



Case Study

SOCIAL ENTREPRENEURSHIP AND INCLUSION

The Experiences
of Ukrainian Cities

The international technical assistance project “Partnership for Local Economic Development and Democratic Governance” (PLEDDG), implemented from April 2015 to December 2020 by the Federation of Canadian Municipalities, with the financial support of Global Affairs Canada, aims to strengthen the municipal sector, ensure effective democratic governance, and accelerate the economic development of cities in Ukraine. This publication recounts the experiences of PLEDDG in the development of social entrepreneurship with an emphasis on the inclusion of vulnerable social groups in the economical processes and active community life. Based on the examples of five Ukrainian enterprises, we show different approaches to solve the issues of socially vulnerable groups through the creation of opportunities for their complete social inclusion and self-fulfillment.

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1

SOCIAL

ENTERPRISE:

HOW DOES
IT WORK?

The practice of entrepreneurs sending a portion of their profits to charity is long-established. Many businesspeople allocate funds to help those in difficult circumstances, support the development of local initiatives, and provide in-kind donations for certain organizations or social centres. However, over time, entrepreneurs have begun to experiment with charity and aim not only to provide situational financial assistance, but have also become interested in identifying and transforming the underlying factors which lead to specific social problems. Businesses at the local, regional, national, and international levels today are working comprehensively to address social issues directly through their activities. A new business model has developed around the world that closely intertwines classic entrepreneurship with public sector activities. It is headed by social entrepreneurs, the people who have decided that the prime goal of their business is not to maximize profits, but to meet social needs.

The term “social entrepreneurship” is often used in a very broad sense and refers to a wide range of initiatives. For many, social entrepreneurship is associated with the activities of non-profit organizations that have started their own businesses, earning money to achieve social goals. Others call anyone who starts a non-profit organization a social entrepreneur. This concept is often used to describe business owners who integrate elements of social responsibility into their activities¹.

Today, the figures show the global development of social business is projected to grow. In the UK, as of 2019, there were 471,000 social enterprises, employing about 1.44 million people. Their contribution to the state’s GDP was 3%². France has more than 96,000 social businesses employing more than 1.1 million workers³. In Australia, social enterprise activity has increased by 37% over the past five years, and in 2020, the country had more than 20,000 social enterprises⁴. According to a survey conducted by the Thomson Reuters Foundation, in partnership with the global program Deutsche Bank CSR Made For Good, the top 5 countries most comfortable with social business in 2019 were Canada, Australia, France, Belgium, and Singapore⁵. Ukrainians do not shy away from global trends: the culture of doing business in this way is quickly developing. Social entrepreneurs are becoming more informed every year and act as a community. At the same time, consumers increasingly prefer goods and services with a social connotation.

¹ Manual “What you need to know about social entrepreneurship”

² The Power of Social Enterprise, Report by PNE Group, 2019

³ «Social enterprises and their ecosystems in Europe», Comparative synthesis report, 2020

⁴ CPA Australia: Social Enterprise

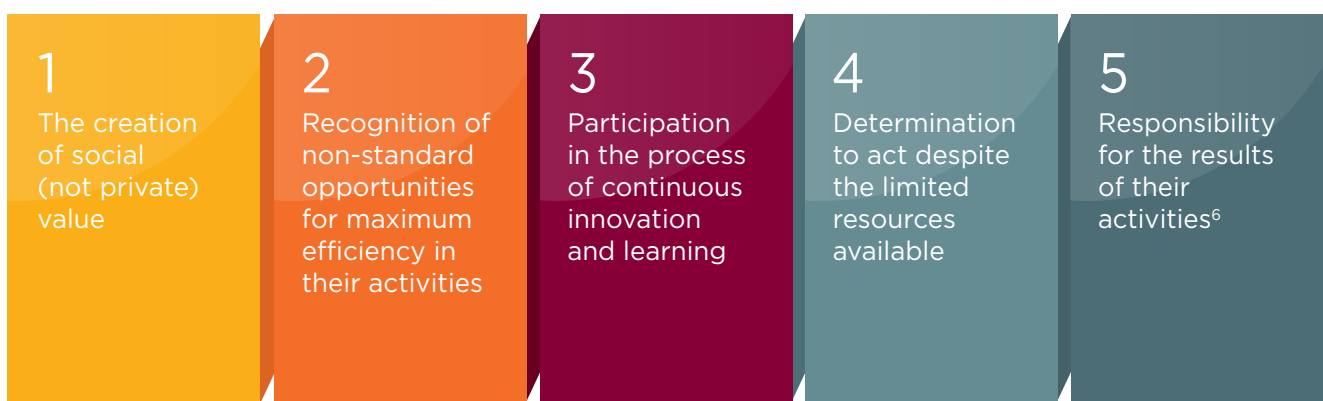
⁵ Forbes: The Best Country To Be A Social Entrepreneur In 2019

Social entrepreneurship involves the application of innovative practices of traditional business to solve social problems and achieve sustainable social change

The Concept of Social Entrepreneurship

Although a great deal of academic and popular science materials have been published on social entrepreneurship in recent years, there is no single view of the concept among researchers, nor is there a single definition. Fundamentally different experiences give rise to a significant variety of formulations.

The author of one of the most quoted interpretations of “social entrepreneurship” is the American researcher Gregory Dees, who is often called the “father” of the science of social entrepreneurship. According to his definition, social entrepreneurs play the role of agents of change in the social sector through:



In 2011, in order to create a favourable financial, administrative and legal environment for social business, the European Commission launched The Social Business Initiative (SBI) and defined social enterprises through a combination of three dimensions.

⁶ J. Gregory Dees: The Meaning of “Social Entrepreneurship”, reformatted and revised on May 30, 2001

These are the Measurements of Social Enterprises as Defined by the European Commission:

Entrepreneurial — Engagement in continuous economic activity;

Social — A primary and explicit social purpose;

Governance — The existence of governance mechanisms to ensure the prioritization of the social purpose and which demonstrate sensitivity to different stakeholder interests⁷.

Each dimension was identified by developing a set of key criteria that reflect the minimum conditions that an organization must meet in order to be classified as a social enterprise.

⁷ Social Enterprise in Europe: Developing Legal Systems which Support Social Enterprise Growth, 2015

The criteria for belonging to the category of a Social Enterprise as defined by the European Commission are:

- The organization must engage in economic activity;
- It must pursue an explicit and primary social aim that benefits society;
- It must have limits on the distribution of profits or assets to prioritize the social aim;
- It must be independent from the State or other for-profit organizations;
- It must have inclusive governance; i.e. characterized by participatory and/or democratic decision-making processes⁸.

⁸ Social Enterprise in Europe: Developing Legal Systems which Support Social Enterprise Growth, 2015

Social Entrepreneurs: Who Are They?

Gregory Dees believed that social entrepreneurs are radically transforming the order of things in the social sector. Thanks to their bold vision, they challenge the root causes of problems, not just “treat the symptoms.” Social businesspeople, in his opinion, seek systemic change and sustainable improvement. Even when they act locally, their actions have the potential to drive global improvement in selected areas, such as: education, healthcare, economic development, the environment, the arts, culture, and so on.

⁹ Jerr Boschee: Merging Mission and Money: A Board Member’s Guide to Social Entrepreneurship, 1998

Social entrepreneurs 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.

[Jerr Boschee]⁹

Social entrepreneurs, as agents for social change, are pioneers of innovation that benefit humanity. Social entrepreneurs are ambitious, mission-oriented and results-oriented, strategic and resourceful.

[Skoll Foundation]

¹⁰ Nicolescu Ovidiu, Lloyd-reason Lester: Challenges, Performances And Tendencies In Organisation Management, 2015

A social entrepreneur is a pragmatic visionary who achieves large-scale, systematic, and sustainable social change through innovation, non-standard approaches, and careful application of known technologies and strategies or through their combination.

[Schwab Foundation for Social Entrepreneurship]¹⁰

Why is the Number of Social Enterprises Increasing?

Today, companies whose main goal is to generate positive social impact exist in every European country. In total, around 13.6 million Europeans work for social businesses every day¹¹. In social and economic life, there are various processes that can further accelerate the dynamics of growth of social enterprises and expand the range of their activities:

- The provision of social services by state institutions continues to decline, and at the same time non-profit organizations are beginning to receive funds for the implementation of effective social initiatives;
- The need to diversify sources of funding for non-profit organizations is growing;
- There is a growing interest in social innovation among entrepreneurs who run traditional businesses.

Consumers of goods and services are also moving towards social businesses. Their behaviour, as well as the culture of consumption itself, is changing. In addition to price, the buyer increasingly takes into account the social or environmental impact of the manufacturer. Thus, the entrepreneur of the future is the one who not only earns money, but also makes the life of their community better. According to the MNI Targeted Media analysis¹², more than half of consumers born between 1995 and 2005 prefer brands with a social component.

