



S-NODI

# COVID-19 IMPACT ON SOCIAL ENTERPRISES IN SOUTHEAST EUROPE

In cooperation with **TELLTALE**

Human Insights Brought to Life

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DEVELOPING SOCIAL ECONOMY IN SOUTH EAST EUROPE

## ANALYSIS OF THE IMPACT OF THE PANDEMIC ON SOCIAL ENTERPRISES IN SOUTHEAST EUROPE SUPPORTED BY CARITAS IN RECENT YEARS AND RECOMMENDATIONS FOR FUTURE SUPPORT.

This research was conducted by S-nodi, in cooperation with Telltale Research.

Antonio Fantasia coordinated the research, Federica Riva and Laura Gafforio (Telltale Research) led respectively the qualitative and the quantitative analyses. Francesca Ticca took care of the design and layout, Gabrielle Murphy proofread it.

# ABSTRACT

S-nodi, in collaboration with Tel-Itale, has analysed the impact of Covid-19 on social enterprises in Southeast Europe supported by Caritas in recent years (through the ELBA program or other projects). It was inevitable that Covid-19 would also impact social enterprises in this region, even though **they showed a good capacity for resilience and adaptation to the changed circumstances**. Almost all enterprises surveyed (52 out of 54, 96.3%) have been negatively impacted by Covid-19. Both the size and the field of activity seem to have had an influence on the Covid-19 impact on the social enterprises (hereafter referred also as SEs). **Covid-19 seems to have hit big enterprises slightly more than smaller ones**. Businesses in the **food service and tourism sector (not surprisingly) were the most affected**, but also other businesses that had, among restaurants and hotels, the largest customers (for example, agricultural production or cleaning services enterprises) suffered serious losses. Enterprises providing care services or making crafts and handmade products are those that compa-

ratively performed better, despite the negative impact of the pandemic.

Overall, **Covid-19 has had a negative impact mostly on finances and on activities, products or services offered**. However, SEs reported they also suffered a negative impact on network/relationships and employment.

We have considered the performance of social enterprises on three key moments related to the Covid-19 emergency. The immediate pre-Covid-19 period (January/February 2020), the first 3 months (March-June 2020) of the pandemic and the situation in the spring of 2022 after 20 months of adjustment, repositioning, and adaptation to government regulations. This helped us to understand how strong the impact has been and if there is a growth and recovery trend and to what extent it occurred.

Currently, **SEs are generally performing better than in the first months of the pandemic, but they are still far from the pre-pandemic collective performance**: while before the pandemic about 16% of respondents performed poorly, now we are at 22%. This shows

that there is a **positive recovery curve**, but companies have not yet fully recovered.

The positive trend was also possible thanks to the support of ELBA which helped companies with financial and non-financial instruments. **The support was considered valuable by 90% of the interviewees** and concerned both the development of enterprises and their survival in the Covid-19 emergency. Both the sub-granting schemes in 2020 and 2021 and the capacity development paths in the framework of the “Supporting sustainable economies” program were appreciated.

We have collected and analysed the current needs of social enterprises to continue the positive trend and fully recover from the Covid-19 crisis. However, the recovery from the pandemic is now also heavily challenged by the economic crisis resulting from the war in Ukraine. Rising prices in all sectors seriously jeopardise full recovery, especially in some particularly exposed sectors such as the agricultural-food one.

At the conclusion of the report, we have drawn up a series of **recommendations for concrete and specific actions that the ELBA Steering Group could take** to continue supporting social enterprises in the region. It seems to be of particular importance to expand the grant schemes in order to **increase the capacity and skills within the SEs**. We recommend supporting SEs in accessing funds and development op-

portunities by involving experts of the region and having an overview of **funds and opportunities available**. As well as this, developing a strategy on **how to cooperate with incubators and accelerators** in the region supporting SEs and by developing a fund that can back the **co-financing quota usually required by donors and funding schemes**.

We advise continuing to **promote exchange of experiences** within the region by applying to Erasmus+ funds and by other means as well as continuing **non-financial support**, including (e)training and mentorship sessions, but with a focus on **marketing, strategic fundraising and EU project design**. We acknowledge that the **advocacy** component is key to enable the environment where social enterprises can flourish, and we advise that National Caritas Organisations in cooperation with the SEs advocate their policymakers on selected topics.

The research has allowed us once again to appreciate the **strategic role of SEs** which was confirmed by their ability to be resilient to Covid-19 and to play a key role in the management of this emergency. The research has also allowed us to meet many people and listen to their stories, appreciate their motivation and the great work they do for more inclusive communities. To them, and to the national coordinators of ELBA who have facilitated our work, goes our thanks for their availability and their commitment.

# ELBA IN A NUTSHELL

The project “ELBA – Developing Social Economy in South East Europe” started in March 2015 and is still ongoing, with the goal of **innovating the responses to the poverty and social exclusion in 8 countries of the South East Europe** (Albania, Bosnia and Herzegovina, Bulgaria, Greece, Kosovo\*, Montenegro, North Macedonia and Serbia), by spreading the concepts of the Social Economy and the related good practices of Social Enterprises.

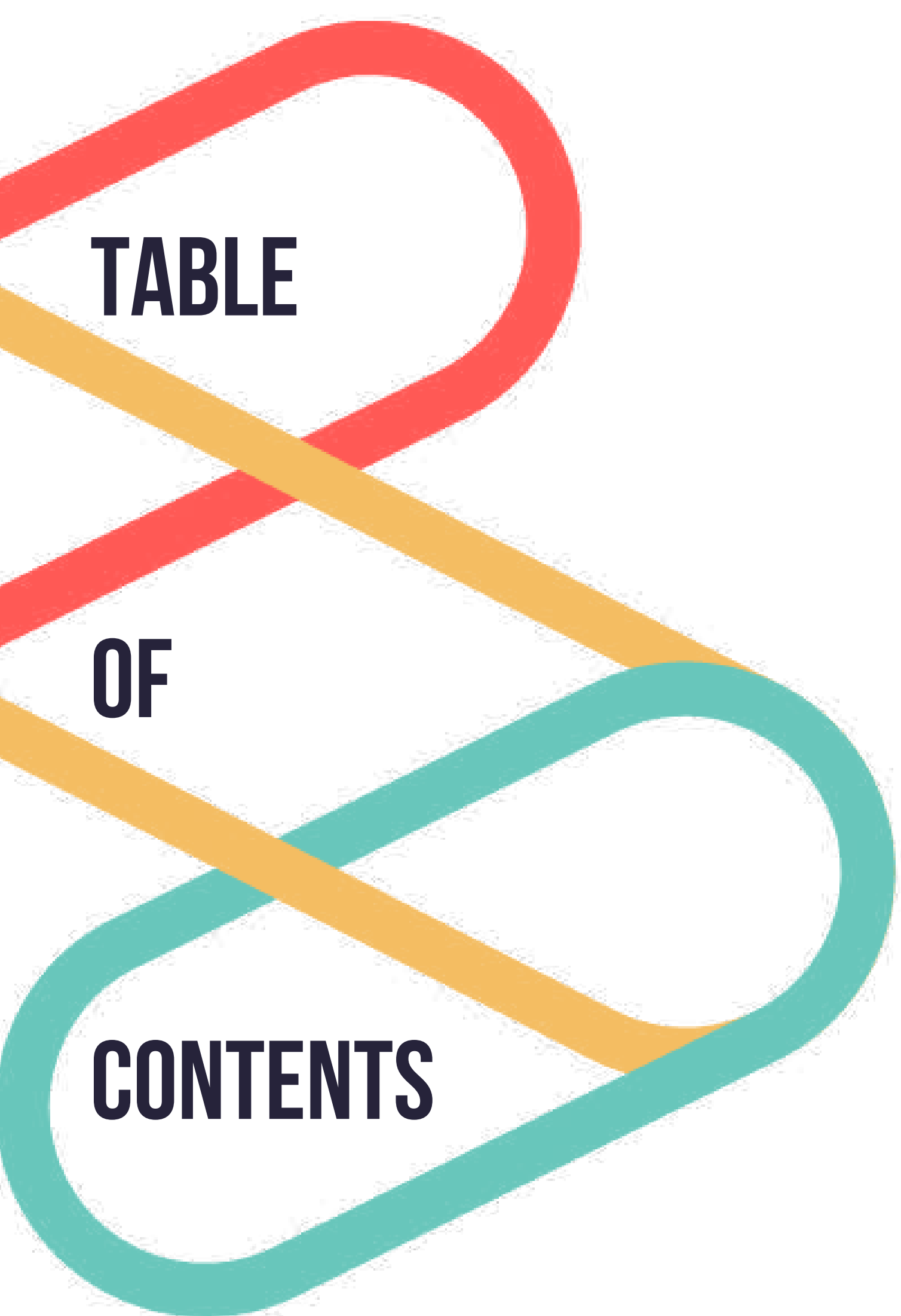
The project ELBA is **led by the Caritas network** in the region, and received the financial and technical support from different donors, such as the Caritas from Italy, Spain, France, USA and also from the European Union through its Erasmus Plus Program.

During its implementation, ELBA promoted **Educational Programmes** on Social Economy for different stakeholders (trainings, workshops, study visits, conferences, summer schools); **Technical assistance** to the local Social Entrepreneurs (mentoring, monitoring, mapping, accompaniment); **Researches** (about the

Impact of the Social Enterprises in the region, about the effects of the Covid-19 outbreak for the Social Economy); **Campaigns** for the promotion of the Social Economy (awareness meetings, online events, advocacy toward the local institutions); **Networking actions** among the local stakeholders involved in the topic.

The most tangible result of ELBA is the **financial support to Social Enterprises** in the region (Sub-granting schemes), which allowed the start-up or the development of more than 90 Social Enterprises all over the region.

More details are available at [www.SustainableEconomy.me](http://www.SustainableEconomy.me)



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# OBJECTIVES AND METHODOLOGY OF THE RESEARCH

S-nodi, with the support of Tel-Itale Research, was selected by the ELBA PLUS Steering Group to conduct a new research about Covid-19 impact on social economy in Southeast Europe.

This research has a thorough and practical approach using both qualitative and quantitative research methods based on our understanding of the aims and objectives set forth by the ELBA PLUS Steering Group.

The key objectives of the research are:

A) Research and analyse the impact of the ongoing Covid-19 crisis and understand the current situation of the social economy sector in the region, by looking at:

- What happened to the social enterprises supported in these years by the Caritas network in Southeast Europe (through ELBA and non-ELBA projects)? Are they still operational after Covid-19?
- In which way has Covid-19 impacted those SEs?
- Why did some SEs manage very well during the Covid-19 crisis, while others faced big

difficulties? (Assessment of the resilience elements of the SEs in the region)

- How useful were the ELBA grants for the SEs in overcoming the Covid-19 consequences (Sub-granting scheme July 2020, Sub-granting scheme January 2021)?

B) Make recommendations based on the insights of the research to support the ELBA PLUS Steering Group to possibly reframe its activities and methodologies for better supporting the social enterprises in the region.

The target stakeholders to be assessed and analysed through this Research are the SEs supported by the Caritas network in Southeast Europe through several projects (ELBA and non-ELBA) since 2015.

The research combined desk research, survey, interviews and focus groups aiming to reach out to all social enterprises supported by Caritas in the region. Due to the uncertainty of travel restrictions, the research was entirely conducted remotely.

The methodology proposed is broken down into three main sections:

#### 1. Desk research

The first research phase consists in collecting and analysing already available information related to SEs supported by the Caritas network in Southeast Europe through several projects (ELBA and non-ELBA) since 2015. The data gathered helped us set the ground and understand the relevant missing information to be collected and analysed through the survey, interviews and focus groups (see below).

2. Quantitative data (survey). In cooperation with ELBA PLUS national coordinators, we have produced a survey to collect quantitative data about how SEs delivered economically, environmentally and socially during and despite Covid-19 (e.g. how many made a profit, broke even, introduced a new product or service, or grew their turnover over the last year). As well as this, identifying problems and barriers to sustainability or growth they have faced during the last 24 months (related to and broken down into different areas such as operational, economic, finance, network). Questions related to resilience (e.g. staff and/or business measures taken to cope with the impact of Covid-19) and access to/usefulness of ELBA grants were included as well. The survey was drafted in

cooperation with ELBA national coordinators, who were asked to translate the survey into their local language and share it with all SEs supported by Caritas in their own country.

