Advancing Sustainability of Process Industries through Digital and Circular Water Use Innovations

AquaSPICE

WP8: Communication, Dissemination, Training and Social Awareness

Task 8.4 - Clustering Actions and Outreach Activities

AquaSPICE Summer School, Technical University of Crete

2-5th July 2024, Chania, Greece

AUDENCIA

The AquaSPICE project has received funding from the European Union’s Horizon 2020 research and innovation programme under grant agreement No 958396.

WHAT IS GREEN ECONOMY?

Why it is important for the environment?

The AquaSPICE project has received funding from the European Union’s Horizon 2020 research and innovation programme under grant agreement No 958396.

A green economy is defined as **low carbon, resource efficient and socially inclusive**. In a green economy, growth in employment and income are driven by **public and private investment** into such economic activities, infrastructure and assets that allow reduced carbon emissions and pollution, enhanced energy and resource efficiency, and prevention of the loss of biodiversity and ecosystem services.

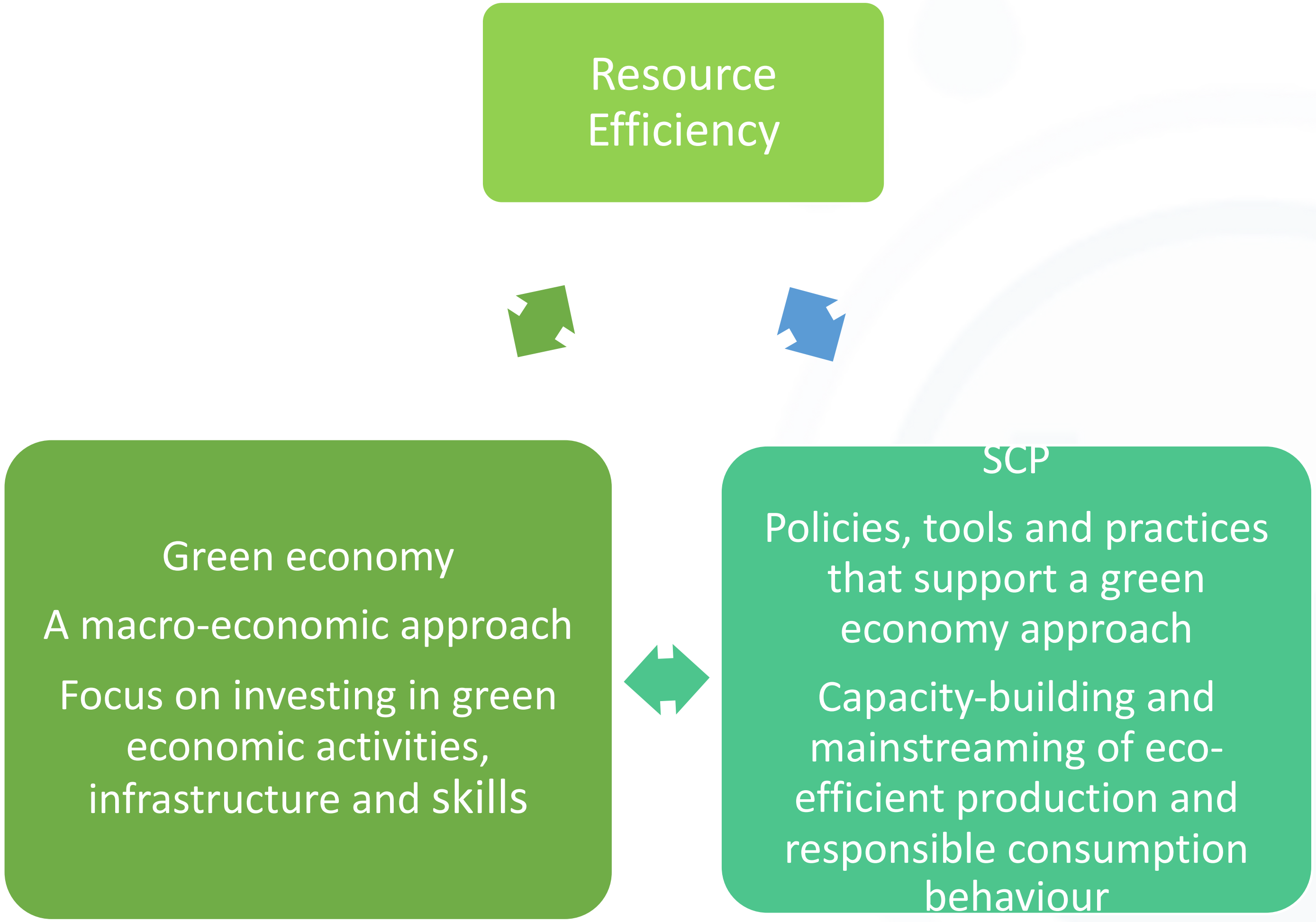
- Source: *United Nations Environment Programme*

HOW?

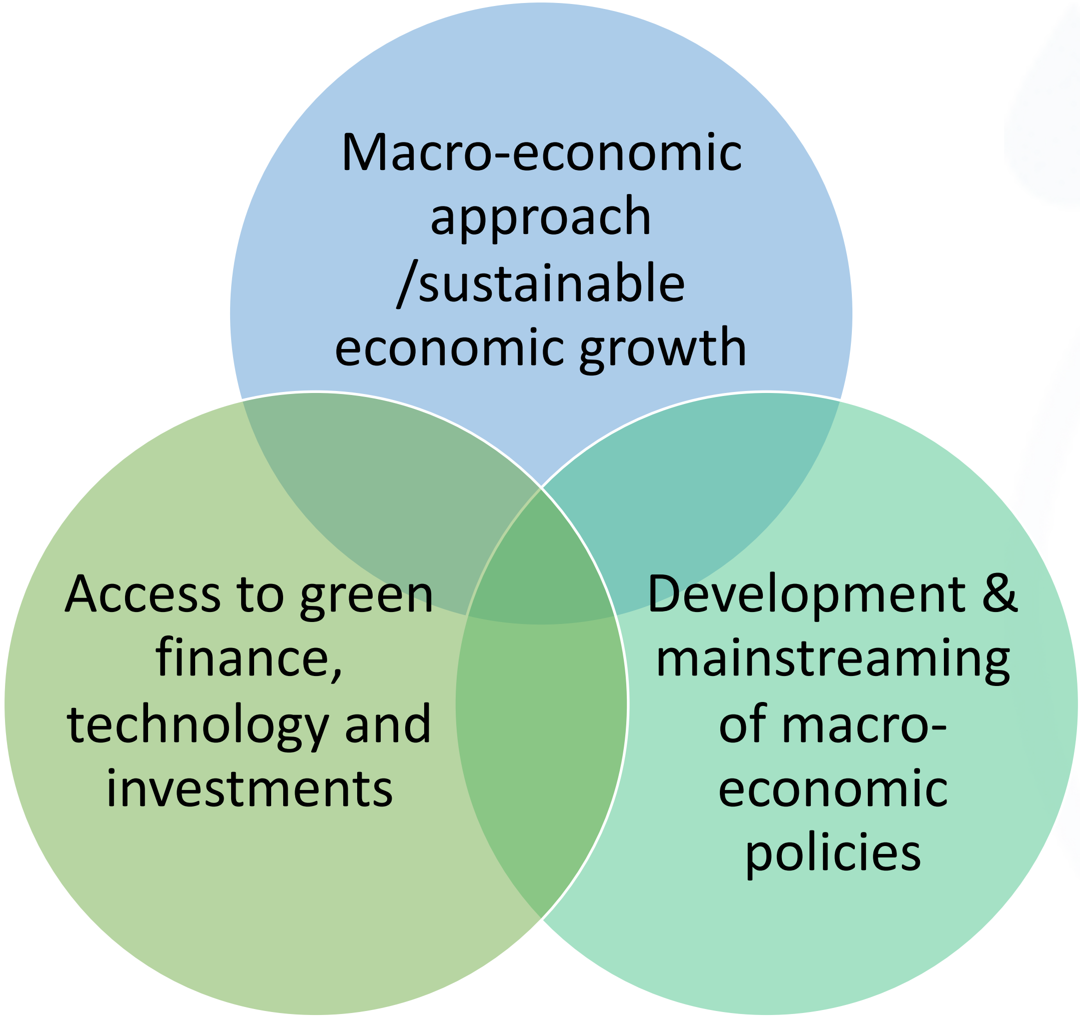
- ❑ **Targeted public expenditure**
- ❑ **Policy reforms**
- ❑ **Changes in taxation and regulation**

WHAT IS THE ROLE OF THE GREEN ECONOMY?

- The role of Green Economy, Sustainable Consumption and Production and Resource Efficiency for Sustainable Development: Sustainable Consumption and Production aims to improve ***production processes and consumption practices to reduce resource consumption, waste generation and emissions across the full life cycle of processes and products*** – while Resource Efficiency refers to the ways in which resources are ***used to deliver value to society and aims to reduce the amount of resources needed***, and emissions and waste generated, per unit of product or service.

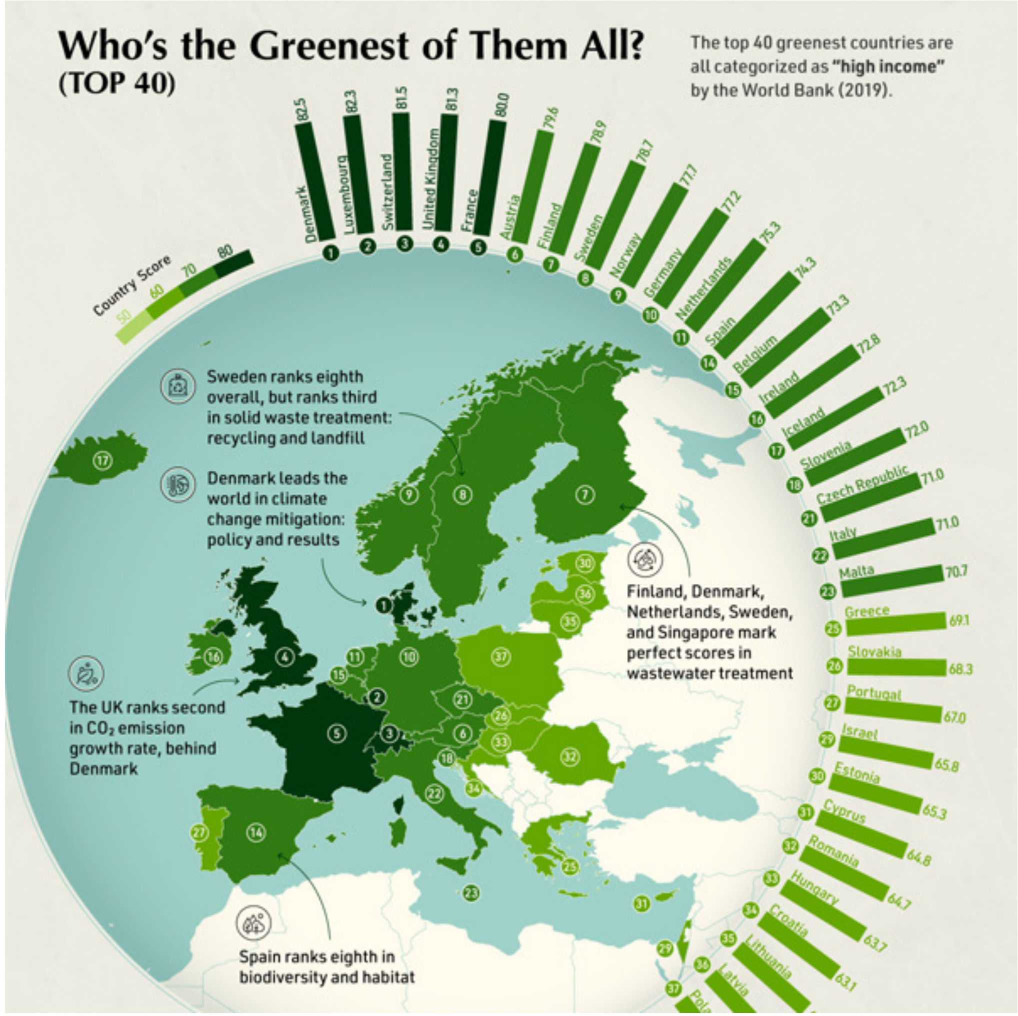


WHY GREEN ECONOMY IS IMPORTANT FOR SUSTAINABLE DEVELOPMENT?



WHAT ARE THE GREENEST COUNTRIES ON THE PLANET?

