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# **SOCIAL ENTREPRENEURSHIP: INTRODUCTION AND BEST PRACTICES**

Guide



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# SOCIAL ENTREPRENEURSHIP: INTRODUCTION AND BEST PRACTICES



Guide



Making money is a happiness. And that's a great incentive. Making other people happy is a super-happiness.

Muhammad Yunus

#### Legend:



– definition



– successful experience, examples of social enterprises

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# 1

## WHAT IS SOCIAL ENTREPRENEURSHIP?

For many people, even for entrepreneurs and academics, the concept of social entrepreneurship is either little known or difficult to grasp. To define the term, Ruth Shapiro, an American researcher, conducted what she called “a totally unscientific study”. She stopped eight people on University Avenue in Palo Alto (California, United States) and asked them if they were familiar with the term “social entrepreneurship”. Six of them thought it had something to do with business on a social networking site. The other two mentioned microfinance.<sup>1</sup>

One of the authors of this guide decided to repeat Shapiro’s experiment and asked her peers teaching various subjects (geography, literature, mathematics, music, psychology, philosophy, physical education, etc.) at the Nizhyn Gogol State University to give an on-the-fly definition of social entrepreneurship. They came up with the following spontaneous responses: “certain activities for the benefit of society,” “setting up a hospice care agency,” “a business that not only generates pecuniary gain but also benefits society,” “something verging on philanthropy, but rather uniting social forces to tackle various problems,” “activities related to the provision of services to the public,” “activities aimed at meeting basic social needs,” etc. The respondents’ answers simply proved what Jason Haber writes about the definition of social entrepreneurship in his new book: “Ask three people to define it and you will get three different answers.”<sup>2</sup>

The social entrepreneurship construct is often used very broadly to refer to a diverse range of initiatives. Many associate social entrepreneurship exclusively with when not-for-profit organizations start for-profit or earned-income ventures. Others use it to describe anyone who starts a not-for-profit organization. Still others use it to refer to business owners, or enterprise, who integrate social responsibility into their operations.

In addition, no shared point of view on social entrepreneurship exists among researchers. Although recent years have seen a growing number of research papers and popular science articles on social entrepreneurship, there is still no agreed definition. Authors typically produce a number of phrases they think are the most representative of the meaning or, alternatively, confine themselves to a short definition and focus on describing a particular experience. A selection of useful definitions is available in Table 1 below. However, briefly defined, social entrepreneurship is using best practices of traditional entrepreneurship to tackle social issues and achieve sustainable social change.

Explaining a multi-dimensional concept and phenomenon such as social entrepreneurship, and covering the whole spectrum of its interpretations, in a few words is no easy task. This is all the more complicated considering that the most widely cited definition of social entrepreneurship is also the most broad. It was offered by Gregori Dees, who is often referred to as the “Father of Social Entrepreneurship Education.” Dees defines social entrepreneurship by elaborating on five characteristics:

1. Adopting a mission to create and sustain social value (not just private value),
2. Recognizing and relentlessly pursuing new opportunities to serve that mission,
3. Engaging in a process of continuous innovation, adaptation, and learning,
4. Acting boldly without being limited by resources currently in hand, and
5. Exhibiting heightened accountability to the constituencies served and for the outcomes created<sup>3</sup>.

<sup>1</sup> Ruth Shapiro. What Exactly Is Social Entrepreneurship in America? // Stanford Social Innovation Review, [http://ssir.org/articles/entry/what\\_exactly\\_is\\_social\\_entrepreneurship\\_in\\_america](http://ssir.org/articles/entry/what_exactly_is_social_entrepreneurship_in_america)

<sup>2</sup> Jason Haber. The business of good. Social entrepreneurship and the new bottom line. Publisher: Entrepreneur Press (2016). –128 p. – p.12.

<sup>3</sup> Dees, J.G. The meaning of social entrepreneurship. Center for the Advancement of Social Entrepreneurship, Duke University’s Fuqua School of Business, 2001 (revised vers.), [http://www.caseatduke.org/documents/dees\\_sedef.pdf](http://www.caseatduke.org/documents/dees_sedef.pdf), p. 4.

## SELECTED DEFINITIONS OF SOCIAL ENTREPRENEURSHIP

Author(s)	Definition
Bornstein, D. & Davis, S. <sup>4</sup>	Social entrepreneurship is a process by which citizens build or transform institutions to advance solutions to social problems, such as poverty, illness, illiteracy, environmental destruction, human rights abuses, and corruption, in order to make life better for many.
Mair, J. & Marti, I. <sup>5</sup>	Social entrepreneurship is a process consisting of the innovative use and combination of resources to explore and exploit opportunities that aims at catalysing social change by catering to basic human needs in a sustainable manner.  Social entrepreneurship is an innovative model of providing products and services that cater for basic needs (rights) that remains unsatisfied by political or economic institutions.
Austin, J., Stevenson, H., & Wei-Skillern, J. <sup>6</sup>	Social entrepreneurship is an innovative, social value creating activity that can occur within or across non-profit, business, or government sectors.
Johnson <sup>7</sup>	Social entrepreneurship is emerging as an innovative approach for dealing with complex social needs. With its emphasis on problem solving and social innovation, socially entrepreneurial activities blur the traditional boundaries between the public, private, and non-profit sector and emphasize a hybrid model of for-profit and non-profit activities.
Nicholls, A. <sup>8</sup>	Social entrepreneurship entails innovations designed to explicitly improve societal wellbeing, housed within entrepreneurial organizations which initiate, guide, or contribute to change in society.

Table 1.

The lack of a clear definition raises concerns among experts: "In fact, we would argue that the definition of social entrepreneurship today is anything but clear. As a result, social entrepreneurship has become so inclusive that it now has an immense tent into which all manner of socially beneficial activities fit...Social entrepreneurship is an appealing construct precisely because it holds such high promise. If that promise is not fulfilled because too many 'non-entrepreneurial' efforts are included in the definition, then social entrepreneurship will fall into disrepute, and the kernel of true social entrepreneurship will be lost. Because of this danger, we believe that we need a much sharper definition of social entrepreneurship, one that enables us to determine the extent to which an activity is and is not 'in the tent.'"<sup>9</sup>

That's exactly why social entrepreneurship deserves the serious attention of researchers, practitioners, government officials, and other stakeholders.

<sup>4</sup> Bornstein D., Davis S. Social Entrepreneurship: What Everyone Needs to Know? Publisher: Oxford University Press. Kindle Edition, 2010. – p.1.

<sup>5</sup> Social entrepreneurship research: A source of explanation, prediction, and delight // Journal of World Business.–2006. – Vol. 41, p. 36-44.

<sup>6</sup> Austin, J., Stevenson, H. & Wei-Skillern, J. (2006), «Social and Commercial Entrepreneurship: Same, Different, or Both?», Entrepreneurship: Theory & Practice, vol. 30(1), pp. 1-22.

<sup>7</sup> Johnson & Johnson (2000) Social Responsibility in Action.

<sup>8</sup> Nicholls, A. (2006). "Playing the field: A new approach to the meaning of social entrepreneurship" Social Enterprise Journal vol. 2(1), p. 1-5.

<sup>9</sup> Roger L. Martin, Sally Osberg, Social Entrepreneurship: The Case for Definition// Stanford Social Innovation Review / spring. – 2006. – Vol. 41, p. 36-44.

# 2

## A GLIMPSE INTO THE HISTORY OF SOCIAL ENTREPRENEURSHIP

Although the terms “social entrepreneurship” and “social enterprise” have been actively used only since the last few decades, the phenomenon itself has a much longer history. According to Dees, social entrepreneurs have always existed. “But in the past they were called visionaries, humanitarians, philanthropists, reformers, saints, or simply great leaders. Attention was paid to their courage, compassion, and vision but rarely to the practical aspects of their accomplishments. Thus, people may know about the moral teachings of St. Francis but not about how the Franciscans became the fastest growing religious order of its day.”<sup>10</sup>

Children in the West learn that Florence Nightingale ministered to wounded soldiers but not that she built the first professional school for nurses in Britain and revolutionized hospital construction, and that Nightingale nurses went on to found training schools at other hospitals and disseminate new nursing standards.

American researchers believe that citizen self-organisation, which has both a long history and deep roots in the United States, is the harbinger of today’s social entrepreneurship. Self-help organizations and charities of various kinds were set up to address social problems from the country’s inception. Consider the surge of creative citizen activity in the United States between 1880 and 1920 when the country was rapidly being transformed from a collection of small, self-sufficient farms and midsize cities into an industrialized consumer society. Millions of immigrants and rural Americans were flooding into cities that were stretched beyond capacity – a situation comparable in many respects to the massive rural-to-urban migration occurring across the developing world today.

The new city dwellers had to learn how to translate their numbers into political power so they could change the oppressive conditions in America’s slums and factories. This era produced many of the organizations that form the American tapestry: the Salvation Army, the Urban League, the Lions Clubs, the Boy and Girl Scouts, Goodwill Industries, the PTA, the NAACP, Hull House, Rotary International, the YWCA, the League of Women Voters, many labour unions, and hundreds of other such organizations.<sup>11</sup>

It was during this period, the Progressive Age, that enlightened philanthropists began experimenting with “scientific charity,” which aimed to transform the conditions that produced poverty, not just to provide comfort to the poor and ease the consciences of the rich.

The first organisations to shape the social life of communities included religious organisations, farmers’ associations, trade associations, professional societies, civic and youth organisations, brotherhoods, secret societies and orders, ethnic groups, etc.

As far back as the 1830s, Alexis de Tocqueville wrote that Americans seemed to possess a unique propensity for creating associations. The United States was unusual in the degree that its citizenry self-organized to address problems almost from the nation’s inception. It should be noted that the United States had the legislative preconditions for a surge in creative citizen activity. The Tenth Amendment (1791) stated: “The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.” Therefore, the implementers of social programs were the states, while citizens were the driving force behind social initiatives.

When we look at the correlation between the establishment of citizen groups and the development of social entrepreneurship, it can be observed that the preconditions for such correlation formed in the last two decades of the twentieth century. It was the time of an explosive growth of non-profit organisations. If by the beginning of the 1980s the number of non-profit organisations did not surpass 100,000 worldwide, and a lion’s share of them was registered in the United States, by the end of the 1990s their number reached millions. And while the United States remained the centre of civic engagement, the number of citizen groups in other countries increased sizeably as well.

A similar phenomenon took place in countries of different types and in different parts of the globe. In France, during the 1990s, an average of 70,000 new citizen groups were established each year, quadruple the figure for the 1960s.

<sup>10</sup> Bornstein D., Davis S. *Social Entrepreneurship: What Everyone Needs to Know?* – Oxford University Press. Kindle Edition, 2010. – p. 6.

<sup>11</sup> Ibid.



In Canada, the number of registered citizen groups has grown by more than 50 percent since 1987, reaching close to 200,000. Between 1988 and 1995, 100,000 citizen groups opened shop in the former communist countries of Central Europe. In Brazil, in the 1990s, the number of registered citizen organizations jumped from 250,000 to 400,000, a 60 percent increase. In the United States, between 1989 and 1998, the number of public service groups registered with the Internal Revenue Service jumped from 464,000 to 734,000, also a 60 percent increase.<sup>12</sup>

As a result, a new multi-billion dollar sector of the economy had emerged in addition to government and business sectors – a citizen sector, which is often referred to as “the third sector”. In the United States, this sector was reinforced by the policy of “New Federalism” initiated by the Reagan administration in the mid-1980s, which reduced the size of the federal government and cut its budget. Responsibility for a range of social services was shifted to the regions. Along with the loss of income sources by many organisations that were forced to look for earnings, this led to the emergence of the phenomenon of social entrepreneurship as we know it today. Social entrepreneurship as a practice that integrates economic and social value began to actualize itself actively during this period.

A good example is Grameen Bank founded in 1983 by professor Muhammad Yunus to uproot poverty and support poor rural women in Bangladesh.<sup>13</sup> In 2006, Muhammad Yunus was awarded the Nobel Peace Prize for his efforts. Another good example is the Ashoka foundation. Established in 1980 by Bill Drayton, today Ashoka supports social entrepreneurship initiatives the world over.<sup>14</sup> Examples of other prominent foreign social enterprises can be found in Section 10 of this Guide.

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<sup>12</sup> Bornstein D. How to Change the World: Social Entrepreneurs and the Power of New Ideas – Oxford University Press. Updated edition, 2007. – p. 368.

<sup>13</sup> <http://www.grameen-info.org>

<sup>14</sup> <http://www.ashoka.org>

# 3

## WHAT IS SPECIAL ABOUT A SOCIAL ENTREPRENEUR?

The term “social entrepreneur” came into use in the mid-1990s mainly with the aid of US foundations and organisations to refer to entrepreneurs finding new ways to respond to social problems. Organisations like Ashoka extensively support people who start a business aimed at solving a particular social problem while behaving like typical entrepreneurs in terms of dynamism, personal commitment, and innovation. It should be noted that in Europe the emphasis is put more on a collective nature of social entrepreneurship, as well as on its associative or cooperative form, rather than on the individual social entrepreneurs themselves.

In his article *The Meaning of Social Entrepreneurship*, Gregori Dees further explicates: “Social entrepreneurs are reformers and revolutionaries, as described by Schumpeter, but with a social mission. They make fundamental changes in the way things are done in the social sector. Their visions are bold. They attack the underlying causes of problems, rather than simply treating symptoms. They often reduce needs rather than just meeting them. They seek to create systemic changes and sustainable improvements. Though they may act locally, their actions have the potential to stimulate global improvements in their chosen arenas, whether that is education, health care, economic development, the environment, the arts, or any other social field.”<sup>15</sup>

The majority of social entrepreneur definitions, including those summarized in Table 2, accentuate such traits of a social entrepreneur as inventiveness, commitment, persistence, ability to come up with non-standard approaches, adoption of innovations, high ethical standards, motivation, and ambition.

### SELECTED DEFINITIONS OF SOCIAL ENTREPRENEUR

Author(s)	Definition
The Commonwealth Club series <sup>16</sup>	Social entrepreneur is an innovator utilizing entrepreneurial passion and rigour to solve societal problems.
Ashoka <sup>17</sup>	Social entrepreneurs are individuals with innovative solutions to society’s most pressing social problems. They are ambitious and persistent, tackling major social issues and offering new ideas for wide-scale change.
Bornstein, D. <sup>18</sup>	A path breaker with a powerful new idea, who combines visionary and real-world problem-solving creativity, who has a strong ethical fibre, and who is ‘totally possessed’ by his or her vision for change.
Light, P. <sup>19</sup>	A social entrepreneur is an individual, group, network, organization, or alliance of organizations that seeks sustainable, large-scale change through pattern-breaking ideas in what or how governments, non-profits, and businesses do to address significant social problems.

<sup>15</sup> Gregory Dees, *The Meaning of Social Entrepreneurship*, [https://centers.fuqua.duke.edu/case/wp-content/uploads/sites/7/2015/03/Article\\_Deas\\_MeaningofSocialEntrepreneurship\\_2001.pdf](https://centers.fuqua.duke.edu/case/wp-content/uploads/sites/7/2015/03/Article_Deas_MeaningofSocialEntrepreneurship_2001.pdf) – p.4.

<sup>16</sup> <http://www.socialedge.org/features/opportunities/commonwealth-club-series-on-social-entrepreneurship>

<sup>17</sup> <https://www.ashoka.org>

<sup>18</sup> Bornstein D. *How to Change the World: Social Entrepreneurs and the Power of New Ideas*. – Oxford University Press. Updated edition, 2007. – 368 p.

<sup>19</sup> Light P. *Reshaping social entrepreneurship* // *Stanford Social Innovation Review*, . –2006. – Vol. 4(3). – p.46-51.

PBS' "The New Heroes" <sup>20</sup>	A social entrepreneur identifies and solves social problems on a large scale. Just as business entrepreneurs create and transform whole industries, social entrepreneurs act as the change agents for society, seizing opportunities others miss in order to improve systems, invent and disseminate new approaches and advance sustainable solutions that create social value.
Schwab Foundation <sup>21</sup>	What is a Social Entrepreneur? A pragmatic visionary who achieves large scale, systemic and sustainable social change through a new invention, a different approach, a more rigorous application of known technologies or strategies, or a combination of these.
Skoll Foundation <sup>22</sup>	The social entrepreneur as society's change agent: a pioneer of innovation that benefits humanity. Social entrepreneurs are ambitious, mission driven, strategic, resourceful, and results oriented.
Thomson, J. <sup>23</sup>	People with the qualities and behaviours we associate with the business entrepreneur, but who operate in the community and are more concerned with caring and helping than "making money".
Boschee, J. <sup>24</sup>	Social entrepreneurs are non-profit executives who pay increasing attention to market forces without losing sight of their underlying missions, to somehow balance moral imperatives and the profit motives – and that balancing act is the heart and soul of the movement.

