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## **SECON: Social Economy - Regional Policies for supporting Social Economy Enterprises**

**Task A1.1. Analysis of social economy policies in SECON regions –  
Unified Report**

**KMOP, July 2023**

KMOP Social Action and Innovation Centre

Social Inclusion and Employment Unit

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## Introduction

### The SECON project

Europe is undergoing unprecedented technological, social and economic changes, which have given rise to labour market restructuring, job insecurity, inequalities, but also opportunities and a redefinition of European's individual and collective goals. The importance of the social economy in these settings is increased as it can lead the response through engaging citizens in creating solutions to societal challenges untouched by private enterprises such as unemployment, the 'great resignation', social exclusion and discrimination, and thus act as a driver for economic and societal progress. This can benefit all regions in Europe, but perhaps more so rural ones with a lower population and knowledge capital density. Regional development issues are hindered access to markets and funding, recognition of enterprises in the policy/legal frameworks, and awareness & visibility.

SECON aims to support EU regions to exchange experiences and improve policies based on identified best practices for supporting and scaling up social economy, with a focus on rural settings. Specifically, the project sets the following aspirations through improved policies and project activities:

- Raise awareness and visibility of the social economy to consumers interested to buy more responsibly / locally.
- Facilitate social enterprises' access to responsible public procurement and funding instruments and opportunities to support the generation of revenues and lead to financial self-sufficiency.
- Provide business support and capacity-building opportunities for social enterprises.
- Maximise the contribution of the social economy to the green and digital transitions.
- Boost regional social innovation.

### Social Economy

Social economy encompasses a range of entities with different business and organisational models. In the EU, the social economy accounts for 2.8 million organisations and entities and provides over 13.6 million paid jobs, corresponding to 6.3% of the total EU working population.

Social economy covers entities sharing the following main common principles and features: the primacy of people as well as social and/or environmental purpose over profit, the reinvestment of most of the profits and surpluses to carry out activities in the interest of members/users ("collective interest") or society at large ("general interest") and democratic and/ or participatory governance.

"Social economy" mainly refers to:

- Cooperatives
- Associations

- Mutual benefit societies
- Foundations
- Social Enterprises.

They are private entities running economic activities whose main purpose is to provide goods and services to their members or the community at large, with profits coming second. They build on local roots, using solidarity and participation as core principles driving their activities.

Interviews conducted with public and private actors of the social economy in partner countries showed that social economy is perceived as an important instrument for social inclusion and sustainable growth (Personal communication, 2023) and with the potential to support the growth of new emerging sectors, such as the circular economy (Personal communication, 2023).

### **EU Social Economy Action Plan**

The EU Social Economy Action Plan<sup>1</sup> aims to enhance social investment, support social economy actors and social enterprises to start-up, scale-up, innovate and create jobs.

It will do this through a series of initiatives in the following three areas:

- creating the right framework conditions for the social economy to thrive,
- opening up opportunities and support to capacity building,
- enhancing recognition of the social economy and its potential.

The action plan announces a number of key actions to support social economy, for example:

- a Council Recommendation on developing social economy framework conditions,
- a new EU Social Economy Gateway to provide a clear entry point for social economy stakeholders, other relevant actors and individuals seeking information on relevant EU funding, policies and initiatives,
- a new European Competence Centre for Social Innovation.

## **Rural areas in the EU**

Rural areas in the EU are defined by Eurostat in a twofold way:

- Rural grid cells<sup>2</sup> (or mostly low-density cells), namely grid cells that are not identified as urban centres or as urban clusters.
- Rural areas (or thinly populated areas), namely small spatial units<sup>3</sup> that have more than 50% of their population in rural grid cells. In some countries, not all the small spatial

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<sup>1</sup> <https://ec.europa.eu/social/main.jsp?catId=1537&langId=en>

<sup>2</sup> 1 km<sup>2</sup> grid cells, classified according to their population density, population size and contiguity (neighbouring cells).

<sup>3</sup> Small spatial unit can be either an administrative unit or a statistical area. Examples of

units contain inhabitants. To classify the spatial units without any population, the same rules should be applied to their area instead of to their population. For example, a small spatial unit without any population that has more than 50 % of its area in rural grid cells should be classified as a rural area.

Predominantly rural areas make up half of Europe and represent around 20 % of the population. However, most of the rural areas are also among the least favoured regions in the EU, with a GDP per head significantly below the European average.

In order to help rural regions grow and improve employment and living standards, the European Union's rural development policy has set three overarching objectives: improving the competitiveness of agriculture, achieving sustainable management of natural resources and climate action, and balanced territorial development of rural areas.

## Policy analysis

The present Report entails the analysis of social economy policies in the SECON regions. The main objective of the Report is to investigate the existing context for social economy entities, including:

- the main characteristics,
- the barriers,
- the enabling factors.

The main part of the Report is constructed in the following manner:

The **first Chapter** introduces briefly **the national policy frameworks** of the SECON project countries on social economy including the main policy instruments, as well as the national funding and monitoring mechanisms for social economy.

The **second Chapter** provides a comprehensive analysis of the existing **regional and local policy instruments** in the SECON regions on social economy and their relevance (if any) to the development of rural areas.

The **third Chapter** includes information on the main **barriers and enabling factors for the development of social economy in rural areas**, in these regions, on the following issues:

- Visibility and awareness on social economy: e.g., access to information, the existence of campaigns, networking opportunities, awards and recognition, etc.,
- Role of leadership and governmental administration: e.g., bureaucratic procedures, multi-agency/collaboration of stakeholders, etc.,
- Access to finance and taxation,

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administrative units include a municipality, a district, a neighbourhood or a metropolitan area. Some of these administrative units also have a political role as electoral districts or in terms of local government. Statistical areas can be census units/enumeration areas, census blocks, census tracts, wards, super output areas, named places or small areas.

- Institutional barriers or enabling factors: e.g., regulatory frameworks, available infrastructure, human resources, etc.

The material was prepared on the basis of desk research of strategic documents at the national and regional level, as well as interviews with experts in the field of social economy and stakeholders responsible for shaping social economy development policy.



## 1. National Policy Frameworks on Social Economy in the SECON project countries

The SECON partners represent nine European regions in nine EU countries, namely Belgium - Province of Flemish Brabant, Bulgaria - Haskovo Municipality, Germany - Verband Region Rhein-Neckar, Greece - Region of Peloponnese, Latvia - Riga Planning Region, Poland - Mazowieckie Voivodeship, Portugal - Oliveira de Azeméis Municipality, Romania - Harghita County Council, and Spain - Junta de Extremadura.

### Belgium

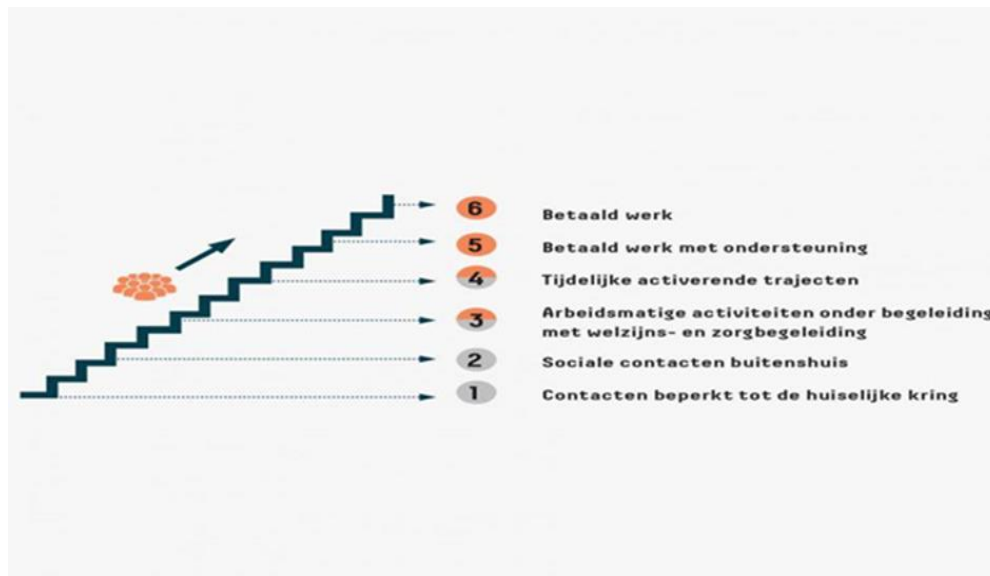
In the broad definition of social enterprises there are three dimensions. A first dimension is social. Social enterprises have a primary and explicit focus on a social purpose and not the pursuit of profit for owners or shareholders. It is their 'raison d'être'. The second dimension is the entrepreneurial dimension. Social enterprises seek to achieve their social purpose through continuous economic activity; the transfer of goods or services to third parties. Finally, the managerial dimension indicates specific mechanisms that social enterprises use to guarantee the pursuit of their social objective in the management of the company. These include restrictions on the distribution of profits and assets, managerial independence and inclusive decision-making.

In Flanders social economy is so far limited to social inclusion economy (in European terms, the WISES<sup>4</sup>, Work Integration Social Enterprises). To help people with a distance to the labour market find work, the federal government uses the carrot and the stick. This means that they try to make work as rewarding as possible (the carrot) and that they sanction people who are inactive (for too long). In 2015, for instance, they introduced the principle of reduction of unemployment benefits over time: the longer unemployed, the smaller the amount of unemployment benefit.

At the same time, the Flemish government worked out a series of measures to help people with a distance to the labour market find suitable work. After the sixth Belgian state reform, only the benefits and tax regimes (tax reductions such as NSSO - national social security office - rebates) are still at the federal level. All policy measures were transferred to the Regional level. Control and sanction also shifted to the regional level and became a task of the Flemish Employment Service (VDAB). We present the various policy measures using the so-called 'participation ladder'. It shows the different degrees of participation in the labour market, ranging from complete isolation (1) over social contacts outside the house (2), supervised labour-like activities (3), temporary activating projects (4), to paid employment with (5) and without support (6).

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<sup>4</sup> WISE is a type of social enterprise that focuses on improving employment prospects for those furthest from the labour market through a wider range of work-based opportunities e.g. work experience, CV writing, interview practice, training, etc.



The current employment-related measures of the Work, Social Economy and Welfare policy domains can all be placed on one of the steps of this participation ladder. Steps 3 and 4 are a shared field for work, social economy and welfare. Steps 5 and 6 are a task of Work and Social Economy alone, steps 1 and 2 of Welfare alone.

In 2015, the social economy landscape became more transparent with new and global legislation: the social economy enterprises are classified under one out of two pillars, collective customisation of labour on the one hand and the local service economy on the other hand. The initiatives to support the social economy organisations were bundled in the decree of the 17th of February 2012 on supporting entrepreneurship in the field of the social economy and stimulating corporate social responsibility.

The Flemish government now strengthens collective customisation of labour by:

- Harmonising, in consultation with the federal government, the status of the former sheltered and social workshops, now called customised work companies (they make use of the 'collective customisation' measure). This will ensure transparent, correct and equal treatment of all social economy companies.
- Strong follow-up of the outflow out of the social economy and the inflow into the regular economy, with maximum guidance to work.
- In addition, the number of work and care pathways will be increased for people with medical, mental, psychological, psychiatric and/or social problems, according to existing needs while keeping in mind the foreseen growth path. A separate status, outside unemployment insurance, will be examined at federal level for those people that cannot be guided towards the labour market.

The amount of people under the various measures can be found on the website: [www.provincies.incijfers.be](http://www.provincies.incijfers.be) , under the heading “inclusive labour market”. As far as labour care is concerned, data on these Flemish labour care workers and their socio-demographic profile are monitored by the five Flemish provinces.

## Bulgaria

Social economy is one of the topics that has emerged on the Bulgarian political agenda in the past few years. It is becoming more and more often that the state, municipalities, and the non-governmental sector recognize the opportunities that social economy offers. For instance, in the rural areas of Haskovo Municipality the majority of the habitants are in risk of social exclusion, so the measures taken in municipal level to support social economy are extremely important for them (Personal communication, 2023). It is also believed that the active engagement of the citizens in rural regions through social economy initiatives will offer new opportunities for economic growth and attractiveness (Personal communication, 2023). At the same time, the model of social economy results in saving public money for providing social assistance and supporting the long-term unemployed (Personal communication, 2023).

In Bulgaria there is no single definition of what actually constitutes social entrepreneurship. The Law on Enterprises of Social and Solidarity Economy, which entered into force on 02.05.2019, provides the following definition: Social and solidarity economy is a form of entrepreneurship aimed at one or more social activities and / or social goals pursued by enterprises, including through the production of various goods or the provision of services, in cooperation with state or local authorities or independently.

In Bulgaria, social entrepreneurship exists in the form of several models:

1. Model for job creation and workforce development. The model is associated with the so-called "Protected employment" where the social enterprise is the employer of disabled people.
2. An entrepreneurial model where social enterprise is a mediator between disadvantaged people and the market. In this model, in the form of occupational therapy, people with disabilities participate in the production of goods for which social enterprise seeks market and is committed to marketing and distribution.
3. Model of direct service. In this case, the social enterprise provides paid social services to external clients and is at the same time a social service provider for its members, with payment being contracted with the municipality or the state. It is important to note that in this model, social enterprise develops the same services, but aimed at different users and customers.

Social enterprises in Bulgaria can have one of the following legal forms:

1. Social enterprises as NGOs,
2. Social enterprise as a trading company,
3. Specialized enterprises and cooperatives for and of people with disabilities.

They all have socially significant outcomes for vulnerable groups<sup>5</sup>.

