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TABLE OF CONTENT

List of Figures.....	2
List of Tables.....	2
List of Abbreviations.....	2
Executive Summary	3
1 Introduction.....	4
2 National rescue packages and interventions	6
3 Key outcomes	7
3.1 On the impact of the COVID-19 pandemics	7
3.2 On the measures taken to mitigate the impact of the COVID-19 pandemics.....	10
3.3 On the expectations for the future	12
4 Conclusions and recommendations	14
Annex I: Full Questionnaire	17
Annex II: screenshots of the online questionnaire.....	23

List of Figures

Figure 1: Participating social enterprises according to country of origin	4
Figure 2: Impact of the COVID-19 pandemic in the last 18 months (all countries)	7
Figure 3:Type of additional funding	11
Figure 4: Reasons for not taking part in crisis management programmes	11
Figure 5: Aspects on which the COVID-19 pandemic will have long-lasting impact on responding organisations	12
Figure 6: Public support measures that would SEs recover faster from the COVID-19 pandemic or in a post-COVID era.....	13
Figure 7: Interventions that would help SEs recover faster from the COVID-19 pandemic or in a post-COVID era	14

List of Tables

Table 1: Rationale behind the selected aspects.....	4
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List of Abbreviations

SE	Social Enterprise/Entrepreneurship
SII	Social Impact Investment

Executive Summary

Social entrepreneurship (SE), which has become increasingly relevant in today's economy, has also emerged among the Danube region. The Danube macro-region currently lags behind global trends in the field of SE and social impact investments. On the one hand, there is a lack of "blended" financial instruments, which would complement non-repayable grants with new forms of finance. On the other hand, there is a lack of impact investors and policies to support the improvement of social impact investment markets.

This report aims at assessing the effect of the COVID-19 pandemic and the related economic and societal crises on the social investment markets in the Danube region. The analysis presented here is based on the results of an online survey on the effects of the COVID-19 pandemic on social enterprises in the Danube region, on exchange with stakeholders during Local Policy Focus Groups (D7.1.1) in partner countries (Austria, Bulgaria, Croatia, Germany, Hungary, Moldova, Romania Serbia, Slovakia, Slovenia, Ukraine) and desk research that was done by partners in the framework of developing regional action plans (D7.1.4). 105 SEs from 11 countries filled the online survey, which was available online between September and December 2021.¹ The survey addressed the impact of the COVID-19 pandemic, the measures taken to mitigate the impact of the COVID-19 pandemic and the expectations for the future.

The main findings that can be highlighted is that the COVID-19 pandemic had a huge impact on SEs in the Danube region in the last 18 months. This impact has not only been manifold and deep, it is also expected to last - which shows the disruptive character of this crisis. The survey results show great variation between SEs across countries not only in terms of the intensity of the impact but also in terms of trends (negative or positive). The pandemic, with its share of restrictions, fundamentally changed the operations of the social enterprises. The crisis showed the high resilience and innovative capacity of SEs who were able to reorganize themselves (notably in terms of their working conditions, workflow and internal processes) and their products/services. It also forced them to embrace digitalization in a quicker and deeper manner than most would otherwise have done. Finally, albeit hard, the COVID-19 pandemic proved to be an opportunity for the majority of the participating SEs with a clear increase in the demand for their products and services.

The majority of SEs introduced internal mitigation measures to limit the impact of the COVID-19 pandemic – most often they resorted to different mitigation measures, especially temporary pause of activity and reduction of the number of active employees. A slight majority of the survey respondents involved additional funding in order to mitigate the impact of the COVID-19 pandemic on their organization. Non-refundable financial support (e.g. grants, donations, direct cash benefits) was by far the most used funding. In second place came loans and credits. The central role of foundations in the SE ecosystem is noticeable in the fact that they are the second source – after state – that provided additional funding to SEs. The participation in a state, regional or municipal crisis management program was rather uncommon, due to several reasons: these programmes were not relevant to the enterprises, the enterprises were not eligible or the enterprises were not aware of the possibilities available.

The report concludes with a number of recommendations to develop public funds, tools and measures for financing social enterprises, increase the (financial) resilience of social enterprises and make them more attractive for private investors in the COVID-19 and post-COVID era. The recommendations are pooled in three main thematic categories: portfolio of funding possibilities for SEs, practical access to funding, and support to sustainable business development / investment-readiness.

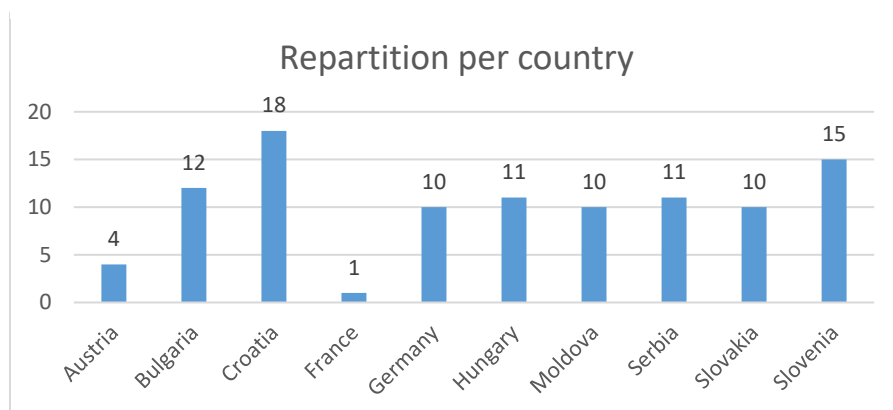
¹ The questionnaire was available online on the following link: <https://forms.office.com/r/PKB39dzVWm>

1 Introduction

This report aims at assessing the effect of the COVID-19 pandemic and the related economic and societal crises on the social investment markets in the Danube region. This report is part of Activity 7.1 dealing with Strategy development. Indeed, the analysis of the impact of the COVID-19 pandemic on social enterprises (SEs) and social investment markets fed the elaboration of the Social Impact Investment (SII) Community Strategy for the Danube region, which is one of the major outputs of the Finance4SocialChange project. The analysis presented here is based on the results of an online survey on the effects of the COVID-19 pandemic on social enterprises in the Danube region, on exchange with local stakeholders during Local Policy Focus Groups (D71.1.1) and desk research conducted by project partners in the framework of developing regional action plans.

102 SEs from 11 countries filled the online survey, which was available online between September and December 2021.² The survey was prepared by Steinbeis 2i GmbH based on the input of the Finance4SocialChange consortium. The survey was built on three main blocks: The impact of the COVID-19 pandemic, the measures taken to mitigate the impact of the COVID-19 pandemic and the expectations for the future. Project partners were responsible to communicate with their local stakeholders and aimed to reach at least 10 SEs to fill the survey. Figure 1 below shows the number of SEs and their repartition across countries.

Figure 1: Participating social enterprises according to country of origin



Respondents were asked about the effect of the COVID-19 crisis on their organisation on 12 aspects. Table 1 lists them and provides the rationale behind their selection.

