

LOCAL ACTION PLAN FOR THE DEVELOPMENT OF THE SOCIAL ENTREPRENEURSHIP AND SOCIAL ECONOMY IN THE MUNICIPALITY NOVO MESTO

1. Brief overview of your local social economy ecosystem using inputs from local mapping and workshop (history, milestones, stakeholders, challenges and opportunities)

Slovenia's social economy has its roots in the sixties of the 20th century with the development of the first workshops for people with disabilities. After the intensive development of job opportunities for people with disability, the social economy gained popularity in 2011 when the Act on Social Entrepreneurship was adopted.

Before the law was adopted in 2011, many organisations operated as social enterprises, following the principles of the social economy and social entrepreneurship. Many organisations even called themselves social enterprises or social businesses and focused primarily on employing people with disabilities. In 2007, the Law on Vocational Rehabilitation and Employment of Persons with Disabilities was adopted, which improved employment opportunities for persons with disabilities. A new status of employment centre was introduced. New organisations were developed, but not officially called social enterprises. The Slovenian SE sector is also closely linked to the non-governmental sector, which includes organisations under the legal form of "zavod". These can carry out economic activities in various fields (social, health, legal, etc...) in a non-profit-making way. According to the principles and definitions of social entrepreneurship, all these organisations were *de facto* social enterprises, but not *de iure*, as there was no law on social entrepreneurship. Legislation in 2011 gave us a new specific status of social enterprise, but this special status reflects only some of the organisations that operate as social enterprises. Today, we can see that many organisations follow the principles of social entrepreneurship or the social economy, but at the same time are not recognised or registered as social enterprises. Besides the adopted Act, the government dedicated some EU funds to social entrepreneurship and later started with social impact measurement, but it was not enough for the sector development.

Though the Social Entrepreneurship Act stimulated and raised the popularity of the social economy, and some governmental finances were available, the sector itself did not develop. Many NGOs tried to become social enterprises even though there were a lack of support mechanisms that would support social enterprises and social economy organizations, lack of market opportunities, lack of financing, lack of state support, and a general understanding of social entrepreneurship. Many of them and also some new social enterprises failed in this exercise.

The social economy in the Southeast Region (Region) of Slovenia represents only 5% of all social economy sector in Slovenia regarding the number of legal entities. Although there might be other social economy entities who publically do not declare themselves as social enterprises, according to the needs, development indicators, and market potential, there is a space for the improvement and development of social entrepreneurship and social economy also in the Southeast Region as well in the Municipality Novo mesto (Municipality).

The Region's social economy and entrepreneurship sector face similar needs or similar challenges as in other parts of the country. The three main issues influencing the sector are legislation, funding, and visibility.

Slovenian legislation for the social economy needs to be more cohesive, have more incentives for social entrepreneurship, and minimize administrative obligations. Above all, it should bring clarity and less confusion among social economy stakeholders. Regional stakeholders can influence legislation and, through established mechanisms, help national or municipal authorities develop a better support environment for the social economy in a legal framework.

A second big challenge is the funding of the social economy. Social enterprises mainly finance their activities through EU funds, the only additional financing besides market activities. Therefore, diversification of funding opportunities is necessary and can be addressed through public funding. Local and national authorities also have an option with, for example, adjusted public procurement to support the social economy financially.

Moreover, the sector's slow development requires improving the visibility and understanding of the social economy. Social enterprises have been developing circular business models for years, which are a must among regular businesses nowadays. Therefore visibility can be improved through cooperation with other companies. Local stakeholders can also raise awareness through different promotion activities and organizing appropriate training or education.

Unfortunately, in the Region, educational institutions do not yet offer any programs in the direction of social economy. Still, interested stakeholders can always find that kind of support an hour from Novo mesto, in Ljubljana, where several institutions offer classes on this topic.

According to the analysis, the willingness to support and develop a regional social economy exists, and primary stakeholders are willing to use their resources to boost the sector. The Municipality of Novo mesto with partners could focus on increasing the social economy by raising the sector's visibility, developing supportive funding, and creating supportive training schemes targeting social economy stakeholders directly.