We have reached out to all 77 SEs supported by Caritas in the region, and we had 54 SEs who completed the survey (representing 70% of the total) in April/May 2022.

#### 3. Qualitative data: in-depth interviews and focus groups.

The qualitative research aimed to uncover the behaviour and perception of the target audience. In particular, it revealed the actors' capacity of being resilient to Covid-19, on the efficacy of ELBA's (financial and non-financial) support, new opportunities and challenges derived by prolonged Covid-19 over a period of 2 years, and (according to the latter) the kind of support most needed. We have used two types of qualitative research methods: in-depth interviews and online focus groups. In-depth interviews (16): a sample of 16 social entrepreneurs was selected among the 54 respondents, in cooperation with the ELBA national coordinators. They represent 20% of the total number of social enterprises supported by Caritas in the region. In order to be as representative as possible, they were selected according to different criteria such as: country, business sector, type of enterprise, years of activity, size.

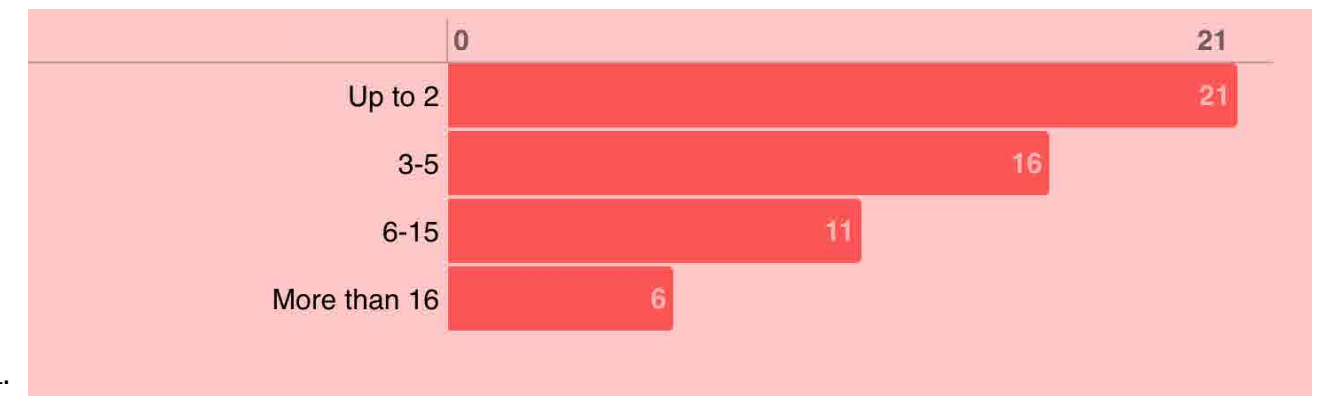
The 16 in-depth one-to-one interviews were conducted in May and June online via Zoom and helped us better understand the quantitative data collected with the survey as well as gather more qualitative information.

Focus groups online (2): through the 2 Focus groups that took place in the second half of June 2022, we aimed to collect qualitative data from a specific group of selected participants, namely ELBA national coordinators and SEs managers; in particular, the Focus groups' phase of the project was the opportunity to collect feedback and validate preliminary findings and recommendations that have emerged from the desk research, the survey and in-depth interviews.



# PROFILE OF THE SOCIAL ENTERPRISES THAT PARTICIPATED

## How many full-time workers does your social economy enterprise employ?



In total, we received the answers of 54 social enterprises, scattered around eight Southeastern European countries.

The number of SEs supported by Caritas differs a lot across the 8 countries. In order to ensure a representative sample of the amount of SEs in each country, we gathered 17 answers from Albania (out of the total number of

Caritas supported SEs of 23), 12 from Serbia (out of 16), 9 from Bosnia Herzegovina (out of 9), 5 from Greece (out of 6), 4 from Bulgaria (out of 4), 3 from Montenegro (out of 9), 2 from Kosovo (out of 8) and 2 from Northern Macedonia (out of 2)<sup>1</sup>.

We have used the same logic and similar proportion underpinned the selection of SEs interviewed in depth<sup>2</sup>.

<sup>1</sup> Albanian enterprises mainly come from Shkodër, Tirana and Lezhë; Bosnian enterprises mainly come from Mostar, Banja Luka and Sarajevo; Bulgarian enterprises mainly come from Sofia; Greek enterprises mainly come from Athens; Kosovian enterprises come from Sameg and Rahovec; Macedonian enterprises come from Gevgelija and Skopje; Montenegrin enterprises come from Bar and Herceg Novi; and Serbian enterprises mainly come from Belgrade, Aleksinac and Sabac and other smaller cities.

<sup>2</sup> We interviewed 4 SEs from Albania (*Sapa Zadrma Sh.B.B*, *Fondacioni OAZ*, *Arti'Zanave and Qendra Rinore ARKA*), 3 SEs from Bosnia and Herzegovina (*ZZ Livač*, *RAD-DAR d.o.o. Mostar* and *Socijalno-edukativni centar*), one SE from Bulgaria (*Karisto 17 Food Bistro Karisto*), 2 SEs from Greece (*Tinos Island Serviam Social Cafe* and *Shedia*), one SE from Kosovo (*Melissa*), one SE from Montenegro (*Nova šansa u Novom*), one SE from North Macedonia (*Nacionalna Alijansa za lica so posebni potrebi Gevgelija*) and 3 from Serbia (*Caritas Sabac*, *Lavanda Lux*, *Evo Ruka*).

Size

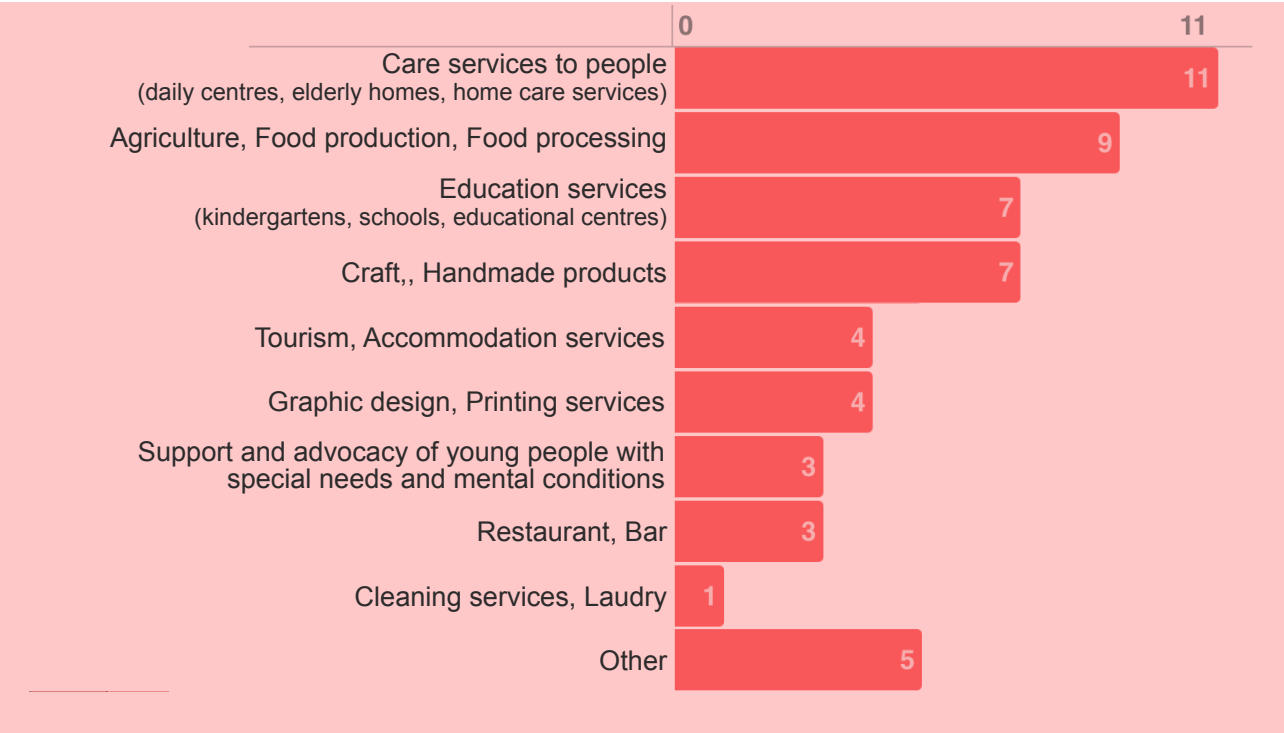
The surveyed sample was mostly made of small social enterprises. 37 respondents, making up to almost 69% of the total surveyed, do not employ more than 5 people in their enterprise. 11 enterprises (around 20%) employ between 6 and 15 people. Only 6 SEs (11%) have more than 16 employees. This is quite representative of the size of the total SEs supported by Caritas in the region, where a good majority do not employ more than 5 people.

Sector

As graph 2 shows, the social enterprises surveyed operate in many different fields. Some of them operate across fields such as social bars and hostels, or bars with crafts activities, in this case we choose the principal field of activities. Among those who responded, others are bicycle repair, psychological workshops, trade and publishing.

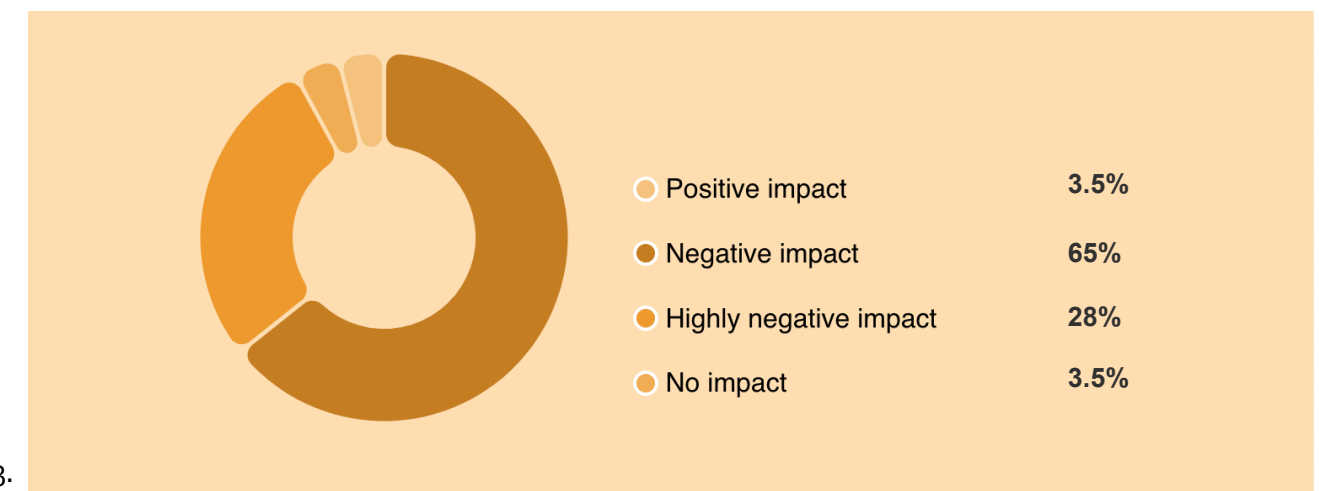
Which field does your social economy enterprise operate in?

2.



# OVERALL IMPACT OF COVID-19 ON SOCIAL ENTERPRISES

At the beginning of the pandemic (spring/summer 2020) to what extent was your social economy enterprise impacted?



Perhaps not surprisingly, almost the totality of the SEs has been negatively impacted by Covid-19 (96.3% of respondents, 52 out of 54), with a 27.78% who maintain they have had a highly negative impact and a large 64.81% who stated they have had a negative impact. Only two (3.7%), *Karisto Bistro* and *Evo Ruka* maintain they have been positively impacted by the pandemic, but as we can see further in the research, the positive impact was mainly related to their reaction to the new emergency situation and the way they dealt with the restrictions and new needs emerged due to the pandemic.

Both the size and the field of acti-

vity seem to have had an influence on the Covid-19 impact on the SEs.

