

# Action Plan for the region of Emilia-Romagna



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Project: RaiSE

Partner organisation(s) concerned: ART-ER

Country: Italy

NUTS2 region: Emilia-Romagna

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## Policy context

### The Action Plan aims to impact:

- Investment for Growth and Jobs programme
- European Territorial Cooperation programme
- Other regional development policy instrument

### Name of the policy instrument(s) addressed:

- Regional Operational Plan 2014-2020 of European Social Fund (ROP ESF 2014-2020) - Investment Priority 8.5 - Adaptation of workers, businesses and entrepreneurs to changes.
- Regional Operational Plan 2014-2020 of the European Regional Development Fund (ROP ERDF).
- Emilia-Romagna S3 - Smart Specialisation Strategy.

### Overview of the current situation:

In the region of Emilia-Romagna, Social Enterprises (SEs) were created mostly to meet needs of the community. Over the years, some enterprises have become quite big companies, with a more pronounced emphasis of the entrepreneurial side. According to the SEs surveyed in RaiSE project, an area with a high potential for further development is public-private partnerships engagement (PPP). Although public entities generally have reduced funding, they still are the key partner for SEs, and the organisational form of PPP opens up possibilities for developing social economy. Other potential lines of development are internationalisation, European Union funding, organisational development and human resources management. Actually, social economy in Emilia-Romagna has not yet reached its full potential regarding internationalisation, except for specific cases. Therefore, some additional support measures are needed focusing on the creation of SE-networks and value chains, investments in new technologies and cross fertilisation between innovative start-ups, consolidated enterprises, university and research hereby initiating a mutually beneficial knowledge transfer. Furthermore, **it seems to be a crucial need for SEs to facilitate their development of new skills in order to engage in new fields and markets and ensure continuity of growth.**

The following **SWOT analysis** about the framework conditions for social enterprises development, carried out in the project phase 1 together with regional stakeholders, reflects the context and gives more inputs to the interventions contained in the Action Plan:

STRENGTHS	WEAKNESSES
Articulated and organized system of consultation between the Public Administrations and the social economy organizations for the definition of regional policies	Regulatory framework fragmented and under definition. Implementation of the "Code of the Third Sector" decrees still in progress
Introduction of the "Code of the Third Sector": reorganization and organic revision of the current legislation on Third sector entities	Networks and supply chains within the social economy system not sufficiently structured and lack of tools to facilitate access to the existing networks

Work placement programs in social cooperatives. Collaboration opportunities between social enterprises and for profit companies (Regional Law)	Social enterprises dependent on public resources and with difficulty in modifying or expanding their market
Presence of cooperatives with a high entrepreneurial and an innovation-oriented profile, able to compete in the private market with for-profit companies and at the same time to stimulate PAs to adopt innovative strategies in response to the society needs	Lack of managerial and organizational skills within social enterprises
Collaboration between for-profit companies and start-ups/social cooperatives for the development of innovation and corporate social responsibility projects	A clear and shared definition of social enterprise among stakeholders is still absent
Presence of an articulated system between the research and university sectors in support of social economy	Limited use by social enterprises of the opportunities offered by innovation, research and university sector
	Lack of a reward system in public tenders for sustainable and social value enterprises
<b>OPPORTUNITIES</b>	<b>THREATS</b>
Networks, districts and value chains to develop innovation and foster exchanges and opportunities	Variations in the context (new social challenges) accelerate the reorganization and adaptation needs of social enterprises
Digital transformation to innovate internal processes and services provided	Digitization of processes causes difficulties in changing the organization and business management due to a lack of adequate skills
Network to encourage the exchange between public sector actors, social enterprises and for profit companies at regional, national and European / international level	
Collaboration and hybridization between innovative social enterprises (start-up phase) and consolidated companies	
Internationalization of know-how and services	
Financial instruments available for social enterprises	
Existing systems for monitoring and measuring the social impact and sustainable development of the social enterprises activities in line with the Agenda 2030 and in collaboration with national and international networks	
Emilia-Romagna Region Inter-Departmental Group to adapt regional policies to the Millennium goals defined by the UN in 2015 <i>(Sustainable Development Goals)</i>	

## Knowledge applied from RaiSE for the development of the Emilia-Romagna Region Action Plan:

### Study on the Social Enterprises (SE) ecosystem in Emilia-Romagna

Based on a desk analysis and on 21 regional SE assessed, five key policy recommendations have been highlighted:

1. Fostering of the creation of enterprises networks, legal instruments and new organization models.
2. Cross-fertilization between innovative start-ups and consolidated enterprises.
3. Investments in new technologies.
4. Construction of impact-oriented financing instruments.
5. Facilitation of development of new skills within social enterprises.