2. Priority action areas

After preparing an analysis of social entrepreneurship in the Municipality of Novo mesto and the Southeast Region, with the help of the 7 OECD Better Entrepreneurship Policy toolkit, we identified areas that would be meaningful for the development of social entrepreneurship and the economy in the Region and in the Municipality. The Region, particularly the Municipality of Novo mesto, has a strong economy, traditional corporates that dominate in the Region, and consequently, fewer challenges that the social economy or social entrepreneurship practices could address. Besides that, national support for developing social enterprises could be more vital. Due to these two elements, the development of social entrepreneurship and social economy in the Region and the City of Novo mesto has been slower than perhaps in some other regions of Slovenia, where more challenges have arisen addressed by social entrepreneurship. Still, the Southeast Region will need to address faster social inequalities and environmental challenges and offer sustainable solutions through small and flexible solutions to the market. Therefore, the demand for the social economy will develop faster. With appropriate measures set, organizations and individuals will have a support system to build their products and services under social entrepreneurial principles.

With the help of the 7 OECD Better Entrepreneurship Policy toolkits for improving the entrepreneurial environment, based on interviews with actors in the area of social economy and additional meetings with key stakeholders, we identified three areas where the Action Plan for the support and acceleration of social economy in Municipality of Novo mesto could be developed.

1. Social Entrepreneurship Culture

This action aims to raise awareness of social entrepreneurship among stakeholders, for example, local authorities (municipality), providers of social services, NGOs, development centers, schools and other education providers, community, potential clients and customers.

2. Skills and Business Development Support

Lack of knowledge can be one of the main reasons why social economy entities fail to perform in the long term. Most social enterprises have an NGO background. They need more entrepreneurial skills, or business orientated organizations dedicated to social entrepreneurship overlook the social or sustainable dimension. Organizations and individuals must be equipped with a sufficient understanding of social entrepreneurship to gain appropriate knowledge of social entrepreneurship. At the same time it is necessary to be involved and equipped with knowledge and skills and have a support network.

3. Access to Markets

One of the most challenging activities for social entrepreneurs is access to markets where sufficient economic activities are guaranteed for the social enterprise's success and the sector's development. Markets can be developed or stimulated with correct measures by informing, promoting, and offering suitable products and services for potential clients and customers. Demands for social economy organizations can differ and can be developed on B2C or B2B level.

3. Three priority areas of the Action Plan on Social Economy and Social Entrepreneurship

3.1. Social entrepreneurship Culture

Social enterprises in the Southeast Region and the Municipality of Novo mesto need to be better developed. Still, social economy entities do not operate in separate environments. They are part of the general public life and therefore are embedded in society, which is very much shaped by the cultural environment. The social economy and social enterprise sector is fortified with a thriving civil society. We have analyzed (see the analysis) the presence of social economy organizations and civil society initiatives in the Region. The Region's existing social economy organizations and civil society initiatives operate in a very classic mode and need a more entrepreneurial mindset.

In the Region and Municipality of Novo mesto, some social economy entities already deliver some services to citizens even though most services serving collective interests are still in the hands of public bodies. This is because of the cultural background, and at

the same time, this is reflected in Slovenian law. In Slovenia, most services typical for social enterprises are by the legal requirement provided by the public sector.

As the OECD tool states, local traditions contribute to a thriving social entrepreneurship culture but are not set in stone – they change and evolve. Education (formal and non-formal learning), promotion, and research can play an important role here, helping to raise awareness, transmit knowledge and shape positive attitudes toward social entrepreneurship. All this can be reflected in different measures, including public debates.

The key goals we want to achieve in changing Social entrepreneurship culture are the following:

- Raise awareness
- Transmit knowledge
- Shape positive attitudes towards social entrepreneurship and social economy

Measures to reach goals:

3.1.1. Prepare a clear strategy and policy support for developing and promoting SE in the Municipality.

Context: The Municipality of Novo mesto has yet to have a strategic approach toward supporting Social Entrepreneurship due to low awareness of the sector in the Region. However, the Municipality supports NGOs, the development of social community activities, and provides different measures for integration and support for most disadvantaged groups. In its broader meaning, the social economy is well embedded and has sufficient support from the Municipality. To raise awareness and provide different activities, the Municipality has to expand the current approach towards the social economy and upgrade it with social entrepreneurship activities. The new strategy or policy in that field would give the sector a clear view and support.

