessary to level the playing field between established and new structures

- › ensuring legitimacy

Compartmentalized regulation for each social sector leads to different needs

- › adapt regulation to be sector-specific to new entrants



In the absence of a clear definition of the term “social enterprise”, estimates tend to be vague and reflect social entrepreneurship concepts that are not fully in line with definitional approaches that enjoy broader consensus. Recent studies tend to focus only on new-style social enterprises (and perhaps cooperatives), which inevitably results in much lower figures than current definitional approaches would warrant. Existing estimates range from a couple of hundred to some 100,000 social enterprises, depending on definitions and methodologies used by the authors of these studies.

Hungary

Hungary has not established a legal form of SE and uses the European Commission definition for SEs. Based on this, the government has integrated policy towards SEs into its overall plans, which aim to raise the share of workers in the social economy from 4.7 per cent (2012) towards the EU average of 6.5 per cent.

After the financial crisis in Hungary, non-profit organizations' revenues from public funds fell, while those from commercial activities and private external sources are on the rise, a trend supported by the government.

In 2011, the government adopted the Hungarian Employment Plan, which is a three-pillar-based system of employment-related supports. The first and most important pillar is the promotion and reinforcement of employment in the open labour market, including via wage subsidies, paying special attention to micro, small and medium-sized companies. The second pillar is the social economy, which organizes the employment of jobseekers based on local opportunities by means of public funding and partly of own income. This is a temporary form of employment, the aim of which in the long term is to lead to open labour market employment.

One of the measures in the Social Renewal Operational Programme (2007-2013), co-financed by the European Social Fund and European Region Development Fund, focused on the development of the social economy. Non-refundable grants were issued, which focused on supporting investment in equipment as well as employee training, workplace inclusion and wage subsidies for a given period. Training for business plan and management capacities as well as investment readiness activities was offered. Social enterprises eligible for support assisted disadvantaged groups and addressed concrete barriers to their employability. A counselling platform providing advisory services has also been set up. The availability of public funding had a major impact on the development of the market: many social cooperatives were established throughout the country. Social cooperatives created nearly 3,000 jobs for disadvantaged people.

The National Social Policy envisages that certain social services could be organized within the framework of the social economy, by relying partly on private, partly on municipal resources. Additional types of funding in support of the social economy will be available in the current 2014-2020 EU programming period in the framework of Economic Development and Innovation, focusing on creating a self-sustaining sector. Social enterprises can also access mainstream business development programmes not specifically targeted at them. In addition to social cooperatives, other non-profit and civil business organizations will be supported. The main aim of this programme is to strengthen the sector and improve its sustainability.

In 2015, a platform was set up to provide advisory services, covering mentoring, skill development in the field of management, marketing and business planning. It has generated projects in disadvantaged areas, the non-profit sector and the field of cooperatives.

In 2016, there was a call for proposals for recent start-ups in need of funding, depending on the age of the organization and income in the last business year. It covers support for wage subsidies, trainings and infrastructure investment.

The goal in the current programming period is to deploy €65 million and additional loans for social enterprises, supporting 500 social enterprises, creating a minimum 4,000 new jobs.

The UK²³

Social enterprises have been high on the UK national policy agenda since 2001 (Box 13). The government defines a social enterprise as “a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners”. The government aimed to stimulate the social investment market through the introduction of the Social Investment Tax Relief (SITR) in 2014. SITR is designed to support social enterprises seeking external finance by offering a range of tax reliefs to individual investors who invest in new shares or debt investments in those social enterprises. Relief is available at 30 per cent of the amount invested, with a maximum annual investment of £1 million.

Official estimates suggest that there were 284,000 social enterprises in the UK in 2012. There is, however, some doubt about this figure because of the selection criteria and sampling techniques used and a reliance on self-identification rather than documented evidence. The number of social enterprises meeting EU operational criteria is estimated to be in the range of 9,500 (Community Interest Companies (CICs) only—see **Box 13**) to 71,000 (assuming that a quarter of the self-identified social enterprises fulfil the EU criteria).

Available survey data²⁵ show that they are active in all the main industry sectors, but are most likely to be operating in food/accommodation (29 per cent), business services (13 per cent), health (13 per cent) and retail/wholesale (12 per cent). The overwhelming majority (estimated at 84 per cent) of social enterprises derive most of their income through trade. There are social enterprises in a large range of industries—from automotive assembly to public houses, from medical diagnostics to manufacturing beehives, from software developers to structural engineers.

Social Enterprise UK is the national body representing social enterprises, leading the sector’s representation and giving it voice as well as working to create a supportive ecosystem.

One reason for the relative success of the SE sector in the UK has been that Social Enterprise UK has been able to maintain political support through three different governments with different ideologies by stressing different aspects of the benefits of the SSE.

Box 13 | Key Policy Developments in the UK since 2001

- 2001** Creation of a dedicated Social Enterprise Unit within the (then) Department of Trade & Industry and appointment of a junior minister responsible for social enterprise
- 2002** Publication of a dedicated strategy (Social Enterprise: A Strategy for Success) aimed at creating an enabling environment for social enterprise
- 2004** Creation of a specific legal form—a Community Interest Company—for social enterprise
- 2006** Publication of a new strategy²⁴ “Social enterprise action plan: scaling new heights” setting out specific actions aimed at supporting the development of social enterprises
- 2010** Launch of the “Big Society” agenda which, inter alia, envisages a bigger role for social enterprises in contemporary British society
- 2011** Launch of “Growing the social investment market: a vision and strategy”
- 2012** Establishment of “Big Society Capital”, an independent financial organization that aims to support and develop social investment in the UK
- 2013** Enactment of the Public Services (Social Value) Act 2012 which requires public bodies in England and Wales “to have regard to economic, social and environmental well-being in connection with public services contracts; and for connected purposes”
- 2014** Introduction of Social Investment Tax Relief to encourage individuals to support social enterprises and help social enterprises access new sources of finance

²³ EU 2014b.

²⁴ Cabinet Office 2006.

²⁵ SEUK 2015.

COMMON FACTORS IN POLICY FRAMEWORKS, PRESENT AND FUTURE

The examples provided show that policy frameworks are developing in different settings and responding to specific national contexts. Governments in general are demonstrating an increasing commitment to supporting the SSE sector and recognizing that in a situation of general budgetary constraint and with limited room for fiscal manoeuvre, it is vital to engage wider society in support of social innovation and social enterprise. Many of the examples include tax and other incentives offered to develop the sector.

Although it is probable that policy frameworks will continue to be country-specific, there appears to be a strong emerging consensus that, at the very least, a clear legal and tax status for SEs would benefit the sector, distinguishing it from the public and private sectors and also from the traditional “third sector” and providing appropriate incentives to further its growth.

A desirable policy framework should recognize that SEs are neither capitalist enterprises, nor public agencies. They are embedded in different historical traditions governing the SSE. A desirable framework should provide clear regulations on access to public funding and specify the role of intermediate organizations. While the support of the traditional private sector and of civil society is important for the development of the fourth sector, governments have important convening powers and public procurement is very large and potentially very influential. **Box 14** outlines possible forms of government support for SEs.

