# BOOSTING SOCIAL ENTREPRENEURSHIP AND SOCIAL ENTERPRISE DEVELOPMENT IN THE NETHERLANDS

## In-depth policy review

European Commission

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BETTER POLICIES FOR BETTER LIVES

# Boosting Social Entrepreneurship and Social Enterprise Development in the Netherlands

IN-DEPTH POLICY REVIEW

*This report provides an in-depth analysis of the Dutch policy ecosystem in place for social entrepreneurship and social enterprises. It identifies the country's key strengths and challenges and provides policy recommendations to support the development of a stronger policy ecosystem for social entrepreneurship and social enterprises in the country. Key policy issues analysed include: clarifying the conceptual framework (Chapter 2); formally recognising social enterprises and boosting social entrepreneurship (Chapter 3); promoting social impact measurement and reporting (Chapter 4); developing social entrepreneurial capacity and skills (Chapter 5); improving access to markets and finance (Chapters 6 and 7); and ensuring sustainable institutional support for social entrepreneurship and social innovation (Chapter 8).*

**Key words**: social entrepreneurship; social economy; social enterprises; social impact; social innovation; local development; policy ecosystem.

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The report was co-ordinated by Lou Aisenberg (Policy Analyst) and Antonella Noya (Head of the Social Economy and Innovation Unit) in the Local Employment, Skills and Social Innovation Division of CFE led by Karen Maguire, Acting Head. It was drafted by Lou Aisenberg, Stina Heikkilä (Policy Analyst) and Antonella Noya, in cooperation with Filipe Santos (Professor at the Catholic University of Portugal).

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[1] This series includes notably Estonia (forthcoming), Sweden (forthcoming), Lithuania (forthcoming), Croatia (2016), and Czech Republic (2016).

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# *Executive Summary*

*Introduction*

Social enterprises have proved to be longstanding agents of inclusive growth in many European and non-European countries. They operate under different organisational and legal models, both in the field of social entrepreneurship and social economy. They can create new jobs, including for disadvantaged individuals, and provide innovative solutions to unresolved socio-economic and/or environmental problems.

However, these entities often face barriers, which include a lack of institutional recognition, difficulties in accessing markets and finance, and to measure their social impact, thus preventing them from further developing and flourishing. Addressing these barriers is therefore critical and policy makers can play a crucial role to design and implement an enabling policy ecosystem in which policy areas are coherently inter-connected rather than designed and implemented in silos. For instance, legal and regulatory frameworks should be well articulated and coherent with the other relevant policies areas such as access to markets and finance, as well as skills' development. This also means that coordination among different policy levels (national and territorial) and cooperation with different stakeholders should be ensured during the policy-making process and implementation.

Following this approach, the OECD and the European Commission, who have a longstanding co-operation to improve the ecosystems for social entrepreneurship, launched the Better Entrepreneurship Policy Tool[2], in October 2018 (see **Figure 1**). This self-assessment tool allows stakeholders to assess, individually or in a group, their inclusive and social entrepreneurship policies and programmes, following an ecosystem approach. It also provides learning material, including policy guidance notes and inspiring case studies, to support better policy design.

[2] Please visit our website at: https://www.betterentrepreneurship.eu/node/802

**Figure 1. Ecosystem approach of the Better Entrepreneurship Policy online tool**

*Source*: https://www.betterentrepreneurship.eu/

The online tool also builds on previous research and publications, including the series of in-depth country reviews undertaken by the OECD and the European Commission on "Boosting social entrepreneurship and social enterprises' development".

*Key policy issues and recommendations for the Netherlands*

As part of this series, this report provides an in-depth analysis of the policy ecosystem currently in place in the Netherlands regarding social entrepreneurship and social enterprises. It identifies the country's key strengths and challenges and provides policy recommendations to support the development of a stronger policy ecosystem for social entrepreneurship and social enterprises in the country.

Key policy issues addressed in this report include:

- **Clarifying the conceptual framework**

The Dutch momentum for a "social impact society", as well as an increased interest for social entrepreneurship and social enterprises, goes along with a rich landscape of organisations and initiatives generating, or claiming to generate, social impact. However, the multiplicity of terms and definitions used makes it difficult for stakeholders to navigate through this populated landscape. Fostering a common understanding of the notions of "social entrepreneurship" and "social enterprises" requires a better identification of the characteristics and impacts of the different entities operating in the social entrepreneurship field.

- **Formally recognising social enterprises**

A multiplicity of policy initiatives and statements at both national and local levels illustrates a strong momentum to recognise formally the social entrepreneurship field. In order to bring further clarity and support stakeholders in navigating more easily the social impact and social entrepreneurship fields, the report notably recommends to adopt an official and operational definition of social enterprise and suggests the creation of a national registry that will allow the identification of social enterprises and raise their visibility. The report recommends the adoption of a principle-based definition of social enterprises that should:

- define their social/societal mission and broad intended impact in their legal charters/statutes;
- operate in an entrepreneurial manner by providing goods and/or services, that can generate revenues, doing so in a way that produces positive impacts in society;
- use profits or other economic surpluses primarily to achieve their social objectives;
- establish governance mechanisms, transparency practices and statute rules to ensure that remunerations of stakeholders are not excessive compared to fair market standards and do not happen at the cost of reducing impact; and
- adopt inclusive governance and decision-making mechanisms that take into account different stakeholder voices and interests, in alignment with the mission.

- **Promoting social impact measurement and reporting**

With current momentum towards an "impact society" in the country, measuring and demonstrating social impact is high on both political and corporate agendas. It allows public authorities and impact investors to understand what impact can be made when investing in, or buying from, social enterprises. Measuring social impact also helps social enterprises to manage and improve their performance while being accountable for their social mission. Although substantial efforts have been made in this area, notably through the Impactpad tool launched by the Government, stakeholders should pay attention to the potential risk of overlooking the variety of impact areas and social impact entities that exist. The practice of measuring social impact should be encouraged and supported, including through the creation of a label, and voucher schemes for smaller and early-stage social enterprises.

- **Developing social entrepreneurial capacity and skills**

Developing social entrepreneurial capacity and skills can yield powerful policy gains. Not only does it nurture learners' personal development, but it also strengthens employability and equips citizens to engage actively with societal challenges. Although the Netherlands offers a rich variety of programmes to develop social entrepreneurial capacities and skills, in particular for adult entrepreneurs or higher-education students, these opportunities are still scarce at primary and secondary education levels. The report therefore recommends establishing specific activities, in particular at primary level, building on the Entrepreneurship Competence Framework (EntreComp), developed by the European Commission. It recommends leveraging public-private partnerships in that endeavour as well as adopting an official statement or strategy to raise the visibility of social entrepreneurial education programmes.

- **Improving access to markets for social entrepreneurship development**

Public procurement policies at the municipal, provincial and central levels are an important vehicle through which governments can influence the behaviour of private and social

mission entities to incorporate business practices with positive societal impact. In parallel, social entrepreneurs can yield important revenues from private markets, be this through business-to-business (B2B) or business-to-citizens (B2C) exchanges. To further support access to markets for social entrepreneurs, the report notably recommends enhancing the visibility of social enterprises, and other social impact oriented organisations, in public and private procurement processes. It also recommends including mechanisms to give social entrepreneurs and community-based organisations the "Right to Innovate" and the "Right to Co-develop" in the provision of services of general interest.

- **Improving access to finance for social entrepreneurship development**

Despite a rich financing landscape in the Netherlands, some specific financing gaps have been identified. For example, specific attention should be paid to the stage of development and size of entities, as, for instance, small and early stage social enterprises, might need enhanced support for which grants or vouchers could be envisioned. In addition, the report recommends the creation of a Small Business Loan matching scheme for scaling social enterprises and community-based organisations with validated social innovations but with limited revenue generation potential. Finally, it recommends to continue developing payment by outcomes, in close coordination with regional and municipal authorities on themes aligned with priorities of the country such as employment promotion, migrants inclusion, healthcare and well-being.

- **Ensuring sustainable institutional support for social entrepreneurship and social innovation**

In order to develop further the social entrepreneurship field and strengthen existing Dutch policies and programmes, it is critical to build a sustainable and coordinated policy framework. This report recommends to create a coordinating public agency called "Netherlands Social Entrepreneurship and Innovation" to promote and support social entrepreneurship, social enterprises and social innovation in the country. This entity would implement support policies, develop financing and capacity-building programmes, manage the registry for social enterprises and coordinate relevant stakeholders, including provincial and municipal authorities. The report describes the specific mandates that this agency could have along with alternatives for launching and funding its programmes.

# *Action plan*

Stemming from these key policy issues, the action plan presented below provides a detailed overview of all the policy recommendations included in this report. It identifies short-term priorities in dark blue, medium-term priorities in medium blue and long-term objectives in light blue. It also identifies key stakeholders in charge of implementing these recommendations. The rationale and the details of each policy recommendation summarised in the action plan are presented in the report.

*Legend:* Short-term priority. Medium-term priority. Long-term priority.

| Recommendations | When | Who |
|---|---|---|
| **Clarifying the conceptual framework** | | |
| **Foster a common understanding by enhancing visibility and acknowledging the differences between social entrepreneurship, social enterprises and social innovation**.<br>Clearly identifying and communicating about these different approaches and potential impacts through different institutional and media channels, as well as through formal and non-formal education. | ● | "Netherlands Social Entrepreneurship and Innovation" Agency; Ministry of Social Affairs and Employment; Ministry of Economic Affairs; Ministry of Interior and Kingdom Relations; Ministry of Education; Central, regional and municipal governments; Chamber of Commerce; Netherlands Enterprise Agency. |
| **Recognise the specificities of social enterprises that prioritise and protect their social mission.**<br>Communicate about the European Commission and OECD conceptualisations trough a number of channels and support capacity building for relevant stakeholders. | | |
| **Providing formal recognition to social enterprises** | | |
| **Adopt an official and operational definition of social enterprise.**<br>Adopt an official and principle-based definition of social enterprise, which should be both open in terms of legal forms or status available for social enterprises and strict regarding the prioritisation of their social objectives. This operational definition should thus make clear the societal orientation of its goals and the entrepreneurial and economically sustainable basis of its operations, prioritising transparency and open governance mechanisms. | ● | Ministry of Social Affairs and Employment; Ministry of Economic Affairs; Ministry of Interior and Kingdom Relations, in cooperation with key stakeholders. |
| **Create a registration system for social enterprises that conform to this operational definition.**<br>The registration process should be free (or include a nominal processing fee) and is not meant to automatically establish fiscal or procurements benefits. These potential benefits can be developed later and some of them can be enacted at the municipal or provincial level. This registration should include an option for the dual legal forms adopted by many social entrepreneurs. | ● | |
| **Promoting social impact measurement and reporting** | | |
| **Promote a systematic and high quality process to measure social impact while avoiding one-size-fits all approaches.**<br>Actors engaging in social impact measurement should be able to apply a common process that ensures adequate quality. To achieve this, the government can consider creating a label (e.g. "I Care for Impact") for organisations that adopt systematic procedures to measure and report on their societal impact.<br>**Promote a stakeholder approach that allows the field to be co-constructed.**<br>Responsibilities, costs and efforts for measuring social impact should be shared among a wide range of relevant public and private actors. To promote this approach, an entity, such as Netherlands Social Entrepreneurship and Innovation Agency (see last recommendation below) could broker stakeholders' dialogue to further develop the field. | ● | "Netherlands Social Entrepreneurship and Innovation" Agency; Ministry of Social Affairs and Employment; Ministry of Economic Affairs and Climate Policy; Ministry of Interior and Kingdom Relations |
| **Provide capacity-building vouchers for impact measurement, management and reporting for social enterprises and community-based organisations.** | ● | |

| | | |
|---|---|---|
| Smallest and early-stage social enterprises and community-based organisations need targeted support. Capacity-building grants or vouchers for impact measurement can help them access the services offered by intermediaries to develop internal impact measurement and reporting initiatives. The voucher can also be used to hire expert third-party providers and publish impact reports. | | |
| **Developing social entrepreneurial capacity and skills** | | |
| **Foster entrepreneurial education and develop specific activities to build social entrepreneurial competences throughout education levels and in particular at primary level.**<br>Develop curricula and learning activities fostering entrepreneurial and social entrepreneurial competences, for example building on the EntreComp framework. Establishing public-private partnerships between schools, higher education institutions, civil society and non-governmental organisations (including social enterprises), which are specialised in providing entrepreneurship and social entrepreneurship education programmes. | ● | "Netherlands Social Entrepreneurship and Innovation" Agency; Ministry of Education, Culture and Science; Ministry of Social Affairs and Employment; Ministry of Economic Affairs and Climate Policy |
| **Adopt an official statement or strategy to raise the visibility of existing social entrepreneurial education programmes.**<br>Adopt an official statement or strategy on entrepreneurial education, including social entrepreneurial education, and adequate institutional and media communication. The official statement or strategy should include the need to provide teachers with opportunities to undertake trainings to raise their awareness and understanding about social entrepreneurship.<br><br>**Communicate better and open-up explicitly capacity-building programmes to social entrepreneurs.**<br>Intermediaries should be encouraged to better tailor capacity building opportunities to the main challenges social enterprise face (notably access to finance and cooperating with municipalities) and take into account their specificities (double or triple bottom line business model), as well as their stage of development. | ● | |
| **Build on existing research results to strengthen capacity-building and training programmes.**<br>Research results should be leveraged to strengthen existing and design new capacity building and training programmes devoted to social entrepreneurs and government officials. In that endeavour, a promising strategy could be to develop a digital information centre on social entrepreneurship and social innovation and to articulate it with academic research centres to fill gaps in knowledge and data for the sector. | ● | |
| **Improving access to markets for social entrepreneurship development** | | |
| **Favour the ex-ante adoption of social practices through public procurement.**<br>Public procurement policies should encourage a model of rewarding (through the contract award criteria or through reserved contracts) the ex-ante adoption of practices recognised as prioritising and/or aiming to generate social impact in specific domains relevant to the tender. | ● | "Netherlands Social Entrepreneurship and Innovation" Agency; Ministry of Social Affairs and Employment; Ministry of Economic Affairs and Climate Policy; Ministry of Interior and Kingdom Relations |

| | | |
|---|---|---|
| **Enhance the visibility of social enterprises (and other social impact oriented organisations) in procurement processes.**<br>To enhance the visibility of social enterprises, different options can be considered. One is to launch a communication and/or social media campaign that can reach a wide range of potential consumers, procurement officers and businesses owner. The social enterprise register and the impact measurement label "I Care 4 Impact" can also be leveraged to signal quality, including in ongoing B2B initiatives, like the Buy Social platform, while also targeting public authorities looking to procure products or services from social enterprises. | ● | |
| **Implement a procurement framework conducive to Social Innovation.**<br>Develop a procurement framework that includes mechanisms that give to social entrepreneurs and community-based organisations the "Right to Innovate" by proposing, to public officials, novel and potentially more effective ways of doing provision of social services of general interest (SSGI). Also include mechanisms that support the "Right to Co-Develop" in which social entrepreneurs may assume part of the responsibility for this SSGI provision, in collaboration with the relevant public authority. | ● | |
| **Provide specific training to public officials.**<br>At national, regional and municipal levels, public officials should receive adequate training to grasp better the specificities of social enterprises. Make sure that public procurement officers benefit from this training or information sessions. | ● | |
| **Improving access to finance for social entrepreneurship development** | | |
| **Promote existing capacity building opportunities and develop tailored support for different types of social enterprises to improve their access to finance.**<br>Specific attention should be paid to the stage of development and size of entities. Small and early stage social enterprises might need enhanced support for which grants or voucher could be envisioned. Training opportunities should also be tailored to consider different types of revenue model (B2C, B2B, P2P, and B2G). | ● | "Netherlands Social Entrepreneurship and Innovation" Agency; Ministry of Social Affairs and Employment; Ministry of Economic Affairs and Climate Policy; Ministry of Interior and Kingdom Relations |
| **Launch of a Small Business Loan matching scheme for scaling social enterprises.**<br>Social enterprises and community-based organisations with validated social innovations but with limited revenue generation potential would be eligible for a matching scheme to finance their development and scaling plan. This mechanism will use public funds to crowd-in medium term social investment funding. It will take the form of a long-term concessionary loan, conditioned to securing a portion of the required financing from the private philanthropy (e.g. companies, foundations), from crowdfunding campaigns, or from equity investors.<br>**Continue to develop a framework for payment by outcomes, in close coordination with regional and municipal authorities.**<br>The proposed framework includes the following measures: 1) developing national or regional outcome funds focused on themes aligned with priorities for Dutch society such as employment promotion, emigrant inclusion, healthcare and well-being; 2) developing a knowledge centre for outcomes contracting, including the development of a database of costs for societal problems; 3) promoting an adequate legal framework for outcome contracting. | ● ● | |

| Ensuring sustainable institutional support for social entrepreneurship and social innovation | | |
|---|---|---|
| **Develop an integrated set of policies to promote social entrepreneurship and social innovation and foster a supportive ecosystem for social enterprises.**<br>This can be achieved by building on the policy recommendations proposed in this report and could take the form of a cabinet decision followed by a legal act by parliament and/or be inscribed in policy agreements with the European Union defining the use of EU financing to support these policies. In addition, the government could promote systematically the use of the EC/OECD Better Entrepreneurship Policy tool by local and regional authorities. The tool can help policy makers, notably in cities and provinces, to assess and develop their policies and practices in favour of social enterprises in a systematic and comprehensive manner.<br>**Create "Netherlands Social Entrepreneurship and Innovation Agency".**<br>This agency could be public or independent with a public mandate. It should have operational autonomy to implement key elements of this national policy and should be articulated with government ministries and municipal and provincial authorities, as well as ecosystem stakeholders. Creating a new agency would be preferable than leveraging an existing institution, to ensure a clear and strong mandate. However, an existing public entity could be identified to take on this mandate. In that case, it should be ensured that the selected entity has some degree of independence from the government and can in fact play a catalyst and coordinating role. The selected entity should also be able to perform enterprise certifications, thus having the right infrastructure, or delegate to an institution that has this infrastructure.<br>**Finance this new agency and initial funding programmes with EU funding.**<br>Leverage dedicated funds devoted to social innovation from the European Social Fund (ESF) for the period of 2021-2027. Additional long-term funding opportunities should be explored, including using the revenues from the national lottery. | ●<br>● | "Netherlands Social Entrepreneurship and Innovation" Agency; Ministry of Social Affairs and Employment; (Ministry of Economic Affairs and Climate Policy; Ministry of Interior and Kingdom Relations – TBD) |

# Chapter 1. Emergence of social entrepreneurship: socio-economic and political context

The Netherlands is characterised by its thriving society, economy and labour market. The Dutch economy indeed performs above the EU and OECD averages with regard to economic growth and employment rates, as well as most OECD well-being indicators. However, the country is also facing increases in poverty and inequalities (e.g. income, gender) and needs to tackle the challenges arising with its ageing society, similarly to other European countries. Responding to these challenges is seen in the country as a shared responsibility across all sectors of society. The longstanding involvement of the private sector in public service delivery was further reinforced following the financial crisis in 2008 and the consequent structural decentralisation reforms. It is in this context that social entrepreneurship developed and increasingly attracted policy-makers' attention. This chapter presents some key figures of the Dutch socio-economic and political context, it then highlights some of the roots that led to the emergence of social entrepreneurship in the country.