Feasible future steps: The Municipality starts the procedure for the preparation of the strategy, organizes a working group for the practice of the strategy, city council adopts the strategy.

Indicators: 3 - 4 meetings with stakeholders, prepared strategy for the development of social entrepreneurship and social economy in the Municipality of Novo mesto

Relevant players: Municipality of Novo mesto, providers of social entrepreneurship and social economy in the area

Timeline: 2 years

Costs: no direct costs

3.1.2. Support the emergence of civil society organizations, promote entrepreneurial activities among them, and show them how to get engaged in social entrepreneurship activities

Context: Civil society in Novo mesto is active, and NGOs provide different services to the users in the area. Still, some initiatives can be upgraded and further developed. Most of the services these stakeholders offer are accessible due to the entire public or private funding. At the same time, organizations face challenges due to constant waiting and not regular financial income. Therefore, many activities must be postponed because of the need for timely financial support. Social entrepreneurship activities help organizations to stable their financial gain. By providing services or products on the market, organizations can get finances for further development of activities to benefit society and the Region. To achieve this change, some knowledge of social entrepreneurship has to be transferred to NGOs and individual actors in the Region.

Feasible future steps: 2 workshops about social entrepreneurship for NGOs, individuals and youth, preparation of the support scheme for the start-up development of SE, presentation of good practices abroad

Indicators: number of participants on workshops, prepared scheme, number of visits of good practices

Relevant players: social entrepreneurship expert, Development Center Novo mesto, Regional center of NGOs Southeast Slovenia.

Timeline: 2 years

Costs: 2.000 eur

3.1.3. Develop awareness-raising campaigns on social entrepreneurship together with existing social enterprises and other stakeholders for the general public

Context: The Region must better recognize social economy and social entrepreneurship. Understanding of social economy could be higher due to the historical development and activities, where the public services mainly provide community services. At the same time, many young people are interested in responsible, environmentally friendly, fair services and businesses. Still, they need to become more familiar with social entrepreneurship. Products and services are still seen as humanitarian activities instead of market-competitive services. There is a wide range of stakeholders that can be addressed, from B2C as well B2B.

Feasible future steps: Identification of target groups, identification of best communication channels, preparation and implementation of an awareness-raising campaign

Indicators: number of campaigns

Relevant players: existing NGOs, social enterprises, Youth Centre Novo mesto

Timeline: First campaign in one year; each following year new campaign

Costs: 3.000 eur

3.1.4. Promote stories of social entrepreneurs through traditional and online media channels (e.g., websites, social media, local press, radio, TV channels, etc.).

Context: The development of social entrepreneurship and other activities relies also on the recognition and quality of the existing activities in the field. Promoting concrete stories is one of the essential actions to raise awareness and change the cultural approach for the social economy sector. Traditional and new social media can boost recognition and change the mindset of businesses.

Feasible future steps: identification of good practices in the Municipality, Region, and abroad, identification of communication channels, preparation of good practices for promotion activities, promotion activities

Indicators: number of published articles, interviews, podcasts.

Relevant players: social entrepreneurship community, civil society actors, journalists

Timeline: 2 years

Costs: 3.000 – 4.000

3.1.5. Prepare national events in the Municipality of Novo mesto and develop a network of social entrepreneurs in the Region and abroad.

Context: The local community must also see other practices in other regions. The first step in this direction is connecting existing stakeholders and building a network of experiences, ideas, and needs. Local networks should be included in national and international networks. Through connection and networking activities, events where knowledge and experiences can be shared and presented to the public can significantly add value to the local community and the development of social entrepreneurship.

