

POLICY NOTE

Government Support to the Social Enterprise Sector: Comparative Review of Policy Frameworks and Tools

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Introduction

Governments face many challenges and resource constraints in providing crucial services to their citizens, leaving many, particularly the poorest, without access to the services needed to thrive and eventually pull themselves out of poverty. At the same time, social enterprises (SEs) have been developing innovative solutions to fill this service delivery gap. SEs are defined as private for-profit, nonprofit and hybrid organizations with a social mission to serve the Bottom of the Pyramid (BoP) that use business approaches to achieve their objectives. They provide life-changing services and often do so in a faster, broader and more cost-efficient manner than the state or commercial private sector.

Cognizant of the institutional and market failures in service delivery to the poor, and of the role of SEs in improving development outcomes, an increasing number of governments include commitments to promote SEs in their policy agendas, as will be documented in this paper.

Most of the government programs supporting the SE sector are too recent to provide evidence of long-term impact and broad spectrum of results, including in diverse areas such as poverty reduction, job creation and innovation. However, there is a value to learning from the evolution of global experience as different models of public sector support to SEs have emerged in industrial countries over the last two decades, and have begun to spread to the developing world over the last 10 years. There are early results from adaptations to selected local contexts in developing countries that can inform policy design for governments that are considering the SE agenda as part of their strategies to achieve the Sustainable Development Goals.

This policy brief is structured as follows: (i) Objective and Audience; (ii) Methodology; (iii) Government Rationale for Supporting the Social Enterprise Sector; (iv) Comparative Overview of Policy Frameworks; (v) Country Examples of Policy Frameworks; and (vi) Catalogue of Policy Tools that were used to support the SE sector.

Objectives and Audiences

This policy brief reviews a representative sample of international examples of government support to the SE sector and highlights:

- various rationales for including the SE sector in development agendas, and
- different approaches and tools that can be used to foster the development results of SE activities.

This brief is developed for policy makers who are interested in strengthening SE activities in their countries to mobilize the resources, skills, innovation and community mobilization for better social service delivery that SEs bring to development practice. The brief can also be used by SE associations, think tanks and other agencies that participate in the policy dialogue around the SE agenda.

This policy note outlines key trends in practices and approaches related to government support of the SE sector. It does not provide a comprehensive review of various policy frameworks, tools and approaches or comparative analysis of their results. While this brief can help stimulate policy dialogue, additional research will be needed to develop policy recommendations and inform design and implementation of policy instruments in country contexts.

Methodology

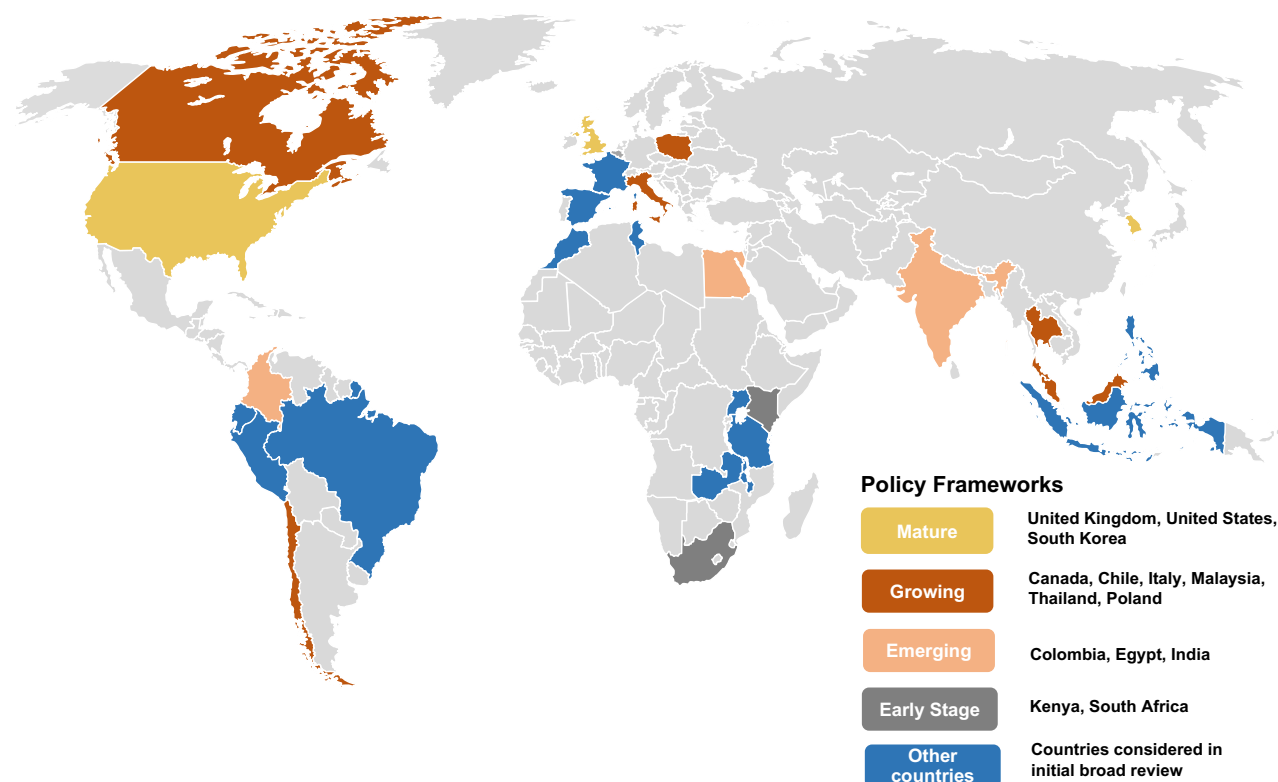
As noted above, SEs are typically defined as privately owned organizations—either for-profit, nonprofit or a hybrid—that use business methods to advance their social objectives. SEs maximize social, environmental and economic outcomes for target beneficiaries rather than maximizing profits. The operational (used for defining the scope of policy) and legal (where it exists) definition for SEs vary across the reviewed countries.

This brief adopts a broad-based approach that includes all identified policies explicitly targeting SEs, irrespective of definition. In countries where policies dedicated to SEs were not found, other relevant policies that reflect government support were reviewed for the organizational forms most commonly adopted by SEs in the absence of a dedicated legal form: small- and medium-sized enterprise development, entrepreneurship and innovation policies, inclusive business, and corporate social responsibility and NGO policies. The informal sector is not included in the analysis.

The analysis relies on desk research that includes (Figure 1):

- an extensive literature review of the current SE policies in a broadly representative sample of 30 countries (levels of SE activity, regional distribution and income levels), and
- additional analysis of secondary data sources on 14 countries selected based on: (i) level of SE activity, (ii) presence of enabling organizations that provide support to SEs, and (iii) existence of national policies and programs specifically directed toward SEs.

Figure 1. Policy Frameworks Supporting Social Enterprise Sector: 14 Country Examples



A review of the literature on the SE sector consistently shows that although it is expanding in many countries, the speed and scope of expansion differ widely across geographies and sectors of activities. Moreover, SEs are actors in a complex ecosystem (Figure 2) in which factors in the enabling environment (regulatory, financing, information and human capital) constrain or support SEs in their effort to link the demand (in many cases coming from BoP populations) with supply of solutions (products and/or services), and where various actors (businesses, financial institutions, governments and other organizations) affect SEs and their activities.

This note focuses on national policies that affect each of the ecosystem's parameters: shaping demand (e.g., through public procurement), supply (e.g., through public funding and implementation of service delivery, incentives for SEs and other private organizations) and enabling conditions.

Figure 2. Key Factors of the Social Enterprise Ecosystem



Government Rationale for Supporting the Social Enterprise Sector

The policy review surfaced a wide variety of social and economic rationales driving government support to the SE sector, including but not limited to: (i) filling an access gap to public services; (ii) improving quality, affordability and equity of service provision; and (iii) increasing social cohesion and generating benefits of inclusive growth and employment at the national level. (Table 1). These rationales are not mutually exclusive: they often overlap and can evolve over time.

Table 1. Examples of Various Rationales for Government Support

| Rationale | Example |
|---|--|
| Fill access gap to public services | <ul style="list-style-type: none"> • Eradicate extreme poverty (Colombia) • Expand public services (United Kingdom) |
| Improve quality, affordability and equity of service provision | <ul style="list-style-type: none"> • Improve public delivery systems (United Kingdom, United States) • Decrease cost of service delivery to the public (Italy) |
| Increase social cohesion and economic benefits at the national level | <ul style="list-style-type: none"> • Foster social and economic inclusion (Poland and Canada) • Empower disenfranchised populations, create jobs (South Korea) • Improve sustainability of development outcomes (Chile) |

Different levels of government can develop context-specific rationales for engagement with the social enterprise sector:

- At the national level, the rationale is often supported by the highest level of leadership and is expressed in cross-cutting strategic documents (Box 1).
- At subnational levels, the rationale might be linked to the decentralization or devolution agenda, and the integration of lagging or conflict-prone parts of the country.
- At sectoral levels, the rationale is usually linked to specific development challenges.

Box 1: Statements of the Government Rationale for Social Enterprise Support

David Cameron, Prime Minister of the United Kingdom, highlighted that “Social enterprises, charities and voluntary bodies have the knowledge, human touch and personal commitment to succeed where governments often fail” (Cabinet Office, 2013). YAB Dato’ Sri Mohd Najib bin Tun Hali Abdul Razak, Prime Minister of Malaysia, recognized the potential of social entrepreneurship in not only addressing the country’s pressing development issues but also redefining how business should work to achieve a people-centric economy (Magic, 2015). In several countries, the government rationale is reflected in high-level, long-term strategies:

- **South Korea**, 2006: Law on the Promotion of Social Enterprises
- **United States**, 2009: Edward M. Kennedy Serve America Act
- **United Kingdom**, 2010–2015: Government Policy for Social Enterprise
- **Malaysia**, 2015: National Social Enterprise Blueprint
- **Thailand**, 2010–2014: Social Enterprise Master Plan Act
- **Chile**, 2015: Productivity, Innovation and Growth Agenda

The global economic crisis of 2008–2009 and the halting recovery since have put increasing pressure on government spending. They have also affected labor market participation and the creation of employment opportunities in developing countries. At the same time, developed countries face demographic challenges of aging populations and increased demand for the availability and quality of public services. In countries implementing devolution reforms, various levels of the government struggle with designing and implementing decentralized service delivery systems.

SEs have demonstrated that they can generate sizable national-level returns:

- **SEs outperform profit-driven, small-sized enterprises on a number of indicators.** For example, according to the 2015 Social Enterprise UK Survey, 41 percent of SEs created jobs in the past 12 months compared to 22 percent of small-sized enterprises (SEUK 2015).
- **SEs reduce inequalities by providing stable employment to those typically excluded from the labor market.** In Manitoba, Canada, the SE sector contributed more than USD 200 million each year in saved costs associated with unemployment (O'Connor et al. 2012).
- **SEs have a high economic rate of return, especially over the long term.** For example, returns on the investment in SEs in the United States include an economic multiplier of 2.23, and a savings for US taxpayers of USD 1.31 for every dollar invested in SE due to reductions in government transfer benefits (Maxwell 2015).
- **SE sector can become a major contributor to gross domestic product and a driver for sustainable and inclusive economic growth.** In South Korea, the social economy, which includes newer types of SEs as well as more established cooperatives, accounts for three percent of gross domestic product (British Council 2015).

In several countries, SEs become partners of the government in public service delivery. This partnership is mutually beneficial: on the one hand, it helps the government overcome economic (e.g., budget pressure), and social (e.g., inclusion) challenges, on the other hand, it provides additional opportunities for growth and sustainability of the SE sector. The nature of the government partnership with SEs varies broadly: from early stage forms of isolated examples of collaboration to comprehensive policies and programs that adopt a holistic view of the social enterprise sector. For example, the United Kingdom and United States governments see in SEs an opportunity to improve the provision of public services in terms of reach and quality, and at the same time create additional high-quality jobs. The integration of SEs into public service delivery models can simplify access to services, increase the availability of customized solutions and provide a faster response to users while improving outcomes and the user experience and satisfaction.