¹¹ Comparative synthesis report «Social enterprises and their ecosystems in Europe», 2020

¹² MNI Targeted Media Releases Data to Help Marketers Win Gen Z-ers, 2018

Areas of the largest concentration of social businesses in the world:

- ✓ Socio-economic integration of vulnerable groups;
- ✓ Provision of social services such as care for the elderly or people with disabilities;
- ✓ Educational services and child care;
- ✓ Job search and retraining services;
- ✓ Provision of social housing;
- ✓ Healthcare;
- ✓ Public services such as special transport, maintenance of public places, etc.;
- ✓ Strengthening democracy, civil rights;
- ✓ Environmental activities.

Social vs Commercial Enterprise: What's the Difference?

Similarities between Commercial and Social Enterprises	Distinct Characteristics of a Social Enterprise
Sufficient start-up and operating capital is required	The main goal is the introduction and implementation of social improvements
The rate of profit is calculated to ensure financial stability	Success is measured by the positive social impact created
Legal registration of enterprise	Profit is not the ultimate goal, but a tool to maintain financial viability
Approach to business planning, marketing, management, promotion	Profits are seldom distributed and are usually reinvested in new social initiatives
Focus on the high quality of manufactured products or services provided	Resolves issues that are considered economically unprofitable or too risky from the point of view of a standard business
Motivated and professional team	Employees can be volunteers
Requires a good market position and a strong brand	May attract additional sources of funding: donations, grants, crowdfunding

How is Social Entrepreneurship Developing in Ukraine?

In many economically developed countries, social entrepreneurship has been actively used in recent decades as an effective tool for solving social problems. In Ukraine, the ideas of social business became relevant only in the 2000s. Starting in 2014, the field of social entrepreneurship in Ukraine was gaining momentum at a measured pace, after which there was a real surge in its development. This was due to the economic, political, and social situation. With the beginning of the armed conflict in the east of the country, the number of vulnerable groups has increased significantly: about one and a half million people have become internally displaced persons¹³, and hundreds of thousands have become combat veterans¹⁴. As a result, the problems of social adaptation and employment became acute, to which social enterprises responded more quickly than government agencies. Currently, there is no exact data on the number of social enterprises operating in Ukraine. However, according to experts, their number could reach the thousands¹⁵.

¹³ Ministry of Social Policy of Ukraine: Internally Displaced Persons

¹⁴ Ukrainska Pravda: The Ministry of Veterans Calculated the Number of Combat Veterans, 2019

¹⁵ Artem Kornetskyi: "Social Entrepreneurship: An Effective Instrument to Overcome Social Challenges in Ukraine?", 2019

Ukrainian social enterprises can be classified into three major groups:

1

Profit generators to finance social goals (support for social, cultural, environmental, sports projects, organizations or institutions for vulnerable groups)

2

Employment of socially vulnerable people

3

Provision of social services and production of socially significant goods¹⁶

¹⁶ Manual "What you need to know about social entrepreneurship"

Today, the first and second groups of enterprises are most widely represented in Ukraine, although there are some that combine the above missions. Some of the most well-known include: the “Horikhovyi Dim” bakery, pizzeria Pizza Veterano, the “Laska” charity shop, the “Shafa Dobra” store, the “Myrakhy” online platform, restaurants “Urban Space 100” and “Urban Space 500”, the mutual aid community “Emmaus Oselya”, the “WoodLuck” workshop, the “HappyEcoWood” enterprise, “Good Bread from Good People” bakery, the “Zelenew” recycling laboratory, “Poruch” coffee shop, and others.

It is important to point out that, at present, the concept of social enterprise is not enshrined in Ukrainian law. The views on the need to legalize it differ. In particular, the lack of legislation on social entrepreneurship is seen as an advantage and an opportunity for its development: companies can choose the most optimal organizational and legal form, both in terms of the business model and in terms of taxation. The creation and adoption of an ill-considered law can limit the opportunities for social entrepreneurs and narrow the permissible range of their activities.

Advantages that social entrepreneurship would receive from the legislative regulation of its activity include:

- ✓ Social enterprises will appear on the radar of public authorities and donors who support civil society in Ukraine;
- ✓ There will be unambiguous criteria for belonging to social entrepreneurship;
- ✓ Social entrepreneurs will receive a certain level of recognition, and additional opportunities will open up to finance their activities;
- ✓ Adequate statistics will be collected on the number of social enterprises, jobs created by them, the amount of income, and their real contribution to solving social problems in the country.

What are the Difficulties Faced by Social Business?

According to global statistics, only 5.2% of social enterprises have existed for more than 10 years. The reasons for this are reflective of the problems that are a part the market in general, as well as the peculiarities of social business¹⁷. Each country has its own difficulties, but a common feature for all is the lack of understanding of the essence of social entrepreneurship by civil servants, investors and donors, potential clients, the media, and the general public.

¹⁷ Mykahilo Melnyk: "Why Social Business Fails", 2019

Stereotypes and lack of awareness about the essence of social entrepreneurship. Usually the term "social enterprise" is associated with the activities of charitable organizations and the social integration of people with disabilities, but not with entrepreneurship. This often has a negative impact on the growth of social enterprises and becomes an obstacle in establishing contacts with partners and potential customers.

Access to financial resources. Social enterprises have limited access to external sources of financing due to lack of understanding by investors and creditors of the essence of their business model.

Institutional capacity. Social entrepreneurs and their teams often have weak business skills in the typical sense. Focusing on the chosen social mission, they focus less on the basic business aspects: business planning, marketing, finance, negotiation, reporting, etc.

Limited access to markets. Social enterprises cannot compete effectively; for example, public procurement and access to markets on par with large commercial enterprises is not yet available.

Lack of specialized social business development services. At different stages of the life cycle, social enterprises need the same services and support as traditional enterprises. At the same time, social enterprises have specific needs, which imply the need to use a variety of and often individual solutions. In most countries, specialized support for social enterprises is absent or limited and fragmented.

Weak coverage of social business in the information space. Lack of information on the social impact and importance of social enterprises prevents the emergence of interest in their development from both private investors and the general public.

2

SUCCESSFUL PRACTICES OF SOCIAL ENTREPRENEURSHIP IN UKRAINIAN CITIES

PLEDDG actively supports the growth of small and medium enterprises, thus intensifying local economic development. This support concerns project financing, the development of business infrastructure, the establishment of partnerships in the “business-state-community”, and the creation of a favourable business climate in general. At the same time, in its activities, PLEDDG emphasizes the development of an inclusive business environment where everyone has the opportunity to self-actualize. Vulnerable groups or people in crises often find themselves outside the labour market and need not a point of assistance, but the systematic creation of visible and accessible prospects.

We summarized the experience of six social enterprises from different regions of Ukraine. Each of them was supported at various stages by PLEDDG’s SME Development Fund¹⁸. You will learn their stories of growth and decline, key features and lessons learned, follow different approaches to doing business, and get acquainted with feedback from the beneficiaries. You will find both differences and similarities in the work of these social businesses. What unites them all is a strong social mission that they steadfastly follow.

¹⁸ The Small and Medium Enterprise Development Fund was established in 2017 for the development of SMEs in 16 PLEDDG partner cities. Support is provided by funding initiatives to create appropriate infrastructure, improve the skills and abilities of entrepreneurs, as well as to promote the implementation of local government programs to support entrepreneurship.



Greenhouse

Dorozhne, Vinnytsia region

Association for the Protection of Rights and Assistance for People With Disabilities -“Open Hearts”

- 2019 — Creation of the greenhouse
- Mission: Training and creation of integrated jobs for young people with disabilities
- 8 integrated jobs created
- 16 people with disabilities were employed
- 10 accompanying persons involved

2012 saw the beginning of the establishment of social workshops in the village of Dorozhnoe near Vinnytsia, which help young people with severe disabilities socialize and obtain employment. The organizer of the initiative is the Association for the Protection of Rights and Assistance to People with Disabilities “Open Hearts”. With the support of the PLEDDG in early 2019, they installed a special greenhouse in the area used for those workshops.

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SVITLANA DEMKO
Chairwoman of the Council
of the Association of the
Protection of Rights and
Assistance for People With
Disabilities - “Open Hearts”

“In social workshops, young people with disabilities work in various areas: they create souvenirs, process wood, and make candles and soap. The main workshop takes care of the plants. Over the past 15 years, the team of the Association and I have often traveled abroad and have seen how interesting and high-quality the organized places for creative employment of people with severe disabilities are. I was especially impressed by a Polish farm, which I visited in 2018 as part of a study tour organized by PLEDDG. Since then, I have firmly decided to find a way to equip a modern greenhouse in our Vinnytsia region. And PLEDDG helped to realize this dream.”

