

## Linz Appeal PART B

### Country Reports - Update 2021

This is an update of Part B of "The Linz Appeal 2007", brochure printed and online <https://socialfirmseurope.eu/social-firms/research/>, which gives an overview of the Social Firms movement, summing up aims, beliefs, strategies and serves as a manual to organizations and countries who wish to spread Social Firms.

At its Conference in Linz 2007, **CEFEC** promoted its core message in the so-called LINZ APPEAL.

The Appeal, which is in two parts, set out CEFEC's view on the reasons why there should be more social firms for disabled and disadvantaged people in Europe, produced good practice guidelines and collated overviews of the social firm/social enterprise sector in members 'home countries.

Social Firms Europe CEFEC has a constant interest to clarify the most used terms from the social economy field and every two years is doing a research to update the legislation and the information related with social firms among the European countries.

#### **Part A**

CEFEC members agreed on a clear definition of the terms **Social Firm and Social Enterprise Social Cooperatives** which has been and is still a guideline for creating work for the named target groups: CEFEC encourages the creation of work for its target groups in the open labour market and welcomes whatever actions and programmes lead to this aim:

#### **Definition of a Social Firm**

*„A Social Firm is a business created for the employment of people with a disability or other disadvantage in the labour market.*

*It is a business which uses its own market-orientated production of goods and services to pursue its social mission.*

*A significant number of its employees will be people with a disability or other disadvantage in the labour market.*

*Every worker will be paid a market wage or salary appropriate to the work – whatever their productive capacity is.*

*Work opportunities should be equal between disadvantaged and non disadvantaged employees. All should have the same employment rights and obligations.*

*The term „cooperative“ should be confined to a legal structure for a company which is owned and managed democratically by its members.“*

### Definition of Social Enterprise

*„A Social Enterprise is any business which is created primarily for the purpose of promoting the economic and social integration of disabled and disadvantaged people. Its activities would include training and rehabilitation as well as commercial activity“.*

### Definition of Social Cooperative

*„A social cooperative, is the legal structure for a company, which is owned and managed democratically by its members“.*

### Part B

Members'home country reports:

There has certainly been progress at a cultural, social and legal level in most European countries, with regard to the status, spread and operation of social firms/social enterprises. This is documented in the informal overviews of the sector provided by members about their home countries.

In addition to the terms „social firm“ and „social enterprise“, other expressions are used in the reports. Here are some examples and clarifications:

Country	Term used	Explanation/definition
Finland	Social enterprise	Social firm
Germany	Inklusionsfirmen	Social firm
Greece	Social Cooperatives of Limited Liability „Koispe“	Social firm with special legal structure
Italy	Social cooperatives type A and B	Type B social firm
Poland	Social cooperatives (old law)	Social firm
Poland	Social enterprise (new law)	Supports many more target groups
Romania	Social insertion enterprises from the Law no 219/2015	Social Firms
Sweden	Work integration social enterprise (WISE)	Social firm or social enterprise
UK	Social enterprise	Supports many more target groups

## Contents:

Page No.	Country	Organization
4 – 5	Austria	Pro Mente
6 - 10	Belgium	WEB (Work Experience Company) & AIGS asbl (Association Interrégionale de Guidance et de Santé)
11 - 13	Czech Republic	FOKUS PRAHA
14 – 15	Finland	VATES Foundation & Valo-valmennus ry
16 – 18	France	Afidel
19 – 20	Germany	Bundesarbeitsgemeinschaft Inklusionsfirmen (bag if)
21 – 23	Greece	Society of Social Psychiatry P. Sakellaropoulos & KoiSPE Nautilus KoiSPE Diadromes & Panhellenic Federation of Social Cooperatives Ltd. (POKOISPE)
24 – 26	Italy	Legacoopsociali
27 – 30	Lithuania	Human resources monitoring and development bureau / Žmogiškųjų išteklių stebėsenos ir plėtros biuras (ZISPB)
31 – 33	Poland	RESTART Social Cooperative
34 – 35	Portugal	ARIA - Associação de Reabilitação e Integração Ajuda
36 – 39	Romania	Association "Institute for Social Partnership Bucovina"
40 – 42	Rep. of North Macedonia	Community Development Institute
43 – 45	Slovenia	Center ponovne uporabe, d.o.o., SO.P.
46 – 47	Spain/Andalously	UNEI Grupo Social, S.A, belonging to Fundación Pública Andaluza para la Integración Social de Personas con Enfermedad Mental
48 – 49	Switzerland	University of applied Sciences of Northwestern Switzerland
50 – 53	Sweden	Skoop Sweden
54 – 55	U.K.	Community Wood Recycling

## The Situation of the Social Firms in Austria



### **1. The Legal Situation to support Social Firms**

There is no special legislation and therefore no special funding for Social Firms in Austria. However, there is plenty of funding through the „Arbeitsmarktservice (AMS)” - the Austrian work and unemployment agency. Within the AMS’ funding, there are special programs for financing projects for people with mental health issues.

### **2. The National Umbrella Organisation to promote Social Firms**

There is no umbrella organisation for social firms. “Pro Mente Austria”, operating in several provinces, including Carinthia, Salzburg, Tirol, Vienna and Upper Austria, is responsible not only for basic psycho-social needs, but also for creating work projects and Social Firms as well.

### **3. The Number of Social Firms and business branches**

Pro Mente Austria run more than 30 social firms which meet the CEFEC criteria. They operate predominately in the catering and garment production and environmental services sectors.

### **4. The General Situation and Perspectives of Social Firms**

Psychiatric reforms in Austria are advanced and there have been a whole variety of successful models and projects to place people with mental health problems into the labour market in recent years.

However, due to budgetary reasons mostly due to pay backs for Corona payments, government funding for work integration is not expected to grow the next few years.

Due to an over all low unemployment rate throughout the country and a strong economy, the government wishes to make mainstream business more responsible for creating job opportunities for those marginalized by disability, but to date this seems to have not been a very successful approach.

### **5. Special situation caused by corona**

Austria had a pretty big outbreak in March and an even bigger one in November, leading to two total so-called „lockdowns”, when all non-essential business were closed. For this, social businesses – like all other businesses – suffered a massive financial loss. However, due to the fact that Austria is one of the wealthiest countries in the world, there is lots of state funding for struggling businesses.

But, even though Austria is rich, one day all of this money needs to be paid back. So, there are plans to cut lots of funding by the year 2023 – making lots of social businesses – including pro mente – nervous. Because it never seemed to be a problem, all social businesses made themselves completely dependent on government money. Now there is a new spirit of finding alternatives to that.

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**pro mente | austria**

## Social economy in Belgium



### FLANDERS

#### 1. The Legal Situation to support Social Firms

##### **COLLECTIVE CUSTOMIZATION**

###### *A. Customized companies*

Customized companies are organizations/companies set up to create employment for a particular target group of marginalized people as their core aim. In such companies (known as Tailor-made companies) at least 65 percent of employees have to be defined as being deprived from the labour market. Customized companies can, depending on the needs of their employees, receive additional support to help realize their core aim and make infrastructure adjustments.

###### *B. Customized departments*

Normal commercially-driven companies that want to take part in the social economy and create work for target group, can set up a customized department within their firm, as long as they can create at least 5 full-time equivalent (FTE) jobs.

##### **LOCAL SERVICE ECONOMY**

These organizations add social value in three ways:

- Offer an engaging and competence-enhancing job to people who for various reasons have difficulty getting out of unemployment;
- Provide supplementary services that respond to local needs;
- Embed the principles of corporate social responsibility within their services.

In this way local services result in a “win-win” situation for target group employees, society and the environment.

**2. The National Umbrella Organization to promote Social Firms**

Groep Maatwerk and HERWIN are two umbrella organizations that represent the customized companies.

The Koepel Lokale Diensteneconomie represents the local service economy-organisations in Flanders.

**3. The Number of Social Firms and business branches**

The social economy in Flanders comprises a large diversity of companies. We know them as thrift shops, tailor-made companies or cooperatives, but also as newer initiatives, working in areas such as senior care, energy cost reduction, green workers and bicycle points.

**4. The General Situation and Perspectives of Social Firms**

Social Firms are successful models, not only for the less-abled but for other neglected target groups and the Authorities realize that social firms are continuing to create jobs and make a positive contribution to the general economy.

The social economy consists of companies and initiatives that:

- Want to create specific social added-value
  - Creating employment and strengthening competencies with a view to providing sustainable careers. The focus is on emancipation, integration and the position of people from disadvantaged groups. Wherever possible this should be realized by the social economy engaging with the mainstream local economy.
  - Sustainable development, circular economy and environmentally-friendly production and products and integral care for the environment should be the focus.
  - Giving priority to the re-investment of surpluses in the firm and to the distribution of revenues. Revenue creation is not an end in itself, but is a means to realize social goals.
  - Democratic decision-making: the people involved get a say in the policies of the company.
  - Maximum transparency, including in the field of general policy, finances and internal and external relations.
  - Quality relationships with all internal and external stakeholders, aiming for a win-win partnership, with costs and benefits being shared equally. With internal relations, attention is focused on opportunities for personal development, non-discrimination and the employment conditions of the staff.
  - A positive embedding in society. This can be done by talking to the relevant local community and non-governmental organizations. Partners work together and build up networks.
- Provide useful goods and services for which there is sustainable demand. The focus is on continuity, profitability and efficient use of resources. The social economy also wants to tackle entrepreneurship itself differently. Sustainable entrepreneurship means that the “return” is more than just financial profit: the social profit also counts. We believe that everyone is entitled to a job, including people who fall through the net. The social economy can be a springboard for them – giving people a resilient job in which they can develop.

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## **WALLONIA**

### **1. The Legal Situation to support Social Firms**

For about fifteen years, and although the phenomenon has existed for a longer time, the notion of social enterprise aims to describe the attempt to combine a priority societal purpose with a business dynamic and the pursuit of an economic activity.

Concretely, in the Belgian context, these companies most often take legal forms which give priority to the pursuit of their societal purpose, such as the non-profit organization, the company with social purposes or the cooperative company. We can therefore consider that social enterprises belong, with a few exceptions, to the social economy sector as defined in Belgium and represent, within this sector, organizations characterized by an entrepreneurial dynamic (paid employment, economic risk ...).

The diversity of models of social enterprise has an important consequence: in legal terms, it is not possible to limit social enterprise to a single form. In fact, despite the Belgian legislator's desire to restrict the scope of the "social enterprise" approval to only cooperative companies, it can just as much continue to take the legal form of a company (anonymous or with limited liability) or an association, depending on the purpose pursued and the choice of its members, and correspond to what characterizes a social enterprise in an informal way.