### Extended interregional analysis on the SE ecosystems in six European regions

The objective of the interregional analysis is to map the social enterprises ecosystem in each partner region and to identify barriers and needs both in common and in specific. All the surveys provided an accurate picture of the social enterprise ecosystem in each region, and served as a starting point for the comparative analysis. The focus has been centred on the assessment of needs in order to identify the barriers to the growth, and to uncover existing instruments and support services for social enterprises at both the public and private levels. The most often mentioned policy recommendations in the six European regions are:

1. To support the establishment of national and international SE networks.
2. To support the establishment of cross-sectoral networks between SE – business sector – educational sector–research sector – civil society.
3. To provide specific support since the pre-start – up phase, in order to help the transformation into SE businesses.
4. To support the daily work of a SE: Marketing, Management, and Internationalization.
5. To generate and promote effective social clauses in public and private procurement in order to facilitate the access-to-money-process for SEs while respecting their peculiar business model.

### SCOTTISH ENTERPRISE GOOD PRACTICE: Firstport

Firstport is a development agency for start-up social enterprise in Scotland, having been initiated by the national grassroots network for social enterprises and supported by Scottish Government as part of the Scottish social eco-system. Established in 2007, **the service offers start-up funds, business advice, practical tools, and connections as part of a full package of free business support**. It distributes the Scottish Government's Social Entrepreneurs Fund through an awards programme and is a partner in the national Government-funded Just Enterprise consortium, responsible for the provision of its specialist support services to start-up social enterprises across Scotland. Just Enterprise is a nationally funded business support programme introduced to provide targeted advice reflecting the specific needs of social enterprises and all enterprising Third Sector organizations. The results shown are very positive. Within the first 10 years of operation, there have been over 5,000 enquiries with research demonstrating a positive influence on success

in 87% of cases. Firstport has provided investment for more than 800 social entrepreneurs. Of the businesses supported more than two years ago: 81% of ventures are off the ground, 61% of the ventures have attracted further funding, and 49% have taken on premises.

**SWOT ANALYSIS** elaborated with stakeholders highlighted the priorities for intervention in line with the paths and strategies implemented by the regional government in agreement with the main social ecosystem actors. The analysis has raised awareness of the potential for development and the need for growth and consolidation of social enterprises and the context in which they operate.

## Details of the actions envisaged

### **1. Regional Operational Plan 2014-2020 of European Social Fund (ESF) - investment priority 8.5.**

Action 1 - Launch of a specific call for tender aimed to the training of social enterprises managers.

### **2. Regional Operational Plan 2014-2020 of the European Regional Development Fund.**

Action 2 - Definition of a social impact assessment system in the tender evaluation phase.

### **3. Emilia-Romagna ROP ERDF 2014-2020 in connection with S3 - Smart Specialization Strategy.**

Action 3 – Creation of a community of public and private entities (research centers, companies, training institutions) that share ideas, skills, tools, resources to support start-ups operating in the social sector and promote competitiveness of social enterprises.

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***ACTION 1: Launch of a specific call for tender aimed to the training of social enterprises' managers.***

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## **1. Relevance to the project**

ESF is aimed at valorising intellectual capital, promoting innovation and entrepreneurship capacity, fostering social cohesion and quality of community services. Axis 1 Employment - Priority investment 8.5 “Change management capacity of employees, enterprises and entrepreneurs” contains actions addressed to enterprises in order to improve their strategic and technical skills, necessary to manage reorganization, development, technological innovation and strategic positioning on current and new markets.

The present policy instrument only establishes indications on results and is directed to companies of all sectors; therefore, the supporting measures need to be improved by making specific reference to social enterprises and to the relationship between profit and non-profit companies as a necessary interaction.

The Study on the Social Enterprises (SE) ecosystem in Emilia-Romagna compared with the Extended interregional analysis on the SE ecosystems in RaiSE partners’ regions showed how strong the need was to foster the development of skills within social enterprises mainly linked to the management and referring to emerging themes as marketing and internationalization. The Swot Analysis carried out with regional stakeholders that highlighted the “lack of managerial and organizational skills within social enterprises” as a weakness then confirmed these considerations.