## Socio-economic context

### *A thriving society, economy and labour market*

Overall, the Dutch economy is performing above the euro area and OECD averages, with a growth rate of over 3% in 2017 and a GDP at 8% above its pre-crisis peak. Although, due to its export-led economy, the country is more vulnerable to potential shocks related for example to increased economic protectionism, growth projections for 2019 in the OECD's economic survey remain strong (OECD, 2018[2]).

The employment rate in the Netherlands in the first quarter of 2018 stood at 76.5% compared to a 68.2% OECD average and the unemployment rate was at a low 4.2%, compared to 5.4% for OECD countries on average (OECD, 2018[3]). Both unemployment and the percentage of young people neither in employment nor in education and training (NEET) have further fallen since 2013. In addition, the unemployment rate among foreign-born workers declined from 13% to 9.6% between 2013 and 2016, despite a simultaneous increase in the number of immigrants of 46% (OECD, 2018, p. 36[2]).

Employment rates among 15-64 year-olds are fairly even across regions. Flevoland had the highest rate in 2016 at 68.6 % while Limburg had the lowest at 58.5% (OECD, 2019[4]). Only 2 % of the land area and 14.7% of the Dutch population is rural, a group less likely to be at risk of poverty or social exclusion than urban residents in the Netherlands (Eurostat, 2017[5]).

The Netherlands also performs well across the OECD's well-being indicators. For example, 77% of the adult working-age population have completed at least an upper secondary education, compared to the OECD average of 75%, and the literacy and numeracy skills of Dutch adults are among the highest in the OECD. Personal security is also good, and life satisfaction is just above the OECD average level (OECD, 2017[6]). The poverty rate, measured as the share of households earning less than 50% of median earnings, is below the EU average (7% compared to 11%) (OECD, 2017[6]).

### *Inequalities and risk of social exclusion*

Albeit still low by OECD standards, the poverty rate has been increasing in recent years. This has also been the trend for people at risk of poverty and social exclusion, particularly among older individuals, and the share of long-term unemployment among total unemployed has increased. Wealth is rather unevenly distributed in the country, with the second highest share of wealth concentrated within the top 10% wealthiest households (70%) among OECD countries (OECD, 2017[6]).

The Dutch labour market is also affected by gender inequalities as the country has one of the highest wage gaps in terms of annual labour income. This can be partly explained by the greater share of women in part-time work. Indeed, 75.8% of part-time workers are women (Eurostat, 2018[7]).

The Government has taken measures to increase the number of people with disabilities re-integrated in the labour market. These measures include an enforced quota system and reduced tax burden for employers (so-called "no risk" policy), most recent data shows that progress is still off targets set for 2026 (OECD, 2018[2]).

### *Ageing population*

Like in other OECD countries, the Netherlands faces an ageing population and associated challenges posed to the labour market and welfare system. The dependency ratio of people above 65 years of age over the working-age people (25-64) was 30% in 2015, and is expected to grow to 55% in 2050. Employment among 65-69 year-olds is also below the OECD average.

### *Non-standard forms of employment*

Non-standard forms of employment, including self-employment and temporary contracts, have witnessed a rapid rise in recent years and now account for a large share of total employment. Self-employment constituted 16.8% of total employment in 2016, and temporary employment 20.8%. While self-employment can contribute to productivity and rising living standards for example through entrepreneurial and innovative activities, specific attention should be paid to low-skilled workers (in particular older ones), who tend to have less access to lifelong learning opportunities that prepares them to adapt to this flexibility (OECD, 2018[2]) and may constitute a particularly vulnerable group..

## Political context

### *Social welfare service provision and decentralisation reforms*

The provision of public goods and social services by private entities has been a strong tradition in the Netherlands. The line between the State and the private realm has not always been clearly cut. For example, at the turn of the 19th century, many schools, universities, hospitals and housing corporations were established by citizen-led or religious groups, and later became largely state-funded. In the post-World War II era, the state started to take a more active role in the creation of a welfare state, and most service provision became publicly funded. Then, against a backdrop of substantial public debt and soaring unemployment in the 1980s, state-owned companies were privatised. In the 1990s, the New Public Management in the Netherlands sought to improve the efficiency of public agencies by introducing private sector management techniques and giving more autonomy to public agencies, while at the turn of the millennium attention was turned to the concept of multi-stakeholder governance (Karré, 2011[8]). Following the 2008-2009 financial crisis, new

impetus was given to austerity measures, and moving from a classical welfare state towards a so-called "participation society", implying a larger role for civil society in public service provision (Hoekman, van der Roest and van der Poel, 2018[9]).

As a way to make social service provision more efficient and tailor-made to individual needs, in 2015 the Netherlands embarked on a reform to devolve social services to municipalities (OECD, 2018[2]). This has meant increased responsibilities for youth care (including preventative, universal and specialised care), as well as home care for people with mental or physical disabilities. While institutional care of fully disabled persons remains centrally managed, municipalities now provide income support for less than fully disabled persons who lack employment history. The provision of employment through sheltered workshops has been cut following the decentralisation reform, and municipalities are instead expected to make increasing use of employment subsidies (Vermeulen, 2015[10]). Several stakeholders however contest this measure and there are on-going discussions about reinstating some form of social work provision (OECD study visit, June 2018).

### *Political support for social entrepreneurship*

The current Government acknowledges the importance of businesses with a social or societal mission to help tackle socio-economic and/or environmental challenges faced by the country. In the Coalition Agreement 2017-2021[3], the intention to create "fitting rules and more space for enterprises with a social or societal goal" is expressed, albeit with the condition of "an equal playing field".[4] Creating more space for individual or groups of citizens' initiatives is further mentioned, giving them the "Right to Challenge" public service providers for example in the management of parks. The intention to use public procurement to accelerate the re-integration of vulnerable groups in the labour market is also expressed in the agreement (Government of the Netherlands, 2017[11]).

The Ministry of Social Affairs and Employment, the Ministry of Economic Affairs and Climate Policy, the Ministry of Foreign Affairs, as well as the Ministry of Interior and Kingdoms Relations are active in supporting social entrepreneurship from different angles. The three former have jointly commissioned the development of an open-access social impact measurement tool, the "Impactpad", helping social entrepreneurs to measure their impact (this tool is further explored in Chapter 4).

## The roots of social entrepreneurship in the Netherlands

### *Historic emergence*

The historic and continued involvement of the private sector in welfare service delivery has influenced the emergence of the concept of social entrepreneurship in the Netherlands, driven by an underlying "traditional Dutch belief in the private initiative" (Karré, 2018[12]). There are also strong traditions of Corporate Social Responsibility (CSR), cooperatives, volunteering, and charity groups in the country, the latter of which were significant welfare providers in the 19th century (During, van der Jagt and de Sena, 2014[13]).

[3] The coalition Government consist of: People's Party for Freedom and Democracy (VVD), Christian Democratic Alliance (CDA), Democrats 66 (D66) and Christian Union (CU).

[4] Here social enterprises are therefore not clearly distinguished from other businesses. For more on this issue, see Chapter 2.

In the 1990s and 2000s, public discourse around social innovation and social enterprises appeared in the media, initially dominated by large corporations and their CSR initiatives, and later followed by business and management schools and small and medium-size enterprises. The main focus was on the provision of work opportunities for vulnerable groups (During, van der Jagt and de Sena, 2014[13]). The term "social enterprise" appeared in the media in 2006 defined as "*a company whose profit gets reinvested towards a social objective and a social value*" (De Telegraaf, 2006, in: During, van der Jagt and de Sena, 2014, p. 23[17]). It is only in 2012, however, that the field started to be more structured, for example with the creation of the platform Social Enterprise NL that aims to represent, connect and support stakeholders in this field. Finally, in 2015 the field entered into the development phase with a growing number of social enterprises being created (PwC, 2018[14]).

### *Some evidence on an evolving and still undefined field*

Although different studies attempt to map social enterprises in the country, the variety of definitions used makes it difficult to have a precise picture of the field. Available studies nonetheless suggest that there has been substantive growth of this area in a relative short time. A McKinsey study entitled *Scaling the impact of the social enterprise sector* states that the sector grew by about 70% between 2011 and 2016, representing an increase from 2,000-2,500 to 5,000-6,000 enterprises employing some 65,000-80,000 people (McKinsey & Company, 2016[15])[5]. The report further depicts the field as relatively young, with only 30% of the identified social enterprises in a later stage of growth (over 3 years).

Another study by ABN Amro[6], applying a broad definition, estimates that there are 4,000-5,000 social enterprises with about 50,000-70,000 employees (Karré, 2018). According to the McKinsey report's classification in "Industries", social enterprises are active in "health and well-being" (31%), "energy" (17%) and "financial and business services" (16%), with 41% being active in two or more industries. In terms of impact area, "stimulating the circular economy" is the most common one (25%) followed by "increasing labour participation and equality" (20%) "international development" (8%) and "education" (7%) (McKinsey & Company, 2016[15]). This can be contrasted with the latest edition of the yearly Social Enterprise Monitor (2018) by Social Enterprise NL, which identified four main areas of social missions that social enterprises pursue: labour participation (44%), well-being (26%), environment (24%) and international development (6%)[7].

[5] In this report, they refer to "organisations that aim to make more than 50% of their revenues from commercial activities. [They] exclude those owned by traditional commercial companies and public organisations. [They] do not set limits on profit distribution, nor do we explicitly apply the EU governance criteria, because while transparency, fairness and balanced roles are important, they are hard to measure objectively" ( (Keizer et al., 2016, p. 3[78]).

[6] In Karré (2018), it is described that ABN Amro "uses a broader definition encompassing every organisation with a social and entrepreneurial outlook" (Karré, 2018, pp. 4-5). On the website, ABN Amro provides the following definition in English: "These companies pursue their social mission first and foremost, combining social ambitions with a profit motive" (https://www.abnamro.com/en/newsroom/press-releases/2017/more-commitment-and-cooperation-needed-to-allow-social-enterprise-to-grow.html).

[7] The Social Enterprise NL Monitor is based on 168 responses to an online survey circulated to social entrepreneurs. These include both direct members of Social Enterprise NL or others known by their network (e.g. through G40, Rotterdam, The Hague and Utrecht).

# Chapter 2. Clarifying the conceptual framework: social entrepreneurship and social enterprises

The Dutch momentum for a "social impact society", as well as an increased interest in social entrepreneurship and social enterprises, goes along with a rich landscape of organisations and initiatives generating, or claiming to generate, social impact. However, the multiplicity of terms and definitions used makes it difficult for stakeholders to navigate through this populated landscape. This chapter therefore aims at clarifying the conceptual framework used in the country to foster a common understanding of the notions of 'social entrepreneurship' and 'social enterprises'. It provides pointers to better identify the characteristics and impacts of the different organisations operating in the social entrepreneurship field. To do so it first presents the strengths and challenges that the country faces in that regard and concludes with policy recommendations to enhance conceptual clarity.

## Strengths

### *The rise of a "social impact society"*

The current momentum around a "social impact society" in the Netherlands originates from the specific socio-economic and historic context previously presented. Overall, deep consensus exists among public and private stakeholders on the need to orient the entire Dutch society towards positive social and environmental impact. The idea that all enterprises should be "social" and that they can all generate a positive social impact is also widespread (OECD Study visit, June 2018). This can be related to the strong Corporate Social Responsibility (CSR) culture that has been growing steadily over the last decades, to the extent that the Social & Economic Council states: "CSR should be the core business of *every* enterprise" (SER, 2015[16]). In parallel, the Dutch Government promotes institutionally the "do-ocracy" culture with the objective of empowering and co-constructing solutions with citizens and community-based initiatives (Government of the Netherlands, 2018[17])

More recently, growing interest and debates revolve around the emergence of a new type of actor prioritising social impact: social enterprises. This is mirrored by a plurality of public, private and academic entities producing reports and position papers on the topic, which are drawing the attention of media and nourishing public debates.

### *Growing interest for social entrepreneurship and social enterprises*

At both national and local levels, policy statements on social entrepreneurship and social enterprises reflect this growing interest. At national level, this is notably the case of the Coalition Agreement (mentioned in Chapter 1) and of the Advisory Report on "social enterprises" produced by the Social Economic Council at the request of the Ministry of Social Affairs. At local level, the 'road-map' issued by the City Network G40 aims to guide

local authorities on how to foster social entrepreneurship.[8] There are also some provincial initiatives, such as the *Purpose Economy Inventory* undertaken by the Province of North Brabant, that go further than social entrepreneurship by encompassing not only social enterprises, but also social initiatives and CSR companies.[9]

Consulting firms, universities, incubators and networks are also helping to document the social entrepreneurship field. Among these, we can mention McKinsey, PwC, Social Enterprise NL, Impact HUB, Tilburg University, Inholland University of Applied Sciences, Erasmus University, the Amsterdam School of Applied Sciences and Utrecht University.

## Challenges

### *Navigating through a populated landscape*

The Dutch social entrepreneurship landscape is populated with many different entities, making this field rich and diversified. However, a key challenge lies in the difficulty for many stakeholders to clearly identify the specific features and impacts of all these organisations. This is partly due to the fact that many organisations are referred to as "social enterprises" while some of them are not, at least according to the common understanding of the notion at the European level (see Box 2.1). This situation creates confusion which might be further amplified by the multiplicity of terms used to identify some organisations in this field: "sociale ondernemingen" for social enterprises (including community-based social enterprises) or "sociale firmas" for social firms (which seem to be closer to the concept of Work-Integration Social Enterprises). The term "maatschappelijke organisaties" (societal organisations) is also widely used, but refers to a broader set of organisations, focusing on the "public good", including public benefit companies, housing associations and health and educational institutions. In addition, other expressions are used to identify the broader set of enterprises that generate or claim to generate social impact, among which we find: "enterprises with a social or societal goal" (expression used in the Coalition Agreement); "social impact enterprises", "purpose enterprises" (OECD study visit, June 2018).

Finally, it should also be noted that in Dutch the term "social" can be translated to English as "social" (i.e. relating to society/societal and care issues), but it can also be translated as "sociable" (i.e. being friendly). This in turns leads to additional misunderstandings and misuses as no enterprise wants to be qualified as "unsociable" or "unsocial".

[8] The City Network G40 includes the administrations of the 40 largest cities of the Netherlands. For more information on the *Roadmap for Municipalities – Increasing Impact through Social Entrepreneurship*, please see (in Dutch): https://www.g40stedennetwerk.nl/files/2017-06/G32-Roadmap-Sociaal-Ondernemerschap.pdf

[9] See for example the initiative launched in North Brabrant, *Purposeful Brabrant* that aims to give further visibility and support to the *Purpose Economy* a "bottom-up movement of entrepreneurs and initiators that are intrinsically motivated to create a better world". The inventory undertaken encompasses three distinct categories: social initiatives; social enterprises; and CSR companies. For more information, please see (in Dutch): https://www.social-enterprise.nl/files/9615/1747/7404/Inventarisatie_Betekeniseconomie_2018.pdf

### *Difficulties in identifying social enterprises*

Due to the multiplicity of terms used and to the lack of official definition at national level, along with the variety of entities operating in the field, several stakeholders experience difficulties in identifying social enterprises.

In the public sector, procurement officers for example seem to lack awareness and a clear understanding of what social enterprises are and would welcome more guidance (OECD study visit, June 2018). More generally, this makes policy making much more complex both at national and local levels. The lack of common understanding, including across ministries, regions and/or municipalities, leads to difficulties in identifying the specific challenges faced by social enterprises compared to other types of entities and in understanding the peculiar social impact that they can create. This therefore does not help to create adequate policies to foster their development and unleash their specific value added.

In the private sector, this lack of official definition might prevent investors and/or companies from clearly identifying and therefore investing in social enterprises or involving them in their supply-chain. Consumers are also faced with an increasing number of enterprises calling themselves or being called "social enterprise" without any guarantee of their effective social commitment. For companies, showcasing their "social" aspects might indeed bring marketing and branding benefits. However, if their social dimension is not clearly defined and, more importantly if they do not concretely act accordingly, this can lead to risks of "social/green washing". This can in turn mislead consumers, as well as public and private buyers (be this through public procurement processes or B2B practices).

### *Lack of conceptual clarity and of a common understanding*

In addition to the plurality of terms used to qualify organisations in the social entrepreneurship field, definitions of social enterprise also vary from one report to another. Just to name a few amongst the most cited, the Social & Economic Council (SER), Social Enterprise NL, and McKinsey reports adopt three different definitions. This makes it difficult to reach a common understanding among different types of stakeholders, be they public or private.

In the *SER* Advisory Report on "social enterprises", the European Commission's conceptualisation is quoted (see Box 2.1) but a different definition is adopted (SER, 2015[16]). According to the SER, social enterprises have to be:

1. independent (i.e. "not rely entirely on grants, gifts, and donations"),
2. enterprises (i.e. "providing a product or rendering a service"),
3. with a primary and explicit social objective.

However, the European Commission's (EC) additional criteria of *restricting profit sharing* for owners or shareholders and *democratic or inclusive governance* are regarded as "context-dependent" and therefore not mandatory in the SER definition.

The network Social Enterprise NL adopts the EC conceptualisation in its public communication.[10] However, the definition that stems from the *Code Social Enterprises*[11]

[10] As illustrated in the first page of their website: https://www.social-enterprise.nl/english/

[11] For more information regarding the Code, please see: https://www.social-enterprise.nl/files/1215/2205/8161/Code_Social_Enterprises_English_Version.pdf

that they initiated in 2017 and co-created with a group of stakeholders in the field, is slightly different from the European Commission conceptualisation (Social Enterprise NL, 2017[18]). Enterprises are only requested to "*consider* to include a safeguarded policy in its articles of association that imposes restrictions on the distributions to the shareholder(s)", meaning that this is not mandatory to comply with the Code and to be able to register as a social enterprise.[12]

Finally, the consulting firm McKinsey published a report in October 2016 on *Scaling the impact of the social enterprise sector* which is one of the most quoted reports by the stakeholders in the field (McKinsey & Company, 2016[15]). Contrary to what is stated in several academic and non-academic articles, McKinsey adopts a different definition than the European Commission. Although it does adopt the first criterion (i.e. main objective is to have a social impact rather than make a profit for its owners or shareholders), McKinsey specifies that they "do not set limits on profit distribution, nor do we explicitly apply the EU governance criteria".[13] This in turn impacts the number of entities captured in the study.

## Key policy issues

### *Acknowledging the broad set of entities generating impact but recognising the specificities of social enterprises*

Netherlands has a rich set of entities aiming at generating impact through different types of responsible conducts. These different types of organisations and enterprises should be recognised for their value added but they should however be distinguished from social enterprises as conceptualised by the OECD and EC (see Box 2.1).

[12] The idea being that if the Code receives institutional support, a social enterprise register would be created.