Table 2.

In addition to definitions, the authors of *Understanding Social Entrepreneurship. The Relentless Pursuit of Mission in an Ever Changing World* came up with the following observations on various aspects of social entrepreneurship: social entrepreneurs tend to have more democratic or participatory decision-making processes than do commercial entrepreneurs; social entrepreneurs are particularly unsatisfied with the status quo, making them better positioned to recognize opportunities for social change; social entrepreneurs are more skilled than commercial entrepreneurs at building networks of support across diverse constituencies. While these claims may bear some truth, they do not rest entirely on solid ground. Thus, a number of differences between social and business entrepreneurs appear to be differences of degree, not absolute differences.<sup>25</sup>

Where does the distinction lie? The core of what distinguishes social entrepreneurs from business entrepreneurs and even from socially responsible businesses is a mission. For a social entrepreneur, the social mission is central. This is a mission of social improvement that cannot be reduced to creating private benefits for individuals. Making a profit or creating wealth may be part of the model, but these are means to a social end, not the end in itself. Social entrepreneurs want to create lasting improvements. They think about sustaining the impact.

While on the subject of social entrepreneurs, it is worth noting the importance of their personality, their understanding of social problems and ability to address them, their competency in using various sources of information and launching a social enterprise where required. It is no surprise that a global non-profit foundation that supports social entrepreneurs across the world is named after Ashoka, the ruler of the Indian Mauryan Empire, the largest ever on the Indian Subcontinent. Ashoka's key insight was that if you want to predict how things will turn out for a new idea, your best bet is to focus on the person behind the idea.<sup>26</sup>

The areas of concern remain the same as two thousand years ago. Does the person have the ability and motivation to guide a team that can overcome what may be an inexhaustible supply of obstacles, setbacks, and heartbreaks? Is the realization of the idea the most important thing in the world for this person? Does the person have persistence and patience to drive change amid indifference, risks, and limited resources?

In his most famous opus, *The Prince*, Niccolo Machiavelli observed: "There is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success, than to take the lead in the introduction of a new order of things.

<sup>20</sup> <http://www.pbs.org/program/new-heroes/>

<sup>21</sup> <http://www.schwabfound.org/>

<sup>22</sup> <http://skoll.org/>

<sup>23</sup> Thomson J., Alvy G., Lees A. Social entrepreneurship – A new look at the people and the Potential // *Management Design*. – 2002. – Vol. 38.

<sup>24</sup> Boschee J. Merging mission and money: A board member's guide to social entrepreneurship. 1998. <http://www.socialent.org/pdfs/MergingMission.pdf>

<sup>25</sup> Kickul J., Lyons T. *Understanding Entrepreneurship. The Relentless Pursuit of Mission in an Ever-Changing World*. – Routledge; 1 edition, 2012. – p. 296.

<sup>26</sup> Bornstein D., Davis S. *Social Entrepreneurship: What Everyone Needs to Know?* – Oxford University Press. Kindle Edition, 2010. – p. 23-24.

Because the innovator has for enemies all those who have done well under the old conditions, and lukewarm defenders in those who may do well under by the new.”<sup>27</sup>

In the cases of Grameen Bank and BRAC, the most astounding social enterprises in the world, their founders, Muhammad Yunus and Fazle Hasan Abed, had each embarked on long struggles marked by disappointments, setbacks, lukewarmness, and confrontation.

In the beginning, they were very much alone. People told Yunus that the Grameen Bank would burst “like a balloon.” Others told Abed that he was foolish to leave his high-paying job at Shell Oil. Both experienced personal losses. Both had to contend with religious fundamentalists, military dictators, socialist revolutionaries, and, perhaps toughest of all, a habit of corruption that sapped the trust out of every transaction. Both worked intentionally to “market” their ideas, repeating the same stories over and over to help mobilize resources, form partnerships, disarm enemies, and woo political power brokers. Both were committed to seeing this process through to its end, even if it took their whole lives. The role of the social entrepreneur can be understood through these examples.<sup>28</sup>

Only those people who do not think about quarterly performance reports and upcoming elections, people who can do without short-term rewards and recognition, people able to grasp all aspects of a problem and having a global vision of its solution are capable of bringing about long-term positive changes.

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<sup>27</sup> Machiavelli N, Selected Works in Two Volumes, Vol.1 / Machiavelli N, – M. –L., 1934. – p. 57.

<sup>28</sup> Bornstein D., Davis S. Social Entrepreneurship: What Everyone Needs to Know? – Oxford University Press. Kindle Edition, 2010. – p. 23-24.

# 4

## WHERE DOES THE DISTINCTION LIE?

### 4.1. Social enterprise versus commercial enterprise

The main difference between social enterprise and commercial enterprise is purpose, or what the enterprise is trying to maximize. For typical business entrepreneurs, the bottom line may be to maximize profits or shareholder wealth. For social entrepreneurs, the bottom line is to maximize some form of social impact, usually by addressing an urgent need that is being mishandled, overlooked, or ignored by other institutions (government or business).

However, what differentiates the two sets of entrepreneurs from one another cannot be ascribed simply to motivation. The critical distinction lies in the “value proposition itself”. Roger L. Martin and Sally Osberg argue that for the business entrepreneur, the value proposition anticipates and is organized to serve markets and is thus designed to create financial profit. Instead, the social entrepreneur aims for value in the form of large-scale, transformational benefit that accrues either to a significant segment of society or to society at large.<sup>29</sup> The social entrepreneur’s value proposition targets an underserved, neglected, or highly disadvantaged population that lacks the financial means or political clout to achieve the “transformative benefit” on its own.

The world needs both kinds of entrepreneurship. One should not be deemed superior to the other, although social entrepreneurship is often more challenging because it tackles problems that have defied governmental approaches and for which market solutions have not yet been demonstrated.

And, of course, there are overlaps: social entrepreneurs often earn profits through social enterprises, and businesspeople are frequently concerned with social responsibility. Both types of entrepreneurship require vision, initiative, organization building, and “marketing.” In terms of skill and temperament, social and business entrepreneurs are strikingly similar. But their primary objectives are different.

According to the authors of *Social Entrepreneurship: What Everyone Needs to Know?* – a book highly acclaimed among social entrepreneurship experts – some researchers argue that there is little use in making distinctions between social and business entrepreneurship, and that all entrepreneurs should be considered social entrepreneurs because they generate employment and meet consumer needs, and therefore fulfil social functions. “We disagree”, note David Bornstein and Susan Davis, “we wouldn’t call someone a social entrepreneur who introduced snacks like potato chips or Twinkies to the Chinese market, even if his or her firm generated a million jobs.” Seeking to maximize social impact is not the only criterion for social entrepreneurship. As Greg Dees noted, entrepreneurship involves elements of newness and dynamism. Today, thousands of “cleantech” and “greentech” companies are addressing environmental problems, but not all are examples of social entrepreneurship. Within the solar energy industry, for example, many firms sell established products in established markets. Without minimizing their contributions to the solution, it’s useful to distinguish conventional firms from those that are pioneering new products, attempting to change industries, or building markets in particularly difficult contexts. The small firm D.light Design is a good example.<sup>30</sup>

<sup>29</sup> Martin R., Osberg S. *Social Entrepreneurship: The Case for Definition* // Stanford Social Innovation Review, Spring 2007. – p. 34-35.

<sup>30</sup> Bornstein D., Davis S. *Social Entrepreneurship: What Everyone Needs to Know?* – Oxford University Press. Kindle Edition, 2010. – p. 23-24.

## 4.2. Social enterprise versus government initiative

Unlike governmental efforts, social entrepreneurship flows from the bottom up. Typically, it grows out of one person's direct interaction with a problem and an attempt to find a solution through an experiment, a response, some adjustment, and more experimentation. Social entrepreneurs don't control major resources, and, unlike governments, they can't command compliance. They have to leverage resources that others control, articulate goals that are meaningful and inspire others to go out and create their own social change.

As a rule, major initiatives advanced by governments and international aid agencies flow in the reverse direction, beginning with policy battles and ending with programmes planned and implemented.

## 4.3. Social enterprise versus social activism

The simplest distinction is that social activists generally seek to elicit change by influencing the decision making of large institutions or by changing public attitudes. Social activism can be thought of as a subset of social entrepreneurship, one of many tactics employed to advance change.

Social entrepreneurs pursue a wider range of options, including building institutions that directly implement solutions themselves. Social activists may or may not create ventures or organizations to advance the changes they seek. Successful activism can yield substantial improvements to existing systems and even result in a new equilibrium, but the strategic nature of the action is distinct in its emphasis on influence rather than on direct action.

The social entrepreneur would take direct action to create social change. As New York Times columnist Nicholas D. Kristof has observed: "I'm struck that while there has always been student activism, it was mostly protest in my day, while these days it often includes an element of starting an organization to do something positive as well. It's the social entrepreneurship revolution, and I'm in awe of it."<sup>31</sup>

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<sup>31</sup> Bornstein D., Davis S. Social Entrepreneurship: What Everyone Needs to Know? – Oxford University Press. Kindle Edition, 2010. – p. 41.

# 5

## LEGAL FORMS OF SOCIAL ENTERPRISES

### 5.1. European experience

There is a growing recognition across the globe of social enterprise as a business model that can support economic growth and social progress. One of the strands of action to support the growth of social entrepreneurship is to optimise the legal environment.

To map the legal framework for social enterprise in 29 European countries, the European Commission launched a social enterprise mapping study (“the Mapping Study”) using a common definition and approach.<sup>32</sup> The Mapping Study was conducted by ICF Consulting Services.

The European Commission’s common definition of social enterprise incorporates the three key dimensions that were developed and refined through a body of European academic and policy literature including the European Commission’s Communication on Social Business Initiative:<sup>33</sup>

- an entrepreneurial dimension: engagement in continuous economic activity;
- a social dimension: a primary and explicit social purpose; and
- a governance dimension: the existence of governance mechanisms to ensure prioritisation of the social purpose and which demonstrate sensitivity to different stakeholder interests.

Each of the above dimensions were operationalised by developing a set of core criteria reflecting the minimum conditions that an organisation must meet to be categorised as a social enterprise under the EU definition. The following core criteria were established: брати участь в економічній діяльності;

- the organisation must engage in economic activity;
- it must pursue an explicit and primary social aim that benefits society;
- it must have limits on distribution of profits or assets to prioritise the social aim;
- it must be independent from the state or other for-profit organisations; and
- it must have inclusive governance i.e. characterised by participatory and/or democratic decision-making processes.<sup>34</sup>

Within the framework of the study, the legal experts produced over 850 pages of analysis about the legal structures used by social enterprises and about the way law and regulation across Europe are used to shape and support social entrepreneurship.

The expert analysis of the law and regulation of social enterprise has provided a rich and multi-dimensional picture of the law, regulation, and tax treatment of social enterprise in the different Members States of the European Union and Switzerland.

One of the principal findings of the Mapping Study is that the lack of legal recognition of social enterprise in many countries makes it difficult for governments to design and target specialist support or fiscal incentives for social enterprises.

At the same time, the Mapping Study reveals that social enterprises adopt a variety of legal forms<sup>35</sup> and statuses:

<sup>32</sup> Social Enterprise in Europe Developing Legal Systems which Support Social Enterprise Growth., <http://www.bwbllp.com/knowledge/2015/10/21/social-enterprise-in-europe-developing-legal-systems-which-support-social-enterprise-growth/>

<sup>33</sup> The European Commission launched the Social Business Initiative (SBI) in 2011. One of the strands of action to support the growth of social enterprise is to optimise the legal environment. [http://ec.europa.eu/growth/sectors/social-economy/enterprises\\_en](http://ec.europa.eu/growth/sectors/social-economy/enterprises_en)

<sup>34</sup> Social Enterprise in Europe: Developing Legal Systems which Support Social Enterprise Growth, <http://www.bwbllp.com/knowledge/2015/10/21/social-enterprise-in-europe-developing-legal-systems-which-support-social-enterprise-growth/> p.16.

<sup>35</sup> Under Ukrainian law, legal form is defined as the form of business organisation with an appropriate legal basis determining the nature of relationship between the founders (members), the extent of liability for obligations of an enterprise (organisation), setting up, reorganisation, winding-up, management and profit distribution procedures, possible sources of funding, etc. Dziuba, S. Opting for the Right Form of Business Organisation, [http://3222.ua/article/yak\\_pravilno\\_obrati\\_organizatsyno-pravovu\\_formu\\_vedennya\\_bznesu.htm](http://3222.ua/article/yak_pravilno_obrati_organizatsyno-pravovu_formu_vedennya_bznesu.htm)

1. existing legal forms, such as associations, foundations, co-operatives, companies;
2. social enterprise legal forms, which are exclusively designated for social enterprises; and
3. social enterprise legal statuses, which can be obtained by a number of different legal forms, which comply with a number of pre-defined criteria.

Sixteen European countries have some form of legislation that recognises and regulates social enterprise activity. However, according to the legal expert country reports, only four countries have tailor-made social enterprise forms in the existing legislation. These social enterprise forms are:

1. Societe Cooperative D'Interet Collectif in France;
2. Entreprise de l'economie Sociale et Solidaire (Entreprise ESS) in France;
3. Social Co-operatives in Greece;
4. Social Co-operatives in Italy.

**Société Cooperative D'Intérêt Collectif (SCIC)** is a form of social enterprise co-operative in France. SCIC must pursue both an efficient commercial purpose and social purpose ("caractere d'utilite sociale") which benefits the community. Its economic activities must relate to its social purpose. The definition of "utilite sociale" is focused primarily on providing assistance to vulnerable persons or activities which remedy discrimination or inequalities within society. It is governed in a democratic fashion, as it operates on a one member, one vote principle and must publish its environmental and social impact in its management report.

**The first European country to lay down a legal framework for social enterprise was Italy.** In 1991, Italian parliament passed the law on social co-operatives, i.e. small and medium-sized enterprises dealing with social problems in local communities. Social co-operation in Italy emerged as a solution to labour market integration of disadvantaged or vulnerable groups. There existed several organisations, predominantly church-related, that provided social services in Italy. The early 1980s saw much debate on legal recognition and regulation of social co-operation. This debate finally resulted in the passage of the said law, which stated that social co-operatives must operate in the general interest of the community and for the social integration of citizens.<sup>36</sup>

Social co-operatives in Italy are social enterprise forms. To qualify as a social co-operative, the co-operative must further a defined social purpose (as opposed to simply the mutual interest of its members). The Italian law provides for two types of social co-operatives: 1) type "A", which provide social (including care for the elderly), health and educational services; members of type "A" co-operatives are both service providers and service recipients; 2) type "B", which further the work integration of defined disadvantaged groups.<sup>37</sup>

**Social co-operatives in Poland** were introduced by the Act of 20 April 2004 On Employment Promotion and Labour Market Institutions. In two years' time, a new Act On Social Co-operatives was passed setting forth the conditions for the establishment, operation, merger and winding-up of social co-operatives. According to the Act, social co-operatives are created to facilitate:

1. social reintegration of cooperative members, by way of activities aiming at rebuilding and maintaining the skills that facilitate engagement in the life of the community and social roles in the place of work, residence or stay;
2. professional reintegration of cooperative members, which should be understood as activities aimed at restoring and maintaining the ability to independently perform work in the labour market.

In accordance with the provisions of the Act, the founders of social co-operatives may be persons who meet the essential criteria and fall within at least one of the following categories:

- the unemployed;
- people with disabilities within the meaning of the Act On Vocational and Social Rehabilitation and Employment of the Disabled;
- people referred to in the Act On Social Employment as disadvantaged and vulnerable groups, that is:
  - a) people addicted to alcohol, drugs, or other intoxicants after treatment;
  - b) mentally ill people within the meaning of the Mental Health Protection Act;
  - c) homeless people who follow an individual programme of overcoming homelessness;
  - d) former prisoners who have difficulties in integrating with the social environment;
  - e) refugees who follow an individual integration programme.

<sup>36</sup> Lypchuk V. Social Co-Operation: Essence, Meaning, Experience / Lypchuk V., Lypchuk N. // Ukraine's Economy – 2013. – No. 6. – p. 89-96.

<sup>37</sup> Social Enterprise in Europe: Developing Legal Systems which Support Social Enterprise Growth, <http://www.bwbllp.com/knowledge/2015/10/21/social-enterprise-in-europe-developing-legal-systems-which-support-social-enterprise-growth/> p. 21.



