

Good practice guide

Strategies supporting social enterprises, and concrete examples of social innovation and social enterprises from sparsely populated European regions



Good practice guide

Marlene Kohllechner-Autto, Sari Nisula & Krista Skantz (eds.)

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Strategies supporting social enterprises, and concrete examples of social innovation and social enterprises from sparsely populated European regions

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Foreword

Social Entrepreneurship in Sparsely Populated Areas – SOCENT SPAs, a project funded by the Interreg Europe, aims at fostering interregional cooperation among six entities of Finland, Germany, Slovakia and Spain with a view to improving the effectiveness of regional policies in actively supporting the visibility, incubation and acceleration of social entrepreneurs in sparsely populated areas (SPAs) as a driver to regional competitiveness and inclusive growth.

In sparsely populated areas, demographic trends are a particular challenge. As counter-measure, social innovation needs to be developed to promote employment and competitiveness as it can make a real difference as a source of innovative approaches for resolving societal challenges through mobilizing civil society to further inclusive socioeconomic development. Social Enterprises directly benefit local development and correct major socioeconomic imbalances while benefiting local communities, a crucial asset to secure the population in sparsely populated areas. However, bespoke support for social enterprises is limited; policymakers can play a significant role by setting up the right legal framework.

Hence, this publication aims at providing good practice examples of social enterprises, their supporting strategies as well as social innovations for regional developers and policy makers of sparsely populated areas. In this publication, good practices from four different sparsely populated areas are discussed: Castile and León (Spain), Gemer (Slovakia), Brandenburg (Germany) and Lapland (Finland). The publication should act as a source of inspiration to other regions facing similar challenges. It shows that even in the most sparsely populated areas good examples of innovative, ground-breaking initiatives can flourish.

Jesús Rodríguez Rodríguez

*General Directorate for Social Economy and Self-Employed Persons
Regional Government of Castile and León*

Policy and strategy

Better performance leads to better results, hence Interreg Europe facilitates opportunities for regional and local public authorities to share and learn from public policies in practice, leading to improved strategies for their regions' inhabitants (Interreg Europe 2019).

In this chapter, four good practice examples of strategies supporting social enterprises are presented.

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Act on the least-developed districts, Action Plans

SUMMARY

The three districts that the Gemer region is comprised of were classified among the least-developed districts in Slovakia in 2015. The region has long been struggling with a high rate of registered unemployment (with a high share of marginalised Roma community). Owing to the initiative of local participants from the region, proposals for measures were introduced to the Slovak government aiming at improving conditions in the lagging regions and thus creating conditions for the development of the local economy and the creation of sustainable jobs while focusing on the utilisation of the region's potential. This proposal was subsequently transformed into the Act on the support of the least-developed Districts, whose aim was to gradually eliminate socio-economic lagging of regions and reduce the high unemployment rate in the individual regions. A systemic measure was thus introduced that can currently be of benefit for 20 Slovak districts. However, its impact on the local economy cannot be assessed at this time.

SITUATION OVERVIEW, KEY DATA

The Gemer region encompasses three neighbouring districts—Rimavská Sobota, Revúca, and Rožňava—, which in 2015 were ranked among the 12 least-developed districts in Slovakia. The Gemer region is characterised by its long-term struggle with a high rate of registered unemployment, the cause of which can be found in unbalanced economic growth, the loss of key entities in the regional economy, the process of poorly-managed privatisation and restructuring of the economy, the lack of sources of capital, unsuitable demographic structure, the low level of qualification of inhabitants, and the flight of the qualified workforce from the region. (Action Plan for the development of the Rimavská Sobota district 2018.)

The mixed national structure of the population (especially of those of Slovak and Hungarian nationality), which is changing dynamically in the entire region of Gemer and Malohont, is among the main specificities of the region's population. A significant absolute and relative increase in the share of the Roma population in the last 20 years contributes to its dynamics. The high rate of unemployment in the Roma community

is one of the key issues the region has to address. (Action Plan for the development of the Revúca district 2018.)

A significant migration loss, especially regarding young, educated population, causes an increase in the share of the population with a low educational level that finds it difficult to find a job on the labour market (Action Plan for the development of the Revúca district 2018).

The reasons behind the high and long-term unemployment rate of manpower with low education level and at a young age are:

- lack of job opportunities and/or discouraging salary,
- underdeveloped technical infrastructure,
- absence of large employers acting as regional economy leaders and insufficiently diversified economic structure,
- lack of services including leisure services,
- low overall investment activities in the district and absence of strong prospective investors in the region,
- demotivating factors, such as exclusion.

(Action Plan for the development of the Rimavská Sobota district 2018).

Other reasons are the slow adaptation of secondary schools to the needs of the labour market and the insufficient appeal of the region that fails to attract workforce from other districts.

At the same time, the high and long-term unemployment rate may also be linked to unsatisfactory work habits, poor work discipline, intergenerational poverty, and social exclusion. All of these factors indicate that a comprehensive approach and an introduction of specific measures in the field of active labour market policy is needed.

In the past, the region's morphology and climate provided natural conditions for the development of agriculture and the food industry, forestry, and mineral extraction. The region's orientation on industries that experienced a significant decline in the process of transformation meant that the region was left with an unsuitable industry structure—one that cannot be corrected without the implementation of fundamental systemic measures and legislative amendments. (Action Plan for the development of the Rimavská Sobota district 2018.)

Regarding spatial socio-economic development, the region is composed of micro-regions. The structure of settlements and their natural formation into microregions creates a framework for mobilisation of internal socio-economic resources within the territorial cooperation of local governments. (Action Plan for the development of the Revúca district 2018)

GOALS AND ACTIVITIES

As a result, the initiative known as the Naša Sobota civil society organisation was formed. It presented a proposal to the Government of the Slovak Republic for a meas-

ure to give preferential treatment to underdeveloped regions, thus establishing conditions for the development of the local economy and creation of sustainable jobs using the region's own potential.

The local players agreed that the jobs created must reflect the specificities of the available workforce and the existing and potential economic entities, improve the conditions for doing business, particularly for small and medium-sized enterprises, and must utilise local resources across the industries—from agriculture to the primary processing of raw materials, wood in particular, to industrial manufacturing, services, and the creative industries.

The pressure from the regions was efficient and in November 2015 the Government of the Slovak Republic adopted Act No. 336/2015 Coll. on the support of the least-developed districts and amending certain acts. This Act regulates the system and forms of support for these districts. The Act on the support of the least developed districts ensures a concentration of tools, measures and naturally also economic resources with the aim of stimulating economic and social development and employment.

It calls for the support of the local initiative, motivation for common procedures of cities and municipalities in the district combined with measures taken at Self-governing Region level and at central level. All of the aforementioned tools serve only one purpose—to ensure people in the lagging districts have jobs in order for them to secure a better life for their families and avoid moving abroad for employment and to make sure they have a place to return to.

In addition to Action Plans—the Act's principal tool—and regional contribution provided by the district, the Act on the support of the least-developed districts brought about several positive changes to the least-developed districts. Within this support, the definitions of the conditions for districts that are entitled to special, advantageous treatment and the tools that will be used to support them are provided. These conditions ensure maximum concentration of the support of economic activities in such a way as to be appealing for investors. These include:

- reduction of limits relating to investment aid;
- preferential treatment of applicants from the least developed districts for grants from European and structural funds (whether in the form of scoring advantages or special invitations for these districts);
- increased financing for the national project of the Office of Labour, Social Affairs and Family in the affected districts;
- prompted discussions about social entrepreneurship and later the adoption of the act on the social economy and social enterprises;
- revived discussions about the importance of coordinated efforts to develop the region. (Act No. 336/2015, 2015.)

The Action Plan is a binding document derived from the essential documents concerning support of regional development. The goal is to gradually narrow the socio-economic gap and reduce the high unemployment rate in the regions. The Action Plan is drawn up on the basis of identified potential and limits for social and economic

development of the district. It is intended to enhance the local capital in the district and its towns and municipalities and to utilise their competitive advantages and co-operation possibilities. The Action Plan also integrates existing departmental programmes, transversal programmes, and contains proposals for overcoming and exploiting barriers. This process creates conditions for the sustainable development of the district. (Action Plan for the development of the Rimavská Sobota district 2018.)

The Action Plan is based on the analysis of the district's strengths and weaknesses, the assessment of its potential and challenges of the development, as well as on the assessment of competitive advantages of the district and the expected future developments.

Conditions to be able to utilise the district's potential:

- adjustments to national economic policies: agriculture, support for small and medium-sized enterprises and personal debt relief;
- development of social economy;
- more targeted and effective use of EU funds;
- ensuring that highly skilled workforce is retained by engaging them in addressing pressing problems of the district;
- improving transport infrastructure, especially in the Bratislava–Košice road axis as well as in the North–South road axis. (Action Plan for the development of the Revúca district 2018).

In order to achieve the objective of the Action Plan, it is necessary to create jobs that would reflect the specificities of the available manpower and the existing as well as prospective economic subjects; to improve business conditions, especially for small and medium-sized businesses; and to make use of the local resources across sectors, ranging from agriculture and primary processing of raw materials (especially wood), to industrial production, services, and creative industry.

The Action Plan is characterised by the following principles:

- effective use of local production, natural and human resources, and climate that is good for agriculture and particularly for the workforce;
- emphasis on raising added value and finalisation of production in the districts;
- exploitation of the high potential of secondary vocational training in the adaptation of the workforce to the demands of the job market and in the transfer of the know-how of university education, science and research into practice, and substantial support for high-tech in practice;
- synergy of diverse sources of intervention, including effective and coordinated use of a combination of private and public funding sources, and use of innovative solutions based on the coordination of measures that integrate the economic, social and environmental quality of development, cross-border and international experience;
- more efficiency in and improved quality of delivery of public services, including investments in own capacities and infrastructure, linked to the

pillars of development potential support for pilot development projects and replication in various industries and locations in the district.

Each least-developed district has its own Action Plan drawn up separately since the causes of economic lagging in these districts differ. Each cause thus needs to be resolved in a different specific way. Nevertheless, it is possible to define several common elements—employment being the only cross-cutting priority pursued by Action Plan across all priority programmes—and several common priority development areas:

1. Human resources development and facilitating systematic education in line with labour market demands and regional policy of the district—integration and improvement of all educational and training activities as well as consulting services according to the priorities of the district and labour market and communication on common goals in the field of education and development of human resources including members of the marginalised Roma community with the participation of institutions, schools and employers from the business sector as well as public administration.
2. Support for regional and local economy including agriculture, forestry, and innovations – improvement of conditions and support for business activities, innovative projects, new technologies, know-how transfer in the field of small and medium-sized enterprises, including support for agriculture and forest industry with the aim of creating job opportunities as well as employing marginalised groups.
3. Increasing investments in the development of technical and social infrastructure and improving the attractiveness of the territory and quality of services—preparation and development of the territory through the construction, modernisation and renovation of transport and technical infrastructure (or roads on all levels), infrastructure protecting the environment (including flood protection measures), basic infrastructure of cities and municipalities, improvement of waste management (including sorting household waste and waste recovery), improvement of social and health infrastructure (including schools and educational establishments), construction of rental accommodation and relevant technical infrastructure, enhancement of public amenities and public services to the benefit of the citizens, business sector, investors as well as visitors and tourists, and the development of services, marketing of the territory and activities promoting tourism using the cultural and historical heritage of the district.

In the Gemer region, it is expected that twenty-one social economy and local employment enterprises will be established. At this time, there have been two enterprises established with direct support from the regional subsidy and two enterprises without this support. Several other projects are being developed in accordance with the Scheme to Support Local Employment; time will tell how many of those will later

transform into social enterprises in accordance with the Act on the Social Economy and Social Enterprises.

A business support centre was established in Rimavská Sobota in 2018. It became the sole provider of comprehensive support for new entrepreneurs in the southern part of the region as well as in the entire Banská Bystrica Self-governing Region. Development of small and medium-sized enterprises is the key element of improving the economic and social situation in the region. The centre will aim at halting the “brain drain” (emigration of educated people) from the region by creating an appropriate business climate and focusing on modern forms of entrepreneurship (in particular those based on creativity, use of computer technology, internet and teleworking). Its activities consist of three main components: coworking, business incubator, and entrepreneurship academy.

In order to encourage the development of tourism, the Regional Tourism Organisation GEMER was founded in 2018. Its aim was the development of tourism in the region in question through product development, marketing, organisation of events, construction of the infrastructure and the like whilst fully preserving the cultural and natural heritage. The requirement of efficient tourism management at the regional level was thus fulfilled and a platform for discussion, joint projects, ideas and proposals concerning tourism development was created.

Problems/challenges and impact of the activities

The implementation of the Action Plans was substantially slowed by the initial rules for accessing regional contributions and the assessment of projects in terms of state and minimum aid. The initial flexible frameworks and programme openness encountered numerous unavoidable administrative obstacles, including public procurement procedures and the monitoring of compliance and outcomes. Aid schemes were prepared for further systemic measures that make implementation easier and accelerate absorption of funds. The first projects are currently being implemented, and many others are ready for contracts to be signed. Unemployment is being reduced through the national project of the Office of Labour, Social Affairs and Family. However, it is too early to assess the impact this will have on the local economy.

LESSONS LEARNED FROM THE EXAMPLE AND POTENTIAL FOR A REPLICATION

The state needs, and welcomes, local initiatives that offer systemic measures to resolve the unfavourable situation in the region. This particular case has shown that the state is willing to engage in dialogue with local players and experienced experts in preparing the tools. Together, we prepared and pushed through systemic measures that today are available to twenty districts in Slovakia.

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Supporting rural mobility infrastructure through innovative transport solutions: The kombiBUS approach

SUMMARY

Demographic changes pose a major challenge to sparsely populated areas (SPAs). As a consequence, infrastructure must be reorganized to permanently maintain the quality of life in rural communities. As a key infrastructure, public transport ensures the general mobility and social participation. To this end, public transportation systems in rural areas need to increasingly adjust to novel circumstances through enhancing their efficiency and/or developing innovative approaches. Such new approaches increase efficiency and help reduce costs. As a reaction to similar developments in its region, Brandenburg's Uckermark region implemented the public-private-partnership project, the kombiBUS. Since its inception in 2012, such "combination buses" are allowed to transport not only passengers from A to B, but also goods. This enables local manufacturers of goods to ship their produce to a wider net of locations and customers. Incidentally, the regional economy is connecting itself and giving impetus to domestic value creation as well as supporting the financing and maintenance of regional mobility infrastructure.

KEY FACTS:

The objective of the *kombiBUS* is to solve the growing financial bottlenecks public transport systems in rural and sparsely populated areas face due to depopulation and demographic shifts. Thus, the project ultimately aims at ascertaining mobility options in the region by expanding the service portfolio of public transport.

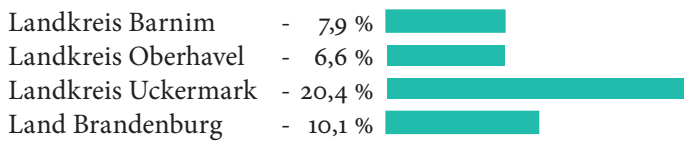
- Region: Uckermark, Brandenburg
- Implementing organisation: kombiBUS Gruppe
- Website: <http://www.kombibus.de>
- Public partner organisation: Federal Ministry of the Interior, Building and Community
- Awards: Pro Agro Marketingpreis 2014; Innovationspreis Public Private Partnership 2013; CÖ-Mobilitätspreis 2013.

