The State of Social Enterprise Support in Europe and Neighbouring Countries

Euclid Network Annual Consultation | 2021-2022

Supported by

The State of Social Enterprise Support in Europe and Neighbouring Countries

Annual Consultation 2021-2022

This guide has been published with the financial support of the European Commission (EaSI Programme). The information set out in this publication are those of the authors, and do not necessarily reflect the official opinion of the European Commission.

Please use this reference to cite the report: Neves, M., Klijn, V., Dupain, W. and Gazeley, T. (2022). Euclid Network. "The State of Social Enterprise Support in Europe and Neighbouring Countries – Euclid Network Annual Consultation 2021-2022".

Published by Euclid Network March 2022 edition

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Acknowledgements

We would like to thank the following organisations for being our members for taking the time to share their data and for contributing to the report and/or the EN network throughout the year. The strength of our network is because of them and this report and our common impact would not have been possible without their participation and contribution to the social enterprise and social finance sector and each other.

Contents

Everyday, social enterprises across Europe are bringing innovative solutions and business models to the market with the main aim of driving positive social and environmental change.

Foreword

At EN - the European Social Enterprise Network, we have learned that investing in collaboration, connection and engagement can result in transformative change. In this report you will find many examples from outstanding organisations and leaders that form a crucial part of our network.

Neven Marinovic
President, EN

Suzanne Wisse-Huiskes
CEO, EN

Social entrepreneurs are passionate entrepreneurs who bring innovative solutions and business models to the market with the main aim of driving positive social and environmental change. They are identified as key actors for building a society and economy where people and the planet are at the centre.

It is known that no social enterprise operates in a vacuum. They flourish in ecosystems that build, develop and catalyse their impact. That is why EN is celebrating 15 years of empowering positive change by connecting and enhancing social entrepreneurs and their support organisations.
As a Network, we champion their work and connect them to others on a European and global level. We raise visibility and understanding of social entrepreneurship and social innovation. We advocate for better fitting regulations, policies and funding, and make knowledge, resources and training available to social enterprises, support organisations and engaged stakeholders.

This report sheds light on the world of the frontrunners shaping the social enterprise ecosystem in Europe and neighbouring countries. We celebrate the diversity of actors in the European social enterprise ecosystem. EN connects them all.

> We raise visibility and understanding of social entrepreneurship and social innovation."

Based on an extensive survey of EN members, this report provides insights into, amongst others:

1. the types of organisations that help build social enterprise and innovation ecosystems and support social enterprises to become successful;
2. their organisational structure;
3. their financial health;
4. the kind of support they provide;
5. insights in positive impact created;
6. what their barriers, challenges and needs are to become even stronger champions of social enterprise and social innovation.

Together, we will continue to invest in social enterprise and social innovators to drive durable and lasting change. We invite you to join our mission and connect to our impact network. Now is the time for social entrepreneurship and social innovation to reach its full potential.

Positive Change

Learning from the past 15 years, we look to the future with these 5 messages in mind, to continue supporting the sector and driving positive change.

Let's Unleash Our Collective Power

We are the ones who can enable positive change for the entire sector and beyond.

It's Time To Accelerate Our Impact

We want to accelerate and multiply our impact to become more mainstream and make this new sustainable economy not just a distant goal, but a reality. Now is the time, with impact practitioners at the frontline and momentum in the sector.

Future-Proofing Our Sector

We are not just getting ready for what's next but we are actively shaping it.

Collaboration and Sharing Is Key

Only if we work together, share our best practices, and build on them, will we be able to succeed and amplify our impact, both individually and as a collective.

Breaking Old Patterns, Building New Bridges

Public and private sectors have traditionally been working in silos. Recent events and unprecedented challenges have shown us that we can only tackle the world's biggest issues if we collaborate - and we do so across sectors.

Executive Summary

Social entrepreneurs are passionate entrepreneurs who bring innovative solutions and business models to the market with the main aim of driving positive social and environmental change.

Having learned from numerous challenges which arose during the COVID-19 pandemic, EN members are now emerging from the pandemic with new tools up their sleeves, stronger and with more potential than ever before.

Recent support for the development of SEs, SESOs and the social economy from the European Commission, the Social Enterprise World Forum (SEWF) and the Organisation for Economic Cooperation and Development (OECD), in addition to the development of inclusive national policies and the engagement of the private sector, create a positive outlook for the coming years. There are however still considerable gaps in awareness, visibility and understanding that must be addressed before support organisations and social entrepreneurs will be fully able to play their crucial role in the transformation to a just and green society and economy and to help reach the UN SDGs by 2030.

> EN members are now emerging from the pandemic with new tools up their sleeves, stronger and with more potential than ever before."

A truly diverse set of social enterprises are represented amongst EN members. The social enterprises supported by EN members include over 65 different legal forms. Together, they work to address all SDGs. In addition, support is provided to social enterprises in all growth stages, from ideation to growth and maturity.

Key Observations: 2021-2022 European and Neighbouring States Social Enterprise Sector

EN members are creating impact across all United Nations Sustainable Development Goals

> Top 5 Impact Areas

- **SDG 10** Reduced Inequalities (93%)
- **SDG 8** Decent Work & Economic Growth (85%)
- **SDG 4** Quality Education (85%)
- **SDG 17** Partnerships for the Goals (78%)
- **SDG 5** Gender Equality (78%)

EN members are creating local and international impact and employment. 96% operate at national level, 55% at European level.

Impact measurement is important to EN members. 70% measure their organisation's impact. Members measure impact most often on a yearly basis (36%).

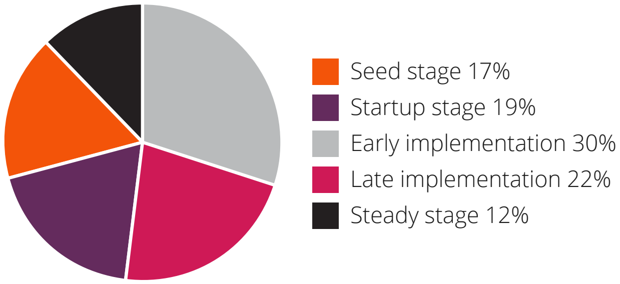
Staff at SESOs are relatively young and diverse
88% of the workforce is under 45 years old. 52% of EN members are led by female leadership. 51% of EN members benefit from volunteer support, mostly in part-time capacity.

EN Members provide support to their members and beneficiaries mostly through:

Capacity-building | Knowledge exchange | Awareness building

As a direct result of COVID, 48% of EN members developed new offerings for their existing target groups and 70% transitioned existing offerings to the digital sphere.

Members are offering support across all entrepreneurial development stages



39% of EN members believe political support for social entrepreneurship in their country is very low to low.

EN members and SEs need an increase in support. Top 3 needs of the sector:

1. Education
2. Cross-sector Organisation Cooperation
3. Better Access to Markets (e.g. Social Procurement)

The sector is growing. 96% of EN members intend to scale up their activities and impact capacity.

> Top 3 scale-up actions:

70% Development of new services and products

59% Increasing staff numbers

56% Increasing membership size

62% of EN members expect staff growth in the following year. This positive outlook can be indicative of more funding and resources allocated to the sector, across European countries and beyond.

59% of members believe their budget will increase in the following year. Some members attributed the reasons for the increase to the establishment of long-term partnerships, the development of new services and products and alternative funding option.

EN member income is mainly non-trading, derived nationally and from governments.

- Sources of income are 78% based on non-trading activities (grants, foundation funding, volunteering, donations) and
- 22% on trading income (sale of products and services)
- 72% of income is sourced nationally, 28% internationally
- 77% receive public funding and grants from governments

Safe financial planning horizons remain divided across the sector.

1 in 4 have safe financial planning for 24 months or more.

3 in 4 can only run their organisations up to 5-12 months without encountering long-term, regular cash-flow problems.

EN members benefit from being part of a European and neighbouring country umbrella network.

Top five reasons for joining the network are:

1. Be part of a growing network of social enterprise support organisations and impact-driven leaders
2. Collaborate in European projects
3. Connect to social enterprise and civil society cross-border
4. Get unique opportunities on (European) funding
5. Feel represented at the European level

Membership satisfaction was rated by members at 8,3.

Top 5 Valued EN activities:

1. Networking opportunities (96%)
2. Updates on relevant EU policy and funding opportunities (92%)
3. Project-Building workshops for applications to EU proposals (59%)
4. Raising the visibility of your organisation internationally (59%)
5. International peer exchanges (55%)

> It is important to work with local actors, to gather them to tackle social, environmental challenges."

Member Testimonial
Alice Deceuninck, Avise, France

> Key Learning Areas

Social Enterprise UK

MEMBER HIGHLIGHT

Social Enterprise UK (SEUK)

As a national membership body, Social Enterprise UK represents, connects and supports the growing community of social enterprises in the United Kingdom.

SEUK is a strategic partner to 6 government departments and has led public policy on social enterprise for 15 years. Through partnerships with the private sector in the UK, SEUK supports social enterprise through their supply chains, people and networks.

As a membership organisation, SEUK has created a network that includes all the leading lights of the UK social enterprise movement from health care and public service providers to community organisations and retail businesses.

SEUK is one of the leading partners in furthering social procurement through the Buy Social Corporate Challenge.

Celebrating Diversity: Social Enterprise Support in Europe and Neighbouring Countries

Throughout Europe and neighbouring countries, social enterprises (SEs) are still created in significantly different manners in national legislations by policy strategies and academics. EN members support all different shapes and forms of SEs, ranging from civil society organisations (CSOs) and NGOs, to for-profit businesses that make a social impact. EN connects all these types of organisations and represents in all matters the interests of SEs and social enterprise support organisations (SESOs).

1.1 Organisation Profile

EN membership consists of different types of SESOs. The majority of EN members are national networks for social enterprises and civil society leaders.

EN member[1] participants in this years' survey also included incubators (22%), accelerators (35%) and organisation's knowledge centres (26%), training institutes (17%), universities (9%) and research centres (22%). EN membership also benefits from the presence of actors from the supply side of social finance, namely foundations and philanthropic organisations (9%) and social finance providers (9%).

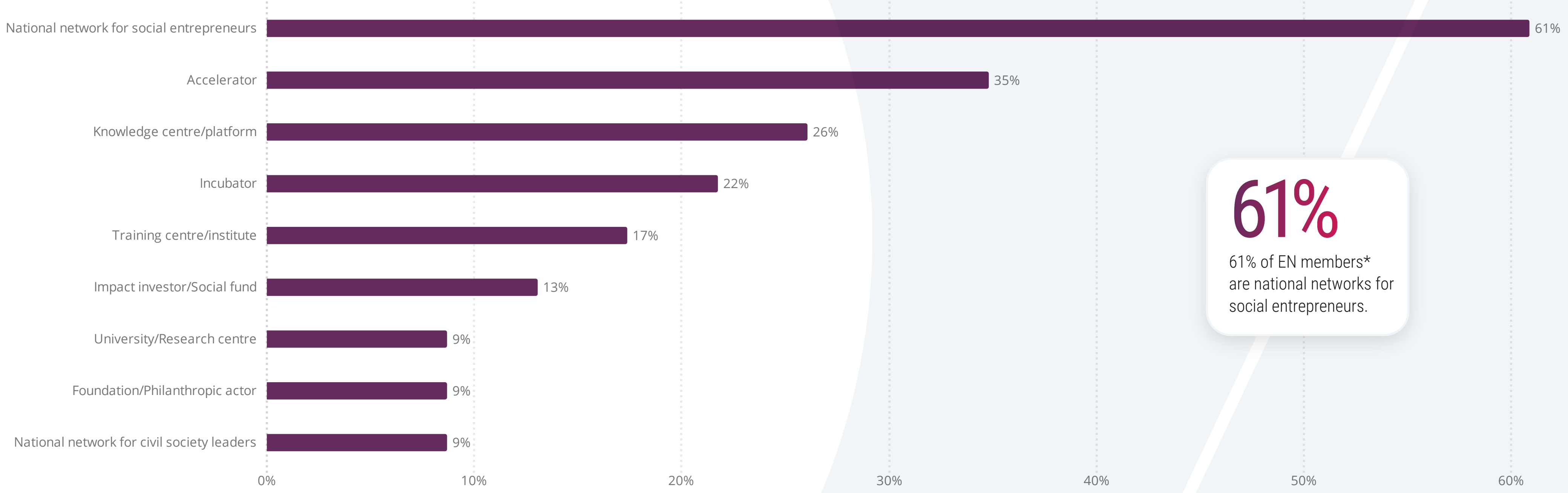
Most EN members are present in Western European countries. As of March 2022, EN full membership (including respondents and non-respondents to this year's Annual Membership Consultation) includes 39 organisations based in 23 different countries, operating in 46 countries within Europe and beyond.

