

# MOZAIK FOUNDATION

Supporting young social entrepreneurs in Bosnia and Herzegovina

CENTRAL

ENTREPRENEURSHIP

With rates above 50%, Bosnia and Herzegovina faces one of the highest youth unemployment rates in Europe. To address this challenge, the **Mozaik Foundation**, together with public and private actors, is supporting the creation of an effective ecosystem for social entrepreneurship and civic engagement, as well as promoting the development of a prosperous social economy to boost employment opportunities for the youth.

In this collective effort to achieve social impact, Mozaik is playing a pivotal role. In 2016, it launched a ten-year strategy aiming at identifying, empowering and investing in value-driven and innovative young social entrepreneurs.

As part of the strategy, Mozaik supports several policy and regulatory initiatives in the field of social entrepreneurship and hosts regular policy debates with public authorities to shape the venture philanthropy and social investment ecosystem both at national level as well as in the wider Central and Eastern European region.

**The Mozaik Foundation** (Mozaik) is an impact investor and one of the largest social enterprises in Central and Eastern Europe. It was established in 2002 with the aim to encourage development of rural communities. Since then, over 21,000 volunteers and 4,300 individuals, business, NGOs and government offices joined forces to support over 2,100 youth-led community actions and register 11 social businesses. Mozaik launched the largest on-/offline community as an ecosystem of support for every young social activist and entrepreneur to succeed and improve her or his community – socially and economically. Mozaik's team is composed of 18 professionals with strong philanthropy, private and public sector experience.

## 1. THE MOZAIK IMPACT FUND I

The strategy is funded by the Mozaik Impact Fund I, which pools resources from over 50 sources including private foundations, impact investors, development agencies and local governments. Through the Fund, Mozaik operates two programs that supply capital, support the capacity development of social entrepreneurs, and accelerate the growth of social ventures:

- The **YouthBank Program** (capacity development and grants) catalyses public and private capital for social activists through match-funding programs and offers small grants and non-financial support through capacity building, assessment tools and community mobilisation. The program encourages young people to participate in social innovation and entrepreneurship online and offline courses, and to develop social innovation projects in which they gain entrepreneurial skills and capacities.
- The **Mozaik Impact Incubator** (capacity development and equity investments) provides tailored support to young social entrepreneurs with social business ideas. The incubation period varies for each business and starts upon the validation of their social business ideas. After validation, Mozaik provides early-stage investment to take social businesses to the

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market and launch their products with the support of selected mentors and industry experts. After this phase, the fund's investment committee decides if the social business will receive a follow-on equity investment. Every funded business contributes 51% of its dividends to support social impact and tracks its impact through specific indicators.

## 2. COLLABORATION WITH THE PUBLIC SECTOR

From the very beginning, public partners have played a key role in Mozaik's strategy: partnership agreements have been signed with 32 municipalities that provide financial and structural support to the strategy implementation at local level. In their budgets, municipalities allocate €125,000 per year to the Mozaik Fund.

**The YouthBank Program** has evolved into a key element in the public sector's youth policies development and implementation. Municipalities across the country use the program to foster social innovation and social entrepreneurship, and, at the same time, address the challenge of youth unemployment. Grantmaking within the YouthBank Program is considered one of the most effective mechanism for local philanthropy development, where every Euro from the Mozaik Fund is matched by €3 from local SMEs, individuals and public institutions.

In its effort to foster the social innovation ecosystem, the Mozaik Foundation developed **Seven Principles of Social Business** in Bosnia and Herzegovina to define social business, which were adapted from principles developed by Nobel Prize Laureate, Professor Yunus. This initiative was promoted with the support of the National Presidency. In 2018, the Principles were integrated into the new legislation on social entrepreneurship developed by the Ministry of Industry, Energy and Mining of Republic of Srpska in Bosnia, which is expected to be enacted in 2019.

## 3. RESULTS

Mozaik's ten-year strategy targets three core outcomes by 2026: **i)** identify 50,000 young social activists and entrepreneurs in the country; **ii)** support 5,000 youth-driven community projects, and **iii)** invest in 500 social businesses. As of now, the figures reflect a high success: **i)** 8,913 users registered; **ii)** 525 community projects were supported and **iii)** 11 social business are incorporated.

The success of the Mozaik's approach relies to a large extent on the close cooperation with local authorities. As partners, they work together to drive awareness and promote civic engagement and social entrepreneurship among young generations. Mozaik has contributed significantly to developing a thriving social innovation and social entrepreneurship ecosystem in the country. Its achievements are recognised as a reference for other countries in the Balkans, Eastern Europe and elsewhere. In 2019, Mozaik is looking to scale its strategy to three neighbouring countries: Serbia, Croatia and Montenegro.

## MORE INFORMATION

For more information, please do not hesitate to contact EVPA's Policy Team. You can also connect directly with **Mozaik Foundation** via [Facebook](#) or e-mail [info@mozaik.ba](mailto:info@mozaik.ba), or visit their website here at <http://mozaik.ba/>

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