Most of these policies and reforms are too recent to fully assess their impact. Countries with a longer history of SE policies, such as the United Kingdom, United States and South Korea, have studies on individual policy instruments, and SE surveys that shed light on broader patterns of the evolution of the sector (Box 2). However, at the global level there is a lack of comprehensive and comparable data sources.

Box 2: National Evaluation of the Social Enterprise Investment Fund in UK (Source: TSRC, 2012)

In 2007, the Department of Health in the United Kingdom established the Social Enterprise Investment Fund (SEIF) with a pool of approximately USD 1.4 million over a four-year period to support and stimulate the development of SE in the delivery of health and social care services. In [year] the Department of Health Policy Research Programme commissioned an evaluation to assess the effectiveness of SEIF activities.

Given the time frame of SEIF investments and the evaluation, it was too early to examine health outcomes and the extent to which SEIF was able to improve health and well-being. Therefore, the evaluation focused on organizational outcomes and found evidence to demonstrate that the main outputs of SEIF investments were structural improvements and business support that enabled SEs to grow. Other positive emerging benefits were improved working conditions for staff, improved organizational infrastructure and increased involvement of users in service design and delivery.

Comparative Overview of Policy Frameworks

Our country-level analysis of policy frameworks demonstrates various types and levels of government engagement with and support to SEs:

- The degree of government **recognition** of the SE sector (existence of shared legal and/or operational definition of SEs) ranges from SEs being largely absent from the government agenda to sophisticated legal and operational definitions that are reflected in official documents.
- The degree of government **support** to the SEs and their ecosystem (direct and indirect measures) ranges from SEs operating under the government radar to holistic, long-term strategies of government support to the SE sector.
- The presence of **enablers** (supporting organizations that facilitate SE activities through capacity development, facilitation of public-private dialogue, information sharing, market creation, funding, coordination of SE sector and so on) ranges from limited availability of support options to a wide range of offerings from a variety of organizations including government.

The policy framework (along with the other ecosystem factors) influences the **level of activity of SEs** reflected in terms of the number of active SEs and size of their operations. In the reviewed sample of countries, the level of SE activity ranges from very few and mostly foreign-owned and -operated SEs to a self-organized, dynamic sector of highly performing and innovative SEs that become a recognized social and economic force in the country.

The first three characteristics reflect the degree of sophistication of government policies related to the SE sector, and the level of activity and development of SEs as a sector reflects the result of these policies. Based on the reviewed country examples, the United Kingdom serves as the reference point for the mature policy framework, because the country has: (i) an SE sector supported by leadership of three successive government cabinets over almost two decades; (ii) included a wide range of sophisticated policy tools integrated in a holistic long-term strategy for the SEs; (iii) a large number of public and private institutions that support SE activities; and (iv) a large, vibrant and self-organized SE sector.

Taking the United Kingdom as a reference, the reviewed countries fall into four broad categories representing the level of maturity of policy frameworks: early stage, emerging, growing and mature. While this model was developed for this particular study, similar notions have been used in other studies of institutional capacity. Policy reforms may progress over time through the various stages, depending on how successful they are. They may also move “backwards” due to a change of political agendas and other factors. Also, within each category there is a fairly wide band of options for government rationale, policy frameworks, implementation arrangements, tools and results. Figure 1 shows the distribution of countries across this spectrum.

Finally, countries with limited or non-existent policy frameworks and SE activity were not reflected in this taxonomy, which would represent a “zero” stage. Table 2 describes the main categories and characteristics of SEs policy frameworks.

Benchmarking of policy frameworks can provide an important input into government support to the SE sector. Policies can be formulated and sequenced differently depending on SE ecosystem conditions, current status of policy frameworks and government objectives. The next section provides additional illustrations and discussion of each category.

Table 2: Various Categories of Social Enterprise Policy Frameworks and Results

| Category | Early Stage | Emerging | Growing | Mature |
|-----------------------------|--|--|---|--|
| Country examples | Kenya, South Africa | Colombia, Egypt, India | Canada, Chile, Italy, Malaysia, Poland, Thailand | South Korea, United Kingdom, United States |
| Recognition | No legal form for SEs | No legal form for SEs | Legal form for SEs created or in process of creation | Legal form for SEs created |
| Support | No policies or regulation for SEs Small- and medium-sized enterprise policies available | Political will to support SEs or social innovation Small- and medium- sized enterprise policies available | Policies and regulations for SEs | National strategy or policy for SEs with large range of tools and programs to support them |
| Enablers | Some private organizations (e.g., universities, foundations) support SEs | Growing number and variety of organizations supporting SEs | Supporting organizations are forming networks | Supporting organization includes public agencies and form a connected ecosystem |
| Level of SE Activity | Presence of SEs as NGOs or companies in some sectors or geographies | Presence of SEs as NGOs or companies in multiple sectors or geographies | Widespread presence of SEs within existent legal forms or as NGOs or companies, multiple sectors or geographies | Extensive and organized SE sector |

Country Examples of Policy Frameworks

The countries included in the analysis represent a wide spectrum of examples. The assignment of countries to one of the four categories might outdate quickly because several countries are implementing progressive policy reforms targeting the SE sector.

EARLY STAGE POLICY FRAMEWORKS: Kenya and South Africa

Despite the relatively high level of active SEs, and enablers (incubators and universities) operating in the ecosystem, Kenya and South Africa are two countries characterized by early stage policy frameworks to support SEs.

SEs are not recognized under a specific legal form, and very few organizations—mostly foreign-owned—self-identify as SEs, although numerous financially sustainable NGOs and socially minded small- and medium-sized enterprises provide goods and services to the Base of the Pyramid populations. In both countries, these types of enterprises can register as non-profit organizations or for-profit companies. The NGO Act and Companies Act are laws that provide the legal framework under which SEs could operate based on the legal figure they choose.

Industrial policies and small- and medium-sized enterprise development policies in both countries are part of the support that a SE could benefit from, but only if the SE is constituted as a private company and complies with the criteria of each program.

- **Kenya:** The Ministry of Industrialization and Enterprise Development offers business support through programs such as the One Village One Product program, Start and Improve your Business Program, and 4K MSE. Kenya also has initiatives in which SEs could become potential partners, such as the Digital Learning Program of the Ministry of Education and the 58 E Health Hubs of the Ministry of Health.
- **South Africa:** Agencies such as the Small Enterprise Development Agency and the Small Enterprise Finance Agency foster the establishment, survival and growth of small- and medium-sized enterprises, especially with a focus on the Broad Based Black Economic Empowerment Act.

EMERGING POLICY FRAMEWORKS: Colombia, Egypt and India

In all three countries, SEs are very active but they operate as NGOs, small- and medium-sized enterprises or foundations, in the absence of legal definition or even a commonly shared operational definition that could form the basis for policy dialogue among various stakeholders. However, the countries in this category have either started the policy dialogue around the SE sector, or have recently adopted policy sections that provide a vehicle for engaging with social entrepreneurs:

- **Colombia:** In 2010, the Government started a public exercise to build the National Public Policy of Social Innovation. This effort triggered the creation of the Social Innovation Centre at the National Agency to Overcome Poverty. Despite these efforts, the Social Innovation Policy has not been published yet (Villa and Melo 2015, 9).
- **Egypt:** Social entrepreneurship is included as part of the agenda through a Youth Social Entrepreneurship program of the Ministry of Communications and Innovation Technology. The approach of this intervention still has a small scope since it is focused only on ICT solutions, however, it shows that this topic is starting to attract the attention of policy makers.
- **India:** A special section has been included within the Enterprise Policy, adopted in 2015 by the Ministry of Skills Development and Entrepreneurship under a section on SE. It provides a

definition and specifies forms of support for SEs, which include higher education courses, fiscal incentives for social investment, incubation, grassroots technology hubs and engagement on innovation with existing entities such as the National Innovation Foundation.

In addition, all three countries have policies and agencies, which can support social entrepreneurs through access to financial resources and capacity building under small- and medium-sized enterprises or entrepreneurship agendas. For example, in India the government is running several venture capital funds eligible for SEs, such as the Samridhi Fund and the Maharashtra State Social Venture Fund (Sibdi Venture, 2016).

GROWING POLICY FRAMEWORKS: Canada, Chile, Italy, Malaysia, Poland and Thailand

The countries in this category are integrating their expanding SE sectors into high-level agendas through long-term, comprehensive policies that allow them to consolidate government efforts at a strategic, cross-sectoral level:

- **Canada:** SEs have been recognized as key actors to foster social economy in Canada. This was reflected on the Social Economy Initiative 2004–2006 and on the Social Finance Policy. A social enterprise sector survey was developed in 2009. Local governments such as Ontario, Quebec and Manitoba have developed their own strategies and action plans to support SEs.
- **Chile:** The government is working on the creation of a legal form for Benefit Enterprises (the name given to SEs in countries such as Chile or the United States). As of April, 26, 2016, the Ministry of Economy, Development and Tourism of Chile announced that it will be sending a law project to the Congress to develop a legal framework for SEs.
- **Italy:** The government approved a Law on Social Enterprises in 2005. It provides a legal definition of SE and specifies the criteria that an organization must comply with to be legally recognized as a SE. It does not create a new legal form, but a legal status or “label” that all eligible organizations can obtain regardless of their ownership or organizational structure.
- **Malaysia:** The country adopted the National Social Enterprise Blueprint 2015 and allocated approximately USD 5 million to the Malaysian Global Innovation and Creativity Centre (MaGIC) to increase the number of SEs from 100 to 1,000 by 2018 (The Malaysian Insider, 2015).
- **Poland:** Poland has an act on SE under development. The Polish government aims to create a legal status to define and legitimize SEs and to build public awareness on SEs, their role and their benefits—both as providers of goods and services and as potential employers (European Commission, 2014).
- **Thailand:** The country launched the Social Enterprise Master Plan 2010–2014 Act 2555.

MATURE POLICY FRAMEWORKS: United Kingdom, United States and South Korea

The three countries in this category present the most varied sample. Although they share several common features—long-term government support of the SE agenda, awareness and support of the general public, a large set of policies supporting SEs and overall a vibrant ecosystem of SEs and their stakeholders—they also differ in the organization of their SE ecosystems and in their policy approaches.

In countries with mature policy frameworks, SE are organized, work through institutions that represent them and engage in policy dialogue with the government, such as Social Enterprise UK. Governments recognize the importance of SEs as part of their national plans, laws and strategies, such as the United Kingdom’s Government Policy for Social Enterprises 2010–2015, the Edward M. Kennedy Serve America Act in the United States and the Law on the Promotion of Social Enterprises in South Korea.

The enacted policies and laws define a legal form and framework for SEs, such as the Community Interest Company in the United Kingdom, Benefit Corporations in the United States and SEs in South Korea. They also allow the design and creation of institutions to support SEs and entrepreneurs, such as the Korea Social Enterprise Promotion Agency.

The countries are also implementing comprehensive policy tools to support SEs and entrepreneurs while devoting public efforts and resources to them along the different stages of growth that their initiatives might face. Promotion activities, grants, public procurement, guarantee funds and fiscal incentives are part of their efforts, examples of which can be found in the summary of activities listed below by country.

Different policy tools have been implemented by the countries with the most mature policy frameworks. These frameworks consider complementary interventions that foster demand of the solutions provided by SEs (such as public procurement, voucher programs and certifications), while also promoting the supply of services and solutions provided by SEs (especially through grants, fiscal incentives, guarantee funds and extension services).

The most mature policy frameworks offer support toward building SE capacity for scalability and replicability, and therefore have a larger range of policy tools that cover the different stages of growth of SEs (such as early stage seed capital, venture capital and credit lines). Emerging and growing policy frameworks normally concentrate their support efforts through financing and extension service programs for early stage development of SEs and might need to consider alternatives in the medium term that could support SEs on scaling processes as well.

Integrating SEs as part of the public service delivery models of governments represent an important scaling alternative for SEs. The integration of SE solutions and business models has the potential to simplify access and provide customized support and faster responses in areas where demand is dispersed. Government visions, such as The Big Society in the United Kingdom, argue that the government should expand their view of the resources available to tackle social issues. They are considering new combinations of resources, including those from the public sector and externally, such as social impact bonds, private philanthropy, volunteers, NGOs and SEs.

