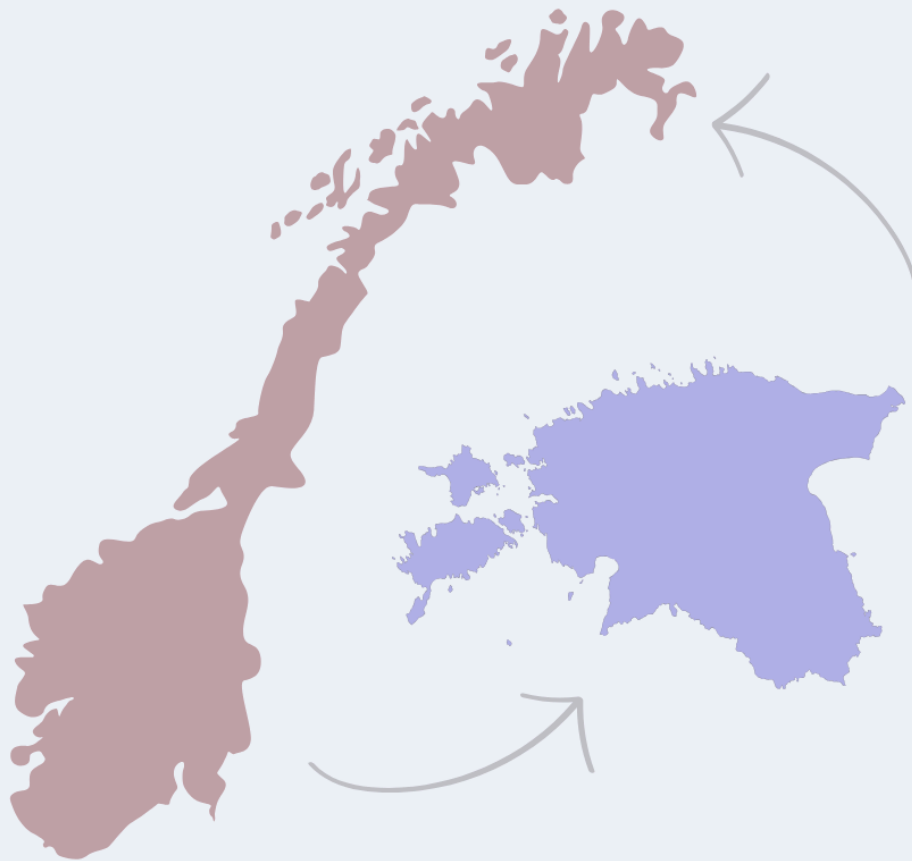


# Strengthening Social Entrepreneurship in Estonia: Policy Recommendations Informed by the Norwegian Experience

## Creating Fertile Ground for Social Enterprises



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# 1 Creating Fertile Ground: Cross-Border Strategies to Empower Social Enterprises in Norway and Estonia

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Social enterprises play an increasingly important role in addressing complex social and environmental challenges across Europe. In both Estonia and Norway, social enterprises face persistent obstacles: limited access to tailored funding, fragmented support structures/ecosystems, low visibility, and weak peer networks. Building a fertile ground for social enterprises in Estonia, inspired by experiences from Norway, requires coordinated policy adjustments, strengthened support systems, and closer links between commercial entrepreneurship and social innovation.

This policy document, part of the One Vision project, is based on insights from a series of webinars with social entrepreneurs, social enterprises, and policymakers from Estonia and Norway, supported by written and audio documentation. It aims to inform and inspire Estonian policymakers by providing actionable steps to strengthen the infrastructure for social and impact entrepreneurship, drawing from Norwegian experiences. In this context, impact entrepreneurship refers to ventures that combine financial sustainability with creating positive social, environmental, or community outcomes.

An important and perhaps surprising finding from this project is that, despite operating in very different landscapes, social enterprises in Estonia and Norway encounter many of the same persistent challenges. Recognizing these shared barriers opens a window for mutual learning and targeted improvements. Although the ecosystems differ in maturity and structure, selected good practices from Norway can serve as valuable

inspiration for developing a more fertile and coordinated environment for social enterprises in Estonia. Later sections will briefly touch on deeper structural, cultural, and institutional factors, such as differing welfare state models, that also help explain variations between the two contexts.

The recommendations presented here seek to update and complement existing national strategies and advocacy efforts, fostering a more supportive environment for social innovation and entrepreneurship.

By encouraging collaboration and cross-border learning, Estonia and Norway can together cultivate more fertile ecosystems where social enterprises thrive.

## **1.1 Approaching Social Enterprise: A Common Ground**

In the Nordic context, social entrepreneurship is often understood as entrepreneurial activity aimed at creating social value while ensuring financial sustainability (Sætre, 2022; Hauge & Wasvik, 2017). A social entrepreneur typically initiates and drives forward innovative solutions to social problems across the public, private, and voluntary sectors (Gawell, 2014), while a social enterprise combines commercial activities with a core social or environmental mission, reinvesting profits to further societal goals (Sætre & Hauge, 2023; Defourny & Nyssens, 2014). Social entrepreneurship captures the broader process of creating, developing, and scaling such initiatives (Hauge & Wasvik, 2017).