Table 1: Rationale behind the selected aspects

#	Aspect	Rationale behind
1	Work schedules	assess the effect of circulation restrictions, remote working or limited offices days on work schedules
2	Working conditions	assess the effect of circulation restrictions and forced remote working when applicable on working conditions
3	Workflow, internal processes and communication	assess the impact of circulation restrictions (and forced remote working when applicable)

² The questionnaire was available online on the following link: <https://forms.office.com/r/PKB39dzVWm>

D7.1.3 Chapter on COVID effects

#	Aspect	Rationale behind
4	Digitalization	assess the impact of the crisis that strongly limited personal / physical exchanges on digital switchover, provision of digital services, online marketing and sales, etc.
5	Innovative capacities	Assess how SEs reacted to the disruptive character of the crisis
6	Production of goods	assess whether circulation restrictions (of people and goods) and shortages impacted the production of goods
7	Provision of services	assess whether circulation restrictions (of people and goods) and shortages impacted the production of services
8	Demand for your products and services	assess whether the interest for and use of SEs' products and services was affected (in particular whether it increased) by the crisis
9	External communication	assess whether the forced remote working (home office) had an influence on the communication with clients, partners and suppliers
10	Procurement of goods	assess whether the SE could get the goods they need for their products and services or whether concerned with shortage (related to travel restriction of people and good)
11	Financial liquidity	assess whether and how much the restrictions linked to the sanitary crisis had an influence on the SE's activities and therefore on their financial liquidity
12	Planned investments	assess whether the COVID-19 crisis postponed or modified the planned investment (both in term of quantity and quality)

The structure of the report mainly follows that of the survey though it first draws an overview of national rescue packages and interventions (Section 3) before delving into the analysis of the survey (Section 4). The report ends with a concluding section containing a number of recommendations in order to develop public funds, tools and measures for financing social enterprises, increase the (financial) resilience of social enterprises and make them more attractive for private investors in the COVID-19 and post-COVID era. The recommendations are pooled in three main thematic categories: Portfolio of funding possibilities for SEs, practical access to funding, and support to sustainable business development / investment-readiness.

2 National rescue packages and interventions

Since the COVID-19 pandemic started to impact severely the society and economy, governments fought to aid them and keep business and social life running as much as possible. Most of the measures introduced do not target specifically SEs, but are generally open to all businesses including social entrepreneurs. In some countries, as e.g. Austria or Germany, public aid was initially geared only to the needs of conventional companies. However, as the Covid-19 crisis progressed, support services became more and more adapted also to social businesses.

The support for social innovators has varied greatly from country to country and quick money was rarely there. Even when relief funds were available, they were not sufficient in their amount, flexibility and speed.

The majority of measures were financial: direct funding programmes, state aid and/or guarantees. Some states eased the conditions of payment and taxes for enterprises who fulfilled certain conditions, including SEs. One of the main focuses of the financial initiatives was to help enterprises keep their employees and further pay their wages (ensure job stability), or to help them overcome the negative economic consequences or even restart businesses (Austria, Germany, Bulgaria, Slovakia, Romania). In addition, we can mention another **Bulgarian** programme: the **“Crisis as opportunity” Programme**, which was born out of the COVID crisis and addressed SEs exclusively. This programme managed by Sofia Development Association was launched and funded jointly by Sofia City Council and Sofia Municipality. Sofia City Council seized the opportunity of the ongoing crisis to support SEs and improve digitalization (which was at a very low level before the crisis). Sofia City Council’s programme, endowed with ca. 250.000 EUR, provides mentoring and capacity-building for SEs active in the fields of health, education, ecology, social services and culture. **The aim of the programme is to enhance the resilience and sustainability of the funded organizations** (notably through digitalized services and products) **and community building**. The City Council launched two calls: the first addressed digital transformation and resilience while the second targeted community building and outreach. **Selected enterprises enjoyed mentoring from a pool of external (business-oriented) mentors**. The programme aimed at filling a gap given the absence of a national instrument supporting social entrepreneurship.

Countries in the Danube region implemented also various general support measures. Germany and Bulgaria tried to involve the society to provide suggestions for possible solutions. In the **“#WeVsVirus Hackathon” that was supported by the German government**, there were 28,000 participants making it the largest hackathon in the world. Result: about 147 projects were selected as viable and 51 solutions are in use after the completion of the implementation program. Other projects from the hackathon that were not in the implementation program also remain active. The “Europe” Programme of Sofia Municipality supports the cooperation between the civil society and the local government in Sofia in the application of good European practices at local level.

Several eastern European countries offered programmes that include tailored workshops and training, coaching and mentoring. Such sets of activities were aimed to support technology transfer and digitalization (and knowledge on how to implement new business models based on the new conditions caused by the pandemic restrictions, thus increasing the resilience of companies in coping with the effects of the COVID-19 pandemic). **Romania implemented an Impact Accelerator, a program for social entrepreneurs and NGOs, offering consulting and resources for businesses destabilized by the pandemic**. In the program, social businesses and participating NGOs will work to increase their social impact but also to ensure their sustainability and financial autonomy, scaling methods and the

D7.1.3 Chapter on COVID effects

transformation of services, processes or skills into marketable products. In Slovenia, a public call for vouchers aimed to encourage micro, small and medium-sized enterprises to raise their digital competences whereas in Moldova, an SME digitization support tool was set up to facilitate SME's transfer of technology and digital development.