The pandemic seems to have hit big enterprises slightly more than smaller ones, with none of those employing more than 16 people performing better now than before Covid-19, and half performing worse or much worse. Serbian *Caritas Sabac* and Bosnian *ZZ Livac* are among that half that declared it is performing worse and much worse; in the individual interview *Caritas Sabac* (working in care assistance with about 70 people employed) reported that during Covid-19 they had to cope with an increase of care activities because of the emerging social needs provoked by Covid-19 sani-

tary effects and restrictions, and suffered a constant lack of staff. Since the beginning of Covid-19 there has been a 10% of the employers out of work having tested positive for Covid-19. This prolonged effort is still affecting the SEs today.

Also, ZZ Livac (Bosnian SE working in agriculture with 19 full time employees) mentioned significant difficulties today in the performance of the activity, quoted as "much worse" than before Covid-19. This is because today, ZZ Livac is suffering not only from the impact of Covid-19, but also from the recent rise of commodity prices due to macroeconomic factors, such as the consequences of the war in Ukraine. They reported that, in front of significant costs of the production (both commodity and staff fixed costs) they haven't had the possibility to apply for significant price increases on their products, and this puts ZZ Livac in front of the concrete risk of stopping the production.

Regarding the field of activities, companies in the food service and tourism sector (not surprisingly) were the most affected. Other businesses that had the largest customers such as restaurants, hotels, agricultural production and cleaning services suffered serious losses. For example, Serbian *Lavanda Lux* is an SE that, before Covid-19, used to provide its clea-

ning and laundry services mainly to 2 hostels and 4 restaurants of Zemun territory. When Covid-19 broke out, all hostels/restaurants were closed for 3-4 month and even when they could re-open, their activity strongly decreased if compared to pre-pandemic period, producing a situation that has been affecting the SE's activity and finances very negatively.

The enterprises focusing on **care services** are those that, despite the negative impact of the pandemic, were the least affected. Almost two out of three affirmed that they are performing the same as before.

Both the Macedonian *Nacionalna Alijansa za lica so posebni potrebi Gevgelija* and the Bosnian and Herzegovinian *Socijalno-educativni centar*, during the in-depth interviews mentioned that they were able to keep at least basic assistance to beneficiaries by using online meetings and tools (Zoom, Gmeet, Skype) in order to keep contacts/relationships and/or maintain basic activities during the toughest period of restrictions.

Another SE working in care services, the Albanian *Fondacioni OAZ* declared that today they are performing even better than before. During the interview they explained that since Covid-19 had started, they were constantly forced to focus and set priorities in order to preserve at least basic care

services for the beneficiaries, and today they still continue using this skill in taking decisions and setting the organisation of their business, producing an effective positive impact in the SE performance.

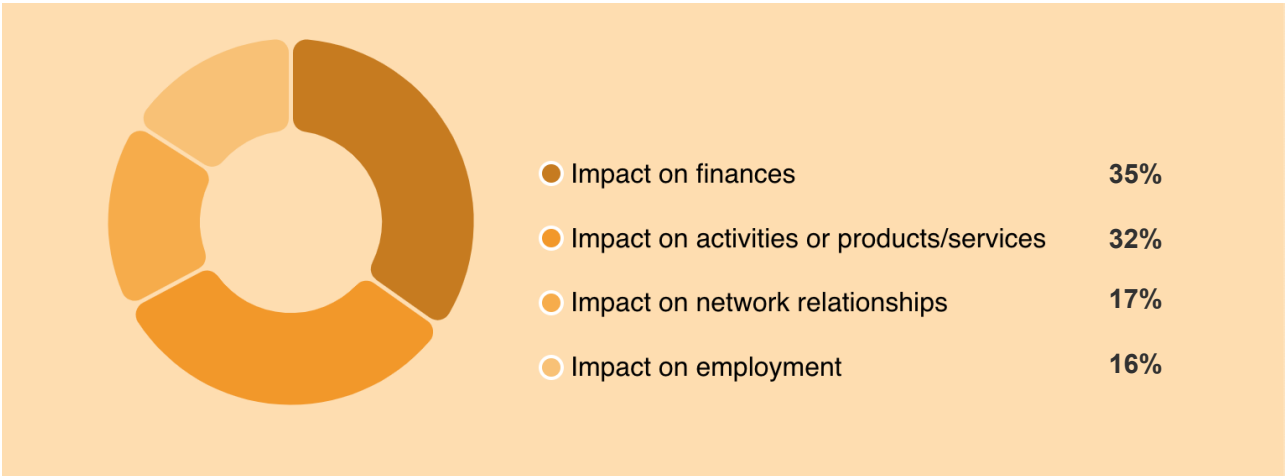
The results collected through the quantitative survey show that the social enterprises doing **crafts and handmade products** are comparatively performing much better than those in the other fields; with five out of seven claiming they are in a better place than before.

The Greek *Shedia* working in craft and handicraft products, during the qualitative interview reported that, since Covid-19 had started, they activated a campaign through social media in order to ask for donations that has pro-

duced positive results, and at the same time, has empowered the SE formal and informal network. Also the Serbian *Evo Ruka*, as already reported, was forced by Covid-19 to activate and empower its formal and nonformal network achieving concrete results in terms of sales and financial incomes during the pandemic and producing medium and long term positive benefits.

Overall, Covid-19 had a negative impact mostly on finances and on activities, products or services offered. However, we can also see in the graph 3 that SEs also suffered from a negative impact on network/relationships and employment. A more detailed description of how the pandemic impacted the four specific areas of business follows in the next chapter.

## Overall, how were you impacted by Covid-19?

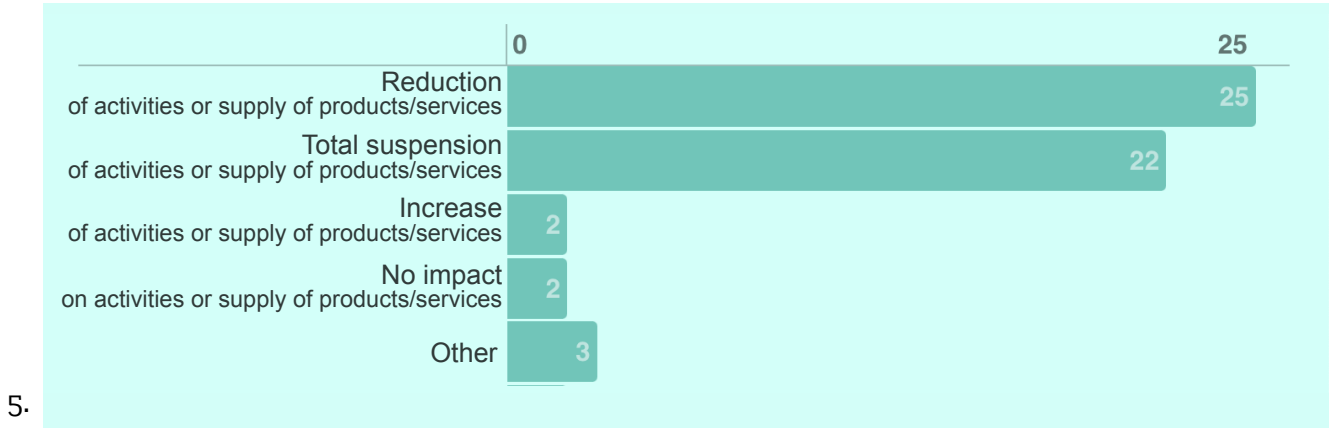


# AREA-SPECIFIC IMPACT

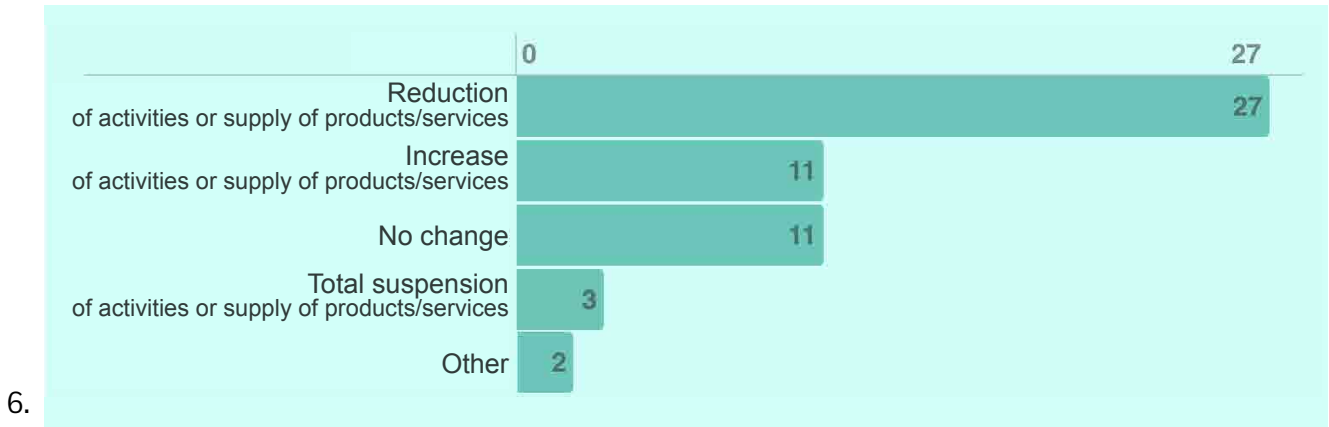
We have considered the performance of social enterprises on three key moments related to the Covid-19 emergency. The immediate pre-Covid-19 period (January/February 2020), the first 3 months (March-June 2020) of the pandemic and the situation in the spring of 2022 after 20 months of adjustment, repositioning, and adaptation to government regulations. This helped us to understand how strong the impact has been and if there is a growth and recovery trend and to what extent it occurs. We have broken down this analysis looking at the 4 main aspects of a business: activities or products and services offered, finances, employment and network relationship.

# ACTIVITIES OR PRODUCTS/ SERVICES

At the beginning of the pandemic (spring/summer 2020), how were your activities or products/services impacted?



From spring/summer 2020 to today, has there been a change in activities or products/services? If so, in what way?



At the beginning of the pandemic, around 87% of the enterprises surveyed suffered either a reduction or a suspension in activities, products or services offered. Only two enterprises witnessed an increase in activities in the first wake of Covid-19: Bulgarian *Bistro Karisto* and Serbian *Caritas Sabac* were both directly called by Caritas or other entities to step in to respond to new emerging

social needs provoked by the Covid-19 breakout.

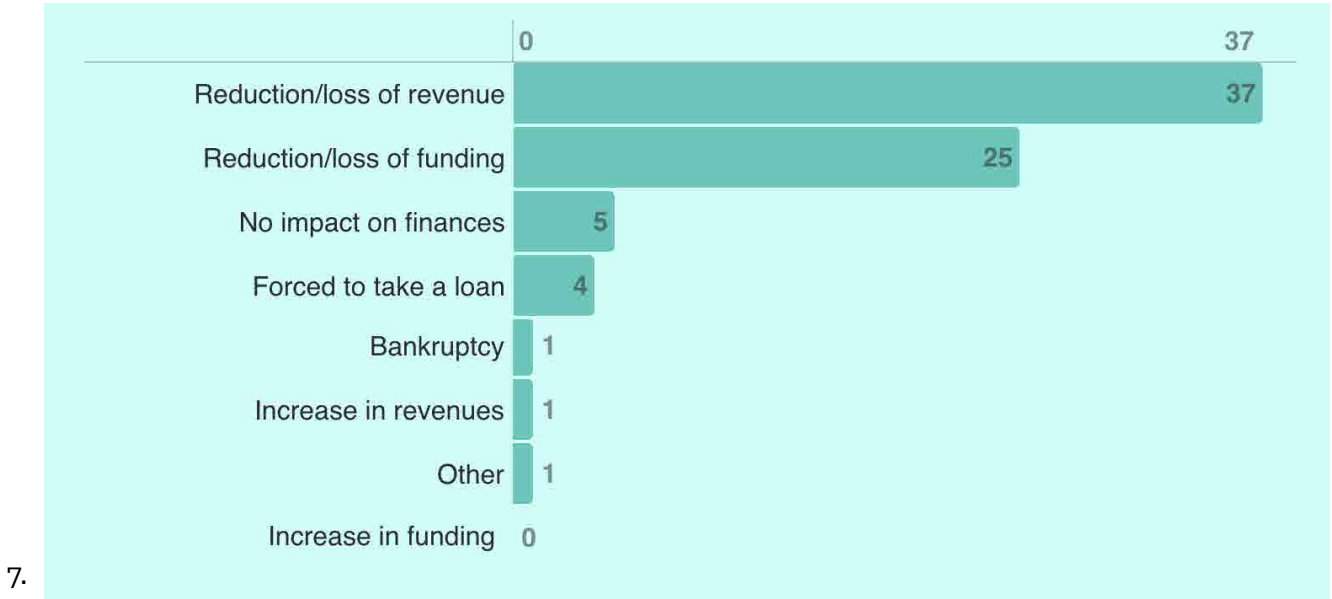
From the beginning of the pandemic until today, one enterprise out of four has been witnessing an increase in activities, products or services offered. Half of the surveyed enterprises have gone through a further reduction in activities, but only a small amount (around 5%) has suffered a total suspension of activities. One out of four has not witnessed any change from the beginning of Covid-19.