The 100-square-metre greenhouse was equipped with automatic drip irrigation, heating, lighting, ventilation, and multi-tiered plant growing equipment. Thanks to the technologies used, it works all year round. The space of the greenhouse complex is barrier-free and is fully accessible to people in wheelchairs. In the spring of 2019, tomatoes, cucumbers, peppers, Brussels sprouts, kohlrabi, flowers, and various herbs were sown here for the first time. However, the technical design of the greenhouse was not the ultimate goal, but simply a tool for the implementation of the social mission pursued by the “Open Hearts” Association.

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SVITLANA DEMKO

“Our priority is to teach as many young people with disabilities as possible, to open opportunities for their self-fulfillment. We want to show their parents and employers that these people are very resourceful, and, with the right approach, they are able to work well and responsibly. Yes, they need time to learn, and they usually need support. But the employment of people with disabilities benefits not only themselves and their families, but the whole community.”

Often, young people who are declared legally disabled and unable to hold a job in the open labour market work both at the greenhouse and in the social workshops. Svitlana Demko, based on many years of experience in communicating with people with disabilities, assures that all those who want to work, can. At the same time, situations are common in families when children and young people with disabilities are not given a chance to develop independence and acquire new skills. The “Open Hearts” Association, through its social enterprise, breaks down prejudices. Integrated workplaces for young people with disabilities were created in the greenhouse, and moreover, they are actively sharing this experience at the regional and national levels.

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SVITLANA DEMKO

“Our goal was to create a full-fledged educational space for young people with disabilities. As part of an initiative supported by PLEDDG, we managed to do so. A group of 16 people with disabilities and 10 people accompanying them were selected (mostly mothers of the participants). We conducted 5 two-day modules of preparatory training on various topics: the development of motivation to work, safety at work in the greenhouse, technology for growing flowers, shrubs, trees, grasses, and microgreens. Today, eight work spaces were created at the greenhouse. Young people work in small groups on individual schedules.”

Natalia Lozitska, a member of the “Open Hearts” Association and the mother of a girl with a disability, was one of the 10 people accompanying greenhouse workers. She emphasized that her role is not to control, but to provide gentle support: to guide young people in their work, to help create a safe workplace, and to answer questions..

“Working is not easy for everyone, because children have varying degrees of limb damage and impaired coordination. But I see with my own eyes that they are happy, that they can be on par with ordinary people, be useful, and engage in applied activities. I see that they are proud of themselves and that they are working — it is an invaluable experience. My daughter Kateryna, now 24, also sometimes works in a greenhouse. She is in a wheelchair. I was once in an escort group while she was working. I had the impression that I was seeing my daughter through someone else’s eyes: how she opens up to new things, communicates with friends, and develops. I know that other parents would also notice how enthusiastically their children work, how they manifest themselves in a new way if you give them such an opportunity. It was a revelation for me. Children can really be completely different from how we are used to seeing them in everyday life.”

Vegetables grown on site help to supplement the nutrition of the workers and staff with healthy, environmentally-friendly products. Young people with disabilities take seedlings for growing at home or ready-made vegetables as treats for their relatives, and at the same time to show the literal fruits of their labour. Some of the products are sold at discounted prices to the workers’ families or friends of the organization. The money earned is used to improve the space of the workshops. For example, in the spring of 2020, they bought doors and high-quality paints to repair the Achievements Store, which will soon sell products made by people with disabilities.

“The main thing for us is the mental health of the participants. We work competently and sensitively with their motivation, but we can’t always overcome significant external circumstances. Therefore, we cannot be a company that steadily increases production volumes and efficiency.”

There are constant requests from local restaurants to buy greenhouse vegetables and greens. However, the organization still refuses this sort of sale, realizing that it requires consistently high production volumes. After all, this social enterprise does not place profitability at the forefront, but the rights and comfort of employees.

“In our experience, a well thought-out idea and unanimous team support are key in social entrepreneurship. This is usually followed by all the other necessary resources. As for social workshops and greenhouses, in particular, I think it is very valuable that our employees are engaged in hands-on work. In the future, they will be able to use the acquired skills in life, such as helping relatives in the garden. When we first started working in the greenhouse, I noticed that some parents were very surprised that their children

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NATALIA LOZITSKA
member of the “Open
Hearts” Association

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SVITLANA DEMKO

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SVITLANA DEMKO



could do something that they could be entrusted with. As a result, young people often perform better than their parents. Experience shows that if you work with good psychologists, social educators, and work instructors, then it becomes impossible to pull the young people away from work.”

The “Open Hearts” team set itself the goal of sharing the experience of building an inclusive employment model with colleagues from other cities and regions. With the support of PLEDDG, they prepared video lessons on the development of greenhouse skills. The organization is constantly looking for opportunities for training others on the creating integrated jobs, using the example of a greenhouse, and directly involves its workers. In June 2020, the “Open Hearts” Association became one of the winners of the competition for a social investment program held by Bayer. It allowed them to buy a special minitractor, with which representatives of the organization and young people with disabilities will visit five districts in the Vinnytsia region. They will share their hands-on experience in greenhouse farming. Using them as an example, Vinnytsia residents draw the community’s attention to the employment of people with disabilities and make a significant contribution to the further growth of social entrepreneurship in Ukraine.

Challenges

1. Lack of experience with modern greenhouses.

There are two seasonal greenhouses in the social workshops, which we made from old wooden windows. To work in the new greenhouse with all its latest equipment, we had to learn quickly and look for the best experts and practitioners in the industry to establish an effective workflow.



2. The specifics of working with people with disabilities.

The greenhouse employs young people who have certain intellectual disabilities. They need constant support and motivation to stay in a stable psycho-emotional state, and show high productivity. Therefore, we involved a psychologist, a work instructor, and a support group to work in the greenhouse.

3. Creating a support group.

We created it from members of our organization — parents, as well as youth with disabilities. They went through a special selection process, had the experience of effective communication with people with intellectual disabilities, and studied motivational techniques. However, we did not take into account their dependence on family circumstances, which does not allow them to work stably. Therefore, we had to prepare more people for the support group than originally planned.

4. Sales of produce.

It turned out that we were not ready for the volume of products we grew: we did not know how and where to sell them. What saved us was that many members of the “Open Hearts” Association also became customers. This situation has shown that for the successful operation of a social enterprise, the first things to learn are management, marketing, organization, and doing business.

Tips for Beginner Social Entrepreneurs

1. Study the niche in which you are going to work, research the markets in advance.
2. Look for something unique in business.
3. Learn from the best.





Coffee Shop and Nail Salon

Vinnytsia

- Harmony (NGO)
- 2018 — Founded the Kulbabka nail salon
- 2019 — Founded a mini-coffee shop in Megamoll shopping mall
- Mission: Social inclusion and employment of people with disabilities
- 4 people were employed

¹⁹ Ministry of Social Policy of Ukraine Startegic Action Plan for the 2020 fiscal year and subsequent budget years (2021-2022)

Today, the number of people with disabilities in Ukraine is about 2.7 million¹⁹, more than 2 million of which are of working age. According to the Ministry of Social Policy, only 40% of such people are employed. Unfortunately, it is common for people with disabilities to stay out of the labour market, even while possessing certain qualifications. One of the reasons is that employers cannot offer a job adapted to the needs of a person with a disability, and at the same time do not want to incur the additional costs to make those arrangements. Also, a large number of employers have prejudices about the physical and psychological ability of

employees with disabilities to perform the required amount of work. The other side of the issue is that people with disabilities often avoid work in general, and formal employment in particular, because they will lose benefits as a result.

However, there are members of the Ukrainian public sector who influence the current state of employment of people with disabilities in their cities and regions. One of them is the Vinnytsia Public Organization of Youth With Disabilities, “Harmony”, which has been working for 18 years to build an inclusive environment with equal opportunities for everyone. To this end, the organization initiated the creation of two small social enterprises in Vinnytsia: the Kulbabka nail salon and a coffee shop at the Megamoll shopping mall. Both initiatives were implemented with the support of PLEDDG within the framework of a project called: “Socialization of People With Disabilities Through Entrepreneurship in Vinnytsia.”

The story of the first inclusive nail salon in Ukraine cannot be called an example of complete success: less than two years later, the company had to cease its activities. But the experience gained does not become less valuable, as you can learn from the mistakes of others. In this nail salon, which was opened in September 2018, services were provided to clients by a person with a disability. Kulbabka was located at the Harmony Rehabilitation Centre for People With Disabilities, at 5 Vynnychenko St. With the financial support of PLEDDG, the office was equipped with furniture, the necessary equipment and supplies: lamps, sterilizer for tools, nail drills, brushes, nail polishes, etc.

