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Implications of policy framework conditions for the development of forestry-based social innovation initiatives in Slovenia

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### Abstract

Regardless of the crucial role of civil society in social innovation, European Union (EU) social innovation concepts emphasized market-economic features in front of the social by prioritizing social business over social movements. By emphasizing economic features of social innovation, social enterprises, as ventures with both social and economic goals, are frequently associated with social innovation, especially in the developed economies. As EU member country, Slovenia needed to adjust its policies to the EU social innovation concepts. Having in mind the EU interpretation of social innovation and the significance of state policies for social innovation development, our aim is to investigate the policy framework conditions for the development of social innovation initiatives in Slovenia. We found out that prevalent economic understanding of social innovation reflects in Slovenian policy documents by equaling social innovation with social enterprise. In this sense, the view of social innovation as both, growth engine and as a way for solving societal problems translates into explicit statements on social innovation in cohesion policy documents and progresses by operationalization of social innovation through indicators solely on social enterprise. Within regulatory framework on social entrepreneurship, social enterprise is defined strictly with the respect to legal forms, activities, profit sharing, and governance, imposing barriers to registration and development of social enterprises itself. Similarly to cohesion policy, Rural Development Programme embraces the market-oriented understanding of social innovation and focuses explicitly on social enterprise. Forest policy documents do not explicitly mention social innovation or social enterprise. This is reasonable when it comes to the documents adopted before 2011 when social innovation and social enterprises became the part of the prevailing discourses in Slovenia. Regardless of that, we notice that also newly adopted forest policy documents do not integrate social innovation nor social enterprise. As forestry-based social innovation initiatives cannot be officially recognized as such, there are two possible ways how they can develop. The first way applies to market-oriented, forestry-based social innovation initiatives that offer new products or services. Such initiatives can register as social enterprises and mobilize resources they can unlock within social entrepreneurship regulatory framework and within the Rural Development Programme measures explicitly addressing social enterprise. The second way addresses forest-based social innovation initiatives that are not market-oriented. Those initiatives will have to navigate through policy framework conditions, reaching for resources available through Rural Development Programme and forest policy instruments that target cooperation and networking.

<b>Keywords</b>	social innovation; forestry; social enterprise; policy conditions; regulatory framework; Slovenia
<b>Corresponding Author</b>	Todora Rogelja
<b>Corresponding Author's Institution</b>	Università degli Studi di Padova
<b>Order of Authors</b>	Todora Rogelja, Alice Ludvig, Gerhard Weiss, Laura Secco
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Acknowledgments.docx [Table]

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**Cover letter for submission of a paper “Implications of policy framework conditions for the development of forestry-based social innovation initiatives in Slovenia” to the Journal of Forest Policy and Economics**

Todora Rogelja  
University of Padova,  
Department of Land, Environment,  
Agriculture and Forestry (TESAF)  
Via dell'Università 16,  
35020 Legnaro (PD), Italy

28.03.2018.

Dear Editor-In-Chief,

I am submitting the manuscript entitled “Implications of policy framework conditions for the development of forestry-based social innovation initiatives in Slovenia” for consideration by the Special Issue: Social Innovation in Forestry, of the Journal of Forest Policy and Economics. This is an original research article written by me, Alice Ludvig, Gerhard Weiss, and Laura Secco.

In our manuscript, we present a qualitative content analysis of eighteen Slovenian policy documents relevant for the development of forest-based social innovation initiatives. For ensuring the validity of our research, we triangulated the results from content analysis with previous studies on social innovation and social entrepreneurship, and with the results we obtained from eleven in-depth interviews with policy experts. We found out that analyzed policy documents embrace a market-oriented understanding of social innovation. In the documents, social innovation is in most of the cases equalized with social enterprise. We concluded that there are two possible ways for the development of forestry-based social innovation initiatives. While market-oriented, forest-based social innovation initiatives can register as social enterprises, other forest-based social innovation initiatives can obtain support through Rural Development Programmes and forest policy instruments that target cooperation and networking.

We think that paper is suitable for this special issue as it focuses on the policy framework conditions for forest-based social innovation initiatives. This paper might be of interest to readers in the areas of forest policy, rural development, social innovation, and social entrepreneurship.

I confirm that this work is original and has not been published elsewhere nor is it currently under consideration for publication elsewhere.

This manuscript is part of my Ph.D. research titled “Governance capacities of public actors for supporting social innovation initiatives in the forest-based sector” conducted under the scholarship of the University of Padova. The study presented in this manuscript enabled the grant for European Forest Institute (EFI) Short Scientific Visits 2016-2017 titled “Forest Policies for Supporting Social Innovation: Aligning Diverging Interest and Creating Synergies in Forest Use Practice”. The acknowledgments included in the manuscript currently do not include names of organizations or Ph.D. research project, as they can indicate the authors’ identities. Nevertheless, we submit the full acknowledgments in the separate document.

Please address all correspondence concerning this manuscript to me at [todora.rogelja@phd.unipd.it](mailto:todora.rogelja@phd.unipd.it)

Thank you for taking our manuscript into consideration for the publication in the Special Issue.

Sincerely,

Todora Rogelja

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2  
3 **Highlights**  
4

- 5 • Slovenian policy documents embrace an economic understanding of social innovation (SI)
- 6
- 7 • Analyzed policy documents equal SI with social enterprise (SE)
- 8
- 9 • Forest policy documents do not explicitly mention SI nor SE
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- 11 • Market oriented forest-based SI initiatives can register as SE
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- 13 • Instruments for cooperation can support non-market oriented forest-based SI initiatives
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## Abstract

Regardless of the crucial role of civil society in social innovation, European Union (EU) social innovation concepts emphasized market-economic features in front of the social by prioritizing social business over social movements. By emphasizing economic features of social innovation, social enterprises, as ventures with both social and economic goals, are frequently associated with social innovation, especially in the developed economies. As EU member country, Slovenia needed to adjust its policies to the EU social innovation concepts. Having in mind the EU interpretation of social innovation and the significance of state policies for social innovation development, our aim is to investigate the policy framework conditions for the development of social innovation initiatives in Slovenia. We found out that prevalent economic understanding of social innovation reflects in Slovenian policy documents by equaling social innovation with social enterprise. In this sense, the view of social innovation as both, growth engine and as a way for solving societal problems translates into explicit statements on social innovation in cohesion policy documents and progresses by operationalization of social innovation through indicators solely on social enterprise. Within regulatory framework on social entrepreneurship, social enterprise is defined strictly with the respect to legal forms, activities, profit sharing, and governance, imposing barriers to registration and development of social enterprises itself. Similarly to cohesion policy, Rural Development Programme embraces the market-oriented understanding of social innovation and focuses explicitly on social enterprise. Forest policy documents do not explicitly mention social innovation or social enterprise. This is reasonable when it comes to the documents adopted before 2011 when social innovation and social enterprises became the part of the prevailing discourses in Slovenia. Regardless of that, we notice that also newly adopted forest policy documents do not integrate social innovation nor social enterprise. As forestry-based social innovation initiatives cannot be officially recognized as such, there are two possible ways how they can develop. The first way applies to market-oriented, forestry-based social innovation initiatives that offer new products or services. Such initiatives can register as social enterprises and mobilize resources they can unlock within social entrepreneurship regulatory framework and within the Rural Development Programme measures explicitly addressing social enterprise. The second way addresses forest-based social innovation initiatives that are not market-

oriented. Those initiatives will have to navigate through policy framework conditions, reaching for resources available through Rural Development Programme and forest policy instruments that target cooperation and networking.

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3 TITLE:  
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5 **Implications of policy framework conditions for the development of forestry-based social**  
6 **innovation initiatives in Slovenia**  
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9  
10 AUTHORS:  
11

12 Rogelja, T<sup>1.</sup>, Ludvig, A<sup>2.</sup>, Weiss, G.<sup>2.</sup>, Secco, L.<sup>1</sup>  
13  
14

15 **Todora Rogelja <sup>1</sup> – corresponding author**  
16

17 <sup>1</sup> University of Padova, Department of Land, Environment, Agriculture and Forestry (TESAF)

18 Via dell'Università 16, 35020 Legnaro (PD), Italy

19 e-mail: todora.rogelja@phd.unipd.it

20 Mobile: +386 51 760443  
21  
22  
23  
24

25 **Alice Ludvig <sup>2</sup>**

26 <sup>2</sup> European Forest Institute Central-East Regional Office (EFICEEC) c/o Institute of Forest,  
27 Environmental and Natural Resource Policy, Department of Economics and Social Science, University  
28 of Natural Resources and Life Sciences  
29

30 Feistmantelstrasse 4, 1180 Vienna, Austria

31 e-mail: alice.ludvig@boku.ac.at  
32  
33  
34

35 **Gerhard Weiss <sup>2</sup>**

36 <sup>2</sup> European Forest Institute Central-East Regional Office (EFICEEC) c/o Institute of Forest,  
37 Environmental and Natural Resource Policy, Department of Economics and Social Science, University  
38 of Natural Resources and Life Sciences  
39

40 Feistmantelstrasse 4, 1180 Vienna, Austria

41 e-mail: gerhard.weiss@boku.ac.at  
42  
43  
44

45 **Laura Secco <sup>1</sup>**

46 <sup>1</sup> University of Padova, Department of Land, Environment, Agriculture and Forestry (TESAF)

47 Via dell'Università 16, 35020 Legnaro (PD), Italy

48 e-mail: laura.secco@unipd.it  
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3 **Keywords:** social innovation; forestry; social enterprise; policy conditions; regulatory framework;  
4  
5 Slovenia

## 6 7 **1. Introduction**

8  
9 Regardless of numerous definitions of social innovation (SI), its essence is in bringing positive change  
10 and transformations of society (Bosworth et al., 2016; Grimm et al., 2013; The Young Foundation,  
11 2012; Hubert, 2010; Mulgan et al., 2007). The positive and innovative change through SI is achieved  
12 by the voluntary engagement of civil actors resulting in the change of practices that benefit wider  
13 society. In that sense, SI can be defined as “the reconfiguring of social practices, in response to  
14 societal challenges, which seeks to enhance outcomes on societal well-being and necessarily includes  
15 the engagement of civil society actors” (Polman et al., 2017). Reconfiguring of social practices refers  
16 here to the intentional process of change of behavior and actions of a variety of actors, creating new  
17 products or services, new relationships, new institutions, and/or new organizational forms. With this  
18 said, we understand SE as one of the possible organizational forms of SI, while we acknowledge that  
19 not every SE is indeed SI (i.e. SE established exclusively for the employment of disadvantaged groups  
20 might not be SI).

21  
22 Although the phenomenon of SI is familiar for centuries (Edwards-Schachter and Wallace, 2017;  
23 Baker and Mehmood, 2013), less than two decades ago European Union embraced the term of SI as a  
24 promise of solution to many contemporary social and environmental problems (economic crises,  
25 welfare, migration, rural depopulation, etc.) (Edwards-Schachter and Wallace, 2017; Moulaert et al.,  
26 2017; Nicholls et al., 2015; Pisano et al., 2015; Moulaert, 2013). Until 2010, SI was a concept  
27 integrated into the social economy, local development, and innovation systems, and had a marginal  
28 role in the making of EU SI policy (Moulaert et al., 2017). After 2010, the European Commission  
29 (EC) started shaping EU SI concept through several documents and initiatives, namely Social  
30 Business Initiative (DG Growth, 2011), Social Innovation Europe (2011), and Social Investment  
31 Package (DG Employment and Social Affairs, 2013) (ENSIS – European Network for Social  
32 Innovation and Solidarity, 2018.).

33  
34 Regardless of crucial role of civil society in SI, EU SI concept emphasized market-economic features  
35 of SI in front of the social in transforming the welfare state (Sabato et al., 2017; Fougère and Harding,  
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62 2012; Cools 2017; Fougère et al., 2017) by prioritizing social business over social movements  
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64 (Moulaert et al., 2017). EU SI concept to a significant extent focused on efficiency, effectiveness and  
65  
66 budgeting of social investments and relied on metrics and indicators (European Commission, 2013;  
67  
68 Jenson, 2017; Moulaert et al., 2017). In that way, EU SI concept took a narrow and normative view on  
69  
70 SI, often undermining the relevance of the broader socio-political context for the development of  
71  
72 bottom-up SI initiatives (Demming, 2016; Moulaert et al., 2017; Fougère et al., 2017). By  
73  
74 emphasizing economic features of SI, social enterprises (SE), as ventures with both social and  
75  
76 economic goals, became frequently associated with SI (Szijarto et al., 2018), especially in the  
77  
78 developed economies (Chalmers, 2012).

