

Linz Appeal PART B

Country Reports - Update 2023

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 Enterprises.

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

This part contains the country reports of our members, which are being updated every other year. Here is the latest version of 2023!

There has certainly been progress at a cultural, social and legal level in most European countries regarding the status, spread and numbers of social firms/social enterprises.

We have found that the above given definition of a „social firm“ is the valid guideline .

However in addition to the traditional use of the term „Social Firm“ other expressions are used, mostly the term „Social Enterprise“.

We have also found that there is growing awareness of more and more green economy within social firms for disabled and disadvantaged persons and two thirds are actively taking steps and measures to reduce their CO2 footprint.

We thank all contributors! Comments are welcome to the coordinators Christiane Haerlin, Ulla-Carin Hedin, Alina Bîrsan & Richard Mehmed, under [<socialfirmseurope@gmail.com>](mailto:socialfirmseurope@gmail.com)

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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 and the renaissance of military rearmament facing the conflict in the Ukraine, 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 succesful aproach.

5 Special situation caused by corona

Due to the fact that Austria is one of the wealthiest countries in the world, there were lots of state funding for struggling businesses. Austria came back from the crisis with its lowest unemployment rate since decades.

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Social economy in Belgium



FLANDERS

1. The Legal Situation to support Social Firms

COLLECTIVE CUSTOMIZATION

- *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.

- *Customized departments*

Normal commercially-driven companies that want to take part in the social economy and create work for target groups, 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 organisations add social value in three ways:

1. Offer an engaging and competence-enhancing job to people who for various reasons have difficulty getting out of unemployment;

2. Provide supplementary services that respond to local needs;
3. 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:

1. 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.

2. 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

The concept of social enterprises - as organisations that attempt to combine a primary social purpose with a business dynamic and the pursuit of an economic activity, has been around for about 15 years in Belgium.

In Belgium, these companies most often take legal forms which give priority to the pursuit of their social purpose, such as; the non-profit organization; the company with a social purpose or the cooperative company. Social enterprises belong - with a few exceptions - therefore, 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 “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

- www.economieSociale.be:
- "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
- "Social economy observatory" Center of expertise and reflection in the field of social economy.
- "UNIPSO": is the intersectoral confederation of employers in the social profit sector (non-market) in Wallonia and the Wallonia-Brussels Federation. It represents 31 public and private sector employers' federations.
- Department of Social Economy of the Walloon Government

3. The Number of Social Firms and business branches

From 2013 to 2018, the number of social economy enterprises grew by 4.7% and the number of jobs created in the sector increased by 8.9%. Over the same period, the number of enterprises in the traditional economy (private – excluding SE and public) increased by 4.1%, generating 2% more jobs. The social economy is therefore consolidating its status as a sustainable economic model and provider of jobs. » (www.economieSociale.be)

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

FLANDERS

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:

1. 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, 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.

2. 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.

WALLONIA

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 subsidy available 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 01.01.2021 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.

A 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

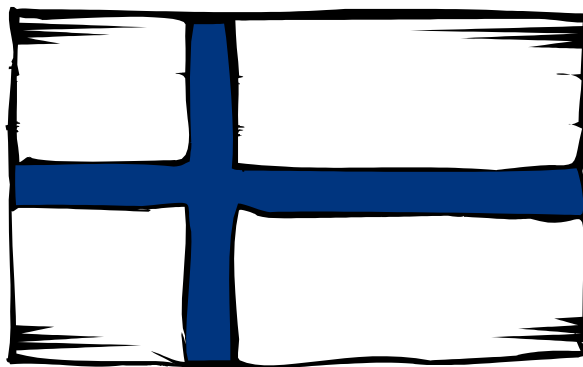
from the Labour Office and this support is completely suspended. It was possible to ask for loans and to apply for subsidies for rental cost.

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 was in force since its implementation in 2004 and was updated in 2007. The Social Enterprise term in Finland is the equivalent to the CEFEC Definition of a "Social Firm". The Act is to be cancelled as part of the reform on public employment services and wage subsidy legislation, which has been pending for a long time and is expected to finalise parliamentary proceedings during spring 2023. 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, Arvo – the Finnish Association of Social Enterprises, which gathers a number of – but nowhere near all - the larger social enterprises as its members. Arvo expresses its own role as the network for social enterprises and other organisations creating social value.

Centre of Expertise for Social Enterprises YYO was founded in October 2021 as part of the implementation of the Strategy for Social Enterprises, which was approved by the government of Finland in April 2021. The Centre is currently funded until the end of 2023 and it is operated by a consortium of six organisations: Arvo – the Finnish Association of Social Enterprises, Diaconia University of Applied Sciences, Rehabilitation Foundation, Pellervo Coop Centre, Silta-Valmennusyhdistys and Vates Foundation.

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. As part of the work of YYO, the number of social enterprises has been estimated to be around 2.500. The work continues to identify the number of work integration social enterprises from that grand total.

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

Between November 2018 and October 2021, a European Social Fund financed three-year project („Ilona - Social Enterprises in Focus”), administered by Silta-Valmennusyhdistys, and participated by Vates and four other organizations worked towards a goal of redefining and launching the social firms as work integration social enterprises and in creating a model that would work in Finland. The model, based on a comprehensive study of European models and best practices was presented in 2021, while it also greatly contributed in the national social enterprise strategy process.

The Centre of Expertise for Social Enterprises YYO has continued the work of the above mentioned project, albeit within the larger context of social enterprises.

At the moment, it looks very likely an even larger and longer-lasting project, funded by ESF+, will continue the work of YYO until end of 2027. This project would have a total of 11 members in its consortium, including all the organisations in YYO project.

The main areas of activity for The Centre of Expertise YYO are to offer nationwide advice and guidance to entrepreneurs and communities involved in or starting up a social enterprise, regardless of the type of company or sector. The centre also advise, help and train companies with a social purpose. The final aim is to help to create a substantial amount of new social enterprises in Finland, including a significant part thereof providing work integration.

In the future, the concept and the term to be used in Finland will be Work Integration Social Enterprises (WISE) in Finland.



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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 31 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 about 1,000 social firms in Germany employing 30,000 people, of which 40 percent are persons with severe disabilities.

Social firms in Germany are active in all industries and sectors. They mainly focus on gastronomy and catering, industrial and craft services, retail and food markets, gardening and landscaping as well as facility management. Other sectors include hotels, laundries, logistics, office services, etc.

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.