“Among the clients of the mini-salon were those who specifically wanted to support the work of people with disabilities. Visitors to the Harmony Rehabilitation Centre also stopped by and it was a pleasant surprise for us. After all, the lives of Harmony’s many visitors are limited to home, the rehabilitation centre, and the hospital. Now they have become regular customers of the nail salon. At Kulbabka, they were comfortable, they didn’t have to deal with accessibility or overcome psychological barriers on their way to receive services.”

However, the work of the salon in the rehabilitation centre had its drawbacks: it was only possible to work on weekdays until 18:00. This schedule is not the most convenient for customers. In order to increase the profitability of the company, the founders considered changing the location and renting a workplace in a regular beauty salon. It came with difficulties, as barrier-free spaces for people in wheelchairs is still a rarity.

“For a while, the nail salon gave little income, there was only one specialist left, and there were not enough clients. The quarantine put a final stop to the activities of Kulbabka: the company had to close its doors. Despite the fact that we had to stop working, I believe that, at the city level, we have managed to contribute to breaking down stereotypes about the employment of people with disabilities and, in particular, about the quality of their work.”

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LIUDMYLA NETSKINA
Chairwoman of the Board
of Harmony

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LIUDMYLA NETSKINA



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LIUDMYLA NETSKINA

Harmony’s team did not stop at manicure services. In March 2019, they launched a mini-café in the Megamoll shopping and entertainment complex, employing baristas with disabilities. Thanks to the support of PLEDDG, the coffee shop was equipped with special furniture and coffee machines, utensils, and necessary supplies.

“Our small coffee shop has been operating successfully for over a year. Three baristas take turns preparing drinks and serving them to the patrons of the shopping centre. We have a small area with free rent: Megamall did us this favour. Our employees do their job perfectly and are very satisfied with it. They were even invited to work by the owners of other cafés, who had the opportunity to observe our baristas at work. I consider this both a compliment to their work and a sign of popularizing the employment of people with disabilities.”

The team of the organization ideally plans to use the profits from social entrepreneurship to support its other projects. However, it happens that today’s challenges require other adjustments. During the coronavirus pandemic, the organization donated the funds and part of the profits of the coffee house to the Vinnytsia “StopVirus” Foundation in order to support its community in purchasing personal protective equipment.

It is worth noting that “Harmony” did not only launch a nail salon and a mini-cafe. It was important for the organization to reach more people, including those with disabilities, and to

share knowledge about entrepreneurship and successful self-employment. As a result, interesting training events were held for 30 people. In addition to hand-made crafts and manicure workshops, there were three thematic workshops: “How to Open and Run Your Own Business”, “Accounting”, and “How To Work With Clients”. Participants say that the training helped to delve into the intricacies of running their own business, to equip them with valuable knowledge about entrepreneurship and employment in general, to understand the risks, and to find out for themselves whether they really wanted to move forward in launching their own business.

“At the local level, we managed to draw the community’s attention to the employment of people with disabilities. Kulbabka’s customers did not notice any differences in the quality of services. Some people choose our services on principle, understanding the importance of the social component. Entrepreneurs ask us for recommendations of people with disabilities who would like to work for them. They are no longer afraid that these people will not be able to perform work-related tasks.

Personally, I had a look at the employment of people with disabilities from a different perspective. I used to think that everyone wanted to work, but could not find their place in the labour market. But as I delved deeper into the subject, I discovered that the problem was not just with employers. Ignorance of one’s rights and significant psychological barriers to socialization are common among people with disabilities. It is important to constantly remind them that anything is possible — you just need to take action.”

By supporting the development of small and medium-sized enterprises in the regions, PLEDDG at the same time contributes to the development of an inclusive environment where everyone is a full participant, has access to services, and the opportunity for self-fulfillment. Implementing initiatives to create jobs for people with disabilities is a recognition that everyone can be competitive in the labour market, which is an important step towards creating a holistic and inclusive environment in the country.

Challenges

1. Official literacy
2. Business planning
3. Branding and marketing communications



Tips for beginning social entrepreneurs

1. Don’t be afraid to create something new!
2. Before arranging the space in which your company will operate (order equipment, furniture), discuss in detail with the landlord the terms of the lease and the specifics of the premises.
3. Prepare a marketing strategy in advance and appoint a person who will be responsible for its implementation.



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LIUDMYLA NETSKINA



Training and Production Centre for Women from Vulnerable Groups

Poltava

- Charitable Organization “Light of Hope”
- The Training and Production Centre has been operating since 2014
- 2019 — Created their own brand
- 2019 — Launched a full training course for seamstresses
- Mission: Training and employment of women:
 - Who have been released from places of imprisonment
 - Internally displaced
 - Victims of violence
 - Former alcohol and drug addicts
 - Found themselves in difficult life circumstances
- 18 women employed
- 12 women were trained

For the sixth year in a row, the “Training and Production Centre” has operated a dressmaking shop, helping women in difficult life circumstances with employment. In 2018, the association received a grant from PLEDDG’s SME Development Fund. The implementation of the grant project allowed them to expand the company’s activities through the Training and Production Centre. They organized professional sewing courses for women from socially vulnerable groups and launched the production of goods for the Ukrainian market.

Today in Ukraine, the employment of women who have served prison time, are or were previously addicted to drugs, or live with HIV, is extremely problematic. There are no special training or transition programs for them to create an opportunity to help with their professional self-fulfillment. Accordingly, the inability to make a living slows down or makes the process of socialization of these women outright impossible. On the one hand, they often don’t know what skills they can monetize, on the other hand, they are afraid of being judged by potential employers. The “Training and Production Centre” helps women not only to get a job, but also to change or improve their skills.

“We help internally displaced persons, those released from prisons, ex-convicts, former alcohol and drug addicts. Due to the specifics of the dressmaking industry, we mainly work with women. Most often, they are sent to us through the charity organization “Light of Hope”, which is a co-founder of the Centre and directly takes care of the social adaptation of people from vulnerable groups.

We have no restrictions when hiring. A woman must have the desire to work and have at least basic sewing skills. We provide additional training and help with everything. We try to create the most comfortable conditions for our employees. There is no place for stigma or judgment: everyone works in exceptionally friendly conditions.”

The social enterprise now employs 18 women: some have been there for about five years. The main partner and customer of the products of the Training and Production Centre is the French brand “IKKS”, collaborating through a manufacturing agreement contract. They mostly make women’s blouses and dresses, and sometimes clothing for children and youth. On average, the Centre produces 3,500 articles of clothing per month.

The employees unanimously agree about the friendly and comfortable atmosphere of mutual support at the Training and Production Centre. Everyone comes here with their own complicated background, and everyone here is ready to help them cope with difficulties, gain professional skills, and get a fresh start in life.

“I first came to the Centre in the spring of 2019 after my release from prison. Of course, in my situation, getting a job was very difficult. I was somewhat familiar with sewing because I used to do it when I was serving time: I mostly sewed overalls and military uniforms. That is to say, I worked with rough materials. The Training and Production Centre has a completely different

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MARYNA SMYRNOVA
Project Manager,
“Development of Social
Entrepreneurship in Poltava”,
Acting Chairwoman of the
Board of the “Training and
Production Centre”

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KLAVDIYA KORSIA
Training and Production
Centre employee

approach, so I had to learn to work with thin and delicate fabrics. At first, I couldn't even hold these materials in my hands. I remember being upset that I couldn't do the job properly and I wanted to quit. Fortunately, I was stopped and asked to stay. I was given a few weeks to rest so I could recover and calm down. Then, I tried again, and the work went much better. Although I have been here for more than a year, I am still learning and improving my skills. I know that I can always approach the seamstresses and ask for advice, I will receive guidance and assistance — it is very valuable. The team is just wonderful and I never felt like a stranger here.”

With the support of PLEDDG, the Centre was able to arrange for premises for the training of future seamstresses near the Centre and purchase additional equipment, and thus they created the material and technical base for production. Now, on the basis of the Training and Production Centre, you can get a specialization as a seamstress or tailor. The first call for training started in November 2019. After completing a three-month course, 12 women received qualification certificates, and eight of them stayed to work here.

Some women do not stay in the sewing business for long, but still remember the experience of being there with a smile and gratitude. Maryna Makarenko, a participant in the first training program, worked at the Centre for only a few weeks. Later, she chose another path: she became a social worker with “Light of Hope”.

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MARYNA MAKARENKO
Training Program participant
at the Training and
Production Centre

“I learned about the training opportunity at the Employment Centre. I have long wanted to learn to sew just for myself, so I eagerly went to try. The instructors were educated employees of the Centre. Everything was like in universities: we wrote tests, passed exams. It was very interesting to study what sewing machines can do: various seams, buttons, overlocks, and more. We practiced, among other things, by sewing bedding. Upon completion, I received a certificate of qualification as a 2nd category seamstress. I want to mention that the Centre's team is great and there is a warm atmosphere of mutual support.”

