



Guidance note: Institutional Frameworks

Overview: what is a supportive institutional framework?

This policy guidance note describes different approaches to create supportive institutional frameworks for social entrepreneurship and social enterprise development. It is structured around good practice statements included in the action area "Institutional Frameworks" in the Social Entrepreneurship component of the Better Entrepreneurship Policy Tool developed by the OECD Centre for Entrepreneurship, SMEs, Regions and Cities and the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission: www.betterentrepreneurship.eu [1]

Governments increasingly value social enterprises as important partners in their efforts to achieve sustainable, inclusive, and prosperous societies. They hence strive to build conducive ecosystems to support the development and growth of social enterprises in different stages of development, and according to the specificities of their business models.

This action area will help the user to assess whether there is a formal institutional framework (e.g. in the form of a national policy, strategy, action plan, dedicated programme), and a co-ordination mechanism ensuring coherence across government departments or agencies (horizontally) and different government levels (national, regional, local) (vertically). It will also examine the process for developing, implementing, and monitoring the institutional framework (e.g. through the engagement of and co-construction with relevant stakeholders). Finally, it will assess the extent to which institutional bodies, such as chambers of commerce or umbrella organisations, engage with social enterprises.

Setting up a formal institutional framework, for example in the form of a national policy, strategy, action plan, or dedicated programme is a good practice when it comes to supporting social enterprise development. A dedicated statutory body is another viable, and sometimes complementary, policy option. It is also important that other institutional bodies, like chambers of commerce or umbrella organisations, engage with social enterprises. A system for formal recognition, like a registry, can also help to enhance the visibility and support to social enterprises.

The institutional framework also needs to be coherent and coordinated across policy areas. In this regard, a coordination mechanism can ensure coherence across government departments or agencies (horizontally) and between national, regional, and local government levels (vertically). At the same time, the institutional framework needs to be inclusive, ideally co-created with the stakeholders that are part of the wider ecosystem. This will increase the chances of effective implementation and sustainability. Finally, the institutional framework needs to be actionable, and progress against its objectives and actions should be easy to monitor.

Policy levers for a supportive institutional framework:

- Establish partnerships with relevant stakeholders from the outset of the policy and/or strategy development process.
- Take stock of the existing institutional framework and the way it can be adapted to support the development of social enterprises.
- Ensure coherence and coordination of different policy actions that may impact social enterprise development.
- Enhance communication and coordination efforts within and across ministries, government agencies, and levels of government (i.e. national, regional, local).

Pitfalls to avoid

- Designing an institutional framework for social enterprise development without consulting with the relevant stakeholders and taking into account the strategies developed by the sector itself.
- Developing an institutional framework without considering the existing ecosystem, including various stakeholders, norms and procedures that might have an influence (direct or indirect) on the development of social enterprises.
- Allowing overlaps or inconsistencies with other policies and actions that may have an impact on social enterprises.

Guidance per assessment statement

2.1. Institutional bodies support and engage with social enterprises.

We invite you to consider the level of support and engagement of institutional bodies that is provided to social enterprises. Is there a statutory body in your territory which can act as a reference point for information regarding social enterprises or monitor and oversee any activities related to them? Do other bodies, such as the chamber of commerce, engage with social enterprises and enhance their interaction with the wider business community? Finally, we ask you to examine whether there are registries or similar mechanisms that offer recognition to social enterprises and illustrate how they contribute to economic and the societal goals in your territory.

Why is it important?

Institutional bodies can impact social enterprises either directly through targeted actions or indirectly by affecting the larger policy framework in which they operate. When a statutory body for social enterprises exists, it can act as a “one-stop-shop” for any matter related to them. This facilitates access to information for social enterprises as well as other public agencies, support structures and finance providers. The statutory body may also lead activities like awareness-raising campaigns and can oversee and monitor the implementation of strategies and action plans dedicated or relevant to social enterprises. In this case, the role of the statutory body can also be to ensure that there is coherence among policies and actions by different government actors and other players.