5. Special situation caused during the Covid and energy crisis

Many social firms in Germany are active in industries and sectors which have been heavily affected by the Covid crisis, e.g. hotels, restaurants, catering companies (incl. school catering), and faced a substantial decrease in sales. At the beginning of the Covid crisis many social firms struggled, due to their non-profit status, to apply for government help which regular companies received without any issues. However, through the intervention of **bag if**, the necessary needs of the social firms could be reinforced and they were taken into account in the following programs.

The current energy crisis is a major burden for all companies, and social firms are not exempt from this. However, government programs will come into effect in 2023 and, based on the experiences of the Covid crisis, non-profit social firms will also benefit from these programs.



Bundesarbeitsgemeinschaft
 Inklusionsfirmen e.V.

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The Situation of the Social Firms in Greece



1. The Legal Situation to support Social Firms

1999 -> Law 2716 introduced the Limited Liability Social Cooperatives (LLSC). Limited Liability Social Cooperatives represent the first institutionalized form of Social Enterprise in Greece. Limited Liability Social Cooperatives fulfil the EU operational definition criteria. They focus on the socio-economic and occupational integration of people with serious psychosocial problems (2). The law determines that only one Limited Liability Social Cooperative can be founded in each regional Mental Health Sector of Greece. According to the Register of Social and Solidarity Economy Bodies on 10.01.2021 there are 29 Limited Liability Social Cooperatives (6).

2011 -> Law 4019 introduced the Social Cooperative Enterprises (SCE) (3). Social Cooperative Enterprises are the second institutionalised form of Social Enterprise in Greece. The law does not set any limit to the number of Social Cooperative Enterprises that can be established. According to the Register of Social and Solidarity Economy Bodies on 10.01.2021 there are 1.488 active Social Cooperative Enterprises (6).

2016 -> Law 4430 and the development of the current framework

A notable difference in Greek legislative and administrative documents is the preferred use of the term 'social and solidarity economy organization' over 'social enterprise'. However, 'social enterprise' is a term that in general is used by practitioners and stakeholders.

Law 4430 of the year 2016, attempts to define and unify Greece's Social and Solidarity Economy. The Law "accepts" three different legal forms that define the country's Social and Solidarity Economy sector by default: 1. Social Cooperative Enterprises (SCE), 2. Limited Liability Social Cooperatives (LLSC) and 3. Workers' Cooperatives. Of these, only the first two fulfil the EU operational definition criteria. Subsequently, the law introduces a set of operational elements that broaden the SSE spectrum when fulfilled by legal entities other than those mentioned. Notably, Law 4430/2016 on Social Solidarity Economy set a new ground for the development and broadening of Greek social enterprise fields of activity. First, the new law attempted to unify the Social Solidarity Economy spectrum by allowing greater flexibility when choosing the most suitable legal form based on each social enterprise's needs. Second, it largely broadened the meaning of 'social aim' to include a series of activities for the general public as opposed to being exclusively focused on vulnerable and/or special social groups. Third, it

introduced and operationalized terms such as 'social innovation' and 'social impact' for the first time in Greece (1).

On the next table we can see how the population of active Social and Solidarity Economy bodies is divided according to their legal form. Data was derived from the Register of Social and Solidarity Economy Bodies on 10.01.2021, that is 4 years after the introduction of the Law 4430 of 2016.

Population of active Social and Solidarity Economy bodies		
Legal Form	n	%
Social Cooperative Enterprises (SCE)	1,488	92.1%
Limited Liability Social Cooperatives (LLSC)	29	1.8%
Workers' Cooperatives	19	1.2%
Other Legal Entities	79	4.9%
Total	1,615	100.0%

2019 -> Law 4600 introduced Integration Social Cooperatives (ISC) that aim at the socio-economic and professional integration of people with addiction problems (5). To our knowledge no Integration Social Cooperative (ISC) has been developed yet.

In the Greek context the term Social Cooperative could apply in Limited Liability Social Cooperatives (LLSC) and Integration Social Cooperatives (ISC).

Limited Liability Social Cooperatives aim at the socio-economic integration and professional integration of people with serious psychosocial problems and contribute to their treatment and to their economic self-sufficiency as much as possible. They are legal entities of private law with limited liability of their members, have a commercial status and are Mental Health Units, which are part of the Mental Health Sectors. The care for their development and their supervision belong to the Minister of Health and Welfare and are exercised through the Directorate of Mental Health (2).

Integration Social Cooperatives (ISC) aim at the socio-economic and professional integration of people with addiction problems (5). To our knowledge no Integration Social Cooperative (ISC) has been developed yet.

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) became a reality. This umbrella organization 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

Whereas there were very few social enterprises operating within an inadequate legal framework prior to 2011, social enterprises have substantially multiplied in the last decade. 10 years after the introduction of Social Cooperative Enterprises by the law 4019 of 2011, according to the Register of Social and Solidarity Economy Bodies on 10.01.2021 there are 1.488 active Social Cooperative Enterprises (KoiNSEP)

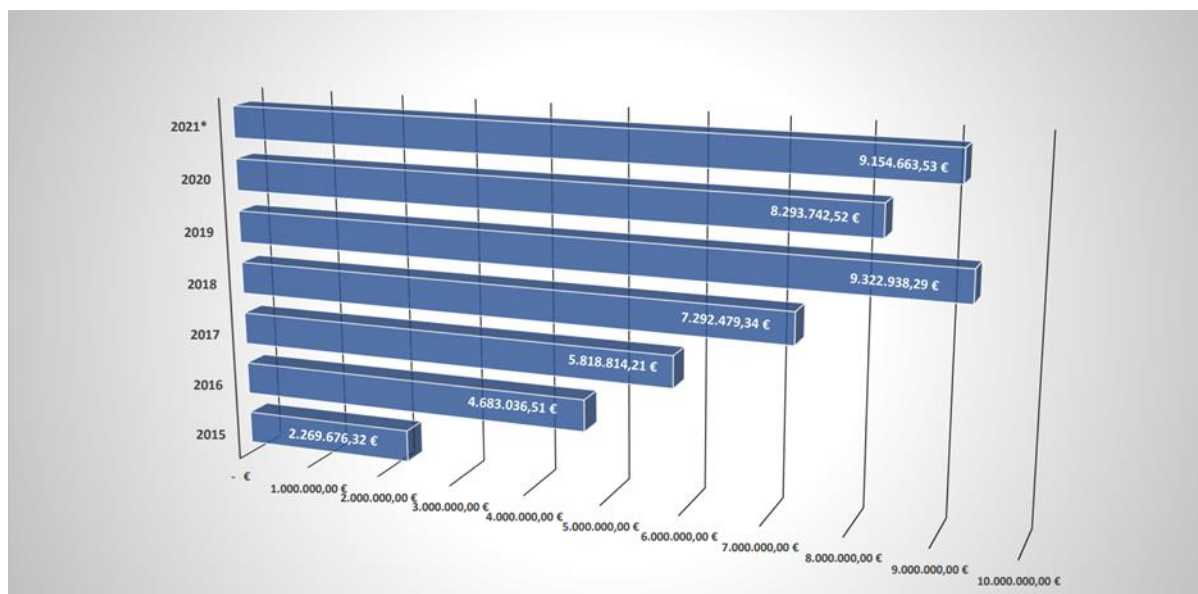
During the period 2016-2020, we had an increase of 56% of the number of the Social Cooperatives (KoiSPE). In 2020, 30 KoiSPE operated in Greece, with about 3000 members. These members are divided in three groups:

- 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

The staff allocation of the KoiSPE for the period 2016-2021 is:

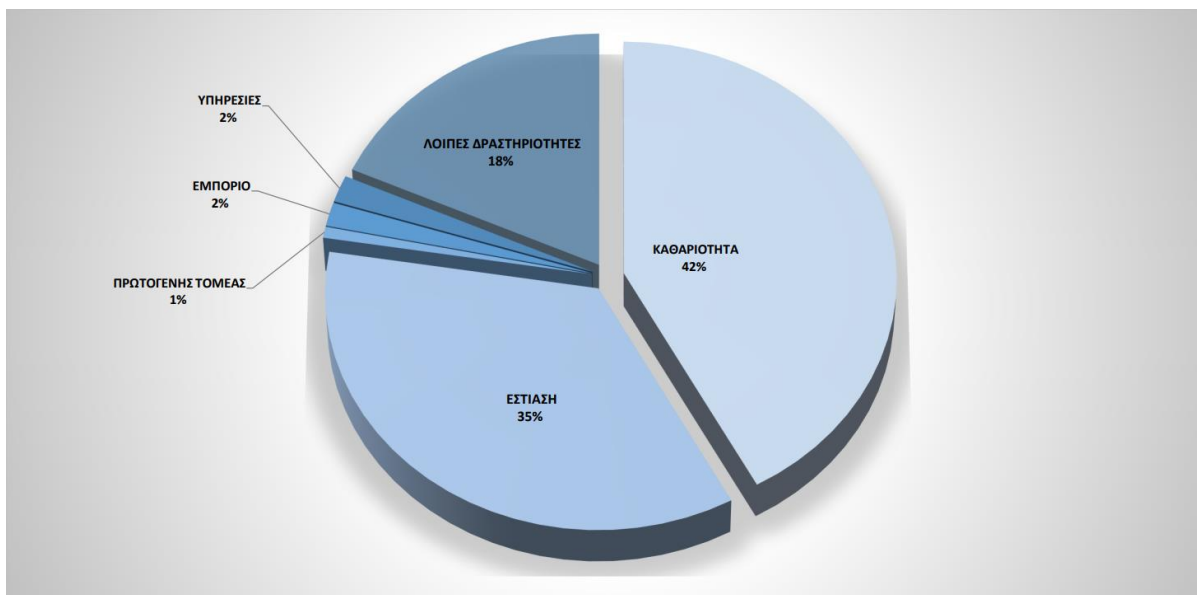
- General population 39%
- mental health recipients 52%
- vulnerable social groups 9%

Below you can see the operations' Cycle of the cooperatives for the period 2015-2021.



In the graph below you can see the distribution of turnover by activity

- Cleaning services 42%
- Food and beverages 35%
- Other activities 18%
- Services 2%
- Trade 2%
- Primary sector 2%



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

The Panhellenic Federation of the Greek Social Cooperatives of Limited Liability works in different levels. Among the other activities POKoiSPE:

1. Works with stakeholders for the establishment of new KoiSPE
2. Presentation of the work of POKoiSPE in a front page article in CNN Greece on mental health in Greece during the pandemic.
3. Interventions at various levels of leadership, aiming at the more effective inclusion of people with psychosocial problems at work (e.g. 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).
4. Representation with interventions, participations, in national, European and international conferences
5. Realization of a panhellenic conference
6. Participation and support of extroversion actions
7. Synergies and collaborations with internal and external bodies

8. Publicity of the actions - active in social media
9. Supporting self-representation actions
10. Operation of the NSRF program, to strengthen the Mental Health system and especially its services to promote the Mentally ill in employment and social integration, with the development of necessary and innovative tools. The project includes 3 Sub-Projects with distinct actions and 29 different deliverables:
 - A. «Development of tools for self-representation & support of leadership skills of Class A members of the Board of Directors of KoiSPE»
 - B. «Development, standardization and implementation of supported employment tools for people with psychosocial problems and strengthening the competence and the administrative and management capacity of KoiSPE.»
 - C «Evaluation of the project as a whole and its results»
11. After years of cooperation with the Ministry of Health, the federation managed to find a system of stable financial support for KoiSPE from the regular budget of the Ministry.
12. Support to all KoiSPE with parallel data collection.

5. Special situation caused by corona

In COVID-19 pandemic the Federation continue to support KoiSPE in daily subjects and to claim the strengthening and support of the Ministries of Health and Finance. This is achieved through:

- 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)
- Letters and interventions for the inclusion of the main and secondary operations of KoiSPE in Acts of Legislative Content (6 Letters)
- Carrying out video conferences with representatives of KoiSPE in order to capture the new data and problems that arose from the COVID-19 pandemic. P.O.KoiSPE recording the proposals for the fields which support is requested.
- Creation of an 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.

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. Legal situation supporting social enterprises

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, respectively 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 persons coming from vulnerable groups: those facing disability or mental health issues, problems of drug addiction, or periods of incarceration.

The cardinal principle of the role of social cooperatives in Italy is *"the purpose of pursuing the general interest of the community in the human promotion and social integration of citizens."*

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 social enterprises as *"all private organizations ... that carry out, on a stable and principal basis, an organized economic activity for the purpose of producing or exchanging goods or services of social utility, aimed at achieving purposes of general interest."*

Social enterprises include a wide range of legal forms as well as companies, both partnerships and corporations, of which social cooperatives are one of its categories.