79  
80 As EU member country, Slovenia needed to adjust its policies to the EU SI concept. Having in mind  
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82 the EU interpretation of SI, and the significance of state policy on SI development ( Mikhailovich  
83  
84 Sergey et al., 2017; Eriksson et al., 2014) we need to investigate if and how Slovenia integrated EU SI  
85  
86 concept in its policy documents. Indeed, Slovenia started introducing regulations on SI in 2011, by  
87  
88 first introducing the Law on Social Entrepreneurship, followed by other strategic documents. As a  
89  
90 result of Slovenian efforts, in 2018 there were 258 registered social enterprises (SE), from which the  
91  
92 single one was registered for forestry related activities (Ministry of Economic Development and  
93  
94 Technology, 2018).

95  
96 With the increasing discourse on societal interest in the social and ecological roles of the forest, and  
97  
98 with the growing political support for a bio-economy, forest resources have a growing potential for  
99  
100 innovation, and new business opportunities in the fields of non-wood forest products, trough tourism  
101  
102 and recreation to bio-economy. Innovation support in the forest sector, however, tend to focus on  
103  
104 timber production and process innovations and less on social or environmental activities (Živojinović  
105  
106 et al., 2017; Ludvig et al., 2017, 2016; Weiss, 2013; Weiss et al., 2011; Kubeczko et al., 2006;  
107  
108 Rametsteiner and Weiss, 2006).

109  
110 In this paper, we focus on forestry-based SI initiatives, as Slovenia is the third most afforested country  
111  
112 in EU, with 58,4% of forests (Zavod za Gozdove Slovenije, 2017). In Slovenia, 76% of the forests are  
113  
114 privately owned and are mostly under managed (Pezdevšek Malovrh et al., 2015). Private forest sector  
115  
116 is characterized by a high degree of fragmentation of forest property (314.000 parcels owned by  
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118

119  
120  
121 461.000 private forest owners) and small average size of the parcels (approx. 2.5 ha) (Ministry of  
122  
123 Agriculture Forestry and Food, 2017a). Private forest owners are mostly inactive and do not manage  
124  
125 forests due to low profitability of activities conducted on a small property (Pezdevšek Malovrh et al.,  
126  
127 2015, 2012; Zavod za Gozdove Slovenije, 2017). With that respect, favorable policy conditions could  
128  
129 stimulate the engagement of private forest owners into SI initiatives, creating collaborations and  
130  
131 partnerships and diversifying their activities for social, environmental, and economic benefits. These  
132  
133 collaborations and partnerships could spin off new organizational and governance arrangements  
134  
135 among state, private and civil actors related to forestry, thus transforming hierarchically organized  
136  
137 forest sector, and shifting the traditional understanding of forestry as primary production branch of  
138  
139 economy (Liubachyna et al., 2017; Rogelja and Shannon, 2017; Secco et al., 2017; Brukas, 2015;  
140  
141 Weiss, 2013; Buttoud et al., 2011).

142  
143 Having in mind the potentials of SI and forest-based sector, our aim is to investigate the policy  
144  
145 framework conditions for the development of SI initiatives in Slovenia. For achieving our aim, we  
146  
147 were guided by two research questions:

- 148 1) How is EU concept of SI reflected in Slovenian forestry relevant policy documents?
- 149 2) What are the possible implications of Slovenian policy framework conditions for the  
150  
151 development of forestry-based SI?  
152  
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154  
155 We first start by describing our methods of qualitative content analysis and interviewing. Within  
156  
157 results section, we answer our first research question presenting how SI is addressed in the Slovenian  
158  
159 policy documents, triangulating our findings with interviews and previous studies on Si and SE in  
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161 Slovenia. Then, we proceed with the discussion, where we reflect on the implications of policy  
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163 framework conditions for forestry-based SI initiatives. In the end, we draw the conclusions describing  
164  
165 the two possible ways for the development of forestry-based SI initiatives in Slovenia.

## 166 **2. Methods**

167  
168 In this study, we used qualitative deductive approach, as we started from the already defined  
169  
170 phenomenon of SI and strictly defined categories of policy instruments. We focused on the content of  
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172 policy documents, as they are written and negotiated plans of actions that prescribe policy instruments  
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174 that should be used for delivery and implementation of respective policies (Ludvig et al., 2017;  
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179  
180 Crabbe and Leroy, 2008; Fischer et al., 2007; Knoepfel et al., 2007). According to Vedung (1998, p.  
181  
182 21) “public policy instruments are the set of techniques by which governmental authorities wield their  
183  
184 power in attempting to ensure support and effect social change”. For distinguishing amongst policy  
185  
186 instruments, we started from Vedung (1998) tripartite classification with three types of policy  
187  
188 instruments: regulation, economic means, and information. We then borrow from the fourpartite  
189  
190 typology of Baldwin and Cave (1999) who introduced instruments for partnership and cooperation,  
191  
192 which we named networking instruments. In this way, we distinguish among regulatory, economic,  
193  
194 information and networking instruments, whose definitions we provide within Table 1.

195  
196 In policy terms, the topic of SI in the forest-based sector is at the intersection several policy sectors:

- 197  
198 1) cohesion policy
- 199  
200 2) innovation policy
- 201  
202 3) rural development policy
- 203  
204 4) forest policy
- 205  
206 5) environmental policy.

207  
208 We used these policy sectors as a starting point for the identification of potentially relevant policy  
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210 documents. We identified the documents by searching websites of Slovenian governmental bodies.

211  
212 We screened identified documents and for the content analysis, we selected those that were explicitly  
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214 relevant for potential impacts on SI. In this way, we selected 18 relevant policy documents, on which  
215  
216 we applied content analysis.

217  
218 Content analysis is “a research technique for making replicable and valid inferences from texts (or  
219  
220 other meaningful matter) to the contexts of their use” (Krippendorff, 2004, p. 18). We applied  
221  
222 qualitative content analysis, which is “is a set of techniques for the systematic analysis of texts of  
223  
224 many kinds addressing not only manifest content but also the themes and core ideas found in texts as  
225  
226 primary content” (Mayring (2000) cited in Drisko and Maschi (2016, p. 85)). Qualitative content  
227  
228 analysis includes contextual information, latent content as well as formal aspects of the analyzed  
229  
230 documents. For analysis, we used official documents in Slovenian language, where we first identified  
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232 and coded the parts of the documents which:

- 233  
234 1) explicitly use the term SI, or

- 237  
238  
239 2) explicitly use the term SE, or  
240  
241 3) implicitly refer to SI, in a way that they address the change of behavior and actions of a  
242 variety of actors aiming to the creation of new relationships, new institutions, and/or new  
243  
244  
245 organizational forms.  
246

247 Within coded parts addressing SI, we then identified and coded explicit policy instruments with the  
248 prescribed means for implementation, as well as statements that we understand as formal, but general  
249 proclamations on objectives, importance, needs, or instruments without prescribed means for  
250 implementation. We extracted coded elements into the standardized table, which enabled a simplified  
251 overview of relevant parts of the documents and their interpretation. As all documents we analyzed  
252 are in Slovenian language, for illustrating our coding method we additionally coded official English  
253 translation of the Operational Programme for the Implementation of the EU Cohesion Policy 2014-  
254 2020 (Annex A). For ensuring the validity of our findings, we triangulated our content analysis results  
255 by comparing them with previous studies on SI and SE in Slovenia (see Podmenik et al., 2017;  
256 Gartner et al., 2015; Hren, 2015; Konda et al., 2015) and results from the in-depth interviews. For  
257 analysis, we applied the coding criteria presented in Table 1.  
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268 *[Please, insert Table 1 here]*  
269

270 We conducted 11 in-depth interviews (E1-E11) with experts on SE, rural development, and forest  
271 policy, in January-February 2018. For expert identification, we used snowball technique (Goodman,  
272 1961). We identified 9 initial respondents based on the responsible bodies delineated by policy  
273 documents (initial round). Respondents who accepted the interview pointed to the respondents from  
274 1<sup>st</sup> (5 respondents) and 2<sup>nd</sup> round (2 respondents). In this way, we identified 17 potential respondents,  
275 from which 11 accepted the interview (response rate 64.7%). The rounds of snowball sampling are  
276 presented in Table 2.  
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284 *[Please, insert Table 2 here]*  
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286 We used semi-structured interview with the protocol containing 10 questions that served as a guide  
287 for conversation. Questions were related to the understanding of what SI is, the content of current  
288 regulations, implementation of regulations, enabling and constraining factors for SI, the role of the  
289 organization in the policy field and future of SI. We asked additional questions only to stimulate or  
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298 direct conversation or when we needed a clarification. At the end of the interview, we summarized the  
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300 main ideas from the conversation to ensure that we got a proper understanding of the message the  
301  
302 expert wanted to convey. Each expert signed the confidentiality agreement containing a concise  
303  
304 description and the purpose of the research, the use of the data and the ethical provisions. Interviews  
305  
306 lasted from 45 min to 1.5h. We recorded the interviews with guaranteeing anonymity and ethical use  
307  
308 of data, and we analyzed the sound recordings of the interviews directly in NVivo. We compared  
309  
310 results of the interviews with our content analysis and previous studies on SI and on SE in Slovenia.  
311

### 312 **3. Results**

313  
314 In this section, we briefly present the results of the content analysis answering to our first research  
315  
316 question. As we were interested in SI initiatives in the forest-based sector, we identified 18 potentially  
317  
318 relevant policy documents on the national level (Table 3) that we classified into following sectors  
319  
320 with respect to their main policy targets:

- 321 1) Cohesion policy
- 322 2) Social entrepreneurship policy
- 323 3) Rural development
- 324 4) Forestry
- 325 5) Environment

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331 For elaborated results of the content analysis arranged according to identified policy sectors, please  
332  
333 refer to Annexes B1 – B5.  
334

335 *[Please, insert Table 3 here]*  
336

337 While documents belonging to cohesion, social entrepreneurship, rural development, and  
338  
339 environmental policy address SI explicitly exclusively by statements and through SE, documents from  
340  
341 forest policy address SI implicitly. Nevertheless, if documents do not explicitly address SI or SE, it  
342  
343 does not mean that they are hampering it. We present the overview of how documents address SI  
344  
345 according to our coding categories in Table 4.  
346

347 *[Please, insert Table 4 here]*  
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356  
357 **3.1 How are EU policies on SI reflected in Slovenian, forestry relevant policy documents?**  
358

359 Cohesion policy documents explicitly address SI by statements on the significance of SI for social  
360 integration, poverty reduction, and economic development, without indication of policy instruments.  
361

362 While the term SI is present in parts related to the objectives and potentials, in the operational parts of  
363 those documents the term SE appears instead of SI. Cohesion policy documents present SE as a part  
364 of the solution of many contemporary problems, such as job creation, social inclusion, poverty  
365 reduction and green economic growth (Annex B1), specifying policy instruments, elaborated in detail  
366 within the regulatory framework on SE.  
367

368 While the regulatory framework on SE does not address SI explicitly or implicitly, it explicitly  
369 addresses SE with statements, as well as with regulatory, financial, informational, and networking  
370 instruments. Regulatory framework on SE (Annex B2) features several barriers for the SE itself with  
371 respect to each prescribed policy instruments (see also Gartner et al., 2015; Hren, 2015; Podmenik et  
372 al., 2017). That is how the Law on Social Enterprises (Official Gazette of RS No.20/2011, 2011)  
373 identifies SE as organizations that are expected to show a number of key features (regulatory policy  
374 instruments) and puts an emphasis on social inclusion (work integration), thus combining the narrow  
375 and organizational definition of SE (Giancarlo, 2017). According to nine experts (E1-E6, E8, E9, E11)  
376 the regulatory framework for SE is constraining, as organizations wanting to register as SE need to  
377 fulfill several strict preconditions, such as operating in a strictly defined field of activities,  
378 employment conditions regarding the category and number of people to be employed, prescribed legal  
379 forms, etc. Law on Social Enterprises recognizes 2 types of SE:  
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- 396 1) Type A: SE is established for the permanent conducting of the activities of the social  
397 entrepreneurship and permanently employs at least one worker in the first year and at least  
398 two workers in subsequent years  
399  
400  
401  
402 2) Type B: SE is established for the employment of vulnerable groups (defined in §6), so to  
403 conduct its activities by permanently employing at least one-third of workers from vulnerable  
404 groups from all employees.  
405  
406  
407