Moreover, other institutional bodies, such as chambers of commerce or umbrella organisations, can engage with social enterprises and stimulate their interaction with the broader business community. This can be done for

example through organising networking events or by inviting social enterprises to traditional business forums. Last but not least, registries or mechanisms with similar functions can offer formal recognition to social enterprises and allow for capturing their contribution to the economy and society. For instance, registers can include information on the sectors of activity that social enterprises engage in, the number of employees who come from vulnerable groups, or their geographic distribution. Such information can help policy makers to better target their policy actions and can also be useful for researchers looking to further enhance the evidence base regarding social enterprises.

In order to score high, in your context:

- There is a statutory body for social enterprises.
- The chamber of commerce or similar bodies engage with social enterprises.
- There is a registry or another mechanism through which social enterprises get formally recognised.

2.2 Effective coordination mechanisms build synergies among government agencies and across government levels.

We invite you to assess the degree to which your institutional framework for supporting social enterprises is coherent. You can examine how well government agencies coordinate their actions among them and across different government levels.

Why is it important?

Social enterprises often operate at the intersection between different policy areas. Therefore, their activities touch upon the portfolios of different ministries and government agencies. At the same time, the coordination of policy actions across national, regional, and local levels impact social enterprises as well. For example, the effective implementation of a national strategy for social enterprises will to a large extent depend on actions taken at regional (if applicable) and local level. Therefore, it is essential to have a coherent institutional framework that effectively allocates responsibilities among government agencies and across government levels, so as to avoid inconsistencies and confusion.

Smooth information flows across ministries, government agencies, other institutional bodies and relevant stakeholders is also essential for providing comprehensive and coordinated support to social enterprises. Sharing of information can be done both through formal and informal channels - what is essential is that it happens on a regular basis and that the information is easily accessible.

Some common good practices for effective coordination include:

- Openly sharing information on social enterprise development schemes across ministries, agencies, and with relevant stakeholders.
- Establishing a formal communication channel between the different levels of government that can be easily accessed.
- Organising information sessions for civil servants and employees from other relevant bodies with the help of stakeholders from the social enterprise ecosystem.
- Making sure there are regular opportunities for informal communication among policy officers in different ministries, departments and agencies and with other relevant stakeholders.

In order to score high, in your context:

- Coordination among government agencies works well.
- Coordination across government levels works well.

Good practice example

The SPP Integration Sociale Agency (Belgium)

In Belgium, “[SPP Integration Sociale](#)” [2], a public agency dealing with poverty, social economy, and policies for big cities – has been entrusted by the federal government to be responsible for activities undertaken in partnership with social enterprises. The agency thus coordinates policies related to social enterprise on the basis of a partnership agreement between the federal government, regional governments and the German-speaking community. A key principle in the preparation and implementation of policy actions coordinated by SPP Integration Sociale is the involvement of stakeholders. The agency works in close cooperation with social economy platforms from the different regions based on a relationship at eye-level, rooted in the mutual recognition of common needs and interests.

2.3. The process for developing policies for supporting social enterprise development is inclusive.

We invite you to examine the degree to which the policy development process for supporting social enterprises is inclusive. To what extent are relevant stakeholders being consulted and, if they are, at what stage of the process? Is it early enough to have the opportunity to influence the policy design? We also ask you to reflect whether the representation of stakeholders is balanced or if some stakeholders’ views dominate the process. Why is it important?

As for any policy, an inclusive consultation process is key to the design of policies for social enterprises. Engaging in a dialogue with a large group of relevant stakeholders allows for a better understanding of the issues at stake, and hence to develop well-informed policies that effectively respond to these. It can also help to ensure sustained support for the implementation of the policy over time. In a consultation process, all relevant stakeholders are involved in one or more key steps:

- a) Information – stakeholders are informed about the policy initiative;
- b) Enquiry – stakeholders are requested to express views about the initiative;
- c) Review – stakeholders are called to review the contents of the initiative, providing feedback and criticism;
- d) Monitoring – stakeholders are empowered to observe and comment on the follow-up and implementation of the initiative.

