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# **Manual for social innovation in Serbia**

**In Novi Sad**

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## **1. Introduction**

Today's world is confronted with a range of deep and complex social, economic, and environmental challenges that require immediate and innovative action. Problems like poverty, hunger, food insecurity, water shortages, climate change, economic instability, unemployment, and growing inequality are not isolated issues; they reflect deeper systemic imbalances within the global order. Understanding these interconnected problems encourages a new approach to finding solutions—one that unlocks remarkable opportunities for innovation driven by social values and the principles of sustainability.

Within this context, social innovation has emerged as a crucial component of development strategies, particularly in more developed countries, where it plays a central role in achieving sustainable social progress. Social innovations are defined as new ideas, organizational models, or operational methods that are more effective than previous alternatives in meeting social needs, improving welfare, and strengthening social cohesion. However, not every new solution to a social problem qualifies as a social innovation. Much like technological innovations are only recognized when they achieve market relevance, social innovations must deliver lasting, tangible benefits to users and contribute to building society's capacity to act. In the European Union, although there is no single, universally accepted definition, social innovation is generally understood as the process of developing creative solutions within entrepreneurial or community settings to address unmet social needs left unattended by market mechanisms and public policies.

Inextricably linked to social innovation is the concept of social entrepreneurship. Social entrepreneurship represents a dynamic field where entrepreneurial principles are applied to resolve social problems, creating positive and lasting social change. Social enterprises operate within markets, offering goods, services, and employment, but unlike traditional businesses, their primary mission is social usefulness rather than profit maximization. They exemplify the practical implementation of social innovation, demonstrating how market mechanisms can be harnessed for public good. Today, opportunities for establishing and growing social enterprises are expanding, making the field increasingly attractive and competitive.

In Serbia, the contemporary form of social entrepreneurship has been present for nearly two decades. Despite continuous efforts, progress in establishing a supportive environment for its

sustainable development has been slow and fragmented. A significant milestone was the adoption of the Law on Social Entrepreneurship ("Official Gazette of RS", No. 14/2022), which formally recognized social entrepreneurship and provided a framework for future growth. According to the law, social entrepreneurship involves activities of general interest aimed at solving social problems, supporting vulnerable groups, and reinvesting profits into socially beneficial activities such as environmental protection, rural development, education, culture, and social innovation. Social enterprises in Serbia commonly take various legal forms, often registered as associations, although they are not limited to any single organizational type.

The ecosystem for social innovation in Serbia, particularly in cross-border regions, is gradually evolving. It is shaped by policy initiatives, civic engagement, and entrepreneurial activity. Governmental bodies, non-governmental organizations, academic institutions, and private enterprises are all contributing to the development of socially innovative solutions. Nevertheless, significant challenges remain, including limited access to funding, a lack of regulatory instruments specifically tailored for social innovation, and underdeveloped infrastructure for scaling successful initiatives.

The legal and institutional framework is progressively being established, offering a foundation for social innovations in areas such as education, healthcare, employment, and environmental sustainability. Moreover, international cooperation, especially through European Union cross-border programs, has facilitated knowledge transfer and the adoption of best practices, further strengthening the ecosystem for social innovation in Serbia.

This Manual aims to equip aspiring social innovators with the knowledge, tools, and step-by-step guidance needed to navigate this evolving landscape and successfully launch and grow socially impactful initiatives within Serbia.

## **2. Social innovation in the Republic of Serbia**

Social innovation is a relatively new and still evolving concept in the Republic of Serbia. It remains insufficiently understood, with no widely accepted definition or dedicated institutional support. As in many neighboring countries, Serbia lags behind more developed nations in this field. Although various projects and initiatives that align with the idea of social innovation exist, they are often not formally recognized as such, due to the absence of academic institutions or public bodies specifically addressing the topic.

According to the definition, social innovations are new solutions that meet social needs while simultaneously creating new social relationships and capabilities, more effectively than traditional institutional methods. In Serbia, the most pressing social challenges include widespread poverty, youth unemployment, regional disparities, and the social exclusion of vulnerable groups. Civil society organizations (CSOs) have thus taken the lead in creating initiatives that could be classified as socially innovative. However, the third sector's heavy reliance on grants and the absence of social investment mechanisms limit the advancement and sustainability of such efforts.

In recent years, signs of growing interest in social innovation practices have emerged beyond the nonprofit sector. The private business sector and government institutions have shown increased involvement, particularly in areas such as social entrepreneurship, corporate social responsibility (CSR), and the improvement of the legal framework for socially oriented initiatives. CSR has gained visibility, especially among large international companies operating in Serbia, manifesting through volunteer programs and socially impactful actions. Nevertheless, its influence remains relatively limited within the broader economy.

Among the most visible developments in the field of social innovation in Serbia is the rise of social entrepreneurship. Since its introduction about a decade ago, approximately 1,600 social enterprises have been established, aiming to address societal challenges through entrepreneurial models. Social entrepreneurship, by connecting sectors traditionally operating separately, represents an innovation in itself and offers opportunities for enhanced social cohesion by empowering marginalized populations. Yet, the growth of this sector faces considerable challenges: the regulatory and banking systems are not yet fully supportive, financial resources are scarce, and specialized expertise in managing and expanding social enterprises remains underdeveloped.

Beyond entrepreneurship, the wider ecosystem for social innovation remains constrained by financial, legislative, and cultural barriers. Economic difficulties stemming from Serbia's transition to a market economy and the global financial crisis have hampered the development of stable conditions for growth. Although positive steps have been made in entrepreneurial legislation and innovation policies, much remains to be done to create an enabling environment for social innovation. The newly introduced law on social services provision is a significant innovation, promoting social activation and clearer standards for access to social services. However, the proposed law on social entrepreneurship risks limiting progress by favoring state-founded enterprises over independent initiatives.

Cultural factors also pose challenges. The legacy of socialism discouraged entrepreneurship, while the post-transition period fostered distrust toward entrepreneurial activity, often associated with corruption. Economic hardship and a political culture that fosters passivity have eroded empathy, solidarity, and civic engagement. Despite these obstacles, values closely related to social innovation — solidarity, philanthropy, and cooperative effort — have historical roots in Serbia. From 19th-century foundations supporting education to agricultural cooperatives that persist today, Serbia possesses a rich tradition upon which to build.

Institutional reforms have progressed, yet policies directly promoting social innovation remain at an early stage. A significant initiative was the establishment of the Social Innovation Fund during the 2000s, which enabled NGOs and public services to test and develop community-based solutions. Despite its success, the Fund was discontinued due to financial and political challenges.

Today, opportunities for expanding social innovation lie particularly in the fields of social service provision — especially services for the elderly — and education, through adult learning programs, initiatives to reduce school dropout rates, and the inclusion of marginalized groups. While Serbia lacks a fully implemented national strategy for social innovation, the potential for development is substantial, offering prospects for job creation and improved quality of life. Realizing this potential requires formal definition and promotion of social innovation and social entrepreneurship concepts, adapted from successful international practices and connected to European networks.

The Delegation of the European Union to Serbia supports the gradual introduction of social innovation elements through stakeholder groups working on social services, economic competitiveness, and anti-discrimination policies. Going forward, Serbia would greatly benefit from accessing European funding opportunities tailored to social innovation, promoting awareness-raising campaigns, showcasing best practices, offering technical assistance, and fostering transnational exchanges.

Another critical need is the reform of the education system to promote interdisciplinary thinking and stronger ties between education and the labor market. Embedding social innovation into academic curricula and encouraging applied research would empower younger generations to develop creative, sustainable solutions to social challenges, thus nurturing a new wave of socially innovative thinkers and practitioners.

### **3. Current challenges**

The development of social innovation in Serbia faces a complex set of challenges that span financial, legislative, institutional, and cultural dimensions. Financial constraints are among the most critical barriers. Serbia's ongoing transition to a market economy, compounded by the aftermath of the global financial crisis, has weakened the foundations necessary for stable economic growth. Funding for socially innovative projects remains scarce, particularly for early-stage initiatives, and social investment mechanisms are still largely absent from the financial system. Without reliable access to capital, many potential innovations struggle to move beyond the conceptual phase.

Legislative frameworks, while showing signs of progress, are still insufficient to fully support social innovation. Positive steps have been made, such as the adoption of the law on social services provision, which introduces social activation and clarifies the rights and standards in welfare provision. However, broader legislative reforms needed to recognize and support social enterprises and other socially innovative models are incomplete. The pending law on social entrepreneurship has raised concerns for favoring state-led initiatives, potentially stifling independent innovation and weakening the role of civil society and private actors.

