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Background paper: Internationalisation Policies for SSE

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The aim of this Background paper is to develop a basis for comparison of cases, present and assess their main characteristics; and set the framework for discussions about their utility and transferability (by raising key points and issues for discussion).

Length: 12-15 pages max

1. Introduction: contextualizing different cases of good practices

This is the definitive version of the Background paper. Here we will try to contextualize all five cases of policies supporting internationalization of SSE organizations.

We have tried to analyze a variety of cases that address key points in the policy options available. Thus, we have included:

- a more complex set of policies (Scotland) going from top ones (a trade policy taking into consideration SSE, a general strategy to support SSE, etc.) to highly operational ones (such as programmes and institutional innovations like the Observatory).
- specific interventions such as missions (Netherlands) or support programmes facilitating outward internationalisation (ACCIO in Catalunya or Koica in Korea).
- also inward-focused pilot programmes that combined innovation, legal framework improvement, training and start up support (Rodando Juntas+Impulsa in Mexico).

Regarding contexts, we are dealing with different ecosystems from the point of view of their development:

- A highly developed ecosystem of Scotland (with several years of strategic policies aimed at supporting Social Enterprises/Social Economy), also Korea can be considered as such (despite not having a “general strategy” for SSE), as well as Catalunya (Spain). With a law and also key “blocks” in terms of policy framework (such as INAES and its general programme) we find Mexico. Maybe the least developed ecosystem among those included can be the Netherlands/Amsterdam (which does not mean that they have an underdeveloped ecosystem).
- In terms of administrative units or size, we have one, big Federal State such as Mexico, one smaller but densely populated country such as Korea and three sub-national units such as Scotland, Catalunya and Amsterdam. However, in the



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last case, Amsterdam was included in a consortium with the National Government and also other municipalities). But even these three enjoy strong policy capabilities.

- In terms of GDP per capita/wealth, we have most of the cases coming from developed countries and only Mexico can be separated from the group represented by the European cases+South Korea.
- Finally, from the point of view of culture, Mexico represents, maybe, the most diverse population (and with a colonial history as South Korea) while the others have a more homogeneous situation. Nevertheless, having cases coming from three very different continents is also relevant from this point of view.

Moreover, it is important to notice that in one case the ecosystem is defined as a Social Enterprise one (Scotland) although, as several authors notice, this is not the same Social Enterprise ecosystem as in England. Here, we find several characteristics which place it closer to Social Economy proposals than its neighbours in the UK.

In the Dutch case we have a clearer example of a “Social Business” centered approach (following ICSEM terminology).

While in the other three cases, we have Mexico and Catalunya/Spain with SSE framework laws. Also in the case of Korea¹, despite not having a general framework law, we could include them among those where SSE is also defined according to several dimensions, including governance.

We are also dealing with an interesting pair of cases. On one side (Scotland) we find a complex set of policies (Strategy+Action Plan+Internationalisation Strategy) while on the other (Mexico) we find two pilot actions within a general program.

Moreover, most of the practices show a strong outward focus when it comes to internationalisation (Scotland, the Netherlands, Catalunya and Korea), while in the other we have a clear inward flow (Mexico). This does not mean that we cannot find specific elements also dealing with the promotion of inward internationalisation in the case of Scotland or even in Korea, for example in the case of the Objective 4 (Visitors and Investment - to create the conditions needed to attract visitors, global start-ups and investment to Scotland) and 5.5 of the observatory for Scotland and, to a certain extent, the CTS SEED 0 component (Enhancing the capabilities of prospective entrepreneurs and early-stage companies) in Korea.

Finally, we may point out the following trends (also considering examples provided by partners, the scoping paper and our own research): constant but slow increase in the number of outward internationalisation policies (but clearly insufficient), positive trend in the involvement of sub-national actors in these policies and very little in terms of policies addressing inward internationalisation (mostly inward flows to attract investment and the installation of foreign SSE organisations or aimed at policy innovation, but very little to support local SSE organisations engaging in inward internationalisation).