If we go beyond the mere legal form, we can characterize social enterprises by a few specific features. Social enterprises therefore pursue a societal purpose. This purpose relates to social issues (the fight against poverty, culture, climate change, etc.) and is a priority; As a result, social enterprises are run for non-capitalist objectives, that is, they do not seek to maximize profits for the primary purpose of remunerating capital. This characteristic implies particular methods of allocating surpluses which are very often based on a limited distribution of surpluses and on an allocation of profits consistent with the societal purpose. Furthermore, social enterprises are based on a business dynamic and develop a continuous economic activity of production of goods and / or services. They are also private organizations, autonomous in their management, despite sometimes close links with the public authorities. Finally, they very often experiment with original governance practices, based on the principle of economic democracy and on a collective and participatory dynamic aimed at involving a greater number of stakeholders in the business project.

### **2. The National Umbrella Organization to promote Social Firms**

- "Atout EI": Walloon Federation of integration enterprises
- "CAIPS": Concertation of Professional and Social Integration Workshops
- "Febecoop": Belgian Federation of Cooperatives
- "RES": Network of social enterprises
- "SAW-B": Federation of Social Economy and Social Enterprises
- "Social economy observatory" Center of expertise and reflection in the field of social economy.
- "UNIPSO" Union of social profit enterprises
- "ConcertES": Platform for consultation of organizations representing the social economy

- "AVIQ": Walloon Agency for Quality Life in the Disability and Health Branch
- Department of Social Economy of the Walloon Government

### **3. The Number of Social Firms and business branches**

According to the Wallonia Statistical Information Portal IWEPS, in 2018 there were 6,640 social firms. According to the latest Social Economy Barometer (2014) the main branches of social firms operate in:

- Human health and social action hospitals
- Other service activities
- Administrative and support activities (service vouchers for household help in particular)
- Other and indeterminate activities
- Public administration and defense
- Arts, shows and cultural activities
- Compulsory education
- Education
- Commerce eg. vehicle repair
- Information and communication
- Accommodation and catering

### **4. The General Situation and Perspectives of Social Firms**

At the European level, the main effort to conceptualize social enterprise comes from a network of research centers and independent researchers called "EMES" (including the Social Economy Center of the University of Liège and the Interdisciplinary Center of Research Work, State and Society (CIRTES) of the Catholic University of Louvain).

By observing various social entrepreneurship initiatives within the European Union and the rest of the world, EMES has managed to identify nine main characteristics that can be found in whole or in part in every social enterprise. They are divided into three subsets:

- the economic dimension,
- the social dimension,
- the governance structure.

#### **Economic dimension**

1. The continuous production of goods and / or the continuous provision of services is (are) the main activity of the social enterprise.
2. The social entrepreneur assumes a significant level of economic risk-taking. Its financial viability depends on the efforts of its workers.
3. Although it may also involve non-monetary resources and volunteers, the activity of social enterprise relies on a minimum level of paid employment.

By these first three characteristics, the social enterprise demonstrates its proximity to the traditional entrepreneurial model.

#### **Social dimension**

1. One of the main goals of social enterprise is service to the public or to a specific group of people.
2. Social enterprise is the result of a collective dynamic, initiated by members of a group or community who share a specific need or objective.

3. The benefits obtained by the social enterprise are not (associative model), or only in a limited way (cooperative model), redistributed to its members but reinvested in the development of the economic activity and of the social objective which it has. underlies.

**Governance structure**

1. A social enterprise is owned by its founder (s) and enjoys a high degree of autonomy. It is not run directly or indirectly by the government or a private third-party organization.
2. Decision-making power within a social enterprise is not based on ownership of capital but is equitably shared among its members according to the "one member, one vote" principle.
3. Social enterprise promotes the representation and democratic participation of its users or clients in the decision-making process.

The perspectives of social firms are currently based on the following three networking processes:  
 Collaboration: working together for the same goal without investment tangible shared or exchanged;  
 Partnership: working together for the same goal but with investment tangible shared and / or exchanged;  
 Synergy: acting together for a greater effect than anyone can achieve if they had acted alone and independently.

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## The Situation of Social Firms in the Czech Republic



### 1. Legal Situation to support Social Firms

The **Act on Social Entrepreneurship has not been adopted yet**. According to unofficial information, the Ministry of Labour and Social Affairs is changing the suggested version of the Act without inviting other stakeholders, and the new bill envisages the employment of disadvantaged persons for a limited period of time only. The planned support is intended to cover only part of the costs for a limited period of time, declining over time.

There was not any change in the **Employment Law** which provides the legal support for social firms. It sets a quota system: 4% of disabled people should be employed in every company which has more than 25 staff. But it applies **only to disabled people**, not to people disadvantaged other way in the labour market

The main support for the employment of people with disabilities concerns **employers of more than 50% of employees with disabilities**, where it is possible to get subsidies from the Labour office to cover wage costs and increased costs related to the employment of people with disabilities. The possible amount of getting the subsidy is capped. The limit changes sporadically. It has currently been increased at the end of 2020 after approx. 2 years. The minimum wage has risen significantly in recent years but the increase of the subsidy is less than the increase of the minimum wage so it is inadequate. **Public Procurement Act defines newly the obligation of social and environmental procurement.** This change starts to be effective from 1.1.2021 so we are waiting for how its implementation in practise.

### 2. The National Umbrella Organisation to promote Social Firms

The national umbrella association TESSEA (Thematic Network for Social Economy) became in 2020 newly a member of ENSIE together with Fokus Praha. Fokus Praha is gradually passing this role of international representation to TESSEA. During the COVID 19 crisis, TESSEA's role increased. It actively promotes the requirements for the support of social entrepreneurship in the Czech Republic at the Ministry of Labour and Social Affairs and cooperates with ENSIE to have stronger voice.

### 3. The Number of Social Firms and business branches

The Ministry of Labour and Social Affairs lists 154 registered social enterprises on its website, which actively adhere to the principles and indicators of social entrepreneurship.

Realistic estimate is 400-600 existing social enterprises in the Czech Republic some of which are not claimed officially as social enterprises. But they often meet the indicators for social entrepreneurship. The definition of indicators is available at: <https://ceske-socialni-podnikani.cz/socialni-podnikani/indikatory> Until the COVID 19 crisis, the number of social enterprises was growing. During the crisis this growth stopped. The last survey on the impacts of the COVID 19 crises on social enterprises in Czech Republic took place in April-May 2020 and it is available at: <https://ceske-socialni-podnikani.cz/socialni-podnikani/ke-stazeni/pruzkumy-a-setreni/4075-vyhodnoceni-dotaznikoveho-setreni-socialnich-podniku-k-situaci-socialnich-podniku-v-time-coronavirus-crisis>

### 4. The General Situation and Perspectives of Social Firms

Recently a new platform is being set up within the AKS (Association of Community Based Services in Mental Health Care) bringing together social firms employing people with experience of mental illness. Its mission is the experience exchange, education and spreading the CEFEC ideas and values at our national level.

With relation of the new amendment of the Public Procurement Act (effective from 1.1.2021), we anticipate the active use of the **catalogues of offers** of social firms that was initiated and managed by the Ministry of Labour and Social Affairs. Due to the COVID 19 crises we do not have any information on planned calls for proposals, from EU or other funds, to support the development of social enterprises.

In past years there was attempt to open an active involvement in the Local Action Groups (platform that brings together the local actors directly in communities). The overall concept proved as not functional in the way it was organized and the cooperation through these groups does not continue anymore.

There was also the tendency of municipalities to establish their own social enterprises in past years. The trend was stopped because the principles of social entrepreneurship, as defined by the Ministry of Labour and Social Affairs, exclude the participation of municipalities in the establishment of their own social enterprises

The COVID 19 crisis caused decrease in the revenues of social enterprises. One of the important segments is gastronomy and services, which were fundamentally affected in the Czech Republic. No specific governmental support has been allocated for social enterprises. Social enterprises can only apply for regular support like other companies. If employer with more than 50% employees with disabilities applies for the COVID 19 available support it has negative impact on the existing support

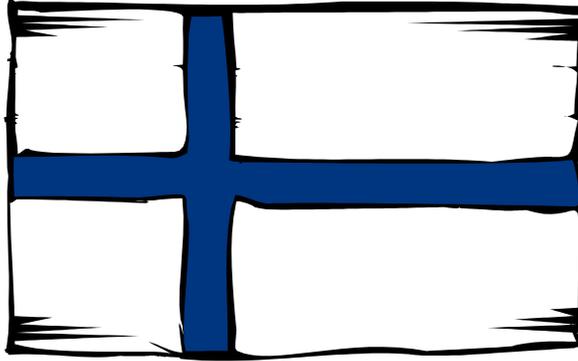
from the Labour Office and this support is completely suspended. It was possible to ask for loans and to apply for subsidies for rental cost.

The Ministry of Labour and Social Affairs offers support (consultancy) in the operation and establishment of social enterprises. At present, it is not much used, the social firms mainly deal with sustainability. However, this particular department is not sufficiently involved in the preparation of the social entrepreneurship strategy.

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## The Situation of the Social Firms in Finland



### **1. The Legal Situation for the support for Social Firms**

The Act of the Social Enterprises has been in force since its implementation in 2004 and updated in 2007. The Social Enterprise term in Finland is the equivalent to the CEFEC Definition of a "Social Firm". The Act has been proposed to be cancelled as part of the reform on wage subsidy legislation, which is expected to enter parliamentary proceedings during spring 2021. Should this happen, there will be no specific financial support mechanism directed only or mainly to social firms.

### **2. National Umbrella Organization(s) and networks to support and to promote Social Firms**

There is no official umbrella organization gathering the social firms in Finland. Vates Foundation has acted as a de facto umbrella, providing support and advice, and coordinating advocacy work and promotion of social firm model in Finland. Furthermore, Vates acts as the coordinator for a network of ten national organizations promoting and providing employment and employment services to persons with disabilities and other vulnerable persons.

For social enterprises, there is an umbrella organization, Arvolitto ry, which gathers a number of – but nowhere near all - the larger social enterprises as its members. Arvolitto expresses its own role as the network for social enterprises and other organisations creating social value.

### **3. The Number of Social Firms and business branches**

The amount of registered social firms peaked at about 240 (around 2008) but has since then continuously decreased due to lack of support from authorities. By summer 2017, when the first proposal to cancel the Act of the Social Enterprises came out, the number of registered firms had dropped to below 40, and has since further decreased to less than 20. The actual number

of enterprises sharing the philosophy and targets of social firms can, however, be estimated at a much higher level.

Social firms used to cover many different branches of business, with many of them working in the social sector.

#### 4. The General Situation and Perspectives of Social Firms

Since November 2020, a European Social Fund financed three-year project („Ilona - Social Enterprises in Focus”) by Vates and four other organizations has worked towards a goal of redefining and launching the social firms (work integration social enterprise) model in Finland. The model, based on a comprehensive study of European models and best practices will be presented in 2021.

There are some reasons to be at least slightly optimistic about the prospects of social firms, albeit renamed as Work Integration Social Enterprises (WISE) in Finland. Firstly, the government of Finland, between 2015 and 2019, named creating employment opportunities for people with partial work ability as one of its key aims. The project achieved rather positive results. This work is continued through a national long-term program. Secondly, the current governmental program of Finland has a number of initiatives that support the development potential of social firms / work integration social enterprises. These include the creation of a strategy for social enterprise and a program to speed up the use of employment clause in public procurement.



