



# SOCIAL ENTERPRISE INVENTORY

Exploiting Potentials of

Social Enterprises through Standardized

European Evaluation

and Development System

# SOCIAL SEEDS

Interreg Europe



SME competitiveness



European Union  
European Regional  
Development Fund

# I. INTRODUCTION

## 1. SOCIAL SEEDS project

Recent years have seen a burgeoning interest in social enterprises (SEs) across Europe, strongly driven by a growing recognition of the role social enterprises can play in tackling emerging challenges. Particularly in the current period of economic and social recovery, social enterprises are able to bring innovative solutions for social cohesion and inclusion, job creation, growth and the promotion of active citizenship. Yet, despite interest in and the emergence of examples of inspirational and 'disruptive' social enterprises, relatively little is known about the scale as well as the ecosystems of the emerging social enterprise 'sector' of Europe as a whole. Best practices across Europe show that social enterprises are effective & efficient policy tools at policymakers' hands to reduce territorial disparities, bridge the public private sphere and to boost economic growth, employability of vulnerable social groups by improving the performance of regional development policies and programmes.

Today only eight countries out of the EU-28 countries, namely Bulgaria, Greece, France, Italy, Luxembourg, Slovenia, Sweden, and United Kingdom have a policy framework in place to encourage the development of such enterprises via legal, administrative and financial instruments. Motivated by the above fact, SOCIAL SEEDS tackles this policy challenge with innovative policy diagnostic tool, the European Standardized Evaluation and Supportive System. The consortium consisting of 7 partners representing 6 partner regions and an associated strategic partner with complementary experiences and policies, aims to seeks policy alternatives to improve social entrepreneurship and social innovation landscape in Europe.

## 2. Regional / National Social Enterprise policies

SOCIAL SEEDS regions need to identify their policies in the very beginning in order to prepare for the final phase of the project when regions will decide how to integrate lessons learned into regional / national policy instruments through respective implementation (Action) plans. This exercise is the preparatory phase for the policy improvements taking place in the second phase of the implementation of SOCIAL SEEDS. The identification of the policies addressed gives a general picture of each region's specific context and insight into the social entrepreneurship developments proposed as well as main stakeholders and relationships among them.

Aiming at a status quo description, all regions were asked to summarize their respective data concerning existing policies and strategies on social entrepreneurship, social innovation and social economy including future plans structured in three passages. The first passage is addressed to clarify the challenges facing the social enterprise ecosystem and it also indicates existing or potential policy intervention areas. These policy areas include: Access to Finance; Access to Talent; Scaling Up; Regional Inclusiveness; Sourcing and Pipeline; Capacity Building and Training; Impact Measurement, Transparency and Reporting; Ecosystem Coordination, Policy and Regulation; and Investment Exits. The second passage is dedicated to provide a comprehensive overview on existing policies and strategies on social entrepreneurship. The description also refers to the available ESIF European Structural and Investment Funds Operational Programmes and their intervention logic as well. Policies and social enterprise supporting services are also reviewed in light to access to market, skills enhancement, internationalization of social enterprises, incubation services, trainings and coaching services and access to finance. Last but not least, the last passage shows the policy niches and our partners' solutions on overcoming the barriers identified.

## II. POLICY MAPPING

### Region – Podkarpackie Region, Poland

The developments of the social enterprise ecosystem should be considered in the context of policy discussions at both a national and international level where inclusive innovation and social enterprises are priorities. This passage seeks to shed some light on the policy context, and clarifies some of the key terminologies and concepts for the landscaping results. It also endeavors to place the discussion about the promotion of social enterprises in the framework of wider policy context addressed to access to finance for Micro, Small and Medium Sized Enterprises, and innovation policies and taxation legislations.

#### a) STATE-OF-THE-ART (2000 characters max.)

##### 1. Legal definitions and background: is there any legal definition for social enterprises and social economy

In Poland there is no any official definition of social enterprises. More common and in use there is a term „Social economy” where the social entity (enterprises) is an element of the wider system which also itself does not have an official or commonly accepted definition in Poland. In some official documents on the policy and EU use there is a term social economy entities by listing legal and organisational forms of them.