EN aims to include members in European and neighbouring countries in the upcoming period, particularly in those countries where EN does not presently have any members.

[1] When this report refers to EN members, we are referring to data of those EN members who filled in the survey in 2021-2022. For more information see the methodology section of this report.

> Type of support organisation part of EN

(multiple selections possible)



61%

61% of EN members* are national networks for social entrepreneurs.

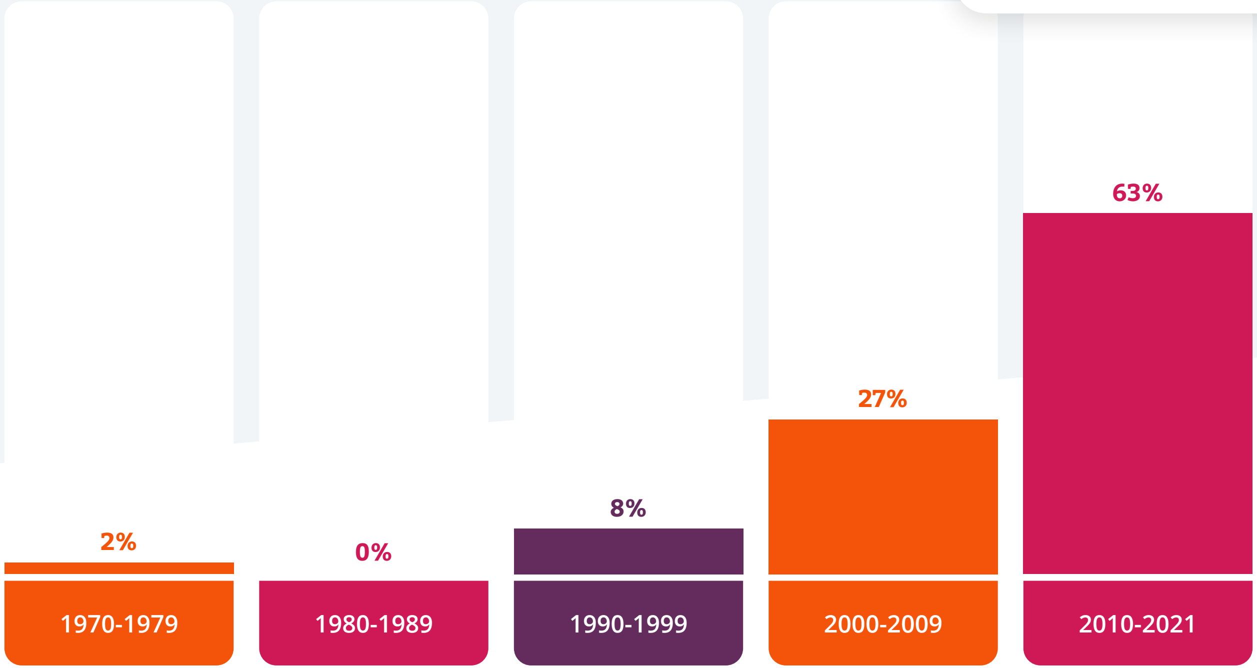
Foundation Year

EN members established before 2000 are mainly universities, funds and networks that were initially established to support and represent civil society leaders and the third sector. These members have refocused their activities in more recent years to include - also, or exclusively - social entrepreneurs.

63%

63% of EN members were established since 2010 mirroring an increase in the number of social enterprises in their respective countries and in the European ecosystem.

> Foundation years of EN members



Membership Organisations

74% of EN members indicated that they were membership organisations. This is partly indicative of the added-value of membership organisations. It speaks to networking and lobbying opportunities in spaces created by SESOs to their members. Last but not least, EN is including more and more national networks for social entrepreneurs, some of them existing already for more than a decade, others more recently founded.

Membership models, with and without fees, vary across the spectrum of EN members. Of the EN members who indicate they have a membership model, 79% charge some kind of membership or programme fee. Members did not specify financial values and these numbers vary per country.

For SEND Germany, membership fees are decided on a basis of the company's turnover and age of organisation to ensure that ordinary members can bear the fees, and multiply growth within the network and beyond. Similarly, SE NL operates on a 'pay what you value' model, where a minimum threshold needs to be met, however, as members grow in impact and turnover, the contribution increases accordingly.

As the Network brings together social enterprise support organisations of different sizes, scales and focus, the number of members per organisation can vary considerably. Responses from members point to organisations ranging from 11 to 3,000 members. The difference in members per SESO can be partially explained by the difference in maturity of the social enterprise space across different countries.

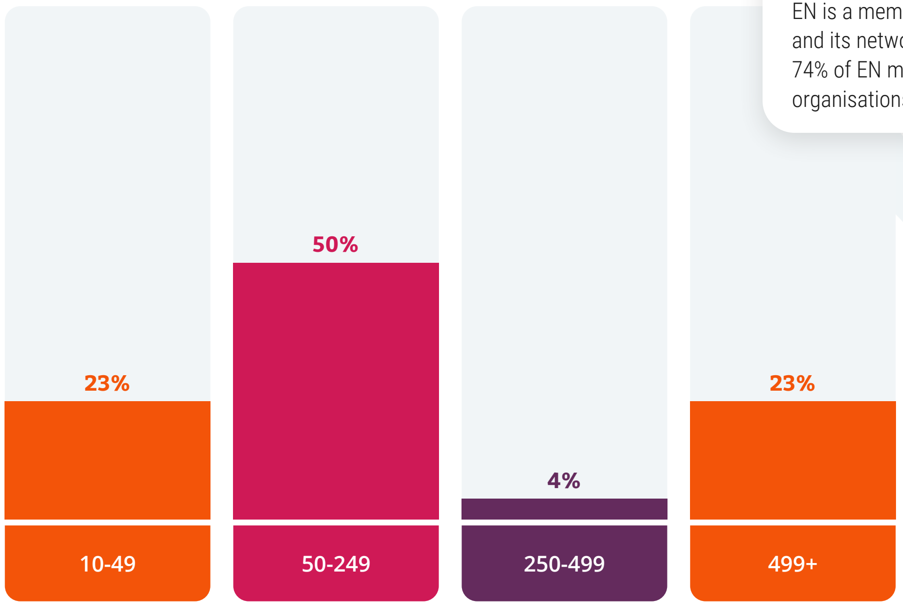
374

EN members with members have on average (mean) 374 members, the median[2] number of members is 86.

74%

EN is a membership organisation and its network consists of SESOs. 74% of EN members are membership organisations too.

< How many members does your organisation have?



[2] The median is the middle number in a sorted (ascending or descending)list of numbers and can be more descriptive of that data set than the average. Given the variety of EN members, with local to international reach and sizable memberships, the median might provide a more realistic membership size across the Network. The median is often used as opposed to the mean (average) when there are outliers in the sequence that might skew the average of the values.

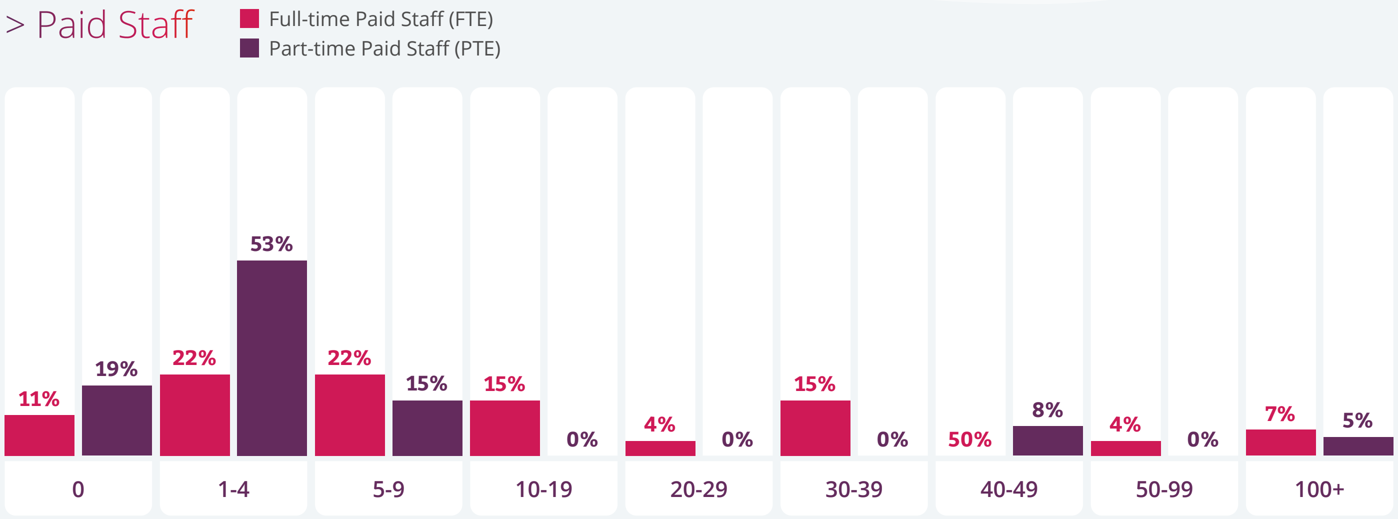
1.2 Workforce and Leadership

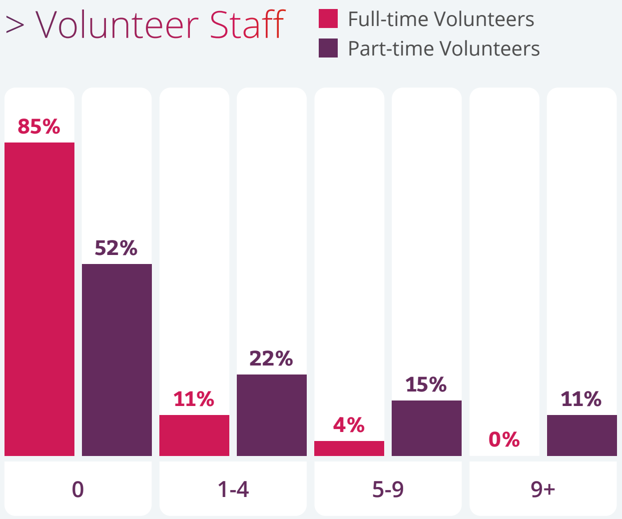
The staff across EN's SESOs members varies in size and contract type being part- and full-time paid staff and volunteers alike. 51% of members are supported by volunteers. Most volunteers support these organisations on a part-time basis.

Concerning paid staff, 81% of respondents indicate they have part-time or project specific paid staff. The exact number of part and full-time paid staff and volunteers varies according to the size, scope and support services provided by each organisation and are not representative of their impact.

