

# **Coaching material about fundraising, managing risk, sustainability strategies**

- Good practices

## GOOD PRACTICE EXAMPLES & LESSONS LEARNT

Access to financial resources as well as risk management is of critical importance for social enterprises, as for all other types of businesses.

The chapter below verifies the outputs of the EU study Social enterprises and their ecosystems in Europe (which provides an overview of the social enterprise landscape in Europe based on available information as of January 2020) and share the views under the CE RESPONSIBLE project.

Financial resources are needed to support their start-up and consolidation as well as the continuity and growth of their activities. The availability of financial resources in all of the phases of the life of an enterprise is crucial, but they play different roles in each phase and come from different sources as was seen in deliverable D.T1.2.1.

In general, the access to financial resources for social enterprises is more complex than for other enterprises. Since they aim at generating positive social impacts and can only distribute profits to their funders and owners to a limited extent, if at all, they are not well suited for investors, whether individuals or financial institutions, that seek significant financial returns. The social and general interest nature of the goods and services they provide and the types of users they serve add further complexity.

For instance, given their non-profit nature, social enterprises struggle to raise the capital needed for starting up and consolidation: potential financiers have no chance to get an attractive compensation for the risk, even in the long term. At the same time, unlike conventional enterprises, social enterprises can normally rely on additional resources, whether private (human, such as volunteers, and financial, such as donations) or public (including in the form of dedicated fiscal advantages). These resources can, however, be insufficient or unstable.

The availability and origins of the diverse types of resources depending on their function:

1. non-repayable resources to start up and scale,
2. resources from income-generating activities,
3. repayable resources mainly used to finance investments, and
4. fiscal breaks, advantages and incentives.

## 1) NON-REPAYABLE RESOURCES TO START UP AND SCALE

Table below shows the diffusion of some of the main support measures for new social enterprises. At the moment, public measures are predominant, but measures supported by private institutions are widespread as well and are becoming increasingly important.

### Availability of major support measures for starting up social enterprises

Type of support measures	Yes, without limitations	Yes, with limitations	Not available
Grants and subsidies from public authorities and European funds	Austria Italy Poland	Germany Slovakia	Croatia Czech Republic Hungary Slovakia Slovenia
Grants and other support from private stakeholders, foundations and second level organisations	Austria Croatia Czech Republic Germany	Italy Slovakia	Hungary Slovenia
Private and public support for incubators and business innovation centres	Austria	Croatia Germany Hungary Italy Slovenia	Czech Republic Poland Slovakia

## 2) RESOURCES FROM INCOME-GENERATING ACTIVITIES,

Social enterprises are engaged simultaneously in a plurality of income-generating activities, combine market and non-market, public and private resources and often access multiple markets applying different rules and methods. Moreover, social enterprises do not operate only in already existing markets or in quasi-markets created by public procurement practices.

Resource mix from income-generating activities.

Country	Types of resources
Austria	<p>Mix of resources derived from public subsidies, public contracts, sales of goods and services, membership fees, donations and other private revenues. The composition of the resource mix depends on the type of organisation and the services provided. At one extreme, there are 185 larger cooperative social enterprises active in the field of housing, which rely on public subsidies for approx. 90% of their income; at the other extreme, there are some well-established enterprises in the NPO sector, for which market-generated income represents at least 50% of the total income (where the smaller organisations prove to be more market-oriented than the bigger ones).</p>
Croatia	<p>Resource mix characterised by a significant share of public funding consisting largely of grants for employing disadvantaged workers in WISEs. The Croatian Employment Service offers various support for employers to employ different vulnerable and underrepresented social groups. They offer small grants for starting a business and self-employment, subsidies for workers' salaries, grants for reimbursement of additional costs associated with the employment, and grants for education and training of workers with disabilities. Social entrepreneurs can use these measures. The law on public procurement allows the possibility of issuing reserved contracts for NPOs in the fields of health, social and cultural services.</p>
Czech Republic	<p>Resource mix derived from a combination of different activities and market opportunities. The overall income of SEs includes a broad spectrum of both public and private sources. However, it is difficult to assess the level of their grant dependency or their dependency on public sources more generally. WISEs generate a high proportion of income from their own economic activities. Moreover, SEs very often combine various forms of public support. WISEs make use of payments according to the Employment Act; about 50% also access funding from EU grants. Other sources of public money are very rare. Only 10% managed to attract other grants either from the state or from local municipalities; a few also obtained private donations and support from non-profit foundations</p>
Germany	<p>Resource mix with significant differences in the sources of income among different legal forms and activity performed. Public grants, subsidies and donations still function as very important sources for the organisations for which data is available, although their share has generally fallen in recent years. Regulated service fees (paid by local authorities) are the major source of income for associations and public benefit companies.</p>