[13] The Mckinsey Report states: "In *A map of social enterprises and their eco-systems in Europe* the European Commission defined a social enterprise as 'an operator in the social economy whose main objective is to have a social impact rather than make a profit for its owners or shareholders'. In this report, we refer to organisations that aim to make more than 50% of their revenues from commercial activities. We exclude those owned by traditional commercial companies and public organisations. We do not set limits on profit distribution, nor do we explicitly apply the EU governance criteria, because while transparency, fairness and balanced roles are important, they are hard to measure objectively."

**Box 2.1. Defining social enterprises, social entrepreneurship and social innovation[14]**

**Social economy** organisations traditionally refer to the set of associations, cooperatives, mutual organisations, and foundations whose activity is driven by values of solidarity, the primacy of people over capital, and democratic and participative governance. Among social economy organisations, social enterprises, which emerged more recently, distinguish themselves by a more pronounced entrepreneurial approach - their source of income coming primarily from commercial activities, rather than grants and donations (OECD, 2018[3]).

Building on the first conceptualisation adopted by the OECD (OECD, 1999[19]) and concomitant work done by the EMES Research Network, the European Commission identified a **social enterprise** as:

1. 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 (social mission criterion);
2. It operates by providing goods and services for the market in an *entrepreneurial* and *innovative* fashion (market orientation criterion);
3. It uses its profits *primarily* to achieve social objectives (social mission criterion);
4. It is managed in an open and responsible manner (governance criterion);
5. It involves employees, consumers and stakeholders affected by its commercial activities (governance criterion) (European Commission, 2011[20]).

**Social entrepreneurship** is often defined as the *process* through which specific types of *actors* ”social entrepreneurs” create and develop *organisations* that may be either social enterprises or other types of organisations (Defourny, 2008[21]; Mair, 2006[22]). Beyond the idea of *process*, ”social entrepreneurship” designates a *field* including a broad set of initiatives with a social impact dimension in a spectrum ranging from for-profit to non-profits (Nicholls, Huybrechts and Ernst, 2012[23]; OECD, 2010[24]). Social enterprises are only a *subset* of this field in which commercial models are used as the vehicle to achieve social objectives (Nicholls, 2006[25]; Thompson, 2008[26]).

**Social innovation** is a different concept than ‘social enterprise’ and ‘social entrepreneurship’. Social innovation is about designing and implementing new solutions that imply conceptual, process, product, or organisational change which ultimately will improve the welfare and wellbeing of individuals and communities (OECD LEED, 2000[27]). The aim is notably to meet social demands traditionally not addressed by the market or existing institutions and directed towards vulnerable groups in society; societal challenges in which the boundary between ‘social’ and ‘economic’ blurs, and which are directed towards society as a whole; the need to reform society in the direction of a more participative arena where empowerment and learning are sources and outcomes of well-being (BEPA, 2015[28]). Although social entrepreneurs often adopt socially innovative approaches, they do not have the monopoly of social innovation which can also be developed in the public, non-profit or traditional business sectors.

[14] Given these definitions, throughout this report when we speak about “developing social enterprises” we speak specifically about policies that may help strengthen the set of organisations that prioritise their social mission through an entrepreneurial/commercial approach. When we speak about “promoting social entrepreneurship” we mean policies that foster the practice of innovating for the common good by Dutch citizens through different mechanisms (civic organisations, social enterprises, social movements) and business models. When we speak about “building the social innovation ecosystem” we mean policies that promote an environment conducive to higher level of social entrepreneurship and more impactful social mission organisations across all three sectors of the economy (private, social and public).

Some organisations operating in the social impact landscape in the Netherlands belong to the social entrepreneurship field but not all of them do. Clearly identifying the different types of social impact oriented organisations, and notably social enterprises, in the entrepreneurial continuum is therefore critical.

### *Identifying social enterprises in the entrepreneurial continuum*

As previously highlighted, the field of social entrepreneurship and the social innovation approach encompass and are used by various actors, including social enterprises, as well as other organisations oriented towards generating social impact without necessarily prioritising it.

Social enterprises should notably be distinguished from traditional businesses that prioritise profit over social impact, even if they have embedded CSR principles in their core business.[15] These businesses are indeed still primarily accountable to their owners or shareholders in terms of profit redistribution.

On the other hand, social enterprises should also be distinguished from pure non-profits or citizens' initiatives that do not provide goods and services for the market in an entrepreneurial manner. They also differ from traditional cooperatives because of their aim - promote the interests of non-members - and constraint on profit distribution.

☞ In a nutshell, social enterprises are *built for* and *prioritise* their social/societal mission over profit-maximisation and this is secured in their legal form or statutes through various mechanisms (e.g. profit caps, non-distributable profit reserves, etc.).

As rightfully underlined by Social Enterprise NL and the SER Council, social enterprises are those that can be placed in the middle of the entrepreneurial continuum (see **Figure 2.1**). Most of their revenues derive from the sale of goods and/or services while profits should primarily be used to achieve social objectives. This can be done either by reinvesting the totality of profits towards these objectives or by limiting redistribution to prioritise social objectives.

In other words, this means that enterprises that achieve a social impact can only be considered as social enterprises if they prioritise their social goal. For example, not all Prestatieladder Socialer Ondernemen (PSO) labelled enterprises[16] can be considered as

[15] According to the OECD, responsible business conducts entail "above all conduct consistent with applicable laws and internationally recognised standards. Based on the idea that you can do well while doing no harm, it is a broad concept that focuses on two aspects of the business-society relationship: 1) positive contribution businesses can make to sustainable development and inclusive growth, and 2) avoiding negative impacts and addressing them when they do occur. Risk-based due diligence and value creation are at the heart of this process" (OECD , 2011[82]).

Similarly, the EC defined Corporate Social Responsibility (CSR) as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a *voluntary basis*" (European Commission, 2011[84]).

[16] Prestatieladder Socialer Ondernemen (social entrepreneurship performance ladder in Dutch), more commonly called PSO, "measures the extent to which organisations show visible employment for vulnerable groups in the labour market and compares this result with other organisations with similar size". They measure: "the direct contribution: the number of persons employed with a distance to the labour market in relation to the total number of staff. It also measures the quality of this contribution" and "the indirect contribution: to what extent do organisations purchase from other

being social enterprises: employing people from vulnerable groups is not sufficient to be qualified as social enterprise, unless this is at the core of the business model and social objectives are prioritised over maximising profits.

Benefit Corporations, as legally defined in the United States, Italy, or Colombia, cannot automatically be considered as social enterprises either. Although Benefit Corporations give directors the legal protection to pursue an additional socio-environmental mission and consider additional stakeholders than shareholders, profit generation can still be at the core and socio-environmental goals are not necessarily *prioritised*. Similarly, certified B-Corps are not automatically social enterprises. They are for-profit companies certified by the non-profit B Lab to meet rigorous standards of social and environmental performance, accountability, and transparency. However, reinvesting profits primarily towards social objectives is not one of the criteria required to be certified as a B-Corp.[17]

**Figure 2.1. The entrepreneurial continuum**

**Social value** ⟷ **Financial Value**

| **Charities; Citizens initiatives; Civil Society** | | **Traditional non-profits** | **Social Enterprises** | | **Traditional businesses** | |
|---|---|---|---|---|---|---|
| Main source of revenues derived from: | | | | | | |
| Exclusively donations and/or subsidies. | Mainly donations, subsidies, membership fees, limited commercial revenue. | Commercial transactions (sale of good and/or services).<br>Objective is positive impact rather than maximising profits. | Commercial transactions.<br>All profits reinvested. | Commercial transactions.<br>Limited share of profits paid out. | Commercial transactions.<br>CSR policies. | Commercial transactions.<br>Financially driven. |
| **Exclusively social impact** | | **Social impact prioritised** | | | **Financial value prioritised** | |

*Source*: OECD elaboration adapted from (SER, 2015[16]) (Social Enterprise NL, 2014[29]).

The increasing number of entities orienting their missions towards more social impact is very promising, however for public policies to be effective and efficient, improving conceptual clarity is necessary. Contrary to an existing argument in the Netherlands[18], it

PSO-certified organisations and social working companies". For more information, please see: https://www.pso-nederland.nl/

[17] To be granted and keep the certification, companies must receive a minimum score on an online assessment for social and environmental performance and change its statutes to incorporate a societal goal. For more information, please see: http://bcorporation.eu/what-are-b-corps

[18] This argument appeared repeatedly during the OECD study visit and is also suggested in the SER report: "The Council *advises government to act with restraint in developing a policy that requires the strict delineation of social enterprises as a group*. First of all, such policy will be impossible without a strict, precise definition. Second, the Council believes it would be disadvantageous to introduce incentives and other far-reaching policy measures for social enterprises alone. The point

should be stressed that clearly defining social enterprises as a distinct group of enterprises will not refrain the development of the broader set of entities oriented towards social impact, nor will it automatically mean that social enterprises will receive preferential financial or fiscal support. It will, however, help to increase transparency in the field and to recognise the specific added value of each type of entity oriented towards social impact, while avoiding social/green washing.

### *Fostering a common understanding by adopting an official definition*

To answer the above-mentioned problems related to the lack of conceptual clarity preventing stakeholders from easily identifying social enterprises within the social impact galaxy, a number of countries adopted institutional, legal or regulatory frameworks. The aim was not necessarily to create a specific legal form, neither to create specific advantages for social enterprises, but rather to recognise the specific value added of each organisation operating in the social impact field.

We can notably mention a policy strategy that did not entail creating a specific legal form but that did bring about more conceptual clarity in the country regarding social enterprises. In France, the Law on the Social and Solidarity Economy (SSE) defined the values of SSE entities regardless of their legal form. Article 1 states that they must have a democratic governance; pursue a purpose other than sharing profits for personal enrichment; and devote the majority of its profits to the objective of maintaining or developing the enterprise's social mission.[19]

## Recommendations

- **Foster a common understanding by enhancing visibility and acknowledging the differences between social entrepreneurship, social enterprises and social innovation.**

  While it is critical to recognise the role of a broad set of entities in generating impact through different types of business approaches, it is also essential to understand the specific nature and added value of each of these approaches. Throughout the entrepreneurial continuum, different organisations indeed aim to generate social impact (e.g. corporations with enhanced CSR; PSO labelled companies; Benefit corporations; certified B Corps; social enterprises; non-profits; etc.). Clearly identifying and communicating about the different approaches, nature and impacts of these entities could be done through different institutional and media channels, as well as through formal and non-formal education.

- **Recognise the specificities of social enterprises that prioritise and protect their social mission**.

  Building on the European Commission and OECD conceptualisations the Government could communicate through a variety of channels about the official definition (see Chapter 3), including through institutional and media channels and embedding it in trainings for relevant stakeholders.

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is not to create and expand a separate sector for social enterprises but to increase the benefits for society."

[19] For more information, please see: OECD/EU (2017), "The Law on the Social and Solidarity Economy (SSE), France", in *Boosting Social Enterprise Development: Good Practice Compendium*, OECD Publishing, Paris, https://doi.org/10.1787/9789264268500-10-en.

# Chapter 3. Formally recognising social enterprises while boosting social entrepreneurship

Unleashing the full potential of social entrepreneurship and notably social enterprises, implies first identifying them within the Dutch business and economic landscape. Building on the conceptual framework developed in Chapter 2, this chapter explores the different legal and regulatory options to increase visibility and recognitions of social enterprises in the country. In order to bring further clarity and support stakeholders in navigating more easily the social impact and social entrepreneurship fields, the chapter includes policy recommendations and notably proposes an operational definition of social enterprises while also suggesting the creation of a national registry that will facilitate their identification and raise their visibility.

## Strengths

### *Socio-political momentum for a formal recognition of social enterprises*

There appears to be political and societal momentum for a formal recognition of social enterprises in the country. The Dutch Parliament discussed, between 2009 and 2013, a proposal for a framework law also including a legal form for social enterprises. The proposal was however withdrawn due to lack of agreement (Argyrou, 2017[30]), notably caused by the difficulty in defining social enterprises. Two years later, the Social and Economic Council provided an opinion at the request of the Government defining social enterprises and recommending to "investigate a label for social enterprises on top of their existing legal status for purposes of recognition and appreciation" (SER, 2015[16]).

Moreover, key stakeholders in the field initiated a movement to create a principle-based code and registration for social enterprises (Social Enterprise NL & al. , 2017[31]). This Code for Social Enterprises was published in 2017 but the registration process has not yet been implemented. In 2018, Social Enterprise NL published a position paper asking the Government for the development of a clearer legal status for social enterprises, one that could be used in conjunction with other legal forms.[20] Recently, in May 2018, members of the Parliament belonging to the Government coalition again showed an interest in a legal form that would provide recognition for social enterprises.[21]

[20] A ***legal form*** can be defined as the foundational legal structure adopted by an organisation or enterprise when created (e.g. sole proprietorship, partnership, foundations, associations, co-operatives and companies). Legal forms are legally regulated at national level including regarding tax treatment. A ***legal status*** on the other hand is attached to a number of legal forms. Although this is not automatically the case, it typically involves tax reliefs, such as in the case of the charitable tax relief on donations and income tax which are available for certain forms of foundations, associations, non-profit companies, and integration enterprise (ESELA, 2018[84]).

[21] For further information, please see the following position report from the Christen Unie: https://www.christenunie.nl/l/library/download/1227578

### *Multiplicity of policy initiatives at national and local levels*

As highlighted previously, policy makers at both national and local levels developed a multiplicity of initiatives or frameworks aimed at promoting, for example, a social purpose society, social entrepreneurship or social enterprises more specifically (e.g. the Coalition agreement or the G32 Roadmap, as presented in Chapter 2).

## Challenges

### *Difficulties in identifying social enterprises*

As described in Chapter 2, the landscape of social entrepreneurship in the country is populated not only in terms of organisations operating in the field, but also in terms of definitions and concepts used. This leads to difficulties in identifying social enterprises, both by the private ecosystem players who aim to support or buy from social enterprises, as well as by municipalities and other public bodies who may want to engage with and encourage social enterprises due to the positive societal impact generated by their activity.

### *Available legal forms for social enterprises lead to trade-offs*

A further complication is that legal forms adopted by social enterprises can vary widely. Social entrepreneurs indeed have to choose among the following available legal forms: the private limited liability company (BV - *besloten vennootschap*), the public company (NV - *naamloze vennootschap*), the cooperative (*coöperatie*), the foundation (*stichting*), the partnership (i.e. VOF - *vennootschap onder firma*), or the association (*vereniging*). Thus, in practice, social entrepreneurs need to make trade-offs when choosing a legal form for their initiative as no form reflects their hybrid identity. For example, some legal forms (e.g. *stichting*) give limited possibilities for commercial trading, while other forms (e.g. BV) entail tax-oriented constraints. This also translates in negative perceptions expressed by social entrepreneurs who identify a number of barriers specific to existing legal forms (see Table 3.1). Given the trade-offs involved in choosing a legal form, some social entrepreneurs end up adopting a dual form (typically a BV and a Stichting), which entails bureaucratic costs and governance issues.[22]

[22] In terms of legal forms chosen, a survey conducted by Argyrou of social enterprises in the Noord-Brabant province indicates that 25% assumed the *BV* form, 21% the *Stichting* form and 18% the *coöperatie* form. A non-representative study of 66 social enterprises, located mostly in the Amsterdam area suggests that the most prevalent legal forms are the BV (42%) and the Stichting (23%). Since choosing one of the existing legal forms may be restrictive given their hybrid nature, some social entrepreneurs (about 12% in the sample) actually register two organisations, typically a BV and a Stichting (Argyrou, 2017[30]). This is consistent with the Social Enterprise Monitor 2018 (Social Impact Factor, 2018[64]) answered by 168 social enterprises of which 46% used the BV form, 21% used the Stichting form and 10% a combination of both. This dual organisational model, allows social entrepreneurs to acquire the status of public benefit organisations for the non-profit arm, which brings a favourable tax treatment for the charity type activities. It also allows to engage with a wider base of stakeholders and signals more strongly the social mission. However, adopting dual legal forms also creates problems of governance and transparency, as well as increased costs.

**Table 3.1. Perceived barriers per legal entity**

| | |
|---|---|
| Stiching | • No specific (tax) regime. Does not attract investment.<br>• Limited opportunities to do business with the Government and corporations.<br>• Struggle to become financially independent. |
| BV | • No good recognition.<br>• Lack of incentives for social enterprises including start-ups.<br>• Tax-oriented constraints e.g. VAT rate.<br>• Constraints related to access to finance, e.g. to receive donations.<br>• Costly reporting requirements. |
| Combination (Stiching and BV) | • Lack of efficiency, bureaucratic costs, governance issues. |

*Source*: (Argyrou, 2017[30])

In fact, this echoes the findings from the Social Enterprise Monitor 2015: 69% of the social entrepreneurs interviewed declared that the social mission of their social companies was not sufficiently visible, while 40% declared that they were experiencing practical problems related to their current legal construction (Social Enterprise NL, 2015[32]). In addition, the adoption of multiple legal forms leads to difficulties in measuring, tracking and studying social enterprises.

## Key Policy Issues

The lack of conceptual clarity and difficulties in identifying social enterprises makes it difficult for public and private stakeholders (policy makers, investors, buyers, etc.) to navigate through the social entrepreneurship field and to distinguish the diverse organisations composing it. It also complicates the choices for social entrepreneurs in setting up and managing their organisations, whether these are social enterprises or other social impact oriented organisations, and can affect their respective visibility and legitimacy. In addition, as previously mentioned, this situation entails risks of social washing in which some organisations might self-identify as social enterprises without putting social impact at the core of their activities and decisions.

A well-designed regulatory framework for the growing movement of social enterprises can help address these issues. The section first analyses the possibility of creating a specific legal form or statute for Dutch social enterprises, and then discusses the possibility of creating a registration process. An important element for developing a conducive ecosystem is an operational definition of social enterprises.

### *Adopting an official and operational definition for social enterprises*

The first step to establish a policy framework for social enterprises is to converge on an official and operational definition for social enterprises. This definition should be aligned with the European definition, which is commonly used in the international arena, and be adapted to the Dutch context. Given the diversity exhibited by social enterprises and the goal of having not only traditional social economy organisations adopting the principles of social enterprises but also having traditional commercial companies and entrepreneurs adopting these principles as well, the operational definition should be encompassing rather than restrictive and be principle-based rather than rule-based. A similar principle-based approach is defended by key social enterprise stakeholders in their proposed Code (Social Enterprise NL & al. , 2017[31]).

☞ Therefore, a social enterprise can be defined as "a private organised economic undertaking primarily driven by and managed according to its mission of improving society". Social enterprises should thus:

- define specifically in their legal charter/statutes their social/societal mission and broad intended impact;
- operate in an entrepreneurial manner by providing goods and/or services that can generate revenues, doing so in a way that produces positive impacts in society;
- use profits or other economic surpluses *primarily* to achieve their social objectives;
- establish adequate governance mechanisms, transparency practices and statute rules to ensure that remunerations of stakeholders are not excessive compared to fair market standards and do not happen at the cost of reducing impact;
- adopt inclusive governance and decision-making mechanisms that take into account different stakeholder voices and interests, in alignment with the mission.