The broader *Third Sector legislation* was revised in its entirety in June 2016 with the approval of Law No. 106 for the *"Reform of the Third Sector, Social Enterprise and the Discipline of the Civil Service"*, in order to simplify and reorganize the Third Sector; the reform was implemented thanks primarily to Legislative Decrees No. **112/2017 ("Revision of the discipline on social enterprise")** and No. 95/2018 (*"Supplementary and corrective provisions of Legislative Decree No. 112 of July 3, 2017"*) on *"Social Enterprise"* and No. 117/2017 (*"Code of the Third Sector"*). The legislative Decree 117/2017 defines Third Sector Entities as *"voluntary organizations, social promotion associations, philanthropic entities, social enterprises, including social cooperatives, associative networks, mutual aid societies, associations, recognized or unrecognized, foundations and other private entities other than companies established for the pursuit, not-for-profit, civic, solidarity and socially useful purposes through the performance, exclusively or principally, of one or more activities of general interest in the form of voluntary action or the free provision of money, goods or services, or mutuality or the production or exchange of goods or services, and registered in the single national register of the Third Sector"*.

2. Some data

The most recent data on active social cooperatives nationwide show us a number of 16.218 enterprises, represented in the following table:

SITUATION OF SOCIAL COOPERATIVES IN ITALY		
<i>N.</i>	<i>Value of production</i>	<i>Employees</i>
16.218	15.420.678.830 €	451.499

52% of social cooperatives are type A, 25% type B and 23% type B. There is a total of 451.499 employees, including more than 75.000 disadvantaged people.

2.1. The data from Legacoopsociali

A very large proportion of Italian social cooperatives are associated with [Legacoopsociali](#), an organization that is also a member of Social Firms Europe CEFEC. As shown in the table below, Legacoopsociali represents 1.940 enterprises, 54 percent of which are type A, 28 percent type B, and 18 percent type A+B.

LEGACOOPSOCIALI		
<i>N.</i>	<i>Value of Production</i>	<i>Employees</i>
1.940	4.360.240.066 €	126.115

A total of about 126.115 people are employed, of whom: 75 percent are women; about 12.000 are disadvantaged people working in type B and A+B cooperatives; about 82 percent are members of the cooperative in which they work. To date, there are more than 1.700.000 people and therefore families who benefit from the services and benefits carried out by social cooperatives in all territories of the country.

To date, 60 percent of the consolidated production value of the social cooperatives that are members of Legacoopsociali derives from public commissioning, through contracts awarded by Local Authorities, National/Regional Health System Health Authorities and Central State Administrations, and 40 percent from private commissioning (individual citizens, families, businesses).

3. National Umbrella Organizations of Social Enterprises

At the national level, the social cooperation system has two separate but synergistic bodies for representation to primarily institutional stakeholders:

1. The [Forum Nazionale del Terzo Settore](#) is a nonprofit organization and the main unified representative body of the Italian Third Sector operating in the areas of Volunteering, Associations, Social Cooperation, International Solidarity, Ethical Finance, and Fair Trade in our

country. The Forum of the Third Sector has as its main objective the valorization of the activities and experiences that autonomously organized citizens implement on the territory to improve the quality of life, of communities, through paths, including innovative ones, based on equity, social justice, subsidiarity and sustainable development.

The main tasks are the following:

- Social and political representation in dealings with government and institutions;
- The Coordination and support of intersectorial networks;
- The communication of values, projects and instances of the organized realities of the Third Sector.
- Training of Third Sector entities to strengthen their capacity to intervene in the territories and respond to social and economic changes.
- On the basis of a pact consistent with the national one, 20 regional Forums have been established, as well as numerous provincial and local Forums to which civil society entities operating at the territorial level adhere.

2. The second representative body specifically concerns the social cooperation system. Most social cooperatives belong to three major organizations that established a common organization in 2014: the "[Alleanza Cooperative Italiane](#)" (**A.C.I.**). (*Legacoop, Confcooperative and Associazione Generale Cooperative Italiane - A.G.C.I.*). With 39.500 member companies, both social and non-social cooperatives, it represents more than 90 percent of the Italian cooperative world in terms of people employed (1.150.000), turnover achieved (150 billion euros) and members (more than 12 million). Numbers that lead cooperation to affect GDP by about 8 percent. The deposits of cooperative credit banks (158.4 bn) should also be considered. Italian cooperatives are a reality capable of great socioeconomic inclusion since 58% of those employed are women, 15% are immigrants. The birth of the Alliance strengthens the great tree of cooperation to coordinate the representative action towards the government, parliament, European institutions and social partners; in fact, the goal is to ensure a unified representation of Italian cooperation.

4. General situation and the prospects of social enterprises

Social cooperatives are the main pillar of the Third Sector from the perspective of entrepreneurship and employment; the centrality of the cooperative system also emerges clearly from the objectives and actions set forth in the [Social Economy Action Plan](#), plan sought by the European Commission to develop the growth potential primarily of social enterprises and social cooperatives.

The resilience of the social cooperative system in the COVID 19 period further represents, if there is any need, how the mechanisms of democracy and internal mutuality are virtuous and peculiar elements that allow particular and unique forms of adaptation to change and innovation. However, this great capacity demonstrated by the world of Social Cooperation cannot exempt politics and the welfare system from the need to have to strengthen the conditions and functional tools for the protection and inclusion of people who are already normally in conditions of greater disadvantage and risk of exclusion, especially from the labor market.

In this sense, the central issue at stake in the coming years will be the relationship between social cooperation and inequalities; the fight against inequalities (economic and social) must (re)become a

priority of public action, putting people's freedoms and the redistribution of "power" at the center. With respect to the central issue of inequalities in the coming years, social cooperation will have to address some main issues:

- ✚ The first is the "business model," that is, the set of logics according to which an organization creates, distributes and collects value. The "business model" of social cooperation, which has grown in a relationship of dependence on public resources, is in crisis and needs to be rethought. Theme, this one, which also recalls the organizational forms of social cooperatives, the mix between solidarity and entrepreneurship, the extension of internal mutualism, the relationship with the territory and the democracy of decision-making processes that characterize them.
- ✚ The second issue is the "mission crisis." The needs of our communities are increasingly complex and fragmented, compared to the past, and therefore demand a political (re)positioning of social cooperation that, alongside social intervention, must stimulate and sustain, from below, public action.
- ✚ the third is the crisis of vocation and turnover of the ruling class, which is potentially deadly if not urgently brought to the table. Social cooperation must return to attracting motivated and capable young people who see its role as a vocational landing place that provides both material freedom and intrinsic motivation.
- ✚ The issue of vocation crisis also relates to the dramatic shortage of social and educational workers; the current historical moment is characterized by a decreased attractiveness of "care professions," and this will be a major critical issue for welfare system for the next few years. From this point of view, the following actions can no longer be postponed:
 - A social marketing activity that enhances the role and work of social cooperation and social work in general;
 - A significant adjustment in the salaries of social cooperators who must be guaranteed contractual conditions appropriate to the very important role they play within the welfare system.
- Finally, the cooperative system will have to continue to safeguard and guarantee the dual function, of economic democracy and social work, of social enterprises, through the social and labor inclusion of disadvantaged people within our communities, outside the logic of a purely competitive market.



