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# ASSESSMENT REPORT ON SOCIAL ENTREPRENURSHIP IN BOSNIA AND HERZEGOVINA

SIPU International AB Sweden, Civil Society Promotion Centre-Bosnia and Herzegovina, Human Resource Development Foundation-Turkey, Foundation in Support of Local Democracy-Poland, Partners Foundation for Local Development-Romania

## Research

ASSESSMENT REPORT ON SOCIAL ENTREPRENEURSHIP IN BOSNIA AND HERZEGOVINA

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## Executive Summary

Assessment Report on Social Entrepreneurship in Bosnia and Herzegovina has been produced with the aim of exploring all the aspects of social entrepreneurship in regards with the legal framework, cases of good practices, cooperation and connections of the social entrepreneurship and civil society organisations especially from the aspect of their sustainability as well as mapping of the key actors, both domestic and international which are active in this field in Bosnia and Herzegovina.<sup>1</sup>

At the beginning, the report gives a brief overview of the research methodology used for producing the report which included desk research of the existing resources and laws on social entrepreneurship, conducting interviews and focus groups with the relevant actors in the field of social entrepreneurship, cases of good practice in BiH as well as recommendations for the next steps necessary to facilitate development of social entrepreneurship in BiH. After the overview of the research methodology the introduction provides different definitions of social entrepreneurship taking into consideration that there is no single definition and that it usually depends on the local context, even though all the definitions and explanations emphasize that the social entrepreneurship activities are not profit-oriented, but oriented to improvements in the local community with a special focus on the vulnerable and marginalized groups. The following chapter gives an overview of the situation in Bosnia and Herzegovina, where according to the latest estimations one third of the population is at risk of poverty, while 60% is socially excluded, which in the circumstances of the global economic crisis and insufficient budgetary resources for these categories is an additional reason, need and incentive for the development of social entrepreneurship and directing of the available funds to this direction. The attention was then devoted to the European tendencies in social entrepreneurship taking into consideration the importance of the European integration process for Bosnia and Herzegovina and requirements that will have to be met on the way to the European Union in this field.

The fifth section elaborates the level of development of social entrepreneurship in BiH, the main actors and legal framework. At the beginning it analyses the role of the public sector in the process of initiating and developing social entrepreneurship which emphasizes that the state institutions can give the greatest contribution through establishing adequate legal framework which will facilitate establishing and implementing activities of social entrepreneurship. Moreover, there is a detailed overview of the laws in Federation of Bosnia and Herzegovina (FBiH) and Republika Srpska (RS) regulating certain segments of social entrepreneurship. The private sector is analysed mostly from the aspect of providing the starting capital for the social entrepreneurship activities as a part of the profit might be allocated for these purposes, as well as due to different forms of organizing characteristic for the private sector, which are also suitable for establishing of social enterprises.

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<sup>1</sup> The Assessment Report is to serve as a baseline document for discussing the social entrepreneurship concepts and models with civil society organizations throughout Bosnia and Herzegovina and to serve as a basic input for organizing a follow-up event to the International conference on social entrepreneurship in Istanbul from February 29 to March 1, 2012.

Furthermore, a special attention is devoted to the role of the civil society organizations, i.e. non-governmental organizations as the most numerous segment of the civil society in BiH, as some of these organizations were the first ones to initiate and start social entrepreneurship in BiH. Their role is very important due to their direct contacts with the final beneficiaries and insight in their real needs, as many of them work in the local communities and possess certain flexibility and many activities can be established faster and be implemented more effectively through nongovernmental organizations.

A special section is devoted to findings and opinions that were obtained through conducting of the interviews and focus groups with the total of 44 participants. Interviews were conducted with 22 participants from the public, private and civil sector and with 22 participants in three focus groups that took place in Sarajevo, Banja Luka and Žepče. The questions included in the semi structured questioner focused on understanding of the very concept and term of social entrepreneurship, possibilities and potentials for development, main actors and implementers of the activities, knowledge of the laws regulating this field and needed changes as well as knowing successful models and cases of good practice. Information obtained in this phase is partially present as graphs, processed in a summary manner and some of the specific answers of the participants of the interviews and focus groups were presented.

In the seventh chapter there are nine examples of good practice of social entrepreneurship in BiH that included the following organizations: Foundation "Mozaik", social enterprise "Uspon", organisation "Bospo", representation of the organisation "GOPA" in BiH as well as five organizations whose projects in the field of social entrepreneurship have been supported by Social Inclusion Foundation in Bosnia and Herzegovina (*Agency for Economic Development of Herzegovina – REDAH, Association of Agricultural Producers Poljotes – UPP Poljotes, Association of Entrepreneurs and Employers Žepče – UPIP Žepče, Foreign Chamber of Trade BiH, Institute for education ECOS, Sarajevo and Association of Persons with Disabilities, Berkovići*).

The final part provides conclusions and recommendations for the next steps that should be conducted in Bosnia and Herzegovina in order to create favourable environment for development of social entrepreneurship. Recommendations mostly refer to the need of promoting social entrepreneurship, establishing the adequate legal framework, reallocating of the existing domestic and foreign funds to these activities, introduction of social entrepreneurship in the education system, need for networking and joint work with regional partners and creating the Social Entrepreneurship Strategy as a roof document which will include all the aspects related to social entrepreneurship.

## 1. Overview of the research methodology used to produce the Assessment Report on Social Entrepreneurship in Bosnia and Herzegovina

The research methodology used to produce the Assessment Report on Social Entrepreneurship in Bosnia and Herzegovina<sup>2</sup> included the following four research methods:

- a.) Gathering, overview and research of the existing studies, strategies, reports and analyses conducted in the field of social entrepreneurship in Bosnia and Herzegovina. A special attention was devoted to review and analysis of the existing laws (at the state, entity and cantonal level), legal regulations and acts pertaining to social entrepreneurship in BiH. Desk research was the initial phase of the research whose primary goal was to provide an insight in the existence, level of development, legal framework and main actors and implementers of the activities of social entrepreneurship with a special focus on the main investors and donors. Information obtained during the first phase of the research provided a basis for the field research, gathering of new information and their processing.
- b.) In the second phase of the research 22 interviews were conducted with the representatives of the relevant stakeholder groups in the field of social entrepreneurship which included representatives of the governments, public institutions, private sector, civil society organizations, international and domestic donors and investors, and individuals active in social entrepreneurship. The interviews were conducted with the aim of obtaining direct and updated information, examining of knowledge, attitudes and opinions of the respondents. With this aim a semi-structured questionnaire was created and it included ten questions related to the level of development of social entrepreneurship in BiH, main activities in this field, funding opportunities, existing potentials for development of social entrepreneurship especially in regards with sustainability and local ownership and aspects important for social entrepreneurship in BiH.
- c.) Three focus groups were organized in Sarajevo, Banja Luka and Žepče and involved a total of 22 participants. Focus groups have been used as an addition to the interviews as they enable an interactive environment in which the perceptions, opinions and attitudes are received from a group of people. Dynamics of the focus group and interaction of the participants enabled wider insight in the field of social entrepreneurship and provided different opinions, ideas and experiences related to this issue. The participants profile in the focus groups included representatives of the public sector, private sector, representatives of the civil society organizations, entrepreneurs involved in the concrete activities of social entrepreneurship. Organising of the focus groups enabled obtaining a comprehensive picture of the development and potentials for social entrepreneurship in Bosnia and Herzegovina. The same semi-structured questionnaire used for the interviews was used for the focus groups.

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<sup>2</sup> The report was prepared by Social Inclusion Foundation in Bosnia and Herzegovina (Ranka Ninković-Papić, Tatjana Slijepčević and Dubravka Halepović)

It is very important to emphasize that the participants of the interviews and focus groups were equally regionally represented, i.e. that there was the same number of participants from the Federation of BiH and Republika Srpska, and that besides urban centres there were also participants from suburbs and rural areas.

- d.) Previously described research activities enabled obtaining information on the cases of good practice in the field of social entrepreneurship. The Report presents nine cases of good practice followed by the statements of beneficiaries and implementers of the social entrepreneurship activities at the territory of whole BiH. The cases of good practice analyse initiatives, activities and project results achieved in the field of social entrepreneurship that can be replicated and further developed.
- e.) The final part of the research and Report provides recommendations for changes and improvements needed in the field of social entrepreneurship from the aspect of making the very concept closer to the target groups, engaging a much higher number of the relevant actors and institutions in the processes of implementing activities of social entrepreneurship, changes of the legal framework that would enable faster, more simple and effective implementation of the activities and measures of social entrepreneurship, directing of the available funds to these activities and other important aspects for creating a favourable environment for initiating, developing and strengthening of the social entrepreneurship in Bosnia and Herzegovina.

## 2. Introduction

Social economy implies focus on the social goals rather the economic ones, but the social aims are achieved through economic ways of work. Its most important aspect is social entrepreneurship. Although the terms “social entrepreneurship” and “social entrepreneur” have been used for thirty years now,<sup>3</sup> there are still different opinions and attitudes on the very meaning of the notion. Different socio-economic schools give different definitions and interpretations of these terms, whose understanding is greatly conditioned by the local context based on different socio-historical, political and economic factors. However, generally accepted opinion, with certain discrepancies, is that social entrepreneurship is the usage of entrepreneurial behaviour for achieving social goals and benefits which differs from the commercial entrepreneurship whose primary goal is gaining profit. If profit is gained through social entrepreneurship activities it is used for satisfying needs of the specific vulnerable groups.<sup>4</sup> Social entrepreneurship has different forms and subjects of gaining benefits through which economic, social, ecological and other goals and improvements are being achieved. The concept of social entrepreneurship, therefore, includes different socio-economic initiatives that are not primarily focused on gaining profit but on achieving public interest or interest of the specific socially excluded groups. Social entrepreneurship is characterised by emphasized social responsibility when selecting a business activity and towards the social community and individuals when implementing certain business-entrepreneurial activities. In other words, attention is devoted to have results of a certain activity reflecting on the wider community, that the achieved success is long-term and not short-term, and that there is an emphasized usage of profit or part of the profit for developing the same or other entrepreneurship activities.

Briefly, the basic characteristics of social entrepreneurship are the following:

- **SOCIAL RESPONSIBILITY** – context, process and/or the results are for public good;
- **INNOVATION** – creating new ideas and models that try to solve social, economic, ecological and other related issues and problems. This can manifest in three ways: new product or service (i.e. institutional innovations); usage of the existing goods and services in a new, socially more productive way (incremental innovation); and/or setting the norms in order to redefine the social problems and suggest new solutions (disruptive innovation);
- **MARKET ORIENTATION** – motivated by making effects, competitive, but it requires higher social responsibility and cooperation among and between different sectors. Market orientation can include conventional competitive markets to exchange of social and/or environmental values.<sup>5</sup>

Social entrepreneurship therefore refers to:

- Application of the practical, innovative and sustainable approaches to achieving benefits for the society in general with an emphasis on marginalised and poor social groups;
- The notion that implies a unique approach to economic and social problems, which overlaps through different sectors and disciplines, and which is based on certain processes and values

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<sup>3</sup> <http://www.socialedge.org/discussions/social-entrepreneurship/defining-social>, accessed on 19. 05.2012.

<sup>4</sup> [http://www.ashoka.org/social\\_entrepreneur](http://www.ashoka.org/social_entrepreneur), accessed on 19. 05.2012.

<sup>5</sup> <http://www.sbs.ox.ac.uk/centres/skoll/about/Pages/whatisse.aspx>, accessed on 19. 05.2012.

that are common to each social entrepreneur no matter of their education, material status, workers rights, environment, economic development, agriculture and other factors either if they are establishing non-profit or profit subject.

Social enterprises<sup>6</sup> can differ in their structure and organisation, but they all have a very clear social and public purpose. They reinvest the gained profit, and they use entrepreneurship to achieve their social goals. Very often social enterprises are oriented to work integration and inclusion of one of the vulnerable groups, and these enterprises combine business approach with performing the function of a wider social importance. In this way modern social enterprises respond to the social problems to which the state cannot respond. The field of their work can be providing services that are not adequately regulated by the state authorities or offering certain products at the market with the aim to direct the gained profit to achieving the social goals. The major characteristic of the social enterprises is to maximize social and public effects and not to maximize profit.

Social entrepreneurs produce social innovations and transformations in different fields such as education, health sector, environment, economic and entrepreneurship development etc. Social entrepreneurs, like business entrepreneurs, build strong and sustainable organisations of the profit or non-profit character. They are directed to combating poverty and social exclusion by applying their entrepreneurial potentials, business methods and courage to advance or change the traditional practices.

Social entrepreneurship has been gaining more and more importance in the world recently which is illustrated by the increasing number of activities and initiatives in this field as well as need to exchange the best practices and experiences of the world, European and regional actors of social entrepreneurship. This was the aim of organising International conference on social entrepreneurship in Istanbul from February 29 to March 1, 2012. The conference gathered 143 social entrepreneurs and actors from the Western Balkans, Turkey, Ukraine, Georgia and Great Britain and provided them with the opportunity for developing social entrepreneurship, especially social enterprises in the region. The results of the conference were the following:

- Strengthened relationships among the social entrepreneurs from the regional with those from the EU especially UK;
- Strengthened relationships among the social entrepreneurs and those supporting social entrepreneurship in the public, private and civil sector;
- Enabled exchange of knowledge and best practices in social entrepreneurship;
- Raised awareness on the potential role social entrepreneurship can play in the region;
- Increased and improved regional network of the social entrepreneurs.<sup>7</sup>

Speaking of Bosnia and Herzegovina, social entrepreneurship gains great importance exactly in the context of regional initiatives and possibilities of regional cooperation, but much more in the

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<sup>6</sup>For more information on social enterprises see Chapter 7. Examples of good practice of social entrepreneurship

See also <http://www.socialenterprise.org.uk/about/about-social-enterprise> and <http://www.socialenterprise.org.uk/>

<sup>7</sup> For more information on the conference participants and plenary sessions see [http://www.tacso.org/top\\_links/Print.aspx?id=6812](http://www.tacso.org/top_links/Print.aspx?id=6812)

context of reducing and preventing poverty and social exclusion. According to the latest data in Bosnia and Herzegovina one third of population is at risk of poverty and social exclusion, while 40% is faced with serious deprivation of the material goods, which is greatly a consequence of the global economic crisis which will be elaborated in the next section.

### 3. Overview of the situation in Bosnia and Herzegovina

#### 3.1 Poverty and social exclusion

General social and economic situation in Bosnia and Herzegovina is characterized by a decreasing rate of economic growth, of the unemployment rate and, as a consequence, poverty and social exclusion. In the period 2000–2008 BiH marked a significant economic growth – average annual GDP growth was 6%. Growth generators were relatively high export, growth of domestic consumption and investments that enabled strong loan financing and monetary remittances. However, in 2008 there was slowing down of the GDP growth, while in 2009 GDP decreased for -2.82%, and the growth in 2010 was very small (0.5%). Data for 2011 have not been published yet, but there are no reasons to be optimistic when it comes to improvements and GDP growth. Situation is similar for 2012, first quarter marked decrease of industrial production, and increasing unemployment rate. International monetary fund (IMF) estimates that in 2012 GDP growth will not be higher than 0, 5% compared to 2011. Taking into consideration a new wave of recession in the EU countries, it can be estimated that a real level of GDP in 2012 will be smaller than in 2008.

In the period 2000–2008 the GDP growth was followed by poverty decrease.<sup>8</sup> The absolute poverty line (percentage of population living under the poverty line, which is defined as the level of consumption of 205 BAM per person per month) decreased between 2004 and 2007 from 18% to 14% according to the estimations of the World Bank (WB) and Directorate for economic planning (DEP). This is improvement compared to the first half of the decade when there was no poverty decrease.

No matter of the recent improvements, according to the report of WB/DEP a great part of the population has expenses that are just a bit above the poverty line. Based on the household budget survey from 2007, it was estimated that about 20% of the population had expenses between 204 and 306 BAM per member. This is the poverty line between 100 and 150%.<sup>9</sup> This indicates the fact that a great part of the population is subject to the economic changes that could cause decrease of incomes, even for the small amounts, and push them under the poverty line.

