

**SAGA Project**

# **IO3 A4 Policy brief**

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## 1. Introduction

The trend of rural depopulation faced by many European countries and regions, is generating areas considered “Empty Europe”, who upfront specific and related demographic and economic challenges and a lack of public services. At the same time, these territories have a rich culinary heritage, gastronomy and/or food production, which at the same time can generate opportunities.

SAGA contributes to reducing inequalities, ensure economic recovery and inclusive and sustainable long-term growth through a co-creation and collaborative focus, engaging all relevant stakeholders, develop and validate a training programme for populations living in “Empty Europe”, but which at the same time have a rich culinary heritage and/or food production. The project develops and evaluates an innovative training programme for those living in these types of rural areas, addressing their pressing issues such as unemployment and economic and social revitalisation, giving them the knowledge, competences and skills to develop social enterprises in gastronomic, food and culinary heritage fields.

SAGA has developed a set of guides to facilitate take-up by the stakeholders in alignment with the philosophy and objectives of the SAGA learning programme, and underpin, support and enhance the skills and competences of the participants and their effort to ideate, create and manage a social enterprise a specific field/sector, i.e. related to food, gastronomy and culinary heritage.

These guides complement the main project results.

## 2. SAGA Learning Guides

The present guide is part of this effort and a wider set of guides developed for each of the SAGA stakeholders.

**SAGA experiences and case studies:** provides a compilation of case studies included in the SAGA learning program and other (social) entrepreneurship experiences in Europe that can be used as a tool for inspiration and innovation to raise awareness of the role of social entrepreneurship as a vehicle to alleviate the demographic challenges of Empty Europe. This guide can also be used as a motivation for trainers/students and potential social entrepreneurs, and includes some feedback points from those who have already tested the training program.

**SAGA Trainers' Guide:** aimed at trainers who would use the SAGA training programme formally or informally. It includes an overview of the training programme, its content and structures and provides a guide for teachers, trainers and training centres who want to take advantage of the resources and contents of the project to boost the entrepreneurial skills of their students, or include these training materials as additional resources to their existing training offerings.

**SAGA NGO Guide:** for civil society organisations, NGOs, national and regional institutions, working with/for disadvantaged groups in empty Europe, who are interested in using the SAGA learning programme and the results to generate their own (collaborative) social enterprise in the identified sector (food, gastronomy and culinary heritage) or to support its beneficiaries in the creation of its companies. The guide provides inspiration and ideas on how these organizations can use and adopt the SAGA training program and outcomes.

**Policy Brief:** set of recommendations for policy makers related to support the creation of social (collaborative) enterprises, as a way to generate economic activity in the "empty Europe". It focuses specifically on the importance of a legal framework that protects the actions of social enterprises and

provides a guide on how to contribute to the SAGA project to promote social entrepreneurship in rural areas as a sustainable strategy for the future.

### 3. TARGET GROUP

Social enterprises are proven to play an important role in addressing social, economic and environmental challenges, fostering inclusive growth, increasing social cohesion, nurturing local social capital, supporting democratic participation and delivering good quality services. They also have shown more resilience during the economic and financial crisis and created more jobs than they destroyed. These are all good reasons why policies should support social enterprise creation and development, not to mention the studies that show how public money spent to support job creation or the provision of goods and services by social enterprises represent a more efficient way of utilising resources than alternative methods. Therefore, public policies supporting social enterprises allow governments to meet employment and other challenges in a more effective and efficient way, while at the same time improving the spending of public money.

Governments look for ways to design and deliver policies that are capable to respond to the variety of challenges faced by rural areas and to exploit their resources and unused potentials.

But the way policies are currently conceived differs widely across OECD countries according to the specificity of their institutional and political frameworks

Therefore, this document provides policy makers with comprehensive steps to successfully adopt and implement legal frameworks for social entrepreneurship with special attention to the gastronomy and food industry. It helps them to identify the right time to develop legal frameworks. It also equips them with concrete guidance, including benefits and pitfalls to avoid, to make the most of legal frameworks, and highlights notable practices mainly collected from the partner countries, but also from Belgium, Denmark, France, Italy, Luxembourg, Poland, Slovakia, Slovenia, and OECD member countries.

### 4. POLICY OUTLOOK

There are many reasons why this policy guide is useful for policy makers (public bodies, entities, governments either on local, national, or international level:

- Increasingly, countries are recognising the contribution social enterprises make to economic and inclusive growth as well as sustainable development.
- Regulation can raise awareness and give social enterprises greater legitimacy, facilitating access to finance and markets.
- While some form of legislation on social enterprises exists in 16 EU countries and explicit policies or strategies to boost their development exist in the other 11 EU countries, policy makers recognise the need to amend and/or update pre-existing legislation to address current shortcomings and facilitate future social enterprise development.