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The Situation of the Social Firms in Lithuania



1. The Legal Situation to support Social Firms

According to latest version of The Law on Social Firms of the Republic of Lithuania, social firms aim to provide employment for people 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. The point is to promote their return to the labor market, their social integration and reduce their social exclusion.

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

- 1) disabled persons with a severe level of disability or those with a working capacity not exceeding 25 percent, registered with 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 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 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 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 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, and the following types of State aid may be granted:

- 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.

In 2022, the Parliament adopted the amendments to the legislation proposed by the Ministry of Social Security and Labour, which will create wider opportunities for people with disabilities to actively participate in the labor market, and provide employers with the necessary assistance in recruiting them or maintaining a job after an employee acquires a disability. Preventive measures will help people with disabilities to find employment in the open market, for example, accompanying assistance during employment, support for adaptation of the workplace and work environment, and the help of a work assistant.

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, 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, the criteria of a social business entity is: 1) 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.

The entrepreneurial action plan was prepared by implementation of the 2020 resolution of the Parliament of the Republic of Lithuania, named as "Lithuania's progress strategy "Lithuania 2030", the 2012-2016 operational program of the Republic of Lithuania Government (hereinafter referred to as the Government Program), 2012 of the Government of the Republic of Lithuania November 28 by resolution no. 1482 approved national progress program for 2014-2020.

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 enterprises - <https://www.facebook.com/SocialEconomyLithuania/> - The network of social enterprises in Lithuania, established in 2018, it unites socially responsible businesses, social enterprises, form the policy of 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 2022, there are currently 312 social firms operating in Lithuania.

On the report of the Association of Social Enterprises in 2022, there are 115 social enterprises (business entities).

4. The General Situation and Perspectives of Social Firms

In our country at the beginning of this year, there were 147.5 thousand working age people with disabilities. In January 2022, according to "Sodra" data, only 1 in 3 were in employment. Most of them - over 37 thousand. – worked in the open labor market, the remaining 4.5 thousand – in social entities.

The number of people with disabilities working in the open labor market has not change significantly, but it has decreased in social entities.

2015, 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.

Although social business and social firms are still little known in Lithuania, and there is a lack of examples of good practice, and lack of incentives and financial support measures, the number of social businesses in the country is constantly growing. The ecosystem of social enterprises in Lithuania remains fragmented according to the region. The Lithuanian legislature regarding social enterprises and social firms is divided – entrepreneurship is considered as the field of Ministry of Economic and Innovations, as social business and social firms are supported by Ministry of Social Security and Labor. 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 truth, because after state subsidies has been reduced, a lot of social firms went bankrupt.

The setback is that there is no equal legal regulation to the social economy which cover all the types of economies. 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.

In July 2022 The Sejm (lower house of Polish parliament) passed the Act on social economy. This is the first act comprehensively governing this subject. The new regulation will contribute to creating stable jobs in social enterprises and will increase the availability of social services.

An important element of the Act are regulations regarding the status of a social enterprise. This status will be available to: social cooperatives, non-governmental organisations, labour cooperatives, cooperatives of disabled and blind people, cooperatives of agricultural production.

Social enterprises will operate for the purpose of reintegration (persons at risk of social exclusion will account for 30% of the employed in total) or for providing social services to the local community.

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 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 appropriate knowledge and 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.

Currently, there are about 100 thousand social economy entities operating across the country. The largest group are non-governmental organisations (97%), and the remaining part are cooperatives (about 1.5%) and reintegration units (about 1.5%). In 2019, about 200 thousand persons were employed in social economy entities.

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% of employees are persons classified as being at risk of exclusion; moreover, the entities must be managed in a participatory manner.

At the end of August 2022 there were 2.026 registered social enterprises, which had so far obtained this status as part of the implementation of projects co-financed from EU funds. These are primarily social cooperatives (701), but also foundations, associations and non-profit limited liability companies.

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, inflation and rapid increase of energy prices and other operating costs

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The Situation of the Social Firms in Portugal



1. The Legal Situation to support Social Firms

In Portugal the concept of social firms does not exist. However, the IEFP - Institute of Employment and Vocational Training (Government) has a series of measures in place to support the hiring of disadvantaged public, namely:

Supported Employment Contract: 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 amounts is provided:

- 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 contributions 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 (in 2023, in Portugal, this value is 443,20€)

Contract Employment Supported in Open Market

Financial support for persons with **disabilities and reduced working capacity** (work capacity of not less than 30% but not more than 90% of the normal working capacity of a worker without a disability), in jobs supported by a Supported Employment Contract.

2. The National Umbrella Organisation to promote Social Firms

There is no national umbrella organization linked to social enterprises.

3. The Number of Social Firms and business branches

Number of social firms in Portugal: 0

Social businesses mostly develop their activity in the areas of: catering, gardening, agriculture, laundry, cleaning. These social businesses are always derived from NGOs that develop their work in the field of psychosocial and professional rehabilitation of people with disabilities or social disadvantages.

4. The General Situation and Perspectives of Social Firms

The employment policies that support people with a psychosocial disadvantage take the form of support for hiring in the labor market, in order to combat the segregation of these groups.

This support is entirely intended for the person supported and involves an application by the employer (NGOs or other companies) to the IEFP.

5. Special situation caused by corona

Social businesses are developing their activity more normally now and those that did not close are now recovering financially and continuing their mission.

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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:

RISE Romania - Romanian Network of Social Insertion Enterprises (<https://riseromania.ro/>) - 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.

RISE currently reunites 12 members – social enterprises, social insertion enterprises, authorized protected units, resource organizations and experts in the field of employment, socio-professional insertion of disadvantaged groups, social economy.

