



SOCIAL ENTERPRISE INVENTORY

Exploiting Potentials of

Social Enterprises through Standardized

European Evaluation

and Development System

SOCIAL SEEDS

Interreg Europe



SME competitiveness



European Union
European Regional
Development Fund

I. INTRODUCTION

1. SOCIAL SEEDS project

Recent years have seen a burgeoning interest in social enterprises (SEs) across Europe, strongly driven by a growing recognition of the role social enterprises can play in tackling emerging challenges. Particularly in the current period of economic and social recovery, social enterprises are able to bring innovative solutions for social cohesion and inclusion, job creation, growth and the promotion of active citizenship. Yet, despite interest in and the emergence of examples of inspirational and 'disruptive' social enterprises, relatively little is known about the scale as well as the ecosystems of the emerging social enterprise 'sector' of Europe as a whole. Best practices across Europe show that social enterprises are effective & efficient policy tools at policymakers' hands to reduce territorial disparities, bridge the public private sphere and to boost economic growth, employability of vulnerable social groups by improving the performance of regional development policies and programmes.

Today only eight countries out of the EU-28 countries, namely Bulgaria, Greece, France, Italy, Luxembourg, Slovenia, Sweden, and United Kingdom have a policy framework in place to encourage the development of such enterprises via legal, administrative and financial instruments. Motivated by the above fact, SOCIAL SEEDS tackles this policy challenge with innovative policy diagnostic tool, the European Standardized Evaluation and Supportive System. The consortium consisting of 7 partners representing 6 partner regions and an associated strategic partner with complementary experiences and policies, aims to seeks policy alternatives to improve social entrepreneurship and social innovation landscape in Europe.

2. Regional / National Social Enterprise policies

SOCIAL SEEDS regions need to identify their policies in the very beginning in order to prepare for the final phase of the project when regions will decide how to integrate lessons learned into regional / national policy instruments through respective implementation (Action) plans. This exercise is the preparatory phase for the policy improvements taking place in the second phase of the implementation of SOCIAL SEEDS. The identification of the policies addressed gives a general picture of each region's specific context and insight into the social entrepreneurship developments proposed as well as main stakeholders and relationships among them.

Aiming at a status quo description, all regions were asked to summarize their respective data concerning existing policies and strategies on social entrepreneurship, social innovation and social economy including future plans structured in three passages. The first passage is addressed to clarify the challenges facing the social enterprise ecosystem and it also indicates existing or potential policy intervention areas. These policy areas include: Access to Finance; Access to Talent; Scaling Up; Regional Inclusiveness; Sourcing and Pipeline; Capacity Building and Training; Impact Measurement, Transparency and Reporting; Ecosystem Coordination, Policy and Regulation; and Investment Exits. The second passage is dedicated to provide a comprehensive overview on existing policies and strategies on social entrepreneurship. The description also refers to the available ESIF European Structural and Investment Funds Operational Programmes and their intervention logic as well. Policies and social enterprise supporting services are also reviewed in light to access to market, skills enhancement, internationalization of social enterprises, incubation services, trainings and coaching services and access to finance. Last but not least, the last passage shows the policy niches and our partners' solutions on overcoming the barriers identified.

II. POLICY MAPPING

Region – ESTONIA

The developments of the social enterprise ecosystem should be considered in the context of policy discussions at both a national and international level where inclusive innovation and social enterprises are priorities. This passage seeks to shed some light on the policy context, and clarifies some of the key terminologies and concepts for the landscaping results. It also endeavors to place the discussion about the promotion of social enterprises in the framework of wider policy context addressed to access to finance for Micro, Small and Medium Sized Enterprises, and innovation policies and taxation legislations.

a) STATE-OF-THE-ART (2000 characters max.)

1. **Legal definitons and background.** Social enterprises (SE) do not have a specific definition in Estonian legal system. Their majority act as non-governmental organisations (NGO) some are registered as foundations or private limited companies (PLC). The lack of a clear-cut definition has hampered the possibilities to obtain adequate statistics concerning SEs in Estonia¹.
2. **-Social enterprise landscape in numbers.** The estimated number of SE is approximately 800. The majority of SE are active in North Estonia (Tallinn capital region) and South Estonia (dominated by Tartu, the 2nd largest city) while Western and Eastern Estonia are lagging behind. SEs in Estonia are micro organisations with less than 5 employees on an average.
3. **Sectoral characteristics.** The majority of SEs are active in social and educational sector, although more than a half (54%) of the total number is active in various sectors simultaneously.
4. **The Stages of Business Development for a Social Enterprise.** SEs enjoy the same financial and non-financial benefits (counselling, advice, network building etc) and support as other similar types or organisations through Enterprise Estonia², National Foundation of Civil Society³, Estonian Gambling Tax Council⁴ and other financing agencies.
5. **The Ecosystem Enablers.** The regulations pertaining to the size of the enterprise, taxation issues, membership of business incubators, clusters⁵ or competence centres⁶ etc are similar to all organisations. A special SE business incubator⁷ is operational in Tartu.
6. **Key stakeholders.** The key stakeholders working on supporting SEs in Estonia include national and local authorities, private companies and individuals and NGOs that participate according to their mission and possibilities.
7. **Opportunities and barriers.** Although the number of SEs in Estonia is small, they are financially sustainable. Their overall organizational and managerial capacities are similar to “ordinary” Estonian NGOs or PLCs. Their capacity to influence policy making corresponds also to that of other similar types of organisations: although if selected to represent NGOs or PLCs they are not in the position to promote specifically the interests of SEs.