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## The Situation of the Social Firms in France



### **1. The legal Situation to support Social Firms**

The social economy is organized in France by cooperatives, mutual societies, associations, foundations whose internal functioning and activities are based on a principle of solidarity and social utility. They have a legal framework strengthened by the law no. 2014-856 of the 31th of July 2014. The main aim of this law is to develop the sector. In 2019, Social Firms represented almost 2,4 million of employees: 14 % of private employment. They created 71,100 jobs between 2010 and 2018.

The main functions of law 2014-856 on the social economy are to:

- Recognize Social Firms as a specific mode of enterprise
- Strengthen the network, governance and financing tools of social economy actors
- Give to employees the capacity to act
- Cause a cooperative shock
- Strengthening sustainable local development policies

### **2. The national umbrella organization to promote Social Firms**

At the national level in France, there are the following organizations:

- **The national council of CRESS**

The National Council of Regional Chambers of Social and Solidarity Economy was created in June 2004 at the initiative of the regional Chambers of Social and Solidarity Economy to meet their need for regional structuring and promote better recognition of their actions in the region. National level.

The CNCRESS is the place of permanent consultation and resources of the CRESS. Its aim is to animate, promote, defend and represent the CRESS.

It sets up the necessary tools for structuring CRESS and for pooling their actions.

CNCRESS main objectives:

- Consolidate the representation of CRESS at the national level
  - Contribute to the structuring of SSE in regional territories
  - Support the structuring of CRESS and inter-CRESS pooling
  - Know, promote and recognize Social Firms in the regions
  - Promote the development of action in the service of social innovation
- 
- **CRESS : Regional Chambers of Social and Solidarity Economy**

The CRESS were created between 1992 and 2007 as an extension of the GRCMA (Regional Grouping of Cooperation, Mutuality and Associations) to:

- ensure the defense, promotion, development and observation mission of social economy at the regional level
- bring together social firms beyond their statutes to develop cooperation, a common intelligence and carry the social and solidarity economy project
- enable public actors to better understand the global challenges of the sector in order to integrate them into their local development strategies
- supporting economic and social development by promoting wealth creation (sustainable activities and jobs that cannot be relocated).

CRESS are present in all regions of France (mainland and overseas departments)

### **3. The number of Social Firms and business branches**

Social Firms present an unusual face in the French economy not only in their internal functioning (cooperation, corporate democracy, absence of external shareholder, etc.), but also in their purpose, managed towards the general interest.

The number of Social Firms is: 221,325 organizations employing 2.37 million people, which represents 10.5% of all employment in France. According to an initial estimate carried out in 2013 by INSEE (national statistics office), the added value created by Social Firms in France is around 100 billion Eur. Social firms can be found in almost all sectors, and particularly in social action, sports and recreation, financial and insurance activities, arts and entertainment, and education.

They are located in large urban areas but also in rural municipalities: two thirds of French municipalities have at least one SSE company.

In our organization, we support people living in rural areas and most of them have a low level of qualification. They are also facing economic, social, familial or cultural issues that do not allow them to integrate the labour market.

#### 4. The General Situation and Perspectives of Social Firms

A portal was set up in November 2020 by the French Government to simplify grant applications from industrial companies and for energy efficiency projects worth less than 3 million Eur. It is provided by the Services and Payment Agency (ASP).

ADEME, the Ecological Transition Agency, works with companies to improve energy use, atmospheric impact, waste management, but also the environmental strategy of products. ADEME offers solutions to finance a project.

To face the challenges of our society, plenty of innovative projects are needed to provide solutions at a local level. However, the leaders of such projects often have difficulties in finding support and financing. Three main types of support needed:

- Identifying offers to support social innovation  
 Managers encounter difficulties in the face of the lack of readability and visibility of the offer of support for social innovation.
- Risk financing

The financing of socially innovative projects requires - because of the characteristics of this form of innovation - patient capital and commitment to the long-term social and economic impacts.

- Recognition of the specifics of socially innovative projects

Entrepreneurs encounter obstacles in connection with the following three characteristics of a social innovation process: the experimentation phase, research and development in human and social sciences, legal forms of socially innovative companies.

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## The Situation of the Social Firms in Germany



### 1. The Legal Funding Framework for Social Firms

There has been long-standing supportive legislation to promote the employment of people with disabilities in Germany, including a quota system. A special framework for social firms, now called "Inklusionsfirmen" was issued in 2001 and the following subsidies are available to them:

- special funding for each new workplace
- wage subsidy for each employee with disabilities and a special support for trainees
- special subsidy for psychosocial support of the employees
- subsidy for consulting support to set up, expand and consolidate inclusive enterprises

Main stream businesses, whose workforce does not comprise 5% people with disabilities, have to pay a fee, which is then used to finance social firms and other projects along with the above-named subsidies.

### 2. The National Umbrella Organization to promote Social Firms

The national umbrella organization, the Federal Umbrella for "Inclusive Firms" called "Bundesarbeitsgemeinschaft Inklusionsfirmen" (**bag if**) is a charitable association and has represented social firms in Germany since 1985. The **bag if** has helped to create inclusive enterprises, develop new opportunities, give advice at all stages and organize lobbying. The special advice and counselling service **FAF GmbH**, a subsidiary of the **bag if**, has developed alongside for the financial and economic implementation of new companies. The political and lobbying activities of **bag if** has helped to improve legislation and the further setting up of inclusive enterprises over the years.

### 3. The Number of Social Firms and Business Sectors

There are more than 900 social firms in Germany employing over 29,000 people, of which about 40 percent are persons with severe disabilities.

Social firms in Germany are active in all sectors. There is still a strong focus on industrial services and crafts, but new service branches are emerging such as catering, hotels and restaurants, facility management, food markets and electronic data services.

### 4. The General Situation and Perspective of Inclusive Enterprises

Under the above-mentioned legislation, politicians have realized that social firms can serve as models, not only for people with disabilities but other neglected target groups. Costly sheltered workshops are challenged and are beginning to develop and outsource to inclusive enterprises.

After a funding shortage in some German states, new financial resources were made available for social firms in 2016. The authorities realize that social firms are continuing to create jobs for people with disabilities, not least because of a general shortage of skilled workers. This indicates a further growth of social firms in Germany.

A recent development is main stream companies implementing special departments for employees with severe disabilities.

Overall, it is expected that many new working opportunities for people with disabilities will be created in the near future.

### 5. Special situation caused by Corona

Many social firms in Germany are active in industries and sectors which have been heavily affected by the Corona crisis, e.g. hotels, restaurants, catering companies (incl. school catering), and faced a substantial decrease in sales. Due to their non-profit status many social firms additionally struggled to apply for instant loans and state grants which regular companies received without any issues. As of December 2020, the government is working on a support programme specifically for social firms which will hopefully come into effect as soon as January 2021.



Bundesarbeitsgemeinschaft  
 Inklusionsfirmen e.V.

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## The Situation of the Social Firms in Greece



### **1. The Legal Situation to support Social Firms**

The legal status of Social Cooperatives of Limited Liability (KoiSPE) was laid down with the law 2716/99 article 12. This law created the legal framework for the employment of people with mental disabilities and enhanced their access to the free labor market, overcoming all legal barriers. In addition, the Law on Social and Solidarity Economy (4430/2016), gave a greater impetus to the activities of the Cooperatives.

### **2. The National Umbrella Organization to promote Firms**

In 2010, Greek Social Cooperatives, with the support of the NGO "PEPSAEE" worked to establish a Federation for Social Cooperatives. In 2011 with the foundation of the Panhellenic Federation of the Greek Social Cooperatives of Limited Liability (POKOISPE) this became a reality. This umbrella organisation for social cooperatives, acquired its own office in the center of Athens with the support of Ministry of Health.

### **3. The Number of Social Firms and business branches**

In 2020, 30 Koispe operated in Greece, with about 3000 members. These members are divided in three groups:

- **Group A:** 1,400 people with psychosocial problems
- **Group B:** 692 professionals and workers in the field of mental health
- **Group C:** 345 people of other organizations, local governments, other individuals or organizations belonging to vulnerable groups

### **4. The General Situation and Perspectives of Social Firms – Social Cooperatives**

- Working meetings of the Board of POKoiSPE with KoiSPE representatives (as KoiSPE Arodamos, Chanion, Periplous, Mitos, Nautilus, East Thessalonikis, Desmos, Pierias, Chios) and initiatives for the establishment of new KoiSPE

- Meetings & interventions at the Ministry of Health and the Ministry of Labor - Social Solidarity, including with the Mental Health department of the ministry, the Deputy Minister of Health, the General Secretary of Health Services, the General Secretary of Public Health. Furthermore, the Federation participates in a working committee of the Ministry of Health for the study and improvement of the institutional framework of KoiSPE and their funding from the regular budget
- Taking initiatives for the implementation of article 20 of Law 4412/2016. For example the successful advertising and awarding by public auction of the contract to clean EOPPY buildings for two years; the successful advertising and awarding by public auction of the contract to clean EFKA buildings (and provide support to deal with any cash-flow problems, resulting from long delays in paying); the successful advertising and awarding by public auction of the contract by public auction for the cleaning of ELGO DHMHTRA buildings and the publication of the report "Buying for Social Impact: Good practice from around the EU"
- Participation in institutions
- Organization of events & participation in workshops and conferences. As an example: the actions for the organization of the 4th Panhellenic Conference on Social Entrepreneurship in Greece and the coverage of transportation, distribution and food expenses of fifteen members of A category for attending the 3rd Seminar for the Empowerment of People with Psychosocial Disabilities in Alexandroupolis.
- Support for KoiSPE with parallel data collection.
- Operation of a European-funded program "Comprehensive intervention program for the support of Social Cooperatives of art.12 of Law 2716/1999 in the direction of improving their administrative and managerial capacity"
- Other activities

## **5. Special situation caused by corona**

In the COVID19 pandemic, the Federation continues to support KoiSPE in their daily issues by accessing the support of the Ministries of Health and Finance. This is achieved through:

1. Submission of a request and continuous claim for extraordinary funding of KoiSPE as Mental Health Unit by the Ministry of Health due to the negative effects of COVID-19 (296 Request for immediate action to prevent job losses of people with serious psychosocial problems)
2. Letters and interventions for the inclusion of the main and secondary operations of KoiSPE in Acts of Legislative Content (6 Letters)
3. Carrying out video conferences with representatives of KoiSPE in order to capture the new data and problems that arose from the COVID19 pandemic. P.O.KoiSPE recording the proposals for the fields for which support is requested.

4. Creation of a internet group with representatives of KoiSPE with the aim of immediate and continuous mutual information and mutual support on issues related to the negative effects of the pandemic on the operation of KoiSPE, the general economy and the category A workers.
5. Assignment to the Financial Advisor of the Federation a special project to inform, facilitate and benefit from Government measures for the support of each KoiSPE during the coronavirus pandemic.

