

Report from the Roundtable

The Role of Civil Society Organisations in Development of Social Entrepreneurship in Croatia

Roundtable „The Role of CSOs in Development of Social Entrepreneurship in Croatia“ took place on Friday, 15 June 2012 in Zagreb within NGO Days 2012. In addition to main organisers of NGO Days: Government Office for Cooperation with NGOs, National Foundation for Civil Society Development and TACSO Croatia Office, host organisations were Association Slap (Osijek) and NESsT Croatia (Zagreb). Objectives of the Roundtable were to discuss possible forms of support to CSOs active in social entrepreneurship development and encourage public dialogue on difficulties faced by CSOs in tax, legal and accounting system in regard to (non)available financial instruments and to review what kind of support would be needed. Introductory presentations were held by Sonja Vuković, President of Association Slap and Andreja Rosandić, Manager for Social Entrepreneurship Development in NESsT-u Croatia. Roundtable moderator was Igor Bajok before Association for Civil Society Development SMART (Rijeka). More than sixty representatives of CSOs, government bodies and other organisations took part in this Roundtable.

During introductory part of her presentation Sonja Vukovic pointed out that for the discussion at the roundtable dedicated to the role of CSOs in development of social entrepreneurship it is important to immediately emphasise the fact that social entrepreneurship, i.e. eco-social economy represents a wide concept, and that social entrepreneurship is not something that just CSOs do or just CSOs should do. As it were, it is important to discuss whether CSOs should be in social entrepreneurship at all, and to what extent in comparison to other activities that they carry out for realization of their social purpose or mission for which they have been established. The answer, of course, is positive. Another question is: who would be doing social entrepreneurship and who would promote its concept in Croatia, if it were not for CSOs that have been doing it up to now. On the other hand, it is important to consider the issue of motivation for involvement in social entrepreneurship. And, to discuss about whether social entrepreneurship is a tool for achieving CSO sustainability or, possibly, something more than that: a new approach to economy, a new way of functioning, a new way for opening of jobs, new ways to manage and decide, new way of development, which all together, basically, makes up the essence of social economy.

In Croatia there are several examples of good practice in social entrepreneurship, but it is important to emphasize that today they all, almost without exception, have problems due to framework, which is not sufficiently enabling and supportive for development of social entrepreneurship. Therefore it is important to think about and find solutions for three critical areas. The first one relates to legal, tax and accounting framework for economic activities of CSOs, i.e. for activities of social enterprises; the second one refers to the system of financial incentives and subsidies for social entrepreneurship; and third – the support system for social entrepreneurship projects. Ms. Vukovic concluded that social economy is currently on the margins and now it is important to make progress, so that it may enter into the centre of development attention, which will certainly require both understanding and support from the highest management levels in the state about what possibilities and potential lie in social economy.

Andreja Rosandić presented NESsT – international non-profit organisation developing sustainable social enterprises that solve critical social problems in countries with emerging markets. Since 1997 NESST initiated and invested in over 100 social enterprises across the globe, using specific methodology aiming to provide support to development of strong and influential social enterprises from idea to adjustment, i.e. from testing organisational readiness for initiation of social entrepreneurship projects and assistance in preparation of feasibility studies and business plans to implementation and development of social enterprises. Ms. Rosandić also offered a definition of social enterprise used by NESsT. Social enterprise is an enterprise, business activities of which have been created to support and assist a social purpose in a financially sustainable way. Social enterprises should, in a narrow sense, ensure access to basic, financially acceptable services, fair employment, different markets, dignified living and, in a wider sense, access to

products focused on society and environmental protection, and general human rights. Continuing her presentation, Ms. Rosandic emphasized the significance of differentiating between CSO self-financing activities and social entrepreneurship initiatives and projects. Self-financing represents just one of possible strategies that CSOs use to realize own income and increase effects of their mission, and – eventually – own (primarily) financial sustainability. On the other hand, social entrepreneurship implies deliberately planned entrepreneurship activity, created to find out innovative and sustainable solutions for social problems. In closing, Ms. Rosandic introduced four Croatian examples of good practice, that is, organisations to which NESsT provided assistance in developing social entrepreneurship activities. These are Association “Parents in Action – RODA”, PRONI Training Centre, The Little Green Ones and “Sunce” (Sunshine).

