



Interreg
CENTRAL EUROPE

SENTINEL

Elaboration of cooperation and support models of SEs operating in Germany and Brandenburg

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WP 1

**Elaboration of cooperation and support models of SEs operating in
disadvantaged CE regions**

ACTIVITY 1.1.

**Analysis of existing SE support services and SE networking initiatives in PP
countries**

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Executive summary

Germany has a long history of tackling social and ecological problems and attaining community goals through entrepreneurial activities. Most social services provided in the German welfare system are delivered by social economy actors, i.e. the big (denominational) welfare organisations, comprising a spectrum of organisations supplying social services instead of public bodies and state enterprises or engaging in commercial activities with a social mission. However, new forms of social entrepreneurship (SE) have mushroomed to cater to various social and environmental needs, thereby complementing and modernizing the above-mentioned existing organizational forms. The orientation towards innovation with which innovative individuals nowadays merge economically sustainable action with a claim to cause change in society is a novelty and is, too, described using terms such as “social business” and social entrepreneurship that follow the Anglo-Saxon tradition. This usually encompasses enterprises with a social mission, mostly innovative, and applying sustainable business models based to a relatively large extent on market revenues. A considerable increase in such new-style or modern social entrepreneurship with a clear market background can be observed. Having started from a very low base, these SEs still lack visibility and critical mass, but stakeholders see them as a booming sector in Germany. They are most visible in municipalities where the traditional approach to supplying social services is not financeable or where professional staff is not available (e.g. care for children and the elderly in depopulated rural areas).

The ecosystem for SEs is constantly improving and adequate infrastructure for young social enterprises gets more and more accessible in Germany and the Berlin-Brandenburg area in particular. As the most hindering finding of this analysis, it became clear that the lack of access to appropriate financial schemes does hamper the prosperity and scaling of social businesses.

With regards to networking initiatives, the difference between the Urban Metropolitan Area of Berlin and the sparsely populated Brandenburg regions are sharp. While the networking ecosystem in Berlin is a growing sector with ever-growing opportunities for collaboration for Social Enterprise, in Brandenburg Social Enterprises have only access to few network and start-up support options.

1. Socio-economic and institutional context

Social Entrepreneurship in Germany

Germany has a long history of tackling social and ecological problems and attaining community goals through entrepreneurial activities. A large number of well-established non-profit companies, cooperatives, foundations, associations and self-help groups, as well as a growing number of innovative start-ups are active in this area.

Most social services provided in the German welfare system are delivered by social economy actors, i.e. the big (denominational) welfare organisations, comprising a spectrum of organisations supplying social services instead of public bodies and state enterprises or engaging in commercial activities with a social mission. This includes, for example, services such as care or youth welfare, which are financed through social insurance schemes and public funds.

At present, a large proportion of these social/welfare enterprises are developing in the third sector, but also private for-profits, where services are generally charged at fixed rates. In addition, social enterprises are also created from the public sector (e.g. integration services for urban services). However, this rich variety of social service providers within the German welfare system complicates the definition of the term social enterprises. In fact, it may be “more difficult than in most other Member States” to assign a clear-cut meaning to the term, given the strong presence and traditions of the social economy.

In Germany, new forms of social entrepreneurship have developed to cater to various social and environmental needs, thereby complementing and modernizing the above-mentioned existing organizational forms. The orientation towards innovation with which innovative individuals nowadays merge economically sustainable action with a claim to cause change in society is a novelty and is, too, described using terms such as “social business” and social entrepreneurship that follow the Anglo-Saxon tradition. This usually encompasses start-up enterprises with a social mission, mostly innovative, and applying sustainable business models based to a relatively large extent on market revenues.

A considerable increase in such new-style or modern social entrepreneurship with a clear market background can be observed, e.g. in sustainable consumption, education

or energy efficiency, ageing, rural depopulation, changing family structures, stronger demands for integration and autonomy (in employment in care for the elderly etc.), ethical trade, special pedagogic approaches or care solutions that are not in the social code, hence not financed through the traditional social security or the private insurance system.

With their approach of creating societal value with economic value chains, these firms represent a new self-image of entrepreneurs. Success is defined not just by economic performance, but also by the impact of the company's activities on society. Generating profit is important in order to secure the company's sustainability and impact, but profit maximization for the sole benefit of the proprietors is dismissed. Having started from a very low base, these SEs still lack visibility and critical mass, but stakeholders see them as a booming sector in Germany (see the next section for an estimation of the size thereof). They are most visible in municipalities where the traditional approach to supplying social services is not financeable or where professional staff is not available (e.g. care for children and the elderly in depopulated rural areas).

Sector Size and Growth

Due to the previously described fuzziness of the concept of SE in Germany, naturally the numbers regarding the size of the sector vary and/or can only be estimated. Especially for commercially-oriented social enterprises there are no reliable data available. A single and/or separate criterion for social enterprises to be derived from the available statistical data does not exist. It is noted in all the relevant investigations that, in particular, the statistical identification of commercially-registered social enterprises is not possible. What is more, the demarcation of non-profit social enterprises is also difficult, since, according to the definition, a sufficient degree of innovation and a (limited) income-orientation must be available in addition to organisations' the public benefit-orientation. In addition, these social enterprises often rely on hybrid organizational forms, which can hardly be processed by the available data.