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## The Situation of the Social Firms in Italy



### **1. The Legal Situation to support Social Firms**

Since 1991, starting with the approval of the Law "381/1991 - *Discipline of social cooperatives*", the Italian government has continuously expanded the legislation that defines the function, characteristics and organization of social cooperatives, in the social, educational and health sector (type A) and in the work inclusion sector (type B). The Type B social cooperatives must employ at least 30% of people from vulnerable groups: those facing disability or mental health issues, those with problems from drug addiction, or periods of incarceration.

With the Legislative Decree of 24 March 2006, no. 155 "*Discipline of the social enterprise in accordance with the law of 13 June 2005, no. 118*", the Italian government has defined the Social Enterprise, which includes a wide range of different legal entities, as well as companies, both of persons and of capital. Social cooperatives constitute one of its categories.

In June 2016, the government approved the new law no. 106 for the "*Reform of the Third Sector, the Social Enterprise and the Civil Service Discipline*", in order to simplify and reorganize the sector, implemented by the Decrees no. 112/2017 and no. 95/2018 on „social enterprise” and no. 117 / 2017 on „*Third Sector Code*”.

### **2. The National Umbrella Organisations to promote Social Firms**

There are two main umbrella organizations of social enterprises; their main task is to represent their members at all levels, lobbying the government and dealing with public authorities. The first "*Forum of the third sector*", brings together charities, social participation associations, voluntary organizations, NGOs and social cooperatives in the form of the national network.

The other umbrella organization is within this third sector representing the special group of social cooperatives. Most of these are part of three large umbrella organizations, which in 2014 established a common organization: the "*Alleanza Cooperative Italiane*" (ACI).

### 3. The Number of Social Firms and business branches

Among the „Alleanza Cooperative Italiane”, an umbrella organization, and member of Social Firms Europe CEFEC, is *Legacoopsociali*. It represents 2.421 social cooperatives, of which 674 totally (Coop type B) and 310 partially (Coop type A + B) are designed for the employment and work inclusion of disabled and disadvantaged people. The other 1.191 cooperatives (type A) operate in the field of educational, social and health services; 150 are consortia (cooperatives of cooperatives, mostly social). Overall about 124,249 people are employed, of which: 74% are women; about 12.000 are disadvantaged people who work in type B and A + B cooperatives; about 82% are members of the cooperative in which they work.

If we take into consideration the complete numbers of social cooperatives in Italy: in 2018 there were about 24, 159 social cooperatives in total, divided as follows: 46.3% type A, 26.4% type B, 17.9% type A + B and 9.4% other (including consortia). These organizations hired 437,381 people in 2018, including over 78,000 disadvantaged people (prisoners, drug addicts, long-term unemployed).

There are no recent figures on the total numbers of people with disabilities nationwide and no total numbers of people with mental health problems, due to the lack of coordination between social and health services, differing ways of classifying people, and the fact that many do not want to be registered as disabled.

The main sectors involving Social Cooperatives type B, aimed at the job placement of disadvantaged people are: industry, commerce, services, tourism, cultur, greeneconomy and agriculture.

### 4. The General Situation and Perspectives of Social Firms

Social cooperatives represent the decisive part of the third sector from the entrepreneurial and employment perspective. However, the reorganization of the legal framework of the entire non-profit and charitable sector, which began with the reform of the third sector in 2016, must be carried out, in order to save the idea of a social economy approach. Legal status and salaries need to be reviewed to ensure fair working conditions are ensured and discrimination is prevented.

The most crucial issues to be addressed in the years to come are:

- Ensuring that sectors for disabled people are reserved;
- The categories of disadvantaged people who can be employed by cooperatives should be broadened and rationalized, taking into account new social needs, new forms of poverty, migration, demographic change and family structure;
- Safeguarding the dual function, economic democracy and social work of social enterprises, through the self-management of social workers and the inclusion of disadvantaged people through integration into the community, outside the framework of simply market forces.

## 5. Special situation caused by Corona

Starting from March 2020, due to the Pandemic, Italy has experienced a dramatic period of closure and restriction of economic and social activities – especially for the social cooperatives.

With regard to the social cooperatives type A, an important part of the activities, especially in the areas of social and health services, necessarily continued. Most affected was the part of educational services (schools, services for children), which was partially, thanks to the use of online and digital tools, able to continue.

An important part of the activities, including that of the umbrella organizations, was aimed at protecting employment – an enormous challenge especially in the Social Cooperatives B sector.

However, it is too early to have data that represent a real measure of the Covid 19 impact on social cooperatives, which have - as in other crisis situations - thanks to their mechanisms of democracy and internal mutuality, shown particular adaptability, innovation capacity and resilience.

Estimates relating to the increase in unemployment by the end of 2020 are up to 9.3%, including the most vulnerable people, youth or other disadvantaged categories.

- The resilience demonstrated by social cooperatives, cannot therefore exempt the Government from protecting people already at greater disadvantage and risk of exclusion, especially from the labor market.



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## The Situation of the Social Firms in Lithuania



### **1. The Legal Situation to support Social Firms**

According to The Law on Social Firms of the Republic of Lithuania (No. IX-2251, 2019-09-19), social firms aim to provide employment for people belonging to the target groups whose working capacity has decreased due to disability, age or long-term unemployment, or who are unable to compete in the labor market on equal terms, to promote their return to the labor market, their social integration and reduce their social exclusion.

This Law (Article 4) supports the employment of persons belonging to at least one of the following target groups in social firms:

- 1) disabled persons with a severe level of disability or disabled persons with a working capacity not exceeding 25 percent, registered with the Employment Service under the Ministry of Social Security and Labor of the Republic of Lithuania (hereinafter - the Employment Service) as unemployed, or disabled persons with a high level of special needs registered with the Employment Service as persons of retirement age;
- 2) disabled persons with an average level of disability, or disabled persons with a working capacity level of 30–40 percent, registered with the Employment Service as unemployed, or disabled persons with an average level of special needs registered with the Employment Service as persons of retirement age;
- 3) disabled persons with a mild level of disability, or disabled persons with a working capacity level of 45–55 percent, registered as unemployed with the Employment Service, or disabled persons with a low level of special needs, registered with the Employment Service as persons of retirement age;
- 4) persons over 50 years of age, registered as unemployed with the Employment Service;
- 5) long-term unemployed, whose duration of unemployment from the date of registration with the Employment Service is longer than 2 years.

There are two types of Social firms described under this Law:

- Social firm - a legal entity or a subdivision thereof which has acquired the status of a social enterprise in accordance with the procedure established by this Law, in which the number of employees belonging to the target groups of persons employed in social firm is not less than 40%;
- Social firm for the disabled - a legal entity or a subdivision thereof which has acquired the status of a social enterprise for the disabled in accordance with the procedure established by this Law in which the number of employees belonging to the disabled target groups (1, 2 and 3 Paragraphs mentioned above) of persons employed in social firm is not less than 50%.

According to the Article No. 13, the social firm is eligible for the state aid. The following types of State aid may be granted to a social firm:

- 1) subsidy for wages and state social insurance contributions;
- 2) a subsidy for the creation of jobs for disabled workers and the acquisition of their work equipment;
- 3) a subsidy for the adaptation of workplaces for disabled workers and the adaptation of their work equipment;
- 4) a subsidy for the training of employees belonging to the target groups.

In addition to the types of State aid referred above, the following types of State aid may be granted to a social firm for the disabled:

- 1) a subsidy for the adaptation of the working environment, production and leisure facilities of disabled workers;
- 2) subsidy for administrative expenses;
- 3) subsidy for transport costs;
- 4) subsidy for assistant expenses.

Another type of social economy in Lithuania is described as social enterprise (business entity), but there is no Law regulating the establishment or operation of this type of economy.

The project of the Law of Social Enterprises has been in development since 2019. This Law establishes the concept of a social business entity, the criteria for the activities of a social business entity, the areas of the intended social impact, the grounds for granting and losing the status of a social business entity, and the forms of state and municipal promotion applied to a social business entity.

Social impact is also pursued through activities that address society's social problems in at least one of the following areas:

- 1) efficient use of natural resources and waste management, climate change;
- 2) protection of biological diversity and landscape, animal care;
- 3) cultural activities and development of public creativity;
- 4) disease prevention, protection of patients' rights and strengthening of mutual assistance;
- 5) strengthening public health and promoting a healthy lifestyle;
- 6) protection and guarantee of human rights and equal opportunities;
- 7) education of citizenship, patriotism, reduction of emigration, public education and information on state defense issues;
- 8) the provision of social services specified in the Catalogue of Social Services approved by the Minister of Social Security and Labor;

9) improving the working conditions of the disabled and ensuring the opportunities for free movement and use of services provided in the society.

According to this Law project Article No. 4, performance criteria of a social business entity 1) is a very small, small or medium-sized enterprise; 2) seeks social impact; 3) the annual income from economic activity makes up more than 50 per cent of the total income of the social business entity; 4) more than 80 per cent of the profit obtained from economic activity is allocated to social impact; 5) organize the processes of economic activity and the pursuit of social impact in consultation (providing an opportunity to submit opinions and proposals) with persons who are socially affected by the activities performed by the social business entity.

## **2. The National Umbrella Organization to promote Social Firms**

At a national level in Lithuania there are the following umbrella organizations:

**The association of social business** - <https://www.facebook.com/SocialEconomyLithuania/> - The network of social enterprises in Lithuania, established in 2018, it unites socially responsible businesses, social enterprises, and informs the policy decisions for social enterprises. ZISPB, Lithuania is a becoming member of this association.

**The Union of Social firms for the Disabled** (<http://www.nsis.lt/>) - The NGO, uniting social firms which employ disabled.

**The Association of Social firms** - <https://www.facebook.com/Socimones/> - the NGO, uniting social firms.

## **3. The Number of Social Firms and business branches**

According to the data of 2019, there are currently 177 social firms operating in Lithuania: 155 private entities, 17 public entities, 3 individual businesses, one small partnership and one joint stock company.

There are less than 100 social enterprises (business entities). This is too small a number to tackle major social problems, so social business experts have teamed up and are launching projects to promote social business initiatives in 2020, after which at least 30 more new social businesses will be set up.

## **4. The General Situation and Perspectives of Social Firms**

2015 On April 3, the Minister of Economy approved the Social Business Concept by an Order. Until then, social business has not been regulated, so the conditions for its promotion and state aid have not been created.

The definition enshrined in the concept of social business makes it possible to see more clearly the differences between social business (enterprise) and the already established definition of social firm provided in the Law on Social Firms. The concept envisages that social business is a business model in

which, using the market mechanism, profit-making is linked to social goals and priorities, based on the provisions of socially responsible business and public-private partnerships, and social innovations are applied. The concept stipulates that social business may be carried out by for-profit enterprises whose main economic activity is social benefits, and non-profit organizations that apply business models in their activities.

Social business and social firms are still little known in Lithuania, so there is a lack of examples of good practice and there is a lack of incentives and financial support measures, However, in fact the number of social businesses in the country is constantly growing. In 2020, according to the data of "Versli Lietuva", there were almost 90 social businesses in Lithuania.