Ms. Zdenka Kovač, President of Vocational Council of Slovenian Forum for Social Entrepreneurship gave special contribution to the Roundtable. In introductory part of her presentation Ms. Kovač commented on the significance of preparation and adoption of the Law on Social Entrepreneurship. The very process of preparation of the Law alone facilitated open and relevant public discussion on the phenomenon of social entrepreneurship that ensured deeper understanding and acceptance of this concept. Additionally, the importance of this Law lies in the fact that it clearly defines the term of social entrepreneurship, but also the two main types of social enterprises. Type A is focused on activities for common good, i.e. the wider social benefits, and type B is focused on stimulation of social involvement, employment and development of competences required for employment of socially excluded individuals and groups. Special Register of Social Enterprises has also been introduced and Government of Slovenia is expected to further harmonize other relevant regulations and legislation with the Law, and to adopt the necessary by-laws. An important role in this process is assigned to the Forum for Social Entrepreneurship, established in 2011 with more than 150 members. The main role of the Forum is to further stimulate and support development of social entrepreneurship in Slovenia. In closing, Ms. Kovač pointed out democratic governance and decision-making in social enterprises and developed collaboration between private profit, private non-profit and public sector as areas that need special attention in development of social entrepreneurship.

Responding to numerous questions of Roundtable participants, Ms. Kovač explained individual aspects in development of social entrepreneurship in Slovenia, but she also pointed out some of its main features. It is important to understand that there is a clear distinction between the so-called civil sector and the sector of social enterprises, even though it may be argued that organisations from both sectors work towards and contribute to the common good. Social enterprises represent the new and specific form of business activities based upon values, collaboration and democratic management, i.e. democratic and inclusive methods in decision-making, whereby results achieved by the social enterprise are depicted not only in financial indicators but also in indicators related to social effects attained by the enterprise. Another important area that should be considered is the method of profit distribution, whereby one should be open towards the possibility that part of the profit may be distributed to the owners or members of the social enterprise. Speaking of the competition between social enterprises and “classic” companies in the market Ms. Kovač mentioned that the emphasis should be put on collaboration between these two types of companies, and that the number of good practice examples for such collaboration continually increases, such as examples when “classic” companies assist social enterprises in their development and work. Finally, another important issue concerns monitoring of social enterprises' activities, i.e. acquiring and losing the status of social enterprise, which is linked exactly to social enterprises' reporting on realization of social objectives, the so-called social accounting and auditing.

In the second part of the Roundtable, Ms. Vesna Lendić Kasalo, Manager of the Department for Strategic Planning, Programming and Information with Government Office for Cooperation with NGOs, reflected on the fact that social entrepreneurship has had its place in the first National Strategy for Creation of Enabling Environment and her Office still wants and endeavours to have it represented in the new National Strategy, even though the process of preparation of the Strategy for Development of Social Entrepreneurship has already started. This is most of all because CSOs used to play an important part, as they still do, in promotion of social entrepreneurship in Croatia. Amendments to the Law on Associations and adoption of the Law on Accounting of Non-Profit Organisations should serve the purpose of creation of even better

legal framework for CSOs' work and for further development of social entrepreneurship in Croatia, concluded Ms. Lendic Kasalo.

In addition to the Social Entrepreneurship Form (SEFOR) as an informal advocacy network of social entrepreneurs, and representatives of various organisations, institutions and bodies, Mr. Ranko Milic, before Association Healthy City (Split) introduced two more networks aiming to provide support for development of social entrepreneurship in Croatia and the region. Through several regional centres the Cluster for Eco-Social Development (CEDRA) should provide continuous support to establishment and activities of social enterprises in Croatia, through provision of consulting services, education and other forms of support (feasibility studies, investment studies, business plans, etc.). At the same time, the Eco-Social Economy Network for South and East Europe is being built on the international level, to carry out similar activities and services, including stimulation of networking, partnership and knowledge and best practices transfer.

This Roundtable offered a wide scope of answers to questions on importance for development of social entrepreneurship in Croatia, but it also opened numerous other interesting and important questions. Therefore, instead of conclusion here is one of these questions for further consideration of social entrepreneurship in some future discussions: Does social entrepreneurship represent a concept aiming to radically re-define economic (as well as political, social, etc.) relationships in the world or is it an attempt to correct as many as possible of the shortcomings of the existing and prevailing neo-liberal market system?