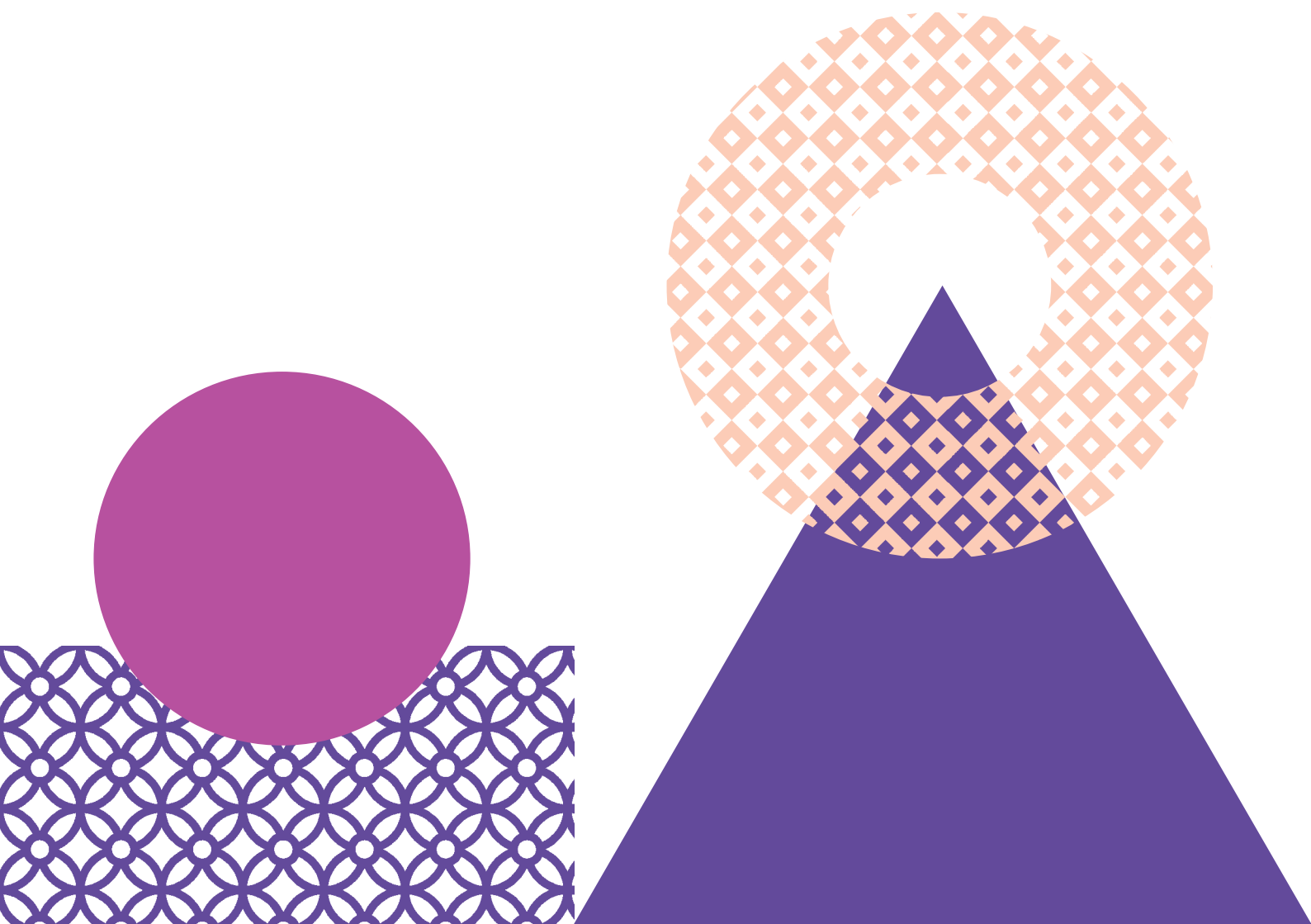


Creative and Social Enterprise in Brazil



About the British Council

The British Council is the United Kingdom's international organisation for educational opportunities and cultural relations. Our global Developing Inclusive and Creative Economy (DICE) programme aims to address economic and social exclusion through supercharging homegrown creativity, enterprise and collaboration. DICE takes an 'ecosystem' approach to nurturing economic inclusion, with a focus on women, young people, disabled people and other groups often excluded from the mainstream economy. In practice this means DICE works with and for a growing network of entrepreneurs, artists, enterprises, policy makers, investors, researchers, academics, and community leaders. We provide training, mentoring and funding opportunities; convene international dialogue offline and on; undertake research; and provide the space to co-design, form relationships, experiment and explore.

DICE complements the British Council's longstanding work in civil society, creative economy and social enterprise, a portfolio of programmes delivered to date all over the world. Together these programmes are designed to help foster a more sustainable, inclusive and prosperous future and build collaboration, opportunities and trust between the UK and other countries.

www.britishcouncil.org/programmes/dice



About Social Enterprise UK

Together with our members we are the voice for social enterprise in the UK. We build markets, undertake research, provide information and tools, share knowledge, raise awareness and campaign to create a business environment where social enterprises thrive. Our members range from local grass-roots organisations to multi-million-pound businesses.

socialenterprise.org.uk



About Catavento Pesquisas

Catavento Pesquisas arises with the calling to adapt the tools of the economy for the development of methodologies and elaboration of indicators and multidimensional data. Through research development, impact assessment of projects and strategic planning consultancy, we seek to offer subsidies for efficiency and sustainability of cultural, creative and social enterprises.

cataventopesquisas.com.br



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Research team: Gustavo Möller, Pedro Perfeito da Silva, Leandro Valiati, Bruno Palombini Gastal, and Mariana Steffen

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Acronyms

CE – Creative Enterprise / CSE – Creative Social Enterprises / DICE – Developing Inclusive and Creative Economies
SE – Social Enterprise

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Foreword

Brazil faces a significant challenge common to many nations caught in the middle-income trap – how to provide work and income to millions of unemployed and semi-employed young people excluded from its mainstream economy, at a time when increasing automation threatens to close off routes into traditional areas of work. The inability of the market model to address this question will become more acute as the fourth industrial revolution advances.

The Developing Inclusive and Creative Economies (DICE) global programme, started two years ago, aims to test the thesis that in addition to their many intrinsic benefits, creative and social enterprises can provide employment for many talented people in disadvantaged environments. We know this to be true particularly for women and young people and that these organisations led by and for these groups can stimulate economic growth in peripheral communities. In tandem DICE seeks to test how creativity, talent, experimentation, and human connection can be harnessed to provide value, including – but certainly not limited to – wealth creation. Indeed DICE reminds us that we cannot limit our definition of value to this alone; our economic system requires a redraft to reflect the more expansive set of values we wish to see in this world.

No-one can doubt the natural creativity of Brazilian people, on display every year in its exuberant and highly organised Carnival, and evident over centuries in its art, music, theatre and dance. It is ever inventive in the way it finds solutions to the kind of barriers thrown up by society. But how much more central creativity could be to social, inclusive and economic development if it was nurtured and given space to grow. We should not forget that before the disruption of streaming,

only 20 years ago, Brazil was already the sixth largest musical economy in the world, with a thriving creative industry.

Although there have been some notable surveys in recent years delving into Brazil's creative economy, this is the first study that approaches the question specifically from the angle of inclusion and the potential contribution of models of social enterprise. In turn, there are as yet few studies questioning how social enterprises can or do deploy institutional inclusion, a collaborative ethos and the creative process to co-design better solutions to our complex challenges. By asking detailed questions of existing creative and social enterprises (CSEs), the study sets out to learn how the current eco-system functions, and what further could be done to make it more effective.

The study has brought together the skills and talent of Social Enterprise UK and Catavento Pesquisas from Rio Grande do Sul. It has undertaken a deep dive into issues such as the balance between profit and social mission; leadership and governance; socio-economic profile of managers and employees; sources of funding; access (or lack of) to investment funding; the role of the creative and R&D process; legal forms and the degree of protection of intellectual property; and the degree of alignment to the Sustainable Development Goals.

The survey has a number of positive findings – Brazilian CSEs are creating jobs for women, the young, and for LGBTQI people, though less so for black women in particular. CSEs are doing more to embed innovation in their businesses and appear to be dynamic forces for the distribution of innovation and technology. They have a significant commitment to the UN's Strategic Development Goals, such as those

on gender and economic equality, reduction of poverty, and education. The case studies on Amana Katu , Na Floresta and Visão do Bem provide us with tangible hope, and show the importance of the entrepreneurial and generous mindsets of those leading creative social enterprises.

One of the findings is that there could be stronger governmental consideration of support for this sector. There may be a greater receptivity and understanding at state and municipal level than there is in the federal government – though many agencies such as SEBRAE, responsible for small and medium enterprises, have an evident appetite for development in the creative industries with a clear understanding of the value of inclusion.

A major finding is the lack of understanding on the part of investors of the potential of creative social enterprises to provide a financial return. CSEs may not have the initial allure of cattle or soya futures to provide a quick return, but they have the capacity to provide a return in the longer run, while also tackling social inequality in Brazil. The survey points to the prospect of more access to credit and mechanisms to allow enterprises to obtain funding collectively through micro-credit policies.

The survey also demonstrates there is a long way to go in the inclusion of minorities, but acknowledges the progress made so far and the awareness of the importance of this factor to many CSEs.

While many CSEs have proper governance structures, the survey recommends that more support be given to more fragile enterprises with the adoption of best practice in the field.

As the report points out, cultural policies in Brazil have hardly been geared to encouraging

the growth of a thriving cultural sector. In the past 20 years, they have either focused on financial grants which have maintained dependency on the state or encouraged tax breaks for performances or works of art; or have lurched as of now into ideological culture wars in which the federal government has set itself up as the curatorial arbiter of moral rights and wrongs.

Perhaps there is a third way which explores how the creative sector could become more self-sufficient and yet continue to leverage its collaborative spirit (one that is embedded in its DNA) across the ecosystem. In turn the public and private sectors are well placed to be the pump-primers, co-driving our nation's inclusive, creative, economic development in the long run.

We are hopeful that this report will become an active guide for many working or interested in imagining a more inclusive economy, one that rewards collaboration as much as competition. We all – whether we are entrepreneurs, policy makers, investors, students, community organisers, researchers, or artists– hope this survey will be useful and help guide communities in developing more jobs and businesses.

Martin Dowle

Country Director Brazil (2016-2020)

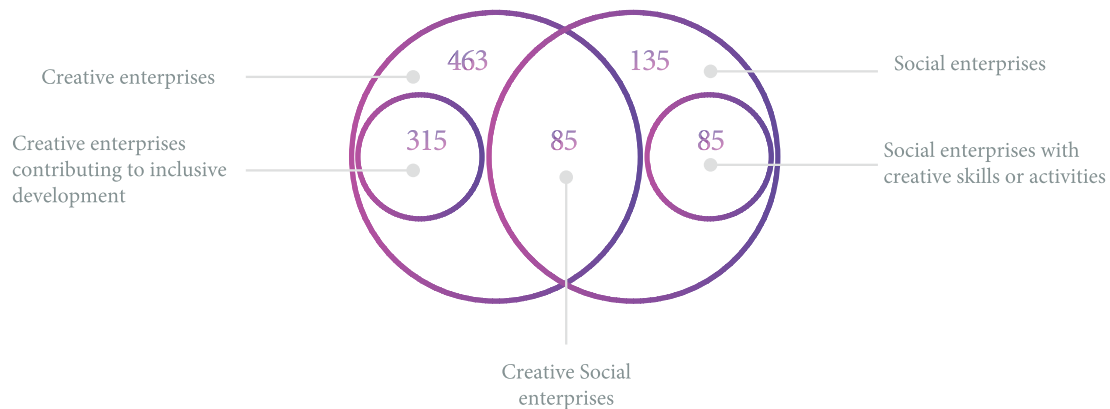
6th August 2020

Key Findings



Both **creative** and **social enterprises** have been growing in many parts of the world in recent years and making an important contribution to the **SDGs**.

In this study, we are particularly focused on creative enterprises that also focus on delivering **social impact** and **social enterprises** that utilise creative approaches to solving social problems, which we term “**Creative Social Enterprises**” (CSEs).

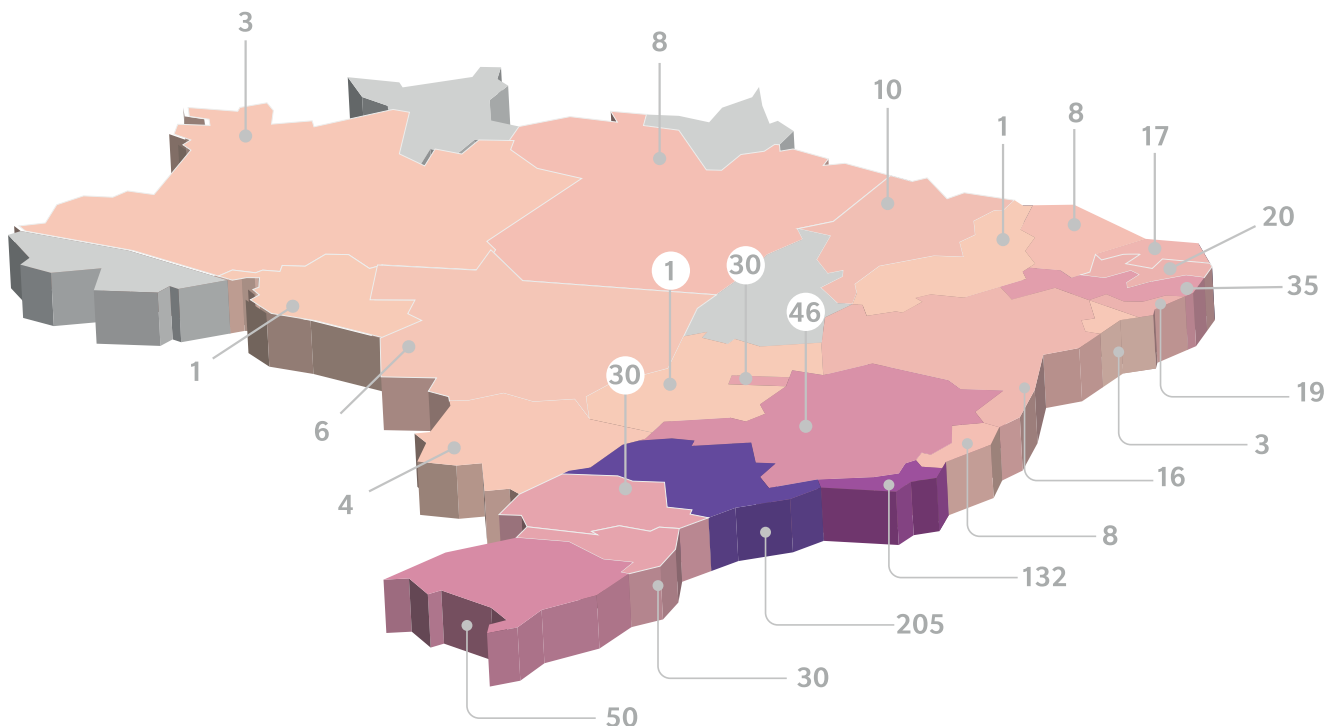


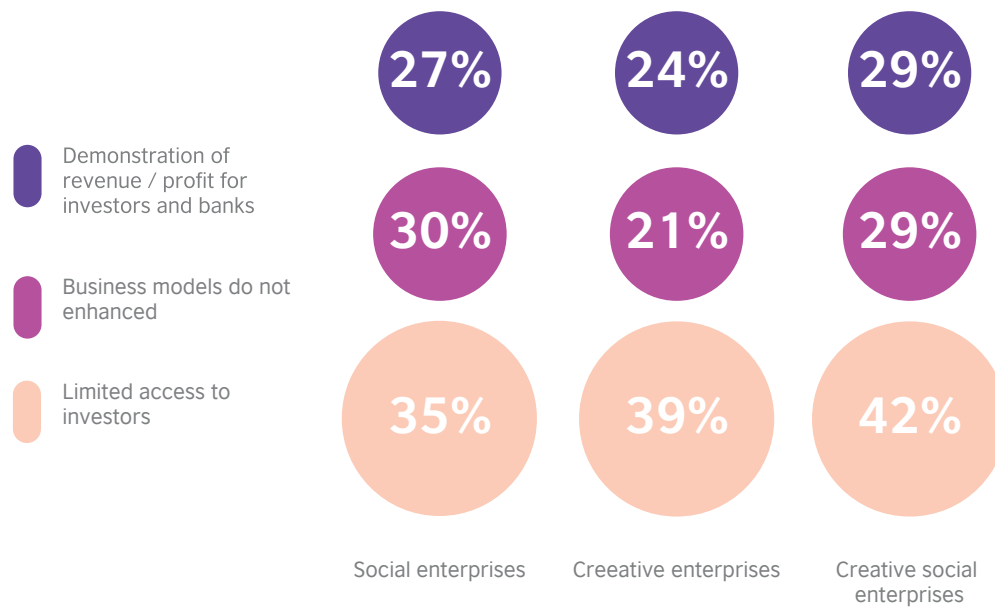
Sample size: 666 valid answers

Number of organisations, by state

The distribution of our survey respondents across **Brazil** follows wider patterns in the country, with a high concentration in the Southeast.

State capitals are home to approximately **70%** of all the organisations surveyed, significantly greater than their contribution to **Brazilian GDP (32.4%)**.



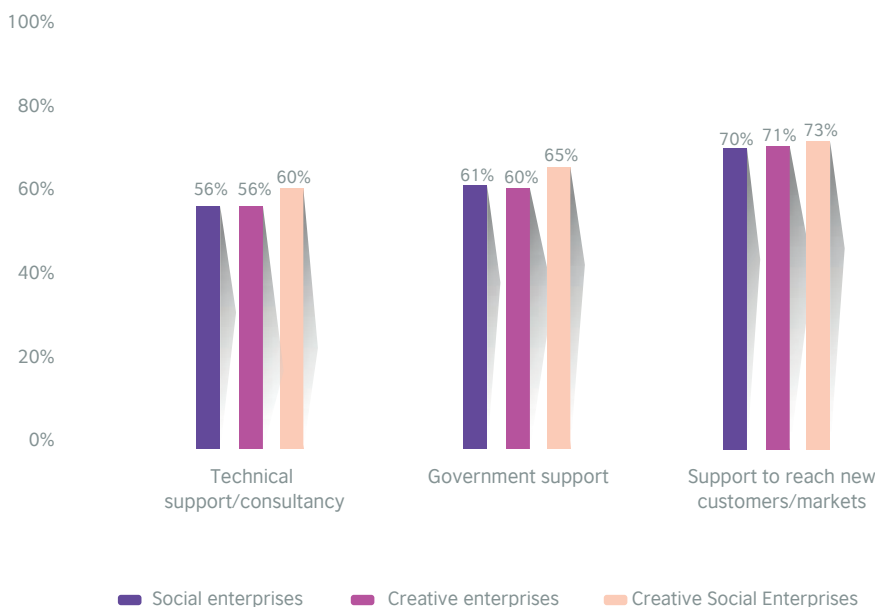


One of the most commonly reported barriers to economic growth and sustainability among our social and creative enterprises was the lack of understanding about the nature of these sectors among potential funders

Moving from financial to non-financial support, a significant proportion of social and creative enterprises reported obtaining one or more type of external support or assistance. Peer support, whether informal or provided through support programmes, was the most frequent.

This reinforces the idea that the social and creative enterprise ecosystem is ripe for the further development of collaboration between actors, rather than only being characterized by competitive dynamics.

Non-financial support obtained in 2019, by type of organisation

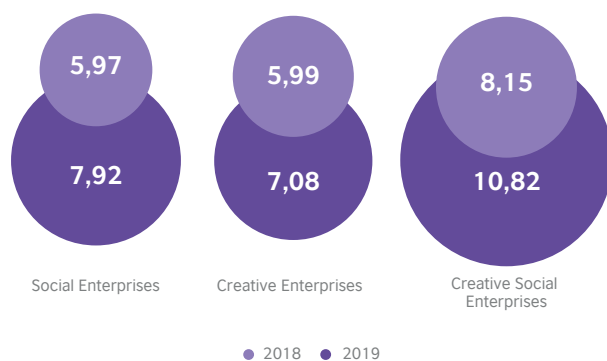




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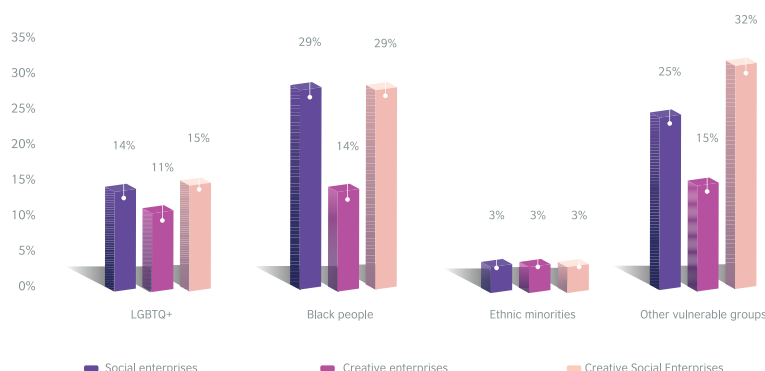
Do creative and social enterprises have low barriers to entry, generating jobs especially for women and young people? Do they harness human creativity, emotional and social skills - being more future-proof and more resistant to automation?

Average Number of Staff Members – 2018-2019



Our survey allows us to affirm that creative and social enterprises have experienced a growth in the average number of staff members from 2018 to 2019

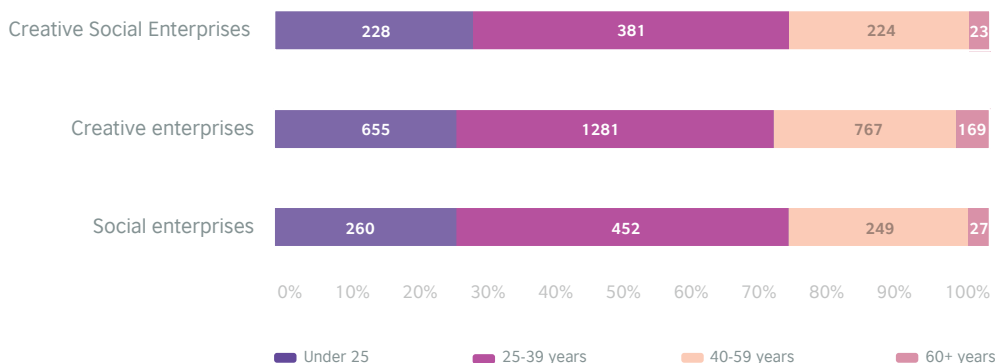
Participation of Vulnerable Social Groups in the Staff – 2019



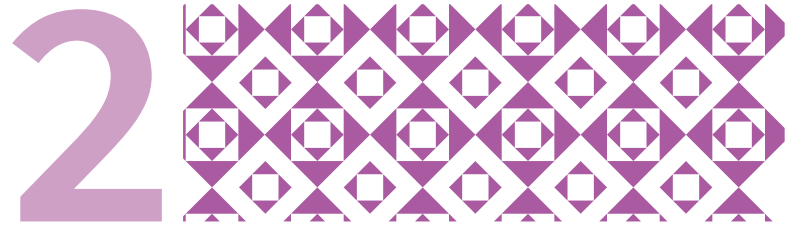
Social and creative enterprises are employing a greater number of LGBTQ+ employees than could be expected, particularly when it comes to younger businesses. The same trend can be observed for other social disadvantaged groups, such as refugees and others.

In terms of the age of the staff, social and creative enterprises hire more people under 25 years old than the national average

Composition of Staff, by Age Group – 2019

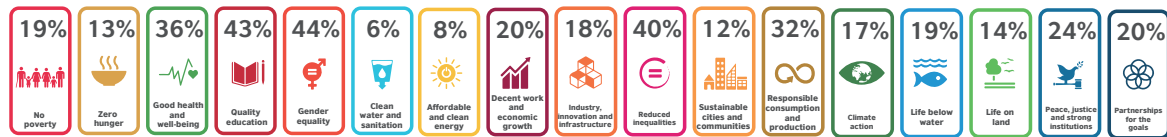


Do creative and social enterprises bring new, disruptive ideas to tackle the challenges we face? Do they provide agile, environmentally and socially sustainable solutions that address market failure, contributing to the SDGs?

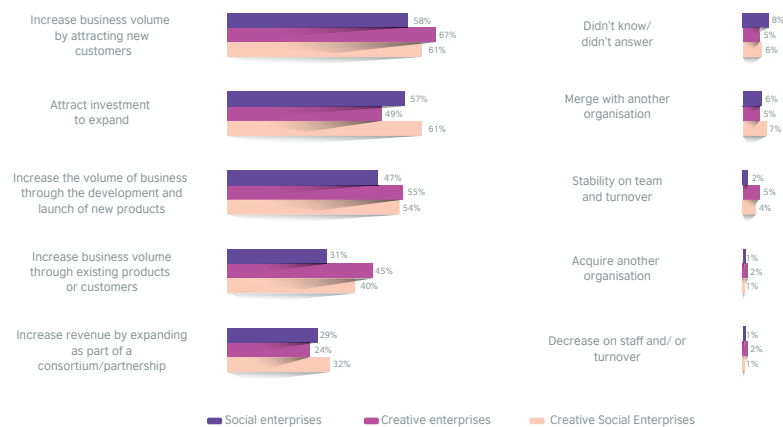


Proportion of Enterprises that Address each SDG – 2019

Creative and social enterprises are working to offer a wide range of SDGs.

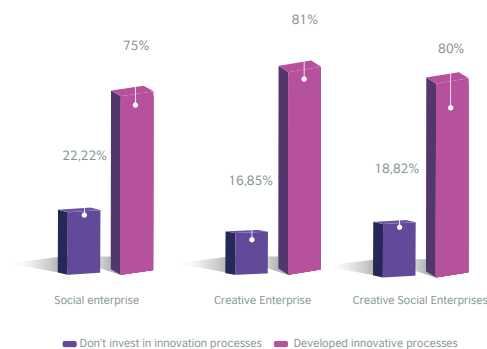


Companies expectations for the following year, by type of organisation

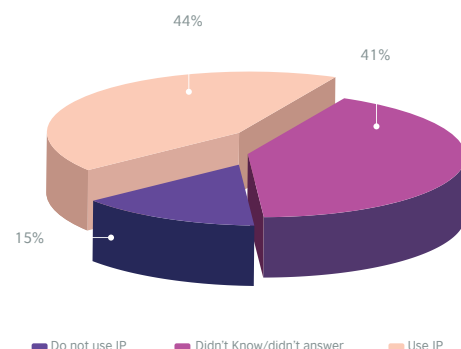


Social and creative enterprises' expectations about their own future are remarkably positive, given the state of the wider Brazilian economy. These businesses are aiming to expand.

% of companies investing in innovation processes, by type

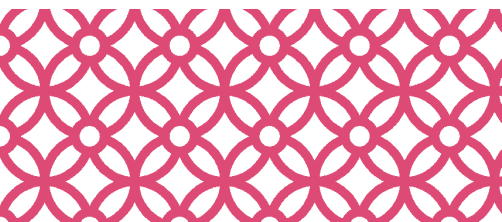


Proportion of Enterprises that engage with Intellectual Property – 2019



These enterprises are innovative. The absolute majority were reportedly investing in innovation processes

Although highly innovative, a significant proportion of CSEs still do not use any form of intellectual property protection



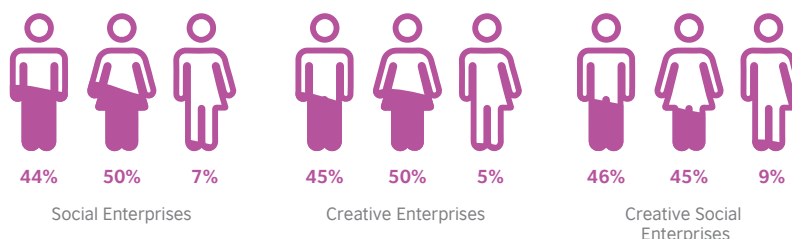
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Do creative and social enterprises are inclusive? Do they challenge the over-concentration of wealth and capital by spreading ownership, enabling democratic ownership and governance, distributing the benefits of innovation and technology?

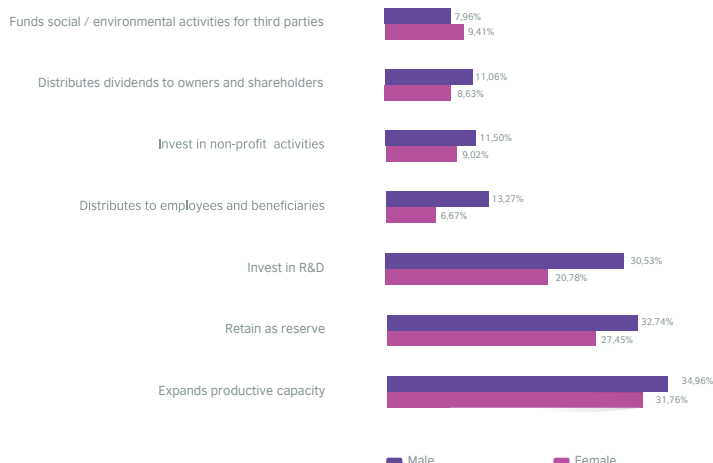
Social and creative enterprises are far more inclusive than Brazilian businesses more widely. Both social and creative sectors have a majority of women in leadership positions, whereas for hybrid enterprises the male/female proportion is roughly equal

Leadership gender, by type of organization

Male
Female
Others

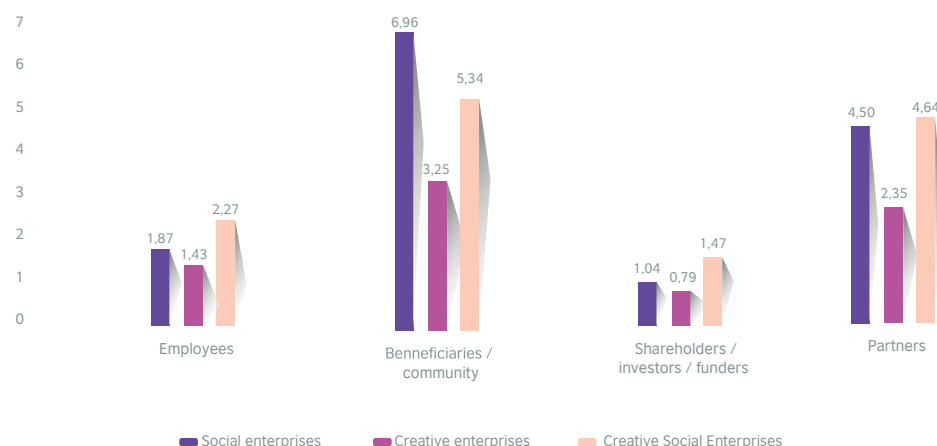


Use of profit, by gender leadership profile



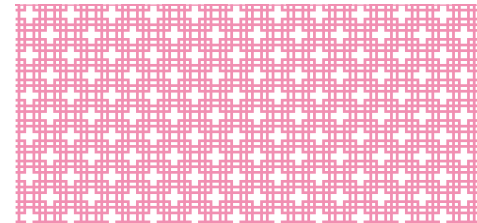
For smaller enterprises, male-led enterprises tend to prioritise profit distribution compared to female-led enterprises, which invest relatively more in social and/or environmental activities.

Average number of members in the board of directors, by type of member



Social and creative enterprises' boards tend not to be made up of investors, who are the most represented group on most businesses, but of beneficiaries and community members

Do creative and social enterprises bring new energy and pride to communities and countries? Do they reflect a country's culture, and changing how people feel about themselves?

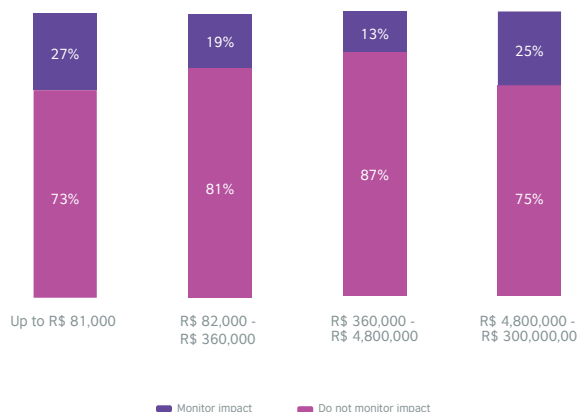


Form of impact monitoring, by type of organization



Enterprises monitor their impact in different ways. Creative enterprises, for example, prioritise the measurement of their impact on cultural development over other aspects by a significant margin, as do CSEs. Whereas social enterprises prioritise benefit to the community and number of beneficiaries or products/services/actions.

Impact measuring and turnover size



There is not a linear relationship between impact measurement and turnover. The smallest organisations measure their impact less often (up to R\$81,000), which can be probably explained simply by the reduced availability of resources to invest in impact measuring methodologies.

But these are followed by the largest enterprises, indicating that the availability of resources by itself is not everything. Perhaps economically successful organisations find it less necessary to justify their actions based on impact criteria.

Approaches and strategies to generate impact

APPROACH	STRATEGY	EXAMPLES
Impact through community representation	Generates impact mostly by reaffirming communities' identities and establishing a business model that is compatible to it	Dina Prates Finanças, Mahani PI, A Banca, Coletiva Delas
Impact through products or services	Generates impact by offering a product, at market prices or not, that positively impact the lives of people within a group or community	Trucss, Joy Street, Amana Katu, Visão do Bem
Impact through community participation in the enterprise	Generates impact by integrating beneficiaries into business, contributing to their cultural and economic empowerment	Visão do Bem, Moinho Cultural, Speak to Share, Na Floresta, A Banca

From our case studies, different interrelated strategies and approaches to engage and impact communities emerge

Introduction

The British Council is the United Kingdom's international organisation for cultural relations and educational opportunities. Developing Inclusive and Creative Economies (DICE), is a British Council global pilot programme (2018-2020), which takes a holistic approach to imagining and building an economy that is equally accessible to all.

DICE is delivered with and for women, youth, people disabled by society, and other groups that are excluded from the formal economy. The programme is co-designed by a global team and growing network in Brazil, Egypt, Indonesia, Pakistan, South Africa and the UK.

DICE is founded on the hypothesis that supporting the development of creative and social enterprises - and the ecosystems in which they operate - is an effective way to address the issues of unemployment and unequal economic growth and build more inclusive societies. This is underpinned by the understanding that, around the world, communities face common challenges and problems, including

- unemployment, especially among young people, potentially intensified by automation;
- growing wealth inequality and exclusion from 'mainstream' economic opportunities, especially of women,

disabled people¹ and minorities;

- environmental degradation and the climate emergency; and
- a sense of a loss of identity and community.

We know that even significant development aid and investment from governments cannot provide all the answers to overcome these challenges on their own.

The way we do business with each other has to be part of the solution. We need to bring together stakeholders in participatory ways to enhance mutual understanding. We need to foster the development of activities that have their origin in individual creativity, skill and talent and which have a potential for wealth creation.

We know that creative and social enterprises have much in common and sometimes overlap. Both creative and social enterprises can:

- have low barriers to entry, generating jobs especially for women and young people, harnessing human creative, emotional and social skills - more future-proof and more resistant to automation²
- bring new, disruptive ideas to tackle the challenges we face, providing agile, environmentally and socially sustainable

¹ British Council adopts the 'social model approach to disability', which was created by disabled people. It is underpinned by the understanding that people are disabled by the way in which society is organised, rather than by an individual's impairment. It is an inclusive model, emphasising the independence of disabled people to exercise their rights and have choice and control over their own lives. It calls for changes within society to enable disabled people to participate actively, rather than placing disabled people outside of mainstream society. The British Council's work in disability and inclusion focuses on addressing the barriers that restrict individuals' full and equal participation in society, perpetuate traditional models of disability and can ultimately lead to the systematic marginalisation and exclusion of disabled people.

² A variety of studies have attempted to predict the jobs that are less likely to be at risk from automation in future. These often include jobs which involve human creativity and occupations that involve building complex relationships with people. See for instance <https://www.theguardian.com/us-news/2017/jun/26/jobs-future-automation-robots-skills-creative-health> However, one study identified that of 270 detailed occupations listed in the 1950 US Census, only one has since been eliminated by automation: elevator operator.

solutions that address market failure, contributing to the SDGs

- are inclusive, challenging the over-concentration of wealth and capital by spreading ownership, enabling democratic ownership and governance, distributing the benefits of innovation and technology,
- bring new energy and pride to communities and countries, reflecting a country's culture, and changing how people feel about themselves

Creative and social enterprises in many parts of the world are considered a success story, generating economic contributions and positive social impact. DICE is founded on this experience and we are particularly focused on creative social enterprises (CSEs) in this study,

Social Enterprise UK and Catavento Pesquisas in Brazil, Ahead of the Curve in Egypt, the Parahyangan Catholic University in Indonesia, SDPI in Pakistan and Simanye in South Africa worked with the British Council to survey creative and social enterprise activity in each of the countries in order to support the programme's work.. This work builds on a methodology for mapping social enterprise activity in around 20 countries and also incorporates further expertise on the creative economy and creative enterprise.

The surveys seek to provide baseline data on the creative and social enterprise situation in each country in order to:

- Understand the specificities and diversity of the creative economy in the six DICE countries

- Develop and clarify the British Council's approach and definition of creative and cultural industries, the creative economy and its contribution to inclusive development.