Social co-operatives may be established by other persons provided that their number does not exceed 50 percent of the total number of founders. A social co-operative may be wound-up if it fails to comply with this requirement for more than six months.

A social cooperative may also be established by at least two of the following legal entities: 1) non-governmental organizations; 2) local government units; and/or 3) church legal persons. If the founders are natural persons, their number may not be less than five.<sup>38</sup>

Social co-operatives can rely on financial support from the state budget. People who are interested in starting a business in the form of social co-operative are exempt from payment of registration fees and are entitled to apply for a one-time grant by the Labour Fund in an amount that neither exceeds four times the average salary per each member-founder of the social cooperative, nor three times the average salary per each member joining an already existing cooperative. People with disabilities registered with labour officers as the unemployed or job seekers are eligible to apply for a grant by the National Disabled Persons Rehabilitation Fund to make a contribution to the social co-operative, such grant not exceeding fifteen times the average salary. Social co-operative's profits reinvested in social and professional integration of its members are exempt from tax. In addition, social co-operatives may apply for a grant by the Labour Fund for pension and disability insurance and use a simplified accounting system.<sup>39</sup>

In some jurisdictions, there are "social enterprise forms", which are exclusively designed for social enterprises through the adaptation of existing legal forms. The presence of these forms reduces transaction costs and risks for starting social enterprises and makes it easier to identify and support social enterprise and its growth.

The precise characteristics of the different legal forms used by social enterprises vary between European countries. However, the commonalities are sufficiently clear and strong for legal entities to be formed into types with shared characteristics:

- non-profit organisations, which may be democratic or controlled by managers, do not distribute profits and trade in furtherance of a social purpose;
- co-operatives, which are generally owned and controlled on a democratic basis by managers, distribute profit from trading activities to members and may have a social purpose beyond benefitting members written into the constitution or carry out a service of general interest;
- shared companies, which are generally owned and controlled by shareholders on a pro rata basis, and which may trade in furtherance of a social purpose.

There is a distinction in the EU's legal framework between legal forms, which relate to the fundamental legal structure of an organisation, and legal statuses, which attach to a number of legal forms meeting certain characteristics and affect the treatment of those legal forms. Legal statuses are understood and applied differently in different European countries, and are sometimes described in terms of "social enterprise" but are often closer to a more traditional concept of the "social economy" or "social business initiative". The following jurisdictions have a social enterprise legal status:

- Social purpose company in Belgium;
- Social Enterprise 'ex-Lege' in Italy;
- The ESUS enterprise in France;
- The Community Interest Company in the UK.

Any form of company or co-operative may become a Social Purpose Company (SPC) in Belgium. A SPC must have an altruistic purpose, being a social objective that the shareholders wish to realise and that is the decisive motive for the incorporation of the SPC and not the enrichment of its members. Details of the social purpose must be set out in the SPC's bylaws. A classical company can take on the status of an SPC provided it carries out its social purpose through trading. The SPC has certain rules which reflect inclusive governance, such as the right for employees to have shares, and a limit on any person having more than 10% of the voting rights in an SPC. An SPC has to produce an annual report on how it acted on the social goals of the company.

According to Law 2014-856 of 31 July 2014, only those organisations and enterprise that satisfy the following criteria can apply for ESUS status in France:

- The primary aim of the organisation must be a social purpose (d'utilité sociale);
- The social purpose (d'utilité sociale) must have a significant impact on its business. In other words, over the last three fiscal years at least 66% of the operating expenses were spent on activities related to the social purpose;

<sup>38</sup> Lypchuk V. Social Co-operation in Poland / Lypchuk V., Lypchuk N. // Co-operative Readings 2014: Materials of All-Ukrainian Research-to-Practice Conference of 27–29 March 2014, – Zhytomyr: Zhytomyr National Agroecological University, 2014. – p. 83-87.

<sup>39</sup> Ibid., p. 86.

- The average amount (salary and bonuses included) paid to the five highest paid employees or executives cannot exceed seven times the legal minimum wage (EUR 122,431 in 2015), and the highest paid employee or executive cannot exceed ten times the legal minimum wage (EUR 174,902 in 2015);
- Shares are not traded on a regulated market (not a public company).

## 5.2. Shaping social enterprise legal forms in Ukraine

Ukraine also attempted to lay down a legal framework for social enterprise. In 2011, Oleksandr Feldman, Deputy of the Fatherland parliamentary faction, introduced the Draft Law on Social Enterprises and the Draft Law on Amendments to Article 154 of the Tax Code of Ukraine in Respect of Social Enterprise Support into the Verkhovna Rada Committee on Tax and Customs Policy. The first bill defined the “social enterprise” concept and set out the criteria by which an enterprise could be considered “social”. The second bill proposed to exempt social enterprises from taxation of profits derived from sale (supply) of goods and performance of social work and services.<sup>40</sup>

Oleksandr Feldman also proposed to set up an Intergovernmental Commission for Social Enterprise Support which would determine whether a business is eligible for social enterprise status and whether it satisfies the tax relief criteria. When the first bill was rejected by the Verkhovna Rada Committee on Tax and Customs Policy, Oleksandr Feldman withdrew his second bill.

Clearly, the adoption of social enterprise legislation was premature, and the introduction of tax reliefs and social enterprise status eligibility criteria carried a threat of manipulation and abuse on the part of both traditional businesses and the Intergovernmental Commission.

In Ukraine, the need to provide the legislative framework for social entrepreneurship is seen from a variety of angles. In the opinion of Vasyl Nazaruk, WNISEF Impact Investing Programme Manager, the lack of law that regulates social entrepreneurship should be seen as an advantage, an opportunity for its development: “Whatever sceptics say, it is indeed a good opportunity for a social enterprise to select the optimal legal form, in terms of both a business model and tax treatment. This means that the social enterprise seed planted could spring up into an NGO’s commercial project to finally produce a public joint-stock company.”<sup>41</sup>

In one of his articles, Vasyl Nazaruk quotes Oleksandr Vinnikov, Chair of the Board, European Law Development Network, as saying: “In my opinion, no special law is necessary. What we need are clarifications in the Tax Code and amendments to business companies law. In Germany, for example, many social enterprises operate as ordinary limited companies with the exception that under law and Articles of Association they may not distribute profit and must reinvest it to implement social projects or pursue social objectives.”<sup>42</sup>

Hence, in Ukraine the definition of social entrepreneurship is not legislatively formalised. The laws applicable to entities in accordance with their forms of business organisation regulate social enterprise activity. The main forms of business organisation for social enterprises in Ukraine include, inter alia, sole proprietorship, non-governmental organisation, civic association enterprise, charitable organisation, civic union, private enterprise, limited liability company, and civic association organisation.

So far, Ukraine lacks social enterprise experience, practice and understanding, and, above all, a sufficient number of social entrepreneurs who, having united and reached common accord, would defend their interests and develop social entrepreneurship through the making of a law.<sup>43</sup> Otherwise, elaboration and passage of an imbalanced law may limit the opportunities for social entrepreneurship, narrow down its scope or even have an adverse effect on it.

The true indicator that social entrepreneurship has gained a foothold in Ukraine is the moment social entrepreneurs get together to exchange experiences and influence the formation of an enabling policy and legal framework on social enterprise.

<sup>40</sup> Smaglyi K., Does Ukraine Need a Social Enterprise Law, <http://www.socialbusiness.in.ua/index.php/novyny/v-ukraini/135-chy-potriben-ukraini-zakon-pro-sotsialne-pidpriemnytstvo>

<sup>41</sup> Nazaruk V. Five Great Social Entrepreneurship Development Opportunities in Ukraine, <http://www.socialbusiness.in.ua/index.php/novyny/v-ukraini/135-chy-potriben-ukraini-zakon-pro-sotsialne-pidpriemnytstvo>

<sup>42</sup> Nazaruk V. Does Ukraine Need a Social Enterprise Act? <http://www.socialbusiness.in.ua/index.php/blog/entry/chy-potriben-ukraini-zakon-pro-sotsialne-pidpriemnytstvo>

<sup>43</sup> Zagakailo O. Social Entrepreneurship – an Unappreciated Opportunity // Mirror Weekly, 13 March 2015, [https://dt.ua/economics\\_of\\_regions/socialne-pidpriemnictvo-neocinena-neobhidnist-.html](https://dt.ua/economics_of_regions/socialne-pidpriemnictvo-neocinena-neobhidnist-.html)

# 6

## TYPES OF SOCIAL ENTERPRISE ACTIVITY

It remains highly challenging to measure social enterprise activity across Europe let alone the rest of the world. Moreover, a diversity of definitions and methods of data collection and estimation makes aggregation problematic. Experts suggest that the level of social enterprise activity in Europe relative to the number of “mainstream enterprises” is small, perhaps less than 1 percent of the national business community. However, the ongoing withdrawal of public agencies from supplying social services of general interest, increasing pressures on traditional non-profit organisations to diversify their income sources, and rising interest in social innovation among mainstream enterprises suggest a strong growth dynamic in social enterprise across Europe.

There is a lack of standard and consistently used classifications of social enterprise activity, and it is problematic to obtain a statistically robust picture of what social enterprises do. However, a broad typology of activities can be drawn on the basis of existing, if discrete, sectoral classifications:

- Social and economic integration of the disadvantaged and excluded (such as work integration and sheltered employment);
- Social services of general interest (such as long-term care for the elderly and for people with disabilities; education and child care; employment and training services; social housing; health care and medical services);
- Other public services such as community transport, maintenance of public spaces, etc.
- Strengthening democracy and civil rights;
- Environmental activities such as reducing emissions and waste, renewable energy;
- Practising solidarity with developing countries (such as promoting fair trade).

The most visible activity of social enterprises can be identified as social and economic integration of disadvantaged groups. In a number of countries, these activities do constitute the dominant form of social enterprise (for example, Czech Republic, Hungary, Latvia, Slovakia, and Slovenia). In Poland, social co-operatives are primarily established to promote employment of disadvantaged groups. In Italy, type “B” social co-operatives further integration of defined disadvantaged groups into the workforce. The delivery of work integration activities is, however, achieved through the provision of a very wide range of goods and services.

Social and economic integration of disadvantaged and excluded persons is an important but not the only type of social enterprise activity. Childcare services, for example, are the major social enterprise activity in Ireland (one-third) whereas in Denmark forty one percent of enterprises deliver health and social care.<sup>44</sup> In Germany, social enterprises, which account for nearly 100,000 of 2.5 million active enterprises, operate in the following fields:

- employment integration of people with disabilities, e.g. autistic programmers;
- clever design, i.e. upcycling furniture, clothes and waste;
- combining business activities and social impact, i.e. selling goods or services to reinvest profits with a view to achieving a social objective;
- workforce integration of disadvantaged groups (the long-term unemployed, refugees, etc.);
- addressing developing countries’ challenges;
- innovative logistics to reduce emissions and noise by bringing together regional suppliers and customers;
- innovative retail trade to promote green practices and fair trade, reduce packaging materials usage, etc.<sup>45</sup>

<sup>44</sup> A map of social enterprises and their eco-systems in Europe. European Commission. Executive Summary. December 2014, <http://www.socent.ie/knowledgebase/a-map-of-social-enterprises-and-their-eco-systems-in-europe-executive-summary> p. 5.

<sup>45</sup> Quotes from the speech of Jorg Furstenberger, SocialImpact gGmbH; [www.socialimpact.eu](http://www.socialimpact.eu), at the 2nd All-Ukrainian Forum of Social Entrepreneurs, Kyiv, 16 November 2016.

**“In Germany,** social enterprises address the problems of vulnerable groups such as migrants and refugees, unemployed young people and people with disabilities. For example, Kiron Open Higher Education enables access to higher education and successful learning through digital solutions. Its mission is to eliminate barriers that refugees face when integrating into a new society.

“Another example is CodeDoor, a social start-up training refugees between 13 and 30 to become coders using donated laptops. Students learn programming, gain professional experience and are recommended to companies.

3D Recyclement combines social and environmental missions. The company produces 3D printing fibres from the recycled plastic waste while at the same time promoting training and employment integration of female migrants. This helps reduce plastic waste, develop the 3D printing industry and facilitate employment.”

**Source:** Vasyl Nazaruk. Social Entrepreneurship: A New Trend in Ukraine // Novoye Vremya (electronic publication). Available at <http://nv.ua/ukr/opinion/nazaruk/sotsialni-pidprijemstva-novij-trend-v-ukrajini-338577.html>

In the UK, the term “social enterprise” covers a wide range of different ventures, each of them united by some key characteristics: 1) they have a clear social purpose; 2) they generate a significant proportion of their income from trading; 3) they reinvest the majority of their profits in their social mission. There are around 70,000 social enterprises in the UK, employing over two million people and contributing over GBP 24 billion to the UK economy. Social enterprises in the UK are involved in almost every aspect of the economy. There are social enterprises involved in building and transport, running shops and cafes. There are social enterprises involved in recycling and green energy, in digital and media. There are social enterprises providing healthcare, social care and childcare.<sup>46</sup>

Ukrainian social enterprises can be grouped into three clusters:

1. social enterprises that generate income to finance their social mission (supporting social, cultural, or sporting initiatives; supporting disadvantaged groups);
2. social enterprises that provide employment for disadvantaged groups;
3. social enterprises that produce socially essential goods or services.

The most commonly encountered social enterprises in Ukraine are those of the first and the second clusters (see Section 11). At the same time, there are overlaps.

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<sup>46</sup> Quotes from the speech of Mark Richardson, Social Impact Consulting, at the 2nd All-Ukrainian Forum of Social Entrepreneurs, Kyiv, 16 November 2016.

# 7

## WHERE TO STUDY SOCIAL ENTREPRENEURSHIP?

The first course in social entrepreneurship was initiated at Harvard University in 1994. The pioneer in building social entrepreneurship as an academic field of study and profession was Gregory Dees, professor, researcher and the founding faculty director of the Center for the Advancement of Social Entrepreneurship (CASE) at the Fuqua School of Business at Duke University. Since then, the scope of universities teaching social entrepreneurship and related disciplines has grown considerably. Approximately 350 professors in 35 countries teach courses in social entrepreneurship, according to the Social Entrepreneurship Teaching Resources Handbook, compiled by Debbi D. Brock.<sup>47</sup> Prominent schools, including Harvard University, Oxford University, and New York University are no exception (Annex 1).

Social entrepreneurship has been integrated into curricula in the faculties of public policy, education, urban planning, public health, social work, law, engineering, environmental science, etc. At present, social entrepreneurship does not have a standard curriculum. The University Network for Social Entrepreneurship, launched by Ashoka's Global Academy for Social Entrepreneurship and the Skoll Centre for Social Entrepreneurship at Oxford University, is building an online platform to assemble research and case studies from around the world.

The Tata Institute of Social Sciences (Mumbai, India) has developed the first MBA programme in social entrepreneurship in India. The Reynolds Program in Social Entrepreneurship at New York University – a two-year university-wide interdisciplinary fellowship program – allows a would-be social entrepreneur to pursue studies in a variety of faculties, plus have the opportunity to earn credit through practical experimentation. This pioneering initiative, housed in the Robert F. Wagner Graduate School of Public Service, is open to undergraduate and graduate students from every school and discipline. It counts on high-level support from the university president and Catherine B. Reynolds Foundation.

According to the University's website, the programme attracts three types of changemakers:

1. those that have or are planning to develop an innovative idea to address a specific social problem in a pattern breaking, sustainable and scalable way;
2. those that will work in and/or build the infrastructure needed for social entrepreneurial work to take root, including individuals who will practice their profession in a social entrepreneurial organisation (accountants, lawyers, etc.) and individuals who want to improve the operations and management systems of public, private and not for profit organisations;
3. those who will bring action-oriented awareness on a national and/or global scale to particular social problems through journalism, the arts, photography, film making, television production and other media avenues.<sup>48</sup>

The Center for Public Leadership at Harvard's Kennedy School of Government also received support from the Catherine B. Reynolds Foundation to develop a fellowship program in social entrepreneurship. Harvard's program is more narrowly designed to shape entrepreneurial public service professionals.

Numerous universities, including Columbia, Stanford, the University of Michigan, University of Navarra, Spain, and the University of Geneva in Switzerland, have established partnerships with groups such as Ashoka, Echoing Green, New Profit, Inc., the Skoll Foundation, and the Schwab Foundation for Social Entrepreneurship.