408 According to one expert (E8), there are contradictions in the Law on Social Enterprises with respect to  
409 legal entities that can register as SE. That expert reported the case related to agricultural holding  
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416 legally registered as employment institute (Slo. *Zaposlitveni zavod*) for persons with disabilities.  
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418 Although this employment institute operates under the principles of SE Type B, interpretation of §9 of  
419 the Law on Social Enterprises (see Annex B2 for elaboration) by the Slovenian Court of Justice was  
420 that the institute is not eligible for registering as SE. Six experts reported that limitation of core  
421 activities of SE is a barrier to the development of the sector (E1-E5, E9, E10). An opposite opinion  
422 had one expert (E6), claiming that SE must be regulated with respect to activities, as SE must be both,  
423 environmentally and socially responsible.  
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426 Some financial, informational, and networking policy instruments for promoting and supporting SE  
427 are also inadequate (see also Gartner et al., 2015; Hren, 2015; Konda et al., 2015; Podmenik et al.,  
428 2017; Slapnik and et.al, 2016). While four experts (E1, E5, E6, E9) recognized that government  
429 ensured that a sufficient information on SE exist and can be easily obtainable through support service  
430 organizations, ranging from ministries, governmental agencies on the national, regional and local  
431 level, to NGOs and incubators (see also Gartner et al., 2015), they highlighted that the information on  
432 SE was on this way fragmented. Six experts (E2-E6, E8, E9) highlighted that the policy development  
433 and support was provided by the government in a top-down manner, which significantly influenced  
434 the overall development of the field of SE. The major remark of experts was on the financial support  
435 and the way it was distributed. Eight experts (E1-E6, E8, E9) mentioned that the financial means for  
436 SE were significant and sufficient as the start-up projects of SE were able to get subventions totaling  
437 to EUR 300.000 (EUR 20.000 per project). Regardless of that, the same experts pointed to the lack of  
438 the adequate financing schemes, such are microcredits and guarantees. As previous studies on SE  
439 (Gartner et al., 2015; Hren, 2015; Konda et al., 2015; Podmenik et al., 2017) recognized inadequate  
440 financing schemes as a barrier to the development of SE, the government undertook steps to improve  
441 the situation. That is how in 2016, Slovenian Enterprise Fund together with the Ministry of Economic  
442 Development and Technology announced a public tender for microcredits for SE (Official Gazette of  
443 RS No. 19/16) in the amount of EUR 4 million. Microcredits were intended to stimulate  
444 entrepreneurial activity aimed at the social activation of vulnerable groups. The amount of microcredit  
445 was EUR 1.000-25.000 with the fixed interest rate 2-5%, which one expert (E8) characterized as not  
446 favorable at all. In addition, SE registered for agricultural or forestry activities were not eligible for  
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475 microcredits (Official Gazette of RS No. 19/16, 2016, p. 545). Current Government Strategic Project  
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477 P9 (Slapnik and et.al, 2016) should remove the barriers of SE regulatory framework, such as division  
478  
479 of SE on type A and B, limitations on the fields of activities of SE, permanent employment of certain  
480  
481 number of employees, and division of profits and maximum wage that SE can pay to its employees  
482  
483 (E1). Results of that project should be the new law on SE, and strategy on social economy that should  
484  
485 replace current strategy on SE, but those documents were still under preparation at the time of the  
486  
487 research.

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489 Eight experts (E2, E3, E4, E6, E7, E8, E10, E11) acknowledged that Rural Development Programme  
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491 (Annex B3) is one of the most important instruments for supporting agricultural holdings and private  
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493 forest owners in their activities. Rural Development Programme explicitly addresses SE, through  
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495 statements and by specifying financial instrument within measures M4.1 and M6.4 (Ministry of  
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497 Agriculture Forestry and Food, 2017b). While those two measures are explicitly supporting SE, the  
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499 call for the M6.4 was not open until 2018 (E2, E10). Financial instruments within those measures are  
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501 financial guarantees, which Monitoring Committee for RDP discussed in February 2018 (Ministry of  
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503 Agriculture Forestry and Food, 2018). This will be new financing mechanism that should transfer the  
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505 part of the risk of non-repayment of the loan from the beneficiary to the financial institution itself and  
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507 on that way will entail the lower cost of the final recipient in obtaining a loan. Guarantees should be  
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509 introduced after confirmation of the revision of the Rural Development Programme amendments by  
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511 the European Commission, and the adoption of an implementing regulation of financial instruments  
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513 by the Government of the Republic of Slovenia. Thus, implementation of the guarantees should not be  
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515 expected before 2019 (Ministry of Agriculture Forestry and Food, 2018). Measures of Rural  
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517 Development Programme related to forestry do not exclude SE as beneficiaries, but SE does not have  
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519 any advantages (i.e. additional points) when applying. One expert (E10) pointed that “SE might get an  
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521 advantage when applying for forestry-related Rural Development Programme measures in the next  
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523 financial perspective”. Rural Development Programme implicitly addresses SI with financial and  
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525 informational instruments, through measures where associations and cooperatives are eligible to apply  
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527 as beneficiaries, from which the most obvious one is M19.1 Community Led Local Development  
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529 (Ministry of Agriculture Forestry and Food, 2017b; Official Gazette of RS No.42/15, 2015).  
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534 Forest policy documents do not explicitly address SI or SE (Annex B4). When asked about SI in  
535 forestry, four experts (E4, E7, E10, E11) talked about SE making a clear distinction among ‘primary’  
536 activities of forest management (timber production and mobilization), and other (‘secondary’) forest-  
537 based activities (collection of non-wood forest products, tourism, etc.), as they perceive former  
538 activities as not so suitable for SE. “If we a talking about forestry as primary activities, only sanitary  
539 works are suitable for SE, as we are talking about people who are not forestry professionals.  
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545 Professional work in forestry is dangerous, it demands equipment and qualifications and it is very  
546 hard to draw a border between social and regular entrepreneurship. If somebody is capable of working  
547 with chainsaw and tractor, then it is a regular enterprise, even in case you name it social and employ  
548 people who were not employed before. But, if we are talking about other activities which are not  
549 primary, such are products and services related to traditional knowledge, tourism, etc. those are more  
550 suitable for SE, but it is not only forestry anymore” (E4). Forest policy documents implicitly address  
551 SI similarly to Rural Development Programme, trough provisions related to private forest owners,  
552 their associations, and cooperatives.  
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561 Environmental policy documents only marginally address SI (Annex B5), by implicit statements on  
562 cooperation, or explicitly by calling upon Operational Programme for the Implementation of the EU  
563 Cohesion Policy (Governmental Office for Development and European Cohesion Policy, 2015) that  
564 again explicitly addresses exclusively SE.  
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#### 569 **4. Discussion**

##### 570 571 **4.1 What are the implications of Slovenian policy framework conditions for the development of** 572 **forestry-based SI initiatives?** 573 574

575 While cohesion policy documents introduced the term SI, in their operational parts, as well as in other  
576 analyzed policies the term SI changes into the term SE. This understanding of SI reflects  
577 predominantly economic interpretation related to SE, thus highlighting the entrepreneurial more than  
578 social aspects of SI. Indeed, seven experts (E1, E5, E7, E8, E9, E10, E11) understand SI in the terms  
579 of SE. “Well, SI is not defined in Slovenian legal order as a term. I would maybe divide that term into  
580 two words, and start from innovation, which is, for me, something new, innovative, which is  
581 recognized *in the market*, meaning that somebody is willing to pay something for it, meaning it has  
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593 some economic value, which can be monetary or not. Social means that it provides wider benefit for  
594 society” (E1, emphasis added). Other analyzed policy documents reflect the same market  
595 understanding of SI, as the term SI does not appear at all, but the focus is on SE. Additionally, eight  
596 experts (E1-E6, E8, E9) stated that in general, the perceptions on SE are negative. SE has a negative  
597 connotation, as the term ‘social’ relates to social aid, subsidies, and socialism, and thus SE is not  
598 connected with innovation, creativity, and entrepreneurial spirit (see also Gartner et al., 2015; Hren,  
599 2015; Wilkinson, 2014).

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607 The regulatory framework on SE is strict and narrow, as it constrains registration and operating of SE  
608 to a significant extent (see also Gartner et al., 2015; Podmenik et al., 2017; SloHraSocionet, 2015;  
609 Hren, 2015; Wilkinson, 2014), as well as it constrains SI initiatives to register and operate as an SE.  
610 Indeed, almost all experts (except E7, and E10) stressed that conditions for registration of SE are  
611 mostly unreasonable and limiting and that even legal subjects that fulfill requirements of SE  
612 regulatory framework often choose not to register as SE, although they are socially innovative.  
613 Experts highlighted the high potential of Rural Development Programme for the development of SI in  
614 forestry and agriculture, again mostly through SE. The measures M6.4 (*Diversification into non-*  
615 *agricultural activities*) and M9 (*Setting up of producer groups and organizations*) were not  
616 implemented yet, and indeed beside M19.1 (*Community Led Local Development*), those two measures  
617 open the most possibilities for agricultural holdings and private forest owners to engage forestry-  
618 related SI initiatives.

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630 Besides still not implemented measures M6.4 and M9, the main barrier to supporting market-oriented  
631 SI initiatives through Rural Development Programme is that farms and most of the agricultural  
632 holdings are not eligible to register as SE (which is the only legally recognized form of SI), as they  
633 are usually not registered as non-profit legal subjects. Three experts (E2-E4) highlighted that  
634 Chamber of Agriculture and Forestry of Slovenia proposed the change of the Law on Social  
635 Entrepreneurship to treat agricultural holdings not registered as suitable legal subjects as exceptions  
636 for registration of SE, but this proposal was not accepted. The same experts stressed that interest of  
637 agricultural holdings for registering SE is still very low, mostly because of additional administration  
638 and accounting they would face with if registering SE, and strict conditions prescribed by the  
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650 regulatory framework on SE. Nevertheless, there is a certain number of agricultural holdings  
651 registered as SE, while all cooperatives are already operating under the principle of no profit sharing,  
652 but regulatory framework is not treating those cooperatives as SE. “The problem is that our policy-  
653 makers concentrated on those two types of SE (Type A and Type B: clarification added), which we  
654 were against, and this is not really targeting the purpose of SE or, a better word to use, socially  
655 responsible enterprises, who have a wider social impact. In this way, it is really hard to operate as SE  
656 in agriculture or forestry. Yet, we have many agricultural holdings and companies that are socially  
657 innovative, it is just that they are not called like that” (E3).

658 Experts (E4, E7, E9, E10, E11) see the potential of SI in forestry with respect of strengthening  
659 cooperation among private forest owners, strengthening the value chain from resource to final  
660 product, increasing new commercial activities related to non-wood forest products and services  
661 related to tourism, recreation, tradition, and culture. In the same time, they stressed the importance of  
662 monitoring of all those activities to ensure that the forest resources are not overused. Two experts (E7,  
663 E10) did not find that forestry-related regulation creates barriers to the development of SI. They  
664 pointed that regulatory framework for forestry support establishment of legal subjects that are eligible  
665 for registration as SE, such as cooperatives, associations, machinery rings, and study circles. All these  
666 organizations already exist and operate in Slovenia, and five experts (E4, E7, E9, E10, E11) pointed  
667 that all of them are SI. Beyond that, one expert stressed that forestry is all about SI, as it is based on  
668 the principle of sustainability and it provides the benefits for whole society and its future generations  
669 (E7).

670 While associations, cooperatives, and agricultural commons in some cases might be forestry-based SI  
671 initiatives, current policy framework conditions for SI are not favorable for their development.