- Clarify the differences and overlaps between the social and creative economy

This approach was tested with peers and experts internationally and in-country. It has sought to provide new quantitative data that explores:

- Contribution to economy and inclusive development of these enterprises (e.g. job creation, turnover, inclusive recruitment, supply chains and customer-bases, impactful products and services)
- Current financing/funding and support sources and needs/gaps
- Overlap and complementarities between creative and social enterprises

This report on Brazil sets out the findings from research and survey work conducted between February 2019 and February 2020 and includes a summary of the methodological approach, an overview of survey and research findings and analysis of the significance of these results for inclusive development and the growth of creative and social enterprises in Brazil. We hope it can help support and inform policy and programmes in each country to further encourage the sustainable development of creative and social enterprises across the world. As such and to conclude, we have included some recommendations for further discussion.

Understanding creative and social enterprise in the context of inclusive development

Study methodology

The methodology for this work aimed to both review existing data and provide new primary evidence of social and creative enterprise activity in the context of inclusive economic development. Primary data collection comprised of a survey of creative and social enterprises and collection of evidence from key stakeholders – in the form of methodology workshops, data validation and also interviews with intermediaries and creative and social enterprises. A review of existing evidence to supplement survey findings was also conducted, including existing research on creative and social enterprise activity, data on national economic development and comparative activity of NGOs and MSMEs.

Full information on the methodology can be found in Annex 1 and the survey questions are listed in Annex 7.

Defining social and creative enterprises

Recognising the lack of internationally agreed definitions of creative and social enterprise, this study set out with core principles to inform which types of organisation should be included in the study, then sense-checked this with national stakeholders to refine inclusion criteria to be used for both the survey tool and the estimate of total populations of creative and social enterprises.

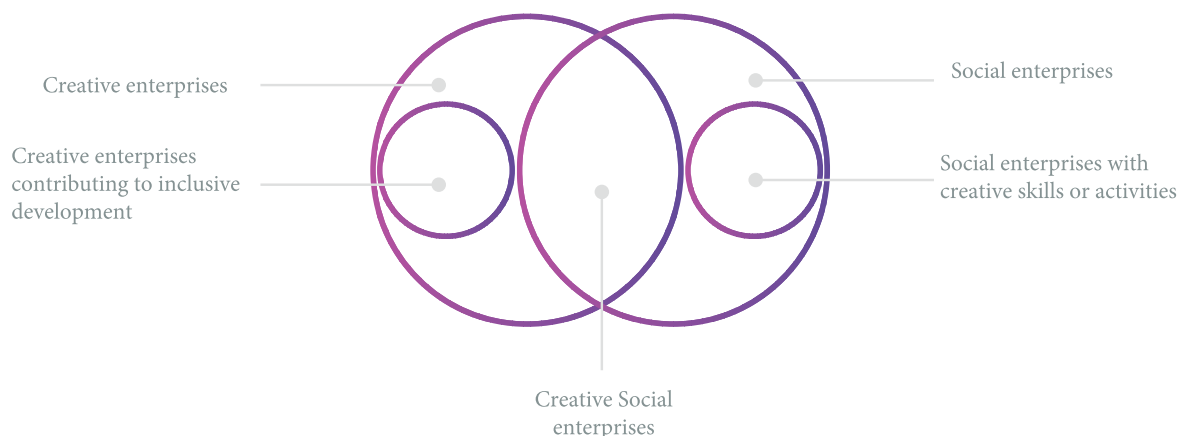
Perceptions of social and creative enterprises

Survey respondents were not told in advance the definitions being used for the research and were asked their perceptions of their own organisation. The number of respondents self-declared as social enterprises or enterprises generating impacts exceeded the final figure for respondents that met the inclusion criteria. 59 per cent of social enterprises included in this study identified themselves as social enterprises, while 46 per cent identified themselves as Impact business, another terminology used in Brazil for social enterprises. Of the respondents who did not meet the study social enterprise criteria, (n=531), 20 per cent considered themselves to be social enterprises buying profit-first.

For the creative enterprises the situation is the opposite. Less respondents identified themselves as creative enterprises (50 per cent of total respondents) than the ones that actually met the criteria (69 per cent). From all the ones that met the criteria, 22 per cent did not identify themselves as creative or cultural enterprises. Only 1 per cent of the respondents didn't identify as any of the options.

Figure 1 sets out the inclusion criteria and definition used.

Figure 1 - On creative, social and hybrid enterprise definition and inclusion criteria.



Definition of creative enterprise

For the purposes of this study, a creative enterprise may be understood to be a business primarily operating in a creative sector and undertaking creative activities or harnessing creative skills.

Definition of social enterprise

For the purposes of this study, a social enterprise may be understood to be a business with a primarily social (or environmental) mission and which earns a significant proportion of its income through trading, not grants or donations.

Definition of creative social enterprise (CSE)

For the purposes of this study, a creative social enterprise may be understood to be a business primarily operating in a creative sector with a primarily social (or environmental) mission, which earns a significant proportion of its income through trading, not grants or donations and which undertakes creative activities or harnesses creative skills.

We are also interested in social enterprises with creative activities or skills and creative enterprises contributing to inclusive development more widely.

Creative and social enterprise activity in Brazil

Creative enterprises

The methodology for this work aimed to The main database available for the creative sector in Brazil, to be published by NECCULT (forthcoming), is the Economic Atlas of Brazilian Culture, being the most comprehensive effort to gather economic information for creative industries³ in the country. According to this source, in 2017, there were 101,876 creative firms in Brazil, a 15 per cent increase in comparison to 2007.

Regional distribution is highly unequal, with 59.22 per cent located in the Southeast, followed by the South (24.55 per cent), Northeast (16.6 per cent), Centre-West (9.67 per cent) and North (4.41 per cent) regions. This distribution reflects to a degree the participation of each of these regions in the 2016 gross domestic product (GDP), respectively: 53.2 per cent, 17 per cent, 14.3 per cent, 10.1 per cent and 5.4 per cent⁴.

The overwhelming majority (94.38 per cent) of the firms are micro-enterprises, and then small businesses (5.04 per cent). Medium and large firms accounted for less than one percent (NECCULT, forthcoming).

There is a lack of data regarding the age of creative firms, but a recent survey by the Ministry of Culture (2018) showed that 37 per cent had been operating for less than five years. The most important creative industries in 2017, according to NECCULT (forthcoming), were Publishing (31.46 per cent), Architecture

and Design (16 per cent) and Education and Creation in Arts (14.49 per cent).

Creative industries represented around one percent of GDP between 2007 and 2018 (NECCULT, forthcoming). Although FIRJAN (2016) estimated a contribution of 2.6 per cent of GDP for 2017.

In addition, these businesses are more dynamic than the rest of the economy: according to the Ministry of Culture (2018), creative industries had grown 9.1 per cent on average between 2012 and 2016, above Brazilian GDP growth. According to the Brazilian Institute for Geography and Statistics (IBGE, n.d.), the average turnover of firms operating in Brazil was around \$3.7 million reais in 2015, while according to NECCULT (forthcoming), the average turnover of firms in the creative industries for the same year was only around \$1.7 million reais.

Social enterprise

The two main data sources for social enterprise in Brazil are PipeSocial (2019), and the report from the United Nations Development Programme (UNDP) and the Brazilian Micro and Small Enterprises' Support Service (SEBRAE) (UNDP; SEBRAE, 2017).

PipeSocial is a private sector initiative that brings together Brazilian social entrepreneurs. Their 2nd Map of Impact Businesses (Social + Environment) is their most recent study. The

³According to UNCTAD (2008, 2010), the creative industries include traditional cultural industries such as performing arts as well as new activities like design. In the case of Brazil, NECCULT (forthcoming) refers to the following ten sectors as creative industries: architecture and design; performing arts; audiovisual; digital culture; publishing; artistic education and creation; entertainment; music; heritage; and advertising.

⁴According to data provided by IBGE (2018)

⁵The cornerstone of Brazil's creative policy is the concession of partial or full tax exemptions for companies and individuals that sponsor creative activities.

The overwhelming majority of the firms are micro-enterprises.

SEBRAE is a third sector entity sponsored by public and private resources that aims to foster the development of Brazilian small enterprises. They published a report as part of a joint project with the UNDP called Strengthening Inclusive and Social Businesses in Brazil.

PipeSocial's 2019 report mapped 1002 social enterprises in Brazil. Their distribution is, as with creative enterprise, very irregular, with 62 per cent concentrated in the Southeast, 14 per cent in the South, 11 per cent in the Northeast, 7 per cent in the North and 3 per cent in the Center-West. The UNDP and SEBRAE (2017) report mapped 837 social enterprises in 2017, with 55.4 per cent in the Southeast, 16.4 per cent in the South, 15.1 per cent in the Northeast, 9.1 per cent in the North and 4.1 per cent in the Centre-West.

So, in comparison to creative firms, there is lower concentration in the South and Centre-West regions and higher concentration in the North. One explanation is that the Amazon rainforest and its numerous indigenous communities are relatively more engaged with social enterprise activity than creative enterprise, despite the region's smaller population and GDP.

In terms of the age of Brazilian social enterprises, UNDP and SEBRAE (2017) and PipeSocial (2019) found quite different results for 2017 and 2018, respectively. While the former stated that more than two thirds had been in operation for less than two years, the latter found that only 38 per cent of mapped social enterprises were in this category. In any case, the data suggests a significantly young landscape.

Social enterprises have relatively low turnovers. According to PipeSocial (2019),

most made zero (43 per cent) or less than 100 thousand reais (34 per cent) in 2018. Only 12 per cent earned more than 1 million reais in 2018. UNDP and SEBRAE (2017) found similar results for 2017, with more than two thirds making less than 60.000 reais per year.

Furthermore, more than half of the social enterprises mapped by UNDP and SEBRAE (2017) were still potential entrepreneurs; that is, not yet fully operational. Among the rest, 20 per cent were micro enterprises, 7 per cent were small companies, and 19 per cent were individual micro-entrepreneurs - or freelancers. According to the same report, 79 per cent of these enterprises still earned less than 60 thousand reais in 2017.

Among the social impact areas highlighted by PipeSocial, 46 per cent were working in green technology and 43 per cent in citizenship. Education (32 per cent), health (26 per cent), social finance (23 per cent) and cities (23 per cent) were also significant sectors.

Social enterprises are still a small part of the Brazilian economy. Nonetheless, Gazeta do Povo (2017) reported in 2017 that those in the sector expected investment in social enterprises to grow four times between 2014 and 2020, reaching 50 billion reais in 2020, partly driven through public investment.

Regulation

Historically, a significant part of the Brazilian creative sector is dependent on public support, especially performing arts, audiovisual and visual arts. The main instrument for public funding of creative industries in Brazil is the Cultural Incentive Law (Lei Brasileira..., 1991), popularly known as the Rouanet Law. It established the National Program for

When it comes to non-financial support, there is a growing number of incubators in Brazil.

Culture (PRONAC), the main framework for the Government's policy towards the cultural sector, organising financial support to cultural projects through two main mechanisms: patronage (tax exemptions to individuals and firms that fund cultural projects) and the National Fund for Culture (direct public funding offered to specific projects). In addition, there are specific regulations for the Audiovisual Industry as well as for accessing credit through state-level institutions and national and regional development banks.

In the case of social enterprises, the regulatory environment has been influenced by the National Strategy for Impact Investments and Enterprises (ENIMPACTO, 2018), with the following objectives: (i) to expand the capital supply for impact businesses; (ii) to increase the number of impact businesses; (iii) to strengthen intermediary organisations; (iv) to improve the institutional and normative environments; (v) to strengthen data generation. One of the institutional changes achieved by ENIMPACTO was the regulation of endowment funds, approved in January 2019.

Funding and finance

According to NECCULT (forthcoming), there are three main channels of government finance to the creative industries in Brazil: direct support, patronage, and credit offered by development banks – especially the state-owned National Bank for Economic and Social Development (BNDES). Of these three, patronage represents a little less than two thirds, showing the significant role of private actors in determining the flow of public resources towards creative projects. Different

sub-sectors rely to a different extent on the three sources: audiovisual from development banks, education and arts creation from direct support, and performing arts from patronage.

In terms of geography, the Southeast, led by the state of São Paulo, accounts for more than two thirds of these public funds, which is widely criticised in its inability to drive cultural incentives beyond the main cultural axis. Public policy seems to reinforce, rather than alleviate, the regional concentration.

Direct government funding of social enterprise is still quite marginal, for only 9 per cent of these businesses (PipeSocial, 2019). However, there was reportedly more than a tenfold increase in the non-repayable funds offered by BNDES to social enterprises between 2003 and 2015 (ICE, 2015). Other sources of finance include microcredit (which grew 42 per cent between 2009 and 2013) and impact investment funds (reaching 382.4 million reais between 2003 and 2013).

Another source of finance that has been growing in importance is crowdfunding, especially for the creative sector. However, according to Catarse (2014), the main platform in Brazil, crowdfunding supporters are still predominantly young, men, well-educated and very concentrated in the Southeast region.

Support ecosystem

When it comes to non-financial support, there is a growing number of incubators in Brazil, mostly associated with public universities or third sector entities such as SEBRAE. According to the National Association of Promoters of Innovative Enterprises, there are

369 incubators in the country, incubating 5125 companies (Anprotec, 2018). Additionally, there were 40 active accelerators in the country.

There remains a lack of studies into the extent to which this kind of non-financial support is reaching the creative industries. One important initiative was the Creative Brazil Incubators Program, launched by the Ministry of Culture (which now became part of the Ministry of Citizenship). This programme provided support to incubators from nine Brazilian states, with legal consultancy, management, education, innovation and organisation (NECCULT, 2016).

For social enterprises, it seems that this kind of support has not been reached its full potential: institutes and foundations, and accelerators and incubators reached only 11 per cent and 10 per cent of the social enterprises mapped by PipeSocial (2019). On the other hand, according to the same source, several social enterprises had obtained non-financial support in the form of mentorship (22 per cent), communication (19 per cent), networking (19 per cent), team (14 per cent), management and process (12 per cent) and/or sales (11 per cent).

Brazil is a country which faces some additional difficulties in comparison to some other developed economies, which may affect the

social and creative sectors as well. According to the Global Entrepreneurship Monitor (Bosma et al., 2016), the number of days it takes to register a business in Brazil stands at an average of 83 days. On the other hand, according to the World Bank (n.d.), the average time to open a business dropped from 86.6 days, in 2013, to 20.5 days in 2018.

According to the World Intellectual Property Organization (WIPO, n.d.), in 2017, there were 25,664 patents in force in Brazil. It is important to highlight the pivotal role of universities here, representing 30 per cent of the top applicants. According to the WIPO (2017) Global Innovation Index, Brazil occupies an intermediate position in global innovation rankings (64th out of 156 countries). According to the same source (WIPO, n.d.), in 2017 the country had 7,505 filings for intellectual property.



Photo by Alejandro Reyes

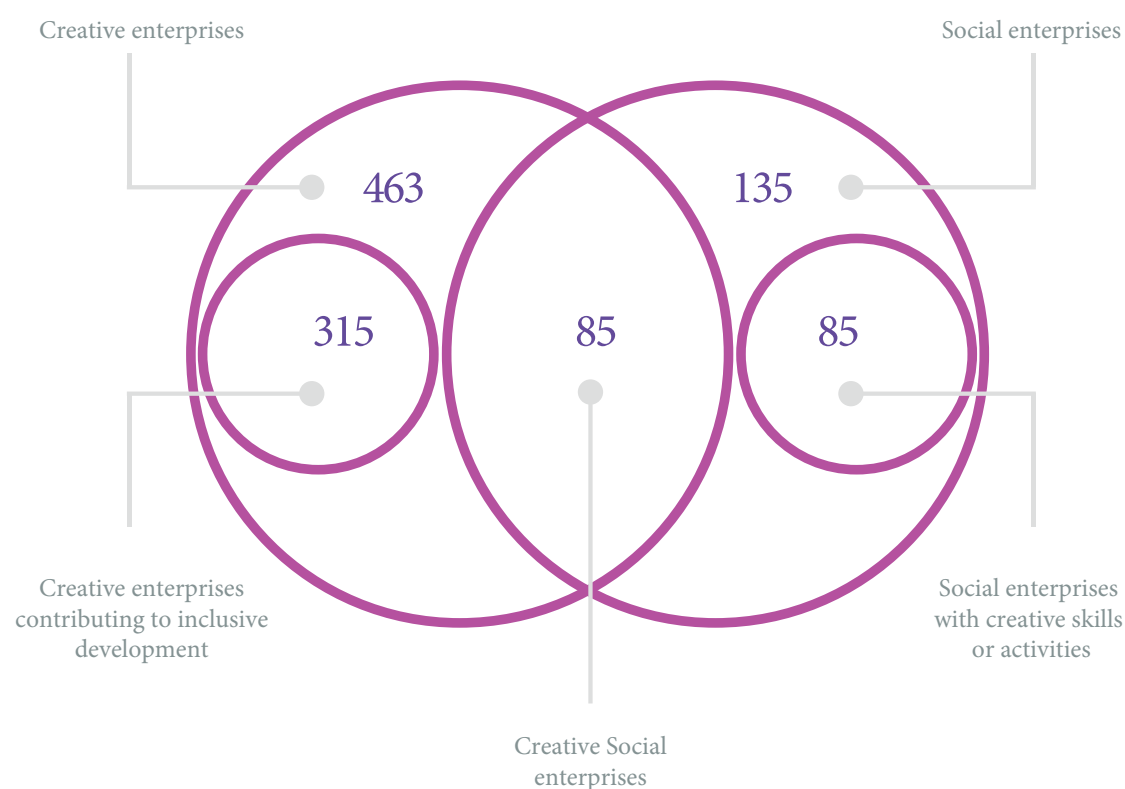
Overview of creative and social enterprises

This section presents the findings from our survey in terms of type of enterprise, staff, turnover, age, geography and sector. We also aim to compare the findings specific to social and creative enterprises with the wider Brazilian context.

Survey sample

This study gathered 929 responses, including 666 complete answers. Of these, 133 could be defined as social enterprises, 463 as creative enterprises and 85 as both creative and social enterprises (CSEs). Figure 2 illustrates the composition of the sample.

Figure 2 - Social, Creative and Hybrid enterprises



Perceptions of social and creative enterprises

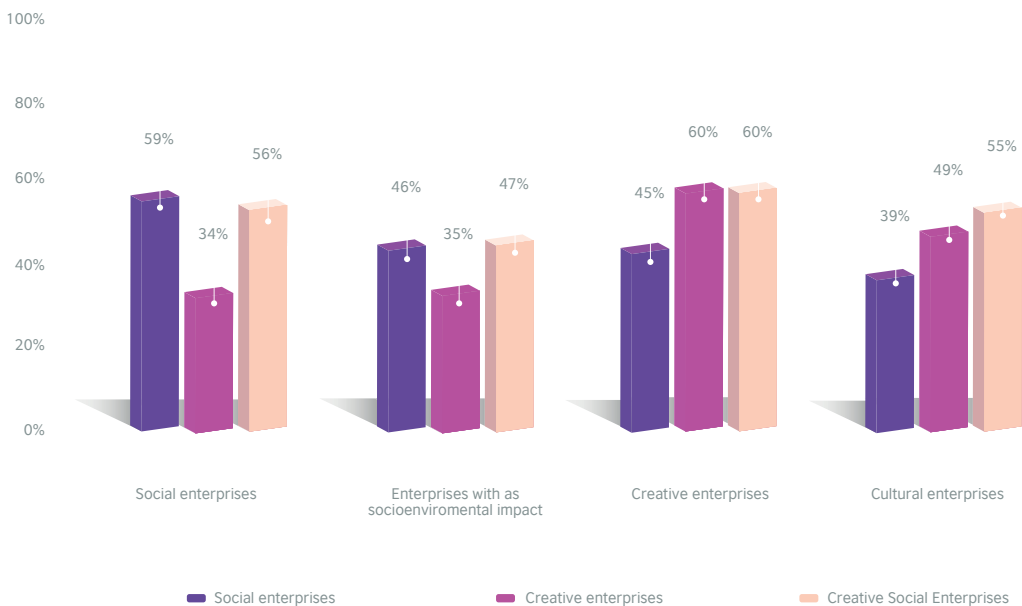
Our survey respondents were not told the definitions being used for the research in advance and were asked about their perceptions of their own organisation. The following table sets out how they perceive themselves and how this aligns to the definition used for the study.

Table 1 - Results compared to inclusion criteria

SELF-DECLARATION	249	Social enterprise	333	Creative enterprise	006	No answer
	269	Impact business	249	Cultural enterprise		
INCLUSION CRITERIA	135	Social enterprise	463	Creative enterprise		

Many organisations identified themselves through a number of different terms, showing they were comfortable with this idea of hybridity – being social and creative, or perhaps cultural and making a social impact.

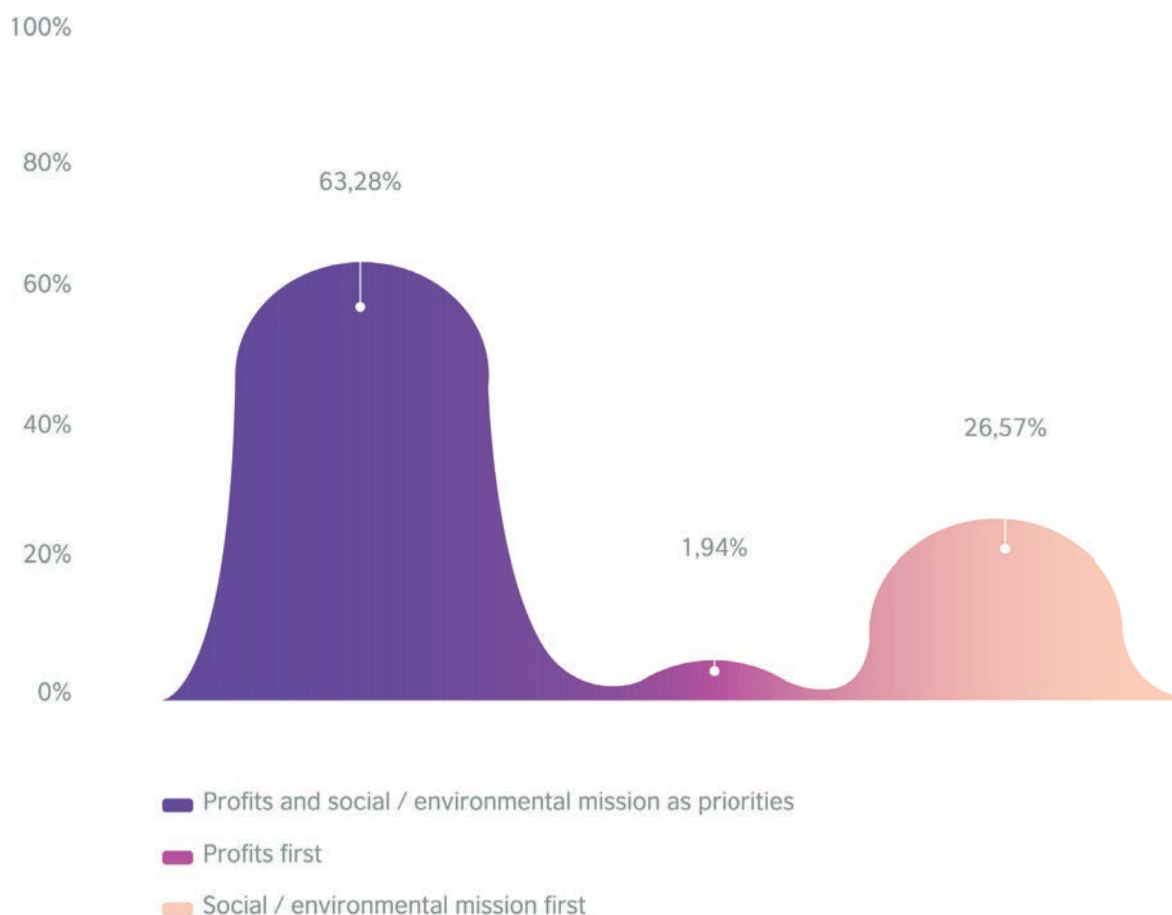
Figure 3 - Self-identification, by type of organisation



This intersection between creative and social enterprises is further endorsed by Figure 4, which states the high importance attributed by creative enterprises to social impact: less than 2 per cent of them reported that they prioritise profits, while 26.6 per cent prioritised their social/ environmental mission and 63.3 per cent prioritised both⁶.

⁶Social enterprises hybrids were not included in this graph as it was a prerequisite for them to prioritise social mission to be considered as such.

Figure 4 - Relation to profit and social mission for creative enterprises

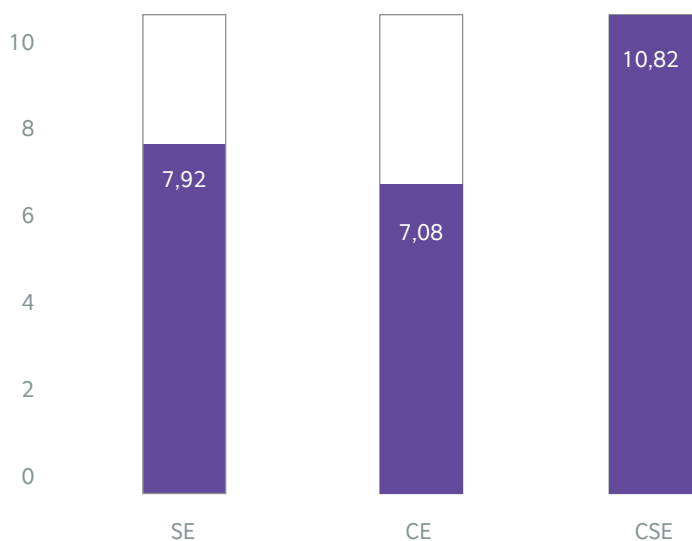


Creative and social enterprises

Whether social or creative enterprises, or both, most of these businesses are small, characterised by an average of 7 to 10 staff and a significant proportion of sole proprietors. This reflects the Brazilian economy, where almost 90 per cent of companies have less than 10 employees and almost half are sole proprietors (IBGE, 2019a, 2019b).

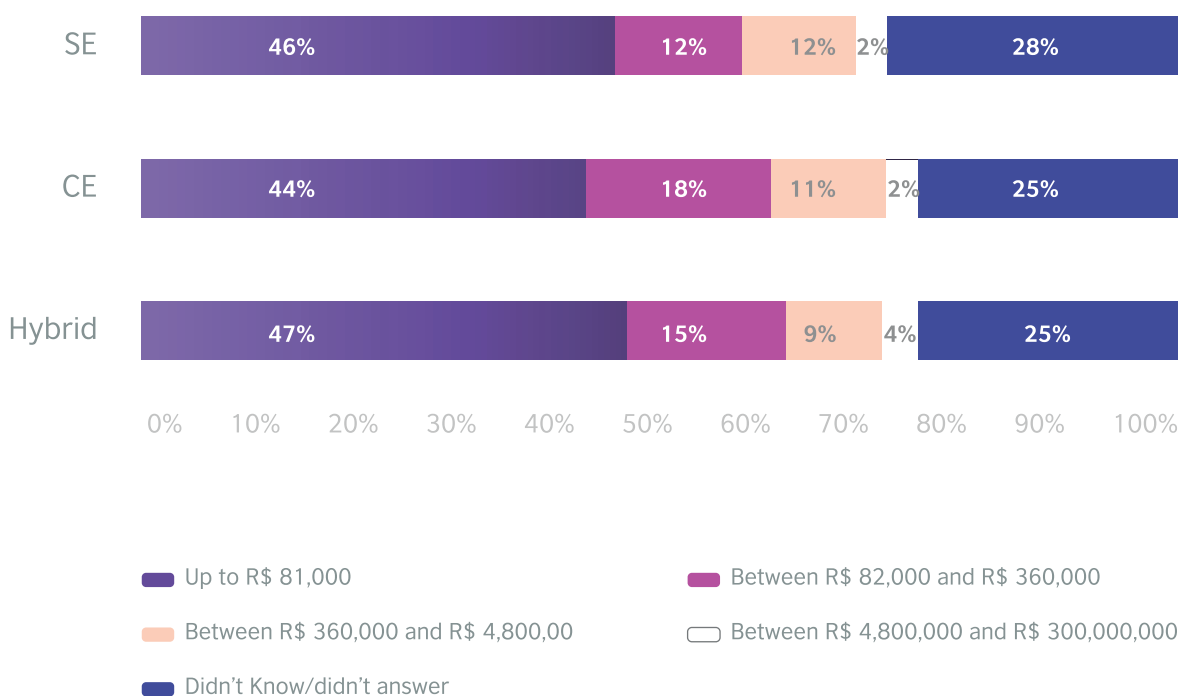
The average number of staff members for social enterprises was 7.92, while creative enterprises hired slightly fewer (7.08). CSEs tend to be a bit larger, employing an average of 10.82. Still only 2.35 per cent report more than 100 employees. This is in line with previous research in Brazil, which suggests that more than 90 per cent of creative and social enterprises have fewer than 10 employees (NECCULT, forthcoming; UNDP; SEBRAE, 2017).

Figure 5 - Average Number of Staff Members – 2019



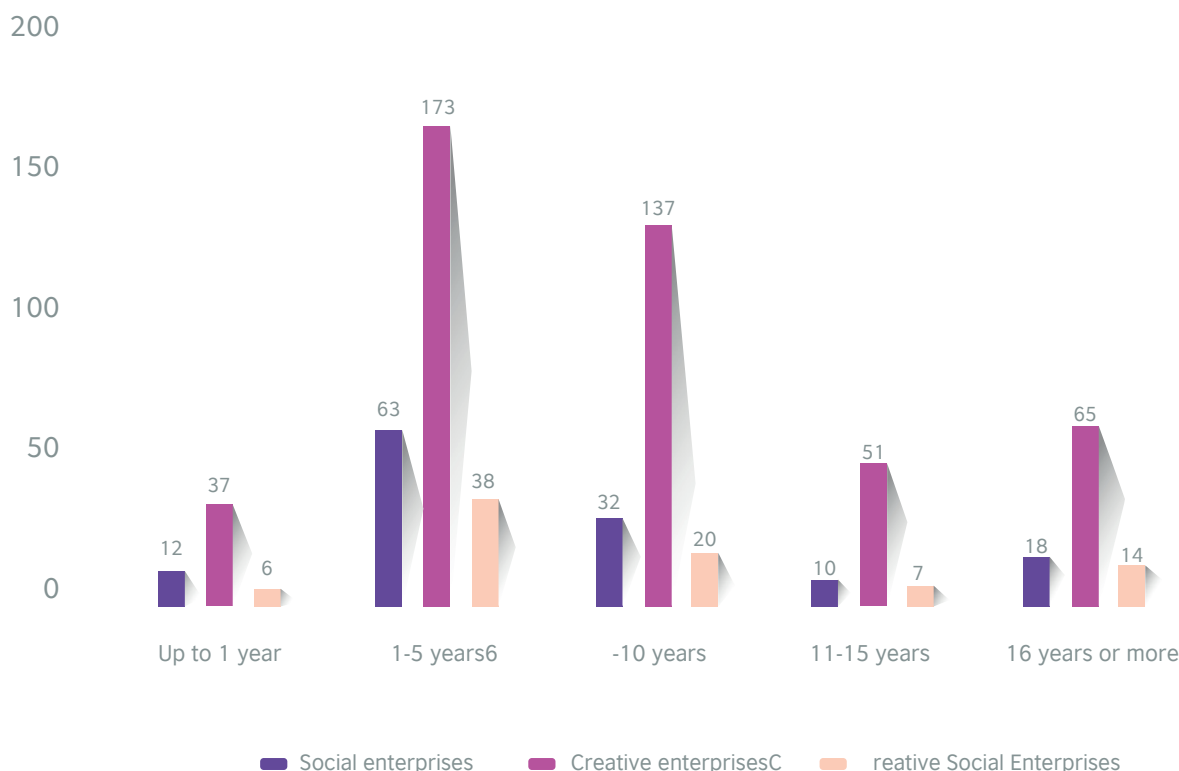
When it comes to turnover, again most of these enterprises are micro and small, whether social or creative enterprises, or both (see Figure 6). Again, this reflects the rest of Brazilian economy, where around three quarters of companies are micro or small enterprises (Guimarães et al., 2018).

Figure 6 - Classification of the Organisations, by turnover size – 2019



In terms of age, all three types of organisation are mostly less than 5 years old (see Figure 7). CSEs tend to be older, with an average age of 7.8 years, followed by creative enterprises (7.42 years) and social enterprises (6.95 years).

Figure 7 - Classification of the Organisations, by age – 2019



81.48 per cent of SEs were established between 2009 and 2019 and 77.32 per cent of CEs. This contrasts with the average Brazilian company, which is significantly older than most of our creative and social enterprises, slightly more than 10 years old (IBGE, 2019a, 2019b).

The distribution of our survey respondents across Brazil follows wider patterns in the country, with a high concentration in the Southeast, especially in the state of São Paulo, responsible, respectively, for 52.9 per cent and 32.2 per cent of Brazil's GDP (see Figure 8 and Figure 9).

Figure 8 – Number of organisations, by State

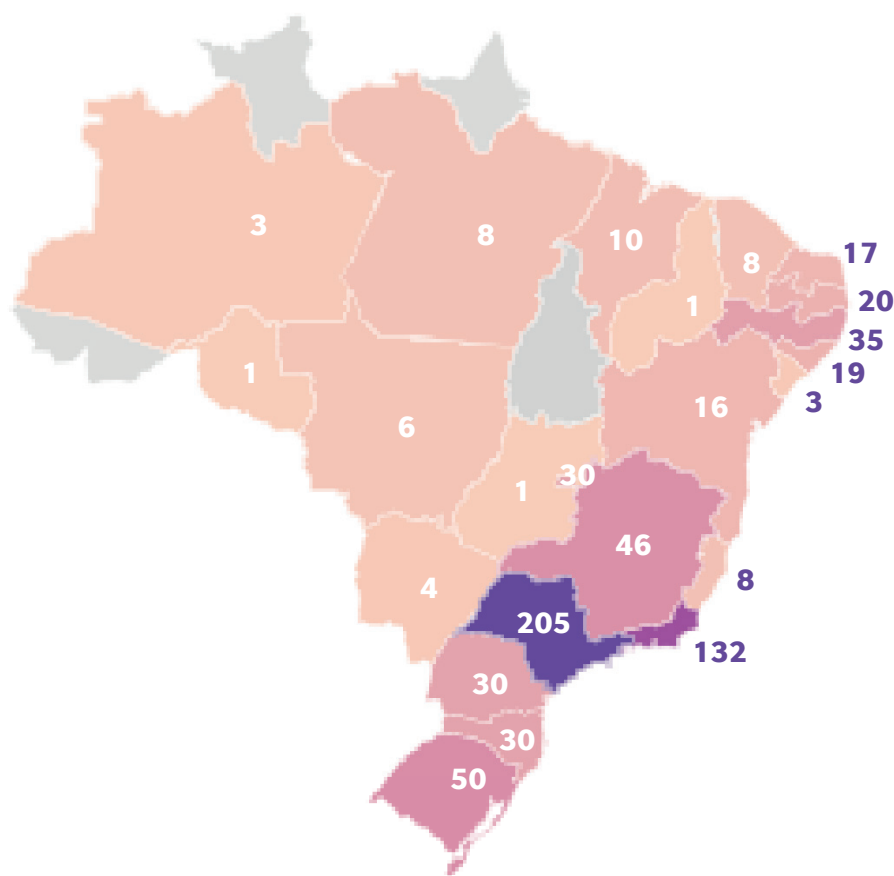
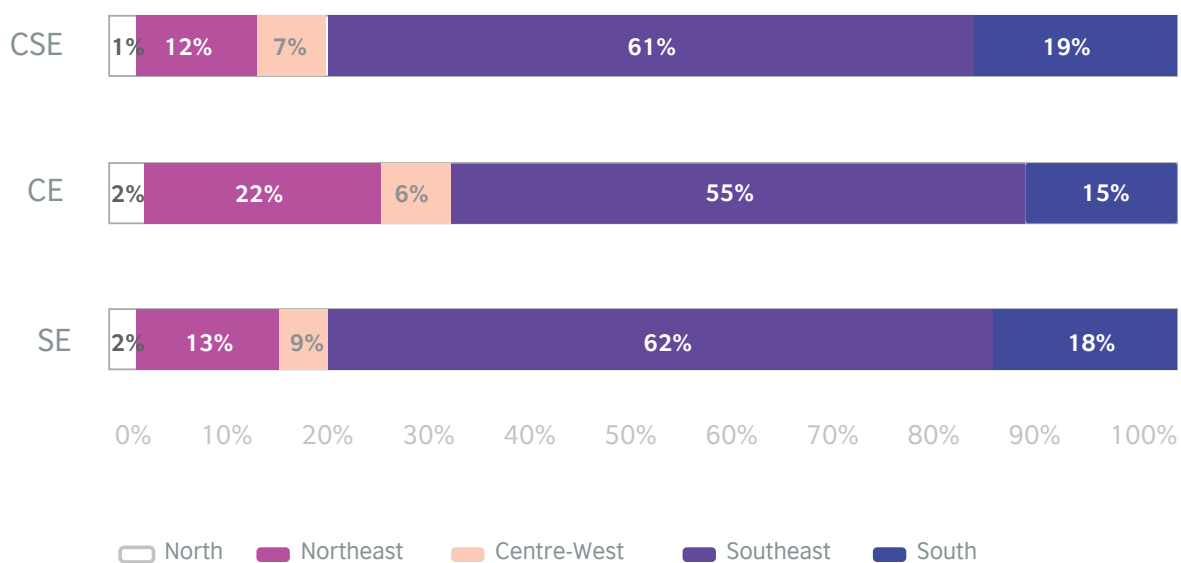
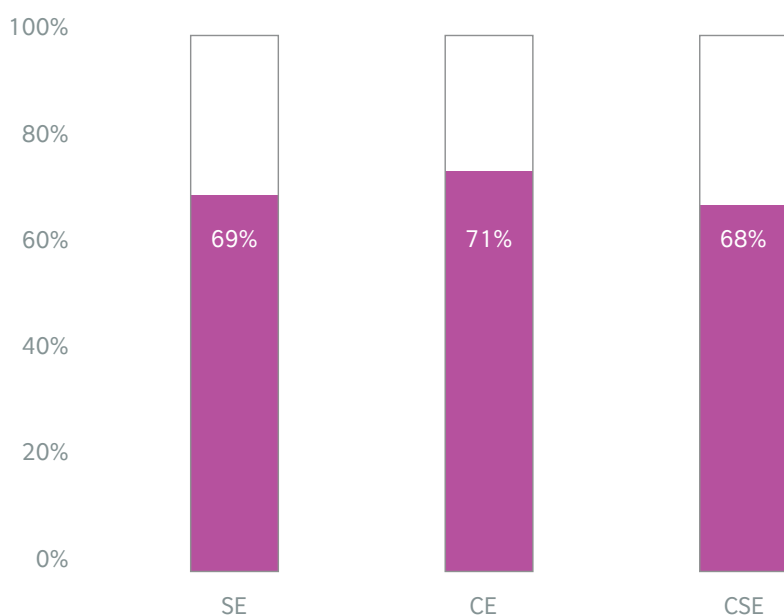


Figure 9 – per cent of organisations, by Region – 2019



Creative enterprises are somewhat less concentrated, with 55 per cent operating in the Southeast and 22 per cent operating in the Northeast, reflecting the important contribution of the crafts sector in this region (Santos & Souza, 2016). São Paulo is home to a significant proportion of social enterprises, accounting for 37 per cent of all the organisations interviewed.

