



IMPROVING SKILLS OF  
**SOCIAL**  
ENTREPRENEURS



Co-funded by the  
Erasmus+ Programme  
of the European Union

# How to create a social company!

A practical guide



IMPROVING SKILLS OF  
SOCIAL  
ENTREPRENEURS



Co-funded by the  
Erasmus+ Programme  
of the European Union

# What is a social company?

According to the European Commission, the term "social enterprise" means "an operator in the social economy whose main objective is to have a social impact instead of obtaining a benefit for its owners or shareholders". A social enterprise operates by providing goods and services for the market in an entrepreneurial and innovative manner and it uses its profits mainly to achieve **social objectives**. It is managed in an open and responsible manner and, in particular, involves employees, consumers and interested parties affected by their commercial activities (Social Business Initiative, October 2011).

The concept of social enterprise is part of the social economy sector, which includes cooperatives, mutual societies, non-profit associations and foundations. According to official data from the European Commission, there are more than **2 million social enterprises** in Europe, which means **10%** of all companies.

More than **160 million people** participate in social enterprises that contribute to EU employment, social cohesion, regional and rural development, environmental protection, consumer protection, agricultural development, third countries development and development of the policies of social security.

# Social Enterprise

**The Social Enterprise is a private entity that operates on a permanent and principal basis an activity of general interest, non-profit and for a civic, solidarity and social utility; and is regulated by Legislative Decree 112/2017; to the social enterprise is allowed the possibility to share profits and operating surpluses, albeit in a limited form. Social Cooperatives and their consortia automatically acquire the status of Social Enterprise. The recognized civilly Religious Bodies can adopt the qualification of Social Enterprise only if they exercise the activities of enterprise of general interest defined by Legislative Decree 112/2017 and defined by a regulation in the form of a public instrument or authenticated private writing aimed at transposing the provisions of legislative decree; A Social Enterprise can only carry out activities of general interest provided by law, namely:**

- o social interventions and services;
- o health interventions and services;
- o social and health benefits;
- o education and vocational training activities;
- o interventions and services aimed at safeguarding and improving the environment and the prudent and rational use of natural resources, excluding the habitual collection and recycling of municipal, special and hazardous waste;
- o measures to protect and enhance the cultural heritage and landscape;
- o university and post-university training;
- o scientific research of particular social interest;
- o organisation and management of cultural, artistic or recreational activities of social interest, including activities, also publishing, to promote and disseminate the culture and practice of volunteering and activities of general interest referred to in this Article;
- o community radio broadcasting;
- o organisation and management of tourism activities of social, cultural or religious interest;

- o extra-school training aimed at preventing early school leaving and
- o educational success, prevention of bullying and combating educational poverty;
- o services for social enterprises or other third sector entities;
- o development cooperation;
- o commercial productive activities of education and information, promotion and representation, licensing of certification marks, carried out under or in favor of fair trade chains;
- o services for the integration or reintegration into the labour market of workers; and disadvantaged persons;
- o social housing and any other temporary residential activity to satisfy social, health, cultural, training or work needs;
- o humanitarian reception and social integration of migrants;
- o microcredit;
- o social agriculture;
- o organisation and management of amateur sports activities;
- o redevelopment of unused public assets or assets confiscated from organised crime;



**IMPROVING SKILLS OF  
SOCIAL  
ENTREPRENEURS**



Co-funded by the  
Erasmus+ Programme  
of the European Union

# Social Enterprise and the European Commission

**The Social Enterprise is constituted with public deed; The constitutive acts must express the character of the company defining the corporate object and the absence of purpose of profit in compliance with the Legislative Decree 112/2017; The Social Enterprise has the following organs:**

- **shareholders' meeting: brings together all members of the company;**
- **Board of Directors: is elected by the Shareholders' Meeting and manages the company;**
- **President: legally represents the company;**
- **the Board of Statutory Auditors: is the supervisory body over the administration of the company; The composition and function of the organs may change partially if the social enterprise is a companies with limited liability, a cooperative or a foundation;**

**The main objective of social enterprises is to generate a significant impact on society, the environment and local communities. Social enterprises contribute to a form of growth Intelligent in responding with social innovation to needs not yet satisfied. For example, for many social enterprises it is obvious to encourage their employees to continuous learning and improve their capabilities. In addition, they contribute to sustainable growth considering their environmental impact and have a long-term vision. Their reason is to achieve social and economic transformations that are functional to the objectives of the Europe 2020 strategy; The initiative for social entrepreneurship, launched in 2011, has identified three lines of action for introduce concrete changes and improve the situation of social enterprises in practice**

**by:**

- 1. Facilitating access to finance:**

- **Public funds have been allocated to social enterprises. The Programme for employment and social innovation was made available to companies social to support the development of the social investment market with a figure of EUR 85 million, and to facilitate their access to finance during the period 2014-2020 through loan-like instruments. In the same period were reformed the Structural Funds to allow Member States to use them for finance social enterprises;**

- 2. Give them greater visibility:**

- **The sector, however, also needs private investment. Hence the decision of establishing a European Social Entrepreneurship Fund, the aim of which is to help social enterprises to have easier access to finance, and to help investors to identify investments in social enterprises themselves;**

- 3. Optimising the legal framework:**

- **Ethical exchanges are also being developed to create a European platform for trading shares of social enterprises on a stock exchange values regulated by a financial services authority;**