YALE ENVIRONMENTAL PERFORMANCE INDEX



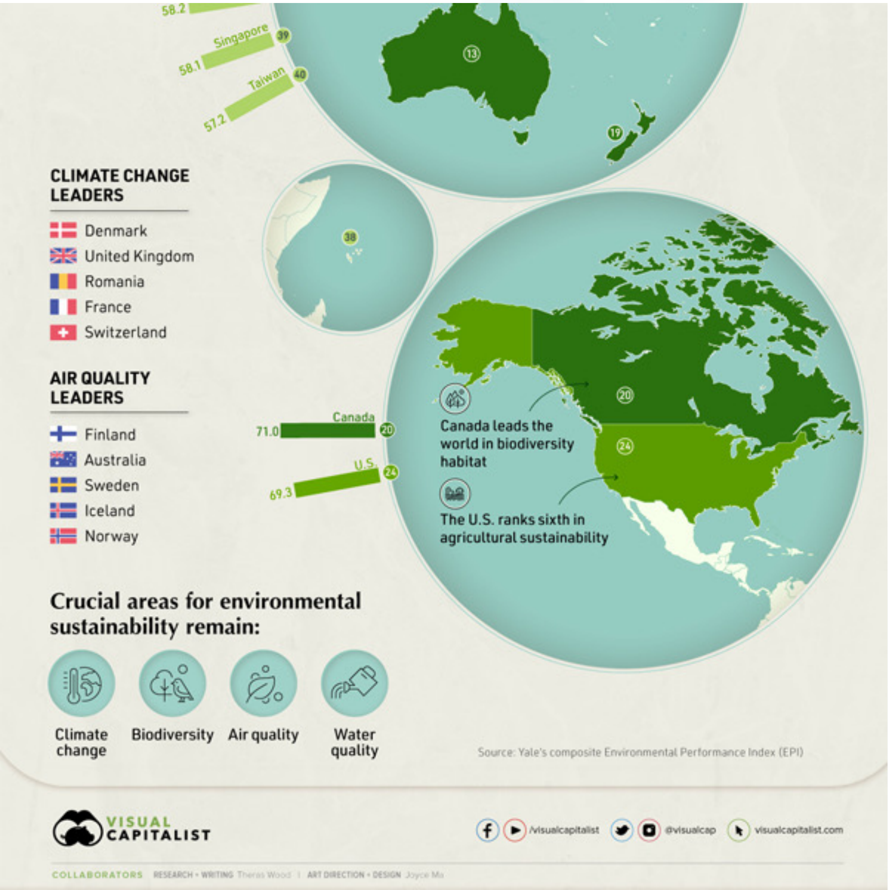


Image source: visualcapitalist.com

EPI indicators

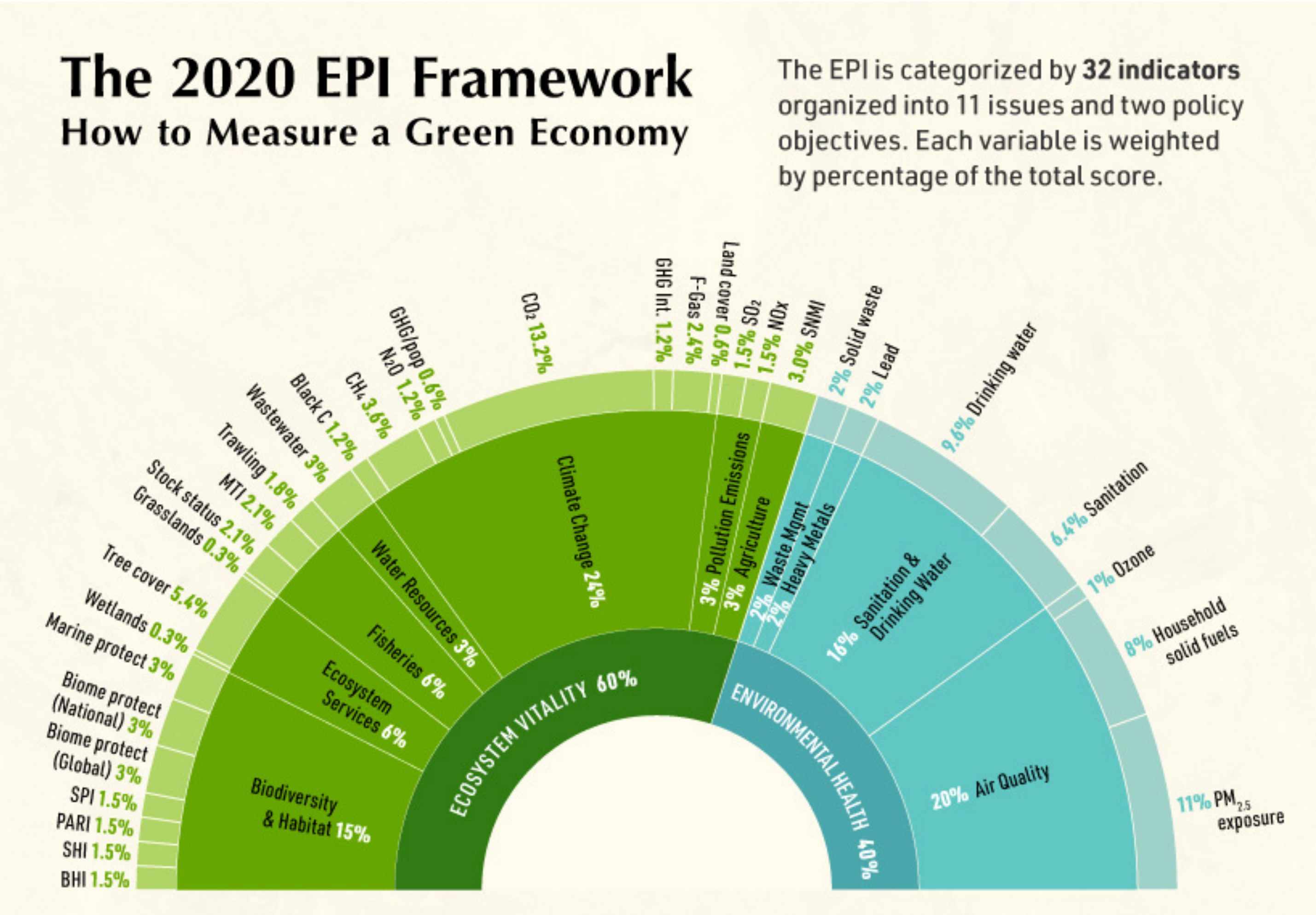
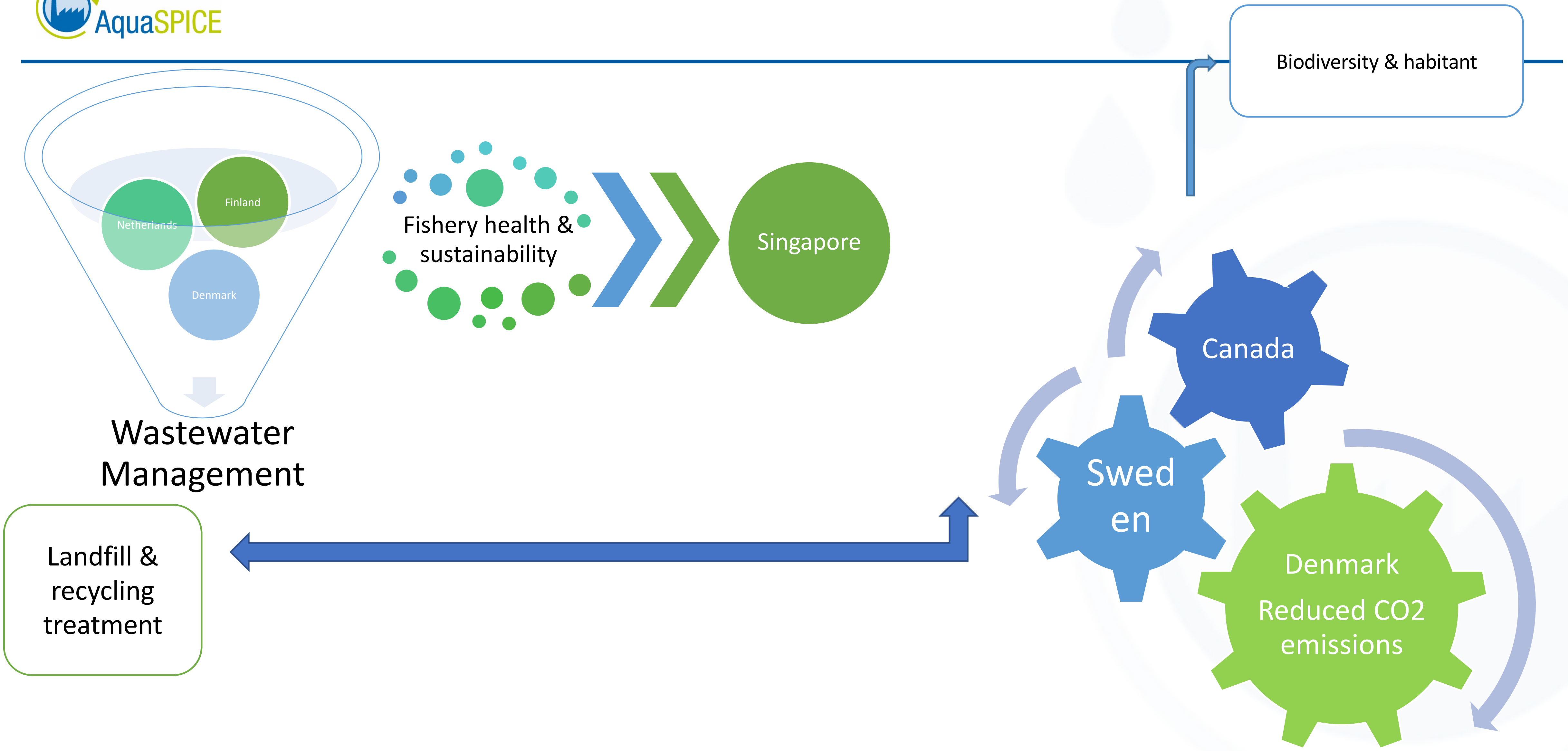


Image source: visualcapitalist.com

OVERALL RANK	COUNTRY	SCORE	REGIONAL RANK
1	Denmark	82.5	1
2	Luxembourg	82.3	2
3	Switzerland	81.5	3
4	United Kingdom	81.3	4
5	France	80	5
6	Austria	79.6	6
7	Finland	78.9	7
8	Sweden	78.7	8
9	Norway	77.7	9
10	Germany	77.2	10

WHICH COUNTRIES SCORE FIRST



WHAT THESE COUNTRIES DO BETTER?

INTERRELATION BETWEEN GDP to EPI score

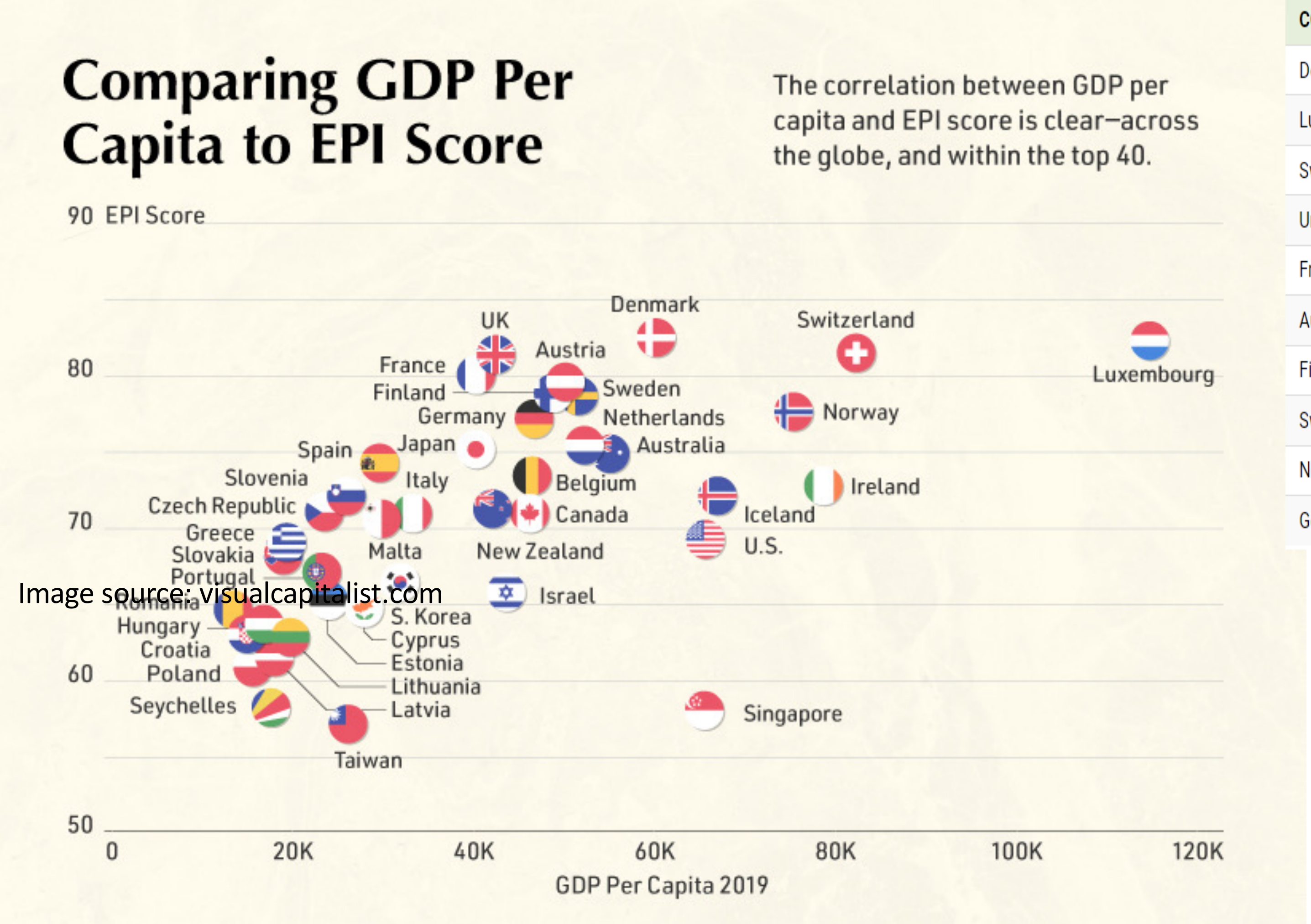


Image source: visualcapitalist.com

COUNTRY	EPI SCORE	GDP Per Capita	RANK
Denmark	82.5	60,170	1
Luxembourg	82.3	114,705	2
Switzerland	81.5	81,994	3
United Kingdom	81.3	42,330	4
France	80	40,494	5
Austria	79.6	50,138	6
Finland	78.9	48,783	7
Sweden	78.7	51,615	8
Norway	77.7	75,420	9
Germany	77.2	46,445	10

Economic growth + National greenhouse emissions = Wealth= increased levels of fossils fuels

HOW TO MITIGATE THE EFFECTS OF THE CLIMATE CHANGE?

