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AND INCLUSIVE ECONOMY



**#4**

# Support for social entrepreneurship

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**Summary of the thematic guide**

"I strongly believe that social entrepreneurship ecosystems should be strengthened everywhere, in rural areas as well as in urban areas. These ecosystems need to be empowered by local capacities, resources and vision and must be led through a system of flat governance. Social Entrepreneurs and local governments should build policies and development programs in partnership. More particularly, I think South-South partnerships are needed to accelerate change through the development of local networks and the sharing of common interests and perspectives. These processes will help the transition towards more sustainable ecosystems and ultimately a more sustainable world."

**Jeroo Billimoria, Founder of Catalyst 2030**

# How does social entrepreneurship contribute to the development of more sustainable models of society?

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## A factor of social innovation at the service of the Sustainable Development Goals

Social entrepreneurship aims to "*provide innovative solutions to unsolved or partially solved societal issues and problems*". Therefore, it often goes hand in hand with **social innovation processes** and contributes to the **achievement of the UN 2030 Agenda's SDGs**.



## A factor in the continuous improvement of public policies

The initiatives led by social entrepreneurs are part of a collective dynamic of systemic change that involves all the organisations and expertise present on a territorial scale. Through collaboration with public authorities, they contribute to improving public policies.



## A factor in the creation of decent jobs, particularly for the most vulnerable groups

Social entrepreneurship is indeed a promising way of professional integration for people who are traditionally far from the labour market (young people neither in employment nor in education or training, women, migrants or refugees, people with a low level of qualification...) as well as in countries where the informal economy is particularly developed.

Social entrepreneurship contributes to the development of more sustainable models of society by providing solutions to social problems that are insufficiently or not at all addressed. It thus acts as a lever for achieving the Sustainable Development Goals, complementing existing policies and initiatives (a) while having a positive impact on employment. The recognition of a social enterprise status also allows for the guarantee of being part of the social entrepreneurship approach.



## A legal and political recognition issue

Although social enterprises have developed over the last few decades, their **level of recognition varies greatly, depending on the national and regional contexts**. Generally speaking, **the contribution of social enterprises to the creation of social and economic value on the territory remains insufficiently developed**, which limits the visibility of the sustainable effects brought about by social entrepreneurs.



## The empowerment of local networks

Local networks, with **virtuous collaboration between local governments and entrepreneurs** should be built at all levels to create a supportive ecosystem for each entrepreneur in any part of the world. Ecosystems should be strengthened everywhere, in rural areas as well as in urban areas, **empowered by local capacities, resources and vision**. South-south cooperation would help accelerating the development of local networks and share common stakes and perspectives.



## The sustainability of the economic model is at stake

Social enterprises develop **hybrid models that combine maximising social impact with economic sustainability**. The profits generated are reinvested to support the development and implementation of activities. Despite progress, social enterprises still face difficulties in accessing finance at different stages of their development cycle.



## The challenge of opening up social entrepreneurship to all

There are still many barriers to access to social entrepreneurship, particularly for **women, young people, migrants and refugees, and people from indigenous communities**. These barriers are multiple: economic obstacles, lack of professional networks, cultural barriers, etc.



## The challenge of replication and scaling up

The solutions proposed by social enterprises **sometimes struggle to develop beyond the experimentation phase and to spread, through replication in other contexts or scaling up at the territory level**. Supporting social enterprises through the different models and strategies for disseminating social innovation is crucial.

# What are the levers of action?



## A specific legal and regulatory framework

**Public policies** play a major role in the emergence and structuring of an environment favourable to social entrepreneurship. Over the last few decades, some countries have developed a **legal and institutional framework that recognises a specific status for social enterprises**. This recognition often emerges from a long process of **consultation and co-construction with the stakeholders** in order to take into account the **specific characteristics and needs of social enterprises**.

- To make an **international inventory of the legislation** on social enterprises and to draw good practices from it
- Encourage the development of **legal and policy frameworks for social enterprises**
- Raise awareness among public decision-makers of the **challenges and value creation potential of social enterprises**

*Example of initiative: Ongoing review of legal frameworks for social entrepreneurship - Catalyst 2030/Lx Mundi Pro Bono Foundation*

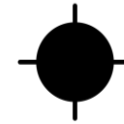


## Access to funding

**Access to finance** is key to supporting the emergence and development of social enterprises. To support social enterprises, different levers can be mobilised

- **Simplified access to public procurement** for social enterprises
- The development of **solidarity finance and impact investment** ;
- The development of **territorial programmes facilitating the connection** between funding bodies and social entrepreneurs.
- **Experimentation and/or co-design of new financing mechanisms**, products and services adapted to the specific needs of social enterprises.

*Example of an initiative: The Social Business Initiative (SBI) which proposes ways to improve access to finance for social enterprises, or Social impact bonds.*



## Access to public and private markets

Access to markets (public and private) is essential for social enterprises to develop and consolidate.