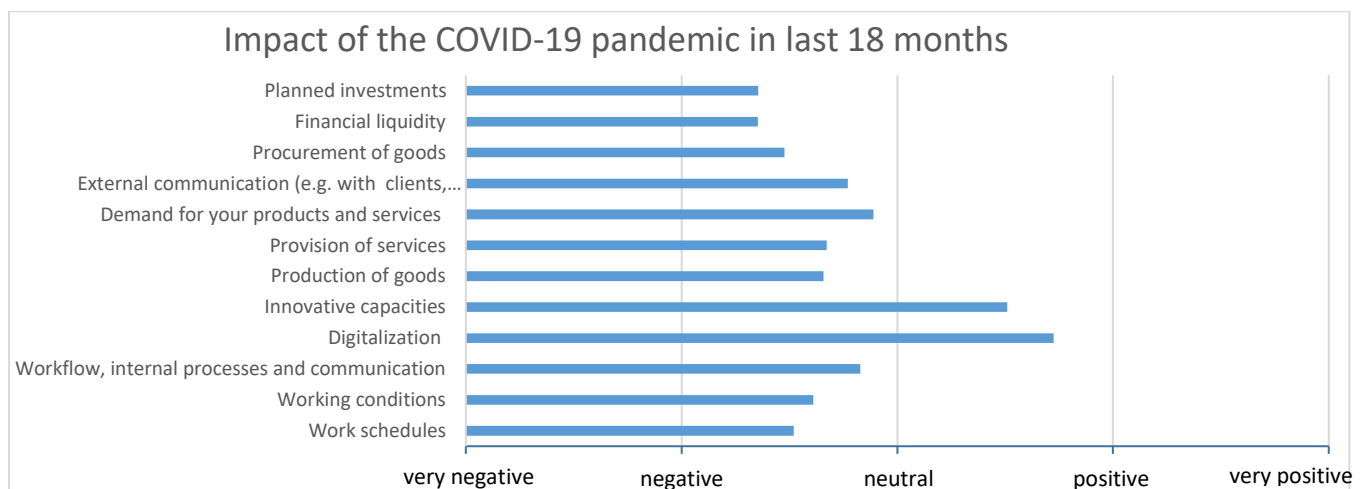
3 Key outcomes

3.1 On the impact of the COVID-19 pandemics

The analysis of the survey results shows that the crisis had a **clear negative impact** on **planned investments, working conditions, work schedules** and **financial liquidity**. In these four fields, the majority of the of the participating social enterprises mentioned a negative or very negative impact on their organisation. In addition, the COVID-19 pandemic also had a rather negative effect – though to a lesser extent – on **external communication** (e.g. with clients, partners, suppliers) and the **provision of services**.

However, **the COVID-19 pandemic also had a number of positive effects** (see figure 2 below): the most evident concerns **digitalization** (65 SEs mentioned a positive or very positive impact). Indeed, the crisis clearly forced SEs to improve and speed up their digital transition: many SEs mentioned that they developed new digital offers and services such as online trainings or workshops. These new digital services and offers could (at least partly) compensate the loss of revenues on the “standard” offers and services. For instance, in Germany one martial art school developed new online training and workshop formats that attracted new customers whereas it had lost 30% of their members in the past 18 months. In general, the pandemics affected positively those SEs that work in the field of digitalization (for instance SE helping to digitalize the school system). Another domain in which the COVID-19 pandemic had a rather positive effect is on the **innovative capacities** of the participating SEs (56), although there are important variations across the countries. Here as well, the crisis served as triggering factor to rethink and enhance innovation processes and results. Many social entrepreneurs used the time of the first lockdown when they had to stop their activities to think with their teams strategically about their organizations' development. In addition, there are areas in which the COVID-19 pandemic had a clear positive effect in only some countries such as the **provision of services** in Bulgaria and Germany or the **demand for products and services** in Germany and Slovenia.

Figure 2: Impact of the COVID-19 pandemic in the last 18 months (all countries)



The results show **great variation between SEs across countries not only in terms of the intensity of the impact but also in terms of trends (negative or positive). Some countries show clear specific features.** For instance, **Hungarian SEs** stand clearly out as having the highest negative impact in most of the fields (innovative capacity, financial liquidity, provision of services, demand for products but also external communication and planned investment).

On the other hand, **Croatian SEs** appear to be more resilient and in fact able to draw positive effects in areas such as working conditions, workflow and financial liquidity where the majority of respondents and countries are negatively impacted.

Another interesting country is Bulgaria. For the majority of **Bulgarian SEs**, the COVID-19 pandemic had clear benefits not only in the field of digitalization and innovative capacities but also on external communication and provision of services. The crisis was in that case a forced opportunity for change that most Bulgarian SEs seized.

The next paragraphs provides a more detailed analysis of the impact of the corona crisis in the different countries on each covered area.

Work schedules

For half the survey respondents (52), the COVID-19 pandemic had a negative or very negative impact on their work schedules. There are clear differences between countries however, with Austrian, Croatian and Hungarian SEs being the most negatively impacted as opposed to Slovak and Slovenian ones.

Working conditions

As regards working conditions, here again half of the respondents (52) mentioned a negative or very negative impact on their working conditions. This time however, Serbian and German SEs were the most negatively impacted whereas 20% of the Croatian SEs mentioned on the other hand a positive impact on their working conditions.

Workflow, internal processes and communication

More than one third of the respondents (39) indicated that the pandemic had a negative or very negative impact on their workflow, internal processes and communication. When comparing the situation across countries, Slovenian and Slovak SEs were more negatively impacted (with half of the respondents mentioned negative impact). On the other hand, 25% of the Croatian and of the Slovenian SEs mentioned a positive or very positive impact on their workflow, internal processes and communication. In the Slovenian case, the results suggest that the COVID-19 pandemic had a major impact – whether positive or negative.

Digitalization

As regards digitalisation, a clear majority of the survey respondents (63%) mentioned a positive or very positive impact. Respondents from five countries (Moldova, Slovenia, Hungary, Croatia and Serbia) only evoked negative or very negative impact whereby Serbian SEs appear to be the most negatively impacted (25%).

Innovative capacities

Another field in which the COVID-19 pandemic had a rather positive effect is in terms of innovative capacities. The majority of the respondents (56) mentioned a positive or very positive effect. However, we can observe clear variations in its intensity across countries. Whereas in Bulgaria, Moldova and Slovenia the crisis has been in this respect quite beneficial, in Hungary on the other hand, only one respondent mentioned a positive impact. No Bulgarian respondent mentioned a negative effect and more than 80% mentioned a positive or very positive effect. 70% of Moldovan respondents (7), two

third of the Slovenians (10) but also half of the German, Austrian, Croatian and Slovak respondents answered positively.

Production of goods

The COVID-19 pandemic had a negative impact on the production of goods of one third of the survey respondents (34) – though it had no impact (“not applicable” or “neutral”) for a slight majority (55). Slovenian (8) and Slovak (6) SEs stand out in this regard as in both cases at least half mentioned negative or very negative impact.

Provision of services

As regards the provision of services, 43% of the participating SEs (45) were negatively impacted by the corona crisis. Here again, some differences across countries are noticeable: More than 70% of Hungarian respondents (8) mentioned negative impact whereas Bulgaria, Croatia and Germany on the other hand were far less negatively impacted. In fact, in Bulgaria and Germany, SEs have been rather positively impacted (about half in both cases).

Demand for your products and services

Results and trends differ greatly across countries on the demand for products and services of the SEs. In some countries such as Germany and Slovenia, the COVID-19 pandemic had a clear positive impact, especially in Germany where 70% mentioned a positive or very positive impact on their organisation (it is the case for half of the Slovenian respondents). On the other hand, In Hungary (7), Moldova (6), Slovakia (6), Bulgaria (6), at least half of the SEs mention negative or very negative effects. Once again, the Hungarian respondents are the most negatively impacted (63%).

External communication (e.g. with clients, partners, suppliers)

40% of the respondents mention a negative impact of the COVID-19 pandemic on external communication. The negative impact was the highest for German (7), Moldovan (6) and Hungarian (7) SEs (more than half of the respondents) whereas Austrian and Slovak SEs were the least impacted. No Austrian SE mentioned a negative impact and only 2 Slovak SEs. In Bulgaria, the crisis had rather a positive impact on external communication (half of the respondents) whereas in Croatia the impact seems quite ambivalent.