Figure 10 - Organisations that operate in state capitals – 2019



As shown in Figure 10, state capitals are home to approximately 70 per cent of all the organisations surveyed, significantly greater than their contribution to Brazilian GDP (32.4 per cent). The city of São Paulo, unsurprisingly, is the most common home to of these businesses: 24 per cent of the social enterprises, 19 per cent of the creative enterprises and 20 per cent of the CSEs. This is much higher than the contribution of São Paulo to Brazilian GDP (10.62 per cent). However, while many of these businesses are concentrated in capitals, many of these organisations operate countrywide, as shown by Figure 11.

Creative enterprises and CSEs most frequently operate nationally, at 51.6 per cent and 50.5 per

cent respectively. Social enterprises, however, are slightly more likely to be focused on their home city (47.4 per cent) than nationally (45.2 per cent). CSEs are much more likely to be active across national borders. (23.5 per cent).

Social and creative enterprises are most likely to be working in the education sector (see Figure 12). In addition, social enterprises operate significantly in consulting (40 per cent) and business development and entrepreneurship support (32.5 per cent) sectors, while CSEs are often operating in in the craft industries (49.1 per cent) and 47 per cent in visual and performing arts. Besides creative sectors, consulting is often a common sector for creative enterprises - for 36 per cent of our survey respondents

Figure 11 – Classification of the Organisations, by operational focus – 2019

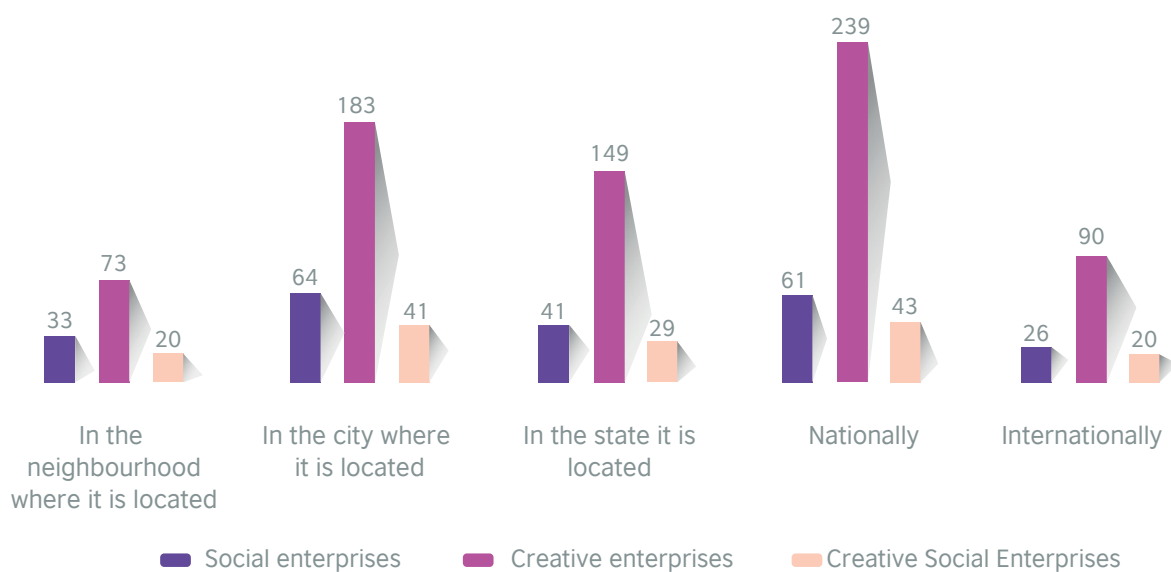
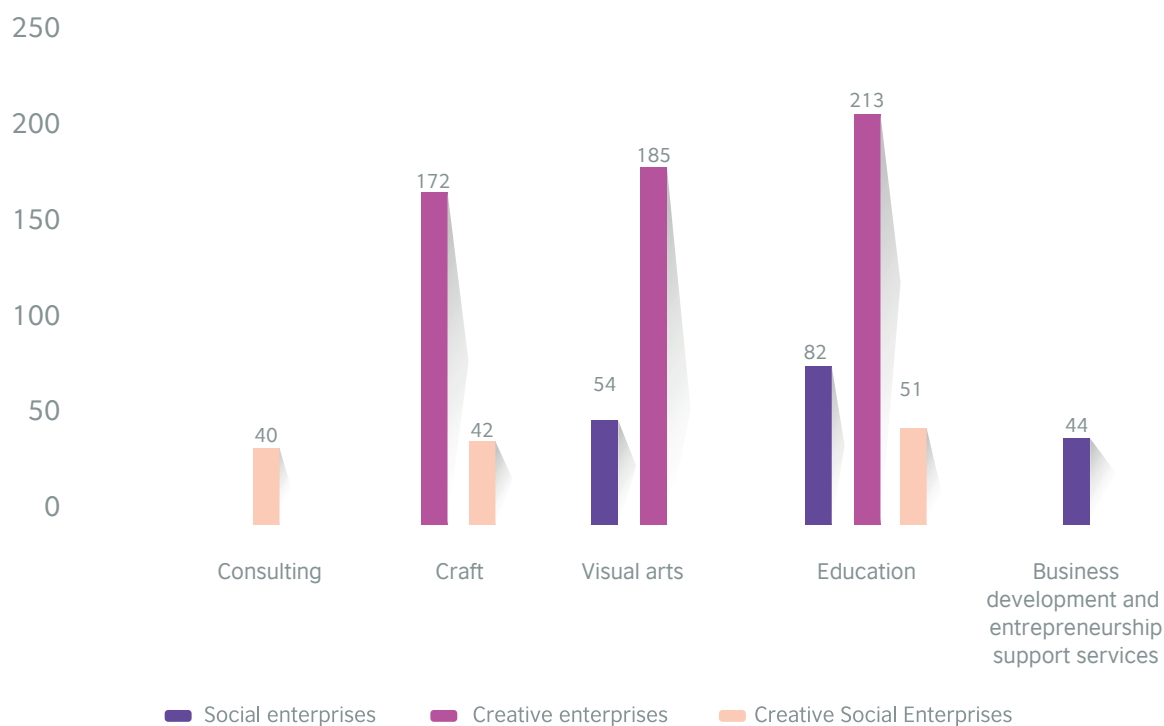


Figure 12 – Classification of the Organisations, by sectors – 2019



In terms of customers, a majority of all enterprises operate a business-to-business model, but a higher proportion of CSEs work with non-profit organisations than creative enterprises. CSEs work more often with the public sector than the other groups.

The main clients and/or beneficiaries of the surveyed companies are women, young people and low-income groups, which is common across the different groups. (see Figure 14).

Figure 13 - Major clients of products/services, by type of organisation

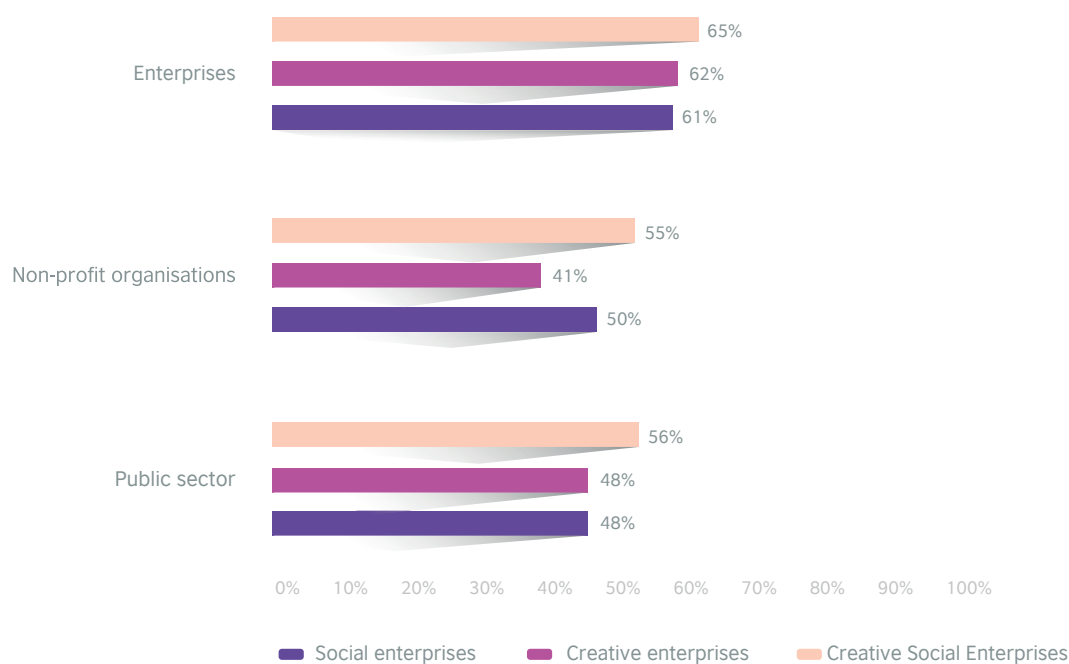
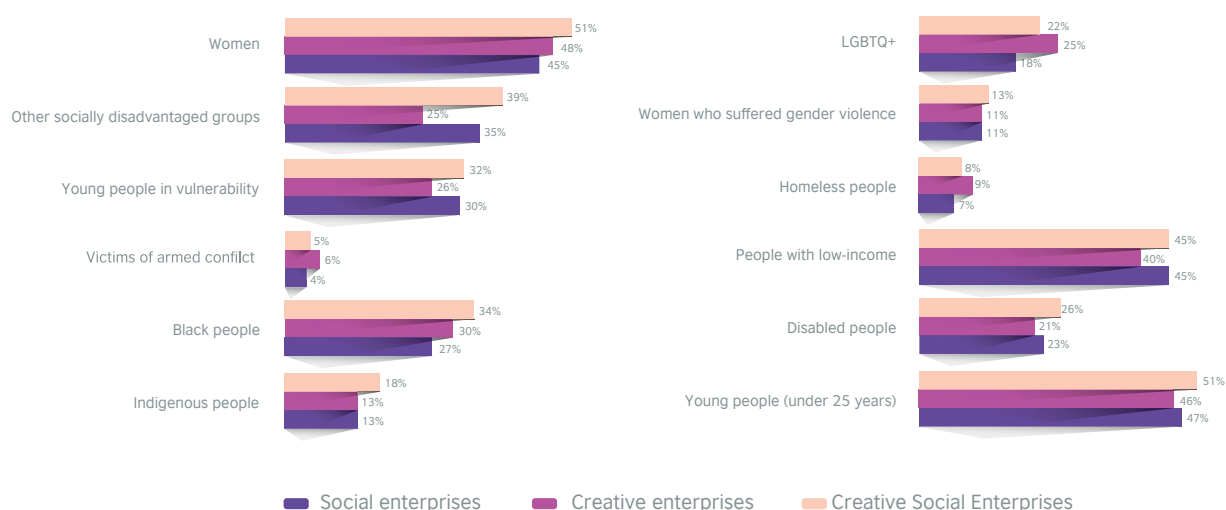


Figure 14 - Major beneficiaries/clients of products/services, by type of organisation



The next sections explore the validity of our main “**hypothesis**”.

First, in the next section, we try to grasp how these enterprises have low barriers to entry, generating jobs especially for women and young people, harnessing human creative, emotional and social skills – making them more future-proof and more resistant to automation.

Then, we try to shed some light on how creative and social enterprises bring new, disruptive ideas to tackle the challenges we face, innovating to provide agile, environmentally and socially sustainable solutions that address market failure, contributing to the SDGs.

Third, we show how these businesses can be inclusive, challenging the over-concentration of wealth and capital by spreading ownership, enabling democratic ownership and governance, distributing the benefits of innovation and technology. Finally, we explore how these enterprises can bring new energy and pride to communities and countries, reflecting a country’s culture, and changing how people feel about themselves. Finally, we consider the ecosystem’s strengths and gaps and close our report with some conclusions and recommendations.

Creating jobs and access to employment for women, young people and vulnerable groups

In terms of income inequality, Brazil is one of the most unequal countries in the world, where the top 10 per cent of earners receive more than half of national income and the country's richest 5 per cent have the same income⁷ as the remaining 95 per cent (Oxfam, 2017). Brazil also shows pervasive inequality when it comes to education even in comparison with the Latin American average (UNDP, 2019).

When it comes to gender inequality, the Gender Inequality Index (UNDP, 2019) suggests that Brazil is also a very unequal country. The index was 0.386 in 2018, higher than other comparable Latin-American countries such as Argentina or Mexico (UNDP, 2019) but nonetheless, represents an improvement in comparison to 1995 (0.521), the first year the index was recorded. In the same vein, according to the Labour Department of Brazil (n.d.), the participation of women in the total labour force grew from 40.9 per cent to 44.1 per cent from 2007 to 2017.

An analysis of gender equality must take into account not only the participation of women

in the economy but also their participation in leadership positions. In this regard, according to the Brazil Board Index 2019, women continue to be very underrepresented in boardrooms, representing only 10.5 per cent of all board members (Spencer Stuart, 2019). The average number of women on boards is 0.9, compared with 7.5 men, one of the lowest rates of female participation around the world.

Brazil grew older in the last decade, as did so many other countries around the world. According to the Labour Department of Brazil (n.d.), the participation of people older than 30 years in the labour force grew from 62.95 per cent to 71.7 per cent between 2007 and 2017. Younger workers played a smaller role.

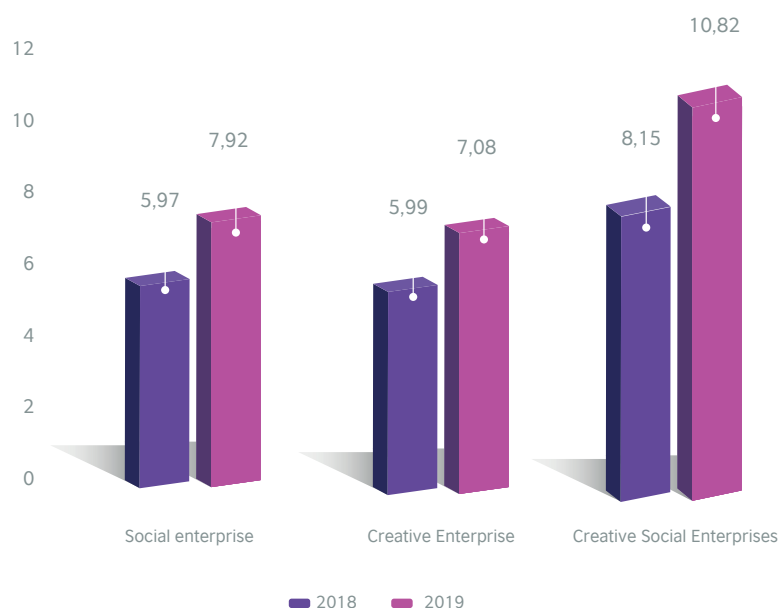
The scenario is even more problematic when it comes to ethnicity. According to the Labour Department of Brazil (n.d.), black workers tend to earn lower wages, a bit more than two thirds of the average white wage in 2017. This difference has persisted between 2013 and 2017.

Employment in social and creative enterprises

Our survey of creative and social enterprises allows us to consider the contribution of these businesses to employment in Brazil. In this regard, both social and creative enterprises have experienced a growth in the average number of staff members from 2018 to 2019 (see Figure 15). The average CSE moved over this period from being classified as small company, now with a larger staff cohort than the average Brazilian firm, composed of 8.6 members (IBGE, 2019b).

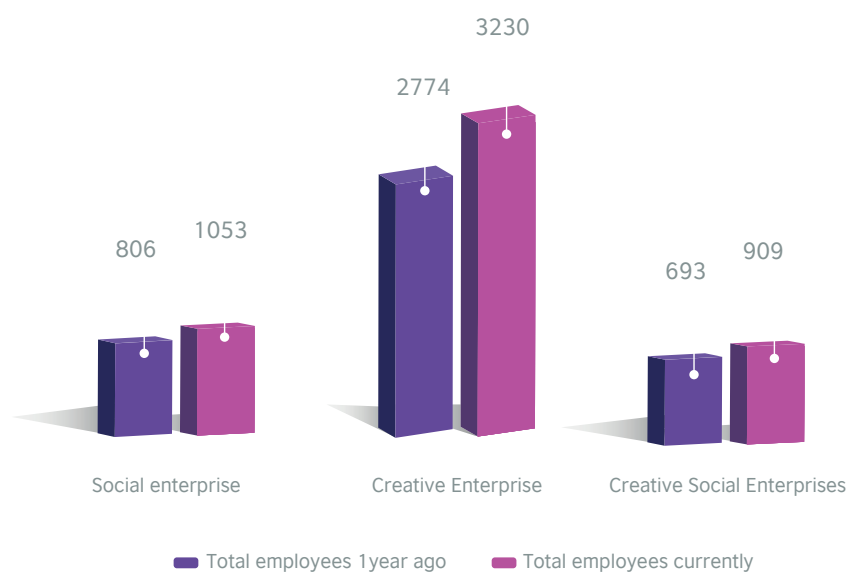
⁷ According to the World Inequality Report (2018).

Figure 15 - Average Number of Staff Members – 2018-2019



CSEs and social enterprises saw their staff numbers increase by more than 30 per cent, while creative enterprises' staff size grew at half of this rate (see Figure 16). It is important to note that this performance was achieved in the face of the stagnation of Brazil's wider rate of unemployment, which has been consistently above 10 per cent since 2016 (IBGE, 2019a, 2019b).

Figure 16 - Number of Staff Members – 2018-2019



Access to employment for women

When it comes to staff composition by gender, social and creative enterprises hire more women than other industries (Figure 17). Although CSEs hire a mix of staff which is roughly equal to the Brazilian average female participation in the labour force (Labour Department of Brazil, n.d.).

The contribution of social and creative enterprises to gender equality is even stronger in the case of companies led by women (see Figure 18).

Figure 17 - Female Participation, by type of organisation – 2019

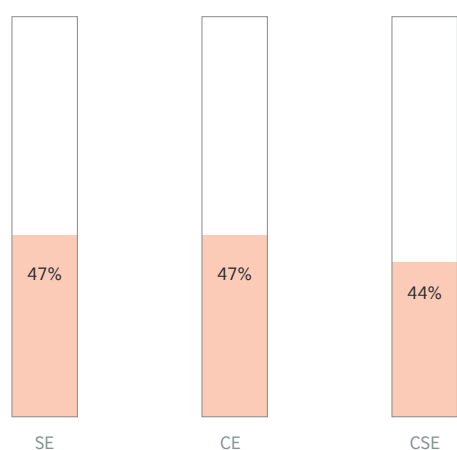
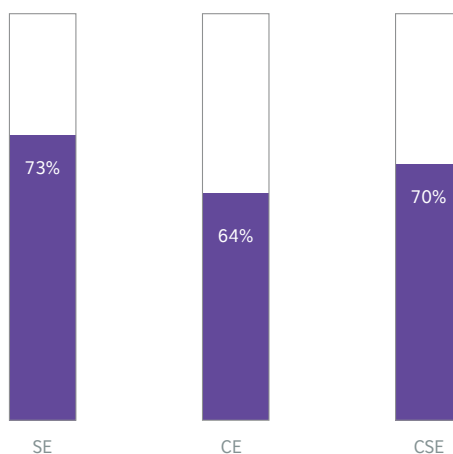


Figure 18 - Participation of Women in the Staff in Women-Led Companies – 2019



Regional analysis shows us that these businesses active in the most developed region (Southeast) employ more female workers, while the least developed regions (Centre-West and North) employ relatively fewer women (see Figure 19).

The creation of new enterprises seems to be driving much of this. Female workers are more common in the younger social and creative enterprises (see Figure 20).

Figure 19 - Female Staff Participation, by Region – 2019

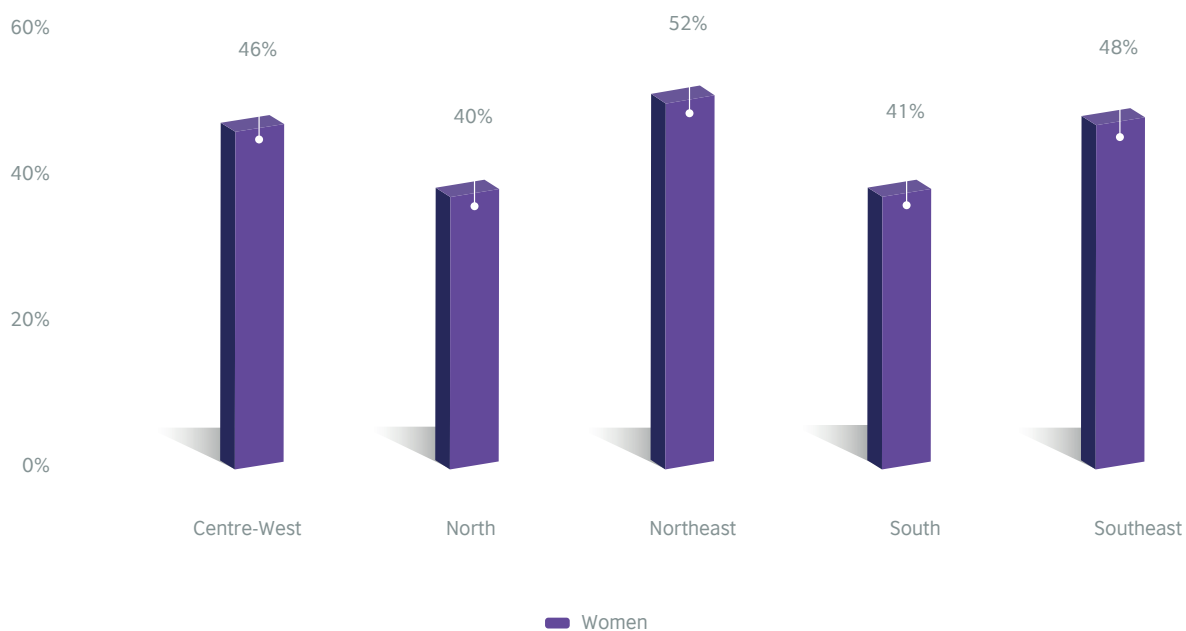
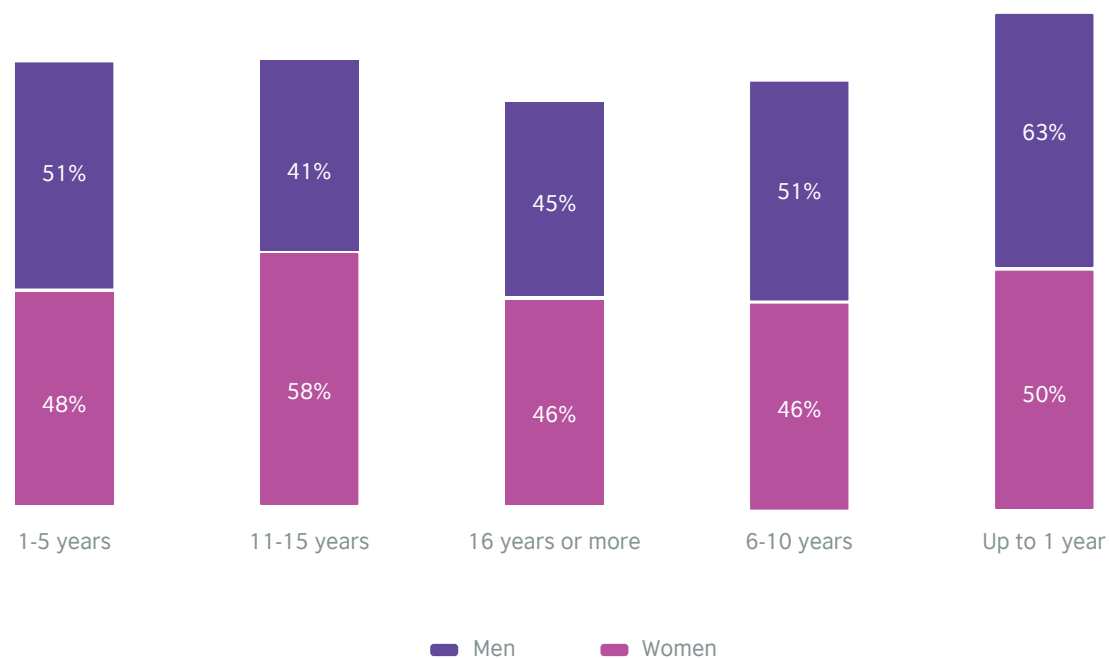


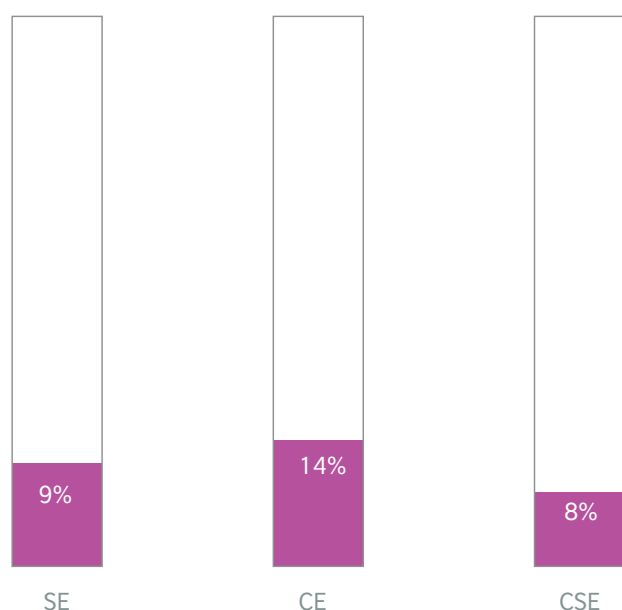
Figure 20 - Gender Composition by Organisational Age Group – 2019



Access to employment⁸ for vulnerable social groups

When it comes to ethnic representation, however, the picture is not overly positive. The staff of creative and social enterprises do not represent the wider patterns of the Brazilian population, which is majority black. (see Figure 21) and According to SEBRAE (2017), most Brazilian entrepreneurs are black. Similarly, no surveyed organisation had any indigenous staff⁹.

Figure 21 - Black Participation in the Staff – 2019



Yet in the case of other vulnerable social groups, social and creative enterprises are employing a greater number of LGBTQ+ employees than could be expected, particularly when it comes to younger businesses (see Figure 22). The same trend can be observed for other social disadvantaged groups, such as refugees and others, as identified above.

The newest enterprises are more diverse (see Figure 20 and Figure 22), we can explore how they vary across different types of enterprise(see Figure 23).

⁸ Vulnerable social groups are groups of people considered to be at risk of social, political, economic and/or symbolic exclusion or disadvantage because of physical disabilities, age, ethnicity, gender or sexual orientation.

⁹ For more information on our sample and approach to outreach, please see Annex 1.

Figure 22 - Participation of Vulnerable Social Groups in the Staff – 2019

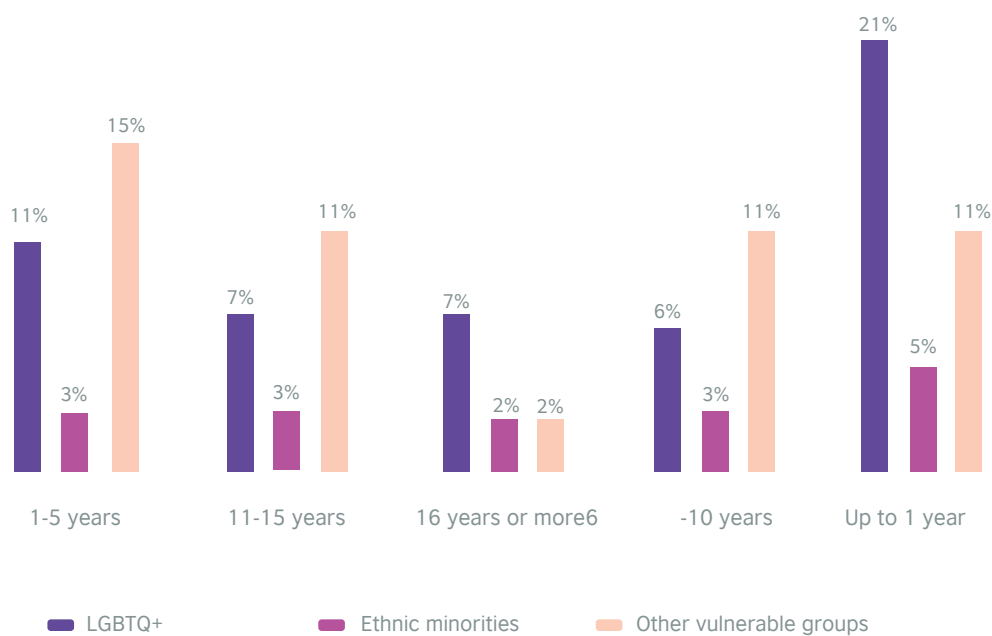
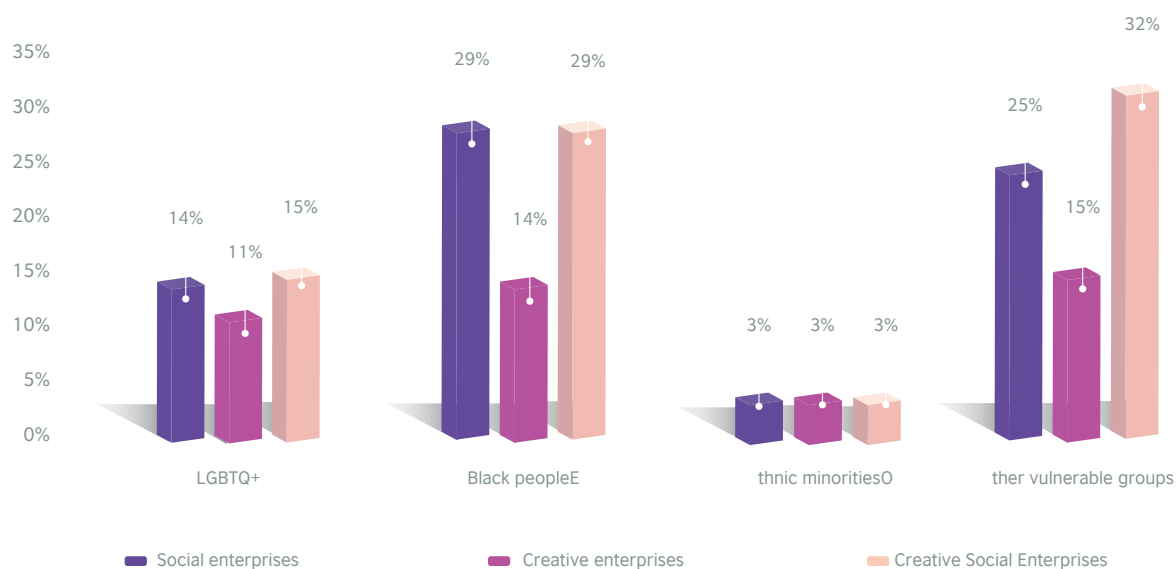


Figure 23 - Participation of Vulnerable Social Groups in the Staff of New Enterprises (up to 1 year) – 2019



Access to employment for young people

In terms of the age of the staff, social and creative enterprises hire more people under 25 years old than the national average (see Figure 24).

Companies that have existed for less than one year tend to have more young staff.

Figure 24 - Composition of Staff, by Age Group – 2019

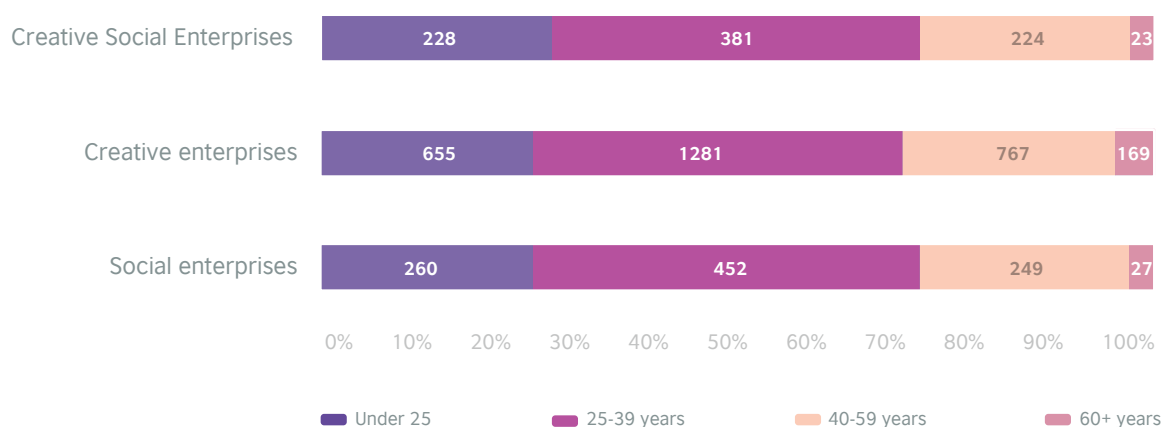
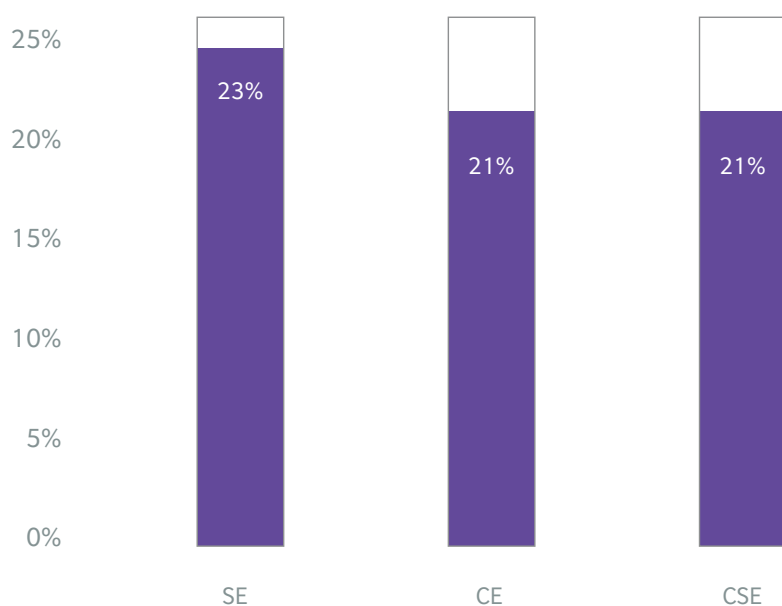


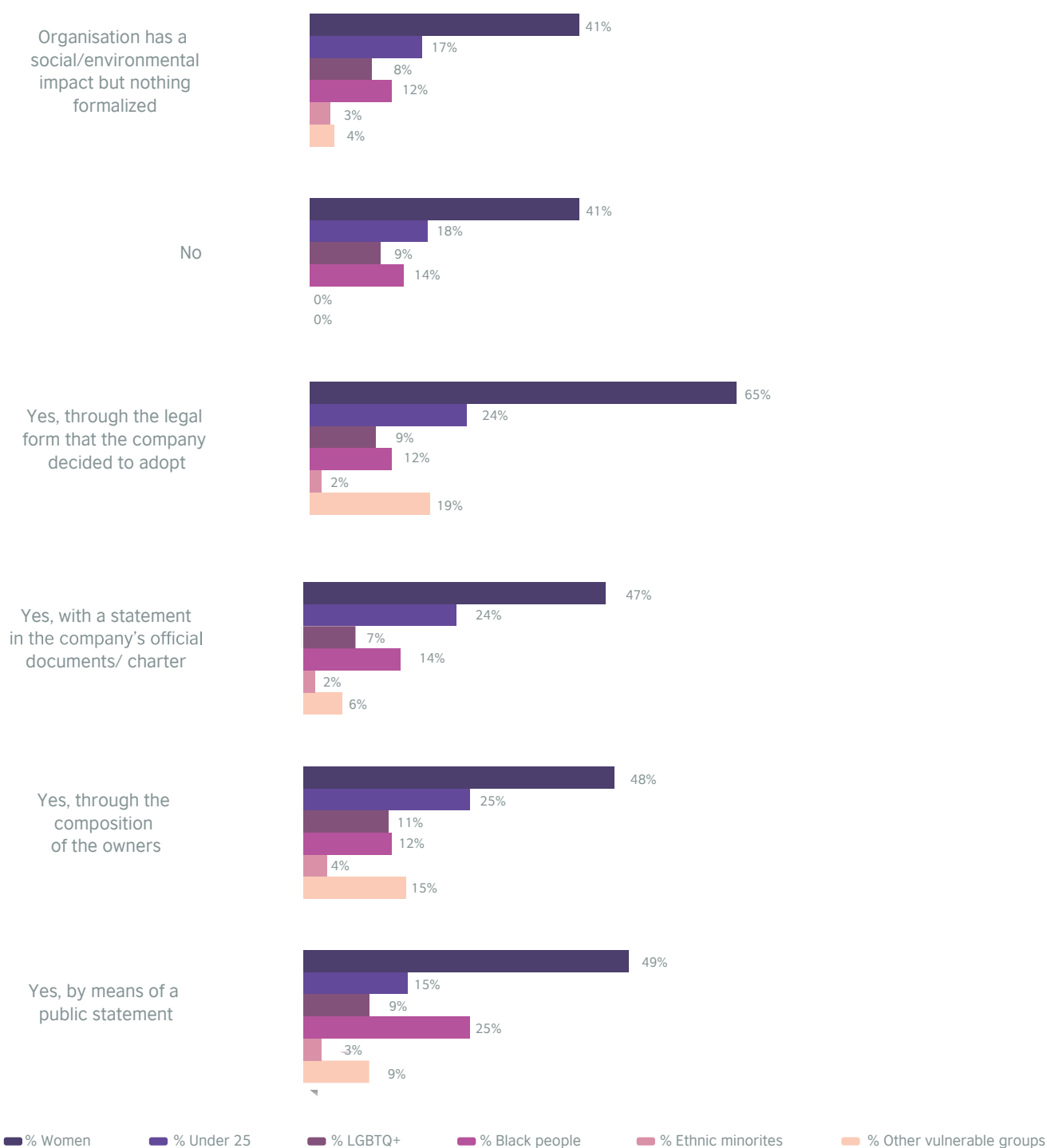
Figure 25 - Participation of Young People (under 25 years) in the Staff of New Companies (up to 1 year) – 2019



Staff composition and social impact

Those businesses which have some kind of commitment to pursue social objectives are more likely to include vulnerable social groups in their staff and to employ more diverse staff (see Figure 26).