In 2011, Brandenburg’s administrative district Ucker-marck (see Figure 1¹) faced the following situation: As a rural and sparsely populated area, the Uckermarck found itself particularly subjected to outmigration and population aging after the fall of the Berlin Wall in 1989. After the collapse of the GDR, entire industries closed down their operations at an unprecedented pace. This left many people and families without jobs, income and professional perspectives. As a consequence, many people left the region mostly for Berlin or the more prosperous Länder in West-Germany. This development led to a demographic shift with long-lasting effects on regional development potentials and socio-economic perspectives for the region.



Figure 1: Territory of the Uckermarck

Both outmigration of younger generations as well as the concomitant population aging led to a drop in school bus traffic, increasing cost pressures on the local public transport system as well as a decrease in local shopping options. This jeopardises the maintenance of the local and regional public transport system (see Graph 1 for the Demographic forecast for Brandenburg 2010–2030).



Graph 1: Demographic Forecast for selected Landkreise (administrative districts) and the Federal State of Brandenburg 2010-2030. Source: Social Impact 2013

As a reaction to these multi-faceted pressures, the federal government supported the roll-out of a pilot project in the Uckermarck region. Based on a project championed in Scandinavia, the Uckermärkische Verkehrsgesellschaft (UVG) (the regional public transport company) started the *kombiBUS*, a mobility project to transport goods in addition to passengers. With the support of the Federal Ministry of the Interior, Building and Community, the project re-utilised the existing bus infrastructure and allowed for expanding its service portfolio. Hence, since its inception in 2012, buses are allowed to transport not only passengers, but also goods from A to B. This enables local producers of goods to ship their produce to a wider net of locations and customers (e.g. village shops, restaurants and tourist destinations). The *kombiBUS* also links various economic players to each other. Thereby it establishes a dynamic

1 Source: https://de.wikipedia.org/wiki/Landkreis_Uckermark#/media/File:Locator_map_UM_in_Germany.svg

regional market that did not previously exist in that way because the new system, too, allows for the cost-effective transport of small quantities.

Overall, this contributes to domestic value creation and regional development as well as the maintenance of crucial public mobility infrastructure, which now can also rely on additional financial resources generated through the provision of the additional services provided by the *kombiBUS*.

After completing the pilot scheme, the operation is now running smoothly under the management of the *kombiBUS* Group (Kombibus 2019).

In its 2014 coalition agreement the Federal State Government of Brandenburg states its commitment to support the implementation of further *kombiBUS* solutions across Brandenburg.

Since 2016 all transport companies in Brandenburg have had the opportunity to receive a grant of EUR 70.000 for the introduction of the *kombiBUS* approach to existing lines in their service area.

Support is provided for:

- Planning services for development and development of the *kombiBUS* concept.
- Expenses for the practical implementation and concrete measures related to the *kombiBUS* scheme.

As a consequence, the Ostprignitz-Ruppiner passenger transport company introduced a concept to implement the *kombiBUS* approach in its region in 2018 (Schweriner Volkszeitung 2018/1).

In October 2014 the municipality of Saale-Orla in the Federal State of Thuringia adopted the *kombiBUS* approach, making it the first *kombiBUS* outside of Brandenburg.

OBJECTIVES:

At first glance, the *kombiBUS* is merely an additional activity that a transport company can exercise. However, the potential advantages and objectives of this scheme are manifold (Kombibus 2019):

- Improving the profitability of public transport and ensuring mobility for local citizens: the *kombiBUS* expands the funding streams to public transport companies. In rural areas, revenues from ticket sales increasingly fail to cover operating costs. With the number of pupils steadily decreasing—one of the most important customer groups—and general demographic trends leading to fewer (mobile) inhabitants in the region, the financial pressure on public transport provision is more and more problematic, while at the same time increasingly relying on ever scarcer public funding. As a result, the *kombiBUS* model offers a real opportunity to generate additional revenues by taking on extra tasks and utilising and complementing public transport capacities more efficiently.

- Access to new markets: From a regional perspective, the supply of food from local producers to local utilities such as village shops and tourist places through the *kombiBUS* strengthens the local supply chain and value creation within the region. In addition, local products conquer new markets thanks to the *kombiBUS*: The UVG buses bundle small quantities of goods in designated nodes from which these continue their way, for instance, to Berlin, via a partnering transport company, where demand for regional products from Brandenburg exceeds their supply.
- Maintaining core infrastructure for municipalities at reasonable prices: Better public transport opportunities as well as an improved supply network for products contributes to the provision of relevant goods and services to villages and towns as the *kombiBUS*, too, regularly supplies micro businesses.
- Supporting the regional tourism infrastructure: Local tourism providers sometimes prefer regional and local produce for their customers (such as regional delicacies in small and appropriate quantities) or the opportunity to offer guests hiking and cycling tours without luggage by transporting it to the nearest accommodation. Here, the *kombiBUS* can serve as a partner as it is able to deliver even small quantities of specific commodities to their destination(s).
- Supporting sustainable transport solutions: Because the existing capacity can be used more efficiently with the combination of passenger and freight transport, this reduces the average environmental footprint per item/person transported in each vehicle and, in general, of local public transport.

RATIONALE

Municipalities in sparsely populated areas must react to the changes posed by de-population trends and demographic shifts as well as to the increasing (financial) pressures on public infrastructures. As a consequence, public infrastructure must be re-organized. Hence, public transportation systems in rural areas need to enhance their efficiency and/or make use of innovative approaches by re-assembling local resources and approaches for service delivery.

Since 2012 the *kombiBUS* brings people and goods to their destination in the Uckermark, a sparsely populated area in the Federal State of Brandenburg, and puts rural supplies “in the fast lane”. The public buses of the *Uckermärkische Verkehrsgesellschaft* (regional public transport company) (UVG) do not carry only passengers. They also transport packages and frozen food. As so-called ‘combination buses’, they serve the bus stops in the local public transport network. They regularly deliver goods to shops, restaurants, hotels and companies, and return bicycles to the shops or locations where they were rented or need to be transferred to (Schweriner Volkszeitung 2018/1). The transport volume is limited to 200 kilos per bus ride. Anything beyond this must be transported by truck or train. According to a UVG spokesperson, however, “freight

transport is no competition” for the *kombiBUS*. Instead, the “*kombiBUS* fills a gap concerning a completely different target group” (Schweriner Volkszeitung 2018). Figure 2 gives an overview of the success factors of the project.

The system relies on a pre-existing public transportation infrastructure (bus stops, line network, reliable schedules, etc.) in the region. Thus, investments to implement

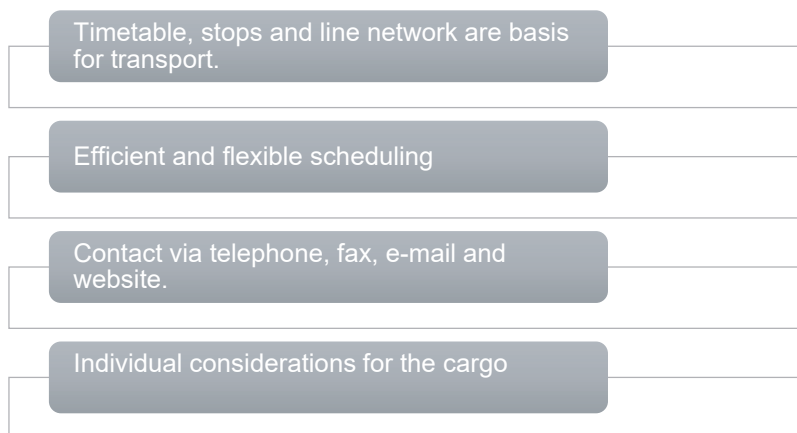


Figure 2: Success factors of the KombiBus. Source: Kombibus 2019

the new system remain relatively low. Against this background, approaches such as the *kombiBUS* prove particularly useful to be initiated in sparsely populated areas: Local businesses are spared from long journeys to bring their produce to their customers. This reduces costs for purchasing and shipping their goods. Thus, the concept makes use of what otherwise might be considered a disadvantage: the relatively long distances and more difficult transport connections between municipalities in sparsely populated areas.

CHALLENGES ENCOUNTERED AND IMPACT

Challenges encountered

A key challenge for implementing the *kombiBUS* was of regulatory nature. In order to roll-out such a project, the regulatory framework had to allow for a scheme combining the transport of both passengers and goods (which was separated since the 1960s) (Kombibus 2019). Thus, before initiating the pilot, it must be ascertained that the regulatory framework allows for such an approach.

Another threshold to sustaining the project’s success is the decreasing usage of the service: While *kombiBUS* transported 11,7 tonnes in 2015, its utilisation in 2018 was at a mere 3,6 tonnes of goods, a tremendous threefold drop in paid transport services.

However, the company expects the demand for *kombiBUS* services to grow again as regional firms show continued interest in the service (Schweriner Volkszeitung 2018).

Table 1: SWOT Analysis of the *kombiBUS* scheme

<p>Strengths</p> <ul style="list-style-type: none"> • Expanding the usage and profitability of local transport infrastructure through synergy effects; • Providing local businesses with reliable ways to sell their goods to a wider customer base; • Expertise in adapting the regulatory framework and setting up a system to realise the <i>kombiBUS</i>; • Image campaigns of the <i>Uckermarck</i> seal to promote local products brings increasing attention to locally produced goods (Regionalmarke Uckermarck 2019). 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Reliant on permanent usage and appreciation by regional retailers and producers of goods.
<p>Opportunities</p> <ul style="list-style-type: none"> • Adaptable to other regions through a financial support programme by the Federal State of Brandenburg; • Providing consulting services to municipalities and regions interested and willing to implement a <i>kombiBUS</i> system too; • <i>kombiBUS</i> infrastructure with opportunity to steadily develop new services and add-on activities depending on local market needs and operating circumstances. • Changing consumption patterns among citizens, tourists, and inhabitants of urban areas to increasingly value and purchase goods from the Uckermarck. 	<p>Threats</p> <ul style="list-style-type: none"> • Continuous decline in the usage of the service threatening the financial stability and profitability of the system; • Changing customer behaviour may lead to a decrease in demand for local products.

Impact

Since its inception, this scheme has been recognized for its approach to ecologically sustainable mobility and sustainable transport in a rural area as well as for the integration of locally produced food and beverages, especially into the tourism value chain (see the awards above as well as Figure 3). Similarly, the scheme is slowly being adapted in several municipalities across Brandenburg and other *Länder* facing similar challenges.



Figure 3: Rationale of the kombiBUS. Source: Kombibus 2019

ACTIVITIES

Between half a ton and one ton of goods are delivered by drivers each month, primarily to commercial customers. Since October 2018, the *kombiBUS* has delivered food boxes directly from food manufacturers (i.e. farms) to customers. Thus, the *kombiBUS* aims at utilising the growing demand for small and bespoke portions of local food from tourism businesses and private customers (Schweriner Volkszeitung 2018/1).

Besides running its mobility operations, the *kombiBUS* also uses its expertise in setting up and operating the enterprise to consult organisations interested in starting such a programme in their regions.

LESSONS LEARNT AND CONDITIONS FOR POTENTIAL REPLICABILITY

Lessons learnt

- Strong ties to local (tourism and grocery) companies and producers of local food as well as to strong regional brands help generate value not only for the service, but also for regional value creation.
- Political support is crucial to help set up such an operation both financially as well as from an administrative perspective.

Conditions for replicability

- Well-connected bus network, easy-to-use services and awareness for value and importance of services among local/regional companies and customers;
- Through its programme to partially finance the planning and/or implementation of the *kombiBUS* scheme, the Federal State of Brandenburg provides support to replicate the approach.

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S3 Social Economy Thematic Partnership

SUMMARY

Unlike in other European countries, the awareness of social economy's importance and meaning is only in its infancy in Finland. This is due to the strong role the public sector plays in providing services related to social economy, which is an important aspect of the Finnish welfare state. Nevertheless, Finnish enterprises are more and more encouraged by consumer behaviour to take social economy's principles into account. Hence, the thematic partnership on social economy aims to create investment possibilities in this field, furthering the social economy movement and giving it space to grow.

KEY FACTS

The objective of the Social Economy Thematic Partnership is to create European value chains of social economy enterprises belonging to different regions.

- Lead region: Navarra, Spain.

Official partner regions:

- Emilia Romagna, Italy
- Murcia, Spain
- Örebro, Sweden
- Lapland, Finland
- Slovenia

The social economy sector plays an important part in bringing innovative partners together across the region. The partnership has the ambition to take the lead and further explore how this model of S3 engagement with the social economy sector could be scaled up with other EU partner regions of a similar ambition. This desire to create S3-oriented, inter-regional collaboration for the social economy sector offers great potential to generate joint EU efforts across the sector and to implement new approaches to innovation, entrepreneurship and inclusive growth throughout the EU.

The objective is to enhance inter-regional operations for social enterprises and co-operatives as well as for other social innovation actors such as research institutions. This aims at enabling them to utilize the full potential of the Internal Market in order to grow the activities of social economy through interregional cooperation. Actions should include financially backing inter-regional operations through EU programmes and compiling best practices concerning incentives to encourage their growth in the Internal Market and widely distributing them.

(Social Economy Thematic Partnership 2018.)

The thematic partnership aims at developing social economy in its participating regions in four steps:

1. Mapping of current situation
2. Identifying common investment needs and opportunities
3. Launching interregional projects to pilot common ideas
4. Finding common business ideas and sources of funding.

(Sivonen 2019a.)

The Commission does not fund partnerships; however, it can provide expert assistance to partner regions. Partnerships are also being carried forward through inter-regional projects, such as Interreg funding for interregional learning, as e.g. in the SOCENT SPAs project. The Smart Specialization Platform, the S3 Platform, has been established to support the implementation of smart specialization, and is also a platform for thematic partnerships.

(Regional Council of Lapland 2019.)

OBJECTIVES

In today's global competition, only few can respond to the rapid development of technology. Digitalisation, artificial intelligence, and robotics are changing livelihoods and requiring companies to adapt. In addition, climate change and other global challenges create new demands and business and product development as well. In Industrial Modernization thematic partnerships, global challenges are addressed through regional co-operation and by enabling companies to invest in new solutions.

Throughout the European Union, the SME sector is suffering from lack of investments. The global economy and rapid technological development are challenging European businesses in a new way. Solutions to these challenges are sought from European interregional partnerships.

The purpose of partnerships is to bring together areas that share strategic choices for smart specialization. For the 2014-2020 programme period, the EU has demanded a Smart Specialization Strategy (S3) from all regions. In a nutshell, smart specialization strategies aim to improve the competitiveness of regions by identifying and prioritizing their existing strengths. The regions work together in partnerships to develop a specific theme, complementing each other's expertise and developing joint

investment projects. By bringing together regions and stakeholders, it is aimed at increasing the business potential of regional businesses.

The basis for interregional collaboration is strong intra-regional co-operation; hence, perspectives and ideas from regional actors are collected in each partnership. Partnerships also offer regions the opportunity to network with other European actors. Lapland is an extremely sparsely populated area on a European scale. Participation in European inter-regional partnerships helps bring the region to the fore as well as enables the special circumstances which shape Lapland to be taken into account in EU funding programs and legislation. (Regional Council of Lapland 2019.)

Figure 4 gives an overview of the thematic partnership's partner regions, reference topics and key factors.