It is estimated that the global crisis has had and will have serious consequences in BiH. As already mentioned, decrease of GDP in 2009 was 2, 82%; and the potential continuation of decrease is still undetermined. Recovery from the crisis is very slow and there are clear signs of a new recession. The real unemployment rate in BiH was 28% at the beginning of 2012 (according to the ILO methodology)

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<sup>8</sup> See: WB/DEP: "Protecting the Poor During the Global Crisis: 2009 Bosnia and Herzegovina Poverty Update" December 2009, page 8–9 and Papić, Ž. Fetahagić, M. "Progress in Realization of the Millennium Development Goals in BiH 2010" (Chapter 2, MDG 1 To Eradicate Extreme Poverty and Hunger). Ministry of Finance and Treasury and UNDP, July/August 2010, page 9–22.

<sup>9</sup> See: BHAS, FOS, RSIS. "The BiH Household Budget Survey 2007-Poverty and Living Conditions", Sarajevo 2007.

and it is one of the highest in South-Eastern Europe. Empirical simulations of the World Bank show that the decrease of GDP in 2009 and small growth in 2010 could cause poverty decrease which would annul half of the progress achieved before the crisis. Moreover, at the end 2010 the World Bank conducted second research "Life in transition (LiTS 2)" in order to estimate the impact of the crisis on the social inclusion.<sup>10</sup> The results of the research show that over 60% of the households were very or quite affected by the crisis, that one third of the population is at risk of poverty, while about 60% of the population is socially excluded. It should also be emphasized that 57% of the work capable population is not active ( they are not at the labour market), while a great number of people is engaged in "grey economy", with no health or other kind of insurance, which is the worst kind of exploitations and it is completely opposite to social entrepreneurship.

Taking into consideration previously stated indicators, it is clear that it is necessary to undertake serious steps and reforms in order to change the current situation. In the present situation social entrepreneurship opens great possibilities for solving or mitigating the current problems, for the work engagement of many unemployed and socially vulnerable people and improvement of the social and material status of individuals and wider BiH community.

#### 4. European tendencies in social entrepreneurship

Prior to giving an overview of development of social entrepreneurship in Bosnia and Herzegovina, main actors and legal framework, we will take a short overview of the EU practices, taking into consideration the importance of the European integration process for Bosnia and Herzegovina. Namely, the concept of social inclusion, initiated by the EU countries looks at an individual as potential not as an expense of the society and it devotes attention to their social inclusion. The aim is to enable and return less employable categories to the labour market. Through the active inclusion measures, which emphasize social economy, the price that should be foreseen for the incentives for employment and education of the poor and excluded citizens is much less than constant and unsustainable allocations for social protection. Draft of the European strategy 2020 sets three priorities for the EU countries, but also for the the candidate countries in the next period:

1. "Smart" development: economic development based on the knowledge and innovations;
2. Sustainable development: promotion of more effective, ecological and competitive economy;
3. Inclusive development: initiating opening of the new work places with the aim of social and territorial cohesion.<sup>11</sup>

Social economy, i.e. social entrepreneurship as it basic form, composes 10% of the European business and employs 6% of all the employed.<sup>12</sup> This concept is looked at as one of the most important ones that contribute to employment and social integration of the vulnerable categories, firstly through different approach, innovations and different forms existing in the EU.

In the tradition of European social entrepreneurship Italy is considered the first country that legally supported development of social entrepreneurship. In 1991, initially the law introduced "associations

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<sup>11</sup> [http://ec.europa.eu/europe2020/index\\_en.htm](http://ec.europa.eu/europe2020/index_en.htm), accessed on 20.05.2012.

<sup>12</sup> [www.eupress.net](http://www.eupress.net), accessed on 18.05.2012

of social solidarity” – social associations of the type A (providing social, health and educational services) social associations of the type B (enabling inclusion of the discriminated groups at the labour market).<sup>13</sup> Due to the later changes of the law, besides these associations, other organisations could get registered if they had limitations in allocations of the profit and involved interest of certain social groups. These associations were introduced in Portugal, Spain, France and other countries.

In Finland there is a high awareness on needs of persons with special needs when it comes to employment and other socially excluded groups. Village associations have been developed (for local development and social protection), associations for the unemployed and workers, and associations of the professionals who provide services of social and health protection.<sup>14</sup>

Very inspirational is the model of Great Britain which in 2004 introduced a new legal form “Community Interest Company” (CIC) which implies check of the purpose of the community service and these enterprises conduct many activities. In 2002 France has also introduced SCIC – Société corporative d'intérêt collectif (societies based on the common interest).<sup>15</sup>

Example of Germany is very interesting as it has traditionally developed associations (according to some data there are 17 million cooperatives members in Germany), but there is no developed policy of social entrepreneurship.

The Dutch approach to social entrepreneurship, where 65% of the youth obtains work experience before the first official employment through work in the field of social entrepreneurship (volunteering, volunteering with some benefits, work contract etc.) deserves attention and it is a model that could be applied in BiH, due to the big number of the unemployed youth. In this regard education in this field should be introduced to the schools and faculties so that the youth could take part in the social activities, and besides this they would be ready as individuals to take part in socio-economic activities and to develop this process.

Moreover, ESENSEE-Eco Social Economy Network South and East Europe has an important role in connecting social entrepreneurs for creating better environment and opportunities for social entrepreneurship. The European Union supports these activities and similar organisations with its funds. Very active is “Europe for Citizens Programme” conducted through EACEA-Education, Audiovisual and Culture Executive Agency for which EC Directorate General for Communication is in charge.<sup>16</sup> Activities and projects of these organisations include partners from our region, Croatia, Serbia, Macedonia, and there is more and more interest from Slovenia, Bosnia and Herzegovina and Montenegro.<sup>17</sup>

As presented in the examples of these countries social entrepreneurship is very important in the EU. In order to make a step forward in its development and initiating, the EU has made social entrepreneurship, along with other innovations one of the priorities within the Lisbon declaration

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<sup>13</sup> [www.emes.net/](http://www.emes.net/) Social entrepreneurship in EU-Recent Trends – page 6

<sup>14</sup> [www.emes.net/](http://www.emes.net/) Social entrepreneurship in EU-Recent Trends – page 17

<sup>15</sup> [www.emes.net/](http://www.emes.net/) Social entrepreneurship in EU-Recent Trends –page 20

<sup>16</sup> [www.eacea.ec.europa.eu](http://www.eacea.ec.europa.eu)

<sup>17</sup> Croatia adopted National Strategy for Creating Favorable Environment for Development of Civil Society which includes the chapter “Civil Society and Social Cohesion” which elaborates measures for social (non-profit) entrepreneurship.

from 2000.<sup>18</sup> These priorities were the basis for policies initiating establishment and sustainability of small and medium enterprises, and one of them is the European charter for small and medium enterprises, signed by the Western Balkan countries, among which Bosnia and Herzegovina, which obliged them to make progress in ten areas of the Charter:

1. Education and training for entrepreneurship
2. Cheaper and more effective starting of a business
3. Better legislation and regulations
4. Availability of entrepreneurship skills
5. Improvement of the internet access
6. Better usage of the unique market
7. Taxes and financial issues
8. Strengthening of the technological capacities of small enterprises
9. Successful models of business activities via internet and support to business
10. Better representing of the interests of small enterprises<sup>19</sup>

## 5. Level of development of social entrepreneurship in Bosnia and Herzegovina, main actors and legal framework

As already said, the percentage of the socially excluded persons in Bosnia and Herzegovina is 60%. The concept of reducing poverty and social exclusion is mostly based on the passive support to the poor and socially excluded families and individuals. The issue of social inclusion and poverty reduction are becoming an obligatory component of the EU integrations. As one the response to the current state the Social Inclusion Strategy has been created and it is development of the strategic goal - Social inclusion from the Development Strategy of BiH.<sup>20</sup> So far the Strategy has been adopted in the Federation of BiH, Brčko District and it is expected to be adopted by the Council of Ministers. One of the measures of the Social Inclusion Strategy is development of the system of support to social entrepreneurship. It is stated in the Strategy that inclusion of the socially excluded in the active labour market requires support to social entrepreneurship as one of the forms of employing these categories and that the system of support should be developed first at the local level and other levels where social entrepreneurship is established and developed. The system of support should include measures that facilitate administrative services, financial support and benefits.<sup>21</sup> However, the real effects and work in this field are still not evident.

Bosnia and Herzegovina has also adopted Strategy for development of small and medium enterprises (SMEs),<sup>22</sup> but it is not fully implemented, nor there is a European system of monitoring of the key indicators related to development of SMEs, to employment and creating of the added value. This

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<sup>18</sup> <http://www.euractiv.com/future-eu/lisbon-agenda/article-117510>, accessed on 20.05.2012.

<sup>19</sup> <http://ec.europa.eu/enterprise/policies/sme/best-practices/charter/>, accessed on 20.05.2012.

<sup>20</sup> [http://www.dep.gov.ba/razvojni\\_dokumenti/socijalne\\_ukljucenosti/Archive.aspx?template\\_id=71&pageIndex=1](http://www.dep.gov.ba/razvojni_dokumenti/socijalne_ukljucenosti/Archive.aspx?template_id=71&pageIndex=1), accessed 20.05.2012.

<sup>21</sup> Ibid.

<sup>22</sup> [www.mvteo.gov.ba/Print.aspx?id=640](http://www.mvteo.gov.ba/Print.aspx?id=640)

creates obstacles for developing more effective policies for employment through developing SMEs. And the situation for development of social entrepreneurship is even less favourable.

In Bosnia and Herzegovina there is low presence of three basic kinds of entrepreneurial activities:

1. Lack of early entrepreneurship activities with medium/high expectations of increase of work places
2. Lack of early entrepreneurship activities with no or low expectations of increase of work places
3. Lack of entrepreneurship activities of the employees<sup>23</sup>

The main reasons for this are insufficient knowledge of the concept and possibilities that open through social entrepreneurship, non-existence of the adequate institutional framework, sporadic programs and initiatives for employment through social entrepreneurship, lack of the initial capital, needed knowledge and skills. Taking into consideration the number of the poor and socially excluded in Bosnia and Herzegovina, as well as consequences of the global economic crisis, it is clear that the current situation must be changed since, according to the experiences of the EU, only social entrepreneurship can effectively integrate unemployed and other vulnerable categories of the work capable population. In order to improve social entrepreneurship activities in Bosnia and Herzegovina it is needed to improve institutional support and characteristics of the entrepreneurship environment which will provide better conditions for its development. Entrepreneurship policies, funds and agencies, as well as favourable conditions at the state and lower administrative levels should be established and coordinated in order to make progress of social entrepreneurship in Bosnia and Herzegovina. It is very important to have all the relevant actors and sectors actively involved in these processes, and they include public and private sector, civil society organisations and entrepreneurs themselves and that there is cooperation, partnership and coordination among them, which will be elaborated in the next chapter.

## 5.1 Public sector

Social entrepreneurship occurs between public, private and civil sector. Speaking of the forms of social entrepreneurship that exist or are recognised as social entrepreneurship, the state and its subjects can be actors of the social sector. The state<sup>24</sup> always has reasons for development of social entrepreneurship as development of social relations is much faster than of the state structure, no matter of the organisation, since the state is more resistant to the social changes. Therefore, the state is always interested in solving problems not only through its own activities, but through contributing and initiating social entrepreneurship. This is most often done through legislation and legal norms that enable starting and promoting these activities. However, it should be taken into account that after the brake-up of the former Yugoslavia, where privatisation started in 90ies as well as frontal introducing of the private initiatives in social entrepreneurship, there was a war period after which started the period of the first capital accumulation of the entrepreneurial economy.

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<sup>23</sup> For more information see [http://www.cerpod-tuzla.org/index.php?option=com\\_content&view=article&id=6&Itemid=16](http://www.cerpod-tuzla.org/index.php?option=com_content&view=article&id=6&Itemid=16)

<sup>24</sup> The state here refers to all the forms of the state bodies at all the levels in BiH, entities, Brčko District, cantons, cities and municipalities based on the constitutional organization of the government and status of the property they possess.

Thus, in Bosnia and Herzegovina it was not possible to have awareness on social entrepreneurship earlier. In addition to devastated social structure, there is high poverty, unemployment and other existential problems and therefore it is very important that the state, which cannot meet the needs of the citizens, promotes and initiates social entrepreneurship and includes all the actors from the public and state sector.

Examples of social entrepreneurship in the state and public sector are most obvious when it comes to the legal framework and we can state the entity laws on persons with disabilities.<sup>25</sup> Besides defining the categories and determining their rights, these laws obliged certain subjects to employ persons with disabilities according to the number of the employed and if they do not have the needed census for the obligatory employment then they have to allocate a certain amount of money from the brute salaries of the employed. Moreover, legal persons which do not have this obligation (e.g. non-governmental organisations) pay certain amount that is smaller in percentages than for the stated subjects. There is a fund established by these laws as a special legal subject which allocates the collected money based on transparent, public calls for professional training and rehabilitation of persons with disability.

The status of these enterprises is specially defined (in FBiH company for employment of persons with disabilities must have at least 40% of the employed with this status, while 51% in RS), as well as their benefits which the state has given to them by this law. These enterprises can be founded by all the legal subjects including the state institutions (FBiH, RS, cantons, municipalities, institutions, enterprises etc). Protective workshops are established with the aim of employment and they can be established by the units of local self-government, companies, associations of persons with disabilities, associations of employers, unions, humanitarian organisations and other legal persons. The work centre is a public institution which ensures work for persons who cannot be employed through some of the possibilities provided by this law, or for work-therapeutic activities within rehabilitation of persons with disabilities. The work centre must have at least 80% employed persons compared to the total number of the employed and it can be established by all the subjects that can establish companies for employing persons with disabilities. Self-employment is also considered employment of persons with disabilities, as well as work in a family company or own business activity. In business, all the subjects are not obliged to customs and taxes, and expenses of communal services, phone and electricity are paid under the same conditions as for the households. A part of funds that have to be allocated for the salaries, may be returned from the Fund, and the law obliges the other subjects that 20% of their needs for goods and services produced by the enterprises for employing persons with disabilities, must be paid by them, as in this way their sustainability is stimulated. In FBiH there are more advantages by which the state invited all the subjects to, using the benefits of this law, reduce exclusion of this category and make them useful members of the society, while awarding those contributing to this mission.

There are similar laws when it comes to refugees, displaced persons, sustainable return (also through establishing a fund), but the question is if they ensure success, transparent work and control. Both entities adopted laws in the field of environment protection (protection of air, water, environment, waste management) and invited these subjects not only to respect certain standards, but to, through

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<sup>25</sup> Law on professional rehabilitation, enabling and employing persons with disabilities (Official Gazette No. 59/09-refined text) and Law on professional rehabilitation, enabling and employing persons with (Official Gazette FBiH No 2/10)

realising the right to the healthy environment, implement activities for environment preservation, prevention and reduction of pollution, and thus it opened many possibilities for social entrepreneurship.

As an example of the state activity, there is also the Law on financing the environment protection, (Official Gazette RS No.3/11) which makes resources out of the compensations paid by the polluters of the environment, and compensations for water protection, aid programs, donations etc. Some subjects are obliged to pay these compensations in the way determining compensations paid as the public income of the budget and allocated to the account of the Fund. These funds have multiple purposes from protection of air, water, land, forests, mitigating of the climate changes and ozone layer protection, sanitation of the waste landfill, waste reduction, re-usage of waste, initiating of the sustainable usage of the natural resources, development of rural areas, projects of energy efficiency and renewable energy sources, cleaner transportation, educational, research, innovative and development studies in the field of environment etc. These funds are allocated through a public call to legal and physical persons, by financing programs, projects, grants allocations, donations and aid providing. In FBiH, there is Law on the fund for the environment protection from 2003 (Official Gazette FBiH No.3./03).

Cooperatives have long tradition in Bosnia and Herzegovina since 1888 when the first cooperative was founded in Derventa, and first housing cooperative in 1897 in Sarajevo. Laws on cooperatives existed in the legal system of the former Yugoslavia, and there were agricultural, housing and saving-credit cooperatives very often linked to a workers' union (e.g. railway, textile industry etc). At the state level of BiH there is a General Law on cooperatives (Official Gazette BiH No. 18/03, 55/06), through which it is possible to initiate social entrepreneurship. This law annulled the Law on agricultural cooperatives of RS from 1999 and the Law on cooperatives of FBiH from 1997. Cooperatives were supposed to harmonise their way of work with this law, i.e. the entities could adopt laws in this field but in accordance with the law on the BiH level. Pursuant to this law, a cooperative is a way of organising members who associate on a voluntary basis in order to satisfy their common economic, social and cultural needs through joint possession and democratically controlled business activities of cooperatives that can be general or specialised. Rule of cooperatives determine their activities. In legal business a cooperative works on its own behalf, guaranteeing by its own property, and obligations cannot be covered by the cooperative property, the members are responsible all together, at least by the amount of their investment, if the rules do not determine bigger amount. A cooperative can establish at least 5 physical and legal persons (rules can determine that these are only physical persons) by making a contract on establishing a cooperative. The rules of a cooperative contain a range of issues which are regulated by Article 13 of the Law (similar to the contracts on establishing enterprises as these are profitable subjects) and they are registered in the court register. A cooperative can do all the activities for which it is registered.