Figure 26 - Staff Composition by Social/Environmental Impact – 2019



There appears to be a connection between the pursuit of the SDGs and staff composition (see Table 2). The participation of female staff is higher in enterprises that promote gender equality and women empowerment, while we are more likely to find black staff employed by businesses which focus on poverty eradication. Young people are more likely to be employed by enterprises that set out to pursue environmental sustainability.

Our survey responses support the hypothesis that social and creative enterprises are

generating jobs for women, young and LGBTQ+ people in Brazil, in comparison with the wider Brazilian economy. This pattern is particularly strong in the enterprises led by members of vulnerable social groups. However, the picture is less positive when it comes to the inclusion of black people, with these businesses reproducing or reflecting the wider structural obstacles that permeate Brazilian society, in which black people earn around 30 per cent less than white people even if they share the same level of education (IBGE, 2019a), for instance.

Table 2 - Staff Composition by SDG, considering higher number of staff from vulnerable groups – 2019

Promote gender equality and empower women and girls	56% of the staff is composed of women and 11% by LGBTQ+
Promote affordable, sustainable and clean energy	45% of the staff is composed of young people
Eradicate poverty in all its forms.	25% of the staff is composed of black people
Promote access to clean water and basic sanitation.	26% of the staff is composed of black people, 7% of ethnic minorities and 18% of other vulnerable groups

CASE STUDY

Enterprise: Speak to Share

Founded: 2017

Location: Brasília, DF.

Sector: Education and job creation

Detail

Speak to Share was founded as a means to build bridges between refugees and students interested in cultural exchange and learning a foreign language. The idea was to foster the economic and cultural integration of refugees in Brazil through conversation classes. Speak to Share aims to go beyond providing language learning, to developing an exchange of radically different perspectives about the world and to overcoming prejudices between non-refugees and refugees. The enterprise is seeking to develop a new social methodology to integrate refugees.

Currently, the main client group for Speak to Share classes are undergraduate students, but the enterprise is currently aiming to develop a business-to-business model. The next phase is to establish an online platform through which online courses will be offered. For each course sold on the platform, a Portuguese course will be given to a refugee. Speak to Share have a 'flat' governance model with strategic decisions made by the partners. All profits are reinvested. Operations are based on co-design methodologies and non-violent communication strategies.

About: Speak to Share is a foreign language education platform focusing on the cultural and economic integration of refugees in Brazil.

Support received

Speak to Share plans to seek funding in 2020, mainly to enhance their technological platforms. In terms of non-financial support, they have participated in two acceleration programs: Estação Hack, a joint initiative from Facebook and Brazilian social enterprise Artemísia, and Choice Up, from Fundação Estudar.

Impact

They are currently working to apply the SDG Impact Manager, a social impact metrification tool based on the UN's SDGs and developed jointly by the UN Global Compact and the B System's B Lab.

Organisation leadership

The organisation was created by Rodrigo Gaspar, a 34-year-old and one of the current partners. His two colleagues are a Nigerian black woman –the Director of Methodologies and Languages – and a Brazilian man, who directs the strategic and financial aspects of the business.

CASE STUDY

Enterprise: Trucss Moda Inteligente

Founded: 2016

Location: São Paulo/SP, operations nationwide

Sector: Design, Retail

The story

The inspiration to found Trucss came to Silvana Silva when she was working as a technician in a hospital and witnessed too many transgender women with serious urinary and kidney problems linked to difficulties with urinating. Transgender women “tucking” their genitals to preserve their gender identity often refrain from urinating for long periods. Silva’s solution was to design an undergarment that hides genitals without the need to “tuck” them, making it much easier to go to the restroom. The products, which are protected by a patent, can be delivered either through traditional post or at subway and train stations, which helps clients seeking anonymity and those with no fixed residence.

Trucss is eager to expand and develop new products, and recognise the importance of the creative process to help them do so. Silva plans to develop a mobile app providing information on specific issues that affect transgender people’s health, based on her

About: Trucss is a brand of underwear and swimsuits designed specifically for transgender women.

experience as a professional in the health sector. The idea is to offer discounts on Trucss products to people that access the app. These products have been enabling transgender women to overcome many barriers that undermine their access to work, study, and other places, as they do not need to worry about how to go to the restroom with Trucss underwear.

Support

Trucss was accelerated in two programs, including Vai Tec, which is a programme run by the city of São Paulo. Silva also sought assistance from SEBRAE, the official Brazilian body supporting small enterprises. She has also been selected to participate in the acceleration process of the Periphery Impact Business Articulator (ANIP) and won a prize at Shark Tank, which has also been important to the business.

Impact

Trucss' products make a great difference in the lives of transgender women, and confirmed by testimonies and feedback. According to one female transgender client, for example, who was able to go to the beach for the first time whilst preserving their gender identity, "Trucss does only not sell panties, it makes dreams come true". Traditional "tucking" methods, which use glue or adhesive tape, prevent transgender women from getting into the sea.

Leadership

Silvana Silva (or Silvana Trucss, as she is also known) is a 43-year-old black woman from São Paulo Eastern suburbs. She was a hemotherapy technician until she quit her job to dedicate her time exclusively to Trucss.



Photo courtesy of Trucss Moda Inteligente

New, disruptive and sustainable solutions to environmental and social challenges

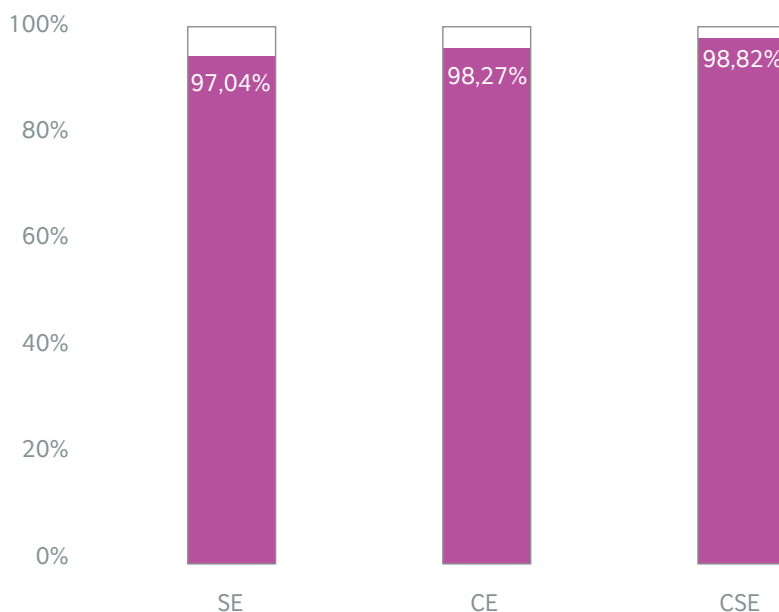
As businesses with a social purpose, we might logically expect social enterprises to play a significant role in delivering the United Nations' Sustainable Development Goals (UN, n.d.). Social enterprises have social objectives at the core of their businesses and sustainable development should therefore be not an externality but central to their business models.

The pursuit of SDGs may not be a defining feature of creative enterprises. Yet UNCTAD (2008, 2010), UNESCO (2013, 2015), and others have argued that creative industries can contribute to the reduction of poverty and inequality, economic growth, institutional development and more.

Social Development Goals and social, creative, and hybrid enterprises

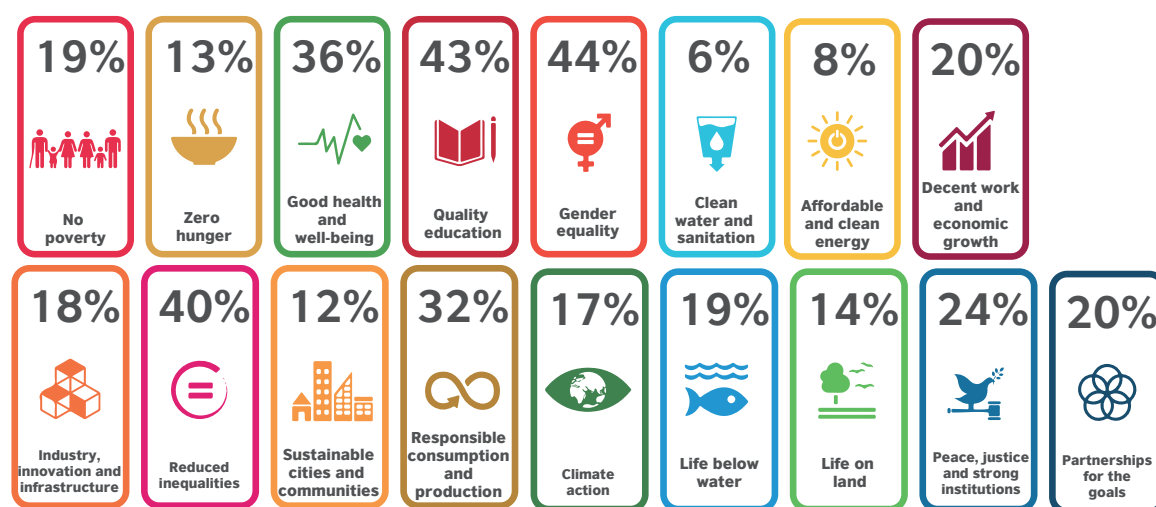
Perhaps as we might expect, most of the social and creative enterprises in our survey report that they contribute to the delivery of some SDGs (see Figure 27). Yet perhaps surprisingly, this commitment to the pursuit of SDGs is actually slightly stronger among creative and CSEs.

Figure 27 - Proportion of SDG-committed Companies, by Type of Organisation



The targeted SDGs reflect the challenges of Brazilian society. Most of the surveyed enterprises are seeking to contribute to gender equality and women empowerment (see Figure 28) in particular. This responds to Brazil's laggard position in the Global Gender Gap Index, at 92 out of 153 countries and, for instance, how females receive less than 80 per cent of the average male wages (Labour Department of Brazil, n.d.; WEF, 2020).

Figure 28 - Proportion of Enterprises that Address each SDG – 2019

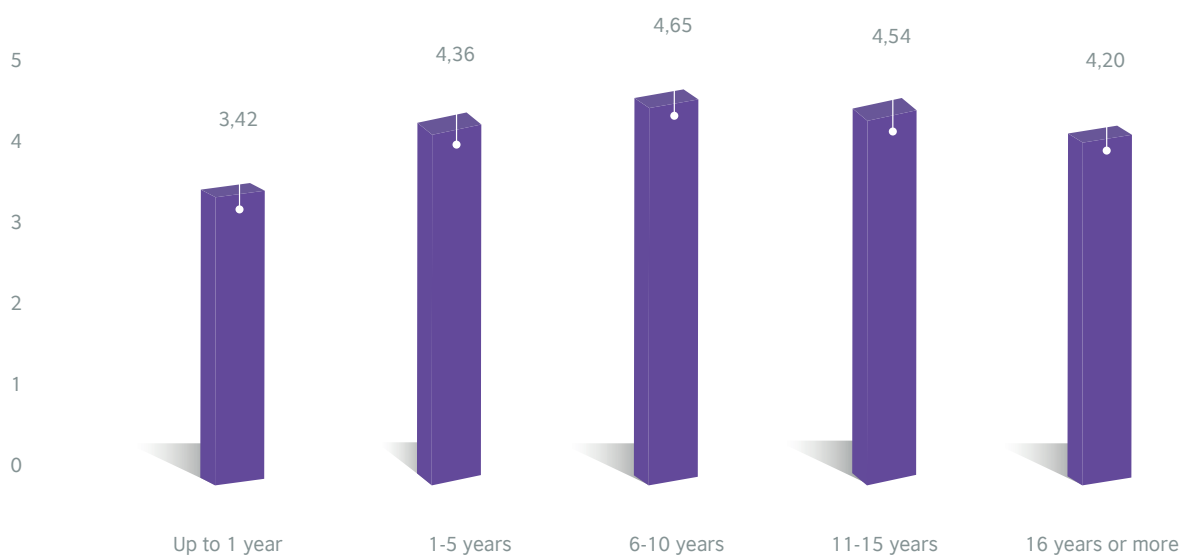


The other most targeted SDGs for social and creative enterprises in Brazil are the reduction of inequalities and provision of educational opportunities. According to the World Inequality Report (2018), Brazil is one of the most unequal countries in the world, where the top 10 per cent of earners receive more than half of national income. Brazil also shows pervasive inequality when it comes to education even in comparison with the Latin American average (UNDP, 2019).

Social Development Goals and organisational features

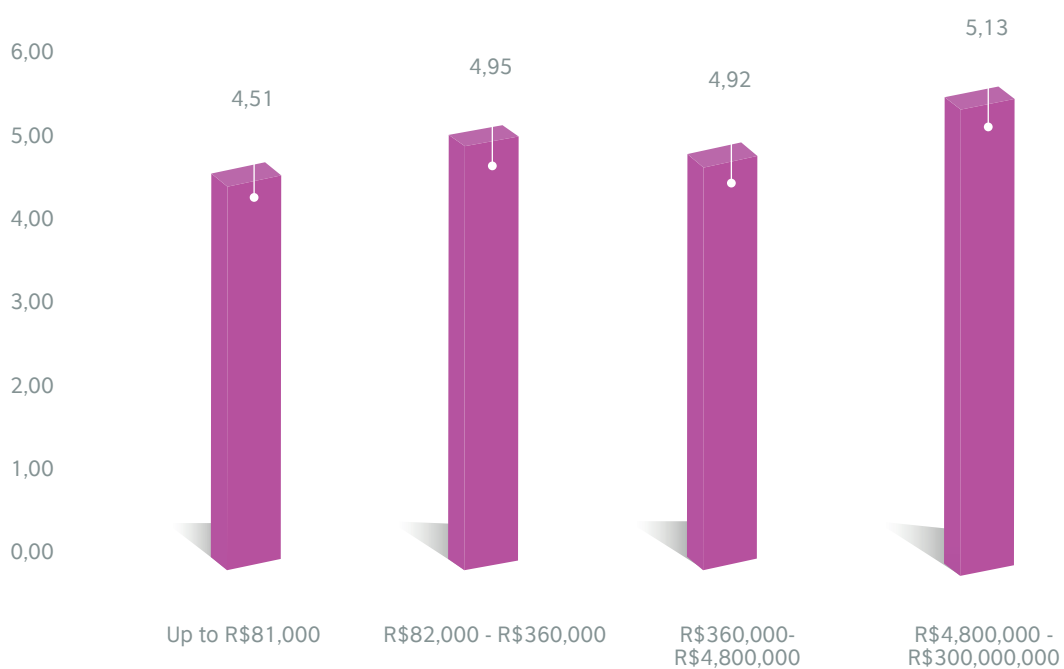
We can also explore the relationship between the pursuit of SDGs and development of social and creative enterprises (see Figure 29). This analysis shows that newer companies tend to address fewer SDGs than older ones. This may indicate how the scope of enterprises' engagement with a range of social issues develops over time.

Figure 29 - Average Number of Targeted SDGs, by Age – 2019



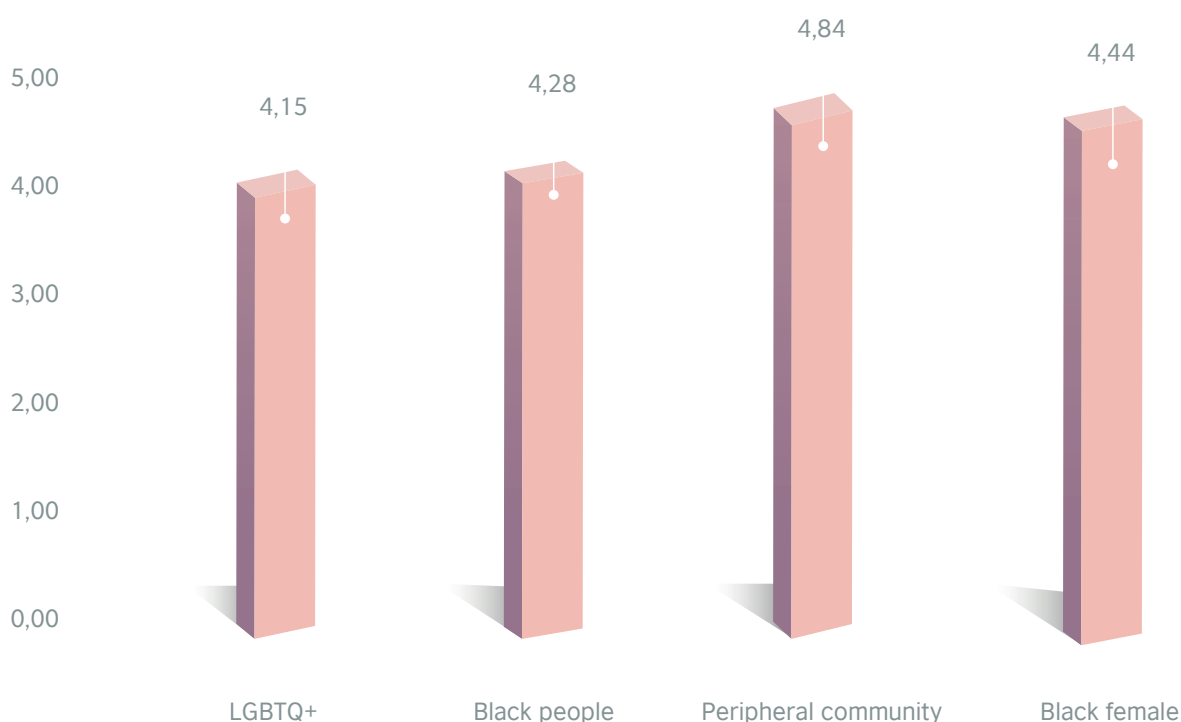
Smaller companies tend to address a smaller number of SDGs than bigger ones, perhaps as could be expected.

Figure 30 - Average Number of Targeted SDGs, by turnover – 2019



The leadership appears to shape these businesses' relationship with the SDGs. The enterprises led by vulnerable groups are more committed to the pursuit of SDGs relevant to promoting the empowerment of, for instance, black women and residents of peripheral communities. (see Figure 31).

Figure 31 - Average Number of Targeted SDGs, by Leadership Profile – 2019



Yet gender equality and women empowerment is the most common SDG across different leadership profiles (see Table 3). This indicates that women's rights are a concern shared by black people, residents of peripheral communities and LGBTQ+ people.

In general, there is a strong relation between the sector in which a business operates and

the SDGs they pursue, such as Health and Social Assistance (with 72 per cent working in this area addressing SDG 3) and Education (73 per cent of enterprises working in this field aiming to ensure quality and inclusive education).

Table 3 - Most Recurrent SDG, by leadership profile – 2019

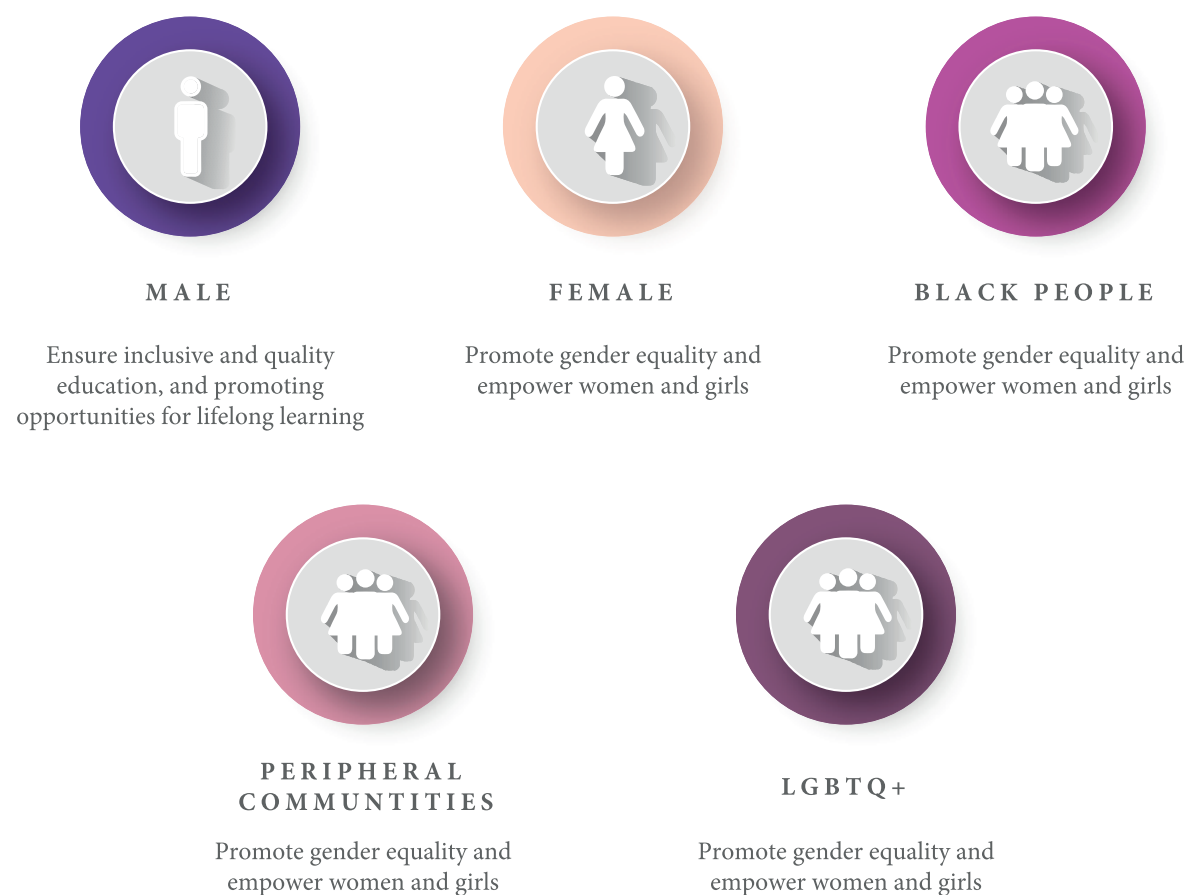
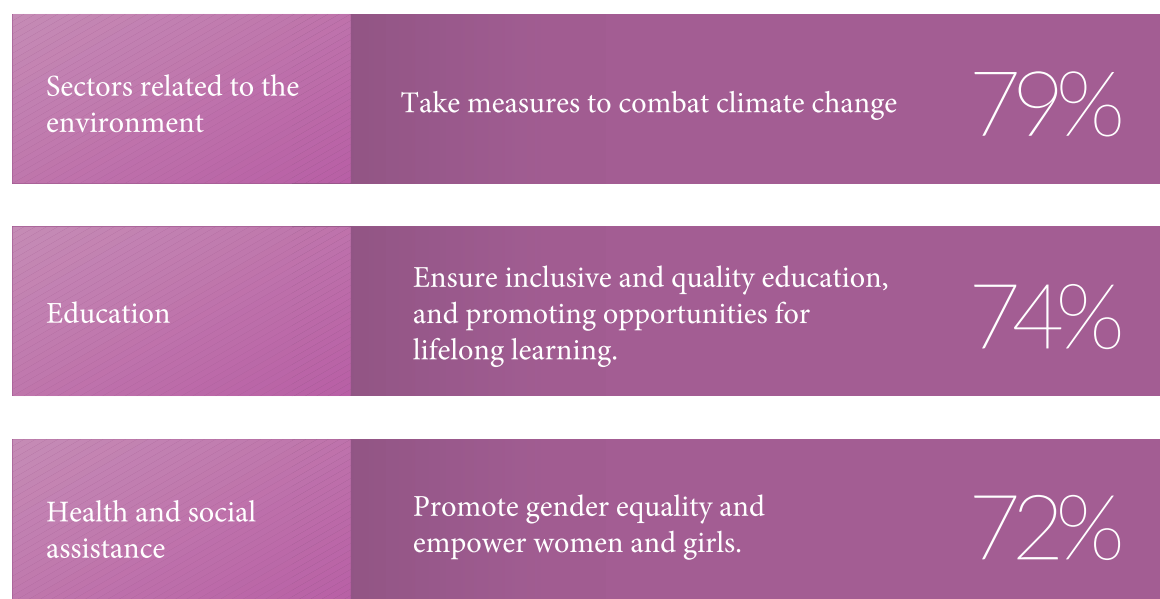


Table 4 - Most Recurrent SDG, by Operational Focus



When it comes to creative enterprises, it is possible to identify two main groups in terms of the SDGs (see Table 5). The first focuses mainly on the promotion of educational opportunities, while the second seeks mainly to address gender inequality, although as above, they may also coincide. The exception is enterprises working in architecture, which tend to focus on urban development and the SDG of sustainable cities and communities, as might be expected.

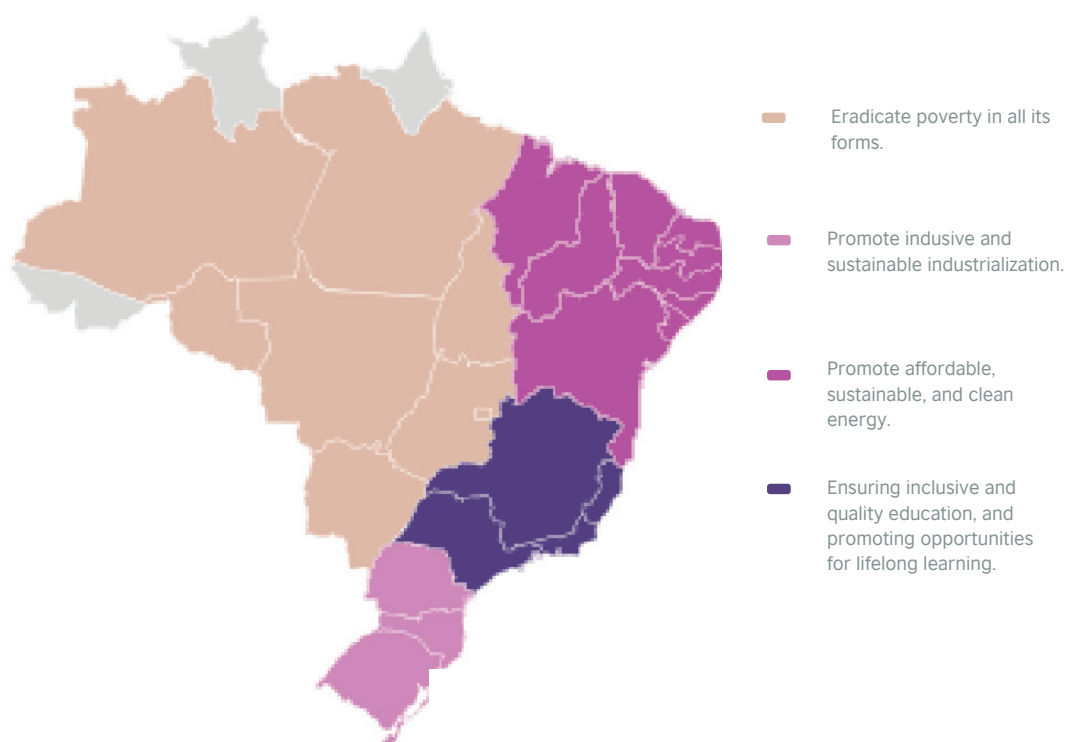
Table 5 - Most Recurrent SDG, by Creative Industry

Museums, galleries and libraries	Ensure inclusive and quality education, and promoting opportunities for lifelong learning.	66%
Cinema, TV, video, radio and photography.	Ensure inclusive and quality education, and promoting opportunities for lifelong learning.	64%
Performing arts	Ensure inclusive and quality education, and promoting opportunities for lifelong learning.	61%
Music	Ensure inclusive and quality education, and promoting opportunities for lifelong learning.	60%
	Promote gender equality and empower women and girls.	
Visual arts	Encourage healthy lives and promote well-being.	58%
Publishing	Ensure inclusive and quality education, and promoting opportunities for lifelong learning.	57%
	Promote gender equality and empower women and girls.	
Advertising and marketing	Ensure inclusive and quality education, and promoting opportunities for lifelong learning.	56%
Architecture	Make cities and human settlements inclusive, safe, resilient and sustainable	64%
IT, software, computer services	Ensure inclusive and quality education, and promoting opportunities for lifelong learning.	52%
Craft	Promote gender equality and empower women and girls.	52%
Design (for example: product, graphic or fashion design).	Promote gender equality and empower women and girls.	53%

Social Development Goals and Brazilian regions

In terms of geography, the diversity of Brazil means that different SDGs tend to be targeted in each region (see Figure 32). This also reflects the main development challenges in each region, such as infrastructure bottlenecks¹⁰ in the Southeast and environmental threats in the North.

Figure 32 - Most Addressed SDG, by Geographical Origin – 2019



Innovation strategies

When it comes to research and development (R&D), creative enterprises invest slightly more than social enterprises in these activities (see Figure 33).

In terms of the relationship between innovation

and turnover, larger companies invest more in R&D and the design of new products and services (see Figure 34). Nonetheless, even among smaller companies, most CSEs prefer to invest in internal R&D instead of choosing to commission external research and development services.

¹⁰ Chronicle or temporary conditions that affect the transportation dynamics in certain regions, due to several factors such as climate or weather, under or dis-investment and physical restrictions.

Figure 33 - Investment on R&D by Type of Organisation – 2019

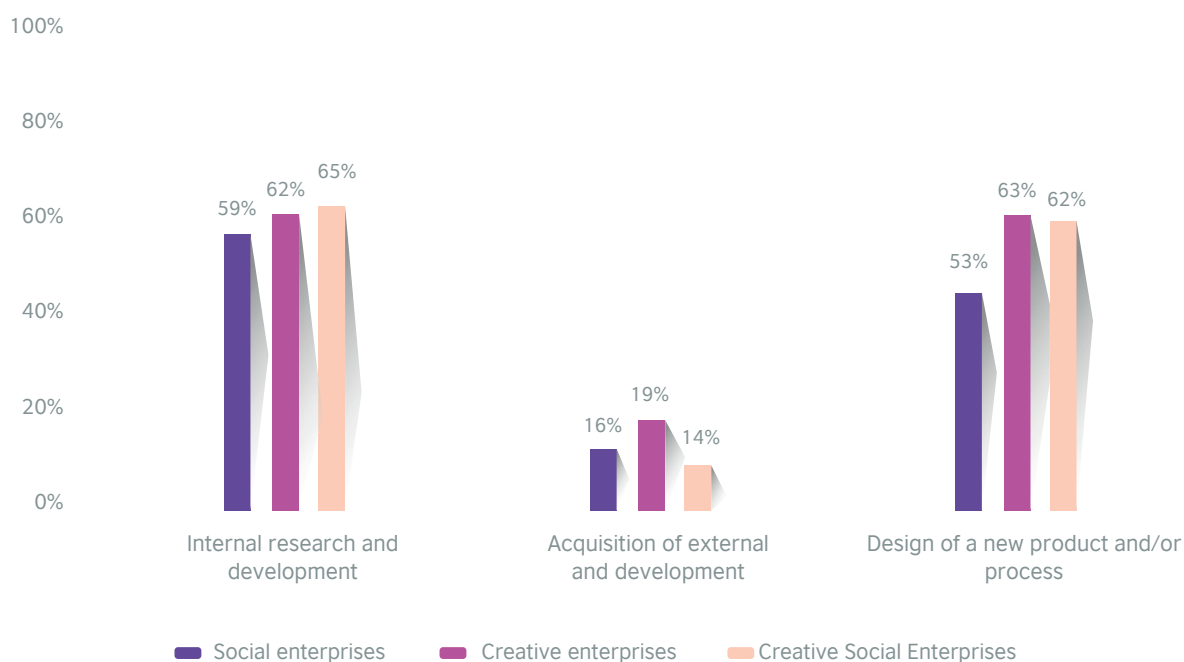
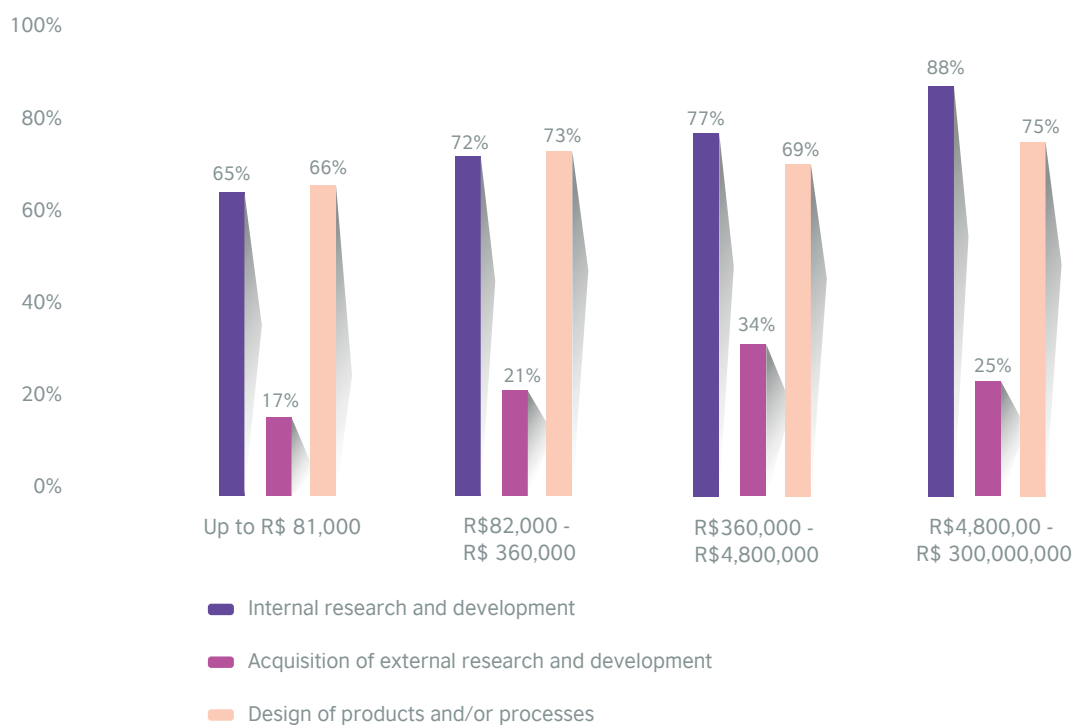
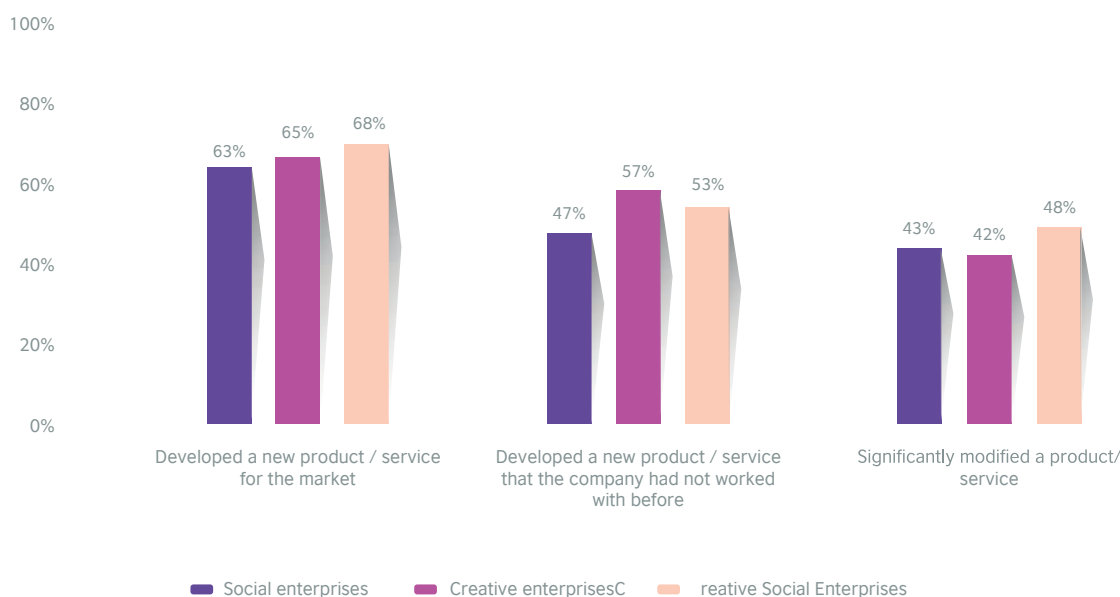


Figure 34 - Investment on R&D, by Turnover – 2019



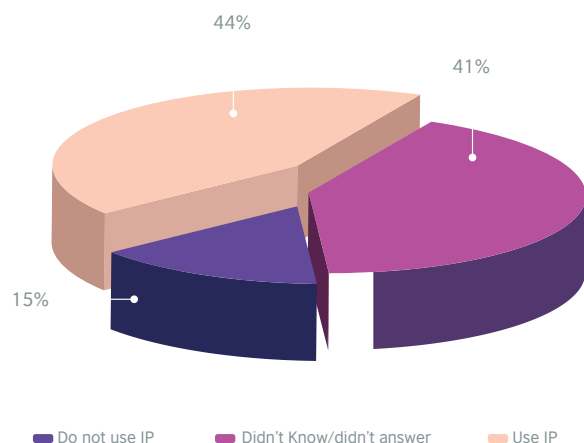
Regarding product development, creative and social enterprises behave similarly, prioritising the delivery of new products or services to the market (see Figure 35), although social enterprises are slightly less inclined to develop new products.

