



## BRIEFING FOR MEMBERS

# YOUTH INCLUSION THROUGH SOCIAL ENTREPRENEURSHIP

## The purpose of this briefing

This briefing aims at equipping Eurodiaconia members with background information on the value of social entrepreneurship and its potential to tackle unemployment especially among young people. It will highlight social enterprises as a scene for developing and applying social innovation and how European funding can support the set-up and development of social enterprises. To conclude, the briefing will present four examples from Eurodiaconia members, who successfully run social enterprises and related projects in Italy, the United Kingdom, Czech Republic and Finland.

## Why social enterprises?

Social enterprises are recognised as a key driver of economic and social development in Europe today. Social enterprises create jobs, provide socially innovative services and goods, facilitate social inclusion and promote a more sustainable economy. Social enterprises also tend to be better integrated with the community where their activity develops and their social impact is felt. The social economy in the EU is made of 2 million enterprises, representing 10% of all European enterprises, and employ over 14 million paid employees (the equivalent of 6.5% of the working population in the EU). The social economy has also proved its resilience faring relatively better than mainstream businesses during the economic crisis. A thriving social enterprise sector also reflects a strong civil society concerned with common good.

Social economy enterprises are an umbrella term for a diverse range of organizations including cooperatives, foundations, associations, etc. However, such organizations all share the primacy of people over capital and the main objective of having a social impact rather than making a profit for their owners or shareholders. Social enterprises primarily have a social aim and, in some cases, social enterprises are playing a supplementary role to statutory social protection schemes. Whilst social enterprises should not be made responsible of filling the social gaps created by the crisis, social enterprises cover social needs in some cases. Moreover, social enterprises are able to create social innovations or cover new social needs which, after meeting success in their pilot phase, have subsequently been scaled-up, replicated or, in some cases, incorporated into state provision. The role of social enterprises in social protection systems is, therefore, pivotal.

Beyond the delivery of services with a general economic interest, social enterprises also have a valuable role in creating employment opportunities through two channels at least. On the one hand, through self-employment of entrepreneurs themselves and the new employees hired as social enterprise initiatives grow. On the other hand, some social enterprises have as a primary mission to improve the skills and employability of persons for whom labour markets are more distant -the so called work integration social enterprises or WISE-.





Based on such employment potential, several EU initiatives have targeted social enterprises as a lever to increase job opportunities among young people, who have been disproportionately hit by the last economic and employment crisis. The socially-driven principles underpinning social enterprises make them especially adequate to address the risks of social exclusion faced by many young Europeans today, for instance these who are 'Not in Education, Employment, or Training' (NEETs).

Diaconal social enterprises aspire to become a place to fulfil the motivation of many young Europeans wishing to improve their communities and be a transforming force. Whilst social enterprises should not be promoted as a solution to the young employment crisis, social enterprises can be a lever for job creation among young persons and, especially, some groups amongst them. In fact, the social mission of diaconal social enterprises underlines the need to look at young people from an individual point of view where their demands, service needs and -also- employability is looked on a personal case basis.

## EU initiatives to promote social entrepreneurship among young people

The EU Youth Strategy was adopted in November 2009 as a general framework for European cooperation in the youth field. Employment and entrepreneurship features explicitly as one field of action for supporting the integration of young people into the labour market, either as employees or entrepreneurs. In this regard, Member States were encouraged to take action to promote youth entrepreneurship through targeted education, access to funds, mentoring and support networks, among others<sup>1</sup>. Similar objectives were featured in the Europe 2020 employment and education objectives through its Youth on the Move flagship initiative.

Entrepreneurship has also been included as a viable option to promote the employment and social inclusion of young people in the key initiatives launched against a backdrop of massive rise of unemployment; e.g. the Youth Employment Initiative launched in 2013 and the recommendation addressed to member states on the establishment of a Youth Guarantee of the same year<sup>2</sup>.

The entrepreneurship strand in these initiatives is especially relevant given that one of the main limitations of these measures is their inability to create jobs in a context where youth unemployment is more related to scarce demand for jobs, rather than to the supply side. In this context, boosting youth entrepreneurship could rebalance the YEI and the Youth Guarantee towards demand-led measures. In spite of that, Member States have not fully embraced youth entrepreneurship measures in the framework of the YEI as roughly more than half of EU member states are supporting young entrepreneurship through start-up support<sup>3</sup>.

Another priority area in relation to (social) entrepreneurship among young people is related to skills, aiming at mainstreaming the social economy in academic curricula and facilitating the validation of non-formal and informal learning of such skills<sup>4</sup>.