88%

Staff at social enterprise support organisations are relatively young. 88% of the workforce is under 45 years old.





Leadership

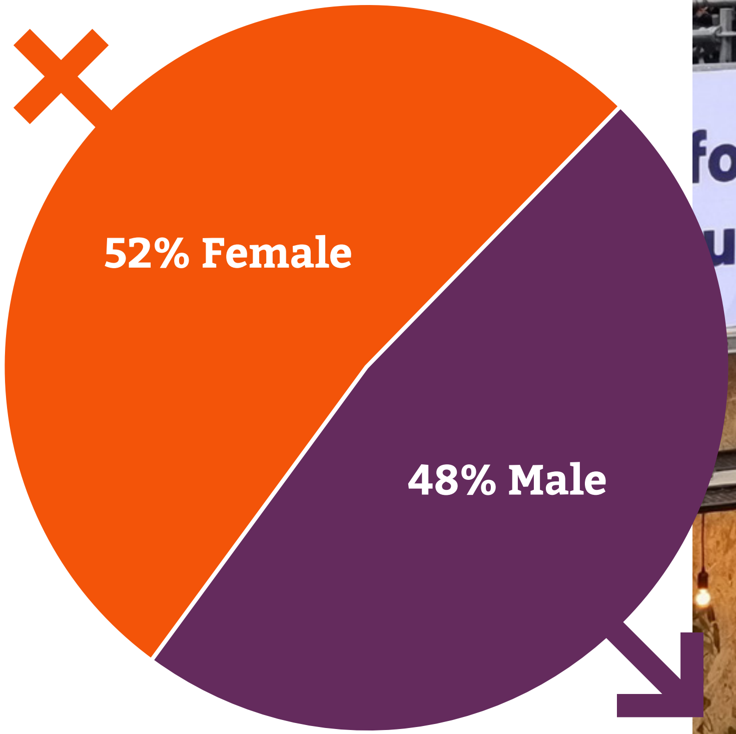
Amongst EN members, there is a balance in leadership between female and male CEOs/directors with slightly more led by female leaders, as seen below. The graph on this page illustrates that 52% of respondents indicated that leadership roles are taken by women.

The growth of the social entrepreneurship sector offers opportunities for SESOs to expand their workforce. 62% of EN members indicate they expect to hire more staff in the coming 12 months while 22% believe their staff size will remain the same and 15% do not know. The positive outlook in staff growth can be indicative of more funding and resources allocated to the sector, across European countries and beyond.

> “Engaging all key players in the social entrepreneurship ecosystem and making it more gender inclusive is what we need to continue to do.”

Member Testimonial
Camille Prudhomme, Empow'Her, France

> Gender of leadership of SESOs



MEMBER HIGHLIGHT

Diaconia University of Applied Sciences (DIAK)

Together with six other organisations, DIAK launched a national Centre of Excellence for Social Enterprises in October 2021 to foster social innovation, education and business development of social enterprises in Finland.

The Centre is funded by the Finnish Ministry of Economic Affairs and Employment.

DIAK is the focal point for the Centre of Excellence for Social Enterprises regarding data and statistics on social enterprises, research and education of social enterprises, social innovation and incubation and acceleration.

DIAK joined EN officially in March 2022. With experience in European forums and joint research projects as national and regional experts, DIAK has a lot to offer to the Network.

Making and Measuring Impact of EN Members 2021-2022

Social enterprises supported by EN members operate in all sectors of the economy and cover all United Nations Sustainable Development Goals (UN SDGs). By putting social and environmental objectives before profit, they generate social impact.

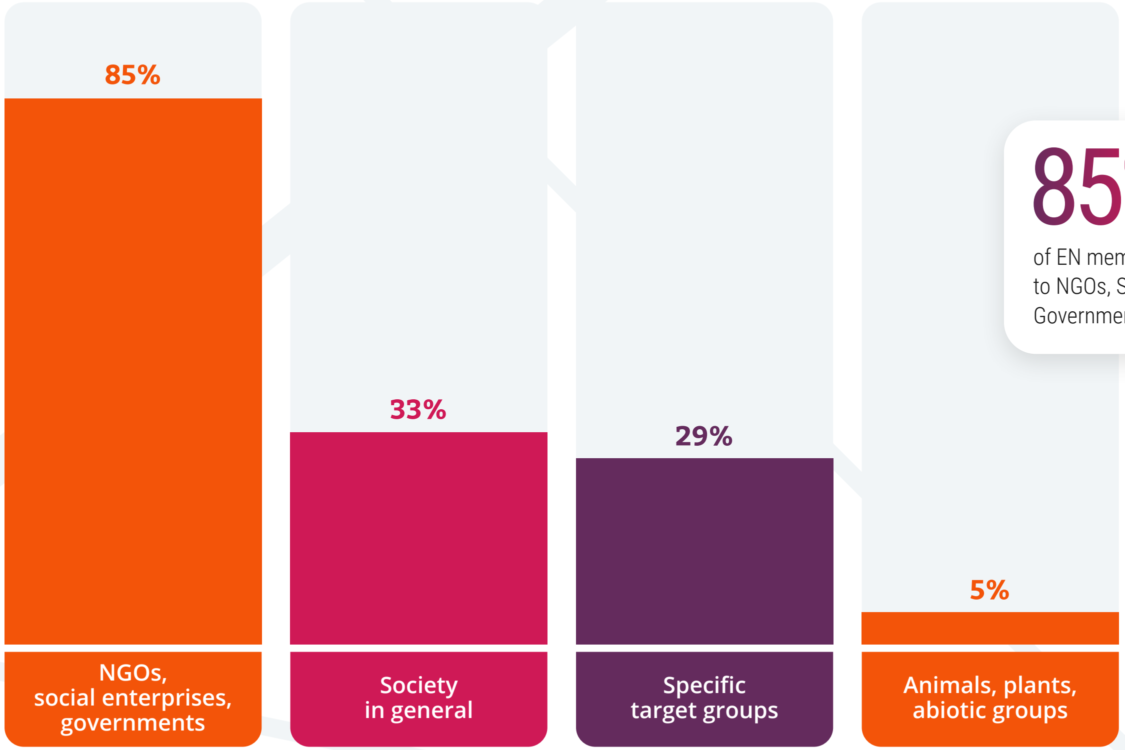
2.1 Beneficiaries

Compared to last year's results, we observe an increase in EN members supporting local and regional governments.

The trend remains that members continue to provide support at the organisational level, with government agencies gaining more participation in social enterprise support activities.

Members also collaborate with other SESOs, CSOs, government agencies, social impact investors and universities and research centres. Some members also undertake consulting projects with private sector companies, establish partnerships with universities, donors and incubators.

Q. Who are the beneficiaries of your organisation?

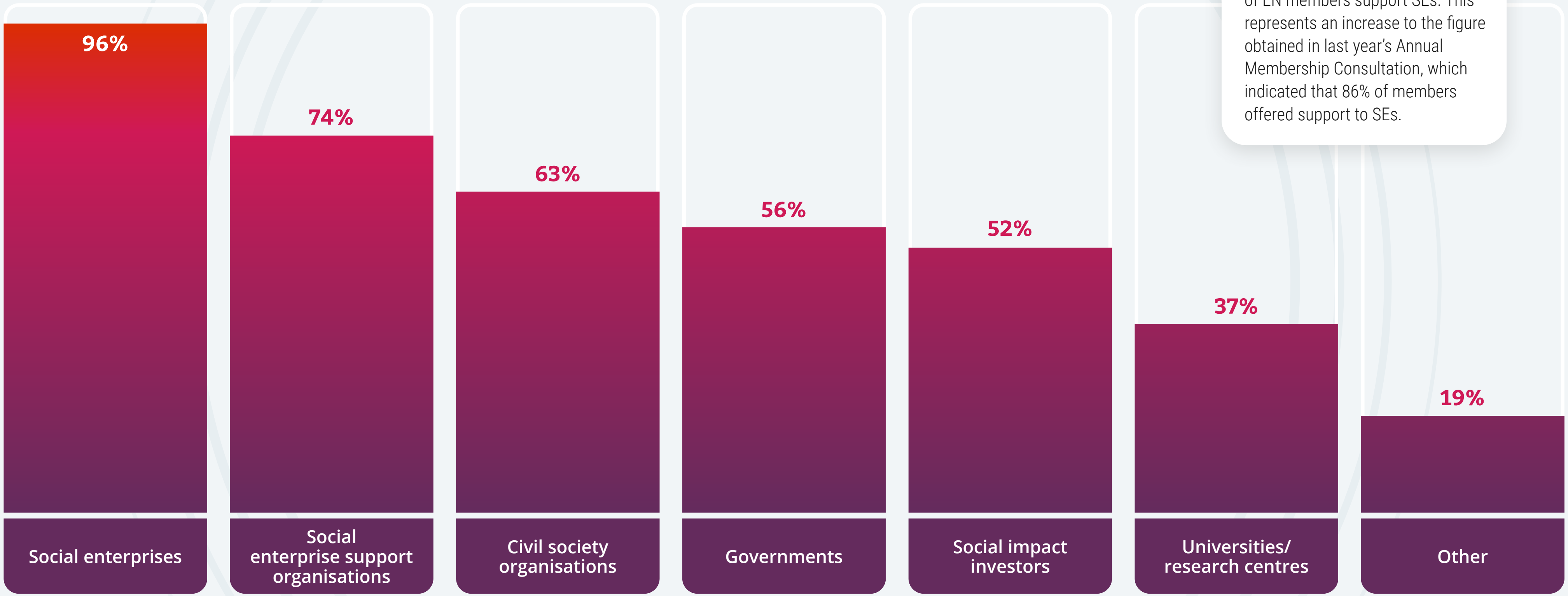


85%

of EN members provide support to NGOs, Social Enterprises and Government Agencies.

> What type of organisations receive your support?

(multiple selections possible)



96%

of EN members support SEs. This represents an increase to the figure obtained in last year's Annual Membership Consultation, which indicated that 86% of members offered support to SEs.

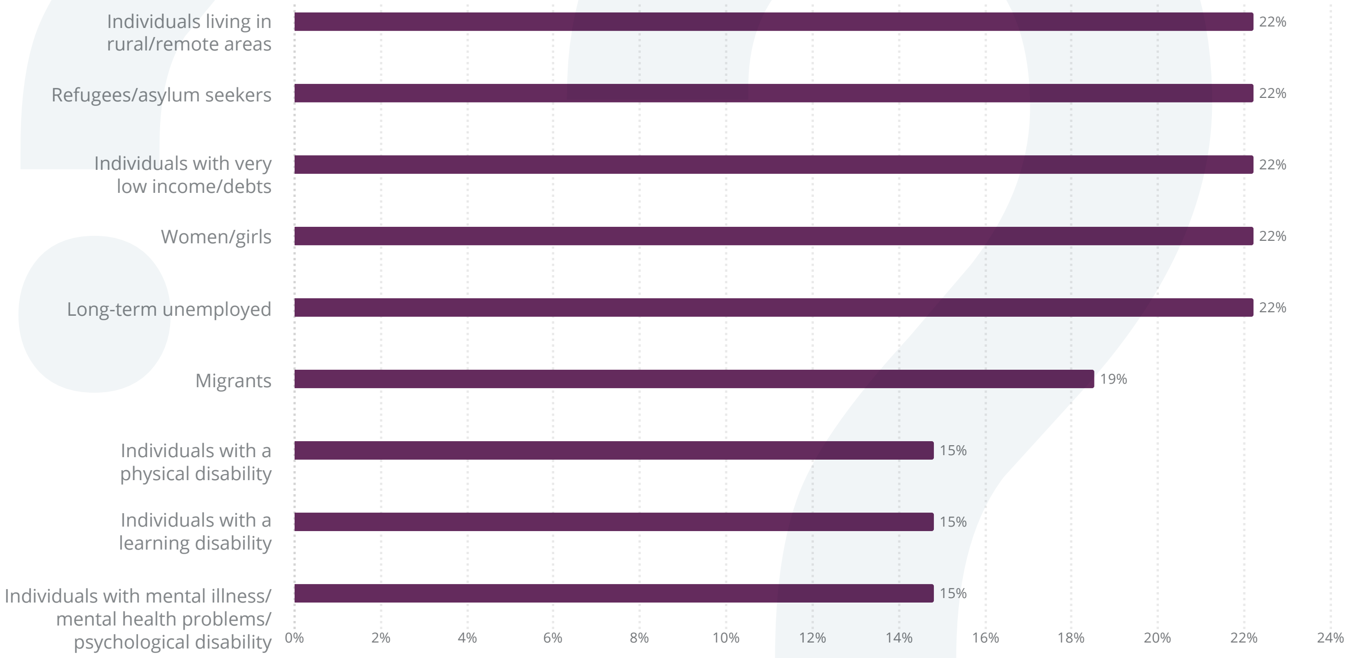
Support to direct and indirect beneficiaries of EN member organisations varied across the board.