Public policy-makers play an important role in promoting social innovation. They can support or partner with social enterprises, and they can also enable the development of impact investing strategies that channel private capital to create measurable social and environmental benefits.

Government has a critical stake in new business models that provide public benefits. As a result, policy makers and public bodies are sometimes an early provider of resources to new enterprises through

grants and investments or a customer through the procurement process. And for the intermediaries and infrastructure on which social enterprises depend, government can provide stability for nascent markets. Policy-makers may see these new markets as a way to leverage and maximize limited resources and to deliver public services as efficiently as possible. But this work requires close coordination between public, private and civil society stakeholders to move from policy goals to practical results, which can be complex.

## 4.1 Trends in EU

Social enterprises have gained stronger visibility and have grown in number in the past years. Their relevance is, moreover, likely to increase further over the coming decades, given the pressing challenges faced by European countries.

The vulnerability of social enterprises is to a certain extent connected to the fragmented debate and conceptual confusion that revolves around their role in contemporary societies. Moreover, vulnerability results from the strong dependency of social enterprises upon national and local policies, given their strong integration into EU Member States' welfare systems, continuous policy changes and cuts in public spending.

The demand for personal and general services provided by social enterprises is growing. Although people are still not fully aware of the potential of social enterprise, society is in general more socially conscious, with people showing more interest in responsible consumption, including local, organic and fair products; companies demonstrating more concern about their CSR; and investors paying more attention to ethical issues. This emerging mind-set, increasingly sensitive to social responsibility, corroborates the sustainability of the idea behind the emergence of the social enterprise: that enterprises can also prioritise the pursuit of social aims.

Social enterprises constantly engage with growing societal problems, which differ from country to country and within countries and local territories. Demographic changes linked to low birth rates and ageing populations, in-migration (e.g., Germany, Italy, Luxembourg, Sweden) and out-migration flows (e.g., Bulgaria, Poland, Romania and Slovakia), climate change, regional development, and marginalisation of remote communities and groups, including Roma (e.g., Czech Republic, Hungary, Romania, Slovakia), are amongst the most pressing challenges faced by social enterprises in EU Member States.

The role and potential of the social enterprise have proved to be strongly linked to local communities and actors that are willing to interact with social enterprises to address common challenges. Against the uncertainty and, sometimes, scant effectiveness of national public policies, the role of municipalities in supporting social enterprises in their local contexts has increased in many EU Member States over the last five years. New and ongoing processes of decentralisation in social service delivery have and are likely to put municipalities in a unique position to support social enterprises at the local level.

From another point of view, cultural heritage constitutes the soul and spirit of a territory. It is of inherent value for local communities and is present in all aspects of life: traditions, ethics, social behaviour, monuments, sites, crafts, art, inventions, etc. Hence, tangible, and intangible cultural heritage are a key component and contributor to the attractiveness of Europe's regions, cities, towns, and rural areas in terms of:

- Quality of life, providing character, ambience and making them attractive places to visit, live, and work in.
- Private sector inward investment, developing cultural creative quarters, attracting talents and businesses - thereby enhancing regional competitiveness both in Europe and globally.
- Economic and sustainable development of rural areas and cultural landscapes which may suffer from depopulation and lack of investment.

## 4.2 The Challenge

Adopting legal frameworks often requires complex and time-intensive processes. Policy makers can struggle navigating the process of selecting an appropriate legal approach, preparing it for adoption and, ultimately, implementing it effectively. In some countries, it has taken decades of focused engagement and awareness raising to win the requisite political support to pass legislation on social enterprises

Legal frameworks for social enterprises are context-sensitive and cannot be transposed from one country to another. It is important that legal frameworks reflect the specific conditions of a given country or region. What works in one country may actually prove counterproductive in another by constraining the scope of activity of social enterprises, or preventing their access to financial resources or even sometimes inhibiting them from achieving their social missions.

The OECD defines social entrepreneurship as “any private activity conducted in the public interest, organised with an entrepreneurial strategy, but whose main purpose is not the maximisation of profit but the attainment of certain economic and social goals, and which has the capacity to bring innovative solutions to the problems of social exclusion and unemployment”. In the last decade, the European Commission, in order to promote a “highly competitive social market economy”, has identified the social economy and social enterprises as innovative responses to the current economic, social and environmental challenges, in which social entrepreneurs are striving to make a significant impact on society, the economy and the environment.