Stress on entrepreneurial skills was already enshrined in the European Reference Framework on Key Competences for Lifelong Learning, where the 'sense of initiative and entrepreneurship' is included among the areas that member states should encourage among providers of education and training to be offered to young persons first -including those with a disadvantaged condition- and, then, developed and updated among adults.

<sup>1</sup> Eurofound, [Start-up support for young people in the EU: from implementation to evaluation](#), 2016, p.13

<sup>2</sup> The [Youth Employment Initiative](#), aimed to reduce the levels of youth unemployment in the worst affected regions of the EU, was launched in 2013 and is expected to continue during the period 2017-2020 with an increased budget of € 8.4 million; Council Recommendation of 22 April 2013 on establishing a Youth Guarantee ([2013/C 120/01](#)).

<sup>3</sup> *The EU Youth Employment Initiative. Investing in young people*, 2016, p. 4

<sup>4</sup> Council of the European Union, [Conclusions on promoting youth entrepreneurship to foster social inclusion of young people](#), 2014. Also in Council Conclusion 13766/15, '[The promotion of the social economy as a key driver of economic and social development in Europe](#)'.



The Revision of the Framework announced for 2017 in the New Skills Agenda for Europe underlines a particular focus on 'promoting entrepreneurial and innovation-oriented mindsets, including by encouraging practical entrepreneurial experiences'<sup>5</sup>.

The skills of professionals working with young people are not overlooked, pointing at the importance to build the capacity of actors working with young people to fully exploit their potential, in particular through a greater take up of EU funding programmes.

Importantly, the EU emphasises the role of youth work and volunteering in preparing young people to employment and entrepreneurship via the acquisition of the necessary skills. In particular, stress is made on youth work and volunteering activities as key instruments to develop the transversal and soft skills needed to run social enterprises -and businesses-. Indeed, it is fully logical to point at social enterprises themselves as the right space for young people to learn about social inclusion and social entrepreneurship.

Policy efforts to promote the social and work inclusion of young people through social enterprises run parallel to efforts made towards a thriving ecosystem for social enterprises in general. The [Social Business Initiative](#) (2011) paved the way for developments around three complementary strands of action to improve the situation of social enterprises in Europe: improved access to finance, greater visibility of social enterprises and a better legal environment.

In December 2015, the [Luxembourg Declaration on the Social and Solidarity Economy in Europe](#)<sup>6</sup> established by the Luxembourgish Presidency of the Council revived the main messages contained in the Social Business Initiative, with particular emphasis made on the need to develop an adequate financial ecosystem capable of providing effective support for social innovation through social enterprises. The message has been shared by the recommendations of the Expert Group on Social Entrepreneurship (GECES), appointed by the European Commission and giving voice to the diverse range of actors involved in social enterprise and the social economy, including civil society. In its 2016 report [Social enterprises and the social economy going forward](#), the GECES emphasises the importance to address the capacity building needs, financing needs and infrastructure needs of social enterprises. The legal framework -and contracting rules in particular- are of critical importance to develop social enterprise. For this reason, the GECES calls for the best use of the new public procurement rules and incorporate social considerations into their tendering procedures.

The most recent initiatives by the European Commission acknowledge the potential role which can be played by social enterprises in light of the 'increasing demand for social innovation and the rise of new technologies and collaborative platforms'<sup>7</sup>. In this initiative, aimed to support the transition of social enterprises from their start-up to scale-up phase, the European Commission perceives social enterprises in a relatively better position to address the changing forms of production and work. For this reason, there is willingness to explore measures to encourage the uptake of new technologies, in line with commitments already included in the Social Business Initiative.

## EU funding for social entrepreneurship

As social entrepreneurship is pivotal for the EU's strategy regarding youth inclusion, there are several instruments provided by the European Commission to financially support such actions, which can be useful also for Eurodiaconia members.

<sup>5</sup> [New Skills Agenda for Europe](#), COM(2016) 381 final, p. 6

<sup>6</sup> The Declaration, issued in the framework of the Luxembourgish Presidency of the Council, was signed by France, Italy, Luxembourg, Slovak Republic, Slovenia and Spain.