Members of a cooperative receive this status by joining the cooperative and there is a book where they are registered. The members of a cooperative manage it based on the principle one member one voice (assembly). If there are more than 300 members, it can be decided that the activities of the Assembly are allocated to at least 30 representatives who are physical persons. The management board of a cooperative has at least 3 members and their competences are determined by the law. The board of directors are elected among the members as well as of the management board. Director of the cooperative is a person who represents the cooperative and executes all the decisions in the field of its business activities. There is a protective clause of competition for director, member

of the management board and board of directors, which ensures that they are only engaged in the work of a cooperative. The cooperative uses resources based on the investment of their members, joint property, state or private property of other physical or legal persons which are regulated by the contracts. Resources that the cooperative receives as subsidies of the state, NGOs and other resources can be used only for the material investments or for the permanent working capital. It is necessary to allocate resources in the Reserve fund of at least 5% of the total value of the cooperative members. The profit can be distributed only if ensured that after investment return the real value of the property upon establishment is not reduced below 49%. A cooperative can establish other funds based on decision of its members. The unions of cooperatives can be established in order to improve activities of cooperatives and protect their interests as well as other business and professional organisations. It is necessary to conduct regular audit every second year, or non-regular – if needed or if decided by the Decision of the cooperative bodies, a number of members or competent state bodies.

As already stated, agricultural cooperatives have been the most often form, even though a cooperative can do other activities too. In Croatia they were very popular as a form of employing demobilised war-veterans, the unemployed and persons with disabilities. In Republika Srpska there are agricultural cooperatives, but the audit has found out that a great number of these cooperatives are an excuse for the work of private companies and they do not present a real form for which joint property is characteristic and not private property. There is also a problem of cooperatives that used state land, and made it the property of cooperative, which was not the intention of the legislators when they prescribed in Article 94 that the land used by a cooperative become the property of the cooperative (this refers to the time when the law entered into force). Interpretation of Articles 94 and 95 of the Law was given by the Constitutional court in the Decision AP 1808/05 in 2006.<sup>26</sup> Namely, real estate used as the state land was the state property and there were given for usage, which as a legal institute belong to the field of the property law. But, the very fact that such a property could not be confiscated or mortgaged, which is prescribed by the law, confirms that this was a limited right to usage, while the legal institute of property was not limited.

In RS in 2008 the Law on agricultural cooperatives was adopted (Official Gazette RS 73/08). This Law is in accordance with the General Law on cooperatives and it has been created for the purpose of associating of the cooperative members active in agriculture. In FBiH the General Law on cooperatives is applied. According to data of the Cooperative union of BiH there are 350 cooperatives in RS and 200 cooperatives in FBiH.

There are also laws on public companies which prescribe regulations for companies whose founders are the state institutions or ownership capital is mostly financed from the budget. The Law on public companies FBiH (Official Gazette FBiH 8/05, 22/09) and Law on public companies RS (Official Gazette 75/04) are based on the laws according to which profit and public subjects work. Even though they are financed from the budgets and taxes, the court bodies are independent and work based on the law regulating the courts work.

One of the forms of the state incentives of social entrepreneurship are entity laws on lotteries. The Law on lotteries (Official Gazette RS No. 7/10-refined text) prescribed by Article 23 that the gain of 50% will be allocated to those working in the field of "social protection and humanitarian work,

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<sup>26</sup> [www.ccbh.ba](http://www.ccbh.ba)

problems and satisfying the needs of persons with disabilities, organisations working in the field of culture, education of children and youth out of the institutions.” The Law on lotteries (Official Gazette FBiH, No 1/02, 40/10) prescribes that if the awards are goods and services it is obligatory to pay in advance 6% of the total value of the award fund in the following way: equally 1,5% to Red Cross, “Caritas”, “MDD Merhamet” and “Dobrotvor”. Out of the profit belonging to Federation, the Government of Federation will allocate 50% for financing program related to: collecting funds for medical treatment of ill children and youth which is financed from the Solidarity fund, protection of the rights of children which are victims of abuse, paedophilia, begging, satisfying needs of persons with disabilities in the sense of improving their living conditions, fight against drugs and addiction, accommodation and shelter of victims of torture and violence; amateur sports in order to increase funds for awarding individuals making innovations and innovations for the internationally important innovations, activities for development of civil society and public kitchens. The funds are allocated based on the program of work and projects. Programs and projects implementers i.e. organisations and associations submit requests for funding to the competent federal ministry. The funds allocations are based on the Rulebook on criteria for funds allocations.

From the above stated it can be concluded that there is a great interest of the state to actively, by legal norms and grants, creates favourable environment for social entrepreneurship.

## 5.2 Private sector

Private sector is a very important factor in development of social entrepreneurship, firstly when it comes to starting and initiating social entrepreneurship activities, and because in this sector there are forms of establishing, organising and working which are suitable for development of social entrepreneurship. The private sector increased its activities with adoption of the Laws on companies in RS and FBiH. It should be said that these are profitable subjects, which are founded for the purpose of profit gaining and they can be called business subjects.

The most interesting form for social entrepreneurship is limited liability company (Ltd.) as it is a possible form for small and medium enterprises. Management of these companies is more operational than in some other forms such as stock company since it enables faster and easier adaption to the market conditions and this makes it more functional at the turbulent markets. These subjects are suitable even for more stable markets, which is confirmed by the EU Strategy for small and medium enterprises,<sup>27</sup> due to their movability and easier transfer of the capital.

Within the group of small and medium enterprises, especially interesting are clusters. Clusters in economy mean subjects that are connected vertically in their activities. It means that an activity (e.g. food production) from the beginning takes part within clusters (processing, producing different products, products related to food to opening of the restaurants, deliveries to the consumers, research on the new products etc.) Clusters are very suitable for development of small and medium

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<sup>27</sup> [http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/index\\_en.htm](http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/index_en.htm), accessed on 20.05.2012.

enterprises which are at the same time the most suitable for social entrepreneurship. They enable connecting of public and private sector which is very important for social entrepreneurship.<sup>28</sup>

In FBiH and RS there are laws on initiating small and medium enterprises. In FBiH this is the Law on initiating development of small economy (Official Gazette FBiH No.19/06, 25/09), in RS Law on initiating development of small and medium enterprises (Official Gazette RS No.23/09-refined text). Both laws defined small and medium enterprises as enterprises employing up to 250 workers; micro enterprises up to 10 workers, small enterprises 10–49 and medium enterprises from 50–250 workers with the profit defined by the law (there are differences in the amount of profit for some of the categories). While the Federal law defines initiating measures as “favourable business environment” with the most important examples of measures, the RS law states a range of measures by which this will be achieved e.g. loans, subsidies and benefits for registration, introduction of tax and customs benefits, creating conditions for better inclusion of people in entrepreneurship, promotion of entrepreneurship etc. However, the practice does not show that the laws are applied in the fully effective manner. Federation has the program of Federal ministry of development, entrepreneurship and craft (ministry which should be the most important due to its competences for the economic development, increasing employment and reducing exclusion) named “Building entrepreneurial zones in BiH”. These zones can be industrial, crafts, entrepreneurial-crafts, services, agriculture, tourist, centre for development and transfer of technologies etc. The aim of this program is development and concentration of entrepreneurship, which has not been achieved yet.

The Law on public-private partnership (Official Gazette RS 59/09) prescribes that the subject of public-private partnership can be building, using, maintaining, managing or reconstruction of property in order to satisfy public needs in the field of air, road, river and railway transportation, educational, cultural, sports, health, communal, information-communication, innovation-entrepreneurial, management of eco and hard waste etc. The law determined two forms of partnership: contractual – based on contractual relations (contracts regulate interests) and institutional form – forming a business subject. Contractual relations are not long-term contracts on services where the public sector purchases only services, with no capital investments of private partners, not these are contracts on construction or building.

Business linking is possible in all the forms of business subjects and the most often form is a stock-company (less often limited liability company or company with unlimited liability). There is also linking with subjects of independent economic activities which are defined by the Law on crafts and similar activities in FBiH (Official Gazette FBiH No.35/09,42/11). According to the Law, craft is “independent and permanent implementation of the activities of the registered economic activities in basic or additional profession, from physical persons with the aim of profit gaining through production or providing services at the labour market”. Similar activities are also other registered activities which physical persons do in accordance with the rules of crafts. Every activity which is not forbidden by the law is allowed unless regulated by the other law. There are linked and separate crafts which differ in conditions for their implementing (a special profession is needed for the linked crafts and for the separate one it is necessary to have the approval for implementation). Two or more persons can together do a craft. Similar activities can be done in or out of the housing facilities which includes seasonal and agricultural activities. Administrative records of profit gaining must be in

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<sup>28</sup>[http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/index\\_en.htm,acc](http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/index_en.htm,acc)  
accessed on 20.05.2012.

accordance with the law. The law especially regulates work of the association of the craftsmen and work of the Craft chamber of BiH. Bylaws have especially determined works that can be done as household activity, which can be done in and out of the housing facilities, which can be done in flats, which can be done seasonally, what are the minimal technical and other conditions for craft and other similar activities.

The Law on crafts and entrepreneurial activities of RS (Official Gazette of RS No. 117/11) is much shorter and does not elaborate the field of independent profit making as the federal law, although it applies the same forms of implementing independent activity.

As forms in the private sector, in the health sector, special laws on the health protection are applied to the health protection determining institutional forms of health protection (primary, secondary and tertiary health protection).<sup>29</sup> Private medical practice is possible, transitional period for harmonisation with the law of FBiH expires in 2012, after which doctors can do their activities as private workers in one of the private medical institutions or have private practice or work in public institutions. In Federation the Law on the dentist activities has come into force recently (Official Gazette FBiH No.37/12) which provides possibilities that dentists work without charge in humanitarian way in cooperation with religious or non-governmental organisations with a prior informing of the competent dentist chamber. This is a very good suggestion to all persons accommodating certain groups or categories in social protection to the centres and daily specialised centres to organise dentist services for children and adults in this way.

The new Law on social protection RS (Official Gazette No 37/12) allowed (provided that all the conditions are fulfilled) independent work in the field of social protection as a professional activity, but only for counselling or specialised social services. The resource ministry keeps the records of these persons and their licences for independent work.

Micro-credit organisations are an indispensable subject in social entrepreneurship. In the post-war period, the micro-credit sector had a really important role in poverty reduction and support to development of small and medium entrepreneurship among the socially vulnerable population which cannot receive funding from the traditional banks. Micro-crediting enabled a great number of people to start family businesses in the field of agriculture, cattle-breeding, organic food production, crafts and other.<sup>30</sup>

Work of micro-credit organisations is fully regulated by the law. In Republika Srpska there is the Law on micro-credit organisations (Official Gazette RS No.64/06) Law on savings-loan organisations (Official Gazette RS No. 93/06). In Federation BiH there is also Law on micro-credit organisations (Official Gazette FBiH No. 59/06). Both entity laws define a micro-credit organisation as a legal person that can be established and conduct business as a micro-credit company (Ltd. or stock-company) or micro-credit foundation. If a micro-credit company is founded the resource law is the Law on companies, and if a micro-credit foundation is founded, the resource law is the Law on associations and foundations (these laws can be cantonal, entity or state depending on the area of work and competent registry). This means that a micro-credit company will be registered in the court registry according to the headquarter of the micro-credit company, and a micro-credit foundation

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<sup>29</sup> Law on health protection (Official Gazette of RS No. 106/09) and Law on health protection (Official Gazette of FBiH No. 46/10)

<sup>30</sup> <http://www.amfi.ba/> accessed on 22.05.2012.

will be registered with the court in Republika Srpska, with the Federal ministry of justice of FBiH or a cantonal ministry of justice for the work at the level of one canton. A micro-credit company can approve a loan in the maximum amount of 50.000,00 BAM, and micro-credit foundation a loan in the maximum amount of 10.000,00 BAM. For these activities all the needed licences must be obtained from the entity Banking agencies.

A micro-credit organisation can be founded by at least three local or foreign physical persons, or at least one local or foreign legal person under the conditions prescribed by the law. Organisations can found organisational units in the other entity, and they can establish association of micro-credit organisations. Other activities of micro-credit organisations are donations and raising funds from any legal resources, giving or taking property mortgage in order to ensure loans, loan consultations, business consulting, technical assistance with the aim of credit activities and business activities of the clients.

It is also necessary to say that the banks are a part of the environment for social entrepreneurship through their credit lines for small enterprises, investment projects or special lines for social entrepreneurship, as well as through grants, donations which are annually allocated to civil society, through public calls.

### 5.3 Civil society organisations

Within civil sector, the NGO sector provides most opportunities for social entrepreneurship as it is the most numerous segment of civil society. Importance, capacities and influences of the NGO sector are clearly illustrated by the numerical data on NGOs and persons engaged in their activities. The total number of the registered NGOs in Bosnia and Herzegovina in 2005 was 9.095, out of which less than half was active (about 4.629). This in practice means that there is one NGO per 820 citizens.<sup>31</sup> The total number of registered NGOs in 2008 was about 12.000.<sup>32</sup>

Moreover, NGO in BiH provide services for 29% citizens. 60% NGOs work in the local communities which gives an additional value to their work as it enables direct contact with final beneficiaries and insight in their real needs and problems.<sup>33</sup>

Generally speaking, nongovernmental organisations are quite flexible and they can adapt to new circumstances and localities which is not common to the state structures. They establish direct contacts with beneficiaries, openly accept cooperation with other organisations and institutions and readily accept changes and innovations. All of this speaks on the importance and activities of the NGO sector in Bosnia and Herzegovina and opens opportunities for their active participation in the field of social entrepreneurship, animating and engaging of potential beneficiaries and social entrepreneurs.

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<sup>31</sup> Department for International Development, Independent Bureau for Humanitarian Issues and Bricks Sinclair & Associates.

(2005). Qualitative Study 3-Employment, Social Service Provision and the Non-governmental Sector: Status and Prospects

for BiH, Analysis and Policy Implications. Sarajevo: BiH.

<sup>32</sup> Kronauer Consulting, Analysis of civil society sector in BiH, Sarajevo: Kronauer Consulting 2009.

<sup>33</sup> Ibid.

Speaking on the legal framework, at the level of Bosnia and Herzegovina there is a Law on associations and foundations (Official Gazette of BiH No. 32/01, 42/03, 63/08, 76/11). In Republika Srpska there is the Law on associations and foundations of Republika Srpska (Official Gazette of RS No. 52/01, 42/05), and in Federation Law on associations and foundations (Official Gazette FBiH No. 45/02), and some regulations on the Law on humanitarian work and humanitarian organisations (Official Gazette FBiH 35/98) which refer to representations of the foreign nongovernmental organisations, licences for their projects and supervision of their work. The Brčko District has its Law on associations and foundations (Official Gazette BD 12/02,19/07).

From the aspect of social entrepreneurship, all the laws prescribe that associations and foundations can have their own property, which is important as it can be movable and immovable property. Property can be inherited or donated. The activities are non-profit. The BiH law defines it in the following way "with the aim of realising common or public interest, but with no intention to acquire material gain". The entity laws prescribe the same i.e. "the basic purpose is not material gain."

Speaking of the economic activity (profitable activity), the state law determines that economic activities can be done only if the purpose of these activities is to achieve the aims prescribed by the statute. The Law of Republika Srpska also provides possibility for conducting economic activities which are linked to the aim of the association and this was confirmed by regulations that the income surplus gained in economic activities must be invested in the basic statutory activities and it cannot be directly or indirectly allocated to the founders, members of the association, management bodies which does not refer to appropriate reimbursements, costs related to the statutory activities etc. The Federal law prescribes norms only for conduction of the non-related economic activities (that are not directly related to the aims and activities of the associations and foundations) and that can be conducted through a separately established legal person. There is the right to establish a separate subject for economic or other activities. The Federal law conditions allocations of such profit only for the aim determined by the statute of the association and conducting the activities of the association – founder. There is the same regulation in the state law. This provides a broad legal framework for the activities directed to social entrepreneurship and establishing organisations for social entrepreneurship.