### **Access to public procurement :**

- Increase awareness among public officials of the **specificities of social enterprises**
- **Removing barriers** to social enterprises in the drafting of specifications
- **Simplify access procedures** and/or set up so-called reserved procedures

### **Access to private markets**

- Support the development of **local, national and international events** dedicated to social enterprises
- Encourage the development of 'set aside' private markets for social enterprises of the sector

*Example of an initiative: The European Social Fund*



## Cooperation and networking between all stake-holders

Social enterprises are mostly small or medium-sized structures, scattered over the territories. Thus, this dispersion of individual actions hinders their visibility and generates a **need for sharing of means and capitalisation of know-how and research, so that social entrepreneurs can take their projects to larger scales.** In the meantime, **cooperation should be developed among entrepreneurs and local or national government.** Virtuous collaboration would improve policy implementation and effectiveness.

*Example of networking initiative: Catalyst 2030's Best Practices for local network building capacities, Ashoka, COVID Alliance of the World Economic Forum, RIPESS...*



## Social impact measurement tools

It is important for social entrepreneurs to be able to show the real scope of their socially innovative projects and to enhance their value for their financiers. One way to respond to this problem and to enhance the value of social enterprise models is to **develop solid and accessible methodologies for measuring the impact of a social enterprise** that are commonly accepted by a maximum number of actors. This tooling of social enterprises in terms of impact measurement must be accompanied by measures to **raise awareness, train and support the players in setting up an impact measurement plan.**

*An example of a social impact measurement initiative is the Impact Tank, which identifies, objectifies and values the impacts of positive impact social innovations...*



## Development of a culture of social entrepreneurship

An enabling environment in terms of culture and infrastructure should be accessible to all, everywhere. The development of social entrepreneurship requires the development of an **entrepreneurial culture and key competences**, through support and training programmes:

- Disseminate in all territories in all countries and act against the concentration in urban and wealthy territories
- Encourage the implementation of social entrepreneurship awareness programs,
- Develop events and forums to promote social entrepreneurship and innovation
- Promote innovative social entrepreneurship to generate new vocations

*Example of initiative: SSE Week at school (France), School for Social...*



The "**Better Entrepreneurship Policy Tool**" is a self-assessment tool designed by the OECD to explore how public policy can support the development of social enterprises and help vulnerable groups to become self-employed or entrepreneurs.

**The Ease of doing social and inclusive business index:** Inspired by the World Bank's Doing Business initiative, this index aims to examine and compare frameworks for supporting social entrepreneurship. Following the principle "what gets measured, is done", it will help policy makers design a more enabling environment for social enterprises. A working group has been set up under the leadership of GROUPE SOS and the Catalyst 2030 network, with the support of the COVID Response Alliance by social entrepreneurs and the French Ministry of Economy and Finance, to pre-determine the methodology of this index, before being submitted to the World Bank.

+ Other initiatives ?

# Useful resources



## Reports and documentation

- OECD, "Job Creation Through The Social Economy And Social Entrepreneurship", 2013.  
[https://www.oecd.org/cfe/leed/130228\\_Job%20Creation%20through%20the%20Social%20Economy%20and%20Social%20Entrepreneurship\\_RC\\_FINALBIS.pdf](https://www.oecd.org/cfe/leed/130228_Job%20Creation%20through%20the%20Social%20Economy%20and%20Social%20Entrepreneurship_RC_FINALBIS.pdf)
- OECD Policy Brief on Social Entrepreneurship Entrepreneurial Activities in Europe, 2013.  
[https://www.oecd.org/cfe/leed/Social%20entrepreneurship%20policy%20brief%20EN\\_FINAL.pdf](https://www.oecd.org/cfe/leed/Social%20entrepreneurship%20policy%20brief%20EN_FINAL.pdf)
- ILO "The contribution of SSE and social finance to the future of work", 2020.  
[https://www.ilo.org/empent/areas/social-finance/publications/WCMS\\_739377/lang-en/index.htm](https://www.ilo.org/empent/areas/social-finance/publications/WCMS_739377/lang-en/index.htm)
- UN, World Youth Report, "Youth, Social Entrepreneurship and the 2030 Agenda", 2020.  
<https://www.un.org/development/desa/youth/wp-content/uploads/sites/21/2020/07/2020-World-Youth-Report-FULL-FINAL.pdf>
- UN, "Policy Guide for Migrant and Refugee Entrepreneurship," 2018.  
[https://unctad.org/fr/system/files/official-document/diae2018d2\\_fr.pdf](https://unctad.org/fr/system/files/official-document/diae2018d2_fr.pdf)



## Examples of tools

- OECD, The Better Entrepreneurship Policy Tool
- World Bank, Ease of Doing Social Business Index
- League of intrapreneurs, "The Intrapreneur's compass".



## Examples of initiatives

Would you like to share with us an innovative initiative on one of the four action levers identified in this summary?

Send us a description of your initiative by e-mail to [contact@pact-for-impact.org](mailto:contact@pact-for-impact.org) or register on our registration form: <https://forms.office.com/r/TRJcqHaD8c>



**Contact :**

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**Social networks :**

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