Institutional support structures for social innovation are fragile. The closure of the Social Innovation Fund, once a pioneering platform for supporting experimental solutions to social challenges, left a gap in systemic encouragement and scaling of successful models. Existing public programs rarely prioritize or adequately fund innovation in social services, education, or labor market integration, which are areas of critical social need.

Cultural barriers further complicate the environment. The legacy of the socialist period, combined with the negative aspects of the transition, has produced widespread distrust toward entrepreneurship and innovation. Citizens often associate entrepreneurial initiatives with corruption and inequality, while traditional values of solidarity and civic responsibility have eroded. Public attitudes frequently reflect skepticism toward new approaches, and there is a limited culture of risk-taking or acceptance of failure, both of which are essential for fostering innovation.



Moreover, there is a persistent gap in knowledge and skills, particularly among social entrepreneurs and actors in the third sector. Many lack the financial literacy, business planning, and strategic management expertise needed to sustain innovative projects in the long term. Educational institutions have yet to incorporate social innovation into their curricula systematically, and few opportunities exist for specialized training or professional development in this field.

In summary, while there is a growing awareness of the importance of social innovation, Serbia still struggles with foundational challenges that impede its development. Overcoming these obstacles requires coordinated efforts to improve financing, reform legislation, strengthen institutional support, change cultural perceptions, and build human capacities for innovation.

#### **4. Law and Policy for Social Innovation Development in Serbia**

Regulatory documents supporting SE (National) Two types of documents are relevant to the report:

1. Those directly targeting social enterprises and/or social economy organizations, such as Law on Social Entrepreneurship 1. Law on Social Entrepreneurship (adopted in 2022) sets the framework for supporting social enterprises at all levels of governance. It defines and sets the structures that should help develop the ecosystem at all levels of governance. The Council of Social Entrepreneurship, even if it follows good practice of a multistakeholder approach, lacks the perspective of the local level of governance. The Program for Development of Social Entrepreneurship has not adopted yet, even if it should have been adopted in 2022. It must have a local perspective to help build local ecosystems. The way the starting up and ownership of social enterprises is defined in the Law, local self-governments can be founders of the social enterprise, which is not the best practice from the point of view of autonomy and investments.
2. Those indirectly target social and/or social economy organizations like the Law on Public Procurement and taxation laws. 1. Law on Public Procurement (adopted in 2019, amended in 2023) enables the application of reserved public procurement with a social element, socially responsible public procurement, and green public procurement. All these actions enable the local self-government to strengthen its role as a responsible actor in society and strengthen its social influence, and on the other hand, to encourage wider responsible behavior. For the reserved public procurement procedure, there is a special legal regime that, on the bidder's side, recognizes only social entrepreneurship entities that deal with work integration and social inclusion of persons with disabilities and less employable categories. Social public procurement, although without a special legal regime recognized by the Law on Public Procurement, represents a practice that, on the side of bidders and subcontractors, recognizes exclusively subjects of social entrepreneurship but in a wider spectrum of action and social impact from employment and social inclusion of marginalized groups. 2. Taxation and benefits to operators in the social economy substantially establish equal opportunities for SE as for the regular for-profit enterprises. The taxation system in Serbia does not recognize SE's specifics. Article 17 of the Law on Social Entrepreneurship prescribes special reliefs and exemptions for the subject of social

entrepreneurship by the regulations regulating taxes, contributions for mandatory social security, compensation for the use of public goods, and other types of financial obligations. What kind of tax treatment is desirable, which will recognize the social function of social entrepreneurship entities and thus help them to enter the market competition with other classic for-profit companies with the support of public authorities, as indicated by the analysis of relevant tax regulations carried out for the purposes of developing the Social Entrepreneurship Development Program. The recommendations envisage changes to several laws to extend the benefits enjoyed by other actors, such as the Red Cross, associations, and foundations, to social entrepreneurship entities.

EU is faced with great budget restrictions, demographic changes and globalization. Competitiveness, the ability to create jobs and a decent living standard of EU citizens are relying more and more on the capacity to encourage innovation in terms of products, services, business and social processes and models.

The European Commission promotes the social economy and social and inclusive entrepreneurship because of their important role in job creation, work integration and inclusive and sustainable growth. The social economy can help implement the principles of the European Pillar for Social Rights and deliver on its 2021 Action Plan and the 2030 headline targets. It also contributes to achievement of the sustainable development goals.

The social economy encompasses a variety of businesses, organizations and legal forms, such as social enterprises, cooperatives, mutual benefit societies, non-profit associations and foundations – which all share the feature of systematically putting people first.

A social enterprise combines entrepreneurial activity with a social purpose. Its main aim is to have a social impact, rather than maximize profit for owners or shareholders. Businesses providing social services and/or goods and services to vulnerable persons are typical examples of social enterprises.

There are some 2.8 million social economy entities and enterprises in Europe, employing together around 13.6 million people. The share of the social economy in paid employment varies between 0.6% and 9.9% amongst Member States.

The largest share can be found in Belgium, Finland and France. Social economy enterprises in the EU make up 3 million organizations or 10% of all European companies, employing 6% of the total working population. With a staggering 70%, the largest share is employed by non-profit organizations, followed by co-operatives with 26% and mutual societies with 3%.

Social entrepreneurship in Serbia is becoming an increasingly important sector, especially after the adoption of the Law on Social Entrepreneurship (further text: law) in February 2022, which formalized the practice of this type of enterprise. Social enterprises combine market work with social impact, generating profits that are reinvested in community development instead of for personal interest. There are eight registered social enterprises and 16 special rehabilitation enterprises in Vojvodina. These data indicate the limitations of the sector compared to the EU, but more importantly, a strategic approach to creating an enabling environment for this entrepreneurship within the micro, small and medium-sized enterprise sector.

This law regulates the concept, objectives, principles and scope of social entrepreneurship, the legal position, rights and obligations of entities carrying out activities with the status of social entrepreneurship, the conditions for acquiring and terminating the status of social entrepreneurship, the concept of socially vulnerable groups, encouraging the development of social entrepreneurship and supporting socially vulnerable groups, registering the status of social entrepreneurship, reporting, supervision and other issues of importance for social entrepreneurship in the Republic of Serbia. The aim of this law is to create a favorable business environment for the development of social entrepreneurship, developing awareness of the importance of the social economy and social entrepreneurship and meeting identified social needs. Development and operations in the field of social entrepreneurship are based on the following principles:

- 1) the principle of transparency, which implies that the social entrepreneurship entity is obliged to make available to the public its general acts, planning documents with which it plans to implement its social role (business or medium-term plans), reports it compiles in accordance with this law, as well as other information related to its operations and the manner of implementing its social role, while state administration bodies, provincial and local self-governments/state administration bodies and other public authorities are obliged to make available to the public planning documents and general and individual acts they adopt in relation to incentives for social entrepreneurship;

- 2) the principle of responsibility, which implies that the status of social entrepreneurship assumes increased responsibility for the implementation of the social role that the social entrepreneurship entity has in accordance with this law, including restrictions on the disposal of profits and assets;
- 3) the principle of sustainable growth and development, which implies that social entrepreneurship and incentives for social entrepreneurship are planned and implemented taking into account the requirements of environmental protection, combating climate change, mitigating the effects of climate change and adapting to climate change, preventing excessive use of natural resources, increasing energy efficiency and using renewable energy sources and reducing greenhouse gas emissions, their effects on society, especially on local communities, their development and specificities, vulnerable categories of the population, gender equality, as well as the fight against poverty;
- 4) the principle of partnership and synergistic action of the public, private and civil sectors, which implies that the development of social entrepreneurship and the promotion of the social economy are carried out at all these levels, as well as that public policies in the field of social economy and social entrepreneurship are adopted and implemented in partnership. Social entrepreneurship is aimed at solving social problems, with the aim of increasing social cohesion and development of society.

According to the law, social entrepreneurship is particularly achieved through the production of goods and provision of services (social, educational, health, etc.) in accordance with this law, work integration in line with legal provisions, business activities that contribute to the sustainable development of devastated areas and local communities, and business initiatives that address problems in other areas of general interest.

Members of socially vulnerable groups within the meaning of this law are considered to be persons in the social protection system, unemployed persons who are difficult to employ in accordance with employment regulations and other persons who are difficult to employ from particularly vulnerable categories, as well as members of other vulnerable social groups determined by law.