South Korea

- The government considers SEs a key actor to promote employment and labor. In 2006, the government enacted a law on promotion of SEs to contribute to social integration and the improvement of citizens' quality of life by expanding social services and creating new jobs. The law created a legal form for SEs and encouraged the creation of financial instruments, such as the Korean Social Investment, and credit lines through Smile Microcredit Bank and SK Foundation. Capacity development programs, such as the Young Social Enterprise Program and those offered in Seoul Creative Lab, have complemented ecosystem initiatives.

United Kingdom

- SEs have been a part of the policy agenda for almost two decades. Having Social Enterprise UK, a national body that represents and advocates for SEs, has allowed them to have a role in the design of public policies. In 2005, an important milestone was achieved with the creation of a new business form more suitable for SEs, called the Community Interest Company CIC.
- From 2010–2015 SEs have been a part of The Coalition Government Programme, which fosters the creation and expansion of SEs. The government is using a set of policies that opens up more opportunities for SEs to deliver public services, which includes the Social Value Act and the Social

Investment Tax Relief, which gives 30 percent personal tax relief for investors in SEs up to approximately USD 7.2 million.

- The government has pioneered initiatives such as the Red Tape Challenge to facilitate and speed up the creation of SEs and is supporting research initiatives such as the Social Investment Research Council. The financial instruments include impact bonds, grants such as Big Society Capital (launched in 2011 with approximately USD 8.7 million of investment for SEs), and capacity development funds such as the Investment and Contract Readiness Fund, which helps SEs prepare for engagement in public contracts.
- The government also offers support for human capital development through a series of trainings to increase the commercial skills of SEs and their ability to engage in public service delivery through public procurement.

United States

- The government started fostering the engagement of more Americans of all ages and backgrounds in service that has an impact through the Edward M. Kennedy Serve America Act (2009). In 2010, Maryland became the first state to pass the benefit corporation legislation, which suits SEs. As of September 2015, 30 states and Washington, D.C. have also passed this legislation.
- The public initiatives promoted by the White House include the Social Innovation Fund, which aims to support community-based solutions that have evidence of results in areas such as economic opportunity, health and youth development. The government also provided more than USD 220 million in prize money since 2010, through challenges and prize competitions for individuals, communities, government entities, businesses, institutions or non-profit organizations that achieve social impact.

Catalogue of Policy Tools

The policy framework categories outlined in this brief present a roadmap that could be pursued using a variety of policy tools that improve the ecosystem's parameters: demand, supply or environment. The review of global experiences identified various policy options that have been deployed by governments. To effectively support formulation and implementation of country-specific approaches, additional activities would be needed to:

- Build a case and foster consensus around the rationale for government support to the SE sector in the local context, including a shared expectation of results among various stakeholders.
- Develop a comprehensive ecosystem diagnostic to establish a baseline, and design well-targeted policy instruments that are customized to local conditions.
- Gather evidence regarding results of adopted policies, including long-term impact and cost-benefit analysis.

This section presents the policy tools that are most commonly used to enable demand for or supply of SE products and services. Table 3 provides examples of policy instruments to support elements of the ecosystem environment: policy and regulation, capacity development and human capital, financing solutions and information and networks.

Enabling Demand for SE Goods and Services

Reaching and serving marginalized populations can be challenging. The barriers at entry into the BoP markets can often be high, including low affordability thresholds by the beneficiaries coupled with higher marginal costs of working in low resource environments. Governments can foster the demand of social innovations through SEs by implementing policy tools in the regulation and financing areas of the ecosystem.

- Public procurement systems can be used by governments to demand and consume social innovations. The Social Value Act enacted in 2012 in the United Kingdom is a good example of how a government can foster and open up more opportunities for SEs to deliver public services. This effort was complemented by initiatives such as the Commissioning Academy (Gov UK, 2016), which brought together commissioners from across the public sector and helped them to understand and use a range of innovative civil society techniques. Another complementary initiative is the Masterclass Programme (Gov UK, 2012), which gives voluntary sector organizations the chance to attend a series of new practical workshops to strengthen their commercial skills and successfully bid for public service contracts.
- Vouchers can subsidize consumers for the purchase of an innovative good or a welfare service. For example, the Voucher Program for Welfare Services in South Korea launched by the Ministry of Education in 2008 is a way to expand mentoring, counseling, welfare and complementary education services for students in need from low-income and/or multicultural families, students with mental illnesses and students who have defected from North Korea (Center on International Education Benchmarking, 2016).
- Standards and certifications to validate SEs are found in countries such as South Korea, United Kingdom and Italy to promote the certification and accreditation of SEs.

Stimulating Supply for SE Goods and Services

Governments can also try to increase the SE's incentives to invest and grow the supply of innovative solutions to social and environmental problems. Interventions in the financial, regulatory and capacity development area of the ecosystem are the most common.

- Grants have been used to strengthen the ability or capacity of actors in innovation ecosystems to generate knowledge and produce innovation. The Social Innovation Fund and Investing in Innovation Fund of the Department of Education in the United States, as well as the Big Lottery Fund in the United Kingdom are examples. There are also prizes and awards given, such as the Thai Social Enterprise Awards.
- Fiscal incentives are another path that governments can explore. The United Kingdom fixed a set of fiscal incentives to benefit those making a qualified investment in SEs, including charities. For example, the government gives a reduction of 30 percent of that investment in income tax bill for that year.
- Venture capital funds look to achieve attractive, risk-adjusted returns through long-term capital appreciation of investments made in investee companies. For example, the Maharashtra State Social Venture Fund aims at generating superior returns by investing in start-up, early and growth stage capital primarily in medium-sized enterprises based in India that would add economic, social or environmental value to the state of Maharashtra (Sibdi Venture, 2016).
- Guarantee funds facilitate the financing of SEs and stimulate sound credit transaction.
- Extension innovation services are part of government agendas. For example, the Social Incubator Fund in the United Kingdom aims to help drive a robust pipeline of start-up social ventures into the social investment market by increasing focus on incubation support and attracting new incubators into the market (Big Lottery Fund, 2016). Another example is co-working spaces supported by governments in different cities. Seoul Creative Lab fosters creative ideas and contributes to solving social problems in Seoul.

In addition to specific instruments, strong coordination and institutional arrangements are often needed to implement the policies applied in emerging and growing policy frameworks. A public-private space for coordinating interventions and policies is Social Enterprise UK, which has SEs, charities, private business and public sector organizations among its members. All of these actors are active at the policy level through dialogue, research and consultation processes. Among institutional arrangements, the Korean Social Enterprise Promotion Agency in South Korea and the Social Enterprise Office in Thailand represent examples of specific public agencies supporting SEs.

Table 3: Catalogue of Policy Tools to Support the Social Enterprise Ecosystem

| POLICY AND REGULATION | | | | | | |
|----------------------------|---|--|--|---|---|---|
| Policy Tool | Countries Using the Tool | Name of the Initiative | Objective | Description | Beneficiaries | Results or Impact Metric |
| Tax exemptions | United Kingdom | Social Investment Tax Relief | Promote investment in SEs | Benefits investors by reducing income tax bill by percentage of investment, deferring capital tax charge if profits are invested in the SE. After some years, the investor sell or give away SITR qualifying investments that have gained in value without paying Capital Gains Tax. Supply side policy tool because it aims at increasing incentives to invest in SEs. A tax exemption directed to consumers of products or services of SE would be an example of a tax exemption as a demand policy tool. | Individuals or companies investing in SEs | <ul style="list-style-type: none"> • Money invested in SEs |
| Accreditation schemes | South Korea | Certification at Ministry of Employment and Labor | Promote expansion and invigoration of SEs | Certification allows recognition of SEs that can receive benefits, such as priority in public procurement, tax reduction, social insurance premium and financial assistance. | SEs | <ul style="list-style-type: none"> • Number of SEs certified |
| Public procurement | United Kingdom | Social Value Act | Promote participation of SEs in public services contracts and delivery | <p>Government demands of social innovation meet SEs offer through public procurement channels.</p> <p>To require public authorities to have regard to economic, social and environmental well-being in connection with public services contracts.</p> <p>It is a demand policy tool used to increase demand of innovations, since the government act as lead user of new technologies. Its exclusive focus on SEs makes it a vertical policy instrument.</p> | SEs | <ul style="list-style-type: none"> • Number of contracts signed with SEs • Amount of money allocated through contracts with SEs |
| Legal forms | United Kingdom, United States, South Korea, Italy | Community Interest Company UK, Social Enterprise SK, Social Cooperatives and Social Enterprise Ex Ledge IT, Benefit Corporation US | Recognize existence of hybrid organizations willing to operate businesses with a social and/or environmental mission | Create a legal form for SEs willing to use their profits and assets for the public good and facilitate their recognition for tax purposes as well as allocation of public benefits and support. | SEs | <ul style="list-style-type: none"> • Approval and registration of at least one legal form that business with a social mission can use |
| Multi-stakeholder dialogue | United Kingdom | Social Enterprise UK | Design public policies through consultations to stakeholders related to SE sector | Consultations can be done on a regular basis through the creation of advisory councils or by having open consultations whenever it is needed. | Policy makers, SEs and stakeholders of SE ecosystem | <ul style="list-style-type: none"> • Number of consultations and number of public private dialogue spaces |

CAPACITY DEVELOPMENT AND HUMAN CAPITAL

| Policy Tool | Countries Using the Tool | Name of the Initiative | Objective | Description | Beneficiaries | Results or Impact Metric |
|--|--------------------------|--|---|--|----------------------------|--|
| Training and skills development programs | South Korea, Egypt | Young Social Entrepreneur Program South Korea, Youth Social Entrepreneurship Program Egypt | South Korea: Create 4,000 jobs Egypt: Identify and support young people in Egypt who are potential social entrepreneurs | Grant programs that provide funding, mentorship and knowledge. | Young social entrepreneurs | <ul style="list-style-type: none"> • Number of skill development programs • Range of skills covered • Percentage of program graduates who start or improve their SE • Tracking of specific business, management, technological or other skills |
| Business support | United Kingdom | Commercial Skills Master Class for Public Service Delivery, | Share the skills, tools and techniques used by experts in the private and voluntary sectors to win and deliver public service contracts | Training focuses on developing useful commercial skills. In the UK, it was designed and delivered by a cross-sector partnership (ACEVO, AVANTA, Capita, Ingeus, NAVCA, NCVO, Serco and Social Enterprise UK) and was funded by Office for Civil Society, Cabinet Office with pro-bono support from private sector partners | SEs | <ul style="list-style-type: none"> • Number of SEs trained • Number of SEs who acquire a public service contract after the training |
| Capacity building | Malaysia, Egypt | Malaysia Social Enterprise Track | Support new ideas to improve lives and build a sustainable world through incubation or acceleration | Through the program the entrepreneurs get seed capital and mentorship to pilot the idea. Some programs also provide monthly allowances to participate in the program. | Social entrepreneurs | <ul style="list-style-type: none"> • Number of social entrepreneurs identified and supported • Number of new jobs generated, revenue-generated, return on Investment • Social impact of new SE after 4–6 years of creation |
| Training for public servers | United Kingdom | Social Value Procurement Training | Help commissioners get more value for money out of procurement | Training course that encourages commissioners to talk to their local provider market or community to design better services, often finding new and innovative solutions to difficult problems. | Public servers | <ul style="list-style-type: none"> • Number of participants • Number of contracts allocated to SEs before and after the training by participants |