There are many disagreements of the representatives of Social Firms and Social Enterprises in Lithuania related to the legal inequality (as Social Firms are eligible for the State aid), different values and perspective. It is thought, that social firms are so dependent on the state aid, that they are incapable to generate any profit and all they seek is to get benefit from the state only. This is partially true, because after state subsidies were reduced, a lot of social firms went bankrupt.

The setback is that there is no equal legal regulation to the social economy, covering all the types of entities. Neither social firms are active enough in the field of social impact to increase their profit by influencing social responsibility of their customers. On the other hand, there are new active social economy players who are eager to change the status quo of the social economy in Lithuania and improve the policy regarding it.



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## The Situation of the Social Firms in Poland



### **1. The Legal Situation to support Social Firms**

There was no legal framework for social firms until 2006. *The Act on Social Cooperatives* (27 April 2006) was inspired by Italian Type-B social cooperatives and defined Polish social cooperatives as enterprises established by people from especially vulnerable social groups (the homeless, long-term unemployed, formerly incarcerated individuals, people with substance abuse issues, refugees and the mentally and physically disabled).

Their primary objective must be to support the social and economic re-integration of their members. An amendment of the Act in 2011 created a possibility for legal entities (NGO's, local government, church organizations) to create or join social cooperatives.

Issues related to the development of the social economy have been included by Government, among others, in **the Strategy for Responsible Development**. That is mainly due to the fact that social economy focuses on the needs of the persons who suffer from disabilities, mental illness, long-term unemployment, poverty or who are elderly and thus are unable to fully participate in social or working life.

A comprehensive document which outlines the specific directions of state policy is the **National Programme for Social Economy Development until 2023 - Social Solidarity Economy (KPRES)**. This document was adopted in January 2019. It identifies four key areas in which the social and "solidarity" economy plays an important role and therefore requires focused support from public authorities. These key areas relate to the involvement of the social economy sector in the implementation of public services and tasks, reintegration, the ability to compete in the wider economy, as well as in education and promotion. It also emphasises the solidarity dimension of social economy - relating mainly to a holistic approach to the needs of people who are at risk of social exclusion in order to enable them to increase their engagement in social and professional life.

### **2. The National Umbrella Organisation to promote Social Firms**

The system of support for the social economy covers three key areas.

The first area involves the coordination of national and regional policies. The Minister of Family, Labour and Social Policy plays a key role in this area. In addition to adequately reflecting the core issues in the national strategy and programming documents, the area of coordination also involves support and ensuring the coherence of actions carried out at the regional level. The **National Committee for Social Economy Development** serves as a support for the Ministry of Family, Labour and Social Policy as it includes representatives of the social economy sector, central offices, local government authorities,

social partners, financial institutions and science. The government units responsible for coordinating social economy in the regions are supported by the **Regional Committees for Social Economy Development**.

The second area of the support system for social economy is related to providing support in creating work opportunities in social enterprises. The Minister's tasks include in particular developing standards for managing the operations and services provided at **Social Economy Support Centres (SESC)** and conducting the accreditation process. Obtaining the Minister's accreditation allows SESC to access funding under Regional Operational Programmes. Currently, approximately 60 accredited SESC operate in Poland. In accordance with the standards, these units have adequate facilities and personnel adequately trained for providing comprehensive support for social economy entities. The services provided by SESC include local animation, incubation for social business start-ups and providing business advice to help people at risk of social exclusion find work in new or existing social businesses. In addition, SESC often acts as a spokesperson for social economy entities, enhancing the cooperation between social economy entities and local government units.

The third, equally important area of the support system includes activities related to the dissemination of knowledge concerning the social economy sector, creating conditions for cooperation and development of innovations. These actions are implemented in various ways - both at the national and regional level. They concern, for instance, improving the quality of social development policy programming in municipalities and counties, including issues related to social and solidarity economy in the education process, creating clusters and cooperation networks involving social economy entities and business entities.

### **3. The Number of Social Firms and business branches**

Social economy entities include numerous types and forms of activities, both in the cooperative sector and the non-governmental sector. They include, for instance: associations, foundations, social cooperatives, cooperatives of people with disabilities and blindness, labour cooperatives, religious organisations or country housewives associations. The category of social economy also includes entities playing an important role in the reintegration of persons at risk of social exclusion, i.e. occupational therapy workshops, social integration centres, social integration clubs, vocational activity establishments and sheltered work enterprises.

Data gathered by the Central Statistical Office in 2016 shows that the social economy sector in Poland consisted of approximately 94,000 entities employing over 340,000 people.

**Social enterprises** - a status of a social enterprise may be obtained by - among others - non-governmental organisations, social cooperatives and religious organisations which meet defined conditions involving - for instance - allocating all profits to social activities or social and professional reintegration of employees, ensuring that at least 30 percent of employees are persons classified as being at risk of exclusion; moreover, the entities must be managed in a participatory manner.

At the beginning of 2019, the list kept by the Ministry of Family, Labour and Social Policy included over 950 social enterprises, employing almost 7,500 employees, including over 1,800 people with disabilities (24%). These companies also employed a significant number of others at risk of exclusion, e.g. the unemployed, mentally challenged, the elderly. In the end of 2020 the list included almost 1,400 social enterprises

(<http://www.bazaps.ekonomiaspoleczna.gov.pl/>).

Not all social enterprises and social cooperatives are listed in the Ministry of Family, Labour and Social Policy database. At the end of 2019 there was 1,968 social cooperatives in the National Court Registry, 79% of them were active (1,547). The social cooperatives employed 8,355 employees, over 20% of them were people with disabilities.

There is a wide variety of business sectors that social enterprises operate in. Most social firms operate in the service sector (F&B, hospitality and catering, industrial processing, care services, communal services, cleaning, gardening, recycling, constructions, real estate agency, printing, etc.) There are a small number of social firms that operate in production industry and agriculture.

#### 4. The General Situation and Perspectives of Social Firms

##### Challenges ahead:

- Modernizing the social cooperative sector;
- „Economizing” the NGO sector;
- Developing cooperation between business and social enterprises;
- Capitalizing on the importance of the social economy for local development;
- Making better use of different financing mechanisms;
- Embedding the social economy more deeply into society;
- Finding social innovations in the social economy sector;
- Facing the global crisis caused by COVID-19

#### 5 Special situation caused by corona

The COVID-19 pandemic has had a big effect on the social economy sector in Poland. It is very difficult to predict all COVID-19 consequences in the future. Most of the social enterprises noticed a significant drop of income and had to reduce their activity. The enterprises working in F&B, event, catering, tourism and other related services had to stop normal operation twice during 2020 due to lockdowns in spring and in autumn. The support from the state included a subsidy from National Development Fund, temporary exemptions from social security contributions, non-refundable subsidies from Labour Office, standstill benefits for employees.

- Some social enterprises to the best of their abilities, are involved in helping society in the crisis. They are preparing meals for hospital staff, producing face masks and other personal protective equipment. Other social businesses are struggling to survive and to keep their employees. It is likely that many of them will not survive without significant and dedicated help from Government.

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## The Situation of the Social Firms in Portugal



### 1. The Legal Situation to support Social Firms

Unfortunately, since 2015 with the repeal of the law Portaria 348A/98, we have no legal framework in Portugal for social firms.

However, the Institute of Employment and Vocational Training (Government) is maintaining some measures to support the hiring of people at a psychosocial disadvantage, namely:

**Contract-Employment:** Financial support for employers who enter into both permanent and fixed-term employment contracts for a term of 12 months, with unemployed persons (including persons with disabilities and disability) enrolled in the IEFP. Such employers have the obligation to provide vocational training for contracted workers.

Financial support in the following terms:

- 9 times the value of IAS \*, in the case of permanent employment contracts
- 3 times the value of the IAS\*, in the case of fixed-term employment contracts

Support charges in the following cases (which may be cumulative):

- 10% in the case of hiring an unemployed person who is in one of the following situations: beneficiary of Social Integration Income; person with disability; person who is part of a single parent family; a person whose spouse or partner is also unemployed and enrolled in the IEFP; victim of domestic violence; refugee; ex-offender and any person who has or has served sentences or non-custodial measures and is able to enter into active life; drug addict in recovery process
- 10% in the case of a job being located in an economically disadvantaged territory.

IAS \* - the value of the Social Support Index (At 2020 in Portugal this value is 428,88€)

### **Contract Employment Supported in Open Market**

Consists of the professional activity carried out by persons with disabilities and reduced working capacity (work capacity of not less than 30% nor more than 90% of the normal working capacity of a worker without a disability), in jobs supported by a supported employment contract, integrated into the productive organization or the provision of services by employers under special conditions in the form of social enclaves.

### **Stages of Insertion**

For persons with disabilities who are seeking to support the integration or reintegration into the labor market and those who are unemployed or looking for a first job, through practical training in a working context, to complement and improve their skills in order to facilitate recruitment and integration and enhancing professional performance.

### **2. The National Umbrella Organisation to promote Social Firms**

RESIT (Social Network for Integration at Work), created in 2013, but stopped its activity at the beginning of 2020. There are no other national umbrella organization connected to social firms

### **3. The Number of Social Firms and business branches**

Number of social firms in Portugal: 0

At this moment, there were some WISE's, employment projects of NGO that try to maintain some activities just like food and catering, gardening, laundry, cleaning and others.

A majority of ex social enterprises closed and the number of those who still working and in which professional areas is unknown.

### **4. The General Situation and Perspectives of Social Firms**

At the moment policies point to a support to the hiring in open market avoiding the creation of "segregation" in wises.

### **5. Special situation caused by corona**

At this particular time and crucial moment of covid virus, a major part of portuguese wise's stop their activity and wait for better days in the near future. Economically speaking very difficult times are expected in the coming years.

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## The Situation of Social Firms in Romania



### 1. The Legal Situation to support Social Firms

Regulated by laws dating from 2015 and 2016, the social economy sector aims to increase employment by creating jobs in social firms and social enterprises through the setting up and development of such firms and through the support and development of social entrepreneurship.

The purpose of these laws is to regulate the social sector, introducing measures to promote and support the social economy and to regulate the conditions and criteria applied by the public authorities for the formal recognition of the two types of legal entities – which are social enterprises and social insertion enterprises.

Moreover, in 2017 the law was updated and the types of social enterprises now recognized by law are: first-class cooperatives; credit cooperatives; associations and foundations; mutual benefit houses; retirement benefit homes; agricultural companies and any other category of legal entity that complies with the definitions and principles outlined by the law.

The main functions of Law no. 219/2015 on the social economy are to:

- Define the term social economy as representing all activities organized independently of the public sector, whose purpose is to serve the general interest, the interests the community and/or personal interests, by increasing the employment opportunities for those classed as vulnerable;
- Establish the principles underpinning the social economy and its objectives;
- Define meaningful terms in the social economy, as well as categorizing those belonging to vulnerable groups;
- Define the term "social enterprise" and the granting of certificates for the legal entities that carry out activities in this field;
- Define the term "social enterprise of insertion" and the certification of the status of the social insertion enterprise by granting the "Social Mark" on the basis of the fulfillment of specific criteria;
- Establish mechanisms to support and encourage the development of social enterprises;
- Establish a national Single Register of Social Enterprises.

