Social Enterprise Strategy for the Danube Region

2019
Social Enterprise Strategy for the Danube Region

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1. Executive summary

Social enterprises (SEs) are important drivers for inclusive growth and play a key role in tackling current economic, environmental and societal challenges. They respond with social innovation to social, environmental and economic needs which have not been met yet. They also take into account often the environmental consequences of their economic and social activities. Furthermore social enterprises are such businesses which put the focus of their activities on various vulnerable groups and on the development of social cohesion with their products, services and most often their employment activities.

Summing up, social enterprises have the potential to generate social and economic transformation which contributes to the innovative, sustainable and inclusive growth of Europe, thus the objectives of the Europe 2020 Strategy. Therefore the recent years have seen a burgeoning interest in social enterprises across Europe.

However still there are challenges which obstruct the social enterprise sector to fulfil its mission of integrating humanitarian (and environmental) elements into the European economy. Such challenges are the missing or weak policies, legal frameworks and social investment markets or the lack of proper education on social entrepreneurship, which the social enterprises has to face in order to exploit their potentials more effectively.

The Danube Region shows an even more diverse picture than the rest of the EU regarding the situation of social enterprises and social entrepreneurship. There are countries in the region like Germany or Austria with well-developed social enterprise sectors having long traditions, high level of recognition and remarkable, scalable and adaptable successes in tackling societal, environmental and employment problems. On the other hand there are several countries—the majority—where social entrepreneurship has short history and limited recognition (e.g. Czech Republic, Hungary, Moldova, Serbia, and Slovakia). In these countries the low viability of business models of existing social enterprises, the lack of social investors and investment markets, furthermore mainly pro bono and donation-based social enterprise acceleration programmes, different degrees of market orientation, and fragile relationships between social enterprises and public or private market actors are typical.

These challenges isolate the social enterprise ecosystems from each other in the region that is one of the main barriers for the sustainable, inclusive and innovative economic development in the Danube Region.

Experiencing these challenges, the partners of the SENSES project are committed to break these boundaries, to reduce the isolation of the national SE ecosystems, and to develop the cohesion between the social enterprise ecosystems of the Danube Region.

Accordingly the main intention of the partnership is the harmonization of policies and the creation of the transnational network of social enterprises, socially responsible traditional businesses, (social) financial investors, policy-makers, academia and NGO practitioners.
The Social Enterprise Strategy for the Danube Region serves as a key policy document which supports these aims through the identification of the most important challenges and policy gaps, as well as by defining development directions, priorities and strategic objectives for policy makers, accelerators, financing organizations and social enterprises.

Based on the results of the SENSES project the Strategy sets up seven priorities:

- Priority 1 (P1) – Conceptual clarification
- Priority 2 (P2) – Policy improvement and legislation
- Priority 3 (P3) – Social impact measurement
- Priority 4 (P4) – Recognition and awareness-rising
- Priority 5 (P5) – Access to markets
- Priority 6 (P6) – Access to finance
- Priority 7 (P7) – Strengthening networks and lobby
- Priority 8 (P8) – Knowledge development

These priorities are divided into 33 strategic objectives which designate the directions of future developments.

The implementation of the Strategy is planned to be realized on two levels

1. **National level**: SENSES partners design their action plans based on the priorities and strategic objectives of the Strategy and implement the interventions defined in their action plans.

2. **Danube Region level**: The SENSES partnership designed the Social Enterprise Strategy for the Danube Region with the intention to provide inputs to the further development of the European Union Strategy for the Danube Region (EUSDR) for the next programming period. Therefore the partnership cooperates with responsible policy makers, authorities and policy organizations in order to support the integration of the SE strategy into the next regional level strategy, which might establish policy harmonization and more effective support of social enterprise development in the whole Danube Region after 2020.

2. **Motivation and mandate**

We, the partners of the SENSES project believe in social enterprises and we are convinced that social enterprise naturally does what the EU wants the wider business sector to do: inclusive growth, tackling inequalities, fair working practices; local and regional cohesion, and human rights.

This conviction motivated us to ally and cooperate for the development of the social enterprise sector in the Danube Region within the frameworks of the SENSES project. According to the specific objectives and requirements of the Danube Transnational Programme this cooperation should point in the direction of
“improved policies and practical solutions for entrepreneurial culture and learning, and an improved environment for advancing social innovation and social services in order to meet social needs better and to further improve the capacities of regions and public institutions for managing new challenges such as demographic change, migration, brain drain etc.”.¹

The Danube Transnational Programme expects the supported projects to deliver strategies, action plans and pilot actions which contribute the creation of a better policy environment for the implementation of the expected results of the investment priorities and specific objectives defined under the Danube Transnational Programme.

This expectation is our mandate to strengthen (social) entrepreneurial culture and learning in the region through the Social Enterprise Strategy for the Danube Region that is a main output of the SENSES project.

We expect the Social Enterprise Strategy for the Danube Region to be integrated into the EU Strategy for the Danube Region for the next programming period thus it should contribute the forming of the future of the social enterprise ecosystem in the Region on a mid-term run.

3. Logic of the strategy

3.1. Design of the strategy

The Social Enterprise Strategy for the Danube Region is rooted in the common expertise and knowledge of the SENSES partnership on the actual situation of social enterprises in the region. This knowledge have been gained and built through the experience exchange activities realized during the project, of which the following project activities provided the most relevant inputs to the strategy development process:

3.1.1. Country reports

Project partners prepared 8 country reports on the situation of social enterprises, their ecosystems and the policies that have been targeting the social enterprise ecosystems in each partner countries. These reports had been prepared with the involvement of a wide stakeholder groups from each countries and according to the common methodology guidelines (SENSES Policy Diagnostic Tool) developed by the Center for Social Innovation (ZSI). The common methodology tool facilitated the partners in exploring and describing the policy making practices and initiatives in their countries and in giving an overview of the respective SE ecology. The guideline was structured according to the following topics:

¹ [http://www.interreg-danube.eu/uploads/media/default/0001/08/81e933247b2bb1449c467f4cd1bd55cf0e734948.pdf](http://www.interreg-danube.eu/uploads/media/default/0001/08/81e933247b2bb1449c467f4cd1bd55cf0e734948.pdf) p. 37
- SE policy in the country
- Legal framework
- Taxation and incentives
- Finance and funding
- Services and support schemes
- Focus on social impact and social goals
- Labels and certification schemes
- Networks and cooperation
- Focus on entrepreneurship skills and competences

The focus was set on good and transferable/scalable policy making practices and initiatives and on their part in the respective ecosystem. Additional information on the history and the context of policy practices, their promoters, their impact and possible constraints was asked for also, in order to estimate their transferability in the respective national and regional contexts and to add value to existing mapping exercises. Summing up, the policy analysis should consist of what the consortium and international collaborators needed to know about the countries SE ecology.

In accordance, the eight country reports –one per partner country- provided information on the most important policy gaps and most urgent issues in social enterprise development in the Danube Region. It highlighted the country specific needs and situations on the one hand, and the common topics that had been addressed by all partners on the other.

The comparison of these country reports by ZSI led to the identification of the common aims and obstacles addressed by all partners and the topics that were addressed only by some. Thus the summary of the country reports also prepared by ZSI became the basic document for the partners in preparing their countries’ self-assessment benchmarking. Moreover the summary served as a tool to identify the main common goals for national- and Danube Region-level policy improvements to be planned in the Social Enterprise Strategy for the Danube Region.

3.1.2. Benchmarking

According to the above described “policy diagnostic” activities the eight country reports built the basis for the benchmarking of the national social enterprise ecosystems and policies in the Danube Region.