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<sup>5</sup> Vulnerable groups are listed in Article 7, Paragraph 4 of the Law on Enterprises of Social and Solidarity Economy:  
a) persons with permanent disabilities;  
b) long-term unemployed persons who are entitled to monthly social assistance under the Social Assistance Law and its Implementing Regulations;  
c) persons up to the age of 29 who have no previous professional experience;  
d) persons placed outside the family in accordance with Art. 26 of the Child Protection Law, including after termination of their placement;  
e) unemployed persons over 55 years who are registered in the "Labor Office";

Funding of social economy projects in Bulgaria can be covered by one of the following funding schemes:

### **“Independent Business” programme**

National funding can be provided through the Agency for people with disabilities, as part of the "Independent business" programme, which finances part of projects for starting and developing independent business activities of people with disabilities. Independent Business is funded by the Agency for People with Disabilities, using the methodology of Art. 19, para. 1 of the Regulation for the Implementation of the Law on Integration of Persons with Disabilities (PFIAM) in connection with Art. 8. item 5 and art. 31 of the Disability Integration Act (ZIHU) for financing projects under programmes that stimulate employment and self-employment by persons with disabilities. Aimed at developing independent businesses for people with disabilities, individuals with permanent disabilities can apply for this investment project. The priority of the project is the sole proprietor to secure their income from the operation of their own enterprise by performing independently the principal activity/ies recorded in the Commercial Register. In this sense, for the needs of the business activity, the sole owner may hire other persons for carrying out only auxiliary, non-management, non-determining the activity profile of the enterprise types of works.

### **Human Resources Development Programme 2021-2027**

The Human Resources Development Programme 2021-2027 (HRDP) is aimed at achieving higher quality employment, reducing poverty and promoting social inclusion, as well as modernizing public policies. The Strategy mobilizes European Social Fund + (ESF) funds to encourage labour demand and support the creation of new jobs in all sectors of the economy, offering job seekers and employers an appropriate incentive package, including information, mediation services, vacancy-oriented training and incentives to reduce labour costs. HRDP 2021-2027 supports the achievement of national goals in the area of employment, fighting poverty, and social exclusion. The programme envisages the involvement of social partners at all levels in the different strands to ensure higher and better-quality employment.

### **Programme “Competitiveness and innovations in enterprises” 2021-2027**

The programme stimulates economic growth and productivity gains, especially for SMEs. It relies on the cooperation between business and research networks and the increase of entrepreneurial activity in Bulgaria. It envisages financial instruments such as bank loans, guarantees, and equity investments.

### **Cross-border Cooperation Programmes INTERREG (Greece – Bulgaria and Bulgaria – Turkey 2021 – 2027)**

- 
- f) persons who raise children with permanent disabilities and receive benefits under Art. 8e of the Law on Family Benefits for Children;
  - g) persons who have been imprisoned for a term not less than 5 years if the sentence has expired within the last three years of employment;
  - h) persons addicted to alcohol or drugs, who have successfully undergone a treatment or psychosocial rehabilitation programme in the last two years prior to entering employment, which is certified by a document issued by the persons that have provided treatment or psychosocial rehabilitation;
  - i) homeless persons within the meaning of § 1, p. 1 of the Supplementary Provisions;
  - j) foreigners who have received asylum in the Republic of Bulgaria in accordance with the Law on Asylum and Refugees during the last three years since their employment;
  - k) persons who have been granted special protection under the Law on Combating Human Trafficking;
  - l) victims of domestic violence within the meaning of the Law on Protection against Domestic Violence.

Created within the framework of the European strategy for smart, sustainable and inclusive growth and for achieving economic, social and territorial cohesion. They offer special opportunities for financial support for social projects with emphasis on the promotion of social entrepreneurship activities.

## Germany

In Germany, like in other EU member states, the green, digital and sustainable transformation of the entire economy is the great structural task of our time. In its coalition agreement, the new German Government (2021) has committed itself to raising and strengthening the potential of social entrepreneurship for the necessary processes of change in the transformation of our country. The Federal Government therefore, is on the way of developing a National Strategy for social enterprises under the responsibility of the Federal Ministries for Economic Affairs and Climate Protection and Education and Research. Following a participative approach, five workshops involving the community were followed by a public consultation launched in autumn 2022 and focusing on aspects like legal bases, access to public procurement, access to finances and funding, impact measurement, facilitating start-ups, development and expansion of the ecosystem, transparency, visibility and acceptance. To be mentioned that the consultation the results of which will be published soon, based on an inter-ministerially coordinated departmental concept for social innovation setting out across all departments the understanding, goals and instruments with which the Federal Government of Germany promotes social innovations in which central fields of action. However, social economy/entrepreneurship is only a few times addressed explicitly.

While the development of the strategy is ongoing, a new funding directive “REACT” (comprising two funding modules) has been published supporting the professionalisation of community-oriented enterprises in the start-up or early expansion stage:

- The funding programme “REACT with impact – promotion of social entrepreneurship” supports community-oriented enterprises and start-ups in getting tailor-made consultancy and support services by recognised consultancy agencies and in strengthening their investment readiness (90 % funding, project duration: 6 months).
- The funding call “Strengthening community-based enterprises through basic support services” facilitates access to offers for networking, support or low-threshold counselling proposed by regional or local stakeholders like incubators, start-up centres, CCI, universities and other institutional intermediaries (90 % basic funding, project duration: 6 months).

Until end of 2023 subsidies in the amount of 90 million EURO are available to support social enterprises and start-ups. “REACT with impact” is the largest funding programme of its kind in Germany; the funding comes from the EU recovery fund REACT-EU.

As community-oriented start-ups are an important driver of social innovations, the coalition agreement of the new German government is based on a holistic understanding of innovation: the focus is no longer solely on technical innovations as an end in themselves, but in many places social innovations are included on an equal footing. Therefore, besides the announced national strategy and the mentioned established funding opportunities the legal framework conditions for economic activity towards the common good shall be improved, obstacles to access to financing and funding shall be removed. The coalition agreement states that a new

legal form is to be created for companies the owner of which have voting and participation rights, but do not share in the profits. Due to a lack of legislative regulation companies of this type do not exist in Germany so far.

In early 2023 a new guideline for the funding of projects on the topic of “Society of Innovations - Impact Challenge at Universities - Application-oriented research into university-related further and continuing education on social innovations and social entrepreneurship” has been published under the responsibility of the Federal Ministry of Research and Education. Without going into the details of this guideline it seems important to stress that it addresses universities in a targeted manner providing impetus for the promotion of social innovation and social entrepreneurship in the university context what raises the question if social innovation/social economy is seen as an academical challenge rather than as a place-based possibility of finding solutions adapted to specific social or ecological needs and supporting local talents.

As to monitoring issues no monitoring system at national level has been established so far. However, the Social Economy Network Deutschland (SEND), a non-profit association with over 800 members nationwide, the mission of which is to pool forces and ideas of social entrepreneurship in Germany and to make social entrepreneurs’ voices heard more, publishes an annual “Social entrepreneurship monitor Germany” (DSEM) and the 4<sup>th</sup> edition covering the period 2021/2022 has been edited not long ago. In the absence of others sources this report delivers valuable information on the development of the social economy according to the companies’ origin, age, stage of development, sector, legal form or impact area. The DSEM is part of the European project (European Social Enterprise Monitor (ESEM)) managed by the Euclid Network and funded by the EU. Beyond the national perspective, the DSEM includes special analyses at the regional level (federal state level / NUTS I) for three federal states so far. A specific analysis for Baden-Württemberg is to be commissioned.

## Greece

In Greece, the dialogue on social economy was initiated in the early 2010’s, however, only in 2016 legislation was developed (Law 4430 / 2016) that has set the ground rules for Social Enterprises and created the context for their regulation. In March 2023, the National Action Plan for Social Economy has been issued by the General Secretariat of Employment (Ministry of Labour and Social Affairs).

The Action Plan for Social Economy, which includes a considered number of social innovation actions, was designated taking into account:

- the current situation in the Social Solidarity Economy (SSE) sector and the dynamics of the Greek social economy ecosystem;
- the institutional/legal framework and the financing (potentially) available;
- previous national development strategies for the sector;
- the EU’s relevant policies (particularly the EU SEAP2);
- the emerging needs of the sector, as these were identified by the SSE actors but also by the relevant public sector authorities and services involved in the sector.



The updated Action Plan is expected to strengthen the social economy ecosystem and organizations, so that the sector can develop dynamically and sustainably, leading to the benefits which the social economy can offer to Greece. The key Target Groups of the Plan are primarily the members of vulnerable social groups, the unemployed (including the long-term unemployed), the inhabitants of disadvantaged geographical areas (e.g. remote or island areas, etc.), women, persons with disabilities, youth up to 29 years of age, persons with psycho-social problems, Roma, ex-offenders, the homeless, migrants and refugees, as it takes account of the important contribution of social economy to social inclusion and to entrepreneurship.

## Latvia

Since the concept of “social economy” is comparatively new in Latvia and has not been used in national policy planning for the period 2021-2027, in this report we focus on “socially responsible entrepreneurship” and “social entrepreneurship”, since there is no policy framework for social economy, but there is for social entrepreneurship.

In the case of Latvia there are 3 groups of organizations (which could be seen as social economy actors: (1) social enterprises, (2) organizations of public benefit and (3) social service providers, i.e., institutions licensed to provide social services. There are special registers for each of these groups, thus, there is a monitoring system (Personal communication, 2023).

The overall policy planning in Latvia’s National Development Plan for 2021-2027, includes the priorities:

- “Balanced regional development” defining the need for public and private investment, collaboration in all levels, and stakeholders to ensure equal access to services;
- “United, safe and open society” defining the need for social participation of all groups of society, active local communities, employment opportunities for disadvantaged groups and positive social impact;
- “Competitiveness of enterprises and material well-being” includes actions “creating high-quality workplaces, promoting socially responsible entrepreneurship, support for the development of social entrepreneurship”.

The Law on “Social Enterprises” was enacted in 2018. It defines the sectors for social entrepreneurship, as well as the support instruments available to social enterprises. The aim of the law is “to promote the quality of life of society and to promote employment of disadvantaged groups (target groups), at the same time creating a favourable environment for economic activity of social enterprises”. The law provides the definition of a social enterprise: Social enterprise is a company with limited liability which carries out economic activity and creates significant social impact through employing target groups or improving the life quality of social groups by addressing important issues.

Social enterprises may provide social, educational, and health care services or produce specialized goods, promote inclusive civil society, support science or research, protect the environment or animals, and ensure cultural diversity. Thus, the law outlines possible sectors and areas of activity for social enterprises. The law defines the procedures for the registration of social enterprises, the criteria which have to be met in order to receive the status, the obligations of social enterprises and the limitations (what they are not allowed to do compared to regular enterprises). One of the key points is the requirement that the profit (dividends)

cannot be withdrawn and has to be reinvested. The support mechanism includes specific provisions regarding profit tax, the possibility to receive an exemption/reduction of the real estate tax by municipalities, certain provisions related to the transfer of property, and the possibility to receive donations and use voluntary work. Although not specified in the law, the support funding is available through grant schemes from the state financial institution Altum, municipalities in cooperation with banks offering financing in support of social initiatives through special calls of proposals. In addition to funding programmes aimed at social enterprises and initiatives, regular funding programmes may include a special award criterion related to social entrepreneurship or social impact.

The monitoring and supervision mechanism is defined by the Law on Social Enterprises. Social Enterprises are listed in the Register of Social Enterprises. Thus, it enables to have statistics according to regions and municipalities, and according to sectors. The Ministry of Welfare (MoW) is responsible for the area of social entrepreneurship at national policy level. The role of the Ministry of Welfare includes:

- Policy development and policy planning in the area of social entrepreneurship;
- Publishing information about funding/support programmes and support instruments available to social enterprises;
- Providing guidelines and templates related to social entrepreneurship, including guidelines for measuring social impact;
- Collecting best practices of social entrepreneurship;
- Collecting data and biannually preparing reports/ an overview on social entrepreneurship to the Cabinet of Ministers.

The monitoring body is the Commission of Social Enterprises. It includes representatives of stakeholders and NGOs. The Commission takes decisions on awarding or renewing the status of a social enterprise and monitors activities of individual social enterprises. To maintain the status of a social enterprise, it has to submit monthly reports to the Ministry of Welfare. Currently, the Ministry of Welfare of Latvia is implementing a European Social Fund project “Support for Social Entrepreneurship”. MoW has published information materials for potential and existing social entrepreneurs, there are awareness campaigns reaching out to municipalities and educating them about forms of support which can be offered at local level.

Practical guidance for developing the ecosystem of social entrepreneurship has been provided in the EU Action Plan (Building an Economy that Works for People: An Action Plan for the Social Economy, EU, 2021) and OECD (Recommendations of the Council on the Social and Solidarity Economy, 2022).

## Poland

The legal framework for the development of social economy in Poland is set out in the Act of 5 August 2022 on social economy (ustawa z dnia 5 sierpnia 2022 r. o ekonomii społecznej (Dz.U.2022.1812)), which defines the manner of organisation and principles of operation of social enterprises, instruments to support social enterprises, principles and possible forms of support for the development of social economy by public administration



(<https://isap.sejm.gov.pl/isap.nsf/download.xsp/WDU20220001812/T/D20221812L.pdf>, accessed 16.05.2023).

The main strategic document at national level, defining the framework and directions for the development of social economy, is the “National Programme for the Development of the Social Economy until 2030. Social Solidarity Economy” (<https://www.ekonomiaspoleczna.gov.pl/robimy/prawo/kpres/program/>, accessed 05.05.2023) adopted by the Council of Ministers in 2022. The document includes objectives and directions for the development of the social economy in Poland. The strategic goal of the programme is the assumption that the social economy *will become an important instrument of active social policy, support for social development and local* (Ibidem). The main objective of the programme assumes that *by 2030 social economy entities will be an important element of activation and social integration of persons threatened by social exclusion and providers of social services* (Ibidem). This objective will be achieved through the implementation of 4 specific objectives:

1. Supporting sustainable partnerships between social economy entities and local government in the delivery of social services.
2. Increase the number of quality jobs in social enterprises for people at risk of social exclusion.
3. Increasing the competitiveness of social economy entities on the market.
4. To disseminate positive attitudes towards the social economy.