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.

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**, administered by the National Agency for Employment (which also is the certifying authority). According to this instrument we have in October 2022 more than 2,600 social enterprises certified.

According to [ADV Romania](#), who is working now on *The Final Report on the social economy sector in Romania*:

- Romania has 37,391 employees in the cooperative sector – the lowest share of workers in the social economy sector – only 0.9%.
- The non-profit sector also has the largest number of employees: 112,656 employees, of which 18,038 are in education and 12,078 in social assistance and care.

The extraordinary dynamic of certification is due to available grants through the European Social Fund /[Human capital Operational Program 2014-2020](#) and 2,514 of these social enterprises were registered in 2021 alone.

- 87% of certified social enterprises are incorporated as limited liability companies. The share of commercial companies as a legal form decreased slightly from March 2021 when it reached 88%.
- The total number of employees in social enterprises remains low – only 1,682 workers, of which 420 are from vulnerable groups.

With 12.3% of social enterprises, non-profits provide 26% of jobs in the social enterprise sector.

- 6 mutual aid houses that requested a certificate account for 6% of the jobs of the entire sector.
- In all the 41 counties in Romania there is at least one certified social enterprise, the national average being 49 enterprises per county – a major increase compared to March 2021 when it was 35.
- The number of social enterprises in a county varies from 1 in Ilfov county (which was not eligible for European funds for social enterprises) and 299.
- The highest density is registered in Alba County – 299 certified social enterprises (up from 229 in the same period last year), followed by Cluj with 186 certified social enterprises and Maramureş with 161.
- The top three counties in terms of number of social enterprises are all located in the West or Center of Romania.
- 180 active WISEs in March 2022 – 28 were certified between 2016-2020; 152 were established in between 2021-2022, spurred by existing grants (available through the European Social Fund /[Human capital Operational Program 2014-2020](#))

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 and supported in 2021 with grants up to 100.000 euro each, 21 new social enterprises which created 120 new jobs. We are a grant administrator for start up certified on 2014 by Ministry of Labor!

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.

Since 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.

According to the [Annual research report on the Social economy in Romania](#), the state aid for social enterprises is extremely low. In 2021 only 13 out of the 1,642 certified social enterprises, respectively 0,079%, receive any form of support, the most receive support for promoting the products. Thus, none of the social insertion enterprises do not benefit from the measures for subsidizing the jobs for employers, even when employing workers from disadvantaged groups. The support from the programs with European funds is not registered in the records of the ANOFM Register of Social enterprise.

This document also mentions that:

- many social economy enterprises are integrating people from vulnerable groups into employment without being certified as social enterprises or social insertion enterprises.
- the enterprises certified as providers of social and employment services also integrate people into employment.
- many of the social economy enterprises operate in practice without certification and the official recognition of the authorities by means of certification does not provide them in practice with any benefit, except for access to European funds and only in the case of start-ups.

5. Covid-19 Pandemic

Apart from construction works, all main economic indicators recorded their lowest values as of April 2020 because of the coronavirus (COVID-19) epidemic in Romania. The households' consumption index dropped from 10.7 percent in February 2020 to -51.2 percent in April 2020. The lowest drop was recorded for the services provided to the population which went from 9.8 percent to -52 percent in November 2020.

Labor market indicators have been impacted since the coronavirus (COVID-19) outbreak in Romania. By May 2020, all three indicators (unemployment, wages, number of employees) recorded their lowest values in the last six months. The unemployment rate increased from 3.9 percent in February 2020 to 5.5 percent in May 2021 (according to [statista.com](https://www.statista.com))

According to [OECD Economic Survey of Romania \(January 2022\)](#), over the last two decades, Romania has converged rapidly towards the OECD average income per capita. Its economy has also proved resilient: after a deep contraction in 2020 triggered by the coronavirus pandemic, activity has rebounded fast. However, short- and medium-term challenges remain. The recent surge in inflation

and the new pandemic wave require prudent macroeconomic policies. Eventually, fiscal sustainability needs to improve to cope with ageing. Productivity levels remain well below the OECD average, calling for reducing competition barriers, raising human capital. Romania should seize the opportunity provided by the NextGeneration EU plan to boost investments for the green and digital transitions. Poverty remains high and some groups have difficulties to join the labour market. Active labour market policies need to be reinforced and access to training is a pre-requisite for addressing skills shortages. Finally, pursuing convergence to the highest OECD standards requires improving the rule of law and fighting corruption.

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.

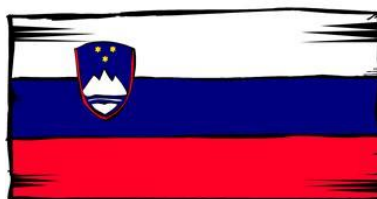
5. Special situation caused by corona

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 a social enterprise was used in Slovenia for the first time in the context of pilot projects financed from the ESS, which started in 2009 to support the development of social enterprises. Since then, interest and activity in the social enterprise 'space' has grown. The impetus for this interest is partly due to the economic crisis and the associated disillusionment of the masses with capitalism, which has given rise to movements advocating new ways of organizing the economy. Due to the increasing awareness of the importance of green jobs and local production, interest in social enterprises is still growing.

At the same time, the government is increasingly interested in using Social Enterprises for Work Inclusion (WISE) as a tool to combat high levels of structural unemployment (EC, 2014b). In this context, in 2011, Slovenia adopted the Social Entrepreneurship Act (SEA, 2011), which, among other things, defines social entrepreneurship and social enterprise (EC, 2014b):

Article 2: Definition of terms: A non-profit legal entity is an association, institution, foundation, business company, cooperative, European cooperative or other legal entity under private law, which is not established exclusively for the purpose of generating profit, which does not distribute assets. or the generated profit or the excess of revenues over expenses, except to a limited extent in accordance with the legislation;

Article 3: Definition of social entrepreneurship: Social entrepreneurship is the permanent performance of social entrepreneurship activities or other activities subject to special employment conditions, in the production and sale of products or the provision of services on the market, for which profit generation is neither the exclusive nor the main goal. Social entrepreneurship strengthens social solidarity and cohesion, encourages people's cooperation, supports voluntary work, improves society's capacity for innovation in solving social, economic, environmental and other issues, provides an additional range of products and services in the public interest, develops new employment opportunities, provides additional work places and enabling social integration and professional reintegration of the most neglected groups on the labor market (goals of social entrepreneurship).