For this purpose, this study relies on a number of different estimations, following the most notable research conducted on this topic. In 2013, there were at least 1,700 registered organizations, which could be considered the minimum amount of innovative, profit-oriented social enterprises in Germany at that time. Regarding the

number of social enterprises in a broader sense, the authors arrive at different lower and upper limits for the number of social enterprises in Germany (Figure 1). More recent numbers are not yet available.

Figure 1: Estimating the Number of Social Enterprises in Germany



The Policy and Legal Framework for Social Enterprises

Given the lack of a formal and universally applicable definition of SE in Germany, there is also no specific legislation on social entrepreneurship in place. What is more, concrete plans to introduce such legislation are not under consideration for the foreseeable future. From a European perspective, Germany is one of those countries without specific legislation targeting the sector.

This void concerning a specifically dedicated legal form for SEs, has, however, allowed for a wide variety of legal forms under ordinary private law (non-incorporated and incorporated firms), which can be used for social entrepreneurial initiatives in Germany.

Table 1: provides for an overview of the main available legal Company forms for social enterprise initiatives

Legal form	Original German name
Sole proprietorship	Einzelunternehmen
Civil Law Partnership	Gesellschaft bürgerlichen Rechts, GbR
Limited Liability Partnership	Kommanditgesellschaft, KG
Limited Liability Company	Gesellschaft mit beschränkter Haftung, GmbH



Entrepreneurial Company (limited liability)	Unternehmergesellschaft, UG (haftungsbeschränkt)
Stock Corporation (private/public company limited by shares)	Aktiengesellschaft, AG
(Registered) Cooperative	(eingetragene) Genossenschaft, eG

2. SE support services

As pointed out before, the region of Berlin-Brandenburg is very heterogenic in terms of support structures of SEs. Berlin as one of Europe’s major startup and social startup hubs provides a good infrastructure of incubation services, co-working spaces, coaching, training, and fostering cross sectoral technological developments, whereas in Brandenburg very little of these support services exist.

As depicted in the SWOT analysis of support services below (Table 2), the ecosystem is constantly improving and adequate infrastructure for young social enterprises gets more and more accessible in Germany and the Berlin-Brandenburg area. As the most hindering finding of this analysis, it became clear that the lack of access to appropriate financial schemes does hamper the prosperity and scaling of social businesses.

Table 2: Strengths / Weaknesses / Opportunities and Threats Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • Growing awareness and constantly improving support infrastructure • Improved financing schemes and slowly maturing of market 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Financing schemes insufficiently tailored to SE needs • Insufficient support for student SE initiatives • Regulatory framework provides constraints to social business development • Business models of SE support services • Lack of established modes for Impact Measurement
<p>Opportunities</p> <ul style="list-style-type: none"> • Social Clauses in Public Procurement processes • CSR and foundations • Growing social challenges to be addressed by civil society actors 	<p>Threats</p> <ul style="list-style-type: none"> • Sustainability of business models • High reliability from non-market funding

2.1 Startup support

Regarding incubation facilities and related services mostly the Social Impact Labs in Berlin and Potsdam (berlin.socialimpactlab.eu/) and the Impact Hub in Berlin (berlin.impacthub.net/) have to be mentioned. The Social Impact Labs provide scholarships all over Germany for SEs and inclusive entrepreneurs including coaching,

mentoring, training, workshops and access to the network of SEs and partner organizations. In Brandenburg, this “lab” is the only support service of its kind being very beneficial also for the rural areas of the federal states as will be explained further more in part 4 (good practices). The Impact Hubs are active throughout Germany, Europe and the world, providing mostly co-working spaces, networking events and workshops for SEs.

A particularity among the Berlin incubators represents accelerator Climate KIC, created by the European Institute of Innovation and Technology (EIT), as it addresses a particular target group. Climate KIC offers various programs of support for climate related social businesses from all areas of the SE scene (www.climate-kic.org/).

Business coaching and advice is offered by the independent, nonprofit company Phineo (www.phineo.org/) which consults large and medium corporations and foundations on their social engagement but also coaches social startups on various topics like impact investing and issues a badge for SEs with a proven impact and Start Social, offering business coaching for SEs on- and offline (startsocial.de/). Innoki supplies coaching for design thinking, intrapreneurship and social engagement and innovation connecting SEs with commercial corporates (innoki.de/). The website crowdcamp.com offers training and coaching for social startups who plan or execute crowdfunding campaigns.

Generally speaking, most of the services mentioned above provide online coaching and training which is also accessible to SEs located in Brandenburg and its rural areas. This said, physical support structures are almost not existing outside of Berlin or Potsdam.

2.2 Access to credit

Funding is one of the biggest challenges for startups, but above all for social startups since due to their business model they rarely produce high, stable profits and are often unattractive to investors. Although Berlin shows examples for all possible sources of finance - public foundations, public grants, subsidies and tax benefits, private donors such as large funds and family trusts, social venture funds and other equity financing, business angels and loan capital, structures are still not sufficient to meet the needs of SEs. Classic enterprise financing tools - bank loans, bonds etc. – have a limited role

in the financing of small social enterprises and smaller organisations of the ‘third sector’.

