

D.6.2.4 Regional Action Plan

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B. VERSIONING AND CONTRIBUTION HISTORY

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v.01	21 February 2018	Mária BARACSI	First Draft
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C. Table of content

D. Introduction

Social enterprises (SEs) are important drivers for inclusive growth and play key role in tackling current economic, environmental and societal challenges. Recent years have seen a burgeoning interest in social enterprises across Europe. However, still there are commonly identified problems of missing policy and legal frameworks, social investment markets and social entrepreneurship education are very common. As a result, trends in SENSES countries show diverse picture of low viability of business models of existing social enterprises, nascent social investors and investment markets, mainly pro bono and donation-based SE acceleration programmes and fragile relationships between SEs and market actors.

Motivated by the above challenge, the SENSES project aims **to create a transnational network of social enterprises (SEs), socially responsible traditional businesses, (social) financial investors, policy-makers, academia, NGO practitioners which will jointly promote an innovative social enterprise model as well as social innovation for the sustainable economic development of the Danube region.** Therefore, by the end of project implementation, SENSES will deliver cutting-edge policy designs, known as Social Enterprise Strategy for the Danube region broken down into a set of Action Plans developed by the representatives of the SENSES partner regions that support policymakers in facilitating the social enterprise sector to grow. Results will jointly contribute to develop self-sustaining social enterprises with commercially viable business model that focuses directly on propagating effective solutions at grassroots level.

Consequently, WP6 – Strategy development, is focusing on mainstreaming of project results and the development of concrete, evidence-based strategy for the improvement of framework conditions of social enterprises and their ecosystems. An important element of the activities is the identification of forthcoming activities and policy recommendations that jointly supports policymakers **to create a common understanding of social enterprises in the Danube region as well as to harmonize existing policy directions set during the current programming period and beyond.** Action Plans (D6.2.4) compiled by SENSES partners contribute to the overall macro-regional strategy development (A6.1) and therefore, enables closer relationship between the macro-regional and national, regional as well as local policy interventions in the field of the social economy through series of Policy Learning Dialogues (D.1.3-5) and regional stakeholder meetings (D.6.2.1-3).

E. Structure of Action Plans

Action Plans play a central role in the abovementioned process via providing details on how the lessons learned from the cooperation will be exploited in order to improve the policy framework tackled within that region. It specifies the nature of the actions to be implemented, their timeframe, the players involved, the costs (if any) and funding sources (if any).

Action Plans are expected to meet with the following characteristics:

- Action plans have to be **endorsed by the relevant policymakers** to have a fair chance to be (fully) implemented,
- Action plans do not only summarise the lessons learned but they also clearly outline which concrete actions will be taken by each partner: **They must specify the nature of the actions implemented, their timeframe, the organisations to be involved, the costs (if any), and funding sources (if any), etc.,**
- Actions plans are not an end in themselves but a **means to achieve change in the regions,**
- Action plans should be useful for the partners concerned: their length and/ or level of details may vary from one partner to another,

Overall, Action plans contribute to the macro-regional strategy development and address one or more objectives of it in a more tangible way.

F. Administrative data

Name of the partner:	Slovak Business Agency
Other partner organizations involved, if relevant:	
Country:	Slovak Republic
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(Regional) Action Plan aims to impact:	Priority 7 (P7) – Strengthening networks and lobby
Name of the policy instrument addressed / improved:	

G. Action 1

The background (please describe the lessons learned from the project that constitute the basis for the development of the Action Plan in 3000 characters):

Despite the dynamic development during last two years, caused by the adoption of new and comprehensive Act of the social economy and social entrepreneurship in May 2018, Slovakia is one of those EU member states whose social enterprise sector is still in a nascent stage and it is facing number of challenges.

Although the Act of the social economy and social entrepreneurship was adopted, the concept of social enterprise (SE) is still not well recognized, and its perception is often narrowly associated with work integration structures supported by active labour market policies.

The current legislation goes beyond the job creation aspects of social entrepreneurship. Nevertheless, the public stereotypically perceives SE in the context of employment, since the proposal for the current legal framework came from the Ministry of Labour, Social Affairs and Family of the Slovak Republic. In addition, in the media, social entrepreneurship is mostly represented by representatives from the Ministry of Labour, Social Affairs and Family who focus on its role to support the employment of disadvantaged and vulnerable groups.

On the other hand, the introduction of Act on social economy and social entrepreneurships expanded the debate on the nature of social entrepreneurship. Gradually it started to appear in the portfolio of new organisations and departments. The topic of social entrepreneurship started to resonate also within the Ministry of Economy, which announced a dedicated call to support social enterprises and social innovation among SMEs. Interest was also shown by the Ministry of Culture in the context of the protection of cultural monuments. The Ministry of Education, Science, Research and Sport is interested in social entrepreneurship as means for increasing adults qualifications and lifelong learning. An important advocate of social entrepreneurship in Slovakia is also the Ministry of Finance. Due to its emphasis on financial instruments, it attracted a number of significant financial institutions and banks into the debate.