Support for social economy in rural areas is included in ‘Priority II Inclusion of social economy entities in local development’ under the first specific objective and will be implemented through 2 main measures:

- Measure I.2.1. Development of cooperation networks of Social Economy Support Centres - Local Action Groups,

The main mechanisms for supporting the development of the social economy are set out in the Social Economy Act, and include:

- Financing from the Labour Fund of part of the remuneration of employees of the social enterprise who are persons at risk of social exclusion;
- EU support funding (in the 2014-2020 financial perspective this was the Operational Programme Knowledge, Education, Development [acronym: POWER]; for the 2021-2027 financial perspective this will be the European Funds for Social Development (<https://www.rozwojspoleczny.gov.pl/> , (accessed 16.05.2023) programme [acronym: FERS]);
- Interest subsidies for loans (funds for this mechanism have been established within the State Fund for the Rehabilitation of Disabled Persons (PFRON));
- A reduction in payments to PFRON when purchasing a product or service from a social enterprise (from an employer who employs people with disabilities);
- Award of public contracts to social enterprises - applicability of subject reservation.

At the national level, from 2016 until the end of June 2023, a project entitled ‘Integrated Monitoring System for the Social Economy Sector’ is implemented

(<https://bip.stat.gov.pl/dzialalnosc-statystyki-publicznej/projekty-unijne-w-statystyce/zintegrowany-system-monitorowania-sektora-ekonomii-spoecznej-zsmses/informacje-o-projekcie/>, accessed 16.05.2023). This project is co-financed by the European Union under the Operational Programme Knowledge Education Development 2014-2020, under Priority Axis II: Effective public policies for the labour market, economy and education, Measure 2.9 Development of the social economy. This initiative is implemented by the Ministry of Family and Social Policy in partnership with the Central Statistical Office. The aim of the project is to create a sustainable and comprehensive system for monitoring the condition of the social economy sector and a publicly available internet tool that will present key indicators (Ibidem).

Monitoring of the National Programme for the Development of Social Economy is conducted by the Ministry of Family and Social Policy, which was also responsible for its preparation with the participation of members of the National Committee for the Development of the Social Economy (composed of representatives of: national and local government bodies, social economy entities, trade unions, employers' organisations, the banking sector and universities (<https://www.ekonomiaspoleczna.gov.pl/co-robimy/krajowy-komitet-rozwoju-ekonomii-spoecznej/>, accessed 16.05.2023).

## Portugal

In the early 1990s in Portugal, the emergence of Third Sector entities, namely social organizations and non-governmental organizations that contribute to the resolution of social problems, to the application of policies, and to the strengthening of citizenship, was witnessed. These entities and all associative organizations are the core axis of any development policy, insofar as they contribute to building solidarities, express the community way of life, and favour the exercise of democratic citizenship.

With regard to social action, in Portugal there is a great importance of Third Sector entities in the provision of social services, namely IPSS, to whom the State delegates, formally and tacitly, certain functions. They are called IPSS due to the nature of the goods and services they produce and the recognition they have by the State. At the base of its functioning, there are Cooperation and management Agreements with Social Security (national funding mechanisms).

The relevant legal and regulatory frameworks for the field of social enterprises today in Portugal include:

### Constitution of the Portuguese Republic

The Portuguese Constitution defined the cooperative and social sector as a third sector of the means of production, alongside public and private sectors, with the State having the duty to protect and promote this sector (articles 82 and 85).

### Basic Law of the Social Economy (Lei n.º 30/2013)

The Social Economy Basic Law delimits the sector as including cooperatives, mutualist associations, charities, foundations, other private institutions of social solidarity (IPSS), associations with altruistic purposes that act in the cultural, recreational, sports and local development fields, entities covered by the community and self-managed subsectors.

Furthermore, it contemplates the possibility of including other entities that respect the guiding principles of the social economy and are part of the social economy database, yet to be created.

In addition to the legal forms and statutes, it includes a set of principles with resonance both in European conceptual boundaries and in the codes and statutes that frame some organizations. These principles include social, economic and political dimensions (article 5).

## Romania

In Romania the social economy is relatively a new concept, mainly embedded in NGO sector and in civil society. The social enterprises are currently in an incipient stage of development. The social enterprise concept is being consolidated starting with the year 2015 when the law of the social economy was regulated.

According to the article The Social Economy Enterprises in Romania of Gabriel Chelariu “Alexandru Ioan Cuza” University of Iasi, Faculty of Economics and Business Administration (“Ovidius” University Annals, Economic Sciences Series Volume XVII, Issue 2/2017), the social economy, called informally and the third sector, is defined as the set of activities organized independently of the public sector, whose purpose is to serve the general interest, the interests of a community and / or personal non-patrimonial interests by:

- increasing the employment of the vulnerable group;
- production and supply of goods;
- provision of services;
- execution of works.

Some forms of social enterprises have been present in Romania for many years, although they were not formally recognized as such. From a historical view social enterprises have multiple roots in Romania, with reach back to the traditions and cooperatives and mutual aid societies. The accession of Romania to the European Union opened a road to a new policy approach regarding social economy, where associations, foundations, mutual aid societies and cooperatives play a role in addressing key societal challenges and encountering unmet needs in local communities. Upon joining the European Union, Romania has experienced a special effervescence in terms of the concept of social enterprise, with numerous public debates on this issue as well as numerous initiatives to develop such structures.

Upon joining the European Union, Romania has experienced a special effervescence in terms of the concept of social enterprise, with numerous public debates on this issue as well as numerous initiatives to develop such structures. This trend is supported by European funds through Priority Axis 6 "Promoting Social Inclusion" aimed at attracting and reintegrating people facing the risk of marginalization and social exclusion into the labour market, such as: persons with disabilities, Roma population, young people over 18 who leave the system child protection, women, families with more than two children, including single parents, convicted persons, drug addicts, victims of domestic violence, homeless people, etc.

The legal framework of the social economy in Romania is represented by Law no. 219/2015 on the Social Economy, the provisions of which are applied according to the Methodological Norms (Decision No. 585/2016). The law is stating that the social economy is based on private,

voluntary and solidarity initiative, with a high degree of autonomy and responsibility, as well as limited distribution of profits to associates.

According to Law no. 219/2015 on the Social Economy, the social enterprise is the private legal entity that carries out social economy activities, which has a certificate of social enterprise and respects the principles of the social economy. This law also introduces a specific category of social enterprise, namely that of work-integration social enterprise (called “social insertion enterprise”). Under Romanian social economy law, a social enterprise must reinvest 90 per cent of its profit and apply the principle of social equity to its employees. This means that it must ensure equitable payments to its workers.

In the regulatory component, the law deals with certification requirements by public authorities for social enterprise and social insertion enterprise status. The law also established a national registry for social enterprises. Overall, the law only provides a general-level framework for the establishment and functioning of social enterprises and, especially, social insertion enterprises.

According to Law no. 219/2015, the social economy is based on the following principles:

- priority given to the individual and to the social objectives in relation to the increase of the profit;
- solidarity and collective responsibility;
- convergence between the interests of associate members and the general interest and / or interests of a community;
- democratic control of the members, exercised over the activities carried out;
- voluntary and free association in organizational forms specific to the social economy;
- distinct legal personality, autonomy of management and independence from public authorities;
- the allocation of the largest part of the financial profit / surplus to achieve the objectives of general interest, of a collectivist or non-patrimonial personal interest of the members.

In a significant step in the local field, social enterprises can obtain certification as of the end of October 2016. Certified social enterprises are able to access EU funds through the “Operational Program for Human Capital” (POCU). In addition, they will benefit from increased visibility through the united register for social enterprises. This lists the certified social enterprises and shows their activity through annual reports. Additionally, social insertion enterprises (businesses that aim to integrate individuals that face permanent difficulties in finding a job on the labour market) will have the right to use the Social Brand, a unique visual that ensures the recognition of their products and services nationwide. The first social enterprise certifications were awarded in 2016.

## Spain

In Spain, the reference on which the legal framework of the social economy at the state level is built is Law 5/2011, of March 29, on the Social Economy, which precisely lists the legal forms that in Spain form part of the so-called social economy. Currently, this Law is being modified

through the Comprehensive Law for the Promotion of the Social Economy, which introduces novelties in the legal framework.

Each of the legal forms that make up the social economy has its own legal status and, depending on its constitutional regulation, the powers over its regulation are at national level, except in the case of cooperative societies that are regulated by a regional Law (Law 9/2018, of October 30, on cooperative societies of Extremadura).

In addition, since April 11, 2023, the Council of Ministers approved the new Spanish Social Economy Strategy 2023-2027, which continues the line of work of the previous strategy (2017-2020) and aims to support entities of the social economy through programmes, projects, and funds and the innovative and sustainable development of an adequate financial ecosystem.

Regarding funding, there was no specific national mechanism for the social economy, so it depended on those developed by the governmental regions in Spain, until the approval of the “Strategic Project for Economic Recovery and Transformation” (PERTE) in 2022 in social and care economy, which is endowed with more than 800 million euros and aims to promote and consolidate alliances between research centres, organizations, cooperatives and entities that work in the social and care economy and convert Spain in a referent in this matter.

PERTE is articulated around three objectives:

1. Promotion and development of the Spanish Social Economy and its potential for transforming society.
2. Development and promotion of advanced services in the field of healthcare, focused on accessibility to people.
3. Create a "Vanguard Hub" of reference in the Social Economy at the service of transferring and exchanging knowledge with social economy entities.

Regarding monitoring mechanisms on social economy, the Royal Decree 219/2001, of March 2, established the organisation and operation of the Council for the Promotion of the Social Economy. The Council is configured as a collegiate, advisory and consultative body for the activities related to the social economy, integrated, through the Ministry of Labor and Social Economy, in the General State Administration, without participating in its hierarchical structure.

## 2. Regional Policy Instruments on Social Economy in the SECON project regions

### Belgium, Province of Flemish Brabant

The communication and awareness raising of different target groups on the existence of social economy and social employment is of particular importance to the regional authorities of the province of Flemish Brabant, as it allows social economy to generate additional assignments, to create stronger support among the general public, and to promote the influx of target group employees, but also of executives for the social economy companies.

#### Internal communication in the province of Flemish Brabant:

Communicating about social economy and employment measures internally presents a quick win. As social economy organisations are active in a variety of fields, they can be an interesting partner for the various policy areas. The heritage department for example maintains its precious monuments with people from the social economy. The environmental department subsidises the Intermunicipal Nature and Landscape teams from two social economy companies, who also support municipalities in their biodiverse green management.

#### Communication for external companies and organisations:

The wall between the social and the regular economy needs to be removed. More and more (government) agencies seem to be convinced of this, and the province of Flemish Brabant actively stimulates the cooperation between the regular and social economy in different ways, financially and with own actions. It provides a subsidy for promoting access to the labour market for people with a distance to the labour market. Targeted actions aim at strengthening entrepreneurship in the social economy, alongside promoting 'inclusive entrepreneurship' in the regular economy. An example is the 'Smart Loops' project, which is subsidised by the European Social Fund (ESF) to boost the circular economy. Although there is a strong focus on innovation, social economy is also included in the province's innovation policy. The colleagues working on social economy and those working on innovation team up as Smart Hub Flemish Brabant.

The current business climate is also favourable for this kind of initiatives. A market survey conducted by the province of Flemish Brabant shows that companies already working with social economy mainly do so because of the social added value, provided the product or service is good value for money. The sensitivity of consumers, customers, suppliers to social added value is a catalyst.

However, as regular companies continue to have difficulty finding their way into social economy, the province of Flemish Brabant developed the website: [www.doeners.be](http://www.doeners.be). Flemish Brabant has received a grant from the Flemish Government's Department of Work and Social Economy to build a match-making platform where regular companies, and also governments, can find a partner in the social economy for a particular service. This tool contains an efficient search engine to search among the multitude of services via a keyword, a main category, a subcategory and by distance. It includes a company page with contact information and the possibility to get in touch. The tool starts from a broad definition of social economy: in addition to the services of companies offering customised labour, one can also find those of the Workplace architects. Workplace architects are independent, not-for-profit organisations that are active on the labour market under their own name in the field of training, coaching and guidance on and to the work floor. Furthermore, doeners.be also shows information on the



labour care initiatives and on cooperative companies with limited liability with a social objective that aim to employ people with a distance to the labour market.

Moreover, the dominant opinion is that social economy can market its expertise in assisting people with a distance to the labour market. This vision can also be integrated in its role as client: in the implementing conditions, it can be imposed on a regular company that they have to give persons with a distance to the labour market a chance and that they have to let social economy guide them in this. Individual customisation, offering support to employers working with persons with a labour disability and self-employed persons with a labour disability also can benefit from this kind of cooperation. The regular company that receives the wage subsidy and guidance premium, can choose to use this guidance premium to engage external help from social economy.

#### The local authorities – 65 municipalities in Flemish Brabant:

One of the objectives in the Flemish policy document Work and Social Economy 2019-2024 is the enhanced cooperation with local governments, through local social economy directors. Among other things, this should result into more and more concrete cooperation agreements between the Flemish Employment Service (VDAB) and (clusters of) local administrations containing jointly agreed objectives and actions. The Flemish Employment Service also makes use of the local social economy directors, so that more tailor-made, region specific solutions can be provided.