*Socialno Edukativni Centar* (BIH) organises training courses for caregivers of people with disabilities that consist of a theoretical part and a practical one. During Covid-19, they could save the theoretical part thanks to online training, but not the practical one because, due to restrictions, the structures that hosted their participants were closed.

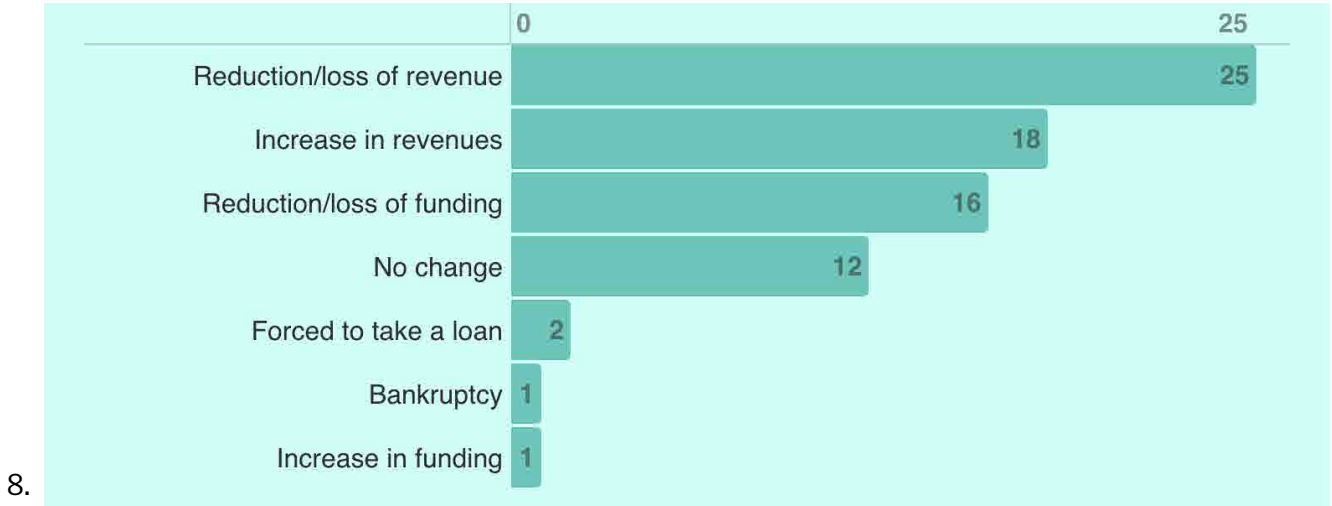
The *National Alliance for people with disabilities* (Macedonia) provides care services in daily centres for disabled people and they suffered strict Covid measures resulting in the centre completely closing for 5 months to comply with government directives.

# FINANCES

At the beginning of the pandemic (spring/summer 2020), how were your finances impacted?



From spring/summer 2020 to today, has there been a change in your finances? If so, in what way?





More than 90% of the SEs surveyed were negatively impacted by the pandemic with regards to their finances. Whilst only one SE went through bankruptcy, the majority suffered a reduction or loss in funding and/or revenue, and/or were forced to take a loan. Only one enterprise witnessed an increase in revenues.

The picture appears rosier when we compare this data to the impact on finances from the first months of the pandemic to today. Whilst almost 60% were still negatively impacted, suffering a reduction/loss of funding or revenue, or the need to take a loan, more than one enterprise out of four witnessed an increase in funding or revenues. Twelve SEs witnessed no change in situation from the beginning of the pandemic.

*Sapa Zadrima* (Albania) works in agriculture and the productive work in itself has never stopped, but the problem was about revenues, which drastically decreased because they could not sell their products to their customers, which are the restaurants of their territory, drastically affected by Covid-19 restrictions.

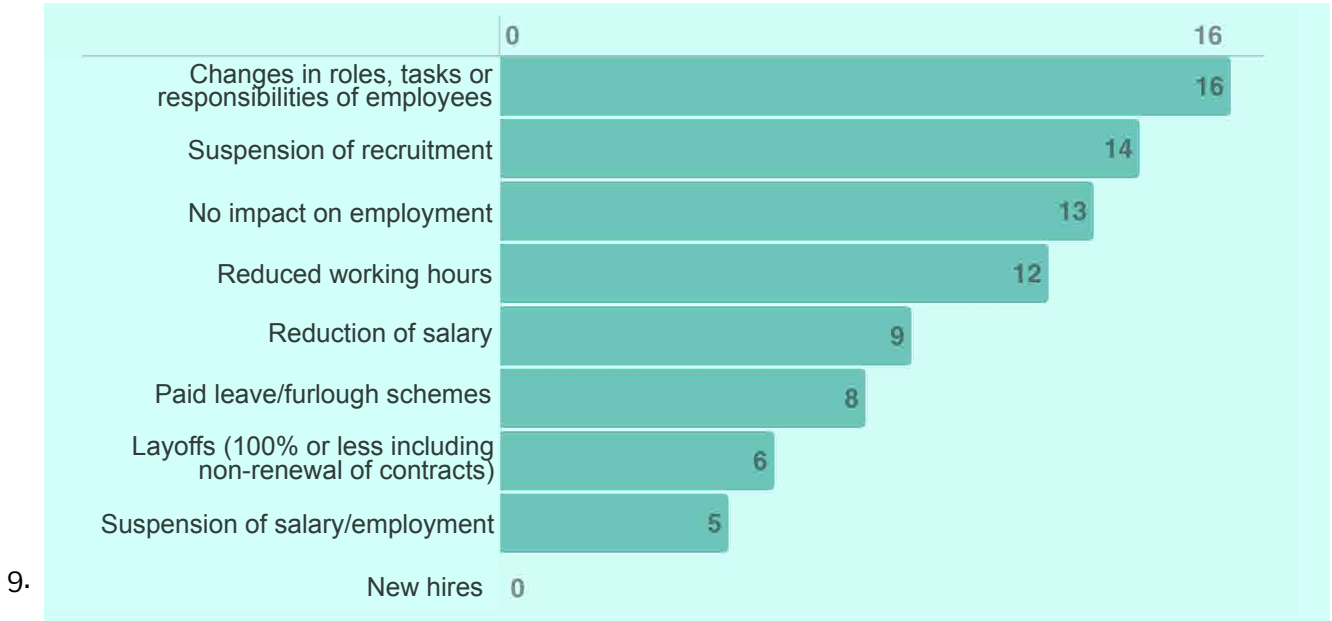
*Serviam social café* (Greece) affirmed that Covid-19 sanitary norms and restrictions for restaurants were very strict. Evidently, they could have hosted more people and had more financial revenues, if they were not 'slowed' by all sanitification procedures and limited

in space by social distancing. All these obligations represented for them indirect costs that before Covid-19 simply didn't exist.

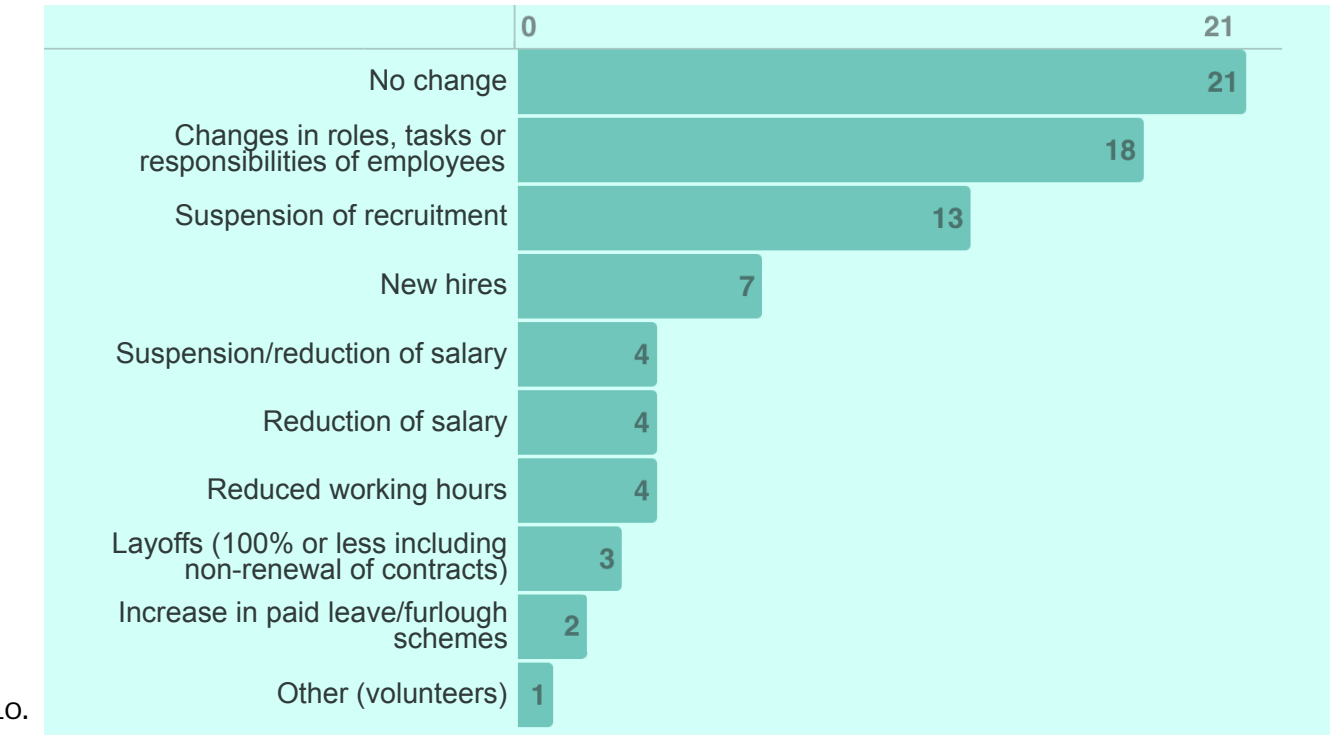
*Lavanda Lux* (Serbia) provides laundry services and its customers were and are restaurants, that due to Covid-19 were completely closed for 3-4 months and later on suffered for almost complete decrease of activity. For these reasons, *Lavanda Lux's* financial situation dramatically worsened during the pandemic.

# EMPLOYMENT

At the beginning of the pandemic (spring/summer 2020), how was your employment impacted?



From spring/summer 2020 to today, has there been a change in your employment situation? If so, in what way?



Other than a 15% of social enterprises stating they did not experience any change in employment after the pandemic hit, and a 19% stating they made some changes in roles, tasks and responsibilities of employees, the SEs surveyed were generally negatively impacted by Covid-19. The strongest effect was a suspension in recruitment (almost 17%), but Covid-19 also resulted in reduced working hours, a reduction of salary, furlough schemes, layoffs or suspension of salary/employment.

When it comes to employment, the situation appears slightly better today than during the first months of the pandemic. However, many SEs saw a further worsening of their situation. Whilst a 27% of the surveyed enterprises did not experience any difference from the beginning of Covid-19, and 9% managed to hire new employees, many SEs (almost 40%) witnessed suspensions in recruitment, reduced working hours, a reduction of salary, furlough schemes, layoffs or suspension of salary/employment. Around 23% of the surveyed introduced changes in roles, tasks and responsibilities of their employees.