Box 14 | Forms of Possible Support for SEs

Grants and subsidies

- Advantages for the organization: trust and security; long-term planning and innovation are possible if the grant is paid over several years
- Drawbacks: no competition; bureaucratization; political clientelism

Contracts with/out tenders

- Advantages: competition lowers the costs of the service; no favoritism
- Drawbacks: the administration defines standardized services; loss of initiative and innovation; crowds out smaller SEs; overhead costs are not covered

Loans and loan guarantees

- Non-profit organizations: inability to share profits therefore no access to equity capital and to borrowing in banks
- Local and central governments can either lend money or give their guarantee to give access to standard banks

Tax exemption and tax credits

- SEs are often exempted from business taxes if they are non-profit distributing and public interest oriented
- Individual and corporate donations are eligible for tax credits, with a cap

Procurement policies

- By adopting procurement policies and processes that are sustainable and using SEs to source goods and services, governments could encourage their development and raise public awareness

4 SUPPORT FROM INTERNATIONAL ORGANIZATIONS

International organizations (IOs) are becoming increasingly aware of the potential, indeed the necessity, to engage with and promote the SSE sector to foster development and meet the SDGs and to align their priorities with developing the SSE on a global scale. This is both a matter of mobilizing resources—financial, human and knowledge-based—and of mobilizing the convening power of IOs to raise awareness and provide platforms for the exchange of experiences, knowledge and best practices. The areas where IO support could be important including contributing to mapping exercises, and helping to establish definitions and methodologies that will aid in the measurement of the social impact of the SSE. Private-sector actors can collaborate with IOs and with governments to provide opportunities for information and experience-sharing on a global scale (**Box 16**).

Box 15 | The Social Business Initiative 2011

Visibility and recognition

- Mapping the realities in 28 EU Member States and Switzerland
- Mainstreaming the issue in EU programmes

Finance

- EU Employment and Social Innovation funding programme with specific social enterprise facility
- European Social Fund investment priority
- European social entrepreneurship funds regulation on social enterprise funds

Regulatory environment

- Public procurement
- State aid
- Policy guidance on favourable framework conditions

THE EU

Six years ago, the European Commission investigated the SE sector to establish what needed to be done to support it. Three themes emerged as requiring priority attention: visibility; access to finance; and the regulatory environment. These were accordingly prioritized in the 2011 Social Business Initiative (**Box 15**). Several research publications have been issued in recent years.

In late 2016, in the context of its "Start-up and Scale-up initiative", the European Commission identified the following five pillars for development in its approach to the SSE, with an emphasis on the need to support scale up as well as start-up of SEs:²⁶

1. Access to funding
2. Access to markets
3. Improving framework conditions
4. Social innovation, technologies and new business models
5. International dimension

The EU is currently also strengthening its overall social agenda, based on an approach underlining citizens' rights to key social issues such as access to labour markets, working conditions and social protection. This is termed the European Pillar of Social Rights, proposed in April 2017. The Pillar forms part of the overall economic agenda of the EU on promoting structural reforms, investment and responsible fiscal policies. Significant funding opportunities have been put in place and are being accessed.

²⁶ This agenda draws from the previous Social Business Initiative as well as from the 2016 report of the Commission's Expert Group on Social Entrepreneurship. See GECES 2016.

THE UNTFSSSE

The creation of the UN Inter-Agency Task Force on Social and Solidarity Economy (UNTFSSSE) responded to a growing concern within the UN system that efforts to rethink development in the wake of multiple global crises and in the context of the post-2015 development agenda paid insufficient attention to the SSE. The TFSSSE was established to raise the visibility of the SSE in international knowledge and policy circles.

The UNTFSSSE brings together UN agencies and other intergovernmental organizations, as well as umbrella associations of SSE networks, as members and observers. Activities include organizing events at UN and other international conferences, dialoguing with policymakers, preparing and disseminating publications, and engaging in collaborative projects.

The members and observers of the Task Force have committed to undertake collaborative activities to:

- Enhance recognition of the role of SSE enterprises and organizations in sustainable development.
- Promote knowledge of the SSE and consolidate SSE networks.
- Support the establishment of an enabling institutional and policy environment for the SSE.
- Ensure coordination of international efforts, and create and strengthen partnerships.

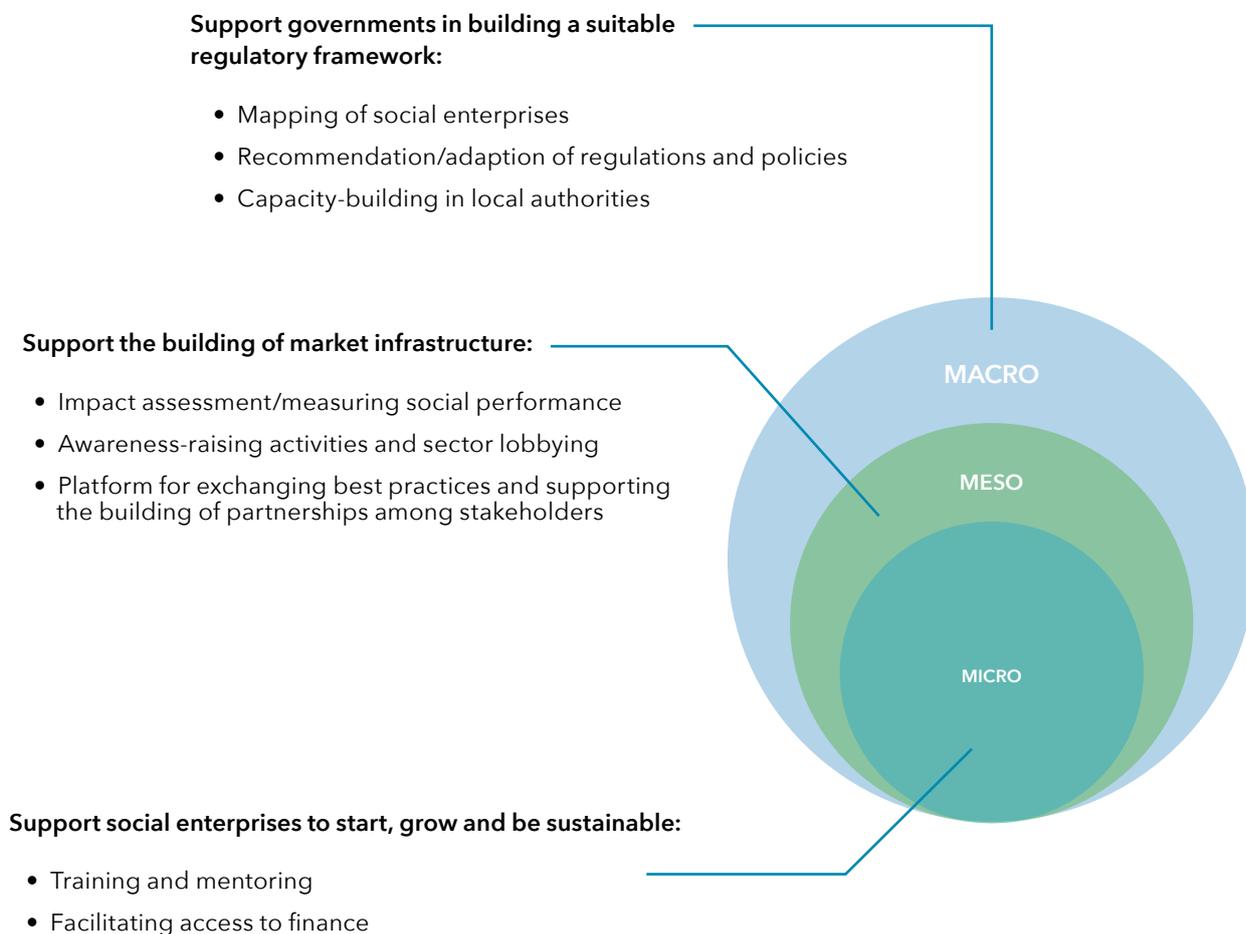
UNIDO

UNIDO seeks to strengthen the capacities of public and private actors to enable business environment reforms geared towards facilitating the process of starting a social business, reducing business costs and risks and increasing investments in this sector. UNIDO's assistance is based on a thorough diagnosis of constraints holding back social businesses in national and regional contexts and seeks to:

- Map and conduct in-depth diagnostics for the development of sector-specific recommendations and interventions.
- Address functional reforms relating to business registration, access to market information, regulatory governance and access to finance.
- Strengthen business membership organizations to effectively communicate the concerns of social businesses to policymakers.
- Enable public-private dialogue and multi-stakeholder consultative mechanisms and build mutual trust and constructive dialogue between stakeholders.
- Improve the overall business environment and associated investment climate in the social economy and incorporate international best practices into its support activities.

In order to spread the knowledge and experience gained from its activities in support of the SSE, UNIDO is committed to creating and maintaining a platform for knowledge and experience sharing among SSE stakeholders worldwide.

FIGURE 19 | TYPOLOGY OF UNIDO SUPPORT SYSTEMS FOR SE ECOSYSTEMS



Box 16 | The Potential of ICT to Support the SSE: the UN and Wider Society

Harnessing the potential offered by information and communications technology (ICT) offers a powerful way of supporting the SSE and the SDGs. The World Summit Award (WSA) is an initiative by the Austrian Government as a follow-up to the 2003 and 2005 UN World Summit on the Information Society. It involves 178 UN Member States and aims to bring together digital innovators, community leaders, social entrepreneurs and start-up founders in an annual competition, and foster the exchange of views and networking during the selection of outstanding digital projects that contribute to the SDGs.

The WSA and its associated initiatives are an example of cooperation between the UN system and other IOs and civil society, private sector individuals and other stakeholders operating at the grass roots level with direct SSE experience. Such partnerships are important, as IOs need to increase their private sector engagement.

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5 CONCLUSION

THE SOCIAL SECTOR ECONOMY, SOCIAL EXCLUSION AND THE SDGs

The Budapest Conference noted that global megatrends in world capitalism are widening wealth and income disparities, and concentrating wealth and profits in a few enterprises in a few countries. Governments worldwide, facing financial and capacity constraints, are not always able to address the market and governance failures that are intensifying these trends, even though widening disparities and increasing social exclusion are becoming matters of common concern in the international community. The SSE sector, offering additional resources and opportunities to mobilize for-benefit investment, represents an increasingly important social innovation for development.

To achieve the ambitions outlined in the SDGs, whereby sustainable and inclusive development is spread globally, addressing social exclusion and bringing employment to all, SSE models and especially SEs need to be generalized. This will require sustained and collaborative efforts from national governments, international organizations, civil society and other stakeholders. Especially in developing countries where premature deindustrialization threatens to perpetuate poverty, new pathways of development offered by the SSE will play an important role. Social enterprises in the industrial sector have the potential to provide employment and to help the young and disadvantaged to contribute to the real economy, access decent jobs and income, and exit poverty.

Factors that might favour the extensive and intensive growth of SSE models include the preferences of the millennial generation, who show a concern for the social impact of their investment, spending and working decisions, and the widening spread of ICT, making information about social investment opportunities and impacts much more readily available.

The Budapest Conference showcased numerous examples –from Armenia to Peru– of social innovation providing sustainable jobs, incomes and services to the disadvantaged. It identified some of the challenges, from start-up to scale, faced by SEs and some of the success factors and mistakes that social entrepreneurs have highlighted. It discussed and identified ways in which national governments, international organizations and other stakeholders can support the efforts of social entrepreneurs to widen the space in which social innovation and sustainable development can flourish.

KEY MESSAGES FROM THE BUDAPEST CONFERENCE

Several key findings from the Budapest Conference include:

For social entrepreneurs:

- The importance of sharing experiences, learning from successes and failures and developing shared positions when communicating the needs of the sector to governments and international organizations.
- The value of networking and lobbying, collaborating to enhance the visibility of the SSE sector and publicize its contribution.

For national governments:

- Establish national definitions of the various SSE organizations and create a supportive legal, regulatory and fiscal framework.
- Support the development of an enabling ecosystem, including access to finance and business development services from start-up to scale.
- Collect and disseminate statistical and other information and establish a methodology for impact measurement, ideally aligned with international definitions and methodologies.
- Engage in dialogue, information and best practice sharing with the private sector to enhance SSE visibility.
- Maintain and foster international links for information sharing and policy development.

For international organizations:

- Engage in worldwide communication and networking, disseminating information and experience from different countries and sectors and enhancing the worldwide visibility of the SSE.
- Establish international definitions of the SSE sector and ways to measure its impact and conduct research into SE successes and failures.
- Provide advice on appropriate policy packages to national governments.
- Convene international dialogue on conducting and developing research into SSE organizations and how to support the sector.



ANNEXES

ANNEX 1 | CONFERENCE STRUCTURE AND SPEAKERS

Conference Structure

The Conference discussed the importance of social innovation and SSE organizations through which social innovation is promoted, and drew attention to its potential as an alternative and more inclusive model of development. The Conference objective was to create a better understanding of these concepts and business models and of how they foster social and economic inclusion of disadvantaged groups in the real economy and its transformative potential.

The Conference contributed towards establishing dialogue, networking and partnership among major stakeholder and potential partners for fostering inclusive and sustainable industrial development projects. At the same time, the Conference marked the inception of a knowledge-sourcing platform on social innovation.

The Ministry for National Economy of Hungary, as the host and initiator of the Conference, presented its inclusive and sustainable industrial development policies, and shared its experience in addressing social exclusion through programmes and projects promoting social and labour market integration, provision of social services, and job creation for disadvantaged groups.

The Conference included eight interactive panel sessions addressing the following issues:

- **Panel session 1** introduced the topic of the Conference through a keynote address and presentations on the issue of social exclusion and the role of social innovation to foster social inclusion.
- **Panel session 2** introduced SSE concepts, such as social enterprises and inclusive business, as means to foster social inclusion.
- **Panel session 3** provided examples and best practice cases of social enterprises and inclusive businesses on the ground in Hungary, Europe and beyond.
- **Panel session 4** discussed different sources of funding for social enterprises and inclusive businesses, including impact investment.
- **Panel session 5** focused on business support services provided for social enterprises and inclusive businesses to foster sustainability of the sector.
- **Panel session 6** focused on the necessary policy framework for a thriving social and solidarity economy.
- **Panel session 7** focused on support of international organizations and examples of their engagement.
- **Panel session 8** provided a wrap-up of the discussions, summarized the key issues addressed during the Conference, and provided recommendations for future action.