**IMPROVING SKILLS OF  
SOCIAL  
ENTREPRENEURS**



Co-funded by the  
Erasmus+ Programme  
of the European Union



# Examples of Social Enterprises

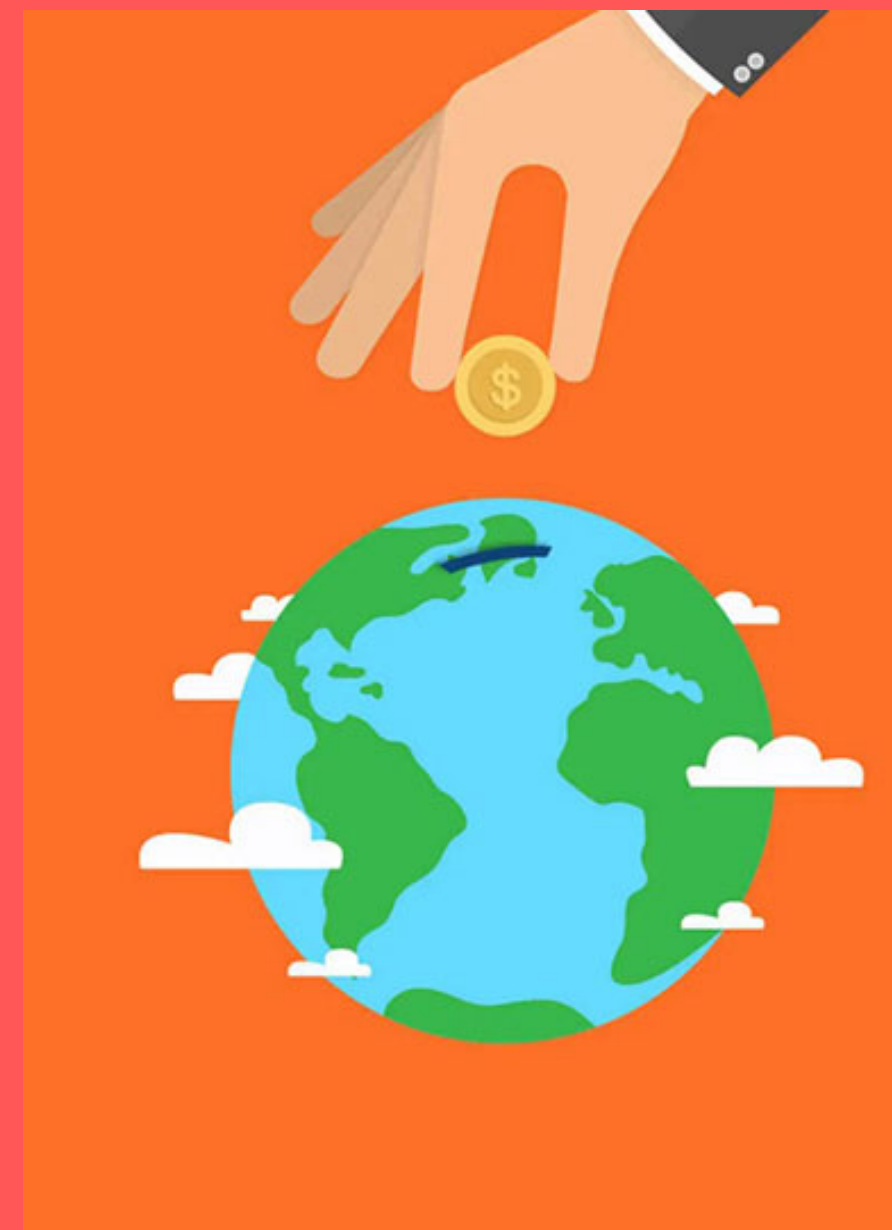
**In Romania, a company with 5 employees and 5 volunteers has been working since 1996 to provide cultural services in Romanian for the blind, adapting various media (especially audiobooks and films) to the needs of an estimated audience of 90,000 people;**

**In France, in 2004, an enterprise launched an innovative concept of car wash services without water with biodegradable products, employing unskilled or marginalized personnel for the purpose to reintegrate it into the labour market;**

**In Hungary, a foundation has set up a restaurant employing disabled staff (40 employees), and offers them training and childcare to ensure their transition to stable employment;**

**In the Netherlands, a company teaches reading using innovative digital tools and a game-based method. The method is particularly suitable for children hyperactive or autistic, but includes illiterates and immigrants;**

**In Poland, a social cooperative consisting of two associations employing unemployed long-term and disabled people, offers on the market a range of services: catering, small construction and craft projects and training for the professional inclusion of disadvantaged people; Employees have a positive opinion of their work and this circumstance reflects on their colleagues and the surrounding environment. The attitude of the staff not only makes reliable and consistent work of the enterprise, can generate too an extraordinary impact that does not require necessarily the resources of an enterprise: it is much less likely that employees they are absent due to illness or leave work for good, which leads to savings of costs. In addition, management and administration costs are much lower than in many enterprises, this is a case in the United Kingdom. This confers to the social enterprises a competitive advantage in the market. Moreover, since profits are reinvested in the same enterprise that generated them, social enterprises offer investment opportunities sustainable in the long term;**