Through the learning process developed in the first phase of the RaiSE project, it was therefore possible to become more aware on the real needs of the SE and get inspired for the definition of Action 1.

Social enterprises must improve managerial and organizational skills in order to adapt to new challenges (e.g. globalization, information communication technologies, internationalization) and increase their competitiveness. It is therefore necessary to facilitate the development of new managerial skills by bringing them closer to those of profit-making companies, even in a logic of collaboration.

The call for tender foreseen in Action 1 promotes the participation of social enterprises and encourages socio-economic partnerships (profit and not for profit).

## **2. Nature of the action**

The Service for Programming of Education, Training, Work and Knowledge Policies of the Emilia-Romagna Regional Administration, working within the General Directorate of Knowledge Economy, Labour, Enterprise (Managing Authority of ROP ERDF-ESF 2014-2020) intends to **issue a call for operations to support processes of innovation and development through training activities also specifically addressed to SEs managers.**

The action has been elaborated within stakeholder and bilateral meetings with the Regional Government since September 2018. The stakeholders’ meeting held in February 2019 confirmed the will of the Regional Government to promote the above-mentioned operation. In the first half of 2019,

the details of the call (amount to be allocated, type of eligible operations, evaluation criteria and number of hours for training) were discussed in consideration of the resources still available in the programming period that closes in 2020. The call should be approved and launched within 2019. After launching the call, together with stakeholders and in particular with the associations representing SEs, participation and results will be monitored until December 2020. Follow-up activities will be carried out in the last phase of the project (2021). A feedback from the participating SEs will be collected.

The action is consistent both with the objectives of the ESF ROP 2014-2020 and with the Labour Pact of the Emilia-Romagna Region - which was defined in 2015, as a development tool for a new social cohesion. The Labour Pact highlights how a "strong, open sustainable and global economy **needs innovative skills and human capital interventions** consistent with the strategies outlined". It states that "in rethinking the principles and concept of development, it is necessary to emphasize the scope and potential of welfare as a producer of social economy, its ability to respond to increasingly differentiated and personalized needs, strengthening the quality of territorial social capital, according to the principles of solidarity and the promotion of people's autonomy, to which the system of regional services must aim for the longest possible time". The social economy, a great asset of Emilia-Romagna, should be supported as a potential area of employment growth and diversification of business models. "In the Labour Pact - Annex 5" Development, enterprises and work", various interventions are expected, to support a fair and inclusive society, including those aimed at: **promoting social innovation through training actions for strengthening the managerial skills in the third sector; invest in training and qualification of professional figures able to respond to new social needs.**

#### Expected impact

Provide the SEs managers with organizational skills; enable them able to introduce product and process innovations in their social enterprises and open up to new markets in order to increase in competitiveness.

Improve the governance and coordination among different departments in Emilia-Romagna Region dealing with SEs: mainly the General Directorate for Social Policies that promotes the role of social economy in terms of social inclusion and employment, and General Directorate for Enterprises supporting their competitiveness.

### 3. Stakeholders involved

- *Policy makers:* Emilia - Romagna ROP ESF Managing Authority, Emilia-Romagna Department for Programming of Education, Training, Work and Knowledge Policies and Department for Social Integration, combating Poverty and Third Sector. Together with ART-ER, they will jointly work to fine tuning the call.
- *SE representation and business support:* Social Enterprises' Associations, Third Sector Forum, SE, Unioncamere Emilia-Romagna. They will give support in the monitoring phase and in collecting important feedback for evaluation.
- *Knowledge generation:* Universities and training institutions as main stakeholder of the ESF OP Axis 1. They will help in supporting the operation and evaluating results.



#### 4. Timeframe

2019 – preparing and fine tuning the call  
2019 – 2020 – implementation and monitoring  
2021 – evaluation

#### 5. Indicative costs

Available resources and funds available from the closing planning period.

#### 6. Indicative funding sources

Emilia-Romagna ROP ESF 2014-2020.