Keynote Speakers

Péter Cseresnyés

State Secretary for Labour Market, Ministry for National Economy of Hungary

Mr. Cseresnyés is a member of the Hungarian Assembly. He was elected in 2006 as Member of the Parliament from Zala county. Since 9 October 2015, he has been State Secretary for Labour Market and Training. He has a leading role in reducing the unemployment rate in Hungary through the continuous development of Hungary's vocational training system and several measures designed for the development of Hungarian small and medium-sized enterprises.



Katalin Csöbör

Member of the Hungarian Parliament

Ms. Csöbör is a cultural anthropologist and a member of the Hungarian Assembly. She has been elected twice, in 2010 and 2014, as a member of the parliament from Borsod-Abaúj-Zemplén county. She is a committed representative of social inclusion and an espouser of minority groups.



Károly Dán

**Ambassador Extraordinary and Plenipotentiary,
Permanent Representative of Hungary to UNIDO**

During his career, H.E. Dán has served in various capacities, among them: Ambassador, Consul General of Hungary in New York (2010-2014); Director of International Affairs and Chief Foreign Policy Adviser to the Chairman of the FIDESZ - Hungarian Civic Union Caucus in the Parliament (2007-2010); Director General, International Department, Ministry of Education and Culture (2006-2007); Cultural attaché, Embassy in Washington D.C. (2004-2006); Political secretary, Embassy in Washington D.C. (2002-2004); Foreign Service Officer, American desk, Ministry of Foreign Affairs (2001-2002); Head of Education and Diplomatic Training, Ministry of Foreign Affairs (1999-2001); Project manager, Budapest Business and Financial Centre (1997-1999). H.E. Dán holds a Master's degree in Political Studies from the Faculty of Law, Eötvös Loránd University, Budapest and a Bachelor's degree in Economics from the College for Foreign Trade and Business Administration, Budapest.



Keynote Speakers

Hiroshi Kuniyoshi

Deputy to the Director General, UNIDO



Mr. Kuniyoshi holds a Master's degree in International Relations from the University of Cambridge and a Ph.D. in Energy Science from Kyoto University. In April 1984, he joined the Government of Japan's Ministry of International Trade and Industry (now known as METI), where he planned and implemented a variety of industrial and technology policies in various sections, including the Planning Office of the Minister's Secretariat, the Natural Resources and Energy Agency, the Small and Medium Enterprises Agency and the Kansai Bureau. He served as an advisor to the Director General of UNIDO from 2000 to 2004, during which time he made a considerable contribution to UNIDO's strategic pursuits through the coordination of the Board of Directors' Retreats, Industrial Development Forums and other activities. In August 2006, Mr. Kuniyoshi was appointed Professor at the Frontier Research Centre, Tokyo Institute of Technology, where he conducted research and initiated an education programme in policy studies related to industry, technology and innovation. In September 2012, he was appointed Executive Director of the New Energy and Industrial Technology Development Organization, one of Japan's largest public organizations in research and development. He also served as Vice Chairman of the Global Smart Grid Federation, a world-wide network of national associations for smart grids. In January 2016, he was appointed Head of the UNIDO Investment and Technology Promotion Office, Tokyo, where he worked closely with Japanese industries in areas related to technology transfer and investments to developing countries.

Antal Nikoletti

Deputy State Secretary, Ministry for National Economy of Hungary



Mr. Nikoletti holds a Master's degree in International Economic Relations from the Corvinus University of Budapest. In May 2013, Mr. Nikoletti was appointed Deputy State Secretary at the Ministry for National Economy. He is responsible for international related subjects in the Ministry and facilitation of national export and investments. He manages the bilateral referetura of the Ministry for National Economy and the international network of economic diplomats in 50 countries around the globe. Mr. Nikoletti is also responsible for running dedicated projects on various investment topics. From 2015 to 2016, he was a Member of the Board of Directors of the European Bank for Reconstruction and Development, representing Hungary, Czech Republic, Slovakia, Croatia and Georgia in the Board.

Robert Wade

**Professor of Political Economy and Development,
London School of Economics**



Professor Wade was born in Australia to New Zealand parents. He was educated in Wellington, New Zealand, and Sussex University. He worked at the Institute of Development Studies (IDS), Sussex from 1972-1995. Mr. Wade worked at the World Bank 1984-88; the Office of Technology Assessment (US Congress) 1988; Princeton University (Woodrow Wilson School) 1989-90; and MIT (Sloan School and Political Science) 1990-91. He was professor of political economy at Brown University (Watson Institute and Political Science) 1996-99. He held fellowships at the Institute for Advanced Studies, Princeton 1992-93, Russell Sage Foundation, New York 1997-98, and the Institute for Advanced Study, Berlin 2000-01. Mr. Wade has also worked at the World Bank, 1984-1988. He has undertaken fieldwork in a range of countries including: Italy, India, Korea, Taiwan and even Pitcairn Island. In 2008, Mr. Wade received the Leontief Prize in recognition of his outstanding contribution to economic theory that addresses contemporary realities and supports just and sustainable societies. Professor Wade has published widely.

Panellists

Edith Archambault

Professor Emeritus and member of CES, the Centre of Economics of Sorbonne

Ms. Archambault holds a degree from Paris-Sorbonne University in economics, sociology and political science, and completed her doctorate in economics in 1971. Ms. Archambault was the Director of the Laboratory of Social economy (1991-1999) at the University Paris Panthéon-Sorbonne and was the Dean of the Department of economics (1994-1997). Since 2004, she has been Professor Emeritus and a member of CES, the Centre of Economics of Sorbonne. Her research fields include National Accounting, and the economics of the non-profit sector, with a special focus on associations, foundations and volunteering. She was local associate for the Johns Hopkins International Comparison of the Non-profit Sector Program (1990-2005) and expert for the United Nations Handbook of the Non-profit Institutions in the System of National Accounts and the ILO Manual on the Measurement of Volunteering. She was the first vice-president of ISTR, the International Society of Research on the Third Sector (1992-1997) and the President of ADDES, its French equivalent (1994-2006). Ms. Archambault was member of CNVA, the main French umbrella of non-profits (1999-2010) and chaired a workgroup on the Knowledge of Nonprofits and published a report on this theme for the National Council of the Statistical Information (CNIS) in 2010.



Lilit Asatryan

Founder and President, Armenian Young Women's Association (AYWA)

Ms. Asatryan is the founder and the president of AYWA, an NGO which aims to enhance the role of women in the development of Armenia by promoting their socio-economic and public activism. Ms. Asatryan also established the Women Entrepreneurs Network of Armenia which unites women in business in all the regions of Armenia and promotes the development of women entrepreneurship, and the NURIK Social Enterprise which aims to promote community social and economic development through tourism development. She is one of the pioneers and promoters of social entrepreneurship development in Armenia. Since 2009, she has been a member of Public Council of the Republic of Armenia. She was the initiator of the first National Youth Report of the Republic of Armenia. Since 2014, she has represented Armenia in FCEM (World Association of Women Entrepreneurs).