Procurement of goods

Half of the survey respondents mentioned a negative or very negative impact of the crisis as regards procurement of goods (when applicable).

Financial liquidity

Not surprisingly, the financial liquidity of a clear majority of the SEs (64%) was negatively impacted by the COVID-19 pandemic. Once again, Hungarian SEs stand out with all respondents mentioning a negative or very negative impact. This is also the case for more than 70% of Serbian and Moldovan SEs. On the other hand, only one third of the Croatian SEs mentioned a negative or very negative impact regarding their financial liquidity.

Planned investments

The majority of respondents (58) were negatively impacted. A clear majority – three quarters – of Serbian (9), Moldovan (8) and Hungarian (8) SEs evoked a negative or very negative impact of the corona crisis on their planned investments. Croatian SEs stand out once again as being the country where SEs were the least negatively impacted with slightly more than a third (7).

3.2 On the measures taken to mitigate the impact of the COVID-19 pandemics

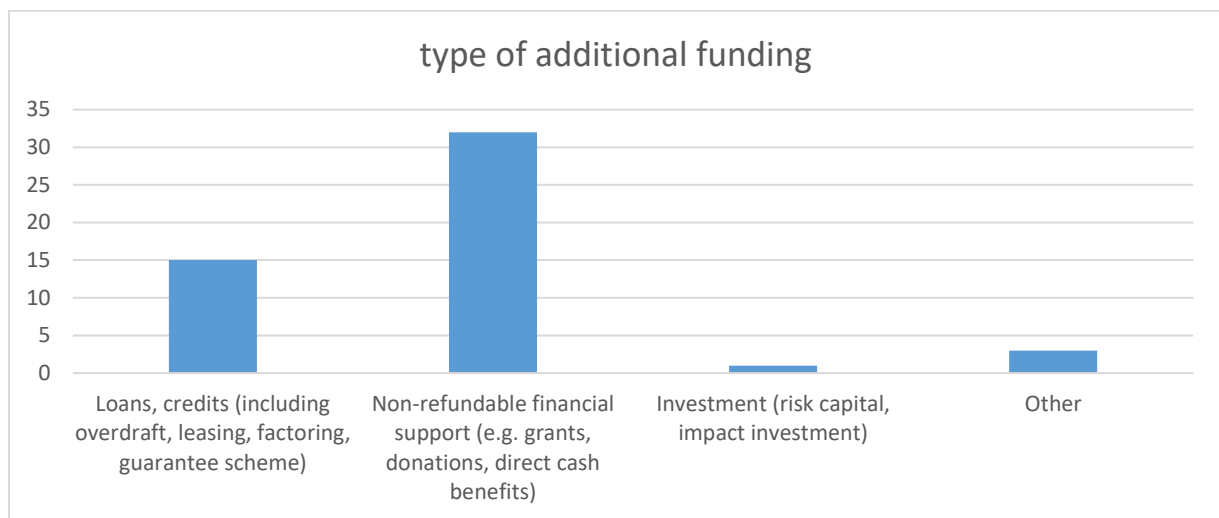
A clear majority of the respondents (58%) introduced internal mitigation measures in the last 18 months in order to limit the impact of the COVID-19 pandemic. Mitigation measures were the most frequent in Moldova (10) where all respondents but one did introduce some measures. In Bulgaria (8), Serbia (7) and Austria (4), the majority of the respondents also resorted to internal mitigation measures. This was least common in Slovakia (4) and Croatia (7). In all countries, the **two main mitigation measures taken were temporary pause of activity (34) and reducing the number of active employees (32)**. Holding back and postponing bill payment came as third measure (18). In most cases, the respondents mentioned a **combination of different measures**. In addition, several respondents (5) mentioned **digitalisation** (including creation of online services and focus on online sales) as mitigation measure. Other individual mitigation measures mentioned included work optimisation, the reduction of production, postponing development, and paid leave.

32 respondents, that is about **one third (31%)**, mentioned that their enterprise had to resort to **layoffs**. In half of the cases, no specific group was targeted, but when it was the case, then employees with short-term or fixed-term contracts came first, then employees with reduced working capacities and employees over 50 years.

A slight majority (55) of the respondents involved additional funding in order to mitigate the impact of the COVID-19 pandemic on their organization. This was most common in Serbia (9), Moldova (7) and Austria (4) where more than half did and the least common in Hungary (4) where only one third did. **Non-refundable financial support (e.g. grants, donations, direct cash benefits) was by far the most used funding (36)** – see Figure 3. In **second place came loans and credits (15)**. If state aid is helpful, companies that benefit from such aid should be aware of the conditions tied to it (i.e. that this aid has to be paid back). In Bulgaria, the majority of entrepreneurs admitted their unwillingness to apply for business loans as the terms and conditions would aggravate and not improve their situation. Respondents also mentioned various other source of additional funding such as crowdfunding (2), personal savings or loans (2), but also EU/national projects (2), and private people or companies (2). **The additional funding mainly came from the state (22, that is about 40%) and from foundations (17, that is about 30%)**. In 25% of the cases, the respondents got additional funding from several sources.

D7.1.3 Chapter on COVID effects

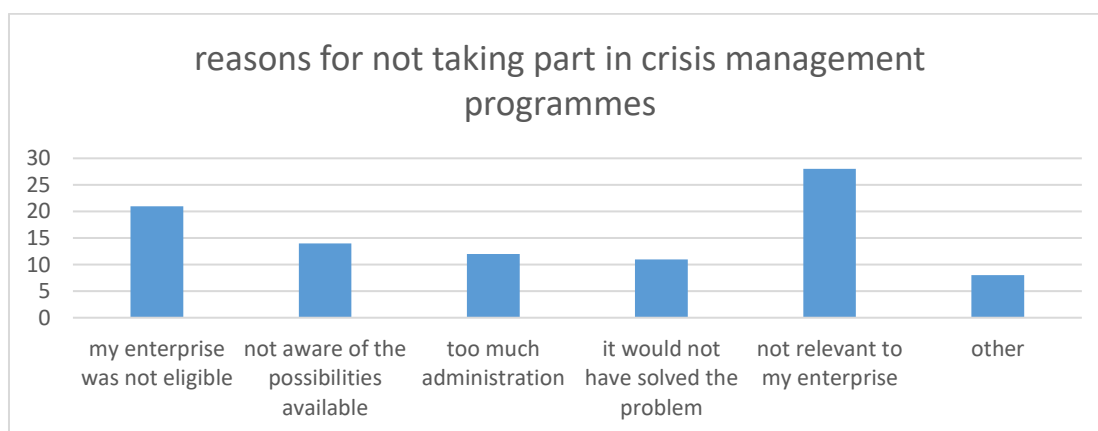
Figure 3: Type of additional funding



The **participation in a state, regional or municipal crisis management program was rather uncommon** among the survey respondents (15), especially in Serbia where no one did. Among those who did, short-term work (loss compensation - subsidy for temporary reductions in the number of hours worked) and special tenders / calls for proposals were the most frequent ones (6 both) and then job protection wage subsidy (4). In Austria and Germany the system of “*Kurzarbeit*” (reduced working time compensated with subsidized salaries) sustained and helped unburden business.