Hungary	Resource mix guaranteed by state support (statutory or non-statutory) from the central budget or from local governments, private domestic or foreign support, core activity revenue (service or commission fees, price and sales revenue, membership fees both from the central state and municipalities), as well as other legal entities and private individuals, business activity revenue (entrepreneurial revenue, rent, sale of tangible property, interest revenue, financial investment revenue), in different proportions depending on the type of organisation and the sector of activity. However, the main sources of income for SEs with non-profit legal forms come from core activity revenue and business revenue; the rates of state support, private support and other revenue measures are significantly lower. Core activity revenues are most relevant in cases of foundations and associations and business income in the case of non-profit companies.
Italy	Two different resource mixes: in social and educational services, 80% of the financial resources come from public authorities and the rest from private users; in WISEs, the percentage of public vs private sources is around 50/50.
Poland	Resource mix with a majority of resources (70%) generated from the sale of goods and services in the markets, 30% from grants and donations, 20% from public institutions and 10% from private donors. Of the 70% generated by market transactions, only 7% derive from public procurement processes, 30% from mission-related activities and 30% from activities not mission-related.
Slovakia	Resource mix influenced by the legal form of the organisation and field of activity; guaranteed job subsidies capping the cost of disadvantaged employees of WISEs; strong focus on combination of loans and grants; public procurement practices for the provision of general interest services are underdeveloped due to the small amount of dedicated public funds. However, in order to strengthen the income from the sale of goods and services, the tools of social procurement have been vigorously promoted.
Slovenia	Resource mix with differences among associations, private institutes and foundations. Private institutes lean most heavily towards market activities (57% of all revenues), whereas associations and foundations registered as SEs mainly depend on public sources in both forms of contracts and subsidies (especially for WISEs): the majority of public funding stems from contracts resulting from public tenders or concession agreements. Foundations—which represent a small share of the overall number of NPOs operating in social services and healthcare—derive the majority of revenues (94.7% in 2017) from sales of goods and services; only 1.3% of revenues come from public sources.

### 3) REPAYABLE RESOURCES

The availability and use of repayable financial resources for social enterprises is very heterogeneous both on the demand and supply sides. In countries in which the social enterprise phenomenon is in its early stages of development, such as Central and Eastern Europe, both demand for and supply of repayable resources are only beginning to emerge. Conversely, in countries with a more consolidated social enterprise sector there is a significant and growing demand for repayable financial resources that seems to be adequately met by public and private suppliers, including specialised financial institutions and traditional financial intermediaries (as in the cases of Italian social cooperatives). Finally, there are countries in which the demand for repayable finance is growing but there is no evidence of its real amount and of whether it is satisfied.

The supply of repayable financial resources for social enterprises varies widely from country to country. Depending on the degree of development of the financial sector, social enterprises can, at least in theory, count on:

- Public (or quasi-public, as in the case of cooperative mutual funds made compulsory by law) financial institutions or special funds specifically dedicated to financing investments in public and private organisations managing activities of public interest, including social economy organisations, non-profit entities and social enterprises, as in Austria, Germany and Italy.
- Traditional financial intermediaries that in several countries are already financing social enterprises and are increasingly interested in responding to their credit needs, especially where the sector is well developed and clearly regulated. In Germany and Italy, for example, retail banks are frequently providing loans to social enterprises, which appear to be less affected by the economic downturn than enterprises operating in private markets and generally show a low level of risk given their small size.
- Socially oriented banks, such as cooperative banks (which can be found, for example, in Italy) and ethical banks (e.g., Banca Etica in Italy Triodos Bank in Germany), which are in principle particularly willing to fund local initiatives such as the ones promoted by social enterprises. Various traditional banks have also created or are willing to establish specialised institutions or particular divisions that are conceived to address specifically the financial needs of non-profit organisations. This is the case for UniCredit and UBI Banca in Italy, Bank Gospodarstwa Krajowego (BGK) in Poland, which provide financial support within the framework of EU funds.
- Financial support or financial institutions established by national or local networks of social enterprises, such as Social Finance Foundation, and the cooperative mutual funds Fondosviluppo and Coopfond in Italy.
- Emerging private social venture capital funds, established by existing or new foundations, ethical banks or their foundations but also by individual entrepreneurs and families. Examples can be found in Germany (BonVenture, Ananda Impact Ventures), Italy (OltreVenture, SEFEA IMPACT). However, the targets of most of these funds are not only social enterprises but a larger spectrum of organisations, so-called “impact-driven enterprises”. Grant-making foundations (national and international) are moving towards strategies of venture philanthropy and are showing a growing interest in supporting social enterprises’ investments through low-interest or interest-free loans to be repaid under certain conditions. Some of the abovementioned institutions and



other actors are starting to use crowdfunding platforms to collect equities and sell bonds. There is a widespread feeling that this way of using crowdfunding platforms could become one of the most important tools for the development of social enterprises in Europe.