Such an operational definition is consistent with the different legal forms currently in use in the country and excludes publicly owned organisations, which is also consistent with the European understanding and definition of social enterprises.

This proposed definition is also consistent with the recommendation from the Social Economic Council, which advised against imposing stringent profit distribution or governance restrictions that may not make sense in the Dutch context in general, and in some domains specifically. For example, capital-intensive social enterprises may need to raise significant equity capital, which may not be feasible with strong profit distribution restrictions. The key point in this operational definition of social enterprise is to ensure the primacy of the social mission over economic rewards.

This definition is also in line with the principles laid out in the Code for Social Enterprises, proposed by a coalition of social enterprise stakeholders in the ecosystem. By defining these principles as being at the essence of social enterprises in the Netherlands, the Government clarifies the boundaries of the sector and allows for better tracking of its growth. It also opens the door to having more social enterprises operating in domains beyond the more traditional ones, currently related to environmental sustainability, work integration, social inclusion, education and health.

### *Weighting the pros and cons of adopting a new legal form for social enterprise*

As previously mentioned, a number of parliamentary or non-governmental initiatives illustrate the vivid discussions about the possibility of creating a specific legal form, an ad-hoc legal status or a tailored legal framework for social enterprises in the Netherlands. Practices adopted at the European level include adopting a tailored-made legal form or an "open model", versus having no legal recognition at all. These policy options all involve benefits and pitfalls:

- In countries recognising and supporting social enterprises, **the law sometimes adapts existing legal forms** to tailor them to social enterprises, such as the "community interest company" in the United Kingdom. These tailored legal forms are sometimes regulated by an external regulator, ensuring that the social mission is kept primary and that any other conditions set out in the law are duly followed, so that the legal form is not abused in practice.

- In other countries, **the law recognises social enterprises operating under a variety of different legal forms** if they have adopted a number of specific criteria (defined in a framework law in France or in Belgium with the "social purpose company") to their legal statutes. This may require registration with the Government on a centralised register of social enterprises and it may bring fiscal or procurement privileges.
- Finally, some countries **do not recognise social enterprises at all** from a legislative standpoint. In this case, it is typically even more difficult to tell which enterprises are genuine social enterprises and which are not and they remain largely invisible in the overall business community and economy. This in turn translates into a lack of official statistics about their contribution to the economy. It should be noted however that this is also the case in some countries that do recognise formally social enterprises.
  Moreover, existing legal forms may not necessarily be suitable for social enterprise activity. For instance, non-profit organisations like foundations or associations may be restricted from trade or to establish subsidiaries for the purpose of trading. In other countries, there are no established legal ways for share companies to prioritise their social mission.

Despite the advantages of creating a specific legal form for social enterprises in terms of recognition, measurement and support, there are also several disadvantages:

- **Adoption hurdles:** being a new and unproven legal form, there is a risk that adoption will be very slow, in particular if the rules for adopting the legal form are restrictive. This slow adoption may then create a vicious cycle of non-adoption due to the fear that the new legal form will not achieve a critical mass of adoption and credibility by social entrepreneurs.
- **Adverse selection:** if the new legal form provides strong tax advantages, there is the danger that entrepreneurs who are not, at the essence, social entrepreneurs, will adopt the legal form and follow the rule of the law but not the spirit of the law to receive those advantages. Alternatively, if the new legal form provide no tangible advantage, then adoption may be low since Dutch social entrepreneurs seem to accommodate themselves with current legal forms despite the difficulties (Argyrou, 2017[30]).
- **Difficulty in reaching political consensus:** given the need for a precise and potentially restrictive definition for the creation of legal form, it may be difficult to reach political convergence for approving a new Law, as it was the case of the 2009-2013 efforts of the Dutch Parliament.

Our analysis thus suggests that a dedicated legal form is difficult to create and may have strong drawbacks. However, the lack of a formal recognition for social enterprises hinders their future development and visibility, thus not fully delivering on their potential to bridge commercial and social goals for the advancement of Dutch society.

One interesting possibility is to develop a middle ground approach in which social enterprises receive a legal recognition without the drawbacks of enacting a dedicated legal form. This can be achieved through the creation of a specific and voluntary social enterprise registration for organisations that comply with the set of practices defined in the operational definition of social enterprise (see chapter 2).

### *Creating a registration process for social enterprises*

A registration process for social enterprises can be initiated either by public authorities or by private stakeholders.

a) Registrations created by public authorities can more easily establish an official and nationally recognised standard and have the credibility that comes from a public effort. However, they may lack the engagement and buy-in from private sector stakeholders, unless they engage them early on in the process of creating the registry.

b) Registrations created by private stakeholders are dependent for their success on the engagement of a coalition of private sector parties that comes together to create the registry and manage the registration process. However, they will not be considered "official" and their creation may lead to creation of other registries by competing coalitions, generating a market of competing registrations, which risks confusing the field further.

Given these arguments, the best approach may be the creation of an official, national registration for social enterprises by a public agency, with the support and engagement of the relevant private ecosystem stakeholders, such as social enterprises coalitions and academic institutions.

There are already examples of national registration systems for enterprises recognising their social orientation. For example, the Danish Government sponsored "Registration for Social Enterprises" (see Box 3.1). Such registration tends to focus on the entire organisation and is more a signal of the nature and intentions of the organisation in relation to societal goals and may involve a lower level of due diligence about the actual impact outcomes.

**Box 3.1. The Danish Social Enterprise Label and Register**

In June 2014, the Danish Parliament passed the "Act on Registered Social Enterprises", the first of its kind in the European Union. The act allows interested enterprises to receive an official seal of approval as a "registered social enterprise". The purpose of the registration scheme is to make it easier for stakeholders to find social enterprises, and ensure that the enterprise is in fact a socially responsible company. In addition, the scheme paves the way for monitoring the development of social enterprises in Denmark and targeting specific legislation at registered enterprises.

Since January 2015, enterprises have been able to register as a social enterprise at The Central Business Register (CVR - *www.virk.dk*), which contains primary data on all businesses in Denmark. In order to register, an enterprise must meet five criteria applying to social enterprises: social purpose, significant commercial activity, independence of public authorities, inclusive and responsible governance, and social management of profits. If the Danish Business Authority approves an application, 4 weeks after the approval the enterprise can use the term and hence also the mark of Registered Social Enterprise.

As of November 2018, 282 enterprises had registered as a social enterprise under the scheme despite no specific advantages in tax or procurement. Unfortunately, the National Centre for Social Enterprises, which was to be the main promoter of this initiative as well as of the social entrepreneurship ecosystem in Denmark, closed down due to changed priorities of the new Government. Despite that closure, the number of registered social enterprises has been growing steadily reaching about a half of the total number of social enterprises in Denmark.

*Source*: http://socialvirksomhed.dk/en

A public agency could ensure the promotion and management of the registration process upon receiving an online application from the social enterprise with the necessary information and evidence in a standard format. The goal should be to implement a registration process that is not onerous for the social enterprise or for the agency doing the registration. The mandate of this public agency would be to implement the certification process, create the register and promote it as well as use the sector level data to track the development of the field. This agency can be an existing entity already mandated to perform enterprise certifications, thus having the right infrastructure, as was the case in Denmark where the Central Business Register assumed this role. An alternative would be to create a new agency to promote the sector of social enterprises, which would also be mandated to perform the registration (see Chapter 8 for more details regarding the recommendation to create this agency).

The registry should be open to small or large organisations (no size requirement or restrictions) and to mature organisations or more early stage ones as long that they fulfil the social enterprise criteria (no age restriction). Naturally, both for-profit and non-profit legal forms should be eligible to register. In addition, there could be an option to register a dual form (a corporation and a foundation) as part of a single social enterprise entry. This option of dual registration would clarify the role of each one and the governance rules implemented. This would bring transparency and further clarity to the field. Social entrepreneurship initiatives that are not yet incorporated, that have not yet launched their envisioned product/service or that don't have a business model with a significant level of revenue generation would not be eligible for registration.

The social enterprise registration would be granted for a certain period (one or two years could be considered) and be renewed by the agency at the end of that period based on the information provided by the social enterprise. The registry should be publicly available with the possibility to consult the information provided by the social enterprises, so that the registration process would have a strong level of transparency and credibility. The need for a high level of credibility and institutional recognition favours the option of mandating a public agency to provide the registration, instead of an independent private body. The goal is for this registry to become the official registration for social enterprises in the Netherlands. This official recognition can then lay the ground to design efficient policies in the areas of fiscal status or eligibility for financing programmes.

## Recommendations

- **Adopt an official and operational definition of social enterprise.**

  The Government should adopt an official and principle-based definition of social enterprise, such as the one suggested in this chapter, which should be open in terms of legal forms and strict regarding the prioritisation of social objectives. This operational definition should thus make clear the societal orientation of its goals and the entrepreneurial and economically sustainable basis of its operations, prioritising transparency and open governance mechanisms.

- **Create a registration system for social enterprises that conform to this operational definition.**

  This would give visibility to the field, improved clarity on which organisations are social enterprises, and increased ability to track the field's growth and development. The registration process should be free (or include a nominal processing fee) and is not meant to establish a full set of fiscal benefits. These potential benefits can be developed later and some of them can be enacted at the municipal or provincial level. This registration should include an option for the dual legal forms adopted by many social entrepreneurs.

# Chapter 4. Promoting social impact measurement and reporting

With current momentum towards an "impact society" in the Netherlands, measuring and demonstrating social impact is high on both political and corporate agendas. In the social entrepreneurship field, it can help to better understand the added value of organisations oriented towards impact and the specific approach of social enterprises. Measuring social impact also helps social enterprises to be accountable for their social mission while managing and improving their performance. It allows public authorities and impact investors to understand what impacts can be achieved when investing in or funding social enterprises.

This chapter offers some key considerations for further strengthening the social impact measurement ecosystem. It presents ongoing efforts made by relevant stakeholders, while also pointing out the potential risk of overlooking the variety of impact areas and social impact organisations that exist. It puts forward policy recommendations to strengthen initiatives already in place, and proposes additional measures that can be taken to support widespread social impact measurement practice, including through the creation of a label recognising this practice.

## Strengths

### *Widely recognised importance of social impact measurement and reporting*

In the context of current momentum for an "impact society", the importance of social impact measurement is widely acknowledged. Its central role in increasing the visibility of social enterprises was underlined by all stakeholders met during the OECD study visit, while it was also commonly mentioned that all companies should be required to measure and report their social impact. In addition, for social enterprises, demonstrating impact was seen as a way to shed light on their specific value added.

The Government also recognised the importance of promoting social impact measurement and endorsed the recommendation by the Social and Economic Council (SER) in that regard (SER, 2015[16]). Accordingly, the Ministry of Social Affairs and Employment the Ministry of Economic Affairs and Climate Policy, and the Ministry of Foreign Affairs, commissioned the development of an online tool to make social impact measurement more accessible and affordable, and to stimulate some degree of standardisation of measurement techniques and indicators used. The tool, called Impactpad, was launched in June 2018[23] and includes five "levels" for measuring social impact. It covers three thematic areas that reflect the competencies of the Ministries behind its creation: labour market participation, circular economy and sustainable value chains.

Given the strong CSR culture in the country, other government initiatives push for further transparency for traditional companies. For example, the "Transparency Benchmark" launched by the Ministry of Economic Affairs and Climate Policy in 2004, benchmarks and rewards good CSR reporting practices (Ministry of Economic Affairs and Climate

[23] The Impactpad was developed by a consortium of actors, namely: Avance, Impact Center Erasmus and Social Enterprise NL, in consultation with a large number of entrepreneurs and experts.

Policy, 2018[33]). The Ministry of Foreign affairs supported by the Dutch Good Growth Fund (DGGF) also promote CSR and greater transparency: SMEs receiving investment through the fund are required to adhere to International CSR principles[24] and report on these to the DGGF investment manager (Dutch Good Growth Fund, N.D.[34]).

Finally, the importance of impact measurement is acknowledged within the social enterprise community itself. The Social Enterprise Code proposed by Social Enterprise NL, for example, includes transparency as one of its key principles requiring that: *"the enterprise clarifies the way in which it contributes to the mission, the realised impact, the financing of the enterprise, the involvement of relevant stakeholders and the results of the peer reviewed"* (Social Enterprise NL, 2017[35]). In fact, social impact measurement practice is fairly widespread, with 63% of social enterprises reporting, in the latest Social Enterprise Monitor 2018, that they measure their impact (Social Enterprise NL, 2018[36]), while 51% did so in the McKinsey report from 2016 (McKinsey & Company, 2016[15]).

### *A plural market for social impact measurement*

In addition to the government-led Impactpad, various market-based initiatives promote impact measurement, not only for social enterprises but also for different types of organisations and enterprises. Among them, the Social Entrepreneurship Performance Ladder (PSO) measures the direct and indirect contribution towards integration of vulnerable groups in the labour market.[25] Developed by the Organisation for Applied Scientific Research (TNO) and the PSO Nederland[26], its PSO label provides a quality mark that is being widely used to signal social impact, including for example in public procurement processes (for further information on this topic, see Chapter 6). There are also about fifty certified B Corporations in the country regularly reporting on their social and environmental performance using the "B Impact Assessment".

In addition, various consultancy firms provide social impact measurement services tailored to the specific needs of their clients[27], while several umbrella organisations provide capacity building workshops in collaboration with expert firms.

Finally, impact investors are interested in social impact measurement. Led by ABN AMRO, the Netherlands was amongst the first countries in continental Europe to deploy the Social Impact Bond model (SIB) to create payments for outcomes, which are typically set-up to include an independent assessment of outcomes by an external evaluator (ABN AMRO, 2015[6], see Chapter 7 for further information).

[24] These are based on the OECD guidelines for multinational enterprises, the performance standards of the International Finance Corporation (World Bank) and the exclusion list of the Dutch Development Bank (FMO).

[25] Direct refers to directly employing people from vulnerable groups, whereas indirect means that the certified organisation purchases products or services from other PSO-labelled companies.

[26] The PSO Nederland is the certifying body. It is a so-called "Stichting" (foundation) - a Dutch legal entity with limited liability that exists for a specific purpose, but has no members or share capital.

[27] To mention a few, those encountered and mentioned during the OECD study visit in June 2018 include the private consultancy firms Avance, Steward Redqueen, Sinzer, True Price and PwC.

## Challenges

### *Lack of common standards and infrastructure may lead to diverging quality*

Given that many different actors are interested in social impact measurement, there is an inherent risk of diverging quality among proposed models and approaches (OECD/EU, 2018[37]). In addition, actors might have different understandings and practices of social impact measurement. The 2018 Social Enterprise Monitor indeed shows that not all surveyed social entrepreneurs who measure impact indicated to do so at the most demanding level based on the Impactpad framework (level five), which entails measuring and validating outcome-level change (Social Enterprise NL, 2018[36]). It should be noted however, that although the first three levels (i.e. defining objectives; preparing the theory of change; tracking outputs) are important preparatory steps, they should not be considered as impact measurement per se.

### *Limited knowledge about social impact measurement techniques remains a barrier to mainstream practice*

A significant proportion of social entrepreneurs still lack adequate knowledge about social impact measurement techniques. The aforementioned McKinsey study shows that out of the 49% of social enterprises that reported not to measure their impact, 32% declared that this was due to their difficulty in finding a measurement method (McKinsey & Company, 2016[15]). This is also consistent with another study that found that lack of knowledge about measurement techniques was a common barrier faced by social entrepreneurs in the country (Karré, 2018). During the OECD study visit, the participating stakeholders also reported that social impact measurement was often seen as overly complex for entrepreneurs, which is perceived to stall impact measurement from becoming mainstream.

## Key policy issues

### *Valuing the variety of social impacts and the specific nature of social enterprises*

While common standards for social impact measurement and reporting remain central considerations to ensure quality, it is equally important to acknowledge that not all social impact areas and social enterprise activities can or should be measured using the same models, and that all outcomes pursued by social enterprises are not equally tangible (OECD/European Commission, 2015[37]). As previously mentioned, many existing practices emphasise information for financial decision makers, with a tendency towards a "best in class" logic. However, this may lead to undervaluing the impact of actors dealing with very difficult target groups and/or specific societal problems. It may also impede innovative approaches in areas where impact is harder to quantify, as pointed notably by representatives from citizens' initiatives organisations (OECD study visit, June 2018).

There is also a need to better account for a wide range of impact areas and to develop guidance for themes like social cohesion and loneliness. Although the online tool launched by the Government helps social enterprises and others to get started with social impact measurement, the scope of the tool is still limited to only three thematic areas.

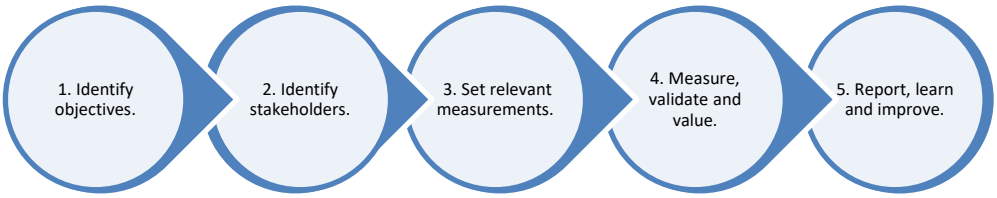
### *Promoting a standard process for social impact measurement…*

Although standardised *metrics* and *indicators* may not be suitable to measure the variety of impacts produced by social enterprises, there is some international consensus regarding the

standard *process* to apply to ensure high quality impact measurement. Harmonising the field to a certain extent and improving comparability of measurements could be done by applying a comparable and consistent process, as well as consistent reporting over time based on the same standard process (OECD/European Commission, 2015[37]; European Commission , 2014[38]; Ruff and Olsen, 2016[39]). In a similar vein, the G7 Impact Measurement Working Group (2014) recommends the creation of a measurement "convention", referring to a standardised impact measurement and reporting system that enhances the availability of impact data.

Defining social impact as "the reflection of social outcomes as measurements, both long-term and short-term, adjusted for the effect achieved by others (alternative attribution), for effects that would have happened anyway (deadweight), for negative consequences (displacement) and for effects declining over time (drop off)" (European Commission , 2014, p. vii[39]) the Group of Experts of the European Commission's on Social Entrepreneurship (GECES) has proposed a standard process for measuring social impact that has become a common reference point for the field. This process is also aligned with the European Venture Philanthropy Association's (EVPA) practical guide to measuring and managing impact (Hehenberger, Harling and Scholten, 2013[41]) as well as Social Value International's (SVI) principle-based framework (European Venture Philanthropy Association, 2017[42]). This standard process consists of five stages (see Figure 4.1).

**Figure 4.1. EVPA standard process to measure impact**




*Source*: Adapted from (European Venture Philanthropy Association, 2017[42])

Along these lines, fostering a common language and raising awareness about social impact measurement should be done by promoting the process as a whole rather than independent steps or specific methods, metrics or indicators.

To achieve this, the Government can consider creating a label (e.g. "I Care for Impact") for organisations (be these private or public, social enterprise or non-profits) that adopt systematic procedures to measure and report on their societal impact regardless of impact area. In other words, the label could formally recognise the practice of measuring impact rather than the impact per se.