Peter Bruck

Professor, Chairman of the Board of Directors of the World Summit Award, Honorary President of the International Center for New Media

Prof. Bruck launched global and regional awards for best practice in new media: The World Summit Award (WSA), the European Youth Award (EYA). The WSA was set up as a follow-up to the UN World Summit on the Information Society (WSIS) and supports specifically the UN Sustainable Development Goals (SDGs) through the use of ICTs. Prof. Bruck works as the CEO and Chief Researcher of the Research Studios Austria Forschungsgesellschaft. He studied at the universities of Vienna, Iowa and at McGill, Montreal, and holds doctorates in law and communications, and master degrees in sociology and economics. Prof. Bruck has held professorships at universities in Canada and Europe and continues some teaching as Honorary Professor of Information Economy and New Technologies at the University of Salzburg. He has founded the University of Applied Sciences in Salzburg and three national research organizations in Canada and Austria in the area of media/ICT, innovation and technology. Prof. Bruck is also the founder and CEO of KnowledgeFox, an Austrian start-up making knowing easy through microlearning.



Panellists

Dominic Curtis
Head of Financial Advisory, Global Impact Investing Foundation (GIIF)

Mr. Curtis is the head of financial advisory at the Global Impact Investing Foundation, which is based in Vienna. Before moving to Vienna, he worked in the financial sector in London. The mission of the Global Impact Investing Foundation is to promote and foster the growing field of impact investing by developing appropriate partnerships, networks, market structures and tools to enable and exhibit solutions to urban and global challenges.



János Czafrangó
Manager, Social Banking Development, Erste Bank Hungary Zrt

Mr. Czafrangó joined the social enterprise development program at Erste Bank Hungary after 20 years in the banking business and risk management. He currently works as the local manager of Erste Group Social Banking program for the financial inclusion of segments that are not covered by traditional commercial banks.



Mathias Haas
Co-founder, Digital Participation Camp

Mr. Haas studies at the Law College at the University of Vienna. As a social entrepreneur, he initiated the Charity Art and Journalism Project Findia09 and organized fundraisers for "Licht ins Dunkel" (an Austrian telethon). For his projects, among them Facebook Application Intercultural, Findia09, and the YA Friends Platform, he has already won international awards. Mathias Haas lives for his passion: travelling, learning about new cultures, and adventures.



Johann Heep
Business Developer, Social Banking Development, Erste Group Bank AG

Mr. Heep is a business developer on the Social Banking Development in the CEE region of Erste Group Bank AG via local Erste Group Banks (currently Czech Republic, Slovakia, Hungary, Croatia, Serbia, Romania and Austria). Furthermore, Mr. Heep developed the Social Enterprise Finance strategy, cooperation's and portfolio reporting for Erste Group Bank AG. Having gained extensive experience in dealing with social enterprise financing, Mr. Heep is also a Member of the Groupe d'experts de la Commission sur l'entrepreneuriat social (GECES), where he shared know-how and expertise of banking services to help the social entrepreneurship market grow faster and stronger.



Panellists

Tibor Héjj **Founder, Napraforgó Ltd.**

Mr. Héjj graduated as an electrical engineer. He holds an MBA from Vanderbilt University, TN, USA. He switched to strategic consultancy, working for BCG in Germany and for A.T. Kearney in Hungary. For the past decade he has run his own consultancy agency as well as other businesses, one of them being a non-profit company employing 120+ disadvantaged persons in order to re-integrate them as part of social inclusion. He plans to complete his PhD in Italy later this year, focusing on human dignity in management, while lecturing on related topics at universities and conferences. Mr. Héjj is the Co-founder of 'Social Impact Investors' Association' in Hungary, and Chairman of its Supervisory Board.



Peter Holbrook **CEO, Social Enterprise UK**

Mr. Holbrook became CEO of Social Enterprise UK in January 2010. Social Enterprise UK is the national trade body for social enterprise and represents a wide range of social enterprises, regional and national support networks and other related organisations. SEUK works to promote social enterprise as a model for changing both business and society. SEUK inform the policy agenda, continue to influence the political agenda, promote the benefits of social enterprise through the media, campaigns and events, and undertake research to expand the social enterprise evidence base. Mr. Holbrook has established, developed and supported hundreds of diverse social enterprises over his career. He has advised government task forces in the UK and oversaw and chaired the Social Enterprise World Forum, the global network of social businesses, until 2015. Mr. Holbrook has previously worked for Oxfam, Greenpeace and various disability charities. He has experience of working in overseas development, community development and public health. Mr. Holbrook started his career with Marks and Spencer PLC and also spent several years with Body Shop International.



Anna Horváth **NESsT Country Director Hungary**

Ms. Horváth is the leader of NESsT's operation in Hungary. She is responsible for managing the Hungarian portfolio of 13 social enterprises, for the pipe-line building of the portfolio and for the operational and financial sustainability of the Hungarian office. She is also the leader of NESsT's global Incubation Methodology Working Group. Prior to NESsT, Ms. Horváth worked for Foundation for Small Enterprise Development (SEED) where she developed start-ups and microenterprises. Her primary mission was supporting the economic independency of women. Before entering the civil society sector, Ms. Horváth spent 13 years in the business world at GfK Market Research Company as area manager and later deputy director. She has a degree from the Technical University of Budapest and from Corvinus University (Economics). She is also a certified trainer and speaks Hungarian, English and German.



Panellists

Alexandra Ioan

Research Associate and Doctoral Student, Hertie School of Governance

Ms. Ioan's research interests include civil society organizations, social entrepreneurship, institutionalisation processes and inter-sectoral collaboration in addressing social challenges. Alexandra Ioan is a researcher in the EU-funded SEFORIS project. She has been a Visiting Student Researcher at the Stanford Center on Philanthropy and Civil Society, Stanford University and holds degrees from the Hertie School of Governance, the University of Bucharest and the National School of Public Administration and Political Studies in Bucharest, Romania. Her professional experience relies on the work conducted with several Romanian and international NGOs and foundations in areas mostly related to community development, non-formal and intercultural education. Among others, she has worked with organizations such as the New Horizons Foundation, the CODECS Foundation for Leadership, the Expedition Inside Culture Association, the Hertie Foundation and Ashoka Germany.



László Jakubinyi

Founder, Symbiosis Foundation

Mr. Jakubinyi proves that individuals with intellectual disabilities, of all levels, can thrive as dedicated employees and live productive lives. He has created a replicable rural approach for people living with moderate to severe levels of intellectual disabilities. Mr. Jakubinyi's approach is spreading to Poland, Romania, and Moldavia. His Symbiosis Foundation provides more than 100 workplaces for people living with disabilities. The open labour market program brought 160 new jobs in 5 years and the organization's wide range of product portfolio has generated trade of almost 4 billion (as in HUF) over the last ten years.



Revaz Javelidze

Deputy Minister, Ministry of Sport and Youth Affairs of Georgia

Mr. Javelidze holds a Juris Doctorate from Tbilisi State University and a Master of Laws from the University of Texas School of Law. In 2010, he founded Centil Law (formerly, Colibri Law Firm), a leading pan-regional law firm with a network of offices in Georgia and Central Asia states of the former Soviet Union with more than 55 lawyers in Georgia, Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan and Turkmenistan. Before joining the Ministry, Mr. Javelidze was the Group Legal Manager of Tethys Petroleum Limited, a publicly-traded oil and gas company with its activities focused on Central Asia and the Caspian region (2010-2014), as well as an independent legal and business consultant (2006-2010). From 2004 to 2006, he served as Deputy Executive Director (Deputy CEO) and General Counsel at Millennium Challenge Account Georgia; Deputy Chairman of Supervisory Board at JSC United Telecom Georgia (UTG) (now JSC Silknet); and Chief Advisor to the Prime Minister of Georgia. He also served as an associate at the international law firm Baker & McKenzie CIS Ltd (2000-03), and a lawyer (1998-99) and project manager (1995-1996) at Georgian International Oil Corporation.