Social banks have ethical business models and differ considerably from conventional banks. These banks have in common that they a value-led business approach. It has to be noted, however, that most of these banks mostly offer inadequate financial instruments for the assessment and fitting of SEs and support first and foremost is offered through public funding.

- Bank für Sozialwirtschaft (www.sozialbank.de/)
- Triodos Bank (www.triodos.de/)
- Umwelt Bank (www.umweltbank.de/)
- Ethik Bank (www.ethikbank.de/)
- GLS Bank (www.gls.de/)

Due to the mostly unsuitable financial instruments conventional financiers can offer, crowdfunding and crowd donation play vital roles for (early stage) social startups. Regarding ongoing crowd donations, Betterplace has become increasingly popular (www.betterplace.org/de). Startnext on the other hand is a platform only for green, social and sustainable crowdfunding projects and has developed a great range and public awareness (www.startnext.com/). As of November 2017, more than 5300 project where successfully funded with almost 48 Million Euros through Startnext.

For social enterprises the federal government has initiated several specifically tailored activities, policies and tools steered towards the promotion of social start-ups and SEs:

- A specific program for the financing of social enterprises was launched in 2012 by the Kreditanstalt für Wiederaufbau (KfW) (www.kfw.de), a government-owned development bank. This programme, the “ERP-Venture Capital-Fondsinvestments”¹ opens up the possibility of taking equity capital. The programme aims at social enterprises in their growth phase, whose business model had already been proved. However, according to the federal government so far no investments under this programme have been made (as of January 2017).

¹ See: <https://www.kfw.de/KfW-Group/Newsroom/Press-Material/Themen-kompakt/Beteiligungsfinanzierung/>

- Through the “Mikromezzanin-Fonds Deutschland” (www.mikromezzaninfonds-deutschland.de) for small and young companies the federal government aimed at improving the access to finance for SEs.
- Within its activities steered at promoting businesses the BMWi initiated the programme "Förderung von unternehmerischem Know-how" (start-up and business consulting for entrepreneurs) as well as the program "EXIST-Gründerstipendium" (for start-ups from universities) (www.exist.de) These programmes have been financed by the BMWi and the European Social Fund (ESF) and the European Recovery Programme (ERP).

2.3 Research centers / University programs dedicated to SE

Research efforts in the field of Social Entrepreneurship steadily increase. Also the fostering of social innovation in rural areas such as Brandenburg gains more and more recognition and attention. Particularly the college for sustainable development (HNE) in Eberswalde, which brings together a lot of knowledge and engagement in Brandenburg, is to name. In Berlin, particularly the SRH Hochschule Berlin has a focus on topics related to social entrepreneurship.

2.4 Innovation, technology and cross-sector initiatives

Cross sectoral initiatives are to be found mainly in Berlin. Initiatives take various organizational forms and address a wide range of target groups. An example of these often loosely organised initiatives is Make Sense (www.makesense.org/). This globally active organization provides digital and physical platforms and networks for exchange. Moreover, SEs are empowered to use disruptive technologies to perform social changes.

3. SE networking initiatives

With regards to networking initiatives, the difference between the Urban Metropolitan Area of Berlin and the sparsely populated Brandenburg regions are sharp rest of the region (see Table 3). While the networking ecosystem in Berlin is a growing sector with ever-growing opportunities for collaboration for Social Enterprise, in Brandenburg Social Enterprises have only access to few network and start-up support options.

Table 3 Strengths / Weaknesses / Opportunities and Threats Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • Growing number of networking opportunities in Germany • SEND has potential to effectively lobby for SE-related topics • Crowdfunding platforms gain more momentum, users and visibility 	<p>Weaknesses</p> <ul style="list-style-type: none"> • For Brandenburg there are only few specifically tailor-made network and start-up support options
<p>Opportunities</p> <ul style="list-style-type: none"> • Growing sector with needs to increase collaboration • Online exchange and learning platforms 	<p>Threats</p> <ul style="list-style-type: none"> • Restricted resources for activity in network organisations

3.1 Representation of local/regional /national social enterprises

The association SEND (social entrepreneurship network Germany, socentnet.de/) was founded in mid-2017 which mission is to bundle and represent the interests of SEs in the region and Germany to political decision makers. Also the Zukunftsinstitut (lit. future institute, www.zukunftsinstitut.de) is a think tank that aims to improve political and social recognition of the social entrepreneurship scene. Particularly SEND represents a strong effort by the many of the SE-sector key-players in Germany to lobby and advocate on high policy level, and like this influence the policy development in Germany.

3.2 Financial Network

The financial network includes impact investors and foundations who mainly provide grants. Moreover, most of the following organizations do not only help the SE monetarily, but also put in their business experience, knowledge and connections (venture philanthropy). Although SEs can apply for support and grants independent of

their territorial reference, physical support is mostly difficult due to the large distances to rural areas, which is a disadvantage von Brandenburg.

