

Boosting Social Entrepreneurship Development in Luxembourg

Highlights of a Better Entrepreneurship Policy Tool Workshop

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- **About this workshop highlights**

This document provides a snapshot of the OECD workshop “Boosting Social Entrepreneurship Development in Luxembourg” held on October 29, 2019 as part of a series of side events of the OECD Local Development Forum. These highlights provide a summary of the discussions held during the workshop around seven policy areas of the social entrepreneurship, clarifying preliminary orientations to address the challenges and strengthen the social and solidarity economy ecosystem in Luxembourg.

- **About the OECD Better Entrepreneurship Policy Tool workshops**

The OECD has developed extensive knowledge on social entrepreneurship policy and international good practices in this area. As part of this work, the Better Entrepreneurship Policy Tool was launched in 2018 and the OECD is now organising workshops to analyse social entrepreneurship policies using the online tool.

The OECD Better Entrepreneurship Policy workshops are designed to support relevant stakeholders in their efforts to self-assess and identify the strengths and challenges of existing social entrepreneurship policies and programmes at city, region and/or country levels by bringing international learning models and inviting international experts to share their knowledge.

Following the workshops, the OECD produces short highlights that summarise the results of the group self-assessment exercise, main discussion points, and priority policy areas to consider.



Interested in a workshop on social entrepreneurship?

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1 Setting the Scene: Social Entrepreneurship in Luxembourg

On 29 October 2019, the OECD held the workshop “Boosting Social Entrepreneurship Development in Luxembourg”¹ in partnership with, and at the request of, the Ministry of Labour, Employment and Social and Solidarity Economy of Luxembourg. The event gathered relevant national stakeholders from the Ministry, support structures, networks, finance providers and international experts to discuss the opportunities and challenges that need to be addressed to strengthen the environment for social entrepreneurship in the country.

This workshop was part of a series of side events of the [OECD Local Development Forum](#), a multi-stakeholder platform for policy makers, social innovators, and practitioners gathered to share knowledge and good practices on trends and policies for employment, entrepreneurship and social innovation.

The objectives of the workshop were threefold:

- Present and discuss the results from the OECD/EC [Better Entrepreneurship Policy Tool](#) self-assessment’s seven dimensions of the social entrepreneurship ecosystem;²
- Identify and analyse the main challenges arising from the results;
- Share good practices and lessons learned at the international level and collectively brainstorm ways forward to build a stronger social entrepreneurship ecosystem in Luxembourg.

The Ministry of Labour, Employment and Social and Solidarity Economy welcomed the OECD workshop as an important step to help define a set of strategic objectives for the period 2020-22, leading to a concrete action plan, along with amendments of the existing legal framework.

¹ This workshop’s theme is an integral part of the Centre for Entrepreneurship, SMEs, Local Development and Tourism (CFE)’s longstanding work on social entrepreneurship and the Social and Solidarity Economy (SSE).

² The workshop focused on seven policy areas corresponding to the social entrepreneurship modules in the Better Entrepreneurship Policy Tool: social entrepreneurship culture, institutional framework, legal & regulatory framework, access to finance, access to markets, skill & business development support and managing, measuring & reporting impact.

This workshop highlights provide a snapshot of the discussions held during the workshop, clarifying preliminary orientations to address the challenges and strengthen the social and solidarity economy ecosystem in Luxembourg.

The Better Entrepreneurship Policy Tool

The OECD/EC Better Entrepreneurship Policy Tool is an online self-assessment and learning tool designed to assist policy-makers at all levels of government and all other relevant stakeholders to assess, formulate and implement inclusive and/or social entrepreneurship policies and programmes.

The online tool consists of:

- an inclusive entrepreneurship section on policies, strategies, initiatives and programmes that help women, youth, migrants and unemployed people with business creation and self-employment, and
- a social entrepreneurship section on policies, strategies, initiatives and programmes that help social enterprises to start-up and scale.

Users can get access to the results together with guidance notes and good practice case studies in areas identified for improvement through the assessment.

Overview of the social entrepreneurship ecosystem in Luxembourg

In spite of the high-income level and low rate of unemployment, Luxembourg – officially the Grand Duchy of Luxembourg – still faces several socio-economic issues. Luxembourg is a small, landlocked country in Western Europe, with a multilingual and multicultural workforce. Out of the almost 614 000 residents living in Luxembourg, 48% are foreign (STATEC, 2018^[1]). This group tends to earn less than the native-born inhabitants and are more exposed to poverty (OECD, 2019^[2]). A total of 15.3% of the population are at risk of poverty and social exclusion due to the high housing and other costs of living (STATEC, 2017^[3]).