Panellists

Antal Károlyi

President, Hungarian Business Angel Network

A business angel and entrepreneur since 2010, Mr. Károlyi co-founded Traction Tribe, a traction composer company helping European startups soft-land and scale in the United States. His investments include Commsignia, a connected car project, Remotaid, a fetal heart rate monitor and Publio, a self-publishing service provider. Prior to 2010 he worked for investment banks in Frankfurt and London as a derivatives trader. Antal holds a PhD in statistical physics. He firmly believes that the CEE entrepreneur communities have great potential and he plays an active role in building them.



Nato Kenkadze

Co-Founder, Generatori 9.8

Ms. Kenkadze is a social entrepreneur and co-founder of social enterprise Generatori 9.8. She has been long interested in the concept of shared economy and social entrepreneurship, pursuing educational activities in the field. In 2014, after graduating in non-profit management in Rome, Italy, she returned to her native Tbilisi determined to develop a model of social enterprise in the Georgian context. With a group of other young professionals, Ms. Kenkadze co-founded Generatori 9.8, an innovative model of co-working space and social bar which was awarded Georgia's best social enterprise by the Ministry of Sports and Youth and best bar in Eastern Europe by travel magazine No-Yolo (Post-pravda). Ms. Kenkadze also co-founded the youth organization International Center for Peace and Integration (ICPI) and has been involved in youth-led conflict dialogue activities for over a decade in various countries. Last year she co-founded the English Language Center in Tbilisi "Beka's School" and is working to develop it as a social enterprise teaching disadvantaged teenagers.



Zsuzsanna Kéri

Co-Founder, Impact Hub Budapest

Ms. Kéri is an environmental economist and communications professional. She has worked in project management and project communications in the sustainability field before becoming responsible for all things communication within Impact Hub Budapest. Talk to her about efficient management and communication techniques, website development and on why girls should learn to code!



Bistra Kumbaroska

Regional Program Coordinator, Impact Hub Vienna

Before joining Impact Hub Vienna, Ms. Kumbaroska worked on different ideas on how to empower young people in the CEE Region. One idea was a portal for youth opportunities www.mladiinfo.eu (an NGO in Macedonia that has since grown to become a CEE Network). Ms. Kumbaroska has organized, facilitated and shared her experience at more than 50 international conferences and summits including TEDxDonauinsel, European Youth Awards, International Conference of Social Innovation - Lahore, Pakistan, and "Create Future with Creating Jobs" in Singapore.



Panellists

Gagik Markaryan

President of the Republican Union of Employers of Armenia (RUEA)

Dr. Makaryan is a doctor of technical sciences. He has held the position of president of the Republican Union of Employers of Armenia since July 2011, and is an acclaimed expert in Armenia on small and medium entrepreneurship development. He is also specialized in business consulting and quality management systems. Dr. Makaryan has led various projects on social-economic issues in Armenian and abroad, targeted at youth employment, restructuring of companies, export promotion, SME and women entrepreneurship development, labour migration, productivity and competitiveness of companies, etc. He has taken a leading role in the strategic design of national policies in Armenia on various social social-economic issues. Dr. Makaryan has authored more than 60 scientific articles and publications.



Steve Mbollo

Senior Policy Officer, Planning and Regional Development of Cameroon

Mr. Mbollo is a Senior Expert in Gender Statistics in the Ministry of Women's Empowerment and the Family of Cameroon (MINPROFF). He is also the Head of the National Strategy Development Unit in the Ministry of Economy, Planning and Regional Development (MINEPAT) of Cameroon. He was previously Chief of Development Strategies, MINEPAT where he led the team that produced the Strategic Report for Growth and Employment in Cameroon (DSCE). Before that, he was Research Fellow at United Nations Economic Commission for Africa (UNECA) and he held visiting positions at the International Monetary Fund (IMF). His recent publications have been in areas of social inclusion/exclusion and income inequality.



Zsolt Pethe

Ashoka Hungary

Mr. Pethe has been involved in the non-profit sector as a fundraiser, board member, volunteer or consultant for almost 20 years. After receiving his BA at Ohio Wesleyan University in 1999, he helped establish the Foundation for Democratic Youth (DIA) as Director of Development. His responsibilities included fundraising and organizational development among others. While at DIA, he was recognized as a social entrepreneur and awarded a fellowship by Echoing Green Foundation. Since 2011, Mr. Pethe has worked with numerous NGOs globally in capacity-building projects, ranging from the creation of strategic plans all the way to concept development for grants. For the past 18 months, Zsolt has been coordinating the network of fellows across Hungary as Country Coordinator for Ashoka.



Panellists

Risto Raivio

Senior Expert, Job Creation unit in the 'Skills' Directorate, European Commission

Mr. Raivio is a senior expert in European Commission's Directorate General for Employment, Social Affairs and Inclusion, where he focusses on social entrepreneurship. Previously, he worked in the European Commission's DG Education and Culture, where he was successively in charge of the Europe for Citizens programme, vocational education and training policy and DG's cooperation with the OECD. Mr Raivio was a visiting EU fellow at the University of North Carolina at Chapel Hill and conducted a study on community colleges' role in local skills development. He has also worked for the Committee of the Regions, an EU body representing local and regional authorities. Mr Raivio holds a PhD in social sciences from the University of Tampere in Finland.



Zsolt Ruskai

Expert, Ministry for National Economy of Hungary

Mr. Ruskai has 10 years of experience with planning and implementation of ESF and ERDF co-financed projects in the field of human resource development. He has planned and monitored labour market measures that were co-financed by ESF and coordinated the programs for innovative employment and social economy in this field. In the previous programming period 2007-2013, he participated on preparation and implementation of social cooperatives' support program. In the current programming period 2014-2020, he and his colleague have designed a measure for social enterprises in the field of labour market policy. Mr. Ruskai graduated at the Faculty of Social Science in Eötvös Lorand University and completed his Ph.D studies on the field of social policy at the Eötvös-Loránd-Universität Budapest.



Perrine Schober

Founder, Shades Tours

Ms. Schober is the founder of SHADES TOURS, Vienna's unique social business employing homeless people to become alternative tour guides. She studied Tourism Management in Germany and worked for different NGOs, consultancies and multilateral organizations, before launching her own social innovation. Ms. Schober's initiative is a creative Viennese social business that focuses on the strengths of their employees rather than on their weaknesses and thereby includes vulnerable and disadvantaged groups in society and into the labour market



Andra Slaats

Founder, Younited Cultures

Ms. Slaats, born in Romania, founded the Austrian social startup Younited Cultures in 2014 out of the desire to promote a positive image of migrants and tell their stories through fashion. Her statement label aims to rebrand migration and make visible the value-add that migrants bring to society in order to fight discrimination. Before becoming a social entrepreneur, she worked for 6 years in the luxury cosmetics industry as project manager and export manager gaining experience in Product Development, International Sales and Supply Chain Management. In 2016, she graduated with honors with an MBA in Sustainable Development and Management.