This label could be tied to the further development and dissemination of the Impactpad, granted for organisations that reach level 5 in the tool (or the equivalent process in any other established framework for measuring impact). This label is not expected to provide specific fiscal or procurement advantages, but will have mostly a marketing and good will value to help organisations to adopt social impact measurement practices.

In this regard, it would also be central to further develop the themes covered by the Impactpad tool, to avoid that only those active in the listed themes (labour market participation, sustainable value chains and circular economy) are able to obtain the label. Investment in research and experimentation in hard-to-measure areas, in collaboration with universities and social enterprises, could be a viable option here.

### *…while avoiding a one-size-fits-all solution*

A standard process for social impact measurement should not impede the development of new and innovative approaches to social impact measurement and should not lead to an over standardisation or levelling down of social enterprises practices. It should rather be seen as a way to stimulate a common understanding of issues at stake to obtain high quality results, without expecting one-size-fits-all tools and approaches (OECD/European Commission, 2015[37]).

To support this approach, creating a skilled pool of social impact analysts that can read and make sense of variety of social impact reports could be particularly relevant, rather than imposing standard techniques and measures on social entrepreneurs (Ruff and Olsen, 2016[40]).

Attention should also be paid to the "proportionality challenge": efforts to measure social impact must be proportional to the mission pursued, and must not divert attention from, or be more costly or time consuming than actually pursuing it. Social impact measurement should always guide actions towards achieving social impact, rather than being a mere box-ticking exercise (OECD/European Commission, 2015[37]). Finally, smaller or early-stage social enterprises and community-based organisations that often have more difficulties in measuring their social impact for financial or human resources reasons, may need adequate capacity building opportunities and some financial support.

### *Providing open access guidance and indicator libraries*

Guidance on the choice of indicators and metrics is critical to improving the social impact measurement ecosystem. In this regard, the GECES welcomes the development indicator frameworks from which the most relevant ones can be selected according to stakeholder's needs (European Commission , 2014[39]). In line with this, the OECD and the also encourage policy-makers to consider the provision of a library for indicators and metrics (OECD/European Commission, 2015[37]). Major indicator frameworks and initiatives, such as IRIS and the Global Reporting Initiative (GRI), also start to promote flexibility in the choice of indicators among their users (Ruff and Olsen, 2016[40]).

The Sustainable Development Goals (SDGs) are also becoming increasingly used as a framework, as reflected for instance in the launch of the "Impact Management Project (IMP)"[28] and the work behind the "SDG Compass", which aim to accelerate impact measurement and management practices and align these with the SDGs. The "SDG Compass" offers an inventory of widely acknowledged business indicators (e.g. the GRI)

[28] The IMP is a global network of standard-setting organisations that includes the United Nations Development Programme (UNDP), the Global Reporting Initiative (GRI), the Global Impact Investing Network (GIIN), the Principles for Responsible Investment (PRI), the International Finance Corporation (IFC), the Global Steering Group for Impact Investment (GSG), Social Value International (SVI), the Organisation for Economic Co-operation and Development (OECD), and the World Benchmarking Alliance (WBA). See: https://impactmanagementproject.com/

and although principally developed for large multinational enterprises, it encourages small and medium enterprises and other organisations to use it for inspiration (GRI, UN Global Compact, WBCSD, 2015[43]).

A country-based example of sample indicators is Big Society Capital, UK, which has developed the "outcomes matrix" providing examples of indicators that social enterprises have found useful. It is important that any library is regularly updated, and covers as many impact areas as possible. In this regard, universities and research institutions can also play an important role in further developing the field, especially regarding harder-to-measure impacts (Kroese, 2015[43]; OECD/European Commission, 2015[37]).

### *Adopting a stakeholder approach*

Without adequate coordination and stakeholder dialogue, there is risk to stall the development of the field and get lost in a myriad of approaches offered. The OECD and the GECES, in line with international debates, have recognised that a stakeholder approach may be most efficient to measure social impact. This approach suggests that methods and metrics are selected to satisfy the information needs of the "[principal] stakeholder with an interest in measuring social impact of a given social enterprise" (OECD/European Commission, 2015[37]). For that reason, stakeholders that request specific information (often public agencies or finance providers) may also bear part of the efforts and costs. In Trento, Italy, for example, a stakeholder approach was successfully adopted to measure the impact of work integration social enterprises (see Box 4.1). Responding to the information needs of main stakeholders also reduces the risk duplication and overlapping requests, which may lead to measuring impacts that do not guide decision making. A stakeholder approach can also serve to ease the burden on social enterprises who may lack people, knowledge, time and financial resources to measure their impact (OECD/European Commission, 2015[37]; European Commission , 2014[38]; McKinsey & Company, 2016[14]).

**Box 4.1. A stakeholder approach to social impact measurement**

In Trento, Italy, a public agency needed to know whether investing in WISEs was efficient compared to other policy options, such as income subsidies or social benefits, and whether it generated the intended outcome for disadvantaged workers. A stakeholder approach to social impact measurement was therefore adopted. Through a cooperation between the local employment agency and the research centre Euricse, the latter used a metric combining cost-benefit analysis (CBA) and well-being indexes to gauge both the cost saving and benefits in terms of workers' wellbeing generated by investing in WISEs.

To obtain relevant data, 10 WISEs were surveyed over a period of 6 years, and contributed with data on wages, subsidies received and the health benefits of target population. The results calculations showed that, on average, the long-term net benefit of investing in WISEs was EUR 61 000 per disadvantaged person employed and trained by a WISE, demonstrating WISEs as an efficient solution to achieve the desired impact in terms of work integration. A separate survey on employed individuals' well-being also generated positive results.

This case shows the need to involve a range of stakeholders in the measurement process to obtain the most relevant result. In this case, an external research institution was needed considering the relatively complex, costly and time-consuming metric deemed most appropriate.

*Source*: (OECD/European Commission, 2015[37])

## Recommendations

- **Promote a systematic and high quality process to measure social impact while avoiding one-size-fits all approaches.**

  As mentioned above, there is a need to make sure that actors engaging in social impact measurement apply a common process ensuring adequate quality. To achieve this, the Government can consider creating a label (e.g. "I Care for Impact") for organisations that adopt systematic procedures to measure and report on their societal impact regardless of their area of activity. In other words, the label could formally recognise the practice of measuring impact rather than the impact *per se*.

- **Promote a stakeholder approach that allows the field to be co-constructed.**

  A stakeholder approach lends itself well to the rich social entrepreneurship landscape in the Netherlands, where responsibilities for developing the field can be shared among a wide range of knowledgeable actors, including impact investors and the Government. This implies that entities who request social impact information bear some of the costs and efforts for this endeavour, while avoiding duplication of requests by various stakeholders. To promote this approach, an entity, such as Netherlands Social Entrepreneurship and Innovation Agency (see chapter 8) could broker stakeholders' dialogue to further develop the field.

- **Provide capacity-building "vouchers" for impact measurement, management and reporting by social enterprises and community-based organisations.**

  Smallest and early-stage social enterprises and community-based organisations need targeted support as outlined previously. Capacity-building grants or vouchers for impact measurement can help them access the services offered by intermediaries to develop internal impact measurement and reporting initiatives. The voucher value (typically below EUR50k, for example in the UK or Portugal, and depending on the size and complexity of the task) can also be used to hire expert third-party providers and publish impact reports. The programme will be oriented towards internalising the impact management expertise for organisations with limited cash flows and also to promote a deep pool of expertise in the Dutch market regarding impact measurement and reporting.

# Chapter 5. Developing social entrepreneurial capacity and skills

Youth and adults express growing interest in creating social impact through work and/or volunteering, which calls for adequate education and capacity-building opportunities. Developing social entrepreneurial capacity and skills can yield powerful policy gains by nurturing learners' personal development but also by strengthening employability and equipping citizens to engage actively with societal challenges. Although the Netherlands offers a rich variety of programmes to develop social entrepreneurial capacities and skills, in particular for adult entrepreneurs or higher-education students, these opportunities are still scarce at primary and secondary education levels. This chapter presents an analysis of the strengths and challenges of the country in terms of social entrepreneurial education, from primary to higher education levels, and in terms of capacity building opportunities offered by intermediaries and support organisations. It concludes with policy recommendations to strengthen and further develop social entrepreneurial capacity and skills among Dutch citizens.

## Strengths

### *Growing interest by youth to create social impact through work and/or volunteering*

Creating positive impacts for society, notably through work, is increasingly attracting youth attention at international and European levels, including in the Netherlands (UNICEF, 2007[45]). This goes along with their changing expectations towards work and a genuine willingness to create solutions to respond to socio-economic and/or environmental problems. As highlighted by the Global Shaper Survey (World Economic Forum, 2017[46]), in Western European countries, the top three most important criteria for young people when considering job opportunities are "sense of purpose/impact on society", "work-life balance" and "salary/financial compensation". This reiterates the idea that youth are deeply motivated to create value and positive impacts for society. In the Netherlands, this is notably illustrated by the strong engagement of Dutch youngsters in volunteering (about 60% of 15-17 years-olds and more generally 51% of 15-24 year-olds) and their involvement in associations (56% of 15-24 year-olds) (Statistics Netherlands, 2018[47]).

### *Rich offer of social entrepreneurial courses at higher education level*

Dutch higher education institutions offer a rich variety of courses and programmes on social entrepreneurship. These can take different forms: from specific lessons incorporated to more general curricula on entrepreneurship, to electives modules or minors on social entrepreneurship. For example, Utrecht University, Rotterdam University, Maastricht University, and The Hague University incorporate this content into their bachelors or masters programmes. In addition, Amsterdam University, Amsterdam Business School, the University of Applied Sciences in Amsterdam, or Rotterdam School of Management offer specific modules of minors. Some universities have launched dedicated chairs on social or sustainable entrepreneurship, with dedicated PhD students (e.g. Utrecht University; Groningen University) while Utrecht University is the only one offering a dedicated summer school. These courses can provide from 2 to 30 European Credit Transfer and Accumulation System (ECTS) credits.

In addition, non-profit networks specialised in the field of active citizenship and social entrepreneurship provide students with experiential learning but also with networking opportunities. Among these, Enactus networks are active in thirteen higher education institutions in the country and work in cooperation with private partners such as Rabobank and Unilever to encourage students to develop social entrepreneurial projects (Enactus, 2018[48]). They work by connecting students with academic and business leaders and leveraging the knowledge and opportunities of their international network present in 36 countries (OECD, 2018[49]). Similarly, the Social Enterprise Lab offers a "development programme", a social entrepreneurship challenge and a social incubator programme (10 weeks) that all aim to support local residents, students and professionals to work together in setting-up a social enterprise that will have an impact in the neighbourhood (Social Enterprise Lab, 2018[50]). On a different note, AIESEC, a not-for-profit organisation in consultative status with the United Nations Economic and Social Council and present in twelve cities of the Netherlands, aims to provide students with internships and volunteering opportunities in NGOs, start-ups or companies, notably to contribute to achieve the UN Sustainable Development Goals (AIESEC, 2018[51]).

Peer learning and experiential learning opportunities are also interestingly fostered in SOLVE (Social Impact Consulting), a student consulting organisation present in Amsterdam, Rotterdam Utrecht and at national level. The organisation comprising 86 student consultants provides operational guidance to social enterprises and non-profits and benefits from the support of some private partners such as Deloitte (SOLVE, 2018[52]).

### *Rich offer of capacity building opportunities for social entrepreneurs*

A variety of support programmes and incubators exist for social entrepreneurs. Among these, Social Enterprise NL providing different kinds of business and support programmes; or Impact Hub Amsterdam, a network of impact entrepreneurs and innovators offering among other things an accelerator programme, workshops and some funding. Through their pro-bono activities and CSR policy, private companies (e.g. PwC, CMS and ABN AMRO) also support social entrepreneurs by funding capacity-building workshops or by purchasing products and/or services from social enterprises themselves.

## Challenges

### *Scarce offer of social entrepreneurial education at primary and secondary education levels*

Although many higher education institutions propose programmes or activities on social entrepreneurship, the primary and secondary education offer on this topic is still underdeveloped. In addition, most programmes offered at higher education levels involve launching a social enterprise, and may not be adapted for younger students where the focus should be on promoting entrepreneurial mind-sets and behaviours aligned with a concern for societal issues. This situation might in turn lead to some reluctance from teachers to implement such new ventures programmes in their classes.

### *Despite a rich capacity-building offer, social enterprises still lack critical business skills*

Although the Dutch business environment is excellent in several aspects as highlighted by previous OECD analysis of the Dutch innovation system (OECD, 2018[49]), early-stage and small enterprises, including social enterprises, might need further support to develop some business skills that are critical to their development. In particular, the key challenges faced by social enterprises to scale-up include: better collaborating with municipalities (16%), accessing finance (15%) and finding customers (12%) (Social Enterprise NL, 2018 forthcoming[53]) which also depend on traditional business skills.

Although no specific data has been found for Dutch youth social entrepreneurs in the Netherlands, at European level, young social entrepreneurs report that accessing finance (23%), complex legal and regulatory framework (12%), lack of business experience (9%) and difficulties in building up a team (8%) are the main obstacles they face (UnLtd., 2016[54]). These figures suggest the importance of addressing these issues in capacity-building programmes.

### *Capacity-building opportunities for public stakeholders are scarce if not inexistent*

Although there is an increasing interest in the policy arena, public stakeholders, in particular at the municipal level seem to have insufficient knowledge and understanding about social entrepreneurship. PwC's recent research found that 75% of municipalities indicate that they do not have enough knowledge and expertise about social entrepreneurship (PwC, 2018[55]). This appears to be critical for public procurement officers who need to understand the specificities of social entrepreneurship and social enterprises.

## Policy issues

### *Structuring and further developing social entrepreneurial education offer*

In most OECD countries, activities that aim to develop young people's competence in entrepreneurship and social entrepreneurship are not yet mainstreamed in education systems, particularly at primary and secondary education levels. Indeed, according to the 2012 Flash Eurobarometer, only half of the EU population aged 15 years and above agree that their school education helped them to develop a sense of initiative and a sort of entrepreneurial attitude, with 22% totally agreeing and 28% tending to agree (European Commission , 2012[56]).

Yet, building entrepreneurial capacity through education and enhancing students' competence in entrepreneurship and social entrepreneurship can offer powerful policy gains to governments. Not only does it nurture learners' personal development by providing them with the tools needed to face everyday life challenges in education or personal settings, but it also contributes in the long term to sustainable social and economic development, in particular by strengthening employability and equipping students to engage actively with societal challenges. Educational programmes on social entrepreneurship indeed provide students with opportunities to develop new solutions to unresolved social challenges, and learn about business-creation processes and planning. For younger students, these programmes can focus more on developing social

entrepreneurial mind-sets. Existing efforts at higher education level, should thus be enhanced by offering activities earlier and ensuring that they are available to all students from all disciplines (OECD/EU, 2017[57]; OECD, 2018[49]).

Policy makers can play a critical role in designing and implementing appropriate strategies that will aim to foster students' capacity to be entrepreneurial, creative and able to cope with uncertainty. To do so, policy makers could consider EntreComp, the Entrepreneurship Competence Framework developed by the European commission, which identifies 15 competences[29] along an 8-level progression model and 442 learning outcomes. The framework can be used as a basis for the development of curricula and learning activities fostering entrepreneurship as a competence. It can also be used for the definition of parameters to assess learners' and citizens' entrepreneurial competences.

Concretely, different policy options exist to achieve these goals. For example, the French Law on the Social and Solidarity Economy created the High Council for the Social and Solidarity Economy which aims (among other things) to promote social entrepreneurship among young people through the public education system. Another interesting example is the Croatian Strategy for the Development of Social Entrepreneurship (adopted in 2015), which allocates 28% of its total budget to educational activities (e.g. replicating innovative educational programmes, and supporting institutions providing formal and informal programmes on social entrepreneurship) (OECD/EU, 2017[57]).
Concerning entrepreneurship education, more generally, by 2015 eleven EU Member States had developed this type of strategy, covering entrepreneurship education at all levels of formal education. In a few Member States, such as Finland, Estonia, or the United Kingdom, youth organisations were involved in the development of such a national strategy and the curricula. However, these national strategies mostly address the formal educational system, while they rarely address entrepreneurial learning taking place outside the formal education system, including in youth work (European Commission/EACEA/Eurydice , 2016[58]; European Commission, 2017[59]).

Ensuring that different policy actors at local, regional and national level are well coordinated is also essential to implement effectively any policy on (social) entrepreneurship education. For example, Denmark created a cross-ministerial collaboration on entrepreneurship that notably led to a national progression model for entrepreneurship education and training, as well as better coordinating research efforts on the impact of entrepreneurship education (OECD, 2018[49]).

Another important issue that policies should address is the fact that teachers rarely have the opportunity to undergo initial training and continuous professional development in social entrepreneurship. They are often unfamiliar with the concept, and hesitate to adopt new, project-based pedagogical methods. Raising awareness on the benefits of entrepreneurship

[29] The EntreComp conceptual model identified 15 competences that, together, constitute the building blocks of entrepreneurship as a competence: spotting opportunities; creativity; vision; valuing ideas; ethical and sustainable thinking; self-awareness and self-efficacy; motivation and perseverance; mobilising resources, financial and economic literacy; mobilising others; taking initiative; planning and management; coping with uncertainty, ambiguity and risk; working with others; learning through experience. For more information, please see: http://publications.jrc.ec.europa.eu/repository/bitstream/JRC101581/lfna27939enn.pdf

(including social entrepreneurship) education, and providing relevant training to teachers and head teachers is key when implementing these programmes (OECD/EU, 2017[57]).

Lighter policy options might entail structuring and promoting existing initiatives and programmes related to social entrepreneurship. For example, compulsory traineeships at secondary education level in the Netherlands could be leveraged to promote youth engagement in social enterprises or organisations oriented towards social impact and social innovation. Another promising strategy is supporting public-private partnerships between schools and non-governmental organisations, including social enterprises, specialised in providing social entrepreneurship education programmes. Junior Achievement, which is almost completely independent from public funding, is a good case in point (see Box 5.1): in 2015, only 14% of its total annual budget stemmed from public funding, and 82% from private sources (OECD/EU, 2017[57]).

**Box 5.1. Junior Achievement: An education network**

Junior Achievement (JA) is a worldwide network of national Junior Achievement chapters promoting entrepreneurship education. At the European level, JA Europe comprises 40 national chapters and constitutes the largest non-profit organisation (NGO) in Europe in this field bringing together the public and private sectors. The goal is to foster innovative thinking and improve young people's work and life skills through experience and practical activities.

In the lower grades, JA social entrepreneurship programmes 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). SIR is a sophisticated ideation exercise designed to stimulate creativity through an international online innovation camp supported by business mentors; it is linked to SE360, a strategic partnership between organisations from eight countries that builds on the SIR idea by taking students into a real start-up focusing on social entrepreneurship. By combining social ideation and business development, students gain skills and knowledge in identifying social business ideas and turning them into real businesses.