These partnerships bring students, faculty, and social entrepreneurs into regular contact. One of Ashoka's new initiatives with universities, Ashoka U, began by working with students, faculty, and staff members at Cornell, Johns Hopkins, George Mason, and the University of Maryland to help students recognize how they might advance change and strengthen social entrepreneurship teaching and research.

These university-practitioner partnerships are needed to generate research in many areas. Social entrepreneurship research findings are published in journals of management, entrepreneurship, or public policy. The journals in the social entrepreneurship field include the Journal of Social Entrepreneurship, International Journal of Social Entrepreneurship and Innovation, the Stanford Social Innovation Review, and MIT's Innovations.

<sup>47</sup> Debbi D. Brock, Social Entrepreneurship Teaching Resources Handbook. [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1344412](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1344412)

<sup>48</sup> New York University. Reynolds Program in Social Entrepreneurship. <http://www.nyu.edu/reynolds/grad/>

# 8

## BARRIERS AND CONSTRAINTS TO THE DEVELOPMENT OF SOCIAL ENTREPRENEURSHIP

Notwithstanding the growing popularity across different parts of the globe, social entrepreneurship continues to face a wide array of barriers and constraints. Although barriers and constraints are context driven and country-specific, they typically relate to poor understanding of the concept of “social entrepreneurship” by public servants, the general public, investors, and prospective customers.

The term “social entrepreneurship” tends to be associated with the activities of charities or social integration of disadvantaged and disabled people, and not entrepreneurship. Stereotypes, misunderstandings, and lack of awareness negatively affect social enterprises’ growth and financing prospects and are pivotal factors in preventing development of relations with partners and prospective customers.

Lack of specialist business development services also hinders the growth of social enterprise. Most support needed by social enterprise is similar to those of mainstream businesses. At the same time, social enterprises have specific features that create complex needs, which require diversified and, at times, tailored solutions. In most countries, specialist support for social enterprises is either absent or limited and fragmented.

Large contract sizes, disproportionate pre-qualification requirements, payment delays, etc., make it difficult for social enterprises to effectively compete in public procurement markets. They find it difficult to access finance from external sources as conventional investors and lenders do not typically understand the dual purpose and hybrid business models of social enterprises.

Lack of start-up capital is a significant hurdle for social entrepreneurs. At the same time, although it is never easy to obtain the initial investment, most social entrepreneurs acknowledge that at the expansion or growth stage of the social enterprise lifecycle the shortage of funding is even more acute. The major constraint is the difficulty in accessing growth capital.

Lack of information on the societal impact and awareness of “the difference that social enterprises makes” nothing but suppresses the interest from private investors and wider public.

Other constraints to the development of social entrepreneurship include poorly qualified personnel, rapid staff turnover, high rent, and cost of administration, etc.

# 9

## MEASURES TO SUPPORT SOCIAL ENTREPRENEURSHIP

In 2014, over 2000 social entrepreneurs and stakeholders from across Europe came together in Strasbourg to take stock and agree on some key actions for the future. Delegates concluded that: "There is no part of Europe that cannot benefit from social entrepreneurship. At this time of economic crisis and with the challenges of an ageing population, youth unemployment, climate change and increasing inequalities, Europe needs more social enterprises."

A key recommendation was: "In partnership with the social enterprise sector, Member States, regional and local authorities must fully support the growth of social enterprises and help them build capacity. For example, through legal frameworks, access to finance, business start-up and development support, training and education, and public procurement."<sup>49</sup>

A list of tasks and services of local governments and business community that could positively affect social entrepreneurship development is available below. At the different stages of their life cycle, most social enterprises support needs are similar to those of mainstream businesses. However, some specifics manifest themselves in the specialised services.

### Initial idea and vision

- Disseminating knowledge about social entrepreneurship as well as national and international social enterprise best practices through seminars, trainings, round tables, meetings with practitioners, social networks, case study collections, etc.
- Making a list of the most pressing social issues for a city or region and the target groups for social value creation.
- Conducting a preliminary market analysis (in terms of prospective buyers of produced goods or services).
- Identifying social enterprise development niches with little or no competition with mainstream businesses with a view to increase opportunities for cooperation and implementation of joint projects.
- Enhancing cooperation and partnership among non-governmental organisations, businesses, and local governments.
- Forming a coalition of like-minded persons.

An important task is to raise awareness of social entrepreneurship, popularize social enterprise ideas and concept, and communicate to entrepreneurs that social entrepreneurship is an exciting and promising field of activity. Ideally, a social entrepreneurship popularisation block should be added to general training and consultancy. Setting up an appropriate online platform of a given city / region providing useful information on social entrepreneurship, locally available opportunities, and prospective partners could be a practical solution. A good example is the Social Entrepreneurship in Ukraine web portal at <http://www.socialbusiness.in.ua>.<sup>50</sup>

### Set up and start up

- Gaining an insight into legal forms of social enterprises and ways to achieve social impact (reinvestment of profit, employment integration of vulnerable groups, provision of socially essential services, etc.).
- Formulating a social enterprise idea and developing a business plan.
- Teaching business basics: taxation, accounting, social enterprise management specifics.
- Holding a contest for the best social enterprise idea.
- Looking for seed funding.
- Advising on the preparation and substantiation of grant seeking projects.
- Networking.

<sup>49</sup> Social Enterprise in Europe: Developing Legal Systems which Support Social Enterprise. Growth <http://www.bwbllp.com/knowledge/2015/10/21/social-enterprise-in-europe-developing-legal-systems-which-support-social-enterprise-growth> p. 16.

<sup>50</sup> <http://www.socialbusiness.in.ua/>

**An example of a network of social enterprise is the launch of Enterprising Non-Profits Canada, enp-Canada.** In 2012 a national network of independent organizations, dedicated to advancing Canada's social enterprise sector, came together under an agreement funded by Employment and Social Development Canada (ESDC) to create a national social enterprise capacity building network. Their purpose was simple, "To build sector and practitioner capacity by collectively designing and delivering training, resources and technical assistance to nonprofit organizations for the development and growth of social enterprises."<sup>51</sup>

## Growth

At the growth stage, social enterprises and mainstream businesses have the same needs for the following services:

- marketing support (social enterprise branding, advertising of goods or services, market research, etc.);
- legal, accounting, tax, business or other professional advice;
- customer solicitation and public procurement.

Social enterprise specific services include:

- studying and factoring in the accumulated social enterprise operating experience;
- seeking concessional loans;
- HR management advice, especially for enterprises dealing with vulnerable groups.

For this group of entrepreneurs, it is also important to form a business community by holding roundtables with representatives of local governments, non-governmental organisations, business infrastructure facilities, business companies, and large-scale enterprises.

**A good example of a social enterprise providing consultancy services is Social Impact.** For over 20 years in Germany, Social Impact has been developing products and services that contribute towards securing future viability and social equity as the start-up consultancy. To date, several thousand companies have been set up with the support of Social Impact. Since 2011, Social Impact has been developing labs offering the start-up programmes. The Social Impact Labs are a platform for social entrepreneurs, freelancers and companies working in all aspects of social entrepreneurship. The Labs offer an ecosystem for social entrepreneurs: physical space for working, networking and exchange, business advice and start-up support. Here social entrepreneurs are treated as "dreamers and innovative realists with a social improvement mission."<sup>52</sup>

## Maturity

At the stage of maturity, the needs of social enterprises are similar to those of other businesses. However, they are somewhat broader because of the specific nature of a social enterprise. These include:

- disseminating information about a social enterprise to raise consumer awareness of its social purposes;
- auditing and advising on opportunities for further development without relying on grants and charitable contributions;
- exchanging social enterprise experience through study tours, master classes, and topical training.

<sup>51</sup> Enterprising Non-Profits Canada (ENP-CA). <http://www.socialenterprisecanada.ca/>

<sup>52</sup> Nazaruk V, Social Entrepreneurship: a New Trend in Ukraine // Novoye Vremya, <http://nv.ua/ukr/opinion/nazaruk/sotsialni-pidprijemstva-novij-trend-v-ukrajini-338577.html>



An example of social entrepreneurship development award programme is the UK's Santander Social Enterprise Development Awards funded by Santander, one of the UK's leading financial services companies ([www.santanderseda.co.uk](http://www.santanderseda.co.uk)). The award is a national community investment programme, to help support growing social enterprises and enterprising charities working for the direct benefit of their community. Prizes of between £5,000 or £10,000 are available to help Registered Charities and Community Groups grow their enterprise activities and services under one of the following social outcomes: improving social inclusion,<sup>53</sup> supporting disadvantaged people through skills, training and employment, or creating a greener environment. In addition to the financial awards, the winners will also have access to a business support programme including; the opportunity to have a three-month intern working in the organisation to help implement enterprising growth plans and specialist social enterprise consultancy support from Inspire2Enterprise.<sup>54</sup>

## Stagnation, market exit

At the stage of stagnation, it is crucial that the social enterprise identifies the reasons for fadeout, be it exhaustion of development opportunities as a form of company or complete solution of a social problem, management issues, etc. It is also important that business associations and local governments facilitate the synthesis of experience and its use either to rehabilitate the existing social enterprise or to set up a new one.

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<sup>53</sup> Social inclusion is the act of making all groups of people within a society feel valued and important.

<sup>54</sup> Inspire2Enterprise (I2E), <http://www.inspire2enterprise.org/about-us/>

# 10

## SOCIAL ENTERPRISE DEVELOPMENT: INTERNATIONAL CASE STUDIES

An effective method of gaining knowledge and clarifying the concept of social enterprise is reviewing social entrepreneurship case studies. People who found innovative approaches to advancing solutions to social problems also deserve attention. After all, we typically know more about global problems than about the people who make the effort to address them.

The authors of *Social Entrepreneurship: A Content Analysis*<sup>55</sup> reviewed 567 unique articles and identified 123 articles which referenced case studies on social enterprises. They analysed the 123 articles in more detail and found a total of 366 cases studies cited within. Further analysis of these showed that only 35 of the 366 cases were cited in more than one article. The rest were mentioned only once in one article. The cases most often cited were Grameen Bank (14 mentions); Bangladesh Rural Advancement Committee (6); Ashoka (6); Ben and Jerry's (6); Partnership for a Drug-Free America (4); Delancey Street Foundation (4); and Pioneer Human Services (4). Several social enterprise examples are available below.



### Grameen Bank

<http://www.grameen-bank.net>

Muhammad Yunus and the Grameen Bank (the "Village Bank"), which he founded, provides a classic example of social entrepreneurship. Unable to qualify for loans through the formal banking system, poor villagers had no other choice but to accept exorbitant interest rates from local moneylenders. More commonly, they simply succumbed to begging on the streets. Yunus lent \$27 from his own pocket to 42 women from the village of Jobra, interest free. The women repaid all of the loan. Yunus found that with even tiny amounts of capital, women invested in their own capacity for generating income. With a sewing machine, for example, women could tailor garments, earning enough to pay back the loan, buy food, educate their children, and lift themselves up from poverty.

Grameen Bank sustained itself by charging interest on its loans and then recycling the capital to help other women. Started as a small-scale local project, the Grameen Bank has grown into a powerful force having over six million borrowers in Bangladesh. It has become a role model for other microcredit institutions serving the poor in various parts of the globe. Since its inception, the Grameen Bank has turned into a global network, which employs more than 22,000 people. The model developed by Yunus was adapted to other countries and cultures, firmly establishing microcredit as a worldwide industry. In 2006, Yunus and the Grameen Bank were jointly awarded the Nobel Peace Prize.



### BRAC

<http://www.brac.net/partnership>

BRAC is an international development organisation established by Sir Fazle Hasan Abed in 1972 after the independence of Bangladesh. It is the largest non-governmental organisation in the world, in terms of both the number of employees (111,000, 70% of whom are women) and the number of people it reached with its services (138 million). BRAC is present in all 64 districts of Bangladesh as well as other countries in Asia, Africa, and the Americas. The organisation is 70-80% self-funded through a number of social enterprises that include a dairy and food project, and a chain of retail handicraft stores called BRAC Aarong, BRAC Seed and Agro, BRAC Poultry, etc. BRAC has operations in 14 countries of the world. Its major donors include DFID, DFAT, The Global Fund, EKN/NOVIB, BRAC USA, EACI QATAR, UNICEF, and Family Health International 360.

Initiated in 1972 at Shallah Upazillah in the district of Sunamganj as a small-scale relief and rehabilitation project to help returning war refugees after the Bangladesh Liberation War, BRAC rebuilt 14 thousand homes and several hundred fishing

<sup>55</sup> Wendy Cukier, Susan Trenholm, Dale Carl, George Gekas, *Social Entrepreneurship: A Content Analysis // Journal of Strategic Innovation and Sustainability*, vol. 7(1). – 2011. p. 108.

boats, opened medical centres and provided other essential services. Following a period of post-war reconstruction, BRAC focused on addressing the issues of poverty, landless farmers, and women's health and safety.

In 1974, BRAC launched its microfinance activities. Until the mid-1970s, BRAC concentrated on community development through village development programmes that included agriculture, fisheries, co-operatives, rural crafts, adult literacy, health and family planning, vocational training for women and construction of community centres. BRAC has achieved significant progress in combating tuberculosis and diarrhoea.



## Rugmark (now GoodWeave International)

<http://www.rugmarkindia.org>

In the early 1980s the children's rights activist Kailash Satyarthi, joint winner with Malala Yousafzai of the 2014 Nobel Peace Prize, saw that poor children were easy prey for labour brokers who recruited workers for Indian industries, including carpet weaving. Captured by these middlemen, the children were sold to business owners who forced them to work 12 or more hours a day under brutal conditions, their small hands producing the handsome but inexpensive rugs retailers demanded.

Satyarthi began his career in activism primarily through advocacy and organizing raids on companies, in the hope that he could raise awareness of child exploitation. He recalls the point at which he forced himself to admit that this approach would never change the system. Following a harrowing but successful raid, he was headed home when he confronted yet another bunch of labour brokers boarding a train with dozens of children bound for a life of servitude. He realized that freeing 10 or 20 or 200 children was not the solution when another 200 or 2,000 would come right behind them.

Satyarthi's insight came when an elderly woman told him she had bought a carpet in utter ignorance of how it had been made, but once she learned that it had probably been woven by child labourers, she felt she had no recourse but to throw it out. "I'm very old," she told the activist, "but you're very young – you must do something so that I can buy a new carpet." What could make a difference, he discovered, was enlightened consumers who would refuse to buy rugs that had been made with slave labour in favour of those produced responsibly.

In the mid-1990s he launched Rugmark (now GoodWeave International) as the first voluntary labelling scheme to certify rugs produced without child labour. Today GoodWeave International operates globally, providing a certification programme that allows companies that pass inspection to attach a logo certifying that their product is made without child labour. More than 130 carpet importers and retailers – including Target – have signed on, pledging to source woven rugs that have been certified by GoodWeave.



## APOPO

<https://www.apopo.org/en>

APOPO – which stands for Anti-Persoonsmijnen Ontmijnende Product Ontwikkeling in Dutch or Anti-Personnel Landmines Detection Product Development in English – is a registered Belgian NGO that trains and deploys African giant pouched rats (*Cricetomys gambianus*) for the detection of abandoned landmines and tuberculosis. So far, APOPO rats have found around 1,000 mines and released more than 8 million square metres of land. In addition, they have helped identify more than 7,000 tuberculosis patients who were missed by human technicians.

Bart Weetjens, APOPO's founder, realized that the greatest hurdle to clearing landmines was the high cost of the prevailing technologies, which included expensive equipment and trained dogs. For countries riddled with mines, de-mining machinery was hard to come by. Furthermore, the weight of the dogs made them vulnerable to death from an exploding mine. Consequently, efforts to clear minefields were slow to gain momentum.

Having kept rats as childhood pets, Weetjens knew they were smart and trainable enough to sniff out landmines. He showed that African giant pouched rats were perfect for the job, weighing so little that they wouldn't detonate the mines.

Landmine detection training typically takes about seven months and costs USD 7,770 on average. The cost of dog training is 3-times as much. Once the training is complete, "HeroRATs" (the terms used to refer to fully trained and accredited rats) go to countries affected by landmines. Incepted in 1997 in Belgium, since 2000 APOPO has been headquartered in Tanzania. Thirty rats have detected 1,500 mines and helped return over 2.5 million square meters of land to the population in Mozambique since the start of APOPO's operations in this country in 2003. Countries and organizations can use APOPO's services to remove mines at a radically lower cost and thus de-mine more land faster than was previously possible. Weetjens has also trained his rats to sniff out tuberculosis in sputum samples. This cheap and readily available "technology" enables remote, isolated clinics to diagnose TB and get patients into treatment sooner.