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***ACTION 2: Definition of a social impact assessment system in the tender evaluation phase.***

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#### 1. Relevance to the project

This action derives from the need expressed by the regional stakeholders during project's meetings and by the social enterprises interviewed as part of the mapping carried out in phase 1 (Study on the Social Enterprises ecosystem in Emilia-Romagna). The specific need concerns the absence of a rewarding system of social value and sustainability of companies in public tenders. Another inspiration comes from the following recommendation that emerged from the interregional analysis on ecosystems of social enterprises in RaiSE partners' regions: to generate and promote effective social clauses in public and private tenders in order to facilitate access to the monetary process for SEs in respect of their peculiar business model. The funding provided through the Emilia-Romagna ROP ERDF 2014-2020 to SMEs in terms of innovation, competitiveness and internationalization is open to all SMEs, whether for profit or non-profit. Social enterprises are often not able to act on the market like profit-making companies. They have to struggle more, considering that they often employ disadvantaged people with reduced productivity in their work over time. On the other hand, they meet the needs of the community bringing benefits in terms of inclusion and sustainability. From the learning work carried out, therefore, comes the request to introduce a method for the recognition of the added value offered by the SEs to the community in public procurement, to identify a rewarding system in the evaluation of project proposals. The gratifying criterion, for example referring to companies that employ disadvantaged people, could generate contaminations between social enterprises and profit-making companies. In this sense, in reality, profit-making companies may find it more advantageous to join a temporary business association with corporations, or even outsource part of their business to them. The major social enterprises, which

are already strongly market-oriented, prefer this rather than a dedicated loan that would instead be fundamental for start-ups and small social enterprises.

## 2. Nature of the action

Open calls for SMEs will be examined with particular reference to the Emilia-Romagna ROP ERDF 2014-2020 axis 1 "Research and innovation" and axis 2 "Competitiveness and attractiveness of the production system". Together with the regional stakeholders, the introduction of criteria will be proposed, with the aim to reward the added value offered by projects in social sustainability terms. We will work together with the ROP ERDF Managing Authority and the officials in charge of managing the calls in the selection of tenders in which such criteria will experimentally be applied. A follow-up activity will be carried out on the participation of SEs within the tender containing awarding criteria. In conclusion, a social impact assessment system will be defined to be applied in public tenders' evaluation phase.

### Expected impact

Wider participation of social enterprises in tenders for SMEs; foster cooperation and hybridization between innovative social enterprises (start-up phase) and consolidated traditional companies. Growth in the competitiveness of social enterprises thanks to the opening up of new market opportunities.

## 3. Stakeholders involved

- Emilia - Romagna ROP ERDF Managing Authority. It is responsible for the approval of awarding criteria, selection of tenders and implementation
- Enterprise Associations, Social Enterprises, Profit enterprises: they will work closely with ART-ER to define one or more award criteria and to examine and identify open calls for experimentation. Together with ART-ER they will then carry out a follow-up activity to be presented to the ROP ERDF Managing Authority for an adoption also in view of future planning

## 4. Timeframe

2019-2020 - definition of awarding criteria, examination of open tenders and selection, experimentation

2021 – Follow up and adoption

## 5. Indicative costs

Staff Time

## 6. Indicative funding sources

ART-ER's and Emilia-Romagna Region own resources

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***ACTION 3: Creation of a community of public and private subjects (research centres, social enterprises, training institutions, universities).***

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**1. Relevance to the project**

The regional social enterprises do not have sufficiently structured networks and supply chains and lack tools to facilitate their access to the existing networks; they also manifest a strong dependence on public funding and scarcely use the opportunities offered by innovation, research and universities. More than a half of the turnover of social enterprises derives from public funding for traditional services, therefore it seems to be necessary to shift the focus to innovation and new social needs. Moreover, a specific support programme dedicated to SE start-ups does not currently exist in Emilia-Romagna, nor does a site dedicated to connect enterprises, universities and research centres. FirstPort experience presented by Scottish Enterprise gave the inspiration to plan an action focussing on start-ups operating in social sector by providing targeted advice and reflect on their specific needs. The impact data of FirstPort are very positive: after 2 years, 81% of ventures are off the ground; 61% of them attract new further funding; 49% have taken on premises.

**2. Nature of the action**

To create a community of public and private entities (research centres, companies, training institutions) that share value in the social sector and promote competitiveness of social enterprises.

The idea is to follow the logic of the Clust-ER (a community of SMEs dedicated to assist them in their innovation processes) by creating a reference point dedicated to social innovation and SEs. Clust-ER Associations are communities of public and private bodies (research centres, businesses, and training bodies) that share ideas, skills, tools, and resources to support the competitiveness of the most important production systems in Emilia-Romagna. In these Clust-ERs, research laboratories and centres for innovation belonging to the Emilia-Romagna High Technology Network team up with the business system and the higher education system to achieve the inter-disciplinary critical mass necessary to multiply opportunities and develop strategic projects with a high regional impact. With Clust-ER Associations, the regional industrial research and innovation system aims to achieve greater integration and to better place itself on the international stage.