Stakeholders who participate in a consultation process may have a general or specific interest in the support to social enterprises that is being developed. During the policy development process, keeping stakeholders up-to-date is essential, not only as a way to inform them, but to make sure that their views have been properly understood and taken into consideration. At the same time, it is important to acknowledge that there will be trade-offs in the stakeholders’ interests in order to reach a consensus. In this regard, it is important to be cautious and prevent that some stakeholders’ views dominate the process. To ensure the above, policy-makers can consider providing information regarding the evolution of the process to stakeholders on a regular basis and accompany the policy with an explanation of how, to what extent and why different points of view were taken into consideration. Finally, they can publish the policy document through official channels, both on paper (e.g. official journal) and through other means (e.g. web-portals of governments or local authorities), while providing supporting materials to make sure that they will be widely understood.

There are also some additional considerations that policy-makers may take into account to ensure an inclusive process, one of which is timing. Many stakeholders may have daytime jobs, and thus have difficulty joining consultation meetings during office hours. If possible, sessions should be planned at a time that allows for wide participation. Another consideration is that minority groups may have specific needs to engage properly in the

process, like language related or physical barriers to participation. Finally, participation among stakeholders should be gender balanced.

Transparency and outreach are crucial elements for enhancing the legitimacy and effective implementation of the policy. This means that the policy should not only be made public - it must be understood by the recipients. This can be achieved by making supporting materials (e.g. guidelines, briefs, FAQs, simplified language, translations into English or minority languages) available together with the relevant policy documents to help ensure that the general public will understand the scope of the policy.

In order to score high, in your context:

- Policies are developed through an inclusive consultation process.?
- Relevant stakeholders are involved in the policy development process at an early stage.
- There is a balanced representation of the stakeholders participating in the policy development process.

2.4. There is a strategy for social enterprise development.

We invite you to consider whether there is a strategy for social enterprise development either as a standalone document or as part of another policy initiative. Is this strategy coherent with the broader policy environment? Does it enjoy enough political support and commitment to be implemented and sustained over time? Finally, does the strategy identify the main challenges of the socio-economic context, illustrating how social enterprises can tackle them through their activities? Finally, does it set clear and specific objectives? Why is it important?

A strategy forms a key element for developing a social enterprise ecosystem on a given territory, whether developed as a standalone document or as part of another policy initiative. In either case, it is essential that it is coherent with the broader policy and socio-economic context. In this light, a strategy for social enterprise development should identify the main socio-economic challenges in a territory, illustrate how social enterprises can tackle them through their activities, and explain how the public sector will support them in this endeavour. In addition, a strategy is often a forward-thinking document that includes a vision for the future along with specific objectives. Strong political support and commitment is needed to ensure the development and successful implementation of the strategy to achieve its objectives.

In order to score high, in your context:

- There is a formally endorsed written strategy for social enterprise development, which is coherent with the broader policy context.?
- The strategy enjoys political support and commitment.?
- The strategy includes specific objectives.

Good practice examples

The National Strategy for the Development of Social Entrepreneurship (Croatia)

Adopted in 2015, the “Strategy for the Development of Social Entrepreneurship in the Republic of Croatia for the period 2015-2020” represents a seminal document for the creation of a policy framework for social enterprises. The Strategy’s main objective is to boost social enterprise creation and growth in Croatia by establishing a more supportive institutional and financial environment. The Strategy was initiated by a network of civil-society organisations (CSOs) and social enterprises through a “bottom-up” approach, in partnership with the government. It is largely aligned with European Union (EU) policies – particularly the Social Business Initiative (SBI). It defines social enterprises based on nine criteria and determines the key areas and activities envisaged for improving the institutional framework. Its main measures aim to: 1) develop and improve the legislative and institutional framework; 2) establish an adequate and supportive financial framework; 3) promote social

entrepreneurship through education; and 4) increase social enterprises' visibility