Formal accreditation shall be granted to those social enterprises that:

- Act for social purpose and / or in the general interest of the community;
- Allocate at least 90% of the profit to be used for its social purpose or kept in its statutory reserve;
- Undertake to transfer any assets remaining in the event of liquidation to one or more social enterprises;
- Apply the principle of social equity to employees, ensuring fair pay levels, between which there can be no differences that exceed the ratio of 1 to 8.

The accreditation is granted for a period of 5 years, with the possibility of extension, if it is proved that the conditions under which accreditation was granted are maintained.

## 2. The National Umbrella Organization to promote Social Firms

At a national level in Romania there are the following umbrella organizations:

**The Institute of Social Economy – IES** (<http://www.ies.org.ro> ) a program of the Civil Society Development Foundation, initiated and developed within EU funding reduced significantly their lobby and activities because of lack of financial resources.

FDSC initiated this project as a strategic approach aimed at:

- Developing independent and sustainable NGOs and increasing their impact in communities;
- The development of relations between the NGO sector and other forms of the social economy in Romania (cooperatives, protected workshops, mutuals, socio-economic organizations in rural areas etc.)

**RISE Romania - Social Enterprises Network of Insertion** (<https://riseromania.wordpress.com>) - The social enterprise network in which **Bucovina Institute** is a member. The Romanian network of social enterprises for insertion through economic activity has as its main objective the support and development of the socio-professional insertion enterprises through the economic activity for people in difficulty using the WISE model.

## 3. The Number of Social Firms and business branches

There are no official statistics on the number of social firms in Romania but it is estimated unofficially, that there are actively less than 1000.

The year of 2020 saw the setting up of a new mechanism called **The Unique Register of Social Enterprises** [https://www.anofm.ro/upload/4279/extras\\_Registru\\_Martie.pdf](https://www.anofm.ro/upload/4279/extras_Registru_Martie.pdf) . According to this instrument RUIES we have in March 2020 about 133 social enterprises registered and 16 certificates for WISE (Work Integration Social Enterprises).

According to the report of EESC "Recent evolutions in social economy in European Union" published in 2017, the social economy sector in Romania employs more than 136,000 people in almost 50,000 enterprises, including co-operatives, mutual benefit houses of employees or pensioners, mutual societies, associations and foundations and other social economy organizations recognized by law. Moreover, more than 3 million Romanian citizens are registered as direct members and beneficiaries of these entities.

#### **4. The General Situation and Perspectives of Social Firms**

For the continued development of the social economy sector in the short term, we have some ESF funds that finance the Operational Program Human Capital 2014-2020 with an allocation of around 74 million Euros. Over the last 2 years many start-up operators promote micro grant opportunities between 50,000 euros for creating minimum 2 jobs to 200,000 euros to create 10 jobs. Bucovina Institute it is part of a consortium called RIES that intends to open in the next year about 21 new social enterprises which will create 120 new jobs.

In 2017 we had several changes to the law protecting and promoting the rights of people with disabilities. However, these changes may negatively affect the survival of some social firms that mainly employ people with disabilities. Now employers who do not hire people with disabilities, pay some additional tax, (obviously collected "for the promotion and protection of the person with disabilities") and in that way are not encouraged to purchase products and services from the authorized protected units.

This year in 2020 we have back the facilities for the employment of people with disabilities under the protected workshops, but the law appeared in August and we do not have yet best practices in this field. Law 193/2020 to complete the Law 448/2006 related to the protection and promotion of the rights of people with disability opened new opportunities to encourage the job market insertion of pwd.

#### **5. Covid-19 Pandemic**

Romania's economy is set to recover from a fall in output in the first half of the year due to the COVID19 crisis. Although the contraction in 2020 appears less severe than initially expected, uncertainty remains very high given the recent evolution of the pandemic and real output is not set to return to pre-crisis levels before the end of 2022. The budget deficit is projected to increase significantly, as the fiscal effort required to fight the crisis comes on top of past fiscal slippages. Romania's economy continues to be affected by COVID-19 as some restrictions have been reintroduced in the autumn, and the resulting uncertainty is set to dampen economic growth, particularly in the fourth quarter of 2020. The unemployment rate increased in the first half of 2020 but stabilised over the summer, due to policy measures limiting job losses. It is projected to reach almost 6% in 2020 and continue increasing somewhat in 2021 due to a delayed downturn reaction of the labour market. (According to

[https://ec.europa.eu/economy\\_finance/forecasts/2020/autumn/ecfin\\_forecast\\_autumn\\_2020\\_ro\\_en.pdf](https://ec.europa.eu/economy_finance/forecasts/2020/autumn/ecfin_forecast_autumn_2020_ro_en.pdf)

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At this point, relatively little official data exists on the exact impact the COVID-19 crisis has had on the social economy sector in Romania. For sure, social economy organisations have proven to be an important element in mitigating the effects of the pandemic. They not only support the government by addressing sanitary issues related to COVID-19, they are also serving as a partner ensuring a better allocation of resources in the provision of some goods and services sorely needed to address immediate concerns.

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## **The Situation of the Social Firms in Republic of North Macedonia**



### **1. The Legal Situation to support Social Firms**

The Republic of Macedonia has a constitutional basis for developing the concept of social enterprise. As far as official governmental strategies are concerned, the concept was introduced for the first time through broader strategies for cooperation with civil society (2012-2017), designed to support the development of the social economy. The measures envisaged explicitly targeted associations with economic activities, leaving behind the other models that form the social enterprise spectrum. However, concrete law on Social entrepreneurship has not been adopted by the Parliament so far.

Another document that provides strategic direction in developing the sector is the "South East Europe (SEE) Strategy 2020", which emphasizes the social economy as a separate sector. There has not been significant success in implementing it, however. Furthermore, the latest Government programme (2017 - 2020) has identified social enterprises as facilitators for the transition of disadvantaged people from social exclusion to the open labor market.

Early in 2018, the new Operational Plan for Active Measures for Employment introduced a new measure that targets social enterprises and anticipates providing financial support only for new jobs for disadvantaged people in social enterprises. The outcomes of these measures defined a new measure that explicitly targeted social enterprises, providing financial and advisory support to assist their development. The measure prioritizes social enterprises that provide work integration and social inclusion services for disadvantaged people. It provides financial support in the amount of 3,300 to 10,000 EUR, of which at least 80% is to be used for investment in equipment, the reconstruction of premises, or procurement of raw materials. The rest of the grant should be used for advisory services aimed at business development and increasing the capacity to offer more employment. Beneficiaries of the measure are obliged to provide a number of fulltime job positions for disadvantaged persons, depending on the size of the grant and retain them for a period of at least 12 months. According to the data from the Ministry of Labor and Social Policies, during 2017 only four social enterprises had used this measure, creating seven new jobs for marginalized people.

Also in 2018, the new Operational Plan introduced a new measure that targets social enterprises and anticipates only financial support for new jobs for disadvantaged people in social enterprises. The outcomes of these measures are yet to be seen.

## 2. The National Umbrella Organizations to promote Social Firms

In the Republic of Macedonia there are many umbrella organizations to promote and support various social firms in various sectors. Below are some examples of umbrella organizations in Macedonia.



**Economic Interest Association of Protective Companies of Macedonia (ZAPOVIM)** (<http://www.zapovim.mk/index.html>) in accordance with the Law on Employment of Disabled Persons and the Law on Trade Companies, this association was established to achieve common goals and objectives in promoting the employment of disabled people in protection companies. The Association was established in 1972 by the then protection workshops and as the form of these companies changed, so did the Association, and since 2000 it has been operating in its current form of organization.



**National Union of the Blind of the Republic of Northern Macedonia (NUBRNM)** (<https://nssrm.org.mk/>). The Union of the Blind is an umbrella organization that through its 18 associations has more than 2500 members.

The National Union of the Blind of the Republic of Macedonia is a member of:

- The National Council of Disability Organizations of Macedonia
- The Balkan Consultative Committee
- European Union of the Blind
- World Union of the Blind

From its inception until today, the Association takes full care of its members – from blind persons having to beg, to their referral to schools teaching braille, rehabilitation, employment, adjusting to their place of work, procurement of technical aid and the like.



**Community Development Institute Macedonia** (<https://cdi.mk/>) is a national umbrella association for development, education and social services. The CDI is functioning as a resource and support center, aiming to improve the living conditions and the standard of life of the citizens. The CDI operates at national and international

level in collaboration with European networks and international intergovernmental organizations and institutions.

## 3. The Number of Social Firms and business branches

According to a report in 2019, the number of registered social enterprises was 10,171 in 2018 and 10,710 in 2019.

As for social enterprises in North Macedonia, their activities include: woodworking shops, selling and manufacturing paper, newspapers, gardening and agriculture, second hand shops etc. According to the same report, the number of employees and volunteers (human resources) at such enterprises was 1,642 in 2019.

## 4. The General Situation and Perspectives of Social Firms

Public knowledge of the social enterprise concept, social entrepreneurship, and social economy is limited. In addition, a great challenge is the lack of institutional capacity and knowledge to recognize

the value of the sector and support its development. Despite increased donor attention to the field, there is an evident information deficit as well as a lack of research on the different forms that constitute the social enterprise sector in the Republic of North Macedonia. Additional research and analysis on existing social enterprises is needed as an aid to the design of future activities in the field. There are no curricula in higher education and there are no mechanisms that enable access to markets for social enterprises, such as the inclusion of social clauses in the Acts on Public Procurement.

Also in the Republic of North Macedonia business are encouraged to employ people with disabilities in accordance with the law for employing people with disabilities from 2000 which has been subject to improvements. The government will pay half of their wages, therefore creating a positive atmosphere for inclusion for people with various disabilities and creating more opportunities for social firms and their development.

The key factor supporting social enterprise development in the Republic of North Macedonia is the presence of social enterprise leaders, who promote and raise awareness of the concept and motivate the development of other social enterprises through conferences, roundtables, media appearances, meetings, etc.

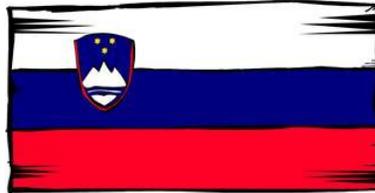
#### 5. Special situation caused by corona

In accordance with measures for protection against the coronavirus by the World Health Organization (WHO) <https://www.who.int/> and measures and restrictions applied by the government of Republic of Macedonia <https://koronavirus.gov.mk/en>, the normal work atmosphere has been drastically changed to avoid physical contact and decrease capacity in all work environments therefore lowering on site work activity's with target groups and the ability to organize events. But social firms have not stopped their normal activity, responding well to the pandemic by moving most of their activities online and by holding online seminars meetings etc. While the coronavirus has caused problems for social firms in the Republic of Macedonia they have adapted very well.