- To limit warming to 1.5 ˚C, countries must increase annual climate change financing by at least **590%** (CPI, 2021). The Glasgow Climate Pact of 2021 emphasized the importance of ***climate change financing, outlining an equal distribution between adaptation and mitigation***. Since funds have historically focused on mitigation efforts, this goal marks an important step to ward protecting vulnerable countries from warming that has already occurred.
- Source: EPI 2022 report

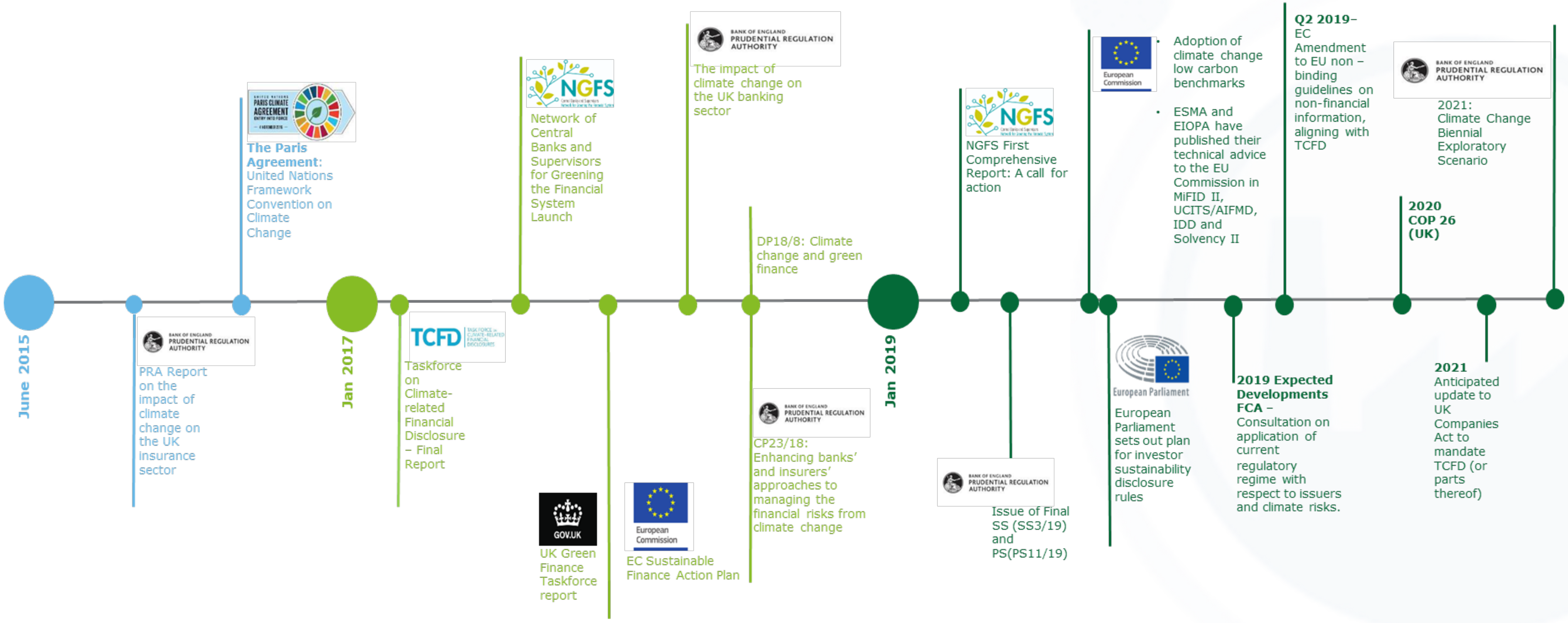
- Use of new technologies
- Encouraging the use of renewable energy
- Infrastructure for greener public transport

- Case studies: Denmark & the UK

- Denmark: Danish Climate Act
- (70% of reduced emissions by 2023)
- 67% of electricity consumption from clear sources(USDOC, 2021).
- Ørsted, energy company replaced coal-use to renewable energies.

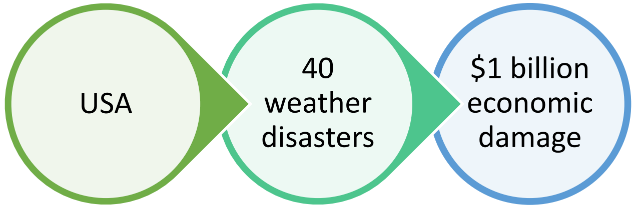
- The UK: Climate Change Act
- 50% before 1990 levels massive reduction of coal and shift toward natural gas and renewables (coal use of only 2%)
- instituted a carbon price floor and invested heavily in solar and wind energy.

GOVERNMENTAL AND REGULATORY FRAMEWORK



TRANSITION RISKS

- During the last years, climate change and its consequences to the global economy have become more transparent. Hence, financial regulators are trying to mitigate the negative impacts, by setting out a framework for a transition to a greener economy.



- Transition risks stemming from:
- Technological changes
- Innovation
- Competition
- Liabilities (financial compensations)
- Changes in regulations and laws
- Physical risks: weather conditions
- What types of industries are impacted?

Cost-benefit analysis

Summary of cost-benefit analysis for wastewater treatment projects

- ❑ Economic benefits
- ❑ Environmental benefits
- ❑ Social benefits

Impact	Costs	Types of costs
Internal benefit	Facilities Costs	Buildings
		Industrial installations
		Research labs
	Infrastructure costs	Machinery
		Pipes
		Equipment
	Labour costs	Technical experts
		Financial experts
		R & D costs
	Operational & Maintenance costs	Energy
		Staff
		Sludge management
		Financial costs
	Taxes	Wastewater treatment tax
		WWTP
		Distribution Network
External benefit	Environmental impact	Decrease the diversion of water from sensitive ecosystems
		Reduce and Prevent Pollution
		Create or Enhance Wetlands and Riparian (Stream) Habitats
	Social impact	New jobs creation
		Protection of public health
	Territorial impact	Local development
		Synergies between public-private institutions
Opportunity Cost	Economic	Sell treated water to other industrial sources
		Reuse recycled water in other sources or municipalities
	Others	Use of land that was not used before

Cost-benefit analysis

- The economic benefits of wastewater treatment

Purpose	Application	Benefits
More dependable water source	Municipal treated wastewater are less affected by droughts that surface and groundwater sources	Reduced production costs
		Sustained agricultural production
		Sustained industrial production
		Sustained associated employment
Substitution of fresh water	Use in industrial processes, cooling, irrigation etc.	Sustainable resource utilisation & demand management
Use of nutrients (e.g., nitrogen/phosphorous)	Use of nutrient-rich wastewater in agriculture	Reduction or elimination of fertilisers' application costs
Reduce economic costs	Save water consumption and treatment needs contribute to cost savings	Water treatment is more cost-efficient than freshwater pumping and desalination costs
Reduce investment costs	Reduce investment needs for water abstraction and treatment, and new sewage investments that might need infrastructure	Eliminating investment costs
Development of urban, rural and coastal landscapes	Support local development and tourism	Increase employment
		Support local economy

Cost-benefit analysis

Environmental impact

- Decrease fresh water intake from sensitive ecosystems
- Reduce and prevent environmental pollution
- Enhance wetlands, acquifers and riparian habitants
- Decrease waste water discharges
- Reduce industrial wastewater production
- Save Energy
- Reallocate water in areas under water stress

Cost-benefit analysis

Social Benefits of Water Treatment

- Contribution to food security and possibilities for agricultural applications
- Facilitates networking & knowledge-sharing among various stakeholders (environmental agencies, municipalities, industrial partners)
- Contributes to local water reuse and local development
- Creates opportunities for improving infrastructure through urban landscapes, increasing quality and well-being
- Contributes to Sustainable Development Goals by increasing water availability and poverty reduction through the use of technological applications
- Facilitates exchange of best practices among diverse stakeholders for water treatment and risk-management, thus benefitting the local communities

Green economy and financing

Introduction to basic financing CONCEPTS

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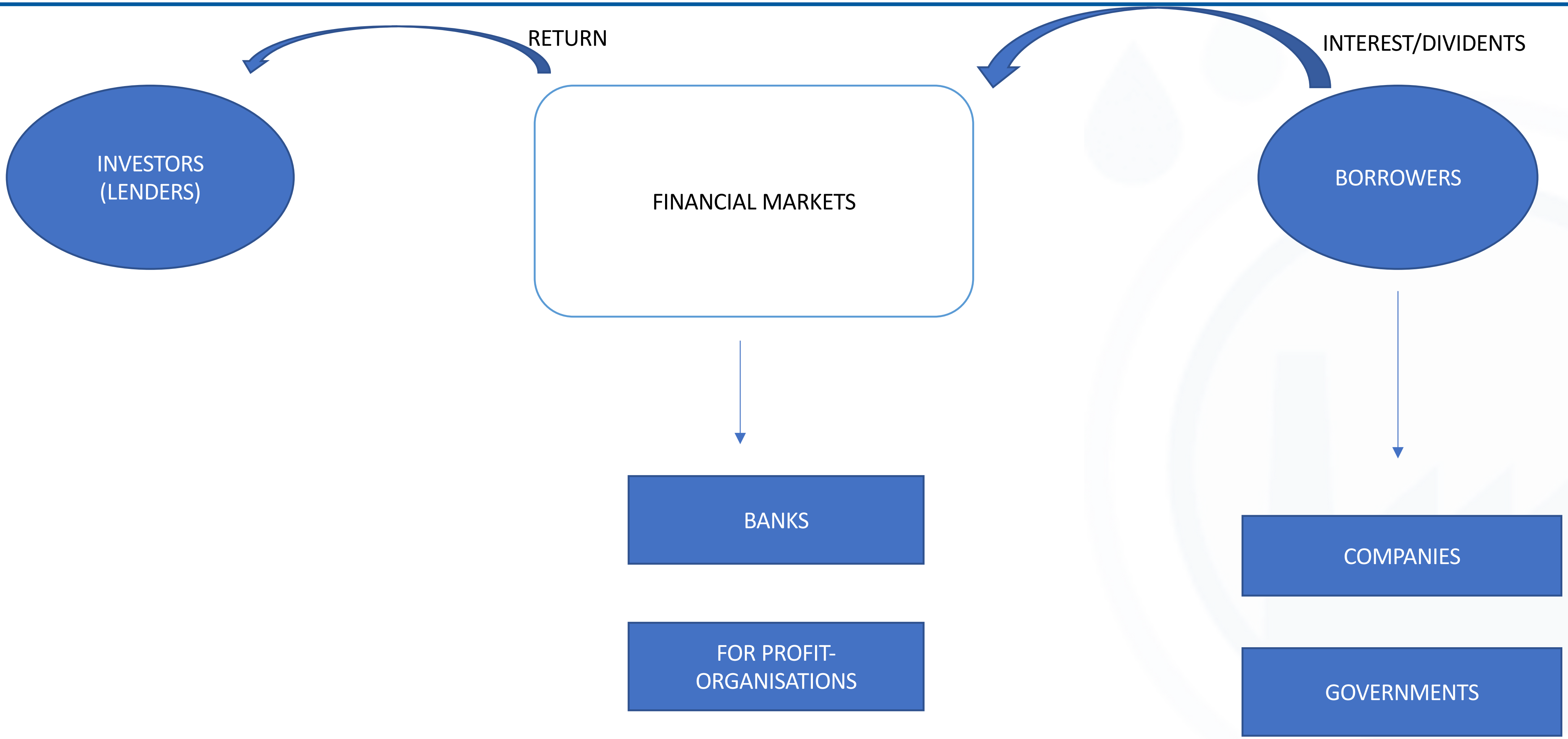
WHAT ARE THE FINANCIAL MARKETS?



TYPES OF FINANCIAL MARKETS:

MONEY MARKET (INVESTMENT MARKETS)

CAPITAL MARKETS (EQUITY MARKETS & DEBT MARKETS)

SELLING SHARES

BONDS (BORROWERS)

Money Market: deals with financial assets for short term borrowing by providing a market for credit instruments like bills of exchange or promissory notes etc which used from the business sector or even governments to provide liquidity to meet short term funds

Capital Markets: are financial markets that bring buyers and sellers together to trade stocks, bonds, currencies, and other financial assets.
https://www.stlouisfed.org/education/tools-for-enhancing-the-stock-market-game-invest-it-forward/episode-1-understanding-capital-markets

Private investment & venture capital financing

- The private market plays a critical role in the financing of green and sustainable start-ups and small to medium enterprises seeking funding and expertise from venture capital and private equity firms. The injection of expertise and technical knowledge alongside funding is particularly useful to smaller enterprises seeking to grow within the green and circular economy.

- **Private investment: investment is the process of putting money into or purchasing an asset with the purpose of generating income or appreciation in value= company or material**

a potential low return with low risk

- So investment is about understanding **<u>risk versus return =</u>**

- **a potential high return with high risk**

- **High risk investment:** a start-up which can be a huge success or a total failure (i.e. uber)

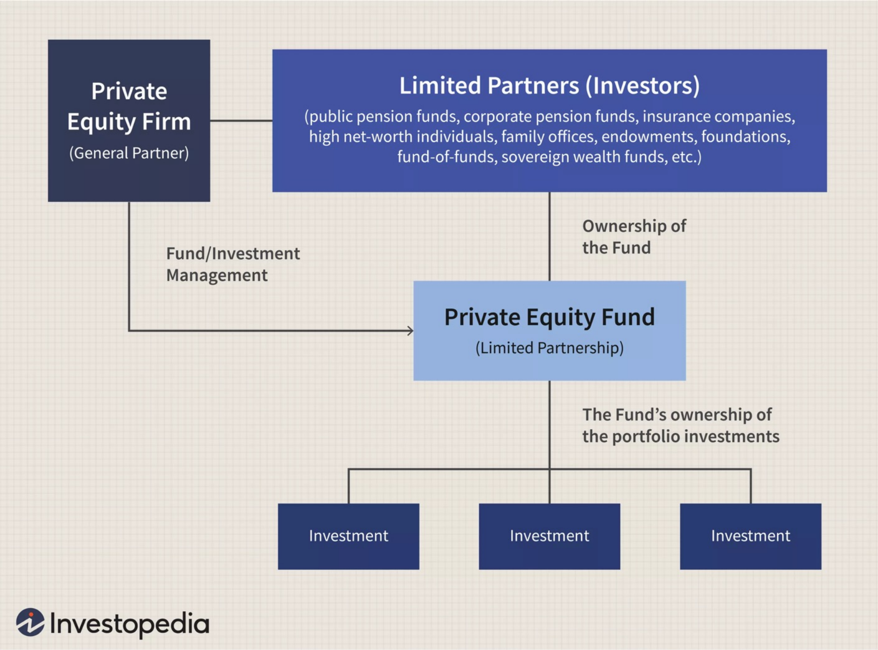
- **Low risk investment:** buying government bonds

WHAT IS PRIVATE INVESTMENT

- **Private investment:** is a financial asset outside public market assets such as stocks, bonds, and cash. Qualified investors often access private investments through an investment fund. Examples of private investment fund sectors include private credit, real estate, natural resources, private equity, infrastructure, and hedge funds. = **High risk return, less regulated and less transparent**

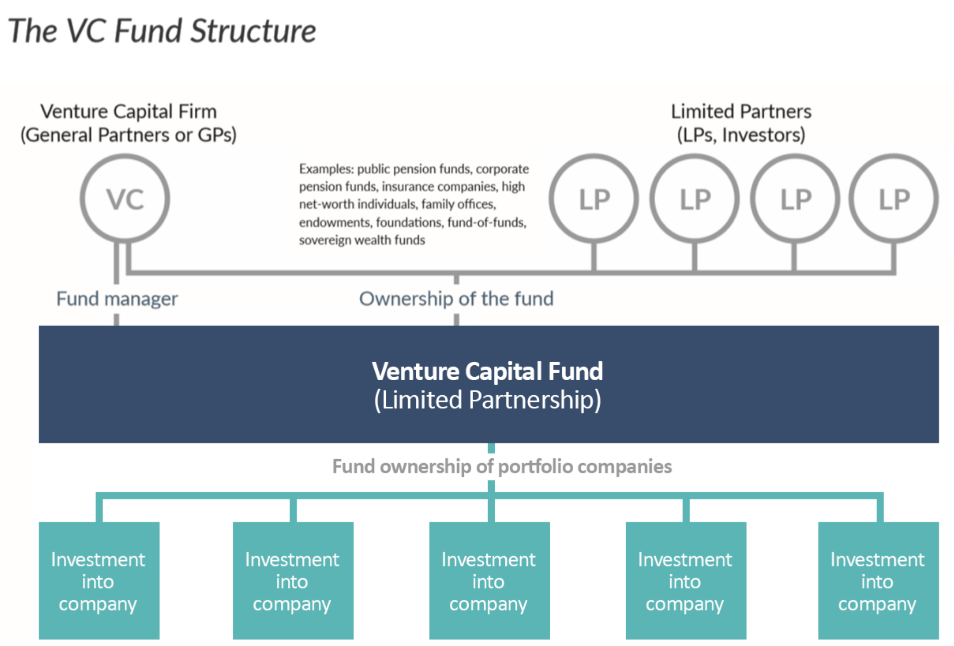
- Private investments increased from $4.1 trillion
- in 2010 to $10.8 trillion in 2019 →
- $17.2 trillion by 2025