The status of social entrepreneurship in accordance with this law may be acquired by an entrepreneur who keeps business books in accordance with accounting regulations or an entrepreneur who is not taxed at a flat rate and who has accepted in his or her statement that they

perform one or more social roles in accordance with Article 5 of the law, operate in one or more areas in accordance with Article 7 of the law, distribute profits in accordance with the limitation prescribed in Article 11 of the law, and are obliged to report in accordance with Article 13 of the law. It may also be acquired by a business entity that has accepted by its act that it performs one or more social roles in accordance with Article 5 of the law, operates in one or more areas in accordance with Article 7 of the law, distributes profits in accordance with the limitation prescribed in Article 11 of the law, performs management in accordance with the limitation prescribed in Article 12 of the law, and is obliged to report in accordance with Article 13 of the law. Additionally, a civil sector entity registered for the performance of economic activity may acquire this status if it has accepted by its act that it performs one or more social roles in accordance with Article 5 of the law, operates in one or more areas in accordance with Article 7 of the law, performs management in accordance with the limitation prescribed in Article 12 of the law, and is obliged to report in accordance with Article 13 of the law.

Along with the request for the acquisition of the status of social entrepreneurship, the entrepreneur shall submit a statement made in accordance with Article 8, paragraph 1, item 1 of the law; the business entity shall submit the founding act, statute, or other general act made in accordance with Article 8, paragraph 1, item 2 of the law; and the civil sector entity shall submit the statute or other general act made in accordance with Article 8, paragraph 1, item 3 of the law. The social entrepreneurship entity shall prepare a report on the fulfillment of its social role for a period of two years, in accordance with the law. This report shall contain basic data regarding the fulfillment of the conditions for operating under the status of social entrepreneurship prescribed by the law, the operations and activities carried out in accordance with Article 7 of the law, the distribution of profits in accordance with Article 11 of the law, and the management of the social entrepreneurship entity in accordance with Article 12 of the law.

Regarding the regulatory framework, the opinions of social entrepreneurs are divided. There is an opinion that the Law on Social Entrepreneurship is not encouraging and inadequate because it is incomplete, even though it was long waited for its adoption. On the other hand, there is also an opinion that the Law is good because it includes a broader concept of social enterprise, includes both social and environmental dimensions, and provides guidelines on what needs to be fulfilled for the enterprise to be social. There is agreement that more efforts are needed regarding its

implementation and promotion. Although social entrepreneurship is the responsibility of the Ministry of Labour, Employment, Veterans, and Social Affairs, some argue that it would be more appropriate if it were the Ministry of Economy.

## **5. Supporting Structures and Key Players in the Social Innovation Ecosystem**

Social innovation in Serbian cross-border area is gaining momentum, supported by a diverse network of non-governmental organizations (NGOs), public institutions, private sector initiatives, and international organizations. However, while various actors contribute to the ecosystem, collaboration and coordination remain key challenges. This section explores the main stakeholders, the level of inter-sector cooperation, and the role of networks and clusters in fostering social innovation.

A robust social innovation ecosystem requires active participation from multiple sectors, each playing a distinct role in fostering collaboration, resource mobilization, and sustainable impact. Generally in Serbia, key stakeholders include non-governmental organizations (NGOs), social enterprises, public institutions, and private sector actors. Understanding their roles and interconnections is essential for enhancing the social innovation landscape and addressing pressing societal challenges.

Non-governmental organizations (NGOs) and social enterprises are pivotal in driving social innovation. These organizations often operate in sectors where public services are limited or insufficient, such as education, employment, environmental sustainability, and social inclusion. NGOs not only provide direct services to vulnerable populations but also advocate for policy changes and greater public awareness. By fostering community engagement and participatory approaches, NGOs contribute to designing innovative solutions tailored to local needs. Social enterprises, on the other hand, blend business models with social missions, generating sustainable income streams while addressing issues like unemployment, poverty, and environmental degradation. These entities often emerge from grassroots initiatives, demonstrating the importance of local knowledge and community-driven solutions in the social innovation ecosystem.

Public institutions and government bodies play a central role in creating an enabling environment for social innovation through policy-making, financial support, and regulatory frameworks. The national and provincial government has taken steps to encourage social innovation, although policies and financial mechanisms are still in development. The Ministry of Economy is instrumental in supporting small and medium-sized enterprises (SMEs) and startups, including those focused on social entrepreneurship. Through various programs, the Ministry provides access



to financial resources, business development services, and incentives that encourage innovative solutions to societal challenges.

The Ministry of Labor, Employment, Veterans, and Social Affairs oversees programs aimed at social inclusion and employment, particularly targeting marginalized groups such as persons with disabilities, the long-term unemployed, and minority communities. By implementing active labor market policies and supporting vocational training programs, the Ministry enhances the employability of vulnerable populations, contributing to broader social innovation goals.

Another significant player is the Innovation Fund of Serbia, which offers grants and financial incentives to foster innovative startups and social enterprises. The Fund's programs aim to support projects that combine technological advancements with solutions addressing social issues. By providing seed funding, mentorship, and market access support, the Innovation Fund encourages the development of scalable and impactful innovations that can be integrated into broader economic and social systems.

The Development Agency of Serbia (RAS) also plays a critical role in the social innovation landscape. RAS focuses on promoting business innovation through training programs, mentorship opportunities, and financial assistance. By fostering entrepreneurship and enhancing the competitiveness of Serbian businesses, RAS indirectly supports social enterprises that integrate innovation into their business models to achieve positive social outcomes.

Private sector engagement is increasingly recognized as vital for the success of social innovation initiatives. Companies in cross-border region are beginning to explore corporate social responsibility (CSR) beyond traditional philanthropy, aligning their core business strategies with social and environmental goals. Partnerships between private companies and social enterprises can lead to innovative solutions that benefit both businesses and society. For example, collaborations that address supply chain sustainability, inclusive employment practices, or community development projects illustrate how private sector actors can contribute meaningfully to the social innovation ecosystem.

In addition to these primary stakeholders, academic institutions and research organizations are becoming more involved in social innovation. Universities conduct research on social challenges,

develop new technologies, and offer educational programs that nurture future social innovators. Collaboration between academia, industry, and civil society is essential for translating research into practical solutions with real-world impact.

International organizations and development agencies also play a supportive role by providing funding, technical expertise, and platforms for knowledge exchange. Partnerships with entities such as the European Union, United Nations Development Programme (UNDP), and other international donors enable Serbian stakeholders to align their efforts with global best practices and access broader networks of support.

A holistic mapping of stakeholders reveals the interconnectedness of various actors within Serbia's social innovation ecosystem. Effective collaboration among NGOs, public institutions, private companies, and academia is crucial for addressing complex societal issues. However, several challenges remain, including fragmented communication channels, limited cross-sector partnerships, and gaps in policy coherence. To overcome these barriers, fostering multi-stakeholder platforms that encourage dialogue, resource sharing, and joint problem-solving is essential.

Strengthening the ecosystem requires coordinated efforts to enhance capacity-building, improve access to funding, and promote a culture of innovation. Government initiatives should focus on creating clear regulatory frameworks that support social enterprises, while the private sector can be incentivized to invest in social innovation projects. NGOs and social enterprises, in turn, need to engage actively with other stakeholders to leverage resources and expand their impact.

The private sector is increasingly engaged in social innovation, particularly through Corporate Social Responsibility (CSR) initiatives, impact investing, and startup accelerators. Companies are recognizing the importance of contributing to society while aligning their business strategies with sustainable development goals. These efforts not only address social and environmental challenges but also foster long-term business growth and community resilience.

In Serbia (Serbian cross-border region), several leading companies have taken significant steps in this direction. Delhaize Serbia, through Maxi's Social Entrepreneurship Program, supports social businesses in the food and agriculture sector, providing opportunities for local producers and

entrepreneurs to thrive. Delta Holding and NIS (Gazprom Neft) are actively investing in social and environmental sustainability projects, reinforcing their commitment to responsible business practices that benefit both society and the environment.

Technology also plays a vital role in driving social innovation. The ICT Hub focuses on technology-driven solutions, offering support to impact startups that aim to solve pressing societal issues through innovative approaches. By fostering a collaborative ecosystem for entrepreneurs, these initiatives demonstrate the private sector's pivotal role in advancing social change and promoting inclusive economic growth.

Collaboration between the public sector, private businesses, and civil society organizations plays a crucial role in addressing complex social, economic, and environmental challenges. While such cooperation has been steadily growing, fragmentation across sectors still presents obstacles to achieving cohesive and impactful solutions. Effective partnerships require not only aligned objectives but also mechanisms that foster long-term cooperation, transparency, and mutual trust. Despite these challenges, several notable initiatives demonstrate the potential of collaborative efforts in driving sustainable development and social innovation.