**Difficulties in accessing finance also result from insufficient knowledge of the existing supply of finance, a lack of investment skills and a poor ability amongst social enterprises to develop adequate business project proposals.** In several countries, social enterprises (especially newer and smaller ones) have not yet developed the skills necessary to attract and manage repayable financial resources: they have vulnerable business models and inadequate management/governance structures and knowledge.

#### 4) TAX BREAKS AND FISCAL BENEFITS

Fiscal benefits and fiscal advantages awarded to enterprises and organisations are primarily intended to support their consolidation. In the case of non-profit organisations and social enterprises, fiscal advantages are also aimed at reducing the cost of production (and consequently the prices) of the services provided and at favouring their capitalisation.

##### Countries with specific fiscal benefits for social enterprises

With specific fiscal benefits	Without specific fiscal benefits
Austria, Germany, Hungary, Italy, Poland, Slovakia	Croatia, Cyprus, Czech Republic, Slovenia

The main challenge seems to be to make a complex and broad spectrum of financial tools—drawing on grants, loans, and consulting modules—available to social enterprises that are tailored to their diverse needs in the different phases of their life cycles (e.g., Czech Republic). Against this background, particularly interesting are crowdfunding initiatives, including equity crowdfunding and funding from venture philanthropy, that have been supported by EU initiative.

## EXAMPLES OF INSTITUTIONS/INSTRUMENTS PROVIDING REPAYABLE RESOURCES FOR SOCIAL ENTERPRISES

Country	Venture philanthropy capital	Loans by traditional intermediaries and specialised institutions (e.g., ethical banks)	Crowdfunding	Innovative social finance instruments (i.e., impact investing and social impact bonds)
AT	<p>Twelve foundations belong to Sinnstifter, along with two nationwide and internationally operating “big players”, Essl Foundation and ERSTE Foundation.</p>	<p>SEs can benefit from loans at reduced interest rates and with lower collateral requirements under the EU-supported programme.</p>	<p>According to an Internet search, there are two crowdfunding platforms in Austria with an explicit social aim: Respekt.net and Crowdfunding for the Common Good.</p>	<p>Economic and social empowerment for women affected by violence is a social impact bond with the aim of offering such women financial independence</p>
CZ	<p>Tilia Impact Ventures is focussed on impact investments in the fields of social innovations and social investments.</p>	<p>In general, conventional banks and investors mostly do not understand the mission and business models of SEs and consider them to be too risky</p>	<p>To a limited extent, SEs make use of innovative crowdfunding financial instruments.</p>	<p>-</p>
DE	<p>Venture philanthropy funds have not gained sufficient publicity or trust.</p>	<p>Most banks have difficulties financing newstyle SEs with more profit-oriented enterprise models.</p>	<p>Crowdfunding has found increasing success, with public (engagiert in NRW, deutschland.de) and private-run web platforms enabling visitors to donate small amounts to showcased social initiatives.</p>	<p>Impact investments and social impact bonds have not gained sufficient publicity or trust. The first social impact bond initiative of continental Europe, Juvat, launched by the Benckiser Foundation “Zukunft”, started in 2014.</p>



HR	<p>Ex ante assessment report “Financial instruments - Employment and social entrepreneurship” proposed development of several financial instruments.</p>	<p>Under the framework of Employment and Social Innovation programme, it was predicted that around 500 SEs would benefit from loans at reduced interest rates.</p>	<p>Crowdfunding became a more frequently used instrument among SEs during the last five years.</p>	<p>The Social Impact Banking programme, which is initially available in Italy, is expected to be developed soon and implemented in Croatia by Zagrebačka Bank, a member of UniCredit Group.</p>
HU	<p>NEST is an important international development agency focused on venture philanthropy that is present in Hungary since many years.</p>	<p>A limited number of banks provide preferential loans for NPOs and SEs, and they usually use the same conditions as mainstream for-profit enterprises.</p>	<p>NIOK Foundation, aimed at strengthening civil society since 1993, manages the <a href="https://adjukosze.hu/">https://adjukosze.hu/</a> crowd-funding portal.</p>	<p>Impact investment has shown that only one programme, Impact Accelerator, has been launched.</p>
IT	<p>Recent examples of venture capitalists specialising in social investment include, the venture philanthropy fund OltreVenture and SEFEA.</p>	<p>&gt;Several Italian banking groups (e.g., Banca Intesa, Unicredit, UBI Banca, etc.) have established funds or funding initiatives devoted to SEs and NPOs. Moreover, particular attention to SEs is provided by cooperative banks. &gt;Dedicated institutions: Banca Etica and CGM Finance</p>	<p>-</p>	<p>The UBI Banca’s social bonds had the objective of supporting the development of SEs and carrying out social projects creating value for local communities. In 2012, the total amount of bonds issued was 20 million EUR and loans ranged from 15,000 to 500,000 EUR, with a maximum maturity of 60 months.</p>