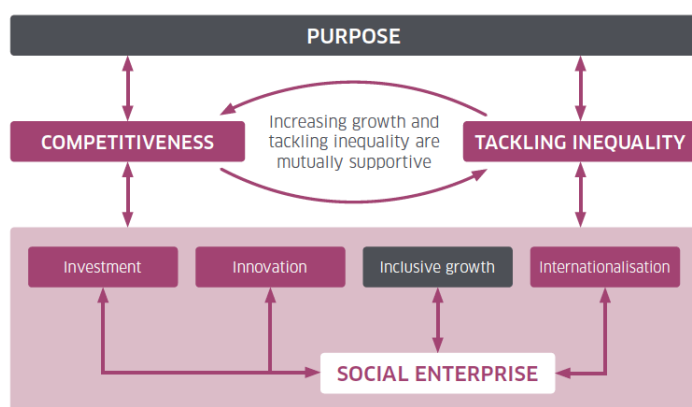
¹ In the case of Korea, since the approval of the Social Enterprise Promotion Act in 2007 there have been a series of legal reforms, policies and the proposal of a Framework Law on SSE which can place them firmly along with Spain and Mexico from this point of view.

The five case studies: relevance to policy and practices

In the first case and in reference to the relevance of the Scottish case we could mention the following:

It seems the most developed set of policies in the area of internationalisation of SSE. There is a general long term Strategy and it has given internationalisation a significant place in it (See figure below). Also, it clearly addresses the three flows with an interesting relevance for the flow of “intangible assets”. Thus, the fact that two of the four action areas can be related to this flow (“global citizenship” and education) can be considered as highly significant.

Figure 1: Scotland’s Social Enterprise Strategy 2016-2026



Moreover, it also addresses “investment” flows in both directions (as signalled in the Investment priority of the Strategy for internationalisation).

Other issues to be highlighted here are the process and the history. Thus, in the first place, it is important to notice the way this set of policies has been developed through co-production and with a strong “evaluative” dimension which helps the provision of soft and hard evidence. Regarding the second element, this is a sufficiently “old” case to be able to produce significant data (both on its successes and failures/shortcomings) and to have facilitated a series of reflexive milestones thanks to its collaborative process.

In the second case and in reference to the relevance of the two Mexican pilot actions (Impulsa and Rodando Juntas) we could mention the following:

It represents an almost unique example of using inward internationalisation targeted at supporting SSE Organisations. We believe that there exist other projects/programmes that



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favours R+D exchanges among companies, but not so clearly aimed at “transferring key intangible assets” to a local start-up, i.e. with a clear focus to foster inward internationalisation of SSE Organisation and thus, facilitating its start-up phase.

Moreover, it also provides an example of use of international funds, i.e. a different way to look at international investment flows from third parties. It also involves another dimension, the innovation in entrepreneurial vehicles (Platform Cooperatives and CIE), and this could be of high relevance when analysing drivers and pathways for mutually supportive internationalisation policies for SSE organisations.

Nevertheless, on the minus side, we have to say that the fact that these two pilot actions are not yet completed, greatly limits our ability to assess their failure and success factors.

In the third case and in reference to the relevance of the creative technology solution (CTS) program from Korea we could mention the following:

It is a sufficiently experienced case (started in 2015) and it represents a good example of outward internationalisation support policy with a variegated set of instruments. Its focus on technology development. It is also worth mentioning its potential to be easily embedded in a larger set of policies supporting star-ups and growing Social Enterprises.

Moreover, the collaboration with an international certification system such as B-Lab to facilitate standardization of impact measurement could be also considered a relevant point.

In the fourth case and in reference to the relevance of “International Social Economy” Service from Catalunya (Spain) we could mention the following:

It is a good example of internationalisation service from the specialized body (ACCIO) from a regional government. Not many specialized agencies providing support in this area do offer a tailored service to SSE organisations. Moreover, this service is the result of a collaboration with the department in charge of SSE policy and a request from the representative of the sector.