One key example is the Social Innovation Forum (SIF), which brings together non-governmental organizations (NGOs), businesses, and policymakers to create a supportive framework for social enterprises. The SIF facilitates knowledge sharing, policy advocacy, and capacity-building initiatives aimed at strengthening the social economy. By uniting diverse stakeholders, the forum helps align national policies with the needs of social entrepreneurs, promoting innovative solutions to pressing community issues. This collaboration also encourages the development of market-based approaches that simultaneously generate social impact and financial sustainability. The SIF's activities reflect a broader trend, where cross-sector alliances are becoming integral to fostering inclusive economic growth and addressing social inequalities.

International organizations have also played a significant role in promoting cross-sector cooperation. GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit) and the United Nations Development Programme (UNDP) are notable examples. These organizations have facilitated numerous programs that bring together government institutions, private sector companies, and civil society organizations to tackle social and environmental challenges. For instance, GIZ's projects often focus on workforce development, energy efficiency, and

environmental protection, while UNDP initiatives emphasize poverty reduction, gender equality, and sustainable economic development. These programs not only provide technical expertise and financial support but also create platforms for dialogue and joint action among stakeholders. By leveraging international best practices and fostering local ownership, GIZ and UNDP help enhance the effectiveness and sustainability of development interventions in Serbia.

Another prominent initiative fostering cross-border and cross-sector collaboration is the Cross-Border Cooperation (CBC) Croatia-Serbia Program, supported by the Interreg framework of the European Union. This program aims to strengthen cooperation between Serbian and Croatian institutions in various fields, including social innovation, cultural heritage preservation, and entrepreneurship. The CBC projects encourage joint initiatives that address common challenges faced by border communities, such as economic disparities, youth unemployment, and environmental degradation. By facilitating knowledge exchange and resource sharing, these projects enhance regional integration and contribute to the development of resilient local economies. Cultural heritage projects under the CBC program, for example, not only promote tourism but also foster a sense of shared identity and cooperation between the neighboring countries. Similarly, entrepreneurship initiatives provide support for small and medium-sized enterprises (SMEs), enabling them to access new markets and improve competitiveness.

Employment and workforce integration remain key priorities in cross-sector collaborations. The National Employment Service (NES) in Serbia has developed partnerships with private companies through various Corporate Social Responsibility (CSR) programs. These partnerships aim to support vulnerable groups, including youth, persons with disabilities, and long-term unemployed individuals, by providing training, mentorship, and job placement opportunities. By working closely with the private sector, NES ensures that employment initiatives are aligned with labor market demands, increasing the likelihood of sustainable job placements. CSR programs, in this context, go beyond philanthropic activities and focus on creating inclusive workplaces that value diversity and promote equal opportunities. Companies involved in these partnerships benefit from an expanded talent pool and improved corporate reputation, while individuals gain access to meaningful employment and skills development.

Despite the progress made through these initiatives, several challenges continue to hinder the full potential of cross-sector and international collaboration. Fragmentation of efforts, lack of

coordinated strategies, and limited communication among stakeholders often result in duplicated initiatives or gaps in service delivery. To address these issues, it is essential to strengthen coordination mechanisms, enhance transparency, and promote continuous dialogue among all involved parties. Establishing joint action plans and shared accountability frameworks can help ensure that collaborative efforts are aligned with national development priorities and community needs. Moreover, investing in capacity-building for all stakeholders—particularly at the local level—can enhance their ability to engage in effective partnerships and contribute meaningfully to collective goals.

Looking ahead, fostering a culture of collaboration requires not only institutional support but also a shift in mindset across sectors. Public institutions must recognize the value of private sector innovation and civil society's grassroots knowledge, while businesses should view collaboration as a strategic opportunity for long-term growth rather than a short-term obligation. International organizations can play a vital role in facilitating these partnerships by providing neutral platforms for dialogue, offering technical assistance, and sharing global best practices. Additionally, incorporating digital technologies and data-driven approaches can enhance the efficiency and impact of collaborative initiatives, enabling real-time monitoring and adaptive management.

Despite the growing number of partnerships between the public sector, private companies, civil society organizations, and international institutions, several barriers continue to hinder effective cross-sector cooperation. These challenges limit the potential impact of joint initiatives, reduce efficiency, and slow the progress toward achieving sustainable development goals. Addressing these barriers is essential to creating a more cohesive and supportive environment for social innovation and entrepreneurship.

One of the most significant obstacles is the lack of a unified social innovation policy. Currently, there is no comprehensive legal framework that clearly defines and supports the operations of social enterprises. This regulatory gap creates uncertainty for organizations seeking to establish themselves in the social economy sector. Without clear legal recognition, social enterprises often face difficulties accessing funding, tax incentives, and public procurement opportunities. The absence of standardized guidelines also leads to inconsistencies in how social enterprises are treated across different regions, further complicating their operations. Developing a cohesive

policy framework would not only provide legal clarity but also encourage more organizations to engage in socially-driven business activities.

Another major challenge is the limited private sector engagement in social innovation initiatives. Although some companies have embraced Corporate Social Responsibility (CSR) and impact investing, many still perceive social innovation as a form of charity rather than a strategic investment. This perception prevents businesses from fully exploring the economic benefits of socially responsible activities, such as enhanced brand reputation, increased customer loyalty, and access to new markets. Moreover, without a clear understanding of how social innovation can align with their core business objectives, many companies are hesitant to allocate significant resources to collaborative projects. Raising awareness about the business case for social innovation and showcasing successful examples of private sector involvement can help shift this mindset and increase corporate participation in cross-sector partnerships.

Bureaucratic hurdles present another significant barrier to effective collaboration. Complex administrative procedures, lengthy approval processes, and rigid regulatory requirements often slow down the formation of partnerships and the implementation of joint initiatives. For example, organizations seeking public funding or grants frequently encounter cumbersome application processes that require extensive documentation and prolonged waiting periods for approval. These bureaucratic challenges can discourage potential partners, particularly smaller organizations and startups with limited resources, from engaging in collaborative projects. Streamlining procedures, simplifying grant applications, and providing clear guidelines on partnership formation can help reduce these obstacles and make cross-sector cooperation more accessible.

Lastly, low awareness and limited networking opportunities hinder the ability of entrepreneurs, NGOs, and other stakeholders to connect with potential strategic partners. Many organizations, especially those in rural areas or with limited access to information, are unaware of available collaboration opportunities, funding sources, and capacity-building programs. The lack of formal platforms for networking and knowledge exchange further exacerbates this issue, making it difficult for stakeholders to find suitable partners and share best practices. Creating regular forums, workshops, and digital platforms dedicated to fostering connections between sectors can significantly improve collaboration rates. By facilitating dialogue and promoting awareness, these

initiatives can help bridge the gap between isolated efforts and create a more cohesive ecosystem for social innovation.

While progress has been made in promoting cross-sector collaboration cross-border region, addressing the existing barriers is crucial for enhancing the effectiveness and sustainability of these efforts. Establishing a unified legal framework for social enterprises, encouraging greater private sector engagement, reducing bureaucratic obstacles, and improving awareness and networking opportunities are essential steps toward fostering stronger partnerships. By overcoming these challenges, Serbia can unlock the full potential of collaborative initiatives, driving more inclusive economic growth, social development, and long-term resilience.

## **6. Access to Funding and Investment for Social Innovation**

The Republic of Serbia, the autonomous province, and local self-government units shall support the establishment and operation of social entrepreneurship entities through the implementation of public policy measures planned in accordance with the law governing the planning system. Active support shall be provided by implementing measures and activities aimed at supporting employment and improving the operations of social entrepreneurship entities, as defined in public policy documents and employment action plans adopted at the republican and local government levels. These include financing projects in the field of social entrepreneurship, providing education and promoting social entrepreneurship, developing financial instruments for social entrepreneurship entities, and undertaking other supportive measures and activities. Funds to encourage the development of social entrepreneurship and support the work integration of members of socially vulnerable groups shall be provided from various sources: funds from the budget of the Republic of Serbia intended for financing social entrepreneurship, social protection, active employment policy measures, and professional rehabilitation and employment of persons with disabilities implemented by the organization responsible for employment; funds determined by the budget of the autonomous province and local self-government units; gifts and donations; and other sources in accordance with the law. These funds may be allocated to a social entrepreneurship entity provided that the entity has been operating for at least one year. The Government, upon the proposal of the ministry responsible for employment affairs, shall regulate in more detail the method of allocating the funds, as well as the conditions, criteria, and procedures for exercising the right to receive funds to encourage the development of social entrepreneurship.