Feasible future steps: Connection with a national and international community in social entrepreneurship, identification of the best form of the meeting in Novo mesto, fundraising, implementation of the social entrepreneurship event

Indicators: event

Relevant players: Development Center Novo mesto, Municipality, Social economy stakeholders

Timeline: in 3 to 5 years

Costs: 10.000

3.1.6. School campaigns – education about sustainable living and providing sustainable solutions

Context: Young people are passionate when it comes to the way businesses are led. Sustainability, social impact, and a healthy environment are priorities among them. They also have the potential to develop their own businesses, and some are already active in different business hubs and participating in some start-up competitions. Still, they need to be made aware they can serve the community also through social-entrepreneurial actions. The awareness raised among them about alternative entrepreneurship is essential for the further development of the sector.

Feasible future steps: preparation of workshops and lectures for young people about sustainability and social entrepreneurship activities.

Indicators: number of workshops

Relevant players: Development Centre Novo mesto, existing actors in the sector

Timeline: 2 years

Costs: 3.000

3.1.7. Educate persons at different »contact points« about social entrepreneurship

Context: Knowledge about social entrepreneurship should be spread among stakeholders who have access or contact with existing NGOs, social entrepreneurship actors, youth, and social services who know the community's needs. They can first give interested parties guidelines for further information and additional knowledge. They must learn the basics of social economy - entrepreneurship to provide that kind of service. They can be relevant contact points to further direct interested individuals or organizations.

Feasible future steps: identification of contact point, provide basic training for persons at contact points about social entrepreneurship, follow up the interest of individuals or organizations to engage in the topic

Indicators: number of educated persons at »contact points«

Relevant players: social entrepreneurship actors, persons at contact points, social entrepreneurship specialist-provider of workshop, Regional center of NGOs Southeast Slovenia.

Timeline: 1 year

Costs: 500

3.2. Skills and Business Development Support

»Access to skills and business development support has been identified as a critical policy lever in building a conducive ecosystem for social enterprises by the OECD and the European Commission's Expert Group on Social Entrepreneurship (GECES). Like traditional enterprises, social enterprises might not have the necessary in-house expertise and capacities to operate and develop sustainably. Therefore, they would benefit from training, mentoring, consulting, and business development support throughout their stages of development. While support for social enterprises is increasingly offered in many places, it still needs to be further developed to help social enterprises to professionalize and scale their impact.«

In the Southeast Region of Slovenia and Municipality Novo, mesto, capacities for the business development of social enterprises are lower due to the lack of interest, awareness, and needs. Though different business development services already support entrepreneurs, social entrepreneurship knowledge still needs to be improved. By adding,

for example, knowledge on how to combine financial sustainability and social impact, what kind of hybrid funding strategies and innovative business strategies can also be developed, social entrepreneurs gain the whole spectrum of information needed to operate as social entrepreneurs.

In the Municipality, limited support structures for business development are available such as training opportunities, coaching and consultancy services, and network opportunities, but there is nothing available for social enterprises. Due to the current situation, it would be wise to integrate support structures for social entrepreneurship into the existing network of services for other.

The key goals we want to achieve in the development of skills and business development of social entrepreneurship are the following:

- Developing integrated support system for social entrepreneurship and social economy organizations
- Increase number of initiatives for social enterprises
- Increase number of social enterprises in the area

Measures to achieve goals:

3.2.1. Financial support to business support structures and training activities to educate different stakeholders who already offer support to businesses about specific structures

Context: The Southeast Region, especially the Municipality of Novo mesto, has a well-developed economy. There is also a solid ecosystem to support start-ups, established businesses, and other stakeholders willing to develop their ideas into businesses. A support network is operating, and counselors who can provide services for the social entrepreneurship sector already exist. Providers supporting the ecosystem must have specific knowledge of social economy/entrepreneurship. At the same time, they can provide relevant information and support social businesses in all phases of business development.