672 Although regulatory, informational, financial, and networking instruments for stimulating private  
673 forest owners are in place, the problem of inactive private forest owners and their associations persists  
674 in Slovenia. Approximately 50% of private forest owners do not manage their forests and are not  
675 willing to associate (Pezdevšek Malovrh et al., 2015, p. 432). Related to that problem one expert (E4)  
676 pointed that the organization of forestry sector is inadequate to proactively engage with private forest  
677 owners, because advisory service for private forest owners is mostly directed to timber harvesting,  
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711 sanitary cutting, and training on safe work with motor chain. According to that expert, the lack of the  
712 motivation and advice to private forest owners on other income possibilities (i.e. non-wood forest  
713 products, recreation, tourism, etc.) is one of the main causes for their inactivity.  
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717 Regardless of that, there are examples of forestry-based SI initiatives in Slovenia. For example, the  
718 cases of Study circles and Charcoal land initiative are SI initiatives and operate in Slovenia for  
719 decades. The former presents cooperation among private forest owners with public actors aiming to  
720 stimulate local development and prevent youth migration through cultural practice of charcoal burning.  
721 The latter initiative engages inhabitants of rural areas, public and non-governmental actors in  
722 preserving traditional knowledge while obtaining new skills (independent learning). Although two  
723 examples are SI initiatives, it is probable that under current regulatory framework they will not be  
724 officially acknowledged as such. Yet, both initiatives are finding their ways through regulations and  
725 search for funding to continue to operate in practice.  
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## 734 **5. Conclusions**

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736 In this study, we found out that prevalent economic understanding of SI (Fougère et al., 2017) reflects  
737 in Slovenian policy documents by equating SI with SE. In this sense, the view of SI as both “growth  
738 engine” (Fougère et al., 2017, p. 826) and as a way for solving societal problems translates into  
739 explicit statements on SI in cohesion policy documents and progresses by operationalization of SI  
740 through indicators on solely SE. That is how policy documents of cohesion policy address SE as a  
741 contributor to employment, social inclusion, sustainability, green and circular economy, and cohesion.  
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743 Further on, this understanding of SI in the form of SE becomes even more explicit in the regulatory  
744 framework on SE, especially through division on Type A (SE as enterprises for delivery of products  
745 and services of general interest on the market) and Type B (SE as enterprises for employment of  
746 vulnerable groups). Within regulatory framework on SE, SE is defined strictly with the respect to  
747 legal forms, activities, profit sharing, and internal governance, imposing barriers for registration and  
748 development of SE itself. Although Slovenian government is currently working on creating a less  
749 restrictive regulatory framework on SE that should remove barriers, the indication that strategy on SE  
750 will become part of the strategy on the social economy is pointing to the strengthening of the  
751 economic understanding of SI as a mean for reducing the state expenditure by creating the market  
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770 arena for organizations guided by social objectives. Similarly to cohesion policy, Rural Development  
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772 Programme embraces the market-oriented SI and focuses on SE. While two Rural Development  
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774 Programme measures entitle SE as beneficiaries, other measures do not explicitly address SI or SE.  
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776 Forest policy documents do not explicitly mention SI or SE. This is reasonable when it comes to the  
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778 documents adopted before 2011 when SI or SE became the part of the prevailing discourses in  
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780 Slovenia. Regardless of that, we notice that also newly adopted documents do not integrate SI nor SE.  
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782 Contrary to forest policy documents, environmental policy documents again explicitly address SE  
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784 with one statement and refer to cohesion policy for implementation.  
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786 As we perceive SI as a reconfiguring of social practices through creating new products or services,  
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788 new relationships, new institutions, and/or new organizational forms, SE is just one of possible  
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790 organizational forms SI can take. As policy documents equal SI with SE and mostly target economic  
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792 growth and social inclusion, we defer that the policy framework conditions do not explicitly support  
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794 SI initiatives. The only formal way for SI initiative to obtain support is to register as SE, but even  
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796 then, the regulatory framework for SE is too restrictive and demanding, so many SI initiatives choose  
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798 not to do so. Regardless of that, within analyzed policy documents policy instruments that support  
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800 networking, information exchange, and financing exist and those instruments could implicitly address  
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802 SI initiatives. This becomes especially evident in the Rural Development Programme measure on  
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804 Community Led Local Development (Bosworth et al., 2016). Regulatory framework on forestry  
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806 implicitly addresses forestry-based SI initiatives, through measures for supporting cooperation among  
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808 private forest owners, the creation of associations and cooperatives.  
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810 As forestry-based SI initiatives cannot be officially recognized as such, there are two possible ways  
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812 how they can develop. The first way applies to market-oriented, forestry-based SI initiatives that offer  
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814 new products or services. Such initiatives can register as SE and mobilize resources they can unlock  
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816 within SE regulatory framework and within the Rural Development Programme measures explicitly  
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818 addressing SE. The second way addresses forest-based SI initiatives that are not market-oriented.  
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820 Those initiatives will have to navigate through policy framework conditions, using their own  
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822 capacities to reach for resources available through Rural Development Programme and forest policy  
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824 instruments that target cooperation and networking.  
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Table 1. Coding criteria, definitions, and rules

Coding category	Definition	Coding rule
<b>SI</b>	SI refers to the reconfiguring of social practices with the engagement of civil society actors and aims to enhance outcomes on societal well-being	<ul style="list-style-type: none"> <li>the explicit mentioning of SI</li> <li>the explicit mentioning of SE</li> <li>the implicit referring to SI</li> </ul>
<b>S</b>	statements refer to formal, but general proclamations on objectives, importance, needs, or instruments	<ul style="list-style-type: none"> <li>formal, but general proclamations on objectives, importance, needs, or instruments without prescribed means for implementation</li> </ul>
<b>RI</b>	regulatory instruments (RI) include all formal regulatory or strategic documents and measures	<ul style="list-style-type: none"> <li>explicit prescription of regulatory instruments and means for their formulation and/or implementation</li> </ul>
<b>EI</b>	economic instrument (EI) include financing mechanisms and schemes	<ul style="list-style-type: none"> <li>explicit prescription of types of economic instruments and means for their implementation</li> </ul>
<b>II</b>	informational instruments are those used for informing, educating, training, and promoting	<ul style="list-style-type: none"> <li>explicit prescription of types of informational instrument and means for their implementation</li> </ul>
<b>NI</b>	networking instruments (NI) are those used for establishing and developing cooperation	<ul style="list-style-type: none"> <li>explicit prescription of the type of the networking instruments and means for their implementation</li> </ul>

Source: Own elaboration based on Baldwin and Cave (1999), Vedung (1998) and Mayring (2014)

Table 2. Snowball rounds

<b>Round</b>	<b>New nominations</b>	<b>Responded</b>	<b>Not responded</b>
<b>Initial</b>	9	4	5
<b>1st</b>	6	5	1
<b>2nd</b>	2	2	-
<b>Total</b>	<b>17</b>	<b>11</b>	<b>6</b>

Source: Own elaboration

Table 3. Identified policy documents on the national level (Slovenia)

Policy sector	Document Name	Type of document	Year	Main responsible body
COHESION POLICY	Slovenia's Development Strategy 2030 (SDS)	Strategy	2017	The Government Office for Development and European Cohesion Policy
	Operational Programme for the Implementation of the EU Cohesion Policy 2014-2020 (OP)	Operational Programme	2014	
	Slovenia's Smart Specialization Strategy (S4)	Strategy	2015	
SOCIAL ENTREPRENEURSHIP	Law on Social Entrepreneurship (LSE)	Law	2011	Ministry of economic development and Technology
	Strategy for the Development of Social Entrepreneurship for the period 2013 – 2016 (SDSE)	Strategy	2013	
	Program of Measures 2014-2015 for the Implementation of the Strategy for the Development of Social Enterprise for the Period 2013-2016 (PMSE)	Action Plan	2013	Ministry of Labor, Family, Social Affairs, and the Equal Opportunities
	Rules on the Monitoring of the Operation of Social Enterprises (MOSE)	Bylaw	2013	
	Amendments to the SRS 2006 and the SRS 40 (2012) - Accounting solutions in social enterprises (2012) (SRS40)	Accounting standard	2012	
RURAL DEVELOPMENT	Rural Development Programme of the Republic of Slovenia 2014–2020 (RDP)	Programme	2015	Ministry of Agriculture, Forestry and Food, Agriculture Directorate
	Decree on the measure for capital investments and on the sub-measure for the support for investments into forestry technologies, processing, mobilization and marketing of forestry products pursuant to the Rural Development Programme of the Republic of Slovenia 2014–2020 (DCI)	Decree	2015	
	Decree on the implementation of community-led local development in the programming period 2014-2020 (DCLLD)	Decree	2015	Ministry of Agriculture, Forestry, and Food



<b>Policy sector</b>	<b>Document Name</b>	<b>Type of document</b>	<b>Year</b>	<b>Main responsible body</b>
<b>FORESTRY</b>	Resolution on National Forest Programme (RNFP)	Strategy	2007	Ministry of Agriculture, Forestry and Food, Agriculture
	Operational program for the Implementation of the National Forest Program 2017-2021 (OPNFP)	Operational Programme	2017	
	Action Plan for Increasing Competitiveness of Forest Wood Chains in Slovenia to 2020 "Wood is Beautiful" (AP)	Action Plan	2012	
	Forest Act (FA)	Law	1993	
	Management of State Forests Act (MSFA)	Law	2016	
<b>ENVIRONMENT</b>	Framework Program for the Transition to the Green Economy with the Action Plan for the implementation and Plan of activities of ministries and government services 2015-2016 (FPGE)	Programme / Action plan	2015	Ministry of the Environment and Spatial Planning
	Strategic Framework for Climate Change Adaptation (SFCCA)	Strategy	2016	

Source: Own elaboration

Table 4. SI addressed by the documents according to our coding categories

Document	Coding categories														
	Explicit SI					Explicit SE					Implicit SI				
	S	FI	II	NI	RI	S	FI	II	NI	RI	S	FI	II	NI	RI
SDS	X										X				
OP	X						X	X	X	X					
S4	X					X	X	X	X						
LSE						X	X	X	X	X					
SDSE						X									
PMSE							X	X	X	X					
MOSE							X			X					
SRS40							X			X					
RDP							X					X	X		
DCI										X					
DCLLD											X	X			X
NFP											X				
OPNFP												X	X	X	
AP															
FA											X			X	X
MSFA															
FPGE						X									
SFCCA											X				

Source: Own elaboration

**Annex A. Example of qualitative content analysis of the Operational Programme for Cohesion Policy 2014-2020**

Original text	Page and Chapter	Theme	Instruments					Comment
			Statement	Financial	Informational	Regulatory	Networking	
<p>Social inclusion is connected to support for social entrepreneurship, which has numerous development opportunities in store – either for the development of new products and services or for employment. Slovenia is well behind the EU average in this respect, as in the 2009-2010 period the share of employees in the social economy as opposed to all employees accounted for a negligible according to Eurostat data (EU 6.53%). A wide spectrum of different forms of social enterprises and non-profit cooperatives should therefore be supported.</p> <p>European Regional Development Fund (ERDF) support under priority axis 9 will be provided for community-led local development (CLLD) that allows the local population to set priorities and development targets on its own, thus shaping the future of local development.</p>	1.1.1 Description of the strategy for the contribution of the operational programme to the EU strategy for smart, sustainable and inclusive growth (p.30)	Social inclusion	Yes	Yes	No	No	Yes	<p>Explicit SE. Contribution of social enterprises to social inclusion in a sense of new product or service development. The social inclusion measures will be financed through ERDF, specifically through CLLD, but the relation of CLLD with social enterprise is not explained.</p>
<p><u>Table 2:</u> Synthetic overview of the justification for selection of thematic objectives and investment priorities</p> <p><u>Selected investment priority:</u> Promoting business investment in R&amp;I, developing links and synergies between enterprises, research and development centers and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialization, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies</p>	1.2 Justification for the selection of thematic objectives and corresponding investment priorities in terms of the Partnership Agreement based on the identification of regional and, where applicable, national needs including those identified by the relevant Council recommendations (p.41, 51,69)	R&D	Yes	No	No	No	No	<p>Explicit SE. Only mentions social enterprise in a context of business investments in R&amp;D</p>