**IMPROVING SKILLS OF  
SOCIAL  
ENTREPRENEURS**



Co-funded by the  
Erasmus+ Programme  
of the European Union

### National recognition of new emerging concepts

	Social enterprises	Non-profit	Third sector	Collaborative economy	Common goods' economy	Civil society and volunteering	Corporate social responsibility	Social innovation	Social economy	Circular economy
Austria	**	***	*	*	*	***	***	**	*	*
Belgium	**	***	*	*	*	**	**	**	*	**
Bulgaria	**	**	**	*	*	**	**	**	**	*
Croatia	**	***	**	*	.	***	**	**	*	*
Cyprus	**	**	**	*	*	**	**	*	.	*
Czech Republic	**	***	**	*	.	*	**	*	*	.
Denmark	**	*	**	**	.	**	***	**	.	*
Estonia	**	***	***	*	.	**		*	.	.
Finland	***	**	***	*	.	***	***	**	*	*
France	**	**	**	**	**	**	**	**	***	*
Germany	**	**	***	*	*	**	***	**	**	*
Greece	**	***	.	.	.	**	*	.	.	.
Hungary	**	***	*	*	.	***	**	**	*	.
Ireland	**	***	**	**	.	***	***	**	.	**
Italy	**	***	***	*	**	**	**	**	*	**
Latvia	*	***	**	.	.	**	**	*	.	.
Lithuania	*	**	**	*	.	**	**	*	*	*
Luxembourg	***	***	***	***	.	***	***	***	*	***
Malta	**	**	*	*	*	**	**	.	*	*
Netherlands	***	***	*	**	*	***	***	**	.	***
Poland	***	***	***	*	.	***	**	*	*	.
Portugal	**	**	***	.	.	**	*	*	*	.
Romania	**	**	**	.	.	**	**	*	.	*
Slovakia	**	***	***	.	.	**	**	*	.	.
Slovenia	**	**	*	*	.	***	***	**	*	**
Spain	*	*	**	*	*	**	**	*	**	*
Sweden	***	**	**	*	*	***	**	**	.	**
United Kingdom	***	**	***	**	.	***	***	**	.	**

. No recognition / \* Low recognition / \*\* Moderate recognition / \*\*\* Strong recognition

Attiva Wind  
Fassa & Imposta

<https://ec.europa.eu/growth/sectors/social-economy/enterprises/>

<https://www.eesc.europa.eu/>



**IMPROVING SKILLS OF  
SOCIAL  
ENTREPRENEURS**



Co-funded by the  
Erasmus+ Programme  
of the European Union

# How to begin?

## Market Analysis

The activity is divided mainly into two phases, the first one consisting in the carrying out of market research and the drafting of the related research report; the second one directed to the definition of the marketing plan, on the basis of the conclusions emerging in the research report.

### Market research

#### Market

research will be preceded by the analysis of research objectives and the identification of research methodologies, normally carried out on the basis of existing statistical analyses, as well as reports and economic observers drawn up by specialised institutes. The analysis will then be conducted by macro-areas, studying the dynamics respectively:

1. **MACROECONOMIC**, that is the national economic situation and, if the object of the study so requires, also internationally, at the economic, political and social level, with the relative prospects of development;
2. **SECTOR AND REFERENCE MARKET**, through the analysis of the structure of market and its profitability;
3. **COMPETITION**, through the analysis of the number of competitors (both direct and indirect) present on the market, of the degree of concentration of supply, of critical success factors and the benchmarking with the strategies adopted by market leaders;
4. **DEMAND**, through the analysis of the segment and the target audience as numbers, factors and habits of purchase, income, expectations, age, education, etc.



**IMPROVING SKILLS OF  
SOCIAL  
ENTREPRENEURS**



Co-funded by the  
Erasmus+ Programme  
of the European Union

🕒 **Segmentation:** consists in the subdivision of the addressees of a project, or intervention, into homogeneous groups or subgroups within them (with the same characteristics); is carried out taking into account four variables:

- **Geographics:** regions, cities, neighbourhoods, zones, population density, climate regimes;
- **Socio-demographic:** age, sex, family size, life cycle stage, income, education, social class, religion;
- **Psycho-physical (personality traits):** lifestyles, individual characteristics;
- **Behavioral:** desired benefits, perceived costs, use of a good or service, and attitude toward the same, stages of change;

🕒 **Targeting:** the targeting process follows the segmentation of demand, in order to select one or more of them to whom the offer should be addressed;

🕒 **Positioning:** the positioning techniques mainly concern the advantages that can achieve by adhering to what is proposed in relation to competition;

# Market Research

Always in the field of market research, depending on the connection between the search results itself and the next phase of drafting the marketing plan, we will carry out the analysis of the company and therefore the **S.W.O.T.** analysis, the cross-study of strengths and weaknesses of the enterprise with the opportunities and the threats emerging from the analysis of the market, where the analysis of strengths and weaknesses involves the analysis of the enterprise from the organizational, managerial, financial, social responsibility, technological level and competitiveness point of view.



**IMPROVING SKILLS OF  
SOCIAL  
ENTREPRENEURS**



Co-funded by the  
Erasmus+ Programme  
of the European Union



# Marketing Plan

**On the basis of the conclusions of the market research, the Marketing Plan is drawn up, namely that document in which:**

- **the corporate objectives are summarized on the basis and in reference to which they come elaborate the appropriate strategies;**
- **the marketing policy mix is defined (product policies, price, communication and distribution):**
  - ⦿ **Product:** the idea, the behavior that you want to promote at the target and related benefits of joining it;
  - ⦿ **Price:** all economic, psychological, time and energy costs;
  - ⦿ **Place:** The places, the situations in which the product reaches the recipients and is offered to them (schools, workplaces, shops, places of care, demonstrations of square);
  - ⦿ **Promotion:** Communication activities (advertising, events, graphic material, office press, public relations, ...) to highlight the benefits of adoption of the proposed idea/behavior and to suggest the actions that the target should undertake;
- **the resources to be used and the related costs are identified;**
- **the control points of the marketing activity are established;**



