



BETTER ENTREPRENEURSHIP ONLINE TOOL

GUIDANCE NOTE: INSTITUTIONAL FRAMEWORK

Introduction

Social enterprises concentrate their efforts in finding innovative solutions for pressing social, environmental and economic challenges. These efforts are driven by a strong sense of purpose and contribution to the society coupled with business acumen and entrepreneurial spirit. Governments increasingly value social enterprises as important partners in their efforts to attain sustainability, inclusion, and growth for their societies. As a result, governments can take actions to support the development and growth of social enterprises. Of course, social enterprises can thrive when they receive support that is tailored to their stages of development and the specificities of their business model. In this spirit, governments strive to build conducive ecosystems based on a coherent institutional framework across policy areas, government levels and agencies. At the same time, an institutional framework needs to be inclusive and, therefore, co-designed with the stakeholders that are part of it, if it is to be implemented effectively and endure through time. Finally, the institutional framework needs to be actionable and easy to be monitored.

This action area will help the user to assess whether there is a formal institutional framework (e.g. in the form of a national policy, strategy, action plan, dedicated programme), and a co-ordination mechanism ensuring coherence across government departments or agencies (horizontally) and different government levels (national, regional, local) (vertically). It will also examine the process for developing, implementing, and monitoring the institutional framework (e.g. through the engagement of and co-construction with relevant stakeholders). Finally, it will assess the extent to which institutional bodies, such as chambers of commerce or umbrella organisations, engage with social enterprises.

Recommendations for policy action

Policy levers

- ✓ Establish partnerships with relevant stakeholders since the outset of the policy and/or strategy development process.
- ✓ Take stock of the existing institutional framework and the way it can be adapted to support the development of social enterprises.
- ✓ Ensure policy coherence and coordinate different policy actions that may impact social enterprise development.
- ✓ Enhance communication and coordination efforts within and across the administration.

Pitfalls to avoid

- ☒ Design an institutional framework for social enterprise development without consulting the relevant stakeholders and taking into account the strategies developed by the sector itself.
- ☒ Develop an institutional framework without considering the existing system of norms and procedures that might have an influence (direct or indirect) on the development of social enterprises.
- ☒ Allow overlaps or inconsistencies with other policy actions that may have an impact on social enterprises.

Guidance per assessment statement

2.1. Institutional bodies support and engage with social enterprises.

We invite you to consider the level of support and engagement of institutional bodies that is provided to social enterprises. Is there a statutory body in your territory which can act as a reference point for information regarding social enterprises or monitor and oversee any activities related to them? Do other bodies, such as the chamber of commerce, engage with social enterprises and enhance their interaction with the business community? Finally, we ask you to examine whether there are registries or similar mechanisms that offer recognition to social enterprises and illustrate how they contribute in the economy and the society through their activities in your territory.

Why is it important?

Institutional bodies can impact social enterprises either directly through targeted actions or indirectly by affecting the larger policy framework in which social enterprises operate. For instance, when there is a statutory body for social enterprises, it can act reference point for any matter related to them. This can facilitate the access to information for public agencies, support structures, finance providers and of course social enterprises as such. The statutory body can also lead activities regarding social enterprises, such as raising awareness campaigns. In addition, it can oversee and monitor the implementation of strategies and action plans dedicated to social enterprises or relevant to them, in which case they can ensure that there is coherence among policy actions.

Moreover, other institutional bodies, such as chambers of commerce or similar bodies, can engage with social enterprises and stimulate the interaction of social enterprises with the broader business community. Last but not least, registries or mechanisms with similar functions can offer recognition to social enterprises and capture concretely how they contribute to the economy and the society through their activities. For instance, they can record the geographic distribution of social enterprises across territories, the sectors of activity or the number of employees belonging to vulnerable groups. This precision can help policy makers to target better their policy actions for stimulating the creation and growth of social enterprises. Finally, the information collected through the registries can be useful for researchers for further enhancing the evidence base regarding social enterprises.

Pointers to help tick the appropriate score

In order to score high, in your territory:

- There is a statutory body for social enterprises.
- The chamber of commerce or similar bodies engage with social enterprises.
- There is a registry or another mechanism through which social enterprises get formally recognised.

2.2 Effective coordination mechanisms build synergies among government agencies and across government levels.

We invite you to assess the degree to which your institutional framework for supporting social enterprises is coherent. You can examine how well do government agencies co-ordinate their actions among them and across different government levels.

Why is it important?

Social enterprises often operate at the intersection of different policy areas. Therefore, their activities touch upon the portfolio of different government agencies. At the same time, policy actions at national, regional, and local levels impact social enterprises as well. For example, the effective implementation of national strategy for social enterprises will also depend on the local authorities. Therefore, it is essential to have a coherent institutional framework that allocates effectively the responsibilities concerning social enterprises among government agencies and across government levels in order to avoid inconsistencies and confusion.