Social economy exists as a concept operationalised for research purposes and for implementing specific programmes and policies and putting together diverse institutions which have different roots and activities. Among it we can identify as follows:

- **Social cooperatives:** established to promote the social and professional reintegration of the members into the labour market. May be established by at least five members who are unemployed or have various disabilities. Such co-operatives may also be opened by legal persons
- **Employment co-operatives:** The characteristics of the cooperative is to engage on the basis of personal work of its members and the obligation to establish an employment relationship with all members of the cooperative (signing specified in the regulations cooperative contract of employment). Cooperative work can assume at least 10 individuals (not necessarily to the person at risk of social exclusion). The exceptions are cooperatives of agricultural production, to which the assumptions just 5 people. In addition to a business cooperative may lead social activities and educational and cultural activities for its members and their environment.
- **Co-operatives of disabled and blind:** high rate of employment of only disable people and Cooperatives disabled are characterized by a high level of social security and a rich array of forms of assistance from the capital fund rehabilitation. With this fund is mostly financed medical care, medical rehabilitation, rehabilitation equipment, medicine and others.
- **Professional Activity Establishments (ZAZ)** - The ZAZ status is given to autonomous units (not legally separated organisations) of local authorities, NGOs or social cooperatives:

Their primary objective is rehabilitation of disabled, especially with severe disabilities. ZAZ carry out rehabilitation activities along with economic activity.

- **Social Inclusion Centres (CIS) and Social Inclusion Clubs (KIS)** organise educational programmes for people at risk of social exclusion and support individuals and their families in re-establishing and maintaining their ability to participate in the life of the local communities. Work is here as an element of the education programme. When CIS carry economic activity there is still no formal employment relations between an entity and a person engaged in the work (formally these people are treated as unemployed and receive reintegration benefits at the level of unemployment benefits. CIS and less formalised KIS can be established by local governments or NGOs.
- **Occupational Therapy Workshop (WTZ)**- Can be established by associations, foundations and other organisations and their primary objective is therapy and rehabilitation of disabled. WTZ are primarily financed from resources of the National Fund for Rehabilitation of the Disabled
- **Non –profit organisations:** such as foundations and associations
- **Limited Liability Companies and certain sport clubs** pursuing public benefit activities and not focusing on profits, distributing revenues for statutory purposes
- **Supported Employment Enterprises:** employs people with severe disabilities and their activity is focused only on activate people who have no chances on regular labour market.

## 2. Social enterprise landscape in numbers- PODKARPACIE REGION:

- **Social cooperatives:** 97 entities
- **Employment co-operatives:** 21 entities
- **Co-operatives of disabled and blind:** 85 entities
- **Professional Activity Establishments (ZAZ):** 13 entities
- **Social Inclusion Centres (CIS) :** 11 entities
- **Social Inclusion Clubs (KIS):** 9 entities
- **Occupational Therapy Workshop (WTZ):** 37 entities
- **Supported Employment Enterprises:** 85 entities
- **NGOs:** 6579 entities

## 3. Sectoral characteristics:

To facilitate the detailed sectoral characteristics the third sector- social economy- is divided into:

- 1) Civic sector (NGOS having social character)
- 2) Social sector (Social cooperatives, employment cooperatives, blind and disabled cooperatives)
- 3) Reintegration sector (Social Inclusion Centres, Social Inclusion Clubs, Occupational Therapy Workshops, Professional Activity Establishments)

### Civic sector

The companies operated in the sector are characterized as *public benefit unpaid works, public benefit paid works*- but with income not higher than the operational costs for running a business and *economic activity where all the incomes are for statutory goals*. Majority of the NGOs are located in rural areas (56%), in the cities (18%) and in the urban-rural commune (26%). Most of the NGOs don't have regular paid staff (69%), 17% hired people only on the base of temporary contracts – civil law contract, only 13% on the base of employment contract. When it comes to the employment rate only 13 % of NGOs hire more than 6 workers.

NGOs note relatively low level of incomes. Only 3% have their level of revenue above 1 million Polish zloty (around 240,000 EUR). Only 11% of regional Podkarpackie's NGOs operates nationally and internationally (the rest only in regional context).

### Social sector

What characterizes the social cooperatives and social sector entities is that they are based only on the personal work of their members who have to be employed on the basis of social work contracts. Social cooperatives' main aim is to bring together and activate groups threatened with social exclusion.