When we look at the reasons for not taking part in any state, regional or municipal crisis management program, this **low participation is mainly due to the fact that these programmes were not relevant to the enterprise (33) and/or the enterprise was not eligible (21)**. Many non-profit-oriented SEs have been unable to take advantage of many government assistance programs due to funding conditions. 14 respondents, which makes about **15%, answered that they were not aware of the possibilities available**. This is the third most cited reason for not taking part in such programmes, which shows the need for better, more visible and targeted communication to raise awareness about such possibilities.

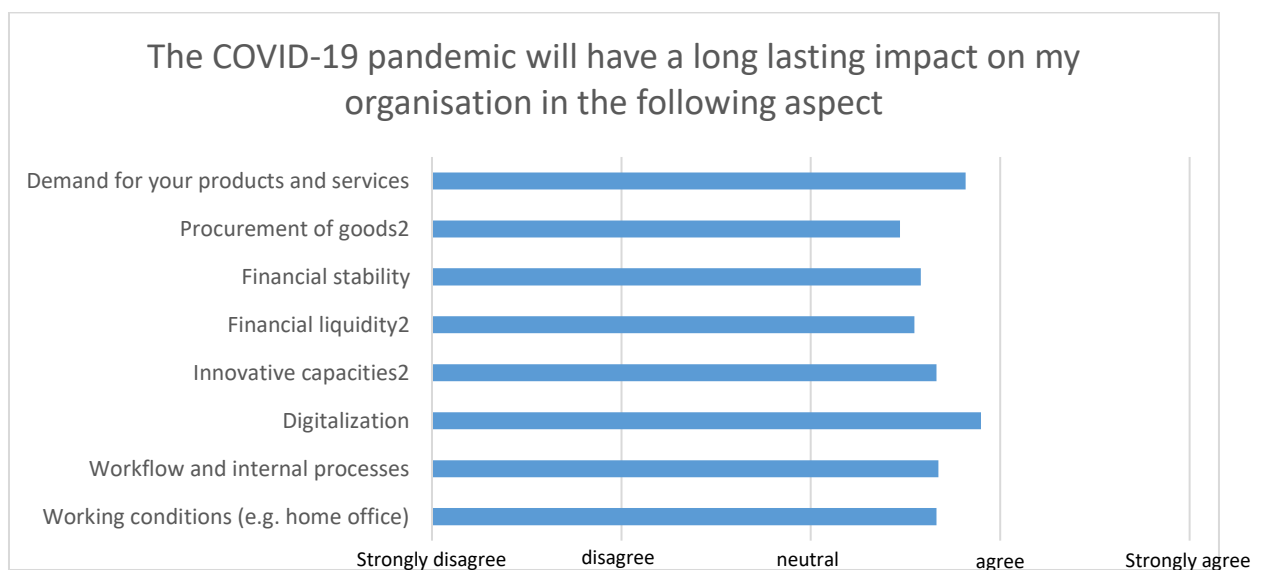
Figure 4: Reasons for not taking part in crisis management programmes



3.3 On the expectations for the future

Regarding the areas in which the COVID-19 pandemic will have a long-lasting impact on their organisations, the answers suggest that the current pandemic is expected to have lasting effects in most aspects: **digitalization (77)**, **demand for products and services (73)**, but also **workflow and internal processes (67)**, **working conditions** (including home office) (63), **innovative capacities (57)**, **financial stability (57)** and **financial liquidity (52)** (see Figure 5). Interestingly, this covers all areas, independent of their negative or positive impact in the first place. The corona crisis can be truly understood as having led to a fundamental change in many areas.

Figure 5: Aspects on which the COVID-19 pandemic will have long-lasting impact on responding organisations



Digitalization

75% of the survey respondents (77) agree or strongly agree that the COVID-19 pandemic will have a long-lasting impact on the aspect of digitalisation though this position is less shared in Slovakia and Serbia.

Workflow and internal processes

A clear majority (67) agrees or strongly agrees that workflow and internal processes will be for long impacted by the crisis. It is especially the case for Bulgarian and Croatian SEs.

Working conditions (e.g. home office)

63 respondents agree or strongly agree with the statement that the COVID-19 pandemic will have a long-lasting impact on the working conditions in their organisation. The most agreement is noticeable in Bulgaria (11) and Germany (9) were all but one agree as opposed to Slovakia (3) and Hungary (4) where only about one third agree.

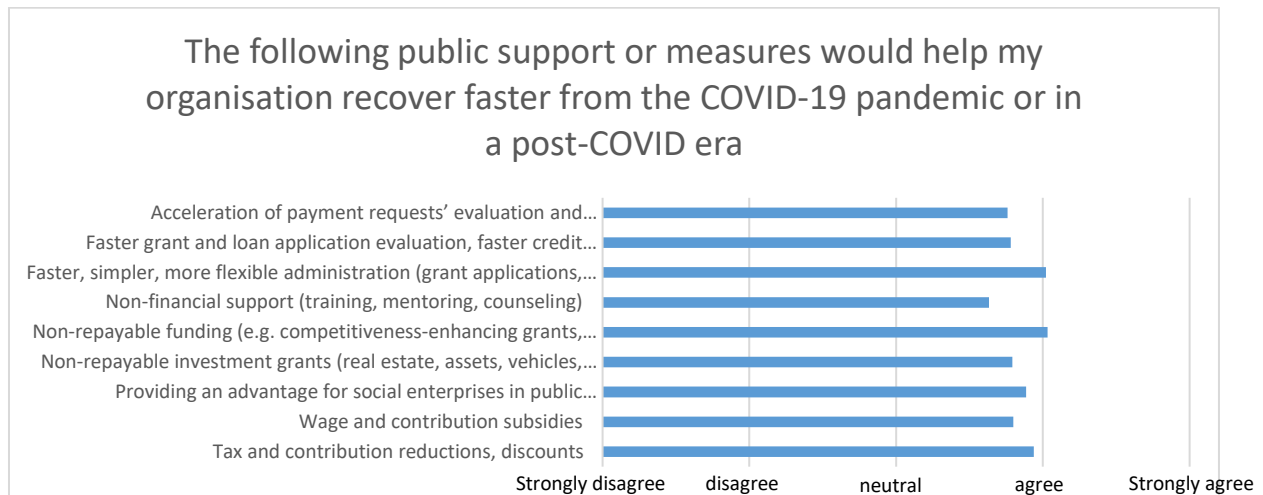
Innovative capacities

A slight majority (57) agree about the expected lasting impact of the crisis on the innovative capacities of their enterprises. This opinion is most strongly shared by Bulgarian (10) and German (7) SEs.