In order to find out more about country characteristics and to get deeper understanding on country specific needs and policy gaps in comparison with other countries ZSI sent a short questionnaire to the project partners, which guided them during the self-assessment process of their national SE ecosystems and policies. This questionnaire was answered by the partners referring to the summary of the country reports provided by ZSI. Based on the results of the self-assessment ZSI prepared the synthesis of the countries benchmarking. The synthesis is based on a qualitative scoring process which makes possible the comparative ranking of the
social enterprise ecosystems in each partner countries regarding their development status. This ranking is based on the following seven dimensions:

- policy,
- recognition,
- legal framework,
- funding,
- access to markets,
- networks
- training

Each of these dimensions covered different number of indicators, which had been selected according to the possible tools that the project partners identified to enhance the performance of social enterprises, and the developing areas they reported on. (For more detailed description please see chapter 4.2.2)

Based on the results of the benchmarking the main common goals for Danube Region level policy improvements have been identified.

### 3.1.3. Policy learning dialogues

Last, but not least Policy Learning Dialogues (PLDs) played an important role in the strategy planning process and provided crucial information to the strategy development.

Three PLDs had been organized in three different countries (Croatia, Slovakia, Romania) during the project implementation in order to involve policymakers in the drafting as well as in the finalization of the strategy. The aim of these meetings was also to exchange ideas and discuss best practices learned during the seminars, the study-visits and the policy screening processes (country reporting and benchmarking), especially those of being potentially transferable into different national contexts or even to regional level.

Moreover, policy dialogues provided the opportunity to project partners to train policymakers in order to create wide consensus and stakeholder engagement concerning the objectives and interventions of the strategy.

Due to the above strategy designing procedures the Social Enterprise Strategy for the Danube Region is an evidence-based, practical and feasible policy document, which is capable for establishing regional and national level policy improvements regarding the framework conditions of social enterprises and their ecosystems.

### 3.2. Geographical coverage

The Social Enterprise Strategy for the Danube Region is based on the information about social enterprises and their ecosystems gathered from 8 countries (Austria, Croatia, Czech Republic, Hungary, Romania, Serbia,
Slovakia, Slovenia) of the Danube Region, but it defines interventions which are relevant for the whole region. Thus the Strategy overlaps with the territory addressed by the EU Strategy for the Danube Region (EUSDR), comprising also the Danube river basin and the mountainous areas (such as the Carpathians, the Balkans and part of the Alps), 114 million inhabitants and one fifth of the EU's territory. Thus the targeted area includes 9 EU Member States (Austria, Bulgaria, Croatia, Czech Republic, Germany, Hungary, Romania, Slovakia, Slovenia) 3 Accession Countries (Bosnia and Herzegovina, Montenegro, Serbia) and 2 Neighboring Countries (Moldova and Ukraine).

3.3. Alignment with EU Strategies

The Social Enterprise Strategy for the Danube Region have been designed in accordance with the EU level and Danube Region level strategies in order to strengthen the effects of these strategies and support the background policy initiatives targeting the development of the region and the SE sector. The Strategy is aligned especially with the following EU and regional strategies.

3.3.1. Europe 2020

Seeing the effects of the financial crisis on the European Union the Commission defined the development of the EU's competitiveness as the path towards recovery from the crisis and growth. Therefore the Commission created the Europe 2020 strategy as the strategy of European competitiveness. This is a strategy to help the EU come out stronger from the crisis and turn into a smart, sustainable and inclusive political and economic unit delivering high levels of employment, productivity and social cohesion. In order to realize the vision, the Commission put forward three mutually reinforcing priorities in the EU 2020 strategy:

- Smart growth: developing an economy based on knowledge and innovation.
- Sustainable growth: promoting a more resource efficient, greener and more competitive economy.
- Inclusive growth: fostering a high-employment economy delivering social and territorial cohesion.²

According to these priorities the EU 2020 Strategy outlines the future of a more competitive European Union within the frameworks of a 21st century social market economy.³ In order to realize this future the following strategic objectives had been determined in the strategy:

• 75 % of the population aged 20-64 should be employed.
• 3% of the EU’s GDP should be invested in R&D.
• The "20/20/20" climate/energy targets should be met (including an increase to 30% of emissions reduction if the conditions are right).
• The share of early school leavers should be under 10% and at least 40% of the younger generation should have a tertiary degree.
• 20 million less people should be at risk of poverty.

In order to achieve these strategic goals and catalyze progress the EU 2020 Strategy recommends the following flagship initiatives under each priority theme:

1. "Innovation Union"
2. "Youth on the move"
3. "A digital agenda for Europe"
4. "Resource efficient Europe"
5. "An industrial policy for the globalisation era"
6. "An agenda for new skills and jobs"
7. "European platform against poverty"4

From these initiatives the Social Enterprise Strategy for the Danube Region is strongly linked to the 1st "Innovation Union" because the strategy supports (social) innovation and the turning of innovative ideas into products and services that create growth and jobs and social or environmental benefits for local communities. Our strategy is also linked to the 5th initiative "An industrial policy for the globalisation era" since it is for improving the business environment, notably for SMEs. Our strategy is also in line with the 6th initiative "An agenda for new skills and jobs" since it targets the empowerment of people by developing their skills on the field of social entrepreneurship with a view to increase labour participation and to better match the labour supply and demand. Finally the Social Enterprise Strategy for the Danube Region fits with the 7th flagship initiative "European platform against poverty" because it serves the growth and the development of the job creation potential of the social enterprise sector, of which the people experiencing poverty and social exclusion will benefit.

3.3.2. Social Business Initiative

In order to promote a “highly competitive social market economy” as it is defined in the Europe 2020 Strategy, the Commission has placed the social economy and social innovation at the heart of its concerns, in terms of both territorial cohesion and the search for new solutions to societal problems, in particular the fight against poverty and exclusion. According to the Commission the social enterprise sector should play an important role in the implementation of the Europe 2020 strategy, especially the

flagship initiatives ‘The Innovation Union’ and the ‘European Platform against Poverty and Social Exclusion’ and also the ‘Single Market Act’. In order to enable social enterprises to use their full potential regarding the above initiatives, the Commission proposed an action plan of 11 actions, the “Social Business Initiative”, in general support of social innovation and social entrepreneurship in the Member States. The Social Enterprise Strategy for the Danube Region is strongly linked to the Social Business Initiative, since the priorities and strategic objectives of our strategy are also targeting the three intervention areas planned in the Social Business Initiative:

1. Improving social enterprises’ access to funding
2. Increasing the visibility of social entrepreneurship
3. Improving the legal environment for social enterprises

3.3.3. European Union Strategy for Danube Region

In order to contribute to EU objectives, reinforce major EU policy initiatives, especially the Europe 2020 strategy in the specific functional area of the Danube Region the European Council requested the Commission to prepare an EU strategy for the Danube Region. Accordingly the strategy gives an integrated response to the challenges of the region and also exploits the untapped potentials and resources of the Danube Region. This emphasizes the importance of better and more intelligent connections for mobility, trade and energy; actions on environment and risk management; and cooperation on security.

In the European Union Strategy for Danube Region four Pillars address the major issues. Each comprises Priority Areas, distinct fields of action.

The 4 pillars are:

1. Connecting the Danube Region
2. Protecting the Environment in the Danube Region
3. Building Prosperity in the Danube Region
4. Strengthening the Danube Region

From these the Social Enterprise Strategy for the Danube Region is directly linked to the 3rd “Building Prosperity in the Danube Region” since our strategy is also aiming at:

- **investing in people** in order to develop their knowledge and skills related to social innovation and social entrepreneurship

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• **building better connections** between social enterprises and business supporting or innovation institutions on the specific field of social entrepreneurship

• **strengthening social enterprise networks** and binding them to already existing clusters and centers of excellence

• **developing competitiveness** of social enterprises in the whole region

• **reinforcing the employment capacities** of social enterprises thus providing employment opportunities to people close to where they live

• **tackling social and economic exclusion**, spatial segregation and sub-standard living conditions through the development of the competitiveness, sustainability and social impacts of social enterprises in the Danube Region.  

### 3.4. Implementation of the strategy

The strategy is planned to be implemented on two levels:

1. National level
2. Danube Region level

In the following chapters we expound the basic information about the implementation and governance of the strategy on these levels.

#### 3.4.1. National level implementation

1. **Phase 1 - Action planning:**

   Based on the draft social enterprise strategy (D6.1.1) partners elaborate their action plans for the implementation of the strategic priorities and goals. Each project partner selects priorities and goals which are the most relevant among the national circumstances and translates them into actions to be implemented in order to realize strategic goals until the end of the project.