<sup>7</sup> *Europe's next leaders: the Start-up and Scale-up Initiative*, COM (2016) 733 final



## **The European Social Fund (ESF; [website](#))**

The ESF is by far the most important instrument to support social entrepreneurship. It provides more than €10 billion every year in the 2014-2020 multiannual financial framework of the EU. The ESF supports a wide range of social enterprises for young people. It can involve e.g. management training for those who will run a social enterprise, offering skills in human resources, employment law, and health & safety. Or it can include the specific technical skills an enterprise needs: knowledge of the tourist trade, sales and marketing skills, or skills and know-how in advising local start-up companies. The ESF also supports social enterprises in finding financial support for their activities, and in ensuring these are sustainable for the long term.

## **The Employment and Social Innovation programme (EaSI; [website](#))**

The (EaSI) programme is a financing instrument at EU level to promote a high level of quality and sustainable employment, combating social exclusion and poverty and improving working conditions. One of its axes, the *European Progress Microfinance Facility (Progress Microfinance)* was launched in 2010 to increase the availability of microcredit – loans below € 25 000 – for setting up or developing also social enterprises. The programme does not directly finance entrepreneurs, but enables selected microcredit providers to increase lending, by issuing guarantees, thereby sharing the providers' potential risk of loss. The conditions for microloans to entrepreneurs – amount, duration, interest rates and fees, timeframe to get a loan – depend on the particular microcredit provider, which can be private or public banks, non-bank microfinance institutions and not-for-profit microcredit providers

## **The European Fund for Strategic Investment (EFSI; [website](#))**

The EFSI is one of the three pillars of the Investment Plan for Europe<sup>8</sup> and aims to overcome market failures by addressing market gaps and mobilising private investment. It is a € 16 billion guarantee from the EU budget, complemented by a € 5 billion allocation of the EIB's own capital. EFSI has its own dedicated governance structure which has been set in place to ensure that investments made under EFSI remain focused on the specific objective of addressing the market failure in risk-taking which hinders investment in Europe. Therefore, it helps to finance strategic investments in several key areas, e.g. research, innovation, and education, as well as risk finance for small and medium-sized enterprises (SMEs), i.e. social enterprises young people can benefit from.

## **Programme for Competitiveness of Enterprises and Small & Medium-sized Enterprises (COSME; [website](#))**

COSME runs from 2014 - 2020 with a planned budget of EUR 2.3 billion. It aims to make it easier for SMEs to access finance in all phases of their lifecycle. Through EU support, businesses should have easier access to guarantees, loans and equity capital. These EU financial instruments are channelled through local financial institutions in EU countries. Furthermore, the Commission aims to promote entrepreneurship and improve the business environment for SMEs. It supports entrepreneurs by strengthening entrepreneurial education, mentoring, guidance and other support services. Actions support specific groups, such as young people.

## **Erasmus for Young Entrepreneurs ([website](#))**

Erasmus for Young Entrepreneurs is a European exchange programme which gives young entrepreneurs the chance to learn from experienced entrepreneurs running small businesses; however, it does not grant financial support for running or establishing a social enterprise. The exchange of experience takes place during a stay with the experienced entrepreneur, which helps the new entrepreneur acquire the skills needed to run a small firm. The host benefits from young & fresh perspectives on his/her business and gets the opportunities to cooperate with foreign partners or learn about new markets. This initiative can be a valuable experience for young entrepreneurs who want to gain important skills and possibly build up European networks and share business ideas.

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<sup>8</sup> [http://ec.europa.eu/priorities/jobs-growth-and-investment/investment-plan\\_en](http://ec.europa.eu/priorities/jobs-growth-and-investment/investment-plan_en)



## Erasmus+ ([website](#))

Erasmus+ is the European Union programme for education, training, youth & sport. Through its various activity strands it offers young people numerous opportunities to gain skills and increase their knowledge in terms of entrepreneurship. Like the Erasmus for Young Entrepreneurs, it does not provide grants for financial support for running or establishing social enterprises.

## What about Eurodiaconia members?

Eurodiaconia members are forerunners not only regarding social entrepreneurship but also obtaining European money to fund actions for youth inclusion through social entrepreneurship. This briefing presents two of many examples of successful projects dealing with social entrepreneurship.