Figure 35 - Type of R&D, by Type of Organization – 2019



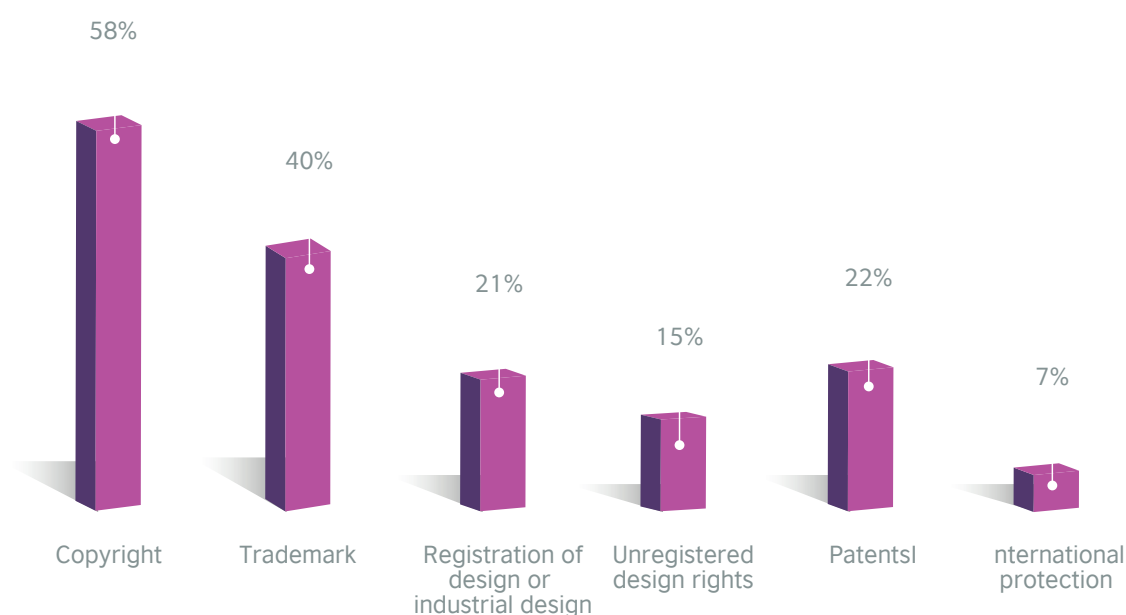
Although highly innovative, a significant proportion of CSEs still do not use any form of intellectual property protection (see Figure 36). This data reflects the relatively underdeveloped ‘innovation system’ in Brazil, ranked at 64th position out of 156 countries according to the WIPO Global Innovation Index (WIPO, 2017).

Figure 36 - Proportion of Enterprises that engage with Intellectual Property – 2019



Engagement with intellectual property rights and regimes can give us a guide to the extent to which enterprises demonstrate a commitment to innovation. Among CSEs that engage with intellectual property rights, most of them focus on copyright and trademarks (see Figure 37). Most Brazilian CSEs do not acquire any international IP registration.

Figure 37 - Most Recurrent Types of IP uses – 2019



When it comes to creative enterprises, businesses working in publishing and IT, software and computer services tend to engage most with IP protection. Among social enterprises, the forestry and housing sectors have the strongest relation with IP protection (see Table 6).

Table 6 - IP Use by Sector of Organization – 2019

SOCIAL ENTERPRISES			
Copyright		Trademark	
IT, software, computer services	42.86%	Water and sanitation	23.08%
Forestry	50%	Business development and entrepreneurship support services <i>(including for non-profit organisations)</i> .	25%
Housing	60%	Forestry	50%
CREATIVE ENTERPRISES			
Trademark		Copyright	
Retail	30.77%	Advertising	35.16%
IT, software, computer services	33.33%	Cinema, TV, radio, photography	36.42%
Forestry	60%	Publishing	36.67%

Innovation and creativity also relate to CSEs growth. Among interviewed companies, the more innovative enterprises expanded faster in terms of number of employees between 2018 and 2019 (see Figure 38). This performance stands out in the context of Brazilian economy, where unemployment is consistently above 11 per cent since 2016.

There is a connection between the pursuit of innovation and the diversity of workforces (Figure 39) as the participation of vulnerable groups is higher among the more innovative companies.

Figure 38 - Average of new employees hired by emphasis on creative processes - 2019

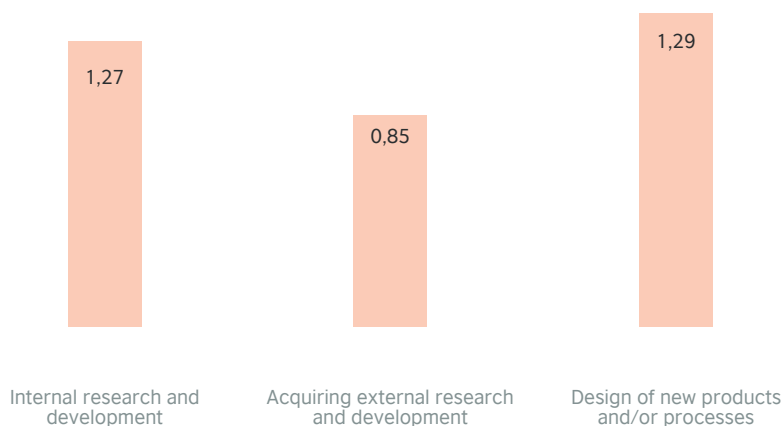
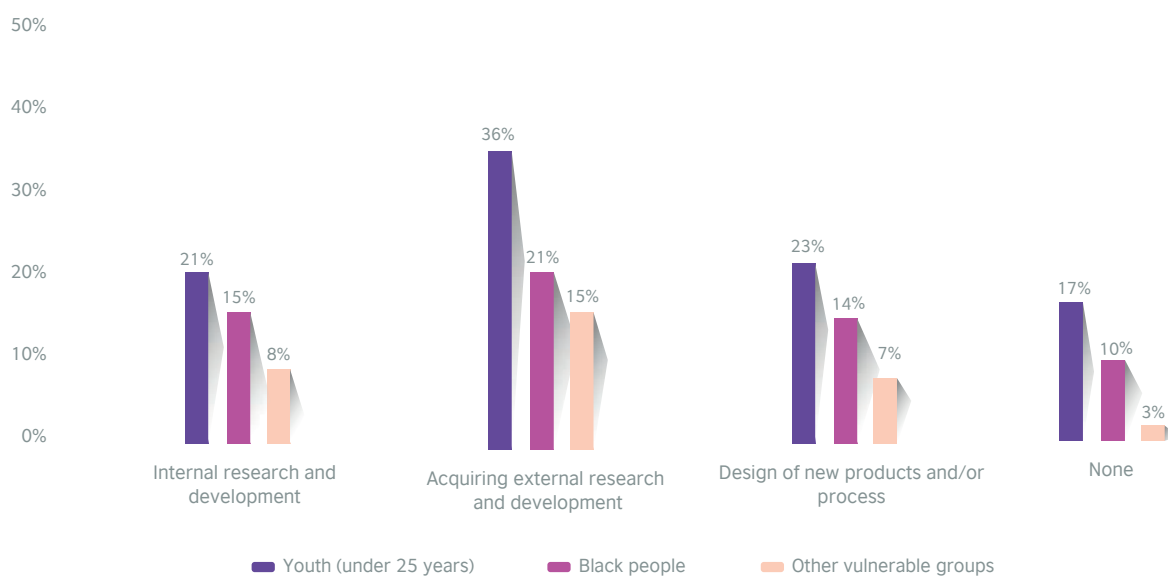
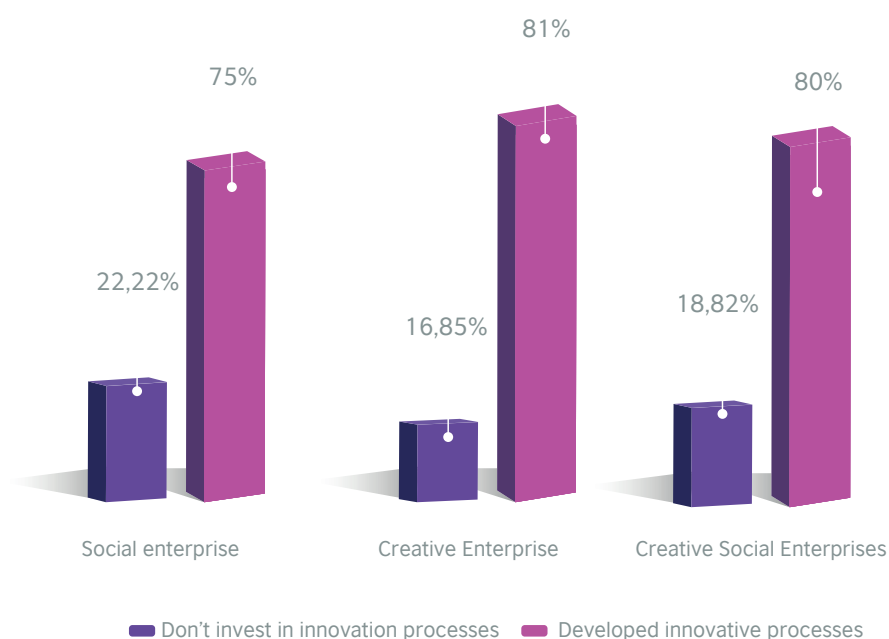


Figure 39 - Workforce Diversity, by Innovation Strategy



These enterprises are innovative. The absolute majority were reportedly investing in innovation processes as shown in Figure 40: 75 per cent of the social, 81 per cent of the creative and 80 per cent of the hybrid enterprises. As expected, 'innovation' seems to be more significant in the creative sector.

Figure 40 - per cent of companies investing in innovation processes, by type



Creativity is highly valued by these enterprises, as is innovation, and generation of new ideas (see Figure 41). It is noteworthy that the percentage of organisations invested in innovative processes was even higher than the figure for those which considered innovation to be extremely important, which suggests that investment in innovation is a standard practice within the ecosystem even for those that have not declared it a priority.

Social and creative enterprises' expectations about their own future are remarkably positive, given the state of the wider Brazilian economy¹¹. These businesses are aiming to expand. Creative enterprises seem to rely more upon their current capacity in order to expand, as they expect to increase business by attracting new customers and by launching

new products. Social enterprises, on their part, also expect to attract new customers, but they are also seeking to attract new investments to expand through external resources. Only a small proportion of these enterprises expect to merge with another organisation or to stabilize their turnover and/or workforce.

Our survey responses support the hypothesis that social and creative enterprises are committed to the pursuit of innovation. They have a strong commitment to the SDGs, even among creative companies and this cuts across different leadership profiles, turnover levels and organisational features. In terms of innovative behaviour, social and creative enterprises are prioritising internal R&D and developing new products and processes than acquiring external inputs

¹¹ The Brazilian economy grew a little more than one percent in 2019. It is also important to notice that the survey was conducted pre-COVID-19, so the expectation might have changed.

Figure 41 - Importance of generating new ideas, creativity and innovation to enterprises, by type (per cent of enterprises that attributed “extreme importance”)

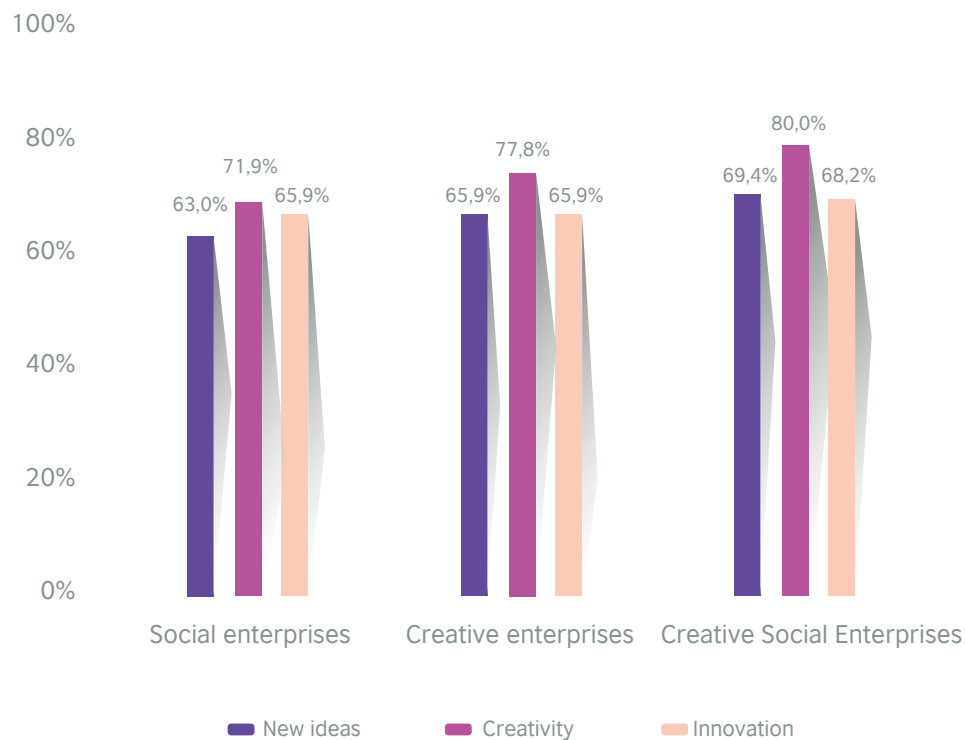
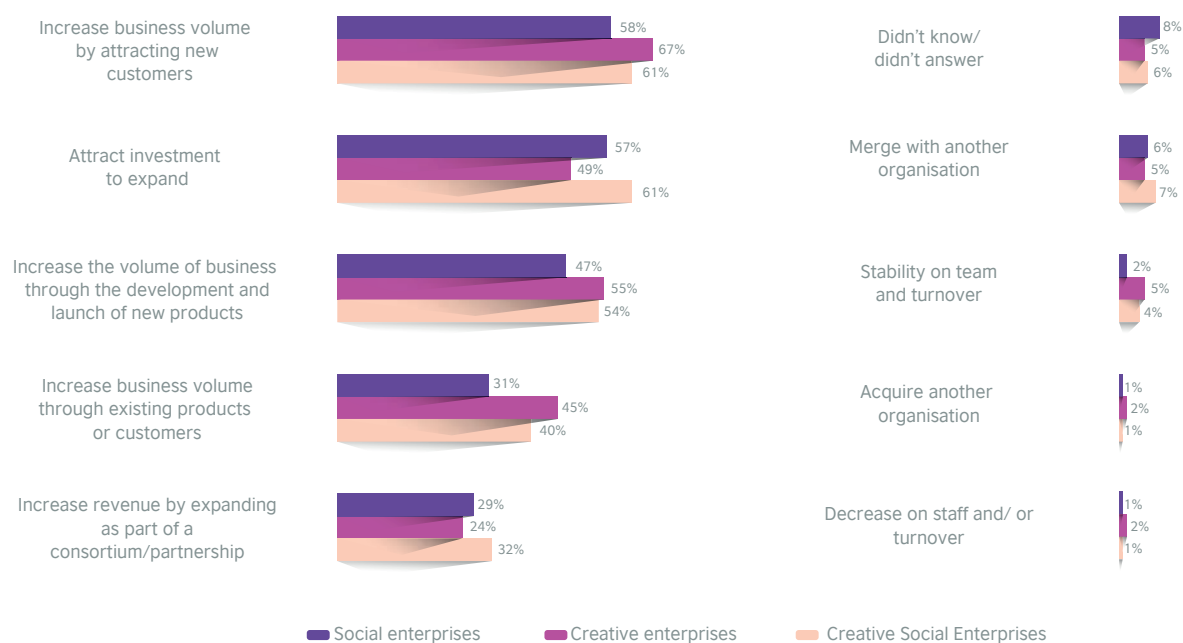


Figure 42 - Companies expectations for the following year, by type of organisation



CASE STUDY

Enterprise: Joy Street

Founded: 2010

Location: Recife/PE, with operations across other Brazilian states

Detail

Joy Street creates educational alternatives that go beyond the traditional classroom model. They created OJE, the Digital Games Student Olympics, a platform where students solve puzzle-like educational tasks. OJE's idea is to increase student engagement through renewed interaction with the school environment that could enhance the educational routine, requiring a much less expensive investment than traditional education.

Students responded positively to the testing phase of OJE and it has now been applied in over 1,100 schools in Pernambuco and over 1,600 schools in the state of Rio de Janeiro. From 2016 onwards, Joy Street started to develop a new product, called APTA, an online platform for professional education. APTA offers technical and corporate courses, as well as an online Master's degree in educational management.

Joy Street currently employs around 80 people. In contrast to the wider tech industry in Brazil, the majority of its employees are female (53 per cent). Turnover in 2019 was of around R\$ 4 million and in 2020 it will be at least R\$ 8 million. The enterprise applies various techniques when it comes to ideas generation and problem solving, such as Kanban and scrum approaches. Furthermore, they have adopted the concept of “alive

Sector: Education; informational technology, software, computing services (e.g., videogames, software development)

About: Joy Street develops educational play technologies for schools and businesses.

platforms”, which means that their software and tools are constantly being developed and updated. Creativity is seen as absolutely crucial to the development of Joy Street's operations and products and R&D absorbs around 20 per cent of Joy Street's resources. Joy Street's main activities to support the community are focused on the surrounding areas, where they offer free professional courses in their neighbouring low-income community.

Support received

Joy Street has received investment from a Fund called Fundo Criatec, and they plan to seek more funding to expand. The business has also received non-financial support from Endeavor Scale Up (regional and national) and Artemisia (social acceleration).

Impact

Joy Street monitors its impact in various ways. For example, the number of tasks completed by students and improvements in Pernambuco's official educational indices such as the IDEB, through which the state significantly improved its performance.

Organisation leadership

Joy Street is led by three executives and a council. Two of the executives are founders, the CEO and the Chief of Science and Innovation.

CASE STUDY

Enterprise: Dina Prates Finanças

Founded: 2018

Location: Based and focused on Porto Alegre/RS, but with clients in other states.

Detail

Dina Prates Finanças aims at challenging the lack of financial education among black people in Brazil. Its founder, Dina Prates has designed a financial education course based on the theoretical perspectives of black authors, specifically the Swahili concept of Ujama - co-operative economic relationships among black people. She has embedded a communal perspective into her work, encouraging black families to achieve higher self-esteem. As well as the course, the enterprise offers financial consulting to individuals, business, and families. In 2018, its first year of operation, DPF brought in around 66 thousand reais, and in 2019, around 77 thousand. In 2020, DPF expects to double its turnover. DPF also seeks to be innovative through bringing non-traditional tools to its work. The enterprise participates in the Afro-entrepreneurship network and SEDETEC, which is the technology and innovation body of the Federal University of Rio Grande do Sul (UFRGS).

Support received

A 5-month-long coaching process, or mentorship, was very transformative for DPF, according to Prates. The enterprise also had marketing mentors, a critical area for expansion. It has received support through its network of afro-entrepreneurs. DPF does

Sector: Consulting, Financial services

About: Dina Prates Finanças provides financial and accounting assistance to black and female entrepreneurs and develops financial education.

not seek funding through banks, seemingly in response to high interest rates.

Impact

The main approach to impact measurement at DPF is the feedback of the people they servcethrough the courses or the consulting. For Prates, it is the community's opinion that matters, rather than other external actors.

Organisation leadership

Dina Prates, a black young woman, is the founder and leader of the enterprise.



Photo courtesy of Dina Patres Finanças

Power, purpose and profits

In order to better understand the potential of creative and social enterprises, we can explore leadership and governance patterns, and analyse how they relate – positively or negatively – to goals and performance.

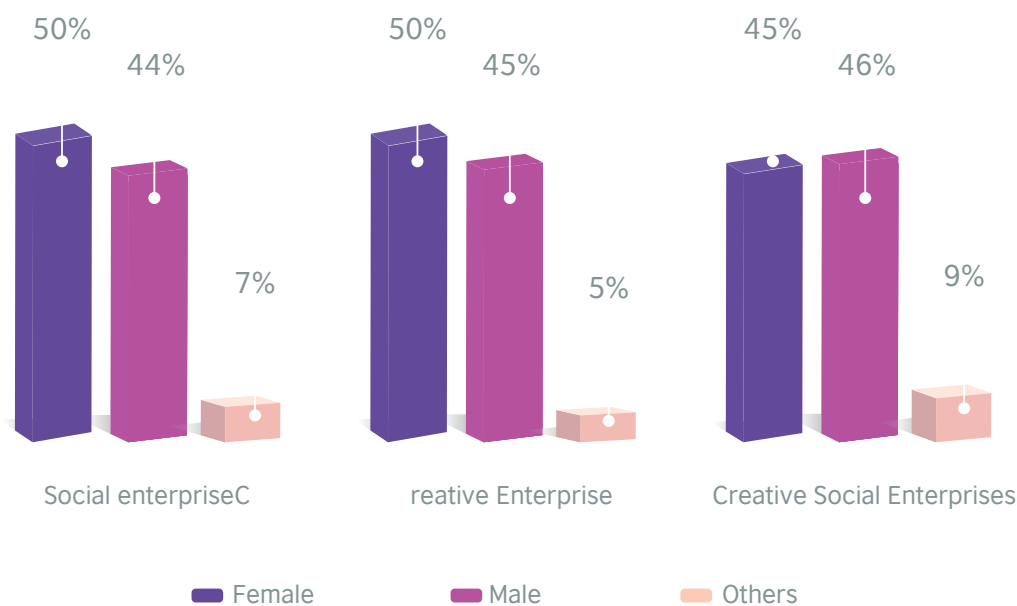
An analysis of gender representation must take into account the participation of women in leadership roles. According to the Brazil Board Index 2019 (Spencer Stuart, 2019), women are still underrepresented in boardrooms – 10.5

per cent of all board members, below the global average of 24.1 per cent. Almost half of the country's boardrooms include no woman at all. On the other hand, Brazil's performance regarding the proportion of chairwomen among companies is less unfavourable: 7.3 per cent of the country's chairs are female, which is an intermediate proportion among the 17 studied countries.

Leadership profile

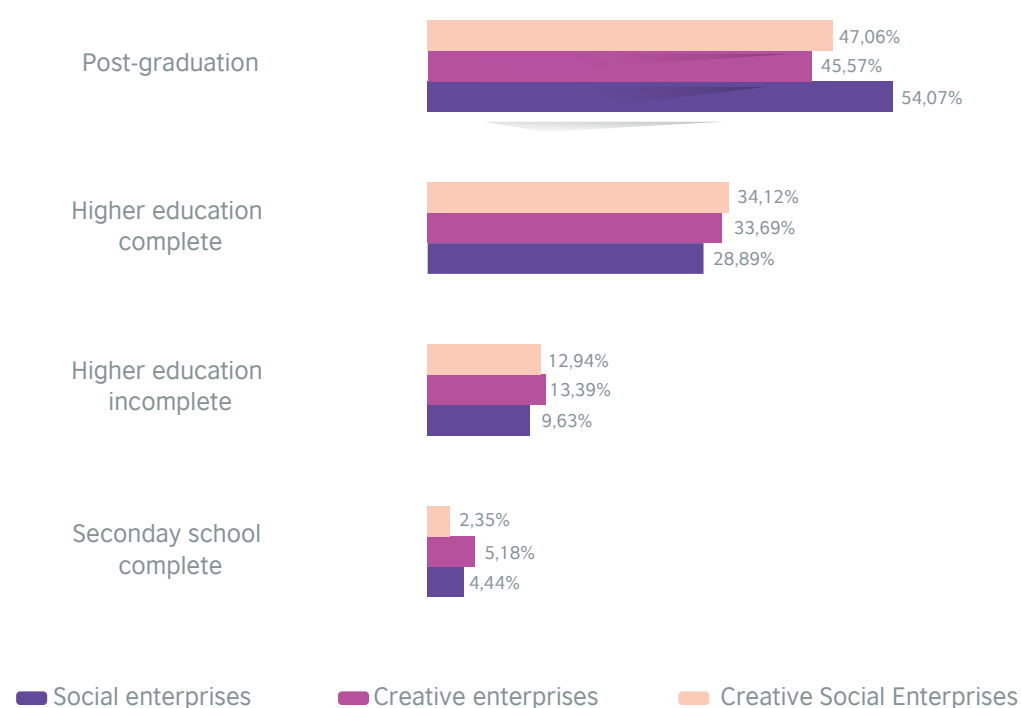
Social and creative enterprises are far more inclusive than Brazilian businesses more widely. Both social and creative sectors have a majority of women in leadership positions, whereas for hybrid enterprises the male/female proportion is roughly equal (see Figure 43). Women-led companies tend to have much greater female participation in their staff, as shown previously in Figure 18. In other words, female leadership is not important only on its own but also contributes to greater female participation more widely.

Figure 43 - Leadership gender, by type of organisation



Close to half of the leaders within social and creative enterprises and CSEs have a postgraduate education, and roughly another third has at least a higher education degree (see Figure 44). The predominance of educated people in leadership positions may be a challenge for these enterprises and an area for future focus for those interested in these sectors' development. As of 2018, for instance, only 20.5 per cent of the Brazilian population had attended university (IBGE, 2019a).

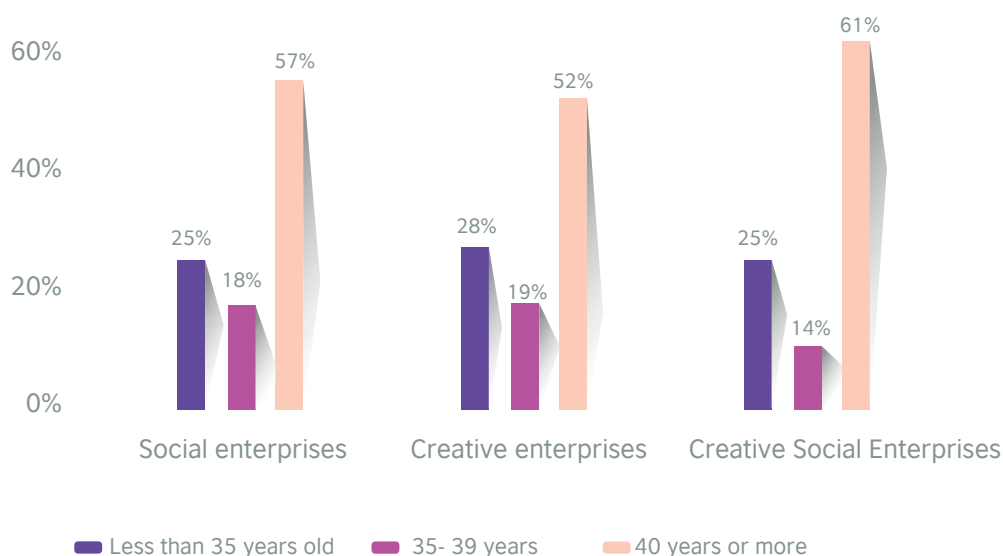
Figure 44 - Leadership education, by type of organisation



Governance model

Our survey shows us that there is a high proportion of young people in leadership roles among both social and creative enterprises, especially in the case of creative enterprises (see Figure 45). While leadership in social and creative sectors is significantly older than the rest of the staff – with an average age of 41.3 years – this compares to the wider Brazilian economy where the average age among presidents and co-presidents of major companies is 61.2 years old (Spencer Stuart, 2019). This shows that young leaders are more common and perhaps more valued in these sectors with fewer barriers to leadership positions and more dynamic career progression.

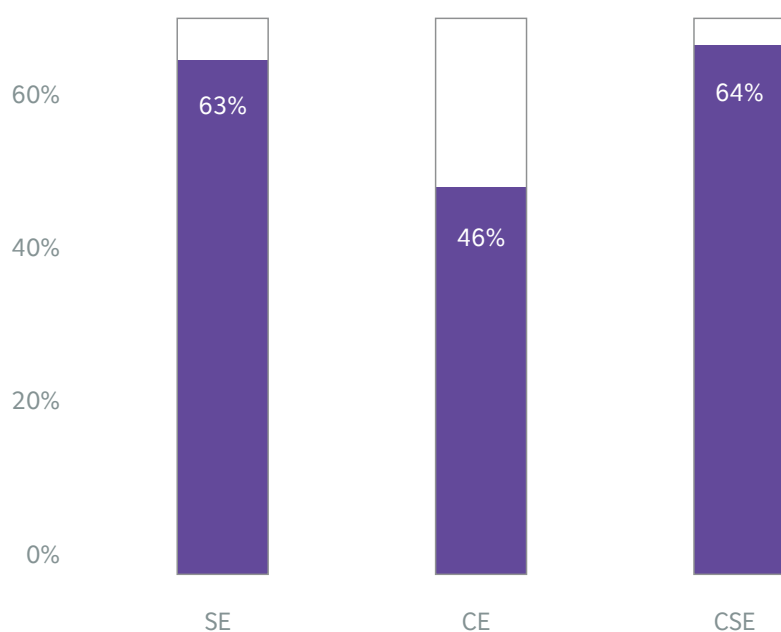
Figure 45 - Leadership age, by type of organisation



A significant proportion of creative and social enterprises are managed by a board of directors, even if they are not, on average, large companies (see Figure 15 and Figure 46). This is especially true for SEs and CSEs.

This may be related to the guiding principles of social enterprises, where a commitment to a social purpose should be maintained, collective decision-making is valued, and transparency and accountability are important

Figure 46 - Companies with board of directors, by type

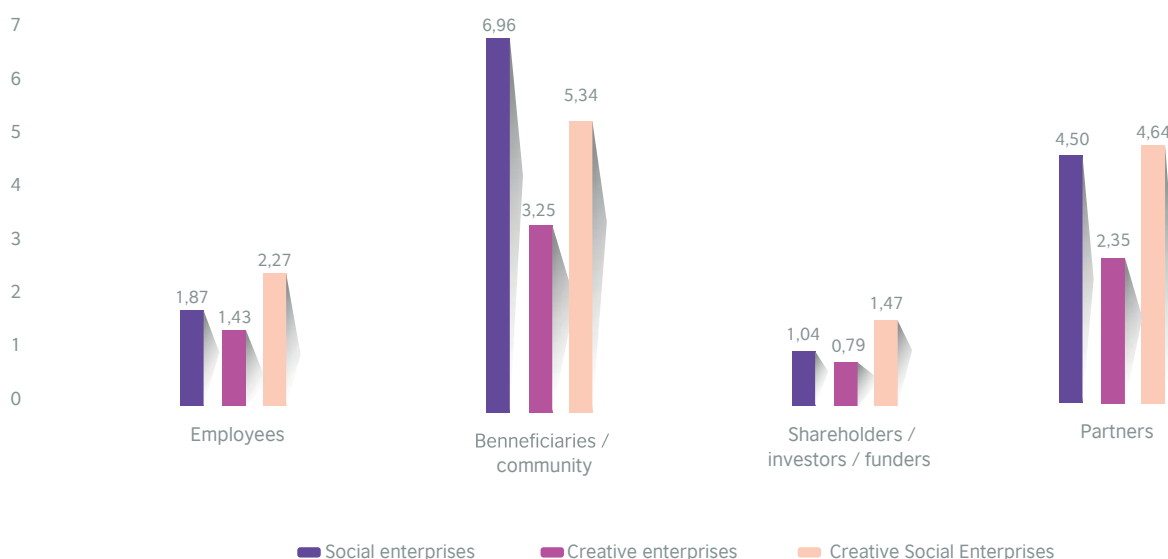


Composition of the board

Social and creative enterprises' boards tend not to be made up of investors, who are the most represented group on most businesses, but of beneficiaries and community members. (see Figure 47).

This demonstrates how these businesses integrate their social focus into the core of their governance and their structures, seeking to better understand the needs and concerns of the people they intend to serve.

Figure 47 - Average number of members in the board of directors, by type of member



Women-led organisations tend to have a smaller number of shareholders, investors and/or funders on their boards. Beneficiaries and/or community representatives are more than twice as likely to play a role in the boardrooms led by women in comparison with male-led companies.

The same applies to the boardrooms of enterprises led by LGBTQ+, black and resident of peripheral communities (see Table 7).

Specifically, boardrooms led by LGBTQ+ people included 68 per cent more women than average, whereas boardrooms led by black people or by people from peripheral communities tend to include, respectively, 88 per cent and 102 per cent more beneficiaries and/or community members than average. It seems that leaders from groups that are typically economically marginalized favour greater diversity around the boardroom table.

Figure 48 - Participants of board of directors, by gender of the leadership

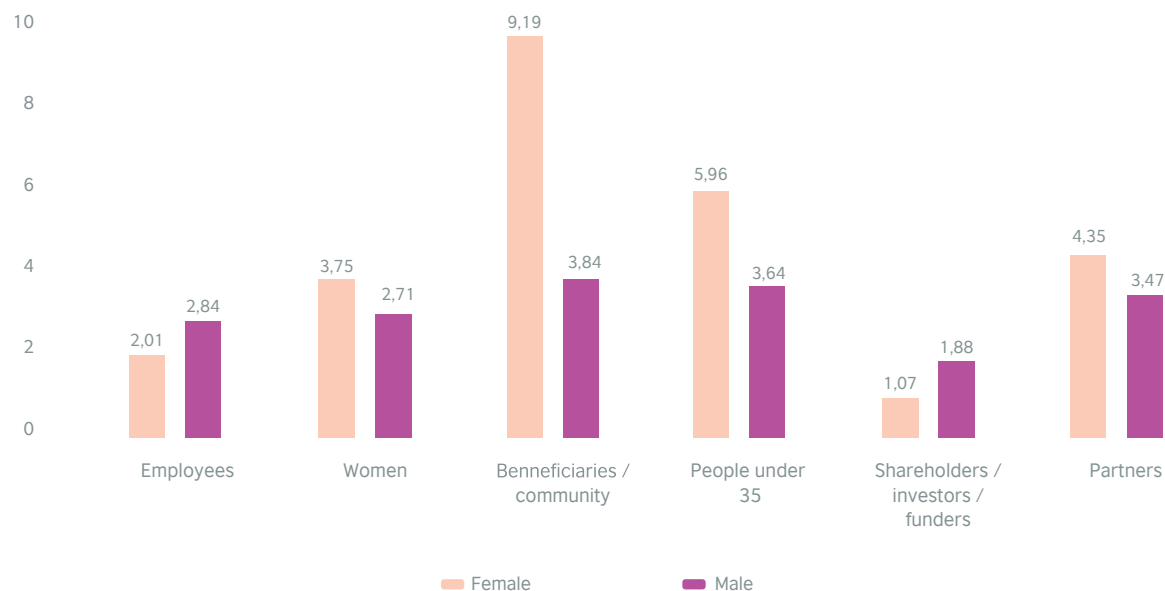


Table 7 - Composition of board of directors, by the leadership profile

LEADERSHIP	MOST REPRESENTED GROUP
LGBTQ+	Women (5,5)
Black people	Beneficiaries / community (12.5)
Peripheral community	Beneficiaries / community (13.4)

Board composition patterns may also change accordingly to the age of the enterprises (see Figure 49). First, older enterprises include more people in their boards, showing that governance is strengthened or expanded as organisations mature. Younger organisations tend to have more employees and partners in their boards. This may reflect their higher dependence on external assistance, including on accelerator and/or incubators.