Article 4: Principles and requirements of social entrepreneurship: A non-profit legal entity may engage in social entrepreneurship if it is established and operates in accordance with the following principles and requirements (hereinafter: principles), which indicate its public beneficial nature and social

character. Due to the need for amendment, the 15th Feb. 2018, the Act on Amendments and Supplements to the Act on Social Entrepreneurship, which, among other things, abolished the separation between type A and B social enterprises.

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 it is 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.

The Ministry of Economic Development and Technology supported the BODI SOC project, which is aimed at establishing an effective and stimulating support environment for social enterprises, which will contribute to strengthening the skills and competences of social enterprises, increase the opportunities for the establishment of new social enterprises, and encourage the growth of existing social enterprises, strengthened the awareness of social enterprises for the development and promotion of social entrepreneurship, contributed to the creation of new jobs and connections of social enterprises with the local environment, research and educational organizations and the economy with the aim of creating conditions for better access to the market.

3. The Number of Social Firms and business branches

Number of social enterprises in accordance with the provisions of the Social Entrepreneurship Act, the Ministry of Economic Development and Technology maintains a register of registered social enterprises, which contains the following information:

- Company - name of a social enterprise
- Headquarters of the social enterprise
- Name and surname of the representative of the social enterprise
- Identification number of the social enterprise
- The legal organizational form of a social enterprise
- Registration authority and date of entry into the register of social enterprises
- The main activity of a social enterprise.

Currently, 261 social enterprises are registered and in accordance with the requirements, they implement the required provisions for the status <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. So far, 84 social enterprises have been deleted because they did not fulfill the necessary conditions to maintain their status.

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

The coronavirus pandemic had a strong impact on the Slovenian economy and thus on social enterprises, as a result of which GDP decreased by 4.2% in 2020 (European Commission, 2021[6]). The recovery in economic activity recorded in the third quarter of 2020 after the end of the lockdown in mid-May was interrupted by the outbreak of new infections in September 2020 and thus new restrictions (OECD, 2020[7]). These were gradually lifted in early 2021, but the recovery was delayed as a third lockdown was imposed in April following the rapid spread of covid-19 variants (OECD, 2021[8]). Extensive government measures aimed at supporting employment and limiting insolvency did not help to maintain the stability of jobs in the field of social entrepreneurship, as the conditions for obtaining financial measures for, as a rule, small social enterprises were inappropriate.

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The Situation of the Social Firms in Spain/Andalucía

(update from 2020)



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 Andalousia

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.

An update received from Dom Spain, in 2023

Spain is also immersed in the global debate about the appropriate terminology to define what a "social firm" is. More specifically, we find conflict with the concepts of "social economy" and "third sector". The third sector is made up of private organisations that originated out of solidarity or for the common good, from citizen or social initiative. In the legal framework of the Spanish social economy (defined by law 5/2011 on social economy), the concept of social economy is specified. This is understood as the grouping of all economic and business activities carried out by entities that share the principles of promoting solidarity, gender equality, insertion of people at risk of social exclusion, commitment to local development, employment generation and sustainability. In a general overview, social enterprise in Spain can be defined by a set of relatively small and local organisations that develop economic activities, mainly oriented towards the extension of social welfare, that present a wide range of legal forms and share values with the third sector and the social economy.

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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 quite 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 been 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 10th/11th September 2015 in Olten.

6. Literature

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Betreffend andere Forschungen in der Schweiz zum Thema ist uns Folgendes bekannt:

- Hochschule für Soziale Arbeit in Fribourg (HES-SO):
 - « La Haute école de travail social de Fribourg (HES-SO) a développé un domaine d'expertise en matière d'entrepreneuriat social. Quels sont les enjeux, perspective et attentes, tant de la

société que des professionnel-le-s, au sujet de cette branche ? Quels sont les défis rencontrés lors de la création d'entreprises sociales ? » (<https://www.hefr.ch/fr/actualites/HETS/26926>, Zugriff am 19.12.2022).

- Siehe auch
 - Interview « L'entrepreneuriat social, un outil essentiel à développer » mit Emmanuel Fridez und Benoît Renevey von der HETS-FR: <https://www.reiso.org/actualites/fil-de-l-actu/8824-l-entrepreneuriat-social-un-outil-essentiel-a-developper>
 - Reiso-Artikel :
Emmanuel Fridez et Benoît Renevey, «Au-delà du clivage se trouve la complémentarité», REISO, Revue d'information sociale, publié le 22 septembre 2022, <https://www.reiso.org/document/9627>
- Forschungsprojekt der Haute école de travail social et de la santé Lausanne (HETSL) zum Thema «Ergänzender Arbeitsmarkt»:
 - ist zwar nicht explizit/ausschliesslich zum Thema Sozialfirmen, tangiert dieses aber natürlich,
 - Artikel und Informationen zum Projekt finden Sie auf dessen Website: <https://www.marchecomplementaire.ch/de/>

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Note I: Report, University of applied Sciences of Northwestern Switzerland (fhnw), Olten
 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:

Institut Travail Social HES-SO Valais, Mrs. Véronique Antonin-Tattini, Route de la Plaine 2, 3960 Sierre

Note II: Report, Institut Travail Social HES-SO Valais, Switzerland

Das vom schweizerischen Nationalfonds (SNF) unterstützte Projekt « Activités de placement de bénéficiaires sur le marché du travail par les entreprises sociales d'insertion en Suisse » (SNF Nr. 10001A_184904), unter Leitung von Dr. Véronique Antonin-Tattini (Institut Soziale Arbeit, HES-SO Valais-Wallis), läuft noch bis Januar 2024.

Wir haben für unsere Studie 26 Sozialfirmen aus vier Schweizer Kantonen (GE, NE, VS und ZH) befragt, bzw. rund 50 semistrukturierte Interviews durchgeführt. Dies mit Geschäfts- oder Bereichsleitenden sowie mit Fachpersonen, die intern für die Stellenvermittlung zuständig sind (Job Coachs, Integrationsberater*innen, Verantwortliche Akquise usw.). Auch wurden in vier Sozialfirmen teilnehmende Beobachtungen durchgeführt, vgl. Publikationen.

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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 care and social care to vulnerable groups, and *WISE's* with the primary aim of integrating disadvantaged groups and long-term unemployed people in the labour market and society.

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 WISEs 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 in 2018 their goal was changed to promote social enterprises, social entrepreneurship and social innovations in general in the country.