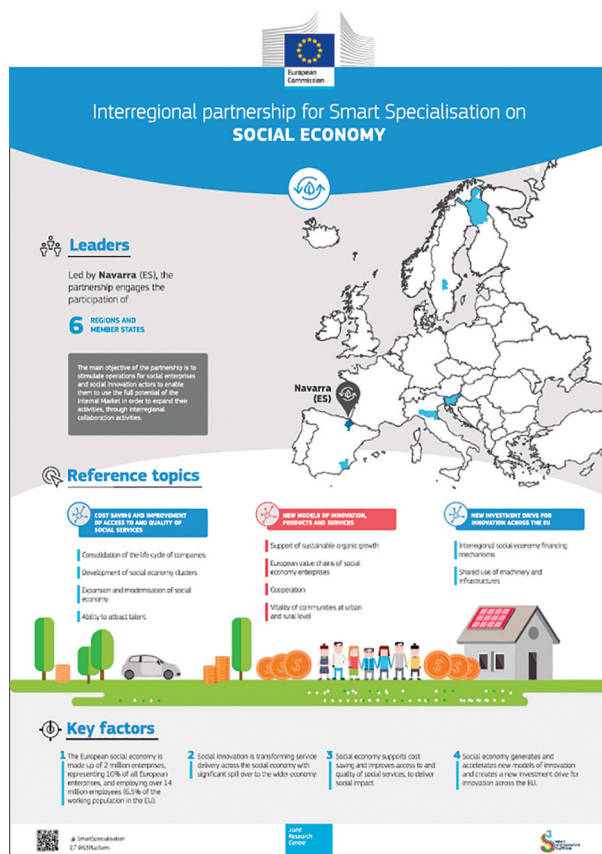


Figure 4 Social Economy Thematic Partnership fact sheet (European Commission 2019)

The objective of the social economy partnership is to encourage cross-border operations for mutual and cooperatives to endow them to use the full potential of the inter-

nal market so that the activities of social economy increase through interregional collaboration. (European Commission 2019.)

RATIONALE

The European Commission supports the thematic partnerships (16 different themes under industrial modernisation) with advice and support services. The thematic platform for social economy also gives the local and regional stakeholders in Lapland a chance to network and cooperate with partner regions.

For Lapland, the participation in this thematic platform helps to develop a framework for activities. With the help of experts approved by the Commission, partner regions and local stakeholders work together, to develop new business models and joint investment projects. By sharing expertise and best practises, the partner regions are co-creating new interregional business plans and funding mixes.

Thematic platforms can help make the voice of local stakeholders heard on the EU level and have their views factored into EU policies. The platform also improves the regions' opportunities for direct EU funding, such as Horizon2020, Erasmus+, Cosme and Interreg Europe. (Sivonen & Jolma-Taylor 2018.)

The partnership plans to tackle several challenges which are related to S3 and social economy. These challenges are:

- The development of economy clusters;
- The establishment of European value chains of social economy enterprises situated in different regions in Europe;
- The advancement of collaboration between enterprises and other regional actors, specifically those who have innovative and technological expertise. (European Commission 2019.)

The Social Economy Thematic Partnership is based on already existing initiatives targeting different areas of social economy:

- Tackling the existing fragmentation in social economy as well as implementing interregional social economy financing mechanisms that enable the sharing of risks and facilitating access to financing under favourable conditions and exploring shared use of machinery and infrastructures (DG GROW Pilot Action “European Social Economy Regions 2018”);
- Providing local actors with the needed expertise to produce and develop collaborative projects based on territorial potential (ETESS - INTERREG POCTEFA project with the participation of Navarra region, Basque Country and New Aquitaine) is targeted;
- Sharing and exchanging of best practices and experiences in the field of public policy to support social enterprises (Interreg Europe project “RaiSE with the participation of ERVET and Örebro region);

- Supporting common solutions to challenges hindering the development of social economy, hence promoting new approaches to overcoming a fragmented approach to policies supporting social economy (ESSI – European Support to Social Innovation financed by Horizon 2020 - Innosup with the participation of the following regional development agencies: ERVET from Italy, ADA from Turkey, KAINUUN ETU from Finland and IVACE from Spain). (European Commission 2019.)

ACTIVITIES

The Social Economy thematic partnership was established in spring 2018. After then, the partnership was officially kicked-off and further joint activities were planned. These activities included the attendance of the Global Social Economy Summit in Bilbao as well as the agreement on work packages within the member regions of the thematic partnership. The partnership organized a workshop on the building of ecosystems for social innovation in Emilia Romagna in September 2018 as well as strongly participated in the Social Values in a changing World seminar with the SOCENT SPAs project in October 2018. In the end of 2018, an evaluation of the involvement of relevant business sectors in the partnership activities was launched. The outcomes of the evaluation will be available in spring/summer of 2019. (Social Economy Thematic Partnership 2018.) In February of 2019, a Collaboration Lab on Social Economy was hosted in Navarra, publishing its results in spring/summer of 2019 (European Commission 2019). Currently, the partner regions of the partnership are considering joint investment possibilities. During a workshop in May 2019, these possibilities will be further discussed and it will be decided which topics should be pursued. (Sivonen 2019b.)

In Lapland, in addition to the above-mentioned activities, the Regional Council of Lapland organized in cooperation with other stakeholders from the field, including the SOCENT SPAs project, regular meetings on the topic of social economy in Lapland. In order to further the development of social economy and social enterprises in Lapland, a delegation of the Regional Council of Lapland and additional stakeholders visited Örebro to learn from their social economy development initiatives in December 2018.

CHALLENGES ENCOUNTERED AND IMPACT (INCLUDING SWOT ANALYSIS)

So far, initiating the social economy thematic partnership in Lapland has encountered some challenges. Firstly, finding a common Finnish definition and translation for the term social economy has been challenging. Currently, the term used in communica-

tion is 'sosiaalisesti kestävä talous'; however, the term calls for more clarifications with some stakeholder groups.

Due to the large and diverse group of stakeholders in Lapland, who are connected to social economy and its related activities, finding a consensus on how social economy should look like in Lapland is a long and slow process. However, although the thematic partnership was launched only in June 2018, progress has already been made in drawing up a model of social economy actors and fields in Lapland, see Figure 5.



Figure 5 Lappish Model of Social Economy (Regional Council of Lapland 2018)

IMPACT

The social economy thematic partnership has already had an impact on social economy development in Lapland. A number of seminars and workshops have been hosted in Lapland on the topic, partly in cooperation with the SOCENT SPAs, bringing together stakeholders from fields related to social economy, such as policy makers, municipalities, social enterprises and work-rehabilitation foundations.

During these seminars and workshops, the scope and meaning of social economy in Lapland was discussed and important actors charted. Furthermore, a joint project application was submitted for ESF funding, in order to develop social economy further on a concrete basis.

The SWOT analysis below shows the potential challenges and impacts faced by the thematic partnership now and in future from the Lappish viewpoint (Table 2).

Table 2 SWOT Analysis of Social Economy Thematic Partnership

Strengths	Weaknesses
<ul style="list-style-type: none"> • Learning from different EU-regions, how social economy is implemented and which organizations are involved • Lapland providing wider viewpoint of social economy related issues within EU and for partnership members 	<ul style="list-style-type: none"> • No direct funding for activities • No members in partnership from central and eastern Europe, missing strong social economy knowledge from e.g. Germany and France
Opportunities	Threats
<ul style="list-style-type: none"> • Future possibilities of receiving funding for thematic partnership topic from EU • Putting Lapland on the map as expert in social economy related issues • Forerunner role for Lapland within Finland in development of social economy and social enterprises 	<ul style="list-style-type: none"> • Stalling of initiative in one or more partnership regions • Uncertain future of municipal and health/ social services reform in Finland

LESSONS LEARNT AND CONDITIONS FOR POTENTIAL REPLICABILITY

Lessons learnt

The participation in the Social Economy Thematic Partnership has given space to various new areas of inter-regional cooperation and thus enabled a learning process related to social economy and social enterprises throughout different organizations and stakeholders in Lapland. Especially in the frame of the SOCENT SPAs project, the expertise and input provided by the region of Navarra and Örebro Län has been important in its activities. A representative from the region of Navarra has played an important role as an adviser and guest speaker in the project's best practice seminar held in Rovaniemi in October 2018. A familiarization trip to Örebro Län by various representatives of Lappish social economy stakeholders has provided crucial input for the development of the Lappish model of social economy, as well as manifested ideas observed in the SOCENT SPAs project's partner regions for the Lappish action plan.

Conditions for potential replicability

The partner regions of the thematic partnership decide together about the potential expansion of the current partnership. Should other regions be interested in joining the partnership, the lead region Navarra would have to be contacted about it.

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“Succession of enterprises” - Intergenerational transfers

SUMMARY

The Ministry of Employment of the Government of Castile and Leon, through the Institute for Business Competitiveness (ICE), joined on 24 July 2018 the program “Succession of enterprises. Intergenerational transfers.” carried out by the Ministry of Industry, Commerce and Tourism, through the Directorate General of Industry and Small and Medium Enterprises (DGIPYME).

Within this program, the Government of Castile and Leon focused its commitment on the “Succession of enterprises in rural areas”. The aim of this program is to connect entrepreneurs with an interest in developing their professional and personal lives in rural areas with rural entrepreneurs, viable business owners in operation who would be forced to close due to a lack of generational transfer. (Regional Government of Castile and Leon 2018)

KEY FACTS

In order to avoid the disappearance of viable enterprises due to lack of intergenerational transfers, the program facilitates the contact and approach between transferor and successor.

The transferor, or person who intends to transfer the activity, will have a communication channel where information on the main characteristics of their activity is offered. This information will allow to identify the entrepreneurs that have the required profile.

The successor, or entrepreneur who is willing to continue with the activity, will be able to know the details of the business projects that are transmitted and the adaptation to their possibilities as a future entrepreneur. (Government of Spain 2013a)

OBJECTIVES

The main objective of the project is to ensure the continuity of viable enterprises in danger of disappearing due to problems other than economic ones, such as lack of generational transfers or change of professional orientation. In this way, the loss of economic capital and jobs is avoided.

Another objective of the project is to give entrepreneurs an alternative to creating a company from the very beginning. The purchase of a company in operation can be an attractive option in certain cases. (Government of Spain 2013a)

RATIONALE

The advantages of and the fundamental reason for the justification of this Project are the following:

The business is already created, so it saves time and money. The generation of the idea, the name, the logo, the search for the most appropriate place for the Company, etc., are aspects that are no longer a problem. It has a portfolio of clients, as well as suppliers, and this is a task that takes a long time. Achieving a relationship of loyalty is a task based on perseverance and effort. The business is already known in the sector. This means that acquiring new customers will be easier. The benefits begin to arrive almost immediately, since there is no start-up time and cashflow is not interrupted. The employees, who are already working in the enterprise, know the business well and do not need to be trained to perform their duties. This saves expenses on recruiting and training new staff. The company has acted in the market for a long time, so it has a great knowledge of it and knows its weak and strong points, in the same way that it knows perfectly what its competence is and how it acts. The seller can advise the buyer on what is the best way to run the business, since s/he has experience. Surely the objective of both is the same: that the company prosper. (Government of Spain 2013a)

ACTIVITIES

What services are offered?

- Dissemination of offers. After an interview with the transferor, the main data of the businesses activities, which are sought to be transferred to a successor, will be published on the web portal.
- Analysis of business opportunities. Identification of the potential successor with the characteristics appropriate to the requirements of the dismissed projects
- Accompaniment. Organization and monitoring of contacts between the transferor and the transferee.

- Advice. Participants will be provided with information and recommendations to ensure that the process is carried out a minimum amount of risk.

Training is a basic pillar to acquire the necessary knowledge about the activity that we have to develop. Therefore, within the framework of the program for the intergenerational transfer of companies, regional governments have been in charge of organizing a series of face-to-face sessions to offer the advisors of business the basic tools in different areas.

Up to 11 face-to-face sessions of training, which more than 50 students have passed in different parts of the Spain.

The business advisers are trained in the knowledge and use of available resources in subjects such as business valuation, negotiation techniques, communication, CRM, web platform and virtual classroom. (Government of Spain 2013a).

CHALLENGES ENCOUNTERED AND IMPACT (INCLUDING SWOT ANALYSIS)

The program for the transfer of companies, as previously mentioned, is an initiative at the national level, which has been joined by Ministry of Employment of the Regional Government of Castile and Leon with the aim of creating a positive impact on the rural area of the region. In this way, the program has been focused on the “Succession of enterprises in the rural area” as a means of making this service available to entrepreneurs of rural businesses, who face problems in finding successors for their businesses.

The aim of this program is to connect entrepreneurs with an interest in developing their professional and personal lives in rural areas with rural entrepreneurs, viable business owners in operation who were forced to close due to a lack of generational transfer.

A measure that aims to fight against the depopulation of the rural environment in Castilla and Leon, and can also help the survival of enterprises with social models located in sparsely populated areas in the region, which are faced with the problem on “Succession of enterprises” Intergenerational transfers”

In this way it is intended to give continuity to viable companies in danger of disappearing due to problems other than economic ones, for example, the lack of generational transfer or the change of professional orientation. In this way, the loss of economic capital and jobs is avoided.

The SWOT analysis below shows the challenges and potential impacts that medium-sized and small companies face in terms of their **“Succession of enterprises. Intergenerational transfers.”**

Table 3 SWOT- Analysis of the "Succession of enterprises". Intergenerational transfers."

Strengths	Weaknesses
<ul style="list-style-type: none"> • Ensure the continuity of viable businesses in danger of disappearing due to problems other than economic ones, for example lack of generational change or change of professional orientation. • This project not only avoids the loss of jobs, knowledge and economic capital, but also facilitates viable initiatives for new entrepreneurs, which significantly increase their chances of success. 	<ul style="list-style-type: none"> • Currently for entrepreneurs and small businesses it is not easy to find appropriate tax and legal advice. • The decision to sell a company is possibly one of the most difficult decisions in the life of an entrepreneur.
Opportunities	Threats
<ul style="list-style-type: none"> • The program provides the: • New entrepreneurs: an alternative to starting up their own company and thus avoiding the risks a start-up might create • Established entrepreneurs: they can acquire a company to grow, generating economies of scale that improve their productivity or diversifying their activity 	<ul style="list-style-type: none"> • According to forecasts by the European Union, a third of employers will retire in the next ten years, which will affect some 800,000 companies and 2.8 million jobs annually. • In Spain it is estimated that every year some 50,000 companies disappear for non-economic reasons. The lack of generational relief poses serious difficulties for the continuity of a growing number of small and medium enterprises in our country

It is vital to maintain the business fabric of small businesses, especially in areas or sectors where the creation of companies is less attractive than others, and the disappearance of one of them generates both direct and indirect economic and employment losses. This initiative helps to avoid, supporting the continuity of SMEs and the employment they generate.

Below are the main results of the program both nationally and regionally in Castile and Leon.

Currently, the Enterprise Transfer Support Project has 52 Service Points, belonging to 36 different entities and distributed in 14 Autonomous Communities.

In 2018, 92 advisors from the member organizations attended to more than 103 potential sellers and 64 potential buyers, registering their sale or purchase interest in the project's computer system and, where appropriate, publishing an advertisement on our website.

In addition, several training sessions have been held for the project's advisors focusing on 3 areas: the Project's methodology, the tax aspects of the transfer of companies and the valuation of companies.

During 2018, thanks to the project and the entities adhering to it, 5 transfers of companies have been completed, for a joint value of more than 1 million euros, which has allowed to conserve 14 jobs.

Since its inception, the project has provided guidance on the transfer of companies to about 500 people, contributing to the transfers of 26 companies, valued at more than 3.3 million euros, managing to retain more than 50 jobs.

Specifically in Castile and Leon, since the start of this initiative, 13 projects have been completed and 8 potential projects are being discussed.

(Government of Spain 2013b, Regional Government of Castile and Leon 2018)

LESSONS LEARNT AND CONDITIONS FOR POTENTIAL REPLICABILITY

Why sell?

The decision to sell a company is possibly one of the most difficult decisions in the life of an entrepreneur. On the other hand, the process of transferring companies is considered the main barrier to the conclusion of contracts for the sale of companies. This problem is especially evident in the case of entrepreneurs and small enterprises, since large companies can usually find the appropriate tax and legal advice without excessive problems.

