

EMPOWERING RURAL COMMUNITIES: HARNESSING THE POWER OF SOCIAL ENTREPRENEURSHIP

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Social entrepreneurship refers to the practice of using innovative, sustainable, and socially impactful approaches to address and solve pressing societal problems and challenges. Social enterprises are identified by the OECD as “any private activity conducted in the public interest, organised with an entrepreneurial strategy, whose main purpose is not the maximisation of profit but the attainment of certain economic and social goals, and which has the capacity for bringing innovative solutions to the problems of social exclusion and unemployment.” More recently, the European Commission has defined a social enterprise as being “an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its profits primarily to achieve social objectives. It is managed in an open and responsible manner and, in particular, involves employees, consumers and stakeholders affected by its commercial activities.”

INTRODUCTION

The Western Balkans, with its stunning scenery and rich cultural heritage, have long been regarded as one of the world’s most promising regions. However, despite the region’s natural beauty and rich history, the socio-economic challenges it faces, especially in rural areas, are far from over. The Western Balkan rural areas are dealing with many problems: rural poverty, high unemployment rate, diminishing quality of life and depopulation with ongoing rural-urban and external migration. These phenomena further aggravate the already existing physical, social and cultural infrastructural challenges in rural livelihoods and intensify the age, gender, and socioeconomic disbalance by diminishing numbers of young, educated, and economically active people. As we look ahead, it’s becoming increasingly clear that social entrepreneurship is one of the key approaches for overcoming these challenges and revitalizing rural communities.

This position paper aims to highlight the importance of supporting social entrepreneurship as an engine for sustainable rural life in the Western Balkan countries. It explores the unique potential of social entrepreneurship to tackle challenges that have blocked rural development for decades in the region. Social entrepreneurship combines the spirit of entrepreneurship with a strong commitment to social and ecological well-being. It is a dynamic and flexible approach to tackling complex issues. Social entrepreneurs are individuals or organizations that operate with the primary goal of creating positive social or environmental change, rather than solely focusing on profit generation. In the Western Balkans where rural areas often face economic hardship, high unemployment rates and limited access to basic services, social entrepreneurship has emerged as a powerful instrument for positive change. The social entrepreneurship often leverages business principles and innovative strategies to develop solutions which in the

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Western Balkan context can stimulate lasting and meaningful impact on communities, addressing issues such as poverty, inequality, environmental sustainability, healthcare access, and education.

This is a wake-up call to policy makers, investors and community leaders in the Western Balkans that social entrepreneurship should be at the core of the region's development strategy. It highlights the need to create an enabling environment for social enterprises to grow and thrive, so that their transformative potential can be fully realised.

The Western Balkans are at a critical moment where social entrepreneurship can restore hope, prosperity and resilience of the rural communities. By embracing the concept of social entrepreneurship, the Western Balkan region can chart a path to a brighter future. Sustainable rural livelihoods will no longer be a distant dream; they will be a reality.

MAIN FINDINGS

Social entrepreneurship is gaining increasing importance and growth in the European rural business landscape. Different organizational and legal structures are used by rural social enterprises throughout Europe, and they generally work to develop and deliver goods and services that address the needs of people living in rural areas (van Twuijver et al., 2020).

In the Rural Action plan (https://rural-vision.europa.eu/action-plan_en) of the long-term vision for EU's Rural Areas (LTVRA, https://rural-vision.europa.eu/index_en), the European Commission committed to implement a dedicated flagship initiative to promote social economy and social business to support prosperous rural areas. A number of policy instruments and funding sources are available in Europe and in Member States to boost and support social entrepreneurship at local level. In the context of the Rural Pact (https://ruralpact.rural-vision.europa.eu/rural-pact_en), this platform offers practitioners a range of inspiring initiatives fostering social entrepreneurship and provide an opportunity to discuss and explore them in depth.

According to the situation analysis in the Western Balkan countries "Understanding of Social Entrepreneurship Ecosystem in Rural Areas" prepared by the Balkan Rural Development Network in 2022, there is growing awareness of the social entrepreneurship concept in the countries of the Western Balkans. The survey conducted within this research revealed several aspects that need to be taken into account to improve the social entrepreneurship ecosystem. The social entrepreneurship culture needs to be further fostered by initiatives for the creation of social economy organizations, and promotion of social enterprises (for instance, best practices showcases, simulative contests, enhanced communication through different channels, etc.), inclusion in the formal and informal educational system, increased interest from the academic community and involvement in regional and international network to exchange experience and build the knowledge base.

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Creating accessible registers of social enterprises, as well as increased availability of quality statistical data about social enterprises should support this process, as well as provide evidence for creating, monitoring and evaluating relevant policies.

➔ **Institutional framework**

The survey results reveal certain reservations about the level of engagement and support provided by public bodies towards social entrepreneurship initiatives in the countries of the Western Balkan.

The mechanisms for support of social enterprises, both in terms of institutional set-up and planning framework, are perceived as not yet sufficiently developed. The same is true of the lack of inclusivity in the process of creating policies to promote social enterprise development.

➔ **Legal and regulatory framework**

In general, it might be challenging to determine differences between social enterprises and traditional ones. Because of that, SE initiatives need official recognition and branding.

In most of the cases within West Balkans region, social enterprises are still not explicitly regulated in local legislative frameworks.

➔ **Access to finance**

Access to finance is crucial for the development of social enterprises. Currently, the most significant supporters of social entrepreneurship in the region are foreign donor programs and funds. National and local authorities should be encouraged to follow the example of international donors, considering the measurable benefit coming SE initiatives.

➔ **Access to markets**

Social enterprises should have suitable access to public, as well as private/traditional businesses. Positive example from the region is the National strategy for SE development introduced in North Macedonia, under which central and local authorities have opportunity for, so called, 'reserved procurements' from local social e of entrepreneurs.