The Strategy's overall implementation relies on horizontal and vertical coordination bringing together multiple stakeholders, including: relevant ministries and national government institutions as Strategy co-owners; local authorities; local and regional development agencies; CSOs; social enterprises; financial institutions; and academia. The first operational step to implement the strategy was to establish a government unit in charge of implementing the Strategy and for co-ordinating activities among its co-owners.

For further information, please see [The National Strategy for the Development of Social Entrepreneurship \(Croatia\)](#) [3]

2.5. The implementation of the strategy for social enterprise development is well-planned.

We invite you to consider the degree to which the strategy is well-planned in order to be effectively implemented. Does the strategy include an action plan defining the actions that need to be taken in order to meet its objectives while assigning responsibilities to the relevant actors? Are there financial resources dedicated to the implementation of the strategy? Lastly, is there a monitoring and evaluation mechanism that can measure the progress made against the objectives of the strategy?

Why is it important?

For a strategy to be effective, it is not enough for it to be written and endorsed - it has to be implemented. Therefore, apart from the general vision of the strategy, it is equally important to define how will achieve its objectives. To do that, an action plan should be included in the strategy, defining which actions will be carried out, by whom and by when. The action plan should also include indicators against which progress can be monitored. In this regard, the statutory body that oversees the implementation of the strategy can monitor it closely, and be held accountable for the progress.

To complete the agreed actions for the implementation of the strategy, financial resources need to be allocated. The amount needed will of course depend on the scale and scope of the strategy and its action plan. Ideally, the availability of resources should be planned for the whole duration of the strategy; however, this is not always possible. Therefore, some degree of flexibility is needed for the planned activities, as they may need to be adapted and changed in light of resources available. Monitoring and evaluation mechanisms can help to check progress towards the objectives of the strategy, taking stock of possible deviations, and inform decision about the allocation of financial and other resources.

In order to score high, in your context:

- It is clearly identified who is responsible for overseeing the implementation of the strategy.
- Sufficient financial resources have been mobilised for the implementation of the strategy.
- The strategy includes an action plan to attain its objectives.
- Progress against the objectives of the strategy is monitored and measured.

Good practice example

Social Enterprise Strategy (Victoria, Australia)

In 2017, the Government of Victoria in Australia launched its first [Social Enterprise Strategy](#) [4]. The Strategy explains how the government will partner with social enterprises and relevant stakeholders in order to provide strategic leadership and proactive support towards three key goals: (i) increase impact and innovation; (ii) build business capacity and skills and; (iii) improve market access. The government places particular emphasis on the implementation, monitoring and evaluation, and reporting activities of the Strategy. As this is a whole-of-government Strategy, the initiatives that are part of it, such as the Social Procurement Framework, the

Sustainability Programme, and the Regional Partnerships, integrate and complement other policies and initiatives. Each initiative of the Strategy has distinct outputs and concrete implementation plans with delivery timelines. Moreover, a monitoring and evaluation process has been developed outlining the key indicators for measuring progress against the objectives of the Strategy and allows for actions to be adjusted accordingly. The results of the evaluation may also inform future policy developments. Finally, there is an annual reporting requirement to the Social Enterprise Network with regards to progress of implementation of the initiatives and achievement of the outcomes of the Strategy.

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Links

[1] <https://www.betterentrepreneurship.eu/>

[2] <https://www.mi-is.be/fr>

[3] <https://betterentrepreneurship.eu/en/node/33>

[4]

https://economicdevelopment.vic.gov.au/__data/assets/pdf_file/0008/1435868/10371_DEDJTR_EDEI_Social_Enterprise