All Service Points of the Enterprise Transfer Support Project offer a basic and free service, which includes an orientation interview and, optionally, the publication of an anonymous advertisement on the website. If there are interested buyers, the Service Point staff facilitates the start of a transfer process by arranging a meeting between the seller and the buyer, accompanied by potential advisors. The Point of Service is not responsible for potential agreements reached between buyer and seller.

In addition, some Service Points offer complementary paid services, in which the seller hires the Point of Service as its advisor for the integral management of the transfer process.

Why buy?

The purchase of a company in operation provides entrepreneurs with an alternative to establish themselves different from creating a company from the beginning. On the other hand, established entrepreneurs can acquire a company to grow, generating economies of scale that improve their productivity.

All Service Points of the Enterprise Transfer Support Project offer a basic and free service, which includes an orientation interview and, optionally, the publication of an anonymous advertisement on the website. If there are interested sellers, the Services Points staff will act in a neutral manner and facilitate the start of a transfer process by arranging a meeting between the seller and the buyer, accompanied by potential advisors. The Point of Service is not responsible for potential agreements reached between buyer and seller, but holds a mere advisory role.

In addition, some Service Points offer complementary services that may be paid, in which the buyer contracts the Point of Service as its advisor for the integral management of the transfer process.

(Government of Spain 2013a)

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Social enterprise

The foremost aim of social enterprises is to attend to areas of unaddressed social needs by producing both social and economic value rather than focusing primarily on making a profit for its stakeholders (Nicholls 2006). Social enterprises can thus be described as private organizations which utilize business in order to accomplish socially oriented goals (Dacin, Dacin & Tracey 2011), with more detailed definitions of social enterprise varying greatly from country to country (Monroe-White et al. 2015).

This chapter examines four good practice examples of social enterprises.

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Social Integration Enterprise in the Municipality of Gemer

SUMMARY

Social entrepreneurship is an innovative instrument aimed at addressing various societal problems through the implementation of business principles. Given that social entrepreneurship is a new phenomenon in the Slovak environment, it has not been properly explored. Lack of information and data causes problems in understanding the challenges social enterprises face while pursuing their objectives, how they function, what activities they engage in, and what public policy measures may be of use to the operation of existing social enterprises and the creation of new ones. As a result, the potential of social enterprises to address various societal problems remains untapped. Nevertheless, there are some entities in the region willing to engage in social entrepreneurship to resolve societal and community problems. This is evidenced by the example of the municipality of Gemer that decided to set up a municipal pasta-making company and thus tackle the most serious problems facing the least developed regions: high unemployment rate.

SITUATION OVERVIEW, KEY DATA

With a population of over 850 and an unemployment rate of more than 35%, the municipality of Gemer, situated in the south of the district of Revúca, was ranked in 2015 as one of the least-developed districts in Slovakia. These are districts where the official unemployment rate, calculated on the number of registered job applicants, is more than 1,6 times the average unemployment rate in the Slovak Republic for the same time period according to the lawful criteria. The Gemer region suffers from a high unemployment rate – as of 30 April 2017, the registered unemployment rate reached 21,86% in the Revúca district and 24,20% in Rimavská Sobota district. A social enterprise would ensure these job applicants acquire skills required for the labour market and thus find a suitable job.

Apart from a high rate of unemployment, these districts also struggle with a high percentage of job applicants who are long-term unemployed, often have only a primary education, and either have never developed or have not retained work habits. More than half of job applicants (51%) have completed primary education only, which

means they lack the skills and qualifications needed for the labour market and as a result, they oftentimes become unemployable.

Up to 38% of job applicants have been registered as unemployed for more than 4 years. Long-term unemployment is one of the reasons people lose work habits, lack the necessary skills for the labour market and gradually become accustomed to social benefits provided by the State. Long-term unemployment, job search failures and too much time spent at home lead to feelings of frustration, uselessness, pointlessness and growing concerns about possible failure. As a result of stress, tension and lack of self-fulfillment opportunities, a person's self-esteem and self-confidence lower, which can result in apathy and depression. People often resort to consuming alcohol, overeating and excessive smoking in an attempt to reduce the feelings of frustration and tension. (Gemer Development Agency 2018.)

This is why it is necessary to create social enterprises in such regions, as they can help the unemployed gain work experience and acquire work habits. People who have lost work habits need to start working and making a profit again in order to fulfil themselves and as a result, develop the region at an economic and social level.

GOALS AND ACTIVITIES

In the aforementioned districts, the Government of the Slovak Republic approved Action Plans for the development of districts as an instrument to even out regional disparities. These Action Plans include support for the establishment of social enterprises. It is expected that six social enterprises will be established in the district of Revúca by the end of 2020; one of these is the social integration enterprise in the municipality of Gemer.

The mayor of Gemer, Zoltán Jankóšik, envisions lowering the high local unemployment rate by providing local community services to the inhabitants of the greater municipality and by creating new business opportunities. The municipality currently employs forty-nine persons in various institutions and establishments, such as the primary school, kindergarten, elderly daycare centre, local civil services, social field-work, and a municipal enterprise that produces pasta. In the future, the municipality intends to open a retirement home that could create another twelve to fifteen jobs (Ballová 2018.)

The municipal enterprise operates as a social integration enterprise aimed at employing disadvantaged and vulnerable groups. Since 2018, it has employed five women who produce an average of 80 kg of high-quality, high-quality pasta every day. It is situated in a specific community (municipality inhabitants) and deals with specific problems it encounters, in this case, the employment of the local community (Ballová 2018.)

The primary goal of social enterprise (or social integration enterprise in this case) is not to maximise profits at the expense of the employee but to integrate the employee into the workplace; earning profits is secondary. It is, however, necessary for

the enterprise to generate profits and ensure its own sustainability—its survival. It is important to mention that employing disadvantaged job applicants is a kind of enterprise disadvantage reducing the productivity of the enterprise and as a consequence, its competitiveness. These groups either encounter prejudices when seeking employment, are less productive at work as a result of low skill levels or disabilities, or have to cope with different—oftentimes several—types of disadvantages. A work-integration social enterprise employs these groups of people for long or short periods of time and thus improves their qualifications and enhances their skills. In the case of short-term integration, employees may undergo preparation for the integration on the open labour market. (Škobla et al. 2018.)

The goal of social enterprises is not solely to integrate employees into the workplace and thus enhance their skills and improve their chances of succeeding on the open labour market; they also play a socialising role since the target group they employ is often socially excluded and is now presented with an opportunity to build relationships and connect with people outside their family and community.

In 2017, it was necessary to construct a new building for the establishment of a facility from the municipality's budget because there were no buildings in possession of the municipality or any situated in its surroundings that met the necessary standards. The mayor managed to lower the construction costs to a third by employing workers from the municipality to help with auxiliary construction work. Technology and equipment were obtained with the help of subsidies from a regional contribution, and wage costs for the first two years are covered by a financial contribution from the national project, *Cesta na trh práce* [Path to the Job Market]. At the end of that period, the enterprise should be financially independent and sustainable. The municipality makes nine different products that are distributed to local and surrounding schools and various retail shops, and negotiations are underway with additional customers in the region. The current production level is only enough to cover approximately half the costs; production must be at least doubled to make the enterprise sustainable. (Rimaj 2018.)

PROBLEMS/CHALLENGES AND IMPACT OF THE ACTIVITIES

In the start-up phase, the enterprise was overwhelmed with all the bureaucratic procedures involved in obtaining funding and with the public procurement process. Hiring employees posed another challenge. The locals are not very interested in stable employment, and employers have a hard time hiring qualified workers. People (or disadvantaged job applicants) are the most important component when creating a social enterprise since the law requires a social enterprise to employ at least 30 percent of their workforce from the long-term unemployed or otherwise disadvantaged on the labour market. Enterprises should retrain people and at the same time focus on their business purposes. (Škobla et al. 2018.)

Most of the female workers have only a primary education and had been unemployed for more than a year; for some, this is their first job. The municipality had no experience in the production of pasta and faced various challenges implementing the proper production procedures and selecting suppliers. After overcoming the initial hurdles, the enterprise is now fully operational and the employees are able to work without the supervision of a special consultant. (Rimaj 2018.)

The mayor's managerial skills and the progressive and diverse activities of the municipality played a significant role in the establishment and successful operation of the enterprise. The funding obtained by the municipality was of great benefit, allowing the municipality to cover the start-up costs without having to borrow funds and to price the product reasonably. The work does not require employees to have any particular qualifications or specialist supervision, which means the enterprise can offer employment to disadvantaged job applicants.

One weakness is the existing production volume, as it only covers a portion of the operating costs, along with insufficient capability to provide products to the supermarket chains. Both the sustainability of the enterprise at the current production volume and the pressure of the supermarket chains to lower purchase prices present a danger.

The municipal enterprise plans to register in the future as a social enterprise in accordance with the act on the social economy and social enterprises. That will automatically create new opportunities for direct subsidies in the form of grants and loans, as well as indirect support in the form of a reduced VAT rate, exemption from tax on earnings that are reinvested to fulfil the social goal, preferential treatment in public procurement, and others. The increasing interest of consumers in local and regional products, the creation of sales syndicates and obtaining a designation for regional products, and the supply of products to hotels and restaurants in the region that are looking to offer foods cooked with local products on their menus, all present further opportunities for the growth of the enterprise.

LESSONS LEARNED FROM THE EXAMPLE AND POTENTIAL FOR A REPLICATION

When establishing a social enterprise, it is important to take into account several factors. In addition to the chosen enterprise activity, the location of the enterprise is of utmost importance. First and foremost, it is important to use the resources the region offers and to carry on its traditions. It is best to use one's own property to conduct business. Should the municipality not have a suitable property at its disposal, it is necessary to find out whether there are buildings or lands in the region that could be bought or rented under favourable conditions. When choosing the location of the enterprise, it is important to assess the availability of the location, infrastructure conditions, additional investments in renovation, adjustments and reconstruction that

would be needed and the structure of the local population. (Gemera Development Agency 2018.)

The principal business activity of social enterprise needs to be given due consideration. Its selection should be based on labour market needs; ideally, the focus should be on sectors with less competition or those that are not present in the region at all yet are in demand, and keep in mind the demanding character of the work activities. It is, therefore, necessary to know whether the right community will be found in the region—prospective employees whose structure would correspond to the needs of the enterprise and to whom the enterprise in question could help navigate the labour market and improve their social or economic situation.

As in any field of business, the founder of social enterprise should analyse the current market development: prospective customers, purchasers, suppliers, and competitors. Based on the results of the analysis, it is necessary to choose the appropriate marketing strategy and enterprise sustainability strategy.

The Gemera municipal company's replicability potential is high mainly due to its low technology and employee qualification requirements as well as the wide range of sale opportunities. However, region size and product demand in the region must be taken into account, as this could significantly affect the sustainability of other enterprises engaged in the same business.

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Supporting regional development through social inclusion and ecological innovation: Lobetaler Bio

SUMMARY

The social enterprise Lobetaler Bio's mission is the pursuit of a so-called "Social Milk Economy". Therein, Lobetaler Bio, an organic dairy product manufacturer and innovator, reconciles two main concerns in its social business model: First, the employment and support of handicapped people and second, the development and placement of new ecologically sustainable products in the competitive organic food market.

KEY FACTS

Social dairy farming lies at the heart of the organic dairy plant Lobetaler Bio, which is located in Biesenthal (Brandenburg, Germany). Over 2,1 million tons of organic milk 400.000 kilograms of fruits are processed annually. These are the main ingredients of the enterprise's product range consisting of organic yoghurt in a variety of flavours, sweet and sour cream, ayran and soft cheese (MOZ.de 2018). The yoghurt pod relies on a mixture of talcum and plastic that reduces the use of plastic by half and CO₂ emissions by about 30 percent. Aluminium, for instance, is completely omitted in the packaging production process (see Figure 6) (Bernau Live 2018).



Figure 6: Packaging material. Source: <https://www.lobetaler-bio.de/seitenmenue/verpackung/>

Sales markets do not only lie within the region of Brandenburg and neighbouring Berlin, a main consumer market for Lobetaler Bio, but also in Hamburg and Saxony. What is more, it is part of the self-image of the Lobetaler organic dairy product manufacturer that people with disabilities are frequently employed and involved in the entire production process according to their abilities. Thus in 2018, 23 people with different disabilities found a job at the dairy plant (MOZ.de 2018).

- Region: Brandenburg
- Managing organisation: Hoffnungstaler Stiftung Lobetal
- Website: www.lobetaler-bio.de
- Awards: Future Prize of the State of Brandenburg, Special Award of the Kreditanstalt für Wiederaufbau (KfW), the Sustainability Award of the State of Brandenburg and the Marketing Award of the association pro agro.

Before Lobetaler Bio started its operations, agriculture in Lobetal was conventional, the price of milk relatively low and agricultural enterprises hardly refined their produce or innovated production processes or packaging. As a consequence, Lobetaler Bio decided to help farms change to organic farming, produce and process organic dairy products and try to make products that were not yet available in the regional organic food market. Thus, Lobetaler Bio converted four of its farms as well as its horticulture branch to organic operations.

RATIONALE

The *Hoffnungstaler Stiftung Lobetal* foundation is a social institution in the state of Brandenburg. It operates workshops, education, medical facilities as well as child, youth and old-age care. The foundation's mission has been driven by a belief in the "strength and greatness that lives in all people". Based on that core value, the foundation aims at giving people in need "work instead of alms" (Lobetaler Bio 2019). Thus, the foundation runs the *Hoffnungstaler Werkstätten* to provide addicted and/or mentally and physically handicapped people with a perspective in life.

The founding of Lobetaler Bio under the umbrella of the *Hoffnungstaler Stiftung Lobetal* can, thus, be viewed as a continuation of the foundation's hitherto efforts to foster transparency, regionality and sustainability (Tagesspiegel 2015). The company does not only aim at successfully marketing high-quality products. Instead, Lobetaler Bio integrates social and environmental responsibility into all of their work processes having people with and without disabilities work together according to their abilities (Deutschlandfunk 2010).

OBJECTIVE

Lobetaler Bio reconciles two main concerns in its social business model: First, the employment and support of handicapped people and second, the development and placement of new socially sustainable products in the competitive organic food market.

CHALLENGES ENCOUNTERED AND IMPACT

Challenges encountered

As with most enterprises, money is key to realise a company's vision. Similarly, before entering the processed food market, Lobetaler Bio had to find financing to set up a production site as well as the necessary sales infrastructure. Eventually, the 3 million euros to erect the factory, including machines, came together through a complex mix of equity, bank loans and EU funding.

Further, as a consequence of the increasing demand for organically produced dairy products from Lobetaler Bio, the firm realised that the regional milk production capacities are not apt to satiate the upticking demand from urban Berlin for Lobetaler Bio's product. In 2015, this situation left the cheese dairy, which also belongs to Lobetaler Bio and which once produced Camembert, unused (Tagesspiegel 2015). Eventually, however, the company found further milk supplying farms to pick up production again.

Table 4: SWOT Analysis of Lobetaler Bio

Strengths <ul style="list-style-type: none">• From the customers' perspective Lobetaler closes a market gap as it processes and refines dairy products, making it a rare processor of organic food in Brandenburg.• Business model as well as established and credible brand, particularly in the Brandenburg-Berlin area.• Innovative product development consistent with brand's mission and vision.	Weaknesses <ul style="list-style-type: none">• Dependency on continuous supply of milk and other supplies while demand for organic milk and dairy products from Brandenburg frequently exceeds available supply.
Opportunities <ul style="list-style-type: none">• Increasing demand for high-quality organic products;• Increasing demand for sustainable product packaging;• Improved supplier market for organically and sustainably produced goods.	Threats <ul style="list-style-type: none">• Bottlenecks in the supply of organically produced milk;• Continuous land grabbing efforts by large conventional farming enterprises in Brandenburg, which may further limit the options to expand organic milk production due to a lack of land for farmers willing to hold cattle in an organic manner as demand increases.