**IMPROVING SKILLS OF  
SOCIAL  
ENTREPRENEURS**



Co-funded by the  
Erasmus+ Programme  
of the European Union

# S.W.O.T. Analysis



**S.W.O.T. analysis is a strategic planning tool that lends itself very well to being used in a participatory way, to assess the strengths (Strength) and weaknesses (Weakness), the opportunities (Opportunities) and threats (Threats) of a project or enterprise or any other situation where an organization or an individual has to make a decision to reach a goal; related information and strengths and weaknesses, opportunities (O) and threats (T) can be easily translated into strategies considering the impacts that the determinants of the external environment have on the strengths (S) and weaknesses (W) of the internal environment.**



**IMPROVING SKILLS OF  
SOCIAL  
ENTREPRENEURS**



Co-funded by the  
Erasmus+ Programme  
of the European Union

# Successful analysis?



## Now you are ready for the business plan!

The main documents on which to base the presentation of the Business Plan are:

- **Executive summary:** is the synthesis of the business plan that is elaborated at the end of the drafting of the document; useful to win the attention; written in clear and direct, few pages, at most five, presents the analysis and the most important information on the start-up; is located at the beginning of the business plan structure;
- **Elevator Pitch:** It presents the entrepreneurial project in a direct, concrete and fast way; the pitch is a ten-minute conversation that aims to solicit interest in the interlocutor to listen to what the entrepreneur has to say;

The components of the document are as follows:

- **Mission:** identifies the purpose of the company and justifies the identity itself, answers in a few words to questions: "Who are we?", "What do we want to do?", "Why do we do it?";
- **Vision:** society's long-term objectives, and reflects ideals, values and aspirations of the entrepreneur;
- **Value Proposition:** the business idea, the characteristics of product or service offered, always emphasizes what is the innovative aspect of the idea that makes it defensible, and what its social value is;
- **Theory of Change:** the long-term social objectives of the enterprise; how the activity allows to achieving these objectives; The Theory of Change summarizes the social value of the project and the steps needed to achieve the desired social change;
- **Problem and solution:** The product must provide an innovative and effective solution to a defined social problem; indicate clearly what is the social problem or need found and that you want to resolve or satisfy with the business project. It is important identify exactly which types of people suffer the problem: which person would immediately purchase the product or service; given the problem, the solution presents itself: how you can solve the problem; what benefits brings the solution; emphasize how it is dealt with now and how you intend to address it in the future; describe the product or service: physical characteristics, possibility of use, characters distinctive features, possible future developments;
- **Market analysis:** It shows that it has a clear idea of the market in which it wants to operate



IMPROVING SKILLS OF  
SOCIAL  
ENTREPRENEURS



Co-funded by the  
Erasmus+ Programme  
of the European Union



# Social and innovative character

It is appropriate to underline the social and innovative characters of your own business, indicating which aspects of the operational plan are distinct from competitors; and which activities have the greatest social impact;

- o **Marketing and Communication Strategy:** It is essential to have a well-defined marketing plan structured; the actions with which to reach customers and through which distribution channels; it is not enough that the product or service is valid, it is also necessary to induce the target to purchase; In this sense, an effective, targeted and planned communication is indispensable to acquire new customers and to retain existing ones;

- o **Team and Organization:** Provide an overview of the organization of the company: which people they are part of it and what role they hold; why that team; the team is the component more important than an entrepreneurship project;

- o **Financial Plan:** A sound financial plan is essential to give credibility to project and to demonstrate that the idea is able to generate an economic return for those who will decide to invest; What is the economic-financial plan of the project; What is the roadmap development; specify what steps are necessary to launch the idea and develop it, which resources you need and how you plan to use them;

- o **Analysis of the social impact:** What is the social impact generated by the activity; What are the concrete results to be achieved; The generation of social impact is a characteristic aspect of social enterprise: must demonstrate that the product or service is capable of having a significant impact. Indicates what the outputs of the activity will be, and with what metrics they will be measured



IMPROVING SKILLS OF  
SOCIAL  
ENTREPRENEURS



Co-funded by the  
Erasmus+ Programme  
of the European Union





## IMPROVING SKILLS OF SOCIAL ENTREPRENEURS

### EUROPEAN

In the EU most financial intermediaries working with social enterprises are:

#### **Venture philanthropy funds**

- Applying venture capital techniques to financing social enterprises, a tailored financing strategy is combined with non-financial services, organisational capacity-building and performance measurement;
- A multi-stage selection process;
- Providing grants, equity, or debt requiring a financial return in addition to the expected social return.

#### **Banks**

- Social-ethical banks, providing loans to companies or organisations which fit their mission;
- Commercial banks that also have a philanthropic agenda or specific product lines for social enterprises.

#### **Crowdfunding platforms**

- Classified by type of financial instrument on the platform (equity, loans, rewards or donations);
- Confidentiality agreements are rare given the number of individual investors;
- Control and voting rights need to be pooled and structured to simplify interaction with shareholders.

#### **Charitable foundations**

- Invest assets in traditional equity and bond markets and use dividends and interest payments for a social mission;
- Have significant assets.

#### **Community development finance institutions**

- Assist social enterprises to develop affordable housing, build community facilities, and launch or expand community programmes and community wealth building;
- Provide capital and financial services to people and communities that typically are not served by traditional financial institutions.