Panellists

Teodora Todorova **State Expert, Ministry of Labour and Social Policy**

Ms. Todorova organized and chaired the first stakeholder expert working group with the task to develop the National concept for social economy in Bulgaria in the period 2010–2012. She chaired the standing working group in the development of the first two Social Economy Action Plans (2014–2015) and (2016–2017). Ms. Todorova is a member of the GECES, European Commission Group of Experts on Social Entrepreneurship, has contributed to the work of GECES Sub Group on "Social Impact Measurement" and is also provides her expertise in the field of social entrepreneurship to TAIEX, the Technical Assistance and Information Exchange instrument of the European Commission. Ms. Todorova is a Senior Lecturer PhD at the "Department of Organization and Methods of Social Activities", Faculty of Economics, St. Cyril and St. Methodius University of Veliko Turnovo (Vtu). She has publications and research activities in the field of social work, social policy, social entrepreneurship, and social economy, and has published a book on the issues of social work with children with deviant behaviour.



Rozi Váci **Founder and CEO, matyodesign**

Ms. Váci is the founder and CEO of matyodesign, a social enterprise that creates clothing embellished with traditional motifs from the Matyó region of Hungary. The clothing is embroidered by local women who are experts in this traditional art form and who have difficulties finding employment elsewhere in the region.



Vic van Vuuren **Director of the Enterprise Department, ILO & Chair of the UN Inter-Agency Task Force on Social and Solidarity Economy (UNTFSE)**

After completing a law degree, Mr. van Vuuren started his working career at the South African Department of Justice as a public prosecutor and magistrate. Thereafter he moved into the private sector as a corporate legal advisor and progressed later to executive positions in human resources for large corporates. Mr. van Vuuren was later appointed as the Chief Operations Officer of the national unified business federation organization - Business Unity South Africa, which he helped establish. In February 2009, he was appointed as the Director: International Labour Organization, Southern Africa. In January 2016, Mr. van Vuuren was appointed as the Director Enterprises Department at the International Labour organization Office, Geneva. Mr. van Vuuren is also the Chair of the UN Inter-Agency Task Force on Social and Solidarity Economy (TFSSE), which was established to raise the visibility of the SSE in international knowledge and policy circles. The TFSSE brings together UN agencies and other inter-governmental organizations, as well as umbrella associations of SSE networks as members and observers.



Panellists

Monica Vásquez Del Solar Director Andean Region, NESsT

Ms. Vásquez Del Solar has extensive experience in social business acceleration and committed investment in triple-impact business (economic, social and environmental), which includes advisory support, measurement of indicators (KPIs) and delivering patient and flexible capital. She has also maintained effective synergies with the private sector, public and civil society for the operation of NESsT in Peru and Colombia. She has carried out various research and publications related to social innovation, triple impact businesses as a means of social inclusion, impact investment and the articulation of social enterprises in value chains as a business sustainability strategy. She holds a master's degree in Economics and Innovation Management from the Universidad Autonoma de Madrid (UAM) - Accenture Cathedra. Ms. Vásquez Del Solar is an engineer from Universidad Nacional Agraria La Molina (UNALM) and post-graduate studies in Agribusiness by the same university.



Hans H. Wahl Director, Social Impact Initiative, INSEAD

Mr. Wahl joined INSEAD in 2007. He has more than 35 years of experience in education, management, and economic and political development in over 40 countries. Mr. Wahl's current work at INSEAD focuses on programme development, educational design, and social impact assessment. He is also a founding director of the Governance and Justice Group, a multi-disciplinary organization that carries out research and advises on issues of access to justice, rule of law and human rights. Mr. Wahl is a member of The Value Web, a group that designs and facilitates multi-sector/multi-stakeholder collaborative action for the common good. He established UNESCO's Poverty and Human Rights Programme and has held senior positions at Amnesty International, Penal Reform International, and community development organizations. Mr. Wahl has launched several social ventures including a sustainable tourism organization in the high Caucasus of Georgia. He has studied, written and consults on issues of civil society development, human rights, and capacity building worldwide. He holds a Master of International Affairs from Columbia University and is based in Paris.



Irakli Zhorzholiani Director, LEPL Children and Youth Development Fund, Georgia

Mr. Irakli Zhorzholiani has served as Director of LEPL Children and Youth Development Fund under the Ministry of Sport and Youth Affairs of Georgia since 2012. Mr. Zhorzholiani holds a BA Degree in the History of Diplomacy and International Relations from Ivane Javakhishvili Tbilisi State University (Georgia) and a Joint MA Degree in European Studies from Malmö University (Sweden) and Roskilde University (Denmark). He was the Secretary of the special election commission for the Parliamentary Elections in Georgia in October 2012, coordinating the operation of the special election commission for Georgian troops. He has published 18 scientific articles as well as a book with a focus on philosophy of history. He is fluent in Georgian, English and Russian.



Moderators

Francesco Candelari

International expert, Entrepreneurs for Social Change, UNIDO

Mr. Candelari works as an international expert for the project “Entrepreneurs for Social Change”, a joint initiative of Fondazione CRT and UNIDO. He has worked as a consultant for various projects on the outcomes of the Arab Spring in the Euro-Med region, and from 2012 to 2014, he was the Director of IFOR, a network of NGOs working on conflict resolution, present in 40 countries around the world. Mr. Candelari has also worked with other entities in the UN system, and prior to working with UNIDO, he worked for the United Nations Alliance of Civilizations, and represented the United Nations Inter-regional Crime and Justice Research Institute to the UN Headquarters. Francesco’s background is in journalism and he has been featured in major Italian newspapers, from La Stampa, to L’Espresso, Il Corriere della Sera, Il Riformista, Il Secolo XIX as well as in American magazines. He has co-authored three books.



Roxana Damaschin-Țecu

Member of the CEE Social Investment Task Force

Ms. Damaschin-Țecu oversees the NESsT work in CEE. NESsT invests - money, business coaching and social capital - in social enterprises creating dignified jobs and income for people facing the greatest barriers to work. NESsT’s work impacts, in the long run, at-risk youth, women, people with disabilities, ethnic minorities, artisans and farmers from emerging market countries. She is responsible for the development of NESsT’s portfolio of social enterprises, including its support methodology and performance measurement tools. Roxana works closely with the CEE local teams to structure investment and business development packages that help investees to validate their business models and prepare their businesses to scale. Roxana is an Eisenhower Fellow, has a bachelor’s degree in European Development Studies with focus in social economy from West University in Timisoara, Romania.



Matteo Landi

Industrial Development Expert, Rural Entrepreneurship, Job Creation and Human Security Division, UNIDO

After receiving a Master of Arts in 2003 from the University of Foreigners in Perugia (Italy) on International Studies and Communication, Mr. Landi moved to Addis Ababa, Ethiopia where he worked for 6 years in the UN system first with UNESCO, and then UNICEF. In 2008, he joined UNIDO in Vienna where he manages Entrepreneurship Development projects as well as Social Entrepreneurship initiatives. Always very passionate about youth development issues, in particular youth participation and employment, Mr. Landi is a strong advocate of youth inclusion in decision-making processes and the promotion of youth entrepreneurship as a viable and sustainable solution to unemployment.