There is no local competition for financing from public funds that specifically target social enterprises in the territory of local municipalities on Serbian cross-border region, but the specific Competitions regarding to the jurisdiction of the City administrations for social and child protection supports the activities such as:

- programs of citizens' associations implemented by associations of blind, visually impaired and deaf persons, persons suffering from paraplegia, dystrophy, cerebral and infantile paralysis and multiple sclerosis, mentally underdeveloped persons, persons suffering from autism and Down syndrome, disabled persons at work, veterans, civilian war invalids, war



military invalids and war and peacetime military invalids, in order to ensure the continuous work of these associations to meet the needs of their members;

- programs of daily support in the community aimed at improving the position of persons with disabilities, persons suffering from rare and severe chronic diseases and their family members, the elderly, treated addicts, persons treated for psychosis and persons suffering from HIV, and all other socially vulnerable groups;
- programs of support for independent living in society of persons with disability
- support programs for families with children that improve the capacities of the family and ensure conditions for children to attend school regularly, protection of children from abuse, neglect and human trafficking;
- counseling-therapeutic, social-educational and rehabilitation-therapeutic support programs to improve the quality of life or alleviate unfavorable living circumstances of various socially vulnerable groups or individuals, and programs to protect and improve the position of all other socially vulnerable groups and individuals in accordance with the Law.

For example, the allocated funds for this competition in the largest city of cross-border region (City of Novi Sad) are 22,750,000 dinars.

On the provincial level, The Provincial Secretariat for Economy and Tourism has announced a new Public Competition for the allocation of grants to business entities for contributing to the development of the social economy of the Autonomous Province of Vojvodina. 10 million dinars have been allocated to support social entrepreneurship, i.e. business entities that employ persons who need help and support to overcome social, material and life difficulties or that operate to achieve social, economic and work inclusion. The right to participate in the competition is granted to legal entities registered for professional rehabilitation and employment of persons with disabilities, with a registered office or branch in the territory of the Autonomous Province of Vojvodina, with a work permit from the competent ministry for employment affairs, entered in the appropriate register of the Business Registers Agency, then social cooperatives established in the territory of the Autonomous Province of Vojvodina, as well as entities that have acquired the status of social entrepreneurship.

The Ministry of Economy, in cooperation with the Development Agency of Serbia and with the support of the project "Serbia and the EU—Equipment for the Economy" financed by the European Union, awarded grants to micro and small businesses, entrepreneurs, and cooperatives.

According to sources on public funding on the national level, the situation is similar. Social entrepreneurship is not yet operationally recognized (in the sense that there are concrete action plans, measures, and activities); therefore, no public funding is available. The provincial and national relevant ministries are providing grant support to CSOs dealing with topics that are traditionally of interest to social enterprise - like the Ministry of Tourism, the Ministry for Human and Minority Rights and Social Dialogue, or the Ministry of Labour, Employment, Veteran and Social Affairs. These projects do not target social enterprises per se, but the policy areas, topics and the expected impact is very much in line with social economy.

The Employment and Social Innovation component of the European Social Fund Plus is the main EU programme in the field of labour, employment and social policy, which is also open to EU candidate countries.

The programme maintains the focus on social experimentation, support for labour mobility and non-financial instruments linked to the former Microfinance and Social Entrepreneurship Axis and focuses on the following areas: 1) employment and skills, 2) labour market and labour mobility, 3) social protection and active inclusion and 4) working conditions. As such, it represents the continuation of the Employment and Social Innovation (EaSI) programme which ran from 2014 to 2020.

This enables all interested actors from our country, who meet the conditions prescribed by a specific open call from the European Commission, to apply for grants by submitting project proposals.

The Memorandum of Understanding between the European Union, on the one hand, and the Republic of Serbia, on the other hand, on the participation of the Republic of Serbia in the Employment and Social Innovation Component ("EaSI") of the European Social Fund Plus ("ESF+"), was signed on October 19, 2022 in Belgrade and on November 16 In 2022, in Brussels, it was confirmed in the form of a law in the National Assembly of the Republic of Serbia, which

completed the internal procedures for entry into force, about which the parties were informed through official channels.

One of the examples of such support is the project “European Union support for social housing and active inclusion”. The project is implemented by UNOPS and in partnership with The Ministry of Construction, Transport and Infrastructure, the Ministry of Labor, Employment, Veterans and Social Affairs, the Ministry of Human and Minority Rights and Social Dialogue and the Ministry of European Integration. It gives financial support to social protection institutions and civil society organizations to ensure innovative community services. Similarly, the Development Fund of the Republic of Serbia and other similar economic development institutions provide financial support to different types of businesses. However, they do not recognize the social aspects of their work and, therefore, social enterprises as their clients/beneficiaries.

While Serbia’s legislative framework acknowledges the importance of social entrepreneurship, practical funding support varies significantly across government levels. The provincial level (cross-border area located) shows promising initiatives, but national and local governments need to establish more direct and operationally recognized funding channels. Strengthening cross-level coordination and increasing dedicated financial support can enhance the growth and sustainability of social entrepreneurship in Serbia, ultimately fostering greater social inclusion and economic resilience.

There are limited options for social enterprises to get private investments, as there are few examples of financial institutions providing specified financial products for social entrepreneurs. Through its “Step by Step” program, ERSTE Bank provides loans that help its clients (startups, social enterprises, and CSOs) start and develop small businesses, increase employability, and contribute to the development of the local community since 2017. The program offers tailored banking services, financial education, and mentoring support.

UniCredit Bank has provided different programs for the last decade, including loans and grant support to social enterprises. It plans to start the Social Impact Banking program, which would encompass financing, expertise sharing, and networking.

Smart Kolektiv launched the Smart Impact Fund in 2019 with the support of EFSE Entrepreneurship Academy and EVPA (European Venture Philanthropy Association) and the

Giving Framework Improvement Project, funded by USAID and implemented by the Coalition for Philanthropy led by the Ana and Vlade Divac Foundation. Also, there are cases where a particular company supports a social enterprise

On the national level, several organizations - CSOs and foundations- provide grants to social enterprises. These grants or donations are usually accompanied by technical support - mentoring, training, and other capacity building.

Also, various civil society support programs offer opportunities to CSOs, which act as social enterprises, to gain funding (through grants) for their operations or business development. These programs include various EU-funded programs or bilateral programs implemented by national partners, like SDC, USAID, and other development agencies' programs. There are no crowdfunding platforms in Serbia dedicated solely to social entrepreneurship. However, social enterprises can collect funding through various platforms.

## **7. Best Practise**

### **DES doo**

"DES" d.o.o., Novi Sad is a company for professional rehabilitation, training for work and employment of disabled people and hearing impaired people, with the status of a company of special social interest.

It was founded in 1948, with the aim of providing assistance in the most organized way possible in terms of rehabilitation and employment of hearing impaired people, to develop activities adapted to disabled people and disabled people with the most pronounced remaining abilities, so that the rehabilitated people can benefit not only themselves but also the community. From its inception to the present day, "DES" has been programming rehabilitation and training for practical work of disabled people and hearing impaired people, then education and training, retraining and additional training up to specialization in terms of production or service orientation.

"DES" d.o.o., Novi Sad, despite difficult times in its business, has constantly worked on improving and improving work processes and technologies, and intensively approaches socialization in production - division of labor, practical training of disabled people and hearing-impaired disabled people, designing appropriate personnel solutions.

Constant work is being done on adapting and organizing production, and relations with numerous partners are successfully developing. Production - service orientation and development as a whole are adapted to the domestic and foreign market. The practice and development orientation of "DES" to date are characterized by a high level of productivity and dedication to work of all employees.

Today, this company enjoys a reputation in the business world, especially among partners with whom it has been successfully cooperating for more than 40 years. It is one of the oldest and most successful companies in the group whose products and services bear the "DES" label. About half of them are people with disabilities.

The goals and directions of development are intensive improvement, rationalization and specialization in business, with particular attention being paid to the introduction of new

technologies in the processing and processing of metals, processing and processing of wood and sheet materials, as well as new technologies in printing and textile products. The correctness in business acquired through many years of work worthy of the name and reputation of "DES" is cultivated and raised to a higher level.