As EN members vary in organisational structure and support focus, this question was not applicable to 70% of the membership as these members support primarily or solely organisations.

The 30% of EN members who reported data, indicated >

Q. What target groups or individuals do you/your members and beneficiaries provide services or benefits to?

(multiple selections possible)



90% OF EN MEMBERS SUPPORT...

1. Long Term unemployed people
2. Children and young individuals in general

75% OF EN MEMBERS SUPPORT...

1. Women and girls
2. Migrants, refugees and asylum seekers
3. Individuals with very low income/debts

63% OF EN MEMBERS SUPPORT...

1. Young individuals leaving care / orphans / young people in care
2. Individuals living in rural/remote areas

2.2. Type of Support

88%

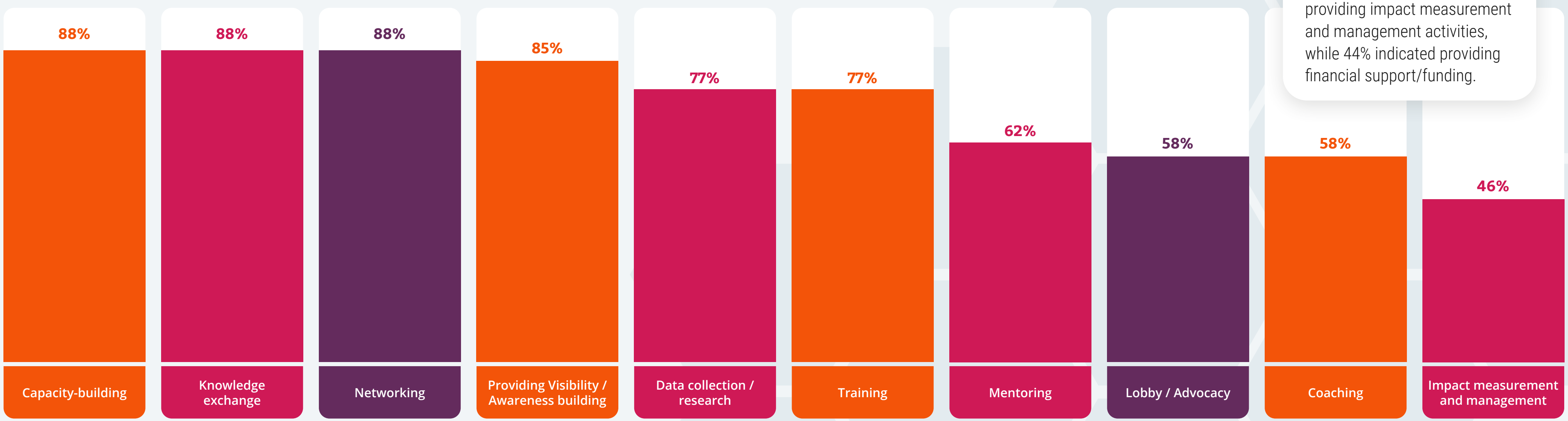
of EN Members provide support to their members and beneficiaries mostly through capacity-building, knowledge exchange and awareness building.

46%

of respondents indicated providing impact measurement and management activities, while 44% indicated providing financial support/funding.

Q. How do you provide support to your members/beneficiaries?

(multiple selections possible)

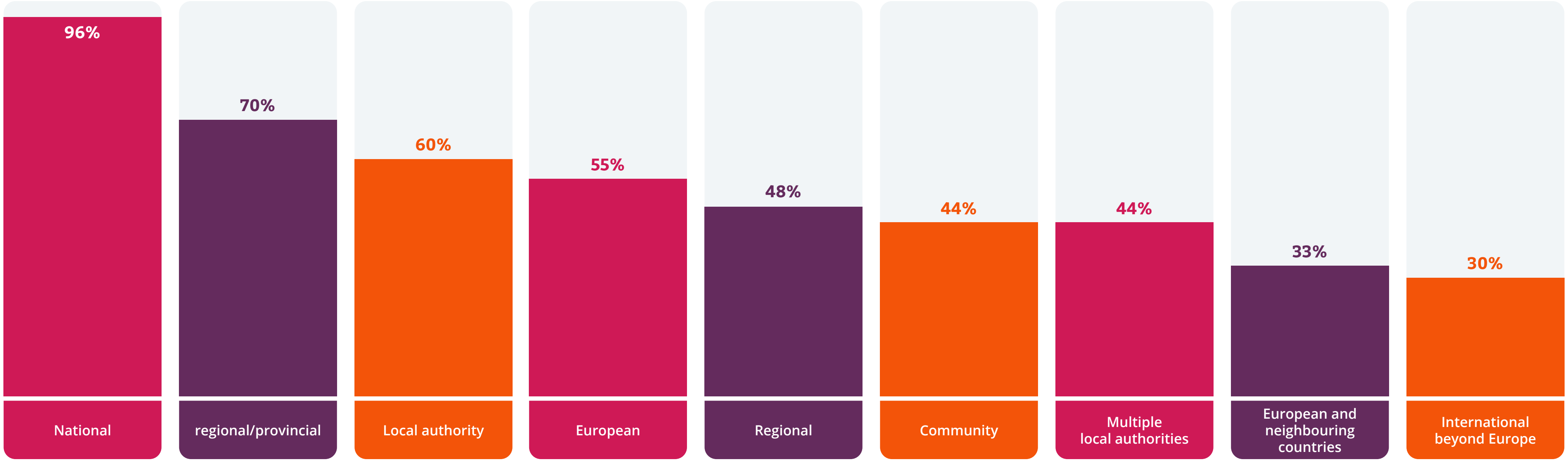


2.2 Reach of Support

Geographical Level of Representation

The results above indicate that SESOs are most likely to offer support nationally (96%), complemented with a focus on the regional, provincial, city, or community level. Support to SEs beyond the national level can be seen as a secondary objective to smaller SESOs, though an important one, with 72% of EN members active at the European level. Moreover, multinational SESOs with offices and collaborators in different countries and larger networks, may find it easier to support across borders and beyond Europe.

Q. At which geographical level(s) is your organisation active to achieve your social/environmental goals? (multiple selections possible)

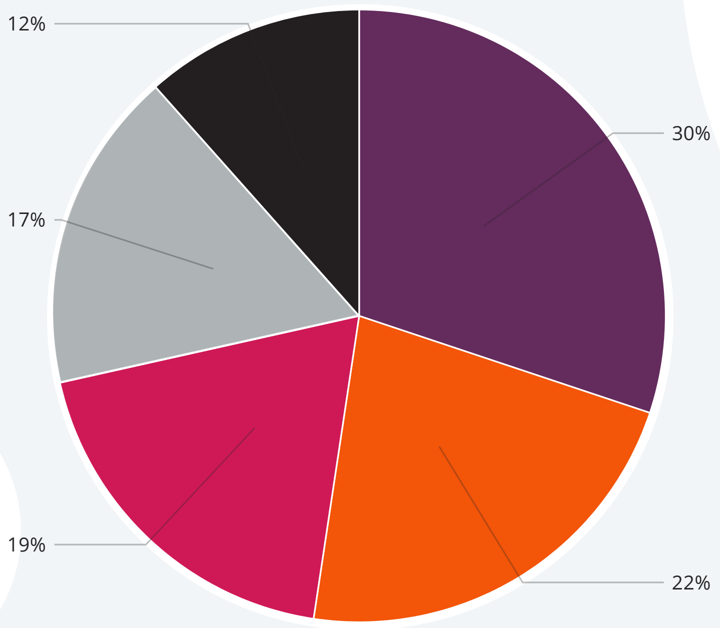


Growth Stage Support

SEs require dedicated support in every growth stage. Where starting SEs may benefit most from mentoring and capacity-building programmes, scale-ups are mostly in need of funding opportunities. EN members have expertise across the growth spectrum and provide tailored and specific support.

“Together, the members of EN provide support to SEs in all phases.”

> Growth stages - % EN Member that provide support per growth stage - Aggregate results



Seed stage
(e.g. development of idea, first draft or product/service prototype, pre-funding/first funding (own resources, family and friends, crowdfunding)).

Startup stage
(e.g. development of prototype, organisation enters the market, first customer acquisition, first sales, new resources due to loans or investments).

Early implementation and growth stage
(e.g. establishing new channels and markets, recruiting of employees, quality management, standardisations, increasing sales).

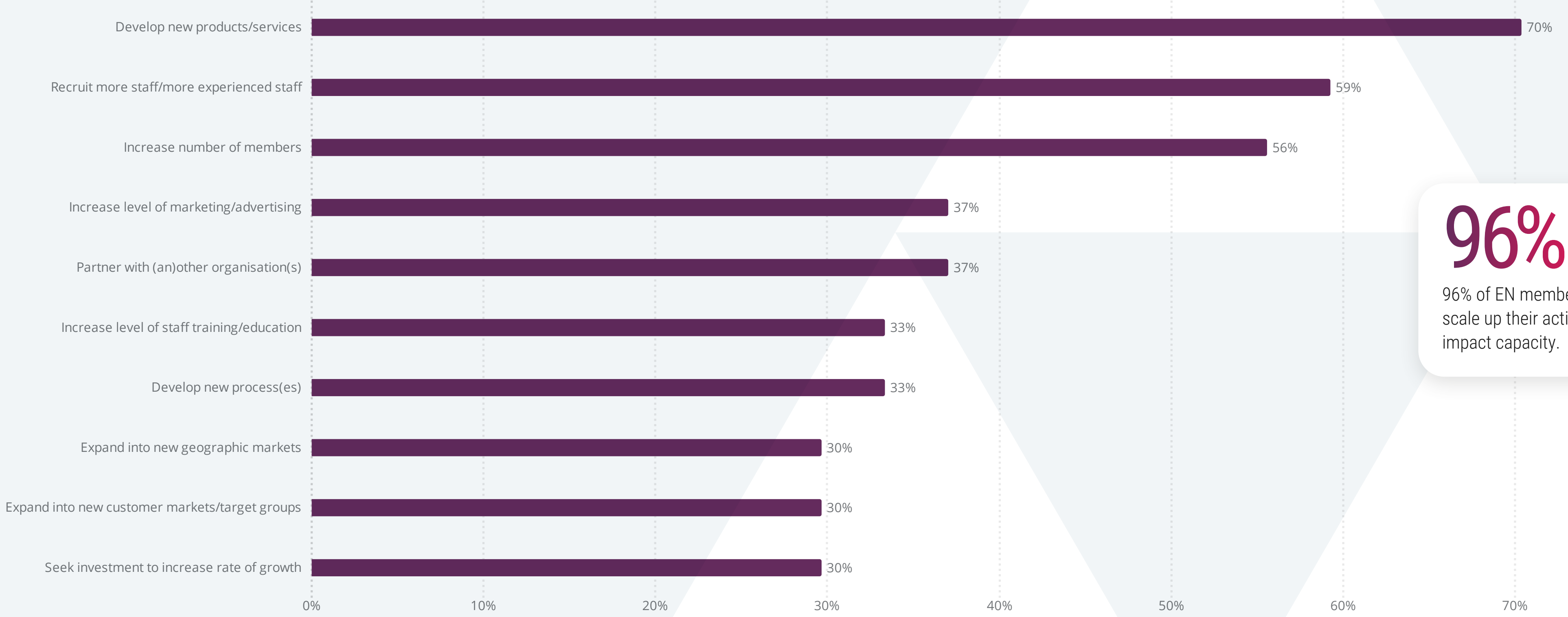
Late implementation and growth stage
(e.g. well established stakeholder relations, expansion of products and services, diverse capital options available, possible founder exit).