Moderators

Olga Memedovic

Chief, Business Environment Cluster and Innovation Division, Department of Trade, Investment and Innovation, UNIDO

Before joining UNIDO, Ms. Memedovic served as a project leader at the Netherlands Economic Institute and as a research fellow at the Tinbergen Institute of Erasmus University Rotterdam, Free University Amsterdam and University of Amsterdam. Ms. Memedovic has led various research projects, among which are the EU-LDC Trade and Capital Relations; Global Value Chains and Innovation Networks: Prospects for Industrial Upgrading in Developing Countries; Public Goods for Economic Development; and Pursuing Resource Efficiency in Europe and Central Asia. She is the author and main editor of several books, reports and studies on the issues of the globalization of labour markets, multilateralism and regionalism, technical barriers to trade, theory and measurement of comparative advantages, global value chains and production networks, industrial energy efficiency, resource efficiency, SME clusters, industrial parks and innovation systems, collective action and industrial policy, eco-industrial policy, and others.



Somaya Moll

International expert and entrepreneur

Ms. Moll is an independent international expert and has been an entrepreneur since 2006. She has worked in over 20 countries worldwide, developing, managing and evaluating projects on youth employment, industrial development, access to finance, small and medium-size enterprise (SME) development, entrepreneurship and value chain development. Her projects ranged from a nationwide European Union-funded value chain development project in Armenia, to increasing graduate youth employability in Tanzania. At the same time, she has been an advocate for children's development through her company in The Netherlands, implementing her vision of affordable after-school enrichment programmes for underprivileged high school students that could improve their opportunities for a better life, as well as addressing youth issues through trainings for schools and parents. Since 2006, the company has helped more than 3000 pupils improve their school results and develop their skills. Ms. Moll holds a Master's degree in Political Science, specialization in International Relations, and has been working in NGO's in Africa as well as with the United Nations. For UNIDO, she has been developing and coordinating various projects, inter alia the project 'Productive work for youth in Armenia - supporting young entrepreneurs'.



Anahit Simonyan

UNIDO Representative Armenia

Before joining UNIDO in 2005, Ms. Simonyan worked for the United Nations Development Programme Armenia as a Portfolio Manager. Sectors and areas under her supervision included: Environment and Sustainable Energy; Agriculture and Rural Development; Gender in Development; HIV/AIDS Prevention; and Poverty and Social Monitoring. Ms. Simonyan was the Head of the Department of International Organizations at the Ministry of Economy, Republic of Armenia from 1992-1994. Ms. Simonyan has also worked for the Ministry of Foreign Economic Relations, Republic of Armenia as the Head of International Organizations' Department before serving as Press Attaché; Head of Sector for Coordination and Analysis of Youth Mass Media at the Central Committee of Armenian Youth Organization; a researcher at the National Academy of Science, Yerevan, Armenia; and a reporter at the National Radio of Armenia. Ms. Simonyan is fluent in Armenian, English, Russian and Hungarian.



ANNEX 2 | BACKGROUND ECONOMIC INFORMATION ON HUNGARY AND GEORGIA

Hungary

Economic growth is stable and GDP grew by 4.1 per cent in Q1 2017. Employment is at 4.4 million, which is unprecedented in the period after political changeover, at 66 per cent; the employment rate is at the EU average and the unemployment rate is slowly decreasing below 5 per cent.

A more in-depth review of national figures, however, reveals variety. The east to west dividing line, which has been typical of Hungary historically, remains valid in respect to social and economic phenomena. The social economy offers potential for people with disabilities in disadvantaged regions where market participation fails to create employment and income opportunities. Boosting economic activity requires goals and values other than rapid business results.

In the northeastern part of Hungary, unemployment grew rapidly after 1990, and there are many disadvantaged people, including the Roma community. Women still do not receive the same recognition for the same work as men. Women are still underrepresented in the economy and in politics and in parliament. Performance measurements show that women's performance does not differ from men's, and it is legitimate and timely that women demand full representation in all facets of the economy. The Hungarian Government has proclaimed 2018 as the year of the family. Social recognition of women is increasing. There is a family protection plan and mortgage debts will be supported. The long maternity leave, up to three years, that exists in Hungary does not exist abroad.

Women in Roma communities and minority communities in the northeastern region of Hungary are even more disadvantaged. There are various programmes for the social integration and social inclusion of women and the public employment programme has been broadened to involve more women. Women play an important role in environmentally sensitive education of future generations. It is not enough to teach sustainability at school. The education of future generations at home is also an important factor. There is a considerable skills shortage in the country which must be addressed.

The crisis of 2008/2009 hit hard; the banks had difficulty collecting debt because the non-performing loan ratios were high and tens of thousands of companies went bankrupt, particularly SMEs.

GDP growth has now recovered and is expected to be over 3.5 per cent in 2017, and government debt and the deficit are improving. The trade intensity of the economy is very high and net exports are about 10 per cent of total exports. Exports are growing strongly.

In the longer term, there is a need to devise measures to stimulate growth; the Irinyi Programme, which is an industrial development programme, was adopted in 2015, with this in view. The priority sectors of the Irinyi Programme are: car manufacturing; special machinery and vehicles; food; the green economy; health and tourism; ICT and shared service centres; and defence. The aim is to increase the share of industry from 24 per cent to 30 per cent of GDP by 2020,²⁷ while the EU goal is an increase from 17 per cent to 24 per cent in the same period.

²⁷ https://bbj.hu/economy/government-approves-strategic-plan-for-industrial-development_111429.

Georgia

Georgia is slightly smaller than Hungary. The population, now about 3.7 million, is decreasing. It is largely urban and about a quarter is young. The unemployment rate is 12 per cent.

The economy is dominated by SMEs, which make up more than 90 per cent of active companies. Their contribution to GDP is only 21 per cent and about 44 per cent to employment. Services dominate the economy, especially tourism.

The Government programme 2016-2020 has the following aims:

- Economic development and Employment: focused on (i) entrepreneurship, SMEs and DCFTA Implementation (deep and comprehensive free trade agreement with the EU, signed in 2014); (ii) taxation; (iii) tourism; and (iv) agriculture;
- Education and Human Capital Development: aimed at fixing the mismatch in the demand and the supply of the workforce; improvement of the education system; creating jobs for young people and involving the private sector in human capital development;
- Development of Infrastructure: focused on the development of roads, transport and logistics, improvement of water, irrigation and sanitation systems; and
- Open, Good Governance and the Rule of Law: seen as a prerequisite for stable and successful development of the country.

Employment is a major issue especially among young people; the number of people not in employment, education or training is alarmingly high, at almost 27 per cent in comparison to the 14 per cent EU average. Only 0.6 per cent of the population aged 25 to 64 have any intension of being or are engaged in any type of training programme, compared with about 11 per cent in the EU. Georgia does not score high in terms of global competitiveness, partly because of poor skills and the poor quality of education and training.

The government needs to support SMEs and also supports SSE initiatives with investment and technical assistance. Cooperation with NGOs is important because they provide valuable support and background. Engaging the private sector and increasing state procurement through SSE organizations are also important ways to support SEs.

Seventy five per cent of the Georgian workforce has formal education and 25 per cent has vocational educational training (VET), far fewer than the market demands. Government support for VET is needed.

The Ministry of Sports and Youth Affairs supports the Youth and Children Development Fund. The Fund was the first and remains the main governmental organization handling social entrepreneurship development. So far, over 220 projects have been financed, at a cost of about 3.3 million Georgian lari (just over €1 million).

Targeting the educational development and engagement of young people in much more meaningful education training programmes is crucial, as is working in cooperation with international and local partners.

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