Furthermore, with ESF resources, Flemish Brabant is in the process of developing local activation networks with local authorities, the Flemish Employment Service, and third partners. The intention is to broaden the management of local social economy with a reinforced local directing role for work and social economy. This ties in with an existing practice: various local authorities already carry out support actions in the framework of this directing role on work and social economy. As stated above with two perspectives: the first of employing people with a distance to the labour market in the social economy and the second via other inclusion and employment routes. Local governments can also make use of [doeners.be](http://doeners.be) for e.g., market research in the context of public procurement.

Two civil servants are also employed to deal with the socio-economic policy of the region. Their task is – amongst other things – to strengthen regular and social employment, to work on an optimal connection of education and labour market and to look for suitable places for local activity and circular economy activities in particular.

#### The general public:

Citizens often have a false image of the social economy and are often not aware of the actual quality delivered by the social economy. In order to create citizen involvement, the government increasingly turns to storytelling.

A good example of such a general awareness campaign, based on storytelling, is the Flemish government's "I am a customer" campaign. Given the budget required, this activity is more relevant for the Flemish federal state level and less for the local level. Nevertheless, local governments have something to contribute here too. Informing citizens about social economy is not only important to create more public support; citizens can also be consumers. Therefore, social economy organisations have - besides a B-to-G (business to government) and a B-to-B (business to business) - usually also a B-to-C component: business to consumer. This is where the "People Made" initiative comes in: the province of Flemish Brabant and the City of Leuven organised a pop-up shop in collaboration with the social economy director. Fifteen social

economy organisations and labour care initiatives were able to sell their products there. In addition, a uniform label was developed: “People Made”. A pop-up is trendy but so is a web-shop. Only a limited number of social economy businesses have their own web-shop. In the relaunch of “People Made”, an online sales platform was also developed for the more than 40 “People Made” organisations in Flemish Brabant. Central to this are gift baskets composed of products from various organisations, taking each individual product to the next level.

#### The student community:

Social economy employees are predominantly target group workers. But every social economy company also needs higher-skilled workers, as supervisors or managerial staff. Social economy supervisor is a bottleneck profession in Flanders. College and university students do not automatically consider a job in the social economy. Therefore, the province presents a yearly challenge to a group of students via an initiative called ‘Product Innovation Project’. Multi-disciplinary teams of students take on a challenge; the challenge in 2023 being “How can AMAB<sup>6</sup> stay relevant as a social economy organisation developing circular activities?” Another challenge was “Develop a technological application for a social economy company in Flemish Brabant that makes the work of target group employees easier, more workable or more efficient”. The application made by the students made it possible that more difficult or complex tasks could be performed by the target employees, allowing the social economy company to expand its activities to new products or services. In the project, a link with technology companies in Flemish Brabant was also made.

#### The province: the ideal link!

The province connects: it provides the flow of information from Flemish, federal and European policy to the social economy. On the other hand, it can also signal bottlenecks experienced to policy levels higher up. Labour care is a good example of this; it is a complex theme that has tentacles within different policy domains (welfare, work, social economy) and different policy levels (federal, Flemish, provincial, local). The province is positioned close to labour care initiatives, which provides a good insight into the needs of these organisations and their employees. The problems regarding the status of the labour care workers is one of them. Through the provincial consultation platform, the problems are detected and, in the case of the status, it can be reported to the federal government. Conversely, organisations are also informed of the recent policy developments.

### **Funding**

#### European funding

At the European level, there are a lot of subsidies that can be of interest to the social economy. For instance, Europe has a lot of resources ready to promote the employment of people with a distance to the labour market. These are mainly managed by the European Social Fund (ESF). However, as the social economy is active in very diverse fields of activity, it can also be funded through other European subsidy channels. To track these down, the Flemish-European Liaison Agency (VLEVA) is a significant partner, as it aims at bridging the gap between Europe and Flanders. VLEVA has a subsidy team available to guide organisations in their search for subsidy opportunities. Moreover, the province itself has a team available to guide interested parties in applying for grants within the European Regional Development Fund (ERDF),

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<sup>6</sup> AMAB is a modern customised company (formerly sheltered workshop) with conveniently spread locations around Brussels.



Interreg, the Rural Development Programme (PDPO), Leader and many more European programmes.

### Flemish funding

As stated above there are not anymore subsidies at the federal level; but funding is part of the policy of the regions. The subsidies for collective labour customisation (and from 1 July 2023 individual labour customisation) are thus at the Flemish level. Permanent application possibilities for the social economy include subsidies for management. A recognised social economy enterprise can also receive a premium for a written advice to improve management and strengthen, grow, or transform the enterprise. Only non-profit or public law enterprises can benefit from this as they do not have access to an SME (Small, Medium and Micro Enterprises) portfolio. 50% of the consultancy fee is refunded with a maximum of € 10.000.

The department also regularly launches a call for project grants such as innovation grants, innovation management, and social economy start-ups. These target the social economy, but also social economy partnerships with “third parties”, such as local governments. The province developed the platform [doeners.be](http://doeners.be) with this grant. The department's website ([www.vlaanderen.be/sociale-economie](http://www.vlaanderen.be/sociale-economie)) has an overview of all ongoing grant calls.

As social economy has activities in a variety of fields, it is not only important to keep an eye on sector-specific subsidies. A new niche being explored by many social economy actors is that of circular economy. This is a domain in which a lot of Flemish subsidies are deployed, from which the social economy can benefit.

### Provincial subsidies

There are also various subsidy regulations at provincial level to which social economy enterprises can subscribe. The province of Flemish Brabant has the following 2 regulations:

- Provincial regulation on the granting of subsidies to organisations that supervise AMA (Labour-based activities) employees in Flemish Brabant. This grant is used to further activate AMA employees and improve their socio-economic position.
- Provincial regulation on the allocation of grants for projects that promote access to the labour market for people with a great distance to that labour market in Flemish Brabant. The grant will be awarded to projects carried out within the province of Flemish Brabant, that:
  1. contribute to the professionalisation and strengthening of the social economy and the development of new social economy initiatives;
  2. contribute to inclusive entrepreneurship in the regular economy<sup>7</sup>.

### **LEADER operation Hageland+**

LEADER stands for 'working together for rural development' and is a European subsidy programme within which local actors in various European rural areas (municipalities, PCSWs, NPOs, umbrella organisations, actual associations, etc.) can submit projects. In areas with a

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<sup>7</sup> Social economy here means all organisations and companies whose main social activity is providing customised work and guidance to target group employees. Regular economy refers to organisations and companies whose main social activity is other than providing customised work and guidance to target group employees.

building percentage of max 15% and a population density of max 350 inhabitants/km<sup>2</sup> rural projects can be carried out that can receive up to 60% co-financing. This is thanks to the provincial government of Flemish Brabant (25%), the Flemish Region (25%) and the European Union (50%).

In Flemish Brabant, the LEADER area Hageland+ is located in the eastern part of Flemish Brabant and includes 17 municipalities: Aarschot, Bekkevoort, Bierbeek, Boutersem, Diest, Geetbets, Glabbeek, Hoegaarden, Holsbeek, Kortenaeken, Landen, Linter, Lubbeek, Scherpenheuvel-Zichem, Tielt-Winge, Tienen, and Zoutleeuw. The mission of the non-profit organisation LEADER Hageland+ is to strengthen the rural region of Hageland by providing financial support to projects that are in line with the development strategy drawn up for the region. Rural projects are eligible if they fall within one of the angles listed below:

- Liveable villages (upgrading rural infrastructure, investing in functional roads to increase rural liveability and inter-village mobility)
- Poverty and vulnerability in agriculture and rural community (supporting farmers and entrepreneurs in need in rural areas, loneliness and isolation in rural areas, deploying social economy projects in rural areas)
- Profiling and promotion of the regional identity (Including tourism and recreation; promoting recreational activities, giving visibility to regional identity and local initiatives in the Hageland, using the regional identity (Regional Branding) to stimulate entrepreneurship and to facilitate new concepts of service provision or distribution in a wider region).

#### Hageland+ and social economy:

The third operational objective of Hageland+ asks involvement of the social economy where possible in developing the above-mentioned initiatives. The rule is that priority is given to a social economy project under the condition that the content assessment of the projects is equal. Each project proposal must clearly state this and in each case, the project should also be routed through the social economy cell of the province of Flemish Brabant, in order to realise an additional announcement within the social economy sector.

Hageland+ has already a number of good practices of collaboration with social economy, an example of this being the “Soup Cart” (Soepkar) of vzw WORTELS, a small-scale labour care project in the beguinage of Diest started in 2015. To expand its operation sustainably and make it viable, the not-for-profit organisation wanted to expand its activities with new complementary activities. Vegetables are grown and a kitchen garden is maintained by target group employees. As the city of Diest provides a kitchen, meals can be prepared. The leader subsidy was used for the start-up of this new area of activity by employing a supervisor (0.5 FTE) and the purchase of a soup cart and additional equipment for selling soup in the neighbourhood and on the market in Diest.

## Bulgaria, Municipality of Haskovo

The Municipality of Haskovo is considered to have great potential for development of social entrepreneurship in the rural areas, concerning organic farming, tourism and renewable energy (Personal communication, 2023).

The Integrated Development Plan (IDP) of Haskovo Municipality 2021-2027 is a fundamental strategic document and an important tool for the management of the municipality for the seven-year period. The main objective is to outline the frameworks and possible interventions leading to the sustainable and integrated development of the complex of natural, economic, and social resources. The plan for integrated development of Haskovo Municipality was developed in compliance with the objectives of the EU cohesion policy for the period 2021-2027. One of the principles of this policy is to promote the sustainable development of regions and to support local initiatives.

At the moment, there are no policy instruments focusing on social economy for the period 2021-2027 developed at regional level.

Regarding funding at the local level, Haskovo Municipality, taking into account all the benefits and the development of the social economy at local level, has developed a Social Enterprise funding scheme, that has, however, not yet been adopted by the Municipal Council due to lack of finances and remains a perspective for the future.

The scheme will aim at facilitating access to employment and providing support for the social inclusion of vulnerable groups by creating the right conditions for their professional integration in the field of social economy. The specific objectives of the scheme are:

- 1) To propose a new funding instrument aimed exclusively at start-ups in order to support their sustainability and support in the first steps of their functioning;
- 2) To provide persons wishing to develop their own social enterprise with the preparation for planning and starting an independent business;
- 3) To provide support for starting a real business, finding suitable sources of funding, access to services and mentoring for the development of social business;
- 4) To promote social entrepreneurship and to create conditions for the development of this sector on the territory of Haskovo municipality;
- 5) To improve the effectiveness of policies to support social entrepreneurs at local level;
- 6) To contribute to increasing the number and type of tools available in cross-border territory Bulgaria - Greece to promote social entrepreneurship models that meet the needs of the local community;
- 7) To contribute to the promotion and dissemination of social entrepreneurship in the Bulgaria - Greece cross-border region.

This scheme will support, as a priority, ideas for the creation of social enterprises or start-ups which:

- Provide employment to representatives of vulnerable groups, as defined in Article 7, para 4 of the Social and Solidarity Economics Enterprises Act;
- Plan to carry out activities related to the resolution of a social or environmental problem at local level;
- Offer a standard product/service, but with social influence;

- Offer innovative products that are themselves related to social assistance or revolutionary social products;
- Offer free products/services or financially support vulnerable groups;
- Operate an economic activity with a pronounced social effect on vulnerable groups – including improving their living standards, employment, services or other forms of support aimed at their active social inclusion.

According to Haskovo Municipality, there is the intention to further develop the funding scheme in accordance with the new requirements and make it more attractive for the policy makers in order to be fully adapted on the territory of the municipality. This is expected to support the establishment of new social enterprises and increase the economic development of the region (Personal communication, 2023)

## Germany, Verband Region Rhein-Neckar

According to the concept adopted "Rhine-Neckar – connect innovation!" the region's future development is mainly based on the development and performance in four economic sectors: MedTech, GreenTech, digitisation and social economy. The Guidelines for Regional Development (REK) have laid the political foundation to step deeper into the regional transformation process in an urban-rural perspective and contributing to the 2030 Agenda's sustainable development goals.

The ambition is to network the REK's four main fields of action in order to use social entrepreneurship to generate products and services with positive social impacts and to create a creative start-up culture in which the established players in the social economy are also integrated as driving forces. Culture, education, a vital labour market and civic engagement are core themes that the Metropolitan Rhine-Neckar region (MRN) has already consistently pursued with its strategy for civic engagement and which we consider promising starting points on the way of establishing a regional social economy ecosystem.

One of the region's most engaged players in the field of social economy is the city of Mannheim. In order to further establish social innovations and social entrepreneurship in Mannheim and to use them for the development of the city, the economic development department is increasingly focusing on the area of social economy. Since 2018, the department has been actively working on networking and approaching actors from this field until, only recently, the position of a cluster management social economy was established. So far, several milestones have already been successfully passed.

Jointly with the EU commission the city of Mannheim organized the European Social Economy Summit (EUSES) in May 2021 with over 4,000 participants from 102 countries. Due to the pandemic, the summit as well as eight so-called "Road to Mannheim events" preparing the summit had to be organized in a digital format. Since then, Mannheim has been well networked internationally.

For three years the Mannheim Business Start-up Award (MEXI) has been extended to include social economy as a new category. In the beginning, the city of Mannheim donated the 10,000 euros in prize money; this year for the first time it was donated by a company. Same for the grant programme KreaSocTech that opened to social economy in 2021. The programme addresses micro and small enterprises from the creative industries, the social economy or

companies with a technology orientation based in Mannheim. 50 per cent of the eligible investments (minimum 1,000 and maximum 10,000 euros) are subsidised. The programme is endowed with 200,000 euros annually.