In recent decades, these concepts have gained increasing attention globally and regionally as responses to pressing social and demographic challenges (Saebi et al., 2019). Our focus in this document lies with social

enterprises as key actors, realizing social innovation through entrepreneurial practices.

SEs remain a diverse and evolving field, shaped by varying social, political, and cultural contexts (Defourny & Nyssens, 2014). While academic discussions have provided more conceptual clarity (e.g. Defourny, Hulgård & Pestoff, 2014), scholars caution against rigid definitions, emphasizing the importance of context (Defourny et al., 2021).

Unlike Estonia, some Baltic countries like Latvia and Lithuania have adopted legal frameworks that provide clearer definitions and political recognition of social enterprises. For example, Latvia's Social Enterprise Law defines a social enterprise as a limited liability company granted official status for conducting economic activities that generate a positive social impact (Urmanaviciene & Praakli, 2021). In Estonia, the organization Social Enterprise Estonia ([sev.ee/en/](http://sev.ee/en/)) emphasizes sustainability, impact measurement, the reinvestment of at least 50.1% of profits, and a focus on goods or services sales (Social Enterprise Estonia, 2022). In Norway and the broader Nordic region, SEs often blend sectoral logics, positioning themselves between welfare services, business, and voluntary work (Sætre, 2022; Gawell, 2014; Hauge & Wasvik, 2017). SEs in Norway have to navigate a strong welfare state (Sætre, 2023), while SEs in Estonia, a liberal, post-socialist context, might compel such enterprises toward a more market-driven model (Urmanaviciene & Praakli, 2021).

In this project, One Vision, we adopt the European Commission's understanding of social enterprises as entrepreneurial organizations operating in the market with a primary social and/or environmental objective. Profits are mainly reinvested to achieve these aims, and

governance structures often follow democratic or participatory principles, adapted to national contexts (European Commission, 2021, p. 5).

## **1.2 Structure of policy document**

When aiming to understand context specific characteristics that affect SE's opportunities to reach their goals, it is useful to investigate the traits attributed to SE's in relation to other welfare providers (Sætre & Hauge, 2023), their potential competitiveness, their opportunity to provide services for the common good and sustainable social entrepreneurship. Exploring this will enable us to raise awareness of SE and contribute to cooperation between experts in Estonia and Norway, as well as develop policy recommendations for Estonian policymakers.

The structure of this policy document is designed to guide Estonian policymakers in supporting social enterprises, building on experiences and insights from Norway. We start by describing the current landscape and climate for social enterprises in both Norway and Estonia, identifying challenges and opportunities in each context. This is followed by a short comparative analysis of the ecosystems and policy levels for SE in both countries, summarizing key insights and differences, supported by detailed tables in the appendices. Inspiring examples of best practice from Norway are highlighted to illustrate innovative approaches and strategic collaborations that have proven successful. Finally, the analysis culminates in concrete policy recommendations for Estonia, developed on the basis of the identified challenges and potential that emerged in discussions with social entrepreneurs, social enterprises, ecosystem actors, and policymakers.

## 2 Backdrop and Current climate

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### 2.1 Norway

SEs in Norway vary in focus areas, organizational structures, and the balance between social and economic aspects. There is no specific legal framework for social enterprises, requiring actors to adapt to existing regulations (Ingstad & Loga, 2016). The field lacks clear distinctions, and the term itself is inconsistently used in public discourse (Kobro, 2022).

SE in Norway is a contested concept with no clear definition. Different actors, including social enterprises and political and economic stakeholders, have varying views on how commercial strategies can be used to address social challenges. According to Esping-Andersen's typology, Norway is categorized as a Social Democratic welfare state, characterized by universalism, equality, and state responsibility (Esping-Andersen, 1990). For many decades, the state has played a dominant role in providing welfare services, in close collaboration with the voluntary sector (Loga, 2016). There is still consensus that the state should protect citizens from dependence on family, market forces, and charity (Hauge & Wasvik, 2017).

At the same time, the welfare state faces increasing pressure, particularly in areas such as labor inclusion, housing policy, education, elderly care, migration, addiction, and mental health. While social innovation remains limited, interest in new solutions is growing (Meld. St. 14 (2020–2021); Meld. St. 19 (2018–2019); Meld. St. 29 (2016–2017); Meld. St. 30 (2019–2020); Meld. St. 32 (2020–2021)). SE remains marginal in Norway compared to other European countries but is recognized as an important driver of social innovation (Sætre, 2023).

Both political and private actors see SE as a means to increase local value creation, improve welfare services, and develop more inclusive labor market solutions (Ingstad & Loga, 2016). SE can also contribute to the transition from a state-centered welfare model to a hybrid model where multiple actors share responsibility for social value creation (Sætre & Hauge, 2023). The historically strong public sector cannot solve future social challenges alone, making SE a valuable resource in the search for new solutions (KDD, 2017).