Steady stage
(e.g. stagnating/decreasing growth rate).

2.3 Scaling of Support

Members seek to scale up largely through the development of new services and products (70%), increasing staff numbers (59%) and increasing membership size (56%). Members also attributed value to partnerships (37%) with other organisations as a strategy for scaling.

Q. Does your organisation have the intention to scale? If so, how? (multiple selections possible)



96%

96% of EN members intend to scale up their activities and impact capacity.

2.4 Impact Measurement by EN Members

In the 2020-2021 report, EN attempted for the first time to engage its members in in-depth impact measurement. This year, for the 2021-2022 report, EN and its members continued to develop their understanding and practice of impact measurement across sectors.

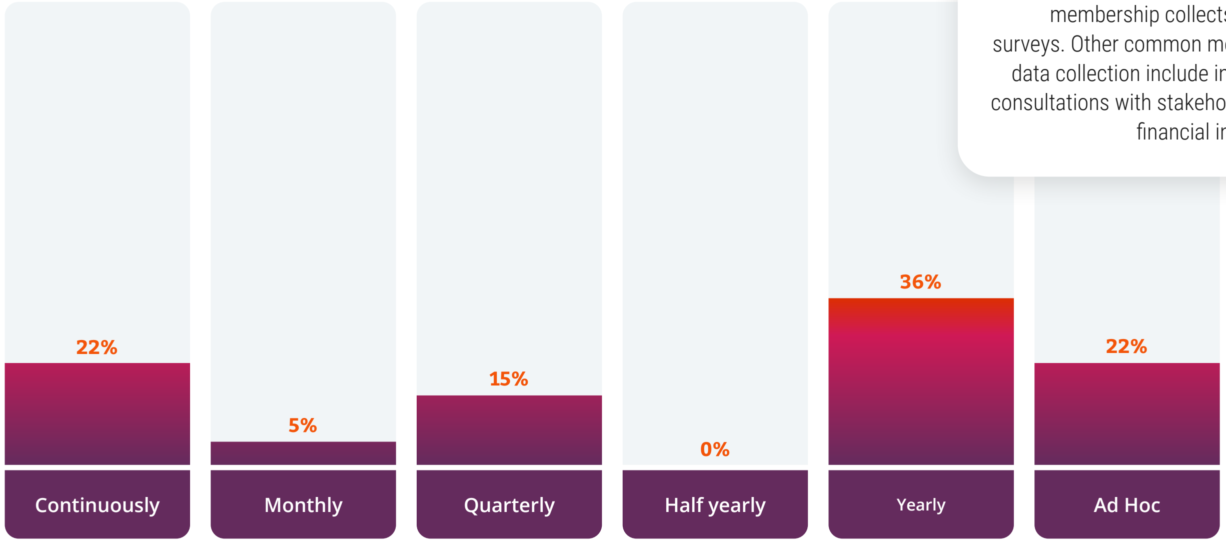
This showcases the need for reliable impact measurement practices as an important tool to develop the sector, communicate the benefits of social investment as a viable alternative for the market, and effect change on the ground.

For the members who do not yet measure their impact (12%), there are plans in place to establish an impact measurement framework.

The frequency of impact measurement varies across EN members. Some members were more inclined to measure impact on an ad hoc basis (22%), while other organisations carry out organisation-wide impact measurement on a regular basis, either monthly (5%) or quarterly (15%). The most common interval at which EN members measure their impact is a year (36%).

Over 50% of EN's membership developed their own impact measurement framework. Universities or social finance providers also played a role in the development of organisations' impact measurement.

Q. How do you collect data to measure your social/environmental impact?



70%

70% of EN members measure their organisation's impact.

50%

Approximately 50% of EN's membership collects data via surveys. Other common methods of data collection include interviews, consultations with stakeholders and financial indicators.

Q. Do you refer to the UN SDGs to report on your impact?

44% of members indicated referring to the UN SDGs upon reporting on their impact. 27% of respondents which answered 'No' indicated intentions to do so in the coming years.

Social Enterprises Directly and Indirectly Supported by EN Members in 2021-2022

The total number of social enterprises supported by and through EN members in 2020-2021 was 64,501.[3]

EN members collectively provided
direct support to a total of 25,626 social enterprises
based on an average of 657 annually per EN member.

EN members collectively provided
indirect support to a total of 38,875 social enterprises
based on an average of 997 annually per EN member.

EN members collectively provided
direct support to a total of 325,386 individuals
based on an average of 8343 annually by EN member.

EN members collectively provided
indirect support to a total of 13,681,170 individuals
based on an average of 506 710 annually per EN members.

Individuals Directly and Indirectly Supported by EN Members in 2021-2022

The total number of individuals supported by and through EN members in 2020-2021 was 14,006,556.[4]

New Jobs Created

EN members created by and through its members and beneficiaries directly
2,308 jobs in 2021
based on an average of 59 jobs annually per EN member.

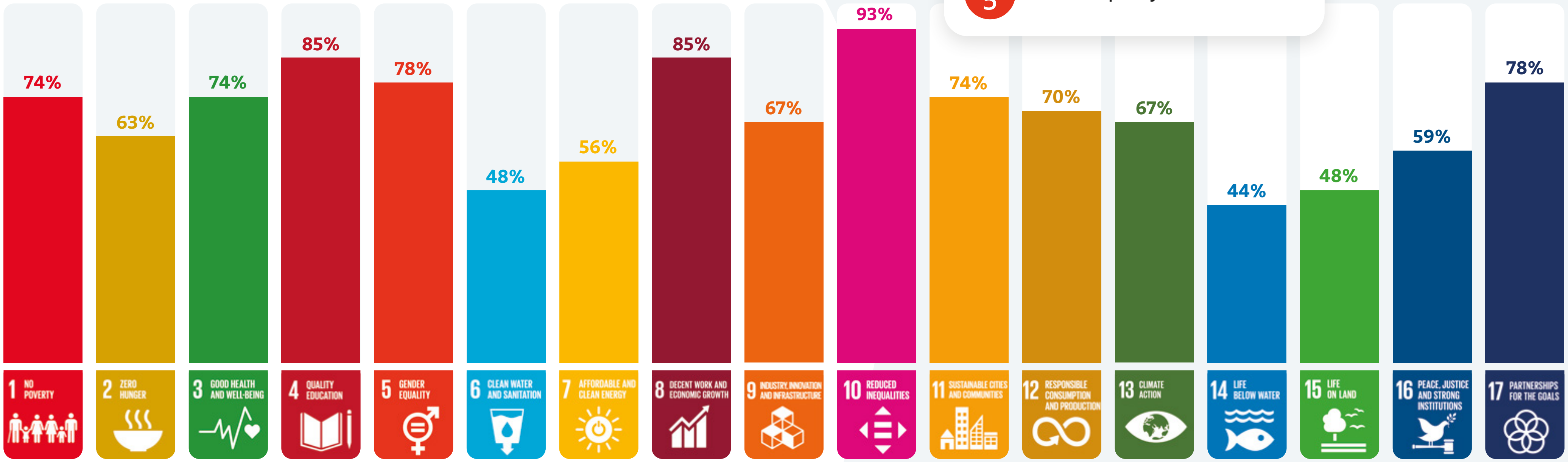
EN members created by and through its members and beneficiaries indirectly
27,326 jobs in 2021,
700 jobs annually per EN member.

[3] This calculation can include double counts in case a social enterprise – supported directly and indirectly – was the same enterprise.
[4] This calculation can include double counts in case an individual – supported directly or indirectly – was the same individual.

2.5 Impact Areas and Social and Environmental Procurement Responsibility

Q. What kind of social/environmental impact do your members/beneficiaries want to achieve?

(multiple selections possible)



Top 5 SDGs by EN Members

SDG 10 — **Reduced Inequalities**. 93% of members work towards UN SDG 10.

SDG 8 — **Decent work and Economic Growth and UN SDG**. 85% of members work towards UN SDG 8.

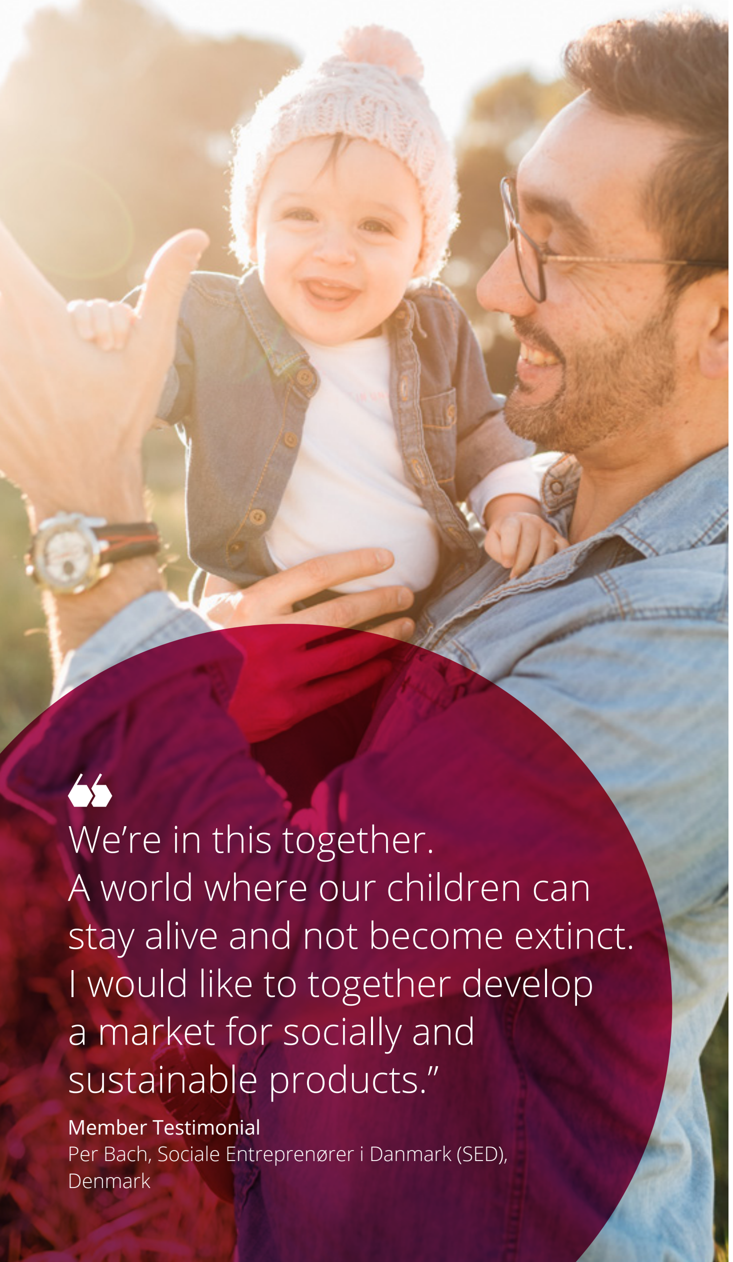
SDG 4 — **Quality Education**

SDG 17 — **Partnerships for the goals and UN SDG.** 78% of members work towards UN SDG 17.