- Portfolios' allocation to private investments from 27.7%
- in 2003 to 54% in 2020



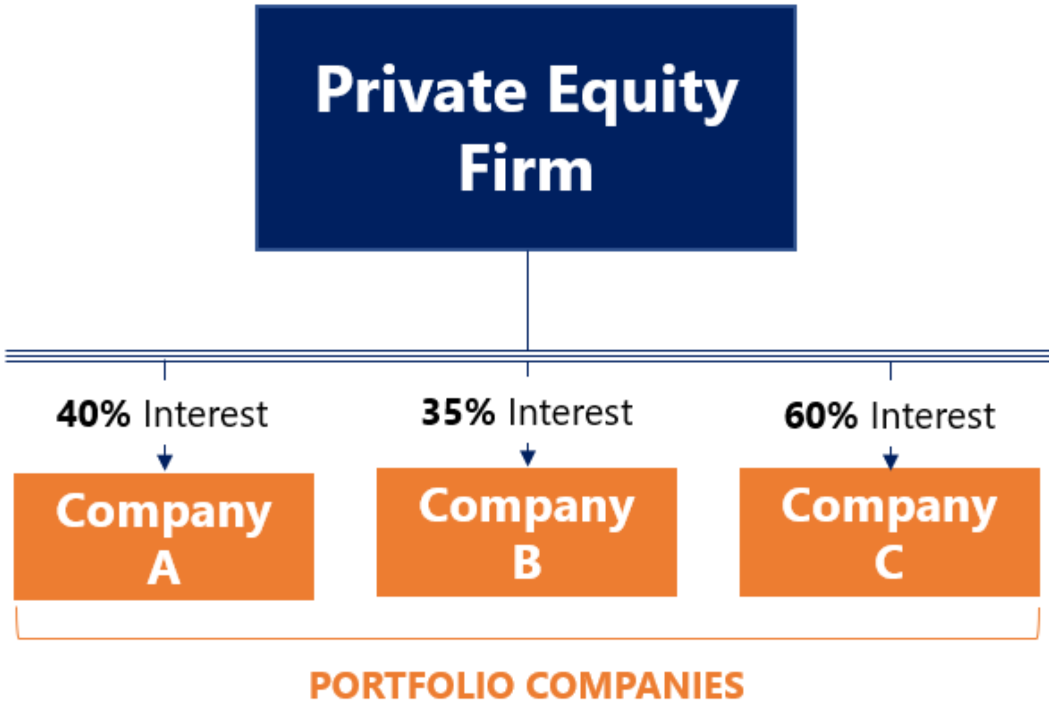
VENTURE CAPITAL

- **Venture capital:** is generally used to support startups and other businesses with the potential for substantial and rapid growth. VC firms raise money from limited partners (LPs) to invest in promising start-ups or even larger venture funds. Venture capital are investments paid in exchange of company's equity without specific loan pay. VCs usually take only a minority stake — 50% or less — when investing in companies, also known as portfolio companies, because they become part of the firm's portfolio of investments.



PORTFOLIO COMPANIES

- A portfolio company is a company (public or private) that a venture capital firm, buyout firm, or holding company owns equity. In other words, companies that private equity firms hold an interest in are considered portfolio companies. Investing in a portfolio company aims to increase its value and earn a return on investment through a sale.

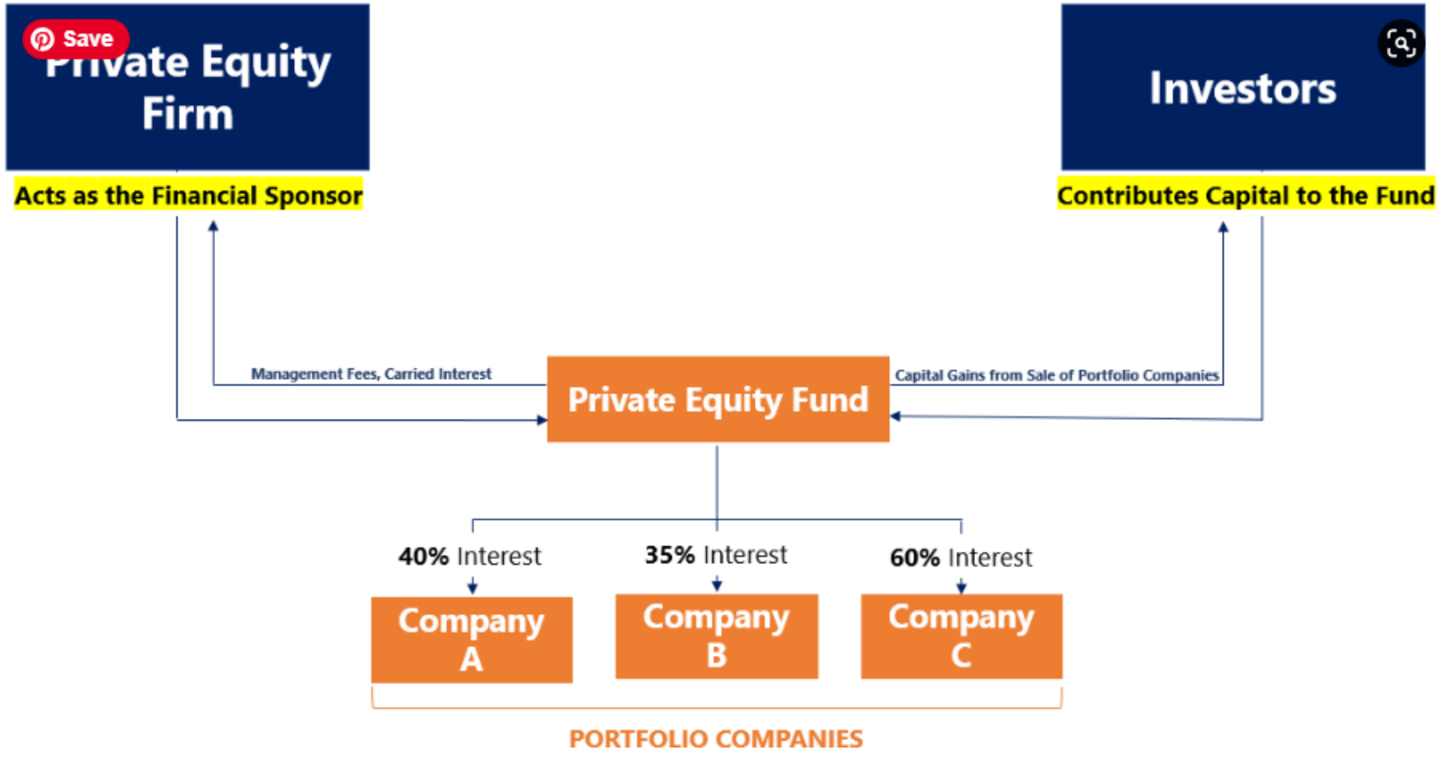


•Companies that private equity firms hold an interest in are considered portfolio companies.

•A financial sponsor and investors are required to create a private equity fund that invests in companies.

•Common approaches to investing in a portfolio company include leveraged buyout, venture capital, and growth capital.

Structure of a private equity firm



1. Financial Sponsor

The financial sponsor is generally called the general partner. The financial sponsor manages the private equity fund and receives management fees

2. Investors

The investors provide the capital required for the fund to invest in companies. Investors include high net worth individuals, family offices, endowments, insurance companies, pension funds, foundations, funds-of-funds, sovereign wealth funds, etc. Investors generate a return from their investment through the private equity fund selling portfolio companies at a higher price than the initial investment cost.

INVESTMENTS IN PORTFOLIO COMPANIES

- There are numerous methods of investing in a portfolio company. Below, we outline three common methods.

- **1. Leveraged Buyout (LBO)**
- A leveraged buyout (LBO) is extremely common in private equity transactions. An LBO involves using primarily debt (hence "leveraged" buyout) and a small equity injection to finance the company's buyout. The debt is typically raised through using the portfolio company's assets as security.
- **2. Venture Capital**
- Venture capital refers to the provision of capital by private equity funds to start-up companies that require early-stage funding in exchange for an equity stake.
- **3. Growth Capital**
- Growth capital refers to providing capital to established businesses to help expand business operations. The capital can be used to help a business develop a new product, restructure operations, finance an acquisition, or expand into new markets.

Investors require returns

- **Common Types of Exits for Portfolio Companies**
- Investors in private equity funds generate a return through portfolio companies' exit in the private equity fund. Private equity firms typically acquire companies for a specific period (usually five to seven years), with the end goal of exiting the investment through a sale above the initial investment price. Common exit strategies include the following:
- **1. Initial Public Offering (IPO)**
- An initial public offering of a portfolio company generally provides one of the highest valuations, compared to other exits, provided that public market conditions are stable and that there is strong demand. A key disadvantage with an IPO exit is the high transaction costs and potential restrictions placed on existing investors, such as a lock-up period requirement.
- **2. Strategic Sale**
- A strategic sale, also called a trade sale, is the sale of a portfolio company to a strategic buyer that can realize material synergies or achieve a strategic fit through the acquisition. Strategic buyers often pay a premium for the portfolio company due to the preceding sentence's reasons.
- **3. Secondary Buyout**
- A secondary buyout is the sale of a portfolio company to another private equity firm. There may be many reasons to engage in a secondary buyout, such as the desire to get rid of the portfolio company or the portfolio company's management wanting to find another private equity firm to operate with.

Examples of portfolio companies

- **Bain Capital, LP** is one of the world's leading private investment firms with approximately $160 billion of assets under management https://www.baincapitalprivateequity.com/portfolio

- **Partners Group** is a large, independent investment firm that is truly dedicated to private markets. https://www.partnersgroup.com/en/businesses/our-portfolio/

- **Vista Equity Partners** is a market-leading investment firm. They own over $94 billion in assets under management and over 20 years of investing exclusively in enterprise software, they believe the transformative power of technology is the key to an even better future — a healthier planet, a smarter economy, a diverse and inclusive community, and a broader path to prosperity https://www.vistaequitypartners.com/companies/portfolio/

- **NOVACAP** is one of the most prominent buyout and growth equity firms with over $8 billion of assets under management https://www.novacap.ca/en/company/

- **ONEX** is an investor and asset manager that invests capital on behalf of its shareholders and clients across the globe. Formed in 1984, we have a long track record of creating value for our investors. Onex became a public company in 1987 and is listed on the Toronto Stock Exchange under the symbol ONEX. Onex' two primary businesses are Private Equity and Credit. In total, Onex has $48 billion in assets under management, of which $7.9 billion is Onex' own investing capital.https://www.onex.com/private-equity/portfolio-all

Businesses are the problem but are they also the solution?

- We see that we currently face serious sustainability challenges and businesses play an important role as a cause of these challenges but also as a SOLUTION!

- Business models= how companies can create value

BUSINESS model creation

How to create value

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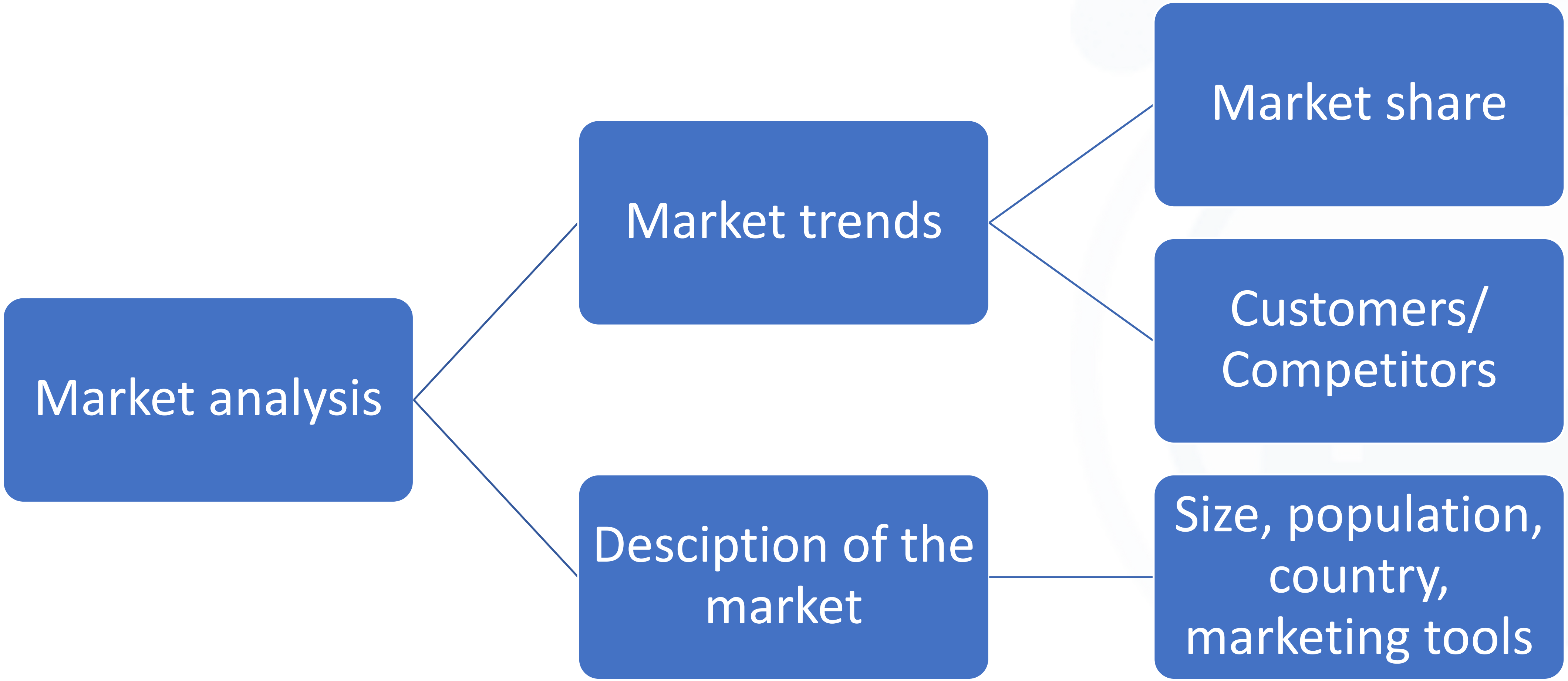
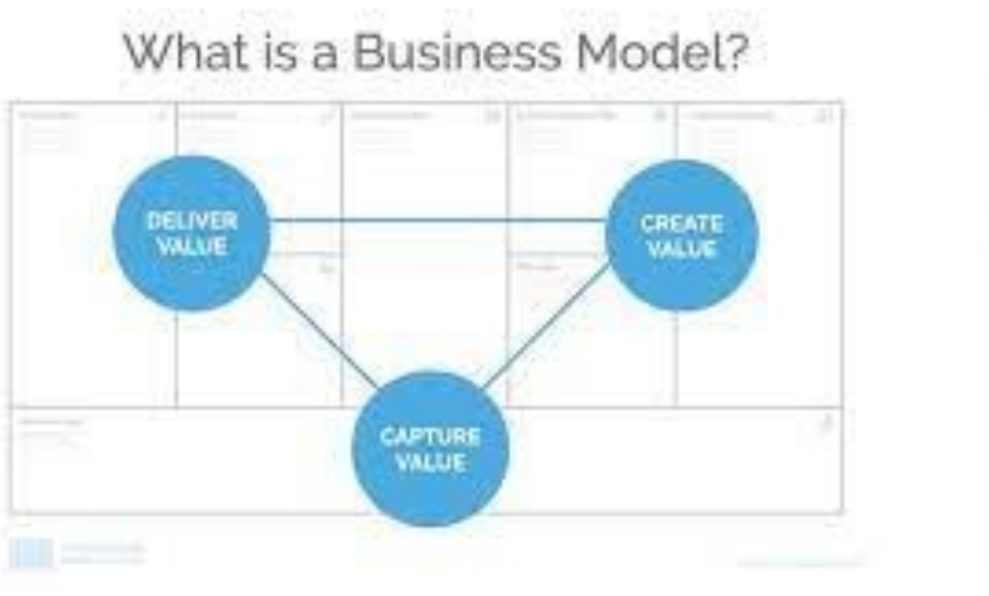
Market analysis