### **2.1.1 Challenges and Opportunities for SEs in Norway**

There is no definitive overview of social enterprises (SE) in Norway, but estimates suggest between 295 and 380 enterprises, primarily structured as limited companies or voluntary organizations (Kobro, 2019). Eimhjellen and Loga (2016) identified around 400 businesses that could potentially be classified as social enterprises. Mapping SEs in Norway remains difficult due to the lack of a standardized definition, a key challenge. Many enterprises either avoid the term, use it for branding or funding, or are unfamiliar with it. As a result, the number of SEs identified varies depending on the criteria used (Sætre, 2023).<sup>1</sup>

The sector is growing, with most SEs being relatively young and active in social integration, labor inclusion, community development, youth, and health. Their funding comes from a mix of market revenue, private donations, and public support (Enjolras et al., 2021).

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<sup>1</sup> For examples on components of SE's ecosystem in Norway, see table 1



Another hurdle SEs in Norway must navigate is integrating new ideas into Norway's rigid public sector. This poses challenges. Many institutional actors follow a public-sector logic, making it difficult for SEs to balance their hybrid commercial-social nature. They might use strategies like decoupling (symbolic compliance with public demands), selective coupling (blending different practices), and structural separation (creating separate legal entities) to navigate these tensions (Sætre, 2023).

Finally, SEs also face pressure from the ongoing "welfare profiteer" debate, which questions whether private entities should profit from public welfare services. This growing skepticism forces SEs to distance themselves from market-driven motives (especially SEs in areas like health and social inclusion services), affecting their business models and legitimacy (Sætre, 2023). In Norway, ideological perspectives on social enterprises differ: right-leaning views emphasize efficiency in public service delivery, while left-leaning views stress empowerment and democratization. This tension is explored by Sætre and Hauge (2023).

Operating in quasi-markets, SEs compete for public contracts and adapt to government criteria, sometimes incorporating volunteer work for political legitimacy. While their hybrid nature creates challenges, SEs can drive welfare innovation. Their long-term success, however, depends on public trust and political support (Sætre, 2023).

## **2.2 Backdrop and Current climate: Estonia**

According to the Estonian Social Enterprise Monitor 2021-2022, social entrepreneurship is still a developing field. Social enterprises in Estonia focus mainly on health, education, and social services. Many of these enterprises work with vulnerable or marginalized groups, such as people

with disabilities. The sector reflects strong commitments to social inclusion and gender equality, with 60% of SEs having women in leadership roles.

Estonia's welfare and social enterprise systems reflect a post-socialist hybrid model, combining market-liberal reforms with residual elements of the former centralized economy (Urmanaviciene & Praakli, 2021). Although Estonia has created a favorable environment for entrepreneurship, it lacks a supportive legal framework and extensive welfare provisions, aligning it more closely with liberal welfare characteristics (Urmanaviciene & Praakli, 2021; European Commission, 2019).

Estonia's relatively small and centralized welfare state provides limited but growing support for SEs. Public sector cooperation remains important, yet the legal and institutional environment still lacks tailored funding schemes and long-term financial tools for SEs. The concept of social enterprises is increasingly present in public discussions, but general awareness among consumers and stakeholders remains low (Kangro & Lepik, 2023; Estonian Social Enterprise Monitor, 2021–2022).

Despite these limitations, SE is viewed as an important contributor to societal well-being, especially as state capacity is stretched by demographic and social pressures. The sector benefits from EU and national grants, private donations, and market revenues, although income often barely covers operating costs (Estonian Social Enterprise Monitor, 2021–2022).

## 2.2.1 Challenges and Opportunities for SEs in Estonia

Social enterprises in Estonia face persistent challenges in achieving financial sustainability. They depend on diverse income streams—including public funding, EU support, and commercial income—but these resources are often insufficient for long-term stability. One of the main barriers identified is limited access to long-term capital (19.6%), alongside overly complex public funding mechanisms and weak advocacy structures (Kangro & Lepik, 2023; Estonian Social Enterprise Monitor, 2021–2022).

Awareness of SEs among clients and the general public is low (13.7%), which impacts market opportunities and limits support. Additionally, leadership and management capacity pose challenges for many SEs, especially in scaling up operations. The pressure to balance social impact with financial viability is intensified by rising operational costs, which 68.6% of SEs consider more decisive than impact or environmental concerns when making procurement decisions.

Nonetheless, the sector shows resilience and ambition: 86.3% of Estonian SEs plan to expand their products or services in the near future. Although only a minority consistently measure their social impact, more than half (51%) engage in some form of impact assessment, and 25.5% consider their impact model a core innovation. The future growth of the sector will depend on strengthening support structures, improving access to funding, and increasing public recognition of SEs as valuable contributors to social innovation (Estonian Social Enterprise Monitor, 2021–2022).