From the above stated it can be concluded that it is allowed to conduct economic activities if the primary purpose is not the profit gaining and if these activities are related to the aims and activities of the association and foundation. However, when it comes to unrelated activities, a legal person must be established i.e. subject through which such a business activity can be conducted.

When all of this is linked to possibilities provided by the public sector it is clear that there are great potentials for the social entrepreneurship. In FBiH there is the Law on social protection, protection of the civil victims of war and protection of the families with children (Official Gazette FBiH No. 36/99, 54/04, 39/06, 14/09). Article 3 of this Law separates competencies in the field of social policies between the competent ministry at the FBiH level and competent cantonal ministries. In Article 4, the Federal law allowed that the activity of social protection, protection of the civil victims of war and protection of the families with children can be implemented, besides the social protection institutions, humanitarian organizations, citizens associations, religious associations and organizations established by individuals and foreign and legal persons. The Law on social protection of RS (Official Gazette No. 37/12) delegates competences in the field of social protection among the entity government and units of local self-government – municipalities. Social protection can be

provided by the institutions of social protection that have to meet legal requirements in order to obtain and license for work and they are registered in the Registry of institutions of social protection with the competent ministry.

There is one more law which provides possibilities for social entrepreneurship. The Law on freedom of religion and legal status of churches and religious communities in Bosnia and Herzegovina (Official Gazette BiH 5/04), gives possibilities to churches and religious communities to found enterprises, caritative, health and education institutions of different kind and level, which are legally equal to those founded by the state or other authorised bodies and they can conduct certain activities. Such a board authority gives a possibility for the society to initiate and support activities in the field of social and health protection, culture and education as well as production of certain goods (fruit, wine, cheese, herbs, medicines etc.) Combinations of all the models and sectors are possible which is an advantage and challenge for social entrepreneurs to find a combination that will give best results for the society and themselves and enable them to gain profit that will be reinvested in the same or some other activity of social entrepreneurship and thus strengthen the whole sector.

#### **5.4 Public-civil-private partnership for development of social entrepreneurship in BiH**

In the broadest sense public-private-civil partnership is a group of joint initiatives of public, private and non-profit sector where each sector actively takes part in planning and decision-making. In a more narrow sense, public-private-civil partnership refers to cooperation within which public, private and public sector are joining the resources and expert knowledge in order to satisfy a public need through adequate allocations of resources, risks and awards. Public-private-civil partnership involves a wide range of actors representing these sectors. Globalisation, decentralisation and increasing interest for the social responsibility of the companies and investments for the poor have changed the perception of responsibilities among the government, business sector and civil society organisations. Therefore, the field of social entrepreneurship opens great possibilities and requires cooperation, supplementing and overlapping, coordination and synergy among all three sectors.<sup>34</sup>

The need for public-private-civil cooperation is more evident at the local level which is the most important for development of social entrepreneurship. For example, social enterprises cannot respond to all the challenges of the business environment and investment climate by themselves and they must lean upon local authorities and services providers i.e., NGOs. Civil society organisations contribute to the efforts for sustainable local and socio-economic development through their activities directed to protection of the vulnerable groups. This partnership includes a wide range of partners by integrating new forms of social dialogue at the local level which is called "dialogue among actors" or "multi-party social partnership".<sup>35</sup>

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<sup>34</sup> For more information see [www.javno-privatno-partnerstvo.eu/JPP/JPP.pdf](http://www.javno-privatno-partnerstvo.eu/JPP/JPP.pdf)  
[http://hr.wikipedia.org/wiki/Javno-privatno\\_partnerstvo](http://hr.wikipedia.org/wiki/Javno-privatno_partnerstvo)  
[http://ec.europa.eu/research/industrial\\_technologies/ppp-in-research\\_en.html](http://ec.europa.eu/research/industrial_technologies/ppp-in-research_en.html)

<sup>35</sup> For more information see [www.javno-privatno-partnerstvo.eu/JPP/JPP.pdf](http://www.javno-privatno-partnerstvo.eu/JPP/JPP.pdf)

Partnership and dialogue among the actors of this process are a necessary tool for the local development. The extended dialogue among the actors is necessary for the success of public-private-civil partnership as it enables identification of the common problems and strategies for development at the state and local level. Public-private-civil partnership enables (local) authorities, business sector and civil society organisations to respond to the social problems in a faster and more effective ways through joint work and joining the capacities and knowledge. Public-private-civil partnership enables increased social cohesion, cheaper usage of resources, improved provision of social services, promotion of employment and good governance. Public-private-civil partnership is necessary in social entrepreneurship which is obvious if analysed from the market aspect.

Namely, social entrepreneurship occurs in different forms and in different ways, but there are two dominant ways: through social employment when through programs, projects or in specialised enterprises certain categories of population are being employed or in specially formed economic subjects. Social entrepreneurship functions in the market economy. Generally speaking, the support to its development requires the state measures for strengthening socially responsible economies and enterprises. Every market for social entrepreneurship has its own characteristics and market laws (here the basic law is the law of supply and demand) and therefore it is not different from the usual market risks: unregulated and unstable market, legal framework, liquidity and non-liquidity of goods and services, improper planning and marketing, poor management of the entrepreneurial subjects (its potentials) etc. On the other hand, by appropriate laws and measures of the economic policies and programs for development of social entrepreneurship market risks can be mitigated and development of social entrepreneurship can be actively initiated.

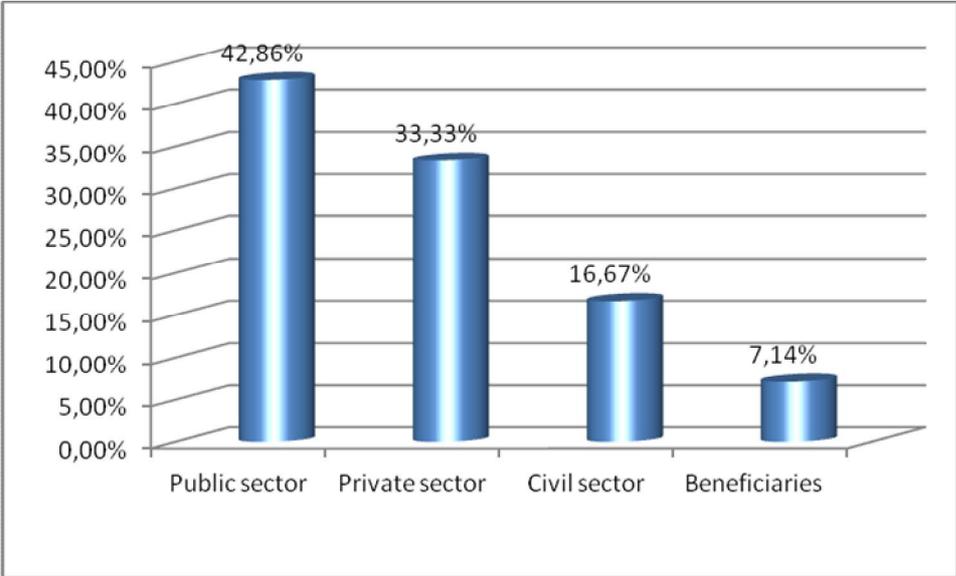
All the sectors in the market have their aims. The state sector works on creating laws, and solve social problems, the private sector wants profit, and civil sector aims to make new values based on the needs and interests of the citizens in a more just social relations. In order to start the cycle of social entrepreneurship, it is first needed to determine the existence of the market i.e. the need for goods and services, competition, specific goods and services to be presented at the market and if this would be payable, the available resources, what is the time period for expecting the results, what to do in the case of failure and other segments that are usually taken into account when deciding to start economic activity. Considering that the nongovernmental sector and state sector usually do not have capacities to make such an analysis, the key role belongs to the private sector. On the other hand, the state will enable the legal framework and regulations needed for the smooth and effective implementation of the social entrepreneurship activities, while the NGO sector can work on examining potential donors, sponsors or partners ready to invest in social entrepreneurship, training and inclusion of the target groups that have potentials and real needs to get involved in the social entrepreneurship activities. This example clearly illustrates that only through coordination of the activities of the public, civil and private sector there can be effective development and sustainability of social entrepreneurship.

## 6. Interviews and focus groups

For the purpose of conducting interviews and focus groups a semi structured questionnaire composed of ten questions was created and a total of 44 participants responded (22 participants in interviews and 22 participants in 3 focus groups). The following is graphic presentation of 4 questions that could

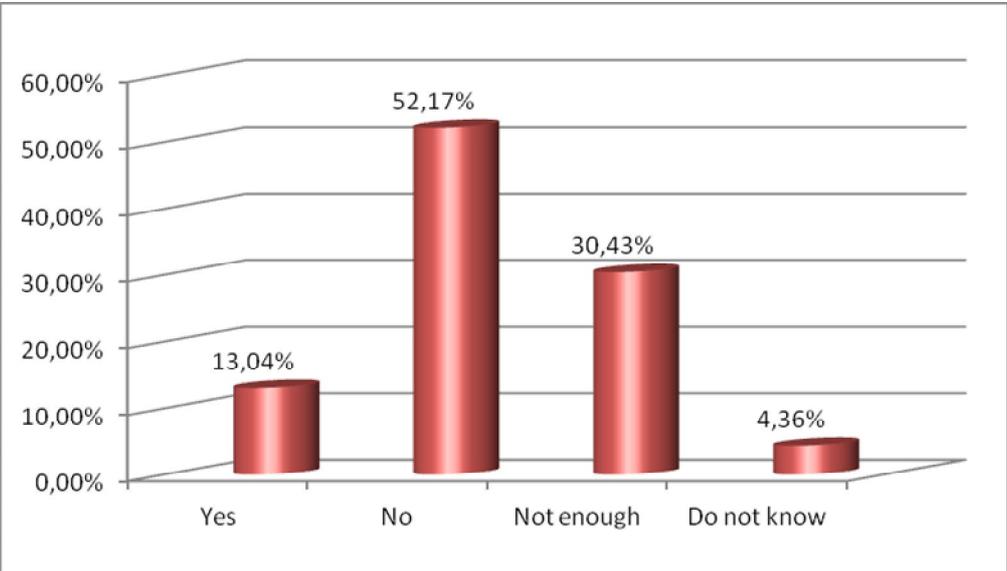
be presented as graphics, after which there is a summary of all the 10 answers of the respondents of interviews and focus groups with specific answers.

1. Who are the main actors or implementers of the social entrepreneurship activities?

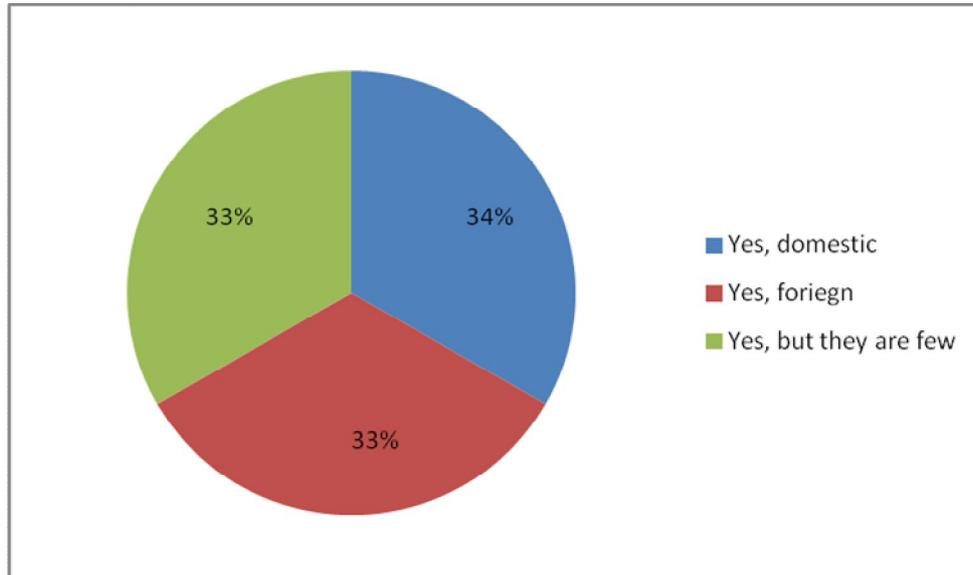


2. Do you think that the existing domestic and international funds/donations/investments are sufficiently directed to development of social entrepreneurship?

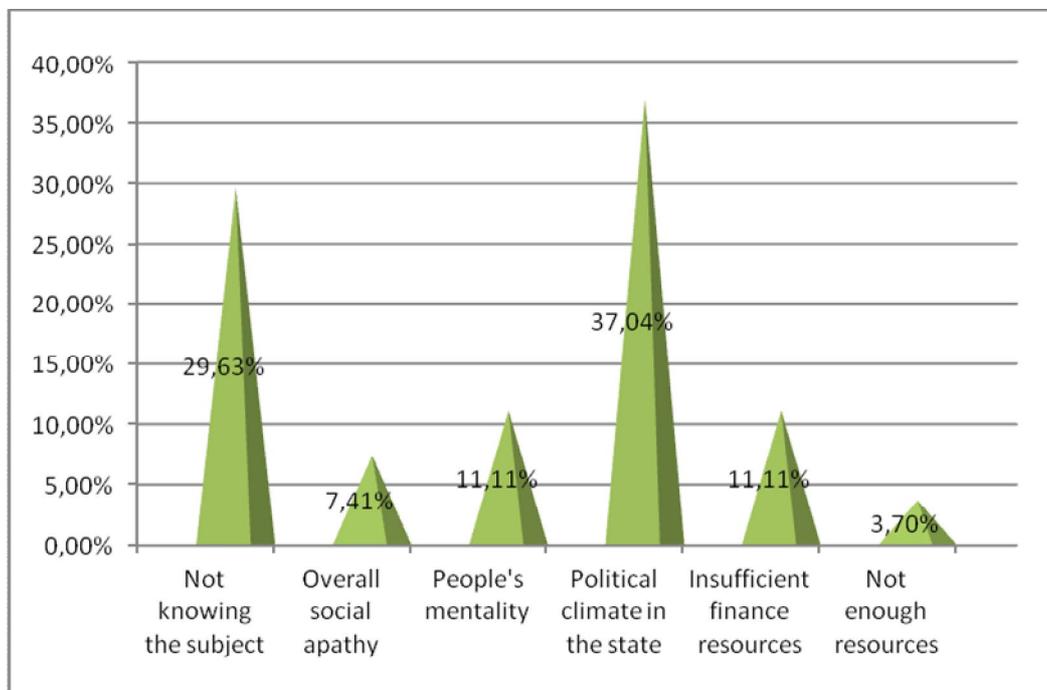
a.) The following percentage of respondents considers that the existing domestic and international funds/donations/investments are sufficiently directed to development of social entrepreneurship