Impact

In 2018 Lobetaler Bio employed 26 people with disabilities (Bernau Live 2018). Also, it has developed a more sustainable yogurt cup, a “super mug” (Süddeutsche Zeitung 2018). According to the Tagesspiegel, a newspaper, it is a bit more stable than the conventional competition and has a decisive advantage: It consists of a mixture of plastic and talcum, so that plastics in the packaging could be reduced by 50 percent and CO₂ emissions by about 30 percent (Süddeutsche Zeitung 2018).

LESSONS LEARNT AND CONDITIONS FOR POTENTIAL REPLICABILITY

Lessons learnt

In 2010, Lobetaler Bio’s first operating year, Stiftung Warentest, a German consumer information company, rated the strawberry yoghurt of the young company as “poor”. While the packaging and aroma quality were found to be “good”, the judgment in the sensory and microbiological part turned out devastating, which ended up strongly affecting sales. As a consequence, the dairy producer withdrew all its products from the market and re-adjusted its production process to ensure that the organic product would last four weeks without preservatives (Tagesspiegel 2015).

Replicability

While Lobetaler Bio certainly is not the only enterprise to combine ecological and social aspects in its business model, the dairy plant’s efforts to reconcile these efforts with also bringing innovation to both products and packaging is rather unique. This requires a vision and a comprehensive understanding of the consumer market for sustainably produced goods, a credible and transparent supply chain and *modus operandi* as well as a suitable sales network and the determination to realise the production process in accordance with these core values and despite potential thresholds going hand in hand with this business model. The experience of and close cooperation with its umbrella organisation, the Hoffnungstaler Stiftung Lobetal, certainly helps in all of these aspects, in particular concerning the inclusion of people with disabilities.

ACTIVITIES

The organic dairy Lobetaler Bio combines ecological and social aspects in its business model. This starts with the agriculture, which since 2010 has worked according to *Naturland* guidelines, a standard defining a framework for the realisation of ecological agriculture and food production. Fruits and other ingredients are produced according to organic standards, too. Currently, Lobetaler Bio mainly produces yoghurt,

but also cream and sour cream are made in small quantities, as is Ayran. Since 2017 Lobetaler Bio has also sold cottage cheese and cream cheese (MOZ.de 2019).

Second, at the core of Lobetaler Bio's business model and mission lies the support for and inclusion of people with disabilities to work and society. Hence, handicapped people make up ca two-thirds of its staff.

In addition and besides several other activities, in 2013 and together with the Naturpark Barnim, a natural reserve, the company launched its "Nature Protection Cup" (see Figure 7). Through imprints on the natural yoghurt, consumers receive information on various nature protection projects throughout the year. Through their purchase of the yogurt consumers support the projects in the Naturpark Barnim (Lobetaler Bio 2019).



Figure 7: Naturschutzbecher Lobetaler Bio. Source: <https://www.naturschutzbecher.de/>

This collaboration was awarded with the Future Prize of the State of Brandenburg, Special Award of the Kreditanstalt für Wiederaufbau (KfW), the Sustainability Award of the State of Brandenburg and the Marketing Award of the association pro agro (Lobetaler Bio 2019).

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Social enterprise Uurto cooperative

SUMMARY

In this article, we take a look at an inspiring social enterprise from Kemijärvi, Finnish Lapland. The voice of Pirjo Lehtola, Managing Director of the cooperative Uurto is heard through the article discussing issues of employment, social enterprising and public procurements.

The purpose of this article is to increase the knowledge of practical tools and models for social enterprises in Lapland. The knowledge will be spread through the exchange of experiences and lessons learnt with the international partners in The SOCENT SPA project.

KEY FACTS

The Finnish Social Enterprise mark was launched in 2011 by the Ministry of Economic Affairs and Employment in Finland and after that year, the mark has been awarded to over 200 Finnish companies with social or environmental goals at their core.

Osuuskunta Uurto – Cooperative Uurto, among other social enterprises, has been established to promote a social goal and most of its profits are directed to advance social good. The cooperative operates to tackle the mismatching demand and supply in the labour market, as well as to enhance social integration. Uurto holds The Finnish Social Enterprise Mark, which was already awarded to the cooperative during its foundation stage. According to the Association for Finnish Work, to receive the Finnish Social Enterprise Mark, a company needs to show a turnover from at least one financial period. However, in the case of Uurto, customer- and environment-oriented and Corporate Social Responsibility values at the cooperative's core led to the awarding of the mark in 2018.

Uurto is located in Kemijärvi, in Finnish Lapland. Geographically, Kemijärvi is mostly located north of the Arctic Circle in Lapland and it stretches over an area of 3 930,91 km², with a population of 7534. The population density in Kemijärvi is about 2,13 people per km², while elsewhere in Finland, the population density is just below 18 people per km². Common social challenges in sparsely populated areas, such as

youth out-migration, ageing population and high unemployment rate, are notable issues in the municipality of Kemijärvi also.

OBJECTIVES

According to the Association for Finnish Work, social businesses that hold the Finnish Social Enterprise mark are committed to investing most of their annual profit in social good. The cooperative may direct the profit to develop its own operations or donate the profit to social good in accordance with the cooperative's business idea and mission.

Uurto aims to procure work for people who face difficulties in finding employment after completing work rehabilitation or studies. In addition, Uurto strives to build new ways to create work and education opportunities based on labour market needs. The purpose of the cooperative is to build a new transitional labour market enabling new alternative ways of employment or training. Nevertheless, it also enhances social integration in the public labour market and increases the employment rate of the municipality.

RATIONALE

Generally speaking, cooperatives aim at making a profit while also aiming at contributing to the common good. Cooperative business activities may find place in a variety of purposes, for instance, the cooperative may act as a platform for self-employment, to create meaningful jobs or a whole new service. (Peltokoski & Moilanen 2015.)

When Pirjo Lehtola, Managing Director of Uurto, was working in her previous position, she noticed that despite a good amount of money which was spent on work rehabilitation, suitable work tasks were difficult to find and often the client was caught up in a work rehabilitation cycle. In the worst case, the endlessly recurring rehabilitation periods resulted in the client's inability to work.

The cooperative Uurto has one company member, Saura foundation, and Saura has funded the cooperative Uurto with 8000 euros. In addition, the municipality of Kemijärvi has funded the cooperative with 32 000 euros. All in all, the total seed funding is 40 000 euros. Uurto has almost completed its first financial period with 300 000 euros turnover. Uurto stands on a solid foundation in terms of company structure, which was drafted carefully as a team effort. Moreover, the cooperative is committed to directing 70 percent of its annual profit to contribute to social good with its business. As the customers are people who use social welfare services, Uurto's operations are supervised by both the welfare board of the Kemijärvi municipality and the Regional State Administrative Agency for Lapland.

ACTIVITIES

Uurto's clients may work either part-time or full-time in the cooperative time and stay in the cooperative for a longer time or temporarily. The customers' capability to move between the cooperative and labour market offers flexibility to meet the employer's needs. In a transitional labour market structure, a bridge is built between the labour reserve and available work. Based on the cooperative's customer-oriented core value, the work tasks are built recognizing the customers' performance capabilities. Figure 8 describes the transitional labour market structure.

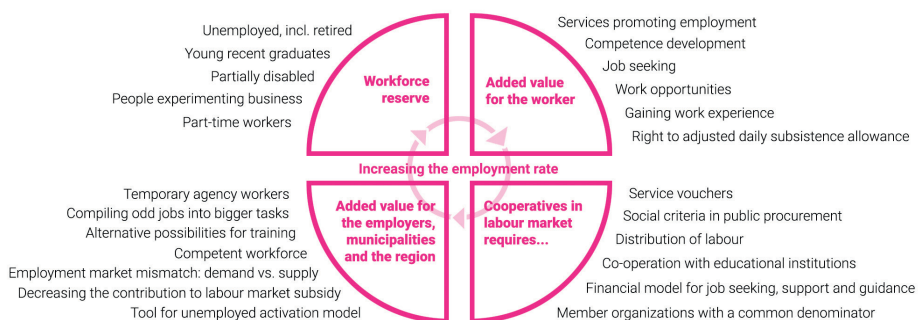


Figure 8 Transitional Labour Market Structure. (Lehtola 2018, modified by Nisula 2019)

Developing the customers' working skills and work experience brings added value to the customers as well as to the employers and municipalities. In the transitional labour work structure, simple work tasks are bundled and given to employees/temporary work force with less developed skills and training. They are not the most relevant duties for the employee completing them and do not need specific training, for instance in social service and health care. Hence, work time is freed for the skilled employees, and lower-skilled employees/temporary work force find employment.

Furthermore, in Finland private service providers can produce home and support services with exemption from value-added tax for customers who need social services, such as meal, clothing, cleaning or other services which advance their social interaction. (Verohallinto 2012.) Uurto has been accepted as a social service provider by the Regional State Administrative Agencies, and in procurement tendering the cooperative operates in the public market.

Through the actions mentioned above, solutions for the growing demand of temporary labour recruitment are offered. In Finland, temporary workers and disabled workers are entitled to earnings-related allowance for example from the trade union unemployment funds (Finnish social services). What is more, the employers are entitled to a pay subsidy as financial support to cover the employees' pay costs. Utilizing

the labour reserve and disrupting the rehabilitation cycle, skilled personnel and financial resources can be directed to use that is more deliberate.

CHALLENGES ENCOUNTERED AND IMPACT (INCLUDING SWOT ANALYSIS)

Challenges

The number of companies with the Finnish Social Enterprise mark has fluctuated in the past few years. Companies may not find a reason to apply for continuation if they do not find remarkable benefits from holding the mark. On the other hand, the mark can be withheld from the company or they can be removed from the register by the Association for Finnish Work, if the status concerning the social enterprise definition changes. (Harju-Myllyaho, Kohllechner-Autto & Nisula 2017, 29.) Presumably, there is a large number of companies which represent the features of social enterprises but have not applied for the Finnish Social Enterprise Mark.

In the future, the funding and pure will to enhance employment by the Finnish government and municipalities are requirements for the operating conditions of cooperatives such as Uurto. From a business perspective, strengthening social enterprises' position and equal opportunities to operate could be ensured through legislation. Legislation concerning work-integration social enterprises has been considered for revision; however, the initiative has been put on hold. (Nisula & Kohllechner-Autto 2018.)

In addition, small cooperatives like Uurto might face difficulties with marketing communication and visibility. The reason might be a lack of know-how and resources, and thus, cooperation in these areas with regional educational institutes, actors and with the Association of Finnish Work is in high demand.

The SWOT analysis below shows the cooperative Uurto's strengths, weaknesses, opportunities and threats as a social entrepreneurship in Lapland.

Table 5 SWOT-analysis Uurto cooperative

Strenght	Weaknesses
The cooperative supports entrepreneurship	Awareness of the Finnish Social Enterprise Mark
Improve employees' working skills and experience	Lacking communication competence and resources
Decrease a mismatching demand and supply in the labour market	Lack of Social enterprise legislation
More labour force available in public labour market	
Opportunities	Threats
Cooperation between Lapland provinces	Financial depletion
Diversification of municipality's public service sector	Unsure of future municipality, health care and social services reform
Social criteria in public procurements	

Impact

Working in the cooperative, the clients increase their working skills and obtain more working opportunities. Moreover, employers and municipalities obtain added value from knowledgeable and sufficient labour force. When the cycle of rehabilitation is prevented and matchmaking between labour market needs and employees conducted successfully, the labour market subsidy decreases, which has a positive regional economic impact.

In the context of regional economic impact, the impact could be verified by the increased number in employment or, on smaller scale, how many customers of Uurto are employed. At this point in time, as the cooperative has not finished its first accounting period, it cannot present any numbers yet. After a longer period, the measurement will be made by viewing the clients flow-through in the employment process and then the percentages can be given.

What is more, the transitional labour market structure also creates education and labour market implications, which again has direct and indirect social impact. On these terms, Uurto's operations produce vitality for the municipality of Kemijärvi by working as an employer, as well as by offering temporary agency workers for the companies in the Kemijärvi area. For the individual, the transitional labour market works as a good platform to receive part-time or full-time employment or to receive support from the cooperative when moving towards the public labour market. For instance, the cooperative can arrange training opportunities in parallel with the customers employment in the cooperative.

LESSONS LEARNT AND CONDITIONS FOR POTENTIAL REPLICABILITY

Lessons learnt

In the context of work rehabilitation, the work tasks should be divided into smaller repeatable portions. In the future, there is not only a growing need for professional job designers and employee broker services for clients, but also for structural changes in the public labour market for more sustainable employment.

According to a study conducted by The Association for Finnish Work, the responsibility in public and private procurements is increasingly leading company's and investors' decision-making, but still the use of social criteria is lacking in public procurement. When pursuing higher employment rates, social criteria should be considered in public procurements. Therefore, the municipalities should acquire local services or products and achieve social impacts on a local scale.

Conditions for potential replicability

Through cooperation among Lappish municipalities, the provincial transitional labour market structure could be developed. The transitional labour market structure is not only replicable in Finnish Lapland but also Finland-wide, even internationally in sparsely populated areas. Moving towards a more sustainable transitional labour market requires Finnish administration and municipalities' financial inputs and pure will to take actions to solve these social issues.

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LA EXCLUSIVA - Social logistics



SUMMARY

The social entrepreneurship “La Exclusiva”, based in Soria, is in charge of the home delivery of food and other products and services (procedures with public administrations, press, dry cleaning, catering, housing rehabilitation, legal services, etc.) in the most isolated and sparsely populated areas of the province of Soria and Burgos, through 6 routes, spread over 4 days, with a weekly frequency, serving a total clientele of more than 15.000 families in an innovative way. La Exclusiva negotiates with their suppliers so that the final cost of the product and/or service for the beneficiary is the same as if it were purchased in the capital city and it is the supplier who covers the cost of La Exclusiva’s service through a percentage of the total sales volume.

KEY FACTS

- The shop of the villages without a shop

La Exclusiva does not distribute to villages that already have a shop, since its objective is to bring food to villages that do not have them, although it does offer the supply of products and services to the shops themselves. Its slogan is “The shop of the villages without a shop”.

(La Exclusiva 2019b.)

- Suppliers

In order to cover the basic needs of the population that lives in these areas, and so that no additional cost incurs to the client, it is the supplier who assumes the cost of the

service that La Exclusiva invoices each supplier on a monthly basis (% of the total sales volume). In exchange, it offers the exclusivity of delivering the orders that the inhabitants need, to their establishment, and allows the businesses of the capital to enlarge their clientele.

(La Exclusiva 2019b.)

- Placing of orders

Purchases can be made in different ways: through the project website, hand-delivered to the deliverer, by phone, email or via WhatsApp.

The handwritten orders by customers - usually elderly people - are made on closed lists of products, with a section for the name and telephone at the top of the list.

The order management system is simple and it allows centralizing and organizing orders by route, town and customer. Subsequently, the received orders are grouped by supplier and sent to their respective offices so that they can prepare the order to be delivered to each customer.

Orders must be placed at least 24 hours in advance. Orders are paid at the time of delivery.

(La Exclusiva 2019a.)

- Logistics Organization in Soria

The service consists of 5 routes spread over 4 days covering the main points of the province and each route has an assigned day of the week (Figure 9):

Each route covers approximately 50 villages (200 km round trip) and serves a total of 5.000 families.