### 3 Comparison Section: Focused on Actor, Ecosystem, and Policy Levels for Social Enterprises

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When comparing the landscape for social enterprises in Norway and Estonia, three main levels emerge: actor level, ecosystem level, and policy level. This section summarizes key insights from a comparative analysis of social enterprises, based on research and webinar discussions. The analysis, detailed in Appendices Tables 1-4, is crucial for identifying how Estonia can create "fertile ground" for social enterprises by learning from Norway's experiences. These examples offer a snapshot of broader trends and should not be seen as a comprehensive overview.

Drawing on the provided backdrops and the summary tables (see Appendices Tables 1–4), the following insights can be highlighted:

#### **Actor Level (Social Entrepreneurs Themselves)**

At the actor level, both Estonian and Norwegian social entrepreneurs share a strong commitment to combining social impact with business activities. However, key differences exist:

- In Estonia, social enterprises are more narrowly defined, with requirements such as reinvesting at least 50.1% (Social Enterprise Estonia, 2022) of profits into social purposes (Appendices Table 3).
- In Norway, there is no formal legal definition for social enterprises, leading to a broader and more diverse field (Appendices Table 3). Entrepreneurs operate in a more hybrid space, balancing welfare innovation with business strategies.

- Both Norwegian and Estonian SEs face great challenges regarding financial sustainability, often struggling with limited long-term funding (Appendices Table 4). Overall, financial sustainability is a key struggle for many social enterprises, often limiting their long-term planning and growth potential.
- Norwegian SEs may adopt hybrid business models and may access philanthropic investment and public-private partnerships; however, funding remains a significant challenge for many. While notable funders like Ferd, TD Veen, Kronprinsparets Fond, Sparebankstiftelsen, and Kavli-fondet provide support, philanthropic contributions are relatively limited compared to other countries and may be partly motivated by CSR or ESG objectives—an area that warrants further empirical investigation. Moreover, SEs must navigate a strong public-sector logic and increasing skepticism related to “welfare profiteering,” making both scaling and long-term sustainability difficult.

### **Ecosystem Level (Support Structures, Networks, and Incubators)**

The ecosystems supporting SEs differ substantially:

- Norway’s ecosystem may appear more developed, with incubators, accelerators, foundations, and public support programs such as SoCentral, FERD Social Entrepreneurs, and Impact StartUp (Appendices Table 1). However, it remains relatively small, fragmented, and mainly concentrated in the Oslo region. Support structures are widespread geographically and cover a range of business development, mentoring, and impact measurement needs.

The ecosystem can be seen as still in development. Some parts of the ecosystem may also be a better fit for regular entrepreneurship. There are some key actors that shape and support the SE ecosystem in Norway, including philanthropic foundations such as Ferd, Kronprinsparets Fond, and TD Veen; innovation hubs and incubators like Samfunnssentralen and SoCentral; as well as private funding institutions such as Sparebankstiftelsen and the Kavli Fund. Additionally, the two public funding schemes administered by NAV play a central role in enabling social enterprises to operate and scale.

- Estonia, while showing positive developments, still has a fragmented support system, heavily reliant on a few key players like Sustainability Estonia and the Good Deed Foundation (Appendices Table 2). There is a growing but limited integration of SEs into mainstream startup ecosystems.
- Norway demonstrates stronger integration between social enterprises and public-sector actors, partly through emerging models like impact bonds that facilitate collaboration with social innovators. However, while impact bonds exist, their adoption remains limited, and their effectiveness varies depending on municipal context, local priorities, and resource availability.
- Estonia's ecosystem remains more isolated, and social enterprises report needing better coordination and advocacy.

## **Policy Level (Legal Frameworks, Funding Access, Public Cooperation)**

At the policy level:

- Estonia provides some legal recognition through the non-profit form (MTÜ) and encourages social entrepreneurship through public discussions, but tailored funding tools and legal frameworks remain underdeveloped (Appendices Table 3).
- Norway lacks a specific SE legal form, but SEs benefit indirectly from broader welfare and innovation policies. Recent efforts to pilot new service delivery models and measure social impact (such as the Effektlab pilots) show how SEs can work within the public sector despite lacking formal legal status.
- Funding models vary: in Norway, SEs access a broader variety of funding sources, including innovation grants, philanthropic investment, and municipal grants (Appendices Table 4). Estonia has fewer long-term funding instruments, although EU funding and national initiatives like the NULA incubator offer some support (Appendix Table 4).
- Both countries face challenges in systematically using social clauses in public procurement to favor SEs, but Norway appears slightly more advanced in piloting outcome-based funding models. While Norway may appear to be more advanced in piloting funding, sustained support beyond the initial pilot phase poses a significant challenge. Pilot funding offers valuable opportunities, still, the question of how Norwegian SEs can sustain and institutionalize their activities in the long term remains.

Moreover, broader welfare state structures shape the role and development of social enterprises in both countries. In Norway, the strong welfare state limits the role of social enterprises, forcing them to navigate tensions between public expectations and market logic through strategies like selective coupling and structural separation (Sætre, 2023). In contrast, Estonia's more liberal, market-oriented post-socialist model creates a less supportive environment, requiring social enterprises to rely more heavily on private initiatives and entrepreneurial approaches (Urmanaviciene & Praakli, 2021).