Moreover, it offers a tailored service adapted to the needs of the successful applicant.

In the fifth case and in reference to the relevance of the “In & outgoing impact trade missions in combination with conferences” program from the Netherlands, we could mention the following:

It represents a good example of joint collaboration from local and national governments. It also involves Social Enterprises in its design and implementation. Moreover, it shows an example of a typical internationalisation support policy, such as participation in “trade fairs” or similar, adapted to the needs of the SSE. Thus, one feature of the development of the SSE international ecosystem is the growing number of SSE events. This mission presents an interesting example of how to make a “better use” of such events for individual SSE



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organisations (with potential both in terms of outward and inward internationalisation). Its focus on investment, beyond trade deals or so, is also worth mentioning. This case also presented the importance of the “intangible asset flow” (with many references to “knowledge exchange”, “networking”, etc., as key results and objectives for individual enterprises).

Finally, we would like to highlight that *transferability of policies* is almost always a “delicate” issue that requires profound adaptations due to legal frameworks, political and cultural context, etc. This is why we prefer to talk about policy learning. For example, Scotland’s set of policies have a level of complexity that limits their overall transferability but it provides interesting avenues for learning (a demonstration of the relevance of a multidimensional approach to internationalisation of SSE. In the second case, both Mexican examples demonstrate how efficient and targeted use of scarce resources can be allocated to produce highly innovative and impactful results (so far) to address precisely identified problems.

2. Summary of main points from the cases

Here we will try to summarize by bullet points all the cases

Regarding the Scottish case:

- It is composed of three main blocks:
 - a long strategy with Internationalisation occupying an important role place (2016-2026);
 - a specific internationalisation strategy and
 - operational policies adequately transferring strategic goals into specific programmes.
- The the International Strategy for Scotland identified four action areas:
 - A. Global Citizenship
 - B. Trade
 - C. Investment

D. Education

- Furthermore it includes an interesting institutional innovation (the Observatory) as a key element in delivery with a strong focus on the “intangible assets” flow (and also regarding inward flows). This has five objectives:

Objective 1 Building a pipeline of social enterprises with global potential through overseas trade.

Objective 2 Visibility and Influence - enhance Scotland's social enterprise leadership reputation.

Objective 3 International development - mobilising Scotland's social enterprises to support Scotland's international development initiatives.

Objective 4 - Visitors and Investment - to create the conditions needed to attract visitors, global start-ups and investment to Scotland.

Objective 5 – Learning, Education and Research - to realise opportunities for learning, education, research and knowledge transfer.

Regarding Impulsa and Rodando Juntas pilot actions:

- Their are included in a SSE support programme with these five objectives:
 - 1) To advance in the visibility of the Social Sector of the Economy, as a key factor in the economic development of the country;
 - 2) To develop the entrepreneurial capacities of the OSSE;
 - 3) To promote investment projects that increase the opportunities for productive and labour inclusion of the SSE;
 - 4) To contribute to strengthening the operational capacities of social banking and to promote its financing activities; and
 - 5) To promote the adaptation of the legal and regulatory framework that favours the development of the SSE.
- In the case of *Impulsa* project it is worth mentioning its “strategy to use “research and innovation to import the know-how of the legal, business, and organisational model of a CIE adapted to Mexico”.
- In the case of Rodando Juntas it has the following five objectives:
 - 1) to promote sustainable urban deliveries by means of bicycles, whether electric or self-powered;



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- 2) to improve the working conditions of delivery workers through the democratisation of technological tools to carry out their activities;
- 3) to strengthen couriers through the professionalisation of their services and members;
- 4) to cooperativise the services provided by couriers in order to promote decent work; and
- 5) to promote cooperative education within the organisations.

