

DEVELOPMENT OF FINANCIAL ECOSYSTEMS FOR THE PROMOTION OF SOCIAL ENTREPRENEURSHIP IN RURAL REGIONS

*Project **DelFin** 2019 - 2022*

Final Brochure

WHO IS BEHIND THE PROJECT?

Eight partners from four European countries joined their forces to improve the skills and entrepreneurial competences of social entrepreneurship; advance economic and social innovation in central European rural regions, through the Interreg CENTRAL EUROPE, Programme priority: Cooperating on innovation to make Central Europe more competitive.

PROJECT TITLE: Development of Financial Ecosystems for the Promotion of Social Entrepreneurship in Rural Regions - **DelFin** (CE1374)

LEAD PARTNER: Development Bank of Saxony-Anhalt



Tandem and associate partners, per country:

GERMANY

Development Bank of Saxony-Anhalt
MITZ - Merseburg Innovation and Technology Center

Associate partners:

Center for Social Research Halle
Fraunhofer Institute for Microstructure of Materials and Systems (IMWS)
District Saalekreis
Ministry of Labor, Social Affairs, Health and Equality of the State of Saxony-Anhalt
Ministry of Economics, Tourism, Agriculture and Forestry of the State of Saxony-Anhalt
City of Merseburg



CROATIA

Town of Duga Resa

Brodoto

Associate partners:

Cooperative for Ethical Financing (CEF)

Local Action group Vallis Colapis



HUNGARY

Hajdú-Bihar County Government

IFKA Public Benefit Non-Profit Ltd. for the Development of Industry

Associate partners:

Chamber of Commerce and Industry of Hajdú-Bihar County

Hajdú-Bihar County Enterprise Development Foundation



ITALY

Giacomo Brodolini Foundation

Finpiemonte

Associate partners:

Piedmont Region

Third Sector Forum in Piedmont



WHY THE PROJECT?

European rural regions are facing several societal challenges: aging population, brain drain and unemployment. Social innovation has never been more important when addressing these problems. The promotion of social entrepreneurship (SE) is an important contribution to facilitate the economic transformation process especially in rural areas.

However, the traditional business support infrastructures and measures operated by regional or local authorities are not adapted to the particular needs of social enterprises. There is a general lack of knowledge and understanding how social entrepreneurship evolves and works and how it can be efficiently promoted.

The main objective of the project was the promotion of social entrepreneurship in rural regions with special transformation challenges, to advance economic and social innovation.