An important and perhaps surprising finding from this project is that, despite operating in very different landscapes - with divergent governance traditions and institutional frameworks - social enterprises in both Estonia and Norway encounter many of the same core challenges. These include financial sustainability, access to long-term funding, public-sector collaboration, and societal recognition of their hybrid role between business and social innovation.

Thus, while Norway offers valuable examples of good practice, it is important to recognize that its social enterprise ecosystem is not yet fully integrated or mature. The ecosystem remains somewhat fragmented and unevenly developed across sectors and regions, with many support structures better suited for general entrepreneurship and voluntary organisations than for specifically fostering social enterprises. Nevertheless, certain initiatives, partnerships, and funding models in Norway provide important lessons that Estonia can draw upon when building its own support structures.



While cross-border policy learning and the exchange of best practices offer valuable opportunities, the effectiveness of such transfers depends on more than replication. Policies and models are shaped by the institutional, cultural, and historical contexts in which they emerge, and their success in one setting does not guarantee suitability elsewhere (Røvik, 2007). For effective implementation, ideas must be dis-embedded from their original context and re-embedded in a new one, requiring thoughtful adaptation rather than direct transplantation. This underscores the importance for policymakers of translating, not copy-pasting, solutions to align with local frameworks. Recognizing shared challenges between countries like Norway and Estonia creates space for meaningful learning, but Estonia's success will depend not only on drawing inspiration from Norwegian practices but on reshaping them to fit its own evolving social, political, and institutional landscape. The following sections highlight examples from Norway intended to inform—not prescribe—the development of a stronger, more coordinated ecosystem for social enterprises in Estonia.

## 4 Best Practice: Examples from Norway

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Norway's social enterprise ecosystem is still evolving, facing unique challenges such as navigating a strong welfare state and a lack of clear frameworks for scaling social innovations. Despite these obstacles, several pioneering organizations demonstrate how innovative approaches and strategic collaborations can overcome barriers and create meaningful social impact. Their success highlights the importance of developing supportive policies, impact measurement tools, and cross-sector partnerships to foster growth and sustainability. Building a more coherent and enabling ecosystem will be crucial for scaling successful social solutions and unlocking their full potential to address societal challenges both in Norway and Estonia.

This overview features three inspiring social enterprises from Norway - PåEkte, Generasjon M, and Unicus - and highlights Effektlab, an organization dedicated to helping Norwegian municipalities and regions develop smarter, more sustainable welfare solutions through collaboration with nonprofit and social enterprises.

### Social Enterprises: PåEkte AS, Generasjon M & Unicus

#### **PåEkte AS**

PåEkte AS is a non-profit company; all profits are used to further develop the concept. The business is built as a social entrepreneurship, where they sell participant activities to public services such as the Norwegian Labor and Welfare Administration (Nav). They provide a low-threshold activity offer to combat youth exclusion with a target group of 16–25-year-olds, but without any upper or lower limit. The activity offer is called Gode ARR,

which stands for Good activities, Good Relations, and Good Routines. Our main activity is beach cleaning. Their goal is to empower young people in Larvik who are outside work and education.

## **Generasjon M**

Generasjon M is a Norwegian social enterprise that tackles youth unemployment and elderly loneliness by hiring young people (aged 14–20) to visit care homes and build relationships with older adults. Their mission is to create meaningful jobs for youth while enriching the lives of the elderly through intergenerational connection. The organization operates through partnerships with municipalities and private funders, using a phased funding model where private investors cover initial costs, and municipalities continue to support if impact goals are met. In 2023, they facilitated 237 youth jobs and over 24,000 visits, with high satisfaction reported by both youth and care facility staff. Generasjon M has been recognized for its innovative and impactful model, including being named Social Entrepreneur of the Year by Ferd.

## **Unicus**

Unicus is a social enterprise that employs autistic professionals as IT consultants in roles like data analysis, software development, and quality assurance. It was established in Oslo in 2008. Their mission is to reduce employment barriers for neurodivergent individuals and showcase the value of neurodiversity. Consultants are supported by job coaches and project managers to ensure successful collaboration with clients. Following a 2023 merger with Unicus, Auticon became the world's largest autistic-majority company. Impact data shows strong results.

## **Effektlab: an ecosystem example**

Effektlab is a nonprofit limited company that helps municipalities and regions in Norway develop smarter and more sustainable welfare solutions in collaboration with nonprofit and social entrepreneurs. They act as a neutral third party, facilitating processes, measuring social impact, and ensuring that successful pilot projects can transition into permanent public services. Effektlab brings interdisciplinary expertise in business development, impact management, law, and communication, and has extensive experience working across the public and private sectors. Their focus is on addressing complex social challenges—such as social exclusion—by connecting public actors with innovative service providers and funding sources. Through thorough insight work, the development of impact indicators, and continuous evaluation, Effektlab contributes to improving and scaling social innovation projects.