INFORMATION AND NETWORKS

| Policy Tool | Countries Using the Tool | Name of the Initiative | Objective | Description | Beneficiaries | Results or Impact Metric |
|--------------------------|---|--|---|---|---|--|
| Data and research | United Kingdom, South Korea, Canada | Red Tape Challenge, Skills & Leadership Report in VCSE Sector, Social Investment Research Council, UK, Seoul Social Economy Centre, Social Enterprise Sector Survey Canada | Examine SE sector's most vital needs around key issues, such as burdensome regulation, attracting and developing a skilled workforce, and leadership, etc. | Research, studies, surveys and open consultations to SEs and civil society are part of the mechanisms to obtain information and evidence about the SE sector. | SEs, policy makers, advocates, civil society | <ul style="list-style-type: none"> • Number of studies published • Number of times decision-making bodies consult data before making decisions • Number of times local media cites studies |
| Developing partnerships | United States | Partnerships with Civic Participation Office and Science and Technology Policy | Find new ways for government to partner with nonprofits, foundations, philanthropists, private organizations, academia, and all levels of government in solving shared problems | Partnerships can be reflected in the implementation of joint projects or initiatives and memorandums of understanding. | SEs, policy makers, civil society | <ul style="list-style-type: none"> • Number of partnerships or collaborations implemented |
| Awareness campaigns | Thailand, United States, United Kingdom, Malaysia | Thai Social Enterprise Awards, Community Solutions Tour US, Social Value Awards UK, Amplify Awards MY | Identify, engage and promote civic innovators, entrepreneurs, and citizen scientists and solve problems in areas of national priority | Prizes and challenges are competitions among individuals, communities, government entities, businesses, institutions, or non-profit organizations to achieve defined goals in a defined timeframe. They often use cash prizes and other incentives to reach beyond the "usual suspects" and increase the number of problem-solvers addressing a critical issue. | Social innovators, social entrepreneurs, SEs, citizens, scientists. | <ul style="list-style-type: none"> • Number of winners and potential winners identified • Number of persons reached • Number of social media/traditional media reach indicators |
| Incubators, accelerators | United Kingdom, South Korea | Social Incubator Fund, Seoul Creative Lab | Drive a robust pipeline of start-up social ventures into the social investment market, by increasing focus on incubation support | Accelerators are programs with a specific time. Normally you give a small seed investment and access to a large mentor network in exchange for a small amount of equity. Start-up executives and investors form the network of mentors. Incubators are for start-ups or SEs that may be in an early stage of development. They offer co-working spaces and networks to other entrepreneurs, mentors and potential investors. They are also a supply side policy tool. | Social entrepreneurs and SEs | <ul style="list-style-type: none"> • Tracking jobs, revenue, and in some cases, return on investment and societal impact over 4-6 years of the start-up's life is the ultimate impact. Includes period of incubation (1.5–3 years) and post-incubation (1–3 years).¹ |

¹ National Entrepreneurship Network. "Guidelines – Metrics & Milestones for Successful Incubator Development" (Wadhvani Foundation, 2013), 20.

FINANCING SOLUTIONS

| Policy Tool | Countries Using the Tool | Name of the Initiative | Objective | Description | Beneficiaries | Results or Impact Metric |
|------------------------|--------------------------------------|--|---|---|----------------------|---|
| Loans (Social Finance) | United Kingdom, South Korea | Future-builders UK Korea Social Investment | Pursue sustainable financial management through recoverable investments | Loans to businesses that create social value in social, environmental, cultural and educational areas, or loans to businesses that expand the base of social economy by supporting social business, cooperation association, social venture, etc. The investment of the programs can be government-backed. | SEs | <ul style="list-style-type: none"> • Number of loans originated • Loan purpose/type • Number of total market costumers served • Annual business revenue • Number of jobs created/retained • Evolution of social indicators according to SE mission. For example, people served by facilities, students enrolled in school, healthcare facilities financed, patients served, etc. |
| Grants | United States, Chile, United Kingdom | US Innovation Fund (i3), Incubia and Senadis in Chile, Big Lottery Fund UK | Provide access to finance to social entrepreneurs at an early stage of development, when the risks of failure and uncertainty are higher | <p>Financial award given by the government to an eligible grantee. Are not exempt from being repaid by the grantee. Grantees are selected from open competitions and winners provide periodic progress reports.</p> <p>It is a supply policy tool since it aims at strengthening social ventures by providing financial incentives.</p> | Social entrepreneurs | <ul style="list-style-type: none"> • Number of loans granted • Grants purpose/type • Number of entrepreneurs that are successful entering a market • Annual business revenue • Number of jobs created/retained • Evolution of social indicators according to SE mission. For example, people served by facilities, students enrolled in school, health facilities financed, patients served, etc. |
| End-user subsidies | South Korea | Voucher Program for Welfare Services | Promote and facilitate usage of welfare services or social innovations by reducing financial burden on the beneficiary through direct government subsidies for certain programs | <p>Certificates of government funding that users can employ to fully or partially cover for welfare services. In some cases, the certificates can be used to reimburse expenses.</p> <p>It is a demand policy tool since it improves the conditions for the uptake of innovations.</p> | End users, SEs | <ul style="list-style-type: none"> • Number of beneficiaries • Type of beneficiaries • Indicators depending on the welfare service. For example, enrollment rate for education programs, graduation rate for education programs, people with access to health services, people with access to energy sources, etc. |

FINANCING SOLUTIONS, contd.

| Policy Tool | Countries Using the Tool | Name of the Initiative | Objective | Description | Beneficiaries | Results or Impact Metric |
|---------------------|--------------------------|--|--|---|--------------------------------|---|
| Guarantee funds | Italy, South Korea | Il Fondo di Garanzia per le Cooperative Sociali in IT, KODIT in SK | Lead balanced development of SE sector by extending credit guarantees for the liabilities of promising SEs, which lack tangible collateral | Credit guarantee services facilitate the financing of SEs through the credit guarantees and stimulate the sound credit transaction through the efficient management of credit information. Involves three parties: the guarantor, the debtor, and the creditor (financial institution). If the debtor defaults, the fund pays the guarantee obligation to financial institutions in place of the debtor. It is also a supply policy tool. | SEs | <ul style="list-style-type: none"> • Growth rate on loan provision for SEs • Effect on turnover, number of employees, and services reach of SEs |
| Social Impact Bonds | United Kingdom | Center for Social Impact Bonds | Help governments fund critical social programs through a combination of government initiation, private investment and non-profit implementation ² | Financial mechanism through which investors pay for a set of interventions to improve a social outcome that is of social or financial interest to a government. If the social outcome improves, the government commissioner repays investors for their initial investment plus a return for the financial risks. If the social outcomes are not achieved, investors stand to lose their investment. ³ | SEs, beneficiaries, government | <ul style="list-style-type: none"> • Impact indicators, such as increase or reduction of reoffending of prisoners, youth recidivism rates by juvenile offenders, infant mortality rates, etc. |
| Stock Exchange | United Kingdom | Social Stock Exchange | Provide access to a regulated exchange dedicated to businesses and investors seeking to achieve a positive social and environmental impact | Accessible buyers' and sellers' public marketplace where investors and businesses of all sizes can achieve greater impact either through capital allocation or capital raising. ⁴ | SEs, Investors. | <ul style="list-style-type: none"> • Money raised by SEs • Social impact generated by social investments channeled through stock. For example: patients accessing new facilities, annual energy savings, number of clean energy generators, number of vulnerable people in employment, etc. |

² Rockefeller Foundation. "Social Impact Bonds." Accessed on May 2th, 2016. <https://www.rockefellerfoundation.org/our-work/initiatives/social-impact-bonds/>

³ Social Finance. "Social Impact Bonds." Accessed on May 2th, 2016. <http://www.socialfinance.org.uk/services/social-impact-bonds/>

⁴ Social Stock Exchange. "What we do." Accessed on May 2th, 2016. <http://socialstockexchange.com/about-ssx/what-we-do/>

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Frameworks

MATURE POLICY FRAMEWORK

UNITED KINGDOM

STRATEGIC

The Coalition Government Programme (2010–2015) reflected the commitment of the UK Government to support the creation and expansion of social enterprises and to enable them to have a greater involvement in the provision and running of public services.

KEY POLICIES

- 2010–2015 Government Policy: Social Enterprise
- 2012 Social Value Act

KEY INSTITUTIONS

- Office for Civil Society—Cabinet Office
- All Party Parliamentary Group on Social Enterprise (APPG)
- Social Enterprise UK
- Center for Social Impact Bonds

KEY GOVERNMENT INITIATIVES IN THE ECOSYSTEM

Regulation

- Legal form: Community Interest Company created in 2005
- Social investment tax relief 2012

Financing

- Funding Central
- Big Societal Capital
- Big Lottery Fund
- Social Outcomes Fund
- Commissioning Better Outcomes Fund
- Investment and Contract Readiness Fund

Capacity Development and Human Capital

- Social Incubator Fund
- Social Value Procurement Training
- Commercial Skills Master Class for Public Service Delivery
- Small charities training program
- Public sector mutual training

Information and Networks

- Civil Society Red Tape Challenge 2012
- Dame Mary Marsh Review of Skills & Leadership in the voluntary, community and Social Enterprise Sector
- Social Investment Research Council
- Contracts Finders
- Social Value Awards
- Transforming local infrastructure awards

SEs have been part of the UK government policy agenda for almost two decades. Important milestones characterized the evolution of government support towards SEs. In 1997, during his first policy speech, former Prime Minister Tony Blair committed to support social entrepreneurs. In 2001, the Social Enterprise Unit was created in the Department for Trade and Industry. Later, in 2005 a new legislation was enacted to introduce a new form of corporate entity suitable to SEs, the Community Interest Company⁵ (Social Enterprise UK, 2016).

More recently, SEs were included in the Coalition Government Program 2010–2015, which reflects the commitment of the government to keep fostering SEs and to create mechanisms through which they can get involved in the provision of public services.

Important **Regulations** were approved during this period. In 2012, the Social Value Act was passed in order to open up more opportunities for SEs to deliver public services, and in 2014 the Government launched the Social Investment Tax Relief, which gives 30 percent personal tax relief for investors in SEs up to £5m.

On the area of **Information**, the State has pioneered initiatives such as the Red Tape Challenge to facilitate and speed up the creation of SEs and studies such as the Dame Mary Marsh Review of Skills & Leadership in the Voluntary, Community and Social Enterprise Sector which identified social sector's most vital needs around attracting and developing a skilled workforce and leadership.

Networks such as Social Enterprise UK and the Social Entrepreneurship Partnership (formed by the School for Social Entrepreneurs, UnLtd, CAN, Plunkett Foundation and Social Firms UK) are strategic partners for the Government and they receive public financial support over four year programs in order to continue representing the sector to government and vice-versa among other commitments.

The **Financial** policy tools available for SEs include impact bonds and grants such as Big Society Capital, launched in 2011 with £600m of investment for SEs and the Big Lottery Fund that supports the aspirations of people who want to make life better for their communities, by giving grants from £300 to more than £500,000.

The Government has also provided financial support to SEs in order to help them develop the skills necessary to manage contracts with the State for delivering public services. For instance, the Investment and Contract Readiness Fund (a £10 million fund managed by the Social Investment Business on behalf of the Office for Civil Society) that aims to ensure social ventures are better equipped to secure new forms of investment and compete for public service contracts.

To generate **Capacity Development**, the Government launched funds such as the Investment and Contract Readiness Fund which helps SEs to be ready for engaging on public contracts, and the Social Incubator Fund that provides grants to social incubators and aims to help drive a robust pipeline of start-up social ventures into the social investment market, by increasing focus on incubation support, and attracting new incubators into the market.

Last but not least, the government offers support for **Human Capital** development through a series of training focused on increasing the commercial skills of SEs and their ability to engage on public service delivery through public procurement.

⁵ According to the Government of the United Kingdom, a Community Interest Company is defined as special type of limited company which exists to benefit the community rather than private shareholders.

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UNITED STATES

STRATEGIC

The Edward M. Kennedy Serve America Act signed by President Barak Obama in 2009 announced an expansion of the federal national and community service towards the inclusion of more Americans in service that has an impact (The White House, 2009).