Each route is run on a specific weekday with a specific schedule. The deliveryman delivers each order to each home, drops the brochures in the mailbox placed in the village, and collects the orders that the interested people have left in the mailbox during the week.

Once the orders have been processed, an order form is sent to the different suppliers (via e-mail) indicating to them which day of the week each order corresponds to so that at 8 a.m. on the appointed day, the deliveryman picks up the goods at each supplier, and then delivers them to their respective customers at their homes.

(La Exclusiva 2019c.)

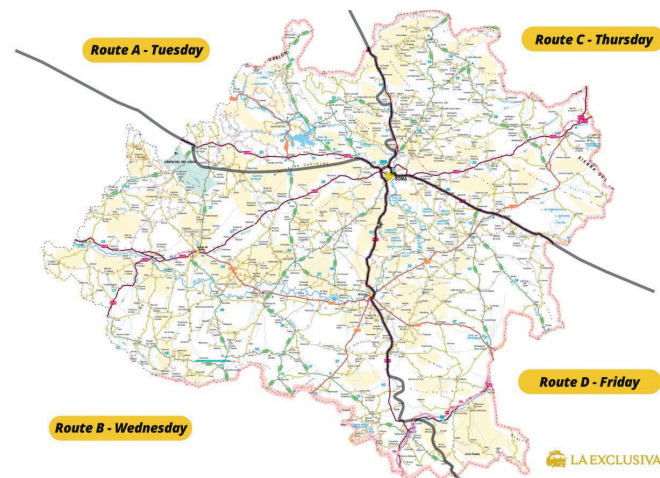


Figure 9 Routes of La Exclusiva (La Exclusiva 2019c)

OBJECTIVES

The general objective of La Exclusiva is to reverse the process of depopulation in the most depopulated rural areas through a service of delivery of supplies and services of the highest quality at home, in a sustainable manner, without an additional cost to the customer.

- Three-year indicators (2019-2022)

20.000 families have access to the La Exclusiva service on a weekly basis in Soria.

10.000 families have access to the La Exclusiva service on a weekly basis in Burgos.

1.000 regular customers use the La Exclusiva service every week in Soria.

1.000 regular customers use the La Exclusiva service every week in Burgos.

1.000 villages served

1 computer tool for the integral management of La Exclusiva

6 workers, 4 full-time, 1 part-time

100% of customers have improved their eating habits.

120 customers have decided to maintain and establish their residence in rural areas thanks to the service of La Exclusiva.

90% of La Exclusiva's clients have improved their sociability.

(Tortosa 2019.)

RATIONALE

In 1994 Hugo, one of the members of La Exclusiva, set up a company with two different lines of business: firstly, itinerant sale of meat, fish and fruit in the towns of the province of Soria and, secondly, retail sale through different establishments in Soria. This company was later joined by his partner, Victoria, with extensive experience in international development organizations.

Victoria and Hugo, after years of work and due to a combination of factors in which depopulation and the economic crisis had a fundamental weight, detected that sales had fallen in such a way that they could no longer maintain the fixed costs of their business. However, the customers were still there, with the same needs as before, but no longer covered.

From that moment, they began to devise a way to “reinvent” the business model, and that is when La Exclusiva came into being.

(Tortosa 2019.)

ACTIVITIES

The main activity of La Exclusiva is the delivery of supplies and services to the people that live in the most sparsely populated and isolated areas, in a sustainable way, without an additional cost to the client, and with the highest quality.

Products that La Exclusiva delivers in Soria:

- Food (perishable and non-perishable)
- Electronics
- Press
- Books
- Toys
- DIY supplies
- Gardening
- Dry cleaner's
- Textiles
- Pharmaceutical products
- Parapharmaceutical products
- Housing renovations
- Catering for people who cannot cook
- Electricity bill reading
- Adaptation of bathrooms for elderly people
- Legal Service

(La Exclusiva Logistica Social 2019a.)

CHALLENGES ENCOUNTERED AND IMPACT (INCLUDING SWOT ANALYSIS)

The challenge of La Exclusiva is to reduce depopulation in the province of Soria, covering the basic needs of its inhabitants without any additional cost through a social logistics system offered:

- Access to products and services of basic needs from the capital without any additional cost.
- Comfort and saving of time resulting from the collection and home delivery of orders.
- Security and improvement of the well-being of vulnerable groups such as the elderly.

(La Exclusiva Logística Social 2019b).

Table 6 SWOT-analysis of La Exclusiva social enterprise (Tortosa 2019)

Strengths	Weaknesses
<ul style="list-style-type: none"> • The need for service is pressing • Consolidated brand and media repercussion • Large and expanding customer base • Extensive experience in rural retailing and the social field • Innovative business model • Become part of the community of El Hueco • Board of directors of the company very strong after capital increase in 2016 	<ul style="list-style-type: none"> • Lack of knowledge in the management of a company • Going bankrupt before achieving sustainability • Not enough man power to reach all potential customers • Image is weakened by lack of a clear strategy
Opportunities	Threats
<ul style="list-style-type: none"> • New lines of business in agreement with town councils in other provinces • Implementation of new services. • Opportunity to link "La Exclusiva" to other rural development activities like mobility and transportation. 	<ul style="list-style-type: none"> • Refusal of the supplier to continue working with La Exclusiva • Distrust on the part of potential customers • Disappearance of potential clients due to abandonment of the village or death • No support from the competent authorities

LESSONS LEARNT AND CONDITIONS FOR POTENTIAL REPLICABILITY

La Exclusiva itself is a pilot project that has been successful both economically and socially as it has managed to retain population in sparsely and isolated areas in the province of Soria, and even attract people to rural areas.

With the aim that no person, regardless of the village where they live, is forced to leave their home due to the lack of basic services in the rural environment, La Exclusiva has designed an operational plan for its replication in different provinces.

Operational plan for replication by province:

1. Contact with administrations, local associations and stakeholders: Municipalities, Regional councils, Local Action Groups, Comprehensive Emergency Assistance System of Social Services, and Mayors, through an explanatory mail of the company and next opening its headquarters there.
 2. Search for an organization linked to the territory or a coworking centre that will become the office headquarters of La Exclusiva. In order to set up La Exclusiva in new provinces, it is necessary to establish alliances with organizations, companies and/or public entities expert in rural development and closely linked to the territory that can help us to get to know in depth the villages where the service will be offered.
 3. Look for a supplier that guarantees the same conditions as La Exclusiva in Soria, that is to say, that assumes the cost of the service.
 4. Request leasing/purchase and equipping a van.
 5. Informative talk in the places where La Exclusiva is planning to attend on what is their vision/mission, objective and its activity. Furthermore, start searching for a possible supplier and commercially prioritizing customers living or closely linked to the rural environment.
 6. Hiring of workers and a one-week intensive training both on distribution and on how La Exclusiva works.
 7. With the aim of reaching the widest possible diffusion, the day before the start of the service, a press conference will be organized to make visible the activity and the first route organized.
 8. Expansion of routes and services according to the needs of each route.
- (Tortosa 2019.)

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Social innovation

Innovation often lies at the heart of organizations seeking to find business solutions for social problems (Mulgan 2006). Social innovation occurs when different ways of thinking are established through new ideas, which lead to more current advancement on known problems catalysing institutional changes to accepted norms (Bessant & Tidd 2007).

In this chapter, four good practices examples of social innovations are examined.

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The civil society organisation Naša Sobota – a regional initiative with national impact

SUMMARY

One characteristic of less-developed areas in Slovakia is a lower degree of initiative. This is due to the economic situation in the region and the resulting emigration of the most active people, as well as the scepticism of the population and passive expectation that a solution will come from above. In order to revitalise these regions, it is necessary to emphasise the development activities of the State (or county) along with local initiatives based on local human and material resources. The idea behind the initiative in question is to give certain lagging regions preferential treatment (mainly in the economic sense). This method has already been employed in certain states in Europe and around the world; this is, however, the first case of using such an approach in Slovakia. The bold idea of the civil society organisation Naša Sobota and the subsequent Act on the least-developed districts is proof that powerful local initiatives may bring about changes also at the national level. The civil society organisation Naša Sobota was established in 2013 in Rimavská Sobota, i.e. in a district with a consistently high unemployment rate and many socio-economic problems including that of depopulation. Regional development and improvement of life in the region has since the start been the main objective of the association. Its members realised that without making improvements in the local economy, depopulation and overall decline would continue.

SITUATION OVERVIEW, KEY DATA

The Naša Sobota civil society organisation was established in 2013 in Rimavská Sobota—in a district that consistently has the highest unemployment rate and numerous socio-economic problems. The district lies in the southern part of Central Slovakia and has a population of more than 84.000 inhabitants. A typical feature of this region is its fragmented urban structure. There are three cities and 104 other municipalities in the district, two thirds of which have a population of fewer than 500 inhabitants.

Following the political system change that took place in 1989, there have been significant changes in the district's economic structure. The agricultural region with strong food processing capacities was greatly affected by the transition to a market

economy. The decline of agriculture (along with the subsequent modernisation and use of high-performance technology) resulted in high unemployment, especially among citizens with low levels of education. The gradual closure of industrial establishments during and after privatisation further exacerbated the situation. The socio-economic situation causes a long-term decline in population numbers. The district of Rimavská Sobota currently still holds the highest unemployment rate, hovering over 16%. It should be mentioned that the drop in the unemployment rate from over 30% is due to the emigration of citizens for work to other regions and countries as well as to the administrative changes in the registration of the unemployed. The district is currently struggling with a conflicting situation because there is a relatively high unemployment rate as well as a lack of skilled manpower (caused by very low qualification and education levels of the available unemployed).

GOALS AND ACTIVITIES

Regional development and improvement of life in the region has since the start been the strategic objective of the civil society organisation Naša Sobota. Its members realised that without making improvements in the local economy and the infrastructure development of the region (especially accessibility to the highway network), depopulation and overall decline would continue.

However, internal resources that could help launch the development are very limited precisely in the least-developed regions. The region had a weak purchasing power, inadequate infrastructure conditions and its regional development activities at a municipal level within the region were implemented in a non-conceptual and uncoordinated way (often in isolation). Thorough considerations of the association's working group led to their request for the State to give preferential treatment to the least-developed regions. The goal was to create such conditions that would help make the district worth investing in, developing businesses in, being employed in and ideally even returning to.

1. Creation of a public request

During 2015, the association's representatives managed to arrange a work meeting with Peter Kažimír, Slovak Minister of Finance, during which a specific proposal for preferential treatment of the district was introduced. The plan included a proposal to reduce the corporate income tax or reduce employers' tax and employment costs only in those geographical areas of Slovakia with the highest unemployment. Its goal was to create conditions where the employers' expenses are reduced and the employees' net salary increases. This should be beneficial for the further development of companies and strengthening of the citizens' purchasing power, which would, in turn, contribute to the strengthening of the local companies. It would also make the region more appealing to investors from other regions or from abroad. (Bárdošová 2019.)

The submitters of this proposal realised that putting this idea (a very innovative one by Slovak standards) into practice would require wider support, including support of the local government and other investors from the wider region. In June 2015, they arranged a meeting in Tornaľa, in cooperation with that town, under the name “3R – *riadený rozvoj regiónov*” [managed regional development]. The meeting was attended by more than 130 representatives of towns and municipalities, non-profits, ecclesiastical organisations, and business persons from the Rimavská Sobota, Revúca, and Rožňava districts. Attendees signed a memorandum under which they sought the following for the regions with the highest unemployment:

- tax and employment cost relief for businesses
- preferential treatment in respect of public and private investments
- construction of road and local infrastructure
- support of employment
- placement of public institutions and other forms of incentive to attract investments into these regions, and incentive to provide employment and to take up employment (Bárdošová 2019).

The initial reaction of the Ministry of Finance was surprisingly positive, at least in terms of the philosophy of preferential treatment. Over the following weeks, meetings took place with specialists from the Ministry of Finance. Although the idea of “regional tax havens” was rejected, the other aspects sought by the signatories of the memorandum found support.

2. Act on the support of the least-developed districts is born

This entire process and the initiative of the civil society organisation Naša Sobota resulted in Act No. 336/2015 on the support of the least-developed districts (LDD) adopted on 11 November 2015. In addition to defining LDDs, the Act also determines a new support mechanism of these districts consisting in Action Plans and the way these are financed through regional contribution (financial resources allocated from the state budget). (Act No. 336/2015, 2015.)

The original wording of the Act defines the term least-developed district as follows:

- a district in which the registered unemployment rate, calculated on the basis of the number of available jobseekers reported by the Office of Labour, Social Affairs and Family, was during the period from 1 October 2012 to 30 September 2015 1,6 times above the national average in at least 9 of 12 consecutive quarters in the Slovak Republic over the same period.

At the time the Act was adopted, 12 districts corresponded to this definition: Kežmarok, Lučenec, Poltár, Revúca, Rimavská Sobota, Rožňava, Sabinov, Sobrance, Svidník, Trebišov, Veľký Krtíš, and Vranov nad Topľou.

By amending the Act from 30 January 2018, the average registered unemployment rate coefficient was reduced to 1,5 times. Due to the gradual reduction of average un-

employment rate in Slovakia and the reduction of the coefficient, eight new districts were added to the list of the least-developed districts by 31 December 2018: Bardejov, Gelnica, Košice-surroundings, Levoča, Medzilaborce, Michalovce, Snina, and Stropkov.

3. Creation of Action Plans

Immediately after the adoption of the Act, the creation of the first Action Plans for the support of the districts in question was underway. Methodological and expert assistance was provided by a team of experts of the newly appointed Slovak Government Plenipotentiary for the support of the least-developed districts, Anton Marcinčin. The Action Plan of Rimavská Sobota district was among the first ones created. A wider working group of local governments' representatives, entrepreneurs, third sector and experts in various areas concerned took part in its creation. The representatives of the civil society organisation Naša Sobota also actively participated in the group's efforts.

Action Plans are defined under the law as a binding document approved by the Slovak Government aimed at removing the lagging in the least-developed district. They are based on core documents promoting regional development, other documents, and recommendations of the Council for the development of the least developed district. (Act No. 336/2015, 2015.)

Action Plans contain an analysis of the economic, social and environmental status of the least-developed district, proposals on priorities and more specific measures to improve the situation, as well as recommendations and tasks addressed to the central government. They also include a proposal for the funding of activities, whether through European Structural and Investment Funds, national and local resources or regional contribution—a new financial instrument. The structure and philosophy of Action Plans are similar to Plans of economic and social development of local governments but at the district level.

The regional contribution is a financial contribution allocated from the state budget in accordance with the Action Plan. It is interesting to note that the initial decision to use it is born directly in the district (similarly to the LEADER programme). The regional contribution allocated to Rimavská Sobota amounted to EUR 6,355 million. (Act No. 336/2015, 2015)

PROBLEMS/CHALLENGES AND IMPACT OF THE ACTIVITIES

The idea of preferential treatment of the lagging districts and the Act on the support of the LDDs brought about several positive changes to the least-developed districts. These include:

- creation of an instrument for planning and implementing development activities directly in the region – the creation of Action Plans and provision of regional contribution for direct funding of key projects;

- amendment to the Investment Aid Act which lowered the eligibility threshold for investment aid from the initial minimum investment in the industrial production in the amount of EUR 3 million to EUR 200 thousand when investing in the least-developed district;
- preferential treatment of applicants from the LDDs when applying for a non-repayable financial aid from European Structural and Investment Funds (whether in the form of point advantage or in the form of particular calls for LDDs);
- increased funding for national projects of the Office of Labour, Social Affairs and Family in the affected districts;
- launching debate on social entrepreneurship and the subsequent adoption of the law on social economy and social entrepreneurship;
- renewed debates on the importance of coordinated regional development efforts, the reasons for lagging of certain regions and the importance of evening out of regional disparities.