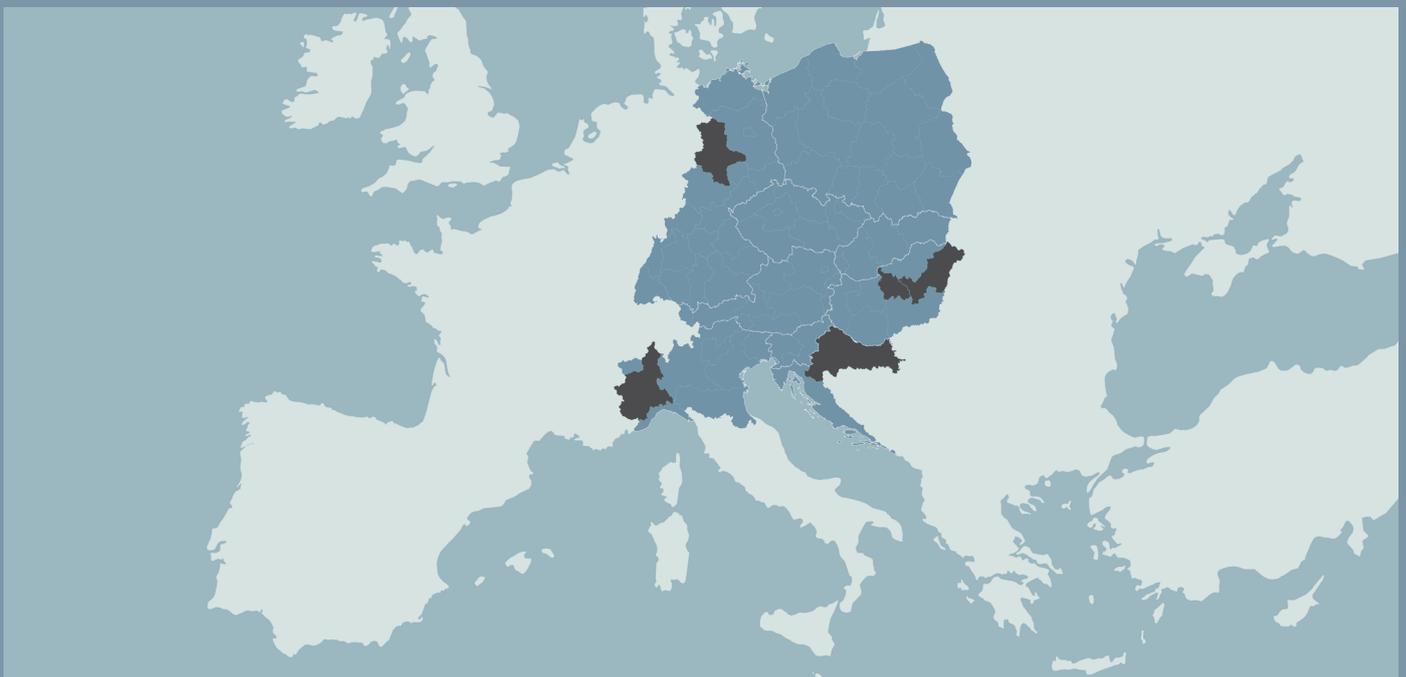
HOW?



The rural regions Saalekreis (DE), Hajdu Bihar (HU), Duga Resa (CR) and rural areas in the Piedmont Region (IT) worked together with the specific objective to improve funding for public support structures for social entrepreneurship and further develop finance and funding instruments for social enterprises. The project facilitated a quadruple helix cooperation process of regional and local stakeholders for social entrepreneurship in a rural environment.

Following the analysis of demographics, economic situation, the situation on social entrepreneurship and business support structures, needs were identified in each partnering region:

- **Saalekreis** needed individual support with respect to the special needs of social entrepreneurs; strengthening information and capacity building for new social entrepreneurs
- **Piedmont** needed to provide adequate economic and financial support and to exploit potential synergies with the local economic activities
- **Karlovac County** wished to eliminate the lack of business skills among social entrepreneurs and to enable larger volumes of funding
- **Hajdú-Bihar County** wanted to focus on strengthening the familiarity of social businesses and on providing organisations with practical training



WHEN?

04. 2019 - 31. 03. 2022
(36 months)

2019

The partners developed a toolbox for the promotion of social entrepreneurship in rural regions, which were tested in four pilot projects.

2020

40 social entrepreneurs supported in developing their business through pilot projects implemented in DelFin regions.

2021

Eight capacity building seminars were organised to further spread the knowledge generated through project implementation, among the staff of local municipality units and financial institutions such as commercial and development banks, venture capital and business angels representatives.

2022

Finally, one transnational strategy and four regional action plans were developed to ensure sustainability and mainstreaming of project results after the activities officially end.



KEY DELIVERABLES



TOOLBOX FOR THE SUPPORT AND PROMOTION OF SOCIAL ENTREPRENEURSHIP IN RURAL REGIONS

The project wanted to develop new and innovative support measures for SE in the form of a toolbox. Because the partnership wanted to follow a co-creation as opposed to a top-down approach, selected tools were tested with a number of social entrepreneurs already in the pilots.

The toolbox provides an overview of financing and funding instruments targeting social enterprises and business support structures, taking into consideration particular needs of social entrepreneurs. It helps local and regional public authorities, business support organisations (accelerators or incubators), development agencies and financial institutions to better support social entrepreneurship in their regions.