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## The Situation of the Social Firms in Slovenia



### 1. The Legal Situation to support Social Firms

The concept of social enterprise is very new to Slovenia; it was used for the first time in the context of ESF-funded pilot projects launched in 2009 to support the development of social enterprise. Since then, interest and activity in the social enterprise 'space' has grown. The impetus for this interest is in part driven by the economic crisis and connected disappointment of the masses with capitalism, resulting in the emergence of movements advocating new ways of organising the economy.

At the same time, the Government is increasingly interested in using work integration social enterprises (WISE) as a tool for tackling high levels of structural unemployment (EC, 2014b). Against this backdrop, Slovenia adopted the Act on Social Entrepreneurship in 2011 (SEA, 2011) which among other things, provides a definition of social entrepreneurship and social enterprise (EC, 2014b):

**Article 2: Definitions:** Non-profit legal entity shall mean a society, institute, foundation, company, cooperative society, European cooperative society or other legal entity governed by private law not established for the sole purpose of generating profit, which does not distribute assets or the generated profit or excess revenue over expenditure, except to a limited scope in accordance with legislation;

**Article 3: Definition of social entrepreneurship:** Social entrepreneurship shall represent the permanent performance of social entrepreneurship activities or other activities, which are subject to special conditions of employment, in the manufacture and sales of products or the provision of services on the market, for which the generation of profit is neither an exclusive nor a main objective. Social entrepreneurship shall strengthen social solidarity and cohesion, promote the participation of the people, support voluntary work, improve society's capacity for innovation in addressing social, economic, environmental and other issues, ensure the additional supply of products and services in the public interest, develop new employment possibilities, provide additional jobs and enable social integration and vocational reintegration of the most disadvantaged groups in the labour market (social entrepreneurship objectives).

**Article 4: Social entrepreneurship principles and requirements:** A non-profit legal entity may engage in social entrepreneurship provided that it is established and operates pursuant to the following principles and requirements (hereinafter: the principles), which indicate its public benefit nature and social character.

## **2. The National Umbrella Organization to promote Social Firms**

### Start-up support

During the *start-up phase* the network of entrepreneurial (one-stop-shop VEM points) and innovative environments (technological parks and incubators, like [Technology Park Ljubljana](#), which is the largest innovation ecosystem for commercialization of knowledge and technology in SE Europe) is available, but not particularly specialised to support social entrepreneurship. The same goes for the national innovation support system [Initiative Start:up Slovenia](#). There are only few organisations offering incubation and co-working space as well as related services to social enterprises as the main target group (like Business community KNOF, Development cooperative Tkalka, DPlac, Centre Rotunda). *Business coaching and advise* is provided from the state level through the SPIRIT Business portal and network of one-stop-shop points (VEM točke) again not specialized for social businesses.

## **3. The Number of Social Firms and business branches.**

The Number of social enterprises Pursuant to the provisions of the Social Entrepreneurship Act, the Ministry of Economic Development and Technology keeps a register of registered social enterprises, which contains the following information:

- Firma - the name of the social enterprise
- Headquarters of the social enterprise
- Name and surname of the representative of the social enterprise
- Registration number of the social enterprise
- Legal organizational form of social enterprise
- Registration authority and date of entry in the register of social enterprises
- The main activity of the social enterprise.

There are currently 268 registered social enterprises <https://podatki.gov.si/dataset/evidenca-socialnih-podjetij>. The status of a social enterprise can be acquired by a non-profit legal entity that meets the conditions in accordance with the law.

#### 4. The General Situation and Perspectives of Social Firms

Currently operating enterprises are micro (0-9 employees) or small (10–49 employees) companies. The main factors that are constraining development of social entrepreneurship in Slovenia are very rigorous legislation in the field of social entrepreneurship, the lack of well thought and continuous mechanism of support. The problem is lack of funds and sometimes it seems that social enterprises stay behind, because their field of operation is not connected to high technology (technological research and development). The lack of investments (private and government) in social entrepreneurship field is fostering social entrepreneurs to depend on themselves and on their own financial sources that are limited and insufficient. Beside funds the other big problem is the lack of business knowledge and experience of (potential) social entrepreneurs. The opportunities can be seen in private –public partnerships and better promotion of social entrepreneurship and its good practice. Since foreign models have not been well accepted and implemented yet, Slovenia has to find, develop and follow its own model of social entrepreneurship. Social entrepreneurship has become an important element of surveys, diploma and master thesis in Slovenia. We expect that clarification of the regional and national impact of social entrepreneurship will also increase the interest and activities in this field.

#### 5. Special situation caused by corona

At the time of the Corona, social enterprises respond differently to market needs. We at CPU started sewing sustainable reusable hygiene masks, we set up our own online store and auctions for more valuable products, we started marketing on Etsy. Other social enterprises in the field of agriculture have increased local self-sufficiency. Because most of the social enterprises are locally oriented and we have branches in several locations, there is a problem with paying rent and operating costs during the Corona period, as we have had closed shops for almost half a year. As a result, some employees are waiting for work, all of which increases costs and affects poorer operations. Therefore, according to the business model, we have to obtain half of the funds on the market, and the other half from projects and other activities.

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## The Situation of the Social Firms in Spain/Andalucía



### **1. The Legal Situation to support Social Firms**

In Spain there is no special legislation for people with mental health problems. Social firms are supported by legislation about social inclusion and employment and a long-standing specific regulation relating to social firms for people with disabilities, called “Special Employment Centres” (CEE).

In Andalucía employment programs for people with disabilities (including people with severe mental disorders) are supported by a regional public agency: the “Andalusian Employment Service” (SAE).

### **2. The National Umbrella Organisation to promote Social Firms**

Andalucía is the first region that has created Social Firms for people with severe mental health problems, with UNEI GRUPO SOCIAL as an umbrella organisation. UNEI is a specific organisation set up by FAISEM (“Andalusian Foundation for Social Inclusion of Mentally ill People”) and ONCE FOUNDATION (“National organization for Blind People”). FAISEM, in close coordination with the Mental Health Services, develops vocational programmes for people with mental health disabilities, with vocational training and orientation, sheltered workshops, social firms and supported employment programmes.

Besides, UNEI has promoted an umbrella organisation of social firms in Andalucía for people with mental health problems: ADECEM, and FAISEM is a member of ISEM, a social platform of organisations which develop social resources and programs for this population.

In Andalucía there are also entities representing people with mental health problems and their families, FEAFES Andalucía Salud mental, which is part of the shareholders of UNEI, and EN PRIMERA PERSONA.

### **3. The Number of Social Firms and business branches**

In Spain there are many social firms and social enterprises for people with disabilities, but only a few of them have workers with severe mental health problems. At the moment, ADECEM is the main organization (Non-profit, sectoral, state-level Business Organization constituted for the coordination,

representation, promotion and defense of the business and social interests common to the Special Employment Centers), representing 24 Social Firms in 7 regions in Spain. That means approximately 1,200 total workforce, of which approximately 55% are workers with disabilities due to mental illness.

UNEI belongs to ADECEM, being the biggest Social Firm inside that Association: 1.000 workers, close to 500 with mental health problems.

UNEI develops five business lines in order to provide as greata number of employment opportunities as possible. Our goal in each of them is to be competitive in the market in order to offer stable work. These business lines are Smart Suply (logistic services), Social & Health (telecare operations, infrastructure for nursing homes, ...), Natura (gardening and environmental conservation), Services (cleaning and maintenance) and Activa (management of sports and leisure centers).

#### 4. The General Situation and Perspectives of Social Firms in Andalusia

In the last 25 years, Andalusia has experienced successful reform of psychiatric services and developed psycho-social programmes (including supported employment programmes in the mainstream market) as well as Social Firms. The situation is not the same in others region of Spain, but there is an increasing interest in employment programs for people whith mental health problems, despite the negative impact of current economic situation.

#### Some general information on Spain

Spain is a state organized in 17 autonomous regions with a high degree of autonomy in some health and social policies. Andalusia with about 8,500,000 inhabitants has its own mental health policies and services as a result of the Psychiatric Reform started in 1984.



Fundación Andaluza para la  
 Integración Social del Enfermo Mental  
 Andalucía  
*al máximo*



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## The Situation of Social Firms in Switzerland



### **1. The Legal Situation to support Social Firms**

“Work Integration Social Enterprises (WISE)” are social firms in a wider sense. Most Swiss WISEs have legal forms such as Associations and Foundations so that decision-making power is not based on capital ownership. This is also valid for WISEs with a capital-oriented legal forms; theoretically, these could distribute profits but most operate as low-profit-enterprises, and re-invest their assets in the enterprise. In other words: WISEs in Switzerland are characterized by a high degree of participatory governance. There is no specific law to support the development and operations of WISEs.

This makes WISEs as a strategy for poverty reduction quiet vulnerable for two major reasons. First, employees with a disability can, in some cases, be forced into working. Second, remuneration of employees with a disability is low and jobs insecure and their remuneration models are criticized for establishing precarious living conditions.

### **2. National Umbrella Organisations**

The Association of Swiss Social Firms - a development project run by the School of Social Work of the University of Applied Sciences Northwestern Switzerland to initiate and promote the debate on WISEs – closed in 2013. Currently, Switzerland has two umbrella organizations: First, on a national level: “Work Integration Switzerland” (AIS). It is the largest umbrella organization which comprises all forms and modes of work integration. Second, the French and Italian-speaking part of Switzerland is represented by “Après-Ge” (Chamber of Social and Solidarity Economy).

### **3. The Number of Social Firms and business branches.**

Since 2013, Switzerland has started several empirical studies on WISEs. For the first time, the total number of Work Integration Organizations (WIO) was recorded. According to this survey, there are 700 WIO in Switzerland. 313 of these organizations offer paid workplaces for about 43,000 employees with disabilities (and another 10,000 for employees without disabilities), and generate an annual turnover of CHF 630 million. The main business sectors they operate in include catering services, cleaning,

recycling, facilities management, gardening, removals, repair of electric devices, domestic maintenance, manufacturing, handicraft, sale of second-hand or self-made goods and logistics.

#### 4. The General Situation and Perspectives of Social Firms

The current political debate on social policy is on the increasing costs of welfare. "Activation policy" and "work fare" have become the strategies for cost saving. This situation makes the individual responsible for their exclusion from the labor market to a very high extent – structural reasons are not taken into account. This has led to an increasing demand for accountability of WISEs. All WISEs that receive subsidies from the state are increasingly obliged to account to their efficiency and impact. This has led to an increase of empirical studies on WISEs.

In Switzerland, there have been three perspectives on WISEs so far. From 2006 to 2012, the focus was on finding the 'right definition'. The subsequent perspective, since about 2013, has been focusing on WISE as an 'object of empirical research'. Since 2015, due to a governmental antipoverty program, a new debate on WISEs' impact on poverty reduction has being initiated.

#### 5. CEFEC/Social Firms Congress 2015

It has been a major honor for the University of Applied Sciences of Northwestern Switzerland, School of Social Work to host the annual CEFEC/Social Firms Conference titled "Social Firms: a model for poverty reduction?" on 10<sup>th</sup>/11<sup>th</sup> September 2015 in Olten.