In 2019 the S-Hub Mannheim funded by the S-Hub Accelerator Programme for Social Startups in Baden-Württemberg started and since then cooperates with social start-ups, charities, municipal institutions and companies, universities, NGO's, civil society valorising complexity. Acting as a change maker and company builder the S-Hub supports social start-ups in every stage of growing from the pre-seed stage to the later stage. The S-Hub participates in the start-up and, in addition to financial resources, contributes expertise, the right tools and infrastructure. In very close cooperation, it accompanies the social start-ups for up to several years receiving company shares and co-determination rights in return.

Following on from this success, the city has recently applied for the "Social Innovation Landesaccelerator" Baden-Württemberg. The project is about organising a regular exchange of experience among the regional accelerator locations in Mannheim, Freiburg and Stuttgart, the joint development of awareness-raising, entrepreneurship and intrapreneurship tools and formats in the field of social innovation. The locations develop common quality standards and conduct regional accelerator programmes. The announcement is supposed to be in June 2023.

Besides this, the city of Mannheim is engaged in a European project that is funded by COSME (EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises / Horizon Europe). The ALLIANCE project builds on work undertaken through the Local Green Deals Blueprint, the Intelligent Cities Challenge and the Mannheim message to support the delivery of Local Green Deals in European cities with the support of (among others) social economy enterprises. It aims at providing a platform for cities and enterprises to exchange good practice, discuss challenges, and support each other in the implementation of their Local Green Deal activities. The project will end in February 2024.

A project embedded in the regional development concept and in the meantime already being implemented is the "FREIRÄUME" project (free spaces). Within the framework of this project, multifunctional spaces are to be created in the participating municipalities. The concept focuses essentially on three modules: Coworking, Smart Tourism and spaces open to various uses according to changing needs to be defined by the citizens. The coworking spaces are supposed to serve as meeting points, promote innovation, new forms of work, knowledge transfer, (social) innovations and start-up activities outside the major centres. The regional added value consists in relieving the pressure on the major centres, strengthening and revitalising rural areas and reducing commuter traffic. The Social Innovation Lab of the Ludwigshafen University of Applied Sciences can be seen as a counterpart to this in Ludwigshafen (Rhineland-Palatinate), with a "Creative Space" in the city centre functioning as a real laboratory.

Another project running is the "Open Government Labor" project, funded by the Federal Ministry of the Interior and dealing with sustainability in regional and urban development. Regional development is to be stimulated through increased cooperation between civil society and local government.

Specific funding schemes for supporting social economy or social entrepreneurship do not exist at regional level because the Rhine-Neckar metropolitan region is not supposed neither equipped for implementing funding programmes. The funding is to be found in programmes at European, national or federal state level. With regards to the rural areas, the LEADER programme with its bottom-up and participatory approach might be an appropriate tool for

stimulating and supporting social economy activities. The Rhine-Neckar Metropolitan region's communities are engaged in eight different LEADER programmes.

At federal state level, funding schemes for Social economy / social entrepreneurship do exist in Baden-Württemberg (different calls embedded in the OP ERDF Baden-Württemberg) and in Hesse.

With the Social Innovator Hessen funding programme, the state of Hesse has launched a support programme to strengthen the state in terms of social entrepreneurship. In addition to co-working spaces, webinars and knowledge exchange, networking among each other is also to be promoted. The programme includes expert advice (legal advice, marketing advice, etc.) as well as co-working spaces. In addition, an online community is to be developed so that exchange is also promoted digitally. The main focus here is on direct exchange - both on an informal and interpersonal basis. Awareness of the local scene is thus to be created. The Social Innovator Programme Hesse started on 1 July 2020. The programme is free of charge for participants. The programme has been extended and currently runs until the end of 2023.

Funding opportunities for social economy in Rhineland-Palatinate are not known so far.

The Regional Cluster Agency Baden-Württemberg (RCA BW) supports cluster initiatives, business development institutions and other regional innovation drivers to be able to respond to complex transformation challenges and therefore, in a first step, to systematically measure the regionally specific transformation processes. The so-called "RIT Monitor BW" (Analysis and Monitoring of the Regional Innovation System and Transformation Challenges in Baden-Württemberg) serves as a central measuring instrument. The aim of the analysis is to examine innovation activities and trends as well as key technologies and application potentials for the region and, based on this, to identify topic-related transformation potentials and challenges in the regional innovation system. The findings from the RIT Monitor are intended to support regional governance structures in the context of innovation and business promotion in developing new approaches to promoting regional resilience and deriving concrete options for action to overcome region-specific transformation challenges.

As to the transformation field of social innovation, the RIT Monitor states that Research and Development (R&D) projects in the Rhine-Neckar region are mainly carried out by scientific institutions (with a spatial focus on the cities of Heidelberg and Mannheim) and that the region's R&D excellence in social innovation is above the BW average. However, this result is not reflected when it comes to the number of companies active in social innovation (transfer gap from F&E into business).

A specific regional monitoring tool is the Rhine-Neckar metropolitan atlas, which is a central information system that takes up regionally significant topics and visualises them using diagrams and maps.

Finally, another relevant monitoring tool is the innovation radar, an interactive tool designed and technically implemented by the MRN and integrated into the Rhine-Neckar metropolitan atlas to visualize spatial aspects and developments in relation to the regional promotion of innovations and thereby improve the transparency of the regional innovation landscape (available information on co-working spaces, investors / business angels, scientific and research institutions, transfer hubs, funded projects technology and science parks and other issues). Where and how to get know-how and support? Where and how to find innovation partners? Which initiatives do already exist in my activity field and how to connect with them? Giving answers to questions like these, the innovation radar addresses in particular



founders/startups, companies educational and research institutions encouraging them to networking and cross-sectoral cooperation. We consider this to be an interesting tool for monitoring the social innovation / social economy activities in our region as well as supporting this sector in an early growth stage to find the right players and partners.

## Greece, Region of Peloponnese

The Region of Peloponnese tries to link entrepreneurship, research, innovation and social policies to its funding instruments through carefully designed policies and acts. Considering that more than 120 Social Solidarity Economy entities operate today in the Region of Peloponnese, it's crucial for the business ecosystem as well as for the public sector initiatives to create a favourable climate for Social Economy to grow even more.

The main instruments available to the Region related to Social Economy are described below:

### **Regional Council of the Region of Peloponnese**

The Regional Council is the main consultative and decisive policy-making body at the Regional Level. It takes decisions on matters concerning the inclusion of projects/ actions under financial tools available to the Region, either from the Greek State's regular budget or from EU funding schemes.

One of the main responsibilities of the Council is the design of policies for the benefit of the residents of the Region, who are economically active, taking into account the advantages of the region. Policy design takes into account a wide range of social issues, such as tackling poverty, inequalities and opening up society to inclusion, especially of people with disabilities.

### **Financial Committee of the Region of Peloponnese**

It is an internal body of the Region, which decides on the participation of the Peloponnese Region in actions and projects. The role of the Financial Committee is mostly regulatory and advisory to the Regional Council; however, it is critical for the proper elaboration of plans and actions as well as for the effective implementation of measures and actions.

### **Regional Council of Research and Innovation**

The Regional Research and Innovation Council was recently established in the Peloponnese Region and is expected to play a pivotal role in the future. Its basic operating principle lies on the effort to connect results from the Scientific Community and Academic Research with the Business (Entrepreneurship) and production sector. In addition, the Regional Research and Innovation Council is called upon to implement every appropriate means to promote Research and Innovation (Business, Environmental, Social, Administrative) throughout the Peloponnese Region. Among its responsibilities, the Council will disseminate the notion of Social Economy in the Region, will identify and implement good practices in Social Economy, will inform and support potential interested investors, and will disseminate the results of these efforts.

### **Smart Specialization (RIS3)**

In the context of the Regional Operational Programme "Peloponnisos 2014 - 2020" which is financed by the European Union, the Region of Peloponnese developed the "Smart Specialization Strategy (RIS 3)" Action. The vision of the Region is described with the motto:

"Peloponnese model of sustainable development and social cohesion in Greece and in Europe, by maximizing the utilization of human and technological capital".

To approach this vision, "innovative and sustainable self-sustaining extroverted development, ensuring spatial and social cohesion" is the main strategic goal of the Peloponnese Region for the period 2014-2020. Achieving the main strategic objective is served by the development of policies and intervention, namely:

- Radical modernization of the main sectors of the Region's economy through the upgrading of technological equipment and the introduction of innovation,
- Improving productivity and increasing added value in the production sector,
- Creating strong horizontal and vertical cross-industry and cross-sectoral value chain relationships,
- Ensuring and protecting the natural and man-made environmental and cultural stock.

The agriculture-food sector and tourism-culture are the main economic sectors of the Smart Specialization Strategy of the Region. In addition to these, the manufacturing sector with its relatively high concentration of technological and human resources, plays an important role.

Based on the above, the following three general objectives - strategic directions for the RIS3 of the Peloponnese Region were identified:

- Renewal of traditional branches by orientating to activities of higher added value and new market niches,
- Modernization through the adoption and dissemination of new technologies,
- Differentiation from existing specializations in related fields.

### **European Regional Development Fund (ERDF)**

The Region of Peloponnese manages the 2021-2027 programme, which is a key financial tool for the projects and actions it plans. The Programme of the Peloponnese Region, is in line with the European Priorities of Smart, Sustainable and Green Europe, and is also characterised by strong social element.

The principles of social inclusion, the recovery of society from poverty, the continuous upgrading of workers' qualifications, are included in Priority Axis 5 (ESF+) and in Special Objective 5.1 of the Programme. Under this objective, the action "Actions to support existing or new social enterprises SSEs (grant for job creation, for the establishment of new enterprises, networking, information, awareness, support for the operation of incubators, etc.)" has been allocated a Budget of €1,175,471.00.

### **Latvia, Riga Planning Region**

Riga Planning Region (RPR) is one of 5 planning regions in Latvia. Riga Planning Region represents Latvia's metropolitan area around the city of Riga, the capital of Latvia. Riga Planning Region covers 9 municipalities, including Riga City. It is Latvia's most economically active region. The municipalities around Riga include suburban towns and villages, industrial



areas, and rural areas. Riga Planning Region as a public institution, subordinated to the Ministry of Environment and Regional Development, is responsible for planning and promotion of regional development, implementation, and monitoring of regional development plans; taking part in national level policy planning; coordination of cooperation among regional municipalities.

Taking into account that Riga Planning Region represents the biggest shares of both: Latvia's population and economy, most of Latvia's social enterprises are also registered in RPR municipalities. Thus, according to data as of April 2023, there are 218 active social enterprises in Latvia. 72% of these enterprises are in Riga Planning Region (source: MoW website, [www.lm.gov.lv](http://www.lm.gov.lv) ).

### **Riga Planning Region (RPR) Development Programme for the period 2022-2027**

The Development programme is the main policy instrument at the regional level. It consists of 2 parts: the Strategic part and the Action Plan. The Strategies are based on EU level policy priorities, national level policy priorities embedded in such documents as "Latvia's Sustainable Development Strategy up to 2030" and Latvia's National Development Plan for the period 2022-2027 and regional level priorities reflected in Riga Planning Region Sustainable Development Strategy for the period 2014-2030. RPR Development Programme 2022-2027 has formulated long-term strategic goals with several priorities under each of them.

- 1) Socially inclusive communities of well-being (keywords: communities, inclusive life, interrelation between public and individual interests, well-being, tolerance, modern governance, traditional and local cultural and historical values);
- 2) Knowledge-based, green, innovative and flexible economy (keywords: smart specialization, knowledge, initiatives, creativity, efficient mobility, healthy environment);
- 3) Ecologically tolerant lifestyles and locations (keywords: flexible value-based region, harmony and diversity of lifestyle and environment, safety and information);

Social economy and social entrepreneurship are strongly linked with all 3 strategic goals; however, it is directly addressed by the 1st goal: socially inclusive communities of well-being.

Priority 1 "Specialized services and sustainable communities" which includes the Area of Action "Social Planning and Capacity Building of Society" with such activities as:

- Promoting socially responsible entrepreneurship and support for social entrepreneurs;
- Improving the access, efficiency and relevance of social services aimed at well-being of society.

The social economy issue is linked with a number of other actions defined by the programme:

- Promoting entrepreneurship and services in different areas, high-quality workplaces;
- Developing and strengthening capacity for innovations;
- Developing skills of participation, involvement and social interaction, community leadership, promoting youth participation;
- Public-private partnerships for public services, innovation partnerships;
- Linking territorial planning with provision of services: mobility, education, health, utilities;

- Capacity building of municipal and regional institutions in supporting social economy and entrepreneurship, interacting with communities.

In addition to social economy issues, under “Governance” priority the RPR Development Programme defines the need to:

- improve governance to support interaction between public and private sectors;
- equal treatment of all participants of regional development.

### **Municipal and local level**

Implementation of these strategies is in the hands of municipalities/local governments. In municipalities of Riga Planning Region social enterprises are seen as a specific area of entrepreneurship and therefore, promoting and supporting social entrepreneurship is the

responsibility of the “entrepreneurship support centre” or the entrepreneurship support specialist in the municipal government. The following forms of support can be applied at the local/municipal level (Zeīļa R., 2023):

- Local government as an information point: information and data, networking, mapping of social enterprises;
- Infrastructure and support activities: access to infrastructure, consultations, trainings, awarding the best social enterprises or initiatives;
- Policy development, policy instruments: local development programmes/ strategies;
- Grants and other funding programmes: targeted grants, special award criteria;
- Information support: active communication with social enterprises, featuring social enterprises in municipal information materials; involving social enterprises in events organized by municipalities;
- Governance functions/ tasks/ services: delegating certain functions/ services to social enterprises;
- Working groups and advisory councils: including representatives of social enterprises in such bodies;
- Tax benefits and transfer of property: real estate tax reduction; transferring premises or land property to social enterprises without charge;
- Municipality as a client: socially responsible public procurement; purchasing services or goods from social enterprises; privileged contracts.