The Government has adopted measures aimed at fostering the Social and Solidary Economy (SSE) as a way to address these socio-economic challenges and combat poverty. In 2009, Luxembourg became the first EU Member State to establish a Department of Social and Solidarity Economy in a Ministry. In addition, the Luxembourg Social and Solidarity Economy Union (*Union luxembourgeoise de l'économie sociale et solidaire, ULESS*), a special body representing SSE organisations, was created to represent the collective interests of SSE actors. In 2017, the first social enterprise incubator was established, 6zero1, to support the development of sustainable and economically viable social enterprises. The incubator sits within the House of Social Economy and Social Innovation “MESIS”, a unique hub for entrepreneurs, organisations and citizens wishing to create or develop a company with a social or societal purpose.

Besides the aforementioned structures, an enabling legal framework was introduced to facilitate the development of the SSE. The Government adopted the Law on Societal Impact Company (*Société d'Impact Sociétal, SIS*) in 2016, which contributed extensively

to the national recognition and visibility of the SSE. This Law provides that any legal entity (e.g. public limited company, limited liability company, cooperative company) that carries out, or aims to carry out, an economic activity with a social or societal goal is eligible for the SIS accreditation (Guichet.lu, 2017^[4]). Among the requirements set out in the law, the organisation's corporate purpose must have a social objective, e.g. providing support to vulnerable persons, contributing to social integration, gender parity or environmental protection.

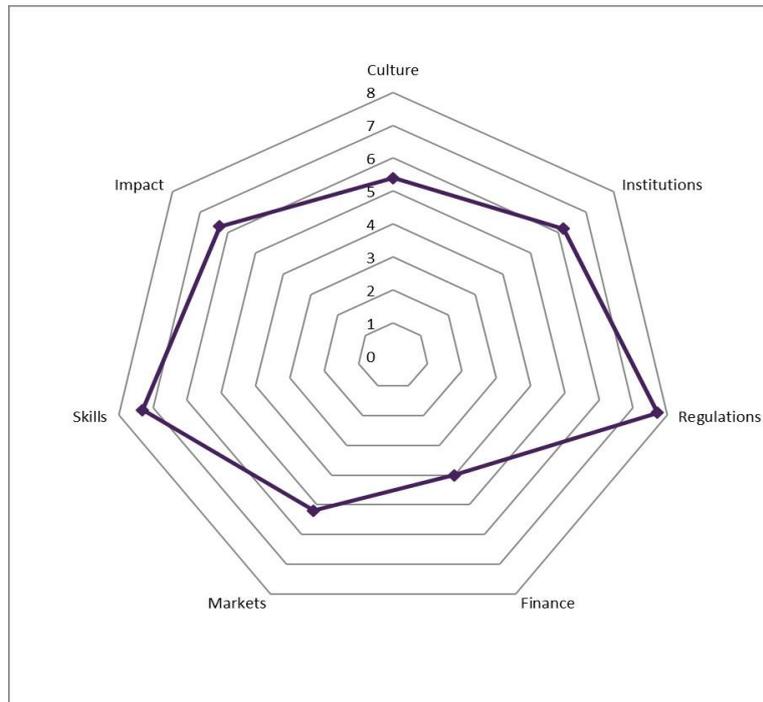
Overall, the law provides a legal status allowing organisations to combine their social mission with commercial activities. This allows SIS to benefit from fiscal advantages (e.g. exemption on corporate income tax), state aid and access to public procurement contracts (Guichet.lu, 2017^[4]).

The law has a revision clause that requires the Government to undertake an assessment in 2020. The Better Entrepreneurship Policy Tool workshop thus contributed to highlighting important areas to consider in this legislative revision. The self-assessment results presented below served as the basis of discussion during the workshop.

Assessment results

The results of the Better Entrepreneurship Policy Tool self-assessment are summarised in a score for each dimension presented in [Figure 1.1](#). The Tool consists of self-assessment questionnaires that provide a framework for users to reflect on social entrepreneurship policies and programmes in their territory. Although the results are based on the perceptions of a limited sample of respondents and cannot be generalised to reflect the views of all the stakeholders in Luxembourg, they give an indication on the possible strengths, gaps and opportunities for the SSE ecosystem. The *Legal & Regulatory Framework* dimension scored the highest probably owing to the law on SIS introduced by Luxembourg in 2016. The lowest scores were on the *Access to Finance* and *Access to Markets* dimensions, as both public and private markets are perceived to be challenging to access for SSE entities.