The German ecosystem of financial support networks is divers. Particularly impact investors and foundation offer financial schemes for Social Enterprise:

Impact investors:

- BonVenture (www.bonventure.de/)
- Ananda Social Venture Fund (www.socialventurefund.com/)
- Tengelmann Social Ventures (www.tev-social.de/)

Foundations:

- Bertelsmann Foundation (www.bertelsmann-stiftung.de)
- Schwab Foundation (www.schwabfound.org/)
- BMW Eberhardt von Kuehnheim Foundation (www.kuenheim-stiftung.de/)
- BMW Foundation Herbert Quandt (bmw-foundation.org/)
- Robert Bosch Foundation (www.bosch-stiftung.de)
- Mercator Foundation (www.stiftung-mercator.de/)
- Vodafone Foundation (www.vodafone-stiftung.de/)

Financial support is also provided through the different awards (trophy money) and corporate social responsibility funds such as Wirkungsfonds (socialimpactfinance.eu/wirkungsfonds-aktuel) and EDU Plus (both Deutsche Bank Foundation, www.deutsche-bank-stiftung.de/). Also important for the matching of SEs and impact investors, business angels and the like are institutions like The Financing Agency for Social Entrepreneurship (FA-SE, fa-se.de/), which supports selected social enterprises in raising growth capital, identifying investors and financiers across the entire spectrum, ranging from private investors, family offices and foundations to social investors and banks.

3.3 Networking activities

Cross sector projects for product or service innovation happen often in Berlin but are rare in Brandenburg area. Startup:net² offers a network for cooperation and events outside of Berlin as well. The Social Entrepreneurship Academy (SEA,

² See: <https://www.medianet-bb.de/de/startup-net-berlinbrandenburg/>

www.seakademie.de/) provides online courses to foster innovation and also host different networking events for SEs.

Generally speaking, co-working provides a great physical space for SEs to connect and exchange as well as use synergies. Unfortunately, Brandenburg comprises less than 5 of those spaces in total (all of them in the capital Potsdam) whereas Berlin has approximately 100 co-working spaces, which are not entirely dedicated to social business but are open for SEs, too³.

Other key networking players are Ashoka, UPJ and Startup Safari.

- Ashoka, being the oldest and largest network of SE, engages in many activities with different partners to improve conditions for SEs (germany.ashoka.org/).
- UPJ connects social startups with large and medium corporates to foster cross sectoral development and intrapreneurship (www.upj.de/).
- Startup Safari creates extended networking events in different cities, including SEs, VCs, incubators, accelerators and communities (startupsafari.com/)

Knowledge production and sharing experiences

The increasingly popular website tbd* (www.tbd.community/de) promotes green, sustainable and social jobs and hereby encourages change makers to follow their ambitions. Moreover, they host regular and special networking events and exchanges of practice. As it is a bi-lingual webpage it also connects the international Scene in Berlin with local and therefor gained importance a connector.

Also the Social Innovation Exchange (SIX, www.socialinnovationexchange.org/home) creates a community of SEs of businesses, academics, funders, practitioners and leading social innovation intermediaries that support social innovation to accelerate the field of social innovation.

Other means of awareness rising are awards.

There are many of award schemes that specifically address young social enterprise. Social Impact developed several award schemes, together with its public and private partners, that allow young social initiatives to gain public attention and to obtain

³ See www.coworking.de

funding. The Special Impact Award (specialimpactaward.eu/), implemented together with the KfW-Bank, is one example of an Award addressing inclusive enterprises.

As a sign of public recognition, there are award schemes by the federal state institutions that address social business; showcasing the awardees to a broader public, Smart Hero Award (www.smart-hero-award.de/) and the German Sustainability Award (www.nachhaltigkeitspreis.de/).

4. Good practices about SE support services and networking initiatives

4.1. Dorkfummerer

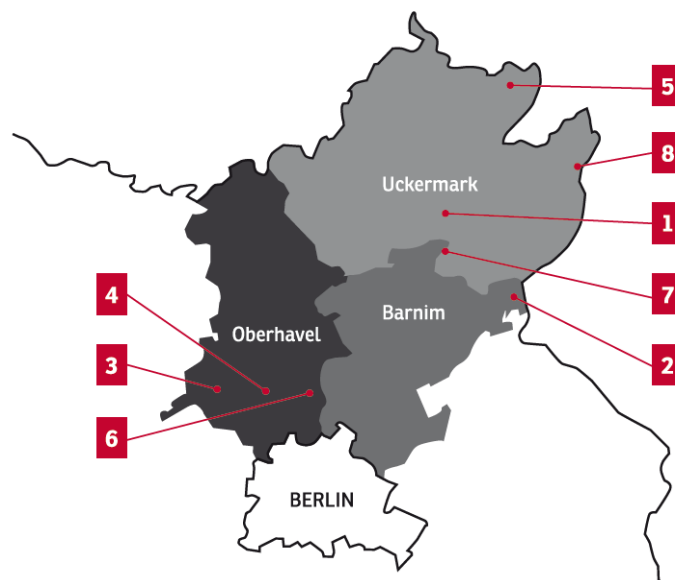
1. BACKGROUND INFORMATION

- **Title (name of the project/ cooperative, territory...):** Dorkfummerer (lit. Village Caretakers)
- **Key actor(s):** Social Impact gGmbH, Ministry of Labour, Social, Health and Women Affairs in Brandenburg.