Feasible future steps: educate business support counselors with social entrepreneurship specifics such as impact measurement

Indicators: number of educated counselors

Relevant players: Development Center Novo mesto, Chamber of Commerce,

Timeline: 1 year

Costs: 500 eur

2.2. Online or offline training development with “traditional” business skills (e.g., business development and management, human resources, financial management, governance, etc.) and specific skills related to setting up and running a social enterprise (e.g., social problem analysis, social impact management, measurement and reporting, and stakeholder management)

Context: Many potential social entrepreneurs come from NGOs or other social services. Therefore, more financial knowledge, marketing, and other business-related skills should be needed. Even though business networks of support services already exist and with sufficient upgrade of their skills, they can provide the whole package of knowledge required for the development or scale of social, economic organization or social enterprise, social entrepreneurs, or individuals willing to start social enterprise sometimes have some obstacles to get involved in a business environment. For them, it is smart to prepare special training, which will include traditional business knowledge and social entrepreneurial specifics. Through this training, the ability of social entrepreneurship or economy can be delivered, also on media literacy, management skills, green and digital transitions, access to finance, and other modules identified as necessary.

Feasible future steps: preparation of the training content, preparation of the technical need for implementation of the training online

Indicators: developed training, number of users

Relevant players: Development center Novo mesto, social enterprises, identified schools (universities)

Timeline: 2 years

Costs: 5.000

3.2.3. Inclusion of activities related to social entrepreneurship in formal and non-formal learning.

Context: Getting familiar with social entrepreneurship can also be done through formal and non-formal activities offering knowledge of social entrepreneurship. In Novo mesto variety of providers offer training and classes for entrepreneurship or social/civic action. They will be stimulated to add also topics relevant to social entrepreneurship and, through their activities, promote social entrepreneurship. The essential element is training existing providers in all aspects necessary to develop the social economy. Providers can learn through special workshops, online classes, social economy/entrepreneurship specialists, and existing social entrepreneurs.

Feasible future steps: identification of all relevant providers of training, meetings with providers of training

Indicators: number of trainings with social economy/entrepreneurship topics

Relevant players: providers of formal and non-formal learning, social economy/entrepreneurship providers in the Region

Timeline: 1- 5 years

Costs: no special costs

3.2.4. Include trainings about social entrepreneurship in schools

Context: An effective way to promote social entrepreneurship is to embed it into formal education (i.e., primary, secondary, and tertiary education) and non-formal learning. Schools are an essential network where fostering entrepreneurial and social enterprise skills is vital to developing potential entrepreneurs and a culture in the local community that supports such activities. One is aimed at students who will potentially be the new social entrepreneurs, and the other is much broader and represents the incoming customers who are of paramount importance for the sector's development.

Feasible future steps: preparation of concept, provide workshops in schools

Indicators: number of schools with integrated topics on social entrepreneurship

Relevant players: Ministry for Education, Municipality, Schools, Training providers

Timeline: 5 years

Costs: 10.000

3.2.5. Support social enterprises and social economy entities to better access different sources of funding

Context: Disparce of resources gives them better stability, possibilities to expand their products and services, and open new connections. Social economy entities often have difficulties accessing various sources of funding. At the same time, they often lack knowledge about accessing different financial authorities and providing a fundamental understanding of financing opportunities can boost their activities. Access to finance is an essential part of the social enterprise/economy, and sufficient skills can help them gain enough financial sources to stabilize their organization. One aspect of support is to train participants on how to access finances, and the other is to offer help when applying for or trying to access various financial sources.

Feasible future steps: identify different actors who provide knowledge on fund-raising through various financial schemes (public funds, EU funds, private capital, fund-raising activities)

Indicators: number of workshops, number of attendees, number of direct support to social enterprises

Relevant players: Development Center Novo mesto, Regional center of NGOs Southeast Slovenia.

Timeline: 3 years

Costs: 3.000

3.3. Access to markets

Access to markets is one of the most challenging issues for social entrepreneurs. Bart Krull, who leads business development at Social Enterprise NL, says that finding customers is "one of the main bottlenecks" for social enterprises growing their business (and impact).

Finding a customer is closely connected to the quality of the products, which had to be aligned with a sustainable approach and making a social impact. Through qualitative products and services provided by social enterprises, we can also boost the visibility of social enterprises, which is the following essential step in accessing the markets.