Figure 1.1. Self-assessment of Luxembourg's social entrepreneurship ecosystem



Note: The scale is from 0 to 10 (low to high score) on seven dimensions of the social entrepreneurship ecosystem.
Source: <https://www.betterentrepreneurship.eu/en/shared-results>

2 Social Entrepreneurship Culture

A territory with a thriving social entrepreneurship culture notably entails active SSE entities and a lively civil society. This includes a good understanding and awareness of what SSE entities are and of their contribution to socio-economic outcomes. Currently there is no comprehensive and reliable estimate as to the numbers, characteristics and needs of SSE entities, and more specifically social enterprises, as defined by the Social Business Initiative and captured in the SIS (EC, 2020^[5]).³ Although a national survey was conducted in 2014,⁴ there is no systematic and regular data collection and official statistics do not include a separate category for SSE entities.

The low awareness of social entrepreneurship reported could be due to the low number of operating enterprises and/or insufficient promotion of successful examples. In addition, entrepreneurship and risk-taking attitudes are not widespread in Luxembourg, and social goals are usually delivered by non-profits. The transition from non-profit structures to a social enterprise form is viewed as complicated.

Moreover, the lack of entrepreneurship education⁵ has been identified as one of the main factors contributing to a weak culture and awareness of social entrepreneurship. Very few programmes, if any, introduce social entrepreneurship at primary and secondary schools and the offer is fragmented in higher education. Even though universities and research networks are active in the ecosystem, a social entrepreneurship education action plan is lacking. Social entrepreneurs in Luxembourg thus rely on incubation and acceleration programmes outside the formal educational system to acquire core business planning and management skills.⁶

³ Existing estimates on the size of the SSE in Luxembourg vary considerably depending on the stakeholder and the methodological approach used (EC, 2020^[5]).

⁴ In 2014, the National Institute of Statistics and Economic Studies of the Grand Duchy of Luxembourg (STATEC) published results of the first ever survey on estimating the size and characteristics of the SSE (STATEC, 2014^[24]).

⁵ The OECD refers to entrepreneurship as the ability to be creative, opportunity oriented, proactive and innovative. Entrepreneurship education refers not only to specific skills and knowledge to start and run a business, but also to the attitudes and competences that lead students to create alternative solutions and value for others (OECD, 2015^[19]). Similarly, the European Commission considers entrepreneurship as a transversal competence: entrepreneurs acting upon opportunities and ideas and transforming them into values (financial, cultural or social) for others (EC, 2016^[20]).

⁶ Skills and capacity building are relevant for the awareness and cultural dimension, but have their own area in the assessment, and are therefore discussed in more detail under the *Skills and business development support* section.

Policy orientations

Develop an awareness raising and social entrepreneurship education action plan

The Government could develop an awareness raising and social entrepreneurship education action plan. The **awareness raising** pillar of the action plan could, for instance, allocate a dedicated budget to undertake a study on the state of the sector, including a survey, and/or sponsor a public media campaign or an annual social enterprise conference. Successful examples include the *Buy Social* campaign in the UK, that aims to raise awareness among the general public, as well as the private and public sectors,⁷ and create new market opportunities.

Linking social entrepreneurship to the UN Sustainable Development Goals (SDGs) could also help build a stronger narrative about the importance of investing in SSE entities and get support at higher political levels. In Ireland for example, the Minister for Communications, Climate Action and Environment appointed *SDG champions*, leaders from all aspects of society that will raise public awareness about the goals.

Regarding the second pillar of the action plan, **social entrepreneurship education** could be introduced in the school curriculum by involving partners from the formal and non-formal education sectors. Junior Achievement is a good example that illustrates how social entrepreneurship courses developed externally can be integrated into school curricula (see Box 1). In Scotland (UK), the Social Enterprise Academy (SEA) launched the *Social Enterprise in Education* programme⁸ targeting schools and giving students a hands-on experience of running businesses with social purposes. In South Africa, a social enterprise called the *Ubuntu Academy*⁹ provides training to students on how to set up a social entrepreneurial project while developing service models benefitting the community. Universities could also play a role by conducting research and incorporate their results into teaching.