2. **Phase 2 – Approval of action plans**

   As the lead partner of the SENSES project IFKA examines the action plans and assures on the one side their connection and relevance to the Strategy. On the other side the national action plans, which capture the needs of the regions and partner countries, assure the environmental embeddedness of the strategy and thereby contribute to its significance. This approach of enriching the strategy with country results and vice versa will lead to integrated and highly applicable documents.

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9 At least one action per project partner is obligatory.
3. **Phase 3 – Finalisation and implementation of national action plans**

After approval by the lead partner the partners finalise their action plans and complete the implementation of their action until the end of the project by 30th of June 2019. The implementation of the regional action plans is being reported and monitored during the Policy Learning Dialogues.

### 3.4.2. Danube Region-level implementation

According to our mid-term goals the strategy should be integrated into the updated Danube Region Strategy (EUSDR) for the next Programming Period (2021-2027) and should contribute to the future of the social enterprise sector in the Danube Region on a mid-term run.

Based on this goal IFKA will coordinate with different organizations being responsible for the development of the new Danube Region Strategy (EUSDR) and support the proposed integration process of the strategy into the regional strategy.

4. **Background**

#### 4.1. Social enterprises in Europe/the European Union

As members of the social economy ‘family’ social enterprises contribute and respond to new societal challenges and economic opportunities and play a great role in tackling the most urgent social, employment and environmental problems which the EU currently faces.

According to actual data social economy includes over 2.8 million traditional entities (co-operatives, mutuals, associations and foundations) and enterprises. The sector provides over 13.6 million paid jobs in Europe, accounting for 6.3% of the total working population of the EU-28. The social economy workforce has revealed resilience to the economic crisis, as it has dropped from 6.5% only to 6.3% of the total European paid workforce and from 14.1 million jobs only to 13.6 million between 2010 and 2015.

Summarizing these data it can be stated that social economy is a large and important sector in the EU, both in human and economic terms.

The panorama varies among EU countries. In old member countries with remarkable social economic tradition (i.e. Belgium, Italy, Luxembourg, France and the Netherlands) the average employment rate in the sector falls between 9-10% of the whole working population, while in new member countries (i.e. Slovenia, Romania, Malta, Lithuania, Croatia, Cyprus and Slovakia) this rate
stays under 2%. According to the data social economy remains a small, emergent sector in these countries.\textsuperscript{10}

Besides traditional types of social economy entities a horizontal and cross-cutting category has been receiving increasing political and legislative recognition at EU and the national level: the social enterprise. Organizations that can be defined as social enterprises have contributed to an increasingly important entrepreneurial dynamic over the past few decades all over Europe.\textsuperscript{11}

4.1.1. Trends forming the European social enterprise sector\textsuperscript{12}:

- **Growing demand for general interest services:**
  
  In Europe the welfare systems are challenged to answer the new and rapidly emerging societal challenges and vulnerabilities generated by the economic crisis and global economic, environmental and social processes even in the most developed countries. Problems as ageing society, youth unemployment, long term unemployment and migration generate continuously growing demand for general interest services. Because of their inclusive nature and local embeddedness social enterprises are well prepared for these needs.

- **Increasing awareness of and demand for a more ethical business**
  
  There is an increasing trend among consumers to take into account the social and environmental implication of a product or service, that opens new markets for social enterprises which are offering products with social (or environmental) added value (i.e. fair trade, social finance etc.) or positive impact on local societies and economies (local employment, local products, social tourism etc.). The trend is strengthened by corporates which perceive the above mentioned consuming trends, intend to increase their social impacts, and for this reason are ready to establish productive relations with social enterprises.

- **Growing use of the term social enterprise and trend towards legal and policy level recognition**
  
  Experiencing the foregoing trends the awareness of the EU and the national governments is rising towards social enterprises. Over the past 15 years, new legal frameworks specifically


\textsuperscript{12}https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7934&furtherPubs=yes p 43.
designed for social enterprises have been introduced in numerous EU Member States with a view to support the replication of such types of enterprise and their successful practices in tackling societal problems, through targeted policies and financial subsidies.

- **Increase in number and expansion of social enterprises in new fields of engagement**

Social enterprises are generally growing in number and expanding in new markets in Europe. The trend is linked to the above described phenomena (demand for general interest services, demand for a more just and ethic economy and intention for the legal recognition and support) and to the nature of social enterprises (flexibility, locality, participatory based operation and management processes and structures, and remarkable employment potential).

### 4.1.2. Challenges for the social enterprise sector of Europe

- **Conceptual unclarities and low degree of recognition**

The terms ‘social enterprises’ and ‘social entrepreneurship’ are used in diverse ways and until now there is no clear understanding of their meaning in the European Member States. Imprecise use of terms leads to underestimation of the role and potentials of social enterprises in tackling social problems and generating economic value. Due to this conceptual confusion social enterprises are sometimes largely disregarded or regarded exclusively as work integration initiatives, moreover many organisations that display the characteristics of social enterprises are reluctant to self-recognise as such.\(^\text{13}\)

The lack of understanding and recognition of social enterprises are negatively affecting the growth and financing prospects of social enterprises and act as pivotal factor in preventing the development of relations with customers.

The reasons behind this phenomenon are manifold:

- The term “social” is often associated with the activities of charities and social sector entities rather than entrepreneurship.
- In Eastern European countries the term “social” has negative connotations associated with organisational structures that existed under the socialist regimes.
- In general successes of social enterprises are not well known or understood by the general public.

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• **Unexploited potential of cooperatives**

Although new types of cooperatives continue to emerge in a bottom-up way (e.g. community cooperatives in Italy, Poland and Spain), the potential of the cooperative model to address the needs of local communities is still far from being fully harnessed. The reasons are complex:
  - The key advantages of the cooperative model for a more effective conduction of social enterprise activities are not recognized or communicated.
  - In the former Eastern Bloc countries the emergence of new cooperatives is hampered by negative legacies, which consider cooperatives a relic of communism.\(^\text{14}\)

• **Untapped business relations with public authorities**

Public agencies are considered to be the main clients of social enterprises in almost all EU countries, due to the general interest nature of the services supplied by social enterprises. Nevertheless the potentials in the business relationships between public authorities and social enterprises are highly underused because of the following reasons:
  - EU rules on public procurement are still not transposed to national legislations in several countries, thus social enterprises still stay disadvantaged in these highly competitive procedures due to their characteristics related to profit making restrictions or participatory management structures and processes.
  - Even in those countries, where national public procurement legislations had been harmonized with EU regulations, reserved contracts and social clauses are still rarely used in competitive tenders, which results in the same consequences like the above.\(^\text{15}\)

• **Problematics of access to finance, public support schemes and EU funding**

Social enterprises are struggling to find the right funding opportunities due to the lack of understanding of their functioning and their small size.
  - Even today, most social enterprises are reliant on grants, especially in Eastern Europe, where ad hoc and fragmented initiatives have been funded through Structural Funds. This led to diverse negative examples of support measures that

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have proven to be ineffective, when not negative, making SEs more interested in receiving ESF grants than developing their market-oriented positions.\(^\text{16}\)

- While there is a growing interest towards impact investments in Western European countries, where social impact investment funds have been established and social impact measurement has gained importance (e.g. Italy, Belgium – mandatory social impact reporting, Austria, Germany, Poland, United Kingdom – voluntary social impact reporting), in Eastern countries social impact investment markets are rather nascent, and SEs are hardly prepared and capable for this kind of finance.

- In Eastern Europe other new types of financial support are also missing: Social banking is only in its initial phase, financial instruments allocated by public-private collaborations are immature; foundations, angel investors, venture capital and private equity investors are missing from the social finance market, crowdfunding is barely known and used for financing social business activities.

- Today, only 2% of global social impact investment\(^\text{17}\) (with a potential for growth of up to 450 billion EUR by 2019) is targeted towards Eastern Europe with the Danube Region, compared to 78% reaching Western Europe.