## Textbooks for Change

<https://textbooksforchange.com>

<https://twitter.com/textbooks4c>

<https://www.facebook.com/TextbooksForChange>

In 2012, Chris Janssen was trying to figure out a way to raise money for the Terry-Fox/Shinerama campaign at Western University (London, Canada). He came up with a model of collecting used textbooks from upper year students and selling them back to first year students looking for affordable alternatives to the bookstore. After this small trial run, about USD 500 was raised. After Janssen had a long discussion with a good friend Tom Hartford, the idea moved a few steps further. Together they started collecting textbooks across Western University in preparation to sell directly to students at the beginning of the next school year. They planned to use the proceeds to give microfinance loans to entrepreneurs through an online network of microfinance institutions called Kiva. As demand for their services continued to grow, Janssen and Hartford quickly started listing collected inventory online. Their business idea has soon become popular not only at Western University, but also nationwide and beyond. Chris and Tom formed a General Partnership at the beginning of 2014, and soon transitioned into a corporation that received a Benefit Corporation (B Corporation) status certifying that the Textbooks for Change does not only act in the interest of its shareholders, but the society and environment as well. Textbooks for Change is proudly the first certified B Corporation out of London, Ontario and part of over 100 in Canada.

According to the Textbooks for Change website, students have donated 250,000 textbooks thereby helping save 3,054 trees under the slogan "One man's junk is another man's treasure." Textbooks (not older than 15 years) are collected from drop boxes located on 28 university campuses in Canada. Half of donated textbooks are sent to African universities, 20% are resold online across Canada at affordable prices and 30% are recycled.

The idea of sending textbooks to Africa came across Janssen in Kenya. He noticed that due to lack of textbooks students exchange photocopies of what often appears to be outdated educational material. Today the Textbooks for Change has 7 campus partners in East Africa. "Let's make education a right, not a privilege," is their guiding principle. By operating as a social enterprise, Textbooks for Change provided over 220,000 students in East Africa with access to high-quality textbooks and journals.

Textbooks for Change has a team of 15 staffers and part-time ambassadors at various campuses across Canada under the Campus Ambassador Programme. Textbooks for Change has office in Toronto and warehouse in Hamilton.

Proceeds from textbooks sold are directed at distributing microfinance loans, and donating to non-profit organisations and socially purposed student clubs. Plans are to expand the business from Canada into the United States.



## Medic Mobile

<http://medicmobile.org>

In Africa, especially in the hardest-to-reach communities, the shortage of doctors and nurses is particularly acute. Social entrepreneurs have discovered that when equipped with proper communication tools paraprofessionals can deliver outstanding results in managing patients doing tasks that would otherwise fall to professionals, distracting them from their more specialized, and critical, responsibilities. Medic Mobile is a non-profit organisation that equips community health workers' phones with necessary applications (such as Frontline SMS and other modules). Medic Mobile software enables health workers to respond to remote patient monitoring requests, provide a timely response to exacerbations, determine vaccines needed, coordinate maternal and neonatal care, inform of appropriate drug doses, connect HIV-positive patients with support groups, save doctors' time and fuel needed to get to the communities that are hardest to reach. Medic Mobile operates in twenty countries, primarily in Sub-Saharan Africa, Asia, and Americas. Medic Mobile's apps helps over 8,000 doctors and nurses provide care for nearly 6 million people. In 2014, Medic Mobile received a Skoll Award for Social Entrepreneurship.

Josh Nesbit is the Chief Executive Officer and co-founder of Medic Mobile. He also launched Hope Phones to encourage people to recycle their old phones. Josh Nesbit closely cooperates with Ashoka, Echoing Green, Rainer Arnhold, and PopTech Social Innovation. In 2011, Josh Nesbit was put on Forbes Impact 30 List.



## Women Like Us

<http://www.womenlikeus.org.uk>

<https://www.facebook.com/womenlikeus?ref=ts>

Women Like Us was set up in 2005 by business consultants Emma Stewart and Karen Mattison, colleagues and mothers, who were looking for flexible jobs to fit with raising their young children. They realised women in similar shoes needed help with a few things: figuring out what they wanted from work, finding part time job opportunities, getting back to work in a role that suited both their professional skills and their new family life, and regaining their confidence and demonstrating their talents.

Women Like Us was born, offering down to earth career support for women with children, from qualified career coaches. Women can access advice in the form of free online advice packs or face-to-face workshops in London.

In 2007, the business structure was changed to a community interest company (CIC). As a CIC, Women Like Us was able to protect its social mission and operate as a business, working with employers and government on commercial terms. The model has been so successful that it has been recommended to roll out the scheme nationally. In 2012, an online job-search service to find part time jobs and flexible working options was launched. In the three months following its launch, Women Like Us online had over 50,000 visits from 34,000 unique users. In 2014, Women Like Us added an online consultancy service for employers seeking to hire people on a flexible basis. Emma Stewart engages with policy makers, opinion formers and funders to seek new initiatives improving the future for working women. Karen Mattison cooperates with employers in all sorts of businesses about flexible recruitment as a way of getting and keeping hold of talented employees.

Their work at Women Like Us has been impressive enough to gain recognition from a number of notable organisations. They won a string of awards both for the essential help they provide to women, and for their innovative work as a social enterprise.

All business come together under the Timewise Foundation, a social business that aims to develop the part time jobs market. In addition, Timewise runs the Hire Me My Way campaign for flexible working and part time job seekers.



## Kiva Microfunds

<https://www.kiva.org>

Kiva Microfunds is a U.S. non-profit organisation that provides for interest-free person-to-person lending. Kiva's mission is "to connect people through lending to alleviate poverty".

Kiva succeeded by creating a new enabling technology that allows users to do things they could not previously do. Before Matt Flannery and Jessica Jackley created the Kiva platform, it was nearly impossible for small-scale lenders in wealthy countries to lend to small-scale borrowers in poor countries. The would-be lenders had no way to funnel funds through microfinance institutions (MFIs). Instead, they had to stick with charitable giving by making donations to NGOs that offered microfinance programmes in poor countries.

The Kiva platform provides a technology to break through these barriers. It enables microlenders worldwide to make loans as small as \$25 to micro-borrowers in poor countries. Kiva manages the transaction and legal costs and requirements with its global network of MFIs and validates borrowers through locally based partners. Transaction costs on both sides have plummeted as more lenders and borrowers have begun to use the platform. Kiva has enjoyed a 98% repayment rate since its founding in 2005.



## OneWorld Health

<http://www.path.org>

Victoria Hale, a former pharmaceutical company scientist and U.S. Food and Drug Administration staffer, created the Institute for OneWorld Health (iOWH) to scour pharmaceutical company shelves for drugs deemed unsuitable for developed world markets and incapable of generating profits in the developing world. She reasoned that some of this latent intellectual property could be repurposed to fight diseases endemic in the poorest parts of the world.

An early target for iOWH was visceral leishmaniasis (black fever), a fly-borne disease that infects half a million people and kills 30,000 each year, principally in rural India and East Africa. Black fever's fatality rate existed not because the disease was incurable but because treatment was prohibitively expensive. Hale identified a drug that had been fully developed but was no longer in production, paromomycin, which she believed could be used to cure black fever. Clinical trials in India proved her right. Eliminating the huge costs of drug development enabled iOWH to persuade the Indian government to make paromomycin available for those afflicted.

The Institute for One World Health, based in San Francisco, was founded in 2000. In December 2011, OneWorld Health became a drug development program of PATH, an international non-profit organization that transforms global health through innovation. It works with partners around the globe to identify potential new medicines for diseases affecting vulnerable populations, collaborate to manufacture and distribute new medicines, and ensure that medicines will be affordable and available for distribution.



## Proximity Designs

<http://www.proximitydesigns.org>

More than 70% of Myanmar population depends on agriculture, and most farmers cultivate subsistence plots in rural locations. Only now emerging from decades of dictatorship, the government has neither the financial resources nor the capability to support this population. Private sector businesses entering the region are focused on the larger and more sophisticated rice farmers. Rural farmers are left to eke out an existence on their own, effectively denied the information, tools, and training that would decrease their vulnerability and increase their productivity.

The co-founders of Proximity Designs were determined to transform this miserable equilibrium. In 2004, Jim Taylor and Debbie Aung Din opened a country programme under International Development Enterprises. The new entity was established as a wholly independent organisation in 2008 and renamed Proximity Designs. The mission of the organisation is to help reduce poverty for rural families in Myanmar through designing and marketing products and services that low-income farmers purchase and use to increase their incomes.

Proximity Designs employs professional designers, engineers and ethnographers to discover unmet needs and opportunities for new products and services. The organisation operates a local design lab in Myanmar where its product designers create and test multiple prototypes. Proximity Designs also offers after-sales support and repair services to user households and conducts surveys to measure customer satisfaction and to document improvements in farm family incomes. Proximity Design's products are marketed under the Yetagon brand in Myanmar and include foot-operated irrigation pumps that draw water from wells, streams or ponds, gravity-fed drip irrigation systems and portable water storage tanks. In addition, the organisation delivers farm advisory services featuring training in selected low-cost, simple agricultural practices that increase yields and protect farmers against losses caused by pests, diseases and overuse of pesticides.

Proximity Designs also designs and implements humanitarian village stimulus programmes that build community infrastructure and provide employment. Since 2008, more than 1,000 village projects have been completed in the cyclone-hit Irrawaddy Delta and the drought-prone central Dry Zone region of Myanmar. Since its inception, Proximity Designs has sold more than 110,000 products, with an estimated 400,000 people across rural Myanmar achieving higher incomes. Proximity Designs and its founders are the recipients of the 2012 Skoll Award for Social Entrepreneurship.



## International Development Enterprises

<https://www.ideglobal.org>

iDE, formerly International Development Enterprises, is an international non-profit organisation that promotes a business approach to increasing income and creating livelihood opportunities for poor rural households.

iDE was founded in 1982 by Paul Polak, a Denver, Colorado psychiatrist. Originally, iDE was devoted to the manufacture, marketing, and distribution of affordable, scalable micro-irrigation and low-cost water recovery systems throughout the developing world. iDE facilitates local manufacture and distribution of these products through local supply chains that sell to farmers at an affordable price which they can repay in one growing season. This strategy allows farmers to grow higher value and surplus crops, and in turn links them to high-value crop markets where they can realize profits from their higher yields. iDE has funding affiliates in the United Kingdom and Canada. The head office is located in Denver, United States.

# 11

## UKRAINIAN SOCIAL ENTERPRISE CASE STUDIES



### Teple Misto

<http://warm.if.ua>

<https://facebook.com/warmifua>

Teple Misto (“Warm City”) is a platform for initiatives and the synergy between them.

Its mission is to ensure a high quality of life through greater capacity, trust, and opportunity for the residents of Ivano-Frankivsk. Its values are openness, proactivity, dignity, and warmth. In implementing projects and providing grant funding, Teple Misto focuses on the following seven areas: progressive education, contemporary art, urban space, progressive entrepreneurship development, sustainable mobility, sports, environmental and energy efficiency.

Yuriy Filyuk, a local 34-year-old entrepreneur, founded Teple Misto. Before the 2008 financial crisis, he worked in Kyiv as a loan officer. Having returned to Ivano-Frankivsk for rest, he decided to stay in his native city and went into the restaurant business. Filyuk is the co-founder of the 23 Restaurants network. Without giving up his stake in the restaurant network as a co-owner, Filyuk directed his efforts towards making the urban environment comfortable for all residents.

While in Ivano-Frankivsk, Filyuk pondered the ways of making the city more comfortable and dynamic. His idea was to engage residents in urban development so that Ivano-Frankivsk eventually sits among the top 10 most progressive cities in the world. A warm welcome he received from his native city, its cafes and residents, gave the name Teple Misto (“Warm City”).

The predecessor of the Teple Misto platform was the City Visual Identity project. Filyuk worked with Roman Havrysh, an expert at Aimbalance, to design the new Ivano-Frankivsk emblem which combined the architecture of the Ratusha (city hall) with the embroidery of the traditional vyshyvanka shirt. The new logo was shortlisted by Cannes Lions International Festival of Creativity in the Large Scale Logo category, and became one of the 5 best logos in the world in 2014.

As part of the project, activists also embarked on developing the “right signboards” for the city. Aimbalance developed the signboard guidelines. Layout production was the responsibility of a team of designers and architects led by Mykola Shkvark. They joined efforts with Yuriy Filyuk and his group to create Ivano-Frankivsk visual identity. Forty-six philanthropists from among business circles and ordinary people supported the project. Their joint effort helped fully meet the USD 8,500 budget.

The City Visual Identity project set the stage for Teple Misto, which emerged as an organization in spring 2014. It brings together activists who generate Ivano-Frankivsk development ideas and translate them into action. Each new project attracted a growing circle of co-initiators and supporters including architects and designers led by Andriy Nazarenko. They came up with The Griunvaldska Project, which was to develop a model of an ideal city based on a single street, and began with the small Griunvaldska Street which represented buildings from throughout Ivano-Frankivsk’s history. Over the next seven years they are reviewing transport routes, preserving the boulevard’s trees, converting two public gardens into recreation zones, replacing signboards, restoring facades of buildings, and providing alternative energy supplies.

Teple Misto’s Urban Space 100 opened on 27 December 2014 as a contemporary, urban-style restaurant offering an excellent example of a social enterprise that brings together activists around the city development idea. The concept of the Urban Space 100 emerged by chance during a mere conversation with friends. Initially, 100 activists invested USD 1,000 each, and evolved the restaurant into a platform providing fertile ground for discussion, presentations, press conferences, and film screenings as well as a space offering Ukrainian products and publications. In 2016, Urban Space 100 opened its summer terrace.

Urban Space 100 is managed by 23 Restaurants which charges 20% of the restaurant’s net profit for its management services. The remaining 80% is reinvested in social projects decided upon by the shareholders.

Urban Space 100 has become one of Ivano-Frankivsk’s must-visit tourist destinations. In 2016 alone, the restaurant

enjoyed 115,429 visitors, sold 453 books and held 229 events broadcasted online. Urban Space 100 has provided a total of UAH 594,820.00 in grants to 38 projects. In 2016, it won multiple prizes and awards including:

- Second Prize, Leipzig Prizes for Integrated Urban Development in Ukraine
- Finalist, Best Urban Cafe, National SALT Restaurant Awards
- TOP 100 Ukrainian Restaurants according to New Time magazine
- Accessibility for People with Disabilities Accessibility Award
- STALO Contest Award for Sustainable Development Business Solutions

The concept of Urban Space 100 is unique both nationally and globally. Over its two years of operation, Teple Misto has received more than 200 applications to franchise from Russia, Kazakhstan, Moldova, Belgium, Germany, France, Ireland, and the US. Plans for 2017 include opening of Urban Space 500 in Kyiv in partnership with NGO Insha Osvita. DRUZI Cafe & Bar will provide the restaurant management services. Urban Space 500 will be the first restaurant opened using social franchising. Five hundred social investors will co-finance the social restaurant project by contributing \$ 1,000 each on a non-repayable basis. Further plans are to open the restaurant in Kramatorsk and Berlin based on the social enterprise's experience.

Beginning with volunteers and semi-volunteers, today Teple Misto has a team of 18 full-time employees, and a 12-member Supervisory Board comprised of experts in various fields which guides strategic development. Four members of the Supervisory Board are replaced every two years to ensure succession in evolving and pursuing the mission and goals. Using Facebook and other social networking tools, volunteers are also involved in the implementation of various projects.

Businesses have supported Teple Misto through charitable contributions or providing professional services. So far, 57 business partners have joined the project. For its part, the Teple Misto makes every effort to equip businesses with new knowledge. Several times a year, Teple Misto invites business lecturers and arranges study tours for its partners. The platform regularly brings all its partners together to improve communication among local businesses. Negotiations are underway for training programmes facilitated by the prestigious Kyiv Mohyla Business School.

Mid-2016 saw the launch of the competitive City Grants programme, which distributes UAH 60,000 to winning fifty initiatives annually including festivals, artistic events, training programmes, and infrastructure projects. The programme is primarily focused on progressive education, contemporary art, energy efficiency, urban space development, sports, sustainable mobility, and development of progressive entrepreneurship. All projects are structured in such a way so as to avoid or reduce dependence on government. Teple Misto is a platform that seeks to drive change through social activation, training and project diversity. It attempts to attract greater societal attention, increase community engagement and build solidarity.