According to data from the Report on monitoring the implementation of the Regional Action Plan for the Development of Social Economy in the Region Podkarpackie for the years 2012-2020 for 2014, actions sub-Carpathian cooperatives focused mainly on catering services, cleaning work, maintenance of green areas, repairing - construction, as well as care services for children and the elderly. Conflicts between members of the cooperative, the lack of inter-sectoral cooperation and intra-sectoral as well, lack the ability to search for contracts and orders, the lack of advertising (no websites, leaflets) means that social cooperatives are often not able to keep up without external subsidies. Among the members of cooperatives, there is little awareness of the principles of the company. Currently, cooperatives "live" from a grant to grant. "Among the biggest potential customers there are governmental institutions that are not willing to use social clauses that favour social cooperatives in public procurement".

### Reintegration sector

Centre for social integration (CIS) is an organizational unit, formed by the mayor or a non-governmental organization, which implements social and professional reintegration. Annually in the 11 Centres there are around 500-600 people who participated and took advantage from their activity. Social Integration Club (KIS) can be carried out in particular programs from temporary employment to assist in finding a job for a specified period or for the duration of a particular job, full-time or part-time work for employers provide services on the basis of civil law contracts and preparing to take up employment, counselling legal or self-help activities in the field of employment, housing and social services. To participate in the KIS is the realization of the social contract, and the period of participation is determined individually with each of the participants. In the 9 of KIS in Podkarpackie Region there are around 90 annually having certificate and graduated from KIS.

Occupational Therapy Workshops reintegrating the disabled, unable to work, giving the possibility of social rehabilitation and vocational training or regaining the skills necessary to take up employment. Annually there are used by around 1700 participants.

**Professional Activity Establishments (ZAZ) are very unique and specific entities are a special type of employer -protected market in the region.** They provide the necessary professional and social rehabilitation for people affected by profound disabilities. These are people unable to work on the open market, affected by long-term social exclusion.

Working time in the ZAZ is less than it would result from the Labour Code, employment is carried out with the support of trainers and coaches work, in addition to realized there is a wide range of social rehabilitation and care. These measures are intended to restore the maximum possible efficiency for performing professional duties and ultimately - jobs outside ZAZ. In 2013 where established the first Association of ZAZ organizers which give organizational support to already existing entities.

The environment of people with disabilities and employers advocates also increase the number of professional activity, whose number is far too small. In 2015 the number of employees in all the Professional Activity Establishments were 461.

Besides above mentioned entities also popular are Supported Employment Enterprises – employs people with severe disabilities. In Podkarpackie region they operates in all sectors: production, services, security systems, cleaning and maintenance. In Podkarpackie region in 85 supported employment enterprises there are 11 520 employed disabled people including 1058 people severe disabled.

The main area of operation especially for social cooperatives, cooperatives for the disabled and blind, Professional activities establishments: **social welfare** and other services: **housing and gardening** (43 %), **maintenance** (33%), **restaurant and catering services** (28%), **production activities** (14%)

Foundations, associations – based their economic activities on **education** (16%), services related to the **real estate** (12%) and **market research, advertising, surveys** (10%), **retail trade** (8%), **publishing** (6%), **sport tourism and recreational services** (6%)

#### 4. The Stages of Business Development for a Social Enterprise: specify available financial and non-financial support

The sector of social enterprises has developed strongly during the last few years, driven mainly by a substantial allocation of resources from the EU funds: EUROPEAN SOCIAL FUND.

Public funding has so far, mainly targeted the building of institutions forming the social enterprise (and social economy) ecosystem such as institutions providing advisory services, engaging in promotional activities, carrying out research on the topic, etc. Relatively less emphasis has been placed on publicly funded initiatives directly supporting social enterprises. Moreover direct support schemes have mainly concentrated on the specific legal form of social cooperatives and on start-up and early phase of activities of social enterprises.

##### FINANCIAL SUPPORT:

Implementation of the measures included in the specific objectives Sub-Carpathian Programme for the Development of Social Economy for the years 2016 - 2020 will be financed mainly from :

##### a) public funds

- EU funds,
- country budget,
- Budgets of local governments ,
- Funds, including the State Fund for Rehabilitation of Disabled Persons and the Labour Fund ,
- Measures which are in the possession of public institution

##### b ) non-public funds - from all sources not falling

in point . a) ie. funds from the business sector, private media, universities, NGOs, the own funds of social economy entities, etc.