Figure 49 - Board composition, by age of organisations



Board composition and turnover

Leadership can also be considered in relation to different levels of turnover (see Figure 50). Black people and people from peripheral communities, for example, are much more frequently in leadership positions among enterprises with lower turnover. For black people, leadership participation drops from 34 per cent among enterprises with up to R\$ 360.000 of turnover to only 7 per cent among larger enterprises. In the case of residents of peripheral communities, the participation rate drops from 33 per cent to only 3 per cent across the same range. For both cases, it drops to 0 per cent at enterprises with more than R\$ 4.8 million of turnover.

A similar trend happens with female leadership, albeit less starkly. (see Figure 51). Female leaders are the majority only among enterprises with up to R\$ 81.000 of turnover. After that, they are slightly in the minority, but the difference opens up when it comes to enterprises with over R\$ 4.8 million of turnover.

Figure 50 - Leadership characteristics, by organisations' turnover range

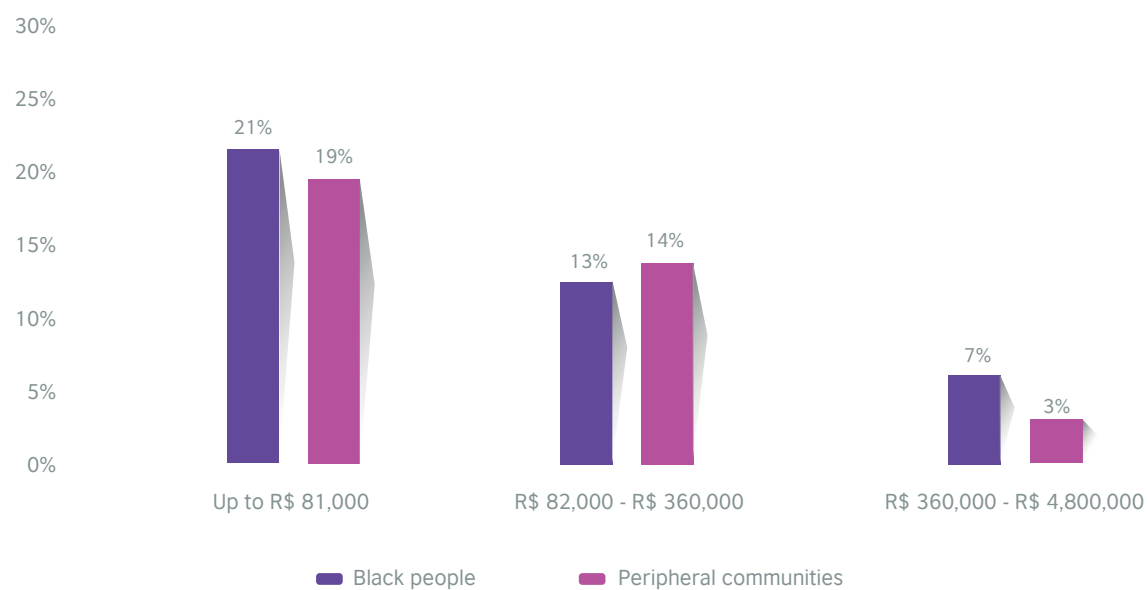
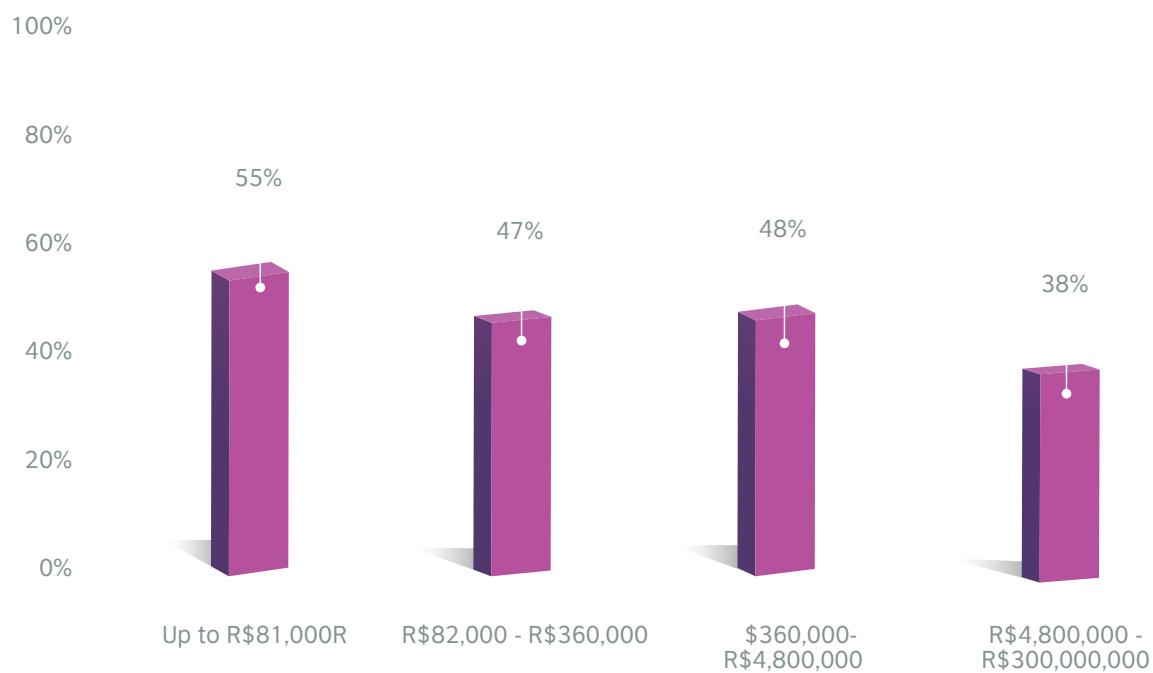


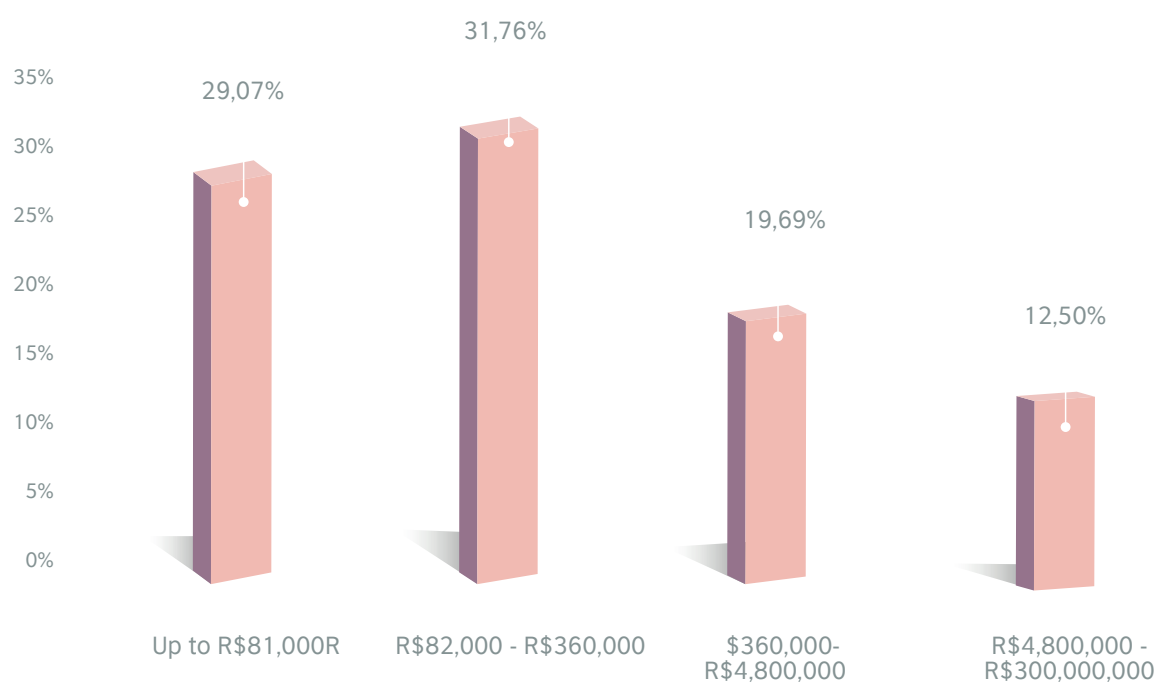
Figure 51 - Female leadership, by turnover



Young people's participation in leadership positions is also lower among enterprises with higher turnovers (see Figure 52). People under 35 years old are leading around 30 per cent of enterprises with less than R\$ 360.000, down to 20 per cent among enterprises with turnover between R\$ 360.000 to R\$ 4.8 million and only 12.5 per cent among those with higher turnovers.

So, it is Brazilian smaller social and creative enterprises which are creating opportunities for female, young, residents of peripheral communities, and black entrepreneurs, enabling them to play a greater role in the Brazilian economy.

Figure 52 - Percentage of companies led by people under 35, by turnover



Use of profits and chosen priorities

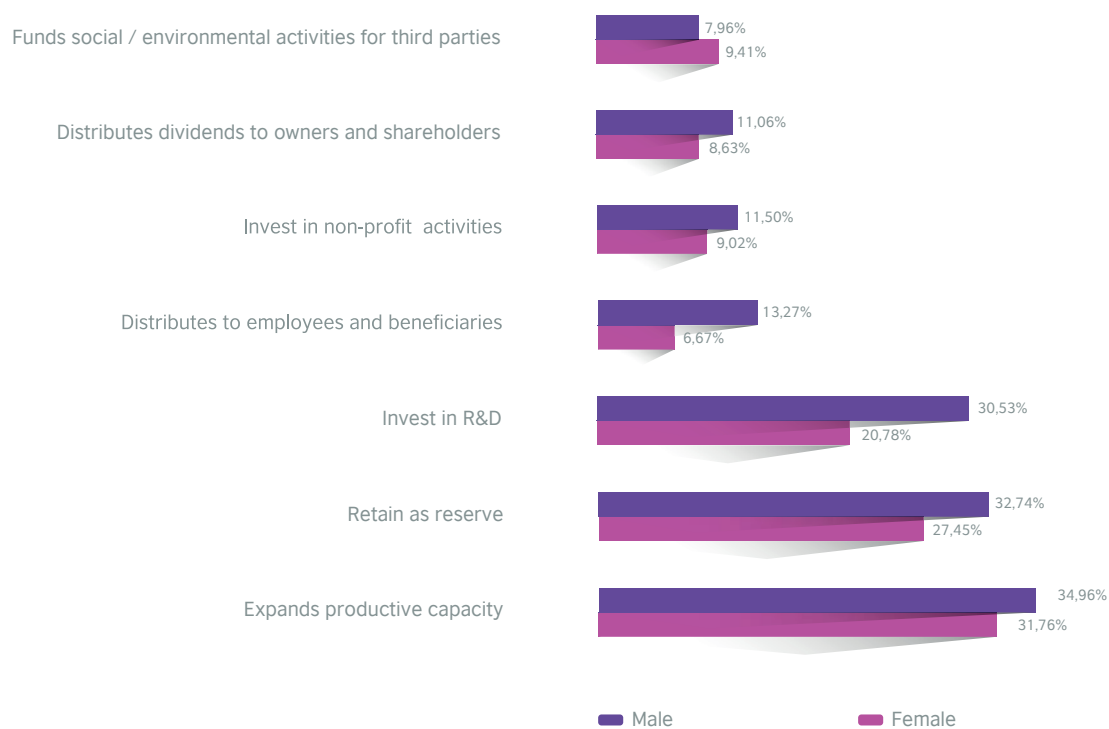
Those enterprises led by black people or people from a peripheral community tend to prioritise their mission over profits more often than the average respondent in our sample.

For smaller enterprises, male-led enterprises tend to prioritise profit distribution compared to female-led enterprises, which invest relatively more in social and/or environmental activities.

Figure 53 - Priorities according to leadership profile



Figure 54 - Use of profit, by gender leadership profile



When it comes to governance and purpose, organisations with a board of directors are more likely to prioritise their social/environmental mission over profits than those without a board (see Figure 55).

We also consider leadership and performance (see Figure 56). Enterprises led by members of vulnerable groups seem to be slightly less likely to report negative financial results than the average enterprise in our survey.

Figure 55 - Relation between having a board of directors and mission prioritisation

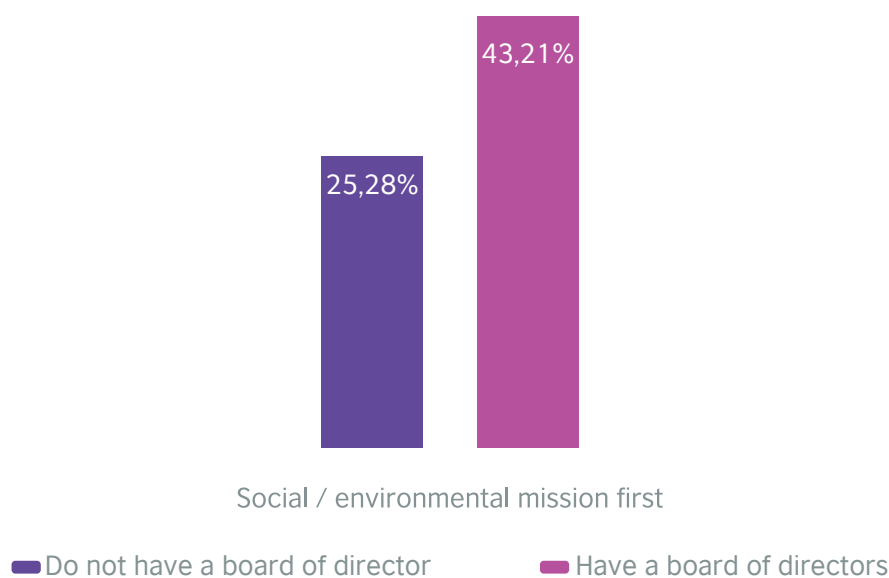
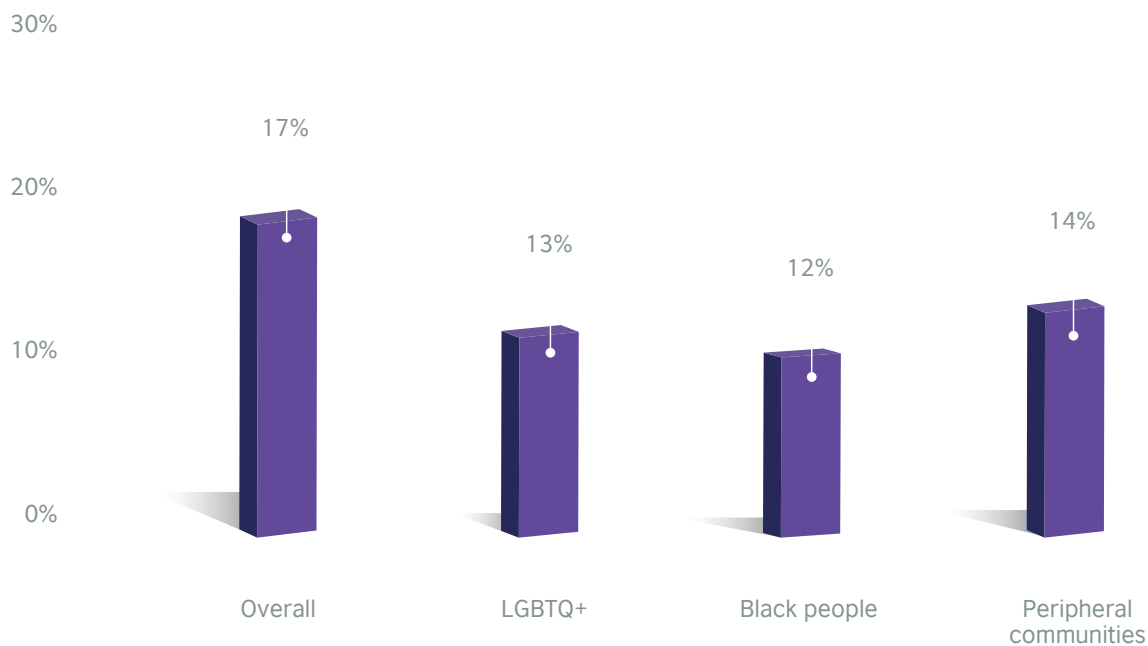


Figure 56 - Organisations financial performance, by organisation leadership profile



Our evidence supports the hypothesis that social and creative enterprises are inclusive in terms of governance, participation and distribution of benefits. Leadership by women and young people is relatively more prevalent in these businesses than across the rest of the economy. Most of these companies are managed by boards which include beneficiaries and partners. These social and creative enterprises are distributing the benefits of innovation, directing profits towards the communities they serve.

CASE STUDY

Enterprise: Coletiva Delas

Founded: Started in 2016 and formalised in December 2019.

Location: Rio de Janeiro/RJ.

Sector: Visual Arts; Performing Arts; Cinema,

TV, video, radio and photography; Business development and support to entrepreneurship (including to non-profit organisations)

About: Coletiva Delas is a creative hub whose work is divided into three axes: organisation of events, production of audio-visual content and support to female entrepreneurship.

Detail

Coletiva Delas started from the desire of a group of three women to develop audio-visual content that contributed to diversity and gender equality. Inspired by the current wave of feminism, it seeks to reinforce the potential of organised young women to accomplish more, and stands for the resistance of women, LGBTQ+ and residents of peripheral communities.

At first, Coletiva Delas operated mostly as an informal network of creative professionals. Since 2019, they have been trying to reposition, largely through a new project called Freelas, to be launched in April 2020. This is an online platform that aims to connect female creative professionals to opportunities in the sector, as well as providing a co-working space for the development of a collaborative network among these professionals. The professionals are also developing a project called Para Todas, which will incubate businesses led by women residents of peripheral communities. So far, they have worked on a collaborative basis, sharing resources obtained through sponsors or public tenders through their network of collaborators, which mostly include other women, residents of peripheral communities and LGBTQ+ people. The network on which the business relies was built organically within this environment, through relationships that are fundamentally non-economic. In other words, there is a strong sense of collective and democratic ownership of the resources obtained through and by this network.

Support received

Coletiva Delas undertook two incubation processes, Shell's Iniciativa Jovem program, and Impacta Mulher, a programme co-organised by the British Council, Social Startse and Expande. Moreover, it was accelerated by the British Council's Creative Hubs program.

Impact

Coletiva Delas has recently started to monitor their impact. More than 1.5 million people watched their movies, more than 10.000 people were impacted by their events, and more 200 direct and indirect jobs were generated by their actions

Organisation leadership

Sophia Prado, Karla Suarez and Karina de Abreu first got together through a wider group that produced two documentaries about a transgender person and about a transgender shelter in central Rio de Janeiro. Being led by three women, two of whom are bisexual, diversity is the heart of the enterprise's purpose.



Photo courtesy of Coletiva Delas

CASE STUDY

Enterprise: A Banca

Founded: 1999

Location: São Paulo/SP

Sector: Education; Music; Business Development and Entrepreneurship Support.

Detail

A Banca's mission is to unleash the best of peripheral areas, by breaking social, cultural and economic barriers that stand between people of different social realities. The business aim is to build bridges for collaborative exchange between privileged and marginalised groups in São Paulo. It was born in the late-1990s as a cultural and political movement in Jardim Ângela. Its first activities were to organise street parties and hip-hop events, and it gradually evolved to become a music studio.

A Banca's activities are divided into three branches. The first - culture, music and education - was the first. It includes musical production, cultural and musical events, music classes – offered in the institution's multimedia space – activities involving a

About: A Banca is a social and cultural production enterprise based in Jardim Ângela, a peripheral neighbourhood in São Paulo. The institution also offers popular music courses and citizenship workshops for young people. entrepreneurship.

band called Abôrigens and educational workshops conducted in private and public schools. Workshops are a key component of the social impact. The aim is to address urban problems affecting young people through popular education, 'peripheral' literature, and hip-hop, adapting the approach according to whether the school is public or private. The second branch provides general services to institutions such as private schools, companies and foundation, including consulting services regarding the realities of peripheral communities and cultural dynamics based on hip-hop and citizenship discussions. This branch is based on a B2B model and is responsible for around a third of A Banca's turnover. The third branch is ANIP, the Peripheral Co-ordination of Impact Businesses, which supports peripheral social entrepreneurs.

Support received

Participation in Artemisia's acceleration program was key for the development of A Banca. They have also benefited from the collaboration of volunteers and mentors, which has also been very important.

Impact

Impact is mostly measured informally and internally through the testimonies of beneficiaries, be they participants in workshops or in music classes.

Organisation leadership

The organisation is led by two local men and a woman who share the decision-making process with the entire group, and who have been part of the institution since its early days.



Photo by Alejandro Reyes

Impact on communities and culture

According to UNESCO (2013), micro and small companies have potentially more impact on local development and vulnerable social groups than large enterprises. Creative and social enterprises are making a significant impact in communities in Brazil and are often set up with the purpose of generating a positive outcome to society as a whole or for a specific group.

PipeSocial (2019) report that 8 per cent of social enterprises focus only on the poorest income groups in Brazil, those which most rarely access consumer goods or services in a country with deep social inequalities. However, 82 per cent of these enterprises do serve the ‘bottom of the pyramid’ among a wider population. Among the enterprises mapped by UNDP and SEBRAE (2017), most reported that they focused on at least one specific social group, such as young people (29 per cent), women (25 per cent), elderly people (10 per cent) or poor people (29 per cent). In addition, 55 per cent of these social enterprises sought to strengthen the communities in which they are based. These enterprises are positively affecting their communities: 64.8 per cent reported that their products or services generate a direct and positive impact in the life of consumers, solving a development problem; 55.3 per cent affirmed that they helped empower communities and promoted development and 48.7 per cent created opportunities for generating wealth, as collaborators, workers and suppliers.

Social enterprises grounded in a community may have a stronger bond with the communities they serve. Sometimes this is the very basis of the enterprise. PipeSocial (2019) explored how the surrounding or affected community is involved with the business, either

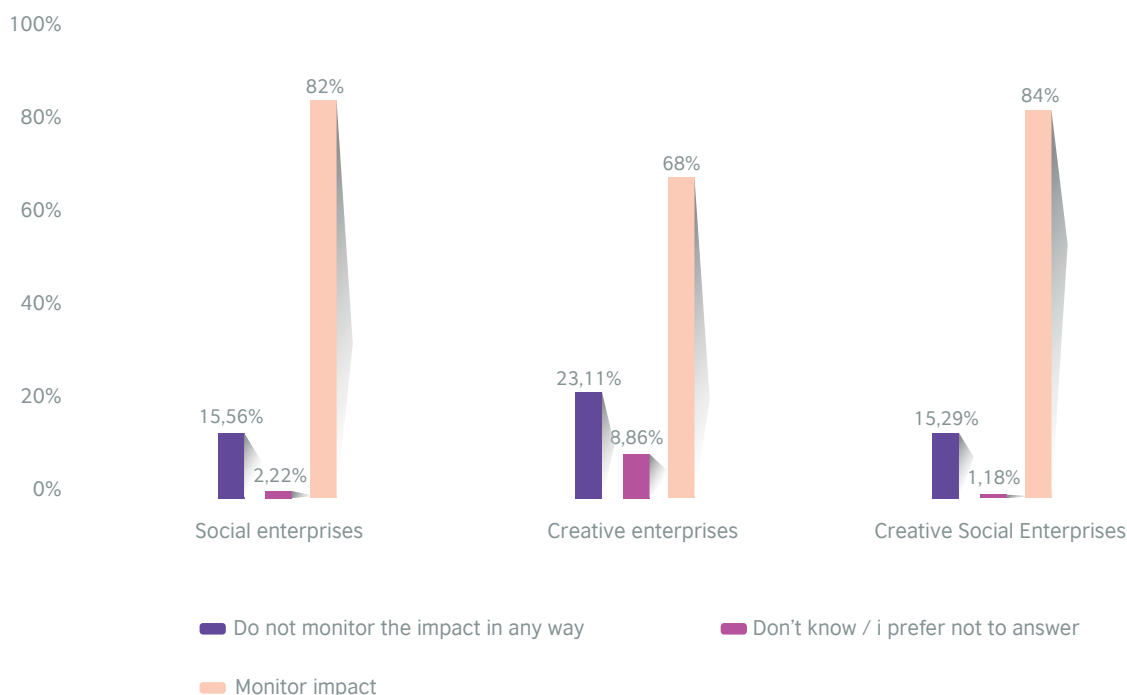
consulted, through a leadership position or through a council or committee.

This section will go further, analysing evidence gathered about the impacts of social and creative enterprises on their social context. Our hypothesis is that these enterprises potentially bring new energy and pride to communities and countries, reflecting a country’s culture, and changing how people feel about themselves.

The measurement of social and environmental impacts is part of understanding an enterprise’s contribution and is frequently promoted by institutions such as incubators, accelerators and investors. A joint publication led by the Aspen Network of Development Entrepreneurs (ANDE; LACA; IGT, 2016) shows that 89 per cent of consulted institutional impact investors in Brazil monitored the impacts of their investments in 2016. In 38 per cent of cases, investors paid for the impact evaluation, which demonstrates the high importance attributed by these investors to the practice. The main kinds of measurement techniques used were internally developed (29 per cent), B Lab’s Global Impact Investment Rating System (23 per cent) and Impact Reporting Investment Standards (23 per cent) methodologies. The study also reports how entrepreneurs and investors face challenges to find tools that can be used for comparisons but which also reflect local realities.

Our survey found that an overwhelming majority of creative and social enterprises report that they monitor their impacts (see Figure 57). This is particularly the case for SEs and CSEs, for whom impact is a cornerstone. 82 per cent and 84 per cent respectively report that they monitor their impact, compared to 68 per cent of creative enterprises.

Figure 57 - Per cent of organisations that monitor impacts, by type of organisation



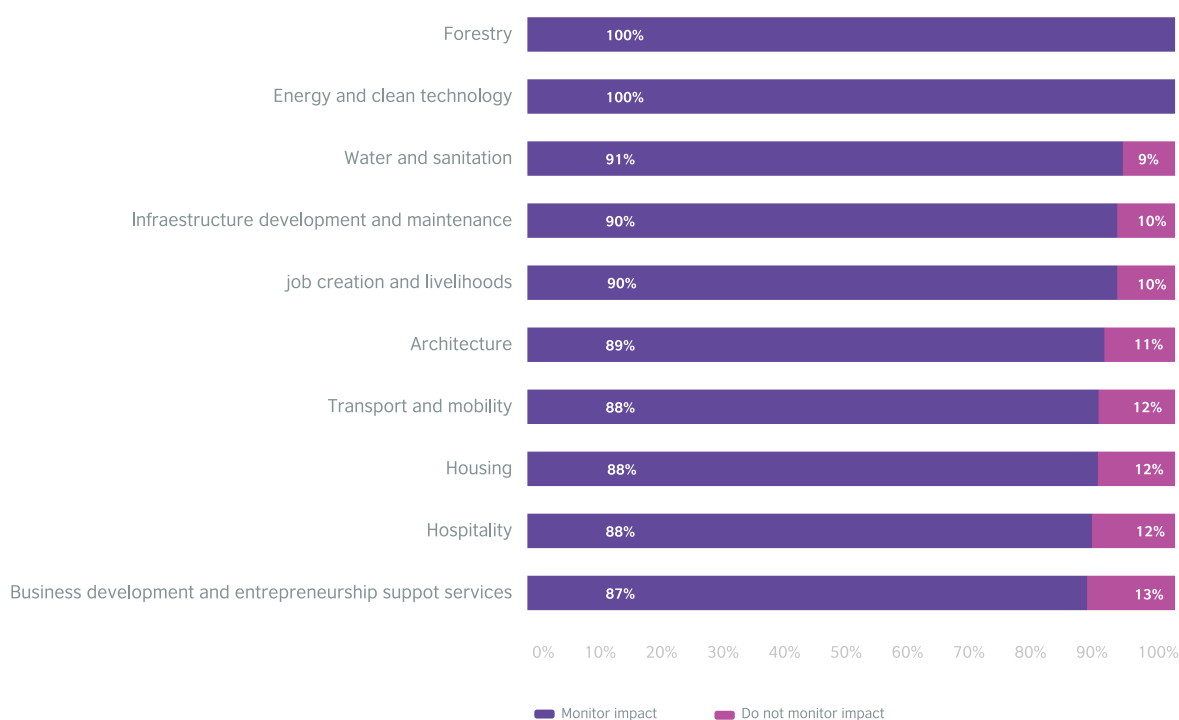
Enterprises monitor their impact in different ways. As shown in Figure 58, creative enterprises, for example, prioritise the measurement of their impact on cultural development over other aspects by a significant margin, as do CSEs. Whereas social enterprises prioritise benefit to the community and number of beneficiaries or products/services/actions.

Figure 58 - Form of impact monitoring, by type of organisation



Impact measurement is especially common among those connected to the environment and sustainability. This may be because impact measurement methodologies have more objectively verifiable figures in the environmental field – such as the number of trees planted/preserved or even CO2 emissions, compared to the social sphere.

Figure 59 - Organisations that monitor impact, by sector



The form of impact measurement also relates to the sectors in which enterprises operate. Unsurprisingly, for example, enterprises working in cultural sectors such as music, museums, galleries, libraries, and performing arts, together with hospitality and tourism, were the ones that most frequently monitored their impact with regard to the cultural development of communities (see Figure 60). Other sectors that focused more on the reach of their impact, by monitoring the number of beneficiaries or of products, services, or actions delivered, such as those in health and social care, justice and rehabilitation, food and nutrition, transport and mobility, and job creation and livelihoods (see Figure 62).

Figure 60 - Top 5 sectors that use measure impact in terms of cultural development

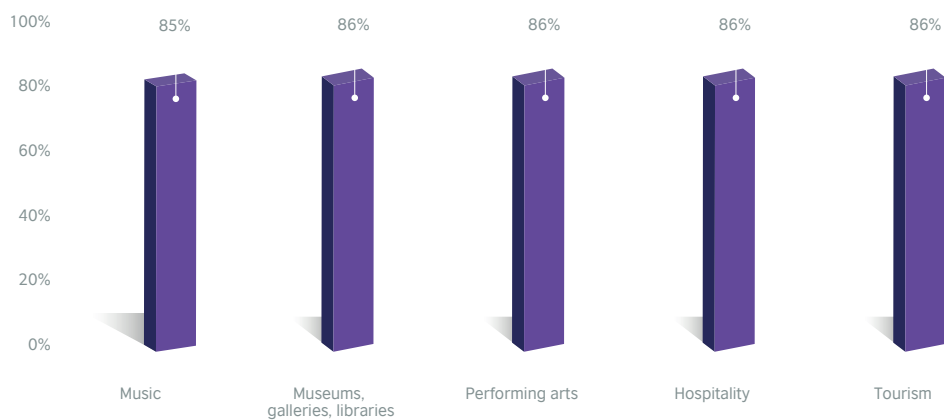


Figure 61 - Top 5 sector that use benefit to the community to measure impact

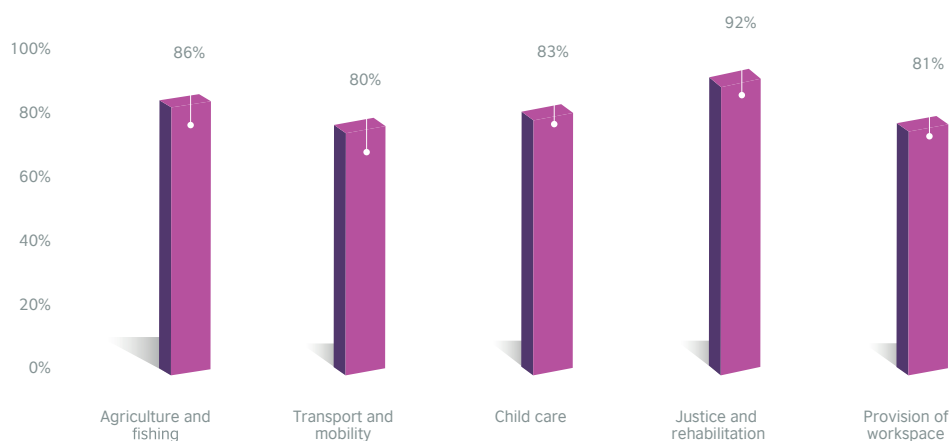


Figure 62 - Top 5 sectors that use number of beneficiaries or products/services/ costumers to measure impact

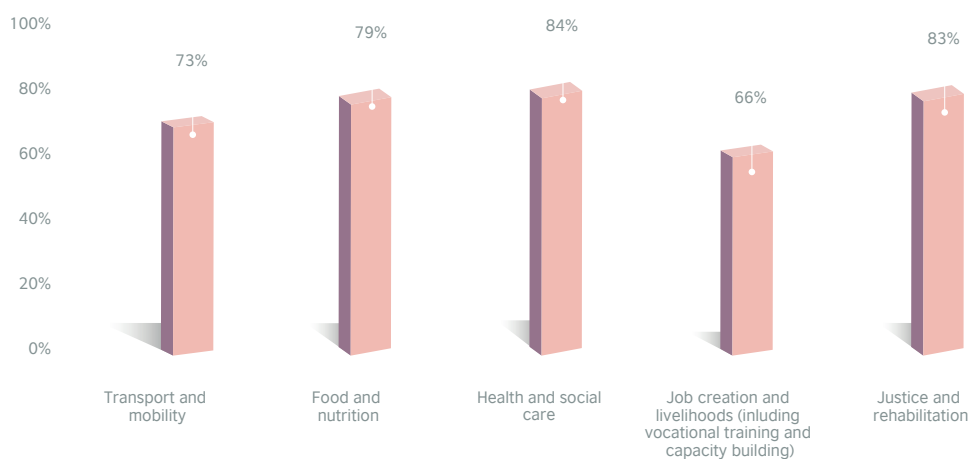
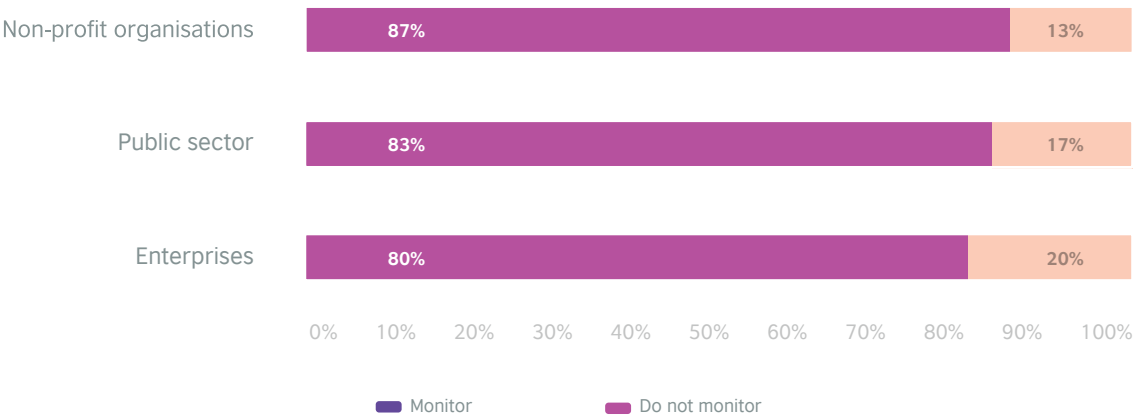


Figure 63 shows how organisations that provide services or products to non-profit organisations are more likely to monitor their impact than those that work with the public sector or other enterprises. This may relate to the fact that non-profit organisations are used to working with these kinds of measurement approaches.

Figure 63 - Impact Monitoring according to client category



There are also differences regarding impact monitoring in terms of the main beneficiary groups (see Figure 64). Those that monitored impact most often were those focusing on victims of armed conflict (97 per cent), vulnerable young people (90 per cent) and homeless people (89 per cent), whereas those focusing on women (79 per cent), LGBTQ+ (80 per cent) and young people (82 per cent) monitored their impact less often.

There is not a linear relationship between impact measurement and turnover (see Figure 65). The smallest organisations measure their impact less often (up to R\$81,000), which can be probably explained simply by the reduced availability of resources to invest in impact measuring methodologies. But these are

followed by the largest enterprises, indicating that the availability of resources by itself is not everything. Perhaps economically successful organisations find it less necessary to justify their actions based on impact criteria.

A similar pattern is found if we analyse organisations according to their age: monitoring is least common among very young (up to 1 year) and mature (16 years or more) enterprises. Monitoring is most common among the enterprises with 6-10 years of existence, which is more or less the period that the Brazilian social entrepreneurship ecosystem developed in which networks and acceleration and incubation programs played an important role in disseminating monitoring practices.