*Nova Sansa u Novom* (Montenegro) employs disabled people; the Government before Covid-19 used to support them refunding the SE for the 70% of the salary paid for disabled people, but during Covid-19 the Government

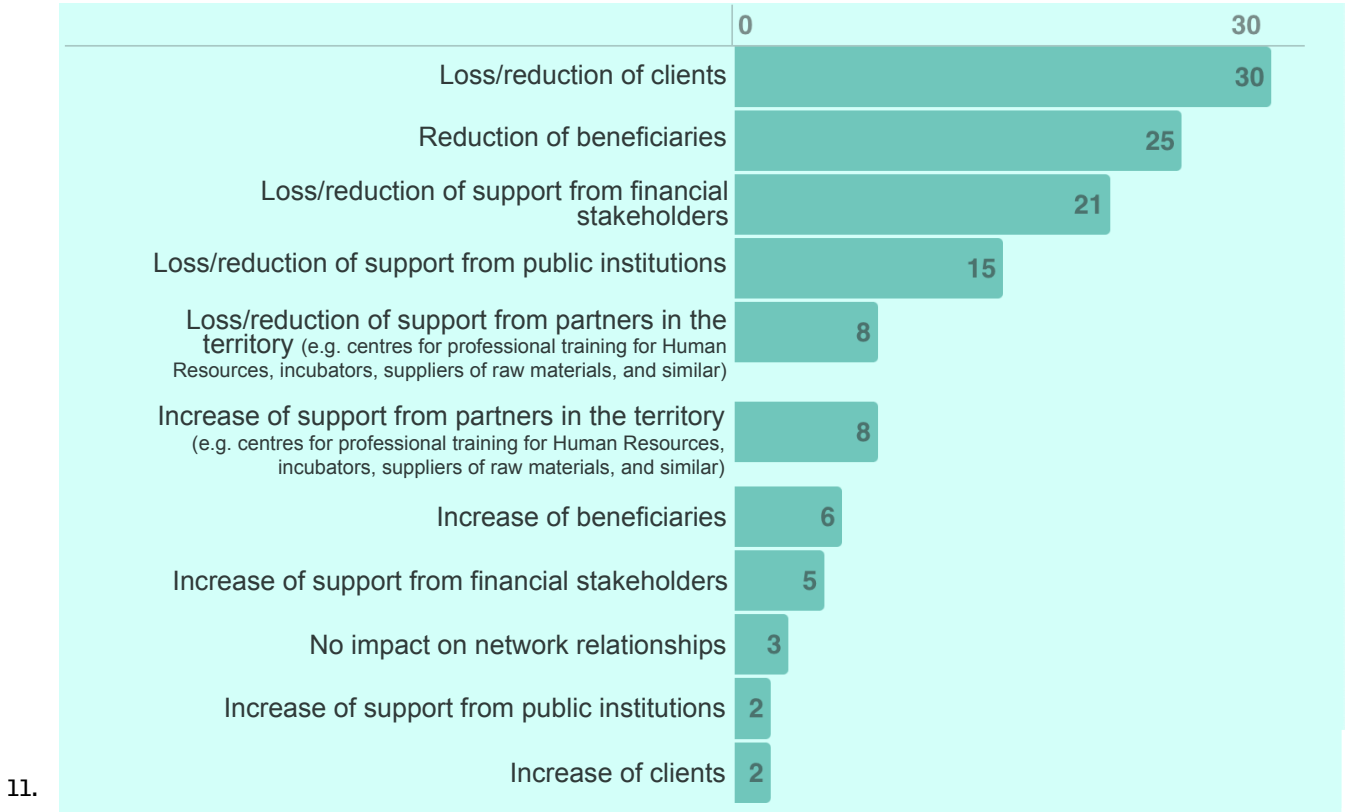
delayed the payment, and *Nova Sansa u Novom* could not afford the salaries.

*Arti Zanave* (Albania) runs a restaurant that works mostly with tourists, but there were almost no tourists in Shkodra during Covid-19 and the catering service for workshops and events was set to zero due to Covid-19 restrictions. For these reasons, during the pandemic, they were forced to leave at home one of the three workers as they could not afford the salary.

*Shedia* (Greece), a restaurant with handmade production, is defined as a "social and cultural hub for people"; they suffered a lot from restrictions, so that they were forced to reduce the working hours of employees.

# NETWORK RELATIONSHIP

## At the beginning of the pandemic (spring/summer 2020), how were your network relationships impacted?



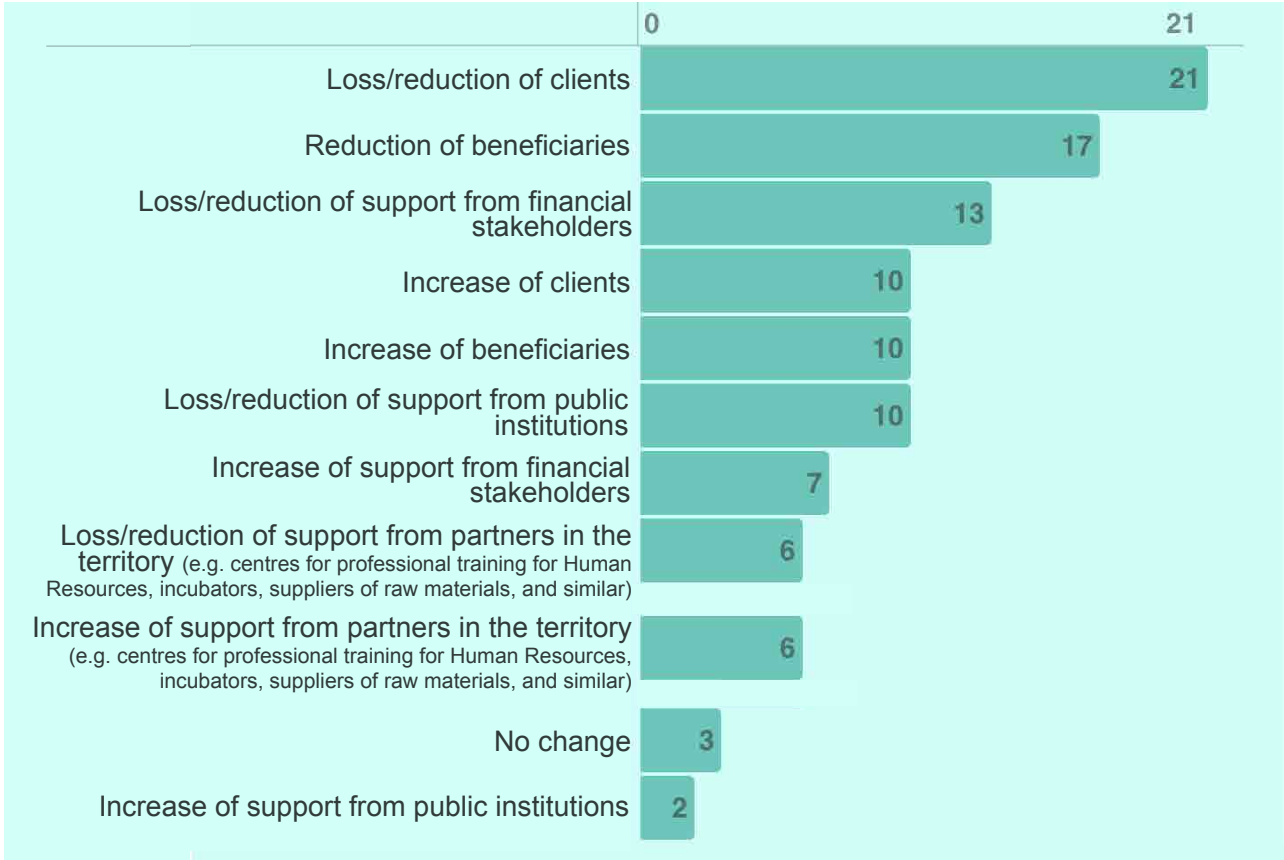
Almost 80% of the surveyed enterprises were negatively affected by Covid-19 in their network relationships at the beginning of the pandemic. These enterprises saw a loss or reduction in clients, beneficiaries and support (be it by financial stakeholders, public institutions, or partners in the territory). On the contrary, around 18% of the SEs involved in the research were positively affected at the beginning of the pandemic, mostly around the support of partners in the territory.

The situation has been slightly increasing since then: 63% of the surveyed saw a further worsening of the situation, while for around 33% of the surveyed enterprises the situation has been getting better. Only slightly less than 3% of the surveyed didn't witness any change in the situation. Rad-dar (BiH), in Mostar had to close its handcraft laboratories for 6 months at the beginning of

Covid-19 and further months later on; considering that they run activities in order to give support and create social opportunities for vulnerable people, such a strict lockdown strongly impacted their mission since Covid-19 isolated and disconnected all members of our network (beneficiaries, customers, points of sales, suppliers).

Evo Ruka (Serbia) decided to ask the parents of its beneficiaries (in particular the mothers) to promote their activity and their handmade products to potential customers. There has been an amazing activation of the network, also through social media channels, that produced an increase in orders and financial income during the Covid-19 period.

From spring/summer 2020 to today, has there been a change in your network relationship? If so, in what way?



# RECOVERY FROM THE PANDEMIC

## Compared to the beginning of the pandemic (spring/summer 2020), how is your social economy enterprise performing today?



13.

Comparatively, there are more social enterprises now performing better than those performing worse. However, those that are still struggling make up to around 31.5% of the surveyed. One out of four are performing similarly to the beginning of Covid-19.

As graph 13 shows, SEs that are performing well financially are more than those who are performing poorly: more than 3 out of 5 enterprises have had positive revenues in the last financial year,

whereas only around 1 in 5 are at a loss.

However, comparing the situation now to prior to the pandemic, we can see a worsening of the overall performance: slightly more than 16.5% of the SEs were performing poorly before Covid-19, whereas now the figure has risen to more than 22%<sup>3</sup>.

Serbian *Lavanda Lux* had small revenues before Covid-19, and today is producing serious debts, evidenced by the quantitative

<sup>3</sup> It is interesting to note that the enterprises that were producing serious debts before and after the pandemic are not the same. The two social economy enterprises that were producing serious debts prior to the pandemic are now performing better, whereas the three that have started producing debts after the pandemic were performing well prior to it. Among the two enterprises that were performing particularly poorly before the pandemic, The Door (Albania, Accommodation, tourism and tree nursery) has, in the last financial year, produced a zero balance, whereas IOTEL KOINΣEP (Greece, tourism, exhibition and other third party services) has been producing small revenues. The enterprises producing serious debts now are MKO APAPAT (Greece, before they produced small revenues), Lužničke rukotvorine-Ž.E.C. (Serbia, before they had strong revenues) and *Lavanda Lux* (Serbia, before had small revenues).

research. During the individual interviews, they explained how Covid-19 had worsened an already unstable situation. Their main customers (i.e. restaurants forced to close and/or drastically reduce activity) did not pay regularly the service provided pre-Covid. The pandemic has worsened the financial situation and put the SE in a condition to produce serious debts.

### Yearly revenue prior to the pandemic



14.

### Revenue in the last financial year



15.

# REACTION TO THE PANDEMIC - RESILIENCE

## In which field has your enterprise adopted some change?



16.

After an understandable moment of initial disorientation, social enterprises have shown a decidedly resilient behaviour. Called to the front line to face the emergency, they have been able to transform, sometimes radically, to carry out their activities and continue to be active protagonists and points of reference for their users and the communities in which they operate. The social enterprises, therefore, deserve credit not only for having adapted to the changed conditions without succumbing, but for having implemented a real creative rethinking of their activities and services without renouncing their social mission and economic subsistence. Almost three out of four social enterprises (73.6%) adopted some change to their business in the

wake of Covid-19 in order to keep providing services/product to beneficiaries and customers, and/or just avoid bankruptcy and/or keep SE's financial balance during lockdowns, looking forward to restart ordinary activity. Whilst these changes cover different fields, the prominent one was reorganisation of job activities: almost half of the surveyed enterprises went through this adjustment as a reaction to the pandemic (as displayed in the table 16) and linked with the need to deal with the spacing and social distancing restrictions.

The changes adopted by Social Enterprises varied especially due to three crossing elements:

- Level of restrictions adopted by the government,



- the economic sector in which they operate,
- the network and partnership around the SE.

As far as the restaurant/bar sector is regarded, a functional solution has been that of delivering food and meals, and also converting the hosting of events in catering services.

In the care services and social assistance sector, SEs had to find alternative solutions to activities usually carried out in their daily centres. Some SEs switched to home care services (*Fondacioni Oaz*), using online meetings (*National Alliance for people with disabilities*), or making daily phone calls to stay in contact and give support (I.e. in *Shedia*, volunteers used to call not only for a chat, but also playing piano).