- **Legislation gaps and varying regulatory environments**

Most European countries do not have an explicit policy commitment to grow social enterprises and as a result there is often an absence of incentives for social enterprise development. A large number of countries including Austria, Belgium, Croatia, Denmark, France, Latvia, Poland, Romania, Slovenia and Switzerland identified policy framework lacks to encourage social enterprise formation and growth. Only eight countries (Slovakia, Bulgaria, France, Italy, Luxembourg, Slovenia, Sweden, and United Kingdom) have a policy framework in place to encourage and support the development of social enterprises. Yet, also these frameworks are often regarded as too restrictive and complex to support the growth of the sector.

While, in some countries, targeted legislations have allowed for a dramatic multiplication of social enterprises, in some other countries the impact of the new legal frameworks has been rather disappointing. Several failures have been triggered by the introduction of inadequate legislation, which has been artificially transplanted from one context to the other without being adjusted to national contexts.

\(^\text{16}\) https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7934&type=2&furtherPubs=yes p. 44.

According to experiences and researches the following characteristics lead to successful legislation:

- deep understanding of social enterprise dynamics
- strong engagement by the social enterprise community
- Involvement of SEs into legislative processes
- Supporting already existing bottom-up processes (i.e. Italy)

On the other hand legislations missed their targets or failed when the following patterns characterized the process:

- introduction through a top-down approach
- missing engagement of SEs
- complying with national strategies without a sound understanding of social enterprise’s determinants, key characteristics and patterns of evolution
- transplantation from other countries/contexts with a significantly different history/tradition (in the case of many Eastern European countries)
- introduction of new legislations into a fiscal environment already enabling for social enterprises, without any additional incentives to motivate SEs to register as de facto social enterprises (i.e. Italy, Belgium)
- introduction of excessively rigid constraints with the new legislation (e.g. French legislation on SCICs)

**Lack of management and entrepreneurial skills**

In most European countries there is a dearth of educational and training programmes tailored to the needs of social enterprises. This leads to the following consequences:

- Lack of managerial knowledge and capacities
- Missing entrepreneurial thinking and business capacities
- Lack of professional and sectoral networks
- Grant dependency
- Missing knowledge and capacities regarding the realistic assessment and demonstration of social impact and values created.

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4.1.3. Policy recommendations on social entrepreneurship and social innovation (GECES report)

At the request of the Commission the Commission Expert Group on Social Entrepreneurship (GECES) analyzed the situation of social enterprises and entrepreneurship in the EU and evaluated the implementation of the measures foreseen in and implied by the Social Business Initiative (SBI) of the Commission, in order to support the further development of social entrepreneurship in Europe. Based on this mandate GECES published its report ‘Social enterprises and the social economy going forward’ in 2016. The report is a call for action issued to the European Commission, Member States and social enterprise organisations, making 13 recommendations for concrete actions to tackle the issues currently preventing the social economy and social enterprises from working to their full potential. These recommendations are listed below.20

Towards increased visibility, recognition and identity

1. The European Commission, the Member States and social enterprise organisations shall gather stronger evidence on social enterprises’ added value and communicate it better.
2. The European Commission, the Member States, regional and local authorities, and social enterprise organisations should nurture a more assertive and coordinated social enterprise community.
3. The European Commission and Member States, as well as their local and regional authorities, should mainstream the social enterprise dimension in relevant policies, programmes and practices. They should consult with and engage social enterprises as much as possible in the creation of new policies and actions. Social enterprise organisations should actively promote and use these opportunities.

Improving access to funding

4. The European Commission and Member States should provide increased resources to training programmes, incubators and intermediaries that provide tailored capacity building support to social enterprises required to build their managerial skills and to encourage their financial sustainability.
5. The European Commission, the Member States and organisations from the social enterprise funding community should implement concrete measures to unlock and attract more funding that is better suited to social enterprises.
6. The European Commission and the Member States should continue to direct public funding to mobilise private capital, through investment in and de-risking of social enterprise funders, as well as by putting proper governance structures in place.

Improving the legal environment

7. The Commission should propose a soft legal measure which could help Member States design an adequate framework to support the flourishing and expansion of social enterprises.

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8. The Commission and the Member States should stimulate cross-border operations for mutuals and cooperatives to enable them to use the full potential of the Internal Market in order to expand their activities.

9. Public buyers should make the best use of the new public procurement rules and insert social considerations, including reserved contracts for the social and professional integration of disabled and disadvantaged persons (art. 20) as well as health, social and cultural services (art. 77), in their tendering procedures.

10. The Commission and the Member States should increase awareness of state aid rules and their impact on social enterprises providing a service of general economic interest (SGEI).

Driving international development and growth

11. The European Commission/EEAS should contribute, through the next cycle of its international development programmes, to a significant and ongoing increase in open source intelligence about the social economy and social enterprises, and support ecosystems globally.

12. The European Commission should take a leading role in fostering global cooperation to support the social economy and social enterprises by acting as a market convener and harnessing knowledge exchange.

13. The European Union and the EEAS should mainstream tailored support in all its existing and future policies and initiatives and international negotiations promoting social and economic development (cooperation and development, foreign policy, trade policy, neighbourhood policy etc.) and embed social enterprises and the social economy more broadly in strategic thinking in order to build supportive ecosystems as reflected by the pillars of the Social Business Initiative.

Table 1 – GECES recommendations

4.2. SEs in the Danube Region

The partners of the SENSES project implemented an extensive, thorough and detailed research activity in order to map and analyze the situation of social enterprises in the Danube Region. The research focused on the participating countries of the project (Austria, Croatia, Czech Republic, Hungary, Romania, Serbia, Slovakia, Slovenia), but its conclusions can be considered relevant regarding the whole Danube Region. Based on the results of the mapping activity and the analyzation of the national reports on the situation of SEs in the countries involved, the following picture can be drawn about the social enterprise sector in the Danube Region.

4.2.1. Outcomes of country reports

- Political strategies

With the economic crisis in 2008 a rising interest in alternative economies and new business models, as represented by SE, is observed in most countries in the Region. This tendency is

strengthened by the Europe 2020 strategy and the related sector specific strategies and initiatives, which stimulated the Member States to design policy instruments for the development of the sector or in case of some countries (Croatia, Slovakia and Slovenia) even to include the development of the SE-sector in national strategies, seeing them as partners to promote work-integration of vulnerable groups. Furthermore in Austria and Slovenia SEs are more and more considered as potential clients for contracting authorities in the field of social services. As these processes are linked to EU level strategies, initiatives and good practices, we can state that the membership to the European Union has had a positive impact on the development of the SE-sector, especially in the case of Eastern European countries, even though all countries report that policies concerning SE focus mostly on work-integration enterprises, and that funding is often easier available for organisations belonging to the traditional NGO sector.²²

- **Legal framework**

  In Slovakia and Slovenia the governments enacted special laws, defining social enterprises. Yet, in Slovenia stakeholders believe, that the definitions given for SE are too strict and restrictive. Moreover laws are in preparation in the Czech Republic and Serbia. In Austria and Croatia there is no specific law in relation to Social Enterprises.²³ In Hungary only one specific organizational form (social cooperative) is acknowledged legislatively as social enterprise.

- **Access to markets**

Access to market for social enterprises is often difficult to achieve. According to the opinion of experts about the issue, in Western countries like Austria markets have to be created or opened by the social enterprises themselves, e.g. with the support of co-creation (common value creation with corporates and big enterprises), online platforms, business cooperation etc. In case of Eastern countries more diversified problems obstruct SEs access to markets:

- Lack of visibility
- Missing recognition of socially and environmentally responsible products


Typically less marketable activities like rehabilitation and/or re-socialization.
- Negative effects of EU grants and state subsidies causing market distortions, grant dependency and decrease of entrepreneurial intentions.
- Differences between market needs and products or services supplied by SEs (missing demand)
- Lack of innovation and marketing potentials
- Overpriced products and services
- Lack of business collaborations with public contractors, SMEs, corporations and other social enterprises.