D7.1.3 Chapter on COVID effects

Concerning **public support or measures that would help the SEs to recover faster from the COVID-19 pandemic or in a post-COVID era**, respondents from all countries rather agree with all aspects but a majority of the respondents especially agree that **faster, simpler, more flexible administration (82); non-repayable funding (80), tax and contribution reductions, discounts (76)** but also **wage and contribution subsidies (70)** would be needed (see Figure 6 below).

Figure 6: Public support measures that would SEs recover faster from the COVID-19 pandemic or in a post-COVID era

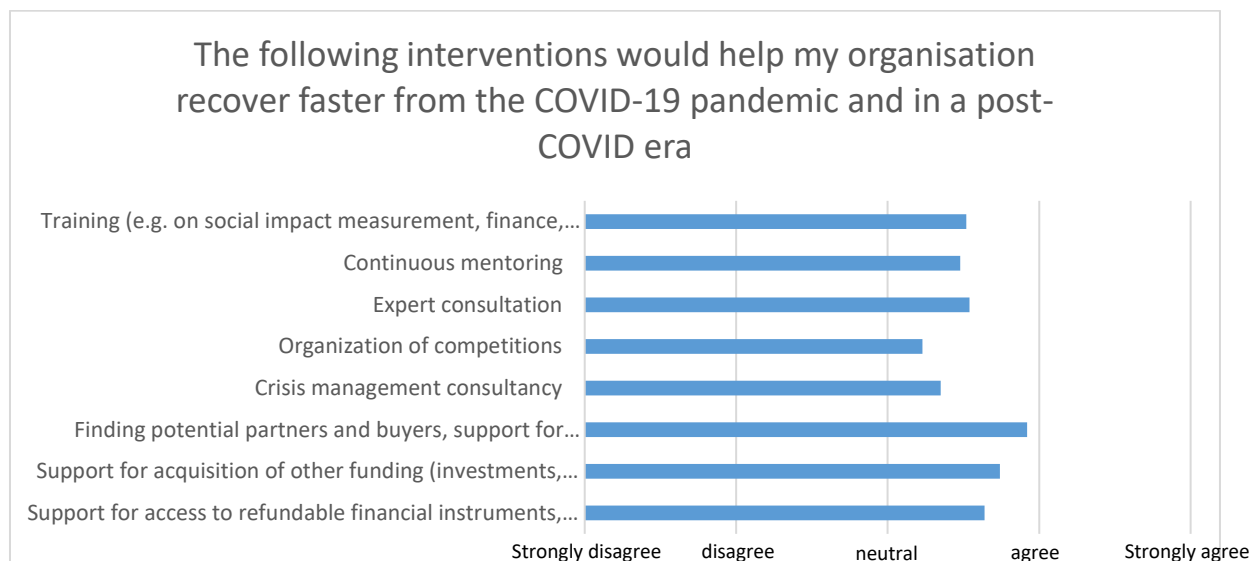


German respondents agree to a lesser degree than other countries on the need for non-financial support and for the acceleration of payment requests' evaluation and reimbursements. On the first item (non-financial support), not only are Germany the only country that mention negative opinion but in fact half of the German respondents disagree. Germany is also the only country that is neutral towards the acceleration of payment.

Respondents also suggested further public support or measures including support programmes supporting digitalisation (and the investment in purchasing the needed technical equipment), green procurement for refurbished ICT equipment, bridging loans, continuation of Corona Matching Fund (in Germany).

When asked about which interventions would help their organisation recover faster from the COVID-19 pandemic and in a post-COVID era (see figure 7), respondents from all countries rather agree with all aspects, though most with **finding potential partners and buyers (78)** and **support for acquisition of other funding (investments, crowdfunding, etc.) (68)**. SEs from Hungary, Moldova and Serbia particularly strongly agree on the need for support in finding potential partners. Concerning support for acquisition of other funding, Serbian respondents stand out with their agreement on this measure. On the other hand, only German respondents disagree with the need for such intervention measure. A majority of respondents from all countries agree with the need for **Support for access to refundable financial instruments, loans (60), expert consultation (56), training (56)**. German respondents are again the ones that least agree on the need for expert consultation and training. This translates the higher degree of maturity of the German ecosystem.

Figure 7: Interventions that would help SEs recover faster from the COVID-19 pandemic or in a post-COVID era



Answers of the respondents specifying the kind of interventions needed (especially regarding expert consultation, continuous mentoring and training) were synthesized and categorized in 10 areas, which are mentoring and training on:

1. **(digital) sales, marketing and communication** (improving sales skills, gaining new customers, digital marketing, advanced selling techniques in B2B field, improving negotiation skills, better communication with business partners and end-users, connecting with potential partners and companies, assertive communication)
2. **Export** (support in exporting goods, establishing connections to export market)
3. **Professional support in administrative procedures / in writing and conducting applications / finding tender/funding resources**
4. **Crisis management**
5. **Digitalisation and optimisation of work process** (introduction of standards, business optimization)
6. **Financial management and administration** (including negotiation within procurement processes)
7. **Social impact measurement**
8. **Human resource management** (including people management, leadership, finding the right employee)
9. **Organisation development** (scaling business, strategy)
10. **Ecosystem building** (partnership, connection with relevant clusters, networks and value chains)

4 Conclusions and recommendations

To conclude, the COVID-19 pandemic had a huge impact on SEs in the Danube region in the last 18 months. Social enterprises whose business model is difficult to adapt to the changed conditions, such as cultural institutions and services where personal contact is indispensable, were hit particularly hard.

D7.1.3 Chapter on COVID effects

They are now just as dependent on state support as are classically profit-oriented companies that had to close their doors temporarily.

This **impact has not only been manifold and deep, it is also expected to last - which shows the disruptive character of this crisis**. The pandemic, with its share of restrictions, fundamentally changed the operations of the social enterprises. The **crisis showed the high resilience and innovative capacity of SEs** who were able to reorganize themselves (notably in terms of their business models, working conditions, workflow and internal processes) and their products/services. It also **forced them to embrace digitalization in a quicker and deeper manner** than most would otherwise have done. The proven ability of social entrepreneurs to implement innovative solutions to complex social problems, even against resistance, is benefiting them in the corona crisis. As a result, many were able to quickly create innovative digital offerings and acquire new funding. Finally, albeit hard, the COVID-19 pandemic proved to be an **opportunity for the majority of the participating SEs with a clear increase in the demand for their products and services**. The visibility of social enterprises has increased since the COVID-19 crisis erupted. This is due in no small part to the additional services that many social enterprises have developed for their target groups during the crisis. In addition, there are start-ups specifically designed to find solutions to the challenges related to COVID-19. Nevertheless, support – notably from public institutions – remains key for many SEs.