In order to expand the employment opportunities for women through the social enterprise model, the organization has launched the production of textile products, begun selling them on the Ukrainian market, and created a new brand: “My Space”. Under this brand, they have made T-shirts, bed linen, and eco-bags in Poltava since fall 2019.

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MARYNA SMYRNOVA

“Looking back, I think it was worthwhile to start developing our own product line earlier. From the moment the enterprise was created, we began working exclusively on contract manufacturing. On the one hand, it is convenient because we do not have to worry about the sale of manufactured products — this is entirely done by the customer. On the other hand, there is a complete dependence on the schedule of the customer, and sometimes the seamstresses remain unemployed for a month or two.



With the support of PLEDDG, we were able to start making products under our own brand, which gives us a much higher level of independence and new resources for growth. Now we sew custom products: mainly adult and children's bedding and cotton t-shirts. In December 2019, 500 eco-bags with various social slogans were made for the Poltava municipal motor transport enterprise. Of course, the choice of textile products on the market is now very extensive and difficult to compete with. But customers choose us not just for high-quality goods, but also with the desire to support the development of social entrepreneurship. Delegations from different parts of Ukraine often visit the Centre — we show them around, talk about the specifics of our production, and then when the need arises, they use our services."

The Training and Production Centre is developing dynamically and helps solve the problems of unemployment and the low economic capacity of vulnerable groups of women in Poltava. Maryna Smyrnova emphasized that the main value of this social enterprise is that through education, employment, and psychological support, they help women to find a new, stable foundation for their life. In the future, they can feel economically secure, develop, and start families. Thus, with the assistance of PLEDDG, social isolation and inequality of vulnerable members of the local community are overcome, their emigration is mitigated, and proper working conditions are created in Ukraine.



Challenges

1. Choice of product range.
2. To be able to compete with other brands, we carefully select the range of products for sale on the Ukrainian market under the My Space brand.
3. Adaptation of women.
4. Our team most often includes women who have recently been released from prison. Their comfortable adjustment to life and work in society is always a difficult and delicate task.
5. Lack of qualified seamstresses.
6. Our products must always be of high quality, and the qualifications of seamstresses are often not high. Women teach each other and help, but this is not enough. Recently, we started conducting full-fledged training courses through our Centre.



Tips for beginning social entrepreneurs

1. Do not stand idle: develop yourself, master new skills.
2. Share experiences: meet representatives of other social enterprises and achieve the desired results together.



Sewing Enterprise

Melitopol

- “Vse Mozhlyvo” Charitable Foundation
- 2020 — Creation of the sewing enterprise
- Mission: to support women from vulnerable groups
- 7 women were employed
- Employment of 15 women is planned
- Planned training of 20-25 women annually

In Melitopol in early 2020, representatives of the charitable foundation “Vse Mozhlyvo” began implementing a project to create a sewing social enterprise. They were inspired by the Poltava charitable organization “Light of Hope”. This initiative by Melitopol residents is implemented with the support of PLEDDG. The newly established enterprise will manufacture textile products (including for export), and its social mission is to support women from vulnerable groups: survivors of violence, internally displaced persons, the unemployed, women with disabilities, and more.

The chosen profile of the social enterprise is more relevant than ever considering the realities of Melitopol.

In recent years, a large number of export-oriented enterprises in the city have lost their markets.

The reduction in production has led to an increase in unemployment rates. At the same time, the population grew. As a result of the armed conflict in eastern Ukraine, many residents of the Luhansk and Donetsk regions were forced to flee to Melitopol. Unfortunately, many families lost their breadwinners, or men became disabled while participating in the war. Therefore, women were faced with the task of providing for the needs of their families, including financial ones. A project called: “Creation of An Export-Oriented Social Enterprise in Melitopol” is aimed at helping women in difficult life circumstances through the provision of employment opportunities and the development of entrepreneurial skills.

Following the example of the Poltava Training and Production Centre, the Melitopol sewing enterprise will cooperate with a European customer under a manufacturing agreement contract. This means that the customer undertakes the purchase of the necessary materials, provides transportation and logistical services, and handles the sale of manufactured products. The Melitopol enterprise will produce dresses, blouses, tunics, and sundresses.



ILONA SEREBRIAKOVA
Project Manager,
“Creation of An Export-
Oriented Social Enterprise
in Melitopol”, Director of the
“Fialka” Crisis Centre

“We have been cooperating with the Light of Hope for many years. We have visited them numerous times for various educational events and workshops. The team from Poltava shared information about their social business and explained how everything is organized. At some point, we decided to adopt their idea and give it a kind of continuation and development in Melitopol. The enterprise will cooperate with a foreign customer, but we also plan to take orders from Ukrainian companies and organizations. In particular, we have plans to sew branded textile products for the City, which has already been agreed to by City Council.”

Up until now, Melitopol has not had any similar social enterprise focused on exports. As in other cities of Ukraine, businesses are mostly focused only on maximizing profits and have little motivation to solve pressing social problems.

As of June 2020, the company had already leased the premises for the production complex and have purchased all the necessary equipment. The several months of quarantine has hindered a full launch of the company. However, they have already hired 7 seamstresses. During the quarantine, they worked remotely, using the equipment they have at home. They sewed disposable medical overalls for the City’s Infectious Diseases Hospital. By the end of 2020, the “Melitopol Training and Production Complex” social enterprise plans to provide employment for 15 women and unite the efforts of local self-government and civil society to improve the socio-economic situation of Melitopol families in difficult circumstances.



“Why do we focus on women? One of the divisions of the Charitable Foundation “Vse Mozhlyvo” is a crisis centre for women survivors of domestic and gender-based violence. It was opened in 2019 and is called “Fialka”. Women who have faced, among other things, economic violence often turn to it. Many of them do not have higher education or qualifications that can be monetized. In order to help them overcome self-esteem crises and become independent, we decided to focus on women’s education and employment in the work of our social enterprise.”

90% of the company’s profits will be directed to its development, and 10% will be used to address the social needs of the City, such as the installation of ramps, the lighting of residential areas, and targeted assistance to residents (payment for medical treatment and exams, purchase of wheelchairs, etc.). But the key social goal is still the creation of jobs for vulnerable groups of women. The Melitopol Training and Production Complex will help victims of violence who applied to the Fialka Crisis Centre, those released from prisons, women in difficult life circumstances, girls from rural areas who graduated from Melitopol Vocational School No. 10 as seamstresses, internally displaced persons, and women with disabilities.

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ILONA SEREBRIAKOVA

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ILONA SEREBRIAKOVA

“We have signed an agreement with Melitopol Vocational School No. 10, where women will be able to receive free training on theory, while we will provide practical training. We will be able to employ some of them at our enterprise. We plan to train 20-25 people annually. I also wish to mention that we managed to establish a profitable partnership with the “Melitopol Development Agency”, a municipal institution. Our social enterprise will be provided with free information and advisory support, assistance with marketing efforts, and with looking for potential investors and creditors.”

In order to facilitate the entry of textile products into the European market, the project team has involved an expert in the development of social entrepreneurship, Roman Drozd, who is a co-founder of the Poltava Public Association’s “Training and Production Centre”, a municipal institution. In order to effectively promote products in foreign and domestic markets, they plan to cooperate with the Zaporizhia Chamber of Commerce and Industry, which will provide free consulting and technical support.

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ROMAN DROZD

“My main tasks are to provide consulting and technical support for the establishment of a social enterprise, as well as mentoring assistance in entering the foreign market. I will help with finalizing contracts with a European customer working in outerwear production. Together with the Melitopol enterprise, we intend to develop four areas: garment production for sale abroad, development of their own clothing line and its sale on the domestic market, participation in procurement tenders through the ProZorro system, and attracting local budgetary funds for enterprise development. In the future, we plan to unite sewing social enterprises into a single cluster and enter both foreign and domestic markets under the common brand My Space.”

Through these means, the enterprise will bring its initiative to fruition in several areas, with the assistance of PLEDDG. It will do so, on one hand, in the strengthening of export activities in the city, and on the other, in the creation of jobs for people from vulnerable groups. Meanwhile, replicating the experience of the Poltava social enterprise is an indicator that women in crisis need support in all regions of the country, while also proving that this format of social business is able to function successfully.

Challenges

1. Drawing up a business plan.

To complete this task well, we turned to local authorities for help.



2. Selection and purchase of equipment.

It was necessary to carefully determine which equipment is most suitable, taking into account the latest technologies. In order to make the right decisions, we consulted with representatives of other social enterprises working in the clothing industry.

3. Equipping the premises.

We were faced with the task of re-equipping the premises for industrial activities in accordance with established standards. In this particular case, it meant increasing the capacity of power grids, which took a long time due to quarantine restrictions.