What is a business model?

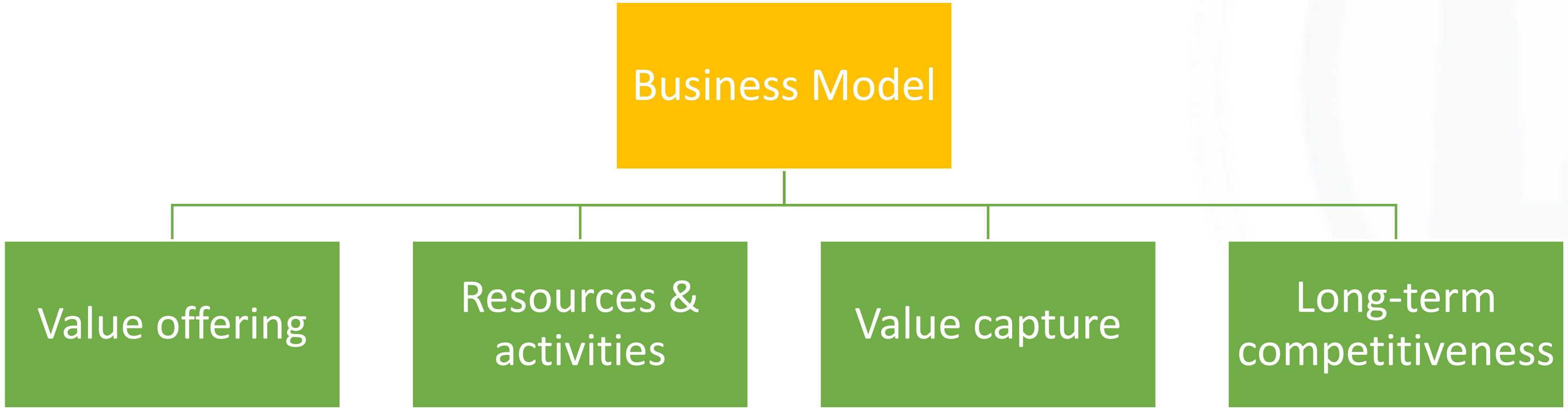
A business model describes the rationale of how an organization creates, delivers, and captures value



A business model must be simple-understandable and efficient.

What is a business model?

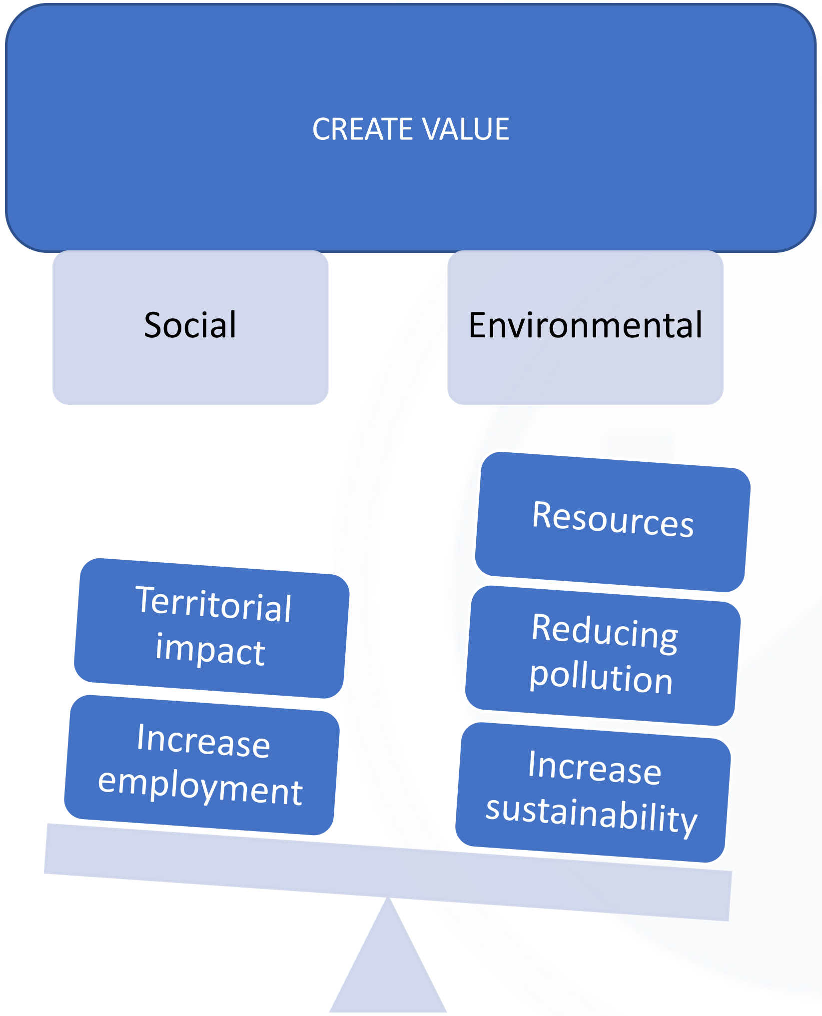
- Although value is central, it is important to point out that the business model is conceptual, rather than a financial, model of a firm (Teece, 2010). As such, it is thought to describe **how** and **why** a firm provides **a product or service on a competitive market** by credibly presenting what it is that motivates the actors that are involved in the **value creation**, as well as the **factors** that enable the firm to capture value (Teece, 2010).



TRANSITION OR EXTINCTION?

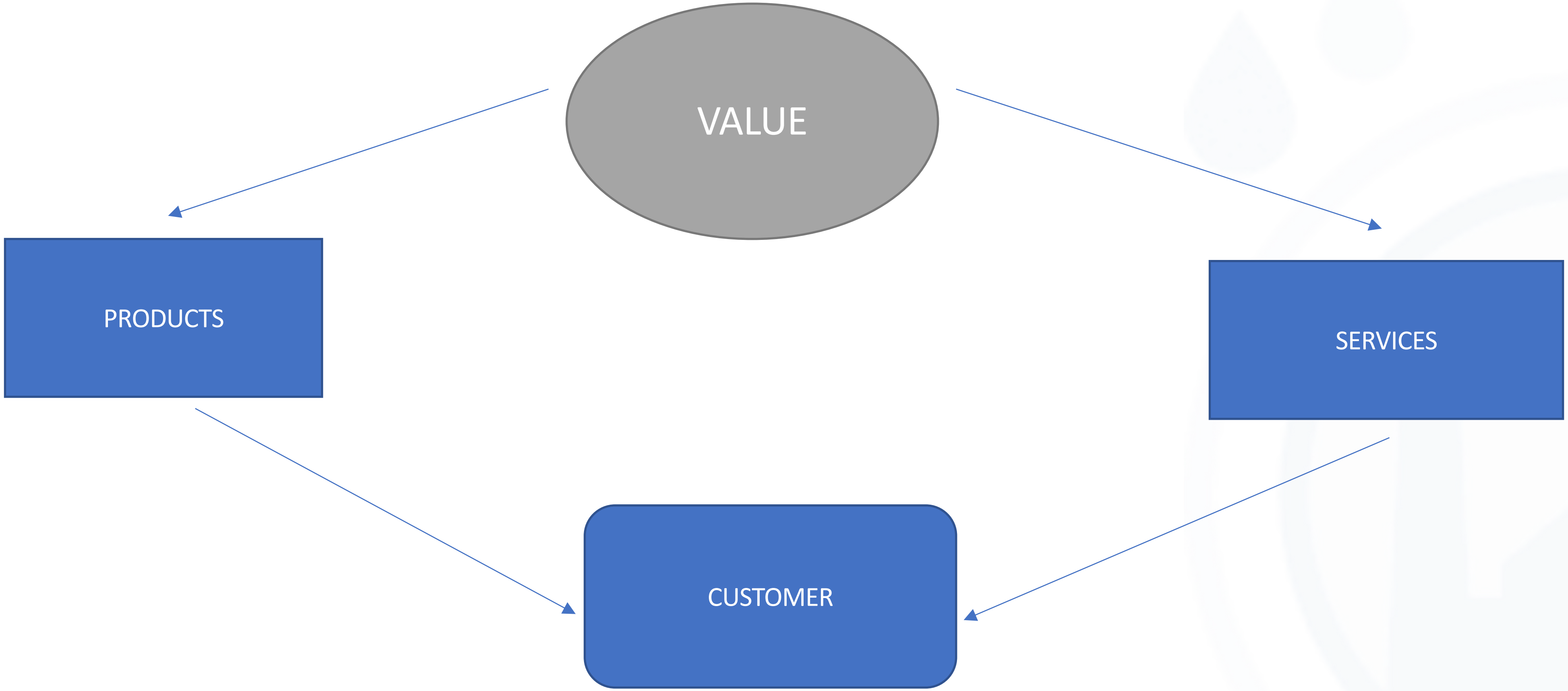
Business model

Business as usual



- **<u>Business transformation= business transition</u>**

Value proposition



How do we build a business plan?

9 Building Blocks

R$

5 Revenue Streams

Revenue streams result from value propositions successfully offered to customers.

KR

6 Key Resources

Key resources are the assets required to offer and deliver the previously described elements …

KA

7 Key Activities

… by performing a number of Key Activities.

KP

8 Key Partnerships

Some activities are outsourced and some resources are acquired outside the enterprise.

C$

9 Cost Structure

The business model elements result in the cost structure.

Swot analysis

SWOT ANALYSIS

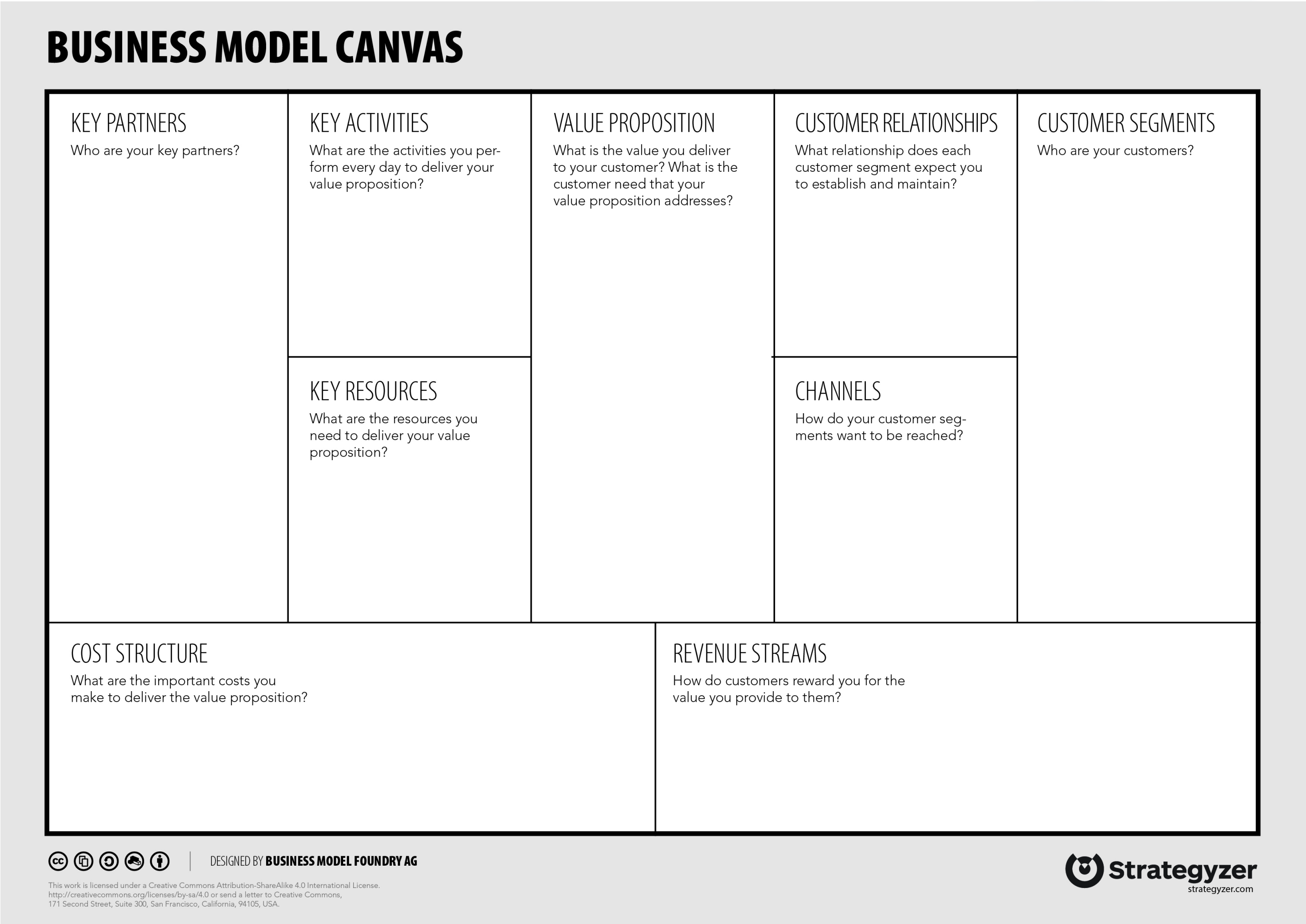
Strengths

Weaknesses

Opportunities

Threats

Business model canvas



BUSINESS MODEL CANVAS

KEY PARTNERS
Who are your key partners?