The main source of financing the activities of the Programme are EU funds available

##### PODKARPACKIE OPERATIONAL PROGRAMME: 2014-2020, under Priority VIII Social Integration:

1. Measure 8.5 - Support for the development of the social economy in the region - approx. 110 500 000 PLN (The amount of the allocation is 26 476 209 EUR)

2. Measure 8.6 - Coordination of the social economy sector in the region - 3 600 000 PLN  
All activities aimed at the development, dissemination and coordination of the social economy sector in Podkarpackie

As part of the grant- in- aid (purpose dotation) for activities related to the social economy presupposes measures in the framework of:

1. National Fund of Rehabilitation for Disabled- 168 104 382 PLN
  - a. On the creation and financing activities ZAZ - 38 104 382 PLN
  - b. For financing activities WTZ - 130 000 000 PLN
2. Labour Fund - 875 000 PLN

Another source of financing will be funds from the budgets of local governments:

1. The provincial government Podkarpackie - 5 310 500 PLN
  - a) original equipment and financing activities of the CIS - 850 000 PLN
  - b) the creation and financing activities ZAZ - 4 460 500 PLN
2. county governments - the creation and financing activities WTZ - 13 000 000 PLN

In the last EU perspective, under the seven-year perspective we have managed to create in the region the infrastructure supporting the activities of social economy entities , and also allow the creation of many businesses and social economy entities established 77 social cooperatives , 4 ZAZ activity , 8 social integration clubs , 2 centres for social integration , additionally creating some supportive institutions. On the establishment of social cooperatives spent by the POKL more than 20 million zł. Over 12 million allocated for the establishment of specific support and Integration Centres Social Clubs Social Integration and ZAZ.

#### **NON-FINANCIAL SUPPORT**

The social economy support in our region create different organizations: Support Centres of Social Economy, Clusters of Social Economy, Local Action Groups as well as public administration.

- **Social Economy Support Centres (OWES)**- wide range of advisory and consulting services (around 90 for the country) typically established as projects financed from Operational Programme Human Capital (no legal status with limited time of operation)

Social Economy Support Centers ( OWES ) accredited by the minister responsible for social security , should provide all kinds of services including social economy :

- Service local animation ( Animation services )
- Services of social economy development ( incubation services )
- Service support for existing social enterprises ( business services )

- **A network of five Social Economy Centres (CES)** - one in each macro-region (however not considered efficient and sustainable). CES are not legal entities they are projects carried out by various organisations.
- **Union of ZAZ employer and Other Social Enterprises**- grouping around 50 organisations, mainly ZAZ (Professional activity establishments)
- **National Audit Association of Co-operatives of Disabled and Blind**- 180 Cooperatives
- **National Audit Association of Social Co-operatives**- grouping around 50 social co-operatives

- **Subcarpathian Cluster of SOCIAL ECONOMY:** Established in the Region to support and enforce the social economy sector through cooperation and triple helix model of 14 several institution from the :
  - Academia sector
  - Public entities
  - Business sector
- Regional Cluster of Social Economy and Innovative Economy of San River

Clusters resulting in signed a partnership agreement is a voluntary and open association brings together public sector entities, entrepreneurs and NGOs. With triple helix nature of the cluster shows the role of animator network of cooperation in the field of related economic and social activities aimed at both solving problems and stimulating growth in the local and supra-local level.

#### 5. Stakeholders (separate sheet):

- Policy makers
- Social entities
- Academia sector
- Umbrella organisations
- NGOs
- CSR companies (sponsors of awards etc.)

#### 6. Opportunities and barriers:

##### Opportunities:

- Inclusion of social economy in long term national strategies
- Popularisation and promotion of social economy sector in the region and within the country
- Increasing interest of SE in the academia environment (research and development programmes at the Universities)
- Best practice transfer
- Increased popularisation of local products and services based on the local resources
- Development of the services sector in Podkarpackie

##### Barriers:

- **The inability to raising and getting funds and financial support from the sources other than the EU's** which effects with continued reliance of social economy entities on public support. Due to the objectives and structure of the Human Capital entities applying for Structural Funds could develop the social aspect of its activities but to very small extent its economization to take action leading to the financial independence
- A significant part of the funds was **allocated to** the creation of **intermediate structures** that support the social economy entities in the country. The scope and quality of this support, however, raises many questions and requires evaluation activities
- **difficulties with the „ingrowth” into the market**, continued dependence on public funds, demanding attitude, loss of initiative, the desire to escape from responsibility and risk, routine, corrupt practices, formalization and unfair competition, as a result, low efficiency of use of public funds.
- Cooperatives complain to **unfavourable rules refunding social security costs**
- Almost everyone is complaining about the **bureaucracy**
- **Incomprehensible term of professional reintegration:** for social cooperatives sometimes different than for the officials