In 2014/15, JA programmes reached 3.5 million students in Europe, supported by 117 000 teachers and 164 000 business volunteers. In the Netherlands, it reached 74 922 students in 2379 schools, involving 1500 professionals.

*Source*: (OECD/EU, 2017[57]); https://www.jongondernemen.nl/nl/.

### *Improving and opening-up capacity-building opportunities*

Although quite well developed in the Netherlands, capacity-building programmes for social enterprises should continue to be supported, in particular with regards to specific business skills related for example to accessing finance which still appears to be challenging for both adult and youth social entrepreneurs. Public support could target intermediaries such as hubs, accelerators or incubators to ensure that they are well spread across territories and that they address the needs of social enterprises at different stages of development, from developing business plans, to becoming financially self-sustainable and investment ready.

Public and private agencies or intermediaries targeting traditional entrepreneurship education, awareness or support, should be encouraged to open up to social enterprises. However, social enterprises do not require the same services as commercial enterprises and policy makers and intermediaries must take into account a diverse set of skills and needs.

For instance, social entrepreneurs coming from the non-profit sector may need to strengthen their business skills; conversely, social entrepreneurs from the private sector may need to enhance their social-change competencies (OECD/EC, 2016[60]; Stephan, Kelly and Patterson, 2013[61]).

## Recommendations

### *Fostering social entrepreneurial education*

- **Foster entrepreneurial education and develop specific activities to build social entrepreneurial competences throughout education levels and in particular at primary level.**

  In order to develop curricula and learning activities fostering entrepreneurial and social entrepreneurial competences, the Government could build on the EntreComp framework presented in this chapter. Establishing public-private partnerships between schools, higher education institutions, civil society and non-governmental organisations (including social enterprises), which are specialised in providing entrepreneurship and social entrepreneurship education programmes, is also a promising strategy in that endeavour. This can in turn allow students to meet social entrepreneurs and learn from positive role models. Finally, it should be noted that social entrepreneurial education can be promoted through both informal and formal education settings.

- **Adopt an official statement or strategy to raise the visibility of existing social entrepreneurial education programmes.**

  An official statement on entrepreneurship education, including social entrepreneurship education, and adequate institutional and media communication would raise the visibility of the existing education programmes. Another option could be to integrate such a statement in a national strategy targeting entrepreneurship in general or social entrepreneurship more specifically. The official statement or strategy should consider the possibility of providing teachers with opportunities to undertake trainings to raise their awareness and understanding about social entrepreneurship.

### *Enhancing capacity building opportunities*

- **Communicate better and open-up explicitly capacity-building programmes to social entrepreneurs.**

  Intermediaries should be encouraged to better tailor capacity building opportunities to the main challenges social enterprise face (notably access to finance and cooperating with municipalities) and take into account their specificities (double or triple bottom line business model), as well as their stage of development. In fact, at the moment many capacity building programmes do not clearly state that social enterprises are eligible.

- **Build on existing research results to strengthen capacity-building and training programmes.**

  Research results should be leveraged to strengthen existing and design new capacity building and training programmes devoted to social entrepreneurs and government officials. In that endeavour, a promising strategy could be to develop a digital information centre on social entrepreneurship and social innovation and to articulate it with academic research centres to fill gaps in knowledge and data for the sector.

# Chapter 6. Improving access to markets for social entrepreneurship development

Public procurement at the municipal, provincial and central levels, is an important vehicle through which governments can influence the behaviour of private and social mission entities to incorporate business practices with positive societal impact. In parallel, social entrepreneurs can yield important revenues from private markets, be this through business to business (B2B) or business to citizens (B2C) exchanges. This chapter discusses policy options to further support access to markets for social entrepreneurship development. It notably focuses on the role of procurement, both public and private, in promoting the development and sustainability of organisations operating in the social entrepreneurship field. The goal is to leverage effectively the potential of procurement to foster social innovation and promote a more vibrant segment of social enterprises and other companies whose business practices bring additional and distinctive benefits to society.

## Strengths

### *Recognised importance of sustainable public procurement in the Netherlands*

The Netherlands has been at the forefront of the implementation of strategic public procurement policies (SPP). They led the way in the area of the environment (GPP – Green Procurement Policies) and innovation (PPI – Public Procurement of Innovations) and, more recently, they incorporated social considerations (SRPP – Social Responsible Public Procurement) (European Commission, 2016[62]). Currently, these different domains of procurement are embedded and integrated under the frame of *Sustainable Procurement Policies*.

### *The EU Public Procurement Directive fostering "Buy Social"*

The EU directive on public procurement (2014/24/Eu) came into force on 17 April 2014 and Member States had until 18 April 2016 to transpose it into national legislation.[30] The amended Dutch Procurement Act, compliant with the EU directive, entered into force on 1 July 2016. This new directive creates more opportunities to adopt practices that promote "buying social" and foster social innovation, a goal that is at the core of Europe's 2020 strategy for smart, sustainable and inclusive growth. This focus on social goals is enabled by provisions that determine 1) contract award criteria, 2) technical specifications and 3) reserved contracts. There is thus an opportunity for Member States to adopt, under the frame of this EU Directive, an active national policy of fostering social innovation, incentivising social practices and supporting social enterprises.

### *Strong focus on labour market participation in socially responsible public procurement*

The Netherlands has an established practice of incorporating social clauses in public procurement, in particular in the area of inclusion of employees "with a distance to the

[30] For more information regarding the directive, please see : https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014L0024

labour market" (as per the Dutch expression). These policies have been enacted in the form of social-return clauses for tender winners or award criteria advantages for entities that adopt the practices promoted under the PSO Label, which certifies the pro-active adoption of labour inclusion practices by enterprises. This PSO label not only measures directly the contribution of organisations to labour inclusion, but also accounts for the indirect contribution achieved through buying from other organisations that rank high in the four-tier PSO certification ladder. This creates a virtuous circle that reinforces adoption of inclusive labour practices due to procurement advantages. PSO Netherlands also awards the PSO 30+ certificate for organisations that employ more than 30% of employees with disabilities or a "distance to the labour market". Some public tenders are reserved for organisations with the PSO 30+ certificate.

### *B2B opportunities for social enterprises and other firms exist*

Traditional businesses represent the majority of buyers from social enterprises, contributing to an average of 40% of the turnover of social enterprises (Social Enterprise NL, 2018[36]). There are initiatives to promote business-to-business collaboration and private procurement opportunities for social enterprises. One example is the "Social Impact Market", also known as "Buy Social" platform, which is managed by the Social Impact Factory in cooperation with Social Enterprise NL. Launched in January 2016, Buy Social is an online business-to-business (B2B) marketplace for public authorities and firms seeking opportunities to purchase social products or services. Social enterprises participating in the platform first undergo a quick scan highlighting their societal objective; how they reinvest profits; how their ownership reflects the enterprise's mission by using democratic principles or focusing on social justice; and the number of people they have hired who were excluded from the employment market. Purchasing managers in traditional companies and municipalities use the platform to post their procurement needs or search for possible suppliers (OECD/EU, 2017[63]). As of June 2018, the Social Impact Market has led to at least 100 matches, totalling at least EUR 500 000 in value. It should be noted that the actual numbers are likely to be a lot higher since, being a freely accessible platform, not all matches are registered (Social Impact Factor, 2018[64]).

The City of Amsterdam has also gone some way in promoting B2B opportunities for social entrepreneurs. Since its creation in 2016, Amsterdam Impact has organised four Buy Social B2B networking events in collaboration with MKB Amsterdam, an interest group for small- and medium-sized enterprises. Each event was attended by about 35 companies and social enterprises, leading to several concrete opportunities for social enterprises (Amsterdam Impact, 2018[65]).

## Challenges

### *Need for objective rules to capture the diversity of societal goals and impacts*

Procurement practices and rules are very complex and procurement officers tend to be conservative in their evaluations and very careful when changing established practices because the losing bidders can legally challenge their decisions. Thus, the implementation level of "buy social" criteria by public procurement officers tends to be low, unless these are framed as objective criteria (OECD study visit, June 2018).

While in more measurable areas, strong progress in procurement has been made (for example, in environmental dimensions and in labour inclusion policies), progress in other

areas has been slower (such as enacting procurement rules that account for social inclusion benefits or health prevention gains). Procurement rules that promote social innovation and social enterprises need to take into account a diversity of potential societal goals and practices, even ones more difficult to measure. As the social impact measurement ecosystem evolves, there is scope to align social impact measurement practices with public and private procurement initiatives.

### *Procurement rules promoting social buying do not necessarily favour the ex-ante adoption of socially oriented practices*

Procurement practices and rules are complex and can have unintended consequences. For example, the "Social-Return Obligations" that many municipalities use, in which a part of the contract needs to be spent on social inclusion practices, may work to the disadvantage of social enterprises (or other organisations) who already adopt those practices as they would need to duplicate these efforts after winning the contract (SER, 2015[16]). This suggests that the guidelines and rules that promote societal goals, including through social return obligations, do not currently favour the ex-ante adoption of socially oriented practices as many social enterprises do.

### *Difficulties for social enterprises to be recognised by buyers*

In the latest social enterprise monitor by Social Enterprise NL, the top three bottlenecks cited by social enterprises when it comes to expanding their impact were: cooperation with municipalities, attracting funding, and recognition and acknowledgement (Social Enterprise NL, 2018[36]). These bottlenecks point to the need to further enhance the visibility and understanding of social enterprises within the overall business and government communities, in particular among public and private buyers.

## Policy Issues

### *Ensuring a level playing field*

Pro-active procurement policies that favour social criteria, which could benefit notably the practices adopted by social enterprises because of their positive spill overs to society, need to take into consideration the maintenance of a level playing competitive field so that regular businesses do not face an unfair disadvantage in public tenders.

Yet, simple procurement policies based on "lowest price offered" may work to the disadvantage of social enterprises or socially responsible businesses that typically assume additional costs in order to reduce negative externalities or increase positive ones (SER, 2015[16]). In fact, in the EU, 55% of procurement procedures use lowest price as the only award criterion for public contracts (European Commission, 2017[66]). This suggests that, to create a level playing field, procurement policies should consider the price / quality ratio in a tender, including social impact criteria and the social quality of the products or services being acquired, leveraging the potential of the EU Strategic Public Procurement Framework[31].

[31] For more information, please see: http://ec.europa.eu/DocsRoom/documents/25984

### *Incentivising the adoption of socially oriented business practices*

This price/quality criteria suggests that specific advantages in "award criteria" should focus on social impact components that are objectively measurable. These impact components are usually domain-specific (environmental preservation, labour inclusion, poverty reduction, etc.).

An interesting practice in the Netherlands is the PSO Label that measures the social entrepreneurship activity of organisations in terms of their labour inclusion practices. Another area with important developments is certifications for sustainable value chains. Similarly, efforts can be placed in the development and adoption in procurement policies of credible quality standards and certifications that are open to all organisations and can attest objectively to the social quality and related costs of adopted social practices.

In case these desired social practices become more widespread or are meant to be incentivised for wider adoption in the business and/or non-profit sectors, then it may make sense for public procurement rules to implement reserved contracts in those areas, as defined by article 20 of the EU Directive on Public Procurement. This is already the case with certain tenders for which only organisations with the PSO 30+ certification are eligible to apply. As the field of social entrepreneurship and innovation matures, there could be other domains in which validated social practices may benefit from reserve contracts.

### *Fostering the sustainable provision of social services of general interest (SSGI)*

Incentivising procurement only in social domains that are more objectively measurable (such as environment and labour inclusion) may leave social enterprises that excel in other domains more difficult to measure (such as personal services and health prevention) at a disadvantage. Government, particularly at the municipal level, should focus on the provision of services to citizens that can be considered social services of general interest (SSGI) covering "legal and complementary social protection schemes and other essential services provided directly to the person" (European Commission, 2012[67]).

Under EU procurement framework rules, establishing a list of SSGI is mostly a Member State mandate. Therefore, further defining such a list and potentially using it as a guideline for establishing reserved contracts for enterprises that follow certain practices, may serve to create a more dynamic market for the provision of local social services, which are done mostly by community-based social enterprises.

### *Public procurement to promote social innovation*

As a way to promote social innovation and to empower civil society, the Dutch Coalition Agreement, included provisions for the "Right to Challenge" and "Right to Bid". Similarly to what was done in the UK, this allows civil society to challenge how public entities are managing societal concerns or assets and request to take over the management of those concerns or assets.

These practices may be relevant for the Netherlands, particularly at the municipal level and especially in the current context of increased decentralisation of public management responsibilities to municipalities. However, in the way these rules are currently framed (as ways to "challenge" and "bid"), they tend to place civil society in opposition to public agencies and generate an adversarial relation that may slow adoption of these practices and hurt social innovators.

One policy option more aligned with social innovation practices would be to re-frame and adapt these procedures to include elements of innovation and collaboration. This can be done by defining these procedures as a “Right to Innovate” and a “Right to Co-Develop” of civic society and social entrepreneurs in public interest domains. Then, a conducive framework may be developed at central and municipal levels to encourage the adoption of these practices.

### *Increasing the visibility of social entrepreneurs and their products and services*

Access to private markets can expand the customer base for social entrepreneurs and social enterprises. This requires that social enterprises have adequate visibility, making consumers aware of the benefits of buying from social enterprises. To achieve this, dedicated campaigns can stimulate the demand for the goods and services produced by social enterprises both by firms and individuals, as is exemplified by the UK experience (see Box 6.1).

**Box 6.1. Social Enterprise UK flagship campaigns to strengthen market access for social enterprises: Buy Social, Social Saturday, and #WhoKnew**

Buy Social aims to inspire people to think about where they buy goods and services from, as well as the social impact of their purchasing decisions. The campaign, launched by Social Enterprise UK, is supported by the continuously updated 'Buy Social Directory', which allows connecting private and public sector buyers with social enterprises.

Another part of the campaign is “Social Saturday”, which encourages individual consumers to buy from social enterprises. Since 2014, it has been taking place on an annual basis during one Saturday in October, featuring pop-up social enterprise marketplaces, social enterprise tours and media campaigns. Finally, in 2017, the #WhoKnew international digital campaign took place during the annual social enterprise day. By using the hashtag #WhoKnew and posting a picture using a standard template, social enterprises could share facts about the impact of their activities. 450 social enterprises took part in the campaign which had an approximate Twitter reach of 4.3 million.

*Source*: https://www.socialenterprise.org.uk/buy-social

Efforts undertaken in the Netherlands in this area, such as Social Saturdays, should therefore continue and be supported. The development of recognition schemes can also help identify social enterprises and build the confidence among buyers and consumers. The use of marks and labels can help in this direction, like the PSO label mentioned above, or well-known fair trade labels. Another option is the creation of directories to help identify social enterprises as potential suppliers, like the Buy Social Directory in the example above.

## Recommendations

- **Favour the ex-ante adoption of social practices through public procurement.**

  Public procurement policies should encourage a model of rewarding (through the contract award criteria or through reserved contracts) the ex-ante adoption of practices recognised as prioritising and/or aiming to generate social impact in specific domains relevant to the tender. This approach contrasts with the current practice of demanding social return obligations that organisations need to implement if they win public contracts, and is more virtuous since it incentivises the widespread adoption of social oriented practices by all types of organisations even prior to entering public procurement processes.

- **Enhance the visibility of social enterprises (and other social impact oriented organisations) in procurement processes.**

  A recognised challenge for both public and private procurement is the lack of recognition and understanding about social enterprises. To enhance the visibility of social enterprises, different options can be considered. One is to launch a communications and/or social media campaign that can reach a wide range of potential consumers, procurement officers and businesses owner. The social enterprise register (see chapter 3) and the impact measurement label "I Care 4 Impact" can also be leveraged to signal quality and provide good examples of how social enterprises do business differently, either by incorporating social practices that promote well-being of people and the planet and/or by deploying innovative approaches that engage citizens.

  The labels and register can also be used to signal quality in ongoing B2B initiatives, like the Buy Social platform, while also targeting public authorities looking to procure products or services from social enterprises.

- **Implement a procurement framework conducive to social innovation.**

  Develop a procurement framework that includes mechanisms that give to social entrepreneurs and community-based organisations the "Right to Innovate" by proposing, to public officials, novel and potentially more effective ways of doing provision of social services of general interest (SSGI). Also include mechanisms that support the "Right to Co-Develop" in which social entrepreneurs may assume part of the responsibility for this SSGI provision, in collaboration with the relevant public authority. Municipalities may be encouraged to set up dedicated innovation promotion budgets to support this innovation tender process and the public-private partnerships that may emerge from it.

- **Provide specific training to public officials**.

  At national, regional and municipal levels, public officials should receive adequate training to better grasp the specificities of social enterprises. Make sure that public procurement officers benefit from this training or information sessions.

# Chapter 7. Improving access to finance for social entrepreneurship development

Despite the strong dynamic for social entrepreneurship and social enterprise in Dutch society, its potential impact may be limited by specific financing gaps. This chapter identifies the financing needs for social entrepreneurs and proposes a portfolio of financing programmes that can enable the scaling of viable social enterprises and the practice of social innovation by citizens, as well as by public and private entities. The proposed portfolio includes capacity-building grants, financing models for the scaling of social enterprises and the continued development of outcome payment instruments.

## Strengths

### *Innovative public financing policies for social innovation*

There are successful examples of innovative public financing programmes for social enterprises and social innovation projects. One example, commissioned by the Ministry of Foreign Affairs and implemented by the Netherlands Enterprise Agency is the Dutch Good Growth Fund that has helped finance the scaling of Dutch social enterprises, such as Fairphone and Tony Chocolonely, which have substantial impact in developing countries through their focus on sustainable value chains.

Another example is the development of payment by outcomes models by municipal and national government authorities using social impact bond (SIB). There are already eight SIBs launched in the Netherlands, which is the highest number in the world after the UK and the US (see Box 7.1). The first Dutch SIB was launched in December 2013 with the Rotterdam municipality in the area of youth unemployment using the social intervention of the BuzinessClub. Given its good results, with 59% of the beneficiaries re-integrated into work, the SIB was replicated in Utrecht and Eindhoven, with investment from the ABN Amro Social Impact Fund. There are other SIBs contracted by municipalities in the area of work employment and, recently, in the area of health. There is one national level SIB contracted by the Ministry of Justice working with 150 ex-offenders to improve their employment opportunities and reduce recidivism by combining the interventions of three social organisations. In addition, the Province of Noord-Brabant is exploring the development of a Regional Outcomes Fund in the context of their strategy of building a "Purpose Economy".

Finally, the Dutch municipalities, particularly the Big4 (Amsterdam, The Hague, Rotterdam, Utrecht) are becoming active in developing support programmes for social entrepreneurs and social enterprises. One example is Amsterdam Impact that includes 17 measures to support social entrepreneurs and received from the EU a EUR one million innovation fund of which EUR 600 000 were allocated to 37 social enterprises.