Tips for beginning social entrepreneurs

1. Use the mentoring support of professionals in your chosen field of work.
2. Seek help from local authorities and convince them of the social impact and benefits for the community from the work of your social enterprise.
3. Learn how to do business from the best sources.





Welding Shop for Employment of Demobilized ATO Veterans

Zaporizhia

- “Association of Zaporizhia ATO Veterans” (NGO)
- 2018 — A training centre for retraining of ATO veterans was established
- 2018 — The welding shop is equipped
- Mission: Training and employment of ATO and JFO veterans
- >60 people completed the training program
- 7 people employed

For several years now, our society has faced an important task: to find effective methods of helping people who went through war. In addition to legal aid and medical, psychological, and social rehabilitation, an integral part of the full adaptation of Anti-Terrorist Operation and Joint Forces Operation veterans to a peaceful life

back home is the economic component, so special attention is paid to creating employment opportunities.

In 2018, the “Association of Zaporizhia ATO Veterans” initiated the project “Creating Conditions for Vocational Retraining of ATO Veterans in Zaporizhia”, which received support from PLEDDG. The initiative by Zaporizhia residents focused on helping demobilized veterans return to normal life and earn a stable income. The implementation of the initiative became a starting point for the full launch of the social enterprise where ATO veterans now work providing welding services for both public and private sector clients.

As part of the project, the Association established a training centre for retraining ATO veterans to be qualified as gas metal arc welders. The training was conducted on the premises of the subsidiary enterprise “Zaporizhia Training and Course Complex”. Its specialists adapted the program to facilitate the assimilation of the required amount of information in a short time. Two pilot groups studied for two and a half months, and, as a result, 42 ATO veterans were awarded certificates of successful completion of retraining. In 2019, while two more groups of demobilized veterans acquired a new trade.

“With the funding support of PLEDDG, we rented premises where everything still works successfully with the purchased welding and auxiliary equipment. We launched the initiative in tandem with a fairly powerful information campaign. First of all, veterans’ organizations and regional, municipal, and district military enlistment offices were involved in informing the populace. The city authorities helped a lot by providing the opportunity to broadcast several special videos on municipal television. Channel 112 also helped. They broadcast a story about us all over Ukraine. At the same time, we actively used our website and Facebook to disseminate information. As a result, there were about five times as many people willing to study as we could accept in groups, so we took in those who registered the earliest.”

Igor Protsyshyn was in the ATO zone from February 2015 to April 2016. He says that he has been working with metal for many years and loves this trade. But he had never officially worked as a welder at a dedicated company before as he did not have the appropriate diploma.

“I have been welding for more than 10 years. I had gradually mastered this trade on my own. As a rule, self-taught people in this field are not officially employed, as they need documents to prove their qualifications. The employer won’t just take your word about your experience.

Before participating in the ATO and after returning home, I worked as an operator of automatic and semi-automatic machine lines at the Eliz company in Zaporizhia. I learned about the project of professional retraining from my friends in the Zaporizhia City Council — they recommended ATO veterans to take part. As a result, about 20 people from our Shyrokye ATC took the opportunity to study and received the corresponding certificates.

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BOHDAN PRYSHCHENKO
Coordinator, “Creating
Conditions for Vocational
Retraining of ATO Veterans in
Zaporizhia”

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IHOR PROTSYSHYN
ATO veteran



I studied in the first group. We had a great mentor who could explain both basic and advanced points in an accessible and interesting manner. As a result, we all gained knowledge and skills that we did not have before, and which sometimes take years to master. After completing the training program, I had a chance to officially get a job as a qualified welder at several companies at the same time. But I was unable to accept because they were all located far from my place of residence because I live in a village near Zaporizhia. I would not like to undermine the efforts invested in me and let down my employer with situations where I wouldn't be able to fulfill my obligations, for example, due to difficult weather conditions, which often happens. So now, I continue to look for a job as a welder in Zaporizhia or nearby. In the meantime, I apply for temporary work abroad, also thanks to the received certificate, which is proof of my qualifications abroad as well."

Ruslan Peidanovsky, a combat veteran, shared another story. He had never done anything with metal before and had never practiced welding. He was a contract soldier in the Armed Forces of Ukraine and served in the ATO zone in 2016-2018. After returning, he could not find a job in Zaporizhia, so he registered at the Employment Centre.

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RUSLAN PEIDANOVSKY
ATO Veteran

“Actually, at the Employment Centre, I learned about the professional retraining project for ATO participants. I was glad that you could attend the training absolutely free of charge. I joined the second group of participants in the fall of 2018. I never regretted it: thanks to the project, I got a new trade and received official

ccertification. A few weeks after the completion of the project, I found a job and still work successfully at Metinvest-Promservice. I'm content and I have a stable income. The acquired qualification gives some degree of support in life, and I know that new prospects have opened up before me."

Thanks to the acquired partnerships with Zaporizhia business associations and private entrepreneurs, the project coordinators helped the participants of the training program by offering employment options. Today, seven people work in the production shop, two of which are graduates of the first training groups. The welding shop became self-sustaining in 2019. The high number of orders and the high quality of their execution allows them to make a profit that not only covers costs, but also allows them to accumulate funds to upgrade equipment and further develop the enterprise.

Challenges

1. Stereotypes about social entrepreneurship.

From the very beginning, there was a need to dispel stereotypes that a social enterprise is not a full-fledged business and constantly needs outside investments. We explained that this kind of enterprise may well be a self-sustaining structure that provides for itself.



2. Teamwork.

The process of building the team was quite complicated. The immediate task was to instill a sense of self-confidence in all employees and to demonstrate to them that in an effective team, everyone is responsible for their functions, but at the same time can count on the help of others.

3. Lack of legislative regulation.

Since social enterprises in Ukraine are not yet regulated at the legislative level, there have been many misunderstandings while communicating with various government agencies, including the taxation department. It took a lot of time and effort to clear up the issues.

Tips for beginning social entrepreneurs

1. Keep in mind that your social enterprise will have to deal with a lot of competition. Do not expect that the employment of socially vulnerable groups will become a strong competitive advantage in the open market. At the same time, allow the people you hire to take advantage of their backgrounds in business.
2. Do not be afraid to seek support or try different ways and tools for business development. If necessary, contact business associations, local authorities, and NGOs. Be as active as possible and tell more about yourself.
3. Carefully weigh all the risks before starting a business. Approach risks reasonably!

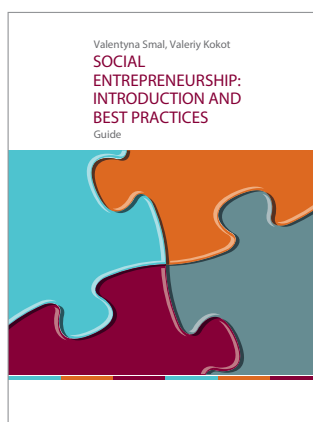


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DEVELOPMENT OF SOCIAL BUSINESS IN UKRAINE: HOW TO CONTRIBUTE?

PLEDDG does not limit itself to providing support for the implementation of specific socially important initiatives. At the same time, it carries out multi-level educational work, lobbies for local legislative initiatives, and comprehensively develops the business environment in partner cities so that social enterprises in Ukraine can function and develop effectively. In 2017, PLEDDG released the Guide “Social Entrepreneurship: Introduction and Best Practices”, where one can find all the necessary theoretical information about the features of social business, as well as case studies of Ukrainian enterprises. Next, we would suggest getting acquainted with other diverse initiatives, which make a significant contribution to the growth of social entrepreneurship in Ukraine.

Networking and Exchange of Experience



Guide
“Social Entrepreneurship:
Introduction and Best Practices”



In order to develop social entrepreneurship in Ukraine, PLEDDG implements the philosophy of high-quality networking by creating opportunities for regular training and exchange of hands-on experience for social entrepreneurs, government officials, and the public sector. Systematic educational work is carried out with representatives of local authorities in partner cities to form a deep understanding of the importance of supporting social business in the country.

Between 2017 and 2018, with the support of PLEDDG, participants were able to take two educational tours on social entrepreneurship within Ukraine, two trips to Poland, and one to Canada. During some of them, a special emphasis was placed on involving women in entrepreneurship and economic development. For example, in May 2017, we organized a five-day educational trip for entrepreneurs, members of civil society, and authorities from Vinnytsia, Enerhodar, Kremenchuk, Myrhorod, and Melitopol. Participants got acquainted with the best examples of social entrepreneurship in the Lviv and Ivano-Frankivsk regions. They visited “Rukomysly”, “Emmaus-Oselya”, “Maisternia Mriyi”, “Horikhovyi Dim”, and the Centre for the Resocialization of Prisoners in Brody. The tour of social enterprises of Ivano-Frankivsk included a meeting with the team of the “Teple Misto” platform, a visit to the restaurant “Urban Space 100”, and an introduction to UrbanSpaceRadio and the project “Promprylad.