During the implementation process, several issues of the newly introduced system arose:

- frequent changes of the LDD programme “guarantor” resulted in a later start of the programme implementation and in delays in the further implementation. Originally, the programme was in the hands of the Ministry of Transport and Construction of the Slovak Republic; on 1 January 2017 the programme was taken over by the Government Office of the Slovak Republic and as of 1 January 2019 the authority responsible for the programme has been the Deputy Prime Minister’s Office for Investments and Informatisation of the Slovak Republic.
- conditions for obtaining state aid for projects involving economic activities are relatively restrictive. This problem also applies to projects of municipal and social companies.
- the regional contribution provided by the district is lower than was estimated during the creation of Action Plans. A majority of development activities mentioned in Action Plans relies on receiving funding from European Structural and Investment Funds, which makes planning and timely implementation of the measures proposed in Action Plans more difficult.
- in many cases, the projects financed from regional contribution are only indirectly related to the main objective of Action Plans: the creation of jobs.

LESSONS LEARNED FROM THE EXAMPLE AND POTENTIAL FOR A REPLICATION

Despite the fact that the final outcome of the original initiative of the members of the civil society organisation Naša Sobota differed from the original idea, the exerted effort was of no small significance. An initiative proposed by a civil society organisation from a small district capital turned into an Act with a scope that far exceeded the original expectations.

It presents a positive example of focusing mainly on the importance of a continual bottom-up approach to the development of initiatives and employment of the widest possible range of local participants. It demonstrates that instead of passively waiting for the government to deal with the problems, it is more worthwhile to approach government officials with specific requests and proposals for addressing the problems in the region. The replicability potential of this example lies in the above-described way of solving problems in the region.

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Reversing the trend – How to support outsiders in settling down in SPAs: Comeback Elbe-Elster

SUMMARY

“Comeback Elbe-Elster” (CEE) aims at motivating and supporting returnees, newcomers, commuters and/or job changers to move to their (home) region in Brandenburg’s Elbe-Elster area. CEE provides consultation for returnees, markets regional products and offers co-working. The agency brings together different players in a new concept for the region and, thus, helps reversing the depopulation trend, which hurt the region since the fall of the Berlin Wall in 1989.

KEY FACTS

The objective of “Comeback Elbe-Elster” is to curb the demographic change in the countryside of the Elbe-Elster region, an economically weak area in southern Brandenburg on the border with Saxony. The initiative aims at better marketing and campaigning for the economic and social potential of the region. CEE pursues this goal through the provision of bespoke consulting services to prospective returnees or newcomers as well as via further marketing and outreach campaigns and services.

- Region: Elbe-Elster, Brandenburg
- Managing organisation: Willkommensagentur “Comeback Elbe-Elster“
- Website: www.comeback-ee.de
- Awards: Neulandgewinner – Zukunft erfinden vor Ort (2019), Ernst-Engelbert-Greve-Preis (2017)

In the aftermath of the collapse of the Berlin Wall in 1989, rampant unemployment and lower development opportunities for individuals and entire families hit the regions of the former GDR. In the decades that followed, a total of 4 million people left those regions for the so-called *Old Bundesländer* in West Germany (Frankfurter Rundschau 2018). Brandenburg alone lost an estimated 800.000 inhabitants due to the unprecedented economic collapse of most of its industries. While the trend slowly started to reverse during the mid of the noughties (in 2017, Brandenburg witnessed a

net of 2000 people moving (back) to the region), to this date some regions, such as the Elbe-Elster region, still suffer from the repercussions of this massive outflow of both jobs and people. In the meantime, however, the labour market has settled down in the region and in all of Brandenburg following a positive macro-economic trend. By now, industries in Brandenburg are missing ca. 75.000 skilled workers, which helps to attract qualified workers to the region. According to the welcoming agency CEE, besides decent job opportunities, however, further drivers for individuals and families to move to the region are “a good school, a good daycare, good leisure facilities” (Deutschlandfunk 2018). As a consequence, the agency’s tasks include to help those persons who are interested in moving to the region with finding the right living environment (such as homes, schools and daycare) for each client. CEE consults returnees and/or newcomers on their options in the region and supports them in all aspects relevant to settling down. Support is provided free of charge from the first discussions about moving to the region to the start in the client’s new home. With in-depth experience, regional knowledge and an extensive network of local actors and institutions, CEE functions as a broker to local contacts and other key actors for their clients (Comeback Elbe-Elster 2019).

RATIONALE

Social networks and a positive living environment are important for any family or individual to settle-down. This is particularly true for rural areas which often lack some of the convenient urban infrastructure. Thus, besides job opportunities, issues such as proximity to the family, the personal environment and care or support of relatives are among the key reasons for people to move to rural and peripheral areas (Berliner Zeitung 2019).

While statistical evidence is yet to demonstrate the exact role welcoming agencies like CEE play in the decision-making process of returnees and/or newcomers to rural areas like the Elbe-Elster region, experts regard regional and municipal initiatives as an effective way forward as they, too, appear to work better than a one-time return premium.

Similarly, returnees bring a lot of input to regions as well: novel ideas, concepts from outside, and innovation. They bring children and family life, engage in clubs and communities and may, thus, help rejuvenate municipalities.

OBJECTIVE

The objective of “Comeback Elbe-Elster” is to counteract further population decline in its region, in particular in rural areas. The project aims at highlighting the advantages of its region through outreach activities and bespoke consulting services as well

as further offers such as co-working and a shop selling regional products (Comeback Elbe-Elster 2019).

CHALLENGES ENCOUNTERED AND IMPACT

Challenges encountered

As with many such initiatives, CEE relies on a significant amount of voluntary engagement and lacks a business model to finance its activities directly through the provision of its services—it seems unlikely that potential movers will be ready to pay consultancy fees to a welcoming agency such as CEE. Quite the contrary, such services should be kept as accessible as possible to attract interested returnees and/or newcomers to the region. Against this background, CEE was started as an initiative in 2012 based on the voluntary efforts of its founders. In 2016 this work resulted in the opening of a pop-up store in Finsterwalde, and with the aid of public funding, to help newcomers in their efforts to move to the region. Since 2017, the project received continuous financial support from the Federal State of Brandenburg providing CEE with an annual EUR 230.000 in public funding for its promotion activities and campaigns. Public funding, it turned out, is crucial to offset the lacking business model of the project. However, public entities, but also the private sector (see *Impact*), have a vested interest in the services provided through projects like CEE and have, therefore, an incentive to provide additional state support (Comeback Elbe-Elster 2019).

Table 7: SWOT Analysis of Comeback Elbe-Elster

<p>Strengths</p> <ul style="list-style-type: none"> • Strong network to private sector and relevant support and service providers; • Political commitment and support; • Established concept and brand; • Engaged and qualified staff. 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Lack of a self-sustaining business model.
<p>Opportunities</p> <ul style="list-style-type: none"> • Strong attention for the issue of rural development and media coverage for the project. • Positive demographic trend as more and more people are willing to move (back) to Brandenburg. 	<p>Threats</p> <ul style="list-style-type: none"> • Worsening macro-economic situation may hamper quality and number of jobs available to potential returnees and newcomers. • Worsening public infrastructure and finances as well as services provided to families and individuals due to increasing financial pressures on municipalities in rural Brandenburg.

Impact

Of the estimated 400 consultations with individuals interested in moving to the Elbe-Elster region, an estimated 100 persons have eventually decided to move (back) to southern Brandenburg (Berliner Zeitung 2018). Besides this benefit for municipalities and the entire region, the upsides for returnees are manifold: In addition to their emotional connection to the respective region, moving to a rural area usually means significantly lower living costs and higher disposable income. Another advantage for many families moving back to their home region is the closeness to their social (support) networks (i.e. families and friends).

By now, the success of CEE and other returnee initiatives has led the private sector in Brandenburg's Prignitz region to start their own returnee project in order to attract and support skilled workers from outside to their region, which is among the most peripheral and economically deprived areas of all of Brandenburg.

Not every return is successful, however. Some fail in their attempts to move back to the countryside. The reasons for this are many: Some had become used to a different lifestyle and were not able to reconcile both the new and old lifestyle. Similarly, there are many things still missing such as a dense medical service network or cultural activities (Berliner Zeitung 2018).

In addition, a survey found that of those who ultimately decided to move to rural Brandenburg, ca. one third has become voluntarily engaged in their new communities. According to the survey, 90 percent of the interviewed 247 returnees to three cities in Brandenburg have not regretted their decision to move to the region (MOZ.de 2019).

LESSONS LEARNT AND CONDITIONS FOR POTENTIAL REPLICABILITY

Lessons learnt

- CEE mostly promotes its activities through social media channels, which provide a successful avenue for the project to attract clients;
- Good access to the regional private sector and both public and private services providers is key to deliver a high-quality and useful consulting process to CEE's clients.

Replicability

By now, Welcoming Centres such as CEE have spread not only in Brandenburg (there are now 13 Welcoming Agencies in Brandenburg), but throughout all of Germany (Berliner Zeitung 2019). Thus, the concept can be regarded as a successful social in-

novation, particularly useful for sparsely populated areas which often need such advocacy and consulting agents.

Activities

Hundreds of consultations have been conducted by “Comeback Elbe-Elster”. In doing so, the agency helps with the search for work and housing, arranging day care and school, etc. Meanwhile, CEE also serves as the headquarters for the umbrella network for all returnee initiatives in Brandenburg “Arriving in Brandenburg” (Ankommen in Brandenburg). In addition, CEE sells and promotes locally produced goods in its store and, thus, helps local manufacturers to broaden their sales network. The store also functions as a venue and a central information, exchange and contact point for interested persons. CEE, too, organises so-called “Return Days” to attract skilled workers to their region of origin.

Comeback Elbe-Elster is expanding its presence beyond Finsterwalde: During the “Comeback on Tour” in 2018 CEE visited selected regional events in order to get in contact with potential returnees and newcomers (Comeback Elbe-Elster 2019).

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Social innovation through public procurement

SUMMARY

Public procurement provides great potential for advancing regional employment and social goals, not only in sparsely populated areas. In Lapland, a handful of municipalities have rethought their public procurement procedures, in order to provide local providers with the chance to widen their market and the local population with improved employment prospects. In the long run, successful sustainable public procurement procedures might lead to an increase in the attractiveness of a municipality and encourage inhabitants to stay or even attract newcomers to the area. In this article, we discuss the public procurement processes of two Lappish municipalities: Kittilä and Sodankylä.

KEY FACTS

Kittilä and Sodankylä are two municipalities located in Lapland. The neighbouring municipalities share a similar economic structure, with tourism and mining as important industries. Another common feature between the two municipalities is their sparse population, in Sodankylä only 0.72 inhabitants live per square kilometre, while in Kittilä population density is slightly higher with 0.8 inhabitants per square kilometre. Figure 10 shows the geographic location of Kittilä and Sodankylä in Lapland in relation to Rovaniemi.

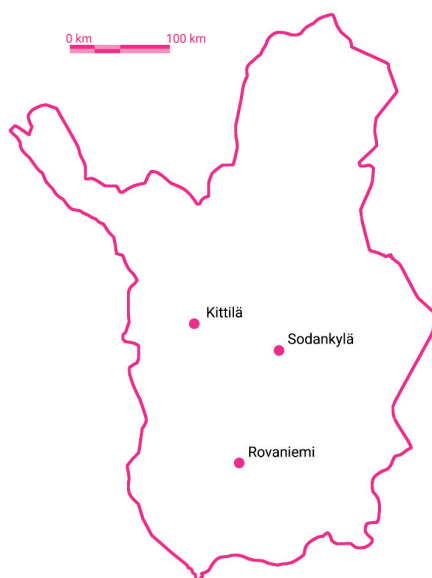


Figure 10 Map of Lapland (Nisula 2019)

A new public procurement approach was developed for the municipality of Kittilä in the frame of the ERDF-funded *Kestävät hankinnat elinvoimaisuuden lisääjänä* project (Sustainable procurement as enhancer of vitality). The project resulted in producing a procurement strategy as well as procurement guidelines for the municipalities of Kittilä and Sodankylä. The procurement guidelines aim at facilitating the work of municipal employees in charge of procurement, while providing them with a structure to take into account also sustainable procurement criteria, such as ecological and social criteria, in addition to price and quality. (Kideve 2018.)

In the municipality of Sodankylä, one example of sustainable procurement processes is their implementation in the frame of the municipality's central kitchen since 2015. Leaving the inter-municipal procurement ring in 2015 has led to a share of 30 % of regionally sourced raw material. Due to the municipal board's decision of focusing on regionally produced ingredients for their central kitchen, also the central kitchen's new building was designed accordingly. While regionally produced raw material might be pricier than non-regionally produced, the municipality managed to save on staff cost through optimizing their food preparation procedures e.g. cooking food only Monday to Friday, hence saving on costly Sunday allowances. In addition, the decision to work on food production only from Monday to Friday from 8 am to 4 pm frees the kitchen staff from working on weekends and the challenges this might bring with concerning childcare and family life. (Ahola 2019.)

OBJECTIVES

The objectives of the municipalities' procurement strategy are seven-fold and concern the following topics: quality of products and services, promoting entrepreneurship and supporting the business sector, creating a favourable picture of the municipality as procurer, knowledge and use of procurement resources, flexible and sensible procurement activities, attention to quality, sustainable development and regionality as well as monitoring of procurement objectives.

1. Quality of products and services: The goal of procurement is to obtain an appropriate and high-quality product or service at a cost-effective price. The end user is always taken into account in municipal procurement. Acquisitions support good services for local residents.
2. Promoting entrepreneurship and supporting the business sector: Procurement is carried out in an open, fair, non-discriminatory and proportionate manner. Procurement creates favourable conditions for the business sector and the creation of new jobs. The aim is to organize the procurement processes so that product categories and entity sizes are suitable for providing small and medium sized businesses access to the bidding process. Transparency at the various stages of the procurement process ensures fair participation and the right price level. The quality of the products and services to be procured is ensured by active market monitoring and dialogue with suppliers. Suppliers familiarize themselves with the region's product and service offering and maintain their knowledge on a regular basis. Procurements are subject to regular and reasonable tendering for the nature and size of the procurement. Future competitions will be announced in advance to the tenderers.
3. The municipality as procurer – creating a favourable picture: Procurement is carried out in a planned and coordinated manner. The municipality is a reliable partner for suppliers. This means clarity in market surveys, competitions, orders, payments and communications. Good purchasing practices require constant renewal and good operating models. Suppliers are encouraged to design and implement new ways of acquiring.
4. Knowledge and use of contracting resources: The municipality improves procurement expertise, contract know-how and procurement management. Consistent and harmonized guidelines are used in procurement. Procurement information is stored systematically and in a consistent manner so that procurement can be managed and monitored. The municipality organizes and funds the procurement activity sensibly and invests in maintaining and improving the procurement know-how. A procurement contact person is appointed for each department. The roles and responsibilities of key actors involved in procurement are defined. Suppliers are given the opportunity to develop in procurement.