### **Examples of support for social entrepreneurs provided by RPR municipalities:**

- Tax reductions or exemptions:  
Example: Sigulda municipality grants 50% reduction in real estate tax to social enterprises for premises which are used for the economic activity of social enterprise;
- Use of municipal premises or land without charge:

Example: Riga municipality has granted premises to a social enterprise without charge;

- Funding schemes for social enterprises to apply when the calls are announced:

Example: five RPR municipalities in cooperation with SEB bank have set up a funding programme “Augšup!” (Upwards!) to support social enterprises; A call for proposals is announced every year. A certain amount of money is awarded as a grant to one social enterprise or divided among several social enterprises at each of these municipalities;

- Socially responsible public procurement:

Example: the municipality’s award criteria in public procurement includes an additional score if the provider of goods or services employs refugees from Ukraine.

The new Law on Municipalities (2022) has increased emphasis on involving residents in decision-making and governance. The law requires that municipalities set aside a “participatory budget” which should be available for initiatives from residents, NGOs, etc. (i.e., actors of social economy). Since monitoring of social entrepreneurship is well organized at national level (role of the Ministry of Welfare, Social Enterprises Commission), the local municipalities may not see the need to ensure monitoring (they have access to Social Enterprises Register to verify the status). At the same time, since social entrepreneurship is a relatively new phenomenon, and the number of social enterprises is not very big, most municipalities are aware of their social enterprises, their projects and initiatives.

## Poland, Mazowieckie Voivodeship

Social economy in rural areas is not a separate issue. Discussions on the development of the social economy in the Mazowieckie Voivodeship are considered as a whole without division into urban and rural areas. At the regional level, the policy objectives do not indicate separate lines of action focused on rural areas (Personal communication, 2023).

In the Mazowieckie Voivodeship, the main document of a strategic nature and at the same time of an executive character defining directions of support for the development of social economy is the Social Economy Development Plan for the Mazowieckie Voivodeship for 2021-2030 (<https://mcps.com.pl/wp-content/uploads/2021/06/plan-rozwoju-ekonomii-spolecznej-na-mazowszu-na-lata-2021-2030.pdf>, accessed 17.05.2023). This document defines the objectives of social economy development in the Mazowieckie Voivodeship, as well as indicates activities, expected results and indicators. The plan is in line with the Development Strategy for the Mazowieckie Voivodeship until 2030+, Innovative Mazovia (<https://mazovia.pl/pl/bip/dokumenty-strategiczne/strategia-rozwoju-wojewodztwa-mazowieckiego-2030-innowacyjne-mazowsze.html>; accessed 17.05.2023) in terms of policy objectives. Strengthening the role of this sector in the socio-economic development of the region is a challenge and, at the same time, an opportunity for a voivodeship with such a large human, social and economic capital (Personal communication, 2023).

The entity that coordinates the tasks related to the development of social economy in Mazowieckie Voivodeship is an entity established by the Mazowieckie Voivodeship Self-Government, i.e., Mazovian Social Policy Centre (MCPS). The main tasks of this unit include: supporting the development of social economy entities, initiating cooperation between social economy entities and the environment (e.g., local and supra-local self-government units, labour market organisations, scientific entities and business). Crucial tasks of the MCPS are related

to promotion of social economy, conducting research/ analysis concerning the development of this sector, as well as advocacy and representing the interests of the social economy sector in the region (<https://mcps.com.pl/wp-content/uploads/2020/03/ulotka-mcps.pdf>, accessed 17.05.2023).

The social economy development in rural areas is not a separate area of support from the national level. Measures to develop the social economy, therefore, apply to both urban and rural areas. Rural areas face an intensification of certain social problems compared to other areas, the highest being the issue of rapid population ageing and depopulation (source: Social Economy Development Plan for Mazowieckie Voivodeship for 2021-2030, p. 6.).

The Plan for Social Economy Development in Mazowieckie Voivodeship defines the main objective which assumes that the social and solidarity economy is an integral and well-established element of social and economic life of the Mazowieckie Voivodeship. Freedom to implement various initiatives in the field of social economy as well as necessary and adequate support in their implementation is ensured (Ibidem).

The document identifies the following specific objectives:

1. *Increasing awareness of the existence of the social economy among the inhabitants of the Mazowieckie Voivodeship.*
2. *Increasing the sustainability of social enterprises.*
3. *Improving access to good quality inclusive services.*
4. *Increasing the involvement of public institutions and NGOs in the development of the social economy.*
5. *Empowering the social economy through cooperation with entities operating in its environment: public administration, science and business (Ibidem).*

In order to achieve the objectives, it is assumed, inter alia, to undertake information activities in cooperation with entities operating in the social economy support sector, to carry out educational activities at various levels of education, but also to carry out information and educational activities of the social economy sector's environment. In the scope of measures aimed at development of social enterprises it is assumed to implement promotional measures for social economy enterprises, training, educational and counselling measures, measures for the growth of employment, including support mechanism for creation of workplaces in social enterprises, undertaking initiatives concerning changes in legal regulations concerning social economy (Ibidem, pp. 43-54). The Social Economy Plan does not set out separate objectives and actions aimed at supporting the social economy in rural areas.

At the regional level, social economy is financed from two sources: the budget of the Mazowieckie Voivodeship and European funds. Support from the budget of the Mazowieckie self-government is implemented on the basis of the 'Annual programme of co-operation of the Mazowieckie Voivodeship with non-governmental organisations and entities mentioned in Article 3, paragraph 3 of the Act on public benefit activity and volunteerism' mainly in the form of open calls for offers for the implementation of public tasks. To date, the budget of the Mazowieckie Voivodeship has financed or co-financed, among others, the following:

- Calls for social economy support centres - PLN 8.1 million in 2019-2021 and PLN 9 million in 2022-2024,

- The creation of nine social integration centres - a total of PLN 8.8 million has been invested since 2018,
- The creation of vocational activity establishments - PLN 1.88 million in the period 2020-2022 (<https://mazovia.pl/pl/samorzad/sejmik/aktualnosci-sejmik/ekonomia-spoeczna-na-mazowszu.html>, accessed 17.05.2023).

In the 2014-2020 financial framework, European funding at the regional level was implemented within the framework of the Regional Operational Programme for the Mazowieckie Voivodeship 2014-2020 (<https://www.funduszedlamazowska.eu/>, accessed 17.05.2023). The Mazowieckie Social Policy Centre received support of PLN 2.4 million for the coordination of activities (<https://mazovia.pl/pl/samorzad/sejmik/aktualnosci-sejmik/ekonomia-spoeczna-na-mazowszu.html>, accessed 17.05.2023).

In the financial framework 2021-2027, at the regional level, it will be possible to use the operational programme Funds for Mazovia for 2021-2027 ([https://www.funduszedlamazowska.eu/fundusze-europejskie-na-lata-2021\\_2027/](https://www.funduszedlamazowska.eu/fundusze-europejskie-na-lata-2021_2027/), accessed 17.05.2023). Support will be available under the Measure 8.2 Social Economy. Two calls for proposals are planned for co-financing of projects implemented by Social Economy Support Centres. Co-financing will be granted for providing comprehensive social economy support services by Social Economy Support Centres. The allocation for the Measure 8.2 comes from the European Social Fund and amounts to over 23 million EUR.

In recent years, 1 million PLN of the funds that could not be spent due to the pandemic were reallocated to fight COVID-19, including meals for the personnel fighting the epidemic, seniors and dependents. The meals were prepared by social economy actors. Following the outbreak of war in Ukraine, social economy entities made a significant contribution to providing food for Ukrainian citizens. 135,000 meals were prepared at a cost of 2 million PLN in Warsaw, Mława, Ostrołęka, Płock, Płońsk, Radom, Siedlce, and Węgrów (<https://mazovia.pl/pl/samorzad/sejmik/aktualnosci-sejmik/ekonomia-spoeczna-na-mazowszu.html>, accessed 17.05.2023).

Monitoring of the social economy at the regional level is included in the monitoring and evaluation system of the Social Economy Development Plan, which assumes conducting a monitoring system on an annual basis. Information from monitoring is presented to the Mazovian Committee for Social Economy Development and the Mazowieckie Voivodeship Board and then made public through the website of the Mazovian Social Policy Centre. Monitoring data are collected on the basis of desk data analysis, surveys, analyses and expert opinions as well as through research questionnaires addressed to local self-government units, labour offices, social economy support centres and the financial operator providing support to the social economy sector (source: *Ibidem*, p. 55-56). An important element in the process of developing and monitoring the Plan is the Mazovian Social Economy Development Committee, which plays an advisory and consultative role. The Committee is composed of representatives of the voivodeship self-government, voivode, local government, social economy sector and business sector (<https://mcps.com.pl/mazowiecki-komitet-rozwoju-ekonomii-spoecznej/archiwum-aktualnosci/>, accessed 17.05.2023).

## Portugal, Oliveira de Azeméis Municipality

In Portugal, the third sector economy is centralized in the Central Government, which, through its Social Security services, plans, finances, monitors and supervises the action of the entities that develop this economy. Despite this reality, in recent years we have been witnessing some attempts at decentralization, namely with the Social Network Program and, more recently, with the process of decentralizing social action competences to municipalities. In this context and in relation to the social economy, the planning of social responses will start to be carried out at regional and local levels (metropolitan areas and municipalities). It remains to be defined the great challenge of financing these entities.

The analysis we carry out here is based on the diagnosis of reality carried out within the scope of the Social Network Program, as an active social policy. This Social Network program was created by Resolution of the Council of Ministers n.º 197/97, of November 18, 1997 (RCM), in a context of affirming a new generation of active social policies, based on the responsibility and mobilization of the whole of the society for the effort to eradicate poverty and social exclusion in Portugal. RCM 197/97 defines the Social Network as a “forum for articulating and bringing together efforts based on free membership by local authorities and public or private non-profit entities that wish to participate”. It has been implemented in the municipality of Oliveira de Azeméis since 2022.

The Municipality of Oliveira de Azeméis has 30 Private Institutions of Social Solidarity (IPSS – Instituição Particular de Solidariiedade Social) and equivalent, providing a network of diversified social responses, distributed as follows: 6 institutions with social responses in the area of childhood and youth, 7 with social responses for the elderly population, 10 with simultaneous responses for children, youth and the elderly population, 1 with responses aimed at children, seniors and the disabled population, 1 with social responses in the area of disability and 1 therapeutic community. These entities and other legal forms of social and solidarity economy have been generating local and quality employment for decades, contributing to the settlement of the population in the territory, providing fundamental services to the population (Personal communication, 2023).

The proactivity of these institutions and the network work developed, in the sense of a continuous improvement of the county's coverage in terms of answers, projects and actions that encourage and promote a better adaptation to the diagnosed needs, should be highlighted. Despite the recognition of the importance of IPSS, it cannot be denied that they are in a situation of constant demand, both from the perspective of the user/customer and from the perspective of the regulatory authority. Added to this factor is the great constraint of limited resources, making some people aware of the limits of sustainability. Therefore, it becomes necessary to think of ways to overcome these constraints.

In summary, the municipality has at its disposal the following Social Responses:

- 15 nurseries;
- 11 Leisure Activities Centres;
- 11 Preschools;
- 1 Residential Home for Children and young people;
- 1 Temporary reception centre for children and young people;



- 1 Educational Response for people with disabilities;
- 3 Centre for training activities inclusion;
- 1 Residential home for people with disabilities;
- 13 Home Support Services;
- 13 Day centre for elderly;
- 1 Community centre for seniors;
- 9 Residential Structure for the elderly;
- 1 Elderly residential home (private);
- 6 Social Assistance and Support Service.

The important role and dynamics played by informal social action groups should also be mentioned. These groups carry out, above all, socio-charitable work and their proximity to the community makes their action an important asset in the social development of the parishes, appearing as a first line response to social situations.

## Romania, Harghita County Council

The issue of social economy development in public discourse is not a separate topic. There is still a lack of information and promotion (awareness-raising) activities to activate rural areas. Rural areas lack knowledge and awareness of the potential of social economy entities. This task is primarily carried out by the small number of non-governmental organizations that are sufficiently familiar with the nature of social enterprises, and on a European scale, depending on the knowledge of best practices, they are trying to promote the potential inherent in social enterprises (Personal communication, 2023).

## Spain, Junta de Extremadura

Social economy companies and organizations have a strong presence in rural areas of Extremadura generating local, quality employment for decades, contributing to population retention in the territory (Personal communication, 2023).

The First Regional Strategy on Social Economy of Extremadura had the objective of developing the Social Economy of Extremadura in a broad sense, integrating the different sectoral policies for agri-food cooperatives, work cooperatives, social inclusion companies and labour societies, as well as specific measures for other families of the social economy.

Right now, Directorate General of Cooperatives and Social Economy is also working on the approval of the Second Extremadura Social Economy Strategy for the period 2023-2027, which we hope it will be approved by the second part of the year 2023, focus on the following axes:

**Axis 1:** Increased visibility of SE companies and entities and dissemination of their activity.

**Axis 2:** Promotion of SE training at all educational stages and in the sector itself.

**Axis 3:** Support for employment, collective entrepreneurship and improvement of the competitiveness of companies and entities in the field of HE.

**Axis 4:** Generation of innovative participation mechanisms for HE in strategic and emerging sectors.

**Axis 5:** Promoting the participation of workers in SE companies and entities.

**Axis 6:** Promotion of equity and social, territorial and environmental sustainability.

In a broader strategic context, our region is a member of ESER network (European Social Economy Regions network) since 2018, as a proper region and also with its two provinces. In particular, Directorate General of Cooperatives and Social Economy has competences in three of the branches of social economy entities in Spain: cooperatives, labour societies and agrarian transformation societies (very similar to agro-food cooperatives).