Through visibility rising, it is easier to identify potential partners, approach them, create an offer, and sell the product or the service. Partners can be looked at in different sectors. For example, public sector, large companies – fulfill their direct needs or to step in as part of companies' CSR programs. Companies can also be good partners in providing business knowledge to social enterprises and opening their supply chains and other resources.

The key goals we want to achieve in the area of access to markets is

- Improve the visibility of social enterprises among businesses, public authorities, and customers
- Open new markets for social services and products in the Region
- Educate money providers about social entrepreneurship services and products

Measures to achieve goals:

3.3.1. Leverage public funding instruments to support the existing social economy providers

Context: Social enterprises need more access to markets due to various reasons. One of the important markets is also a public market, where social enterprises can offer many services. One of the critical elements for improving access to the general market is to leverage public funding instruments to support the existing social economy providers. The fastest and most straightforward approach is through public procurement. Slovenia has adopted national law to stimulate buying responsibly and ethically from social enterprises through public procurement. Also, public authorities can support social economy providers by creating job opportunities, inclusion, and better conditions for disabled and disadvantaged people. The public market can be opened through direct funding (covering special needs in the local community), grants, public procurement calls, and co-financing of EU projects. Besides that, local authorities can identify social services that need development or are in the community's interest, but there are no providers for the service.

Feasible future steps: Municipality identifies possible funding opportunities (co-financing, public procurement, tenders, call for proposals...) and identifies possible community services. After identification Municipality sets the financial schemes.

Indicators: number of funding schemes, amount of financial sources dedicated to social economy

Relevant players: Municipality of Novo mesto

Timeline: 2 years

Costs: no costs

3.3.2. Encourage dissemination of good practices of commercial partnerships and/or opportunities between social enterprises and firms.

Context: Social economy providers often offer services that can be added value to commercial companies. Businesses and social enterprises partner to develop future business models, build better, more accessible products for the needs of current and future consumers, improve distribution channels, and close gaps with social enterprise networks. At the same time, social enterprises can benefit from companies by sharing marketing and communication podiums, helping social enterprises bring their innovation solutions into global value chains, connecting their HR programs and implementing their CSR policy, increasing employee engagement, and developing pro bono volunteering and philanthropic programs. Businesses are more engaged in sustainability solutions in all their business value chain. Therefore, partnerships can have significant benefits for both sides.

Feasible future steps: identify connections and business opportunities for cooperation and campaigns to encourage other firms to involve social enterprises in their supply chain.

Indicators: % of partnerships between social enterprises and commercial companies

Relevant players: social enterprises, commercial companies, chamber of commerce

Timeline: 2 years

Costs: none

3.3.3. Campaigns encourage consumers to buy social enterprises' goods and/or services.

Context: Social economy sector has limited access to resources for marketing its products and services. Setting up and organizing campaigns such as »buy social« allows potential customers to learn about products and services, test them, and get a realistic overview of the social enterprises. The next possible campaign can be set as a B2B event, where different potential buyers can learn from the best practices of social enterprises. Enabling social entrepreneurs to pitch to customers can be added value. Since buyers can also be public authorities, workshops on how to win public contracts can be set for the whole Region. At the same time, business networks can open doors to present SE activities to businesses at some conferences, such as sustainability or CSR.

Feasible future steps: organize campaign buy social, organize an event or join the event where social enterprises can meet with other businesses, organization on workshop how to win a public contract

Indicators: number of campaigns, number of events, and number of workshops.

Indicators: number of campaigns, number of events, and number of workshops

Relevant players: Development center Novo mesto, Chamber of commerce, Public authorities (besides Municipality also other public organisations), social enterprises

Timeline: 3 years

Costs: 5.000

3.3.4. Access to public market

Context: Social economy stakeholders contribute to different sectors and have different needs in their daily operations that are not necessarily connected only to financial support. A local community can, for example, support social economy providers with non-financial solutions such as free or low-cost rents, inclusion in their promotion activities, and inclusion in the processes when the local community needs innovative solutions for some specific services.

Feasible future steps: public authorities identify how they can include or support social enterprises with non-financial support

Indicators: number of solutions

Relevant players: Municipality and other public organisations in the Region

Timeline: 1 year

Costs: /