So far, the toolbox comprises three main topics:

1. Business support structures/services
2. Financing schemes
3. Evaluation tools

The tools are described in detail with regard to the phase in which social enterprises are supported (from non-enterprise entities to social enterprises in a growth stage), to expected outcomes, steps for implementation, financial and human resources needed for the implementation as well as key success factors. Particular emphasis was placed on aspects such as usability, adaptability, and transferability to social enterprises and to rural areas.

Overall, the toolbox aims to strengthen the awareness of the important role of social entrepreneurship in rural regions with special transformation challenges and to advance economic and social innovation.

Are you looking for a way to:

- improve your business support for social enterprises?
- establish support structures for SE in rural areas?
- set up consulting formats and coaching, specifically for SEs?
- promote SE in your area?

YOU WILL FIND USEFUL TOOLS HERE.



PILOT PROJECTS FOR TESTING THE TOOLBOX FOR THE PROMOTION OF SOCIAL ENTREPRENEURSHIP

Partners implemented four pilot projects in Germany (Saalekreis), Hungary (Hajdú-Bihar), Croatia (Duga Resa) and Italy (rural areas in Piedmont) to test the selected tools out of toolbox for the promotion of social entrepreneurship. 40 SEs were supported in developing or scaling their sustainable social business. The pilot activities also contributed to the development of the financial ecosystem for social entrepreneurship in the pilot regions. The pilot projects were implemented between June 2020 and April 2021. Different target groups were involved, according to the development stages and specific needs of the regional social enterprise ecosystems identified by the partners in the preparation phase.

THE CROATIAN TANDEM INVOLVED:

- already existing social enterprises
- idea-stage social enterprises
- existing legal entities wanting to incorporate social measures into their business
- entrepreneurial initiatives without legal form but with an intention to become a social enterprise

GERMAN PARTNERS FOCUSED ON TWO MAIN TARGET GROUPS:

- (pre-)founders and/or young social enterprises/startups
- associations with a purpose of being classified as social (enterprises)

IN ITALY IT WAS:

- pre-existing organisations: enterprises, associations, cooperatives, community-based cooperatives intending to expand or innovate their sphere of action through new interventions aimed at responding to social needs in a specific territory
- potential new entrepreneurs: individuals or groups, legally not constituted (yet), whose business idea responds to social needs in a specific territory

FINALLY, THE HUNGARIAN TANDEM WORKED WITH:

- individuals with an idea for founding a social enterprise (product or service)
- already existing social enterprises in the phase of growth and regional expansion



Though the pilots covered a wide range of different target groups, the majority of the tandems targeted social enterprises in the stage of their development (pre-funders, idea phase enterprises or private entrepreneurs, startups and existing civic or business organisations with the intention of incorporating the principles of SE into their business activities).

More than 76 stakeholders were involved in pilot implementation:

Service providers – internal stakeholders with regular participation

Ecosystem members – external stakeholders with occasional participation

Service providers included accelerators, higher education and research institutions, business support organisations, small and medium sized enterprises and social enterprises.

Ecosystem members' diversity was higher: business support organisations, accelerators, higher education and research institutions, regional and local public authorities (ministries, municipalities, unions, LAGs), financial institutions, small and medium sized enterprises including social enterprises and other organisations (media, NGOs, professional and interest groups).

The priority aim of the pilots was to test the tools collected by the partners during the preparation phase in the DelFin toolbox. The tandems tested 17 tools from the toolbox which show a great variety of business support structures, financing and funding measures and initiatives as well as evaluation tools.

According to evaluations, the Pilot participants were most satisfied with:

- provision of trainings or consultations supporting participants in understanding social entrepreneurship, financial analysis, financial statement, and the legal and business regulations
- initiating changes in the social enterprises: motivating them to (re)start their activity during or after the pandemic, to be able to cover a rent, to open a shop, to create more efficient back office processes
- provision of one-on-one meetings between financial institution and social enterprises to transform their initial visions into more structured plans



CAPACITY BUILDING SEMINARS

Capacity building of local and regional authorities, development agencies, BSOs and financial institutions and regional authorities for the promotion of social entrepreneurship were another important goal of the project.