### **MANVER doo**

MANVER doo operates as a social enterprise focusing on the employment of marginalized groups, particularly persons with disabilities. Through its business activities, MANVER doo provides job opportunities and vocational training, empowering individuals to achieve financial independence and improved quality of life. The enterprise's commitment to social responsibility enhances community cohesion and supports the integration of vulnerable populations into the workforce.

### **KS Safety Shoes**

KS Safety Shoes is a company specializing in the production of protective footwear. While specific details about its social enterprise status are limited, the company's operations likely contribute to local employment and economic development. By manufacturing safety footwear, KS Safety Shoes plays a role in ensuring workplace safety across various industries, indirectly supporting the well-being of workers and promoting occupational health standards.

### **INVAL-STAT doo**

INVAL-STAT doo is recognized as a social enterprise that provides employment opportunities for persons with disabilities. The organization focuses on creating an accessible work environment where individuals can develop their skills and participate actively in the labor market. INVAL-STAT doo's initiatives contribute to reducing unemployment rates among disabled persons and facilitate their social inclusion.

### **DES SUNCE 021**

DES SUNCE 021 is a social enterprise committed to the employment and professional rehabilitation of persons with disabilities. By offering various services and products, the organization creates job opportunities tailored to the capabilities of its employees. DES SUNCE

021's efforts not only provide financial stability for individuals with disabilities but also promote their integration into society, challenging stereotypes and fostering a more inclusive community.

### **BV-ZAVRSNI RADOVI**

BV-ZAVRSNI RADOVI is a company engaged in construction and finishing works. While specific information about its social impact is scarce, companies in this sector often contribute to local economic development by creating jobs and supporting infrastructure projects. If operating as a social enterprise, BV-ZAVRSNI RADOVI would be involved in employing individuals from marginalized groups, providing them with vocational training, and facilitating their integration into the workforce.

## **8. Learning Pathways for Social Innovators**

Education plays a crucial role in fostering social innovation, equipping individuals with the knowledge, skills, and mindset necessary to develop and implement innovative solutions to societal challenges. In Serbian cross-border region, educational opportunities for social innovation are emerging across different levels, including higher education institutions, vocational training programs, and non-formal education initiatives. However, there are still notable gaps in the system that limit the full potential of social innovation development.

Universities have gradually integrated social innovation, entrepreneurship, and sustainability topics into their curricula, reflecting the growing importance of social impact-driven business models and interdisciplinary problem-solving. Some key university programs and vocational training opportunities include:

Two prominent institutions leading these efforts are the University of Novi Sad and Singidunum University, both of which have developed specialized curricula and initiatives aimed at fostering entrepreneurship and social innovation.

The University of Novi Sad – Faculty of Economics has integrated subjects related to entrepreneurship, CSR, and innovation ecosystems into its master's and doctoral studies. These programs are designed to provide students with a comprehensive understanding of how entrepreneurial activities intersect with social and environmental responsibilities. The curriculum focuses on equipping future business leaders with the knowledge and skills necessary to develop sustainable business models that address contemporary societal challenges. In addition to its academic offerings, the faculty actively collaborates with EU-funded projects, which play a significant role in enhancing the quality of social innovation education. These partnerships not only provide students with access to cutting-edge research but also create opportunities for practical engagement in international initiatives aimed at promoting social entrepreneurship across Europe.



Meanwhile, Singidunum University has developed an Innovation and Entrepreneurship Program that caters to the growing interest in digital transformation and start-up development. As a private university, Singidunum emphasizes practical learning and the application of theoretical knowledge in real-world scenarios. Its courses on social entrepreneurship are particularly aimed at preparing students to launch and manage ventures that balance profit-making with social impact. A key component of the program is its access to mentorship opportunities, where students receive guidance from experienced entrepreneurs and industry professionals. Moreover, the university provides pathways to various startup accelerators, enabling students to refine their business ideas, gain early-stage funding, and develop viable products or services that address pressing social issues.

Both institutions underscore the importance of aligning academic learning with practical experience. By incorporating mentorship, access to accelerators, and international collaborations, these programs aim to bridge the gap between theoretical knowledge and the entrepreneurial skills required in the modern economy. This holistic approach not only prepares graduates to become successful entrepreneurs but also instills in them a sense of responsibility toward creating businesses that contribute positively to society. Through such initiatives, Serbian universities are playing a crucial role in cultivating a new generation of entrepreneurs who are equipped to drive both economic growth and social progress.

Serbia's growing ecosystem for social innovation and entrepreneurship is supported by a variety of educational and capacity-building initiatives. These programs are designed to foster creative solutions to societal challenges, enhance the skills of aspiring entrepreneurs, and promote collaboration among diverse stakeholders. Notable initiatives include the Startit Centers, Catalyst Balkans' workshops, and the Social Economy Academy, each offering unique opportunities for learning and development in the field of social entrepreneurship.

Complementing these efforts, the Startit Centers operate in several key Serbian cities, including Belgrade, Novi Sad, Niš, Zrenjanin, and Subotica. These innovation hubs are dedicated to providing free educational resources, particularly in coding and entrepreneurship. Their programs are tailored to meet the needs of individuals interested in launching social enterprises or enhancing their digital skills. Startit Centers offer coding boot camps, entrepreneurship courses, and

mentorship opportunities, all aimed at empowering local communities and fostering a culture of innovation. By making technology education accessible, these centers play a critical role in enabling social entrepreneurs to develop tech-based solutions to societal issues.

Catalyst Balkans further contributes to the development of the social entrepreneurship ecosystem through its Philanthropy and Social Impact Workshops. These workshops are specifically designed for NGOs and social enterprises, focusing on essential skills such as fundraising strategies, impact measurement, and digital marketing. Participants gain practical knowledge on how to secure funding, effectively communicate their mission, and evaluate the outcomes of their initiatives. By enhancing the financial sustainability and visibility of social enterprises, Catalyst Balkans helps these organizations maximize their social impact.

Another significant educational initiative is the Social Economy Academy, a joint effort by GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit) and UNDP (United Nations Development Programme). The Academy offers comprehensive training programs targeting social enterprises, local governments, and NGOs. Its curriculum covers a wide range of topics, including public-private partnerships, financial sustainability, and business modeling tailored for social innovation. By equipping participants with both theoretical knowledge and practical tools, the Academy aims to strengthen the capacity of organizations to develop sustainable solutions to social and economic challenges.

Collectively, these initiatives demonstrate Serbia's commitment to nurturing a vibrant social innovation ecosystem. By providing accessible education, fostering collaboration, and supporting practical application, they empower individuals and organizations to create meaningful change in their communities.

The success of social innovations depends not only on the creativity and dedication of entrepreneurs but also on the availability of mentorship, advisory services, and financial resources. In Serbia, several government institutions, international organizations, and private sector actors provide support for social innovators. However, barriers to financing, sustainability, and long-term impact still persist.

Despite notable advancements, several challenges and gaps persist within Serbia's educational framework for social innovation. These obstacles limit the full integration of social entrepreneurship into the academic sphere and hinder the development of a sustainable innovation ecosystem. Key issues include limited curriculum integration, insufficient practical learning opportunities, inadequate government support, cultural barriers, and fragmented educational initiatives.

One of the most significant challenges is the limited integration of social innovation in university curricula. Although some Serbian universities offer courses on social entrepreneurship, these are typically elective rather than core subjects, making them less accessible to a broader student base. This marginalization of social innovation within academic programs reduces students' exposure to the field and its potential career opportunities. Furthermore, interdisciplinary collaboration between faculties—such as business, information technology, and social sciences—is minimal. Such cross-sectoral cooperation is essential for fostering holistic understanding and innovative approaches to addressing complex societal challenges. Without coordinated efforts to bridge these academic silos, the potential for comprehensive education in social innovation remains underutilized.

Another critical gap lies in the lack of practical learning and experiential education. While theoretical knowledge forms the foundation of university programs, there is often a disconnect between classroom instruction and real-world application. Opportunities for hands-on learning through internships, case studies, and collaborative projects with social enterprises or non-governmental organizations (NGOs) are limited. Students frequently lack access to essential resources such as incubators, accelerators, or funding mechanisms that could enable them to develop and test innovative solutions to social problems. This gap not only diminishes the effectiveness of existing programs but also discourages students from actively engaging with the social innovation sector.

Compounding these issues is the insufficient government support for social innovation education. Unlike science, technology, engineering, and mathematics (STEM) or information technology (IT) programs—which often benefit from robust policy backing and financial resources—social innovation remains a relatively low priority within national education policies. Public universities, in particular, face significant resource constraints, making it challenging to develop and maintain

specialized programs in social entrepreneurship. The absence of targeted funding and strategic support from the Serbian government limits the scalability and sustainability of educational initiatives aimed at cultivating socially conscious entrepreneurs.