b.) Directing of the individual funds to social entrepreneurship

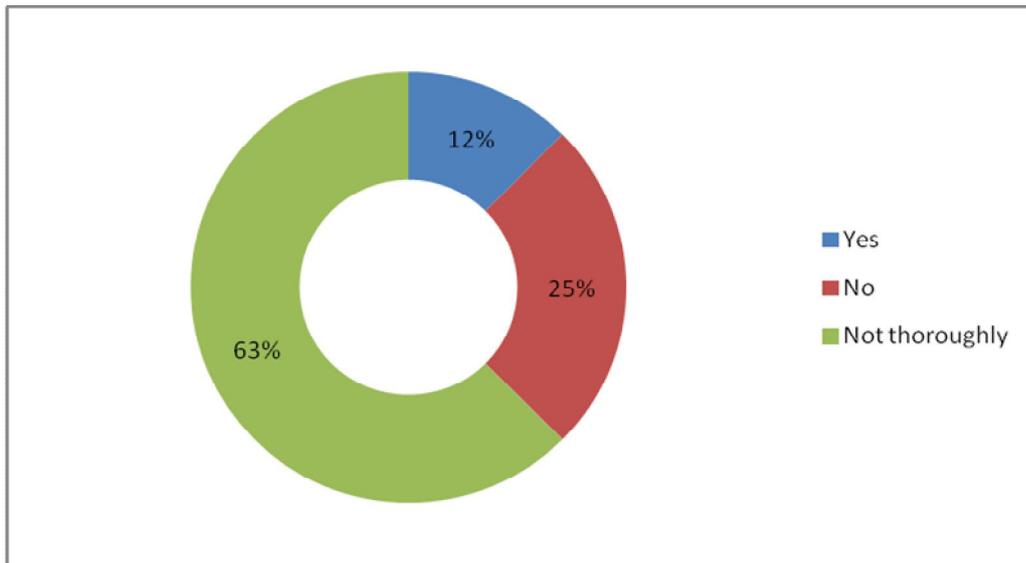


3. What is the main obstacle for development of social entrepreneurship in BiH?

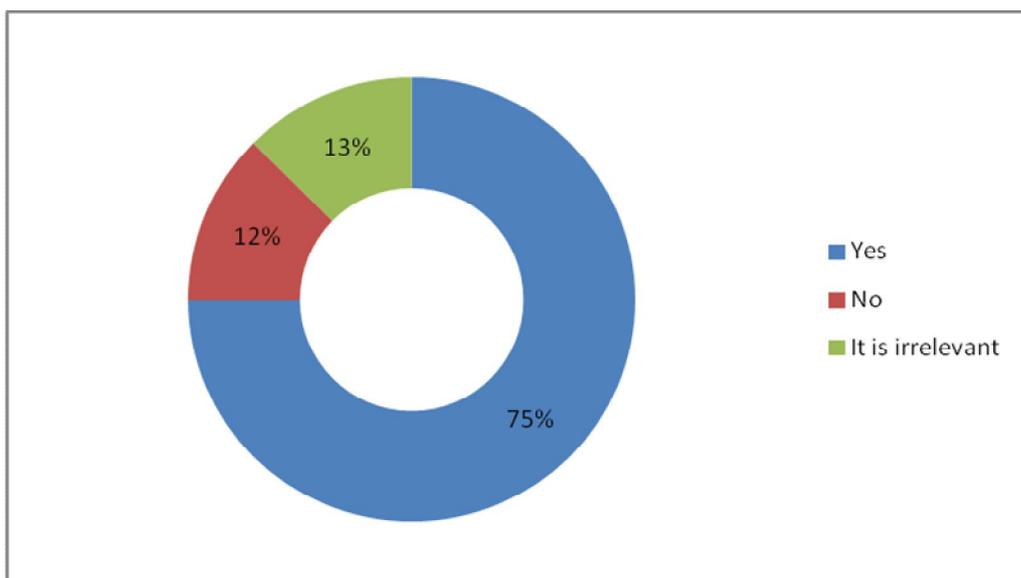


4. Do you know the legal possibilities for implementing the social entrepreneurship activities and do you think that they should be integrated as one law?

a) Do you know the legal possibilities for implementing the social entrepreneurship activities?



b) Do you think that they should be integrated as one law?



## a) Interviews

As previously stated, the research included 22 interviews with the representatives of government and state institutions, civil society organisations, media, academic community and private sector and implementers of the social entrepreneurship activities. A semi structured questioner created for the interviews was composed of ten questions.

The first question was focused on the knowledge of the respondents on the very notion and concept of social entrepreneurship.

Most of the respondents said that the notion and concept of social entrepreneurship is quite new for them and that therefore they cannot define it precisely and that at the world level this concept and practice has existed for 30 years, while in BiH it is at the very beginning. The respondents linked the notion and concept of social entrepreneurship to the characteristics of the local context (a great number of the poor, unemployed and socially excluded persons) and therefore said that social entrepreneurship is a possibility for marginalised and socially excluded persons to take part in the social streams, and to enable certain material existence to these persons. The following are some of the specific answers.

*"Social entrepreneurship differs from the profit entrepreneurship whose main goal is gaining profit, while social entrepreneurship is oriented to the social benefit, primary socially excluded persons who do not have financial means for normal life nor can improve their social status in some other way." (Representative of the academic community)*

*"Social entrepreneurship is a combination of the entrepreneurial work which emphasizes social responsibility and focuses on the socially excluded categories i.e. categories that are not competitive at the labour market." (Representative of the public sector, Federal employment bureau)*

*"Social entrepreneurship and social economy are different from the classical economy since they primarily focus on social strengthening i.e. improvement of the social status of the socially excluded or potentially excluded groups, such as young people employed for the first time, persons with disability, persons from the rural areas or minorities and generally all the persons that cannot provide for themselves through classical entrepreneurship." (Representative of the academic community and nongovernmental sector)*

The next three questions referred to the level of development of social entrepreneurship in BiH, the usage of the existing potentials for development of social entrepreneurship and main actors and implementers of the activities of social entrepreneurship. All the respondents are of the opinion that the level of development of social entrepreneurship in BiH is not appropriate and it is not satisfactory, especially when compared to the neighbouring and foreign countries.

*"Social entrepreneurship is not enough developed, nor promoted in BiH, neither its importance for an individual or the whole society is well understood. All the steps are still at the beginning and there is a lot to be done in order to develop social entrepreneurship and make it satisfactory developed." (Representative of the public sector, Municipality of Teslić)*

*"Changes that need to be done refer to the legal framework in the first place as it needs to be adapted so that less employable categories find employment more easily. The changes need to be done in the state structures and NGO sector. The employers have to be provided with certain stimulations if they work or invest in social entrepreneurship, as there is a great burden in BiH when it comes to salaries which demotivates employers to open new work places and get involved in the activities of social entrepreneurship." (Representative of the public sector, Federal ministry for work and social policy)*

The opinion is that the potentials for development of social entrepreneurship are not sufficiently used and they are just being recognized and used. For example, a great potential in BiH is the land that many people possess and that needs to be fully used for their economic strengthening. Besides the economic potentials there are many young experts who are unemployed and who could use their

knowledge and skills in the field of social entrepreneurship. In this regards it is especially important to devote attention to specialised and additional training in entrepreneurship with special emphasis on the social component. Some of the specific answers are the following:

*"The potential is a great number of the abandoned facilities that could be adapted in a fast and cheap way for starting the activities of social entrepreneurship which would probably give significant results related to certain services and products." (Representative of the nongovernmental sector)*

*"Comparative advantages of certain fields of social entrepreneurship should be first analysed." (Representative of the public sector, Federal employment bureau)*

*"Great opportunities and potentials are opening in the field of concessions and unburdening of the economy on which the whole government should work, taking into consideration that one of the key issues is opening new work places." (Representative of the public sector, Federal ministry for work and social policy)*

*"In BiH more than 25% of the population receives some kind of social welfare. It would be much better if the financial resources that are allocated for the passive forms of social welfare are used for this kind of social investments, as it would enable reduction of the number of people receiving social welfare and fiscal burdening of the budget by social transfers, and at the same time the employment would be increased." (Representative of the nongovernmental sector)*

Speaking of the main actors and implementers of the activities for development of social entrepreneurship they are the state structures at all levels. They are the critical mass that needs to articulate the activities directed to the social categories. For development of social entrepreneurship it is needed to create certain system preconditions and environment for work which is the responsibility of the municipal bodies, cantons, entities and the state itself. Some of the specific answers are the following:

*"The state is one of the key actors as it needs to create policies i.e. special lines in its budgetary programs that would be directed to social entrepreneurship. There are positive changes in the field of employment where in the employment bureaus every year certain amounts are allocated in order to improve social entrepreneurship." (Representative of the academic community)*

*"Civil society organisations, i.e. nongovernmental organisation, are an indispensable part of this process as many of them work with the marginalised and vulnerable categories and some of them are active in the field of social entrepreneurship. The whole civil sector is very important as in the last ten years it has grown into a much respected partner of the government, and with its ideas and inputs it can give great contribution." (Representative of the public sector, Ministry of health and social protection)*

*"The whole financial sector is one of the key actors especially in terms of providing resources for starting social entrepreneurship." (Representative of the private sector)*

The next three questions referred to the opinion if the activities of social entrepreneurship are sufficiently directed to the target groups/final beneficiaries, if the existing domestic and international funds/donations/investments are sufficiently directed to development of social entrepreneurship, what are the main obstacles, and what are the main advantages for development of social entrepreneurship in BiH? Taking into consideration that the very concept of social entrepreneurship is

not sufficiently developed and recognized therefore the very activities are not sufficiently directed to certain groups and beneficiaries. On the other hand, the problem is that these activities are directed to some specific groups. The following are some of the specific answers:

*"In some local communities that are suitable for agricultural development a lot of attention is paid to the refugee population and funds from the local budgets are allocated for their financial strengthening and agricultural work. Other groups these activities are focused on are women and persons with disabilities." (Representative of the public sector)*

*"There are far more persons and categories that are disadvantaged at the labour market, such as the Roma or minority groups. They also need to be provided with the training, additional qualifications and incentives in order to join the labour market as social entrepreneurs. Another problem is that urban centres are in the focus, while in some parts of BiH rural areas are totally neglected." (Representative of the academic community)*

Speaking of directing and availability of the funds for social entrepreneurship general opinion is that certain funds are directed to this sector, but there are not enough funds. The following are some of the specific answers.

*"A good example is the Fund for professional rehabilitation and employment of persons with disabilities in the Federation and RS, which tries to work on this issue. Generally, there are few funds and foundations that work on this issue." (Representative of the nongovernmental sector and public sector, Federal ministry for work and social policies, Assistant minister in the sector for protection of persons with disability)*

*"The published tenders are periodical and they do not reach all those in the field of social entrepreneurship or those who have desire or capacities to be active in this field. Some of these tenders focus on women, some on the unemployed youth and there should be greater dispersion in tenders and projects." (Representative of the public sector, Social work centre, Banja Luka)*

*"Instead of social transfers and passive social measures the state should allocate many more funds for the development of social entrepreneurship which is in the interest of incomes stabilisation and prevention of the further differences among the working and non-working population. Instead of directing the budgetary resources to the social protection programs for the vulnerable categories these categories should be introduced to the labour market under more favourable conditions in order to provide for themselves and unburden the state budget." (Representative of the nongovernmental sector)*

*"In the post-war period international organisations were focused on the capacity building so that the state could function. Now there is an evident trend that NGOs are focusing on social entrepreneurship and therefore the rest of the donors funds should be used for these purposes." (Representative of the academic community)*

Speaking of the foreign donations the opinion is that they have been mainly focused on non-productive programs that have not given real and needed results and their redirecting should be worked on.

The main obstacles are insufficient knowledge on social entrepreneurship and what does it imply. There is a great number of persons who want to be active in social entrepreneurship, but they do not

know the possibilities it offers and that it does not have profit orientation. The main obstacle is the lack of funds, i.e. directing of the budgetary resources to paying the existing salaries and social protection system which are not entrepreneurship but a kind of social aid for the people that do not work and they could. The following are ones of the specific answers:

*"A great obstacle is the current politics which is not sufficiently productive as it does not enable people to try to find an exit from the situation they are in, but it works in a passive way thus preserving the status quo. In this regard, a great problem is inadequate social policy as it is based on the 'statutory rights'." (Representative of the public sector, Federal ministry of justice)*

*"Problem is also inadequate education where there is no subject that would enable people to obtain knowledge for implementing social entrepreneurship. There is a highly evident lack of the coherent strategic framework for strengthening activities for social inclusion and social entrepreneurship." (Representative of the public sector, City of Sarajevo)*

However, most respondents are of the opinion that the problem is inadequate, non-flexible and old legislation, which does not treat the issue of social entrepreneurship in an adequate and comprehensive manner.

*"There are no legal regulations that would facilitate the social entrepreneurship activities in the sense of tax reduction or abolishment, reduction of the customs, reduction of the overheads or other subsidies that would facilitate starting and developing of social entrepreneurship."*

As for the advantages one of them is increasing awareness, i.e. changing perception on the needs of people, which is very evident in the NGO sector, and that is that people do not need social aid but they need to be given an opportunity to work and be useful members of the society. Some of the specific answers are the following:

*"The main advantage is the human resources that could be engaged and used for development of social entrepreneurship. High number of the unemployed and excluded is the driving force which can greatly use their potentials in this field." (Representative of the donor community, European commission)*

*"The main advantage is that more and more companies are interested in social responsibility and social entrepreneurship." (Representative of the private sector)*

The last three questions referred to the knowledge on the legal framework related to social entrepreneurship and if it this matter should be integrated in one law, as well as knowledge of the model of social entrepreneurship that could be applied in BiH and examples of good practice in BiH. Most respondents are not very familiar with the legal framework and they know some laws that regulate the issue of social entrepreneurship in some segments such as the Law on professional rehabilitation and employment of persons with disabilities in Federation and RS. Most respondents consider that it is needed to adopt the state law that would regulate the field of social entrepreneurship:

*"There should be a unique document based on which it would be easier to adapt bylaws then when there are few laws that treat this issue in fragments and are in collision with each other and they require interpretation of different ministries. This is the cause that individual results do not have*

*synergy and therefore there is not real effect.” (Representative of the public sector, Teslić municipality)*

*“On March 7<sup>th</sup>, 2012 at the assembly of the Council of Ministers a decision on adoption of the Strategy on studying entrepreneurship in the education system in BiH for the period 2012–2015 was adopted which is one way of introducing the idea on social entrepreneurship in the education system. In accordance with this, it would be very good to create Strategy on social entrepreneurship that would oblige the competent institutions to implement it with its work plans at all the levels.” (Representative of the public sector, Directorate for economic planning)*

As for the models of good practice it was emphasized that in the Western countries the public sector involves people of the poor material situation, i.e. persons in the state of social need which is one form of social entrepreneurship. The following are some of the stated examples:

*“The system of social corporations and entrepreneurship in Italy has been declared the best in the European Union and it could serve as a good model and replicated and adapted to the BiH context. Namely, in Italy there is a developed system of employing persons with disabilities, former prisoners, former alcoholics, diabetics and other less employable categories. Persons from these categories are employed in different fields – agriculture, as workers or advisors, administrators or factory workers, in hotels or other fields.” (Representative of the nongovernmental sector)*

*“In Croatia Ministry of entrepreneurship and craft announces public calls for monetary allocations to which small economic subjects can apply, subjects that employ or want to employ marginalised and vulnerable persons, persons with disability or those with impaired working abilities. The Ministry provides certain incentives for small entrepreneurs and craftsmen and gives them a chance to get involved in the society.” (Representative of the public sector, Federal ministry for work and social policy)*

*“In the Republic of Croatia there was a project that initiated apartments building and which was based on the public-private partnership and this program is still being implemented and there are allocations for it in the budget. The project has been focused on the cofounding of the young married couples to whom the state was paying the loan in the first four years.” (Representative of the nongovernmental sector and public sector, Federal ministry for work and social policies, Assistant minister in the sector for protection of persons with disability)*

Speaking about the examples of good practice in BiH the following examples were stated:

*“Agency for development of small and medium enterprises in RS which in cooperation with the Civil initiatives centre implemented a project on employment of persons with disabilities and their enabling for the work on radio. There is also the example of ministries working on the issue of refugees and displaced persons which through projects of sustainable development initiate and support development of family business, small and medium enterprises.” (Representative of the academic community)*

*“SIF in BiH financed 8 projects which have had exceptional results and provided a basis for the further development and self-sustainability of the activities. It is very important to say that these projects were based on the funds matching principle with domestic budgets, which means that the funding*

*was partially provided by SIF in BiH, while the rest was provided from domestic resources (municipal, cantonal, entity).” (Representative of the academic community and NGO sector)*

*“Association of entrepreneurs and employers in Žepče has implemented a project of support to the agricultural population, i.e. fruit producers and provided material and professional support to people so that they can plant seeds and make earning for themselves. The best indicator of success is the number of persons who stay in the villages and do not leave their farms.” (Representative of the public sector, Teslić municipality)*

*“Project ‘Offer an Idea – Become an Entrepreneur!’ implemented by Foreign Chamber of Commerce of BiH, i.e. Institute for education ECOS, and which was financially supported by Social Inclusion Foundation in Bosnia and Herzegovina and Federal employment bureau. The aim of the project was to increase the abilities of the newly unemployed women for the active job-search through different training such as computer training in the internationally recognized computer school ECDL and small business training, as well as co-financing of starting small businesses for which the school participants were required to make a business plan.” (Representative of the public sector, Federal employment bureau)*

*“UniCredit Bank has announced a public call with which it has financed the projects of NGOs and smaller economic subjects, associations and agricultural unions active in the field of social entrepreneurship.” (Representative of the academic community)*

*“Activities of SIF in BiH or ‘Mozaik’ foundation can be considered examples of good practice. Moreover, activities of the Centre for support and development, Association of entrepreneurs and employers Žepče, activities of development agencies, regional and local ones, certain local communities where the local development strategies adequately responded to the needs of defining strategic direction and work in this field.” (Representative of the donor community, European commission)*

## **b) Focus groups**

During three focus groups, one in Sarajevo, one in Banja Luka and one in Žepče, a total of 22 respondents had a chance to give their opinion on the questions that were a part of the semistructured questioner. For the first question “What is for you social entrepreneurship in BiH?” most respondents also have linked the answer to the BiH context and have said that it is entrepreneurship directed to help and improve living conditions of the poor, marginalised and vulnerable social categories. Some of the specific statements are the following:

*“What I imply under social entrepreneurship is social action that involves different NGOs and individuals with the aim of solving certain problems in the community.” (Representative of the nongovernmental sector)*

*“It is every kind of entrepreneurship which aims at improvement of the life conditions of the socially vulnerable categories.” (Representative of the nongovernmental sector)*

*“Social entrepreneurship is a set of measures of the government and NGO sector in order to enable decent life of persons who are exposed to unemployment, poor health, poverty and the socially vulnerable.” (Representative of the public sector)*

*“Social entrepreneurship should initiate the society to transformation to be useful for a certain group, and in BiH these are excluded groups.” (Representative of the public sector)*

The next three questions referred to the level of development of social entrepreneurship in BiH, usage of the existing potentials for its development and implementers of the social entrepreneurship activities.