Figure 64 - Impact monitoring, by target group of beneficiaries/customers

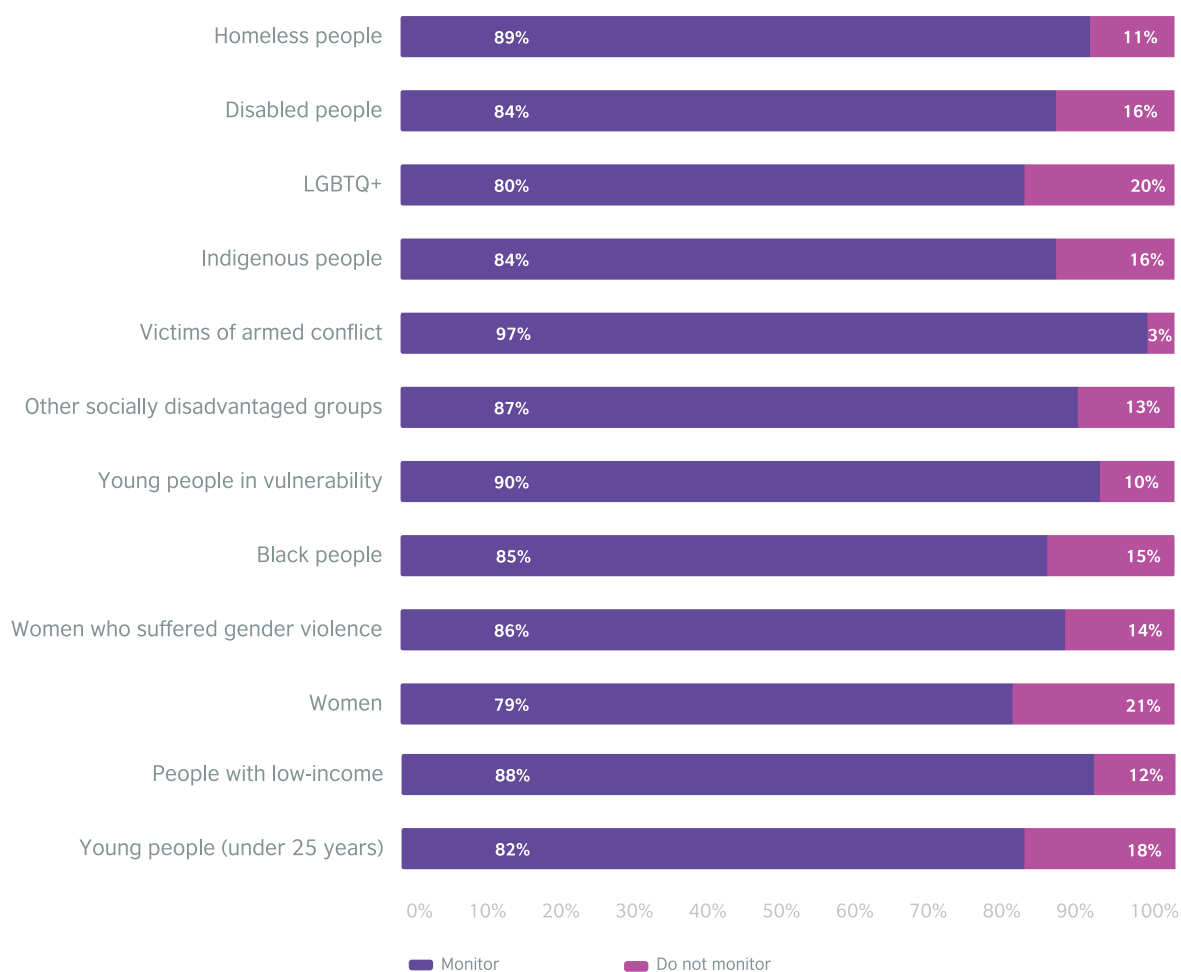


Figure 65 - Impact measuring and turnover size

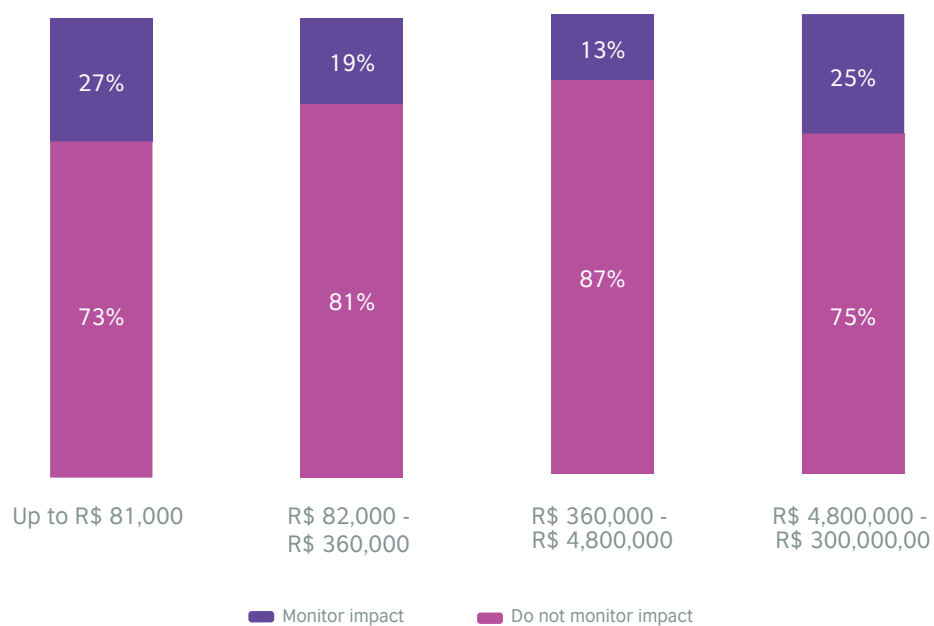
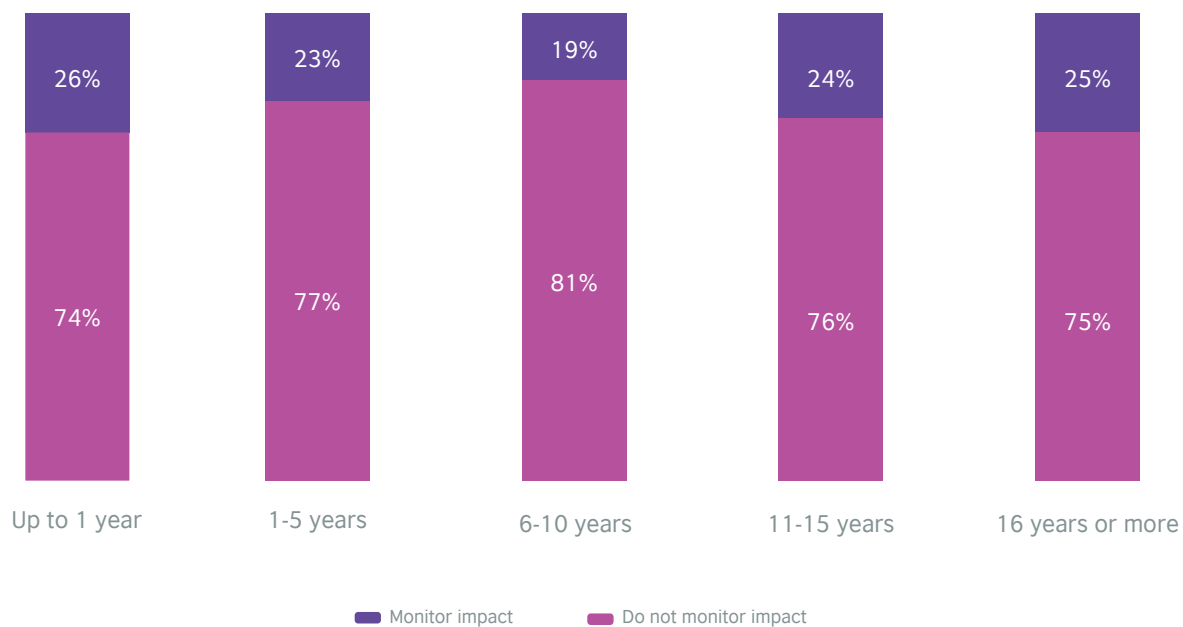


Figure 66 - Impact measuring, by age of the organisation



The relationship between communities and enterprises

Our case studies give us a sense of how social and creative enterprises relate to the communities they intend to serve. We can start to understand how enterprises develop strategies to affect people's lives and how communities determine the creation and evolution of these organisations.

Communities may be defined not only by geography. For example, while Amana Katu aims at contributing to the development of the Amazonian region, it also focuses on riverine communities that have no access to clean water. Na Floresta, for its part, aims at impacting a very specific group of local cocoa producers. Other enterprises target groups based on sociocultural criteria, such as Trucss (transgender women), Coletiva Delas (women and LGBTQ+), Dina Prates Finanças and Mahani (black women who reside in peripheral communities). Speak to Share and Visão do Bem, meanwhile, impact socially-defined groups: unemployed or low-income refugees and people residing in peripheral communities with visual difficulties, respectively. Lastly, Joy Street targets organisations generally involved in education.

These case studies show that targeted communities have a significant role in determining how the enterprises work. As with any kind of business, there is not a single recipe for success, and enterprises' trajectory is always dependent on the peculiarities of the surrounding environment and of the targeted group. Frequently, it is this kind of community-specific input that generates small disruptions and make businesses succeed, thus developing bonds between an enterprise and the inclusion of communities.

From our case studies, different interrelated strategies and approaches to engage

and impact communities emerge. Table 8 summarizes these findings.

All these different strategies for engaging with communities seem to work for the purposes of each enterprise. They provide examples of how the 'community factor' significantly determines the possibilities for social and creative enterprises. For instance, influencing how enterprises evaluate their actions and define their strategies to enhance impact.

Even if most of these strategies were developed intuitively by enterprises according to problems they faced, this process was not only a trial and error. Many of them, for example, report that they apply design-thinking or similar methodologies, contributing to participative management of businesses.

Moreover, these different approaches are related to different relationships with the culture of the impacted community, understood as the set of means of expression and knowledge specific to each group or reality. Within the universe of this study, for example, enterprises that adopt the first approach are more closely linked to the promotion of a specific culture. In other cases, promotion of a specific kind of culture is not the explicit objective, being rather a more indirect consequence of their businesses.

Finally, CSEs often have a close relationship with culture, in multiple ways. They do not seek to be neutral in this regard, but rather to draw strength from diversity, creativity and innovation, which are some of the tools emerging CSEs can use to face competition from traditional, more powerful actors.

Table 8 - Approaches and strategies to generate impact

APPROACH	STRATEGY	EXAMPLES
Impact through community representation	Generates impact mostly by reaffirming communities' identities and establishing a business model that is compatible to it	Dina Prates Finanças, Mahani PI, A Banca, Coletiva Delas
Impact through products or services	Generates impact by offering a product, at market prices or not, that positively impact the lives of people within a group or community	Trucss, Joy Street, Amana Katu, Visão do Bem
Impact through community participation in the enterprise	Generates impact by integrating beneficiaries into business, contributing to their cultural and economic empowerment	Visão do Bem, Moinho Cultural, Speak to Share, Na Floresta, A Banca

CASE STUDY

Organisation Name: Amana Katu

Founded: November, 2017.

Location: Operations concentrated in Belém and surrounding area, Pará, but also other states in Brazil and Peru.

Sector: Agriculture, water and sanitation,

jobs and livelihoods (including training and professionalisation), housing, retail.

Activities: Amana Katu develops sustainable and low-cost systems for water collection and usage, focusing on peripheral and rural communities.

Detail

Amana Katu started from the diagnosis of a paradoxical problem: despite living in the region in the world with the greatest availability of fresh water, many riverine communities in Northern Brazil do not have access to clean water, due to water pollution. An effective solution to this problem was introduced by Amana Katu, through developing a simple, resilient and affordable way of collecting rainwater and treating it on site. With an independent source of clean water, these communities are less motivated to migrate to urban areas, and thus have a greater capacity to maintain their traditional riverine way of life. The social dimension of the enterprise is at its clearest in its '5x1' business model: for every five products sold, one is donated to riverine households in need in the Amazon region, which are often low-income descendants of indigenous communities.

The enterprise aims to challenge competitors in two ways: through affordability and sustainability, as the product is made from materials recycled from other industries and provides a completely sustainable way of collecting water. In this way, the enterprise is working to contribute to a circular economy, reusing resources and minimising waste creation.

Support received

Amana Katu has not received any financial support so far, and do not intend to seek

it. On the other hand, they have received several forms of non-financial support. They constantly seek advice from mentors and have participated in acceleration programs, such as those run by the Brazilian and global branches of ABInbev, Artemisia, and Enactus.

Impact

Amana Katu monitors their impact against three pillars: Economic: in terms of turnover and the economic impact for the beneficiary and customer households; Social: such as the numbers of people accessing clean water; and Environmental: such as the amount of water collected, electricity saved, waste recycled, or reduction in CO2 emissions.

Organisation leadership

The three partners, who first met through the Enactus network, are two men and a woman between 22 and 24 years old. Each is responsible for one aspect of the business: operations, sales/partnerships and community impact.



Photo courtesy of Amana Katu

CASE STUDY

Organisation Name: Na Floresta Alimentos Amazônicos

Founded: 2013

Location: Manaus/AM

Sector: Agriculture, jobs and livelihoods, retail

Activities: Na Floresta Alimentos Amazônicos develops and sells products that support local farmers in the Amazon, by offering better prices for raw materials and processing them in the region.

Detail

Na Floresta's mission is to improve the living standards of farmers in the Amazon region and create sustainable livelihoods. The enterprise seeks to prevent these farmers from abandoning their lands or undertaking unsustainable activism through enabling more Amazonian products to be processed in the Amazon.

In 2017, the enterprise launched Na'kau, its first product. It is a high-quality chocolate brand produced from local cocoa. The main beneficiaries are local cocoa producers, who have seen an average 120 per cent increase in their income working for Na'kau. The enterprise develops a close relationship with each producer, also offering them professional training in production methods, and trying to bring access to water sanitation, communications, and clean energy technologies through partnerships with other organisations. Moreover, qualified farmers are also recruited to train other farmers. This can have a positive impact on these producers' self-esteem, which is also enhanced by another feature of Na'kau's products: each of its chocolate varieties of the "Origins" line bears the name of one of the main producers, whose photo is printed in the package with a short biography. According to the enterprise's founder, farmers feel proud to see their faces, stories, and names travelling throughout Brazil - and abroad.

Na Floresta currently has six employees, as well as its two partners, all native of the Amazon and under 30 years old. Three are directly involved in production. In 2019, Na Floresta's turnover was of R\$350.000.

Support received

From 2013 to 2017, Na Floresta operated exclusively with its own resources. They then received a R\$60 thousand in financial support from a local angel investor. In 2019, they obtained further resources through funding from two institutions: USAID; and Fundo Vale and Humanize, brokered by the NGO Parceiros Pela Amazônia. Na Floresta has also been accelerated and supported to scale-up by São Paulo's ImpactHub. The enterprise is interested in obtaining more of all kinds of support and is currently negotiating investment from some foreign organisations.

Impact

Na Floresta monitors its impact through socio-environmental questionnaires to the cocoa farmers. They want to improve upon their methodology and develop other forms of assessment in future.

Organisation leadership

Na Floresta has two partners, the Commercial and Marketing Director and the CEO, who are 30 and 37 years-old.

CASE STUDY

Organisation Name: Instituto Moinho Cultural Sul-Americano

Founded: 2004

Location: Corumbá/MS and surrounding towns both sides of the Brazil-Bolivia border.

Sector: Education, music, health and social

assistance, jobs and livelihoods, cinema, TV, video, radio and photography.

Activities: Instituto Moinho Cultural Sul-Americano is a creative social enterprise project that offers education in dance and music for socially vulnerable children and teenagers.

Detail

Moinho Cultural's mission is to enable children and teenagers to jointly experience music and dance in a collective way. It recruits its members from among socially vulnerable families through a very competitive admission project that analyses each case against 'artistic potential' and 'social criteria', as demand is so high.

To date, 60 per cent of all project members have been educated at the institute, which now has around 50 employees, and educates around 400 children and teenagers at a time. The institute's main goal is not to foster the formation of dance and music professionals, but rather to prevent these children and teenagers from getting in touch with drugs use and trafficking, the main problems in the border region. Corumbá, especially, has a particularly high level of drug use. Moinho works to enable local young people to develop self-esteem and creativity as a means of finding another path in life other than drug dealing.

Impact

The institute aim to monitor the life paths of students and ex-students, during and after their participation. Of the 23,000 children and teenagers that have participated directly in the project, at least 60 per cent undertook some further study and 20 per cent reached higher education. 60,000 people have come into contact with the institute in some way.

Organisation leadership

The institute was founded by Ângelo Rabelo and Márcia Rolon, who worked as a dancer in Rio de Janeiro before returning to her hometown Corumbá. She is currently the executive-director at Moinho. It has participative fiscal and executive councils, composed of invited notable people from civil society, such as artists, professors and professionals with technical legal and accounting knowledge. Moreover, the community is directly involved in Moinho's governance, especially through a group that gathers 30 students' families to participate in the institution's decision-making process.

Photo courtesy of Instituto Moinho Cultural Sul-Americano



CASE STUDY

Organisation Name: Visão do Bem

Founded: November 2017

Location: Rio de Janeiro/RJ, operations concentrated in peripheral areas.

Sector: Creation of jobs and livelihoods, retail.

Activities: Visão do Bem is a network of women social entrepreneurs which provides access to affordable optometry exams and glasses to residents of peripheral communities in Rio de Janeiro.

Detail

Visão do Bem aims to solve sight problems for people with limited financial resources as well as to provide work opportunities for older women in peripheral communities, who are normally excluded from the job market in Brazil. VDB currently has six collaborators, all female and over 40, recruited within the communities the organisation serves. This local element is important to empower these women as ‘references’¹² within their communities and also to facilitate access to violent areas.

After being trained in financial management and eyesight measurement, these women were supported to identify people eligible for treatment and to sell glasses. The organisation started as an informal network of individual entrepreneurs but as turnover has grown, they will now need to register as a collective enterprise. Turnover jumped from R\$ 15,000

in 2017, to R\$ 340,000 in 2019, and Visão do Bem wants to further expand. Operations already cover 50 communities and they plan to continue this geographic expansion to reach more communities in Rio and, soon, other cities and even other countries. So far, the company has grown organically, often through clients’ spontaneous recommendations.

Support received

Visão do Bem was incubated by the Impacta Mulheres’ programme, which was crucial in helping it recognise itself as a social/impact enterprise. The founder also learned in this process to pitch her enterprise and was chosen to participate in an exchange to London. The enterprise has also recently started a partnership with PUC-Rio, the state’s most important private university.

¹² In Brazil, this term is often used to describe a kind of role model or something even more significant than that - someone the community identifies as a leader or perhaps “mother figure” to the community.

Impact

Visão do Bem monitors its impact in several ways, including through the number of glasses delivered (over 3,000), the number of people the project supported, including those who did not need glasses (over 5,000), and through improvements in student performance.

Organisation leadership

Visão do Bem is led by Ana Lúcia, a 45-year-old black woman who previously worked at large companies in Brazil, mostly in the commercial sector.



Photo by Alejandro Reyes

The creative and social enterprise ecosystem system: how well aligned is it to current needs?

Our survey suggests that many creative and social enterprises are young and small. As they mature, they may develop stronger economic and mutually supporting connections between each other, or they may be at least be partly dependent on other sectors.

Some firms may need to achieve economies of scale in order to ensure their viability in the long run. Enterprises with a very small turnover may be more dependent on external support. In face of an uncertain or difficult public policy context, support networks can help businesses to survive.

Here, we aim to outline some of the main features of the ecosystem surrounding social and creative enterprises, what kind of support they currently receive and what kind of support they would like to receive more of. Most importantly, we aim to give an overview of some of the ecosystem's main strengths and some of the most important challenges or bottlenecks currently holding back further development.

Legislation and regulation

In 2008, the Brazilian Government approved new regulations to make the formalisation of freelancers easier. This new regulation created the category of so-called individual micro-entrepreneurs, with tax exemptions under certain conditions. This affects a significantly wide community, as 23.3 per cent of the total workforce are working in informal conditions, according to IBGE (2019a).

Funding and finance

One of the most commonly reported barriers to economic growth and sustainability among

our social and creative enterprises was the lack of understanding about the nature of these sectors among potential funders. This was recognised as a problem by 35.21 per cent of the creative enterprises, 42.96 per cent of the social enterprises and 48.24 per cent for hybrid enterprises (see Figure 67). This last group are arguably more complex which may make a proper understanding of their activities even more difficult. Creative enterprises, by contrast, operate in a more established environment and thus face fewer challenges in explaining their purposes and products.

Funding and financing was considered to be even more important as a barrier for many of these enterprises, whether this was understood to mean capital, finance or investment, or alternatively, sources of income, funding and revenue from grant-makers, commissioners and customers. (see Figure 68). Again, CSEs were most affected: 51.8 per cent declared “obtaining funds through public procurement” to be a barrier, and 48.2 per cent declared “obtaining finance” to be also a challenge. For social enterprises, the figures were 45.9 per cent and 46.7 per cent and for creative enterprises 40.4 per cent and 43.2 per cent respectively.

Again, the evidence supports that the creative sector is more established, with somewhat easier access to both finance and funding. Furthermore, a high proportion of these enterprises consider the difficulty in raising resources through public procurement to be a barrier to achieving economic growth and sustainability. This is further evidence of the considerable dependency of the sector on the role of the state.

Figure 67 - Major barriers for economic growth and sustainability, by type of organisation (I)

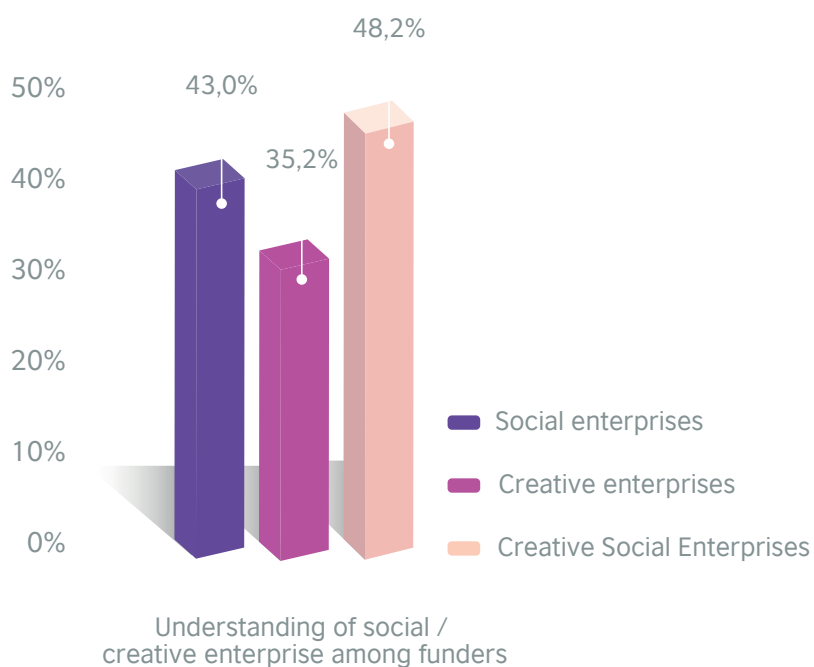
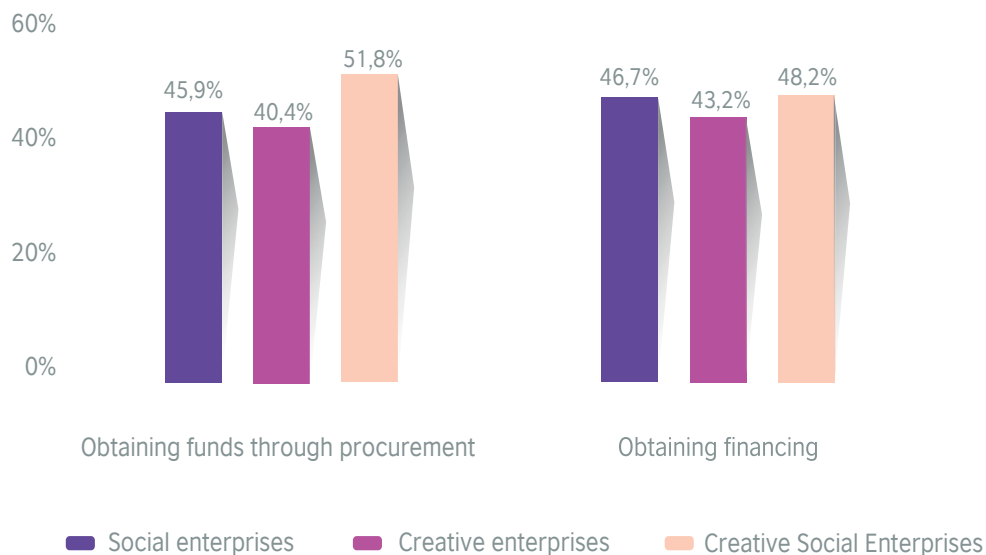
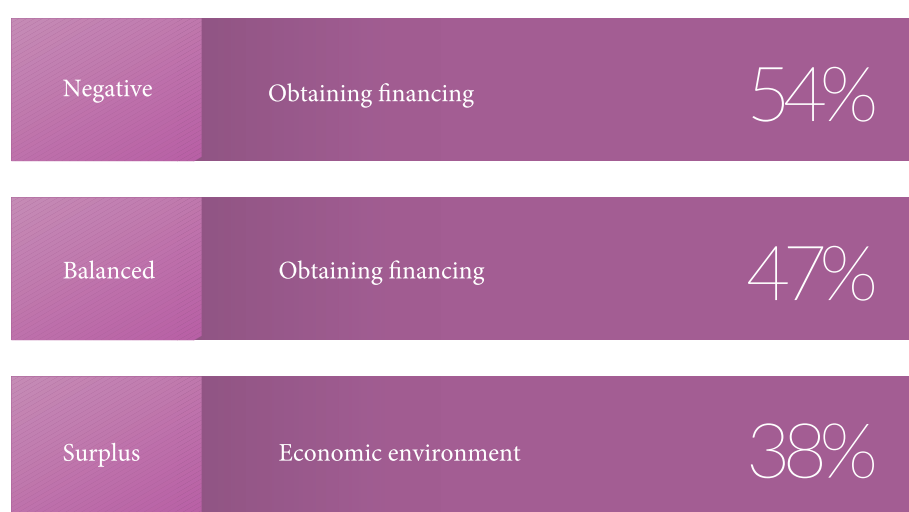


Figure 68 - Major barriers for economic growth and sustainability, by type of organisation (II)



Obtaining financing, moreover, is even more important as a barrier for those enterprises that have not yet completely succeeded in becoming economically viable. As Table 9 shows, this was cited as the main barrier to growth by organisations that have a negative or break-even financial position. Profitable organisations, however, also cited the economic environment as their main obstacle.

Table 9 - Major barriers for economic growth and sustainability, by organisation financial performance



This is further demonstrated in Table 10 , which shows that obtaining finance was also the most common barrier for enterprises with a turnover smaller than R\$ 81.000. Organisations with a turnover between R\$ 82.000 and R\$ 360.000 reported that obtaining grants was the main barrier for them, also a means of financing.

Slightly larger enterprises (R\$ 360.000 – R\$ 4.800.000) stated that the lack of understanding of what they did among funders was the main barrier for them. For larger enterprises, with turnover from R\$ 4.8 million to R\$ 300 million, the main obstacle

was recruitment of employees, reported by almost two-thirds.

Funding is even more important as a barrier if we consider enterprises led by young people and people from vulnerable groups (see Table 11). While obtaining financing was reported as a problem by 43 per cent of the organisations overall, it was a challenge for 57 per cent and 55 per cent of those led by black and LGBTQ+ people, respectively, and by 49 per cent of those led by people under 35 years old. At the same time, obtaining grants was a challenge for 59 per cent of the enterprises led by people from peripheral communities

Table 10 - Major barriers for economic growth and sustainability, by organisation size

Up to R\$ 81,000	Obtaining financing	47%
R\$ 82,000 - R\$ 360,000	Obtaining grants	44%
R\$ 360,000 - R\$ 4,800,000	Understanding of social / creative enterprise among funders.	41%
R\$ 4,800,000 - R\$ 300,000,000	Recruiting employees	63%

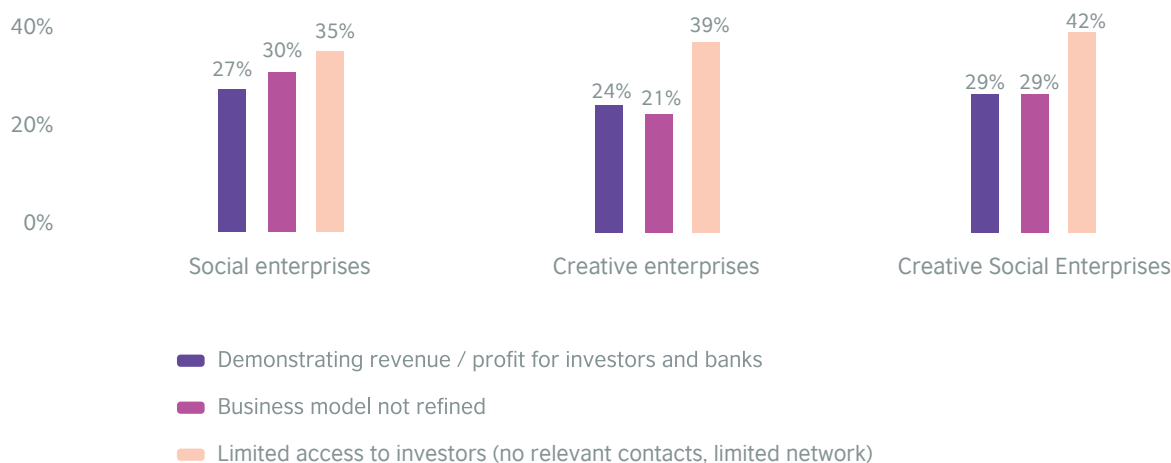
Table 11 - Major barriers for economic growth and sustainability, by organisation leadership profile

LGBTQ+	Obtaining financing	55%
Black people	Obtaining financing	57%
Peripheral communities	Obtaining grants	59%
Under 35	Obtaining financing	49%
Overall	Obtaining financing	43%

The most significant constraint to access finance faced by social and creative enterprises is by far the limited access to investors, which was reported by 35 per cent of the social enterprises, 39 per cent of the creative enterprises and 42 per cent of the hybrid social and creative enterprises (see Figure 69). This suggests that the ecosystem around

these businesses has not yet been developed adequate finance provision, a potential ground for state intervention. After this, “Demonstrating revenue/profit for investors and banks” was the second most frequently reported barrier for creative enterprises, and “business model needs further refinement” for social enterprises.

Figure 69 - Major funding restrictions, by type of organisation



For the newest organisations (with less than one year of existence), “business model not refined” was the most frequently reported barrier to funding (see Table 12). After this, however, limited access to investors becomes the main barrier.

Perhaps unsurprisingly, limited access to investors is perceived as significantly less of a barrier by profitable organisations than by organisations with less positive financial results.

Figure 70 - Major barrier when searching for funding, by organisations financial performance

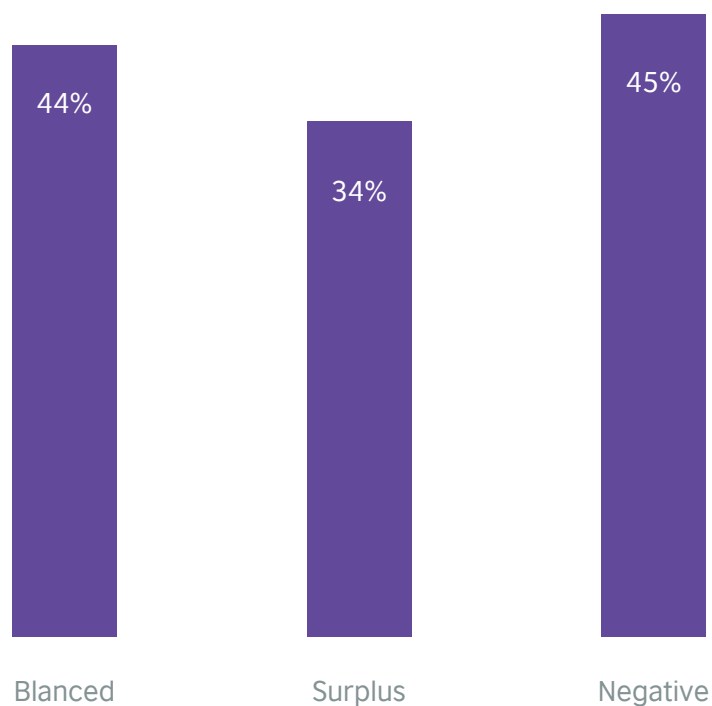


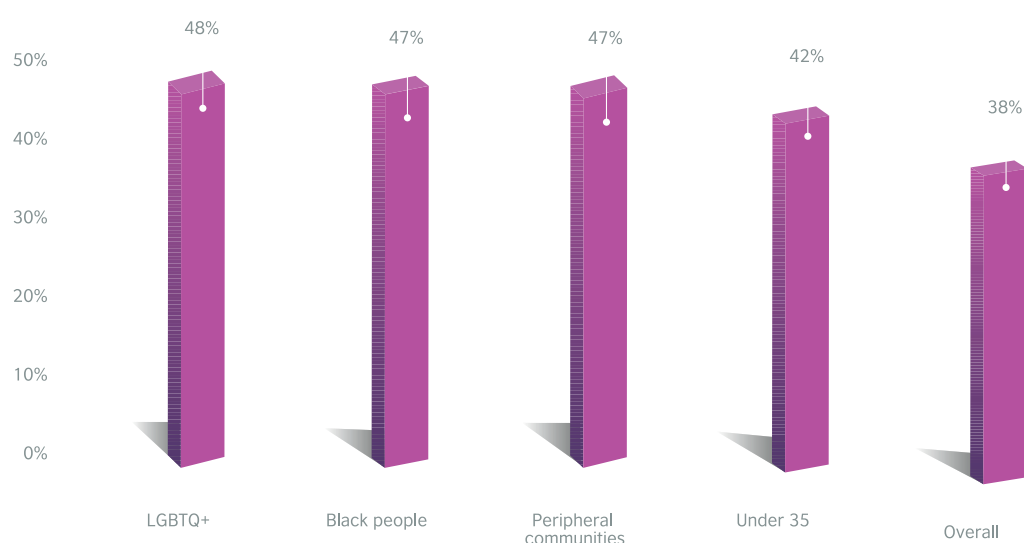
Table 12 - Major barriers when searching for funding, by organisations age

Up to 1 year	Non-improving business model	30%
1-5 years	Limited access to investors (<i>no relevant contacts, restricted network</i>)	33%
6-10 years	Limited access to investors (<i>no relevant contacts, restricted network</i>)	40%
11-15 years	Limited access to investors (<i>no relevant contacts, restricted network</i>)	41%
16 years or more	Limited access to investors (<i>no relevant contacts, restricted network</i>)	51%

Furthermore, among enterprises led by people from vulnerable groups, access to investors is significantly more important than average, as shows Figure 71, rising from an overall average of 38 per cent to 48 per cent, 47 per cent, 47 per cent and 42 per cent among organisations led by LGBTQ+, black, residents of peripheral communities¹³ and

young people, respectively. This is further evidence that these groups face additional constraints when leading social and creative enterprises, and that, at some extent, the ecosystem around these businesses reflects inequalities prevalent in Brazilian society as a whole.

Figure 71 - Major barrier when searching for funding, by organisations leadership profile



Business Support

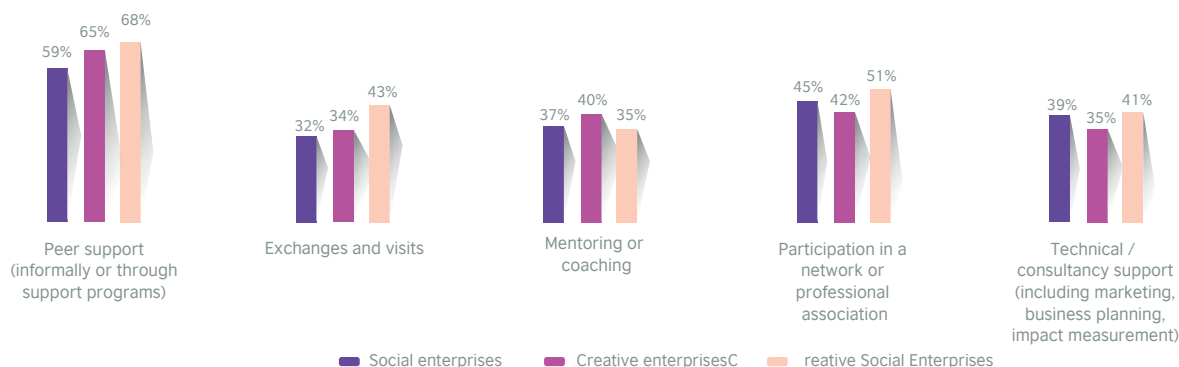
Moving from financial to non-financial support, a significant proportion of social and creative enterprises reported obtaining one or more type of external support or assistance (see Figure 72). Peer support, whether informal or provided through support programmes, was the most frequent. This reinforces the idea that the social and creative enterprise ecosystem is ripe for the further development

of collaboration between actors, rather than only being characterized by competitive dynamics.