PL	<p>In 2012-2015, the Centre for Economic Development in Pašek tested a model of capital support in labour market integration to prepare people to lead SEs.</p>	<p>There are two types of loans for social economy entities: a) loans to begin activity for those entities that have been operating for no longer than one year and b) loans for the development of entities that have been operating for longer than one year.</p>	-	-
SI	-	<p>Most of the SEs seek financing through regular commercial bank loans, using their own property as collateral.</p>	<p>Crowdfunding has not yet developed among SEs.</p>	<p>Innovative social financial instruments are not developed.</p>
SK	<p>Slovak Investment Holding developed a specialised financial instrument financed primarily but not exclusively by the EU Structural Funds, with the intention of supporting enterprises in the social economy sector.</p>	<p>Although the offer is still limited, the big promoter is Slovenská sporiteľňa (Erste Group), which through their initiative called Social Bank developed a specialised bank product meeting the needs of SEs.</p>	<p>Despite some initiatives (e.g., portal <a href="http://www.ludialudom.sk">www.ludialudom.sk</a> and <a href="http://www.dobrakrajina.sk">www.dobrakrajina.sk</a>), the role of crowdfunding in SEs support remains limited.</p>	<p>The Bank will primarily offer the social bonds to Erste Private Banking clients and institutional investors; however, retail clients will also be able to purchase them via the George mobile app. The minimum investment amount is 1,000 euros; the maturity is 10 years. The investor will be paid a combined return of 0.15% per annum each year for the first 8 years and then a return of 1.40% per annum during the 9th and 10th years. The issuance of social bonds is part of the ESG strategy of Slovenská sporiteľňa, as a member of Erste Group.</p>

## TAX BREAKS AND FISCAL BENEFITS GRANTED TO SOCIAL ENTERPRISES

Country	Corporate tax exemption on retained profits	Exemption or reduced VAT rate	Social insurance costs reduced or covered by subsidies	Tax reductions granted to private and/or institutional donors Legal entities Natural persons
AT	Yes	Yes	There are support schemes for enterprises in general and not specifically for SEs.	Private individuals and companies can deduct donations up to 10% of their profits from their income tax when such donations are made to certain listed organisations.
CZ	For each employee with health	-	-	-
DE	Public benefit organisations do not pay any corporate income tax on their “ideal” activities nor on the economic activities necessary to support their social mission.	Organisations and SEs with the public-benefit status can use a reduced VAT rate of 7%, instead of the normal rate of 19%.	SEs do not benefit from any exemption on indirect labour costs. If they have employees, they must follow all regulations.	-
HR	NPOs not carrying economic activities are not obliged to pay profit tax.	All entities performing economic activities are exempted from the VAT if their annual revenue is does not exceed around 40,000 EUR.	Employers can receive subsidised wages for employing PWDs.	Individuals and companies may receive a reduced tax base or donations to NPOs of up to 2% of their annual income.

<ul style="list-style-type: none"> <li>If an organisation has no public benefit status and its business income in the tax year measures around 31,000 EUR, but does not exceed 10% of the total revenue, it receives exemption from corporate tax.</li> <li>Social cooperatives do not have to pay corporate tax after nonbusiness income.</li> <li>Non-profit companies do not have to pay corporate tax after nonbusiness income.</li> <li>Public benefit organisations do not pay corporate tax if business revenues rank less than 15% of the total revenue and do not exceed around 31,000 EUR.</li> </ul>	<p>Civil society organisations, social cooperatives, non-profit companies and public benefit organisations receive exemption from paying VAT for some activities.</p>	<ul style="list-style-type: none"> <li>Associations and foundations enjoy advantages regarding labour costs. They only need to pay taxes and contributions for executive officers if their income from the organisation reaches 30% of the minimum wage or if they utilise employment contracts.</li> <li>The social cooperatives' executive officers do interact with social insurance and pay taxes if their income reaches 30% of the minimum wage and if they utilise employment contracts.</li> <li>Public benefit organisations do not need to pay any vocational training contributions.</li> </ul>	<p>All organisations with public benefit status can accept donations from legal entities. Legal entities may deduct the total of the donations per year from their declared income.</p>	<p>All organisations with public benefit status can accept donations from natural persons. Natural persons may deduct the total of the donations per year when declaring their income.</p>
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HU