Smooth information flow across ministries, government agencies, bodies, and relevant stakeholders is also essential for providing comprehensive and coordinated support to social enterprises. Sharing information can be both through formal and informal channels and what is essential is to be easily accessible and on a regular basis.

Pointers to help tick the appropriate score

In order to score high, in your territory:

- Co-ordination among government agencies works well.
- Co-ordination across government levels works well.
- Information on social enterprise development schemes is shared openly across ministries, agencies, and with relevant stakeholders.

Additional pointers for your consideration

- Informal communication among policy officers in different ministries, departments and agencies and with other relevant stakeholders is regular.
- A formal communication channel exists between the different levels of government and it can be easily accessed.
- Information sessions for civil servants and employees of other relevant bodies are organised with the help of the relevant stakeholders.

Good practice example

The SPP Integration Sociale Agency (Belgium)

In Belgium, the federal government entrusted the responsibility for undertaken activities in partnership with social enterprises to the “[SPP Integration Sociale](#)”, which is the public agency dealing with actions regarding poverty, social economy, and policies for big cities. This service coordinates social enterprise-related policies on the basis of a partnership agreement between the Federal Government, the regions and the German-speaking community. A key principle in the preparation and implementation of policy action is the involvement of stakeholders. The SPP Integration Sociale works in close cooperation with social economy platforms from the different communities of Belgium and is based on a relationship at eye-level, rooted in the mutual recognition of common needs and interests.

2.3. The process for developing policies for supporting social enterprise development is inclusive.

We invite you to examine the degree to which the policy development process for supporting social enterprises is inclusive. To what extent are relevant stakeholders being consulted and, if so, at what stage of the process? Is it early enough in order to have the opportunity to influence the policy design? We also ask you to reflect whether the representation of stakeholders is balanced enough in order to avoid capture of the exercise by some stakeholders' views.

Why is it important?

In order for a policy to be effective, it has to declare its objectives towards a shared interest, define the values and principles of action, identify the action(s) to be taken to pursue the objectives, and identify and consult with the stakeholders involved in the pursuit of the objectives. A dialogue with a large group of relevant stakeholders can allow for better understanding the issue at stake, more effectively responding to it through a well-informed policy, and ensuring its implementation through time. This consultation process is key in the policy design process for social enterprises (as in any other policy). In a consultation process, all relevant stakeholders are associated to one or more key steps:

- a) information – stakeholders are informed about the initiative;
- b) enquiring – stakeholders are requested to express views about the initiative;
- c) reviewing – stakeholders are called to review the contents of a policy initiative and express criticism;
- d) monitoring – stakeholders are given the means to observe and comments on the follow-up of the initiative.

All the relevant stakeholders (and potentially others), who participate in the consultation process, may have a general or specific interest in the way a policy to support social enterprises is being developed. Therefore, during the policy development process, updating the stakeholders is essential not only as a way to inform them but to make sure that their point of view was properly understood and taken into consideration. At the same time, it is important to acknowledge that there will be trade-offs in the stakeholders' interests in order to reach a consensus. Yet, vigilance is required in order to avoid the capture of the exercise by some stakeholders' views.

Finally, outreach and transparency are crucial elements for enhancing the legitimacy and the effective implementation of the policy. This implies that a policy should not only be made public, but also understood by the recipients. This can be achieved by making available the relevant policy documents together with other instruments that could help the general public to understand the scope of the policy.

Pointers to help tick the appropriate score

In order to score high, in your territory:

- The policies are developed through a consultation process.
- Relevant stakeholders are involved in the policy development process at an early stage.
- There is a balanced representation of the stakeholders participating in the policy development process.

Additional pointers for your consideration

- Draft policies are open to comments from relevant stakeholders before the end of the consultation process.
- Information regarding the evolution of the process is provided to stakeholders on a regular basis.
- The policy is accompanied by an explanation of how, to what extent and why different points of view were taken into consideration.

- The policy document is published in official publications, both on paper (e.g. official journal) and through other means (e.g. web-portals of governments or local authorities).

2.4. There is a strategy for social enterprise development.

We invite you to consider whether there is a strategy for social enterprise development either as a standalone document or as part of another policy initiative. Is this strategy coherent with the broader policy environment? Does it enjoy enough political support and commitment in order to be implemented and sustained through time? Finally, does the strategy identify the main challenges of the socio-economic context and illustrate how social enterprises can tackle them through their activities by setting clear and specific objectives?

Why is it important?