# Fiscal facilities and funding



Co-funded by the  
Erasmus+ Programme  
of the European Union

# Cyprus



In Cyprus, there is no specific legal form for a social enterprise. Social enterprises could therefore, operate as:

1. **Limited Liability Company in two forms:**

a. **A company limited by shares, with profits distributed to shareholders;**

b. **A company limited by guarantee without shared capital;**

2. **A Non-Governmental Organisation (NGO):**

a. **Non-Profit Companies**

b. **Associations**

c. **Foundations**

d. **Club**

## Tax reduction

Public support targeting social enterprises:

- **Social Welfare Services:** Part of the **Ministry of the Labour, Welfare and Social Insurance (MLWS)**
- **Industrial Development Service :**Programmes that may aide social entrepreneurs include: subsidies for young entrepreneurs, grants for micro-businesses, grants for rural businesses and grants for investments in specific sectors.
- **Department of Labour:** implements a number of programmes where employers received grants from the state to subsidize the employment of unemployed people.
- **Cyprus Productivity Centre (KEPA) :** aims to “assist private and public organisations to utilise their human and capital resources in the best possible way so as to increase productivity”.
- **Human Resources Development Authority (HRDA / ANAD) ;** is tasked with training and developing the workforce of Cyprus. Programmes ran by **ANAD** includes training programmes for specific sectors or specific target groups
- **Other grants**



**IMPROVING SKILLS OF  
SOCIAL  
ENTREPRENEURS**



Co-funded by the  
Erasmus+ Programme  
of the European Union

## Tax incentives (for business)

- low taxation at 12.5% with zero tax on certain types of income
- industrial free zone and exemption from customs and excise charges for operations in the industrial free zone
- industrial training schemes
- subsidised industrial estates
- grants and other financial assistance to investors, particularly in the areas of energy, the environment, industrial development, technology, research and innovation, trade and services.

## Micro-credit: Cypef

CYPEF's financial instruments will be deployed by local banks which will be selected by EIF following Calls for Expression of Interest (CEoI) and therefore a Non-Governmental Organisation (NGO) act as EIF's financial intermediaries. These financial intermediaries will make available CYPEF's financial instruments to eligible SMEs at favourable terms, in the form of reduced interest rates and potentially reduced collateral requirements, extended loan maturities and grace periods.



IMPROVING SKILLS OF  
SOCIAL  
ENTREPRENEURS



Co-funded by the  
Erasmus+ Programme  
of the European Union

# Spain

In Spain many incentives funding for entrepreneurs and other supporting activities exist, many of which are regional. Some non-exhaustive examples are:

- The “Instituto de Crédito Oficial” (ICO), a state-owned bank is a credit institution and is treated as a State Finance Agency. The institution was created in 1993 to promote culture and art. It offers multiple financing facilities, such as the “Second-Floor Facilities” that focus on SMEs and Entrepreneurs (ICO Facility for Companies and Entrepreneurs), in order to provide financing to Spanish self-employed people and companies to make further investments in Spain and meet their liquidity needs.
- The “Confederación Empresarial Española de la Economía Social” (CEPES) represents the largest Social Economy institution in Spain and is a platform for institutional dialogue with public authorities.

## Social entrepreneurship

The law 5/2011 of 29 March on Social Economy defines the different kinds of organizations that can refer to the sphere of the social economy: cooperatives, employee-owned companies, mutual societies, special employment centers, social integration enterprises, fishermen’s guilds, association and foundations.

Many agents in social entrepreneurship are incubators and accelerators programs that focus on entrepreneurs and have an important role in the growth of business and other featured actors such as consultants, financing platforms or coworking spaces.



**IMPROVING SKILLS OF  
SOCIAL  
ENTREPRENEURS**



Co-funded by the  
Erasmus+ Programme  
of the European Union



## Tax reduction

The law 14/2013 of September 27 on support for entrepreneurs and their internationalization provides a fiscal and social security support for entrepreneurs" according to a special scheme, and composed by the following requirements :

- Taxpayers whose volume of operations during the previous calendar year did not exceed 2,000,000 € ay apply the special regime of the cash criterion.
- When the taxpayer has started to carry out business or professional activities in the previous calendar year, the amount of the volume of operations must be increased to one year.
- When the taxpayer has not begun carrying out business or professional activities in the previous calendar year, he may apply this special regime in the current calendar year.
- For the purpose of determining the volume of transactions carried out by the taxpayer referred to in the previous sections, these will be understood to have been carried out when value added tax occurs or, where applicable, would have accrued, if the special cash criterion regime had not been applied to the transactions.
- Those taxpayers whose cash payments to the same recipient during the calendar year exceed the amount determined by regulation will be excluded from the cash system."

## Microcredit

"Microcredit Programme for Youth" (Programa de Microcréditos para Jóvenes), offers funds in the form of microcredits for young entrepreneurs between the ages of 16 to 35, who do not have sufficient financial capacity to access the ordinary credit system, who are resident in Spain and have started a business activity in a period of less than 3 years.