A social enterprise is a business run for a social purpose, where specific and well-defined social goals are translated into a business, which often performs activities of general interest and is managed in an entrepreneurial way, keeping a constant balance between its social and the economic dimensions. Social enterprises are able to provide solutions to social problems through an entrepreneurship approach that is economically sustainable and, in some ways, more effective and efficient than what could be done by the institutions alone. Social enterprises apply commercial and entrepreneurial strategies to maximise improvements in human and environmental well-being.



Source: OECD (2022) *Designing legal frameworks for social enterprises*

Recent trends show that social enterprises are present in almost every sector of the economy such as food industry and gastronomy, serving the interests and needs of their communities and society.

Despite the gradual convergence of social enterprise concepts at EU level, social enterprises are still conceived in significantly different ways and take a range of organisational and legal forms in different countries across Europe. Most of the EU Member States have some form of legislation that recognises and regulates social enterprise activity. Some have adapted existing company law to accommodate the specificities of social enterprises, while others have created a specific legal status. It remains highly challenging to measure and aggregate social enterprise activity across Europe, because much of it remains hidden and under the radar. As a result, there is a risk of underestimating social enterprise activities and not obtaining a statistically robust picture of what European social enterprises can do to solve major problems.

### 4.3 Presenting the SAGA solution

The SAGA learning programme is tailored to the needs of adults in rural areas which represents the so-called “Empty Europe”, and provide them with quality training that allows them to acquire skills and competences to set up a (collaborative) social enterprise.

#### Rural policy

The need to focus on the mentioned rural areas is simple, these regions are not performing as well as urban areas. But the assets of rural regions, such as quality of life and environment, as well as improved transport links and infrastructure can serve to retain or attract people and businesses. Rural assets including natural heritage and other amenities are also more in demand and constitute real attributes that attract investment and workers. Furthermore, agriculture plays an important role in shaping the rural landscape in many countries, its weight in rural economies is often low and declining.

Against this background, there is concern about the effectiveness of agricultural policy and in particular agricultural subsidies as the predominant component of public policy for rural regions.

Developments at international as well as domestic level are changing the rules for rural regions, necessitating new approaches. Three factors in particular are influencing rural policy making across OECD countries: increased focus on amenities; pressures to reform agricultural policy and decentralisation.

Several OECD countries are developing a multi-sectoral, place-based approach that aims to identify and exploit the varied development potential of rural areas.

New policy strategies do not all yet involve significant funding, they contribute to important cultural changes with respect to rural policy. The SAGA project considered these factors during the development of its learning program. So, every part could benefit from its outputs.

In parallel with the above, the learning program provides help for policy makers by offering this free online learning program. The program allows participants to acquire skills and competences to set up an effective, collaborative social enterprise. On the other hand, policy makers get an insight into what is necessary for everyday people to start a social entrepreneurship.

Tips for policy makers - How you can take advantage from the SAGA learning programme?

- The need for social enterprise regulation is context-based: motives and outcomes of legal frameworks should reflect local conditions.
- It is important to consider the timing of new legislative proposals in relation to election cycles, changes in government and other areas that could contribute to shifting political preferences.
- Gaining political support and building consensus among elected officials, governments and stakeholders for legal frameworks is a challenging but necessary step.
- Engaging with a diverse array of stakeholders helps develop legal frameworks that meet the real-world needs of social enterprises.
- Sustained engagement by policy makers across government is vital for the long-term success and adaptability of legal frameworks.
- Though it may be convenient in the short run, top-down development of legal frameworks without stakeholder consultation is risky and can undermine their effectiveness.
- Legal frameworks that do not leverage fiscal policy often lead to underused legal forms and statuses.
- Legal framework performance assessment ensures that social enterprise regulation is easy to understand, in line with international guidance and good practice, and legally feasible.