- Another element worth mentioning is its reliance on multiple partnerships (“Institute for Transportation and Development Policy (ITDP) as manager and funder (50%), the Inter-American Development Bank (IDB) (50%), the Ministry of Labour and Employment Promotion (STyFE) of Mexico City, and CoopCycle, an international federation of bicycle delivery cooperatives”).
- The valorisation of two intangible asset strategies is also relevant to our purposes (it seeks “an agreement for the dissemination and transfer of knowledge and best practices and an international licensing agreement”).
- Finally, the emphasis on training tools which form the basis of both projects “the Socio-Entrepreneurial Training Methodology, made up of various strategies that enable its operation. The first is the creation of cooperation networks with experts from national and international institutions to provide the necessary tools and knowledge to the existing collectives d. The second is the strategic 6 months training cycle (May-October 2021), with the participation of 7 collectives from Rodando Juntas and 6 from IMPULSA, It is made up of six modules with a total of 130 teaching hours and sessions delivered at least three times a week (6 hours) through a virtual classroom”.

Regarding CTS (Korea):

- It is one of the three programs from KOICA (the Korean Development for Cooperation Agency) related to the SSE.
- It combines human and material cooperation in multi-year support of partner countries to achieve economic and social development as well as welfare improvement goals.
- It is fully funded by the government although it facilitates access to investment opportunities from impact investment organizations if their internalization projects prove to have sufficient potential.
- It is divided in three different development tracks from ideas to modification of existing products (and are designed in an incremental way)²:
 - CTS SEED 0: Enhancing the capabilities of prospective entrepreneurs and early-stage companies in Korea

² So a Social Enterprise can go from CTS 0 to 2.

- CTS Seed 1: Technology development project
- CTS Seed 2: Pilot project and business preparation project [in countries where the Social Enterprise has a number of solution beneficiaries (end-users)]
- They includes grants, capacity building and subsidized activities (research, travel)

Regarding “International Social Economy” Service from Catalunya (Spain):

- It is one of the three different interventions supporting internationalisation of SSE enterprises from ACCIO (the Catalan Agency for Business Competitiveness). The other two are prospective missions and capacity-building sessions.
- All are inserted in the more general programme “Economia Social”, led by the Directorate-General for the Social Economy of the Government of Catalonia, which aims to enhance the sustainability of the social and cooperative economy.
- It started in November 2016 with an annual call and it has recently opened its fifth call.
- Its specific objective is to carry out an internationalisation project for a SSE enterprise in a specific market (it includes internationalisation of product, services and/or international organizations bids/calls for proposals).
- It is a demand driven service and after an assessment and preparatory phase the service is materialised in an Action Plan for the successful SSE enterprise, that normally lasts 4 months and that may include one or more of the following services:
 - Identification and selection of the most appropriate commercialisation channels.
 - Elaboration of market studies.
 - Research of distributors and partners in the new market.
 - Detection of final customers.
 - Staff selection in the chosen market.
 - Enterprise implementation abroad.
 - Access to EU funding and multilateral funding.
- The individual cost of the service is estimated at 9.600 € per project (ACCIÓ subsidises the 75% and Directorate-General for the Social Economy the other 25%). The latter uses funds received from the Spanish Ministry of Labour and Social Security. The maximum annual total cost of the service is 192.000 € (excluding the cost of a full-time Senior Consultant at ACCIO). To put this service in context inside ACCIO’s budget, ACCIO’s total annual budget for the Internationalisation Programme is 18 million € (2020).