## 5 Policy recommendations for Estonia

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The insights gathered from our webinars with social entrepreneurs, ecosystem actors, and policymakers in Estonia and Norway reveal several recurring challenges: limited access to early-stage and long-term funding, fragmented support structures, unclear legal recognition, and a need for stronger capacity-building and impact measurement tools. At the same time, there is strong potential for growth through better coordination, cross-sector collaboration, and tailored support. Based on these findings, the following policy recommendations aim to create a more enabling environment for social enterprises to thrive and deliver lasting social impact.

### **Recommendations for the Government**

#### **1. Encouraging the Delegation of Public Services**

Social enterprises in Estonia can make a significant contribution to achieving national development goals, especially if the environment they operate in becomes more supportive.

Their role is particularly important in delivering public services, as they aim to create value for vulnerable groups, such as people with reduced work ability, young people, and the elderly.

##### **1.1. Considering service quality and community inclusion during the public procurement process.**

#### **Why does this matter?**

When evaluating tenders, it is important to consider not just price but also the quality of service and how the provider involves the community. This

opens the door for cooperation with service providers who bring deeper, long-term benefits to society.

**Recommendation:**

In public procurements related to social services, healthcare, education, youth work, and similar areas, evaluation criteria should go beyond price and formal qualifications. Assess how the provider:

- Collects and analyzes feedback from service users;
- Develops services in co-creation with the target group;
- Continuously evaluates service quality and impact (e.g., on quality of life);
- Involves the target group in governance (e.g., board or membership).

Profit-driven providers often do not focus on these aspects, but social enterprises usually do.

**1.2. Developing a model to assess the socio-economic impact of delegated public services**

**Why does this matter?**

An impact assessment model helps public sector decision-makers compare the costs and benefits of different service delivery options, both financially and socially. This makes it easier to judge when and how it is sensible to delegate services, including to social enterprises.

**Recommendation:**

Create a model for assessing socio-economic impact, similar to the frameworks used for large cultural or sports events. This should include

thematic categories, calculation formulas, and take into account the effect on local communities (e.g., improved quality of life or regional development). The insights could inform funding and cooperation models for delegating services.

### **1.3. Launching pilot projects to test new public services**

#### **Why does this matter?**

Currently, there is no consistent funding mechanism to let mission-driven private organizations test or improve public services. Targeted pilot funding would allow for testing new services at a reasonable pace, measuring their impact, and adopting them if they prove effective.

#### **Example:**

Norway has tried a new approach to developing local public services. While they have not adopted Social Impact Bonds like Sweden, they've piloted a model where a social enterprise has three years to prove the effectiveness of a service. In the first year, the local government covers only 10% of the cost, and the rest is paid by a philanthropic fund. Government funding gradually increases, and by year four, it covers 100%. The service's impact is assessed throughout by independent experts.

#### **Recommendation:**

Introduce a similar pilot funding model. For instance, a government body could initially fund just 10% of a pilot service, with the rest coming from a targeted fund (e.g., philanthropic sources like the Good Deed Foundation funds or alternatives like the National Foundation for Civil Society). The service's impact would be assessed continuously, and if it proves effective, government funding would increase over time until it fully covers the service. This allows for a smooth transition to new, proven public services.

## **2. Giving Social Enterprises Access to All Business and Innovation Support Programs**

### **Why does this matter?**

Just like traditional businesses, social enterprises need support to develop and test impactful products and services. Including their specific needs in public funding and programs would help more socially-minded businesses grow and contribute to society.

### **Recommendation:**

All public funding schemes aimed at entrepreneurship and innovation should explicitly support organizations solving social issues, including nonprofits. This could involve adjusting eligibility criteria, awarding extra points for social impact, and including social problem-solving expertise in program mentoring and training.

## **3. Developing Sustainable Models for Evidence-Based Prevention**

### **Why does this matter?**

Prevention (like youth risk behavior prevention, health promotion, or social skills training) is often cheaper and more effective than solving problems later. But without consistent funding, many prevention efforts can not reach their full potential. In Estonia, several nonprofit initiatives already have proven impact yet lack the resources to scale. Supporting existing solutions is more efficient than reinventing the wheel later.



**Recommendation:**

Create stable funding and operational models for nonprofit-led prevention programs that have been evaluated as “well-established” by Estonia’s Prevention Science Council. This would address a market failure—right now, local governments or vulnerable groups often lack the motivation or means to pay for prevention services.

**4. Supporting the Needs-Based Development of Social Enterprises****Why does this matter?**

Social enterprises have unique needs—such as developing sustainable business models, securing funding, engaging target groups, cross-sector collaboration, and navigating legal barriers. As of 2025, advocacy for social enterprise in Estonia is fragmented. There is no systematic effort to gather data, develop shared solutions, or represent the sector in policymaking.