KEY POLICIES

- Opportunity for All - President's Budget Fiscal year 2015
- Jumpstart Our Business Startups (JOBS) Act
- National Impact Initiative 2013

KEY INSTITUTIONS

- Office of Social Innovation and Civic Participation
- US Small Business Administration
- US National Advisory Board on Impact Investing
- Corporation for National and Community Service CNCS
- USAID

KEY GOVERNMENT INITIATIVES IN THE ECOSYSTEM

Regulation

- Legal form: Depending on each State: Benefit Corporations, LC3, Social Purpose Corporations
- Program – Related Investments
- New Guidance on Economically Targeted Investments by Pension Funds

Financing

- Social Innovation Fund
- Invest in Innovation Fund (Department of Education)
- Impact Investment Fund
- Pay for Success Grant Program

Capacity Development and Human Capital

- Partnering to Accelerate Entrepreneurship Initiative
- Development Innovation Ventures
- The Accelerating Market-Driven Partnerships

Information and Networks

- United We Serve
- Community Solutions Tour
- Prizes and Challenges through Challenge.gov

The Edward M. Kennedy Serve America Act signed in 2009 triggered an important public effort to promote SEs domestically and internationally during the last years, specially under the notion that service is a solution to educational, health, clean energy and economic opportunity challenges.

During the last years, the Administration has focused several efforts towards catalyzing social innovation, impact investing and has emphasized the importance of using evidence and evaluation of policy decisions to guarantee a more effective government (Executive Office of the President, 2012).

The Office of Social Innovation and Civic Participation, the Corporation for National and Community Service and the US Small Business Administration are key public actors in the social enterprise ecosystem, and are providing different programs to foster the growth of this sector. USAID has been focusing its efforts on promoting SEs with a global perspective.

Among the most relevant **Regulations** to support SEs are the different State reforms through which a new legal form for SEs has been created. In 2010, Maryland became the first U.S. state to pass the benefit corporation legislation. 31 additional states including Washington D.C. have passed similar legislations (Benefit Corporation⁶, 2016). Similar legislations in other states reflect other alternatives such as the Low-Profit Limited Liability Company (LC3) or the Flexible Purpose Corporation (FPC).

At the federal level, regulations to facilitate the flow of private capital toward business models that can generate social, environmental and financial returns, such as the Program – Related Investments (PRIs) of the US Treasury Department and IRS, or the Economically Targeted Investments (ETIS) of the U.S. Department of Labor have been approved.

The Administration also passed in April 2015, the Jumpstart Our Business Startups (JOBS) Act, which allows SEs to use crowdfunding as a raising capital strategy (up to \$1 million US dollar) from micro investors who can purchase a part of the venture.

The U.S. Government is also providing funding initiatives that provide **Financial** solutions for SEs, specially grants programs such as Social Innovation Fund of the Corporation for National and Community Service, that provides grants that range from 1 to 5 million US Dollars for up to five years to grow promising community-based solutions that have evidence of results in areas such as: economic opportunity, healthy futures, and youth development. Significant public investment is also allocated through impact investment schemes such as the Impact Investment Fund of the US Small Business Administration, which each year makes roughly \$200 million US Dollar available to support small business investment strategies that maximize financial return while also yielding enhanced social, environmental or economic impact, or the Pay for Success Grant Program that will provide up to \$10.6 million in grants in 2016 to organizations seeking to advance and evaluate emerging models that align payment for social services with verified social outcomes (The White House, 2015).

Different efforts have been deployed by the State under the National Impact Initiative (NII), specially when it comes to support different **Capacity Development and Human Capital** efforts to create a global impact economy, and USAID has an important role on this endeavor. For example, the Partnering to Accelerate Entrepreneurship Initiative (PACE) that invest up to \$10 million through partnerships on scalable models for accelerating the growth of early-stage enterprises in developing countries, or the Development Innovation Ventures Program, launched in 2010 that holds a grant competitions for innovative ideas,

⁶ According to B Lab, a benefit corporation is a new legal tool to create a solid foundation for long-term mission alignment and value creation. It protects mission through capital raises and leadership changes, creates more flexibility when evaluating potential sale and liquidity options, and prepares businesses to lead a mission-driven life post-IPO.

pilots and scales those solutions that demonstrate widespread impact and cost-effectiveness (USAID, 2013).

The government is also providing relevant **Information and Networks**. They raise awareness and promote successful stories through initiatives such as the Community Solutions Tour, where the President of the United States visits local initiatives in order to highlight good examples of service, social innovation and partnerships that are having impact. Finally, on a coordinating effort between the White House Office of Social Innovation and Civic Participation (SICP), the Office of Science and Technology Policy (OSTP), and the Federal agencies, the Government promotes the use of prizes and challenges to engage civic innovators, entrepreneurs, and citizen scientists to solve problems in areas such as energy, public safety, health, cyber security, and infrastructure through the platform Challenge.gov.

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SOUTH KOREA

STRATEGIC

The Vision of the President Office of the Government of South Korea is going through a paradigm shift in National Development that focuses on social capital as a new paradigm of social progress.

KEY POLICIES

- Law on the promotion of social enterprises 2006
- Employment and Labor Policy 2013
- National Employment Strategy 2020

KEY INSTITUTIONS

- Ministry of Employment and Labor
- Korean Social Enterprise Promotion Agency

KEY GOVERNMENT INITIATIVES IN THE ECOSYSTEM

Regulation

- Legal form: Cooperatives, public corporations, non-profit organizations, social welfare corporations
- Certification for Social Enterprises provides benefits:
 - Preference on public procurement
 - Payroll subsidy
 - Tax benefits and subsidy for social security premiums

Financing

- Smile Microcredit Loans
- Low interest loans of Korean Small Business Corporation
- Credit Guarantee Fund KODIT

Capacity Development and Human Capital

- Promotion of Creative Social Enterprises
- Social Venture Competition
- Social Enterprise Academy
- Business and Market Development Consulting for SEs
- Public purchase education and workshop
- Seoul Creative Lab
- Young Enterprise Program
- Small and Medium Business Corporation

Information and Networks

- Seoul Social Economy Centre
- Measurement and Evaluation Reports on Social Enterprises
- Integrated Information System (under development)
- Social Enterprise Week

The Government of Korea is going through a paradigm shift in National Development that focuses on social capital as a new paradigm of social progress. This might explain the active role that the Government has taken on the promotion of the Social Enterprise ecosystem.

The Government highlighted the role of SEs on the Employment and Labor Policy of 2013 and on the National Employment Strategy 2020, where SEs are recognized as generators of decent jobs.

On **Regulation**, South Korea is one of the fewest countries in Asia with a Law on the Promotion of Social Enterprises, which was passed in 2006. The purpose of this act is to contribute to the improvement of citizens' quality of life by expanding social services, to social integration and jobs creation. Cooperatives, public corporations, non-profit organizations, social welfare corporations can be certified by the Ministry of Employment and Labor as SEs according to the definition provided in the law⁷.

The certification as a Social Enterprise entails benefits such as preferential treatment on public procurement, subsidies for payroll and for social security premiums and tax exemptions.

The Government also created the Korean Social Enterprise Promotion Agency (KoSEA), which has several programs to support the ecosystem and individual SEs.

On **Financing**, Smile Microcredit Bank Foundation and the Small Business Corporation offer loans to certified SEs. The loans limits are 4.5 million won, at an annual interest rates that range between 3 percent to 4.5 percent, with 5 to 8 years for repayment including grace periods that range from 6 months to even 3 years. Additionally, the Regional Credit Guarantee Foundation and Credit Guarantee Fund KODIT extend credit guarantees for the liabilities of promising SEs with lack of tangible collateral.

The Social Enterprise Academy is one of the many **Capacity Development and Human Capital** programs offered by KoSEA. The academy provides a training to strength the managerial skills of social entrepreneurs. KoSEA also offers awards through competitions among social venture businesses and promotes creative SEs by providing them with mentoring, links to investors, professional consulting and subsidizes the expenses related to the start up (up to 50 million won base don feasibility assessment).

Finally, KoSEA is also engaged on the generation of **information and networks** for SEs by organizing events such as the Social Enterprise Week, Social Enterprise Day Ceremony and weekly events, where various stakeholders from SEs, to government and private companies can gather together and network. They also provide relevant information such as measurement and evaluation reports on SEs as autonomous management disclosures of these enterprises. KoSEA is also developing an integrated information system that will manage and store information and to share relevant information and resources of the different actors in the ecosystem.

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⁷ The Law defines "social enterprise" as enterprises that pursue a social objective, such as raising local residents' quality of life, etc., by providing vulnerable groups with social services or jobs while conducting business activities, such as the production and sale of goods and services, etc.

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CANADA

STRATEGIC

SEs were part of the strategic vision of the Federal Government, especially during 2003–2006, when a Federal Parliamentary Secretary with a special focus on social economy was created as well as the Social Economy Initiative. More recently they have been included on the annual economic action plans.

KEY POLICIES

- Economic Action Plan 2014, 2015
- Ontario Social Enterprise Strategy 2015
- Action Plan for Collective Entrepreneurship of Quebec (2008–2013)

KEY INSTITUTIONS

- Ministry of Employment and Social Development
- Canada Business Network
- Local Governments in British Columbia, Ontario, Quebec, Nova Scotia, Edmonton.

KEY GOVERNMENT INITIATIVES IN THE ECOSYSTEM

Regulation

- Legal form:
Common legal forms: charities, non-profit societies, co-operatives and corporations
- Local legal forms: Community Contribution Companies (C3s) in British Columbia and Community Interest Companies (CICs) in Nova Scotia

Financing

- Social Finance Initiative
- Pay for performance schemes
- Matching taxpayer dollars with non-government contributions to extend impact
- Social Enterprise Demonstration Fund of Ontario
- Edmonton Social Enterprise Fund

Capacity Development and Human Capital

- Social Finance Accelerator Initiative
- Workshops and Training
- Youth Entrepreneurship Challenge Quebec

Information and Networks

- Social Enterprise Sector Survey
- Canada Business Network information on how to start and grow a social enterprise

SEs have been part of the government vision during some periods along the last decade, especially during the period 2004–2006, when the Social Economy Initiative was implemented. Different visions of the Governments in turn made it difficult to build a long-term national vision for the sector. However, at the local or regional level, SEs have tracked more attention and support from the public sector.

The Economic Action Plans of 2014 and 2015 of the Federal Government included support to social entrepreneurs with innovative solutions and announced the implementation of a social finance accelerator initiative to help develop promising social finance proposals (Government of Canada, 2014–2015).

At the local level, the government of Ontario developed a Social Enterprise Strategy in 2015 that focuses on building a social enterprise brand, creating a vibrant social finance marketplace, connecting SEs with stakeholders and improve service delivery by integrating SEs on public procurement. In Quebec, the Government implemented an Action Plan for Collective Entrepreneurship from 2008 to 2013, and last year launched a new plan for 2015 – 2020 which includes the recapitalization of the Social Investment Network of Quebec (RISQ) to \$ 10 million in height, the allowance of \$ 20 million of collective entrepreneurship Infrastructure Program (CEIP) and the budget of 30 million dollars for the revival of the Program to Promote the capitalization of social economy Investment firms of Québec.

On **Regulation**, the common legal structures used by SEs at the national level are charities, non-profit societies, co-operatives and corporations. At a local level, the Community Contribution Companies (C3s) and the Community Interest Companies (CICs), were introduced as new legal forms for SEs in British Columbia and Nova Scotia respectively (O'Connor, 2014).

On the **Financing** area, the Ministry of Employment and Social Development is piloting innovative funding schemes with SEs such as pay for performance schemes and matching taxpayer dollars with non-government contributions to extend the impact of interventions. An example is the Project Employment Support to Ex Offenders – Rideau SEs implemented in Ontario from 2011 – 2013 to test if providing skills development and work experience through SEs to ex-offenders improves their chances of securing permanent employment, thereby preventing and reducing the incidence of homelessness (Employment and Social Development Canada, 2014).

Another example is how SEs are actively engaged in affordable housing projects in Canada. They are engaged in several endeavors from the provision of affordable housing to related activities that help improve the quality of life for tenants (Canada Mortgage and Housing Corporation).

At the local level, different Social Finance Investment Funds provide access to capital for SEs, for instance the Social Enterprise Demonstration Fund of Ontario and the Edmonton Social Enterprise Fund.

On the **Capacity Development and Human Capital** area, the Ministry of Employment and Social Development commissioned the Social Finance Accelerator Initiative to facilitate workshops, advisory services, mentorship, networking opportunities and investor introductions to help promising social finance proposals become investment-read and turn social entrepreneurs' proposals into action.