Support the development of satellite accounts for SSE entities

Collecting data on SSE entities is vital in order to create a solid foundation for future policies and strategies. The work that has been initiated to develop **satellite accounts** for SSE entities in cooperation with the STATEC using the methodology from the UN Handbook “Satellite Account on Non-profit and Related Institutions and Volunteer Work”¹⁰ could be continued and complemented by qualitative surveys. Implementing satellite accounts is challenging as SSE entities are not sector based, but examples from

⁷ For more information about the *Buy Social* campaign, please see: <https://www.socialenterprise.org.uk/campaigns/buy-social/>

⁸ For more information about the Social Enterprise in Education programme, please see: <https://www.socialenterprise.academy/scot/social-enterprise-in-education>

⁹ For more information about the Ubuntu Academy, please see: <https://www.ubacademy.co.za/>

¹⁰ Please see: https://unstats.un.org/unsd/nationalaccount/docs/UN_TSE_HB_FNL_web.pdf

Spain or Portugal provide interesting lessons and show that it can be done.¹¹

Box 1. Junior Achievement Europe

Junior Achievement (JA) Europe designs and implements educational programmes that aim to foster an entrepreneurial mind-set and skills among students. It operates through 41 national organisations including in Luxembourg and brings the learning-by-doing methodology to schools by involving both the public and private sectors.

JA Europe's activities reflect the growing importance of social entrepreneurship in many of their programmes. In the lower grades, these focus on opportunities for students to engage in the local community. In secondary or higher education, students widen their circle of engagement to encompass international actions, through initiatives such as Social Innovation Relay (SIR) or Social Enterprise 360 (SE360).

National JA organisations are instrumental in adapting the methodology to local conditions and creating a manual for teachers. Some success factors of the programme are public-private partnerships, a strong focus on entrepreneurship education among policy makers and an easily replicable model in various levels and types of education.

Source: <http://www.jaeurope.org/>; (OECD, 2017^[6])

¹¹ The OECD offers conceptual guidance in a note prepared for the working seminar on satellite accounts (OECD, 2017^[21]).

3 Institutional framework

A strong institutional framework entails a coherent and coordinated approach across departments and government levels to adequately support SSE entities. Although several public policies and initiatives exist to support the social economy in Luxembourg, there is a need for improved articulation between the different existing schemes. The lack of a formally endorsed strategy for social economy development, despite clear political will and a ministerial mandate, might also explain these coordination challenges.

The institutional framework for social entrepreneurship development has a few elements in place. For example, the Chamber of Commerce offers a number of services to SSE entities. In addition, ULESS, the umbrella body for SSE entities, is responsible for their engagement and representation in policy design.

Policy orientations

Build a national strategy for the development of social entrepreneurship and the SSE

In order to better articulate existing schemes, the Ministry of Labour, Employment and Social and Solidarity Economy could lead the preparation of a comprehensive strategy and provide a frame of reference for future work by all actors. The strategy could be prepared in consultation with the relevant actors and network in the field to reinforce the Government's commitment to support the SSE.

A national strategy would build trust through transparency and ensure political sustainability of the social entrepreneurship agenda. In the United Kingdom, for example, the national strategy has proved instrumental in raising awareness about social entrepreneurship and creating the preconditions for the sector's growth by setting up financing mechanisms, national umbrella bodies and opening up public sector markets. In Ireland, a national policy, setting out 26 commitments, was developed to support social enterprises to grow in scale and impact (see Box 2). Similar to Luxembourg, Ireland has a broad interpretation of the social economy, relatively low public awareness on social entrepreneurship and a strong governmental focus.

Box 2. National Social Enterprise Policy for Ireland

Ireland has launched the National Social Enterprise Policy for 2019-22 to enhance support for social enterprises, maximise their impact and offer stakeholders a joint strategic framework. The implementation strategies of the three pillars are highlighted below:



The Government identified the following factors for the Strategy to be successful. It should: 1) be specific, time-bound and have an allocated budget; 2) put in place partnerships; 3) involve stakeholders in the implementation; 4) ensure sustained political commitment; and 5) rely on research.

Source: (Government of Ireland, 2019^[7])

4 Legal and Regulatory Frameworks

A country's legal and regulatory framework can have a significant impact on the visibility, recognition and credibility of SSE entities. It can also help identify and support SSE entities with access to public procurement, financial and non-financial assistance and benefits. In Luxembourg, the legal and regulatory frameworks have been positively assessed owing to the 2016 law on SIS, which legally recognised SSE entities while giving them the freedom to operate under a variety of different legal forms. All entities that register as SIS legally commit to generating a social impact. In turn, the accreditation offers a number of advantages: access to certain funding programmes and tax benefits.¹² The flexibility and innovativeness of the law, which allows registered SIS to benefit from tax exemptions while respecting the principle of fair competition (i.e. SISs must have a share capital that consists of 100% impact shares to be exempted from tax) is an important feature that can inspire other policy makers.