<p>Social cooperatives entities with SE status are exempted from payment of corporate tax (IRES).</p>	<p>A-Type social cooperatives enjoy a favourable (5%) VAT rate.</p>	<p>B-Type social cooperatives are exempt from the payment of social insurance contributions for the disadvantaged workers they have integrated.</p>	<ul style="list-style-type: none"> <li>• Donating specifically to public benefit organisations including social cooperatives qualifies donors for corporate tax advantages.</li> <li>• The supported public benefit organisations provide donation receipts, ensuring a 20% reduction of the corporate tax base for a single donation and an additional 20% reduction for a permanent donation contract. Also donations made by individuals are deductible from the personal income.</li> <li>• Donations of goods and services for public benefit purposes also receive VAT exemption.</li> <li>• Public benefit provisions govern non-profit companies if they have public benefit status. In this case, non-profit companies do not need to pay taxes after their public benefit activities and remain exempt from local business tax.</li> </ul>
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PL	<p>There are some exemptions from income tax under certain conditions.</p>	<p>ZAZs and ENPOs are VAT exempt under certain conditions.</p>	<ul style="list-style-type: none"> <li>The employment costs of social cooperatives can be covered by a local government.</li> <li>If an ENPO acts as a CIS, it is allowed to benefit from a partial reimbursement of its employees' salaries.</li> <li>ZAZs' employment costs can be partially covered by PFRON</li> </ul>	-	-
SI	<p>Associations, institutes and foundations are exempt from paying taxes for non-profit activities.</p>	<p>Exemption from VAT for activities in the public interest and if taxable income does not exceed 50,000 EUR per year.</p>	<p>Companies and employment centres for PWDs are exempt from paying taxes and social security contributions for all employed persons in the company.</p>	<p>The fiscal policy regarding donations and sponsorships to associations and foundations does not foresee incentives for a company's donation/ sponsorship.</p>	
SK	<p>Civic associations, NPOs providing socially beneficial services and foundations are exempt from taxes for the non-profit activities.</p>	<ul style="list-style-type: none"> <li>VAT applies only in cases of SEs whose yearly taxable income is <ul style="list-style-type: none"> <li>50,000 EUR.</li> <li>SEs with higher income registered according to the Act on Social Economy and Social Enterprises and those that are socialising 100% of their possible profit may apply for the lowered VAT rate.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>In the case of employing a long-term unemployed person, the employer may apply for a reduced rate of social insurance payment.</li> <li>In case of employees with health disabilities, the health insurance payment is half that of other employees.</li> </ul>	<p>No tax reductions. However, there is a tax percentage assignment model under which legal entities and natural persons may participate.</p>	



## THE FUNDRAISING AND THE RISK MANAGEMENT USED BY SELECTED SOCIAL ENTERPRISES (SE) IN THE CZECH REPUBLIC

Following the aim of coaching materials that introduce model of fundraising, managing risk approaches and tools, long-term sustainability strategies appropriate for social enterprises we firstly provides a deeper insight into the statistical data in the sector of social enterprises in the Czech Republic published by the Ministry of Labour and Social Affairs (MoLSA) at the end of 2019. MoLSA included 167 organizations with 303 establishments in the survey. After having an overall overview, a short survey was designed and realized within social companies in the South Bohemian Region. Primary data has been collected and analysed with simple statistical tools and analysis of the interview.

Main findings in the sector of social enterprises in the Czech Republic are:

The most common **legal form** in the examined sample is a limited liability company with 53%, followed by a non-profit company with 16%, then an association with 10% and a co-operative with 8%. 84% of the surveyed companies are independent legal entities and 16% are part of a larger organization.

The most common **area of business** at the level of establishments is Trade (31%). The following are another 6 areas of business, which are represented almost identically.

According to the study, social enterprises employed 5,254 employees in 2018, of which 3,852 were disadvantaged.

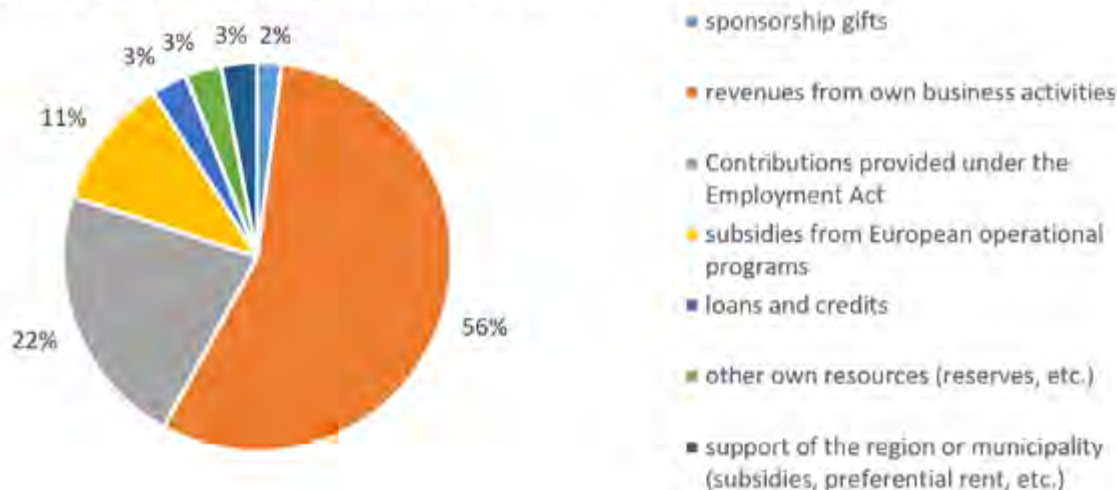
**Total revenues** in 2018 were CZK 2,091.5 million. The average total revenue of one company was CZK 13.1 million. More than half of the surveyed social enterprises (57%) reported a profit in 2018, almost a quarter (24%) made a loss and the least reported about zero (19%).