2. National Umbrella Organisations to support Social Enterprises in Sweden

About 100 welfare-producing social enterprises are connected to an umbrella organization called *FAMNA*. The aims of Famna are: to support and strengthen the welfare-producing social enterprises, to better their societal conditions and promote their development and growth. Their members are running health centers, homes for elderly people and people with disabilities, shelters for young people, homeless people, addicts and migrants.

Famna is cooperating with organizations and actors on national, regional and local level to promote growth and development for member enterprises. They are also representing their members in a lot of national and regional agencies.

Most of their members are linked to large NGOs or Foundations but there are also small independent social enterprises. These enterprises have social goals and missions and they reinvest their profit in different social projects. Many of them offer work training and rehabilitation to participants but that is not their *main* purpose and therefore they are not labelled as WISEs.

The national umbrella organisation for *work integration social enterprises (WISEs)* is *SKOOPI*, initiated by representatives from social cooperatives in the year 2000. About 180 work integration social enterprises are members but this figure is uncertain due to lack of statistics. During the last five years SKOOPI has been working hard to enhance the legitimacy and knowledge of WISE's in Sweden.

The umbrella organization Skoopi 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 work and integration for people with disabilities or other work-related problems;
- To take part in public investigations and proposals about WISE's
- To work for national and international cooperation

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.

3. The number of WISEs and business branches

The number of WISEs in Sweden today is about 270 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 way of organizing the enterprises 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, from the Public Cooperation Agency (*samordningsförbund*) 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. Also individuals with psychiatric disabilities have the right to participate in work training according to the Law of Social Welfare in Sweden.

Most of the WISEs are social co-operatives and rather small with about 10-15 employees. Many disadvantaged and unemployed workers are referred from Public Employment Offices to work training in WISEs according to different labour market programs. The receiving WISE also gets compensation for education, supervision etc. according to the contract with the Public Employment Office.

The WISE's are operating in many different business sectors. The majority of WISEs has four business activities each or more. The most frequent types of activities are cafés, restaurants/ catering, often coupled with handicraft or recycling or a second-hand shop. Home services for private customers such as cleaning, carpeting and gardening is a growing business sector because of lower tax on customers. Other kinds of business activities include ecological gardening, IT and media, bed & breakfast services, conference services and dog/animal care. There are many Green WISEs in Sweden with ecological production of vegetables & flowers. Some are also serving vegetarian meals to customers. For example, the "Café Rekommenderas" (network of WISEs in middle and north of Sweden) are selling ecological products from the local region and marked as fairtrade.

4. The General Situation of Social Enterprises in Sweden

The general situation is complex with some permanent problems but also shifts to growth and better conditions. The lack of a specific legal framework for WISEs has for a long time been the main problem. Some advocates from the Green party have tried to argue for special legislation for WISEs but in vain. The civil society organizations and social enterprises have found that they must rely on their own strengths and capacities to build up durable and prosperous enterprises.

Some problems from earlier years are still there: Many municipalities have organized their own training units, which means that fewer individuals are referred to work training in WISEs. Besides the Public Employment Office has reorganized their services and diminished their organization, which is causing problems for many unemployed individuals. In many parts of the country there are limited contacts between the Public Employment Offices and the WISEs. Thousands of disadvantaged persons are waiting for work training and learning skills in different trades. But the Public Employment Offices have limited contact and knowledge of the services provided by WISEs. On the other hand, the Public Cooperation Agencies (Samordningsförbunden) have started to be interesting partners to WISEs in some regions of the country.

Many work integration social enterprises have periodical problems to finance their activities. During the covid-19 epidemic some enterprises got severe financial difficulties and had to change their

organizational affiliation and start cooperation with the local municipality or another civil society organization. Some WISEs had to cease their activities and went into bankruptcy, especially in small towns located in northern part of Sweden. But in the last two years there has been a sort of reorganization process initiated by Skoopi to start new WISEs with help and support by more established work integration social enterprises in the regions.

There are also positive tendencies among WISEs trying to find solutions for recent problems. The large public procurement contracts have been a problem because the small WISEs have difficulties to fulfil the demands in the contracts. Some WISEs have also started a special organization for selling their products in the market called **Social Trade**. This new initiative has proven successful but needs to be used by the WISEs to greater extent. The Law of Public Procurement from 2022 has opened new possibilities for social enterprises. And next year in February a new Law of Public Procurement will provide opportunities for all kinds of NGOs from civil society to take part.

- a. A significant process of professionalization is going on since 2018 with knowledge building and enhanced competence among the WISEs in Sweden. A process of certification of WISE's started in 2018. This process is still going on and about 30 WISEs have been certified during the four-year process. The certification process means building a sustainable economy, better management, all members taking part in decisions and useful instruments to evaluate the activities. Most important are building new knowledge and self-confidence among managers and personnel. Skoopi as umbrella organization received a large project from European Social Fund in 2020 called "Raise WISEs" (ASF lyfter in Swedish). This project has brought organizational changes with several regional branches, more analysis of the prerequisites for WISEs in Sweden and an innovative work culture, which will benefit the members of Skoopi.

Tanke & Handling
 EKONOMISK FÖRENING

SKOOP I
 De arbetsintegrerande sociala
 företagens intresseorganisation

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The Situation of the Social Firms in United Kingdom



1. The Legal Situation

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 is an umbrella body for social firms in the UK. It 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 states that it carries out lobbying and awareness-raising activities, research and practical initiatives to increase the number and ensure the quality of social firms across England. The role of Social Firms England has largely been taken over by Social Enterprises UK.

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.

An overview of the sector in the UK

In 2012 the UK Government introduced *Social Value Act*. 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.

4. Social enterprises and social firms and Covid 19

Things in the UK recovered strongly after the pandemic and were largely back to normal until the war in Ukraine caused energy and other material prices to drastically rise, creating high inflation and a cost of living crisis. Together with the political disruption and uncertainty caused by two changes of Prime Minister in less than 2 months, this has led to a recession that is likely to see the UK economy shrink in 2023.

Throughout the pandemic the British Government spent heavily on a number of schemes to support the economy (none however, were specifically targeted at the SE sector), and those schemes have all now finished.

During the pandemic, more than 50% of social enterprises lost more than 50% of their income and had to greatly reduce their staff numbers, resulting in huge disruption to their activities. However many social enterprises operating in the health and social care sector, flourished and are still helping to deliver the necessary services that the country needs.

How fast the social enterprise sector will grow in the current economic conditions 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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