Cultural and awareness-related challenges further impede the growth of social innovation education. Low awareness and cultural barriers persist among students and young entrepreneurs, many of whom are unaware of the career prospects available in the social innovation sector. Traditional business careers are often perceived as more lucrative and prestigious, overshadowing the appeal of social entrepreneurship. Additionally, there is a notable shortage of role models and mentors within the field, which makes it difficult to inspire and guide the next generation of changemakers. Without visible success stories and accessible mentorship networks, efforts to promote social innovation as a viable and rewarding career path are less effective.

Lastly, the fragmented and short-term nature of many educational initiatives presents a significant challenge to the sustainability of social innovation education. Non-formal education programs, often driven by international donors or temporary projects, tend to offer short-term solutions rather than lasting change. While these initiatives can provide valuable learning opportunities, their lack of integration into the formal education system means that they rarely achieve long-term impact. The absence of institutional support and consistent funding further exacerbates this issue, leading to a cycle of short-lived programs that fail to address the broader needs of the educational landscape.

## **9. Opportunities for Development**

Despite significant challenges, the landscape for social innovation in Serbia presents notable opportunities for growth and advancement. One of the most promising areas lies in the field of social services, particularly concerning the aging population. As demographic shifts lead to an increase in the elderly population, there is an urgent need for innovative community-based services, alternative care models, and programs promoting active aging. These areas offer substantial space for social innovation, combining social impact with sustainable business models.

Education is another critical field ripe for innovation. Efforts to include marginalized groups, develop adult education programs, and reduce school dropout rates are increasingly recognized as priorities. Integrating social innovation principles into educational content, fostering interdisciplinary learning, and establishing stronger links between education and labor market needs can drive systemic improvements. Schools, universities, and vocational institutions have the potential to become key actors in nurturing a new generation of socially conscious entrepreneurs and innovators.

The legal and institutional environment, while still developing, also offers areas for intervention and improvement. Continued advocacy for a clearer and more supportive legal framework for social enterprises can unlock new possibilities for scaling impact-driven organizations. Initiatives aimed at creating dedicated social innovation funds, fostering public-private partnerships, and encouraging municipalities to adopt socially innovative solutions at the local level could further strengthen the ecosystem.

International cooperation presents another major opportunity. Serbia's participation in EU programs and collaboration with European networks can facilitate the exchange of knowledge, good practices, and technical assistance. Exposure to successful models from other countries can help Serbian stakeholders adapt proven solutions to local contexts, while access to EU funding mechanisms can provide critical financial support for experimental and pilot initiatives. This international dimension can also help Serbia align more closely with broader European social innovation strategies and goals.

Moreover, the private sector's growing interest in corporate social responsibility (CSR) offers a platform to build stronger partnerships between businesses, civil society, and public institutions. By encouraging socially responsible investment and supporting hybrid business models, private companies can contribute meaningfully to addressing societal challenges. CSR initiatives that go beyond philanthropy toward creating shared value can serve as catalysts for systemic social innovation.

Finally, cultural shifts, though gradual, are beginning to reshape attitudes toward social innovation and entrepreneurship. As public awareness increases and success stories become more visible, there is potential to foster a more supportive societal climate that values creativity, solidarity, and proactive citizenship. Promoting inspiring examples, celebrating social entrepreneurs, and integrating innovation narratives into public discourse can help drive this transformation.

In conclusion, Serbia holds significant untapped potential for social innovation. Through strategic investment, policy reforms, capacity building, and international collaboration, the country can transform social innovation from isolated initiatives into a dynamic force for inclusive and sustainable development.

## **10. How to Become a Social Innovator in the Republic of Serbia**

Social innovation in Serbia offers a growing field of opportunities but requires a clear and strategic approach. Below is a detailed step-by-step guide to help navigate the journey from idea development to business registration and sustainable operation.

### **Identifying a Social Need**

The foundation of any social innovation is a deep understanding of a specific social problem. In Serbia, critical issues include unemployment (especially among youth), aging population, environmental degradation, rural depopulation, marginalized Roma communities, and education gaps.

How to identify the right need:

- Conduct community consultations by organizing focus groups with local stakeholders.
- Analyze available reports such as those from the Statistical Office of the Republic of Serbia, UNDP, and local NGOs.
- Explore underserved or newly emerging problems where traditional solutions have proven ineffective.

Important tip! Choose a need that you are passionate about and that aligns with your skills or network. A strong personal connection to the cause helps maintain motivation through inevitable challenges.

### **Developing a Social Innovation Concept**

With a clear need in mind, the next step is to design a concept that provides a unique, innovative solution. Innovation can mean a new product, service, delivery model, or new way of organizing resources.

Key elements to develop:

- **Problem statement:** Describe the issue in one clear paragraph.
- **Solution description:** Explain your idea and why it will work better than existing solutions.

- **Target beneficiaries:** Specify who will directly benefit.
- **Social impact:** Describe how lives will improve and how this will be measured.
- **Feasibility:** Assess the required resources (skills, money, partners).

Useful tools:

- Social Business Model Canvas
- Theory of Change framework

Local insight: Ensure the concept is culturally and regionally appropriate. A successful idea in Belgrade may not fit rural communities without adaptation.

## **Building a Team and Network**

Social innovators rarely work alone. A strong team and external network are vital for success.

How to build a team:

- Look for people who complement your skills (e.g., someone strong in finance, marketing, or community work).
- Involve members from the target community if possible — co-creation increases legitimacy.
- Form an informal Advisory Group (mentors, sector experts) to provide strategic guidance.

Networking strategies:

- Attend events organized by organizations like Smart Kolektiv, Catalyst Balkans, Impact Hub Belgrade, and regional Chambers of Commerce.
- Build early alliances with CSOs, local governments, and universities that can offer credibility and reach.

Important tip: Partnerships with municipalities can open doors to local resources, especially when starting a socially-oriented project.



## **Testing the Idea (Pilot Phase)**

Before launching full-scale, it is essential to test the innovation on a small scale to gather real-world feedback and adjust the model.

Pilot activities could include:

- Running a workshop, a free session, or a small event.
- Launching a prototype product to a limited group.
- Testing a new service model in one municipality.

Key focus during pilot:

- Learn what works and what does not.
- Collect feedback systematically (interviews, surveys).
- Start building early success stories or testimonials.

Local caution: Pilot activities involving public services (schools, social services) often require approvals — plan time for getting these administrative permissions.

## **Choosing the Legal Form**

Choosing the correct legal structure is critical for sustainability and access to funding.

The following entities may register and acquire the status of a social entrepreneurship entity, if they meet the conditions prescribed by the Law:

registered entrepreneurs - business entities, i.e. domestic legal entities registered for the performance of activities for the purpose of gaining profit, and in particular business companies, cooperatives and other legal entities, which, by their legal status, can meet the conditions prescribed by the Law for acquiring the status of social entrepreneurship;

civil sector entities, i.e. domestic legal entities not established for the purpose of gaining profit, and in particular associations, sports associations, foundations and other legal entities, which, by

their legal status, can meet the conditions prescribed by the Law for acquiring the status of social entrepreneurship.

Considerations when choosing:

- Associations can apply for many grants but face limitations on commercial activities.
- DOO allows full commercial activity but must pay standard taxes (profit tax, VAT if applicable).
- Cooperatives are suitable for rural or production-focused models but are administratively complex.

**Tip:** Carefully define your mission in the statutes, emphasizing public benefit if you intend to access social economy or impact investment funds.

## **Securing Funding**

A social innovation must have a sustainable funding strategy to survive and grow.

Funding sources in Serbia:

- Grants from municipalities, ministries (especially for social services, education, youth projects).
- EU funding: Erasmus+, IPA II CBC Serbia–Hungary, European Social Fund (upcoming).
- Crowdfunding platforms such as Donacije.rs.
- CSR programs of companies like NIS, Erste Bank, VIP Mobile.
- Self-generated income through sales of products or services.

**Tip:** Create a mixed financing plan — avoid depending on only one funding source. Early financial independence builds resilience.

## **Building Partnerships and Visibility**

Creating partnerships and raising visibility are essential for impact and sustainability.

**Key steps:**

- Sign cooperation agreements (MOUs) with municipalities, schools, NGOs.
- Apply to social innovation networks.
- Develop a basic marketing strategy — a simple website, social media presence, newsletters.
- Publicize success stories through local media and online storytelling.