**Recommendation:**

In the continuation of the "Community-Based Estonia 2023–2026" program and future strategic partnerships, create at least one advocacy-focused position with responsibilities to:

- Develop a shared vision for the role of social enterprises in Estonia.
- Collect information on the needs of social enterprises.
- Identify ways to create a more enabling environment for them.
- Support advocacy that enables social enterprises to make a greater contribution to national goals.

## **5. Supporting Employment for People with Reduced Work Ability via Social Enterprises**

### **Why does this matter?**

For people with reduced work capacity, entering or staying in the open labor market can be challenging. Social enterprises often offer more flexible conditions, support, and mentoring, helping these individuals participate in work life more effectively and for longer.

### **Recommendation:**

Develop a clear strategy and solutions to create employment models through social enterprises for people who can't yet enter—or remain in—the open labor market.

## **6. Recommendations for the Social Enterprise Ecosystem**

### **Strengthening Coordination and Advocacy**

- Establish a clear cooperation framework between ecosystem actors to improve coordination, quality, and impact.
- Hire an advocacy expert to gather insights on enterprise needs, co-create solutions, and represent the sector in public discussions.
- Develop a joint advocacy plan with timelines, goals, and responsibilities. Review and update it regularly based on evolving needs.

- Support social enterprises at all development stages (from idea to growth), including business development, sales, and impact assessment.

### **Encouraging the Creation of New Social Enterprises**

- Make social entrepreneurship more visible as a business and career path by integrating it more meaningfully into entrepreneurship programs (like student companies, incubators, community co-creation events, etc.).
- Explore the potential for a new model that builds teams and provides financial and expert support to start social enterprises in strategic service areas—especially where the public sector is a major client (e.g., IT services, repair, and small construction).
- Help new social enterprises reach their first sale faster with flexible, tailored mentoring over 3–5 months, regardless of whether they are part of a formal program.

### **Strengthening Existing Social Enterprises**

- Provide ongoing support (including investment and mentoring) to high-potential enterprises.
- Launch a small investment grant program (possibly involving private capital) to strengthen revenue generation capacity.
- Offer expert support to help measure social and environmental impact—such as refining their theory of change, defining indicators, and setting up data collection systems.

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## Appendices

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**Table 1: Social Entrepreneurship Ecosystem in Norway, examples**

Organization	Type	Support Offered
FERD Social Entrepreneurs	Investment fund & incubator	Long-term funding and business support for companies with financial and social impact.
SoCentral	Incubator & coworking space	Workspace, community, mentorship, and a strong Nordic network focused on sustainability and social impact.
SIVA – Norwegian Incubators Program	National incubator program	Regional hubs across Norway offer funding, mentorship, and scaling support to startups and social enterprises.
Impact StartUp Norway	Accelerator program	Specializes in scaling social enterprises with investment readiness training and investor access.
Skape.no	Advisory and support platform	Free courses, legal advice, and mentoring for new businesses,

Organization	Type	Support Offered
		including social enterprises.
Sparebank 1 – Grunder Academy	Accelerator program	Mentoring, guidance, and public speaking opportunities for participants.
Tøyen Unlimited	Local support (Oslo)	Tailored support packages for local changemakers based on business idea maturity.
Startup Support Systems	Regional startup environments	General entrepreneur hubs and incubators in most counties, with limited social entrepreneurship focus.
Ungt Entreprenørskap	Educational program (youth)	Programs from elementary to higher education; strong collaboration with local businesses.
Effektlab	Nonprofit for social innovation measurement	Helps municipalities and nonprofits transition to smarter welfare solutions; supports SIBs and impact measurement.
Ashoka Nordic	Global network and support program	Offers community, visibility, and support



<b>Organization</b>	<b>Type</b>	<b>Support Offered</b>
		programs to leading social innovators.
Reach for Change Norway	Incubator and support program	Focuses on entrepreneurs working with children and youth; provides coaching, funding, and global network access.
Stiftelsen Dam	Health & quality of life funder	Grants for socially valuable projects, often in partnership with voluntary organizations.
DNB NXT	Networking and capital access platform	Connects entrepreneurs and investors; offers exposure and event participation opportunities.
Kavli Trust	Philanthropic foundation	Funds initiatives creating lasting social change with a focus on health, education, and inclusion.
Frivillighet Norge	Interest organization	Advocates for the voluntary sector; supports and connects socially engaged and entrepreneurial actors.
Higher education, for example: University of	Higher education, offering programmes in innovation and	Social Enterprise student business; Innovation in teams;

Organization	Type	Support Offered
South-Eastern Norway	social innovation, equips students with the ability to think critically and creatively about complex societal issues	Co-creative social innovation and active citizenship; Innovation and leadership
Samfunnssentralen (established by TD Veen)	Promotes social entrepreneurs who are in the start-up or development phase.	