- **Local governments do not respect the social clause:** When the procurement is possible to include in the specification the social requirements posed by a contractor (e.g. a requirement of employment of the unemployed or the disabled). Such records are called social clause
- Theoretically, the **social clause should be willing to use by local governments**, which would thus be able to use it to perform many public utilities. Local authorities however, are in fear of complications and objections from the other potentially interested bidders. In 2015 clauses appeared only 0.23 % of all public contracts

## b) POLICY LANDSCAPE

### Publicly funded schemes specifically designed for or targeting social enterprises (2014-2020)

Support type	Are there any schemes specifically targeting social enterprises?	Are any of these schemes funded by ERDF/ESF?	Are any of these schemes funded by the policy instrument you address?
Pre-start support (e.g. incubators)	YES	YES	YES
Awareness raising (e.g. awards)	YES	NO	NO
Social entrepreneurship education (e.g. school for social entrepreneurs)	YES	YES	YES
Business support (e.g. business planning, management skills, marketing etc.)	YES	YES	YES
Training and coaching schemes	YES	YES	YES
Investment readiness support	YES	YES	YES
Dedicated financial instruments	YES	YES	YES
Physical infrastructure (e.g. shared working space)	NO	NO	NO
Collaborations and access to markets	YES	YES	NO
Networking, knowledge sharing, mutual learning initiatives	YES	YES	YES
Internationalization	NO	NO	NO

#### Policies:

- Summer 2014: Polish Government approved a very important strategic document: The National Programme of Social Economy Development (KPRES). Polish Government not only approved this strategic document but as well provided the financial support for its implementation with a support of European Union Funds in new financial perspective 2014-2020.
- The primary objective of the KPRES is as follows:
  - In 2020, the social economy is an important growth factor of employment, social cohesion and the development of social capital
  - While the strategic objective is:
    - By 2020, social economy entities will become an important element of activation of vulnerable people on the labour market and a provider of services of general interest which operate in self-government communities.

**Regional Policy Instrument:**

**Podkarpackie Region Operational Programme 2014-2020 Priority VIII Social Integration Priorities:**

Active inclusion and promoting equal opportunities and active participation and improve employability; Supporting social entrepreneurship and vocational integration in social enterprises, social economy entities and solidarity in order to facilitate access to employment

The priority is to encourage the implementation of complementary services to support social economy (services of animation , incubation and support existing social enterprises , according to the division adopted in the framework of the National Programme for the Development of Social Economy ) by accredited institutions of social economy ( OWES ) .ensuring a constant coordination for the development of the social economy sector especially monitoring and assessing the efficiency of resources allocated.

The priority axis in mono –fund axis: European Regional Development Fund

**Managing Authority in charge:** Regional Authority- Marshall Office of Podkarpackie

**Self-defined indicator:** Increased Number of disadvantage/ disable/long unemployed/ homeless people having new improved qualifications and skills enhance them to be active part of the society and workforce; Increased number of created job positions in social sector; Increased number of social entities existing more than 30 months after creation; Increased number of existing social enterprises which gets support/advisory/etc.

**Policy implementation status:** Not started yet

**The improvement of the policy instrument:**

Through new projects financed from ERDF

**c) POLICY NICHES (2000 characters max.)**

**Policy niches:**

- **The inability to raising and getting funds and financial support from the sources other than the EU's** which effects with continued reliance of social economy entities on public support (relatively small scale of seed- venture capital investors, business angels, social finance providers, sponsors of awards/trainings etc.)
- **The point one-off and short activities with reduced effectiveness and efficiency** (not efficient trainings, short monitoring, lack of evaluation). The use of comprehensive and personalized forms of support should be provide in cooperation with other umbrella and supportive institutions focused on solving social problems as a whole path of support long monitored and reported
- Too much funds **allocated to** the creation of **intermediate structures**

- **Difficulties with the „ingrowth” into the market** : Relatively lack of initiatives, funds and actions to stabilize social companies in the open market and economy, relatively small focus on nationalisation internationalization (more regional approach), promotion among other companies who could cooperate with social ones etc. .

**The improvement of the policy instrument:**

- Through new projects financed from ERDF (aiming at internationalisation, direct support to certain social entities, promotion of social economy cooperation with other market actors etc. – to be decided within the 1 stage of the project)
- Through the consultation with regional stakeholders (meetings, seminars) especially with regional authorities
- Through deep analyse of project partners’ Best practices

### III. COMPARATIVE ANALYSIS