SDG 5 — **Gender Equality**

100%

100% of EN members are aware of the United Nations Sustainable Development Goals (SDGs) and 85% of them actively pursue selected SDGs in their initiatives and support activities.



> We're in this together.
> A world where our children can stay alive and not become extinct. I would like to together develop a market for socially and sustainable products."

Member Testimonial
Per Bach, Sociale Entreprenører i Danmark (SED), Denmark

When your organisation procures products, how important are the following aspects in your decisions?

EN Members and #BuySocial

Euclid Network and its members launched a European Community of Practice on Social Procurement #Buy Social, at its Annual General Meeting in 2020. In 2021, EN became co-lead of the World Economic Forum Global Alliance for Social Entrepreneurs Corporate Access Agenda, together with Yunus Social Business, Acumen, Social Enterprise World Forum (SEWF), IKEA, EY and SAP, where the topic of #BuySocial was an important element on the agenda. In addition, EN and SEWF initiated a strategic partnership to merge their work on the European Community of Practice (COP) and SEWF's global Community of Practice.

At the EN Summit in March 2022, co-funded by the European Commission, several sessions were held on the topic of #BuySocial by speakers of SEWF as well as EN members including Social Enterprise UK (SEUK), Social Entrepreneurship Network Deutschland (SEND) and Social Enterprise Republic Ireland (SERI).

> (Average out of 100) Impact Areas and Social and Environmental Procurement Responsibility – When your organisation procures how important are the following aspects in your decisions?

76% Costs

82% Environmental

85% Social Responsibility

MEMBER HIGHLIGHT

Empow'Her

Empow'Her is a social venture working for women's empowerment, creating tools and opportunities for women to thrive as entrepreneurs.

Empow'Her invests in capacity-building focused on female leadership to enable women to improve their own economic status and wellbeing and to participate in and contribute to their societies. Empow'her builds capacity through training and support programs, which are designed to answer women's specific needs and are adaptable depending on the context in which we operate.

At the European level, Empow'Her runs the Women's Act Europe program, which seeks to connect women social entrepreneurs and provides them with all the tools to scale up their project and grow their initiatives.

Financial Structure, Growth and Financial Health of SESOs

SESOs are often operating in challenging financial situations due to a number of challenges including: accessing funding (tailored and generic); a lack of political support; legislation poorly suited to the needs of SEs; a lack of understanding of their business models of their members or the value of their social impact; and the degree of maturity of the ecosystem in which they operate.

Results from this year's Annual Consultation however indicate a positive outlook in the future across different regions. The announcement of the Social Economy Action Plan (SEAP) by the European Commission in December 2021, the Sustainable Corporate Governance Directive (2020) and the Corporate Sustainability Reporting Directive (CSRD) communicated in 2019, are yet other indications that government agencies, corporates and (social) investors are likely to engage more with key stakeholders in the social economy, including social enterprises.

3.1 Annual Budget, Income and Revenue

EN members differ in type, size and governance structure, therefore results presented in this financial section cannot be comparative, but instead provide a descriptive overview of the sector.

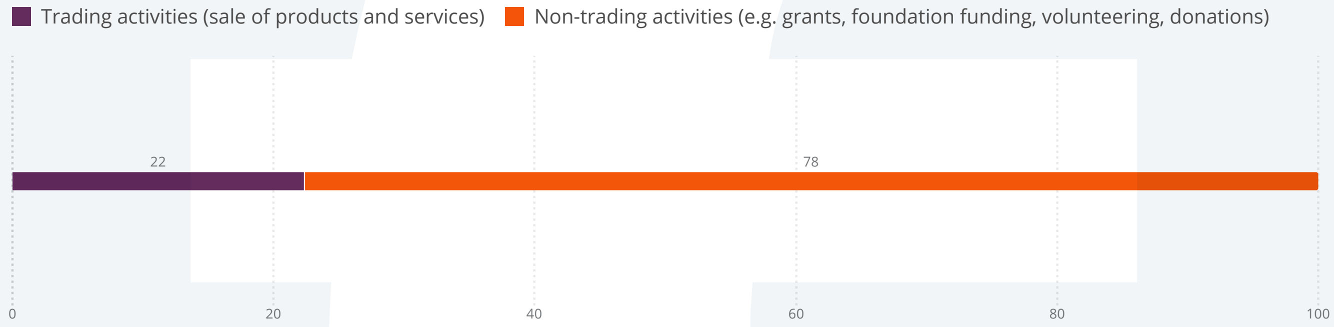
SESOs are so far often underfunded. Several SESO business models require additional types of funding next to those acquired from trading activities to continue creating impact and further supporting SEs and their members to drive positive change towards the UN SDGs.

Internationally-sourced and trading funds represent approximately a third of member's income for the financial year (FY) 2021 which is indicative that the social economy market is financed often at a national level.

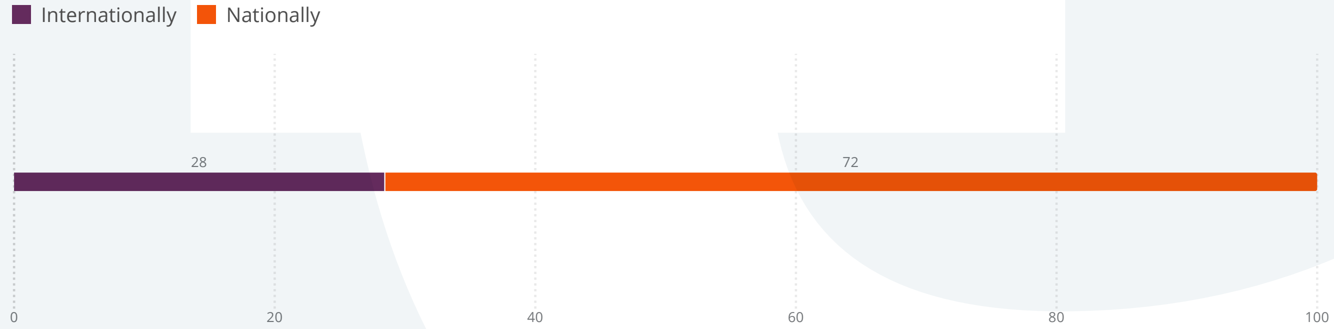
78%

78% of EN member's income derives from non-trading activities (including grants, volunteering, donations and funding) and 72% is sourced nationally.

> (Average) Sources of income - trading vs non-trading



> (Average) Sources of income - national vs international



3.2 Financial Health and Planning Forecasts

44% of members made a profit last year. 30% broke even, while less than 11% registered losses. Approximately 15% of members did not yet have final figures to answer this question.

A possible explanation for profits being reported in the sector could be seen in the light of EN members reinvesting these funds into the purpose and mission of their organisation and building up reserves to increase their financial health and achieve a safer, more stable financial planning. Furthermore, these funds are often earmarked to specific initiatives and deliverables within multi-year budgets funded through government, foundation and corporate grants.

Culture is important.
The human connections.
Finding the right individuals.
Connect with people and share what you are working on and make great things happen."

Member Testimonial
Andy Daly, Social Enterprise UK

52%

52% of members indicated their budget increased in the past 12 months.

30%

30% of members indicated their budget stayed the same in the past 12 months.

12%

12% of members indicated their budget decreased in the past 12 months.

59% of members believe their budget will increase in the following year.

Some EN members attributed the reasons for the increase to the establishment of long-term partnerships, the development of new services and products and alternative funding options. Members who estimate their budget to remain the same or decrease in the coming 12 months, cited the end of emergency funds and undergoing transition periods as main reasons for the decrease or stagnation.

Safe financial planning horizons remain divided across the sector.

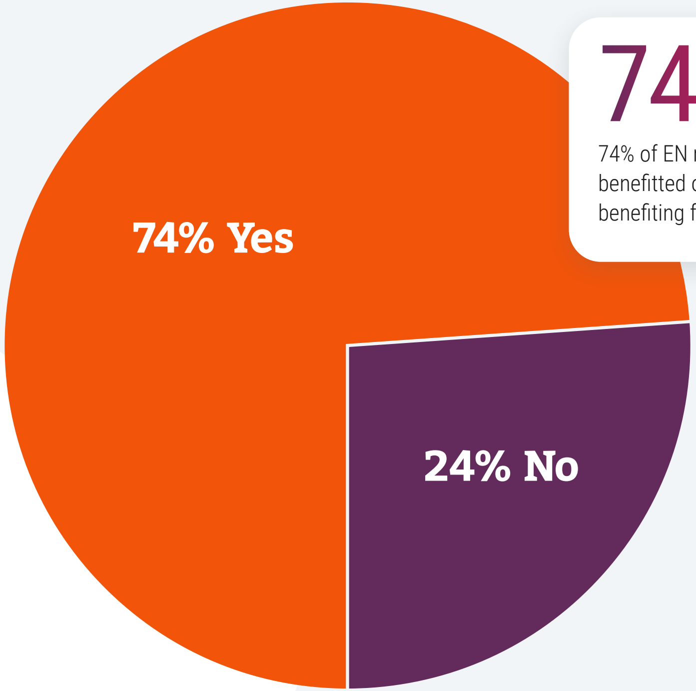
While 23% of members have safe financial planning for 24 months or more, 67% can only run their organisations up to 5-12 months without encountering long-term, regular cash-flow problems. 22% of EN members did not provide an answer.

3.3 Access to EU Funding

Q. Does your organisation benefit from EU-funding?

Of these members, an average 34% of the combined annual budget is assumed to have come from EU funds. As EN members vary in size, governance structure and focus areas, this percentage is not descriptive of each members' overall financial situation. Benefits ranged from 1-90% of individual annual budgets for FY2021.

Most EN members benefit from Erasmus+ programmes, followed by EaSI/ESF+, COSME and Interreg Europe.



74%

74% of EN members have benefitted or are currently benefiting from EU funding.

Top 5 programmes EN members are interested to learn more about:

(multiple selections possible)

1. EaSI programme (EU programme for Employment and Social Innovation)
2. Horizon Europe
3. ESF+ (European Social Fund)
4. ERDF (European Regional Development Fund)
5. Erasmus+

65% of members indicated insufficient time between the publication of EU funding opportunities and application deadlines.

Member Experience with EU Funding

Experience in applying and managing EU funding was assessed through the rating of a series of statements by EN members, where 0 stands for not true and 10 very true.

Members who rated their experience with EU funding 5 or below, for any of the statements presented, indicated a difficulty or lack of confidence or understanding in applying for and managing EU funds. Similarly, ratings of 6 and above, indicate ease of understanding, previous experience and success in applying and managing EU funds.

Applying to EU Funding

The experience of members in applying for EU funding varied significantly. While some members indicated ease in identifying relevant funding opportunities, most members (63%) disagreed (rated 5 or below) with the statement: "It is easy to identify relevant EU funding opportunities for my organisation".

Most members (63%) lacked clarity in the application process. Approximately 50% of EN members believe EU financial guidelines are unclear.