**Financial situation**

SE use different sources of finance. In all countries they mostly relay on the property of their funders and grants. There is a lack of private investments and also bank loans are difficult to get for social enterprises, nevertheless specific bank programmes for social enterprises are developing (especially by ERSTE Bank). In Austria the "Bank für Gemeinwohl" offers crowd founded credits for social enterprises, while in Hungary SEs have access to subsidized loans within the frameworks of the EDIOP-8.8.1-17 financial instrument. In Slovakia new financial mechanisms involving financial institutions are under development and several financial institutions are involved. Furthermore foundations are mentioned as financial supporters for social enterprises. Summarizing it, the financial situation of social enterprises is mostly instable in the Region.

**EU and national funding**

European funding for social enterprises is mostly granted by the ESF. In general the public funding available for SEs exists of subsidies for work integration, self-employment, public employment and regional development. Also dedicated financial instruments for (social) start-ups are under development and a few are already running.

24 [http://www.interreg-danube.eu/uploads/media/approved_project_public/0001/11/1acc885eed6285abd682c5d259be38cddc514c23.pdf](http://www.interreg-danube.eu/uploads/media/approved_project_public/0001/11/1acc885eed6285abd682c5d259be38cddc514c23.pdf) p. 82.
26 [http://www.interreg-danube.eu/uploads/media/approved_project_public/0001/11/1acc885eed6285abd682c5d259be38cddc514c23.pdf](http://www.interreg-danube.eu/uploads/media/approved_project_public/0001/11/1acc885eed6285abd682c5d259be38cddc514c23.pdf) pp. 84-86.
• **Business skills and sustainability of the sector**

As the SE-sector is only developing in all reporting countries, social entrepreneurs tend to lack basic knowledge of entrepreneurial skills. Moreover social enterprises often do not have concrete business plans and marketing schemes that would allow them to grow and to become self-sustaining businesses. For the above reasons it is one of the main obstacles for the development of the sector in all countries, that social entrepreneurs lack professional business knowledge, especially on the following fields:

- financial skills
- marketing skills
- management skills
- knowledge about the legal framework
- HR knowledge
- Knowledge on public procurement procedures

• **Training**

By now training for social entrepreneurs is mostly provided by the community itself, by international foundations (i.e. NESsT), by financial institutions (i.e. ERSTE Bank), by international accelerators (i.e. Ashoka, Impact Hub etc.) or by business development agencies with private or public background (i.e. IFKA in Hungary). In Slovakia the training and free of charge technical assistance is meant to be provided also by the Institute of Social Economy, which is established via the Ministry of Labour, Social Affairs and Family.

Moreover social entrepreneurs can access training courses designed for traditional businesses and SMEs. In Serbia social enterprises also benefit from study visits and trainings provided by cooperating bigger firms. In Austria, Slovakia and the Czech Republic university departments dealing with SE subjects had been set up, while in Hungary social enterprise related university courses have been started.28

• **Monitoring of the SE-sector**

Most countries report that they lack data on the actual size of the SE-sector. This is also true for the countries that run registries on SE (such as Slovenia), because of the narrow definition of SEs.

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27 http://www.interreg-danube.eu/uploads/media/approved_project_public/0001/11/1acc885eed6285abd682c5d259be38cddc514c23.pdf p. 86.
28 http://www.interreg-danube.eu/uploads/media/approved_project_public/0001/11/1acc885eed6285abd682c5d259be38cddc514c23.pdf pp. 86-88
Others criticize the lack of a common understanding of SE, which hinders the monitoring of the sector.  
As an exception Slovakia can be mentioned, where the satellite account of social economy is being developed as a joint initiative of the Statistical Office and the Office of governmental plenipotentiary on civil society, thus the comprehensive data-based picture should be available in 2020.

- **Awards and grant-schemes**

Awards and grants are seen as important tools to raise awareness for social enterprises. In the last years also business sponsoring programmes and awards, which originally aimed only at CSR activities added new categories, which aimed at the support of social enterprises. Moreover national and regional policy makers also issued new grant schemes in several countries. Different forms of awards addressing SEs seem to be especially widespread in Austria. For many SE these awards are also financially important. General weakness of these award schemes is that their majority focuses only on the social impact delivered by SEs, but ignores or pass by the sustainability of business models, and the business results of the target group.

- **Impact measurement and certification schemes**

There are no social impact measurement or reporting systems provided and supported by policy makers in the reporting countries and social impact measurement is not a general requirement or expectation for social enterprises. Exceptions are Slovenia where reporting on employment impacts is mandatory for registered SEs, Hungary, where SEs has to pass a pre-evaluation process and gain a certification regarding their business sustainability and potential social impact in the case they want to apply for EU grants and finally the Czech Republic, where TESSEA performs a quasi-evaluation of social enterprises, before they accept a new member in the national social enterprise community. However in some countries the SE network itself is providing reporting standards, to show the social and economic impact of SEs (e.g. Austria and the Czech Republic). Summing up, social entrepreneurs often do not even make efforts to measure the impact of their activities. The lack of knowledge and tools for measuring social impact, as well as platforms providing information to prospective donors, public decision makers and the general public about these impacts is a

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29 http://www.interreg-danube.eu/uploads/media/approved_project_public/0001/11/1acc885eed6285abd682c5d259be38cddc514c23.pdf pp. 88-89
30 http://www.interreg-danube.eu/uploads/media/approved_project_public/0001/11/1acc885eed6285abd682c5d259be38cddc514c23.pdf pp. 89-90
major gap of the social enterprise ecosystem to be addressed, to reach out for more visibility and funding.31

- Network and political representation of SE-sector

The SE community is internationally linked. Yet, they have no adequate national political representations in general. Serbia reports, that the formation of a network of SE is officially supported. In Hungary there are two bottom-up organized networks of social enterprises (SZoSzöv, TAVOSZ) competing with each other’s and the state supported organizations (i.e. IFKA, OFA) having political mandate to coordinate the development of the sector and to represent it in the policy making processes. In Austria, representative umbrella organisations have formed a multi-stakeholder platform, which aims to structurally strengthen the emerging social entrepreneurial sector. Moreover a lobby representing social entrepreneurs (SENA) was recently formed. In Slovakia the SE sector is fairly well represented politically, since it is an agenda of deputy minister of social affairs. On the other hand it has to be mentioned that in Slovakia the sector lacks umbrella organizations with the potential to represent the sector and its interests on policy forums. Furthermore it should be mentioned that the representation of SEs in policy making processes is usually undertaken by the networks of traditional non-profit organizations, or umbrella organizations and accelerators operating as NGOs in several countries (i.e. Austria, Czech Republic,). Their potential for influencing policy making processes have been decreasing recently, as the civic sector have been weakened in Eastern European countries\textsuperscript{32}.

4.2.2. Benchmarking

ZSI, as the responsible partner for the analysis of the country reports had identified seven dimensions, which had been relevant in every partner countries of the SENSES project. Dimensions, which had been considered suitable for describing the situation of the social enterprise sector in the Danube Region and for comparing the performance of ‘national’ SE sectors with each other’s, and with the regional average have been selected. These dimensions are:

\textsuperscript{31} http://www.interreg-danube.eu/uploads/media/approved_project_public/0001/11/1acc885eed6285abd682c5d259be38cddc514c23.pdf, pp. 90-91.
\textsuperscript{32} http://www.interreg-danube.eu/uploads/media/approved_project_public/0001/11/1acc885eed6285abd682c5d259be38cddc514c23.pdf, pp. 91-92.
• Policy
• Recognition of the SE-Sector
• Law and legal framework
• Access to markets
• Funding
• Networks
• Training

Each dimension had been further broken down to sub-indicators which were suitable for the evaluation of the given situation in each of the seven dimensions. As seven dimensions were taken into account, countries could score up to seven scores (negative and positive). 7 points plus would mean that they collected only positive points. 7 points minus would mean that they collected only negative ones. These positive and negative scores were plotted in a two-dimensional model, where the vertical axis represents the positive scores and the horizontal one the negative scores. This model displays the position each country takes in comparison to the others and thereby also shows possibilities of enhancement. The outcomes of the benchmarking can be seen on the following chart:
Given the position of the Danube region (red dot) as a reference point countries positioned on the top of the graph and close to the point of origin on the horizontal axis do perform rather positively compared to the others. Countries positioned to the far left of the horizontal axis and close to the point of origin on the vertical axis do perform rather negatively. The graph is suitable for defining which countries should future interventions focus on.