Staff organisation roles changes adopted, were also relevant: from example, the involvement of volunteers in the urgent and emerging activities (for example, Greek *Shedia* asked volunteers to make phone calls to beneficiaries during the first lockdown, in order to not to completely lose contact and relationship with them) to the adaptation from one job profile to another (for example, *Rad-dar Mostar* reported that it was easier to work in the agriculture rather than in the selling SE's activity).

It is worthy to report here the positive reactions to Covid-19 that

Bulgarian *Bistro Kariso* and Serbian *Evo Ruka* (the only two out of 54 SE that in the quantitative research maintain they have been positively impacted by the pandemic) have described in their individual interviews. *Bistro Karisto* mentioned that, during Covid-19, it was directly commissioned by Caritas Sofia for preparing the meals for the beneficiaries of the pandemic emergency program. This provided a lot of new work for the Bistro, which is better for the company than before the pandemic.

As far as *Evo Ruka* is regarded, they recognise that Covid-19 has had a positive impact because the restrictions forced them to use social network and online instruments to carry on their activities; they "discovered completely a new world of opportunities that has had (during the covid period) and still has today positive impacts on different areas of the social enterprises". On the one hand, Covid-19 restrictions forced them to empower and activate the parents (especially the mothers) of the beneficiaries network, in promoting *Evo Ruka* handicraft products, producing an increase of customers (mainly big companies that buy *Evo Ruka* handmade products for their workers). On the other hand, Covid-19 impeded *Evo Ruka* to organise the traditional summer camp for disabled persons that they used to do every year. Although this represented a restriction and a pity in terms

of activities for the beneficiaries, the time and effort saved was reinvested reviewing their marketing strategies (for example, storytelling of *Evo Ruka* products and web marketing) that has worked out very well and produced a significant increase in income.

Social enterprises have put in place different resilience strategies, which can be grouped into three categories:

- Activation and reinforcement of existing networks in the emergency phase:
  1. for access to national or international donor funds (the Albanian *Fondacioni OAZ* asked and received support from western europe association belonging to their network) or to make fundraising campaigns (Greek *Shedia* delivered a successful web campaign),
  2. to promote its products more effectively (Serbian *Evo Ruka*).
- Willingness to learn and put into practice new methodologies, in particular:
  1. for using online platform and tools,
  2. for acquiring new competences requested by the adaptation of the SEs to the new situation,
  3. to activate compulsory sanitary procedures and implement government or

local government laws, rules, procedures.

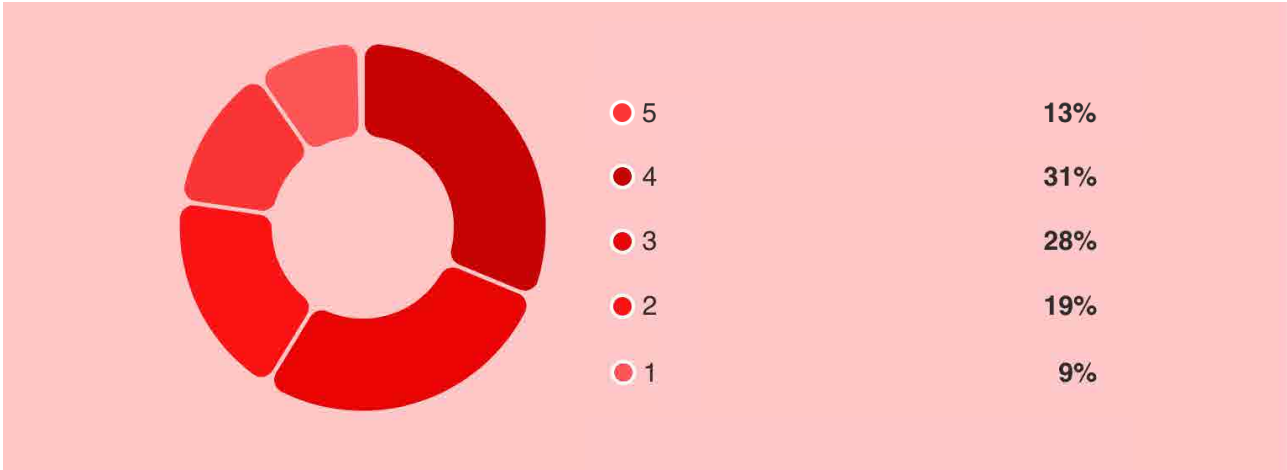
- Activation of valuable soft skills both in the management of a business and community engagement processes, such as:
  1. capacity of adaptability,
  2. digital skills
  3. capacity to see, read and understand emerging needs,
  4. creativity in finding new alternative solutions,
  5. capacity to plan and set priority, which as reported by the Albanian *Fondacioni OAZ* has not only contributed to overcome emergency, but also to increase the overall performance of the social enterprise.

We also asked respondents if they managed to reach their social and (if applicable) environmental goals, despite the difficulties posed by the pandemic.

All respondents reached their social goals, although to different extents. From 0 (not achieved at all) to 5 (well achieved), around 45% selected 4 or 5, whereas around 9% selected 1.

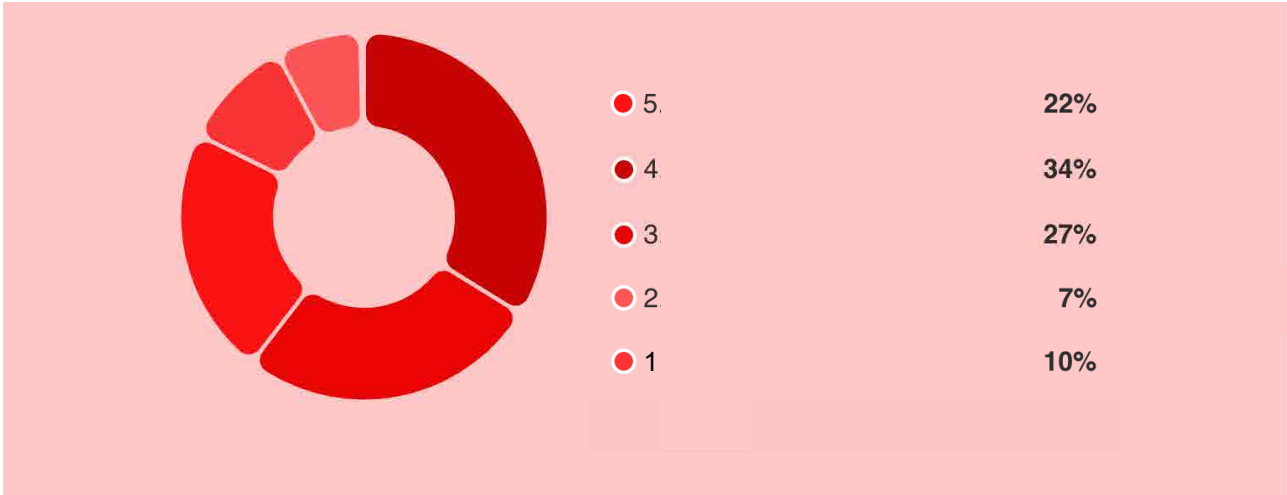
Among those enterprises with environmental goals, more than 55% selected 4 or 5, although almost 10% did not manage to achieve their environmental objectives at all.

To what extent did you achieve your social goals despite the pandemic? Rate on a scale from 0 (not achieved at all) to 5 (well achieved)



17.

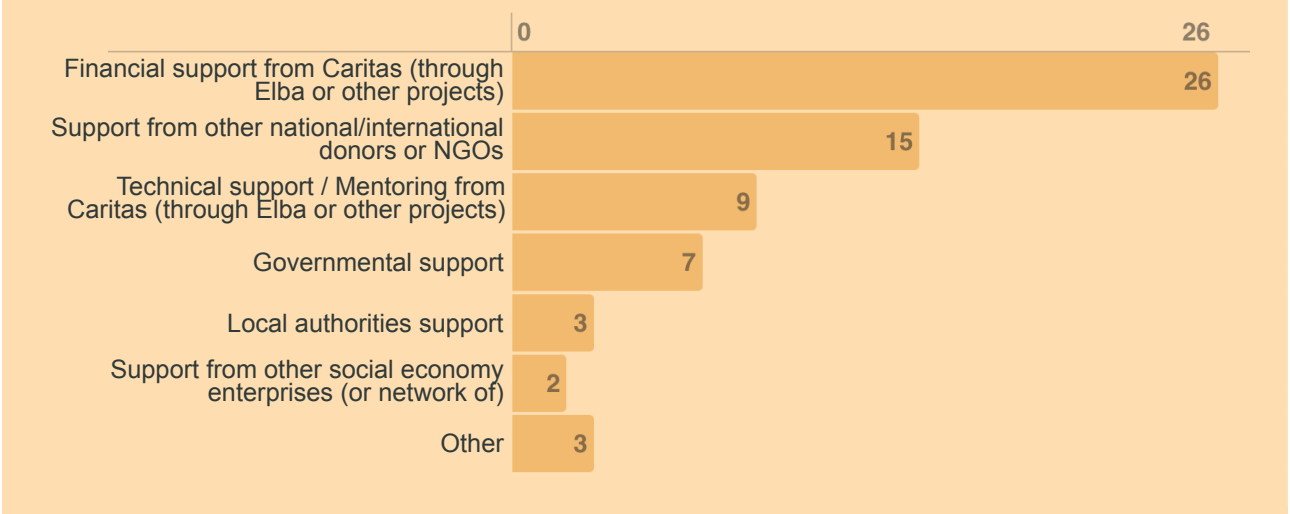
To what extent did you achieve your environmental goals despite the pandemic? Rate on a scale from 0 (not achieved at all) to 5 (well achieved)



18.

# OVERALL SUPPORT RECEIVED SO FAR

## Who did you receive support from?



More than three enterprises out of four (77.8%) received support during the pandemic. The help was different in nature and regarding the actors involved. Some of the support, in fact, came from the government; other from NGOs (including Caritas) and similar; others from similar social enterprises. The support was mostly financial and technical. Considering the target of the interviews, it is not surprising the overwhelming majority received financial support from Caritas (sometimes among other types of support). Besides Caritas support, some of the SEs interviewed mentioned to have received other types of support such as:

Direct support

During individual interviews, Albanian evangelical *Fondacioni*

OAZ mentioned that they have received both financial and non financial support from evangelical NGOs in Switzerland, Netherlands and Germany; the support mainly consisted of a huge contribution from Germany made of building materials and food for Albanian beneficiaries. It was rated as highly useful, both because of the high quality of the material provided and because of the immediate use they could make of it. Two SEs in the interviews, mentioned to have received a fundamental support from foreign embassy settled in their countries: *National Alliance for people with disabilities* (North Macedonia) fully appreciated a support they received from the Slovenian Embassy in Skopje that provided disinfection devices. Melissa received support from Japanese Embassy of Kosovo that supported Melissa providing a tractor and tractor equipment in order to carry on

their agricultural activity.

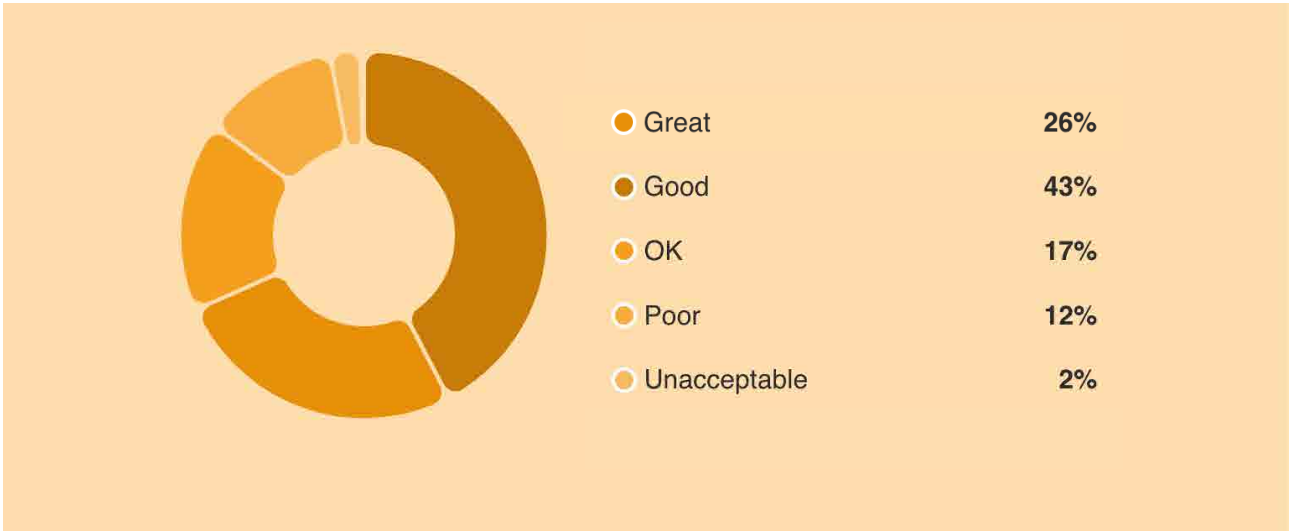
**Tax relief support**

Governmental support was received during the pandemic period by Bosnian and Herzegovinian SEs through tax relief intervention and by Serbian SEs, where government settled special allocation of unemployment funds for workers; those who received support from the government during Covid-19, asked in the interviews, rated it as fundamental in order to survive and overcome the emergency.