Speaking on the level of development of social entrepreneurship the respondents agreed that it was not sufficiently developed and that this issue should be systematically solved:

*“Development of social enterprises should be approached systematically and based on the specific needs of people. The ones working with the specific groups know these needs. I think that the centres for social work should only identify the service that will be provided to the marginalised groups and that the associations should implement these services.” (Representative of the nongovernmental sector)*

*“I think that it should be insisted upon media coverage of this field. There is not knowledge within the government and general society and that is the biggest problem.” (Representative of the public sector)*

*“I think that Social inclusion strategy is very important as it refers to social entrepreneurship in one of its segments. A lot of things can be solved within the Strategy when it comes to social entrepreneurship.” (Representative of the nongovernmental sector)*

*“Social inclusion strategy includes the period 2008–2013, but few people know about this Strategy and therefore it should be primarily promoted, and then the possibilities opened through it for development of social entrepreneurship.” (Representative of the nongovernmental sector)*

In terms of the usage of the potentials for development of social entrepreneurship it is considered that the potentials are not enough used, that they are many and can be used for many purposes.

*“Speaking about the public sector and state companies that make profit there is a great potential if the state directs its profit to the social entrepreneurship.” (Representative of the nongovernmental sector)*

*“It is not necessary that the companies give the profit away, but companies employing a person with special needs can be awarded, and each company has at least one work place for a person with special needs. And each company has a work place for a physical worker, and all of these are possibilities for development and strengthening of social entrepreneurship.” (Entrepreneur)*

Speaking about the main actors and implementers of the activities of social entrepreneurship, the opinion is that all the sectors are equally important for developing social entrepreneurship – state, civil and profit sector as well as persons implementing or planning to implement these activities.

*“Government institutions need to provide a legal framework for social entrepreneurship, and civil society i.e. NGOs should give their ideas for solving and implementing the adopted laws.” (Representative of the nongovernmental sector)*

*“The main actors should be those implementing the laws and these are government institutions and NGOs, state companies and individuals.” (Representative of the nongovernmental sector)*

*“They are enthusiasts or people in the state of social need.” (Representative of the public sector)*

The next three questions examined if the social entrepreneurship activities were sufficiently directed to the target groups/final beneficiaries, if the existing domestic and international funds are enough directed to development of social entrepreneurship, what are the main obstacles and advantages for development of social entrepreneurship in BiH? Speaking about directing of the target groups (final beneficiaries general opinion is that directing is not adequate or that these activities are too much directed to certain groups which excludes other groups:

*“I think that the system of social protection, no matter of the adopted laws, cannot reach the target groups. There is not contact and efficiency is lost from the law to the target groups. This especially refers to people in rural areas, refugees, Roma, the poor and children. There are no mechanisms by which these groups would be reached.” (Representative of the public sector)*

*“There are some activities, but they occur in narrow cycles and do not provide access to some key categories. For example, some companies employ the blind and exclude other vulnerable categories. There is no joint work and overlapping of the activities.” (Representative of the nongovernmental sector)*

*“The role of media is very important. If media publish that one company hired a person with Down-syndrome it will be an example for other socially responsible companies that will be spread and include other poor and marginalised groups.” (Entrepreneur)*

In terms of domestic and international funds and their direction to the development of social entrepreneurship it is considered that directing and availability are not sufficient.

*“There are international fund, but BiH is not using them or it uses only a small percentage. It often happens that international institutions that have bigger chances to receive these funds use organisations from BiH as partners when applying for certain projects, but later they do not even receive the information on the project, was it approved or not. There is a problem of non-transparency of these funds which has to be solved.” (Representative of the nongovernmental sector)*

*“Applying for these funds requires resources which many organisations do not have so they first need training on how to apply for the projects, as it was provided by SIF in BiH. Another problem is that many of these funds are of a regional character and it is difficult to find reliable regional partners and coordinate their work if the project is approved.” (Representative of the public sector)*

*"I work in the field of agriculture where a big problem is to ensure the starting capital. It happened to me 15 years ago that a microcredit organisation was giving non-returnable loans, but they required a business plan which I and most of other agricultural workers could not write so we gave up. Next year we could not get a loan as we could not get a confirmation that we were individual agricultural workers as it was not regulated by law and we gave up again. Once I was approved a micro loan, but I repaid three times bigger amount than what I received. The financial reward that I received from the Federal employment bureau was a needed incentive to start a private business. I think that there should be many more such incentives and then the concrete steps would be visible." (Entrepreneur)*

The main obstacles for social entrepreneurship are insufficient information, too much bureaucracy, slow administration, lack of proper legislation, poverty, destroyed resources in the country and unemployment. Here are some of the specific answers:

*"Insufficient usage of the international funds, the state structure, lack of joint work among the actors in this sector are some obstacles, while the advantages are the existing human and natural resources." (Representative of the nongovernmental sector)*

*"Agriculture has always been on the margin, and that is a great potential for social entrepreneurship. We as producers are not in contact with each other; there is no organised production in municipalities not to mention the state." (Entrepreneur)*

*"The advantage is that we have a lot of stakeholders and resources. If we would use them we would get over the obstacles and we would be on the way of recovery." (Representative of the nongovernmental sector)*

*"A big obstacle is that people do not dare to start a private business." (Representative of the nongovernmental sector)*

The last three questions referred to the knowledge on the legal framework and if this issue should be integrated in one law, knowledge of the models of social entrepreneurship that could be applied in BiH and examples of good practice in BiH. Speaking of the legal framework the respondents are not sufficiently informed, but they think that this field should be regulated by the law properly.

*"Maybe it is needed to adopt a separate law on social entrepreneurship, but this law cannot be created by those who do not understand the concept itself." (Representative of the nongovernmental sector)*

*"There should be a law on social entrepreneurship that will prescribe all the legal regulations." (Representative of the nongovernmental sector)*

*"If there are strategies, such as Social inclusion strategy, which in one part refers to social entrepreneurship, then there is a need for a law that will regulate this field." (Representative of the public sector)*

The following were stated as the models of good practice:

*"I have received training in establishing social cooperatives composed of six modules. One module was employment and the example was Italy where there is a chain of hotels employing PWDs. These persons worked successfully as presented in the videos. They had no problems and hotels were profit making and self-sustainable." (Representative of the nongovernmental sector)*

*"The example is Denmark where each businessman must allocate 70% of their profit for social programs and everyone does so as it is completely transparent..." (Representative of the public sector)*

The following were stated as examples of good practice of social entrepreneurship in BiH:

*"One example in BiH is the public – communal company 'Rad' and 'Park'. Even these are seasonal works, they enable earning for the socially vulnerable persons, i.e. unemployed. 'Rad' has a great number of employees, even though they have enough money to buy machines that will replace at least ten persons. However, the policy of the company is that the machines are not bought, but that the employees work and that no one gets fired." (Representative of the nongovernmental sector)*

*"Some malls and gas companies in BiH, which are sister organizations, would employ children without parents from time to time and give them allowance. The children developed working habits and were gradually included in social entrepreneurship." (Representative of the nongovernmental sector)*

*"An example is Association of agricultural producers – UPP Poljotes, Teslić, which grew berries. Then the Institute for education and Foreign Chamber of Commerce Sarajevo, which were focused on the informatics inclusion of women older than 40 years and training in the field of business plans." (Representative of the nongovernmental sector)*

*"A good example is Association UPIP Žepče. It would be good to form a network of organisations active in social entrepreneurship for exchanging knowledge and experiences." (Representative of the public sector, Teslić Municipality)*

## **7. Examples and good practices of the social entrepreneurship activities in BiH**

### **7.1 Foundation "Mozaik"**

**Name of the project:** "Youth bank 2011"

**Donor:** Balkan trust for democracy (BTD) and Foundation "Mozaik"

**Partners:** Municipalities Modriča, Mrkonjić Grad, Šekovići, Tešanj, Usora, Vukosavlje and Zvornik

**Short description:** The program provides the youth from 15 to 30 years an opportunity to take part in joint activities and to develop skills of management and entrepreneurship. Since February 2008 Foundation "Mozaik" implements the Youth Bank Program whose aim is to increase participation of the youth in the processes of local development of rural areas through allocating non-returnable funds for projects that are initiated and managed by the youth. The aims of the project are

development of sustainable Youth banks as effective mechanisms of the youth participation in the processes of deciding on financing and supporting projects of the non-formal groups of the youth in rural areas, increasing capacities of the youth representatives that through mobilising local resources and support to the Youth banks implement projects in order to solve the problems of the youth and other.<sup>36</sup>

Speaking about the “Mozaik” foundation it should emphasize the initiative for founding Ltd. “EkoMozaik” which is one of the first social enterprises in the region. By using natural resources “EkoMozaik” produces quality and healthy food products. “EkoMozaik” aims at creating new work places in one of the most rural and poorest areas in RS and BiH – in Bišina, Municipality Šekovići. On the other hand, “EkoMozaik” aims to pay a competitive salary to the workers, with the respect of all the legal obligations. All the profit of “EkoMozaik” is invested in developing new work places and other development projects of Foundation “Mozaik” and this concept of social enterprise is unique at the territory of the former Yugoslavia.<sup>37</sup>

## 7.2 Social enterprise: “Uspon”

**Name of the project:** “Business in the service of the society”

**Donor:** Fund for professional rehabilitation and employment of persons with disabilities F BiH and Municipality Novo Sarajevo

**Short description:** The main aim of the project is to enable persons with disabilities to get employed and provide for themselves, as work engagement is the most effective way to include persons with disabilities in the society. The project will be implemented through three months training and workshops that will take place twice a week in the multi-media Centre for development of career of Municipality Novo Sarajevo within public institution “International centre for children and youth Novo Sarajevo”. The first workshop took place on March 14, 2012 and five persons with disabilities took part.

It should also be said that the social enterprise “Uspon”, founded with the aim of providing professional support to persons with disability, implemented other projects too: Professional rehabilitation and enabling less employable categories, employing persons with disability of over 60%, employing persons with intellectual difficulties and many others.

In cooperation with the partner Raiffeisen bank “Uspon” employs persons with disability in the Call centre and Central operations of Raiffeisen bank. Moreover, first internet portal for hiring persons with disabilities was started with the aim of including persons with disabilities in the labour market, and facilitating job-finding and creating a data-base of the unemployed persons with disabilities.<sup>38</sup>

## 7.3 Organisation “Bospo”

**Name of the project:** “Support to micro-forums of the returnees”

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<sup>36</sup> For more information see [www.mozaik.ba/](http://www.mozaik.ba/)

<sup>37</sup> For more information see [www.ekomozaike.ba/](http://www.ekomozaike.ba/)

<sup>38</sup> For more information see [www.uspon.ba](http://www.uspon.ba)

**Donor:** European Commission

**Brief description:** On May 6, 2009, within this project organisation BOSPO donated green-houses to the members of the Association "Obnova" from Lukavac, who represent the minority returnee population in this area. The green-house is of the size of 100 m<sup>2</sup> and used by all the members of the Association. The aim of this action was to support development of green-house production in this area which should contribute to the sustainable return. Besides the production of different agricultural products, the green house will be used for the educational purposes for the younger members of the Association and community, which could help development of this agricultural branch. It is important to say that production realised at 100 m<sup>2</sup> of green-houses is equal to production realised at 1000 m<sup>2</sup> of the open land, and thus this way of production could attract younger generations work in agriculture.

BOSPO also started the action of cleaning canal for removing water from the cultivation land in the returnee local communities Sižje, Krtova 1 and Krtova 2 in the Municipality Lukavac, in the length of 3 kilometers. Due to the flooding of the Spreča River in 2000 the canal was not in function which prevented 400 families from these municipalities to use it and cultivate their land through which this canal passes. The aim of this action was to enable 400 returnee families to use their land and thus help development of agriculture and sustainable return in this region.<sup>39</sup>

## 7.4 Organisation GOPA, representation in BiH

**Name of the project:** Entrepreneurship development – Women to women

**Partners:** City development agency Banja Luka and Association of women entrepreneurs and managers of Republika Srpska (UNA RS)

**Brief description:** The project "Women to women" has been implemented with the aim of supporting strengthening capacities of companies run by women, support to start up companies founded by women younger than 30 years and employment of young women. The activity was focused on young women (between 18–30 years) that were in the process of registering their own business or who have decided to do their own business. Through participation in the project the young entrepreneurs were provided additional education aimed at improving their entrepreneurial skills and increasing chances for success and competitiveness of their enterprises.

Based on the practical experiences, the participants were provided with training on how to run the business and how to face the challenges of running the business in the first year. Each participant was provided with an individual mentor from the Association of women entrepreneurs "UNA" in the period of 6 months. The participants were given an opportunity to submit the business plans developed within the project for the competition and win awards of 5,000, 4,000 and 3,000 BAM for starting or improving business. The most important result was starting seven small businesses.<sup>40</sup>

**Name of the project:** Entrepreneurship development – collecting and drying medical herbs

**Partner:** Citizens association "Nešto Više"

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<sup>39</sup> For more information see [www.bospo.ba](http://www.bospo.ba)

<sup>40</sup> For more information see [www.yep.ba](http://www.yep.ba)

**Brief description:** Through purchasing of three universal dryers for fruit, mushrooms and medical herbs processing and organising the training for making a two-year business plan, the project enabled beneficiaries to work with fruit and medical herbs and to acquire practical experiences. Besides providing incomes for the newly employed, the project promoted and supported agricultural development as well as responsible usage of natural resources (mushrooms and medical herbs). The project enabled employing three young persons from 18 to 30 years and occasional employing of at least 20 more persons of the same age group in three rural communities in Bosnia and Herzegovina.<sup>41</sup>

## 7.5 Social Inclusion Foundation in Bosnia and Herzegovina (SIF in BiH)

Within its support to NGOs orientated to reducing social exclusion and poverty Social Inclusion Foundation in Bosnia and Herzegovina (SIF in BiH) has, in two years 2010/2011 and 2011/2012 supported 39 projects in the total amount of 2,418.217.60 BAM, out of which 1,495.787.33 BAM is participation of SIF in BiH, while participation of domestic resources is 922,483.27 BAM. The total number of beneficiaries directly supported through implemented projects in two rounds 2010/2011 and 2011/2012 was 14,635 persons (persons with disabilities, children from the vulnerable categories, women, the elderly, minorities, youth and unemployed). In the first round, 9,527 persons were supported and in second round, i.e. second year of work, SIF in BiH supported 5,108 persons.

Out of the total number of supported projects eight projects were implemented in the field of social entrepreneurship, out of which five are presented in the following sections:

### 7.5.1. Organisation – project implementer: “Agency for Economic Development of Herzegovina – REDAH”, Mostar

**Project name:** “Support to vulnerable groups in the area of Konjic and Široki Brijeg Municipalities, through cultivation of berries fruit”

**Partner organizations:** Konjic Municipality and Široki Brijeg Municipality

**Short project description:** The main goal of the project was the reduction of poverty of vulnerable groups in rural parts of Konjic and Široki Brijeg municipalities through ensuring safe incomes in market oriented production of berries fruit. The specific goal of the project was social inclusion of families from vulnerable groups through work in their own estates and fruit production, with the aim of encouraging the stay of population in rural areas through the use of their own unexploited resources. This project reduced poverty of socially excluded groups with funds that they earned from the production of berries fruit. The project has provided direct support to 70 beneficiaries (14 families in Široki Brijeg and Konjic municipalities). The total value of the project was 49,637.19 BAM, of which 32,637.19 BAM was SIF in BiH participation, whereas funds from domestic sources amounted to 17,000.00 BAM (Municipality).