This to:

- maximise the opportunities for participating in European programmes and international research and innovation networks;
- forge synergies and set up coordinated networks and connections with other public/private agglomerations operating in the same sectors at national and European level;
- encourage and support the development and creation of initiatives in higher education and the development of human resources;
- support and encourage the development of new research infrastructures.

In Emilia-Romagna, there are currently seven Clust-ERs that support the competitiveness of the S3 areas of the regional production system: agro-food, construction, energy and sustainability, culture and creativity, health and well-being, innovation in services, mechatronics and motor engineering.

The action will verify the feasibility of establishing a community transversal to all existing Clust-ER dedicated to social enterprises that could even later become the eighth Clust-ER.

A working group representing social enterprises value chain will formally be set up. Then a manifesto will be defined by laying down a strategic vision and objectives aimed at strengthening the value chain's position in the international competition. Available resources of ROP ERDF 2014-2020 will be investigated. Clust-ER project received the support of ROP ERDF 2014/2020.

### Expected impact

To provide a regional business support scheme aimed at social enterprises and enterprising third sector organisations. The objective is to raise SEs competitiveness through innovation, collaborative research (social enterprises-for-profit companies) by sharing value, resources and infrastructures with the research system companies.

## 3. Stakeholders involved

- Emilia-Romagna Regional Government
- ART-ER
- Universities located in Emilia-Romagna
- National Research Centres located in Emilia-Romagna (the National Research Council-CNR, the Italian National Agency for New Technologies, Energy and Sustainable Economic Development-ENEA, the National Institute for Nuclear Physics-INFN)
- Emilia-Romagna Union of Chambers of Commerce
- Regional Business Associations
- Innovation Centres
- Social Enterprises' Associations
- Social Enterprises

In the logic of Clust-er, all the stakeholders will work together in the planning and development of the activities. ART-ER will play an operational and coordinating role on behalf of and in agreement with the Emilia-Romagna Regional government, that is the policy maker

## 4. Timeframe

2019-2020

- Working group formally set up based on the already existing regional social innovation group coordinated by Emilia-Romagna regional supported by ART-ER.
- Drawing a manifesto laying down a strategic vision and objectives aimed at strengthening the value chain's position in the international competition.

- Checking of available resources of ROP ERDF 2014-2020 and making the feasibility of the project.

2020 – 2021

- Agreement on the new Clust-ER or Community
- Population and activation of the Clust-ER/Community and collaborative path

## 5. Indicative costs

To be established

## 6. Indicative funding sources

ROP ERDF 2014-2020 axis 1 Innovation and Research if available/ ART-ER's own resources

### Monitoring of the Action Plan (indicators)

**INDICATOR 1:** 3% of SE manager benefitting from supporting measures: the total amount of social enterprises in Emilia-Romagna is 915 (source: Unioncamere Emilia-Romagna study centre on SMAIL ER data - Business and work monitoring system in Emilia-Romagna); therefore, the number of SE addressed by the action is 27.

**INDICATOR 2:** Identification of at least one indicator for the measurement of social impact with relative score. Application in at least one ERDF call. Increase of SE participating in ROP ERDF tenders for SMEs.

**INDICATOR 3:** Number of active SE/collaboration activated.

### Risk Assessment

Considering the programming period 2014-2020 in the closing phase: resources and measures could be reprogrammed. Remaining resources could be allocated differently than planned and following different priorities which are now considered more important. Furthermore, some measures could contain or be modified to include operations that can no longer be financed on the relevant measure/axis as there are no funds left. For the same reason, it could be difficult to apply to an ERDF Call for time issues. In this case, the impact-assessment system set up can be used in other public tenders and, of course, taken into consideration for programming 2021-2027.

INDICATOR 3 "Number of active SE/collaboration activated" could be not adequately measured since the programming and implementation time available may not be sufficient in terms of effective operation.

However, the constant participation of the stakeholders from the design phase to the start-up and implementation of the project and the existing activities, integrated into the RaiSE project - which ART-ER is carrying out in the field of innovation and social economy together with the Emilia-Romagna Region - will guarantee the achievement of satisfactory results at least in terms of participatory planning.