Regarding the “In & outgoing impact trade missions in combination with conferences” program from the Netherlands:

- It consists of two Dutch social enterprises trade missions to the most relevant event for Social Enterprises in the USA: Social Capital Markets (SOCAP) in San Francisco (in 2017 and 2018).
- Both missions were organized through public private partnership (PPP) consortia:
 - The Netherlands Consulate General in San Francisco
 - Netherlands Enterprise Agency (Rijksdienst voor Ondernemend Nederland, RVO), Dutch Ministry of Economic Affairs, department responsible for innovation missions (only in 2017) & Dutch Good Growth Fund (DGGF)
 - Amsterdam Impact, the impact Entrepreneurship programme of the City of Amsterdam & Impact Hub Amsterdam (IHA; only in 2017)
 - Social Impact Ventures: the largest private social impact investor in the Netherlands, actively building the impact investment ecosystem
 - Social Enterprise NL: Social Enterprise NL is the National network for Social Entrepreneurs,
 - Enviu: a private Social Business support organisation with offices in the Netherlands (HQ), Kenya, India and in San Francisco,
 - City of Rotterdam (2018)
 - City of The Hague (2018)
- Main contractors were national social enterprise network Social Enterprise NL (SE NL) (2017) and venture builder Enviu and SE NL (2018). In 2017 Impact Hub Amsterdam also played a role in the preparation. In a steering group with all consortium partners the missions programme was co-created.
- Objectives includes a series of goals addressed at both improving the local ecosystem including both intangible (such as learning, exchanging, networking, etc.) and tangible (mainly investment) assets in a clear inward focused policy as well as improving the capabilities to find international trade deals for Dutch Social Enterprises participating (a clear outward dimension).
- It is worth mentioning the secondary objective of the 2018 mission addressed to a key actor (public officials) which reads: “Introduce municipality officials to (international) impact space”. This is clearly an inward internationalisation target.
- Selection criteria and selection procedure:



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- 2017: Around 10-12 social enterprises with Dutch roots, in a scale-up phase and looking to expand business activities internationally. Minimum 80% from Amsterdam region. Participation was by invitation only.
- 2018: 15-20 participants including a mix of established social enterprises (showcases / successful examples of Dutch entrepreneurship) and promising ventures in more early stage. Key selection criteria: ambition to expand business / impact and the defined need for substantial funding and (international) partnerships. Also by invitation with all organizing parties suggested 3-5 Dutch social enterprises of which at least three will be chosen.
- Obligations for participating social enterprises were: 1) attend preparation meetings in NL, 2) arrange own flight and accommodation & 3) contribute to presenting and representing the Netherlands.
- Budget excluding in-kind hours, travel and accommodation costs: 75.000 euros; with three cities sponsoring 50%, DGGF 33% and PwC the rest.

3. Specification of issues for learning and discussion

In these two national cases we would like to highlight the following issues to initiate learning and discussion:

- In the case of Scotland, the process of developing a strategy with a strong “internationalisation” component.
- The role played by SSE organisations in the design phase but also even in implementation such as in the Dutch and Korean cases.
- How to build capabilities within public and private actors to have a deeper understanding of internationalisation of SSE organisations (observatory in Scotland and the role of international networks in Mexico could be two examples of this, but also the Trade missions in the Netherlands and the service within the specialised agency in Catalunya)
- The importance of directing the focus on the needs and specificities of SSE organisations.
- The high potential if complementarities of outward/inward internationalisation policies are considered. We could also find a relevant mix of both “directions” in most of the cases so it would be important to be aware of this when designing, implementing and evaluating policies.



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- The role of “collaborators” (EU SSE organisations which collaborate with local entrepreneurs in Mexico, also EU programs in Scotland and ACCIO, the GSEF in and Mexico and SE support organisations and investors in the Dutch case)
- The need to understand internationalisation as a long-term process, with a high learning curve that requires a firm commitment to a culture of learning that is shared, valued and understood by all key actors.
- The role of international projects and events. In the current context with the growing interest in SSE, we need to better understand how SSE organisations can improve the benefits of participating in such events and projects from the point of view of their economic results and their social impact and how we can design such participation so as to obtain more benefits from such events and projects.
- SSE enterprises seem to gain advantages also in their market of origin by going international. This can also be related to the flow of “intangible assets” but for the time being this is not sufficiently captured by policies or even research.