Although overall the law was very well received, administrative requirements associated with becoming a SIS appear burdensome. Audits in particular are perceived as expensive considering the small size of most concerned companies.

Currently, there are 18 registered SISs, mostly set up by associations (MTEESS, 2019^[8]). It is yet to be seen whether this accreditation will be attractive enough to other SSE entities and whether it will positively impact their access to finance and to markets. For instance, the competition law or the regulation on associations, which does not allow these entities to engage in commercial activities, may hinder the adoption of the SIS accreditation.

Policy orientations

Raise awareness of the advantages offered by the law on SIS

All the relevant stakeholders could be informed about the positive and innovative features of the law on SIS so that they can fully take advantage of these while designing their business models. The Government could work with its partners to explain what the law means in practice and how businesses and organisations can benefit from this accreditation, for instance through public campaigns (see Section 2).

¹² Only SIS whose share capital consists of 100% impact shares benefit from the following tax advantages: exemption from corporate income tax, communal business tax and net wealth tax. The law also provides tax deduction of cash donations from the donor's total net income. This tax advantage is also granted to associations (*associations sans but lucrative* - asbl) and public utility foundations (Guichet.lu, 2017^[4])

Assess and improve the SIS regulation

The planned assessment for 2020 could look at the effectiveness of this law in its implementation and effects on the legal environment. Regulation can enhance the availability of finance, business opportunities or public visibility of SSE entities. It can also incentivise these entities and their support organisations to invest in measuring and managing impact. The assessment could consider how the cost and administrative burden of audits can be lightened. In that endeavour, relevant stakeholders, including SSE entities, could be consulted in the process. The inclusive policy making process adopted to design the French framework law on the SSE is a good example (see [Box 3](#)).

Box 3. The French Law on the Social and Solidarity Economy (SSE)

The French Law on the Social and Solidarity Economy is a framework law adopted in 2014 that recognises certain commercial enterprises to be considered under the same SSE framework as traditional SSE organisations (e.g. cooperatives, associations, foundations). This law explicitly recognises the contribution of social enterprises to economic growth and social cohesion, which helps public agencies and funders to recognise and support them.

The effectiveness of the Law lies in its inclusive approach: the Law enables the diverse stakeholders in the SSE ecosystem to participate in the co-construction of public policy at national, regional and local levels. The French Chamber of the SSE ensures SSE enterprises are well represented and promoted at the national level. The regional SSE chambers directly participate in the design of the regional plans for sustainable development and enable SSE enterprises to develop their own regional network. SSE institutions such as the Higher Council for Co-operation and the Higher Council for the Social and Solidarity Economy give structure to the networks and set legislative provisions ensuring legal recognition of SSE institutions.

Innovative mechanisms are introduced in the legal environment to facilitate employee' takeover of their companies to preserve or re-establish jobs through worker cooperatives (*Société Coopérative et Participative*, SCOP) and for local authorities to participate in private economic projects and decision-making through multi-stakeholder cooperatives (*Société Coopérative d'Intérêt Collectif*, SCIC).

Source: (OECD, 2017^[9])

5 Access to Finance

Despite access to finance being critical for the development of SSE entities, it received the lowest score out of all areas in the assessment. This is not necessarily related to the lack of funding available for SSE entities, but may be due to the lack of appropriate and tailored finance, culture and offer of social finance. SSE entities in their nascent stages (other than associations with access to grants) often need to resort to consumer loans when their own resources run out. Participants to the workshop reported that business angel networks do not yet invest in social enterprises and a specialised provider such as Etika¹³ only lends against guarantees.

Among the different aspects of access to finance, access to private and specialised social enterprise finance scored the lowest. This could stem from challenges on the demand side, such as lack of fundable/investment-ready enterprises with a viable business model and/or the lack of business skills and capacities. On the supply side, some challenges could be: little understanding of the SSE model by funders and financiers, mismatch of available finance and the financing needs, unrealistic return expectations or public funding crowding out private capital. Financial institutions may be too risk averse, or simply consider that there is no critical mass to develop specialised financial instruments.