Other common types of support included “participation in a network or professional association”, again suggesting significant collaboration. Technical support/consultancy and mentoring or coaching was reported by more than one-third of all groups.

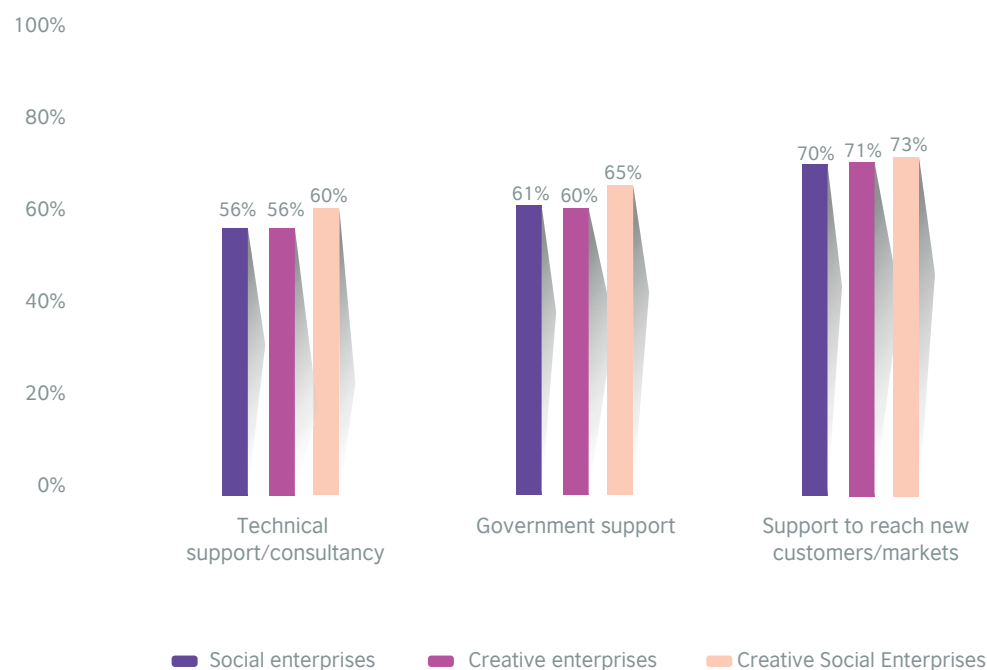
¹³ This group of respondents covers the residents of the so-called favelas, which are unregulated low and middle-income neighborhoods in Brazil that has experienced historical neglect.

Figure 72 - Non-financial support obtained in 2019, by type of organisation



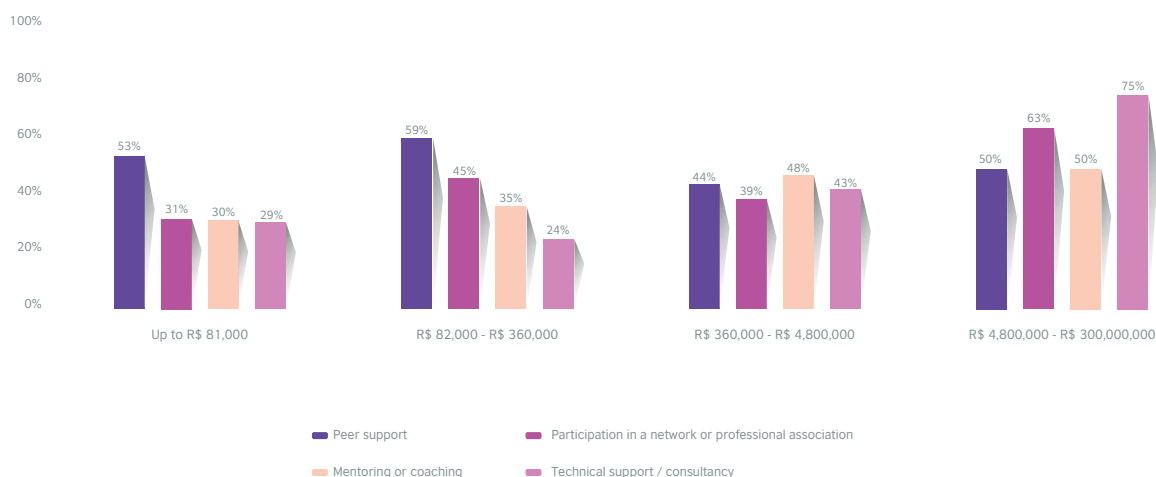
The most frequently reported type of support which social and creative enterprises felt was more necessary was “support to reach new customers/markets”. A significant proportion of these enterprises also believed they could benefit from more government support and technical support/consultancy.

Figure 73 - Per cent of companies by support they could benefit the most of, by type of organisation



Moreover, as shown in Figure 74, enterprises change the kind of non-financial support they receive according to their size. Peer support is much more important among smaller enterprises. As they grow, this is generally replaced by participation in networks, mentoring/coaching and technical support/consultancy, which is more important to larger enterprises.

Figure 74 - Non-financial support received last year, by organisations size



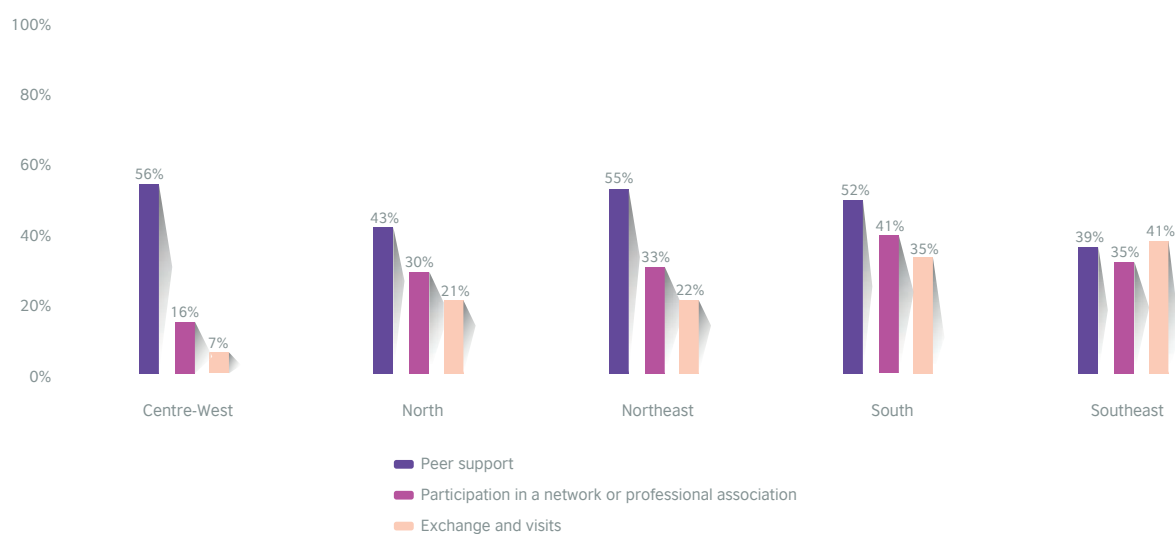
There is also a difference regarding what kind of non-financial support organisations would like to obtain according to their size (see Figure 75). This mirrors the previous graph. The majority of the larger enterprises were keen on peer support, while the smaller enterprises believed they could benefit from more technical support/consultancy. Participation in a network or professional association was felt to be important among all groups, specially the larger businesses.

Figure 75 - Support organisations could benefit of, by organisations size



Across the regions of Brazil, peer support is seen as more important in less-developed regions such as the Centre-West, the North and the Northeast, while “participation in a network or professional association” and “exchange and visits” are more common in more developed regions such as the South and the Southeast, where the ecosystem is also more developed.

Figure 76 - Non-financial support received last year, by organisations region



Regarding the ecosystem, the most important challenge faced by social and creative enterprises is to access funding for their operation. This general obstacle cuts across different types of enterprises, but responds to specific features such as the degree of social vulnerability of the leadership and the degree of consolidation of the enterprise. It is also important to highlight the pivotal role of peer-support and professional networks for the development of the social and creative ecosystem.

Incubators and accelerators are often targeted at small enterprises and could give greater attention to the specific and additional difficulties that affect firms managed by vulnerable groups. In the case of women, for instance, our data suggests a need for more responsive policies, especially in regard to access to finance.

CASE STUDY

Organisation Name: Mahani PI

Founded: Early 2018

Location: HQ in Florianópolis/SC and operations concentrated in the South of Brazil.

Sector: Consulting, business development and entrepreneurship support.

Activities: Supporting enterprises with intellectual property matters, such as registration of brands, patents, industrial design, software and copyright.

Detail

Mahani PI's mission is to democratise access to intellectual property (IP), not normally within the reach of small enterprises, either because of lack of information or because of the high prices charged by specialists. Mahani believes that money should not be a barrier to intellectual property rights, and offers flexible payment options to enterprises with limited resources. Moreover, it offers discounts to enterprises led by women, and enterprises led by black women.

As a young black woman herself, the enterprise's leader, Camila Nunes, is deeply committed to fostering diversity and the empowerment of vulnerable groups. The business hired its first employee in January, a young gay man, and expects to hire a young woman in March.

Mahani PI's turnover was around R\$ 50.000

in 2019 and it is currently planning to expand. The organisation wants to set up an office in São Paulo in 2020. Most of Mahani PI's current clients are small enterprises and individual entrepreneurs, but also two bigger businesses. The company's most popular service has been the registration of brands, but they have also worked with patent, industrial design and copyright (especially for photography professionals). According to Camila, Mahani's main purpose is to foster an innovation culture in Brazil through the democratisation of IP mechanisms.

Support received

Mahani PI has not yet received any financing, but it may need to do so in order to set up the new office in São Paulo. Nunes is mentored by a more experienced colleague based in the state of Paraná, which significantly helped her in founding Mahani PI and they share clients.

Impact

The enterprise internally evaluates its practices every week and stays in touch with clients after the service is delivered..

Organisation leadership

Mahani PI was established by Camila Nunes, a young black woman who had worked for several years in intellectual property offices but saw the market as too exclusive.



Photo courtesy of Mahani PI

Conclusions

Our research appears to confirm our four hypotheses. The main conclusions from this report include:

- Brazilian CSEs are creating jobs for women, young, and LGBTQ+ people. However, these enterprises are still lacking when it comes to the inclusion of black people, especially women.
- There is a prevalence of freelancers registered legally as individual micro-entrepreneurs (MEIs) in Brazil.
- The creation of jobs for women, young, black and LGBTQ+ people is higher among CSEs led by members of vulnerable social groups.
- CSEs are able to adopt innovative business strategies, providing new solutions to market failures and socio-environmental problems.
- The cornerstone of these innovative strategies lies in the significant commitment to the UN's SDGs, especially those relating to urgent social challenges such as gender and economic inequality, poverty, and education.
- Compared to the rest of Brazilian economy, CSEs are doing more to embed innovation in their business, as they prioritise developing their own solutions and projects over acquiring technologies from others. This feature is especially important for an emerging economy such as Brazil, which does not historically invest much in research and development.
- CSE's governance is more inclusive than other businesses, based on the composition of their boards and the reinvestment of their profits.
- In comparison with the rest of the Brazilian economy, CSEs are more likely to have women and young people as members of their board.
- The boards of CSEs tend to be largely composed by beneficiaries and partners rather than investors and owners.
- Participative governance is a common strategy among CSEs and involving communities in the direction of profits.
- CSEs appear to be dynamic forces for the distribution of innovation and technology, as they often have a commitment to democratising access to the products, services and innovations which they offer.
- CSES also show a close relationship with culture (or rather cultures) in a wide variety of ways, making a strong contribution to cultural diversity and innovation within cultural goods and services.
- Collaboration between enterprises seems to be an important feature of the landscape, with peer support and networking valued by many.
- There is much potential for CSEs to be motors of cultural diversity and communal belonging, bringing positive benefits to all kinds of groups within Brazil.

Recommendations

Our findings suggest the following recommendations:

Inclusion of vulnerable social groups

- Despite the positive role that creative and social enterprises play in inclusive employment practices, there is much progress still to be made. The Ministry of Economy should implement public policies within central government that require or favour business models that meet a minimum diversity threshold in order to qualify for receiving non-financial support, accessing finance or competing for public procurement. This initiative can build upon the current 25 per cent quota for micro and small companies in public procurement competitions. Even though this policy had been successful in promoting micro and small companies, it does not consider the diversity within these enterprises. Policy should encourage and incentivise more inclusive representation in business leadership, not least as this seems to have a significant positive relationship with diversity across staff within enterprises more widely. Leadership training could also help promote more inclusive staff recruitment and development.

- Initiatives such as the UK Social Value Act, the South Africa's Black Economic Empowerment Laws and existing affirmative action in Brazil's public sector show how public procurement can be harnessed to secure wider benefit for communities. Inspired by these models, local government should also set minimum thresholds for diversity in governance, leadership and employment when funding, commissioning or investing in enterprise. This should focus on underrepresented groups such as women, black, young and

LGBTQ+ people, for instance.

- Investors can also play a role here. State-owned banks like the Brazilian Development Bank, local development agencies and leading impact investors should either voluntarily review and report regularly on the extent to which their products and services and processes are accessible to women, black, young and LGBTQ+ people as well as indigenous people, or be mandated to do so.

- The private sector must also play its part and indeed can benefit in the long-term from taking a more inclusive approach, building more sustainable business models which respond to the diversity of communities across Brazil. Leading by example, a number of notable Brazilian corporations should come together to demonstrate how private sector procurement can be harnessed to build more inclusive and creative supply chains. This initiative could take inspiration from, for example, the Buy Social Corporate Challenge in the UK. This would increase demand for these solutions. This initiative can build upon the National Strategy for Impact Investments and Businesses, created in 2017, which provides incentives for businesses to do more to consider their impact on society.

- The creation of more institutionalised networks of enterprises led by people from vulnerable social groups, who are less well represented, can serve to address some of the specific hardships and barriers they face and help them access opportunities collectively, building demand. Since our findings indicate that CSEs are more likely to collaborate, these initiatives offer significant potential, with an important role to be played by creative and social hubs.

- Considering that black people, particularly black women, still benefit less from the opportunities created by CSEs, these enterprises can potentially play a much greater role in helping confront wider structural racism in Brazil. On one hand, NGOs and neighbourhood associations can be a useful channel to for financial and non-financial support, helping overcome the underrepresentation of black community in many networks and institutions. On the other, new public-private alliances such as the Committee for Impact Investments and Businesses, networks of CSEs such as Pipe. Social and local bodies such as Creative Rio can help channel financial and non-financial support to black-led companies, to help level the playing field. Together, these complementary actions can enable greater resources to flow to businesses led by the black community.

Innovation and human development

- CSEs' contribution to innovation and human development can be further enhanced by specific government policies. For example, new government programmes and funds should explicitly foster greater collaboration between CSEs and stimulate enterprises to provide new solutions to the SDGs, combining financial and non-financial support.
- Meanwhile, private investors can adopt models which shift control of investment decisions to entrepreneurs, through peer-review models which take inspiration from the likes of Village Capital¹⁴, for example.
- Additionally, CSEs themselves and their representatives should develop specific programmes and plans to work together to build, harness and develop networks which bring together enterprises working on common or complementary objectives. For example, organisations focused on

different dimensions of gender equality promotion, such as Instituto Feira Preta and Coletiva Delas, can design joint networks to address issues such as promoting women's empowerment

Governance and ecosystem

- Most CSEs are managed by boards, which tend to be mainly composed of beneficiaries and partners. However, good governance is still lacking for many CSEs. Intermediaries in the creative and social economies, such as accelerators, incubators and thematic networks can put further effort into promoting the creation of Boards for CSEs more widely, helping to mitigate overdependence on individual investors and owners.
- Similarly, government, private networks and established CSEs can promote training through workshops, events, and other initiatives to help more fragile enterprises with the adoption of governance best practices. As flexibility and diversity of governance and managerial arrangements are some of the best features of CSEs, there is some potential here for spreading alternative models of democratic governance and innovative management. More established CSEs should take the lead in creating programmes to mentor and share good practice with newer and more fragile peers.
- Since most leadership positions in CSEs are occupied by people with higher education, training and educational opportunities for CSEs workers and targeted communities can help build greater diversity across these enterprises in the future. Incubators, accelerators, investors and funders should review their own approaches to ensure that leadership development for underrepresented groups is part of their offer.

¹⁴ See more in <https://vilcap.com>.

Intersection with cultural policies

- The current government policy in Brazil falls short in promoting a better environment for the impact of social and creative enterprises on culture. The last two Governments have not considered culture central to their policies, draining resources from the area, leading to an unstable environment. Positive enabling strategies and policies in central government towards creative enterprises or social enterprises is a necessity. Government, including the Ministries for Economy and Tourism, needs to recognise the potential of these enterprises to contribute not only to social and cultural aims but also to economic development, innovation and employment. This can take the form of open dialogue with representatives of these enterprises and specific policies which aim to support them.
- The reformulation of Brazil's cultural policy must take into account the long-term positive power and potential of CSEs. One potential institutional space to build this reformulation is the Committee for Impact Investments and Businesses, created in 2018.

Funding

- There is a pressing need for more access to credit and other forms of finance for social and creative enterprises. For instance, mechanisms inspired by the microcredit industry can offer promising and innovative alternatives to existing 'mainstream' finance from banks and large financial institutions. In this context, state-owned banks and development agencies should open specific credit lines with creative and social hubs operating as intermediaries in order to reduce risks and improve information, overcoming these

market failures.

- Since engagement with intellectual property can still be improved, government and private networks could offer technical support for IP formalisation. The provision of early stage risk capital to develop IP can support technological and organisational experimentation.

Final remarks

Our findings, developed before the global pandemic, lay out a quite positive outlook for creative and social enterprises in Brazil. CSEs have been able to grow amid a very challenging economic context, finding innovative solutions and proposing creative approaches to important problems. Further we see that CSEs are growing at a quicker pace than the rest of the Brazilian economy, creating jobs for those who need them the most, offering solutions to our common challenges with inclusive business models, and contributing positively to our culture and communities. Prospects are encouraging for social and creative enterprises, who have already shown their potential to overcome structural barriers, paving the way to more inclusive and sustainable development.

We hope this report offers an original and useful contribution to the study of creative and social enterprises in Brazil. However, there is still much to be done in order to provide this ecosystem with more complete data and research and allowing us all to understand the full multi-dimensionality of the contribution of CSEs.

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Annex 1 – Detailed Methodology

Workshop

SEUK led design of the overall methodology, which was validated in Brazil by Catavento Pesquisas and a number of sector stakeholders at a workshop on February 05 and 06, 2019, in São Paulo and Rio de Janeiro, respectively. This workshop refined details specific to Brazil, identified any issues specific to the country and fostered support for the work, include data and survey outreach support and the formation of a stakeholder working group to support validation of research findings.

Survey

A survey of creative and social enterprises was conducted during June 2019 and January 2020 – see questions in Annex 6 – Survey Questions, below.

The survey was conducted online and face-to-face.

Survey outreach activity included events in different state capitals, such as São Paulo, Rio de Janeiro, Porto Alegre, and João Pessoa. Social media posts were promoted through British Council Brazil profiles in Twitter, Facebook, and Instagram. Databases from different intermediaries in different regions of Brazil were sampled. The dataset of this sampling contains more than 5000 contacts (e-mail and telephone numbers) for social and creative enterprises.

Stakeholder interviews

Interviews were conducted with 07 intermediary organisations and 11 hybrid creative social enterprises in order to better understand activity in the ecosystem and the detail of organisation-level operations and impact. Interviewees were selected by British Council and Catavento Pesquisas and using a semi-structured interview method were asked a range of questions covering quality of jobs created by the organisation – stimulating and satisfying work; awareness and ability to create jobs and processes that are future-proofed; awareness of SDGs; interest in and ability to be innovative; application of creative skills and centrality of these to the core business model; delivery of and investment in creative activities (such as R&D and design); artistic/creative training, development or idea generation in product or programme development; ownership, governance structures, power structures within organisations; perspectives on existing financial and non-financial support, and support needs; perspectives on support to communities, promoting community and national pride, reflecting/promoting national culture; degree of emphasis on building social capital (particularly of women, young people and vulnerable groups) within and through the work of the organisation; engagement with ecosystem actors and perceptions about the extent to which existing provision meets needs

Analysis and validation

Analysis of the survey data included both descriptive data and cross-tab work to explore nuance of findings, combining this with information from interviews and wider research and data identified throughout the study. Caveats and considerations on analysis can be seen on Annex 5 – Analysis, reporting and caveats.

Annex 2 - Consultation workshop participants

Name	Organisation	State
Gabriel Faro	ATADOS	Rio de Janeiro
Flávia Vianna	OI Futuro	Rio de Janeiro
André de Albuquerque	gência de Fomento do Município do Rio de Janeiro FomentaRio	Rio de Janeiro
Maria Helena Ribeiro Gonçalves	IDG	Rio de Janeiro
Daniel Stefani	IMJA/UNlperiferias	Rio de Janeiro
Charles Siqueira	Instituto POLEN	Rio de Janeiro
Antenor Oliveira Neto	FIRJAN	Rio de Janeiro
Júlia da Costa Santos	FIRJAN	Rio de Janeiro
Eliana Damasceno	FIRJAN	Rio de Janeiro
Leonardo Feijó Sampaio	PUC Rio	Rio de Janeiro
Dayse Maria Valença Ferreira	Asplande	Rio de Janeiro
Patricia Olivieri	CPC Gargarullo	Rio de Janeiro
Eduardo Bizzo	Banco Nacional de Desen- volvimento Econômico e Social BNDES	Rio de Janeiro
Rita Valente	FIRJAN	Rio de Janeiro
Anette Kaminski		São Paulo
Adriana Barbosa	Instituto Feira Preta	São Paulo
Edgar Barki	Fundação Getulio Vargas	São Paulo
Marcelo Rocha (DJ Bola)	A Banca	São Paulo
Gleicy Silva	UNICAMP	São Paulo
José Aronchi	Centro de Referência Sebrae em Economia Criativa	São Paulo
Karina Poli	Universidade de São Paulo	São Paulo
Rebeca Rocha	ANDE no Brasil	São Paulo
Douglas Capela	Secretaria da Cultura e Economia Criativa de SP	São Paulo
Denis Alexandre Rodrigues de Oliveira	Secretaria da Cultura e Economia Criativa de SP	São Paulo
Luana Nakasone	ANDE no Brasil	São Paulo
VJ Pixel	ZU-UK	São Paulo

Annex 3– Key informant interviews: CE/SE Intermediaries

Name	Organisation	Role
Antenaor Oliveira Neto	FIRJAN	Coordinator of the Culture and Education Division
Erick de Fretiar Moura	Incubadora Amazonas Indígena Criativa	Coordinator
Marina Pecoraro	Abragames	Communications, Partnership, and Events Coordinator
Jose Aronchi	SEBRAE	Consultant
Celia Cruz	ICE	Executive Director
Henrique Bussacos	ANDE Brazil	Council President
Victor Hugo Mathias	Artemisia	Projects Manager
Aline Goulart	Semente Negócios	Operations Director

Annex 4 – Key informant interviews: Hybrid CE/SE ventures

Name	Organisation	Brief Organisation Description
Silvana Silva	Trucss Moda Inteligente	Brand of underwear and swimsuits designed specifically for transgender women.
Rodrigo Gaspar	Speak to Share	Foreign language education platform focusing on the cultural and economic integration of refugees in Brazil.
Frederico Vasconcelos	Joy Street	Develops educational play technologies for schools and businesses.
Dina Prates	Dina Prates Finanças	Provides financial and accounting assistance to black and female entrepreneurs and develops financial education.
Karla Suarez and Karina de Abreu	Coletiva Delas	Creative hub whose work is divided into three axes: organization of events, production of audiovisual content and support to female entrepreneurship.
Marcelo Rocha (Dj Bola)	A Banca	Social cultural production enterprise based on Jardim Ângela, a peripheral neighbourhood in São Paulo. The institution also offers popular music courses and workshops on citizenship for young people.
Noel Orlet	Amana Katu	Develops sustainable and low-cost systems for water collection and usage, focusing on peripheral and rural communities.
Márcia Rolon	Instituto Moinho Cultural Sul-Americano	Social/creative project that offers education on dance and music for socially vulnerable children and teenagers.
Artur Bicelli Coimbra	Na Floresta Alimentos Amazônicos	Develops and commercialises products that valorise local farmers in the Amazon, by offering better prices for raw materials and processing them in the region.
Ana Lúcia Santos	Visão do Bem	Network of female social entrepreneurs that provides access to affordable optometry exams and glasses to people from peripheral communities in Rio de Janeiro.
Camila Nunes	Mahani PI	Support enterprises at intellectual property matters, such as registration of brands, patents, industrial design, software and copyright.

Annex 5 – Analysis, reporting and caveats

Survey results have been rounded off to zero decimal places due to which some figures might not add up to 100%. Some survey questions have multiple answers (such as organisations operating in more than one sector, facing multiple barriers); responses in these cases will add up to more than 100%.

Some analyses indicate behaviours performed by 100% of the sample cut. These analyses should consider that the total number of respondents within this scope may be low and, therefore, their representativeness beyond the sample may be limited.

The survey responses are self-declared by respondents. Outlying results and gaps, including contradictions in responses, might occur especially on those questions where detailed information on number and profile of employees/leadership/members of the board were required.

Data on beneficiaries is self-reported and has also not been independently verified. No definitions or explanations beyond those contained within the survey questions (see Annex 6 – Survey Questions) were provided to respondents.

Due to the use of convenience sampling it is likely that the survey results contain biases. These may include a higher proportion of respondents located in urban areas with access to networks and internet connection than is nationally representative. It is also expected that responses are higher from areas where events and outreach activities were conducted.

Limitations of national data for benchmark comparisons and for total number estimates include sparse studies on both creative and social enterprises in Brazil. Among these, findings can be different and even contradictory in some topics.

Annex 6 – Survey Questions

1. What is your e-mail?

2. What is your phone number?

3. What is the name of the organisation you are reporting on (your organisation)?

4. As the person completing this survey, what is your role in your organisation?

Legal representative

Member,

MD/CEO,

Owner

Employee

Volunteer

Other. Specify:

5. What years does your organization started to function If you are a freelancer, since when did you start acting as such?

6. Besides the work in this organization / in this venture, do you have any other work or paid activity?

Yes and it is my main source of income

Yes and it is a complement to my income

No

7. Where does your organisation have its national HQ?

8. In what city?

9. In what neighborhood?

10. Where does your organisation operate?

Locally

Regionally

Nationwide

Internationally

DK/Refused

11. Would you describe your organisation as any of the following?

Social Enterprise

Impact Business

Creative Enterprise

Cultural Enterprise

DK/Refused

Other. Specify:

12. Which of the following does your organisation place the most emphasis on?

Profit First – we prioritise maximising profits and strive to make a social impact only when it enhances profitability.

Social/Environmental Mission First – we prioritise maximisation of impact over profit.

Both Jointly – we pursue both financial and social/environmental objectives equally.

DK/Refused.

13. Does your organisation have a formal commitment to a social (or environmental) mission through any of the following: [TICK ALL THAT APPLY]

A statement in our governing documents

Publicly stated commitment

The composition of our shareholders

The legal form the enterprise has adopted

We have no formal commitment but believe we have social/environmental impact

No

DK/Refused

14. Which of the following activities does your organisation regularly engage in?

Paying staff the national or living wage

Paying suppliers a price premium (amount above market rate)

Enforcing pay ratios between CEO and workers or men and women

Using social value as well as cost to determine inputs/suppliers

Considering environmental factors to determine inputs/suppliers

Ensuring low income customers can access affordable goods/services

Paying national or local tax

Other

None of these

DK/Refused

15. What is the gender of the person currently in charge of the organisation?

Male

Female

Other	how many people are on this board?
DK/Refused	20. If you have an administrative board or equivalent, please specify the composition according to the number of people who belong to the following groups
16. What is the age range of the person in charge of the organisation?	Employees / workers
Under 18 years	Women
18 - 24 years	Beneficiaries / community / customers / marginalised groups
25 - 34 years	Under 35 years old
35 - 39 years	LGBTQ+
40 - 44 years	Other shareholders / investors / capital providers
45 - 59 years	DK/Refused
60 - 65 years	21. How many people does your organisation currently employ (pay a salary to)
65+ years	22. How many people does your organisation currently employ (pay a salary to)
DK/Refused	By gender
17. What level of education does the person in charge of the organisation have?	By age (e.g. u25, 25-65, 65+)
School Leaver	Full time (define hours)/part-time
Completed Secondary Education	From the following groups: disabled, etc (as above)
High School Certificate/Higher Secondary Education	NA – don't employ any paid staff
Vocational Qualifications	DK/Refused
Bachelors Degree or equivalent	23. This time last year, how many people did your organisation employ (pay a salary to)
Postgraduate Degree or equivalent	24. Does your organisation offer any of the following to young people AND/OR to women AND/OR people from vulnerable/disabled/marginalised groups to help improve their chances of permanent employment
Studied abroad	Training and work experience
DK/Refused	Apprenticeships
18. Does the person in charge of your organisation belong to any of the following groups?	Volunteering opportunities
People with disabilities	DK/Refused
Indigenous Community	25. Has your organisation registered its legal form? If yes, which form is it registered in?
Ethnic minority group	MEI - Microentrepreneur Individual
Foreigner (not Brazilian national)	Individual businessman
LGBTQ +	Individual Limited Liability Company
Black population	Association
Peripheral Community	Company Limited (Ltda)
DK/Refused	Company Limited (SA)
19. Does your organization / business have an administrative board or equivalent (group of two or more decision makers)?	Foundation
Yes.	
No.	
If you have an administrative board or equivalent,	

Other. Specify

26. Does your organisation seek to address any of the following through its core activities (products and services)?

End poverty in all its forms

End hunger, improve food security and nutrition, promote sustainable agriculture

Encourage healthy lives and promote well-being

Ensure inclusive and quality education and life-long learning

Promote gender equality and empower women and girls

Promote access to clean water and sanitation

Promote affordable, sustainable and clean energy

Promote productive employment and decent work for all

Build resilient infrastructure

Promote inclusive and sustainable industrialisation

Reduce inequality within your country

Make cities and settlements inclusive, safe, resilient and sustainable

Promote sustainable production and consumption

Address climate change

Conserve and sustainably use water

Sustainable use of land, forests, addressing desertification and biodiversity

Promote peace and justice, building strong and accountable institutions

Promote the needs of young people

Ensure needs and rights of people from vulnerable groups are met Improving a particular community

Promoting creativity and human expression

Creating art

Addressing financial exclusion

Supporting other social enterprises/organisations

Other

None of these are the specific focus of our core activities

DK/Refused

27. Which sector(s) does your organisation primarily operate in?

Advertising and marketing

Agriculture and fisheries

Architecture

Business development services and entrepreneurship support (including to non-profits)

Childcare

Consultancy

Crafts

Design (e.g. product, graphic or fashion design)

Education

Energy and clean technology

Film, TV, Video, Radio and Photography

Financial services

Food and nutrition

Forestry

Health and social care

Hospitality (e.g. restaurants, catering)

Housing

Infrastructure development and maintenance

IT, software, computer services (e.g. video games, software development)

Justice and rehabilitation

Livelihoods and employment creation (including work-related training)

Museums, galleries and libraries

Music, performing and visual arts

Publishing

Retail

Tourism

Transport and mobility

Water and sanitation

Workspace provision

DK/Refused

28. Which of the following are key and/or targeted customers/clients/beneficiaries of your core products and services?

Businesses

Public Sector

Non-Profit Organisations

Young people (under 25)

Women

Disabled people

Low-income people

Street people

Women

Women victims of gender violence

LGBTQ +

Indigenous people

Disabled people

People who are victims of armed conflict

Young people in vulnerable situations

Other groups at social disadvantage

29. Do you measure your organisation's impact in any of the following areas?

Number of beneficiaries of your services/products

Positive benefit to local community and/or communities you serve

Positive impact on cultural development

We don't measure our impact at the moment

DK/Refused

30. During the 3 year period 2015 to 2018, did your organisation invest in any of the following:

Internal Research and Development: Creative work undertaken within your organisation that increases knowledge for developing new and improved goods or services and processes.

Acquisition of Research and Development: Creative work that increases knowledge for developing new and improved goods or services or processes that was performed by another organisation and purchased by your organisation

Forms of design: Engagement in any form of design activity, including strategic, for the development or implementation of new or improved goods, services and processes

None of these

DK/Refused

31. During the 3 year period 2015 to 2018, did your organisation introduce:

A good/service that was new to the market

A good/service that was new only to your organisation

A significantly improved good/service (Exclude the simple resale of goods purchased from other businesses and changes of a solely aesthetic nature)

None of the above

DK/Refused

We are interested in understanding the skills used in your organisation. How important they are, and the level of intensity and sophistication with which they are applied.

32. How important is CREATIVITY to the performance of your organisation?

Not important

Somewhat important

Important

Very important

Extremely important

DK/Refused

Creativity Definition: Developing, designing, or creating new applications, ideas, relationships, systems, or products, including artistic contributions.

33. How important is INNOVATION to the performance of your current organisation?

Not important

Somewhat important

Important

Very important

Extremely important

DK/Refused

Innovation Definition: The performance of our organisation requires creativity and alternative thinking to develop new ideas for and answers to work-related problems.

34. How important is IDEA GENERATION to the performance of your current organisation?

Not important

Somewhat important

Important

Very important

Extremely important

DK/Refused

Idea generation Definition: The ability to come up with a number of ideas about a topic (the number of ideas is important not their quality, correctness, or creativity).

35. Does your business currently have any of the following measures in place to protect your intellectual property?

Don't take measures to protect IP

Copyright

Trademark	Make a profit
Design registration	Break even
Unregistered design rights	Make a loss
Patents	DK/Refused
Overseas/International protection	40. If your organisation makes a profit or surplus, how is it used?
DK/Refused	To grow capacity – e.g. through recruitment, procurement, equipment purchase
36. What forms of finance/funding, investment and income has your organisation received in the last year?	Investment in research and development
Grants (government)	Rewards to staff and beneficiaries
Grants (foundations)	Share with owners and shareholders
Donations (cash/in-kind – inc equipment, volunteer time)	Cross-subsidise non-profitable activities
Concessional loans (below market interest rates)	Put into reserves
Commercial rate loans	Fund third party social/environmental activities
Equity or equity-like investments	NA – we didn't make a profit/surplus
Mortgage	DK/Refused
Overdraft	41. What are your organisations growth expectations and plans for the next year?
Personal income from another job or source	We do not expect to grow staff and or turnover / we expect to remain the same
Other	We expect staff and/or turnover to decrease
DK/Refused	We have no growth plans
37. What proportion of your organisation's income comes from grants, if any?	Increase turnover through sales of existing products/services and/or existing customers
0%	Increase turnover through expansion to new geographic areas
1-24%	Increase turnover through developing and launching new products/services
25-49%	Increase turnover through attracting new customers
50 -74%	Attracting investment to expand
75 -100% - but intend to reduce grants below 75% next year	Merge with another organisation
75-100% - intend to maintain this level of grant use next year	Acquire another organisation
DK/Refused	Increase turnover through winning business as part of a consortium
38. What was your organization's turnover in the last fiscal year (in reais)?	Other
Up to R \$ 81 thousand	DK/Refused
Between R \$ 82 thousand and R \$ 360 thousand	42. What are the most significant barriers to your organisation's sustainability and/or growth currently?
Between R \$ 360 thousand and R \$ 4.8 million	Funding/Finance
Between R \$ 4.8 million and R \$ 300 million	Obtaining (debt or equity) finance
Greater than R \$ 300 million	
39. Last financial year (2018) did your organisation?	

Affordability of (debt or equity) finance

Obtaining grant funding

Cash flow / Late payment

Lack of demand / finding customers

Understanding/awareness of social enterprise among funders and financiers

Taxation

Capacity

Recruiting non-executive directors or trustees

Recruiting staff

Shortage of managerial skills

Shortage of skills generally (including financial and marketing)

Time pressures

Availability/cost of suitable premises

Support and Wider Context

Poor commissioning/procurement with public services

Lack of access to/poor advice/business support

Intellectual property protection and infringements

Understanding/awareness of social enterprise among general public/customers

The economic climate

Regulations/red tape

DK/Refused

43. What are your organisation's top 3 constraints to financing?

Demonstrating/achieving revenue/profit for equity investors and banks

Business model not refined

Limited track/performance record

Limited access to investors (no relevant contacts, limited network)

Regulatory constraints when securing international capitalise

Finding guarantors/meeting collateral requirements

Terms and conditions too onerous or difficult to understand

Not a major constraint for our organisation

DK/Refused

44. Has your organisation received any of the following types of non-financial support in the

last year?

Mentoring or coaching

Incubator/accelerator services

Training

Exchanges and visits

Peer support (informal or through support programmes)

Information or advice on intellectual property protection

Membership of network or professional body

Technical support/advice (including marketing, business planning, impact measurement)

Support to access new customers/markets

Corporate support

Government support (e.g. through state-funded programmes)

Other

We haven't accessed any support

DK/Refused

45. Which of the following support could your organisation benefit from?

Mentoring or coaching

Incubator/accelerator services

Training

Exchanges and visits

Peer support (informal or through support programmes)

Information or advice on intellectual property protection

Membership of network or professional body

Technical support/advice (including marketing, business planning, impact measurement)

Support to access new customers/markets

Support to access funding/finance

Corporate support

Pro bono support from technical experts (e.g. legal, financial)

DK/Refused