**Support from the community**

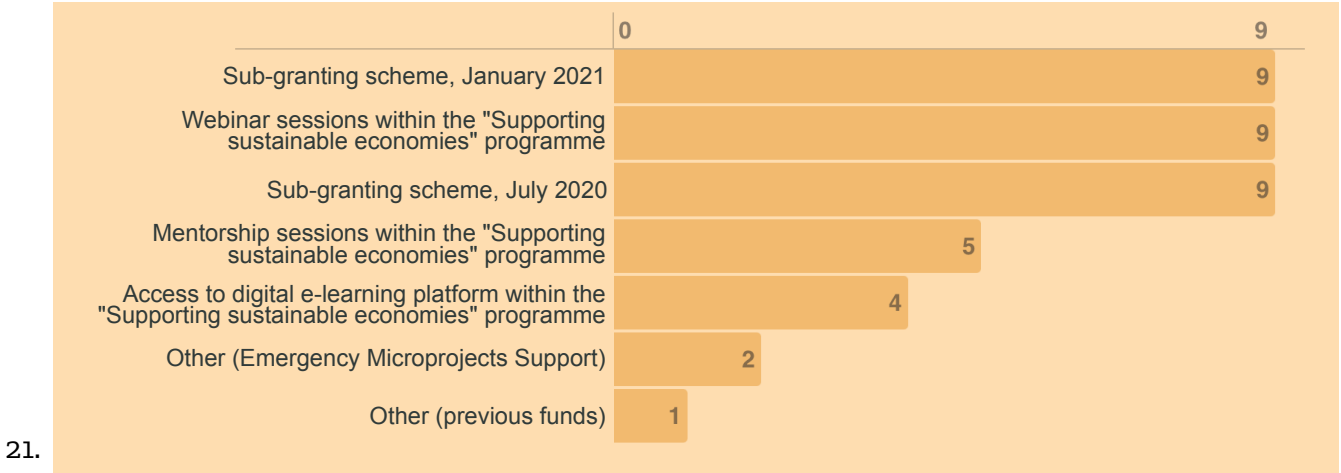
During the pandemic, Greek *Shedia* received concrete support from the community, as they organised a public campaign in order to empower the promotion and sale of their products and to collect private donations. They made it through the web, in particular through the SE's newsletter and social media channels.

Overall, what do you think of the support you received?



# ELBA-SPECIFIC SUPPORT RECEIVED SO FAR

## If you received support from Caritas/Elba, which kind of support was it?



The social enterprises that maintained that they received support from Elba/Caritas mainly profited from the two sub-granting schemes of July 2020 and January 2021. Several of them also received non financial support by participating in webinar and mentorship sessions as well as accessing the digital e-learning platform within the "Supporting sustainable Economy" initiative.

Satisfaction with the help received so far is high, with more than 90% of the respondents judging it good or great and only two social enterprises thinking poorly of it.

The two social enterprises that were not satisfied with the help Elba provided profited from the digital e-learning platform wi-

thin the "Supporting sustainable economies" programme, and from the sub-granting scheme of January 2021<sup>4</sup>. They both mention financial support as the most important need they have.

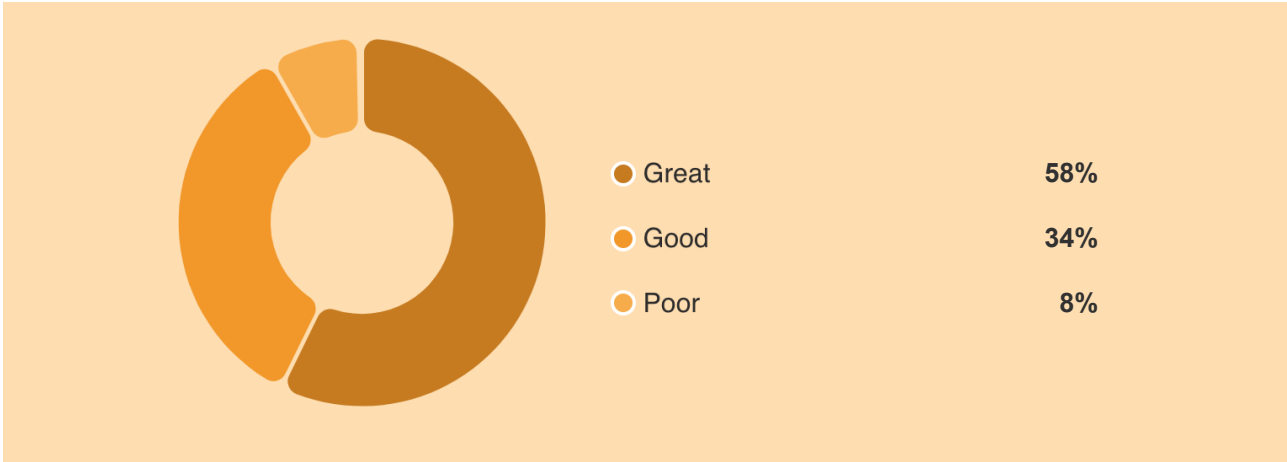
Elba mostly supported SEs in maintaining or increasing activities, products and services provided by the enterprises. It also helped keep staff and clients.

The interviews confirmed the high satisfaction with the help received from Caritas, that generally represented a fundamental financial help to cope with expenses in a critical period; in some cases, as we see below, it has been mentioned as "necessary to survive and/or to re-start activity after lockdown".

<sup>4</sup> We verified this data and the SE mentioned that, even though they were satisfied with the grant received, the amount of it was a small part of the big investment they had to make. They judged it "poor" because the grant alone could not satisfy their needs.

# How would you rate the support you received from Elba?

22.



The support received from Caritas has produced two main results:

## Overcoming problems linked to the pandemic:

Financial support was used during Covid-19 to cover material and equipments costs related to production (kitchen equipment, sanitary devices, deposits for exceeding agriculture production), but also covered salary costs of workers in order to restart activities after lockdown (Shedia, Greece) or to pay the salary of a management role. In two cases, it has emerged that financial support was needed to cover previous debts with suppliers (ZZ Livac, Bosnia and Herzegovina) or previous utilities costs (Lavanda Lux, Serbia).

## Further developing the social enterprise

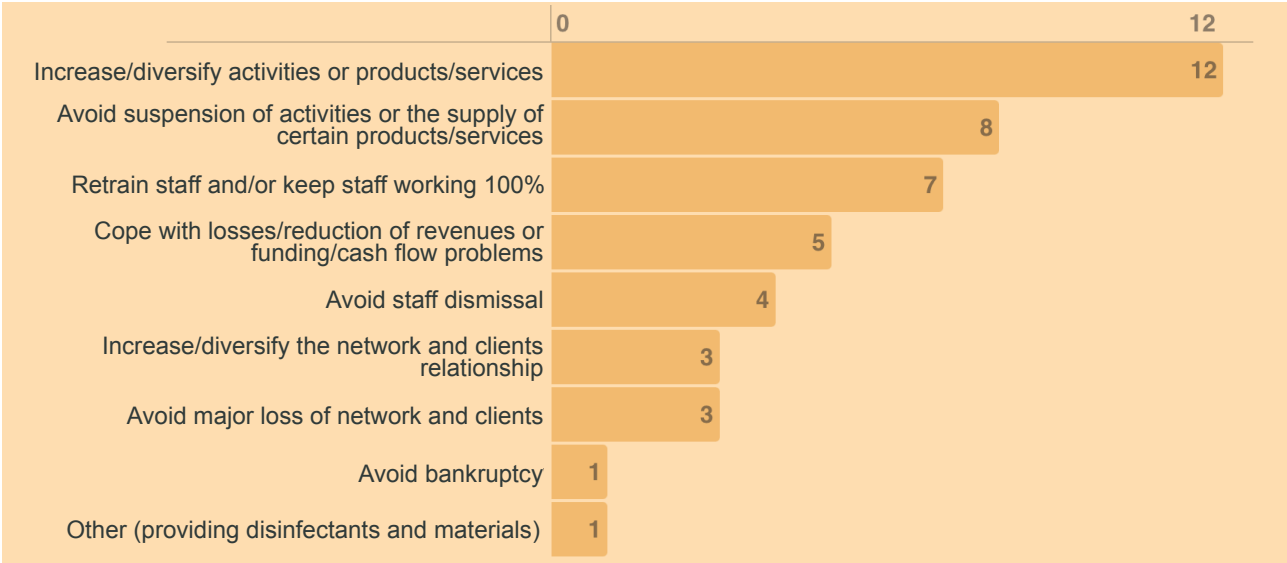
Serviam social cafe in Tinos (Greece) received a consistent financial support by Caritas that was used to renovate the building where the social cafe is settled. Two SEs mentioned non-financial support provided by Caritas through the mentorship sessions within the "Supporting sustainable economies" programme was very useful.

Bosnian Socialno edukativni centar mentioned to have attended in February/March 2021 mentorships on marketing that provided skills and instruments that were put into practice, with the help of an expert, in the following months that turned out to be strategic for the restart of the SE's activity after Covid-19 restrictions.

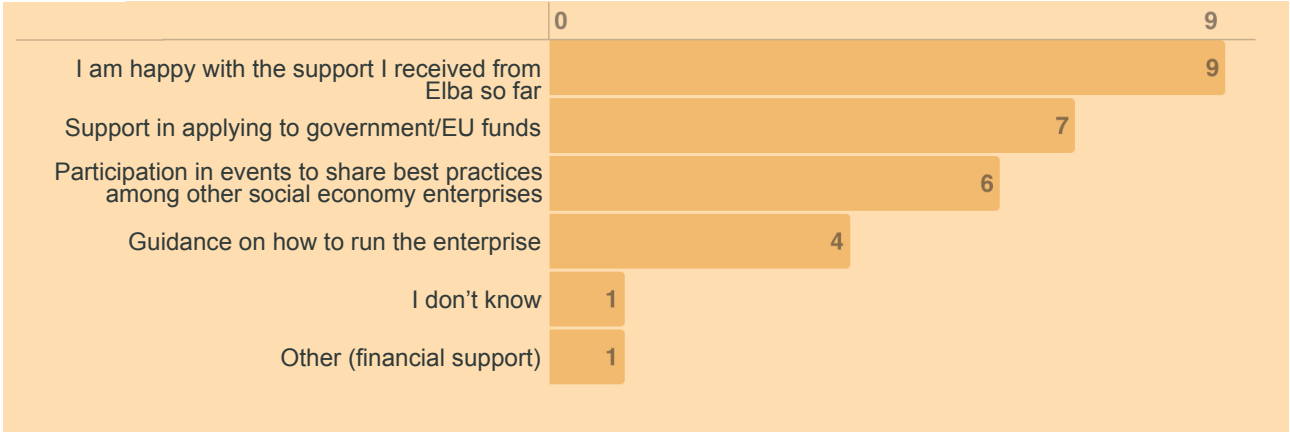
Bulgarian Karisto Bistro, joined in the same period, the "designing social value mentorship", reported as very useful in focusing the vision, mission and the priorities of their social business model. Caritas financial help has represented for Evo Ruka the "pure oxygen you need when you have to push and realise a strategic initiative that deserves to be done as soon as possible".