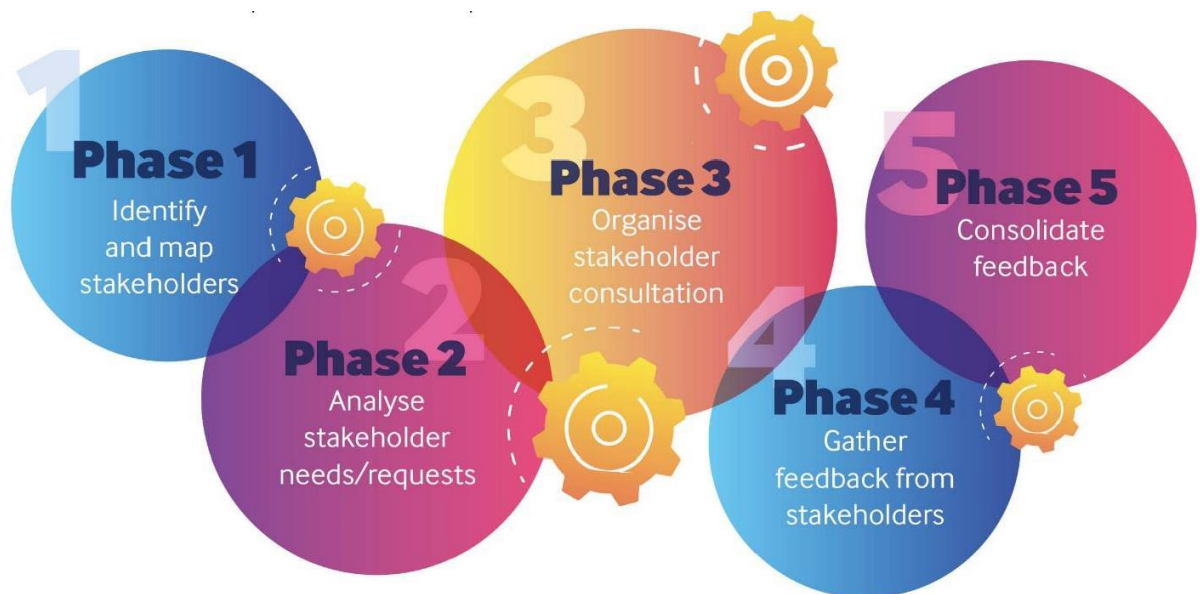




Source: OECD (2022) *Designing legal frameworks for social enterprises*

#### 4.4 Experiences during the project

The project started with a deep research work, where all partners had to do the same such as: mapping potential case studies, interviews with social entrepreneurs, gathering the possible support materials, learning content, common approaches etc. The learning program was developed based on the previously mentioned researches, then tested and validated. Partners collected feedback from the target group and implemented the possible moderations, suggestions.



Source: OECD (2022) *Designing legal frameworks for social enterprises*

During the interviews with successful social enterprises, participants highlighted the lack of information about basic knowledge of the social entrepreneurship. They had to dig up all the necessary information, which consumed time and money. They would be happy to hear more about free courses and materials which are available and targeting interested parties in gastronomy, food industry, culinary heritage.

Policymakers should make more effort to reach more people and raise awareness in rural areas. Nowadays, people are open to social media, but the traditional ways are also welcomed. On local levels, information events would be beneficial. Also they could promote the already existing solutions, ideas just like the SAGA project.

During semi-official conversations between partners, businesses, another issue came up. Rural areas have worse economical background, which means it's possible locals don't have access to internet or even to a computer, not able to use it. So even if they want to learn and start a social enterprise, they need financial support, on which the policy makers should place on more emphasis.

The multiplier events gave good opportunities for casual talk as well. Participants were interested in the program and welcomed it. They pointed out that we should indicate contacts, where they can turn to after completing the modules. Policy-makers could include those organisations, societies, which can help make the next steps, advise them in the progress of making a collaborative social enterprise.

## 5. CONCLUDING REMARKS

Starting a social enterprise is an increasingly widespread phenomenon with great potential, which is still far from being fully harnessed. Social enterprises have a significant impact on income, employment and welfare, especially in those countries where they enjoy a longstanding history and have been largely acknowledged, both politically and legally.

As highlighted, social enterprise is not a completely new trend. It mainly results from a collective dynamic, and it is a collective entrepreneurial model.

The potential of the social enterprise results from its peculiar features: thus, the definition of social enterprise is far from being "neutral" and has important implications for policy.

A well-balanced ecosystem should ensure policy continuity and political commitment to supporting a relatively well-resourced and integrated infrastructure drawing on a variety of types of support, including the use of social enterprise champions, mentoring, grants to help social enterprise enter into new contracts while keeping their social value focus, and support for ethical chains as well as conventional support to all growing businesses.

The SAGA project presents several cases where supporting social entrepreneurship succeeded. The SAGA project highlights this as a possible solution to overcome different challenges. The project gathered all relevant learning materials, case studies and made available for the public. Policy makers are also able to learn and promote this programme as they can learn and use it as good practices not just in the field of gastronomy, food industry but in general as well.

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