Other key actors of the project: The village care takers themselves, i.e. change local makers, who were specially committed to their local communities and contributed with their work to help rejuvenating village life despite of various challenges.

- **Duration of the initiative (starting year):** 2010-2014
- **Geographic size of the intervention** – The project was located in the northeast of Brandenburg (see Figure 2 **Error! Reference source not found.**). With its small towns and villages this sparsely populated area is characterized by a mutual reinforcement of structural, economic and demographic challenges. The project supported local change makers and initiatives/organisations in the three districts Barnim, Uckermark and Oberhavel.

Figure 2: Geographic Focus of the Project, including the Location of the Projects of the first Project Cohort.



- **Funding**

The project was financially supported by the Regional Government of Brandenburg, the European Structural Fund (ESF) as well as the Generali Zukunftsfonds.

- **Thematic focus and main sector addressed**

Growing disparities have been developing over the course of the last decades between the rural periphery and the more prosperous areas in Brandenburg, mostly around the agglomeration of Berlin and Potsdam. An estimation of the economic development in Brandenburg at the time of the project initiation shows that Brandenburg fortunately disposes of structurally strong areas. However, rural regions such as the Prignitz in the North-West or the Uckermark in the North-East of Brandenburg still suffered from extreme structural weakness in terms of their economy. Hence, the project acknowledged the significant challenges of the rural periphery in Brandenburg, i.e. static economic structure and labour market, low purchasing power among citizens. As a consequence, many people commute between their home in the rural periphery and their workplace in the rather few centres. Moreover, especially young and highly qualified people left the rural areas of Brandenburg forever. Conversely, older and poorly educated people stay in the rural periphery. They, thus, face the risk of a constant phase of unemployment and low income. As a result, in many areas it has become increasingly unprofitable to ensure some of the most important functions of the services of general public interest. This includes, for example, the local supply of food or the provision of basic services.

In this regard the project Dorfkümmerner acknowledged that positive local change can only be inflicted through an engaged citizenry given that most public bodies have been ill-equipped and ill-endowed to effectively tackle the issues at stake. What was needed were novel, innovative and bespoke approaches to communal development. As such innovative impulses are frequently introduced by committed individuals, which refuse falling prey to the status quo and the demographic downward spiral already ongoing. However, these change makers – or Dorfkümmerner (lit. Village Caretakers) – often lack knowledge and skills to successfully turn their creative ideas to reality. Here, the project stepped in and introduced with the Dorfkümmerner project an approach apt to fill these voids and to provide additional incentives to local individuals to ensure the quality and sustainability of the projects developed by them. As a consequence, the project focused on identifying and qualifying local change makers to support them in the realization of their ideas/projects for rejuvenating their local communities.

- **Main reason for highlighting this case**

While the project is not active anymore, it still represents a good practice for a tailor-made and needs-oriented qualification and support programme for individual social innovators in disadvantaged regions; Thus the project might be of particular interest for the SENTINEL Project.

2. SERVICE DESCRIPTION

- **Overall objectives**

With the project the Social Impact gGmbH aimed at contributing to the re-vitalization of towns and regions of Brandenburg to enhance the attractiveness and quality of life in disadvantaged communities and address the ever growing challenge of rural depopulation.

- **Description of activities/services**

As a first step, Social Impact instigated a tender and application process to identify and determine the individuals to be supported under the project. Thus, dedicated villagers were asked to formulate and submit their ideas for a revival of their community, together with their personal motivation. Once selected, the village caretakers underwent coaching and training sessions to improve their ideas and work on the respective business models.

The advantages of this approach are obvious: instead of applying supposedly useful changes from the outside (i.e. top-down approach), the needs and resources of the villages are taken into consideration when developing sound ideas on how to revitalise community life (i.e. bottom-up approach). This approach heavily relies upon the skills, resources and experiences existent in each village. It can therefore best capitalise on and ignite the energy of the people affected by the above-mentioned changes. In order to further incentivise project participants and ensure long-term commitment to the development and implementation of projects, selected village caretakers received EUR 400 per month in addition to the professional coaching and 2-week seminars throughout the duration of the support.

- **Description of Recipients**

The main recipients of the project were the identified and supported change makers who received both financial and capacity building support as well as their respective organisations/initiatives. Further recipients were the communities benefitting from the process of developing the individual community projects.

- **Resources used (kind, amount...) and financial sustainability**

Social Impact provided experts and project management in order to coordinate, qualify and support the Dorfkümmerer and advise selected projects in the villages over the course of the project.

- **Management and evaluation**

Social Impact and the Ministry of Labour, Social, Health and Women Affairs in Brandenburg were responsible for planning, executing and monitoring the project. The monitoring and evaluation process functioned as a significant part of the project. It helped to improve the performance and achieve the project objectives. Regular discussions and meetings were conducted between the project team and the external consultants as well as between the project management and the participants in order to assess the project progress. In addition, regular individual consultations in selected projects were

accompanied by the project management on site. At the end of each project phase an evaluation survey was conducted to provide beneficiaries with feedback and suggestions.