KEY ACTIVITIES
What are the activities you perform every day to deliver your value proposition?

KEY RESOURCES
What are the resources you need to deliver your value proposition?

VALUE PROPOSITION
What is the value you deliver to your customer? What is the customer need that your value proposition addresses?

CUSTOMER RELATIONSHIPS
What relationship does each customer segment expect you to establish and maintain?

CHANNELS
How do your customer segments want to be reached?

CUSTOMER SEGMENTS
Who are your customers?

COST STRUCTURE
What are the important costs you make to deliver the value proposition?

REVENUE STREAMS
How do customers reward you for the value you provide to them?

DESIGNED BY **BUSINESS MODEL FOUNDRY AG**

Strategyzer
strategyzer.com

CUSTOMER SEGMENTS

- “The Customer Segments Building Block defines the different groups of people or organizations an enterprise aims to reach and serve

Needs
- Dress
- Eat

Attract (Distribution channels)
- Advertising
- Sales
- Regular customers

Relationships
- Trusted brand
- Good quality products
- Fidelity

Profitability/Pricing
- Range of products
- Price of the products
- Customers’ share

Pricing/Customer behaviour
- Higher-priced products
- Good quality products
- Customers’ income/ purchasing power

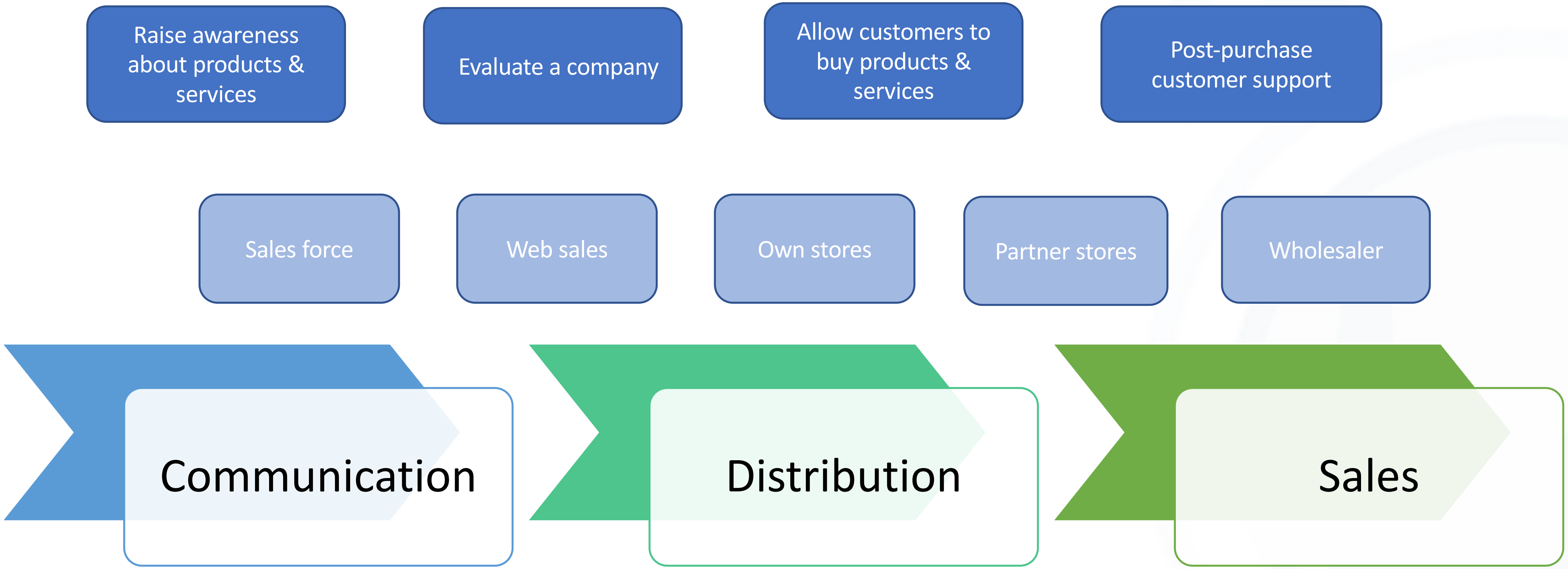
Customer segments

- **Mass Market** → on one large group of customers with broadly similar needs and problems
- **Segmented** → Customers with similar but varying needs and problems
- **Diversified** → Two unrelated Customer Segments with very different needs and problems.
- **Multi-side platform** → Some organizations serve two or more interdepen-dent Customer Segments
- **Niche market** → Customers with very specific needs

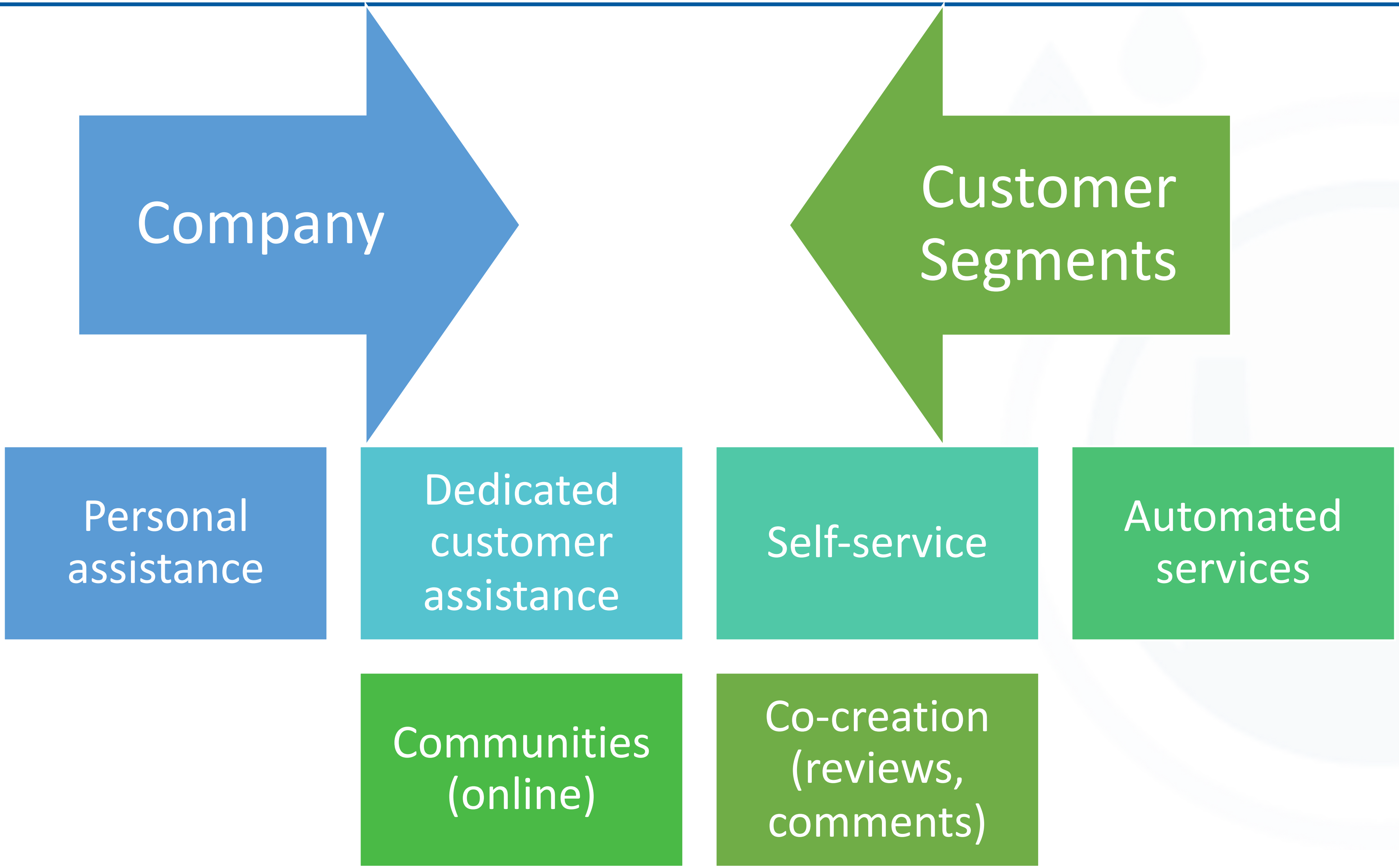
Customer segments

Newness	Serve entirely new needs (technology)
Performance	Improving a service or a product
Customization	Customising products & services to the needs of specific customers
Design	A product that might stand out because of its superior design
Brand/status	Customers with specific preferences to brands due to their status

Communication & distribution channels



CUSTOMER RELATIONSHIPS



Revenue streams

How can companies generate cash?

- The Revenue Streams Building Block represents the cash a company generates from each Customer
  Segment (costs must be subtracted from revenues to create earnings);

- For what value is each Customer Segment truly willing to pay?

- Pricing mechanisms:

Fixed prices | Bargaining prices | Auctioning (binding processes) | Market dependent | Volume dependent | Yield management(affect consumer behaviour to generate more profit)

Customers pay for: Types of products | How do they pay | Contribution to the general streams

Revenue streams

How cash can be generated?

Asset sale

- Ownership rights
- Products

Usage fee

- Fee for a particular use
- Charge for use numbers

Subscription fees

- Fees for having access to products/services

Lending/Renting/Leasing

- Use of a product/service for a specific duration under a specific fee

Licensing

- Use of intellectual property under a fee
- Allows users to generate revenue from manufacturing or commercialisation of a service/product (music licensing)

Brokerage fees

- Gain revenue from acting as an intermediate between two different actors/ parties

Advertising

- Brand
- Product/service

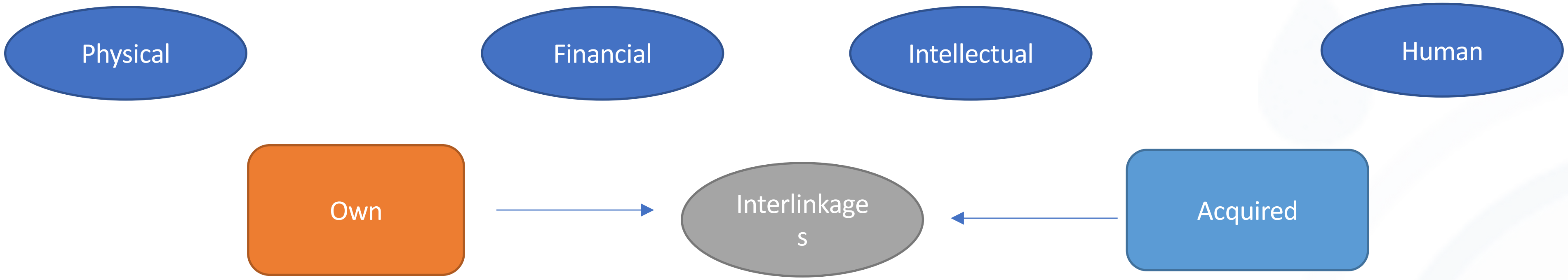
Pricing mechanisms:

Pricing Mechanisms

Fixed Menu Pricing Predefined prices are based on static variables		**Dynamic Pricing** Prices change based on market conditions	
List price	Fixed prices for individual products, services, or other Value Propositions	*Negotiation (bargaining)*	Price negotiated between two or more partners depending on negotiation power and/or negotiation skills
Product feature dependent	Price depends on the number or quality of Value Proposition features	*Yield management*	Price depends on inventory and time of purchase (normally used for perishable resources such as hotel rooms or airline seats)
Customer segment dependent	Price depends on the type and characteristic of a Customer Segment	*Real-time-market*	Price is established dynamically based on supply and demand
Volume dependent	Price as a function of the quantity purchased	*Auctions*	Price determined by outcome of competitive bidding

Key resources

Key resources: important assets required to make a business model work



Physical assets

- manufacturing facilities, buildings, vehicles, machines,
- systems, point-of-sales systems, and distribution
- networks

Intellectual

- brands, proprietary
- knowledge, patents and copyrights, partnerships,
- and customer databases

Human

- knowledge-intensive and creative industries
- Scientists, experts, experienced personnel, highly educated

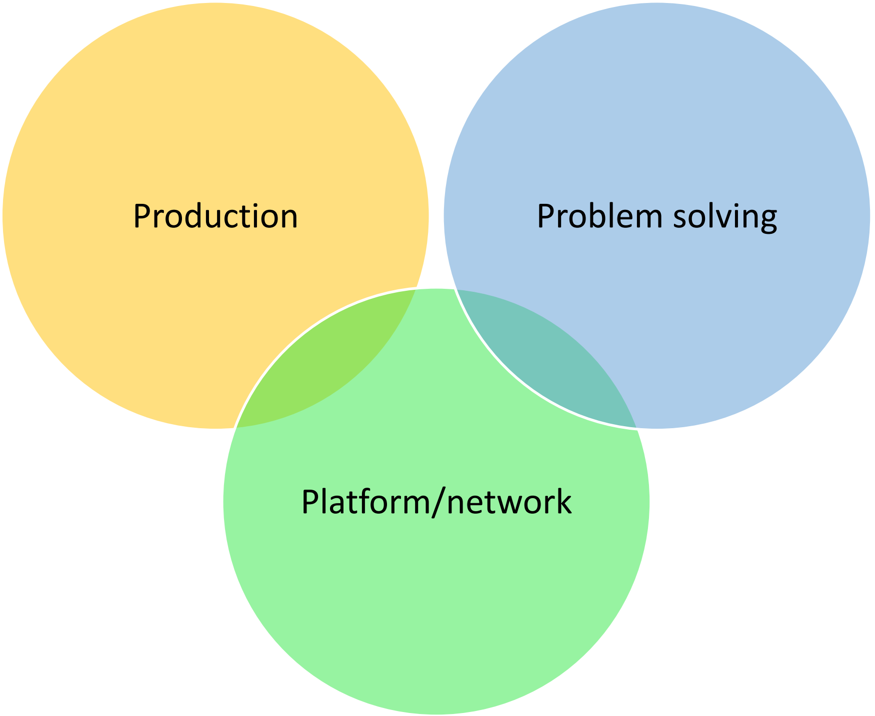
Financial

- financial resources
- and/or financial guarantees, such as cash, lines of
- credit, or a stock option pool for hiring key employees