The benchmarking of the regional social economy sectors allowed for the identification of the most and the less developed dimensions of the social enterprise sectors of the Danube region. According to the total scores the Danube region is best in training programmes offered to social enterprises. This reflects the growing awareness for the needs of the SE-
sector and the strong engagement of national and international enabling networks in this field.

On the other hand, what is needed the most seems to be the political action, the recognition and the involvement of powerful players as the dimensions of recognition, including awareness, and the policy dimension are rated most negatively compared to the other dimensions in the total scoring.³⁴

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Chart 2 – Total scores of benchmarking SE sectors in the Danube Region³⁵

4.2.3. Recommendations

Based on the results of the analyzation of the Country Reports and the outcomes of the benchmarking the following recommendations have been identified by ZSI with the approval of the SENSES partnership:

**Recommendation 1 (R1):** Stronger engagement and involvement of (national) policy level to improve the general conditions of social enterprises and clarify legal frameworks, national strategies and definitions.

**Recommendation 2 (R2):** Stronger efforts in awareness raising for a better recognition of the SE sector, supported by the development of impact measurements tools, certification schemes, registries and research on social enterprises.

**Recommendation 3 (R3):** Referring to recommendation 2, forming a lobby for SE, involving not only enabling institutions, but also social entrepreneurs themselves to officially present the interests of the sector and to foster national and international business relations.

**Recommendation 4 (R4):** Improving access to market of social enterprises by making their products more competitive, forcing business relations to other companies and establishing bounds and contracts with regional and local authorities in the field of social services.

**Recommendation 5 (R5):** Development of more and fitting funding possibilities for social enterprises on public and private level.

**Recommendation 6 (R6):** Further training offers for social enterprises to support the development of business skills and management knowledge.

4.2.4. SWOT analysis of SEs and social innovation in the Danube Region

According to the outcomes of the Policy Learning Dialogue on the 12\textsuperscript{th} and 13\textsuperscript{th} of June 2018 in Zagreb, Croatia the Danube Region countries demonstrate the following strengths, weaknesses, opportunities and threats which have been taken into consideration during the strategy planning process:

\[^{36}http://www.interreg-danube.eu/uploads/media/approved_project_public/0001/11/1acc885e6d285abbd682c5d259be38cddc514c23.pdf\textsuperscript{.} p. 109\]
<table>
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<th>Weaknesses:</th>
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<td>• Growing political interest towards the societal challenges solved by social enterprises (e.g. Bratislava Declaration);</td>
<td>• Poor and different understanding of the concept of social enterprises country by country;</td>
</tr>
<tr>
<td>• Despite of the relatively small territory of the Danube region, social enterprises are succeeding in tackling the most common societal challenges with unique solutions;</td>
<td>• Lack of supportive policy and legislative framework especially between pre-accession and EU Member States;</td>
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<tr>
<td>• Unique bottom-up coordination mechanisms of activities of the social enterprise ecosystems by key actors;</td>
<td>• Difficulties in accessing finance from external sources (e.g. social impact investment);</td>
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<tr>
<td>• Strong pro-bono and donation-based social enterprise acceleration programmes and intermediaries (e.g. NESsT, ASHOKA);</td>
<td>• Lack of managerial and professional skills/ competencies necessary for scaling up activities;</td>
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<td>• Strong networks of social enterprises in Croatia, the Czech Republic and Slovakia;</td>
<td>• Low number of partnerships and commercial opportunities with businesses;</td>
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<tr>
<td>• Involvement of inspirational social enterprises in shaping social enterprise acceleration programmes;</td>
<td>• Inability to reach commercial scale for managed products;</td>
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</table>
### Opportunities:

- Widespread of socially responsible public procurements;
- Inclusion of social entrepreneurship and social innovations in RIS3 strategies;
- Growing interest towards social impact investment opportunities by Western European funds;
- Growing interest towards teaming with social enterprises being active in the Danube region;
- Exploitation of synergies between closed and running initiatives and programmes on regional, national and supranational level;
- Facilitation of digital social innovations in the Danube region;
- Joint policy declarations and initiatives facilitating an international exchange of experience of good practices;

### Threats:

- Strong reliance on grants between 60 to 90% of revenue;
- Public funding and related initiatives without meeting the actual needs of the sector;
- Difficulties in accessing new markets and customers;
- Difficulties in upgrading the entrepreneurial mindsets;

<table>
<thead>
<tr>
<th>Opportunities:</th>
<th>Threats:</th>
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<tr>
<td>Widespread of socially responsible public procurements;</td>
<td>Strong reliance on grants between 60 to 90% of revenue;</td>
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<td>Inclusion of social entrepreneurship and social innovations in RIS3 strategies;</td>
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<td>Growing interest towards social impact investment opportunities by Western European funds;</td>
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<td>Growing interest towards teaming with social enterprises being active in the Danube region;</td>
<td>Difficulties in upgrading the entrepreneurial mindsets;</td>
</tr>
<tr>
<td>Exploitation of synergies between closed and running initiatives and programmes on regional, national and supranational level;</td>
<td></td>
</tr>
<tr>
<td>Facilitation of digital social innovations in the Danube region;</td>
<td></td>
</tr>
<tr>
<td>Joint policy declarations and initiatives facilitating an international exchange of experience of good practices;</td>
<td></td>
</tr>
</tbody>
</table>

Table 2 – SWOT analysis of the SE sector in the Danube Region.

5. The strategy

We, the partners of the SENSES project declare, that the fundamentals of the 'Social Enterprise Strategy for the Danube Region' are those characteristics and potentials of the social enterprise sector in the Danube Region, which were jointly identified and acknowledged by all partners in the partnership. According to our intention the Strategy should contribute to the sustaining and development of these characteristics and potentials, which are its own fundamentals.

5.1. Characteristics and Potentials of SEs in the Danube Region

As an outcome of exchange of experiences within the frameworks of the SENSES project, the following characteristics and potentials of social enterprises and entrepreneurship in the Danube Region have been identified by the project partners:

1. Societies are becoming more aware of social and environmental effects of societal and economic activities in the Danube Region, thus openness to social and environmental responsibility is becoming more and more important recently.

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37 Excerpt of Policy Learning Dialogue (12-13.06.2018, Zagreb, Croatia)
2. SEs form a **diverse and colorful sector** in organizational, business activity and social impact sense. This diversity is a basic value and a substantial strength of the SE sector in the Danube Region.

3. SEs **are innovative and flexible** in tackling and solving societal challenges and **play a great role in social inclusion and integration** processes.

4. Many social enterprises have **remarkable experiences and replicable good practices** related to creating social impact and solving local social and environmental issues via sustainable business activities. Therefore social enterprises may have a great **awareness rising potential** to the benefits of social entrepreneurship, especially the development of social solidarity, reinvesting the profit in social goals and representing humanity in the economy. Therefore they might be able to motivate traditional businesses to increase their social responsibility.

5. Social enterprises might be able to support local or regional authorities by taking over tasks from them and providing better, cheaper and more effective social and employment services.

6. Social enterprises have **proven resilience to economic changes and crisis**.

7. As members of the social economy sector social enterprises may have **measurable economic power and contribution to national GDPs.**

**5.2. Common vision**

The partners of the SENSES project participating in the strategy creation process defined the common vision of the partnership about the future of the social enterprise ecosystem in the Danube Region. Our vision had been elaborated jointly and it is leaning on the characteristics and potentials defined above, the exchange of experiences and the mutual learning process implemented during the project. Our vision looks forward and defines the fundamentals of the Strategy until 2027 since the envisaged changes may take years and because we would like to contribute the development and implementation of the redesigned EU Strategy for the Danube Region (DTP) for the following Programming Period (2021-2027).