### *The Dutch impact investing sector is strong, diverse and growing*

The country has a growing social investment ecosystem with many active organisations financing social entrepreneurs and social enterprises at different stages of their life-cycle (McKinsey & Company, 2016[15]). For example, 84% of social entrepreneurs belonging to

Social Enterprise NL recently reported success in fundraising (Social Enterprise NL, 2018[68]). This financing ecosystem is composed of a diversity of players including:

- **Impact oriented angel investor networks.** An example is Pymwymic launched in 1994 – an Amsterdam-based pan-European network of impact investors (both wealthy families and entrepreneurs) that has done more than sixty investments in social enterprises over the years, including both venture philanthropy funding for start-ups and equity investing funding for growing social enterpris.
- **More than ten dedicated impact investing funds**. An example is Social Impact Invest NL, a EUR 40 million impact investing fund launched in 2014 that has already invested in nine growing social enterprises with financing of typically EUR 0.5 million to 2 million per project.
- **Several crowdfunding platforms supporting impact projects**. An example is Dutch-based Oneplanetcrowd, one of Europe's leading platforms, with 25,000 active investors who have provided more than EUR 20 million in funding through loans, convertible loans and rewards, to more than 175 projects and social enterprises since 2012. Two recent crowdfunding investments in growing social enterprises raised EUR 2.5 million each.
- **About one hundred foundations funding social entrepreneurship projects**. An example is the Stichting Doen Foundation created in 1992 by the Dutch Postcode Lottery and currently funded by the three Dutch Charity lotteries. The foundation currently invests more than EUR 30 million per year in about 200-300 projects out of about 1600 applications, mostly with grants (90%) and loans. This funding includes 100 grants of EUR 10 000 to seed new projects. Stichting Doen also acts as market builder by investing in ecosystem projects and in other funders.
- **Established companies through their CSR programmes**. They are increasingly engaged in supporting social enterprises. Banks play an important role by creating impact-investing funds (for example, ABN Amro and RaboBank) or, as in the case of Triodos Bank, by assuming a sustainability and social impact mandate at the core of their business and creating a range of retail and investment products that focus on environmental and social benefits.

Overall, the private financing for social entrepreneurs and social enterprises was estimated at EUR 1.7 billion in 2015 and is growing at about 30% per year (McKinsey & Company, 2016[15]). Despite the availability of financing, financing gaps still persist in the social investing market as not all capital reaches the right investees and difficulties in access to financing is still the 2nd most cited obstacle for achieving impact (Social Enterprise NL, 2018[68])

## Challenges

### *Negative perception of social enterprises in access to bank lending*

Although there is a growing social investment market supporting the early growth stages of social enterprises, there is still a gap in the provision of expansion funding beyond the 2-3 million range. Being a social enterprise still has a negative connotation when trying to

access mainstream bank financing.[32] Traditional banks have difficulty in understanding the specificities of social enterprises and do not value their positive societal impact when setting the lending conditions - either they demand the same criteria for lending as for traditional commercial companies, or they associate social enterprises with a higher level of lending risk. Social and environmental oriented banks, such as Triodos Bank, are starting to address this gap but do not fully cover the market. This financing gap may be more severe in the cases of social enterprises that aim to grow and operate internationally. The internationalization process requires dedicated organizational and marketing investments that need financing and for which there is no direct asset to serve as collateral. In addition, the perception of risk increases when social enterprises operate in developing countries, making even more difficult the access to finance.

### *Financing gaps for community-based organisations*

Social enterprises in the country can be characterised by two main types. One is high-potential organisations with innovative solutions that can change society. These social enterprises are typically the focus of attention of the growing impact-investing sector and incorporate as for-profit organisations to be able to receive equity financing. The other is community-based organisations that address mostly local issues neglected by the market or the government and have modest ambitions for growth. These community-based organisations, which can be enterprises or non-profits, have more difficulties in accessing financing to support their working capital needs and local expansion plans. This gap is wider in social domains when compared to environmental domains, for which the pool of private financing is deeper, or when compared with employment inclusion, a domain that benefits from more government subsidies.

## Key policy issues

### *The importance of crowding-in private capital instead of crowding-out*

One important concern when designing financing policies for enterprise development is the danger that increased availability of public funds may displace the mobilisation by entrepreneurs of private sources of financing. This concern also applies to social enterprises, particularly when operating in a financing market like the Netherlands that has relatively abundant levels of private capital. This crowding-out effect could happen, for example, with a programme of public subsidies to launch and operate early stage projects (that may discourage philanthropic funding) or a programme of zero interest loans for growing social enterprises (that may discourage impact investing or bank lending). The design of financing instruments is thus key to promote crowding-in of private capital instead of crowding out. The crowding-in effect may be incentivised through instruments with certain characteristics:

- Matching models in which the public funding is allocated when there is matched private financing, with the private investors leading the investment round and providing mentoring and networks to the investee.

[32] This was a point raised by informants during the OECD team visit.

- De-risking models, in which certain market gaps (such as perceived risk, lack of guarantees or information asymmetries) are resolved through public guarantees or other incentives.
- Capacity building programmes through which organisations are supported in order to be ready to receive private impact financing.

By using these type of instruments, public policies will be able to develop a more vibrant social investment market. This consideration will inform the financing proposals made in this chapter.

In this regard, one important issue specific to the social entrepreneurship and social enterprise market is the measurement and reporting of impact. Social enterprises bring to society a set of sustainability and social inclusion values that are typically not well measured or perceived by funders, thus creating an information cost that hampers the development of the social investment market.

To promote a more impact-oriented economy and build the market for social investment, leveraging existing capacity building opportunities for social entrepreneurs would allow them to develop their impact measurement, management and reporting systems (see chapters 4 and 8). In order to bring the desired crowding-in effect, eligibility for this programme should be tied to an expression of interest by private funders in the future financing of the organisation. By clarifying and reinforcing the impact dimension, investors will be able to incorporate in their investment decisions the three dimensions: return-risk-impact.

### *Financing challenges in the life cycle of social enterprises*

Given the growth in the funding volumes available for social enterprises reported earlier (tripling in volume between 2010 and 2015), there is no longer evidence of a general financing gap for social enterprises. Yet, the market is not yet allocating capital efficiently and there may be gaps in certain segments of the market or certain stages of development.

The development of social enterprises over time can be described by a sequence of stages, from inception to the dissemination of their social innovation. This is consistent with the Dutch social entrepreneurs' mind-set as the majority of them want to be imitated and want to influence the entire market (Social Enterprise NL, 2018[68]). In this report, we adopt a four stage model (Santos et al., 2013[69]): 1) Seed 2) Start-up Validation, 3) Early Scaling 4) Dissemination.

**At the seed stage** (typical financing needs below EUR 50 000), there are potentially thousands of social entrepreneurs proposing new ideas and concepts. Rather than providing public funding to all or trying to select winners at this stage, it is more effective in terms of policy to foster a vibrant ecosystem of support for social entrepreneurs that will help develop and select the more promising projects (an ecosystem which in the Netherlands already includes impact incubators, university programmes, municipal support programmes, crowdfunding platforms and networks of mentors).

**At the start-up validation stage** (typical financing needs of EUR 50 000-250 000) there is some indication of financing gaps due to the increased complexity and time needed to develop and validate an impact-oriented business, which requires developing a robust business model aligned with a strong impact model. This gap may be particularly important for community-based organisations working in social inclusion domains which are more

challenging to scale (McKinsey & Company, 2016[15]). In the case of high-potential social enterprises, there is an important role for impact accelerator programmes that help start-ups develop product-market fit aligned with impact, bringing a structured process to this difficult stage. A national programme that encourages the set-up of impact accelerators at the municipal or regional level, or thematic accelerators at national level, potentially with a matching monetary or investment award for the more successful start-ups, could be an effective way to support the development of social enterprises at the start-up stage.

**The early scaling stage** (typical financing needs of EUR 300 000-1.5 million) is a critical stage of professionalization of the social enterprise, requiring strong investments in teams and processes, alongside the necessary investments in infrastructure to support the scaling process (that will vary depending on the type of project). This is a stage where more professional investors should operate, such as networks of business angels, impact investing funds or large philanthropic funders focused on impact. The most agile models to promote financing at this stage are matching schemes in which financing is provided to high potential social enterprises conditional on funding brought by private investors. In the case of for-profit social enterprises, this could be a lending or equity investing matching model. In the case of non-profit social enterprises or for community-based organisations with potential for scaling, it could be in the form of a concessionary lending or venture philanthropy matching scheme.

Given the increased investments and risks of internationalisation processes, there could be dedicated financing lines or the assurance that social enterprises are eligible and a good fit for the existing SMEs internationalization programs.

**The dissemination stage** (typical financing needs of more than EUR 2 million) is the stage where the dedicated social investment market has not yet developed deep financing mechanisms. Yet, social enterprises aiming to scale may have difficulty tapping into the mainstream banking and private equity markets given the perception by funders that they have a less profitable business model. This market failure may manifest itself in different ways depending on the type of revenue model of the social enterprise aiming to scale (B2C, B2B, P2P, B2G):

**Business-to-consumer/citizen models (B2C)**: In social enterprises involving the selling of a consumer product or service, crowdfunding may become a viable financing model because of the broad appeal of the products and general awareness about the brands. In fact, two recent crowdfunding deals on OnePlanetCrowd for well-known Dutch social enterprises attracted more than 1000 investors and reached EUR 2.5 million of funding in convertible loans. Several other deals have approached EUR 1 million, which shows the potential of this crowdfunding financing mechanism for Dutch B2C social enterprises.

**Business-to-business models (B2B):** Social enterprises selling to businesses face difficulties in scaling but are potentially profitable and may be able to attract dedicated investors with strong mentoring skills and networks. For these social enterprises, a wholesale policy of financing the creation of dedicated Growth Impact Funds (a policy that exists at the European level through European Investment Fund's Social Impact Accelerator), may be the most effective policy to develop this segment of the social investment market. Another effective policy option would be to set up of dedicated Impact Lending Lines or pools of funding with banks (with a specific Lending Line to support internationalisation processes).The goal of this policy is to nurture large pools of capital devoted to impact oriented enterprises managed by professional investing teams capable of providing the required level of financing, expertise and networking. An example is the

wholesaler entity Big Society Capital in the UK, which has helped fund and set up several investing organisations and funds. Another example is the 90/10 solidarity funds in France that have created a significant pool of financing dedicated to lending to large and established social enterprises.

**Peer-to-peer / platform model (P2P):** Socially innovative enterprises with a platform model facilitating market transactions through the exchange of resources, skills or knowledge between consumers/users may be able to tap into the growing impact investing market given the strong scalability of these platforms which makes their business model attractive for equity investors. Examples at the European level are Knok, an online platform for medical appointments to improve low-cost access to health that is already present in three countries, or the Free Bird Club, an Irish-based global platform that develops an "Airbnb" model for elderly people to reduce isolation and poverty. Thus, market failures may be lower for this type of market exchange platform. However, P2P social enterprise models that focus on empowering users to share or to collaborate (instead of maximizing revenues by promoting transactions) have a much more challenging revenue model and are less investable. These sharing platforms may need to adopt an organisational model closer to platform cooperativism (Scholz, 2016[70]) and may require dedicated pools of venture philanthropy funding to achieve broader scale. An example is Patient Innovation, a global platform that developed the "Wikipedia" for user-based medical innovations.

**Business-to-government model (B2G):** Social enterprises with models targeted to government are particularly challenging to finance and scale. Public budgets across the world are increasingly constrained. Government adoption tends to be slow and there is a high risk of changing government priorities. Thus, banks and impact investors tend to shy away from B2G social enterprises.[33] Yet the Dutch Government currently spends about EUR 187.7 billion in the provision of Social Security, Care and Education and Culture services (Klaassen, 2017[71]). A portion of this amount is contracted to private and social organisations, usually by defining the specific activities that need to be performed and leaving little room for innovation and learning in the private provision of public services (either by community-based organizations with incremental innovations or by high-potential social enterprises with potentially more disruptive ones). The mechanism of payment by outcomes, through instruments such as social impact bonds, is a way to potentially bringing innovation and a stronger impact orientation to the deployment of public budgets. The country could leverage the successful experience with the first SIBs to foster an ecosystem that enables faster adoption of payment by outcomes. This policy may involve the set-up of central and/or thematic funds to pay for outcomes, as well as working on assessing the cost reduction to public budgets of solving societal problems.

[33] For example, the impact investing fund Social Impact Ventures NL explicitly says in their investment policy that they do not fund "Businesses that are entirely dependent on revenues from the government" - https://www.socialimpactventures.nl/investment-process

**Box 7.1. Social Impact Bonds in Europe**

Social Impact Bonds are a financing instrument in which investors finance an innovative intervention with potential social impact and sign a contract with a public agency that agrees to pay back the investment in the case of achievement of specific and measurable outcomes. The deployment of the intervention is monitored and the results are rigorously measured by an independent agency. Thus, investors assume the risk of deploying social innovations that, if successful, will potentially lead to cost savings to public budgets. These cost savings provide the economic rationale for public authorities to issue the outcome contract in the first place. The first Social Impact Bond was launched in the prison of Peterborough in the UK to fight recidivism in 3000 short sentence offenders. The success of this initial SIB led to a new UK national policy to support short-sentence offenders and despite this single point of evidence about the merits of this instrument, there has been a movement to replicate the SIB model globally, including the Netherlands with 8 SIBs already launched.

Social Finance UK is the organisation that developed the first SIB model. The Social Finance global database of SIBs (https://sibdatabase.socialfinance.org.uk/) indicates that by September 2018 there were 121 social impact bonds launched across the world, deploying USD 413 million of capital and supporting 1 million beneficiaries.

Because SIBs are complex to set up and contract, they require specific expertise from intermediary organisations. Social Finance NL announced its launch in the Netherlands on October 2018 with founders who worked at Social Finance UK. Other elements necessary to foster a payment by outcomes ecosystem is a central outcome fund to support the contracting of SIBs, a unit cost database detailing the value for public budget of specific societal problems, and specific legislation supporting outcome contracts. All these elements have been developed in countries such as the UK and Portugal, two of the more advanced in developing a payment by outcomes framework.

It is important to note that some of these financing instruments and support policies are already addressed at the European level by the European Investment Fund in the context of the Social Impact Accelerator (SIA) programme and by the European Commission in the context of the Employment and Social Innovation (EaSI) programme and of the European Fund for Strategic Investments (EFSI). For example, instruments to support accelerator programmes and a wholesaler mechanism (fund of funds) to capitalise new investment funds focused on early-growth social enterprises already exist. Thus, our specific policy recommendations are designed to complement or reinforce the available European financing schemes for social enterprises and social innovation (EIB, 2017[72]).

## Recommendations

The Netherlands would benefit from a balanced set of financing programmes with the aim of developing a robust market for social investment in the country, capable of supporting social enterprises, including community-based organisations and, more broadly, social innovation and impact orientation in the economy.

- **Promote existing capacity building opportunities and develop tailored support for different types of social enterprises to improve their access to finance.**

  Several opportunities exist both at national and European levels to support social enterprises in becoming investment-ready or in navigating through existing financing programmes. However, specific attention should be paid to the stage of development and size of the organisation, as small and early stage social enterprises may need enhanced

support for which grants or vouchers could be envisioned. The type of revenue model (B2C, B2B, P2P, B2G), should also be considered to tailor adequately training opportunities and a specific capacity-building line should be available for social enterprises aiming to launch or reinforce their internationalization process.

- **Launch of a Small Business Loan matching scheme for scaling social enterprises.**

  Social enterprises and community-based organisations with validated social innovations but with limited revenue generation potential (thus cannot apply for commercial loans or equity investment) would be eligible for a matching scheme to finance their development and scaling plan. This matching, in the form of a long-term concessionary loan, is conditional on securing a portion of the required financing (typically 30% to 50%) from private philanthropy (e.g. companies, foundations), from crowdfunding campaigns from eligible platforms, or from equity investors in the case of high potential social enterprises. This mechanism will thus use public funds to crowd-in medium term social investment funding which brings in a buffer of necessary capital to these organisations. This is particularly valuable for community-based organisations or for social enterprises deploying peer-to-peer sharing models (P2P), or for growing social enterprises replicating their model internationally and/or requiring a fixed capital investment to be able to operate at a larger and more efficient scale.

- **Continue to develop a framework for payment by outcomes, in close coordination with regional and municipal authorities.**

  Outcomes contracts, such as social impact bonds, allow financing innovative social interventions by social enterprises in public sector domains. The proposed framework includes the following measures: 1) developing national or regional outcome funds focused on themes aligned with priorities for Dutch society such as employment promotion, migrant inclusion, healthcare and well-being; 2) developing a knowledge centre for outcomes contracting, including the development of a database of costs for societal problems; 3) promoting an adequate legal framework for outcome contracting.

# Chapter 8. Ensuring sustainable institutional support for social entrepreneurship and social innovation

In order to leverage existing Dutch policies and programmes, while developing further the social entrepreneurship field, building sustainable and coordinated policy frameworks is critical. This chapter discusses the need for a coordinating public agency to promote and support social entrepreneurship, social enterprises and social innovation in the Netherlands. This entity would implement support policies, develop financing and capacity-building programmes, manage the registry for social enterprises and coordinate with ecosystem stakeholders, including provincial and municipal authorities. The report suggest specific mandates for the "Netherlands Social Entrepreneurship and Innovation" agency and presents alternative models for launching and funding its programmes and operations.

## Strengths

### *Multiplicity of policy initiatives promoting social entrepreneurship at all governmental levels*

Policies for promoting social entrepreneurship and social enterprises have been launched at municipal level in the last three years (e.g in Amsterdam, Rotterdam, The Hague), at provincial level (e.g. Noord-Brabant Province) and national level in different ministries (e.g. ImpactPad), as presented in previous chapters. This multiplicity of policy initiatives is a signal of vibrancy but it may also signal that there is a need for an integrated view on how best to promote synergies across policies and support the development of the ecosystem for social enterprises and social innovation.

### *A vibrant private ecosystem of support to social entrepreneurship*

Complementing the strong financing market for social entrepreneurship and social enterprises described in chapter 7, the country also has a supportive ecosystem of organisations for seed and start-up projects that notably provide networking, funding and capacity-building opportunities, including:

- **Five international and national network platforms supporting social entrepreneurs and social enterprises.** An example is Social Enterprise NL an association with more than 300 social enterprises as members. Another example is Social Impact Factory, an ecosystem builder based in Utrecht but operating nationally.
- **Many international and national competitions supporting seed and start-up impact projects and social enterprises.** Some are dedicated specifically to social entrepreneurship and social enterprises such as the Social Impact Lab promoted by PwC supporting six awardees per year for two years. Others are focused on the broader theme of innovation and entrepreneurship but include specific themes for social enterprises, such as the Accenture innovation awards.
- **More than a dozen incubators and accelerators supporting social entrepreneurs in developing their impact projects and creating a community of impact oriented innovators.** An example is the Impact Hub Amsterdam founded in 2008, which is one of the largest incubators in the Impact Hub global network. Another example is the

EU-funded Climate-KIC, one of the main European Clean Tech Accelerators based in the Netherlands.

These initiatives fulfil important roles in the ecosystem. It is also important to understand what other roles may be needed and how to further support the most valuable ecosystem initiatives.