Despite all positive endeavours, number of actions are rather isolated and not well interlinked with other stakeholders. No official (either non-official) platform where all these initiatives are discussed, is missing, neither umbrella organisation or other self-governance instruments is on the place. The possible synergies among implemented initiatives are often not considered and positive “snow-ball” effect increasing the recognition and joint actions are not met.

Action (please list and describe the action to be implemented in 2000 characters):

Given all above mentioned and considering the capacities and roles of SBA, the key focus on the action plan implemented in Slovakia will be paid on the networking and information exchange strengthening with the aim to cultivate the culture of cooperation and sharing among SE stakeholders.

Actions will be implemented in the scope of the specific objective 29 of the Strategy (Strengthening public-private cooperation in order to increase social enterprises better representation) and specific objective 30 of the Strategy (Stronger and continuous cooperation with already existing or newly

established advocacy organizations or establishment of the own advocacy and lobby organizations of the sector).

The long term vision of the implemented actions is to facilitate a formation and operation of umbrella organisation of SE sector, which currently does not exist. Nevertheless, the emergence of the potential umbrella organisation has to be organic and not initiated by SBA exclusively.

In the above mentioned line the following activities will take place:

- The regular meetings of stakeholders:

During the phase of the project the group of the stakeholders was identified and created. All involved expressed strong interest in continuation of the informal networking meetings, which would be regularly organized and offer a group for informal exchange of information. All approached stakeholders which could participate on the initiative, welcomed the opportunity to informally network and regularly meet with the high enthusiasm, all declared that the similar activity does not exist in Slovakia yet.

SBA will take the role of host of these meetings and will cover the secretariat roles. The meetings will be organized at least once per every six months and will take place in Bratislava.

- Better embeddedness of SEs sector into the portfolio of SBA

In Slovakia, Social enterprises have become recognized as fully-fledged members of business ecosystem only recently. Till recently, even SBA, as the key representative of SMEs sector, did not consider SE as the organisations with significant economic relevance, thus did not cover SEs among its target groups. SENSES was the first considerable initiative implemented within SBA and focused on SE. Based on the findings and activities of the project, SBA understood the importance and power of SE, therefore SE would perceptively incorporate the issues of SE to its core portfolio, thus the representation and recognition of SE within the traditional business sector should be increased. The discussion about the scope and form of the deeper incorporation should start during the phase of the action plan implementation.

Players involved (please indicate the organizations in the territory who are involved in the development and implementation of the action and explain their roles in 2000 characters):

Within the activities aiming better networking, variety of other players representing all sectors are involved and will be invited. Most of the involved organisations are Bratislava based, however the impact of the better networking is not territorially limited.

Within the governmental sector the main players are:

- Ministry of economy
- Ministry of labour, social affairs and family
- Implementation agency of Ministry of labour, social affairs and family
- Implementation agency of Ministry of interior

Within the municipality sector, the main players are:

- Union of towns of Slovakia
- Association of towns and villages of Slovakia
- SK 8 – union of self governing regions
- Possibly specific towns and municipalities, however the focus is paid rather on their umbrella organisations

Within NGOs sector, the main players are:

- Green foundation

- Pontis foundation
- Slovenska Sporitelna foundation
- Social innovators

Within academia, the main actors are:

- Faculty of management of Comenius University
- Faculty of economics of Economic University
- Department of Sociology at Arts Faculty of Comenius University
- Forecasting Institute of Slovak Academia of Sciences

Within other organisations, the key actors are:

- Social bank of Slovenska sporitelna

Within the activities aiming better embeddedness of SE to the core portfolio of SBA, since this is internal decision of SBA, no other organization just SBA will be involved. However other organisations, mainly the members of the stakeholders group may be consulted in regards of the definition of the specific roles which SBA should cover in regards of the SE sector support.

Timeframe (please explain the detailed timeframe and timing of the action including activities and deliverables):

The networking meetings will be organized at least once every 6 months, always in autumn and spring. The timeframe is as follows:

- Autumn 2019 – mtg. 1
- Spring 2020 – mtg. 2
- Autumn 2020 – mtg. 3
- Spring 2021 – mtg. 4

In regards of the specific deliverables the timeframe is as follows:

- Organisation/structure representing SE interests on the place – spring 2021 (established in a form of either formal legal entity or network operating based on the memorandum of understanding)
- First proposal of better embeddedness of SE in SBA portfolio – autumn 2020
- Strategy of better embeddedness of SE in SBA portfolio presented on the SBA board – spring 2021

Costs (if relevant):

None of the proposed activities represents specific financial requirements, the question of the cost is irrelevant.

Funding sources (if relevant):

As above - proposed activities do not require any specific funding, the necessary cost (as refreshments on the meetings etc.) will be covered from the core budget of SBA.