65% of members indicated insufficient time between the publication of EU funding opportunities and application deadlines. Most EN members (68%) expressed difficulty in identifying partners to build consortium for applications.

Some members attributed the main reasons for not applying for EU funding to the difficulties in the application process, lack of internal capacity and mismatch between the organisation's goals and projects with EU-funding opportunities.

Experience in Managing EU Funding

58% of EN members indicated that EU-funded project deadlines can be well met and half of EN members find it easy to manage EU-funded projects. Members were divided in regards to the European Commission's support in answering questions related to the management of EU funds. 52% disagreed with the statement "The European Commission is supportive in answering questions related to the management of the EU funded project," while 48% agreed.

MEMBER HIGHLIGHT

Reach for Change

Reach for Change is a global nonprofit organisation with the mission to unleash the power of social entrepreneurs to create a world where all children and youth reach their full potential.

Established in 2010, Reach for Change has successfully supported more than 1,200 social entrepreneurs across 18 countries - who in turn have reached more than 4.3 million children and youth.

Reach for Change works through two main impact models: capacity development of local social entrepreneurs as well as ecosystem development.

Their 2030 strategy sees them honing in thematically on three key issues affecting future generations: poverty, inequality and climate change. The ultimate goal is to have multiplied our impact ten-fold and reach a total of 30 million children and youth by the end of this decade.

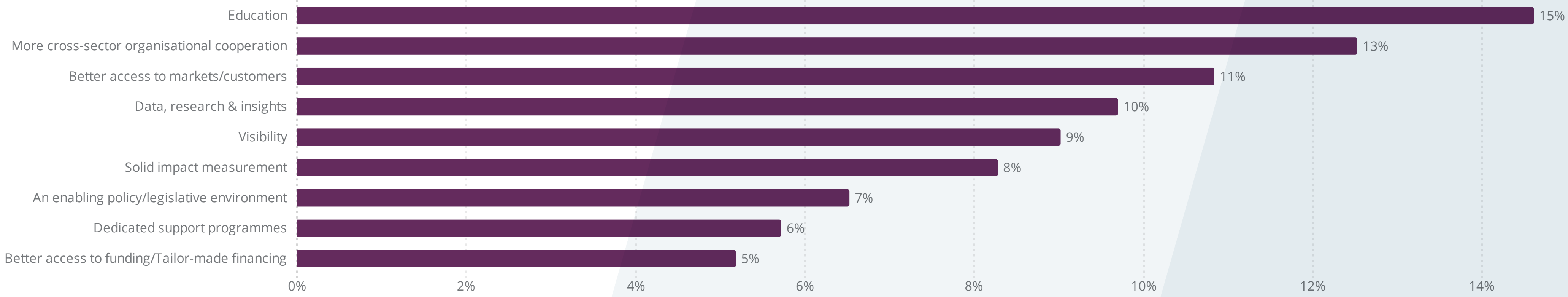
Needs, Challenges, Barriers of SESOs and SEs

Organisations providing support to social entrepreneurs still experience notable challenges and barriers to their development, of which a need to raise visibility, awareness and understanding by social finance providers and the general public were highlighted by EN members.

4.1 Top Needs of the Sector

Education, Cross-sector Organisation Cooperation and Better Access to Markets are the Top 3 needs of the sector. Not far behind is the need for data, research and insights, general visibility and solid impact measurement. EN is seen by members as a place to integrate a growing network of impact-driven leaders through collaboration and networking.

> (Average) Top needs of the sector? (multiple selections possible)



EN members ranked the Top 5 reasons to join EN accordingly:

1. Be part of a growing network of social enterprise support organisations and impact-driven leaders
2. Collaborate in European projects
3. Connect to social enterprise and civil society cross-border
4. Get unique opportunities on (European) funding
5. Feel represented at the European level

Top 5 Valued EN activities

1. Networking opportunities (96%)
2. Updates on relevant EU policy and funding opportunities (92%)
3. Project-Building workshops for applications to EU proposals (59%)
4. Raising the visibility of your organisation internationally (59%)
5. International peer exchanges (55%)

Key Learning Areas for EN members

1. EU funding (74%)
2. Opportunities for members/beneficiaries (66%)
3. Social innovation (66%)
4. Policy (48%)
5. Impact measurement and management (44%)

4.2 Political Support

EN members ranked from least support (i.e. perceived difficulty in acquiring political support) to most support the list is as follows:

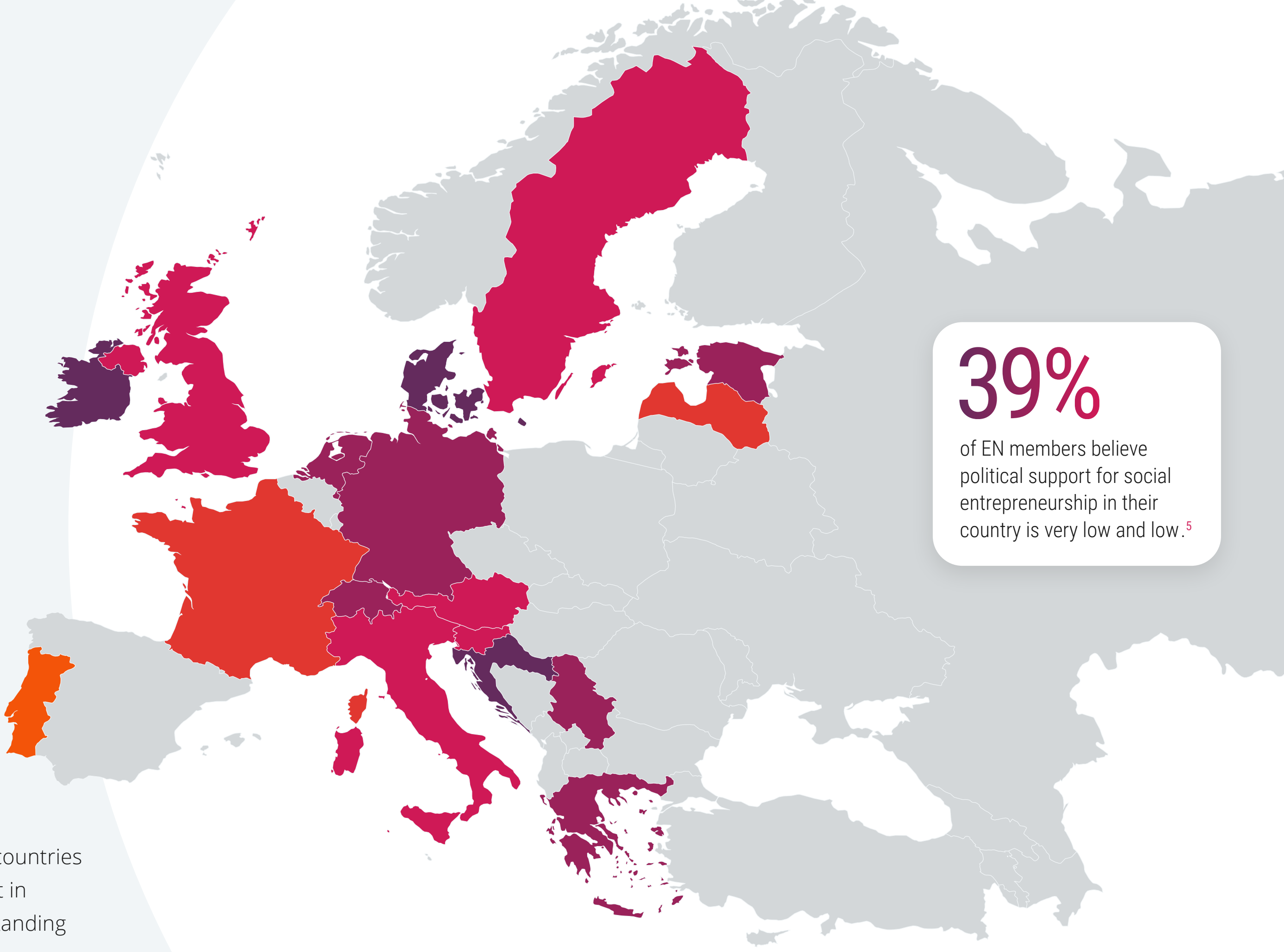
Very Low (0-20)
Croatia, Denmark, Ireland

Low (21-40)
Estonia, Germany, Greece, Netherlands, Switzerland, Serbia

Neutral (41-60)
Austria, United Kingdom, Slovenia, Sweden, Italy

Medium (61-80)
Latvia, France

High (81-100)
Portugal



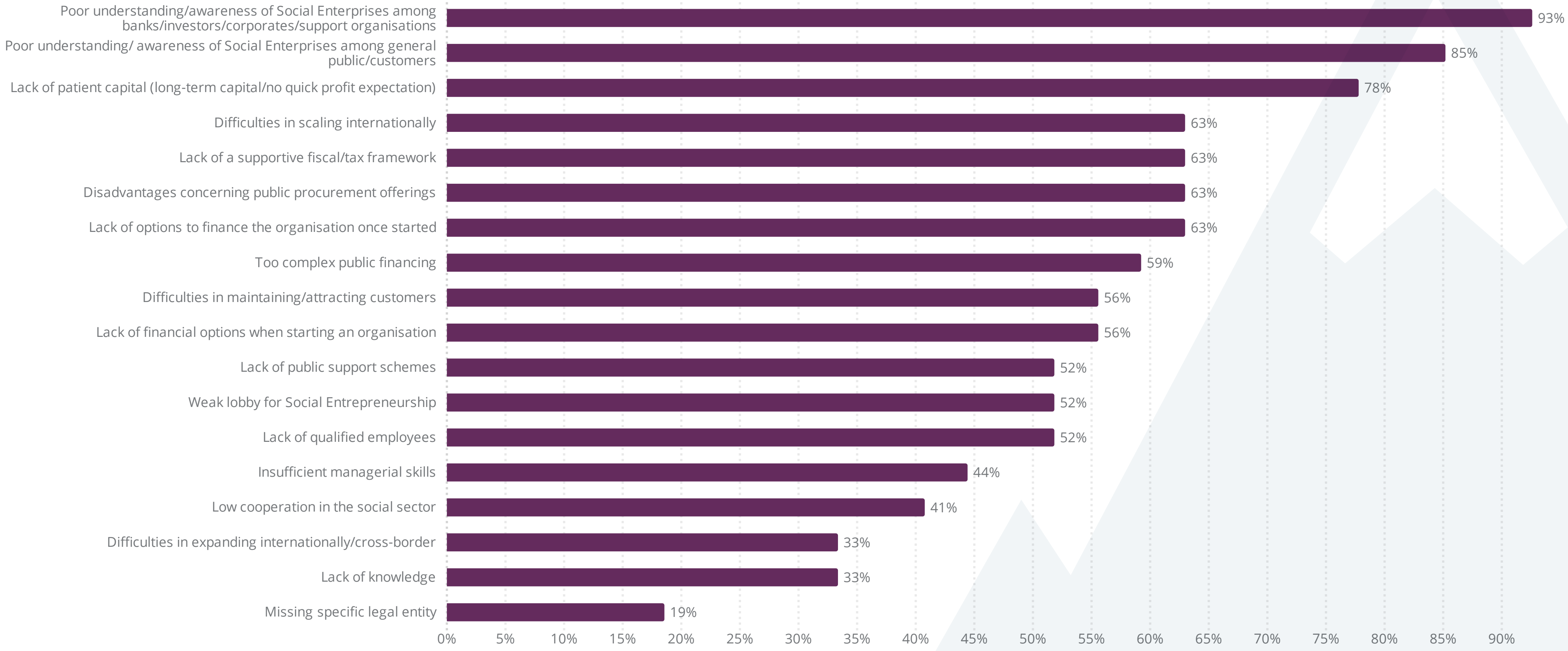
39%
of EN members believe political support for social entrepreneurship in their country is very low and low.[5]

There is substantial gain in engaging in political leadership in most of the countries across Europe and neighbouring countries to increase the level of support in subsequent years. This starts with raising visibility, awareness and understanding about social enterprise with politicians and government administrations.