While the symptoms appear in the finance area, the real reasons might be hidden in other dimensions, such as access to markets, skills and capacities of SSE entities or the lack of intermediaries and matchmaking platforms. The latter is a challenge for some philanthropic funders, which would like to support SSE entities, but encounter difficulties in identifying them.

Policy orientations

Map the financing needs and landscape

Enhancing and tailoring finance could be a major part of a national SSE strategy. In that endeavour, mapping the financing needs of SSE entities and the available financing options is critical in identifying the gaps. Some other important building blocks such as capacity building, mentoring or investment readiness programmes need to be in place in order for finance to reach the right entities. The desired outcome would be a financing offer that meets the varying needs of SSE entities as they move through their lifecycle, from idea stage to scaling.

¹³ Etika is an association that promotes social finance by providing objective information on ethical investing. For more information, please see: <https://etika.lu/>

Improve access to finance for SSE entities

Based on the mapping results, the Government can focus its efforts on:

- offering direct funding to SSE entities in the form of grants or awards to allow for innovation and piloting new solutions for impact;
- catalysing finance from private funders;
- co-investing with private funders to de-risk their investments and increase the pool of available finance;
- supporting capacity building and investment readiness programmes in order to strengthen the absorption capacity of SSE entities and reduce the risk of failure.

The Irish example in Box 2 highlights that governments usually opt to use a combination of the above in order to accelerate the development of social enterprises and similar projects.

Engage partners and create joint ownership

These efforts can build on existing partnerships and collaboration. The Sustainable Development Finance platform, a multistakeholder forum including financial institutions led by the Ministry of Finance, could be revived. It could serve as a task force to develop and pilot new approaches while raising awareness by financiers and funders about the characteristics and needs of the social economy entities. The strategy could attract foundations under the *Fonds de Luxembourg* umbrella to fund high impact social economy organisations and social enterprise startups, while encouraging business angels to provide risk capital at the next stage. Banks and impact investors could join the pool and provide repayable finance to fund the growth stage.

6 Access to Markets

Access to public and private markets is an important policy lever to enhance social enterprise development and growth. The assessment suggests that SSE entities in Luxembourg do not seem to struggle in terms of access to public markets. This applies to work integration enterprises that deliver services under government contracts, while the SIS, on paper, can bid in public tenders based on the social clauses that may be included in the tenders. Since the procurement law is very new, 2018, no experience exists yet on whether social clauses are used and if public authorities are well informed about the guidelines.

Except for the booklet on social public procurement (ULESS, 2016^[10]), there is no specific support offered to public officials to include social clauses in public tenders; moreover officials often lack understanding of SSE entities. On the other hand, SSE entities do not receive adequate support to successfully participate in public sector tendering processes, or their small size may restrict their ability to bid on their own. In addition, at EU level there is often a mismatch between what SSE entities offer and what is required in the tenders (EC, 2020^[11]).

With regards to private markets, there are very few examples of commercial partnerships between traditional enterprises and SSE entities. A notable example is the "Social and Solidarity Economy of the Greater Region" cluster¹⁴, a cross-border initiative between Luxembourg and France involving private companies, SSE companies and public authorities to exchange, cooperate and create new business opportunities. Stakeholders expressed that more initiatives like this could be developed to encourage business-to-business relationships and sensitise consumers to buy products from SSE entities.

Policy orientations

Encourage contracting authorities to use public procurement to pursue social goals

Public authorities and procurement officers need to become more aware of the possibility of including social clauses in their tenders and also better understand the advantages offered by SSE entities. To facilitate the access of smaller bidders to public procurement, several options could be explored, including breaking up large contracts into smaller lots, encouraging SSE entities to form a consortia to respond to a bid and giving priority to

¹⁴ For more information about the Social and Solidarity Economy of the Greater Region cluster, see here: <http://www.clusteress-gr.eu/>

social impact considerations (e.g. reserved contracts). This requires some investigation and guidance to public officials in order to allow them to apply these favourable measures while respecting free competition principles, including by clarifying why and in what cases they can be allowed.

Support SSE entities to bid for public contracts

SSE entities also need capacity building and support to increase their chances of winning public tenders. The first step could be to advertise clearly that public tenders are open to SSE entities through awareness raising initiatives (e.g. campaigns, seminars) showcasing successful examples. In addition, matchmaking mechanisms could be set up in collaboration with support organisations or industry bodies (e.g. Chamber of Commerce) to help SSE entities form a consortia and bid collectively.