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<sup>41</sup> Ibid.

The project advanced the methodological approach in the development of this type of agricultural production, i.e. assistance was given to agricultural producers to start this kind of production which was not present in these areas.

The project enabled 14 marginalized families, i.e. 70 beneficiaries, from the municipalities Konjic and Široki Brijeg to improve their economic situation by producing berries in their farms.

Through this project younger members of families were given priority to try and solve their unemployment problem.

**Project duration:** July 01, 2010 – January 31, 2011.

#### **Summary of the project results:**

- Grown altogether 3.42 new hectares of berries (or 34,2 acres). In average, 2,41 acres of berries for each of 11 beneficiaries in Konjic municipality or in total 27.4 acres (2,74 ha) and, in average, 2,28 acres of berries for each of 3 beneficiaries in Široki Brijeg municipality or in total 6.8 acres (0.68 ha). Around 2.0 ha of uncultivated land was cultivated and planted;
- Calculation projections indicate that beneficiaries will have average gross annual income of 5,376 BAM to 11,604 BAM (average monthly gross income of 448.00 to 967.00 BAM);
- Women and young family members will be more occupied giving huge contribution to both production and overall improvement of life;
- Professional trainings for cultivation of berries held, in Široki Brijeg municipality 3 and in Konjic municipality 4 trainings, and farmers gained new knowledge and skills in agricultural cultivation of berries, farm planning, agricultural products marketing, records keeping and basics of business plan writing;
- Promotion of this sort of production, as one of the most effective for solving the issue of unemployment, staying in rural areas, more active inclusion of vulnerable groups in daily life courses, carried out via trainings organised on the territory of these municipalities.<sup>42</sup>

#### **Statements of the project beneficiaries:**

*"This project is very important for me and my whole family as it ensures our future. Those who want to work can have a very good job with this project. I am truly grateful on my own behalf and behalf of all those who received the free berry seeds."*

Munir Borić, *beneficiary*

*"The project is very useful and it enables a household to earn income. I am very grateful for this project. As a war veteran I am unemployed, I live in the village and I have a farm which I was not able to cultivate and seed new seeds."*

Nermin Pinjić, *beneficiary*

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<sup>42</sup> [http://sif.ba/ba/?page\\_id=1299](http://sif.ba/ba/?page_id=1299), accessed on 23.05.2012.

*“By planting berry fruit I will ensure better income for my family. By growing strawberries at my farm I will use more natural resources, and it will also improve existence in the rural area.”*

Novalić Rasema, beneficiary

*“I am a beneficiary of the REDAH project through which I received raspberry seeds, I expect future cooperation and I think this is a good support and that with little effort results can be achieved as well as increase of seedlings.”*

Džemal Mandžuka, beneficiary

### **7.5.2. Organisation – project implementer: Association of Agricultural Producers Poljotes, Teslić**

**Project name:** “New Job Openings through Production of Raspberries”

**Partner organizations:** Ministry of Agriculture, Forestry and Water Sanitation of RS and Municipality of Teslić

**Short project description:** The project was focused on creation of preconditions for opening new jobs within one’s own household, economic empowerment, and making target groups equal with other categories of population. The project goal was improvement of quality of life and reduction of social exclusion of the most vulnerable categories of population (returnees, persons with disability, women, and young unemployed persons) in rural areas of Teslić municipality through opening new jobs in the field of raspberry production. The project has foreseen creation of ten jobs in the households of vulnerable categories through raspberry plantation and education of beneficiaries in production technology, and construction of cold storage for fruit, which provide the opportunity for good yields and preservation of fruit. The project has provided direct support to ten beneficiaries, while indirect beneficiaries were family members and neighbouring population (830 persons) that were engaged in the harvest season. One marginalised person got a job in the raspberry cold storage. The funds allocated for the implementation of this project amounted to 90,949.04 BAM, out of which 39,150.00 BAM of domestic contribution and 51,799.04 BAM of SIF in BiH contribution.

Through the production of raspberries the project aimed at creation of ten jobs in households which belonged to the most vulnerable groups, and indirect beneficiaries were their family members.

Ten families realised incomes in their own properties, 30 persons realised the opportunity to make money in the raspberry harvest season, and one marginalised person got the opportunity to work in the newly-opened raspberry cold storage with the minimum capacity of 50 tons.

Through this project, firm cooperation was established between ministries, the municipality and the association on resolving the problems of the rural population.

**Project duration:** June 15, 2011 – January 15, 2012.

**Summary of the project results:**

- A total of 10 beneficiaries included;
- Built cold storage with the capacity of 50 tons, which will enable good quality preservation of raspberries produced by both direct beneficiaries and other producers from the territory of Teslić Municipality;
- 10 new job openings;
- 10 raspberry plantations started in accordance with the standards of contemporary production which, on the overall surface of 2 ha enable the employment of 10 persons and, through that, provide the opportunity to households to receive incomes for 10 additional persons;
- 10 producers educated about intensive production of raspberries and enabled to broaden production and, through their example, spread good practice in production;
- Through education and constant informing about the project, the number of demands to the Municipality for allocation of raspberry planting materials increased for the reason of safer production placement;
- Planting material allocated to ten additional raspberry producers, which will increase the surface area of plantations of this culture and, in the future years, influence increased production by 80 tons of raspberries;
- 1 highly educated person employed in the cold storage;
- Established stable cooperation between the Association and the Ministry of Agriculture, Forestry and Water Management with the aim of resolving the problem of socially excluded persons and established good approach for their inclusion in the area of agriculture.<sup>43</sup>

#### **Statements of the project beneficiaries:**

*"I am 45 years old. This means a lot to me because I make my living this way. I am a registered agricultural producer in the field of fruit production. I produce raspberries and blackberries, and I used to produce strawberries, too. I have been producing raspberries for seven years. I have passed the training and attended every class. The trainings were headed by engineers who came from Republika Srpska, the Federation, Laktaši, Sarajevo and Bugojno. I believe I have learned a lot. No matter how much a man works, there is always something new to be learned."*

Nedo Vidović, beneficiary

*"I am 27 years old. I live with my wife and two children. I am not employed. We are trying to work in agriculture. We received two and a half thousand seedlings and have planted them all. We have had lectures and practical exercises in the field, which both my wife and I attended and we have learned a lot. The most beautiful news we received was that the cold storage was opened, because we will have a place to store our raspberries until we find buyers. If we get a chance, maybe we will even spread our plantations because we have more free land."*

Dragan Stanić, beneficiary

*"Me and my family submitted a request for raspberries and received 1.800 seeds. We attended the lectures and we learned a lot. Me, my wife and a few neighbours seeded raspberries. No one works in our family and my mother is retired. We expect good results, but we will see if the year is going to be*

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<sup>43</sup> [http://sif.ba/ba/?page\\_id=1299](http://sif.ba/ba/?page_id=1299), accessed on 23.05.2012.

*good. The cold-storage means a lot to us as the price will probably be better. We expect the first raspberries in 2013."*

Fikret Nikić, beneficiary

*"I live in the four-member family for which agriculture is the only income. We are a young family and we immediately accepted to start working with raspberries and this was the best thing that happened to us. We have no experience, but we learned a lot in the lectures. We will expand the production and we know that we will sell raspberries. We have prepared the land very well and seeded raspberries. Thank you all."*

Veljko Glišić, beneficiary

### **7.5.3. Organisation – project implementer: Association of Entrepreneurs and Employers – UPIP, Žepče**

**Project name:** "People for People"

**Partner organizations:** Municipality of Zenica and Association of Citizens "EKOZEN"

**Brief project description:** The project aimed to contribute to protection of basic human right to life and work of socially vulnerable groups of population, returnees, women, and children and unemployed members of the community through self-employment, utilization of natural resources, application of good production practice and initiation of new business activities. The goal was reduction of social exclusion and poverty in rural areas of Zenica Municipality with special focus on creation of more favourable conditions for sustainable utilization of natural resources. This was in function of continuous source of incomes for members of these communities, thus becoming a part of the integral local community, with secured incomes for themselves and members of their household. The funds allocated for project implementation amounted to 69,741.62 BAM, out of which 28,000.00 BAM of domestic contribution (Municipality) and 41,741.62 BAM of SIF in BiH contribution.

Through this project 313 members of local communities, including 40 households, were socially included, trained, theoretically and practically educated (104 beneficiaries of educational workshops, 184 beneficiaries of pilot project, i.e. 40 households, and 25 beneficiaries of the educational field trip) to ensure incomes through self-employment and the concept of lifelong learning through educational workshops, visits to producers and use of written materials. 40,000.00 m<sup>2</sup> of raspberry and strawberry plantations was raised, which ensured incomes for several future years in the amount of around 600 BAM per month for beneficiaries of strawberries and around 320 BAM per month for beneficiaries of raspberries.

The result of the project is the implementation of actions in partnership of the local community, the non-governmental and the governmental sector, which will contribute to socialisation and sustainable development of rural areas. The broad community, governmental and non-governmental institutions and the media were made aware of these activities. Public-civil partnership was established between governmental and non-governmental organisations and project beneficiaries.

**Project duration:** June 15, 2011 – January 15, 2012.

### **Summary of the project results:**

- A total of 313 beneficiaries included;
- Ensured social inclusion of marginalised groups of society from rural areas, who were enabled to start business activities and ensure incomes for their households;
- Printed and distributed document “Analysis of the Socio-demographic Situation in Rural Areas of Municipality Zenica” which will serve as a basis for future activities in the development of these areas;
- Members of local communities were socially included, trained, theoretically and practically educated to ensure incomes through self-employment and the concept of lifelong learning through educational workshops, visits to producers and use of written materials;
- Ensured existential means to direct beneficiaries of the project, 40 households from rural areas of Municipality Zenica;
- 40,000.00 m<sup>2</sup> of raspberry and strawberry plantations raised, which will ensure incomes for several future years in the amount of around 600 BAM per month for beneficiaries of strawberries and around 320 BAM per month for beneficiaries of raspberries;
- Established public – civil partnership between governmental and non-governmental organisations and beneficiaries of the project;
- Foundations laid for the future cooperation and implementation of projects with the aim of social inclusion and development of social entrepreneurship;
- The wider local community, governmental and non-governmental institutions and the media were acquainted with the possibilities of implementing activities in partnership of the local community, governmental and non-governmental sector, which will contribute to socialisation and sustainable development of rural areas.<sup>44</sup>

### **Statements of the project beneficiaries:**

*“I am Ćazim Durmić, born in 1973, a war invalid, unemployed; I have a family, a wife and three children. We are located on a lot where raspberries were planted and I thank the Social Inclusion Foundation in BiH. I have worked in agriculture before. Considering that I am unemployed, this will help me a lot because I am putting three children through school, one is in the first grade, one is in the sixth and one is in high school. I have completed secondary education, I am a machine technician, but I have been unemployed for 20 years. Until now, I have never produced raspberries. Here I have 2.5 km<sup>2</sup> of land, I was given raspberry seedlings for one km<sup>2</sup> and I know it can be broadened, it is up to me now.”*

Ćazim Durmić, beneficiary

*“I am an unemployed, demobilised soldier, a war invalid, 23 years on the employment bureau, where nobody has ever even offered me to sweep the streets. This project has been good for me, somebody made sure that we, too, try to do something. I hope to succeed, in two years I will see whether I have succeeded or not. There are four of us in the house, two children in school. Until now I worked in*

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<sup>44</sup>[http://sif.ba/ba/?page\\_id=1299](http://sif.ba/ba/?page_id=1299), accessed on 23.05.2012.

*agriculture, for myself, working wherever a daily fee could be earned to buy flour every month. What I was given should help me, if everything yields, but we will see. I hope it will yield."*

Mufid Mujanović, beneficiary

*"This is very important for me and my family. I seeded raspberries at 1,000.00 m<sup>2</sup> and I plan to extend production for 2,000.00 m<sup>2</sup>. This project means a lot to me as it helped me to start working in agriculture. I have worked in different companies and have lost job, and therefore I started working in agriculture. I have a lot of land where I plan to extend production, and I would like to provide for me and my family in this way."*

Halid Kahrimanović, beneficiary

*"The project 'People for People' is very important for my whole family, and for the rest of the population living in the villages, as most of them are unemployed. For 30 of them this is now the only income. At the moment we live in Jastrebac, me, my wife and two children. I graduated from the high-school, I am a medical technician. I and my wife are unemployed. I have been registered with the Employment bureau for 11 years. I have not worked in agriculture so far and this will be the only income for me and my family. Thanks to this project I seeded raspberries at 1,000.00 m<sup>2</sup> and I have more land for new seeds."*

Mehić Mujo, beneficiary

#### **7.5.4. Organisation – project implementer: Foreign Trade Chamber of BiH – VTK BiH, Institute for education ECOS, Sarajevo**

**Project name:** "Offer an Idea – Become an Entrepreneur!"

**Partner organization:** Federal Employment Agency

**Brief project description:** The project increased competencies at the labour market of newly unemployed women through training in active job seeking, self-employment and inclusion in information society. Specific goals were informatics literacy of women newly registered at the employment agencies through internationally recognized School of computers ECDL training in entrepreneurship in the School of small business thus increasing their knowledge and skills and competitiveness at the labour market and increasing social inclusion. The third goal was initiation of two small businesses with assistance of project implementer in which beneficiaries were encouraged to create business plan for the business they wanted to start. Two most successful business plans were financed with 10,000.00 BAM each, and provided with assistance in the first three months. The project provided direct support to 164 beneficiaries. The total value of the project was 99,561.69 BAM. The funds allocated for project implementation were 40,000.00 BAM of domestic contribution and 59,561.69 BAM of SIF in BiH contribution.

The project enabled the development of two most successful business plans which were funded from the project budget in order to help women entrepreneurs.

Women were educated for the use of computer applications Windows, Word, Excel and Outlook Express and trained for drafting business plans, fundraising for starting their own businesses, registering their businesses or crafts and active job-seeking.

This project enabled the newly-unemployed women to improve their employment opportunities, which prevents the risk of long-term unemployment and the related deterioration of skills and the will to work.

**Project duration:** June 15, 2011 – January 15, 2012

### **Summary of the project results:**

- A total of 164 female beneficiaries included;
- 164 women educated for the use of computer applications Windows, Word, Excel and Internet and Outlook Express in the internationally recognized school for computer education – ECDL;
- 127 women received the certificate on completed School of Small Businesses and gained knowledge for drafting business plans, fundraising for starting their own businesses, registering their businesses or crafts and active job-seeking;
- 164 women gained additional knowledge and skills required in the labour market and thus became more competitive in the labour market;
- 127 women practically drafted business plans of which 2 most successful were selected;
- With the assistance of experts, two new small businesses were started;
- Monitoring of newly-started businesses during the first two to three months of activities (registration of the firm, business facilities, market research, marketing plan and connecting with partners in the market);
- Newly-unemployed women enhanced their employability and prevented the risk of long-term unemployment and, with it, of the related deterioration of skills and the will to work, unemployed women motivated to start their own business and become active in the labour market again. Moreover, it was prevented that loss of employment turned into marginalisation in the labour market.<sup>45</sup>

### **Statements of the project beneficiaries:**

*"I passed the ECDL training and the School of Small Businesses. I won first place for the business plan 'Farming of herbs and herb salads'. This award was a great encouragement for me and an incentive to start my own business. Apart from that, the business plan training was very helpful. Some things which I did not know and did not have the opportunity to learn, I have now learned. I am very satisfied; I have learned things here that can really help me in my life. Also, I have spent time with women and seen that I am not the only one without employment. Whoever thought of and started this project, congratulations. This is a big deal! If only 100 more women could have the same opportunity."*

Aida Smajić, beneficiary

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<sup>45</sup> [http://sif.ba/ba/?page\\_id=1299](http://sif.ba/ba/?page_id=1299), accessed on 23.05.2012.