Key activities

Key activities: actions that a company needs to do to successfully develop its business model

Designing/ Producing/ Delivering a product or service

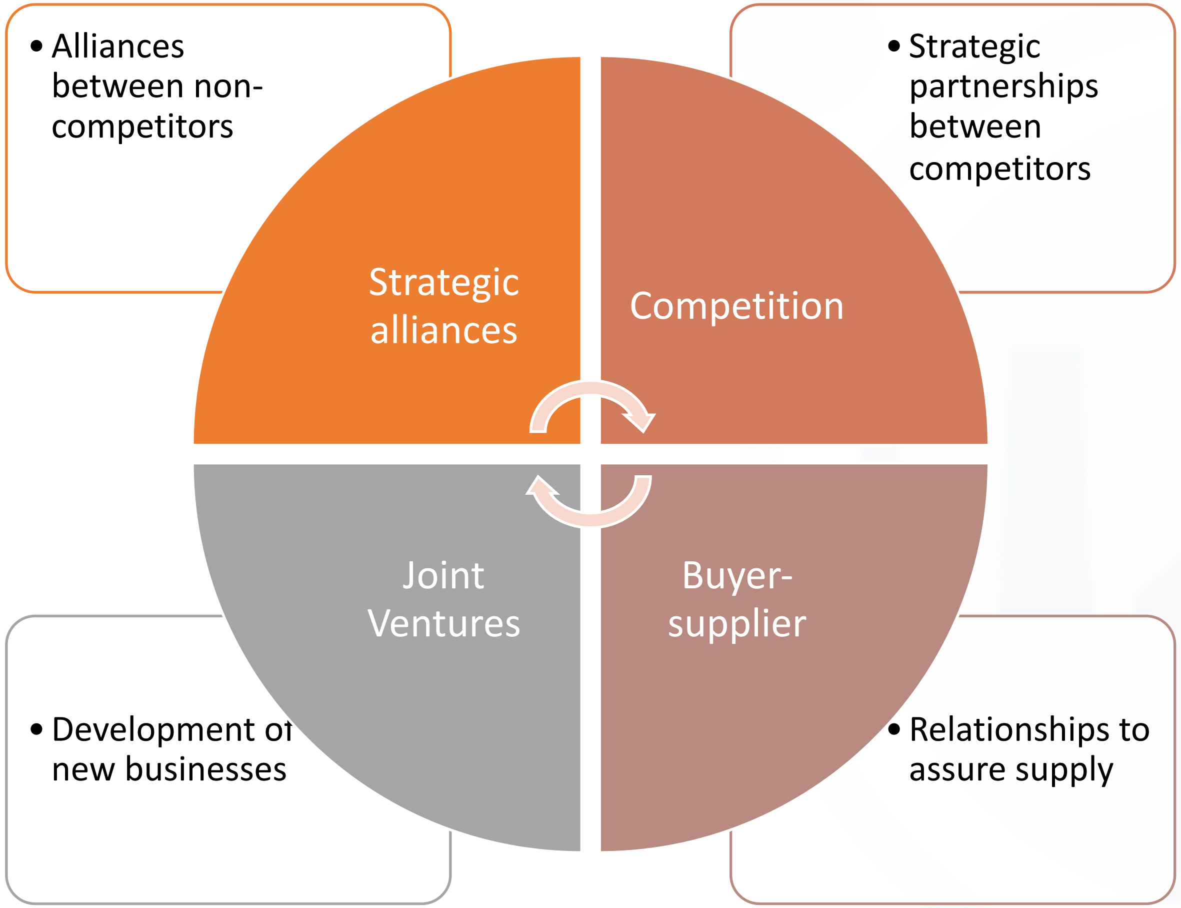


New solutions to continuous customers' problems (knowledge management and continuous training processes)

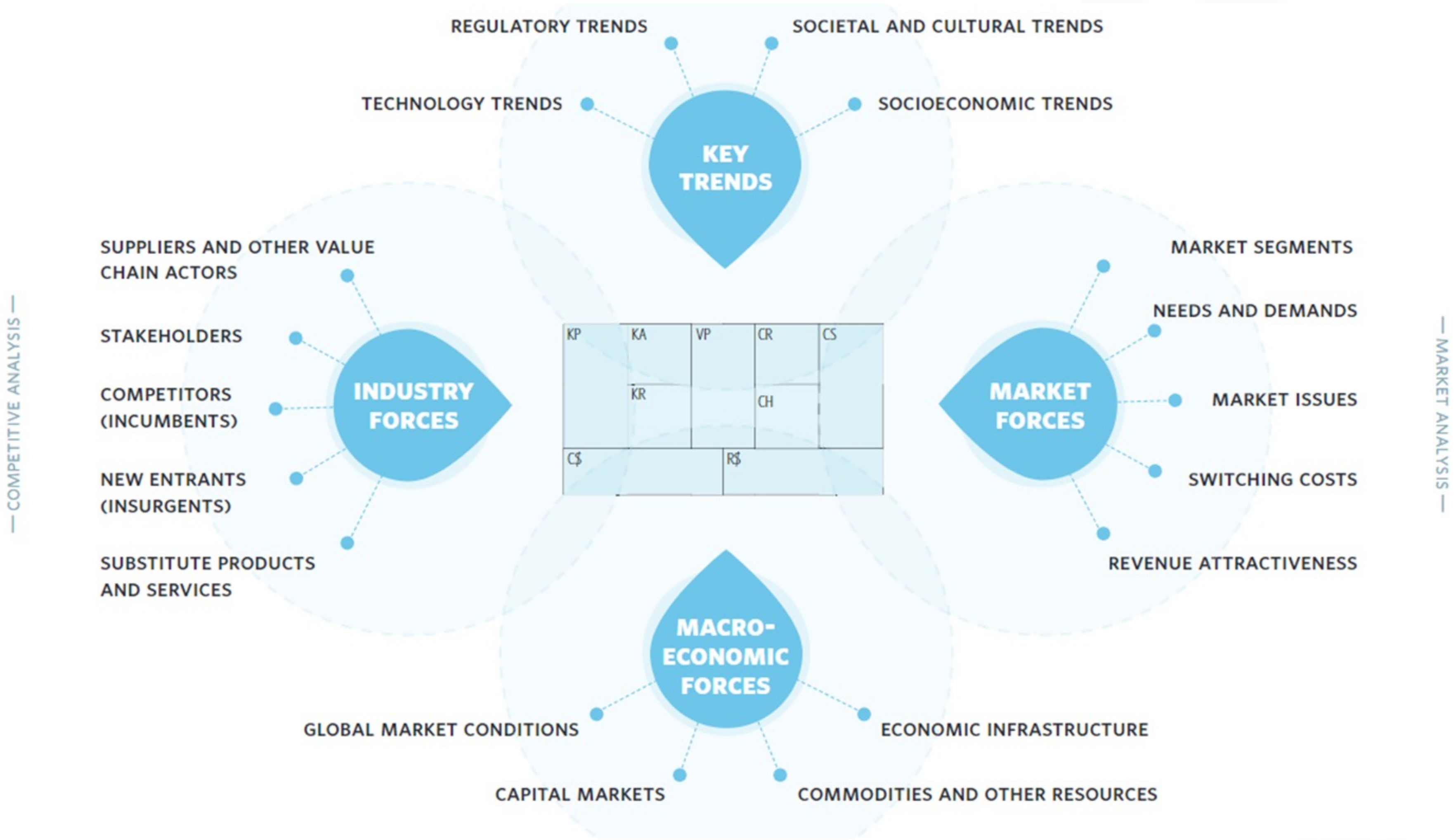
A designed platform as key activity of business operation

Key partnerships

- Companies create alliances to optimize their business models, reduce risk, or acquire resources.



EXTERNAL FORCES



Cost structure

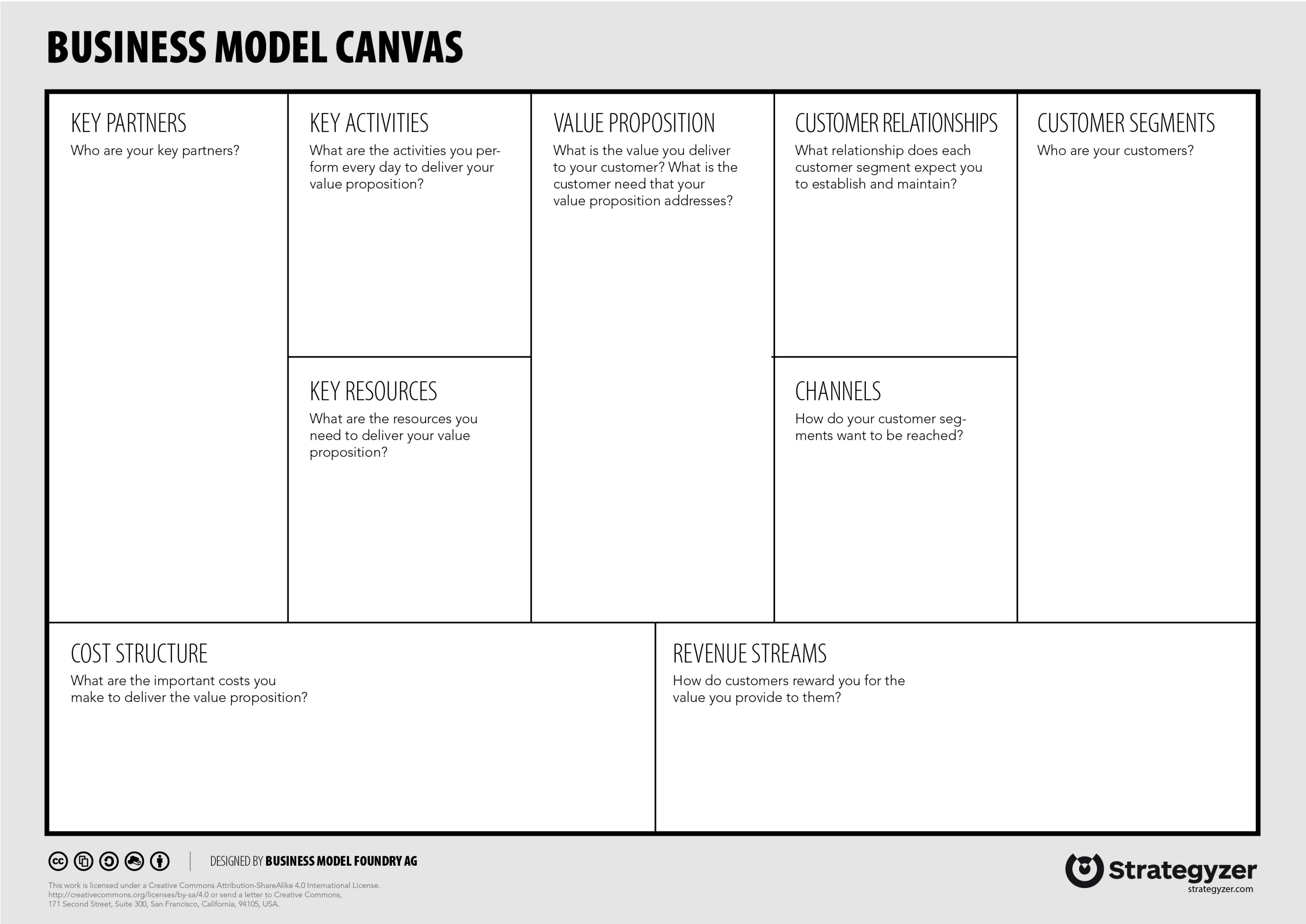
Value driven

driven

Value driven	Cost driven
• High-degree of personalised services • Focus on value creation with cost considerations	• Low price value proposition • Automation • Outsourcing

AquaSPICE

Business model canvas



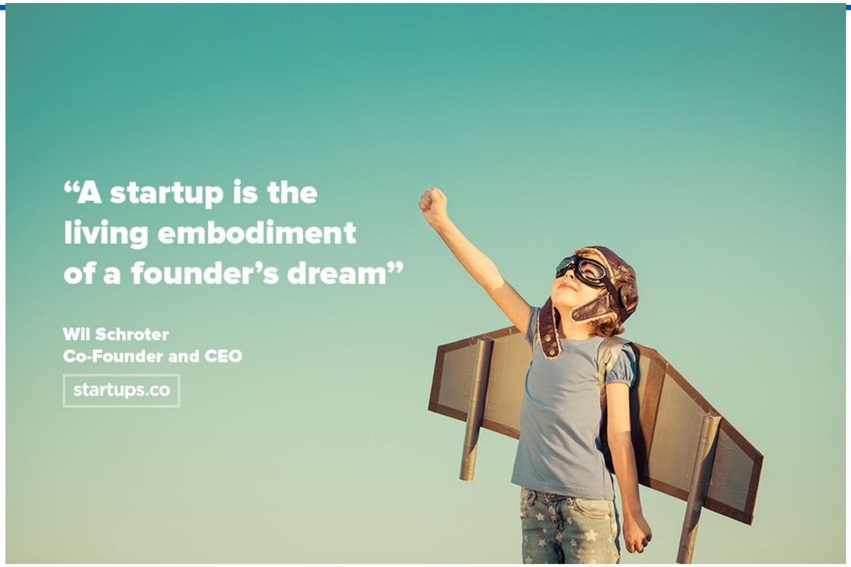
Financing the future

Business types for environmental purposes

The AquaSPICE project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 958396.

Start-ups

What is a start-up after all?