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SVITLANA DEMKO
Council Chairwoman,
“Open Hearts”

Renovation”. The rich program/agenda of the trip allowed the participants to understand the essence of social entrepreneurship and acquire practical skills and tools to create effective social enterprises. In February 2018, we organized a study visit to Poland. Participants visited Warsaw, Wroclaw, Lodz, and Brzeziny and learned firsthand about the specifics of supporting inclusive business in Poland and the integration of vulnerable groups into economic activity.

“In 2018, I was a participant in a study trip to Poland organized by PLEDDG. During the visit, my colleagues and I observed a community for orphaned people with disabilities founded by a local pastor in a Polish village. This place really impressed me. We saw a large-scale farm: greenhouses and gardens, horses and goats, and a large cheesemaking workshop. People with the same physical abilities as the employees of the Open Hearts Association live and work there. This experience was very inspiring for the construction of a modern greenhouse where we hold our social workshops in the Vinnytsia region.”

In October 2018, we held a study trip to Canada. Representatives of PLEDDG’s partner cities — Vinnytsia, Dolyna, Zaporizhia, Ivano-Frankivsk, Melitopol, Myrhorod, Poltava — visited the Canadian cities of Toronto, Waterloo, London, and Niagara. Ukrainians learned the best practices of Canadian social entrepreneurs, met with Canadian officials and representatives of non-profit organizations, learned about ways and tools to support the social business sector, coworking opportunities for social innovators,

creating jobs for women while accounting for their family responsibilities, and much more.

Since 2017, an international conference on inclusive business development has been held annually with the support of PLEDDG. The event is attended by founders and managers of small and medium enterprises, representatives of government agencies, NGOs, foreign missions, and international technical assistance projects, as well as leading experts on inclusive business development. For three years in a row, they have been gathering to draw attention to issues of business inclusion, raise awareness of the latest approaches to social business, analyze successful Ukrainian and international examples of business innovations that change society, and share experiences.

“I have participated in several conferences on inclusive business development. It was incredibly interesting and informative - an extraordinary opportunity to see, in one place, many different examples of social businesses from all over Ukraine. Businesses work in different directions and areas, so everyone could share a unique story, lessons learned, and success stories. The event contributed not only to the exchange of experiences, but also to the establishment of new contacts and partnerships. We talked about our sewing company, brought samples of our products. People got to know us, and it became obvious that even while living near Poltava, some did not know about us at all. The conference has become a great platform for promotion. Thanks to the event, we received an order for the production of branded T-shirts from the UNAIDS office in Ukraine and the International Renaissance Foundation.”

The latest iteration of the conference was held in the fall of 2019 in Ivano-Frankivsk, a city that successfully implements the idea of inclusive business and creates favourable conditions for its development. The guests were received by the innovation Centre “Promprylad. Renovation”. For two days, in the course of discussion panels, sessions, and workshops, participants talked about the sustainability of inclusive enterprises, the introduction of an inclusive approach in the private, municipal, and civil sectors, and considered best practices for implementing inclusive business models.

“It is significant for the Promprylad team that the conference on inclusive development took place here. The program of the event was of high quality and value. It is great that representatives from abroad presented their cases. I was interested to get to know Raphael Costa and his view on social entrepreneurship from the perspective of the Canadian experience. Also, of course, it was a joy to meet and talk with colleagues. There were so interesting things going on between the speeches and discussions! Because of such events, it is important to make certain statistics and record the state of affairs in the market at the national level. Today in Ukraine, the concept of “social entrepreneurship” is already firmly entrenched in professional discourse. Every year the number of social enterprises grows, some stimulate the emergence of others with their example. The dynamics are good enough.”

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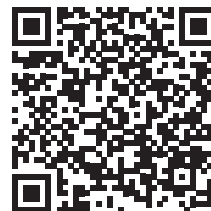
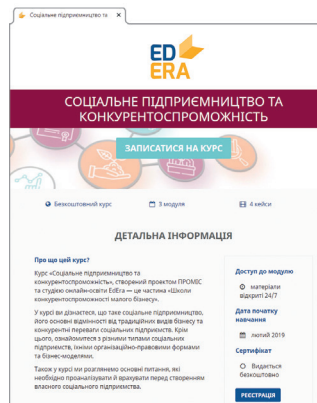
MARYNA SMYRNOVA
Acting Chairwoman of
the Board, “Training and
Production Centre”

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YURIY FILYUK
Director General of the
“Promprylad. Renovation”
Centre

Online course “Social Entrepreneurship and Competitiveness”

At the beginning of 2019, PLEDDG together with the online education studio EdEra launched a free course titled: “Social Entrepreneurship and Competitiveness”. It has become an important part of PLEDDG’s contribution to the formation and development of social entrepreneurship in Ukraine, as well as to the Ukrainian-language educational field. As of July 2020, 770 people have completed the course.



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VALENTINA SMAL
Co-Author of the
Online Course “Social
Entrepreneurship and
Competitiveness”

“When creating the course, we focused on a wide range of people who are interested in the topic of social business. First, they are active social entrepreneurs who want to bring order to their experience and acquire new knowledge and skills. Secondly, traditional entrepreneurs who have a desire to work in the direction of social business. And thirdly, public organizations: many social enterprises are founded by them. The main goal was to make the course clear and accessible. It not only explains the essence of social entrepreneurship, but also shows the competitive advantages of this type of business: why it is important, interesting, and a noble thing to do.”

The training course is divided into three modules. Each contains short videos as well as additional reading materials. The first module explains the concept of social entrepreneurship and talks about its benefits. The second introduces the types and organizational and legal forms of social enterprises. The third raises key issues that arise in the creation of social business: the definition and formulation of social mission, finance and business planning, the enterprise’s presence in the information space. After each module, there are test tasks that help to consolidate the acquired knowledge. Those who take the course can communicate with each other through a special online forum, as well as ask questions to lecturers. Course materials are available around the clock so that you can study whenever is most convenient. Each of the modules examines various aspects of social entrepreneurship through the prism of the real experience of social entrepreneurs. In particular,

the course contains case studies of four successful Ukrainian social enterprises: Kyiv pizzeria Veterano Pizza, Ivano-Frankivsk restaurant Urban Space 100, the charity organization “Regional Centre for Social Adaptation” and the Mutual Aid Community “Emmaus-Oselya”.

“I think this course will remain relevant in the coming years, as it describes the fundamentals of social entrepreneurship in a comprehensive manner. It contains references to the works of world-famous social entrepreneurship theorists as well as practical cases of prominent international practitioners. I believe that this course may be very useful at the beginning of one’s business path.”

Association of Social Enterprises of Ukraine

In February 2019, the charitable organization “Light of Hope”, in close cooperation with PLEDDG, initiated the creation of the “Association of Social Enterprises of Ukraine”. It was founded by four social enterprises from different regions of Ukraine.

“The initiators wanted to integrate their experience and developments. The association was created to promote the idea of social entrepreneurship in Ukraine, to popularize social business, to raise awareness about the inclusion of social business in urban and regional programs for the development of small and medium enterprises, and, importantly, to communicate with and help colleagues in different regions of Ukraine.”

As of June 2020, there were already 24 enterprises, with different social goals and legal statuses, who have become members of the Association. The admission of new members has been paused. The Association’s team is working on the final conceptualization of its role in the field of social business and is looking for ways to strengthen institutional capacity.

“All companies that are members of the Association have the opportunity to receive expert support in any problematic situation: in the form of consultation, advocacy, support. For example, during the quarantine, counseling and technical assistance was provided to those social enterprises that suffered the most from the emergency. We are working to gain an understanding of how else we can be useful for social entrepreneurs in Ukraine. We want participation in the Association to not just be a formality.”

In addition to promoting social business in general, the key tasks of the association today are forming policies for the development of social business at the national and local levels, strengthening the capacity of Ukrainian social enterprises, and attracting investment.

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VALENTINA SMAL
Co-Author of the
Online Course “Social
Entrepreneurship and
Competitiveness”

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ANATOLIY PAVLENKO
Chairman of the Association
of Social Enterprises of
Ukraine

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ANATOLIY PAVLENKO
Chairman of the Association
of Social Enterprises of
Ukraine



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ROMAN DROZD

Expert on the Development of Social Entrepreneurship, Co-Founder of the “Social Enterprise Training and Production Centre”

“Social entrepreneurship in Ukraine has already established itself as one of the most effective mechanisms for solving socially important problems. In particular, by creating jobs for members of vulnerable groups and investing income in new social initiatives. The role of the association now is to unite the efforts of existing Ukrainian social enterprises from various fields to support, promote, and scale their activities. And the ultimate goal of the association is the formation and development of social enterprises in Ukraine as a form of implementing the social economy.”