The financing terms are the following:

- The maximum funding rate goes up to 95% of the total cost of the project
- The maximum amount of loans is up to 25,000 euros
- The repayment rate is 6 years (including optional 6 months of grace period)
- The fixed interest rate is of 5.9% over the life of the loan
- There is no commissions and no guarantees (except for legal persons)



**IMPROVING SKILLS OF  
SOCIAL  
ENTREPRENEURS**



Co-funded by the  
Erasmus+ Programme  
of the European Union

# Italy



## Tax reduction

The art. 18 of Legislative Decree No. 112 of 2017 regulates the social enterprise

- Tax incentives for those investing in the capital of social cooperatives as social enterprises ex lege
- Innovative start-up with a social vocation (Decree-Law No. 179 of 2012, converted into Law No. 221 of 2012):
  - Registration :The 4th paragraph of the art. 25 of Decree-Law No. 179 of 2012, converted into Law No. 221 of 2012 and containing measures for the growth of the country, established that social enterprises having the form of a joint-stock company (including social cooperatives, given that the norm speaks of cooperatives in general, without providing for exclusions), they can assume the qualification of “innovative start-up with a social vocation” through the registration in the special section of the Business Register for innovative start-ups (Sti)
  - Policies to support innovative startups :initiative is managed by the MiSE and the Revenue Agency. The policy is managed by Mise and it offers innovative startups a wide range of benefits that cover all phases of the life cycle, who involves Capital Companies andThe main facilitation, ie the incentives to invest in equity, consists of IRPEF deductions and deductions of the IRES taxable amount of an amount equal to the capital invested in innovative startups, for the benefit of individuals respectively (maximum eligible investment: € 1M) and legal (€ 1.8M).
- Voucher for consulting in innovation : It supports the processes of technological and digital transformation of SMEs and business networks throughout the national territory through the introduction into the company of managerial figures able to implement the enabling technologies envisaged by the 4.0 National Enterprise Plan
- National Innovation Fund (FNI) :s a multi-fund subject (SGR) that operates exclusively through so-called Venture Capital methods. This is the elective financial instrument for direct or indirect investments with the aim of acquiring qualified minorities in the capital of startups, scaleups and innovative SMEs.



IMPROVING SKILLS OF  
SOCIAL  
ENTREPRENEURS



Co-funded by the  
Erasmus+ Programme  
of the European Union

## Microcredit

- **National Entity for Microcredit** : is a non-economic public body that performs important functions in the field of microcredit and microfinance, both nationally and internationally. In particular:
  - promotion, guidance, facilitation, evaluation and monitoring of microfinance instruments promoted by the European Union and of microfinance activities carried out under EU funds;
  - monitoring and evaluation of Italian micro-credit and microfinance initiatives;
  - promotion and support of microcredit and microfinance programs for the country's economic and social development, as well as for developing countries and transition economies.
- **PerMicro** is one of the most important microcredit companies in Italy and operates throughout the national territory with a clear mission of social inclusion. It aims at individuals who wish to start or develop a small business activity and who, although without real guarantees:
  - they have a good business idea;
  - possess technical and entrepreneurial skills;
  - they are part of a reference network willing to guarantee them morally and to accompany them during the development of entrepreneurial activity.
- **The Grameen Italy Foundation** is a private, non-profit, non-profit organization that exclusively pursues social solidarity aims to promote the Grameen model Microcredit and Social Business.



**IMPROVING SKILLS OF  
SOCIAL  
ENTREPRENEURS**



Co-funded by the  
Erasmus+ Programme  
of the European Union

# Portugal

## Financial incentives

- **Non-interest repayable incentive with a grace period of 2 years and a duration of 8 years**
- **Entrepreneurship valley** : intend to support individual projects for the acquisition of consultancy services in the area of entrepreneurship,
- **Incubation Valley** : these vouchers reimburse fund management, marketing, legal advisory, financing and product development services at a rate of 75% (40% for the Lisbon Region), with a maximum incentive limit of 5,000 euros,;
- **StartUP Voucher** : intends to streamline the development of entrepreneurial projects that are in the process of being promoted by young people aged between 18 and 35, through various support instruments made available over a 12-month project preparation period. business.
- **Momentum Program** :Support for recent graduates and graduates of higher education who have received some social support during the course and who, at the end of their studies, want to develop a business idea, but cannot afford to focus on full time setting up your startup.



IMPROVING SKILLS OF  
SOCIAL  
ENTREPRENEURS



Co-funded by the  
Erasmus+ Programme  
of the European Union



## Tax incentives

- **Incentive system for enterprise research and Development (SIFIDE II)** : Support will be in force until **2020** and is intended primarily for companies carrying out research and development (R&D) activities and thus promoting the technical and scientific advancement of the sector.
- **Investment Support Tax Regime (RFAI)** :promotes investments in certain tangible and intangible fixed assets, providing a deduction from the IRC collection calculated on the basis of the amount of the eligible investment and the region of the country in which it is realized. applicable only to certain sectors of activity.
- **Net job creation** :This is a tax benefit for companies that increase the number of young employees aged **16-35**, inclusive or long-term unemployed by permanent contract
- **Retained Earnings and Reinvested Deduction (DLRR)** :This is an incentive for **SMEs** that allows the deduction of IRC from **10%** of retained earnings that is reinvested within two years after the end of the retained earnings period
- **Exemption from special payment on account in the first two business years**
- **Reduction by 50% and 25% of the coefficients applicable Category B** under the simplified scheme.
- **Income Tax Deduction up to 15% for Informal and Venture Capital Investors**

## Examples of entities that support entrepreneurial projects

- **Fundo Inovação Social** – <https://www.fis.gov.pt/>
- **IAPMEI** – <https://www.iapmei.pt/>
- **ANJE** – <https://www.anje.pt/>