<p><u>Selected thematic objective:</u> (8) Promoting sustainable and quality employment and supporting labor mobility <u>Selected investment priority:</u> Promoting social entrepreneurship and vocational integration in social enterprises and the social and solidarity economy in order to facilitate access to employment</p> <p><u>Justification of the selection:</u></p> <ul style="list-style-type: none"> <li>• Social entrepreneurship has great potential for social inclusion and employment of vulnerable groups.</li> <li>• There is a need to ensure an exit from social activation into employment and to support the employment of vulnerable target groups in social enterprises.</li> <li>• Establishing and linking social enterprises with the network of community-based services and ensuring their visibility.</li> <li>• In order to provide new services and give jobs to vulnerable target groups, social enterprises must be appropriately trained, so there is a need to provide training, education, mentorship and advice for all stakeholders in social entrepreneurship.</li> <li>• The NRP 2013–2014 envisages carrying out of measures based on the adopted Strategy for Developing Social Entrepreneurship 2013-2020.</li> </ul>	<p>1.2 Justification for the selection of thematic objectives and corresponding investment priorities in terms of the Partnership Agreement based on the identification of regional and, where applicable, national needs including those identified by the relevant Council recommendations (p.46)</p>	<p>Social inclusion</p>	<p>Yes</p>	<p>No</p>	<p>Yes</p>	<p>Yes</p>	<p>Yes</p>	<p>Explicit SE. Only social enterprise is mentioned in the context of contribution to access to employment.</p> <p>The measure of providing information and training is mentioned, but not specified. Detailed measures are prescribed in the Strategy for Developing Social Entrepreneurship 2013-2020.</p>
<p>Slovenia lags behind the EU in terms of social entrepreneurship, which represents a great potential for creating jobs for persons who exit social activation programmes and affords enterprises the chance of providing community-based services that will be developed under the second investment priority. This area will be given EUR 30 million (1% of total funds, 4.19% from the ESF, 2.24% in the cohesion region of Vzhodna Slovenija and in the cohesion region of Zahodna Slovenija).</p>	<p>1.3 Justification of the financial allocation (pp.49-50)</p>	<p>Social inclusion</p>	<p>No</p>	<p>Yes</p>	<p>No</p>	<p>No</p>	<p>No</p>	<p>Explicit SE. Financial allocation for social enterprises providing community-based services.</p>
<p><u>2.1.5 Social innovation, transnational cooperation and contribution to thematic objectives 1-7</u></p> <p>The projects receiving support should demonstrate their contribution to broader social objectives (including social innovation) or to sustainable development (social, economic and environmental aspects) both in Slovenia and the wider setting. The investments made under this thematic objective will complement those made under thematic objective 3 and the projects under transnational and interregional initiatives. The supported projects will reinforce Slovenia's integration into the macro-regional and transnational context and throughout the EU, where additional synergies will be created especially through linking up with the instruments under Horizon 2020. Transnational cooperation is vital for building up and integrating research infrastructures where joint initiatives building on the ESFRI Roadmap will be created on the common points of national smart specialization strategies. Measures under priority axis 1 will help Slovenia integrate into the international environment, as practically every measure has been designed to be open for cooperation or upgrade in the region or beyond, which will help get the most out of the investments made in Slovenia and in other cooperating environments.</p>	<p>2.1.5 Social innovation, transnational cooperation and contribution to thematic objectives 1-7 (72-73)</p>	<p>Cohesion</p>	<p>Yes</p>	<p>No</p>	<p>No</p>	<p>No</p>	<p>No</p>	<p>Explicit SI. Social innovation mentioned in a statement.</p>

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<p>Projects receiving support under this thematic objective should demonstrate their contribution to wider social objectives (including social innovation) or sustainable development (social, economic and environmental aspect). Investment under this thematic objective will complement the investment under thematic objective 1 and thematic objective 6.</p>	<p>2.3.5 Social innovation, transnational cooperation and contribution to thematic objectives 1–7 (p.93)</p>	<p>Cohesion</p>	<p>Yes</p>	<p>No</p>	<p>No</p>	<p>No</p>	<p>No</p>	<p>No</p>	<p>Explicit SI. Social innovation mentioned in a statement.</p>
<p>Transnational partners to implement joint programmes contributing to increased employment and employability ... Slovenia will join those countries that will propose cooperation activities and will provide support to the development of own mobility schemes. As in the previous programming period, support will be given to social innovations that increase the added value of programmes. Joint projects of social partners and labor market service providers will merit particular attention in making a contribution to the achievement of the set objective.</p>	<p>2.8.6 Social innovation, transnational cooperation and contribution to thematic objectives 1–7 (p.172)</p>	<p>Participation</p>	<p>Yes</p>	<p>No</p>	<p>No</p>	<p>No</p>	<p>No</p>	<p>No</p>	<p>Explicit SI. Statement on support to social innovation in mobility.</p>
<p>Investment priorities will be linked and measures and activities will complement each other in order to develop a comprehensive approach to solving the problems of social exclusion and poverty. The links created between measures and activities will be highlighted during the promotion of social entrepreneurship, social activation measures and the development and strengthening of community-based services that will pursue measures for extension and improvement of infrastructure for implementing the process of deinstitutionalization. This will stimulate the participation of social enterprises in the implementation of social activation programmes, and later on particularly the employment of people exiting social activation programmes. At the same time, these measures will provide social enterprises and other organizations with their area of work and operation within the framework of newly-developed and improved community-based services.</p>	<p>2.9 Social inclusion and poverty reduction 2.9.1 Explanation for the establishment of a priority axis covering more than one category of region or more than one thematic objective or more than one Fund (p.172)</p>	<p>Social inclusion</p>	<p>Yes</p>	<p>No</p>	<p>No</p>	<p>No</p>	<p>No</p>	<p>No</p>	<p>Explicit SE. Social entrepreneurship recognized as contributor to solving social exclusion and poverty</p>
<p>The following will be supported: linking social activation programmes with employment programmes and developing tailored forms of work where people will be included after exiting the social activation programmes, in transitions between programmes and transitions from programmes to the labor market or to employment in social enterprises, and other types of work and programmes, notably in the NGO sector, with a view to further pursuing monitoring and providing support to people after they exit social activation programmes, while ensuring that complementarities and coordination between the activities of other priority axes and investment priorities under the priority are achieved at all times (particularly 8 and 10); Development and establishment of tailored forms of work for people who exit the above-mentioned activation programmes, but are unable to enter the labor market due to their specific difficulties, or unable to perform at least part-time work, which is a precondition for being included in social entrepreneurship, which will be supported under the fourth investment priority, and public work which is funded from the national budget.</p>	<p>Specific objective 3: prevent the slide into poverty or social Exclusion and reduce health inequalities 2.9.3.1.1 Description of types and examples of actions to be financed and their expected contribution to the corresponding specific objectives, including, where appropriate, identification: (pp.180-181)</p>	<p>Social inclusion</p>	<p>Yes</p>	<p>No</p>	<p>No</p>	<p>No</p>	<p>Yes</p>	<p>Yes</p>	<p>Explicit SE. Social enterprise as contributor to social inclusion and work activation/</p>

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<p>The identified horizontal principles will apply to the selection of future measures. In addition, priority will be given to projects that: encourage social entrepreneurship and job creation for vulnerable groups, if relevant;</p>	<p>2.9.3.1.2 Guiding principles for the selection of operations (p.182)</p>	<p>Social inclusion</p>	<p>Yes</p>	<p>No</p>	<p>No</p>	<p>No</p>	<p>No</p>	<p>Explicit SE. Priority to social entrepreneurship projects</p>
<p>Specific emphasis will be given to synergies of investment in infrastructure which will address numerous different user groups and tackle their housing situation, and to social innovation.</p>	<p>Specific objective: improve the quality of community-based care services (p.187)</p>	<p>Social inclusion</p>	<p>Yes</p>	<p>No</p>	<p>No</p>	<p>No</p>	<p>No</p>	<p>Explicit SI. Statement on emphasis to social innovation</p>
<p>Activities intended to revive social entrepreneurship in Slovenia in recent years coincided with the beginnings of the economic crisis, which has prompted a search for other, sustainable and more socially responsible business models able to create new employment opportunities for the growing number of unemployed people, especially those who require an adapted working environment to facilitate their inclusion in the labor force. Similarly, social entrepreneurship and its principles are increasingly recognized in Slovenia as the one organizational form of entrepreneurship that could become the right response to the growing need for social innovations and the development of new, notably social services and products, while being strongly integrated into the regional and local environment. Since social entrepreneurship is still in its infancy in Slovenia, the first step now is to provide appropriate conditions and a support environment for the creation of strong and sustainable social enterprises which will develop, respond to demands in a high-quality manner and have sufficient potential and know-how to develop services and offer employment and support to people who are unable to meet the usual demands in the labor market. Also, a lack of general entrepreneurial knowledge and skills additionally severely hampers the development of social enterprises. The measures under the investment priority will be complemented with measures under Priority Axis 3, i.e. with measures designed to increase the competitiveness of social enterprises (e.g. access to finance and to other support services for enterprises etc.). The expected result under this specific objective: increase the percentage of employed people among those participating in measures for social entrepreneurship promotion.</p>	<p>2.9.6 Promoting social entrepreneurship and vocational integration in social enterprises and the social and solidarity economy in order to facilitate access to employment Specific objective: increase the scope of activities and employment in the social entrepreneurship Sector (189-190)</p>	<p>Entrepreneurship</p>	<p>Yes</p>	<p>Yes</p>	<p>Yes</p>	<p>Yes</p>	<p>Yes</p>	<p>Explicit SI. Explicit SE. Statement on the growing need for SI. Social enterprises as a response to the growing need for social innovation Focus on support of social entrepreneurship.</p>

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<p>Support will be earmarked for: • A support scheme that includes training, education, mentoring and counselling programmes for all stakeholders in social entrepreneurship, networking, promotion etc. • Participation of vulnerable groups in social enterprises (information, motivation and support during entry into employment in social enterprises or during participation in training at work for people from individual vulnerable groups). • Development of activities and employment in existing or new social enterprises in order to develop community-based forms of care for target groups, particularly in connection with measures from the first and second investment priorities. Target groups: Social enterprises, target groups in accordance with the Social Entrepreneurship Act and those who complete social activation programmes. Beneficiaries: Social enterprises, regional development agencies, VEM entry points, non-governmental organizations, social partners, chambers and associations and other development institutions at the regional level, public agencies (e.g. SPIRIT, etc.), social innovation providers and others who contribute to achieving the objectives of the investment priority through their actions.</p>	<p>2.9.6.1.1. Description of types and examples of actions to be financed and their expected contribution to the corresponding specific objectives, including, where appropriate, identification (pp.190-191)</p>	<p>Entrepreneurship</p>	<p>Yes</p>	<p>Yes</p>	<p>Yes</p>	<p>Yes</p>	<p>Yes</p>	<p>Explicit SI. Social innovation mentioned in a statement on ‘social innovation providers’. Explicit SE. Connects with the framework for social entrepreneurship and describes 3 measures that include all policy instruments. Lists target groups and beneficiaries. It further specifies the guiding principles for the selection of operation, but in that part social innovation is not explicitly mentioned. Further on, output indicators (No. of participant and No. of social enterprises) are listed.</p>
<p><u>Job creation:</u> Promoting entrepreneurial activities and innovative development partnerships: the action will support activities contributing to enhancing entrepreneurship, creativity and innovation, and support is expected for activities designed to increase entrepreneurship, creativity and innovation, and activities that contribute to the creation of conditions for the implementation of entrepreneurial initiatives, such as: development of activation tools, establishment of informal networks for promoting entrepreneurship (especially social entrepreneurship, SMEs), development and offering of local products and services in eligible areas, including the establishment of a local supplier network, activities for revival of village and city centers etc.</p>	<p>2.9.7 Investment under CLLD strategies 2.9.7.1. Actions to be supported under the investment priority (pp. 193-194)</p>	<p>Rural Development, Employment</p>	<p>Yes</p>	<p>Yes</p>	<p>Yes</p>	<p>No</p>	<p>Yes</p>	<p>Explicit SE. Highlights the important role of social entrepreneurship in the promotion of entrepreneurship and innovative partnerships under CLLD.</p>