Based on the results of the survey, a **number of recommendations** can be made in order to develop public funds, tools and measures for financing social enterprises, increase the (financial) resilience of social enterprises and make them more attractive for private investors in the COVID-19 and post-COVID era. The recommendations are pooled in three main thematic categories:

Portfolio of funding possibilities for SEs

1. Continue or develop wage and contribution subsidies as it proved very helpful to social enterprises
2. Support access to funding especially non repayable funding but also to refundable financial instruments and loans
3. Offer tax and contribution reductions, discounts to social enterprises
4. Support development of municipal programmes such as the Crisis as Opportunity Programme in Sofia as they allow a perfect fit with the specificities and needs of the local enterprises / ecosystem. Besides such programmes can be easily transferred and replicated to other cities not only in Bulgaria but also in other countries
5. Better and targeted communication / raise awareness about funding possibilities and programmes available for social enterprises since as shown earlier in the report 15% of the respondents mentioned that they were not aware of the possibilities available

Practical access to funding:

1. Support social enterprises in applying for funding (e.g. tenders, project applications, procurement, investment, crowdfunding) – develop their capacity, skills and know-how regarding application for funding
2. Encourage faster, simpler and more flexible administration

Support to sustainable business development / investment-readiness:

1. Build the capacity of social enterprises through training, mentoring and expert consultation on various topics (see notably the suggestions mentioned earlier)
2. Support development of digital services and competences in digital sales and marketing of social enterprises
3. Help social enterprises find potential partners and buyers to enable them to develop their business
4. Support digitalisation and work process optimization of social enterprises

Annex I: Full Questionnaire

Survey on the effects of the COVID-19 pandemic on social enterprises in the Danube region

Filling this questionnaire will take you about 15 minutes.

If you have any questions regarding the questionnaire, please feel free to contact:

Clémentine Roth (clementine.roth@steinbeis-europa.de)

Link to online questionnaire: <https://forms.office.com/r/PKB39dzVWm>

Basic information

1- Name of your organization*

2- Country of origin of your organization (in case of a transnational organization, country where the headquarters are located)*

D7.1.3 Chapter on COVID effects

- 3- Legal form of your organization ((e.g. non-profit limited liability company, association, registered social enterprise)*)

Impact of the COVID-19 pandemics

- 4- Which impact did the COVID-19 pandemic have on your organization in the last 18 months on the following aspects:*

- 1. Work schedules
- 2. Working conditions
- 3. Workflow, internal processes and communication
- 4. Digitalization
- 5. Innovative capacities
- 6. Production of goods
- 7. Provision of services
- 8. Demand for your products and services
- 9. External communication (e.g. with clients, partners, suppliers)
- 10. Procurement of goods
- 11. Financial liquidity
- 12. Planned investments

very negative – negative – neutral – positive – very positive – N/A

- 5- In case the COVID-19 pandemic affected your organization in a way not addressed in the previous question, please specify.

Measures taken to mitigate the impact of the COVID-19 pandemics

- 6- Did your organization introduce internal mitigation measures in the last 18 months in order to limit the impact of the COVID-19 pandemic?*

- 1. Yes (leads to Q7)
- 2. No (leads to Q10?)

- 7- What kind of mitigation measures were these? Multiple answers are possible.

- 1. Temporary pause of activity
- 2. Reducing the number of active employees or their working hours (layoffs)

D7.1.3 Chapter on COVID effects

- 3. Lowering or holding back the salaries of employees
- 4. Holding back and postponing bill payments
- 5. Closing down one or more units, branches or offices
- 6. Other

8- In case your organization introduced other kinds of internal mitigation measures not addressed in the previous question, please specify.

9- If the enterprise had to resort to layoffs, please indicate which groups were the most affected. Multiple answers are possible.

- 1. No specific group can be defined
- 2. Employees with short-term or fixed-term contracts
- 3. Employees under 25 years
- 4. Employees over 50 years
- 5. Employees with lower levels of education
- 6. Employees with reduced working capacities
- 7. Other

10- Did you involve additional funding in order to mitigate the impact of the COVID-19 pandemic on your organization?

- 1. Yes (leads to Q11)
- 2. No (leads to Q14)

11- Please indicate the type of additional funding your organization resorted to. Multiple answers are possible.

- 1. Loans, credits (including overdraft, leasing, factoring, guarantee scheme)
- 2. Non-refundable financial support (e.g. grants, donations, direct cash benefits)
- 3. Investment (risk capital, impact investment)
- 4. Other

12- If you received other types of additional funding, please specify.

13- From whom did your organization get additional funding? Multiple answers are possible.

- 1. State
- 2. Regional and/or local government
- 3. Private banks and investors
- 4. Foundations
- 5. Other

D7.1.3 Chapter on COVID effects

14- If other, please specify.

15- Did your organization take part in any state/regional/municipal crisis management programs in the last 18 months?*

- 1. Yes → leads to Q18
- 2. No → leads to Q20

16- In which kind of state/regional/municipal crisis management program did your organization take part? Multiple answers are possible.*

- 1. Short-term work (subsidy for temporary reductions in the number of hours worked)
- 2. Exemption from social security contributions
- 3. Job protection wage subsidy
- 4. Job-creating wage subsidy
- 5. Deferral of tax payment
- 6. Tax exemption or itemized deduction
- 7. Rent payment exemption
- 8. Vouchers
- 9. Special tenders / calls for proposals

17- If your organization benefited from other kinds of state/regional/municipal crisis management programs, please specify.

18- What was/were the reason(s) for not taking part in any state/regional/municipal crisis management program? Multiple answers are possible.*

- 1. My enterprise was not eligible
- 2. Not aware of the possibilities available
- 3. Too much administration
- 4. It would not have solved the problem
- 5. Not relevant to my enterprise
- 6. Other

19- If your organization had other reasons for not taking part in any state/regional/municipal crisis management programs, please specify.

Expectations for the future

20- Regarding your expectations for the future, please tell us whether the COVID-19 pandemic will have a long-lasting impact on your organization on the following aspects*

- 1. Working conditions (e.g. home office)
- 2. Workflow and internal processes
- 3. Digitalization
- 4. Innovative capacities
- 5. Financial liquidity
- 6. Financial stability
- 7. Procurement of goods
- 8. Demand for your products and services

Strongly disagree – disagree – neutral – agree – strongly agree – N/A

21- In case there will be other long-lasting impacts in your organization, please specify.

22- Would the following public support or measures help your organization recover faster from the COVID-19 pandemic or in a post-COVID era?*

- 1. Tax and contribution reductions, discounts
- 2. Wage and contribution subsidies
- 3. Providing an advantage for social enterprises in public procurement (application of EU regulations on socially responsible public procurements in domestic practice)
- 4. Non-repayable investment grants (real estate, assets, vehicles, stocks)
- 5. Non-repayable funding (e.g. competitiveness-enhancing grants, innovation grants, human resource development grants)
- 6. Non-financial support (training, mentoring, counseling)
- 7. Faster, simpler, more flexible administration (grant applications, loan applications, tax matters)
- 8. Faster grant and loan application evaluation, faster credit evaluation
- 9. Acceleration of payment requests' evaluation and reimbursements

Strongly disagree – disagree – neutral – agree – strongly agree – N/A

23- If other kinds of public support and measures would be needed, please specify.