The existence of a strategy is a key element for developing a social enterprise ecosystem on a given territory. A strategy may be developed as a standalone document or as part of another policy initiative, but in either case it is essential that it is consistent with the broader policy context. In this light, a strategy for social enterprise development could identify the main challenges of the socio-economic context, illustrate how social enterprises can tackle them through their activities, and explain how the public sector will support them in this endeavour. In addition, a strategy is often a forward-thinking document that includes a vision for the future along with specific objectives. Finally, strong political support and commitment can provide significant impetus for the development and the implementation of the strategy.

Pointers to help tick the appropriate score

In order to score high, in your territory:

- There is a formally endorsed written strategy for social enterprise development, which is coherent with the broader policy context.
- The strategy enjoys political support and commitment.
- The strategy outlines the rationale for public policy action to support social enterprise development.
- The strategy includes specific objectives.

Good practice examples

The National Strategy for the Development of Social Entrepreneurship (Croatia)

Adopted in 2015, the “Strategy for the Development of Social Entrepreneurship in the Republic of Croatia for the period 2015-2020” represents a seminal document for the creation of a policy framework for social enterprises. The Strategy’s main objective is to boost social enterprise creation and growth in Croatia by establishing a more supportive institutional and financial environment. The Strategy was initiated through a “bottom-up” approach by a network of civil-society organisations (CSOs) and social enterprises, in partnership with the government. It is largely aligned with European Union (EU) policies – particularly the Social Business Initiative (SBI). It defines social enterprises based on nine criteria, and determines the key areas and activities for improving the institutional environment. Its main measures aim to: 1) develop and improve the legislative and institutional frameworks; 2) establish an adequate and supportive financial framework; 3) promote social entrepreneurship through education; and 4) increase social enterprises’ visibility.

The Strategy’s overall implementation relies on a horizontal and vertical approach bringing together

multiple stakeholders: other relevant ministries and national government institutions, as Strategy co-owners; local authorities; local and regional development agencies; CSOs; social enterprises; financial institutions; and academia. The first operational step was the establishment of the government unit in charge of implementing the Strategy and co-ordinating activities among its co-owners.

For further information, please [click here](#)

2.5. The implementation of the strategy for social enterprise development is well-planned.

We invite you to consider the degree to which the strategy is well-planned in order to be effectively implemented. Does the strategy include an action plan defining the actions that need to be taken in order to meet its objectives and assigning responsibilities to the relevant actors? Are there financial resources dedicated to the implementation of the strategy? Lastly, we invite you to examine whether there is a monitoring and evaluation mechanism that can measure the progress made against the objectives of the strategy.

Why is it important?

For a strategy to be effective, it is not enough to be agreed and written. It also has to be implemented. Therefore, apart from the general motivation of the strategy, it is equally important to define how will achieve its objectives. In order to do that, an action plan should be included in the strategy defining which actions will be carried out, when and by whom. Last but not least, the action plan should include indicators that could measure progress against its implementation.

Moreover, a statutory body can follow closely the implementation of the strategy and be held accountable for the progress. Financial resources need to be allocated in order to carry through the agreed actions. The level of the financial resources may vary according to level of ambition of the objectives of the strategy and the action plan. Although it would be optimal to ensure the availability of resources for the whole implementation phase in advance, this is not always the case. Therefore, the foreseen activities may need to be adapted if there is a change regarding the availability of the resources. Last but not least, monitoring and evaluation mechanisms may check the progress towards the achievement of the objectives, take stock of possible deviations from the objectives, and decide about the sound allocation of the financial resources devoted to the pursuit of the objectives.

Pointers to help you tick the appropriate score

In order to score high, in your territory:

- It is clearly identified who is responsible for overseeing the implementation of the strategy.
- Sufficient financial resources have been mobilised for the implementation of the strategy.
- The strategy includes an action plan to attain its objectives.
- A monitoring and evaluation mechanism is foreseen in order to measure progress against the objectives of the strategy.

Good practice example

Social Enterprise Strategy (Victoria, Australia)

In 2017, the Government of Victoria in Australia launched its first [Social Enterprise Strategy](#). The Strategy explains how the government will partner with social enterprises and relevant stakeholders in order to

provide strategic leadership and proactive support in three key goals; increase impact and innovation, build business capacity and skills, and improve market access. The government places particular emphasis on the implementation, the monitoring and evaluation, and the reporting activities of the Strategy. As this is a whole-of-government Strategy, the initiatives that are part of it, such as the Social Procurement Framework, the Sustainability Programme, and the Regional Partnerships, will integrate and complement other work. Each initiative of the Strategy has distinct outputs and concrete implementation plans with delivery timelines. Moreover, a monitoring and evaluation process has been developed outlining key measures for measuring progress against the objectives of the Strategy and adjust accordingly. The results of the evaluation may also inform future policy developments. Finally, there is an annual reporting responsibility towards the Social Enterprise Network regarding the progress on implementing the initiatives and the outcomes of the Strategy.