5. Flexible and sensible procurement activities: Acquisitions are carried out when appropriate. Small and easy purchases are made time-efficiently, but without discrimination. Purchasing expertise is focused on essential and challenging acquisitions. Efforts are made to make purchases systematically and without haste. Enough time is used in the procurement processes and this is appreciated. Joint procurement is used with other municipalities, when individual procurement does not create added value for the municipality.
6. Attention to quality, sustainable development and regionality: The goal is to promote the vitality of the whole region i.e. Lapland, in addition to that of the municipality. Working together strengthens our position nationally and internationally. In terms of procurement, the possibility of taking into account the perspectives of quality and sustainable development will be examined on the basis of calls for tenders. Economic sustainability is only one aspect of sustainability, and the municipality takes also ecological and social impacts into account. When looking at the economic criteria, attention is also paid to life-cycle costs and not just to the purchase price.
7. Monitoring of procurement objectives: Monitoring of procurement is carried out as part of budget monitoring and reporting. The municipality extends the deployment of electronic systems to support the implementation of competitive tendering and monitoring. Systems reduce process costs and risks, but primarily secure real-time monitoring.

(Municipality of Kittilä 2018)

The objectives of Sodankylä central kitchen's procurement strategy are as follows:

- Increase use of local ingredients in central kitchen to at least 30 % (achieved in 2017);
- Create new business opportunities and employment;
- Social dimension of local produce.

(Ahola 2019.)

RATIONALE

Every year, 35 billion euroe are spent on public procurement in Finland. Such a sum of money could make a big impact on the vitality and sustainability of the local economy. The Finnish procurement law provides the necessary opportunities to implement local and sustainable procurement. (Ehta Raha 2017.) However, at least in Finland, sustainable procurement criteria are not the norm yet in every municipality.

In Lapland, the municipalities of Sodankylä and Kittilä are among the forerunners in re-designing their public procurement processes providing an example of social innovation in sparsely populated areas.

ACTIVITIES

Both municipalities have only redesigned their procurement processes in recent years. In Sodankylä, one concrete example of the sustainable procurement process is the building of the new central kitchen in 2014, combining the previous four into one. When designing and building the kitchen and its individual work stations, the changing requirements of food preparation based on the procurement of regionally produced ingredients was taken into account. An example of this is the modified atmosphere packaging machine which allows for meals to be produced up to six days in advance. In further steps, the municipality left the inter-municipal procurement ring, which allowed for the splitting of procurement categories into smaller sub-categories. This enabled regional producers to take part in the tendering process, as both product categories and product quantities were more suitable to offer. In addition, also the contract period for procurements was revised. The municipality of Sodankylä piloted a new contracting period of one year fixed procurement plus two optional years, as this allowed for a speedier changing process, should the current supplier not meet all necessary requirements. After all, establishing a new procurement process within a single municipality was and still is learning in progress. (Ahola 2019.)

In Kittilä, work on the procurement strategy started in 2016 in the frame of the ERDF-funded *Kestävät hankinnat elinvoimaisuuden lisääjänä* project. The project developed a strategy for sustainable procurement for the Kittilä municipality as well as procurement guidelines for the staff in charge of procurement. In the frame of the project, seminars and workshops for procurement staff were organized as well as information events for regional businesses. (KIDEVE 2018.)

CHALLENGES ENCOUNTERED AND IMPACT (INCLUDING SWOT ANALYSIS)

Both municipalities discussed in this article encountered challenges in the set-up of their sustainable procurement processes. One of the main challenges in the municipalities was to convince the procurement staff that different criteria can be chosen in the procurement process in addition to price. Many working in procurement in small municipalities have not received appropriate training for this task and are taking care of procurement processes in addition to other tasks. Hence, they are apprehensive in trying out new criteria, fearing legal repercussions, should the procurement process be faulted. (Kaunismaa 2019.)

In Sodankylä, one of the challenges encountered in the beginning was a lack of regional providers, e.g. for meat products. Nevertheless, this was turned into an opportunity for local businesses, as is discussed in the next section 'Impact'. Also, the absence of a Lappish creamery provides a challenge for sustainable regional procure-

ment, as dairy products cannot be sourced regionally. In case dairy was sourced regionally, the share of regionally produced ingredients in the Sodankylä central kitchen would rise to 60 %. (Ahola 2019.)

Impact

So far, no impact measurement has been implemented in the case of Kittilä, as the new procurement has only been in place since March 2018. In Sodankylä, however, concrete impacts have already been observed in the frame of the central kitchen’s procurement. In the wake of the newly implemented procurement procedures in Sodankylä, a fishing cooperative was founded in Kemijärvi, providing the central kitchen with whitebait. In order to guarantee the supply of regional meat products and cuts, the ‘Meän liha’ slaughter house and meat processing plant was founded. Meän liha is located in the Lappish village of Loue, part of the Tervola municipality, and it provides the central kitchen with meat products and cuts. Nowadays, Meän liha not only supplies the Sodankylä central kitchen with its products but is a successful enterprise on the market. Recently, Meän liha and the central kitchen have embarked upon joint product development, and as a result have developed a line of artisan sausages. (Ahola 2019.)

What is more, the financial impact of regionally produced ingredients in the public procurement process of Sodankylä has been measured. It has been calculated that 70 000 euros spent on local produce translated into the creation of 0.8-1.5 person-years. (Ahola 2019.)

Table 8 represents strengths, weaknesses, threats and opportunities of the sustainable procurement processes in Kittilä and Sodankylä.

Table 8 SWOT analysis of sustainable procurement processes in Kittilä and Sodankylä

Strengths	Weaknesses
<ul style="list-style-type: none"> • Money used in procurement stays in the region • Support for local business • Support for employment 	<ul style="list-style-type: none"> • Inefficient procurement process if staff is untrained • Untrained staff fears new procurement procedures, which in case of failure might lead to challenges at the market court
Opportunities	Threats
<ul style="list-style-type: none"> • Developing and refining the procurement process • Market dialogue • Impact measurement • Opportunities for local business 	<ul style="list-style-type: none"> • Business threats from behalf of bigger companies

LESSONS LEARNT AND CONDITIONS FOR POTENTIAL REPLICABILITY

Lessons learnt

Designing and implementing a sustainable procurement process is dependent on the steadfast commitment of the municipality's decision makers.

Furthermore, it is crucial to be aware of supply and demand in the field, as to know how to design the tendering process, so that regional SMEs have the capabilities to participate. Hence, the implementation of market dialogue in the public procurement process is of great importance and of great help, for both the supply and the demand side.

Another crucial element in succeeding in launching and implementing a sustainable procurement process is the training of and dialogue with procurement staff. As procurement is mostly 'just another task' on municipalities' staff's daily schedule, many face it with trepidation, fearing ending up at the Market Court. Hence, any proposed changes to the procurement process should be communicated openly and timely to the right staff and their knowledge should be taken into account when designing new processes.

Potential replicability

The model of local and sustainable procurement employed in Sodankylä and Kittilä have high potential for replicability. Finnish public procurement laws provide the legal frame and possibilities for the implementation of similar schemes in other municipalities of Finland. Apart from the legal framework, it is the serious intent of the municipalities' decision makers that is needed to make the necessary changes.

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COOPERACTIVAS. A network of active people in social economy.



SUMMARY

COOPERACTIVAS is an association that aims to create a point of contact and a forum for active participation, within the framework of social statutes, in which people who participate can make themselves known and can contact each other for mutual benefit: entrepreneurs, companies, professionals, associations and public bodies that cooperate actively to incubate, connect, grow, promote and consolidate economic activities within the principles and values of the social economy and territorial development.

It aims to serve as a melting pot of ideas through proposals in the forums, leading to shared projects. The basis of the project is to generate a critical mass to create a network of mutual aid that serves as support for existing entities and as a starting point for new ones (win-win).

Within the association network it will be possible to exchange information and services between and for different groups, as well:

- **To the general public:** Punctual and truthful information and concepts, which are currently scattered around the principles and values of the social economy. Practical realities to be able to express an opinion and participate with the ultimate aim of socially enriching the person in the association.
- **To the entrepreneurs:** Guidance and contacts for the implementation and development of an idea. Information and knowledge of other experiences that allow them to inter-cooperate and enter into relation with the business reality and with the pillars of the social economy. Search for financing of ideas and projects. To give support to start up a business with greater guarantees, breaking this feeling of initial loneliness (to be part of a network). We emphasize the figure of the rural entrepreneurial woman, from the values of

the social and solidarity economy, since we understand that precisely because of its rurality, the need to be part of a network is bigger.

- **To companies and professionals:** Visibility for sales and positioning of products or services. Attraction of potential clients. Contacts with experts in management and social economy. Access to promotions and discounts with suppliers. Development of business inter-cooperation. Search for funding.
- **Associations, collectives, public bodies, researchers, academics and teachers:** Visibility of what they are and what they do for society, giving them the opportunity to successfully promote their projects and create work synergies. Technical support. Feasibility studies. Search for funding. Cooperating through its associates aims to provide visibility and support to social projects, entrepreneurs, social economy companies both, in its creation and in the sustainability and consolidation.

(Martín & Ramón 2019.)

KEY FACTS

It is an Association supported in an on-line platform which is built from the active participation in search of the common good of:

1. **Citizenship in general** with an interest in knowing or making known other realities around economic activity that allows them to channel concerns about responsible consumption and support initiatives or movements that defend the values of sustainable wealth generation.
2. **Entrepreneurs** who wish to create companies by generating a positive social, environmental and cultural impact.
3. **Companies and professionals** seeking to generate new business opportunities through innovation and the development of companies based on social responsibility.
4. **Associations, collectives, public bodies, academics, researchers, educators** who work in defense of a social fabric linked to the economic dynamisation of a sector or territory from different perspectives such as the labour insertion of certain collectives, local development, fair trade, food sovereignty, environment, interest in the community.

(Martín & Ramón 2019.)

OBJECTIVES

1. People and values of the social economy

People are COOPERATIVAS source of inspiration; they are the ones who develop values and principles. People are the key, and today greater doses of creativity are

needed, as well as ideas to generate the capacity for innovation that surprises, excites, and energizes society.

The creation of the social network COOPERACTIVAS is inspired by the values that seek to develop economic activities towards the collective interest of its members and society in general. It is inspired by mutual help, self-responsibility, democracy, equality, equity, and solidarity.

COOPERACTIVAS defends the value of work over the value of capital, democratic management within the company and society, and participation under parameters of equality and equity.

(Martín & Ramón 2019.)

2. The Social Economy as a historical reference of Social Responsibility

For COOPERACTIVAS the term *social responsibility* has always existed in the DNA of what we understand by *social economy* entities, through their way of managing themselves, of relating with people, with other entities.

It is therefore essential that both the third sector and *Social Economy* companies make themselves felt, seen and heard, as they are the true references of this concept.

(Martín & Ramón 2019.)

3. Social Innovation

Seeking to manufacture, produce, provide services responsibly or with sustainable distinction and under a collaborative approach, leads to entities that develop economic activity to enter into another dynamic in terms of customers and suppliers. They lead us to a different culture, which leads not only to innovation in the product or service, but necessarily to new market opportunities.

Innovation must not only be seen in terms of what we do, how we do it or produce it, but also in terms of how we understand relationships and business. This means internal changes in people and organizations about how they deal with others and how they deliver services. It leads us to introduce ethics in the management of business and to raise the customer not only as someone to satisfy or loyalty, but as a collaborator in our project.

(Martín & Ramón 2019.)

4. Sustainable development and search for balance

Progress and growth cannot be achieved by losing the essence of who we are as people and at the cost of spending and not replenishing natural resources.

In order to achieve the balance, we go towards an understanding among ourselves (collaboration, sharing) and with our environment (environmental awareness and implementation of other practices).

(Martín & Ramón 2019.)

5. Local-rural development

True development responds to the needs of its population, and a socio-economic framework that takes into account local resources, both natural and human, must be generated, adapting to the attitudes and aptitudes of its population.

The strength of the social economy lies in people's commitment to their roots and the opportunities created by mobilizing people for concrete and common goals. So it is time to contribute to its knowledge by the general public, and to serve as a source of inspiration to offer alternatives to society.

(Martín & Ramón 2019.)

6. Capacity for action and responsibility of citizens and emerging social awareness

New currents of social awareness are opening the way and conditioning this new scenario around issues such as the environment, through recycling, reduction, reuse, consumption of clean energy, other issues such as values of solidarity and the search for the common good, as well as changes in the way of seeing and understanding the economy that leads to the choice of the consumer-saver towards criteria of responsible consumption and saving.

People must become aware of their power, and of the responsibility for how we use our money and its consequences. The same applies to companies in the way they are managed.

COOPERATIVAS want to promote participation because it favours and develops collective responsibility and solidarity, allows better knowledge of reality, contributes to the civic social education of citizens and strengthens social organizations.

(Martín & Ramón 2019.)

8. The company and social entrepreneurship.

The social economy has always been innovative and integrating looking for formulas to give innovative solutions. The classic cooperative model spoke of "associative work"; the new approach of the Social Economy, which has a place in COOPERATIVAS, may have to speak of "social work": Social enterprise regardless of its legal form and paying more attention to its way of doing.

In this platform COOPERATIVAS unifies people and projects that understand that solutions are found in the search for sustainable innovation and collaborative networking. With companies and people who want to start or do business from social efficiency, seeking service or return to society, as well as from economic sustainability without dependence on the administration and seeking social profitability and from environmental sustainability with respect and care for the environment.

COOPERATIVAS wants to give visibility to and network all those business projects or associations that transform society and seek a positive social, environmental and cultural impact.

(Martín & Ramón 2019.)

RATIONALE

Promoted by the Leonese cooperative movement through the Leonese Union of Cooperatives, ULECOOP, the idea arises to generate a collaborative environment between people, companies and collectives around the social economy and its values beyond cooperatives or the legal figures of the social economy.

Therefore, the idea of creating the Cooperative Association, arises from a group of people, cooperatives and / or professionals who want to join efforts and share projects, after observing the large number of social initiatives that have little visibility and the little existence of independent forums of contact for the different entities of social entrepreneurship and territorial development.

(Martín & Ramón 2019.)

ACTIVITIES

Most recent activities:

- Orientation to entrepreneurs in projects and social enterprise at the beginning of the entrepreneurial process.
- I day of diffusion of entrepreneurship and social economy. Sierra pambley foundation (león), 9 march 2018.
- Viii meeting of the state coordinator of platforms against the incineration of waste. Ponferrada (león), 12 and 13 march 2018.
- Workshop on social and creative entrepreneurship. Al simone de beauvoir (león) 7 and 10 may 2018.
- Conference on how to activate the economy in rural areas? Tabuyo del Monte (León), 29 June 2018
- Stop depopulation: the rural milieu as an alternative for the future. Medina de rioseco (valladolid) 28 september 2018.
- Ii burgos social startup. University of burgos (burgos), 28 and 29 september 2018
- Presura. Presentation of national fair for depopulation. Musac (león), 18 october.
- Ii presura fair for depopulation. El hueco (soria), 9, 10 and 11 november 2018
- Forum for women entrepreneurs. Navatejera civic centre (león), 27 and 28 november 2018.

- Table of experiences in social and solidar economy. Headquarters of coginse in boceguillas (segovia) on 29 november 2018.
- International meeting of transforming economies. Córdoba, 6 and 7 December 2018.

(Martín & Ramón 2019.)

LESSONS LEARNT AND CONDITIONS FOR POTENTIAL REPLICABILITY

COOPERATIVAS is replicable from the moment when a group of people coincide, convinced of the values of the social and solidarity economy, and in the search for mutual benefit.

(Martín & Ramón 2019.)

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This publication, which was produced in the frame of the Interreg Europe-funded “Social Enterprises in Sparsely Populated Areas – SOCENT SPAs” project, provides the reader with good examples social enterprise and social innovations as well as strategies for their development and support. The good practices have been collected from four different sparsely populated areas: Castile and León (Spain), Gemer (Slovakia), Brandenburg (Germany) and Lapland (Finland). The publication should act as a source of inspiration to other regions facing similar challenges. It shows that even in the most sparsely populated areas good examples of innovative, ground-breaking initiatives can flourish.



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