### **Seminiamo Cambiamenti. A social entrepreneurship programme for social inclusion (Diaconia Valdese, Italy)**

The situation of young people in Italy faces many challenges, maybe the biggest one is youth unemployment, which amounts to 37%; mostly affected are rural and post-industrial areas that leave youngsters with few perspectives and reduced service provisions. Diaconia Valdese follows a youth inclusion agenda, consisting of three steps: (1) Focus on social skills empowerment, education and participation, (2) an unemployment service for young people called “Casa del Lavoro”, and (3) the improvement of youth entrepreneurship in rural areas through the project “*seminiamo cambiamenti*”. This project contains two major steps: (1) In 2012 the project took off with a [social farming start-up](#) leading to two social farms in 2016 with a revenue of EUR 55.000 and three employees under 29. They produce honey, fruit juices, jams etc. and offer 10 internships for disadvantaged youngsters, and 400 pupils are involved in green education initiatives. (2) Diaconia Valdese established the restaurant “[Cose Buone](#)”, where the products of the social farms are used and sold; it also includes and info point for Diaconia Valdese. Four employees (incl. one person with disabilities) work there, also three internships for people with disabilities are offered. The restaurant is actively working with asylum seekers and raises the awareness of clients towards social needs and social entrepreneurship.

### **Grassmarket Community Project (Church of Scotland, United Kingdom)**

Key challenges for young people in Scotland are e.g. unemployment, early school leaving, high level of anti-social behaviour etc. The [Grassmarket Community Project \(GCP\)](#), is an innovative approach creating community and providing sanctuary and support to the most vulnerable young people; It focusses on mentoring, social enterprise, training and education in a nurturing environment to develop skills which enable participants to develop to their full potential and move away from cycles of failure. The GCP includes four social enterprises: a Café, a conference and a community centre, a furniture workshop that produces wooden furniture from old church benches etc., and textile workshop producing tartan items. Due to the self-sufficiency of those social enterprises the dependence on grants could be reduced from 66% in 2014 to 49% in 2015. Within the GCP 10 full-time and 12 part-time professional staff are employed, and over 120 volunteers are contributing to the project. As well as operating social enterprises, the GCP offers also a range of social integration and educational activities for members aimed at enhancing their life skills and developing confidence. These include: cookery and baking classes, music, choir, art, drama, IT, reading and writing, sewing and photography. Recognising that health and lack of physical activity are vital in people's recovery and wellbeing - GCP also delivers a wide range of physical activities and therapies.



## Renewal Project (Slezska Diakonie, Czech Republic)

Through the “[Renewal Project](#)” young people at the risk of social exclusion get the chance to renovate classic American cars and gain important and useful skills that help them to find back into employment. This is the basic idea behind the project. Young people are supervised by professional staff of the US Car Friends Club in the Czech Republic and Slezká Diakonie while working on cars that need fixing. The goal is not only to improve the engineering skills of young people, but also their social skills like successful communication, self-confidence, finding solutions etc. Through this combination of skills, the project aims at increasing the chances to succeed on the labour market and to build up healthy and useful relations within their peer-groups. One benefit of working with American Old-/Youngtimers is the media attraction Slezská Diakonie usually does not have for other relevant projects. The cars can be presented publicly and also at dedicated fairs, like this the public becomes aware not only of the cars, but also of the project that is behind it. This media visibility has a positive impact on attracting private donors, as they themselves see a place to become more visible themselves and to contribute to the development of young people. Last but not least, not only for the project but also for the organisation Slezská Diakonie itself this kind of visibility is positive.

## Vamos! (Helsinki Deaconess Institute, Finland)

The Helsinki Deaconess Institute, founded in 1867 as an eight bed hospital in Helsinki, now being an organisation of 1600 employees and an annual size of operations of about EUR 150 million. [The Vamos Project](#), i.a. successfully funded by the European Social Fund, provides a holistic service concept for 16 to 29-year-olds NEETs. The young people are supported according to their own strengths and needs regarding education and employment or other meaningful activities. Individual support/coaching and group activities are offered as well, and it is voluntary and free of charge. There is no referral or diagnosis needed in order to take part. The project began as outreach youth work in Helsinki, certain group activities were established later; all activities are tailored and designed service concepts from the needs of the municipalities. Today, Vamos has over 50 employees in five different Vamos centers around Finland. Every year over 1000 young people practice their life management skills in groups and receive strong individual support and personal coaching aiming towards work or education. Within a year, 65% of the youth are (back) in education, employment or to activities that lead to either. The Vamos working method has been modelled and proved cost-effective.

## Key documents

Council of the European Union, Conclusion 13766/15, [The promotion of the social economy as a key driver of economic and social development in Europe](#), 2015.

Council of the European Union, [Luxembourg Declaration on the Social and Solidarity Economy in Europe](#), 2015.

Council of the European Union, [Conclusions on promoting youth entrepreneurship to foster social inclusion of young people](#), 2014.

Eurodiaconia, [Handbook of Private Financing Tools for Social Enterprises](#), 2015.

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