**IMPROVING SKILLS OF  
SOCIAL  
ENTREPRENEURS**



Co-funded by the  
Erasmus+ Programme  
of the European Union

# Turkey



## Tax Policies and Arrangements in Turkey

- **Types of Tax Incentives: VAT Exemption** :supply of machinery and equipment to the taxpayer who has Investment Incentive Certificate (“IIC”) is exempted from VAT.
- **Customs Duty Exemption** :According to Turkish Customs legislation, customs duty is exempted in case of importation of machinery and equipment provided that all machinery and equipment should be within the scope of the investment encouragement certificate.
- **Corporate Income Tax Reduction** :Turkish Corporate Income Tax Law, provides reduced corporate income tax rate for the investments made within the scope of the IIC.
- **Social Security Premium Support (Employer’s Share)** :has broad explanations how to get benefit from the incentive. The incentive stipulates that in case of additional employment created by the investment made within the scope of the IIC.
- **Income Tax Withholding Allowance** :the income tax withholding allowance on the wages can only be applicable to employee wages within the scope of the investments, made in the Region 6. If there is additional employment created by the investment within the scope of the IIC.
- **Interest Support** :is a kind of financial support, provided only for the loans with a term of at least one year, obtained within the frame of the IIC.
- **Land Allocation** :investments within the scope of the IIC and within the scope of the large scale investments, strategic investments and regional incentive schemes can be benefited from land allocation support.
- **VAT Refund** :Input VAT on the building & construction expenses made within the frame of strategic investments with a fixed investment amount of 500 million TL will be refunded without waiting completion of the whole investment.



IMPROVING SKILLS OF  
SOCIAL  
ENTREPRENEURS



Co-funded by the  
Erasmus+ Programme  
of the European Union

# Microcredit

- **TEB Microbusiness Banking** :TEB caters financial and non-financial needs of micro businesses. Customer representatives provide guidance to small enterprises with company analysis and roadmaps.The Bank's Boss Card provides enterprises with opportunity to quickly access credit facilities with a single card through alternative distribution channels
- **Venture Capital Funds: Capital Market boards of Turkey**:Venture capital is a type of equity financing that gives entrepreneurial or other small companies the ability to raise funding. they differ from mutual funds and hedge funds in that they focus on a very specific type of early-stage investment. they take a more active role in their investments by providing guidance and often holding a board set
- **Venture Capital Mutual Funds with Approved Issued Certificate**
- **Turkey Grameen Microfinance Program** :The program requires the establishment of a group of five women living in the same village or neighborhood. It also provides services to individuals in rural areas as well as in Turkey's urban areas.
- **Taking a loan from TGMP** :they will help you decide which service is right for you.
- **MAYA**:lends money to low-income women who do or want to do a small business in their home, market or shop. Two types of loans are given in Maya. The first method is Solidarity Groups on which solidarity among women is based.
- **TEB Entrepreneurship Banking –Financial Services**: provide a wide range of services specially designed for the needs of entrepreneurs who want to realize their projects
- **Entrepreneurship Development Support Programme (KOSGEB)** :Purposes of the programme are to rise information and capabilities of entrepreneurs on establishing business and maintenance; to award successful business plans;to increase cooperation between actors who take place in entrepreneurship ecosystem; to provide creating structures which contribute to increase survival rate of newly established enterprises.
- **The Scientific and Technological Research Council of Turkey (TUBITAK) Programs** :TUBITAK will provide financial support to business plan owners who pass the 2nd stage evaluation. Candidates who receive the grant will establish their own companies and conduct research in order to prove technological validity of their business ideas by developing prototypes and thereof.
- **İstasyon TEDü Incubation Program** :This program is focused on social entrepreneurship incubation program which carried out in İstasyon TEDü at TED University.
- **HayalEt Incubation Center** : initiative to support innovation, entrepreneurship, business development, bringing together investors and commercialization of new ideas as well as supporting them with professional mentorship services provided by MENTOR Association.
- **Angel Investors** :is a person who invests in risky ventures or promising ideas that are in the early stages and provides support such as consultancy, environmental acquisition and initiates the growth and realization of these initiatives.



**IMPROVING SKILLS OF  
SOCIAL  
ENTREPRENEURS**



Co-funded by the  
Erasmus+ Programme  
of the European Union

# Belgium



## Belgium:

### Financial Incentive:

**Pilot Projects and Innovative Experience:** Dozens of so-called pilot projects and innovative experiments also receive extra grants for their activities, though of the 700 organisations that are currently recognised and receive the abovementioned support of lower social security contributions and labour-costs allowances, it can be estimated that probably only a few dozen can be classified as social enterprises.

**Social Inclusion Initiatives (SINE):** This individual measure stimulates the placement of some groups of long-term unemployed people in the “social economy”. SINE is a relatively broad public support measure (subsidy) that is not targeted at social enterprises as such, but does include them

**Federal Integration Enterprises (EIF):** The objective of the programme is to support fast-growing SMEs and small mid-caps, which are either established in or operating mainly in Belgium.

**Quota Article 60§7 (Public Centre for Social Welfare):** Quota systems for private and/or public enterprises or institutions to stimulate labour demand by committing employers to employ a certain share of employees with disabilities.