#### 6. Literature

Adam, S.M., Avilés, G., Ferrari, D. et al. (2017). Work Integration Social Enterprises in Switzerland, Nonprofit Policy Forum, 7 (4), pp. 509–539, DOI: <https://doi.org/10.1515/npf-2016-0014>

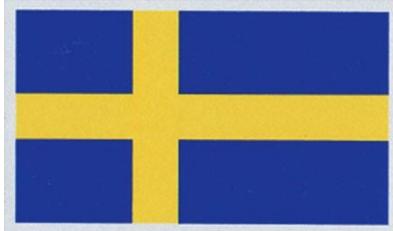
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**Note:** The Institute of Counseling, Coaching and Social Management of the School of Social Work at the University of Applied Sciences and Arts Northwestern Switzerland provided research insights on the development of Swiss work integration enterprises in the past. Unfortunately, the institute has shifted its research focus to topics such as „digital transformation“, „cross sector collaboration“, „financial models for organizations for people with physical and mental disabilities“, and „new management models“. Currently, the School of Social Work at the University of Applied Sciences Western Switzerland is conducting a research project on work integration social enterprises in Switzerland. We would recommend to contact the institut in charge of the project:

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Mrs. Véronique Antonin-Tattini / Route de la Plaine 2 / 3960 Sierre

## The Situation of the Social Firms in Sweden



### 1. Legal status of Work Integration Social Enterprises (WISEs)

There are two types of social enterprise in Sweden, *social enterprises* with a social mission providing health and social care to vulnerable groups, and *WISE's* with the primary aim of integrating disadvantaged groups and long-term unemployed people into the labour market and into society in general.

There is no special legislation for social enterprises in Sweden. Legal obligations are the same as for private enterprises in terms of taxes, employment, support, financing etc. The legal form *economic association* is specially made for co-operatives and is comparable to the legislation for limited companies. A form of legitimacy for WISE was established when the Swedish Government in April 2010 launched an Action Plan for WISE's with four criteria:

- The term *work integration social enterprises* relates to enterprises producing and selling goods or services to consumers, groups, or organizations;
- These enterprises are creating participation for members and workers through ownership, agreements and in other well-documented ways;
- The enterprises are re-investing their profit in their own or in other firms with similar objectives and activities;
- The enterprises are autonomous organizations independent from the public sector.

Since the beginning of 2000 the Swedish Agency for Economic and Regional Growth, which is under the Ministry of Industry has had special responsibility for the development and support of WISEs in Sweden. But now their task is widened to providing advice and support for social entrepreneurship in general in the country.

## 2. National Umbrella Organizations to support WISE in Sweden

The national umbrella organization for WISE is *SKOOPi*, initiated by representatives from social cooperatives in the year 2000. About 180 work integration social enterprises are members. *SKOOPi* has been working hard to enhance the legitimacy and knowledge of WISE's in Sweden.

The umbrella organization has several purposes:

- To work for initiating and promoting WISE's in Sweden;
- To be a knowledge bank for members, authorities and organizations;
- To advocate for the enterprises' ability to provide for the need for work and integration for people with disabilities or other work-related problems;
- To take part in public investigations and proposals about WISE's and their conditions and
- To work for national and international cooperation (*Skoop*i statutes §3).

*Coompanion* is the support organization for co-operative development, active in 25 different regions and within a national steering group. The organization is offering advice for starting, financing, and developing new WISEs. An important activity during the last 20 years has been to run projects to educate social entrepreneurs and start new WISE's, many of them financed by the European Social Fund or the Swedish Inheritance Fund.

About 90 *welfare-producing social enterprises* are connected to a large umbrella organization called *FAMNA*, which offers knowledge, business advice and support. Some of them are small social enterprises and others are linked to large NGOs or Foundations. They are social enterprises with social goals and missions and they reinvest their profit in different social projects. Many of them offer work training and rehabilitation, but that is not their *main* purpose and therefore they are not labelled as WISE.

## 3. The number of WISEs and business branches

The number of WISEs in Sweden today is about 300 but the number is uncertain due to lack of registration and ongoing changes in their structure. Many small social cooperatives are in a process of unifying to larger networks, called "*consorties*" after a well-known model from Italy. This kind of organization brings clear advantages for financing, personnel employment, knowledge building and management.

Unemployed people are participants in different WISEs in job-training programs for 6-12 months. They are referred to WISE's from the Public Employment Office, from Social Services in the municipality or from the Prison and Probation Board. These different authorities pay for their client's participation in work training, usually they charge per day and per person. This activity provides considerable income to the participating social enterprises.

People with some kind of impairment/ intellectual disability have legal rights to daytime activity according to a law from 1993 (Services for Persons with Certain Functional Impairments, LSS

1993:387). They may participate in activities organized by the municipality or participate in work training in WISEs with supervision from trained mentors among the employees.

Most of the WISEs are social co-operatives. Many disadvantaged and unemployed workers are referred from Public Employment Offices to work training in WISEs according to different labour market programs. The participants are subsidized by the Social Insurance. The receiving WISE also get compensation for education, supervision etc. according to contract with the Public Employment Office. Most of the employees have either started the enterprise or advanced from work training or rehabilitation to employment. During the year 2019 the WISEs had about 3,500 employees and 6,000 participants in programs for rehabilitation, work training and daily activities. But these figures may be reduced according to the pandemic this year.

The WISE's are operating in many different sectors. The majority have more than four business activities. The most frequent types of activities are cafés, restaurants and catering, often coupled with handicraft and recycling at a second-hand shop. Home services for private customers such as cleaning, carpeting and gardening is a growing business area because of lower tax on customers. Home care for elderly people is increasing as a new service branch. Other kinds of business activities include bed & breakfast hotels, IT and media, conference service, dog/animal care or growing plants and vegetables.

#### **4.The General Situation and Perspectives of Social Firms**

The general situation is complex and rapidly changing. The lack of a specific legal framework for WISEs has for a long time been the main problem. Advocates for WISEs have for many years tried to argue for special legislation but in vain. Today the difficulties in financing such ventures is a more burning issue. Many small social cooperatives with less diversified activities have difficulty in making ends meet and surviving. Even the umbrella organizations, ie. Skoopi are struggling with financial problems.

-Many municipalities are also organizing their own work training units, which means that fewer persons are referred to work training in WISEs. Every WISE needs to have several kinds of activities and services to be able to compete in different niches of the regional and local markets. Another problem has to do with the large public procurement contracts that the small WISEs have difficulties in bidding for even if social criteria are included. In some regions WISEs in several "consorties" try to collaborate to be able to win public procurement contracts.

But the current situation is not totally bad. The recent reorganisation of the Public Employment Office in Sweden has changed the conditions for WISEs, allowing them together with other private partners, to take part in education, work training and rehabilitation of long-term unemployed people. But the recent pandemic may have prevented further development of this cooperation.

-There is also a significant process of professionalization, knowledge building and enhanced competence going on among the WISEs in Sweden. The large project ASF Akademi supported by The Agency for Economic and Regional Growth, Coompanion and Skoopi has brought new knowledge, better business concepts and organizational structure to the WISEs.

- a. A process of certification of WISE's has also taken place during 2019-2020 which is leading to increased knowledge, skills and self-confidence among managers and employees. As at today 29 WISEs have been certified and another 10 are in the pipeline for certification. Skoopi hosts the certification process.

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## The Situation of the Social Firms in United Kingdom



### **1. The Legal Situation to support Social Firms**

There is no specific legislation around the definition or operation of social firms or social enterprises in the UK. They can be set up under any of the current legal entities, but are most commonly established as Companies Limited by Guarantee; Charities; CIC's (Community Interest Companies) or Cooperatives. However a Private Limited Company (therefore profit-making for shareholders) can also call itself a social enterprise or social firm. Many in the sector feel this is an unsatisfactory situation.

### **2. The National Umbrella Organisations supporting the sector**

#### **Social Firms**

Social Firms England (the umbrella body of social firms in the UK) defines a Social Firm as a trading enterprise that generates at least 50% of its income through the sale of goods or services and sets out to offer employment and/or training to people who may face discrimination in the workplace. Specifically, these are those with a physical or mental disability; those with mental health challenges; people who have substance abuse issues; people who have been in prison or who have been homeless. A minimum of 25% of the paid workforce in a social firm will be from the above disadvantaged groups.

There are two types of social firms: *Employment* social firms generally focus on providing paid jobs within their enterprises; *Employability* social firms generally focus on providing training and work experience opportunities.

Social Firms England carries out lobbying and awareness-raising activities, research and practical initiatives to increase the number and ensure the quality of social firms across England.

#### **Social enterprises**

A Social Enterprise has a generally accepted much broader definition. Social Enterprise UK (the umbrella body for social enterprises in the UK) considers a social enterprise to be a business that aims primarily to do social or environmental good, rather than just to make a profit. Social enterprises aim to make a profit, but should reinvest or donate that profit (or at least 50% of it) to create positive social or environmental change.

### **3. The Number of Social Firms and social enterprises**

No up to date research is available but in 2010 there were around 100 Social Firms operating providing around 2000 full-time equivalent (FTE) paid jobs, of which 58% were filled by disabled people. It is

estimated that more than 63% of social firms operate in the service sector, including in maintenance and catering industries.

There are more than 100,000 social enterprises in the UK – providing goods and services in every sector of the economy. Between them they employ 1.4 million people.

**4. An overview of the sector in the UK**

In 2012 the UK Government introduced *The Public Services (Social Value) Act 2012*. This Act of the Parliament calls for all Public Sector organisations (such as Local Authorities, Government Departments and the NHS) to strongly consider the broader issues around economic, social and environmental well-being when buying goods and services, rather than just price. This has helped the growth of both social firms and social enterprises as they can more easily sell their goods and services into this very large market.

Social enterprises are an increasingly popular way of delivering social and environmental outcomes for the private sector. In 2016 Social Enterprise UK (the non-Governmental support body for the sector) launched the “Buy Social Corporate Challenge”, encouraging large organisations to commit to spending a proportion of their procurement expenditure with social enterprises. No doubt the influence, impact and proportion of the economy that our sector contributes will continue to grow fast.

**5. Social enterprises and social firms and Covid 19**

Like the rest of the economy, the pandemic has had a catastrophic effect on the social enterprise sector in the UK. The British Government has spent heavily on a number of schemes to support the economy throughout the crisis, none however, have been specifically targeted at the SE sector.

More than 50% of social enterprises have lost more than 50% of their income and have had to greatly reduce their staff numbers, resulting in huge disruption to their activities. However there are more than 7,000 social enterprises in the front line of the health and social care sector, many helping to deliver the necessary services that will help the country to overcome the challenges we face. And of course, one day the pandemic will just be a memory and things will return to some kind of normal.

How well the social enterprise sector will come through the pandemic is impossible to predict, but the sector is robust – full of passionate, committed and talented people and will undoubtedly bounce back and continue its role in building a more equal and sustainable society.



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