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<p>The priority axis will, as in the preceding programming period, support the development of social innovations, particularly programmes that link social and employment activation and employment in social enterprises or inclusion in training at work for people from individual vulnerable groups, which will represent added value for the programme. ESF funds under TO9 will be used to support measures that help increase the number of jobs in social entrepreneurship, and indirectly, enhance their potential contribution to economic growth, reduce poverty and support social services, healthcare, etc. Training programmes will be carried out and the existing support networks will be adjusted so as to facilitate the development of entrepreneurship and regional development of social entrepreneurship in order to create an efficient support environment. Support for social entrepreneurship activities and networking will also be provided through the development and networks of social entrepreneurship incubators. In addition, socially vulnerable groups will be included in social entrepreneurship projects. The measures for and development of social entrepreneurship are closely connected to the measures in the area of increasing competitiveness under TO 3, where adapted financial instruments co-financed by the ERDF will be available (e.g. micro loans). The common result sought is a greater contribution of social entrepreneurship to GDP.</p>	<p>2.9.8 Social innovation, transnational cooperation and contribution to thematic objectives 1–7 (pp.195-198)</p>	<p>Social entrepreneurship</p>	<p>Yes</p>	<p>Yes</p>	<p>Yes</p>	<p>No</p>	<p>Yes</p>	<p>Explicit SI. Statement on the support to the development of social innovation. Explicit SE. Describes combined funding of social entrepreneurship. Detail indicators are presented divided by East and West Slovenia, as well as detailed budgeting from both eligible funds</p>
<p>The projects supported under this thematic objective should demonstrate a contribution to wider social objectives (including social innovations), sustainable development (social, economic and environmental aspects). Investments under this thematic objective will be complemented to a reasonable extent with investments within the framework of thematic objectives 1–7 and projects within the context of transnational initiatives. As in the previous programming period, lifelong learning will give extensive support to social innovations that will add value to the programme.</p>	<p>2.10.6 Social innovations, transnational cooperation and contribution to thematic objectives 1–7 (pp.218-219)</p>	<p>Education</p>	<p>Yes</p>	<p>No</p>	<p>No</p>	<p>No</p>	<p>No</p>	<p>Explicit SI. Social innovation mentioned in a statement. Connection of lifelong learning with social innovation.</p>
<p>The “interoperability, transparency and open data” actions have a major impact on social innovations and transnational cooperation, and establish synergies with the majority of the thematic objectives.</p>	<p>2.11.5 Social innovation, transnational cooperation and contribution to thematic objectives 1–7 (p.238)</p>	<p>Legislative system</p>	<p>Yes</p>	<p>No</p>	<p>No</p>	<p>No</p>	<p>No</p>	<p>Explicit SI. Statement on the impact of social innovation on better legislative system and public administration.</p>
<p>We need to address the dispersion of human capital and innovation potential of regions, which would in turn enhance productivity. This in turn is related to education, the efficiency of the innovation system and organizational and social innovations.</p>	<p>4. Integrated approach to territorial Development (p.269)</p>	<p>Cohesion</p>	<p>Yes</p>	<p>No</p>	<p>No</p>	<p>No</p>	<p>No</p>	<p>Explicit SI. Statement on connection among human capital, education and social innovation.</p>
<p>In addition to the funds under priority axis 11, nongovernmental organizations will be eligible to receive support primarily under priority axis 9, which focuses on social inclusion and reduction of poverty risk. The actions in the area of implementing prevention programmes, which prevent falling into poverty and focus on the development of community-based programmes and services as well as social entrepreneurship, will be of particular relevance.</p>	<p>7.2.3 Earmarking for capacity building (p.284)</p>	<p>Combination</p>	<p>Yes</p>	<p>No</p>	<p>No</p>	<p>No</p>	<p>No</p>	<p>Explicit SE. Relevance of social entrepreneurship for capacity building on social inclusion and poverty reduction</p>



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<p>Priority axis 3: Investments of ESI Funds will primarily be linked to the COSME programme, with complementarity of support being established on a case-by-case basis. Synergies will also be established within the StartUp Europe programme (ICT companies), and in the framework of the new Programme for Employment and Social Innovation (social enterprises).</p>	<p>8. Coordination between the Funds the EAFRD, the EMFF and the other union and national funding Instruments, and with the EIB (p. 289)</p>	<p>Funding</p>	<p>Yes</p>	<p>Yes</p>	<p>No</p>	<p>No</p>	<p>No</p>	<p>Explicit SI. Explicit SE. The statement on SI that explicitly equals social innovation and social enterprise regarding synergies of funds</p>
<p>Priority axis 8: • The MA will primarily ensure consistency between the EU Programme for Employment and Social Innovation projects and the ESF-supported projects. Complementarity will also be established for actions to promote transnational labor mobility. A suitable mechanism will be established that will ensure thematic complementarity and upgrading of content while at the same time preventing double financing.</p>	<p>8. Coordination between the Funds the EAFRD, the EMFF and the other union and national funding Instruments, and with the EIB (p. 290)</p>	<p>Funding</p>	<p>Yes</p>	<p>Yes</p>	<p>No</p>	<p>No</p>	<p>No</p>	<p>Explicit SI. Statement on social innovation because of EU Programme for Employment and Social Innovation. Synergies of funds</p>
<p>Priority axis 9: Within the framework of the EaSI programme, the MA and other relevant institutions will, above all else, ensure complementarity between projects implemented under this programme with relevant ESF-supported projects. This will enable the developing and upgrading of examples of good practice and prevent double financing. Adequate synergies will also be established with actions under priority axis 3, particularly in the field of financial support for social enterprises.</p>	<p>8. Coordination between the Funds the EAFRD, the EMFF and the other union and national funding Instruments, and with the EIB (p. 291)</p>	<p>Funding</p>	<p>Yes</p>	<p>Yes</p>	<p>No</p>	<p>No</p>	<p>No</p>	<p>Explicit SE. Synergies of funds.</p>

## **Annex B1. Cohesion policy documents**

*The Slovenian Development Strategy 2030 (SDS)* (Government Office for Development and European Cohesion Policy, 2017) represents a new umbrella development framework with the main goal to ensure a quality life for all through a balanced economic, social, and environmental development. SDS has five strategic directions and twelve development goals, for whose implementation a four-year development policy program and a medium-term fiscal strategy are yet to be prepared. SDS recognizes social innovation (SI) as a mean for achieving the decent life for all and for raising productivity and improving the organizational efficiency of public bodies. For the fulfillment of the objectives 6 and 7 (*Inclusive labor market* and *Quality jobs*) instruments that are suitable for supporting social enterprises (SE) are prescribed. Objective 6 prescribes promoting the social and environmental responsibility of businesses and research organizations, while Objective 7 prescribes promotion of greater involvement of disadvantaged and under-represented groups in the labor market. Forestry is tackled by objective 9 (*Sustainable management of natural resources*) where one of the prescribed instruments deals with ensuring the sustainable development of forests as an ecosystem in terms of its ecological, economic, and social functions. As a strategic umbrella document, SDS addresses SI explicitly and implicitly by statements, vaguely indicating policy instruments without specification of the means for implementation.

*Operational Programme for the Implementation of the EU Cohesion Policy 2014-2020 (OP)* (Governmental Office for Development and European Cohesion Policy, 2015a) is the key implementing document for the investment of EU Cohesion Policy Funds for the realization of the national and Europe 2020 targets for smart, sustainable, and inclusive growth. It is the basis for the drawing finances from all three European Cohesion Policy Funds (European Regional Development Fund, European Social Fund, and Cohesion Fund). The OP aims to encourage economic development and ensure prosperity for all citizens in Slovenia. It aims to strengthen research and development, boost the innovation potentials of small and medium-sized enterprises (SMEs), promote resource efficiency and reduce environmental pressures, further develop the transport sector, boost the employment, and reduce the number of people at risk of poverty and social exclusion.

The total EU funding for the implementation of OP is EUR 3.011 billion.

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62 OP defines priority axes on the national level. It has 11 priority axes (PA) that address 11 EU2020  
63 objectives. SI is addressed explicitly in the introductory part of OP as contributing to EU strategy for  
64 smart, sustainable, and inclusive growth by contributing to social inclusion via SE. Within the  
65 description of PA, SI is addressed only statements as a contributor to:  
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- 70 • International competitiveness of research, innovation, and technological development in line  
71 with smart specialization for enhanced competitiveness and greening of the economy (PA2)  
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- 73 • Dynamic and competitive entrepreneurship for green economic growth (PA3)  
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- 75 • Promoting employment and supporting transnational labor mobility (PA8)  
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- 77 • Social inclusion and poverty reduction (PA9)  
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- 79 • Knowledge, skills, and lifelong learning to enhance employability (PA10)  
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- 81 • Rule of law increased institutional capacity, efficient public administration and capacity  
82 building of NGOs and social partners (PA11)  
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86 While the PA use the term SI, the indicators of each priority axes refer only to SE. Thus, only SE are  
87 addressed by explicit policy instruments:  
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- 89 1) Financial – different possibilities of financing SE (i.e. grants, credits, subventions, etc.)  
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- 91 2) Informational – different means for spreading the information on and for SE (i.e. contact  
92 points, training, promotion, etc.)  
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- 94 3) Networking – different means for support of existing or creation of new networks (i.e. hubs,  
95 clusters, etc.)  
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- 97 4) Regulatory – different means for change of existing or establishment of new regulations (i.e.  
98 new accounting rules for SE, strategy for the development of SE, etc.)  
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103 In this way, OP interchangeably uses the terms SI and SE, addressing SI only with proclamations and  
104 narrows SI meaning to SE when it comes to the prescription of explicit policy instrument.  
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107 *Slovenian Smart Specialization Strategy (S4)* (Governmental Office for Development and European  
108 Cohesion Policy, 2015b) was adopted in 2015. S4 is the key strategic document of the Government of  
109 the Republic of Slovenia in the field of innovation, serving as the basis for Slovenia's development  
110 policy. Development and adoption of S4 was a precondition for using EU structural funds in the field  
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121 of research, development, and innovation. The mission of the S4 is to position Slovenia as a co-creator  
122 and not a follower of global trends. “S4 strategic objective is SUSTAINABLE TECHNOLOGIES  
123 AND SERVICES FOR A HEALTHY LIFE on the basis of which Slovenia will become a green,  
124  
125 active, healthy and digital region with top-level conditions fostering creativity and innovation focused  
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127 on the development of medium- and high-level technological solutions in niche areas ”(Governmental  
128  
129 Office for Development and European Cohesion Policy, 2015b, p. 8; emphasis in the original).  
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132 Although S4 aims are formulated in the light of increasing competitiveness of the Slovenian economy,  
133 the document states that “S4 is based on a model of ‘open and responsible innovation’, including  
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135 ‘social innovation’ ” (Governmental Office for Development and European Cohesion Policy, 2015b,  
136  
137 p. 9), putting the emphasis also on non-technological and social aspects of innovation. S4 refers to  
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139 explicitly to SI and SE mostly in the part of *Growth and development of SMEs*. More specifically, S4  
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141 refers explicitly to SI when addressing horizontal, entrepreneurship-related measures for boosting  
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143 innovation. While S4 refers to SI by several statements, for addressing SE, S4 prescribes policy  
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145 instruments:  
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- 148 1) Financial – different possibilities of financing social innovation projects (i.e. grants, credits,  
149 subventions, etc.)  
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- 151 2) Informational – different means for spreading the information needed for social innovation  
152 project are prescribed (i.e. contact points, training, promotion, etc.)  
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- 154 3) Networking – different means for support of existing or creation of new networks are prescribed  
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156 (i.e. hubs, creativity centers, etc.)  
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160 S4 recognizes the potential of forestry within the 2<sup>nd</sup> objective of the priority area *1.2 Smart buildings*  
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162 *and homes*, which focuses on inter-sectoral networking and integration of the wood chain in the design  
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164 of homes and working environment by promoting research and innovation based on the traditional  
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166 knowledge and skills of the use of wood. Forestry is also tackled by the priority area *2.2 Networks for*  
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168 *the transition to a circular economy*, which addresses technologies for sustainable biomass  
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170 transformation and new bio-based materials. For fulfilling the objectives within these two priority  
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172 areas, S4 calls upon policy instruments prescribed in the PA4 (*Supporting the shift towards a low-*  
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180 *carbon economy in all sectors*) of the Operational Programme for the Implementation of the EU

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182 Cohesion Policy 2014-2020 (OP), where the contribution of SI is recognized as not relevant.

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184 Similarly to OP, S4 interchangeably uses the terms SI and SE. While SI is referred explicitly only by  
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186 proclamations, SE is addressed by several policy instruments.  
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## Annex B2. Social entrepreneurship policy documents

The sector of social enterprises (SE) in Slovenia is regulated by several documents. The basis for the legal recognition and operating of SE provides the *Law on Social Entrepreneurship (LSE)* (Official Gazette of RS No.20/2011), adopted in 2011. LSE regulates the conditions and methods for acquiring (and withdrawing) the status of an SE, defines the objectives and principles of SE, SE activities, the special conditions for the operation of SE and supervision in this field. It also provides incentives for the development of SE and governs its' development policies.