H. Action 2

The background (please describe the lessons learned from the project that constitute the basis for the development of the Action Plan in 3000 characters):

Together with the adoption of Act on Social Economy and Social Enterprises, an amendment to Act on Public Procurement was passed, serving as legal framework stimulating the market for social enterprises. While it was already possible to directly award contracts to sheltered workshops or 'subjects employing disadvantaged people' by virtue of the transposed Directive 2014/24/EU on Public Procurement, the new amendment includes registered social enterprise making it thus possible to directly award an under-limit contract to a registered social enterprise. Effective from 1 January 2020, a quota system will be introduced. Under it each contracting authority, which is conducting more than 10 public procurements annually, is obliged to apply social aspect in case of min. of 6% of procurement. Exact parameters and methodical guidelines for the successful implementation of this obligation are currently under discussion.

The possibility of reserved contracts and the emphasis on social dimension in public procurement ensured by quota system was welcomed by the social enterprises. However, they are often unable to fully respond to created opportunities. Most of them do not have experience in participation in public procurement which is perceived in Slovakia as very complicated and risky process. The information about the real capacities of social enterprises in regards of social procurement is very scarce.

The problem is also a relatively low number of registered social enterprises, for which the reserved contract may be intended (given their services and products offer), the contracting authorities therefore use reserved contracts only rarely and in small scale.

To a large extent, the application of the principles of social procurement in Slovakia is complicated by the rules for the use of European Structural and Investment Funds (ESIF). ESIF currently represents the largest source of public investment in almost all areas and their use is governed by the rules defined in the financial management of ESIF, which determine a clear obligation to prove that the expenditure was efficient and cost-effective. In view of weak experience with other than financial indicators for determining efficiency and cost-effectiveness, the main criterion for the selection in public procurements financed by the ESIF resources is usually the lowest price. Despite the fact that national legislation in the field of public procurement is supportive towards application of social procurement, given the obligations of contracting authorities to also be compatible with other rules, social procurement is applied only exceptionally.

Wider application of socially responsible public procurement is surely considered as a tool that may stimulate a market for social enterprises, however to achieve positive impact of socially responsible public procurement on social enterprises market, the strong information and capacity building activities, addressed both procurers same as providers (social enterprises) are necessary to take place.

Action (please list and describe the action to be implemented in 2000 characters):

Most of the existing SEs are operating only on the local market and their operation is dependant on the external support of private or public donations and subsidies. Based on the screening implemented within SENSES project, only 19% of approached SEs finances at least 75% of their cost from the income of their entrepreneurial activities.

Only rarely the SEs are seen as solid business partner, their image is still rather to be a charitable, not-for-profit, organisations delivering public good, instead of being seen as entrepreneurial entities aiming to fulfil their public-benefit aims through their entrepreneurial activities.

According the Act on Social Economy and Social Enterprises, starting in the year 2020, measures for the compulsory application of social aspects in public procurement for contracting authorities that carry out more than 10 procurements per year will become effective. Given the fact that this is a new subject, there is a need for strong technical support for not only contracting authorities, but also social enterprises themselves. This must consist of not only ad-hoc consulting but also in the development of a number of methodological documents and compendiums of good practice examples.

The role of SBA in endeavour aiming better application of socially responsible public procurement will be in awareness raising and information sharing. The planned activities are organized in line with Priority 5 of the Social Enterprise Strategy for the Danube Region, specifically SO19 (Raising awareness of public authorities and SEs on the benefits and opportunities of applying "responsible public procurement" criteria in public procurement processes) and SO20 (Raising awareness for socially and environmentally responsible products)

In order to increase information level, SBA will organize two series of the workshop on the application of the socially responsible public procurement. The events will be practice oriented and except the information about application of socially responsible public procurement, the substantial opportunities for networking between the procurers and SEs will be created.

Players involved (please indicate the organizations in the territory who are involved in the development and implementation of the action and explain their roles in 2000 characters):

The workshops will be organized in partnership with Office for public procurement, which is the supreme office in the field of public procurement and the only entity authorised to interpret the Act on the public procurement (including the application of socially responsible public procurement). Expert of Office for public procurement will be involved in the role of speakers and presenters.

Other important partner is Banska Bystrica self-governing region, which has been involved to the SENSES project and is strongly supporting activities on the field of SE. Banska Bystrica will host the seminars, thus the knowledge will be delivered also to the regional level

Forecasting Institute of Slovak Academy of Sciences is the body researching the impact of the new legislation on the SE sector and will be involved in the role of guarantor of the event responsible for content and the whole concept of the events.

Timeframe (please explain the detailed timeframe and timing of the action including activities and deliverables):

During the phase of the action plan, two series of the seminar will be organized.

The first seminar will be organized in November 2019 and second seminar in November 2020.

The target group of the events are primarily representatives of procurers (governmental institutions, local and regional municipalities) and potential providers, thus social enterprises.

Costs (if relevant):

The costs of the events cover the venue and refreshment rent, expert fees and travel costs.

Funding sources (if relevant):

The funding of the events will be covered from the internal budgets of the involved institutions, no external sources will be recruited.