A grant from the co-founders of the Urban Space 100 allowed Urban Space Radio to begin broadcasting on 4 November 2015. As the first radio station of its kind dedicated to urbanism, it broadcasts contemporary Ukrainian music and self-produced programmes on solutions to city issues. Over the last couple years, the station has hosted 280 guests, conducted 180 interviews, produced 80 programmes, and surveyed 2,000 respondents.

Promprylad is a large-scale project currently in progress creating a new-format training and creative platform at the Promprylad industrial plant located in downtown Ivano-Frankivsk. Filyuk's idea is to turn a former industrial plant into a large-scale self-sustaining platform for the development of local business and culture that will motivate Ukrainian immigrants to return home. The platform will lie at the intersection of new economy, contemporary art, informal education, and urbanism. California's SRI International, a company credited with assisting in the creation of the Internet and credit cards, will develop the project's business plan. CANactions is developing the architectural plan. Launched in 2015, the platform is expected to be completed by 2020.

Operating openly and transparently, the Teple Misto platform regularly updates information about projects and grants distribution, and publishes annual and quarterly reports on its website.

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## Walnut House Social Bakery

<http://gorihoviydim.com.ua>

<https://www.facebook.com/pg/HD.Pekarnia>

Walnut House sees its mission in overcoming poverty through social entrepreneurship. The company has two components: a business component consisting of the bakery, catering, and lunch delivery services as well as a social component consisting of the Centre for the Integration of Women Facing Difficult Life Circumstances, employment integration of vulnerable groups in Lviv, and the provision of meals for the homeless.

Since its inception, the company has travelled a challenging developmental path. Walnut House was established in Lviv in 2011 to generate income to finance the Centre for the Integration of Women Facing Difficult Life Circumstances. The Centre was originally set up by the community-based organisation Narodna Dopomoha in Lviv a year earlier, but the local government failed to provide promised financial assistance, and its Dutch grants and concessional loans were insufficient.

Walnut House was founded by Yuriy Lopatynskyi, Director of Narodna Dopomoha, and Ostap Onyshko, who became CEO. The bakery was opened with funds from the East Europe Foundation, the American Chamber of Commerce in Ukraine, and the United States Agency for International Development (USAID).

Part of the canteen was rented at the Trottola garment factory, and Lopatynsky baked cookies with the help of two assistants until two professional bakers with their assistants joined soon after. The enlarged staff allowed for two shifts with cookies and buns baked during the day which were sold fresh from the factory or packed and shipped to shops. At night, pretzels (a type of baked bread product made from dough and shaped into a twisted knot) and muffins were produced.

Shortly after its launch, the bakery broke even. Gradually, the bakery began expanding and widening its range. Today, it offers more than 30 varieties of cookies and 10 types of buns and muffins. Walnut House's market share and product range continues to increase growing from cafes and confectioneries to stores and supermarkets. In addition, the bakery has its own outlet and offers home delivery services.

The Walnut House fresh baked cookies are free of artificial colours, flavouring, or emulsifiers. Specially designed or adapted formulas enable the cookies to be stored for a long time without resorting to any chemical additives. Communicating the social mission to customers is integral to the bakery's success and operations.

In 2014, the company moved to larger premises of 300 square metres. June 2016 saw the establishment of the Walnut House Foundation, a charitable organisation. A UAH 700,000 concessional (subsidized low-interest) loan from Western NIS Enterprise Fund helped the bakery embark on new lines of business such as catering, a social canteen for those in need, and lunch delivery services.

Walnut House reinvested its profit into a 12-person hostel for the homeless and women in difficult circumstances. In addition to shelter, women receive psychological and social counselling, assistance in recovering their lost ID documents, and other services. Less than 20% of women have returned to their former lifestyle – whereas, similar government programmes report a 45% rate of recidivism. Women from the Centre also work at the bakery, and the Walnut House co-operates with the Homeless Registration and Night Accommodation Centre by delivering hot meals to warming centres.

On 31 October 2016, the team had to suspend the Centre's operation due to rent problems. Women who lived in the Centre were assisted with finding shelter and jobs, and by 1 January 2017 a new building rental agreement with Lviv City Council was signed. The new space includes a women's centre consisting of accommodation and integration space for women in difficult circumstances, public space, canteen, and a mini-bakery where these women will work.

In partnership with Renovabis and the Metropolitan Andriy Sheptytsky Charitable Foundation, the Walnut House team has been providing social enterprise development training for public activists, as well as priests, monks, and nuns of the Ukrainian Greek Catholic Church. The Social Enterprise: from Inception to Implementation training course has already been successfully delivered in Ternopil, Uzhhorod, and Yaremche. Kyiv, Lviv, and Odesa are to follow. At the same time, the team extensively learns from German, French, and US experience to further enrich their social enterprise development.

As part of USAID RESPOND Project, Yuriy Lopatynskyi became a Social Enterprise Start-up Mentor.

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## Manivci Tourist Club

<http://manivci.org>

<https://www.facebook.com/manivci.org>

<https://vk.com/manivci>

The Manivci Tourist Club is a Lviv community-based organization that facilitates wilderness (mountains, rivers, caves) training, camping, tourist trips, and competitions as well as runs sports and cultural events, parties and festivals, and delivers corporate retreat solutions. Its profits are reinvested in its social projects which support the Club's mission is to promote sports and recreational tourism in Lviv.

The Club funds its projects out of charitable contributions, grants, and profits derived from its operation as a social enterprise providing corporate retreat and single-traveller tour solutions, and organising competitions, festivals, and training camps. The Club reinvests 60% of its profits to implement social projects aimed primarily at engaging children with active tourism and sports. The funds are used to build community sports facilities, operate youth athletic centres, and organize training camps, competitions, sporting, tourist and cultural events.

The Club's governing bodies are the General Meeting and the Presidium. The Club's senior executive is the President. Projects are carried out with the extensive involvement of the Club members and like-minded volunteers.

Formally registered as a Lviv community-based organisation on 23 December 2003, the Founder and President of the Manivci Tourist Club Taras Biloshitsky originally formed the group in the late '90s at the Lviv State Institute of Physical Culture to deliver the first hiking tours in the Carpathian Mountains and expeditions to the Optymistychna Cave.

In 2005, the Club delivered its first large-scale corporate retreat – a three-day adventure for 150 employees celebrating the corporate anniversary of Spline Software (now EpamSystems). Since then, the Club has been organising large-scale corporate retreats for various companies. The Club provides corporate retreats to nearly 1,000 groups each year.

In 2008-2009, members of the Club, students of Lviv universities, NGOs, and concerned residents cleaned up the neglected Lake Pogulyantsi. Today, it is used for water activities training in the summer, and in winter is a perfect spot for a skating and sauna services.

In 2010, the Club held its first Manivci Extreme Tourism and Leisure Festival, which has since become the project's traditional event that brings together over 800 competitors and attracts up to 2,000 spectators. It promotes healthy, active lifestyles, and enables youth and adults to experience (often for the first time) this kind of recreational tourism. Partner companies sponsor free-of-charge participation in competitions for children and youth. The organizers place particular emphasis on involving vulnerable children and invite orphanages, foster homes, and NGOs engaged in the work with children and youth to participate. This social project is implemented with support from the Tourism Department and Department for Family, Youth and Sports of the Lviv City Council and Office of Children's Affairs of the Lviv Oblast State Administration.

In 2013-2014, a group of concerned residents and companies helped the Club set up a multi-hall sports facility. The total budget of the project was more than UAH 420,000. Since 10 April 2014, the facility has been providing sports training to 12 groups for activities such as parkour, rock climbing, wrestling, acrobatics, break dancing, and hip hop. In addition, there is a special group for children under three years of age. Although most groups charge UAH 50 monthly, disadvantaged children are trained free of charge.

Negotiations for transforming a dilapidated pumping station in Berezyna village on the Dniester River into a social multi-sports school have been underway since 2015 (kayaking and canoe polo training groups have already been operating there since 2016).

The Club holds the following annual events:

- Epiphany Ice Bath (around 600 participants). Funds raised by the 2017 Epiphany Ice Bath participants were used to treat children cared for by the Wings of Hope Charitable Foundation;
- Social skating rink (around 100 participants);
- Nebu-KHAI! Space for Music and Movement Festival (Berezyna village), a creative alcohol-free event that brings together young people from across Ukraine (around 1,500 participants);
- Active Summer on Pogulyantsi Lake, providing free-of-charge kayaking, parkour, and rock climbing training for nearly 300 children during summer holidays.
- Ivana Kupala Day on Pogulyantsi Lake, promoting revival of traditional activities (around 600 participants);
- Water rafting and nomadic life camps for nearly 250 kids;
- Manivci Extreme Tourism and Leisure Festival, aimed at engaging children, youth, and adults in active sport tourism (11 facilities, nearly 800 competitors and 1,500 visitors).

In 2016, the Club was involved in 60 events, involving almost 6,000 people, including 20 social events (4,693 participants) and 40 social enterprise events (1,218 participants). As a social enterprise, the Club paid UAH 95,000 in taxes.

The following large-scale social events are scheduled for 2017:

- The 3rd Nebu-KHAI! Space for Music and Movement Festival (26-29 May 2017);
- Construction of a social multi-sports school in Berezyna village;
- Manivci Tourism and Leisure Festival (8-10 September 2017).

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## Pizza Veterano Restaurant

<http://veteranopizza.com>

<https://ru-ru.facebook.com/Pizza.Veterano>

<https://vk.com/pizza.veterano> (Pizza Veterano, Трускавець)

Pizza Veterano is a social entrepreneurship venture that helps ex-combatants of the war in east Ukraine adjust to normal life. Ten percent of Pizza Veterano's profits goes toward supporting Anti-Terrorist Operation (ATO) combatants and their families. ATO combatants enjoy bonuses and discounts. In addition, any diner can pay for a pizza, which is then cooked and delivered to the wounded in hospitals or to the soldiers at the railway station's transit centre. ATO veterans account for the lion's share of staff.

The idea of opening a pizzeria belongs to Leonid Ostaltsev, an ATO ex-combatant. Before the war, he had worked as a pizza maker in Kyivan pizza restaurants, delivered master classes, and trained pizzeria staff for five years. Upon demobilisation, Ostaltsev decided to start his own business opening a pizzeria where pizzas are made exclusively by ATO veterans. The idea was to set up a high-end restaurant to bring together ATO ex-combatants, volunteers, and concerned residents to exchange experience of adjusting to peaceful life and befriend one other.

The Union of ATO Veterans advised Ostaltsev to undergo special training for those wishing to start their own business. Having registered with the Employment Centre, Ostaltsev took a four-week entrepreneurship course at the National Pedagogical Dragomanov University. His wife helped him prepare a business plan. He then met with Andriy Halytsky, a

Ukrainian entrepreneur from the United States, who helped him draft the business plan.

The cost of the project implementation was around UAH 300,000. A two-month search for investors resulted in more than twenty rejections. Sergiy, a friend of Ostaltsev, offered to test the project at his cafe, Kaizen which reduced the initial project cost to UAH 64,000, of which Sergiy invested UAH 50,000, Ostaltsev invested UAH 5,000 and USD 1,200 came from Andriy Halytsky on a non-refundable basis. They purchased pizza oven, a dough-making machine and other equipment for a small-scale pizza business that could make 30–40 pizzas a day.

The pilot project was launched on 4 December 2015. Leonid Ostaltsev and Rafail Agayev, ATO ex-combatant and a Kyiv-renowned pizza maker, were the first employees. It was Agayev who taught Ostaltsev to make pizza before the war. Waitresses were recruited to work in the restaurant hall.

Dissemination of information through Facebook made the project a tremendous success from the outset – with a demand for over a hundred pizzas a day exceeding their daily target of fifty. More staff were urgently needed including Kyrylo Deineka, a former marksman, becoming the second pizza maker, and former soldiers from the air assault brigade filling the ranks of the wait staff.

Despite the many difficulties and challenges (unreliable suppliers, shortage of pizza packs, insufficiently powerful equipment, overhead costs, etc.), Pizza Veterano paid for itself in two months. Ostaltsev is confident that their social mission inspired various forms of support from the community which saved the new enterprise around USD 11,000 in early costs.

The pizzeria has a social component with ten percent of Pizza Veterano profits supporting the children of the deceased ATO combatants. Also, ATO combatants enjoy bonuses and discounts. In addition, any diner can pay for a pizza, which is then cooked and delivered to the wounded in hospitals or to the soldiers at the railway station's transit centre. Nearly 150 pizzas worth a total of UAH 13,000 were provided during the first five days of the restaurant's operation. USD 3,500 were contributed for these needs during the first month of operation.

Pizza Veterano runs a re-entry programme for ATO veterans helping them obtain skills that can earn them a living while reintegrating into society. The restaurant employs full-time counselling psychologist. All those who came to work at Pizza Veterano must undergo counselling. As of January 2016, five pizza makers cooked 150 pizzas a day on average. The restaurant also provided delivery services. On weekends, the restaurant held free-of-charge pizza making master classes for kids. Unfortunately, in November 2016 the restaurant was closed due to a conflict between partners. New premises had to be found. VIP Electric, a company run by Pavel Yakymchuk employing ATO veterans, helped Pizza Veterano with the seven weeks of repairs required for the new premises. On 27 January 2017, Ostaltsev opened the new pizzeria decorated with presents from ATO combatants. Military awards and decorations of Pizza Veterano staffers are also on display.

Pizza Veterano offers 14 different toppings, including Kulbaba (Ukrainian for dandelion), which was Ostaltsev's call sign. A pizza from Pizza Veterano has its unique Ukrainian spice. The menu also offers a large variety of nutritional toppings including bacon, ham, salami and even cured pork fat. Pizzas are cooked from both Ukrainian and Italian food ingredients. In addition, the restaurant offers a variety of pasta and salads, as well as an extensive bar menu prepared by a combatant from Mariupol. In February 2017, the pizzeria was connected to the Internet for free by NetAssist LLC.

Plans are to create a "Viennese courtyard" next to the pizzeria and open a 130 square metre summer terrace with alcoves and a stage.

Pizza Veterano is gradually turning into a network of restaurants that provide for employment integration of ATO veterans. On 11 February 2017, Pizza Veterano opened its doors in Dnipro. ATO ex-combatants and volunteers account for more than 60% of its staff. It is also planned to use the restaurant as a venue for themed evenings, meetings, and various ATO-related events. Part of the menu is offered to ATO combatants at a 50% discount. On 13 February 2017, Pizza Veterano arranged for pizza delivery services across Drohobych municipality in Lviv Oblast.

Anyone who wants to join the pizzeria must prepare a business plan for their future venture, and are assisted by the company's existing team and volunteers.

Franchising Full Cycle has been preparing a Pizza Veterano franchising package to open similar restaurants in other cities on franchising terms on condition that ATO veterans account for at least half of the restaurant staff.

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## Laska Charity Shop

<http://laskastore.com>

<https://www.facebook.com/laskastore>

<https://vk.com/laskastore>

Laska is Ukraine's first charity shop. In addition to used clothing, Laska sells new clothes from more than twenty Ukrainian brands, thereby promoting and supporting the domestic garment industry. Around 40% of the shop's profit are reinvested into charitable foundations. The lion's share (70% to 80%) of used clothing is distributed to aid the needy. Since its inception, the project has donated UAH 619,668 to charity and provided around 159 tonnes of clothing items to those in need.

Laska charity opened its doors in August 2012. The project consists of commercial (selling clothes) and charitable components. The shop was founded and initially conceived by Olena Klymencheva who was joined by Ganna Uvarova, Ganna Gryshchenko, and Ganna Baturkina. Beginning with online sales, they soon after open a physical retail shop using grants totalling UAH 17,000 from Bigggg Idea Fest, the Future Leaders Exchange (FLEX) Programme, and the Sunday BORSCH Mini-Grant Programme. The first shop operated out of the Fazenda bar's attic in Kyiv. The project's co-founders did everything themselves: from repairing the shop premises and selecting clothes to conducting negotiations with partners. Relatives and friends donated clothes.

Revenue from the first month was used to install of several bicycle stands in Kyiv. Additionally, the shop also ran master classes, theme parties, and a literary society, as well as delivered yoga classes on the rooftop.

Six months after opening, the shop moved to a more spacious and convenient location. Three shop assistants joined the team by the end of 2013. In 2015, Laska won the Best Social Projects of Ukraine contest. Late 2015 saw the opening of the second Laska charity shop and expansion of the team to 10 persons. Since February 2017, Laska has been operating an outlet at the Kyiv Central Department Store. Laska accepts clothing donations at its two shops and seeks out opportunities for accepting clothing donations at other retail outlets. Clothing donation drop boxes have already been installed in SkyMall and Ocean Plaza shopping malls. Some companies agree to help in collecting clothing donations and invite Laska experts to tell about their charitable activities.