The Government also promotes workshops and trainings such as the “New pathways to health and well-being through social enterprise workshop” co-hosted by the Canadian Institutes of Health Research and other institutions to start collaboration and engagement of SEs to impact health in Canada.

At the local level, initiatives such as the Youth Entrepreneurship Challenge in Quebec are promoted to support experimental entrepreneurial activities with potential to contribute to lessening spatial disparities in entrepreneurial and economic performance.

Finally, on **Information and Networks** the Government supported the development of the Canadian National Social Enterprise Sector Survey 2016, which got a response of 1350 SEs, and through Canada Business Network, SEs have access to comprehensive information about all the resources available to start and growth their social ventures.

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POLAND

STRATEGIC

Europe 2020 and the National Reform Programme – Europe 2020

KEY POLICIES

- National Strategy of Regional Development
- Social Capital Development Strategy
- Act on Social Enterprises (under development)
- Development Strategy 2007 – 2013 Malopolska

KEY INSTITUTIONS

- Ministry of Labour and Social Policy
- Council on Systemic Solutions in the Field of Social Economy

KEY GOVERNMENT INITIATIVES IN THE ECOSYSTEM

Regulation

- Legal form: Social Cooperatives is an alternative legal form for now
- The Act on Social Enterprises (under development) will introduce a status for social enterprises that can be attached to different legal forms.

Financing

- Polish Labour Fund
- Polish American Community Assistance Fund PAFPIO
- The Social Economy Fund
- The European Social Fund
- Fund for Social Economy in Malopolsk

Capacity Development and Human Capital

- ESF - Operational Programme Human Capital 2007 – 2013
- ESF- Integrated System of Social Economy Support 2009 - 2014
- Social Economy Support Center OWES

Information and Networks

- Network of five Social Economy Centres
- National Centre for Social Economy

Social Economy in Poland has a long tradition where worker cooperatives have a strong presence. However, SEs have gained relevance and the Government is starting to engage with SEs through their policy agenda.

Poland published in 2011 the National Reform Programme–Europe 2020, which is a response to the development challenges that the country faces and which are related to the priorities identified under the EU Commission’s Europe 2020 Strategy. Among the different priorities targeted at the report, social economy and SEs are seen as instruments to support social integration through the extension of instruments providing the excluded to access to social services and thus help them return to labor market, and it presents legislative and financial instruments to foster them (Republic of Poland, 2011).

In 2008, a Council on Systemic Solutions in the Field of Social Economy was created at the Ministry of Labour and Social Policy. The definition of a National Programme for Social Economy and the presentation of a draft of the Act on Social Enterprise were tasks assigned to the Council (European Commission, 2014)

On **Regulation**, the Social Enterprise Act is under development, and its draft defines SEs as small-medium sized enterprises of various legal forms, which give an employment for people from disadvantaged group or is providing public interest services (Social Entrepreneurship Network, 2014). The organizations that could apply for the status of social enterprise include social cooperatives⁸, non-profit organizations, employment cooperatives, and limited liability companies pursuing public benefit and not focusing on profits, social inclusion centers and clubs, among others.

The Act foresees certain fiscal incentives for the SEs such as reduced rates of taxes on real state and property, reduced rates of income tax, exemption for paying the national fund for disabled people and exemption for paying insurance to the Labour Fund (European Commission, 2014).

On **Financing**, the European Commission reports that public grants and credit lines available for social economy entities such as social cooperatives. Public grants are offered through the Polish Labour Fund, which supports people establishing social cooperatives through a grant equivalent to 3-4 times the average monthly wage. During 2007-2011 just below 500 persons received grants totaling around EUR 1.2 million. Credit lines are offered by the Polish American Community Assistance Fund PAFPIO at 12 percent interest rate for non-government organizations such as foundations and associations. The Social Economy Fund also offered preferential loans to SEs through BGK Bank from 2013 to 2015 of maximum EUR 25.000 approx., for a maximum period of 60 months with a possibility of 6 months of grace. Finally, guarantees are also available but at a local level through the Fund for Social Economy in Maloposk, which has offered over 70 guarantees to social economy entities during three years of operations. Despite the existence of these efforts, the supply of funding for SEs is still considered insufficient. (Social Entrepreneurship Network, 2014).

The European Social Fund (ESF) has partnered with the Government and has funded different programs for **Capacity Development and Human Capital**. These initiatives have been mainly focused developing entities that offered support to SEs. As a result, around 100 social economy support centers (OWES) were supported and operating by the end of 2014. These centers do not have a legal status and operate on a project basis in order to provide consulting and advisory services to support social entrepreneurs. An evaluation of the OWES performed by Coffey International Development for the Ministry of Regional

⁸ Created through the Act on Social cooperatives, they are characterized by the features of a social enterprise recognized at the European level like Combination of social and economic functions in their operation, non-profit distribution constraint, democratic and shared management, high degree of autonomy. Social Cooperatives can benefit from state subsidies, particularly from the employment fund created by or for socially excluded people (European Commission, 2014).

Development in 2013, identified several areas of improvement for these centers, which will receive further funding for the period 2014 – 2020, but they will have to be certified to guarantee better performance.

On **Information and Networks** the government supported the formation of the network of Social Economy Centres (CES). Five centers were created and allocated along five different regions in Poland. Their work was coordinated by the National Centre for Social Economy.

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ITALY

STRATEGIC

Vision Italy 2020

KEY POLICIES

- Law on Social Enterprises 2005
- Act on Social Cooperatives 1991

KEY INSTITUTIONS

- Ministry of Labour and Social Policy

KEY GOVERNMENT INITIATIVES IN THE ECOSYSTEM

Regulation

- Social Enterprise as legal form
- Regulation for Social Cooperatives type A and B

Financing

- EDRF and ESF Structural Fund 2014 - 2020
- Intervento 18 grants
- Guarantee and Financial Fund in Piedmont
- Oasis Fund

Capacity Development and Human Capital

- Fertilia

Information and Networks

- European Social Fund

Italy aligned its Vision 2020 with the regional strategy of Europe 2020 that promotes smart, sustainable and inclusive growth in the region.

Since 1991, non-state initiatives providing social services or facilitating the inclusion of vulnerable people in the labor market were operating under the Act on Social Cooperatives. However, in 2005, the Government approved the Law on Social Enterprises with the objective of promoting pluralism in the production of social utility goods and services and a diversification of sectors activity (Camera, 2006).

This law introduced one of the most relevant changes affecting **Regulation** of SEs in the country. The law creates a status for SEs for organization regardless of its legal form. SEs need to be a private legal entity and its main economic activity has to be organized in order to produce or exchange goods or services for social benefit. The areas where SEs can operate include: social assistance, social and health care, education, protection of the environment, enhancement of cultural heritage, social tourism and instrumental services to SEs.

Another alternative for social economy entities are two types of social cooperatives. Type A are social cooperatives which can supply social, health or educational services, and Type B are social cooperatives which promote integration of disadvantaged groups into the labor market. The difference with the status of SEs, is that social cooperatives can receive tax benefits such as exemptions from the payment of income tax, reduced tax rates, exemption from national insurance contributions, reduced value added tax and have also preferential treatment on public procurement.

The government, through the Ministry of Labour and Social Policy, has partnered with the European Commission to operate initiatives to support SEs through the European Social Fund and the National Operational Program on Social Inclusion, which has a budget of EUR 1238 million. This program aims at implementing new systems and models for social intervention, including the support to social economy initiatives that can help to overcome the fragmentation in the provision of health and social services (European Commission, 2014). Some **Financing** initiatives that will be supported through this program include grants, investment readiness support and dedicated financial instruments such as loans, guarantee schemes and social impact bonds.

At the local context, some local governments have promoted SEs as well. One example is the Guarantee Fund and Subsidized Rate Loans for Social Cooperatives (Fondo di Garanzia e Finanziamenti a tasso agevolato a favore delle cooperative sociali) of the Piedmont region, which provides social cooperatives with guarantees for investments and low rate financing. Another example is Intervento 18, launched by the local government of Trento, which was re-launched in 2012, and provides subsidies partial costs of social cooperatives to pay for disabled or disadvantaged workers, as well as providing tutors and mentors to promote social inclusion at work (European Commission, 2014).

Despite having an approved law, the government does not count with a wide range of programs and initiatives to directly support SEs. One of the programs identified on the **Capacity Development and Human Capital area of the ecosystem** was Fertilia, which was launched in 2001 with support of the Ministry of Labour and Social Policy to provide training, coaching and consultancy services to social cooperatives.

According to the European Commission **Information and Network** activities are integrated on the European Social Fund and the National Operational Program on Social Inclusion as awareness raising, networking and knowledge sharing activities, but little information has been found on official sites.

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CHILE

STRATEGIC

Chile for All – Government Program 2014 - 2018

KEY POLICIES

- Productivity, Innovation and Growth Agenda

KEY INSTITUTIONS

- Ministry of Economy
- CORFO

KEY GOVERNMENT INITIATIVES IN THE ECOSYSTEM

Regulation

- Law Project to create legal framework for social enterprises under development

Financing

- Social Innovation Program
- Competition Funds: Más por Chile, Chile para todos y todas 2015, Incubia Fund, Senadis Fund

Capacity Development and Human Capital

- Seed Subsidy For Flexible Assignment to Support Social Innovation Start Ups

Information and Networks

- Social Innovation Week

The Government Program 2014–2018 of Chile has included the promotion of social innovation as a way to promote social inclusion and further development of the private sector. That vision has also been reflected on the Productivity, Innovation and Growth Agenda, which has 47 measures, 10 bills and 37 administrative initiatives with an investment of US \$ 1,500 million between 2014 and 2018.

On **Regulation**, most of SEs in Chile adopt the form of cooperatives and associations, however they can also adopt other forms such as private limited companies or corporations (Escuela de Administración Pontificia Universidad Católica de Chile, 2012). The Ministry of Economy is developing a law project to establish the rights and duties for SEs through the creation of a legal framework under which they can operate. The project is expected to be sent to the Congress and will consider a formal registration system for SEs.

On **Financing**, the Government has developed several alternatives to support entrepreneurs and enterprises in the country, with a strong focus on technological enterprises or with high growth potential. Fewer alternatives with a special focus on SEs are available and they have been mainly designed as grants. One of the most relevant public initiatives was the Social Innovation Program, which was operated by the Chilean Economic Development Agency (CORFO) and provided seed capital to finance entrepreneurs with social innovation projects.

The Ministry of Social Development has also created competition funds such as Mas por Chile (More for Chile), Chile de Todos y Todas 2015 (Chile for Everybody 2015) or Incubia Fund, that represent an opportunity for SEs in order to receive support to solutions aiming at overcome poverty or at strengthen youth. Finally, the National Disability Service (SENADIS) also launched a competition fund, which provides access to the full or partial funding to develop projects of social inclusion of people with disabilities activities.

The Government has also engaged on supporting **Capacity Development and Human Capital** efforts. A good example is the Seed Subsidy for Flexible Assignment to Support Social Innovation Start Ups launched by CORFO in 2015. The objective of this program was to support Initiatives that generate high social, labor and environmental impact, by supporting institutions and organizations in the community positioned so that they can identify more clearly the different social and environmental needs. The program provided approximately US\$ 1 million US Dollars in 2015 as financial support for incubators in order to incentive the support SEs.

The Government has supported **Information and Networks**, especially by raising awareness through the promotion of those ideas that have received support from the government funds.

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MALAYSIA

STRATEGIC

Tenth Malaysian Plan 2010 - 2015

KEY POLICIES

- National Social Enterprise Blueprint 2015 - 2018

KEY INSTITUTIONS

- Social Entrepreneurship Unit at Malaysian Global Innovation and Creativity Centre (MaGIC)

KEY GOVERNMENT INITIATIVES IN THE ECOSYSTEM

Regulation

- Operational definition but no legal form created.