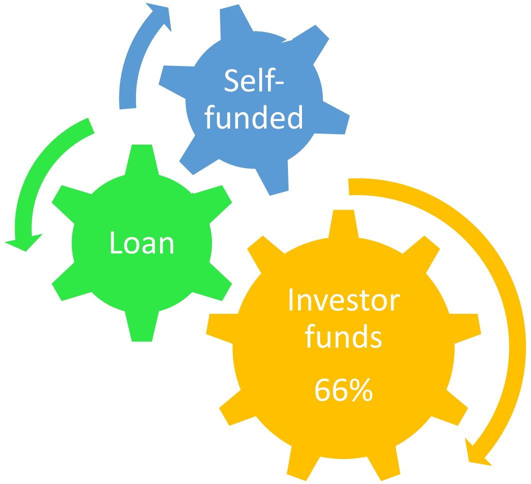
"A startup is a human institution designed to create a new product or service under conditions of extreme uncertainty."
-Eric Ries, the creator of the Lean Startup methodology

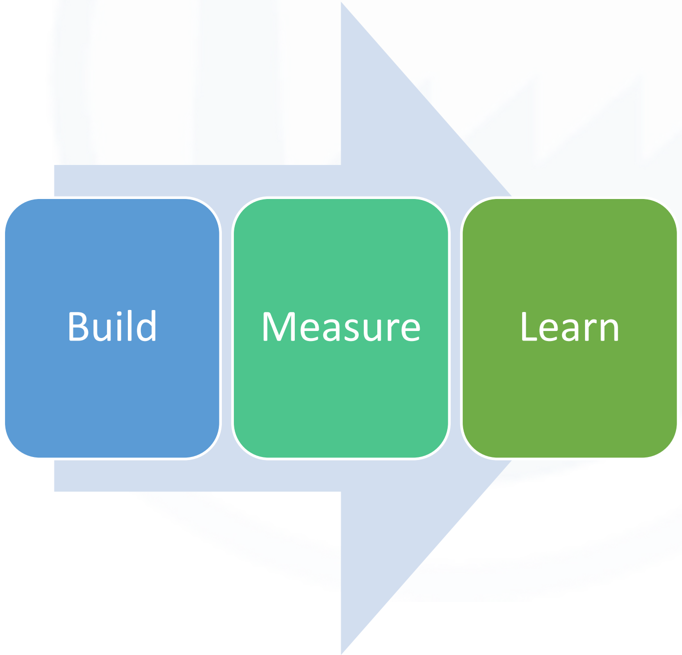
Entrepreneurial ventures are typically started by 1-3 founders who focus on capitalizing upon a perceived market demand by developing a viable product, service, or platform.

"A startup is a modern version of an inventor. It experiences a problem and then tries to solve it with ingenuity. A successful startup typically wants to solve a problem and make the world a better place."
- Jochem Wijnands, the Founder of a startup that was acquired by Apple in 2014 and TRVL.com

https://www.wework.com/

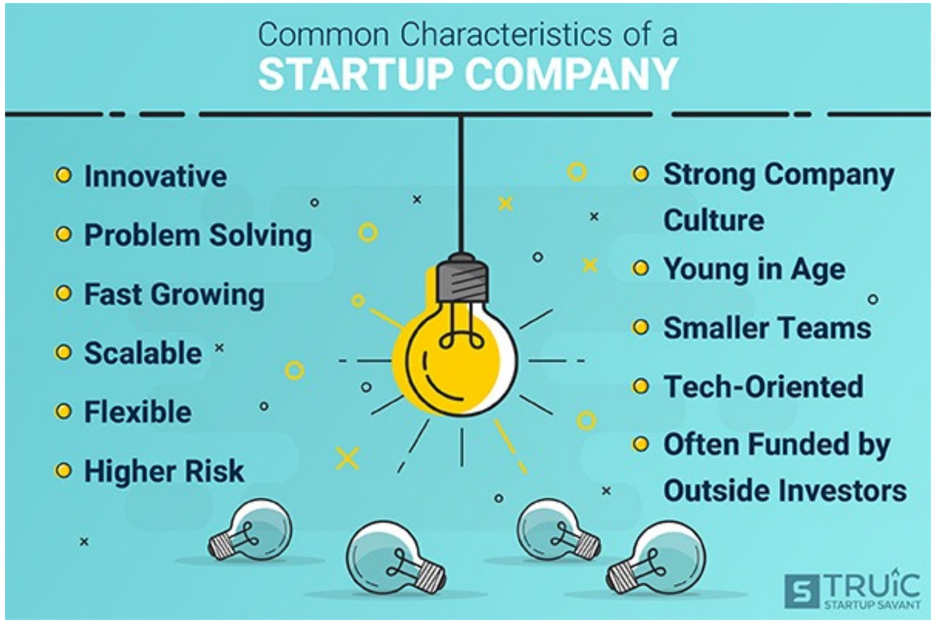
Video projections: https://youtu.be/X2LwIiKhczo
https://youtu.be/HVAESeO7dgc





Types of start-ups

Lifestyle Startups
Lifestyle startups are companies that are centered around the founder's interests and passions.
Small Business Startups
A small business startup isn't usually created with scalability in mind. These small startup companies are born out of a desire to start a business
Scalable Startups
A scalable startup is a growth-oriented company that takes an idea or concept and works to rapidly grow the business and achieve the highest profit as quickly possible (think Silicon Valley or New York startups).
Social Startups
Social startups are created to make a difference or positive impact on the world around them. Unlike other types of startups, social entrepreneurship startups are not created to gain wealth; though it is possible to profit from this type of startup business unless it is a nonprofit organization.

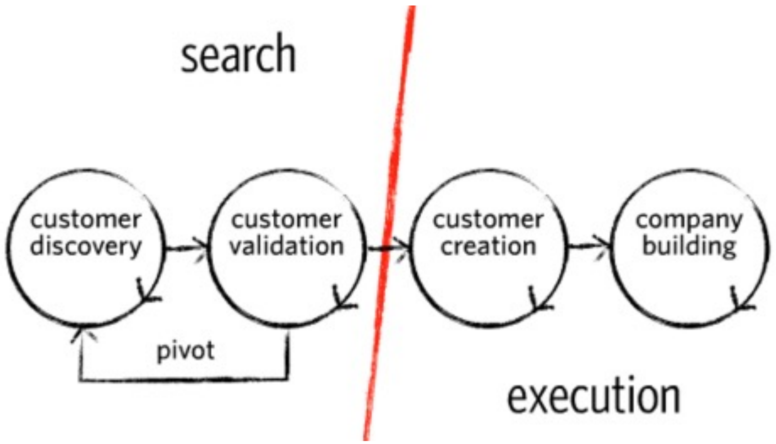


Large Company Startups
Growing a big business takes innovation and reimagining; this is how (and why) large company startups are born. Startups that are created by large companies in order to introduce a new product, or to reach a new audience, are backed by the support and capital of the big business.
Buyable Startups
Buyable startups are companies that are built with the intention of being acquired or bought in the future.

Source: startupsavant.com

FUNDING OF A START-UP

Bootstrapping
For startups, [bootstrapping] means to build your company with no outside financing. Essentially, you invest your own savings; utilizing the resources you already have to build your business from the ground up.
Friends and Family
Most startups rely on friends and family loans to get their business off the ground.
Crowdfunding
The rise of crowdfunding has largely revolutionized the way startups are funded. Some niche crowdfunding sites are aimed solely toward startup funding, but even mainstream crowdsourcing platforms like Indiegogo offer equity-based financing opportunities.
Venture Capital (VC) Firms
Venture capital (VC) firms invest in startups to gain profit as the company grows through funding phases such as Series A, B, C, and D.



Angel Investors
Similar to VC firms, an angel investor provides capital for startups in hopes of a high return on investment (ROI).
Startup Accelerator
Startup accelerators are programs that offer funding and resources such as mentorship to startups in their early stages.
Startup Incubator
Startup incubators are community-based programs for entrepreneurs in the early stages of their startup's lifespan that provide initial funding, mentorship, and training.
Startup Grants
Unlike loans, startup grants provide capital for entrepreneurs that you don't have to pay back.
Startup Loans
Startup loans are funding that is paid back to the lender.

Source: startupsavant.com

START-UP EXAMPLES

- **Apple**
- Nearly everyone on the planet has heard of or personally possesses an Apple product of some sort. Whether it's the iPhone, iPad, MacBook, or Apple Watch, what started from a small idea initially became a multinational company that distributes high-quality products to customers worldwide.
- **Amazon**
- Amazon is the leader in online commerce, but it wasn't always that way. In the early days of Amazon, Jeff Bezos decided to create an online bookstore where users can buy and sell books in a simple manner. As they grew over the years, Amazon has increased its product offerings to nearly any product imaginable.
- **Facebook**
- Facebook began as a small startup that was intended to be a social network for students on college campuses. Over time, they continued to grow, develop their platform, and are now used by billions of people all over the world to stay in touch with friends and family.
- **Airbnb**
- The hospitality industry was completely transformed by **Airbnb**. Instead of staying in and booking hotels, travelers could now rent out someone's home and enjoy the benefits of staying in a cozy, homely space. Airbnb has now grown worldwide and is used by travelers for lodging and hosts as a source of income.

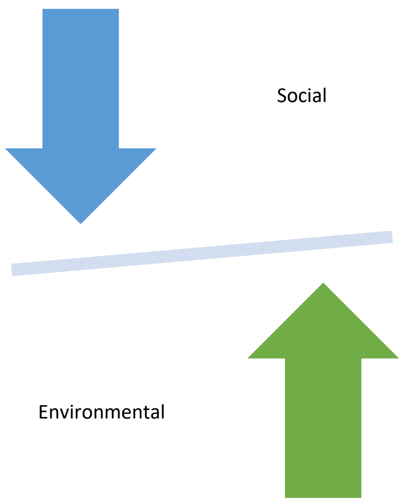
Source: startupsavant.com

SOCIAL ECONOMY AND INCLUSIVE ENTREPRENEURSHIP

Social entrepreneurship

- Social enterprise: a social enterprise combines entrepreneurial activity with a social purpose. Its main aim is to have a social impact, rather than maximise profit for owners or shareholders. Businesses providing social services and/or goods and services to vulnerable persons are a typical example of social enterprise.

- European Commission



In 2017, there were 2.8 million social enterprises in the EU, employing some 19.1 million people, which accounts for 6.3% of the total paid workforce in Europe (EESC, 2017).

The Commission uses the term 'social enterprise' to cover the following types of business

•Those for who the social or societal objective of the common good is the reason for the commercial activity, often in the form of a high level of social innovation

•Those whose profits are mainly reinvested to achieve this social objective

•Those where the method of organisation or the ownership system reflects the enterprise's mission, using democratic or participatory principles or focusing on social justice

There is no single legal form for social enterprises. Many social enterprises operate in the form of social cooperatives some are registered as private companies limited by guarantee, some are mutual, and a lot of them are non-profit-distributing organisations like provident societies, associations, voluntary organisations, charities or foundations.

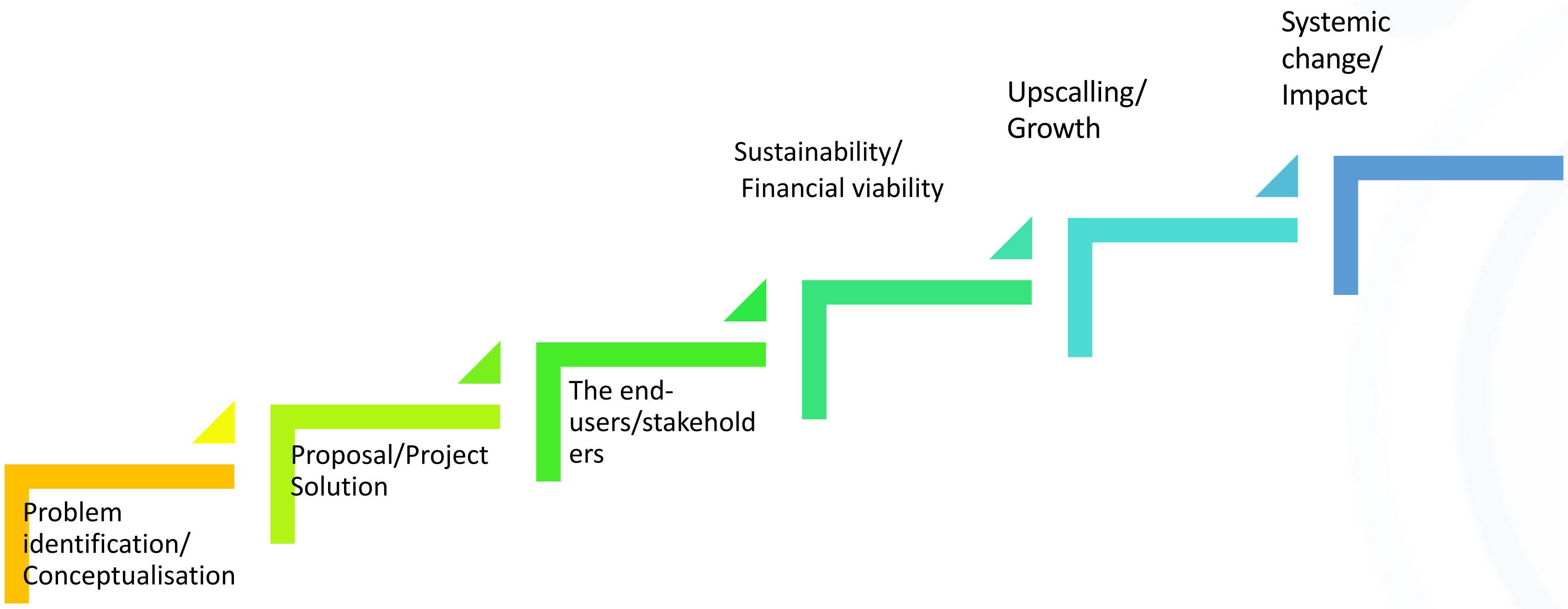
SOCIAL ENTREPRENEURSHIP FIELD:

- **Despite their diversity, social enterprises mainly operate in the following 4 fields:**

- **Work integration** - training and integration of people with disabilities and unemployed people
- **Personal social services** - health, well-being and medical care, professional training, education, health services, childcare services, services for elderly people, or aid for disadvantaged people
- **Local development of disadvantaged areas** - social enterprises in remote rural areas, neighbourhood development/rehabilitation schemes in urban areas, development aid and development cooperation with third countries
- **Other** - including recycling, environmental protection, sports, arts, culture or historical preservation, science, research and innovation, consumer protection and amateur sports

How to establish a social enterprise?

- Step-to-step process



Financing a social enterprise

Public services:

Policy-driven and purpose-focused funding generally come from public sources, and may be in the form of investment, but are more usually as payment for services delivered. As such they span:

- the core grant (a grant of funding for establishing and maintaining a service-provider which is not a service-specific grant),
- a funding for direct costs of delivery, or
- a payment for results or success delivered (project-based financing)

Philanthropy:

- Project-based financing or donation for specific purpose (foundations, companies, private donations, purpose-based donations)

EU funding for social enterprises

- The EU is enabling access to investments of up to EUR 500,000 through the Programme for Employment and Social Innovation (EaSI). Available support includes a guarantee, capacity building investments, a funded instrument and advisory support for social enterprise finance providers.
- In addition, equity investments in social enterprises have been piloted under the European Fund for Strategic Investments (EFSI) Equity instrument, namely via funds linked to incubators/accelerators and co-investments with social business angels.

Any questions?

THANKS FOR YOUR ATTENTION!