Its competences involve registration, solving doubts and queries, issuing reports and opinions on the matter and also, in the execution of these competences we carry out subsidies and grants, public procurement, collaboration agreements, etcetera.

It also runs the Superior Council of Cooperatives of Extremadura and its Cooperative Conflicts Section, which provides -in case of conflict- arbitration and mediation between cooperatives and members.

Regarding the regional policy instrument ESF Operational Programme (2021-2027) Action 6: Access to Employment – Social Economy – Incentives for stable economy, it is based on the following three pillars:

1. Grants intended to finance the new hiring of qualified staff and administrative management framed in Program III: Modernization and updating of the templates of the entities, within the Decree that regulates subsidies for the promotion plan of the social economy entities of Extremadura.
2. Development and implementation of a network of advice, training and dissemination for the development of the economic model of the Social Economy in Extremadura, in such a way that expert personnel in this matter can be distributed in the strategic core of the region with the purpose of revitalizing rural and urban areas.
3. Mentoring program to stimulate the integration of women in the management bodies of cooperative societies and labour companies within the region of Extremadura. This program would apply innovative training taking into account the different parties participating in the training, considering that the transmission of knowledge is intended through people who assume responsibility for society and the members who want to learn how to carry out this work. With this program we try to guarantee a generational change in the assumption of responsibility of the entity by worker members who had not considered that possibility.

### **Relevance to rural areas' development**

The main negative determining factors of regional development in Extremadura can be summarised under 4 factors:

- Population low density: 25.5 inhabitants/km<sup>2</sup>, far away from the national (93.8 inhabitants/km<sup>2</sup>) or European ratios (109 inhabit/km<sup>2</sup>).



- Ageing: Another issue is ageing, over 25% population is above 65 years old.
- Unemployment: And the unemployment rate, higher than 13% and is especially high among young people reaching 47%.
- Rurality: Our region counts with 338 municipalities, 85% with less than 5.000 inhabitants.

For this reason, Law 3/2022, of March 17, for measures to face the demographic and territorial challenge of Extremadura, establishes among its strategic objectives to value the human capital of the rural environment, prioritizing actions that generate opportunities, especially for women, youth, people with disabilities and other vulnerable groups, and promoting training and mechanisms for both individual and collective participation and the development of a solid social economy.

In addition, this law determines that, entities that are members of the public sector of Extremadura will establish in the specifications of administrative clauses, capacity and solvency requirements, and award criteria that facilitate access to tenders on equal terms for small and medium-sized companies, as well as social economy entities.

This Law also regulates the creation and maintenance of specialized training plans in the field of social economy that disseminate, promote and support the constitution of cooperatives, worker-owned companies and other social economy entities.

Finally, the Law enforces that the regional administration:

1. Adoption of measures to promote social economy entities as an adequate instrument to generate wealth and quality of life in rural areas.
2. Establishment of a regional strategy for the social economy, in order to develop instruments that promote social economy entities, with special attention to promoting employment in all sectors with an impact on rural areas.
3. Development of a specific Plan for agri-food cooperatives, which will include criteria aimed at financial support for the cooperative sector. The constitution of viable cooperative structures will be promoted through the restructuring of the agri-food cooperative sector of Extremadura, considering mergers and/or integrations, or the constitution of integrated cooperatives, as well as activities aimed at the digital transformation of agrifood entities.
4. Implementation of measures aimed at making visible and strengthening the presence of women in social economy entities, and especially in their management and management bodies.
5. Promotion of products generated by the social economy entities of the region as they are an economic activity that contributes to the settlement of the rural population and territorial development and, especially, the products of the agri-food cooperatives, due to their quality characteristics, healthy and safe and at affordable prices.
6. Promotion of relationship of the entities that are members of the social economy with the Junta de Extremadura, the Extremadura Observatory of the Social Economy will be established, which will have among its functions that of analysing and publicizing the main socioeconomic magnitudes of the sector.

7. Establishment of regional resources through budgets for the maintenance of social economy entities and support programs for this sector in the most vulnerable areas in the face of the demographic phenomenon.
8. Allocation of resources for training of the governing councils, managers and technical staff of social economy entities, as well as to the digitization of the register of cooperative societies and labour companies,
9. Establishment of action for the reactivation and revitalization of infrastructures of agricultural, livestock, forestry, aquaculture or mixed cooperative societies that are in a manifest situation of abandonment, through social economy entities, valuing the generational change and the presence of women in rural areas.

In order to achieve these objectives, the Directorate General of Cooperatives and Social Economy has implemented financing schemes for social economy entities:

- Grants allocation to support Associative Entities of the Social Economy and Self-employment.

To ensure the maintenance of the associative structures of social economy entities and associations of self-employed workers.

- Plan to promote the social economy.

This plan finances cooperatives, labour companies, special employment centres and insertion companies:

- a) Programme I for "Investments", to finance investments in offices or customer service units, such as improvement works, technical installations, furniture and equipment or computer programs.
- b) Programme II for "Professional Technical Assistance", which consists of two lines of aid:
  - Consultancies for the modernization of entities and
  - Registration tasks.
- c) Programme III for "Modernization and updating of staff", also made up of two lines:
  - Modernization of staff and
  - Update of staff.

- Grants for the integration of the agri-food cooperative sector.

These subsidies aim to configurate a more powerful and competitive sector, through the concentration of supply, which will allow cooperative societies to improve their planning and optimize decision-making in their commercialization, reduce costs in the management and acquisition of inputs and facilitate their access to markets and their internationalization. To this end, subsidies carrying out the following actions:

- a) Mergers between base line agri-food cooperatives.
- b) Constitution of integrated cooperatives or cooperative groups.

- c) Cooperative association, to promote the inclusion of first-level cooperatives as members of second-level cooperatives or existing cooperative groups, and to join the Union of Agri-food Cooperatives of Extremadura.
- d) Inter-cooperative agreements, in order to jointly market their production.
- e) Priority agri-food entities, a specific type of entity recognized as a priority due to its sales volume.
- Grants for promotion and dissemination of the social economy.

Specifically, for carrying out training activities in Social Economy in Dual Professional Schools and in Training Centres in Rural Areas of Extremadura and, and, in addition, participate in the financing of fourteen scholarships for the master's degree in management in agri-food cooperatives taught at the University of Extremadura.

- Youth School of Social Economy of Extremadura.

General Directorate of Cooperatives and Social Economy launched in 2021 an e-learning platform called: Youth School of Social Economy of Extremadura (EJESEC).

Through this e-platform, training activities were developed in MOOC format (Massive Online Open Courses), with videos, readings, evaluation questionnaires and certification diplomas for the completion of the 4 courses of 25 hours each that developed the following topics:

- Module 1.- Social, Circular and Zero Waste Economy.
- Module 2.- Undertaking in Social Economy: How to create social ecosystems.
- Module 3.- Undertaking in Social Economy: Cooperativism 4.0 and youth.
- Module 4.- Undertaking in the Social Economy: Labor Companies and other legal forms.

These courses were made available to students on the "RUREX" portal of the Ministry of Agriculture, Rural Development, Population and Territory in micro-video format compatible with Moodle. In 2023, a new module on cooperative local energy communities is being developed.

### **Monitoring mechanisms**

At regional level, the Superior Council of the Cooperativism of Extremadura is an advisory body, for participation and out-of-court resolution of cooperative conflicts of the regional administration, in matters of cooperative societies, which are regulated by Decree 130/1998, of November 17.

### 3. Barriers and enabling factors for the development of social economy in rural areas

#### Belgium, Province of Flemish Brabant

The main barriers for the development of social economy in rural areas identified by actors involved in the social economy in the Province of Flemish Brabant are:

- Limited access to risk capital and financing for social economy enterprises;
- Limited financial resources in small local governments;
- Limited knowledge of the social economy and its regulations such as
  - Public procurement law and social clauses
  - European state aid rules (see attached note);
- Limited presence of organisations that can develop social economy activities;
- Smaller number of clients in the immediate area (larger distance from the home of the employees to the work floor) in combination with less means of transportation in rural areas (people with a distance to the labour market experience more difficulties to get to the work floor);
- Outdated infrastructure.

On the other hand, the main drivers for the development of social economy are identified as follows:

- Certain European programmes aimed precisely at the countryside;
- Subsidies for the social economy at the different policy levels;
- Organisations - such as for example Trividend ([www.trividend.be](http://www.trividend.be)) – that invest risk capital in social economy enterprises;
- Tax reductions such as NSSO (the national social security office) rebates;
- Being embedded locally: social economy businesses are by definition strongly locally anchored, resulting in great support from the neighbourhood;
- Provision of local employment that can bring back activities from abroad (reshoring);
- Cooperation between project stakeholders and actors, for example catering project on hiking route of our tourism department operated by a social economy company.

#### Bulgaria, Haskovo Municipality

Despite the efforts of the state, in the last few years, to set good conditions for the development of social entrepreneurship, there are limitations to the development and sustainability of social enterprises in Bulgaria related to the European and national institutional regime, the lack of

information and expertise in social economy, as well as the limited financial resources, especially in rural areas (Personal communication, 2023). More specifically the Among these limitations are:

- The existence of a special registration regime restricts those enterprises which do not meet the criteria for entry in the register of social enterprises.
- The Law on Enterprises of the Social and Solidarity Economy defines these enterprises in a way that can exclude many smaller NGOs, which are inherently social enterprises, since it requires a social enterprise to invest at least € 3.750 of its profit back into its social activities or hire at least three people from vulnerable groups.
- In recent years, there has been a volatile business climate as a result of the global economic and energy crisis, as well as an unstable political environment. There is a lack of support for the sustainability of NGO activities, especially small organizations that remain fully dependent on external donor programs, which are short-term and often with completely different scope;
- Serious and long-term programmes promoting supported and protected employment are lacking. If any, they are targeted primarily at people with disabilities but not at other vulnerable groups.
- Funding mechanisms for starting up and maintaining an activity are severely limited:
  - Bank loans are extremely difficult to receive, without much relief for some categories of social enterprises, such as NGOs;
  - Risk financing (through equity participation) is almost not developed. In addition, all investors seek, first and foremost, a return on investment, which is more difficult or at least more time-consuming for social enterprises;
  - Limited or almost missing national grant funding, as at present, such funding is available only within the Agency for people with disabilities and sporadically under European Funds Under Shared Management;
  - Lack or insufficient funding of programmes at local (municipal) level.
- Problems related to financing under EU Operational Programmes:
  - They mainly finance employment, but not entrepreneurship as such;
  - Increase dependency on grant funding;
  - The project financing model suffers from a chronic lack of sustainability;
  - Slow, cumbersome procedures for project administration;
  - They focus on short-term results, mainly quantitative ones, and make it difficult to aim (and therefore be able to evaluate) a more comprehensive impact;
  - Project financing raises doubts about the existence of corruption interests that have nothing to do with the declared social cause;
  - Almost never provide funds for organizational and institutional development of organizations, building sector and networks;

- Often a contribution is required.
- Lack of management and marketing experience - this is a problem for the NGO sector, which generally attracts people with a different profile from the one needed for the realization of managerial or marketing positions. As far as the civil sector is the most active in the creation of social enterprises, help in this area is becoming a necessity.
- Social enterprises find it very difficult to engage and train suitable staff;
- Project financing and the lack of regular payments make it difficult to retain permanently qualified staff.

On the other hand, the specialized financing schemes co-financed by European and national funds, as well as with additional funds from the private and public sectors, constitute the main enabling factors that facilitate the development of social economy in rural areas in Bulgaria. These financial instruments showcase several major advantages, including:

- possibility to use the so-called leverage on public funds (i.e., mobilizing additional public and private funds to supplement initial public funding);
- the revolving nature of the capital provided (i.e., multiple uses of the same funds), which allows any funding through such instruments to be used more than once.
- Overcoming market imperfections.

It is positive that there are many new ideas and good practices that can be applied in the local policy making process. The experience of the European partners should be taken into account and be replicated at local level (Personal communication, 2023).

## Germany, Verband Region Rhein-Neckar

It is important to stress that the social economy sector is not really developed so far in Verband Region Rhein-Neckar, except for the city of Mannheim where the first initiatives in the sector can be traced back to the late 10's and where the step-by-step development of the social economy support activities has recently resulted in the establishment of a cluster management (ensured by two employees) in the city administration.

In the greater metropolitan region, the social economy sector is an elusive variable that still needs to be identified, unearthed, in order to help it grow and support and promote it as a future economic mainstay. The interviews conducted with stakeholders in rural areas revealed that the concept of social economy is not really known and that, once agreed on a rudimentary understanding of what social economy means, it is appreciated as a new kind of social driven business but that at the same time the chances of developing social economy activities in rural areas are considered to be less favourable due among other things to different demographic patterns and more conservative structures and mindsets.

The barriers, identified and confirmed by actors of the social economy, in the Verband Region Rhein-Neckar are the following:

- Lack of awareness of social economy's potential as an economic and employment factor and lack of understanding of what social economy does mean (lack of clarity of terms) and what kind of activities are covered by this term (lack of binding criteria)

- “Lack of orientation” both at technical and political level: the fact that even the chambers of commerce and industry are not well acquainted with the topic of social economy and that the social economy sector encompasses a multitude of activities across sectors and thus is not statistically recorded as a separate economic sector makes it even more difficult to identify, localize and approach social economy activities.
- Different (departmental) responsibilities in the administration for different social economy activities
- No educational or promotional campaigns have been carried out so far,
- As it comes to leadership and governmental administration the lack of established frame conditions (specific strategy, contact persons, funding framework adapted to the needs of social entrepreneurs) at federal level contribute to the fact that social economy is not the primary focus of politics at the regional and local level so far.