Financing

- Government provided RM 20 million to set the Social Entrepreneurship Unit at MaGIC.
- CRADLE
- Mavcap – Venture Capital

Capacity Development and Human Capital

- Social Enterprise Track
- Social Enterprise learning sessions

Information and Networks

- Global Social Business Summit 2013
- Sehati Fest
- SE Bootcamp
- SE Community Outreach
- MaGIC Amplify Awards
- Social Enterprise National Survey (under development)

High income, inclusiveness and sustainability are the three premises of the Government's Tenth Malaysian Plan 2010. The Government is moving away from the traditional view where it is the primary supplier of public services and goods and is adopting slowly a people-centric approach to answer the public's increasing demand for access and quality of service. The Government has identified the potential of SEs in front of challenges such as improving student outcomes, raising living standards of low income households and improving rural development (MaGIC, 2015).

In 2013, the Prime Minister created a social entrepreneurship unit under the Malaysian Global Innovation and Creativity Centre (MaGIC) to foster SEs that deliver significant impact to their communities and environment. Through this platform, the Government plans to coordinate and promote collaboration between private and public efforts.

The Malaysian Government decision to unleash the power of social entrepreneurship is reflected on the Malaysian Social Enterprise Blueprint 2015–2018. This three-year roadmap aims at building a self-sustaining, equitable and people centric sector in order to empower impact-driven entrepreneurs (MaGIC, 2015).

On **Regulation**, the Government has not created a new legal form for SEs, but along the blueprint it has defined the main characteristics of SEs including business viability, impact-driven, inclusive equity, inclusive governance, transparency and fair compensation and returns.

On **Financing**, Prime Minister, YAB Dato' Sri Najib Razak committed RM 20 Million to set up the Social Entrepreneurship Unit at MaGIC. Financial alternatives for SEs are still needed in the ecosystem, however there are plenty alternatives for entrepreneurs in general, for example the CRADLE in an agency under the Ministry of Finance that manages a RM100 million Investment Program to support entrepreneurs who focuses on technologies for the environment. Another example is MAVCAP, a venture capital fund supported by the Government that invests in infant ICT companies. Grants such as the Business Start-up Fund or the Creative Industry Fund are also available.

On **Capacity Development and Human Capital**, the Blueprint considers strategies to embed social entrepreneurship in the educational curriculum of public and private academic institutions (starting at secondary level) as well as the provision of continuous technical and capability opportunities.

The Malaysian Global Innovation and Creativity Center offers as part of their academic program, SEs learning sessions on how to discover new ideas, build prototypes and how to achieve growth and scale. The Center also offers the Social Enterprise Track, the first social enterprise accelerator of the country. Through the program the entrepreneurs get seed capital of RM 30,000 to pilot the idea, RM 1,500 monthly allowance for each participant, free accommodation during the program and RM 1,000 for transportation to participate in the program.

On **Information and Networks**, the Government, through MaGIC, support the realization of summits and events to raise awareness in the community about SEs, for instance the Global Social Business Summit in 2013, Sehati Fest (a talk fest featuring local social entrepreneurs), Social Enterprise Bootcamp (a 48 hour course to provide the fundamental skills of a social entrepreneur), the SE Community Outreach (visits to local communities in urban and rural areas to introduce social entrepreneurship) and the Amplify Awards (a platform to highlight and support high growth potential SEs and help them pilot or scale their ideas).

Finally, the Centre is conducting a Social Enterprise National Survey in order to understand the sector.

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THAILAND

STRATEGIC

National Social Enterprise Committee 2009

KEY POLICIES

- Social Enterprise Master Plan Act 2555
- Regulations for National Social Enterprise Act 2554

KEY INSTITUTIONS

- Thai Social Enterprise Office

KEY GOVERNMENT INITIATIVES IN THE ECOSYSTEM

Regulation

- Operational definition but no legal form created.

Financing

- Village Fund Program
- Stock Exchange of Thailand

Capacity Development and Human Capital

- Skills for Social Entrepreneurs SfSE programme
- A Socially Enterprising University

Information and Networks

- The Social Enterprise Awards
- Social Enterprise Talk
- Social Change Film Festival
- Social Enterprise Catalogue

Thailand is considered one of the most active social enterprise ecosystems in southeast Asia (The Guardian, 2015) and the Government has backed up SEs since 2009, when the National Social Enterprise Committee was created in order to increase awareness of the sector and facilitate access to finance.

The Government has also published a Social Enterprise Master Plan Act 2555 for 2010–2014 in which defines the strategies and policy guidelines to develop the social enterprise sector in the country including developing regulations, social and environmental indicators, intermediary organizations such as incubators, develop an educational curriculum for social entrepreneurs and facilitate access to capital by setting incentives for investors.

On **Regulation**, the Government passed the Regulations for the National Social Enterprise Act 2554 in which SEs are defined as a private individual, group or community with the goal to address social issues and community development by following social or environmental principles and where the revenues are not aimed at maximizing the profit of the shareholders or owners.

There is no specific legal form for SEs in Thailand, they can have a variety of organizational forms such as community organizations, private companies, non-profit organizations and even government agencies.

The Thai Social Enterprise Office (TSEO) was created as an independent government agency under the Prime Minister Office in 2011, and it has been designed to be a national focal point for SEs.

On **Financing** the Government has implemented some initiatives such as the 2 Billions-Euros Village Fund Programme, which encouraged local communities to create enterprises for public goods and community interest such as village rice mills, community banks, community pharmacies, etc.

More recently, TSEO has partnered with the Stock Exchange of Thailand to jointly organize seminars and awards to build a social impact investment platform in the country (SET, 2015).

On **Capacity Development and Human Capital** TSEO supports initiatives such as the SfSE Program and “A Socially Enterprising University” in order to develop and deliver training programs to empower social entrepreneurs to enhance the impact of their work. The office also supports training programs provided by intermediaries such as Change Fusion which focus on working with social entrepreneurs to craft effective pitches, write strong business plans, add value to products and services and raise funds. (British Council, 2015). TSEO also offers various talks on social and environmental issues, design thinking, education for change, etc.

On **Information and Networks** TSEO organizes events for SEs and entrepreneurs such as the Social Enterprise Talk, Social Change Film Festival and the Thai Social Enterprise Awards as an attempt to raise awareness among the public. TSEO also supports intermediary initiatives that facilitate the creation and growth of networks in the country, such as those which offer co-working and training spaces such as Untld, Change Fussion, and Igenius.

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INDIA

STRATEGIC

12th Five Year Plan 2012 – 2017 / Decade of Innovation
National Innovation Council and Sectorial Innovation Councils

KEY POLICIES

- National Policy on Skill Development and Entrepreneurship 2015

KEY INSTITUTIONS

- National Innovation Council and Sectorial Innovation Councils
- Ministry of Skill Development and Entrepreneurship
- Small Industries Development Bank- SIBI Venture

KEY GOVERNMENT INITIATIVES IN THE ECOSYSTEM

Regulation

- No legal form created.

Financing

- Samridhi Fund
- Maharashtra State Social Venture Fund
- India Inclusive Innovation Fund
- Venture Capital Fund for Scheduled Castes
- Credit Enhancement Guarantee Scheme for Scheduled Classes.

Capacity Development and Human Capital

- No specific programs for social enterprises supported by the Government

Information and Networks

- India Innovation Portal

The Government of India has started to pursue SEs among the policy agenda they implement. According to the 12th Five Year Plan 2012–2017, the Government is fostering a faster, sustainable and more inclusive growth. The plan includes “The Decade of Innovation,” which aims at positioning India as a global leader of frugal cost and innovative solutions. In order to achieve this, the plan prioritizes social enterprise innovation and presents a set of strategies and policy guidelines to establish an ecosystem of capacity building around BoP solutions.

India also has a National Innovation Council. It was created to facilitate and guide the discussions, analysis, and the implementation of strategies for inclusive innovation in the country, and it has been the institution in charge of the formulation of a roadmap for innovation for the period 2010–2020. Sectorial Innovation Councils have also been created in order to foster local innovation in specific sectors.

More recently, the National Policy on Skill Development and Entrepreneurship 2015 was approved. This policy includes a section that describes how to promote social entrepreneurship and grassroots innovations and encourages universities and academic institutions to launch social entrepreneurship courses, offers fiscal incentives to attract investors, facilitates the creation of SEs through social incubators, and encourages innovators to patent creative ideas and to create grass-root technologies.

On **Regulation**, there is no legal specific form for SEs or tax concessions. According to Intellectap, around 80 percent of SEs in India are registered as Private Limited Companies, 4 percent as partnerships, 6 percent as proprietorship, 1 percent as producer companies and 9 percent as hybrid organizations.

On **Financing**, the Government, through the Small Industries Development Bank-SIBI Venture, launched a ₹430 Crore social venture capital fund called Samridhi Fund to provide risk capital to scalable enterprises that provide economic, social or environmental benefits to the poor in eight low income states in India. The State of Maharashtra State also created on September 2015, a similar venture capital fund, which will invest no more than Rs.25 crore on a single investee company, with a target period of four to five years. Other alternatives are the India Inclusive Innovation Fund, the Venture Capital Fund for Scheduled Castes or the Credit Enhancement Guarantee Scheme for Scheduled Classes. More alternatives are available for small and medium sized enterprises that SEs could consider as well. For instance, the India Opportunities Venture Fund, the Kisan Credit Card Scheme or the preferential treatment that MSMEs have on the procurement system (20 percent procurement needs to come from MSMEs).

The Government has not engaged yet on initiatives to support **Capacity Development and Human Capital** for SEs, however there are programs to support MSMEs. On **Information and Networks**, the Government manages the Indian Innovation Portal which presents networks of people, ideas, experiences and resources to galvanize the innovation community in India. It does not have a section on SEs, however it is a starting point.

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EGYPT

STRATEGIC

Sustainable Development Strategy: Egypt's Vision 2030

KEY POLICIES

- Egypt's ICT 2020 Strategy

KEY INSTITUTIONS

- Ministry of Communications and Information Technology

KEY GOVERNMENT INITIATIVES IN THE ECOSYSTEM

Regulation

- No legal form created.

Financing

- Youth Social Innovation Program
- SME division at National Bank of Egypt
- ITIDA

Capacity Development and Human Capital

- Technology Innovation and Entrepreneurship Center (TIEC)
- ICT 4 Development Program
- The Virtual Incubation Program

Information and Networks

- Start IT

After the Arab Spring, SEs are emerging in Egypt as an approach to provide a response to the big socio economic challenges that the country faces, especially those related to economic stagnation, youth unemployment, inequality and poor health services. Civil society is the main actor mobilizing the SE sector in the country, while the Government is slowly starting to pay attention to the sector.

On May 2015, the Government launched the Sustainable Development Strategy: Egypt's Vision 2030, which aims at creating a modern, open, democratic, productive and happy society. As part of this strategy the Government is looking to increase the share of renewable energy in the energy matrix, to ensure that boys and girls complete free, equitable and quality primary and secondary education and to achieve universal health coverage. SEs are not recognized along the strategy as key actors or partners, but the strategy can certainly represent an opportunity for collaboration.

It is within a very specific policy agenda that SEs have been recognized as a relevant actor. The Egypt's ICT 2020 Strategy, focuses on three key objectives: the transformation of Egypt into a digital Society, the development of the ICT industry and the establishment of Egypt as a global digital hub.

The strategy includes plans for building a Digital Society, a Health System Development and Educational System Development. Private sector is welcome to increase reach and quality of services, and the Ministry of Communications and Information Technology (MCIT) is fostering capacity building programs for entrepreneurs and social entrepreneurs who can provide solutions and aggregate value to this strategy.

On **Regulation**, there is no specific legal form for SEs. As an alternative, SEs can register as Non-Profit Organizations or as Private Companies, under the NGO Law 84 or the Companies Law 159 respectively.

On **Financing**, scarce specific financial alternatives have been found for SEs. One of them is the Youth Social Innovation Program (YSEP) of the Ministry of Communications and Information Technology. The program provides seed grants to each business plan identified through a competitive selection process, who also receive intensive capacity building workshops to enable the potential young social entrepreneurs to prepare their business plans and mentorship from a professional mentor to assist young social entrepreneurs from initiating idea through opening it to creating social impact.

SEs, could find alternatives under policies focused on small and medium sized enterprises. For example, the National Bank of Egypt provides short, medium and long term financing up to seven years to finance equipment, machinery, building, etc., or guarantee letters to facilitate business among SMEs and their clients. Another possibility for ICT companies is the Information Technology Industry Development Agency (ITIDA), which injects direct and indirect financial support through to enable SMEs to compete and penetrate new markets and increase IT exports.