**According to respondents' estimates, more than half of total revenues were sales (57%), followed by contributions provided under the Employment Act (22%). Subsidies from European operational programs accounted for 11%.**

The graph below shows the share of individual sources of financing (including sources from own economic activity). The data are expressed as a percentage of all finance, in 2018.

As a non-subsidy sources, we can present revenues from own business activities and contributions from the Employment Act (payments from the state for the integration of people with disabilities into the labour market). This shows in total four-fifths from all company money. Based on these results, we can say that the shared opinion that social enterprises “rely just on subsidies” is a myth.

## FUNDING SOURCES OF SE IN CZECHIA in 2018



PLEASE SELECT THE 3 STRONGEST ASPECTS OF YOUR SOCIAL ENTERPRISE	%
We are able to respond flexibly to customer needs	21%
We have extensive experience working with the target group / disadvantaged employees	20%
We make a significant contribution to improving the quality of life of our disadvantaged employees	16%
We offer above-standard quality products / services	13%
We have stable supplier-customer relationships	9%
We are connected to the local community	6%
We spread awareness of social entrepreneurship and contribute to its good image with the public	6%
We actively cooperate with other social enterprises	4%
We actively support local life (organizing events, etc.)	3%
Other, please specify	2%

When assessing weaknesses/obstacles, social enterprises most often mention the problems that small and medium-sized enterprises usually also have. In addition to the lack of money for investments and marketing, there are mainly classic problems with a shortage of workers and their turnover. A specific problem of social enterprises is the overloading of managers.

PLEASE SELECT THE 3 WEAKEST ASPECTS OF YOUR SOCIAL ENTERPRISE	%
We do not have money for longer-term investments	20%
We do not have enough capacity for promotion and marketing	15%
We do not have enough workers	12%
Managers are chronically overloaded	12%
We are disproportionately burdened by the administration related to obtaining public funds (grants, contributions from the labour office, etc.)	8%
We lack systematic financial management	6%
We are too dependent on grants	6%



We cannot offer our products / services well	6%
We are bothered by the rapid turnover of employees	6%
We are in the throes of operational problems	6%
Other, please specify	6%

Source: [https://ceske-socialni-podnikani.cz/images/pdf/Vyhodnoceni\\_dotaznikove\\_setreni\\_2019.pdf](https://ceske-socialni-podnikani.cz/images/pdf/Vyhodnoceni_dotaznikove_setreni_2019.pdf)

Despite these obstacles, social enterprises in the Czech Republic were able to realise growth; access to funding is increasing; the profitability of many companies is increasing and the social impact of many social enterprises is being measured.