Today Laska has 15 employees, and is focused on the following areas:

- selling clothes made by local designers;
- selling donated items, including clothes, shoes, and accessories (hats, scarves, wraps, belts), bags, books, fashion jewellery, vinyl records, cameras, furnishings and furniture;
- distributing used clothes among needy;
- people with disabilities making environmentally friendly rugs from old clothes;
- collecting spent batteries for recycling;
- delivering lectures and master classes;
- gift wrapping and packaging;
- self-service laundry.

Laska charity shop's profits go towards:

- financial support to seriously ill children (Tabletochky Foundation), which accounts for 40% of the shop's total amount donated to charity;
- financial support to stray animal shelters (Happy Paw Foundation, Hostomel Stray Animal Shelter), which accounts for around 25% of the shop's total amount donated to charity;
- financial support to vulnerable groups (Zhyttelyub project to support pensioners, Peremoga elderly care home);
- financial support to providing urban amenities in Kyiv (Dyvovyzhni social project);

- targeted support (payment for rehabilitation of a child with infantile cerebral palsy);
- provision of clothing to ATO combatants and internally displaced persons.

Dity (Children) is social project run by Laska to facilitate social adaptation of foster care graduates through communication skill training, career guidance, and further education.

Plans are to shape a network of outlets, continue providing targeted support to those in need, and developing a charitable project for the social adaptation of teenagers.

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## CHAS YE!, the First Anti-Cafe in Berdyansk

<http://berdyansk.space>

<https://www.facebook.com/brd.anticafe>

[https://vk.com/brd\\_anticafe](https://vk.com/brd_anticafe)

Chas Ye! (“Take Your Time”) is the first anti-cafe in Berdyansk. It is an open art space used for cultural activities, meetings, work events, and leisure time. Part of the proceeds from the cafe’s activities is spent to finance various social initiatives.

The cafe was opened in May 2015. Its founder, Ksenia Kleynos and her partners wanted to create a space where people could have fun, express themselves, and discuss interesting topics without the need for alcohol. The owners raised enough capital to rent, furnish, and equip the premises. The main source of the anti-cafe’s profit is the per minute charge customers pay for visiting the space – UAH 0.33 per minute or UAH 20 per for the first hour, and UAH 0.25 per minute or UAH 15 per hour for additional time spent. Those having birthdays on the day of the visit are entitled to enter and stay free of charge. The visitors are offered tea, coffee, biscuits, sweets, and fruits free of charge.

The convenient co-working space is also a perfect place to deliver lectures, conduct workshops and master classes, give presentations, organize speaking clubs, hold tabletop game competitions, and show films. The anti-cafe has more than 20 active programs on cultural and social topics, including English and Ukrainian speaking clubs, psychology lectures, skills training, professional forums, assistance to civic activists in arranging various events, theatre/plays, open readings, acoustic music nights, as well as Open University and Open Library activities. The cafe holds International Restaurant Days and cooking classes. Restaurant days are four hour events which allow everyone a turn being an owner, chef, or waiter, not just a guest.

The cafe works as a social business. Profit is used to support social projects. For instance, the ongoing project called Urban Project Berdyansk aims to make the city more comfortable and interesting. The project activities include landscape design courses, creation of flowerbeds, public gardens, art objects, and murals, and a few flashmobs.

Part of the already raised funds went to buy tabletop learning games, organize charity events, meetings with interesting personalities, game competitions, and holidays for the Berdyansk Municipal Orphanage.

Initiatives that unite different types of people are organized as the Creativity for Integration project. One such initiative was the do-it-yourself master classes for both internally displaced persons (IDPs) and local citizens. The special shop window was created to display handmade works prepared during these classes, and are available for purchase. More than 300 items have been sold.

Chas Ye! organized web development courses for IDPs and website design courses for community leaders in cooperation with the No Borders organization. In February 2017, under the Technology Nation project the Brain Basket Foundation opened a free computer coding school for those interested in entering the IT field.

Future plans include a summer open air cinema as well as a social initiatives platform for every active citizen wishing to put their ideas into action.

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## GoRodyna Social Enterprise

(Set up under the Terra Nova Charitable Foundation)

The social enterprise GoRodyna is a greenhouse facility in Lviv region dedicated to cultivating organic fruits and vegetables year-round. The project provides social reintegration and job security for those facing difficult life circumstances.

The greenhouse idea was first brought up by Norik (Nver Vemirovych Ovakymyan), a former homeless person involved in the Emaus-Oselya mutual benefit society. The 0.6 ha of land needed to set up the greenhouse was provided by Father Oleg Zharovskyi, also an Oselya member. The money to build the greenhouse was given by Volodymyr Kovalevskyi, Chair of the Terra Nova Charity Foundation, who at that time served as the society's psychologist.

Norik engaged his friends from Oselya to help create the enterprise. It took them two months to build the greenhouse and start growing coriander, dill, parsley, and onion. No chemicals are used. The selection of products is being determined as relationships are established with the cafes and restaurants in nearby Lviv. The prices offered by the greenhouse are below market prices.

GoRodyna was supported by a local think tank, the City Institute, which operated under the auspices of the Lviv City Council. The City Institute cooperates with the City Development Institute in Krakow and is financed by the Polish Ministry of Foreign Affairs. The idea suggested by Norik won first prize and a financial grant at the School of Social Entrepreneurship's Second Annual Competition organized by the City Institute. The Institute bought and delivered various equipment (greenhouse, stove, gas chainsaw, scales, instruments, etc.) valued at UAH 100,000.

In February 2017, Norik took part in a self-employment project organized by the non-profit Business People Club, and financially supported by the International Organization for Migration. He got approval for the business plan that foresaw the delivery of another greenhouse at the cost of UAH 20,000.

GoRodyna future plans include growing radishes, arugula, spinach, cabbage, champignon mushrooms, raspberries, and blackberries as well as expanding distribution networks with supermarkets, and building a special oven for baking traditional lavash flatbread. The expansion will allow them to engage more socially vulnerable people by providing them with employment. Net profit is expected to be achieved in two years. Currently, the enterprise budget is used to purchase seeds and firewood in addition to salaries.

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## Rukomysly Social Enterprise

<http://rukomysly.com.ua>  
<http://rukomysly.prom.ua>  
<https://www.facebook.com/rukomysly>

Rukomysly provides jobs to socially vulnerable groups, and supports the Women Perspectives Center's fight against human trafficking. The enterprise produces and sells various wood, felt, and textile painting handicrafts.

On 21 July 2015, the Women Perspectives Center established Rukomysly in Lviv to provide employment assistance to women in difficult situations (including internally displaced women), especially those at high risk of becoming trafficking victims. The project is implemented out of OSCE grants and financial support from the Norwegian and Canadian governments.

Rukomysly is a play on its original name Remesla (“Handicrafts”) as part of the enterprise’s branding efforts.

Rukomysly plans to add a floral workshop to its existing wood, felt, and textile painting activities. The enterprise produces and sells handmade jewellery, carpentry for parks and gardens as well as repairs, renews, redesigns, and decorates clothing and furniture.

Free courses on felting, batik, and woodcraft techniques are being offered with the support of the BEARR Trust as part of the Social Entrepreneurship Program promoting “A next step into a new life.” In addition to vocational guidance, psychological help and legal advisory services are also provided.

To date, nearly 70 internally displaced people received training after which they can work at Rukomysly or at home by selling their craftworks through the social enterprise or by starting their own business. As of the end of 2016, the social enterprise had nine employees.

The enterprise sells its products mainly through local fairs and online with 30% of the online store’s revenues used to support the social programs of the Zhinochi Perspektyvy Center. The enterprise also conducts seminars, training, and master classes on plastic arts for gardens and parks as well as on crafting other artistic and household products. Rukomysly organizes the All-Ukrainian and international forums on woodcarving in addition to glyptic art, ergo- and art-therapy training.

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## Podillia - The Vinnytsya Interregional Centre for Vocational Rehabilitation of the Disabled

<http://www.vcri.gov.ua>

<https://facebook.com/VinnitsaCenterPodillia>

<https://vk.com/podilvrc>

Podillia – the Vinnytsya Interregional Centre for Vocational Rehabilitation of the Disabled is one of the 15 special institutions for the vocational rehabilitation of the disabled in Ukraine, and was created to solve issues of vocational education and employment of disabled people.

The centre was founded on 3 February 2005 by the Ministry of Social Policy of Ukraine.

The Centre prepares persons with disabilities for a future career, provides vocational rehabilitation, and assists in gaining them entry into a profession. The Centre delivers rehabilitation services to the disabled helping them learn a trade according to their medical condition and requirements of the labour market, and provides medical services, social and psychological support. The Centre is headed by Roman Leonidovych Shtogryn. The Centre is a state institution, but still requires assistance both from the regional administration and the private sector.

Since its inception the Centre has provided services to over two thousand people with 1,284 receiving certificates of qualification, and 55% of them finding employment.

Until recently, rehabilitation was focused on fifteen vocations: bartender, tailor-made shoe specialist, footwear repair specialist, makeup artist, stylist, bank teller, confectioner, desk clerk (bookkeeping), apparel cutter, tile setter, nail artist, typesetting operator, boiler operator, hair designer, florist, landscaper, and seamstress. Since 2014, photographer, elevator operator, knitwear specialist, and corporate personal assistant have been added.

The Centre can accommodate up to 100 people pursuing one of twenty-two possibilities over 1.5 to 12 months. The training and services for the disabled are provided free of charge, and include three meals daily, leisure activities, social and psychological rehabilitation, and dormitories for those coming from the other cities.

The premises of the Centre include training classes, 4 laboratories, 14 training workshops, vocational rehabilitation complex, library, canteen, and medical rooms. Socially-oriented business works at the Centre as well, including a garment manufacturer, shoe-making and repair, set-meal preparation, and a confectionery.

Podillia is the only rehabilitation center from among 15 similar institutions in Ukraine to have undergone state certification for 15 different professions. All those who complete the vocational rehabilitation and service job training course at the Centre, get a state certificate and employment assistance.

This is the only centre in Ukraine providing inclusive learning environment (groups are formed from among (sponsored) disabled people, (paying) non-disabled people and the unemployed registered with the State Employment Service.



Participants are from 24 regions of Ukraine.

In 2015, the Centre greatly enhanced the quality of services provided and exceeded its government targets while launching training in computer typesetting for the blind and doubling the number of deaf participants – 251 of its 322 trainees were persons with disabilities.

In order to increase the graduates' competitiveness, a practical training curriculum was advanced, and a new subject Job Search Techniques was added. The Centre actively cooperates with employment centers, social security divisions, firms that employ people with disabilities, and is constantly inviting employers searching for the candidates to fulfill the state requirement to fill 4% of their vacancies with the disabled. The Centre has created a database both of the disabled people willing to work, and all the potential places of their employment.

In 2015, for the first time in Vinnytsia region, a competition to determine the most socially responsible employer in the region was held. The main aim was to promote employment and build the positive image of those firms that have the best results in employing disabled people.

The Centre studies foreign experience in the field of disabled people employment and in the beginning of 2016 it developed its own project to create a branch with transitional employers. Transitional working places provide temporary employment within the enterprise which enables people to gain practical knowledge, experience and skills in the field he or she was previously trained. As a result, such practice will simplify the transition period between the training and long-term employment, as well as train the worker in the basics of customer service.

Within six months the Centre's graduates will be able to advance their professional knowledge and practical skills through transitional work at places such as a beauty salon (as hairdressers, nail and makeup artists), tailor shops, and shoe-making workshops (as apparel cutters, seamstresses, footwear repair specialists, tailor-made shoe specialists), florists, photo studios, and cafes. There are also opportunities requiring transitional clerks and administrators.

The social enterprises union will operate as a self-financing separate unit of the Centre. In the long run, it will not require funding from the state as it will become self-sufficient. The project costs are estimated at UAH 600 million.

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## Training and Production Centre (Poltava)

<http://www.lightofhope.com.ua/projects/dopomoga-zvilnenim-iz-misc-pozbavleniya-voli-ta-bezdomnim>  
<https://www.facebook.com/LightOfHopeUkraine>

The Training and Production Centre was created by the Light of Hope charitable organization which is focused on assisting the homeless, former convicts, and drug addicts.

The idea of creating a centre was initially proposed by the employees of the Light of Hope charitable organization who were taking care of the vulnerable groups at the Centre for Reintegration of the Homeless and Former Convicts. People seeking help from the Centre do not need only meals and a place to live. Important steps on their way to social reintegration involve bringing back their self-esteem, creating motivation, restoring self-confidence, and, eventually, finding financial independence. Obtaining new professional skills and a job is one of the tools of achieving reintegration successfully. Thus, in 2013 the training and production department was opened for the Centre's inhabitants in order to train them how to weld, sew, or be a carpenter. The list of specializations was approved after thorough market research and discovery of those market segments where the Adaptation Centre trainees might complement local businesses. The number of those willing to obtain a new profession went from 18 in 2014 to 28 in 2015, and 32 in 2016.

The Centre was founded in 2014 with the establishment of the sewing and cabinet-making courses. The local authorities provided the spacious premises for the production centre, and essential equipment was bought with the support of an NGO from one of Poltava's sister cities in Germany.

The first items produced by the Centre, portable outdoor grills, found high demand in the local market, and furniture produced by the social enterprise is sold mostly to local private and corporate consumers, while the clothes produced have customers even in European markets.

The enterprise is steadily growing despite all the difficulties connected with the absence of both proper economic education and business experience, and the individual characteristics of the personnel. As of February 2017, there were 46 graduates employed by the enterprise. All the social firm's revenues are spent on developing additional production, and starting from 2018 the Centre plans to spend nearly 70% of its income to support the social programmes.

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## Dream Workshop

<https://www.facebook.com/maysternia.mriyi>

The Dream Workshop is a day-care centre for adults with special needs that also produces herbal tea. The aim of the organization is to socialize people with mental challenges, train them in everyday life skills, deliver art and ergo-therapy.

Hanna Ivanicheva and her colleagues developed the workshop and a social enterprise selling herbal tea. At first, they started a resource centre as a platform for existing organizations working with mentally challenged people by helping with fundraising, legal services, etc. However, to get their own experience in establishing and maintaining a social enterprise, they decided to establish the Dream Workshop as a private model for others to follow.

The Dream Workshop was registered in the summer of 2015 and opened a workshop for mentally challenged adults with a budget of UAH 448,400.

The workshop was for ten people with special needs working together with assistants to develop both themselves and their talents. It was planned as a social enterprise that over two years would become self-sufficient.

In October 2016 the rent agreement was signed. Successful participation in the Youth Entrepreneurship Incubator resulted in funds for acquiring tea packing equipment and money to furnish and equip the workshop came from additional donations.

The workshop started operating on 23 January 2017 and currently is opened twice per week. Assistants are working with eight people suffering from autism and Down's Syndrome. In the future, ten people will be able to visit the centre from 10 am to 4 pm five times per week. People with special needs will be able to get various therapeutic services, paint, embroider, make postcards, create felt toys, and chat with the others. There will be three assistants working with the visitors on a full-time basis.

The assistants usually come to the workshop at 9 am to clean the rooms and plan the day. People with special needs arrive at 10 am. Everyone first discusses how the previous evening was spent. Afterwards each visitor fulfils his or her own duties, together they make meals, and after lunch, people watch movies, read books, or foster the skills they have an interest in. The Facebook page of the Dream Workshop has a special section describing the success stories to inspire and model.

The workshop's vitamin teas are packed into handmade linen bags with the logo made by the trainees. They also attach a colourful label with a wish inside the bag. In the future, each bag will also contain a handmade toy. Each linen package is sewed with the stitching of a different colour depending on the type of the tea inside.

Future plans include producing tea bags and compote mixes, and distributing to IT companies, private firms, universities, etc. as well as opening branches in the smaller towns of the Lviv region.

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## Mistok Social Shop

<https://www.facebook.com/mistok.vn>

Mistok was launched in Vinnytsia during the spring of 2016 by the charitable foundation Podil'ska Gromada. The shop sells new or second-hand goods that are given free to the shop by their owners. Mistok sells 20% of what it receives and gives 80% away for free to those in need. Net income is used to support competitive grants to youth initiatives and charities in Vinnytsia, or to provide individual support to those in difficult situations.

Mistok means "a tiny bridge" in Ukrainian, and believes in creating connections between the people who have something to give, and the people who need help.

The shop accepts and sells clothes and shoes (for women, children, and men), books, educational toys, accessories, decorations, jewellery, and stationery as well as turns old clothes into small rugs.