As mentioned before, on **Capacity Building and Human Capital**, the MCIT offers support especially through the Technology Innovation and Entrepreneurship Center (TIEC). The objective of the center is to drive innovation and entrepreneurship in ICT for the benefit of national economy. They provide start up support program, IP support program and an entrepreneurship accelerator program. One of the programs managed by TIEC is the Virtual Incubation that consists of providing services such as consultations, training and marketing services

Another alternative is the ICT 4 Community Integration of MCIT, which promotes development in rural and marginalized areas through the application of technology solutions. Moreover, they are trying to empower women through illiteracy eradication programs, as well as improving services in education, healthcare and in support of small businesses through the use of ICT tools.

On **Information and Networks**, Start IT is one of the fewest government initiatives identified which represents mechanism to raise awareness. Start IT is a national business plan competition. Winning ideas have the chance to be incubated at one of TIEC network of incubation centers.

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COLOMBIA

STRATEGIC

National Development Plan “Everybody for a New Country 2014 – 2018”

National Council for Economic and Social Policy

KEY POLICIES

- National Public Policy of Social Innovation 2010 (Not published. A new process is under development to bring social innovation as part of the reconciliation process)

KEY INSTITUTIONS

- National Direction of Planning
- National Agency for Overcoming Extreme Poverty
- Colciencias
- SENA

KEY GOVERNMENT INITIATIVES IN THE ECOSYSTEM

Regulation

- No legal form created.

Financing

- Colciencias (Grant competitions)
- Emprender Fund
- Funds managed by SENA

Capacity Development and Human Capital

- Young Entrepreneurs in Rural Areas (SENA)
- Program for Strengthening SMEs (SENA)
- Social Innovation Centre (No longer in operation)

Information and Networks

- National Node of Social Innovation
- Network of Regional Nodes for Social Innovation

Social innovation has been the main driver for the inclusion of SEs along different public policies in Colombia. The National Development Plan Prosperity for All (2010–2014) and Everybody for a New Country (2014–2018), recognized social innovation as a tool to overcome extreme poverty and to promote social strategies.

In 2010, Colombia started a process to build the National Public Policy of Social Innovation, which included a public consultation process and ended in the elaboration of a public policy document with the different articulated efforts to promote social innovation and which was going to be presented at the National Council of Social and Economic Policy (CONPES).

This exercise triggered the creation of the Social Innovation Center in 2011, as well as the creation of the National Node for Social Innovation in 2013. Unfortunately, all these efforts do not operate any longer, and the National Public Policy for Social Innovation has not been published yet.

The Government of Colombia through the National Direction of Planning is revisiting the policy and adapting it to the challenges that the peace process brings.

On **Regulation**, SEs do not have a specific legal form in Colombia yet. A regulation on *public SEs*, owned by the State, was approved in 1994, but it does not apply for private entities.

On **Financing**, no specific financial alternatives have been identified for SEs. However, the Government offers alternatives for entrepreneurs in general such as the grant funds managed by Colciencias, the public institution in charge of implementing the Science, Technology and Innovation policies of the Government. Colciencias offers grants competitions in order to support educational, cultural, internationalization and innovation projects.

Another alternative is a entrepreneurship fund (Fondo Emprender) operated by National Learning Service (SENA). The objective of this fund is to facilitate the creation of enterprises through non-reimbursable seed capital.

On **Capacity Building and Human Capital**, the Government offers programs for entrepreneurs and SMEs through the National Learning Service (SENA). They do not have a specific focus on social enterprises, but could cover some business aspects relevant to social enterprises. An example is the Program for Young Entrepreneurs in Rural Areas, which provides business support and training on entrepreneurial and technical skills relevant for rural economic activities. Their Program for Strengthening SMEs offers business support to companies who are willing to improve their processes, teams, their position in new markets and their profits.

While operating, the Social Innovation Centre operated pilot programs to support social innovation ideas. For instance, they run an Open Social Innovation Competition, in which they were searching for innovative solutions that could eradicate extreme poverty. Other initiatives promoted by the Center were SocialApp which identified solutions based on information and communication technologies to solve social problems, and the Center piloted a program to sponsor young women in the creation of SEs.

Finally, on **Information and Networks**, the Government had an important role promoting the creation of national and regional networks for social innovation. The National Node of Social Innovation was formed when the Government tried to create the National Public Policy on Social Innovation. It led a technical committee formed by the National Agency to Overcome Extreme Poverty, Colciencias and the National Direction of Planning. Discussions around topics including poverty and peace were raised through a web

platform and workshops. The maintenance of these vehicles was difficult due to the lack of economic resources, and they are currently inactive. The Government also promoted the creation the Network of Regional Nodes for Social Innovation, which were created in regions including Caribbean, South – Pacific and Antioquia. Some of them, such as the node in Antioquia, have been able to still operate on a local basis (Villa & Melo, 2015).

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EARLY STAGE POLICY FRAMEWORK

KENYA

STRATEGIC

Kenya Vision 2030

KEY POLICIES

- NGO Act 1990
- Devolved Government 2010
- Micro and Small Enterprise Act 2012
- Science, Technology and Innovation Act 2012

KEY INSTITUTIONS

- Ministry of Industrialization and Enterprise Development
- National Commission for Science, Technology and Innovation

KEY GOVERNMENT INITIATIVES IN THE ECOSYSTEM

Regulation

- No legal form created.

Financing

- Youth Enterprise Development Fund
- Uwezo Fund
- ICDC
- Women Enterprise Fund
- Kenya Industrial Estates Ltd
- Industrial Development Bank
- Agriculture Finance Corporation

Capacity Development and Human Capital

- SIYB Programme
- Productivity improvement program
- Business Program Support
- Kenya Industrial Training Institute
- 4K MSE 2030 Program
- Digital Learning Program and Tusome
- 58 E-Health Hubs

Information and Networks

- Kenya Education Network

Kenya Vision 2030 provides a long-term development vision for the country and aims at transforming Kenya into a newly industrializing, middle-income country and to provide high quality of life to all its citizens by 2030. In this vision, the government set ambitious economic growth targets within the framework of inclusive growth and recognizes the key role of the private sector in order to achieve them.

Kenya has an active social enterprise community, most of which operate as hybrid organizations, private companies or NGOs. The Government has not included SEs as part of its policy agenda, but has certainly set in place a policy framework for entrepreneurship and innovation, private sector development and social inclusion that opens several opportunities for SEs. The devolution process that started in 2010 presents other challenges and opportunities where SEs could represent a great partner for the public sector at the national and local level.

On **Regulation**, there is no specific legal form for SEs. The Public Benefit Organization might represent an alternative for non-profit organizations. It will include an income tax exemption, preferential treatment for value added tax and an exemption on custom duties. It was approved in 2013 but it is still not operating.

SEs can find **Financing** solutions offered by the Government under the innovation and SMEs policies. For example, the Youth Enterprise Development Fund established in 2006 offers loans for to youth enterprises, the Women Enterprise Fund or the Uwezo Fund that provide funds to promote enterprises led by women, youth and persons living with disabilities.

The Industrial and Commercial Development Corporation ICDC offers more sophisticated financial products such as equity, debt and guarantee products specially to manufacturing, agro processing and ICT software development sectors. It's subsidiary, the Kenya Industrial Estates Ltd, offers financing for micro, small and medium sized enterprises countrywide. The Industrial Development Bank and the Agriculture Finance Corporation also offer solutions, but with a more specific sectorial approach.

On **Capacity Building and Human Talent**, the Ministry of Industry Industrialization and Enterprise Development offers capacity building programs, especially for small and medium sized enterprises. For example, the Generate, Start and Improve your Business Program (SIYB) is an entrepreneurial training program or the Productivity Improvement Program which offers business support to SMEs. The Kenya Industrial Training Institute (KITI) provides training and vocational training for existing industries and self-employed.

The Government has not promoted **Information and Networks** for SEs. However, it has experience providing information about educational issues through the Kenya Education Network.

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SOUTH AFRICA

STRATEGIC

Kenya Vision 2030

KEY POLICIES

- Broad-Based Black Economic Empowerment Act of 2003
- Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises 2007
- National Youth Policy 2015 – 2020
- Innovation Policy

KEY INSTITUTIONS

- National Youth Development Agency
- Ministry of Trade and Industry
- Small Enterprise Finance Agency SEFA
- Industrial Development Corporation
- Department of Science and Technology

KEY GOVERNMENT INITIATIVES IN THE ECOSYSTEM

Regulation

- No legal form created.

Financing

- Small Enterprise Finance Agency - loans
- National Empowerment Fund
- Agriculture Finance Corporation

Capacity Development and Human Capital

- Umsobomvu Youth Fund
- DTI Incubator support program

Information and Networks

- Startups Nation South Africa
- Ekurhuleni Business Facilitation Network
- The Innovation Hub
- Socio Economic Innovation Partnerships

Interest in SEs in South Africa is increasing. An active community formed by SEs and non-state actors has been growing during the last years. On the other hand, the Government has not developed public policies with a special focus on the promotion of SEs. However, it has been opened to partner with non-state actors such as private sector and civil society in order to achieve their economic and social objectives, and is it in that space that SEs can find a window of opportunity.

This position is reflected on the National Development Plan 2030 provides a long-term perspective on how to eliminate poverty and reduce inequality, specially by growing an inclusive economy, building capabilities, enhancing the capacity of the state and promoting leadership and partnerships throughout the society (South African Government, 2013).

No specific policies for SEs are yet implemented in South Africa. However, SEs, specially those created as private companies can find public support under the umbrella of the entrepreneurship and small and medium sized policies, specially financing alternatives and enterprise supporting mechanisms. SEs created as NGOs or hybrid organization can also find support under the Innovation policies, such as the support that the Department of Science and Technology provides to innovations for inclusive development and green economy, and the National Youth Policy 2015 – 2020, which promotes the active participation and engagement of youth South Africans in society and economy.

On **Regulation**, South Africa has not created a specific legal form for SEs. According to the Bertha Centre for Social Innovation and Entrepreneurship, SEs can choose from different for profit and non-profit legal forms including: sole proprietorships and partnerships, private companies, trusts, cooperatives, non-profit companies, voluntary associations and non-profit trusts.

On **Financing** the Government offers mainly alternatives targeting entrepreneurs and small and medium sized enterprises, but a special focus on SEs has barely been explored. One of the public organizations that is starting to pay attention to this sector is the Industrial Development Corporation, that announced the creation of a fund to support SEs.

Alternatively, financial solutions for entrepreneurs and SMEs are available. For example, the Small Enterprise Finance Agency is dedicated to the development of small sustainable business through the provision of loans. The National Empowerment Fund also provides funding solutions but they support the Broad-Based Black Economic Empowerment. Among the different funds offered are the Imbewu Fund, designed to support black entrepreneurs and black-owned enterprises with expansion of capital. Finally, for those SEs focusing on agriculture, the Agriculture Finance Corporation offers loans and financial services that could be of their interest.

On **Capacity Building and Human Talent**, SEs can find public initiatives and programs that could provide them with support. For example, the Umsobomvu Youth Fund help young entrepreneurs to develop their business skills through teaching programs and business consulting services. The Ministry of Trade and Industry also offers programs such as the Incubation Support Programme, which objective is to encourage private sector partnerships with the Government to support incubators in order to develop sustainable enterprises. The program provides funding to incubators that over time can generate revenues through the provision of services.

The Government has not promoted **Information and Networks** for SEs. However, it has been involved in the promotion of entrepreneurial information and networks. For instance, the government supported the launch of the initiative Start Up Nations South Africa. At the local level, different spaces have been created

by local governments to foster networks. For example, the Ekurhuleni Business Facilitation Network in the city of Ekurhuleni and the Innovation Hub in the Gauten City Region.

Finally, the Department of Science and Technology is also fostering Socio Economic Innovation partnerships as part of the innovation policy in order to foster collaboration between private, sector, universities, non-profit organizations and government to find solutions for social and economic inclusion and for the development of green environmental initiatives.

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