Encourage and facilitate access to private markets

The Government could encourage the cooperation of private business with SSE entities at national and local levels and support intermediaries in that endeavour (e.g. Chamber of Commerce). Conferences, special events and business fora could create opportunities either in supply chains or develop socially oriented Corporate Social Responsibility (CSR) type collaboration. This could mean facilitating business partnerships where SSE entities become sub-contractors to a business or deliver a component of the final product or service.

7 Skills and Business Development Support

SSE entities could benefit from training, mentoring, consulting and business development support throughout the stages of development in order to professionalise and scale their impact. A whole range of quality support programmes are offered in Luxembourg from ideation to business planning, but many of them are not necessarily known and visible to SSE entities. Educational initiatives focused on social entrepreneurship have existed since 2012¹⁵ with incubators and some universities offering coaching and mentoring services.

After benefitting from incubation services, the SSE entities are often unsure of where to go next to receive further capacity building support and finance. They often lack information on whether they can benefit from mainstream support services and resources that are offered to any entrepreneur.

Policy orientations

Support initiatives in order to create a market for services

In many countries, incubators, accelerators and intermediaries are better able to design programmes and services that respond to the specific needs of SSE entities. The United Kingdom offers a good practice of government grant programmes that directly strengthen intermediaries of services and capital (e.g. the Connect Fund financed by Access The Foundation for Social Investment) or enable social enterprises to buy services from them (e.g. the Investment and Contract Readiness Fund funded by the Cabinet Office). This latter approach helped build a sustainable business model for intermediaries, so that they do not depend on government grants (see [Box 4](#)).

The Government can play a convening role by bringing service providers around the table to collaborate with one another. The Government can also encourage universities to start courses and programmes for social entrepreneurship. Funding and/or other incentives could support service providers and universities to move in the directions laid out in the future national strategy for SSE entities.

¹⁵ The “1,2,3 Go Social” business plan contest was first launched in 2012 along with the University’s first interdisciplinary course on Social Enterprise and Social Innovation (EC, 2020^[5])

Open up entrepreneurship support programmes to SSE entities

Communicating about existing support programmes focusing on capacity building, mentoring and financing could ensure SSE entities are well informed of the types of support and resources available. Existing institutions such as the Chamber of Commerce or the House of Entrepreneurship, a one-stop-shop for new and established entrepreneurs, could create a SSE track and offer space for cross-pollination between conventional businesses and SSE entities.

Box 4. Investment and Contract Readiness Fund (ICRF), United Kingdom

In 2012, the UK Cabinet Office launched a three-year GBP 10 million Investment and Contract Readiness Fund to provide grants and business support to charities and social enterprises with the aim of better equipping them to compete for public service grants and secure repayable investment. The Fund was delivered by the Social Investment Business with the financial banking of the Cabinet Office.

After three years, ICRF provided grants to 155 ventures and helped unlock a total of GBP 233 million, in other words, every GBP 1 spent on ICRF unlocked GBP 18 in investments for ventures. Originally set up to be a GBP 10 million fund, the fund grew to GBP 13.2 million based on additional contributions.

In concrete terms, ventures felt that the Fund has brought five sustained changes: strengthened organisation, tangible outputs that could be directly applied to other contracts or investments, improved skills, knowledge and confidence, and widened networks.

Some of the main lessons that can be drawn for future funds are:

- 1) Investment and contract readiness support needs to be flexible and tailored to the needs of ventures;
- 2) Financial contributions from ventures could increase the impact of funds;
- 3) Funds need to consider the sustained and longer term impact of support when assessing applications;
- 4) Close scrutiny of the fund can strengthen its performance; and
- 5) Contract and investment readiness support need to be assessed in two different ways.

Source: (Cabinet Office, 2014^[12]; Ecorys UK, 2015^[13])

8 Measuring, Managing and Reporting Impact

Measuring outcomes and assessing results are critical for SSE entities to demonstrate their social entrepreneurial value as well as enable accountability to their members, employees and funders. The *Managing, Measuring & Reporting Impact* dimension scored high in the assessment, which indicates that Luxembourg stakeholders are generally satisfied with the awareness of and methodologies available for impact measurement and reporting. The remaining question is what happens to the impact data once collected and reported. SSE entities could use the data to make improvements, funders to better design funding options or allocate resources more effectively, and by policymakers to feed into public debate and policy-making.