On the other hand, the enabling factors identified and confirmed by actors of the social economy are the following:

- The initiatives at the European level (EU action plan, EU Parliament’s recommendations, increasing consideration of social innovation/social economy in mainstream programmes) pave the way for corresponding initiatives at the federal and regional levels.
- The city of Mannheim is an example of how the social economy can be developed in rural areas of the Verband Region Rhein-Neckar.

## Greece, Region of Peloponnese

The main barriers to the development of the social economy in rural areas identified by actors involved in the social economy in the Region of Peloponnese are:

### Barriers

- Limited public knowledge and awareness regarding social economy;
- Limited access to financing tools for Social Enterprises and for entities that want to engage with Social Economy;
- Unclear and incomplete Legislative Framework for the establishment and operation of Social Economy entities;
- Inadequate training of public entities’ staff on Social Economy;
- Unfamiliarity of the workforce with regards to modern and alternative forms of work related to Social Economy;
- Low growth rates of Social Innovation.

On the other hand, the main drivers for the development of social economy are identified as follows:

### Enabling factors



- European Programmes targeted at the Regions. The European Funds and especially the Recovery and Resilience Fund (Personal communication, 2023);
- Social Economy Organizations already active in the field of the Social Economy;
- The opportunity for recovery of the Regional/ Local Economy through the employment of new workforce;
- The potential of Social Enterprises to act as a means of solving problems in the Primary production sector (e.g., lack of land workers);
- The potential of the Regional/ Local Administration in the modernization of policies and the shift towards alternative forms of wealth production.
- Apart from Regional/ Local Administrations, it is believed that central policies must become more effective and supportive of social economy initiatives in rural areas (Personal communication, 2023). Digitisation of bureaucratic procedures, financial incentives and better access to information could for example support the efforts to develop the social economy sector in rural areas (Personal communication, 2023).

## Latvia, Riga Planning Region

The impact of social enterprises differs depending on the sector, size and location of the municipality. In some municipalities there could be just 1 social enterprise, or even none (Personal communication, 2023). Even though the policy framework for social enterprises may be considered as sufficiently effective (Personal communication, 2023), there are some limitations linked to the visibility and awareness of social economy, lack of knowledge and expertise, access to financial resources and the institutional regime. More specifically:

### Barriers

- For many people, including some local politicians and public servants, social economy and social entrepreneurship are unfamiliar concepts;
- Rural areas, rural aspect – sometimes forgotten in national or regional discussions of social entrepreneurship;
- Social entrepreneurship as an instrument for rural development specifically is not (sufficiently) emphasized in policy;
- Lack of self-awareness among NGOs and entrepreneurs about themselves as social entrepreneurs, and actors in the social economy;
- Social enterprises, especially in rural areas, do not sufficiently promote their activities.
- In rural areas the lack of leadership on the local government side may be explained by the lack of human resources;
- The perception of potential social enterprises is that they may be burdened with unnecessary bureaucratic procedures and reporting while the gains could be small.
- Currently provided tax benefits are not seen as meaningful support;

- The provision in the Law on Social Enterprises that social enterprises are not allowed to withdraw profit, and if there is profit, it has to be reinvested;
- Applying for funding is seen as too complicated, the application forms and procedures are in a complicated, bureaucratic language;
- The legislation and regulations are rather fragmented: different pieces of information in different places;
- There is no framework for social economy concept which would encompass a broader scope of activities and formats;
- The national support system is partly maintained by the ESF project “Support for Social Entrepreneurship” under MoW, and may be at risk when the project ends.

#### Enabling factors

- Well-developed national level information and awareness-raising approach/system: information and resources provided by the Ministry of Welfare;
- Information and resources available to different target groups: potential social entrepreneurs, existing social enterprises, representatives of municipalities and politicians, etc;
- Latvian Association of Social Entrepreneurship, as a national level stakeholder permanently is promoting social economy and social entrepreneurship, sharing resources;
- There is a platform/NGO “Lauku forums” (Rural Forum, <https://laukuforums.lv/en/> ) specifically promoting social initiatives in rural areas.
- Strong leadership at national government level by the Ministry of Welfare; MoW is implementing ESF project “Support for Social Entrepreneurship”.
- Strong leadership, interaction with municipalities and social enterprises, and with MoW, by the Association of Social Entrepreneurship;
- Representatives of social enterprises and other actors of social economy are involved in Financial support for social enterprises is available at national level: state financial institution “Altum” (<https://www.altum.lv/en/> );
- Municipalities offer grant schemes;
- Funds for social initiatives and social innovations are available from different EU programmes. The LEADER programme financing supports rural areas and rural development;
- Support scheme for social enterprises through business incubators;
- Law on municipalities requires that they provide for “participatory budget” – i.e., a budget for social initiatives from residents, NGOs, etc.;
- There is a national-level regulatory framework for social entrepreneurship: the law and related regulations;

- The Ministry of Welfare, Association of Social Entrepreneurship and municipalities have identified and listed the support mechanisms and are promoting them;
- There is a monitoring mechanism in place:
  - monitoring of social enterprises;
  - monitoring of the support (ESF project under MoW).

## Poland, Mazowieckie Voivodeship

The research conducted confirms the barriers and the enabling factors for the development of the social economy identified in the Social Economy Development Plan for Mazowieckie Voivodeship. Even though the policy framework for the social economy is defined, there is still a lack of promotional and awareness-raising activities on the topic, as well as a lack of linkage between the policy framework and concrete actions solving the local problems identified in local strategies (Personal communication, 2023). More specifically:

### Barriers

- Lack of or insufficient cooperation between different institutions in the field of social economy, e.g., between clients of Social Assistance Centres, District Employment Offices and locally operating Social Economy Enterprises;
- Lack of understanding and support for Social Economy Enterprises in local government units (especially at commune and county level) - relatively small scale of public procurement in which Social Economy Enterprises can participate, lack of awareness of the role of the Social Economy for the development of local social services;
- The dispersal of tasks for economic development to different levels of public administration.
- The most frequently indicated legal barriers to the development of the social economy are: the complicated legal system in Poland, e.g., in terms of accounting, taxation (especially VAT) and sectoral regulations concerning the social economy.
- On the other hand, the most significant financial barrier is the lack of continuity of support offered by Social Economy Support Centres (these centres operate on a project basis, which means that periodically their offer is limited). Additionally, an important barrier is insufficient access to information on available forms of support and development.
- Difficulty of understanding the very concept of the social economy;
- Insufficient financial support to carry out effective promotion of the social economy, including promotion of products and services provided by the Social Economy Enterprises;
- Low priority of social issues in the media and in the common public consciousness of citizens.

At the same time, there are factors enabling the development of the social economy:

- Development of a procedure, law and support system for Social Economy Enterprises,
- Experience of institutions in the field of social economy support such as: Mazovian Social Policy Centre, labour offices, local governments cooperating with Social Economy Enterprises,
- Local governments establishing Social Economy Enterprises e.g., in the form of social cooperatives of legal persons,
- Advisory support provided by Social Economy Support Centres.
- Enactment of the Social Economy Act in 2022, which sets out the legal framework for the development of the social economy in Poland;
- The availability of grants and other support instruments, e.g., through government programmes, support provided at regional and local level or loan funds.
- A change in society's life priorities, e.g., environmentally friendly measures, conscious shopping, support for local producers, recognition of socially sensitive companies,
- Reprioritising information and promotion activities, putting more emphasis on the promotion of Social Economy Enterprises, presenting different types of Social Economy Enterprises,
- Participation of Social Economy Enterprises in events organised by the public administration, rewarding enterprises that create positive changes in the local community.

## Portugal, Oliveira de Azeméis Municipality

Reinventing the policies and practices that support social entities is vital in order to put an end to the systemic crises they are experiencing. A specialized, integrated and interdisciplinary reflection involving the three-policy level (national, regional, local) could change the current paradigm of the social economy (Personal communication, 2023). It is believed that a leading role should be accorded to the local policy level changing the current situation based on which social entities have to conform their activity to national canons, without any kind of autonomy (Personal communication, 2023).

The barriers and enabling factors presented below are the result of diagnostic work carried out from the base, in the Parish Forums and the analysis was carried out by the partner entities in the Local Social Action Council, in a shared analysis, with the use of group work and proper grids. This work resulted in the following SWOT analysis:

### Barriers

#### **Weaknesses**

- Inadequate co-payment for expanding valences
- Economic difficulties that institutions are going through
- Few spaces/moments for working in partnership

- Different levels of partnership and involvement culture
- Little visibility of social intervention.
- Mismatch between the managerial vision and the technical vision
- Little internalization of network principles
- Lack of adequate social responses to the needs of the population
- Lack of support for creating non-typified and non-formal responses

### **Threats**

- Economic and financial environment
- Lack of professionalism
- Lack of standardization of institutional procedures
- Lack of application support programs
- Lack of social innovation
- Mismatch between needs and supply

### Enabling factors

### **Strengths**

- Dynamism of the Oliveira de Azeméis Social Network
- Large number of existing institutions and associations
- Associative dynamism
- Better Reinforcement of partner culture - greater participation
- Participated diagnoses
- Monetization of resources
- Creativity and social innovation
- Active participation of the local partnership network through participatory methodologies

### **Opportunities**

- Social Network Program
- Municipal Councils
- Integration/participation in the Porto Metropolitan Area
- Local Resources

## Romania, Harghita Country Council

Despite the expanding trend of the social economy in Romania, the sector is still an emerging one when compared to other European countries. According to the Social Enterprises and their Ecosystems in Europe Country Report issued in 2019, the logic of investing in social enterprises and opening the public market to all social economy entities currently remains both a novelty and a challenge for public policy decision-makers in Romania. The barriers and enabling factors identified and confirmed by actors of the social economy are the following:

### Barriers

- Compliance in registering as a social enterprise under the provisions of the Law on Social Economy involves a dense bureaucratic process - only few organizations comply with the certification requirements during the past few years.
- The general public and public authorities lack of awareness and understanding of the social economy is a significant constraint.
- The access to financing of social economy enterprises is also problematic, due to the lack of knowledge and information and due to challenges in designing a favourable policy environment.
- Social enterprises lack managerial and marketing skills, business support services and a stable environment
- Social enterprises do not receive sufficient support from central and local public authorities.

### Enabling factors

- Advantageous tax policies regarding the organization and functioning of social enterprises.
- Corporate social responsibility.
- European funding through Priority Axis 6 "Promoting Social Inclusion" of the Operational Program for Human Capital (POCU) aimed at attracting and reintegrating people facing the risk of marginalization and social exclusion into the labour market.
- High number of organizations that promote the public good.
- Expanding civic spirit.

## Spain, Junta de Extremadura

The local administration focuses on promoting social economy as a model for economic development throughout the territory, especially in rural areas (Personal communication, 2023). However, efforts are still needed to overcome existing barriers identified and confirmed by actors of the social economy:

### Barriers

- The general public and in particular young people and disadvantaged people, social partners, stakeholders and funders, are still not fully aware of the positive impact of the social economy.
- Limited impact of social economy in the political agenda of regional leaders, and both public officials and employees in public administrations.
- There is not yet a sufficiently strong associative network in the social economy
- Access to public funding is difficult for social enterprises.
- Fragmentation of competences within the same regional public administration, where social economy has so many legal forms. In the case of the Extremadura region, the General Directorate of Cooperatives and Social Economy has competence in matters of cooperatives, labour companies and agrifood transformation companies. However, competence regarding special employment centres and insertion companies corresponds to the Extremadura Employment Service and competence regarding foundations and associations to the Regional Ministry of Finance and Public Administration.

On the other hand, there are also favourable factors to the development of social economy in Extremadura:

### Enabling factors

- The General Directorate of Cooperatives and Social Economy is developing actions to promote and disseminate the Social Economy, either through the promotion of its associative entities, or directly to the entities themselves or to entrepreneurs who do not know what figure legal choice by preparing informative brochures, manuals and updated information available online.
- Reactivation of employment and entrepreneurship support plans in the social economy, as well as measures to support the consolidation and growth of social economy enterprises
- Social economy entities are involved in the design and implementation of the Sustainable Development Goals (SDGs) Agenda.
- Public support through forums, meetings, workshops, conferences, and awards
- Cooperative societies enjoy a regime of tax specialities, the Law 20/1990 of the Fiscal Regime of Cooperatives
- Funding opportunities specifically targeting social economy enterprises

## **Conclusive Remarks**

Undoubtedly, social entrepreneurship is one of the proven successful approaches to overcoming social inequalities. Combining a business approach with the achievement of social goals has many advantages over providing social assistance for vulnerable groups.



Employment of disadvantaged people not only contributes to the financial independence of these persons, but also helps them to integrate into society by acquiring new knowledge and skills related to the profession they practice, by acquiring communication skills and working in a team, by creating a sense of usefulness (satisfaction with the job done), which in turn leads to greater motivation for development and improvement.

But unlike ordinary enterprises, social enterprises need the support of the state, local authorities and society in order to start businesses and achieve sustainability. This support is necessary to cover the costs of social enterprises for training and supporting vulnerable groups according to their specificity. Such costs are inherent in other businesses on the market and put social enterprises at a disadvantage. Therefore, providing support for them is fully justified given the social goals they achieve.

The mapping of the regional policy instruments for social economy shows the important role of the regional and the local level in the growth and success of social economy. Although some policy tools are available, they definitely need to upgrade their role and modernize, turning towards the Social Economy sector.

The above analysis showcases that Regional and Local Policies for Social Economy shall:

- be upgraded aiming at Social Networking and informing the public, while they should encourage the stakeholders to develop collaborations among themselves.
- seek the education and training of both the public and citizens, both the business community and public officials, regarding social economy issues (Legislative framework, employment opportunities).
- create business opportunities and financial tools that will help the development of Social Economy and will be specialized in it.

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