➔ **Skills and business development support**

The survey results show that social entrepreneurship is still a relatively novel concept in the countries and that although there are certain initiatives and training opportunities, capacity building initiatives are still lacking on regular basis. Also lacking are adequate business development structures (for example, incubators or hubs) that would initiate social enterprises start-ups and foster scaling-up and multiplying of the operations.

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CONCLUSIONS AND RECOMMENDATIONS

In the rural areas of the Western Balkans, growing numbers of people are affected by poverty and social exclusion of different kinds. Sustained effort is needed in order to promote their inclusion and full empowerment in our societies. Social entrepreneurship may have a key role in that process, combining the entrepreneurial spirit of innovation and risk-taking with a deep commitment to improving the well-being of society as a whole.

This approach is particularly applicable in providing social and other services - for example care for old people, employment for handicapped people - which are not adequately provided by the public and private sectors. Social enterprises may include the processing of local products, the continuance of traditional skills, the installation of renewable energy sources, and other activity which arises from identified local needs and which enables the employment of marginalized groups.

We call on the governments and European institutions, CSOs, and CSO networks, to actively participate in the development of social entrepreneurship, by sharing good practices, creating support policies, developing capacities and providing professional support.

The **institutional support** to social enterprise development should be enhanced through cooperation and coordination among different institutions, and enabling inclusive policy creation with balanced involvement of key stakeholder groups. Strategic documents need to be followed with action plans, with multiannual planning and sufficient funding to support the achievement of the set policy objectives.

The **legal and regulatory framework** should differentiate social enterprises and enable their functioning through a wide variety of legal forms. Noteworthy are the strategic planning and policy orientations that move in this directions, as well as the growing number of countries in the Western Balkans where new legislation to regulate social enterprise is being adopted or in the process to be adopted (for instance, Serbia, Albania, North Macedonia). To the practical end, the procedure for establishing a social enterprise, especially in rural areas, needs to be easily understandable and operable.

The **access to finance** has been recognized as one of the key factors in the study, required to further the development of social entrepreneurship. Different types of financing models are needed, both from public sources through grants and subsidies, and through financial institutions.

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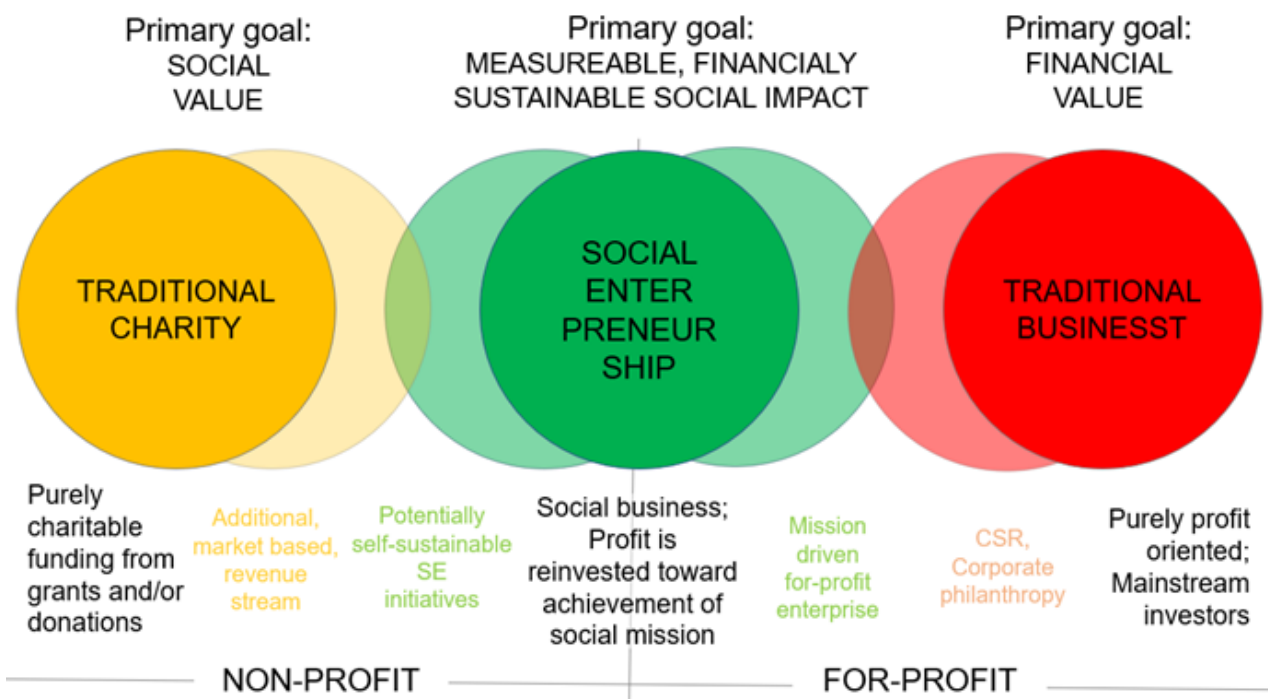
Both public and private markets must be properly accessible to social enterprises. Using new technologies in market penetration needs to be explored. Public procurement especially need to take into account social objectives and support this segment through reserved contracts or some forms of prioritization.

Social enterprises need support in their recognition in the supply chains, all the way to the final consumers.

The critical starting point for starting and scaling-up of social enterprises is motivation and adequate capacities, built through increased awareness and skills to develop sustainable business models.

Last but not least, social enterprise networks must assist social entrepreneurship through advocating, lobbying and developing mutual support systems.

SOCIAL ENTREPRENEURSHIP explained



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ADDITIONAL INFORMATION

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