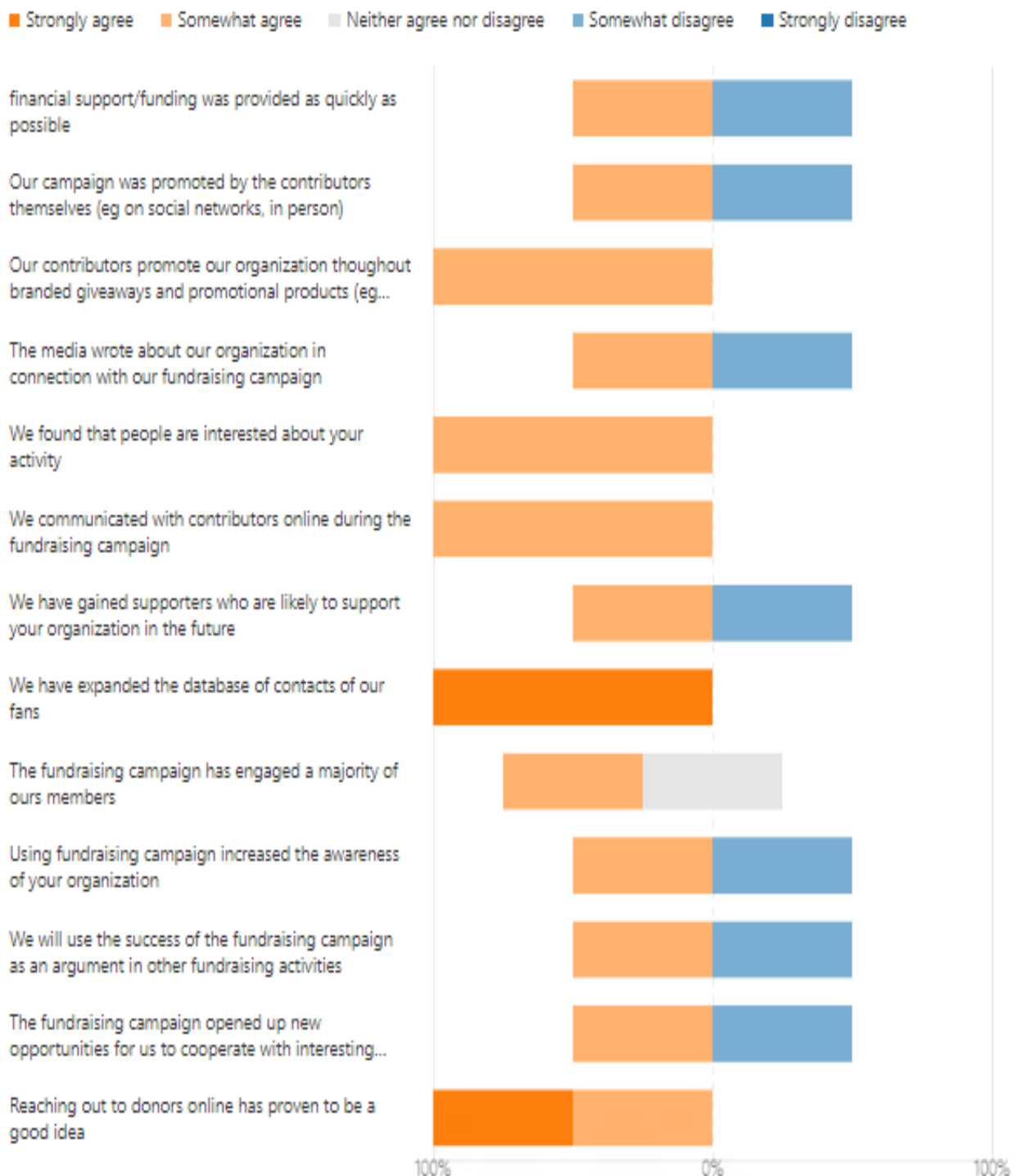
To gain a better understanding of social enterprises, related to their experience with fundraising and risk management, we used the practical experience encountered by social enterprises within the South Bohemian Region.

The answers of two social enterprises in České Budějovice are summarized in the table below:

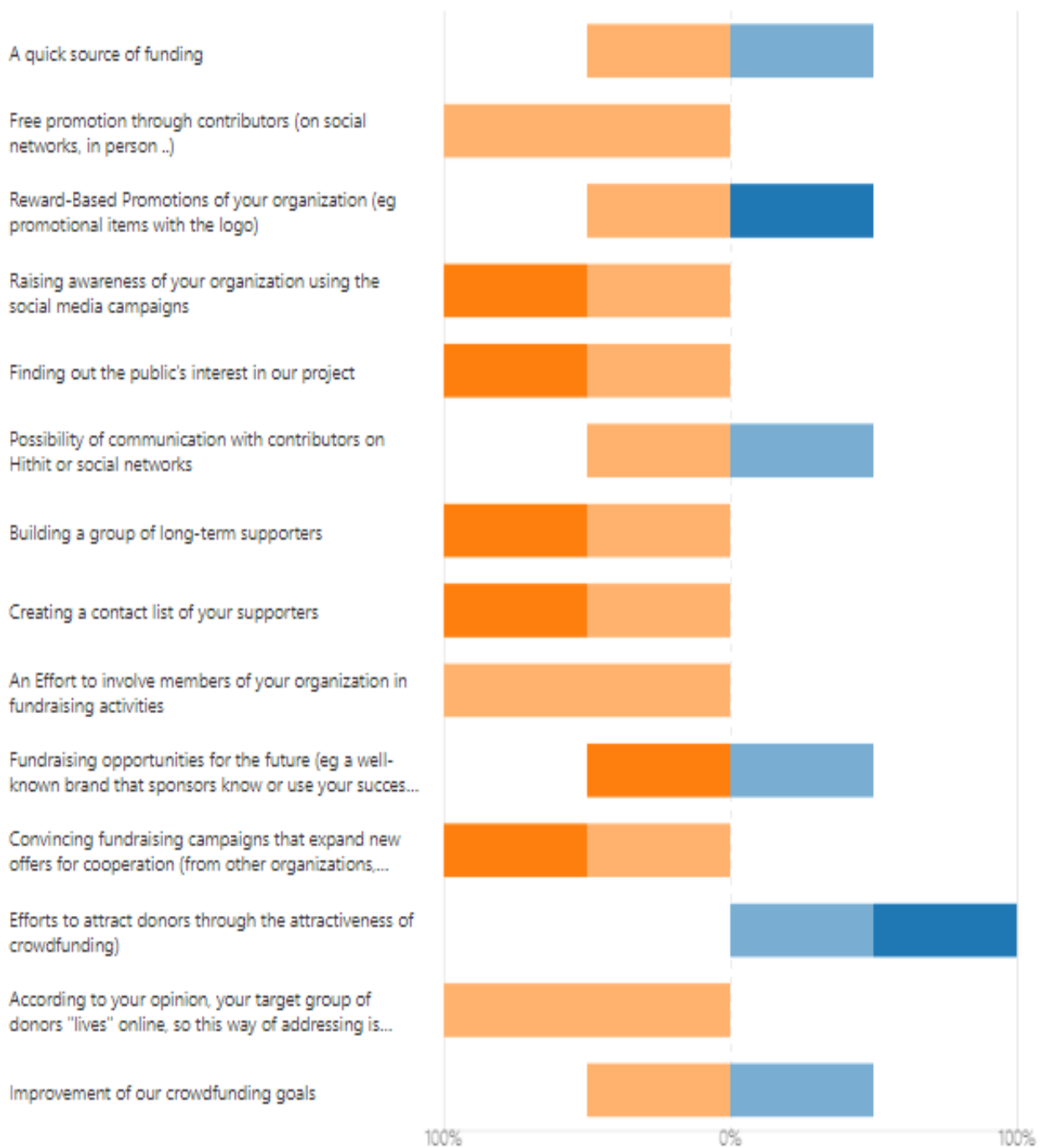
	 <b>PROPAMÁTKY</b> The Institute for Monuments and Culture	 <b>KABINET GB</b>
<b>DESCRIPTION OF THE SOCIAL ENTERPRISE</b>	<p>Non-governmental, non-profit organisation, which acts as a SE providing employment to people with disabilities.</p> <p>Within its wide activities, comprising also workshops and conferences, it runs a very comprehensive web portal called PROPAMÁTKY which was created as a reaction to the lack of some kind of information in the field of historic assets preservation in the Czech Republic.</p> <p>The uniqueness of this social enterprise lies in the fact that they are probably the only editorial office that has been working as a social enterprise for a long time (more than 10 years). Due to its specificity, created web portal &amp; magazine has substantially helped create a shift in positive perception of the field of care of monuments by media and general public.</p>	<p>Social enterprise, deals with the operation of the re.use center and the subsequent use of the acquired material/things/furniture for further activities.</p> <p>The main activities include cooperation with the Local Furniture Bank, renovation and redesign of furniture and its subsequent sale and organization of workshops, that are mainly focused on the renovation of wooden furniture, upholstery and other creative work</p>
<b>FINANCING SOURCES</b>	<ul style="list-style-type: none"> <li>• Subsidies</li> <li>• Sponsorship gifts</li> <li>• Benefit events</li> <li>• Club of the supporters</li> </ul>	<ul style="list-style-type: none"> <li>• Subsidies</li> <li>• Sales of own (redesigned) products and services</li> </ul>

<b>FUNDRAISING EXPERIENCE</b>	<p>Donors of this SE are people who are interested in financing of restoration and preservation of historical monuments. SE offers them the opportunity to be part of a club of friends (member) and draw benefits, for example in the form of sending a magazine. The members contribute to the running of the entire organization (employment of cca 10 - 12 people).</p>	<p>Kabinet CB runs the project of the Material Bank in České Budějovice through fundraising. The purpose of the Material Bank in České Budějovice is to help clients of their member NGOs with household equipment, or NGOs themselves with equipment of offices and other establishments.</p>
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**THE GRAPH BELOW SHOWS COMPARISON OF THE SES EXPECTATION FROM FUNDRAISING IN LINE WITH IMPACT FOCUS.**



■ Strongly agree  
 ■ Somewhat agree  
 ■ Neither agree nor disagree  
 ■ Somewhat disagree  
 ■ Strongly disagree



In South Bohemian region the tools supporting social enterprises in the various phases of their development are missing (life cycle management). A subsidy during the start-up phase/proof-of-concept phase is often appreciated and can play a major role in helping to get businesses up and running. This phase is about testing and further specifying the initial idea. Furthermore, a good business plan is also very important; in this regard, social enterprises are no different than regular start-ups. **The interviews confirmed the impression that existing social enterprises appreciate subsidies and support during this phase. Once the business is up and running, social enterprises prefer their products and services to be purchased rather than receiving subsidies and other types of support.**

During the growth phase, social enterprises often find more difficult to obtain the required funding. After the initial phase, investment is often needed in order to start production on a larger scale. The interviews confirmed that SE need to have stable business partners with regular business cooperation to be able to continue their operation and to create the social impact.

“My aim is to be regarded as a partner and not as a project. I do not want to receive subsidies; I want to be your business partners.” – said Dana Kalistová, KABINET CB.