The discussion about measuring social impact should not only be framed by investors or the Government, but focus on how measuring helps SSE entities improve and achieve better social outcomes. Measurement, monitoring and reporting efforts can sometimes require investments that are disproportionate to the actual impact achieved, particularly when initiatives are still at an early-stage. Stakeholders should thus pay attention to the “proportionality challenge” (OECD, 2015^[14]).

The law on SIS offers a useful starting point for organisations in guiding the thinking around the impact focus: SIS can define their own impact indicators which they are required to report to the Ministry and the auditors on a regular basis in order to keep the SIS accreditation. This is unique, as countries with an existing social enterprise law tend to focus on legal form and formal requirements, rather than the actual impact and its usefulness for SSE entities.

At EU level, the European Commission Expert Group on Social Economy and Social Enterprises (GECES) issued guidelines in 2014 recommending a standardised process, while leaving the measurement and reporting details (methodologies, indicators) up to the social enterprise and the investor.¹⁶

¹⁶ For more information, please see: OECD/EU (2015), “Policy Brief on Social Impact Measurement for Social Enterprises,” European Union/OECD, 2015. https://www.oecd.org/social/PB-SIM-Web_FINAL.pdf

Policy orientations

Foster a social impact culture

The Government can play an important role by requiring impact monitoring and reporting in publicly funded programmes and using impact data to inform policy debates and decisions. Public programmes and public procurement can lead by example and embrace an impact-focused culture themselves by including social clauses in public tenders and ensuring its measurement and verification requirements.

Support the creation of, and access to, impact measurement frameworks and expertise

The Government can play a supportive role in offering guidelines or resources on the purpose and methodologies of impact management. These can target larger organisations, such as financial institutions or investors, as well as small-scale SSE entities that cannot engage with impact measurement due to lack of resources. The debate on standardisation versus customised approaches will continue and the Government can take a position, depending on the objectives (see the example in [Box 5](#)).

Box 5. Impactpad in The Netherlands

Launched in June 2018, Impactpad is a government-led initiative commissioned by the Ministry of Social Affairs and Employment, the Ministry of Economic Affairs and Climate Policy, and the Ministry of Foreign Affairs. Impactpad is an open access social impact measurement tool helping social entrepreneurs measure their impact at five levels. The tool covers three thematic areas: labour market participation, circular economy and sustainable value chains.

It was developed by a consortium of main actors in the Dutch social enterprise ecosystem including entrepreneurs and experts to aid social entrepreneurs and offer some level of standardisation. The Government is considering the possibility to introduce an impact label for organisations that commit to measuring and reporting impact in a systematic way, which could be tied to the use and promotion of Impactpad in the future.

Source: (OECD, 2019^[15])

9 Summary of Policy Orientations

This workshop highlights identified main issues and policy orientations in seven areas to strengthen the SSE ecosystem in Luxembourg. Capitalising on the insights gathered from the workshop, the Ministry of Labour, Employment and Social and Solidarity Economy could lead the development of a national strategy for SSE entities. Alternatively, these measures can be enacted as separate actions if a national strategy is not developed.

Such a national strategy could include the following measures for SSE development:

<ul style="list-style-type: none"> ✓ Develop an awareness-raising action plan to communicate about, engage with, and showcase achievements and best practices of SSE entities, including by: ✓ Advertising the current law on SIS to showcase its benefits and attract more stakeholders to apply for the accreditation.
<ul style="list-style-type: none"> ✓ Integrating social entrepreneurship as part of the formal education curriculum, preferably from an early age to shape an entrepreneurial mindset and build student skillsets.
<ul style="list-style-type: none"> ✓ Collect accurate and regular data to support policy development by sustaining policy efforts to set up a satellite account for SSE entities
<ul style="list-style-type: none"> ✓ Conduct a mapping study and use it to design a financing intervention plan tailored to the needs identified and the stage of development of the SSE entity
<ul style="list-style-type: none"> ✓ Facilitate access to markets for SSE entities by: Encouraging public authorities to use social clauses in their procurement and by providing them with capacity building opportunities; Increasing access to private markets for SSE entities by encouraging the development of intermediaries and awareness-raising initiatives, which notably encourage businesses to include SSE entities in their supply chains.
<ul style="list-style-type: none"> ✓ Create a market for support services and open up existing enterprise training and development schemes to social entrepreneurs
<ul style="list-style-type: none"> ✓ Cultivate an impact measurement culture throughout the different policy areas of the social economy ecosystem

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