Photo sessions showing the clothes on sale are carried out by the volunteers and afterwards the photos are posted on the Facebook page of the shop. It is possible to buy clothes online, directly from the shop, or during fairs. Those in need can take clothes free of charge.

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## Sanguszko Princes Park

<https://www.facebook.com/Sanguszkopark>

Once abandoned, Sanguszko Princes Park is being transformed into a city garden supporting culture, recreation, communication, education, development, exchange of ideas and project implementation.

The Park of the Sanguszko Princes (formerly Mykhailov's Park, Slavuta, Khmelnytskyi) was established in 1772 by Princess Barbara, wife of Prince Pavel Karol' Sanguszko. For the last few decades, the 15 ha park had fallen into disrepair despite being protected by Ukrainian law as a monument of significance.

The idea to revitalize the park was introduced by the young citizens of the town in June 2015 during the Creative Workshop Party youth forum. The joint efforts of the ten non-profits and a few local businesses led to the establishment of the RAZOM (TOGETHER) public initiative. The main task of RAZOM was rehabilitating the park. The initiative was headed by Viktor Zakurdaiev, member of the Slavuta City Council, and chair of the working group on the Park's renovation consisting of concerned citizens, civic activists and entrepreneurs.

To bring attention and unity to their park restoration efforts, RAZOM organized a festival which raised UAH 60,000, and was supplemented by funds from local authorities, businesses, non-profits, and foreign donors. In 2016, the project raised UAH 250,000 to provide free WiFi, partly renovate the dance floor, finish the current stage of reconstruction, and place benches and trash cans in the park. Additionally, an 40 KW electric power line was laid to further develop the

infrastructure and engage other entrepreneurs willing to invest in the park. In May 2016, the official opening of the park's summer season was held with the Mayor of Lyubartov (Poland) taking part in the event via Skype. Slavuta's art teams greeted Polish dignitaries and citizens on the occasion of the Polish Constitution Day.

In 2016, The Park: Art on the Ruins festival was held, and throughout the summer the park hosted classes, handicraft fairs, entertaining events and performances of artistic youth, and on-going discussions regarding the park's improvement.

At the beginning of 2017, different options of the park's entrance renovation and a petition to rename the park from Mykhailov's Cultural Park to Sanguszko Princes Park were brought up for public discussion.

Plans for 2017 include drafting the Park 2020 Development Strategy, and setting up Sanguszko Park creative cluster to serve as an open art space for the local community to organize various cultural and recreational activities to make the park a perfect example of the revitalization of degraded areas.

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## Myti Social Enterprise

<https://sites.google.com/site/socmomemnts/>

<https://www.facebook.com/socmomemnts>

The Myti (Moments) social enterprise started in 2015 under the auspices of the 100% of Life. Kyiv Region nonprofit organization which provides advanced care to people living with HIV. Myti produces and sells personal hygiene products to support their mission of providing employment opportunities to women with special needs and financing social care to internally displaced people, women in difficult situations, handicapped persons, orphans, homeless, low-income, those suffered from domestic violence, natural disasters, and people living with HIV.

The trademark Myti was registered in September 2016. Personal hygiene and care products such as soaps, dry shampoos, lip balms, facial and body scrubs are sold under the Myti brand. All products are made from natural ingredients. The products consist of vegetable oils, and do not contain animal fats, alcohol, or sodium lauryl sulfate as well as have balanced pH which is between 7.5 and 8.5. Myti's goods are low-allergenic and high quality. The recipes reflect 100% natural chemical processes, and production is carried out in accordance with safety and hygienic norms. New products are introduced regularly, and new aromas and cosmetics are constantly being added.

In February 2017, Myti expanded its production and started offering creams for face, hands, feet as well as body lotions, lip balms, and hair balsams. Ingredients bought from France, Italy, and Germany are combined with plant and flower extracts grown in Ukraine.

The enterprise employs women with special needs and these jobs enable such women to stabilize their lives by improving their families' financial situations.

At first, the products were sold online, and the cosmetics were represented at various fairs and shopping malls. A shop was opened in December 2016.

Since January 2017, every month 10% of revenues are given to charity with the first UAH 1,000 used to help a 30-year old woman in a difficult situation, and in February 2017, the first recipient was a 42-year old woman with a medical condition.

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## Emaus-Oselya Mutual Benefit Society

<http://emaus-oselya.org>

<https://www.facebook.com/EmausOselya>

<https://vk.com/club33999308>

Emaus-Oselya (Emaus Home) mutual benefit society is an NGO created for people in difficult situations. The organization's mission is to help people abandoned by society, rediscover a reason to live, and promote the idea of solidarity and mutual help in Ukraine. The commercial and charitable activities of the society are used to finance a homeless shelter and implement various social projects.

Emaus-Oselya is rooted in the international Emaus Movement which first appeared in post-war France. In 1949 Abbé Pierre (Anrie Gruet), a Catholic priest, launched a charitable foundation in Neuilly-sur-Seine in order to help homeless people. He named the organization in honour of a town in Palestine where two tired and hopeless apostles, Luke and James, were empowered by joy, faith, and hope from a visit by Jesus Christ.

The shelter was of particular importance during the winter of 1953-1954, when many people died in France due to severe cold, and Abbé Pierre was able to open shelters in several French cities with the support of thousands of private French donations.

Nowadays, Emaus has 350 member organizations in 37 countries operating homeless shelters and carrying out social work financed by through sales of second hand clothing, handicrafts, and organic farming.

In 2001, local social leaders worked with Emaus in Poland and by 2010 the Ukrainian society had become a full-member (making it the first branch from a post-Soviet country).

Emaus Ukraine is focused on people in dire circumstances such as alcoholics, homeless, unemployed, single parents with children, retired, and internally displaced people. Full-time employees and volunteers help them overcome personal crisis, rehabilitate after traumatic life-events, and believe in themselves once again.

The Emaus Lviv branch bought a house where the first shelter's inhabitants came to live and established computer literacy courses, a handicrafts workshop, and psychological support service. The location currently hosts 33 people (including three children) who receive psychological and therapeutic support, are gaining new professional and communication skills, and are able to take part in cultural and solidarity activities. Those who have their own home also may turn to this organization for help in obtaining professional and communication skills, and psycho-social assistance.

The shelter's residents, volunteers, and employees take part in gathering used goods (furniture, clothes, household appliances, books, plates, toys). People can give away their used items by arranging a pick-up or through special containers placed at gas stations and churches. Some items are recycled, others are refurbished for use or sale to low-income people through the society's special shops. The Lviv location trains members in furniture repair (which has found success serving high demand in the city), and since 2008, the society has been supporting sanitary, hygienic, and nutritional assistance for the city's less fortunate.

The social campaigns of the organization already became a tradition: Christmas Eves for those in need which are no longer just a meal distribution, but also a mutual dinner with greetings and Christmas carols; breakfasts on Easter; free lunches every Thursday, garage sales, warming centres in winters, trainings, seminars, and master-classes. The street magazine Under the Blue Sky is published and famous journalists, writers, and public leaders contribute to the publication.

Every year the number of project partners and philanthropists grows with a significant portion of the revenues coming through social entrepreneurship. In 2007, social enterprise contributed UAH 69,000.00 or 11.6% of all the annual revenues, and by 2016 the UAH 2 million accounted for 54%. The business side is represented by generating profit from operating charity shops and garage sales, furniture refinishing, sale of recyclable materials and Under the Blue Sky street magazine. Profits are spent to cover the society's needs, maintain a social shelter, units to support the homeless, shops and workshops, and magazine publishing.

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## Regional Centre for Social Adaptation

The idea of setting up a re-socialisation facility for former prisoners came to Lviv journalist Igor Hnat in 1989, when he wrote a story about two young men who had just returned from prison. They were orphans and had nowhere to go. In legalese terms, “they lost social ties and had no means of subsistence.” In Soviet times, such people often faced a vicious circle: if you fail to get a job, you are charged with social parasitism. According to Soviet law, what constituted the offence was “the long-term living of adult able-bodied person on unearned income with evasion from socially useful work.” Rejected by society and marginalised, they ended up in prison again. When Igor questioned the government, they dismissed him saying, “If you are so clever, do something to change a situation.” And Igor did. He decided to help ex-convicts re-enter society.

He set up the first shelter for ex-prisoners in the Carpathian Mountains on the boundary of Skole and Drohobych municipalities. However, the shelter had to wind down its operation due to protests of residents of the surrounding villages against such neighbours.

In 1994, a commune-type shelter for orphans and vulnerable ex-prisoners was set up at the dilapidated military base near Brody. Under the resolution of Lviv Oblast State Administration, the Regional Centre for Social Adaptation was granted a 30-year leasehold of the military base. This was where the government support ended. Hnat invested his own savings that he earned as chief security officer at the construction of the Urengoy-Pomary-Uzhgorod gas pipeline. Shelter residents had to earn a living themselves.

Having set up a number of ventures and a farm, the Centre has become self-sufficient. The Centre has a lumber mill, a briquette plant, and plans to provide tyre fitting services. In addition, 8.5 hectares (of the Centre’s 17 hectares) are used to grow vegetables and provide hay to feed its livestock. The farm has 70 female goats, 14 cows and 7 calves, chickens, geese, etc. In addition, the Centre’s residents gather mushrooms, wild berries, and medicinal plants.

The Centre operates as an NGO with residents registered as sole proprietors which provide part of their profits to meet community needs and remunerate those working in manufacturing.

Some ex-convicts have become arc welding professionals. Most of the Centre’s participants do not return to jail, and while 20% return to prison this is still well-below Ukraine’s average of 80% recidivism. Some of the Centre’s residents manage to start a family. Twelve such families were provided with houses that were repaired through community efforts. Nine families continue to live in the original housing purchased by Igor Hnat.

Subject to proper funding, Hnat’s shelter is capable of accommodating up to 50 individuals for social adaptation purposes. Since 1994, the Centre has worked with over 2,700 people. Today it provides shelter for 21 ex-convicts and 18 internally displaced persons. The commune has clear rules: 1) everyone works, 2) no one steals, and 3) no alcohol allowed. Discipline and order have been established since the Centre’s inception. There is a clear daily routine, and every resident carries out their work, be it in the field, on the farm, in the kitchen, in the laundry, at a sawmill, in the joinery shop, or in the woods.

The founder and director of the Centre is a man out of the ordinary. “My hobby is finding people and releasing them from slavery,” says Hnat. Over nearly two decades, he has freed about forty Ukrainian women from slavery abroad. His endeavours are funded by RTL, a German television channel that makes TV programmes about sex industry. Together with undercover reporter Burkhard Kress, Igor Hnat dives deep into crime business and records everything on hidden cameras. Hnat divides the earned income between his family and the Regional Centre for Social Adaptation.

Hnat’s long-cherished dream has been to set up an elderly care home as part of the Centre. Unfortunately, it remains unfulfilled due to lack of funding. Older people have extensive life experience to share with ex-convicts, who for their part could take care of them.



## Dog Toilets Social Project, LavGav Trademark

<http://lovegaw.prom.ua>

<http://lovegaw.com>

<https://uk-ua.facebook.com/pg/welovegaw>

Dog Toilets is all about dog owners learning to keep public spaces clean. This is Our Kyiv trademarked their LavGav brand to raise money for the Dog Toilets network in Kyiv parks and public gardens.

The author behind the Dog Toilets is Dmytro Fedorenko. He also initiated the launch of This is Our Kyiv, and founded NashKiev.UA information platform and murahy.com – the first charitable trade space.

While abroad, Dmytro Fedorenko noticed dog owners cleaning up after their pets. That approach was promoted by the availability of the special bins to clean the dog-fouling and penalties for breaking the cleaning rules. In Ukraine only

1% of dog-owners clean up after their animals. At the beginning of 2015 Dmytro tagged a package with plastic bags nearby his house, and in advance expressed his gratitude to the neighbours for keeping the surrounding territory clean. The bags that were left were also used and new bags appeared. Dog Toilets was born and launched in spring 2015 by Fedorenko's This Is Our Kyiv.

The first five dog-fouling bins were presented in May 2015 at the PRO Misto festival. During the three summer months the leaders of the organization educated dog owners how dog waste harms the environment. The experiment carried out by the NGO team showed that in those areas where the special Dog Toilet bins were placed, the number of those people cleaning up after their domestic animals rose to 50%.

For some time the funds to maintain the Dog Toilets were given by Fedorenko's information platform Nash Kiev.UA. As the project expanded, state and private donations were insufficient, so Dog Toilets created the LavGav brand in early 2016. The LavGav company is the official designer and supplier of the Dog Toilet bins. The modern containers are constructed according to European and American standards, and are made from corrosion resistant steel. The construction cost of one container including delivery amounts to UAH 2,500 (under USD 100), while the American variant costs around USD 400. Besides the actual construction, the placement and regular monthly maintenance services (including delivery and obtaining of all the necessary permits) are provided.

LavGav produces and sells online eco-friendly packages, individual dispensers with changeable eco-packages, and tick-killing medications.

The project exists only because of the support of social entrepreneurship and private investments. The 'Dog Toilets' initiative addresses not only the dog owners, but also other citizens. Almost one-third of the enterprise's income goes to the purchase of eco-packages and equipment depreciation in Kyiv. Every tenth bin constructed is donated to This is Our Kyiv. As of the end of 2016, more than 100 bins with environment-friendly packages and litter bins have been placed in Kyiv.

After the project team conducted seminars and shared experiences in other cities, the project was enthusiastically joined by communities and municipalities such as Odesa, Lviv, Ternopil, Sumy, Cherkasy, and others. Dog Toilets won the contract to supply forty dog-fouling bins to Lviv and scored well based on their functionality, client accessibility, vandal resistance, design and integration into the general urban environment of the city.

In the future, LavGav products will be offered not only to municipalities, but also private firms including private house cooperatives. Dog Toilets are becoming popular abroad too. In conjunction with animal registration, the money raised from owners of the registered animals will finance special zones for pet walking, public recycling/cleaning, and provide quality veterinary care in municipal animal shelters.

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# Annex 1. Examples of social entrepreneurship programmes offered by selected universities

## Duke University (USA)

### Center for the Advancement of Social Entrepreneurship (CASE)

[www.fuqua.duke.edu/centers/case](http://www.fuqua.duke.edu/centers/case)

CASE promotes and supports social entrepreneurship through joint training programs that unite postgraduate students, professors, and social entrepreneurship leaders. CASE believes that mainstream and social entrepreneurship should be brought together with the help of existing business models, tools, and skills.

## Tata Institute of Social Sciences (India)

### Masters in Social Entrepreneurship

[www.tiss.edu](http://www.tiss.edu)

The Tata Institute of Social Sciences developed a master program in Social Entrepreneurship which appeared to be the first of its kind not only in India, but in the whole world. The Center for Social Entrepreneurship together with the School of Management and Labour Force were created after thorough research of current social needs for a new generation of leaders able to start socially-oriented businesses to enhance living standards and reach sustainable development goals. The two-year graduate program in social entrepreneurship aims to train agents of change. It is expected that the highly-qualified graduates will become social entrepreneurs themselves. The training program targets the creation of innovative and sustainable approach to addressing the problems of disadvantaged groups.

## Harvard University (USA)

### The Social Enterprise Initiative

[www.hbs.edu/socialenterprise](http://www.hbs.edu/socialenterprise)

The Social Enterprise Initiative at the Harvard School of Business nurtures future leaders capable of driving sustained, high-impact social change. The Social Enterprise Initiative aims to inspire, educate, and support leaders across all sectors to use their managerial skills to tackle society's toughest challenges and make a difference in the world.

## Miami University (USA)

### Center for Social Entrepreneurship

[www.fsb.muohio.edu/centers/social-entrepreneurship](http://www.fsb.muohio.edu/centers/social-entrepreneurship)

The Center for Social Entrepreneurship has developed world-class curriculum for final year students. The training program combines education, research, and social entrepreneurship practice, placing particular emphasis on the practical component.

## University of Oxford (United Kingdom)

### Skoll Centre for Social Entrepreneurship

[www.sbs.ox.ac.uk/skoll/mba](http://www.sbs.ox.ac.uk/skoll/mba)

The Skoll Centre for Social Entrepreneurship is meant to raise social entrepreneurs of the future. In order to reach that goal, the Centre provides potential and current social entrepreneurs with innovative business-education, unites practitioners, researchers and students, helps all of them develop their ideas and organize social ventures, promotes dissemination of new concepts and implementation of the best business models. In terms of the innovative business-education the students are trained to use entrepreneurial approaches for addressing social problems.







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