**Table 2: Social Entrepreneurship Ecosystem in Estonia, examples**

<b>Organization</b>	<b>Type</b>	<b>Support offered</b>
Sustainability Estonia <i>(Formerly Social Enterprise Estonia)</i>	Umbrella organization for social enterprises	Advocacy, consulting, hackathons, networking, sustainability conference, Impact Day
Good Deed Foundation	Incubator, philanthropy fund	NULA incubator for social movement and enterprises, gathered philanthropies and professional volunteers
Civil Society Foundation	Public financier, social innovation development center	Runs the social innovation competence center, where social entrepreneurship is a sub-topic, offers financial grants to social enterprises registered as NGOs, and funds different incubation and support activities.
University of Tallinn	Incubation, research, and teaching organization	Social entrepreneurship course and research

University of Tartu	Incubation, research and teaching organization	Social entrepreneurship course and research
BIA OÜ	Consulting firm	Consulting mostly for private enterprises, but through the projects, have mentored and made guidelines for social enterprises.

**Table 3: Comparison of Social Enterprises: Estonia vs. Norway**

Aspect	Estonia	Norway
Definition of social enterprise (commonly used)	Positive impact on livelihoods, well-being, or environment. Must reinvest 50.1%+ of profits (Social Enterprise Estonia).	No official definition. The hybrid sector addresses social challenges. No reinvestment requirement.
Legal forms used by social enterprises	Non-profit organization (MTÜ), Foundation (SA), Private limited company (OÜ). No legal reinvestment requirement.	A mix of joint-stock, limited, non-profit limited, voluntary associations, foundations, and cooperatives.
Use of B Corp Certification	Rare examples.	Very rare but growing. Example: Kolonial.no (Oda).
Estimated size of the sector	Around 200 companies, 3800 employees, turnover €144M (2023).	600–1,000 organizations estimated. It depends on the criteria when mapping. Enjolras et al., 2021; Kobro, 2019: 295-380 identified. Focus on welfare, inclusion, and education.

Comparison with the creative industry (size)	10,705 companies, 28,300 employees, €1.86B revenue (2019).	Creative industry larger: 90,000 employees, 50B NOK revenue (2020).
Common fields to operate on	Healthcare, social welfare, education, and creative industries.	Labor market inclusion, health, social services, circular economy, education, and sustainability.
Common business models	Re-use shops, work integration, handicrafts, social services, educational apps.	WISEs, social services, mental health, impact tech, sustainable products/services.
Typical customers	Mostly private clients, some public, few B2B.	Mixed: municipalities (public procurement), private consumers, businesses.

**Table 4: Comparison of Social Enterprise Funding Opportunities: Norway vs Estonia**

<b>Category</b>	<b>Funding Source (Norway)</b>	<b>Type of Support / Focus Area (Norway)</b>	<b>Funding Source (Estonia)</b>	<b>Type of Support / Focus Area (Estonia)</b>
Starting and Growing	Innovation Norway	Grants for pilots, startups, scaling, and commercialization. Focus on innovation and sustainable growth	Enterprise Estonia	Grants to limited companies for business development and innovation
	Regional Saving Bank Foundations	Funds nonprofit initiatives, primarily benefiting children and youth. Can support pilot projects	National Foundation of Civil Society (NFCS)	Grants to social economy entities through public projects
	NAV (Norwegian Welfare Administration)	Supports disadvantaged groups. Voluntary, nonprofit	Active Citizens Fund (EEA Grants)	Supports civil society and social enterprises focusing

		organizations only		on democracy and inclusion
	Ferd Social Entrepreneurs	Invests in social entrepreneurs, networking, and programmes.	Ajujaht (Startup Competition)	Startup competition with a social enterprise category
	Kavli Trust	Allocates profits to charitable causes	-	-
	TD Veen	Family-owned portfolio companies support the social, economic, and environmental transformation		
	The Crown Prince and Princess's Foundation	Supports youth projects promoting mastery and participation	-	-



	Municipal / County Grants	Local support for inclusion, social innovation, and community projects	Various local government grants	Project-bas ed grants for social, cultural, educationa l, or environme ntal initiatives
Scaling and Sustaina bility	Municipal support schemes	Local-level support	NULA Incubator (NFCS)	Social innovation incubator supporting social enterprise developme nt
	Revenue from product/service sales	Income from business activities	Revenue from product/servi ce sales	Same revenue through services and products
	Accelerator programs (e.g., Impact Startup)	Mentoring, business development, and funding	Tallinn University Social Entrepreneur ship Incubator	Support, training, and mentorshi p for social enterprise

				development
	Social Impact Bonds (Example: Ferd)	Private investment model based on social outcomes	-	-
	Crowdfunding Platforms (e.g., Hooandja)	-	Hooandja	Public fundraising for creative and social projects.
Public Procurement	Small procurements (< NOK 100,000 excl. VAT)	No procurement regulations apply	Government and municipal projects	Public tenders and grants available for social enterprises
	Medium procurements (NOK 100,000 – 1.3/6.95 million)	Competition principles apply	-	-
	Large procurements (> NOK 1.3 million)	Strict requirements on financial capacity, experience,	-	-

		and qualifications		
	Challenges	Complexity and capacity limit social enterprises. Limited systematic use of social clauses (Oxford Research 2024)	Estonia: Growing attention on social enterprise inclusion in public tenders	Still developing