### Intermediaries and instruments in the social impact investment:

In Belgium, there are a considerable number of public support schemes for the development of the social economy and social enterprises. Publicly funded schemes specifically designed for or targeting social enterprises:

- Pre-start support (e.g. incubators)
- Awareness raising (e.g. awards)
- Social Entrepreneurship Education (e.g. school for social entrepreneurs)
- Business support (e.g. business planning, management skills, marketing etc.)
- Training and coaching schemes
- Investment readiness support
- Dedicated financial instruments
- Physical infrastructure (e.g. shared working space)
- Collaborations and access to markets
- Networking, knowledge sharing, mutual learning initiatives

### Tax Reduction:

There are currently no fiscal benefits related to the majority of legal forms used by social enterprises, with the exception of certain tax reductions in cases of gifts

- NPOs and foundations. These NPO's and foundations, nonetheless, run the risk of taxation under the corporate taxation regime if they develop economic activities that fall outside the limitations that apply to them



IMPROVING SKILLS OF  
SOCIAL  
ENTREPRENEURS



Co-funded by the  
Erasmus+ Programme  
of the European Union



## Flamish region:

### Financial Incentive:

**The Subsidy Agency for Work and Social Economy (VSAWSE):** supports different types of organisations with a social function. **VSAWSE** is part of the Flemish Government and is responsible for recognising social economy organisations through subsidies. Every organisation that wants to be recognised as operating in the social economy needs to lodge a request for public support through **VSAWSE**;

**Trividend (Vlaams Participatiefonds voor de Sociale Economie):** It is a risk capital fund providing subordinated loans and temporary capital participation

**The Social Investment Fund (Sociaal Investeringsfonds SIFO):**The Fund provides co-financing for organisations for up to **EUR 100,000** and provides investment loans, working capital loans, bridge loans and subordinated loans. **Netwerk Rentevrij**, **Trividend** and **Hefboom** are accredited investors administer applications for these loans

- **VIPA:** investments for the infrastructure of sheltered workshops

- The Flemish government also provides for grants for consultancy services by one of the consultancies in the social economy that it recognizes

- The **Social Innovation Factory**, launched in **2013**.

### Microcredit:

**Incofin Investment Management CVA**

**Oiko-credit.be**

**Socrowd**

**Triodos Bank's**

**Trividend**

## Wallonia and Brussels region:

### Financial Incentive:

**SOWECSOM (Société Wallonne d'Economie Sociale Marchand):** set up in **1995**. It has two missions: to invest in the market-oriented social economy and since **2005**, in work integration enterprises.

**BRUSOC (Brussels Capital Region):** It invests in self-employed people, small businesses and social economy projects.

**The Wallonia-Brussels Federation** provides substantial financial support through privately operating vehicles, while also organising an annual "Social Economy Prize", among other things. The **Social Economy Prize** is organised in conjunction with

**CERA**

**Microcredit:**

**Crédal**

**SOWECSOM**

**King Baudouin Foundation**

**Netwerk Rentevrij**

**Oksigen Accelerator**

**KOIS Invest**

**Bank Degroof Foundation**

**Governmental departments or institutions designing or implementing policy, support instruments and measures for social enterprises and infrastructures**



IMPROVING SKILLS OF  
SOCIAL  
ENTREPRENEURS



Co-funded by the  
Erasmus+ Programme  
of the European Union

# Poland



In Poland, there is no mention of issues directly referring to the issue of social entrepreneurship in the laws on social issues.

## Tax reduction

On the basis of the most frequent legal forms in which social enterprises are present in Poland, it may be indicated that they are entitled to various types of tax exemptions:

- associations and foundations conducting business activity have the opportunity to take advantage of the tax exemption, provided that the statutory objectives of the association coincide with the objectives referred to in the corporate income tax act (article 17(l) point 4 of the Corporate Income Tax Act) and the association's income will be allocated for these purposes.
- nonprofit limited liability company have the opportunity to benefit from a tax exemption provided that two criteria are met simultaneously: the company's shareholders (stockholders) are exclusively organisations operating under the Associations Act (Dz. U. 1989 Nr 20 poz. 104, z późn. zm.); the company will transfer the income for the association's statutory purposes (article 17(l) point 5 of the Corporate Income Tax Act). The statutory objectives of the association must coincide with the objectives referred to in the Corporate Income Tax Act (article 17(l) point 4 of the Corporate Income Tax Act);
- social cooperatives – exemption from income tax on cooperatives' income spent for the purposes referred to in article 2(2) of the Act of 27 April 2006 on social cooperatives (Dz. U. z 2018 r. poz. 1205, z późn. zm.). This is about the social and professional reintegration of the groups of people listed in the mentioned Act. The condition is to spend the income in the tax year in which it was created (article 17(l) point 4.3 of the Corporate Income Tax Act). The exemption is rarely used in practice.



## Micro-credits

Preferential loans are managed by **Bank Gospodarstwa Krajowego** targeted at all social economy entities with some requirements:

have legal personality,

- their managing body cannot be a local government unit,
- must meet the criterion of a micro, small or medium-sized enterprise (up to 250 employees),
- must demonstrate the achievement of at least one category of social benefits, as defined in the Regulations of the Social Economy Entities Loan Fund, to be financed by the loan,
- must show that they are paying tax payments to the State Treasury and liabilities to the Social Insurance Institution on time
- passing a positive verification in economic information databases.

Preferential loans can be granted both to those social enterprises which can be counted as start-ups (they started their operations not earlier than 12 months before the date of signing the loan agreement) and to those who are active on the market for more than a year. Separate types of loans are dedicated to start and develop activities.

**Starting loan** : dedicated, among others, to those social enterprises which start their operations or are at an early stage of development, i.e. operating for no longer than 12 months;

**Development loan**: it can be used by those social enterprises that are active on the market for more than 12 months



**IMPROVING SKILLS OF  
SOCIAL  
ENTREPRENEURS**



Co-funded by the  
Erasmus+ Programme  
of the European Union



## **TECHNICAL SUPPORT**

[www.isseproject.eu](http://www.isseproject.eu)



Co-funded by the  
Erasmus+ Programme  
of the European Union