[5] For this question: 'Low' support is understood at ratings between 0-40, 'Medium' between 41-65, and 'High' 66 and over.

4.3 Main Barriers

Q. What are the main barriers/challenges you believe your members/beneficiaries face? (multiple selections possible)



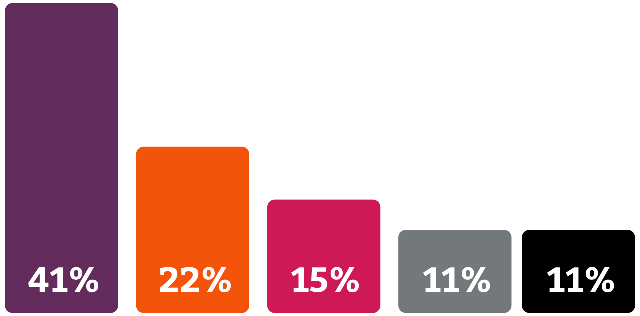
Poor understanding and awareness of SEs by social finance providers and support organisations (93%) and the general public (85%) is named as the most important barrier for the sector and their beneficiaries to develop.

Lack of patient capital is another perceived important barrier (78%). Followed by 63% of EN members indicating that difficulties to scale internationally, lack of a supportive fiscal/tax framework, disadvantages concerning public procurement and lack of options to finance the organisation, hamper the development of the sector.

Some members identified the need for stronger lobbying activity across countries. Weak lobbying for social entrepreneurship was considered to 'very much hinder' the development of the sector.

> Weak lobbying for social entrepreneurship was considered to 'very much hinder' the development of the sector.

Q. Does your organisation believe it is/would be of value to have a specific Social Enterprise (SE) legal status in your country?



- Yes, we have a legal status for Social Enterprise (SE) and it is of value
- Yes, we do not have a legal status for SE and believe it should be there in future
- No, we do not have legal status for SE, and there is no need
- Don't know
- Other

63% of EN members believe there is value in having a specific social enterprise legal status nationally. Of those 41% have experience with a social enterprise legal status in their country, 22% do not have a legal status yet, but believe it should be there. 15% of members do not believe there is a need for a SE legal status

COVID-19

Q. What challenges did/does your organisation face due to COVID-19?

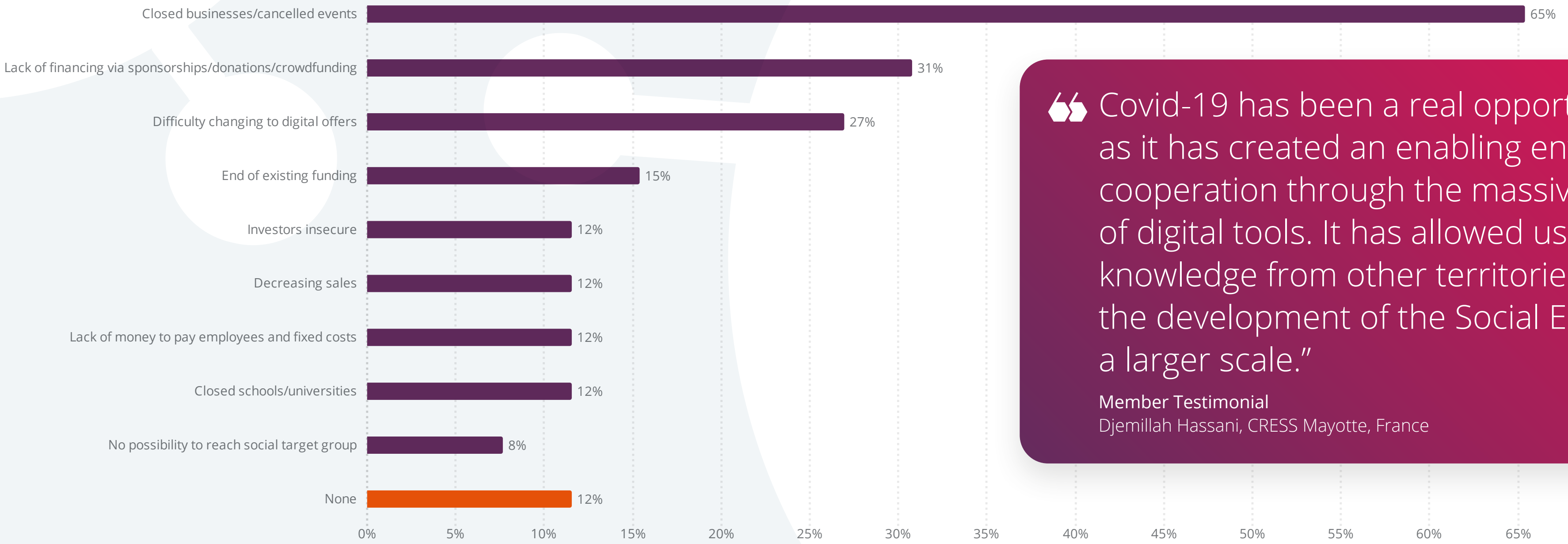
(multiple selections possible)

In 2021, COVID-19 continued to impact the way social enterprise support organisations carry out their day-to-day activities.

Closed businesses and cancelled in-person events (65%) were the most common challenges highlighted by respondents, followed by a lack of financing opportunities (31%). Similarly, respondents indicated that switching to digital offering was sometimes perceived as a challenge (27%).

As a direct result of COVID, EN members developed new offerings for their existing target groups (48%) or transitioned existing offerings to the digital sphere (70%). EN members were affected and impacted by COVID-19 differently, and it is expected that changes to the day-to-day business have been altered accordingly.

EN members were also positive about some of the changes COVID-19 forced upon their work, pivoting, in most cases, efficiently towards online support and capacity-building and identifying alternative ways to continue ongoing projects, despite restrictions.



“Covid-19 has been a real opportunity for us as it has created an enabling environment for cooperation through the massive development of digital tools. It has allowed us to gain more knowledge from other territories and enhance the development of the Social Economy at a larger scale.”

Member Testimonial
Djemillah Hassani, CRESS Mayotte, France

SOCIAL
ENTREPRENEURSHIP
ASSOCIATION OF LATVIA

MEMBER HIGHLIGHT

Social Entrepreneurship Association of Latvia (SEAL)

The Social Entrepreneurship Association of Latvia (SEAL) is a membership organisation which seeks to promote the development of social entrepreneurship in Latvia.

SEAL brings together like-minded organisations, companies, and people who believe that social entrepreneurship in Latvia has huge potential and who are ready to participate in the development and strengthening of the sector.

SEAL is the biggest national-level organisation regarding social entrepreneurship in Latvia, serves both as an advocacy body, knowledge-sharing platform, and one-stop agency about social entrepreneurship-related topics.

Survey Methodology

The "State of Social Enterprise Support Organisation (SESO) Support in Europe and Neighbouring Countries Survey" aims to capture the activity of SESO and similar organisations based in Europe, neighbouring countries and Europe's outermost regions.

The survey targets EN members. EN members and respondents are used interchangeably throughout the text. The sample size is limited to members of the EN Network, which means that results are not necessarily representative for the whole social enterprise support sector.

The survey was developed as part of the EN Knowledge Centre, based on the results of qualitative research and quantitative surveys conducted since 2018. In addition, the European Social Enterprise Monitor and 2015 Global Social Enterprise Network membership questionnaires and reports served as inspiration for this consultation of EN members. The final survey's aim is to gain insights into the demographics of social enterprise support organisations, their main practices, challenges and needs and those whom they support and represent, the social entrepreneurs on the ground.

The questionnaire broadly covers the following topics:

- Organisational structure
- Financial structure
- Growth and financial health
- Social impact, range and methods of support
- Social impact measurement
- Challenges, barriers and needs of the Social Enterprise sector
- Impact of COVID-19
- EN membership evaluation.

In November 2021, the survey was sent to 40 EN members with follow-up reminders sent over the following month. 27 members responded to the survey. The response rate of 68% is relatively high, especially as some of these organisations had modest capacity to respond due to multiple high priority opportunities in the sector in the time period the survey was outstanding.

Data analysis uncovered a sample with large variation in organisational size, financial structure, budget and social impact. Potential outliers were identified and considered individually so as to determine whether they should be excluded from calculations of the mean (average).

"Data analysis uncovered a sample with large variation in organisational size, financial structure, budget and social impact."

Data limitations and Disclaimer

EN members are diverse in terms of their organisational and financial structure and social impact outcomes. Although we have at times explored this granularity within this report, it should be noted that measures such as mean and averages may not hold their overall strength for some questions. In addition, for several results, we have extrapolated averages to the whole EN network. These data points should be considered at its value, as very rough initial estimates.

Conclusion

Everyday, social enterprises across Europe are bringing innovative solutions and business models to the market with the main aim of driving positive social and environmental change. Focusing on impact first, these enterprises require dedicated support, funding and representation. EN brings together the organisations (SESOs) working in Europe and beyond which provide exactly that.

This report highlights the diversity of SESOs and EN membership across Europe, ranging from national networks of social enterprise to social business incubators and from social funds to universities. By March 2022, 39 organisations had joined EN. EN members are based in 23 countries and active in 46 countries. The increase in the number of SESOs and growth of EN membership seems to indicate an increased recognition of the need to promote and support social impact-oriented enterprise models. While the number of support structures is growing across all European countries, the majority is located in Western Europe. It stands out that the most SESOs were established after 2010, indicating that the sector is still relatively young. Moreover, it is worth mentioning that beyond the universities and social funds in the network, most of the SESOs are relatively small in size.

> To further grow the sector EN members identified Education, Cross-sector Organisation Cooperation and Better Access to Markets as the Top 3 needs of the sector."

EN members support social enterprises across the full scale of the UN SDGs. They support all entrepreneurial growth stages. The majority of the support provided by EN members is non-financial support, including capacity-building, facilitating exchange of knowledge and good practices and increasing the visibility and awareness of social enterprise in general. To further grow the sector EN members identified Education, Cross-sector Organisation Cooperation and Better Access to Markets as the Top 3 needs of the sector. Not far behind is the need for data, research and insights, general visibility and solid impact measurement.

Almost all EN members (96%) are looking to scale up their activities and impact capacity. Members seek to scale up largely through the development of new services and products, increasing staff numbers and increasing membership size. Moreover, some members indicated that partnerships can further enable scaling activities. The majority of EN members (59%) are positive that their budget will increase over the next year. Yet, members also see challenges that inhibit their development and that of social enterprises in general. The most important challenges and barriers identified by EN members in 2021-2022 are: 1. Poor understanding and awareness of SEs by social finance providers and support organisations, 2. Poor understanding and awareness of SEs by the general public, 3. Lack of patient capital and 4. Difficulties to scale internationally.

This report therefore not only provides insights in the current state of social enterprise support organisations across Europe, neighbouring countries and EU's outermost regions, but is also an appeal to investors, foundations, philanthropists, governments and policy-makers to shift an increasing amount of financial resources, legislation, policies and support towards social enterprise support organisations and social enterprises, to build an economy which puts with people and the planet in the centre.

"We need to be mindful of where we are in the course of history."

EN Team Testimonial

Suzanne Wisse-Huiskes

EN CEO, Speaking at the Closing Session of the EN Impact Summit 2022

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