- **Main outputs/ results**

- Number of participants (2010-2014): 124
 - o 76 individuals
 - o 48 organizations
 - o 8/10 Dorfkümmerer (1st generation / 2nd generation):
- With the help of the project the village caretakers had the opportunity
 - o to exploit their full potential within the civil society in their villages;
 - o to inspire the village communities for social innovation;
 - o to encourage and activate the people at an advanced age;
 - o to create new employment.
- The village caretakers successfully contributed to the identification of community promotion projects and civic initiatives within the framework of the 'idea workshops', together with their respective village communities.
- The villagers were able to establish networks to different stakeholders at local and regional level and to interlink their projects with other local projects. As a result, the effects of the project were significantly improved and the supported project initiatives were further developed.
- Regionwide awareness of the projects in the villages and the Dorfkümmerer project highly increased due to regional media coverage (e.g. via MOZ, DW, RBB, FluxFM, other regional newspapers, etc.).

- **Partnerships with local, national, international organizations and institutions**

Social Impact gGmbH, Ministry of Labour, Social, Health and Women Affairs, European Social Funds and the Generali Zukunftsfonds were the main partners of the project. In addition, strong local partnerships were established in the villages and municipalities. At conferences and events, in which the project team participated, new network partners were established (including the Forum Rural Area Network Brandenburg). In addition, further project-related contacts with the Leibniz Institute for Regional Development and Structure Planning in Erkner (IRS), the Leibniz Institute for Regional Geography in Leipzig (IfL), the Johann-Heinrich von Thünen Institute in Brunswick (vTI) and the Academy of Spatial Research and Planning in Hanover (ARL) were established.

- **Replicability**

The number and quality of the projects initiated by the village caretakers impressively demonstrated the potential of the "Dorfkümmerer" concept to promote rural development in sparsely populated areas battered by weak and sclerotic economic structures. In the meantime the concept was successfully

adopted by the Bosch Foundation's "Neulandgewinner" project (lit. Land Pioneer Project). This, once again, proves the concept's rationale and feasibility.

- **By-product effects**

Tourism was positively affected in the region.

- **Problems / challenges to face**

A particular challenge for project management was to acquire external consultants with relevant experience. In order to overcome this challenge, a close coordination between consultants and project management was crucial. This coordination was ensured, for example, through regular discussions between the project team and the consultants. In addition, individual consultations in selected projects were conducted by the project managers on-site.

3. CONCLUSIONS: KEY SUCCESSFUL FACTORS AND LESSONS LEARNED

The results of the project show that the project has fulfilled the objectives as many of the initiatives initiated during the project still persist and contribute to positive communal development and change. Working hours by the project staff to ensure the project objectives have been immense, however due to the significant village caretakers' demand for coordination, advise and training. This need should not be underestimated when designing similar solutions.

4.2 Startnext

4. BACKGROUND INFORMATION

- **Title (name of the project/ cooperative, territory...)** Startnext Crowdfunding Platform
- **Key actor(s):** Innovators and entrepreneurs and creative people who would like to promote their ideas, attract supporters, raise the necessary funds and build a community. In addition, corporations, foundations, funding agencies, universities, cities, and clubs to support creative projects on Startnext, to give advice, to curate ideas, or to create contests.
- **Duration of the initiative (starting year)** 2010 up to now
- **Geographic size of the intervention** Startnext is now the largest crowdfunding community for creative and sustainable projects and startups in Germany, Austria and Switzerland.

- **Funding**

Startnext does not charge administrative fees, but works on the basis of a voluntary commission: after a successful campaign, starters are free to decide for themselves if they would like to support *Startnext*, and how much they would like to contribute. On average the platform receives **3%** from the projects raising funds on *Startnext*. With regards to the transaction fees, the payments are entirely processed by their own service provider, called 'Finlane', and are charged with **4%**.

- **Thematic focus and main sector addressed**

Startnext is a platform for campaigns for **entrepreneurs, inventors and creative people** with a social impetus. It is the only crowdfunding platform focusing solely on social, green and sustainable projects. The idea of the projects able to start a crowdfunding campaign on *Startnext* should fit in one of the following categories: Agriculture, art, audio book, comic, community, design, education, environment, event, fashion, food, games, invention, journalism, literature, film/video, photography, music, science, sport, social business, technology, theater.

- **Main reason for highlighting this case**

As a good practice for an alternative financial instrument for social enterprises the crowdfunding platform "*Startnext*" proves to be both an effective fundraising tool for early social start-ups as well as an instrument for campaigning and outreaching to customers. As it heavily relies on an online platform it also can be used by initiatives in remote and/or economically disadvantaged regions.

5. SERVICE DESCRIPTION

- **Overall objectives**

Supporting social and/or ecological solutions to prevailing societal challenges.

- **Description of activities/services**

At *Startnext*, the idea of community is strongly in the center of the business concept. Each project that subscribes to the crowdfunding page gets an individual adviser to the page, which will assist in setting up the project page and submit required documents. Also *Startnext* offers a variety of tools and services to support project holders, such as an online handbook, a crowdfunding tutorial, an online crowdfunding course called "*Crowdcamp*" but also workshops and personal coaching. Some of these services are free of charge (such as the online handbook for starters), others are to be paid for (such as the personal coaching).