## Challenges

### *Lack of institutional framework to ensure policy and financial stability*

Any new policy framework that aims to develop social enterprises and social innovation needs a time horizon of 5-10 years to nurture the ecosystem development so that the societal benefits become visible and sustainable. However, typically, governments do not commit funding for such long time periods, particularly in the current context of constrained public finances. This situation makes new policies and new public agencies fragile, in particular in cases of a change in government. An example is the Danish National Centre for Social Enterprises created in 2014 and for which funding stopped in 2015 after a government change.

Given the existence currently of a coalition government in the Netherlands and parliamentary elections scheduled for March 2021, it is critical to design a policy framework and implementation with a long-term frame and sustainable funding. This policy framework may also strategically leverage existing support programmes and new financing opportunities at the European level, particularly in the current period of negotiation of the EU budget and funding policies for the period of 2021-2027.

### *Insufficient policy coordination for social entrepreneurship development*

Social enterprises operate in different thematic areas linked to different ministries (social issues, economic growth, health, education, employment, globally sustainable value chains), and engage different actors of the economy (corporations, public authorities and social organisations). The transversal and hybrid nature of social enterprises means that current support policies are not specifically tailored to the needs of social enterprises and do not account for their extra benefits to the Dutch economy and society. Thus, existing financing programmes to promote entrepreneurship, small business and internationalisation of Dutch companies managed by the Netherlands Enterprise Agency[34] make no specific allowance for social enterprises. The exceptions are the two programmes focused on developing countries. The Dutch Good Growth Fund adjusted its eligibility conditions to include more social enterprises and the SDG Partnership facility is open to cross-sector partnerships to promote SDG goals in developing countries (OECD study visit, June 2018).

The key challenge is that there is currently no public organisation in the Netherlands with a specific mandate to support the development of the social enterprise ecosystem in an integrated way. Responsibility for policy implementation is thus currently scattered across multiple public institutions reporting to different ministries. The Dutch ecosystem for social entrepreneurship and social enterprise had made notable progress in the last five years (as reported by stakeholders met during the OECD study visit). However, concerns about the

[34] For further information on these financing programmes, please see the Netherlands Enterprise Agency website at https://english.rvo.nl/subsidies-programmes.

fragmented and scattered nature of the policy progress made and the lack of clarity about priorities and future policy directions remained.

## Key policy issues

### *The need for policy coordination across levels and sectors*

The Government has been recently discussing how to further develop the social enterprise sector and promote social innovation.

Chapters 2 to 7 of this report recommend a series of policies that can form the backbone of a framework for the development of social enterprises. These notably include a registry for social enterprises based on an operational definition of social enterprises, capacity-building programmes for impact measurement and reporting, strengthening social entrepreneurial education, and programmes to address current financing gaps.

The difficulty in implementing these policies is the transversal nature of social entrepreneurship and innovation initiatives and social enterprises, cutting across the typical policy domains in which government is organised.

Other countries facing this challenge adopted a national policy for promoting social enterprises and created an organisation devoted to the development of the ecosystem for social entrepreneurs and social innovation. The specific set-up for these organisations varies and their success levels also differs, bringing specific learnings about best practices (see Box 8.1 for an assessment of UK, Portugal and Denmark cases). These country cases point to the importance of mobilising a source of financing that is longer term and independent of annual government budgets. They also show the importance of placing these organisations under the prime minister's cabinet or a transversal ministry, instead of selecting a sector-specific Ministry.

**Box 8.1. Different approaches to develop and finance a national catalyst agency for social enterprises and social innovation**

Several European governments have recognised the importance of supporting the development of the social innovation and social enterprises sector with financing, recognition and capacity building. Different national organisations have been created with such a mandate but have different financing models and faced different outcomes.

**United Kingdom:** Following the conclusions of the Social Investment Taskforce in 2004, the UK Government launched a wholesaler-financing organisation for social enterprises financed through funds from dormant bank accounts. The *Commission on Unclaimed Assets* was set up in 2005 and the law enacting its suggestions was published in 2008 proposing the creation of Big Society Capital Bank (BSC). The plans for BSC survived the Government transition in 2010 with the new Government fully sponsoring the BSC plans. The launch of BSC occurred in 2012 with a capital of GBP 600 million of which 400 million came from dormant accounts and 200 million from private funds of the four largest UK retail banks. BSC has had a catalyst role for the social investment market in the UK. Up to 2017, BSC allocated more than GBP 400 million to finance intermediary organisations. This capital leveraged private co-investment of an additional GBP 700 million. About two third of the GBP 1.1 billion reached the front-line organisations, namely charities and social enterprises.

**Denmark:** The Danish Government, recognising the importance of social enterprises, allocated EUR 3.3 million in funding in the 2013 budget to strengthen the sector. A Committee on Social

Enterprises was established and presented a report defining social enterprises, describing the status and vision for the sector, and proposing 26 recommendations to strengthen the sector. Based on this report, the Government launched a national policy for social enterprises in September 2014 with ten main initiatives and created a National Centre for Social Enterprises to implement them. The Centre worked under the Ministry of Employment in collaboration with the Ministry of Social Affairs. Despite a positive reaction from civic society, the June 2015 elections with the appointment of a new government changed policy priorities. The Centre was supposed to move to the Ministry of Business and Growth but the lack of funding allocation in the new Government budget led to its closure.

**Portugal:** The Portuguese Government, recognising the importance of financing social innovation, set up an inter-ministerial committee in early 2014, together with outside experts, to design a new policy and financing instruments for social innovation leveraging the new cycle of EU structural funding. The committee proposed an integrated financing framework with four main instruments and the creation of a new agency called Portugal Social Innovation to implement these instruments and the ecosystem building activities. The agency was created in January 2015 with an allocation of EUR 150 million over a seven year period from the European Social Fund. It operated with a dedicated team under the Ministry of Regional Development which was in charge of managing EU funding. When the Government changed in November 2015, the new Government embraced the initiative under the Ministry of the Presidency and Administrative Modernisation. Portugal Social Innovation by 2018 allocated more than EUR 30 million of funding to hundreds of social innovation projects and has made social innovation a very visible theme in Portugal.

The successful experiences in the UK and Portugal, and the interruption of the Danish national policy point to the importance of policy continuity after governmental transitions. This continuity seems to be supported by the use of long-term funding coming from the EU or from society at large, independent of the yearly public budget cycle.

A different path to ensure policy coordination is to create an inter-ministerial task force as a coordinating mechanism for policy design and implementation. However, while such committees may be valuable in the early stage of policy design, their mandates have limited duration and effective policy implementation may require a more stable institutional arrangement.

A new agency, with a transversal mandate and a single focus on developing a supportive ecosystem for social entrepreneurship and social innovation, would critically help to ensure effective policy implementation. This agency could either be public and/or be independent but with a public interest mandate. Importantly, it should be able to leverage long-term funding not subject to annual government budget cycles.

### *Creating "Netherlands Social Entrepreneurship & Innovation"*

*Netherlands Social Entrepreneurship & Innovation* would be a catalyst agency mandated to implement a policy agenda and manage financing mechanisms with the aim of developing a vibrant ecosystem for social entrepreneurship and social innovation in the Netherlands.

As a catalyst agency and using best practices of building impact investment wholesalers (Global Steering Group for Impact Investment, 2018[73])[35], we propose that such an organisation could have three main roles:

[35] This report can be downloaded at http://gsgii.org/news/

1) **Mobilise pools of capital** that can be deployed with agility to build the market for social investment focusing on the achievement of societal impact;
2) **Market Development** with an ecosystem building approach, focusing on partnerships and cross-sector collaboration and promoting both supply of impact capital and demand for impact capital;
3) **Knowledge Aggregator** to help build the knowledge and data infrastructure for the field in coordination with research centres and thematic experts.

This agency could adopt an entrepreneurial mind-set of energising and leveraging private sector resources and financing for social innovation, as well as building bridges between municipal, regional and national policy-makers.

Some of the specific mandates for this new agency would be:

- Raise awareness and understanding among public, private and civil society stakeholders on social entrepreneurship, social enterprises and social innovation (see chapter 2).
- Establish, publicise and manage a registry for social enterprises based on an official definition previously adopted by the Government (see chapter 3).
- Further develop and structure evidence-based capacity-building programmes for social entrepreneurship and social enterprise, including an orientation for measuring and managing impact (see chapters 4 and 5).
- Develop a digital information centre on social entrepreneurship and social innovation and articulate with academic research centres to fill gaps in knowledge and data for the sector (see chapter 5).
- Help implement a framework for public and private procurement conducive to a fair playing field for social enterprises and valuing the option to buy social (see chapter 6).
- Build a portfolio of financing programmes for social entrepreneurship and social enterprises that cover the diversity of social enterprises and the different stages of their development (see chapter 7).
- Ensure fluid communication and coordination with all relevant stakeholders through dedicated events involving: public (national, regional, municipal), private (enterprises, financers), "social" stakeholders (NGOs, community-based enterprises, social enterprises), civil society and research (see chapter 8). This could also be done by promoting systematically the use of the OECD/EC Better Entrepreneurship Policy tool[36] by local and regional authorities to improve communication in the field and to get a more accurate understanding of the needs and challenges of social enterprises and key stakeholders.

Based on international benchmarks and the need for a focused mandate, the creation of a new public agency appears to be the most relevant option. However, an existing public agency or organisation could be identified to assume this mandate. In that case, a specific branch focused on social entrepreneurship should be created to ensure that other activities

[36] For more information about the online tool, please see the dedicated website: https://www.betterentrepreneurship.eu/

do not take over and dilute the specific focus and mandate of promoting social entrepreneurship.

### *Financing a catalyst agency for policy implementation*

As discussed in the challenges section, it is critical that the implementation of a policy framework to foster the Dutch ecosystem for social entrepreneurship and social innovation be endowed with sustainable funding for at least 7-10 years. There are different strategies deployed by other countries' governments to mobilise such financing, including leveraging blended private-public funding and mobilising EU structural funds (Global Steering Group for Impact Investment, 2018[73]).[37] Considering that the use of dormant assets in banks has already been discussed in the Netherlands between the Government and the Parliament and was not adopted, this chapter focuses on the other two alternatives.

*Private/Public source of funds*

One possibility would be to deploy a source of funding of a private-public nature, such as capital donations from large institutions (partially the UK and Korea models) or using autonomous budgets such as the Unemployment Insurance Fund (South Africa model in final implementation stages). Another possibility for leveraging societal assets is to allocate part of the revenues of the Dutch National State Lottery[38] that currently flows to the state budget (the remainder of the profits are already donated to several charities). Indeed, there is a strong tradition in Europe of using revenues from lottery monopolies to support social causes.

*EU Structural Funds*

A second possibility is to deploy European Union Structural Funds for the creation of a catalyst organisation than can deploy the required financing instruments and activate the broader ecosystem. This model was successfully deployed by Portugal in 2015 to create and fund the national agency and policy instruments for supporting social innovation.

In the financing cycle of 2014-2020, the Netherlands received, through the European Social Fund (ESF), a total of EUR 500 million, which were matched by a national contribution of 50%, leading to a pool of funding of EUR 1 billion devoted mostly to active employment policies. The priorities and allocation for the next cycle of ESF funding (2021-2027) are currently being negotiated with the European Commission by the Ministry of Social Affairs and Employment. With social innovation and social enterprise themes high on the agenda of the European Commission[39], the ESF may incorporate specific allowances for financing national social innovation programmes. Countries could draw from these funds in advantageous conditions to develop and implement a coherent national agenda for social innovation and social enterprise development. The Netherlands has thus an excellent

[37] This recent document from the GSG – Building Impact Investment Wholesalers (2018) benchmarks and analyses the different international models for financing such an agency.

[38] Currently about 15% of the revenues of the Dutch state lottery (which total about EUR 700 million per year) are allocated to the State budget (totalling about EUR 100 million per year) with other revenues being allocated to different charities.

[39] Please see: http://ec.europa.eu/regional_policy/en/2021_2027/ for the new priorities for the European Structural and Investment Funds (ESIF)

window of opportunity to draw from the next cycle of European Union structural funding for this purpose.

A two-pronged strategy could include:

1. Using the opportunity presented by the new cycle of EU funding to establish the policy priorities and fund the set-up and initial operation of the implementing agency. An allocation of 5% to 10% of the ESF funding would be enough for this purpose, is politically feasible to negotiate, and would ensure a 7-10-year policy commitment;

2. Start exploring complementary sources of financing for social innovation that have a long-term nature, such as a partial allocation of national lottery revenues or other sources deemed feasible in the Dutch context.

## Recommendations

The development of a national policy framework to support social entrepreneurship and innovation would be of great benefit. The functions and financing of an organisation capable of supporting the implementation of this agenda are discussed below.

- **Develop an integrated set of policies to promote social entrepreneurship and social innovation and foster a supportive ecosystem for social enterprises**.

  This can be achieved by building on the policy recommendations proposed in this report and could take the form of a cabinet decision followed by a legal act by parliament and/or be inscribed in policy agreements with the European Union defining the use of EU financing for such purpose. In addition, the Government could promote systematically the use of the Better Entrepreneurship Policy tool by local and regional authorities. The tool can help policy makers, notably in cities and provinces, to assess and develop their policies and practices in favour of social enterprises in a systematic and comprehensive manner.

- **Create an agency entitled Netherlands Social Entrepreneurship and Innovation**

  This agency could be public or independent with a public mandate. It should have operational autonomy to implement key elements of this national policy and should be articulated with the Government, ministries and municipal and provincial authorities, as well as ecosystem stakeholders. Creating a new agency would be preferable than leveraging an existing institution, to ensure a clear and strong mandate. However, an existing public entity could be identified to take on this mandate. In that case, it should be ensured that the selected entity has some degree of independence from the Government and can in fact play a catalyst and coordinating role. The selected entity should also be able to perform enterprise certifications and ensure the right infrastructure, or delegate to an institution that already has this infrastructure.

- **Finance this new agency and initial funding programmes with EU funding.**

  Leverage dedicated funds devoted to social innovation from the European Social Fund (ESF) for the period of 2021-2027. The programming negotiations are unfolding during 2018-2019 so there is an ideal window of opportunity in the 1st semester of 2019. Additional long-term funding opportunities should be explored, including using the revenues from the national lottery.

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# Annex A. Methodological note and programme of the study visit

This report is based on the available statistics, desk research and qualitative data gathered prior, during and after the study visit undertaken in the Netherlands in June 2018 (see Table The study visit was also prepared based on the updated mapping report of the European Commission on the Netherlands, which will be published in 2019 (European Commission, forthcoming 2019[1]).

**Table A A.1. Programme of the study visit**

| June 4, 2018 – Amsterdam | |
|---|---|
| **Name** | **Organisation** |
| **Social entrepreneurs tour** | |
| Egon van Wees | Municipality of Amsterdam |
| Ellen Oetelmans | |
| n/a. | Waste Transformers |
| n/a. | Refugee Company |
| n/a. | De Prael |
| n/a. | Plastic Whale |
| n/a. | Rederij Lampedusa |

| June 5, 2018 – Amsterdam | |
|---|---|
| **Name** | **Organisation** |
| **Social entrepreneurs round table** | |
| Chantal Engelen | Kromkommer |
| Willem van Rijn | Het Goed |
| Teun van Etten | SSL |
| Arjen Boekhold | Tony's Chocolonely |
| Joost van Engen | Healthy Entrepreneurs |
| Joost de Kluijver | Closing the Loop |
| Raphael Nouwen | Triodos Bank |
| **Impact Investors / Finance round table** | |
| Saskia Werther | DOEN Foundation |
| Eric Buckens | ABN AMRO Impact Fund |
| Hanna Zwietering | ABN AMRO Impact Fund |
| Frans Jurgens | Anton Jurgens Fonds |
| Erik Arkesteijn | KNHM |
| Warner Philips | Social Impact Ventures |
| Marieke Kamhuis | Rabobank Foundation |
| **Experts round table** | |
| Wouter Scheepens | Steward Redqueen |
| Edith Kroese | Avance |

| | |
|---|---|
| Marlon van Dijk | Sinzer |
| Krispijn Bertoen | SIF |
| Erlijn Sie | Ashoka |
| Marloes Tap | PwC |
| **Experts round table** | |
| Manon Klein | Impact Hub Amsterdam |
| Bart de Bart | Social Club Den Haag |
| Jan Willem Wennekes | Buro Bries |
| Josephine de Zwaan | Code Sociale Ondernemingen |
| Sjoerd Kamerbeek | Van Doorne |
| Dolf Segaar | CMS |
| Enrica Flores d' Arcais | European cultural foundation |
| **Social Enterprise NL - concluding remarks** | |
| Willemijn Verloop | Social Enteprise NL |
| Stefan Panhuijsen | Social Enteprise NL |
| Dora Weijers | Social Enteprise NL |

| **June 6, 2018 – The Hague** | |
|---|---|
| **Name** | **Organisation** |
| Marko Bos | SER (Social Economic Council) |
| Bernard ter Haar | Ministry of Social Affairs and Labour SZW |
| Willemien Vreugdenhil | Municipality of Ede/Wageningen |
| Bert Otten | RADAR |
| Thijs van Mierlo | LSA (Landelijk samenwerkingsverband actieve bewoners) |
| Marriet Feenstra | VNO/NCW MKB Nederland |
| Marianne van den Berg | Ministry of Social Affairs and Labour |
| Ineke Lemmen | Ministry of Economic Affairs |
| Marieke Holscher | Ministry of Foreign Affairs |
| Robin Molenaar | Ministry of Social Affairs |
| Thomas Hessels | Ministry of the Interior |
| Joost Stafhorst | RVO/DGGF |
| Maarten Schallenberg | VWS Ministry of Health, Welfare and Sport |
| Marie Louise de Bot | Municipality of Rotterdam |
| Gert Willem van Maurik | Municipality of The Hague |
| Matthijs de Jong | Municipality of The Hague |
| Joost Clarenbeek | KplusV |
| Tjalling de Vries | Municipality of Enschede |

| **June 7, 2018 – Utrecht** | |
|---|---|
| **Name** | **Organisation** |
| Niels Bosma; Harry Hummels | Utrecht University |

| Academic table | |
|---|---|
| Harry Hummels | Utrecht University, University of Maaastricht |
| Niels Bosma | Utrecht University |
| Philip Karré | Inholland Rotterdam |
| Brigitte Hoogendoorn | Erasmus University Rotterdam |
| Reinout Kleinhans | Delft University |
| Erik Stam | Utrecht University |
| Roel During | Wageningen University |
| **Procurement table** | |
| Faryda Hussein | Ministry of Social Affairs and Employment |
| Yuri van Starrenburg | PSO |
| Willem Janssen / Elisabetta Manunza | Utrecht University |
| Kim Kiszelnik | Former Director of SIF, worked with Social Impact Market, Buy Social |
| Niels Bosman | Utrecht Municpality |
| **Local policy table** | |
| Krispijn Bertoen | Social Impact Factory |
| Tjeerd Leistra | Representative G40 |
| Ellen Lansink | Municipality Hengelo |
| Astrid Kaag | Brabant Region |
| Veronique Schutjens | Utrecht University |

| June 8, 2018 - The Hague |
|---|
| Debriefing with the Ministry of Social Affairs and Employment. |