LSE defines social entrepreneurship as a permanent conducting of social entrepreneurship activities or the permanent conducting of other activities under specific employment conditions, with the production and sale of products or the provision of services on the market, and the creation of profits which is not the main objective of the activity (Official Gazette of RS No.20/2011, §3). The key objectives of SE are: strengthening social solidarity and cohesion, promoting people's involvement and volunteering, strengthening the innovative ability of society to tackle social, economic, environmental and other problems, providing additional supply of products and services in the public interest, developing new employment opportunities, providing additional jobs and social integration and the professional reintegration of the most vulnerable groups of people in the labor market. According to LSE, only a non-profit legal entity can register as an SE, meaning that organizations operating in the field of SE should have one of the following forms: society, institute, foundation, company, cooperative, European cooperative, or other legal entity of private law. According to §9 of LSE, the employment institute or enterprise employing disabled people cannot register as SE if in a process of bankruptcy. To register as SE, non-profit legal entities need to fulfill following 11 principles determining the governance of SE. In addition, LSE calls upon the *Decree determining social entrepreneurship activities (DSEA)* (Official Gazette of RS No.54/12 and 54/14) for prescribing the fields of activities of SE. After amendments in 2014 (Official Gazette of RS No.45/14), those activities range from social security and inclusion to food production, forestry, wood processing, renewable energy sources, green economy, tourism, culture, and sports. LSE recognizes 2 types of SE:

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- Type A: SE is established for the permanent conducting of the activities of the social entrepreneurship and permanently employs at least one worker in the first year and at least two workers in subsequent years
  - Type B: SE is established for the employment of vulnerable groups (defined in §6), so to conduct its activities by permanently employing at least one-third of workers from vulnerable groups from all employees.

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SE is not allowed to share its property, exploit its profit and surplus of revenue. The exploitation of profit is limited by LSE. Profit or surplus must be invested in the future development of SE. SE may share a portion of the profit or surplus of revenue in a proportion that may not exceed 20% of all the generated profit or surplus revenue in a given year, and only if the excess of revenue does not represent unused public funds and is defined in the instrument of incorporation or in the basic act. If an SE shares part of the profit or surplus income, it cannot exclude its employees (Official Gazette of RS No.20/2011, §11, §26). All SE, regardless of their legal form, must apply a special *Accounting standard for social enterprises – SRS 40* (Official Gazette of RS No. 2/12). Monitoring of the SE, conditions for beneficiaries of incentives of measures for supporting the development of SE, as well as conditions for implementing bodies of support measures for SE is regulated by *Rules on the Monitoring of the Operation of Social Enterprises (MOSE)* (Official Gazette of RS No. 35/13, 2013), adopted in 2013.

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LSE also prescribes the measures for promoting the development of SE in Slovenia. Promoting the development of SE is ensured through the implementation of measures for the promotion of SE, measures for creation of a favorable entrepreneurial environment, measures for promoting employment and measures for providing access to sources of financing and investments in SE. LSE enables active role of municipalities in the planning and implementation of SE development policies. While LSE does not explicitly address SI, it might be applied to SI initiatives if registered as SE. LSE explicitly addresses SE by statements, as well as by prescribing:

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- 1) financial instruments – financing of SE support environment, subventions for SE start-ups, special subventions, etc.
  - 2) information instruments – promotion of SE, advisory services

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121 3) networking instruments – incubators  
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123 4) regulatory – from new regulatory documents, and rules of conducts for SE to penalties and  
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125 monitoring.  
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127 The implementation of the measures for promoting the development of SE is governed by the *Strategy*  
128 *for the Development of Social Entrepreneurship for the period 2013 – 2016 (SDSE)* (Council for  
129 Social Entrepreneurship, 2013), adopted in July 2013. SDSE covers the analysis of the needs and  
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131 direction of the potential development of social entrepreneurship, the foundations of development  
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133 policy, strategic development goals and the main fields of social entrepreneurship development, the  
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135 role of the state, its bodies and municipalities in the implementation of specific policies and  
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137 achievement of development goals. The strategy defines three strategic objectives with respective  
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139 fields of actions:  
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- 142 1) increasing the visibility of SE and the knowledge of the principles of SE  
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144 2) upgrading the existing supportive environment for entrepreneurship  
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146 3) promoting the employment of vulnerable groups in the labor market.  
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148 SDSE also prescribes the responsible national bodies for implementation of the strategy. The main  
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150 responsible body for the implementation of the SE policy is Ministry of Labor, Family, Social Affairs,  
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152 and the Equal Opportunities with jurisdiction in planning and implementation of labor policies. With  
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154 respect to SE, that ministry is responsible for the organization of learning workshops for SE Type B,  
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156 as well as for co-financing of training and education of persons working with vulnerable groups.  
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158 Ministry for Economic Development and Technology is responsible for supporting establishment,  
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160 development, and growth of SE Type A. Other listed ministries (i.e. Ministry for Infrastructure and  
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162 Spatial Planning, Ministry for Agriculture, Forestry and Food, etc.) are responsible for implementation  
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164 of SE policies within their sectors.  
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166 SDSE addresses only SE explicitly, by statements on responsibilities and loose formulations of policy  
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168 instruments the responsible ministries should use within their activities for SE. It further calls upon  
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170 *Program of Measures 2014-2015 for the Implementation of the Strategy for the Development of Social*  
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172 *Enterprise for the Period 2013-2016* for prescribing policy instruments as means for implementation.  
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180 Based on SDSE objectives, Ministry of Labor, Family, Social Affairs, and the Equal Opportunities, in  
181 cooperation with other responsible ministries for SE, prepared *Program of Measures 2014-2015 for*  
182 *the Implementation of the Strategy for the Development of Social Enterprise for the Period 2013-2016*  
183 *(PMSE)* (Ministry of Labour, Family, Social Affairs, and Equal Opportunities, 2014), which entered  
184 on the force in the middle of 2014. PMSE details 15 measures and 39 activities that should lead to the  
185 fulfillment of the 3 SDSE's objectives. For the fulfilling the first objective (*Increasing the visibility of*  
186 *SE*), PMSE prescribes one measure containing 9 specific activities, with informational instruments  
187 (promotion and informing). Second objective (*Upgrading existing supportive environment*) contains 9  
188 measures with 26 specific activities. Those 26 specific activities employ all four types of policy  
189 instruments:  
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- 199 1) Regulatory – amendments to the LSE, Amendments to the Act on the Property of the State and  
200 Self-Governing Local Communities procurement with LSE;  
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- 203 2) Financial – new financing schemes and subventions  
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- 206 3) Informational – education and training for SE and SE advisors  
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- 209 4) Networking – cooperation  
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211 Instruments within the measure 2.4 are dedicated to promoting the development of SE in rural areas,  
212 and its means for implementation are tightly connected with the measures of Rural Development  
213 Programme. For the third objective (*Employment of vulnerable groups*), PMSE outlines 4 measures  
214 with four activities which prescribe regulatory, financial, and informational instruments. SDSE does  
215 not address SI explicitly, whereas it addresses SI implicitly through the measure 2.4. related to  
216 cooperation.  
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221 The development of new Law on Social Entrepreneurship is still ongoing, while Strategy on Social  
222 Entrepreneurship will become a part of a broader Strategy on Social Economy (E1). These changes are  
223 ongoing as a part of a Government strategic development *Project P9: Support to the development of*  
224 *social entrepreneurship, co-operatives and democratic economy* (Slapnik and et.al, 2016). Project P9  
225 has 5 operational objectives, from which 3 are related to the development of regulation and  
226 organizational structure of the social economy, 1 is related to deinstitutionalization and 1 is related to  
227 the development of financial support mechanisms for SE. Most of the objectives should be fulfilled  
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239 until the end of 2018, while objective related to SE should be fulfilled until March 2019. The funds  
240 related to the implementation of public tenders in the field of SE in the financial perspective 2014-  
241 2020 within the Ministry of Economic Development and Technology amount to little less than EUR  
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243 16 million, from which national financing amounts to approximately EUR 4 million, while other EUR  
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245 12 million should be financed from EU funds. The funds are divided into five categories:  
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- 248 1) Material and energy efficiency – cooperatives (approximately EUR 4 million)
- 249 2) Strengthening the support environment for social enterprises (approximately EUR 1.3 million)
- 250 3) Incentives for the creation of companies and youth cooperatives (approximately EUR 4 million)
- 251 4) Mentoring schemes for social enterprises (approximately EUR 6 million)
- 252 5) Transnationality in the field of social entrepreneurship (EUR 250 000).

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259 Expected immediate effects on the completion of the project are 3.250 new jobs in the SE and 0.3%  
260 increase in the contribution of the SE sector to GDP. While Project P9 explicitly address SE, we  
261 consider that it might implicitly address SI through cooperatives for material and energy efficiency.  
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#### **Annex B4. Forest policy documents**

Slovenian forestry is regulated by the number of documents (strategies, operational programmes, action plans, laws, etc.), but none of them explicitly address SI or SE. Nevertheless, those documents contain provisions that only implicitly address SI.

*Resolution on National Forest Programme (RNFP)* (Official Gazette of RS No 111/07) is an umbrella strategic document that shapes the national policy of sustainable forest management, adopted in 2007.

RNFP aims to ensure the preservation of forests and their multi-functionality based on the regional ecosystem approach. RNFP addresses environmental, economic, and social aspects of forests in separate chapters, by describing (then) current situation, assessing the development potentials and defining objectives, guidelines, and indicators.

Chapter 7 on Economic aspects outlines factors related to private forests that reduce their economic incidence, amongst which are factors related to private forest holdings, low level of innovation, and insufficient social awareness of the importance of wood. As a development potential RNFP recognizes opportunities for hunting, tourism, recreation, and crafts. Further on, RNFP states for the development of rural areas knowledge should be improved that would “lead people to better innovativeness and entrepreneurship and more added value” (Official Gazette of RS No 111/07, p.52.). Based on the impeding factors, amongst objectives are those related to associating PFOs, an increase of education of PFOs, incentives for improvement of ecological and social functions, better participation in decision making regarding private forests, as well as an increase of scope of activities using wood in rural areas, tourism, and recreation. Chapter 8 on social aspects stresses that factors reducing social aspects of forests are all those factors which threaten or reduce environmental and economic aspects but prescribes different objectives from those environmental and economic aspects. Those are a contribution to the quality of life and health of all citizens, providing employment and profit to people living in rural areas, the creation of an arranged environment to cultural heritage sites and a contribution to the development of tourism, and increasing the awareness. Chapter 12 deals with the education of forest owners, while Chapter 13 focuses on public awareness raising and participation in decision making. Chapter 15 is dedicated to financing, where the 3<sup>rd</sup> objective is related to co-funding

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62 of activities increasing the added value of wood and non-wood forest products as a contribution to the  
63 development of rural areas, whose indicator is the realization of RDP.

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66 RNFP address SI implicitly, through statements on potentials of social aspects of forests (i.e. tourism  
67 development, non-wood forest products), as well as through objectives and guidelines for management  
68 of private forests (i.e. stimulating the association of PFOs). As an umbrella strategic document in  
69 forestry, RNFP does not specify policy instruments for the achievement of objectives. Those policy  
70 instruments are specified in the Operational Programme for the Implementation of the National Forest  
71 Programme 2017-2021 (OPNFP).

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74 *Operational Programme for the Implementation of the National Forest Programme 2017-2021*  
75 *(OPNFP)* (Ministry of Agriculture, Forestry, and Food, 2017b) represents a link between the NFP and  
76 documents that form the basis for the planning, implementation, and monitoring of forest policy  
77 measures at the lower administrative and organizational levels. OPNFP defines 4 priorities and 10  
78 measures and prescribes the tasks, holders, deadlines, necessary funds, indicators, and the target  
79 values. Two measures of OPNFP could be of relevance for SI.

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82 Priority 2, measure 2 (M2) that addresses the sustainability of forest yield and the enforcement of all  
83 forest functions recognizes that the use of forests for non-timber forest products (hunting, bee-keeping,  
84 harvesting of fruits and other material goods of the forest, tourism, and recreation, etc.) is increasing,  
85 but the economic effects of this use are not. It also recognizes that there is almost no cooperation  
86 amongst PFOs with the purpose of forest management and business. The OPNFP states that situation  
87 should be improved through support to producer organizations in the field of forestry under the  
88 Measure 9 of RDP 2014-2020. Priority 4 addresses encouragement of coordination and  
89 communication between stakeholders related to forests and forestry and prescribes measure M9 for  
90 establishing permanent formal “Forest Dialogue”. The aim of “Forest Dialogue” is an improvement of  
91 communication and coordination among all relevant stakeholders. For financing of all measures,  
92 OPNFP predicts approximately EUR 34 million per year, until 2021.