# In which of the following areas did Elba support you the most?

23.



# Did you wish you received a different type of support from Elba? If so, what?



24.

It is clear that social enterprises are mostly in need of financial help, be it funds or support in applying. More than half of the respondents chose one of the two, or both, as the main needs for the future. This financial support is a need that is not only shared among enterprises that are at loss, but among financially successful ones too. It is considered a need both to cope with non positive financial situations and to further develop financially stable businesses.



# NEEDS FOR SUPPORT IN THE FUTURE

Based on the efficiency of the support received and the current needs, SEs were asked to brainstorm about possible future support.

We have grouped them in financial and non-financial support, identifying sub-categories for each type of support.

**Financial support** would be used in order to:

1) pay specific consultants, generally reported as not financially sustainable for the SEs, such as:

- Expert in marketing strategy that support the SE (Nova Sansa u Novom, Caritas Sabac, Shedia, Karisto Bistro, Melissa, Evo Ruka)
- European project writer, designer and manager that helps the SEs in finding calls, put the SE in connection with potential partners (ZZ Livac, Fondacioni OAZ, Melissa, Arti Zanave, Caritas Sabac, National alliance for disabilities, Socialno Edukativni centar)
- Specific experts linked with the business such as physiotherapists and speech therapists for beneficiaries of

care services (Fondacioni OAZ)

2) Continue to sustain direct and indirect costs to support new projects/initiatives, such as:

- Qendra Rinore Arka: to adapt hostel rooms in smaller ones, as they recognized are more appreciated by tourists
- Arti Zanave: to change restaurant location and move to a bigger one
- Bistro Kariso: renewal of kitchen
- Caritas Sabac: start up an agency to promote their care services
- Fondacioni OAZ: new pottery workshop for beneficiaries
- Lavanda Lux: to open a second-hand clothes shop, financial support would cover the rent costs
- Sapa Zadrima: olive crusher and labelling machine, as today they still put labels on wine bottles by hand

3) Sustain indirect costs to support new projects/initiatives aimed at empowering stakeholder engagement:

- Provide attendance allowance for beneficiaries and volunte-



- ers in order to involve them in training workshops (*Shedia*)
- Provide training for free in order to increase the number of potential employees (*Socijalno-edukativni centar* for caregivers).

4) Financial recover:

Financial help would be used to pay debts (*Serviam Social Cafe*) or to even out actual revenues and increasing costs of production also due to macroeconomic context (*Rad-dar*).

5) Provide or contribute to the co-financing quote usually requested to access local and European financing mechanisms (*Caritas Sabac*).

As **non financial support**, the best way they could receive support is through:

1) An overview and practical guidelines on European funds' opportunities suitable for social enterprises as suggested by *Serviam social cafè* and *RAD-DAR d.o.o. Mostar*

2) Participation in exchanging programs/study visits in the region or/and in western europe was suggested by:

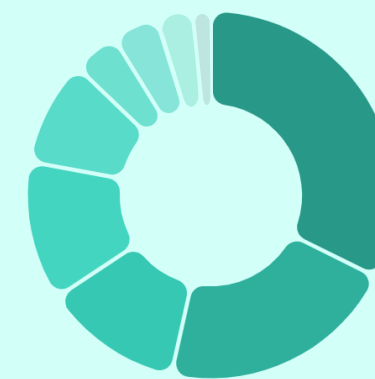
- *Nova Sansa* u *Novom* in order to visit a best practice of printing shop that employs disabled and vulnerable per-

sons,

- *Serviam social cafè* that would like to visit social and cultural cafè in other south european or western europe countries,
- *National alliance for disabilities* that would like to visit in Vinkovci (HR) a mini-bar managed by vulnerable persons in order to start this project, that they defined "their dream", within their SE,
- *Qendra Rinore Arka* that would like to visit a SE that runs a co-working space to be inspired and have a positive model for their next future project.

3) Benefit from individual mentoring/consultancy on specific needs of the SE (*Lavanda Lux* for marketing, *Qendra Rinore Arka* on co-working space).

## What are the most important needs that you currently have?



Financial support	33%
Support in reaching available public funds (EU, governmental)	22%
Support in marketing strategy	12%
Networking, exchanges of experiences	12%
Support in business model adjustment	9%
Support in Human Resources management	4%
Support in stakeholder engagement	4%
Support for advocacy action towards institutions	3%
Other	1%

25.

# RECOMMENDATIONS FOR SUPPORT IN FUTURE

Based on the analysis described in the previous paragraphs, we developed recommendations that were discussed in a focus group and through written feedback involving 26 social enterprises<sup>5</sup>. These recommendations concern possible very concrete actions that the ELBA Steering Group could take in the short and medium term.

<sup>5</sup> For convenience in conducting the focus group and sharing recommendations we invited only English-speaking representatives of social enterprises to comment.

**Diversify grant opportunities in order to:**

1. Continue to support the startup and development of SEs (as previous schemes, covering costs for materials, structural support etc.).
  - This support could be scaled based on:
    - Recent results
    - Organisation capacities and infrastructure
    - Potential for growth
    - Potential for international co-operation
2. Increase the capacity and skills within the SEs, including
  - hiring consultants with practical experience on social entrepreneurship for specific, key and planned capacity development
  - specific learning paths for staff and managers such as acquiring new digital skills
  - for covering the costs for introducing a new key role in the SEs.
3. Give emergency support to overcome losses related to Covid-19 and to prevent, as much as possible, the consequences of the economic recession caused by the war in Ukraine.

**Support SEs in accessing to funds and development opportunities for social enterprises by:**

1. Engaging experts who guide Caritas and SEs in discovering funding opportunities for social economy, both EU Commission and other donors' funds. Taking into consideration differences between countries and EU and non EU countries.
2. Commissioning a study that gives an overview of the funding opportunities, understanding which funds are used by the SEs, which ones are not used and why, and what can be done in order to enlarge the spectrum of SEs accessible funds
3. Developing a strategy on how to cooperate with incubators and accelerators in the region especially to support startups or small SEs.
4. Developing a fund that can back the co-financing quota usually required by donors and funding schemes (including EU programmes).

**Non-financial support, such as (e-)training and mentoring schemes on:**

1. Marketing for SEs to understand how to adapt classic marketing approaches and make use of marketing instruments for achievement of SEs objectives
2. Raising funds in a strategic manner
3. Training on EU funds and project designing.

**Develop an advocacy strategy to support National Caritas Organisations to advocate in particular for:**

1. Governments to provide co-financing for CSOs applying for EU funds (following the promising practice of Montenegro)
2. Governments to create a safety net for SEs (in particular those working in the agriculture sector) to cope with the economic recession and the rise of prices as a consequence of the war in Ukraine.
3. Topics related to SEs business and social/environmental goals such as promoting sustainable food system, integration of people with disabilities into the labour market, gender equality. Taking the Agenda 2030 and Sustainable Development Goals as main references.

**Continue to promote exchange of experiences especially in the region by:**

1. organising study visits also as a way of raising the awareness/knowledge related to Social economy within Caritas, the local church and governments, and other stakeholders.
2. applying to Erasmus+ Small Scale partnerships or similar key actions, possibly cooperating with organisations of other EU Member States (other than Greece and Bulgaria)
3. creating international business partnerships among SEs operating in different countries with complementary objectives.
4. supporting SEs to be members of European networks of SEs (i.e. Dienes) as they can have more opportunities to exchange experiences with other members of those networks.

**Continue to support SEs in engaging stakeholders and enlarging their network. This can be transversal to other types of support and can be done by partnering in projects, exchange activities and implementing advocacy strategies.**

# ANNEX — SOCIAL ENTERPRISES PARTICIPATING IN THE RESEARCH

	Name	Country	City/Town
1	The Door	Albania	Shkoder
2	Club Kombëtar i Prindërve të Fëmijëve me ÇSA & PAK	Albania	Tirana
3	KeBuono	Albania	Fier
4	Sapa-Zadrima Sh.B.B	Albania	Lezhe
5	Fondacioni OAZ	Albania	Burrel
6	Qendra Ditore për personat me aftësi të kufizuara Fushe Kruje	Albania	Fushe Kruje
7	GLOBAL CARE ALBANIA	Albania	Tirane Kamez
8	Qendra Rinore Motrat Venerini	Albania	Gjader
9	Shoqata Invalidëve Paraplegjikë dhe Tetraplegjikë , dega Shkodër	Albania	Shkoder
10	OJF	Albania	Tirane
11	Qendra I Artizanatit Lezhe	Albania	Lezhe
12	Shkolla Effata	Albania	Lezhe
13	Kolping	Albania	Shkoder
14	Shoqata Madonnina del Grappa	Albania	Shkoder
15	Arti'Zanave	Albania	Shkoder
16	Qendra Shqiptare për Edukim Perkuqdesje dhe Trajnim (ACT CENTER)	Albania	Tirane
17	Qendra Rinore ARKA	Albania	Shkoder

<b>18</b>	ZZ Livač	Bosnia Herzegovina	Laktaši
<b>19</b>	Greens d.o.o.	Bosnia Herzegovina	Sarajevo, Vogosca
<b>20</b>	Dom za stare i iznemogle osobe Betanija	Bosnia Herzegovina	Čapljina
<b>21</b>	Udruga roditelja i djece s Yessebnim Yestrebama "Vedri osmijeh" Mostar	Bosnia Herzegovina	Mostar
<b>22</b>	RAD-YesR d.o.o. Mostar	Bosnia Herzegovina	Mostar
<b>23</b>	Dječji vrtić Anđeli čuvari	Bosnia Herzegovina	Sarajevo
<b>24</b>	Socijalno-edukativni centar	Bosnia Herzegovina	Banja Luka
<b>25</b>	Kindergarten "St. Ana ", Caritas of the Banja Luka Diocese	Bosnia Herzegovina	Banja Luka
<b>26</b>	LOGOVITA d.o.o.	Bosnia Herzegovina	Mostar
<b>27</b>	Fondatsiya „Rozhdestvo Khristovo“	Bulgaria	Sofia
<b>28</b>	Sotsialni rabotilnitsi KaritArt	Bulgaria	Sofia
<b>29</b>	Rabotilnitsa na Karitas	Bulgaria	Rakovski
<b>30</b>	EOD Bistro Karisto	Bulgaria	Sofia
<b>31</b>	Schedía Koinsep	Greece	Athens
<b>32</b>	Serviam Social Cafe'	Greece	Tinos
<b>33</b>	Idryma Gia To Paidi «I Pammakaristos»	Greece	Nea Makri Attica - Marathon Municipality
<b>34</b>	Iotel Koinsep	Greece	Athens
<b>35</b>	MKO Ararát	Greece	Athens
<b>36</b>	Melissa	Kosovo	Sameg

<b>37</b>	Independent Women's Association Hareja	Kosovo	Rahivec
<b>38</b>	Združenie za socijalni i ekonomski razvoj IN VIVO Skopje	Macedonia	Skopje
<b>39</b>	Nacionalna Alijansa za lica so posebni potrebi Gevgelija	Macedonia	Gevgelija
<b>40</b>	Printing shop "Script Berane"	Montenegro	Berane/Bar
<b>41</b>	NVO "Nova šansa u Novom" - Digitalna štamparija "Naša ID kartica"	Montenegro	Herceg Novi
<b>42</b>	NVO Organizacija slijepih ya Bar i Ulcinj	Montenegro	Bar
<b>43</b>	Radanska Ruza DOO LEBANO	Serbia	Lebane
<b>44</b>	Etno udruženje Korman	Serbia	Korman village, Aleksinac
<b>45</b>	"Lužničke rukotvorine-Ž.E.C.	Serbia	Babushnicaa
<b>46</b>	Caritasov Servis doo	Serbia	Subotica
<b>47</b>	Caritas Sabac	Serbia	Sabac
<b>48</b>	Lavanda Lux	Serbia	Zemun
<b>49</b>	Evo Ruka	Serbia	Belgrade
<b>50</b>	Naša kuća Udruženje za podršku osobama ometenim u razvoju	Serbia	Belgrade
<b>51</b>	SOFIA	Serbia	NOVI SAD
<b>52</b>	Caritas Valjevo - štamparija PrintiCA	Serbia	Valjevo
<b>53</b>	Udruženje za podršku ljudima sa neurozom "Herc"	Serbia	Belgrade
<b>54</b>	Teresianum	Serbia	Aleksinac



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