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38 Extract of Policy Learning Dialogue (2nd of April 2019, Ploiesti, Romania)
According to our vision a prosperous social enterprise ecosystem will flourish in the Danube Region by 2027, which...

V1. supports the diversity of social and economic activities, impacts and organizational forms of social enterprises as a substantial strength and basic value of the SE sector, based on a broad definition and common understanding on what social enterprise and social entrepreneurship is in the Danube Region.

V2. acknowledges measurable social impact and different practices of proving it as broadly used constitutive requirements of social entrepreneurial activities and consensual identification instruments of SEs in the Danube Region.

V3. recognizes social enterprises as economic actors and integrated (but not equalized) members of the SME sector, which may gain access to a broader spectrum of market opportunities, business development services, financial resources and supportive networks on national and regional level.

V4. strengthens the embeddedness of SEs in their local economic, social, financial, cultural and political environments that enables them to increase their economic performance and social impacts, and to implement their social mission.

V5. facilitates the international cooperation of SEs with each other's, traditional businesses, financing institutions, investors and policy makers in the Danube Region or even on EU level, that enables SEs to enter and prevail on international markets.

V6. strengthens self-organizing and advocacy potentials of the social enterprise sector and increases its policy-level and legislative recognition.

V7. makes social enterprises more visible and better understood across the whole Danube Region and its countries. 39

Our vision can be divided into two phases. The 1st phase is targeting the conceptual clarification of the social enterprise concept in the Region, that means market activity and social impact based harmonization and also broadening of the concept. The second phase is built upon the 1st and it is about the development of the sector, that can be interpreted as parallel multiplication and scaling/efficiency development both in the case of economic performance and social impact. (See figure 1)

39 Extract of Policy Learning Dialogue (2nd of April 2019, Ploiesti, Romania)
Figure 1 – Phases of the Common Vision

1st Phase - Conceptual clarification

- Clarification and broadening
- Different SE concepts

2nd Phase - Development

- Social impact
  - Multiplication
    - More organizations
    - More communities affected
    - More social problems solved etc.
  - Scaling/Efficiency
    - Deeper embeddedness in local communities
    - Increasing sustainability and permanence of solutions

- Economic performance (incomes, market share)
  - Multiplication
    - More organizations
    - More products and services etc.
  - Scaling/Efficiency
    - Growing market share/organization on internal markets
    - Internationalization

Regional SE concept (impact and market focused, broader)
5.3. Priorities and strategic objectives

Based on the results of exchange of experiences activities, especially the Analysis of the Country Reports and the Policy Learning Dialogues implemented during the SENSES project, the following priorities have been defined and the following objectives have been assigned to the priorities. The Regional action plans of Project Partners are linked to these objectives and serve their implementation on the short term run.

5.3.1. Priority 1 (P1) – Conceptual clarification

<table>
<thead>
<tr>
<th>Targeted actors</th>
<th>Policy makers, legislature, academy, supporting organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Final beneficiaries</td>
<td>Social enterprises, SMEs, policy makers, legislature, academy, supporting organizations</td>
</tr>
<tr>
<td>Impact level</td>
<td>Danube region</td>
</tr>
<tr>
<td>Description</td>
<td>Priority 1 substantiates the further seven thematic priorities of the strategy, and provides common foundation to every intervention planned within the frameworks of the strategy. It serves the clarification and harmonization of the social enterprise concept, and the common understanding of what social enterprise and social entrepreneurship is in the Danube Region. The starting point of the conceptual clarification and harmonization is the EU definition, but the priority targets the strengthening of market income and measurable/provable social impact related elements in the concept. The conceptual clarification and harmonization leads to the creation of a market income and social impact-based conceptual framework of social entrepreneurship and social enterprises, the broadening of the SE ‘definition’ and the target group, that are all important to increase the sector’s economic and social importance and acceptance.</td>
</tr>
</tbody>
</table>

**Strategic objectives**

- **SO 1** Common elaboration or approval of a jointly acknowledged (broader) social enterprise concept based on the EU definition, but with strengthened market income and social impact related elements
- **SO 2** Recognizing the application of different impact measurement methodologies and frameworks as the basic identification element and requirement for social enterprises and social entrepreneurship.

**Connections with SENSES recommendations**

- Recommendation 1 (R1)

**Connections with SENSES Vision**

- Vision element 1 (V1)
### 5.3.2. Priority 2 (P2) - Policy improvement and legislation

<table>
<thead>
<tr>
<th>Targeted actors</th>
<th>Policy makers, legislature, ministries, managing authorities, financial institutions, chambers of commerce, lobby organizations, supporting organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Final beneficiaries</td>
<td>Social enterprises, SMEs</td>
</tr>
<tr>
<td>Impact level</td>
<td>National and Danube Region</td>
</tr>
<tr>
<td>Description</td>
<td>Based on the foundations established by the 1st priority, Priority 2 targets the harmonization of laws and legal frameworks affecting social enterprises and social entrepreneurship in the different countries of the Danube Region. The objectives and activities under this priority also serve the clarification of the legal frameworks of the sector, the legal recognition of SEs as economic actors and integrated members of the SME sector and the support of the diversity of social enterprises. Finally Priority 2 intends to establish the recognition of social enterprises on policy level. This means stronger engagement and involvement of (national) policy actors to improve the general conditions of social enterprises, to strengthen the embeddedness of SEs in their political environments, and the involvement and representation of social enterprises in policy making processes on national and regional levels.</td>
</tr>
</tbody>
</table>
| Strategic objectives | • SO3 Integration of the SENSES Social Enterprise Strategy for the Danube Region to the Danube Transnational Programme for the next Programming Period (2021-2027) in order to ensure its mid-term implementation.  
• SO4 National strategies for the development of the SE sector  
• SO5 Establishment of political bodies (i.e. inter-ministerial bodies) which are responsible for SE related policies  
• SO6 Special law, not limited to WISE and employment related organizations defining social enterprises, enabling easier foundation of new SEs and SEs' entering to existing markets.  
• SO7 Policy integration of SE and SME sectors  
• SO8 Integration of SEs in the satellite accounts system  
• SO9 Integration of EU regulations on "responsible public procurement" to national legislations where it is missing. |
| Connections with SENSES recommendations | • Recommendation 1 (R1) |
| Connections with SENSES Vision | • Vision element 3 (V3)  
• Vision element 4 (V4)  
• Vision element 6 (V6) |
### 5.3.3. Priority 3 (P3) – Social impact measurement

| Targeted actors | Policy makers, managing authorities, academy, financial institutions, supporting organizations, social enterprises, SMEs |
| Final beneficiaries | Policy makers, managing authorities, academy, financial institutions, supporting organizations, social enterprises, SMEs |
| Impact level | National and Danube Region |
| Description | The Priority targets the integration of the concept of social impact measurement (different methods of proving social impacts) into the operation of social enterprises, the legislations and policies affecting social enterprises. Accordingly the Priority serves the national level elaboration or adaptation of different methodologies and frameworks for assessing and proving social impacts, the promotion of these practices and their integration to the policy, legislative and supporting processes and also to the daily routine of SEs. |
| Strategic objectives | • SO10 National level elaboration, adaptation, standardization and recognition of different methodologies and frameworks for assessing and proving social impacts. Officially recognized social impact measurements and reporting standards  
• SO11 Raising awareness of social entrepreneurs and policymakers for impact measurement  
• SO12 Promotion of different impact measurement methodologies recognized by the wide group of stakeholders (SEs, policy makers, local and national authorities, business development agencies, financing institutions etc.) |
| Connections with SENSES recommendations | • Recommendation 1 (R1)  
• Recommendation 2 (R2) |
| Connections with SENSES Vision | • Vision element 1 (V1)  
• Vision element 2 (V2) |
### 5.3.4. Priority 4 (P4) – Recognition and awareness-rising