**Tip:** Storytelling is powerful. Show real human stories of change, not just numbers.

## **Measuring Social Impact**

Investors, donors, and communities expect to see evidence that your innovation works.

How to measure impact:

- Define indicators from the beginning (e.g., number of beneficiaries trained, employment created, environmental benefits).
- Use simple but credible tools: pre- and post-surveys, case studies, beneficiary interviews.
- Report results annually in a short Impact Report.

Local trend: Increasingly, EU and government grants in Serbia request clear measurable social impact indicators aligned with SDGs (Sustainable Development Goals).

## **Scaling and Sustainability**

If the initial project is successful, think about scaling or deepening impact.

Scaling strategies:

- Expand geographically (start in other cities or rural areas).
- Diversify services or products offered.
- License your model to other organizations.

Sustainability actions:

- Build reserve funds (operational savings).
- Professionalize internal management.

- Develop long-term strategic plans (3–5 years).

**Tip:** Participate in EU or regional programs that offer mentorship, capacity building, and scaling support (e.g., Social Impact Award Serbia).

## 11. Conclusion

Serbia's social innovation ecosystem is growing, with diverse actors contributing to its development. However, for the ecosystem to reach its full potential, stronger collaboration between stakeholders, better legal frameworks, and increased funding for networking and cluster development are needed.

Social innovations are important for addressing social, environmental and economic problems, because they greatly shape sustainable development. Social innovations are important in various fields, especially employment, social inclusion, demographic changes, health care, education, finance, political structures and social integration.

One of the most pressing challenges faced by social innovators in Serbian cross-border area is the limited access to impact investment. Impact investing refers to investments made with the intention of generating positive social and environmental impact alongside a financial return. Unfortunately, the number of investors in Serbia who specialize in social enterprises is relatively small. This lack of specialized impact investors makes it difficult for social innovators to secure capital that aligns with their dual mission of social impact and financial sustainability.

Moreover, there is a lack of financial instruments tailored to social innovation in cross-border region. Traditional funding mechanisms, such as venture capital or bank loans, are not designed to support the unique needs of social enterprises. These businesses often face challenges in attracting investment because they may not offer the same financial returns as conventional businesses. Social enterprises tend to prioritize long-term social change over immediate financial profit, which makes them less attractive to traditional investors who are typically focused on maximizing returns. As a result, social innovators in Serbian cross-border region often struggle to find the right kind of investment to fund their operations and scale their initiatives.

Another significant barrier to the growth of social enterprises is the reliance on short-term funding and donor dependency. Many social innovation projects depend on short-term grants from local or international donors. While these grants provide essential financial support, they also come with several challenges. First, short-term funding creates funding gaps, as social enterprises often need

to wait for the next round of grants or funding cycles to continue their work. These gaps can interrupt operations and hinder the long-term impact of social enterprises.

The reliance on donor funding also limits the sustainability of social enterprises. As grants typically have fixed durations, they cannot provide the stable, recurring revenue needed for growth and scaling. Social enterprises need long-term financing that can support their business models and ensure that their social missions are viable over time. Without sustainable funding, many social enterprises are unable to expand their reach, increase their impact, or become financially independent. The dependency on donor funding can create a precarious situation where organizations are constantly seeking new grants instead of focusing on scaling their impact or achieving financial sustainability.

In addition to financial challenges, social enterprises in Serbian cross-border region also face significant bureaucratic and administrative barriers. One of the key hurdles is the complexity of government grant applications. These applications often involve lengthy and complicated processes that can be discouraging for smaller social enterprises with limited administrative capacity. The paperwork, requirements, and administrative tasks can be overwhelming, and many social innovators simply do not have the time or resources to navigate these processes. As a result, smaller enterprises, in particular, may opt not to apply for grants, even though they may be eligible for funding.

Furthermore, there is regulatory uncertainty surrounding the legal status of social enterprises in Serbian cross-border region. The lack of clear legal frameworks and definitions for social enterprises makes it difficult for these organizations to plan and operate effectively. This regulatory ambiguity creates confusion about how social enterprises can access funding and comply with legal requirements. Without clear guidelines, social entrepreneurs may struggle to attract investors or apply for government support, as they are unsure of the specific regulations and requirements they must meet. This uncertainty can stifle innovation and deter both potential investors and entrepreneurs from engaging in the social enterprise sector.

A further barrier to securing financial support for social innovation is the low awareness and financial literacy among social entrepreneurs. Many social entrepreneurs are unaware of the full

range of funding opportunities available to them. Despite the existence of some donor-funded programs, impact investment initiatives, and government grants, the information about these opportunities is often not well disseminated or accessible to social entrepreneurs, especially those in the early stages of their ventures.

Additionally, there is a significant gap in financial literacy and investment readiness training for social entrepreneurs. Many individuals entering the social enterprise sector have a passion for creating social change, but they may not have the financial expertise required to attract and manage investments. Financial literacy is essential for social entrepreneurs to understand how to effectively pitch their business ideas, manage budgets, and create sustainable revenue models. Without this knowledge, they may struggle to secure the funding they need or fail to meet the expectations of potential investors. The lack of training programs designed to help social enterprises become investment-ready exacerbates this issue.

Furthermore, there is still low recognition of the benefits of social investment in Serbian cross-border region. The broader public and the business community often do not fully understand the potential of social enterprises to contribute to economic development and social welfare. As a result, there is a lack of support for social innovation and social investment, which further limits access to funding. Changing these cultural attitudes will require increased awareness and education about the value of social enterprises, their impact on society, and the potential for financial returns through social investment.

- Funding sources, especially public, are very limited at the national and local levels.
- Although the Law on Social Entrepreneurship in Serbia was adopted, its implementation is lacking, especially at the local level. There is no regulatory framework for social entrepreneurship at the local level.
- There is a lack of networks and intermediaries focused on social enterprises directly. National networks and intermediaries lack local perspectives and local actors.
- Educational institutions need to be more involved in developing social entrepreneurship, both locally and nationally.

It can be concluded that the ecosystem of social entrepreneurship is insufficiently developed, both at the national and local levels, but that efforts are being made to improve it, as indicated by the adoption of the Law on Social Entrepreneurship, as well as the inclusion of an increasing number of support organizations that recognize social dimension. The development of the local ecosystem is at a lower level, and the causes can be sought in the lack of institutional and infrastructural support, lack of local perspective among relevant actors, lack of synergistic action of interested parties, insufficient information about the concept of social entrepreneurship and lack of awareness. Social enterprises lack support at all stages of their development. As a result of the observed gaps, the following recommendations can be made:

- More support from state funds or local self-government funds should be provided for social enterprises.
- Financial institutions need to be informed about social entrepreneurship to support and adapt financial instruments to subjects of social entrepreneurship.
- Encouraging social procurement in the public and private sector
- Local decision-makers should be more informed about the potential and importance of social entrepreneurship so that society can create policy measures aimed at developing social entrepreneurship.
- Local self-government should provide infrastructural support for social enterprises.
- Encouraging cooperation/networking between social enterprises and between the social enterprises and other actors.
- Encouraging the development of institutions supporting social enterprises such as incubators, development centers, hubs, etc.
- Introduction of entrepreneurial education at all levels of education.
- It is necessary to organize training for social entrepreneurs in project management, negotiation with investors, creating a business plan, using crowdfunding platforms, business management, sales, and marketing
- Mentoring, advising, and financial support are critical factors for the development of social innovations in Serbia. While there are several advisory programs, public grants, and international funding opportunities, major challenges remain in scaling social enterprises, attracting investment, and ensuring long-term financial sustainability.



## 12. Working Material

Problem Observed:


Affected Population:


Current Inadequate Solutions:


Root Causes:


Write a short Problem Story:


Problem (2 sentences):


Innovative Solution:


Target Beneficiaries:


Intended Social Change:


Key Difference:


Pitch your concept in 60 seconds:


Key Roles Needed:


Potential Team Members:


First Networking Events:


Team Mood Board Space:


What will you test?:




How will you deliver?


Feedback Collection?


Success Criteria:


What surprised you most during the pilot?


Possible Legal Form for my Idea:


Core Partners:


Influencers:


Allies:


Detractors:


Social Media Campaign Idea:


Key Indicator:


Measurement Method:


Timeline:


First Impact Report Sketch:


Validated Model:


Stable Finances:




Replicable System:


Expandable Partnerships:


### 3-Year Vision Poster Space:


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ПОКРАЈИНСКИ СЕКРЕТАРИЈАТ ЗА  
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САРАДЊУ И ЛОКАЛНУ САМОУПРАВУ