The partners organised eight seminars to share the knowledge and experiences generated during toolbox development, and pilots implementation, and to pave the way for further use of tools/financial instruments. Four seminars were organised in each region focusing on regional or local authorities that operate business accelerators, and other four focused on the capacity building for financial institutions (private or public banks and alternative finance providers). New or improved tools and previously developed financial/funding instruments, tested in the pilots were promoted for further use. The integration of a larger number of involved stakeholders from administration and financial ecosystem was designed to improve the cooperation and networking in the area of social entrepreneurship. The results and achievements of the capacity building seminars were evaluated and discussed among the partnership at transnational level.

Capacity building seminars aimed to:

- improve the capacity of local municipalities and financial institutions to better support and promote social entrepreneurship
- generate and share the knowledge among the multi-stakeholder participants (quadruple helix ecosystem) about new financial and nonfinancial support measures as well as existing tools (DelFin toolbox)
- contribute to creating awareness and a more common understanding about SE and SEs' specific characteristics and needs
- define enabling factors for strengthening the ecosystem
- gather public and private funds available in the targeted regions
- share knowledge about new financial measures and adapt existing tools (from the DelFin toolbox)

Competences and skills disseminated in 2 seminars.

No. of participants outside the project consortium: 165.

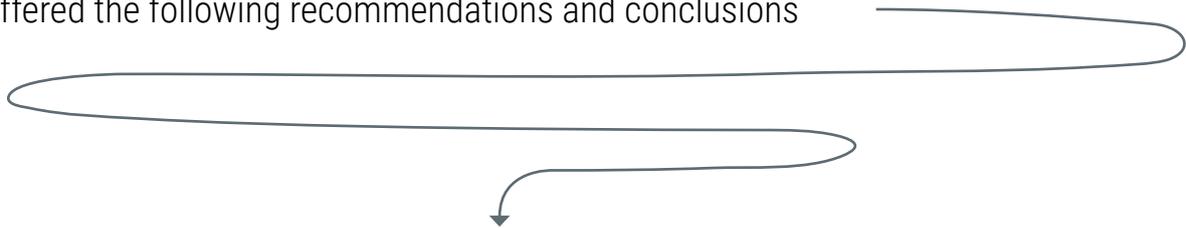


TRANSNATIONAL STRATEGY AND LOCAL ACTION PLANS



Based on the needs analysis, the partners drafted and finalised a joint transnational strategy for the promotion of social entrepreneurship in disadvantaged regions, to define visions, and to set the objectives and priorities involving relevant stakeholders from different policy levels.

It offered the following recommendations and conclusions



DelFin's field of action was in four contrasting sub-regions, offering diversity in culture, experience, government structures and geography. Therefore, the lessons learned can be shared with confidence across the Central Europe Programme Area.

Social entrepreneurship in remote rural regions is in most ways no different from more populated and accessible areas. The entrepreneurs do not think of themselves in this way, they are motivated by the challenge they have decided to take on. They are often surprised (and sometimes wary) that public policy should take an interest. Their needs for support vary, but are recognisably "mainstream". DelFin has confirmed that the quadruple helix applies to social enterprises in remote rural regions. More importantly, we conclude that an intimate knowledge of the local ecosystem is required in order to match the support to the needs.

We also confirm that awareness-raising should be a high priority. In smaller communities, especially those with a tradition of self-reliance, entrepreneurs are often unaware that support is available, even that they are "social entrepreneurs", and therefore of interest to public policy.

Which leads in turn to our main conclusion: do it "bottom-up".