Business associations play an important role in creating a favourable business environment. They take on the functions of intermediaries: formulate and defend the interests of enterprises, bring them to the attention of government authorities, and maintain a constant dialogue between business and government and between different sectors of the economy. The participation of associations helps to address issues of access to financial and investment resources, promote exports, and strengthen innovation potential. PLEDDG considers business associations as an effective tool for stimulating the growth of small and medium enterprises in Ukraine, and thus actively initiates and supports their creation and operation.

Vinnytsia Social Entrepreneurship Development Program

In May 2020, Vinnytsia approved the 2020-2022 Social Entrepreneurship Development Program on the territory of Vinnytsia City ATC. It was developed by the Department of Economy and Investment in cooperation with the Department of Social Policy of Vinnytsia City Council and with the expert support of PLEDDG. Vinnytsia residents have become pioneers in the field of social entrepreneurship regulation. As of today, this program is unique in Ukraine. In three years, it will be updated according to the needs of the time.

The program aims to support the development of socially oriented entrepreneurship, the involvement of vulnerable groups in entrepreneurial activities, and the dissemination of best practices in social business in order to achieve long-term positive social change. It is expected that its implementation will result in the term “social entrepreneurship” gaining institutional recognition, and expanding opportunities for its development.

“Social entrepreneurship is currently one of the seven priority areas of development in Vinnytsia. One of the operational goals of the 2017-2020 Program for Strengthening the Competitiveness of Small and Medium Enterprises of Vinnytsia City ATC is to promote cluster acceleration, in particular, the implementation of the project ‘Inclusive Development of Social Entrepreneurship’. To implement it, we initiated the development of a program document for the development of social entrepreneurship.”

Development of the program began in October 2019 and lasted until March 2020. In order to determine the current state of development of social entrepreneurship in Vinnytsia and the basic needs for further development of the industry, we held four focus groups and three working group meetings. A participatory approach was used in the development of the program: representatives of the government, the civil society, and the business were involved in setting priorities and forming program components. In particular, active social entrepreneurs, representatives of socially responsible businesses, business associations, business development organizations, and higher education professors joined the program.

“In the first stage of program development, we held focus groups with different groups of stakeholders. After long discussions, the participants managed to come to a common understanding of the terms ‘social entrepreneur’ and ‘social entrepreneurship’. The agreed upon definitions provided an opportunity to move forward and outline the main objectives and activities of the program. The focus groups also identified the key needs of the city’s social enterprises and possible ways to promote the concept of social business at the local level. The next step was to assess the ecosystem for the development of social entrepreneurship in Vinnytsia according to the methodology of the European Union’s Better Entrepreneurship Policy Tool.

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IRYNA CHERNATA
Deputy Director of the
Department of Economy and
Investment - Vinnytsia City
Council

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ANNA HULEVSKA-
CHERNYSH
PLEDDG Consultant

The use of this methodology made it possible to comprehensively analyze the key components of the ecosystem, which became the foundation for formulating the goals of the program.”

Representatives of the city authorities demonstrated a level of initiative and leadership in the process of preparing the program. In particular, Deputy Mayor Andriy Ocheretnyi took an active part in the development of the program. He was involved in the discussion and kept the related processes under personal control. An important contribution by the participants of the workgroup was the specific proposals for metrics that are relevant to the local situation. Representatives of the executive committee of the city council provided professional support in adapting the program to the existing capabilities of the city.

Therefore, the strategic goal of the program is to build an ecosystem for the development of social entrepreneurship in Vinnytsia ATC by 2022. Achieving this goal is planned through the implementation of six goals:

1. Introduce institutional support for social entrepreneurship and social innovation.
2. Promote a culture of social entrepreneurship.
3. Measure social impact and promote social reporting.
4. Develop business skills and support for the development of social businesses.
5. Promote free access of social entrepreneurs to markets.
6. Create financial instruments for the development of social entrepreneurship.



IRYNA CHERNATA
Deputy Director of the
Department of Economy and
Investment, Vinnytsia City
Council

“The top priority program activities to be implemented are related to the promotion of the culture of social entrepreneurship and promotional campaigns, intensification of formal and informal education for representatives of the business environment and civil organizations, establishing partnerships with national and international institutions to attract material and technical resources for the development of social entrepreneurship, etc.

Over the next two years, we expect that the city will form a base of consultants and experts on social business development. Relevant information about the activities of social entrepreneurs will be covered on the city council website, in the local media, and through social networks. We expect that social enterprises will take an active part in various events for small and medium-sized businesses, city fairs, and exhibitions. We plan to introduce a course on social entrepreneurship in higher education institutions.”

Key success factors in creating the first local social business development program in Ukraine:

Initiative and leadership by city authorities

Establishment of trust with the community and local business

Skillful teamwork with experienced PLEDDG experts

Competent development methodology

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CONCLUSIONS

RECOMMENDATIONS

What should social entrepreneurs know at the beginning?

We have summarized the experience of five Ukrainian social enterprises and came up with the following 10 tips for those who would like to start a social business.

Clearly state your social mission

All ideas of social entrepreneurship are born from the desire to change something. What social problem do you really care about? Based on your priorities, determine what will be the social mission of your company.

“What is important for running a social business? First of all, the social component should be clearly defined. The entrepreneur must understand exactly what they want to achieve with their activity: whether to employ representatives of vulnerable groups or allocate part of the profits, for example, to support combat veterans or the creation of animal shelters.”



LIUDMYLA NETSKINA
Chairwoman of the Board,
Harmony

Look for like-minded people

Social entrepreneurship is about making connections. Carefully study the social problem you are solving. Find out how it is handled in other regions of Ukraine or abroad. Don't be afraid to ask social entrepreneurs about their experiences. In addition to valuable information, you will probably also create opportunities for interesting cooperation.



Make a budget and consider the risks

Be sure to prepare a business plan, because you need to clearly understand what kind of startup capital is required, how many people will be involved in the work, who your potential customers are, how much income you plan to receive, and what percentage of it you are willing to spend on the social component. When making financial forecasts, take the lowest income indicator as the baseline. Set ambitious goals, but be prepared for the least optimistic scenario.



BOHDAN PRYSCHENKO
Project Coordinator,
“Creating Conditions for
Vocational Retraining of
ATO Veterans in Zaporizhia”

“When planning a social enterprise, a person must first understand that it is about running a business. You will be responsible not just for yourself, but also for a team of people. Of course, in any case, an entrepreneur takes a risk, but you should carefully calculate all the pros and cons when creating a business plan, as well as take into account the worst-case scenario. When planning a social business, you should look around and see who in the country or region has already followed this path. I recommend learning about competitors, get acquainted with them if possible, and share experiences. Cooperation holds many positive moments and opportunities for success.”



Learn

We recommend the free course “Social Entrepreneurship and Competitiveness”, created by PLEDDG in collaboration with the online education studio EdEra. You will become familiar with different types and business models of social enterprises, find out their competitive advantages, and the main differences from traditional business. You will also find answers to key questions to consider before setting up your own social enterprise.



Be flexible

Significant success is rarely achieved in a linear fashion and within pre-established timeframes. As with traditional business, you will face force majeure and unreasonable expectations. Move on and work on optimizing your business processes. Constantly look for what can be done better, faster, and cheaper, and how to do it.



Care about inclusion

As mentioned earlier, social business creates social change, in particular through the people it employs. Most often, social entrepreneurs see the value of their work in creating opportunities for development for vulnerable groups.

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BOHDAN PRYSCHENKO

“For me, the main value of social business is how it creates opportunities for people from vulnerable groups to earn, live with dignity, pay taxes, grow. I think that, in the future, with competent legislation and support from the state, social enterprises will become a good resource for vulnerable groups.”

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LIUDMYLA NETSKINA

“I prioritize the employment of people with disabilities, although I do not claim objectivity in this matter, because I myself have a disability and have been working with this population for many years. Using the example of my social initiatives, I urge others not to be afraid to employ people with disabilities — they have great potential and are able to cope with work-related tasks.”



Share your experience

Social entrepreneurs can be useful for each other. When it comes to big social changes, it's better to come together and make them together. This way, you will increase the capacity of your company and will be able to achieve a greater impact.

Raise awareness of your business

Everyone around you needs to know what you are doing. Use social media for promotion: create an account for your company, tell the stories of people in your community, present your products or services, highlight stages of development, share stories of successes and failures, engage the audience in a dialogue. Seek the support of friends. Invite regional media to publish stories about your project. If you produce consumer goods, go out with them on the streets of your city and sell them!



Seek support

If you feel the need, ask for help, look for mentors, consult with experts. Try different sources of funding: apply for grants, use crowdfunding.



Just act!

We suspect that there are a lot of good ideas for social business in Ukraine, which remain unrealized due to the fact that their creators hesitate to make the first steps. Don't be afraid to start — it is in your power to make real social change happen!



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