¹ http://www.stat.ee/publication-download-pdf?publication_id=39433

² <http://www.eas.ee/?lang=en>

³ <http://www.kysk.ee/activities>

⁴ <http://www.hmn.ee/prioriteedid-p%C3%B5him%C3%B5tted-ja-taotlemine>

⁵ <http://www.eas.ee/service/development-of-clusters/?lang=en>

⁶ <http://www.eas.ee/teenus/regionaalsete-kompetentsikeskuste-arendamine>

⁷ <http://seiku.ee/>

b) POLICY LANDSCAPE

Publicly funded schemes specifically designed for or targeting social enterprises (2014-2020)

Support type	Are there any schemes specifically targeting social enterprises?	Are any of these schemes funded by ERDF/ESF?	Are any of these schemes funded by the policy instrument you address?
Pre-start support (e.g. incubators)	No	Yes	Yes
Awareness raising (e.g. awards)	No	Yes	Yes
Social entrepreneurship education (e.g. school for social entrepreneurs)	No	Yes	Yes
Business support (e.g. business planning, management skills, marketing etc.)	No	Yes	Yes
Training and coaching schemes	No	Yes	Yes
Investment readiness support	No	Yes	Yes
Dedicated financial instruments	No	Yes	Yes
Physical infrastructure (e.g. shared working space)	No	Yes	Yes
Collaborations and access to markets	No	Yes	Yes
Networking, knowledge sharing, mutual learning initiatives	No	Yes	Yes
Internationalization	No	Yes	Yes

Policies

There are no specific publicly funded support schemes designed for social enterprises in Estonia. The Estonian social enterprises are entitled to the same financial and non-financial support as their peers, depending upon their type of organisation (NGO, foundation, PLC). The most relevant possible support mechanisms include:

- Measures targeted at improving the civil society in Estonia - see <http://www.kysk.ee/activities>
- Measures targeted at improving Estonian economy, including the sustainable regional development of the country – see <http://www.eas.ee/?lang=en>
- Measures targeted at improving, education and life-long learning, employment situation and promoting the access and delivery of social and health care services in Estonia – see <http://www.innove.ee/en/structural-funds/2014-2020>
- Specific measures in the areas of family policy, health care, social services, education, science, youth, sport and culture – see <http://www.hmn.ee/prioriteetid-p%C3%B5him%C3%B5tted-ja-taotlemine>

These support mechanisms are implemented using both the means from Estonian state budget and co-financing from the EU structural funds (mainly European Social Fund, but also European Regional Fund and other possibilities).

In connexion with EU co-financing the objectives, envisaged results and activities for the period 2014-2020 are foreseen in the Operational Programme for Cohesion Policy Funds, a nationwide programme for the implementation of the EU financial support in Estonia:

Name: the framework for implementation of EU cohesion policy and for the utilization of the EU cohesion and structural funds in Estonia for 2014-2020

Focus on priority axes: 2.1. "Qualifications and skills meeting the needs of society and the labour markets" 2.2 « Increasing social inclusion »and 2.3." Improvement of access to, and prevention of dropping out of, the labour market" – all co-funded by ESF

Managing Authority in charge: Foundation Innove

Proposed self-defined performance indicator:

Number of open calls for projects focusing at social entrepreneurship. Proposed target value 1

Number of approved and implemented projects. Proposed target value – 10-15

c) POLICY NICHES (2000 characters max.)

The Estonian policies and strategies (including those focusing at social and educational sectors where the majority of Estonian SEs are operational) do not address the issues of social entrepreneurship at all. SEs are equalled to other similar type of organisations (NGOs, PLCs) and there are no specific measures foreseen to promote social entrepreneurship. The policy can be improved in the framework of EU co-financed the objectives, envisaged results and activities for the period 2014-2020:

- **Operational Programme for Cohesion Policy Funds**

Improvement necessity - The proposed policy improvements should commence with defining SE in Estonian legal system and amending the policies and strategies accordingly. These improvements should pigeonhole SEs as specific entities and foresee concrete areas of intervention (especially in the educational and social sectors) where SEs have a major role to play. This will be followed by targeted calls where only SEs can participate. Of particular importance is to ensure that the Western and Eastern regions that currently lag behind in terms of SE development in Estonia will be assisted to average Estonian level.

A specific strand within the general organizational / managerial capacity raising strands should be developed for SEs.

Also the state of play pertaining to social entrepreneurship in Estonia should be clarified. The only relevant research conducted in the field dates back to 2014, based on data from 2009-2012. Systematic surveys and analysis are needed to take evidence-based decisions in promoting SEs in Estonia.

Also continuous awareness raising activities in connexion with SEs should be carried out. The overall awareness among Estonian population (including NGOs and PLCs) pertaining to social entrepreneurship, its possibilities, relevance and impact is low. It has prevented the more wide-spread introduction of SEs into Estonian economy.

III. COMPARATIVE ANALYSIS