D7.1.3 Chapter on COVID effects

24- Would the following interventions help your organization recover faster from the COVID-19 pandemic and in a post-COVID era?

- 1. Support for access to refundable financial instruments, loans
- 2. Support for acquisition of other funding (investments, crowdfunding, etc.)
- 3. Finding potential partners and buyers, support for market access
- 4. Crisis management consultancy
- 5. Organization of competitions
- 6. Expert consultation
- 7. Continuous mentoring
- 8. Training (e.g. on management & governance, social impact measurement, finance, scaling, or communication)

Strongly disagree – disagree – neither agree nor disagree – agree – strongly agree

25- Please specify the kind of interventions needed (especially regarding expert consultation, continuous mentoring and training).

26- Is there something you would like to add (for instance an aspect or issue that has not been addressed)?

27- Are you interested in the results of this survey?*

- 1. Yes
- 2. No

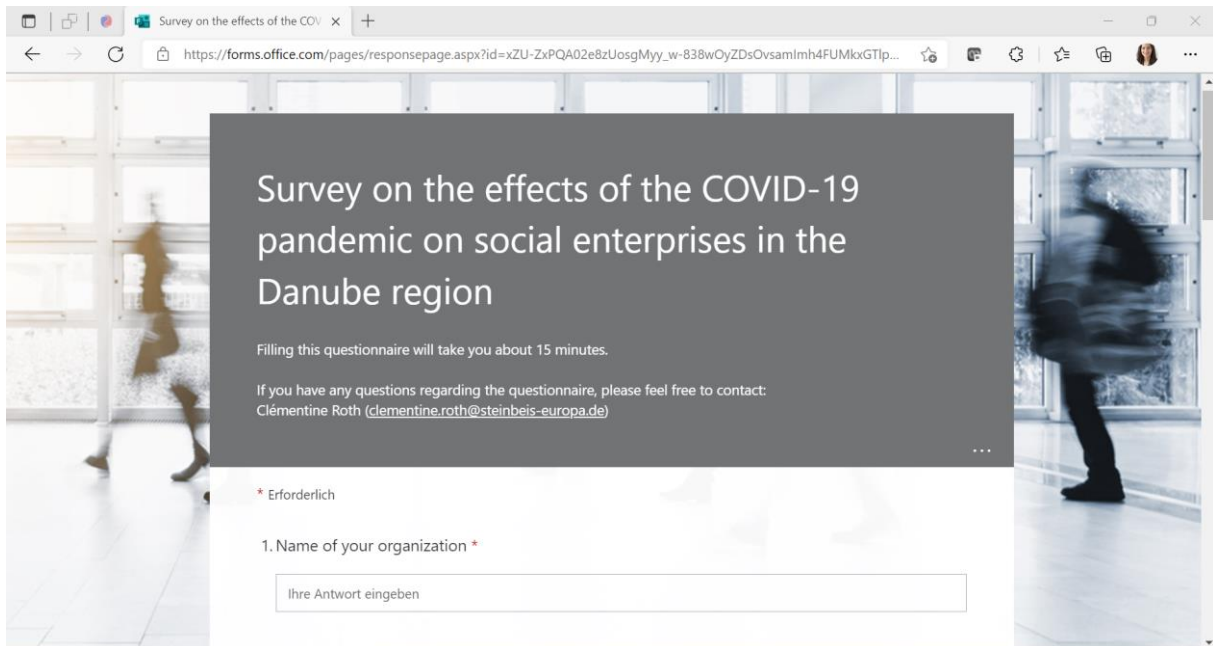
If yes

28- Your name*

29- Your e-mail address*

Thank you very much for your answers and for the time taken to fill this questionnaire!

Annex II: screenshots of the online questionnaire



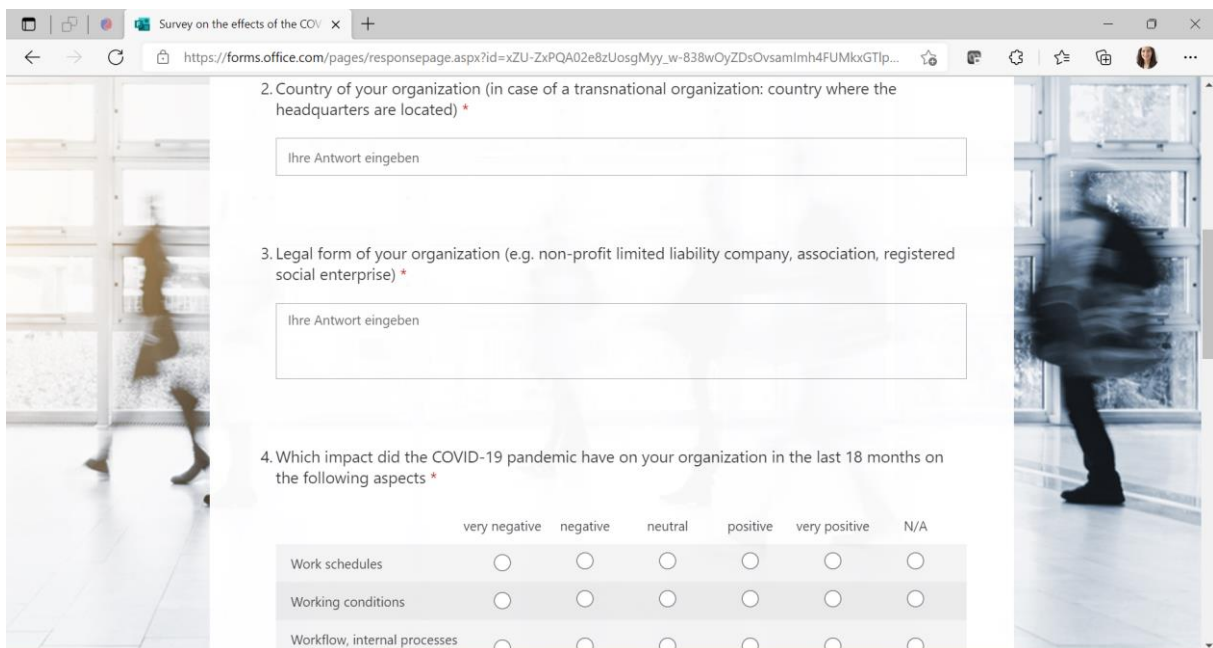
Survey on the effects of the COVID-19 pandemic on social enterprises in the Danube region

Filling this questionnaire will take you about 15 minutes.

If you have any questions regarding the questionnaire, please feel free to contact: Clémentine Roth (clementine.roth@steinbeis-europa.de)

* Erforderlich

1. Name of your organization *



2. Country of your organization (in case of a transnational organization: country where the headquarters are located) *

3. Legal form of your organization (e.g. non-profit limited liability company, association, registered social enterprise) *

4. Which impact did the COVID-19 pandemic have on your organization in the last 18 months on the following aspects *

	very negative	negative	neutral	positive	very positive	N/A
Work schedules	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Working conditions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Workflow, internal processes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>