*“Only after passing through this business plan have I seen that the market has to be deeply studied, many things have to be prepared to start a business. I do work on glass and calligraphy. That is where I show my creativity. The training has helped me a lot; I have learned many things and established many contacts. My self-esteem is elevated. We have made beautiful friendships. My business plan was positively evaluated and I received a monetary prize. All projects went through the same selection process and the best were chosen, so we saw that good quality ideas get the opportunity to succeed. I am very grateful to the organisation.”*

Amina Oprašić, beneficiary

*“I was born in Sarajevo and I graduated in criminology. In August 2010 my work contract for defined period of time expired. From September to November 2011 I was a beneficiary of this project within which I attended the ECDL computer school and School of small business. The whole project was very well designed and both schools were realised with great quality. When it comes to the ECDL computer school, I increased my knowledge and skills. Even though I used computer every day, this school helped me to solve the problems when using computer on my own, and to use programs I did not know about before, and which facilitate my work very much.”*

Alma Kovačević, beneficiary

#### 7.5.5. Organisation – project implementer: Association “Persons with Disabilities“, Berkovići

**Project name:** “Let us give a Hand”

**Partner organization:** Municipality of Berkovići

**Brief project description:** The main goal of the project was improvement of the position of vulnerable categories: persons with disabilities, unemployed youth, and women in undeveloped, rural municipality of Berkovići through development of social entrepreneurship. The project contributed to improvement of the position of vulnerable categories because it directly influenced their economic independence, and thus the quality of their life. The project involved opening of the Ethno room in which hand-made products of beneficiaries were exhibited and sold, which further contributed to development of rural tourism in the Municipality. The project provided support and education to 40 beneficiaries. The funds allocated for the implementation of this project amounted to 36,913.74 BAM, out of which 17,000.00 BAM of domestic contribution (Municipality) and 19,913.74 BAM of SIF in BiH contribution.

Through the project the Ethno room was developed and opened in the space provided by the Berkovići Municipality which serves as a museum of antiques and crafts, and in which items crafted by beneficiaries of this project are for sale.

The project influenced the reduction of poverty and social exclusion of youth, persons with disabilities and women in the rural municipality of Berkovići

#### **Summary of the project results:**

- A total of 40 beneficiaries included;

- 40 persons from the category of youth, persons with disabilities and poor and the unemployed participated in educational programs for handcrafting of products (they were educated and capacitated for work with stained glass, jewellery and glassware colouring);
- Municipality facilities adapted for organising workshops and exhibitions;
- Procured equipment and machines necessary for maintenance of the workshops;
- Opened Ethno room with organising of a sales exhibition;
- Contributed to the reduction of poverty and social exclusion of youth, persons with disabilities and women in Municipality Berkovići;
- Enhanced capacities of the Association of Persons with Disabilities Berkovići for the activities in the social sector;
- Increased networking of beneficiaries, institutions and the Association with the aim of improving the quality of life of the most vulnerable categories in the society – persons with disabilities, unemployed youth and impoverished women and the transfer of experiences to other, especially rural and poor municipalities throughout BiH.<sup>46</sup>

#### **Statements of the project beneficiaries:**

*"This is my first encounter with this type of work. There is a lot of interest for the workshops. We made paintings and there were a lot of new activities. Personally, I wanted to become involved in jewellery crafting. I think I must have gone through thousands of web-pages looking for jewellery, for ideas. And then I had the opportunity to craft jewellery and I was exhilarated. I am more than satisfied with the experience that I have gained. I have a lot of free time and this is great for me. I am very happy with what I see when I finish the work. I have decorated all the glasses in my house. More and more people are asking how they can join this programme. For all participants, this was a very big change and true refreshment."*

Olivera Muratović, beneficiary

*"I am a single mother. I struggle on my own to afford clothes, shoes and books for my child. The help I receive in the form of crochet yarn and knitting twine will be useful for me to make some money, but also to shorten the long winter nights."*

Danijela Lučić, beneficiary

*"Nobody works in my family, and I have two sons. One of them is a student. Every kind of help is welcome as it will improve financial situation of my family. I knit and do embroidery. I have been doing this for a long time and I sell my products at the market and in this way I can earn some money. This project enabled me to receive the material for free and to use it for making the articles out of which I make my living."*

Angela Ćuk, beneficiary

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<sup>46</sup> [http://sif.ba/ba/?page\\_id=1299](http://sif.ba/ba/?page_id=1299), accessed on 23.05.2012.

## 8. Conclusions and recommendations for development of social entrepreneurship in Bosnia and Herzegovina

1. First of all, it is necessary to work on the activities of promoting social entrepreneurship in public in order to have this concept and notion better understood and make an appropriate definition in the context of Bosnia and Herzegovina;
2. It is necessary to strengthen the role of media in promoting social entrepreneurship. Media are one of the key factors and link among other actors and implementers of the activities of social entrepreneurship and they are the ones to promote the cases of good practice and examples of social entrepreneurship that will be replicated and further developed;
3. It is necessary to develop appropriate educational content for social entrepreneurship at the faculties and schools, which would contribute to the early awareness on social entrepreneurship as a way to achieve social changes and improvements, and innovative approach to solving economic and social problems. Most of social entrepreneurs do not have enough knowledge and skills for implementing activities of social entrepreneurship. This knowledge and skills need to be in different fields, and thus it would be very useful and necessary to organise and offer educational programs for the employers and employees of the social enterprises;
4. In this regard, it is necessary to prepare and implement training of the public servants – segments related to economy, taxes, social and health protection, which are all related to social entrepreneurship;
5. It is necessary to enable easier access to the funding resources as the funds allocations is one of the biggest challenges and obstacles social entrepreneurs are faced with as social entrepreneurship is limited by its primary mission and goals, and that is achieving of the social changes and improvements, and orientation to the vulnerable groups. Ensuring the initial funding for the social entrepreneurship and its lack are very often the reason which prevents people to start social entrepreneurship activities. Therefore, it is necessary to work on the further development of the programs of funding, investing and opening the new credit lines for social entrepreneurship. It is necessary to consider opening the new ones and integrating of the existing funds for the social entrepreneurship, and the available foreign and domestic donations and grants need to be directed more to the development of these activities;
6. Establish Centre for development of social entrepreneurship or Fund for development of social entrepreneurship that could provide the initial capital for development of social enterprises, in this regard it is necessary to define social market, goods and services for social entrepreneurship and define groups and number of people for employment in the field of social entrepreneurship;
7. It is needed to additionally incent the business sector to be more actively engaged in the programs of social employment through co-funding of the programs of social entrepreneurship and ensuring access to the market and providing mentor services to the organisations of civil society active in the non-profit entrepreneurship and provide tax reduction for the enterprises which reinvest their profit in the activities contributing to the community development;

8. Advocate development of the tax policies that will be suitable for development of the concept and activities of social entrepreneurship – a possible fiscal solution might be tax reductions and subsidies for the development of the social enterprises;
9. It is necessary to regulate these activities institutionally and legally in order to successfully build the whole model of social entrepreneurship and enable establishing and functioning of social enterprises;
10. To develop partnerships among nongovernmental organisations and social enterprises and cooperation at the regional and national level, in order to work in a more organised manner towards the relevant political actors and advocate normative recognition of the social enterprises;
11. Initiate intersectoral cooperation that will include media that will devote more attention to the examples of good practice and raising awareness of the public on the possibilities of social entrepreneurship;
12. Develop infrastructure and intersectoral cooperation. Networking of social entrepreneurs is a platform which creates opportunity for cooperation and access to the resources which can be useful not only to social entrepreneurs but all those who see benefits in the work of social entrepreneurs. By developing a sustainable and efficient relation that will motivate social entrepreneurs synergy is created as well as integrating of innovations and entrepreneurship at all the levels which is positively reflected at whole community;
13. Invest in creating a favourable environment for the work of social entrepreneurs, capacities and infrastructure support for all the subjects of social entrepreneurship;
14. Create Strategy for development of social entrepreneurship which will be the main document and guide and which will contain and address all the previously stated aspects and enable their comprehensive and synchronised solving and improving.

## **ANNEX 1**

### **RESEARCH METHODOLOGY FOR PREPARATION OF ASSESSMENT REPORT ON SOCIAL ENTREPRENEURSHIP IN BOSNIA AND HERZEGOVINA**

#### **Research methods:**

##### **1. Content analysis/Desk research**

The starting point of the research will be a thorough analysis of the previously conducted studies, policy documents, reports, analyses, state strategies and documents as well as available statistical data on the existence and level of development of the social entrepreneurship activities in BiH. An emphasis will be placed on the examination and review of the existing laws (at the state, entity and cantonal level), legal regulations and acts pertaining to social entrepreneurship. A special focus will be placed on the CSOs, their level of being informed on the social entrepreneurship and available opportunities in this field. This phase of the research will provide the initial insight in the social

entrepreneurship practice in BiH, the legal environment, main stakeholders and donors/investors (from the public and private sector, international donors as well as civil society organizations, as the major implementers of the social entrepreneurship activities). This phase of the research will review quality, quantity, visibility and reliability of the currently available data. It will also examine if the data has been out of date and if an update is needed. The data collected during the desk research will ensure the basis for the field research, collection and processing of the new data.

***The tentative foreseen deadline for finishing the content analysis/desk research is May 25, 2012 since it is a continuous activity which will overlap with the other planned activities and require version in both B/C/S and English language.***

## **2. Interviews**

Approximately 15–20 interviews will be conducted with the representatives of the relevant stakeholders in the field of the social entrepreneurship from the government, public institutions, private sector, profit organizations, civil society organizations (with a special focus on the NGOs as the most numerous segment of the BiH civil society), individuals active in this field and final beneficiaries of the social entrepreneurship as well as representatives of the international and EU donors community. The interviews will be conducted with the aim of obtaining the first hand and up-to-date information of the stated stakeholders. For the purpose of the interview a semi-structured questioner will be prepared including the questions on the relevant stakeholders' knowledge, participation and activities in the field of the social entrepreneurship, funding opportunities from the donors/investors, the potentials in BiH for developing social entrepreneurship especially in terms of sustainability and local ownership. A special attention will be paid to the interviews with the final beneficiaries of the social entrepreneurship projects and activities.

The interviewees will be selected based on their experience and engagement in the field of social entrepreneurship. The interviews will ensure obtaining first-hand and multi-perspective opinions, experiences and information and provide a realistic and comprehensive picture of the social entrepreneurship in Bosnia and Herzegovina. *(The list of the interviewees, with their names, functions and organizations/institutions will be annexed to the Assessment Report).*

***The tentative foreseen deadline for the conducting the interviews, collecting and processing information is May 20<sup>th</sup>, 2012. The interview transcripts will also require version in both B/C/S and English language.***

## **3. Focus groups**

Focus groups will also be organized to supplement the questions and information as they will provide interactive setting and receive perceptions, opinions and attitudes on social entrepreneurship of social services from a group of people. It is considered that dynamics of the focus group setting and interaction among the participants will provide wider insight in the issue and generate diversified opinions, experiences and ideas in terms of the overall social entrepreneurship in BiH. The participants of the focus groups will be of different profiles ranging from representatives of the public sector, private and profit sector, civil society organizations, individual beneficiaries of the social entrepreneurship as well as donor community, again with the aim of obtaining the most comprehensive picture, opinions, inputs and experiences related to the field. *(The list of the focus*

groups participants, with their names, functions and organizations/institutions will be annexed to the Assessment Report).

***The tentative foreseen deadline for the conducting the focus groups, collecting and processing information is May 20<sup>th</sup>, 2012. This phase will overlap with the other phases of the research and require version in both B/C/S and English language.***

#### **4. Case studies/Good practices**

The initial research activities along with the interviews and focus groups will also provide information on the good practices of the social entrepreneurship in BiH. These cases will be analyzed and the results achieved through the initiatives, projects and activities in the social entrepreneurship will be presented as models that proved to be successful, good practice to be continued and examples to be looked upon and further developed. A special attention will be paid to the projects and activities that were based on the matching funds from the local and international donors and public institutions. The case studies/good practices will be selected so as to reflect the potential of the social entrepreneurship especially in terms of the improvements they brought to the local communities.

***The tentative foreseen deadline for the collecting and processing information and finishing case studies/good practices is May 28, 2012. This phase will also overlap with the other phases of the research and require version in both B/C/S and English language.***

#### **5. Expected results of the research/Recommendations/Follow-up plan**

The ultimate results of the research is to produce Assessment Report on the Social Entrepreneurship that will involve all the aspects relevant for the field-legal environment, main stakeholders, donors and investors, role of the CSOs, cases for good practices along with the concrete and employable recommendations on how to change or enhance each of the stated segments in order to ensure more favourable environment for the development and sustainability of social entrepreneurship in BiH.

The follow-up plan for the next phases of the development of social entrepreneurship will also be produced as the final result and it will elaborate guidelines and inputs for the next steps and undertakings that should take place subsequently to the completion of the assessment report.

\*The draft Assessment Report on Social Entrepreneurship will be submitted to the contractor for the review by May 28, 2012, while the final Assessment Report on Social Entrepreneurship is to be presented at the TACSO BH LAG workshop May 31, 2012 and June 1<sup>st</sup>, 2012. Social Inclusion Foundation in BiH plans to print and probably publish the research upon the finalization in consultations and cooperation with the project partners and disseminate to the wider audience.

## ANNEX 2

### LIST OF PERSONS WHO PARTICIPATED IN THE INTERVIEW ON SOCIAL ENTREPRENEURSHIP

1. Jagoda Petrović, Faculty of Political Sciences, Banja Luka
2. Dragan Mišić, Teslić Municipality
3. Fikret Zuko, Association of the Blind, Sarajevo Canton
4. Dragan Samardžić, Association of Persons with Disabilities, Berkovići
5. Omer Korjenić, Federal Employment Bureau
6. Dobrica Jonjić, Federal Ministry for Work and Social Policy
7. Olivera Mastikosa, Centre for Social Work, Banja Luka
8. Arijana Arnautović, Faculty of Economy, Sarajevo
9. Mladen Šain, Sarajevo School for Science and Technology
10. Entoni Šeperić, Federal Ministry of Justice
11. Dragana Solaković, City of Sarajevo
12. Arnela Babić, Sparkasse Bank, Sarajevo
13. Žarko Papić, Initiative for Better and Humane Inclusion
14. Danijela Kozina, business portal E-kapija
15. Ljubo Lepir, Ministry of Health and Social Protection
16. Darko Vučenović, Ministry of Local Self-Governance of Republika Srpska
17. Goran Bubalo, Catholic Relief Service
18. Mersiha Čuljević-Alijagić, Swiss Agency for Cooperation and Development
19. Saša Stanić, Directorate for Economic Planning
20. Sanja Tica, Delegation of European Union to BiH
21. Maja Došenović, Delegation of European Union to BiH
22. Saša Ćosić, Swiss Agency for Cooperation and Development

## ANNEX 3

### LIST OF PERSONS WHO PARTICIPATED IN FOCUS GROUPS ON SOCIAL ENTREPRENEURSHIP IN SARAJEVO, BANJA LUKA AND ŽEPČE

Focus group in Sarajevo:

1. Aida Ajanović, Foreign chamber of trade, Institute for education za edukaciju, ECOS
2. Aida Smajić, entrepreneur
3. Amina Oprašić, entrepreneur
4. Mira Ademović, Association "IBFAN"
5. Sevdija Kujović, Association "Living with Down syndrome"
6. Alen Zaimović, Initiative for Better and Humane Inclusion

Focus group in Banja Luka:

1. Ružica Atanacković, Citizens association "Zajedno"
2. Njegomir Klječanin, UPP "Poljotes", Teslić

3. Vanja Čolić, humanitarian organisation “Partner”
4. Vera Bartel, Initiative for Better and Humane Inclusion
5. Nedo Vidović, entrepreneur
6. Dragan Stanić, entrepreneur
7. Zoran Vukomanović, Citizens association “Zajedno”

Focus group in Žepče:

1. Ema Nalić, Public institution Centre for social work
2. Ivana Juroš, Public institution Centre for social work
3. Ismet Brkić, UP “Ekozen” Zenica
4. Šikić Mladen, “Zepolj” Zenica
5. Ivan Antunović, UPIP Žepče
6. Mustafa Efendić, Association of raspberries producers and subcontractors
7. Jutrić Ena, Association of raspberries producers and subcontractors
8. Tea Samardžić-Memčić, UPIP Žepče
9. Mira Jović, UPIP Žepče

## ANNEX 4

### PHOTOS OF FOCUS GROUPS AND EXAMPLES OF GOOD PRACTICE OF SOCIAL ENTREPRENEURSHIP