- **Description of Recipients**

The main recipients of the services of Startnext are innovators and entrepreneurs and creative people who would like to promote their ideas, attract supporters, and raise the necessary funds.

- **Resources used (kind, amount...) and financial sustainability**

Startnext works via the “All-or-Nothing” principle, which means that that if the funding goal of the campaign is not reached, all the contributions are returned back to the individual supporters. The platform does not charge administrative fees, but works on the basis of a voluntary commission: after a successful campaign, starters are free to decide for themselves if they would like to support Startnext, and how much they would like to contribute to the platform with a share of their funding. Transaction fees are 4% and go entirely to the payment service provider. Some of these services are free of charge (such as the online handbook for starters), others are to be paid for (such as the personal coaching). These services are offered to all project holders on Startnext. As of January 2018, 58% of Startnext projects have successfully been funded and 50 million Euros have been allocated by the crowd.

- **Management and evaluation**

The Startnext platform is managed and evaluated by the team based in Berlin, Dresden and Vienna offices. The number of successful projects, the users and the supported projects as well as the percentage of success rate of the projects reached their funding goals and the amount of funding provided to the projects are demonstrated on the platform regularly.

- **Main outputs/ results (as of January)**

The number of successful projects: 5,500

The amount of total funding provided to the projects: 50 million Euro

The number of users: 900,000

Success rate: 58%

Most successful category with the most projects and the highest success rate: Music

- **Partnerships with local, national, international organizations and institutions**

Startnext has 15 media partners such as Zeit Online, Arte Creative, The Huffington Post, Technology Review and Creative City Berlin etc. Also, it has 10 cooperation partners such as Secupay, Finlane, Tyclipso, Cofunding etc. Furthermore, Startnext offers 'partner pages' for partners and to provide relevant information to them.

- **Replicability**

The Startnext platform functions in German speaking countries and information about the replicability procedures does not exist. However, given the existence of similar crowdfunding projects outside of Germany and the growing demand for solutions to social and ecological challenges combined with shrinking welfare state contributions to these issues, there is substantial potential for this business model to be introduced elsewhere.

- **By-product effects**

N/A

- **Problems / challenges to face**

One of the main challenges is to overcome people's lack of knowledge about the possibilities of crowdfunding. The results of a study which was conducted in 2015 show that many people in Germany are ill-informed. For the further development of crowdfunding it is essential to establish general trust and knowledge about it.⁴

6. CONCLUSIONS: KEY SUCCESSFUL FACTORS AND LESSONS LEARNED

Startnext.com: Startnext is the leading reward-based crowdfunding platform and is one of the largest platforms focused on creative and sustainable projects in the German speaking countries. The huge success of Startnext shows a how big the social potential is to tackle challenges and perform change through the online communities. The website offers the opportunity to donate the needed capital from sympathizers and other interested parties of the cause. On the other hand, it also offers a visibility for these social creative ideas and provides information and motivation for all other participants in the community or society.

⁴ Source: <http://www.crowdfundinghub.eu/current-state-crowdfunding-germany/>

5. Conclusions: key successful factors and lessons learned

We have been able to draw some key success factors and lessons learned from our research on both the status quo of SE support services and SE Networking Initiatives. These findings are congruent with and build on the findings of the second baseline study of the SENTINEL Project, that is the “Local and regional analysis of support needs and networking facilitation for social enterprises in the Brandenburg region / Germany (D.T1.2.2).

5.1 Conclusions with regard to SE Support Services

As for the SE support services we have identified areas where institutional support for social entrepreneurship is in need for further improvement. The following recommendations are applicable both to the German context more general and the situation in Brandenburg in particular given the overarching nature of the sector-related challenges:

1. Availability of Financing Instruments

For many social enterprises traditional loan financing is considered unsuitable due to the fact that start-ups face business models which provide for relatively low profit margins, higher risks and uncertain yield perspectives. This said, the usability of available financing instruments within the framework of start-up and economic promotion should be adapted to the needs of SEs, in particular at their early development stages.

- **Corporate Social Responsibility (CSR):** The engagement of medium and large corporations, for example by encouraging and channeling CSR programs towards social entrepreneurs could improve the lack of financial support in the start-up phase.
- Improvement related to **crowdfunding offers**, such as crowd-investment and crowd-lending models, could lead to greater access of SEs to financial resources.
- **Financing programs by the federal (and state) government** related to promoting the German “Mittelstand” (i.e. medium-sized companies) are not sufficiently tailored to non-profit social enterprises, which inhibits their access to

proper funding. The available loan programs offered by the KfW, the German development bank, are a case in point as they may rather be seen as a supplementary option for social entrepreneurial business models due to the fundamentally limited ability to service debt. Creating specific government-run funding programs for social enterprises within the framework of “Mittelstand” financing is, however, not a likely option considering the niche status of social entrepreneurship in Germany. Hence, it is recommended to initiate specific programme versions with adapted funding conditions for the German Social Business Sector.