<table>
<thead>
<tr>
<th>Targeted actors</th>
<th>Policy makers, managing authorities, financial institutions, chambers of commerce, academy, supporting organizations, local authorities, media</th>
</tr>
</thead>
<tbody>
<tr>
<td>Final beneficiaries</td>
<td>Social enterprises, SMEs</td>
</tr>
<tr>
<td>Impact level</td>
<td>National and Danube Region</td>
</tr>
<tr>
<td>Description</td>
<td>Priority 4 (P4) focuses on stronger efforts in awareness raising for a better recognition of the SE sector and making social enterprises more visible and better understood in the Region.</td>
</tr>
</tbody>
</table>
| Strategic objectives | • **SO13** Establishment of national registers informing on the size of the SE sector  
• **SO14** Grants awarded by local and national governments or authorities based on schemes supporting also the development of business skills and a sustainable financial situation  
• **SO15** Opening competitions in the traditional business sector for SE (including measurements of social impact)  
• **SO16** Certification schemes, labels proving the social impact and social enterprise status of SEs  
• **SO17** Intense communication about the sector, its impacts and the results of the regional and national strategies |
| Connections with SENSES recommendations | • Recommendation 2 (R2) |
| Connections with SENSES Vision | • Vision element 7 (V7) |
### 5.3.5. Priority 5 (P5) – Access to market

<table>
<thead>
<tr>
<th>Targeted actors</th>
<th>Managing authorities, financial institutions, supporting organizations, local authorities, SMEs, corporations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Final beneficiaries</td>
<td>Social enterprises, SMEs, local authorities, customers</td>
</tr>
<tr>
<td>Impact level</td>
<td>National, Danube Region and EU</td>
</tr>
<tr>
<td>Description</td>
<td>Priority 5 (P5) includes interventions targeting the improvement of SEs access to markets via several means like: development of competitiveness of SE services and products, strengthening business relationships with other businesses and regional and local authorities. The priority intends to strengthen SEs’ embeddedness in local economic environments, facilitate the internationalization of their business activities and co-operations, providing them access to broader spectrum of market opportunities.</td>
</tr>
</tbody>
</table>

#### Strategic objectives

- **SO18** Strengthening SEs as potential clients for contracting authorities in the field of social services.
- **SO19** Raising awareness of public authorities and SEs on the benefits and opportunities of applying "responsible public procurement" criteria in public procurement processes
- **SO20** Raising awareness for socially and environmentally responsible products
- **SO21** Supporting national and international business between corporations, SMEs and social enterprises
- **SO22** Supporting social and technological innovations at SEs with knowledge-transfer, financial instruments, grants etc.

#### Connections with SENSES recommendations

- Recommendation 4 (R4)

#### Connections with SENSES Vision

- Vision element 3 (V3)
- Vision element 4 (V4)
- Vision element 5 (V5)
### 5.3.6. Priority 6 (P6) – Access to finance

<table>
<thead>
<tr>
<th><strong>Targeted actors</strong></th>
<th>Managing authorities, financial institutions, investors, supporting organizations, local authorities, corporations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Final beneficiaries</strong></td>
<td>Social enterprises, SMEs</td>
</tr>
<tr>
<td><strong>Impact level</strong></td>
<td>National, Danube Region and EU</td>
</tr>
<tr>
<td><strong>Description</strong></td>
<td>Priority 6 (P6) serves the development of more and fitting financing possibilities for social enterprises on public and private level, the improvement of their access to a broader spectrum of financing opportunities, and the strengthening of their co-operations with national and international financing institutions and investors.</td>
</tr>
</tbody>
</table>
| **Strategic objectives**  | • SO23 Increasing financial sustainability and decreasing public funding (grant) dependency of SEs with alternative financial instruments.  
• SO24 Connecting local and state institutions into the supporting system of SEs in order to provide more public funding for local small businesses  
• SO25 Funding not only focused on social enterprises in the sector of work integration  
• SO26 Dedicated financial support for social start-ups |
| **Connections with SENSES recommendations** | Recommendation 5 (R5)                                                                                          |
| **Connections with SENSES Vision** | Vision element 3 (V3)  
Vision element 5 (V5) |
### 5.3.7. Priority 7 (P7) – Strengthening networks and lobby

<table>
<thead>
<tr>
<th><strong>Targeted actors</strong></th>
<th>Policy makers, social enterprises, SMEs, supporting organizations, advocacy and lobby organizations, NGOs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Final beneficiaries</strong></td>
<td>Social enterprises, SMEs, supporting organizations, advocacy and lobby organizations, NGOs</td>
</tr>
<tr>
<td><strong>Impact level</strong></td>
<td>National and Danube Region</td>
</tr>
<tr>
<td><strong>Description</strong></td>
<td>Priority 7 (P7) is focusing on the strengthening of SEs own national and international networks, in order to reach better interest protection and lobby opportunities for social enterprises in the Danube Region. The interventions under this priority improve SEs’ embeddedness in their local social and political environments, strengthen their national and international co-operations and access to supportive networks, leading to more intense involvement and representation of social enterprises in policy making processes, and also to the increase of policy makers’ commitment to the sector on national and regional level.</td>
</tr>
</tbody>
</table>
| **Strategic objectives** | • **SO27** Importing good practices of advocacy, interest protection and lobby from the NGO sector.  
• **SO28** National representation of social enterprises and promotion of the interest of the sector on national level in decision making  
• **SO29** Strengthening public-private co-operations in order to increase social enterprises’ better representation  
• **SO30** Stronger and continuous cooperation with already existing or newly established advocacy organizations or establishment of the own advocacy and lobby organizations of the sector |
| **Connections with SENSES recommendations** | • Recommendation 3 (R3) |
| **Connections with SENSES Vision** | • Vision element 3 (V3)  
• Vision element 4 (V4)  
• Vision element 5 (V5)  
• Vision element 6 (V6) |
### 5.3.8. Priority 8 (P8) – Knowledge development

<table>
<thead>
<tr>
<th><strong>Targeted actors</strong></th>
<th>Supporting organizations, academy, social enterprises, SMEs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Final beneficiaries</strong></td>
<td>Social enterprises, SMEs</td>
</tr>
<tr>
<td><strong>Impact level</strong></td>
<td>National and Danube Region</td>
</tr>
<tr>
<td><strong>Description</strong></td>
<td>Finally Priority 8 (P8) leads to better access of SEs to business development services and more and better training opportunities, in order to support the development of their business skills, management knowledge and social impact measurement practice. This priority also serves the spread of knowledge about social enterprises through integration of social entrepreneurship related topics into secondary and higher level education curricula, leading to increased visibility and better understanding of the sector.</td>
</tr>
</tbody>
</table>
| **Strategic objectives** | • SO31 Improving the knowledge of social entrepreneurs on finance, marketing, management, legal frameworks and HR  
• SO32 Training on business-skills as part of the formal education system (information on the SE sector in business school-plans, implementation of curriculums on SE at the university level)  
• SO33 Business development services focusing on market orientation of SEs |
| **Connections with SENSES recommendations** | • Recommendation 6 (R6) |
| **Connections with SENSES Vision** | • Vision element 2 (V2)  
• Vision element 3 (V3)  
• Vision element 7 (V7) |
### 5.4. Strategic system

<table>
<thead>
<tr>
<th>Priority 2 (P2) – Policy improvement and legislation</th>
<th>Priority 3 (P3) – Social impact measurement</th>
<th>Priority 4 (P4) – Recognition and awareness-rising</th>
<th>Priority 5 (P5) – Access to markets</th>
<th>Priority 6 (P6) – Access to finance</th>
<th>Priority 7 (P7) – Strengthening networks and lobby</th>
<th>Priority 8 (P8) – Knowledge development</th>
</tr>
</thead>
<tbody>
<tr>
<td>• V3, V4, V6</td>
<td>• V1, V2</td>
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<tr>
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<td>Objectives</td>
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<tr>
<td>Priority 1 (P1) – Conceptual clarification</td>
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</tr>
</tbody>
</table>

**Figure 2 – Strategic system**

42
Literature

Cooperation programmes under the European territorial cooperation goal. 2017. 
http://www.interreg-danube.eu/uploads/media/default/0001/08/81e933247b2bb1449c467f4cd1bd55cf0e734948.pdf. (Last accessed on the 30th of June 2019)

EUROPE 2020 - A European strategy for smart, sustainable and inclusive growth. 