Specifically, we recommend to:

- use, maintain and develop the DelFin toolbox (it is online, and the project-partners intend to maintain it in the next years)
- prepare and implement a 3-year Action Plan for your region, using the quadruple helix methodology to identify priorities and involve all the relevant stakeholders

DELFIN AND THE EUROPEAN UNION



In December 2021, the European Commission published its Social Economy Action Plan to set out the policy focus for the next nine years. It focuses on the following:

- Creating the right conditions for the social economy to thrive – improving the legal and policy framework and promoting the social economy.
- Opening opportunities for social economy organisations to start up and scale up – supporting social businesses and innovation, increasing access to funding and creating linkages between the social economy and the green and digital transitions.
- Making sure the social economy and its potential are recognised – mapping, collecting and analysing data on the social economy and raising public awareness of the social economy.

Enhanced support to the social economy not only creates jobs, but also allows organisations to increase their social impact across the EU. The Social Economy Action Plan smooths the way for social entrepreneurship to prosper and grow. DelFin shows the way, not only for remote regions in Central Europe, but more broadly. Through boosting social enterprises we can create a social economy.

WHAT'S IN THE DELFIN ACTION PLANS?



The Local Action Plans are the concrete outcome of DelFin at regional level. Using a common structure, they apply the lessons learned to the local plans for the next three years. The Action Plans development process showed how partners and their targeted social enterprises operating in different ecosystems are influenced, in particular, by climate and energy conditions, information and communication technologies, financial and professional actions, education, health and social work activities.

All the actions implemented in the DelFin Action Plans demonstrated how social economic business models always bring added value to the economy and the society as they build on local roots, using solidarity and people participation as core principles to drive their activities.

Here we bring the four Plans summarised. The full version of the Transnational Strategy, including the plans themselves, is available as a separate document on the DelFin project website.



ACTION PLAN: SAXONY-ANHALT REGION DE

Objectives

1. Strengthen the promotion of social entrepreneurship start-ups in Saxony-Anhalt through various actions to increase the start-up rate
2. Create visibility and awareness of social entrepreneurship through the expansion of the network.
3. Address barriers for social entrepreneurs through the implementation of targeted actions to contribute the long-term socio-economic development of Saxony-Anhalt and its communities.

ACTION PLAN: HAJDÚ-BIHAR COUNTY HU

Objectives

1. 10 % increase in the number of social enterprises with enhanced business and marketing skills by 2023 (baseline year: 2020)
2. Solid network of Hajdú-Bihar County social enterprises with at least 10 members

ACTION PLAN: TOWN OF DUGA RESA AND KARLOVAC COUNTY HR

Objectives

1. Improved access to the labour market for unemployed and inactive people, especially young people, women, and vulnerable groups by developing and improving existing forms of business for 10 social entrepreneurs and/or start-ups with social innovation and impact in Duga Resa and Karlovac County by 2024.
2. At least 20 different actors, including public authorities, private sector and business support structures participating in social entrepreneurship outreach.

ACTION PLAN: PIEMONTE IT

Objectives

1. Consolidate the collaboration process among the players of the regional/local ecosystem that support social entrepreneurship and further exploit the hints provided by the DelFin toolbox.
2. For this reason and with the purpose of further supporting the development of social entrepreneurship in Piemonte rural areas, also with the application of the DelFin toolbox, our goal will be play an active role in stimulating a better coordination among the actors of the ecosystem.



OUTPUTS

- toolbox with financing and funding instruments targeting social enterprises and business support structures respecting the special needs of social entrepreneurs;
- four pilot projects for testing toolbox elements for social entrepreneurs;
- eight capacity building seminars for municipalities in rural regions and financial institutions;
- one transnational strategy and four action plans for promotion of social entrepreneurship in rural regions



FACTS & FIGURES



8

PROJECT PARTNERS



4

OUTPUTS DELIVERED UNTIL
MARCH 2022



2.500.000

INVESTMENT VALUE FOR
INVOLVED REGIONS IN EURO



TAKING COOPERATION FORWARD

Copyright © 2022, Interreg DelFin, all rights reserved

Main contact: Brodoto, Martićeva 72, 10 000 Zagreb, Croatia

E-mail: info@brodoto.com

Any notice or publication relating to the project reflects the authors' views.

Program authorities are not responsible for any use of the information contained therein.