- In addition, the structure of funding in the area of **mezzanine and equity financing** is generally considered a suitable and promising financial instrument. The program that may be identified as the most suitable for the specific financing needs of social enterprises regarding the design and sales channel is the German micro-mezzanine fund.
- **Grants from public support programmes or foundations** can be a good instrument to finance the early stage of the social enterprise, cover the initial investment costs and proof to other financiers the success of the model. Simplifying bureaucracy around donations and project grants is therefore of significant importance to enable SEs to participate in calls for financing. For an early stage social entrepreneur, however, it can be very resource intensive to learn and get access to the various revenue channels. The world of public support programmes is, thus, an area where extensive knowledge is needed to find the right programs, write the application forms, follow the applicable regulations etc. If the social entrepreneur decides to go this path it could mean full time commitment to win financing for a project just for a couple of years.

2. Impact-oriented Investment

Social enterprises need a functioning market for impact-oriented investments in order to unfold their full potential:

- The market for **impact-oriented venture capital and equity capital** in Germany is still in the early stage of development and only slowly growing in Germany. However, the availability of impact-oriented capital plays a key role for social enterprises aiming to grow. Important stakeholders within this realm

include foundations, private investors (including big corporations with CSR departments) as well as institutional investors, social enterprises on the demand side and specialized funds as intermediaries.

- Creating a functioning market for impact-oriented investments requires joint action by stakeholders at federal and state level, ministries, foundations, private investors, charities and social enterprises. This is especially true for the development of innovative instruments (e.g. Social Impact Bonds)⁵. First experiences from pilot projects at the regional level have shown that the relevant coalitions can be initiated and led by political stakeholders. To achieve this, social enterprises and stakeholders from civil society must intensify their cooperation.

3. Support Services and Consulting

in order to achieve systemic changes through social innovations, the support infrastructure has to be build according to the necessities of those who can innovate and organize these changes, i.e. by social entrepreneurs. Currently the support infrastructure for social entrepreneurs in Germany/ Brandenburg is lacking the right public support. The development of such support instruments, tailored to serve the specific needs of SEs, would enhance the dynamic of the whole sector significantly:

- **Consulting services** have a special significance for social enterprises. Correspondingly, there is a demand for qualitative support structure. This demand cannot be satisfied by the typical support centers (such as chambers of commerce and economic development) as well consultants oriented more towards founding in general. Achieving a comprehensive, nation- (or at least state-) wide service offering would significantly improve the framing conditions for social enterprises in Germany.
- Although there are training and counselling programs for early-stage SEs in Germany (e.g. Social Impact Labs), this is not the case for social enterprises that intend to scale. Particularly with regards to underserved rural areas **specific training programs** for trainers and business advisors, coaches, etc. both on early stage business development topics and on scaling strategies, should thus be further developed.

- Furthermore, the **consulting offering and support services for social enterprises at German universities** are still weak. While there are research chairs dedicated to social entrepreneurship, this is not equivalent to a practical support offering for social enterprises founded by students. The general start-up consulting services at universities, often within the framework of EXIST - a business development programme - start-up offices, are not capable of supporting prospective founders as needed in the field of social entrepreneurship. Universities and authorities have placed greater emphasis on highly scalable technological prospective start-ups; unlike social innovations which are at the core of many social businesses. Thus, the development of support instruments, that emphasize the specific demands of SEs, would foster the dynamic of the sector.

5.2 Conclusion with regards to SE Networking initiatives

4. Social Recognition and Public Awareness

Despite recent efforts, also from the side of government, more advocacy for social entrepreneurship in Germany is needed in order to raise awareness among decision-makers. Here the pro-activeness of key actor and networks are of high importance:

- Because many of the framing conditions that are relevant for the development of social enterprises are cross-cutting issues, an optimal political handling requires inter-departmental coordination at federal and state level. The matter can only be handled in a coordinated manner, in particular if there is a decisive strategy by the government in place that settles the responsible department and stipulates clear goals. This does not only apply to the national but also the regional level.
- A **wider acceptance of social entrepreneurship** as a relevant form of economic activity through key stakeholders of the economy (e.g. chambers, associations, funding institutions) is a closely related issue. Social enterprises often face resentment in Germany: to start an enterprise is frequently associated with the risk of failure and culturally negative connotations. In addition, the concept of social entrepreneurship still has a niche character in Germany. This is sometimes accompanied by reservations of some sectors for

the connections between a commercially-oriented entrepreneurial focus and social goals. This awareness creates the preconditions for a real integration of growth-oriented social enterprises in private sector structures, thereby enabling increasing professionalization and market orientation of such companies.

5. Transfer and Scaling

Networks foster the scaling and transfer of social innovation to new regional context could particularly help SEs to increase their impact in underserved regions. While this branch of SE support has grown significantly in recent years, their reach and efficiency can still be improved. Accordingly, we identified the following needs that still persist on the side of networking efforts for social enterprises:

- Social entrepreneurs adapt their concepts to the context where the social problems are located. Often, however, solutions are not site-specific, but occur in different regional contexts. The parallel development and implementation of a product or service with similar objectives in different regions, nationally and transnationally, is therefore currently not very efficient.
- In order to **transfer innovative social innovations to rural areas there is a need to design specific counselling and support offers and training** for trainers and business advisors on scaling strategies that are knowledgeable of the specific regional contexts. The establishment of **knowledge exchange networks** (national and transnational) would further sustain such efforts

7. Annex

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