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95 OPNFP is addressing SI implicitly through measure M2, that can be applied to innovative forms of  
96 organizations of PFOs or producers’ organizations. While M9 might seem like SI initiative, it is  
97 initiated by the public actors in a top-down manner. As this measure was still not implemented in the  
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121 practice, it is uncertain who and in what way will be included in the forest Dialogue. For both  
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123 measures, OPNFP indicates financial, information and networking policy instruments for  
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125 implementation.  
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127 *Action Plan for Increasing Competitiveness of Forest Wood Chains in Slovenia to 2020 "Wood is*  
128 *Beautiful" (AP)* (Ministry of Agriculture and Environment and Ministry of Economic Development  
129 and Technology, 2012) was adopted in 2012 with the aim of increasing the competitiveness of the  
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131 entire wood chain, from forests to final products. The expected result of the AN should be the opening  
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133 of new and different jobs and achieve the high added value in the wood processing industry in  
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135 Slovenia. AP sets out measures for intensifying forest management, mainly from an economic, and  
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137 partially from a social point of view. Measure 2.1 is related to supporting the establishment and  
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139 cooperation among producers' organizations working in the forest and wood processing sectors with  
140  
141 the aim of increasing the realized feelings. AP stresses the importance of financing this measure  
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143 mostly from RDP, with an assigned budget of EUR 1 million. Besides forestry related measures, other  
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145 measures target wood processing industry and biomass production and utilization for energy purposes.  
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147 AP addresses SI implicitly through measure 2.1, that supports the establishment of producers'  
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149 organization. For this measure AP prescribes the networking policy instrument, that should be  
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151 financed through RDP.  
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154 *Forest Act (FA)* (Official Gazette No. 30/93, 56/99 – ZON, 67/02, 110/02 – ZGO-1, 115/06 –  
155 ORZG40, 110/07, 106/10, 63/13, 101/13 – ZDavNepr, 17/14, 24/15, 9/16 – ZGGLRS in 77/16) was  
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157 adopted in 1993 and amended several times. It regulates the protection, planning, management,  
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159 exploitation and use of forests as natural resources, and prescribes formulation of strategic and  
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161 planning documents in forestry. It also regulates the responsibilities and tasks of State Forest Service,  
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163 research, and education organizations in the field of forestry, and private forest ownership. FA  
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165 supports the formation of associations of private forest owners and machinery circles. It enables  
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167 private companies to conduct forest works if the personnel have the adequate professional background.  
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169 FA implicitly addresses SI through provisions on voluntary associating PFOs and establishment of  
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171 Machinery Circles. FA in this way prescribes regulatory and networking policy instruments. FA was  
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173 also enabling concessions in the state forests, but this changed in 2016 with the adoption of  
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180 *Management of State Forests Act (MSFA)*(Official Gazette of RS No. 9/16), which enabled the  
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182 establishment of the State Forest Enterprise “Slovenski gozdovi”. MSFA does not address SI  
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184 implicitly or explicitly.  
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### **Annex B3. Rural development policy documents**

*The Rural Development Programme of the Republic of Slovenia for the period 2014–2020 (RDP)*

(Ministry of Agriculture Forestry and Food, 2015) was adopted in 2015. It is a joint programme document of the Republic of Slovenia (RS) and the European Commission, that constitutes the basis for the absorption of financial resources from the European Agricultural Fund for Rural Development (EAFRD). The RDP reflects national priority tasks based on the situation in agriculture, food technology, and forestry and the interaction of these economic sectors with other operational fields.

The RDP 2014-2020 budget is approximately EUR 1.1 billion of which EUR 838 million is financed from EAFRD. More than 20% of the funds have been allocated to strengthening competitiveness, over 9% to market integration, almost 52% to the natural resources and more than 15% for diversification purposes. The rest has been earmarked for technical assistance and the payment of liabilities for the preliminary programme period (Ministry of Agriculture Forestry and Food, 2017). The RDP 2014-2020 contains 14 measures and 19 sub-measures.

Several sub-measures explicitly address SE. Sub-measure *M4.1 Support for investments in agricultural holdings* entitles SE as potential beneficiaries (among other entitled beneficiaries) of non-refundable financial aid. To be eligible for this sub-measure, SE must be “entered into the Register of agricultural holdings and recognized as holders of social marketing innovations in self-sufficiency and locally produced food who employ vulnerable groups and create green jobs” (Ministry of Agriculture Forestry and Food, 2017, p. 10). Agricultural holdings can be reimbursed 30-50% of investments in the primary processing of agricultural products. The total amount of funds for this sub-measure in the period 2014-2020 amount to approximately EUR 99 million.

Sub-measure *M6.4 Support for investments in the establishment and development of non-agricultural activities* introduces financial instruments and forms of repayable financing (financial guarantees to ensure bank loans). Beneficiaries are natural persons and micro-enterprises in the rural areas, as well as small enterprises intended to add value to wood (that are not supported under sub-measure M8.6).

Within this sub-measure priority will be given to non-agricultural activities related to adding value to wood, local self-sufficiency, green tourism, natural and cultural heritage, and traditional knowledge, SE, social protection services, organic waste management, heat, and power generation from renewable

60 energy sources. The total amount of funds for this sub-measure in the period 2014-2020 is a bit more  
61 than EUR 42 million.  
62

63 Besides measure *M1 Transfer of knowledge and information activities* which supports vocational  
64 education and training in forestry, measures *M3 Support for investments in infrastructure related to*  
65 *the development, modernization or adaptation of agriculture and forestry* and *M9 Setting up of*  
66 *producer groups and organizations* entitle private forest owners and their associations, agricultural  
67 and pasture communities, and other natural and legal persons authorized to implement investments as  
68 beneficiaries of non-refundable financial aid.  
69

70 Measure *M8 Investments in the development of forest areas and the improvement of forest viability* is  
71 strictly related to forestry and contains two sub-measures. While for sub-measure *M 8.4 Support for*  
72 *remediating damage to forests due to forest fires and natural disasters and catastrophic events*  
73 beneficiaries are private and public forest owners (including agricultural communities), for sub-  
74 measure *M8.6 Support for investments in forestry technologies and in processing, mobilization and*  
75 *marketing of forest products* beneficiaries are also legal persons, agricultural and pastoral  
76 communities, and companies that comply with the conditions for micro, small or medium-sized  
77 enterprises and are engaged in timber felling and harvesting.  
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79 According to the *Decree on the measure for capital investments and on the sub-measure for the*  
80 *support for investments into forestry technologies, processing, mobilization, and marketing of forestry*  
81 *products pursuant to the Rural Development Programme of the Republic of Slovenia 2014–2020*  
82 *(DCI)* (Official Gazette of RS No. 104/15, 32/16, 66/16, 14/17, 38/17 in 40/17 – popr.), the level of  
83 public support for investments in agricultural holdings is 30% of the eligible investment costs and  
84 shall be increased by 10 % for investments by SE.  
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86 Trough M4.1 and M 6.4. only SE are explicitly addressed by financial policy instrument. Although  
87 other measures and sub-measures do not explicitly mention SE, some of them are formulated in a way  
88 that allows SE to apply for funding (Table B3.1). Measures M1, M3, and M8 prescribe informational  
89 and financial policy instruments, and could implicitly address SI if the beneficiary would be SI  
90 initiative with an adequate legal form to apply. For example, Study Circles (if with suitable legal  
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form), as SI initiatives for informal learning in forestry that include older inhabitants of rural areas and local foresters, could apply for M1.

Table B3.1. RDP measures, beneficiaries, and aid type

Measure	Brief description	Beneficiaries	Aid type
<b>M4.2</b>	Support for investments in the processing, marketing and/ or development of agricultural products	legal persons engaged in the processing or marketing of agricultural products as companies, cooperatives, or institutes registered agricultural and pastoral communities processing milk on a common pasture or plain	refundable and non-refundable financial aid
<b>M9</b>	Setting up of producer groups and organizations	newly-established producer groups that must be legal entities and fulfil the conditions for micro-, small, and medium-sized enterprises established in agriculture or forestry	non-refundable financial aid
<b>M16.2</b>	Support for pilot projects and for the development of new products, practices, processes, and technologies	various forms of cooperation among entities in the agricultural sector, in the food chain and in the forestry sector and other entities that contribute to achieving the objectives and to implementing priority tasks within the rural development policy, including producer groups, cooperatives and inter-branch organizations	non-refundable financial aid
<b>M16.4</b>	Support for horizontal and vertical cooperation between stakeholders in the supply chain aimed at establishing and developing short supply chains and local markets and for promotion activities at the local level, which are related to developing short supply chains and local markets	co-operatives companies	non-refundable financial aid
<b>M16.5</b>	Support for joint measures aimed at mitigating climate change or adapting to climate change and for joint approaches to environmental projects and permanent environmental practices	forms of cooperation among different entities (agricultural sector, in the food chain and in the forestry sector and other entities that contribute to achieving the objectives and to implementing priority tasks within the rural development policy, including producer groups, cooperatives and inter-branch organizations operational groups of the EIP for agricultural productivity and sustainability	non-refundable financial aid
<b>M16.9</b>	Support for the diversification of farming activities to activities concerning health care, social integration, community-supported agriculture and education about the environment and food	legal entities performing activities in education, health care, social protection, protection of persons with disabilities or humanitarian activities other legal persons performing non-profit activities in health protection or social integration of vulnerable social groups	non-refundable financial aid
<b>M19.1</b>	Support to local development within the leader initiative (community-led local development)	local partnerships which prepared Local Development Strategies legal persons Local Action Groups	non-refundable financial aid

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groups of natural and legal persons  
performing operations for the common  
benefit and/or common use

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Source: Own elaboration based upon Ministry of Agriculture Forestry and Food (2017)

*Decree on the implementation of community-led local development in the programming period 2014-2020 (DCLLD)* (Official Gazette of RS No.42/15) was adopted in 2015. It aims to support local development using bottom-up approach through social inclusion, the fight against poverty and economic development and to reduce regional developmental disparities, by creating new work opportunities and including vulnerable groups under the measure M19.1 of RDP. DCLLD regulates the establishment and operating of Local Action Groups (LAGs), as well as the content of the Local Development Strategies. The measures for the implementation of DCCLD are prescribed in the RDP 2014-2020 through measure M19, for which public calls were not open until 2018. As the precondition for LAGs is a bottom-up approach, it implicitly refers to SI and prescribes financial and regulatory policy instruments.

## **Annex B5. Environmental policy documents**

*Framework Program for the Transition to the Green Economy with the Action Plan for the Implementation of the Framework Program and Plan of Activities of Ministries and Government Services 2015-2016 (FPGE)* (Ministry of Environment and Spatial Planning, 2015) was adopted in 2015. FPGE aims to actively support the process of transition to the green economy as quickly as possible and to integrate measures and sectoral policy activities. FPGE addresses the forest as a renewable natural resource with a multifunctional role that requires sustainable management. Furthermore, FPGE addresses sustainable management of natural resources as an opportunity for increasing social inclusion. That is how 3<sup>rd</sup> priority of FPGE targets promoting employment in green jobs and training of the people on the labor market for the needs of the green economy. This priority calls upon the measures of Operational Programme for the Implementation of the EU Cohesion Policy 2014-2020 that address supporting the development and innovation of local employment and encouraging the development of SE type B to be linked to the green jobs. FPGE further specifies responsible bodies and their tasks related to the priorities in general terms in connection to other relevant policy documents and regulations. As FPGE does not specify activities and policy instruments for implementation, it addresses SE only with statements.

*Strategic Framework for Climate Change Adaptation (SFCAA)* (Ministry of Environment and Spatial Planning, 2016) was adopted in 2016. It provides guidelines for adaptation to climate change in Slovenia and specifies individual horizontal measures or activities that may contribute to adaptation to climate change. Those are targeting mainstreaming, cooperation, research and knowledge, and education and training. SFCAA specifies that for the dissemination of information on climate change adaptation cooperation should be established with the non-governmental and private sector. This is the only statement that implicitly addresses SI.

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4 **Acknowledgments**  
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16 the search on SI relevant policies.  
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